

# ANNUAL DEVELOPMENT ACTIVITY AND DISCLOSURE REPORT

For the Period ending June 30, 2008

*\$8,205,000 Prince George's County, Maryland  
Special Obligation Refunding Bonds  
(Woodview Village Phase II Infrastructure Improvements)  
Series 2006*

Prepared by:

**MUNICAP, INC.**

November 18, 2008

**ANNUAL DEVELOPMENT ACTIVITY AND  
DISCLOSURE REPORT**

For the Year Ending June 30, 2008

<b>I.</b>	<b>UPDATED INFORMATION</b>	<b>1</b>
<b>II.</b>	<b>INTRODUCTION</b>	<b>2</b>
<b>III.</b>	<b>DEVELOPMENT ACTIVITY</b>	<b>4</b>
	A. Introduction	4
	B. Status of Approvals	4
	C. Status of Construction and Sales	8
	D. Status of Financing	8
<b>IV.</b>	<b>TRUSTEE ACCOUNTS</b>	<b>9</b>
<b>V.</b>	<b>DISTRICT OPERATIONS</b>	<b>10</b>
	A. Levy of Special Assessments	10
	B. Delinquent Special Assessments	14
	C. Collection Efforts	14
<b>VI.</b>	<b>DISTRICT FINANCIAL INFORMATION</b>	<b>15</b>
	A. Balance of Funds and Accounts	15
	B. Changes to the Rate and Method of Apportionment	15
	C. Assessed Valuation and Special Assessment Levy	15
	D. Bonds Outstanding and Reserve Fund	15
	E. Principal District Taxpayers	15
	F. Collection of Special Assessments	15
<b>VII.</b>	<b>SIGNIFICANT EVENTS</b>	<b>16</b>
	Listed Events	16

## ***I. UPDATED INFORMATION***

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Information updated from the Annual and Development Activity and Disclosure Report, dated September 22, 2006 is as follows:

- As of June 30, 2008, building permits have been issued for 387 units compared to 349 for the period ending December 31, 2007.
- As of June 30, 2008, 387 homes have closed with homebuyers compared to 301 homes for the period ending December 31, 2007.
- As of September 30, 2008, the amount of bonds outstanding was \$7,900,000.00 as compared to \$8,090,000.00 for the period ending September 30, 2007.
- Special assessments in the amount of \$545,000 were levied for collection in fiscal year 2007-2008. As of October 31, 2008, Prince George's County has reported collecting and transferring to the trustee special assessments totaling \$542,760.12 representing 99.59 percent of the total levy for fiscal year 2007-2008.
- Special assessments in the amount of \$553,000.00 are to be collected for the fiscal year 2008-2009, which will be due in two semi-annual installments on September 30, 2008 and December 31, 2008. As of October 30, 2008 special assessments in the amount of \$314,912.50 has been collected by the county.
- There have been three rating changes on Radian Asset Assurance Inc, the Series 2006 Special Obligation Refunding Bonds insurer by Standard & Poor's and Fitch Ratings.

## ***II. INTRODUCTION***

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The \$7,250,000 Prince George's County Series 2002 Special Obligation Bonds (Woodview Village Phase II Infrastructure Improvements) were defeased and redeemed on November 20, 2006 with the \$8,205,000 Prince George's County Series 2006 Special Obligation Refunding Bonds.

The \$8,205,000 Prince George's County, Maryland Special Obligation Refunding Bonds (Woodview Phase II Infrastructure Improvements), Series 2006 (the "2006 Bonds") were issued pursuant to Section 10-269 of the Prince George's County Code, as amended, Section 9-1301 of Article 24 of the Annotated Code of Maryland, as amended, Section 24 of Article 31 of the Annotated Code of Maryland, as amended, the Resolution of Formation, the Bond Resolution and an Indenture of Trust by and between Prince George's County, Maryland (the "County") and Manufacturers and Traders Trust Company, as trustee (the "Trustee"), dated as of November 1, 2006.

The Subdistrict consists of approximately 106 acres of land in the county and is located on the north side of Lottsford Road at the intersection with Campus Way North, in the Largo area of the County. The site is located outside the Washington Beltway (I-95/I-45) about one mile from the interstate, and is less than one mile north of Route 214 (Central Avenue) which is a major commuter route. Washington Metro and Amtrak Rail Service are both available within five miles of the site at the Largo Metro Station or the New Carrollton Metro Amtrak Station.

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, final subdivision plats have been recorded for all 387 units.

