

ANNUAL DEVELOPMENT ACTIVITY AND DISCLOSURE REPORT

For the Period Ending June 30, 2007

*City of Atlanta, Georgia
Tax Allocation Bonds
(Princeton Lakes Project)
\$21,000,000 Series 2006*

Prepared by:

MUNICAP, INC.

October 8, 2007

ANNUAL DEVELOPMENT ACTIVITY AND DISCLOSURE REPORT

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I. UPDATED INFORMATION

Information updated from the annual development activity and disclosure report for the period ending June 30, 2006 is as follows. The information presented is as of June 30, 2007 unless stated otherwise.

- The mixed use developer, Princeton Lakes Partners, LLC, reports that the anticipated completion date for the retail part the project is June 2008.
- The mixed use developer reports that the anticipated completion date for the residential part the project is December 2008.
- The residential developer, Pulte Homes, reports that the anticipated build-out date is August 31, 2008, which remains the same as the previous reporting period.
- As of June 30, 2007, the residential developer reports that a total of 718 building permits were issued, including 143 building permits for the Regency Neighborhood, 120 building permits for the Park Neighborhood, 150 building permits for the Glen Neighborhood, 109 building permits for the Estates Neighborhood, 112 building permits for the Enclave Neighborhood and 84 building permits for the Deerwood Reserve Neighborhood.
- As of June 30, 2007, the mixed use developer reports that Chili's and Bank of America opened for business on Outparcels Two and Four, respectively. The developer also reports that permits were issued for TGI Friday's for construction on Outparcel Three.
- The mixed use developer reports that Wachovia Bank opened for business in the Grocery Shopping Center on September 30, 2006.
- As of June 30, 2007, the mixed use developer reports that 37,666 square feet of Building I was leased and a certificate of occupancy was issued for Building II in the Medical Building section of the development.
- As of June 30, 2007, the mixed use developer reports that, construction of 350 Garden Apartment units was completed and construction of the townhome units was underway.
- As of June 30, 2007, the mixed use developer reports that leasing agreements have been signed for 93,787 square feet of retail space in the Princeton Lakes Road Retail section of the development, representing 92.5 percent of the available leasable space. The mixed use developer also reports that leasing agreements have been signed for 201,235 square feet of the retail space in the Camp Creek Market Place section of the development, representing 97.6 percent of the available leasable space.

- As of June 30, 2007, the mixed use developer reports that leasing agreements have been signed for 72,846 square feet of the retail space in the Gateway Shopping Center, representing 100 percent of the available leasable space. The mixed use developer also reports that leasing agreements have been signed for 64,877 square feet of the office space in Buildings I and II, representing 81.6 percent of the available leasable space in Medical Buildings I and II.
- According to the residential developer a total of 629 units were sold as of June 30, 2007, which includes 139 units sold in the Regency Neighborhood, 120 units sold in the Park Neighborhood, 147 units sold in the Glen Neighborhood, 84 units sold in the Estates Neighborhood, 76 units sold in the Enclave Neighborhood and 63 units sold in the Deerwood Reserve Neighborhood.
- As of June 30, 2007, the residential developer reports that a total of 563 units closed, which includes 122 units in the Regency Neighborhood, 116 units in the Park Neighborhood, 137 units in the Glen Neighborhood, 69 units in the Estates Neighborhood, 12 units in the Enclave Neighborhood, and 55 in the Deerwood Reserve Neighborhood.
- As of October 3, 2006, the Fulton County Tax Commissioner's Office reported that the total amount of fiscal year 2006 net tax allocation increments billed and applicable to the Princeton Lakes TAD was \$621,209. As of June 30, 2007, the Commissioner's Office reports that the total amount of tax allocation increment adjustments and collections was \$586,242 and the amount of delinquent tax increments was \$34,967.
- As of September 29, 2007, the Fulton County Tax Commissioner's Office reported that the amount of gross tax allocation increments billed in the Princeton Lakes TAD for fiscal year 2007 was \$1,414,904. The county also reports that the amount of tax allocation increments collected as of September 29, 2007 was \$702,231 and the amount of tax increments outstanding was \$712,674.
- According to Fulton County, the gross millage rates have decreased from 43.863 to 42.145 mills per \$1,000 of assessed value between fiscal year 2006 and fiscal year 2007. The net millage rate available for paying debt service for bonds issued on behalf of the Princeton Lakes TAD also declined from 19.437 to 17.871 mills per \$1,000 of assessed value between fiscal year 2006 and fiscal year 2007.

II. INTRODUCTION

The City of Atlanta, Georgia (the “City”) issued \$21,000,000 Series 2006A Tax Allocation Bonds pursuant to the Constitution and laws of the State of Georgia, including particularly (i) Chapter 44 of Title 36 of the Official Code of Georgia Annotated, as amended, known as the Redevelopment Powers Law (the “Act”), (ii) Resolution No. 02-R-1775, adopted by the City Council on November 18, 2002, and signed by the Mayor on November 26, 2002, (the “Initial Resolution”), (iii) Ordinance No. 06-O-0263, adopted by the City Council on February 8, 2006, and signed by the Mayor on February 9, 2006 (the “Financing Ordinance,” together with the Initial Resolution, the “TAD Ordinance”), and (iv) the Indenture of Trust, dated as of February 1, 2006 (the “Indenture”), between the City and U.S. Bank National Association, as trustee (the “Trustee”).

