ANNUAL DEVELOPMENT ACTIVITY AND DISCLOSURE REPORT

For the Period ending June 30, 2006

$7,250,000 Prince George's County, Maryland
Special Obligation Bonds
(Woodview Village Phase II Subdistrict)
Series 2002

Prepared by:

MUNICAP, INC.

September 22, 2006

ANNUAL DEVELOPMENT ACTIVITY AND DISCLOSURE REPORT

For the Year Ending June 30, 2006

UPDATED INFORMATION

Information updated from the Annual and Development Activity and Disclosure Report, dated October 18, 2004 is as follows:•

- As of June 30, 2006, building permits have been issued for 349 units compared to 273 for the period ending June 30, 2005.

- As of June 30, 2006, all 387 lots were under contract with homebuilders and 333 lots have closed with builders compared to 277 closed lots for the period ending June 30, 2005.

- As of June 30, 2006, 301 homes have closed with homebuyers compared to 195 homes for the period ending June 30, 2005.

- Special assessments in the amount of $544,448.02 were levied for collection in fiscal year 2005-2006. As of September 21, 2006, Prince George's County has reported collecting and transferring to the trustee special assessments totaling $544,448.02 representing 100 percent of the total levy for fiscal year 2005-2006.

- Special assessments in the amount of $545,475.22 are to be collected for the fiscal year 2006-2007, which will be due in two semi-annual installments on September 30, 2006 and December 31, 2006.

