

MID AMERICA APARTMENT COMMUNITIES INC

Form 10-K

February 24, 2011

**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, 2010.

or

**o 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: 1-12762

MID-AMERICA APARTMENT COMMUNITIES, INC.

(Exact name of registrant as specified in its charter)

TENNESSEE
(State or other jurisdiction of
Incorporation or Organization)

62-1543819
(I.R.S. Employer
Identification No.)

6584 POPLAR AVENUE
MEMPHIS, TENNESSEE
(Address of principal executive offices)

38138
(Zip Code)

(901) 682-6600

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, par value \$.01 per share	New York Stock Exchange
Securities registered pursuant to Section 12(g) of the Act: None	

Indicate by check mark if registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes ☐ No ☒

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 the filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ 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 10-K. ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of accelerated filer, large accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. ☒

Large accelerated filer ☒

Accelerated filer ☐

Non-accelerated filer ☐

Smaller Reporting Company ☐

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of June 30, 2010, the aggregate market value of the registrant's common stock held by non-affiliates of the registrant was \$1,644,134,364, based on the closing sale price as reported on the New York Stock Exchange.

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

Class

Outstanding at February 4, 2011

Common Stock, \$.01 par value per share

35,713,654 shares

DOCUMENTS INCORPORATED BY REFERENCE

Document

Parts Into Which
Incorporated

Certain portions of the Proxy Statement for the Annual Meeting of Shareholders to be held May 26, 2011 to be filed with the Securities and Exchange Commission pursuant to Regulation 14A, not later than 120 days after the end of the fiscal year covered by this Annual Report on Form 10-K.

Part III

TABLE OF CONTENTS

MID-AMERICA APARTMENT COMMUNITIES, INC.

TABLE OF CONTENTS

Item	Page
PART I	
<u>1.</u>	<u>2</u>
<u>Business</u>	
<u>1A.</u>	<u>9</u>
<u>Risk Factors</u>	
<u>1B.</u>	<u>17</u>
<u>Unresolved Staff Comments</u>	
<u>2.</u>	<u>17</u>
<u>Properties</u>	
<u>3.</u>	<u>25</u>
<u>Legal Proceedings</u>	
<u>4.</u>	<u>25</u>
<u>Removed and Reserved</u>	
PART II	
<u>5.</u>	<u>25</u>
<u>Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities</u>	
<u>6.</u>	<u>28</u>
<u>Selected Financial Data</u>	
<u>7.</u>	<u>30</u>
<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	
<u>7A.</u>	<u>41</u>
<u>Quantitative and Qualitative Disclosures About Market Risk</u>	
<u>8.</u>	<u>41</u>
<u>Financial Statements and Supplementary Data</u>	
<u>9.</u>	<u>42</u>
<u>Changes in and Disagreements With Accountants on Accounting and Financial Disclosure</u>	
<u>9A.</u>	<u>42</u>

Controls and Procedures

9A(T).

42

Controls and Procedures

9B.

42

Other Information

PART III

10.

43

Directors, Executive Officers and Corporate Governance

11.

43

Executive Compensation

12.

Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

13.

43

Certain Relationships and Related Transactions, and Director Independence

14.

43

Principal Accounting Fees and Services

PART IV

15.

44

Exhibits, Financial Statement Schedules

TABLE OF CONTENTS

PART I

RISKS ASSOCIATED WITH FORWARD-LOOKING STATEMENTS

Mid-America Apartment Communities, Inc. considers this and other sections of this Annual Report on Form 10-K to contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, with respect to our expectations for future periods. Forward looking statements do not discuss historical fact, but instead include statements related to expectations, projections, intentions or other items related to the future. Such forward-looking statements include, without limitation, statements concerning property acquisitions and dispositions, joint venture activity, development and renovation activity as well as other capital expenditures, capital raising activities, rent and expense growth, occupancy, financing activities and interest rate and other economic expectations. Words such as expects, anticipates, intends, plans, believes, estimates, and variations of such words and similar expressions are intended to identify such forward-looking statements. Such statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to be materially different from the results of operations or plans expressed or implied by such forward-looking statements. Such factors include, among other things, unanticipated adverse business developments affecting us, or our properties, adverse changes in the real estate markets and general and local economies and business conditions. Although we believe that the assumptions underlying the forward-looking statements contained herein are reasonable, any of the assumptions could be inaccurate, and therefore such forward-looking statements included in this report may not prove to be accurate. In light of the significant uncertainties inherent in the forward-looking statements included herein, the inclusion of such information should not be regarded as a representation by us or any other person that the results or conditions described in such statements or our objectives and plans will be achieved.

The following factors, among others, could cause our future results to differ materially from those expressed in the forward-looking statements:

inability to generate sufficient cash flows due to market conditions, changes in supply and/or demand, competition, uninsured losses, changes in tax and housing laws, or other factors;

failure of new acquisitions to achieve anticipated results or be efficiently integrated into us;

failure of development communities to be completed, if at all, on a timely basis;

failure of development communities to lease-up as anticipated;

inability of a joint venture to perform as expected;

inability to acquire additional or dispose of existing apartment units on favorable economic terms;

unexpected capital needs;

increasing real estate taxes and insurance costs;

losses from catastrophes in excess of our insurance coverage;

inability to acquire funding through the capital markets;

the availability of credit, including mortgage financing, and the liquidity of the debt markets, including a material deterioration of the financial condition of the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation;

inability to replace financing with the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation should their investment in the multifamily industry shrink or cease to exist;

changes in interest rate levels, including that of variable rate debt, such as extensively used by us;

loss of hedge accounting treatment for interest rate swaps and interest rate caps;

the continuation of the good credit of our interest rate swap and cap providers;

inability to meet loan covenants;

1

TABLE OF CONTENTS

significant decline in market value of real estate serving as collateral for mortgage obligations;
inability to pay required distributions to maintain REIT status due to required debt payments;
imposition of federal taxes if we fail to qualify as a REIT under the Internal Revenue Code in any taxable year or
foregone opportunities to ensure REIT status;

inability to attract and retain qualified personnel;
potential liability for environmental contamination;
adverse legislative or regulatory tax changes; and

litigation and compliance costs associated with laws requiring access for disabled persons.

ITEM 1. BUSINESS

OVERVIEW

Founded in 1994, Mid-America Apartment Communities, Inc. is a Memphis, Tennessee-based self-administered and self-managed real estate investment trust, or REIT, that focuses on acquiring, owning and operating apartment communities in the Sunbelt region of the United States. As of December 31, 2010, we owned 100% of 151 properties representing 44,349 apartment units. As of December 31, 2010, we also had 33.33% ownership interests in Mid-America Multifamily Fund I, LLC, or Fund I, and Mid-America Multifamily Fund II, LLC, or Fund II, which owned two properties containing 626 apartment units and four properties containing 1,335 apartment units, respectively. These apartment communities were located across 13 states.

Our business is conducted principally through Mid-America Apartments, L.P., which we refer to as our operating partnership. We are the sole general partner of the operating partnership, holding 33,188,063 common units of partnership interest, or common units, comprising a 93.8% general partnership interest in the operating partnership as of December 31, 2010. Unless the context otherwise requires, all references in this Annual Report on Form 10-K to we, us, our, the company, or MAA refer collectively to Mid-America Apartment Communities, Inc. and its subsidiaries.

Our corporate offices are located at 6584 Poplar Avenue, Memphis Tennessee 38138 and our telephone number is (901) 682-6600. As of December 31, 2010, we had 1,315 full time employees and 74 part time employees.

FINANCIAL INFORMATION ABOUT SEGMENTS

As of December 31, 2010, we owned or had an ownership interest in 157 multifamily apartment communities in 13 different states from which we derived all significant sources of earnings and operating cash flows. Senior management evaluates performance and determines resource allocations by reviewing apartment communities individually and in the following reportable operating segments:

Large market same store communities are generally communities in markets with a population of at least 1 million that we have owned and that have been stabilized for at least a full 12 months and have not been classified as held for sale. Communities are considered stabilized after achieving and maintaining at least 90% occupancy for 90 days. Secondary market same store communities are generally communities in markets with populations of less than 1 million that we have owned and that have been stabilized for at least a full 12 months and have not been classified as held for sale. Communities are considered stabilized after achieving and maintaining at least 90% occupancy for 90 days.

Non same store communities and other includes recent acquisitions, communities in development or lease-up, communities that have been classified as held for sale and non multifamily activities which represent less than 1% of

our portfolio.

2

TABLE OF CONTENTS

On the first day of each calendar year, we determine the composition of our same store operating segments for that year, which allows us to evaluate full period-over-period operating comparisons. We utilize net operating income, or

NOI, in evaluating the performance. Total NOI represents total property revenues less total property operating expenses, excluding depreciation, for all properties held during the period regardless of their status as held for sale.

We believe NOI is a helpful tool in evaluating the operating performance of our segments because it measures the core operations of property performance by excluding corporate level expenses and other items not related to property operating performance.

A summary of segment operating results for 2010, 2009 and 2008 is included in Item 8. Financial Statements and Supplementary Data Notes to Consolidated Financial Statements, Note 13. Additionally, segment operating performance for such years is discussed in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations in this annual report on Form 10-K.

BUSINESS OBJECTIVES

Our primary business objectives are to protect and grow existing property values, to maintain a stable and increasing cash flow that will fund our dividend through all parts of the real estate investment cycle, and to create new shareholder value by growing in a disciplined manner. To achieve these objectives, we intend to continue to pursue the following goals and strategies:

effectively and efficiently operate our existing properties with an intense property and asset management focus and a decentralized structure;

when accretive to long-term shareholder value, acquire or develop additional high-quality properties throughout the Sunbelt region of the United States;

selectively dispose of properties that no longer meet our ownership guidelines;

develop, renovate and reposition existing properties;

enter into joint ventures to acquire and reposition properties; and

actively manage our capital structure.

OPERATION STRATEGY

Our goal is to maximize our return on investment collectively and in each apartment community by increasing revenues, tightly controlling operating expenses, maintaining high occupancy levels and reinvesting as appropriate.

The steps taken to meet these objectives include:

diversifying portfolio investments across both large and secondary markets;

providing management information and improved customer services through technology innovations;

utilizing systems to enhance property managers' ability to optimize revenue by adjusting rents in response to local market conditions and individual unit amenities;

developing new ancillary income programs aimed at offering new services to residents, including, among others, cable and internet access, on which we generate revenue;

implementing programs to control expenses through investment in cost-saving initiatives, including measuring and passing on to residents the cost of various expenses, including water and other utility costs;

analyzing individual asset productivity performances to identify best practices and improvement areas;

proactively maintaining the physical condition of each property through ongoing capital investments;

improving the curb appeal of the apartment communities through extensive landscaping and exterior improvements, and repositioning apartment communities from time-to-time to maintain market leadership positions;

aggressively managing lease expirations to align with peak leasing traffic patterns and to maximize productivity of property staffing;

3

TABLE OF CONTENTS

allocating additional capital, including capital for selective interior and exterior improvements, where the investment will generate the highest returns;

compensating employees through performance-based compensation and stock ownership programs;
maintaining a hands-on management style and flat organizational structure that emphasizes senior management's continued close contact with the market and employees;

selling or exchanging underperforming assets;

issuing or repurchasing shares of common or preferred stock when cost of capital and asset values permit;
acquiring and from time to time developing properties when expected returns exceed our investment hurdle rate; and
maintaining disciplined investment and capital allocation practices as a value investor.

Decentralized Operational Structure

We operate in a decentralized manner. We believe that our decentralized operating structure capitalizes on specific market knowledge, provides greater personal accountability than a centralized structure and is beneficial in the acquisition and redevelopment processes. To support this decentralized operational structure, senior and executive management, along with various asset management functions, are proactively involved in supporting and reviewing property management through extensive reporting processes and frequent on-site visitations. To maximize the amount of information shared between senior and executive management and the properties on a real time basis, we utilize a web-based property management system. The system contains property and accounting modules which allow for operating efficiencies, continued expense control, provide for various expanded revenue management practices, and improve the support provided to on-site property operations. We use a yield management pricing program that helps our property managers optimize rental revenues and we also utilize purchase order and accounts payable software to provide improved controls and management information. We have also implemented revised utility billing processes, rolled out new web-sites enabling on-line lease applications and improved web-based marketing programs.

Intensive Property and Asset Management Focus

We have traditionally emphasized property management, and over the past several years, we have deepened our asset management functions to provide additional support in marketing, training, ancillary income and revenue management. A large majority of our property managers are Certified Apartment Managers, a designation established by the National Apartment Association, which provides training for on-site manager professionals. We also provide our own in-house leadership development program consisting of an 18-month, three-module program followed by two comprehensive case studies, which was developed with the assistance of U.S. Learning, Inc.

ACQUISITION AND JOINT VENTURE STRATEGY

One of our growth strategies is to acquire and redevelop apartment communities for our wholly-owned portfolio that are diversified over both large and secondary markets throughout the Sunbelt region of the United States and that meet our investment criteria of expected leveraged returns exceeding our investment hurdle rate, generally defined as our estimated cost of equity plus 20%. We have extensive experience and research-based skills in the acquisition and repositioning of multifamily communities. In addition, MAA will acquire newly built and developed communities that can be purchased on a favorable pricing basis. We will continue to evaluate opportunities that arise, and will utilize this strategy to increase the number of apartment communities in strong and growing markets.

Another of our growth strategies is to co-invest with partners in joint venture opportunities to the extent we believe that a joint venture will enable us to obtain a higher return on our investment through management and other fees, which leverage our skills in acquiring, repositioning, redeveloping and managing multifamily investments. In

addition, the joint venture investment strategy can provide a platform for creating more capital

TABLE OF CONTENTS

diversification and lower investment risk for us. At present, we have focused our joint venture investment strategy on properties seven years old or older, with younger acquisitions becoming part of the wholly-owned portfolio.

As of December 31, 2010, we were partners in two joint ventures: Mid-America Multifamily Fund I, LLC, or Fund I, and Mid-America Multifamily Fund II, LLC, or Fund II.

The following apartment communities were acquired during the year ended December 31, 2010:

Property	Location	Number of Units	Date Purchased
100% Owned Properties:			
Village Oaks ⁽¹⁾	Temple Terrace (Tampa), FL	3	Various
535 Brookwood	Simpsonville (Greenville), SC	256	June 24, 2010
Avondale at Kennesaw Farms	Gallatin (Nashville), TN	288	June 29, 2010
Verandas at Sam Ridley	Smyrna (Nashville), TN	336	August 12, 2010
Hue	Raleigh, NC	208	August 17, 2010
Times Square at Craigs Ranch	McKinney (Dallas), TX	313	August 26, 2010
La Valencia at Starwood	Frisco (Dallas), TX	270	August 27, 2010
Bella Casita at Las Colinas	Irving (Dallas), TX	268	December 1, 2010
1225 South Church	Charlotte, NC	196	December 13, 2010
		2,138	
33.33% Owned Properties Through Joint Ventures:			
Legacy at Western Oaks ⁽²⁾	Austin, TX	479	January 28, 2010
Grand Cypress	Cypress (Houston), TX	312	July 13, 2010
The Venue at Stonebridge Ranch	McKinney (Dallas), TX	250	November 24, 2010
		1,041	

On August 27, 2008, we purchased 215 units of the 234-unit Village Oaks apartments located in Temple Terrace, Florida, a suburb of Tampa. The remaining 19 units had previously been sold as condominiums and it is our intent (1) to acquire these units if and when they become available, and operate them as apartment rentals with the rest of the community. During the remainder of 2008, we acquired four of the remaining 19 units and in 2009 we acquired an additional seven units.

(2) Legacy at Western Oaks was acquired by MAA on December 30, 2009 and was later contributed to Fund II on January 28, 2010.

DISPOSITION STRATEGY

We have one of the younger portfolios in the multifamily REIT sector, and strive to maintain a young portfolio of our assets in excellent condition, believing that continuous capital replacement and maintenance will lead to higher long-run returns on investment. From time-to-time, we dispose of mature assets, defined as those apartment communities that no longer meet our investment criteria and long-term strategic objectives, to ensure that our portfolio consists primarily of high quality, well-located properties within our market area. Typically, we select assets for disposition that do not meet our present investment criteria, including estimated future return on investment, location, market, potential for growth and capital needs. From time-to-time we also may dispose of assets for which we receive an offer meeting or exceeding our return on investment criteria even though those assets may not meet the disposition criteria disclosed above. We did not sell any apartment communities in 2010.

RENOVATION, REPOSITIONING AND DEVELOPMENT STRATEGY

Periodically, we invest in limited expansion development projects using fixed price contracts. In October 2010, we purchased land in Franklin (Nashville), Tennessee and entered into an agreement to develop a 428-unit apartment community on the site. Construction began in late 2010, but no units were completed by the end of the year. During 2011, we also plan to begin developing a phase II to the 1225 South Church apartments in Charlotte, North Carolina that were purchased in December 2010. While we seek opportunistic

TABLE OF CONTENTS

new development investments offering superior locations with attractive long-term investment returns, we do not currently intend to maintain a dedicated development staff or to expand into development in a significant way. We expect our investment in new development will remain a smaller component of overall growth as compared to growth through acquiring existing properties.

Beginning in 2005, we began an initiative of upgrading a significant number of our existing apartment communities in key markets across our portfolio. We focus on both interior unit upgrades and shared exterior amenities above and beyond routine capital upkeep in markets that we feel continue to have growth potential and can support the increased rent. During the year ended December 31, 2010, we renovated 1,760 units achieving a combined 10.6% rent increase above the normal renewal rate.

CAPITAL STRUCTURE STRATEGY

We use a combination of debt and equity sources to fund our portfolio of assets, focused on producing the overall lowest cost and most flexible capital structure. We focus on improving the net present value of each share of our common stock by generating cash flows from our portfolio of investments above the estimated total cost of debt and equity capital. We routinely make new investments when we believe it can add to value per share. In the past, we have sold assets to fund share repurchases when, in management's view, shareholder value would be enhanced.

At December 31, 2010, 39% of our total capitalization consisted of borrowings. We currently intend to target our total debt to a range of approximately 45% to 55% of the undepreciated book value of our assets, although our charter and bylaws do not limit our debt levels. We may issue new equity to maintain our debt within this target range. Circumstances may cause us to exceed that target from time-to-time. As of December 31, 2010, our ratio of debt to undepreciated book value was approximately 49%. Our Board of Directors can modify this policy at any time, which could allow us to become more highly leveraged but may decrease our ability to make distributions to our shareholders.

We continuously review opportunities for lowering our cost of capital, and increasing net present value per share. We evaluate opportunities to repurchase stock when we believe that our stock price is below our net present value. We also look for opportunities where we can acquire or develop apartment communities, selectively funded or partially funded by stock sales, when the investment return is projected to substantially exceed our cost of capital. We will also opportunistically seek to lower our cost of capital through issuing, refinancing or redeeming preferred stock as we did in 2010.

MAA has entered into sales agreements with Cantor Fitzgerald & Co., Raymond James & Associates, Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated to sell shares of MAA's common stock, from time-to-time in at-the-market offerings or negotiated transactions through controlled equity offering programs, or ATMs.

The following are the issuances of common stock, which have been made through these agreements through December 31, 2010:

	Number of Shares Sold	Net Proceeds	Net Average Sales Price
2006	194,000	\$ 11,481,292	\$ 59.18
2007	323,700	\$ 18,773,485	\$ 58.00
2008	1,955,300	\$ 103,588,758	\$ 52.98

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2009	763,000	\$ 32,774,757	\$ 42.96
2010	5,077,201	\$ 274,576,677	\$ 54.08
Total	8,313,201	\$ 441,194,969	\$ 53.07

We also have a direct stock purchase plan, which allows for the optional cash purchase of common stock of at least \$250, but not more than \$5,000 in any given month, free of brokerage commissions and charges. We, in our absolute discretion, may grant waivers to allow for optional cash payments in excess of \$5,000. During the year ended December 31, 2010, we issued a total of 551,895 shares through the optional cash purchase feature of our direct stock purchase plan, resulting in net proceeds of \$30.0 million.

TABLE OF CONTENTS

On June 2, 2010, we redeemed 3,100,001 shares of the 6,200,000 issued and outstanding shares of our 8.30% Series H Cumulative Redeemable Preferred Stock, or Series H. On August 5, 2010, we redeemed the remaining 3,099,999 shares of the issued and outstanding Series H. The Series H shares were redeemed for a \$25 per share redemption price plus any accrued and unpaid dividends through and including the respective redemption date. The redemptions were funded by proceeds through issuances of our common shares through our ATM programs and Dividend and Distribution Reinvestment and Share Purchase Plan, or DRSP.

SHARE REPURCHASE PROGRAM

In 1999, our Board of Directors approved an increase in the number of shares of our common stock authorized to be repurchased to 4 million shares. As of December 31, 2010, Mid-America had repurchased a total of approximately 1.86 million shares (8% of the shares of common stock and common units outstanding as of the beginning of the repurchase program). From time-to-time, we intend to repurchase shares when we believe that shareholder value is enhanced. Factors affecting this determination include, among others, the share price, financing agreements and rates of return. No shares were repurchased from 2002 through 2010 under this plan.

COMPETITION

All of our apartment communities are located in areas that include other apartment communities. Occupancy and rental rates are affected by the number of competitive apartment communities in a particular area. The owners of competing apartment communities may have greater resources than us, and the managers of these apartment communities may have more experience than our management. Moreover, single-family rental housing, manufactured housing, condominiums and the new and existing home markets provide housing alternatives to potential residents of apartment communities.

Apartment communities compete on the basis of monthly rent, discounts and facilities offered, such as apartment size and amenities, and apartment community amenities, including recreational facilities, resident services and physical property condition. We make capital improvements to both our apartment communities and individual apartments on a regular basis in order to maintain a competitive position in each individual market.

ENVIRONMENTAL MATTERS

As part of the acquisition process, we obtain environmental studies on all of our apartment communities from various outside environmental engineering firms. The purpose of these studies is to identify potential sources of contamination at the apartment communities and to assess the status of environmental regulatory compliance. These studies generally include historical reviews of the apartment communities, reviews of certain public records, preliminary investigations of the sites and surrounding properties, visual inspection for the presence of asbestos, poly-chlorinated biphenyls, or PCBs, and underground storage tanks and the preparation and issuance of written reports. Depending on the results of these studies, more invasive procedures, such as soil sampling or ground water analysis, will be performed to investigate potential sources of contamination. These studies must be satisfactorily completed before we take ownership of an acquisition community; however, no assurance can be given that the studies identify all significant environmental problems.

Under various federal, state and local laws and regulations, an owner or operator of real estate may be liable for the costs of removal or remediation of certain hazardous or toxic substances on properties. Such laws often impose such liability without regard to whether the owner caused or knew of the presence of hazardous or toxic substances and

whether the storage of such substances was in violation of a resident's lease. Furthermore, the cost of remediation and removal of such substances may be substantial, and the presence of such substances, or the failure to promptly remediate such substances, may adversely affect the owner's ability to sell such real estate or to borrow using such real estate as collateral.

We are aware of environmental concerns specifically relating to potential issues resulting from mold in residential properties and have in place an active management and preventive maintenance program that includes procedures specifically related to mold. We have established a policy requiring residents to sign a mold addendum to lease. We also have a \$5 million insurance policy that covers remediation and exposure to mold. Therefore, we believe that our exposure to this issue is limited and controlled.

TABLE OF CONTENTS

The environmental studies we received have not revealed any material environmental liabilities. We are not aware of any existing conditions that would currently be considered an environmental liability. Nevertheless, it is possible that the studies do not reveal all environmental liabilities or that there are material environmental liabilities of which we are not aware. Moreover, no assurance can be given concerning future laws, ordinances or regulations, or the potential introduction of hazardous or toxic substances by neighboring properties or residents.

We believe that our apartment communities are in compliance in all material respects with all applicable federal, state and local ordinances and regulations regarding hazardous or toxic substances and other environmental matters.

WEBSITE ACCESS TO REGISTRANT S REPORTS

We file annual and periodic reports with the Securities and Exchange Commission. All filings made by us with the SEC may be copied or read at the SEC s Public Reference Room at 100 F Street NE, Washington, DC 20549. Information on the operation of the Public Reference Room may be obtained by calling the SEC at 1-800-SEC-0330. The SEC also maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC as MAA does. The website is <http://www.sec.gov>.

Additionally, a copy of this Annual Report on Form 10-K, along with MAA s Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and any amendments to the aforementioned filings, are available on our website free of charge. The filings can be found on the Investor Relations page under SEC Filings. Our website also contains our Corporate Governance Guidelines, Code of Business Conduct and Ethics and the charters of the committees of the Board of Directors. These items can be found on the Investor Relations page under Governance Documents. Our website address is <http://www.maac.com>. Reference to our website does not constitute incorporation by reference of the information contained on the site and should not be considered part of this document. All of the aforementioned materials may also be obtained free of charge by contacting the Investor Relations Department at MAA, 6584 Poplar Avenue, Memphis, TN 38138.

QUALIFICATION AS A REAL ESTATE INVESTMENT TRUST

We have elected to be taxed as a REIT under the Internal Revenue Code of 1986, as amended, or the Code. To continue to qualify as a REIT, we must continue to meet certain tests which, among other things, generally require that our assets consist primarily of real estate assets, our income be derived primarily from real estate assets, and that we distribute at least 90% of our REIT taxable income (other than our net capital gain) to our shareholders annually. As a qualified REIT, we generally will not be subject to U.S. federal income taxes at the corporate level on our net income to the extent we distribute such net income to our shareholders annually. Even if we continue to qualify as a REIT, we will continue to be subject to certain federal, state and local taxes on our income and our property. In 2010, we paid total distributions of \$2.46 per common share to our shareholders, which was above the 90% REIT distribution requirement.

RECENT DEVELOPMENTS

Acquisitions

On January 12, 2011, MAA acquired the 340-unit Alamo Ranch apartment community located in Bexar County (San Antonio), Texas.

TABLE OF CONTENTS

ITEM 1A. RISK FACTORS

In addition to the other information contained in this Annual Report on Form 10-K, We have identified the following additional risks and uncertainties that may have a material adverse effect on our business, financial condition or results of operations. Investors should carefully consider the risks described below before making an investment decision. Our business faces significant risks and the risks described below may not be the only risks we face. Additional risks not presently known to us or that we currently believe are immaterial may also significantly impair our business operations. If any of these risks occur, our business, results of operations or financial condition could suffer, the market price of our common stock could decline and you could lose all or part of your investment in our common stock.

A change in United States government policy with regard to FNMA and Freddie Mac could seriously impact our financial condition

On February 11, 2011, the Obama Administration released a report to Congress which included options, among others, to gradually shrink and eventually shut down FNMA and Freddie Mac. We do not know when or if FNMA or Freddie Mac will restrict their support of lending to the multifamily industry or to us in particular. As of December 31, 2010, 85% of our outstanding debt was borrowed through credit facilities provided by or credit-enhanced by FNMA or Freddie Mac with maturities ranging from 2011 through 2018. While the report to Congress recognized the critically important role that FNMA and Freddie Mac play in the housing finance market and committed to ensuring they have sufficient capital to perform under any guarantees issued now or in the future and the ability to meet any of their debt obligations, should they be unable to meet their obligations it would have a material adverse affect on both us and the multifamily industry, and we would seek alternative sources of funding. This could jeopardize the effectiveness of our interest rate swaps, require us to post collateral up to the market value of the interest rate swaps, and either of these occurrences could potentially cause a breach in one or more of our loan covenants, and through reduced loan availability, impact the value of multifamily assets, which could impair the value of our properties.

Economic slowdown in the United States and downturns in the housing and real estate markets may adversely affect our financial condition and results of operations

Significant declines in economic growth, both in the United States and globally, such that we have experienced since the second half of 2008, may impact our financial condition and results of operations. Recently, both the real estate industry and the broader United States economy have experienced unfavorable conditions which adversely affected our revenues. Factors such as weakened economies and related reduction in spending, falling home prices and job losses, price volatility, and/or dislocations and liquidity disruptions in the financial and credit markets could, among other things, impede the ability of our tenants and other parties with which we conduct business to perform their contractual obligations, which could lead to an increase in defaults by our tenants and other contracting parties, which could adversely affect our revenues. Furthermore, our ability to lease our properties at favorable rates, or at all, is adversely affected by increases in supply and deterioration in multifamily markets and is dependent upon the overall level of spending in the economy, which is adversely affected by, among other things, job losses and unemployment levels, recession, personal debt levels, downturns in the housing market, stock market volatility and uncertainty about the future. With regard to our ability to lease our multifamily properties, the increasing rental of excess for-sale

condominiums and single family homes, which increases the supply of multifamily units and housing alternatives, may reduce our ability to lease our multifamily units and depress rental rates in certain markets. When we experience a downturn, we cannot predict how long demand and other factors in the real estate market will remain unfavorable, but if the markets remain weak over extended periods of time or deteriorate significantly, our ability to lease our properties or our ability to increase or maintain rental rates in certain markets may weaken.

TABLE OF CONTENTS

Failure to generate sufficient cash flows could limit our ability to pay distributions to shareholders

Our ability to generate sufficient cash flow in order to pay distributions to our shareholders depends on our ability to generate funds from operations in excess of capital expenditure requirements and/or to have access to the markets for debt and equity financing. Funds from operations and the value of our apartment communities may be insufficient because of factors which are beyond our control. Such events or conditions could include:

- competition from other apartment communities;
- overbuilding of new apartment units or oversupply of available apartment units in our markets, which might adversely affect apartment occupancy or rental rates and/or require rent concessions in order to lease apartment units;
- conversion of condominiums and single family houses to rental use;
- weakness in the overall economy which lowers job growth and the associated demand for apartment housing;
- increases in operating costs (including real estate taxes and insurance premiums) due to inflation and other factors, which may not be offset by increased rents;
- inability to initially, or subsequently after lease terminations, rent apartments on favorable economic terms;
- inability to complete or lease-up development communities on a timely basis, if at all;
- changes in governmental regulations and the related costs of compliance;
- changes in laws including, but not limited to, tax laws and housing laws including the enactment of rent control laws or other laws regulating multifamily housing;
- withdrawal of Government support of apartment financing through its financial backing of the Federal National Mortgage Association, or FNMA, or the Federal Home Loan Mortgage Corporation, or Freddie Mac;
- an uninsured loss, including those resulting from a catastrophic storm, earthquake, or act of terrorism;
- changes in interest rate levels and the availability of financing, borrower credit standards, and down-payment requirements which could lead renters to purchase homes (if interest rates decrease and home loans are more readily available) or increase our acquisition and operating costs (if interest rates increase and financing is less readily available); and
- the relative illiquidity of real estate investments.

At times, we rely on external funding sources to fully fund the payment of distributions to shareholders and our capital investment program (including our existing property expansion developments). While we have sufficient liquidity to permit distributions at current rates through additional borrowings if necessary, any significant and sustained deterioration in operations could result in our financial resources being insufficient to pay distributions to shareholders at the current rate, in which event we would be required to reduce the distribution rate. Any decline in our funds from operations could adversely affect our ability to make distributions to our shareholders or to meet our loan covenants and could have a material adverse effect on our stock price.

Our financing could be impacted by negative capital market conditions

Over the past two and a half years, domestic financial markets have experienced unusual volatility and uncertainty. Liquidity tightened in financial markets, including the investment grade debt, the CMBS, commercial paper, and equity capital markets. A large majority of apartment financing, and as of December 31, 2010, 85% of our outstanding debt, was borrowed through credit facilities provided by or credit-enhanced by FNMA and Freddie Mac, which are now under the conservatorship of the United States government, but for which, on February 11, 2011, the Obama Administration released a report to Congress

TABLE OF CONTENTS

which included options to gradually shrink and eventually shut down FNMA and Freddie Mac. We have seen an increase in the volatility of short term interest rates and changes in historic relationships between LIBOR (which is the basis for the majority of the payments to us by our swap counterparties) and the actual interest rate we pay through the FNMA Discount Mortgage Backed Security, or DMBS, and the Freddie Mac Reference Bill programs. This creates a risk that our interest expense will fluctuate to a greater extent than it has in the past, and it makes forecasting more difficult. Were our credit arrangements with Prudential Mortgage Capital, credit-enhanced by FNMA, or with Financial Federal, credit-enhanced by Freddie Mac, to fail, or their ability to lend money to finance apartment communities to become impaired or cease, we would have to seek alternative sources of capital, which might not be available on terms acceptable to us, if at all. In addition, any such event would most likely cause our interest costs to rise. This could also cause our interest rate swaps and caps to become ineffective, triggering a default in one or more of our credit agreements. If any of the foregoing events were to occur, it could have a material adverse affect on our business, financial condition and prospects.

Various tranches of our credit facilities with FNMA and Freddie Mac mature from 2011 through 2018, and we anticipate that replacement facilities will be at a higher cost and have less attractive terms, if available at all.

A change in the value of our assets could cause us to experience a cash shortfall, to be in default of our loan covenants, or to incur a charge for the impairment of assets

We borrow on a secured basis from FNMA, Freddie Mac, and Regions Bank. A significant reduction in the value of our assets could require us to post additional collateral. While we believe that we have significant excess collateral and capacity, future asset values are uncertain. If we were unable to meet a request to add collateral to a credit facility, this would have a material adverse affect on our liquidity and our ability to meet our loan covenants. We may determine that the value of an individual asset, or group of assets, was irrevocably impaired, and that we may need to record a charge to write-down the value of the asset to reflect its current value.

Debt level, refinancing and loan covenant risk may adversely affect our financial condition and operating results and our ability to maintain our status as a REIT

At December 31, 2010, we had total debt outstanding of \$1.5 billion. Payments of principal and interest on borrowings may leave us with insufficient cash resources to operate the apartment communities or to pay distributions that are required to be paid in order for us to maintain our qualification as a REIT. We currently intend to limit our total debt to a range of approximately 45% to 55% of the undepreciated book value of our assets, although our charter and bylaws do not limit our debt levels. Circumstances may cause us to exceed that target from time-to-time. As of December 31, 2010, our ratio of debt to undepreciated book value was approximately 49%. Our Board of Directors can modify this policy at any time, which could allow us to become more highly leveraged and decrease our ability to make distributions to our shareholders. In addition, we must repay our debt upon maturity, and the inability to access debt or equity capital at attractive rates could adversely affect our financial condition and/or our funds from operations. We rely on FNMA and Freddie Mac, which we refer to as the Agencies, for the majority of our debt financing and have agreements with the Agencies and with other lenders that require us to comply with certain covenants, including maintaining adequate collateral that is subject to revaluation quarterly. The breach of any one of these covenants would place us in default with our lenders and may have serious consequences on our operations.

