

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the District, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2007 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the Series 2007 Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Series 2007 Bonds. See "CONCLUDING INFORMATION - Tax Exemption" herein.

STATE OF CALIFORNIA

COUNTY OF ORANGE

\$9,060,000
CITY OF ANAHEIM
COMMUNITY FACILITIES DISTRICT NO. 06-2
(STADIUM LOFTS)
SPECIAL TAX BONDS, SERIES 2007

Dated: Date of Delivery

Due: September 1, as shown below

The City of Anaheim Community Facilities District No. 06-2 (Stadium Lofts) Special Tax Bonds, Series 2007 (the "Series 2007 Bonds") are being issued under the Mello-Roos Community Facilities Act of 1982 (the "Act") and the Indenture, dated as of February 1, 2007 (the "Indenture"), by and between City of Anaheim Community Facilities District No. 06-2 (Stadium Lofts) (the "District") and U.S. Bank National Association, as trustee (the "Trustee"), and are payable from the Net Special Tax Revenues (as defined herein) derived from the Special Taxes (as defined herein) levied on property within the District according to the rate and method of apportionment of the Special Taxes approved by the qualified electors of the District and by the City Council of the City of Anaheim, California (the "City"). Pursuant to the Indenture, additional bonds ("Additional Bonds") may be issued by the District on a parity with the Series 2007 Bonds but only for the purpose of refunding all or a portion of the Series 2007 Bonds or Additional Bonds then Outstanding, as described herein. The Series 2007 Bonds and any Additional Bonds are collectively referred to as the "Bonds."

The Series 2007 Bonds are being issued to provide funds (a) to pay the cost and expense of acquisition and construction of certain public facilities necessary for the development of the District, (b) to pay capitalized interest on the Series 2007 Bonds to September 1, 2007, (c) to fund a reserve fund for the Series 2007 Bonds, (d) to pay administrative expenses of the District in connection with the Series 2007 Bonds and (e) to pay the costs of issuing the Series 2007 Bonds. See "ESTIMATED SOURCES AND USES OF FUNDS" herein.

The Series 2007 Bonds are being issued in fully registered book-entry only form, initially registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). Interest on the Series 2007 Bonds is payable semiannually on March 1 and September 1 of each year, commencing on September 1, 2007. Purchasers will not receive certificates representing their interest in the Series 2007 Bonds. Individual purchases will be in principal amounts of \$5,000 or integral multiples thereof. Principal of and interest and premium, if any, on the Series 2007 Bonds will be paid by the Trustee to DTC for subsequent disbursement to DTC Participants who are obligated to remit such payments to the beneficial owners of the Series 2007 Bonds. See Appendix F hereto - "Book-Entry Only System."

The Series 2007 Bonds are subject to optional and mandatory redemption prior to maturity as described herein. See "THE SERIES 2007 BONDS - Redemption of the Series 2007 Bonds" herein.

NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY, THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION THEREOF OTHER THAN THE DISTRICT TO THE LIMITED EXTENT DESCRIBED IN THE INDENTURE IS PLEDGED TO THE PAYMENT OF THE BONDS. EXCEPT FOR THE SPECIAL TAXES, NO OTHER TAXES ARE PLEDGED TO THE PAYMENT OF THE BONDS. THE BONDS ARE NOT GENERAL OR SPECIAL OBLIGATIONS OF THE CITY NOR GENERAL OBLIGATIONS OF THE DISTRICT, BUT ARE SPECIAL OBLIGATIONS OF THE DISTRICT PAYABLE SOLELY FROM NET SPECIAL TAX REVENUES AND CERTAIN OTHER ASSETS PLEDGED THEREFOR UNDER THE INDENTURE, AS MORE FULLY DESCRIBED HEREIN

MATURITY SCHEDULE
 \$3,315,000 Serial Series 2007 Bonds

<u>Maturity Date</u> <u>(September 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP No.</u> [‡]	<u>Maturity Date</u> <u>(September 1)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP No.</u> [‡]
2008	\$ 150,000	3.750%	3.750%	03254ECN4	2016	\$ 205,000	4.500%	4.500%	03254ECW4
2009	155,000	3.850	3.850	03254ECP9	2017	215,000	4.500	4.550	03254ECX2
2010	160,000	3.950	3.950	03254ECQ7	2018	225,000	4.600	4.600	03254ECY0
2011	170,000	4.050	4.050	03254ECR5	2019	235,000	4.625	4.650	03254ECZ7
2012	175,000	4.150	4.150	03254ECS3	2020	245,000	4.625	4.680	03254EDA1
2013	180,000	4.250	4.250	03254ECT1	2021	260,000	4.625	4.710	03254EDB9
2014	190,000	4.350	4.350	03254ECU8	2022	270,000	4.700	4.730	03254EDC7
2015	200,000	4.450	4.450	03254ECV6	2023	280,000	4.750	4.750	03254EDF0

\$1,270,000 4.750% Term Bonds due September 1, 2027 - Yield: 4.80% CUSIP No.† 03254EDD5
 \$4,475,000 5.000% Term Bonds due September 1, 2037* - Yield: 4.80% CUSIP No.† 03254EDE3

† Copyright 2007, American Bankers Association. CUSIP numbers provided by Standard & Poor's CUSIP Service Bureau, a division of The McGraw-Hill Companies, Inc. CUSIP data herein are set forth for convenience of reference only. This data is not intended to serve as a database and does not in any way serve as a substitute for the CUSIP Service Bureau. The District and the Underwriter assume no responsibility for the accuracy of such data.

* Priced to first par call on September 1, 2017.

Investment in the Series 2007 Bonds involves risks which may not be appropriate for some investors. See "SPECIAL RISK FACTORS" for a discussion of certain risk factors that should be considered, in addition to the other matters set forth herein, in evaluating the investment quality of the Series 2007 Bonds. This cover page contains information for quick reference only. It is not a complete summary of the Series 2007 Bonds. Investors should read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Series 2007 Bonds are offered when, as and if issued and delivered to the Underwriter, subject to the approval as to their validity by Orrick, Herrington & Sutcliffe LLP, Bond Counsel, and subject to certain other conditions. Orrick, Herrington & Sutcliffe LLP is acting as disclosure counsel in connection with the Series 2007 Bonds. Certain legal matters will be passed upon for the Underwriter by its counsel, Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, and for the City and the District by the City Attorney. It is anticipated that the Series 2007 Bonds will be available for delivery in book-entry form through the facilities of DTC on or about February 28, 2007.

STONE & YOUNGBERG LLC

Dated: February 14, 2007

CITY OF ANAHEIM, CALIFORNIA
(Orange County, California)

CITY COUNCIL

Curt Pringle, *Mayor*
Lorri Galloway, *Council Member*
Bob Hernandez, *Council Member*
Lucille Kring, *Council Member*
Harry Sidhu, *Council Member*

CITY STAFF

David M. Morgan, *City Manager*
Thomas J. Wood, *Assistant City Manager*
Joel Fick, *Deputy City Manager*
William G. Sweeney, *Finance Director*
Jack L. White, *City Attorney*
Henry W. Stern, *City Treasurer*
Sheri Vander Dussen, *Planning Director*

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Newport Beach, California

Trustee

U.S. Bank National Association
Los Angeles, California

Special Tax Consultant

David Taussig & Associates, Inc.
Newport Beach, California

Appraiser

BTI Appraisal
Los Angeles, California

No dealer, broker, salesperson or other person has been authorized by the City, the District or the Underwriter to give any information or to make any representations with respect to the City, the District or the Series 2007 Bonds other than the information contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized by the City, the District or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the Series 2007 Bonds by a person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the Series 2007 Bonds. Statements contained in this Official Statement which involve estimates, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as a representation of facts.

Certain of the information set forth herein has been obtained from sources which the City and the District believe to be reliable, but such information is not guaranteed by the City or the District as to accuracy or completeness.

The Underwriter has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

All summaries of the Indenture or other documents are made subject to the complete provisions thereof and do not purport to be complete statements of any or all of such provisions. Reference is hereby made to such documents on file with the District for further information in connection therewith. This Official Statement is submitted in connection with the sale of the Series 2007 Bonds referred to herein and may not be reproduced or used, in whole or in part, for any other purpose.

In connection with this offering, the Underwriter may overallot or effect transactions which stabilize or maintain the market price of the Series 2007 Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriter may offer and sell the Series 2007 Bonds to certain dealers and dealer banks and banks acting as agent at prices lower than the public offering prices stated on the cover page hereof and such public offering prices may be changed from time to time by the Underwriter.