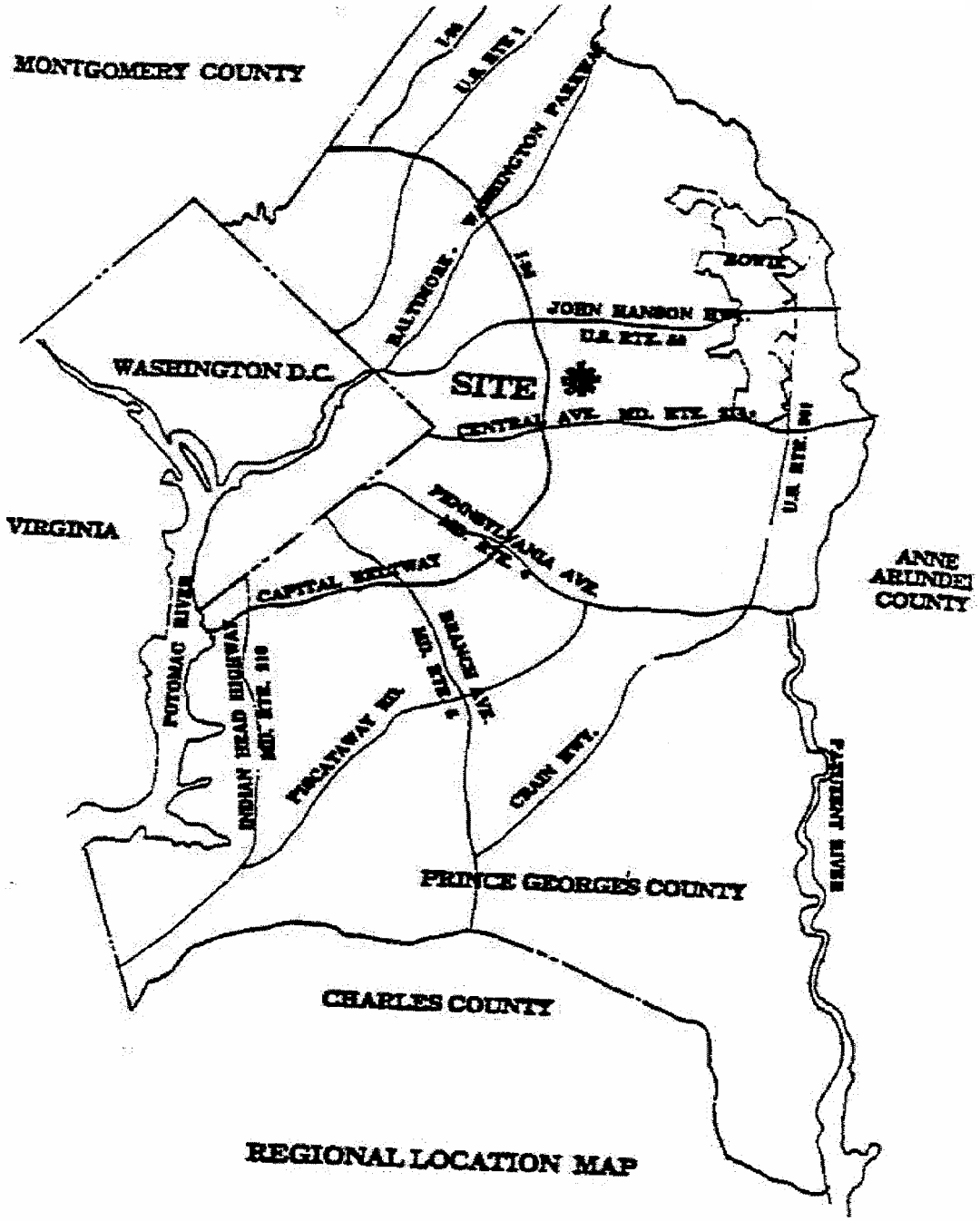
INTRODUCTION

The Woodview Village Phase II Subdistrict (the "Subdistrict") was created pursuant to Resolution No. CR-30-2001 of the County Council (the "County Council"), which was adopted on July 24, 2001 and approved by the County Executive (the "County Executive") on August 9, 2001 (the "Resolution of Formation"), and the $7,250,000 Prince George's County, Maryland Special Obligation Bonds were issued pursuant to and in accordance with Indenture of Trust by and between Prince George's County, Maryland (the "County") and Manufacturer's and Trader's Trust Company (formerly Allfirst Trust Company, National Association) as trustee (the "Trustee"), dated July 1, 2002 (the "Indenture"). The subdistrict comprises approximately one-hundred and six acres of land located on the north side of Lottsford Road at the intersection of Campus Way North, in the Largo area of Prince George's County, Maryland. The subdistrict is located approximately one mile outside of the Washington Capital Beltway (Interstates 95 and 495) and is less than one mile north of Maryland Route 214 (Central Avenue), a major commuter route in that portion of the county.

The property within the subdistrict consists of three separate projects that are currently being developed by three different entities. Campus Way, LLC, which is a wholly owned subsidiary of Rocky Gorge Homes, LLC, is developing a 67.4-acre residential project (the Dunbarton Hill project) within the subdistrict, Foulger Upshire Collington, LLC is developing a 20.45-acre residential project (the Village at Collington project) within the subdistrict and Tartan Development of Maryland, Inc. is developing an 18.86-acre project (the Tartan C-O property) that has been subsequently rezoned from commercial/office to allow for the development of an independent senior adult residential facility. Upon completion, the subdistrict is expected to include approximately 387 residential units, including units on the Tartan C-O property. As described in the limited offering memorandum, the expected completion date of development for the Dunbarton project was early autumn 2005 and the anticipated completion date of development for the Village at Collington was late autumn 2005. Development for these two subdistricts is already complete. Development on Tartan C-O property is still ongoing the anticipated completion is mid 2007.

Pursuant to the limited offering memorandum dated July 15, 2002, $7,250,000 special obligation bonds (Series 2002) were sold. The proceeds of the Series 2002 bonds are to be used primarily to finance the design, acquisition, and construction of public improvements, including improvements to Lottsford Road and Campus Way North, the Woodview Village collector, a portion of the costs of school facilities, reforestation, and storm water management facilities. The Series 2002 bonds are payable solely from special assessments levied on taxable property within the subdistrict.

Continuing disclosure pursuant to Rule 15c2-12 of the Securities and Exchange Commission is not required for the Series 2002 bonds. However, the administrator has agreed to provide an annual report. This report is provided pursuant to this agreement. The information in this report on development activity and significant events was provided by Rocky Gorge Homes and is believed to be accurate; however, the information was not independently verified.



REGIONAL LOCATION MAP

DEVELOPMENT ACTIVITY

Introduction

Woodview Village Phase II is being developed by Campus Way, LLC, a subsidiary of Rocky Gorge Homes, LLC, Foulger Upshire Collington, LLC and Tartan Development of Maryland, Inc. Campus Way is developing 163 single-family detached units on the Dunbarton Hill property and Upshire Realty is developing 80 age-restricted condominium units on the Village at Collington property. The Tartan C-O property is subject to a Land Option Agreement (the "Land Option Agreement") between Upshire Realty and the current property owner, Tartan Development, dated July 9, 2001, as revised on September 11, 2001, whereby Upshire Realty and its affiliates, on behalf of Tartan, agreed to pursue a Zoning Text Amendment (the "Zoning Text Amendment") that will permit the development of 144 independent senior adult units, consisting of 84 condominium and 60 townhouse units, on the Tartan C-O property.

The Zoning Text Amendment, which was adopted by the Prince George's County Council on June 4, 2002 and became effective on July 19, 2002, amended the zoning classification of the Tartan C-O property from commercial and office development to permit the development of 144 independent senior adult units, which under the Land Option Agreement will allow Upshire Realty, subject to certain conditions, to obtain a 20 percent ownership stake in the Maryland Limited Liability Company to be formed by Tartan for the purpose of holding title to the Tartan C-O property.