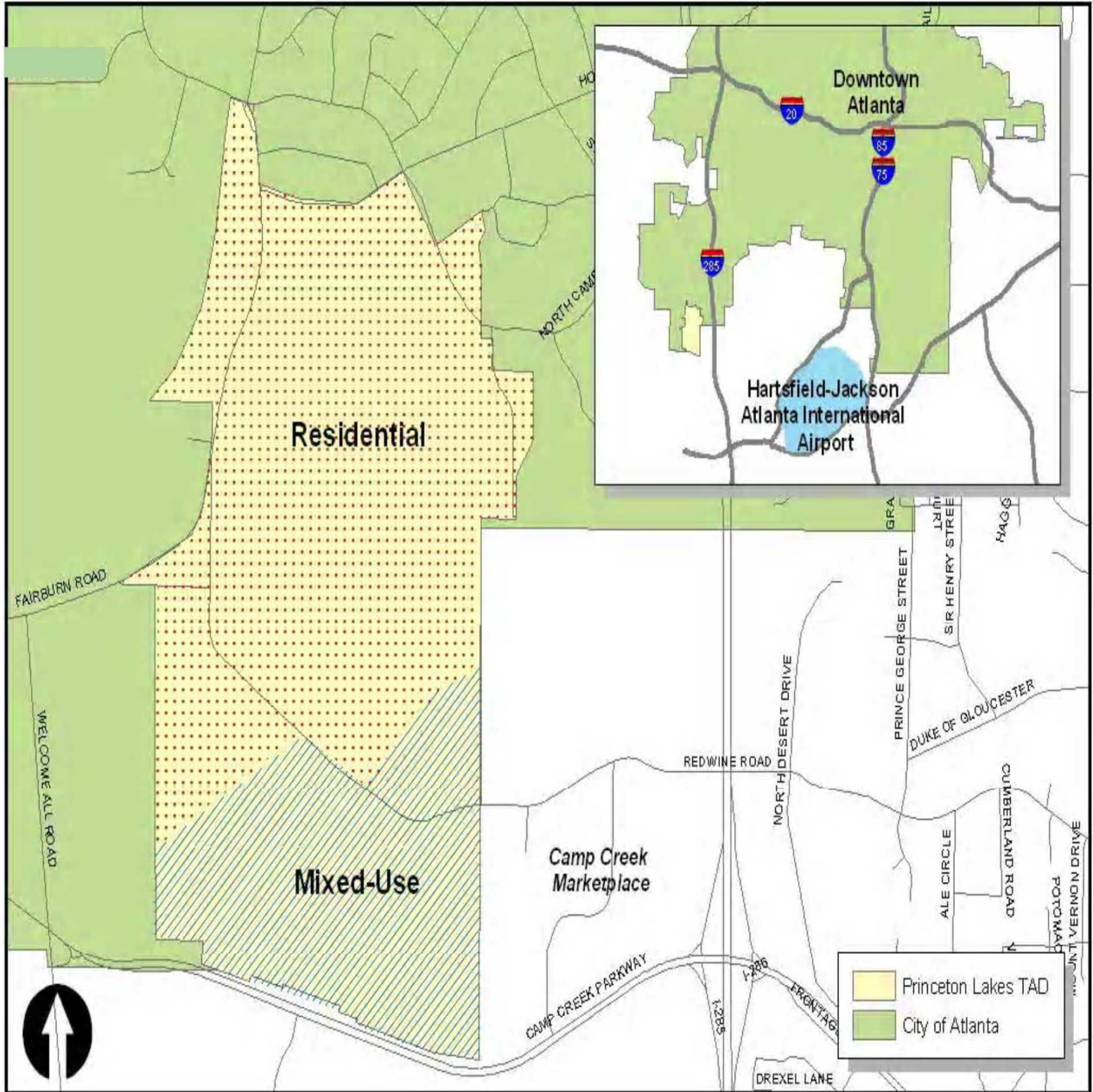
The properties in the tax allocation district are located in the City of Atlanta, Georgia with boundaries consisting of Hogan Road SW to the north; City of East Point to the east; Camp Creek Parkway SW to the south; and Fairburn Road SW to the west.

The Mixed Use Development in the Princeton Lakes tax allocation district (TAD), which includes retail, office and residential components to be located on a 188-acre parcel in the TAD between Redwine Road and Camp Creek Parkway, is being developed by Princeton Lakes Partners, LLC. The Residential Development, which is a master planned residential community that will include approximately 849 single family and townhomes on a 238-acre parcel in the northwest quadrant of the Princeton lakes TAD, is being developed by Pulte Homes Corporation.

Pursuant to the Act and respective ordinance, \$21,000,000 in Tax Allocation Bonds were issued to finance the public improvements serving the properties located within the tax allocation district. As described in the Limited Offering Memorandum (LOM), the City has expressly covenanted in the Indenture not to issue additional bonds secured by Pledged Revenues.

The developers and the Atlanta Development Authority have agreed to provide certain information regarding the development of the property and the operations of the district pursuant to the development and continuing disclosure agreements. These reports are not, however, provided pursuant to Rule 15c2-12.

The information about development activity in this report was provided by the developers (Princeton Lakes Partners, LLC, and Pulte Homes Corporation) and is believed to be accurate; however, no effort has been made to independently verify the information.



III. DEVELOPMENT ACTIVITY

A. OVERVIEW

The Princeton Lakes Tax Allocation District is located in the City of Atlanta, Georgia with boundaries consisting of Hogan Road SW to the north; City of East Point to the east; Camp Creek Parkway SW to the south; and Fairburn Road SW to the west. The Mixed Use Development in the TAD includes retail, office and residential components to be located on a 188-acre parcel in the Princeton Lakes TAD between Redwine Road and Camp Creek Parkway. The Residential Development is a master planned residential community which will include approximately 849 single family and townhomes on a 238-acre parcel in the northwest quadrant of the Princeton lakes TAD.

The Mixed Use Development will consist of approximately 378,231 square feet of retail development expected to include major national and regional retail chains including a national furniture retailer, pharmacy, regional banks and a grocery store. The Mixed Use Development will also consist of two medical office buildings and a small general purpose office building totaling approximately 93,000 square feet. The Mixed Use Development will include 654 residential units consisting of 350 market rate garden apartments and 304 townhomes. Proceeds of the Bonds will be used to reimburse the mixed use developer for a portion of the cost of certain public improvements required to support the Mixed Use Development, which includes water detention facility improvements, installation of sewer and water improvements, installation of intersection and traffic signals on major connecting parkway, construction of new multilane parkway, installation of road improvements including construction of a bridge; and streetscape and landscape improvements to common areas.

The Residential Development is a master planned residential community which will include approximately 849 single family and townhomes on a 238-acre parcel in the northwest quadrant of the Princeton Lakes TAD. The community will consist of primarily single family detached homes, with one planned neighborhood of approximately 150 townhomes. The Residential Development is expected to consist of a proportional mix of styles and price ranges, consisting of two, three, four and five bedroom units. The Residential Development will have greenways and pedestrian pathways connecting the homes to adjacent commercial developments and existing public transportation routes. Proceeds of the Bonds will be used to reimburse the residential developer for a portion of the cost of certain public improvements required to support the Residential Development, which includes site preparation and clearance, grading and sediment control, dewatering, muck removal and the installation of detention ponds, installation of sewer and water infrastructure, including water mains and sanitary sewer, roadway improvements, common area and perimeter improvements, and sidewalk and street light installation.

B. GOVERNMENTAL APPROVALS AND PERMITS

The mixed use developer, Princeton Lakes Partners, LLC, reports that as of June 30, 2007, the permits needed for vertical construction have been received and construction was underway for Parcels E, G, H, I, J, K and L in the Princeton Lakes Road Retail section of the retail

development. The mixed use developer also reports that the necessary vertical construction permits were received for all parcels in the Camp Creek Market Place section of the development and construction was substantially completed as of June 30, 2007.

