

ANNUAL DEVELOPMENT ACTIVITY AND DISCLOSURE REPORT

For the Period Ending June 30, 2006

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

Prepared by:

MUNICAP, INC.

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ANNUAL DEVELOPMENT ACTIVITY AND DISCLOSURE REPORT

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I. UPDATED INFORMATION

Information updated from the Limited Offering Memorandum dated March 10, 2006 is as follows. The information presented is as of June 30, 2006 unless stated otherwise.

- The developer for the Mixed Use Development, Princeton Lakes Partners, LLC, reports that the anticipated completion date for the retail part the project is December 2007.
- The developer for the Mixed Use Development, Princeton Lakes Partners, LLC, reports that the anticipated completion date for the residential part the project is June 2008.
- The developer for the Residential Development, Pulte Homes reports that the anticipated build-out date is August 31, 2008.
- The developer for the Residential Development, Pulte Homes, reports that as of June 30, 2006, a total of 404 building permits were issued, including 89 building permits for the Regency Neighborhood, 111 building permits for the Park Neighborhood, 92 building permits for the Glen Neighborhood, 55 building permits for the Estates Neighborhood and 57 building permits for the Enclave Neighborhood.
- As of June 30, 2006, the developer for the Mixed Use Development, 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. The developer also 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, opened in Shops One through Four.
- As of June 30, 2006, the developer for the Mixed Use Development reports that a major tenant, Publix Grocery Store, opened for business in the Grocery Shopping Center on April 30, 2006. The 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 opened in Shop Four on April 30, 2006.
- The developer for the Mixed Use Development reports that as of June 30, 2006, Building I was completed and occupied by Ackerman on June 1, 2006 in the Medical Building section of the development.
- The Mixed Use developer also reports that as of June 20, 2006, construction of 140 Garden Apartment units was completed and construction of an additional 98 Garden Apartment units was substantially complete.

- The developer for the Residential Development reports that the total number of units initially anticipated for the Regency Neighborhood decreased by four units from 147 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 also reports that the total number of units initially anticipated for the Park Neighborhood increased by one unit from 119 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 from 160 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 from 122 to 119 units as a result of re-drawing of lot lines during address plat process with the Planning and Zoning Department. Accordingly, as of June 30, 2006, the total number of units anticipated to be built in the Residential Development has been revised to 844.
- According to the mixed use developer, as of June 30, 2006, leasing agreements have been signed for 78,113 square feet of retail space in the Princeton Lakes Road Retail section of the development, representing 91.2 percent of the available leasable space. The developer also reports that as of June 30, 2006, leasing agreements have been signed for 197,897 square feet of the retail space in the Camp Creek Market Place section of the development, representing 89.8 percent of the available leasable space.
- According to the mixed use developer, as of June 30, 2006, leasing agreements have been signed for 74,221 square feet of the retail space in the Gateway Shopping Center, representing 100 percent of the available leasable space. The developer also reports that as of June 30, 2006, leasing agreements have been signed for 54,000 square feet of the office space in the Medical Building I, representing 67.5 percent of the available leasable space in Medical Buildings I and II.
- According to the residential developer, as of June 30, 2006, a total of 420 units were sold, which includes 98 units sold in the Regency Neighborhood, 111 units sold in the Park Neighborhood, 109 units sold in the Glen Neighborhood, 40 units sold in the Estates Neighborhood, 33 units sold in the Enclave Neighborhood and 29 units sold in the Deerwood Reserve Neighborhood.
- The developer for the Residential Development reports that a total of 242 units closed as of June 30, 2006.
- According to the Fulton County Tax Commissioner's office, the gross non-exempt assessed value of the property within the Princeton Lakes TAD as of July 23, 2006 was \$33,864,360 which represents an increased from the base year value of \$826,760 in 2002 by \$33,007,600.