Interest rate hedging may be ineffective

We rely on the financial markets to refinance debt maturities, and also are heavily reliant on the Agencies, which provided credit or credit enhancement for the majority of our outstanding debt as of December 31, 2010. The debt is provided under the terms of credit facilities with Prudential Mortgage Capital (credit-enhanced by FNMA) and Financial Federal (credit-enhanced by Freddie Mac). We pay fees to the credit facility providers and the Agencies plus interest which is based on the FNMA DMBS rate, and the Freddie Mac Reference Bill Rate.

TABLE OF CONTENTS

The interest rate market for the FNMA DMBS rate and the Freddie Mac Reference Bill Rate, both of which have been highly correlated with LIBOR interest rates, are also an important component of our liquidity and interest rate swap and cap effectiveness. In our experience, the FNMA DMBS rate has historically averaged 16 basis points below three-month LIBOR, and the Freddie Mac Reference Bill rate has averaged 34 basis points below the associated LIBOR rate, but in the past 3 years the spreads increased significantly and have been more volatile than we have historically seen. We cannot forecast when or if the uncertainty and volatility in the market may change. Continued unusual volatility over a period of time could cause us to lose hedge accounting treatment for our interest rate swaps and caps, resulting in material changes to our consolidated statements of operations and balance sheet, and potentially cause a breach with one of our debt covenants.

Fluctuations in interest rate spreads between the DMBS and Reference Bill rates and three-month LIBOR causes ineffectiveness to flow through interest expense in the current period if we are in an overhedged position, and together with the unrecognized ineffectiveness, reduces the effectiveness of the swaps and caps.

We also rely on the credit of the counterparties that provide swaps and caps to hedge the interest rate risk on our credit facilities. We use four major banks to provide approximately 95% of our derivative fair value, all of which have high investment grade ratings from Moody's and S&P. In the event that one of our derivative providers should suffer a significant downgrade of its credit rating or fail, our swaps or caps may become ineffective, in which case the value of the swap or cap would be adjusted to fair value in the current period, possibly causing a substantial loss sufficient to cause a breach of one of our debt covenants.

One or more interest rate swap or cap counterparties could default, causing us significant financial exposure

We enter into interest rate swap and interest rate cap agreements only with counterparties that are highly rated (A+ or above by Standard & Poors, or Aa3 or above by Moody's). We also try to diversify our risk amongst several counterparties. In the event one or more of these counterparties were to go into liquidation or to experience a significant rating downgrade, this could cause us to liquidate the interest rate swap or to lose the interest rate protection of an interest rate cap. Liquidation of an interest rate swap could cause us to be required to pay the swap counter party the net present value of the swap, which may represent a significant current period cash charge, possibly sufficient to cause us to breach one or more loan covenants.

Variable interest rates may adversely affect funds from operations

At December 31, 2010, effectively \$228 million of our debt bore interest at a variable rate and was not hedged by interest rate swaps or caps. We may incur additional debt in the future that also bears interest at variable rates. Variable rate debt creates higher debt service requirements if market interest rates increase, which would adversely affect our funds from operations and the amount of cash available to pay distributions to shareholders. Our \$1.0 billion secured credit facilities with Prudential Mortgage Capital, credit enhanced by FNMA, are predominately floating rate facilities. We also have credit facilities with Freddie Mac totaling \$300 million that are variable rate facilities. At December 31, 2010, a total of \$1.3 billion was outstanding under these facilities. These facilities represent the majority of the variable interest rates we were exposed to at December 31, 2010. Large portions of the interest rates on these facilities have been hedged by means of a number of interest rate swaps and caps. Upon the termination of these swaps and caps, we will be exposed to the risks of varying interest rates unless acceptable replacement swaps or caps are obtainable.

Losses from catastrophes may exceed our insurance coverage

We carry comprehensive liability and property insurance on our communities and intend to obtain similar coverage for communities we acquire in the future. Some losses, generally of a catastrophic nature, such as losses from floods, hurricanes or earthquakes, are subject to limitations, and thus may be uninsured. We exercise our discretion in determining amounts, coverage limits and deductibility provisions of insurance, with a view to maintaining appropriate insurance on our investments at a reasonable cost and on suitable terms. If we suffer a substantial loss, our insurance coverage may not be sufficient to pay the full current market value or current replacement value of our lost investment. Inflation, changes in building codes and ordinances, environmental considerations and other factors also might make it infeasible to use insurance proceeds to replace a property after it has been damaged or destroyed.

TABLE OF CONTENTS

Increasing real estate taxes and insurance costs may negatively impact financial condition

As a result of our substantial real estate holdings, the cost of real estate taxes and insuring our apartment communities is a significant component of expense. Real estate taxes and insurance premiums are subject to significant increases and fluctuations, which can be widely outside of our control. If the costs associated with real estate taxes and insurance should rise, our financial condition could be negatively impacted, and our ability to pay our dividend could be affected.

Property insurance limits may be inadequate and deductibles may be excessive in the event of a catastrophic loss or a series of major losses, and may cause a breach of loan covenants

We have a significant proportion of our assets in areas exposed to windstorms and to the New Madrid seismic zone. A major wind or earthquake loss, or series of losses, could require that we pay significant deductibles as well as additional amounts above the per occurrence limit of our insurance for these risks. We may then be judged to have breached one or more of our loan covenants, and any of the foregoing events could have a material adverse effect on our assets, financial condition, and results of operation.

Issuances of additional debt or equity may adversely impact our financial condition

Our capital requirements depend on numerous factors, including the occupancy and turnover rates of our apartment communities, development and capital expenditures, costs of operations and potential acquisitions. We cannot accurately predict the timing and amount of our capital requirements. If our capital requirements vary materially from our plans, we may require additional financing sooner than anticipated. Accordingly, we could become more leveraged, resulting in increased risk of default on our obligations and in an increase in our debt service requirements, both of which could adversely affect our financial condition and ability to access debt and equity capital markets in the future. If we issue additional equity securities to obtain additional financing, the interest of our existing shareholders could be diluted.

We are dependent on key personnel

Our success depends in part on our ability to attract and retain the services of executive officers and other personnel. There is substantial competition for qualified personnel in the real estate industry, and the loss of several of our key personnel could have an adverse effect on us.

New acquisitions may fail to perform as expected and, failure to integrate acquired communities and new personnel could create inefficiencies

We intend to actively acquire and improve multifamily communities for rental operations. We may underestimate the costs necessary to bring an acquired community up to standards established for our intended market position. Additionally, to grow successfully, we must be able to apply our experience in managing our existing portfolio of apartment communities to a larger number of properties. We must also be able to integrate new management and operations personnel as our organization grows in size and complexity. Failures in either area will result in inefficiencies that could adversely affect our overall profitability.

We may not be able to sell communities when appropriate

Real estate investments are relatively illiquid and generally cannot be sold quickly. We may not be able to change our portfolio promptly in response to economic or other conditions. Further, we own seven communities, which are subject to restrictions on sale and are required to be exchanged through a 1031b tax-free exchange, unless we pay the tax liability of the contributing partners. This inability to respond promptly to changes in the performance of our investments could adversely affect our financial condition and ability to make distributions to our security holders.

Environmental problems are possible and can be costly

Federal, state and local laws and regulations relating to the protection of the environment may require a current or previous owner or operator of real estate to investigate and clean up hazardous or toxic substances or petroleum product releases at such community. The owner or operator may have to pay a governmental entity or third parties for property damage and for investigation and clean-up costs incurred by such parties in connection with the contamination. These laws typically impose clean-up responsibility and liability without

TABLE OF CONTENTS

regard to whether the owner or operator knew of or caused the presence of the contaminants. Even if more than one person may have been responsible for the contamination, each person covered by the environmental laws may be held responsible for all of the clean-up costs incurred. In addition, third parties may sue the owner or operator of a site for damages and costs resulting from environmental contamination emanating from that site. All of our communities have

been the subject of environmental assessments completed by qualified independent environmental consultant companies. These environmental assessments have not revealed, nor are we aware of, any environmental liability that we believe would have a material adverse effect on our business, results of operations, financial condition or liquidity.

Over the past several years, there have been an increasing number of lawsuits against owners and managers of multifamily properties alleging personal injury and property damage caused by the presence of mold in residential real estate.

Some of these lawsuits have resulted in substantial monetary judgments or settlements. We cannot be assured that existing environmental assessments of our communities reveal all environmental liabilities, that any prior owner of any of our properties did not create a material environmental condition not known to us, or that a material environmental condition does not otherwise exist.

Our ownership limit restricts the transferability of our capital stock

Our charter limits ownership of our capital stock by any single shareholder to 9.9% of the value of all outstanding shares of our capital stock, both common and preferred. The charter also prohibits anyone from buying shares if the purchase would result in our losing REIT status. This could happen if a share transaction results in fewer than 100 persons owning all of our shares or in five or fewer persons, applying certain broad attribution rules of the Code, owning 50% or more of our shares. If you acquire shares in excess of the ownership limit or in violation of the ownership requirements of the Code for REITs, we:

- will consider the transfer to be null and void;
- will not reflect the transaction on our books;
- may institute legal action to enjoin the transaction;
- will not pay dividends or other distributions with respect to those shares;
- will not recognize any voting rights for those shares;
- will consider the shares held in trust for our benefit; and

will either direct you to sell the shares and turn over any profit to us, or we will redeem the shares. If we redeem the shares, you will be paid a price equal to the lesser of the price you paid for the shares; or the average of the last reported sales prices on the New York Stock Exchange on the ten trading days immediately preceding the date fixed for redemption by our Board of Directors.

If you acquire shares in violation of the limits on ownership described above:

- you may lose your power to dispose of the shares;
- you may not recognize profit from the sale of such shares if the market price of the shares increases; and
- you may be required to recognize a loss from the sale of such shares if the market price decreases.

Provisions of our charter and Tennessee law may limit the ability of a third party to acquire control of us

Ownership Limit

The 9.9% ownership limit discussed above may have the effect of precluding acquisition of control of us by a third party without the consent of our Board of Directors.

TABLE OF CONTENTS

Preferred Stock

Our charter authorizes our Board of Directors to issue up to 20,000,000 shares of preferred stock. The Board of Directors may establish the preferences and rights of any preferred shares issued. The issuance of preferred stock could have the effect of delaying or preventing someone from taking control of us, even if a change in control were in our shareholders' best interests. As of December 31, 2010, no shares of preferred stock were issued and outstanding.

Tennessee Anti-Takeover Statutes

As a Tennessee corporation, we are subject to various legislative acts, which impose restrictions on and require compliance with procedures designed to protect shareholders against unfair or coercive mergers and acquisitions. These statutes may delay or prevent offers to acquire us and increase the difficulty of consummating any such offers, even if our acquisition would be in our shareholders' best interests.

Our investments in joint ventures may involve risks

Investments in joint ventures may involve risks that may not otherwise be present in our direct investments such as:

- the potential inability of our joint venture partner to perform;
 - the joint venture partner may have economic or business interests or goals which are inconsistent with or adverse to ours;
 - the joint venture partner may take actions contrary to our requests or instructions or contrary to our objectives or policies; and
 - the joint venturers may not be able to agree on matters relating to the property they jointly own.
- Although each joint owner will have a right of first refusal to purchase the other owner's interest, in the event a sale is desired, the joint owner may not have sufficient resources to exercise such right of first refusal.

Market interest rates and low trading volume may have an adverse effect on the market value of our common shares

The market price of shares of a REIT may be affected by the distribution rate on those shares, as a percentage of the price of the shares, relative to market interest rates. If market interest rates increase, prospective purchasers of our shares may expect a higher annual distribution rate. Higher interest rates would not, however, result in more funds for us to distribute and, in fact, would likely increase our borrowing costs and potentially decrease funds available for distribution. This could cause the market price of our common shares to go down. In addition, although our common shares are listed on The New York Stock Exchange, the daily trading volume of our shares may be lower than the trading volume for other industries. As a result, our investors who desire to liquidate substantial holdings may find that they are unable to dispose of their shares in the market without causing a substantial decline in the market value of the shares.

Changes in market conditions or a failure to meet the market's expectations with regard to our earnings and cash distributions could adversely affect the market price of our common shares

We believe that the market value of a REIT's equity securities is based primarily upon the market's perception of the REIT's growth potential and its current and potential future cash distributions, and is secondarily based upon the real estate market value of the underlying assets. For that reason, our shares may trade at prices that are higher or lower than the net asset value per share. To the extent we retain operating cash flow for investment purposes, working capital reserves or other purposes, these retained funds, while increasing the value of our underlying assets, may not correspondingly increase the market price of our common shares. In addition, we are subject to the risk that our cash flow will be insufficient to pay distributions to our shareholders. Our failure to meet the market's expectations with regard to future earnings and cash distributions would likely adversely affect the market price of our shares.

The stock markets, including The New York Stock Exchange, or NYSE, on which we list our common shares, have experienced significant price and volume fluctuations. As a result, the market price of our common shares could be similarly volatile, and investors in our common shares may experience a decrease in

TABLE OF CONTENTS

the value of their shares, including decreases unrelated to our operating performance or prospects. Among the market conditions that may affect the market price of our publicly traded securities are the following:

- our financial condition and operating performance and the performance of other similar companies;
- actual or anticipated differences in our quarterly and annual operating results;
- changes in our revenues or earnings estimates or recommendations by securities analysts;
- publication of research reports about us or our industry by securities analysts;
- additions and departures of key personnel;
- inability to access the capital markets;
- strategic decisions by us or our competitors, such as acquisitions, dispositions, spin-offs, joint ventures, strategic investments or changes in business strategy;
- the issuance of additional shares of our common stock, or the perception that such sales may occur, including under our at-the-market controlled equity offering programs;
- the reputation of REITs generally and the reputation of REITs with portfolios similar to ours;
- the attractiveness of the securities of REITs in comparison to securities issued by other entities (including securities issued by other real estate companies);
- an increase in market interest rates, which may lead prospective investors to demand a higher distribution rate in relation to the price paid for our shares;
- the passage of legislation or other regulatory developments that adversely affect us or our industry;
- speculation in the press or investment community;
- actions by institutional shareholders or hedge funds;
- changes in accounting principles;
- terrorist acts; and
- general market conditions, including factors unrelated to our performance.

In the past, securities class action litigation has often been instituted against companies following periods of volatility in their stock price. This type of litigation could result in substantial costs and divert our management's attention and resources.

Failure to qualify as a REIT would cause us to be taxed as a corporation

If we failed to qualify as a REIT for federal income tax purposes, we would be taxed as a corporation. The Internal Revenue Service may challenge our qualification as a REIT for prior years, and new legislation, regulations, administrative interpretations or court decisions may change the tax laws with respect to qualification as a REIT or the federal tax consequences of such qualification. For any taxable year that we fail to qualify as a REIT, we would be subject to federal income tax on our taxable income at corporate rates, plus any applicable alternative minimum tax. In addition, unless entitled to relief under applicable statutory provisions, we would be disqualified from treatment as a REIT for the four taxable years following the year during which qualification is lost. This treatment would reduce our net earnings available for investment or distribution to shareholders because of the additional tax liability for the year or years involved. In addition, distributions would no longer qualify for the dividends paid deduction nor be required to be made in order to preserve REIT status. We might be required to borrow funds or to liquidate some of our investments to pay any applicable tax resulting from our failure to qualify as a REIT.

TABLE OF CONTENTS

Compliance or failure to comply with laws requiring access to our properties by disabled persons could result in substantial cost

The Americans with Disabilities Act, the Fair Housing Act of 1988 and other federal, state and local laws generally require that public accommodations be made accessible to disabled persons. Noncompliance could result in the imposition of fines by the government or the award of damages to private litigants. These laws may require us to modify our existing communities. These laws may also restrict renovations by requiring improved access to such buildings by disabled persons or may require us to add other structural features that increase our construction costs. Legislation or regulations adopted in the future may impose further burdens or restrictions on us with respect to improved access by disabled persons. We cannot ascertain the costs of compliance with these laws, which may be substantial.

Failure to make required distributions would subject us to income taxation

In order to qualify as a REIT, each year we must distribute to stockholders at least 90% of our taxable income (determined without regard to the dividend paid deduction and by excluding net capital gains). To the extent that we satisfy the distribution requirement, but distribute less than 100% of taxable income, we will be subject to federal corporate income tax on the undistributed income. In addition, we would incur a 4% nondeductible excise tax on the amount, if any, by which our distributions in any year are less than the sum of:

- 85% of ordinary income for that year;
- 95% of capital gain net income for that year; and
- 100% of undistributed taxable income from prior years.

Differences in timing between the recognition of income and the related cash receipts or the effect of required debt amortization payments could require us to borrow money or sell assets to pay out enough of the taxable income to satisfy the distribution requirement and to avoid corporate income tax and the 4% nondeductible excise tax in a particular year.

Complying with REIT requirements may cause us to forgo otherwise attractive opportunities or engage in marginal investment opportunities

To qualify as a REIT for federal income tax purposes, we must continually satisfy tests concerning, among other things, the sources of income, the nature and diversification of assets, the amounts distributed to shareholders and the ownership of our stock. In order to meet these tests, we may be required to forgo attractive business or investment opportunities or engage in marginal investment opportunities. Thus, compliance with the REIT requirements may hinder our ability to operate solely on the basis of maximizing profits.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

None.

ITEM 2. PROPERTIES.

We seek to acquire newer apartment communities and those with opportunities for repositioning through capital additions and management improvement located in the Sunbelt region of the United States that are primarily appealing to middle income residents with the potential for above average growth and return on investment.

Approximately 76% of our apartment units are located in Georgia, Florida, Tennessee, and Texas markets. Our strategic focus is to provide our residents high quality apartment units in attractive community settings, characterized by extensive landscaping and attention to aesthetic detail. We utilize our experience and expertise in maintenance, landscaping, marketing and management to effectively reposition many of the apartment communities we acquire to raise occupancy levels and per unit average rents.

TABLE OF CONTENTS

The following table sets forth certain historical information for the apartment communities we owned at December 31, 2010:

Location	Year Completed	Year Management Commenced	Number of Units	Approximate Rentable Area (Square Footage)	Average Unit Size (Square Footage)	Average Monthly Rent per Unit at December 31, 2010 ⁽²⁰⁾	Average Occupancy Percent at December 31, 2010 ⁽²¹⁾	Monthly Effective Rent per Unit at December 31, 2010 ⁽²²⁾	Encumbrances at December 31, 2010 Mortgage/ Bond Principal (000 s)	Interest Rate
Birmingham, AL	1986	1998	200	181,400	907	\$673.56	97.00 %	\$669.60	\$ (1)	(1)
Huntsville, AL	1987	1998	152	162,792	1,071	\$620.82	93.42 %	\$606.60	\$ (1)	(1)
Huntsville, AL	1989/98	1997	392	414,736	1,058	\$714.98	95.66 %	\$708.62	\$ (1)	(1)
Montgomery, AL	1999	1998	208	230,880	1,110	\$742.20	97.60 %	\$740.44	\$ (1)	(1)
			952	989,808	1,040	\$697.19	96.01%	\$691.09		
Little Rock, AR	1987	1994	260	195,000	750	\$697.27	98.46 %	\$696.20	\$ (1)	(1)
Little Rock, AR	1984	1996	240	183,120	763	\$647.73	98.33 %	\$644.75	\$ (1)	(1)
Little Rock, AR	1984/86	1997	308	320,936	1,042	\$720.13	94.81 %	\$719.24	\$ (1)	(1)
			808	699,056	865	\$691.27	97.03%	\$689.70		
Phoenix, AZ	2007	2008	312	299,208	959	\$784.73	95.51 %	\$780.06	\$	
Phoenix, AZ	2005	2006	480	437,280	911	\$699.31	91.25 %	\$687.26	\$	
Gilbert, AZ	2007	2009	232	225,272	971	\$772.28	95.26 %	\$765.55	\$	
			1,024	961,760	939	\$741.87	93.46%	\$733.27		
Altamonte Springs, FL	1985	1996	288	234,144	813	\$734.70	96.53 %	\$723.90	\$ (1)	(1)
Atlantic Beach, FL	1986	1995	120	93,240	777	\$647.63	97.50 %	\$645.47	\$ (1)	(1)
Brandon, FL	1989	2000	240	194,640	811	\$784.87	95.83 %	\$775.44	\$	
Brandon, FL	1997/99	1997	440	516,120	1,173	\$887.42	97.05 %	\$879.41	\$ (2)	(2)
Coral Springs, FL	1996	2004	480	528,480	1,101	\$1,288.79	95.21 %	\$1,276.18	\$ (6)	(6)
Daytona Beach, FL	1986	1995	208	149,136	717	\$656.77	99.04 %	\$655.33	\$7,000 ⁽⁹⁾	1.228% ⁽⁹⁾
Gainesville, FL	1999	1998	264	293,040	1,110	\$836.52	96.21 %	\$830.98	\$ (2)	(2)
Jacksonville, FL	1987	1995	208	218,400	1,050	\$763.15	97.12 %	\$762.94	\$ (2)	(2)
Jacksonville, FL	1987	1997	336	295,008	878	\$745.93	93.15 %	\$738.99	\$ (7)	(7)

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ning	Jacksonville, FL	1985	1996	416	344,032	827	\$687.64	99.52	%	\$686.22	\$	(1)	(1)
	Jacksonville, FL	2003	2003	501	556,110	1,110	\$862.95	97.41	%	\$859.47	\$	(1)	(1)
	Jacksonville, FL	1989/96	1997	440	475,200	1,080	\$807.11	95.23	%	\$796.39	\$	(1)	(1)
II	Jacksonville, FL	1998	1998	288	330,336	1,147	\$850.28	98.96	%	\$844.13	\$	(2)	(2)
	Jacksonville, FL	1987/2008	1995	524	423,392	808	\$721.11	95.99	%	\$718.46	\$13,235 ⁽¹⁹⁾		(19)
	Jacksonville, FL	1985	1994	188	166,004	883	\$691.65	97.87	%	\$691.04	\$	(2)	(2)
es	Jacksonville, FL	1986	1997	450	342,000	760	\$667.05	96.44	%	\$667.05	\$	(1)	(1)
	Lakeland, FL	1988/90	1997	464	505,296	1,089	\$704.78	95.91	%	\$693.49	\$	(1)	(1)
	Melbourne, FL	1990	1995	256	238,592	932	\$702.29	97.66	%	\$698.94	\$	(2)	(2)
la na	Ocala, FL	1986/88	1997	480	485,280	1,011	\$665.73	94.58	%	\$660.92	\$6,805 ⁽²⁾⁽³⁾	(2)(3)	(2)(3)
	Panama City, FL	2000	1998	254	283,972	1,118	\$868.61	97.24	%	\$866.54	\$	(2)	(2)
	Tallahassee, FL	1990/95	1997	304	329,232	1,083	\$814.76	97.37	%	\$810.52	\$	(2)	(2)
	Tampa, FL	1984	1994	210	202,440	964	\$780.73	95.24	%	\$774.25	\$	(1)	(1)
	18												

TABLE OF CONTENTS

Location	Year Completed	Year Management Commenced	Number of Units	Approximate Rentable Area (Square Footage)	Average Unit Size (Square Footage)	Monthly Average Rent per Unit at December 31, 2010 ⁽²⁰⁾	Average Occupancy Percent at December 31, 2010 ⁽²¹⁾		Monthly Effective Rent per Unit at December 31, 2010 ⁽²²⁾	Encumbrances at December 31, 2010	
										Mortgage/Bond Principal (000 \$)	Interest Rate
Tampa, FL	1980	1998	230	214,820	934	\$835.69	96.96	%	\$829.89	\$ (1)	(3)
Tampa, FL	2005	2008	232	267,728	1,154	\$1,017.44	97.84	%	\$1,010.49	\$	(3)
Palm Harbor, FL	2000	2009	432	461,808	1,069	\$901.96	95.83	%	\$898.30	\$31,082	4.430%
			8,253	8,148,450	987	\$806.56	96.53%		\$801.02		
Athens, GA	1987	1997	160	186,560	1,166	\$712.27	98.75	%	\$704.51	\$ (1)	(3)
Atlanta, GA	1994	2008	250	287,500	1,150	\$1,191.37	97.20	%	\$1,187.69	\$23,500	6.210%
Augusta, GA	1986	1997	192	156,288	814	\$681.56	95.83	%	\$678.35	\$ (4)	(4)
Augusta, GA	1982	1994	272	222,768	819	\$608.01	92.65	%	\$602.45	\$ (1)	(3)
Augusta, GA	1984	1997	120	107,040	892	\$661.67	92.50	%	\$629.67	\$3,480 (14)	(3)
Brunswick, GA	1983	1997	110	129,800	1,180	\$762.13	99.09	%	\$750.00	\$ (4)	(4)
College Park, GA	1985	1997	124	112,716	909	\$580.65	95.97	%	\$578.47	\$ (1)	(3)
Columbus, GA	80/82/84/86/98	1997	1,008	1,220,688	1,211	\$764.83	94.84	%	\$764.83	\$ (1)	(3)
Columbus, GA	1971/77	1997	285	246,810	866	\$580.76	95.44	%	\$579.78	\$ (1)	(3)
Conyers, GA	1999	1998	316	351,076	1,111	\$792.54	94.62	%	\$783.14	\$ (1)	(3)
Duluth, GA	2001	2004	384	370,176	964	\$767.29	96.35	%	\$762.77	\$ (5)	(3)
Gainesville, GA	1998	2005	344	395,944	1,151	\$753.79	95.06	%	\$749.58	\$17,712	5.300%
Gainesville, GA	2001	2005	313	359,950	1,150	\$716.05	93.61	%	\$708.63	\$ (5)	(3)
LaGrange, GA	1982/84	1997	216	223,128	1,033	\$615.64	94.44	%	\$615.64	\$ (4)	(4)
Lilburn, GA	1983	1997	150	137,700	918	\$629.01	97.33	%	\$625.27	\$ (1)	(3)
Macon, GA	1996	1997	256	292,864	1,144	\$732.51	98.05	%	\$727.01	\$ (7)	(3)
Macon, GA	1985	1997	144	153,792	1,068	\$657.39	95.83	%	\$647.79	\$ (1)	(3)
McDonough, GA	1997	1998	240	271,200	1,130	\$661.46	98.33	%	\$655.47	\$ (1)	(3)
Savannah, GA	1997	1998	220	239,800	1,090	\$801.71	99.55	%	\$801.20	\$ (6)	(6)
Savannah, GA	1999	2006	306	300,492	982	\$835.54	98.37	%	\$833.63	\$ (6)	(6)
Thomasville, GA	1980/84	1997	216	223,128	1,033	\$634.89	99.07	%	\$634.71	\$ (1)	(3)
Union City, GA	1985/87	1997	320	342,400	1,070	\$644.98	94.69	%	\$643.58	\$ (1)	(3)

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ake	Valdosta, GA	1983/84	1997	240	247,920	1,033	\$676.70	96.67	%	\$675.93	\$	(1)	(3)
	Warner Robins, GA	1997	2000	200	218,400	1,092	\$725.09	97.50	%	\$710.15	\$	(6)	(6)
	Warner Robins, GA	1987/90	1997	304	354,768	1,167	\$698.55	96.71	%	\$689.21	\$	(1)	(3)
	Woodstock, GA	1999	1998	502	575,794	1,147	\$726.33	95.22	%	\$717.91	\$	(1)	(3)
				7,192	7,728,702	1,075	\$728.10	96.00	%	\$723.28			
ad	Bowling Green, KY	1996	1997	240	251,280	1,047	\$734.81	96.25	%	\$732.31	\$	(1)	(3)
ence	Florence, KY	1994	1997	200	207,000	1,035	\$737.81	97.00	%	\$717.29	\$9,207		5.875%
	Lexington, KY	2000	1999	370	432,530	1,169	\$835.03	98.65	%	\$830.97	\$	(1)	(3)
	Lexington, KY	1986	1994	118	90,624	768	\$627.22	94.92	%	\$625.00	\$	(1)	(3)
	Lexington, KY	1989	1994	184	138,736	754	\$632.06	97.28	%	\$628.42	\$	(1)	(3)
	Lexington, KY	1989	1994	252	182,700	725	\$619.44	98.81	%	\$617.74	\$	(1)	(3)
	19												

TABLE OF CONTENTS

Location	Year Completed	Year Management Commenced	Number of Units	Approximate Rentable Area (Square Footage)	Average Unit Size (Square Footage)	Average Monthly Rent per Unit at December 31, 2010 ⁽²⁰⁾	Average Occupancy Percent at December 31, 2010 ⁽²¹⁾	Monthly Effective Rent per Unit at December 31, 2010 ⁽²²⁾	Encumbrances at December 31, 2010	Mortgage/Bond Principal (000 s)	Interest Rate
Louisville, KY	1985	1994	384	324,096	844	\$644.93	98.96 %	\$643.04	\$	(1)	(1)
			1,748	1,626,966	931	\$701.91	97.83%	\$697.17			
Jackson, MS	1988/90	1996	360	443,160	1,231	\$755.91	92.78 %	\$744.89	\$	(1)	(1)
Jackson, MS	1985	1994	389	338,430	870	\$722.67	97.43 %	\$722.67	\$	(1)	(1)
Jackson, MS	1986	1988	296	254,856	861	\$743.06	94.93 %	\$737.28	\$5,880	(10)	1.088 % ⁽¹⁰⁾
Ridgeland, MS	1974	1994	196	171,108	873	\$672.13	95.92 %	\$646.56	\$	(1)	(1)
Southaven, MS	1989	1996	204	237,048	1,162	\$733.57	96.57 %	\$733.57	\$	(1)	(1)
Southaven, MS	1991	1996	253	268,686	1,062	\$711.78	96.44 %	\$709.41	\$	(1)	(1)
			1,698	1,713,288	1,009	\$727.12	95.58%	\$720.48			
Cary, NC	1988	1997	194	169,750	875	\$694.67	93.81 %	\$689.26	\$	(1)	(1)
Cary, NC	1996	2005	384	344,448	897	\$665.65	95.05 %	\$665.65	\$	(5)	(5)
Charlotte, NC	2009	2010	196	161,896	826	\$1,181.83	52.55 %	\$1,174.10	\$		
Raleigh, NC	2009	2010	208	185,744	893	\$1,273.69	33.17 %	\$1,245.93	\$		
Raleigh, NC	2002/07	2006	450	518,850	1,153	\$891.92	95.78 %	\$888.91	\$	(1)	(1)
Raleigh, NC	2007	2008	313	297,037	949	\$837.38	98.08 %	\$833.62	\$		
Winston-Salem, NC	1982	1993	240	173,520	723	\$547.34	98.75 %	\$545.45	\$	(2)	(2)
			1,985	1,851,245	933	\$847.24	85.34%	\$841.53			
Cincinnati, OH	1988	1994	214	214,428	1,002	\$664.15	91.59 %	\$646.72	\$	(1)	(1)
			214	214,428	1,002	\$664.15	91.59%	\$646.72			
Aiken, SC	1989/91	1997	184	174,800	950	\$762.96	91.85 %	\$760.22	\$	(1)	(1)
Aiken, SC	1988	1997	144	165,168	1,147	\$771.32	95.14 %	\$761.46	\$	(1)	(1)
Anderson, SC	1980	1994	168	146,664	873	\$584.45	98.21 %	\$580.43	\$	(1)	(1)
Columbia, SC	1992	1994	240	213,840	891	\$636.33	96.25 %	\$619.01	\$7,735	(11)	1.121 % ⁽¹¹⁾
Columbia, SC	1989/95	1997	336	367,584	1,094	\$735.14	96.13 %	\$722.64	\$	(1)	(1)
Greenville, SC	1984	1995	168	143,976	857	\$531.80	99.40 %	\$529.90	\$	(1)	(1)
Greenville, SC	1986/88	1997	348	292,668	841	\$566.13	92.82 %	\$532.03	\$	(1)	(1)
Greenville, SC	1996	1997	208	212,160	1,020	\$684.78	96.15 %	\$678.35	\$	(1)	(1)
Greenville, SC	1983	1993	208	156,832	754	\$536.97	97.60 %	\$536.97	\$	(1)	(1)
Greenville, SC	1985	1995	208	182,000	875	\$577.01	92.31 %	\$561.54	\$	(1)	(1)
Mt. Pleasant, SC	1988	1995	208	177,840	855	\$966.40	96.15 %	\$962.89	\$8,365 ⁽⁸⁾		1.088 % ⁽⁸⁾
Simpsonville, SC	2008	2010	256	254,464	994	\$785.05	91.80 %	\$739.48	\$14,097		4.430 %
Spartanburg, SC	1987	1997	184	195,224	1,061	\$618.34	94.57 %	\$599.65	\$	(1)	(1)
	2007	2007	280	307,440	1,098	\$844.60	95.00 %	\$815.64	\$15,200		3.650 %

Summerville,
SC

3,140 2,990,660 952 \$688.57 95.06% \$672.12

Chattanooga,
TN

1989 1992 361 256,671 711 \$577.52 98.61 % \$576.53 \$ (1) (1)

Chattanooga,
TN

1987 1988 300 259,200 864 \$590.07 98.00 % \$581.92 \$ (1) (1)

Chattanooga,
TN

1986 1991 108 98,604 913 \$682.99 99.07 % \$682.99 \$ (1) (1)