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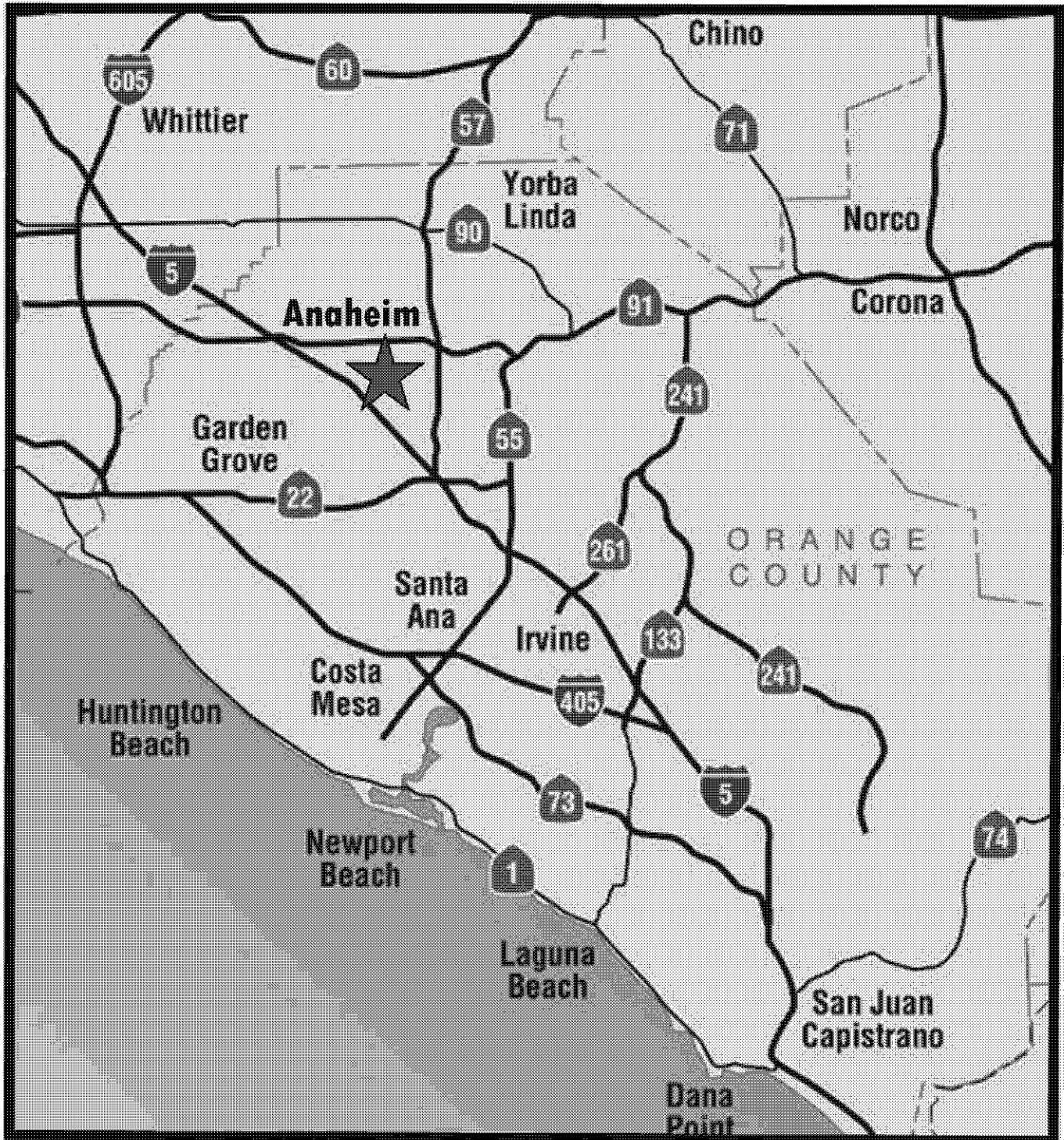
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City of Anaheim

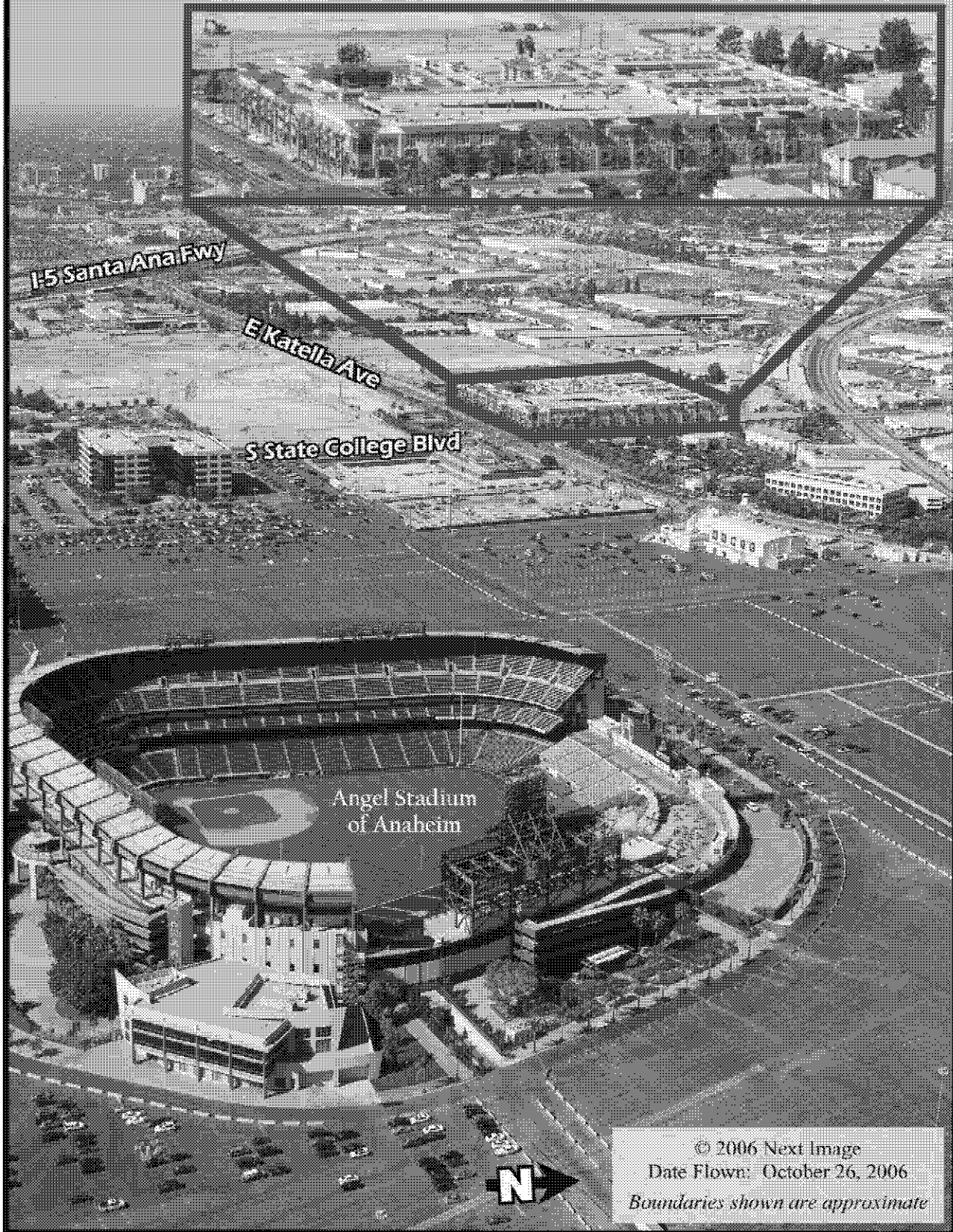
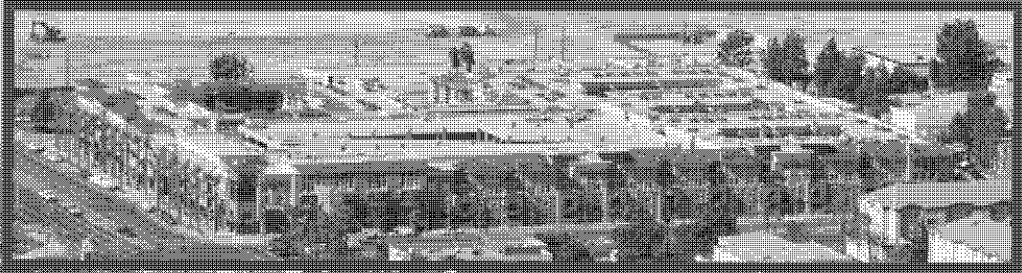
(Orange County, California)

Regional Location Map



CITY OF ANAHEIM

Community Facilities District No. 06-2
(Stadium Lofts)
Special Tax Bonds



© 2006 Next Image
Date Flown: October 26, 2006
Boundaries shown are approximate

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OFFICIAL STATEMENT

\$9,060,000
CITY OF ANAHEIM
COMMUNITY FACILITIES DISTRICT NO. 06-2
(STADIUM LOFTS)
SPECIAL TAX BONDS, SERIES 2007

INTRODUCTION

The purpose of this Official Statement, including the cover page, table of contents and the Appendices, is to provide certain information concerning the issuance of and sale by City of Anaheim Community Facilities District No. 06-2 (Stadium Lofts) (the “District”) of \$9,060,000 aggregate principal amount of its Special Tax Bonds, Series 2007 (the “Series 2007 Bonds”).