- According to Fulton County, the gross millage rates have increased from 41.989 to 43.863 mills per \$1,000 of assessed value between fiscal year 2005 and fiscal year 2006. However, the net millage rate available for paying debt service incurred by bonds issued on behalf of the TAD declined from 19.721 to 19.437 mills per \$1,000 of assessed value between fiscal year 2005 and fiscal year 2006.
- According to the County, as of October 3, 2006, the Fiscal Year 2005 net tax allocation increments billed and applicable to the Princeton Lakes TAD was \$98,472. The amount of tax allocation increments collected as of October 3, 2006 was \$98,472.
- According to the county, as of October 3, 2006, the net tax allocation increments billed and applicable to the Princeton Lakes TAD for fiscal year 2006 was \$621,209. The amount of tax allocation increments collected as of October 3, 2006 was \$261,040.
- According to the county, as of October 3, 2006, the total delinquent taxes for fiscal year 2005 were zero.

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”).

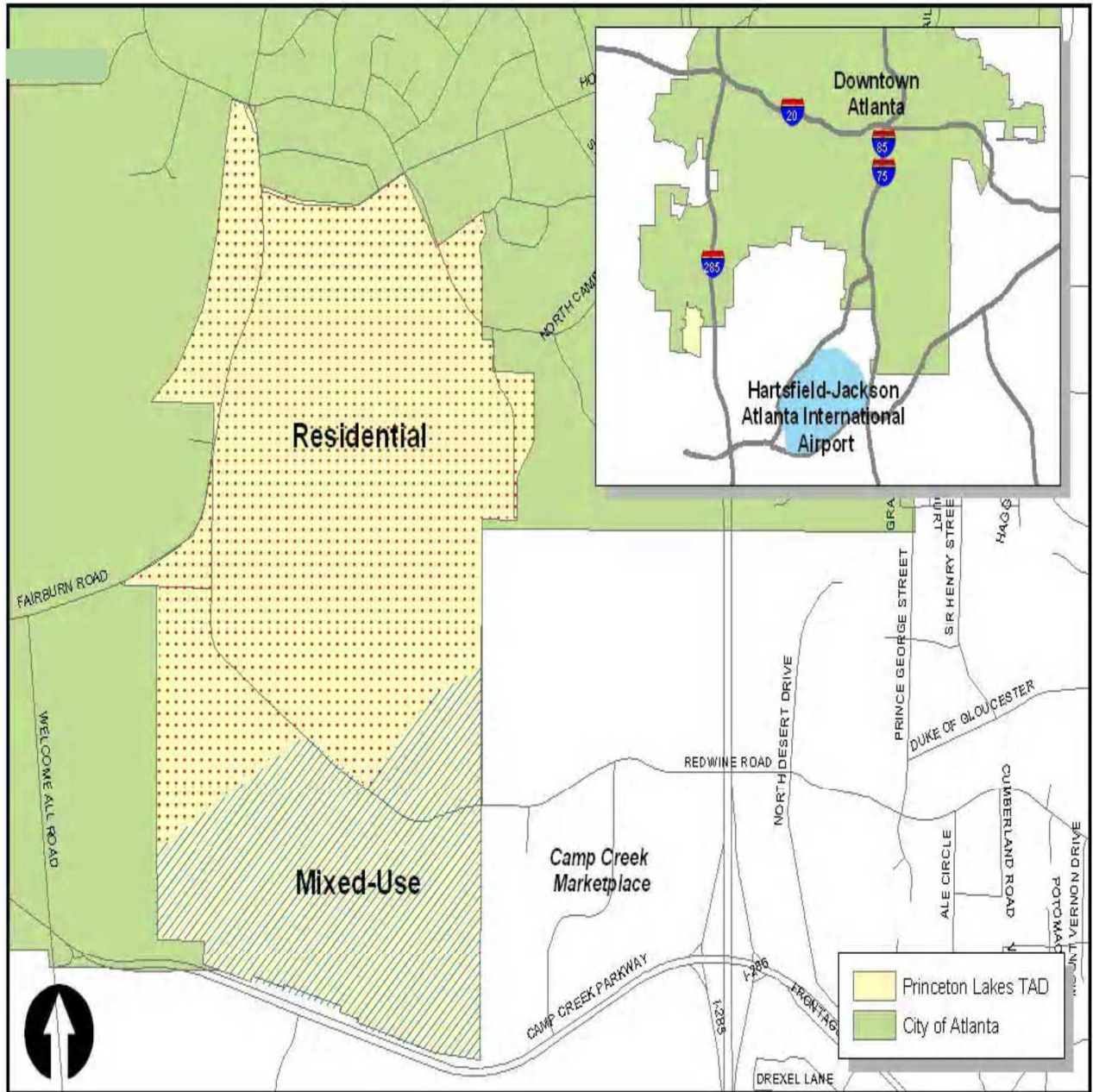
The properties in the tax allocation district are located in the City of Atlanta, Georgia with boundaries consisting of Hogan Road SW to the north; City of East Point to the east; Camp Creek Parkway SW to the south; and Fairburn Road SW to the west.

