

APARTMENT INVESTMENT & MANAGEMENT CO

FORM 10-K (Annual Report)

Filed 3/24/1998 For Period Ending 12/31/1997

Address	4582 SOUTHULSTER ST PARKWAY DENVER, Colorado 80237
Telephone	303-757-8101
CIK	0000922864
Industry	Real Estate Operations
Sector	Services
Fiscal Year	12/31

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

**/X/ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934**

FOR THE FISCAL YEAR ENDED DECEMBER 31, 1997

OR

**// TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

FOR THE TRANSITION PERIOD FROM TO

COMMISSION FILE NUMBER 1-13232

APARTMENT INVESTMENT AND MANAGEMENT COMPANY

(Exact name of registrant as specified in its charter)

MARYLAND
(State or other jurisdiction of
incorporation or organization)
1873 SO. BELLAIRE STREET, SUITE 1700, DENVER,
CO
(Address of principal executive offices)

84-1259577
(I.R.S. Employer Identification No.)
80222-4348
(Zip Code)

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE: (303) 757-8101

SECURITIES REGISTERED PURSUANT TO SECTION 12(B) OF THE ACT:

TITLE OF EACH CLASS -----	NAME OF EACH EXCHANGE ON WHICH REGISTERED -----
Class A Common Stock	New York Stock Exchange
Class C Cumulative Preferred Stock	New York Stock Exchange
Class D Cumulative Preferred Stock	New York Stock Exchange

SECURITIES REGISTERED PURSUANT TO SECTION 12(G) OF THE ACT: NONE

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes /X/ No //

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be

contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10K. //

As of March 18, 1998, there were 41,417,376 shares of Class A Common Stock and 162,500 shares of Class B Common Stock outstanding. The aggregate market value of the voting and non-voting common stock held by non-affiliates of the registrant, was approximately \$1,377 million as of March 18, 1998.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the proxy statement for the registrant's 1998 annual meeting of stockholders are incorporated by reference into Part III of this Annual Report.

**APARTMENT INVESTMENT AND MANAGEMENT COMPANY
TABLE OF CONTENTS**

**ANNUAL REPORT ON FORM 10-K
FOR THE FISCAL YEAR ENDED DECEMBER 31, 1997**

ITEM -----		PAGE -----
	PART I	
1.	Business.....	1
	Recent Developments.....	2
	Financial Information About Industry Segments.....	9
	Growth Strategies.....	9
	Operating Strategies.....	10
	Taxation of the Company.....	11
	Competition.....	12
	Regulation.....	12
	Environmental Matters.....	13
	Insurance.....	13
	Employees.....	13
2.	Properties.....	13
3.	Legal Proceedings.....	14
4.	Submission of Matters to a Vote of Security Holders.....	16
	PART II	
5.	Market for the Registrant's Common Equity and Related Stockholder Matters.....	16
6.	Selected Financial Data.....	18
7.	Management's Discussion and Analysis of Financial Condition and Results of Operations.....	19
7a.	Quantitative and Qualitative Disclosures About Market Risk.....	31
8.	Financial Statements and Supplementary Data.....	31
9.	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.....	31
	PART III	
10.	Directors and Executive Officers of the Registrant.....	31
11.	Executive Compensation.....	36
12.	Security Ownership of Certain Beneficial Owners and Management.....	37
13.	Certain Relationships and Related Transactions.....	37
	PART IV	
14.	Exhibits, Financial Statement Schedules and Reports on Form 8-K.....	37

PART I

INTRODUCTION

The Private Securities Litigation Reform Act of 1995 provides a "safe harbor" for forward-looking statements in certain circumstances. Certain information included in this Report, the Company's (as defined hereafter) Annual Report to Shareholders and other Company filings (collectively "SEC Filings") under the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended (as well as information communicated orally or in writing between the dates of such SEC Filings) contains or may contain information that is forward looking, including, without limitation, statements regarding the effect of acquisitions, the Company's future financial performance and the effect of government regulations. Actual results may differ materially from those described in the forward looking statements and will be affected by a variety of risks and factors including, without limitation, national and local economic conditions, the general level of interest rates, terms of governmental regulations that affect the Company and interpretations of those regulations, the competitive environment in which the Company operates, financing risks, including the risk that the Company's cash flows from operations may be insufficient to meet required payments of principal and interest, real estate risks, including variations of real estate values and the general economic climate in local markets and competition for tenants in such markets, acquisition and development risks, including failure of such acquisitions to perform in accordance with projections, and possible environmental liabilities, including costs which may be incurred due to necessary remediation of contamination of properties presently owned or previously owned by the Company. In addition, the Company's continued qualification as a real estate investment trust involves the application of highly technical and complex provisions of the Internal Revenue Code. Readers should carefully review the Company's financial statements and the notes thereto, as well as the risk factors described in the SEC filings.

ITEM 1. BUSINESS

Apartment Investment and Management Company, a Maryland corporation formed on January 10, 1994 ("AIMCO" and, together with its subsidiaries and other entities in which it owns an equity interest, the "Company"), is a self-administered and self-managed real estate investment trust (a "REIT") engaged in the ownership, acquisition, development, expansion and management of multi-family apartment properties. On July 24, 1994, AIMCO completed its initial public offering and engaged in a business combination and consummated a series of related transactions which enabled it to continue and expand the property management and related businesses of Property Asset Management, L.L.C., Limited Liability Company, and its affiliated companies, and PDI Realty Enterprises, Inc. (collectively, the "AIMCO Predecessors"). Through its controlling interests in AIMCO Properties, L.P. a Delaware limited partnership (the "AIMCO Operating Partnership"), other limited partnerships and subsidiary corporations, the Company owned or controlled 40,039 units in 147 apartment properties (the "Owned Properties"), held an equity interest in 83,431 units in 515 apartment properties (the "Equity Properties") and managed 69,587 units in 374 apartment properties for third party owners and affiliates (the "Managed Properties" and, together with the Owned Properties and Equity Properties, the "AIMCO Properties"), bringing the total portfolio to 193,057 units in 1,036 apartment properties as of December 31, 1997. The AIMCO Properties are located in 42 states, the District of Columbia and Puerto Rico. As of December 31, 1997, AIMCO held an 88% ownership interest in the AIMCO Operating Partnership. The Company focuses on "middle market" apartment properties (properties with rents at or near the averages in their markets).

The Company's principal executive offices are located at 1873 So. Bellaire Street, Suite 1700, Denver, Colorado 80222-4348 and its telephone number is (303) 757-8101.

1997 DEVELOPMENTS

NHP ACQUISITION

In a series of transactions in 1997, the Company acquired NHP Incorporated ("NHP"), a nationwide real estate services company engaged in property and asset management, as well as related services, including equity investments, purchasing, risk management and home healthcare.

On May 5, 1997, pursuant to a Stock Purchase Agreement dated as of April 16, 1997, AIMCO acquired 2,866,073 shares of common stock ("NHP Common Stock") of NHP Incorporated ("NHP") from Demeter Holdings ("Demeter"), Capricorn Investors, L.P. ("Capricorn") and certain of Capricorn's limited partners (collectively, the "NHP Sellers") in exchange for 2,142,857 shares of AIMCO Class A Common Stock, par value \$0.01 per share ("Class A Common Stock"), with a recorded value of \$57.3 million.

NHP provides a broad array of real estate services nationwide, including property management and asset management as well as a group of related services, including equity investments, purchasing, risk management and home health care.

Subsequent to the purchase, AIMCO contributed the NHP Common Stock to the AIMCO Operating Partnership in exchange for additional Partnership Common Units ("OP Units") of the AIMCO Operating Partnership. The AIMCO Operating Partnership then contributed the NHP Common Stock to the Company's unconsolidated subsidiary, AIMCO/NHP Holdings, Inc. ("ANHI") in exchange for all of the shares of ANHI's non-voting preferred stock, representing a 95% economic interest in ANHI. Concurrently, ANHI obtained a loan in the amount of \$72.6 million (the "ANHI Credit Facility") and used the proceeds from the loan to purchase an additional 3,630,000 shares of NHP Common Stock from the NHP Sellers. Upon the completion of this transaction, ANHI owned 6,496,073 shares of NHP Common Stock, representing 51.3% of the NHP Common Stock outstanding as of May 31, 1997.

In separate transactions, occurring in August and September 1997, ANHI sold to AIMCO 5,717,000 shares of NHP Common Stock for an aggregate purchase price of \$114.4 million. ANHI used \$74.3 million of the proceeds from the sale to repay the principal and accrued interest outstanding under the ANHI Credit Facility and distributed \$40.0 million to the AIMCO Operating Partnership and its other shareholders. In addition, AIMCO acquired an additional 434,049 shares of NHP Common Stock from the NHP Sellers, bringing the total number of shares of NHP Common Stock owned by AIMCO and ANHI to 6,930,122.

On December 8, 1997, AIMCO/NHP Acquisition Corp., a wholly-owned subsidiary of AIMCO merged with and into NHP, with NHP being the surviving corporation and becoming a wholly owned subsidiary of AIMCO (the "NHP Merger"). As a result of the NHP Merger, each outstanding share of NHP Common Stock, other than the shares owned by ANHI, was converted into the right to receive either (i) 0.74766 shares of AIMCO Class A Common Stock or (ii) at the election of the holder, 0.37383 shares of AIMCO Class A Common Stock and \$10.00 in cash. The conversion of the NHP Common Stock resulted in the issuance of an additional 4,554,827 shares of AIMCO Class A Common Stock and cash payments of \$0.3 million, excluding cash paid to ANHI of \$7.8 million.

Immediately following the NHP Merger, the Company completed a reorganization (the "NHP Reorganization") of the assets and operations of NHP. As a result of the NHP Reorganization, the former operations of NHP are now primarily conducted through unconsolidated subsidiaries of AIMCO (the "Unconsolidated Subsidiaries"). The Unconsolidated Subsidiaries have ownership structures similar in which the Company holds a 95% economic interest through ownership of shares of non-voting preferred stock, and certain directors and officers of AIMCO hold a 5% economic interest through direct or indirect ownership of all of the outstanding shares of common stock.

NHP REAL ESTATE PARTNERSHIPS

In June 1997, the Company purchased from Demeter, Capricorn, Phemus Corporation, J. Roderick Heller, III and NHP Partners Two LLC, a group of companies (the "NHP Real Estate Companies") affiliated with NHP that hold general and limited partnership interests in partnerships (the "NHP Partnerships") that own 534 conventional and affordable apartment properties (the "NHP Properties") containing 87,659 units, a captive insurance subsidiary and certain related assets. "Affordable Units" are units benefitting from some sort of interest rate or rental subsidy or otherwise subject to governmental programs aimed at providing low and moderate income housing. The Company paid aggregate consideration of \$54.8 million in cash and warrants to purchase 399,999 shares of Class A Common Stock at an exercise price of \$36.00 per share. As a result of the NHP Reorganization, the Master Property Management Agreement, pursuant to which NHP managed the NHP Properties, was terminated.

As of December 31, 1997, the Company had made offers to the limited partners of 25 NHP Partnerships to acquire their limited partnerships interests. The Company has accepted tenders from certain limited partners, in exchange for \$34.2 million in cash and Partnership Common Units ("OP Units") of the AIMCO Operating Partnership, valued at \$7.3 million. In addition, during September and October 1997, the Company purchased the existing mortgages on four NHP Properties for an aggregate of \$60.6 million in cash, and land leases for two NHP Properties for \$12.9 million in cash transactions.

INDIVIDUAL PROPERTY ACQUISITIONS

During the year ended December 31, 1997, the Company purchased or acquired control of 59 properties (including 15 NHP Properties) consisting of 17,191 apartment units and disposed of five properties consisting of 916 apartment units, as described below. The cash portions of the acquisitions were funded from proceeds raised through public offerings, private offerings, borrowings under the Company's revolving credit facility, other short-term and long-term financings or with working capital. The cash proceeds from the property dispositions was used to repay outstanding indebtedness or fund working capital requirements.

FOXCHASE. In December 1997, the Company purchased Foxchase Apartments ("Foxchase"), a 2,113-unit apartment complex built in 1947 and located in Alexandria, Virginia, for approximately \$107.7 million, consisting of approximately \$70 million in assumed mortgage obligations and the remainder in OP Units. The Company purchased Foxchase from a limited partnership for which the Company serves as general partner and majority limited partner.

FISHERMAN'S LANDING. In December 1997, the Company acquired Fisherman's Landing, a 200-unit apartment complex built in 1984 and located in Tampa, Florida, for approximately \$8.5 million, including the assumption of outstanding indebtedness.

WINDWARD AT THE VILLAGES. In October 1997, the Company purchased Windward at the Villages Apartments ("Windward"), a 196-unit apartment community built in 1988 and located in West Palm Beach, Florida, for approximately \$10.8 million. Windward is adjacent to the Bear Lakes Country Club and Golf Course in the Villages of Palm Beach Lakes, a master planned golf course community.

MORTON TOWERS. In September 1997, the Company, through two subsidiary limited partnerships in which the Company is the sole general partner and has an aggregate ownership interest of approximately 77%, acquired the Morton Towers Apartments, a 1,277-unit, twin tower high rise apartment complex built in 1960 and located in Miami Beach, Florida, for \$63.0 million, including approximately 1.4 million OP Units valued at \$42.0 million. The Company expects to undertake a major renovation of the complex at an estimated total cost of \$35.0 million.

LOS ARBOLES. In September 1997, the Company acquired Los Arboles Apartments, a 232-unit apartment community built in 1985 and located in Chandler, Arizona, for approximately \$11.3 million. Los

Arboles is adjacent to Vista del Lagos, a 200-unit apartment community in which the Company has an equity interest.

SAWGRASS. In July 1997, the Company purchased Sawgrass Apartments, a 208-unit apartment community built in 1989 and located in Orlando, Florida, for approximately \$9.6 million. Sawgrass was formerly a Managed Property.

TUSTIN EAST VILLAGE/THE CALIFORNIAN. In June 1997, the Company acquired Tustin East Village and The Californian, two garden-style apartment communities consisting of 292 units built in 1970, and Red Hill Plaza, an adjacent shopping plaza built in 1970 and located in Tustin, California, for \$21.4 million, including approximately 0.5 million OP Units valued at \$13.9 million. These properties are contiguous to Brookside Apartments, another Owned Property, consisting of 336 units, purchased in April 1996 from the same seller, and are operated with Brookside as one property.

THE VININGS. In June 1997, the Company acquired The Vinings at the Waterways, a 180-unit luxury garden-style apartment community built in 1991 and located in Aventura, Florida, for approximately \$16.4 million. The Vinings is located by a yacht basin and marina directly accessing the Intracoastal Waterway and is also adjacent to a commercial center. Aventura is a coastal city located near North Miami Beach.

STONEBROOK. In May 1997, the Company acquired the Stonebrook Apartments, a 244-unit apartment community built in 1991 and located in Orlando, Florida, for approximately \$11.0 million. Stonebrook is less than a mile from the location of a proposed interchange on a beltway around Orlando and is near a regional airport being expanded for commercial aviation.

BAY CLUB. In April 1997, the Company acquired The Bay Club at Aventura, a 702-unit luxury high rise apartment complex, consisting of two towers built in 1990, located in Aventura, Florida, for approximately \$71.0 million. The property includes approximately 3.5 acres of land with permits to construct a third tower, consisting of 225 units.

WINTHROP ACQUISITION

In October 1997, the Company acquired a portfolio of 35 residential apartment properties (the "Winthrop Portfolio"). The 35 garden-style apartment communities comprising the Winthrop Portfolio are located in seven states, have an average age of 17 years and contain a total of 8,175 apartment units. Fifteen of the apartment communities are located in Arizona, with 2,602 units in Phoenix and 816 units in Tucson; eleven apartment communities with 2,075 units are located throughout Texas; two apartment communities with 1,223 units are located in Florida; two apartment communities with 494 units are located in Michigan; three apartment communities with 536 units are located in Georgia; one apartment community with 293 units is located in Illinois; and one apartment community with 136 units is located in North Carolina.

The aggregate purchase price for the Winthrop Portfolio, including transactions costs, was approximately \$263.5 million. The Company paid aggregate consideration of \$116.1 million in cash to the sellers, assumed \$8.3 million in mortgage indebtedness and incurred \$139.1 million of new indebtedness secured by the properties, to complete the purchase. The Company has also budgeted an additional \$16.0 million in initial capital expenditures related to the Winthrop Portfolio.

ENGLISH TENDER OFFERS

During 1997, the Company made separate offers (the "English Tender Offers") to the limited partners of 25 partnerships, acquired in November 1996 (the "Tender Offer English Partnerships"), to acquire their limited partnerships interests. Various limited partners accepted tenders representing, in the aggregate,

approximately 46% of all outstanding limited partnership interests in the Tender Offer English Partnerships subject to the offers. The Company paid \$16.0 million in cash and issued OP Units valued at \$1.7 million, for the interests tendered in the English Tender Offers. The remaining limited partners have elected to continue as limited partners in the Tender Offer English Partnerships.

PROPERTY DISPOSITIONS

In October 1997, the Company sold the Meadowbrook, Ashwood, Parkside, Chimney Ridge and Cobble Creek apartment properties, which consisted of an aggregate of 916 units located in Texas and Arizona, to an unaffiliated third party. Cash proceeds from the sale of approximately \$22.7 million were used to repay a portion of the Company's outstanding short-term indebtedness. The Company recognized a gain of approximately \$2.8 million on the disposition of these five properties.

DEBT ASSUMPTIONS AND FINANCINGS

In order to reduce the impact of changes in interest rates prior to the refinancing, the Company routinely enters into interest rate lock agreements that are accounted for as anticipatory hedges.

In April 1997, 23 partnerships controlled by the Company completed a \$108.0 million refinancing of secured, short term, floating rate indebtedness with secured, 20-year, fixed rate, fully amortizing debt. The new debt is secured by 27 apartment properties owned by such partnerships. In connection with this refinancing, the Company received proceeds of \$3.4 million from two interest rate lock agreements accounted for as hedges. The aggregate gain on the interest rate lock agreements was deferred and will be amortized over the life of the debt.

During 1997, the Company assumed \$220.4 million of mortgage indebtedness in connection with purchases of 39 apartment properties. In addition, in connection with the acquisition of the NHP Real Estate Companies, the Company assumed fixed-rate mortgage indebtedness totaling \$212.3 million, which is secured by 15 properties held by partnerships in which the Company acquired controlling interests.

In December 1997, the Company refinanced certain mortgage indebtedness secured by 27 properties, of which five are Owned Properties. The new notes, which have an aggregate outstanding principal balance of \$91.5 million as of December 31, 1997, have an aggregate weighted average fixed interest rate of 6.71%. The new notes are fully amortizing, require monthly principal and interest payments and mature in December 2012. In anticipation of the refinancing, the Company entered into an interest rate lock agreement with an investment banking company. Upon the settlement of the interest rate lock agreement, the Company realized a loss of \$10.9 million, which will be amortized over the life of the new debt.

In May 1997, the Company increased its maximum amount available under its revolving credit facility (the "Credit Facility") with Bank of America National Trust and Savings Association ("Bank of America") from \$50.0 million to \$100.0 million. The outstanding balance under the Credit Facility was \$33.5 million at December 31, 1997. As of December 31, 1997 the Company was in compliance with all debt covenants associated with the Credit Facility.

In January 1998, the Company replaced the Credit Facility with a new unsecured \$50 million revolving credit facility (the "New Credit Facility") with Bank of America and BankBoston, N.A. The AIMCO Operating Partnership is the borrower under the New Credit Facility, but all obligations thereunder are guaranteed by AIMCO and certain of its subsidiaries. The interest rate under the New Credit Facility is based on either LIBOR or Bank of America's reference rate, at the election of the Company, plus an applicable margin (the "Margin"). The Margin ranges between 0.6% and 1.0% in the case of LIBOR-based loans and between 0% and 0.5% in the case of loans based on Bank of America's reference rate, depending upon the credit rating of the AIMCO Operating Partnership's senior unsubordinated unsecured long-term indebtedness. The New Credit Facility expires on January 26, 2000 unless extended for successive one-year periods, at the discretion of the lenders. The New Credit Facility provides for the

conversion of the revolving facility into a three year term loan. The availability of funds to the Company under the New Credit Facility is subject to certain borrowing base restrictions and other customary restrictions, including compliance with financial and other covenants thereunder.

In February 1998, the AIMCO Operating Partnership, as borrower, and AIMCO and certain single asset wholly-owned subsidiaries of the Operating Partnership (the "Owners"), as guarantors, entered into a five year \$50 million secured credit facility agreement (the "WMF Credit Facility") with Washington Mortgage Financial Group, Ltd. ("Washington Mortgage"), which provides for the conversion of all or a portion of such revolving credit facility to a base loan facility. The WMF Credit Facility provides that all the rights of Washington Mortgage are assigned to the Federal National Mortgage Association ("FNMA"), but FNMA does not assume Washington Mortgage's obligations under the WMF Credit Facility. At the AIMCO Operating Partnership's request, the commitment amount may be increased to an amount not to exceed \$250 million, subject to the consent of Washington Mortgage and FNMA in their sole and absolute discretion. The AIMCO Operating Partnership and affiliates have pledged their ownership interests in the Owners as security for its obligations under the WMF Credit Facility. The guarantees of the Owners are secured by assets of the Owners, including four apartment properties and two mortgage notes. Advances to the AIMCO Operating Partnership under the WMF Credit Facility are funded with the proceeds of the sale to investors of FNMA mortgage-backed securities that are secured by the advance and an interest in the collateral. The interest rate on each advance is determined by investor bids for such mortgage-backed securities, plus a margin presently equal to 0.5%. The maturity date of each advance under the revolving portion of the WMF Credit Facility is a date between three and nine months from the closing date of the advance, as selected by the AIMCO Operating Partnership. Advances under the base facility mature at a date, selected by the AIMCO Operating Partnership between ten and twenty years from the date of the advance. Subject to certain conditions, the AIMCO Operating Partnership has the right to add or substitute collateral. The WMF Credit Facility requires the Company to maintain a ratio of debt to gross asset value of no more than 0.55 to 1.0, an interest coverage ratio of at least 2.25 to 1.0, and a debt service coverage ratio of at least 2.0 to 1.0, imposes minimum net worth requirements and also provides other financial covenants and interest coverage ratio requirements that are specifically related to the collateral.

The Company anticipates that it will refinance a portion of its floating rate indebtedness with fixed rate indebtedness during 1998. In September 1997, the Company entered into an interest rate lock agreement with a major investment banking company, having a notional principal amount of \$75 million. The interest rate lock agreement matures on March 19, 1998, and fixes the ten year treasury rate at 6.211%. Based on the fair value of the interest rate lock at December 31, 1997, the Company has a potential loss of approximately \$2.6 million, which will be amortized over the life of the new debt and included in interest expense.

EQUITY OFFERINGS

In February 1997, AIMCO completed a public offering of 2,015,000 shares of Class A Common Stock at a public offering price of \$26.75 per share. The net proceeds of approximately \$51.0 million were used to repay a portion of the Company's indebtedness incurred in connection with 1996 acquisitions.

In May 1997, AIMCO sold 2,300,000 shares of Class A Common Stock at an average price of \$28.00 per share in two public offerings. The net proceeds of approximately \$63.0 million were used to repay outstanding indebtedness under the Credit Facility and to provide working capital.

In August 1997, AIMCO sold 750,000 shares of newly created Class B Cumulative Convertible Preferred Stock, par value \$.01 per share ("Class B Preferred Stock") for gross proceeds of \$75.0 million in cash to an institutional investor in a private transaction. The proceeds from the sale of the Class B Preferred Stock were used to repay borrowings outstanding under the Credit Facility and to provide working capital.

In August and September 1997, AIMCO issued an aggregate of 5,052,418 shares of Class A Common Stock to institutional investors for aggregate net proceeds of \$156.9 million. The Company used \$114.4 million of such proceeds to purchase 6,068,974 shares of NHP Common Stock from ANHI, repaid \$7.0 million of indebtedness and contributed the remaining \$35.5 million to the AIMCO Operating Partnership.

In October 1997, AIMCO issued 7,000,000 shares of Class A Common Stock. Net proceeds from the sale of approximately \$242.5 million were used to fund certain property acquisitions, repay outstanding indebtedness under the Credit Facility and provide working capital.

In December 1997, AIMCO issued 2,400,000 shares of newly created Class C Cumulative Preferred Stock, par value \$.01 per share ("Class C Preferred Stock") in a public offering. The net proceeds of \$58.1 million were used to repay borrowings outstanding under the Credit Facility and to provide working capital.

Subsequent to December 31, 1997, AIMCO issued 4,200,000 shares of newly created Class D Cumulative Preferred Stock, par value \$.01 per share (the "Class D Preferred Stock") in a public offering. The net proceeds of \$101.7 million were used to repay indebtedness under the New Credit Facility and to provide working capital.

MANAGEMENT STOCK ACQUISITION

In July 1997, AIMCO sold 1,100,000 newly issued shares of Class A Common Stock to certain members of the Company's senior management, at a price of \$30.00 per share, the closing price of the stock on the date of purchase. In exchange for the shares purchased, such members of senior management executed notes payable to the Company totaling \$33.0 million, of which \$15.8 million has been repaid as of February 28, 1998. The notes bear interest at 7.25% per annum, payable quarterly, and are due in ten years. The notes are secured by the stock purchased and are recourse as to 25% of the original amount borrowed.

As of December 31, 1997, members of the Company's management and Board of Directors own 3,003,056 shares of Class A Common Stock and 905,232 OP Units, which represents an 8.5% ownership interest in the Company. Based on the closing price of AIMCO's Class A Common Stock, management's investment in the Company has increased from \$65.1 million as of December 31, 1996 to \$143.6 million as of December 31, 1997.

PENDING ACQUISITIONS

On December 23, 1997, AIMCO and Ambassador Apartments, Inc., a Maryland corporation that has elected to be taxed as a REIT ("Ambassador"), entered into an Agreement and Plan of Merger (the "Ambassador Merger Agreement") pursuant to which Ambassador will be merged with and into AIMCO, with AIMCO being the surviving corporation (the "Ambassador Merger"). The Ambassador Merger Agreement also provides that, unless otherwise agreed by the parties, Ambassador Apartments, L.P., a Delaware limited partnership (the "Ambassador Operating Partnership"), will be merged with and into the AIMCO Operating Partnership (the "Ambassador Reorganization") and all outstanding Ambassador Operating Partnership interests will be converted into AIMCO OP Units based on the Conversion Ratio, as defined below. In the Ambassador Merger Agreement, Ambassador's Common Stock, par value \$0.01 per share, (the "Ambassador Common Stock"), is valued at \$21 per share. In the Ambassador Merger, holders of Ambassador Common Stock will receive for each share of Ambassador Common Stock a number of shares of AIMCO Class A Common Stock equal to the Conversion Ratio. The "Conversion Ratio" means the quotient determined by dividing \$21 by the "AIMCO Index Price," which is the aggregate of the average of the high and low sales prices for Class A Common Stock on each of the twenty consecutive New York Stock Exchange ("NYSE") trading days ending on the fifth NYSE trading day immediately preceding the closing of the Ambassador Merger, divided by 20. If the AIMCO Index Price is

less than \$36 (i.e. the Conversion Ratio is greater than 0.583), then AIMCO may elect to fix the Conversion Ratio at 0.583 and pay to each holder of Ambassador Common Stock cash sufficient to provide \$21 in value for each share of Ambassador Common Stock. Any outstanding options to purchase Ambassador Common Stock may be converted, at the election of the option holder, into cash or options to purchase Class A Common Stock at the Conversion Ratio. The Ambassador Merger Agreement provides that Ambassador's outstanding preferred stock, par value \$0.01 per share (the "Ambassador Preferred Stock"), shall be redeemed, subject to the right of holders of shares of Ambassador Preferred Stock to convert such shares into Ambassador Common Stock, immediately prior to the Ambassador Merger. Assuming a conversion ratio of 0.583, the Company will issue up to an aggregate of 7,205,739 shares of Class A Common Stock in the Ambassador Merger, based upon the number of shares of Ambassador Common Stock, options to purchase Ambassador Common Stock and other securities currently convertible into shares of Ambassador Common Stock outstanding as of December 31, 1997.

Ambassador is a self-administered and self-managed REIT engaged in the ownership and management of garden-style apartment properties leased primarily to middle income tenants. As of December 31, 1997, Ambassador owned 52 apartment communities with a total of 15,728 units located in Arizona, Colorado, Florida, Georgia, Illinois, Tennessee and Texas. In addition, Ambassador manages one property containing 252 units for an unrelated third party. Ambassador conducts substantially all of its operations through the Ambassador Operating Partnership and its subsidiaries. As of December 31, 1997, Ambassador held approximately 94% of the outstanding common units and 100% of the outstanding preferred units of the Ambassador Operating Partnership.

Consummation of the Ambassador Merger is subject to the affirmative vote of the holders of at least two-thirds of the outstanding shares of Ambassador Common Stock, the approval of all appropriate governmental and regulatory authorities and other customary conditions. The closing of the transaction is expected to occur during the second quarter of 1998.

On March 17, 1998, AIMCO entered into a definitive merger agreement (the "Insignia Merger Agreement") to acquire the multi-family apartment management operations and certain property holdings, of Insignia Financial Group, Inc. ("Insignia"). Insignia is one of the largest managers of multi-family residential properties in the United States. The acquisition of Insignia will add approximately 191,000 apartment units to AIMCO's management portfolio, including approximately 122,000 units in which AIMCO will own an equity interest and approximately 69,000 units which will be managed for unaffiliated third parties. Pursuant to the Insignia Merger Agreement, the Company anticipates issuing approximately \$303.0 million in convertible preferred stock to Insignia shareholders, the payment of a \$50 million special dividend to Insignia shareholders and the assumption of \$557.0 million of existing indebtedness. In addition, the Company will offer to purchase the 25% interest in Insignia Properties Trust, which is not owned by Insignia, for a price not less than \$13.25 per share of beneficial ownership interest.

The Insignia shareholders will receive shares of AIMCO preferred stock based on an exchange ratio that fluctuates based on the average high and low sales price of AIMCO Class A Common Stock for 20 trading days prior to the fifth trading day preceding the closing of the transaction (the "Index Price"). If the Index Price is greater than \$38.00 per share, then the Index Price will be \$38.00 per share for the exchange ratio. If the Index Price is below \$36.50 per share, then AIMCO may pay a portion of the purchase price in cash to the extent the Index Price is less than \$36.50 per share.

Consummation of the transactions contemplated by the Insignia Merger Agreement is subject to the affirmative vote of the holders of the outstanding shares of Insignia, the approval of all appropriate governmental and regulatory authorities and other customary conditions.

In the ordinary course of business, the Company engages in discussions and negotiations regarding the acquisition of apartment properties (including interests in entities that own apartment properties). The Company frequently enters into contracts and nonbinding letters of intent with respect to the purchase of properties. These contracts are typically subject to certain conditions and permit the Company to

terminate the contract in its sole and absolute discretion if it is not satisfied with the results of its due diligence investigation of the properties. The Company believes that such contracts essentially result in the creation of an option on the subject properties and give the Company greater flexibility in seeking to acquire properties. As of March 18, 1998, the Company had under contract or letter of intent an aggregate of 21 multi-family apartment properties with a maximum aggregate purchase price of \$223.9 million, including estimated capital improvements, which, in some cases, may be paid in the form of assumption of existing debt. All such contracts are subject to termination by the Company as described above. No assurance can be given that any of these possible acquisitions will be completed or, if completed, that they will be accretive on a per share basis.

FINANCIAL INFORMATION ABOUT INDUSTRY SEGMENTS

The Company operates in one industry segment, the ownership and management of real estate properties. See the consolidated financial statements and notes thereto included elsewhere in this Annual Report on Form 10-K for financial information relating to the Company.

GROWTH STRATEGIES

The Company's primary objective is to maximize shareholder value by increasing the amount and predictability of its Funds From Operations ("FFO") on a per share basis. The Company seeks to achieve this objective primarily by improving net operating income from its Owned Properties and by acquiring additional properties at values that are accretive on a per share basis. The Company's operating and financial strategies include: (i) maintaining a geographically diversified portfolio of properties; (ii) providing a minimum of \$300 per apartment unit per year for capital replacements to maintain its properties; (iii) emphasizing long-term, fixed rate, fully amortizing debt; and (iv) maintaining a dividend payout ratio of less than 80% of FFO. See "Item 7--Management's Discussion and Analysis of Financial Condition and Results of Operations--Funds From Operations."

ACQUISITIONS

During 1997, the Company directly acquired 44 apartment properties containing 11,706 units for total consideration of \$464.8 million, consisting of \$191.0 million in cash, approximately 1.9 million OP units valued at \$53.4 million and the assumption or incurrence of \$220.4 million of indebtedness. In addition, the Company acquired a controlling interest in 15 partnerships which own 5,285 units located in 15 apartment communities as a result of the acquisition of the NHP Real Estate Companies, subsequent tender offers made to investors in certain NHP Partnerships, and the purchase of mortgage debt and land leases. As a result of these transactions, the Company increased the number of apartment units it owns or controls to 40,039 units as of December 31, 1997, a net increase of approximately 68% from the 23,764 units number of units owned or controlled as of December 31, 1996.

The Company intends to continue to expand its portfolio of Owned Properties by: (i) acquiring properties in markets familiar to the Company's management; (ii) developing and expanding its Owned Properties; and (iii) acquiring controlling interests in companies that own or manage multi-family properties.

MANAGED PROPERTIES

The Company believes its property management operations are integral to its overall business strategy. The economies of scale realized from managing more than 193,000 apartment units enable the Company to more efficiently operate its properties. In addition, the Company believes that managing properties for third parties improves the performance of its Owned Properties by subjecting property managers to market-based pricing and service standards. The Company's property management operations

also support the Company's acquisition activities by enhancing its ability to identify and evaluate acquisition and development opportunities in its markets. The Company's local and regional personnel maintain first-hand knowledge of local market conditions and often obtain early notification of Managed Properties and other properties that may be offered for sale.

REDEVELOPMENT AND EXPANSION PROPERTIES

The Company has a cautious strategy concerning new development of properties and intends to develop only in situations in which it believes it has a significant advantage. The Company believes that redevelopment of selected properties in superior locations can provide advantages over the development of new properties because, compared with new development, redevelopment generally can be accomplished with relatively lower financial risk, in less time and with reduced delays attributable to governmental approval procedures. The Company believes that expansion within, or adjacent to, existing properties will provide growth opportunities at lower risks than are associated with new development, and may offer certain cost advantages to the extent common area amenities and on-site management personnel can be utilized.

Recently, the Company acquired and redeveloped Sun Katcher Apartments, a 360-unit apartment property located in Jacksonville, Florida, at a cost of \$8.9 million, including \$4.9 million in redevelopment costs. The Company also recently commenced the renovation and upgrading of Bay West Apartments, a 376-unit apartment property located in Tampa, Florida, for a projected cost of \$4.8 million (of which \$0.9 million has already been spent), to reposition the property in the marketplace.

The Company expects to undertake a major renovation of the Morton Towers Apartments, a 1,277-unit apartment property located in Miami Beach, Florida, at an estimated cost of \$35 million. Pending zoning approval and economic feasibility studies, the Company intends to construct a third high rise tower on undeveloped land adjacent to the property, which will add an additional 521 units at an estimated cost of \$60.0 million.

The Company believes that expansion within or adjacent to existing AIMCO Properties also provides growth opportunities at lower risk than new development. Such expansion can offer cost advantages to the extent common area amenities and on-site management personnel can service the expanded property. Recently, the Company constructed 92 additional units at Fairways, an apartment property located in Phoenix, Arizona, at a cost of \$6.5 million. The Company is planning the construction of 42 additional units at the Township Apartments, located in Littleton, Colorado, for a projected cost of approximately \$3.0 million. In addition, the Company owns or controls 136 acres of vacant land, adjacent to existing Owned Properties or Equity Properties, which management believes is suitable for the development of approximately 1,300 apartment units. The Company generally finances redevelopment and expansion activities initially with short-term indebtedness, and subsequently arranges permanent financing.

OPERATING STRATEGIES

INTERNAL GROWTH STRATEGY

The Company's strategy for internal growth and to increase cash flow is to continually: (i) seek higher net rental revenues by enhancing and maintaining the competitiveness of properties through periodic property upgrades which typically include cable television, selective refurbishment and the addition of other amenities; (ii) provide a high level of service to residents; (iii) manage expenses through a system of detailed management reporting and accountability; and (iv) provide training programs, orientation workshops and technical courses for on-site marketing, maintenance and management personnel.

In pursuing its internal growth strategy, the Company's policy is to: (i) provide on-site management trained to respond promptly to residents' needs; (ii) conduct annual resident satisfaction surveys;

(iii) respond to maintenance calls within 24 hours; and (iv) maintain the quality and appearance of its properties with an annual provision of \$300 per apartment unit for capital replacements.

PROPERTY MANAGEMENT

The Company's property management strategy is to achieve improvements in operating results by combining centralized financial control and uniform operating procedures with localized property management decision making and market knowledge. The Company is organized into geographically diversified Regional Operating Centers ("ROC"). Each ROC is served by local offices of regional property managers and is supervised by a Regional Vice President.

DIVERSIFIED MARKETS

The Company seeks to operate primarily in markets: (i) where population and employment growth rates are expected to exceed the national averages; (ii) where it believes it can become one of the regionally significant owners and managers of multi-family apartment properties; and (iii) that will enable the Company to maintain a geographically diversified portfolio or otherwise gain significant financial benefits. The distribution of the Owned Properties reflects the Company's focus on growth markets and its belief that geographic diversification will help to insulate the portfolio from regional and local economic fluctuations. The Company also seeks to create concentrations of properties within each of its markets in order to achieve economies of scale in management and operations. The Company owns or manages apartment units in 18 principal markets, including in excess of 5,000 apartment units in the Chicago, Dallas, Houston, Indianapolis, New York, Philadelphia, Phoenix, Tampa and Washington, D.C. metropolitan areas, and more than 2,000 apartment units in the Albuquerque, Atlanta, Austin, Baltimore, Ft. Lauderdale, Norfolk, Orlando, San Antonio and St. Louis metropolitan areas.

TAXATION OF THE COMPANY

The Company has elected to be taxed as a REIT under the Internal Revenue Code of 1986, as amended (the "Code"), commencing with its taxable year ended December 31, 1994, and the Company intends to continue to operate in such a manner. The Company's current and continuing qualification as a REIT depends on its ability to meet the various requirements imposed by the Code, through actual operating results, distribution levels and diversity of stock ownership.

If the Company qualifies for taxation as a REIT, it will generally not be subject to U.S. federal corporate income tax on its net income that is currently distributed to stockholders. This treatment substantially eliminates the "double taxation" (at the corporate and stockholder levels) that generally results from investment in a corporation. If the Company fails to qualify as a REIT in any taxable year, its taxable income will be subject to U.S. federal income tax at regular corporate rates (including any applicable alternative minimum tax). Even if the Company qualifies as a REIT, it may be subject to certain state and local income taxes and to U.S. federal income and excise taxes on its undistributed income.

If in any taxable year the Company fails to qualify as a REIT and incurs additional tax liability, the Company may need to borrow funds or liquidate certain investments in order to pay the applicable tax and the Company would not be compelled to make distributions under the Code. Unless entitled to relief under certain statutory provisions, the Company would also be disqualified from treatment as a REIT for the four taxable years following the year during which qualification is lost. Although the Company currently intends to operate in a manner designed to qualify as a REIT, it is possible that future economic, market, legal, tax or other considerations may cause the Company to fail to qualify as a REIT or may cause the Board of Directors to revoke the REIT election.

The Company and its stockholders may be subject to state or local taxation in various state or local jurisdictions, including those in which it or they transact business or reside. The state and local tax treatment of the Company and its stockholders may not conform to the Federal income tax treatment.

COMPETITION

There are numerous housing alternatives that compete with the Company's Owned Properties and Managed Properties in attracting residents. The Company's properties compete directly with other multi-family rental apartments and single family homes that are available for rent in the markets in which the Company's properties are located. The Company's properties also compete for residents with new and existing homes and condominiums. The number of competitive properties in a particular area could have a material effect on the Company's ability to lease apartment units at its properties and on the rents charged. The Company competes with numerous real estate companies in acquiring, developing and managing multi-family apartment properties and seeking tenants to occupy the AIMCO Properties. In addition, the Company competes with numerous property management companies in the markets where the Managed Properties are located.

REGULATION

GENERAL

Multifamily apartment properties are subject to various laws, ordinances and regulations, including regulations relating to recreational facilities such as swimming pools, activity centers and other common areas. Changes in laws increasing the potential liability for environmental conditions existing on properties or increasing the restrictions on discharges or other conditions, as well as changes in laws affecting development, construction and safety requirements, may result in significant unanticipated expenditures, which would adversely affect the Company's cash flows from operating activities. In addition, future enactment of rent control or rent stabilization laws or other laws regulating multi-family housing may reduce rental revenue or increase operating costs in particular markets.

RESTRICTIONS IMPOSED BY LAWS BENEFITING DISABLED PERSONS

Under the Americans with Disabilities Act of 1990 (the "ADA"), all places of public accommodation are required to meet certain Federal requirements related to access and use by disabled persons. These requirements became effective in 1992. A number of additional Federal, state and local laws exist which also may require modifications to the Owned Properties, or restrict certain further renovations thereof, with respect to access thereto by disabled persons. For example, the Fair Housing Amendments Act of 1988 (the "FHAA") requires apartment properties first occupied after March 13, 1990 to be accessible to the handicapped. Noncompliance with the ADA or the FHAA could result in the imposition of fines or an award of damages to private litigants and also could result in an order to correct any non-complying feature, which could result in substantial capital expenditures. Although management of the Company believes that the Owned Properties are substantially in compliance with present requirements, if the Owned Properties are not in compliance, the Company is likely to incur additional costs to comply with the ADA and the FHAA.

HUD ENFORCEMENT AND LIMITED DENIALS

A significant number of the affordable units included in the AIMCO Properties are subject to regulation by the U.S. Department of Housing and Urban Development ("HUD"). HUD has the authority to suspend or deny property owners and managers from participation in HUD programs with respect to additional assistance within a geographic region through imposition of a limited denial of participation ("LDP") by any HUD office or nationwide for violations of HUD regulatory requirements. See "Item 7-- Management's Discussion and Analysis of Financial Condition and Results of Operations-- Contingencies."

ENVIRONMENTAL MATTERS

Under Federal, state and local environmental laws and regulations, a current or previous owner or operator of real property may be required to investigate and clean up a release of hazardous substances at such property, and may, under such laws and common law, be held liable for property damage and other costs incurred by third parties in connection with such releases. The liability under certain of these laws has been interpreted to be joint and several unless the harm is divisible and there is a reasonable basis for allocation of responsibility. The failure to remediate the property properly may also adversely affect the owner's ability to sell or rent the property or to borrow using the property as collateral. In connection with its ownership, operation and management of the AIMCO Properties, the Company could be potentially liable for environmental liabilities or costs associated with its properties or properties it may in the future acquire or manage. See "Item 7--Management's Discussion and Analysis of Financial Condition and Results of Operations--Environmental."

INSURANCE

Management believes that the Owned Properties are covered by adequate fire, flood and property insurance provided by reputable companies and with commercially reasonable deductibles and limits.

EMPLOYEES

The Company has a staff of employees performing various acquisition, redevelopment and management functions. The Company, through the AIMCO Operating Partnership and related service company businesses, has approximately 7,000 employees, most of whom are employed at the property level. None of the employees are represented by a union, and the Company has never experienced a work stoppage. The Company believes it maintains satisfactory relations with its employees.

ITEM 2. PROPERTIES

The AIMCO Properties are located in 42 states, Puerto Rico and the District of Columbia. A significant portion of the AIMCO Properties are concentrated in or around 9 metropolitan areas in which the Company owns, controls or manages more than 5,000 units. The following table sets forth certain market information for the AIMCO Properties as of December 31, 1997:

	NUMBER OF PROPERTIES	NUMBER OF UNITS	PERCENTAGE OF TOTAL UNITS OWNED/CONTROLLED OR MANAGED
Chicago, IL.....	23	5,463	3%
Dallas, TX.....	35	7,518	4%
Houston, TX.....	38	8,064	4%
Indianapolis, IN.....	22	6,074	3%
New York, NY.....	44	6,729	3%
Philadelphia, PA.....	30	8,587	4%
Phoenix, AZ.....	27	5,958	3%
Tampa/St. Petersburg, FL.....	18	6,242	3%
Washington, DC.....	34	9,249	5%
Principal markets total.....	271	63,884	32%
Other markets.....	765	129,173	68%
Total.....	1,036	193,057	100%

The AIMCO Properties average 186 apartment units each, with the largest property containing 2,113 apartment units.

The Owned Properties are located in 19 states, primarily located in the Sunbelt regions of the United States. A significant portion of the Owned Properties are concentrated in or around 12 metropolitan areas in which the Company owns or controls more than 1,000 units. The following table sets forth certain market information for Owned Properties as of December 31, 1997:

	NUMBER OF PROPERTIES	NUMBER OF UNITS	PERCENTAGE OF TOTAL UNITS OWNED OR CONTROLLED
Atlanta, GA.....	9	2,100	5%
Chicago, IL.....	7	1,875	5%
Denver, CO.....	5	1,255	3%
Dallas, TX.....	10	2,525	6%
Houston, TX.....	22	5,365	13%
Miami/Ft. Lauderdale, FL.....	6	3,737	9%
Orlando, FL.....	4	1,072	3%
Phoenix, AZ.....	18	4,514	11%
San Antonio, TX.....	7	1,414	4%
Tampa/St. Petersburg, FL.....	4	1,530	4%
Tuscon, AZ.....	5	1,088	3%
Washington, DC.....	1	2,113	5%
Principal markets total.....	98	28,588	71%
Other markets.....	49	11,451	29%
Total.....	147	40,039	100%

At December 31, 1997, the Company owned or controlled 147 properties containing 40,039 units. The Owned Properties average 272 apartment units each, with the largest property containing 2,113 apartment units.

The Owned Properties offer residents a range of amenities. Many of the Owned Properties include a swimming pool and clubhouse, spas, fitness centers, tennis courts and saunas. Many of the apartment units offer design and appliance features such as vaulted ceilings, fireplaces, washer and dryer hook-ups, cable television, balconies and patios.

Substantially all of the Owned Properties are encumbered by mortgage indebtedness or serve as collateral for the Company's indebtedness. At December 31, 1997, the Company had aggregate mortgage indebtedness totaling \$774.5 million, which was secured by 129 Owned Properties with a combined net book value of \$1,246.3 million, having an aggregate weighted average interest rate of 8.1%. At December 31, 1997, the Company had borrowings of \$33.5 million outstanding under its Credit Facility which were collateralized by seven Owned Properties with a combined net book value of \$82.8 million. See the financial statements included elsewhere in this Annual Report for additional information about the Company's indebtedness.

ITEM 3. LEGAL PROCEEDINGS

In November 1996, the Company completed the acquisition (the "English Acquisition") of certain partnership interests, real estate and related assets from J.W. English, a Houston, Texas-based real estate syndicator and developer, and certain affiliated entities (collectively, the "J.W. English Companies"). In the English Acquisition, the Company purchased all of the general and limited partnerships interests owned by the J.W. English Companies in 22 limited partnerships which act as the general partner to 31 limited partnerships (the "English Partnerships") that own 22 multi-family apartment properties and other assets and interests related to the J.W. English Companies, and assumed management of the properties owned by the English Partnerships. The Company made separate tender offers (the "English Tender Offers") to the limited partners of 25 of the English Partnerships (the "Tender Offer English Partnerships").

In November 1996, purported limited partners of certain of the Tender Offer English Partnerships filed a class action lawsuit against the Company and J.W. English in the U.S. District Court for the Northern District of California (the "Federal Action"), alleging among other things, that the Company conspired with J.W. English to breach his fiduciary duty to the plaintiffs, and that the offering materials used by the Company in connection with the English Tender Offers contained misleading statements or omissions. The Federal Action was voluntarily dismissed, without prejudice, in favor of another purported class action filed in May 1997 by limited partners of certain of the Tender Offer English Partnerships and six additional English Partnerships. Two complaints were filed in Superior Court of the State of California (the "California Actions") against the Company and the J.W. English Companies, alleging, among other things, that the consideration the Company offered in the English Tender Offers was inadequate and designed to benefit the J.W. English Companies at the expense of the limited partners, that certain misrepresentations and omissions were made in connection with the English Tender Offers, that the Company receives excessive fees in connection with its management of the properties owned by the English Partnerships, that the Company continues to refuse to liquidate the English Partnerships and that the English Acquisition violated the partnership agreements governing the English Partnerships and constituted a breach of fiduciary duty.

In addition to unspecified compensation and exemplary damages, the original complaints in the California Actions sought an accounting, a constructive trust on the assets and monies acquired by the English defendants in connection with the English Acquisition, a court order removing the Company from management of the English Partnerships and/or ordering disposition of the properties and attorneys fees, expert fees and other costs. The Company intends to vigorously defend itself in connection with these actions. The Company also believes it is entitled to indemnification from the J.W. English Companies, subject to certain exceptions. Failure by the Company to prevail in the California Actions or to receive indemnification could have a material adverse effect on the Company's financial condition and results of operations.

On August 4, 1997, the Company filed demurrers to both complaints in the California Actions. At a hearing on the demurrers on January 9, 1998, the court granted the Company's demurrers to each of the three causes of action against it in the two complaints, with leave to amend. On February 25, 1998, the plaintiffs filed a consolidated amended class and derivative complaint for damages (the "Consolidated Amended Complaint"). The Consolidated Amended Complaint has added as defendants the general partners of the English Partnerships and dropped certain defendants, including AIMCO/PAM Properties, L.P. The Consolidated Amended Complaint seeks compensatory and punitive damages and alleges six causes of action for breach of fiduciary duty (two separate causes of action), for an accounting, breach of the implied covenant of good faith and fair dealing, and for inducing breach of contract. Plaintiffs have also added allegations of alleged wrongful conduct in connection with the Company's second group of tender offers commenced in late 1997. The Company will likely file a demurrer. The date to move, answer or otherwise respond to the Consolidated Amended Complaint with respect to all of the defendants is March 27, 1998.

The Company is a party to various legal actions resulting from its operating activities. These actions are routine litigation and administrative proceedings arising in the ordinary course of business, some of which are covered by liability insurance, and none of which are expected to have a material adverse effect on the consolidated financial condition or results of operations of the Company.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

AIMCO held a special meeting of stockholders on December 8, 1997 to consider the issuance by AIMCO of up to 5,433,695 shares of Class A Common Stock in connection with the NHP Merger. The matter was approved by the following vote:

VOTES FOR	VOTES AGAINST	ABSTENTIONS
-----	-----	-----
19,997,613	163,073	134,247

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER

MATTERS

AIMCO's Class A Common Stock has been listed and traded on the NYSE under the symbol "AIV" since July 22, 1994. The following table sets forth the quarterly high and low sales prices of the Class A Common Stock, as reported on the NYSE, and the dividends paid by the Company for the periods indicated.

QUARTER ENDED		HIGH	LOW	DIVIDENDS PAID (PER SHARE)
-----		-----	---	-----
1995				
March 31, 1995.....	\$	181/2	\$ 171/8	\$ 0.415
June 30, 1995.....		201/4	177/8	0.415
September 30, 1995.....		211/8	191/2	0.415
December 31, 1995.....		20	18	0.425
1996				
March 31, 1996.....		211/8	193/8	0.425
June 30, 1996.....		21	183/8	0.425
September 30, 1996.....		22	183/8	0.425
December 31, 1996.....		283/8	211/8	0.425
1997				
March 31, 1997.....		301/2	251/2	0.4625
June 30, 1997.....		293/4	26	0.4625
September 30, 1997.....		363/16	281/8	0.4625
December 31, 1997.....		38	32	0.4625
1998				
March 31, 1998 (through March 15, 1998).....				0.5625(1)

(1) On January 22, 1998, the Company's Board of Directors declared a cash dividend of \$0.5625 per share of Common Stock, paid on February 13, 1998 to stockholders of record on February 6, 1998.

On March 18, 1998, there were 41,417,376 shares of Class A Common Stock outstanding, held by 328 stockholders of record.

The Company, as a REIT, is required to distribute annually to holders of common stock at least 95% of its "real estate investment trust taxable income," which, as defined by the Code and Treasury regulations, is generally equivalent to net taxable ordinary income. The Company measures its economic profitability and intends to pay regular dividends to its stockholders based on FFO during the relevant period. However, the future payment of dividends by the Company will be at the discretion of the Board of Directors and will depend on numerous factors including the Company's financial condition, its capital

requirements, the annual distribution requirements under the provisions of the Code applicable to REITs and such other factors as the Board of Directors deems relevant.

From time to time, AIMCO issues shares of Class A Common Stock in exchange for OP Units tendered to the AIMCO Operating Partnership for redemption in accordance with the terms and provisions of the agreement of limited partnership of the AIMCO Operating Partnership. Such shares are issued based on an exchange ratio of one share for each OP Unit. The shares are issued in exchange for OP Units in private transactions exempt from registration under the Securities Act of 1933, as amended (the "Securities Act"), pursuant to Section 4(2) thereof. During 1997, a total of 563,426 shares were issued in exchange for OP Units.

On June 3, 1997, AIMCO issued warrants (the "NHP Warrants") exercisable to purchase an aggregate of 399,999 shares of Class A Common Stock at \$36 per share at any time prior to June 3, 2002. The NHP Warrants were issued as part of the consideration for the NHP Real Estate Companies in a private transaction exempt from registration under the Securities Act pursuant to Section 4(2) thereof.

On December 2, 1997, AIMCO issued warrants (the "Oxford Warrants") exercisable to purchase up to an aggregate of 500,000 shares of Class A Common Stock at \$41 per share. The Oxford Warrants were issued to affiliates of Oxford Realty Financial Group, Inc., a Maryland corporation ("Oxford"), in connection with the amendment of certain agreements pursuant to which the Company manages properties controlled by Oxford or its affiliates. The actual number of shares of Class A Common Stock for which the Oxford Warrants will be exercisable is based on certain performance criteria with respect to the Company's management arrangements with Oxford for each of the five years ending December 31, 2001. The Oxford Warrants are exercisable for six years after the determination of such criteria for each of the five years. The Oxford Warrants were issued in a private transaction exempt from registration under the Securities Act pursuant to Section 4(2) thereof.

ITEM 6. SELECTED FINANCIAL DATA

The historical selected financial data for AIMCO for the years ended December 31, 1997, 1996 and 1995 is based on audited financial statements. This information should be read in conjunction with such financial statements, including the notes thereto, and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included herein. The historical selected financial data for AIMCO for the period from January 10, 1994 (the date of inception) through December 31, 1994 and for the AIMCO Predecessors for the period January 1, 1994 through July 28, 1994 and for the year ended December 31, 1993 is based on audited financial statements.

	THE COMPANY			AIMCO PREDECESSORS		
	FOR THE YEAR ENDED DECEMBER 31, 1997	FOR THE YEAR ENDED DECEMBER 31, 1996	FOR THE YEAR ENDED DECEMBER 31, 1995	FOR THE PERIOD JANUARY 10, 1994 THROUGH DECEMBER 31, 1994	FOR THE PERIOD JANUARY 1, 1994 THROUGH JULY 28, 1994	FOR THE YEAR ENDED DECEMBER 31, 1993
OPERATING DATA:						
RENTAL PROPERTY OPERATIONS:						
Rental and other income.....	\$ 193,006	\$ 100,516	\$ 74,947	\$ 24,894	\$ 5,805	\$ 8,056
Property operating expenses.....	(76,168)	(38,400)	(30,150)	(10,330)	(2,263)	(3,200)
Owned property management expenses...	(6,620)	(2,746)	(2,276)	(711)	--	--
	110,218	59,370	42,521	13,853	3,542	4,856
Depreciation.....	(37,741)	(19,556)	(15,038)	(4,727)	(1,151)	(1,702)
	72,477	39,814	27,483	9,126	2,391	3,154
SERVICE COMPANY BUSINESS:						
Management fees and other income.....	13,937	8,367	8,132	3,217	6,533	8,069
Management and other expenses.....	(9,910)	(5,352)	(4,953)	(2,047)	(5,823)	(6,414)
Corporate overhead allocation.....	(588)	(590)	(581)	--	--	--
Owner and seller bonuses.....	--	--	--	--	(204)	(468)
Amortization of management company goodwill.....	(948)	(500)	(428)	--	--	--
Depreciation and amortization.....	(453)	(218)	(168)	(150)	(146)	(204)
	2,038	1,707	2,002	1,020	360	983
Minority interests in service company business.....	(10)	10	(29)	(14)	--	--
Company's shares of income from service company business.....	2,028	1,717	1,973	1,006	360	983
General and administrative expenses.....	(5,396)	(1,512)	(1,804)	(977)	--	--
Interest income.....	8,676	523	658	123	--	--
Interest expense.....	(51,385)	(24,802)	(13,322)	(1,576)	(4,214)	(3,510)
Minority interest in other partnerships.....	1,008	(111)	--	--	--	--
Equity in losses of unconsolidated partnerships.....	(1,798)	--	--	--	--	--
Equity in earnings of unconsolidated subsidiaries.....	4,636	--	--	--	--	--
Income from operations.....	30,246	15,629	14,988	7,702	(1,463)	627
Gain on disposition of properties....	2,720	44	--	--	--	--
Provision for income taxes.....	--	--	--	--	(36)	(336)
Income (loss) before extraordinary item and minority interest in Operating Partnership.....	32,966	15,673	14,988	7,702	(1,499)	291
Extraordinary item--early extinguishment of debt.....	(269)	--	--	--	--	--
Income (loss) before minority interest in Operating Partnership.....	32,697	15,673	14,988	7,702	(1,499)	291
Minority interest in Operating Partnership.....	(4,064)	(2,689)	(1,613)	(559)	--	--
Net income (loss).....	\$ 28,633	\$ 12,984	\$ 13,375	\$ 7,143	\$ (1,499)	\$ 291

	THE COMPANY			AIMCO PREDECESSORS		
	FOR THE YEAR ENDED DECEMBER 31, 1997	FOR THE YEAR ENDED DECEMBER 31, 1996	FOR THE YEAR ENDED DECEMBER 31, 1995	FOR THE PERIOD JANUARY 10, 1994 THROUGH DECEMBER 31, 1994	FOR THE PERIOD JANUARY 1, 1994 THROUGH JULY 28, 1994	FOR THE YEAR ENDED DECEMBER 31, 1993
OTHER INFORMATION:						
Total owned properties (end of period).....	147	94	56	48	4	4
Total owned apartment units (end of period).....	40,039	23,764	14,453	12,513	1,711	1,711
Units under management (end of period).....	69,587	19,045	19,594	20,758	29,343	28,422
Basic earnings per common share (1).....	\$ 1.09	\$ 1.05	\$ 0.86	\$ 0.42	N/A	N/A
Diluted earnings per common share (1).....	\$ 1.08	\$ 1.04	\$ 0.86	\$ 0.42	N/A	N/A
Dividends paid per common share.....	\$ 1.85	\$ 1.70	\$ 1.66	\$ 0.29	N/A	N/A
BALANCE SHEET INFORMATION:						
Real estate, before accumulated depreciation.....	\$1,659,763	\$ 865,222	\$ 477,162	\$ 406,067	\$ 47,500	\$ 46,819
Total assets.....	2,103,066	834,813	480,361	416,739	39,042	38,914
Total mortgages and notes payable....	808,530	522,146	268,692	141,315	40,873	41,893
Mandatorily redeemable 1994 Cumulative Senior Preferred Stock.....	--	--	--	96,600	--	--
Stockholders' equity.....	1,045,301	222,889	169,032	140,319	(9,345)	(7,556)

(1) Earnings per share figures for all periods prior to 1997 have been restated to reflect the application of Financial Accounting Standards Board Statement of Financial Accounting Standards No. 128, Earnings Per Share.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

OVERVIEW

The following discussion and analysis of the results of operations and financial condition of the Company should be read in conjunction with the financial statements incorporated by reference in Item 8 of this Annual Report on Form 10-K.

RESULTS OF OPERATIONS

COMPARISON OF THE YEAR ENDED DECEMBER 31, 1997 TO THE YEAR ENDED DECEMBER 31, 1996

NET INCOME

The Company recognized net income of \$28.6 million and net income attributable to common shareholders of \$26.3 million for the year ended December 31, 1997 compared to net income and net income attributable to common shareholders of \$13.0 million for the year ended December 31, 1996. Net income attributable to common shareholders represents net income less a provision for accrued dividends on the Company's Class B Preferred Stock and Class C Preferred Stock. The Class B Preferred Stock and Class C Preferred Stock were issued in August and December 1997, respectively. There was no preferred stock outstanding during 1996. The increase in net income allocable to common shareholders of \$13.3 million, or 102.3%, was primarily the result of the following:

- the acquisition of 10,484 units in 42 apartment communities primarily during November and December 1996 (the "1996 Acquisitions");
- the acquisition of 11,706 units in 44 apartment communities during 1997 (the "1997 Acquisitions");
- the acquisition of interests in the NHP Partnerships during the period June through December 1997; and
- the acquisition of NHP in December 1997.

- interest income on general partner loans to unconsolidated real estate partnerships.

The effect of these acquisitions on net income was partially offset by the sale of four properties in August 1996 (the "1996 Dispositions") and five properties in October 1997 (the "1997 Dispositions"). These factors are discussed in more detail in the following paragraphs.

RENTAL PROPERTY OPERATIONS

Rental and other property revenues from the Company's Owned Properties totaled \$193.0 million for the year ended December 31, 1997, compared to \$100.5 million for the year ended December 31, 1996, an increase of \$92.5 million, or 92.0%. Rental and other property revenues consisted of the following (in thousands):

	YEAR ENDED DECEMBER 31, 1997	YEAR ENDED DECEMBER 31, 1996
"Same store" properties.....	\$ 78,724	\$ 75,069
1996 Acquisitions.....	68,505	14,970
1997 Acquisitions.....	22,163	--
Acquisition of interests in the NHP Partnerships.....	15,592	--
1996 Dispositions.....	--	3,363
1997 Dispositions.....	4,092	4,719
Properties in lease-up after the completion of an expansion or renovation.....	3,930	2,395
Total.....	\$ 193,006	\$ 100,516

Average monthly rent per occupied unit for the same store properties increased to \$571 at December 31, 1997 from \$560 at December 31, 1996, an increase of 2.0%. Weighted average physical occupancy for the properties increased to 94.8% at December 31, 1997 from 94.5% at December 31, 1996, an increase of 0.3%.

Property operating expenses consist of on-site payroll costs, utilities (net of reimbursements received from tenants), contract services, turnover costs, repairs and maintenance, advertising and marketing, property taxes and insurance. Property operating expenses totaled \$76.2 million for the year ended December 31, 1997, compared to \$38.4 million for the year ended December 31, 1996, an increase of \$37.8 million, or 98.4%. Property operating expenses consisted of the following (in thousands):

	YEAR ENDED DECEMBER 31, 1997	YEAR ENDED DECEMBER 31, 1996
"Same store" properties.....	\$ 28,009	\$ 28,234
1996 Acquisitions.....	28,911	5,258
1997 Acquisitions.....	8,402	--
Acquisition of interests in the NHP Partnerships.....	7,304	--
1996 Dispositions.....	--	1,793
1997 Dispositions.....	1,972	2,300
Properties in lease-up after the completion of an expansion or renovation.....	1,570	815
Total.....	\$ 76,168	\$ 38,400

Owned Property management expenses, representing the costs of managing the Company's Owned Properties, totaled \$6.6 million for the year ended December 31, 1997, compared to \$2.7 million for the

year ended December 31, 1996, an increase of \$3.9 million, or 144.4%. The increase resulted from the acquisition of properties in 1996 and 1997 and the acquisition of interests in the NHP Partnerships.

SERVICE COMPANY BUSINESS

The Company's share of income from the service company business was \$2.0 million for the year ended December 31, 1997, compared to \$1.7 million for the year ended December 31, 1996, an increase of \$0.3 million or 17.6%. The increase is due to the acquisition by the Company of property management businesses in August and November 1996, the acquisition of partnership interests which provide for certain partnership and administrative fees, and a captive insurance subsidiary acquired in connection with the acquisition of the NHP Real Estate Companies in June 1997, which were offset by the expiration of the Company's commercial asset management contracts on March 31, 1997. The Company's share of income from service company businesses consisted of the following (in thousands):

	YEAR ENDED DECEMBER 31, 1997	YEAR ENDED DECEMBER 31, 1996
Properties managed for third parties and affiliates		
Management fees and other income.....	\$ 9,353	\$ 5,679
Management and other expenses.....	(9,045)	(4,405)
	308	1,274
Commercial asset management		
Management and other income.....	245	1,026
Management and other expenses.....	(275)	(339)
	(30)	687
Reinsurance operations		
Revenues.....	4,228	1,267
Expenses.....	(360)	(282)
	3,868	985
Brokerage and other		
Revenues.....	111	395
Expenses.....	(230)	(326)
	(119)	69
	\$ 4,027	\$ 3,015

Income from the management of properties for third parties and affiliates was \$0.3 million for the year ended December 31, 1997, compared to \$1.3 million for the year ended December 31, 1996, a decrease of \$1.0 million, or 76.9%.

Losses from commercial asset management were \$30,000 for the year ended December 31, 1997 compared to income of \$0.7 million for the year ended December 31, 1996. The decrease is primarily due to the expiration of certain commercial management contracts in March 1997.

Income from the reinsurance operations for the year ended December 31, 1997 increased by \$2.9 million from the year ended December 31, 1996, due to increased premiums collected from a larger work force, improved loss experience and the closure of claims for less than the amounts previously reserved, as well as the acquisition of the NHP Real Estate Companies, which included the acquisition of a captive insurance company.

GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses totaled \$5.4 million for the year ended December 31, 1997 compared to \$1.5 million for the year ended December 31, 1996, an increase of \$3.9 million, or 260.0%. The increase in general and administrative expenses is primarily due to the payment of incentive compensation to members of senior management and other employees.

INTEREST EXPENSE

Interest expense, which includes the amortization of deferred finance costs, totaled \$51.4 million for the year ended December 31, 1997, compared to \$24.8 million for the year ended December 31, 1996, an increase of \$26.6 million or 107.3%. The increase consists of the following (in thousands):

Interest expense on secured short-term and long-term indebtedness incurred in connection with the 1996 Acquisitions.....	\$ 11,054
Interest expense on secured and unsecured short-term and long-term indebtedness incurred in connection with the 1997 Acquisitions...	7,082
Interest expense on secured and unsecured short-term and long-term indebtedness incurred in connection with the acquisition of interests in the NHP Partnerships.....	6,924
Increase in interest expense on the Credit Facility due to borrowings used in connection with the refinancing of short-term indebtedness and the acquisition of the NHP Real Estate Companies in June 1997, net of decreased interest expense on existing indebtedness due to principal amortization.....	1,523
Total increase.....	\$ 26,583

INTEREST INCOME

Interest income totaled \$8.7 million for the year ended December 31, 1997, compared to \$0.5 million for the year ended December 31, 1996. The increase is primarily due to interest earned on general partner loans to unconsolidated real estate partnerships acquired in 1997.

COMPARISON OF THE YEAR ENDED DECEMBER 31, 1996 TO THE YEAR ENDED DECEMBER 31, 1995

The Company recognized net income of \$13.0 million for the year ended December 31, 1996, all of which was attributable to common shareholders. For the year ended December 31, 1995, the Company recognized net income of \$13.4 million, of which \$5.2 million was attributable to the holder of AIMCO's mandatorily redeemable 1994 Cumulative Convertible Senior Preferred Stock ("Convertible Preferred Stock") and \$8.2 million was attributable to common shareholders. The increase in net income allocable to the common shareholders in 1996 of 58.5% was primarily the result of the 1996 Acquisitions offset by the 1996 Dispositions. The increase in net income is partially offset by increased interest expense associated with debt which was incurred in June 1995 and September 1995 upon the redemption of the Convertible Preferred Stock, increased interest expense attributable to indebtedness assumed or incurred in connection with the 1996 Acquisitions offset by decreased interest expense after the pay down of the Credit Facility with proceeds from the 1996 Dispositions. These factors are discussed in more detail in the following paragraphs.

RENTAL PROPERTY OPERATIONS

Rental and other property revenues from the Company's Owned Properties totaled \$100.5 million for the year ended December 31, 1996, compared to \$74.9 million for the year ended December 31, 1995, an

increase of \$25.6 million, or 34.2%. Rental and other property revenues consisted of the following (in thousands):

	YEAR ENDED DECEMBER 31, 1996	YEAR ENDED DECEMBER 31, 1995
"Same store" properties.....	\$ 69,268	\$ 67,058
1996 Acquisitions.....	25,929	517
1996 Dispositions.....	3,363	5,272
Properties in lease-up after the completion of an expansion or renovation.....	1,956	2,100
Total.....	\$ 100,516	\$ 74,947

Average monthly rent per occupied unit for these 42 properties at December 31, 1996 and 1995 was \$546 and \$531, respectively, an increase of 2.8%. Weighted average physical occupancy for the 42 properties increased from 94.2% at December 31, 1995 to 94.9% at December 31, 1996, a 0.7% increase.

Property operating expenses totaled \$38.4 million for the year ended December 31, 1996, compared to \$30.2 million for the year ended December 31, 1995, an increase of \$8.2 million, or 27.2%. Property operating expenses consisted of the following (in thousands):

	YEAR ENDED DECEMBER 31, 1996	YEAR ENDED DECEMBER 31, 1995
"Same store" properties.....	\$ 26,103	\$ 25,615
1996 Acquisitions.....	9,652	218
1996 Dispositions.....	1,793	3,146
Properties in lease-up after the completion of an expansion or renovation.....	852	1,171
Total.....	\$ 38,400	\$ 30,150

Owned property management expenses totaled \$2.7 million for the year ended December 31, 1996, compared to \$2.3 million for the year ended December 31, 1995, an increase of \$0.4 million or 17.4%. The increase is primarily due to the acquisition of properties in 1996.

SERVICE COMPANY BUSINESS

The Company's share of income from the service company business was \$1.7 million for the year ended December 31, 1996 compared to \$2.0 million for the year ended December 31, 1995. Management fees and other income totaled \$8.4 million for the year ended December 31, 1996 compared to \$8.1 million for the year ended December 31, 1995, reflecting an increase of \$0.3 million, or 3.7%. Management and other expenses totaled \$5.4 million for the year ended December 31, 1996 compared to \$5.0 million for the year ended December 31, 1995, reflecting an increase of \$0.4 million, or 8.0%. Major sources of revenue

and expense before amortization of management company goodwill, corporate overhead allocations, depreciation and amortization and minority interest are described below.

	YEAR ENDED DECEMBER 31, 1996	YEAR ENDED DECEMBER 31, 1995
	-----	-----
	(IN THOUSANDS)	
Properties managed for third parties and affiliates		
Management fees and other income.....	\$ 5,679	\$ 4,878
Management and other expenses.....	(4,405)	(3,620)
	-----	-----
	1,274	1,258
	-----	-----
Commercial asset management		
Management and other income.....	1,026	1,564
Management and other expenses.....	(339)	(562)
	-----	-----
	687	1,002
	-----	-----
Reinsurance operations		
Revenues.....	1,267	1,193
Expenses.....	(282)	(432)
	-----	-----
	985	761
	-----	-----
Brokerage and other		
Revenues.....	395	497
Expenses.....	(326)	(339)
	-----	-----
	69	158
	-----	-----
	\$ 3,015	\$ 3,179
	-----	-----

Income from the management of properties for third parties and affiliates was \$1.3 million for the years ended December 31, 1996 and 1995. Management fee revenues increased from \$4.9 million for the year ended December 31, 1995 to \$5.7 million for the year ended December 31, 1996, an increase of \$0.8 million or 16.4%, primarily as a result of the acquisition of properties in 1996. A comparable increase in management expenses was also experienced in 1996.

Income from commercial asset management was \$0.7 million for the year ended December 31, 1996 compared to \$1.0 million for the year ended December 31, 1995, a decrease of \$0.3 million or 30.0%. Commercial management revenues declined from \$1.6 million in 1995 to \$1.0 million in 1996, primarily due to the reduction in the number of properties managed. Commercial management expenses declined from \$0.6 million to \$0.3 million as a result of fewer managed properties. The asset management contracts expired on March 31, 1997.

Income from the reinsurance operations for the year ended December 31, 1996 increased by \$0.2 million, or 29.4%, from the year ended December 31, 1995, due to increased premiums collected from a larger work force, improved loss experience and the closure of claims for less than the amounts previously reserved.

GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses totaled \$1.5 million for the year ended December 31, 1996 compared to \$1.8 million for the year ended December 31, 1995, a decrease of \$0.3 million or 16.7%. The amount presented for 1996 included \$1.5 million for payroll, overhead and other costs associated with operating a public company and \$0.6 million for payroll and other costs incurred in the development of new business offset by a corporate overhead allocation of \$0.6 million to the service company business. The amount presented for 1995 included \$1.6 million for payroll, overhead and other costs associated with

operating a public company, and \$0.8 million for payroll and other costs incurred in the development of new business offset by a corporate overhead allocation of \$0.6 million to the service company business. The net decrease in general and administrative expenses for the year ended December 31, 1996 is attributable to fewer personnel and a decrease in state income taxes paid in 1996 as a result of the restructuring in early 1995.

INTEREST EXPENSE

Interest expense totaled \$24.8 million for the year ended December 31, 1996 compared to \$13.3 million for the year ended December 31, 1995, an increase of \$11.5 million or 86.5%. The increase consists primarily of \$5.7 million of interest expense on secured long-term debt incurred in connection with refinancings completed in June 1995 and September 1995 to refinance certain secured notes payable, redeem the Convertible Preferred Stock and repurchase 513,514 unregistered shares of Class A Common Stock, and \$5.6 million of interest expense on long-term and short-term indebtedness incurred or assumed in connection with the 1996 Acquisitions. Interest expense on secured tax-exempt bond financing increased by \$1.0 million, or 13.5%, due to an increase in interest rate on the \$48.1 million of tax-exempt bonds refinanced in June 1996 and the borrowing of \$9.9 million in June 1996 (proceeds of which were used to pay down the Company's Credit Facility). During the year ended December 31, 1996, the Company capitalized interest of \$0.8 million as a result of increased construction and renovation activities compared to \$0.1 million which was capitalized during the year ended December 31, 1995. Interest expense, amortization of deferred financing costs and unused commitment fees on the Credit Facility were \$1.6 million for the years ended December 31, 1996 and 1995.

LIQUIDITY AND CAPITAL RESOURCES

At December 31, 1997, the Company had \$37.1 million in cash and cash equivalents and \$24.2 million of restricted cash primarily consisting of reserves and impounds held by lenders for capital expenditures, property taxes and insurance. The Company's principal demands for liquidity include normal operating activities, payments of principal and interest on outstanding debt, capital improvements, acquisitions of or investments in properties, dividends paid to its stockholders and distributions paid to minority limited partners in the AIMCO Operating Partnership. The Company considers its cash provided by operating activities to be adequate to meet short-term liquidity demands.

In May 1997, the Company increased its maximum amount available under the Credit Facility from \$50.0 million to \$100.0 million. The outstanding balance under the Credit facility was \$33.5 million at December 31, 1997.

In January 1998, the Company replaced the Credit Facility with a new unsecured \$50 million revolving credit facility with Bank of America and BankBoston, N.A. The interest rate under the New Credit Facility is based on LIBOR or Bank of America's reference rate at the election of the Company, plus an applicable margin, ranging from 0.6% to 1.0% for LIBOR based loans and 0.0% to 0.5% for loans based on Bank of America's reference rate. The New Credit Facility expires on January 26, 2000 unless extended for successive one-year periods at the discretion of the lenders. The Company utilizes the New Credit Facility for general corporate purposes and to fund investments on an interim basis. As of March 18, 1998, there were no borrowings outstanding under the New Credit Facility.

In February 1998, the Company entered into a five year secured credit facility agreement with Washington Mortgage, which provides for a \$50 million revolving credit facility, a portion or all of which may be converted into a base loan facility. At the AIMCO Operating Partnership's request, the commitment amount may be increased to an amount not to exceed \$250 million, subject to consent of Washington Mortgage and FNMA in their sole and absolute discretion. The AIMCO Operating Partnership and affiliates have pledged their ownership interests in the Owners as security for their obligations under the WMF Credit Facility. The guarantees of the Owners are secured by assets of the Owners, including four

apartment properties and two mortgage notes. The interest rate on each advance is determined by investor bids for such mortgage backed securities plus a fee spread presently equal to 0.5%. The maturity date of each advance under the revolving portion of the WMF Credit Facility is a date between three and nine months from the closing date of the advance as selected by the AIMCO Operating Partnership. Advances under the base facility mature at a date, selected by the AIMCO Operating Partnership between ten and twenty years from the date of the advance. The outstanding balance under the WMF Credit Facility was \$36.9 million as of March 18, 1998.

