UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2004

OR

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

Commission File Number 0-11655

NTS-PROPERTIES IV

(Exact name of registrant as specified in its charter)

Kentucky	61-1026356
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*

10172 Linn Station Road, Louisville, Kentucky 40223
(Address of principal executive offices)

(502) 426-4800
(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

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

Indicate by check mark whether registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes [ ] No [X]

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Some of the statements included in this quarterly report on Form 10-Q, particularly those included in Part I, Item 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A"), may be considered "forward-looking statements" because the statements relate to matters which have not yet occurred. For example, phrases such as "we anticipate," "believe" or "expect" indicate that it is possible that the event anticipated, believed or expected may not occur. If these events do not occur, the result which we expected also may, or may not, occur in a different manner, which may be more or less favorable to us. We do not undertake any obligation to update these forward-looking statements.

Any forward-looking statements included in MD&A, or elsewhere in this report, reflect our general partner's best judgment based on known factors, but involve risks and uncertainties. Actual results could differ materially from those anticipated in any forward-looking statements as a result of a number of factors, including but not limited to those described in our filings with the Securities and Exchange Commission, particularly our annual report on Form 10-K for the year ended December 31, 2003. Any forward-looking information provided by us pursuant to the safe harbor established by the Private Securities Litigation Reform Act of 1995 should be evaluated in the context of these factors.

PART I - FINANCIAL INFORMATION
Item 1 - Financial Statements

NTS-PROPERTIES IV
BALANCE SHEETS

	As of September 30, 2004 (UNAUDITED)	As of December 31, 2003
ASSETS		
Cash and equivalents	$ 114,284	$ 298,240
Cash and equivalents - restricted	63,897	47,101
Accounts receivable, net	135,667	171,432
Land, buildings and amenities, net	5,581,140	5,847,221
Investment in and advances to joint ventures	1,187,094	1,198,424
Other assets	56,876	92,601
TOTAL ASSETS	$ 7,138,958	$ 7,655,019
LIABILITIES AND PARTNERS' EQUITY		
Mortgages payable	$ 2,659,878	$ 3,180,515
Accounts payable and accrued expenses	364,471	246,940
Security deposits	25,385	28,663
Other liabilities	163,369	75,422
TOTAL LIABILITIES	3,213,103	3,531,540
COMMITMENTS AND CONTINGENCIES (Note 10)		
PARTNERS' EQUITY	3,925,855	4,123,479
TOTAL LIABILITIES AND PARTNERS' EQUITY	$ 7,138,958	$ 7,655,019

NTS-PROPERTIES IV
STATEMENT OF PARTNERS' EQUITY
(UNAUDITED)

	Limited Partners	General Partner	Total
PARTNERS' EQUITY/(DEFICIT)			
Capital contributions, net of offering costs	$ 25,834,899	$ --	$ 25,834,899
Net income - prior years	1,061,011	10,719	1,071,730
Net loss - current year	(195,650)	(1,976)	(197,626)
Cash distributions declared to date	(21,586,280)	(218,253)	(21,804,533)
Repurchase of limited partnership interests	(978,615)	--	(978,615)
BALANCES ON SEPTEMBER 30, 2004	$ 4,135,365	$ (209,510)	$ 3,925,855

The accompanying notes to financial statements are an integral part of these statements.

NTS-PROPERTIES IV
STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003
REVENUES				
Rental income	$ 511,773	$ 564,562	$ 1,602,066	$ 1,735,354
Tenant reimbursements	45,483	49,642	136,713	136,184
TOTAL REVENUES	557,256	614,204	1,738,779	1,871,538
EXPENSES				
Operating expenses	112,013	123,618	361,707	373,853
Operating expenses - affiliated	113,674	85,495	355,960	276,690
Management fees	30,546	35,723	99,023	104,475
Real estate taxes	29,907	24,813	91,168	87,345
Professional and administrative expenses	117,090	53,442	425,059	226,259
Professional and administrative expenses - affiliated	45,547	33,711	125,778	109,737
Depreciation and amortization	119,434	127,852	372,342	382,850
TOTAL OPERATING EXPENSES	568,211	484,654	1,831,037	1,561,209
OPERATING (LOSS) INCOME	(10,955)	129,550	(92,258)	310,329
Interest and other income	2,590	3,001	7,075	4,435
Interest expense	(51,287)	(64,450)	(164,113)	(202,609)
Loss on disposal of assets	(7,846)	--	(11,602)	(3,953)
Income from investment in joint ventures	5,365	12,747	63,272	85,460
Net (loss) income	$ (62,133)	$ 80,848	$ (197,626)	$ 193,662
Net (loss) income allocated to the limited partners	$ (61,512)	$ 80,040	$ (195,650)	$ 191,725
Net (loss) income per limited partnership interest	$ (2.55)	$ 3.32	$ (8.12)	$ 7.95
Weighted average number of limited partnership interests	24,109	24,109	24,109	24,109

The accompanying notes to financial statements are an integral part of these statements.

NTS-PROPERTIES IV
STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Nine Months Ended September 30, 2004	Nine Months Ended September 30, 2003
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss) income	$ (197,626)	$ 193,662
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Loss of disposal of assets	11,602	3,953
Depreciation and amortization	395,426	413,991
Income from investment in joint ventures	(63,272)	(85,460)
Changes in assets and liabilities:		
Cash and equivalents - restricted	(16,796)	(91,386)
Accounts receivable	35,765	(58,000)
Other assets	12,643	(24,410)
Accounts payable and accrued expenses	117,531	86,654
Security deposits	(3,278)	(500)
Other liabilities	87,947	80,972
Net cash provided by operating activities	379,942	519,476
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to land, buildings and amenities	(117,863)	(51,453)
Distributions from joint ventures, net	74,602	22,548
Net cash used in investing activities	(43,261)	(28,905)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on mortgages payable	(520,637)	(449,937)
Net cash used in financing activities	(520,637)	(449,937)
Net (decrease) increase in cash and equivalents	(183,956)	40,634
CASH AND EQUIVALENTS, beginning of period	298,240	205,729
CASH AND EQUIVALENTS, end of period	$ 114,284	$ 246,363
Interest paid on a cash basis	$ 161,916	$ 199,884

The accompanying notes to financial statements are an integral part of these statements.

NTS-PROPERTIES IV
NOTES TO FINANCIAL STATEMENTS
(UNAUDITED)

The unaudited financial statements included herein should be read in conjunction with NTS-Properties IV's 2003 annual report on Form 10-K as filed with the Securities and Exchange Commission on March 26, 2004. In the opinion of our general partner, all adjustments, consisting only of normal recurring accruals, necessary for a fair presentation have been made to the accompanying financial statements for the three and nine months ended September 30, 2004 and 2003. The results of operations for the interim periods are not necessarily indicative of the results that may be expected for the full year or any other interim period. As used in this quarterly report on Form 10-Q the terms "we," "us" or "our," as the context requires, may refer to NTS-Properties IV or its interests in its properties and joint ventures.

Note 1 - Basis of Presentation and Joint Venture Accounting

The financial statements include the accounts of all wholly-owned properties. Intercompany transactions and balances have been eliminated. Less than 50% owned joint ventures are accounted for under the equity method.

Note 2 - Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in accordance with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 3 - Concentration of Credit Risk

We own and operate, either wholly or through a joint venture, four commercial properties - Commonwealth Business Center Phase I, Plainview Point Office Center Phases I and II, Plainview Point Office Center Phase III and Blankenbaker Business Center 1A ("BBC 1A"), in Louisville, Kentucky and three commercial properties - Lakeshore Business Center Phases I, II and III, in Fort Lauderdale, Florida. One tenant occupies 100% of BBC 1A. We also own and operate, either wholly or through a joint venture, two apartment communities - The Willows of Plainview Phases I and II, in Louisville, Kentucky and one apartment community - Golf Brook Apartments, in Orlando, Florida.

Our financial instruments that are exposed to concentrations of credit risk consist of cash and equivalents. We maintain our cash accounts primarily with banks located in Kentucky. Cash balances are insured by the FDIC up to $100,000 per bank account. We may at times, in certain accounts, have deposits in excess of $100,000.