20

TABLE OF CONTENTS

Location	Year Completed	Year Management Commenced	Number of Units	Approximate Rentable Area (Square Footage)	Average Unit Size (Square Footage)	Average Monthly Rent per Unit at December 31, 2010 ⁽²⁰⁾	Average Occupancy Percent at December 31, 2010 ⁽²¹⁾		Monthly Effective Rent per Unit at December 31, 2010 ⁽²²⁾	Encumbrances at December 31, 2010	Interest Rate
										Mortgage/Bond Principal (000 s)	
Chattanooga, TN	1984	1997	174	238,728	1,372	\$866.11	96.55	%	\$860.89	\$5,465 ⁽¹⁵⁾	()
Jackson, TN	1978	1993	100	87,500	875	\$566.70	97.00	%	\$565.20	\$ ⁽¹⁾	()
Jackson, TN	1987	1989	150	163,650	1,091	\$632.53	98.67	%	\$631.28	\$5,095	1.088%
Jackson, TN	1987	1989	145	145,725	1,005	\$639.17	96.55	%	\$628.95	\$3,375 ⁽¹²⁾	1.088%
Jackson, TN	1987	1994	148	121,360	820	\$581.63	95.95	%	\$560.59	\$ ⁽¹⁾	()
Jackson, TN	1997	1995	122	118,950	975	\$669.82	97.54	%	\$669.82	\$4,649	6.070%
Memphis, TN	1973/86	1982/94	276	297,804	1,079	\$596.69	96.38	%	\$577.85	\$ ⁽¹⁾	()
Memphis, TN	1974/78/83/86	1988	1,037	939,522	906	\$612.74	96.43	%	\$608.45	\$29,409	4.110%
Memphis, TN	1978	1994	371	310,156	836	\$694.59	95.69	%	\$694.65	\$ ⁽¹⁾	()
Memphis, TN	1988/98	1994	618	535,188	866	\$710.06	95.31	%	\$703.38	\$ ⁽¹⁾	()
Memphis, TN	1974	1977	82	96,924	1,182	\$1,025.45	92.68	%	\$1,021.79	\$	()
Memphis, TN	1999/01	1998	740	792,540	1,071	\$822.90	94.32	%	\$823.10	\$ ⁽⁴⁾	()
Murfreesboro, TN	1999	1998	240	268,800	1,120	\$822.32	93.33	%	\$810.79	\$ ⁽¹⁾	()
Nashville, TN	2008	2010	288	283,392	984	\$834.69	95.14	%	\$815.53	\$19,427	4.430%
Nashville, TN	1986	1994	286	220,220	770	\$771.12	96.85	%	\$758.48	\$ ⁽¹⁾	()
Nashville, TN	2001	1999	433	479,331	1,107	\$869.85	93.07	%	\$869.08	\$ ⁽¹⁾	()
Nashville, TN	1999/01	2004	456	427,728	938	\$772.70	94.74	%	\$765.97	\$ ⁽⁶⁾	()
Nashville, TN	1987	1995	440	392,480	892	\$606.25	92.73	%	\$597.25	\$6,645 ⁽¹⁶⁾	1.088%
Nashville, TN	2009	2010	336	391,104	1,164	\$829.43	94.35	%	\$818.64	\$23,910	4.430%
			7,211	6,925,577	960	\$713.40	95.55%		\$707.10		
Arlington, TX	1980	1998	270	224,100	830	\$600.72	93.70	%	\$595.54	\$ ⁽²⁾	()
Austin, TX	1983	1997	384	313,728	817	\$730.81	98.70	%	\$730.81	\$ ⁽²⁾	()
Austin, TX	1996	2004	210	198,240	944	\$894.61	96.67	%	\$891.04	\$ ⁽⁶⁾	()
Austin, TX	2003	2006	312	303,264	972	\$808.96	96.79	%	\$790.63	\$ ⁽⁶⁾	()
Austin, TX	1985	1995	288	248,832	864	\$621.05	96.53	%	\$615.50	\$4,050 ⁽¹⁷⁾	1.088%
Austin, TX	1987	1995	304	249,888	822	\$596.82	96.05	%	\$588.96	\$3,585 ⁽¹⁸⁾	1.126%
Austin, TX	1977	1997	278	214,060	770	\$869.91	94.60	%	\$867.86	\$ ⁽²⁾	()
Dallas, TX	1978	1994	410	374,740	914	\$640.95	95.12	%	\$635.78	\$ ⁽⁵⁾	()
Dallas, TX	1986	1998	232	168,200	725	\$658.31	99.14	%	\$658.31	\$ ⁽²⁾	()
Dallas, TX	1985	1998	304	206,720	680	\$573.89	94.08	%	\$561.74	\$ ⁽²⁾	()
Dallas, TX	2000	2006	390	341,250	875	\$813.34	97.18	%	\$813.34	\$ ⁽⁶⁾	()
Dallas, TX	1983	1994	260	226,200	870	\$609.04	93.08	%	\$591.58	\$ ⁽⁵⁾	()
Dallas, TX	2002	2004	240	205,200	855	\$733.68	96.67	%	\$726.16	\$ ⁽⁵⁾	()
Frisco, TX	2008	2010	270	267,840	992	\$1,045.43	97.04	%	\$1,033.58	\$	()

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Houston, TX	1999	2003	308	283,360	920	\$805.02	94.81	%	\$805.02	\$	(2)	(2)
Houston, TX	1996	2007	229	207,016	904	\$854.38	96.51	%	\$853.29	\$		
Houston, TX	1996	2007	220	193,160	878	\$799.48	90.91	%	\$788.33	\$	(6)	(6)

21

TABLE OF CONTENTS

	Location	Year Completed	Year Management Commenced	Number of Units	Approximate Rentable Area (Square Footage)	Average Unit Size (Square Footage)	Monthly Average Rent per Unit at December 31, 2010 ⁽²⁰⁾	Average Occupancy Percent at December 31, 2010 ⁽²¹⁾	Monthly Effective Rent per Unit at December 31, 2010 ⁽²²⁾	Encumbrances at December 31, 2010 Mortgage/ Bond Principal (000 s)	Interest Rate
nd	Houston, TX	1999	2006	328	316,192	964	\$798.45	94.82 %	\$788.84	\$13,526	5.930%
ek	Humble, TX	2007	2008	246	227,796	926	\$865.17	90.65 %	\$852.07	\$	
	Humble, TX	2006	2007	268	260,228	971	\$859.12	90.30 %	\$844.05	\$	(6) (6)
	Irving, TX	2007	2010	271	260,973	963	\$948.75	96.31 %	\$948.75	\$	
ing	Katy, TX	1984	1994	274	197,280	720	\$611.69	95.26 %	\$605.73	\$	(5) (5)
	Katy, TX	2000	1999	320	318,080	994	\$763.57	96.56 %	\$761.36	\$	(2) (2)
	Mesquite, TX	1983	1994	384	277,632	723	\$562.59	94.53 %	\$562.59	\$	(2) (2)
ig	McKinney, TX	2009	2010	313	320,512	1,024	\$1,251.66	71.57 %	\$1,230.65	\$	
	Plano, TX	1983	1998	196	156,800	800	\$712.06	95.92 %	\$707.62	\$	
	Plano, TX	2000	2003	498	470,112	944	\$793.31	96.39 %	\$788.00	\$	(2) (2)
	Roanoke, TX	1999/2008	2005	494	446,082	903	\$778.25	95.14 %	\$741.26	\$	(2) (2)
	Roanoke, TX	2007	2008	245	311,150	1,270	\$904.81	94.29 %	\$842.10	\$	
	San Antonio, TX	2008	2009	400	334,400	836	\$861.03	93.75 %	\$853.91	\$19,500	5.490%
	Spring, TX	1984	1994	208	160,576	772	\$648.95	90.87 %	\$643.75	\$	(5) (5)
d	Stafford, TX	1996	2004	274	244,682	893	\$823.58	95.26 %	\$816.26	\$	(6) (6)
	Woodlands, TX	1984	1994	200	152,200	761	\$713.77	95.00 %	\$711.63	\$	(5) (5)
				9,828	8,680,493	883	\$773.20	94.44%	\$763.70		
	Hampton, VA	1987	1995	296	248,048	838	\$916.02	96.28 %	\$895.64	\$10,800 ⁽¹³⁾	1.228% ⁽¹⁾
				296	248,048	838	\$916.02	96.28%	\$895.64		
ed				44,349	42,778,481	965	\$751.70	95.13%	\$744.32	312,734	
	Kennesaw, GA	1998	2008	310	356,190	1,149	\$864.68	95.81 %	\$853.91	\$21,738	
	Houston, TX	1994	2008	316	310,944	984	\$798.86	95.25 %	\$790.97	\$18,249	
	Macon, GA	2007	2009	294	324,282	1,103	\$762.30	96.94 %	\$752.97	\$12,334	

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Austin, TX	2001	2009	479	467,504	976	\$989.83	94.57	%	\$988.36	\$30,290
Cypress, TX	2008	2010	312	280,488	899	\$925.16	89.42	%	\$916.50	\$14,250
McKinney, TX	2000	2010	250	214,000	856	\$756.77	94.40	%	\$753.37	\$12,500
Core Properties			1,961	1,953,408	996	\$865.16	94.39	%	\$858.62	\$109,361
			46,310	44,731,889	966	\$756.50	95.10%		\$749.16	\$422,095

(1) Encumbered by a \$691.8 million FNMA facility, with \$691.8 million available and \$641.8 million outstanding with a variable interest rate of 1.14% on which there exists in combination with the FNMA facility mentioned in note (2) fifteen interest rate swap agreements totaling \$500 million at an average rate of 5.30% and six interest rate caps totalling \$165 million at an average rate of 4.58% at December 31, 2010.

(2) Encumbered by a \$243.2 million FNMA facility, with \$243.2 million available and \$218.6 million outstanding with a variable interest rate of 0.84% on which there exists interest rate swaps and caps as mentioned in note (1) at December 31, 2010.

22

TABLE OF CONTENTS

- (3) Phase I of Paddock Park Ocala is encumbered by \$6.8 million in bonds on which there exists a \$6.8 million interest rate cap of 6.00% which terminates on October 24, 2012.
- (4) Encumbered by a credit line with Regions Bank, with no outstanding balance at December 31, 2010. Encumbered by a \$100 million Freddie Mac facility, with \$100 million available and an outstanding balance of \$100 million and a variable interest rate of 0.87% on which there exists five interest rate swap agreements totaling \$83 million at an average rate of 5.41% at December 31, 2010.
- (5) Encumbered by a \$200 million Freddie Mac facility, with \$198.2 million available and an outstanding balance of \$198.2 million and a variable interest rate of 0.81% on which there exists eight interest rate swap agreements totaling \$134 million at an average rate of 5.18% and a \$15 million interest rate cap of 5% at December 31, 2010.
- (6) Encumbered by a mortgage securing a tax-exempt bond amortizing over 25 years with a principal balance of \$10.9 million at December 31, 2010, and an average interest rate of 5.28%.
- (7) Encumbered by \$8.4 million in bonds on which there exists a \$8.4 million interest rate cap of 4.50% which terminates on March 1, 2014.
- (8) Encumbered by \$7.0 million in bonds on which there exists a \$7.0 million interest rate swap agreement fixed at 4.41% and maturing on October 15, 2012.
- (9) Encumbered by \$5.9 million in bonds on which there exists a \$5.9 million interest rate cap of 6.00% which terminates on October 31, 2012.
- (10) Encumbered by \$7.7 million in bonds on which there exists a \$7.7 million interest rate cap of 6.00% which terminates on October 31, 2012.
- (11) Encumbered by \$3.4 million in bonds on which there exists a \$3.4 million interest rate cap of 6.00% which terminates on October 31, 2012.
- (12) Encumbered by \$10.8 million in bonds on which there exists a \$10.8 million interest rate swap agreement fixed at 4.41% and maturing on October 15, 2012.
- (13) Encumbered by \$3.5 million in bonds \$0.5 million having a variable rate of 1.181% and \$3.0 million with a variable rate of 1.088% on which there exists a \$3.0 million interest rate cap of 6.00% which terminates on May 31, 2013.
- (14) Encumbered by \$5.5 million in bonds \$0.5 million having a variable rate of 1.181% and \$5.0 million with a variable rate of 1.088% on which there exists a \$5.0 million interest rate cap of 6.00% which terminates on May 31, 2013.
- (15) Encumbered by \$6.6 million in bonds on which there exists a \$6.6 million interest rate cap of 6.00% which terminates on November 15, 2011. Also encumbered by a \$17.9 million FNMA facility maturing on March 1, 2014 with a variable interest rate of 0.89% which there exists a \$6.2 million and a \$11.7 million interest rate cap of 6.50% and 5.00% respectively which terminates on March 1, 2011 and March 1, 2014 respectively.
- (16) Encumbered by \$4.1 million in bonds on which there exists a \$4.1 million interest rate cap of 6.00% which terminates on November 15, 2011. Also encumbered by a \$17.9 million FNMA facility maturing on March 1, 2014 with a variable interest rate of 0.89% which there exists a \$6.2 million and a \$11.7 million interest rate cap of 6.50% and 5.00% respectively which terminates on March 1, 2011 and March 1, 2014 respectively.
- (17) Encumbered by \$3.6 million in bonds on which there exists a \$3.6 million interest rate cap of 6.00% which terminates on November 15, 2011. Also encumbered by a \$17.9 million FNMA facility maturing on March 1, 2014 with a variable interest rate of 0.89% which there exists a \$6.2 million and a \$11.7 million interest rate cap of 6.50% and 5.00% respectively which terminates on March 1, 2011 and March 1, 2014 respectively.
- (18) Phase I of St. Augustine is encumbered by \$13.2 million in bonds on which there exists a \$13.2 million interest rate cap of 6.00% which terminates on March 15, 2011. Also encumbered by a \$17.9 million FNMA facility maturing on March 1, 2014 with a variable interest rate of 0.89% which there exists a \$6.2 million and a \$11.7 million interest rate cap of 6.50% and 5.00% respectively which terminates on March 1, 2011 and March 1, 2014 respectively.
- (19)

TABLE OF CONTENTS

(20) Monthly average rent per unit represents the average of gross monthly rent amounts charged for occupied units plus prevalent market rates asked for unoccupied units in the property, divided by the total number of units in the property. This information is provided to represent average pricing for the period and does not represent actual rental revenue collected per unit.

(21) Average Occupancy is calculated by dividing the number of units occupied at each property by the total number of units at each property.

(22) Effective rent per unit is equal to the average of gross rent amounts after the effect of leasing concessions for occupied units plus prevalent market rates asked for unoccupied units in the property, divided by the total number of units in the property. Leasing concessions represent discounts to the current market rate. These discounts may be offered from time-to-time by a property for various reasons, including to assist with the initial lease-up of a newly developed property or as a response to a property's local market economics. Concessions are not part of our standard rent offering. Concessions for the year ended December 31, 2010 were \$3.9 million. As of December 31, 2010 approximately 9.8% of total leases were subject to concessions. Effective rent is provided to represent average pricing for the period and does not represent actual rental revenue collected per unit.

24

TABLE OF CONTENTS**ITEM 3. LEGAL PROCEEDINGS.**

We are not presently subject to any material litigation nor, to our knowledge, are any material litigation threatened against us. We are presently subject to routine litigation arising in the ordinary course of business, some of which is expected to be covered by liability insurance and none of which is expected to have a material adverse effect on our business, financial condition, liquidity or results of operations.

ITEM 4. REMOVED AND RESERVED.**PART II****ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.**

Our common stock has been listed and traded on the NYSE under the symbol MAA since our initial public offering in February 1994. On February 4, 2011, the reported last sale price of our common stock on the NYSE was \$61.54 per share, and there were approximately 1,600 holders of record of the common stock. We believe we have a significantly larger number of beneficial owners of our common stock. The following table sets forth the quarterly high and low sales prices of our common stock and the dividends declared by us with respect to the periods indicated.

	Sales Prices		Dividends	Dividends
	High	Low	Paid	Declared
2010:				
First Quarter	\$ 55.03	\$ 45.14	\$ 0.615	\$ 0.615
Second Quarter	\$ 57.34	\$ 49.74	\$ 0.615	\$ 0.615
Third Quarter	\$ 60.88	\$ 49.71	\$ 0.615	\$ 0.615
Fourth Quarter	\$ 64.48	\$ 57.96	\$ 0.615	\$ 0.6275 ⁽¹⁾
2009:				
First Quarter	\$ 37.48	\$ 22.22	\$ 0.615	\$ 0.615
Second Quarter	\$ 39.85	\$ 29.34	\$ 0.615	\$ 0.615
Third Quarter	\$ 50.58	\$ 34.77	\$ 0.615	\$ 0.615
Fourth Quarter	\$ 49.82	\$ 41.95	\$ 0.615	\$ 0.615

Generally, MAA's Board of Directors declares dividends prior to the quarter in which they are paid. The dividend (1) of \$0.6275 per share declared in the fourth quarter of 2010 was paid on January 31, 2011 to shareholders of record on January 14, 2011.

Our quarterly dividend rate is currently \$0.6275 per common share. Our Board of Directors reviews and declares the dividend rate quarterly. Actual dividends made by us will be affected by a number of factors, including, but not limited to, the gross revenues received from the apartment communities, our operating expenses, the interest expense incurred on borrowings and unanticipated capital expenditures.

We expect to make future quarterly distributions to shareholders; however, future distributions by us will be at the discretion of our Board of Directors and will depend on our actual funds from operations, our financial condition, capital requirements, the annual distribution requirements under the REIT provisions of the Internal Revenue Code and such other factors as our Board of Directors deems relevant.

We have established the Direct Stock Purchase and Distribution Reinvestment Plan, or DRSP, under which holders of common stock, preferred stock and limited partnership interests in our operating partnership can elect to automatically reinvest their distributions in additional shares of common stock. The plan also allows for the optional purchase of common stock of at least \$250, but not more than \$5,000 in any given month, free of brokerage commissions and charges. In our absolute discretion, we may grant waivers to allow for optional cash payments in excess of \$5,000. To fulfill our obligations under the DRSP, we may either issue additional shares of common stock or repurchase common stock in the open market. We may elect to sell shares under the DRSP at up to a 5% discount.

TABLE OF CONTENTS

In 2008, we issued a total of 421,794 shares through our DRSP and offered an average discount of 1.5% for optional cash purchases. In 2009, we issued a total of 25,406 shares through our DRSP and did not offer a discount for optional cash purchases. In 2010, we issued a total of 568,323 shares through our DRSP and offered an average discount of 2.0% for optional cash purchases.

The following table provides information with respect to compensation plans under which our equity securities are authorized for issuance as of December 31, 2010.

	Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights (a) ⁽¹⁾	Weighted Average Exercise Price of Outstanding Options, Warrants and Rights (b) ⁽¹⁾	Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans (excluding securities reflected in column (a)) (c) ⁽²⁾
Equity compensation plans approved by security holders	15,957	\$ 25.49	409,515
Equity compensation plans not approved by security holders	N/A	N/A	N/A
Total	15,957	\$ 25.49	409,515

Columns (a) and (b) above do not include 32,760 shares of restricted stock that are subject to vesting requirements that were issued through our Fourth Amended and Restated 1994 Restricted Stock and Stock Option Plan, 39,769 shares of restricted stock that are subject to vesting requirements which were issued through our 2004 Stock Plan, or 77,142 shares of common stock that have been purchased by employees through the Employee Stock Purchase Plan. See Item 8. Financial Statements and Supplementary Data Notes to Consolidated Financial Statements, Note 2 for more information on these plans.

Column (c) above includes 336,657 shares available to be issued under our 2004 Stock Plan and 72,858 shares available to be issued under our Employee Stock Purchase Plan. See Item 8. Financial Statements and Supplementary Data Notes to Consolidated Financial Statements, Note 2 for more information on these plans.

We have not granted any stock options since 2002.

TABLE OF CONTENTS

The following graph compares the cumulative total returns of the shareholders of MAA since December 31, 2005 with the S&P 500 Index and the FTSE NAREIT Equity REIT Index prepared by the National Association of Real Estate Investment Trusts, or NAREIT. The graph assumes that the base share price for our common stock and each index is \$100 and that all dividends are reinvested. The performance graph is not necessarily indicative of future investment performance.

	Dec '05	Dec '06	Dec '07	Dec '08	Dec '09	Dec '10
MAA	\$ 100.00	\$ 123.26	\$ 96.13	\$ 88.05	\$ 122.66	\$ 168.88
S&P 500	\$ 100.00	\$ 115.80	\$ 122.16	\$ 76.96	\$ 97.33	\$ 111.99
FTSE NAREIT Equity Index	\$ 100.00	\$ 135.06	\$ 113.87	\$ 70.91	\$ 90.76	\$ 116.12

27

TABLE OF CONTENTS**ITEM 6. SELECTED FINANCIAL DATA**

The following table sets forth selected financial data on a historical basis for us. This data should be read in conjunction with the consolidated financial statements and notes thereto and Management's Discussion and Analysis of Financial Condition and Results of Operations included elsewhere in this Current Report on Form 8-K.

Mid-America Apartment Communities, Inc.
Selected Financial Data
(Dollars in thousands except per share data)

	Year Ended December 31,				
	2010	2009	2008	2007	2006
Operating Data:					
Total operating revenues	\$402,229	\$378,544	\$370,011	\$347,444	\$318,475
Expenses:					
Property operating expenses	174,620	159,705	155,310	142,381	132,608
Depreciation	104,064	96,019	90,168	84,789	77,545
Acquisition expenses	2,512	950			
Property management and general and administrative expenses	30,389	28,540	28,636	28,726	23,001
Income from continuing operations before non-operating items	90,644	93,330	95,897	91,548	85,321
Interest and other non-property income	837	385	509	195	663
Interest expense	(55,996)	(57,094)	(62,010)	(63,639)	(62,308)
Loss on debt extinguishment		(140)	(116)	(123)	(578)
Amortization of deferred financing costs	(2,627)	(2,374)	(2,307)	(2,407)	(2,036)
Incentive fees from real estate joint ventures				1,019	
Asset impairment	(1,914)				
Net casualty gains (loss) and other settlement proceeds	330	32	(247)	589	84
Gains (loss) on sale of non-depreciable assets		15	(3)	534	50
Gains (loss) on properties contributed to joint ventures	752				
Income from continuing operations before investments in real estate joint ventures	32,026	34,154	31,723	27,716	21,196
(Loss) gain from real estate joint ventures	(1,149)	(816)	(844)	5,330	(114)
Income from continuing operations	30,877	33,338	30,879	33,046	21,082
Discontinued operations:					
Income from discontinued operations before gain (loss) on sale		1,234	1,312	1,246	1,453
Gains (loss) on sale of discontinued operations	(2)	4,649	(120)	9,164	
Consolidated net income	30,875	39,221	32,071	43,456	22,535
Net income attributable to noncontrolling interests	(1,114)	(2,010)	(1,822)	(3,510)	(1,590)

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Net income attributable to Mid-America Apartment Communities, Inc. ⁽¹⁾	29,761	37,211	30,249	39,946	20,945
Preferred dividend distributions	6,549	12,865	12,865	13,688	13,962
Premiums and original issuance costs associated with the redemption of preferred stock	5,149			589	
Net income available for common shareholders	\$18,063	\$24,346	\$17,384	\$25,669	\$6,983
Per Share Data:					
Weighted average shares outstanding (in thousands):					
Basic	31,856	28,341	26,943	25,296	23,474
Effect of dilutive stock options	121	7	141	207	258
Diluted	31,977	28,348	27,084	25,503	23,732
Net income available for common shareholders	\$18,063	\$24,346	\$17,384	\$25,669	\$6,983
Discontinued property operations	2	(5,883)	(1,192)	(10,410)	(1,453)
Income from continuing operations available for common shareholders	\$18,065	\$18,463	\$16,192	\$15,259	\$5,530
Earnings per share — basic ⁽¹⁾					
Income from continuing operations available for common shareholders	\$0.57	\$0.65	\$0.60	\$0.60	\$0.24
Discontinued property operations		0.20	0.04	0.41	0.06
Net income available for common shareholders	\$0.57	\$0.85	\$0.64	\$1.01	\$0.30
Earnings per share — diluted ⁽¹⁾					
Income from continuing operations available for common shareholders	\$0.56	\$0.65	\$0.60	\$0.60	\$0.23
Discontinued property operations		0.20	0.04	0.41	0.06
Net income available for common shareholders	\$0.56	\$0.85	\$0.64	\$1.01	\$0.29
Dividends declared ⁽²⁾	\$2.4725	\$2.4600	\$2.4600	\$2.4300	\$2.9850
Balance Sheet Data:					
Real estate owned, at cost	\$2,985,447	\$2,732,218	\$2,552,808	\$2,343,130	\$2,218,532
Real estate assets, net	\$2,085,640	\$1,935,221	\$1,851,331	\$1,720,553	\$1,669,539
Total assets	\$2,176,048	\$1,986,826	\$1,921,955	\$1,783,822	\$1,746,646
Total debt	\$1,500,193	\$1,399,596	\$1,323,056	\$1,264,620	\$1,196,349
Noncontrolling interest	\$22,125	\$22,660	\$25,648	\$27,624	\$33,647
Total Mid-America Apartment Communities, Inc. shareholders' equity and redeemable stock	\$522,267	\$433,368	\$418,774	\$404,774	\$448,019
Other Data (at end of period):					
Market capitalization (shares and units) ⁽³⁾	\$2,353,115	\$1,671,036	\$1,293,145	\$1,358,100	\$1,745,674
Ratio of total debt to total capitalization ⁽⁴⁾	38.9 %	45.6 %	50.6 %	48.2 %	40.7 %
Number of properties, including joint venture ownership interest ⁽⁵⁾	157	147	145	137	138
Number of apartment units, including joint venture ownership interest ⁽⁵⁾	46,310	43,604	42,554	40,248	40,293

TABLE OF CONTENTS

(1) In accordance with a change in accounting standards governing stock based compensation, we recognized \$668,862 in net income attributable to Mid-America Apartment Communities, Inc. for the year ended December 31, 2006 resulting in an increase of approximately \$0.03 in basic earnings per share and \$0.02 in diluted earnings per share.

(2) Beginning in 2006, at their regularly scheduled meetings, the Board of Directors began routinely declaring dividends for payment in the following quarter. This can result in dividends declared during a calendar year being different from dividends paid during a calendar year.

(3) Market capitalization includes all series of preferred shares (value based on \$25 per share liquidation preference) and common shares, regardless of classification on balance sheet, as well as partnership units (value based on common stock equivalency).

(4) Total capitalization is market capitalization plus total debt.

(5) Property and apartment unit totals have not been adjusted to exclude properties held for sale.

TABLE OF CONTENTS

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

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The following discussion and analysis of financial condition and results of operations are based upon our consolidated financial statements, and the notes thereto, which have been prepared in accordance with U.S. generally accepted accounting principles, or GAAP. The preparation of these consolidated financial statements requires us to make a number of estimates and assumptions that affect the reported amounts and disclosures in the consolidated financial statements. On an ongoing basis, we evaluate our estimates and assumptions based upon historical experience and various other factors and circumstances. We believe that our estimates and assumptions are reasonable under the circumstances; however, actual results may differ from these estimates and assumptions.

We believe that the estimates and assumptions listed below are most important to the portrayal of our financial condition and results of operations because they require the greatest subjective determinations and form the basis of accounting policies deemed to be most critical. These critical accounting policies include revenue recognition, capitalization of expenditures and depreciation of assets, impairment of long-lived assets, including goodwill, and fair value of derivative financial instruments.

Revenue recognition

We lease multifamily residential apartments under operating leases primarily with terms of one year or less. Rental revenues are recognized using a method that represents a straight-line basis over the term of the lease and other revenues are recorded when earned.

We record all gains and losses on real estate in accordance with accounting standards governing the sale of real estate.

Capitalization of expenditures and depreciation of assets

We carry real estate assets at depreciated cost. Depreciation is computed on a straight-line basis over the estimated useful lives of the related assets, which range from 8 to 40 years for land improvements and buildings, 5 years for furniture, fixtures, and equipment, 3 to 5 years for computers and software, and 6 months for acquired leases, all of which are subjective determinations. Repairs and maintenance costs are expensed as incurred while significant improvements, renovations and replacements are capitalized. The cost to complete any deferred repairs and maintenance at properties acquired by us in order to elevate the condition of the property to our standards are capitalized as incurred.

Development costs are capitalized in accordance with accounting standards for costs and initial rental operations of real estate projects and standards for the capitalization of interest cost, real estate taxes and personnel expense.

Impairment of long-lived assets, including goodwill

We account for long-lived assets in accordance with the provisions of accounting standards for the impairment or disposal on long-lived assets and evaluate our goodwill for impairment under accounting standards for goodwill and

other intangible assets. We evaluate goodwill for impairment on at least an annual basis, or more frequently if a goodwill impairment indicator is identified. We periodically evaluate long-lived assets, including investments in real estate and goodwill, for indicators that would suggest that the carrying amount of the assets may not be recoverable. The judgments regarding the existence of such indicators are based on factors such as operating performance, market conditions and legal factors.

Long-lived assets, such as real estate assets, equipment and purchased intangibles subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of are separately presented on the balance sheet and reported at the lower of the

TABLE OF CONTENTS

carrying amount or fair value less costs to sell, and are no longer depreciated. The assets and liabilities of a disposed group classified as held for sale are presented separately in the appropriate asset and liability sections of the balance sheet.

Goodwill is tested annually for impairment, and is tested for impairment more frequently if events and circumstances indicate that the asset might be impaired. An impairment loss for goodwill is recognized to the extent that the carrying amount exceeds the asset's fair value. This determination is made at the reporting unit level and consists of two steps. First, we determine the fair value of a reporting unit and compare it to its carrying amount. In the apartment industry, the primary method used for determining fair value is to divide annual operating cash flows by an appropriate capitalization rate. We determine the appropriate capitalization rate by reviewing the prevailing rates in a property's market or submarket. Second, if the carrying amount of a reporting unit exceeds its fair value, an impairment loss is recognized for any excess of the carrying amount of the reporting unit's goodwill over the implied fair value of that goodwill. The implied fair value of goodwill is determined by allocating the fair value of the reporting unit in a manner similar to a purchase price allocation in accordance with accounting standards for business combinations. The residual fair value after this allocation is the implied fair value of the reporting unit goodwill.

Fair value of derivative financial instruments

We utilize certain derivative financial instruments, primarily interest rate swaps and interest rate caps, during the normal course of business to manage, or hedge, the interest rate risk associated with our variable rate debt or as hedges in anticipation of future debt transactions to manage well-defined interest rate risk associated with the transaction.

In order for a derivative contract to be designated as a hedging instrument, changes in the hedging instrument must be highly effective at offsetting changes in the hedged item. The historical correlation of the hedging instruments and the underlying hedged items are assessed before entering into the hedging relationship and on a quarterly basis thereafter, and have been found to be highly effective.

We measure ineffectiveness using the change in the variable cash flows method for interest rate swaps and the hypothetical derivative method for interest rate caps for each reporting period through the term of the hedging instruments. Any amounts determined to be ineffective are recorded in earnings if in an overhedged position. The change in fair value of the interest rate swaps and the intrinsic value or fair value of interest rate caps designated as cash flow hedges are recorded to accumulated other comprehensive income in the statement of shareholders' equity.

The valuation of our derivative financial instruments is determined using widely accepted valuation techniques, including discounted cash flow analysis on the expected cash flows of each derivative. The fair values of interest rate swaps are determined using the market standard methodology of netting the discounted future fixed cash payments and the discounted expected variable cash receipts. The variable cash receipts are based on an expectation of future interest rates (forward curves) derived from observable market interest rate curves. The fair values of interest rate caps are determined using the market standard methodology of discounting the future expected cash receipts that would occur if variable interest rates rise above the strike rate of the interest rate caps. The variable interest rates used in the calculation of projected receipts on the interest rate cap are based on an expectation of future interest rates derived from observable market interest rate curves and volatilities. Additionally, we incorporate credit valuation adjustments to appropriately reflect both our own nonperformance risk and the respective counterparty's nonperformance risk in the fair value measurements. Changes in the fair values of our derivatives are primarily the result of fluctuations in interest rates. See Item 8. Financial Statements and Supplementary Data—Notes to Consolidated Financial Statements, Notes 5 and 6.

OVERVIEW OF THE YEAR ENDED DECEMBER 31, 2010

We experienced a decrease in income from continuing operations in 2010 as increases in revenues were more than offset by increases in expenses. The increases in revenues came from a 2.5% increase in our secondary market same store segment and a 66.4% increase in our non-same store and other segment which was primarily a result of acquisitions. The increase in expenses included a \$1.6 million increase in acquisition costs related to increased acquisition activity in 2010. Our same store portfolio represents those communities

TABLE OF CONTENTS

that have been held and have been stabilized for at least 12 months. Communities excluded from the same store portfolio would include recent acquisitions, communities being developed or in lease-up, communities undergoing extensive renovations, and communities identified as discontinued operations.

We have grown externally during the past three years by following our acquisition strategy to invest in large and mid-sized growing markets in the Sunbelt region of the United States. We acquired five properties for our 100% owned portfolio in 2008, four in 2009 and eight in 2010. We also purchased two properties through our joint venture in 2008, two in 2009 and two in 2010. Offsetting some of this increased revenue stream were three property dispositions in 2009.

We continued to benefit from reduced interest rates in 2010 as a reduction in average interest rates more than offset the impact from an increase in the average amount of debt outstanding for the year ended December 31, 2010 from the year ended December 31, 2009.

As of December 31, 2010, the total number of apartment units that MAA owned or had an ownership interest in was 46,310 in 157 communities, compared to 43,604 apartment units in 147 communities at December 31, 2009, and 42,554 apartment units in 145 communities at December 31, 2008. For communities owned 100% by MAA, the average effective rent per apartment unit, excluding units in lease-up, increased to \$736.51 at December 31, 2010 from \$715 at December 31, 2009 and \$750 at December 31, 2008. For these same units, overall occupancy at December 31, 2010, 2009, and 2008 was 95.8%, 95.2%, and 93.4%, respectively.

Average effective rent per unit is equal to the average of gross rent amounts after the effect of leasing concessions for occupied units plus prevalent market rates asked for unoccupied units, divided by the total number of units. Leasing concessions represent discounts to the current market rate. We believe average effective rent is a helpful measurement in evaluating average pricing. It does not represent actual rental revenue collected per unit.

The following is a discussion of our consolidated financial condition and results of operations for the years ended December 31, 2010, 2009, and 2008. This discussion should be read in conjunction with all of the consolidated financial statements included in this Annual Report on Form 10-K.

RESULTS OF OPERATIONS

Comparison of the Year Ended December 31, 2010, to the Year Ended December 31, 2009

Property revenues for the year ended December 31, 2010 were approximately \$401.5 million, an increase of \$23.3 million from the year ended December 31, 2009 due to (i) a \$4.3 million increase in property revenues from our secondary market same store group primarily as a result of a \$3.7 million increase from our new bulk cable program and (ii) a \$19.0 million increase in property revenues from our non-same store and other group, mainly as a result of acquisitions.