At full build-out, Woodview Village Phase II will include approximately 387 residential units in three planning areas. Table A below shows the number and type of units in each planning area by builder.

Table A
Number of Planned Residential Units by Builder

Planning Area	Builder	Unit Type	Number of Units
1	Ryan Homes	Single-family Detached	86
1	Washington Homes	Single-family Detached	77
2	Centex Homes	Condominium	80
3	NVR, Inc.	Condominium	84
3	NVR, Inc.	Villas	60
Total			387

Status of Approvals

Dunbarton Hills and Village at Collington are zoned R-S and R-H, respectively, which are residential zoning categories within the county that allows the development of the property as anticipated. The Tartan C-O property was formerly zoned C-O, which is a commercial zoning category within the county. As mentioned above, a Zoning Text Amendment was adopted by the Prince George's County Council on June 4, 2002 and became effective on July 19, 2002, which amended the zoning classification of the Tartan C-O parcel from commercial and office development to permit the development of 144 independent senior adult units.

Within Prince George's County, there are three levels of project approval subsequent to zoning. These three stages are as follows: (i) Comprehensive Design Plan (CDP), (ii) Preliminary Plat of Subdivision, and (iii) Specific Design Plan ("SDP"). The SDP approval is granted in two stages: site design approval and building design approval. Once the site design is approved, the final subdivision plat can be recorded.

The current status of the approvals for each section is as follows:

Planning Area 1	Specific Design Plan complete
Planning Area 2	Specific Design Plan complete
Planning Area 3	Specific Design Plan complete

All 163 homes in Planning Area 1, the Dunbarton Hills property and 80 homes in Planning Area 2, the Village of Collington property have been sold to homeowners. The final subdivision plats for Planning Area 3, the Tartan C-O have been recorded for 84 condo units and 60 villa units.

In addition to the subdivision plat approvals, the permits and approvals required for the development of the subdistrict include: public works and utility agreements, grading permits, building permits and wetland impact permits. The status of permits and approvals are given below.

Required Permits	Issuing Agency	Dunbarton Hills	Received Village at Collington	Tartan C-O
Grading and building	PG County	Yes	Yes	Yes
Street construction and access	PG County	Yes	Yes	Yes
Wetlands	MD State	Yes	Yes	Yes
Storm drain	PG County	Yes	Yes	Yes
Paving	PG County	Yes	Yes	Yes

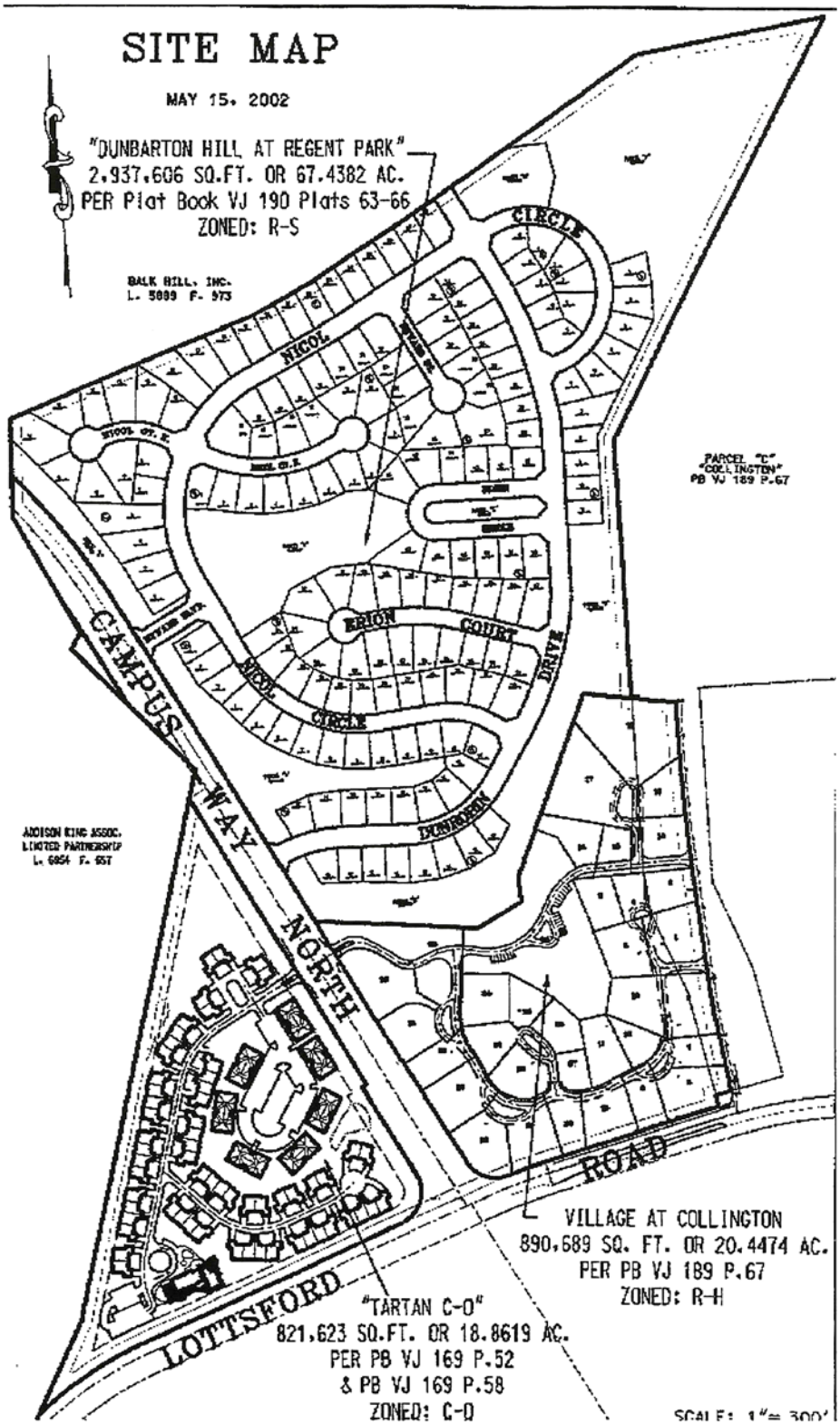
According to the developer, there have been no legislative, administrative, or judicial challenges to the land use plan.