Note 4 - Cash and Equivalents

Cash and equivalents include cash on hand and short-term, highly liquid investments with initial maturities of three months or less. We had a cash management program which provided for the overnight investment of excess cash balances. Under an agreement with a bank, excess cash was invested in a repurchase agreement for U.S. government or agency securities each night. As of September 30, 2004 we discontinued overnight investments.

Note 5 - Cash and Equivalents - Restricted

Cash and equivalents - restricted represents funds received for residential security deposits and funds escrowed with mortgage companies for property taxes and insurance in accordance with the loan agreements with said mortgage companies.

Note 6 - Basis of Property and Depreciation

Land, buildings and amenities are stated at historical cost, less accumulated depreciation. Costs directly associated with the acquisition, development and construction of a project are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the assets which are 5-30 years for land improvements, 3-30 years for buildings and improvements and 3-30 years for amenities. The aggregate cost of our properties for federal tax purposes is approximately $15,441,000.

Statement of Financial Accounting Standards ("SFAS") No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets," specifies circumstances in which certain long-lived assets must be reviewed for impairment. If the carrying amount of an asset exceeds the sum of its expected future cash flows, the asset's carrying value must be written down to fair value. There were no impairment losses during any of the periods presented.

Note 7 - Investment in Joint Ventures

We own several investments in joint ventures in conjunction with our affiliates. The unconsolidated subsidiaries of NTS-Properties IV consist of NTS/Willows Phase II Joint Venture, NTS Sabal Golf Villas Joint Venture, Plainview Point III Joint Venture, Blankenbaker Business Center Joint Venture and Lakeshore/University II Joint Venture. The interests we own through these unconsolidated subsidiaries are described as follows:

- A 9.70% joint venture interest in The Willows of Plainview Phase II, a 144-unit luxury apartment community in Louisville, Kentucky.

- A 3.97% joint venture interest in Golf Brook Apartments, a 195-unit luxury apartment community in Orlando, Florida.

- A 4.96% joint venture interest in Plainview Point Office Center Phase III, an office center with approximately 61,700 net rentable square feet in Louisville, Kentucky.

- A 29.61% joint venture interest in BBC 1A , a business center with approximately 50,300 net rentable ground floor square feet and approximately 50,300 net rentable mezzanine square feet in Louisville, Kentucky.

- A 10.92% joint venture interest in the Lakeshore/University II Joint Venture. A description of the properties owned by this joint venture appears below:

  - Lakeshore Business Center Phase I - a business center with approximately 103,800 net rentable square feet located in Fort Lauderdale, Florida.

  - Lakeshore Business Center Phase II - a business center with approximately 97,000 net rentable square feet located in Fort Lauderdale, Florida.

  - Lakeshore Business Center Phase III - a business center with approximately 38,900 net rentable square feet located in Fort Lauderdale, Florida.

For the three months ended September 30, 2004 and 2003, the unconsolidated joint ventures had total revenues of $2,329,487 and $2,238,201, respectively, and net income of $100,973 and $208,576, respectively.

For the nine months ended September 30, 2004 and 2003, the unconsolidated joint ventures had total revenues of $6,848,420 and $6,786,290, respectively, and net income of $551,334 and $822,310, respectively.

Note 8 - Mortgages Payable

Mortgages payable consists of the following:

	September 30, 2004	December 31, 2003
Mortgage payable to an insurance company in monthly installments, bearing interest at a fixed rate of 8.8%, repaid in September 2004.	$ --	$ 349,958
Mortgage payable to an insurance company in monthly installments, bearing interest at a fixed rate of 7.15%, due January 5, 2013, secured by land, buildings and amenities.	1,362,676	1,450,116
Mortgage payable to an insurance company in monthly installments, bearing interest at a fixed rate of 7.15%, due January 5, 2013, secured by land, buildings and amenities.	1,297,202	1,380,441
	$ 2,659,878	$ 3,180,515

Our mortgages may be prepaid but are subject to a yield-maintenance premium.

As of September 30, 2004, the fair value of long-term debt is approximately $2,718,000, based on the borrowing rates currently available to us for mortgages with similar terms and average maturities.

Note 9 - Related Party Transactions

Pursuant to an agreement with us, NTS Development Company, an affiliate of our General Partner, receives property management fees on a monthly basis. The monthly fees are equal to 5% of the gross receipts from our apartment community and 6% of the gross receipts from our commercial properties. Also pursuant to an agreement, NTS Development Company receives a repair and maintenance fee equal to 5.9% of costs incurred which relates to capital improvements and major repair and renovation projects. These repair and maintenance fees are capitalized as part of land, buildings and amenities.

We were charged the following amounts from NTS Development Company for the nine months ended September 30, 2004 and 2003. These charges include items which have been expensed as operating expenses - affiliated or professional and administrative expenses - affiliated and items which have been capitalized as other assets or as land, buildings and amenities.

	Nine Months Ended September 30,	
	2004	2003
Property management fees	$ 99,023	$ 104,475
Property management	223,434	176,215
Leasing	45,182	43,202
Administrative - operating	79,520	55,583
Other	7,824	1,690
Total operating expenses - affiliated	355,960	276,690
Professional and administrative expenses - affiliated	125,778	109,737
Repair and maintenance fees	3,889	6,738
Leasing commissions	5,788	655
Total related party transactions capitalized	9,677	7,393
Total related party transactions	$ 590,438	$ 498,295

During the nine months ended September 30, 2004 and 2003, NTS Development Company leased 1,604 square feet in Commonwealth Business Center Phase I at a rental rate of $5.50 per square foot. We received approximately $7,000 in rental payments from NTS Development Company during each of the nine months ended September 30, 2004 and 2003. The lease term for NTS Development Company ends on August 31, 2006.

Note 10 - Commitments and Contingencies

As an owner of real estate, we are subject to various environmental laws of federal, state and local governments. Our compliance with existing laws has not had a material adverse effect on our financial condition or results of operations. However, we cannot predict the impact of new or changed laws or regulations on our current properties or on properties that we may acquire in the future.

We are jointly and severally liable for the mortgages and note payable of our unconsolidated joint ventures. The outstanding balance on the mortgages and note payable on September 30, 2004 was $13,291,356. Our financial statements do not reflect a liability for the mortgages and note payable.

On October 18, 2004, the escrow balances of $180,735 at Lakeshore Business Center Phase I and $185,252 at Lakeshore Business Center Phase II were applied to the outstanding principal balance on the respective mortgages. This transaction does not change any terms of the existing mortgages.

Litigation

On December 12, 2001, three individuals filed an action in the Superior Court of the State of California for the County of Contra Costa (the "Superior Court") originally captioned *Buchanan, et al. v. NTS-Properties Associates, et al*. (Case No. C 01-05090) against the general partners (the "General Partners") of NTS-Properties III, NTS-Properties IV, NTS-Properties V, NTS-Properties VI and NTS-Properties VII, Ltd. (the "Partnerships"), as well as several individuals and entities affiliated with us. The action purported to bring claims on behalf of a class of limited partners. These claims were based on, among other things, tender offers made by the Partnerships and an affiliate of the General Partners, as well as the operation of the Partnerships by the General Partners. The plaintiffs alleged, among other things, that the prices at which limited partnership interests were purchased in these tender offers were too low. The plaintiffs sought monetary damages and equitable relief, including an order directing the disposition of the properties owned by the Partnerships and the distribution of the proceeds. No amounts have been accrued for the settlement of this action in our financial statements.

On February 27, 2003, two individuals filed a class and derivative action in the Circuit Court of Jefferson County, Kentucky captioned *Bohm, et al. v. J.D. Nichols, et al.* (Case No. 03-CI-01740) against certain of the General Partners and several individuals and entities affiliated with us. The complaint was amended to include the general partner of NTS-Properties III and the general partner of NTS-Properties Plus Ltd., which is no longer in existence. In the amended complaint, the plaintiffs purport to bring claims on behalf of a class of limited partners and derivatively on behalf of us and the Partnerships based on alleged overpayment of fees, prohibited investments, improper failures to make distributions, purchases of limited partnerships interests at insufficient prices and other violations of the limited partnership agreements. The plaintiffs are seeking, among other things, compensatory and punitive damages in an unspecified amount, an accounting, the appointment of a receiver or liquidating trustee, the entry of an order of dissolution against the

Partnerships, a declaratory judgment and injunctive relief. No amounts have been accrued for the settlement of this action in our financial statements. Our general partner and legal counsel believe that this action is without merit and are vigorously defending it.