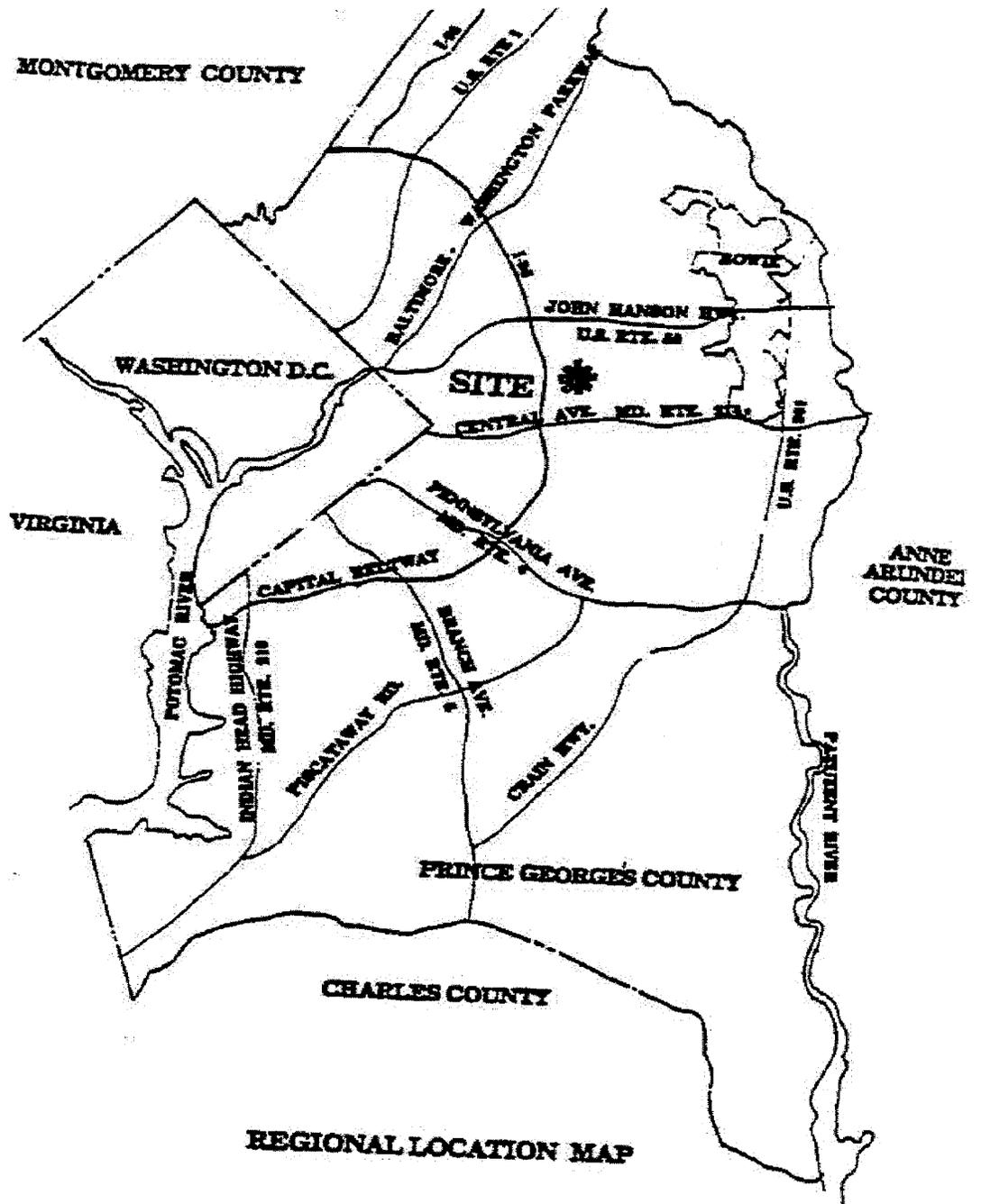
Pursuant to the limited offering memorandum dated July 15, 2002, \$7,250,000 special obligation bonds (Series 2002) were sold. The proceeds of the Series 2002 bonds were to be used primarily to finance the design, acquisition, and construction of public improvements, including improvements to Lottsford Road and Campus Way North, the Woodview Village collector, a portion of the costs of school facilities, reforestation, and storm water management facilities. According to the limited offering memorandum, all public improvements for the subdistrict financed with the proceeds of the Series 2002 Bonds and other moneys have been completed.

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.