According to the mixed use developer, the townhomes builder for the residential part of the mixed use development, Patrick Malloy Communities, received 120 building permits on October 15, 2006 within the first townhomes site.

The residential developer, Pulte Homes, reports that, as of June 30, 2007, a total of 718 building permits were issued for the different neighborhoods. The 718 building permits include 143 building permits for the Regency Neighborhood, 120 building permits for the Park Neighborhood, 150 building permits for the Glen Neighborhood, 109 building permits for the Estates Neighborhood, 57 building permits for the Enclave Neighborhood, and 84 building permits for the Deerwood Reserve Neighborhood.

C. STATUS OF DEVELOPMENT

The mixed use developer, Princeton Lakes Partners, LLC, reports that as of June 30, 2007, the anticipated completion date for the Retail/Office and residential phases of the mixed use development were June 2008 and December 2008, respectively. The residential developer, Pulte Homes, reports that as of June 30, 2007, the anticipated build-out date for the Residential Development was August 31, 2008.

Table III-1-A below shows the status of development of the Princeton Lakes Road Retail as of June 30, 2007.

Table III-1-A
Status of Development
Princeton Lakes Road Retail

Retail Component	Tenants	Development Status
Princeton Lakes Road Retail		
Parcel A	Walgreens	Opened as of June 30, 2007
Parcel B	Retail Space	In Permitting
Parcel C	Hotel	Under Contract
Parcel D	BB&T Bank	Opened as of June 30, 2007
Parcel E	Arika Corp (Beverage Store)	Under Construction
Parcel F	Zaxby's Fast Food	Opened as of June 30, 2007
Parcel G-L	Movie Management	Under Construction
Parcel M	Hotel	Under Negotiation

The mixed use developer, Princeton Lakes Partners, LLC, reports that four major tenants including DSW Shoes, LA Fitness, American Signature Furniture and Circuit City opened for

business on April 30, 2006 in the Camp Creek Market Place. As of June 30, 2007, the mixed use developer reports that Jason's Deli, Jason's to Go, Sealy Mattress, Ashley Stewart, Barber Shop, Optima Uniforms, Beauty supply, Hair Salon, Hibbett sports, and Splendid Things Bridal were opened in shops one through four. As of June 30, 2007, the mixed use developer also reports that Chili's and Bank of America opened for business on Outparcels two and four, respectively.

Table III-1-B in the following page shows the status of development of the Camp Creek Market Place as of June 30, 2007.

Table III-1-B
Status of Development
Camp Creek Market Place

Retail Component	Tenants	Development Status
Camp Creek Market Place		
Major Tenant A	DSW Shoes	Opened 04/30/06
Major Tenant B	LA Fitness	Opened 04/30/06
Major Tenant C	American Signature Furniture	Opened 04/30/06
Major Tenant D	Circuit City	Opened 04/30/06
Shops 1-4	Jason's Deli, Jason's to Go, Sealy Mattress, Ashley Stewart, Barber Shop, Optima Uniforms, Beauty supply, Hair Salon, Hibbett sports, and Splendid Things Bridal	Opened 06/30/06
Outparcel 1	Landmark Properties	TBD
Outparcel 2	Chili's	Opened as of 06/30/07
Outparcel 3	TGI Fridays	Permits Issued
Outparcel 4	Bank of America	Opened as of 06/30/07

The mixed use developer reports that a major tenant, Publix Grocery Store, was opened for business in the Gateway shopping Center on April 30, 2006. The mixed use developer also reports that Hollywood Video, Subway, Countrywide Home Loans, Alre's Hair Salon, State Farm Insurance, America's Best Contacts, Majestic Nails, and Bruster's Ice Cream were opened for business in shops one through four as of June 30, 2006.

Table III-1-C in the following page shows the status of development of the Grocery Shopping Center reported by the mixed use developer as of June 30, 2007.

Table III-1-C
Status of Development
Gateway Shopping Center

Retail Component	Tenants	Development Status
Grocery Shopping Center		
Major Tenant F	Publix Grocery Store	Opened 04/30/06
Shops 4	Hollywood Video, Subway, Countrywide Home Loans, Alre's Hair Salon, State Farm Insurance, America's Best Contacts, Majestic Nails, and Bruster's Ice Cream	Opened 04/30/06
Outparcel 5	Wachovia Bank	Opened 09/30/06

The mixed use developer reports that as of June 30, 2007, Buildings I and II were completed and occupied by multiple tenants in the Medical Building section of the development.

Table III-1-D in the following page shows the status of development of the Office Buildings reported by the mixed use developer as of June 30, 2007.

Table III-1-D
Status of Development
Office Buildings

Retail Component	Tenants	Development Status
Medical Building		
Building I	Multiple tenants	Opened 06/01/06
Building II	Multiple tenants	Certificate of Occupancy issued.
Office Building		
Building III	Multiple tenants	Currently seeking tenants
Day Care	Available	

The mixed use developer reports that all 304 townhomes were closed with Patrick Malloy Communities, the townhomes builder. Table III-1-E in the following page shows the status of development of townhouses within the Mixed Use Development as of June 30, 2007.

Table III-1-E
Status of Development
Townhouses Development

Builder	Number of Units	Number of Units Under Contract with Builder(s)	Number of Units Closed with Builder(s)	Number of Building Permits Issued
Patrick Malloy	304	304	304	120
Total	304	304	304	120

The mixed use developer also reports that, construction of all the 350 Garden Apartment units was completed and 340 apartment units were rented as of June 30, 2007.

The residential developer, Pulte Homes, reports that the total number of units initially anticipated for the Regency Neighborhood decreased by four units to 143 units as a result of restrictions imposed by the state water regulations during the land disturbance permitting process in April 2006. The developer reports that the total number of units initially anticipated for the Park Neighborhood increased by one unit to 120 units as a result of changes to a pocket park and the total number of units initially anticipated for the Enclave Neighborhood increased by one unit to 161 units as a result of lot layout redistribution. The developer also reports that the total number of units initially anticipated for the Estates Neighborhood decreased by three units to 119 units as a result of re-drawing of lot lines during address plat process with the Planning and Zoning Department. Accordingly, the total number of units in the Residential Development was 844 as of June 30, 2006.

Table III-2 below shows the number of units and building permits issued for the Residential Development as of June 30, 2007.