On June 20, 2003, the General Partners reached an agreement in principle with the representatives of the class of plaintiffs to settle the *Buchanan* litigation. This agreed upon settlement includes releases for all of the parties for all of the claims asserted in the *Buchanan* litigation and the *Bohm* litigation. As part of the agreed upon settlement, the General Partners agreed to pursue a merger of the Partnerships and other real estate entities affiliated with the General Partners into a newly-formed entity named NTS Realty Holdings Limited Partnership ("NTS Realty"). NTS Development Company agreed to pay the Partnerships $1,500,000 on the closing date of the merger. We expect to receive $202,500 of this payment.

On December 5, 2003, the General Partners, certain of their affiliates and the class of plaintiffs in the *Buchanan* litigation jointly filed a Stipulation and Agreement of Settlement (the "Settlement Agreement") with the Superior Court. The Settlement Agreement sets forth the terms of the agreed upon settlement the parties reached on June 20, 2003. On February 26, 2004, the Superior Court preliminarily approved the Settlement Agreement as within the range of reasonableness and that it is fair, just and adequate to the class of plaintiffs. The Superior Court scheduled a hearing to finally determine whether the Settlement Agreement is in the best interests of the class of plaintiffs and whether the *Buchanan* litigation should be dismissed with prejudice.

On March 2, 2004, we, along with all defendants, filed a Motion to Dismiss the *Bohm* litigation. After the Motion to Dismiss was fully briefed, the settlement agreement in the *Buchanan* litigation received final court approval. The Circuit Court of Jefferson County, Kentucky, instructed the plaintiffs in the *Bohm* litigation to file an amended complaint in light of the approved settlement of the *Buchanan* litigation. The plaintiffs in the *Bohm* litigation filed a corrected Second Amended Complaint on August 11, 2004. We, along with all defendants, filed a Motion to Strike the corrected Second Amended Complaint. A hearing on this motion is scheduled for January 14, 2005. Our general partner believes that the claims asserted in the corrected Second Amended Complaint have no merit.

On May 6, 2004, the Superior Court granted its final approval of the Settlement Agreement. At the final hearing, any member of the class of plaintiffs was given the opportunity to object to the final approval of the Settlement Agreement, the entry of a final judgment dismissing with prejudice the *Buchanan* litigation, or an application of an award for attorneys' fees and expenses to plaintiffs' counsel. The Superior Court's order provides, among other things, that: (1) the Settlement Agreement, and all transactions contemplated thereby, including the proposed merger of the Partnerships into NTS Realty, are fair, reasonable and adequate, and in the best interests of the class of plaintiffs; (2) the plaintiffs' complaint and each and every cause of action and claim set forth therein is dismissed with prejudice; (3) each class member is barred from transferring, selling or otherwise disposing of (other than by operation of law) their interests until the earlier of the closing date of the merger, the termination of the settlement or June 30, 2004; and (4) each class member who requested to be excluded from the settlement released their claims in the *Bohm* litigation.

On June 11, 2004, Joseph Bohm and David Duval, class members who objected to the Settlement Agreement but were overruled by the Superior Court, filed an appeal in the Court of Appeals of the State of California, first Appellate District. Our general partner believes that this appeal has no merit and intends to defend it and the decision of the Superior Court.

Under an indemnification agreement with our general partner, we are responsible for the costs of defending any litigation. For the nine months ended September 30, 2004 and 2003, our share of the legal costs for the *Buchanan* and *Bohm* litigations was approximately \$90,000 and \$21,000, respectively, which was included in our professional and administrative expenses.

We do not believe there is any other litigation threatened against us other than routine litigation arising out of the ordinary course of business, some of which is expected to be covered by insurance, none of which is expected to have a material effect on our financial position or results of operations, except as discussed herein.

Proposed Merger

As part of the Settlement Agreement, our general partner and the general partners of the four public partnerships affiliated with us, have agreed to pursue a merger of the partnerships and several other affiliated real estate entities into NTS Realty. The merger is subject to, among other things, approval by a majority of the limited partner interests in each partnership. For the nine months ended September 30, 2004 and 2003, our share of the legal and professional fees for the proposed merger was approximately \$291,000 and \$69,000, respectively, which was included in our professional and administrative expenses.

On February 4, 2004, NTS Realty filed a joint consent solicitation statement/prospectus on Form S-4 with the Securities and Exchange Commission. The solicitation statement/prospectus presents the merger of the Partnerships with NTS Realty. Concurrent with the merger, ORIG, LLC, a Kentucky limited liability company, which is affiliated with our general partner, will contribute substantially all its real estate assets and all of its liabilities to NTS Realty. NTS Realty filed Amendment No. 1 on June 18, 2004, Amendment No. 2 on August 13, 2004 and Amendment No. 3 on September 30, 2004.

On October 25, 2004 and October 27, 2004, NTS Realty filed Amendment No. 4 and Amendment No. 5, respectively, to its registration statement on Form S-4, which includes a joint consent solicitation statement/prospectus, with the Securities and Exchange Commission to seek approval of the merger of the Partnerships into NTS Realty. The general partners of the Partnerships agreed to pursue a merger of the Partnerships in the Stipulation and Agreement of Settlement that was jointly filed by the general partners, along with certain of their affiliates, with the class of plaintiffs in the action originally captioned *Buchanan, et al. v. NTS-Properties Associates, et al.* (Case No. C 01-05090).

On October 27, 2004, the Securities and Exchange Commission signed an order declaring NTS Realty's registration statement to be effective and the Partnerships began mailing the joint consent solicitation statement/prospectus to their respective limited partners.

Note 11 - Segment Reporting

Our two reportable operating segments are Residential and Commercial Real Estate Operations. The residential operations represent our ownership and operating results relative to an apartment community known as The Willows of Plainview Phase I. The commercial real estate operations represent our ownership and operating results relative to suburban commercial office space known as Commonwealth Business Center Phase I and Plainview Point Office Center Phases I and II.

The financial information of the operating segments has been prepared using a management approach, which is consistent with the basis and manner in which our management internally reports financial information for the purposes of assisting in making internal operating decisions. Our management evaluates performance based on stand-alone operating segment net income.

Certain items such as professional and administrative expenses and joint venture income or loss incurred at the Partnership level have not been allocated to the operating segments.

	Three Months Ended September 30, 2004		
	Residential	Commercial	Total
Rental income	$ 243,783	$ 267,990	$ 511,773
Tenant reimbursements	--	45,483	45,483
Total revenues	243,783	313,473	557,256
Operating expenses and operating expenses - affiliated	118,107	107,580	225,687
Management fees	12,044	18,502	30,546
Real estate taxes	13,260	16,647	29,907
Depreciation and amortization	51,597	67,654	119,251
Total operating expenses	195,008	210,383	405,391
Operating income	48,775	103,090	151,865
Interest and other income	744	1,461	2,205
Interest expense	(48,397)	(2,890)	(51,287)
Loss on disposal of assets	(2,237)	(5,609)	(7,846)
Net (loss) income	$ (1,115)	$ 96,052	$ 94,937

	Three Months Ended September 30, 2003		
	Residential	Commercial	Total
Rental income	$ 268,550	$ 296,012	$ 564,562
Tenant reimbursements	--	49,642	49,642
Total revenues	268,550	345,654	614,204
Operating expenses and operating expenses - affiliated	107,739	101,374	209,113
Management fees	13,188	22,535	35,723
Real estate taxes	8,976	15,837	24,813
Depreciation and amortization	51,167	75,156	126,323
Total operating expenses	181,070	214,902	395,972
Operating income	87,480	130,752	218,232
Interest and other income	242	1,811	2,053
Interest expense	(52,405)	(12,045)	(64,450)
Net income	$ 35,317	$ 120,518	$ 155,835

	Nine Months Ended September 30, 2004		
	Residential	Commercial	Total
Rental income	$ 804,755	$ 797,311	$ 1,602,066
Tenant reimbursements	--	136,713	136,713
Total revenues	804,755	934,024	1,738,779
Operating expenses and operating expenses - affiliated	375,723	341,944	717,667
Management fees	41,061	57,962	99,023
Real estate taxes	39,780	51,388	91,168
Depreciation and amortization	153,602	215,499	369,101
Total operating expenses	610,166	666,793	1,276,959
Operating income	194,589	267,231	461,820
Interest and other income	992	4,685	5,677
Interest expense	(148,260)	(15,853)	(164,113)
Loss on disposal of assets	(5,993)	(5,609)	(11,602)
Net income	$ 41,328	$ 250,454	$ 291,782

