

THIS INSTRUMENT PREPARED BY:

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2000 First Tennessee Building
Memphis, Tennessee 38103
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JUL 26 11 02 AM '96

Sutton Place Apts.
Horn Lake, MS

BK 72. PG 331
W.E. DAVIS CH. CLK.

NEGATIVE PLEDGE AGREEMENT

THIS AGREEMENT is made and entered into as of the 25th day of July, 1996, by and between **MID-AMERICA APARTMENTS, L.P.**, a Tennessee Limited Partnership ("Mid-America") and **MID-AMERICA APARTMENT COMMUNITIES, INC.**, a Tennessee corporation ("MAAC"), whose address is % Mid-America Apartment Communities, Inc., 6584 Poplar Avenue, Suite 340, Memphis, Tennessee 38138, parties of the first part, hereinafter called the "Borrowers," and **AMSOUTH BANK OF ALABAMA**, an Alabama banking corporation having its principal place of business at 1900 Fifth Avenue N., Birmingham, Alabama 35203, party of the second part, hereinafter called "Bank."

Recitals of Fact

Mid-America (the owner of the fee simple title to an apartment project (the "Real Property") in DeSoto County, Mississippi, more particularly described in **Exhibit "A"**, attached hereto and made a part hereof by reference) and MAAC have made application to the Bank for a revolving credit loan ("Revolving Credit Loan") in the maximum aggregate principal sum of Sixty-Five Million Dollars (\$65,000,000.00).

The Bank is unwilling to make the requested loan to the Borrowers unless Mid-America enters into this Agreement with the Bank.

NOW, THEREFORE, for and in consideration of the premises, as set forth in the Recitals of Fact, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is agreed by the parties as follows:

Agreements

1. The term "Obligations," as used herein, shall mean all indebtednesses, liabilities and obligations of either of the Borrowers to the Bank, of every kind, character and description, whether now existing or hereafter created or arising, absolute or contingent, due or to become due, and howsoever owned, held or acquired, including, without limitation, the Revolving Credit Loan, and any and all renewals, modifications, replacements, restatements or extensions thereof in whole or in part.

2. The Borrowers hereby acknowledge that:

(a) the identity and expertise of Mid-America were and continue to be material circumstances upon which the Bank has relied in connection with, and which constitute valuable consideration to the Bank for, the extending to the Borrowers of the Revolving Credit Loan; and

(b) the Bank would not extend the Revolving Credit Loan to the Borrowers, on an unsecured basis, unless Mid-America kept and maintained certain of its apartment projects free and clear of mortgage liens and encumbrances, and available for satisfaction of any judgments obtained against Mid-America by unsecured creditors, including the Bank.

3. Therefore, the Borrowers covenant and agree with the Bank that:

(a) Mid-America will not, without the prior written consent of the Bank (which consent may be given or withheld in the sole and absolute discretion of the Bank), sell, assign, transfer, convey, lease with an option to purchase, enter into a contract of sale, grant an option to purchase, or encumber all or any part of Mid-America's interest in the Real Property, or any portion thereof, or permit the same to be sold, assigned, transferred, conveyed, contracted for or encumbered.

(b) All of the Obligations shall, at the absolute option of the Bank, be and become immediately due and payable should Mid-America default in the terms and provisions of this Agreement.

4. Any mortgage, deed of trust, deed to secure debt, or other lien instrument executed now or at any time hereafter by Mid-America upon or with respect to the Real Property, without the prior written consent of the Bank, shall, at the option of the Bank, be void and of no force or effect.

5. If any provision of this Agreement is construed to be illegal, invalid or unenforceable, the legality, validity and enforceability of the remaining provisions of this Agreement shall not be affected thereby; and, in lieu of such illegal, invalid or unenforceable provision, there shall be added automatically as a part of this Agreement a provision that is legal, valid and enforceable and as similar in terms to such illegal, invalid or unenforceable provision as may be possible.

6. This Agreement shall be binding upon the Borrowers and their respective successors and assigns, and shall inure to the benefit of the Bank and its successors and assigns.

7. No waiver by the Bank shall be construed as a waiver of a subsequent similar default or any other default by the Borrowers. No delay by the Bank in exercising any right or remedy afforded by law shall operate as a waiver thereof or preclude the exercise thereof during the continuance of any default hereunder. No failure of the Bank to exercise an option granted herein to declare the maturity of the Obligations, no forbearance by the Bank after the exercise of such option, or any other action shall be

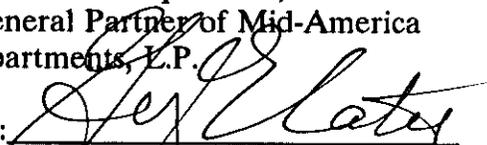
taken or construed as a waiver of the Bank's right to exercise such option or to declare such maturity by reason of any past, present or future default on the part of Mid-America in the provisions hereof.