This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and Appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The sale and delivery of the Series 2007 Bonds to potential investors is made only by means of the entire Official Statement.

The Series 2007 Bonds are being issued pursuant to the Mello-Roos Community Facilities Act of 1982, constituting Section 53311 *et seq.* of the California Government Code (the “Act”) and the Indenture, dated as of February 1, 2007 (the “Indenture”), by and between the District and U.S. Bank National Association, as trustee (the “Trustee”). Capitalized undefined terms used herein shall have the meanings ascribed thereto in the Indenture.

The Series 2007 Bonds will be issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof and will be dated as of and bear interest from the date of delivery, at the rates set forth on the cover page hereof.

In accordance with the provisions of the Indenture, and subject to the conditions specified therein, the District may issue additional bonds (the “Additional Bonds”) payable on a parity with the Series 2007 Bonds, but only for the purpose of refunding all or a portion of the Series 2007 Bonds or Additional Bonds then Outstanding. See “SECURITY FOR THE SERIES 2007 BONDS – Additional Bonds.” The Series 2007 Bonds and any such Additional Bonds are collectively referred to herein as the “Bonds.”

Pursuant to the Act, the qualified electors of the District approved the levy of a special tax (the “Special Tax”) within the boundaries of the District. See “THE DISTRICT – Summary of District Proceedings.” The Bonds are payable from and secured by a pledge of Net Special Tax Revenues and certain other amounts held under the Indenture as described herein. See “SECURITY FOR THE SERIES 2007 BONDS” and Appendix D - “Summary of Indenture.”

The District consists of approximately 6.6 gross acres of property located in the City of Anaheim (the “City”). See “THE DISTRICT – General.” Until recently, CREA/Nexus Anaheim

Comers, LLC (the “Developer”) owned all of the property in the District. The Developer has constructed a four-story mixed-used building with 390 single-family attached, residential units and approximately 10,650 square feet of commercial space on the property within the District. The commercial space consists of four retail units located on the ground floor of the building. A five-story parking structure, also constructed by the Developer, will serve the entire development, but is not subject to the Special Tax. As of January 31, 2007, 101 residential units have closed escrow and potential purchasers for 39 of the remaining 289 residential units had executed binding purchase agreements. The four retail units have been leased and two opened for business in January. See “THE DISTRICT – Property Ownership and Development.” The District is part of an area within the City designated for redevelopment as a high density, mixed-use area called the Platinum Triangle. The Platinum Triangle comprises 820 acres located in the south central portion of the City and, upon redevelopment, may include up to 9,500 residential units, approximately 3,265,000 square feet of office space and approximately 2,254,000 square feet of commercial space. See “THE DISTRICT.”

The proceeds from the sale of the Series 2007 Bonds will be used to (a) pay the cost and expense of the acquisition and construction of certain public facilities necessary for the development of the District (see “THE PROJECT”), (b) pay capitalized interest on the Series 2007 Bonds to September 1, 2007, (c) fund a reserve fund for the Series 2007 Bonds, (d) pay Administrative Expenses and (e) pay the costs of issuing the Series 2007 Bonds. See “ESTIMATED SOURCES AND USES OF FUNDS.”

Certain risk factors should be considered, in addition to other matters set forth herein, in evaluating the investment quality of the Series 2007 Bonds. See “SPECIAL RISK FACTORS.”

Neither the faith and credit nor the taxing power of the City, the State of California (the “State”) or any political subdivision thereof other than the District to the limited extent described in the Indenture is pledged to the payment of the Bonds. Except for the Special Taxes, no other taxes are pledged to the payment of the Bonds. The Bonds are not general or special obligations of the City nor general obligations of the District, but are special obligations of the District payable solely from the Net Special Tax Revenues and certain other assets pledged therefor under the Indenture, as more fully described herein.

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Exchange Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “project,” “budget” or other similar words. Such forward-looking statements include, but are not limited to, certain statements contained in the information under the caption “SECURITY FOR THE SERIES 2007 BONDS” and in Appendix A – “Appraisal.”

Brief descriptions of the Series 2007 Bonds, the Indenture, the security for the Series 2007 Bonds, the District, the status of development within the District and certain other information are included in this Official Statement. Such descriptions and information do not purport to be comprehensive or definitive. The descriptions herein of the Series 2007 Bonds, the Indenture and other documents are qualified in their entirety by reference to the forms thereof and the information with respect thereto included in the Series 2007 Bonds, the Indenture and other documents. Copies

of such documents may be obtained from the City Clerk of the City, at 200 South Anaheim Boulevard, Anaheim, California 92805.

THE SERIES 2007 BONDS

Authority for Issuance

The Bonds were authorized at a special election held in the District on September 12, 2006. The Series 2007 Bonds will be issued pursuant to the Act and the Indenture.

Description of the Series 2007 Bonds

The Series 2007 Bonds will be issued in fully registered form only, and when delivered, will be registered in the name of Cede & Co., as nominee of DTC. DTC will act as securities depository for the Series 2007 Bonds. Ownership interests in the Series 2007 Bonds may be purchased in book-entry form only, in denominations of \$5,000 or any integral multiple thereof within a single maturity. The Series 2007 Bonds will be dated as of and bear interest from the date of delivery at the rates set forth on the cover page hereof.

The principal of and premium, if any, on the Series 2007 Bonds will be paid in lawful money of the United States of America at the office of the Trustee upon presentation and surrender of the Series 2007 Bonds. The Series 2007 Bonds will mature as indicated on the cover hereof, and are subject to optional and mandatory redemption as set forth herein.

Interest on the Series 2007 Bonds will be paid semiannually on March 1 and September 1 (each an "Interest Payment Date"), commencing on September 1, 2007. Interest on the Series 2007 Bonds will be calculated on the basis of a 360-day year comprised of twelve 30-day months. Payment of interest on the Series 2007 Bonds will be made to the respective Owner by check of the Trustee mailed by first class mail, postage prepaid, on each Interest Payment Date, to the Owner at his or her address as it appears on the registration books to be kept by the Trustee for the Series 2007 Bonds (the "Bond Register"), as of the close of business on the fifteenth day of the month preceding each Interest Payment Date, regardless of whether such day is a business day (the "Record Date"). Notwithstanding the foregoing, so long as DTC or its nominee is the registered owner of the Series 2007 Bonds, interest payments will be made as described in Appendix F - "Book-Entry Only System."

Interest on the Series 2007 Bonds will be payable from the Interest Payment Date next preceding the date of authentication thereof unless (a) a Series 2007 Bond is authenticated on or before an Interest Payment Date and after the close of business on the preceding Record Date, in which event it will bear interest from such Interest Payment Date, (b) a Series 2007 Bond is authenticated on or before the first Record Date, in which event interest thereon will be payable from the date of delivery of such Bond, or (c) interest on any Series 2007 Bond is in default as of the date of authentication thereof, in which event interest thereon will be payable from the date to which interest has previously been paid or duly provided for.

Redemption of the Series 2007 Bonds

Optional Redemption

The Series 2007 Bonds are subject to optional redemption, in whole or in part, on any Interest Payment Date on or after September 1, 2007, from any source of available funds, at the following respective redemption prices (expressed as percentages of the principal amount of the Series 2007 Bonds to be redeemed), plus accrued interest thereon to the date of redemption:

<u>Redemption Dates</u>	<u>Redemption Price</u>
September 1, 2007 through March 1, 2016	102%
September 1, 2016 and March 1, 2017	101
September 1, 2017 and thereafter	100

Mandatory Redemption from Special Tax Prepayments

The Series 2007 Bonds are subject to mandatory redemption, in whole or in part, on any Interest Payment Date on or after September 1, 2007, from and to the extent of any prepayment of Special Taxes, at the following respective redemption prices (expressed as percentages of the principal amount of the Series 2007 Bonds to be redeemed), plus accrued interest thereon to the date of redemption:

<u>Redemption Dates</u>	<u>Redemption Price</u>
September 1, 2007 through March 1, 2016	102%
September 1, 2016 and March 1, 2017	101
September 1, 2017 and thereafter	100

Mandatory Sinking Fund Redemption

The Series 2007 Bonds maturing on September 1, 2027, are subject to mandatory sinking fund redemption, in part, on September 1 in each year, commencing September 1, 2024, at a redemption price equal to the principal amount of the Series 2007 Bonds to be redeemed, without premium, plus accrued interest thereon to the date of redemption, in the aggregate respective principal amounts in the respective years as follows:

<u>Sinking Fund Redemption Date (September 1)</u>	<u>Principal Amount to be Redeemed</u>
2024	\$295,000
2025	310,000
2026	325,000
2027*	340,000

* Maturity

If some but not all of the Series 2007 Bonds maturing on September 1, 2027 are optionally redeemed, the principal amount of Series 2007 Bonds maturing on September 1, 2027 to be subject to mandatory sinking fund redemption on any subsequent September 1 will be reduced, by \$5,000 or an integral multiple thereof, as designated by the District in a Written Certificate of the District filed with the Trustee; provided, however, that the aggregate amount of such reductions shall not exceed the aggregate amount of Series 2007 Bonds maturing on September 1, 2027 so optionally redeemed. If some but not all of the Series 2007 Bonds maturing on September 1, 2027 are redeemed from

Special Tax prepayments, the principal amount of Series 2007 Bonds maturing on September 1, 2027 to be subject to mandatory sinking fund redemption on any subsequent September 1 will be reduced by the aggregate principal amount of the Series 2007 Bonds maturing on September 1, 2027 so redeemed from Special Tax prepayments, such reduction to be allocated among redemption dates as nearly as practicable on a *pro rata* basis in amounts of \$5,000 or integral multiples thereof, as determined by the Trustee.

The Series 2007 Bonds maturing on September 1, 2037, are subject to mandatory sinking fund redemption, in part, on September 1 in each year, commencing September 1, 2028, at a redemption price equal to the principal amount of the Series 2007 Bonds to be redeemed, without premium, plus accrued interest thereon to the date of redemption, in the aggregate respective principal amounts in the respective years as follows:

Sinking Fund Redemption Date (September 1)	Principal Amount to be Redeemed
2028	\$355,000
2029	375,000
2030	395,000
2031	410,000
2032	435,000
2033	455,000
2034	475,000
2035	500,000
2036	525,000
2037*	550,000

* Maturity

If some but not all of the Series 2007 Bonds maturing on September 1, 2037 are optionally redeemed, the principal amount of Series 2007 Bonds maturing on September 1, 2037 to be subject to mandatory sinking fund redemption on any subsequent September 1 will be reduced, by \$5,000 or an integral multiple thereof, as designated by the District in a Written Certificate of the District filed with the Trustee; provided, however, that the aggregate amount of such reductions shall not exceed the aggregate amount of Series 2007 Bonds maturing on September 1, 2037 so optionally redeemed. If some but not all of the Series 2007 Bonds maturing on September 1, 2037 are redeemed from Special Tax prepayments, the principal amount of Series 2007 Bonds maturing on September 1, 2037 to be subject to mandatory sinking fund redemption on any subsequent September 1 will be reduced by the aggregate principal amount of the Series 2007 Bonds maturing on September 1, 2037 so redeemed from Special Tax prepayments, such reduction to be allocated among redemption dates as nearly as practicable on a *pro rata* basis in amounts of \$5,000 or integral multiples thereof, as determined by the Trustee.

Selection of Series 2007 Bonds for Redemption

If less than all of the Series 2007 Bonds outstanding are to be redeemed, the Trustee shall select the Series 2007 Bonds to be redeemed from all Series 2007 Bonds not previously called for redemption (a) with respect to any optional redemption, among maturities of Series 2007 Bonds as directed in a Written Request of the District, and (b) with respect to any redemption from Special Tax prepayments, among all maturities of the Series 2007 Bonds on a *pro rata* basis as nearly as

practicable. For purposes of such selection, all Series 2007 Bonds will be deemed to be comprised of separate \$5,000 denominations and such separate denominations will be treated as separate Series 2007 Bonds which may be separately redeemed.

Notice of Redemption

So long as DTC is acting as securities depository for the Series 2007 Bonds, notice of redemption, containing the information required by the Indenture, will be mailed by first class mail, postage prepaid, by the Trustee to DTC (not to the Beneficial Owners of any Series 2007 Bonds designated for redemption) at least 30 days but not more than 60 days prior to the redemption date. The Trustee must give notice of redemption to each of certain specified securities depositories and information services designated in the Indenture. The actual receipt by DTC (or any Owner of a Series 2007 Bond in the event that the book-entry only system is discontinued) of such notice of redemption is not a condition precedent to redemption, and neither the failure to receive such notice nor any defect in such notice will affect the validity of the proceedings for redemption of the Series 2007 Bonds or the cessation of interest on the redemption date.

Partial Redemption of Series 2007 Bonds

Upon surrender of any Series 2007 Bonds to be redeemed in part only, the District will execute and the Trustee will authenticate and deliver to the Owner, at the expense of the District, a new Series 2007 Bond or Bonds of authorized denominations equal in aggregate principal amount to the unredeemed portion of the Series 2007 Bonds surrendered, with the same interest rate and the same maturity.

Effect of Notice of Redemption

Notice of redemption having been mailed as described above, and the amount necessary for the redemption having been made available for that purpose and being available therefor on the date fixed for such redemption, (a) the Series 2007 Bonds, or portions thereof, designated for redemption, will become due and payable at the redemption price thereof as provided in the Indenture, (b) upon presentation and surrender of such Series 2007 Bonds at the office of the Trustee, the redemption price of such Series 2007 Bonds, together with unpaid accrued interest to said redemption date, will be paid to the Owners thereof, (c) at the redemption date the Series 2007 Bonds, or portions thereof so designated for redemption, will be deemed to be no longer outstanding and such Series 2007 Bonds, or portions thereof, will cease to bear further interest, and (d) as of the date fixed for redemption, no Owner of any Series 2007 Bonds, or portions thereof so designated for redemption, will be entitled to any of the benefits of the Indenture or to any other rights, except with respect to payment of the redemption price and unpaid interest accrued to the redemption date from the amounts so made available.

Debt Service Schedule

The debt service schedule for the Series 2007 Bonds (including mandatory sinking fund redemption on their respective September 1 redemption dates) is set forth below:

Year Ending September 1	Principal	Interest	Total Debt Service
2007	\$ ---	\$ 218,794.29 ⁽¹⁾	\$ 218,794.29
2008	150,000.00	430,415.00	580,415.00
2009	155,000.00	424,790.00	579,790.00
2010	160,000.00	418,822.50	578,822.50
2011	170,000.00	412,502.50	582,502.50
2012	175,000.00	405,617.50	580,617.50
2013	180,000.00	398,355.00	578,355.00
2014	190,000.00	390,705.00	580,705.00
2015	200,000.00	382,440.00	582,440.00
2016	205,000.00	373,540.00	578,540.00
2017	215,000.00	364,315.00	579,315.00
2018	225,000.00	354,640.00	579,640.00
2019	235,000.00	344,290.00	579,290.00
2020	245,000.00	333,421.26	578,421.26
2021	260,000.00	322,090.00	582,090.00
2022	270,000.00	310,065.00	580,065.00
2023	280,000.00	297,375.00	577,375.00
2024	295,000.00	284,075.00	579,075.00
2025	310,000.00	270,062.50	580,062.50
2026	325,000.00	255,337.50	580,337.50
2027	340,000.00	239,900.00	579,900.00
2028	355,000.00	223,750.00	578,750.00
2029	375,000.00	206,000.00	581,000.00
2030	395,000.00	187,250.00	582,250.00
2031	410,000.00	167,500.00	577,500.00
2032	435,000.00	147,000.00	582,000.00
2033	455,000.00	125,250.00	580,250.00
2034	475,000.00	102,500.00	577,500.00
2035	500,000.00	78,750.00	578,750.00
2036	525,000.00	53,750.00	578,750.00
2037	550,000.00	27,500.00	577,500.00
TOTAL	\$9,060,000.00	\$8,550,803.05	\$17,610,803.05

⁽¹⁾ Interest on the Series 2007 Bonds is capitalized to September 1, 2007. See "ESTIMATED SOURCES AND USES OF FUNDS."

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds with respect to the Series 2007 Bonds are set forth in the following table:

<u>Sources:</u>	
Principal Amount of Series 2007 Bonds	\$9,060,000.00
Plus: Net Original Issue Premium	<u>58,945.15</u>
Total Sources	\$9,118,945.15
 <u>Uses:</u>	
Acquisition Account	\$2,054,423.13
Construction Account	5,704,863.00
Bond Fund ⁽¹⁾	218,794.29
Reserve Fund ⁽²⁾	582,502.50
Administrative Expense Fund	45,000.00
Costs of Issuance ⁽³⁾	<u>513,362.23</u>
Total Uses	\$9,118,945.15

(1) To pay interest on the Series 2007 Bonds to September 1, 2007.

(2) Equals the Reserve Requirement for the Series 2007 Bonds.