	Nine Months Ended September 30, 2003		
	Residential	Commercial	Total
Rental income	$ 846,360	$ 888,994	$ 1,735,354
Tenant reimbursements	--	136,184	136,184
Total revenues	846,360	1,025,178	1,871,538
Operating expenses and operating expenses - affiliated	329,555	320,988	650,543
Management fees	42,851	61,624	104,475
Real estate taxes	39,834	47,511	87,345
Depreciation and amortization	154,134	224,129	378,263
Total operating expenses	566,374	654,252	1,220,626
Operating income	279,986	370,926	650,912
Interest and other income	188	2,872	3,060
Interest expense	(160,106)	(42,503)	(202,609)
Loss on disposal of assets	--	(3,953)	(3,953)
Net income	$ 120,068	$ 327,342	$ 447,410

A reconciliation of the totals reported for the operating segments to the applicable line items in the financial statements for the three and nine months ended September 30, 2004 and 2003, is necessary given amounts recorded at the Partnership level and not allocated to the operating properties for internal reporting purposes.

	Three Months Ended September 30,	
	2004	2003
DEPRECIATION AND AMORTIZATION		
Total depreciation and amortization for reportable segments	$ 119,251	$ 126,323
Depreciation and amortization for Partnership	183	1,529
Total depreciation and amortization	$ 119,434	$ 127,852
INTEREST AND OTHER INCOME		
Total interest and other income for reportable segments	$ 2,205	$ 2,053
Interest and other income for Partnership	385	948
Total interest and other income	$ 2,590	$ 3,001
NET INCOME (LOSS)		
Total net income for reportable segments	$ 94,937	$ 155,835
Net loss for Partnership (1)	(157,070)	(74,987)
Total net (loss) income	$ (62,133)	$ 80,848

(1) The Partnership net loss is primarily composed of professional and administrative costs born by the Partnership as well as interest and other income, depreciation and any joint venture income or loss recorded at the partnership level and not allocated to the operating segments. The professional and administrative costs include the tax and public company reporting and compliance costs associated with a public limited partnership.

	Nine Months Ended September 30, 2004	Nine Months Ended September 30, 2003
DEPRECIATION AND AMORTIZATION		
Total depreciation and amortization for reportable segments	$ 369,101	$ 378,263
Depreciation and amortization for Partnership	3,241	4,587
Total depreciation and amortization	$ 372,342	$ 382,850
INTEREST AND OTHER INCOME		
Total interest and other income for reportable segments	$ 5,677	$ 3,060
Interest and other income for Partnership	1,398	1,375
Total interest and other income	$ 7,075	$ 4,435
NET INCOME (LOSS)		
Total net income for reportable segments	$ 291,782	$ 447,410
Net loss for Partnership (1)	(489,408)	(253,748)
Total net (loss) income	$ (197,626)	$ 193,662

(1) The Partnership net loss is primarily composed of professional and administrative costs born by the Partnership as well as interest and other income, depreciation and any joint venture income or loss recorded at the partnership level and not allocated to the operating segments. The professional and administrative costs include the tax and public company reporting and compliance costs associated with a public limited partnership.

Item 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations

Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with the Financial Statements in Item 1 and the cautionary statements below.

Critical Accounting Policies

General

A critical accounting policy is one that would materially affect our operations or financial condition, and requires management to make estimates or judgments in certain circumstances. These judgments often result from the need to make estimates about the effect of matters that are inherently uncertain. Critical accounting policies discussed in this section are not to be confused with accounting principles and methods disclosed in accordance with U.S. generally accepted accounting principles ("GAAP"). GAAP requires information in financial statements about accounting principles, methods used and disclosures pertaining to significant estimates. The following disclosure discusses judgments known to management pertaining to trends, events or uncertainties known which were taken into consideration upon the application of those policies and the likelihood that materially different amounts would be reported upon taking into consideration different conditions and assumptions.

Impairment and Valuation

Statement of Financial Accounting Standards ("SFAS") No. 144 "Accounting for the Impairment or Disposal of Long-Lived Assets," specifies circumstances in which certain long-lived assets must be reviewed for impairment. If the carrying amount of an asset exceeds the sum of its expected future cash flows, the asset's carrying value must be written down to fair value. In determining the value of an investment property and whether the investment property is impaired, management considers several factors such as projected rental and vacancy rates, property operating expenses, capital expenditures and interest rates. The capitalization rate used to determine property valuation is based on the market in which the investment property is located, length of leases, tenant financial strength, the economy in general, demographics, environment, property location, visibility, age and physical condition among others. All of these factors are considered by management in determining the value of any particular investment property. The value of any particular investment property is sensitive to the actual results of any of these factors, either individually or taken as a whole. If the actual results differ from management's judgment, the valuation could be negatively or positively affected.

Recognition of Rental Income

Our apartment community has operating leases with apartment residents with terms generally of 12 months or less. We recognize rental revenue related to these leases on an accrual basis when due from residents. In accordance with our standard lease terms, rental payments are generally due on a monthly basis.

Our commercial property leases are accounted for as operating leases. We accrue minimum rents on a straight-line basis over the terms of their respective leases. We structure our leases to allow us to recover a significant portion of our property operating expenses, real estate taxes and repairs and maintenance expenses from our commercial tenants. Property operating expenses typically include utility, insurance, security, janitorial, landscaping and other administrative expenses. We accrue reimbursements from tenants for recoverable portions of all these expenses as revenue in the period the applicable expenditures are incurred. We also receive estimated payments for these reimbursements from substantially all our tenants throughout the year. We do this to reduce the risk of loss on uncollectible accounts once we perform the final year-end billings for recoverable expenditures. We recognize the difference between estimated recoveries and the final billed amounts in the subsequent year and we believe these differences were not material in any period presented.

Under GAAP, we are required to recognize rental income based on the effective monthly rent for each lease. The effective monthly rent is equal to the average monthly rent during the term of the lease, not the stated rent for any particular month. The process, known as "straight-lining" or "stepping" rent generally has the effect of increasing rental revenues during the early phases of a lease and decreasing rental revenues in the latter phases of a lease. Due to the impact of "straight-lining," cash collected for rent exceeded rental income by approximately $19,000 for the nine months ended September 30, 2004, while the rental income exceeded the cash collected for rent by approximately $8,000 for the nine months ended September 30, 2003. If rental income calculated on a straight-line basis exceeds the cash rent due under the lease, the difference is recorded as an increase in deferred rent receivable and included as a component of accounts receivable on the relevant balance sheet. If the cash rent due under the lease exceeds rental income calculated on a straight-line basis, the difference is recorded as a decrease in deferred rent receivable and is recorded as a decrease of accounts receivable on the relevant balance sheet. We defer recognition of contingent rental income, such as percentage or excess rent, until the specified target that triggers the contingent rental income is achieved. We periodically review the collectability of outstanding receivables. Allowances are generally taken for tenants with outstanding balances due for a period greater than ninety days and for tenants with potentially uncollectible outstanding balances due for a period less than ninety days.

Recognition of Lease Termination Income

We recognize lease termination income upon receipt of the income. We accrue lease termination income if there is a signed termination agreement, all of the conditions of the agreement have been met and the tenant is no longer occupying the property.

Cost Capitalization and Depreciation Policies

We review all expenditures and capitalize any item exceeding $1,000 deemed to be an upgrade or a tenant improvement with an expected useful life greater than one year. Land, building and amenities are stated at cost. Depreciation expense is computed using the straight-line method over the estimated useful lives of the assets. Buildings and improvements have estimated useful lives between 3-30 years, land improvements have estimated useful lives between 5-30 years and amenities have estimated useful lives between 3-30 years.

Results of Operations

The following tables include our selected summarized operating data for the three and nine months ended September 30, 2004 and 2003. This data is presented to provide assistance in identifying trends in our operating results and other factors affecting our business. This data should be read in conjunction with our financial statements, including the notes thereto, in Part I, Item 1 of this report.