The Company expects to meet its long-term liquidity requirements, such as refinancing debt and property acquisitions, through long-term borrowings, both secured and unsecured, the issuance of debt, OP Units or equity securities and cash generated from operations. In May 1997, the Company filed a shelf registration statement with the Securities and Exchange Commission with respect to an aggregate of \$1.0 billion of debt and equity securities. As of March 18, 1998, the amount remaining available under the shelf registration was \$419.4 million. The Company expects to finance the pending acquisition of Ambassador and other real estate interests, discussed previously in this report, with the issuance of equity securities and debt.

As of December 31, 1997, 95% of the Company's Owned Properties and 67% of its total assets were encumbered by debt, and the Company had total outstanding indebtedness of \$808.5 million, all of which was secured by Owned Properties and other assets. The Company's indebtedness is comprised of \$681.4 million of secured long-term financing, \$53.1 in secured short-term financing and \$74.0 million of secured tax-exempt bonds. As of December 31, 1997, approximately 8% of the Company's indebtedness bears interest at variable rates. General Motors Acceptance Corporation has made 89 loans (the "GMAC Loans"), with an aggregate outstanding principal balance of \$398.6 million as of December 31, 1997, to property owning partnerships of the Company, each of which is secured by the underlying Owned Property of such partnership. Certain GMAC Loans are cross-collateralized with certain other GMAC Loans. Other than certain GMAC Loans, none of the Company's debt is subject to cross-collateralization provisions. The weighted average interest rate on the Company's long-term secured tax-exempt financing and secured notes payable was 8.1% with a weighted average maturity of 9.7 years. The weighted average interest rate on the Company's secured short-term financing was 7.5%.

CAPITAL EXPENDITURES

For the year ended December 31, 1997, the Company spent \$7.4 million for capital replacements (expenditures for routine maintenance of a property), \$9.1 million for initial capital expenditures (expenditures at a property that have been identified, at the time the property is acquired, as expenditures to be incurred within one year of the acquisition), and \$8.5 million for construction and capital enhancements (amenities that add a material new feature or revenue source at a property). These expenditures were funded by borrowings under the Credit Facility, working capital reserves and net cash provided by operating activities. During 1998, the Company will provide an allowance for capital replacements of \$300 per apartment unit. Initial capital expenditures and capital enhancements will primarily be funded by cash from operating activities and borrowings under the New Credit Facility.

The Company's accounting treatment of various capital and maintenance costs is detailed in the following table:

EXPENDITURE	ACCOUNTING TREATMENT	DEPRECIABLE LIFE IN YEARS
Initial capital expenditures	capitalize	5 to 30
Capital enhancements	capitalize	5 to 30
Capital replacements:		
Carpet/vinyl replacement	capitalize	5
Carpet cleaning	expense	N/A
Major appliance replacement (refrigerators, stoves, dishwashers, washers/dryers)	capitalize	5
Cabinet replacement	capitalize	5
Major new landscaping	capitalize	5
Seasonal plantings and landscape replacements	expense	N/A
Roof replacements	capitalize	30
Roof repairs	expense	N/A
Model furniture	capitalize	5
Office equipment	capitalize	5
Exterior painting, significant	capitalize	5
Interior painting	expense	N/A
Parking lot repairs	expense	N/A
Parking lot repaving	capitalize	30
Equipment repairs	expense	N/A
General policy for capitalization	capitalize	various
	amounts in excess of \$250	

FUNDS FROM OPERATIONS

The Company measures its economic profitability based on FFO. The Company's management believes that FFO provides investors with an understanding of the Company's ability to incur and service debt and make capital expenditures. The Board of Governors of the National Association of Real Estate Investment Trusts ("NAREIT") defines FFO as net income (loss), computed in accordance with generally accepted accounting principles ("GAAP"), excluding gains and losses from debt restructuring and sales of property, plus real estate related depreciation and amortization (excluding amortization of financing costs), and after adjustments for unconsolidated partnerships and joint ventures. The Company calculates FFO in a manner consistent with the NAREIT definition, which includes adjustments for minority interest in the AIMCO Operating Partnership, plus amortization of management company goodwill, the non-cash deferred portion of the income tax provision for unconsolidated subsidiaries and less the payment of dividends on preferred stock. FFO should not be considered an alternative to net income or net cash flows from operating activities, as calculated in accordance with GAAP, as an indication of the Company's performance or as a measure of liquidity. FFO is not necessarily indicative of cash available to fund future cash needs.

For the years ended December 31, 1997, 1996 and 1995, the Company's FFO is calculated as follows (amounts in thousands):

	YEAR ENDED DECEMBER 31, 1997	YEAR ENDED DECEMBER 31, 1996	YEAR ENDED DECEMBER 31, 1995
Income before minority interest in Operating Partnership.....	\$ 32,697	\$ 15,673	\$ 14,988
Extraordinary item.....	269	--	--
Gain on disposition of properties.....	(2,720)	(44)	--
Real estate depreciation, net of minority interests.....	33,751	19,056	15,038
Amortization of management company goodwill.....	948	500	428
Equity in earnings of other partnerships:			
Real estate depreciation.....	6,280	--	--
Equity in earnings of unconsolidated subsidiaries:			
Real estate depreciation.....	3,584	--	--
Deferred taxes.....	4,894	--	--
Amortization of management contracts.....	1,587	--	--
Preferred Stock dividends.....	(135)	--	(5,169)
Funds From Operations (FFO).....	\$ 81,155	\$ 35,185	\$ 25,285
Weighted average number of common shares, common share equivalents and OP Units outstanding:			
Common stock.....	24,055	12,411	9,571
Common stock equivalents.....	381	16	8
Preferred stock convertible into common stock.....	1,006	--	--
OP Units.....	3,677	2,567	1,882
	29,119	14,994	11,461
CASH FLOW INFORMATION:			
Cash flow provided by operating activities.....	\$ 73,032	\$ 38,806	\$ 25,911
Cash flow used in investing activities.....	(717,663)	(88,144)	(60,821)
Cash flow provided by financing activities.....	668,549	60,129	30,145

CONTINGENCIES

HUD ENFORCEMENT AND LIMITED DENIALS OF PARTICIPATION

A significant number of affordable units included in the AIMCO Properties are subject to regulation by HUD. Under its regulations, HUD has the authority to suspend or deny property owners and managers from participation in HUD programs with respect to additional assistance within a geographic region through imposition of an LDP by any HUD office or nationwide for violations of HUD regulatory requirements. In March 1997, HUD announced its intention to step up enforcement against property owners and managers who violate their agreements with HUD, and, in July 1997, HUD announced the creation of a new department-wide enforcement division. Three HUD field offices have recently issued three LDPs to NHP as a result of physical inspections and mortgage defaults at four properties owned by the NHP Real Estate Companies, two of which are managed by the Company. One LDP was subsequently withdrawn and another was terminated in December 1997 after a reinspection of the property. The one remaining LDP, unless lifted, suspends the Company's ability to manage or acquire additional HUD-assisted properties in eastern Missouri until June 24, 1998. The Company has proposed a settlement agreement with HUD which includes aggregate payments to HUD of approximately \$0.5 million, and is awaiting HUD's response. The Company cannot determine whether HUD will accept the proposed settlement. Because an LDP is prospective, existing HUD agreements are not affected, so an LDP is not expected to result in the loss of management service revenue from or to otherwise affect properties that

the Company currently manages in the subject regions. If HUD were to disapprove the Company as property manager for one or more affordable properties, the Company's ability to obtain property management revenues from new affordable properties may be impaired.

HUD monitors the performance of properties with HUD-insured mortgage loans. HUD also monitors compliance with applicable regulations, and takes performance and compliance into account in approving management of HUD-assisted properties. In this regard, since July 1988, 29 HUD-assisted properties owned or managed by the NHP Real Estate Companies or NHP have defaulted on non-recourse HUD-insured mortgage loans. Eight of these 29 properties are also currently managed by the Company. An additional six properties owned or managed by the Company have received unsatisfactory performance ratings. As a result of the defaults and unsatisfactory ratings, the national HUD office must review any field office approval of the Company to act as property manager for a HUD-assisted property. The national HUD office has consistently approved NHP's applications to manage new properties, and the Company received HUD clearance to acquire NHP and the NHP Real Estate Companies. The Company believes that it enjoys a good working relationship with HUD and that the national office will continue to apply the clearance process to large management portfolios such as the Company's, including NHP's, with discretion and flexibility. While there can be no assurance, the Company believes that the unsatisfactory reviews and the mortgage defaults will not have a material impact on its results of operations or financial condition.

In October 1997, NHP received a subpoena from the Inspector General of HUD (the "Inspector General") requesting documents relating to any arrangement whereby NHP or any of its affiliates provides or has provided compensation to owners of HUD multi-family projects in exchange for or in connection with management of a HUD project. The Company believes that other owners and managers of HUD projects have received similar subpoenas. Documents relating to certain of the Company's acquisitions of property management rights for HUD projects, may be responsive to the subpoena. The Company is in the process of complying with the subpoena and has provided certain documents to the Inspector General, without conceding that they are responsive to the subpoena. The Company believes that its operations are in compliance, in all material respects, with all laws, rules and regulations relating to HUD-assisted or HUD-insured properties. Although the Inspector General has not initiated any action against the Company or, to the Company's knowledge, any owner of a HUD property managed by the Company, if any such action is taken in the future, it could ultimately affect existing arrangements with respect to HUD projects or otherwise have a material adverse effect on the results of operations of the Company.

ENVIRONMENTAL

Certain Federal, state and local laws and regulations govern the removal, encapsulation or disturbance of asbestos-containing materials ("ACMs") when those materials are in poor condition or in the event of building remodeling, renovation or demolition, impose certain worker protection and notification requirements and govern emissions of and exposure to asbestos fibers in the air. These laws also impose liability for a release of ACMs and may enable third parties to seek recovery from owners or operators of real properties for personal injury associated with ACMs. In connection with the ownership, operation or management of properties, the Company could be potentially liable for those costs. There are ACMs at certain of the Owned Properties, and there may be ACMs at certain of the other AIMCO Properties. AIMCO has developed and implemented operations and maintenance programs, as appropriate, that establish operating procedures with respect to the ACMs at most of the Owned Properties, and intends to develop and implement, as appropriate, such programs at AIMCO Properties that do not have such programs.

Certain of the Company's Owned Properties, and some of the other AIMCO Properties, are located on or near properties that contain or have contained underground storage tanks or on which activities have occurred which could have released hazardous substances into the soil or groundwater. There can be no assurances that such hazardous substances have not been released or have not migrated, or in the future

will not be released or will not migrate, onto the AIMCO Properties. Such hazardous substances have been released at certain Owned Properties and, in at least one case, have migrated from an off-site location onto an Owned Property. In addition, the Company's Montecito property in Austin, Texas, is located adjacent to, and may be partially on, land that was used as a landfill. Low levels of methane and other landfill gas have been detected at Montecito. The City of Austin (the "City"), the former landfill operator, has assumed responsibility for conducting all investigation and remedial activities to date associated with the methane and other landfill gas. The remediation of the landfill gas is now substantially complete and the Texas Natural Resources Conservation Commission ("TNRCC") has preliminarily approved the methane gas remediation efforts. Final approval of the site and the remediation process is contingent upon the results of continued methane gas monitors to confirm the effectiveness of the remediation efforts. Should further actionable levels of methane gas be detected, a proposed contingency plan of passive methane gas venting may be implemented by the City. The City has also conducted testing at Montecito to determine whether, and to what extent, groundwater has been impacted. Based on test reports received to date by the Company, the groundwater does not appear to be contaminated at actionable levels. The Company has not incurred, and does not expect to incur, liability for the landfill investigation and remediation; however, the Company has relocated some of its tenants and has installed a venting system according to the TNRCC's specifications under the buildings slabs, in connection with the present raising of four of its buildings in order to install stabilizing piers thereunder, at a total cost of approximately \$550,000, which is primarily the cost for the restabilization. The restabilization was substantially completed in January 1998. The City will be responsible for monitoring the conditions of Montecito.

All of the Owned Properties were subject to Phase I or similar environmental audits by independent environmental consultants prior to acquisition. The audits did not reveal, nor is the Company aware of, any environmental liability relating to such properties that would have a material adverse effect on the Company's business, assets or results of operations. The Managed Properties may not have been subject to Phase I or similar environmental audits by independent environmental consultants. However, the Company is not aware of any environmental liability that would have a material adverse effect on its business, financial condition or results of operations relating to the Managed Properties.

In October 1997, NHP received a letter ("the EPA Letter") from the U.S. Department of Justice ("DOJ") which stated that the U.S. Environmental Protection Agency ("EPA") has requested that the DOJ file a lawsuit against NHP alleging, among other things, that NHP violated the Clean Air Act, the National Recycling and Emissions Reduction Programs and associated regulations in connection with the employment of certain unlicensed personnel, maintenance and disposal of certain refrigerants, and record-keeping practices at two properties. A settlement in principle between NHP and the EPA has been reached whereby NHP has agreed to pay a fine of less than \$100,000, permit the EPA to audit the maintenance records and technical staffing at 40 NHP properties and continue to provide training to all maintenance workers with respect to the disposal of refrigerants. A formal settlement agreement is expected to be executed in 1998.

YEAR 2000 COMPLIANCE

The Company's management has determined that it will be necessary to modify or replace certain accounting and operational software and hardware to enable its computer systems to operate properly subsequent to December 31, 1999. As a result, management has appointed a team of internal staff to research and manage the conversion or replacement of existing systems to comply with year 2000 requirements. The team's activities are designed to ensure that there is no adverse effect on the Company's core business operations, and that transactions with tenants, suppliers and financial institutions are fully supported.

The Company utilizes numerous accounting and reporting software packages and computer hardware to conduct its business, some of which already comply with year 2000 requirements. Management estimates

that the modification or replacement of non-compliant accounting and reporting software and hardware will total approximately \$0.3 million.

The Company's management also believes that certain of the Owned Properties possess operational systems (e.g. elevators, fire alarm and extinguishment systems and security systems) which also must be modified or replaced in order to function properly after 1999. Management is currently engaged in the identification of all non-compliant operational systems, and has not yet determined the estimated cost of replacing or modifying such systems.

INFLATION

Substantially all of the leases at the Company's apartment properties are for a period of six months or less, allowing, at the time of renewal, for adjustments in the rental rate and the opportunity to re-lease the apartment unit at the prevailing market rate. The short term nature of these leases generally serves to minimize the risk to the Company of the adverse effect of inflation and the Company does not believe that inflation has had a material adverse impact on its revenues.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Not applicable.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The independent auditor's reports, consolidated financial statements and schedule listed in the accompanying index are filed as part of this report and incorporated herein by this reference. See "Index to Financial Statements" on page F-1.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information regarding the Company's Directors required by this item is presented under the caption "Board of Directors and Officers" in AIMCO's proxy statement for its 1998 annual meeting of stockholders and is incorporated herein by reference.

The directors and executive officers of the Company as of March 18, 1998 are:

NAME	AGE	POSITION WITH THE COMPANY
Terry Considine	50	Chairman of the Board of Directors and Chief Executive Officer
Peter K. Kompaniez	52	Vice Chairman, President and Director
Joel F. Bonder	49	Executive Vice President, General Counsel and Secretary
Robert Ty Howard	40	Executive Vice President--Ancillary Services
Steven D. Ira	47	Executive Vice President and Co-Founder
Thomas W. Toomey	37	Executive Vice President--Finance and Administration
David L. Williams	52	Executive Vice President--Property Operations
Harry G. Alcock	34	Senior Vice President--Acquisitions
Troy D. Butts	33	Senior Vice President and Chief Financial Officer
Martha Carlin	35	Senior Vice President--Ancillary Services
Joseph DeTuno	52	Senior Vice President--Property Redevelopment
Jack W. Marquardt	41	Senior Vice President--Accounting
Herbert Meistrich	55	Senior Vice President--Asset Management
Leeann Morein	43	Senior Vice President--Investor Services
David O'Leary	43	Senior Vice President--Buyers Access
R. Scott Wesson	34	Senior Vice President and Chief Information Officer
Roberta Ujakovich	45	Senior Vice President--Asset Management
Patricia K. Heath	43	Vice President and Chief Accounting Officer
Richard S. Ellwood	65	Director, Chairman, Audit Committee
J. Landis Martin	51	Director, Chairman, Compensation Committee
Thomas L. Rhodes	58	Director
John D. Smith	69	Director

TERRY CONSIDINE. Mr. Considine has been Chairman of the Board of Directors and Chief Executive Officer of the Company since July 1994. He is the sole owner of Considine Investment Co. and prior to July 1994 was owner of approximately 75% of Property Asset Management, L.L.C., Limited Liability Company, a Colorado limited liability company, and its related entities (collectively, "PAM"), one of the Company's predecessors. On October 1, 1996, Mr. Considine was appointed Co-Chairman and director of Asset Investors Corp. and Commercial Asset Investors, Inc., two other public real estate investment trusts, and appointed as a director of Financial Assets Management, LLC, a real estate investment trust manager. Mr. Considine has been and remains involved as a principal in a variety of real estate activities, including the acquisition, renovation, development and disposition of properties. Mr. Considine has also controlled entities engaged in other businesses such as television broadcasting, gasoline distribution and environmental laboratories. Mr. Considine received a B.A. from Harvard College, a J.D. from Harvard Law School and is admitted as a member of the Massachusetts Bar.

Mr. Considine has had substantial multifamily real estate experience. From 1975 through July 1994, partnerships or other entities in which Mr. Considine had controlling interests invested in approximately 35 multifamily apartment properties and commercial real estate properties. Six of these real estate assets (four of which were multifamily apartment properties and two of which were office properties) did not generate sufficient cash flow to service their related indebtedness and were foreclosed upon by their lenders, causing pre-tax losses of approximately \$11.9 million to investors and losses of approximately \$2.7 million to Mr. Considine.

PETER K. KOMPANIEZ. Mr. Kompaniez has been Vice Chairman and a director of AIMCO since July 1994 and was appointed President in July 1997. Mr. Kompaniez has also served as Chief Operating Officer of NHP and President of NHP Partners since June 1997. Since September 1993, Mr. Kompaniez has owned 75% of PDI Realty Enterprises, Inc., a Delaware corporation ("PDI"), one of AIMCO's predecessors, and serves as its President and Chief Executive Officer. From 1986 to 1993, he served as

President and Chief Executive Officer of Heron Financial Corporation ("HFC"), a United States holding company for Heron International, N.V.'s real estate and related assets. While at HFC, Mr. Kompaniez administered the acquisition, development and disposition of approximately 8,150 apartment units (including 6,217 units that have been acquired by AIMCO) and 3.1 million square feet of commercial real estate. Prior to joining HFC, Mr. Kompaniez was a senior partner with the law firm of Loeb and Loeb where he had extensive real estate and REIT experience. Mr. Kompaniez received a B.A. from Yale College and a J.D. from the University of California (Boalt Hall).

JOEL F. BONDER. Mr. Bonder was appointed Executive Vice President and General Counsel of AIMCO effective December 1997. Prior to joining AIMCO, Mr. Bonder served as Senior Vice President and General Counsel of NHP from April 1994 until December 1997. Mr. Bonder served as Vice President and Deputy General Counsel of NHP from June 1991 to March 1994 and as Associate General Counsel of NHP from 1986 to 1991. From 1983 to 1985, Mr. Bonder was with the Washington, D.C. law firm of Lane & Edson, PC. From 1979 to 1983, Mr. Bonder practiced with the Chicago law firm of Ross and Hardies. Mr. Bonder received an A.B. from the University of Rochester and a J.D. from Washington University School of Law.

ROBERT TY HOWARD. Mr. Howard was appointed Executive Vice President--Ancillary Services in February 1998. Prior to joining AIMCO, Mr. Howard served as an officer and director of four affiliated companies, Hecco Ventures, Craig Corporation, Reading Company and Decurion Corporation. Mr. Howard was responsible for financing, mergers and acquisitions activities, investments in commercial real estate, both nationally and internationally, cinema development and interest rate risk management. From 1983 to 1988, he was employed by Spieker Properties. Mr. Howard received a B.A. from Amherst College, a J.D. from Harvard Law School and an M.B.A. from Stanford University Graduate School of Business.

STEVEN D. IRA. Mr. Ira has served as Executive Vice President and Co-Founder of AIMCO since July 1994. From 1987 until July 1994, he served as President of PAM. Prior to merging his firm with PAM in 1987, Mr. Ira acquired extensive experience in property management. Between 1977 and 1981 he supervised the property management of over 3,000 apartment and mobile home units in Colorado, Michigan, Pennsylvania and Florida, and in 1981 he joined with others to form the property management firm of McDermott, Stein and Ira. Mr. Ira served for several years on the National Apartment Manager Accreditation Board and is a former president of both the National Apartment Association and the Colorado Apartment Association. Mr. Ira is the sixth individual elected to the Hall of Fame of the National Apartment Association in its 54-year history. He holds a Certified Apartment Property Supervisor (CAPS) and a Certified Apartment Manager designation from the National Apartment Association, a Certified Property Manager (CPM) designation from the National Institute of Real Estate Management (IREM) and is a member of the Boards of Directors of the National Multi-Housing Council, the National Apartment Association and the Apartment Association of Metro Denver. Mr. Ira received a B.S. from Metropolitan State College in 1975.

THOMAS W. TOOMEY. Mr. Toomey has served as Senior Vice President--Finance and Administration of AIMCO since January 1996 and was promoted to Executive Vice President--Finance and Administration in March 1997. From 1990 until 1995, Mr. Toomey served in a similar capacity with Lincoln Property Company ("LPC") as Vice President/Senior Controller and Director of Administrative Services of Lincoln Property Services where he was responsible for LPC's computer systems, accounting, tax, treasury services and benefits administration. From 1984 to 1990, he was an audit manager with Arthur Andersen & Co. where he served real estate and banking clients. From 1981 to 1983, Mr. Toomey was on the audit staff of Kenneth Leventhal & Company. Mr. Toomey received a B.S. in Business Administration/Finance from Oregon State University and is a Certified Public Accountant.

DAVID L. WILLIAMS. Mr. Williams has been Executive Vice President-Operations of AIMCO since January 1997. Prior to joining AIMCO, Mr. Williams was Senior Vice President of Operations at Evans

Withycombe Residential, Inc. from January 1996 to January 1997. Previously, he was Executive Vice President at Equity Residential Properties Trust from October 1989 to December 1995. He has served on National Multi-Housing Council Boards and NAREIT committees. Mr. Williams also served as Senior Vice President of Operations and Acquisitions of US Shelter Corporation from 1983 to 1989. Mr. Williams has been involved in the property management, development and acquisition of real estate properties since 1973. Mr. Williams received his B.A. in education and administration from the University of Washington in 1967.

HARRY G. ALCOCK. Mr. Alcock has served as a Vice President since July 1996, and was promoted to Senior Vice President--Acquisitions in October 1997, with responsibility for acquisition and financing activities since July 1994. From June 1992 until July 1994, Mr. Alcock served as Senior Financial Analyst for PDI and HFC. From 1988 to 1992, Mr. Alcock worked for Larwin Development Corp., a Los Angeles based real estate developer, with responsibility for raising debt and joint venture equity to fund land acquisitions and development. From 1987 to 1988, Mr. Alcock worked for Ford Aerospace Corp. He received his B.S. from San Jose State University.

TROY D. BUTTS. Mr. Butts has served as Senior Vice President and Chief Financial Officer of AIMCO since November 1997. Prior to joining AIMCO, Mr. Butts served as a Senior Manager in the audit practice of the Real Estate Services Group for Arthur Andersen LLP in Dallas, Texas. Mr. Butts was employed by Arthur Andersen LLP for ten years and his clients were primarily publicly-held real estate companies, including office and multi-family real estate investment trusts. Mr. Butts holds a Bachelor of Business Administration degree in Accounting from Angelo State University and is a Certified Public Accountant.

MARTHA CARLIN. Ms. Carlin has served as Vice President since September 1996 and was promoted to Senior Vice President--Ancillary Services in December 1997. From December 1995 until September 1996, Ms. Carlin served as Chief Financial Officer for Wentwood Investment Partners. Ms. Carlin was employed by Arthur Andersen LLP for six years, with a primary focus in real estate. Ms. Carlin was also employed by MCI Communications and Lincoln Property Company. Ms. Carlin received a B.S. from the University of Kentucky and is a Certified Public Accountant.

JOSEPH DETUNO. Mr. DeTuno has been Senior Vice President--Property Redevelopment of AIMCO since September 1997. Mr. DeTuno was president and founder of JD Associates, his own full service real estate consulting, advisory and project management company which he founded in 1990. JD Associates provided development management, financial analysis, business plan preparation and implementation services. Previously, Mr. DeTuno served as President/Partner of Gulfstream Commercial Properties, President and Co managing Partner of Criswell Development Company, Vice President of Crow Hotel and Company and Project Director with Perkins & Will Architects and Planners. Mr. DeTuno received his B.A. in architecture and is a registered architect in Illinois and Texas.

JACK W. MARQUARDT. Mr. Marquardt has been Senior Vice President--Accounting of AIMCO since September 1997. Mr. Marquardt brings over 17 years of real estate accounting experience to AIMCO. From October 1992 through August 1997, Mr. Marquardt served as Vice President/Corporate Controller and Manager of Data Processing for Transwestern Property Company, where he was responsible for corporate accounting, tax, treasury services and computer systems. From August 1986 through September 1992, Mr. Marquardt worked in the real estate accounting area of Aetna Realty Investors, Inc. serving as Regional Controller from April 1990 through September 1992. Mr. Marquardt received a B.S. in Business Administration/Finance from Ohio State University.

HERBERT MEISTRICH. Mr. Meistrich has served as a Regional Vice President of AIMCO since March 1995 and was promoted to Senior Vice President in September 1997, with responsibility for acquisitions and conversions of properties. Mr. Meistrich has been involved in property management, development and acquisition of all types of real estate properties since 1972. From 1982 to 1993, Mr. Meistrich was President of Continental American Capital Corp., an affiliate of ConAm Properties,

Ltd., and was responsible for acquisition and financing of apartments and hotels. From 1966 to 1982, Mr. Meistrich practiced law, specializing in real estate development and management. He was an Adjunct Assistant Professor at NYU and has taught advanced real estate courses at NYU, as well as at other professional seminars. He has authored articles in various real estate publications. Mr. Meistrich received a B.A. from Rutgers University and a J.D. from Columbia University Law School.

LEEANN MOREIN. Ms. Morein has served as Senior Vice President-- Investor Services of AIMCO since November 1997. Ms. Morein served as Secretary from July 1994 to December 1997. From July 1994 until October 1997, Ms. Morein also served as Chief Financial Officer. From September 1990 to March 1994, Ms. Morein served as Chief Financial Officer of the real estate subsidiaries of California Federal Bank, including the general partner of CF Income Partners, L.P, a publicly traded master limited partnership. Ms. Morein joined California Federal in September 1988 as Director of Real Estate Syndications Accounting and became Vice President-Financial Administration in January 1990. From 1983 to 1988, Ms. Morein was Controller of Storage Equities, Inc., a real estate investment trust, and from 1981 to 1983, she was Director of Corporate Accounting for Angeles Corporation, a real estate syndication firm. Ms. Morein worked on the audit staff of Price Waterhouse from 1979 to 1981. Ms. Morein received a B.A. from Pomona College and is a Certified Public Accountant.

DAVID O'LEARY. Mr. O'Leary has been President of Property Services Group, Inc., an AIMCO subsidiary since December 1997. Property Services Group, Inc. administers the Buyers Access program. From 1993 until 1997, Mr. O'Leary served as Regional Vice President and Senior Vice President for Property Services Group, Inc., with responsibility for program marketing and sales. From 1981 to 1993 Mr. O'Leary served as Vice President and Executive Vice President for Commonwealth Pacific Inc., a privately held real estate investment and management firm based in Seattle, Washington. During his tenure with Commonwealth Pacific, Inc., Mr. O'Leary was responsible for acquisitions, dispositions, development, and asset management from offices located in Houston and Dallas, Texas, Atlanta, Georgia and Seattle, Washington. Mr. O'Leary also served as Vice President for Johnstown American Companies, directing acquisition activities for the Northeast United States. Mr. O'Leary received his B.A. Degree from the University of Utah in 1979.

R. SCOTT WESSON. Mr. Wesson has been Senior Vice President-Chief Information Officer of AIMCO since July 1997. From 1994 until 1997, Mr. Wesson served as Vice President of Information Services at Lincoln Property Company, where he was responsible for information systems infrastructure, technology planning and business process re-engineering. From 1992 to 1994, Mr. Wesson served in the role of Director of Network Services for Lincoln Property Company, where he was responsible for the design and deployment of the company's Wide Area Network and Local Area Networks, comprising over 2,500 workstations in over 40 locations nationwide. From 1988 to 1992, he was a systems consultant with Automatic Data Processing involved in design, planning and deployment of financial and human resources systems for several major, multi-national organizations. From 1984 to 1987, he was a Senior Analyst with Federated Department Stores, Inc. involved in planning and distribution. Mr. Wesson received his B.S. from the University of Texas in 1984.

ROBERTA UJAKOVICH. Ms. Ujakovich has served as Senior Vice President since July, 1997. She is responsible for transactions in the portfolio of over 380 AIMCO and NHP properties. Prior to joining AIMCO, Ms. Ujakovich was Vice President of NHP serving as the Director of Transactions in NHP's Asset Management Department. Previously, Ms. Ujakovich worked as a developer for three successive, affiliated real estate development companies: The Cafritz / Freeman Group, The Investment Group and Rosenberg, Freeman and Associates. She holds a B.A. from Allegheny College and a Masters in Public Policy from the John F. Kennedy School of Government at Harvard University.

PATRICIA K. HEATH. Ms. Heath has served as Vice President and Chief Accounting Officer of the Company since July 1994. From 1992 to July 1994, Ms. Heath served as Manager of Accounting, then Chief Financial Officer, of HFC, and effective September 1993, as Chief Financial Officer of PDI. She had

responsibility for all internal and external financial reporting, cash management and budgeting for HFC, its subsidiaries, related joint ventures and partnerships and for PDI. Ms. Heath served as Controller for the real estate investment, development and syndication firms of Guilford Glazer & Associates from 1990 to 1992, Ginarra Holdings, Inc. from 1984 to 1990, and Fox & Carskadon Financial Corporation from 1980 to 1983. Ms. Heath worked from 1978 to 1980 as an auditor with Deloitte, Haskins and Sells. She received her B.S. in Business from California State University at Chico and is a Certified Public Accountant.

RICHARD S. ELLWOOD. Mr. Ellwood was appointed a director of AIMCO in July 1994 and is currently Chairman of the Audit Committee. Mr. Ellwood is the founder and President of R.S. Ellwood & Co., Incorporated, a real estate investment banking firm. Prior to forming R.S. Ellwood & Co., Incorporated in 1987, Mr. Ellwood had 31 years experience as an investment banker, serving as: Managing Director and Senior Banker at Merrill Lynch Capital Markets from 1984 to 1987; Managing Director at Warburg Paribas Becker from 1978 to 1984; general partner and then Senior Vice President and a director at White, Weld & Co. from 1968 to 1978; and in various capacities at J.P Morgan & Co. from 1955 to 1968. Mr. Ellwood currently serves as a director of Corporate Realty Income Trust and FelCor Suite Hotels, Inc. He is a registered investment advisor.

J. LANDIS. MARTIN. Mr. Martin was appointed a director of AIMCO in July 1994 and is currently Chairman of the Compensation Committee. Mr. Martin has served as President, Chief Executive Officer and a director of NL Industries, Inc., a manufacturer of specialty chemicals, since 1987. Since 1988, he has served as the President and Chief Executive Officer of Tremont Corporation, an integrated producer of titanium metals. Mr. Martin has also served as a director and the Chairman of the Board of Directors of Tremont Corporation since August 1990. From December 1988 until January 1994, he served as Chairman of the Board of Directors of Baroid Corporation, an oilfield services company. In January 1994, Baroid Corporation became a wholly owned subsidiary of Dresser Industries, Inc. and Mr. Martin currently serves as a director of Dresser Industries, Inc. Mr. Martin also serves as Chairman of the Board and Chief Executive Officer of Titanium Metals Corporation, an integrated producer of titanium.

THOMAS L. RHODES. Mr. Rhodes was appointed a director of AIMCO in July 1994. Mr. Rhodes has served as the President and a director of National Review since 1992. From 1976 to 1992, he held various positions at Goldman, Sachs & Co. and was elected a General Partner in 1986. He also served as a director of Underwriters Reinsurance Company from 1987 to 1993 and was a member of the Advisory Board of TransTerra Co. during 1993. He currently serves as Co-Chairman and director of Financial Assets Management, LLC and its subsidiaries, and as a director of Delphi Financial Group, Inc. and The Lynde and Harry Bradley Foundation. Mr. Rhodes is Chairman of the Empire Foundation for Policy Research, a Trustee of The Heritage Foundation, a Trustee of The Manhattan Institute and a Member of the Council on Foreign Relations.

JOHN D. SMITH. Mr. Smith was appointed a director of AIMCO in November 1994. Mr. Smith is Principal and President of John D. Smith Developments. Mr. Smith has been a shopping center developer, owner and consultant for over 8.6 million square feet of shopping center projects including Lenox Square in Atlanta, Georgia. Mr. Smith is a Trustee and former President of the International Council of Shopping Centers and was selected to be a member of the American Society of Real Estate Counselors. Mr. Smith served as a director for Pan-American Properties, Inc. (National Coal Board of Great Britain) formerly known as Continental Illinois Properties. He also serves as a director of American Fidelity Assurance Companies and is retained as an advisor by Shop System Study Society, Tokyo, Japan.

Information required by this item is presented under the caption "Other Matters--Section 16(a) Compliance" in the Company's proxy statement for its 1998 annual meeting of stockholders and is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this item is presented under the captions "Summary Compensation Table", "Option/SAR Grants in Last Fiscal Year" and "Aggregate Option/SAR Exercises in Last Fiscal Year and Fiscal Year-end Options/SAR Values" in AIMCO's proxy statement for its 1998 annual meeting of stockholders and is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required by this item is presented under the caption "Security Ownership of Certain Beneficial Owners and Management" in AIMCO's proxy statement for its 1998 annual meeting of stockholders and is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required by this item is presented under the caption "Certain Relationships and Transactions" in AIMCO's proxy statement for its 1998 annual meeting of stockholders and is incorporated herein by reference.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a)(1) The financial statements listed in the Index to Financial Statements on Page F-1 of this report are filed as part of this report and incorporated herein by reference.

(a)(2) The financial statement schedule listed in the Index to Financial Statements on Page F-1 of this report is filed as part of this report and incorporated herein by reference.

(a)(3) The Exhibit Index is included on page 39 of this report and incorporated herein by reference.

(b) Reports on Form 8-K for the quarter ended December 31, 1997:

Current Report on Form 8-K, dated September 19, 1997, relating to the acquisition by the Company of common stock of NHP Incorporated; the acquisition by the Company of the Morton Towers apartments and adjacent land through two subsidiary limited partnerships; the probable acquisition by the Company of a multi-family residential apartment property for an aggregate cash purchase price of approximately \$260 million; the potential sale by the Company of its interests in the Hall Properties to affiliated joint venture partners; and the completion by the Company of the acquisition of the Los Arboles Apartments located in Chandler, Arizona, including certain pro forma financial information and the Historical Summary of Gross Income and Direct Operating Expenses of Morton Towers for the year ended December 31, 1996 and the six months ended June 30, 1997 (unaudited).

Current Report on Form 8-K, dated October 15, 1997, and Amendment No. 1 thereto, relating to the acquisition by the Company of 35 multi-family residential properties located in seven states from 27 limited partnerships affiliated with Winthrop Financial Associates, including certain pro forma financial information and the Combined Statement of Revenues and Certain Expenses of the Thirty-five Acquisition Properties for the year ended December 31, 1996 and the six months ended June 30, 1997 (unaudited).

Current Report on Form 8-K, dated December 1, 1997, relating to the acquisition by the Company of the Foxchase Apartments from First Alexandria Associates Limited Partnership, a Virginia Limited partnership ("First Alexandria"); the acquisition by the Company of approximately 53.95% of the limited partnership interests in Country Lake Associates Two ("Country Lakes"); the acquisition by the Company of 61.88% of the limited partnership interest in Point West Limited

Partnership ("Point West"); the acquisition by AIMCO Properties, L.P. of approximately 72.05% of the limited partnership interest in the Oak Park Partnership ("Oak Park"), including the Financial Statement and Independent Auditors' Report for First Alexandria for the Years Ended December 31, 1996, 1995 and 1994, the Financial Statement and Independent Auditors' Report for Country Lakes for the years ended December 31, 1996, 1995 and 1994, the Financial Statement and Independent Auditors' Report for Point West, for the Years Ended December 31, 1996, 1995 and 1994, the Statements of Revenues and Certain Expenses for Oak Park for the Years Ended December 31, 1996, 1995 and 1994, and certain pro forma financial information.

Current Report on Form 8-K, dated December 23, 1997 and Amendment No. 1 thereto, relating to the Company's entering into an Agreement and Plan of Merger with Ambassador Apartments, Inc., a Maryland corporation ("Ambassador"), including Financial Statements, Schedule and Report of Independent Auditors for Ambassador as of December 31, 1996 and 1995 and for the Years Ended December 31, 1996, 1995 and 1994, the Financial Statement for Ambassador as of September 30, 1997 and December 31, 1996 and for the Three and Nine Months ended September 30, 1997 and 1996 (unaudited), and certain pro forma financial information.

Amendment No. 2 to Current Report on Form 8-K, dated April 16, 1997 (filed October 6, 1997).

Amendment No. 3 to Current Report on Form 8-K, dated April 16, 1997 (filed October 22, 1997).

Amendment No. 4 to Current Report on Form 8-K, dated June 3, 1997 (filed October 6, 1997).

Amendment No. 5 to Current Report on Form 8-K, dated June 3, 1997 (filed October 22, 1997).

EXHIBIT INDEX (1)

EXHIBIT NO.	DESCRIPTION
2.1	Agreement and Plan of Merger, dated as of April 21, 1997, by and among Apartment Investment and Management Company, AIMCO/NHP Acquisition Corp. and NHP Incorporated (2)
2.2	Agreement of Plan of Merger, dated as of December 23, 1997, by and between Apartment Investment and Management Company and Ambassador Apartments, Inc. (3)
3.1	Charter
3.2	Bylaws (4)
10.1	Credit Agreement, dated as of May 5, 1997, by and among AIMCO/NHP Holdings, Inc., the lenders from time to time party thereto, Bank of America National Trust and Savings Association, as one of the Lenders, Smith Barney Mortgage Capital Group, Inc., as one of the Lenders and Bank of America National Trust and Savings Association, as Agent (5)
10.2	Promissory Note, dated as of May 5, 1997, by AIMCO/NHP Holdings, Inc. in favor of Smith Barney Mortgage Capital Group, Inc. (5)
10.3	Promissory Note, dated of May 5, 1997, by AIMCO/NHP Holdings, Inc., in favor of Bank of America National Trust and Savings Association (5)
10.4	Payment Guaranty, dated as of May 5, 1997, by the Company and AIMCO Properties, L.P., in favor of Bank of America National Trust and Savings Association, as the agent (5)
10.5	Pledge Agreement, dated as of May 5, 1997, by AIMCO Properties, L.P. and Terry Considine and Peter K. Kompaniez and the Bank of America National Trust and Savings Association, as Agent, for Bank of America National Trust and Savings Association and Smith Barney Mortgage Capital Group, Inc. (5)
10.6	Amended and Restated Credit Agreement (Secured Revolver-to-Term Facility), dated as of May 5, 1997, by and among AIMCO Properties, L.P., the lenders from time to time party thereto, Bank of America National Trust and Savings Association, as one of the Lenders and as the Issuing Lender, and Bank of America National Trust and Savings Association, as Agent (5)
10.7	Promissory Note, dated as of May 5, 1997, by AIMCO Properties, L.P., in favor of Bank of America National Trust and Savings Association (5)
10.8	Payment Guaranty, dated as of May 5, 1997, by the Company, AIMCO-LP, Inc., AIMCO-GP, Inc., AIMCO Holdings QRS, Inc., AIMCO Somerset, Inc. and AIMCO/OTC QRS, Inc. in favor of Bank of America National Trust and Savings Association, as the agent. (5)
10.9	Amended and Restated Credit Agreement (Bridge Loan Facility), dated as of May 5, 1997, by and among AIMCO Properties, L.P., the lenders from time to time party thereto, Bank of America National Trust and Savings Association, as one of the Lenders, and Bank of America National Trust and Savings Association, as Agent (5)
10.10	Promissory Note, dated as of May 5, 1997, by AIMCO Properties, L.P., in favor of Bank of America National Trust and Savings Association (5)
10.11	Second Amended and Restated Agreement of Limited Partnership of AIMCO Properties, L.P., dated as of July 29, 1994, among AIMCO-GP, Inc., as general partner, AIMCO-LP, Inc., as special limited partner, and AIMCO-GP, Inc., as attorney-in-fact for the limited partners (6)

EXHIBIT NO.	DESCRIPTION
10.12	First Amendment to the Second Amended and Restated Agreement of Limited Partnership of AIMCO Properties, L.P., dated as of July 29, 1997, by AIMCO-GP, Inc. (6)
10.13	Common Stock Purchase Agreement made as of August 26, 1997, by and between Apartment Investment and Management Company, a Maryland corporation, and ABKB/LaSalle Securities Limited Partnership, a registered investment advisor (7)
10.14	Purchase and Sale Agreement and Joint Escrow Instructions, made and entered into as of August 22, 1997, by and between AIMCO Properties, L.P., and each of the parties identified on Exhibit "A" attached thereto (collectively, the "Winthrop Sellers") (8)
10.15	Letter Agreement, dated October 15, 1997, by and between AIMCO Properties, L.P. and the Winthrop Sellers (8)
10.16	Restricted Stock Agreement (1997 Stock Award and Incentive Plan), dated as of July 25, 1997, by and between Apartment Investment and Management Company, and R. Scott Wesson (4) (9)
10.17	Contribution Agreement and Joint Escrow Instructions, dated as of January 1, 1996, by and between AIMCO Properties, L.P. and Peachtree Park 94, L.P. (10)
10.18	Acquisition Agreement, dated as of April 30, 1996, by and among the Company, AIMCO Somerset, Inc., AIMCO Properties, L.P., Somerset REIT, Inc., RJ Holdings, Ltd., Somerset PAM Partnership and RJ Equities, Inc. (11)
10.19	Credit Agreement, dated as of August 12, 1996, by and among AIMCO Properties, L.P., the banks from time to time party to this Agreement, Bank of America National Trust and Savings Association, as one of the Banks, and Bank of America National Trust and Savings Association, as Agent (12)
10.20	Promissory Note, dated as of August 12, 1996, by AIMCO Properties, L.P., in favor of Bank of America National Trust and Savings Association (12)
10.21	Payment Guaranty, dated as of August 12, 1996, by the Company, AIMCO-GP, Inc., AIMCO-LP, Inc., AIMCO Holdings, L.P., AIMCO Holdings QRS, Inc., AIMCO Somerset, Inc. and AIMCO/OTC QRS, Inc. in favor of Bank of America National Trust and Savings Association, as the agent (12)
10.22	Credit Agreement (Bridge Loan) entered into as of August 12, 1996, among AIMCO Properties, L.P., the National Trust and Savings Association and Bank of America National Trust and Savings Association, as Agent (12)
10.23	Promissory Note by AIMCO Properties, L.P. in favor of Bank of America National Trust and Savings Association (12)
10.24	Payment Guaranty dated as of August 12, 1996, by the Company, AIMCO-GP, Inc., AIMCO-LP, Inc., AIMCO Holdings, L.P., AIMCO Holdings QRS, Inc., AIMCO Somerset, Inc. and AIMCO/OTC QRS, Inc., in favor of Bank of America National Trust and Savings Association (12)
10.25	Acquisition Agreement, dated as of July 26, 1995, among the Company, AIMCO Properties, L.P., AIMCO/PAM Properties, L.P., John W. English, J.W. English Real Estate, Inc., J.W. English Development Co., J.W. English Investments Co., J.W. English Management Co., Easton Falls Partners, Ltd. and English Income Fund I, a Texas Limited Partnership (12)
10.26	Apartment Investment and Management Company Non-Qualified Employee Stock Option Plan, adopted August 29, 1996 (9) (13)
10.27	Apartment Investment and Management Company 1996 Stock Award and Incentive Plan, adopted April 25, 1996 (9) (14)
10.28	Summary of Arrangement for Sale of Stock to Executive Officers (9) (14)

EXHIBIT NO.	DESCRIPTION
10.29	Employment Contract executed on July 29, 1994 by and between AIMCO Properties, L.P. and Peter Kompaniez (9) (15)
10.30	Employment Contract executed on July 29, 1994 by and between AIMCO Properties, L.P. and Terry Considine (9) (15)
10.31	Employment Contract executed on July 29, 1994 by and between AIMCO Properties, L.P. and Steven D. Ira (9) (15)
10.32	Stock Purchase Agreement, dated as of April 16, 1997, by and among Apartment Investment and Management Company, Demeter Holdings Corporation and Capricorn Investors, L.P. (2)
10.33	Real Estate Acquisition Agreement, dated as of May 22, 1997, by and among Apartment Investment and Management Company, AIMCO Properties, L.P., Demeter Holdings Corporation, Phemus Corporation, Capricorn Investors, L.P., J. Roderick Heller, III and NHP Partners LLC (16)
10.34	Contribution Agreement, dated as of January 31, 1998, by and between Apartment Investment and Management Company and Terry Considine and Peter K. Kompaniez (17)
10.35	Second Amendment to the Second Amended and Restated Agreement of Limited Partnership of AIMCO Properties, L.P., dated as of December 22, 1997 by AIMCO-GP, Inc.
10.36	Third Amendment to the Second Amended and Restated Agreement of Limited Partnership of AIMCO Properties, L.P., dated as of February 19, 1998 by AIMCO-GP, Inc.
21.1	List of Subsidiaries
23.1	Consent of Ernst & Young LLP
27.1	Financial Data Schedule
99.1	Agreement re: disclosure of long-term debt instruments.

(1) Schedules and supplemental materials to the exhibits have been omitted but will be provided to the Securities and Exchange Commission upon request.

(2) Incorporated by reference from the Company's Current Report on Form 8-K, dated April 16, 1997.

(3) Incorporated by reference from the Company's Current Report on Form 8-K dated December 23, 1997.

(4) Incorporated by reference from the Company's Quarterly Report on Form 10-Q for the quarterly period ending September 30, 1997.

(5) Incorporated by reference from the Company's Quarterly Report on Form 10-Q for the quarterly period ending March 31, 1997.

(6) Incorporated by reference from the Company's Quarterly Report on Form 10-Q for the quarterly period ending June 30, 1997.

(7) Incorporated by reference from the Company's Current Report on Form 8-K, dated August 26, 1997.

(8) Incorporated by reference from the Company's Current Report on Form 8-K, dated October 15, 1997.

(9) Management contract or compensatory plan or arrangement.

(10) Incorporated by reference from the Company's Current Report on Form 8-K, dated January 1, 1996.

(11) Incorporated by reference from the Company's Quarterly Report on Form 10-Q for the quarterly period ending June 30, 1996.

- (12) Incorporated by reference from the Company's Quarterly Report on Form 10-Q for the quarterly period ending September 30, 1996.
- (13) Incorporated by reference from the Company's Quarterly Report on Form 10-Q/A for the quarterly period ending September 30, 1996.
- (14) Incorporated by reference from the Company's Annual Report on Form 10-K for the fiscal year 1996.
- (15) Incorporated by reference from the Company's Annual Report on Form 10-K for the fiscal year 1994.
- (16) Incorporated by reference from the Company's Current Report on Form 8-K dated June 3, 1997.
- (17) Incorporated by reference from the Company's Current Report on Form 8-K, dated January 31, 1998.

SCHEDULE 1

Documents substantially identical to Exhibit 10.16, except as to the recipient, the number of shares, the borrower and the note amount, have been omitted in reliance on Rule 12b-31 under the Securities Exchange Act of 1934. Set forth below are the material details in which such documents differ from Exhibit 10.16.

RECIPIENT AND BORROWER	NUMBER OF SHARES	NOTE AMOUNT
Terry Considine (Titahothree Limited Partnership RLLLP)....	691,578	\$ 20,747,340
Peter Kompaniez.....	210,526	6,315,780
Tom Toomey.....	52,632	1,578,960
Steven Ira.....	52,632	1,578,960
David Williams.....	52,632	1,578,960
Troy D. Butts.....	30,435	1,050,000
Harry Alcock.....	10,000	300,000
Martha Carlin.....	10,000	300,000
Leeann Morein.....	4,000	120,000
Patricia Heath.....	4,000	120,000
Carla Stoner.....	3,000	90,000

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on the 20th day of March, 1998.

APARTMENT INVESTMENT AND MANAGEMENT COMPANY

/s/ TERRY CONSIDINE

Terry Considine, CHAIRMAN OF THE BOARD
AND CHIEF EXECUTIVE OFFICER

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

SIGNATURE	TITLE	DATE
/s/ TERRY CONSIDINE Terry Considine	Chairman of the Board and Chief Executive Officer	March 20, 1998
/s/ PETER K. KOMPANIEZ Peter K. Kompaniez	Vice Chairman, President and Director	March 20, 1998
/s/ THOMAS W. TOOMEY Thomas W. Toomey	Executive Vice President-- Finance and Administration	March 20, 1998
/s/ TROY D. BUTTS Troy D. Butts	Senior Vice President and Chief Financial Officer	March 20, 1998
/s/ PATRICIA K. HEATH Patricia K. Heath	Vice President and Chief Accounting Officer	March 20, 1998
/s/ RICHARD S. ELLWOOD Richard S. Ellwood	Director	March 20, 1998
/s/ J. LANDIS MARTIN J. Landis Martin	Director	March 20, 1998
/s/ THOMAS L. RHODES Thomas L. Rhodes	Director	March 20, 1998
/s/ JOHN D. SMITH John D. Smith	Director	March 20, 1998

INDEX TO FINANCIAL STATEMENTS
APARTMENT INVESTMENT AND MANAGEMENT COMPANY

	PAGE

FINANCIAL STATEMENTS:	
Report of Independent Auditors.....	F-2
Consolidated Balance Sheets as of December 31, 1997 and 1996.....	F-3
Consolidated Statements of Income for the Years ended December 31, 1997, 1996 and 1995.....	F-4
Consolidated Statements of Stockholders' Equity for the Years ended December 31, 1997, 1996 and 1995.....	F-5
Consolidated Statements of Cash Flow for the Years ended December 31, 1997, 1996 and 1995.....	F-6
Notes to Consolidated Financial Statements.....	F-9
FINANCIAL STATEMENT SCHEDULE:	
Schedule III--Real Estate and Accumulated Depreciation.....	F-39
All other schedules are omitted because they are not applicable or the required information is shown in the financial statements or notes thereto.	

REPORT OF INDEPENDENT AUDITORS

Stockholders and Board of Directors

Apartment Investment and Management Company

We have audited the accompanying consolidated balance sheets of Apartment Investment and Management Company as of December 31, 1997 and 1996, and the related consolidated statements of income, stockholders' equity and cash flows for each of the three years in the period ended December 31, 1997. Our audits also included the consolidated financial statement schedule listed in the Index at Item 14(a)(2). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Apartment Investment and Management Company at December 31, 1997 and 1996, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 1997 in conformity with generally accepted accounting principles. Also, in our opinion, the related consolidated financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly, in all material respects the information set forth therein.

ERNST & YOUNG LLP

Dallas, Texas

March 6, 1998,

except for Note 25, as to which
the date is March 17, 1998

APARTMENT INVESTMENT AND MANAGEMENT COMPANY
CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 1997 AND 1996
(IN THOUSANDS, EXCEPT SHARE DATA)

ASSETS	1997	1996
Real Estate, net of accumulated depreciation of \$153,285, and \$120,077 (see Note 3).....	\$1,503,922	\$ 745,145
Property held for sale.....	6,284	6,769
Investments in securities (see Note 4).....	22,144	--
Investments in and notes receivable from unconsolidated subsidiaries (see Note 5).....	84,459	--
Investments in and note receivable from unconsolidated real estate partnerships (see Note 6).....	212,150	--
Cash and cash equivalents.....	37,088	13,170
Restricted cash.....	24,229	15,831
Accounts receivable.....	28,656	4,344
Deferred financing costs.....	12,793	11,053
Goodwill.....	125,239	--
Other assets.....	43,546	31,361
Total assets.....	\$2,100,510	\$ 827,673
LIABILITIES AND STOCKHOLDERS' EQUITY		
Secured notes payable (see Note 7).....	\$ 681,421	\$ 242,110
Secured tax-exempt bond financing (see Note 9).....	74,010	75,497
Secured short-term financing (see Note 8).....	53,099	192,039
Unsecured short-term financing (see Note 10).....	--	12,500
Total indebtedness.....	808,530	522,146
Accounts payable, accrued and other liabilities.....	88,170	16,299
Resident security deposits and prepaid rents.....	10,213	4,316
Total liabilities.....	906,913	542,761
Commitments and contingencies (see Note 12)	--	--
Minority interest in other partnerships (see Note 13).....	36,335	10,386
Minority interest in Operating Partnership (see Note 14).....	111,962	58,777
Stockholder's equity (see Note 16)		
Class A Common Stock, \$.01 par value, 150,000,000 shares authorized, 40,439,218 and 14,980,441 shares issued and outstanding.....	403	150
Class B Common Stock, \$.01 par value, 262,500 and 425,000 shares authorized, 162,500 and 325,000 shares issued and outstanding.....	2	3
Non-voting preferred stock, \$0.01 par value, 6,490,000 shares authorized, none issued and outstanding.....	--	--
Class B Cumulative Convertible Preferred Stock, \$.01 par value, 750,000 shares authorized, 750,000 and 0 shares issued and outstanding.....	75,000	--
Class C Cumulative Preferred Stock, \$.01 par value, 2,760,000 shares authorized, 2,400,000 and 0 shares issued and outstanding.....	60,000	--
Additional paid-in capital.....	977,601	236,791
Notes receivable on common stock purchases.....	(35,095)	(7,140)
Distributions in excess of earnings.....	(30,928)	(14,055)
Unrealized loss on investments.....	(1,683)	--
	1,045,300	215,749
	\$2,100,510	\$ 827,673

See accompanying notes to consolidated financial statements.

APARTMENT INVESTMENT AND MANAGEMENT COMPANY
CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 1997, 1996 AND 1995
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	1997	1996	1995
	-----	-----	-----
RENTAL PROPERTY OPERATIONS			
Rental and other property revenues.....	\$ 193,006	\$ 100,516	\$ 74,947
Property operating expenses.....	(76,168)	(38,400)	(30,150)
Owned property management expense.....	(6,620)	(2,746)	(2,276)
	-----	-----	-----
Income from property operations before depreciation.....	110,218	59,370	42,521
Depreciation.....	(37,741)	(19,556)	(15,038)
	-----	-----	-----
Income from property operations.....	72,477	39,814	27,483
	-----	-----	-----
SERVICE COMPANY BUSINESS			
Management fees and other income.....	13,937	8,367	8,132
Management and other expenses.....	(9,910)	(5,352)	(4,953)
Corporate overhead allocation.....	(588)	(590)	(581)
Amortization of management company goodwill.....	(948)	(500)	(428)
Depreciation and amortization.....	(453)	(218)	(168)
	-----	-----	-----
Income from service company business.....	2,038	1,707	2,002
Minority interests in service company business.....	(10)	10	(29)
	-----	-----	-----
Company's share of income from service company business.....	2,028	1,717	1,973
	-----	-----	-----
General and administrative expenses.....	(5,396)	(1,512)	(1,804)
Interest expense.....	(51,385)	(24,802)	(13,322)
Interest income.....	8,676	523	658
Minority interest in other partnerships.....	1,008	(111)	--
Equity in losses of unconsolidated partnerships.....	(1,798)	--	--
Equity in earnings of unconsolidated subsidiaries.....	4,636	--	--
	-----	-----	-----
Income from operations.....	30,246	15,629	14,988
Gain on disposition of properties.....	2,720	44	--
	-----	-----	-----
Income before extraordinary item and minority interest in Operating Partnership.....	32,966	15,673	14,988
Extraordinary item--early extinguishment of debt.....	(269)	--	--
	-----	-----	-----
Income before minority interest in Operating Partnership.....	32,697	15,673	14,988
Minority interest in Operating Partnership.....	(4,064)	(2,689)	(1,613)
	-----	-----	-----
Net income.....	28,633	12,984	13,375
Net income attributable to preferred shareholders.....	2,315	--	5,169
	-----	-----	-----
Net income attributable to common shareholders.....	\$ 26,318	\$ 12,984	\$ 8,206
	-----	-----	-----
Basic earnings per common share.....	\$ 1.09	\$ 1.05	\$ 0.86
	-----	-----	-----
Diluted earnings per common share.....	\$ 1.08	\$ 1.04	\$ 0.86
	-----	-----	-----
Weighted average common shares outstanding.....	24,055	12,411	9,571
	-----	-----	-----
Weighted average common shares and common share equivalents outstanding.....	24,436	12,427	9,579
	-----	-----	-----
Dividends paid per common share.....	\$ 1.85	\$ 1.70	\$ 1.66
	-----	-----	-----

See accompanying notes to consolidated financial statements.

APARTMENT INVESTMENT AND MANAGEMENT COMPANY
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 1997, 1996 AND 1995
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	CLASS A COMMON STOCK		CLASS B COMMON STOCK		CLASS B PREFERRED STOCK	
	SHARES ISSUED	AMOUNT	SHARES ISSUED	AMOUNT	SHARES ISSUED	AMOUNT
BALANCE DECEMBER 31, 1994.....	9,589	\$ 96	650	\$ 7	--	\$ --
Net proceeds from issuance of Class A Common Stock in public offering.....	2,706	27				
Repurchase of unregistered Class A Common Stock.....	(514)	(5)				
Conversion of Class B Common Stock to Class A Common Stock.....	65		(65)	(1)		
Conversion of Operating Partnership Units to Class A Common Stock.....	1					
Net income.....						
Dividends paid--Convertible Preferred Stock.....						
Dividends paid--Class A Common Stock.....						
BALANCE DECEMBER 31, 1995.....	11,847	118	585	6	--	--
Net proceeds from issuance of Class A Common Stock....	1,265	13				
Conversion of Class B Common Stock to Class A Common Stock.....	260	3	(260)	(3)		
Conversion of Operating Partnership Units to Class A Common Stock.....	212	2				
Class A Common Stock issued as consideration for real estate acquired.....	704	7				
Purchase of stock by officers.....	895	9				
Repurchase of Class A Common Stock.....	(206)	(2)				
Stock options exercised.....	3					
Net income.....						
Dividends paid--Class A Common Stock.....						
BALANCE DECEMBER 31, 1996.....	14,980	150	325	3	--	--
Net proceeds from issuance of Class A Common Stock....	16,367	164				
Net proceeds from issuance of Class B Preferred Stock.....					750	75,000
Net proceeds from issuance of Class C Preferred Stock.....						
Repurchase of Class A Common Stock from officer.....						
Conversion of Class B Common Stock to Class A Common Stock.....	163	1	(163)	(1)		
Conversion of Operating Partnership Units to Class A Common Stock.....	562	6				
Purchase of stock by officers.....	1,149	11				
Repayment of notes receivable from officers.....						
Stock options exercised.....	442	4				
Warrants exercised.....	16					
Class A Common Stock issued as consideration for NHP Common Stock.....	6,760	67				
Net income.....						
Dividends paid--Class A Common Stock.....						
Dividends paid--Class B Preferred stock.....						
Unrealized loss on investments.....						
BALANCE DECEMBER 31, 1997.....	40,439	\$ 403	162	\$ 2	750	\$ 75,000
	CLASS C PREFERRED STOCK		ADDITIONAL PAID-IN CAPITAL	NOTES RECEIVABLE FROM OFFICERS	ACCUMULATED DEFICIT	
	SHARES ISSUED	AMOUNT				
BALANCE DECEMBER 31, 1994.....	--	\$ --	\$ 138,968	\$ --	\$ 1,248	
Net proceeds from issuance of Class A Common Stock in public offering.....			46,847			
Repurchase of unregistered Class A Common Stock.....			(10,623)			
Conversion of Class B Common Stock to Class A Common Stock.....			1			
Conversion of Operating Partnership Units to Class A Common Stock.....			18			
Net income.....					13,375	
Dividends paid--Convertible Preferred Stock.....					(5,169)	
Dividends paid--Class A Common Stock.....					(15,757)	
BALANCE DECEMBER 31, 1995.....	--	--	175,211	--	(6,303)	
Net proceeds from issuance of Class A Common Stock....			28,123			
Conversion of Class B Common Stock to Class A Common Stock.....						
Conversion of Operating Partnership Units to Class A Common Stock.....			3,797			
Class A Common Stock issued as consideration for real estate acquired.....			15,287			
Purchase of stock by officers.....			18,568	(7,140)		
Repurchase of Class A Common Stock.....			(4,253)			

Stock options exercised.....			58		
Net income.....					12,984
Dividends paid--Class A Common Stock.....					(20,736)
BALANCE DECEMBER 31, 1996.....	--	--	236,791	(7,140)	(14,055)
Net proceeds from issuance of Class A Common Stock....			509,950		
Net proceeds from issuance of Class B Preferred Stock.....					
Net proceeds from issuance of Class C Preferred Stock.....	2,400	60,000	(1,890)		
Repurchase of Class A Common Stock from officer.....			(67)	67	
Conversion of Class B Common Stock to Class A Common Stock.....					
Conversion of Operating Partnership Units to Class A Common Stock.....			8,615		
Purchase of stock by officers.....			34,704	(33,517)	
Repayment of notes receivable from officers.....				14,540	
Stock options exercised.....			8,411	(9,045)	
Warrants exercised.....			303		
Class A Common Stock issued as consideration for NHP Common Stock.....			180,784		
Net income.....					28,633
Dividends paid--Class A Common Stock.....					(44,660)
Dividends paid--Class B Preferred stock.....					(846)
Unrealized loss on investments.....					
BALANCE DECEMBER 31, 1997.....	2,400	\$ 60,000	\$ 977,601	\$ (35,095)	\$ (30,928)

UNREALIZED GAIN (LOSS) ON INVESTMENTS		TOTAL
BALANCE DECEMBER 31, 1994.....	\$ --	\$ 140,319
Net proceeds from issuance of Class A Common Stock in public offering.....		46,874
Repurchase of unregistered Class A Common Stock.....		(10,628)
Conversion of Class B Common Stock to Class A Common Stock.....		--
Conversion of Operating Partnership Units to Class A Common Stock.....		18
Net income.....		13,375
Dividends paid--Convertible Preferred Stock.....		(5,169)
Dividends paid--Class A Common Stock.....		(15,757)
BALANCE DECEMBER 31, 1995.....	--	169,032
Net proceeds from issuance of Class A Common Stock....		28,136
Conversion of Class B Common Stock to Class A Common Stock.....		--
Conversion of Operating Partnership Units to Class A Common Stock.....		3,799
Class A Common Stock issued as consideration for real estate acquired.....		15,294
Purchase of stock by officers.....		11,437
Repurchase of Class A Common Stock.....		(4,255)
Stock options exercised.....		58
Net income.....		12,984
Dividends paid--Class A Common Stock.....		(20,736)
BALANCE DECEMBER 31, 1996.....	--	215,749
Net proceeds from issuance of Class A Common Stock....		510,114
Net proceeds from issuance of Class B Preferred Stock.....		75,000
Net proceeds from issuance of Class C Preferred Stock.....		58,110
Repurchase of Class A Common Stock from officer.....		--
Conversion of Class B Common Stock to Class A Common Stock.....		--
Conversion of Operating Partnership Units to Class A Common Stock.....		8,621
Purchase of stock by officers.....		1,198
Repayment of notes receivable from officers.....		14,540
Stock options exercised.....		(630)
Warrants exercised.....		303
Class A Common Stock issued as consideration for NHP Common Stock.....		180,851
Net income.....		28,633
Dividends paid--Class A Common Stock.....		(44,660)
Dividends paid--Class B Preferred stock.....		(846)
Unrealized loss on investments.....	(1,683)	(1,683)
BALANCE DECEMBER 31, 1997.....	\$ (1,683)	\$ 1,045,300

See accompanying notes to consolidated financial statements.

APARTMENT INVESTMENT AND MANAGEMENT COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOW
FOR THE YEARS ENDED DECEMBER 31, 1997, 1996 AND 1995
(IN THOUSANDS)

	FOR THE YEAR ENDED DECEMBER 31, 1997	FOR THE YEAR ENDED DECEMBER 31, 1996	FOR THE YEAR ENDED DECEMBER 31, 1995
	-----	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Income.....	\$ 28,633	\$ 12,984	\$ 13,375
	-----	-----	-----
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization.....	43,520	21,209	15,859
Gain on disposition of property.....	(2,720)	(44)	--
Minority interest in Operating Partnership.....	4,064	2,689	1,613
Minority interests in other partnerships.....	(1,008)	111	--
Equity in losses of unconsolidated partnerships.....	1,798	--	--
Equity in earnings of unconsolidated subsidiaries.....	(4,636)	--	--
Extraordinary loss on early extinguishment of debt.....	269	--	--
(Increase) decrease in restricted cash.....	(7,421)	6,678	(6,072)
Increase in other operating assets, net.....	(15,799)	(4,785)	(1,567)
Increase (decrease) in operating liabilities, net.....	26,332	(36)	2,703
	-----	-----	-----
Total adjustments.....	44,399	25,822	12,536
	-----	-----	-----
Net cash provided by operating activities.....	73,032	38,806	25,911
	-----	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of real estate.....	21,792	17,147	--
Purchase of real estate.....	(376,315)	(26,032)	(52,419)
Purchase of NHP common stock, notes receivable, general and limited partnership interests and other assets.....	(199,146)	(53,878)	--
Note receivable and investment in unconsolidated subsidiary.....	(59,787)	--	--
Advances to unconsolidated partnerships.....	(42,879)	--	--
Additions to property held for sale.....	(247)	(5,718)	--
Capital replacements.....	(7,350)	(5,133)	(2,865)
Initial capital expenditures.....	(9,108)	(6,194)	(4,879)
Construction in progress and capital enhancements.....	(8,477)	(7,629)	(639)
Proceeds from sale of property held for sale.....	303	--	--
Purchase of NHP mortgage loans.....	(60,575)	--	--
Purchase of Ambassador common stock.....	(19,881)	--	--
Dividends received from unconsolidated subsidiary.....	45,791	--	--
Purchase of office equipment and leasehold improvements.....	(1,784)	(707)	(19)
	-----	-----	-----
Net cash used in investing activities.....	(717,663)	(88,144)	(60,821)
	-----	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issuance of Class A Common Stock and Class B Common Stock, net of underwriting and offering costs.....	510,114	28,136	46,792
Principal payments received on notes due from Officers on Class A Common Stock purchases.....	25,957	--	--
Proceeds from exercises of employee stock options and warrants.....	871	--	--
Proceeds from issuance of Class B Preferred Stock.....	75,000	--	--
Proceeds from issuance of Class C Preferred Stock.....	58,110	--	--
Proceeds from secured tax-exempt bond financing.....	--	58,010	--
Proceeds from secured notes payable borrowings.....	225,436	--	155,401
Principal paydowns on secured tax-exempt bond financing.....	(1,487)	(48,703)	--
Principal paydowns on secured notes payable.....	(12,512)	(28,463)	(43,666)
Principal paydowns on unsecured short-term note payable.....	(79)	--	--
Net borrowings (paydowns) on Credit Facility.....	(162,008)	40,800	(17,600)
Proceeds from secured short-term financing.....	19,050	30,119	25,000
Proceeds (payoff) from unsecured short-term financing.....	(12,500)	12,500	--
Payment of loan costs, including proceeds and costs from interest rate hedges.....	(6,387)	(3,464)	(4,703)
Redemption of mandatorily redeemable 1994 Cumulative Convertible Senior Preferred Stock and repurchase of unregistered Class A Common Stock... ..	--	--	(107,228)
Payment of dividend on mandatorily redeemable 1994 Cumulative Convertible Senior Preferred Stock.....	--	--	(5,169)
Repurchase of common stock.....	--	(4,255)	--
Payment of common stock dividends.....	(44,660)	(20,736)	(15,757)
Payment of distributions to minority interest in Operating Partnership.....	(5,510)	(3,815)	(2,925)
Payment of preferred stock dividends.....	(846)	--	--
	-----	-----	-----
Net cash provided by financing activities.....	668,549	60,129	30,145
	-----	-----	-----
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS.....	23,918	10,791	(4,765)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR.....	13,170	2,379	7,144
	-----	-----	-----
CASH AND CASH EQUIVALENTS AT END OF YEAR.....	\$ 37,088	\$ 13,170	\$ 2,379
	-----	-----	-----

See accompanying notes to consolidated financial statements.

APARTMENT INVESTMENT AND MANAGEMENT COMPANY

CONSOLIDATED STATEMENTS OF CASH FLOW

(IN THOUSANDS EXCEPT SHARE AND OPERATING PARTNERSHIP UNIT DATA)

	1997	1996	1995
	-----	-----	-----
SUPPLEMENTAL CASH FLOW INFORMATION:			
Interest paid.....	\$ 51,076	\$ 22,869	\$ 12,170

NON CASH INVESTING AND FINANCING ACTIVITIES

PURCHASE OF REAL ESTATE, CASH COLLATERAL AND PROPERTY MANAGEMENT BUSINESSES

	1997	1996	1995
	-----	-----	-----
Secured notes payable assumed in connection with purchase of real estate.....	\$ 140,451	\$ 31,796	\$ 8,242
Secured short-term financing assumed in connection with purchase of real estate.....	9,600	5,072	--
Real estate, restricted cash, cash collateral and property management businesses contributed in exchange for Partnership Common Units ("OP Units") of AIMCO Properties, L.P. (the "AIMCO Operating Partnership").....	55,906	15,279	2,626
Common Stock issued in consideration for purchase of real estate.....	--	15,294	--
	-----	-----	-----
	\$ 205,957	\$ 67,441	\$ 10,868
	-----	-----	-----

PURCHASE OF NHP AND REAL ESTATE COMPANIES

In 1997, the Company acquired NHP Partners, Inc., NHP Partners Two Limited Partners and their subsidiaries (collectively, the "NHP Real Estate Companies") and all of the common stock of NHP Incorporated ("NHP") in exchange for 6,759,148 shares of AIMCO Class A Common Stock with a recorded value of \$180.9 million, \$141.3 million in cash and warrants to purchase 399,999 shares of Class A Common Stock in a series of related transactions (see Notes 5 and 6).

The aggregate purchase price consisted of the following:

Assets purchased.....	\$ 638,944
Liabilities assumed.....	312,555
Cash paid.....	141,328
Stock issued.....	180,851
Stock options issued.....	4,210

PURCHASE OF ENGLISH PORTFOLIO

In 1996, the Company issued 789,039 OP Units with a recorded value of \$16,877 and assumed \$1,051 in secured short-term financing in connection with the purchase of certain partnership interests, real estate and related assets (the "English Portfolio") owned by J.W. English and certain affiliated entities.

The aggregate purchase price consisted of the following:

Assets purchased.....	\$ 218,268
Liabilities assumed.....	172,154
Cash paid.....	29,237
OP Units issued.....	16,877

REPAYMENT OF SECURED NOTE PAYABLE

In 1996, 63,152 OP Units with a recorded value of \$1,168 were issued in connection with the repayment of the second deed of trust on a property purchased in 1996.

APARTMENT INVESTMENT AND MANAGEMENT COMPANY

CONSOLIDATED STATEMENTS OF CASH FLOW (CONTINUED)

(IN THOUSANDS EXCEPT SHARE AND OPERATING PARTNERSHIP UNIT DATA)

NON CASH INVESTING AND FINANCING ACTIVITIES (CONTINUED) RECEIPT OF NOTES RECEIVABLE DUE FROM OFFICERS

In 1997, the Company received promissory notes from officers for a total of \$42.6 million in connection with the sale of 1,462,735 shares of Class A Common Stock (of which \$14,664 was repaid in 1997 and an additional \$5.7 million was repaid in February and March 1998).

In 1996, the Company received promissory notes due from officers for a total of \$18,557 in connection with the sale of 895,250 shares of Class A Common Stock (of which \$11,440 was repaid in March 1997).

REDEMPTION OF OP UNITS

In 1997, 565,101 OP Units with a recorded value of \$8,621 were redeemed in exchange for an equal number of shares of Class A Common Stock.

In 1996, 211,392 OP Units with a recorded value of \$3,799 were redeemed in exchange for an equal number of shares of Class A Common Stock.

In 1995, 1,145 OP Units with a recorded value of \$18 were redeemed in exchange for an equal number of shares of Class A Common Stock.

CONVERSION OF CLASS B COMMON STOCK

In 1997, 162,500 shares of Class B Common Stock were converted to Class A Common Stock upon achievement of the 1995 and 1996 target results for a total recorded value of \$2.

In 1996, 260,000 shares of Class B Common Stock were converted to Class A Common Stock upon achievement of the 1995 and 1996 target results (130,000 shares respectively for each year) for a total recorded value of \$3 (See Note 16).

In 1995, 65,000 shares of Class B Common Stock with a recorded value of \$1 were converted to Class A Common Stock upon achievement of the 1994 target results.

OTHER

In 1997, the AIMCO Operating Partnership issued an additional 216,564 OP Units with a recorded value of \$7,469 in connection with the purchase of certain partnership interests.

APARTMENT INVESTMENT AND MANAGEMENT COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 1997, 1996, AND 1995

NOTE 1--ORGANIZATION

Apartment Investment and Management Company, a Maryland corporation incorporated on January 10, 1994 ("AIMCO" and together with its subsidiaries and other controlled entities, the "Company") acts as sole general partner of AIMCO Properties, L.P. (the "AIMCO Operating Partnership") through its wholly owned subsidiary, AIMCO-GP, Inc. The Company held an 88% interest in the AIMCO Operating Partnership as of December 31, 1997.

Prior to February 1996, four of the Company's executive officers collectively held a 5% beneficial interest in each of four regional business trusts (the "Service Trusts"). The Service Trusts owned four corresponding regional limited liability companies (the "Service LLCs") through which the Company's third party property and asset management business was then principally conducted. In February 1996, the AIMCO Operating Partnership and the four executive officers contributed their respective interests in the Service Trusts to Property Asset Management Services, Inc. ("PAMS, Inc."), a newly formed non-controlled subsidiary of the AIMCO Operating Partnership. In April 1996, the Service Trusts were dissolved and their interests in the Service LLCs were distributed to PAMS, Inc. In May 1996, the four Service LLCs were merged into Property Asset Management Services, L.P. ("PAMS, LP") with PAMS, LP as the surviving entity.

In December 1997, AIMCO acquired all of the outstanding stock of NHP in a purchase transaction. NHP provides a broad array of real estate services nationwide, including property management and asset management. As of December 31, 1997, substantially all of the Company's property and asset management business is conducted through PAMS, Inc., PAMS, LP and unconsolidated subsidiaries of AIMCO.

At December 31, 1997, AIMCO had 40,439,218 shares of Class A Common Stock outstanding and the AIMCO Operating Partnership had 5,362,879 Partnership Common Units ("OP Units") outstanding, for a combined total of 45,802,097 shares and OP Units.

At December 31, 1997, the Company owned or controlled 40,039 units in 147 apartment properties (the "Owned Properties"), held an equity interest in 83,431 units in 515 apartment properties (the "Equity Properties") and managed 69,587 units in 374 apartment properties for third party owners and affiliates (the "Managed Properties" and, together with the Owned Properties and Equity Properties, the "AIMCO Properties"), bringing the total managed portfolio to 193,057 units in 1,036 apartment properties. The AIMCO Properties are located in 42 states, the District of Columbia and Puerto Rico.

NOTE 2--BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION

The accompanying consolidated financial statements include the accounts of AIMCO, the AIMCO Operating Partnership, majority owned subsidiaries and controlled real estate limited partnerships. Interests held by limited partners in real estate partnerships controlled by the Company are reflected as Minority Interests in Other Partnerships.

All significant intercompany balances and transactions have been eliminated in consolidation.

APARTMENT INVESTMENT AND MANAGEMENT COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1997, 1996, AND 1995

NOTE 2--BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) INVESTMENTS IN UNCONSOLIDATED SUBSIDIARIES

The Company has investments in numerous subsidiaries. Investments in entities in which the Company does not have control, are accounted for under the equity method. Under the equity method, the Company's pro-rata share of the earnings or losses of the entity for the periods being presented is included in earnings (losses) from unconsolidated subsidiaries (see Note 5).

INVESTMENTS IN AND NOTES RECEIVABLE FROM REAL ESTATE PARTNERSHIPS

The Company owns general and limited partnership interests in numerous partnerships that own multi-family apartment properties. Investments in real estate partnerships in which the Company does not have control, are accounted for under the equity method. Under the equity method, the Company's pro-rata share of the earnings or losses of the entity for the periods being presented is included in earnings (losses) from unconsolidated partnerships (see Note 6).

