

\$9,480,000 & \$38,000,000
CITY OF ATLANTA
TAX ALLOCATION BONDS
SERIES 2005A & B
(EASTSIDE PROJECT "SWEET AUBURN VILLAGE DEVELOPMENT")

DEVELOPER'S CONTINUING DISCLOSURE STATEMENT

Attn: Cheryl Strickland
Atlanta Development Authority
86 Pryor Street, Suite 300
Atlanta, GA 30303

Attn: Keenan Rice
MuniCap, Inc.
8340 Governor Ridgely Lane
Ellicott City, MD 21043

In accordance with the "Development Agreement" (the "Agreement") by and between the City of Atlanta (the "City"), Auburn Avenue Village, LLC (the "Developer") and Atlanta Development Authority (the "Development Authority") dated as of August 2, 2005, the Developer hereby provides the following information as of September 30, 2007. All terms having initial capitalization and not defined herein shall have the meanings set forth in the Official Statement dated as of July 18, 2005. To the best of the knowledge of the undersigned:

1. Status of the Improvements Financed with the Bonds:

Public Improvement (Gross Budget)	Original Budget	Budget Changes	Revised Budget	Work* Completed	Percent* Completed
Land Acquisition	\$4,450,676	(\$253,311)	\$4,197,365	4,189,396	100%
Demolition, Utility Relocation and Site Preparation	\$1,321,307	\$912,271	\$2,233,578	1,973,182	88%
Storm Water Sewer Installation	\$269,100	\$361,888	\$630,988	\$630,988	100%
Streetscapes, Sidewalks and Landscaping	\$762,091	\$0	\$762,091	\$350,562	46%
Structured Parking Facility	\$2,543,250	(\$583,039)	\$1,960,211	\$1,960,211	100%
Total:	\$9,346,424	\$437,810	\$9,784,234	\$9,104,339	93%

Public Improvement (TAD Proportion)	Original Budget	Budget Changes	Revised Budget	Work* Completed	Percent* Completed
Land Acquisition	\$1,904,758	\$0	\$1,904,758	\$1,901,142	100%
Demolition, Utility Relocation and Site Preparation	\$565,490	\$0	\$565,490	\$499,564	88%
Storm Water Sewer Installation	\$115,166	\$0	\$115,166	\$115,166	100%
Streetscapes, Sidewalks and Landscaping	\$326,152	\$0	\$326,152	\$150,030	46%
Structured Parking Facility	\$1,088,435	\$0	\$1,088,435	\$1,088,435	100%
Total:	\$4,000,001	\$0	\$4,000,001	\$3,754,336	94%

Budget - Renaissance Walk at Sweet Auburn

9/30/2007

	<u>Original Budget</u>	<u>Prior Revisions</u>	<u>Revised Budget</u>	<u>Current Revisions</u>
Total Land Cost	4,112,223.00	85,142.34	4,197,365.34	-
Hard Costs				
Residential & Retail Construction Costs	27,915,078.00	1,290,576.00	29,205,654.00	983,280.63
Site Prep/Demo/Rehabilitation	1,452,922.00	644,257.00	2,097,179.00	-
GC Overhead/Profit	1,000,000.00	(548.00)	999,452.00	56,735.00
Other Hard Costs	2,190,900.00	(1,390,206.07)	800,693.93	135,000.00
Total Hard Cost	32,558,900.00	544,078.93	33,102,978.93	1,175,015.63
Soft Costs				
Architect	1,179,356.00	317,147.27	1,496,503.27	
Legal	350,000.00	835,577.05	1,185,577.05	23,990.25
Marketing	550,000.00	(81,839.71)	468,160.29	
Appraisal/Market Study	30,000.00	(13,350.00)	16,650.00	
Taxes & insurance	112,500.00	66,737.00	179,237.00	
Loan Fees/Interest	2,396,717.00	2,221,800.14	4,618,517.14	
Survey/Inspection	230,000.00	(88,609.54)	141,390.46	
Testing/Environmental	105,000.00	69,716.72	174,716.72	26,459.58
Building Permit	150,000.00	(9,339.25)	140,660.75	
Impact Fees	120,000.00	(60,659.00)	59,341.00	
Leasing Commissions	213,196.00		213,196.00	
Developer's Profit	2,000,000.00		2,000,000.00	
Developer's Overhead	800,000.00	(169,793.73)	630,206.27	
Other Soft Costs	865,401.00	(331,985.38)	533,415.62	200,490.31
Total Soft Cost	9,102,170.00	2,755,401.57	11,857,571.57	250,940.14
Total Costs	45,773,293.00	3,384,622.84	49,157,915.84	1,425,955.77

Anticipated Completion Date: The anticipated completion date of the project has changed to November 30, 2007. The anticipated construction start date changed from December 30, 2005 to January 23, 2006. The anticipated demolition start date changed from December 15, 2005 to February 2006. Asbestos removal began January, 23 2006. The anticipated vertical construction start date changed from March 2006 to July 20, 2006.