Property operating expenses include costs for property personnel, property personnel bonuses, building repairs and maintenance, real estate taxes and insurance, utilities, landscaping and depreciation. Property operating expenses, excluding depreciation, for the year ended December 31, 2010 were approximately \$174.6 million, an increase of approximately \$14.9 million from the year ended December 31, 2009 due primarily to increases in property operating expenses of (i) \$2.6 million from our large market same store group, (ii) \$4.0 million from our secondary market same

store group, and (iii) \$8.3 million from our non-same store and other group, mainly as a result of acquisitions. The increases in the large and secondary market same store groups include \$2.8 million and \$3.7 million, respectively, related to the accounting for our new bulk cable program.

Depreciation expense for the year ended December 31, 2010 was approximately \$104.1 million, an increase of approximately \$8.0 million from the year ended December 31, 2009 primarily due to the increases in depreciation expense of (i) \$1.0 million from our large market same store group, (ii) \$1.3 million from our secondary market same store group, and (iii) \$5.7 million from our non-same store and other group, mainly as a result of acquisitions.

Increases of depreciation expense from our large and secondary market same store groups resulted from asset additions made during the normal course of business.

TABLE OF CONTENTS

Interest expense for the year ended December 31, 2010 was approximately \$56.0 million, a decrease of \$1.1 million from the year ended December 31, 2009. The decrease was primarily related to the decrease in our average cost of debt from 4.31% for the year ended December 31, 2009 to 3.95% for the year ended December 31, 2010. The decrease in our average cost of debt was partially offset by an increase in our average debt outstanding from the year ended December 31, 2009 to the year ended December 31, 2010 of approximately \$88.2 million.

During the year ended December 31, 2010, we recorded an asset impairment charge of approximately \$1.9 million related to one of our original initial public offering communities. This community is part of our secondary market same store segment. Fair value of the community was determined by an offer. No asset impairment charges were recorded during the year ended December 31, 2009.

Primarily as a result of the foregoing, net income attributable to Mid-America Apartment Communities, Inc. decreased by approximately \$7.5 million in the year ended December 31, 2010 from the year ended December 31, 2009.

During 2010, we redeemed all of the issued and outstanding shares of the 6,200,000 shares of our 8.30% Series H Cumulative Redeemable Preferred Stock, or Series H, resulting in a write-off of approximately \$5.1 million on the consolidated statements of operations related to premiums and original issuance costs. The redemption also resulted in the decrease of preferred dividends from \$12.9 million for the year ended December 31, 2009 to \$6.5 million for the year ended December 31, 2010.

Comparison of the Year Ended December 31, 2009, to the Year Ended December 31, 2008

Property revenues for the year ended December 31, 2009, increased by approximately \$8.4 million from the year ended December 31, 2008, due to (i) a \$0.1 million increase in property revenues from our large market same store group and (ii) a \$9.3 million increase in property revenues from our non-same store and other group, mainly as a result of acquisitions. These increases were partially offset by a decrease in property revenues of approximately \$1.0 million from our secondary market same store group.

Property operating expenses include costs for property personnel, building repairs and maintenance, real estate taxes and insurance, utilities, landscaping and other property related costs. Property operating expenses for the year ended December 31, 2009, increased by approximately \$4.4 million from the year ended December 31, 2008, due primarily to increases of property operating expenses of (i) \$0.3 million from our secondary market same store group, and (ii) \$4.3 million from our non-same store and other group, mainly as a result of acquisitions. These increases were partially offset by a decrease in the property operating expenses of \$0.2 million from our large same store group due primarily to real estate tax expense which reflected the favorable impact of successful prior year appeals and assessment challenges.

Depreciation expense increased by approximately \$5.9 million primarily due to the increases of depreciation expense of (i) \$1.4 million from our large market same store group, (ii) \$1.0 million from our secondary market same store group, and (iii) \$3.5 million from our non-same store and other group, mainly as a result of acquisitions. Increases of depreciation expense from our large and secondary market same store groups resulted from asset additions made during the normal course of business.

Interest expense decreased approximately \$4.9 million in 2009 from 2008 due primarily to the decrease in our average annual borrowing cost from 4.88% in 2008 to 4.31% in 2009. This decrease was somewhat offset by an increase in

our average debt outstanding by approximately \$34.9 million from 2008 to 2009 to fund acquisitions and our development and redevelopment programs.

For the year ended December 31, 2009, we recorded total gains of approximately \$4.6 million from the sale of three communities. We had no property dispositions in 2008.

Primarily as a result of the foregoing, net income attributable to Mid-America Apartment Communities, Inc. increased by approximately \$7.0 million in 2009 from 2008.

TABLE OF CONTENTS**Funds from Operations**

Funds from operations, or FFO, represents net income (computed in accordance with U.S. generally accepted accounting principles, or GAAP) excluding extraordinary items, minority interest in operating partnership income, gains on disposition of real estate assets, plus depreciation of real estate, and adjustments for joint ventures to reflect FFO on the same basis. This definition of FFO is in accordance with the NAREIT definition. Disposition of real estate assets includes sales of discontinued operations as well as proceeds received from insurance and other settlements from property damage.

In response to the Securities and Exchange Commission's Staff Policy Statement relating to EITF Topic D-42 concerning the calculation of earnings per share for the redemption of preferred stock, we have included the amount charged to retire preferred stock in excess of carrying values in our FFO calculation.

Our policy is to expense the cost of interior painting, vinyl flooring, and blinds as incurred for stabilized properties. During the stabilization period for acquisition properties, these items are capitalized as part of the total repositioning program of newly acquired properties, and, thus are not deducted in calculating FFO.

FFO should not be considered as an alternative to net income or any other GAAP measurement of performance, as an indicator of operating performance or as an alternative to cash flow from operating, investing, and financing activities as a measure of liquidity. We believe that FFO is helpful to investors in understanding our operating performance in that such calculation excludes depreciation expense on real estate assets. We believe that GAAP historical cost depreciation of real estate assets is generally not correlated with changes in the value of those assets, whose value does not diminish predictably over time, as historical cost depreciation implies. Our calculation of FFO may differ from the methodology for calculating FFO utilized by other REITs and, accordingly, may not be comparable to such other REITs.

The following table is a reconciliation of FFO to consolidated net income for the years ended December 31, 2010, 2009, and 2008 (dollars and shares in thousands):

	Years Ended December 31,		
	2010	2009	2008
Consolidated net income	\$30,875	\$39,221	\$32,071
Net income attributable to noncontrolling interests	(1,114)	(2,010)	(1,822)
Net income attributable to Mid-America Apartment Communities, Inc.	29,761	37,211	30,249
Depreciation of real estate assets	102,000	94,020	88,555
Net casualty (gains) loss and other settlement proceeds	(330)	(32)	247
Gains on properties contributed to joint ventures	(752)		
Gains on dispositions within real estate joint ventures			(38)
Depreciation of real estate assets of discontinued operations			706
Loss (gains) on sales of discontinued operations	2	(4,649)	120
Depreciation of real estate assets of real estate joint ventures	1,896	970	953
Preferred dividend distribution	(6,549)	(12,865)	(12,865)
Net income attributable to noncontrolling interests	1,114	2,010	1,822

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Premiums and original issuance costs associated with the redemption of preferred stock (5,149)

Funds from operations \$ 121,993 \$ 116,665 \$ 109,749

FFO for the year ended December 31, 2010 increased approximately \$5.3 million from the year ended December 31, 2009 primarily as a result of the increase in property revenues of approximately \$23.3 million discussed above that was only partially offset by the \$14.9 million increase in property operating expenses. FFO for the year ended December 31, 2010 was impacted by a \$1.9 million asset impairment charge related to one of our original initial public offering communities. FFO for the year ended December 31, 2010 was also impacted by a decrease in preferred dividends of \$6.3 million from the year ended December 31, 2009

TABLE OF CONTENTS

due to the redemption of the Series H shares. This decrease was materially offset by the recognition of approximately \$5.1 million on the consolidated statements of operations representing the write-off of premiums and original issuance costs for the Series H redemption.

FFO for the year ended December 31, 2009 increased approximately \$6.9 million from the year ended December 31, 2008 primarily as a result of the increase in property revenues of approximately \$8.4 million discussed above that was only partially offset by the \$4.4 million increase in property operating expenses.

Trends

During 2010, rental demand for apartments began to improve relative to 2009. This was evident through higher physical occupancy as compared to 2009 as well as pricing increases on both new leases and renewals signed during the year. However, we have maintained this momentum with job formation, one of the primary drivers of apartment demand, continuing to be slow to return. The job losses that have occurred across the nation and our markets continue to cause us to be cautious about apartment demand and pricing but optimistic about the long term prospects for apartment demand as job growth returns.

An important part of our portfolio strategy is to maintain a broad diversity of markets across the Sunbelt region of the United States. The diversity of markets tends to mitigate exposure to economic issues in any one geographic market or area. We have found that a well diversified portfolio, including both large and select secondary markets, has tended to perform well in up cycles as well as weather down cycles better. As of December 31, 2010, with the addition of an asset in Charlotte, North Carolina, we were invested in over 49 separate markets, with 62% of our gross assets in large markets and 38% of our gross assets in select secondary markets.

We also continue to benefit on the supply side. Supply declined in 2010 and continues to run well below historical new supply delivery averages. Competition from condominiums reverting back to rental units, or new condominiums being converted to rental, was not a major factor in our portfolio because most of our submarkets have not been primary areas for condominium development. We have found the same to be true for rental competition from single family homes. We have avoided committing a significant amount of capital to markets where most of the excessive inflation in house prices has occurred. We saw significant rental competition from condominiums or single family houses in only a few of our submarkets. We expect this relative new supply compression to be an even larger factor over the next several quarters as supply that did come to market before the slowdown moves further away from the lease up stage and new supply remains limited.

Our focus throughout 2010 was on maintaining strong occupancy performance and pushing pricing where possible through our revenue management system. Through these efforts, our average same store occupancy (large market same store and secondary market same store segments combined) in 2010 was about 80 basis points higher than the average for 2009. While effective rent per unit for the year was lower than 2009 (primarily due to in place rents going into 2010), we saw the pricing trend reverse and turn positive in 2010. In the third quarter of 2010, we saw the first sequential quarter increase in effective rents in seven quarters. This pricing trend is expected to continue in 2011.

Overall same store revenues increased 1.2% for the year ended December 31, 2010 as compared to the year ended December 31, 2009. This included an increase of \$6.5 million due to our new bulk cable program. With cable expense netted into cable revenues, same store revenues decreased 0.6% over this period. As expected, the quarter over quarter decline in same store revenue reversed in the fourth quarter of 2010 and turned positive, as rents continued to rebound from declines seen in 2009 and early 2010. We expect more robust revenue growth will resume in 2011 as the economic growth returns and, most importantly, when sustainable job growth resumes. We also believe reduced

availability of financing for new apartment construction will likely limit new apartment construction over the next few quarters, and more sustainable credit terms for residential mortgages should work to favor rental demand at existing multi-family properties. At the same time, we expect long-term demographic trends, including the growth of prime age groups for rentals, immigration and population movement to the southeast and southwest will continue to build apartment rental demand for our markets.

TABLE OF CONTENTS

Should the economy fall into a deeper recession, the limited new supply of apartments and the more disciplined mortgage financing for single family home buying should lessen the impact to some degree, but a weak economy and employment market would nevertheless limit rent growth prospects.

We continue to develop improved products, operating systems and procedures that enable us to capture more revenues. The continued roll-out of ancillary services (such as our cable saver and deposit saver programs), improved collections and utility reimbursements enable us to capture increased revenue dollars. We also actively work on improving processes and products to reduce expenses, such as new web-sites and internet access for our residents that enable them to transact their business with us more simply and effectively.

Throughout 2010, we continued to have the benefit of lower interest rates resulting from a continued strong market for Federal National Mortgage Association and Federal Home Loan Mortgage Corporation debt securities. Short term interest rates continue to be at historically low levels, and as a result, we are forecasting a continuation of favorable interest rates in the near term with the expectation of rising rates as the economy improves.

Liquidity and Capital Resources

Net cash flow provided by operating activities decreased to \$133.8 million for the year ended December 31, 2010 from \$140.3 million for the year ended December 31, 2009. This change was a result of various items, including changes in cash flows associated with the timing of interest payments.

Net cash used in investing activities was approximately \$254.3 million during the year ended December 31, 2010 compared to \$154.0 million during the year ended December 31, 2009, mainly related to acquisition activity. In the year ended December 31, 2010, MAA had acquisition cash outflows of \$284.0 million compared to \$125.3 million for the year ended December 31, 2009. The increase in cash outflows due to acquisitions was partially offset primarily by an increase in cash inflows from disposition activity. In the year ended December 31, 2010, we had cash inflows of \$90.3 million, mainly related to the contributions of three communities to Fund II. During the year ended December 31, 2009, we had cash inflows of approximately \$29.9 million, mainly related to the sale of three communities.

Net cash provided by financing activities was approximately \$152.6 million for the year ended December 31, 2010, compared to \$18.1 million during the year ended December 31, 2009. During the year ended December 31, 2010, we received proceeds of approximately \$305.5 million primarily from the issuance of shares of common stock through our at-the-market program, or ATM and a waiver through our Dividend and Distribution Reinvestment and Share Purchase Plan, or DRSP. We used \$155.0 million of these proceeds to fund the redemption of our 8.30% Series H Cumulative Redeemable Preferred Stock, or Series H.

During 2010, MAA sold 5,077,201 shares of common stock for net proceeds of approximately \$274.6 million through our ATM. This compares to 763,000 shares for net proceeds of approximately \$32.8 million for 2009 and 1,955,300 shares for net proceeds of approximately \$103.6 million for 2008.

During 2010, MAA issued 551,895 shares at an average discount of 2% for net proceeds of \$30.0 million through the direct stock purchase feature of our DRSP. During 2009, MAA did not offer a discount through our DRSP and issued approximately 1,100 shares of common stock, generating approximately \$39,000 in proceeds. During 2008, MAA offered an average 1.5% discount through our DRSP and issued approximately 403,000 shares of common stock through the direct stock purchase feature of the plan, generating approximately \$20 million in proceeds.

On June 2, 2010, we redeemed 3,100,001 shares of the 6,200,000 shares of our Series H for approximately \$77.5 million. On August 5, 2010 we redeemed all of the remaining and outstanding shares of Series H for approximately \$77.5 million, resulting in a combined write-off for the year ended December 31, 2010 of approximately \$5.1 million on the consolidated statements of operations related to premiums and original issuance costs. The redemption also resulted in the decrease of preferred dividends to \$6.5 million for the year ended December 31, 2010 from \$12.9 million for the year ended December 31, 2009.

TABLE OF CONTENTS

The weighted average interest rate at December 31, 2010 for the \$1.5 billion of debt outstanding was 3.8%, compared to the weighted average interest rate of 4.0% on \$1.4 billion of debt outstanding at December 31, 2009. We utilize both conventional and tax exempt debt to help finance our activities. Borrowings are made through individual property mortgages as well as company-wide secured credit facilities. We utilize fixed rate borrowings, interest rate swaps and interest rate caps to manage our current and future interest rate risk. More details on our borrowings can be found in the schedules presented later in this section.

At December 31, 2010, we had secured credit facility relationships with Prudential Mortgage Capital which are credit enhanced by the Federal National Mortgage Association, or FNMA, Financial Federal which are credit enhanced by the Federal Home Loan Mortgage Corporation, or Freddie Mac, and a \$50 million bank facility with a syndicate of banks. Together, these credit facilities provided a total line capacity of \$1.4 billion with all but \$6.5 million collateralized and available to borrow at December 31, 2010. We had total borrowings outstanding under these credit facilities of \$1.3 billion at December 31, 2010.

Approximately 65% of our outstanding obligations at December 31, 2010 were borrowed through credit facilities with/or credit enhanced by FNMA, also referred to as the FNMA Facilities. The FNMA Facilities have a combined line limit of \$1.04 billion, all of which was collateralized and available to borrow at December 31, 2010. We had total borrowings outstanding under the FNMA Facilities of approximately \$0.97 billion at December 31, 2010. Various tranches of the FNMA Facilities mature from 2011 through 2018. The FNMA Facilities provide for both fixed and variable rate borrowings. The interest rate on the majority of the variable portion is based on the FNMA Discount Mortgage Backed Security, or DMBS, rate which are credit-enhanced by FNMA and are typically sold every 90 days by Prudential Mortgage Capital at interest rates approximating three-month LIBOR less a spread that has averaged 0.16% over the life of the FNMA Facilities, plus a credit enhancement fee of 0.49% to 0.67%. We have seen more volatility in the spread between the DMBS and three-month LIBOR since late 2007 than was historically prevalent.

Approximately 20% of our outstanding obligations at December 31, 2010 were borrowed through credit facilities with/or credit enhanced by Freddie Mac, also referred to as the Freddie Mac Facilities. The Freddie Mac Facilities have a combined line limit of \$300 million, of which \$298 million was collateralized and available to borrow at December 31, 2010. We had total borrowings outstanding under the Freddie Mac Facilities of approximately \$298 million at December 31, 2010. The Freddie Mac facilities mature in 2011 and 2014. The interest rate on the Freddie Mac Facilities renews every 30 or 90 days and is based on the Freddie Mac Reference Bill Rate on the date of renewal, which has historically approximated the equivalent 30 or 90-day LIBOR, plus a credit enhancement fee of 0.65% to 0.69%. The Freddie Mac Reference Bill rate has traded consistently below LIBOR, and the historical average spread was 0.34% below LIBOR at December 31, 2010.

Each of our secured credit facilities is subject to various covenants and conditions on usage, and is subject to periodic re-evaluation of collateral. If we were to fail to satisfy a condition to borrowing, the available credit under one or more of the facilities could not be drawn, which could adversely affect our liquidity. In the event of a reduction in real estate values the amount of available credit could be reduced. Moreover, if we were to fail to make a payment or violate a covenant under a credit facility, after applicable cure periods, one or more of our lenders could declare a default, accelerate the due date for repayment of all amounts outstanding and/or foreclose on properties securing such facilities. Any such event could have a material adverse effect.

The following schedule details the line limits, collateralized availability and the outstanding balances of our various borrowings as of December 31, 2010 (in thousands):

	Line Limit	Amount Collateralized	Amount Borrowed
FNMA Credit Facilities	\$1,044,429	\$ 1,044,429	\$969,833
Freddie Mac Credit Facilities	300,000	298,247	298,247
Regions Credit Facility	50,000	45,211	
Other Borrowings	232,113	232,113	232,113
Total Debt	\$1,626,542	\$ 1,620,000	\$1,500,193

37

TABLE OF CONTENTS

As of December 31, 2010, we had entered into interest rate swaps totaling a notional amount of \$734.8 million. To date, these swaps have proven to be highly effective hedges. We had also entered into interest rate cap agreements totaling a notional amount of approximately \$270.7 million as of December 31, 2010.

The following schedule outlines our variable versus fixed rate debt, including the impact of interest rate swaps and caps, outstanding as of December 31, 2010 (in thousands):

	Principal Balance	Average Years to Contract Maturity	Effective Rate	
Conventional Fixed Rate or Swapped	\$ 973,018	3.9	5.2	%
Tax-free Fixed Rate or Swapped	28,695	7.9	4.7	%
Conventional Variable Rate ⁽¹⁾	227,829	3.5	1.0	%
Conventional Variable Rate Capped	197,936	5.3	0.8	%
Tax-free Variable Rate Capped	72,715	1.7	1.1	%
Total Debt Outstanding	\$ 1,500,193	3.8	3.8	%

(1) Includes a \$15 million mortgage with an imbedded cap at a 7% rate.

(2) When the capped rates are not reached, the average rate represents the rate on the underlying variable debt. The following schedule outlines the contractual maturity dates of our outstanding debt as of December 31, 2010 (in thousands):

	Line Limit Credit Facilities			Other	Total
	Fannie Mae	Freddie Mac	Regions		
2011	\$ 80,000	\$ 100,000	\$	\$	\$ 180,000
2012	80,000		50,000		130,000
2013	203,193				203,193
2014	321,236	200,000		17,712	538,948
2015	120,000			52,226	172,226
2016	80,000				80,000
Thereafter	160,000			162,175	322,175
Total	\$ 1,044,429	\$ 300,000	\$ 50,000	\$ 232,113	\$ 1,626,542

The following schedule outlines the interest rate maturities of our outstanding interest rate swap agreements and fixed rate debt as of December 31, 2010 (in thousands):

	Swap Balances			Total		
	LIBOR	SIFMA (formerly BMA)	Fixed Rate Balances	Balance	Contract Rate	
2011	\$ 158,000	\$	\$	\$ 158,000	5.2	%
2012	150,000	17,800		167,800	5.1	%
2013	190,000			190,000	5.2	%
2014	144,000		17,712	161,712	5.7	%

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2015	75,000		37,026	112,026	5.6	%
2016					0.0	%
Thereafter			212,175	212,175	4.7	%
Total	\$ 717,000	\$ 17,800	\$ 266,913	\$ 1,001,713	5.2%	

38

TABLE OF CONTENTS

We believe that we have adequate resources to fund our current operations, annual refurbishment of our properties, and incremental investment in new apartment properties. We rely on the efficient operation of the financial markets to finance debt maturities, and on FNMA and Freddie Mac, or the Agencies. The Agencies provided credit enhancement for approximately \$1.3 billion of our outstanding debt through credit facilities as of December 31, 2010.

The interest rate markets for FNMA DMBS and Freddie Mac Reference Bills, which in our experience are highly liquid and highly correlated with three-month LIBOR interest rates, are also an important component of our liquidity and interest rate swap effectiveness. Prudential Mortgage Capital, a DUS lender for Fannie Mae, markets 90-day Fannie Mae Discount Mortgage Backed Securities monthly, and is obligated to advance funds to us at DMBS rates plus a credit spread under the terms of the credit agreements between Prudential and us. Financial Federal, a Freddie Mac Program Plus Lender and Servicer, is obligated to advance funds under the terms of credit agreements between Financial Federal and us.

For the year ended December 31, 2010, our net cash provided by operating activities was in excess of covering funding improvements to existing real estate assets, distributions to unitholders, and dividends paid on common and preferred shares by approximately \$10.5 million, as compared to \$10.2 million and \$12.7 million for the same periods in 2009 and 2008, respectively. While we had sufficient liquidity to permit distributions at current rates through additional borrowings, if necessary, any significant deterioration in operations could result in our financial resources being insufficient to pay distributions to shareholders at the current rate, in which event we would be required to reduce the distribution rate.

The following table reflects our total contractual cash obligations which consist of our long-term debt and operating leases as of December 31, 2010, (dollars in thousands):

Contractual Obligations ⁽¹⁾	2011	2012	2013	2014	2015	Thereafter	Total
Long-Term Debt ⁽²⁾	\$183,839	\$84,217	\$183,123	\$538,971	\$172,391	\$337,652	\$1,500,193
Fixed Rate or Swapped Interest ⁽³⁾	44,048	34,970	27,360	18,083	11,933	40,795	177,189
Operating Lease	17	10					27
Total	\$227,904	\$119,197	\$210,483	\$557,054	\$184,324	\$378,447	\$1,677,409

(1) Fixed rate and swapped interest are shown in this table. The average interest rates of variable rate debt are shown in preceeding and following tables.

(2) Represents principal payments.

(3) Swapped interest is subject to the ineffective portion of cash flow hedges as described in Item 8. Financial Statements and Supplementary Data Notes to Consolidated Financial Statements, Note 6.

Off-Balance Sheet Arrangements

At December 31, 2010, and 2009, we did not have any relationships with unconsolidated entities or financial partnerships established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes. Our two joint ventures with Crow Holdings (one terminated in 2005 and one terminated in 2007) were established to acquire approximately \$200 million of multifamily properties and to enhance our return on investment through the generation of fee income. Mid-America Multifamily Fund I, LLC, was established to acquire \$500 million of apartment communities with redevelopment upside offering value creation opportunity through capital improvements, operating enhancements and restructuring in-place financing. As of December 31, 2010, Mid-America

Multifamily Fund I, LLC owned two properties but does not expect to acquire any additional communities.

Mid-America Multifamily Fund II, LLC, was established to acquire \$250 million of apartment communities with redevelopment upside offering value creation opportunity through capital improvements, operating enhancements and restructuring in-place financing. As of December 31, 2010, Mid-America Multifamily Fund II, LLC owned four properties. In addition, we do not engage in trading activities involving non-exchange traded contracts. As such, we are not materially exposed to any financing, liquidity, market, or credit risk that could arise if we had engaged in such relationships. We do not have any relationships or transactions with persons or entities that derive benefits from their non-independent relationships with us or our related parties other than those disclosed in Item 8. Financial Statements and Supplementary Data Notes to Consolidated Financial Statements, Note 12.

TABLE OF CONTENTS

Our investments in our real estate joint ventures are unconsolidated and are recorded using the equity method as we do not have a controlling interest.

Insurance

We renegotiated our insurance programs effective July 1, 2010. We believe that the property and casualty insurance program in place provides appropriate insurance coverage for financial protection against insurable risks such that any insurable loss experienced that can be reasonably anticipated would not have a significant impact on our liquidity, financial position or results of operation.

Inflation

Substantially all of the resident leases at the apartment communities allow, at the time of renewal, for adjustments in the rent payable there under, and thus may enable MAA to seek rent increases. Almost all leases are for one year or less. The short-term nature of these leases generally serves to reduce our risk to adverse effects of inflation.

Impact of Recently Issued Accounting Standards

In June 2009, the FASB issued ASC 105-10, *Generally Accepted Accounting Principles – Overall*, or ASC 105-10, which establishes the FASB Accounting Standards Codification, or the Codification, as the source of authoritative accounting principles recognized by the FASB to be applied by nongovernmental entities in the preparation of financial statements in conformity with U.S. generally accepted accounting principles, or GAAP. Rules and interpretive releases of the SEC under authority of federal securities laws are also sources of authoritative GAAP for SEC registrants. All guidance contained in the Codification carries an equal level of authority. The Codification superseded all existing non-SEC accounting and reporting standards. All other non-grandfathered, non-SEC accounting literature not included in the Codification is non-authoritative. The FASB will not issue new standards in the form of Statements, FASB Staff Positions or Emerging Issues Task Force Abstracts. Instead, it will issue Accounting Standards Updates, or ASUs. The FASB will not consider ASUs as authoritative in their own right. ASUs will serve only to update the Codification, provide background information about the guidance and provide the basis for conclusions on the change(s) in the Codification. We adopted ASC 105-10 effective July 1, 2009 and all references made to FASB guidance throughout this document have been updated for the Codification.

In April 2008, the FASB issued ASC 825-10-65-1, *Interim Disclosures About Fair Market Value of Financial Instruments*, or ASC 825-10-65-1, which extends the disclosure requirements concerning the fair value of financial instruments to interim financial statements of publicly traded companies. ASC 825-10-65-1 is effective for interim financial periods ending after June 15, 2009, and the required disclosures are included in Item 8. Financial Statements and Supplementary Data – Notes to Consolidated Financial Statements, Note 6.

In June 2008, the FASB issued ASC 810-10-05, *Amendments to FASB Interpretation No. 46(R)*, or ASC 810-10-05, which amends events that would require reconsidering whether an entity is a variable interest entity; it amends the criteria used to determine the primary beneficiary of a variable interest entity; and it expands disclosures about an enterprise's involvement in variable interest entities. ASC 810-10-05 is effective for annual reporting periods beginning after November 15, 2009 and earlier application is prohibited. We adopted ASC 810-10-05 effective January 1, 2010. The adoption did not have a material impact on our consolidated financial condition or results of operations taken as a whole.

TABLE OF CONTENTS

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our primary market risk exposure is to changes in interest rates obtainable on our secured borrowings. At December 31, 2010, 39% of our total capitalization consisted of borrowings. Our interest rate risk objective is to limit the impact of interest rate fluctuations on earnings and cash flows and to lower our overall borrowing costs. To achieve this objective, we manage our exposure to fluctuations in market interest rates for borrowings through the use of fixed rate debt instruments and interest rate swaps and caps which mitigate our interest rate risk on a related financial instrument and effectively fix the interest rate on a portion of our variable debt or on future refinancings. We use our best efforts to ladder fixed rate maturities thereby limiting our exposure to interest rate changes in any one year. We do not enter into derivative instruments for trading or other speculative purposes. Approximately 85% of our outstanding debt was subject to fixed or capped rates after considering related derivative instruments at December 31, 2010. We regularly review interest rate exposure on outstanding borrowings in an effort to minimize the risk of interest rate fluctuations.

The table below provides information about our financial instruments that are sensitive to changes in interest rates. For debt obligations, the table presents principal cash flows and related weighted average interest rates by expected maturity dates. For our interest rate swaps and caps, the table presents the notional amount of the swaps and caps and the years in which they expire. Weighted average variable rates are based on rates in effect at the reporting date (dollars in 000's).

(1) Excluding the effect of interest rate swap and cap agreements.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The Reports of Independent Registered Public Accounting Firm, Consolidated Financial Statements and Selected Quarterly Financial Information are set forth on pages F-1 to F-42 of this Annual Report on Form 10-K.

TABLE OF CONTENTS

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

None.

ITEM 9A. CONTROLS AND PROCEDURES
**MANAGEMENT'S EVALUATION OF DISCLOSURE CONTROLS
AND PROCEDURES**

Our management, with the participation of our principal executive and financial officers, has evaluated the effectiveness of our disclosure controls and procedures in ensuring that the information required to be disclosed in our filings under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, including ensuring that such information is accumulated and communicated to our management as appropriate to allow timely decisions regarding required disclosure. Based on such evaluation, our principal executive and financial officers have concluded that such disclosure controls and procedures were effective as of December 31, 2010 (the end of the period covered by this Annual Report on Form 10-K).

**MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING**

Management's report on our internal control over financial reporting is presented on page E-1 of this Annual Report on Form 10-K. The reports of Ernst & Young LLP relating to the consolidated financial statements, notes to the consolidated financial statements and the effectiveness of internal control over financial reporting are presented on pages F-2 to F-3 of this Annual Report on Form 10-K.

**CHANGES IN INTERNAL CONTROL OVER FINANCIAL
REPORTING**

As of the year ended December 31, 2010, there were no significant changes in our internal control over financial reporting that materially affected, or that are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9A(T). CONTROLS AND PROCEDURES

Not applicable.

ITEM 9B. OTHER INFORMATION

None.

TABLE OF CONTENTS

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information contained in our 2011 Proxy Statement in the sections entitled Information About The Board of Directors and Its Committees , Proposal 1 Election of Directors , Executive Officers and Section 16(a) Beneficial Ownership Reporting Compliance, is incorporated herein by reference in response to this item.

Our Board of Directors has adopted a Code of Business Conduct and Ethics applicable to all officers, directors and employees, which can be found on our website at <http://www.maac.com>, on the Investor Relations page under Governance Documents. We will provide a copy of this document to any person, without charge, upon request, by writing to the Investor Relations Department at MAA, 6584 Poplar Avenue, Memphis, TN 38138. We intend to satisfy the disclosure requirement under Item 5.05 of Form 8-K regarding an amendment to, or waiver from, a provision of the Code of Business Conduct and Ethics by posting such information on our website at the address and the locations specified above.

ITEM 11. EXECUTIVE COMPENSATION

The information contained in our 2011 Proxy Statement in the section entitled Executive Compensation , Compensation Committee Interlocks and Insider Participation and Compensation Discussion and Analysis is incorporated herein by reference in response to this item.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information contained in our 2011 Proxy Statement in the sections entitled Security Ownership of Management and Security Ownership of Certain Beneficial Owners, is incorporated herein by reference in response to this item.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information contained in our 2011 Proxy Statement in the sections entitled Certain Relationships and Related Transactions and Information About The Board of Directors and Its Committees is incorporated herein by reference in response to this item.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information contained in our 2011 Proxy Statement in the section entitled Proposal 5 Ratification of Independent Registered Public Accounting Firm, is incorporated herein by reference in response to this item.

TABLE OF CONTENTS

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) The following documents are filed as part of this Annual Report on Form 10-K:

1.

<u>Management's Report on Internal Control Over Financial Reporting</u>	<u>F-1</u>
<u>Reports of Independent Registered Public Accounting Firm</u>	<u>F-2</u>
<u>Consolidated Balance Sheets as of December 31, 2010, and 2009</u>	<u>F-4</u>
<u>Consolidated Statements of Operations for the years ended December 31, 2010, 2009, and 2008</u>	<u>F-5</u>
<u>Consolidated Statements of Shareholders' Equity for the years ended December 31, 2010, 2009, and 2008</u>	<u>F-6</u>
<u>Consolidated Statements of Cash Flows for the years ended December 31, 2010, 2009, and 2008</u>	<u>F-7</u>
<u>Notes to Consolidated Financial Statements for the years ended December 31, 2010, 2009, and 2008</u>	<u>F-8</u>

2.

Financial Statement Schedule required to be filed by Item 8 and Paragraph (b) of this Item 15:	
<u>Schedule III Real Estate Investments and Accumulated Depreciation as of December 31, 2010</u>	<u>F-36</u>

3.

The exhibits required by Item 601 of Regulation S-K, except as otherwise noted, have been filed with previous reports by the registrant and are herein incorporated by reference.