Table III-2
Status of Development
Townhouses Development

Neighborhood	Initial Expected Number of Units	Revised Number of Units	Building Permits Issued
Regency	147	143	143
Park	119	120	120
Glen	151	151	151
Estates	122	119	119
Enclave	160	161	161
Deerwood Reserve	150	150	150
Total	849	844	718

(i.) Leasing Status

According to the mixed use developer, Princeton Lakes Partners, LLC, as of June 30, 2007, leasing agreements have been signed for 93,787 square feet of retail space in the Princeton Lakes Road Retail representing 92.5 percent of the available leasable space. The developer also reports that the remaining 7,500 square feet space was available for lease.

Table III-3-A below shows the tenants, space leased and percent of total space leased in the Princeton Lakes Road Retail as of June 30, 2007.

Table III-3-A
Leasing Status
Princeton Lakes Road Retail

Retail Component	Tenants	Space Leased (in sq ft)	Percent of Total Space Leased
Princeton Lakes Road Retail			
Parcel A	Walgreens	10,000	9.8%
Parcel B	Retail Space	3,400	3.4%
Parcel C	Hotel	30,000	29.5%
Parcel D	BB&T Bank	3,999	3.9%
Parcel E	Arika Corp (Beverage Store)	7,500	7.4%
Parcel F	Zaxby's Fast Food	3,388	3.3%
Parcel G-L	Movie Management	35,500	34.8%
Parcel M	Hotel	7,500	7.4%
	Total Leased	93,787	92.5%
	Remaining Leasable Space	7,500	7.5%

According to the mixed use developer, Princeton Lakes Partners, LLC, as of June 30, 2007, leasing agreements have been signed for 201,235 square feet of the retail space in the Camp Creek Market Place representing 97.6 percent of the available leasable space. The developer also reports that the remaining 5,000 square feet space was available for lease.

Table III-3-B in the following page shows the tenants, space leased and percent of total space leased for the Camp Creek Market Place as of June 30, 2007.

Table III-3-B
Leasing Status
Camp Creek Market Place

Retail Component	Tenants	Space Leased (in sq ft)	Percent of Total Space Leased
Camp Creek Market Place			
Major Tenant A	DSW Shoes	25,181	12.2%
Major Tenant B	LA Fitness	42,507	20.6%
Major Tenant C	American Signature Furniture	50,134	24.3%
Major Tenant D	Circuit City	33,972	16.5%
Shops 1-4	Jason's Deli, Jason's to Go, Sealy Mattress, Ashley Stewart, Barber Shop, Optima Uniforms, Beauty supply, Hair Salon, Hibbett sports, and Splendid Things Bridal	34,000	16.5%
Outparcel 1	Landmark Properties	5,000	2.4%
Outparcel 2	Chili's	5,896	2.9%
Outparcel 3	TGI Fridays	5,000	2.2%
Outparcel 4	Bank of America	4,455	2.3%
Total Leased		201,235	97.6%
Remaining Leasable Space		5,000	2.4%

According to the mixed use developer, as of June 30, 2007, leasing agreements have been signed for 72,846 square feet of the retail space in the Gateway Shopping Center representing 100 percent of the available leasable space.

Table III-3-C in the following page shows the tenants, space leased and percent of total space leased in the Gateway Shopping Center as of June 30, 2007.

Table III-3-C
Leasing Status
Grocery Shopping Center

Retail Component	Tenants	Space Leased (in sq ft)	Percent of Total Space Leased
Grocery Shopping Center			
Major Tenant F	Publix Grocery store	46,031	62.0%
Shops 4	Hollywood Video, Subway, Countrywide Home Loans, Alre's Hair Salon, State Farm Insurance, America's Best Contacts, Majestic Nails, Bruster's Ice Cream	22,790	30.7%
Outparcel 5	Wachovia Bank	4,025	7.3%
Total Leased		72,846	100.0%
Remaining Leasable Space		-	0.0%

According to the mixed use developer, as of June 30, 2007, leasing agreements have been signed for 37,666 square feet of the office space in the Medical Building I and 27,211 square feet of the office space in Building II, representing 81.1 percent of the available leasable space in Medical Buildings I and II. As of June 30, 2007, the mixed use developer also reports that 15,157 square feet, 13,000 square feet, and 9,225 square feet spaces were available for lease in the Medical Buildings I and II, Office Building III and Daycare space, respectively. Table-III-3-D below shows the tenants, space leased and percent of total space leased in the office buildings component of the Mixed Use Development as of June 30, 2007.

Table III-3-D
Leasing Status
Office Buildings

Retail Component	Tenants	Space Leased (in sq ft)	Percent of Total Space Leased
Medical Building			
Building I	Multiple tenants	37,666	47.1%
Building II	Multiple tenants	27,211	34.0%
Subtotal:		64,877	81.1%
Remaining Leasable Space		15,157	18.9%
Office Building			
Building III		0	0.0%
Subtotal:		0	0.0%
Remaining Leasable Space		13,000	100.0%
Daycare			
Remaining Daycare Leasable Space		9,225	100.0%
Total Office Space Leased		64,877	63.5%
Remaining Leasable Office Space		37,382	36.5%

According to the mixed use developer, as of June 30, 2007, 340 apartment units have been rented at an average rental price of \$950 per one bedroom for Garden Apartments representing 97.1% of total apartment units in the Garden Apartments. Table III-3-E below shows the number of units rented and the average rental price for the Garden Apartments as of June 30, 2007.

Table III-3-E
Rental Status
Garden Apartments

Unit Type	Number of Units	Number of Units Rented	Percent of Total Units Rented	Average Rent (one bedroom)
Garden Apartments	350	340	97.1%	\$950
Total	350	340		

(ii.) Status of Sales

According to the residential developer, Pulte Homes, as of June 30, 2007, a total of 629 units were sold, which includes 139 units sold in the Regency Neighborhood, 120 units sold in the Park Neighborhood, 147 units sold in the Glen Neighborhood, 84 units sold in the Estates Neighborhood, 76 units sold in the Enclave Neighborhood and 63 units sold in the Deerwood Reserve Neighborhood. Table III-4-A below shows the number of units sold and the average sales price for each neighborhood as reported by the residential developer as of June 30, 2007.

Table III-4-A
Status of Home Sales
The Residential Development

Neighborhood	Number of Units Sold	Average Sales Price	Projected Average Sales Price
Regency	139	\$169,116	\$158,990
Park	120	\$200,345	\$172,700
Glen	147	\$234,486	\$211,415
Estates	84	\$386,548	\$348,961
Enclave	76	\$280,756	\$294,190
Deerwood Reserve	63	\$144,732	\$120,300
Total	629	\$247,672	\$216,178 ¹

¹ The total projected average sales price is calculated as weighted average price using the average price and total No. units in the LOM.