The information provided herein is not intended to supplement or otherwise relate to the information provided in the Limited Offering Memorandum and any such intent is expressly disavowed. Rather, this report responds to the specific requirements of the continuing disclosure agreement.

**No representation is made as to the materiality or completeness of the information provided herein or as to whether other relevant information exists with respect to the period covered by this report. Other matters or events may have occurred or become known during or since that period that may be material. All information is provided as of June 30, 2008, unless otherwise stated, and no representation is made that the information contained in this report is indicative of information that may pertain since the end of the period covered by this report or in the future.**

FIGURE 1



### ***III. DEVELOPMENT ACTIVITY***

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#### **A. 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**

<b>Planning Area</b>	<b>Builder</b>	<b>Unit Type</b>	<b>Number of Units</b>
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

#### **B. 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	Received		
		Dunbarton Hills	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.

**C. STATUS OF CONSTRUCTION**

As of June 30, 2008, the budget for public improvements funded with bond proceeds is \$5,685,798. Additional funds in the amount of \$1,358,803 have been contributed by the developer to fund public improvements. As of June 30, 2008, 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 06/30/08	Percent Complete	Remaining Public Improvement Costs
<b>Dunbarton Hill</b>				
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
<i>Subtotal</i>	\$4,918,098	\$4,918,098	100.00%	\$0
<b>Village at Collington</b>				
Lottsford Road	\$208,975	\$208,975	100.00%	\$0
Campus Way North	\$539,437	\$539,457	100.00%	\$0
<i>Subtotal</i>	\$748,412	\$748,412	100.00%	\$0
<b>Tartan C-O</b>				
Lottsford Road	\$659,913	\$659,913	100.00%	\$0
Campus Way North	\$718,178	\$718,178	100.00%	\$0
<i>Subtotal</i>	\$1,378,091	\$1,378,091	100.00%	\$0
<b>Total</b>	7,044,601	7,044,601	100.00%	\$0

FIGURE 3



**D. STATUS OF SALES**

*Status of Contracts with Builders*

The status of the contracts with the builders for each planning area (as of June 30, 2008) is as follows:

**Table D**  
**Lot Contracts with Builders**

<b>Subdivision</b>	<b>Lots Under Contract</b>	<b>Lots Settled</b>
Planning Area 1	163	163
Planning Area 2	80	80
Planning Area 3	144	144
<b>Total</b>	<b>387</b>	<b>387</b>

*Status of Home Sales*

The number of houses sold and closed in each planning area (as of June 30, 2008) is as follows:

**Table E**  
**Status of Home Sales**

<b>Subdivision</b>	<b>Number of Units</b>	<b>Homes Closed</b>
Planning Area 1	163	163
Planning Area 2	80	80
Planning Area 3	144	144
<b>Total</b>	<b>387</b>	<b>387</b>

**E. 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, 2008, the balance on the development and acquisition loan was zero.

## IV. TRUSTEE ACCOUNTS

The trustee for the Series 2006 Bonds is Manufacturers and Traders Trust Company. Table IV below shows the balance of the individual funds and accounts as of September 30, 2007 along with interest paid, additional proceeds, disbursements and the balance as of September 30, 2008.

**Table F**  
**Account Balances**

	<b>Balance 09/30/07</b>	<b>Interest Paid</b>	<b>Additional Proceeds</b>	<b>Disburse- ments</b>	<b>Balance 09/30/08</b>
Reserve Fund	\$594,318	\$20,603	\$0	\$49,533	\$565,388
Administrative Expense Fund	\$27,366	\$758	\$15,657	\$23,469	\$20,312
Bond Fund	\$0	\$21	\$562,666	\$562,663	\$24
Bond Payment Fund	\$1,607	\$300	\$596,538	\$562,663	\$35,783
Special Assessment Fund	\$0	\$0	\$0	\$0	\$0
Special Fund	\$63,984	\$8,565	\$533,632	\$562,663	\$43,519
Refunding Escrow Fund	\$8,009,611	\$368,513	\$0	\$539,420	\$7,838,704
<b>Total</b>	<b>\$8,696,886</b>	<b>\$398,760</b>	<b>\$1,708,493</b>	<b>\$2,300,410</b>	<b>\$8,503,730</b>

Additional proceeds to the Administrative Expense Fund were transfers of investment income from the Reserve Fund for the payment of administrative expenses. Additional proceeds to the Bond Fund represent transfers of special tax collections from the Special Fund. Additional proceeds to the bond payment fund represent from the Bond Fund for the payment of debt service. Disbursements from the Refunding Escrow Fund are debt service payments for the defeased Series 2002 Bonds.