TABLE OF CONTENTS

Exhibit Number	Exhibit Description
3.1	Amended and Restated Charter of Mid-America Apartment Communities, Inc. dated as of January 10, 1994, as filed with the Tennessee Secretary of State on January 25, 1994 (Filed as Exhibit 3.1 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1997 and incorporated herein by reference).
3.2	Articles of Amendment to the Charter of Mid-America Apartment Communities, Inc. dated as of January 28, 1994, as filed with the Tennessee Secretary of State on January 28, 1994 (Filed as Exhibit 3.2 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1996 and incorporated herein by reference).
3.3	Mid-America Apartment Communities, Inc. Articles of Amendment to the Amended and Restated Charter Designating and Fixing the Rights and Preferences of a Series of Preferred Stock dated as of October 9, 1996, as filed with the Tennessee Secretary of State on October 10, 1996 (Filed as Exhibit 1 to the Registrant's Registration Statement on Form 8-A filed with the Commission on October 11, 1996 and incorporated herein by reference).
3.4	Mid-America Apartment Communities, Inc. Articles of Amendment to the Amended and Restated Charter dated November 17, 1997, as filed with the Tennessee Secretary of State on November 18, 1997 (Filed as Exhibit 3.6 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1997 and incorporated herein by reference).
3.5	Mid-America Apartment Communities, Inc. Articles of Amendment to the Amended and Restated Charter Designating and Fixing the Rights and Preferences of a Series of Shares of Preferred Stock dated as of November 17, 1997, as filed with the Tennessee Secretary of State on November 18, 1997 (Filed as Exhibit 4.1 to the Registrant's Registration Statement on Form 8-A/A filed with the Commission on November 19, 1997 and incorporated herein by reference).
3.6	Mid-America Apartment Communities, Inc. Articles of Amendment to the Amended and Restated Charter Designating and Fixing the Rights and Preferences of a Series of Shares of Preferred Stock dated as of June 25, 1998, as filed with the Tennessee Secretary of State on June 30, 1998 (Filed as Exhibit 4.3 to the Registrant's Registration Statement on Form 8-A/A filed with the Commission on June 26, 1998 and incorporated herein by reference).
3.7	Mid-America Apartment Communities, Inc. Articles of Amendment to the Amended and Restated Charter Designating and Fixing the Rights and Preferences of A Series of Shares of Preferred Stock dated as of December 24, 1998, as filed with the Tennessee Secretary of State on December 30, 1998 (Filed as Exhibit 3.7 to the Registrant's Registration Statement on Form S-3/A (File Number 333-112469) and incorporated herein by reference).
3.8	Mid-America Apartment Communities, Inc. Articles of Amendment to the Amended and Restated Charter Designating and Fixing the Rights and Preferences of a Series of Shares of Preferred Stock dated as of October 11, 2002, as filed with the Tennessee Secretary of State on October 14, 2002 (Filed as Exhibit 4.3 to the Registrant's Registration Statement on Form 8-A/A filed with the Commission on October 11, 2002 and incorporated herein by reference).
3.9	Mid-America Apartment Communities, Inc. Articles of Amendment to the Amended and Restated Charter Designating and Fixing the Rights and Preferences of a Series of Shares of Preferred Stock dated as of October 28, 2002, as filed with the Tennessee Secretary of State on October 28, 2002 (Filed as Exhibit 3.9 to the Registrant's Registration Statement on Form S-3/A (File Number 333-112469) and incorporated herein by reference).
3.10	Mid-America Apartment Communities, Inc. Articles of Amendment to the Amended and Restated Charter Designating and Fixing the Rights and Preferences of a Series of Shares of

Preferred Stock dated as of August 7, 2003, as filed with the Tennessee Secretary of State on August 7, 2003 (Filed as Exhibit 3.10 to the Registrant's Registration Statement on Form S-3/A (File Number 333-112469) and incorporated herein by reference).

TABLE OF CONTENTS

Exhibit Number	Exhibit Description
3.11	Articles of Amendment to the Charter of Mid-America Apartment Communities, Inc. dated as of May 20, 2008, as filed with the Tennessee Secretary of State on June 2, 2008 (Filed as Exhibit 99.A to the Registrant's Proxy Statement filed on March 31, 2008 and incorporated herein by reference).
3.12	Amended and Restated Bylaws of Mid-America Apartment Communities, Inc. (Filed as an Exhibit 3.2 to the Registrant's Current Report on Form 8-K filed on May 21, 2008 and incorporated herein by reference).
4.1	Form of Common Share Certificate (Filed as Exhibit 4.1 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 1997 and incorporated herein by reference).
4.2	Form of 9.5% Series A Cumulative Preferred Stock Certificate (Filed as Exhibit 2 to the Registrant's Registration Statement on Form 8-A filed with the Commission on October 11, 1996 and incorporated herein by reference).
4.3	Form of 8 7/8% Series B Cumulative Preferred Stock Certificate (Filed as Exhibit 4.3 to the Registrant's Registration Statement on Form 8-A/A filed with the Commission on November 19, 1997 and incorporated herein by reference).
4.4	Form of 9 3/8% Series C Cumulative Preferred Stock Certificate (Filed as Exhibit 4.2 to the Registrant's Registration Statement on Form 8-A/A filed with the Commission on June 26, 1998 and incorporated herein by reference).
4.5	Form of 9.5% Series E Cumulative Preferred Stock Certificate (Filed as Exhibit 4.5 to the Registrant's Registration Statement on Form S-3/A (File Number 333-112469) and incorporated herein by reference).
4.6	Form of 9 1/4% Series F Cumulative Preferred Stock Certificate (Filed as Exhibit 4.2 to the Registrant's Registration Statement on Form 8-A/A filed with the Commission on October 11, 2002 and incorporated herein by reference).
4.7	Form of 8.30% Series G Cumulative Preferred Stock Certificate (Filed as Exhibit 4.7 to the Registrant's Registration Statement on Form S-3/A (File Number 333-112469) and incorporated herein by reference).
4.8	Form of 8.30% Series H Cumulative Preferred Stock Certificate (Filed as Exhibit 4.8 to the Registrant's Registration Statement on Form S-3/A (File Number 333-112469) and incorporated herein by reference).
10.1	Second Amended and Restated Agreement of Limited Partnership of Mid-America Apartments, L.P., a Tennessee limited partnership (Filed as Exhibit 10.1 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2001 and incorporated herein by reference).
10.2	Employment Agreement between the Registrant and H. Eric Bolton, Jr. dated December 5, 2008 (Filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on December 8, 2008 and incorporated herein by reference).
10.3	Employment Agreement between the Registrant and Simon R.C. Wadsworth, dated January 1, 2010 (Filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on January 4, 2010 and incorporated herein by reference).
10.4	Fourth Amended and Restated 1994 Restricted Stock and Stock Option Plan (Filed as Exhibit A to the Registrant's Proxy Statement filed on April 24, 2002 and incorporated herein by reference).
10.5	Seconded Amended and Restated Revolving Credit Agreement among Mid-America Apartment Communities, Inc., Mid-America Apartments, LP, Regions Bank and Regions

Capital Markets dated March 31, 2010 (Filed as Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q for the period ended March 31, 2010 and incorporated herein by reference).

TABLE OF CONTENTS

Exhibit Number	Exhibit Description
10.6	Third Amended and Restated Master Credit Facility Agreement (MAA II) among Mid-America Apartment Communities, Inc., Mid-America Apartments, LP and Prudential Multifamily Mortgage Inc. dated January 4, 2010 (Filed as Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the period ended March 31, 2010 and incorporated herein by reference).
10.7	Third Amended and Restated Master Credit Facility Agreement by and among Prudential Multifamily Mortgage, Inc., Mid-America Apartment Communities, Inc., Mid-America Apartments, L.P. and Mid-America Apartments of Texas, L.P., dated March 30, 2004 (Filed as Exhibit 10.20 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2005 and incorporated herein by reference).
10.8	First Amendment to Third Amended and Restated Master Credit Facility Agreement by and among Prudential Multifamily Mortgage, Inc., Mid-America Apartment Communities, Inc., Mid-America Apartments, L.P. and Mid-America Apartments of Texas, L.P. dated March 31, 2004 (Filed as Exhibit 10.21 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2005 and incorporated herein by reference).
10.9	Second Amendment to the Third Amended and Restated Master Credit Facility Agreement by and among Prudential Multifamily Mortgage, Inc., Mid-America Apartment Communities, Inc., Mid-America Apartments, L.P. and Mid-America Apartments of Texas, L.P. dated as of August 3, 2004 (Filed as Exhibit 10.21 to the Registrant's Annual Report on Form 10-K/A for the fiscal year ended December 31, 2004 and incorporated herein by reference).
10.10	Third Amendment to the Third Amended and Restated Master Credit Facility Agreement by and among Prudential Multifamily Mortgage, Inc., Mid-America Apartment Communities, Inc., Mid-America Apartments, L.P. and Mid-America Apartments of Texas, L.P. dated as of December 1, 2004 (Filed as Exhibit 10.22 to the Registrant's Annual Report on Form 10-K/A for the fiscal year ended December 31, 2004 and incorporated herein by reference).
10.11	Fourth Amendment to Third Amended and Restated Master Credit Facility Agreement by and among Prudential Multifamily Mortgage, Inc., Mid-America Apartment Communities, Inc., Mid-America Apartments, L.P. and Mid-America Apartments of Texas, L.P. dated March 31, 2005 (Filed as Exhibit 10.24 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2005 and incorporated herein by reference).
10.12	Fifth Amendment to Third Amended and Restated Master Credit Facility Agreement by and among Prudential Multifamily Mortgage, Inc., Mid-America Apartment Communities, Inc., Mid-America Apartments, L.P. and Mid-America Apartments of Texas, L.P. dated September 23, 2005 (Filed as Exhibit 10.25 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2005 and incorporated herein by reference).
10.13	Sixth Amendment to Third Amended and Restated Master Credit Facility Agreement by and among Prudential Multifamily Mortgage, Inc., Mid-America Apartment Communities, Inc., Mid-America Apartments, L.P. and Mid-America Apartments of Texas, L.P. dated February 22, 2006 (Filed as Exhibit 10.26 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2005 and incorporated herein by reference).
10.14	Ninth Amendment to Third Amended and Restated Master Credit Facility Agreement by and among Prudential Multifamily Mortgage, Inc., Mid-America Apartment Communities, Inc., Mid-America Apartments, L.P. and Mid-America Apartments of Texas, L.P., dated December 28, 2006 (Filed as Exhibit 10.4 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2008 and incorporated herein by reference).

- 10.15 Thirteenth Amendment to Third Amended and Restated Master Credit Facility Agreement by and among Prudential Multifamily Mortgage, Inc., Mid-America Apartment Communities, Inc., Mid-America Apartments, L.P. and Mid-America Apartments of Texas, L.P., dated January 30, 2008 (Filed as Exhibit 10.5 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2008 and incorporated herein by reference).
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TABLE OF CONTENTS

Exhibit Number	Exhibit Description
10.16	Master Reimbursement Agreement by and among Fannie Mae, Mid-America Apartments, L.P. and Fairways- Columbia, L.P. dated June 1, 2001 (Filed as Exhibit 10.17 to the Registrant's Registration Statement on Form S-3/A (File Number 333-112469) and incorporated herein by reference).
10.17	Amendment No. 1 to Master Reimbursement Agreement by and among Fannie Mae, Mid-America Apartments, L.P. and Fairways-Columbia, L.P. dated December 24, 2002 (Filed as Exhibit 10.18 to the Registrant's Registration Statement on Form S-3/A (File Number 333-112469) and incorporated herein by reference).
10.18	Amendment No. 2 to Master Reimbursement Agreement by and among Fannie Mae, Mid-America Apartments, L.P. and Fairways-Columbia, L.P. dated May 30, 2003 (Filed as Exhibit 10.19 to the Registrant's Registration Statement on Form S-3/A (File Number 333-112469) and incorporated herein by reference).
10.19	Amendment No. 3 to Master Reimbursement Agreement by and among Fannie Mae, Mid-America Apartments, L.P., Mid-America Apartment Communities, Inc. and Mid-America Apartments of Texas, L.P. dated March 2, 2004 (Filed as Exhibit 10.30 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2005 and incorporated herein by reference).
10.20	Amendment No. 4 to Master Reimbursement Agreement by and among Fannie Mae, Mid-America Apartments, L.P., Mid-America Apartment Communities, Inc. and Mid-America Apartments of Texas, L.P. dated November 17, 2005 (Filed as Exhibit 10.31 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2005 and incorporated herein by reference).
10.21	Amendment No. 5 to Master Reimbursement Agreement by and among Fannie Mae, Mid-America Apartments, L.P., Mid-America Apartment Communities, Inc. and Mid-America Apartments of Texas, L.P. dated February 23, 2006 (Filed as Exhibit 10.32 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2005 and incorporated herein by reference).
10.22	Consent, Modification, Assumption of Indemnity Obligations and Release Agreement dated November 4, 2004, (Sunset Valley Apartments, Texas) (Filed as Exhibit 10.28 to the Registrant's Annual Report on Form 10-K/A for the fiscal year ended December 31, 2004 and incorporated herein by reference).
10.23	Consent, Modification, Assumption of Indemnity Obligations and Release Agreement dated November 4, 2004 (Village Apartments, Texas) (Filed as Exhibit 10.29 to the Registrant's Annual Report on Form 10-K/A for the fiscal year ended December 31, 2004 and incorporated herein by reference).
10.24	Consent, Modification, Assumption of Indemnity Obligations and Release Agreement dated November 4, 2004, (Coral Springs Apartments, Florida) (Filed as Exhibit 10.30 to the Registrant's Annual Report on Form 10-K/A for the fiscal year ended December 31, 2004 and incorporated herein by reference).
10.25	Credit Agreement dated September 28, 1998 by and among Jefferson Village, L.P., Jefferson at Sunset Valley, L.P. and JPI Coral Springs, L.P. (Filed as Exhibit 10.31 to the Registrant's Annual Report on Form 10-K/A for the fiscal year ended December 31, 2004 and incorporated herein by reference).
10.26	Credit Agreement by and among Mid-America Apartment Communities, Inc., Mid-America Apartments L.P. and Mid- America Apartments of Texas, L.P. and Financial Federal Savings

Bank dated June 29, 2004 (Filed as Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2004 and incorporated herein by reference).

TABLE OF CONTENTS

Exhibit Number	Exhibit Description
10.27	Credit Agreement by and among Mid-America Apartment Communities, Inc., Mid-America Apartments, LP, Mid-America Apartments of Texas, LP and Financial Federal Savings Bank dated June 1, 2006 (Filed as Exhibit 10.3 to the Registrant's Quarterly Report on Form 10-Q for the period ended March 31, 2010 and incorporated herein by reference).
10.28	Mid-America Apartment Communities Non-Qualified Deferred Compensation Retirement Plan as Amended Effective January 1, 2005 (Filed as Exhibit 10.34 to the Registrant's Annual Report on Form 10-K/A for the fiscal year ended December 31, 2004 and incorporated herein by reference).
10.29	Mid-America Apartment Communities 2005 Key Management Restricted Stock Plan (Filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on May 20, 2005 and incorporated herein by reference).
10.30	Form of Restricted Stock Agreement (Filed as Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed on May 23, 2008 and incorporated herein by reference).
10.31	Amendment for the Non-Qualified Deferred Compensation Plan for Outside Directors (Filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on August 24, 2006 and incorporated herein by reference).
10.32	Limited Liability Company Agreement of Mid-America Multifamily Fund I, dated May 9, 2007 (Filed as Exhibit 10 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2007 and incorporated herein by reference).
10.33	Change of Control and Termination Agreement between the Registrant and Albert M. Campbell, III, dated December 5, 2008 (filed as Exhibit 10.3 to the Registrant's Current Report on Form 8-K filed on December 8, 2008 and incorporated herein by reference).
10.34	Change of Control and Termination Agreement between the Registrant and Thomas L. Grimes, dated December 5, 2008 (filed as Exhibit 10.4 to the Registrant's Current Report on Form 8-K filed on December 8, 2008 and incorporated herein by reference).
10.35	Change of Control and Termination Agreement between the Registrant and James Andrew Taylor, dated December 5, 2008 (filed as Exhibit 10.5 to the Registrant's Current Report on Form 8-K filed on December 8, 2008 and incorporated herein by reference).
10.36	2008 Long Term Incentive Plan (filed as Exhibit 4.1 to the Registrant's Current Report on Form 8-K filed on May 23, 2008 and incorporated herein by reference).
10.37	2010 Restricted Stock Plan (filed as Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed on March 24, 2010 and incorporated herein by reference).
10.38	2010 Executive Annual Bonus Program (Filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on March 24, 2010 and incorporated herein by reference).
10.39	2011 Long Term Incentive Plan (filed as Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed on December 10, 2010 and incorporated herein by reference).
10.40	Sales Agreement between the Registrant and Cantor Fitzgerald & Co., dated August 26, 2010 (filed as Exhibit 1.1 to the Registrant's Current Report on Form 8-K filed on August 26, 2010 and incorporated herein by reference).
10.41	Sales Agreement between the Registrant and Raymond James & Associates, Inc., dated August 26, 2010 (filed as Exhibit 1.2 to the Registrant's Current Report on Form 8-K filed on August 26, 2010 and incorporated herein by reference).
10.42	Sales Agreement between the Registrant and Merrill Lynch, Pierce, Fenner & Smith Incorporated, dated August 26, 2010 (filed as Exhibit 1.3 to the Registrant's Current Report on Form 8-K filed on August 26, 2010 and incorporated herein by reference).

- 11 Statement re: computation of per share earnings (included within the Form 10-K).
- 14 Code of Ethics (Filed as Exhibit 14.1 to the Registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2003 and incorporated herein by reference).

49

TABLE OF CONTENTS

Exhibit Number	Exhibit Description
21	List of Subsidiaries
23.1	Consent of Independent Registered Public Accounting Firm, Ernst & Young LLP
31.1	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101	The following financial information from Mid-America Apartment Communities, Inc.'s Annual Report on Form 10-K for the period ended December 31, 2010, filed with the SEC on February 24, 2011, formatted in Extensible Business Reporting Language (XBRL): (i) the Consolidated Balance Sheet as of December 31, 2010 and December 31, 2009; (ii) the Consolidated Statements of Operations for the years ended December 31, 2010, 2009 and 2008; (iii) the Consolidated Statements of Cash Flows for the years ended December 31, 2010, 2009 and 2008; (iv) the Consolidated Statements of Equity for the years ended December 31, 2010, 2009 and 2008; and (v) Notes to Consolidated Financial Statements, tagged as blocks of text (Unaudited).*

Management contract or compensatory plan or arrangement.

Pursuant to Rule 406T of Regulation S-T, the XBRL related information in Exhibit 101 to this Annual Report on Form 10-K shall not be deemed to be filed for purposes of Section 18 of the Exchange Act, or otherwise subject to *the liability of that section, and shall not be deemed part of a registration statement, prospectus or other document filed under the Securities Act or the Exchange Act, except as shall be expressly set forth by specific reference in such filings.

(b) Exhibits:
See Item 15(a)(3) above.

(c) Financial Statement Schedule:
See Item 15(a)(2) above.

TABLE OF CONTENTS

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.

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

Date: February 24, 2011

/s/ H. Eric Bolton, Jr.
H. Eric Bolton, Jr.
Chairman of the Board of Directors,
President and Chief Executive Officer
(Principal 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 capacity and on the dates indicated.

Date: February 24, 2011	/s/ H. Eric Bolton, Jr. H. Eric Bolton, Jr. Chairman of the Board of Directors, President and Chief Executive Officer (Principal Executive Officer)
Date: February 24, 2011	/s/ Albert M. Campbell, III Albert M. Campbell, III Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)
Date: February 24, 2011	/s/ Alan B. Graf, Jr. Alan B. Graf, Jr. Director
Date: February 24, 2011	/s/ John S. Grinalds John S. Grinalds Director
Date: February 24, 2011	/s/ Ralph Horn Ralph Horn Director
Date: February 24, 2011	/s/ Philip W. Norwood Philip W. Norwood Director
Date: February 24, 2011	/s/ W. Reid Sanders W. Reid Sanders Director
Date: February 24, 2011	/s/ William B. Sansom William B. Sansom Director

Date: February 24, 2011

/s/ Simon R.C. Wadsworth
Simon R.C. Wadsworth
Director

51

TABLE OF CONTENTS

MANAGEMENT S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management of MAA is responsible for establishing and maintaining adequate internal control over financial reporting as such term is defined under Rule 13a-15(f) promulgated under the Securities Exchange Act of 1934, as amended.

Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of MAA s consolidated financial statements for external purposes in accordance with generally accepted accounting principles.

Internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of MAA; (ii) provide reasonable assurance that transactions are recorded as necessary to permit the preparation of the consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of MAA are being made only in accordance with appropriate authorizations of management and directors of MAA; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of MAA s assets that could have a material effect on the consolidated financial statements.

Due to its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management conducted an assessment of MAA s internal control over financial reporting as of December 31, 2010 using the framework specified in *Internal Control Integrated Framework*, published by the Committee of Sponsoring Organizations of the Treadway Commission. Based on such assessment, management has concluded that MAA s internal control over financial reporting was effective as of December 31, 2010.

The effectiveness of MAA s internal control over financial reporting as of December 31, 2010, has been audited by Ernst & Young LLP, an independent registered public accounting firm, as stated in their report which is presented herein.

F-1

TABLE OF CONTENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders of Mid-America Apartment Communities, Inc.

We have audited the accompanying consolidated balance sheets of Mid-America Apartment Communities, Inc. as of December 31, 2010 and 2009, and the related consolidated statements of operations, equity, and cash flows for each of the three years in the period ended December 31, 2010. Our audits also included the financial statement schedule listed in the Index at Item 15(a). These consolidated financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). 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 financial statements referred to above present fairly, in all material respects, the consolidated financial position of Mid-America Apartment Communities, Inc. at December 31, 2010 and 2009, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2010, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related 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.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Mid-America Apartment Communities, Inc.'s internal control over financial reporting as of December 31, 2010, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 24, 2011 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Memphis, Tennessee
February 24, 2011

TABLE OF CONTENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders of Mid-America Apartment Communities, Inc.

We have audited Mid-America Apartment Communities, Inc.'s internal control over financial reporting as of December 31, 2010, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Mid-America Apartment Communities, Inc.'s management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Mid-America Apartment Communities, Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2010, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Mid-America Apartment Communities, Inc. as of December 31, 2010 and 2009, and the related consolidated statements of operations, equity, and cash flows for each of the three years in the period ended December 31, 2010, of Mid-America Apartment Communities, Inc. and our report dated February 24,

2011, expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Memphis, Tennessee

February 24, 2011

F-3

TABLE OF CONTENTS

MID-AMERICA APARTMENT COMMUNITIES, INC.
Consolidated Balance Sheets
December 31, 2010 and 2009
(Dollars in thousands, except per share data)

	December 31, 2010	December 31, 2009
Assets:		
Real estate assets:		
Land	\$288,890	\$255,425
Buildings and improvements	2,564,887	2,364,918
Furniture, fixtures and equipment	83,251	73,975
Capital improvements in progress	11,501	10,517
	2,948,529	2,704,835
Less accumulated depreciation	(889,841)	(788,260)
	2,058,688	1,916,575
Land held for future development	1,306	1,306
Commercial properties, net	8,141	8,721
Investments in real estate joint ventures	17,505	8,619
Real estate assets, net	2,085,640	1,935,221
Cash and cash equivalents	45,942	13,819
Restricted cash	1,514	561
Deferred financing costs, net	13,713	13,369
Other assets	25,133	19,731
Goodwill	4,106	4,106
Assets held for sale		19
Total assets	\$2,176,048	\$1,986,826
Liabilities and Shareholders' Equity:		
Liabilities:		
Notes payable	\$1,500,193	\$1,399,596
Accounts payable	1,815	1,702
Fair market value of interest rate swaps	48,936	51,160
Accrued expenses and other liabilities	73,999	69,528
Security deposits	6,693	8,789
Liabilities associated with assets held for sale	20	23
Total liabilities	1,631,656	1,530,798
Redeemable stock	3,764	2,802
Shareholders' equity:		
Preferred stock, \$0.01 par value per share, 20,000,000 shares authorized, \$25 per share liquidation preference; 8.30% Series H Cumulative		
Redeemable Preferred Stock, 6,200,000 shares authorized, 0 and 6,200,000 shares issued and outstanding at December 31, 2010 and December 31, 2009, respectively		62

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Common stock, \$0.01 par value per share, 50,000,000 shares authorized; 34,871,399 and 29,095,251 shares issued and outstanding at December 31, 2010 and December 31, 2009, respectively ⁽¹⁾	348	290
Additional paid-in capital	1,142,023	988,642
Accumulated distributions in excess of net income	(575,021)	(510,993)
Accumulated other comprehensive losses	(48,847)	(47,435)
Total Mid-America Apartment Communities, Inc. shareholders' equity	518,503	430,566
Noncontrolling interest	22,125	22,660
Total Equity	540,628	453,226
Total liabilities and equity	\$2,176,048	\$1,986,826

Number of shares issued and outstanding represent total shares of common stock regardless of classification on the (1) consolidated balance sheet. The number of shares classified as redeemable stock on the consolidated balance sheet for December 31, 2010 and December 31, 2009 are 62,234 and 58,038, respectively.

See accompanying notes to consolidated financial statements.

F-4

TABLE OF CONTENTS

MID-AMERICA APARTMENT COMMUNITIES, INC.
Consolidated Statements of Operations
Years Ended December 31, 2010, 2009 and 2008
(Dollars in thousands, except per share data)

	2010	2009	2008
Operating revenues:			
Rental revenues	\$369,547	\$357,008	\$352,414
Other property revenues	32,002	21,243	17,391
Total property revenues	401,549	378,251	369,805
Management fee income	680	293	206
Total operating revenues	402,229	378,544	370,011
Property operating expenses:			
Personnel	51,363	47,633	46,139
Building repairs and maintenance	15,150	14,161	13,688
Real estate taxes and insurance	45,850	45,572	45,652
Utilities	24,447	22,334	21,908
Landscaping	10,129	9,548	9,146
Other operating	27,681	20,457	18,777
Depreciation	104,064	96,019	90,168
Total property operating expenses	278,684	255,724	245,478
Acquisition expenses	2,512	950	
Property management expenses	18,035	17,220	16,799
General and administrative expenses	12,354	11,320	11,837
Income from continuing operations before non-operating items	90,644	93,330	95,897
Interest and other non-property income	837	385	509
Interest expense	(55,996)	(57,094)	(62,010)
Loss on debt extinguishment		(140)	(116)
Amortization of deferred financing costs	(2,627)	(2,374)	(2,307)
Asset impairment	(1,914)		
Net casualty gains (loss) and other settlement proceeds	330	32	(247)
Gain (loss) on sale of non-depreciable assets		15	(3)
Gain on properties contributed to joint ventures	752		
Income from continuing operations before loss from real estate joint ventures	32,026	34,154	31,723
Loss from real estate joint ventures	(1,149)	(816)	(844)
Income from continuing operations	30,877	33,338	30,879
Discontinued operations:			
Income from discontinued operations before (loss) gain on sale		1,234	1,312
(Loss) gain on sale of discontinued operations	(2)	4,649	(120)
Consolidated net income	30,875	39,221	32,071
Net income attributable to noncontrolling interests	1,114	2,010	1,822
Net income attributable to Mid-America Apartment Communities,	29,761	37,211	30,249

Inc.

Preferred dividend distributions	6,549	12,865	12,865
Premiums and original issuance costs associated with the redemption of preferred stock	5,149		
Net income available for common shareholders	\$18,063	\$24,346	\$17,384
Weighted average shares outstanding (in thousands):			
Basic	31,856	28,341	26,943
Effect of dilutive securities	121	7	141
Diluted	31,977	28,348	27,084
Net income available for common shareholders	\$18,063	\$24,346	\$17,384
Discontinued property operations	2	(5,883)	(1,192)
Income from continuing operations available for common shareholders	\$18,065	\$18,463	\$16,192
Earnings per share basic			
Income from continuing operations available for common shareholders	\$0.57	\$0.65	\$0.60
Discontinued property operations		0.20	0.04
Net income available for common shareholders	\$0.57	\$0.85	\$0.64
Earnings per share diluted ⁽¹⁾ :			
Income from continuing operations available for common shareholders	\$0.56	\$0.65	\$0.60
Discontinued property operations		0.20	0.04
Net income available for common shareholders	\$0.56	\$0.85	\$0.64
Dividends declared per common share	\$2.4725	\$2.4600	\$2.4600

As described in the accompanying notes to the financial statements, holders of operating partnership units may redeem each of their units for one share of common stock or a cash equivalent at the option of Mid-America Apartment Communities, Inc. Operating partnership units are not included in the diluted earnings per share calculations because their effect is anti-dilutive.

See accompanying notes to consolidated financial statements.

TABLE OF CONTENTS

MID-AMERICA APARTMENT COMMUNITIES, INC.

**Consolidated Statements of Equity
Years Ended December 31, 2010, 2009, and 2008
(Dollars and shares in thousands, except per share
data)**

(1) In the fourth quarter of 2010, the Board of Directors increased the annual dividend rate to \$2.51 per share/unit from \$2.46 per share/unit effective beginning with the dividend payment declared in the fourth quarter of 2010 which is to be paid in the first quarter 2011. The dividend payments declared in the first three quarters of 2010 were paid out at the \$2.46 per share/unit annualized rate.

See accompanying notes to consolidated financial statements.

F-6

TABLE OF CONTENTS**MID-AMERICA APARTMENT COMMUNITIES, INC.**

Consolidated Statements of Cash Flows
Twelve Months Ended December 31, 2010, 2009, and
2008
(Dollars in Thousands)

	2010	2009	2008
Cash flows from operating activities:			
Consolidated net income	\$30,875	\$39,221	32,071
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization of deferred financing costs	106,692	98,393	93,181
Stock compensation expense	3,013	1,328	1,027
Stock issued to employee stock ownership plan			991
Redeemable stock issued	387	351	422
Amortization of debt premium	(360)	(360)	(1,410)
Loss from investments in real estate joint ventures	1,149	816	882
Loss on debt extinguishment		140	116
Derivative interest expense	321	780	39
Gain on sale of non-depreciable assets		(15)	3
Loss (gain) on sale of discontinued operations	2	(4,649)	120
Gains on disposition within real estate joint ventures			(38)
Asset impairment	1,914		
Net casualty (gains) loss and other settlement proceeds	(330)	(32)	247
Gain on properties contributed to joint ventures	(752)		
Changes in assets and liabilities:			
Restricted cash	(953)	(86)	3,249
Other assets	(5,529)	177	5,649
Accounts payable	109	473	145
Accrued expenses and other	(649)	3,861	2,652
Security deposits	(2,095)	(113)	448
Net cash provided by operating activities	133,794	140,285	139,794
Cash flows from investing activities:			
Purchases of real estate and other assets	(284,010)	(125,299)	(156,305)
Improvements to existing real estate assets	(32,855)	(41,548)	(42,113)
Renovations to existing real estate assets	(6,152)	(7,622)	(18,192)
Development	(11,194)	(6,813)	(22,699)
Distributions from real estate joint ventures	1,735	120	1
Contributions to real estate joint ventures	(12,130)	(2,731)	(7,567)
Proceeds from disposition of real estate assets	90,335	29,932	1,967
Net cash used in investing activities	(254,271)	(153,961)	(244,908)

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Cash flows from financing activities:

Net change in credit lines	(35,000)	121,657	106,058
Proceeds from notes payable	137,881		38,700
Principal payments on notes payable	(1,924)	(44,757)	(84,912)
Payment of deferred financing costs	(7,245)	(3,123)	(2,835)
Repurchase of common stock	(1,175)	(964)	(679)
Proceeds from issuances of common shares and units	305,526	33,754	126,003
Distributions to noncontrolling interests	(5,684)	(6,128)	(6,313)
Dividends paid on common shares	(77,135)	(69,505)	(65,809)
Dividends paid on preferred shares	(7,622)	(12,865)	(12,865)
Redemption of preferred stock	(155,022)		
Net cash provided by financing activities	152,600	18,069	97,348
Net increase (decrease) in cash and cash equivalents	32,123	4,393	(7,766)
Cash and cash equivalents, beginning of year	13,819	9,426	17,192
Cash and cash equivalents, end of year	\$45,942	\$13,819	9,426
Supplemental disclosure of cash flow information:			
Interest paid	\$56,596	\$55,579	63,722
Supplemental disclosure of noncash investing and financing activities:			
Conversion of units to share of common stock	\$1,266	\$1,132	236
Accrued construction in progress	\$3,139	\$1,209	3,416
Interest capitalized	\$66	\$252	826
Marked-to-market adjustment on derivative instruments	\$(1,839)	\$26,179	(60,707)
Reclassification of redeemable stock to liabilities	\$272	\$	482

See accompanying notes to consolidated financial statements.

TABLE OF CONTENTS

MID-AMERICA APARTMENT COMMUNITIES, INC.

Notes to Consolidated Financial Statements Years ended December 31, 2010, 2009, and 2008

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Formation of Mid-America Apartment Communities, Inc.

Mid-America Apartment Communities, Inc., or MAA, is a self-administrated and self-managed real estate investment trust which owns, acquires and operates multifamily apartment communities mainly in the Sunbelt region of the United States. We owned and operated 151 apartment communities principally through our majority owned subsidiary, Mid-America Apartments, L.P., or the Operating Partnership, as of December 31, 2010. MAA also owned a 33.33% interest in two real estate joint ventures, Mid-America Multifamily Fund I, LLC, or Fund I, and Mid-America Multifamily Fund II, LLC, or Fund II, at December 31, 2010. Through these joint ventures MAA owned interest in an additional 6 communities as of December 31, 2010.

Basis of Presentation and Principles of Consolidation

The consolidated financial statements presented herein include the accounts of MAA, the Operating Partnership, and all other subsidiaries. MAA owns approximately 94% to 100% of all consolidated subsidiaries.

MAA uses the equity method of accounting for its investments in entities for which we exercise significant influence, but do not have the ability to exercise control. Entities not consolidated are not variable interest entities. The factors considered in determining that MAA does not have the ability to exercise control included ownership of voting interests, protective rights of investors and participatory rights of investors.

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

Use of Estimates

Management of MAA has made a number of estimates and assumptions relating to the reporting of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses to prepare these financial statements and notes in conformity with U.S. generally accepted accounting principles. Actual results could differ from those estimates.

Revenue Recognition

MAA leases multifamily residential apartments under operating leases primarily with terms of one year or less. Rental revenues are recognized using a method that represents a straight-line basis over the term of the lease and other revenues are recorded when earned.

MAA records gains and losses on real estate sales in accordance with accounting standards governing the sale of real estate. For properties contributed to joint ventures, MAA records gains on the partial sale related to the outside partners' interest in the venture.

Rental Costs

Costs associated with rental activities are expensed as incurred. Certain costs associated with the lease-up of development projects, including cost of model units, their furnishings, signs, and grand openings are capitalized and amortized over their respective estimated useful lives. All other costs relating to renting development projects are expensed as incurred.

Earnings Per Share

In accordance with the provisions of accounting standards for earnings per share, basic earnings per share is computed by dividing net income attributable to common stockholders by the weighted average number of shares outstanding during the period. All outstanding unvested restricted share awards, which contain rights to non-forfeitable dividends, participate in undistributed earnings with common shareholders and, accordingly, are considered participating securities that are included in the two-class method of computing basic earnings per share. Both the unvested restricted shares and other potentially dilutive common shares, and the related

F-8

TABLE OF CONTENTS

MID-AMERICA APARTMENT COMMUNITIES, INC.