Status of Construction

As of June 30, 2006, the budget for public improvements funded with bond proceeds is $5,685,798. Addition funds in the amount of $1,358,803 have been contributed by the developer to fund public improvements. As of June 30, 2006, disbursements for public improvements equaled $7,044,601 or 100 percent of the budget for public improvements.

Table B
Budget for Public Improvements

Public Improvement	Budget	Actual as of 06/30/06	Percent Complete	Remaining Public Improvement Costs
Dunbarton Hill				
Reforestation	$151,332	$151,332	100.00%	$0
Entrance features	$170,000	$170,000	100.00%	$0
Curb and gutter	$258,280	$258,280	100.00%	$0
Concrete flatwork	$179,350	$179,350	100.00%	$0
Review and bond fees	$307,944	$307,944	100.00%	$0
Project administration	$340,100	$340,100	100.00%	$0
Storm sewer	$474,538	$474,538	100.00%	$0
Storm water management	$90,007	$90,007	100.00%	$0
Street lighting	$94,500	$94,500	100.00%	$0
Paving	$652,327	$652,327	100.00%	$0
Engineering	$185,450	$185,450	100.00%	$0
Survey and stakeout	$120,732	$120,732	100.00%	$0
School contributions	$405,000	$0	100.00%	$0
Campus Way North	$1,187,520	$1,592,520	100.00%	$0
Contingency	$301,018	$301,018	100.00%	$0
Subtotal	$4,918,098	$4,918,098	100.00%	$0
Village at Collington				
Lottsford Road	$208,975	$208,975	100.00%	$0
Campus Way North	$539,437	$539,457	100.00%	$0
Subtotal	$748,412	$748,412	100.00%	$0
Tartan C-O				
Lottsford Road	$659,913	$659,913	100.00%	$0
Campus Way North	$718,178	$718,178	100.00%	$0
Subtotal	$1,378,091	$1,378,091	100.00%	$0
Total	7,044,601	7,044,601	100.00%	$0


SITE MAP
MAY 15, 2002
"DUNBARTON HILL AT REGENT PARK"
2,937,606 SQ.FT. OR 67.4382 AC.
PER Plat Book VJ 190 Plats 63-66
ZONED: R-S
BALK HILL, INC.
L. 5889 F. 973
NICOL
CIRCLE
ERION
COURT
DRIVE
DUNBARTON
CAMPUS
WAY
NORTH
ROAD
LOTTSFORD
PARCEL "D"
"COLLINGTON"
PB VJ 189 P.67
ADDISON KING ASSOC.
LIMITED PARTNERSHIP
L. 6954 F. 657
VILLAGE AT COLLINGTON
890,689 SQ. FT. OR 20.4474 AC.
PER PB VJ 189 P.67
ZONED: R-H
"TARTAN C-O"
821,623 SQ.FT. OR 18.8619 AC.
PER PB VJ 169 P.52
& PB VJ 169 P.58
ZONED: C-O

Status of Sales

Status of Contracts With Builders

The status of the contracts with the builders for each planning area (as of June 30, 2006) is as follows:

Table D
Lot Contracts with Builders

Subdivision	Lots Under Contract	Lots Settled
Planning Area 1	163	163
Planning Area 2	80	80
Planning Area 3	144	90
Total	387	333

Status of Home Sales

The number of houses sold and closed in each planning area (as of June 30, 2006) is as follows:

Table E
Status of Home Sales

Subdivision	Number of Units	Homes Closed
Planning Area 1	163	163
Planning Area 2	80	80
Planning Area 3	144	58
Total	387	301

Status of Financing

Columbia Bank Loan

For the Dunbarton Hill Development, Campus Way obtained a $4,500,000 development and acquisition loan from Columbia Bank prior to the issuance of the Series 2002 Bonds. The development and acquisition loan from Columbia Bank was repaid from the Series 2002 Bond proceeds that Campus Way received pursuant to the Development Agreement and from proceeds obtained from the settlement of lots with builders in the amount of $42,000 per lot. As of June 30, 2006, the balance on the development and acquisition loan was zero.

TRUSTEE ACCOUNTS

The trustee for the Series 2002 bonds is Manufacturer's and Trader's Trust Company (formerly Allfirst Trust Company, National Association). The balance as of 12/31/05, interest paid, additional proceeds, disbursements, and account balances for each fund as of June 30, 2006 are shown by the following table:

Table F
Account Balances

	Balance 12/31/2005	Interest Paid	Additional Proceeds	Disbursements	Balance 06/30/2006
Reserve Fund	$766,795	$16,724	$0	$42,569	$740,950
Special Fund	$392,253	$5,372	$149,309	$251,405	$295,529
Administrative Expense Fund	$876	$13	$42,569	$4,674	$38,785
Bond Fund	$68	$0	$251,405	$251,405	$68
Total	$1,159,992	$22,109	$443,283	$550,053	$1,075,331

Interest paid does not include investment income accrued but not yet paid. The additional proceeds to the special fund represent special taxes collected and transferred by the county. The additional proceeds to the administrative expense fund represent transfers of reserve investment income from the reserve fund. The additional proceeds to the bond fund are transfers from the special fund to pay debt service. The disbursements from the administrative expense fund were for the payment of administrative expenses.

The current balance in the funds and accounts are invested in a Societe Generale Guaranteed Investment Contract earning 4.40% (reserve fund) and money market accounts earning between 4.2% (administrative expense fund), and 4.42% (special fund).

Interest income in the reserve fund in excess of the reserve requirement is to be transferred in the following order of priority (i) to the rebate fund to pay positive arbitrage on the bonds, (ii) to the administrative expense fund to pay administrative expenses, and (iii) to the bond payments account to pay debt service. Interest income in the costs of issuance fund, capitalized interest account, administrative expense fund, special fund and bond fund shall be retained by the respective fund and used for the purpose of such fund. Interest income in the acquisition account shall remain in the account and used for the purpose of such account. Any remaining funds after the completion of construction will be used for the payment of debt service, unless the proceeds exceed $100,000, in which case bonds may be prepaid with the proceeds.

DISTRICT OPERATIONS

Levy of Special Assessments

The RMA provides for special assessments on developed property to be levied at 94 percent of the maximum special assessment through the 2011-2012 assessment year. If additional monies are required, special assessments may be increased proportionately on each parcel of developed property up to 100 percent of the maximum special assessment. The maximum special assessment rate and the special assessment rate levied on developed property by planning area for fiscal year 2006-2007 are given below in Table G. The maximum special assessment rates for Planning Area Three are explained in the section that follows.

Table G
DEVELOPED PROPERTY
SPECIAL ASSESSMENT RATES
Fiscal Year 2006-2007

Planning Area	Units Type	Units	Maximum Special Assessment Rate	Adjusted Special Assessment Rate	Total Special Assessment Levied
1	Single-family	163	$2,341.00	$2,200.54	$358,688.02
2	Condo	80	$861.00	$809.34	$64,747.20
3	Condo	48	$790.75	$743.31	$35,678.64
	Villa	38	$1,250.88	$1,175.83	$44,681.43
Total		329			$503,795.29

The Maximum Special Assessments Rates for Planning Area Three were originally based on a per net acre basis. Consistent with the Zoning Text Amendment, adopted by the Prince George's County Council on June 4, 2002 and becoming effective on July 19, 2002, which amended the zoning classification of the Tartan C-O property (Planning Area Three) from commercial and office development to permit the development of 144 residential senior adult units, a plat for the proposed residential development was recorded for 84 condo units and 60 villa units in fiscal year 2004-2005. There are multiple units on land parcels in many cases. As a result, the square footage of the units has been used to estimate the relative net acreage of each parcel. The aggregate maximum special assessment for Planning Area Three for fiscal year 2004-2005 was $141,475.66. The projected square footage for each villa unit and condo unit is 2,183 and 1,380 square feet, respectively. Based on these numbers and the planned units to be constructed in Planning Area Three, the Maximum Special Assessments Rates were allocated proportionally to each unit-type as shown in Table H below.