	Three Months Ended September 30, 2004			
	Residential	Commercial	Partnership	Total
Net revenues	$ 243,783	$ 313,473	$ --	$ 557,256
Operating expenses and operating expenses - affiliated	118,107	107,580	--	225,687
Depreciation and amortization	51,597	67,654	183	119,434
Interest expense	(48,397)	(2,890)	--	(51,287)
Net (loss) income	(1,115)	96,052	(157,070)	(62,133)

	Three Months Ended September 30, 2003			
	Residential	Commercial	Partnership	Total
Net revenues	$ 268,550	$ 345,654	$ --	$ 614,204
Operating expenses and operating expenses - affiliated	107,739	101,374	--	209,113
Depreciation and amortization	51,167	75,156	1,529	127,852
Interest expense	(52,405)	(12,045)	--	(64,450)
Net income (loss)	35,317	120,518	(74,987)	80,848

	Nine Months Ended September 30, 2004			
	Residential	Commercial	Partnership	Total
Net revenues	$ 804,755	$ 934,024	$ --	$ 1,738,779
Operating expenses and operating expenses - affiliated	375,723	341,944	--	717,667
Depreciation and amortization	153,602	215,499	3,241	372,342
Interest expense	(148,260)	(15,853)	--	(164,113)
Net income (loss)	41,328	250,454	(489,408)	(197,626)

	Nine Months Ended September 30, 2003			
	Residential	Commercial	Partnership	Total
Net revenues	$ 846,360	$ 1,025,178	$ --	$ 1,871,538
Operating expenses and operating expenses - affiliated	329,555	320,988	--	650,543
Depreciation and amortization	154,134	224,129	4,587	382,850
Interest expense	(160,106)	(42,503)	--	(202,609)
Net income (loss)	120,068	327,342	(253,748)	193,662

During our most recent operating period net revenues for the residential segment have decreased primarily due to lower average occupancy and decreased rental rates per unit. Net revenues for the commercial segment have decreased primarily due to lower average occupancy. Operating expenses have remained relatively stable, while operating expenses – affiliated have increased as the result of increased personnel and annual salary increases at both the residential and commercial segments. Depreciation expense has remained level, while interest expense has decreased due to lower debt balances. The expenses related to our ongoing litigation filed by limited partners and settlement directed merger costs have negatively impacted our partnership net losses.

Rental income and tenant reimbursements generated by our properties and joint ventures for the three and nine months ended September 30, 2004 and 2003 were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003
Wholly-Owned Properties				
Commonwealth Business Center Phase I	$ 184,348	$ 197,360	$ 556,429	$ 581,400
Plainview Point Office Center Phases I & II	129,125	148,294	377,595	443,778
The Willows of Plainview Phase I	243,783	268,550	804,755	846,360
Joint Venture Properties (Ownership % on September 30, 2004)				
The Willows of Plainview Phase II (9.70%)	$ 267,645	$ 306,070	$ 845,253	$ 925,962
Golf Brook Apartments (3.97%)	746,145	765,716	2,173,125	2,226,491
Plainview Point Office Center Phase III (4.96%)	196,573	125,174	517,451	383,437
Blankenbaker Business Center 1A (29.61%)	237,253	237,253	711,759	711,758
Lakeshore Business Center Phase I (10.92%)	368,528	358,083	1,109,234	1,153,987
Lakeshore Business Center Phase II (10.92%)	365,532	332,046	1,067,678	1,112,246
Lakeshore Business Center Phase III (10.92%)	147,811	113,859	423,920	272,409

We believe the changes in rental income and tenant reimbursements from period to period are temporary effects of each property's specific mix of lease maturities and are not indicative of any known trend, except for Plainview Point Office Center Phase III where we expect there will be a protracted period for the property to become fully leased again and Lakeshore Business Center Phase III where rental income and tenant reimbursements trended up at this recently constructed property.

The occupancy levels at our properties and joint ventures as of September 30, 2004 and 2003 were as follows:

	September 30,	
	2004	2003
Wholly-Owned Properties		
Commonwealth Business Center Phase I	88%	91%
Plainview Point Office Center Phases I & II	77%	85%
The Willows of Plainview Phase I	78%	92%
Joint Venture Properties		
(Ownership % on September 30, 2004)		
The Willows of Plainview Phase II (9.70%)	82%	83%
Golf Brook Apartments (3.97%)	99%	97%
Plainview Point Office Center Phase III (4.96%)	78%	52%
Blankenbaker Business Center 1A (29.61%)	100%	100%
Lakeshore Business Center Phase I (10.92%)	72%	72%
Lakeshore Business Center Phase II (10.92%)	73%	78%
Lakeshore Business Center Phase III (10.92%)	89%	89%

We believe the changes in occupancy on September 30 from year to year are temporary effects of each property's specific mix of lease maturities and are not indicative of any known trend except for Plainview Point Office Center Phase III where we expect there will be a protracted period for the property to become fully leased again.

The average occupancy levels at our properties and joint ventures for the three and nine months ended September 30, 2004 and 2003 were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003
Wholly-Owned Properties				
Commonwealth Business Center Phase I	88%	91%	88%	91%
Plainview Point Office Center Phases I & II	77%	85%	74%	85%
The Willows of Plainview Phase I	82%	90%	87%	93%
Joint Venture Properties				
(Ownership % on September 30, 2004)				
The Willows of Plainview Phase II (9.70%)	79%	87%	81%	85%
Golf Brook Apartments (3.97%)	98%	96%	95%	93%
Plainview Point Office Center Phase III (4.96%)	78%	50%	70%	49%
Blankenbaker Business Center 1A (29.61%)	100%	100%	100%	100%
Lakeshore Business Center Phase I (10.92%)	72%	71%	72%	70%
Lakeshore Business Center Phase II (10.92%)	77%	81%	79%	81%
Lakeshore Business Center Phase III (10.92%)	89%	72%	89%	49%

We believe the changes in average occupancy from period to period are temporary effects of each property's specific mix of lease maturities and are not indicative of any known trend, except for Plainview Point Office Center Phase III where we expect there will be a protracted period for the property to become fully leased again and Lakeshore Business Center Phase III where average occupancy has trended up at this recently constructed property.

The following discussion relating to changes in our results of operations includes only material line items within our Statements of Operations or line items for which there was a material change between the three and nine months ending September 30, 2004 and 2003.

Rental Income and Tenant Reimbursements

Our rental income and tenant reimbursements for the three months ended September 30, 2004 and 2003 were approximately $557,000 and $614,000, respectively. The decrease of $57,000, or 9%, was primarily due to decreased average occupancy at The Willows of Plainview Phase I, Plainview Point Office Center Phases I and II and Commonwealth Business Center Phase I, in addition to decreased average rental rates per unit at The Willows of Plainview Phase I. Our rental income and tenant reimbursements for the nine months ended September 30, 2004 and 2003 were approximately $1,739,000 and $1,872,000, respectively. The decrease of $133,000, or 7%, was primarily due to decreased average occupancy at Plainview Point Phases I and II, The Willows of Plainview Phase I and Commonwealth Business Center Phase I, in addition to decreased average rental rates per unit at The Willows of Plainview Phase I. The decrease is partially offset by decreased free rent at Commonwealth Business Center Phase I.

Quarter-ending occupancy percentages represent occupancy only on a specific date; therefore, the above analysis considers average occupancy percentages, which are more representative of the entire year-to-date results.

Operating Expenses and Operating Expenses – Affiliated

Our operating expenses did not change significantly between the three and nine months ended September 30, 2004 and 2003. There were no offsetting material changes.

Our operating expenses-affiliated for the three months ended September 30, 2004 and 2003 were approximately $113,000 and $85,000, respectively. The increase of $28,000, or 33%, was primarily due to personnel changes at The Willows of Plainview Phase I and increased personnel at Commonwealth Business Center Phase I and Plainview Point Office Center Phases I and II. Our operating expenses-affiliated for the nine months ended September 30, 2004 and 2003 were approximately $356,000 and $277,000, respectively. The increase of $79,000, or 29%, was primarily due to increased personnel at The Willows of Plainview Phase I, Commonwealth Business Center Phase I and Plainview Point Office Center Phases I and II, as well as personnel changes at The Willows of Plainview Phase I.

Operating expenses – affiliated are for the services performed by employees of NTS Development Company, an affiliate of our General Partner. These employee services include property management, leasing, maintenance, security and other services necessary to manage and operate our business.