Notes to Consolidated Financial Statements Years ended December 31, 2010, 2009, and 2008

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

impact to earnings, are considered when calculating earnings per share on a diluted basis. For periods where we report a net loss available for common shareholders, the effect of dilutive shares is excluded from earnings per share calculations because including such shares would be anti-dilutive.

A reconciliation of the numerators and denominators of the basic and diluted earnings per share computations for the years ended December 31, 2010, 2009, and 2008 is presented on the Consolidated Statement of Operations.

Cash and Cash Equivalents

MAA considers cash, investments in money market accounts and certificates of deposit with original maturities of three months or less to be cash equivalents.

Restricted Cash

Restricted cash consists of escrow deposits held by lenders for property taxes, insurance, debt service and replacement reserves.

Real Estate Assets and Depreciation

Real estate assets are carried at depreciated cost. Repairs and maintenance costs are expensed as incurred while significant improvements, renovations, and recurring capital replacements are capitalized. Recurring capital replacements typically include scheduled carpet replacement, new roofs, HVAC units, plumbing, concrete, masonry and other paving, pools and various exterior building improvements. These expenditures extend the useful life of the property and increase the property's fair market value. The cost of interior painting, vinyl flooring and blinds are expensed as incurred.

In conjunction with acquisitions of properties, MAA's policy is to provide in its acquisition budgets adequate funds to complete any deferred capital improvement items to bring the properties to the required standard, including the cost of replacement appliances, carpet, interior painting, vinyl flooring and blinds. These costs are capitalized.

Development projects and the related carrying costs, including interest, property taxes, insurance and allocated development overhead during the construction period, are capitalized and reported in the accompanying balance sheets as construction in progress during the construction period. Upon completion and certification for occupancy of individual units within a development, amounts representing the completed unit's portion of total estimated

development costs for the project are transferred to land, buildings, and furniture, fixtures and equipment as real estate held for investment. Capitalization of interest, property taxes, insurance and allocated development overhead costs cease upon the transfer, and the assets are depreciated over their estimated useful lives in accordance with accounting standards governing the capitalization of interest. Total interest capitalized during 2010, 2009 and 2008 was approximately \$66,000, \$252,000 and \$826,000, respectively.

Depreciation is computed on a straight-line basis over the estimated useful lives of the related assets which range from 8 to 40 years for land improvements and buildings and 5 years for furniture, fixtures and equipment and 3 to 5 years for computers and software.

In accordance with accounting standards for business combinations, the fair value of the real estate acquired is allocated to the acquired tangible assets, consisting of land, building, furniture, fixtures and equipment, and identified intangible assets and liabilities, consisting of above and below market leases, resident relationship values and the value of in-place leases.

The fair value of the tangible assets of an acquired property (land, building, furniture, fixtures and equipment) is determined by valuing the property as if it were vacant. The as-if-vacant value is then allocated to land, building, furniture, fixtures and equipment based on management's determination of the

F-9

TABLE OF CONTENTS

MID-AMERICA APARTMENT COMMUNITIES, INC.

Notes to Consolidated Financial Statements Years ended December 31, 2010, 2009, and 2008

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

relative fair values of these assets. Management determines the as-if-vacant fair value of a property using methods similar to those used by independent appraisers. Factors considered by management in performing these analyses include an estimate of carrying costs during the period of time that would be required in the current market conditions to lease-up the property to determine the fair value of the in-place leases and resident relationships. Management includes real estate taxes, insurance, operating expenses and lost rentals as well as the costs required to execute similar leases in the estimated carrying costs.

In allocating the fair value of identified intangible assets and liabilities of an acquired property, the in-place leases are compared to current market conditions. Based on these evaluations, management believes that the leases acquired on each of its property acquisitions were at market rates since the lease terms generally do not extend beyond one year.

The fair value of the in-place leases and resident relationships is then amortized over the remaining term of the resident leases. The amount of these resident lease intangibles included in gross real estate assets totaled \$26.7 million, \$24.9 million and \$23.3 million as of December 31, 2010, 2009, and 2008, respectively. The amortization recorded as depreciation expense was \$3.0 million, \$1.7 million and \$2.8 million for the years ended December 31, 2010, 2009, and 2008, respectively, with accumulated amortization totaling \$25.9 million, \$23.6 million and \$22.1 million as of December 31, 2010, 2009 and 2008, respectively.

Goodwill and Intangible Assets

MAA accounts for long-lived assets in accordance with the provisions of accounting standards for the impairment or disposal of long-lived assets and evaluates goodwill for impairment under accounting standards for goodwill and other intangible assets. MAA evaluates its goodwill for impairment on at least an annual basis, or more frequently if a goodwill impairment indicator is identified. MAA periodically evaluates its long-lived assets, including its investments in real estate and goodwill, for indicators that would suggest that the carrying amount of the assets may not be recoverable. The judgments regarding the existence of such indicators are based on factors such as operating performance, market conditions, and legal factors.

Long-lived assets, such as real estate assets, and equipment, and purchased intangibles subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of are separately presented in the balance sheet and reported at the lower of the carrying amount or fair value less costs to sell, and are

no longer depreciated. The assets and liabilities of a disposed group classified as held for sale are presented separately in the appropriate asset and liability sections of the balance sheet.

During the year ended December 31, 2010, we received an offer to purchase our 276-unit Cedar Mill apartment community. As a result of the offer received and management's reconsideration of its long-term intentions related to this property, MAA determined that an impairment indicator existed. As the estimated undiscounted future cash flows were no longer sufficient to recover the asset carrying amount, we recorded an impairment charge of \$1,914,000 during the year ended December 31, 2010 to adjust the asset carrying value to estimated fair value. The operations of the Cedar Mill community are included in our secondary market same store operating segment.

Goodwill is tested annually for impairment, and is tested for impairment more frequently if events and circumstances indicate that the asset might be impaired. An impairment loss is recognized to the extent that the carrying amount exceeds the asset's fair value. This determination is made at the reporting unit level and consists of two steps. First, MAA determines the fair value of a reporting unit and compares it to its carrying

F-10

TABLE OF CONTENTS

MID-AMERICA APARTMENT COMMUNITIES, INC.

Notes to Consolidated Financial Statements Years ended December 31, 2010, 2009, and 2008

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

amount. In the apartment industry, the primary method used for determining fair value is to divide annual operating cash flows by an appropriate capitalization rate. MAA determines the appropriate capitalization rate by reviewing the prevailing rates in a property's market or submarket. Second, if the carrying amount of a reporting unit exceeds its fair value, an impairment loss is recognized for any excess of the carrying amount of the reporting unit's goodwill over the implied fair value of that goodwill. The implied fair value of goodwill is determined by allocating the fair value of the reporting unit in a manner similar to a purchase price allocation, in accordance with accounting standards for business combinations. The residual fair value after this allocation is the implied fair value of the reporting unit goodwill.

Land Held for Future Development

Real estate held for future development are sites intended for future multifamily developments and are carried at the lower of cost or fair value in accordance.

Investment In and Advances to Real Estate Joint Ventures

MAA's investments in our unconsolidated real estate joint ventures are recorded on the equity method as we are able to exert significant influence, but do not have a controlling interest in the joint venture.

Deferred Financing Costs

Deferred financing costs are amortized over the terms of the related debt using a method which approximates the interest method.

Other Assets

Other assets consist of deferred rental concessions which are recognized on a straight line basis over the life of the leases, receivables and deposits from residents, and other prepaid expenses including prepaid insurance and prepaid interest.

Accrued Expenses and Other Liabilities

Accrued expenses consist of accrued real estate taxes, accrued interest payable, other accrued expenses payable, unearned income and the adjustment for the fair market value of MAA's derivative financial instruments.

Recent Accounting Pronouncements

In June 2009, the FASB issued ASC 105-10, *Generally Accepted Accounting Principles – Overall*, or ASC 105-10, which establishes the FASB Accounting Standards Codification, or the Codification, as the source of authoritative accounting principles recognized by the FASB to be applied by nongovernmental entities in the preparation of financial statements in conformity with U.S. generally accepted accounting principles, or GAAP. Rules and interpretive releases of the SEC under authority of federal securities laws are also sources of authoritative GAAP for SEC registrants. All guidance contained in the Codification carries an equal level of authority. The Codification superseded all existing non-SEC accounting and reporting standards. All other non-grandfathered, non-SEC accounting literature not included in the Codification is non-authoritative. The FASB will not issue new standards in the form of Statements, FASB Staff Positions or Emerging Issues Task Force Abstracts. Instead, it will issue Accounting Standards Updates, or ASUs. The FASB will not consider ASUs as authoritative in their own right. ASUs will serve only to update the Codification, provide background information about the guidance and provide the basis for conclusions on the change(s) in the Codification. We adopted ASC 105-10 effective July 1, 2009 and all references made to FASB guidance throughout this document have been updated for the Codification.

F-11

TABLE OF CONTENTS

MID-AMERICA APARTMENT COMMUNITIES, INC.

Notes to Consolidated Financial Statements Years ended December 31, 2010, 2009, and 2008

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In April 2008, the FASB issued ASC 825-10-65-1, *Interim Disclosures About Fair Market Value of Financial Instruments*, or ASC 825-10-65-1, which extends the disclosure requirements concerning the fair value of financial instruments to interim financial statements of publicly traded companies. ASC 825-10-65-1 is effective for interim financial periods ending after June 15, 2009, and the required disclosures are included in Item 8. Financial Statements and Supplementary Data Notes to Consolidated Financial Statements, Note 6.

In June 2008, the FASB issued ASC 810-10-05, *Amendments to FASB Interpretation No. 46(R)*, or ASC 810-10-05, which amends events that would require reconsidering whether an entity is a variable interest entity; it amends the criteria used to determine the primary beneficiary of a variable interest entity; and it expands disclosures about an enterprise's involvement in variable interest entities. ASC 810-10-05 is effective for annual reporting periods beginning after November 15, 2009 and earlier application is prohibited. We adopted ASC 810-10-05 effective January 1, 2010. The adoption did not have a material impact on our consolidated financial condition or results of operations taken as a whole.

2. STOCK BASED COMPENSATION

In accordance with accounting standards governing stock based compensation MAA measures the amount of compensation cost based on the grant-date fair value of the equity or the liability instruments issued, and remeasures liability awards at each reporting period. Compensation cost is recognized over the period that an employee provides service in exchange for the award.

Incentive Plans Overview and Summary

MAA's stock compensation plans consist of an employee stock purchase plan and a number of incentives provided to attract and retain independent directors, executive officers and key employees. Incentives are currently granted under the 2004 Stock Plan which was approved at the May 24, 2004 Annual Meeting of Shareholders. This plan replaced the 1994 Restricted Stock and Stock Option Plan (collectively, the Plans) under which no further awards may be granted as of January 31, 2004. The 1994 Restricted Stock and Stock Option Plan allowed for the grant of restricted stock and stock options up to a total of 2.4 million shares. The 2004 Stock Plan allows for the grant of restricted stock and stock options up to a total of 500,000 shares. MAA believes that such awards better align the interests of our employees with those of our shareholders. Total compensation costs under the Plans were approximately \$3,033,000, \$1,314,000 and \$1,022,000 for the years ended December 31, 2010, 2009 and 2008, respectively. As of December 31, 2010, the total unrecognized compensation cost related to the Plans was approximately \$2,184,000. This cost is expected to be recognized over the remaining weighted average period of 1.1 years. Information concerning specific grants under the

Plans is listed below.

Employee Stock Purchase Plan

The Mid-America Apartment Communities, Inc. Employee Stock Purchase Plan, or ESPP, provides a means for employees to purchase common stock of MAA at a discounted price. The Board of Directors has authorized the issuance of 150,000 shares for the plan. The ESPP is administered by the Compensation Committee of the Board of Directors who may annually grant options to employees to purchase annually up to an aggregate of 15,000 shares of common stock at a price equal to 85% of the market price of the common stock. Shares are purchased semi-annually on June 30 and December 31. During the years ended December 31, 2010, 2009 and 2008, 5,279 shares, 6,427 shares and 5,581 shares, respectively, were purchased through the ESPP. Because it is not possible to reasonably estimate fair value at the grant date, MAA estimates the compensation costs based on intrinsic values updated until the date of settlement. Compensation cost recognized for the years ended December 31, 2010, 2009 and 2008, was approximately \$44,000, \$38,000 and \$35,000, respectively.

F-12

TABLE OF CONTENTS**MID-AMERICA APARTMENT COMMUNITIES, INC.****Notes to Consolidated Financial Statements
Years ended December 31, 2010, 2009, and 2008****2. STOCK BASED COMPENSATION (continued)****Options**

All option awards made under the Plans have been granted with the exercise price equal to the market price on the date of grant. The options vest over five years of continuous service at a rate of 10%, 10%, 20%, 30% and 30%, and expire 10 years from grant date. MAA issues new shares when options are exercised. Dividends are not paid on unexercised options.

The fair value of each option award is estimated on the grant date using the Black-Scholes method, which utilizes the assumptions noted in the following table. Volatility is based on the historical volatility of MAA's common stock. Expected life of the option is estimated using historical data to estimate option exercise and employee termination. MAA uses a U.S. constant-maturity Treasury close to the same expected life of the option to represent the risk-free rate. Turnover is based on the historical rate at which options are exercised. MAA uses its current dividend yield at the time of grant to estimate the dividend yield over the life of the option. No options were granted during 2010, 2009 or 2008; therefore, no fair value was calculated.

A summary of option activity under the Plans as of December 31, 2010, and the changes during the year then ended follows:

Options	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Life	Aggregate Intrinsic Value
Outstanding at December 31, 2009	23,157	\$ 25.37		
Granted				
Exercised	(6,900)	25.23		
Forfeited/Expired	(300)	22.19		
Outstanding at December 31, 2010	15,957	\$ 25.49	1.1	\$ 606,394
Exercisable at December 31, 2010	15,957	\$ 25.49	1.1	\$ 606,394

The total intrinsic value of options exercised during the year ended December 31, 2010, was approximately \$236,000.

Cash received from the exercise of options for the year ended December 31, 2010, was approximately \$174,000.

Executive 2000 Restricted Stock

In 2000, MAA issued 10,750 restricted shares of common stock to executive officers with a grant date fair value of \$22.1875 per share. The grant date fair value was determined by the closing trading price of MAA's shares on the day prior to the date of the grant. These shares vest 10% each over ten years through 2010. The executive officers have the option to accelerate the vesting in lieu of bonuses. Recipients receive dividend payments on the shares of restricted stock prior to vesting.

A summary of the status of the Executive 2000 Restricted Stock nonvested shares as of December 31, 2010, and the changes for the year ended December 31, 2010, is presented below:

Nonvested Shares	Shares	Weighted Average Grant-Date Fair Value
Nonvested at January 1, 2010	1,075	\$ 22.19
Granted		
Vested	(1,075)	\$ 22.19
Forfeited		
Nonvested at December 31, 2010		

F-13

TABLE OF CONTENTS

MID-AMERICA APARTMENT COMMUNITIES, INC.

Notes to Consolidated Financial Statements Years ended December 31, 2010, 2009, and 2008

2. STOCK BASED COMPENSATION (continued)

As of December 31, 2010, there were no nonvested shares granted and no unrecognized compensation cost. The total fair value of shares vesting during the years ended December 31, 2010, 2009, and 2008, was approximately \$24,000, \$24,000 and \$24,000, respectively.

Key Management 2002 Restricted Stock

In 2002, MAA issued 97,881 restricted shares of common stock to key managers with a grant date fair value of \$25.65 per share. The grant date fair value was determined by the closing trading price of MAA's shares on the day prior to the date of the grant. As a result of three managers leaving the employment of MAA, as of December 31, 2010, only 81,916 shares remain issued. These shares will vest 20% on March 31 of each year for five consecutive years beginning in 2008. Recipients receive dividend payments on the shares of restricted stock prior to vesting.

A summary of the status of the Key Management 2002 Restricted Stock nonvested shares as of December 31, 2010, and the changes for the year ended December 31, 2010, is presented below:

Nonvested Shares	Shares	Weighted Average Grant-Date Fair Value
Nonvested at January 1, 2010	49,144	\$ 25.65
Granted		
Vested	(16,384)	\$ 25.65
Forfeited		
Nonvested at December 31, 2010	32,760	\$ 25.65

As of December 31, 2010, there was approximately \$220,000 of total unrecognized compensation cost related to nonvested shares granted. This cost is expected to be recognized over the remaining weighted average period of 1 year. The total fair value of shares vesting during the years ended December 31, 2010, 2009 and 2008 was approximately \$420,000, \$420,000 and \$420,000, respectively.

Director Restricted Stock Plan

Starting with the 2005 Annual Meeting of Shareholders, non-employee directors elected to the Board of Directors received a grant of \$75,000 worth of restricted shares of common stock. The shares vest in three equal installments over the director's three-year term. To begin the program, non-employee directors not sitting for re-election at the 2005 Annual Meeting of Shareholders received a pro-rata grant representing the number of years left in their term.

Non-employee directors appointed to the Board outside of the Annual Meeting of Shareholders may be issued partial or initial grants. At our 2008 Annual Meeting of Shareholders, a proposal was approved to move to annual elections of directors and director grants were increased from what was effectively an annual grant of \$25,000 under the previous program to annual grants of \$30,000 and subsequently to \$40,000 in 2010. Directors have the right to receive their grants either in shares of restricted stock that will vest after one year of service on the Board of Directors or have them issued into a deferred compensation plan.

F-14

TABLE OF CONTENTS**MID-AMERICA APARTMENT COMMUNITIES, INC.****Notes to Consolidated Financial Statements
Years ended December 31, 2010, 2009, and 2008****2. STOCK BASED COMPENSATION (continued)**

A summary of the status of the Director Restricted Stock nonvested shares as of December 31, 2010, and the changes for the year ended December 31, 2010, are presented below:

Nonvested Shares	Shares	Weighted Average Grant-Date Fair Value
Nonvested at January 1, 2010	3,552	\$ 40.80
Granted	3,865	\$ 55.58
Vested	(3,350)	\$ 40.28
Forfeited	(477)	\$ 52.34
Nonvested at December 31, 2010	3,590	\$ 55.67

As of December 31, 2010, there was approximately \$81,000 of total unrecognized compensation cost related to nonvested share-based compensation arrangements granted. This cost is expected to be recognized over the remaining weighted average period of 0.23 years. The total fair value of shares vesting during the years ended December 31, 2010, 2009, and 2008, was approximately \$120,000, \$140,000 and \$150,000, respectively.

Key Management 2005 Restricted Stock

In 2005, the Board of Directors adopted the 2005 Key Management Restricted Stock Plan, or the 2005 Plan, a long-term incentive program for key managers and executive officers. The 2005 Plan grants shares of restricted stock based on a sliding scale of total shareholder return over three 12-month periods ending in 2006, 2007 and 2008. Any restricted stock earned will vest 100% three years after the date of the restricted stock issuance. Recipients will receive dividend payments on the shares of restricted stock during the restriction periods. There is no automatic vesting of the shares. Based on MAA's performance from July 1, 2005, through June 30, 2006, 25,034 restricted shares of common stock were issued to key managers and executive officers on June 30, 2006. No shares of restricted stock were issued in 2007 or 2008. As a result of three managers leaving the employment of MAA, as of January 1, 2010, only 22,532 shares remained issued under this plan.

The fair value of the stock award was estimated on the grant date using a Monte Carlo simulation with the assumptions noted in the following table. Volatility is based on the historical volatility of MAA's common stock. The expected term of the 2005 Plan is based on the criteria for the plan and the expected life of the awards. MAA uses a U.S. constant-maturity Treasury with the same term as the expected term of the 2005 Plan to represent the risk-free rate. Turnover is based on the historical experience for the key managers and executive officers. MAA uses its current dividend yield at the time of grant to estimate the dividend yield over the life of the plan.

Volatility	17.10	%
Expected life in years	3	
Risk-free rate	3.77	%
Dividend yield	5.20	%

As of December 31, 2010, there was approximately \$105,000 of total unrecognized compensation cost related to nonvested share-based compensation arrangements granted. MAA's policy is to recognize compensation cost over the requisite service period for each portion of an award. Accordingly, the \$105,000 unrecognized cost will be recognized over the remaining weighted average period of 0.5 years. The total fair value of shares vesting during the year ended December 31, 2009 was approximately \$556,000. No shares vested during the years ended December 31, 2010 or 2008 under this plan.

F-15

TABLE OF CONTENTS

MID-AMERICA APARTMENT COMMUNITIES, INC.

Notes to Consolidated Financial Statements Years ended December 31, 2010, 2009, and 2008

2. STOCK BASED COMPENSATION (continued)

Long-Term Performance Based Incentive Plan for Executive Officers

The Compensation Committee, by authorization of the Board of Directors of MAA, submitted the Long-Term Performance Based Incentive Plan for Executive Officers, or Long-Term Plan, which was approved by shareholders on June 2, 2003. The Long-Term Plan allowed executive management to earn performance units that converted into shares of restricted stock based on achieving defined total shareholder investment performance levels. Based on MAA's performance from January 1, 2003, through December 31, 2005, 74,895 restricted shares of common stock were issued to executive management on March 14, 2006. While these shares of restricted stock will be entitled to dividend payments, they will not be transferable or have voting privileges until they vest. Dependent upon the executive officer's continued employment with MAA, these shares of restricted stock vested 20% annually from 2006 through 2010.

The fair value of the stock award was estimated on the grant date using a Monte Carlo simulation with the assumptions noted in the following table. Volatility is based on the historical volatility of MAA's common stock. The expected term of the Long-Term Plan is based on the criteria for the plan and the expected life of the awards. MAA uses a U.S. constant-maturity Treasury for the same term as the expected term of the Long-Term Plan to represent the risk-free rate. Turnover is based on the historical experience for the key managers and executive officers. MAA uses its current dividend yield at the time of grant to estimate the dividend yield over the life of the plan.

Volatility	6.38	%
Expected life in years	3	
Risk-free rate	1.99	%
Dividend yield	9.60	%

For the year ended December 31, 2010, compensation costs related to the Long-Term Plan were approximately \$41,000. As of December 31, 2010, there was no nonvested share-based compensation arrangements granted and no unrecognized compensation cost. The total fair value of shares vesting during the years ended December 31, 2010, 2009, and 2008, was approximately \$66,200, \$66,200, and \$66,200, respectively.

Key Management 2008 Restricted Stock

In 2008, the Board of Directors adopted the 2008 Key Management Restricted Stock Plan, or the 2008 Plan, a long-term incentive program for key managers and executive officers. The 2008 Plan consists of both an annual and three year program. Under the annual program participants can earn both service and performance based shares of

restricted stock. The service based shares are awarded at the beginning of the 2008 Plan with the timing of vesting dependent on employment and total shareholder return performance. The earning of restricted shares under the performance program is based on employment and total shareholder return performance. No shares were earned through the annual performance program. Participation in the three year program is limited to the executive officers and awards shares of restricted stock based upon both MAA's total shareholder return performance over a three year period and that performance in relation to that of MAA's peers. Any shares earned through the three year program will be issued on January 1, 2012 and will vest 25% annually beginning on January 1, 2013. Recipients will receive dividend payments on any shares of restricted stock earned and issued during the restriction periods. On July 1, 2008, MAA issued 15,920 shares of restricted stock under the annual service based program of the 2008 Plan. As a result of two managers leaving the employment of MAA, as of December 31, 2010, 149 shares have been forfeited and 473 shares have early vested.

F-16

TABLE OF CONTENTS

MID-AMERICA APARTMENT COMMUNITIES, INC.

Notes to Consolidated Financial Statements Years ended December 31, 2010, 2009, and 2008

2. STOCK BASED COMPENSATION (continued)

The fair value of the stock award was estimated on the grant date using a multifactor Monte Carlo simulation. The valuation used an interest rate term structure as of July 1, 2008 based on a zero coupon risk-free rate to represent the risk-free rate for the simulation which varied between 1.95% for 0.25 years to 3.24% for 4.00 years. The dividend yield assumption was 4.669% and was based on the closing stock price of \$52.69 on July 1, 2008. Volatility for MAA and our peers was obtained by using a blend of both historical and implied volatility calculations. Historical volatility was based on the standard deviation of daily total continuous returns and implied volatility was based on the trailing month average of interpolating between the volatilities implied by stock call option contracts that were closest to the terms and closest to the money. Volatility for MAA was 34.87% for year 1, 30.92% for year 2, 29.63% for year 3, and 28.61% for year 4. Volatilities for our peers ranged from 25.05% to 49.94%. The requisite service period of the 2008 Plan is based on the criteria for the separate programs and is 5.5 years for the annual service based program, 2.5 years for the annual performance based program and 7.5 years for the three-year program. Turnover is based on the historical experience for the key managers and executive officers.

As of December 31, 2010, there was approximately \$1,034,000 of total unrecognized compensation cost related to nonvested share-based compensation arrangements granted. MAA's policy is to recognize compensation cost over the requisite service period for each portion of an award. The \$1,034,000 unrecognized cost will be recognized accordingly over the remaining weighted average period of 1.5 years. No shares vested during the years ended December 31, 2010, 2009 or 2008.

Key Management 2010 Restricted Stock

In 2010, the Board of Directors adopted the 2010 Key Management Restricted Stock Plan, or the 2010 Plan, a long-term incentive program for key managers and executive officers. Under the 2010 Plan participants can earn both service and performance based shares of restricted stock. The service based shares are awarded at the beginning of the 2010 Plan with the timing of vesting dependent on employment and total shareholder return performance. The earning of restricted shares under the performance program is based on employment and total shareholder return performance. Any performance shares earned will be issued on January 1, 2011 and will vest 50% annually beginning on January 1, 2011. Recipients will receive dividend payments on any shares of restricted stock earned and issued during the restriction periods. On March 23, 2010, MAA issued 18,171 shares of restricted stock under the service based program of the 2010 Plan.

The fair value of the stock award was estimated on the grant date using a Monte Carlo simulation. The valuation used an interest rate term structure as of March 23, 2010 based on a zero coupon risk-free rate to represent the risk-free rate for the simulation which varied between 0.14% for 0.25 years to 0.41% for 1.00 year. The dividend yield assumption was 4.52% and was based on the closing stock price of \$54.38 on March 23, 2010. Volatility for MAA was obtained by using a blend of both historical and implied volatility calculations. Historical volatility was based on the standard

deviation of daily total continuous returns and implied volatility was based on the trailing month average of interpolating between the volatilities implied by stock call option contracts that were closest to the terms and closest to the money. Volatility for MAA was 24.12% for year 0.50 years, 27.14% for 0.75 years and 35.65% for 1.00 year. The requisite service period of the 2010 Plan is based on the criteria for the separate programs and is 1.79 years for the service and performance based programs. Turnover is based on the historical experience for the key managers and executive officers.

As of December 31, 2010, there was approximately \$635,000 of total unrecognized compensation cost related to nonvested share-based compensation arrangements granted. MAA's policy is to recognize compensation cost over the requisite service period for each portion of an award. The \$635,000 unrecognized cost will be recognized accordingly over the remaining weighted average period of 0.52 years. No shares vested during the year ended December 31, 2010.

F-17

TABLE OF CONTENTS

MID-AMERICA APARTMENT COMMUNITIES, INC.

Notes to Consolidated Financial Statements Years ended December 31, 2010, 2009, and 2008

2. STOCK BASED COMPENSATION (continued)

2010 Executive Restricted Stock

In 2010, The Board of Directors of MAA approved a restricted stock grant for certain members of executive management. On March 23, 2010, MAA issued 2,710 shares of restricted common stock to those executive officers with a grant date fair value of \$54.38 per share. The grant date fair value was determined by the closing trading price of MAA's shares on the day of the grant. These shares vest 1/3 annually beginning on March 23, 2011. Recipients receive dividend payments on the shares of restricted stock prior to vesting.

A summary of the status of the 2010 Executive Restricted Stock nonvested shares as of December 31, 2010, and the changes for the year ended December 31, 2010, is presented below:

Nonvested Shares	Shares	Weighted Average Grant-Date Fair Value
Nonvested at January 1, 2010		\$
Granted	2,710	\$ 54.38
Vested		
Forfeited		
Nonvested at December 31, 2010	2,710	\$ 54.38

As of December 31, 2010, there was approximately \$109,000 of total unrecognized compensation cost related to nonvested share-based compensation arrangements granted. This cost is expected to be recognized over the remaining weighted average period of 1.13 years. No shares vested during the year ended December 31, 2010.

3. REAL ESTATE JOINT VENTURES

In 2004, MAA entered into a joint venture (CH/Realty II) with Crow Holdings with the purchase of the Verandas at Timberglen apartments. MAA owned a 33.33% interest in CH/Realty II, and contributed 33.33% of the capital necessary to establish the joint venture. On January 12, 2007, CH/Realty II sold the Verandas at Timberglen apartments and MAA sold its ownership interest in CH/Realty II to Crow Holdings. As a result, MAA booked a gain on sale of \$5.4 million and an incentive fee of \$1 million, both of which are recorded in MAA's 2007 consolidated financial statements. Following the sale of the property from the joint venture, MAA's relationship with Crow Holdings in CH/Realty II ceased to exist.

In 2007, MAA entered into a joint venture, Mid-America Multifamily Fund I, LLC, or Fund I, with institutional capital in which we own a 33.33% interest. In 2008, Fund I acquired two properties with a combined total of 626 units. MAA does not expect to make further investments through Fund I.

In 2009, MAA entered into a joint venture, Mid-America Multifamily Fund II, LLC, or Fund II, with institutional capital in which we as well own a 33.33% interest. As of December 31, 2010, Fund II had acquired four properties with a combined total of 1,335 units.

F-18

TABLE OF CONTENTS**MID-AMERICA APARTMENT COMMUNITIES, INC.****Notes to Consolidated Financial Statements
Years ended December 31, 2010, 2009, and 2008****3. REAL ESTATE JOINT VENTURES (continued)**

The income, contributions, distributions and ending investment balances related to MAA's joint ventures consisted of the following for the years ended December 31, 2010, 2009, and 2008 (dollars in thousands):

	2010 CH/Realty II	Fund I	Fund II	Total
Joint venture loss	\$	\$ (555)	\$ (594)	\$ (1,149)
Gain on joint venture asset dispositions		1	(359)	(358)
Management fee income		259	421	680
Asset and acquisition fees		235	573	808
Incentive fee income				
Contributions to joint venture		(88)	(12,042)	(12,130)
Distributions from joint venture		93	1,642	1,735
Investment in at December 31		5,747	11,758	17,505
Advances to at December 31				

	2009 CH/Realty II	Fund I	Fund II	Total
Joint venture loss	\$	\$ (649)	\$ (167)	\$ (816)
Gain on joint venture asset dispositions				
Management fee income		252	41	293
Asset and acquisition fees		246	99	345
Incentive fee income				
Contributions to joint venture		(251)	(2,480)	(2,731)
Distributions from joint venture		120		120
Investment in at December 31		6,306	2,313	8,619
Advances to at December 31				

	2008 CH/Realty II	Fund I	Fund II	Total
Joint venture income (loss)	\$ 8	\$ (890)	\$ -	\$ (882)
Gain on joint venture asset dispositions	38			38

Management fee income		206	206
Incentive fee income		257	257
Contributions to joint venture			
Distributions from joint venture	(5)	(7,562)	(7,567)
Investment in at December 31		1	1
Advances to at December 31		6,824	6,824

4. BORROWINGS

MAA maintains a total of \$1,044 million of secured credit facilities with Prudential Mortgage Capital, credit enhanced by FNMA, or FNMA Facilities. The FNMA Facilities provide for both fixed and variable rate borrowings and have tranches with maturities from 2011 through 2018. The interest rate on the majority of the variable portion renews every 90 days and is based on the FNMA discount mortgage backed security rate on the date of renewal, which, for

MAA, has historically approximated three-month LIBOR less an average of 0.16% over the life of the FNMA Facilities, plus a fee of 0.49% to 0.67%. Borrowings under the FNMA Facilities totaled \$970 million at December 31,

2010, consisting of \$50 million under a fixed portion at a rate of 4.7%, and the remaining \$920 million under the variable rate portion of the facility at an average rate of 0.9%. The available borrowing base capacity at December 31, 2010, was \$1,044 million. Commitment fees

TABLE OF CONTENTS

MID-AMERICA APARTMENT COMMUNITIES, INC.

Notes to Consolidated Financial Statements Years ended December 31, 2010, 2009, and 2008

4. BORROWINGS (continued)

related to our unused FNMA Facilities totaled approximately \$104 thousand for the year ended December 31, 2010. MAA has 17 interest rate swap agreements, totaling a notional amount of \$518 million designed to fix the interest rate on a portion of the variable rate borrowings outstanding under the FNMA Facilities at approximately 5.2%. The interest rate swaps have maturities between 2011 and 2015. The swaps are highly effective and are designed as cash flow hedges. MAA has also entered into 20 interest rate caps totaling a notional amount of \$256 million which are designated against the FNMA Facilities. These interest rate caps have maturities between 2011 and 2018 and ten are set at 6.0%, seven set at 4.5%, two set at 5.0%, and one is set at 6.5%. The FNMA Facilities are subject to certain borrowing base calculations that can effectively reduce the amount that may be borrowed.

MAA has a \$300 million credit facility with Freddie MAC, or Freddie Mac Facility. At December 31, 2010, MAA had \$298 million borrowed against the Freddie Mac Facility at an interest rate of 0.8%. Commitment fees related to our Freddie Mac Facility totaled approximately \$3 thousand for the year ended December 31, 2010. MAA has 13 interest rate swap agreements, totaling a notional amount of \$217 million designed to fix the interest rate on a portion of the variable rate borrowings outstanding under the Freddie Mac Facility at approximately 5.3%. The interest rate swaps expire between 2011 and 2014. MAA has also entered into one interest rate cap totaling a notional amount of \$15 million which is designated against the Freddie Mac Facility. This interest rate cap has a 2014 maturity and is set at 5.0%.

MAA also maintains a \$50 million secured credit facility with two banks led by Regions Bank. The Regions Credit Line bears an interest rate of LIBOR plus a spread of 2.75%. This credit line expires in March 2012 and is subject to certain borrowing base calculations that effectively reduce the amount that may be borrowed. At December 31, 2010, MAA had \$45 million available to be borrowed under the AmSouth Credit Line agreement with \$0 million borrowed under this facility. Approximately \$1 million of the facility is used for letters of credit.