According to the residential developer, as of June 30, 2007, a total of 563 units closed, which include 122 units in the Regency Neighborhood, 116 units in the Park Neighborhood, 137 units in the Glen Neighborhood, 69 units in the Estates Neighborhood, 12 units in the Enclave Neighborhood, and 55 in the Deerwood Reserve Neighborhood. Table III-4-B below shows the number of units closed and the average sales price for each neighborhood as reported by the residential developer as of June 30, 2007.

Table III-4-B
Status of Home Closing
The Residential Development

Neighborhood	Number of Units Closed	Average Sales Price
Regency	122	\$169,116
Park	116	\$200,345
Glen	137	\$234,486
Estates	69	\$386,548
Enclave	64	\$280,756
Deerwood Reserve	55	\$144,732
Total	563	\$247,672

(iii.) Status of Financing

According to the Limited Offering Memorandum, the total cost of the Residential Development is expected to be approximately \$145,000,000. Of the total cost of the Residential Development, approximately \$10,000,000 will be funded with the proceeds of the Bonds and the remainder will be funded from parent company equity and conventional debt financing. The residential developer, Pulte Homes, reports that there were no changes in the status of construction loan closings as of June 30, 2007.

According to the Limited Offering Memorandum, the predevelopment cost funded by Princeton Lakes Partners, LLC of the Mixed Use Development was approximately \$21,212,970. Of the total predevelopment cost of the Mixed Use Development, \$6,160,963 was for land acquisition and \$15,052,000 of other predevelopment cost was financed through a construction loan with Georgian Bank. The repayment of the construction loan was to occur from the sales proceeds as parcels of land are sold. As of June 30, 2007, the mixed use developer, Princeton Lakes Partners, LLC, reports that there were no changes in the status of construction loan closing.

D. STATUS OF CONSTRUCTION AND PUBLIC IMPROVEMENTS

According to the Limited Offerings Memorandum, a portion of the proceeds of the Bonds was to be used to reimburse the mixed use developer for a portion of the cost of certain public improvements required to support the Mixed Use Development including water detention facility improvements, installation of sewer and water improvements, installation of intersection and traffic signals on major connecting parkway, construction of new multilane parkway, installation of road improvements including construction of a bridge; and streetscape and landscape improvements to common areas. Table III-5-A in the following page shows the budget for the public improvements and construction draws reported by the mixed use developer as of June 30, 2007.

Table III-5-A
Status of Public Infrastructure Improvements
The Mixed Use Development

Public Improvement	Original Budget	Budget Changes	Revised Budget	Work Completed	Percent Completed
General Conditions	\$654,233	\$0	\$654,233	\$537,647	82%
Site Preparation	\$278,125	\$0	\$278,125	\$278,125	100%
Earthwork	\$6,650,706	\$0	\$6,650,706	\$6,650,706	100%
Erosion Control	\$425,500	\$0	\$425,500	\$425,500	100%
Paving	\$978,689	\$0	\$978,689	\$978,689	100%
Water distribution	\$331,368	\$0	\$331,368	\$331,368	100%
Storm Sewage Systems	\$632,703	\$0	\$632,703	\$632,703	100%
Sanitary Sewage Systems	\$241,558	\$0	\$241,558	\$241,558	100%
Power, Communication and Gas	\$8,000	\$0	\$8,000	\$8,000	100%
Bridge, Guardrail, Sidewalks, Traffic Signal	\$791,555	\$0	\$791,555	\$791,555	100%
Landscaping / Irrigation	\$116,317	\$0	\$116,317	\$116,317	100%
Construction Fees	\$549,892	\$0	\$549,892	\$549,892	100%
Total	\$11,658,646	\$0	\$11,658,646	\$11,542,060	99%

According to the Limited Offering Memorandum, a portion of the proceeds of the Series 2006 Bonds was to be used to reimburse the residential developer for a portion of the cost of certain public improvements required to support the Residential Development that include site preparation and clearance, grading and sediment control, dewatering, muck removal and the installation of detention ponds, installation of sewer and water infrastructure, including water mains and sanitary sewer, roadway improvements, common area and perimeter improvements, and sidewalk and street light installation.

Table III-5-B in the following page shows the total project budget and construction draws reported by the residential developer as of March 31, 2007.

Table III-5-B
Status of Construction
The Residential Development

Project Construction Budget	Original Budget	Budget Changes	Revised Budget	Work Completed	Percent Completed
Land	\$18,922,521	\$0	\$18,922,521	\$18,922,521	100%
Hard Costs:			\$0		
Site Preparation (Clearing, Gardening, Erosion Control, etc.)	\$7,100,287	\$401,767	\$7,502,054	\$7,470,424	100%
Site Infrastructure	\$15,833,718	\$594,910	\$16,428,628	\$15,404,907	94%
Other Site Development (Amenity, etc.)	\$6,871,463	(\$2,250,049)	\$4,621,414	\$3,798,028	82%
Home Construction ¹ (Note 1)	\$111,116,256	\$0	\$111,116,256	\$69,215,484	62%
Soft Costs:			\$0		
Engineering / Consulting	\$1,577,972	\$659,517	\$2,237,489	\$2,180,397	95%
Legal / Real Estate	\$1,075,837	\$867,304	\$1,943,141	\$1,754,488	90%
Other	\$812,105	\$255,729	\$1,067,834	\$214,330	20%
Total	\$163,310,159	\$529,177	\$163,839,336	\$118,960,579	73%

¹ Original budget assumed a 6% cost increase for units that were not closed nor under contract when Bonds were issued.

Table III-5-C below shows the total budget for public improvements and construction draws reported by the residential developer as of June 30, 2007.