(3) Includes Underwriter's discount, legal fees, financial advisory fees and other issuance costs.

THE PROJECT

The Series 2007 Bonds are being issued, in part, to finance the acquisition and construction of certain public facilities (the "Project") necessary for the development of the District. The Project is expected to include the acquisition and construction of all or a portion of street improvements, including grading, paving, curbs and gutters, sidewalks, street signalization and signage, street lights and parkway and landscaping related thereto, sewers, storm drains, water facilities, sanitation facilities, electric utility facilities, public parks and recreation facilities, police facilities and equipment, fire facilities and equipment and land, rights-of-way and easements necessary for any of such facilities.

Pursuant to the Acquisition and Funding Agreement, dated as of February 1, 2007 (the "Acquisition Agreement"), by and among the District, the City and the Developer, the District will use a portion of the Series 2007 Bonds to finance the acquisition from the Developer of those facilities to be constructed by the Developer as set forth in the Acquisition Agreement. Such facilities consist of the construction of street improvements for a portion of Katella Avenue and State College Road and sewer improvements for a portion of Katella Avenue.

SECURITY FOR THE SERIES 2007 BONDS

General

Pursuant to the Act and the Indenture, the Bonds, including the Series 2007 Bonds, are payable from the Net Special Tax Revenues. "Net Special Tax Revenues" is defined under the Indenture to mean Special Tax Revenues less amounts required to pay Administrative Expenses.

“Special Tax Revenues” is defined under the Indenture to mean the proceeds of the Special Taxes received by or on behalf of the District, including prepayments thereof, interest and penalties thereon and proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes, which shall be limited to the amount of said lien and interest and penalties thereon. “Administrative Expenses” is defined under the Indenture to mean costs directly related to the administration of the District, consisting of the costs of computing the Special Taxes and preparing the annual Special Tax schedules and the costs of collecting the Special Taxes, the costs of remitting the Special Taxes to the Trustee, the fees and costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture, the costs incurred by the District in complying with the disclosure provisions of any continuing disclosure undertaking and the Indenture, including those related to public inquiries regarding the Special Tax and disclosures to Owners, the costs of the District related to an appeal of the Special Tax, any amounts required to be rebated to the federal government in order for the District to comply with the Indenture, an allocable share of the salaries of the staff of the City providing services on behalf of the District directly related to the foregoing and a proportionate amount of general administrative overhead of the City related thereto, and the costs of foreclosure of delinquent Special Taxes.

The payment of the principal of, premium, if any, and interest on the Bonds will be exclusively paid from the Net Special Tax Revenues and other amounts in the Special Tax Fund, the Bond Fund and the Reserve Fund. The amount of Special Taxes that the District may levy in any year is strictly limited by the maximum rates approved by the qualified electors within the District, as set forth in the Rate and Method. See “THE DISTRICT – Rate and Method of Apportionment.” The full text of the Rate and Method is set forth in Appendix B hereto.

Net Special Tax Revenues deposited in the Rebate Fund and the Administrative Expense Fund are not pledged to the payment of any of the Bonds, and neither the Rebate Fund nor the Administrative Expense Fund will be construed as a trust fund held for the benefit of the Owners of any Bonds.

The Special Taxes

In the Indenture, the District has covenanted that, so long as any Bonds are outstanding, it will levy the amount of Special Taxes within the District in accordance with the Rate and Method and, subject to the limitations in the Rate and Method as to the maximum Special Tax that may be levied, in an amount sufficient, together with other amounts on deposit in the Special Tax Fund and available for such purpose, to pay the principal of and interest on the Bonds becoming due and payable during the Bond Year commencing in such fiscal year, the Administrative Expenses estimated for such year, any amounts required to replenish the Reserve Fund to the Reserve Requirement and reasonably anticipated delinquent Special Taxes based on the delinquency rate for Special Taxes levied in the previous fiscal year (collectively, the “Special Tax Requirement”). No assurance can be given that the amounts collected in any given year will, in fact, equal the Special Tax Requirement due to a variety of factors, including the maximum Special Tax rates and the forty-year maximum term of the Special Tax levy on each parcel of Developed Property in the District imposed by the Rate and Method. See “THE DISTRICT – Rate and Method of Apportionment” and Appendix B hereto. Moreover, it is possible that under certain circumstances the maximum rates could be reduced from current levels. See “SPECIAL RISK FACTORS – Right to Vote on Taxes Act” below.

The Special Taxes will be payable and be collected in the same manner and at the same time and in the same installment as the general taxes on real property are payable, and have the same priority, become delinquent at the same time and in the same proportionate amounts and bear the same proportionate penalties and interest after delinquency as do the *ad valorem* taxes on real property.

When received, Special Taxes will be applied as follows: first, to the Administrative Expense Fund for the payment of Administrative Expenses; second, to the Bond Fund for payment of debt service on (including payment for redemption of) the Bonds; third, for deposit in the Reserve Fund to the extent needed to restore the balance therein to the Reserve Requirement; and fourth, for transfer to the Rebate Fund the amounts, if any, due and owing to the United States Treasury.

The District has covenanted that it will not initiate proceedings under the Act to modify the Rate and Method if such modification would adversely affect the security for the Bonds. The District has also covenanted that in the event any initiative or referendum measure is proposed that purports to modify the Rate and Method in a manner that would adversely affect the security for the Series 2007 Bonds, the District will, to the extent permitted by law, commence and pursue reasonable legal actions to prevent the modification of the Rate and Method in a manner that would adversely affect the security for the Series 2007 Bonds.

Although the Special Taxes will be levied against, and constitute a lien against, taxable parcels within the District, they do not constitute a personal indebtedness of the respective property owners. There is no assurance that the property owners will be financially able to pay the annual Special Taxes or that they will pay such taxes even if financially able to do so. See “SPECIAL RISK FACTORS – Special Tax Delinquencies.”

The Developer will be required to provide a Developer Letter of Credit securing payment of Special Taxes levied on the taxable property within the District until such time as the conditions to releasing the Developer Letter of Credit have been satisfied. See “– Developer Letter of Credit” below.

Special Tax Fund

The Special Tax Fund is created and established under the Indenture, and is maintained by the Trustee. Pursuant to the Indenture, as soon as practicable after receipt by the District of any Special Tax Revenues, but in any event no later than the date ten Business Days prior to the Interest Payment Date after such receipt, the District is required to transfer such Special Tax Revenues to the Trustee for deposit in the Special Tax Fund; provided, however, that any portion of any such Special Tax Revenues that represent prepaid Special Taxes that are to be applied to the payment of the redemption of Series 2007 Bonds in accordance with the mandatory redemption from special tax prepayment provisions of the Indenture are required to be identified to the Trustee as such and be deposited in the Redemption Fund. Pursuant to the Indenture, the Trustee will transfer amounts on deposit in the Special Tax Fund to the Administrative Expense Fund, the Bond Fund, the Reserve Fund and the other funds established under the Indenture on the dates, in the amounts and in the priority set forth in the Indenture. See Appendix D – “Summary of Indenture.”

Developer Letter of Credit

Developer Letter of Credit

Pursuant to the Indenture and the Developer Letter of Credit Agreement, dated as of February 1, 2007, by and between the District and the Developer, so long as the Share of MADS (defined below) allocable to the Developer's Developer Secured Parcels is greater than 7% of Allocable Maximum Annual Debt Service (defined below) for the applicable Bond Year, the Developer is obligated to provide a letter of credit in the amount required under the Indenture (the "Developer Letter of Credit"). The Developer Letter of Credit will be provided to the Trustee, as beneficiary, in the form of an irrevocable standby letter of credit to secure payment of Special Taxes levied on the Developer's Developer Secured Parcels. In the event the Developer is delinquent in the payment of Special Taxes, the Trustee, upon the receipt of a Written Request of the District, will draw on the Developer Letter of Credit in an amount equal to the lesser of the amount of such delinquency (exclusive of penalties and interest and exclusive of any delinquent amounts for which a drawing on the Developer Letter of Credit shall have previously been made and honored) and the amount then available under the Developer Letter of Credit prior to making any draw on the Reserve Fund and will deposit the proceeds of such draw in the Special Tax Fund.

"Share of MADS" is defined in the Indenture to mean, with respect to any property within the District, the share of Allocable Maximum Annual Debt Service allocable to such property, which share shall be equal to Allocable Maximum Annual Debt Service multiplied by a fraction, the numerator of which is the amount of Special Taxes to be levied on such property in the then current Fiscal Year pursuant to the Rate and Method (assuming that no capitalized interest is available to pay any portion of debt service on the Bonds), and the denominator of which is the total amount of Special Taxes to be levied on all property within the District in the then current Fiscal Year pursuant to the Rate and Method (assuming that no capitalized interest is available to pay any portion of debt service on the Bonds).