Each of MAA's credit facilities is subject to various covenants and conditions on usage. If MAA were to fail to satisfy a condition to borrowing, the available credit under one or more of the facilities could not be drawn, which could adversely affect MAA's liquidity. Moreover, if MAA were to fail to make a payment or violate a covenant under a credit facility, after applicable cure periods, one or more of its lenders could declare a default, accelerate the due date for repayment of all amounts outstanding and/or foreclose on properties securing such facilities. Any such event could have a material adverse effect on MAA. MAA believes it was in compliance with these covenants and conditions on usage at December 31, 2010.

At December 31, 2010, MAA had \$206 million of fixed rate conventional individual property mortgages with an average interest rate of 5.0% and an average maturity of 2020, a \$15 million variable rate mortgage with an embedded cap rate of 7% at an interest rate of 3.7% with a maturity in 2015, and an \$11 million fixed rate tax exempt individual property mortgage with an interest rate of 5.3% and a maturity in 2028.

At December 31, 2010, MAA had \$228 million(after considering the impact of interest rate swap and cap agreements in effect) conventional variable rate debt outstanding at an average interest rate of 1.0%, \$198 million of capped conventional variable rate debt at an average interest rate of 0.8%, and an additional \$73 million of capped tax-free variable rate debt at an average rate of 1.1%. The interest rate on all other debt, totaling \$1,002 million, was hedged or fixed at an average interest rate of 5.2%.

As of December 31, 2010, MAA estimated that the weighted average interest rate on MAA's debt was 3.8%.

F-20

TABLE OF CONTENTS**MID-AMERICA APARTMENT COMMUNITIES, INC.****Notes to Consolidated Financial Statements
Years ended December 31, 2010, 2009, and 2008****4. BORROWINGS (continued)**

The following table summarizes MAA's indebtedness at December 31, 2010, and 2009, (dollars in millions):

	At December 31, 2010				Maturity		Balance	Balance at December 31, 2009
	Actual Interest Rates		Average Interest Rates					
Fixed Rate:								
Taxable	4.11	6.21%	4.92	%	2014	2044	\$ 256.0	\$ 70.1
Tax-exempt	5.28	%	5.28	%	2028		10.9	11.2
Interest rate swaps	4.38	6.42%	5.24	%	2011	2015	734.8	883.2
							1,001.7	964.5
Variable Rate: ⁽¹⁾								
Taxable	0.74	1.18%	1.02	%	2011	2018	227.8	262.8
Interest rate caps	0.83	1.13%	0.92	%	2011	2018	270.7	172.3
							498.48	435.1
							\$ 1,500.2	\$ 1,399.6

Amounts are adjusted to reflect interest rate swap and cap agreements in effect at December 31, 2010, and 2009, (1) respectively which results in MAA paying fixed interest payments over the terms of the interest rate swaps and on changes in interest rates above the strike rate of the cap.

The following table includes scheduled principal repayments on the borrowings at December 31, 2010, as well as the amortization of the fair market value of debt assumed (dollars in thousands):

Year	Amortization	Maturities	Total
2011	\$ 3,839	\$ 180,000	\$ 183,839
2012	4,217	80,000	84,217
2013	4,494	178,629	183,123
2014	4,053	534,918	538,971
2015	3,673	168,718	172,391
Thereafter	33,092	304,560	337,652
	\$ 53,368	\$ 1,446,825	\$ 1,500,193

5. DERIVATIVES AND HEDGING ACTIVITIES

Risk Management Objective of Using Derivatives

We are exposed to certain risk arising from both our business operations and economic conditions. We principally manage our exposures to a wide variety of business and operational risks through management of our core business activities. We manage economic risks, including interest rate, liquidity and credit risk primarily by managing the amount, sources and duration of our debt funding and the use of derivative financial instruments. Specifically, we enter into derivative financial instruments to manage exposures that arise from business activities that result in the payment of future contractual and forecasted cash amounts, principally related to our borrowings, the value of which are determined by changing interest rates.

Cash Flow Hedges of Interest Rate Risk

Our objectives in using interest rate derivatives are to add stability to interest expense and to manage our exposure to interest rate movements. To accomplish this objective, we use interest rate swaps and interest rate caps as part of our interest rate risk management strategy. Interest rate swaps designated as cash flow hedges

F-21

TABLE OF CONTENTS

MID-AMERICA APARTMENT COMMUNITIES, INC.

Notes to Consolidated Financial Statements Years ended December 31, 2010, 2009, and 2008

5. DERIVATIVES AND HEDGING ACTIVITIES (continued)

involve the receipt of variable amounts from a counterparty in exchange for us making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount. Interest rate caps designated as cash flow hedges involve the receipt of variable amounts from a counterparty if interest rates rise above the strike rate on the contract in exchange for an up front premium.

The effective portion of changes in the fair value of derivatives designated and that qualify as cash flow hedges is recorded in accumulated other comprehensive income and is subsequently reclassified into earnings in the period that the hedged forecasted transaction affects earnings. During the years ended December 31, 2010 and 2009, such derivatives were used to hedge the variable cash flows associated with existing variable-rate debt. The ineffective portion of the change in fair value of the derivatives is recognized directly in earnings. During the years ended December 31, 2010 and 2009, we recorded ineffectiveness of \$235,000 and \$724,000, respectively, as an increase to interest expense attributable to a mismatch in the underlying indices of the derivatives and the hedged interest payments made on our variable-rate debt.

We also had 9 interest rate caps with a total a notional amount of \$56.3 million, (one of these caps with a notional of \$5.1 million matured during the fourth quarter of 2010), where only the changes in intrinsic value are recorded in accumulated other comprehensive income. Changes in fair value of these interest rate caps due to changes in time value (e.g. volatility, passage of time, etc.) are excluded from effectiveness testing and are recognized directly in earnings. During the year ended December 31, 2010 and 2009, a loss of \$34,000 and \$4,000, respectively, due to changes in the time value of these interest rate caps.

Amounts reported in accumulated other comprehensive income related to derivatives designated in qualifying cash flow hedges will be reclassified to interest expense as interest payments are made on our variable-rate debt. During the next twelve months, we estimate that an additional \$26.7 million will be reclassified to earnings as an increase to interest expense, which primarily represents the difference between our fixed interest rate swap payments and the projected variable interest rate swap payments.

As of December 31, 2010 we had the following outstanding interest rate derivatives that were designated as cash flow hedges of interest rate risk:

Interest Rate Derivative	Number of Instruments	Notional
Interest Rate Caps	21	\$270,651,000
Interest Rate Swaps	30	\$734,800,000

Non-designated Hedges

We do not use derivatives for trading or speculative purposes and currently do not have any derivatives that are not designated as qualifying accounting hedges under ASC 815.

F-22

TABLE OF CONTENTS

MID-AMERICA APARTMENT COMMUNITIES, INC.

**Notes to Consolidated Financial Statements
Years ended December 31, 2010, 2009, and 2008**

5. DERIVATIVES AND HEDGING ACTIVITIES (continued)

Tabular Disclosure of Fair Values of Derivative Instruments on the Balance Sheet

The table below presents the fair value of our derivative financial instruments as well as their classification on the Consolidated Balance Sheet as of December 31, 2010 and December 31, 2009, respectively:

Fair Values of Derivative Instruments on the Condensed Consolidated Balance Sheet as of December 31, 2010 and December 31, 2009 (dollars in thousands)

Derivatives designated as hedging instruments	Asset Derivatives			Liability Derivative		
	Balance Sheet Location	31-Dec-10 Fair Value	31-Dec-09 Fair Value	Balance Sheet Location	31-Dec-10 Fair Value	31-Dec-09 Fair Value
Interest rate contracts	Other assets	\$ 3,641	\$ 3,430	Fair market value of interest rate swaps	\$ 48,936	\$ 51,160
Total derivatives designated as hedging instruments		\$ 3,641	\$ 3,430		\$ 48,936	\$ 51,160

Tabular Disclosure of the Effect of Derivative Instruments on the Statement of Operations

The tables below present the effect of our derivative financial instruments on the Consolidated Statement of Operations for the years ended December 31, 2010 and 2009, respectively.

Effect of Derivative Instruments on the Consolidated Statement of Operations for the Years ended December 31, 2010 and 2009 (dollars in thousands)

Credit-risk-related Contingent Features

As of December 31, 2010, derivatives that were in a net liability position and subject to credit-risk-related contingent features had a termination value of \$54.0 million, which includes accrued interest but excludes any adjustment for nonperformance risk. These derivatives had a fair value, gross of asset positions, of \$48.9 million at December 31, 2010.

F-23

TABLE OF CONTENTS

MID-AMERICA APARTMENT COMMUNITIES, INC.

Notes to Consolidated Financial Statements Years ended December 31, 2010, 2009, and 2008

5. DERIVATIVES AND HEDGING ACTIVITIES (continued)

Certain of our derivative contracts contain a provision where if we default on any of our indebtedness, including default where repayment of the indebtedness has not been accelerated by the lender, then we could also be declared in default on our derivative obligations. As of December 31, 2010, we had not breached the provisions of these agreements. If we had breached these provisions, we could have been required to settle our obligations under the agreements at their termination value of \$19.2 million.

Certain of our derivative contracts are credit enhanced by either FNMA or Freddie Mac. These derivative contracts require that our credit enhancing party maintain credit ratings above a certain level. If our credit support providers were downgraded below Baa1 by Moody's or BBB+ by Standard & Poor's, or S&P, we may be required to either post 100 percent collateral or settle the obligations at their termination value of \$54.0 million as of December 31, 2010. Both FNMA and Freddie Mac are currently rated Aaa by Moody's and AAA by S&P, and therefore, the provisions of this agreement have not been breached and no collateral has been posted related to these agreements as of December 31, 2010.

Although our derivative contracts are subject to master netting arrangements, which serve as credit mitigants to both us and our counterparties under certain situations, we do not net our derivative fair values or any existing rights or obligations to cash collateral on the consolidated balance sheet.

See also discussions in Item 8. Financial Statements and Supplementary Data Notes to Consolidated Financial Statements, Note 6.

6. FAIR VALUE DISCLOSURE OF FINANCIAL INSTRUMENTS

Cash and cash equivalents, restricted cash, accounts payable, accrued expenses and other liabilities and security deposits are carried at amounts that reasonably approximate their fair value due to their short term nature.

Fixed rate notes payable at December 31, 2010 and December 31, 2009, totaled \$267 million and \$81 million, respectively, and had estimated fair values of \$238 million and \$74 million (excluding prepayment penalties), respectively, based upon interest rates available for the issuance of debt with similar terms and remaining maturities as of December 31, 2010 and December 31, 2009. The carrying value of variable rate notes payable (excluding the effect of interest rate swap and cap agreements) at December 31, 2010 and December 31, 2009, totaled \$1,233 million and \$1,318 million, respectively, and had estimated fair values of \$1,151 million and \$1,193 million (excluding prepayment penalties), respectively, based upon interest rates available for the issuance of debt with similar terms and remaining maturities as of December 31, 2010 and December 31, 2009.

On January 1, 2008, we adopted FASB ASC 820 *Fair Value Measurements and Disclosures*, or ASC 820. ASC 820

defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. ASC 820 applies to reported balances that are required or permitted to be measured at fair value under existing accounting pronouncements; accordingly, the standard does not require any new fair value measurements of reported balances.

ASC 820 emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, ASC 820 establishes a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Levels 1 and 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

F-24

TABLE OF CONTENTS

MID-AMERICA APARTMENT COMMUNITIES, INC.

**Notes to Consolidated Financial Statements
Years ended December 31, 2010, 2009, and 2008**

**6. FAIR VALUE DISCLOSURE OF FINANCIAL INSTRUMENTS
(continued)**

Level 1 inputs utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that we have the ability to access. Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs may include quoted prices for similar assets and liabilities in active markets, as well as inputs that are observable for the asset or liability (other than quoted prices), such as interest rates, foreign exchange rates, and yield curves that are observable at commonly quoted intervals. Level 3 inputs are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity. In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. Our assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the asset or liability.

Derivative financial instruments

Currently, we use interest rate swaps and interest rate caps (options) to manage our interest rate risk. The valuation of these instruments is determined using widely accepted valuation techniques, including discounted cash flow analysis on the expected cash flows of each derivative. This analysis reflects the contractual terms of the derivatives, including the period to maturity, and uses observable market-based inputs, including interest rate curves and implied volatilities. The fair values of interest rate swaps are determined using the market standard methodology of netting the discounted future fixed cash receipts (or payments) and the discounted expected variable cash payments (or receipts). The variable cash payments (or receipts) are based on an expectation of future interest rates (forward curves) derived from observable market interest rate curves.

The fair values of interest rate options are determined using the market standard methodology of discounting the future expected cash receipts that would occur if variable interest rates rise above the strike rate of the caps. The variable interest rates used in the calculation of projected receipts on the cap are based on an expectation of future interest rates derived from observable market interest rate curves and volatilities.

To comply with the provisions of ASC 820, we incorporate credit valuation adjustments to appropriately reflect both our own nonperformance risk and the respective counterparty's nonperformance risk in the fair value measurements. In adjusting the fair value of our derivative contracts for the effect of nonperformance risk, we have considered the impact of netting and any applicable credit enhancements, such as collateral postings, thresholds, mutual puts and guarantees.

Although we have determined that the majority of the inputs used to value our derivatives fall within Level 2 of the

fair value hierarchy, the credit valuation adjustments associated with our derivatives utilize Level 3 inputs, such as estimates of current credit spreads to evaluate the likelihood of default by ourself and our counterparties. In prior periods, we classified our derivative valuations within the Level 3 fair value hierarchy because those valuations contain certain Level 3 inputs (e.g. credit spreads). Commencing with the year ended December 31, 2010, we determined that the significance of the impact of the credit valuation adjustments made to our derivative contracts, which determination was based on the fair value of each individual contract, was not significant to the overall valuation. As a result, all of our derivatives held as of December 31, 2010 were classified as Level 2 of the fair value hierarchy or transferred from Level 3 to Level 2 at the beginning of the year ended December 31, 2010.

F-25

TABLE OF CONTENTS**MID-AMERICA APARTMENT COMMUNITIES, INC.****Notes to Consolidated Financial Statements
Years ended December 31, 2010, 2009, and 2008****6. FAIR VALUE DISCLOSURE OF FINANCIAL INSTRUMENTS
(continued)**

The table below presents a reconciliation of the beginning and ending balances of assets and liabilities having fair value measurements based on significant other observable inputs (Level 2) and significant unobservable inputs (Level 3) for the year ended December 31, 2010.

**Reconciliation of Level 2 and Level 3 Fair Value
Measurements for the
Year ended December 31, 2010 (dollars in thousands)**

	Assets		Liabilities	
	Level 2	Level 3	Level 2	Level 3
Beginning fair value as of 12/31/2009	\$	\$ 3,430	\$	\$ 51,160
Transfers in	3,430		51,160	
Purchase, issuances and settlements	4,273			
Transfers out		(3,430)		(51,160)
Total gains/(loss)	(4,062)		2,224	
Ending fair value as of 12/31/2010	\$ 3,641	\$	\$ 48,936	\$

The table below presents our assets and liabilities measured at fair value on a recurring basis as of December 31, 2010 and 2009, aggregated by the level in the fair value hierarchy within which those measurements fall.

**Assets and Liabilities Measured at Fair Value on a
Recurring Basis at December 31, 2010
(dollars in thousands)**

Quoted Prices in Active Markets for Identical Assets and	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2010
--	---	--	------------------------------------

	Liabilities (Level 1)			
Assets				
Derivative financial instruments	\$	\$ 3,641	\$	\$ 3,641
Liabilities				
Derivative financial instruments	\$	\$ 48,936	\$	\$ 48,936

**Assets and Liabilities Measured at Fair Value on a
Recurring Basis at December 31, 2009
(dollars in thousands)**

	Quoted Prices in Active Markets for Identical Assets and Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2009
Assets				
Derivative financial instruments	\$	\$	\$ 3,430	\$ 3,430
Liabilities				
Derivative financial instruments	\$	\$	\$ 51,160	\$ 51,160

The fair value estimates presented herein are based on information available to management as of December 31, 2010 and 2009. These estimates are not necessarily indicative of the amounts we could ultimately realize. See also discussions in Item 8. Financial Statements and Supplementary Data Notes to Consolidated Financial Statements, Note 5.

TABLE OF CONTENTS

MID-AMERICA APARTMENT COMMUNITIES, INC.

Notes to Consolidated Financial Statements Years ended December 31, 2010, 2009, and 2008

7. COMMITMENTS AND CONTINGENCIES

Mid-America is not presently subject to any material litigation nor, to MAA's knowledge, with advice of legal counsel, is any material litigation threatened against us. We are subject to routine litigation arising in the ordinary course of business, some of which is expected to be covered by liability insurance and none of which is expected to have a material adverse effect on our consolidated financial statements.

MAA had operating lease expense of approximately \$18,200, \$17,600 and \$13,000 for the years ended December 31, 2010, 2009 and 2008, respectively. MAA has commitments of approximately \$17,600 in 2011 and \$9,700 in 2012 under operating lease agreements outstanding at December 31, 2010.

8. INCOME TAXES

No provision for federal income taxes has been made in the accompanying consolidated financial statements. MAA has made an election to be taxed as a Real Estate Investment Trust, or REIT, under Sections 856 through 860 of the Internal Revenue Code. As a REIT, MAA is generally not subject to federal income tax to the extent that we distribute 100% of our taxable income to our shareholders. We must meet certain requirements, including the requirement to distribute at least 90% of our taxable income, to maintain REIT status. If we fail to qualify as a REIT in any taxable year, MAA will be subject to the federal income tax (including any applicable alternative minimum tax) on our taxable income at regular corporate rates. Even though we qualify for taxation as a REIT, MAA may be subject to certain federal, state and local taxes on our income and property and to federal income and excise tax on our undistributed income.

Earnings and profits, which determine the taxability of dividends to shareholders, differ from net income reported for financial reporting purposes primarily because of differences in depreciable lives, bases of certain assets and liabilities and in the timing of recognition of earnings upon disposition of properties. For federal income tax purposes, the following summarizes the taxability of cash distributions paid on the common shares in 2009 and 2008 and the estimated taxability for 2010:

	2010	2009	2008
Per common share			
Ordinary income	\$ 1.64	\$ 1.61	\$ 1.43
Capital gains		0.17	
Return of capital	0.82	0.68	1.03
Total	\$ 2.46	\$ 2.46	\$ 2.46

In June 2006, the FASB issued ASC 740-10-50 which clarifies the accounting for uncertainty in income taxes recognized in financial statements. MAA adopted ASC 740-10-50 effective January 1, 2007. ASC 740-10-50

prescribes a recognition threshold and measurement attribute for the recognition and measurement of tax positions taken in tax returns. MAA has identified and examined our tax positions, including our status as a real estate investment trust, for all open tax years through December 31, 2006, and concluded that the full benefit of each tax position taken should be recognized in the financial statements. There has been no significant changes in unrecognized tax benefits following the adoption date.

ASC 740-10-50 requires that an enterprise must calculate interest and penalties related to unrecognized tax benefits.

The decision regarding where to classify interest and penalties on the income statement is an accounting policy decision that should be consistently applied. Interest and penalties calculated on any future uncertain tax positions will be presented as a component of income tax expense. No interest and penalties are accrued on our balance sheet as of December 31, 2010 and 2009.

MAA's tax years that remain subject to examination for U.S. federal purposes range from 2007 through 2009. Our tax years that remain open for state examination vary but range from 2006 through 2009.

F-27

TABLE OF CONTENTS

MID-AMERICA APARTMENT COMMUNITIES, INC.

Notes to Consolidated Financial Statements Years ended December 31, 2010, 2009, and 2008

9. SHAREHOLDER S EQUITY

Noncontrolling Interest

Noncontrolling interest in the accompanying consolidated financial statements relates to the ownership interest in the Operating Partnership by the holders of Class A Common Units of the Operating Partnership, or Operating Partnership Units. Mid-America Apartment Communities, Inc. is the sole general partner of the Operating Partnership. Net income is allocated to the noncontrolling interest based on their respective ownership percentage of the Operating Partnership. Issuance of additional common shares or Operating Partnership Units changes the ownership of both the noncontrolling interest and Mid-America Apartment Communities, Inc. Such transactions and the related proceeds are treated as capital transactions and result in an allocation between shareholders' equity and noncontrolling interest to account for the change in the respective percentage ownership of the underlying equity of the Operating Partnership.

MAA's Board of Directors established economic rights in respect to each Operating Partnership Unit that were equivalent to the economic rights in respect to each share of common stock. The holder of each unit may redeem their units in exchange for one share of common stock or cash, at the option of MAA. At December 31, 2010, a total of 2,191,361 units were outstanding and redeemable to MAA by the holders of the units for 2,191,361 shares of common stock or approximately \$139,130,000, based on the closing price of MAA's common stock on December 31, 2010 of \$63.49 per share, at MAA's option. At December 31, 2009, a total of 2,305,652 units were outstanding and redeemable to MAA by the holders of the units for 2,305,652 shares of common stock or approximately \$111,317,000, based on the closing price of MAA's common stock on December 31, 2009 of \$48.28 per share, at MAA's option.

The Operating Partnership has followed the policy of paying the same per unit distribution in respect to the units as the per share distribution in respect to the common stock. Operating Partnership net income for 2010, 2009 and 2008 was allocated approximately 6.9%, 8.2% and 8.7%, respectively, to holders of Operating Partnership Units and 93.1%, 91.8% and 91.3%, respectively, to MAA.

Series H Preferred Stock

In 2003, MAA issued the Series H Preferred Stock with a \$25.00 per share liquidation preference and a preferential cumulative annual distribution of \$2.075 per share, payable quarterly. MAA issued 6,200,000 shares of Series H Preferred Stock for which it received net proceeds of \$150.1 million. On and after August 11, 2008, the Series H Preferred Stock shares became redeemable for cash at the option of MAA, in whole or in part, at a redemption price equal to the liquidation preference plus dividends owed and unpaid to the redemption date.

On June 2, 2010, MAA redeemed 3,100,001 shares of the 6,200,000 shares of the Series H Preferred Stock. On August 5, 2010 MAA redeemed all of the remaining and outstanding shares of the Series H Preferred Stock, resulting in a combined write-off for the year ended December 31, 2010 of approximately \$5.1 million on the consolidated

statements of operations related to premiums and original issuance costs.

Direct Stock Purchase and Distribution Reinvestment Plan

MAA has a Dividend and Distribution Reinvestment and Share Purchase Plan, or DRSP, pursuant to which MAA's shareholders have the ability to reinvest all or part of their distributions from MAA's common stock, preferred stock or limited partnership interests in Mid-America Apartments, L.P. into MAA's common stock. The plan also provides the opportunity to make optional cash investments in common shares of at least \$250, but not more than \$5,000 in any given month, free of brokerage commissions and charges. MAA, in our absolute discretion, may grant waivers to allow for optional cash payments in excess of \$5,000. To fulfill our obligations under the DRSP, we may either issue additional shares of common stock or repurchase common stock in the open market. We have registered with the Securities and Exchange Commission the offer and sale of up to 7,600,000 shares of common stock pursuant to the DRSP. We may elect to sell shares under the DRSP at up to a 5% discount.

F-28

TABLE OF CONTENTS

MID-AMERICA APARTMENT COMMUNITIES, INC.

Notes to Consolidated Financial Statements Years ended December 31, 2010, 2009, and 2008

9. SHAREHOLDER S EQUITY (continued)

Common stock shares totaling 568,323 in 2010, 25,406 in 2009 and 421,794 in 2008 were acquired by shareholders under the DRSP. MAA offered an average of a 2.0% discount for optional cash purchases in 2010 and a 1.5% discount for optional cash purchases in 2008. We did not offer a discount for optional cash purchases through the DRSP in 2009.

Controlled Equity Offering

On November 3, 2006, MAA entered into a sales agreement with Cantor Fitzgerald & Co. to sell up to 2,000,000 shares of our common stock, from time to time in at-the-market offerings or negotiated transactions through a controlled equity offering program, or ATM. On July 3, 2008, MAA entered into a second agreement with Cantor Fitzgerald & Co. with materially the same terms for an additional 1,350,000 shares and on November 5, 2009 we entered into a third agreement with Cantor Fitzgerald & Co. with materially the same terms for an additional 4,000,000 shares.

On August 26, 2010, MAA entered into sales agreements with Cantor Fitzgerald & Co., Raymond James & Associates, Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated to sell up to a combined total of 6,000,000 shares of our common stock, from time to time in at-the-market offerings or negotiated transactions through a controlled equity offering program. These agreements had materially similar terms to our previous ATM agreements.

During the years ended December 31, 2010, 2009 and 2008, MAA sold 5,077,201 shares, 763,000 shares and 1,955,300 shares, respectively of common stock for net proceeds of \$274.6 million, \$32.8 million and \$103.6 million, respectively.

Stock Repurchase Plan

In 1999, MAA's Board of Directors approved a stock repurchase plan to acquire up to a total of 4.0 million shares of MAA's common stock. Through December 31, 2010, MAA has repurchased and retired approximately 1.9 million shares of common stock for a cost of approximately \$42 million at an average price per common share of \$22.54. No shares were repurchased in 2002 through 2010 under the plan.

10. EMPLOYEE BENEFIT PLANS

Following are details of employee benefit plans not previously discussed in Item 8. Financial Statements and Supplementary Data Notes to Consolidated Financial Statements, Note 2.

401(k) Savings Plan

The Mid-America Apartment Communities, Inc. 401(k) Savings Plan is a defined contribution plan that satisfies the requirements of Section 401(a) and 401(k) of the Code. MAA's Board of Directors has the discretion to approve matching contributions. MAA's contribution to this plan was approximately \$507,000, \$161,000 and \$405,000 in 2010, 2009, and 2008, respectively.

Non-Qualified Deferred Compensation Retirement Plan

MAA has adopted a non-qualified deferred compensation retirement plan for key employees who are not qualified for participation in MAA's 401(k) Savings Plan. Under the terms of the plan, employees may elect to defer a percentage of their compensation and MAA may, but is not obligated to, match a portion of their salary deferral. The plan is designed so that the employees' investment earnings under the non-qualified plan should be the same as the earning assets in MAA's 401(k) Savings Plan. MAA's match to this plan in 2010, 2009 and 2008 was approximately \$57,000, \$4,000 and \$63,000, respectively.

F-29

TABLE OF CONTENTS

MID-AMERICA APARTMENT COMMUNITIES, INC.

Notes to Consolidated Financial Statements Years ended December 31, 2010, 2009, and 2008

10. EMPLOYEE BENEFIT PLANS (continued)

Non-Qualified Deferred Compensation Plan for Outside Company Directors

In 1998, Mid-America established the Non-Qualified Deferred Compensation Plan for Outside Company Directors, or the Directors Deferred Compensation Plan, which allows non-employee directors to defer their director fees by having the fees held by MAA as shares of MAA common stock. Directors can also choose to have their annual restricted stock grants issued into the Directors Deferred Compensation Plan. Amounts deferred through the Directors Deferred Compensation Plan are distributed to the directors in two annual installments beginning in the first 90 days of the year following the director's departure from the board. Participating directors may choose to have the amount issued to them in shares of MAA common stock or paid to them as cash at the market value as of the end of the year the director ceases to serve on the board.

During 2010, 2009 and 2008, MAA issued 4,422 shares, 6,100 shares and 6,600 shares of common stock, respectively, with weighted-average grant date fair values of \$56.90, \$37.26 and \$47.92, respectively, to outside directors.

The shares of common stock held in the Directors Deferred Compensation Plan are classified outside of permanent equity in redeemable stock with changes in redemption amount recorded immediately in earnings because the directors have redemption rights not solely within the control of MAA. Additionally, any shares that become mandatorily redeemable because a departed director has elected to receive a cash payout are recorded as a liability. Accordingly, approximately \$143,000 and \$0 was recorded in accrued expenses and other liabilities at December 31, 2010 and 2009, respectively.

Employee Stock Ownership Plan

The Mid-America Apartment Communities, Inc. Employee Stock Ownership Plan, or ESOP, is a non-contributory stock bonus plan that satisfies the requirements of Section 401(a) of the Internal Revenue Code. Each employee of MAA is eligible to participate in the ESOP after completing one year of service with MAA. Participants' ESOP accounts will be 100% vested after three years of continuous service, with no vesting prior to that time. MAA contributed 22,500 shares of common stock to the ESOP upon conclusion of the initial offering. During 2008, MAA contributed approximately \$991,000 to the ESOP which purchased an additional 21,822 shares of common stock with a weighted-average grant date fair value of \$45.41 per share. MAA did not contribute to the ESOP during 2010 and 2009.

Restricted Stock and Stock Option Plan

MAA adopted the 1994 Restricted Stock and Stock Option Plan, or the 1994 Plan, to provide incentives to attract and retain independent directors, executive officers and key employees. As of January 31, 2004, no further awards may be granted under this plan. The 1994 Restricted Stock and Stock Option Plan was replaced by the 2004 Stock Plan (collectively the Plans) by shareholder approval at the May 24, 2004, Annual Meeting of Shareholders. The Plans provide(d) for the granting of options to purchase a specified number of shares of common stock, or Options, or grants of restricted shares of common stock, or Restricted Stock. The Plan also allow(ed) MAA to grant options to purchase Operating Partnership Units at the price of the common stock on the New York Stock Exchange on the day prior to issuance of the units (the LESOP Provision). The 1994 Plan authorized the issuance of 2,400,000 common shares or options to acquire shares. The 2004 Stock Plan authorizes the issuance of 500,000 common shares or options to acquire shares. Under the terms of the 1994 Plan, MAA could advance directors, executive officers, and key employees a portion of the cost of the common stock or units. The employee advances mature five years from the date of issuance and accrue interest, payable in arrears, at a rate established at the date of issuance. MAA has also entered into supplemental bonus agreements with the employees which are intended to fund the payment of a portion of the advances over a five year period. Under the terms of the supplemental bonus agreements, MAA will pay bonuses to these employees equal to 3% of the original note balance on each anniversary date of the advance, limited to 15% of the aggregate purchase price of the shares and units. In March of 2002, MAA entered into

F-30

TABLE OF CONTENTS**MID-AMERICA APARTMENT COMMUNITIES, INC.****Notes to Consolidated Financial Statements
Years ended December 31, 2010, 2009, and 2008****10. EMPLOYEE BENEFIT PLANS (continued)**

duplicate supplemental bonus agreements on the then existing options to executive officers, effectively doubling their advances. The advances become due and payable and the bonus agreement will terminate if the employees voluntarily terminate their employment with MAA. MAA also agreed to pay a bonus to certain executive officers in an amount equal to the debt service on the advances for as long as they remain employed by MAA.

In May 2010, the last outstanding advance for \$35,000 matured. As of December 31, 2010, MAA had no advances outstanding relating to the Plan.

11. EARNINGS FROM DISCONTINUED OPERATIONS

The three communities that MAA sold in 2009 have been classified as discontinued operations in the Consolidated Statements of Operations. The following is a summary of earnings from discontinued operations for the years ended December 31, 2010, 2009 and 2008 (dollars in thousands):

	2010	2009	2008
Revenues:			
Rental revenues	\$	\$ 3,097	\$ 5,362
Other revenues		130	274
Total revenues		3,227	5,636
Expenses:			
Property operating expenses		1,920	3,130
Depreciation and amortization			706
Other non-property income			
Interest expense		73	488
Income on debt extinguishment			
Total expenses		1,993	4,324
Earnings from discontinued operations before gain on sale and settlement proceeds		1,234	1,312
Gain (loss) on sale	(2)	4,649	(120)
(Loss) earnings from discontinued operations	\$ (2)	\$ 5,883	\$ 1,192

12. RELATED PARTY TRANSACTIONS

Pursuant to management contracts with MAA's joint ventures, MAA manages the operations of the joint venture apartment communities for a fee of 4.00% to 4.25% of the revenues of the joint venture. MAA received approximately \$680,000, \$293,000 and \$206,000 as management fees from the joint ventures in 2010, 2009, and 2008, respectively.

MAA also received approximately \$442,000, \$83,000 and \$50,000 of acquisition fees in 2010, 2009 and 2008, respectively, \$360,000, \$245,000 and \$185,000 in asset management fees in 2010, 2009 and 2008, respectively and \$6,000, \$17,000 and \$22,000 in construction management fees in 2010, 2009 and 2008, respectively from our joint ventures.

F-31

TABLE OF CONTENTS

MID-AMERICA APARTMENT COMMUNITIES, INC.

Notes to Consolidated Financial Statements Years ended December 31, 2010, 2009, and 2008

13. SEGMENT INFORMATION

As of December 31, 2010, MAA owned or had an ownership interest in 157 multifamily apartment communities in 13 different states from which we derived all significant sources of earnings and operating cash flows. Senior management evaluates performance and determines resource allocations by reviewing apartment communities individually and in the following reportable operating segments:

Large market same store communities are generally communities in markets with a population of at least 1 million that we have owned and have been stabilized for at least a full 12 months and have not been classified as held for sale. Secondary market same store communities are generally communities in markets with populations of less than 1 million that we have owned and have been stabilized for at least a full 12 months and have not been classified as held for sale.

Non same store communities and other includes recent acquisitions, communities in development or lease-up, communities that have been classified as held for sale and non multifamily activities which represent less than 1% of our portfolio.

On the first day of each calendar year, we determine the composition of our same store operating segments for that year, which allows us to evaluate full period-over-period operating comparisons. We utilize net operating income, or NOI, in evaluating the performance. Total NOI represents total property revenues less total property operating expenses, excluding depreciation, for all properties held during the period regardless of their status as held for sale.

We believe NOI is a helpful tool in evaluating the operating performance of our segments because it measures the core operations of property performance by excluding corporate level expenses and other items not related to property operating performance.