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 developer for the Mixed Use Development, Princeton Lakes Partners, LLC, reports that as of June 30, 2006, the permits needed for vertical construction have been received and construction was underway for Parcels A, D and E in the Princeton Lakes Road Retail section of

the retail development. The 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, 2006. The developer reports that as of June 30, 2006, construction permits are being sought for the vertical construction of Parcels B, F-L and Office Buildings II and III.

According to the developer, the townhomes builder for the residential part of the mixed use development, Patrick Malloy Communities, applied for 120 building permits within the first townhomes site in February 2006 and anticipates applying for additional permits for the second townhomes site in November 2006.

The developer for the Residential Development, Pulte Homes, reports that as of June 30, 2006, a total of 404 building permits were issued for the different neighborhoods. The 404 building permits include 89 building permits for the Regency Neighborhood, 111 building permits for the Park Neighborhood, 92 building permits for the Glen Neighborhood, 55 building permits for the Estates Neighborhood and 57 building permits for the Enclave Neighborhood.

C. STATUS OF DEVELOPMENT

The developer for the Mixed Use Development, Princeton Lakes Partners, LLC, reports that as of June 30, 2006, the anticipated completion date for the Retail/Office and residential phases of the mixed use development were December 2007 and June 2008, respectively. The developer for the Residential Development, Pulte Homes, reports that as of June 30, 2006, 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, 2006.

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

Retail Component	Tenants	Development Status
Princeton Lakes Road Retail		
Parcel A	Walgreens	Under Construction
Parcel B	Retail Space	In Permitting
Parcel C	Restaurant	TBD
Parcel D	BB&T Bank	Under Construction
Parcel E	Arika Corp (Beverage Store)	Permitted
Parcel F	Zaxby's Fast Food	In Permitting
Parcel G-L	Movie Management	In Permitting
Parcel M	Medical Offices	Under Contract

The developer for the Mixed Use Development, Princeton Lakes Partners, LLC, reports that as of June 30, 2006, 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. The developer also 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, 2006.

Table III-1-B in the following page shows the status of development of the Camp Creek Market Place as of June 30, 2006.

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	Opening Winter 07
Outparcel 2	Bank of America	Under Construction
Outparcel 3	TGI Fridays	Opening Winter 07
Outparcel 4	Landmark Properties	Opening Winter 07

The developer for the Mixed Use Development reports that as of June 30, 2006, a major tenant, Publix Grocery Store, was opened for business in the Gateway shopping Center on April 30, 2006. The 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 in shops four as of April 30, 2006.

Table III-1-C in the following page shows the status of development of the Grocery Shopping Center as of June 30, 2006.

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	Under Construction

The developer for the Mixed Use Development reports that as of June 30, 2006, Building I was completed and occupied by Ackerman as of June 1, 2006 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 as of June 30, 2006.

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	In Permitting, Anticipated completion 02/07
Office Building		
Building III		In Permitting, Anticipated completion 04/07
Day Care	Available	

The developer for the Mixed Use Development reports that as of June 30, 2006, all 350 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 with in the Mixed Use Development as of June 30, 2006.

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	0
Total	304	304	304	0

The Mixed Use developer also reports that as of June 20, 2006, construction of 140 Garden Apartment units was completed and construction of additional 98 Garden Apartment units was substantially complete.