TABLE H
PLANNING AREA THREE
MAXIMUM SPECIAL ASSESSMENT RATES

Unit Type	Number of Planned Units	Square Footage Per Unit	Aggregate Square Footage	Percent of Total	Aggregate Maximum Special Assessment	Per Unit Maximum Special Assessment Rates
Villa	60	2,183	130,980	53.05%	$75,052.58	$1,250.88
Condo	84	1,380	115,920	46.95%	$66,423.08	$790.75
Total	144		246,900		$141,475.66	

Undeveloped Property

Special assessments are levied on undeveloped property only if the amount levied on developed property is insufficient to pay the "Special Assessment Requirement," and in an amount not to exceed the difference between the special assessment requirement and the levy on developed property. The special assessment requirement is described below.

Special Assessment Requirement

The special assessment requirement, generally, is equal to (i.) annual debt service and administrative expenses, less (ii.) reserve fund investment income and other funds available to pay debt service and administrative expenses. Table I provides a summary of the special assessment requirement by bond series for fiscal year 2006-2007. The reserve fund investment income and other available funds will not be sufficient to pay debt service on the bonds and administrative expenses. Accordingly, the aggregate special assessment requirement for all three planning areas for fiscal year 2006-2007 is $540,000.00. Each of these numbers is explained in the following sections.

The special assessment requirement is allocated to each bond series on the basis of the amount of bond proceeds allocated for the construction of public improvements in the respective planning area. As shown in the Limited Offering Memorandum, $5,631,483.00 in bond proceeds have been allocated for the construction of public improvements in the subdistrict. Of this amount, $3,694,253.00 or 65.6 percent has been allocated to Planning Area One for the Series A Bonds, $664,515.00 or 11.8 percent has been allocated to Planning Area Two for the Series B Bonds, and $1,271,715.00 or 22.6 percent has been allocated to Planning Area Three for the Series C Bonds.

Debt Service

Debt service includes the principal payment due on July 1, 2007 and the interest payments due on January 1, 2007 and July 1, 2007. Each semi-annual interest payment is $250,110.00. This is based on an outstanding principal amount of $7,146,000.00 at 7.00% interest annually. The principal payment due on July 1, 2007 is $40,000.00. Total debt service is, therefore, $540,220.00.

TABLE I
SPECIAL ASSESSMENT REQUIREMENT
FISCAL YEAR 2006-2007

Debt Service:	**Series A**	**Series B**	**Series C**	**Total**
Interest on January 1, 2007	$164,072	$29,513	$56,525	$250,110
Interest on July 1, 2007	$164,072	$29,513	$56,525	$250,110
Principal on July 1, 2007	$26,240	$4,720	$9,040	$40,000
Sub-total debt service	$354,384	$63,746	$122,090	$540,220
Administrative expenses	$18,040	$3,245	$6,215	$27,500
Contingency	$32,048	$5,765	$11,041	$48,854
Total expenses	$404,472	$72,756	$139,346	$616,574
Reserve fund investment income	($20,926)	($3,764)	($7,209)	($31,900)
Surplus from prior year	($29,306)	($5,272)	($10,096)	($44,674)
Subtotal available funds	($50,232)	($9,036)	($17,305)	($76,574)
Special Assessment Requirement	$354,240	$63,720	$122,040	$540,000

Administrative Expenses

Administrative expenses include the trustee, the administrator, and the expenses of the county related to the subdistrict. The annual charges of the trustee are estimated to be $4,000.00. The maximum fee and expenses of the administrator are $15,500.00. The expenses of the county are estimated to be $8,000.00. Accordingly, the total administrative expenses are estimated at $27,500.00.

Contingency

A contingency is added in the event there are tax delinquencies, unanticipated expenses, or investment income is less than estimated. The contingency is equal to approximately 8.0% of debt service and estimated administrative expenses, with an additional amount added to round the special assessment requirement to the nearest ten-thousand.

Reserve Fund Income

As of April 30, 2006, the balance in the reserve fund was $767,272.85, which consists of the reserve requirement of $725,000.00, and interest income posted to the account in the amount of $42,272.85. An additional $15,950.00 in interest income is estimated to be earned by the next debt service payment on July 1, 2006. These funds totaling $58,222.85 ($42,272.85 + $15,950.00 = $58,222.85) will be made available to pay debt service and administrative expenses for fiscal year 2005-2006. Bond proceeds in the reserve fund in the amount of $725,000.00 are invested in a Societe Generale Guaranteed Investment Contract (GIC), which is earning a 4.40% rate of return per annum and matures on July 1, 2032. At this rate, $31,900.00 in annual investment income will be earned and made available to pay debt service and administrative expenses for fiscal year 2006-2007.