TABLE OF CONTENTS**MID-AMERICA APARTMENT COMMUNITIES, INC.****Notes to Consolidated Financial Statements
Years ended December 31, 2010, 2009, and 2008****13. SEGMENT INFORMATION (continued)**

Revenues and NOI for each reportable segment for the years ended December 31, 2010, 2009 and 2008, were as follows (dollars in thousands):

	2010	2009	2008
Revenues			
Large Market Same Store	\$ 179,528	\$ 179,531	\$ 179,372
Secondary Market Same Store	174,385	170,088	171,085
Non-Same Store and Other	47,636	28,632	19,348
Total property revenues	401,549	378,251	369,805
Management fee income	680	293	206
Total operating revenues	\$402,229	\$378,544	\$370,011
NOI			
Large Market Same Store	\$ 100,732	\$ 103,389	\$ 103,013
Secondary Market Same Store	99,534	99,208	100,557
Non-Same Store and Other	26,663	17,256	13,431
Total NOI	226,929	219,853	217,001
Discontinued operations NOI included above		(1,307)	(2,506)
Management fee income	680	293	206
Depreciation	(104,064)	(96,019)	(90,168)
Acquisition expense	(2,512)	(950)	
Property management expense	(18,035)	(17,220)	(16,799)
General and administrative expense	(12,354)	(11,320)	(11,837)
Interest and other non-property income	837	385	509
Interest expense	(55,996)	(57,094)	(62,010)
Loss on debt extinguishment		(140)	(116)
Amortization of deferred financing costs	(2,627)	(2,374)	(2,307)
Asset impairment	(1,914)		
Net casualty gains (loss) and other settlement proceeds	330	32	(247)
Gain (loss) on sale of non-depreciable assets		15	(3)
Gain on properties contributed to joint ventures	752		
Loss from real estate joint ventures	(1,149)	(816)	(844)
Discontinued operations	(2)	5,883	1,192
Net income attributable to noncontrolling interests	(1,114)	(2,010)	(1,822)
Net income attributable to Mid-America Apartment Communities, Inc.	\$29,761	\$37,211	\$30,249

TABLE OF CONTENTS**MID-AMERICA APARTMENT COMMUNITIES, INC.****Notes to Consolidated Financial Statements
Years ended December 31, 2010, 2009, and 2008****13. SEGMENT INFORMATION (continued)**

Assets for each reportable segment as of December 31, 2010 and 2009, were as follows (dollars in thousands):

	December 31, 2010	December 31, 2009
Assets		
Large Market Same Store	\$ 907,094	\$ 934,182
Secondary Market Same Store	649,391	672,692
Non-Same Store and Other	536,104	336,683
Corporate assets	83,459	43,269
Total assets	\$ 2,176,048	\$ 1,986,826

14. BUSINESS COMBINATIONS

During 2010 we acquired properties totaling 2,697 units for a total purchase price of \$284.0 million, which includes two properties subsequently transferred to Fund II during 2010 and land acquired for future development. These acquisitions account for \$7.6 million of consolidated revenue as reported and a loss of \$1.3 million included in the total consolidated net income for 2010. The unaudited pro forma information set forth below is based on MAA's historical Consolidated Statement of Operations for the years ended December 31, 2010 and 2009, adjusted to give effect to these transactions at the beginning of each year. Pro forma results are not necessarily indicative of future results.

	Proforma (Unaudited) Year Ended December 31, (in thousands, except per share data)	
	2010	2009
Total Revenue ⁽¹⁾	419,150	389,868
Net Income available to common shareholders ⁽¹⁾	22,618	18,210
Earnings per share, diluted	\$ 0.67	\$ 0.58

(1) Pro forma adjustments for certain acquisitions are excluded as they had no pre-acquisition operating activity in 2009 or 2010. These properties include Cool Springs and Hue. 1225 South Church is excluded in 2009 due to no operating activity, but is included in the 2010 pro forma adjustment. Because Grand Cypress and Stonebridge Ranch are owned by Fund II at December 31, 2010, pro forma adjustments for these properties are included only in

net income and earnings per share.

15. SUBSEQUENT EVENTS

Acquisitions

On January 12, 2011, MAA acquired the 340-unit Alamo Ranch apartment community located in Bexar County (San Antonio), Texas.

F-34

TABLE OF CONTENTS**MID-AMERICA APARTMENT COMMUNITIES, INC.****Notes to Consolidated Financial Statements
Years ended December 31, 2010, 2009, and 2008****16. SELECTED QUARTERLY FINANCIAL INFORMATION
(UNAUDITED)**

(Dollars in thousands except per share data)

	Year Ended December 31, 2010			
	First	Second	Third	Fourth
Total operating revenues	\$97,464	\$98,901	\$101,384	\$104,480
Income from continuing operations before non-operating items	\$23,769	\$23,231	\$21,285	\$22,359
Interest expense	\$(13,891)	\$(13,993)	\$(13,598)	\$(14,514)
Asset impairment	\$	\$1,590	\$324	\$
(Loss) income from real estate joint ventures	\$(276)	\$(298)	\$(282)	\$(293)
Discontinued operations:				
Loss on sale of discontinued operations	\$	\$(2)	\$	\$
Consolidated net income	\$9,849	\$6,888	\$6,973	\$7,165
Net income attributable to noncontrolling interest	\$437	\$228	\$224	\$225
Net income attributable to Mid-America Apartment Communities, Inc.	\$9,412	\$6,660	\$6,749	\$6,940
Net income available for common shareholders	\$6,196	\$1,383	\$3,544	\$6,940
Per share:				
Net income available per common share basic	\$0.21	\$0.04	\$0.11	\$0.20
Net income available per common share diluted	\$0.21	\$0.04	\$0.11	\$0.20
Dividend paid	\$0.615	\$0.615	\$0.615	\$0.615

	Year Ended December 31, 2009			
	First	Second	Third	Fourth
Total operating revenues	\$93,664	\$94,562	\$94,999	\$95,319
Income from continuing operations before non-operating items	\$25,084	\$24,526	\$21,749	\$21,971
Interest expense	\$(14,229)	\$(14,472)	\$(14,371)	\$(14,022)
(Loss) income from real estate joint ventures	\$(196)	\$(156)	\$(288)	\$(176)
Discontinued operations:				
Income (loss) from discontinued operations before gain (loss) on sale	\$421	\$326	\$311	\$176

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(Loss) gain on sale of discontinued operations	\$1,432	\$1,155	\$13	\$2,049
Consolidated net income	\$11,845	\$10,718	\$6,878	\$9,780
Net income attributable to noncontrolling interest	\$706	\$570	\$260	\$474
Net income attributable to Mid-America Apartment Communities, Inc.	\$11,139	\$10,148	\$6,618	\$9,306
Net income available for common shareholders	\$7,923	\$6,931	\$3,402	\$6,090
Per share:				
Net income available per common share basic	\$0.28	\$0.25	\$0.12	\$0.21
Net income available per common share diluted	\$0.28	\$0.25	\$0.12	\$0.21
Dividend paid	\$0.615	\$0.615	\$0.615	\$0.615

F-35

TABLE OF CONTENTS

Mid-America Apartment Communities, Inc
Schedule III
Real Estate and Accumulated Depreciation
December 31, 2010
(Dollars in thousands)

Location	Encumbrances	Initial Cost		Cost Capitalized subsequent to Acquisition		Gross Amount carried at December 31, 2010 ⁽²¹⁾		Total	Accumulated Depreciation	Net	Date Cons
		Land	Buildings and Fixtures	Land	Buildings and Fixtures	Land	Buildings and Fixtures				
Birmingham, AL	(1)	\$851	\$7,667	\$	\$2,924	\$851	\$10,591	\$11,442	\$(4,829)	\$6,613	198
Huntsville, AL	(1)	524	4,724		1,917	524	6,641	7,165	(3,279)	3,886	198
Huntsville, AL	(1)	909	10,152	830	11,423	1,739	21,575	23,314	(8,699)	14,615	198
Montgomery, AL	(1)	965	13,190		1,309	965	14,499	15,464	(5,118)	10,346	199
Little Rock, AR	(1)	1,026	9,244		5,834	1,026	15,078	16,104	(7,486)	8,618	198
Little Rock, AR	(1)	960	8,642		2,803	960	11,445	12,405	(5,771)	6,634	198
Little Rock, AR	(1)	1,271	11,463		3,590	1,271	15,053	16,324	(7,184)	9,140	198
Phoenix, AZ		7,901	27,577		357	7,901	27,934	35,835	(2,680)	33,155	200
Phoenix, AZ		12,741	49,636		758	12,741	50,394	63,135	(9,005)	54,130	200
Gilbert, AZ		2,668	14,832		273	2,668	15,105	17,773	(1,069)	16,704	200
Altamonte Springs, FL	(1)	1,024	9,219		4,901	1,024	14,120	15,144	(7,309)	7,835	198
Atlantic Beach, FL	(1)	244	2,829		1,609	244	4,438	4,682	(2,595)	2,087	198
Brandon, FL		1,167	10,500		2,795	1,167	13,295	14,462	(5,357)	9,105	198
Brandon, FL	(2)	2,896	26,111		2,161	2,896	28,272	31,168	(12,236)	18,932	199
Coral Springs, FL	(6)	9,600	41,206		3,764	9,600	44,970	54,570	(10,903)	43,667	199
	7,000 (9)	1,227	5,879		2,637	1,227	8,516	9,743	(4,625)	5,118	198

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b	Daytona Beach, FL											
	Gainesville, FL	(2)	1,800	15,879	452	1,800	16,331	18,131	(5,621)	12,510	199	
wk	Jacksonville, FL	(2)	854	7,500	2,456	854	9,956	10,810	(5,511)	5,299	198	
ge at	Jacksonville, FL	(7)	1,533	13,835	4,648	1,533	18,483	20,016	(8,613)	11,403	198	
	Jacksonville, FL	(1)	1,430	12,883	7,421	1,430	20,304	21,734	(11,640)	10,094	198	
t	Jacksonville, FL	(1)	4,047	36,431	2,035	4,047	38,466	42,513	(10,844)	31,669	200	
nd	Jacksonville, FL	(1)	2,292	20,750	2,744	2,292	23,494	25,786	(10,413)	15,373	198	
b	Jacksonville, FL	(2)	1,411	14,967	1,738	1,411	16,705	18,116	(5,598)	12,518	199	
e	Jacksonville, FL	13,235 ⁽¹⁹⁾	2,857	6,475	18,995	2,857	25,470	28,327	(7,752)	20,575	198	
at	Jacksonville, FL	(2)	645	5,804	3,956	645	9,760	10,405	(5,570)	4,835	198	
	Jacksonville, FL	(1)	1,686	15,179	(18)	6,709	1,678	21,888	23,566	(11,165)	12,401	198
b	Lakeland, FL	(1)	2,254	20,452	(1,033)	5,963	1,221	26,415	27,636	(12,045)	15,591	198
ng	Melbourne, FL	(2)	582	7,868	4,307	582	12,175	12,757	(6,877)	5,880	199	
	F-36											

TABLE OF CONTENTS

Location	Encumbrances	Initial Cost		Cost Capitalized subsequent to Acquisition		Gross Amount carried at December 31, 2010 ⁽²¹⁾		Total	Accumulated Depreciation	Net	Date of Construction
		Land	Buildings and Fixtures	Land	Buildings and Fixtures	Land	Buildings and Fixtures				
Ocala, FL	6,805 ⁽²⁾⁽³⁾	2,284	21,970		3,528	2,284	25,498	27,782	(12,051)	15,731	1986/88
Palm Harbor, FL	31,082	6,900	27,112		(1,854)	6,900	25,258	32,158	(1,645)	30,513	2000
Panama City, FL	⁽²⁾	898	14,276	(5)	2,144	893	16,420	17,313	(6,348)	10,965	2000
Tallahassee, FL	⁽²⁾	530	4,805	950	11,956	1,480	16,761	18,241	(7,555)	10,686	1990/95
Tampa, FL	⁽¹⁾	852	7,667		4,507	852	12,174	13,026	(7,008)	6,018	1984
Tampa, FL	⁽¹⁾	817	7,355	110	4,282	927	11,637	12,564	(5,518)	7,046	1980
Tampa, FL		2,714	19,137	84	988	2,798	20,125	22,923	(1,925)	20,998	2007
Athens, GA	⁽¹⁾	884	7,958		1,978	884	9,936	10,820	(4,525)	6,295	1987
Atlanta, GA	23,500	6,875	31,859		1,294	6,875	33,153	40,028	(3,165)	36,863	1994
Augusta, GA	⁽⁴⁾	772	6,949		2,207	772	9,156	9,928	(4,241)	5,687	1986
Augusta, GA	⁽¹⁾	650	5,850	8	4,170	658	10,020	10,678	(5,952)	4,726	1982
Augusta, GA	3,480 ⁽¹⁴⁾	400	3,626		1,421	400	5,047	5,447	(2,377)	3,070	1984
Brunswick, GA	⁽⁴⁾	502	4,551		1,966	502	6,517	7,019	(3,201)	3,818	1983
College Park, GA	⁽¹⁾	536	4,859		1,200	536	6,059	6,595	(2,858)	3,737	1985
Columbus, GA	⁽¹⁾	4,286	42,722		12,466	4,286	55,188	59,474	(24,867)	34,607	1980/82/84/
Columbus, GA	⁽¹⁾	614	5,523		4,035	614	9,558	10,172	(4,659)	5,513	1971/77
Conyers, GA	⁽¹⁾	1,284	15,819		1,173	1,284	16,992	18,276	(5,642)	12,634	1999
Duluth, GA	⁽⁵⁾	3,840	24,876		1,040	3,840	25,916	29,756	(6,706)	23,050	2001
Gainesville, GA	17,712	3,560	23,248		1,218	3,560	24,466	28,026	(5,813)	22,213	1998
Gainesville, GA	⁽⁵⁾	3,150	18,997		594	3,150	19,591	22,741	(4,606)	18,135	2001
LaGrange, GA	⁽⁴⁾	823	7,470	(2)	2,320	821	9,790	10,611	(4,699)	5,912	1982/84
Lilburn, GA	⁽¹⁾	665	6,038		1,785	665	7,823	8,488	(3,823)	4,665	1983
Macon, GA	⁽⁷⁾	1,409	12,687		1,758	1,409	14,445	15,854	(6,184)	9,670	1996

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Base Location	Macon, GA	(1)	595	5,403		1,489	595	6,892	7,487	(3,397)	4,090	1985
	McDonough, GA	(1)	1,281	11,935		1,232	1,281	13,167	14,448	(3,776)	10,672	1997
	Savannah, GA		1,288	11,579		1,621	1,288	13,200	14,488	(5,807)	8,681	1997
	Savannah, GA	(6)	2,910	26,337		1,217	2,910	27,554	30,464	(5,022)	25,442	1999
	Thomasville, GA	(1)	438	3,971	371	5,507	809	9,478	10,287	(4,525)	5,762	1980/84
	Union City, GA	(1)	1,296	11,715		3,828	1,296	15,543	16,839	(7,163)	9,676	1985/87
	Valdosta, GA	(1)	462	4,188	459	6,690	921	10,878	11,799	(5,254)	6,545	1983/84
	Warner Robins, GA		1,160	10,437		1,516	1,160	11,953	13,113	(4,602)	8,511	1997
	Warner Robins, GA	(1)	1,470	13,284		2,813	1,470	16,097	17,567	(7,694)	9,873	1987/90
	Woodstock, GA	(1)	1,331	11,918	1,688	19,202	3,019	31,120	34,139	(12,482)	21,657	1999
	Bowling Green, KY	(1)	1,038	9,342		2,678	1,038	12,020	13,058	(5,689)	7,369	1996
	Florence, KY	9,207	1,209	10,969		2,512	1,209	13,481	14,690	(6,178)	8,512	1994
Lexington, KY	(1)	2,024	31,525		710	2,024	32,235	34,259	(9,978)	24,281	2000	
F-37												

TABLE OF CONTENTS

	Location	Encumbrances	Initial Cost		Cost Capitalized subsequent to Acquisition		Gross Amount carried at December 31, 2010 ⁽²¹⁾		Total	Accumulated Depreciation	Net	Date of Construction
			Land	Buildings and Fixtures	Land	Buildings and Fixtures	Land	Buildings and Fixtures				
nte	Lexington, KY	(1)	411	3,699		1,715	411	5,414	5,825	(3,127)	2,698	1986
a, The	Lexington, KY	(1)	694	6,242		2,408	694	8,650	9,344	(4,918)	4,426	1989
The	Lexington, KY	(1)	900	8,097		3,419	900	11,516	12,416	(6,592)	5,824	1989
ll Village	Louisville, KY	(1)	1,169	10,518		7,424	1,169	17,942	19,111	(9,220)	9,891	1985
nds	Jackson, MS	(1)	1,535	13,826		3,781	1,535	17,607	19,142	(9,072)	10,070	1988/90
chard	Jackson, MS	(1)	1,351	12,168		6,200	1,351	18,368	19,719	(9,842)	9,877	1985
on Pointe	Jackson, MS	5,880 (10)	710	8,770	138	5,874	848	14,644	15,492	(7,548)	7,944	1986
re	Ridgeland, MS	(1)	676	6,470		1,187	676	7,657	8,333	(2,253)	6,080	1974
h Creek	Southaven, MS	(1)	778	7,013		2,516	778	9,529	10,307	(5,043)	5,264	1989
lace	Southaven, MS	(1)	894	8,053		2,982	894	11,035	11,929	(5,811)	6,118	1991
ge at	Cary, NC	(1)	900	8,099		3,593	900	11,692	12,592	(5,534)	7,058	1988
ee	Cary, NC	(5)	4,000	20,957		1,213	4,000	22,170	26,170	(5,125)	21,045	1996
rd Forest	Charlotte, NC		3,996	23,262		22	3,996	23,284	27,280	(78)	27,202	2010
uth	Charlotte, NC		5,200				5,200		5,200		5,200	2010
I	Raleigh, NC		3,690	29,910		625	3,690	30,535	34,225	(271)	33,954	2009
uth	Raleigh, NC	(1)	5,850	22,695	(19)	21,854	5,831	44,549	50,380	(6,510)	43,870	2002/07
II	Raleigh, NC		4,695	30,052		296	4,695	30,348	35,043	(3,624)	31,419	2007
at Brier	Winston-Salem, NC	(2)	685	6,165		2,458	685	8,623	9,308	(5,081)	4,227	1982
nce at	Cincinnati, OH	(1)	814	7,335	(12)	2,580	802	9,915	10,717	(5,486)	5,231	1988
reek	Aiken, SC	(1)	862	8,005		1,118	862	9,123	9,985	(2,616)	7,369	1989/91
The	Aiken, SC	(1)	503	4,540		1,717	503	6,257	6,760	(3,026)	3,734	1988
s at Royal	Anderson, SC	(1)	427	3,853		2,447	427	6,300	6,727	(3,637)	3,090	1980
at South	Columbia, SC	7,735 (11)	910	8,207		1,958	910	10,165	11,075	(5,689)	5,386	1992
nds	Columbia, SC	(1)	1,840	16,560		2,984	1,840	19,544	21,384	(9,040)	12,344	1989/95
ood	Greenville, SC	(1)	482	4,337		1,835	482	6,172	6,654	(3,097)	3,557	1984
s, The	Greenville, SC	(1)	1,304	11,740		3,255	1,304	14,995	16,299	(7,417)	8,882	1986/88
t Club	Greenville, SC	(1)	1,200	10,800		1,573	1,200	12,373	13,573	(5,723)	7,850	1996
ia												
d Ridge												
Commons												
t Club												
lle												

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Wood	Greenville, SC	(1)	325	2,925	35	4,139	360	7,064	7,424	(4,169)	3,255	1983
Creek	Greenville, SC	(1)	597	5,374	(14)	2,412	583	7,786	8,369	(4,239)	4,130	1985
y Bay	Mt. Pleasant, SC	8,365 (8)	1,085	7,269		5,027	1,085	12,296	13,381	(6,547)	6,834	1988
okwood	Simpsonville, SC	14,097	1,216	18,984		237	1,216	19,221	20,437	(637)	19,800	2008
ce	Spartanburg, SC	(1)	723	6,504		2,222	723	8,726	9,449	(4,340)	5,109	1987
ton	Summerville, SC	15,200	2,800	26,947		258	2,800	27,205	30,005	(3,587)	26,418	2007
n Pointe	Chattanooga, TN	(1)	1,131	10,861		1,529	1,131	12,390	13,521	(3,767)	9,754	1989
Creek	Chattanooga, TN	(1)	972	9,201		1,242	972	10,443	11,415	(3,198)	8,217	1987
hase	Chattanooga, TN	(1)	217	1,957		2,708	217	4,665	4,882	(2,678)	2,204	1986
ge	Chattanooga, TN	5,465 (15)	817	7,416		2,914	817	10,330	11,147	(4,694)	6,453	1984
ne	Jackson, TN	(1)	177	1,594	12	1,860	189	3,454	3,643	(1,993)	1,650	1978
F-38												

TABLE OF CONTENTS

	Location	Encumbrances	Initial Cost		Cost Capitalized subsequent to Acquisition		Gross Amount carried at December 31, 2010 ⁽²¹⁾		Total	Accumulated Depreciation ^{Net}	Date of Construction	
			Land	Buildings and Fixtures	Land	Buildings and Fixtures	Land	Buildings and Fixtures				
North base post	Jackson, TN	5,095	443	5,078		3,606	443	8,684	9,127	(4,159)	4,968	1987
	Jackson, TN	3,375 ⁽¹²⁾	381	4,299	(57)	2,222	324	6,521	6,845	(3,664)	3,181	1987
	Jackson, TN	⁽¹⁾	523	4,711		1,586	523	6,297	6,820	(3,567)	3,253	1987
	Jackson, TN	4,649	240	6,839		2,069	240	8,908	9,148	(5,245)	3,903	1997
n he	Memphis, TN	⁽¹⁾	824	8,023		1,415	824	9,438	10,262	(3,441)	6,821	1973/86
	Memphis, TN	29,409	2,100	24,468	25	22,586	2,125	47,054	49,179	(27,930)	21,249	1974/78/83
	Memphis, TN	⁽¹⁾	1,148	10,337		7,875	1,148	18,212	19,360	(8,371)	10,989	1978
	Memphis, TN	⁽¹⁾	1,498	20,483		12,351	1,498	32,834	34,332	(16,358)	17,974	1988/98
Dexter	Memphis, TN		178	1,141		4,158	178	5,299	5,477	(3,683)	1,794	1974
	Memphis, TN	⁽⁴⁾	1,260	16,043	2,147	34,845	3,407	50,888	54,295	(14,581)	39,714	1999/01
ub co	Murfreesboro, TN	⁽¹⁾	915	14,774		1,502	915	16,276	17,191	(5,376)	11,815	1999
	Nashville, TN	19,427	3,456	22,794		147	3,456	22,941	26,397	(733)	25,664	2008
	Nashville, TN	⁽¹⁾	1,193	10,739	(2)	6,112	1,191	16,851	18,042	(8,250)	9,792	1986
	Nashville, TN	⁽¹⁾	2,963	33,673		2,603	2,963	36,276	39,239	(10,622)	28,617	2001
Park nitage Sam	Nashville, TN	⁽⁶⁾	2,736	29,556		3,016	2,736	32,572	35,308	(8,671)	26,637	1999/01
	Nashville, TN	6,645 ⁽¹⁶⁾	1,524	14,800		5,485	1,524	20,285	21,809	(11,117)	10,692	1987
	Nashville, TN	23,910	3,350	28,650		95	3,350	28,745	32,095	(685)	31,410	2009
oods erve at ey	Arlington, TX	⁽²⁾	886	8,278		1,151	886	9,429	10,315	(2,838)	7,477	1980
	Austin, TX	⁽²⁾	1,598	14,398		9,085	1,598	23,483	25,081	(11,135)	13,946	1983
	Austin, TX	⁽⁶⁾	3,150	11,868		1,822	3,150	13,690	16,840	(3,491)	13,349	1996
oods on	Austin, TX	⁽⁶⁾	2,900	24,810		922	2,900	25,732	28,632	(4,931)	23,701	2003
	Austin, TX	4,050 ⁽¹⁷⁾	1,621	7,501		4,714	1,621	12,215	13,836	(6,843)	6,993	1985
	Austin, TX	3,585 ⁽¹⁸⁾	2,281	6,169		4,681	2,281	10,850	13,131	(5,747)	7,384	1987
	Austin, TX	⁽²⁾	1,405	13,083		3,861	1,405	16,944	18,349	(4,743)	13,606	1977
	Dallas, TX	⁽⁵⁾	1,462	13,165		6,031	1,462	19,196	20,658	(11,281)	9,377	1978
	Dallas, TX	⁽²⁾	988	8,893		2,657	988	11,550	12,538	(5,211)	7,327	1986
	Dallas, TX	⁽²⁾	1,252	11,271		3,393	1,252	14,664	15,916	(6,590)	9,326	1985

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tyard	Dallas, TX	(6)	2,730	23,219		1,105	2,730	24,324	27,054	(4,853)	22,201	2000
	Dallas, TX	(5)	824	7,422		4,540	824	11,962	12,786	(6,979)	5,807	1983
	Dallas, TX	(5)	960	14,839		816	960	15,655	16,615	(3,956)	12,659	2002
at	Frisco, TX		3,240	26,510		85	3,240	26,595	29,835	(590)	29,245	2009
es	Houston, TX	(2)	2,157	19,491	(15)	2,553	2,142	22,044	24,186	(6,422)	17,764	1999
Lakes	Houston, TX	13,526	1,968	20,718		2,019	1,968	22,737	24,705	(4,179)	20,526	1999
	Houston, TX		2,061	16,386		2,379	2,061	18,765	20,826	(2,997)	17,829	1996
	Houston, TX	(6)	1,480	15,352		1,448	1,480	16,800	18,280	(2,674)	15,606	1996
Fall	Humble, TX		3,230	20,308		370	3,230	20,678	23,908	(2,532)	21,376	2007
ll	Humble, TX	(6)	2,755	20,820		408	2,755	21,228	23,983	(3,289)	20,694	2006
F-39												

TABLE OF CONTENTS

Location	Encumbrances	Initial Cost		Cost Capitalized subsequent to Acquisition		Gross Amount carried at December 31, 2010 ⁽²¹⁾		Total	Accumulated Depreciation	Net
		Land	Buildings and Fixtures	Land	Buildings and Fixtures	Land	Buildings and Fixtures			
Living, TX		2,521	26,729		12	2,521	26,741	29,262	(123)	29,139
aty, TX	(5)	677	6,091		3,466	677	9,557	10,234	(5,327)	4,907
aty, TX	(2)	1,002	17,288		1,272	1,002	18,560	19,562	(6,545)	13,017
esquite, X	(2)	1,311	12,254	(8)	1,585	1,303	13,839	15,142	(4,164)	10,978
McKinney, X		1,130	28,562		424	1,130	28,986	30,116	(655)	29,461
lano, TX		864	7,783		3,177	864	10,960	11,824	(4,925)	6,899
lano, TX	(2)	3,273	29,483		2,401	3,273	31,884	35,157	(8,938)	26,219
oanoke, X	(2)	3,382	27,930		3,402	3,382	31,332	34,714	(6,947)	27,767
oanoke, X		4,166			20,872	4,166	20,872	25,038	(1,017)	24,021
an Antonio, X	19,500	4,000	25,518		593	4,000	26,111	30,111	(1,465)	28,646
pring, TX	(5)	576	5,190		2,405	576	7,595	8,171	(4,442)	3,729
tafford, X	(6)	1,918	16,358		1,504	1,918	17,862	19,780	(4,490)	15,290
oodlands, X	(5)	539	4,850		2,242	539	7,092	7,631	(4,042)	3,589
ampton, A	10,800 (13)	1,509	8,189		7,492	1,509	15,681	17,190	(7,058)	10,132
	\$312,734	276,196	2,096,390	5,682	555,812	281,878	2,652,202	2,934,080	(889,830)	2,044,250
arious		342	1,713		3	342	1,716	2,058	(11)	2,047
		6,670			5,721	6,670	5,721	12,391		12,391
		283,208	2,098,103	5,682	561,536	288,890	2,659,639	2,948,529	(889,841)	2,058,688
arious		1,306				1,306		1,306		1,306
arious					18,108		18,108	18,108	(9,967)	8,141

	1,306		18,108	1,306	18,108	19,414	(9,967)	9,447	
ets, net of	\$284,514	\$2,098,103	\$5,682	\$579,644	\$290,196	\$2,677,747	\$2,967,943	\$(899,808)	\$2,068,1

(1) Encumbered by a \$691.8 million FNMA facility, with \$691.8 million available and \$641.8 million outstanding with a variable interest rate of 1.14% on which there exists in combination with the FNMA facility mentioned in note (2) fifteen interest rate swap agreements totaling \$500 million at an average rate of 5.30% and six interest rate caps totalling \$165 million at an average rate of 4.58% at December 31, 2010.

(2) Encumbered by a \$243.2 million FNMA facility, with \$243.2 million available and \$218.6 million outstanding with a variable interest rate of 0.84% on which there exists interest rate swaps and caps as mentioned in note (1) at December 31, 2010.

(3) Phase I of Paddock Park - Ocala is encumbered by \$6.8 million in bonds on which there exists a \$6.8 million interest rate cap of 6.00% which terminates on October 24, 2012.

(4) Encumbered by a credit line with Regions Bank, with no outstanding balance at December 31, 2010.

F-40

TABLE OF CONTENTS

Encumbered by a \$100 million Freddie Mac facility, with \$100 million available and an outstanding balance of
(5) \$100 million and a variable interest rate of 0.87% on which there exists five interest rate swap agreements totaling \$83 million at an average rate of 5.41% at December 31, 2010.

Encumbered by a \$200 million Freddie Mac facility, with \$198.2 million available and an outstanding balance of
(6) \$198.2 million and a variable interest rate of 0.81% on which there exists eight interest rate swap agreements totaling \$134 million at an average rate of 5.18% and a \$15 million interest rate cap of 5% at December 31, 2010.

Encumbered by a mortgage securing a tax-exempt bond amortizing over 25 years with a principal balance of \$10.9
(7) million at December 31, 2010, and an average interest rate of 5.28%.

Encumbered by \$8.4 million in bonds on which there exists a \$8.4 million interest rate cap of 4.50% which
(8) terminates on March 1, 2014.

Encumbered by \$7.0 million in bonds on which there exists a \$7.0 million interest rate swap agreement fixed at
(9) 4.41% and maturing on October 15, 2012.

Encumbered by \$5.9 million in bonds on which there exists a \$5.9 million interest rate cap of 6.00% which
(10) terminates on October 31, 2012.

Encumbered by \$7.7 million in bonds on which there exists a \$7.7 million interest rate cap of 6.00% which
(11) terminates on October 31, 2012.

Encumbered by \$3.4 million in bonds on which there exists a \$3.4 million interest rate cap of 6.00% which
(12) terminates on October 31, 2012.

Encumbered by \$10.8 million in bonds on which there exists a \$10.8 million interest rate swap agreement fixed at
(13) 4.41% and maturing on October 15, 2012.

Encumbered by \$3.5 million in bonds \$0.5 million having a variable rate of 1.181% and \$3.0 million with a
(14) variable rate of 1.088% on which there exists a \$3.0 million interest rate cap of 6.00% which terminates on May 31, 2013.

Encumbered by \$5.5 million in bonds \$0.5 million having a variable rate of 1.181% and \$5.0 million with a
(15) variable rate of 1.088% on which there exists a \$5.0 million interest rate cap of 6.00% which terminates on May 31, 2013.

Encumbered by \$6.6 million in bonds on which there exists a \$6.6 million interest rate cap of 6.00% which
(16) terminates on November 15, 2011. Also encumbered by a \$17.9 million FNMA facility maturing on March 1, 2014 with a variable interest rate of 0.89% which there exists a \$6.2 million and a \$11.7 million interest rate cap of 6.50% and 5.00% respectively which terminates on March 1, 2011 and March 1, 2014 respectively.

Encumbered by \$4.1 million in bonds on which there exists a \$4.1 million interest rate cap of 6.00% which
(17) terminates on November 15, 2011. Also encumbered by a \$17.9 million FNMA facility maturing on March 1, 2014 with a variable interest rate of 0.89% which there exists a \$6.2 million and a \$11.7 million interest rate cap of 6.50% and 5.00% respectively which terminates on March 1, 2011 and March 1, 2014 respectively.

Encumbered by \$3.6 million in bonds on which there exists a \$3.6 million interest rate cap of 6.00% which
(18) terminates on November 15, 2011. Also encumbered by a \$17.9 million FNMA facility maturing on March 1, 2014 with a variable interest rate of 0.89% which there exists a \$6.2 million and a \$11.7 million interest rate cap of 6.50% and 5.00% respectively which terminates on March 1, 2011 and March 1, 2014 respectively.

Phase I of St. Augustine is encumbered by \$13.2 million in bonds on which there exists a \$13.2 million interest
(19) rate cap of 6.00% which terminates on March 15, 2011. Also encumbered by a \$17.9 million FNMA facility maturing on March 1, 2014 with a variable interest rate of 0.89% which there exists a \$6.2 million and a \$11.7 million interest rate cap of 6.50% and 5.00% respectively which terminates on March 1, 2011 and March 1, 2014 respectively.

The aggregate cost for Federal income tax purposes was approximately \$2,853 million at December 31, 2010.

(20) The aggregate cost for book purposes exceeds the total gross amount of real estate assets for Federal income tax purposes, principally due to purchase accounting adjustments recorded under accounting principles generally accepted in the United States of America.

(21)

Depreciation is on a straight line basis over the estimated useful asset life which ranges from 8 to 40 years for land improvements and buildings, 5 years for furniture, fixtures and equipment, and 6 months for fair market value of leases.

F-41

TABLE OF CONTENTS

Mid-America Apartment Communities, Inc.

Schedule III

Real Estate Investments and Accumulated Depreciation

A summary of activity for real estate investments and accumulated depreciation is as follows:

Dollars in thousands	Year Ended December 31,		
	2010	2009	2008
Real estate investments:			
Balance at beginning of year	\$2,723,600	\$2,545,984	\$2,342,962
Acquisitions	284,010	125,299	156,305
Improvement and development	52,131	53,784	84,550
Assets held for sale			(34,772)
Disposition of real estate assets ⁽¹⁾	(91,798)	(1,467)	(3,061)
Balance at end of year	\$2,967,943	\$2,723,600	\$2,545,984
Accumulated depreciation:			
Balance at beginning of year	\$796,998	\$701,477	\$622,577
Depreciation	103,799	95,756	90,611
Assets held for sale			(10,768)
Disposition of real estate assets ⁽¹⁾	(989)	(235)	(943)
Balance at end of year	\$899,808	\$796,998	\$701,477

MAA's consolidated balance sheet at December 31, 2010, 2009, and 2008, includes accumulated depreciation of \$9,967, \$8,738, and \$7,423, respectively, in the caption Commercial properties, net .

- (1) Includes assets sold, casualty losses, and removal of certain fully depreciated assets.
See accompanying reports of independent registered public accounting firms.