The developer for the Residential Development, 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, 2006.

Table III-2
Status of Development
Townhouses Development

Neighborhood	Initial Expected Number of Units	Revised Number of Units	Building Permits Issued
Regency	147	143	89
Park	119	120	111
Glen	151	151	92
Estates	122	119	55
Enclave	160	161	57
Deerwood Reserve	150	150	0
Total	849	844	404

(i.) Leasing Status

According to the mixed use developer, Princeton Lakes Partners, LLC, as of June 30, 2006, leasing agreements have been signed for 78,113 square feet of retail space in the Princeton Lakes Road Retail representing 91.2 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, 2006.

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	13,813	16.1%
Parcel B	Retail Space	3,400	4.0%
Parcel C	Restaurant	6,700	7.8%
Parcel D	BB&T Bank	4,200	4.9%
Parcel E	Arika Corp (Beverage Store)	7,500	8.8%
Parcel F	Zaxby's Fast Food	7,500	8.8%
Parcel G-L	Movie Management	35,500	41.5%
Parcel M	Medical Offices	-	0.0%
Total Leased		78,113	91.2%
Remaining Leasable Space		7,500	8.8%

According to the mixed use developer, Princeton Lakes Partners, LLC, as of June 30, 2006, leasing agreements have been signed for 197,897 square feet of the retail space in the Camp Creek Market Place representing 89.8 percent of the available leasable space. The developer also reports that the remaining 22,456 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, 2006.

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	11.4%
Major Tenant B	LA Fitness	42,507	19.3%
Major Tenant C	American Signature Furniture	50,134	22.8%
Major Tenant D	Circuit City	33,972	15.4%
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	15.4%
Outparcel 1	Landmark Properties		0.0%
Outparcel 2	Bank of America	6,103	2.8%
Outparcel 3	TGI Fridays	6,000	2.8%
Outparcel 4	Landmark Properties		0.0%
Total Leased		197,897	89.8%
Remaining Leasable Space		22,456	10.2%

According to the mixed use developer, as of June 30, 2006, leasing agreements have been signed for 74,221 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 as of June 30, 2006.

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%
	Hollywood Video, Subway, Countrywide Home Loans,		
Shops 4	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	5,400	7.3%
Total Leased		74,221	100.0%
Remaining Leasable Space		-	0.0%

According to the mixed use developer, as of June 30, 2006, leasing agreements have been signed for 54,000 square feet of the office space in the Medical Building I representing 67.5 percent of the available leasable space in Medical Buildings I and II. The developer also reports that 26,000 square feet, 13,000 square feet, and 9,225 square feet spaces were available for lease as of June 30, 2006 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, 2006.

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	38,800	48.5%
Building II	Multiple tenants	15,200	19.0%
Subtotal:		54,000	67.5%
Remaining Leasable Space		26,000	32.5%
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		54,000	52.8%
Remaining Leasable Office Space		48,225	47.2%

According to the mixed use developer, as of June 30, 2006, 235 apartment units have been rented at an average rental price of \$950 per one bedroom for Garden Apartments representing 67.1% 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, 2006.

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	235	67.1%	\$950
Total	350	235		

(ii.) Status of Sales

According to the residential developer, Pulte Homes, as of June 30, 2006, a total of 420 units were sold, which includes 98 units sold in the Regency Neighborhood, 111 units sold in the Park Neighborhood, 109 units sold in the Glen Neighborhood, 40 units sold in the Estates Neighborhood, 33 units sold in the Enclave Neighborhood and 29 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 of June 30, 2006.

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

Neighborhood	Number of Units Sold	Average Sales Price	Projected Average Sales Price
Regency	98	\$177,011	\$158,990
Park	111	\$193,754	\$172,700
Glen	109	\$237,646	\$211,415
Estates	40	\$380,354	\$348,961
Enclave	33	\$303,354	\$294,190
Deerwood Reserve	29	\$140,857	\$120,300
Total	420	\$234,213	\$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, 2006, a total of 242 units closed, which includes 65 units in the Regency Neighborhood, 87 units in the Park Neighborhood, 64 units in the Glen Neighborhood, 12 units in the Estates Neighborhood and 12 units in the Enclave Neighborhood. Table III-4-B below shows the number of units closed and the average sales price for each neighborhood as of June 30, 2006.