"Allocable Maximum Annual Debt Service" is defined in the Indenture to mean 50% of the largest Annual Debt Service for any Bond Year, including the Bond Year the calculation is made.

The "Required Letter of Credit Amount" of the Developer Letter of Credit, with respect to any Developer Secured Parcel or Secured Transferred Parcel within the District, for each Bond Year, is an amount equal to 200% of the Share of MADS that would be applicable to such Developer Secured Parcel or Secured Transferred Parcel for such Bond Year. The Developer Letter of Credit is to have a term of at least one year and to be in an amount equal to the Required Letter of Credit Amount. When the Share of MADS allocable to the Developer's Developer Secured Parcels is less than 7% of Allocable Maximum Annual Debt Service, the Developer's Developer Letter of Credit will be surrendered upon satisfaction of certain conditions.

From time to time, the Developer Letter of Credit may consist of the original Developer Letter of Credit, a Substitute Letter of Credit (when an existing Developer Letter of Credit is replaced) or Transferred Parcel Letter of Credit (where the purchaser of any existing Secured Transferred Parcel delivers a Developer Letter of Credit in the Required Letter of Credit Amount related to the transferred parcels), all as such terms are defined in the Indenture.

For additional terms and conditions of the Developer Letter of Credit, see Appendix D – “Summary of Certain Provisions of the Indenture – Developer Letter of Credit.”

Wachovia Bank, National Association has committed to provide the Developer Letter of Credit for the Developer.

The Bank

Wachovia Bank, National Association (the “Bank”) is a direct, wholly-owned subsidiary of Wachovia Corporation (the “Parent Corporation”). The principal offices of the Bank and the Parent Corporation are located in Charlotte, North Carolina.

The Bank is a national banking association that offers a wide range of domestic and international banking, retail and commercial banking and trust services. As of September 30, 2006, the Bank had total assets of approximately \$517 billion, total loans of approximately \$287 billion, total deposits of approximately \$330 billion and stockholder’s equity of approximately \$53 billion. Based on deposits, the Bank is one of the largest banks in the United States.

The Bank is subject to examination and primary regulation by United States federal banking authorities.

The Bank submits quarterly to the Federal Deposit Insurance Corporation (the “FDIC”) certain reports called “Consolidate Reports of Condition and Income for a Bank with Domestic and Foreign Offices” (each a “Call Report,” and collectively, the “Call Reports”). The publicly available portions of the Call Reports with respect to the Bank are on file with the FDIC, and copies of such portions of the Call Reports may be obtained from the FDIC, Disclosure Group, F518, 550 17th Street NW, Washington, DC 20479, as prescribed rates.

The Parent Corporation is subject to the information requirements of the Securities Exchange Act of 1934, as amended, and in accordance therewith files reports, proxy statements and other information with the Securities and Exchange Commission (the “Commission”). Such reports, proxy statements and other information can be inspected and copied at the Public Reference Section of the Commission, Room 1200, 450 Fifth Street NW, Judiciary Plaza, Washington, DC 20509 and at the Commission’s Regional Offices in Chicago (Midwest Regional Office, Citicorp Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661). Copies of such material can be obtained from the Public Reference Section of the Commission, Washington, DC 20549 at prescribed rates.

The main office of the Bank is located at One Wachovia Center, 301 South College Street, Charlotte, North Carolina 28288. The telephone number of the Bank is (704) 374-6565. The Bank maintains a Web site at <http://www.wachovia.com>. The information contained on the Web site is not part of this Official Statement.

The information contained under this caption relates to and has been obtained from the Bank. The information concerning the Bank and the Parent Corporation contained herein is furnished solely to provide limited introductory information regarding the Bank and the Parent Corporation and does not purport to be comprehensive. Information regarding the Bank and the

Parent Corporation is qualified in its entirety by the detailed information appearing in the documents and financial statements referenced above.

Reserve Fund

The Indenture provides that a Reserve Fund must be maintained in an amount equal to the Reserve Requirement. Upon the issuance of the Series 2007 Bonds an amount equal to the initial Reserve Requirement will be deposited in the Reserve Fund. The Indenture provides that the Reserve Requirement means, as of any date of calculation, an amount equal to the least of (a) 10% of the original aggregate principal amount of the Bonds (excluding any Bonds refunded with proceeds of Additional Bonds), (b) Maximum Annual Debt Service, and (c) 125% of average Annual Debt Service.

Moneys in the Reserve Fund will be used and withdrawn by the Trustee solely for the purpose of making transfers to the Bond Fund in the event of any deficiency at any time in the Bond Fund of the amount then required for payment of the principal of and interest on the Bonds or for the purpose of redeeming Bonds. Transfers will be made from the Reserve Fund to the Bond Fund in the event of a deficiency in the Bond Fund, in accordance with the Indenture.

Whenever the balance in the Reserve Fund exceeds the amount required to redeem or pay the Outstanding Bonds, including interest accrued to the date of payment or redemption and premium, if any, due upon redemption, the Trustee will, upon receipt of a Written Request of the District, transfer the amount in the Reserve Fund to the Bond Fund or Redemption Fund, as applicable, to be applied on the next succeeding Interest Payment Date to the payment and redemption of all of the Outstanding Bonds.

In connection with an optional redemption of Bonds or a mandatory redemption of Bonds from Special Tax prepayments, a proportionate share of the amount on deposit in the Reserve Fund will, on the Business Day on which amounts to redeem such Bonds are deposited in the Redemption Fund, be transferred by the Trustee from the Reserve Fund to the Redemption Fund and will be applied to the redemption of said Bonds; provided, however, that such amount shall be so transferred only if and to the extent that the amount remaining on deposit in the Reserve Fund will be at least equal to the Reserve Requirement (excluding from the calculation thereof said Bonds to be redeemed). Such proportionate share shall be equal to the largest integral multiple of \$5,000 that is not larger than the amount equal to the product of (a) the amount on deposit in the Reserve Fund on the date five Business Days prior to the date notice of redemption of such Bonds is required to be given pursuant to the Indenture, times (b) a fraction, the numerator of which is the principal amount of Bonds to be so redeemed and the denominator of which is the principal amount of Bonds to be Outstanding on the day prior to the date on which such Bonds are to be so redeemed.

Additional Bonds

The Indenture provides that the District may, at any time after the issuance and delivery of the Series 2007 Bonds, issue Additional Bonds payable from the Net Special Tax Revenues on a parity with all other Bonds issued under the Indenture; provided, however, that Additional Bonds may only be issued for the purpose of providing funds to refund Bonds issued under the Indenture, to pay costs of issuance incurred in connection with the issuance of such Additional Bonds, and to make any deposit to the Reserve Fund required under the Indenture. The issuance of Additional Bonds is

subject to certain additional specific conditions precedent. See Appendix D – “Summary of Indenture.”

Covenant for Superior Court Foreclosure

In the event of a delinquency in the payment of any installment of Special Taxes, the District is authorized by the Act to order institution of an action in the Superior Court of the State to foreclose any lien therefor. In such action the real property subject to the Special Taxes may be sold at a judicial foreclosure sale.

Such judicial foreclosure proceedings are not mandatory. However, in the Indenture, the District has covenanted for the benefit of the Owners of the Bonds that it will commence judicial foreclosure proceedings against parcels with delinquent Special Taxes; provided, however that the District is not required to order the commencement of foreclosure proceedings if (a) the total Special Tax delinquency in the District for such fiscal year is less than 5% of the total Special Tax levied in such fiscal year and (b) the amount then on deposit in the Reserve Fund is equal to the Reserve Requirement. Notwithstanding the foregoing, if the District determines that any single property owner in the District is delinquent in excess of \$5,000 in the payment of the Special Tax, then the District will diligently institute, prosecute and pursue foreclosure proceedings against such property owner. The District may, but is not obligated to, advance funds from any source of legally available funds in order to maintain the Reserve Fund at the Reserve Requirement. In a foreclosure proceeding the District is entitled to recover penalties and interest on the delinquent Special Taxes through the date that an order of sale is entered. Prompt commencement of foreclosure proceedings may not, in and of itself, result in a timely or complete payment of delinquent Special Taxes.

The ability of the District to foreclose the lien of delinquent unpaid Special Taxes may be limited in certain instances and may require prior consent of the obligee in the event the property is owned by or in receivership of the Federal Deposit Insurance Corporation. See “SPECIAL RISK FACTORS – Bankruptcy,” “– Payments by FDIC or Other Federal Agencies” and “– Billing of Special Taxes.”

If the Reserve Fund is depleted, there could be a default or a delay in payments to the Owners of the Bonds pending prosecution of foreclosure proceedings and receipt by the District of foreclosure sale proceeds, if any. However, within the limits of the Rate and Method, the District may adjust the Special Taxes levied on all taxable property within the District to provide an amount required to pay debt service, including defaulted interest and principal payments, on the Bonds and to replenish the Reserve Fund.