Table III-5-C
Status of Public Infrastructure Improvements
The Residential Development

Public Improvement	Original Budget	Budget Changes	Revised Budget	Work Completed	Percent Completed
Streets (Grading, Curb, Paving and Sidewalks)	\$6,310,388	\$194,500	\$6,504,888	\$5,891,098	91%
Street Lighting and Signage	\$127,231	(\$1,638)	\$125,593	\$101,598	81%
Sanitary Sewer	\$3,936,387	\$112,204	\$4,048,591	\$4,020,833	99%
Storm Water System (Detention Ponds, etc.)	\$2,565,743	(\$31,920)	\$2,533,823	\$2,360,907	93%
Other (Engineering, Geotechnical/Compaction)	\$1,659,472	\$21,273	\$1,680,745	\$1,529,675	91%
Water system	\$1,234,500	\$98,591	\$1,333,091	\$1,312,713	98%
Total	\$15,833,721	\$393,010	\$16,226,731	\$15,216,824	94%

IV. TRUSTEE ACCOUNTS

The trustee for the Series 2006 Bonds is U.S. Bank, National Association, and N.A. The account balances for each fund as of June 30, 2006, interest paid, additional proceeds, disbursements, and account balances for each fund as of June 30, 2007, are shown in the following table:

Table IV-1
Summary of Fund Account Activities

	Balance as of 06/30/06	Interest Paid	Additional Proceeds	Disbursements	Balance as of 06/30/07
Tax Increment Fund	\$0	\$52	\$590,436	\$590,436	\$52
Interest Fund	\$0	\$0	\$0	\$0	\$0
Principal Fund	\$0	\$0	\$0	\$0	\$0
Redemption Fund	\$0	\$0	\$0	\$0	\$0
Debt Service Reserve Fund	\$318,508	\$5	\$405,713	\$0	\$724,226
Project Fund	\$17,097,481	\$844,699	\$0	\$4,728,201	\$13,213,979
Capitalized Interest Fund	\$1,845,400	\$61,366	\$0	\$917,583	\$989,182
Cost of Issuance Fund	\$14,055	\$664	\$0	\$0	\$14,719
Total	\$19,275,443	\$906,786	\$996,149	\$6,236,220	\$14,942,158

Additional proceeds to the Tax Increment Fund were tax increment revenues collected and transferred by the city. Additional proceeds to the Debt Service Reserve Fund were transfers of funds from the Project Fund. Disbursements from the Tax Increment Revenue Fund were allocations of excess tax increment revenue to the city and payment of the trustee fee. Disbursements from the Project Fund represent payments related to the developments projects and transfers of funds to the Debt Service Reserve Fund.

The interest paid through June 30, 2007 does not include interest accrued but not yet paid. Table IV-2 in the following page shows the approximate rate of return on the investments. Funds in the Debt Service Reserve Fund are invested in Wachovia Bank Certificates of Deposit earning 4.58%, which matures on March 20, 2008. Funds in the Project Account and the Capitalized Interest Account are invested in Bayerische Landes Bank Guaranteed Investment Contract (GIC), earning 4.817% and maturing on July 1, 009 and January 1, 2008, respectively. The remaining bond proceeds are invested in U.S. Treasury money market accounts currently earning approximately 4.3 percent.

Table IV-2
Rates of Return

The outstanding Series 2006 Bonds as of June 30, 2006 were \$21,000,000. The maximum Debt Service Reserve Requirement with respect to the Series 2005 Bonds, as per the trust indenture, is an amount equal to the Maximum Annual Debt Service on the Series 2005 Bonds outstanding as of the date of calculation, as certified by the City. Upon the issuance of the Bonds \$205,799 of the proceeds were deposited in the Debt Service Reserve Fund. An amount equal to 8.5807% of each disbursement from the Project Account of the Project Fund to pay redevelopment costs such disbursement is to be deposited in the Debt Service Reserve Fund upon such disbursement, until the amount on deposit therein shall equal the Debt Service Reserve Fund requirement (\$1,659,550). The balance in the Debt Service Reserve Fund as of June 30, 2006 was \$ 724,226 representing the initial deposit of \$205,799 at the time of bond issuance and additional transfers from Project Fund.

Account	Rate of Return
Debt Service Reserve Fund	4.58%
Project Fund	4.82%
Capitalized Interest Fund	4.82%
Cost of Issuance Fund	4.30%

V. DISTRICT OPERATIONS

A. TAX ALLOCATION INCREMENT LEVIED AND COLLECTED

According to the Fulton County Tax Commissioner's office, as of September 29, 2007, the amount of gross tax allocation increments billed in the Princeton Lakes TAD for fiscal year 2007 was \$1,414,904. The amount of tax allocation increments collected as of September 29, 2007 was \$702,231 and the amount outstanding was \$712,674. Table V-1 below shows the gross and net assessed values, gross and net taxes billed, and gross and net taxes due for Fulton County and City of Atlanta tax allocation increment categories applicable to the Princeton Lakes TAD as of September 29, 2007. The tax increment amounts are computed using the net millage rates available to service new debt in the TAD. (See Section VI (B) for details regarding the gross and net millage rates.)

Table V-1
FY 2007 Assessments, Taxes Levied and Amounts Due

	Fulton Operating	Atlanta		Total
		Operating	Parks	
Gross Assessed Non-Exempt	\$91,675,210	\$91,675,210	\$91,675,210	
Less: Appeals & Exemptions ²	\$12,702,164	\$12,230,876	\$12,230,730	
Net Assessed Non-Exempt ¹	\$78,973,046	\$79,444,334	\$79,444,480	
Net Millage Rates (per \$1,000 Assessed Value)	10.281	7.090	0.500	17.871
Gross Taxes Billed	\$811,922	\$563,260	\$39,722	\$1,414,904
Growth (Increment) %	99.061%	99.061%	99.061%	
Net Taxes Billed	\$804,298	\$557,971	\$39,349	\$1,401,619
Gross Taxes Due as of 09/29/2007	\$612,046	\$93,999	\$6,629	\$712,674
Growth (Increment) %	99.061%	99.061%	99.061%	
Net Taxes Due	\$606,299	\$93,116	\$6,567	\$705,982

¹ Gross Taxes Billed / Millage Rate

² Gross Assessed - Net Assessed

Table V-2 in the following page shows the growth (increment) percentage used for fiscal year 2007 as calculated by dividing the net increase in non-exempt assessment between the base and current year values by the gross non-exempt increment for the current year.

Table V-2
FY 2006 Growth (Increment) Calculations

Non-Exempt Assessment as of 7/19/2007 (A)	\$88,064,610
Less: 2003 Certified Base Non-Exempt Assessment (B)	(\$826,760)
Growth (Increment) (A-B)	\$87,237,850
Growth (Increment) % ((A-B)/A)	99.061%

According to the Fulton County Tax Commissioner's office, the fiscal year 2006 net tax allocation increments billed and applicable to the Princeton Lakes TAD were \$621,209 as of October 3, 2006. The amount of tax allocation increment adjustments and collections as of June 30, 2007 was \$586,242 and the amount of delinquent tax increments was \$34,967. Table V-3 below shows the gross and net assessed values, gross and net taxes billed, and gross and net taxes due for Fulton County and City of Atlanta tax allocation increments categories applicable for the Princeton Lakes TAD as of October 3, 2006 that are computed using the net millage rates available to pay debt service in the TAD.

