

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): September 12, 1996

FM PROPERTIES INC.

Delaware  
(State or other  
jurisdiction of  
incorporation or  
organization)

0-19989  
(Commission  
File Number)

72-1211572  
(IRS Employer  
Identification  
Number)

1615 Poydras Street  
New Orleans, Louisiana 70112

Registrant's telephone number, including area code: (504) 582-4000

Item 5. Other Events.

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The following news release was issued by FM Properties Inc. on  
September 12, 1996:

FM PROPERTIES AGREES TO SELL  
ASSETS OF CIRCLE C LAND CORP.

NEW ORLEANS, LA., September 12, 1996 -- FM Properties Inc.  
(NASDAQ:FMPO) announced today that it has agreed to sell the  
assets of its wholly owned subsidiary, Circle C Land Corp.  
(CCLC), for \$34 million to an investor group. CCLC's assets  
consist primarily of approximately 1,000 acres of undeveloped  
commercial and multi-family property within the Circle C Ranch  
development near Austin, Texas. During 1995, FMPO sold the  
residential property at the Circle C Ranch development for \$15.8  
million to the same investor group.

FMPO has received a \$1 million nonrefundable cash deposit on  
this transaction. The balance of the \$34 million purchase price  
is to be paid \$30 million in cash and \$3 million in a secured

note at closing, which is expected prior to March 31, 1997. No significant gain or loss will be realized on the sale and the cash proceeds will be used by FMPO to reduce its outstanding debt which currently is approximately \$70 million.

FMPO is engaged in the development and marketing of real estate in the Austin, Dallas, Houston and San Antonio, Texas areas.

SIGNATURE

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Pursuant to the requirements 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.

FM PROPERTIES INC.

By: /s/ William J. Blackwell

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William J. Blackwell  
Vice President and Controller  
(authorized signatory and  
Principal Accounting Officer)

Date: September 12, 1996