

**\$9,440,0000**  
**H2O COMMUNITY DEVELOPMENT AUTHORITY**  
**SPECIAL ASSESSMENT BONDS**  
**SERIES 2007**

**Significant Events Notice**

**September 25, 2008**

Pursuant to the Section 3 of the Company's Continuing Disclosure Agreement (the "Agreement") by and between Sandler at Coliseum Central, LLC (the "Company") and MuniCap, Inc (the "Administrator"), dated as of May 1, 2007, the Company hereby reports the occurrence of the following significant events for the period ending June 30, 2008, as more fully described in the attached Company's Quarterly Continuing Disclosure Statement for the second quarter of 2008.

- Failure to pay any real property taxes (including the special assessments) levied within the district on a parcel owned by the Company. The Company reports that it failed to pay real property tax against the property located in the district in the amount of \$58,254.57, which was due on June 5, 2008.
- Material default by the Company on any loan with respect to the construction or permanent financing of the development. The Company reports that it believes that a default exists under the Land Acquisition Loan or Chesapeake Home Loan but has not received any formal written notice of such default as of the date of the second quarter statement. The Company believes that such default on the loans may result from, among other reasons, failure to pay all real estate taxes assessed against the property owned by the Company in the district.
- Material default by the Company thereof on any loan secured by property within the district owned by the Company. The Company reports that it believes that a default exists under the Land Acquisition Loan or Chesapeake Home Loan but has not received any written notice of a default as of the second quarter statement. The Company also believes that such default on the loan may result from, among other reasons, failure to pay all real estate taxes assessed against the property owned by the Company in the district.
- The filing by the Company, any general partner of the Company or any owners of more than a 25% interest in the Company of bankruptcy or any determination that the Company or any owner of an interest in the Company or a subsidiary of the Company is unable to pay its debts as they become due. Although the Company reports that it has not filed for bankruptcy, there has been a material adverse change in the financial condition of the Company due to the adverse economic, market and financial conditions. The Company, owned by KMWMDLJ, LLC. (the "Owner"), is unable to pay its debts as they become due. The Company, its owner and other entities have recently been involved in comprehensive discussions regarding the real estate development obligation, and have requested its lenders to continue to fund the project on an on-going basis.