REAL ESTATE AND DEPRECIATION

Real estate is recorded at cost, less accumulated depreciation, unless considered impaired. If events or circumstances indicate that the carrying amount of a property may be impaired, the Company will make an assessment of its recoverability by estimating the future undiscounted cash flows, excluding interest charges, of the property. If the carrying amount exceeds the aggregate future cash flows, the Company would recognize an impairment loss to the extent the carrying amount exceeds the fair value of the property. As of December 31, 1997, management believes that no impairments exist based on periodic reviews. No impairment losses were recognized for the years ended December 31, 1997, 1996 and 1995.

Expenditures in excess of \$250 that maintain an existing asset which has a useful life of more than one year are capitalized as capital replacement expenditures and depreciated over the estimated useful life of the asset.

Depreciation is calculated on the straight-line method based on a fifteen to thirty year life for buildings and improvements and five years for furniture, fixtures and equipment.

Initial capital expenditures are those costs considered necessary by the Company in its investment decision to correct deferred maintenance or improve a property. Capital enhancements are costs incurred that add a material new feature or increase the revenue potential of a property. Initial capital expenditures and capital enhancement costs are capitalized and depreciated over the estimated useful lives of the related assets.

The Company capitalizes direct and indirect costs (including interest, taxes and other costs) in connection with the development or redevelopment of its Owned Properties and land under development. Direct costs associated with the acquisition of Owned Properties are capitalized as a cost of the assets acquired, and are depreciated over the estimated useful lives of the related assets.

Expenditures for ordinary repairs, maintenance and apartment turnover costs are expensed as incurred.

APARTMENT INVESTMENT AND MANAGEMENT COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1997, 1996, AND 1995

NOTE 2--BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) **PROPERTY HELD FOR SALE**

Property held for sale is recorded at the lower of cost, less accumulated depreciation, or estimated sales proceeds less selling costs. Upon management's determination that a property is to be sold, the Company ceases depreciation of the property's assets.

CASH EQUIVALENTS

The Company considers highly liquid investments with an original maturity of three months or less to be cash equivalents.

RESTRICTED CASH

Restricted cash includes capital replacement reserves, completion repair reserves, bond sinking fund amounts, and tax and insurance impound accounts held by lenders.

GOODWILL

The Company records goodwill in connection with purchase business combinations where the aggregate purchase price exceeds the fair value of the assets acquired. Goodwill is amortized on a straight-line basis over a period of 20 years, which represents its useful life.

DEFERRED FINANCING COSTS

Fees and costs incurred in obtaining financing are capitalized. Such costs are amortized over the terms of the related loan agreements and are charged to interest expense.

OTHER ASSETS

Intangible assets are included in other assets and consist of costs associated with the purchase of property management businesses, including property management contracts, legal and other acquisition costs. These costs are amortized on a straight-line basis over terms ranging from five to twenty years.

COMPENSATED ABSENCES

The Company's employees earn vacation time ratably throughout the calendar year. The rate at which vacation time is earned is based primarily on an employee's length of service. An employee may accrue up to the maximum number of hours for which he/she is eligible to take in any one calendar year. The Company's policy is to compensate employees for all vacation time earned, but not taken, upon the employee's termination. As of December 31, 1997, the Company has not accrued vacation pay earned, but not yet taken by its employees. Management does not believe that the accrual of earned vacation compensation would have a material effect on the consolidated financial statements.

APARTMENT INVESTMENT AND MANAGEMENT COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1997, 1996, AND 1995

NOTE 2--BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) REVENUE RECOGNITION

The AIMCO Properties have operating leases with apartment residents with terms generally of six months or less. Rental revenues and property management and asset management fees are recognized when earned.

INTEREST RATE LOCK AGREEMENTS

Interest rate lock agreements related to planned refinancings of identified variable rate indebtedness are accounted for as anticipatory hedges. Upon the refinancing of such indebtedness, any gain or loss associated with the termination of the interest rate lock agreement is deferred and recognized over the life of the refinanced indebtedness (see Note 11).

INCOME TAXES

AIMCO has elected to be taxed as a real estate investment trust ("REIT") as defined under the Internal Revenue Code of 1986, as amended (the "Code"). In order for AIMCO to qualify as a REIT, at least 95% of AIMCO's gross income in any year must be derived from qualifying sources. The activities of PAMS, Inc., PAMS, LP and other unconsolidated subsidiaries engaged in the service company business are not qualifying sources.

As a REIT, AIMCO generally will not be subject to U.S. federal income taxes at the corporate level if it distributes at least 95% of its REIT taxable income to its shareholders. REITs are also subject to a number of other organizational and operational requirements. If AIMCO fails to qualify as a REIT in any taxable year, its taxable income will be subject to U.S. federal income tax at regular corporate rates (including any applicable alternative minimum tax). Even if AIMCO qualifies as a REIT, it may be subject to certain state and local income taxes and to U.S. federal income and excise taxes on its undistributed income.

For income tax purposes, distributions paid to shareholders consist of ordinary income, capital gains, return of capital or a combination thereof. Earnings and profits, which determine the taxability of dividends to shareholders, differ from net income reported for financial reporting purposes due to differences for U.S. federal tax purposes in the estimated useful lives used to compute depreciation and the carrying value (basis) of the investments in the Owned Properties.

For the years ended December 31, 1997, 1996 and 1995, distributions paid per share were taxable as follows:

	1997	%	1996	%	1995	%
Ordinary income.....	\$ 1.74	94%	\$ 1.45	85%	\$ 1.48	89%
Return of capital.....	--	--	0.25	15%	0.18	11%
Capital Gains.....	0.04	2%	--	--	--	--
Depreciation Recapture.....	0.07	4%	--	--	--	--
	-----	---	-----	---	-----	---
	\$ 1.85	100%	\$ 1.70	100%	\$ 1.66	100%
	-----	---	-----	---	-----	---
	-----	---	-----	---	-----	---

APARTMENT INVESTMENT AND MANAGEMENT COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1997, 1996, AND 1995

NOTE 2--BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) EARNINGS PER SHARE

Earnings per share is calculated based on the weighted average number of shares of common stock, common stock equivalents and dilutive convertible securities outstanding during the period (see Note 19).

FAIR VALUE OF FINANCIAL INSTRUMENTS

The estimated aggregate fair value of the Company's cash and cash equivalents, receivables, payables and short-term secured and unsecured financing as of December 31, 1997 is assumed to approximate their carrying value due to their relatively short terms. Management further believes that, after consideration of interest rate agreements, the fair market value of the Company's secured tax-exempt bond financing and secured long-term financing approximates their carrying value, based on market comparisons to similar types of debt instruments having similar maturities.

In valuing its investments in securities at their quoted market price, the Company has recognized unrealized losses on investments of \$1.7 million as of December 31, 1997, which are included as a component of stockholders' equity.

INSURANCE SUBSIDIARY

Reinsurance premiums written are earned on a monthly pro rata basis over the terms of the policies. A reserve for outstanding losses and loss-related expenses of \$14.8 million has been provided at December 31, 1997. The reserve includes estimates for insurance losses incurred but not reported, as well as losses pending settlement. Reserves are based on Management's estimates and are believed to be adequate.

RECLASSIFICATIONS

Certain items included in the 1996 consolidated financial statements have been reclassified to conform with the 1997 presentation.

USE OF ESTIMATES

The preparation of the Company's consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts included in the financial statements and accompanying notes thereto. Actual results could differ from those estimates.

APARTMENT INVESTMENT AND MANAGEMENT COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1997, 1996, AND 1995

NOTE 3--REAL ESTATE

Real estate at December 31 is as follows (in thousands):

	1997	1996
Land.....	\$ 265,570	\$ 118,031
Buildings and improvements.....	1,391,637	747,191
	1,657,207	865,222
Accumulated depreciation.....	(153,285)	(120,077)
	\$ 1,503,922	\$ 745,145

During the years ended December 31, 1997 and 1996, the Company purchased or acquired control of 59 properties (17,191 units) and 42 properties (10,484 units), respectively, and disposed of five properties (916 units) and four properties (1,265 units), respectively, as described below.

The Company directly acquired nine apartment communities in unrelated transactions during 1997 (the "1997 Acquisitions"). The aggregate consideration paid by the Company of \$204.3 million consisted of \$75.4 million in cash, 1.9 million OP Units with a total recorded value of \$55.9 million and the assumption of \$73.0 million of secured long-term indebtedness.

As a result of acquisition of the NHP Real Estate Companies (see Note 6) and related tender offers to limited partners, the Company acquired a controlling interest in 15 partnerships (the "Controlled NHP Partnerships"), which own 5,285 units located in 15 apartment communities. The portion of the aggregate purchase price for the NHP Real Estate Companies allocated to the Controlled NHP Partnerships was approximately \$269.3 million, including the assumption of approximately \$212.3 million of mortgage indebtedness.

In October 1997, the Company acquired a portfolio of 35 residential apartment properties (the "Winthrop Portfolio"). The aggregate purchase price of \$263.0 million, including transaction costs, was comprised of \$115.6 million in cash, the assumption of \$8.3 million in mortgage indebtedness and the creation of \$139.1 million of new indebtedness secured by the properties. The Company has also budgeted an additional \$16.0 million in initial capital expenditures related to the Winthrop Portfolio.

During 1997, the Company sold five apartment properties containing 916 units to an unaffiliated third party (the "1997 Dispositions"). Cash proceeds from the sale of approximately \$22.7 million were used to repay a portion of the Company's outstanding indebtedness. The Company recognized a gain of approximately \$2.8 million on the disposition on these five properties.

The Company acquired 100% ownership in seven apartment properties in unrelated transactions in 1996 (the "1996 Acquisitions"). The aggregate consideration paid by the Company of \$93.1 million consisted of \$26.0 million in cash, 704,220 shares of Class A Common Stock with a total recorded value of \$15.3 million, 745,183 in OP Units with a total recorded value of \$15.0 million and the assumption of \$31.7 million of secured long-term indebtedness and \$5.1 million of secured short-term indebtedness. Each transaction, with the exception of Peachtree Park and Somerset Village (see Note 21), was with an unaffiliated third party.

APARTMENT INVESTMENT AND MANAGEMENT COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1997, 1996, AND 1995

NOTE 3--REAL ESTATE (CONTINUED)

In November 1996, the Company completed the acquisition (the "English Portfolio Acquisition") of certain partnership interests, real estate and related assets owned by J.W. English, a Houston, Texas-based real estate syndicator and developer, and certain affiliated entities (collectively, the "J.W. English Companies"). The English Portfolio Acquisition included the purchase of all of the general and some of the limited partnership interests in 22 limited partnerships which act as the general partner to 31 limited partnerships (the "English Partnerships") that own 22 multi-family apartment properties, aggregating 5,230 apartment units, and four commercial properties, primarily in Houston, Texas; title to a 104-unit apartment property in Houston, Texas; certain assets of J. W. English Management Company which provided management services to the apartment properties; and other real estate interests related to the J.W. English Companies' operations. The aggregate purchase price of the English Portfolio Acquisition was \$23.1 million, consisting of \$15.2 million in OP Units and \$7.9 million in cash. The English Partnerships are subject to approximately \$95.4 million of mortgage debt.

The Company also made separate offers (the "English Tender Offers") to the limited partners of 25 of the English Partnerships (the "Tender Offer English Partnerships") to acquire their limited partnership interests. The various limited partners accepted tenders representing, in the aggregate, approximately 46% of all outstanding limited partnership interests in the Tender Offer English Partnerships. The Company paid \$16.0 million in cash and \$1.7 million in OP Units for the interests tendered in the English Tender Offers. The remaining limited partners elected to continue as limited partners in the Tender Offer English Partnerships.

In a series of related transactions completed in November and December 1996, the Company acquired general partnership interests in 21 limited partnerships which own twelve multi-family apartment properties (collectively, the "Dallas Acquisition Properties") aggregating 2,839 apartment units, primarily in the Dallas, Texas metropolitan area, and loans made by the general partners and their affiliates to such partnerships, for an aggregate price of \$26.7 million in cash (collectively, the "Dallas Portfolio Acquisition"). The Dallas Acquisition Properties are subject to approximately \$60.7 million of mortgage debt. The existing limited partners retained their interest in such limited partnerships.

During 1996, the Company disposed of four properties (the "1996 Dispositions"). The properties were sold to one unaffiliated third party. The cash proceeds from the disposition of approximately \$17.1 million were used to pay down \$9.2 million of the Company's outstanding indebtedness and to provide funds available for future investment purposes. The Company recognized a total gain of approximately \$44,000 on the disposition of these four properties.

In the fourth quarter of 1996, the Company completed construction of a 92 apartment unit expansion within the Fairways Apartments in Phoenix, Arizona for a cost of approximately \$6.0 million.

In 1996, the Company acquired Sun Katcher Apartments, a 360-unit apartment property located in Jacksonville, Florida, at a cost of \$4.0 million. In 1997, the redevelopment of Sun Katcher was completed at a cost of \$4.9 million. The Company also recently commenced the renovation and upgrading of Bay West Apartments, a 376-unit apartment property located in Tampa, Florida, for a projected cost of \$4.8 million (of which \$0.9 million has already been spent), to reposition the property in the marketplace. In addition, the Company expects to undertake a major renovation of the Morton Towers Apartments, a 1,277-unit apartment property located in Miami Beach, Florida, at an estimated cost of \$35.0 million. Approximately \$0.4 million has been spent on the Morton Towers redevelopment as of December 31, 1997.

APARTMENT INVESTMENT AND MANAGEMENT COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1997, 1996, AND 1995

NOTE 3--REAL ESTATE (CONTINUED)

Interest of \$1.3 million, \$0.8 million and \$0.1 million was capitalized for the years ended December 31, 1997, 1996 and 1995, respectively.

NOTE 4--INVESTMENT IN AMBASSADOR APARTMENTS, INC.

In September 1997, the Company acquired 886,600 shares of common stock ("Ambassador Common Stock") of Ambassador Apartments, Inc. ("Ambassador"), a publicly traded REIT, for \$19.9 million in cash. The shares acquired represented 8.4% of the shares of Ambassador Common Stock outstanding as of the date of the purchase. As of December 31, 1997, the fair market value of the Ambassador stock is \$18.2 million. Accordingly, the Company has recognized an unrealized loss on the Ambassador investment of \$1.7 million, which is included as a component of stockholders' equity.

On December 23, 1997, AIMCO and Ambassador entered into an Agreement and Plan of Merger (the "Ambassador Merger Agreement") pursuant to which Ambassador will be merged with and into AIMCO, with AIMCO being the surviving corporation (the "Ambassador Merger"). The Ambassador Merger Agreement also provides that, unless otherwise agreed by the parties, Ambassador Apartments, L.P., a Delaware limited partnership (the "Ambassador Operating Partnership"), will be merged with and into the AIMCO Operating Partnership (the "Ambassador Reorganization") and all outstanding Ambassador Operating Partnership interests will be converted into AIMCO OP Units at the Conversion Ratio, as defined below. In the Ambassador Merger Agreement, the Ambassador Common Stock is valued at \$21 per share. Holders of Ambassador Common Stock will receive for each share an amount of Class A Common Stock equal to the Conversion Ratio. The "Conversion Ratio" means the quotient determined by dividing \$21 by the "AIMCO Index Price," which is the aggregate of the average of the high and low sales prices for Class A Common Stock on each of the twenty consecutive NYSE trading days ending on the fifth NYSE trading day immediately preceding the closing of the Ambassador Merger, divided by 20. If the AIMCO Index Price is less than \$36 (i.e. the Conversion Ratio is greater than 0.583), then the AIMCO may elect to fix the Conversion Ratio at 0.583 and pay to each holder of Ambassador Common Stock cash sufficient to provide \$21 in value for each share of Ambassador Common Stock.

The Ambassador Merger Agreement provides that any outstanding options to purchase Ambassador Common Stock may be converted, at the election of the option holder, into cash or options to purchase Class A Common Stock at the Conversion Ratio. The Ambassador Merger Agreement further states that Ambassador's outstanding preferred stock, par value \$0.01 per share (the "Ambassador Preferred Stock"), shall be redeemed, subject to the right of holders of shares of Ambassador Preferred Stock to convert such shares into Ambassador Common Stock, immediately prior to the Ambassador Merger. Assuming a conversion ratio of 0.583, the Company will issue up to an aggregate of 7,205,739 shares of Class A Common Stock in the Ambassador Merger, based upon the number of shares of Ambassador Common Stock, options to purchase Ambassador Common Stock and other securities currently convertible into shares of Ambassador Common Stock outstanding as of December 31, 1997.

The Ambassador Merger Agreement contains certain penalties to be incurred by either AIMCO or Ambassador should the agreement be terminated by either party. The maximum penalty to be paid by either AIMCO or Ambassador in the event that the Ambassador Merger Agreement is terminated is approximately \$9.4 million.

APARTMENT INVESTMENT AND MANAGEMENT COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1997, 1996, AND 1995

NOTE 4--INVESTMENT IN AMBASSADOR APARTMENTS, INC. (CONTINUED)

Ambassador is a self-administered and self-managed REIT engaged in the ownership and management of garden-style apartment properties leased primarily to middle income tenants. As of December 31, 1997, Ambassador owned 52 apartment communities with a total of 15,728 units located in Arizona, Colorado, Florida, Georgia, Illinois, Tennessee and Texas. In addition, Ambassador manages one property containing 252 units for an unrelated third party. Ambassador conducts substantially all of its operations through the Ambassador Operating Partnership and its subsidiaries. As of December 31, 1997, Ambassador held approximately 94% of the outstanding common units and 100% of the outstanding preferred units of the Ambassador Operating Partnership.

Consummation of the Ambassador Merger is subject to the affirmative vote of the holders of at least two-thirds of the outstanding shares of Ambassador Common Stock, the approval of all appropriate governmental and regulatory authorities and other customary conditions. The closing of the transaction is expected to occur during the second quarter of 1998.

NOTE 5--INVESTMENTS IN AND NOTES RECEIVABLE FROM UNCONSOLIDATED SUBSIDIARIES

In order to satisfy certain requirements of the Code applicable to AIMCO's status as a REIT, certain assets of the Company are held through corporations (the "Unconsolidated Subsidiaries") in which the AIMCO Operating Partnership holds non-voting preferred stock that represents a 95% economic interest, and certain officers and/or directors of AIMCO hold, directly or indirectly, all of the voting common stock, representing a 5% economic interest. As a result of the controlling ownership interest in the Unconsolidated Subsidiaries held by others, AIMCO accounts for its interest in the Unconsolidated Subsidiaries on the equity method. As of December 31, 1997, the Unconsolidated Subsidiaries included PAMS, Inc., AIMCO/NHP Holdings, Inc. ("ANHI"), AIMCO/NHP Properties, Inc. ("ANPI"), NHP Property Management Company ("NHPMC"), and NHP A&R Services, Inc. ("NHPA&R").

In May and September of 1997, the Company acquired an aggregate of 6,930,122 shares of common stock ("NHP Common Stock") of NHP. On December 8, 1997, the Company acquired the remaining shares of NHP Common Stock in a merger transaction accounted for as a purchase (the "NHP Merger"). Pursuant to the NHP Merger, each outstanding share of NHP Common Stock was converted into either (i) 0.74766 shares of Class A Common Stock or (ii) at the shareholder's option, 0.37383 shares of Class A Common Stock and \$10.00 in cash. As a result of the NHP Merger, AIMCO issued 6,759,148 shares of Class A Common Stock, valued at \$180.8 million, and paid \$86.5 million in cash. The total cost of the purchase was \$349.5 million.

In connection with NHP the merger, AIMCO recorded approximately \$125 million in goodwill, which is being amortized using the straight line method over a period of 20 years.

In addition, in connection with the NHP Merger, the Company executed a plan to close NHP's headquarters in Vienna, Virginia. Concurrent with this plan, certain employees of NHP were either terminated or relocated to the Indianapolis, Indiana office. The Company incurred \$2.7 million in severance and relocation costs, which were capitalized as a cost of the acquisition.

In connection with the purchase of NHP, the Company acquired NHP's property management business, as well as several other businesses, including a membership purchasing organization, home health

APARTMENT INVESTMENT AND MANAGEMENT COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1997, 1996, AND 1995

**NOTE 5--INVESTMENTS IN AND NOTES RECEIVABLE FROM UNCONSOLIDATED SUBSIDIARIES
(CONTINUED)**

care services, and insurance services. Immediately following the purchase, AIMCO completed a reorganization which resulted in those businesses being conducted by ANHI, ANPI, NHPMC and NHPA&R.

As of December 31, 1997, AIMCO's investment in the unconsolidated subsidiaries totaled \$84.5 million, which consisted of \$50.0 million in notes receivable from, and \$34.5 million in preferred stock of, the unconsolidated subsidiaries.

See selected combined financial information for the Company's unconsolidated subsidiaries and unconsolidated partnerships at Note 6.

NOTE 6-- INVESTMENT IN AND NOTES RECEIVABLE FROM UNCONSOLIDATED REAL ESTATE PARTNERSHIPS

In connection with the purchase of the NHP Real Estate Companies, the Company acquired general and limited partnership interests in partnerships that own 82,374 conventional and affordable apartment units in 519 apartment properties. The Company's ownership interests in these partnerships ranges from 1% to 100%, and the provisions of the partnership agreements give the Company varying degrees of control.

Subsequent to the acquisition of the NHP Real Estate Companies, AIMCO contributed interests in certain of the limited partnerships which it controlled to AIMCO/NHP Partners, L.P. ("ANPLP"), a partnership in which the Company owns a 99% limited partnership interest. A limited liability company owned by certain officers of the Company is the 1% general partner of ANPLP. Based on the provisions of the partnership agreement for ANPLP, the Company does not possess control of the partnership.

At December 31, 1997, AIMCO's investment in unconsolidated partnerships totaled \$212.1 million.

APARTMENT INVESTMENT AND MANAGEMENT COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1997, 1996, AND 1995

NOTE 6-- INVESTMENT IN AND NOTES RECEIVABLE FROM UNCONSOLIDATED REAL ESTATE PARTNERSHIPS (CONTINUED)

The following table provides selected combined financial information for both the Company's unconsolidated subsidiaries and unconsolidated partnerships as of and for the year ended December 31, 1997 (in thousands):

Real estate, net of accumulated depreciation.....	\$2,252,702
Management contracts.....	51,441
Goodwill.....	45,494
Total assets.....	2,827,264
Secured notes payable.....	2,951,989
Stockholders' equity.....	(767,201)
Total liabilities and stockholders' equity.....	2,827,264
Rental and other property revenues.....	501,384
Property operating expenses.....	(303,547)
Depreciation expense.....	(63,384)
Service company revenues.....	23,776
Service company expenses.....	(11,733)
Interest expense.....	156,929
Net loss before gain on disposition of properties and discontinued operations.....	(7,589)
Net income.....	11,536

NOTE 7--SECURED NOTES PAYABLE

In April 1997, 23 partnerships controlled by the Company completed a \$108.0 million refinancing of secured, short term, floating rate indebtedness with secured, 20-year, fixed rate, fully amortizing debt. The new notes are secured by 27 apartment properties owned by such partnerships. In connection with this refinancing, the Company received proceeds of \$3.4 million from two interest rate lock agreements accounted for as hedges. The gain on the interest rate lock agreements was deferred and will be amortized over the life of the debt.

During 1997, the Company assumed \$220.4 million in mortgage indebtedness in connection with the purchase of 39 apartment properties. In addition, in connection with the acquisition of the NHP Real Estate Companies (see Note 6), the Company assumed fixed-rate indebtedness totaling approximately \$209.8 million, which is secured by 15 properties held by NHP Partnerships in which the Company acquired controlling interests.

In December 1997, the Company refinanced certain notes payable secured by 27 properties, of which, five are Owned Properties and are consolidated. The new notes have an aggregate outstanding principal balance of \$91.5 million as of December 31, 1997 and carry fixed interest rates ranging from 6.6% to 6.8%. The new notes are fully amortizing, requiring monthly principal and interest payments, and mature in December 2012. In anticipation of the refinancing, the Company entered into an interest rate lock agreement with an investment banking company ("the March Hedge"). The March Hedge had a notional value of \$100.0 million and fixed the interest rate of the anticipated refinancing at 7.053%. The March Hedge was settled in connection with the refinancing, at which time the Company realized a loss on the

APARTMENT INVESTMENT AND MANAGEMENT COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1997, 1996, AND 1995

NOTE 7--SECURED NOTES PAYABLE (CONTINUED)

hedge of approximately \$10.9 million. The loss on the hedge will be amortized over the life of the refinanced debt (see Note 11).

The following table summarizes the Company's long-term secured notes payable at December 31, 1997 and 1996, all of which are non-recourse to the Company (in thousands):

	1997	1996
	-----	-----
Fixed rate, ranging from 5.0% to 10.1%, or a weighted average all-in rate of 8.10%, fully-amortizing notes maturing at various dates through 2029.....	\$ 561,056	\$ 165,762
Fixed rate, ranging from 7.25% to 9.5%, or a weighted average all-in rate of 8.73%, non-amortizing notes maturing at various dates through 2001.....	106,424	57,198
Floating rate, ranging from 6.7% to 7.4% at December 31, 1997, or a weighted average all-in rate of 7.7%, non-amortizing notes maturing at various dates through 2005.....	13,941	19,150
	-----	-----
	\$ 681,421	\$ 242,110
	-----	-----

Real estate assets which secure the first trust deeds for these secured notes payable had a net book value of \$1,117.6 million at December 31, 1997.

As of December 31, 1997, the scheduled principal payments for the Company's secured notes payable are as follows (in thousands):

1998.....	\$ 125,879
1999.....	34,285
2000.....	20,178
2001.....	75,967
2002.....	14,750
Thereafter.....	410,362

	\$ 681,421

NOTE 8--SECURED SHORT-TERM FINANCING

The Company utilizes a variety of secured short-term financing instruments to manage its working capital needs and to fund real estate investments. In 1994, the Company obtained a variable rate revolving credit facility (the "Credit Facility") with Bank of America National Trust and Savings Association ("Bank of America"). In August 1996, the Credit Facility was extended through August 1998, the interest rate was reduced from LIBOR plus 1.75% to LIBOR plus 1.625% and the commitment was increased from \$40.0 million to \$50.0 million. In May 1997, the Company increased its maximum amount available under the Credit Facility from \$50.0 million to \$100.0 million. Interest on the Credit Facility was payable monthly at the variable interest rate of LIBOR plus 1.45% unless borrowings exceed 60% of the aggregate collateral value, in which case, the interest rate was LIBOR plus 1.70%. Commitment fees of 0.125% per

APARTMENT INVESTMENT AND MANAGEMENT COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1997, 1996, AND 1995

NOTE 8--SECURED SHORT-TERM FINANCING (CONTINUED)

annum on the remaining availability were payable quarterly. The outstanding balance under the Credit facility was \$33.5 million at December 31, 1997.

The following table summarizes the Company's secured short-term financing at December 31, 1997 and 1996 (in thousands):

	1997	1996
	-----	-----
Floating rate interest only note, having a stated interest rate of 7.67% at December 31, 1997.....	\$ 19,050	\$ 115,499
Floating rate interest only notes.....	--	25,615
Floating rate interest only notes secured by property held for sale....	--	1,051
9.25% fixed rate, non-amortizing note.....	549	5,074
Floating rate Credit Facility, interest at 7.33% at December 31, 1997, expiring August 1998.....	33,500	44,800
	-----	-----
	\$ 53,099	\$ 192,039
	-----	-----

Real estate assets, which secure the Company's short-term financing, had a net book value of \$104.0 million at December 31, 1997.

Secured short-term indebtedness totaling \$33.5 million is guaranteed by the Company and certain of its affiliates and secured by an assignment of the Company's general partnership interests in 12 of the English Partnerships.

The Company replaced the Credit Facility with a new \$50 million unsecured revolving credit facility in January 1998, and a new \$50 million secured revolving credit facility in February 1998 (see Note 25).

NOTE 9--SECURED TAX-EXEMPT BOND FINANCING

The following table summarizes the Company's secured tax-exempt bond financing at December 31, 1997 and 1996, which is non-recourse to the Company (in thousands):

	1997	1996
	-----	-----
7.0% fully-amortizing bonds, effective rate of 7.3%, due July 2016.....	\$ 46,498	\$ 47,674
6.9% fully-amortizing bonds due, effective rate of 7.3% July 2016.....	9,529	9,773
4.2% interest only bonds, effective rate of 6.7%, due July 2016.....	5,958	6,000
6.0% interest only bonds, effective rate of 6.7%, secured by a letter of credit in the amount of \$5,350, due September 1998.....	5,325	5,350
5.4% interest only bonds due December 2002.....	6,700	6,700
	-----	-----
Total.....	\$ 74,010	\$ 75,497
	-----	-----

Real estate assets securing the tax-exempt bond financing had a net book value of \$107.5 million at December 31, 1997.

APARTMENT INVESTMENT AND MANAGEMENT COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1997, 1996, AND 1995

NOTE 9--SECURED TAX-EXEMPT BOND FINANCING (CONTINUED)

As of December 31, 1997, the scheduled principal payments for the Company's secured tax-exempt bonds are as follows (in thousands):

1998.....	\$ 7,031
1999.....	1,827
2000.....	1,956
2001.....	2,096
2002.....	2,244
Thereafter.....	58,856

	\$ 74,010

NOTE 10--UNSECURED SHORT-TERM FINANCING

In November 1996, the Company borrowed \$12.5 million in conjunction with the purchase of limited partnership interests in the English Partnerships. The loan was repaid in February 1997 with proceeds from a public offering of shares of Class A Common Stock (see Note 16).

NOTE 11--INTEREST RATE LOCK AGREEMENTS

In 1996, in anticipation of refinancing certain indebtedness, the Company entered into two interest rate lock agreements with a major New York investment banking company (the "1996 Hedges"). The 1996 Hedges had an aggregate notional value of \$100.0 million and fixed the interest rate of the anticipated refinancings at 6.2% and 6.3%. The 1996 Hedges were settled in April 1997 in connection with the refinancing, at which time the Company realized aggregate gains of approximately \$3.4 million (see Note 7).

In March 1997, the Company entered into an interest rate lock agreement with an investment banking company (the "March Hedge"). The March Hedge had a notional value of \$100.0 million and fixed the interest rate of the anticipated refinancing at 7.053%. The March Hedge was settled December 1997, in connection with the refinancing, at which time the Company realized a loss on the hedge of approximately \$10.9 million (see Note 7).

In September 1997, the Company entered into an interest rate lock agreement (the "September Hedge") in anticipation of refinancing certain other long-term indebtedness. The September Hedge has a notional principal amount of \$75.0 million, matures on March 19, 1998, and fixes the ten year treasury rate at 6.211%. Based on the fair value of the interest rate lock agreement at December 31, 1997, the Company has a potential loss on the September Hedge of approximately \$2.6 million. Management anticipates that the debt will be refinanced during the first quarter of 1998.

In October 1997, the Company entered into an interest rate lock agreement (the "October Hedge") in anticipation of incurring indebtedness in connection with the acquisition of the Foxchase Apartments. The October Hedge had a notional value of \$70.0 million and fixed the interest rate of the anticipated indebtedness at 6.13%. The October Hedge was settled in December 1997 when the Foxchase acquisition was completed, at which time the Company realized a loss of \$1.4 million.

APARTMENT INVESTMENT AND MANAGEMENT COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1997, 1996, AND 1995

NOTE 11--INTEREST RATE LOCK AGREEMENTS (CONTINUED)

The Company is exposed to credit risk in the event of nonperformance by the other parties to the interest rate lock agreements. However, the Company does not anticipate nonperformance by the counterparties. In addition, since the variable rate in the interest rate lock agreements is not on the same basis as the variable rate indebtedness, the Company is exposed to losses to the extent that the LIBOR rate and the Treasury rate change independently of each other. The Company does not anticipate that inconsistent changes in the LIBOR rate and the Treasury rate will have a material effect.

NOTE 12--COMMITMENTS AND CONTINGENCIES

LEGAL

In November 1996, purported limited partners of certain of the Tender Offer English Partnerships filed a class action lawsuit against the Company and J.W. English in the U.S. District Court for the Northern District of California (the "Federal Action"), alleging among other things, that the Company conspired with J.W. English to breach his fiduciary duty to the plaintiffs, and that the offering materials used by the Company in connection with the English Tender Offers contained misleading statements or omissions. The Federal Action was voluntarily dismissed, without prejudice, in favor of another purported class action filed in May 1997 by limited partners of certain of the Tender Offer English Partnerships and six additional English Partnerships. Two complaints were filed in Superior Court of the State of California (the "California Actions") against the Company and the J.W. English Companies, alleging, among other things, that the consideration the Company offered in the English Tender Offers was inadequate and designed to benefit the J.W. English Companies at the expense of the limited partners, that certain misrepresentations and omissions were made in connection with the English Tender Offers, that the Company receives excessive fees in connection with its management of the properties owned by the English Partnerships, that the Company continues to refuse to liquidate the English Partnerships and that the English Acquisition violated the partnership agreements governing the English Partnerships and constituted a breach of fiduciary duty.

In addition to unspecified compensation and exemplary damages, the original complaints in the California Actions sought an accounting, a constructive trust on the assets and monies acquired by the English defendants in connection with the English Acquisition, a court order removing the Company from management of the English Partnerships and/or ordering disposition of the properties and attorneys fees, expert fees and other costs. The Company intends to vigorously defend itself in connection with these actions. The Company believes it is entitled to indemnity from the J.W. English Companies, subject to certain exceptions. Failure by the Company to prevail in the California Actions or to receive indemnification could have a material adverse effect on the Company's financial condition and results of operations.

On August 4, 1997, the Company filed demurrers to both complaints in the California Actions. At a hearing on the demurrers on January 9, 1998, the court granted the Company's demurrers to each of the three causes of action against it in the two complaints, with leave to amend. On February 25, 1998, the plaintiffs filed a consolidated amended class and derivative complaint for damages (the "Consolidated Amended Complaint"). The Company's has until March 27, 1998 to file a demurrer on behalf of the AIMCO defendants.

The Company is a party to various legal actions resulting from its operating activities. These actions are routine litigation and administrative proceedings arising in the ordinary course of business, some of

APARTMENT INVESTMENT AND MANAGEMENT COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1997, 1996, AND 1995

NOTE 12--COMMITMENTS AND CONTINGENCIES (CONTINUED)

which are covered by liability insurance, and none of which are expected to have a material adverse effect on the consolidated financial condition or results of operations of the Company.

HUD ENFORCEMENT AND LIMITED DENIALS

A significant number of the affordable units included in the AIMCO Properties are subject to regulation by the U.S. Department of Housing and Urban Development ("HUD"). HUD has the authority to suspend or deny property owners and managers from participation in HUD programs with respect to additional assistance within a geographic region through imposition of a limited denial of participation ("LDP") by any HUD office or nationwide for violations of HUD regulatory requirements. In March 1997, HUD announced its intention to step up enforcement against property owners and managers who violate their agreements with HUD, and in July 1997, HUD announced the creation of a new department-wide enforcement division. Three HUD field offices have recently issued LDPs to NHP as a result of physical inspections and mortgage defaults at four NHP Properties, two of which are managed by the Company. One LDP was subsequently withdrawn and another was terminated in December 1997 after a reinspection of the property. The one remaining LDP, unless lifted, suspends the Company's ability to manage or acquire additional HUD-assisted properties in eastern Missouri until June 24, 1998. The Company has requested that HUD terminate the one remaining LDP, but HUD has so far refused to do so, and the Company cannot determine whether HUD will reverse that decision with respect to the affected region. Because an LDP is prospective, existing HUD agreements are not affected, so an LDP is not expected to result in the loss of management service revenue from or otherwise to affect properties that the Company currently manages in the subject regions. If HUD were to disapprove the Company as property manager for one or more affordable properties, the Company's ability to obtain property management revenues from new affordable properties may be impaired.

HUD monitors the performance of properties with HUD-insured mortgage loans. HUD also monitors compliance with applicable regulations, and takes performance and compliance into account in approving management of HUD-assisted properties. In this regard, since July 1988, 29 HUD-assisted properties owned or managed by the NHP Real Estate Companies or NHP have defaulted on non-recourse HUD-insured mortgage loans. Eight of these 29 properties are also currently managed by the Company. An additional six properties owned or managed by the Company have received unsatisfactory performance ratings. As a result of the defaults and unsatisfactory ratings, a national HUD office must review any field office approval of the Company to act as property manager for a HUD-assisted property. The national HUD office has consistently approved NHP's applications to manage new properties, and the Company received HUD clearance to acquire NHP and the NHP Real Estate Companies. The Company believes that it enjoys a good working relationship with HUD and that the national office will continue to apply the clearance process to large management portfolios such as the Company's, including the NHP Properties, with discretion and flexibility. While there can be no assurance, the Company believes that the unsatisfactory reviews and the mortgage defaults will not have a material impact on its results of operations or financial condition.

In October 1997, NHP received a subpoena from the Inspector General of HUD (the "Inspector General") requesting documents relating to any arrangement whereby NHP or any of its affiliates provides or has provided compensation to owners of HUD multi-family projects in exchange for or in connection with management of a HUD project. The Company believes that other owners and managers of HUD

APARTMENT INVESTMENT AND MANAGEMENT COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1997, 1996, AND 1995

NOTE 12--COMMITMENTS AND CONTINGENCIES (CONTINUED)

projects have received similar subpoenas. Documents relating to certain of the Company's acquisitions of property management rights for HUD projects may be responsive to the subpoena. The Company is in the process of complying with the subpoena and has provided certain documents to the Inspector General, without conceding that they are responsive to the subpoena. The Company believes that its operations are in compliance, in all material respects, with all laws, rules and regulations relating to HUD-assisted or HUD-insured properties. Although the Inspector General has not initiated any action against the Company or, to the Company's knowledge, any owner of a HUD property managed by the Company, if any such action is taken in the future, it could ultimately affect existing arrangements with respect to HUD projects or otherwise have a material adverse effect on the results of operations of the Company.

ENVIRONMENTAL

Certain of the Company's Owned Properties, and some of the other AIMCO Properties, are located on or near properties that contain or have contained underground storage tanks or on which activities have occurred which could have released hazardous substances into the soil or groundwater. There can be no assurance that such hazardous substances have not been released or have not migrated, or in the future will not be released or will not migrate, onto the AIMCO Properties. Such hazardous substances have been released at certain Owned Properties and, in at least one case, have migrated from an off-site location onto an Owned Property. In addition, the Company's Montecito property in Austin, Texas, is located adjacent to, and may be partially on, land that was used as a landfill. Low levels of methane and other landfill gas have been detected at Montecito. The City of Austin (the "City"), the former landfill operator, has assumed responsibility for conducting all investigation and remedial activities to date associated with the methane and other landfill gas. The remediation of the landfill gas is now substantially complete and the Texas Natural Resources Conservation Commission ("TNRCC") has preliminarily approved the methane gas remediation efforts. Final approval of the site and the remediation process is contingent upon the results of continued methane gas monitors to confirm the effectiveness of the remediation efforts. Should further actionable levels of methane gas be detected, a proposed contingency plan of passive methane gas venting may be implemented by the City. The City has also conducted testing at Montecito to determine whether, and to what extent, groundwater has been impacted. Based on test reports received to date by the Company, the groundwater does not appear to be contaminated at actionable levels. The Company has not incurred, and does not expect to incur, liability for the landfill investigation and remediation; however, the Company has relocated some of its tenants and has installed a venting system according to the TNRCC's specifications under the buildings slabs, in connection with the present raising of four of its buildings in order to install stabilizing piers thereunder, at a total cost of approximately \$550,000, which is primarily the cost for the restabilization. The restabilization was substantially completed in January 1998. The City will be responsible for monitoring the conditions of Montecito.

All of the Owned Properties were subject to Phase I or similar environmental audits by independent environmental consultants prior to acquisition. The audits did not reveal, nor is the Company aware of, any environmental liability relating to such properties that would have a material adverse effect on the Company's business, assets or results of operations. The Managed Properties may not have been subject to Phase I or similar environmental audits by independent environmental consultants. However, the Company is not aware of any environmental liability that would have a material adverse effect on its business, financial condition or results of operations relating to the Managed Properties.

APARTMENT INVESTMENT AND MANAGEMENT COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1997, 1996, AND 1995

NOTE 12--COMMITMENTS AND CONTINGENCIES (CONTINUED)

In October 1997, NHP received a letter ("the EPA Letter") from the U.S. Department of Justice ("DOJ") which stated that the U.S. Environmental Protection Agency ("EPA") has requested that the DOJ file a lawsuit against NHP alleging, among other things, that NHP violated the Clean Air Act, the National Recycling and Emissions Reduction Programs and associated regulations in connection with the employment of certain unlicensed personnel, maintenance and disposal of certain refrigerants, and record-keeping practices at two properties. An agreement in principle between the Company and the EPA has been reached, whereby the Company has agreed to pay a fine of approximately \$0.1 million, permit the EPA to audit the maintenance records and technical staffing at 40 NHP Properties and continue to provide training to all maintenance workers with respect to the disposal of refrigerants. A formal settlement agreement is expected to be executed in 1998.

LEASE COMMITMENTS

Minimum payments under the terms of all noncancellable operating leases in which the Company is the lessee, principally for office space, at December 31, 1997 are as follows (in thousands):

1998.....	\$	541
1999.....		376
2000.....		211
2001.....		170
2002.....		127

	\$	1,425

Total rent expense for the years ended December 31, 1997, 1996 and 1995 was \$0.7 million, \$0.6 million and \$0.6 million, respectively.

NOTE 13--MINORITY INTERESTS IN OTHER PARTNERSHIPS

Interests held by limited partners (other than the Company) in real estate partnerships controlled by the Company are reflected as Minority Interests in Other Partnerships. Net income is allocated based on the percentage interest owned by these limited partners in each respective real estate partnership.

NOTE 14--MINORITY INTEREST IN OPERATING PARTNERSHIP

Interests in the AIMCO Operating Partnership held by limited partners are represented by OP Units. The AIMCO Operating Partnership's income is allocated to holders of OP Units based on the weighted average number of OP Units outstanding during the period. The AIMCO Operating Partnership records the issuance of OP Units and the assets acquired in purchase transactions based on the market price of the Company's Class A Common Stock at the date of execution of the purchase contract. The holders of the OP Units receive distributions, prorated from the date of admittance, in an amount equivalent to the dividends paid to holders of Class A Common Stock. During 1997, 1996 and 1995, the weighted average ownership interest in the AIMCO Operating Partnership held by the OP Unit holders (other than the Company) was 13.2%, 17.1% and 16.4%, respectively. At December 31, 1997, the ownership interest of the OP Unit holders (other than the Company) was 11.7%.

APARTMENT INVESTMENT AND MANAGEMENT COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1997, 1996, AND 1995

NOTE 14--MINORITY INTEREST IN OPERATING PARTNERSHIP (CONTINUED)

After holding the OP Units for one year, the limited partners generally have the right to redeem their OP Units for cash. Notwithstanding that right, AIMCO may elect to acquire some or all of the OP Units tendered for redemption in exchange for shares of Class A Common Stock in lieu of cash.

NOTE 15--REGISTRATION STATEMENTS

In April 1997, the Company filed a shelf registration statement with the Securities and Exchange Commission which provides for the offering of, on a delayed or continuous basis, debt securities, Class A Common Stock, preferred stock and warrants with an aggregate value of up to \$1.0 billion. The shelf registration statement was declared effective in May 1997. As of December 31, 1997, the Company has issued 12,052,418 shares of Class A Common Stock and 3,150,000 shares of preferred stock under the shelf registration, the aggregate gross proceeds of which was \$475.6 million. As of December 31, 1997, up to \$524.4 million of additional securities may be sold under the shelf registration.

In February 1998, AIMCO issued 4,200,000 shares of newly created AIMCO Class D Cumulative Preferred Stock ("Class D Preferred Stock") for gross proceeds of \$105.0 million (see Note 25). After giving effect to the sale of the Class D Preferred Stock, up to \$419.4 million of additional securities may be sold under the shelf registration.

NOTE 16--STOCKHOLDERS' EQUITY

During 1996, AIMCO issued 895,250 shares of Class A Common Stock to certain executive officers (or entities controlled by them) at \$20.75 per share, pursuant to the exercise of stock options issued under the Apartment Investment and Management Company 1996 Stock Award and Incentive Plan. In exchange for the shares purchased, the executive officers (or entities controlled by them) executed notes payable totaling \$18.6 million to the Company, of which \$11.9 million was repaid during 1997.

In September 1996, the Company's Board of Directors authorized the repurchase of up to 500,000 shares of Class A Common Stock in open market and privately negotiated purchase transactions. The stock may be purchased from time to time as market conditions warrant.

In February 1997, AIMCO completed a public offering of 2,015,000 shares of Class A Common Stock at a public offering price of \$26.75 per share. The net proceeds of approximately \$51.0 million were used to repay a portion of the Company's indebtedness incurred in connection with 1996 acquisitions.

In May 1997, AIMCO sold 2,300,000 shares of Class A Common Stock at an average price of \$28 per share in two public offerings. The net proceeds of approximately \$63.0 million were used to repay \$56.0 million of outstanding indebtedness under the Credit Facility and to provide working capital of \$7.0 million. In addition, the Company issued 2,142,857 shares of Class A Common Stock in connection with the acquisition of 2,866,073 shares of NHP Common Stock (see Note 5).

In July 1997, AIMCO sold 1,100,000 shares of Class A Common Stock to certain members of the Company's senior management at a price of \$30 per share, the closing price of the stock on the date of purchase. In exchange for the shares purchased, such members of senior management executed notes payable to the Company totaling \$33.0 million, of which \$15.8 million has been repaid as of February 28, 1998. The notes bear interest at 7.25% per annum, payable quarterly, and mature in 2007. The notes are secured by the stock purchased and are recourse as to 25% of the original amount borrowed.

APARTMENT INVESTMENT AND MANAGEMENT COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1997, 1996, AND 1995

NOTE 16--STOCKHOLDERS' EQUITY (CONTINUED)

In August 1997, AIMCO sold 750,000 shares of newly created Class B Cumulative Convertible Preferred Stock ("Class B Preferred Stock") for gross proceeds of \$75.0 million in cash to an institutional investor in a private transaction. Holders of the Class B Preferred Stock are entitled to receive, when, as and if declared by the Board of Directors, quarterly cash dividends per share equal to the greater of \$1.78125 or the cash dividends declared on the number of shares of Class A Common Stock into which one share of Class B Preferred Stock is convertible. Each share of Class B Preferred Stock is convertible at the option of the holder, beginning in August 1998, into 3.28407 shares of Class A Common Stock, subject to certain anti-dilution adjustments. The agreement pursuant to which AIMCO issued the Class B Preferred Stock provides that the holders of such stock may require AIMCO to repurchase the Class B Preferred Stock at a price of \$105 per share, plus accrued and unpaid dividends, if (i) at any time AIMCO fails to qualify as a REIT; or (ii) upon the occurrence of a change of control of AIMCO, as defined by the aforementioned agreement. The Class B Preferred Stock is senior to the Class A Common Stock as to dividends and liquidation, and is non-voting. The proceeds from the sale of the Class B Preferred Stock were used to repay outstanding indebtedness under the Credit Facility and to provide working capital.

In August and September 1997, AIMCO issued an aggregate of 5,052,418 shares of Class A Common Stock to institutional investors for aggregate net proceeds of \$156.9 million. The Company used \$114.4 million of such proceeds to purchase 5,717,000 shares of NHP Common Stock from ANHI, used \$7.0 million to purchase 351,974 additional shares of NHP Common Stock from a third party pursuant to a stock purchase agreement, and contributed the remaining \$35.5 million to the AIMCO Operating Partnership (see Note 5). An additional 61,364 shares of Class A Common Stock were subsequently issued in exchange for 82,074 shares of NHP Common Stock.

In October 1997, AIMCO issued 7,000,000 shares of Class A Common Stock. Net proceeds from the sale of approximately \$242.5 million were used to fund certain property acquisitions, repay outstanding indebtedness under the Credit Facility and provide working capital.

In December 1997, AIMCO issued 4,554,873 shares of Class A Common Stock in connection with the NHP Merger (see Note 5).

In December 1997, AIMCO issued 2,400,000 shares of newly created Class C Cumulative Preferred Stock ("Class C Preferred Stock") for net proceeds of \$58.1 million. Holders of the Class C Preferred Stock are entitled to receive, when, as and if declared by the Board of Directors, annual cash dividends equal to \$2.25 per share. The Class C Preferred Stock is senior to the Class A Common Stock as to dividends and liquidation, and is non-voting. Upon any liquidation, dissolution or winding up of AIMCO, before payment or distributions by AIMCO shall be made to any holders of Class A Common Stock, the holders of the Class C Preferred Stock shall be entitled to receive a liquidation preference of \$25 per share, plus accrued and unpaid dividends. The proceeds from the sale of the Class C Preferred Stock were used to repay indebtedness outstanding under the Credit Facility and to provide working capital.

In February 1998, AIMCO issued 4,200,000 shares of Class D Cumulative Preferred Stock in a public offering (see Note 25).

Concurrent with the IPO in July 1994, 650,000 shares of AIMCO common stock held by four of the Company's executive officers were reclassified as AIMCO Class B Common Stock ("Class B Common Stock"). The Class B Common Stock is convertible into Class A Common Stock, subject to certain conditions. In 1997, 1996 and 1995, respectively, 162,500, 260,000 and 65,000 shares of Class B Common

APARTMENT INVESTMENT AND MANAGEMENT COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1997, 1996, AND 1995

NOTE 16--STOCKHOLDERS' EQUITY (CONTINUED)

Stock were converted into Class A Common Stock upon the satisfaction of the requisite financial conditions for 1994 through 1997.

NOTE 17--STOCK OPTION PLANS AND STOCK WARRANTS

The Company has elected to follow Accounting Principles Board Opinion No.

25, ACCOUNTING FOR STOCK ISSUED TO EMPLOYEES ("APB 25") and related interpretations in accounting for its employee stock options because, as discussed below, the alternative fair value accounting provided for under Statement of Financial Accounting Standards No. 123, ACCOUNTING FOR STOCK-BASED COMPENSATION ("SFAS 123"), requires use of option valuation models that were not developed for use in valuing employee stock options. Under APB 25, because the exercise price of the Company's employee stock options equals the market price of the underlying stock on the date of grant, no compensation expense is recognized.

The Company has adopted the 1994 Stock Option Plan of Apartment Investment and Management Company (the "1994 Plan"), the Apartment Investment and Management Company 1996 Stock Award and Incentive Plan (the "1996 Plan"), the Apartment Investment and Management Company 1997 Stock Award and Incentive Plan (the "1997 Plan") and the Apartment Investment and Management Company Non-Qualified Employee Stock Option Plan (the "Non-Qualified Plan") to attract and retain officers, key employees and independent directors. The 1994 Plan provides for the granting of a maximum of 150,000 options to purchase common shares. The 1996 Plan provides for the granting of a maximum of 500,000 options to purchase common shares. The 1997 Plan provides for the granting of a maximum of 20,000,000 options to purchase common shares. The Non-Qualified Plan provides for the granting of a maximum of 500,000 options to purchase common shares. The 1994 Plan, the 1996 Plan, the 1997 Plan and the Non-Qualified Plan allow for the grant of incentive and non-qualified stock options, and are administered by the Compensation Committee of the Board of Directors. The 1994 Plan also provides for a formula grant of the non-qualified stock options to the independent directors to be administered by the Board of Directors to the extent necessary. The exercise price of the options granted may not be less than the fair market value of the common stock at the date of grant. The term of the incentive and non-qualified options is ten years from the date of grant. The non-qualified options vest 20% per year over a five-year period with initial vesting one year from the date of grant. Terms may be modified at the discretion of the Compensation Committee of the Board of Directors.

Pro forma information regarding net income and earnings per share is required by SFAS 123, which also requires that the information be determined as if the Company had accounted for its employee stock options granted subsequent to December 31, 1994 under the fair value method of that statement. The fair value for these options was estimated at the date of grant using a Black-Scholes option pricing model with the following weighted average assumptions:

	1997	1996	1995
Range of risk free interest rates.....	5.2% to 7.5%	5.2% to 7.5%	5.2% to 7.5%
Expected dividend yield.....	6.0%	7.8%	7.8%
Volatility factor of the expected market price of the Company's common stock.....	0.175	0.194	0.194
Weighted average expected life of options.....	4.5 years	4.5 years	4.5 years

APARTMENT INVESTMENT AND MANAGEMENT COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1997, 1996, AND 1995

NOTE 17--STOCK OPTION PLANS AND STOCK WARRANTS (CONTINUED)

The Black-Scholes option valuation model was developed for use in estimating fair value of traded options which have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions including the expected stock price volatility. Because the Company's stock options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of its employee stock options.

For purposes of pro forma disclosures, the estimated fair value of the options is amortized over the options' vesting period. The Company's pro forma information for the options is as follows (in thousands except per share information):

	1997	1996	1995
Pro forma income attributable to common shareholders.....	\$ 26,096	\$ 12,201	\$ 8,191
Pro forma basic earnings per common share.....	\$ 1.00	\$ 0.98	\$ 0.86

The effects of applying SFAS 123 in calculating pro forma income attributable to common shareholders and pro forma basic earnings per share may not necessarily be indicative of the effects of applying SFAS 123 to future years' earnings.

The following table summarizes the option activity for the years ended December 31, 1997, 1996 and 1995:

	1997	1996	1995
Outstanding at beginning of year.....	505,000	108,000	86,000
AIMCO options granted.....	127,000	803,000	27,000
AIMCO options exercised.....	(342,000)	(383,000)	--
AIMCO options forfeited.....	(6,000)	(23,000)	(5,000)
NHP options assumed.....	595,000	--	--
NHP options exercised.....	(95,000)	--	--
Outstanding at end of year.....	784,000	505,000	108,000
Stock options exercisable at the end of year.....	690,000	425,000	26,000
Weighted average fair value of options granted during the year.....	\$ 3.24	\$ 1.01	\$ 1.75
Weighted average exercise price.....	\$ 30.01	\$ 20.74	\$ 17.69
Exercise prices.....	\$12.36-\$35.00	\$20.25-\$20.75	\$17.12-\$18.37
Weighted average remaining contractual life.....	8.12 years	9.57 years	9.21 years

At December 31, 1997, the outstanding options consisted of: (i) 500,000 NHP options assumed, with exercise prices ranging from \$12.36 to \$22.74 and a weighted average exercise price of \$17.79, all immediately exercisable; (ii) 234,000 AIMCO options (190,000 exercisable) with exercise prices ranging from \$17.125 to \$27.75, a weighted average exercise price of \$22.13 and a weighted average life of 8.0

APARTMENT INVESTMENT AND MANAGEMENT COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1997, 1996, AND 1995

NOTE 17--STOCK OPTION PLANS AND STOCK WARRANTS (CONTINUED)

years; and (iii) 50,000 AIMCO options (none exercisable) with an exercise price of \$35.00 and remaining life of 9.7 years.

On June 3, 1997, AIMCO issued warrants (the "NHP Warrants") exercisable to purchase an aggregate of 399,999 shares of Class A Common Stock at \$36 per share at any time prior to June 3, 2002. The NHP Warrants were issued as part of the consideration for the NHP Real Estate Companies in a private transaction exempt from registration under the Securities Act pursuant to Section 4(2) thereof.

On December 2, 1997, AIMCO issued warrants (the "Oxford Warrants") exercisable to purchase up to an aggregate of 500,000 shares of Class A Common Stock at \$41 per share. The Oxford Warrants were issued to affiliates of Oxford Realty Financial Group, Inc., a Maryland corporation ("Oxford"), in connection with the amendment of certain agreements pursuant to which the Company manages properties controlled by Oxford or its affiliates. The actual number of shares of Class A Common Stock for which the Oxford Warrants will be exercisable is based on certain performance criteria with respect to the Company's management arrangements with Oxford for each of the five years ending December 31, 2001. The Oxford Warrants are exercisable for six years after the determination of such criteria for each of the five years. The Oxford Warrants were issued in a private transaction exempt from registration under the Securities Act pursuant to Section 4(2) thereof.

NOTE 18--DIVIDEND REINVESTMENT PLAN

Effective August 21, 1995, AIMCO implemented a dividend reinvestment plan to permit stockholders to reinvest dividends and make voluntary cash investments to purchase additional shares of Class A Common Stock. In May 1996, the Company filed a registration statement relating to 1,000,000 shares of Class A Common Stock to be made available for issuance under the dividend reinvestment plan. On February 19, 1998, the Company terminated its dividend reinvestment plan effective March 19, 1998 (see Note 25).

NOTE 19--EARNINGS PER SHARE

In February 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 128, EARNINGS PER SHARE ("SFAS 128") which replaced Accounting Principles Board Opinion No. 15 ("APB 15"). As required, the Company adopted SFAS 128 as of December 31, 1997 and restated earnings per share information for prior interim and annual periods.

The Class B Common Stock is not included in the computation of earnings per share until such time as all the conditions required for conversion into Class A Common Stock have been met. The Class B Preferred Stock is convertible (see Note 16). The Class C Preferred Stock is not convertible.

APARTMENT INVESTMENT AND MANAGEMENT COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1997, 1996, AND 1995

NOTE 19--EARNINGS PER SHARE (CONTINUED)

The following table illustrates the calculation of basic and diluted earnings per share for the years ended December 31, 1997, 1996 and 1995 (in thousands, except per share data):

	FOR THE YEAR ENDED DECEMBER 31, 1997	FOR THE YEAR ENDED DECEMBER 31, 1996	FOR THE YEAR ENDED DECEMBER 31, 1995
Numerator:			
Net income.....	\$ 28,633	\$ 12,984	\$ 13,375
Preferred stock dividends.....	(2,315)	--	(5,169)
Numerator for basic and diluted earnings per share-- income attributable to common shareholders.....	\$ 26,318	\$ 12,984	\$ 8,206
Denominator:			
Denominator for basic earnings per share--weighted average number of shares of common stock outstanding.....	24,055	12,411	9,571
Effect of dilutive securities:			
Employee stock options.....	381	14	6
Warrants.....	--	2	2
Dilutive potential common shares.....	381	16	8
Denominator for diluted earnings per share.....	24,436	12,427	9,579
Basic earnings per common share:			
Operations.....	\$ 0.99	\$ 1.05	\$ 0.86
Gain on disposition of properties.....	0.11	--	--
Extraordinary item.....	(0.01)	--	--
Total.....	\$ 1.09	\$ 1.05	\$ 0.86
Diluted earnings per common share:			
Operations.....	\$ 0.98	\$ 1.04	\$ 0.86
Gain on dispositions of properties.....	0.11	--	--
Extraordinary item.....	(0.01)	--	--
Total.....	\$ 1.08	\$ 1.04	\$ 0.86

NOTE 20--RECENT ACCOUNTING DEVELOPMENTS

In June, 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 130, REPORTING COMPREHENSIVE INCOME ("SFAS 130") which provides guidance with respect to the calculation and presentation of comprehensive income. Comprehensive income includes all transactions affecting stockholders' equity, including the traditional measure of net income, and excluding contributions from and distributions to stockholders. Under SFAS 130, companies will be required to present comprehensive income and its components on the face of the income statement or in a separate financial statement that is displayed with the same prominence. The Company has elected not to adopt the provisions of SFAS 130 as of December 31, 1997.

APARTMENT INVESTMENT AND MANAGEMENT COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1997, 1996, AND 1995

NOTE 20--RECENT ACCOUNTING DEVELOPMENTS (CONTINUED)

In June, 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 131, DISCLOSURES ABOUT SEGMENTS OF AN ENTERPRISE AND RELATED INFORMATION ("SFAS 131") which redefines how business segments are identified and stipulates the content and nature of segment information to be presented in the financial statements. The Company has elected not to adopt the provisions of SFAS 131 as of December 31, 1997.

NOTE 21--TRANSACTIONS WITH AFFILIATES

The Company serves as property manager for certain apartment properties owned by entities in which certain officers of the Company have an ownership interest. Compensation for these services is 3% to 6% of gross receipts from the properties and were \$5.4 million, \$0.6 million and \$1.3 million for the years ending December 31, 1997, 1996 and 1995, respectively. In addition, the Company received consulting fees from affiliates of \$0.1 million for the year ended December 31, 1995. No consulting fees from affiliates were received for 1997 or 1996.

In 1996, the Company acquired the Peachtree Park Apartments in Atlanta, Georgia and the Somerset Village Apartments in Salt Lake City, Utah from entities controlled by officers of the Company. The aggregate consideration paid of \$39.6 million consisted of \$3.8 million in cash, 372,678 shares of Class A Common Stock, 121,447 OP Units with a total recorded value of \$9.9 million, and the assumption of \$25.9 million of secured short-term indebtedness. In addition, the Company acquired the cable equipment at the Peachtree Park Apartments from an entity controlled by an officer of the Company in exchange for 8,243 shares of Class A Common Stock with a recorded value \$0.2 million.

On December 1, 1997, the Company purchased the Foxchase Apartments for approximately \$107.7 million from First Alexandria Associates, Limited Partnership. The purchase price consisted of approximately \$70.0 million in assumed mortgage obligations and the remainder in OP Units. The Company serves as the general partner and a limited partner in First Alexandria Associates, Limited Partnership and has a 54% interest in the partnership.

During 1997, in order to preserve the Company's REIT status, the Company transferred the following assets to certain unconsolidated subsidiaries of AIMCO: (i) partnerships interests with an estimated value of approximately \$0.4 million; (ii) partnership interests, a \$50.0 million promissory note and certain management agreements with an aggregate estimated value of approximately \$53.7 million; and (iii) the stock of certain corporations with an estimated value of \$25.0 million.

During July 1997, the Company sold 1,100,000 shares of Class A Common Stock to certain members of the Company's senior management at a price of \$30.00 per share, the closing price of the stock on the date of the purchase. In exchange for the shares purchased, such members of senior management executed notes payable to the Company totaling \$33.0 million, of which approximately \$10.1 million has been repaid as of December 31, 1997 (see Note 16).

On August 15, 1997, the AIMCO Operating Partnership contributed stock of a captive insurance subsidiary to PAMS Inc. Certain members of the Company's senior management are shareholders in PAMS Inc. In order to maintain their aggregate 5% ownership interest in PAMS Inc., these individuals contributed an aggregate of \$0.2 million to PAMS Inc.

APARTMENT INVESTMENT AND MANAGEMENT COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1997, 1996 AND 1995

NOTE 21--TRANSACTIONS WITH AFFILIATES (CONTINUED)

On January 21, 1998, the AIMCO Operating Partnerships sold an aggregate of 15,000 High Performance Units to a limited liability company formed by certain members of the Company's senior management and to AIMCO's non-employee directors, for \$2.1 million in cash (see Note 25).

On January 31, 1998, the Company entered into a Contribution Agreement with CK Services, Inc. ("CK") and the stockholders of CK to cause certain assets to be transferred to CK and to distribute all outstanding stock of CK to the stockholders of AIMCO. CK is a corporation wholly-owned by Terry Considine, AIMCO's Chairman and Chief Executive Officer, and by Peter Kompaniez, AIMCO's President and Vice Chairman (see Note 25).

NOTE 22--EMPLOYEE BENEFIT PLANS

The Company offers medical, dental, life and long-term disability benefits to employees of the Company through insurance coverage of Company-sponsored plans. The medical and dental plans are self-funded and are administered by independent third parties. In addition, the Company also participates in a 401(k) defined-contribution employee savings plan. Employees who have completed six months of service are eligible to participate. The Company matches 50% of the participant's contributions to the plan up to a maximum of 6% of the participant's prior year compensation.

NOTE 23--UNAUDITED SUMMARIZED CONSOLIDATED QUARTERLY INFORMATION

Summarized unaudited consolidated quarterly information for 1997 and 1996 is provided below (amounts in thousands except per share amounts).

YEAR ENDED DECEMBER 31, 1997	QUARTER			
	FIRST	SECOND	THIRD	FOURTH
Revenue from property operations.....	\$ 38,040	\$ 41,679	\$ 47,364	\$ 65,923
Income from property operations.....	14,808	15,971	17,375	24,323
Revenue from service company business.....	2,444	3,161	3,568	4,764
Company's share of income from service company business.....	551	1,480	773	(776)
Income before extraordinary item and minority interest in Operating Partnership.....	5,694	6,039	7,963	13,270
Net income.....	4,584	5,264	6,967	11,818
Basic earnings per common share.....	\$ 0.28	\$ 0.26	\$ 0.25	\$ 0.30
Diluted earnings per common share.....	\$ 0.28	\$ 0.26	\$ 0.25	\$ 0.29
Weighted average common shares outstanding.....	16,454	20,366	24,425	34,771
Weighted average common shares and common share equivalents outstanding.....	16,586	20,504	24,609	35,190

APARTMENT INVESTMENT AND MANAGEMENT COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1997, 1996 AND 1995

NOTE 23--UNAUDITED SUMMARIZED CONSOLIDATED QUARTERLY INFORMATION (CONTINUED)

YEAR ENDED DECEMBER 31, 1996	QUARTER			
	FIRST	SECOND	THIRD	FOURTH
Revenue from property operations.....	\$ 22,451	\$ 23,801	\$ 24,140	\$ 30,124
Income from property operations.....	8,617	9,083	9,866	12,248
Revenue from service company business.....	1,848	1,877	1,717	2,925
Company's share of income from service company business.....	291	350	401	675
Income before minority interest in Operating Partnership.....	3,304	3,774	4,118	4,477
Net income.....	2,810	3,145	3,396	3,633
Basic earnings per share.....	\$ 0.24	\$ 0.26	\$ 0.27	\$ 0.27
Diluted earnings per share.....	\$ 0.24	\$ 0.26	\$ 0.27	\$ 0.27
Weighted average common shares outstanding.....	11,848	12,210	12,391	13,280
Weighted average common shares and common share equivalents outstanding.....	11,860	12,217	12,398	13,309

NOTE 24--PRO FORMA FINANCIAL STATEMENTS (UNAUDITED)

The unaudited pro forma condensed consolidated statements of operation for the years ended December 31, 1997 and 1996 have been prepared as if each of the following transactions had occurred on January 1, 1996: (i) the 1996 Acquisitions; (ii) the English Portfolio Acquisition; (iii) the Dallas Portfolio Acquisition; (iv) the 1996 Dispositions; (v) the NHP stock purchases and the NHP Merger (see Note 5); (vi) the acquisition of the NHP Real Estate Companies (see Note 6); (vii) a reorganization of the interests held by the NHP Real Estate Companies (see Note 5); (viii) the (a) 1997 Acquisitions, (b) the acquisition of the Controlled NHP Partnerships, (c) the acquisition of the Winthrop Portfolio, the related issuance of Class A Common Stock and OP Units, the incurrence of indebtedness to finance such acquisitions, and the refinancing of such indebtedness; (ix) the 1997 Dispositions; (x) the sale of (a) 2,015,000 shares of Class A Common Stock in February 1997, (b) 2,300,000 shares of Class A Common Stock in May 1997, (c) 5,052,418 shares in August and September 1997, and (d) 7,000,000 shares of Class A Common Stock in October 1997, and the application of the aggregate net proceeds thereof to repay indebtedness and fund the purchase of additional shares of NHP Common Stock; (xi) the sale of 750,000 shares of Class B Preferred Stock in August 1997, and the application of the net proceeds thereof to repay indebtedness; (xii) the sale of 2,400,000 shares of Class C Preferred Stock in December 1997, and the application of the net proceeds thereof to repay indebtedness, (xiii) the Company's receipt of a dividend from ANHI from proceeds ANHI received from ANHI stock transfers; (xiv) the purchase of 886,600 shares of Ambassador Common Stock in September 1997; (xv) the purchase of third-party notes payable secured by four properties in which the NHP Real Estate Companies own an interest, and the conversion of such notes payable into loans from the general partner; and (xvi) the purchase of land leased by two partnerships in which the NHP Real Estate Companies own an interest.

The pro forma information is not necessarily indicative of what the Company's results of operations would have been assuming the completion of the described transactions at the beginning of the periods indicated, nor does it purport to project the Company's results of operations for any future period.

APARTMENT INVESTMENT AND MANAGEMENT COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1997, 1996 AND 1995

NOTE 24--PRO FORMA FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED) PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

(IN THOUSANDS EXCEPT PER SHARE DATA)

(UNAUDITED)

	1997	1996
RENTAL PROPERTY OPERATIONS		
Rental and other property revenues.....	\$ 284,174	\$ 272,871
Property operating expenses.....	(121,274)	(126,748)
Owned property management expenses.....	(10,002)	(9,652)
Income from property operations before depreciation.....	152,898	136,471
Depreciation.....	(55,542)	(52,874)
Income from property operations.....	97,356	83,597
SERVICE COMPANY BUSINESS		
Company's share of income from Service Company Business.....	(1,353)	(2,902)
General and administrative expenses.....	(5,396)	(1,512)
Interest expense.....	(64,361)	(57,710)
Interest income.....	10,576	2,773
Minority interest in other partnerships.....	1,803	4,703
Equity in losses of unconsolidated partnerships.....	(9,703)	(11,123)
Equity in earnings of unconsolidated subsidiaries.....	4,938	13,421
Income before minority interest in Operating Partnership.....	33,860	31,247
Minority interest in Operating Partnership.....	(3,578)	(4,461)
Net income.....	\$ 30,282	\$ 26,786
Net income attributable to preferred shareholders.....	\$ 10,744	\$ 10,744
Net income attributable to common shareholders.....	\$ 19,538	\$ 16,042
Basic earnings per share.....	\$ 0.49	\$ 0.42
Diluted earnings per share.....	\$ 0.49	\$ 0.41
Weighted average number of common shares outstanding--basic.....	40,106	38,398
Weighted average number of common shares and common share equivalents outstanding--diluted.....	40,257	38,686

NOTE 25--SUBSEQUENT EVENTS

DIVIDEND DECLARED

On January 22, 1998, the Board of Directors declared a cash dividend of \$0.5625 per share (equivalent to \$2.25 on an annualized basis, an increase of 21.6% per share from the 1997 annualized dividend rate) of Class A Common Stock for the quarter ended December 31, 1997, payable on February 13, 1998 to stockholders of record on February 6, 1998.

APARTMENT INVESTMENT AND MANAGEMENT COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1997, 1996 AND 1995

NOTE 25--SUBSEQUENT EVENTS (CONTINUED) CREATION OF NEW CREDIT FACILITY

In January 1998, the Company replaced the existing Credit Facility with a new \$50 million unsecured revolving credit facility (the "New Credit Facility") with Bank of America and BankBoston, N.A. The AIMCO Operating Partnership is the borrower under the New Credit Facility, but all obligations thereunder are guaranteed by AIMCO and certain of its subsidiaries. The interest rate under the New Credit Facility is based on either LIBOR or Bank of America's reference rate, at the election of the Company, plus an applicable margin (the "Margin"). The Margin ranges between 0.6% and 1.0% in the case of LIBOR based loans and between 0% and 0.5% in the case of loans based on Bank of America's reference rate, depending upon the credit rating of the AIMCO Operating Partnership's senior unsubordinated unsecured long-term indebtedness. The New Credit Facility expires on January 26, 2000 unless extended for successive one-year periods at the discretion of the lenders. The New Credit Facility provides for the conversion of the revolving facility into a three-year term loan. The financial covenants contained in the New Credit Facility require the Company to maintain a ratio of debt to gross asset value of no more than 0.55 to 1.0, an interest coverage ratio of 2.25 to 1.0 and a debt service coverage ratio of at least 2.0 to 1.0. In addition, the New Credit Facility limits the Company from distributing more than 80% of its Funds From Operations (as defined) to stockholders, imposes minimum net worth requirements and provides other financial covenants related to certain unencumbered assets.

In February 1998, the AIMCO Operating Partnership, as borrower, and AIMCO and certain single asset wholly-owned subsidiaries of the Operating Partnership (the "Owners"), as guarantors, entered into a five year secured credit facility agreement (the "WMF Credit Facility") with Washington Mortgage Financial Group, Ltd. ("Washington Mortgage"), which provides for a \$50 million revolving credit facility and conversion of all or a portion of such revolving credit facility to a base loan facility. The WMF Credit Facility provides that all the rights of Washington Mortgage are assigned to the Federal National Mortgage Association ("FNMA"), but FNMA does not assume Washington Mortgage's obligations under the WMF Credit Facility. At the AIMCO Operating Partnership's request, the commitment amount may be increased to an amount not to exceed \$250 million, subject to consent of Washington Mortgage and FNMA in their sole and absolute discretion. The AIMCO Operating Partnership and affiliates have pledged their ownership interests in the Owners as security for its obligations under the WMF Credit Facility. The guarantees of the Owners are secured by assets of the Owners, including four apartment properties and two mortgage notes. Advances to the AIMCO Operating Partnership under the WMF Credit Facility are funded with the proceeds of the sale to investors of FNMA mortgage backed securities that are secured by the advance and an interest in the collateral. The interest rate on each advance is determined by investor bids for such mortgage backed securities plus a fee spread presently equal to 0.5%. The maturity date of each advance under the revolving portion of the WMF Credit Facility is a date between three and nine months from the closing date of the advance as selected by the AIMCO Operating Partnership. Advances under the base facility mature at a date, selected by the AIMCO Operating Partnership, between ten and twenty years from the date of the advance. Subject to certain conditions, the AIMCO Operating Partnership has the right to add or substitute collateral. The WMF Credit Facility requires the Company to maintain a ratio of debt to gross asset value of no more than 0.55 to 1.0, an interest coverage ratio of at least 2.25 to 1.0, and a debt service coverage ratio of at least 2.0 to 1.0, imposes minimum net worth requirements and also provides other financial covenants and interest coverage ratios that are specifically related to the collateral.

APARTMENT INVESTMENT AND MANAGEMENT COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1997, 1996 AND 1995

NOTE 25--SUBSEQUENT EVENTS (CONTINUED) CONTRIBUTION AGREEMENT

On January 31, 1998, the Company entered into a Contribution Agreement with CK Services, Inc. ("CK") and the stockholders of CK to cause certain assets to be transferred to CK and to distribute all outstanding stock of CK to the stockholders of AIMCO. CK is a corporation wholly-owned by Terry Considine, AIMCO's Chairman and Chief Executive Officer, and by Peter Kompaniez, AIMCO's President and Vice Chairman.

CK was created as a vehicle for holding property and performing services that the Company is limited or prohibited from holding or providing due to its election to be taxed as a REIT. The Company is finalizing which assets will be contributed to CK. Any transfer of assets or services to CK will be at market rates and approved by the independent members of the Company's Board of Directors, and if market rates are difficult to ascertain, the pricing will favor AIMCO.

Pursuant to the Contribution Agreement, AIMCO will contribute certain assets to CK and, in return, the stock of CK will be contributed to the Company or one of its subsidiaries. Following the contribution of CK stock, the Company will agree to contribute additional assets to CK with the intent of creating a stand-alone entity meeting the requirements for listing on the NYSE or NASDAQ National Market, and if the Company is successful in doing so, the stock of CK will be distributed to the stockholders of AIMCO. If the Company is unable to list the CK stock on the NYSE or NASDAQ National Market, CK will remain a direct or indirect subsidiary of AIMCO and the Company will pay to the former stockholders of CK an amount necessary to compensate the former CK stockholders for the value of such stock on January 31, 1998. Consummation of the transaction is subject to the approval of the independent members of the Company's board of directors.

STOCK OFFERING

On February 19, 1998, the Company issued 4,200,000 shares of Class D Preferred Stock in a public offering. Holders of the Class D Preferred Stock are entitled to receive, when, as and if declared by the Board of Directors, annual cash dividends equal to \$2.1875 per share. The Class D Preferred Stock is senior to the Class A Common Stock as to dividends and liquidation. Upon any liquidation, dissolution or winding up of AIMCO, before payment or distributions by AIMCO shall be made to any holders of Class A Common Stock, the holders of the Class D Preferred Stock shall be entitled to receive a liquidation preference of \$25 per share, plus accrued and unpaid dividends. The net proceeds of \$101.7 million were used to repay indebtedness under the New Credit Facility and to fund working capital requirements.

PROPERTY ACQUISITION

On February 4, 1998, the Company purchased Steeplechase Apartments, an apartment community containing 484 units, located in Tyler, Texas, for \$9.8 million plus closing costs. The acquisition was funded with short-term borrowings under the New Credit Facility.

TERMINATION OF DIVIDEND REINVESTMENT PLAN

On February 19, 1998, the Company terminated its dividend reinvestment plan, effective March 19, 1998 (the "Effective Date"). Under the terms of the termination, voluntary cash investments received by

APARTMENT INVESTMENT AND MANAGEMENT COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 1997, 1996 AND 1995

NOTE 25--SUBSEQUENT EVENTS (CONTINUED)

the plan administrator on or after February 6, 1998 will be returned to the participants. Subsequent to the Effective Date, each participant will receive

(i) a stock certificate representing the whole number of shares credited to their account as of the Effective Date, and (ii) a cash payment equal to the value of any remaining fractional shares credited to their account, based upon the sale price received by the plan administrator on the open market.

On January 21, 1998, the AIMCO Operating Partnerships sold an aggregate of 15,000 High Performance Units to a limited liability company formed by certain members of the Company's senior management and to AIMCO's non-employee directors, for \$2.1 million in cash.