The interest paid through September 30, 2008 does not include interest accrued but not yet paid. Proceeds in the Refunding Escrow Fund are invested in U.S. Treasury Securities earning interest between 4.89 and 4.61 percent and matures on July 1, 2026. Proceeds not in the Refunding Escrow Fund are invested in U.S. Treasury money market funds currently earning between 1.80 and 1.95 percent. Table IV-2 shows the rate of return on each fund and account as of September 30, 2008.

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 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.

**Table IV-1**  
**Rate of Return**

<b>Account</b>	<b>Rate of Return</b>
Reserve Fund	1.95%
Administrative Expense Fund	1.92%
Bond Payment Fund	1.80%
Special Fund	1.92%
Refunding Escrow Fund	4.89%

## V. DISTRICT OPERATIONS

### A. LEVY OF SPECIAL ASSESSMENTS

A special assessment is to be levied and collected each fiscal year in the Woodview Village Phase II Special Assessment Subdistrict pursuant to Resolution CR-30-2001 adopted by the County Council of Prince George's County on July 24, 2001. The rates and method to be used in levying the special assessment are provided for in Exhibit 2 to the resolution—the "Rate and Method of Apportionment (RMA) of Woodview Village Special Assessment."

#### *Developed Property*

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. However, due to refunding of Series 2002 Bonds with Series 2006 Bonds, special assessments for fiscal year 2008-2009 will be levied proportionately on each taxable parcel up to an amount equivalent to special tax requirement. The maximum special assessment rate and the special assessment rate levied on developed property by planning area for fiscal year 2008-2009 are given below in Table V-1. The maximum special assessment rates for Planning Area Three are explained in the section that follows.

**Table V-1**  
**Developed Property**  
**Special Assessment Rates**  
**Fiscal Year 2008-2009**

Planning Area	Units Type	Units	Maximum Special Assessment Rate	Total Maximum Special Assessment	Adjusted Special Assessment Rate	Total Special Assessment Levied
1	Single-family	163	\$2,341.00	\$381,583.00	\$2,225.57	\$362,768.00
2	Condo	80	\$861.00	\$68,880.00	\$815.68	\$65,254.00
3	Condo	84	\$790.75	\$66,423.00	\$698.54	\$58,677.40
	Villa	60	\$1,250.88	\$75,052.80	\$1,105.01	\$66,300.60
Total		387		\$591,938.80		\$553,000.00

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 V-2 below.

**Table V-2**  
**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	

*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 C provides a summary of the special assessment requirement by bond series for fiscal year 2008-2009. 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 2008-2009 is \$553,000.00. 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 original amount of bond proceeds allocated for the construction of public improvements in the respective planning area. As shown in the Series 2002 Bonds 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 interest on the bonds payable on January 1, 2009 and July 1, 2009. The \$182,768.75 interest payments due on January 1, 2009 and July 1, 2009 are equal to six months of interest on the term bonds as shown below.

Serial Bonds of \$3,240,000 at 4.03%	\$66,269
Term 2032 Bonds of \$1,810,000 at 5.00%	\$45,250
Term 2032 Bonds of \$2,850,000 at 5.00%	\$71,250
Total:	\$182,769

A principal payment of \$190,000.00 is due on July 1, 2009 on the balance of \$3,240,000.00 Serial Bonds. Accordingly, total debt service on the bonds to be paid from special assessments collected in 2008 is \$560,537.50.

**Table V-3**  
**Special Assessment Requirement**  
**Fiscal Year 2008-2009**

Debt Service:	Planning Area			Total
	One	Two	Three	
Interest on January 1, 2009	\$119,896	\$21,567	\$41,306	\$182,769
Interest on July 1, 2009	\$119,896	\$21,567	\$41,306	\$182,769
Principal on July 1, 2009	\$127,920	\$23,010	\$44,070	\$195,000
<i>Sub-total debt service</i>	\$367,713	\$66,143	\$126,681	\$560,538
Administrative expenses	\$18,040	\$3,245	\$6,215	\$27,500
Contingency	\$15,457	\$2,780	\$5,325	\$23,563
<i>Total expenses</i>	\$401,210	\$72,169	\$138,222	\$611,601
Reserve fund investment income	(\$7,383)	(\$1,328)	(\$2,544)	(\$11,255)
Surplus from prior year	(\$31,059)	(\$5,587)	(\$10,700)	(\$47,346)
<b><i>Special Assessment Requirement</i></b>	\$362,768	\$65,254	\$124,978	\$553,000

*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 four percent of debt service, with an additional amount added to round the special assessment requirement to the nearest thousand.