Real Estate Taxes

Our real estate taxes for the three months ended September 30, 2004 and 2003 were approximately $30,000 and $25,000, respectively. The increase of $5,000, or 20%, was primarily due to a higher tax assessment for The Willows of Plainview Phase I in 2004. Our real estate taxes did not change significantly between the nine months ended September 30, 2004 and 2003. There were no offsetting material changes.

Professional and Administrative Expenses and Professional and Administrative Expenses – Affiliated

Our professional and administrative expenses for the three months ended September 30, 2004 were approximately $117,000 and $53,000, respectively. Our professional and administrative expenses for the nine months ended September 30, 2004 were approximately $425,000 and $226,000, respectively. The increase of $64,000 and $199,000, or 88%, respectively, was primarily the result of costs incurred for legal and professional fees related to our settlement directed merger costs and litigation filed by limited partners. See Item 1 – Note 10 for information regarding our proposed merger and litigation filed by limited partners.

Our professional and administrative expenses – affiliated for the three months ended September 30, 2004 and 2003 were approximately $46,000 and $34,000, respectively. Our professional and administrative expenses – affiliated for the nine months ended September 30, 2004 and 2003 were approximately $126,000 and $110,000, respectively. The increase of $12,000, or 35%, and $16,000, or 15%, respectively, was primarily the result of changes in personnel and annual salary increases.

Professional and administrative expenses – affiliated are for the services performed by employees of NTS Development Company, an affiliate of our General Partner. These employee services include legal, financial and other services necessary to manage and operate our business.

Professional and administrative expenses - affiliated consisted of approximately the following for the periods presented:

	Nine Months Ended September 30,	
	2004	2003
Finance	$ 32,000	$ 25,000
Accounting	61,000	48,000
Investor Relations	14,000	16,000
Human Resources	8,000	8,000
Overhead	11,000	13,000
Total	$ 126,000	$ 110,000

Depreciation and Amortization

Our depreciation and amortization did not change significantly between the three and nine months ended September 30, 2004 and 2003. There were no offsetting material changes.

Interest Expense

Our interest expense for the three months ended September 30, 2004 and 2003 was approximately $51,000 and $64,000, respectively. Our interest expense for the nine months ended September 30, 2004 and 2003 was approximately $165,000 and $203,000, respectively. The decrease of $13,000, or 20%, and $38,000 or 19%, respectively, was primarily the result of principal payments made in 2004, which reduced the outstanding balances on our mortgages payable at The Willows of Plainview Phase I and Commonwealth Business Center Phase I. The mortgage payable for Commonwealth Business Center Phase I was repaid in September 2004.

Loss on Disposal of Assets

The loss on disposal of assets for the three months ended September 30, 2004 can be attributed to the retirement of assets at Plainview Point Office Center Phases I and II in relation to the roof replacement. The loss can also be attributed to the retirement of assets at The Willows of Plainview Phase I in relation to HVAC replacements. The loss on disposal of assets for the nine months ended September 30, 2004 can be attributed to the retirement of assets at Plainview Point Office Center Phases I and II and The Willows of Plainview Phase I as mentioned above as well as land improvements for The Willows of Plainview Phase I. The loss on disposal of assets for the nine months ended September 30, 2003 can be attributed to the retirement of assets at Plainview Point Office Center Phases I and II in relation to tenant finish. The loss represents the cost to retire assets, which were not fully depreciated at the time of replacement.

Income from Investment in Joint Ventures

Our income from investment in joint ventures for the three months ended September 30, 2004 and 2003 was approximately $5,000 and $13,000, respectively. Our income from investment in joint ventures for the nine months ended September 30, 2004 and 2003 was approximately $63,000 and $85,000, respectively. The decrease of $8,000, or 62%, and $22,000, or 26%, respectively, was the result of increased net loss from the Lakeshore/University II Joint Venture and The Willows of Plainview Phase II and decreased net income at Golf Brook Apartments. The decrease is partially offset by increased net income at Blankenbaker Business Center 1A and Plainview Point Office Center Phase III.

Liquidity and Capital Resources

The following table sets forth the cash provided by or used in operating activities, investing activities and financing activities for the nine months ended September 30, 2004 and 2003.

Cash flows (used in) provided by:

	Nine Months Ended September 30,	
	2004	2003
Operating activities	$ 379,942	$ 519,476
Investing activities	(43,261)	(28,905)
Financing activities	(520,637)	(449,937)
Net (decrease) increase in cash and equivalents	$ (183,956)	$ 40,634

Net cash provided by operating activities decreased from approximately $519,000 for the nine months ended September 30, 2003 to approximately $380,000 for the nine months ended September 30, 2004. The $139,000 decrease was primarily due to decreased net income from operations as a result of increased expenses associated with our litigation filed by limited partners and settlement directed merger costs. The decrease is partially offset by increased cash collection of outstanding accounts receivable.

Net cash used in investing activities increased from approximately $29,000 for the nine months ended September 30, 2003 to approximately $43,000 for the nine months ended September 30, 2004. The increase is primarily due to increased capital expenditures at Commonwealth Business Center Phase I, Plainview Point Office Center Phases I and II and The Willows of Plainview Phase I. The increase is partially offset by increases in cash flows from our joint ventures investments.

Net cash used in financing activities increased from approximately $450,000 for the nine months ended September 30, 2003 to approximately $521,000 for the nine months ended September 30, 2004. The increase was the result of continued principal payments made on The Willows of Plainview Phase I and Commonwealth Business Center Phase I mortgages. The mortgage at Commonwealth Business Center Phase I was repaid in September 2004.

Due to the fact that no distributions were made during the nine months ended September 30, 2004 or 2003, the table which presents that portion of the distributions that represents a return of capital in accordance with GAAP has been omitted.

Future Liquidity

We believe the current occupancy levels are adequate to fund the operations of our properties. However, our future liquidity depends significantly on our properties' occupancy remaining at a level which provides for debt payments and adequate working capital, currently and in the future. If occupancy were to fall below that level and remain at or below that level for a significant period of time, our ability to make payments due under our debt agreements and to continue paying daily operational costs would be greatly impaired. In addition, we may be required to obtain financing in connection with the capital improvements and leasing costs described below.

On October 18, 2004, the escrow balances of $180,735 at Lakeshore Business Center Phase I and $185,252 at Lakeshore Business Center Phase II were applied to the outstanding principal balances on the respective mortgages. This transaction does not change any terms of the existing mortgages.

Currently, our plans for renovations and other major capital expenditures include tenant improvements at our commercial properties as required by lease negotiations at these properties. Changes to current tenant finish improvements are a typical part of any lease negotiation. Improvements generally include a revision to the current floor plan to accommodate a tenant's needs, new carpeting and paint and/or wallcovering. The extent and cost of the improvements are determined by the size of the space being leased and whether the improvements are for a new tenant or incurred because of a lease renewal.

Over the next 12 months we have planned various building improvements and repair projects for both the commercial and residential segments. At Commonwealth Business Center Phase I we plan to perform HVAC replacements for an estimated cost of approximately $32,000 and reseal and stripe the parking lot for an estimated cost of approximately $10,000. At Plainview Point Office Center Phases I and II we plan to upgrade the security system for an estimated cost of approximately $8,000, perform HVAC replacements for an estimated cost of approximately $13,000, and repair the vinyl floor covering in the stairways for an estimated cost of approximately $6,000. At The Willows of Plainview Phase I we plan to install chimney saddles for an estimated cost of approximately $28,000, perform HVAC replacements for an estimated cost of approximately $31,000, repair the sidewalks for an estimated cost of approximately $14,000, install security alarms for an estimated cost of approximately $15,000, perform pest control for termites for an estimated cost of approximately $9,000 and resurface the tennis court for and estimated cost of approximately $8,000.

A major tenant at Commonwealth Business Center Phase I, currently occupying 40,079 square feet, or 48% of the building, intends to vacate their space at the end of their lease term, which expires November 9, 2004. This vacancy will leave Commonwealth Business Center Phase I with occupancy of only 40%. This may significantly impact our liquidity and could result in significant costs to refurbish the vacated space and locate new tenants, currently estimated to be approximately $147,000. It is estimated that an additional $59,000 will be needed for tenant improvements in order to bring the building up to full occupancy and retain existing tenants.