2. Government Permits: The following additional government permits have been obtained since the bonds were issued: The Demolition Permit for complete demolition of the Palamont Hotel and the gas station was obtained on December 30, 2005. The Demolition Permit to partially demolish the Casino building and the 4B9 building was obtained on January 4, 2006. The foundation permit was obtained April 24, 2006. The building permit was obtained June 19, 2006. The Temporary Certificate of Occupancy was issued on September 28, 2007.
3. Closing of any Construction Loans: The developer closed the original construction loan from Bank of America on March 17, 2006 in the amount of \$34,240,000. As of the date this report, the amount of the loan funded was approximately \$33,661,843 the amount repaid was \$0, and the balance on the loan was \$578,157. These funds were used to pay site control, development, demolition, site development, utility and foundation installation, parking deck, marketing, residential construction, and retail construction expenses.
4. Amendments to any Project Financing: The Project Financing has changed from last quarter's report which is reflected below.

Project Financing (Current)		
Sources: Debt	(First Mortgage)	\$34,240,000
Equity	New Markets Tax Credit	\$9,902,440
	TAD Equity	\$4,000,000
	Owner's Equity	\$2,091,432
	Other Public Funding	<u>\$350,000</u>
	Total	\$50,583,872

5. Notice of Default in Construction Loan: The developer has not received formal written notice and is not aware of any default under its Project Financing.
6. Notice of Default on Development Agreement: The developer has not received formal written notice and is not aware of any default under the development agreement.

7. Marketing and Sales: (as of December 31, 2006) Reservations have been converted to contracts.

a. Unit Composition

Unit Composition	Total Units	Total Units Under Contract	Affordable Units Under Contract	Total Units Sold	Affordable Units Sold	Average Sales Price
1 bedroom	104	64	20	0	0	249,900
2 bedroom	56	28	6	0	0	286,060
Other						
TOTAL	160	92	26	0	0	270,363

b. Leasing Status:

Unit Type	Tenants	Space Leased (in square feet)	Percent of Total Space Leased
<u>Retail Space (28,200 sf)</u>			
	Crescent Moon	6,981	24%
Subtotal:			
<u>Museum/Cultural Space (4,000 sf)</u>			
	None	0	0%
Subtotal:			
Total:		0	0%

*Leases totaling 7,302 sf are outstanding; Letters of Intent for 5,731 sf are outstanding.

8. Property Tax Collections and Delinquencies: The real confirm property taxes billed, paid and delinquent for property owned by the developer in the project for the 2005 - 2006 tax year are as follows:

Real property taxes billed	\$76,690.96
Real property taxes paid	\$76,690.96
Real property taxes delinquent	\$ 0.00

9. Property Tax Collections and Delinquencies: The real confirm property taxes billed, paid and delinquent for property owned by the developer in the project for the 2006 - 2007 tax year are as follows:

Real property taxes billed	\$105,781.85
Real property taxes paid	\$105,781.85
Real property taxes delinquent	\$ 0.00

10. Appeals to Assessed Value: The developer has not filed an appeal to the valuation for real property tax purposes for any of the property owned by the developer in the project.
11. Exemption from Taxation: The developer has not applied for or received an exemption from real property tax purposes for any property owned by the developer in the project.
12. Change in Form, Organization or Ownership of the Developer: There have been no material changes to the form, organization or ownership of the developer (as described within the Official Statement under the sub-caption "THE DEVELOPERS AND DEVELOPMENT – Sweet Auburn Village Development").
13. Legislative, Administrative or Judicial Challenges: To the best knowledge of the developer, there have been no legislative, administrative, or judicial challenges to the construction of the project.
14. The developer has not obtained actual knowledge of the occurrence of any Developer Significant Events, as listed below.

AUBURN AVENUE VILLAGE, LLC

By: Auburn Avenue Village, LLC

By: Cherrie Edwards

Title: Vice President

Date: 10/19/07

DEVELOPER SIGNIFICANT EVENTS

According to the Exhibit S of the Development Agreement, 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 Atlanta Eastside or the Sweet Auburn Village Development;
- (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 developer or any affiliate 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 Eastside or the Project (as defined in the Development Agreement) or litigation in excess of \$1,000,000 which would materially adversely affect the financial condition of the developer.