*Reserve Fund Income*

As of April 30 2008, the balance in the reserve fund was \$564,028.55, which consists of the reserve requirement of \$562,737.50, and interest income posted to the account in the amount of \$1,291.05. An additional \$5,627.37 in interest income is estimated to be earned by the next debt service payment on July 1, 2008. These funds totaling \$6,918.42 (\$5,627.37 + \$1,291.05 = \$6,918.42) will be made available to pay debt service and administrative expenses for fiscal year 2007-2008. Bond proceeds in the reserve fund in the amount of \$562,737.50 are invested in MT US Government Money Market Fund II which is earning a 2.15% rate of return per annum. At an estimated rate of return of 2.0%, \$11,254.75 in annual investment income will be earned and made available to pay debt service and administrative expenses for fiscal year 2008-2009.

*Surplus from the Prior Year*

Special assessments in the amount of \$545,000.00 were to be collected in fiscal year 2007-2008. As of April 30, 2008, Prince George's County has reported collecting and transferring to the trustee special assessments totaling \$515,954.60 (including interest and penalties) for fiscal year 2007-2008. This amount represents 94.67 percent of the total levy for fiscal year 2007-2008. The collection process for the outstanding balance is still ongoing. Debt service on July 1, 2008 consists of interest and principal payments totaling \$378,487.50.

As of April 30, 2008, the balances in the bond fund and special assessment fund were \$35,548.90 and \$371,437.99, respectively. As mentioned above, there is currently \$1,291.05 in interest income held in the reserve fund. An additional \$5,627.37 interest income will be earned on the reserve fund by the next debt service payment on

July 1, 2008.

The semi annual debt service payment of \$378,487.50 due on July 1, 2008 and the balance of administrative expenses for fiscal year 2007-2008 must be paid from these funds. Administrative expenses for the year were estimated to be \$27,500.00. As of April 30, 2008, \$17,463.14 in administrative expenses for fiscal year 2007-2008 had been paid, resulting in a balance of \$10,036.86 that must be funded with special assessments collected in fiscal year 2007-2008. Accordingly, the estimated surplus from the prior year, which may be applied to pay debt service and administrative expenses for fiscal year 2008-2009 is equal \$47,345.92 as shown in Table V-4 below.

**Table V-4**  
**Surplus from Prior Year**

Available funds as of April 30, 2008:	
Bond Payment Fund	\$35,548.90
Special Assessments Fund	\$371,437.99
Reserve Fund:	
Interest income at April 30, 2008	\$1,291.05
Estimated interest to July 1, 2008	\$5,627.37
<b>Total Reserve Fund interest income</b>	<b>\$6,918.42</b>
Available Administrative Expense Fund	\$21,964.97
<b>Total funds available</b>	<b>\$435,870.29</b>
Debt service payment July 1, 2008	( <b>\$188,487.50</b> )
Principal payment July 1, 2008	( <b>\$190,000.00</b> )
Administrative expenses	( <b>\$10,036.86</b> )
<b>Total expenses</b>	<b>(\$388,524.36)</b>
Surplus from prior year	\$47,345.92

*Special Assessment Rates*

As mentioned above, special assessment requirement is calculated separately to correspond with Planning Areas 1, 2 and 3, respectively. Debt service and other costs included in the special assessment requirement are allocated to each planning area on the basis of the improvements provided from bond proceeds for each planning area. Special Assessments may not be increased in one planning area to pay the obligations of another planning area. 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. However, due to savings realized from refunding of Series 2002 Bonds, special assessment will be levied proportionally on each taxable parcel on the basis of planning area maximum special assessment rate and special assessment requirement as shown in Table V-5 below.

**Table V-5**  
**Planning Area**  
**Proportionate Special Assessment Rates**  
**Fiscal Year 2008-2009**

Plannin g Area	Units	Total Maximum Special Assessment	Total Special Assessment Levied	Proportional Rate
1	163	\$381,583.00	\$362,768.00	95.07%
2	80	\$68,880.00	\$65,254.00	94.74%
3	84	\$66,423.00	\$58,677.40	88.34%
	60	\$75,052.80	\$66,300.60	
Total	387	\$591,938.80	\$553,000.00	

## **B. DELINQUENT SPECIAL ASSESSMENTS**

Special assessments in the amount of \$545,000.00 were to be collected in fiscal year 2007-2008. As of October 30, 2008, Prince George's County has reported collecting and transferring to the trustee special assessments totaling \$542,760.12 for fiscal year 2007-2008. This amount represents 99.59 percent of the total levy for fiscal year 2007-2008. Fiscal year 2007-2008 special assessments on one property in the amount of \$2,239.88 remain outstanding.