We have also planned various building improvements and repair projects at our joint venture properties for both the commercial and residential segments. At Lakeshore Business Center Phase I we plan to install security cameras for an estimated cost of approximately $15,000, repaint the building exteriors for an estimated cost of approximately $30,000, redecorate the building corridors and restrooms for an estimated cost of approximately $30,000, and perform HVAC replacements for an estimated cost of approximately $38,000. Our share of the cost for the planned building improvements and repair projects at Lakeshore Business Center Phase I is approximately $12,000. At Lakeshore Business Center Phase II we plan to install security cameras for an estimated cost of approximately $14,000 and perform HVAC replacements for an estimated cost of approximately $16,000. Our share of the cost for the planned building improvements and repair projects at Lakeshore Business Center Phase II is approximately $3,000. At The Willows of Plainview Phase II we plan to install chimney saddles for an estimated cost of approximately $28,000, perform HVAC replacements for an estimated cost of approximately $31,000, repair the sidewalks for an estimated cost of approximately $17,000, install security alarms for an estimated cost of approximately $8,000 and resurface the tennis court for and estimated cost of approximately $9,000. Our share of the cost for the planned building improvements and repair projects at The Willows of Plainview Phase II is approximately $9,000.

We are currently in negotiations with the sole tenant of one of our joint venture commercial buildings to renew their expiring lease. As part of the lease renewal, we estimate that approximately $2,649,000 in capital improvements will be required. These capital improvements include courtyard, restroom and loading dock renovations, monument signage, a new parking lot, a new visitor entrance, ceiling tile replacements, exterior window modifications, new computer cabling, HVAC replacements and upgrades, sewer system repairs, design fees and tenant finish. Failure of this tenant to renew their lease would result in a loss of annual rental revenue and operating expense recoveries to the joint venture. Income from our investment in the joint venture that owns this property would decrease accordingly. This would significantly affect our liquidity and could result in significant cost to refurbish the vacated space and locate a new tenant.

The demand on future liquidity is also anticipated to increase as we continue our efforts in the leasing of Plainview Point Office Center Phase III. One tenant, who occupied 16,895 square feet or 27%, of the building, vacated its space on November 30, 2001. As a result of this vacancy there has been a protracted period for the property to become fully leased again. On April 16, 2004, a tenant took occupancy of approximately 10,800 square feet of Plainview Point Office Center Phase III, which brought the building up to 78% occupancy at September 30, 2004. On September 24, 2004, a tenant leased approximately 8,300 square feet of Plainview Point Office Center Phase III with an expected move in date of November 1, 2004. If this occurs, it will bring the building occupancy to 91% by the end of the year. The lease agreement provides for tenant finish estimated to cost approximately $101,000, of which our share will be approximately $5,000.

As of September 30, 2004, we have a commitment from a tenant to lease approximately 6,000 square feet of Lakeshore Business Center Phase II. The lease agreement calls for tenant finish, estimated to cost approximately $22,000 of which our share will be approximately $2,000. Through September 30, 2004, approximately $13,000 of the tenant finish cost has been incurred of which our share is approximately $1,000.

As of September 30, 2004, we have a commitment from a tenant to lease approximately 4,000 square feet of Lakeshore Business Center Phase III. The lease agreement calls for tenant finish, estimated to cost approximately $163,000 of which our share will be approximately $18,000. Through September 30, 2004, approximately $98,000 of the tenant finish cost has been incurred of which our share is approximately $11,000.

The demands on liquidity as discussed above will be managed by our general partner using cash provided by operations, cash reserves, existing financing or additional financing secured by our properties. Typically, these capital improvements and leasing costs require use of existing financing or additional financing. There can be no guarantee that such funds will be available at which time our general partner will manage the demand on liquidity according to our best interest.

We are making efforts to increase the occupancy levels at our commercial properties. The leasing and renewal negotiations at the Lakeshore Business Center development are conducted by an employee of NTS Development Company, who makes calls to potential tenants and negotiates lease renewals with current tenants. The leasing and renewal negotiations for our remaining commercial properties are managed by leasing agents that are employees of NTS Development Company in Louisville, Kentucky. The leasing agents are located in the same city as the commercial properties. All advertising for these properties is coordinated by NTS Development Company's marketing staff located in Louisville, Kentucky. In an effort to continue to improve occupancy at our residential properties, we have an on-site leasing staff that are employees of NTS Development Company, at each of the apartment communities. The staff facilitates all on-site visits from potential tenants, coordinates local advertising with NTS Development Company's marketing staff, makes visits to local companies to promote fully furnished units and negotiates lease renewals with current residents.

Leases at Commonwealth Business Center Phase I, Blankenbaker Business Center 1A and Lakeshore Business Center Phases I, II and III provide for tenants to contribute toward the payment of common area maintenance expenses, insurance and real estate taxes. Leases at Plainview Point Office Center Phases I, II and III provide for tenants to contribute toward the payment of common area maintenance expenses, insurance, utilities and real estate taxes. These lease provisions, along with the fact that residential leases are generally for a period of one year, provide limited protection to our operations from the impact of inflation and changing prices.

We had no other material commitments for renovations or capital improvements as of September 30, 2004.

Proposed Merger

As part of the Settlement Agreement, our general partner and the general partners of the four public partnerships affiliated with us, have agreed to pursue a merger of the partnerships and several other affiliated real estate entities into NTS Realty Holdings Limited Partnership ("NTS Realty"). The merger is subject to, among other things, approval by a majority of the limited partner interests in each partnership. For the nine months ended September 30, 2004 and 2003, our share of the legal and professional fees for the proposed merger was approximately $291,000 and $69,000, respectively, which was included in our professional and administrative expenses.

On February 4, 2004, NTS Realty filed a joint consent solicitation statement/prospectus on Form S-4 with the Securities and Exchange Commission. The solicitation statement/prospectus presents the merger of NTS-Properties III; NTS-Properties IV; NTS-Properties V; NTS-Properties VI; and NTS-Properties VII, Ltd. with NTS Realty. Concurrent with the merger, ORIG, LLC, a Kentucky limited liability company, which is affiliated with our general partner, will contribute substantially all its real estate assets and all of its liabilities to NTS Realty. NTS Realty filed Amendment No. 1 on June 18, 2004, Amendment No. 2 on August 13, 2004 and Amendment No. 3 on September 30, 2004.

On October 25, 2004 and October 27, 2004, NTS Realty filed Amendment No. 4 and Amendment No. 5, respectively, to its registration statement on Form S-4, which includes a joint consent solicitation statement/prospectus, with the Securities and Exchange Commission to seek approval of the merger of NTS-Properties III, NTS-Properties IV, NTS-Properties V, NTS-Properties VI and NTS-Properties VII, Ltd. (the "Partnerships") into NTS Realty. The general partners of the Partnerships agreed to pursue a merger of the Partnerships in the Stipulation and Agreement of Settlement that was jointly filed by the general partners, along with certain of their affiliates, with the class of plaintiffs in the action originally captioned *Buchanan, et al. v. NTS-Properties Associates, et al.* (Case No. C 01-05090).

On October 27, 2004, the Securities and Exchange Commission signed an order declaring NTS Realty's registration statement to be effective and the Partnerships began mailing the joint consent solicitation statement/prospectus to their respective limited partners.

Ownership of Joint Ventures

On June 25, 2002, NTS-Properties Plus Ltd. merged with ORIG, LLC, ("ORIG") an affiliate of ours. ORIG is the surviving entity as a result of this merger. NTS-Properties IV continues to hold a 29.61% interest in the Blankenbaker Business Center Joint Venture and a 10.92% interest in the Lakeshore/University II Joint Venture after the completion of the NTS-Properties Plus Ltd./ORIG Merger. ORIG now holds a 39.05% interest in the Blankenbaker Business Center Joint Venture and a 7.69% interest in the Lakeshore/University II Joint Venture.

Website Information

Our website address is www.ntsdevelopment.com. Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act are available and may be accessed free of charge through the "About NTS" section of our website as soon as reasonably practicable after we electronically file this material with, or furnish it to, the SEC. Our website and the information contained therein or connected thereto are not incorporated into this quarterly report on Form 10-Q.