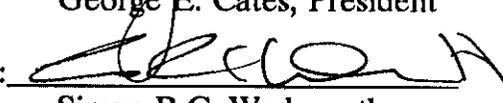
8. This Agreement shall be construed in accordance with the internal statutes and laws of the State of Tennessee, without regard to principles of conflicts of law.

IN WITNESS WHEREOF, the Borrowers have executed this Agreement on this the day and year first above written.

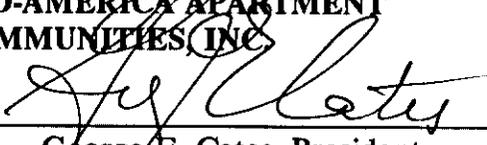
**MID-AMERICA APARTMENTS, L.P., a
Tennessee Limited Partnership**

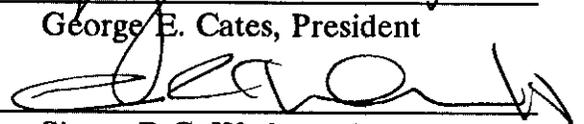
**BY: MID-AMERICA APARTMENT
COMMUNITIES, INC., a
Tennessee corporation, the Sole
General Partner of Mid-America
Apartments, L.P.**

By: 
George E. Cates, President

By: 
Simon R.C. Wadsworth
Executive Vice-President

**MID-AMERICA APARTMENT
COMMUNITIES, INC.**

By: 
George E. Cates, President

By: 
Simon R.C. Wadsworth
Executive Vice-President

STATE OF TENNESSEE
COUNTY OF SHELBY

Personally appeared before me, the undersigned authority in and for the said County and State, on this the 25th day of July, 1996, within my jurisdiction, the within-named **GEORGE E. CATES** and **SIMON R. C. WADSWORTH**, with whom I am personally acquainted, and who acknowledged that (a) they are the President and Executive Vice-President, respectively, of **MID-AMERICA APARTMENT COMMUNITIES, INC.**, a Tennessee corporation, (b) **MID-AMERICA APARTMENT COMMUNITIES, INC.** is the sole General Partner of **MID-AMERICA APARTMENTS, L.P.**, a Tennessee Limited Partnership, and (c) for and on behalf of the said corporation and said Limited Partnership, and as the act and deed of said corporation and said Limited Partnership, they have executed, signed, sealed and delivered the above and foregoing instrument, after first having been duly authorized by said corporation and by said Limited Partnership so to do.

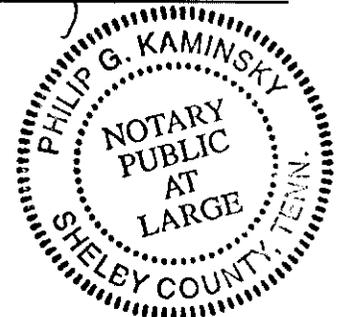
WITNESS my hand and seal of office on this 25th day of July, 1996.

Philip G. Kaminsky

Notary Public

My Commission Expires:

6/23/98



STATE OF TENNESSEE
COUNTY OF SHELBY

Personally appeared before me, the undersigned authority in and for the said County and State, on this the 25th day of July, 1996, within my jurisdiction, the within-named **GEORGE E. CATES** and **SIMON R. C. WADSWORTH**, with whom I am personally acquainted, and who acknowledged that they are the President and Executive Vice-President, respectively, of **MID-AMERICA APARTMENT COMMUNITIES, INC.**, a Tennessee corporation, and for and on behalf of the said corporation, and as the act and deed of said corporation, they have executed, signed, sealed and delivered the above and foregoing instrument, after first having been duly authorized by said corporation so to do.

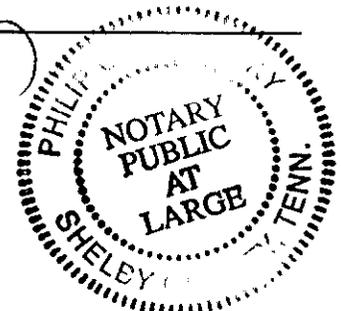
WITNESS my hand and seal of office on this 25th day of July, 1996.

Philip G. Kaminsky

Notary Public

My Commission Expires:

6/23/98



PROPERTY DESCRIPTIONS

Sutton Place:Tract I (Fee Parcel):

A parcel of land being part of Section 26, Township 1 South, range 8 West, DeSoto County, Mississippi, said parcel also being a part of lot 8 of Sutton Place Subdivision, a subdivision according to a map or plat thereof which is on file and of record in the office of the Chancery Clerk of DeSoto County, Mississippi, in Plat Book 35, at page 45, and being more particularly described as follows, to wit:

BEGIN at an iron stake (found) at the northeast corner of Lot No. 7 of the Sutton place Subdivision in the easterly line of the Southeast Quarter of Section 26, Township 1 South, Range 8 West, said stake being 680.04 feet northwardly from the accepted southeast corner of said Section; thence North 00 degrees 00 minutes 00 seconds East 1230.87 feet with the easterly line of said subdivision and with the easterly line of said Southeast Quarter to an iron stake (found); thence South 85 degrees 27 minutes 28 seconds West 133.11 feet to a point; thence North 62 degrees 53 minutes 15 seconds West 280.86 feet to a point; thence South 73 degrees 09 minutes 45 seconds West 79.40 feet to a point; thence South 26 degrees 33 minutes 54 seconds West 232.55 feet to a point; thence South 80 degrees 09 minutes 59 seconds West 76.12 feet to a point; thence North 61 degrees 02 minutes 10 seconds West 149.51 feet to an iron stake (found); thence South 00 degrees 00 minutes 00 seconds East 938.09 feet to an iron stake (found); thence North 90 degrees 00 minutes 00 seconds East 128.50 feet to an iron stake (found); thence South 00 degrees 00 minutes 00 seconds East 240.00 feet to an iron stake (found) in the northerly line of Lot No. 6 of the Sutton Place Subdivision; thence North 89 degrees 52 minutes 37 seconds East 640.00 feet along the northerly line of Lot No. 6, crossing through Sutton Drive and the northerly line of Lot No. 7 to the point of beginning containing 20.9964, more or less, acres of land.

Tract II (Fee Parcel):

A part of parcel of land located in part of the southeast quarter (SE 1/4) of Section 26, Township 1 South, Range 8 West, Horn Lake, DeSoto County, Mississippi, said parcel also being a part of Lot 8 of Sutton Place Subdivision, a subdivision according to a map or plat thereof which is on file and of record in the office of the Chancery Clerk of DeSoto County, Mississippi, in Plat Book 35, at page 45, and being more particularly described as follows, to-wit:

Commencing at a point in the centerline of Goodman Road (Mississippi State Highway No.302), said point commonly accepted as the southeast corner of the Southeast Quarter of said Section 26; thence South 89 degrees 52 minutes 37 seconds West a distance of 784.83 feet along said centerline of Goodman Road to a point; thence North 00 degrees 07 minutes 23 seconds West a distance of 75.08 feet to a point in the north right-of-way line of said Goodman Road; thence South 89 degrees 52 minutes 37 seconds West a distance of 535.00 feet along the north right-of-way line of Goodman Road to a point; thence North 00 degrees 00 minutes 00 seconds East a distance of 1400.00 feet to the Point of Beginning, said point being the northwest corner of Sutton Place Subdivision, as found on a plat of record in Plat Book 35, Page 45 of the land Deed records of DeSoto County, Mississippi; thence South 75 degrees 11 minutes 13 seconds East a distance of 69.62 feet to a point; thence North 39 degrees 08 minutes 38 seconds East a distance of 55.44 feet to a point; thence North 05 degrees 20 minutes 11 seconds West a distance of 182.79 feet to a point; thence North 59 degrees 36 minutes 47 seconds East a distance of 442.83 feet to a point; thence South 61 degrees 02 minutes 10 seconds East a distance of 96.23 feet to a point, said point being the northwest corner of that property conveyed by Steve H. Bryan to Sutton Place, Inc. by Warranty Deed recorded in Book 230 at Page 27 (the "Phase I property"); thence South 00 degrees 00 minutes 00 seconds East a distance of 627.27 feet along the west line of said Phase I property to a point; thence North 53 degrees 49 minutes 53 seconds West a distance of 32.29 feet to a point; thence North 30 degrees 00 minutes 00 seconds West a distance of 148.51 feet to a point; thence North 90 degrees 00 minutes 00 seconds West a distance of 156.28 feet to a point; thence South 00 degrees 00 minutes 00 seconds East a distance of 25.00 feet to a

point; thence North 90 degrees 00 minutes 00 seconds West a distance of 115.00 feet to a point; thence South 00 degrees 00 minutes 00 seconds East a distance of 40.00 feet to a point; thence South 85 degrees 13 minutes 50 seconds West a distance of 180.52 feet to a point, said point being on the west line of Sutton Place Subdivision; thence North 00 degrees 00 minutes 00 seconds East a distance of 175.01 feet along said west line of Sutton Place Subdivision to the Point of Beginning, and containing 5.29 acres of land, more or less.

Tract III (Easement Parcel):

a) Non-exclusive easements created for the benefit of Tract I created by instrument recorded at Deed Book 229, page 562, records of the Chancery Clerk, DeSoto County, Mississippi.

b) Non-exclusive easements created for the benefit of Tract I created by instrument recorded at Deed Book 230, page 30, aforesaid records.

BEING the same property conveyed to Grantor (under the name Hawaii Newsub, Inc.) by MEGA Properties Partnership by Quitclaim Deed recorded December 11, 1995 in Book 293, Page 650, of the Records of the Chancery Clerk of DeSoto County, Mississippi.