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

Neighborhood	Number of Units Closed	Average Sales Price
Regency	65	\$156,105
Park	87	\$171,625
Glen	64	\$220,771
Estates	12	\$357,923
Enclave	14	\$277,759
Deerwood Reserve	0	\$0
Total	242	\$195,832

(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, 2006.

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, 2006, 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, 2006.

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 Offerings 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 June 30, 2006.

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:					
Site Preparation (Clearing, Gardening, Erosion Control, etc.)	\$7,100,287	\$0	\$7,100,287	\$5,840,812	82%
Site Infrastructure	\$15,833,718	\$0	\$15,833,718	\$11,571,135	73%
Other Site Development (Amenity, etc.)	\$6,871,463	\$0	\$6,871,463	\$2,920,817	43%
Home Construction ¹ (Note 1)	\$111,116,256	\$0	\$111,116,256	\$25,783,971	23%
Soft Costs:					
Engineering / Consulting	\$1,577,972	\$0	\$1,577,972	\$1,208,763	77%
Legal / Real Estate	\$1,075,837	\$0	\$1,075,837	\$852,743	79%
Other	\$812,105	\$0	\$812,105	\$192,179	24%
Total	\$163,310,159	\$0	\$163,310,159	\$67,292,941	41%

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, 2006.

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	\$0	\$6,310,388	\$4,343,554	69%
Street Lighting and Signage	\$127,231	\$0	\$127,231	\$80,554	63%
Sanitary Sewer	\$3,936,387	\$0	\$3,936,387	\$3,410,566	87%
Storm Water System (Detention Ponds, etc.)	\$2,565,743	\$0	\$2,565,743	\$1,641,095	64%
Other (Engineering, Geotechnical/Compaction)	\$1,659,472	\$0	\$1,659,472	\$997,012	60%
Water system	\$1,234,500	\$0	\$1,234,500	\$1,098,354	89%
Total	\$15,833,721	\$0	\$15,833,721	\$11,571,135	73%

IV. TRUSTEE ACCOUNTS

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

Table IV-1
Summary of Fund Account Activities

	Initial Deposit	Interest Paid	Additional Proceeds	Disbursements	Balance as of 06/30/06
Tax Increment Fund	\$0	\$0	\$0	\$0	\$0
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	\$205,799	\$113	\$112,596	\$0	\$318,508
Project Fund	\$18,395,814	\$13,865	\$0	\$1,312,198	\$17,097,481
Capitalized Interest Fund	\$1,843,977	\$1,422	\$0	\$0	\$1,845,400
Cost of Issuance Fund	\$341,000	\$191	\$0	\$327,136	\$14,055
Total	\$20,786,590	\$15,591	\$112,596	\$1,639,333	\$19,275,443

Additional proceeds to the Debt Service Reserve Fund were transfers of funds from the Project Fund. Disbursements from Project Account represent payments related to the developments projects and transfers of funds to the Debt Service Reserve Fund. Disbursements from the Cost of Issuance Fund represent payments related to issuance of the Series 2006 Bonds.

The interest paid through June 30, 2006 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 3.7%.

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 \$ 1,659,663 representing the initial deposit at the time of bond issuance and 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	3.70%

V. *DISTRICT OPERATIONS*

A. TAX ALLOCATION INCREMENT LEVIED AND COLLECTED

According to the Fulton County Tax Commissioner's office, as of October 3, 2006, the net tax allocation increments billed and applicable to the Princeton Lakes TAD for FY 2006 were \$636,769. The amount of tax allocation increments collected as of October 3, 2006 was \$267,578 and the amount outstanding was \$369,191. 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 October 3, 2006, that 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 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 10/03/2006	\$190,044	\$72,707	\$4,828	\$267,578
Growth (Increment) %	97.556%	97.556%	97.556%	
Net Taxes Due	\$185,400	\$70,930	\$4,710	\$261,040