On March 17, 1998, AIMCO entered into a definitive merger agreement to acquire the multi-family apartment management operations, and certain property holdings, of Insignia Financial Group, Inc. ("Insignia") for approximately \$910 million, including the assumption of debt. Insignia is one of the largest managers of multi-family residential properties in the United States, having a management portfolio consisting of approximately 191,000 units as of December 31, 1997.

SCHEDULE III

APARTMENT INVESTMENT AND MANAGEMENT COMPANY REAL ESTATE AND ACCUMULATED DEPRECIATION DECEMBER 31, 1997

(IN THOUSANDS EXCEPT UNIT DATA)

PROPERTY NAME	DATE ACQUIRED	LOCATION	YEAR BUILT	NUMBER OF UNITS	INITIAL COST	
					LAND	BUILDINGS AND IMPROVEMENTS
100 Forest Place	10/97	Oak Park, IL	1986	234	\$ 3,463	\$ 19,624
40th North	07/94	Phoenix, AZ	1970	556	2,546	14,437
Anchorage	11/96	League City, TX	1985	264	523	9,097
Arbor Crossing	05/97	Atlanta, GA	1988	240	1,879	10,647
Arbors	10/97	Tempe, AZ	1971	200	1,092	6,189
Ashford Plantation	12/95	Atlanta, GA	1975	211	2,770	9,956
Bay Club	04/97	Aventura, FL	1990	702	10,530	60,830
Bay West	12/96	Tampa, FL	1975	376	1,500	7,085
Beacon Hill	10/97	Chamblee, GA	1978	120	928	5,261
Blossomtree	10/97	Scottsdale, AZ	1970	125	535	3,029
Bluffs	09/83	Boulder, CO	1971	232	696	7,779
Boardwalk	12/95	Tamarac, FL	1986	291	3,350	8,196
Brandywine	04/83	St. Petersburg, FL	1971	477	1,423	11,336
Brant Rock	10/97	Houston, TX	1984	84	337	1,908
Brentwood	11/96	Lake Jackson, TX	1980	104	200	3,092
Bridgewater	11/96	Tomball, TX	1978	206	333	4,033
Brookside Village	4/96	Tustin, CA	1970	336	2,498	14,180
Cambridge Heights	05/97	Natchez, MS	1979	94	249	1,413
Chesapeake	12/96	Houston, TX	1983	320	775	7,317
Colonnade Gardens	10/97	Phoenix, AZ	1973	196	765	4,337
Copperfield	11/96	Houston, TX	1983	196	702	7,003
Copper Chase	12/96	Katy, TX	1982	316	1,484	11,530
Coral Gardens	04/93	Las Vegas, NV	1983	670	3,190	12,745
Country Club	07/94	Amarillo, TX	1984	282	1,049	5,951
Coventry Square	11/96	Houston, TX	1983	270	975	6,355
Crows Nest	11/96	League City, TX	1984	176	795	5,400
Cypress Landing	12/96	Savannah, GA	1984	200	386	7,911
Dolphin's Landing	12/96	Corpus Cristi, TX	1980	218	1,740	5,589
Dunwoody	07/94	Atlanta, GA	1980	318	1,838	10,538
Easton Village	11/96	Houston, TX	1983	146	440	6,584
Eden Crossing	11/94	Pensacola, FL	1985	200	1,111	6,332
Elm Creek	05/97	Chicago, IL	1986	372	5,339	30,253
Fairways	07/94	Phoenix, AZ	1986	260	1,830	10,403
Fairways II	09/96	Phoenix, AZ	1996	92	--	--
Fisherman's Landing	12/97	Bradenton, FL	1984	200	1,275	7,225
Fishermans Wharf	11/96	Clute, TX	1981	360	830	9,969
Fondren Court	11/96	Houston, TX	1979	429	1,349	9,355
Foothills	10/97	Tuscon, AZ	1982	270	1,203	6,817
Foxbay	10/97	Tuscon, AZ	1983	232	700	3,966
Foxchase	05/97	Alexandria, VA	1947	2,113	39,390	68,354
Foxtree	10/97	Tempe, AZ	1976	487	2,505	14,194
Frankford Place	07/94	Dallas, TX	1982	274	1,125	6,382
Freedom Place Club	10/97	Jacksonville, FL	1988	352	2,289	12,970
Garden Terrace	07/94	Bowie, TX	1978	20	49	280
Greens of Naperville	05/97	Naperville, IL	1986	400	3,756	21,284

DECEMBER 31, 1997

PROPERTY NAME	COST CAPITALIZED SUBSEQUENT TO ACQUISITION	TOTAL COST			ACCUMULATED DEPRECIATION	TOTAL COST NET OF ACCUMULATED DEPRECIATION	ENCUMBRANCES
		LAND	BUILDINGS AND IMPROVEMENTS	TOTAL			
100 Forest Place	35	\$ 3,463	\$ 19,659	\$ 23,122	\$ 232	\$ 22,890	\$ 15,600
40th North	1,198	2,546	15,635	18,181	2,250	15,931	10,818
Anchorage	123	523	9,220	9,743	2,951	6,792	4,923
Arbor Crossing	36	1,879	10,683	12,562	287	12,275	5,410
Arbors	23	1,092	6,212	7,304	40	7,264	3,909
Ashford Plantation	464	2,770	10,420	13,190	865	12,325	7,463
Bay Club	1,060	10,530	61,890	72,420	1,493	70,927	49,000
Bay West	1,063	1,500	8,148	9,648	241	9,407	(A)
Beacon Hill	20	928	5,281	6,209	34	6,175	3,678
Blossomtree	16	535	3,045	3,580	19	3,561	2,143

Bluffs	364	696	8,143	8,839	4,919	3,920	6,192
Boardwalk	886	3,350	9,082	12,432	779	11,653	9,529
Brandywine	1,436	1,423	12,772	14,195	4,547	9,648	6,584
Brant Rock	11	337	1,919	2,256	12	2,244	1,239
Brentwood	210	200	3,302	3,502	87	3,415	1,827
Bridgewater	155	333	4,188	4,521	1,112	3,409	--
Brookside Village	1,051	2,498	15,231	17,729	250	17,479	--
Cambridge Heights	14	249	1,427	1,676	35	1,641	1,589
Chesapeake	668	775	7,985	8,760	285	8,475	(A)
Colonnade Gardens	16	765	4,353	5,118	28	5,090	2,893
Copperfield	275	702	7,278	7,980	1,090	6,890	3,533
Copper Chase	514	1,484	12,044	13,528	6,124	7,404	5,666
Coral Gardens	1,594	3,190	14,339	17,529	3,092	14,437	11,306
Country Club	535	1,049	6,486	7,535	883	6,652	4,064
Coventry Square	127	975	6,482	7,457	2,466	4,991	3,077
Crows Nest	22	795	5,422	6,217	1,527	4,690	2,922
Cypress Landing	880	386	8,791	9,177	2,472	6,705	4,377
Dolphin's Landing	2,943	1,740	8,532	10,272	255	10,017	(A)
Dunwoody	678	1,838	11,216	13,054	1,545	11,509	7,545
Easton Village	377	690	6,711	7,401	1,266	6,135	2,931
Eden Crossing	400	1,111	6,732	7,843	858	6,985	5,959
Elm Creek	56	5,339	30,309	35,648	836	34,812	(C)
Fairways	6,592	1,830	16,995	18,825	1,565	17,260	6,405
Fairways II	5,952	--	5,952	5,952	--	5,952	--
Fisherman's Landing	--	1,275	7,225	8,500	--	8,500	--
Fishermans Wharf	131	830	10,100	10,930	3,482	7,448	3,575
Fondren Court	423	1,349	9,778	11,127	5,044	6,083	5,528
Foothills	19	1,203	6,836	8,039	44	7,995	3,929
Foxbay	22	700	3,988	4,688	25	4,663	3,254
Foxchase	890	39,390	69,244	108,634	1,169	107,465	68,796
Foxtree	30	2,505	14,224	16,729	91	16,638	9,062
Frankford Place	673	1,125	7,055	8,180	967	7,213	4,003
Freedom Place Club	24	2,289	12,994	15,283	83	15,200	7,104
Garden Terrace	23	49	303	352	41	311	--
Greens of Naperville	60	3,756	21,344	25,100	249	24,851	16,182

SCHEDULE III

APARTMENT INVESTMENT AND MANAGEMENT COMPANY REAL ESTATE AND ACCUMULATED DEPRECIATION DECEMBER 31, 1997

(IN THOUSANDS EXCEPT UNIT DATA)

PROPERTY NAME	DATE ACQUIRED	LOCATION	YEAR BUILT	NUMBER OF UNITS	INITIAL COST	
					LAND	BUILDINGS AND IMPROVEMENTS
Green Tree	12/96	Carrollton, TX	1983	365	1,909	14,842
Hampton Hill	11/96	Houston, TX	1984	332	1,574	8,408
Hastings Place	11/96	Houston, TX	1984	176	734	3,382
Hazeltree	10/97	Phoenix, AZ	1970	310	997	5,650
Heather Ridge	12/96	Arlington, TX	1983	180	655	5,455
Hiddentree	10/97	East Lansing, MI	1966	261	1,470	8,330
Highland Park	12/96	Ft. Worth, TX	1985	500	3,234	19,536
Hillmeade	11/94	Nashville, TN	1985	288	2,872	16,066
Hills	10/97	Austin, TX	1983	329	1,367	7,747
Islandtree	10/97	Whitemarsh Island, GA	1985	216	1,267	7,181
Jefferson Place	11/94	Baton Rouge, LA	1985	234	2,696	15,115
Lake Crossing	05/97	Atlanta, GA	1988	300	2,046	11,596
Lakehaven I	05/97	Carol Stream, IL	1984	144	1,071	6,069
Lakehaven II	05/97	Carol Stream, IL	1985	348	2,680	15,189
Las Brisas	07/94	Casa Grande, AZ	1985	132	573	3,260
Las Brisas	12/95	San Antonio, TX	1983	176	1,100	5,454
Lexington	07/94	San Antonio, TX	1981	72	311	1,764
Los Arboles	09/97	Chandler, AZ	1985	432	1,662	9,418
Meadowcreek	04/85	Boulder, CO	1972	332	1,387	10,027
Meadows	12/96	Austin, TX	1983	100	417	4,563
Montecito	07/94	Austin, TX	1985	268	1,268	7,194
Morton Towers	09/97	Miami Beach, FL	1960	1,277	8,736	49,774
Newberry Park	05/97	Chicago, IL	1985	84	181	1,027
Newport	07/94	Phoenix, AZ	1986	204	800	4,554
Oak Falls	11/96	Spring, TX	1983	144	514	3,585
Olmos Club	10/97	San Antonio, TX	1983	134	322	1,825
Olympiad	11/94	Montgomery, AL	1986	176	1,046	5,958
Orchidtree	10/97	Scottsdale, AZ	1971	278	2,314	13,112
Paradise Palms	07/94	Phoenix, AZ	1970	130	647	3,684
Park at Cedar Lawn	11/96	Galveston, TX	1985	192	769	5,073
Parliament Bend	07/94	San Antonio, TX	1980	232	765	4,342
Peachtree Park	1/96	Atlanta, GA	1962/1995	295	4,681	12,957
Penn Square	12/94	Albuquerque, NM	1982	210	1,128	6,478
Peppermill Place	11/96	Houston, TX	1983	224	406	3,957
Pine Creek	10/97	Clio, MI	1978	233	852	4,830
Pleasant Ridge	11/94	Little Rock, AR	1982	200	1,660	9,464
Pleasant Valley	11/94	Little Rock, AR	1985	112	907	5,069
Point West	05/97	Lenexa, KS	1985	172	979	5,548
Polo Park	10/97	Midland, TX	1983	184	800	4,532
Prairie Hills	07/94	Albuquerque, NM	1985	260	1,680	9,633
Pride Gardens	05/97	Jackson, MS	1975	76	265	1,502
Quailtree	10/97	Phoenix, AZ	1978	184	659	3,735
Randol Crossing	12/96	Ft. Worth, TX	1984	160	782	5,742
Ridge Crest	12/96	Denton, TX	1983	152	612	5,642
Rillito Village	07/94	Tuscon, AZ	1985	272	1,220	6,947

DECEMBER 31, 1997

PROPERTY NAME	COST CAPITALIZED SUBSEQUENT TO ACQUISITION	TOTAL COST			ACCUMULATED DEPRECIATION	TOTAL COST NET OF ACCUMULATED DEPRECIATION		ENCUMBRANCES
		LAND	BUILDINGS AND IMPROVEMENTS	TOTAL				
Green Tree	398	1,909	15,240	17,149	4,524	12,625		7,534
Hampton Hill	773	2,130	8,625	10,755	3,840	6,915		4,188
Hastings Place	312	734	3,694	4,428	1,068	3,360		2,689
Hazeltree	18	997	5,668	6,665	36	6,629		4,133
Heather Ridge	(4)	655	5,451	6,106	1,994	4,112		2,630
Hiddentree	16	1,470	8,346	9,816	53	9,763		4,497
Highland Park	261	3,234	19,797	23,031	8,089	14,942		9,492
Hillmeade	1,214	2,872	17,280	20,152	2,151	18,001		11,091
Hills	22	1,367	7,769	9,136	50	9,086		8,247
Islandtree	18	1,267	7,199	8,466	46	8,420		4,293

Jefferson Place	1,215	2,696	16,330	19,026	2,023	17,003	9,543
Lake Crossing	45	2,046	11,641	13,687	312	13,375	11,628
Lakehaven I	21	1,071	6,090	7,161	69	7,092	(C)
Lakehaven II	53	2,680	15,242	17,922	172	17,750	(C)
Las Brisas	131	573	3,391	3,964	468	3,496	(B)
Las Brisas	311	1,100	5,765	6,865	480	6,385	3,382
Lexington	75	311	1,839	2,150	260	1,890	1,067
Los Arboles	67	1,662	9,485	11,147	95	11,052	--
Meadowcreek	692	1,387	10,719	12,106	3,458	8,648	7,928
Meadows	151	417	4,714	5,131	1,273	3,858	2,111
Montecito	1,180	1,268	8,374	9,642	1,064	8,578	5,030
Morton Towers	285	8,736	50,059	58,795	670	58,125	--
Newberry Park	13	181	1,040	1,221	26	1,195	8,621
Newport	394	800	4,948	5,748	680	5,068	2,601
Oak Falls	201	514	3,786	4,300	1,097	3,203	2,767
Olmos Club	13	322	1,838	2,160	12	2,148	1,272
Olympiad	415	1,046	6,373	7,419	802	6,617	5,325
Orchidtree	20	2,314	13,132	15,446	84	15,362	7,404
Paradise Palms	300	647	3,984	4,631	550	4,081	2,335
Park at Cedar Lawn	(15)	769	5,058	5,827	1,227	4,600	2,781
Parliament Bend	405	765	4,747	5,512	655	4,857	(B)
Peachtree Park	1,355	4,684	14,309	18,993	1,065	17,928	(A)
Penn Square	488	1,128	6,966	8,094	854	7,240	4,224
Peppermill Place	208	406	4,165	4,571	1,063	3,508	3,615
Pine Creek	14	852	4,844	5,696	31	5,665	2,438
Pleasant Ridge	580	1,660	10,044	11,704	1,265	10,439	6,700
Pleasant Valley	708	907	5,777	6,684	709	5,975	3,465
Point West	26	979	5,574	6,553	64	6,489	5,650
Polo Park	17	800	4,549	5,349	29	5,320	2,324
Prairie Hills	391	1,680	10,024	11,704	1,379	10,325	7,333
Pride Gardens	12	265	1,514	1,779	38	1,741	912
Quailtree	17	659	3,752	4,411	24	4,387	2,252
Randol Crossing	18	782	5,760	6,542	1,878	4,664	2,485
Ridge Crest	159	612	5,801	6,413	1,906	4,507	2,507
Rillito Village	225	1,220	7,172	8,392	995	7,397	4,062

SCHEDULE III

APARTMENT INVESTMENT AND MANAGEMENT COMPANY REAL ESTATE AND ACCUMULATED DEPRECIATION DECEMBER 31, 1997

(IN THOUSANDS EXCEPT UNIT DATA)

PROPERTY NAME	DATE ACQUIRED	LOCATION	YEAR BUILT	NUMBER OF UNITS	INITIAL COST	
					LAND	BUILDINGS AND IMPROVEMENTS
Rivercrest	10/97	Tuscon, AZ	1984	210	751	4,253
Riverside	07/94	Denver, CO	1987	248	1,553	8,828
Riverwalk	12/95	Little Rock, AR	1988	262	1,075	9,295
Royal Palms	07/94	Phoenix, AZ	1985	152	832	4,730
Sand Castles	10/97	League City, TX	1987	138	978	5,541
Sand Pebble	10/97	El Paso, TX	1983	208	861	4,879
Sandpiper Cove	05/97	West Palm Beach, FL	1987	416	4,006	22,701
Sawgrass	07/97	Orlando, FL	1986	208	1,443	8,157
Seaside Point	11/96	Galveston, TX	1985	102	295	2,994
Seasons	10/95	San Antonio, TX	1976	280	974	5,749
Shadetree	10/97	Tempe, AZ	1965	123	591	3,349
Shadow Lake	10/97	Greensboro, NC	1988	136	1,054	5,972
Signature Point	11/96	League City, TX	1994	304	2,160	13,627
Silktree	10/97	Phoenix, AZ	1979	86	421	2,383
Snug Harbor	12/95	Las Vegas, NV	1990	64	750	2,966
Somerset Village	5/96	Salt Lake City, UT	1985	486	4,375	17,600
South Willow	07/94	Salt Lake City, UT	1987	440	2,218	12,612
Southridge	12/96	Greenville, TX	1984	160	565	5,787
Spectrum Pointe	07/94	Atlanta, GA	1984	196	1,029	5,903
Stirling Court	11/96	Houston, TX	1984	228	946	5,958
Stonebrook	06/97	Orlando, FL	1991	244	1,583	9,046
Stonehaven	11/96	Houston, TX	1972	337	1,197	11,236
Stoney Brook	11/96	Houston, TX	1972	113	579	3,871
Summer Chase	05/97	Fort Smith, AR	1974	72	170	962
Sun Grove	07/94	Phoenix, AZ	1986	86	659	3,749
Sun Katcher	12/95	Jacksonville, FL	1972	360	578	3,440
Sun Valley	07/94	Salt Lake City, UT	1985	430	1,306	7,434
Sunbury Downs	11/96	Houston, TX	1982	240	565	4,380
Sunchase-Clearwater	11/94	Clearwater, FL	1985	461	2,177	19,641
Sunchase-East	11/94	Orlando, FL	1985	296	927	8,361
Sunchase-North	11/94	Orlando, FL	1985	324	1,013	9,142
Sunchase-Tampa	11/94	Tampa, FL	1985	216	757	6,831
Surry Oaks	10/97	Bedford, TX	1983	152	628	3,560
Swiss Village	11/96	Houston, TX	1972	360	1,011	11,310
Tall Timbers	10/97	Houston, TX	1982	256	1,238	7,016
Tara Bridge	05/97	Atlanta, GA	1988	220	1,610	9,124
Timbermill	10/95	San Antonio, TX	1982	296	778	4,674
Timbertree	10/97	Phoenix, AZ	1980	387	2,334	13,229
Township at Highlands	11/96	Denver, CO	1986	119	1,058	11,166
Tustin Woods	06/97	Tustin, CA	1971	292	6,279	15,373
Twinbridge	10/97	Tuscon, AZ	1982	104	310	1,757
Villa Ladera	1/96	Albuquerque, NM	1985	280	1,765	10,013
Village Creek	07/94	Denver, CO	1987	324	2,446	13,901
Village Park Towers	10/97	North Miami, FL	1979	871	3,173	17,978
Vinings	06/97	Aventura, FL	1991	180	4,504	11,702

DECEMBER 31, 1997

PROPERTY NAME	COST CAPITALIZED SUBSEQUENT TO ACQUISITION	TOTAL COST			ACCUMULATED DEPRECIATION	TOTAL COST NET OF ACCUMULATED DEPRECIATION	ENCUMBRANCES
		LAND	BUILDINGS AND IMPROVEMENTS	TOTAL			
Rivercrest	10	751	4,263	5,014	27	4,987	2,869
Riverside	752	1,553	9,580	11,133	1,308	9,825	6,046
Riverwalk	333	1,075	9,628	10,703	841	9,862	5,688
Royal Palms	165	832	4,895	5,727	687	5,040	3,561
Sand Castles	16	978	5,557	6,535	36	6,499	3,156
Sand Pebble	25	861	4,904	5,765	31	5,734	2,756
Sandpiper Cove	63	4,006	22,764	26,770	627	26,143	16,068
Sawgrass	73	1,443	8,230	9,673	160	9,513	4,980
Seaside Point	188	295	3,182	3,477	793	2,684	--
Seasons	453	982	6,194	7,176	512	6,664	4,534

Shadetree	18	591	3,367	3,958	21	3,937	2,098
Shadow Lake	19	1,054	5,991	7,045	38	7,007	3,295
Signature Point	53	2,160	13,680	15,840	1,671	14,169	7,472
Silktree	16	421	2,399	2,820	15	2,805	1,585
Snug Harbor	253	750	3,219	3,969	268	3,701	2,076
Somerset Village	526	4,375	18,126	22,501	1,104	21,397	8,537
South Willow	783	2,218	13,395	15,613	1,827	13,786	8,379
Southridge	70	565	5,857	6,422	2,212	4,210	2,132
Spectrum Pointe	356	1,029	6,259	7,288	816	6,472	4,357
Stirling Court	283	946	6,241	7,187	2,709	4,478	3,598
Stonebrook	147	1,583	9,193	10,776	225	10,551	6,374
Stonehaven	(2,550)	1,197	8,686	9,883	675	9,208	4,160
Stoney Brook	279	579	4,150	4,729	953	3,776	741
Summer Chase	11	170	973	1,143	23	1,120	694
Sun Grove	132	659	3,881	4,540	546	3,994	(B)
Sun Katcher	5,620	578	9,060	9,638	142	9,496	(A)
Sun Valley	328	1,306	7,762	9,068	939	8,129	5,600
Sunbury Downs	183	565	4,563	5,128	1,001	4,127	2,491
Sunchase-Clearwater	845	2,177	20,486	22,663	1,377	21,286	17,550
Sunchase-East	679	927	9,040	9,967	1,126	8,841	9,210
Sunchase-North	610	1,013	9,752	10,765	1,218	9,547	12,354
Sunchase-Tampa	523	757	7,354	8,111	945	7,166	7,384
Surry Oaks	18	628	3,578	4,206	23	4,183	2,346
Swiss Village	(941)	1,011	10,369	11,380	3,655	7,725	4,596
Tall Timbers	17	1,238	7,033	8,271	45	8,226	4,180
Tara Bridge	33	1,610	9,157	10,767	246	10,521	7,694
Timbermill	501	778	5,175	5,953	431	5,522	(A)
Timbertree	25	2,334	13,254	15,588	85	15,503	8,035
Township at Highlands	418	1,058	11,584	12,642	2,187	10,455	9,019
Tustin Woods	1,614	6,279	16,987	23,266	1,251	22,015	(A)
Twinbridge	11	310	1,768	2,078	11	2,067	1,159
Villa Ladera	738	1,765	10,751	12,516	855	11,661	5,646
Village Creek	843	2,446	14,744	17,190	2,014	15,176	(B)
Village Park Towers	38	3,173	18,016	21,189	--	21,189	(A)
Vinings	97	4,504	11,799	16,303	275	16,028	7,956

SCHEDULE III

APARTMENT INVESTMENT AND MANAGEMENT COMPANY REAL ESTATE AND ACCUMULATED DEPRECIATION DECEMBER 31, 1997

(IN THOUSANDS EXCEPT UNIT DATA)

PROPERTY NAME	DATE ACQUIRED	LOCATION	YEAR BUILT	NUMBER OF UNITS	INITIAL COST	
					LAND	BUILDINGS AND IMPROVEMENTS
Walnut Springs	12/96	San Antonio, TX	1983	224	851	8,076
Waterford	11/96	Houston, TX	1984	312	533	5,692
Wickertree	10/97	Phoenix, AZ	1983	226	1,225	6,944
Wildflower	10/97	Midland, TX	1982	264	705	3,996
Williams Cove	07/94	Dallas, TX	1984	260	1,227	6,972
Windsor Landing	10/97	Morrow, GA	1991	200	1,641	9,298
Windward at the Villages	10/97	West Palm Beach, FL	1988	196	1,595	9,037
Woodhill	12/96	Denton, TX	1985	352	1,578	13,199
Woodhollow	10/97	Austin, TX	1974	108	658	3,728
Woodland Ridge	12/96	Irving, TX	1984	130	1,021	4,507
Woodlands-Odessa	07/94	Odessa, TX	1982	232	676	3,835
Woodlands-Tyler	07/94	Tyler, TX	1984	256	1,029	5,845
Wydewood	10/97	Midland, TX	1982	218	519	2,943
Yorktree	10/97	Carol Stream, IL	1972	293	1,968	11,151
					1,029	
Sub-total				40,039	257,534	1,329,755
Properties under development or held for development:						
Fairways III land	07/94				2,303	--
Morton Towers land	9/97				4,446	--
Villa Ladera land	03/96				470	9
Total				40,039	\$ 264,753	\$ 1,329,764

DECEMBER 31, 1997

PROPERTY NAME	COST CAPITALIZED SUBSEQUENT TO ACQUISITION	TOTAL COST			ACCUMULATED DEPRECIATION	TOTAL COST NET OF ACCUMULATED DEPRECIATION	ENCUMBRANCES
		LAND	BUILDINGS AND IMPROVEMENTS	TOTAL			
Walnut Springs	176	851	8,252	9,103	2,329	6,774	4,859
Waterford	127	533	5,819	6,352	1,582	4,770	4,068
Wickertree	25	1,225	6,969	8,194	45	8,149	4,224
Wildflower	25	705	4,021	4,726	26	4,700	2,116
Williams Cove	409	1,227	7,381	8,608	1,052	7,556	3,928
Windsor Landing	20	1,641	9,318	10,959	60	10,899	5,554
Windward at the Villages	15	1,595	9,052	10,647	91	10,556	4,810
Woodhill	408	1,578	13,607	15,185	4,782	10,403	5,903
Woodhollow	12	658	3,740	4,398	24	4,374	2,133
Woodland Ridge	78	1,021	4,585	5,606	1,542	4,064	2,109
Woodlands-Odessa	532	676	4,367	5,043	574	4,469	(B)
Woodlands-Tyler	405	1,029	6,250	7,279	868	6,411	4,255
Wydewood	15	519	2,958	3,477	19	3,458	1,671
Yorktree	23	1,968	11,174	13,142	72	13,070	6,766
		1,029		1,029		1,029	88
Sub-total	62,251	258,351	1,391,189	1,649,540	153,285	1,496,255	755,431

Properties under development

or held for development:							
Fairways III land	--	2,303		2,303		2,303	
Morton Towers land	401	4,446	401	4,847		4,847	
Villa Ladera land	38	470	47	517		517	
	-----	-----	-----	-----	-----	-----	-----
Total	\$ 62,690	\$ 265,570	\$ 1,391,637	\$1,657,207	\$ 153,285	\$ 1,503,922	\$ 755,431
	-----	-----	-----	-----	-----	-----	-----
	-----	-----	-----	-----	-----	-----	-----

-
- (A) Pledged as security for the Credit Facility.
- (B) Pledged as additional collateral for secured tax-exempt financing.
- (C) Debt is owned by AIMCO and is therefore eliminated in consolidation.

APARTMENT INVESTMENT AND MANAGEMENT COMPANY
REAL ESTATE AND ACCUMULATED DEPRECIATION
FOR THE YEARS ENDED DECEMBER 31, 1997, 1996 AND 1995
(IN THOUSANDS)

	1997	1996	1995
	-----	-----	-----
REAL ESTATE			
Balance at beginning of year.....	\$ 865,222	\$ 477,162	\$ 406,067
Additions during the year:			
Real estate acquisitions.....	786,571	388,574	63,351
Additions.....	26,808	17,993	7,744
Dispositions.....	(21,394)	(18,507)	--
	-----	-----	-----
Balance at end of year.....	\$ 1,657,207	\$ 865,222	\$ 477,162
	-----	-----	-----
ACCUMULATED DEPRECIATION			
Balance at beginning of year.....	\$ 120,077	\$ 28,737	\$ 13,699
Additions during the year:			
Depreciation.....	37,741	19,556	15,038
Additions.....	--	73,189	--
Dispositions.....	(4,533)	(1,405)	--
	-----	-----	-----
Balance at end of year.....	\$ 153,285	\$ 120,077	\$ 28,737
	-----	-----	-----

See Report of Independent Auditors and accompanying notes to consolidated financial statements.

**APARTMENT INVESTMENT AND MANAGEMENT COMPANY
ARTICLES OF RESTATEMENT**

APARTMENT INVESTMENT AND MANAGEMENT COMPANY, a Maryland corporation, having its principal office in Baltimore City, Maryland (hereinafter referred to as the "Corporation"), hereby certifies to the State Department of Assessments and Taxation of Maryland that:

FIRST: The Corporation desires to and does hereby restate its Charter as currently in effect. The Charter as currently in effect is found in Articles of Amendment and Restatement dated July 13, 1994 and filed on July 15, 1994 (as corrected by Certificate of Correction dated November 6, 1997 and filed on November 6, 1997), Articles of Amendment dated July 27, 1994 and filed July 28, 1994 at 11:33 a.m. (as corrected by Certificate of Correction dated November 6, 1997 and filed on November 6, 1997), Articles of Amendment dated July 27, 1994 and filed July 28, 1994 at 11:35 a.m. (as corrected by Certificate of Correction dated November 6, 1997 and filed on November 6, 1997), Articles Supplementary dated May 20, 1997 and filed May 21, 1997, and Articles Supplementary dated August 1, 1997 and filed August 4, 1997. The Charter of the Corporation is hereby restated in its entirety as follows:

**ARTICLE I
NAME**

The name of the corporation (the "Corporation") is Apartment Investment and Management Company.

**ARTICLE II
PURPOSE**

The purpose for which the Corporation is formed is to engage in any lawful act or activity for which corporations may be organized under the general laws of the State of Maryland authorizing the formation of corporations as now or hereafter in force.

**ARTICLE III
PRINCIPAL OFFICE IN STATE AND RESIDENT AGENT**

The post office address of the principal office of the Corporation in the State of Maryland is c/o The Prentice-Hall Corporation System, Maryland, 11 East Chase Street, Baltimore, Maryland 21202. The name and address of the resident agent of the Corporation in the State of Maryland is The Prentice-Hall Corporation System, Maryland, 11 East Chase Street, Baltimore, Maryland 21202. The resident agent is a Maryland corporation located in the State of Maryland.

ARTICLE IV STOCK

SECTION 1. AUTHORIZED SHARES

1.1 CLASS AND NUMBER OF SHARES. The total number of shares of stock that the Corporation from time to time shall have authority to issue is 160,750,000 shares of capital stock having a par value of \$.01 per share, amounting to an aggregate par value of \$1,607,500, consisting of 150,000,000 shares initially classified as Class A Common Stock having a par value of \$.01 per share ("Class A Common Stock"), 750,000 (1) shares initially classified as Class B Common Stock having a par value of \$.01 per share (the "Class B Common Stock") (the Class A Common Stock and Class B Common Stock being referred to collectively herein as the "Common Stock") and 10,000,000(2) shares initially classified as Preferred Stock having a par value of \$.01 per share ("Preferred Stock").

1.2 CHANGES IN CLASSIFICATION AND PREFERENCES. The Board of Directors by resolution or resolutions from time to time may classify and reclassify any unissued shares of capital stock by setting or changing in any one or more respects the preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends, qualifications or terms or conditions of redemption of such shares of capital stock, including, but not limited to, ownership restrictions consistent with the Ownership Restrictions with respect to each such class or subclass of capital stock, and the number of shares constituting each such class or subclass, and to increase or decrease the number of shares of any such class or subclass.

SECTION 2. NO PREEMPTIVE RIGHTS. No holder of shares of stock of the Corporation shall, as such holder, have any preemptive right to purchase or subscribe for any additional shares of the stock of the Corporation or any other security of the Corporation that it may issue or sell.

SECTION 3. COMMON STOCK.

3.1 DIVIDEND RIGHTS. The holders of shares of Common Stock shall be entitled to receive such dividends as may be declared by the Board of Directors of the Corporation out of funds legally available therefor.

3.2 RIGHTS UPON LIQUIDATION. Subject to the preferential rights of Preferred Stock, if any, as may be determined by the Board of Directors pursuant to Section 1 of this Article IV, in the event of any voluntary or involuntary liquidation, dissolution or winding up of, or any distribution of the assets of the Corporation, each holder of shares of Common Stock shall be entitled to receive, ratably with each other holder of Common Stock, that portion of the assets of the Corporation available for distribution to its shareholders as the number of shares of the Common Stock held by such holder bears to the total number of shares of Common Stock then outstanding.

3.3 VOTING RIGHTS. The holders of shares of Common Stock shall be entitled to vote on all matters (on which a holder of shares of Common Stock shall be entitled to vote) at the meetings of the shareholders of the Corporation, and shall be entitled to one vote for each share of Common Stock entitled to vote at such meeting.

3.4 RESTRICTION ON OWNERSHIP AND TRANSFERS. The Beneficial Ownership and Transfer of Common Stock shall be subject to the restrictions set forth in this Section 3.4 of this Article IV.

3.4.1 RESTRICTIONS.

(A) LIMITATION ON BENEFICIAL OWNERSHIP. Except as provided in Section 3.4.8 of this Article IV, from and after the date of the Initial Public Offering, no Person (other than the Initial Holder or a Look-Through Entity) shall Beneficially Own shares of Common Stock in excess of the Ownership Limit, the Initial Holder shall not Beneficially Own shares of Common Stock in excess of the Initial Holder Limit and no Look-Through Entity shall Beneficially Own shares of Common Stock in excess of the Look-Through Ownership Limit.

(1) See Article SIXTH.

(2) See Article SEVENTH.

(B) TRANSFERS IN EXCESS OF OWNERSHIP LIMIT. Except as provided in Section 3.4.8 of this Article IV, from and after the date of the Initial Public Offering (and subject to Section 3.4.12 of this Article IV), any Transfer (whether or not such Transfer is the result of transactions entered into through the facilities of the NYSE or other securities exchange or an automated inter-dealer quotation system) that, if effective, would result in any Person (other than the Initial Holder or a Look-Through Entity) Beneficially Owning shares of Common Stock in excess of the Ownership Limit shall be void AB INITIO as to the Transfer of such shares of Common Stock that would be otherwise Beneficially Owned by such Person in excess of the Ownership Limit, and the intended transferee shall acquire no rights in such shares of Common Stock.

(C) TRANSFERS IN EXCESS OF INITIAL HOLDER LIMIT. Except as provided in Section 3.4.8 of this Article IV, from and after the date of the Initial Public Offering (and subject to Section 3.4.12 of this Article IV), any Transfer (whether or not such Transfer is the result of transactions entered into through the facilities of the NYSE or other securities exchange or an automated inter-dealer quotation system) that, if effective, would result in the Initial Holder Beneficially Owning shares of Common Stock in excess of the Initial Holder Limit shall be void AB INITIO as to the Transfer of such shares of Common Stock that would be otherwise Beneficially Owned by the Initial Holder in excess of the Initial Holder limit, and the Initial Holder shall acquire no rights in such shares of Common Stock.

(D) TRANSFERS IN EXCESS OF LOOK-THROUGH OWNERSHIP LIMIT. Except as provided in Section 3.4.8 of this Article IV from and after the date of the Initial Public Offering (and subject to Section 3.4.12 of this Article IV), any Transfer (whether or not such Transfer is the result of transactions entered into through the facilities of the NYSE or other securities exchange or an automated inter-dealer quotation system) that, if effective, would result in any Look-Through Entity Beneficially Owning shares of Common Stock in excess of the Look-Through Ownership limit shall be void AB INITIO as to the Transfer of such shares of Common Stock that would be otherwise Beneficially Owned by such Look-Through Entity in excess of the Look-Through Ownership Limit and such Look-Through Entity shall acquire no rights in such shares of Common Stock.

(E) TRANSFERS RESULTING IN OWNERSHIP BY FEWER THAN 100 PERSONS. Except as provided in Section 3.4.8 of this Article IV, from and after the date of the Initial Public Offering (and subject to Section 3.4.12 of this Article IV), any Transfer (whether or not such Transfer is the result of transactions entered into through the facilities of the NYSE or other securities exchange or an automated inter-dealer quotation system) that, if effective, would result in the Common Stock being Beneficially Owned by less than 100 Persons (determined without reference to any rules of attribution) shall be void AB INITIO as to the Transfer of such shares of Common Stock that would be otherwise Beneficially Owned by the transferee and the intended transferee shall acquire no rights in such shares of Common Stock.

(F) TRANSFERS RESULTING IN "CLOSELY HELD" STATUS. From and after the date of the Initial Public Offering, any Transfer that, if effective would result in the Corporation being "closely held" within the meaning of Section 856(h) of the Code, or would otherwise result in the Corporation failing to qualify as a REIT (including, without limitation, a Transfer or other event that would result in the Corporation owning (directly or constructively) an interest in a tenant that is described in Section 856(d)(2)(B) of the Code if the income derived by the Corporation from such tenant would cause the Corporation to fail to satisfy any of the gross income requirements of Section 856(c) of the Code) shall be void AB INITIO as to the Transfer of shares of Common Stock that would cause the Corporation (i) to be "closely held" within the meaning of Section 856(h) of the Code or (ii) otherwise fail to qualify as a REIT, as the case may be, and the intended transferee shall acquire no rights in such shares of Common Stock.

(G) SEVERABILITY ON VOID TRANSACTIONS. A Transfer of a share of Common Stock that is null and void under Sections 3.4.1(B), (C), (D), (E) or (F) of this Article IV because it would, if effective, result in (i) the ownership of Common Stock in excess of the Initial Holder Limit, the Ownership Limit, or the Look-Through Ownership Limit, (ii) the Common Stock being Beneficially Owned by less than 100 Persons (determined without reference to any rules of attribution), (iii) the Corporation being "closely held" within the meaning of Section 856(h) of the Code or (iv) the Corporation otherwise failing to qualify as a REIT, shall not adversely affect the validity of the Transfer of any other share of Common Stock in the same or any other related transaction.

3.4.2 REMEDIES FOR BREACH. If the Board of Directors or a committee thereof shall at any time determine

in good faith that a Transfer or other event has taken place in violation of Section 3.4.1 of this Article IV or that a Person intends to acquire or has attempted to acquire Beneficial Ownership of any shares of Common Stock in violation of Section 3.4.1 of this Article IV (whether or not such violation is intended), the Board of Directors or a committee thereof shall be empowered to take any action as it deems advisable to refuse to give effect to or to prevent such Transfer or other event, including, but not limited to, refusing to give effect to such Transfer or other event on the books of the Corporation, causing the Corporation to redeem such shares at the then current Market Price and upon such terms and conditions as may be specified by the Board of Directors in its sole discretion (including, but not limited to, by means of the issuance of long-term indebtedness for the purpose of such redemption), demanding the repayment of any distributions received in respect of shares of Common Stock acquired in violation of Section 3.4.1 of this Article IV or instituting proceedings to enjoin such Transfer or to rescind such Transfer or attempted Transfer; PROVIDED, HOWEVER, that any Transfers or attempted Transfers (or in the case of events other than a Transfer, Beneficial Ownership) in violation of Section 3.4.1 of this Article IV, regardless of any action (or non-action) by the Board of Directors or such committee, (a) shall be void AB INITIO or (b) shall automatically result in the transfer described in Section 3.4.3 of this Article IV; PROVIDED, FURTHER, that the provisions of this Section 3.4.2 shall be subject to the provisions of Section 3.4.12 of this Article IV; PROVIDED, FURTHER, that neither the Board of Directors nor any committee thereof may exercise such authority in a manner that interferes with any ownership or transfer of Common Stock that is expressly authorized pursuant to Section 3.4.8(d) of this Article IV.

3.4.3. TRANSFER IN TRUST.

(A) ESTABLISHMENT OF TRUST. If, notwithstanding the other provisions contained in this Article IV, at any time after the date of the Initial Public Offering there is a purported Transfer (an "EXCESS TRANSFER") (whether or not such Transfer is the result of transactions entered into through the facilities of the NYSE or other securities exchange or an automated inter-dealer quotation system) or other change in the capital structure of the Corporation (including, but not limited to, any redemption of Preferred Stock) or other event such that (a) any Person (other than the Initial Holder or a Look-Through Entity) would Beneficially Own shares of Common Stock in excess of the Ownership Limit, or (b) the Initial Holder would Beneficially Own shares of Common Stock in excess of the Initial Holder Limit, or (c) any Person that is a Look-Through Entity would Beneficially Own shares of Common Stock in excess of the Look-Through Ownership Limit (in any such event, the Person, Initial Holder or Look-Through Entity that would Beneficially Own shares of Common Stock in excess of the Ownership Limit, the Initial Holder Limit or the Look-Through Entity Limit is referred to as a "PROHIBITED TRANSFeree"), then, except as otherwise provided in Section 3.4.8 of this Article IV, such shares of Common Stock in excess of the Ownership Limit, the Initial Holder Limit or the Look-Through Ownership Limit, as the case may be, (rounded up to the nearest whole share) shall be automatically transferred to a Trustee in his capacity as trustee of a Trust for the exclusive benefit of one or more Charitable Beneficiaries. Such transfer to the Trustee shall be deemed to be effective as of the close of business on the business day prior to the date of the Excess Transfer, change in capital structure or another event giving rise to a potential violation of the Ownership Limit, the Initial Holder Limit or the Look Through Entity Ownership Limit.

(B) APPOINTMENT OF TRUSTEE. The Trustee shall be appointed by the Corporation and shall be a Person unaffiliated with either the Corporation or any Prohibited Transferee. The Trustee may be an individual or a bank or trust company duly licensed to conduct a trust business.

(C) STATUS OF SHARES HELD BY THE TRUSTEE. Shares of Common Stock held by the Trustee shall be issued and outstanding shares of capital stock of the Corporation. Except to the event provided in Section 3.4.3(E), the Prohibited Transferee shall have no rights in the Common Stock held by the Trustee, and the Prohibited Transferee shall not benefit economically from ownership of any shares held in trust by the Trustee, shall have no rights to dividends and shall not possess any rights to vote or other rights attributable to the shares held in the Trust.

(D) DIVIDEND AND VOTING RIGHTS. The Trustee shall have all voting rights and rights to dividends with respect to shares of Common Stock held in the Trust, which rights shall be exercised for the benefit of the Charitable Beneficiary. Any dividend or distribution paid prior to the discovery by the Corporation that the shares of Common Stock have been transferred to the Trustee shall be repaid to the Corporation upon demand, and any dividend or distribution declared but unpaid shall be rescinded as void AB INITIO with respect to such shares of Common Stock. Any dividends or distributions so disgorged or rescinded shall be paid over to the Trustee and held

in trust for the Charitable Beneficiary. Any vote cast by a Prohibited Transferee prior to the discovery by the Corporation that the shares of Common Stock have been transferred to the Trustee will be rescinded as AB INITIO and shall be recast in accordance with the desires of the Trustee acting for the benefit of the Charitable Beneficiary. The owner of the shares at the time of the Excess Transfer, change in capital structure or other event giving rise to a potential violation of the Ownership Limit, Initial Holder Limit or Look-Through Entity Ownership Limit shall be deemed to have given an irrevocable proxy to the Trustee to vote the shares of Common Stock for the benefit of the Charitable Beneficiary.

(E) **RESTRICTIONS ON TRANSFER.** The Trustee of the Trust may transfer the shares held in the Trust to a person, designated by the Trustee, whose ownership of the shares will not violate the Ownership Restrictions. If such a transfer is made, the interest of the Charitable Beneficiary shall terminate and proceeds of the sale shall be payable to the Prohibited Transferee and to the Charitable Beneficiary as provided in this Section

3.4.3(E). The Prohibited Transferee shall receive the lesser of (1) the price paid by the Prohibited Transferee for the shares or, if the Prohibited Transferee did not give value for the shares (through a gift, devise or other transaction), the Market Price of the shares on the day of the event causing the shares to be held in the Trust and (2) the price per share received by the Trustee from the sale or other disposition of the shares held in the Trust. Any proceeds in excess of the amount payable to the Prohibited Transferee shall be payable to the Charitable Beneficiary. If any of the transfer restrictions set forth in this Section 3.4.3(E) or any application thereof is determined in a final judgment to be void, invalid or unenforceable by any court having jurisdiction over the issue, the Prohibited Transferee may be deemed, at the option of the Corporation, to have acted as the agent of the Corporation in acquiring the Common Stock as to which such restrictions would, by their terms, apply, and to hold such Common Stock on behalf of the Corporation.

(F) **PURCHASE RIGHT IN STOCK TRANSFERRED TO THE TRUSTEE.** Shares of Common Stock transferred to the Trustee shall be deemed to have been offered for sale to the Corporation, or its designee, at a price per share equal to the lesser of (i) the price per share in the transaction that resulted in such transfer to the Trust (or, in the case of a devise or gift, the Market Price at the time of such devise or gift) and (ii) the Market Price on the date the Corporation, or its designee, accepts such offer. The Corporation shall have the right to accept such offer for a period of 90 days after the later of (i) the date of the Excess Transfer or other event resulting in a transfer to the Trust and (ii) the date that the Board of Directors determines in good faith that an Excess Transfer or other event occurred.

(G) **DESIGNATION OF CHARITABLE BENEFICIARIES.** By written notice to the Trustee, the Corporation shall designate one or more nonprofit organizations to be the Charitable Beneficiary of the interest in the Trust relating to such Prohibited Transferee if (i) the shares of Common Stock held in the Trust would not violate the Ownership Restrictions in the hands of such Charitable Beneficiary and (ii) each Charitable Beneficiary is an organization described in Sections 170(b)(1)(A), 170(c)(2) and 501(c)(3) of the Code.

3.4.4 **NOTICE OF RESTRICTED TRANSFER.** Any Person that acquires or attempts to acquire shares of Common Stock in violation of Section 3.4.1 of this Article IV, or any Person that is a Prohibited Transferee such that stock is transferred to the Trustee under Section 3.4.3 of this Article IV, shall immediately give written notice to the Corporation of such event and shall provide to the Corporation such other information as the Corporation may request in order to determine the effect, if any, of such Transfer or attempted Transfer or other event on the Corporation's status as a REIT. Failure to give such notice shall not limit the rights and remedies of the Board of Directors provided herein in any way.

3.4.5 **OWNERS REQUIRED TO PROVIDE INFORMATION.** From and after the date of the Initial Public Offering certain record and Beneficial Owners and transferees of shares of Common Stock will be required to provide certain information as set out below.

(A) **ANNUAL DISCLOSURE.** Every record and Beneficial Owner of more than 5% (or such other percentage between 0.5% and 5%, as provided in the applicable regulations adopted under the Code) of the number of Outstanding shares of Common Stock shall, within 30 days after January 1 of each year, give written notice to the Corporation stating the name and address of such record or Beneficial Owner, the number of shares of Common Stock Beneficially Owned, and a full description of how such shares are held. Each such record or Beneficial Owner

of Common Stock shall, upon demand by the Corporation, disclose to the Corporation in writing such additional information with respect to the Beneficial Ownership of the Common Stock as the Board of Directors, in its sole discretion, deems appropriate or necessary to (i) comply with the provisions of the Code regarding the qualification of the Corporation as a REIT under the Code and (ii) ensure compliance with the Ownership Limit, the Initial Holder Limit or the Look-Through Ownership Limit, as applicable. Each shareholder of record, including without limitation any Person that holds shares of Common Stock on behalf of a Beneficial Owner, shall take all reasonable steps to obtain the written notice described in this Section 3.4.5 from the Beneficial Owner.

(B) DISCLOSURE AT THE REQUEST OF THE CORPORATION. Any Person that is a Beneficial Owner of shares of Common Stock and any Person (including the shareholder of record) that is holding shares of Common Stock for a Beneficial Owner, and any proposed transferee of shares, shall provide such information as the Corporation, in its sole discretion, may request in order to determine the Corporation's status as a REIT, to comply with the requirements of any taxing authority or other governmental agency, to determine any such compliance or to ensure compliance with the Ownership Limit, the Initial Holder Limit and the Look-Through Ownership Limit, and shall provide a statement or affidavit to the Corporation setting forth the number of shares of Common Stock already Beneficially Owned by such shareholder or proposed transferee and any related persons specified, which statement or affidavit shall be in the form prescribed by the Corporation for that purpose.

3.4.6 REMEDIES NOT LIMITED. Nothing contained in this Article IV shall limit the authority of the Board of Directors to take such other action as it deems necessary or advisable (subject to the provisions of Section 3.4.12 of this Article IV) (i) to protect the Corporation and the interests of its shareholders in the preservation of the Corporation's status as a REIT and (ii) to insure compliance with the Ownership Limit, the Initial Holder Limit and the Look-Through Ownership Limit.

3.4.7 AMBIGUITY. In the case of an ambiguity in the application of any of the provisions of Section 3.4 of this Article IV, or in the case of an ambiguity in any definition contained in Section 4 of this Article IV, the Board of Directors shall have the power to determine the application of the provisions of this Article IV with respect to any situation based on its reasonable belief, understanding or knowledge of the circumstances.

3.4.8 EXCEPTIONS. The following exceptions shall apply or may be established with respect to the limitations of Section 3.4.1 of this Article IV.

(A) WAIVER OF OWNERSHIP LIMIT. The Board of Directors, upon receipt of a ruling from the Internal Revenue Service or an opinion of tax counsel or other evidence or undertaking acceptable to it, may waive the application, in whole or in part, of the Ownership Limit to a Person subject to the Ownership Limit, if such person is not an individual for purpose of Section 542(a) of the Code and is a corporation, partnership, estate or trust; PROVIDED, HOWEVER, that in no event may any such exception cause such Person's ownership, direct or indirect (without taking into account such Person's ownership of interests in any partnership of which the Corporation is a partner), to exceed 9.8% of the number of Outstanding shares of Common Stock. In connection with any such exemption, the Board of Directors may require such representations and undertakings from such Person and may impose such other conditions as the Board deems necessary, in its sole discretion, to determine the effect, if any, of the proposed Transfer on the Corporation's status as a REIT.

(B) PLEDGE BY INITIAL HOLDER. Notwithstanding any other provision of this Article IV, the pledge by the Initial Holder of all or any portion of the Common Stock directly owned at any time or from time to time shall not constitute a violation of Section 3.4.1 of this Article IV and the pledgee shall not be subject to the Ownership Limit with respect to the Common Stock so pledged to it either as a result of the pledge or upon foreclosure.

(C) UNDERWRITERS. For a period of 270 days following the purchase of Common Stock by an underwriter that (i) is a corporation or a partnership and (ii) participates in an offering of the Common Stock, such underwriter shall not be subject to the Ownership Limit with respect to the Common Stock purchased by it as a part of or in connection with such offering and with respect to any Common Stock purchased in connection with market making activities.

(D) OWNERSHIP AND TRANSFERS BY THE CMO TRUSTEE. The Ownership Limit shall not apply to the initial holding of Common Stock by the "CMO Trustee" (as that term is defined in the "Glossary" to the Prospectus) for the benefit of "HF Funding Trust" (as that term is defined in the "Glossary" to the Prospectus), to any subsequent acquisition of Common Stock by the CMO Trustee in connection with any conversion of Preferred Stock or to any transfer or assignment of all or any part of the legal or beneficial interest in the Common Stock to the CMO Trustee, "ESA" (as that term is defined in the "Glossary" to the Prospectus), any entity controlled by ESA, or any direct or indirect creditor of HF Funding Trust (including without limitation any reinsurer of any obligation of HF Funding Trust) or any acquisition of Common Stock by any such person in connection with any conversion of Preferred Stock.

3.4.9 LEGEND. Each certificate for Common Stock shall bear the following legend: "The shares of Common Stock represented by this certificate are subject to restrictions on transfer. No person may Beneficially Own shares of Common Stock in excess of the Ownership Restrictions, as applicable, with certain further restrictions and exceptions set forth in the Corporation's Amended and Restated Certificate of Incorporation ("Certificate"). Any Person that attempts to Beneficially Own shares of Common Stock in excess of the applicable limitation must immediately notify the Corporation. All capitalized terms in this legend have the meanings ascribed to such terms in the Corporation's Certificate, as the same may be amended from time to time, a copy of which, including the restrictions on transfer, will be sent without charge to each shareholder that so requests. If the restrictions on transfer are violated, the shares of Common Stock represented hereby will be either (i) void in accordance with the Certificate or (ii) automatically transferred to a Trustee of a Trust for the benefit of one or more Charitable Beneficiaries."

3.4.10 SEVERABILITY. If any provision of this Article IV or any application of any such provision is determined in a final and unappealable judgment to be void, invalid or unenforceable by any Federal or state court having jurisdiction over the issues, the validity and enforceability of the remaining provisions shall not be affected and other applications of such provision shall be affected only to the extent necessary to comply with the determination of such court.

3.4.11 BOARD OF DIRECTORS DISCRETION. Anything in this Article IV to the contrary notwithstanding, the Board of Directors shall be entitled to take or omit to take such actions as it in its discretion shall determine to be advisable in order that the Corporation maintain its status as and continue to qualify as a REIT, including, but not limited to, reducing the Ownership Limit, the Initial Holder Limit and the Look-Through Ownership Limit in the event of a change in law.

3.4.12 SETTLEMENT. Nothing in this Section 3.4 of this Article IV shall be interpreted to preclude the settlement of any transaction entered into through the facilities of the NYSE or other securities exchange or an automated inter-dealer quotation system.

SECTION 4. DEFINITIONS. The terms set forth below shall have the meanings specified below when used in this Article IV or in Article V of these Articles of Amendment and Restatement.(3)

4.1 BENEFICIAL OWNERSHIP. The term "BENEFICIAL OWNERSHIP" shall mean, with respect to any Person, ownership of shares of Common Stock equal to the sum of (i) the shares of Common Stock directly owned by such Person, (ii) the number of shares of Common Stock indirectly owned by such Person (if such Person is an "individual" as defined in Section 542(a)(2) of the Code) taking into account the constructive ownership rules of Section 544 of the Code, as modified by Section 856(h)(1)(B) of the Code, and (iii) the number of shares of Common Stock that such Person is deemed to beneficially own pursuant to Rule 13d-3 under the Exchange Act or that is attributed to such Person pursuant to Section 318 of the Code, as modified by Section 856(d)(5) of the Code, PROVIDED that when applying this definition of Beneficial Ownership to the Initial Holder, clause (iii) of this definition, and clause (b) of the definition of "Person" shall be disregarded. The terms "BENEFICIAL OWNER,"

(3) See Article FOURTH

"BENEFICIALLY OWNS" and "BENEFICIALLY OWNED" shall have the correlative meanings.

4.2 CHARITABLE BENEFICIARY. The term "CHARITABLE BENEFICIARY" shall mean one or more beneficiaries of the Trust as determined pursuant to Section 3.4.3 of this Article IV, each of which shall be an organization described in Section 170(b)(1)(A), 170(c)(2) and 501(c)(3) of the Code.

4.3 CODE. The term "CODE" shall mean the Internal Revenue Code of 1986, as amended from time to time, or any successor statute thereto. Reference to any provision of the Code shall mean such provision as in effect from time to time, as the same may be amended, and any successor thereto, as interpreted by any applicable regulations or other administrative pronouncements as in effect from time to time.

4.4 COMMON STOCK. The term "COMMON STOCK" shall mean all shares now or hereafter authorized of any class of Common Stock of the Corporation and any other capital stock of the Corporation, however designated, authorized after the Issue Date, that has the right (subject always to prior rights of any class of Preferred Stock) to participate in the distribution of the assets and earnings of the Corporation without limit as to per share amount.

4.5 EXCESS TRANSFER. The term "EXCESS TRANSFER" has the meaning set forth in Section 3.4.3(A) of this Article IV.

4.6 EXCHANGE ACT. The term "EXCHANGE ACT" shall mean the Securities Exchange Act of 1934, as amended.

4.7 INITIAL HOLDER. The term "INITIAL HOLDER" shall mean Terry Considine.

4.8 INITIAL HOLDER LIMIT. The term "INITIAL HOLDER LIMIT" shall mean 15% of the number of Outstanding shares of Common Stock applied, in the aggregate, to the Initial Holder. From the date of the Initial Public Offering, the secretary of the Corporation, or such other person as shall be designated by the Board of Directors, shall upon request make available to the representative(s) of the Initial Holder and the Board of Directors, a schedule that sets forth the then-current Initial Holder Limit applicable to the Initial Holder.

4.9 INITIAL PUBLIC OFFERING. The term "INITIAL PUBLIC OFFERING" shall mean the first underwritten public offering of Class A Common Stock registered under the Securities Act of 1933, as amended, on a registration statement on Form S-11 filed with the Securities and Exchange Commission.

4.10 LOOK-THROUGH ENTITY. The term "LOOK-THROUGH ENTITY" shall mean a Person that is either (i) described in Section 401(a) of the Code as provided under Section 856(h)(3) of the Code or (ii) registered under the Investment Company Act of 1940.

4.11 LOOK-THROUGH OWNERSHIP LIMIT. The term "LOOK-THROUGH OWNERSHIP LIMIT" shall mean 15% of the number of Outstanding shares of Common Stock.

4.12 MARKET PRICE. The term "MARKET PRICE" on any date shall mean the Closing Price on the Trading Day immediately preceding such date. The term "CLOSING PRICE" on any date shall mean the last sale price, regular way, or, in case no such sale takes place on such day, the average of the closing bid and asked prices, regular way, in either case as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the NYSE or, if the Common Stock is not listed or admitted to trading on the NYSE, as reported in the principal consolidated transaction reporting system with respect to securities listed on the principal national securities exchange on which the Common Stock is listed or admitted to trading or, if the Common Stock is not listed or admitted to trading on any national securities exchange, the last quoted price, or if not so quoted, the average of the high bid and low asked prices in the over-the-counter market, as reported by the National Association of Securities Dealers, Inc. Automated Quotation System or, if such system is no longer in use, the principal other automated quotations system that may then be in use or, if the Common Stock is not quoted by any such organization, the average of the closing bid and asked prices as furnished by a professional market maker making a market in the Common Stock selected by the Board of Directors of the Company. The term "TRADING DAY" shall mean a day on which the principal national securities exchange on which the Common Stock is listed or admitted to trading is open for the transaction of business or, if the Common Stock is not listed or admitted to trading on any national securities

exchange, shall mean any day other than a Saturday, a Sunday or a day on which banking institutions in the State of New York are authorized or obligated by law or executive order to close.

4.13 NYSE. The term "NYSE" shall mean the New York Stock Exchange, Inc.

4.14 OUTSTANDING. The term "OUTSTANDING" shall mean issued and outstanding shares of Common Stock of the Corporation, PROVIDED that for purposes of the application of the Ownership Limit, the Look-Through Ownership Limit or the Initial Holder Limit to any Person, the term "OUTSTANDING" shall be deemed to include the number of shares of Common Stock that such Person alone, at that time, could acquire pursuant to any options or convertible securities.

4.15 OWNERSHIP LIMIT. The term "OWNERSHIP LIMIT" shall mean, for any Person other than the Initial Holder or a Look-Through Entity, 8.7% of the number of the Outstanding shares of Common Stock of the Corporation.

4.16 OWNERSHIP RESTRICTIONS. The term "OWNERSHIP RESTRICTIONS" shall mean collectively the Ownership Limit as applied to Persons other than the Initial Holder or Look-Through Entities, the Initial Holder Limit as applied to the Initial Holder and the Look-Through Ownership Limit as applied to Look-Through Entities.

4.17 PERSON. The term "PERSON" shall mean (A) an individual, corporation, partnership, estate, trust (including a trust qualifying under Section 401(a) or 501(c) of the Code), association, private foundation within the meaning of Section 509(a) of the Code, joint stock company or other entity, and (B) also includes a group as that term is used for purposes of Section 13(d) (3) of the Exchange Act.

4.18 PROHIBITED TRANSFEREE. The term "PROHIBITED TRANSFEREE" has the meaning set forth in Section 3.4.3(A) of this Article IV.

4.19 REIT. The term "REIT" shall mean a "real estate investment trust" as defined in Section 856 of the Code.

4.20 TRANSFER. The term "TRANSFER" shall mean any sale, transfer, gift, assignment, devise or other disposition of a share of Common Stock (including (i) the granting of an option or any series of such options or entering into any agreement for the sale, transfer or other disposition of Common Stock or (ii) the sale, transfer, assignment or other disposition of any securities or rights convertible into or exchangeable for Common Stock), whether voluntary or involuntary, whether of record or Beneficial Ownership, and whether by operation of law or otherwise (including, but not limited to, any transfer of an interest in other entities that results in a change in the Beneficial Ownership of shares of Common Stock). The term "TRANSFERS" and "TRANSFERRED" shall have correlative meanings.

4.21 TRUST. The term "TRUST" shall mean the trust created pursuant to Section 3.4.3 of this Article IV.

4.22 TRUSTEE. The term "TRUSTEE" shall mean the Person unaffiliated with either the Corporation or the Prohibited Transferee that is appointed by the Corporation to serve as trustee of the Trust.

4.23 PROSPECTUS. The term "PROSPECTUS" shall mean the prospectus that forms a part of the registration statement filed with the Securities and Exchange Commission in connection with the Initial Public Offering, in the form included in the registration statement at the time the registration statement becomes effective; PROVIDED, HOWEVER, that, if such prospectus is subsequently supplemented or amended for use in connection with the Initial Public Offering, "PROSPECTUS" shall refer to such prospectus as so supplemented or amended.

ARTICLE V

GENERAL REIT PROVISIONS

SECTION 1. TERMINATION OF REIT STATUS. The Board of Directors shall take no action to terminate the Corporation's status as a REIT until such time as

- (i) the Board of Directors adopts a resolution recommending that the Corporation terminate its status as a REIT, (ii) the Board of Directors presents the resolution at an annual or special meeting of the shareholders and
- (iii) such resolution is approved by the vote of a majority of the shares entitled to be cast on the resolution.

SECTION 2. EXCHANGE OR MARKET TRANSACTIONS. Nothing in Article IV or this Article V shall preclude the settlement of any transaction entered into through the facilities of the NYSE or other national securities exchange or an automated inter-dealer quotation system. The fact that the settlement of any transaction is permitted shall not negate the effect of any other provision of this Article V or any provision of Article IV, and the transferee, including but not limited to any Prohibited Transferee, in such a transaction shall remain subject to all the provisions and limitations of Article IV and this Article V.

SECTION 3. SEVERABILITY. If any provision of Article IV or this Article V or any application of any such provision is determined to be invalid by any federal or state court having jurisdiction over the issues, the validity of the remaining provisions shall not be affected and other applications of such provision shall be affected only to the extent necessary to comply with the determination of such court.

SECTION 4. WAIVER. The Corporation shall have authority at any time to waive the requirement that the Corporation redeem shares of Preferred Stock if, in the sole discretion of the Board of Directors, any such redemption would jeopardize the status of the Corporation as a REIT for federal income tax purposes.

ARTICLE VI BOARD OF DIRECTORS

SECTION 1. MANAGEMENT. The business and the affairs of the Corporation shall managed under the direction of its Board of Directors.

SECTION 2. NUMBER. The number of directors that will constitute the entire Board of Directors shall be fixed by, or in the manner provided in, the Bylaws but shall in no event be less than three. Any increases or decreases in the size of the board shall be apportioned equally among the classes of directors to prevent stacking in any one class of directors. There are currently six directors in office whose names are as follows: Terry Considine, Peter K. Kompaniez, Richard S. Ellwood, J. Landis Martin, Thomas L. Rhodes and John D. Smith.(4)

SECTION 3. INTENTIONALLY DELETED.

SECTION 4. VACANCIES. Except as otherwise provided in these Articles of Amendment and Restatement(5), newly created directorships resulting from any increase in the number of directors may be filled by the majority vote of the Board of Directors, and any vacancies on the Board of Directors resulting from death, resignation, removal or other cause shall be filled by the affirmative vote of a majority of the remaining directors then in office, even if less than a quorum of the Board of Directors, or, if applicable, by a sole remaining director. Any director elected in accordance with the preceding sentence shall hold office until the next annual meeting of the Corporation at which time a successor shall be elected to fill the remaining term of the position filled by such director.

SECTION 5. REMOVAL. Except as otherwise provided in these Articles of Amendment and Restatement(6), any director may be removed from office only for cause and only by the affirmative vote of two-thirds of the aggregate number of votes then entitled to be cast generally in the election of directors. For purposes of this Section 5, "CAUSE"

(4) See Article THIRD.

(5) See Article FOURTH.

(6) See Article FOURTH.

shall mean the willful and continuous failure of a director to substantially perform the duties to the Corporation of such director (other than any such failure resulting from temporary incapacity due to physical or mental illness) or the willful engaging by a director in gross misconduct materially and demonstrably injurious to the Corporation.

SECTION 6. BYLAWS. The Board of Directors shall have power to adopt, amend, alter, change and repeal any Bylaws of the Corporation by vote of the majority of the Board of Directors then in office. Any adoption, amendment, alteration, change or repeal of any Bylaws by the shareholders of the Corporation shall require the affirmative vote of a majority of the aggregate number of votes then entitled to be cast generally in the election of directors. Notwithstanding anything in this Section 6 to the contrary, no amendment, alteration, change or repeal of any provision of the Bylaws relating to the removal of directors or repeal of the Bylaws shall be effected without the vote of two-thirds of the aggregate number of votes entitled be cast generally in the election of Directors.

SECTION 7. POWERS. The enumeration and definition of particular powers of the Board of Directors included elsewhere in these Articles of Amendment and Restatement(7) shall in no way be limited or restricted by reference to or inference from the terms of any other clause of this or any other Article of these Articles of Amendment and Restatement(8), or construed as excluding or limiting, or deemed by inference or otherwise in any manner to exclude or limit, the powers conferred upon the Board of Directors under the Maryland General Corporation Law ("MGCL") as now or hereafter in force.

ARTICLE VII LIMITATION OF LIABILITY

No director or officer of the Corporation shall be liable to the Corporation or its shareholders for money damages to the maximum extent that Maryland law in effect from time to time permits limitation of the liability of directors and officers. Neither the amendment nor repeal of this Article VII, nor the adoption or amendment or any other provision of the charter or Bylaws of the Corporation inconsistent with this Article VII, shall apply to or affect in any respect the applicability of the preceding sentence with respect to any act or failure to act that occurred prior to such amendment, repeal or adoption.

(7) See Article FOURTH.

(8) See Article FOURTH.

ARTICLE VIII INDEMNIFICATION

The Corporation shall indemnify, to the fullest extent permitted by Maryland law, as applicable from time to time, all persons who at any time were or are directors or officers of the Corporation for any threatened, pending or completed action, suit or proceeding (whether civil, criminal, administrative or investigative) relating to any action alleged to have been taken or omitted in such capacity as a director or an officer. The Corporation shall pay or reimburse all reasonable expenses incurred by a present or former director or officer of the Corporation in connection with any threatened, pending or completed action, suit or proceeding (whether civil, criminal, administrative or investigative) in which the present or former director or officer is a party, in advance of the final disposition of the proceeding, to the fullest extent permitted by, and in accordance with the applicable requirements of, Maryland law, as applicable from time to time. The Corporation may indemnify any other persons permitted but not required to be indemnified by Maryland law, as applicable from time to time, if and to extent indemnification is authorized and determined to be appropriate, in each case in accordance with applicable law, by the Board of Directors, the majority of the shareholders of the Corporation entitled to vote thereon or special legal counsel appointed by the Board of Directors. No amendment of these Articles of Amendment and Restatement(9) of the Corporation or repeal of any of its provisions shall limit or eliminate any of the benefits provided to directors and officers under this Article VIII in respect of any act or omission that occurred prior to such amendment or repeal.

ARTICLE IX WRITTEN CONSENT OF SHAREHOLDERS

Any corporate action upon which a vote of shareholders is required or permitted may be taken without a meeting or vote of shareholders with the unanimous written consent of shareholders entitled to vote thereon.

ARTICLE X AMENDMENT

The Corporation reserves the right to amend, alter or repeal any provision contained in this charter upon (i) adoption by the Board of Directors of a resolution recommending such amendment, alteration, or repeal, (ii) presentation by the Board of Directors to the shareholders of a resolution at an annual or special meeting of the shareholders and (iii) approval of such resolution by the affirmative vote of the holders of a majority (or, as applicable, a two-thirds vote) of the aggregate number of votes entitled to be cast generally in the election of directors. All rights conferred upon shareholders herein are subject to this reservation.

ARTICLE XI EXISTENCE

The Corporation is to have a perpetual existence.

ARTICLE XII CLASS B COMMON STOCK

GENERAL. The holders of the Class B Common Stock shall have the same rights and privileges as, and shall be subject to the same restrictions and limitations contained in the Charter as apply to, the holders of the Class A Common Stock, except as set forth below.

SECTION 1. DEFINITIONS. Capitalized terms used in these Articles Supplementary(10) shall have the meanings ascribed to them in the Charter or elsewhere in these Articles Supplementary, except that the terms set forth below shall have the meanings specified below when used in this Article.

(9) See Article FOURTH.

(10) See Article FOURTH.

"ADJUSTED FUNDS FROM OPERATIONS" shall have the same meaning as the term "Adjusted Funds from Operations" used in the Prospectus and shall be calculated in the manner specified in the Prospectus and based on generally accepted accounting principles. Adjusted Funds from Operations shall be determined from the Corporation's financial statements audited and certified by an independent public accountant.

"ADJUSTED FUNDS FROM OPERATIONS PER SHARE" when used with respect to any period shall mean the Adjusted Funds from Operations for such period DIVIDED by the sum of (a) the number of shares of the Class A Common Stock outstanding on the last day of such period (excluding any shares of the Class A Common Stock into which shares of the Class B Common Stock shall have been converted as a result of the conversion of shares of the Class B Common Stock on the last day of such period) and (b) the number of shares of the Class A Common Stock issuable to acquire units of limited partnership that (i) may be tendered for redemption in any limited partnership in which the Corporation serves as general partner and (ii) are outstanding on the last day of such period.

"AVERAGE MARKET PRICE" for a period shall mean the average of the Closing Prices for a share of the Class A Common Stock for the Trading Days in such period.

"CAUSE" shall mean the termination of employment of an individual with an Employer as a result of (a) the performance by such individual of any activity involving fraud or dishonesty, (b) the conviction of the individual of a felony or a crime involving moral turpitude, (c) the failure or refusal of such individual to reasonably or satisfactorily perform any material duties or responsibilities reasonably required of such individual by an Employer, (d) the gross negligence or willful neglect or malfeasance by the individual in the performance or non-performance of such individual's duties or responsibilities to the Employer, or (e) any unauthorized act or omission by such individual that is injurious in any material respect to the financial condition or business reputation of any Employer.

"CHANGE IN CONTROL" shall mean the occurrence of any of the following events:

(a) An acquisition (other than directly from the Corporation) of any voting securities of the Corporation (the "VOTING SECURITIES") by any "person" (as the term "person" is used for purposes of Section 13(d) or Section 14(d) of the Securities Exchange Act of 1934, as amended (the "1934 ACT")) immediately after which such person has "beneficial ownership" (within the meaning of Rule 13d-3 promulgated under the 1934 Act) ("BENEFICIAL OWNERSHIP") of 20% or more of the combined voting power of the Corporation's then outstanding Voting Securities; PROVIDED, HOWEVER, in determining whether a Change in Control has occurred. Voting Securities that are acquired in a Non-Control Acquisition (as hereinafter defined) shall not constitute an acquisition that would cause a Change in Control. "NON-CONTROL ACQUISITION" shall mean an acquisition by (1) an employee benefit plan (or a trust forming a part thereof) maintained by (a) the Corporation or (b) any corporation, partnership or other Person of which a majority of its voting power or its equity securities or equity interest is owned directly or indirectly by the Corporation or in which the Corporation serves as a general partner or manager (a "SUBSIDIARY"), (2) the Corporation or any Subsidiary, or (3) any Person in connection with a Non-Control Transaction (as hereinafter defined);

(b) The individuals who are named in the Prospectus as constituting the Board of Directors of the Corporation following the Initial Public Offering (the "INCUMBENT BOARD") cease for any reason to constitute at least two-thirds (2/3rds) of the Board of Directors; PROVIDED, HOWEVER, that if the election, or nomination for election by the Corporation's stockholders, of any new director was approved by a vote of at least two-thirds (2/3rds) of the Incumbent Board, such new director shall be considered as a member of the Incumbent Board; PROVIDED, FURTHER, that no individual shall be considered a member of the Incumbent Board if such individual initially assumed office as a result of either an actual or threatened "election contest" (as described in Rule 14a-11 promulgated under the 1934 Act) (an "ELECTION CONTEST") or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board of Directors (a "PROXY CONTEST") including by reason of any agreement intended to avoid or settle any Election Contest or Proxy Contest; or

(c) Approval by stockholders of the Corporation of:

(1) A merger, consolidation, share exchange or reorganization involving the Corporation, unless

(A) the stockholders of the Corporation, immediately before such merger, consolidation, share exchange or reorganization, own, directly or indirectly immediately following such merger, consolidation, share exchange or reorganization, at least 80% of the combined voting power of the outstanding voting securities of the corporation that is the successor in such merger, consolidation, share exchange or reorganization (the "SURVIVING CORPORATION") in substantiality the same proportion as their ownership of the Voting Securities immediately before such merger, consolidation, share exchange or reorganization,

(B) the individuals who were members of the Incumbent Board immediately prior to the execution of the agreement providing for such merger, consolidation, share exchange or reorganization constitute at least two-thirds (2/3rds) of the members of the board of directors of the Surviving Corporation, and

(C) no Person (other than the corporation or any subsidiary, any employee benefit plan (or any trust forming a part thereof) maintained by the Corporation, the Surviving Corporation or any Subsidiary, or any Person who, immediately prior to such merger, consolidation, share exchange or reorganization had Beneficial Ownership of 15% or more of the then outstanding Voting Securities) has Beneficial Ownership of 15% or more of the combined voting power of the Surviving Corporation's then outstanding voting securities (a transaction described in clauses (i) through (iii) is referred to herein as a "NON-CONTROL TRANSACTION");

(2) A complete liquidation or dissolution of the Corporation, or

(3) An agreement for the sale or other disposition of all or substantially all of the assets of the Corporation to any Person (other than a transfer to a Subsidiary).

Notwithstanding the foregoing, a Change in Control shall not be deemed to occur solely because any Person (a "SUBJECT PERSON") acquired Beneficial Ownership of more than the permitted amount of the outstanding Voting Securities as a result of the acquisition of Voting Securities by the Corporation that, by reducing the number of Voting Securities outstanding, increases the proportional number of shares Beneficially Owned by such Subject Person, provided that if a Change in Control would occur (but for the operation of this sentence) as a result of the acquisition of Voting Securities by the Corporation, and after such share acquisition by the Corporation, such subject Person becomes the Beneficial Owner of any additional Voting Securities that increases the percentage of the then outstanding Voting Securities Beneficially Owned by such Subject Person, then a Change in Control shall occur.

"CLOSING PRICE" on any date shall mean the last sale price, regular way, or, in case that no such sale takes place on such day, the average of the closing bid and asked prices, regular way, in either case as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the NYSE or, if shares of the Class A Common Stock are not listed or admitted to trading on the NYSE, as reported in the principal consolidated transaction reporting system with respect to securities listed on the principal national securities exchange on which shares of the Class A Common Stock are listed or admitted to trading or, if shares of the Class A Common Stock are not listed or admitted to trading on any national securities exchange, the last quoted price, or if not so quoted, the average of the high bid and low asked prices in the over-the-counter market, as reported by the National Association of Securities Dealers, Inc. Automated Quotation System or, if such system is no longer in use, the principal other automated quotations system that may then be in use or, if shares of the Class A Common Stock are not quoted by any such organization, the average of the closing bid and asked prices as furnished by a professional market maker making a market in shares of the Class A Common Stock selected by the Board of Directors of the Corporation.

"CONVERTIBLE CLASS B SHARES" shall mean Eligible Class B Shares that shall have become subject to automatic conversion into shares of the Class A Common Stock, subject to Article IV, Section 3.4 of the Charter, pursuant to Sections 3 and 4 of this Article.

"DISABILITY" shall mean the mental or physical illness or disability of an individual that substantially impairs the ability of the individual to perform substantially all of his duties as an employee of an Employer in a satisfactory manner for a period in excess of ninety (90) days in any consecutive 12-month period.

"ELIGIBLE CLASS B SHARES" shall mean the following percentages (subject to modification as provided

in Section 3(c) of this Article) of the Outstanding Class B Shares as of the Year-End Testing Dates indicated.

**PERCENTAGE OF OUTSTANDING
CLASS B SHARES
YEAR-END TESTING DATE**

December 31, 1994	10.0000%
December 31, 1995	22.2222%
December 31, 1996	28.5714%
December 31, 1997	50.0000%
December 31, 1998	100.0000%

"EMPLOYER" shall mean (a) the Corporation, (b) any partnership in which the Corporation serves as a general partner, (c) any corporation directly or indirectly controlled by or under common control with the Corporation, (d) any partnership or company in which any of the foregoing may own, directly or indirectly, an equity interest or (e) any limited liability company in which any of the foregoing may be a member.