Surplus from the Prior Year

Special assessments in the amount of $544,448.02 were levied in fiscal year 2005-2006. As of May 11, 2005, Prince George's County has reported collecting and transferring to the trustee special assessments totaling $537,607.82 (including interest and penalties) for fiscal year 2005-2006. This amount excludes properties that have filled for bankruptcy protection and represents 98.74 percent of the total levy for fiscal year 2005-2006. The collection process for the outstanding balance is still ongoing. Debt service on July 1, 2006 consists of interest and principal payments totaling $288,405.00.

As of April 30, 2006, the balances in the bond fund and special assessment fund were $67.59 and $288,632.50, respectively. An additional $3,772.38 in special assessments was transferred to the special assessment fund by the county on May 10, 2006. As mentioned above, there is currently $42,272.85 in interest income held in the reserve fund. An additional $15,950.00 in interest income will be earned on the reserve fund by the next debt service payment on July 1, 2006.

The semi annual debt service payment of $288,405.00 due on July 1, 2006 and the balance of administrative expenses for fiscal year 2005-2006 must be paid from these funds. Administrative expenses for the year were estimated to be $27,500.00. As of April 30, 2006, $9,822.50 in administrative expenses for fiscal year 2005-2006 had been paid, resulting in a balance of $17,677.50 that must be funded with special assessments collected in fiscal year 2005-2006. Accordingly, the estimated surplus from the prior year, which may be applied to pay debt service and administrative expenses for fiscal year 2006-2007 is equal $44,673.85 as shown in Table J below.

TABLE J
Surplus from Prior Year

Available Funds:	
Bond Payment Fund balance April 30, 2006	$67.59
Special Assessments Fund balance April 30, 2006	$288,632.50
Special assessments transferred on May, 10 2006	$3,772.38
Reserve Fund:	
Interest income at April 30, 2006	$42,272.85
Estimated interest to July 1, 2006	$15,950.00
Total Reserve Fund interest income	$58,222.85
Available Administrative Expense Fund	$61.03
Total funds available	$350,756.35
Debt service payment, July 1, 2005	($288,405.00)
Administrative expenses	($17,677.50)
Total expenses	($306,082.50)
Surplus from prior year	$44,673.85

Undeveloped Property Special Assessment Rates

As outlined in the RMA, in the event that special assessments on developed property are insufficient to meet the annual expenses for each planning area, special assessments will be levied proportionately on each parcel of undeveloped property up to 100 percent of the Maximum Special Assessment for each parcel in that planning area. Available funds from reserve fund investment income will not be sufficient

to cover the annual expenses for Planning Area Three. As a result, special assessments will be levied on undeveloped property in Planning Area Three for fiscal year 2006-2007.

Planning Area Three

As shown in Table G, special assessments levied at 94 percent of the maximum special assessment on developed property results in an estimated $80,360.07 in special assessments for fiscal year 2006-2007. As shown in Table I, the "Special Assessment Requirement" for Planning Area Three is $122,040.00. Accordingly, special assessments on developed property will not be sufficient to cover annual expenses for fiscal year 2006-2007 in Planning Area Three. As a result, special assessments in the amount of $41,679.93 ($122,040.00 - $80,360.07 = $41,679.93) will have to be levied on undeveloped property in Planning Area Three for fiscal year 2006-2007. The maximum special assessments that may be levied on undeveloped property are equal to $55,986.36. Special assessments will be levied on the undeveloped at a rate of 74.45 percent ($41,679.93 ÷ $55,986.36 = 74.45%) of the maximum special assessment on undeveloped property in Planning Area Three. As shown in Table H above, the maximum special assessment rates for condo-type units and villa type units are $790.75 and $1250.88, respectively. Special assessment rates equal to 74.45 percent of the maximum rates result in per unit special assessments of $588.69 and $931.24 on undeveloped condo-type and villa-type property, respectively, in Planning Area Three for fiscal year 2006-2007.

Summary

The estimated expenses for the planning areas one, two and three for fiscal year 2006-2007 are $404,472, $72,756 and $139,346, respectively, for an aggregate amount of $616,674. The estimated aggregate funds available to pay these expenses are $76,574. As a result, the special assessment requirement for fiscal year 2006-2007 is $540,000. Accordingly, special assessments in the amount of $354,240, $63,720 and $122,040 for the planning areas one, two and three will have to be collected in fiscal year 2006-2007.