No assurances can be given that a judicial foreclosure action, once commenced, will be completed or that it will be completed in a timely manner. If a judgment of foreclosure and order of sale is obtained, the judgment creditor (the District) must cause a Notice of Levy to be issued. Under current law, a judgment debtor (property owner) has 120 days from the date of service of the Notice of Levy in which to redeem the property to be sold, which period may be shortened to 20 days for parcels other than those on which a dwelling unit for not more than four persons is located. If a judgment debtor fails to redeem and the property is sold, his only remedy is an action to set aside the sale, which must be brought within 90 days of the date of sale. If, as a result of such an action, a foreclosure sale is set aside, the judgment is revived and the judgment creditor is entitled to interest on the revived judgment as if the sale had not been made (Section 701.680 of the California Code of Civil Procedure). The constitutionality of the aforementioned legislation, which repeals the former

one-year redemption period, has not been tested; and there can be no assurance that, if tested, such legislation will be upheld.

Property Values

An appraisal of the property in the District, dated November 21, 2006 (the "Appraisal"), was prepared by BTI Appraisal (the "Appraiser"). The Appraisal was prepared to estimate the market value of the land in the District in its "as is" condition (the "Market Value"). The property within the District that the Developer has designated for storage units and for certain additional parking spaces available for purchase by the condominium residents beyond the parking spaces that are provided with each unit were not appraised by the Appraiser. (The purchase price of each residential unit includes one parking space per bedroom; additional parking spaces may be purchased at additional cost.) The estimated values expressed in the Appraisal were stated as of November 21, 2006. See the Appraisal included in Appendix A hereto for a description of the assumptions made and the valuation methodologies used by the Appraiser.

The Developer has constructed 390 residential, attached units in a four-story building with approximately 10,650 square feet of commercial space located on the ground floor of the building. The commercial space is currently owned by the Developer and has been leased to four entities: El Torito Restaurant, Subway, Juice it Up! and Kelly's Coffee and Fudge. The Appraisal sets forth separate valuation analyses for the residential units and the four commercial units.

To arrive at the Market Value for the land in the District the Appraiser utilized several valuation analyses. The Appraiser used the cost approach to value the mixed-use building as a whole (i.e., including both the residential and commercial units), the income approach to value the commercial units and the sales comparison approach to value the residential units and the commercial units separately. With respect to appraising the value of the mixed-use building as a whole, the cost approach required that the Appraiser, among other things, (1) estimate the value of the land in the District as though vacant, (2) estimate the cost of the improvements as of November 21, 2006, (3) estimate remaining costs necessary to allow the units to be sold (with respect to the residential units) or leased (with respect to the commercial units) and (4) estimate the Developer's estimated profit and depreciation of the building. Upon completion of these steps, the Appraiser obtained the total cost of the improvements and then added the land value of the property in the District (based on comparable sales) to such costs to arrive at a value for the building. Based on the cost approach, the Appraiser determined that the "as is" value of the property in the District as of November 21, 2006, was \$170,640,324. With respect to appraising the value of the commercial units only, the income approach utilizes the direct capitalization method and/or the discounted cash flow method. The direct capitalization method required the Appraiser to convert one year or the average of several years' estimated income into an indication of value by dividing the income estimated by an income rate or by multiplying the income estimate by an appropriate factor derived through comparable sales analysis. The discounted cash flow method required the Appraiser to convert future benefits into a present value by discounting each future benefit at an appropriate yield rate. Based on the income approach, the Appraiser determined that the value of the commercial space in the District as of November 21, 2006, was \$5,925,129 if the direct capitalization method is used and \$6,124,616 if the discounted cash flow method is used. With respect to appraising the value of the residential units and the commercial units as separate components, the sales comparison approach requires that the Appraiser compare the property in the District to other similar properties that have been sold, are under contract to be sold or are listed for sale. Based on the sales comparison approach, the Appraiser determined that the fee simple interest of the residential units as of

November 21, 2006, was \$165,830,000 and that the leased fee market value of the commercial units was \$5,915,745. The Appraiser then reconciled the various appraisal techniques, giving greatest consideration to the cost and sales comparison approaches based on the quantity and quality of data available. The Appraiser concluded that as of November 21, 2006, the “as is” value of the property in the District was \$171,500,000 (rounded); however, since the Appraiser has assumed that escrows for the residential units will close through December 2008, the Appraiser applied a discount rate to arrive at a discounted bulk sale value of \$126,847,800 for the “as is” value of the property in the District as of November 21, 2006. See Appendix A – “The Appraisal” for a detailed description of the analyses utilized and assumptions made by the Appraiser.

Thus, based on the above-summarized analyses and the assumptions set forth in the Appraisal, the Appraiser estimated the Market Value of the property within the District as of November 21, 2006 to be \$126,847,800.

Direct and Overlapping Debt

Contained within the District are overlapping local agencies providing public services. Some of such local agencies have outstanding bonds or authorization to issue bonds payable from taxes or special assessments.

Anaheim Elementary School District

The Anaheim Elementary School District (the “Elementary School District”) received authorization at an election held on March 5, 2002, by an affirmative vote of the eligible voters within the Elementary School District to issue bonds in an amount not to exceed \$111,000,000 (the “Elementary School District Bonds”). The Elementary School District issued Elementary School District Bonds in 2002, 2004, 2005 and 2007. As of February 13, 2007, the Elementary School District had \$110,612,216 aggregate principal amount of Elementary School District Bonds outstanding, of which approximately \$77,081 was allocable to property within the District. The Elementary School District has no authorized but unissued indebtedness. The Elementary School District Bonds are general obligation bonds of the Elementary School District payable from *ad valorem* taxes; the amount of the tax levy on each parcel is based on the assessed valuation of the taxable property within the boundaries of the Elementary School District. If, as property is developed and sold within the District, the assessed valuation of such parcels increases disproportionately to other parcels within the Elementary School District, then such parcels’ share of the general obligation bond debt of the Elementary School District would increase.

Anaheim High School District

The Anaheim High School District (the “High School District”) received authorization at an election held on March 5, 2002, by an affirmative vote of the eligible voters within the High School District to issue bonds in an amount not to exceed \$132,000,000 (the “High School District Bonds”). The High School District issued High School District Bonds in 2002, 2003 and 2006. As of January 31, 2007, the High School District had \$126,158,955 aggregate principal amount of High School District Bonds outstanding, of which approximately \$49,543 was allocable to property within the District and no authorized but unissued indebtedness. The High School District Bonds are general obligation bonds of the High School District payable from *ad valorem* taxes; the amount of the tax levy on each parcel is based on the assessed valuation of the taxable property within the boundaries of the High School District. If, as property is developed and sold within the District, the assessed

valuation of such parcels increases disproportionately to other parcels within the High School District, then such parcels' share of the general obligation bond debt of the High School District would increase.

North Orange County Community College District

The North Orange County Community College District (the "Community College District") received authorization at an election held on March 5, 2002, by an affirmative vote of the eligible voters within the Community College District to issue bonds in an amount not to exceed \$239,000,000 (the "Community College District Bonds"). The Community College District issued Community College District Bonds in 2002, 2003 and 2005. As of January 31, 2007, the Community College District had \$238,124,000 aggregate principal amount of Community College District Bonds outstanding, of which approximately \$33,144 was allocable to property within the District and no authorized but unissued indebtedness. The Community College District Bonds are general obligation bonds of the Community College District payable from *ad valorem* taxes; the amount of the tax levy on each parcel is based on the assessed valuation of the taxable property within the boundaries of the Community College District. If, as property is developed and sold within the District, the assessed valuation of such parcels increases disproportionately to other parcels within the Community College District, then such parcels' share of the general obligation bond debt of the Community College District would increase.

Direct and Overlapping Debt Summary

Set forth in the table below is a summary of the direct and overlapping debt payable from taxes or special assessments in the District.