"INITIAL HOLDER" shall refer to each person holding Outstanding Class B Shares on the date of the closing of the Initial Public Offering, whether such Outstanding Class B Shares result from designation of outstanding common stock or from new issuance by the Corporation.

"OP UNITS" shall mean units of limited partnership interest in the Operating Partnership.

"OPERATING PARTNERSHIP" shall mean AIMCO Properties, L.P., a Delaware limited partnership in which the Corporation holds a general partnership interest.

"OUTSTANDING CLASS B SHARES" shall mean issued and outstanding shares of the Class B Common Stock of the Corporation, excluding any Convertible Class B Shares that have been converted into shares of the Class A Common Stock.

"PROSPECTUS" shall mean the prospectus that forms a part of the registration statement filed with the Securities and Exchange Commission in connection with the Initial Public Offering, in the form included in the registration statement at the time the registration statement becomes effective; PROVIDED, HOWEVER, that, if such prospectus is subsequently supplemented or amended for use in connection with the Initial Public Offering, "PROSPECTUS" shall refer to such prospectus as so supplemented or amended.

"TRADING DAY" shall mean a day on which the principal national securities exchange on which shares of the Class A Common Stock are listed or admitted to trading is open for the transaction of business or, if shares of the Class A Common Stock are not listed or admitted to trading on any national securities exchange, "TRADING DAY" shall mean any day other than a Saturday, a Sunday or a day on which banking institutions in the State of New York are authorized or obligated by law or executive order to close.

"YEAR-END TESTING DATE" shall mean each of December 31, 1994, December 31, 1995, December 31, 1996, December 31, 1997 and December 31, 1998; PROVIDED, HOWEVER, that December 31, 1999 shall be substituted in place of December 31, 1998 each place such earlier date appears in this Article if, as of December 31, 1998, either the Annual Growth Target requirement or the Compounded Cumulative Growth Target requirement set forth in Section 3(a) of this Article in respect of the Year-End Testing Date of December 31, 1998 is not satisfied as of December 31, 1998.

SECTION 2. RESTRICTIONS ON DIVIDENDS AND VOTING RIGHTS.

(a) NO DIVIDENDS. No dividends shall accrue or be paid on any shares of the Class B Common Stock.

(b) No Voting Rights; Exception for Convertible Class B Shares. Holders of shares of the Class B Common Stock shall not have the right to vote on any matter, including, but not limited to, the election of

directors, the merger of the Corporation, the sale or other disposition of the Corporation's assets, or the dissolution or liquidation of the Corporation; PROVIDED, HOWEVER, that holders of Convertible Class B Shares shall have the right to one (1) vote per share on all matters for which holders of shares of the Class A Common Stock shall have the right to vote.

SECTION 3. CONVERTIBILITY OF OUTSTANDING CLASS B SHARES.

(a) IN GENERAL. The Eligible Class B Shares as of a Year-End Testing Date shall automatically become Convertible Class B Shares according to the Adjusted Funds from Operations Per Share and the Average Market Values of a share of the Class A Common Stock for the periods indicated, provided that (i) the "Annual Growth Target" requirement set forth below in this Section 3(a) is satisfied, (ii) the "Compounded Cumulative Growth Target" requirement set forth below in this Section 3(a) is satisfied AND (iii) the "MARKET VALUE" requirement set forth in Section 3(b) of this Article is satisfied; PROVIDED, HOWEVER, that, if in any calendar year an applicable Annual Growth Target requirement is not satisfied, the Eligible Class B Shares becoming Convertible Class B Shares in the following calendar year or years shall include, as a carryforward from year to year, the Eligible Class B Shares otherwise applicable to the first year provided that in the later year (which need not immediately follow the first year) the Annual Growth Target requirement, the Cumulative Compounded Growth Target requirement and the Market Value requirement for such later year are all satisfied:

YEAR-END TESTING DATE.	ANNUAL GROWTH TARGET	COMPOUNDED CUMULATIVE GROWTH TARGET
December 31, 1994	Adjusted Funds from Operations Per Share for the period beginning on the Initial Public Offering and ending on the Year-End Testing Date is at least \$0.864	Adjusted Funds from Operations Per Share for the period beginning on the Initial Public Offering and ending on the Year-End Testing Date is at least \$0.864
December 31, 1995	ANNUALIZED Adjusted Funds from Operations Per Share for the period beginning on the Initial Public Offering and ending on the Year-End Testing Date is at least \$2.161	ANNUALIZED Adjusted Funds from Operations Per Share for the period beginning on the Initial Public Offering and ending on the Year-End Testing Date is at least \$2.161
December 31, 1996	Adjusted Funds from Operations Per Share for the calendar year ending on the Year-End Testing Date is at least 108.5% of the Adjusted Funds from Operations Per Share for the calendar year ending on the previous Year-End Testing Date	ANNUALIZED Adjusted Funds from Operations Per Share for the period beginning on the Initial Public Offering and ending on the Year-End Testing Date is at least \$2.345
December 31, 1997	Adjusted Funds from Operations Per Share for the calendar year ending on the Year-End Testing Date is at least 108.5% of the Adjusted Funds from Operations Per Share for the calendar year ending on the previous Year-End Testing Date	ANNUALIZED Adjusted Funds from Operations Per Share for the period beginning on the Initial Public Offering and ending on the Year-End Testing Date is at least \$2.544

December 31, 1998	Adjusted Funds from Operations Per Share for the calendar year ending on the Year-End Testing Date is at least 108.5% of the Adjusted Funds from Operations Per Share for the calendar year ending on the previous Year-End Testing Date	ANNUALIZED Adjusted Funds from Operations Per Share for the period beginning on the Initial Public Offering and ending on the Year-End Testing Date is at least \$2.760
-------------------	--	---

(b) **MARKET VALUE REQUIREMENT.** The Market Value requirement shall be satisfied as to any Year-End Testing Date if the Average Market Value of a share of the Class A Common Stock shall equal or exceed the amount set forth in the following table for any 90 calendar day period (whether or not a calendar quarter or an exact three-month period) beginning on any day (whether or not a Trading Day) on or after October 1 immediately preceding the applicable Year-End Testing Date:

YEAR-END TESTING DATE	AVERAGE MARKET PRICE
December 31, 1994	\$19.030
December 31, 1995	\$20.648
December 31, 1996	\$22.403
December 31, 1997	\$24.307
December 31, 1998	\$26.373

By way of illustration, the Market Value requirement for the Year-End Testing Date of December 31, 1996 would be satisfied if the Average Market Value of a share of the Class A Common Stock equaled or exceeded \$22.403 for (i) the 90-day period beginning on October 1, 1986 and ending on December 30, 1996, (ii) the 90-day period beginning on April 17, 1997 and ending on July 16, 1997 OR (iii) the 90-day period beginning on November 20, 1997 and ending on February 18, 1998.

(c) **MODIFICATIONS TO ELIGIBILITY AND CONVERTIBILITY SCHEDULES.** Notwithstanding the provisions of Section 3(a) of this Article, in or as to any calendar year the Corporation's Board of Directors shall have the authority, upon consideration of factors and financial performance criteria that it shall in its sole and absolute discretion consider relevant, to declare a greater or lesser percentage of (i) Outstanding Class B Shares as of a Year-End Testing Date to be Eligible Class B Shares and (ii) Eligible Class B Shares to be Convertible Class B Shares; PROVIDED, HOWEVER, that no such declaration shall decrease the number of Eligible Class B Shares or Convertible Class B Shares held by any person without such person's consent.

SECTION 4. CONDITIONAL CONVERSION OF CLASS B COMMON STOCK.

(a) **CONVERSION OF CONVERTIBLE CLASS B SHARES.** Subject to Section 4(c) of this Article and to the limitations set forth in Article IV, Section 3.4 of the Charter, upon becoming a Convertible Class B Share, each Convertible Class B Share shall be converted automatically into the number of shares of the Class A Common Stock that results from dividing \$18.50 by the Conversion Price in effect at the time of conversion (the "CONVERSION PRICE"). Subject to the limitations set forth in Article IV, Section 3.4 of the Charter, such conversion shall occur and be effective as of the applicable Year-End Testing Date or, if later, the satisfaction of the Market Price requirement set forth in Section 3(b) of this Article. The initial Conversion Price shall be \$18.50 per share and shall be subject to adjustment as provided in Section 7 of this Article.

(b) **CONVERSION UPON OCCURRENCE OF OTHER EVENTS.** Notwithstanding the foregoing provisions of this Section 4, but nevertheless subject to the limitations set forth in Article IV, Section 3.4 of the Charter:

(1) all Outstanding Class B Shares (whether or not Eligible Class B Shares) that have not previously converted into shares of the Class A Common Stock shall convert automatically upon any Change in Control of the Corporation.

(2) all Outstanding Class B Shares (whether or not Eligible Class B Shares) held by an Initial Holder and any transferee of such Initial Holder shall convert automatically into shares of the Class A Common Stock on the date on which employment of such Initial Holder by an Employer is terminated by the Employer (and not voluntarily by such Initial Holder) for any reason other than Cause if following termination such Initial Holder is no longer employed as an employee by any Employer, and

(3) the Board of Directors of the Corporation may, by resolution duly adopted by the Board of Directors (and, if there shall be a duly constituted compensation committee of the Board of Directors at the time, only with the approval of the compensation committee), accelerate the conversion of Outstanding Class B Shares (whether or not Eligible Class B Shares) into shares of the Class A Common Stock at such time and in such amount as it may determine to be appropriate from time to time.

The conversion of any Outstanding Class B Share pursuant to this Section 4(b) shall be into the number of shares of the Class A Common Stock that results from dividing \$18.50 by the Conversion Price then in effect.

(c) IDENTIFICATION OF CLASS B COMMON STOCK CONVERTED. Whenever shares of the Class B Common Stock are converted into shares of the Class A Common Stock pursuant to Section 4(a), Section 4(b)(1) or Section 4(b)(3) of this Article, the shares converted shall be allocated among all the record holders of such shares of the Class B Common Stock in proportion to their record ownership.

(d) DELAYED CONVERSION. If the conversion of any shares of Class B Common Stock into shares of the Class A Common Stock shall be limited or restricted by reason of the provisions of Article IV, Section 3.4 of the Charter, such shares shall automatically be so converted at such later time, if any, and to such extent as such limitations and restrictions do not apply.

(e) NO FRACTIONAL SHARES. No fractional shares of the Class A Common Stock shall be issued upon conversion of any shares of the Class B Common Stock. Rather, the Corporation shall pay to the record holder cash for such fractional shares at a rate equal to the Conversion Price per share.

SECTION 5. MANDATORY REPURCHASE OR STOCKHOLDER PURCHASE OF OUTSTANDING CLASS B SHARES.

(a) REPURCHASE FOLLOWING THE FIFTH YEAR-END TESTING DATE. Subject to the limitations set forth in Article IV, Section 3.4 of the Charter, each Outstanding Class B Share (whether or not an Eligible Class B Share) that has not converted into shares of the Class A Common Stock in respect of the Year-End Testing Date of December 31, 1998 shall be subject to mandatory repurchase by the Corporation at a price of \$.10 per Outstanding Class B Share. Such mandatory repurchase shall close upon the determination, no earlier than March 31, 2000, that such Outstanding Class B Share is not convertible into shares of the Class A Common Stock pursuant to Section 3 of this Article.

(b) INITIAL HOLDER PURCHASE UPON CERTAIN TERMINATIONS OF EMPLOYMENT. Subject to the limitations set forth in Article IV, Section 3.4 of the Charter, each Outstanding Class B Share (whether or not an Eligible Class B Share), other than a Convertible Class B Share, held by the Initial Holder of such Outstanding Class B Share, or by any holder who acquired such Outstanding Class B Share directly or indirectly from such Initial Holder, that has neither converted nor become convertible into shares of the Class A Common Stock or prior to either (i) the date of termination of employment of such Initial Holder by an Employer for Cause or (ii) the date of such Initial Holder's voluntary termination of employment with an Employer shall be subject to mandatory purchase, at the time of such termination of employment, by the other Initial Holders that are at that time employed by an Employer. The purchase price shall be \$.10 per Outstanding Class B Share. The purchase of such Outstanding Class B Shares shall be made, by the Initial Holders that are at that time employed by an Employer, proportionate to the following percentages:

INITIAL HOLDER	PERCENTAGE
Terry Considine	68.33%
Peter K. Kompaniez	13.50%
Steven D. Ira	13.67%

(c) **REPURCHASE UPON CERTAIN TERMINATIONS OF EMPLOYMENT FOLLOWING CONVERSION.** Subject to the limitations set forth in Article IV, Section 3.4 of the Charter, each share of the Class A Common Stock, whether held by an Initial Holder of any other person who acquired such share of the Class A Common Stock directly or indirectly from an Initial Holder, into which an Outstanding Class B Share was originally converted pursuant to Section 4 of this Article shall be subject to mandatory repurchase by the Corporation, at a price of \$.10 per share of the Class A Common Stock, upon such Initial Holder's termination of employment with an Employer, other than (i) by reason of death, disability or a Change in Control or (ii) the involuntary termination of employment of such Initial Holder by an Employer without Cause, within 12 months following such conversion of an Outstanding Class B Share into such share of the Class A Common Stock; PROVIDED, HOWEVER, that nothing in this Section 5(c) shall be interpreted or applied to preclude the settlement of any transaction entered into through the facilities of the NYSE or other securities exchange or an automated inter-dealer quotation system.

(d) **DELAYED REPURCHASE OR PURCHASE.** If either the limitations or restrictions of Article IV, Section 3.4 of the Charter shall apply to (i) a mandatory repurchase under Section 5(a) or Section 5(c) of this Article or (ii) a mandatory purchase by the Initial Holders under Section 5(b) of this Article, or if the Corporation cannot then lawfully effect a repurchase of its shares, then the repurchase or purchase, as the case may be, shall be deferred until, and then only to the extent that, such repurchase or purchase can be lawfully effected within such limitations and restrictions.

(e) **PROCEDURES UPON REPURCHASE OR PURCHASE.** Any repurchase of Outstanding Class B Shares as provided by Section 5(a) or Section 5(c) of this Article shall be effected by delivery by the Corporation to the record holder of such Outstanding Class B Shares of a certified or cashier's check in the amount of the aggregate repurchase price. Upon such payment by the Corporation in repurchase of Outstanding Class B Shares, the certificates evidencing such repurchased Outstanding Class B Shares shall be canceled. Any purchase of Outstanding Class B Shares as provided by Section 5(b) of this Article shall be effected by delivery of the Initial Holders then employed by an Employer to the record holder of such Outstanding Class B Shares of a certified or cashier's check in the amount of the aggregate purchase price.

(f) **CHANGE IN CONTROL.** The provisions of Sections 5(a), 5(b) and 5(c) of this Article shall not apply following any Change in Control.

SECTION 6. REDUCTION IN AUTHORIZED SHARES. The number of authorized shares of the Class B Common Stock shall be reduced automatically by (a) the number of shares of the Class B Common Stock converted into shares of the Class A Common Stock pursuant to Section 4 of this Article and (b) the number of shares of the Class B Common Stock repurchased by the Corporation pursuant to Section 5(a) or Section 5(c) of this Article.

SECTION 7. ADJUSTMENTS. The Conversion Price and the number of shares of the Class A Common Stock issuable upon the conversion of each share of the Class B Common Stock shall be subject to adjustment from time to time as provided in this Section 7.

(a) **ADJUSTMENT UPON CERTAIN EVENTS.** In case that the Corporation shall at any time after the date of the Initial Public Offering (i) pay a dividend in shares of the Class A Common Stock or make a distribution in shares of the Class A Common Stock, (ii) subdivide the outstanding shares of the Class A Common Stock, (iii) combine the outstanding Class A Common Stock into a smaller number of shares of the Class A Common Stock, or (iv) issue any shares of its capital stock or other securities by reclassification of the Class A Common Stock, the Conversion Price in effect at the time of the record date for such dividend or distribution or of the effective date of such subdivision, combination or reclassification shall be proportionately adjusted so that each holder of shares of the Class B Common Stock converted after such time shall be entitled to receive the aggregate number and kind of the Class A Common Stock or other securities of the Corporation that, if such shares of the Class B Common Stock had been converted immediately prior to such time, he would have owned upon such conversion and been entitled to receive by virtue of such dividend, distribution, subdivision, combination or reclassification. Such adjustment shall

be made successively whenever any event listed above shall occur.

(b) **ISSUANCE OF RIGHTS, OPTIONS OR WARRANTS.** If after the Initial Public Offering the Corporation issues any rights, options or warrants to all holders of its Class A Common Stock entitling them for a period expiring within 60 days after the record date mentioned below to purchase shares of the Class A Common Stock (or securities convertible into or exchangeable for shares of the Class A Common Stock) at a price per share less than the current market price per share on that record date, the Conversion Price shall be adjusted in accordance with the formula:

A equals the adjusted Conversion Price.

C equals the then current Conversion Price.

O equals the number of shares of the Class A Common Stock outstanding on the record date.

N equals the number of additional shares of the Class A Common Stock offered or initially issuable upon conversion or exchange of the convertible or exchangeable securities offered.

P equals the offering price or conversion price or exchange per share of the additional shares.

M equals the current market price per share of the Class A Common Stock on the record date.

The adjustment shall be made successively whenever any such rights, options or warrants are issued and shall become effective immediately after the record date for the determination of stockholders entitled to receive the rights, options or warrants. If all of the shares of the Class A Common Stock or securities convertible into or exchangeable for shares of the Class A Common Stock subject to such rights, options or warrants have not been issued when such rights, options or warrants expire, then the Conversion Price shall be immediately readjusted to what it would have been if "N" in the above formula had been the number of shares of the Class A Common Stock actually issued upon the exercise of such rights, options or warrants or initially issuable based upon the number of convertible securities or exchangeable securities actually issued upon the exercise of such rights or warrants.

(c) **DISTRIBUTION OF ASSETS AND DEBT SECURITIES.** If after the Initial Public Offering the Corporation distributes to all holders of its Class A Common Stock any of its assets or debt securities or any rights or warrants to purchase debt securities, assets or other securities of the Corporation (including shares of the Class A Common Stock), the Conversion Price shall be adjusted in accordance with the formula:

where

A equals the adjusted Conversion Price.

C equals the then current Conversion Price.

M equals the current market price per share of the Class A Common Stock on the record date mentioned below.

F equals the fair market value on the record date of the assets, securities, rights or warrants applicable to one share of the Class A Common Stock. The Board of Directors shall determine, in good faith, such fair market value, which determination shall be conclusive.

This Section 7(c) does not apply to any rights, options or warrants referred to in Section 7(b) of this Article.

This Section 7(c) does not apply to cash dividends or cash distributions paid in respect of the Class A Common Stock for any period if the cash dividends or cash distributions paid in respect of the Class A Common Stock and OP Units for that period, when added to the amount of all other cash dividends or cash distributions paid in respect to the Class A Common Stock and OP Units for the twelve (12) month period ending on the last day of such period, does not exceed 100% of Cash Available for Distribution for such twelve (12) month period. "CASH AVAILABLE FOR DISTRIBUTION" shall mean "Funds from Operations" (as that term is defined in the "Glossary" of the Prospectus but computed at the Operating Partnership level) minus (i) the amount of any dividend on Preferred Stock accrued during such twelve (12) month period, whether or not declared or paid, and (ii) an annual reserve for capital replacements of \$300 per apartment unit for the weighted average number of apartment units owned by the Corporation during such twelve (12) month period. By way of example, Cash Available for Distribution for the twelve (12) month

period ending June 15, 1995 as set forth in the Prospectus is projected on a PRO FORMA basis to be \$18,476,000.

(d) **ISSUANCE OF DISCOUNTED SHARES.** If after the Initial Public Offering the Corporation issues shares of the Class A Common Stock for a consideration per share less than the current market price per share, on the date that the Corporation fixes the offering price of such additional shares, the Conversion Price shall be adjusted in accordance with the formula:

where

A equals the adjusted Conversion Price.

C equals the then current Conversion Price.

O equals the number of shares of the Class A Common Stock outstanding immediately prior to the issuance of such additional shares.

P equals the aggregate consideration received for the issuance of such additional shares.

M equals the current market price per share of the Class A Common Stock on the date of issuance of such additional shares.

S equals the number of shares outstanding immediately after the issuance of such additional shares.

The adjustment shall be made successively whenever any such issuance is made, and shall become effective immediately after such issuance.

This Section 7(d) does not apply to (i) any of the transactions described in

Section 7(b) or Section 7(c) of this Article, (ii) the conversion or exchange of shares of the Class B Common Stock or other securities convertible into or exchangeable for shares of the Class A Common Stock, (iii) shares of the Class A Common Stock issued by the Corporation upon, and as consideration for, the purchase of OP Units, (iv) shares of the Class A Common Stock issued to the Corporation's employees (other than upon the exercise of options of the type referred to in clause (v) below) under BONA FIDE employee benefit plans adopted by the Board of Directors, if such Class A Common Stock would otherwise be covered by this Section 7(d), (v) the Class A Common Stock issued upon the exercise of options granted to employees at an exercise price equal to at least 85% of the fair market value of such Class A Common Stock at the time that such options were granted, (vi) the Class A Common Stock issued to stockholders of any person that merges into the Corporation, or with a subsidiary of the Corporation, in proportion to their stock holdings in such Person immediately prior to such merger, upon such merger, (vii) the Class A Common Stock issued in a BONA FIDE public offering pursuant to a firm commitment or best efforts underwriting, or (viii) the Class A Common Stock issued in a BONA FIDE private placement through a placement agent that is a member firm of the National Association of Securities Dealers, Inc. (except to the extent that any discount from the current market price attributable to restrictions on transferability of the Class A Common Stock, as determined in good faith by the Board of Directors, shall exceed 10% of the then current market price).

(e) **ISSUANCE OF CONVERTIBLE DISCOUNTED SECURITIES.** If after the Initial Public Offering the Corporation issues any securities convertible into or exchangeable for shares of the Class A Common Stock (other than securities issued in transactions described in Section 7(b) or Section 7(c)) of this Article for a consideration per share of the Class A Common Stock initially deliverable upon conversion or exchange of such securities less than the current market price per share of the Class A Common Stock on the date of issuance of such securities, the Conversion Price shall be adjusted in accordance with the formula:

where

A equals the adjusted Conversion Price.

C equals the then current Conversion Price.

O equals the number of shares of the Class A Common Stock outstanding immediately prior to the issuance of such securities.

P equals the aggregate consideration received for the issuance of such securities.

M equals the current market price per share of the Class A Common Stock on the date of issuance of such securities.

D equals the maximum number of shares deliverable upon conversion or in exchange for such securities at the initial conversion or exchange rate.

The adjustment shall be made successively whenever any such issuance is made, and shall become effective immediately after such issuance. If all of the Class A Common Stock deliverable upon conversion or exchange of such securities have not been issued when such securities are no longer outstanding, then the Conversion Price shall promptly be readjusted to the conversion price that would then be in effect had the adjustment upon the issuance of such securities been made on the basis of the actual number of shares of the Class A Common Stock issued upon conversion or exchange of such securities.

This Section 7(e) does not apply to (i) convertible securities issued to stockholders of any Person that merges into the Corporation, or with a subsidiary of the Corporation, in proportion to their stock holdings in such Person immediately prior to such merger, upon such merger, (ii) convertible securities issued in a BONA FIDE public offering pursuant to a firm commitment or best efforts underwriting, or (iii) convertible securities issued in a BONA FIDE private placement through a placement agent that is a member firm of the National Association of Securities Dealers, Inc. (except to the extent that any discount from the current market price attributable to restrictions on transferability of the Class A Common Stock issuable upon conversion, as determined in good faith by the Board of Directors and described in a Board resolution, shall exceed 20% of the then current market price).

(f) REORGANIZATIONS, MERGERS, CONSOLIDATIONS OR SALES OF ASSETS. If at any time or from time to time there is a capital reorganization of the Corporation (other than a recapitalization, subdivision, combination, reclassification or exchange of shares provided for elsewhere in this Section 7 or Section 4 of this Article) or a merger or consolidation of the Corporation with or into another corporation, or the sale of all or substantially all of the Corporation's properties and assets to any other person then, each share of the Class B Common Stock then outstanding shall thereafter be convertible into, in lieu of the Class A Common Stock issuable upon such conversion prior to consummation of such reorganization, merger, consolidation or sale, the kind and amount of shares of stock and other securities and property receivable (including cash) upon the consummation of such reorganization, merger, consolidation or sale by a holder of that number of shares of Class A Common Stock into which one share of the Class B Common Stock was convertible immediately prior to such reorganization, merger, consolidation or sale (including, on a PRO RATA basis, the cash, securities or property received by holders of Class A Common Stock in any tender or exchange offer that is a step in such transaction). In any such case, appropriate adjustment shall be made in the application of the provisions of this Section 7 and Section 4 of this Article with respect to the rights of the holders of the shares of the Class B Common Stock after the reorganization, merger, consolidation or sale to the end that the provisions of this Section 7 (including adjustment of the Conversion Price then in effect and the number of shares issuable upon conversion of the shares of the Class B Common Stock) shall be applicable after that event and be as nearly equivalent as may be practicable.

(g) COMPUTATION OF CONSIDERATION. For purposes of any computation respecting consideration received pursuant to Sections 7(d) and 7(e) of this Article, the following shall apply:

(1) In the case of the issuance of shares of the Class A Common Stock for cash, the consideration shall be the amount of such cash, provided that in no case shall any deduction be made for any commissions, discounts or other expenses incurred by the Corporation for any underwriting of the issue or otherwise in connection therewith;

(2) In the case of the issuance of shares of the Class A Common Stock for a consideration in whole or in part other than cash, the consideration other than cash shall be deemed to be the fair market value thereof as determined in good faith by the Board of Directors (irrespective of the accounting treatment thereof), whose determination shall be conclusive, and described in a Board resolution; and

(3) In the case of the issuance of securities convertible into or exchangeable for shares, the aggregate consideration received therefor shall be deemed to be the consideration received by the Corporation for the issuance of such securities plus the additional minimum consideration if any, to be received by the Corporation upon the conversion or exchange thereof (the consideration in each case to be determined in the same manner

provided in Sections 7(g)(1) and 7(g)(2) of this Article.

(h) **COMPUTATION OF CURRENT MARKET PRICE.** For the purpose of any computation pursuant to Sections 7(b), 7(c), 7(d) and 7(e) of this Article, the current market price per share of the Class A Common Stock on any date shall be deemed to be the average of the Closing Prices for 15 consecutive Trading Days commencing 30 Trading Days before that date. However, if the Class A Common Stock is not publicly listed or publicly traded, current market price shall mean the fair market value per share of Class A Common Stock, as determined in good faith by the Board of Directors, based on the opinion of an independent investment banking firm.

(i) **EXCEPTIONS.** No adjustment in the Conversion Price need be made:

(1) unless the adjustment would require an increase or decrease of at least 1% in the Conversion Price. Any adjustments that are not made shall be carried forward and taken into account in any subsequent adjustment. All calculations under this Section 7 shall be made to the nearest cent or to the nearest one hundredth (1/100th) of a share, as the case may be. The Conversion Price shall not be adjusted upward except in the event of a combination of the outstanding shares of the Class A Common Stock into a smaller number of shares of Common Stock or in the event of a readjustment of the Conversion Price pursuant to Section 7(b) or Section 7(e) of this Article;

(2) for a transaction referred to in Section 7(a), Section 7(b), Section 7(c), Section 7(d) or Section 7(e) of this Article if holders of the Class B Common Stock are to participate in the transaction on a basis and with notice that the Board of Directors determines to be fair and appropriate in light of the basis and notice on which holders of the Class A Common Stock participate in the transaction;

(3) for rights to purchase shares of the Class A Common Stock pursuant to a plan for reinvestment of dividends or interest;

(4) for a change in the part value or no par value of the Class A Common Stock; or

(5) to the extent that the Class B Common Stock becomes convertible into cash, as to such cash. Interest will not accrue on any such cash.

(j) **NOTICE.** Whenever the Conversion Price is adjusted or reduced, the Corporation shall promptly mail, at least 12 days prior to the record date of the distribution triggering the adjustment or reduction, to holders of the Class B Common Stock and file with the transfer agent therefor a notice of the adjustment or reduction and, in the case of an adjustment, file with the transfer agent for the Class B Common Stock an officer's certificate briefly stating the facts requiring the adjustment and the manner of computing it. The certificate shall be conclusive evidence that the adjustment is correct.

(k) **RESERVATION OF STOCK ISSUABLE UPON CONVERSION.** The Corporation shall at all times reserve and keep available out of its authorized but unissued shares of the Class A Common Stock, solely for the purpose of effecting the conversion of the shares of the Class B Common Stock, such number of its shares of the Class A Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding shares of the Class B Common Stock; and if at any time the number of authorized but unissued shares of the Class A Common Stock shall not be sufficient to effect the conversion of all then outstanding shares of the Class B Common Stock, the Corporation will take such corporate and other action as may, in the opinion of its counsel, be necessary to increase its authorized but unissued shares of the Class A Common Stock to such number of shares as shall be sufficient for such purpose.

(l) **DISCRETIONARY ADJUSTMENTS.** The Board of Directors may (but shall not be required to) make such adjustments in the Conversion Price, in addition to those required by this Section 7, as shall be determined by the Board of Directors, as evidenced by a Board resolution, to be advisable in order that any event that would otherwise be treated for federal income tax purposes as a dividend of stock or stock rights will, to the extent practicable, not be so treated or not be taxable to all the recipients.

(m) AMBIGUITY. The Board of Directors may interpret the provisions of this Section 7 to resolve any inconsistency or ambiguity that may arise or be revealed in connection with the adjustment procedures provided herein, and if such inconsistency or ambiguity reflects an inaccurate provision hereof, the Board of Directors may, in appropriate circumstances, authorize the filing of additional articles supplementary or a certificate of designation.

SECTION 8. RESTRICTION ON ADDITIONAL ISSUANCES. Upon the filing of these Articles of Amendment, there shall be authorized 750,000 shares and issued and outstanding 650,000 shares of the Class B Common Stock.(11) No additional shares of the Class B Common Stock shall be issued without the affirmative consent or vote of a majority of the Corporation's Board of Directors other than employees of an Employer.

ARTICLE XIII CLASS B PREFERRED STOCK

The terms of the Class B Cumulative Convertible Preferred Stock (including the preferences, conversions or other rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications, or terms or conditions of redemption) as set by the Board of Directors are as follows:

1. NUMBER OF SHARES AND DESIGNATION.

This class of Preferred Stock shall be designated as Class B Cumulative Convertible Preferred Stock (the "Class B Preferred Stock") and Seven Hundred Fifty Thousand (750,000) shall be the authorized number of shares of such Class B Preferred Stock constituting such class.

2. DEFINITIONS.

For purposes of the Class B Preferred Stock, the following terms shall have the meanings indicated:

"ACT" shall mean the Securities Act of 1933, as amended.

"affiliate" of a Person means a Person that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the Person specified.

"AGGREGATE VALUE" shall mean, with respect to any block of Equity Stock, the sum of the products of (i) the number of shares of each class of Equity Stock within such block multiplied by (ii) the corresponding Market Price of one share of Equity Stock of such class.

"BASE COMMON STOCK DIVIDEND" shall have the meaning set forth in paragraph (a) of Section 9 of this Article.

"BENEFICIAL OWNERSHIP" shall mean, with respect to any Person, ownership of shares of Equity Stock equal to the sum of (i) the number of shares of Equity Stock directly owned by such Person, (ii) the number of shares of Equity Stock indirectly owned by such Person (if such Person is an "individual" as defined in Section 542(a)(2) of the Code) taking into account the constructive ownership rules of Section 544 of the Code, as modified by Section 856(h)(1)(B) of the Code, and (iii) the number of shares of Equity Stock that such Person is deemed to beneficially own pursuant to Rule 13d-3 under the Exchange Act or that is attributed to such Person pursuant to Section 318 of the Code, as modified by Section 856(d)(5) of the Code, PROVIDED that when applying this definition of Beneficial Ownership to the Initial Holder, clause (iii) of this definition, and clause (ii) of the definition of "Person" shall be disregarded. The terms "BENEFICIAL OWNER," "BENEFICIALLY OWNS" and "BENEFICIALLY OWNED" shall have the correlative meanings.

"BOARD OF DIRECTORS" shall mean the Board of Directors of the Corporation or any committee authorized by such Board of Directors to perform any of its responsibilities with respect to the Class B Preferred Stock.

(11) See Article FIFTH.

"BUSINESS DAY" shall mean any day other than a Saturday, Sunday or a day on which state or federally chartered banking institutions in New York, New York are not required to be open.

"CALL DATE" shall have the meaning set forth in paragraph (b) of Section 5 of this Article.

"CHARITABLE BENEFICIARY" shall mean one or more beneficiaries of the Trust as determined pursuant to Section 11.3 of this Article, each of which shall be an organization described in Section 170(b)(1)(A), 170(c)(2) and 501(c)(3) of the Code.

"CLASS B PREFERRED STOCK" shall have the meaning set forth in Section 1 of this Article.

"CODE" shall mean the Internal Revenue Code of 1986, as amended from time to time, or any successor statute thereto. Reference to any provision of the Code shall mean such provision as in effect from time to time, as the same may be amended, and any successor thereto, as interpreted by any applicable regulations or other administrative pronouncements as in effect from time to time.

"COMMON STOCK" shall mean the Class A Common Stock, \$.01 par value per share, of the Corporation or such shares of the Corporation's capital stock into which outstanding shares of Common Stock shall be reclassified.

"CONVERSION PRICE" shall mean the conversion price per share of Common Stock for which each share of Class B Preferred Stock is convertible, as such Conversion Price may be adjusted pursuant to paragraph (d) of Section 7 of this Article. The initial Conversion Price shall be \$30.45 (equivalent to an initial conversion rate of 3.28407 shares of Common Stock for each share of Class B Preferred Stock).

"CURRENT MARKET PRICE" of publicly traded shares of Common Stock or any other class or series of capital stock or other security of the Corporation or of any similar security of any other issuer for any day shall mean the closing price, regular way on such day, or, if no sale takes place on such day, the average of the reported closing bid and asked prices regular way on such day, in either case as reported on the principal national securities exchange on which such securities are listed or admitted for trading, or, if such security is not quoted on any national securities exchange, on the National Market of the National Association of Securities Dealers, Inc. Automated Quotations System ("NASDAQ") or, if such security is not quoted on the NASDAQ National Market, the average of the closing bid and asked prices on such day in the over-the-counter market as reported by NASDAQ or, if bid and asked prices for such security on such day shall not have been reported through NASDAQ, the average of the bid and asked prices on such day as furnished by any New York Stock Exchange or National Association of Securities Dealers, Inc. member firm regularly making a market in such security selected for such purpose by the Chief Executive Officer or the Board of Directors or if any class or series of securities are not publicly traded, the fair value of the shares of such class as determined reasonably and in good faith by the Board of Directors of the Corporation.

"DISTRIBUTION" shall have the meaning set forth in paragraph (d)(iii) of Section 7 of this Article.

"DIVIDEND PAYMENT DATE" shall mean, with respect to each Dividend Period, (a) the date that cash dividends are paid on the Common Stock with respect to such Dividend Period; or (b) if such dividends have not been paid on the Common Stock by 9:00 a.m., New York City time, on the sixtieth day from and including the last day of such Dividend Period, then on such day; provided, further, that if any Dividend Payment Date falls on any day other than a Business Day, the dividend payment payable on such Dividend Payment Date shall be paid on the Business Day immediately following such Dividend Payment Date.

"DIVIDEND PERIODS" shall mean the Initial Dividend Period and each subsequent quarterly dividend period commencing on and including January 1, April 1, July 1 and October 1 of each year and ending on and including the day preceding the first day of the next succeeding Dividend Period, other than the Dividend Period during which any Class B Preferred Stock shall be redeemed pursuant to Section 5 hereof, which shall end on and include the Call Date with respect to the Class B Preferred Stock being redeemed.

"EQUITY STOCK" shall mean one or more shares of any class of capital stock of the Corporation.

"EXCESS TRANSFER" has the meaning set forth in Section 11.3(A) of this Article.

"EXCHANGE ACT" shall mean the Securities Exchange Act of 1934, as amended.

"FAIR MARKET VALUE" shall mean the average of the daily Current Market Prices of a share of Common Stock during five (5) consecutive Trading Days selected by the Corporation commencing not more than twenty (20) Trading Days before, and ending not later than, the earlier of the day in question and the day before the "ex" date with respect to the issuance or distribution requiring such computation. The term "'ex' date," when used with respect to any issuance or distribution, means the first day on which the share of Common Stock trades regular way, without the right to receive such issuance or distribution, on the exchange or in the market, as the case may be, used to determine that day's Current Market Price.

"ISSUE DATE" shall mean August 4, 1997.

"INITIAL DIVIDEND PERIOD" shall mean the period commencing on and including the Issue Date and ending on and including September 30, 1997.

"INITIAL HOLDER" shall mean Terry Considine.

"INITIAL HOLDER LIMIT" shall mean a number of the Outstanding shares of Class B Preferred Stock of the Corporation having an Aggregate Value not in excess of the excess of (x) 15% of the Aggregate Value of all Outstanding shares of Equity Stock over (y) the Aggregate Value of all shares of Equity Stock other than Class B Preferred Stock that are Beneficially Owned by the Initial Holder. From the Issue Date, the secretary of the Corporation, or such other person as shall be designated by the Board of Directors, shall upon request make available to the representative(s) of the Initial Holder and the Board of Directors, a schedule that sets forth the then-current Initial Holder Limit applicable to the Initial Holder.

"JUNIOR STOCK" shall have the meaning set forth in paragraph (c) of Section 8 of this Article.

"LOOK-THROUGH ENTITY" shall mean a Person that is either (i) described in Section 401(a) of the Code as provided under Section 856(h)(3) of the Code or (ii) registered under the Investment Company Act of 1940.

"LOOK-THROUGH OWNERSHIP LIMIT" shall mean, for any Look-Through Entity, a number of the Outstanding shares of Class B Preferred Stock of the Corporation having an Aggregate Value not in excess of the excess of (x) 15% of the Aggregate Value of all Outstanding shares of Equity Stock over (y) by the Aggregate Value of all shares of Equity Stock other than Class B Preferred Stock that are Beneficially Owned by the Look-Through Entity.

"MARKET PRICE" on any date shall mean, with respect to any share of Equity Stock, the Closing Price of a share of that class of Equity Stock on the Trading Day immediately preceding such date. The term "CLOSING PRICE" on any date shall mean the last sale price, regular way, or, in case no such sale takes place on such day, the average of the closing bid and asked prices, regular way, in either case as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the NYSE or, if the Equity Stock is not listed or admitted to trading on the NYSE, as reported in the principal consolidated transaction reporting system with respect to securities listed on the principal national securities exchange on which the Equity Stock is listed or admitted to trading or, if the Equity Stock is not listed or admitted to trading on any national securities exchange, the last quoted price, or if not so quoted, the average of the high bid and low asked prices in the over-the-counter market, as reported by the National Association of Securities Dealers, Inc. Automated Quotation System or, if such system is no longer in use, the principal other automated quotations system that may then be in use or, if the Equity Stock is not quoted by any such organization, the average of the closing bid and asked prices as furnished by a professional market maker making a market in the Equity Stock selected by the Board of Directors of the Company.

"NYSE" shall mean the New York Stock Exchange, Inc.

"OUTSTANDING" shall mean issued and outstanding shares of Equity Stock of the Corporation, PROVIDED that for purposes of the application of the Ownership Limit, the Look-Through Ownership Limit or the Initial Holder Limit to any Person, the term "OUTSTANDING" shall be deemed to include the number of shares of Equity Stock that such Person alone, at that time, could acquire pursuant to any options or convertible securities.

"OWNERSHIP LIMIT" shall mean, for any Person other than the Initial Holder or a Look-Through Entity, a number of the Outstanding shares of Class B Preferred Stock of the Corporation having an Aggregate Value not in excess of the excess of (x) 8.7% of the Aggregate Value of all Outstanding shares of Equity Stock over (y) the Aggregate Value of all shares of Equity Stock other than Class B Preferred Stock that are Beneficially Owned by the Person.

"OWNERSHIP RESTRICTIONS" shall mean collectively the Ownership Limit as applied to Persons other than the Initial Holder or Look-Through Entities, the Initial Holder Limit as applied to the Initial Holder and the Look-Through Ownership Limit as applied to Look-Through Entities.

"PARITY STOCK" shall have the meaning set forth in paragraph (b) of Section 8 of this Article.

"PERSON" shall mean (a) for purposes of Section 11 of this Article, (i) an individual, corporation, partnership, estate, trust (including a trust qualifying under Section 401(a) or 501(c) of the Code), association, private foundation within the meaning of Section 509(a) of the Code, joint stock company or other entity, and (ii) also includes a group as that term is used for purposes of Section 13(d)(3) of the Exchange Act and (b) for purposes of the remaining Sections of this Article, any individual, firm, partnership, corporation or other entity and shall include any successor (by merger or otherwise) of such entity.

"PROHIBITED TRANSFEREE" has the meaning set forth in Section 11.3(A) of this Article.

"REIT" shall mean a "real estate investment trust" as defined in Section 856 of the Code.

"SENIOR STOCK" shall have the meaning set forth in paragraph (a) of Section 8 of this Article.

"SET APART FOR PAYMENT" shall be deemed to include, without any action other than the following, the recording by the Corporation in its accounting ledgers of any accounting or bookkeeping entry which indicates, pursuant to a declaration of dividends or other distribution by the Board of Directors, the allocation of funds to be so paid on any series or class of capital stock of the Corporation; provided, however, that if any funds for any class or series of Junior Stock or any class or series of Parity Stock are placed in a separate account of the Corporation or delivered to a disbursing, paying or other similar agent, then "set apart for payment" with respect to the Class B Preferred Stock shall mean placing such funds in a separate account or delivering such funds to a disbursing, paying or other similar agent.

"TRADING DAY", as to any securities, shall mean any day on which such securities are traded on the principal national securities exchange on which such securities are listed or admitted or, if such securities are not listed or admitted for trading on any national securities exchange, the NASDAQ National Market or, if such securities are not listed or admitted for trading on the NASDAQ National Market, any day other than a Saturday, a Sunday or a day on which banking institutions in the State of New York are authorized or obligated by law or executive order to close.

"TRANSACTION" shall have the meaning set forth in paragraph (e) of Section 7 of this Article.

"TRANSFER" shall mean any sale, transfer, gift, assignment, devise or other disposition of a share of Class B Preferred Stock (including (i) the granting of an option or any series of such options or entering into any agreement for the sale, transfer or other disposition of Class B Preferred Stock or (ii) the sale, transfer,

assignment or other disposition of any securities or rights convertible into or exchangeable for Class B Preferred Stock), whether voluntary or involuntary, whether of record or Beneficial Ownership, and whether by operation of law or otherwise (including, but not limited to, any transfer of an interest in other entities that results in a change in the Beneficial Ownership of shares of Class B Preferred Stock). The term "TRANSFERS" and "TRANSFERRED" shall have correlative meanings.

"TRANSFER AGENT" means such transfer agent as may be designated by the Board of Directors or their designee as the transfer agent for the Class B Preferred Stock; provided, that if the Corporation has not designated a transfer agent then the Corporation shall act as the transfer agent for the Class B Preferred Stock.

"TRUST" shall mean the trust created pursuant to Section 11.3 of this Article.

"TRUSTEE" shall mean the Person unaffiliated with either the Corporation or the Prohibited Transferee that is appointed by the Corporation to serve as trustee of the Trust.

"VOTING PREFERRED STOCK" shall have the meaning set forth in Section 9 of this Article.

3. DIVIDENDS.

(a) The holders of Class B Preferred Stock shall be entitled to receive, when and as declared by the Board of Directors out of funds legally available for that purpose, cumulative dividends payable in cash in an amount per share of Class B Preferred Stock equal to the greater of (i) the base dividend of \$1.78125 per quarter (the "Base Rate") or (ii) the cash dividends declared on the number of shares of Common Stock, or portion thereof, into which a share of Class B Preferred Stock is convertible. The dividends payable with respect to the Initial Dividend Period shall be determined solely by reference to the Base Rate. The amount referred to in clause (ii) of this paragraph (a) with respect to each succeeding Dividend Period shall be determined as of the applicable Dividend Payment Date by multiplying the number of shares of Common Stock, or portion thereof calculated to the fourth decimal point, into which a share of Class B Preferred Stock would be convertible at the opening of business on such Dividend Payment Date (based on the Conversion Price then in effect) by the aggregate cash dividends payable or paid for such Dividend Period in respect of a share of Common Stock outstanding as of the record date for the payment of dividends on the Common Stock with respect to such Dividend Period. If (A) the Corporation pays a cash dividend on the Common Stock after the Dividend Payment Date for the corresponding Dividend Period and (B) the dividend on the Class B Preferred Stock for such Dividend Period calculated pursuant to clause (ii) of this paragraph (a), taking into account the Common Stock dividend referenced in clause (A), exceeds the dividend previously declared on the Class B Preferred Stock for such Dividend Period, the Corporation shall pay an additional dividend to the holders of the Class B Preferred Stock on the date that the Common Stock dividend referenced in clause (A) is paid, in an amount equal to the difference between the dividend calculated pursuant to clause (B) and the dividends previously declared on the Class B Preferred Stock with respect to such Dividend Period. Such dividends shall be cumulative from the Issue Date, whether or not in any Dividend Period or Periods such dividends shall be declared or there shall be funds of the Corporation legally available for the payment of such dividends, and shall be payable quarterly in arrears on the Dividend Payment Dates, commencing on the first Dividend Payment Date after the Issue Date. Each such dividend shall be payable in arrears to the holders of record of the Class B Preferred Stock, as they appear on the stock records of the Corporation at the close of business on a record date fixed by the Board of Directors which shall be not more than 60 days prior to the applicable Dividend Payment Date and, within such 60 day period, shall be the same date as the record date for the regular quarterly dividend payable with respect to the Common Stock for the Dividend Period to which such Dividend Payment Date relates (or, if there is no such record date for Common Stock, then such date as the Board of Directors may fix). Accumulated, accrued and unpaid dividends for any past Dividend Periods may be declared and paid at any time, without reference to any regular Dividend Payment Date, to holders of record on such date, which date shall not precede by more than 45 days the payment date thereof, as may be fixed by the Board of Directors.

Upon a final administrative determination by the Internal Revenue Service that the Corporation does not qualify as a real estate investment trust in accordance with Section 856 of the Code, the Base Rate set forth in

(a)(i) will be increased to \$3.03125 until such time as the Corporation regains its status as a real estate investment

trust; provided, however, that if the Corporation contests its loss of real estate investment trust status in Federal Court, following its receipt of an opinion of nationally recognized tax counsel to the effect that there is a reasonable basis to contest such loss of status, the Base Rate shall not be increased during the pendency of such judicial proceeding; provided further, however, that upon a final judicial determination in Federal Tax Court, Federal District Court or the Federal Claims Court that the Corporation does not qualify as a real estate investment trust, the Base Rate will be increased as stated above from the date of such judicial determination.

(b) The amount of dividends payable per share of Class B Preferred Stock for the Initial Dividend Period, or any other period shorter than a full Dividend Period, shall be computed ratably on the basis of twelve 30-day months and a 360-day year. Holders of Class B Preferred Stock shall not be entitled to any dividends, whether payable in cash, property or stock, in excess of cumulative dividends, as herein provided, on the Class B Preferred Stock. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments on the Class B Preferred Stock that may be in arrears.

(c) So long as any of the shares of Class B Preferred Stock are outstanding, except as described in the immediately following sentence, no dividends shall be declared or paid or set apart for payment by the Corporation and no other distribution of cash or other property shall be declared or made directly or indirectly by the Corporation with respect to any class or series of Parity Stock for any period unless dividends equal to the full amount of accumulated, accrued and unpaid dividends have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof has been or contemporaneously is set apart for such payment on the Class B Preferred Stock for all Dividend Periods terminating on or prior to the Dividend Payment Date with respect to such class or series of Parity Stock. When dividends are not paid in full or a sum sufficient for such payment is not set apart, as aforesaid, all dividends declared upon the Class B Preferred Stock and all dividends declared upon any other class or series of Parity Stock shall be declared ratably in proportion to the respective amounts of dividends accumulated, accrued and unpaid on the Class B Preferred Stock and accumulated, accrued and unpaid on such Parity Stock.

(d) So long as any of the shares of Class B Preferred Stock are outstanding, no dividends (other than dividends or distributions paid in shares of or options, warrants or rights to subscribe for or purchase shares of Junior Stock) shall be declared or paid or set apart for payment by the Corporation and no other distribution of cash or other property shall be declared or made directly or indirectly by the Corporation with respect to any shares of Junior Stock, nor shall any shares of Junior Stock be redeemed, purchased or otherwise acquired (other than a redemption, purchase or other acquisition of Common Stock made for purposes of an employee incentive or benefit plan of the Corporation or any subsidiary) for any consideration (or any moneys be paid to or made available for a sinking fund for the redemption of any shares of any such stock) directly or indirectly by the Corporation (except by conversion into or exchange for Junior Stock), nor shall any other cash or other property otherwise be paid or distributed to or for the benefit of any holder of shares of Junior Stock in respect thereof, directly or indirectly, by the Corporation unless in each case (i) the full cumulative dividends (including all accumulated, accrued and unpaid dividends) on all outstanding shares of Class B Preferred Stock and any other Parity Stock of the Corporation shall have been paid or such dividends have been declared and set apart for payment for all past Dividend Periods with respect to the Class B Preferred Stock and all past dividend periods with respect to such Parity Stock and (ii) sufficient funds shall have been paid or set apart for the payment of the full dividend for the current Dividend Period with respect to the Class B Preferred Stock and the current dividend period with respect to such Parity Stock.

4. LIQUIDATION PREFERENCE.

(a) In the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, before any payment or distribution of the Corporation (whether capital or surplus) shall be made to or set apart for the holders of Junior Stock, the holders of shares of Class B Preferred Stock shall be entitled to receive One Hundred Dollars (\$100) per share of Class B Preferred Stock (the "Liquidation Preference"), plus an amount equal to all dividends (whether or not earned or declared) accumulated, accrued and unpaid thereon to the date of final distribution to such holders; but such holders shall not be entitled to any further payment. Until the holders of the Class B Preferred Stock have been paid the Liquidation Preference in full, plus an amount equal to all dividends (whether or not earned or declared) accumulated, accrued and unpaid thereon to the date of final distribution to such holders, no payment will be made to any holder of Junior Stock upon the liquidation, dissolution or winding up of the Corporation. If, upon any liquidation, dissolution or winding up of the Corporation, the assets of the Corporation, or proceeds thereof, distributable among the holders of Class B Preferred Stock shall be insufficient to pay in full the preferential amount aforesaid and liquidating payments on any other shares of any class or series of Parity Stock, then such assets, or the proceeds thereof, shall be distributed among the holders of Class B Preferred Stock and any such other Parity Stock ratably in the same proportion as the respective amounts that would be payable on such Class B Preferred Stock and any such other Parity Stock if all amounts payable thereon were paid in full. For the purposes of this Section 4, (i) a consolidation or merger of the Corporation with one or more corporations, (ii) a sale or transfer of all or substantially all of the Corporation's assets, or (iii) a statutory share exchange shall not be deemed to be a liquidation, dissolution or winding up, voluntary or involuntary, of the Corporation.

(b) Upon any liquidation, dissolution or winding up of the Corporation, after payment shall have been made in full to the holders of Class B Preferred Stock and any Parity Stock, as provided in this Section 4, any other series or class or classes of Junior Stock shall, subject to the respective terms thereof, be entitled to receive any and all assets remaining to be paid or distributed, and the holders of the Class B Preferred Stock and any Parity Stock shall not be entitled to share therein.

5. REDEMPTION AT THE OPTION OF THE CORPORATION.

(a) Shares of Class B Preferred Stock shall not be redeemable by the Corporation prior to August 4, 2002. On and after August 4, 2002, the Corporation, at its option, may redeem shares of Class B Preferred Stock, in whole or from time to time in part, at a redemption price payable in cash equal to 100% of the Liquidation Preference thereof, plus all accrued and unpaid dividends to the Call Date.

(b) Shares of Class B Preferred Stock shall be redeemed by the Corporation on the date specified in the notice to holders required under paragraph (d) of this Section 5 (the "Call Date"). The Call Date shall be selected by the Corporation, shall be specified in the notice of redemption and shall be not less than 30 days nor more than 60 days after the date notice of redemption is sent by the Corporation.

(c) If full cumulative dividends on all outstanding shares of Class B Preferred Stock and any other class or series of Parity Stock of the Corporation have not been paid or declared and set apart for payment, no shares of Class B Preferred Stock may be redeemed unless all outstanding shares of Class B Preferred Stock are simultaneously redeemed and neither the Corporation nor any affiliate of the Corporation may purchase or acquire shares of Class B Preferred Stock, otherwise than pursuant to a purchase or exchange offer made on the same terms to all holders of shares of Class B Preferred Stock.

(d) If the Corporation shall redeem shares of Class B Preferred Stock pursuant to paragraph (a) of this Section 5, notice of such redemption shall be given to each holder of record of the shares to be redeemed. Such notice shall be provided by first class mail, postage prepaid, at such holder's address as the same appears on the stock records of the Corporation. Neither the failure to mail any notice required by this paragraph (d), nor any defect therein or in the mailing thereof to any particular holder, shall affect the sufficiency of the notice or the validity of the proceedings for redemption with respect to the other holders. Any notice which was mailed in the manner herein provided shall be conclusively presumed to have been duly given on the date mailed whether or not the holder receives the notice. Each such notice shall state, as appropriate: (1) the Call Date; (2) the number of

shares of Class B Preferred Stock to be redeemed and, if fewer than all such shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder; (3) the place or places at which certificates for such shares are to be surrendered for cash; and (4) the then-current Conversion Price. Notice having been mailed as aforesaid, from and after the Call Date (unless the Corporation shall fail to make available the amount of cash necessary to effect such redemption), (i) except as otherwise provided herein, dividends on the shares of Class B Preferred Stock so called for redemption shall cease to accumulate or accrue on the shares of Class B Preferred Stock called for redemption (except that, in the case of a Call Date after a dividend record date and prior to the related Dividend Payment Date, holders of Class B Preferred Stock on the dividend record date will be entitled on such Dividend Payment Date to receive the dividend payable on such shares), (ii) said shares shall no longer be deemed to be outstanding, and (iii) all rights of the holders thereof as holders of Class B Preferred Stock of the Corporation shall cease (except the rights to receive the cash payable upon such redemption, without interest thereon, upon surrender and endorsement of their certificates if so required and to receive any dividends payable thereon). The Corporation's obligation to make available the redemption price in accordance with the preceding sentence shall be deemed fulfilled if, on or before the Call Date, the Corporation shall deposit with a bank or trust company (which may be an affiliate of the Corporation) that has, or is an affiliate of a bank or trust company that has, a capital and surplus of at least \$50,000,000, such amount of cash as is necessary for such redemption, in trust, with irrevocable instructions that such cash be applied to the redemption of the shares of Class B Preferred Stock so called for redemption. No interest shall accrue for the benefit of the holders of shares of Class B Preferred Stock to be redeemed on any cash so set aside by the Corporation. Subject to applicable escheat laws, any such cash unclaimed at the end of two years from the Call Date shall revert to the general funds of the Corporation, after which reversion the holders of shares of Class B Preferred Stock so called for redemption shall look only to the general funds of the Corporation for the payment of such cash.

As promptly as practicable after the surrender in accordance with such notice of the certificates for any such shares of Class B Preferred Stock to be so redeemed (properly endorsed or assigned for transfer, if the Corporation shall so require and the notice shall so state), such certificates shall be exchanged for cash (without interest thereon) for which such shares have been redeemed in accordance with such notice. If fewer than all the outstanding shares of Class B Preferred Stock are to be redeemed, shares to be redeemed shall be selected by the Corporation from outstanding shares of Class B Preferred Stock not previously called for redemption by lot or, with respect to the number of shares of Class B Preferred Stock held of record by each holder of such shares, pro rata (as nearly as may be) or by any other method as may be determined by the Board of Directors in its discretion to be equitable. If fewer than all the shares of Class B Preferred Stock represented by any certificate are redeemed, then a new certificate representing the unredeemed shares shall be issued without cost to the holders thereof.

6. STATUS OF REACQUIRED STOCK.

All shares of Class B Preferred Stock which shall have been issued and reacquired in any manner by the Corporation (including shares of Class B Preferred Stock which have been surrendered for conversion into Common Stock) shall be returned to the status of authorized, but unissued shares of Class B Preferred Stock.

7. CONVERSION.

At any time on or after August 4, 1998. Holders of shares of Class B Preferred Stock shall have the right to convert all or a portion of such shares into shares of Common Stock, as follows:

(a) Subject to and upon compliance with the provisions of this

Section 7, a holder of shares of Class B Preferred Stock shall have the right, at such holder's option, at any time on or after August 4, 1998 to convert such shares, in whole or in part, into the number of fully paid and non-assessable shares of authorized but previously unissued shares of Common Stock per each share of Class B Preferred Stock obtained by dividing the Liquidation Preference (excluding any accumulated, accrued and unpaid dividends) per share of Class B Preferred Stock by the Conversion Price (as in effect at the time and on the date provided for in the last subparagraph of paragraph (b) of this

Section 7) and by surrendering such shares to be converted, such surrender to be made in the manner provided in paragraph (b) of this Section 7; provided, however, that the right to convert shares of Class B Preferred Stock called for redemption pursuant to Section 5 shall terminate at the close of business on the Call Date fixed for such redemption, unless the Corporation shall default in making payment of cash payable upon such

redemption under Section 5 of this Article.

(b) In order to exercise the conversion right, the holder of each share of Class B Preferred Stock to be converted shall surrender the certificate representing such share, duly endorsed or assigned to the Corporation or in blank, at the office of the Transfer Agent, accompanied by written notice to the Corporation that the holder thereof elects to convert such share of Class B Preferred Stock. Unless the shares issuable on conversion are to be issued in the same name as the name in which such share of Class B Preferred Stock is registered, each share surrendered for conversion shall be accompanied by instruments of transfer, in form satisfactory to the Corporation, duly executed by the holder or such holder's duly authorized attorney and an amount sufficient to pay any transfer or similar tax (or evidence reasonably satisfactory to the Corporation demonstrating that such taxes have been paid).

Holders of shares of Class B Preferred Stock at the close of business on a dividend payment record date shall be entitled to receive the dividend payable on such shares on the corresponding Dividend Payment Date notwithstanding the conversion thereof following such dividend payment record date and prior to such Dividend Payment Date. Except as provided above, the Corporation shall make no payment or allowance for unpaid dividends, whether or not in arrears, on converted shares or for dividends on the shares of Common Stock issued upon such conversion.

As promptly as practicable after the surrender of certificates for shares of Class B Preferred Stock as aforesaid, the Corporation shall issue and shall deliver at such office to such holder, or send on such holder's written order, a certificate or certificates for the number of full shares of Common Stock issuable upon the conversion of such shares of Class B Preferred Stock in accordance with provisions of this Section 7, and any fractional interest in respect of a share of Common Stock arising upon such conversion shall be settled as provided in paragraph (c) of this Section 7.

Each conversion shall be deemed to have been effected immediately prior to the close of business on the date on which the certificates for shares of Class B Preferred Stock shall have been surrendered and such notice received by the Corporation as aforesaid, and the Person or Persons in whose name or names any certificate or certificates for shares of Common Stock shall be issuable upon such conversion shall be deemed to have become the holder or holders of record of the shares represented thereby at such time on such date and such conversion shall be at the Conversion Price in effect at such time on such date unless the stock transfer books of the Corporation shall be closed on that date, in which event such Person or Persons shall be deemed to have become such holder or holders of record at the close of business on the next succeeding day on which such stock transfer books are open, but such conversion shall be at the Conversion Price in effect on the date on which such shares shall have been surrendered and such notice received by the Corporation. If the dividend payment record date for the Class B Preferred Stock and Common Stock do not coincide, and the preceding sentence does not operate to ensure that a holder of shares of Class B Preferred Stock whose shares are converted into Common Stock does not receive dividends on both the shares of Class B Preferred Stock and the Common Stock into which such shares are converted for the same Dividend Period, then notwithstanding anything herein to the contrary, it is the intent, and the Transfer Agent is authorized to ensure that no conversion after the earlier of such record dates will be accepted until after the latter of such record dates.

(c) No fractional share of Common Stock or scrip representing fractions of a share of Common Stock shall be issued upon conversion of the shares of Class B Preferred Stock. Instead of any fractional interest in a share of Common Stock that would otherwise be deliverable upon the conversion of shares of Class B Preferred Stock, the Corporation shall pay to the holder of such share an amount in cash based upon the Current Market Price of the Common Stock on the Trading Day immediately preceding the date of conversion. If more than one share shall be surrendered for conversion at one time by the same holder, the number of full shares of Common Stock issuable upon conversion thereof shall be computed on the basis of the aggregate number of shares of Class B Preferred Stock so surrendered.

(d) The Conversion Price shall be adjusted from time to time as follows:

(i) If the Corporation shall after the Issue Date (A) pay a dividend or make a distribution on its capital stock in shares of Common Stock, (B) subdivide its outstanding Common Stock into a greater number

of shares, (C) combine its outstanding Common Stock into a smaller number of shares or (D) issue any shares of capital stock by reclassification of its outstanding Common Stock, the Conversion Price in effect at the opening of business on the day following the date fixed for the determination of stockholders entitled to receive such dividend or distribution or at the opening of business on the day following the day on which such subdivision, combination or reclassification becomes effective, as the case may be, shall be adjusted so that the holder of any share of Class B Preferred Stock thereafter surrendered for conversion shall be entitled to receive the number of shares of Common Stock (or fraction of a share of Common Stock) that such holder would have owned or have been entitled to receive after the happening of any of the events described above had such share of Class B Preferred Stock been converted immediately prior to the record date in the case of a dividend or distribution or the effective date in the case of a subdivision, combination or reclassification. An adjustment made pursuant to this paragraph (d)(i) of this

Section 7 shall become effective immediately after the opening of business on the day next following the record date (except as provided in paragraph (h) below) in the case of a dividend or distribution and shall become effective immediately after the opening of business on the day next following the effective date in the case of a subdivision, combination or reclassification.

(ii) If the Corporation shall issue after the Issue Date rights, options or warrants to all holders of Common Stock entitling them (for a period expiring within 45 days after the record date described below in this paragraph (d)(ii) of this Section 7) to subscribe for or purchase Common Stock at a price per share less than the Fair Market Value per share of the Common Stock on the record date for the determination of stockholders entitled to receive such rights, options or warrants, then the Conversion Price in effect at the opening of business on the day next following such record date shall be adjusted to equal the price determined by multiplying (A) the Conversion Price in effect immediately prior to the opening of business on the day following the date fixed for such determination by (B) a fraction, the numerator of which shall be the sum of (X) the number of shares of Common Stock outstanding on the close of business on the date fixed for such determination and (Y) the number of shares that could be purchased at such Fair Market Value from the aggregate proceeds to the Corporation from the exercise of such rights, options or warrants for Common Stock, and the denominator of which shall be the sum of (XX) the number of shares of Common Stock outstanding on the close of business on the date fixed for such determination and (YY) the number of additional shares of Common Stock offered for subscription or purchase pursuant to such rights, options or warrants. Such adjustment shall become effective immediately after the opening of business on the day next following such record date (except as provided in paragraph (h) below). In determining whether any rights, options or warrants entitle the holders of Common Stock to subscribe for or purchase Common Stock at less than such Fair Market Value, there shall be taken into account any consideration received by the Corporation upon issuance and upon exercise of such rights, options or warrants, the value of such consideration, if other than cash, to be determined in good faith by the Board of Directors.

(iii) If the Corporation shall after the Issue Date make a distribution on its Common Stock other than in cash or shares of Common Stock (including any distribution in securities (other than rights, options or warrants referred to in paragraph (d)(ii) of this Section 7)) (each of the foregoing being referred to herein as a "distribution"), then the Conversion Price in effect at the opening of business on the next day following the record date for determination of stockholders entitled to receive such distribution shall be adjusted to equal the price determined by multiplying (A) the Conversion Price in effect immediately prior to the opening of business on the day following the record date by (B) a fraction, the numerator of which shall be the difference between (X) the number of shares of Common Stock outstanding on the close of business on the record date and (Y) the number of shares determined by dividing (aa) the aggregate value of the property being distributed by (bb) the Fair Market Value per share of Common Stock on the record date, and the denominator of which shall be the number of shares of Common Stock outstanding on the close of business on the record date. Such adjustment shall become effective immediately after the opening of business on the day next following such record date (except as provided below). The value of the property being distributed shall be as determined in good faith by the Board of Directors; provided, however, if the property being distributed is a publicly traded security, its value shall be calculated in accordance with the procedure for calculating the Fair Market Value of a share of Common Stock (calculated for a period of five consecutive Trading Days commencing on the twentieth Trading Day after the distribution). Neither the issuance by the Corporation of rights, options or warrants to subscribe for or purchase securities of the Corporation nor the exercise thereof shall be deemed a distribution under this paragraph.

(iv) If after the Issue Date the Corporation shall acquire, pursuant to an issuer or self tender

offer, all or any portion of the outstanding Common Stock and such tender offer involves the payment of consideration per share of Common Stock having a fair market value (as determined in good faith by the Board of Directors), at the last time (the "Expiration Time") tenders may be made pursuant to such offer, that exceeds the Current Market Price per share of Common Stock on the Trading Day next succeeding the Expiration Time, then the Conversion Price in effect on the opening of business on the day next succeeding the Expiration Time shall be adjusted to equal the price determined by multiplying (A) the Conversion Price in effect immediately prior to the Expiration Time by (B) a fraction, the numerator of which shall be (X) the number of shares of Common Stock outstanding (including the shares acquired in the tender offer (the "Acquired Shares")) immediately prior to the Expiration Time, multiplied by (Y) the Current Market Price per share of Common Stock on the Trading Day next succeeding the Expiration Time, and the denominator of which shall be the sum of (XX) the fair market value (determined as aforesaid) of the aggregate consideration paid to acquire the Acquired Shares and (YY) the product of (I) the number of shares of Common Stock outstanding (less any Acquired Shares) at the Expiration Time, multiplied by (II) the Current Market Price per share of Common Stock on the Trading Day next succeeding the Expiration Time.

(v) No adjustment in the Conversion Price shall be required unless such adjustment would require a cumulative increase or decrease of at least 1% in such price; provided, however, that any adjustments that by reason of this paragraph (d)(v) are not required to be made shall be carried forward and taken into account in any subsequent adjustment until made; and provided, further, that any adjustment shall be required and made in accordance with the provisions of this Section 7 (other than this paragraph (d)(v)) not later than such time as may be required in order to preserve the tax-free nature of a distribution to the holders of shares of Common Stock. Notwithstanding any other provisions of this Section 7, the Corporation shall not be required to make any adjustment of the Conversion Price for the issuance of (A) any shares of Common Stock pursuant to any plan providing for the reinvestment of dividends or interest payable on securities of the Corporation and the investment of optional amounts in shares of Common Stock under such plan or (B) any options, rights or shares of Common Stock pursuant to any stock option, stock purchase or other stock-based plan maintained by the Corporation. All calculations under this Section 7 shall be made to the nearest cent (with \$.005 being rounded upward) or to the nearest one-tenth of a share (with .05 of a share being rounded upward), as the case may be. Anything in this paragraph

(d) of this Section 7 to the contrary notwithstanding, the Corporation shall be entitled, to the extent permitted by law, to make such reductions in the Conversion Price, in addition to those required by this paragraph (d), as it in its discretion shall determine to be advisable in order that any stock dividends, subdivision of shares, reclassification or combination of shares, distribution of rights or warrants to purchase stock or securities, or a distribution of other assets (other than cash dividends) hereafter made by the Corporation to its stockholders shall not be taxable, or if that is not possible, to diminish any income taxes that are otherwise payable because of such event.

(e) If the Corporation shall be a party to any transaction (including without limitation a merger, consolidation, statutory share exchange, issuer or self tender offer for at least 30% of the shares of Common Stock outstanding, sale of all or substantially all of the Corporation's assets or recapitalization of the Common Stock, but excluding any transaction as to which paragraph (d)(i) of this Section 7 applies) (each of the foregoing being referred to herein as a "Transaction"), in each case as a result of which shares of Common Stock shall be converted into the right to receive stock, securities or other property (including cash or any combination thereof), each share of Class B Preferred Stock which is not converted into the right to receive stock, securities or other property in connection with such Transaction shall thereupon be convertible into the kind and amount of shares of stock, securities and other property (including cash or any combination thereof) receivable upon such consummation by a holder of that number of shares of Common Stock into which one share of Class B Preferred Stock was convertible immediately prior to such Transaction (without giving effect to any Conversion Price adjustment pursuant to Section 7(d)(iv) of this Article). The Corporation shall not be a party to any Transaction unless the terms of such Transaction are consistent with the provisions of this paragraph (e), and it shall not consent or agree to the occurrence of any Transaction until the Corporation has entered into an agreement with the successor or purchasing entity, as the case may be, for the benefit of the holders of the Class B Preferred Stock that will contain provisions enabling the holders of the Class B Preferred Stock that remain outstanding after such Transaction to convert into the consideration received by holders of Common Stock at the Conversion Price in effect immediately prior to such Transaction. The provisions of this paragraph (e) shall similarly apply to successive Transactions.

(f) If:

(i) the Corporation shall declare a dividend (or any other distribution) on the Common Stock (other than cash dividends and cash distributions); or

(ii) the Corporation shall authorize the granting to all holders of the Common Stock of rights or warrants to subscribe for or purchase any shares of any class or series of capital stock or any other rights or warrants; or

(iii) there shall be any reclassification of the outstanding Common Stock or any consolidation or merger to which the Corporation is a party and for which approval of any stockholders of the Corporation is required, or a statutory share exchange, an issuer or self tender offer shall have been commenced for at least 30% of the outstanding shares of Common Stock (or an amendment thereto changing the maximum number of shares sought or the amount or type of consideration being offered therefor shall have been adopted), or the sale or transfer of all or substantially all of the assets of the Corporation as an entirety; or

(iv) there shall occur the voluntary or involuntary liquidation, dissolution or winding up of the Corporation,

then the Corporation shall cause to be filed with the Transfer Agent and shall cause to be mailed to each holder of shares of Class B Preferred Stock at such holder's address as shown on the stock records of the Corporation, as promptly as possible, a notice stating (A) the record date for the payment of such dividend, distribution or rights or warrants, or, if a record date is not established, the date as of which the holders of Common Stock of record to be entitled to such dividend, distribution or rights or warrants are to be determined or (B) the date on which such reclassification, consolidation, merger, statutory share exchange, sale, transfer, liquidation, dissolution or winding up is expected to become effective, and the date as of which it is expected that holders of Common Stock of record shall be entitled to exchange their shares of Common Stock for securities or other property, if any, deliverable upon such reclassification, consolidation, merger, statutory share exchange, sale, transfer, liquidation, dissolution or winding up or (C) the date on which such tender offer commenced, the date on which such tender offer is scheduled to expire unless extended, the consideration offered and the other material terms thereof (or the material terms of any amendment thereto). Failure to give or receive such notice or any defect therein shall not affect the legality or validity of the proceedings described in this Section 7.

(g) Whenever the Conversion Price is adjusted as herein provided, the Corporation shall promptly file with the Transfer Agent an officer's certificate setting forth the Conversion Price after such adjustment and setting forth a brief statement of the facts requiring such adjustment which certificate shall be conclusive evidence of the correctness of such adjustment absent manifest error. Promptly after delivery of such certificate, the Corporation shall prepare a notice of such adjustment of the Conversion Price setting forth the adjusted Conversion Price and the effective date such adjustment becomes effective and shall mail such notice of such adjustment of the Conversion Price to each holder of shares of Class B Preferred Stock at such holder's last address as shown on the stock records of the Corporation.

(h) In any case in which paragraph (d) of this Section 7 provides that an adjustment shall become effective on the day next following the record date for an event, the Corporation may defer until the occurrence of such event (A) issuing to the holder of any share of Class B Preferred Stock converted after such record date and before the occurrence of such event the additional Common Stock issuable upon such conversion by reason of the adjustment required by such event over and above the Common Stock issuable upon such conversion before giving effect to such adjustment and (B) paying to such holder any amount of cash in lieu of any fraction pursuant to paragraph (c) of this Section 7.

(i) There shall be no adjustment of the Conversion Price in case of the issuance of any capital stock of the Corporation in a reorganization, acquisition or other similar transaction except as specifically set forth in this Section 7.

(j) If the Corporation shall take any action affecting the Common Stock, other than action described in this Section 7, that in the opinion of the Board of Directors would materially adversely affect the conversion rights of the holders of Class B Preferred Stock, the Conversion Price for the Class B Preferred Stock

may be adjusted, to the extent permitted by law, in such manner, if any, and at such time as the Board of Directors, in its sole discretion, may determine to be equitable under the circumstances.

(k) The Corporation shall at all times reserve and keep available, free from preemptive rights, out of the aggregate of its authorized but unissued Common Stock solely for the purpose of effecting conversion of the Class B Preferred Stock, the full number of shares of Common Stock deliverable upon the conversion of all outstanding shares of Class B Preferred Stock not theretofore converted into Common Stock. For purposes of this paragraph (k), the number of shares of Common Stock that shall be deliverable upon the conversion of all outstanding shares of Class B Preferred Stock shall be computed as if at the time of computation all such outstanding shares were held by a single holder (and without regard to the Ownership Limit set forth in the Charter of the Corporation).

The Corporation covenants that any shares of Common Stock issued upon conversion of the shares of Class B Preferred Stock shall be validly issued, fully paid and nonassessable.

The Corporation shall use its best efforts to list the shares of Common Stock required to be delivered upon conversion of the shares of Class B Preferred Stock, prior to such delivery, upon each national securities exchange, if any, upon which the outstanding shares of Common Stock are listed at the time of such delivery.

(l) The Corporation will pay any and all documentary stamp or similar issue or transfer taxes payable in respect of the issue or delivery of shares of Common Stock or other securities or property on conversion or redemption of shares of Class B Preferred Stock pursuant hereto; provided, however, that the Corporation shall not be required to pay any tax that may be payable in respect of any transfer involved in the issue or delivery of shares of Common Stock or other securities or property in a name other than that of the holder of the shares of Class B Preferred Stock to be converted or redeemed, and no such issue or delivery shall be made unless and until the Person requesting such issue or delivery has paid to the Corporation the amount of any such tax or established, to the reasonable satisfaction of the Corporation, that such tax has been paid.

(m) In addition to any other adjustment required hereby, to the extent permitted by law, the Corporation from time to time may decrease the Conversion Price by any amount, permanently or for a period of at least twenty Business Days, if the decrease is irrevocable during the period.

(n) Notwithstanding anything to the contrary contained in this Section 7, conversion of Class B Preferred Stock pursuant to this Section 7 shall be permitted only to the extent that such conversion would not result in a violation of the Ownership Restrictions (as defined in the Charter), after taking into account any waiver of such limitation granted to any holder of the shares of Class B Preferred Stock.

8. RANKING.

Any class or series of capital stock of the Corporation shall be deemed to rank:

(a) prior or senior to the Class B Preferred Stock, as to the payment of dividends and as to distribution of assets upon liquidation, dissolution or winding up, if the holders of such class or series shall be entitled to the receipt of dividends or of amounts distributable upon liquidation, dissolution or winding up, as the case may be, in preference or priority to the holders of Class B Preferred Stock ("Senior Stock");

(b) on a parity with the Class B Preferred Stock, as to the payment of dividends and as to distribution of assets upon liquidation, dissolution or winding up, whether or not the dividend rates, dividend payment dates or redemption or liquidation prices per share thereof be different from those of the Class B Preferred Stock, if the holders of such class of stock or series and the Class B Preferred Stock shall be entitled to the receipt of dividends and of amounts distributable upon liquidation, dissolution or winding up in proportion to their respective amounts of accrued and unpaid dividends per share or liquidation preferences, without preference or priority one over the other ("Parity Stock"); and

(c) junior to the Class B Preferred Stock, as to the payment of dividends or as to the distribution

of assets upon liquidation, dissolution or winding up, if such stock or series shall be Common Stock or if the holders of Class B Preferred Stock shall be entitled to receipt of dividends or of amounts distributable upon liquidation, dissolution or winding up, as the case may be, in preference or priority to the holders of shares of such class or series ("Junior Stock").