Table V-3
FY 2006 Assessments, Taxes Levied and Amounts Due

	Fulton Operating	Atlanta		Total
		Operating	Parks	
Gross Assessed Non-Exempt	\$33,834,360	\$33,834,360	\$33,834,360	
Less: Appeals & Exemptions ²	\$1,073,708	\$1,073,676	\$1,073,680	
Net Assessed Non-Exempt ¹	\$32,760,652	\$32,760,684	\$32,760,680	
Net Millage Rates (per \$1,000 Assessed Value)	11.407	7.53	0.5	19.437
Gross Taxes Billed	\$373,701	\$246,688	\$16,380	\$636,769
Growth (Increment) %	97.556%	97.556%	97.556%	
Net Taxes Billed	\$364,569	\$240,660	\$15,980	\$621,209
Gross Taxes Due as of 06/30/2007	\$19,837	\$14,191	\$938	\$34,967

¹ Gross Taxes Billed / Millage Rate

² Gross Assessed - Net Assessed

B. DELINQUENT REAL PROPERTY TAXES

According to the Fulton County Tax Commissioner's office, as of June 30, 2007, the amount of gross delinquent taxes due for fiscal year 2006 was \$34,967.

C. COLLECTION EFFORTS

According to the Fulton County Tax Commissioner's office, a 30-day intent to FiFa (tax lien) letter is sent to all taxpayers with amounts due, shortly after the tax due dates, as part of the standard collection procedure. Once that letter matures, FiFas (liens) are placed on the property and in the name of the owner of record and recorded with the Clerk of Superior Court. Once the FiFas are recorded with the Clerk of Superior Court, the FiFas (liens) are available for purchase by third parties. At this point, third parties can pay the delinquent amounts to acquire the FIFAs, which make the third party responsible for collection and foreclosure actions. Other collection actions include contacting delinquent taxpayers, hand delivering tax bills, additional delinquent notices not required under law, etc.

VI. DISTRICT FINANCIAL INFORMATION

The information provided in this section is to meet the requirements for the annual report as provided for in Section (4) of the Continuing Disclosure Agreement. The items listed below are in the same format and order as the items required for the annual report as listed in the Continuing Disclosure Agreement.

A. FUND BALANCES

The fund balances in all of the funds and accounts provided for in the Indenture of Trust are included in Table IV-1 of Section IV, "Trustee Accounts," section of this report.

B. CHANGES TO THE MILLAGE RATES

Millage rates are set on an annual basis by the Board of Commissioners and other governing authorities. The millage rates per \$1,000 assessed taxable property value for 2006 and 2007 in the Princeton Lakes TAD are as follows:

Table VI-1
Atlanta Millage rates

	2006	2007	Increases
	(mills)	(mills)	(Decreases)
			/2007 – 2006/
City of Atlanta millage	32.143	31.614	(0.529)
Fulton County millage	11.720	10.281	(1.439)
<i>Total Atlanta millage</i>	43.863	42.145	(1.718)
Less: Excluded mills			
City of Atlanta school levy	17.649	17.640	(0.009)
City of Atlanta bond levy	1.410	1.330	(0.080)
School bond levy	0.054	0.054	0
State QBE levy	5.000	5.000	0
Fulton County bond levy	0.063	0.000	(0.063)
State of Georgia levy	0.250	0.250	0
<i>Total Exclusions</i>	24.426	24.274	(0.152)
<i>Total net millage rate</i>	19.437	17.871	(1.566)

A portion of the tax rate relating to certain bond levies is not eligible for use to pay new debt service within the TAD. This millage equals 24.274 mills (17.640 City School Board levy, 1.330 City of Atlanta bond levy, 0.54 Board of Education bond levy, 5.0 State QBE levy, and 0.25 State of Georgia levy). Therefore, the total net millage rate used in this report is 17.871, which equals 42.145 total mills minus the 24.274 excluded mills.

C. ASSESSED VALUE OF REAL PROPERTY AND INCREMENTAL TAXES

Table VI-2 below shows the total taxable assessed value of the taxable property within the district as of July 19, 2007. Since the base year 2002, the assessed value of the property within the district has increased by \$87,237,850. The Princeton Lakes TAD was created effective December 31, 2002, which means that base values for the TAD are based on assessed values of \$826,760 as of January 1, 2002. In the time since then, appreciation and new development has brought about an increase of assessed values to \$88,064,610, resulting in incremental value, or the increase over the base value in the TAD, of \$87,237,850.

Table VI-2
Total Assessed and Incremental Values

<i>Base Value</i>	<i>2007 Gross Non-Exempt Assessed Value</i>	<i>Incremental Assessed Value</i>	<i>Incremental Taxes</i>
\$826,760	\$88,064,610	\$87,237,850	\$1,559,028

In accordance with Georgia statute, the incremental revenue is calculated by dividing incremental value by the total property value to get the growth (increment) percentage, which is then multiplied by the total taxes. Currently, the total tax rate, expressed in mills, is 42.145 for property within the City of Atlanta. The entire tax rate, however, is not eligible for use in paying debt service incurred by bonds issued on behalf of the TAD. The millage not available equals 24.274 mills (17.64 City School Board levy, 1.33 City of Atlanta bond levy, 0.054 Board of Education bond levy, 5.0 State QBE levy, and 0.25 State of Georgia levy). Therefore, the applicable total net millage rate is 17.871, which equals 42.145 total mills minus 24.274 excluded mills. In the case of the Princeton Lakes TAD, the base property was assessed at \$826,760 when the TAD was created and was subsequently reassessed at \$88,064,610 as of July 19, 2007; therefore, the incremental value is \$87,237,850. This creates a growth (increment) ratio of 99.061 percent as shown previously in Table V-2. Total taxes on the property would then be \$1,573,803 ($\$88,064,610 \div 1,000 \times 17.871$ mills). This results in estimated incremental tax revenues (before appeals, adjustments, exemptions and credits) of \$1,559,028 ($\$1,573,803 \times 99.061\%$).

According to the Fulton County Tax Collector, the actual amount of fiscal year 2007 net tax allocation increments levied and applicable to the Princeton Lakes TAD is \$1,401,619. This difference is most likely the result of appeals, adjustments, credits, exempt properties and/or exemptions.

D. TOP TAXPAYERS IN PRINCETON LAKES TAD

The ten largest taxpayers in the Princeton Lakes TAD ranked by total tax billed as of September 29, 2007 are shown in Table VI-3 in the following page.