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 2006 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 7/23/2006 Digest (A)	\$33,834,360
Less: 2003 Certified Base Non-Exempt Assessment (B)	(\$826,760)
Growth (Increment) (A-B)	\$33,007,600
Growth (Increment) % ((A-B)/A)	97.556%

According to the Fulton County Tax Commissioner's office, as of October 3, 2006, the FY 2005 net tax allocation increments billed and applicable to the Princeton Lakes TAD were \$119,426. The amount of tax allocation increments collected as of October 3, 2006 was \$119,426 and the amount outstanding was zero. 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 2005 Assessments, Taxes Levied and Amounts Due

	Fulton Operating	Atlanta Operating	Parks	Total
Gross Assessed Non-Exempt	\$6,204,000	\$6,204,000	\$6,204,000	
Less: Appeals & Exemptions ²	\$148,240	\$148,238	\$148,240	
Net Assessed Non-Exempt ¹	\$6,055,760	\$6,055,762	\$6,055,760	
Net Millage Rates (per \$1,000 Assessed Value)	11.581	7.640	0.500	19.721
Gross Taxes Billed	\$70,132	\$46,266	\$3,028	\$119,426
Growth (Increment) % ³	82.455%	82.455%	82.455%	
Net Taxes Billed	\$57,827	\$38,148	\$2,497	\$98,472
Gross Taxes Due as of 10/03/2006	\$0	\$0	\$0	\$0
Growth (Increment) %	82.455%	82.455%	82.455%	
Net Taxes Due	\$0	\$0	\$0	\$0

¹ Gross Taxes Billed / Millage Rate

² Gross Assessed - Net Assessed

³ Gross increment percentage for 2005 is computed using gross non-exempt value of \$4,712,120 for 2005. The increase from base year value of \$826,760 in 2002 was \$3,885,360 (\$4,712,120 - \$826,760). Accordingly, the growth percentage becomes 82.455% (\$3,885,360 / \$4,712,120).

B. DELINQUENT REAL PROPERTY TAXES

According to the Fulton County Tax Commissioner's office, as of October 3, 2006, the total taxes due for fiscal year 2005 were zero as shown in Table V-3 above. Accordingly, there are no delinquent taxes for fiscal year 2005.

C. COLLECTION EFFORTS

According to the Fulton County Tax Commissioner's office, the 2005 tax increment allocations were collected in full as of October 3, 2006. Accordingly, there are no collection efforts currently underway.

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 2004, 2005 and 2006 in the Princeton Lakes TAD are as follows:

Table VI-1
Atlanta Millage rates

	2005 (mills)	2006 (mills)	Increases (Decreases) /2006 – 2005/
City of Atlanta millage	30.094	32.143	2.049
Fulton County millage	11.895	11.720	(0.175)
<i>Total Atlanta millage</i>	41.989	43.863	1.874
Less: Excluded mills			
City of Atlanta school levy	15.420	17.649	2.229
City of Atlanta bond levy	1.430	1.410	(0.020)
School bond levy	0.104	0.054	(0.050)
State QBE levy	5.000	5.000	0.000
Fulton County bond levy	0.064	0.063	(0.001)
State of Georgia levy	0.250	0.250	0.000
<i>Total Exclusions</i>	22.268	24.426	2.158
<i>Total net millage rate</i>	19.721	19.437	(0.284)

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 24.426 mills (17.6492 City School Board levy, 1.41 City of Atlanta bond levy, 0.504 Board of Education bond levy, 0.063 Fulton County 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 19.437, which equals 43.863 total mills minus the 24.426 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 October 3, 2006. Since the base year 2002, the assessed value of the property within the district has increased by \$33,007,600. 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 \$33,834,360, resulting in incremental value, or the increase over the base value in the TAD, of \$33,007,600.