9. VOTING.

(a) If and whenever (i) six quarterly dividends (whether or not consecutive) payable on the Class B Preferred Stock or any series or class of Parity Stock shall be in arrears (which shall, with respect to any such quarterly dividend, mean that any such dividend has not been paid in full), whether or not earned or declared, or (ii) for two consecutive quarterly dividend periods the Corporation fails to pay dividends on the Common Stock in an amount per share at least equal to \$0.4625 (subject to adjustment consistent with any adjustment of the Conversion Price pursuant to Section 7(d) of this Article) (the "Base Common Stock Dividend") the number of directors then constituting the Board of Directors shall be increased by two (in the case of an arrearage in dividends described in clause (i)) or one additional director (in the case of an arrearage in dividends described in clause (ii)) (in each case if not already increased by reason of similar types of provisions with respect to Voting Preferred Stock (as defined below)) and the holders of shares of Class B Preferred Stock, together with the holders of shares of every other series or class of Parity Stock (any other such series, the "Voting Preferred Stock"), voting as a single class regardless of series, shall be entitled to elect the two additional directors (in the case of an arrearage in dividends described in clause (i)) or one (in the case of an arrearage in dividends described in clause (ii)) to serve on the Board of Directors at any annual meeting of stockholders or special meeting held in place thereof, or at a special meeting of the holders of the Class B Preferred Stock and the Voting Preferred Stock called as hereinafter provided. Whenever (1) in the case of an arrearage in dividends described in clause (i), all arrears in dividends on the Class B Preferred Stock and the Voting Preferred Stock then outstanding shall have been paid and dividends thereon for the current quarterly dividend period shall have been paid or declared and set apart for payment, or 2) in the case of an arrearage in dividends described in clause (ii), the Corporation makes a quarterly dividend payment on the Common Stock in an amount per share equal to or exceeding the Base Common Stock Dividend, then the right of the holders of the Class B Preferred Stock and the Voting Preferred Stock to elect such additional two directors (in the case of an arrearage in dividends described in clause (i)) or one additional director (in the case of an arrearage in dividends described in clause (ii)) shall cease (but subject always to the same provision for the vesting of such voting rights in the case of any similar future arrearages), and the terms of office of all Persons elected as directors by the holders of the Class B Preferred Stock and the Voting Preferred Stock shall forthwith terminate and the number of directors constituting the Board of Directors shall be reduced accordingly. At any time after such voting power shall have been so vested in the holders of Class B Preferred Stock and the Voting Preferred Stock, if applicable, the Secretary of the Corporation may, and upon the written request of any holder of Class B Preferred Stock (addressed to the Secretary at the principal office of the Corporation) shall, call a special meeting of the holders of the Class B Preferred Stock and of the Voting Preferred Stock for the election of the two directors (in the case of an arrearage in dividends described in clause (i)) or one director (in the case of an arrearage in dividends described in clause (ii)) to be elected by them as herein provided, such call to be made by notice similar to that provided in the Bylaws of the Corporation for a special meeting of the stockholders or as required by law. If any such special meeting required to be called as above provided shall not be called by the Secretary within 20 days after receipt of any such request, then any holder of Class B Preferred Stock may call such meeting, upon the notice above provided, and for that purpose shall have access to the stock books of the Corporation. The directors or director elected at any such special meeting shall hold office until the next annual meeting of the stockholders or special meeting held in lieu thereof if such office shall not have previously terminated as above provided. If any vacancy shall occur among the directors elected by the holders of the Class B Preferred Stock and the Voting Preferred Stock, a successor shall be elected by the Board of Directors, upon the nomination of the then-remaining director elected by the holders of the Class B Preferred Stock and the Voting Preferred Stock or the successor of such remaining director, to serve until the next annual meeting of the stockholders or special meeting held in place thereof if such office shall not have previously terminated as provided above.

(b) So long as any shares of Class B Preferred Stock are outstanding, in addition to any other vote or consent of stockholders required by law or by the Charter of the Corporation, the affirmative vote of at least 66-2/3% of the votes entitled to be cast by the holders of the Class B Preferred Stock, given in Person or by proxy, either in writing without a meeting or by vote at any meeting called for the purpose, shall be necessary for effecting

or validating:

(i) Any amendment, alteration or repeal of any of the provisions of these Articles Supplementary, the Charter or the By-Laws of the Corporation that materially adversely affects the voting powers, rights or preferences of the holders of the Class B Preferred Stock; provided, however, that the amendment of the provisions of the Charter so as to authorize or create, or to increase the authorized amount of, any Junior Stock or any shares of any class of Parity Stock shall not be deemed to materially adversely affect the voting powers, rights or preferences of the holders of Class B Preferred Stock; or

(ii) The authorization, creation of, the increase in the authorized amount of, or issuance of, any shares of any class of Senior Stock or any security convertible into shares of any class of Senior Stock (whether or not such class of Senior Stock is currently authorized); provided, however, that no such vote of the holders of Class B Preferred Stock shall be required if, at or prior to the time when such amendment, alteration or repeal is to take effect, or when the issuance of any such prior shares or convertible security is to be made, as the case may be, provision is made for the redemption of all shares of Class B Preferred Stock at the time outstanding to the extent such redemption is authorized by Section 5 of this Article.

For purposes of the foregoing provisions and all other voting rights under these Articles Supplementary, each share of Class B Preferred Stock shall have one (1) vote per share, except that when any other class or series of preferred stock shall have the right to vote with the Class B Preferred Stock as a single class on any matter, then the Class B Preferred Stock and such other class or series shall have with respect to such matters one (1) vote per \$100 of stated liquidation preference. Except as otherwise required by applicable law or as set forth herein, the Class B Preferred Stock shall not have any relative, participating, optional or other special voting rights and powers other than as set forth herein, and the consent of the holders thereof shall not be required for the taking of any corporate action.

10. RECORD HOLDERS.

The Corporation and the Transfer Agent may deem and treat the record holder of any share of Class B Preferred Stock as the true and lawful owner thereof for all purposes, and neither the Corporation nor the Transfer Agent shall be affected by any notice to the contrary.

11.1 RESTRICTIONS ON OWNERSHIP AND TRANSFERS.

(A) LIMITATION ON BENEFICIAL OWNERSHIP. Except as provided in Section 11.8, from and after the Issue Date, no Person (other than the Initial Holder or a Look-Through Entity) shall Beneficially Own shares of Class B Preferred Stock in excess of the Ownership Limit, the Initial Holder shall not Beneficially Own shares of Class B Preferred Stock in excess of the Initial Holder Limit and no Look-Through Entity shall Beneficially Own shares of Class B Preferred Stock in excess of the Look-Through Ownership Limit.

(B) TRANSFERS IN EXCESS OF OWNERSHIP LIMIT. Except as provided in Section 11.8, from and after the Issue Date (and subject to Section 11.12), any Transfer (whether or not such Transfer is the result of transactions entered into through the facilities of the NYSE or other securities exchange or an automated inter-dealer quotation system) that, if effective, would result in any Person (other than the Initial Holder or a Look-Through Entity) Beneficially Owning shares of Class B Preferred Stock in excess of the Ownership Limit shall be void AB INITIO as to the Transfer of such shares of Class B Preferred Stock that would be otherwise Beneficially Owned by such Person in excess of the Ownership Limit, and the intended transferee shall acquire no rights in such shares of Class B Preferred Stock.

(C) TRANSFERS IN EXCESS OF INITIAL HOLDER LIMIT. Except as provided in Section 11.8, from and after the Issue Date (and subject to Section 11.12), any Transfer (whether or not such Transfer is the result of transactions entered into through the facilities of the NYSE or other securities exchange or an automated inter-dealer quotation system) that, if effective, would result in the Initial Holder Beneficially Owning shares of Class B Preferred Stock in excess of the Initial Holder Limit shall be void AB INITIO as to the Transfer of such shares of Class B Preferred Stock that would be otherwise Beneficially Owned by the Initial Holder in excess of the Initial Holder

limit, and the Initial Holder shall acquire no rights in such shares of Class B Preferred Stock.

(D) TRANSFERS IN EXCESS OF LOOK-THROUGH OWNERSHIP LIMIT. Except as provided in Section 11.8 from and after the Issue Date (and subject to

Section 11.12), any Transfer (whether or not such Transfer is the result of transactions entered into through the facilities of the NYSE or other securities exchange or an automated inter-dealer quotation system) that, if effective, would result in any Look-Through Entity Beneficially Owning shares of Class B Preferred Stock in excess of the Look-Through Ownership limit shall be void AB INITIO as to the Transfer of such shares of Class B Preferred Stock that would be otherwise Beneficially Owned by such Look-Through Entity in excess of the Look-Through Ownership Limit and such Look-Through Entity shall acquire no rights in such shares of Class B Preferred Stock.

(E) TRANSFERS RESULTING IN "CLOSELY HELD" STATUS. From and after the Issue Date, any Transfer that, if effective would result in the Corporation being "closely held" within the meaning of Section 856(h) of the Code, or would otherwise result in the Corporation failing to qualify as a REIT (including, without limitation, a Transfer or other event that would result in the Corporation owning (directly or constructively) an interest in a tenant that is described in Section 856(d)(2)(B) of the Code if the income derived by the Corporation from such tenant would cause the Corporation to fail to satisfy any of the gross income requirements of Section 856(c) of the Code) shall be void AB INITIO as to the Transfer of shares of Class B Preferred Stock that would cause the Corporation (i) to be "closely held" within the meaning of Section 856(h) of the Code or (ii) otherwise fail to qualify as a REIT, as the case may be, and the intended transferee shall acquire no rights in such shares of Class B Preferred Stock.

(F) SEVERABILITY ON VOID TRANSACTIONS. A Transfer of a share of Class B Preferred Stock that is null and void under Sections 11.1 (B), (C), (D), or (E) of this Article because it would, if effective, result in (i) the ownership of Class B Preferred Stock in excess of the Initial Holder Limit, the Ownership Limit, or the Look-Through Ownership Limit, (ii) the Corporation being "closely held" within the meaning of Section 856(h) of the Code or (iii) the Corporation otherwise failing to qualify as a REIT, shall not adversely affect the validity of the Transfer of any other share of Class B Preferred Stock in the same or any other related transaction.

11.2 REMEDIES FOR BREACH. If the Board of Directors or a committee thereof shall at any time determine in good faith that a Transfer or other event has taken place in violation of Section 11.1 of this Article or that a Person intends to acquire or has attempted to acquire Beneficial Ownership of any shares of Class B Preferred Stock in violation of Section 11.1 of this Article (whether or not such violation is intended), the Board of Directors or a committee thereof shall be empowered to take any action as it deems advisable to refuse to give effect to or to prevent such Transfer or other event, including, but not limited to, refusing to give effect to such Transfer or other event on the books of the Corporation, causing the Corporation to redeem such shares at the then current Market Price and upon such terms and conditions as may be specified by the Board of Directors in its sole discretion (including, but not limited to, by means of the issuance of long-term indebtedness for the purpose of such redemption), demanding the repayment of any distributions received in respect of shares of Class B Preferred Stock acquired in violation of Section 11.1 of this Article or instituting proceedings to enjoin such Transfer or to rescind such Transfer or attempted Transfer; PROVIDED, HOWEVER, that any Transfers or attempted Transfers (or in the case of events other than a Transfer, Beneficial Ownership) in violation of

Section 11.1 of this Article, regardless of any action (or non-action) by the Board of Directors or such committee, (a) shall be void AB INITIO or (b) shall automatically result in the transfer described in Section 11.3 of this Article; PROVIDED, FURTHER, that the provisions of this Section 11.2 shall be subject to the provisions of Section 11.12 of this Article; PROVIDED, FURTHER, that neither the Board of Directors nor any committee thereof may exercise such authority in a manner that interferes with any ownership or transfer of Class B Preferred Stock that is expressly authorized pursuant to Section 11.8(d) of this Article.

11.3. TRANSFER IN TRUST.

(A) ESTABLISHMENT OF TRUST. If, notwithstanding the other provisions contained in this Article, at any time after the Issue Date there is a purported Transfer (an "EXCESS TRANSFER") (whether or not such Transfer is the result of transactions entered into through the facilities of the NYSE or other securities exchange or an automated inter-dealer quotation system) or other change in the capital structure of the Corporation (including, but not limited to, any redemption of Preferred Stock) or other event (including, but not limited to, any acquisition of any share of Equity Stock) such that

(a) any Person (other than the Initial Holder or a Look-Through Entity) would Beneficially Own shares of Class B Preferred Stock in excess of the Ownership Limit, or (b) the Initial Holder would Beneficially Own shares of Class B Preferred Stock in excess of the Initial Holder Limit, or (c) any Person that is a Look-Through Entity would Beneficially Own shares of Class B Preferred Stock in excess of the Look-Through Ownership Limit (in any such event, the Person, Initial Holder or Look-Through Entity that would Beneficially Own shares of Class B Preferred Stock in excess of the Ownership Limit, the Initial Holder Limit or the Look-Through Entity Limit, respectively, is referred to as a "PROHIBITED TRANSFeree"), then, except as otherwise provided in Section 11.8 of this Article, such shares of Class B Preferred Stock in excess of the Ownership Limit, the Initial Holder Limit or the Look-Through Ownership Limit, as the case may be, (rounded up to the nearest whole share) shall be automatically transferred to a Trustee in his capacity as trustee of a Trust for the exclusive benefit of one or more Charitable Beneficiaries. Such transfer to the Trustee shall be deemed to be effective as of the close of business on the business day prior to the Excess Transfer, change in capital structure or another event giving rise to a potential violation of the Ownership Limit, the Initial Holder Limit or the Look Through Entity Ownership Limit.

(B) APPOINTMENT OF TRUSTEE. The Trustee shall be appointed by the Corporation and shall be a Person unaffiliated with either the Corporation or any Prohibited Transferee. The Trustee may be an individual or a bank or trust company duly licensed to conduct a trust business.

(C) STATUS OF SHARES HELD BY THE TRUSTEE. Shares of Class B Preferred Stock held by the Trustee shall be issued and outstanding shares of capital stock of the Corporation. Except to the extent provided in Section 11.3(E), the Prohibited Transferee shall have no rights in the Class B Preferred Stock held by the Trustee, and the Prohibited Transferee shall not benefit economically from ownership of any shares held in trust by the Trustee, shall have no rights to dividends and shall not possess any rights to vote or other rights attributable to the shares held in the Trust.

(D) DIVIDEND AND VOTING RIGHTS. The Trustee shall have all voting rights and rights to dividends with respect to shares of Class B Preferred Stock held in the Trust, which rights shall be exercised for the benefit of the Charitable Beneficiary. Any dividend or distribution paid prior to the discovery by the Corporation that the shares of Class B Preferred Stock have been transferred to the Trustee shall be repaid to the Corporation upon demand, and any dividend or distribution declared but unpaid shall be rescinded as void AB INITIO with respect to such shares of Class B Preferred Stock. Any dividends or distributions so disgorged or rescinded shall be paid over to the Trustee and held in trust for the Charitable Beneficiary. Any vote cast by a Prohibited Transferee prior to the discovery by the Corporation that the shares of Class B Preferred Stock have been transferred to the Trustee will be rescinded as void AB INITIO and shall be recast in accordance with the desires of the Trustee acting for the benefit of the Charitable Beneficiary. The owner of the shares at the time of the Excess Transfer, change in capital structure or other event giving rise to a potential violation of the Ownership Limit, Initial Holder Limit or Look-Through Entity Ownership Limit shall be deemed to have given an irrevocable proxy to the Trustee to vote the shares of Class B Preferred Stock for the benefit of the Charitable Beneficiary.

(E) RESTRICTIONS ON TRANSFER. The Trustee of the Trust may sell the shares held in the Trust to a person, designated by the Trustee, whose ownership of the shares will not violate the Ownership Restrictions. If such a sale is made, the interest of the Charitable Beneficiary shall terminate and proceeds of the sale shall be payable to the Prohibited Transferee and to the Charitable Beneficiary as provided in this Section 11.3(E). The Prohibited Transferee shall receive the lesser of (1) the price paid by the Prohibited Transferee for the shares or, if the Prohibited Transferee did not give value for the shares (through a gift, devise or other transaction), the Market Price of the shares on the day of the event causing the shares to be held in the Trust and (2) the price per share received by the Trustee from the sale or other disposition of the shares held in the Trust. Any proceeds in excess of the amount payable to the Prohibited Transferee shall be payable to the Charitable Beneficiary. If any of the transfer

restrictions set forth in this Section 11.3(E) or any application thereof is determined in a final judgment to be void, invalid or unenforceable by any court having jurisdiction over the issue, the Prohibited Transferee may be deemed, at the option of the Corporation, to have acted as the agent of the Corporation in acquiring the Class B Preferred Stock as to which such restrictions would, by their terms, apply, and to hold such Class B Preferred Stock on behalf of the Corporation.

(F) **PURCHASE RIGHT IN STOCK TRANSFERRED TO THE TRUSTEE.** Shares of Class B Preferred Stock transferred to the Trustee shall be deemed to have been offered for sale to the Corporation, or its designee, at a price per share equal to the lesser of (i) the price per share in the transaction that resulted in such transfer to the Trust (or, in the case of a devise or gift, the Market Price at the time of such devise or gift) and (ii) the Market Price on the date the Corporation, or its designee, accepts such offer. The Corporation shall have the right to accept such offer for a period of 90 days after the later of (i) the date of the Excess Transfer or other event resulting in a transfer to the Trust and (ii) the date that the Board of Directors determines in good faith that an Excess Transfer or other event occurred.

(G) **DESIGNATION OF CHARITABLE BENEFICIARIES.** By written notice to the Trustee, the Corporation shall designate one or more nonprofit organizations to be the Charitable Beneficiary of the interest in the Trust relating to such Prohibited Transferee if (i) the shares of Class B Preferred Stock held in the Trust would not violate the Ownership Restrictions in the hands of such Charitable Beneficiary and (ii) each Charitable Beneficiary is an organization described in Sections 170(b)(1)(A), 170(c)(2) and 501(c)(3) of the Code.

11.4 NOTICE OF RESTRICTED TRANSFER. Any Person that acquires or attempts to acquire shares of Class B Preferred Stock in violation of Section 11.1 of this Article, or any Person that is a Prohibited Transferee such that stock is transferred to the Trustee under Section 11.3 of this Article, shall immediately give written notice to the Corporation of such event and shall provide to the Corporation such other information as the Corporation may request in order to determine the effect, if any, of such Transfer or attempted Transfer or other event on the Corporation's status as a REIT. Failure to give such notice shall not limit the rights and remedies of the Board of Directors provided herein in any way.

11.5 OWNERS REQUIRED TO PROVIDE INFORMATION. From and after the Issue Date certain record and Beneficial Owners and transferees of shares of Class B Preferred Stock will be required to provide certain information as set out below.

(A) **ANNUAL DISCLOSURE.** Every record and Beneficial Owner of more than 5% (or such other percentage between 0.5% and 5%, as provided in the applicable regulations adopted under the Code) of the number of Outstanding shares of Class B Preferred Stock shall, within 30 days after January 1 of each year, give written notice to the Corporation stating the name and address of such record or Beneficial Owner, the number of shares of Class B Preferred Stock Beneficially Owned, and a full description of how such shares are held. Each such record or Beneficial Owner of Class B Preferred Stock shall, upon demand by the Corporation, disclose to the Corporation in writing such additional information with respect to the Beneficial Ownership of the Class B Preferred Stock as the Board of Directors, in its sole discretion, deems appropriate or necessary to (i) comply with the provisions of the Code regarding the qualification of the Corporation as a REIT under the Code and (ii) ensure compliance with the Ownership Limit, the Initial Holder Limit or the Look-Through Ownership Limit, as applicable. Each stockholder of record, including without limitation any Person that holds shares of Class B Preferred Stock on behalf of a Beneficial Owner, shall take all reasonable steps to obtain the written notice described in this Section 11.5 from the Beneficial Owner.

(B) **DISCLOSURE AT THE REQUEST OF THE CORPORATION.** Any Person that is a Beneficial Owner of shares of Class B Preferred Stock and any Person (including the stockholder of record) that is holding shares of Class B Preferred Stock for a Beneficial Owner, and any proposed transferee of shares, shall provide such information as the Corporation, in its sole discretion, may request in order to determine the Corporation's status as a REIT, to comply with the requirements of any taxing authority or other governmental agency, to determine any such compliance or to ensure compliance with the Ownership Limit, the Initial Holder Limit and the Look-Through Ownership Limit, and shall provide a statement or affidavit to the Corporation setting forth the number of shares of Class B Preferred Stock already Beneficially Owned by such stockholder or proposed transferee and any related

persons specified, which statement or affidavit shall be in the form prescribed by the Corporation for that purpose.

11.6 REMEDIES NOT LIMITED. Nothing contained in this Article shall limit the authority of the Board of Directors to take such other action as it deems necessary or advisable (subject to the provisions of Section 11.12 of this Article) (i) to protect the Corporation and the interests of its stockholders in the preservation of the Corporation's status as a REIT and (ii) to insure compliance with the Ownership Limit, the Initial Holder Limit and the Look-Through Ownership Limit.

11.7 AMBIGUITY. In the case of an ambiguity in the application of any of the provisions of Section 11 of this Article, or in the case of an ambiguity in any definition contained in Section 11 of this Article, the Board of Directors shall have the power to determine the application of the provisions of this Article with respect to any situation based on its reasonable belief, understanding or knowledge of the circumstances.

11.8 EXCEPTIONS. The following exceptions shall apply or may be established with respect to the limitations of Section 11.1 of this Article.

(A) WAIVER OF OWNERSHIP LIMIT. The Board of Directors, upon receipt of a ruling from the Internal Revenue Service or an opinion of tax counsel or other evidence or undertaking acceptable to it, may waive the application, in whole or in part, of the Ownership Limit to a Person subject to the Ownership Limit, if such person is not an individual for purposes of Section 542(a) of the Code and is a corporation, partnership, estate or trust. In connection with any such exemption, the Board of Directors may require such representations and undertakings from such Person and may impose such other conditions as the Board deems necessary, in its sole discretion, to determine the effect, if any, of the proposed Transfer on the Corporation's status as a REIT.

(B) PLEDGE BY INITIAL HOLDER. Notwithstanding any other provision of this Article, the pledge by the Initial Holder of all or any portion of the Class B Preferred Stock directly owned at any time or from time to time shall not constitute a violation of Section 11.1 of this Article and the pledgee shall not be subject to the Ownership Limit with respect to the Class B Preferred Stock so pledged to it either as a result of the pledge or upon foreclosure.

(C) UNDERWRITERS. For a period of 270 days following the purchase of Class B Preferred Stock by an underwriter that (i) is a corporation or a partnership and (ii) participates in an offering of the Class B Preferred Stock, such underwriter shall not be subject to the Ownership Limit with respect to the Class B Preferred Stock purchased by it as a part of or in connection with such offering and with respect to any Class B Preferred Stock purchased in connection with market making activities.

11.9 LEGEND. Each certificate for Class B Preferred Stock shall bear the following legend:

"The shares of Class B Preferred Stock represented by this certificate are subject to restrictions on transfer. No person may Beneficially Own shares of Class B Preferred Stock in excess of the Ownership Restrictions, as applicable, with certain further restrictions and exceptions set forth in the Corporation's Charter (including the Articles Supplementary setting forth the terms of the Class B Preferred Stock). Any Person that attempts to Beneficially Own shares of Class B Preferred Stock in excess of the applicable limitation must immediately notify the Corporation. All capitalized terms in this legend have the meanings ascribed to such terms in the Corporation's Charter (including the Articles Supplementary setting forth the terms of the Class B Preferred Stock), as the same may be amended from time to time, a copy of which, including the restrictions on transfer, will be sent without charge to each stockholder that so requests. If the restrictions on transfer are violated, the shares of Class B Preferred Stock represented hereby will be either (i) void in accordance with the Certificate or (ii) automatically transferred to a Trustee of a Trust for the benefit of one or more Charitable Beneficiaries."

11.10 SEVERABILITY. If any provision of this Article or any application of any such provision is determined in a final and unappealable judgment to be void, invalid or unenforceable by any Federal or state court having jurisdiction over the issues, the validity and enforceability of the remaining provisions shall not be affected and other

applications of such provision shall be affected only to the extent necessary to comply with the determination of such court.

11.11 BOARD OF DIRECTORS DISCRETION. Anything in this Article to the contrary notwithstanding, the Board of Directors shall be entitled to take or omit to take such actions as it in its discretion shall determine to be advisable in order that the Corporation maintain its status as and continue to qualify as a REIT, including, but not limited to, reducing the Ownership Limit, the Initial Holder Limit and the Look-Through Ownership Limit in the event of a change in law.

11.12 SETTLEMENT. Nothing in this Section 11 of this Article shall be interpreted to preclude the settlement of any transaction entered into through the facilities of the NYSE or other securities exchange or an automated inter-dealer quotation system.

* * * * *

SECOND: The Board of Directors of the Corporation at a meeting or by a unanimous consent in writing in lieu of a meeting under Section 2-408 of the Maryland General Corporation Law, as of October 23, 1997, adopted a resolution that set forth and approved the foregoing restatement of the Charter.

THIRD: The Charter of the Corporation is not amended by these Articles of Restatement; PROVIDED, HOWEVER, consistent with Section 2-608(b)(7) of the Maryland General Corporation Law, the current number and names of directors are provided in Section 2 of Article VI of the restated Charter of the Corporation.

FOURTH: References to "these Articles of Amendment and Restatement" have been retained in Section 4 of Article IV, in Section 4, Section 5, and Section 7 of Article VI, and in Article VIII of the restated Charter and to "these Articles Supplementary" have been retained in Section 1 of Article XII of the restated Charter to conform to the original text of the provisions. In the context of these Articles of Restatement the term "these Articles of Amendment and Restatement" should be read as "the Charter" and the term "these Articles Supplementary" should be read as "this Article".

FIFTH: The sentence "Upon the filing of these Articles of Amendment, there shall be authorized 750,000 shares and issued and outstanding 650,000 shares of the Class B Common Stock" has been retained in Section 8 of Article XII of the restated Charter to conform to the original text of the provision.
In the context of these Articles of Restatement the sentence is not necessary.

SIXTH: The number of shares of Class B Common Stock shown as "750,000" has been retained in Section 1.1 of Article IV of the restated Charter to conform to the original text of the provision. As of August 11, 1997 a total of 325,000 shares of Class B Common Stock have been converted which causes the number of authorized shares of Class B Common Stock to be reduced from 750,000 shares to 425,000 shares as provided in Sections 6(a) and 8 of Article XII of the restated Charter.

SEVENTH: The number of shares of Preferred Stock shown as "10,000,000" has been retained in Section 1.1 of Article IV of the restated Charter to conform to the original text of the provision. As of August 4, 1997 a total of 750,000 shares of Preferred Stock were reclassified as Class B Cumulative Convertible Preferred Stock, par value \$.01 per share (the "Class B Preferred Stock"), which causes the number of authorized shares of Preferred Stock to be reduced from 10,000,000 shares to 9,250,000 shares and the number of authorized shares of Class B Preferred Stock to be increased from zero shares to 750,000 shares as provided in Sections 1 Article XIII of the restated Charter.

IN WITNESS WHEREOF, APARTMENT INVESTMENT AND MANAGEMENT COMPANY has caused these presents to be signed in its name and on its behalf by its President and witnessed by its Secretary on November 7, 1997.

WITNESS:

APARTMENT INVESTMENT AND
MANAGEMENT COMPANY

/s/ LEEANN MOREIN
Leeann Morein, Secretary

By: /s/ PETER K. KOMPANIEZ
Peter K. Kompaniez, President

THE UNDERSIGNED, President of APARTMENT INVESTMENT AND MANAGEMENT COMPANY, who executed on behalf of the Corporation the foregoing Articles of Restatement of which this certificate is made a part, hereby acknowledges in the name and on behalf of said Corporation the foregoing Articles of Restatement to be the corporate act of said Corporation and hereby certifies that to the best of his knowledge, information, and belief the matters and facts set forth therein with respect to the authorization and approval thereof are true in all material respects under the penalties of perjury.

/s/ PETER K. KOMPANIEZ
Peter K. Kompaniez, President

**ARTICLES SUPPLEMENTARY
APARTMENT INVESTMENT AND MANAGEMENT COMPANY**

**CLASS C CUMULATIVE PREFERRED STOCK
(PAR VALUE \$.01 PER SHARE)**

APARTMENT INVESTMENT AND MANAGEMENT COMPANY, a Maryland corporation (hereinafter called the "Corporation"), having its principal office in Baltimore City, Maryland, hereby certifies to the Department of Assessments and Taxation of the State of Maryland that:

FIRST: Pursuant to authority expressly vested in the Board of Directors of the Corporation by Section 1.2 of Article IV of the Charter of the Corporation, the Board of Directors has duly divided and classified 2,760,000 authorized but unissued shares of the capital stock of the Corporation into a class designated as Class C Cumulative Preferred Stock and has provided for the issuance of such class.

SECOND: The reclassification increases the number of shares classified as Class C Cumulative Preferred Stock, par value \$.01 per share, from no shares immediately prior to the reclassification to 2,760,000 shares immediately after the reclassification. The reclassification decreases the number of shares classified as Preferred Stock, par value \$.01 per share, from 9,250,000 shares immediately prior to the reclassification to 6,490,000 shares immediately after the reclassification. The number of shares classified as Class C Cumulative Preferred Stock may be decreased pursuant to Section 6 of Article Third of these Articles Supplementary upon reacquisition thereof in any manner, or by retirement thereof, by the Corporation.

THIRD: The terms of the Class C Cumulative Preferred Stock (including the preferences, conversions or other rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications, or terms or conditions of redemption) as set by the Board of Directors are as follows:

1. NUMBER OF SHARES AND DESIGNATION.

This class of Preferred Stock shall be designated as Class C Cumulative Preferred Stock (the "Class C Preferred Stock") and Two Million Seven Hundred Sixty Thousand (2,760,000) shall be the authorized number of shares of such Class C Preferred Stock constituting such class.

2. DEFINITIONS.

For purposes of the Class C Preferred Stock, the following terms shall have the meanings indicated:

"ACT" shall mean the Securities Act of 1933, as amended.

"AFFILIATE" of a Person means a Person that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the Person specified.

"AGGREGATE VALUE" shall mean, with respect to any block of Equity Stock, the sum of the products of (i) the number of shares of each class of Equity Stock within such block multiplied by (ii) the corresponding Market Price of one share of Equity Stock of such class.

"BENEFICIAL OWNERSHIP" shall mean, with respect to any Person, ownership of shares of Equity Stock equal to the sum of (i) the number of shares of Equity Stock directly owned by such Person, (ii) the number of shares of Equity Stock indirectly owned by such Person (if such Person is an "individual" as defined in Section 542(a)(2) of the Code) taking into account the constructive ownership rules of Section 544 of the Code, as modified by Section 856(h)(1)(B) of the Code, and (iii) the number of shares of Equity Stock that such Person is deemed to beneficially own pursuant to Rule 13d-3 under the Exchange Act or that is attributed to such Person pursuant to Section 318 of the Code, as modified by Section 856(d)(5) of the Code, PROVIDED that when applying this definition of Beneficial Ownership to the Initial Holder, clause (iii) of this definition, and clause (ii) of the definition of "Person" shall be disregarded. The terms "BENEFICIAL OWNER," "BENEFICIALLY OWNS" and "BENEFICIALLY OWNED" shall have the correlative meanings.

"BOARD OF DIRECTORS" shall mean the Board of Directors of the Corporation or any committee authorized by such Board of Directors to perform any of its responsibilities with respect to the Class C Preferred Stock.

"BUSINESS DAY" shall mean any day other than a Saturday, Sunday or a day on which state or federally chartered banking institutions in New York, New York are not required to be open.

"CHARITABLE BENEFICIARY" shall mean one or more beneficiaries of the Trust as determined pursuant to Section 10.3 of this Article, each of which shall be an organization described in Section 170(b)(1)(A), 170(c)(2) and 501(c)(3) of the Code.

"CLASS C PREFERRED STOCK" shall have the meaning set forth in Section 1 of this Article.

"CODE" shall mean the Internal Revenue Code of 1986, as amended from time to time, or any successor statute thereto. Reference to any provision of the Code shall mean such provision as in effect from time to time, as the same may be amended, and any successor thereto, as interpreted by any applicable

regulations or other administrative pronouncements as in effect from time to time.

"COMMON STOCK" shall mean the Class A Common Stock, \$.01 par value per share, of the Corporation or such shares of the Corporation's capital stock into which outstanding shares of Common Stock shall be reclassified.

"DIVIDEND PAYMENT DATE" shall mean January 15, April 15, July 15 and October 15 of each year; provided, further, that if any Dividend Payment Date falls on any day other than a Business Day, the dividend payment payable on such Dividend Payment Date shall be paid on the Business Day immediately following such Dividend Payment Date and no interest shall accrue on such dividend from such date to such Dividend Payment Date.

"DIVIDEND PERIODS" shall mean the Initial Dividend Period and each subsequent quarterly dividend period commencing on and including January 15, April 15, July 15 and October 15 of each year and ending on and including the day preceding the first day of the next succeeding Dividend Period, other than the Dividend Period during which any Class B Preferred Stock shall be redeemed pursuant to Section 5 hereof, which shall end on and include the Redemption Date with respect to the Class C Preferred Stock being redeemed.

"EQUITY STOCK" shall mean one or more shares of any class of capital stock of the Corporation.

"EXCESS TRANSFER" has the meaning set forth in Section 10.3(A) of this Article.

"EXCHANGE ACT" shall mean the Securities Exchange Act of 1934, as amended.

"ISSUE DATE" shall mean December 23, 1997(1).

"INITIAL DIVIDEND PERIOD" shall mean the period commencing on and including the Issue Date and ending on and including April 14, 1998.

"INITIAL HOLDER" shall mean Terry Considine.

"INITIAL HOLDER LIMIT" shall mean a number of the Outstanding shares of Class C Preferred Stock of the Corporation having an Aggregate Value not in excess of the excess of (x) 15% of the Aggregate Value of all Outstanding shares of Equity Stock over (y) the Aggregate Value of all shares of Equity Stock other than Class B Preferred Stock that are Beneficially Owned by the Initial Holder. From the Issue Date, the secretary of the Corporation, or such other person as shall be designated by the Board of Directors, shall upon request make available to the representative(s) of the Initial Holder and the Board of Directors, a schedule that sets forth the then-current Initial Holder Limit applicable to the Initial Holder.

"JUNIOR STOCK" shall mean the Common Stock and any other class or series of capital stock of the Corporation over which the shares of Class C Preferred Stock have preference or priority in the payment of dividends or in the distribution of assets on any liquidation, dissolution or winding up of the Corporation.

"LOOK-THROUGH ENTITY" shall mean a Person that is either (i) described in Section 401(a) of the Code as provided under Section 856(h)(3) of the Code or (ii) registered under the Investment Company Act of 1940.

"LOOK-THROUGH OWNERSHIP LIMIT" shall mean, for any Look-Through Entity, a number of the Outstanding shares of Class C Preferred Stock of the Corporation having an Aggregate Value not in excess of the excess of (x) 15% of the Aggregate Value of all Outstanding shares of Equity Stock over (y) by the Aggregate Value of all shares of Equity Stock other than Class B Preferred Stock that are Beneficially Owned by the Look-Through Entity.

"MARKET PRICE" on any date shall mean, with respect to any share of Equity Stock, the Closing Price of share of that class of Equity Stock on the Trading Day immediately preceding such date. The term "CLOSING PRICE" on any date shall mean the last sale price, regular way, or, in case no such sale takes place on such day, the average of the closing bid and asked prices, regular way, in either case as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the NYSE or, if the Equity Stock is not listed or admitted to trading on the NYSE, as reported in the principal consolidated transaction reporting system with respect to securities listed on the principal national securities exchange on which the Equity Stock is listed or admitted to trading or, if the Equity Stock is not listed or admitted to trading on any national securities exchange, the last quoted price, or if not so quoted, the average of the high bid and low asked prices in the over-the-counter market, as reported by the National Association of Securities Dealers, Inc. Automated Quotation System or, if such system is no longer in use, the principal other automated quotations system that may then be in use or, if the Equity Stock is not quoted by any such organization, the average of the closing bid and asked prices as furnished by a professional market maker making a market in the Equity Stock selected by the Board of Directors of the Company. The term "TRADING DAY" shall mean a day on which the principal national securities exchange on which the Equity Stock is listed or admitted to trading is open for the transaction of business or, if the Equity Stock is not listed or admitted to trading on any national securities exchange, shall mean any day other than a Saturday, a Sunday or a day on which banking institutions in the State of New York are authorized or obligated by law or executive order to close.

"NYSE" shall mean the New York Stock Exchange, Inc.

"OUTSTANDING" shall mean issued and outstanding shares of Equity Stock of the Corporation, PROVIDED that for purposes of the application of the Ownership Limit, the Look-Through Ownership Limit or the Initial Holder Limit to any Person, the term "OUTSTANDING" shall be deemed to include the number of shares of Equity Stock that such Person alone, at that time, could acquire pursuant to any options or convertible securities.

"OWNERSHIP LIMIT" shall mean, for any Person other than the Initial Holder or a Look-Through Entity, a number of the Outstanding shares of Class C Preferred Stock of the Corporation having an Aggregate Value not in excess of the excess of (x) 8.7% of the Aggregate Value of all Outstanding shares of Equity Stock over (y) the Aggregate Value of all shares of Equity Stock other than Class C Preferred Stock that are Beneficially Owned by the Person.

"OWNERSHIP RESTRICTIONS" shall mean collectively the Ownership Limit as applied to Persons other than the Initial Holder or Look-Through Entities, the Initial Holder Limit as applied to the Initial Holder and the Look-Through Ownership Limit as applied to Look-Through Entities.

"PARITY STOCK" shall have the meaning set forth in paragraph (b) of Section 7 of this Article. The Class B Preferred Stock shall be a Parity Stock.

"PERSON" shall mean (a) for purposes of Section 10 of this Article, (i) an individual, corporation, partnership, estate, trust (including a trust qualifying under Section 401(a) or 501(c) of the Code), association, private foundation within the meaning of Section 509(a) of the Code, joint stock company or other entity, and (ii) also includes a group as that term is used for purposes of Section 13(d)(3) of the Exchange Act and (b) for purposes of the remaining Sections of this Article, any individual, firm, partnership, corporation or other entity and shall include any successor (by merger or otherwise) of such entity.

"PROHIBITED TRANSFEREE" has the meaning set forth in Section 10.3(A) of this Article.

"REDEMPTION DATE" shall have the meaning set forth in paragraph (b) of Section 5 of this Article.

"REIT" shall mean a "real estate investment trust" as defined in Section 856 of the Code.

"SENIOR STOCK" shall have the meaning set forth in paragraph (a) of Section 7 of this Article.

"SET APART FOR PAYMENT" shall be deemed to include, without any action other than the following, the recording by the Corporation in its accounting ledgers of any accounting or bookkeeping entry which indicates, pursuant to a declaration of dividends or other distribution by the Board of Directors, the allocation of funds to be so paid on any series or class of capital stock of the Corporation; provided, however, that if any funds for any class or series of Junior Stock or any class or series of Parity Stock are placed in a separate account of the Corporation or delivered to a disbursing, paying or other similar agent, then "set apart for payment" with respect to the Class C Preferred Stock shall mean placing such funds in a separate account or delivering such funds to a disbursing, paying or other similar agent.

"TRADING DAY", as to any securities, shall mean any day on which such securities are traded on the principal national securities exchange on which such securities are listed or admitted or, if such securities are not listed or admitted for trading on any national securities exchange, the NASDAQ

National Market or, if such securities are not listed or admitted for trading on the NASDAQ National Market, in the securities market in which such securities are traded.

"TRANSFER" shall mean any sale, transfer, gift, assignment, devise or other disposition of a share of Class C Preferred Stock (including (i) the granting of an option or any series of such options or entering into any agreement for the sale, transfer or other disposition of Class C Preferred Stock or (ii) the sale, transfer, assignment or other disposition of any securities or rights convertible into or exchangeable for Class C Preferred Stock), whether voluntary or involuntary, whether of record or Beneficial Ownership, and whether by operation of law or otherwise (including, but not limited to, any transfer of an interest in other entities that results in a change in the Beneficial Ownership of shares of Class C Preferred Stock). The term "TRANSFERS" and "TRANSFERRED" shall have correlative meanings.

"TRANSFER AGENT" means such transfer agent as may be designated by the Board of Directors or their designee as the transfer agent for the Class C Preferred Stock; provided, that if the Corporation has not designated a transfer agent then the Corporation shall act as the transfer agent for the Class C Preferred Stock.

"TRUST" shall mean the trust created pursuant to Section 10.3 of this Article.

"TRUSTEE" shall mean the Person unaffiliated with either the Corporation or the Prohibited Transferee that is appointed by the Corporation to serve as trustee of the Trust.

"VOTING PREFERRED STOCK" shall have the meaning set forth in Section 8 of this Article.

3. DIVIDENDS.

- (a) The holders of Class C Preferred Stock shall be entitled to receive, when and as declared by the Board of Directors out of funds legally available for that purpose, cumulative dividends payable in cash in an amount per share of Class C Preferred Stock equal to \$2.25 per annum. Such dividends shall be cumulative from the Issue Date, whether or not in any Dividend Period or Periods such dividends shall be declared or there shall be funds of the Corporation legally available for the payment of such dividends, and shall be payable quarterly in arrears on each Dividend Payment Date, commencing on April 15, 1998. Each such dividend shall be payable in arrears to the holders of record of the Class C Preferred Stock, as they appear on the stock records of the Corporation at the close of business on the January 1, April 1, July 1 or October 1, as the case may be, immediately preceding such Dividend Payment Date. Accumulated, accrued and unpaid dividends for any past Dividend Periods may be declared and paid at any time, without reference to any regular Dividend Payment Date, to holders of record on such date, which date shall not precede by more than 45 days the payment date thereof, as may be fixed by the Board of Directors.
- (b) The amount of dividends payable per share of Class C Preferred Stock for the Initial Dividend Period, or any other period shorter than a full Dividend Period, shall be computed ratably on the basis of twelve 30-day months and a 360-day

year. Holders of Class C Preferred Stock shall not be entitled to any dividends, whether payable in cash, property or stock, in excess of cumulative dividends, as herein provided, on the Class C Preferred Stock. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments on the Class C Preferred Stock that may be in arrears.

(c) So long as any of the shares of Class C Preferred Stock are outstanding, except as described in the immediately following sentence, no dividends shall be declared or paid or set apart for payment by the Corporation and no other distribution of cash or other property shall be declared or made directly or indirectly by the Corporation with respect to any class or series of Parity Stock for any period unless dividends equal to the full amount of accumulated, accrued and unpaid dividends have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof has been or contemporaneously is set apart for such payment on the Class C Preferred Stock for all Dividend Periods terminating on or prior to the Dividend Payment Date with respect to such class or series of Parity Stock. When dividends are not paid in full or a sum sufficient for such payment is not set apart, as aforesaid, all dividends declared upon the Class C Preferred Stock and all dividends declared upon any other class or series of Parity Stock shall be declared ratably in proportion to the respective amounts of dividends accumulated, accrued and unpaid on the Class C Preferred Stock and accumulated, accrued and unpaid on such Parity Stock.

(d) So long as any of the shares of Class C Preferred Stock are outstanding, no dividends (other than dividends or distributions paid in shares of, or options, warrants or rights to subscribe for or purchase shares of, Junior Stock) shall be declared or paid or set apart for payment by the Corporation and no other distribution of cash or other property shall be declared or made, directly or indirectly, by the Corporation with respect to any shares of Junior Stock, nor shall any shares of Junior Stock be redeemed, purchased or otherwise acquired (other than a redemption, purchase or other acquisition of Common Stock made for purposes of an employee incentive or benefit plan of the Corporation or any subsidiary) for any consideration (or any moneys be paid to or made available for a sinking fund for the redemption of any shares of any such stock), directly or indirectly, by the Corporation (except by conversion into or exchange for shares of, or options, warrants or rights to subscribe for or purchase shares of, Junior Stock), nor shall any other cash or other property otherwise be paid or distributed to or for the benefit of any holder of shares of Junior Stock in respect thereof, directly or indirectly, by the Corporation unless in each case the full cumulative dividends (including all accumulated, accrued and unpaid dividends) on all outstanding shares of Class C Preferred Stock shall have been paid or such dividends have been declared and set apart for payment for all past Dividend Periods with respect to the Class C Preferred Stock.

Notwithstanding the provisions of this Section 3(d), the Corporation shall not be prohibited from (i) declaring or paying or setting apart for payment any dividend or distribution on any shares of Parity Stock or (ii) or redeeming, purchasing or otherwise acquiring any Parity Stock, in each case, if such declaration, payment, redemption, purchase or other acquisition is necessary in order to maintain the continued qualification of the Corporation as a REIT under Section 856 of the Code.

4. LIQUIDATION PREFERENCE.

(a) In the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, before any payment or distribution by the Corporation (whether of capital or surplus) shall be made to or set apart for the holders of Junior Stock, the holders of shares of Class C Preferred Stock shall be entitled to receive Twenty-Five Dollars (\$25) per share of Class C Preferred Stock (the "Liquidation Preference"), plus an amount equal to all dividends (whether or not earned or declared) accumulated, accrued and unpaid thereon to the date of final distribution to such holders; but such holders shall not be entitled to any further payment. Until the holders of the Class C Preferred Stock have been paid the Liquidation Preference in full, plus an amount equal to all dividends (whether or not earned or declared) accumulated, accrued and unpaid thereon to the date of final distribution to such holders, no payment will be made to any holder of Junior Stock upon the liquidation, dissolution or winding up of the Corporation. If, upon any liquidation, dissolution or winding up of the Corporation, the assets of the Corporation, or proceeds thereof, distributable among the holders of Class C Preferred Stock shall be insufficient to pay in full the preferential amount aforesaid and liquidating payments on any other shares of any class or series of Parity Stock, then such assets, or the proceeds thereof, shall be distributed among the holders of Class C Preferred Stock and any such other Parity Stock ratably in the same proportion as the respective amounts that would be payable on such Class C Preferred Stock and any such other Parity Stock if all amounts payable thereon were paid in full. For the purposes of this Section 4, (i) a consolidation or merger of the Corporation with one or more corporations, (ii) a sale or transfer of all or substantially all of the Corporation's assets, or (iii) a statutory share exchange shall not be deemed to be a liquidation, dissolution or winding up, voluntary or involuntary, of the Corporation.

(b) Upon any liquidation, dissolution or winding up of the Corporation, after payment shall have been made in full to the holders of Class C Preferred Stock and any Parity Stock, as provided in this Section 4, any other series or class or classes of Junior Stock shall, subject to the respective terms thereof, be entitled to receive any and all assets remaining to be paid or distributed, and the holders of the Class C Preferred Stock and any Parity Stock shall not be entitled to share therein.

5. REDEMPTION AT THE OPTION OF THE CORPORATION.

(a) Shares of Class C Preferred Stock shall not be redeemable by the Corporation prior to December 23, 2002(2) except as set forth in Section 10.2 of this Article. On and after December 23, 2002(3), the Corporation, at its option, may redeem shares of Class C Preferred Stock, in whole or from time to time in part, at a redemption price payable in cash equal to 100% of the Liquidation Preference thereof, plus all accrued and unpaid dividends to the date fixed for redemption (the "Redemption Date"). In connection with any redemption pursuant to this Section 5(a), the redemption price of the Class C Preferred Stock (other than any portion thereof consisting of accrued and unpaid dividends) shall be payable solely with the proceeds from the sale by the Corporation or AIMCO Properties, L.P., a Delaware limited partnership (the "Operating Partnership") of other capital shares of the Corporation or the Operating Partnership (whether or not such sale occurs concurrently with such redemption). For purposes of the preceding sentence, 'capital shares' means any common stock, preferred stock, depositary shares, partnership or other interests, participations or other ownership interests (however designated) and any rights (other than debt securities convertible into or exchangeable at the option of the holder for equity securities (unless and to the extent such debt securities are subsequently converted into capital shares)) or options to purchase any of the foregoing of or in the Corporation or the Operating Partnership.

(b) The Redemption Date shall be selected by the Corporation, shall be specified in the notice of redemption and shall be not less than 30 days nor more than 60 days after the date notice of redemption is sent by the Corporation.

(c) If full cumulative dividends on all outstanding shares of Class C Preferred Stock have not been paid or declared and set apart for payment, no shares of Class C Preferred Stock may be redeemed unless all outstanding shares of Class C Preferred Stock are simultaneously redeemed and neither the Corporation nor any affiliate of the Corporation may purchase or acquire shares of Class C Preferred Stock, otherwise than pursuant to a purchase or exchange offer made on the same terms to all holders of shares of Class C Preferred Stock.

(d) If the Corporation shall redeem shares of Class C Preferred Stock pursuant to paragraph (a) of this Section 5, notice of such redemption shall be given to each holder of record of the shares to be redeemed. Such notice shall be provided by first class mail, postage prepaid, at such holder's address as the same appears on the stock records of the Corporation. Neither the failure to mail any notice required by this paragraph (d), nor any defect therein or in the mailing thereof to any particular holder, shall affect the sufficiency of the notice or the validity of the proceedings for redemption with respect to the other holders. Any notice which was mailed in the manner herein provided shall be conclusively presumed to have been duly given on the date mailed whether or not the holder receives the notice. Each such notice shall state, as appropriate: (1) the Redemption Date; (2) the number of shares of Class C Preferred Stock to be redeemed and, if fewer than all such shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder; and (3) the place or places at which certificates for such shares are to be surrendered for cash. Notice having been mailed as aforesaid, from and after the Redemption Date (unless the Corporation shall fail to make available the amount of cash necessary to effect such redemption), (i) except as otherwise provided herein, dividends on the shares of Class C Preferred Stock so called for redemption shall cease to accumulate or accrue on the shares of Class C Preferred Stock called for redemption (except that, in the case of a Redemption Date after a dividend record date and prior to the related Dividend Payment Date, holders of Class C Preferred Stock on the dividend record date will be entitled on such Dividend Payment Date to receive the dividend payable on such shares), (ii) said shares shall no longer be deemed to be outstanding, and (iii) all rights of the holders thereof as holders of Class C Preferred Stock of the Corporation shall cease (except the rights to receive the cash payable upon such redemption, without interest thereon, upon surrender and endorsement of their certificates if so required and to receive any dividends payable thereon). The Corporation's obligation to make available the redemption price in accordance with the preceding sentence shall be deemed fulfilled if, on or before the Call Date, the Corporation shall deposit with a bank or trust company (which may be an affiliate of the Corporation) that has, or is an affiliate of a bank or trust company that has, a capital and surplus of at least \$50,000,000, such amount of cash as is necessary for such redemption, in trust, with irrevocable instructions that such cash be applied to the redemption of the shares of Class C Preferred Stock so called for redemption. No interest shall accrue for the benefit of the holders of shares of Class C Preferred Stock to be redeemed on any cash so set aside by the Corporation. Subject to applicable escheat laws, any such cash unclaimed at the end of two years from the Redemption Date shall revert to the general funds of the Corporation, after which reversion the holders of shares of Class C Preferred Stock so called for redemption shall look only to the general funds of the Corporation for the payment of such cash.

As promptly as practicable after the surrender in accordance with such notice of the certificates for any such shares of Class C Preferred Stock to be so redeemed (properly endorsed or assigned for transfer, if the Corporation shall so require and the notice shall so state), such certificates shall be exchanged for cash (without interest thereon) for which such shares have been redeemed in accordance with such notice. If fewer than all the outstanding shares of Class C Preferred Stock are to be redeemed, shares to be redeemed shall be selected by the Corporation from outstanding shares of Class C Preferred Stock not previously called for redemption by lot or, with respect to the number of shares of Class C Preferred Stock held of record by each holder of such shares, pro rata (as nearly as may be) or by any other method as may be determined by the Board of Directors in its discretion to be equitable. If fewer than all the shares of Class C Preferred Stock represented by any certificate are redeemed, then a new certificate representing the unredeemed shares shall be issued without cost to the holders thereof.

6. STATUS OF REACQUIRED STOCK.

All shares of Class C Preferred Stock which shall have been issued and reacquired in any manner by the Corporation shall be returned to the status of authorized, but unissued shares of Class C Preferred Stock.

7. RANKING.

Any class or series of capital stock of the Corporation shall be deemed to rank:

(a) prior or senior to the Class C Preferred Stock, as to the payment of dividends and as to distribution of assets upon liquidation, dissolution or winding up, if the holders of such class or series shall be entitled to the receipt of dividends or of amounts distributable upon liquidation, dissolution or winding up, as the case may be, in preference or priority to the holders of Class C Preferred Stock ("Senior Stock");

(b) on a parity with the Class C Preferred Stock, as to the payment of dividends and as to distribution of assets upon liquidation, dissolution or winding up, whether or not the dividend rates, dividend payment dates or redemption or liquidation prices per share thereof be different from those of the Class C Preferred Stock, if the holders of such class of stock or series and the Class C Preferred Stock shall be entitled to the receipt of dividends and of amounts distributable upon liquidation, dissolution or winding up in proportion to their respective amounts of accrued and unpaid dividends per share or liquidation preferences, without preference or priority one over the other ("Parity Stock"); and

(c) junior to the Class C Preferred Stock, as to the payment of dividends or as to the distribution of assets upon liquidation, dissolution or winding up, if such stock or series shall be Common Stock or if the holders of Class C Preferred Stock shall be entitled to receipt of dividends or of amounts distributable upon liquidation, dissolution or winding up, as the case may be, in preference or priority to the holders of shares of such class or series ("Junior Stock").

8. VOTING.

(a) If and whenever six quarterly dividends (whether or not consecutive) payable on the Class C Preferred Stock or any series or class of Parity Stock shall be in arrears (which shall, with respect to any such quarterly dividend, mean that any such dividend has not been paid in full), whether or not earned or declared, the number of directors then constituting the Board of Directors shall be increased by two (if not already increased by reason of similar types of provisions with respect to shares of Parity Stock of any other class or series which is entitled to similar voting rights (the "Voting Preferred Stock")) and the holders of shares of Class C Preferred Stock, together with the holders of shares of all other Voting Preferred Stock then entitled to exercise similar voting rights, voting as a single class regardless of series, shall be entitled to elect the two additional directors to serve on the Board of Directors at any annual meeting of stockholders or special meeting held in place thereof, or at a special meeting of the holders of the Class C Preferred Stock and the Voting Preferred Stock called as hereinafter provided. Whenever all arrears in dividends on the Class C Preferred Stock and the Voting Preferred Stock then outstanding shall have been paid and dividends thereon for the current quarterly dividend period shall have been paid or declared and set apart for payment, then the right of the holders of the Class C Preferred Stock and the Voting Preferred Stock to elect such additional two directors shall cease (but subject always to the same provision for the vesting of such voting rights in the case of any similar future arrearages), and the terms of office of all Persons elected as directors by the holders of the Class C Preferred Stock and the Voting Preferred Stock shall forthwith terminate and the number of directors constituting the Board of Directors shall be reduced accordingly. At any time after such voting power shall have been so vested in the holders of Class C Preferred Stock and the Voting Preferred Stock, if applicable, the Secretary of the Corporation may, and upon the written request of any holder of Class C Preferred Stock (addressed to the Secretary at the principal office of the Corporation) shall, call a special meeting of the holders of the Class C Preferred Stock and of the Voting Preferred Stock for the election of the two directors to be elected by them as herein provided, such call to be made by notice similar to that provided in the Bylaws of the Corporation for a special meeting of the stockholders or as required by law. If any such special meeting required to be called as above provided shall not be called by the Secretary within 20 days after receipt of any such request, then any holder of Class C Preferred Stock may call such meeting, upon the notice above provided, and for that purpose shall have access to the stock books of the Corporation. The directors elected at any such special meeting shall hold office until the next annual meeting of the stockholders or special meeting held in lieu thereof if such office shall not have previously terminated as above provided. If any vacancy shall occur among the directors elected by the holders of the Class C Preferred Stock and the Voting Preferred Stock, a successor shall be elected by the Board of Directors, upon the nomination of the then-remaining director elected by the holders of the Class C Preferred Stock and the Voting Preferred Stock or the successor of such remaining director, to serve until the next annual meeting of the stockholders or special meeting held in place thereof if such office shall not have previously terminated as provided above.

(b) So long as any shares of Class C Preferred Stock are outstanding, in addition to any other vote or consent of stockholders required by law or by the Charter of the Corporation, the affirmative vote of at least 66-2/3% of the votes entitled to be cast by the holders of the Class C Preferred Stock voting as a single class

with the holders of all other classes or series of Preferred Stock entitled to vote on such matters, given in Person or by proxy, either in writing without a meeting or by vote at any meeting called for the purpose, shall be necessary for effecting or validating:

(i) Any amendment, alteration or repeal of any of the provisions of these Articles Supplementary, the Charter or the By-Laws of the Corporation that materially adversely affects the voting powers, rights or preferences of the holders of the Class C Preferred Stock; provided, however, that the amendment of the provisions of the Charter so as to authorize or create, or to increase the authorized amount of, or issue any Junior Stock or any shares of any class of Parity Stock shall not be deemed to materially adversely affect the voting powers, rights or preferences of the holders of Class C Preferred Stock; or

(ii) The authorization, creation of, the increase in the authorized amount of, or issuance of any shares of any class of Senior Stock or any security convertible into shares of any class of Senior Stock (whether or not such class of Senior Stock is currently authorized); provided, however, that no such vote of the holders of Class C Preferred Stock shall be required if, at or prior to the time when such amendment, alteration or repeal is to take effect, or when the issuance of any such prior shares or convertible security is to be made, as the case may be, provision is made for the redemption of all shares of Class C Preferred Stock at the time outstanding to the extent such redemption is authorized by Section 5 of this Article.

For purposes of the foregoing provisions and all other voting rights under these Articles Supplementary, each share of Class C Preferred Stock shall have one (1) vote per share, except that when any other class or series of preferred stock shall have the right to vote with the Class C Preferred Stock as a single class on any matter, then the Class C Preferred Stock and such other class or series shall have with respect to such matters one quarter of one (.25) vote per \$25 of stated liquidation preference. Except as otherwise required by applicable law or as set forth herein, the Class C Preferred Stock shall not have any relative, participating, optional or other special voting rights and powers other than as set forth herein, and the consent of the holders thereof shall not be required for the taking of any corporate action.

9. RECORD HOLDERS.

The Corporation and the Transfer Agent may deem and treat the record holder of any share of Class C Preferred Stock as the true and lawful owner thereof for all purposes, and neither the Corporation nor the Transfer Agent shall be affected by any notice to the contrary.

10.1 RESTRICTIONS ON OWNERSHIP AND TRANSFERS.

(A) LIMITATION ON BENEFICIAL OWNERSHIP. Except as provided in Section 10.8, from and after the Issue Date, no Person (other than the Initial Holder or a Look-Through Entity) shall Beneficially Own shares of Class C Preferred Stock in excess of the Ownership Limit, the Initial Holder shall not Beneficially Own shares of Class C Preferred Stock in excess of the Initial Holder Limit and no Look-Through Entity shall Beneficially Own shares of Class C Preferred Stock in excess of the Look-Through Ownership Limit.

(B) TRANSFERS IN EXCESS OF OWNERSHIP LIMIT. Except as provided in Section 10.8, from and after the Issue Date (and subject to Section 10.12), any Transfer (whether or not such Transfer is the result of transactions entered into through the facilities of the NYSE or other securities exchange or an automated inter-dealer quotation system) that, if effective, would result in any Person (other than the Initial Holder or a Look-Through Entity) Beneficially Owning shares of Class C Preferred Stock in excess of the Ownership Limit shall be void AB INITIO as to the Transfer of such shares of Class C Preferred Stock that would be otherwise Beneficially Owned by such Person in excess of the Ownership Limit, and the intended transferee shall acquire no rights in such shares of Class C Preferred Stock.

(C) TRANSFERS IN EXCESS OF INITIAL HOLDER LIMIT. Except as provided in Section 10.8, from and after the Issue Date (and subject to Section 10.12), any Transfer (whether or not such Transfer is the result of transactions entered into through the facilities of the NYSE or other securities exchange or an automated inter-dealer quotation system) that, if effective, would result in the Initial Holder Beneficially Owning shares of Class C Preferred Stock in excess of the Initial Holder Limit shall be void AB INITIO as to the Transfer of such shares of Class C Preferred Stock that would be otherwise Beneficially Owned by the Initial Holder in excess of the Initial Holder limit, and the Initial Holder shall acquire no rights in such shares of Class C Preferred Stock.

(D) TRANSFERS IN EXCESS OF LOOK-THROUGH OWNERSHIP LIMIT. Except as provided in Section 10.8 from and after the Issue Date (and subject to Section 10.12), any Transfer (whether or not such Transfer is the result of transactions entered into through the facilities of the NYSE or other securities exchange or an automated inter-dealer quotation system) that, if effective, would result in any Look-Through Entity Beneficially Owning shares of Class C Preferred Stock in excess of the Look-Through Ownership limit shall be void AB INITIO as to the Transfer of such shares of Class C Preferred Stock that would be otherwise Beneficially Owned by such Look-Through Entity in excess of the Look-Through Ownership Limit and such Look-Through Entity shall acquire no rights in such shares of Class C Preferred Stock.

(E) TRANSFERS RESULTING IN "CLOSELY HELD" STATUS. From and after the Issue Date, any Transfer that, if effective would result in the Corporation being "closely held" within the meaning of Section 856(h) of the Code, or would otherwise result in the Corporation failing to qualify as a REIT (including, without limitation, a Transfer or other event that would result in the Corporation owning (directly or constructively) an interest in a tenant that is described in Section 856(d)(2)(B) of the Code if the income derived by the Corporation from such tenant would cause the Corporation to fail to satisfy any of the gross income requirements of Section 856(c) of the Code) shall be void AB INITIO as to the Transfer of shares of Class C Preferred Stock that would cause the Corporation (i) to be "closely held" within the meaning of Section 856(h) of the Code or (ii) otherwise fail to qualify as a REIT, as the case may be, and the intended transferee shall acquire no rights in such shares of Class C Preferred Stock.

(F) SEVERABILITY ON VOID TRANSACTIONS. A Transfer of a share of Class C Preferred Stock that is null and void under Sections 10.1 (B), (C), (D), or (E) of this Article because it would, if effective, result in (i) the ownership of Class C Preferred Stock in excess of the Initial Holder Limit, the Ownership Limit, or the Look-Through Ownership Limit, (ii) the Corporation being "closely held" within the

meaning of Section 856(h) of the Code or (iii) the Corporation otherwise failing to qualify as a REIT, shall not adversely affect the validity of the Transfer of any other share of Class C Preferred Stock in the same or any other related transaction.

10.2 REMEDIES FOR BREACH. If the Board of Directors or a committee thereof shall at any time determine in good faith that a Transfer or other event has taken place in violation of Section 10.1 of this Article or that a Person intends to acquire or has attempted to acquire Beneficial Ownership of any shares of Class C Preferred Stock in violation of Section 10.1 of this Article (whether or not such violation is intended), the Board of Directors or a committee thereof shall be empowered to take any action as it deems advisable to refuse to give effect to or to prevent such Transfer or other event, including, but not limited to, refusing to give effect to such Transfer or other event on the books of the Corporation, causing the Corporation to redeem such shares at the then current Market Price and upon such terms and conditions as may be specified by the Board of Directors in its sole discretion (including, but not limited to, by means of the issuance of long-term indebtedness for the purpose of such redemption), demanding the repayment of any distributions received in respect of shares of Class C Preferred Stock acquired in violation of Section 10.1 of this Article or instituting proceedings to enjoin such Transfer or to rescind such Transfer or attempted Transfer; PROVIDED, HOWEVER, that any Transfers or attempted Transfers (or in the case of events other than a Transfer, Beneficial Ownership) in violation of Section 10.1 of this Article, regardless of any action (or non-action) by the Board of Directors or such committee, (a) shall be void AB INITIO or (b) shall automatically result in the transfer described in Section 10.3 of this Article; PROVIDED, FURTHER, that the provisions of this Section 10.2 shall be subject to the provisions of Section 10.12 of this Article; PROVIDED, FURTHER, that neither the Board of Directors nor any committee thereof may exercise such authority in a manner that interferes with any ownership or transfer of Class C Preferred Stock that is expressly authorized pursuant to Section 10.8(d) of this Article.

10.3. TRANSFER IN TRUST.

(A) ESTABLISHMENT OF TRUST. If, notwithstanding the other provisions contained in this Article, at any time after the Issue Date there is a purported Transfer (an "EXCESS TRANSFER") (whether or not such Transfer is the result of transactions entered into through the facilities of the NYSE or other securities exchange or an automated inter-dealer quotation system) or other change in the capital structure of the Corporation (including, but not limited to, any redemption of Preferred Stock) or other event (including, but not limited to, any acquisition of any share of Equity Stock) such that (a) any Person (other than the Initial Holder or a Look-Through Entity) would Beneficially Own shares of Class C Preferred Stock in excess of the Ownership Limit, or (b) the Initial Holder would Beneficially Own shares of Class C Preferred Stock in excess of the Initial Holder Limit, or (c) any Person that is a Look-Through Entity would Beneficially Own shares of Class C Preferred Stock in excess of the Look-Through Ownership Limit (in any such event, the Person, Initial Holder or Look-Through Entity that would Beneficially Own shares of Class C Preferred Stock in excess of the Ownership Limit, the Initial Holder Limit or the Look-Through Entity Limit, respectively, is referred to as a "PROHIBITED TRANSFEREE"), then, except as otherwise provided in Section 10.8 of this Article, such shares of Class C Preferred Stock in excess of the Ownership Limit, the Initial Holder Limit or the Look-Through Ownership Limit, as the case may be, (rounded up to the nearest whole share) shall be automatically transferred to a Trustee in his capacity as trustee of a Trust for the

exclusive benefit of one or more Charitable Beneficiaries. Such transfer to the Trustee shall be deemed to be effective as of the close of business on the business day prior to the Excess Transfer, change in capital structure or another event giving rise to a potential violation of the Ownership Limit, the Initial Holder Limit or the Look Through Entity Ownership Limit.

(B) APPOINTMENT OF TRUSTEE. The Trustee shall be appointed by the Corporation and shall be a Person unaffiliated with either the Corporation or any Prohibited Transferee. The Trustee may be an individual or a bank or trust company duly licensed to conduct a trust business.

(C) STATUS OF SHARES HELD BY THE TRUSTEE. Shares of Class C Preferred Stock held by the Trustee shall be issued and outstanding shares of capital stock of the Corporation. Except to the extent provided in Section 10.3(E), the Prohibited Transferee shall have no rights in the Class C Preferred Stock held by the Trustee, and the Prohibited Transferee shall not benefit economically from ownership of any shares held in trust by the Trustee, shall have no rights to dividends and shall not possess any rights to vote or other rights attributable to the shares held in the Trust.

(D) DIVIDEND AND VOTING RIGHTS. The Trustee shall have all voting rights and rights to dividends with respect to shares of Class C Preferred Stock held in the Trust, which rights shall be exercised for the benefit of the Charitable Beneficiary. Any dividend or distribution paid prior to the discovery by the Corporation that the shares of Class C Preferred Stock have been transferred to the Trustee shall be repaid to the Corporation upon demand, and any dividend or distribution declared but unpaid shall be rescinded as void AB INITIO with respect to such shares of Class C Preferred Stock. Any dividends or distributions so disgorged or rescinded shall be paid over to the Trustee and held in trust for the Charitable Beneficiary. Any vote cast by a Prohibited Transferee prior to the discovery by the Corporation that the shares of Class C Preferred Stock have been transferred to the Trustee will be rescinded as void AB INITIO and shall be recast in accordance with the desires of the Trustee acting for the benefit of the Charitable Beneficiary. The owner of the shares at the time of the Excess Transfer, change in capital structure or other event giving rise to a potential violation of the Ownership Limit, Initial Holder Limit or Look-Through Entity Ownership Limit shall be deemed to have given an irrevocable proxy to the Trustee to vote the shares of Class C Preferred Stock for the benefit of the Charitable Beneficiary.

(E) RESTRICTIONS ON TRANSFER. The Trustee of the Trust may sell the shares held in the Trust to a person, designated by the Trustee, whose ownership of the shares will not violate the Ownership Restrictions. If such a sale is made, the interest of the Charitable Beneficiary shall terminate and proceeds of the sale shall be payable to the Prohibited Transferee and to the Charitable Beneficiary as provided in this Section 10.3(E). The Prohibited Transferee shall receive the lesser of (1) the price paid by the Prohibited Transferee for the shares or, if the Prohibited Transferee did not give value for the shares (through a gift, devise or other transaction), the Market Price of the shares on the day of the event causing the shares to be held in the Trust and (2) the price per share received by the Trustee from the sale or other disposition of the shares held in the Trust. Any proceeds in excess of the amount payable to the Prohibited Transferee shall be payable to the Charitable Beneficiary. If any of the transfer restrictions set forth in this Section 10.3(E) or any application thereof is determined in a final judgment to be void, invalid or unenforceable by any court

having jurisdiction over the issue, the Prohibited Transferee may be deemed, at the option of the Corporation, to have acted as the agent of the Corporation in acquiring the Class C Preferred Stock as to which such restrictions would, by their terms, apply, and to hold such Class C Preferred Stock on behalf of the Corporation.

(F) **PURCHASE RIGHT IN STOCK TRANSFERRED TO THE TRUSTEE.** Shares of Class C Preferred Stock transferred to the Trustee shall be deemed to have been offered for sale to the Corporation, or its designee, at a price per share equal to the lesser of (i) the price per share in the transaction that resulted in such transfer to the Trust (or, in the case of a devise or gift, the Market Price at the time of such devise or gift) and (ii) the Market Price on the date the Corporation, or its designee, accepts such offer. The Corporation shall have the right to accept such offer for a period of 90 days after the later of (i) the date of the Excess Transfer or other event resulting in a transfer to the Trust and (ii) the date that the Board of Directors determines in good faith that an Excess Transfer or other event occurred.

(G) **DESIGNATION OF CHARITABLE BENEFICIARIES.** By written notice to the Trustee, the Corporation shall designate one or more nonprofit organizations to be the Charitable Beneficiary of the interest in the Trust relating to such Prohibited Transferee if (i) the shares of Class C Preferred Stock held in the Trust would not violate the Ownership Restrictions in the hands of such Charitable Beneficiary and (ii) each Charitable Beneficiary is an organization described in Sections 170(b)(1)(A), 170(c)(2) and 501(c)(3) of the Code.

10.4 NOTICE OF RESTRICTED TRANSFER. Any Person that acquires or attempts to acquire shares of Class C Preferred Stock in violation of Section 10.1 of this Article, or any Person that is a Prohibited Transferee such that stock is transferred to the Trustee under Section 10.3 of this Article, shall immediately give written notice to the Corporation of such event and shall provide to the Corporation such other information as the Corporation may request in order to determine the effect, if any, of such Transfer or attempted Transfer or other event on the Corporation's status as a REIT. Failure to give such notice shall not limit the rights and remedies of the Board of Directors provided herein in any way.

10.5 OWNERS REQUIRED TO PROVIDE INFORMATION. From and after the Issue Date certain record and Beneficial Owners and transferees of shares of Class C Preferred Stock will be required to provide certain information as set out below.

(A) **ANNUAL DISCLOSURE.** Every record and Beneficial Owner of more than 5% (or such other percentage between 0.5% and 5%, as provided in the applicable regulations adopted under the Code) of the number of Outstanding shares of Class C Preferred Stock shall, within 30 days after January 1 of each year, give written notice to the Corporation stating the name and address of such record or Beneficial Owner, the number of shares of Class C Preferred Stock Beneficially Owned, and a full description of how such shares are held. Each such record or Beneficial Owner of Class C Preferred Stock shall, upon demand by the Corporation, disclose to the Corporation in writing such additional information with respect to the Beneficial Ownership of the Class C Preferred Stock as the Board of Directors, in its sole discretion, deems appropriate or necessary to (i) comply with the provisions of the Code regarding the qualification of the Corporation as a REIT under the Code and

(ii) ensure compliance with the Ownership Limit, the Initial Holder Limit or the Look-Through Ownership Limit, as applicable. Each stockholder of record, including

without limitation any Person that holds shares of Class C Preferred Stock on behalf of a Beneficial Owner, shall take all reasonable steps to obtain the written notice described in this Section 10.5 from the Beneficial Owner.

(B) DISCLOSURE AT THE REQUEST OF THE CORPORATION. Any Person that is a Beneficial Owner of shares of Class C Preferred Stock and any Person (including the stockholder of record) that is holding shares of Class C Preferred Stock for a Beneficial Owner, and any proposed transferee of shares, shall provide such information as the Corporation, in its sole discretion, may request in order to determine the Corporation's status as a REIT, to comply with the requirements of any taxing authority or other governmental agency, to determine any such compliance or to ensure compliance with the Ownership Limit, the Initial Holder Limit and the Look-Through Ownership Limit, and shall provide a statement or affidavit to the Corporation setting forth the number of shares of Class C Preferred Stock already Beneficially Owned by such stockholder or proposed transferee and any related persons specified, which statement or affidavit shall be in the form prescribed by the Corporation for that purpose.

10.6 REMEDIES NOT LIMITED. Nothing contained in this Article shall limit the authority of the Board of Directors to take such other action as it deems necessary or advisable (subject to the provisions of Section 10.12 of this Article) (i) to protect the Corporation and the interests of its stockholders in the preservation of the Corporation's status as a REIT and (ii) to insure compliance with the Ownership Limit, the Initial Holder Limit and the Look-Through Ownership Limit.

10.7 AMBIGUITY. In the case of an ambiguity in the application of any of the provisions of Section 10 of this Article, or in the case of an ambiguity in any definition contained in Section 10 of this Article, the Board of Directors shall have the power to determine the application of the provisions of this Article with respect to any situation based on its reasonable belief, understanding or knowledge of the circumstances.

10.8 EXCEPTIONS. The following exceptions shall apply or may be established with respect to the limitations of Section 10.1 of this Article.

(A) WAIVER OF OWNERSHIP LIMIT. The Board of Directors, upon receipt of a ruling from the Internal Revenue Service or an opinion of tax counsel or other evidence or undertaking acceptable to it, may waive the application, in whole or in part, of the Ownership Limit to a Person subject to the Ownership Limit, if such person is not an individual for purposes of Section 542(a) of the Code and is a corporation, partnership, estate or trust. In connection with any such exemption, the Board of Directors may require such representations and undertakings from such Person and may impose such other conditions as the Board deems necessary, in its sole discretion, to determine the effect, if any, of the proposed Transfer on the Corporation's status as a REIT.

(B) PLEDGE BY INITIAL HOLDER. Notwithstanding any other provision of this Article, the pledge by the Initial Holder of all or any portion of the Class C Preferred Stock directly owned at any time or from time to time shall not constitute a violation of Section 10.1 of this Article and the pledgee shall not be subject to the Ownership Limit with respect to the Class C Preferred Stock so pledged to it either as a result of the pledge or upon foreclosure.

(C) UNDERWRITERS. For a period of 270 days following the purchase of Class C Preferred Stock by an underwriter that (i) is a corporation or a partnership and (ii) participates in an offering of the Class C Preferred Stock, such underwriter shall not be subject to the Ownership Limit with respect to the Class C Preferred Stock purchased by it as a part of or in connection with such offering and with respect to any Class C Preferred Stock purchased in connection with market making activities.

10.9 LEGEND. Each certificate for Class C Preferred Stock shall bear the following legend:

"The shares of Class C Cumulative Preferred Stock represented by this certificate are subject to restrictions on transfer. No person may Beneficially Own shares of Class C Cumulative Preferred Stock in excess of the Ownership Restrictions, as applicable, with certain further restrictions and exceptions set forth in the Corporation's Charter (including the Articles Supplementary setting forth the terms of the Class C Cumulative Preferred Stock). Any Person that attempts to Beneficially Own shares of Class C Cumulative Preferred Stock in excess of the applicable limitation must immediately notify the Corporation. All capitalized terms in this legend have the meanings ascribed to such terms in the Corporation's Charter (including the Articles Supplementary setting forth the terms of the Class C Cumulative Preferred Stock), as the same may be amended from time to time, a copy of which, including the restrictions on transfer, will be sent without charge to each stockholder that so requests. If the restrictions on transfer are violated, the shares of Class C Cumulative Preferred Stock represented hereby will be either (i) void in accordance with the Certificate or (ii) automatically transferred to a Trustee of a Trust for the benefit of one or more Charitable Beneficiaries."

10.10 SEVERABILITY. If any provision of this Article or any application of any such provision is determined in a final and unappealable judgment to be void, invalid or unenforceable by any Federal or state court having jurisdiction over the issues, the validity and enforceability of the remaining provisions shall not be affected and other applications of such provision shall be affected only to the extent necessary to comply with the determination of such court.

10.11 BOARD OF DIRECTORS DISCRETION. Anything in this Article to the contrary notwithstanding, the Board of Directors shall be entitled to take or omit to take such actions as it in its discretion shall determine to be advisable in order that the Corporation maintain its status as and continue to qualify as a REIT, including, but not limited to, reducing the Ownership Limit, the Initial Holder Limit and the Look-Through Ownership Limit in the event of a change in law.

10.12 SETTLEMENT. Nothing in this Section 10 of this Article shall be interpreted to preclude the settlement of any transaction entered into through the facilities of the NYSE or other securities exchange or an automated inter-dealer quotation system.

FOURTH: The terms of the Class C Cumulative Preferred Stock set forth in Article Third hereof shall become Article XIV of the Charter.

IN WITNESS WHEREOF, the Corporation has caused these presents to be signed in its name and on its behalf by its Chairman and witnessed by its Secretary on December 19, 1997.