**Table VI-3
Top 10 Taxpayers**

Owner Name	Total Assessed (Gross)	Total Tax (TAD)	% of Total Taxes
Worthing Princeton Lakes, LLC	\$14,703,440	\$223,350	15.79%
WRI Princeton Lakes, LLC	\$13,556,240	\$205,924	14.55%
Pulte Home Corporation	\$7,756,960	\$136,754	9.67%
WRI Camp Creek Marketplace II, LLC	\$3,337,320	\$50,695	3.58%
Hollywood Management, LLC	\$1,459,480	\$26,082	1.84%
Camp Creek Medical Center I, LLC	\$1,379,160	\$24,647	1.74%
PMC Princeton Lakes, LLC	\$988,280	\$17,662	1.25%
PMC Princeton Lakes II, LLC	\$870,360	\$15,554	1.10%
Bank of America, N.A.	\$989,520	\$15,031	1.06%
Anika Corporation	\$766,369	\$13,696	0.97%
<i>Total for top 10 Taxpayers</i>	\$45,807,129	\$729,395	51.55%
<i>Total for Princeton Lakes TAD</i>	\$91,675,210	\$1,414,905	100%

E. EXEMPTION FROM TAXATION

According to the developers, no exemptions were applied for or received in the Princeton Lakes projects as of June 30, 2007.

F. TAX ALLOCATION INCREMENT COLLECTED AND DELINQUENCIES

The information related to tax allocation increment levied for the year 2007, delinquent taxes and collection efforts for delinquent taxes are explained in Section V. (A,B, and C) above.

G. FAILURE TO PAY TAXES

According to the Fulton County Tax Commissioner’s Office, all the top ten taxpayers paid their property taxes for 2005 and 2006 in full. The property taxes for 2007 are due on October 1, 2007 and October 15, 2007 for the City of Atlanta and Fulton County, respectively. As a result, there are no delinquent property taxes due from these taxpayers.

H. DEBT SERVICE COVERAGE

Debt service coverage from tax allocation increments are shown in Table VI-5 in the following page:

Table VI-5
Debt Service Coverage

	Total Debt Service	Debt Service on Bonds Outside of Escrow
Amount of Bonds Outstanding	\$21,000,000	\$8,644,584 ¹
Debt Service (Bond Year Ending January 1, 2008)	\$1,260,000	\$518,675 ²
Total Taxable Assessed Value July 19, 2007	\$88,064,610	\$88,064,610
Less: Base Year Assessed Value (January 1, 2002)	(\$826,760)	(\$826,760)
Incremental Assessed Value	\$87,237,850	\$87,237,850
Total Net Millage Rate (2006)	17.841	17.841
Tax Increment Revenues ³	\$1,401,619	\$1,401,619
Debt Service Coverage	111.24%	270.23%

1 The total amount of bonds outside of escrow included initial deposits to Debt Service Reserve, Capitalized Interest and Cost of Issuance Funds and \$6,040,399 bonds released from escrow, representing 41.2 % of the total outstanding bonds.

2 The bond year 2008 debt service applicable to the bonds released from escrow is \$518,675, which represents 41.2 % of total bond year 2008 debt service requirement.

3 The Tax Increment Revenues reported represents the actual net tax increments amounts billed, as reported by Fulton County.

VII. SIGNIFICANT EVENTS

A. DEVELOPER SIGNIFICANT EVENTS

According to the Development Agreements, developer significant events include the following:

- (i) failure to pay any real property taxes (including the special taxes) levied within the district on a parcel owned by the developer or any affiliate thereof;
- (ii) material damage to or destruction of any development or improvements within the district;
- (iii) the exercise of an option to purchase or sell or the purchase or sale of any land within the district by the developer;
- (iv) material default by the developer or any affiliate thereof on any loan with respect to the construction or permanent financing of Princeton Lakes project or the specific developments;
- (v) material default by the developer or any affiliate thereof on any loan secured by property within the district owned by the developer or any affiliate of the developer;
- (vi) payment default by the developers or any affiliate(s) thereof on any loan to such party (whether or not such loan is secured by the property within the district);
- (vii) the filing by or against the developer or any affiliate thereof, the general partner of the developer or any owners of more than 25% interest in the developer of any petition or other proceeding under any bankruptcy, insolvency or similar law or any determination that the developer or owner of interest in the developer or a subsidiary of the developer or any affiliate thereof is unable to pay its debts as they become due; and
- (viii) the filing of any lawsuit with claim for damages in excess of \$1,000,000 against the developer which may adversely affect the completion of Atlanta Princeton Lakes or the specific projects (as defined in the Development Agreements) or litigation in excess of \$1,000,000 which would materially adversely affect the financial condition of the developers.

Inquiries have been made with the developers regarding the occurrence of any significant event and the developers report that no significant events have occurred as of June 30, 2007 respectively.

B. NOTICE EVENTS

Pursuant to the Continuing Disclosure Agreement, notice events include the following:

- (i) delinquency in payment when due of any principal of or interest on the bonds;
- (ii) occurrence of any material default under the indenture (other than described in clause (i) above or any of the Development Agreements);
- (iii) draws on any reserve fund;
- (iv) draws on any credit enhancements;
- (v) Substitution of a credit or liquidity provider, or their failure to perform;
- (vi) adverse tax opinions or events affecting the tax-exempt status of the bonds;
- (vii) amendment to the indenture modifying the rights of the holders;
- (viii) any calls on the bonds;
- (ix) defeasance of bonds or any portion thereof;
- (x) material damage to or destruction of any development or improvements funded with proceeds of the Bonds;
- (xi) payment default or any other material default by any of the developers on any loan with respect to the construction or permanent financing of the Developments;
- (xii) the filing by any of the developers or any affiliate thereof, any general partner of the developer in bankruptcy or any determination that any of these entities or any related or affiliated entity is unable to pay its debts as they become due: and
- (xiii) the filing of any lawsuit against any of the developers with claim for damage in excess of \$1,000,000 or which may adversely affect the completion of the related Development or litigation in excess of \$1,000,000 which would materially adversely affect the financial conditions of any of the developers.
- (xiv) release, substitution, or sale of property securing repayment of the Bonds:
- (xv) Any change in the rating, if any, on the Bonds:
- (xvi) Failure by the Issuer, the ADA or the Trustee to deliver any of the Information to the ADA Disclosure Dissemination Agent, as required pursuant to this Disclosure Agreement, together with a completed copy of the applicable exhibit as required hereunder:
- (xvii) any formal proposal to lower the millage rate within the Princeton Lakes TAD to a level that would generate less than 1.20 debt service coverage, and

(xviii) other material event notice (specify), pursuant to Section 7 of this Disclosure Agreement, together with the summary description provided by the Issuer Disclosure Representative, the ADA Disclosure Representative or the Trustee.

The Disclosure Dissemination Agent is not aware of the occurrence of any listed event as of the date of this report (October 8, 2007).