Item 3 - Quantitative and Qualitative Disclosures About Market Risk

Our primary market risk exposure with regard to financial instruments is changes in interest rates. All of our debt bears interest at a fixed rate. On September 30, 2004, a hypothetical 100 basis point increase in interest rates would result in an approximate $101,000 decrease in the fair value of debt.

Item 4 - Controls and Procedures

Our General Partner, with the participation of the Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures as of September 30, 2004. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of September 30, 2004. There were no material changes in our internal controls over financial reporting during the nine months ended September 30, 2004.

PART II - OTHER INFORMATION

Item 1 - Legal Proceedings

On May 6, 2004, the Superior Court of the State of California for the County of Contra Costa granted its final approval of the Stipulation and Agreement of Settlement (the "Settlement Agreement") jointly filed by the general partners (the "General Partners") of NTS-Properties III, NTS-Properties IV, NTS-Properties V, NTS-Properties VI and NTS-Properties VII, Ltd. (the "Partnerships"), along with certain of their affiliates, with the class of plaintiffs in the action originally captioned *Buchanan, et al. v. NTS-Properties Associates, et al.* (Case No. C 01-05090) on December 5, 2003. At the final hearing, any member of the class of plaintiffs was given the opportunity to object to the final approval of the Settlement Agreement, the entry of a final judgment dismissing with prejudice the *Buchanan* litigation, or an application of an award for attorneys' fees and expenses to plaintiffs' counsel. The Superior Court's order provides, among other things, that: (1) the Settlement Agreement, and all transactions contemplated thereby, including the proposed merger of the Partnerships into NTS Realty Holdings Limited Partnership, are fair, reasonable and adequate, and in the best interests of the class of plaintiffs; (2) the plaintiffs' complaint and each and every cause of action and claim set forth therein is dismissed with prejudice; (3) each class member is barred from transferring, selling or otherwise disposing of (other than by operation of law) their interests until the earlier of the closing date of the merger, the termination of the settlement or June 30, 2004; and (4) each class member who requested to be excluded from the settlement released their claims in the *Bohm* litigation.

On June 11, 2004, Joseph Bohm and David Duval, class members who objected to the Settlement Agreement but were overruled by the Superior Court, filed an appeal in the Court of Appeals of the State of California, first Appellate District.

On February 27, 2003, two individuals filed a class and derivative action in the Circuit Court of Jefferson County, Kentucky captioned *Bohm, et al. v. J.D. Nichols, et al.* (Case No. 03-CI-01740) against certain of the General Partners and several individuals and entities affiliated with us. The complaint was amended to include the general partner of NTS-Properties III and the general partner of NTS-Properties Plus Ltd., which is no longer in existence. In the amended complaint, the plaintiffs purport to bring claims on behalf of a class of limited partners and derivatively on behalf of us and the Partnerships based on alleged overpayment of fees, prohibited investments, improper failures to make distributions, purchases of limited partnerships interests at insufficient prices and other violations of the limited partnership agreements. The plaintiffs are seeking, among other things, compensatory and punitive damages in an unspecified amount, an accounting, the appointment of a receiver or liquidating trustee, the entry of an order of dissolution against the Partnerships, a declaratory judgment and injunctive relief. No amounts have been accrued for the settlement of this action in our financial statements. Our general partner and legal counsel believe that this action is without merit and are vigorously defending it.

On March 2, 2004, we, along with all defendants, filed a Motion to Dismiss the *Bohm* litigation. After the Motion to Dismiss was fully briefed, the settlement agreement in the *Buchanan* litigation received final court approval. The Circuit Court of Jefferson County, Kentucky, instructed the plaintiffs in the *Bohm* litigation to file an amended complaint in light of the approved settlement of the *Buchanan* litigation. The plaintiffs in the *Bohm* litigation filed a corrected Second Amended Complaint on August 11, 2004. We, along with all defendants, filed a Motion to Strike the corrected Second Amended Complaint. A hearing on this motion is scheduled for January 14, 2005. Our general partner believes that the claims asserted in the corrected Second Amended Complaint have no merit.

Items 2 through 5 are omitted because these items are inapplicable or the answers to the items are negative.

Item 6 - Exhibits

Exhibit No.

3	Amended and Restated Agreement and Certificate of Limited Partnership of NTS-Properties IV.	*
10	Property Management Agreement and Construction Management Agreement between NTS Development Company and NTS-Properties IV.	*
14	Code of Ethics.	**
31.1	Certification of Chief Executive Officer Pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended.	***
31.2	Certification of Chief Financial Officer Pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Securities Exchange Act, as amended.	***
32.1	Certification of Chief Executive Officer Pursuant to 18 U.S.C. 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. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	***

* Incorporated by reference to documents filed with the Securities and Exchange Commission in connection with the filing of the Registration Statements on Form S-11 on May 16, 1983 (effective August 1, 1983) under Commission File No. 2-83771.

** See www.ntsdevelopment.com for our code of ethics.

*** Attached as an exhibit with this Form 10-Q.

Reports on Form 8-K

We filed a Form 8-K on August 17, 2004, to inform investors of a mini-tender offer by CMG Partners, LLC to purchase their interests in NTS-Properties IV for $350 per interest in cash. We also informed the investors that we recommended a rejection of the offer and provided reasons for our recommendation.

We filed a Form 8-K on October 29, 2004 to announce that on October 25, 2004 and October 27, 2004, NTS Realty Holdings Limited Partnership ("NTS Realty") filed Amendment No. 4 and Amendment No. 5, respectively, to its registration statement on Form S-4. NTS Realty filed the original Form S-4 on February 4, 2004, Amendment No. 1 on June 18, 2004, Amendment No. 2 on August 13, 2004 and Amendment No. 3 on September 30, 2004.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

NTS-PROPERTIES IV

By: NTS-Properties Associates IV,
General Partner
By: NTS Capital Corporation,
General Partner

/s/ Brian F. Lavin
Brian F. Lavin
President of NTS Capital Corporation

/s/ Gregory A. Wells
Gregory A. Wells
Chief Financial Officer of NTS Capital Corporation

Date: November 15, 2004

EXHIBIT 31.1

CERTIFICATION

I, Brian F. Lavin, certify that:

1. I have reviewed this quarterly report on Form 10-Q of NTS-Properties IV;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e)and 15d-15(e)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   c) disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter that has materially affected or is reasonably likely to materially affect the registrant’s internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the registrant’s general partner:

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: November 15, 2004

/s/ Brian F. Lavin
President of NTS Capital Corporation,
General Partner of NTS-Properties Associates IV,
General Partner of NTS-Properties IV

EXHIBIT 31.2

CERTIFICATION

I, Gregory A. Wells, certify that:

1. I have reviewed this quarterly report on Form 10-Q of NTS-Properties IV;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e)and 15d-15(e)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   c) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected or is reasonably likely to materially affect the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the registrant's general partner:

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls over financial reporting.

Date: November 15, 2004

/s/ Gregory A. Wells
Chief Financial Officer of NTS Capital Corporation,
General Partner of NTS-Properties Associates IV,
General Partner of NTS-Properties IV

EXHIBIT 32.1

CERTIFICATION

I, Brian F. Lavin, President of NTS Capital Corporation, the general partner of NTS-Properties Associates IV, the general partner of NTS-Properties IV (the "Partnership"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

1. The quarterly report on Form 10-Q of the Partnership for the period ended September 30, 2004 (the "Report") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Partnership.

Dated: November 15, 2004

/s/ Brian F. Lavin
President of NTS Capital Corporation,
General Partner of NTS-Properties Associates IV,
General Partner of NTS-Properties IV

A signed original of this written statement required by Section 906 has been provided to the Partnership and will be retained by the Partnership and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32.2

CERTIFICATION

I, Gregory A. Wells, Chief Financial Officer of NTS Capital Corporation, the general partner of NTS-Properties Associates IV, the general partner of NTS-Properties IV (the "Partnership"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

1. The quarterly report on Form 10-Q of the Partnership for the period ended September 30, 2004 (the "Report") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934, as amended; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Partnership.

Dated: November 15, 2004

/s/ Gregory A. Wells
Chief Financial Officer of NTS Capital Corporation,
General Partner of NTS-Properties Associates IV,
General Partner of NTS-Properties IV

A signed original of this written statement required by Section 906 has been provided to the Partnership and will be retained by the Partnership and furnished to the Securities and Exchange Commission or its staff upon request.