WITNESS:

/s/ Leeann Morein

Leeann Morein,
Secretary

APARTMENT INVESTMENT AND
MANAGEMENT COMPANY

/s/ Terry Considine

Terry Considine
Chairman

THE UNDERSIGNED, Chairman of APARTMENT INVESTMENT AND MANAGEMENT COMPANY, who executed on behalf of the Corporation the Articles Supplementary of which this Certificate is made a part, hereby acknowledges in the name and on behalf of said Corporation the foregoing Articles Supplementary to be the corporate act of said Corporation and hereby certifies that the matters and facts set forth herein with respect to the authorization and approval thereof are true in all material respects under the penalties of perjury.

/s/ Terry Considine

Terry Considine
Chairman

ARTICLES SUPPLEMENTARY

APARTMENT INVESTMENT AND MANAGEMENT COMPANY

CLASS D CUMULATIVE PREFERRED STOCK (PAR VALUE \$.01 PER SHARE)

APARTMENT INVESTMENT AND MANAGEMENT COMPANY, a Maryland corporation (hereinafter called the "Corporation"), having its principal office in Baltimore City, Maryland, hereby certifies to the Department of Assessments and Taxation of the State of Maryland that:

FIRST: Pursuant to authority expressly vested in the Board of Directors of the Corporation by Section 1.2 of Article IV of the Charter of the Corporation, the Board of Directors has duly divided and classified 4,600,000 authorized but unissued shares of the capital stock of the Corporation into a class designated as Class D Cumulative Preferred Stock and has provided for the issuance of such class.

SECOND: The reclassification increases the number of shares classified as Class D Cumulative Preferred Stock, par value \$.01 per share, from no shares immediately prior to the reclassification to 4,600,000 shares immediately after the reclassification. The reclassification decreases the number of shares classified as Preferred Stock, par value \$.01 per share, from 6,490,000 shares immediately prior to the reclassification to 1,890,000 shares immediately after the reclassification. The number of shares classified as Class D Cumulative Preferred Stock may be decreased pursuant to Section 6 of Article Third of these Articles Supplementary upon reacquisition thereof in any manner, or by retirement thereof, by the Corporation.

THIRD: The terms of the Class D Cumulative Preferred Stock (including the preferences, conversions or other rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications, or terms or conditions of redemption) as set by the Board of Directors are as follows:

1. NUMBER OF SHARES AND DESIGNATION.

This class of Preferred Stock shall be designated as Class D Cumulative Preferred Stock (the "Class D Preferred Stock") and Four Million Six Hundred Thousand (4,600,000) shall be the authorized number of shares of such Class D Preferred Stock constituting such class.

2. DEFINITIONS.

For purposes of the Class D Preferred Stock, the following terms shall have the meanings indicated:

"ACT" shall mean the Securities Act of 1933, as amended.

"AFFILIATE" of a Person means a Person that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the Person specified.

"AGGREGATE VALUE" shall mean, with respect to any block of Equity Stock, the sum of the products of (i) the number of shares of each class of Equity Stock within such block multiplied by (ii) the corresponding Market Price of one share of Equity Stock of such class.

"BENEFICIAL OWNERSHIP" shall mean, with respect to any Person, ownership of shares of Equity Stock equal to the sum of (i) the number of shares of Equity Stock directly owned by such Person, (ii) the number of shares of Equity Stock indirectly owned by such Person (if such Person is an "individual" as defined in Section 542(a)(2) of the Code) taking into account the constructive ownership rules of Section 544 of the Code, as modified by Section 856(h)(1)(B) of the Code, and (iii) the number of shares of Equity Stock that such Person is deemed to beneficially own pursuant to Rule 13d-3 under the Exchange Act or that is attributed to such Person pursuant to Section 318 of the Code, as modified by Section 856(d)(5) of the Code, PROVIDED that when applying this definition of Beneficial Ownership to the Initial Holder, clause (iii) of this definition, and clause (ii) of the definition of "Person" shall be disregarded. The terms "BENEFICIAL OWNER," "BENEFICIALLY OWNS" and "BENEFICIALLY OWNED" shall have the correlative meanings.

"BOARD OF DIRECTORS" shall mean the Board of Directors of the Corporation or any committee authorized by such Board of Directors to perform any of its responsibilities with respect to the Class D Preferred Stock.

"BUSINESS DAY" shall mean any day other than a Saturday, Sunday or a day on which state or federally chartered banking institutions in New York, New York are not required to be open.

"CHARITABLE BENEFICIARY" shall mean one or more beneficiaries of the Trust as determined pursuant to Section 10.3 of this Article, each of which shall be an organization described in Section 170(b)(1)(A), 170(c)(2) and 501(c)(3) of the Code.

"CLASS D PREFERRED STOCK" shall have the meaning set forth in Section 1 of this Article.

"CODE" shall mean the Internal Revenue Code of 1986, as amended from time to time, or any successor statute thereto. Reference to any provision of the Code shall mean such provision as in effect from time to time, as the same may be amended, and any successor thereto, as interpreted by any applicable regulations or other administrative pronouncements as in effect from time to time.

"COMMON STOCK" shall mean the Class A Common Stock, \$.01 par value per share, of the Corporation or such shares of the Corporation's capital stock into which outstanding shares of Common Stock shall be reclassified.

"DIVIDEND PAYMENT DATE" shall mean January 15, April 15, July 15 and October 15 of each year; provided, further, that if any Dividend Payment Date falls on any day other than a Business Day, the dividend payment payable on such Dividend Payment Date shall be paid on the Business Day immediately following such Dividend Payment Date and no interest shall accrue on such dividend from such date to such Dividend Payment Date.

"DIVIDEND PERIODS" shall mean the Initial Dividend Period and each subsequent quarterly dividend period commencing on and including January 15, April 15, July 15 and October 15 of each year and ending on and including the day preceding the first day of the next succeeding Dividend Period, other than the Dividend Period during which any Class D Preferred Stock shall be redeemed pursuant to Section 5 hereof, which shall end on and include the Redemption Date with respect to the Class D Preferred Stock being redeemed.

"EQUITY STOCK" shall mean one or more shares of any class of capital stock of the Corporation.

"EXCESS TRANSFER" has the meaning set forth in Section 10.3(A) of this Article.

"EXCHANGE ACT" shall mean the Securities Exchange Act of 1934, as amended.

"ISSUE DATE" shall mean February 19, 1998.

"INITIAL DIVIDEND PERIOD" shall mean the period commencing on and including the Issue Date and ending on and including April 14, 1998.

"INITIAL HOLDER" shall mean Terry Considine.

"INITIAL HOLDER LIMIT" shall mean a number of the Outstanding shares of Class D Preferred Stock of the Corporation having an Aggregate Value not in excess

of the excess of (x) 15% of the Aggregate Value of all Outstanding shares of Equity Stock over (y) the Aggregate Value of all shares of Equity Stock other than Class D Preferred Stock that are Beneficially Owned by the Initial Holder. From the Issue Date, the secretary of the Corporation, or such other person as shall be designated by the Board of Directors, shall upon request make available to the representative(s) of the Initial Holder and the Board of Directors, a schedule that sets forth the then-current Initial Holder Limit applicable to the Initial Holder.

"JUNIOR STOCK" shall mean the Common Stock and any other class or series of capital stock of the Corporation over which the shares of Class D Preferred Stock have preference or priority in the payment of dividends or in the distribution of assets on any liquidation, dissolution or winding up of the Corporation.

"LOOK-THROUGH ENTITY" shall mean a Person that is either (i) described in Section 401(a) of the Code as provided under Section 856(h)(3) of the Code or (ii) registered under the Investment Company Act of 1940.

"LOOK-THROUGH OWNERSHIP LIMIT" shall mean, for any Look-Through Entity, a number of the Outstanding shares of Class D Preferred Stock of the Corporation having an Aggregate Value not in excess of the excess of (x) 15% of the Aggregate Value of all Outstanding shares of Equity Stock over (y) by the Aggregate Value of all shares of Equity Stock other than Class D Preferred Stock that are Beneficially Owned by the Look-Through Entity.

"MARKET PRICE" on any date shall mean, with respect to any share of Equity Stock, the Closing Price of share of that class of Equity Stock on the Trading Day immediately preceding such date. The term "CLOSING PRICE" on any date shall mean the last sale price, regular way, or, in case no such sale takes place on such day, the average of the closing bid and asked prices, regular way, in either case as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the NYSE or, if the Equity Stock is not listed or admitted to trading on the NYSE, as reported in the principal consolidated transaction reporting system with respect to securities listed on the principal national securities exchange on which the Equity Stock is listed or admitted to trading or, if the Equity Stock is not listed or admitted to trading on any national securities exchange, the last quoted price, or if not so quoted, the average of the high bid and low asked prices in the over-the-counter market, as reported by the National Association of Securities Dealers, Inc. Automated Quotation System or, if such system is no longer in use, the principal other automated quotations system that may then be in use or, if the Equity Stock is not quoted by any such organization, the average of the closing bid and asked prices as furnished by a professional market maker making a market in the Equity Stock selected by the Board of

Directors of the Company. The term "TRADING DAY" shall mean a day on which the principal national securities exchange on which the Equity Stock is listed or admitted to trading is open for the transaction of business or, if the Equity Stock is not listed or admitted to trading on any national securities exchange, shall mean any day other than a Saturday, a Sunday or a day on which banking institutions in the State of New York are authorized or obligated by law or executive order to close.

"NYSE" shall mean the New York Stock Exchange, Inc.

"OUTSTANDING" shall mean issued and outstanding shares of Equity Stock of the Corporation, PROVIDED that for purposes of the application of the Ownership Limit, the Look-Through Ownership Limit or the Initial Holder Limit to any Person, the term "OUTSTANDING" shall be deemed to include the number of shares of Equity Stock that such Person alone, at that time, could acquire pursuant to any options or convertible securities.

"OWNERSHIP LIMIT" shall mean, for any Person other than the Initial Holder or a Look-Through Entity, a number of the Outstanding shares of Class D Preferred Stock of the Corporation having an Aggregate Value not in excess of the excess of (x) 8.7% of the Aggregate Value of all Outstanding shares of Equity Stock over (y) the Aggregate Value of all shares of Equity Stock other than Class D Preferred Stock that are Beneficially Owned by the Person.

"OWNERSHIP RESTRICTIONS" shall mean collectively the Ownership Limit as applied to Persons other than the Initial Holder or Look-Through Entities, the Initial Holder Limit as applied to the Initial Holder and the Look-Through Ownership Limit as applied to Look-Through Entities.

"PARITY STOCK" shall have the meaning set forth in paragraph (b) of Section 7 of this Article. The Class B Preferred Stock and the Class C Preferred Stock shall each be a Parity Stock.

"PERSON" shall mean (a) for purposes of Section 10 of this Article, (i) an individual, corporation, partnership, estate, trust (including a trust qualifying under Section 401(a) or 501(c) of the Code), association, private foundation within the meaning of Section 509(a) of the Code, joint stock company or other entity, and (ii) also includes a group as that term is used for purposes of Section 13(d)(3) of the Exchange Act and (b) for purposes of the remaining Sections of this Article, any individual, firm, partnership, corporation or other entity and shall include any successor (by merger or otherwise) of such entity.

"PROHIBITED TRANSFEREE" has the meaning set forth in Section 10.3(A) of this Article.

"REDEMPTION DATE" shall have the meaning set forth in paragraph (b) of Section 5 of this Article.

"REIT" shall mean a "real estate investment trust" as defined in Section 856 of the Code.

"SENIOR STOCK" shall have the meaning set forth in paragraph (a) of Section 7 of this Article.

"SET APART FOR PAYMENT" shall be deemed to include, without any action other than the following, the recording by the Corporation in its accounting ledgers of any accounting or bookkeeping entry which indicates, pursuant to a declaration of dividends or other distribution by the Board of Directors, the allocation of funds to be so paid on any series or class of capital stock of the Corporation; provided, however, that if any funds for any class or series of Junior Stock or any class or series of Parity Stock are placed in a separate account of the Corporation or delivered to a disbursing, paying or other similar agent, then "set apart for payment" with respect to the Class D Preferred Stock shall mean placing such funds in a separate account or delivering such funds to a disbursing, paying or other similar agent.

"TRADING DAY", as to any securities, shall mean any day on which such securities are traded on the principal national securities exchange on which such securities are listed or admitted or, if such securities are not listed or admitted for trading on any national securities exchange, the NASDAQ National Market or, if such securities are not listed or admitted for trading on the NASDAQ National Market, in the securities market in which such securities are traded.

"TRANSFER" shall mean any sale, transfer, gift, assignment, devise or other disposition of a share of Class D Preferred Stock (including (i) the granting of an option or any series of such options or entering into any agreement for the sale, transfer or other disposition of Class D Preferred Stock or (ii) the sale, transfer, assignment or other disposition of any securities or rights convertible into or exchangeable for Class D Preferred Stock), whether voluntary or involuntary, whether of record or Beneficial Ownership, and whether by operation of law or otherwise (including, but not limited to, any transfer of an interest in other entities that results in a change in the Beneficial Ownership of shares of Class D Preferred Stock). The term "TRANSFERS" and "TRANSFERRED" shall have correlative meanings.

"TRANSFER AGENT" means such transfer agent as may be designated by the Board of Directors or their designee as the transfer agent for the Class D Preferred Stock; provided, that if the Corporation has not designated a transfer agent then the Corporation shall act as the transfer agent for the Class D Preferred Stock.

"TRUST" shall mean the trust created pursuant to Section 10.3 of this Article.

"TRUSTEE" shall mean the Person unaffiliated with either the Corporation or the Prohibited Transferee that is appointed by the Corporation to serve as trustee of the Trust.

"VOTING PREFERRED STOCK" shall have the meaning set forth in Section 8 of this Article.

3. DIVIDENDS.

(a) The holders of Class D Preferred Stock shall be entitled to receive, when and as declared by the Board of Directors out of funds legally available for that purpose, cumulative dividends payable in cash in an amount per share of Class D Preferred Stock equal to \$2.1875 per annum. Such dividends shall be cumulative from the Issue Date, whether or not in any Dividend Period or Periods such dividends shall be declared or there shall be funds of the Corporation legally available for the payment of such dividends, and shall be payable quarterly in arrears on each Dividend Payment Date, commencing on April 15, 1998. Each such dividend shall be payable in arrears to the holders of record of the Class D Preferred Stock, as they appear on the stock records of the Corporation at the close of business on the January 1, April 1, July 1 or October 1, as the case may be, immediately preceding such Dividend Payment Date. Accumulated, accrued and unpaid dividends for any past Dividend Periods may be declared and paid at any time, without reference to any regular Dividend Payment Date, to holders of record on such date, which date shall not precede by more than 45 days the payment date thereof, as may be fixed by the Board of Directors.

(b) The amount of dividends payable per share of Class D Preferred Stock for the Initial Dividend Period, or any other period shorter than a full Dividend Period, shall be computed ratably on the basis of twelve 30-day months and a 360-day year. Holders of Class D Preferred Stock shall not be entitled to any dividends, whether payable in cash, property or stock, in excess of cumulative dividends, as herein provided, on the Class D Preferred Stock. No interest, or sum of money in lieu of interest, shall be payable in respect of any dividend payment or payments on the Class D Preferred Stock that may be in arrears.

(c) So long as any of the shares of Class D Preferred Stock are outstanding, except as described in the immediately following sentence, no dividends shall be declared or paid or set apart for payment by the Corporation and no other distribution of cash or other property shall be declared or made directly or indirectly by the Corporation with respect to any class or series of Parity Stock for any period unless dividends equal to the full amount of accumulated, accrued and unpaid dividends have been or contemporaneously are declared and paid or declared and a sum sufficient for the payment thereof has been or contemporaneously is set apart for

such payment on the Class D Preferred Stock for all Dividend Periods terminating on or prior to the Dividend Payment Date with respect to such class or series of Parity Stock. When dividends are not paid in full or a sum sufficient for such payment is not set apart, as aforesaid, all dividends declared upon the Class D Preferred Stock and all dividends declared upon any other class or series of Parity Stock shall be declared ratably in proportion to the respective amounts of dividends accumulated, accrued and unpaid on the Class D Preferred Stock and accumulated, accrued and unpaid on such Parity Stock.

(d) So long as any of the shares of Class D Preferred Stock are outstanding, no dividends (other than dividends or distributions paid in shares of, or options, warrants or rights to subscribe for or purchase shares of, Junior Stock) shall be declared or paid or set apart for payment by the Corporation and no other distribution of cash or other property shall be declared or made, directly or indirectly, by the Corporation with respect to any shares of Junior Stock, nor shall any shares of Junior Stock be redeemed, purchased or otherwise acquired (other than a redemption, purchase or other acquisition of Common Stock made for purposes of an employee incentive or benefit plan of the Corporation or any subsidiary) for any consideration (or any moneys be paid to or made available for a sinking fund for the redemption of any shares of any such stock), directly or indirectly, by the Corporation (except by conversion into or exchange for shares of, or options, warrants or rights to subscribe for or purchase shares of, Junior Stock), nor shall any other cash or other property otherwise be paid or distributed to or for the benefit of any holder of shares of Junior Stock in respect thereof, directly or indirectly, by the Corporation unless in each case the full cumulative dividends (including all accumulated, accrued and unpaid dividends) on all outstanding shares of Class D Preferred Stock shall have been paid or such dividends have been declared and set apart for payment for all past Dividend Periods with respect to the Class D Preferred Stock.

Notwithstanding the provisions of this Section 3(d), the Corporation shall not be prohibited from (i) declaring or paying or setting apart for payment any dividend or distribution on any shares of Parity Stock or (ii) or redeeming, purchasing or otherwise acquiring any Parity Stock, in each case, if such declaration, payment, redemption, purchase or other acquisition is necessary in order to maintain the continued qualification of the Corporation as a REIT under Section 856 of the Code.

4. LIQUIDATION PREFERENCE.

(a) In the event of any liquidation, dissolution or winding up of the Corporation, whether voluntary or involuntary, before any payment or distribution by the Corporation (whether of capital or surplus) shall be made to or set apart for the holders of Junior Stock, the holders of shares of Class D Preferred Stock shall be entitled to receive Twenty-Five Dollars (\$25) per share of Class D Preferred Stock (the "Liquidation Preference"), plus an amount equal to all dividends (whether or not earned or declared) accumulated, accrued and unpaid thereon to the date of final

distribution to such holders; but such holders shall not be entitled to any further payment. Until the holders of the Class D Preferred Stock have been paid the Liquidation Preference in full, plus an amount equal to all dividends (whether or not earned or declared) accumulated, accrued and unpaid thereon to the date of final distribution to such holders, no payment will be made to any holder of Junior Stock upon the liquidation, dissolution or winding up of the Corporation. If, upon any liquidation, dissolution or winding up of the Corporation, the assets of the Corporation, or proceeds thereof, distributable among the holders of Class D Preferred Stock shall be insufficient to pay in full the preferential amount aforesaid and liquidating payments on any other shares of any class or series of Parity Stock, then such assets, or the proceeds thereof, shall be distributed among the holders of Class D Preferred Stock and any such other Parity Stock ratably in the same proportion as the respective amounts that would be payable on such Class D Preferred Stock and any such other Parity Stock if all amounts payable thereon were paid in full. For the purposes of this Section 4, (i) a consolidation or merger of the Corporation with one or more corporations, (ii) a sale or transfer of all or substantially all of the Corporation's assets, or (iii) a statutory share exchange shall not be deemed to be a liquidation, dissolution or winding up, voluntary or involuntary, of the Corporation.

(b) Upon any liquidation, dissolution or winding up of the Corporation, after payment shall have been made in full to the holders of Class D Preferred Stock and any Parity Stock, as provided in this Section 4, any other series or class or classes of Junior Stock shall, subject to the respective terms thereof, be entitled to receive any and all assets remaining to be paid or distributed, and the holders of the Class D Preferred Stock and any Parity Stock shall not be entitled to share therein.

5. REDEMPTION AT THE OPTION OF THE CORPORATION.

(a) Shares of Class D Preferred Stock shall not be redeemable by the Corporation prior to February 19, 2003, except as set forth in Section 10.2 of this Article. On and after February 19, 2003, the Corporation, at its option, may redeem shares of Class D Preferred Stock, in whole or from time to time in part, at a redemption price payable in cash equal to 100% of the Liquidation Preference thereof, plus all accrued and unpaid dividends to the date fixed for redemption (the "Redemption Date"). In connection with any redemption pursuant to this Section 5(a), the redemption price of the Class D Preferred Stock (other than any portion thereof consisting of accrued and unpaid dividends) shall be payable solely with the proceeds from the sale by the Corporation or AIMCO Properties, L.P., a Delaware limited Partnership (the "Operating Partnership"), of other capital shares of the Corporation or the Operating Partnership (whether or not such sale occurs concurrently with such redemption). For purposes of the preceding sentence, 'capital shares' means any common stock, preferred stock, depository shares, partnership or other interests, participations or other ownership interests (however designated) and any rights (other than debt securities convertible into or exchangeable at the option of the holder for equity securities (unless

and to the extent such debt securities are subsequently converted into capital shares)) or options to purchase any of the foregoing of or in the Corporation or the Operating Partnership.

(b) The Redemption Date shall be selected by the Corporation, shall be specified in the notice of redemption and shall be not less than 30 days nor more than 60 days after the date notice of redemption is sent by the Corporation.

(c) If full cumulative dividends on all outstanding shares of Class D Preferred Stock have not been paid or declared and set apart for payment, no shares of Class D Preferred Stock may be redeemed unless all outstanding shares of Class D Preferred Stock are simultaneously redeemed and neither the Corporation nor any affiliate of the Corporation may purchase or acquire shares of Class D Preferred Stock, otherwise than pursuant to a purchase or exchange offer made on the same terms to all holders of shares of Class D Preferred Stock.

(d) If the Corporation shall redeem shares of Class D Preferred Stock pursuant to paragraph (a) of this Section 5, notice of such redemption shall be given to each holder of record of the shares to be redeemed. Such notice shall be provided by first class mail, postage prepaid, at such holder's address as the same appears on the stock records of the Corporation. Neither the failure to mail any notice required by this paragraph (d), nor any defect therein or in the mailing thereof to any particular holder, shall affect the sufficiency of the notice or the validity of the proceedings for redemption with respect to the other holders. Any notice which was mailed in the manner herein provided shall be conclusively presumed to have been duly given on the date mailed whether or not the holder receives the notice. Each such notice shall state, as appropriate: (1) the Redemption Date; (2) the number of shares of Class D Preferred Stock to be redeemed and, if fewer than all such shares held by such holder are to be redeemed, the number of such shares to be redeemed from such holder; and (3) the place or places at which certificates for such shares are to be surrendered for cash. Notice having been mailed as aforesaid, from and after the Redemption Date (unless the Corporation shall fail to make available the amount of cash necessary to effect such redemption), (i) except as otherwise provided herein, dividends on the shares of Class D Preferred Stock so called for redemption shall cease to accumulate or accrue on the shares of Class D Preferred Stock called for redemption (except that, in the case of a Redemption Date after a dividend record date and prior to the related Dividend Payment Date, holders of Class D Preferred Stock on the dividend record date will be entitled on such Dividend Payment Date to receive the dividend payable on such shares), (ii) said shares shall no longer be deemed to be outstanding, and (iii) all rights of the holders thereof as holders of Class D Preferred Stock of the Corporation shall cease (except the rights to receive the cash payable upon such redemption, without interest thereon, upon surrender and endorsement of their certificates if so required and to receive any dividends payable thereon). The Corporation's obligation to make available the redemption price in accordance with the preceding sentence shall be deemed fulfilled if, on or before the Call Date, the

Corporation shall deposit with a bank or trust company (which may be an affiliate of the Corporation) that has, or is an affiliate of a bank or trust company that has, a capital and surplus of at least \$50,000,000, such amount of cash as is necessary for such redemption, in trust, with irrevocable instructions that such cash be applied to the redemption of the shares of Class D Preferred Stock so called for redemption. No interest shall accrue for the benefit of the holders of shares of Class D Preferred Stock to be redeemed on any cash so set aside by the Corporation. Subject to applicable escheat laws, any such cash unclaimed at the end of two years from the Redemption Date shall revert to the general funds of the Corporation, after which reversion the holders of shares of Class D Preferred Stock so called for redemption shall look only to the general funds of the Corporation for the payment of such cash.

As promptly as practicable after the surrender in accordance with such notice of the certificates for any such shares of Class D Preferred Stock to be so redeemed (properly endorsed or assigned for transfer, if the Corporation shall so require and the notice shall so state), such certificates shall be exchanged for cash (without interest thereon) for which such shares have been redeemed in accordance with such notice. If fewer than all the outstanding shares of Class D Preferred Stock are to be redeemed, shares to be redeemed shall be selected by the Corporation from outstanding shares of Class D Preferred Stock not previously called for redemption by lot or, with respect to the number of shares of Class D Preferred Stock held of record by each holder of such shares, pro rata (as nearly as may be) or by any other method as may be determined by the Board of Directors in its discretion to be equitable. If fewer than all the shares of Class D Preferred Stock represented by any certificate are redeemed, then a new certificate representing the unredeemed shares shall be issued without cost to the holders thereof.

6. STATUS OF REACQUIRED STOCK.

All shares of Class D Preferred Stock which shall have been issued and reacquired in any manner by the Corporation shall be returned to the status of authorized, but unissued shares of Class D Preferred Stock.

7. RANKING.

Any class or series of capital stock of the Corporation shall be deemed to rank:

(a) prior or senior to the Class D Preferred Stock, as to the payment of dividends and as to distribution of assets upon liquidation, dissolution or winding up, if the holders of such class or series shall be entitled to the receipt of dividends or of amounts distributable upon liquidation, dissolution or winding up, as the case may be, in preference or priority to the holders of Class D Preferred Stock ("Senior Stock");

(b) on a parity with the Class D Preferred Stock, as to the payment of dividends and as to distribution of assets upon liquidation, dissolution or winding up, whether or not the dividend rates, dividend payment dates or redemption or liquidation prices per share thereof be different from those of the Class D Preferred Stock, if the holders of such class of stock or series and the Class D Preferred Stock shall be entitled to the receipt of dividends and of amounts distributable upon liquidation, dissolution or winding up in proportion to their respective amounts of accrued and unpaid dividends per share or liquidation preferences, without preference or priority one over the other ("Parity Stock"); and

(c) junior to the Class D Preferred Stock, as to the payment of dividends or as to the distribution of assets upon liquidation, dissolution or winding up, if such stock or series shall be Common Stock or if the holders of Class D Preferred Stock shall be entitled to receipt of dividends or of amounts distributable upon liquidation, dissolution or winding up, as the case may be, in preference or priority to the holders of shares of such class or series ("Junior Stock").

8. VOTING.

(a) If and whenever six quarterly dividends (whether or not consecutive) payable on the Class D Preferred Stock or any series or class of Parity Stock shall be in arrears (which shall, with respect to any such quarterly dividend, mean that any such dividend has not been paid in full), whether or not earned or declared, the number of directors then constituting the Board of Directors shall be increased by two (if not already increased by reason of similar types of provisions with respect to shares of Parity Stock of any other class or series which is entitled to similar voting rights (the "Voting Preferred Stock")) and the holders of shares of Class D Preferred Stock, together with the holders of shares of all other Voting Preferred Stock then entitled to exercise similar voting rights, voting as a single class regardless of series, shall be entitled to elect the two additional directors to serve on the Board of Directors at any annual meeting of stockholders or special meeting held in place thereof, or at a special meeting of the holders of the Class D Preferred Stock and the Voting Preferred Stock called as hereinafter provided. Whenever all arrears in dividends on the Class D Preferred Stock and the Voting Preferred Stock then outstanding shall have been paid and dividends thereon for the current quarterly dividend period shall have been paid or declared and set apart for payment, then the right of the holders of the Class D Preferred Stock and the Voting Preferred Stock to elect such additional two directors shall cease (but subject always to the same provision for the vesting of such voting rights in the case of any similar future arrearages), and the terms of office of all Persons elected as directors by the holders of the Class D Preferred Stock and the Voting Preferred Stock shall forthwith terminate and the number of directors constituting the Board of Directors shall be reduced accordingly. At any time after such voting power shall have been so vested in the holders of Class D Preferred Stock and the Voting Preferred Stock, if applicable, the Secretary of the Corporation may, and upon the written request of any holder of Class D Preferred

Stock (addressed to the Secretary at the principal office of the Corporation) shall, call a special meeting of the holders of the Class D Preferred Stock and of the Voting Preferred Stock for the election of the two directors to be elected by them as herein provided, such call to be made by notice similar to that provided in the Bylaws of the Corporation for a special meeting of the stockholders or as required by law. If any such special meeting required to be called as above provided shall not be called by the Secretary within 20 days after receipt of any such request, then any holder of Class D Preferred Stock may call such meeting, upon the notice above provided, and for that purpose shall have access to the stock books of the Corporation. The directors elected at any such special meeting shall hold office until the next annual meeting of the stockholders or special meeting held in lieu thereof if such office shall not have previously terminated as above provided. If any vacancy shall occur among the directors elected by the holders of the Class D Preferred Stock and the Voting Preferred Stock, a successor shall be elected by the Board of Directors, upon the nomination of the then-remaining director elected by the holders of the Class D Preferred Stock and the Voting Preferred Stock or the successor of such remaining director, to serve until the next annual meeting of the stockholders or special meeting held in place thereof if such office shall not have previously terminated as provided above.

(b) So long as any shares of Class D Preferred Stock are outstanding, in addition to any other vote or consent of stockholders required by law or by the Charter of the Corporation, the affirmative vote of at least 66-2/3% of the votes entitled to be cast by the holders of the Class D Preferred Stock voting as a single class with the holders of all other classes or series of Preferred Stock entitled to vote on such matters, given in Person or by proxy, either in writing without a meeting or by vote at any meeting called for the purpose, shall be necessary for effecting or validating:

(i) Any amendment, alteration or repeal of any of the provisions of these Articles Supplementary, the Charter or the By-Laws of the Corporation that materially adversely affects the voting powers, rights or preferences of the holders of the Class D Preferred Stock; provided, however, that the amendment of the provisions of the Charter so as to authorize or create, or to increase the authorized amount of, or issue any Junior Stock or any shares of any class of Parity Stock shall not be deemed to materially adversely affect the voting powers, rights or preferences of the holders of Class D Preferred Stock; or

(ii) The authorization, creation of, the increase in the authorized amount of, or issuance of any shares of any class of Senior Stock or any security convertible into shares of any class of Senior Stock (whether or not such class of Senior Stock is currently authorized); provided, however, that no such vote of the holders of Class D Preferred Stock shall be required if, at or prior to the time when such amendment, alteration or repeal is to take effect, or when the issuance of any such prior shares or convertible security is to be made, as the case may be, provision

is made for the redemption of all shares of Class D Preferred Stock at the time outstanding to the extent such redemption is authorized by Section 5 of this Article.

For purposes of the foregoing provisions and all other voting rights under these Articles Supplementary, each share of Class D Preferred Stock shall have one (1) vote per share, except that when any other class or series of preferred stock shall have the right to vote with the Class D Preferred Stock as a single class on any matter, then the Class D Preferred Stock and such other class or series shall have with respect to such matters one quarter of one (.25) vote per \$25 of stated liquidation preference. Except as otherwise required by applicable law or as set forth herein, the Class D Preferred Stock shall not have any relative, participating, optional or other special voting rights and powers other than as set forth herein, and the consent of the holders thereof shall not be required for the taking of any corporate action.

9. RECORD HOLDERS.

The Corporation and the Transfer Agent may deem and treat the record holder of any share of Class D Preferred Stock as the true and lawful owner thereof for all purposes, and neither the Corporation nor the Transfer Agent shall be affected by any notice to the contrary.

10.1 RESTRICTIONS ON OWNERSHIP AND TRANSFERS.

(A) LIMITATION ON BENEFICIAL OWNERSHIP. Except as provided in Section 10.8, from and after the Issue Date, no Person (other than the Initial Holder or a Look-Through Entity) shall Beneficially Own shares of Class D Preferred Stock in excess of the Ownership Limit, the Initial Holder shall not Beneficially Own shares of Class D Preferred Stock in excess of the Initial Holder Limit and no Look-Through Entity shall Beneficially Own shares of Class D Preferred Stock in excess of the Look-Through Ownership Limit.

(B) TRANSFERS IN EXCESS OF OWNERSHIP LIMIT. Except as provided in Section 10.8, from and after the Issue Date (and subject to Section 10.12), any Transfer (whether or not such Transfer is the result of transactions entered into through the facilities of the NYSE or other securities exchange or an automated inter-dealer quotation system) that, if effective, would result in any Person (other than the Initial Holder or a Look-Through Entity) Beneficially Owning shares of Class D Preferred Stock in excess of the Ownership Limit shall be void AB INITIO as to the Transfer of such shares of Class D Preferred Stock that would be otherwise Beneficially Owned by such Person in excess of the Ownership Limit, and the intended transferee shall acquire no rights in such shares of Class D Preferred Stock.

(C) TRANSFERS IN EXCESS OF INITIAL HOLDER LIMIT. Except as provided in Section 10.8, from and after the Issue Date (and subject to Section 10.12), any Transfer (whether or not such Transfer is the result of transactions entered into

through the facilities of the NYSE or other securities exchange or an automated inter-dealer quotation system) that, if effective, would result in the Initial Holder Beneficially Owning shares of Class D Preferred Stock in excess of the Initial Holder Limit shall be void AB INITIO as to the Transfer of such shares of Class D Preferred Stock that would be otherwise Beneficially Owned by the Initial Holder in excess of the Initial Holder limit, and the Initial Holder shall acquire no rights in such shares of Class D Preferred Stock.

(D) TRANSFERS IN EXCESS OF LOOK-THROUGH OWNERSHIP LIMIT. Except as provided in Section 10.8 from and after the Issue Date (and subject to

Section 10.12), any Transfer (whether or not such Transfer is the result of transactions entered into through the facilities of the NYSE or other securities exchange or an automated inter-dealer quotation system) that, if effective, would result in any Look-Through Entity Beneficially Owning shares of Class D Preferred Stock in excess of the Look-Through Ownership limit shall be void AB INITIO as to the Transfer of such shares of Class D Preferred Stock that would be otherwise Beneficially Owned by such Look-Through Entity in excess of the Look-Through Ownership Limit and such Look-Through Entity shall acquire no rights in such shares of Class D Preferred Stock.

(E) TRANSFERS RESULTING IN "CLOSELY HELD" STATUS. From and after the Issue Date, any Transfer that, if effective would result in the Corporation being "closely held" within the meaning of Section 856(h) of the Code, or would otherwise result in the Corporation failing to qualify as a REIT (including, without limitation, a Transfer or other event that would result in the Corporation owning (directly or constructively) an interest in a tenant that is described in Section 856(d)(2)(B) of the Code if the income derived by the Corporation from such tenant would cause the Corporation to fail to satisfy any of the gross income requirements of Section 856(c) of the Code) shall be void AB INITIO as to the Transfer of shares of Class D Preferred Stock that would cause the Corporation (i) to be "closely held" within the meaning of Section 856(h) of the Code or (ii) otherwise fail to qualify as a REIT, as the case may be, and the intended transferee shall acquire no rights in such shares of Class D Preferred Stock.

(F) SEVERABILITY ON VOID TRANSACTIONS. A Transfer of a share of Class D Preferred Stock that is null and void under Sections 10.1 (B), (C), (D), or (E) of this Article because it would, if effective, result in (i) the ownership of Class D Preferred Stock in excess of the Initial Holder Limit, the Ownership Limit, or the Look-Through Ownership Limit, (ii) the Corporation being "closely held" within the meaning of Section 856(h) of the Code or (iii) the Corporation otherwise failing to qualify as a REIT, shall not adversely affect the validity of the Transfer of any other share of Class D Preferred Stock in the same or any other related transaction.

10.2 REMEDIES FOR BREACH. If the Board of Directors or a committee thereof shall at any time determine in good faith that a Transfer or other event has taken place in violation of Section 10.1 of this Article or that a Person intends to acquire or has

attempted to acquire Beneficial Ownership of any shares of Class D Preferred Stock in violation of Section 10.1 of this Article (whether or not such violation is intended), the Board of Directors or a committee thereof shall be empowered to take any action as it deems advisable to refuse to give effect to or to prevent such Transfer or other event, including, but not limited to, refusing to give effect to such Transfer or other event on the books of the Corporation, causing the Corporation to redeem such shares at the then current Market Price and upon such terms and conditions as may be specified by the Board of Directors in its sole discretion (including, but not limited to, by means of the issuance of long-term indebtedness for the purpose of such redemption), demanding the repayment of any distributions received in respect of shares of Class D Preferred Stock acquired in violation of Section 10.1 of this Article or instituting proceedings to enjoin such Transfer or to rescind such Transfer or attempted Transfer; PROVIDED, HOWEVER, that any Transfers or attempted Transfers (or in the case of events other than a Transfer, Beneficial Ownership) in violation of Section 10.1 of this Article, regardless of any action (or non-action) by the Board of Directors or such committee, (a) shall be void AB INITIO or (b) shall automatically result in the transfer described in Section 10.3 of this Article; PROVIDED, FURTHER, that the provisions of this Section 10.2 shall be subject to the provisions of Section 10.12 of this Article; PROVIDED, FURTHER, that neither the Board of Directors nor any committee thereof may exercise such authority in a manner that interferes with any ownership or transfer of Class D Preferred Stock that is expressly authorized pursuant to Section 10.8(d) of this Article.

10.3. TRANSFER IN TRUST.

(A) ESTABLISHMENT OF TRUST. If, notwithstanding the other provisions contained in this Article, at any time after the Issue Date there is a purported Transfer (an "EXCESS TRANSFER") (whether or not such Transfer is the result of transactions entered into through the facilities of the NYSE or other securities exchange or an automated inter-dealer quotation system) or other change in the capital structure of the Corporation (including, but not limited to, any redemption of Preferred Stock) or other event (including, but not limited to, any acquisition of any share of Equity Stock) such that

(a) any Person (other than the Initial Holder or a Look-Through Entity) would Beneficially Own shares of Class D Preferred Stock in excess of the Ownership Limit, or (b) the Initial Holder would Beneficially Own shares of Class D Preferred Stock in excess of the Initial Holder Limit, or (c) any Person that is a Look-Through Entity would Beneficially Own shares of Class D Preferred Stock in excess of the Look-Through Ownership Limit (in any such event, the Person, Initial Holder or Look-Through Entity that would Beneficially Own shares of Class D Preferred Stock in excess of the Ownership Limit, the Initial Holder Limit or the Look-Through Entity Limit, respectively, is referred to as a "PROHIBITED TRANSFEREE"), then, except as otherwise provided in Section 10.8 of this Article, such shares of Class D Preferred Stock in excess of the Ownership Limit, the Initial Holder Limit or the Look-Through Ownership Limit, as the case may be, (rounded up to the nearest whole share) shall be automatically transferred to a Trustee in his capacity as trustee of a Trust for the

exclusive benefit of one or more Charitable Beneficiaries. Such transfer to the Trustee shall be deemed to be effective as of the close of business on the business day prior to the Excess Transfer, change in capital structure or another event giving rise to a potential violation of the Ownership Limit, the Initial Holder Limit or the Look Through Entity Ownership Limit.

(B) APPOINTMENT OF TRUSTEE. The Trustee shall be appointed by the Corporation and shall be a Person unaffiliated with either the Corporation or any Prohibited Transferee. The Trustee may be an individual or a bank or trust company duly licensed to conduct a trust business.

(C) STATUS OF SHARES HELD BY THE TRUSTEE. Shares of Class D Preferred Stock held by the Trustee shall be issued and outstanding shares of capital stock of the Corporation. Except to the extent provided in Section 10.3(E), the Prohibited Transferee shall have no rights in the Class D Preferred Stock held by the Trustee, and the Prohibited Transferee shall not benefit economically from ownership of any shares held in trust by the Trustee, shall have no rights to dividends and shall not possess any rights to vote or other rights attributable to the shares held in the Trust.

(D) DIVIDEND AND VOTING RIGHTS. The Trustee shall have all voting rights and rights to dividends with respect to shares of Class D Preferred Stock held in the Trust, which rights shall be exercised for the benefit of the Charitable Beneficiary. Any dividend or distribution paid prior to the discovery by the Corporation that the shares of Class D Preferred Stock have been transferred to the Trustee shall be repaid to the Corporation upon demand, and any dividend or distribution declared but unpaid shall be rescinded as void AB INITIO with respect to such shares of Class D Preferred Stock. Any dividends or distributions so disgorged or rescinded shall be paid over to the Trustee and held in trust for the Charitable Beneficiary. Any vote cast by a Prohibited Transferee prior to the discovery by the Corporation that the shares of Class D Preferred Stock have been transferred to the Trustee will be rescinded as void AB INITIO and shall be recast in accordance with the desires of the Trustee acting for the benefit of the Charitable Beneficiary. The owner of the shares at the time of the Excess Transfer, change in capital structure or other event giving rise to a potential violation of the Ownership Limit, Initial Holder Limit or Look-Through Entity Ownership Limit shall be deemed to have given an irrevocable proxy to the Trustee to vote the shares of Class D Preferred Stock for the benefit of the Charitable Beneficiary.

(E) RESTRICTIONS ON TRANSFER. The Trustee of the Trust may sell the shares held in the Trust to a person, designated by the Trustee, whose ownership of the shares will not violate the Ownership Restrictions. If such a sale is made, the interest of the Charitable Beneficiary shall terminate and proceeds of the sale shall be payable to the Prohibited Transferee and to the Charitable Beneficiary as provided in this Section 10.3(E). The Prohibited Transferee shall receive the lesser of (1) the price

paid by the Prohibited Transferee for the shares or, if the Prohibited Transferee did not give value for the shares (through a gift, devise or other transaction), the Market Price of the shares on the day of the event causing the shares to be held in the Trust and (2) the price per share received by the Trustee from the sale or other disposition of the shares held in the Trust. Any proceeds in excess of the amount payable to the Prohibited Transferee shall be payable to the Charitable Beneficiary. If any of the transfer restrictions set forth in this Section 10.3(E) or any application thereof is determined in a final judgment to be void, invalid or unenforceable by any court having jurisdiction over the issue, the Prohibited Transferee may be deemed, at the option of the Corporation, to have acted as the agent of the Corporation in acquiring the Class D Preferred Stock as to which such restrictions would, by their terms, apply, and to hold such Class D Preferred Stock on behalf of the Corporation.

(F) **PURCHASE RIGHT IN STOCK TRANSFERRED TO THE TRUSTEE.** Shares of Class D Preferred Stock transferred to the Trustee shall be deemed to have been offered for sale to the Corporation, or its designee, at a price per share equal to the lesser of (i) the price per share in the transaction that resulted in such transfer to the Trust (or, in the case of a devise or gift, the Market Price at the time of such devise or gift) and (ii) the Market Price on the date the Corporation, or its designee, accepts such offer. The Corporation shall have the right to accept such offer for a period of 90 days after the later of (i) the date of the Excess Transfer or other event resulting in a transfer to the Trust and (ii) the date that the Board of Directors determines in good faith that an Excess Transfer or other event occurred.

(G) **DESIGNATION OF CHARITABLE BENEFICIARIES.** By written notice to the Trustee, the Corporation shall designate one or more nonprofit organizations to be the Charitable Beneficiary of the interest in the Trust relating to such Prohibited Transferee if (i) the shares of Class D Preferred Stock held in the Trust would not violate the Ownership Restrictions in the hands of such Charitable Beneficiary and (ii) each Charitable Beneficiary is an organization described in Sections 170(b)(1)(A), 170(c)(2) and 501(c)(3) of the Code.

10.4 NOTICE OF RESTRICTED TRANSFER. Any Person that acquires or attempts to acquire shares of Class D Preferred Stock in violation of Section 10.1 of this Article, or any Person that is a Prohibited Transferee such that stock is transferred to the Trustee under Section 10.3 of this Article, shall immediately give written notice to the Corporation of such event and shall provide to the Corporation such other information as the Corporation may request in order to determine the effect, if any, of such Transfer or attempted Transfer or other event on the Corporation's status as a REIT. Failure to give such notice shall not limit the rights and remedies of the Board of Directors provided herein in any way.

10.5 OWNERS REQUIRED TO PROVIDE INFORMATION. From and after the Issue Date certain record and Beneficial Owners and transferees of shares of Class D Preferred Stock will be required to provide certain information as set out below.

(A) ANNUAL DISCLOSURE. Every record and Beneficial Owner of more than 5% (or such other percentage between 0.5% and 5%, as provided in the applicable regulations adopted under the Code) of the number of Outstanding shares of Class D Preferred Stock shall, within 30 days after January 1 of each year, give written notice to the Corporation stating the name and address of such record or Beneficial Owner, the number of shares of Class D Preferred Stock Beneficially Owned, and a full description of how such shares are held. Each such record or Beneficial Owner of Class D Preferred Stock shall, upon demand by the Corporation, disclose to the Corporation in writing such additional information with respect to the Beneficial Ownership of the Class D Preferred Stock as the Board of Directors, in its sole discretion, deems appropriate or necessary to (i) comply with the provisions of the Code regarding the qualification of the Corporation as a REIT under the Code and (ii) ensure compliance with the Ownership Limit, the Initial Holder Limit or the Look-Through Ownership Limit, as applicable. Each stockholder of record, including without limitation any Person that holds shares of Class D Preferred Stock on behalf of a Beneficial Owner, shall take all reasonable steps to obtain the written notice described in this Section 10.5 from the Beneficial Owner.

(B) DISCLOSURE AT THE REQUEST OF THE CORPORATION. Any Person that is a Beneficial Owner of shares of Class D Preferred Stock and any Person (including the stockholder of record) that is holding shares of Class D Preferred Stock for a Beneficial Owner, and any proposed transferee of shares, shall provide such information as the Corporation, in its sole discretion, may request in order to determine the Corporation's status as a REIT, to comply with the requirements of any taxing authority or other governmental agency, to determine any such compliance or to ensure compliance with the Ownership Limit, the Initial Holder Limit and the Look-Through Ownership Limit, and shall provide a statement or affidavit to the Corporation setting forth the number of shares of Class D Preferred Stock already Beneficially Owned by such stockholder or proposed transferee and any related persons specified, which statement or affidavit shall be in the form prescribed by the Corporation for that purpose.

10.6 REMEDIES NOT LIMITED. Nothing contained in this Article shall limit the authority of the Board of Directors to take such other action as it deems necessary or advisable (subject to the provisions of Section 10.12 of this Article) (i) to protect the Corporation and the interests of its stockholders in the preservation of the Corporation's status as a REIT and (ii) to insure compliance with the Ownership Limit, the Initial Holder Limit and the Look-Through Ownership Limit.

10.7 AMBIGUITY. In the case of an ambiguity in the application of any of the provisions of Section 10 of this Article, or in the case of an ambiguity in any definition contained in Section 10 of this Article, the Board of Directors shall have the power to determine the application of the provisions of this Article with respect to any situation based on its reasonable belief, understanding or knowledge of the circumstances.

10.8 EXCEPTIONS. The following exceptions shall apply or may be established with respect to the limitations of Section 10.1 of this Article.

(A) WAIVER OF OWNERSHIP LIMIT. The Board of Directors, upon receipt of a ruling from the Internal Revenue Service or an opinion of tax counsel or other evidence or undertaking acceptable to it, may waive the application, in whole or in part, of the Ownership Limit to a Person subject to the Ownership Limit, if such person is not an individual for purposes of Section 542(a) of the Code and is a corporation, partnership, estate or trust. In connection with any such exemption, the Board of Directors may require such representations and undertakings from such Person and may impose such other conditions as the Board deems necessary, in its sole discretion, to determine the effect, if any, of the proposed Transfer on the Corporation's status as a REIT.

(B) PLEDGE BY INITIAL HOLDER. Notwithstanding any other provision of this Article, the pledge by the Initial Holder of all or any portion of the Class D Preferred Stock directly owned at any time or from time to time shall not constitute a violation of Section 10.1 of this Article and the pledgee shall not be subject to the Ownership Limit with respect to the Class D Preferred Stock so pledged to it either as a result of the pledge or upon foreclosure.

(C) UNDERWRITERS. For a period of 270 days following the purchase of Class D Preferred Stock by an underwriter that (i) is a corporation or a partnership and (ii) participates in an offering of the Class D Preferred Stock, such underwriter shall not be subject to the Ownership Limit with respect to the Class D Preferred Stock purchased by it as a part of or in connection with such offering and with respect to any Class D Preferred Stock purchased in connection with market making activities.

10.9 LEGEND. Each certificate for Class D Preferred Stock shall bear the following legend:

"The shares of Class D Cumulative Preferred Stock represented by this certificate are subject to restrictions on transfer. No person may Beneficially Own shares of Class D Cumulative Preferred Stock in excess of the Ownership Restrictions, as applicable, with certain further restrictions and exceptions set forth in the Corporation's Charter (including the Articles Supplementary setting forth the terms of the Class D Cumulative Preferred Stock). Any Person that attempts to Beneficially Own shares of Class D Cumulative Preferred Stock in excess of the applicable limitation must immediately notify the Corporation. All capitalized terms in this legend have the meanings ascribed to such terms in the Corporation's Charter (including the Articles Supplementary setting forth the terms of the Class D Cumulative Preferred Stock), as the same may be amended from time to time, a copy of which, including the restrictions on transfer, will be sent

without charge to each stockholder that so requests. If the restrictions on transfer are violated, the shares of Class D Cumulative Preferred Stock represented hereby will be either (i) void in accordance with the Certificate or (ii) automatically transferred to a Trustee of a Trust for the benefit of one or more Charitable Beneficiaries."

10.10 SEVERABILITY. If any provision of this Article or any application of any such provision is determined in a final and unappealable judgment to be void, invalid or unenforceable by any Federal or state court having jurisdiction over the issues, the validity and enforceability of the remaining provisions shall not be affected and other applications of such provision shall be affected only to the extent necessary to comply with the determination of such court.

10.11 BOARD OF DIRECTORS DISCRETION. Anything in this Article to the contrary notwithstanding, the Board of Directors shall be entitled to take or omit to take such actions as it in its discretion shall determine to be advisable in order that the Corporation maintain its status as and continue to qualify as a REIT, including, but not limited to, reducing the Ownership Limit, the Initial Holder Limit and the Look-Through Ownership Limit in the event of a change in law.

10.12 SETTLEMENT. Nothing in this Section 10 of this Article shall be interpreted to preclude the settlement of any transaction entered into through the facilities of the NYSE or other securities exchange or an automated inter-dealer quotation system.

FOURTH: The terms of the Class D Cumulative Preferred Stock set forth in Article Third hereof shall become Article XV of the Charter.

IN WITNESS WHEREOF, the Corporation has caused these presents to be signed in its name and on its behalf by its Senior Vice President and Chief Financial Officer and witnessed by its Secretary on February 17, 1998.

WITNESS:

APARTMENT INVESTMENT AND
MANAGEMENT COMPANY

/s/ Leeann Morein

/s/ Troy D. Butts

Leeann Morein,
Secretary

Troy D. Butts
Senior Vice President and
Chief Financial Officer

THE UNDERSIGNED, Senior Vice President and Chief Financial Officer of APARTMENT INVESTMENT AND MANAGEMENT COMPANY, who executed on behalf of the Corporation the Articles Supplementary of which this Certificate is made a part, hereby acknowledges in the name and on behalf of said Corporation the foregoing Articles Supplementary to be the corporate act of said Corporation and hereby certifies that the matters and facts set forth herein with respect to the authorization and approval thereof are true in all material respects under the penalties of perjury.

/s/ Troy D. Butts

Troy D. Butts
Senior Vice President and
Chief Financial Officer

**SECOND AMENDMENT TO THE SECOND
AMENDED AND RESTATED AGREEMENT OF
LIMITED PARTNERSHIP OF AIMCO PROPERTIES, L.P.**

This SECOND AMENDMENT TO THE SECOND AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP OF AIMCO PROPERTIES, L.P., dated as of December 22, 1997 (this "Amendment"), is being executed by AIMCO-GP, Inc., a Delaware corporation (the "General Partner"), as the general partner of AIMCO Properties, L.P., a Delaware limited partnership (the "Partnership"), pursuant to the authority conferred on the General Partner by Section 7.3.C(7) of the Second Amended and Restated Agreement of Limited Partnership of AIMCO Properties, L.P., dated as of July 29, 1994 (the "Agreement"). Capitalized terms used, but not otherwise defined herein, shall have the respective meanings ascribed thereto in the Agreement.

WHEREAS, on December 23, 1997, the Previous General Partner issued 2,400,000 shares of its Class C Cumulative Convertible Preferred Stock, par value \$.01 per share (the "Class C Preferred Stock"), and in accordance with Section 4.3.E of the Agreement, contributed the cash proceeds from such issuance to the Special Limited Partner, which contributed such cash proceeds to the Partnership in exchange for 2,400,000 Partnership Preferred Units with designations, preferences and other rights, terms and provisions that are substantially the same as the designations, preferences and other rights, terms and provisions of the Class C Preferred Stock; and

WHEREAS, pursuant to Section 4.2.A of the Agreement, the General Partner is authorized to determine the designations, preferences and relative, participating, optional or other special rights, powers and duties of such Partnership Preferred Units.

NOW, THEREFORE, in consideration of the foregoing, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. The Agreement is hereby amended by the addition of a new exhibit, entitled "Exhibit H," in the form attached hereto, which shall be attached to and made a part of the Agreement.
2. Except as specifically amended hereby, the terms, covenants, provisions and conditions of the Agreement shall remain unmodified and continue in full force and effect and, except as amended hereby, all of the terms, covenants, provisions and conditions of the Agreement are hereby ratified and confirmed in all respects.

IN WITNESS WHEREOF, this Amendment has been executed as of the date first written above.

GENERAL PARTNER:

AIMCO-GP, INC.

By: /s/ PETER KOMPANIEZ

Name: Peter Kompaniez
Title: Vice President

EXHIBIT H

PARTNERSHIP UNIT DESIGNATION OF THE CLASS C PARTNERSHIP PREFERRED UNITS OF AIMCO PROPERTIES, L.P.

1. NUMBER OF UNITS AND DESIGNATION.

A class of Partnership Preferred Units is hereby designated as "Class C Partnership Preferred Units," and the number of Partnership Preferred Units constituting such class shall be Two Million Seven Hundred Sixty Thousand (2,760,000).

2. DEFINITIONS.

For purposes of the Class C Partnership Preferred Units, the following terms shall have the meanings indicated in this Section 2. Capitalized terms used and not otherwise defined herein shall have the meanings assigned thereto in the Agreement.

"AGREEMENT" shall mean the Second Amended and Restated Agreement of Limited Partnership of the Partnership, as amended.

"CALL DATE" shall have the meaning set forth in paragraph (a) of Section 5 of this Article.

"CLASS C PARTNERSHIP PREFERRED UNIT" means a Partnership Preferred Unit with the designations, preferences and relative, participating, optional or other special rights, powers and duties as are set forth in this EXHIBIT H. It is the intention of the General Partner that each Class C Partnership Preferred Unit shall be substantially the economic equivalent of one share of Class C Preferred Stock.

"CLASS C PREFERRED STOCK" means the Class C Cumulative Preferred Stock, par value \$0.01 per share, of the Previous General Partner.

"CODE" shall mean the Internal Revenue Code of 1986, as amended from time to time, or any successor statute thereto. Reference to any provision of the Code shall mean such provision as in effect from time to time, as the same may be amended, and any successor thereto, as interpreted by any applicable

regulations or other administrative pronouncements as in effect from time to time.

"COMMON STOCK" shall mean the Class A Common Stock, \$.01 par value per share, of the Previous General Partner or such shares of the Previous General Partner's capital stock into which outstanding shares of Common Stock shall be reclassified.

"DISTRIBUTION PAYMENT DATE" shall mean any date on which cash dividends are paid on the Class C Preferred Stock.

"JUNIOR PARTNERSHIP UNITS" shall have the meaning set forth in paragraph (c) of Section 7 of this Article.

"PARITY PARTNERSHIP UNITS" shall have the meaning set forth in paragraph (b) of Section 7 of this Article.

"PARTNERSHIP" shall mean AIMCO Properties, L.P., a Delaware limited partnership.

"SENIOR PARTNERSHIP UNITS" shall have the meaning set forth in paragraph (a) of Section 7 of this Article.

3. DISTRIBUTIONS.

On every Distribution Payment Date, the holders of Class C Partnership Preferred Units shall be entitled to receive distributions payable in cash in an amount per Class C Partnership Preferred Unit equal to the per share dividend payable on the Class C Preferred Stock on such Distribution Payment Date. Each such distribution shall be payable to the holders of record of the Class C Partnership Preferred Units, as they appear on the records of the Partnership at the close of business on the record date for the dividend payable with respect to the Class C Preferred Stock on such Distribution Payment Date. Holders of Class C Partnership Preferred Units shall not be entitled to any distributions on the Class C Partnership Preferred Units, whether payable in cash, property or stock, except as provided herein.

4. LIQUIDATION PREFERENCE.

(a) In the event of any liquidation, dissolution or winding up of the Partnership, whether voluntary or involuntary, before any payment or distribution of

the Partnership (whether capital or surplus) shall be made to or set apart for the holders of Junior Partnership Units, the holders of Class C Partnership Preferred Units shall be entitled to receive Twenty Five Dollars (\$25) per Class C Partnership Preferred Unit (the "Liquidation Preference"), plus an amount equal to all dividends (whether or not earned) accumulated, accrued and unpaid on each share of Class C Preferred Stock to the date of final distribution to such holders; but such holders shall not be entitled to any further payment. Until the holders of the Class C Partnership Preferred Units have been paid the Liquidation Preference in full, plus an amount equal to all dividends (whether or not earned) accumulated, accrued and unpaid on the Class C Preferred Stock to the date of final distribution to such holders, no payment will be made to any holder of Junior Partnership Units upon the liquidation, dissolution or winding up of the Partnership. If, upon any liquidation, dissolution or winding up of the Partnership, the assets of the Partnership, or proceeds thereof, distributable among the holders of Class C Partnership Preferred Units shall be insufficient to pay in full the preferential amount aforesaid and liquidating payments on any Parity Partnership Units, then such assets, or the proceeds thereof, shall be distributed among the holders of Class C Partnership Preferred Units and any such Parity Partnership Units ratably in the same proportion as the respective amounts that would be payable on such Class C Partnership Preferred Units and any such other Parity Partnership Units if all amounts payable thereon were paid in full. For the purposes of this Section 4, (i) a consolidation or merger of the Partnership with one or more partnerships, or (ii) a sale or transfer of all or substantially all of the Partnership's assets shall not be deemed to be a liquidation, dissolution or winding up, voluntary or involuntary, of the Partnership.

(b) Upon any liquidation, dissolution or winding up of the Partnership, after payment shall have been made in full to the holders of Class C Partnership Preferred Units and any Parity Partnership Units, as provided in this Section 4, any other series or class or classes of Junior Partnership Units shall, subject to the respective terms thereof, be entitled to receive any and all assets remaining to be paid or distributed, and the holders of the Class C Partnership Preferred Units and any Parity Partnership Units shall not be entitled to share therein.

5. REDEMPTION.

Class C Partnership Preferred Units shall be redeemable by the Partnership as follows:

(a) At any time that the Previous General Partner exercises its right to redeem all or any of the shares of Class C Preferred Stock, the General Partner may cause the Partnership to redeem an equal number of Class C Partnership

Preferred Units, at a redemption price payable in cash equal to 100% of the Liquidation Preference thereof, plus an amount equal to all accrued and unpaid dividends on each share of Class C Preferred Stock to the date fixed for redemption (the "Call Date"), in the manner set forth herein.

(b) If the Partnership shall redeem Class C Partnership Preferred Units pursuant to paragraph (a) of this Section 5, from and after the Call Date (unless the Partnership shall fail to make available the amount of cash necessary to effect such redemption), (i) except for payment of the redemption price, the Partnership shall not make any further distributions on the Class C Partnership Preferred Units so called for redemption (except that, in the case of a Call Date after a distribution record date and prior to the related Distribution Payment Date, holders of Class C Partnership Preferred Units on the distribution record date will be entitled on such Distribution Payment Date to receive the distribution payable thereon), (ii) said units shall no longer be deemed to be outstanding, and (iii) all rights of the holders thereof as holders of Class C Partnership Preferred Units of the Partnership shall cease (except the rights to receive the cash payable upon such redemption, without interest thereon, and to receive any distributions payable thereon). No interest shall accrue for the benefit of the holders of Class C Partnership Preferred Units to be redeemed on any cash set aside by the Partnership.

If fewer than all the outstanding Class C Partnership Preferred Units are to be redeemed, units to be redeemed shall be selected by the Partnership from outstanding Class C Partnership Preferred Units not previously called for redemption by any method determined by the General Partner in its discretion. Upon any such redemption, the General Partner shall amend EXHIBIT A to the Agreement as appropriate to reflect such redemption.

6. STATUS OF REACQUIRED UNITS.

All Class C Partnership Preferred Units which shall have been issued and reacquired in any manner by the Partnership shall be deemed cancelled.

7. RANKING.

Any class or series of Partnership Units of the Partnership shall be deemed to rank:

(a) prior or senior to the Class C Partnership Preferred Units, as to the payment of distributions and as to distributions of assets upon liquidation, dissolution or winding up, if the holders of such class or series shall be entitled to the

receipt of distributions or of amounts distributable upon liquidation, dissolution or winding up, as the case may be, in preference or priority to the holders of Class C Partnership Preferred Units ("Senior Partnership Units");

(b) on a parity with the Class C Partnership Preferred Units, as to the payment of distributions and as to distribution of assets upon liquidation, dissolution or winding up, whether or not the distribution rates, distribution payment dates or redemption or liquidation prices per unit or other denomination thereof be different from those of the Class C Partnership Preferred Units if such Class or series of Partnership Units shall be Class B Preferred Partnership Units or if the holders of such class or series of Partnership Units and the Class C Partnership Preferred Units shall be entitled to the receipt of distributions and of amounts distributable upon liquidation, dissolution or winding up in proportion to their respective amounts of accrued and unpaid distributions per unit or other denomination or liquidation preferences, without preference or priority one over the other ("Parity Partnership Units"); and

(c) junior to the Class C Partnership Preferred Units, as to the payment of distributions or as to the distribution of assets upon liquidation, dissolution or winding up, if such class or series of Partnership Units shall be Partnership Common Units or if the holders of Class C Preferred Partnership Units shall be entitled to receipt of distributions or of amounts distributable upon liquidation, dissolution or winding up, as the case may be, in preference or priority to the holders of such class or series of Partnership Units ("Junior Partnership Units").

8. SPECIAL ALLOCATIONS.

(a) Gross income and, if necessary, gain shall be allocated to the holders of Class C Partnership Preferred Units for any Fiscal Year (and, if necessary, subsequent Fiscal Years) to the extent that the holders of Class C Partnership Preferred Units receive a distribution on any Class C Partnership Preferred Units (other than an amount included in any redemption pursuant to Section 5 hereof) with respect to such Fiscal Year.

(b) If any Class C Partnership Preferred Units are redeemed pursuant to Section 5 hereof, for the Fiscal Year that includes such redemption (and, if necessary, for subsequent Fiscal Years) (a) gross income and gain (in such relative proportions as the General Partner in its discretion shall determine) shall be allocated to the holders of Class C Partnership Preferred Units to the extent that the redemption amounts paid or payable with respect to the Class C Partnership Preferred Units so redeemed exceeds the aggregate Capital Contributions (net of liabilities assumed or

taken subject to by the Partnership) per Class C Partnership Preferred Unit allocable to the Class C Partnership Preferred Units so redeemed and (b) deductions and losses (in such relative proportions as the General Partner in its discretion shall determine) shall be allocated to the holders of Class C Partnership Preferred Units to the extent that the aggregate Capital Contributions (net of liabilities assumed or taken subject to by the Partnership) per Class C Partnership Preferred Unit allocable to the Class C Partnership Preferred Units so redeemed exceeds the redemption amount paid or payable with respect to the Class C Partnership Preferred Units so redeemed.

9. RESTRICTIONS ON OWNERSHIP.

The Class C Partnership Preferred Units shall be owned and held solely by the General Partner or the Special Limited Partner.

10. GENERAL.

(a) The ownership of Class C Partnership Preferred Units may (but need not, in the sole and absolute discretion of the General Partner) be evidenced by one or more certificates. The General Partner shall amend EXHIBIT A to the Agreement from time to time to the extent necessary to reflect accurately the issuance of, and subsequent conversion, redemption, or any other event having an effect on the ownership of, Class C Partnership Preferred Units.

(b) The rights of the General Partner and the Special Limited Partner, in their capacity as holders of the Class C Partnership Preferred Units, are in addition to and not in limitation of any other rights or authority of the General Partner or the Special Limited Partner, respectively, in any other capacity under the Agreement or applicable law. In addition, nothing contained herein shall be deemed to limit or otherwise restrict the authority of the General Partner or the Special Limited Partner under the Agreement, other than in their capacity as holders of the Class C Partnership Preferred Units.

**THIRD AMENDMENT TO THE SECOND
AMENDED AND RESTATED AGREEMENT OF
LIMITED PARTNERSHIP OF AIMCO PROPERTIES, L.P.**

This THIRD AMENDMENT TO THE SECOND AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP OF AIMCO PROPERTIES, L.P., dated as of February 19, 1998 (this "Amendment"), is being executed by AIMCO-GP, Inc., a Delaware corporation (the "General Partner"), as the general partner of AIMCO Properties, L.P., a Delaware limited partnership (the "Partnership"), pursuant to the authority conferred on the General Partner by Section 7.3.C(7) of the Second Amended and Restated Agreement of Limited Partnership of AIMCO Properties, L.P., dated as of July 29, 1994 (the "Agreement"). Capitalized terms used, but not otherwise defined herein, shall have the respective meanings ascribed thereto in the Agreement.

WHEREAS, on February 19, 1998, the Previous General Partner issued 4,200,000 shares of its Class D Cumulative Convertible Preferred Stock, par value \$.01 per share (the "Class D Preferred Stock"), and in accordance with Section 4.3.E of the Agreement, contributed the cash proceeds from such issuance to the Special Limited Partner, which contributed such cash proceeds to the Partnership in exchange for 4,200,000 Partnership Preferred Units with designations, preferences and other rights, terms and provisions that are substantially the same as the designations, preferences and other rights, terms and provisions of the Class D Preferred Stock; and

WHEREAS, pursuant to Section 4.2.A of the Agreement, the General Partner is authorized to determine the designations, preferences and relative, participating, optional or other special rights, powers and duties of such Partnership Preferred Units.

NOW, THEREFORE, in consideration of the foregoing, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. The Agreement is hereby amended by the addition of a new exhibit, entitled "Exhibit I," in the form attached hereto, which shall be attached to and made a part of the Agreement.
2. Except as specifically amended hereby, the terms, covenants, provisions and conditions of the Agreement shall remain unmodified and continue in full force and effect and, except as amended hereby, all of the terms, covenants, provisions and conditions of the Agreement are hereby ratified and confirmed in all respects.

IN WITNESS WHEREOF, this Amendment has been executed as of the date first written above.

GENERAL PARTNER:

AIMCO-GP, INC.

By: /s/ PETER KOMPANIEZ

Name: Peter Kompaniez
Title: Vice President

EXHIBIT I

PARTNERSHIP UNIT DESIGNATION OF THE CLASS D PARTNERSHIP PREFERRED UNITS OF AIMCO PROPERTIES, L.P.

1. NUMBER OF UNITS AND DESIGNATION.

A class of Partnership Preferred Units is hereby designated as "Class D Partnership Preferred Units," and the number of Partnership Preferred Units constituting such class shall be Four Million Six Hundred Thousand (4,600,000).

2. DEFINITIONS.

For purposes of the Class D Partnership Preferred Units, the following terms shall have the meanings indicated in this Section 2. Capitalized terms used and not otherwise defined herein shall have the meanings assigned thereto in the Agreement.

"AGREEMENT" shall mean the Second Amended and Restated Agreement of Limited Partnership of the Partnership, as amended.

"CALL DATE" shall have the meaning set forth in paragraph (a) of Section 5 of this Article.

"CLASS D PARTNERSHIP PREFERRED UNIT" means a Partnership Preferred Unit with the designations, preferences and relative, participating, optional or other special rights, powers and duties as are set forth in this EXHIBIT I. It is the intention of the General Partner that each Class D Partnership Preferred Unit shall be substantially the economic equivalent of one share of Class D Preferred Stock.

"CLASS D PREFERRED STOCK" means the Class D Cumulative Preferred Stock, par value \$0.01 per share, of the Previous General Partner.

"CODE" shall mean the Internal Revenue Code of 1986, as amended from time to time, or any successor statute thereto. Reference to any provision of the Code shall mean such provision as in effect from time to time, as the same may be amended, and any successor thereto, as interpreted by any applicable regulations or other administrative pronouncements as in effect from time to time.

"COMMON STOCK" shall mean the Class A Common Stock, \$.01 par value per share, of the Previous General Partner or such shares of the Previous General Partner's capital stock into which outstanding shares of Common Stock shall be reclassified.

"DISTRIBUTION PAYMENT DATE" shall mean any date on which cash dividends are paid on the Class D Preferred Stock.

"JUNIOR PARTNERSHIP UNITS" shall have the meaning set forth in paragraph (c) of Section 7 of this Article.

"PARITY PARTNERSHIP UNITS" shall have the meaning set forth in paragraph (b) of Section 7 of this Article.

"PARTNERSHIP" shall mean AIMCO Properties, L.P., a Delaware limited partnership.

"SENIOR PARTNERSHIP UNITS" shall have the meaning set forth in paragraph (a) of Section 7 of this Article.

3. DISTRIBUTIONS.

On every Distribution Payment Date, the holders of Class D Partnership Preferred Units shall be entitled to receive distributions payable in cash in an amount per Class D Partnership Preferred Unit equal to the per share dividend payable on the Class D Preferred Stock on such Distribution Payment Date. Each such distribution shall be payable to the holders of record of the Class D Partnership Preferred Units, as they appear on the records of the Partnership at the close of business on the record date for the dividend payable with respect to the Class D Preferred Stock on such Distribution Payment Date. Holders of Class D Partnership Preferred Units shall not be entitled to any distributions on the Class D Partnership Preferred Units, whether payable in cash, property or stock, except as provided herein.

4. LIQUIDATION PREFERENCE.

(a) In the event of any liquidation, dissolution or winding up of the Partnership, whether voluntary or involuntary, before any payment or distribution of the Partnership (whether capital or surplus) shall be made to or set apart for the holders of Junior Partnership Units, the holders of Class D Partnership Preferred Units shall be entitled to receive Twenty Five Dollars (\$25) per Class D Partnership

Preferred Unit (the "Liquidation Preference"), plus an amount equal to all dividends (whether or not earned) accumulated, accrued and unpaid on each share of Class D Preferred Stock to the date of final distribution to such holders; but such holders shall not be entitled to any further payment. Until the holders of the Class D Partnership Preferred Units have been paid the Liquidation Preference in full, plus an amount equal to all dividends (whether or not earned) accumulated, accrued and unpaid on the Class D Preferred Stock to the date of final distribution to such holders, no payment will be made to any holder of Junior Partnership Units upon the liquidation, dissolution or winding up of the Partnership. If, upon any liquidation, dissolution or winding up of the Partnership, the assets of the Partnership, or proceeds thereof, distributable among the holders of Class D Partnership Preferred Units shall be insufficient to pay in full the preferential amount aforesaid and liquidating payments on any Parity Partnership Units, then such assets, or the proceeds thereof, shall be distributed among the holders of Class D Partnership Preferred Units and any such Parity Partnership Units ratably in the same proportion as the respective amounts that would be payable on such Class D Partnership Preferred Units and any such other Parity Partnership Units if all amounts payable thereon were paid in full. For the purposes of this Section 4, (i) a consolidation or merger of the Partnership with one or more partnerships, or (ii) a sale or transfer of all or substantially all of the Partnership's assets shall not be deemed to be a liquidation, dissolution or winding up, voluntary or involuntary, of the Partnership.

(b) Upon any liquidation, dissolution or winding up of the Partnership, after payment shall have been made in full to the holders of Class D Partnership Preferred Units and any Parity Partnership Units, as provided in this Section 4, any other series or class or classes of Junior Partnership Units shall, subject to the respective terms thereof, be entitled to receive any and all assets remaining to be paid or distributed, and the holders of the Class D Partnership Preferred Units and any Parity Partnership Units shall not be entitled to share therein.

5. REDEMPTION.

Class D Partnership Preferred Units shall be redeemable by the Partnership as follows:

(a) At any time that the Previous General Partner exercises its right to redeem all or any of the shares of Class D Preferred Stock, the General Partner may cause the Partnership to redeem an equal number of Class D Partnership Preferred Units, at a redemption price payable in cash equal to 100% of the Liquidation Preference thereof, plus an amount equal to all accrued and unpaid dividends on

each share of Class D Preferred Stock to the date fixed for redemption (the "Call Date"), in the manner set forth herein.

(b) If the Partnership shall redeem Class D Partnership Preferred Units pursuant to paragraph (a) of this Section 5, from and after the Call Date (unless the Partnership shall fail to make available the amount of cash necessary to effect such redemption), (i) except for payment of the redemption price, the Partnership shall not make any further distributions on the Class D Partnership Preferred Units so called for redemption (except that, in the case of a Call Date after a distribution record date and prior to the related Distribution Payment Date, holders of Class D Partnership Preferred Units on the distribution record date will be entitled on such Distribution Payment Date to receive the distribution payable thereon), (ii) said units shall no longer be deemed to be outstanding, and (iii) all rights of the holders thereof as holders of Class D Partnership Preferred Units of the Partnership shall cease (except the rights to receive the cash payable upon such redemption, without interest thereon, and to receive any distributions payable thereon). No interest shall accrue for the benefit of the holders of Class D Partnership Preferred Units to be redeemed on any cash set aside by the Partnership.

If fewer than all the outstanding Class D Partnership Preferred Units are to be redeemed, units to be redeemed shall be selected by the Partnership from outstanding Class D Partnership Preferred Units not previously called for redemption by any method determined by the General Partner in its discretion. Upon any such redemption, the General Partner shall amend EXHIBIT A to the Agreement as appropriate to reflect such redemption.

6. STATUS OF REACQUIRED UNITS.

All Class D Partnership Preferred Units which shall have been issued and reacquired in any manner by the Partnership shall be deemed cancelled.

7. RANKING.

Any class or series of Partnership Units of the Partnership shall be deemed to rank:

(a) prior or senior to the Class D Partnership Preferred Units, as to the payment of distributions and as to distributions of assets upon liquidation, dissolution or winding up, if the holders of such class or series shall be entitled to the receipt of distributions or of amounts distributable upon liquidation, dissolution or

winding up, as the case may be, in preference or priority to the holders of Class D Partnership Preferred Units ("Senior Partnership Units");

(b) on a parity with the Class D Partnership Preferred Units, as to the payment of distributions and as to distribution of assets upon liquidation, dissolution or winding up, whether or not the distribution rates, distribution payment dates or redemption or liquidation prices per unit or other denomination thereof be different from those of the Class D Partnership Preferred Units if such Class or series of Partnership Units shall be Class B Partnership Preferred Units, Class C Partnership Preferred Units or if the holders of such class or series of Partnership Units and the Class D Partnership Preferred Units shall be entitled to the receipt of distributions and of amounts distributable upon liquidation, dissolution or winding up in proportion to their respective amounts of accrued and unpaid distributions per unit or other denomination or liquidation preferences, without preference or priority one over the other ("Parity Partnership Units"); and

(c) junior to the Class D Partnership Preferred Units, as to the payment of distributions or as to the distribution of assets upon liquidation, dissolution or winding up, if such class or series of Partnership Units shall be Partnership Common Units or if the holders of Class D Preferred Partnership Units shall be entitled to receipt of distributions or of amounts distributable upon liquidation, dissolution or winding up, as the case may be, in preference or priority to the holders of such class or series of Partnership Units ("Junior Partnership Units").

8. SPECIAL ALLOCATIONS.

(a) Gross income and, if necessary, gain shall be allocated to the holders of Class D Partnership Preferred Units for any Fiscal Year (and, if necessary, subsequent Fiscal Years) to the extent that the holders of Class D Partnership Preferred Units receive a distribution on any Class D Partnership Preferred Units (other than an amount included in any redemption pursuant to Section 5 hereof) with respect to such Fiscal Year.

(b) If any Class D Partnership Preferred Units are redeemed pursuant to Section 5 hereof, for the Fiscal Year that includes such redemption (and, if necessary, for subsequent Fiscal Years) (a) gross income and gain (in such relative proportions as the General Partner in its discretion shall determine) shall be allocated to the holders of Class D Partnership Preferred Units to the extent that the redemption amounts paid or payable with respect to the Class D Partnership Preferred Units so redeemed exceeds the aggregate Capital Contributions (net of liabilities assumed or taken subject to by the Partnership) per Class D Partnership Preferred Unit allocable

to the Class D Partnership Preferred Units so redeemed and (b) deductions and losses (in such relative proportions as the General Partner in its discretion shall determine) shall be allocated to the holders of Class D Partnership Preferred Units to the extent that the aggregate Capital Contributions (net of liabilities assumed or taken subject to by the Partnership) per Class D Partnership Preferred Unit allocable to the Class D Partnership Preferred Units so redeemed exceeds the redemption amount paid or payable with respect to the Class D Partnership Preferred Units so redeemed.