Special assessments in the amount of \$553,000 are due to be collected in fiscal year 2008-2009. The first-half installment was due on September 30, 2008 and the second-half will be due on December 31, 2008. As of October 31, 2008, the county has reported collecting and transferring to the trustee special assessments totaling \$314,912.50 for fiscal year 2008-2009. According to the county, first-half installment in the amount of \$37,082.48 from 26 properties remains outstanding.

## **C. COLLECTION EFFORTS**

As of October 30, 2008, Prince George's County reports that fiscal year 2007-2008 special assessments on one property in the amount of \$2,239.88 remains outstanding and is subject to tax sale.

Fiscal year 2008-2009 delinquent notices for the outstanding \$37,082.48 are in the process of be mailed by the county and these special assessment will be forwarded to the trustee once collected.

## ***VI. DISTRICT FINANCIAL INFORMATION***

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The information provided in this section is intended to meet the requirements for the annual report as provided for in Section 2 of the Continuing Disclosure Agreement. The items listed below are in the same order as the items required for the annual report as listed in the Continuing Disclosure Agreement.

All information in this section is provided as of June 30, 2008, unless otherwise stated.

### **A. BALANCE OF FUNDS AND ACCOUNTS**

The balance of the funds and accounts is provided in Section IV, "Trustee Accounts," of this report.

### **B. CHANGES TO THE RATE AND METHOD OF APPORTIONMENT**

There has been no change to the Rate and Method of Apportionment for the Series 2006 Bonds.

### **C. ASSESSED VALUATION**

Assessed valuation for property within the district as of July 1, 2008 will be provided under a separate cover when provided by the county at a later date.

### **D. BONDS OUTSTANDING AND RESERVE FUND**

The amount of bonds outstanding is currently \$7,900,000.00. The balance in the reserve fund as of September 30, 2008 was \$565,387.81.

### **E. PRINCIPAL DISTRICT TAXPAYERS**

For the 2008-2009 assessment year, individual homeowners own all of the parcels within the district. As a result, there are not district taxpayers representing more than five percent of the levy of special assessments. Table VI-1 shows the amount of special assessments levied against the district.

**Table VI-1**  
**Principal District Taxpayers**

<b>Taxpayer</b>	<b>Special Tax Levy</b>	<b>Percent of Total Levy</b>
Individual Homeowners	\$553,000	100.0%
<b>Total</b>	<b>\$553,000</b>	<b>100.0%</b>

### **F. COLLECTION OF SPECIAL ASSESSMENTS**

Special assessments in the amount of \$545,000.00 were to be collected in fiscal year 2007-2008. As of October 30, 2008, Prince George's County has reported collecting and transferring to the trustee special assessments totaling \$542,760.12 for fiscal year 2007-2008. This amount represents 99.59 percent of the total levy for fiscal year 2007-2008. Fiscal year 2007-2008 special assessments on one property in the amount of \$2,239.88 remain outstanding.

Special assessments in the amount of \$553,000 are due to be collected in fiscal year 2008-2009. The first-half installment was due on September 30, 2008 and the second-half will be due on December 31, 2008. As of October 31, 2008, the county has reported collecting and transferring to the trustee special assessments totaling \$314,912.50 for fiscal year 2008-2009. According to the county, first-half installment in the amount of \$37,082.48 from 26 properties remains outstanding.

## ***VII. SIGNIFICANT EVENTS***

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The administrator shall file a notice of the occurrence of any of the following listed event of which the administrator has actual knowledge with the Municipal Securities Rulemaking Board, any Repository and each Notice Holder.

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

Except for the rating changes notices listed below the administrator does not have knowledge of any listed events as of the date of this report. The notices listed below were filed with the NRMSIR on September 20, 2007, June 23, 2008 and August 28, 2008.

- (i) On September 5, 2007 Fitch Ratings downgraded Radian Asset Assurance Inc. insured ratings from 'AA' to 'A+'.
- (ii) On June 16, 2008 Standard & Poor's downgraded Radian Asset Assurance Inc. insured ratings from 'AA' to 'A'.
- (iii) On August 26, 2008 Standard & Poor's downgraded Radian Asset Assurance Inc. insured ratings from 'A' to 'BBB+'.