Table VI-2
Total Assessed and Incremental Values

<i>Base Value</i>	<i>2006 Gross Non-Exempt Assessed Value</i>	<i>Incremental Assessed Value</i>	<i>Incremental Taxes</i>
\$826,760	\$33,834,360	\$33,007,600	\$657,638

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 43.863 for property within the City of Atlanta. The entire total 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 24.426 mills (17.6492 City School Board levy, 1.41 City of Atlanta bond levy, 0.504 Board of Education bond levy, 0.063 Fulton County bond levy, 5.0 State QBE levy, and 0.25 State of Georgia levy). Therefore, the applicable total net millage rate is 19.437, which equals 43.863 total mills minus 24.426 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 \$33,834,360 as of July 23, 2006; therefore, the incremental value is \$33,007,600. This creates a growth (increment) ratio of 97.556% as shown previously in Table V-2. Total taxes on the property would then be \$657,638 ($\$33,834,360 \div 1,000 \times 19.437$ mills). This results in raw incremental tax revenues (before exemptions and credits) of \$641,569 ($\$657,638 \times 97.556\%$).

According to the Fulton County Tax Collector, the actual amount of tax allocation increments levied and applicable to the Princeton Lakes TAD is \$636,769. This difference is most likely the result of appeals, exempt properties and/or exemptions.

D. TOP TAXPAYERS IN PRINCETON LAKES TAD

The 10 largest taxpayers in the Princeton Lakes TAD ranked by total tax due as of October 3, 2006 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
Pulte Home Corporation	\$13,507,040	\$262,536	41.23%
NAP Camp Creek Marketplace	\$3,743,680	\$72,766	11.43%
Worthing Princeton Lakes, LLC	\$3,555,440	\$69,107	10.85%
NAP Princeton Lakes, LLC	\$1,512,360	\$28,843	4.53%
Princeton Lakes Partners, LLC	\$1,253,040	\$24,355	3.82%
Princeton Lakes, LLC	\$1,021,840	\$16,980	2.67%
PMC Princeton Lakes, LLC	\$696,280	\$13,534	2.13%
Redwine Partners, LLC	\$381,320	\$7,412	1.16%
Landquest XXXV, LLC	\$340,440	\$6,617	1.04%
Landquest XVI, LLC	\$314,040	\$6,104	0.96%
<i>Total for top 10 Taxpayers</i>	\$26,325,480	\$508,254	79.82%
<i>Total for Princeton Lakes TAD</i>	\$33,834,360	\$636,769	100.00%

E. EXEMPTION FROM TAXATION

According to the developers, no exemptions were applied for or received in the Princeton Lakes projects as of June 30, 2006.

F. TAX ALLOCATION INCREMENT COLLECTED AND DELINQUENCIES

The information related to tax allocation increment levied for the year 2005, 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 website, all the top 10 taxpayers paid their property taxes for 2005 in full and there are no delinquent property taxes due from these taxpayers. The property taxes for 2006 are due on October 1, 2006 and October 15, 2006 for the City of Atlanta and Fulton County respectively.

According to the developers of the Princeton Lakes TAD projects, there are no delinquent property taxes for 2005.

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	\$4,966,376 ¹
Debt Service (FY 2007)	\$917,583	\$217,003 ²
Base Year Assessed Value (January 1, 2002)	\$826,760	\$826,760
Total Taxable Assessed Value July 23, 2006	\$33,834,360	\$33,834,360
Incremental Assessed Value	\$33,007,600	\$33,007,600
Total Net Millage Rate (2006)	19.437	19.437
Tax Increment Revenues ³	\$621,209	\$621,209
Debt Service Coverage	67.7%	286.27%

1 The total amount of bonds outside of escrow included initial deposits to Debt Service Reserve, Capitalized Interest and Cost of Issuance Funds and \$2,362,190 bonds released from escrow, representing 23.65% of the total outstanding bonds.

2 The FY 2007 debt service applicable to the bonds released from escrow is \$217,003, which represents 23.65% of total FY 2007 debt service requirement.

3 The Tax Increment Revenues reported represents the actual levy 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, 2006 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 (November 17, 2006).