Delinquent Special Assessments

Special assessments in the amount of $544,448.02 were levied in fiscal year 2005-2006. As of September 21, 2006, Prince George's County has reported collecting and transferring to the trustee special assessments totaling $544,448.02 representing 100 percent of the total levy for fiscal year 2005-2006. As a result, there is no delinquent special assessment for fiscal year 2005-2006 or prior years.

Special assessments in the amount of $545,475.22 are levied for the fiscal year 2006-2007 and are due in two semi-annual installments on September 30, 2006 and December 31, 2006.

Collection Efforts

There is not collection effort under way as special assessments for fiscal year 2005-2006 and prior years have all been paid.

DISTRICT FINANCIAL INFORMATION

Bonds Outstanding and Reserve Fund

The amount of bonds outstanding is currently $7,146,000. The balance in the reserve fund as of June 30, 2006, was $740,950.11.

Property By Ownership and Classification

The following table shows property in the district by ownership and classification (developed or undeveloped) as of the date of classification for the 2006-2007 assessment year:

Table K
Property By Ownership and Classification

	Total Units	Developed	Undeveloped
Tartan Villages, LLC	54	0	54
NVR Inc.	32	28	4
Individual Homeowners	301	301	0
Total	387	329	58

Assessments Paid By Owner and Classification

The following table shows the assessments by property owner and by class of property (developed or undeveloped) based on the current ownership and assessment rates for the 2006-2007 assessment year:

Table L
Assessments Paid By Owner and Classification

	Developed Property	Undeveloped Property	Total	Percent
Tartan Village, LLC	$0	$37,955	$37,955	6.96%
NVR, Inc.	$22,975	$3,725	$26,700	4.89%
Individual Homeowners	$480,820	$0	$480820	88.15%
Total	$503,795	$41,680	$545,475	100%
Percent	92.36%	7.64%	100%	

The special assessment on any individual homeowner does not exceed 25% of the total special assessments.

SIGNIFICANT EVENTS

Significant events include the following:

(i) failure to pay any real property taxes (including the special assessments) levied within the subdistrict on a parcel owned by the developer or any affiliate;

(ii) material damage to or destruction of any development or improvements within the subdistrict;

(iii) material default by the developer or any affiliate on any loan with respect to the development or permanent financing of subdistrict development;

(iv) material default by the developer or any affiliate on any loan secured by property within the subdistrict owned by the developer or any affiliate;

(v) payment default by the developer of any loan to the developer or by any affiliate on any loan to such affiliate (whether or not such loan is secured by property within the subdistrict);

(vi) the filing of the developer or any affiliate, or any owners of more than 25% interest in the developer, of bankruptcy or any determination that the developer or any owner of interest in the developer or a subsidiary of the developer or any affiliate is unable to pay its debts as they become due;

(vii) the filing of any lawsuit with claim for damage, in excess of $1,000,000 against the developer or any affiliate which may adversely affect the completion of subdistrict development or litigation which would materially adversely affect the financial conditions of the developer or affiliate; and

(viii) any change in the legal structure or ownership of the developer.

Inquiries have been made to the developer regarding the occurrence of any significant event and the developer has reported that no significant events have occurred.

Listed Events

The administrator is required to notify the trustee, each bond holder, the Municipal Securities Rulemaking Board, and each Nationally Recognized Municipal Securities Repository of actual knowledge of the occurrence of a listed event.

Listed events generally include the following:

(i) delinquency in payment when due of any principal of or interest on the bonds;

(ii) occurrence of any default under the indenture (other than described in clause (i) above);

(iii) amendment to the indenture modifying the rights of the bond holders;

(iv) giving notice of optional or unscheduled redemption of bonds;

(v) defeasance of bonds or any portion thereof;

(vi) any change in the rating, if any, on the bonds;

(vii) adverse tax opinions or events affecting the tax-exempt status of the bonds;

(viii) any unscheduled draws on any debt service reserves or credit enhancement reflecting financial difficulties;

(ix) any change or substitution in the provider of any credit enhancement, or any failure by the credit enhancer to perform on the credit enhancement;

(x) the release, substitution or sale of property securing repayment of the bonds (including property leased, mortgaged or pledged as security); and

(xi) the continuing disclosure event notices provided to the administrator by the developer pursuant to Section 5 of the agreement.

The administrator does not have knowledge of any listed events as of the date of this report.

Additionally, the administrator does not have knowledge of any of the following: (i) changes to the "Rate and Method of Apportionment of Special Taxes," (ii) significant amendments to land use entitlements or legal challenges to the construction of the project, or (iii) changes approved by the authority in the type of public facilities to be constructed from those described in the limited offering memorandum.