9. RESTRICTIONS ON OWNERSHIP.

The Class D Partnership Preferred Units shall be owned and held solely by the General Partner or the Special Limited Partner.

10. GENERAL.

(a) The ownership of Class D Partnership Preferred Units may (but need not, in the sole and absolute discretion of the General Partner) be evidenced by one or more certificates. The General Partner shall amend EXHIBIT A to the Agreement from time to time to the extent necessary to reflect accurately the issuance of, and subsequent conversion, redemption, or any other event having an effect on the ownership of, Class D Partnership Preferred Units.

(b) The rights of the General Partner and the Special Limited Partner, in their capacity as holders of the Class D Partnership Preferred Units, are in addition to and not in limitation of any other rights or authority of the General Partner or the Special Limited Partner, respectively, in any other capacity under the Agreement or applicable law. In addition, nothing contained herein shall be deemed to limit or otherwise restrict the authority of the General Partner or the Special Limited Partner under the Agreement, other than in their capacity as holders of the Class D Partnership Preferred Units.

**APARTMENT INVESTMENT AND MANAGEMENT COMPANY
LIST OF SUBSIDIARIES**

1. 62ND STREET LTD PARTNERSHIP (ILLINOIS)
2. 107-145 WEST 135TH STREET ASSOCIATES LTD PARTNERSHIP (NEW YORK)
3. 630 EAST LINCOLN AVENUE ASSOCIATES LTD PARTNERSHIP (NEW YORK)
4. 1133 FIFTEENTH STREET FOURTH ASSOCIATES, (MARYLAND)
5. 1133 FIFTEENTH STREET ASSOCIATES (DISTRICT OF COLUMBIA)
6. 2900 VAN NESS ASSOCIATES (DISTRICT OF COLUMBIA)
7. 7400 ROOSEVELT CORP. (MASSACHUSETTS)
8. 7400 ROOSEVELT INVESTORS (PENNSYLVANIA)
9. ABBOTT ASSOCIATES LTD PARTNERSHIP (NEW YORK)
10. ACADEMY GARDENS ASSOCIATES LP (NEW YORK)
11. ADIRONDACK APARTMENTS SARANAC ASSOCIATES LP (NEW YORK)
12. AIMCO ANCHORAGE, L.P.(DELAWARE)
13. AIMCO ARBOR STATION, L.P.(DELAWARE)
14. AIMCO BAY CLUB, L.P. (DELAWARE)
15. AIMCO BAY CLUB II, L.P. (DELAWARE)
16. AIMCO/BEACON HILL, INC. (DELAWARE)
17. AIMCO/BEACON HILL, L.L.C. (DELAWARE)
18. AIMCO/BEACON HILL, L.P. (DELAWARE)
19. AIMCO/BLOSSOMTREE, INC. (DELAWARE)
20. AIMCO/BLOSSOMTREE L.L.C.(DELAWARE)

21. AIMCO/BLOSSOMTREE L.P. (DELAWARE)
22. AIMCO/BLUFFS, L.L.C. (DELAWARE)
23. AIMCO/BOARDWALK, L.P. (DELAWARE)
24. AIMCO/BOARDWALK FINANCE, L.P. (DELAWARE)
25. AIMCO/BRANDYWINE, L.P. (DELAWARE)
26. AIMCO/BRANT ROCK, INC. (DELAWARE)
27. AIMCO/BRANT ROCK, L.L.C. (DELAWARE)
28. AIMCO/BRANT ROCK, L.P. (DELAWARE)
29. AIMCO BRIDGEWATER, L.P. (DELAWARE)
30. AIMCO CASA ANITA, L.P. (DELAWARE)
31. AIMCO CHESAPEAKE, L.P. (DELAWARE)
32. AIMCO COBBLE CREEK, L.P. (DELAWARE)
33. AIMCO/COLONNADE, INC. (DELAWARE)
34. AIMCO/COLONNADE, L.L.C. (DELAWARE)
35. AIMCO/COLONNADE, L.P. (DELAWARE)
36. AIMCO COPPERFIELD, L.P. (DELAWARE)
37. AIMCO CROWS NEST, L.P. (DELAWARE)
38. AIMCO/EASTON FALLS, L.P. (DELAWARE)
39. AIMCO ELM CREEK, L.P. (DELAWARE)
40. AIMCO FONDREN COURT, L.P. (DELAWARE)
41. AIMCO/FOOTHILLS, INC. (DELAWARE)
42. AIMCO/FOOTHILLS, L.L.C. (DELAWARE)
43. AIMCO/FOOTHILLS, L.P. (DELAWARE)

44. AIMCO/FOX BAY, INC. (DELAWARE)
45. AIMCO/FOX BAY, L.L.C. (DELAWARE)
46. AIMCO/FOX BAY, L.P. (DELAWARE)
47. AIMCO FOXCHASE, L.P. (DELAWARE)
48. AIMCO/FOXTREE, INC. (DELAWARE)
49. AIMCO/FOXTREE, L.L.C. (DELAWARE)
50. AIMCO/FOXTREE, L.P. (DELAWARE)
51. AIMCO/FREEDOM PLACE, INC. (DELAWARE)
52. AIMCO/FREEDOM PLACE, L.L.C. (DELAWARE)
53. AIMCO/FREEDOM PLACE, L.P. (DELAWARE)
54. AIMCO GALLERIA OFFICE, L.P. (DELAWARE)
55. AIMCO GROUP, L.P. (DELAWARE)
56. AIMCO/GROVETREE, INC. (DELAWARE)
57. AIMCO/GROVETREE, L.L.C. (DELAWARE)
58. AIMCO/GROVETREE, L.P. (DELAWARE)
59. AIMCO HAMPTON HILL, L.P. (DELAWARE)
60. AIMCO HASTINGS GREEN, L.P. (DELAWARE)
61. AIMCO HASTINGS PLACE, L.P. (DELAWARE)
62. AIMCO/HAZELTREE, INC. (DELAWARE)
63. AIMCO/HAZELTREE, L.L.C. (DELAWARE)
64. AIMCO/HAZELTREE, L.P. (DELAWARE)
65. AIMCO/HIDDENTREE, INC. (DELAWARE)
66. AIMCO/HIDDENTREE, L.L.C. (DELAWARE)

67. AIMCO/HIDDEN TREE, L.P. (DELAWARE)
68. AIMCO/HIL, L.L.C. (DELAWARE)
69. AIMCO HOLDINGS, L.P. (DELAWARE)
70. AIMCO HOLDINGS QRS, INC. (DELAWARE)
71. AIMCO/ISLAND TREE, INC. (DELAWARE)
72. AIMCO/ISLAND TREE, L.L.C. (DELAWARE)
73. AIMCO/ISLAND TREE, L.P. (DELAWARE)
74. AIMCO LAKEHAVEN, L.P. (DELAWARE)
75. AIMCO LOS ARBOLES, L.P. (DELAWARE)
76. AIMCO LT, L.P. (DELAWARE)
77. AIMCO/MONTECITO, L.P. (DELAWARE)
78. AIMCO/NHP PARTNERS, L.P. (DELAWARE)
79. AIMCO/NHP PROPERTIES, INC. (DELAWARE)
80. AIMCO/NHP HOLDINGS, INC. (DELAWARE)
81. AIMCO OF FLORIDA, INC. (FLORIDA) .
82. AIMCO OAK FALLS, L.P. (DELAWARE)
83. AIMCO/OLMOS, INC. (DELAWARE)
84. AIMCO/OLMOS, L.L.C. (DELAWARE)
85. AIMCO/OLMOS, L.P. (DELAWARE)
86. AIMCO/ORCHID TREE, INC. (DELAWARE)
87. AIMCO/ORCHID TREE, L.L.C. (DELAWARE)
88. AIMCO/ORCHID TREE, L.P. (DELAWARE)
89. AIMCO/OTC QRS, INC. (DELAWARE)

90. AIMCO/OTC, L.L.C. (DELAWARE)
91. AIMCO/OTC, L.P. (DELAWARE)
92. AIMCO/PAM PROPERTIES, L.P. (DELAWARE)
93. AIMCO PARK AT CEDAR LAWN, L.P. (DELAWARE)
94. AIMCO/PENN SQUARE, L.L.C. (DELAWARE)
95. AIMCO PEPPERMILL PLACE, L.P. (DELAWARE)
96. AIMCO/PINE CREEK, INC. (DELAWARE)
97. AIMCO/PINE CREEK, L.L.C. (DELAWARE)
98. AIMCO/PINE CREEK, L.P. (DELAWARE)
99. AIMCO/POLO PARK, INC. (DELAWARE)
100. AIMCO/POLO PARK, L.L.C. (DELAWARE) .
101. AIMCO/POLO PARK, L.P. (DELAWARE)
102. AIMCO PROPERTIES, L.P. (DELAWARE)
103. AIMCO PROPERTIES FINANCE CORP. (DELAWARE)
104. AIMCO PROPERTIES FINANCE PARTNERSHIP, L.P. (DELAWARE)
105. AIMCO/QUAILTREE, INC. (DELAWARE)
106. AIMCO/QUAILTREE, L.L.C. (DELAWARE)
107. AIMCO/QUAILTREE, L.P. (DELAWARE)
108. AIMCO/RALS, L.P. (DELAWARE)
109. AIMCO RECOVERY FUND, L.P. (DELAWARE)
110. AIMCO RIO CANCION, L.P. (DELAWARE)
111. AIMCO/RIVERCREST, INC. (DELAWARE)

- 112. AIMCO/RIVERCREST, L.L.C. (DELAWARE)
- 113. AIMCO/RIVERCREST, L.P. (DELAWARE)
- 114. AIMCO/SA, L.L.C. (DELAWARE)
- 115. AIMCO/SAND CASTLES, INC. (DELAWARE)
- 116. AIMCO/SAND CASTLES, L.L.C. (DELAWARE)
- 117. AIMCO/SAND CASTLES, L.P. (DELAWARE)
- 118. AIMCO/SAND PEBBLE, INC. (DELAWARE)
- 119. AIMCO/SAND PEBBLE, L.L.C. (DELAWARE)
- 120. AIMCO/SAND PEBBLE, L.P. (DELAWARE)
- 121. AIMCO SANDPIPER, L.P. (DELAWARE)
- 122. AIMCO SAN MARINA, L.P. (DELAWARE)
- 123. AIMCO SEASIDE POINT, L.P. (DELAWARE)
- 124. AIMCO/SHADETREE, INC. (DELAWARE)
- 125. AIMCO/SHADETREE, L.L.C. (DELAWARE)
- 126. AIMCO/SHADETREE, L.P. (DELAWARE)
- 127. AIMCO/SHADOW LAKE, INC. (DELAWARE)
- 128. AIMCO/SHADOW LAKE, L.L.C. (DELAWARE)
- 129. AIMCO/SHADOW LAKE, L.P. (DELAWARE)
- 130. AIMCO SIGNATURE POINT, L.P. (DELAWARE)
- 131. AIMCO/SILKTREE, INC. (DELAWARE)
- 132. AIMCO/SILKTREE, L.L.C. (DELAWARE)
- 133. AIMCO/SILKTREE, L.P. (DELAWARE)
- 134. AIMCO SOMERSET INC. (DELAWARE)

- 135. AIMCO STEEPLECHASE, L.P. (DELAWARE)
- 136. AIMCO/STONEGATE, L.P. (DELAWARE)
- 137. AIMCO SUNBURY, L.P. (DELAWARE)
- 138. AIMCO SUNDOWN, L.P. (DELAWARE)
- 139. AIMCO/SURREY OAKS, INC. (DELAWARE)
- 140. AIMCO/SURREY OAKS, L.L.C. (DELAWARE)
- 141. AIMCO/SURREY OAKS, L.P. (DELAWARE)
- 142. AIMCO/TALL TIMBERS, INC. (DELAWARE)
- 143. AIMCO/TALL TIMBERS, L.L.C. (DELAWARE)
- 144. AIMCO/TALL TIMBERS, L.P. (DELAWARE)
- 145. AIMCO/TEAL POINTE, L.P. (DELAWARE)
- 146. AIMCO/THE HILLS, INC. (DELAWARE)
- 147. AIMCO/THE HILLS, L.L.C. (DELAWARE)
- 148. AIMCO/THE HILLS, L.P. (DELAWARE)
- 149. AIMCO/TIMBERTREE, INC. (DELAWARE)
- 150. AIMCO/TIMBERTREE, L.L.C. (DELAWARE)
- 151. AIMCO/TIMBERTREE, L.P. (DELAWARE)
- 152. AIMCO TOWNSHIP AT HIGHLANDS, L.P. (DELAWARE)
- 153. AIMCO TUSTIN, L.P. (DELAWARE)
- 154. AIMCO/TWINBRIDGE, INC. (DELAWARE)
- 155. AIMCO/TWINBRIDGE, L.L.C. (DELAWARE)
- 156. AIMCO/TWINBRIDGE, L.P. (DELAWARE)
- 157. AIMCO UT, L.P. (DELAWARE)

- 158. AIMCO/VILLA LADERA, L.P. (DELAWARE)
- 159. AIMCO WEST TRAILS, L.P. (DELAWARE)
- 160. AIMCO WESTCHASE MIDRISE, L.P. (DELAWARE)
- 161. AIMCO/WICKERTREE, INC. (DELAWARE)
- 162. AIMCO/WICKERTREE, L.L.C. (DELAWARE)
- 163. AIMCO/WICKERTREE, L.P. (DELAWARE)
- 164. AIMCO/WILDFLOWER, INC. (DELAWARE)
- 165. AIMCO/WILDFLOWER, L.L.C. (DELAWARE)
- 166. AIMCO/WILDFLOWER, L.P. (DELAWARE)
- 167. AIMCO/WILLIAMS COVE, L.P. (DELAWARE)
- 168. AIMCO/WINDSOR LANDING, INC. (DELAWARE)
- 169. AIMCO/WINDSOR LANDING, L.L.C. (DELAWARE)
- 170. AIMCO/WINDSOR LANDING, L.P. (DELAWARE)
- 171. AIMCO/WOODHOLLOW, INC. (DELAWARE)
- 172. AIMCO/Woodhollow, L.L.C. (DELAWARE)
- 173. AIMCO/WOODHOLLOW, L.P. (DELAWARE)
- 174. AIMCO/WOODLANDS-TYLER, L.P. (DELAWARE)
- 175. AIMCO WOODWAY OFFICES, L.P. (DELAWARE)
- 176. AIMCO/WYDEWOOD, INC. (DELAWARE)
- 177. AIMCO/WYDEWOOD, L.L.C. (DELAWARE)
- 178. AIMCO/WYDEWOOD, L.P. (DELAWARE)
- 179. AIMCO/YORKTREE, INC. (DELAWARE)
- 180. AIMCO/YORKTREE, L.L.C. (DELAWARE)
- 181. AIMCO/YORKTREE, L.P. (DELAWARE)

182. AIMCO-GP, INC. (DELAWARE)

183. AIMCO-LP, INC. (DELAWARE)

184. AIV PROPERTIES, L.P. (DELAWARE)

185. ALGONQUIN TOWER LTD PARTNERSHIP (CONNECTICUT)

186. ALL HALLOWS ASSOCIATES (DISTRICT OF COLUMBIA)

187. ALLENTOWN TOWNE HOUSE LTD PARTNERSHIP (PENNSYLVANIA)

188. ANCHORAGE PARTNERS (TEXAS)

189. ANDERSON MILL ASSOCIATES (ILLINOIS)

190. ANGLERS MANOR ASSOCIATES LP (ILLINOIS)

191. ANTIOCH APARTMENTS LTD (OHIO)

192. APTEK MANAGEMENT COMPANY LLC (DELAWARE)

193. APTEK MAINTENANCE SERVICES COMPANY LLC (DELAWARE)

194. ARGUS LAND COMPANY, INC. (ALABAMA)

195. ARVADA HOUSE LTD PARTNERSHIP (COLORADO)

196. ASPEN STRATFORD APARTMENTS COMPANY B (NEW JERSEY)

197. ASPEN STRATFORD APARTMENTS COMPANY C (NEW JERSEY)

198. ATHENS ARMS ASSOCIATES (GEORGIA)

199. AUDOBON PARK ASSOCIATES (NEW JERSEY)

200. BAISLEY PARK ASSOCIATES LP (NEW YORK)

201. BALCOR/SPORTVEST-II (ILLINOIS)

202. BALDWIN OAKS ELDERLY LTD (NEW JERSEY)

203. BALDWIN TOWERS ASSOCIATES (PENNSYLVANIA)

204. BASSWOOD MANOR LTD PARTNERSHIP (TEXAS)

205. BAYVIEW HUNTERS POINT APARTMENTS (DISTRICT OF COLUMBIA)

206. BEAUTIFUL VILLAGE ASSOCIATES LP REDEVELOPMENT COMPANY (NEW YORK)

207. BENJAMIN BANNEKER PLAZA ASSOCIATES (PENNSYLVANIA)

208. BENSALEM GARDENS ASSOCIATES LTD (PENNSYLVANIA)

209. BENSALEM GARDENS ASSOCIATES LTD PARTNERSHIP (PENNSYLVANIA)

210. BENTON SQUARE PARTNERSHIP (MISSOURI)

211. BERKLEY LTD PARTNERSHIP (VIRGINIA)

212. BLOOMSBURG ELDERLY ASSOCIATES (PENNSYLVANIA)

213. BOYNTON SANDPIPER LIMITED PARTNERSHIP (FLORIDA)

214. BRANCHWOOD TOWERS LTD PARTNERSHIP (MARYLAND)

215. BRIARWOOD APARTMENTS (ARKANSAS)

216. BRIDGEWATER PARTNERS, LTD. (TEXAS)

217. BRIGHTWOOD LTD PARTNERSHIP (VIRGINIA)

218. BRIGHTWOOD MANOR ASSOCIATES (PENNSYLVANIA)

219. BRINTON MANOR NO. 1 ASSOCIATES (PENNSYLVANIA)

220. BRINTON TOWERS ASSOCIATES (PENNSYLVANIA)

221. BROAD STREET MANAGEMENT, INC. (OHIO)

222. BROOKSIDE APARTMENTS ASSOCIATES (PENNSYLVANIA)

223. BROOKVIEW APARTMENTS CO LTD (ALABAMA)

224. BRUNSWICK VILLAGE LIMITED PARTNERSHIP (NEW JERSEY)

225. BUCKINGHAM HALL ASSOCIATES LTD PARTNERSHIP (NEW YORK)

226. BUENA VISTA APARTMENTS LTD (OKLAHOMA)

227. BUFFALO VILLAGE ASSOCIATES (NEW YORK)

228. CABELL ASSOCIATES OF LAKEVIEW (VIRGINIA)

229. CALIFORNIA SQUARE II LTD PARTNERSHIP (KENTUCKY)

230. CALIFORNIA SQUARE LTD PARTNERSHIP (KENTUCKY)

231. CAMBRIDGE HEIGHTS APARTMENTS LTD (MISSISSIPPI)

232. CAMPBELL HEIGHTS ASSOCIATES LTD PARTNERSHIP (DISTRICT OF COLUMBIA)

233. CANTERBURY GARDENS ASSOCIATES LTD PARTNERSHIP (MICHIGAN)

234. CAPITAL COMMERCIAL, INC. (MARYLAND)

235. CAPITAL PARK LIMITED PARTNERSHIP (OHIO)

236. CAROLINE ARMS LIMITED PARTNERSHIP (FLORIDA)

237. CAROLINE ASSOCIATES I LTD PARTNERSHIP (MISSOURI)

238. CARTER ASSOCIATES LTD PARTNERSHIP (MASSACHUSETTS)

239. CASA DEL MAR ASSOCIATES LIMITED PARTNERSHIP (FLORIDA)

240. CASA DEL MAR, INC. (FLORIDA)

241. CASTLE ROCK JOINT VENTURE (TEXAS)

242. CB L-2 C ASSOCIATES (FLORIDA)

243. CB L-2 B ASSOCIATES (FLORIDA)

244. CB ASSOCIATES (FLORIDA)

245. CENTER SQUARE ASSOCIATES (PENNSYLVANIA)

246. CENTRAL VILLAGE ASSOCIATES LTD PARTNERSHIP (TEXAS)

247. CENTRAL WOODLAWN LP (ILLINOIS)

248. CHAPEL HOUSING LTD PARTNERSHIP (MARYLAND)

249. CHATEAU GARDENS L.P. (CALIFORNIA)

250. CHEEK ROAD LTD PARTNERSHIP (NORTH CAROLINA)

251. CHESTERFIELD HOUSING ASSOCIATES (SOUTH CAROLINA)

252. CHEYENNE VILLAGE APARTMENTS LTD PARTNERSHIP (TEXAS)

253. CHRISTOPHER COURT HOUSING COMPANY LTD PARTNERSHIP (NEW YORK)

254. CHURCH STREET ASSOCIATES (ILLINOIS)

255. CHURCHVIEW GARDENS LTD PARTNERSHIP (PENNSYLVANIA)

256. CITRUS PARK ASSOCIATES LTD (FLORIDA)

257. CLAY COURTS ASSOCIATES LTD PARTNERSHIP (MARYLAND)

258. CLEAR LAKE LAND PARTNERS, LTD. (TEXAS)

259. CLOVER RIDGE EAST LTD PARTNERSHIP (ILLINOIS)

260. CLUB APARTMENTS ASSOCIATES (DELAWARE)

261. COLLEGE HEIGHTS LTD PARTNERSHIP (MISSISSIPPI)

262. COLLEGE PARK ASSOCIATES (PENNSYLVANIA)

263. COLLEGE PARK ASSOCIATES LTD PARTNERSHIP (DISTRICT OF COLUMBIA)

264. COLONIAL TERRACE I ASSOCIATES (GEORGIA)

265. COLONIAL TERRACE II ASSOCIATES (GEORGIA)

266. COLONY APARTMENTS COMPANY LTD (ALABAMA)

267. COLUMBUS SQUARE ASSOCIATES I LTD PARTNERSHIP (MISSOURI)

268. COLUMBUS SQUARE ASSOCIATES II LTD PARTNERSHIP (MISSOURI)

269. COMMUNITY CIRCLE II LTD (OHIO)

270. COMMUNITY DEVELOPERS OF HIGH POINT LTD PARTNERSHIP (NORTH CAROLINA)

271. COMMUNITY DEVELOPERS OF PRINCEVILLE LTD PARTNERSHIP (NORTH CAROLINA)

272. CONCORD HOUSES ASSOCIATES (MASSACHUSETTS)

273. CONGRESS PARK ASSOCIATES II LTD PARTNERSHIP (DISTRICT OF COLUMBIA)

274. CONGRESS PARK ASSOCIATES LTD PARTNERSHIP (DISTRICT OF COLUMBIA)

275. CONGRESS REALTY CORP. (MASSACHUSETTS)

276. CONGRESS REALTY COMPANIES LIMITED PARTNERSHIP (MASSACHUSETTS)

277. CONGRESS MANAGEMENT COMPANY LIMITED PARTNERSHIP (MASSACHUSETTS)

278. CONNECTICUT COLONY ASSOCIATES (GEORGIA)

279. COPPER CHASE ASSOCIATES (ILLINOIS)

280. COPPER CHASE PARTNERS (ILLINOIS)

281. COPPERFIELD PARTNERS, LTD. (TEXAS)

282. COPPERWOOD II LTD PARTNERSHIP (TEXAS)

283. COPPERWOOD LTD PARTNERSHIP (TEXAS)

284. COTTONWOOD APARTMENTS (CALIFORNIA)

285. COUNTRY VILLA ASSOCIATES (DELAWARE)

286. COUNTRY LAKE ASSOCIATES TWO LIMITED PARTNERSHIP (ILLINOIS)

287. COUNTRYBROOK ASSOCIATES (DELAWARE)

288. COVENTRY SQUARE PARTNERS (TEXAS)

289. CRA INVESTORS, LTD. (TEXAS)

290. CRC CONGRESS REALTY CORP. (MASSACHUSETTS)

291. CRC SCOTCH LANE CORP. (MASSACHUSETTS)

292. CROSLAND HOUSING ASSOCIATES (SOUTH CAROLINA)

293. CROSS CREEK LIMITED PARTNERSHIP (GEORGIA)

294. THE CROSSINGS II LIMITED PARTNERSHIP (GEORGIA)

295. CROWS NEST PARTNERS, LTD. (TEXAS)

296. CUMBERLAND COURT ASSOCIATES (PENNSYLVANIA)

297. CYPRESS LANDING ASSOCIATES (ILLINOIS)

298. CYPRESS LANDING LIMITED PARTNERSHIP (ILLINOIS)

299. DARBY TOWNHOUSES ASSOCIATES (PENNSYLVANIA)

300. DARBYTOWN DEVELOPMENT ASSOCIATES LP (VIRGINIA)

301. DELCAR-S LTD (TEXAS)

302. DELCAR T LTD PARTNERSHIP (TEXAS)

303. DIAKONIA ASSOCIATES (RHODE ISLAND)

304. DIP LIMITED PARTNERSHIP (VIRGINIA)

305. DIP LIMITED PARTNERSHIP II (VIRGINIA)

306. DIP LIMITED PARTNERSHIP III (VIRGINIA)

307. DISCOVERY LIMITED PARTNERSHIP (MASSACHUSETTS)

308. MORAL GARDENS ASSOCIATES (PENNSYLVANIA)

309. DOWNING APARTMENTS (OKLAHOMA)

310. DUKE MANOR ASSOCIATES (PENNSYLVANIA)

311. DUQUESNE ASSOCIATES NO. 1 (PENNSYLVANIA)

312. EAST HAMPTON LTD PARTNERSHIP (GEORGIA)

313. EAST WINDSOR 255, INC. (DELAWARE)

314. EAST WINDSOR 255 LIMITED PARTNERSHIP (DELAWARE)

315. EASTCOURT VILLAGE PARTNERS (ILLINOIS)

316. EASTON TERRACE I ASSOCIATES LTD PARTNERSHIP (TEXAS)

317. EASTON TERRACE II ASSOCIATES LTD PARTNERSHIP (TEXAS)

318. EASTRIDGE APARTMENTS (PENNSYLVANIA)

319. EDGEWOOD II ASSOCIATES (GEORGIA)

320. EDMOND ESTATES LIMITED PARTNERSHIP (ALABAMA)

321. ELDEN LIMITED PARTNERSHIP (VIRGINIA)

322. ELDERLY HOUSING ASSOCIATES LTD PARTNERSHIP (MARYLAND)

323. ELM CREEK LIMITED PARTNERSHIP (ILLINOIS)

324. EMORY GROVE LIMITED PARTNERSHIP (MARYLAND)

325. ENGLISH MANOR PARTNERS (TEXAS)

326. ENGLISH MANOR JOINT VENTURE (TEXAS)

327. ESBRO LIMITED PARTNERSHIP (ARIZONA)

328. EUSTIS APARTMENTS LTD (FLORIDA)

329. EVEREST INVESTORS 5, L.L.C. (CALIFORNIA)

330. FAIRBURN & GORDON ASSOCIATES PHASE I (GEORGIA)

331. FAIRBURN & GORDON ASSOCIATES PHASE II (GEORGIA)

332. FAIRFAX ASSOCIATES (VIRGINIA)

333. FAIRMEADOWS LIMITED PARTNERSHIP (TEXAS)

334. FAIRMONT #1 LTD PARTNERSHIP (DISTRICT OF COLUMBIA)

335. FAIRMONT #2 LTD PARTNERSHIP (DISTRICT OF COLUMBIA)

336. FAIRVIEW HOMES ASSOCIATES (NEW JERSEY)

337. FAIRWOOD ASSOCIATES (DISTRICT OF COLUMBIA)

338. FEDERAL SQUARE VILLAGE LTD PARTNERSHIP (COLORADO)

339. FERNCLIFF LIMITED PARTNERSHIP (VIRGINIA)

340. FIELD ASSOCIATES (RHODE ISLAND)

341. FIRST ALEXANDRIA ASSOCIATES (VIRGINIA)

342. FISHERMAN'S WHARF PARTNERS (TEXAS)

343. FLATBUSH NSA ASSOCIATES LTD PARTNERSHIP (NEW YORK)

344. FMI LIMITED PARTNERSHIP (PENNSYLVANIA)

345. THE FONDREN COURT JOINT VENTURE (TEXAS)

346. FONDREN COURT PARTNERS, LTD. (TEXAS)

347. FOREST APARTMENTS ASSOCIATES (MICHIGAN)

348. FOREST GREEN LIMITED PARTNERSHIP (FLORIDA)

349. FORRESTER GARDENS LTD (ALABAMA)

350. FORST PARK ELDERLY ASSOCIATES LTD PARTNERSHIP (MISSOURI)

351. FORT CARSON ASSOCIATES LTD PARTNERSHIP (COLORADO)

352. FRANKLIN CHANDLER ASSOCIATES (PENNSYLVANIA)

353. FRANKLIN CHAPEL HILL ASSOCIATES (PENNSYLVANIA)

354. FRANKLIN EAGLE ROCK ASSOCIATES (PENNSYLVANIA)

355. FRANKLIN HOUSING ASSOCIATES (PENNSYLVANIA)

356. FRANKLIN HUNTSVILLE ASSOCIATES (PENNSYLVANIA)

357. FRANKLIN NEW YORK AVENUE ASSOCIATES (PENNSYLVANIA)

358. FRANKLIN PARK LTD PARTNERSHIP (PENNSYLVANIA)

359. FRANKLIN PARTNERSHIP LIQUIDATING TRUST (PENNSYLVANIA)

360. FRANKLIN PINE RIDGE ASSOCIATES (PENNSYLVANIA)

361. FRANKLIN PHEASANT RIDGE ASSOCIATES (PENNSYLVANIA)

362. FRANKLIN MOUNTAIN RUN ASSOCIATES LIQUIDATING TRUST (PENNSYLVANIA)

363. FRANKLIN RIDGEWOOD ASSOCIATES (PENNSYLVANIA)

364. FRANKLIN SQUARE SCHOOL ASSOCIATES LTD PARTNERSHIP (MARYLAND)

365. FRANKLIN VICTORIA ASSOCIATES I (TEXAS)

366. FRANKLIN WOODS ASSOCIATES (PENNSYLVANIA)

367. FRIENDSET HOUSING CO LTD PARTNERSHIP (NEW YORK)

368. FRIO HOUSING LTD PARTNERSHIP (TEXAS)

369. FRP LIMITED PARTNERSHIP (PENNSYLVANIA)

370. GALION LIMITED PARTNERSHIP (OHIO)

371. GALLERIA OFFICE PARTNERS, LTD. (TEXAS)

372. GARFIELD HILL ASSOCIATES LTD PARTNERSHIP (DISTRICT OF COLUMBIA)

373. GATE MANOR APARTMENTS LTD (TENNESSEE)

374. GATES MILLS I LIMITED PARTNERSHIP (OHIO)

375. GATEWAY VILLAGE ASSOCIATES (MICHIGAN)

376. GENESEE GARDENS ASSOCIATES LTD PARTNERSHIP (NEW YORK)

377. GLADYS HAMPTON HOMES ASSOCIATES LTD PARTNERSHIP (NEW YORK)

378. GOLDEN APARTMENTS I (NEVADA)

379. GOLDEN APARTMENTS II (NEVADA)

380. GRANDLAND REALTY ASSOCIATES (GEORGIA)

381. GRANDVIEW APARTMENTS (ARKANSAS)

382. GREATER HARTFORD ASSOCIATES (CONNECTICUT)

383. GREATER MT. CALVARY TERRACE LTD (GEORGIA)

384. GREATER RICHMOND COMMUNITY DEVELOPMENT CORP.
#1 & ASSOCIATES (DISTRICT OF COLUMBIA)

385. GREATER RICHMOND COMMUNITY DEVELOPMENT CORP.
#2 & ASSOCIATES (DISTRICT OF COLUMBIA)

386. GREEN MOUNTAIN MANOR LTD PARTNERSHIP (COLORADO)

387. GREENFIELD APARTMENTS LTD PARTNERSHIP (VIRGINIA)

388. GREENFIELD NORTH APARTMENTS LTD PARTNERSHIP (VIRGINIA)

389. GREENTREE ASSOCIATES (ILLINOIS)

390. GRIFFITH LIMITED PARTNERSHIP (CALIFORNIA)

391. GROSVENOR HOUSE ASSOCIATES LIMITED PARTNERSHIP (MASSACHUSETTS)

392. GROVE PARK VILLAS, LTD (FLORIDA)

393. GUILFORD COMPANY, INC. (ALABAMA)

394. GULFWAY LIMITED PARTNERSHIP (TEXAS)

395. GULFGATE PARTNERS, LTD. (TEXAS)

396. GW CARVER LTD (FLORIDA)

397. HAILI ASSOCIATES (HAWAII)

398. HAINES ASSOCIATES LTD PARTNERSHIP (WASHINGTON)

399. HAMILTON HOUSE ASSOCIATES (FLORIDA)

400. HAMILTON HOUSE, INC. (FLORIDA)

401. HAMPTON HILL PARTNERS (TEXAS)

402. HAROLD HOUSE LIMITED PARTNERSHIP (FLORIDA)

403. HARRIS PARK LTD PARTNERSHIP (NEW YORK)

404. HASTINGS PLACE PARTNERS (TEXAS)

405. HASTINGS GREEN PARTNERS, LTD. (TEXAS)

406. HATILLO HOUSING ASSOCIATES (MASSACHUSETTS)

407. HEATHER ASSOCIATES (ILLINOIS)

408. HEIGHTS ASSOCIATES LTD PARTNERSHIP (NEW YORK)

409. HEMINGWAY HOUSING ASSOCIATES LTD PARTNERSHIP (SOOUTH CAROLINA)

410. HERITAGE VILLAGE LIMITED PARTNERSHIP (CONNECTICUT)

411. HICKORY RIDGE ASSOCIATES LTD (FLORIDA)

412. HIGHLAND PARK PARTNERS (ILLINOIS)

413. HIGHLANDS VILLAGE II LTD (FLORIDA)

414. HILLCREST GREEN APARTMENTS LTD (OKLAHOMA)

415. HILLSIDE VILLAGE ASSOCIATES (PENNSYLVANIA)

416. HILLTOP APARTMENTS ASSOCIATES (PENNSYLVANIA)

417. HILLTOP LIMITED PARTNERSHIP (NORTH CAROLINA)

418. HOLLOWS ASSOCIATES LTD PARTNERSHIP (NEW YORK)

419. HOLLYWOOD GARDENS (DISTRICT OF COLUMBIA)

420. HOMECORP INVESTMENTS, LTD. (ALABAMA)

421. HOUSING ASSISTANCE OF MT. DORA LTD (FLORIDA)

422. HOUSING ASSISTANCE OF ORANGE CITY LTD (FLORIDA)

423. HOUSING ASSISTANCE OF VERO BEACH LTD (FLORIDA)

424. HOUSING ASSISTANCE SEBRING LTD (FLORIDA)

425. HOUSTON ARISTOCRAT APARTMENTS LTD PARTNERSHIP (TEXAS)

426. THE HOUSTON RECOVERY FUND (TEXAS)

427. HPI, LTD. (BERMUDA)

428. HRH PROPERTIES, LTD. (OHIO)

429. HUDSON TERRACE ASSOCIATES LTD PARTNERSHIP (NEW YORK)

430. HUNTERS RUN PARTNERS LTD. (GEORGIA)

431. HUNTERS RUN PROPERTIES CORPORATION (GEORGIA)

432. HURBELL I LIMITED PARTNERSHIP (SOUTH CAROLINA)

433. HURBELL II LIMITED PARTNERSHIP (SOUTH CAROLINA)

434. HURBELL III LTD PARTNERSHIP (NORTH CAROLINA)

435. HURBELL IV LIMITED PARTNERSHIP (ALABAMA)

436. IDA TOWER (PENNSYLVANIA)

437. INDIAN VALLEY I LIMITED PARTNERSHIP (OHIO)

438. INDIAN VALLEY II LIMITED PARTNERSHIP (OHIO)

439. INDIAN VALLEY III LIMITED PARTNERSHIP (OHIO)

440. INGRAM SQUARE APARTMENTS LTD (TEXAS)

441. INTOWN WEST ASSOCIATES LTD PARTNERSHIP (CONNECTICUT)

442. IVANHOE ASSOCIATES LIMITED PARTNERSHIP (PENNSYLVANIA)

443. IVANHOE CORPORATION (MASSACHUSETTS)

444. JAMESTOWN VILLAGE ASSOCIATES (PENNSYLVANIA)

445. JERSEY PARK ASSOCIATES LTD PARTNERSHIP (VIRGINIA)

446. JFK ASSOCIATES (NORTH CAROLINA)

447. JOHNSTON SQUARE ASSOCIATES LTD PARTNERSHIP (MARYLAND)

448. JVL 18 ASSOCIATES LTD PARTNERSHIP VERIFIED (MISSOURI)

449. JVL 19 ASSOCIATES LTD PARTNERSHIP VERIFIED (MISSOURI)

450. JVL LIMITED PARTNERSHIP (MISSOURI)

451. JVL SIXTEEN LIMITED PARTNERSHIP (MISSOURI)

452. J.W. ENGLISH SWISS VILLAGE PARTNERS, LTD. (TEXAS)

453. J.W. ENGLISH, CAMELOT APARTMENTS (TEXAS)

454. J.W. ENGLISH, FONDREN COURT PARTNERS (TEXAS)

455. KAPUNA ASSOCIATES (HAWAII)

456. KEMAR TOWNHOUSES ASSOCIATES (DELAWARE)

457. KENNEDY HOMES LIMITED PARTNERSHIP (FLORIDA)

458. KENNETH ARMS (DISTRICT OF COLUMBIA)

459. KEY PARKWAY WEST ASSOCIATES (MASSACHUSETTS)

460. KIMBERLY ASSOCIATES LIMITED PARTNERSHIP (MARYLAND)

461. KIMBERTON APARTMENTS ASSOCIATES LIMITED PARTNERSHIP (DELAWARE)

462. KING BELL ASSOCIATES (OREGON)

463. KNOLLCREST APARTMENTS LTD PARTNERSHIP (TENNESSEE)

464. KOOLAU HOUSING ASSOCIATES (HAWAII)

465. LAKE CROSSING (GEORGIA)

466. LAKEHAVEN ASSOCIATES ONE (ILLINOIS)

467. LAKEHAVEN ASSOCIATES TWO (ILLINOIS)

468. LAKELAND EAST LIMITED PARTNERSHIP (CONNECTICUT)

469. LA SALLE APARTMENTS (CALIFORNIA)

470. LA VISTA ASSOCIATES (DISTRICT OF COLUMBIA)

471. LAFAYETTE MANOR ASSOCIATES LTD PARTNERSHIP (VIRGINIA)

472. LAFAYETTE TOWNE ELDERLY LTD PARTNERSHIP (MISSOURI)

473. LAFAYETTE TOWNE FAMILY LTD PARTNERSHIP (MISSOURI)

474. LAING VILLAGE LTD PARTNERSHIP (SOUTH CAROLINA)

475. LAKE AVENUE ASSOCIATES (OHIO)

476. LAKE FOREST APARTMENTS (PENNSYLVANIA)

477. LAKE WALES VILLAS LTD (FLORIDA)

478. LAKEVIEW ARMS ASSOCIATES LTD PARTNERSHIP (NEW YORK)

479. LAKEVIEW VILLAS LTD (FLORIDA)

480. LAS AMERICAS HOUSING ASSOCIATES (MASSACHUSETTS)

481. LASSEN ASSOCIATES (DISTRICT OF COLUMBIA)

482. LAUREL GARDENS, A PARTNERSHIP IN COMMENDAM (LOUISIANA)

483. LEE HY MANOR ASSOCIATES LTD PARTNERSHIP (VIRGINIA)

484. LEWISBURG ASSOCIATES (WEST VIRGINIA)

485. LEWISBURG ELDERLY ASSOCIATES (PENNSYLVANIA)

486. LINCMAR ASSOCIATES (CALIFORNIA)

487. LINCOLN PARK ASSOCIATES (COLORADO)

488. LINDEN COURT ASSOCIATES LTD PARTNERSHIP (NEW YORK)

489. LOCK HAVEN ELDERLY ASSOCIATES (PENNSYLVANIA)

490. LOCK HAVEN GARDENS ASSOCIATES (PENNSYLVANIA)

491. LORING TOWERS APARTMENTS LIMITED PARTNERSHIP (MINNESOTA)

492. LORING TOWERS ASSOCIATES (MASSACHUSETTS)

493. LOUDOUN HOUSE LTD PARTNERSHIP (VIRGINIA)

494. LUCERNE FLORIDA DEVELOPMENT CORPORATION (FLORIDA)

495. LYNCSTAR INTEGRATED COMMUNICATIONS LLC (COLORADO)

496. LYTTLE PLACE COMMUNITY URBAN REDEVELOPMENT CORP. (OHIO)

497. M&P DEVELOPMENT CO. (PENNSYLVANIA)

498. MANZANITA ARMS (DISTRICT OF COLUMBIA)

499. MAPLE HILL ASSOCIATES (PENNSYLVANIA)

500. MAPLE PARK WEST LTD PARTNERSHIP (COLORADO)

501. MARTEN MANOR REALTY ASSOCIATES (INDIANA)

502. MAYFAIR MANOR LIMITED PARTNERSHIP (ARIZONA)

503. MCCOLL HOUSING ASSOCIATES (SOUTH CAROLINA)

504. MEADOWBROOK DRIVE LIMITED PARTNERSHIP (ILLINOIS)

505. MEADOWS LIMITED PARTNERSHIP (ILLINOIS)

506. MEADOWOOD TOWNHOUSES I LIMITED PARTNERSHIP (MARYLAND)

507. MEADOWOOD TOWNHOUSES III LIMITED PARTNERSHIP (MARYLAND)

508. THE MEADOWS APARTMENTS (SOUTH CAROLINA)

509. MEADOWS APARTMENTS LIMITED PARTNERSHIP (NEVADA)

510. MEADOWS EAST APARTMENTS LIMITED PARTNERSHIP (NEVADA)

511. MENLO LIMITED PARTNERSHIP (ARIZONA)

512. MERCED COMMONS (DISTRICT OF COLUMBIA)

513. MERCED COMMONS II (DISTRICT OF COLUMBIA)

514. MIAMI ELDERLY ASSOCIATES LTD PARTNERSHIP (OHIO)

515. MILL STREET ASSOCIATES LTD PARTNERSHIP (ILLINOIS)

516. MILLIKEN APARTMENTS COMPANY (MASSACHUSETTS)

517. MIRAMAR HOUSING ASSOCIATES LTD PARTNERSHIP (DISTRICT OF COLUMBIA)

518. MONACO ARMS ASSOCIATES I (FLORIDA)

519. MONACO ARMS ASSOCIATES II LTD (FLORIDA)

520. MONMOUTH ASSOCIATES LTD PARTNERSHIP (WASHINGTON)

521. MONTBLANC GARDENS APARTMENTS ASSOCIATES (MASSACHUSETTS)

522. MONTBLANC HOUSING ASSOCIATES (MASSACHUSETTS)

523. MONROEVILLE DEVELOPMENT CORPORATION (MASSACHUSETTS)

524. MONUMENT STREET LTD PARTNERSHIP (MARYLAND)

525. MORRISANIA TOWERS HOUSING COMPANY LTD PARTNERSHIP (NEW YORK)

526. MORTON TOWERS EXPANSION, L.P. (DELAWARE)

527. MORTON TOWERS APARTMENTS, L.P. (DELAWARE)

528. MOSS GARDENS LTD, A PARTNERSHIP IN COMMENDAM (LOUISIANA)

529. MRR LTD PARTNERSHIP (ILLINOIS)

530. MURPHY BLAIR ASSOCIATES III ASSOCIATES LTD PARTNERSHIP (MISSOURI)

531. MUSKE LTD PARTNERSHIP (MICHIGAN)

532. NATICK ASSOCIATES (RHODE ISLAND)

533. NATIONAL CORPORATION FOR HOUSING PARTNERSHIPS (A DISTRICT OF COLUMBIA)

534. NATIONAL CORPORATION FOR HOUSING PARTNERSHIPS/DEVELOPMENT CORPORATION
(DISTRICT OF COLUMBIA)

535. NATIONAL HOUSING PARTNERSHIP, L.P. (DISTRICT OF COLUMBIA)

536. NATIONAL HOUSING PARTNERSHIP REALTY FUND IV (MARYLAND)

537. NATIONAL HOUSING PARTNERSHIP REALTY FUND I (MARYLAND)

538. NATIONAL HOUSING PARTNERSHIP REALTY FUND TWO (MARYLAND)

539. NATIONAL HOUSING PARTNERSHIP REALTY FUND III (MARYLAND)

540. NATIONAL HOUSING PARTNERSHIP REALTY FUND IV (MARYLAND)

541. NEIGHBORHOODS OF THE UNIVERSITIES LOCK STREET APARTMENTS COMPANY
(NEW JERSEY)

542. NEIGHBORHOOD REINVESTMENT RESOURCES CORPORATION (ILLINOIS)

543. NEW VISTAS APARTMENTS ASSOCIATES PHASE II (ILLINOIS)

544. NEW VISTAS APARTMENTS LTD PARTNERSHIP (ILLINOIS)

545. NEW WEST 111TH STREET HOUSING COMPANY LTD PARTNERSHIP (NEW YORK)

546. NEW WEST 111TH STREET TWO ASSOCIATES LTD PARTNERSHIP (NEW YORK)

547. NEWTON HILL LIMITED PARTNERSHIP (OHIO)

548. NHP TOWNHOUSE ASSOCIATES LP (DELAWARE)

549. NHP ACQUISITION CORPORATION (DELAWARE)

550. NHP A&R SERVICES, INC. (VIRGINIA)

551. NHP ASSET MANAGEMENT SERVICES, INC. (VIRGINIA)

552. NHP BAYBERRY ASSOCIATES LP (DELAWARE)

553. NHP CAPITAL CORPORATION (VIRGINIA)

554. NHP CARRIAGE ASSOCIATES LP (DELAWARE)

555. NHP CASH MANAGEMENT SERVICES, INC. (VIRGINIA)

556. NHP CENTER ASSOCIATES LP (DELAWARE)

557. NHP CHAPPARAL ASSOCIATES LP (DELAWARE)

558. NHP COACH ASSOCIATES LP (DELAWARE)

559. NHP/CONGRESS MANAGEMENT LIMITED PARTNERSHIP (VIRGINIA)

560. NHP CORNERSTONE ASSOCIATES, LP (DELAWARE)

561. NHP COUNTRY CLUB WOODS ASSOCIATES LP (DELAWARE)

562. NHP DOVE ASSOCIATES, LP (DELAWARE)

563. NHP ELK ASSOCIATES, LP (DELAWARE)

564. NHP EMPLOYEE LIMITED PARTNERSHIP (DISTRICT OF COLUMBIA)

565. NHP EQUITY SERVICES, INC. (VIRGINIA)

566. NHP FINANCIAL SERVICES, LTD. (DELAWARE)

567. NHP FLORIDA MANAGEMENT COMPANY (FLORIDA)

568. NHP FOREST II ASSOCIATES, LP (DELAWARE)

569. NHP FOREST IV ASSOCIATES, LP (DELAWARE)

570. NHP GATES OF ARLINGTON ASSOCIATES LP (DELAWARE)

571. NHP GREEN ASSOCIATES LP (DELAWARE)

572. NHP GREENBRIAR ASSOCIATES LP (DELAWARE)

573. NHP-HDV, INC. (DELAWARE)

574. NHP-HDV Two, Inc. (DELAWARE)

575. NHP-HDV THREE, INC. (DELAWARE)

576. NHP-HDV FOUR, INC. (DELAWARE)

577. NHP-HDV FIVE, INC. (DELAWARE)

578. NHP-HDV SIX, INC. (DELAWARE)

579. NHP-HDV SEVEN, INC. (DELAWARE)

580. NHP-HDV EIGHT, INC. (DELAWARE)

581. NHP-HDV NINE, INC. (DELAWARE)

582. NHP-HDV TEN, INC. (DELAWARE)

583. NHP-HDV ELEVEN, INC. (DELAWARE)

584. NHP-HDV TWELVE, INC. (DELAWARE)

585. NHP-HDV FOURTEEN, INC. (DELAWARE)

586. NHP-HDV FIFTEEN, INC., (VIRGINIA)

587. NHP-HDV SIXTEEN, INC. (DELAWARE)

588. NHP-HDV SEVENTEEN, INC. (DELAWARE)

589. NHP-HDV EIGHTEEN, INC. (DELAWARE)

590. NHP-HDV NINETEEN, INC. (DELAWARE)

591. NHP-HDV 20, INC. (VIRGINIA)

592. NHP-HDV 21, INC. (VIRGINIA)

593. NHP HEATHER I ASSOCIATES LP (DELAWARE)

594. NHP HEATHER II ASSOCIATES, LP (DELAWARE)

595. NHP HESSIAN HILLS ASSOCIATES LP (DELAWARE)

596. NHP-HG, INC. (VIRGINIA)

597. NHP-HG III, INC. (VIRGINIA)

598. NHP-HG FOUR, INC. (VIRGINIA)

599. NHP-HG FIVE, INC. (VIRGINIA)

600. NHP-HG SIX, INC. (VIRGINIA)

601. NHP-HG TEN, INC. (DELAWARE)

602. NHP/HG TEN, L.P. (DELAWARE)

603. NHP-HG ELEVEN, INC. (DELAWARE)

604. NHP-HG TWELVE, INC. (DELAWARE)

605. NHP-HG FOURTEEN, INC. (DELAWARE)

606. NHP-HG 15, INC. (VIRGINIA)

607. NHP-HG 16, INC. (VIRGINIA)

608. NHP-HG 17, INC. (VIRGINIA)

609. NHP-HS, INC. (DELAWARE)

610. NHP-HS TWO, INC. (DELAWARE)

611. NHP-HS THREE, INC. (DELAWARE)

612. NHP-HS FOUR, INC. (DELAWARE)

613. NHP-HS FIVE, INC. (DELAWARE)

614. NHP-HS SIX, INC. (DELAWARE)

615. NHP HIGH RIVER ASSOCIATES LP (DELAWARE)

616. NHP JOINT VENTURES, INC. (DELAWARE)

617. NHP JOINT VENTURES, INC. (DELAWARE)

618. NHP LANE ASSOCIATES LP (DELAWARE)

619. NHP LAUREL III LP (DELAWARE)

620. NHP LONGFELLOW ASSOCIATES, LP (DELAWARE)

621. NHP MAINTENANCE SERVICES COMPANY (DELAWARE)

622. NHP MANAGEMENT COMPANY (DISTRICT OF COLUMBIA)

623. NHP MATTAPONY, LP (DELAWARE)

624. NHP MID-ATLANTIC PARTNERS ONE LIMITED PARTNERSHIP (DELAWARE)

625. NHP MID-ATLANTIC PARTNERS TWO LIMITED PARTNERSHIP (DELAWARE)

626. NHP MID-ATLANTIC PARTNERS THREE LIMITED PARTNERSHIP (DELAWARE)

627. NHP MIDLAND ASSOCIATES LP (DELAWARE)

628. NHP MILL CREEK ASSOCIATES LP (DELAWARE)

629. NHP MULTI-FAMILY CAPITAL CORPORATION (DELAWARE)

630. NHP OAK ASSOCIATES LP (DELAWARE)

631. NHP PARADISE BAY ASSOCIATES, LP (DELAWARE)

632. NHP PARK ASSOCIATES LP (DELAWARE)

633. NHP PARKVIEW ASSOCIATES LP (DELAWARE)

634. NHP PARTNERS TWO LIMITED PARTNERSHIP (DELAWARE)

635. NHP PEMBROKE ASSOCIATES LP (DELAWARE)

636. NHP PINE CREEK MANOR ASSOCIATES, LP (DELAWARE)

637. NHP PORT RICHEY ASSOCIATES LP (DELAWARE)

638. NHP/PRC MANAGEMENT COMPANY LLC (DELAWARE)

639. NHP PUERTO RICO MANAGEMENT COMPANY (DELAWARE)

640. NHP REAL ESTATE CORPORATION (DELAWARE)

641. NHP REAL ESTATE SECURITIES, INC. (DISTRICT OF COLUMBIA)

642. NHP REGAL ASSOCIATES LP (DELAWARE)

643. NHP RIDGEWOOD, INC. (DELAWARE)

644. NHP RIDGEWOOD PARTNERS, L.P. (DELAWARE)

645. NHP SERVICING, INC. (VIRGINIA)

646. NHP SOUTHEAST PARTNERS, L.P. (DELAWARE)

647. NHP SOUTHWARK HA, INC. (VIRGINIA)

648. NHP SOUTHWEST PARTNERS, L.P. (DELAWARE)

649. NHP SPRING LAKE MANOR ASSOCIATES LP (DELAWARE)

650. NHP SUMMER ASSOCIATES LP (DELAWARE)

651. NHP SUMMIT ASSOCIATES LP (DELAWARE)

652. NHP SUNRIDGE ASSOCIATES LP (DELAWARE)

653. NHP TEXAS MANAGEMENT COMPANY (TEXAS)

654. NHP THREE CHOPT WEST ASSOCIATES LP (DELAWARE)

655. NHP TIMBERVIEW ASSOCIATES LP (DELAWARE)

656. NHP TOWN & COUNTRY/COUNTRY PLACE, LP (DELAWARE)

657. NHP TWIN ASSOCIATES LP (DELAWARE)

658. NHP TWIN GATES EAST ASSOCIATES LP (DELAWARE)

659. NHP VILLA ASSOCIATES LP (DELAWARE)

660. NHP WILL-O-WISP ARMS ASSOCIATES LP (DELAWARE)

661. NHP WOODCREEK ASSOCIATES LP (DELAWARE)

662. NORCO ASSOCIATES (PENNSYLVANIA)

663. NORTH LAKE TERRACE ASSOCIATES LTD PARTNERSHIP (TEXAS)

664. NORTH WASHINGTON PARK PARTNERSHIP (ILLINOIS)

665. NORTHGATE VILLAGE LIMITED PARTNERSHIP (GEORGIA)

666. NORTHWEST TERRACE ASSOCIATES LTD PARTNERSHIP (TEXAS)

667. OAK FALLS PARTNERS (TEXAS)

668. OAK HOLLOW SOUTH ASSOCIATES (PENNSYLVANIA)

669. OAK PARK PARTNERSHIP (ILLINOIS)

670. OAK WEST LTD PARTNERSHIP (OKLAHOMA)

671. OAKLAND CITY WEST END ASSOCIATES LTD (GEORGIA)

672. OAKLAND VILLAGE TOWNHOUSE ASSOCIATES LTD PARTNERSHIP (DISTRICT OF COLUMBIA)

673. OAK PARK PARTNERSHIP (ILLINOIS)

674. OAKWOOD LIMITED PARTNERSHIP (MICHIGAN)

675. OCALA PLACE LTD (FLORIDA)

676. OFA PARTNERS (PENNSYLVANIA)

677. OLD FARM ASSOCIATES (PENNSYLVANIA)

678. OLDE RIVERTOWN VENTURE (INDIANA)

679. ONE LYTLE PLACE (OHIO)

680. ONE WEST CONWAY ASSOCIATES LTD PARTNERSHIP (MARYLAND)

681. ORANGE CITY VILLAS II LTD (FLORIDA)

682. ORANGE VILLAGE ASSOCIATES (PENNSYLVANIA)

683. ORANGEBURG MANOR (SOUTH CAROLINA)

684. ORCHARD MEWS ASSOCIATES LTD PARTNERSHIP (MARYLAND)

685. ORLANDO-LAKE CONWAY LIMITED PARTNERSHIP (CONNECTICUT)

686. OTC APARTMENTS LIMITED PARTNERSHIP (FLORIDA)

687. OVERBROOK PARK LTD (OHIO)

688. OXFORD OAKS INVESTORS LTD PARTNERSHIP (OKLAHOMA)

689. OXFORD PLACE ASSOCIATES (RHODE ISLAND)

690. P.A.C. LAND II LIMITED PARTNERSHIP (OHIO)

691. PAM CONSOLIDATED ASSURANCE COMPANY, LTD. (BERMUDA)

692. PALM HOUSE LTD PARTNERSHIP (OHIO)

693. PALMER SQUARE APARTMENTS ASSOCIATES (ILLINOIS)

694. THE PARK AT CEDAR LAWN, LTD. (TEXAS)

695. PARK AVENUE WEST I LIMITED PARTNERSHIP (OHIO)

696. PARK AVENUE WEST II LIMITED PARTNERSHIP (OHIO)

697. PARK CREEK LTD PARTNERSHIP (COLORADO)

698. PARKVIEW APARTMENTS LTD PARTNERSHIP (SOUTH CAROLINA)

699. PARKVIEW ARMS ASSOCIATES I LTD PARTNERSHIP (OHIO)

700. PARKVIEW ARMS ASSOCIATES II LTD PARTNERSHIP (OHIO)

701. PARKVIEW ASSOCIATES LTD PARTNERSHIP VERIFIED (NEW YORK)

702. PARKWAYS ASSOCIATES LTD PARTNERSHIP (ILLINOIS)

703. PAVILION ASSOCIATES (PENNSYLVANIA)

704. PEBBLEPOINT 55, INC. (DELAWARE)

705. PENDLETON RIVERSIDE APARTMENTS OREGON LTD (OREGON)

706. PENN HALL ASSOCIATES LTD PARTNERSHIP (WASHINGTON)

707. PEPPERMILL PLACE PARTNERS (TEXAS)

708. PEPPERTREE VILLAGE OF AVON PARK LTD (FLORIDA)

709. PERSHING WATERMAN PHASE I LTD PARTNERSHIP (MISSOURI)

710. PITTSFIELD NEIGHBORHOOD ASSOCIATES (MASSACHUSETTS)

711. PLACE ONE LTD PARTNERSHIP (VIRGINIA)

712. PLACID LAKE ASSOCIATES, LTD. (FLORIDA)

713. PLANTATION PARTNERS LTD. (FLORIDA)

714. PLEASANT HILL 287, INC. (DELAWARE)

715. PLEASANT VALLEY APARTMENTS LTD PARTNERSHIP (TEXAS)

716. POINT WEST LIMITED PARTNERSHIP (KANSAS)

717. PORTFOLIO PROPERTIES EIGHT ASSOCIATES (DISTRICT OF COLUMBIA)

718. PORTLAND PLAZA LTD PARTNERSHIP (KENTUCKY)

719. PORTNER PLACE ASSOCIATES LTD PARTNERSHIP (DISTRICT OF COLUMBIA)

720. POST STREET ASSOCIATES LTD PARTNERSHIP (NEW YORK)

721. PREFERRED HOME HEALTH, INC. (FLORIDA)

722. PREFERRED HOME HEALTH LIMITED PARTNERSHIP (FLORIDA)

723. PRIDE GARDENS (MISSISSIPPI)

724. PRINCE STREET TOWERS LTD PARTNERSHIP (PENNSYLVANIA)

725. PROPERTY ASSET BROKERAGE OF FLORIDA (FLORIDA)

726. PROPERTY ASSET MANAGEMENT SERVICES, L.P. (DELAWARE)

727. PROPERTY SERVICES GROUP, INC. (DISTRICT OF COLUMBIA)

728. PROPERTY ASSET MANAGEMENT SERVICES, INC. (DELAWARE)

729. PROPERTY ASSET MANAGEMENT SERVICES-CALIFORNIA, L.L.C. (CALIFORNIA)

730. PUEBLO LTD PARTNERSHIP (COLORADO)

731. P W III ASSOCIATES LTD PARTNERSHIP (MISSOURI)

732. P W IV ASSOCIATES LTD PARTNERSHIP (MISSOURI)

733. P W V ASSOCIATES LTD PARTNERSHIP (MISSOURI)

734. P W VI ASSOCIATES LTD PARTNERSHIP (MISSOURI)

735. QUEENSTOWN APARTMENTS LTD PARTNERSHIP (MISSOURI)

736. RANCHO ARMS (DISTRICT OF COLUMBIA)

737. RANCHO TOWNHOUSE ASSOCIATES (DISTRICT OF COLUMBIA)

738. RANDOL CROSSING INVESTORS (ILLINOIS)

739. RANDOL CROSSING PARTNERS (ILLINOIS)

740. RC ASSOCIATES (ILLINOIS)

741. REGISTRY SQUARE LTD PARTNERSHIP (MISSOURI)

742. RESCORP DEVELOPMENT, INC. (ILLINOIS)

743. RESCORP REALTY, INC. (ILLINOIS)

744. RETIREMENT MANOR ASSOCIATES (CALIFORNIA)

745. RI-15 LIMITED PARTNERSHIP (DISTRICT OF COLUMBIA)

746. RICHLIEU ASSOCIATES (PENNSYLVANIA)

747. RIDGE CARLTON ASSOCIATES (MASSACHUSETTS)

748. RIDGE CARLTON CORP. (MASSACHUSETTS)

749. RIDGECREST ASSOCIATES (ILLINOIS)

750. THE RISK SPECIALIST GROUP, INC. (DISTRICT OF COLUMBIA)

751. RIVER LOFT APARTMENTS LIMITED PARTNERSHIP (PENNSYLVANIA)

752. RIVER LOFT ASSOCIATES (MASSACHUSETTS)

753. RIVER WOODS ASSOCIATES LTD PARTNERSHIP (ILLINOIS)

754. RIVERFRONT APARTMENTS LTD PARTNERSHIP (PENNSYLVANIA)

755. RIVERVIEW II ASSOCIATES LTD PARTNERSHIP (NEW YORK)

756. ROCKWELL LIMITED PARTNERSHIP (TEXAS)

757. RODEO DRIVE LIMITED PARTNERSHIP (CALIFORNIA)

758. THE ROGERS PARK PARTNERSHIP (ILLINOIS)

759. ROLLING MEADOWS OF ADA LTD (OKLAHOMA)

760. ROYAL TOWERS LIMITED PARTNERSHIP (MISSOURI)

761. RUFFIN ROAD ASSOCIATES LTD PARTNERSHIP (VIRGINIA)

762. RUSCOMBE GARDENS LTD PARTNERSHIP (MARYLAND)

763. RUTHERFORD PARK TOWNHOUSES ASSOCIATES (PENNSYLVANIA)

764. S.A. APARTMENTS, LTD. (ALABAMA)

765. SAHF I LIMITED PARTNERSHIP (DELAWARE)

766. SAHF FUNDING CORP. (DELAWARE)

767. SAHF II LIMITED PARTNERSHIP (DELAWARE)

768. SAINT GEORGE VILLAS LTD PARTNERSHIP (SOUTH CAROLINA)

769. SAN JOSE LIMITED PARTNERSHIP (TEXAS)

770. SAN JUAN APARTMENTS (DISTRICT OF COLUMBIA)

771. SAN JUAN DEL CENTRO LIMITED PARTNERSHIP (COLORADO)

772. SANDY SPRINGS ASSOCIATES LTD (GEORGIA)

773. SCOTCH LANE ASSOCIATES (PENNSYLVANIA)

774. SCOTCH ASSOCIATES LIMITED PARTNERSHIP (PENNSYLVANIA)

775. SCOTCH LANE CORP. (MASSACHUSETTS)

776. SEASIDE POINT PARTNERS, LTD. (TEXAS)

777. SEASONS APARTMENTS, L.P. (TEXAS)

778. SEASONS APARTMENTS, L.L.C. (TEXAS)

779. SENCIT JACKSONVILLE COMPANY, LTD (FLORIDA)

780. SENCIT KELLY TOWNSHIP ASSOCIATES (PENNSYLVANIA)

781. SENCIT LEBANON COMPANY (PENNSYLVANIA)

782. SENCIT F/G METROPOLITAN ASSOCIATES (NEW JERSEY)

783. SENCIT NEW YORK AVENUE ASSOCIATES (PENNSYLVANIA)

784. SENCIT SELINGSGROVE ASSOCIATES (PENNSYLVANIA)

785. SENCIT TOWNE HOUSE LP (PENNSYLVANIA)

786. SHERMAN TERRACE ASSOCIATES (PENNSYLVANIA)

787. SHOREVIEW APARTMENTS (DISTRICT OF COLUMBIA)

788. SIGNATURE POINT PARTNERS, LTD. (TEXAS)

789. SIGNATURE POINT JOINT VENTURE (TEXAS)

790. SITE 10 COMMUNITY ALLIANCE ASSOCIATES LTD PARTNERSHIP (NEW YORK)

791. SLEEPY HOLLOW APARTMENTS LTD PARTNERSHIP (ARIZONA)

792. SNAP IV LTD PARTNERSHIP (GEORGIA)

793. SNI DEVELOPMENT COMPANY LTD PARTNERSHIP (NEW YORK)

794. SOMERSET UTAH, L.P. (COLORADO)

795. SOUTH HIAWASSEE VILLAGE LTD (FLORIDA)

796. SOUTH MOUNTAIN TERRACE LTD (ARIZONA)

797. SOUTHMONT APARTMENTS (ARKANSAS)

798. SOUTHRIDGE APARTMENTS LIMITED PARTNERSHIP (TEXAS)

799. SOUTHRIDGE ASSOCIATES (ILLINOIS)

800. SOUTHRIDGE INVESTORS (ILLINOIS)

801. SOUTHWARD LIMITED PARTNERSHIP (TEXAS)

802. SPRING MEADOW LIMITED PARTNERSHIP (MASSACHUSETTS)

803. SPRUCE LTD PARTNERSHIP (PENNSYLVANIA)

804. ST. NICHOLAS ASSOCIATES LTD PARTNERSHIP (NEW YORK)

805. STAFFORD APARTMENTS LTD PARTNERSHIP (MARYLAND)

806. STANDART WOODS ASSOCIATES LIMITED PARTNERSHIP (DELAWARE)

807. STIRLING COURT PARTNERS (TEXAS)

808. STOCK ISLAND LTD PARTNERSHIP (FLORIDA)

809. STOREY MANOR ASSOCIATES LTD PARTNERSHIP (ILLINOIS)

810. STRAWBRIDGE SQUARE ASSOCIATES LTD PARTNERSHIP (VIRGINIA)

811. SUMMERSONG TOWNHOUSE LTD PARTNERSHIP (COLORADO)

812. SUNBURY PARTNERS, LTD. (TEXAS)

813. SUNRISE ASSOCIATES LTD PARTNERSHIP (ILLINOIS)

814. SUNSET PLAZA APARTMENTS (MISSISSIPPI)

815. SUSQUEHANNA VIEW LP (PENNSYLVANIA)

816. TAHF FUNDING CORP. (DELAWARE)

817. TAHF II LIMITED PARTNERSHIP (DELAWARE)

818. TARA BRIDGE LIMITED PARTNERSHIP (GEORGIA)

819. TAMARAC PINES II LTD PARTNERSHIP (TEXAS)

820. TAMARAC PINES LTD PARTNERSHIP (TEXAS)

821. TAUNTON GREEN ASSOCIATES (MASSACHUETTS)

822. TAUNTON II ASSOCIATES (MASSACHUSETTS)

823. TEXAS AFFORDABLE HOUSING INVESTMENT FUND I LIMITED PARTNERSHIP (NORTH CAROLINA)

824. TIFFANY REHAB ASSOCIATES LTD PARTNERSHIP (MISSOURI)

825. TIMBERHILL ASSOCIATES LP (TEXAS)

826. TIMBERLAKE APARTMENTS LTD PARTNERSHIP (TEXAS)

827. TIMUQUANA PARK ASSOCIATES (FLORIDA)

828. TINKER CREEK LIMITED PARTNERSHIP (VIRGINIA)

829. TOMPKINS TERRACE ASSOCIATES (NEW YORK)

830. TOP OF THE WORLD 735, INC. (DELAWARE)

831. TOWN NORTH, A LIMITED PARTNERSHIP (ARKANSAS)

832. TOWNSHIP AT HIGHLANDS PARTNERS, LTD. (TEXAS)

833. TOWNVIEW TOWERS I PARTNERSHIP, LTD. (TENNESSEE)

834. TREESLOPE APARTMENTS LIMITED PARTNERSHIP (SOUTH CAROLINA)

835. TRINITY HILLS VILLAGE APARTMENTS LTD PARTNERSHIP (TENNESSEE)

836. TRINITY TOWERS 14TH STREET ASSOCIATES LTD PARTNERSHIP (DISTRICT OF COLUMBIA)

837. TUMAST ASSOCIATES (DISTRICT OF COLUMBIA)

838. TWIN GABLES ASSOCIATES LTD PARTNERSHIP

839. TWIN TOWERS ASSOCIATES (CONNECTICUT)

840. TWO BRIDGES ASSOCIATES LTD PARTNERSHIP (NEW YORK)

841. TYEE ASSOCIATES (ARKANSAS)

842. UNITED FRONT HOMES (MASSACHUSETTS)

843. UNITED HANDICAP FEDERATION APARTMENTS ASSOCIATES (MINNESOTA)

844. UNITED HOUSE ASSOCIATES (PENNSYLVANIA)

845. UNITED HOUSING PARTNERS-CUTHBERT LTD (GEORGIA)

846. UNITED HOUSING PARTNERS ELMWOOD LTD (ALABAMA)

847. UNITED HOUSING PARTNERS MORRISTOWN LTD PARTNERSHIP (TENNESSEE)

848. UNITED HOUSING PARTNERS WELCH LTD (WEST VIRGINIA)

849. UNITED HOUSING PARTNERSHIP CARBONDALE LTD (TENNESSEE)

850. UNITED REDEVELOPMENT ASSOCIATES LTD PARTNERSHIP (NEW YORK)

851. UNIVERSITY PLAZA ASSOCIATES (PENNSYLVANIA)

852. URBANIZACION MARIA LOPEZ HOUSING COMPANY LTD PARTNERSHIP (NEW YORK)

853. VANTAGE '78 LTD PARTNERSHIP (NORTH CAROLINA)

854. VERDES DEL ORIENTE (DISTRICT OF COLUMBIA)

855. VILLA DE GUADALUPE ASSOCIATES (DISTRICT OF COLUMBIA)

856. VILLAGE CIRCLE APARTMENTS LTD PARTNERSHIP (TEXAS)

857. VILLAGE GREEN APARTMENTS COMPANY LTD (ALABAMA)

858. VILLAGE GREEN LIMITED PARTNERSHIP (FLORIDA)

859. VINEVILLE TOWERS ASSOCIATES LTD (GEORGIA)

860. VISTAS DE SAN JUAN ASSOCIATES LTD PARTNERSHIP (PUERTO RICO)

861. VISTULA HERITAGE VILLAGE (OHIO)

862. WAICO APARTMENTS ASSOCIATES LTD PARTNERSHIP (WISCONSIN)

863. WAICO PHASE II ASSOCIATES LTD PARTNERSHIP (WISCONSIN)

864. WAIPAHU ASSOCIATES (HAWAII)

865. WALDEN OAKS ASSOCIATES LTD PARTNERSHIP (ILLINOIS)

866. WALMSLEY TERRACE ASSOCIATES LTD PARTNERSHIP (VIRGINIA)

867. WALNUT HILLS ASSOCIATES LTD (OHIO)

868. WALNUT SPRINGS LIMITED PARTNERSHIP (ILLINOIS)

869. WALNUT SPRINGS ASSOCIATES (ILLINOIS)

870. WALTERS/PROPERTY ASSET MANAGEMENT SERVICES, L.P. (DELAWARE)

871. WASH-WEST PROPERTIES (PENNSYLVANIA)

872. WASHINGTON CHINATOWN ASSOCIATES LTD PARTNERSHIP (DISTRICT OF COLUMBIA)

873. WASHINGTON MANOR LTD PARTNERSHIP (TEXAS)

874. WATERMAN LTD PARTNERSHIP (CALIFORNIA)

875. WATERS TOWERS ASSOCIATES LTD PARTNERSHIP (MARYLAND)

876. WEST OAK VILLAGE LIMITED PARTNERSHIP

877. WESTGATE APARTMENTS (GEORGIA)

878. WEST LAKE ARMS LIMITED PARTNERSHIP (DELAWARE)

879. WESTMINSTER LTD PARTNERSHIP (MARYLAND)

880. WEST TRAILS PARTNERS, LTD. (TEXAS)

881. WESTCHASE MIDRISE OFFICE PARTNERS, LTD. (TEXAS)

882. WHITEFIELD PLACE LTD PARTNERSHIP (TEXAS)

883. WIGAR LTD PARTNERSHIP (MISSOURI)

884. WILBUR AND COMPANY, INC. (DELAWARE)

885. WINDSOR APARTMENTS ASSOCIATES LIMITED PARTNERSHIP (DELAWARE)

886. WINDSOR CROSSINGS LIMITED PARTNERSHIP (NEW JERSEY)

887. WINTER PARK ASSOCIATES LP (DELAWARE)

888. WOLLASTON MANOR ASSOCIATES (MASSACHUSETTS)

889. WOODCREST APARTMENTS LTD PARTNERSHIP (TEXAS)

890. WOODHILL ASSOCIATES (ILLINOIS)

891. WOODLAND RIDGE II PARTNERS (ILLINOIS)

892. WOODLAND RIDGE ASSOCIATES (ILLINOIS)

893. WOODMARK LIMITED PARTNERSHIP (VIRGINIA)

894. WOODS MORTGAGE ASSOCIATES (PENNSYLVANIA)

- 895. WOODSIDE VILLAGE (ARKANSAS)
- 896. WOODSIDE VILLAS OF ARCADIA LTD (FLORIDA)
- 897. WOODWAY OFFICE PARTNERS, LTD. (TEXAS)
- 898. WORCESTER EPISCOPAL HOUSING COMPANY (MASSACHUSETTS)
- 899. WYNTRE BROOK ASSOCIATES (PENNSYLVANIA)
- 900. YADKIN ASSOCIATES LTD PARTNERSHIP (NORTH CAROLINA)

EXHIBIT 23.1

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in the Company's Registration Statement on Form S-3 (No. 333-828), the Company's Registration Statement on Form S-3 (No. 333-4546), the Company's Registration Statement on Form S-3 (No. 333-8997), the Company's Registration Statement on Form S-3 (No. 333-17431), the Company's Registration Statement on Form S-3 (No. 333-20755), the Company's Registration Statement on Form S-3 (No. 333-26415), the Company's Registration Statement on Form S-3 (No. 333-36531), the Company's Registration Statement on Form S-3 (No. 333-36537), the Company's Registration Statement on Form S-8 (No. 333-36803), the Company's Registration Statement on Form S-3 (No. 333-4542), the Company's Registration Statement on Form S-8 (No. 333-4550), the Company's Registration Statement on Form S-8 (No. 333-4548), the Company's Registration Statement on Form S-8 (No. 333-14481) and the Company's Registration Statement on Form S-8 (No. 333-41719), of our report dated March 6, 1998, except for Note 25, as to which the date is March 17, 1998 with respect to the consolidated financial statements and schedule of Apartment Investment and Management Company included in its Annual Report on Form 10-K for the year ended December 31, 1997.

ERNST & YOUNG LLP

Dallas, Texas
March 17, 1998

ARTICLE 5

MULTIPLIER: 1,000

PERIOD TYPE	YEAR
FISCAL YEAR END	DEC 31 1997
PERIOD START	JAN 01 1997
PERIOD END	DEC 31 1997
CASH	61,317
SECURITIES	22,144
RECEIVABLES	28,656
ALLOWANCES	0
INVENTORY	0
CURRENT ASSETS	0
PP&E	1,657,207
DEPRECIATION	(153,285)
TOTAL ASSETS	2,100,510
CURRENT LIABILITIES	0
BONDS	74,010
PREFERRED MANDATORY	0
PREFERRED	135,000
COMMON	405
OTHER SE	909,895
TOTAL LIABILITY AND EQUITY	2,100,510
SALES	206,943
TOTAL REVENUES	222,975
CGS	132,438
TOTAL COSTS	142,688
OTHER EXPENSES	0
LOSS PROVISION	0
INTEREST EXPENSE	51,385
INCOME PRETAX	28,633
INCOME TAX	0
INCOME CONTINUING	28,633
DISCONTINUED	0
EXTRAORDINARY	(269)
CHANGES	0
NET INCOME	28,633
EPS PRIMARY	1.09
EPS DILUTED	1.08

Agreement Regarding Disclosure of Long-Term Debt Instruments

In reliance upon Item 601(b)(4)(iii)(A), of Regulation S-K, Apartment Investment and Management Company, a Maryland corporation (the "Company") has not filed as an exhibit to its Annual Report on Form 10-K for the fiscal year ended December 31, 1997, any instrument with respect to long-term debt not being registered where the total amount of securities authorized thereunder does not exceed 10 percent of the total assets of the Company and its subsidiaries on a consolidated basis. Pursuant to Item 601(b)(4)(iii)(A), of Regulation S-K, the Company hereby agrees to furnish a copy of any such agreement to the Securities Exchange Commission upon request.

APARTMENT INVESTMENT AND MANAGEMENT COMPANY

By: /s/ PETER KOMPANIEZ

Peter Kompaniez
President

End of Filing

Powered By **EDGAR**
Online

© 2005 | EDGAR Online, Inc.