**Table 1
City of Anaheim
Community Facilities District No. 06-2
(Stadium Lofts)
Direct and Overlapping Debt Summary**

Overlapping Debt ⁽¹⁾	2006-2007 Total Levy	Amount of Levy on Parcels in the District	Percent of Levy on Parcels in the District	Total Debt Outstanding ⁽²⁾	District Share of Total Debt Outstanding
Anaheim City Elementary 2002 Bond Series 2002	\$705,528	\$492	0.0697%	\$1,930,000	\$1,345
Anaheim City Elementary 2002 Bond Series 2004	\$592,643	\$413	0.0697%	\$2,093,461	\$1,459
Anaheim City Elementary 2002 Bond Series 2005 Refunding	\$2,213,789	\$1,542	0.0697%	\$61,707,339	\$42,995
Anaheim City Elementary 2002 Bond Series 2007 ⁽³⁾	\$0	\$0	0.0697%	\$44,881,416	\$31,282
Anaheim High 2002 Bond Series 2002A	\$4,726,229	\$1,856	0.0393%	\$86,349,603	\$33,910
Anaheim High 2002 Bond Series 2003	\$965,274	\$379	0.0393%	\$26,809,352	\$10,528
Anaheim High 2002 Bond Series 2006	\$859,567	\$338	0.0393%	\$13,000,000	\$5,105
NOC Community College 2002 Bond Series 2002A	\$1,946,406	\$271	0.0139%	\$14,945,000	\$2,080
NOC Community College 2002 Bond Series 2003B	\$2,503,642	\$348	0.0139%	\$60,194,001	\$8,378
NOC Community College 2002 Bond Series 2005 Refunding	\$6,883,050	\$958	0.0139%	\$162,985,000	\$22,686
Anaheim City 1980 Bond Fund (Refunded in 1993)	\$660,666	\$513	0.0777%	\$5,700,000	\$4,430
MWD - Anaheim City 1201	\$103,904,001	\$246	0.0002%	\$389,565,000	<u>\$922</u>
				Total Overlapping Debt	\$165,121
				Plus: Series 2007 Bonds	<u>\$9,060,000</u>
				Estimated Share of Direct and Overlapping Debt	\$9,225,121
				Appraised Value	\$126,847,800 ⁽⁴⁾
				Estimated Value-to-Lien ⁽³⁾	13.75

⁽¹⁾ Amounts based on actual fiscal year 2006-07 tax bills provided by the County of Orange.

⁽²⁾ As of February 13, 2007.

⁽³⁾ The Elementary School District issued its remaining authorized indebtedness on February 13, 2007. The Elementary School District did not levy for these bonds in fiscal year 2006-07. David Taussig & Associates, Inc. has assumed, for purposes of this table, that the District's share of such bonds will be the same as prior issuances by the Elementary School District.

⁽⁴⁾ Source: The Appraisal.

Source: David Taussig & Associates, Inc.

Other Potential Debt

The District has no control over the amount of additional debt payable from taxes or assessments levied on all or a portion of the property within the District which may be incurred in the future by other governmental agencies having jurisdiction over all or a portion of the property within the District. Furthermore, nothing prevents the owners of property within the District from consenting to the issuance of additional debt by other governmental agencies which would be secured by taxes or assessments on a parity with the Special Taxes. To the extent such indebtedness is payable from assessments, other special taxes levied pursuant to the Act or taxes, such assessments, special taxes and taxes will be secured by liens on the property within the District on a parity with the lien of the Special Taxes.

Accordingly, the debt on the property within the District could increase, without any corresponding increase in the value of the property therein, and thereby severely reduce the estimated value-to-lien ratio that exists at the time the Series 2007 Bonds are issued. The imposition of such additional indebtedness could reduce the willingness and ability of the property owners within the District to pay the Special Taxes when due. See “SPECIAL RISK FACTORS – Cumulative Burden of Parity Taxes, Special Assessments.”

Moreover, in the event of a delinquency in the payment of Special Taxes, no assurance can be given that the proceeds of any foreclosure sale of property with delinquent Special Taxes would be sufficient to pay the delinquent Special Taxes. See “SPECIAL RISK FACTORS – Appraised Values.”

The City anticipates that a maintenance district will be established in the future that will result in the property within the District being subject to assessment liens imposed by the City. The lien for Special Taxes is co-equal to the lien for the anticipated annual maintenance assessment and the lien for general property taxes. See “– The Special Taxes” above.

Estimated Value-to-Lien Ratios

The values, direct and overlapping debt and total tax burden on property vary among parcels within the District. The \$9,060,000 principal amount of Series 2007 Bonds constitutes direct debt for the property in the District. As set forth in Table 1 under “Direct and Overlapping Debt – *Direct and Overlapping Debt Summary*” above, there is approximately \$165,121 of other outstanding public indebtedness applicable to property in the District. Thus, the estimated direct and overlapping debt allocable to the property in the District is approximately \$9,225,121.

The market value of the property in the District as of November 21, 2006, as estimated by the Appraiser in the Appraisal, is \$126,847,800, which is approximately 14.0 times the principal amount of the Series 2007 Bonds and 13.75 times the sum of the principal amount of the Series 2007 Bonds, plus the amount of all the other outstanding public indebtedness allocable thereto, under the assumptions described in Table 1.

The foregoing value-to-lien ratios represent estimated averages for the property within the District only; the actual ratios for individual parcels of land within the District may vary significantly. No assurance can be given that any of the foregoing value-to-lien ratios will be maintained during the period of time that the Series 2007 Bonds are Outstanding. The District has no control over future property values or the amount of additional indebtedness that may be issued in the future by other public agencies, the payment of which, through the levy of a tax or an assessment, is

on a parity with the Special Taxes. See “SPECIAL RISK FACTORS – Appraised Values” and “– Value-to-Lien Ratios.”

Effective Tax Rates

The following table sets forth the projected tax rates for fiscal year 2006-07 for a single family attached home between 900 and 1,099 square feet in size within the District. The estimated tax rates and amounts presented herein are based on the best available information available at this time. (For example, the following table does not include the projected tax rates for the Elementary School District Bonds issued in February 2007.) The actual amounts charged are expected to vary and may increase in future years.

Table 2
City of Anaheim
Community Facilities District No. 2006-2 (Stadium Lofts)
Estimated Fiscal Year 2006-2007 Tax Rates
Home Size 900 to 1,099 S.F.

<u>Estimated Assessed Valuation and Property Taxes</u>	<u>Percent of Total AV</u>	<u>Expected Amount</u>
Estimated Sales Price ⁽¹⁾	\$511,988	
AD VALOREM PROPERTY TAXES ⁽²⁾		
Basic Levy	1.00000%	\$ 5,119.88
Anaheim City Elementary 2002 Bond Series 2002	0.00450	23.04
Anaheim City Elementary 2002 Bond Series 2004	0.00378	19.35
Anaheim City Elementary 2002 Bond Series 2005 Refunding	0.01412	72.29
Anaheim High 2002 Bond Series 2002A	0.01699	86.99
Anaheim High 2002 Bond Series 2003	0.00347	17.77
Anaheim High 2002 Bond Series 2006	0.00309	15.82
NOC Community College 2002 Bond Series 2005 Refunding	0.00877	44.90
NOC Community College 2002 Bond Series 2003B	0.00319	16.33
NOC Community College 2002 Bond Series 2002A	0.00248	12.70
MWD - Anaheim City 1201	0.00470	24.06
<u>Anaheim City 1980 Bond Fund</u>	<u>0.00225</u>	<u>11.52</u>
Total General Property Taxes and Overrides	1.06734%	\$ 5,465.00
ASSESSMENTS, SPECIAL TAXES AND PARCEL CHARGES		
Mosquito, Fire Ant Assessment ⁽³⁾		\$ 5.75
Vector Control Charge ⁽³⁾		1.92
MWD Water Standby Charge ⁽³⁾		8.55
OCSD Sewer User Fee ⁽³⁾		165.80
Platinum Triangle Maintenance AD ⁽⁴⁾		150.00
<u>Stadium Lofts CFD No. 06-2 ⁽⁵⁾</u>		<u>2,343.00</u>
Total Assessments, Special Taxes and Parcel Charges		\$ 2,675.00
<u>PROJECTED TOTAL PROPERTY TAXES</u>		<u>\$ 8,140.00</u>
Projected Total Effective Tax Rate (as % of Estimated Sales Price)		1.5898%

⁽¹⁾ Based on average price for plan B1 (1,062 square feet) per the Appraisal.

⁽²⁾ Based on fiscal year 2006-07 ad valorem rates for Tax Rate Area 01-007.

⁽³⁾ Based on fiscal year 2006-07 tax rate per single family attached dwelling unit.

⁽⁴⁾ Preliminary, subject to change; maintenance district has not yet been formed. See "SECURITY FOR THE SERIES 2007 BONDS – Direct and Overlapping Debt."

⁽⁵⁾ Based on fiscal year 2006-07 Assigned Special Tax Rate.

Source: David Taussig & Associates, Inc.

THE DISTRICT

General

The District was established in accordance with the Act and constitutes a legally constituted governmental entity separate and apart from the City. The District is located in the City on the northwest corner of East Katella Avenue and South State College Boulevard. The District consists of

approximately 6.6 gross acres of land, of which approximately 6.1 acres are anticipated to be subject to the Special Tax. The District is part of the City's high density, mixed-use redevelopment area known as the Platinum Triangle. The Platinum Triangle is located in the south central portion of the City and, upon redevelopment, may include up to 9,500 residential units, approximately 3,265,000 square feet of office space and approximately 2,254,000 square feet of commercial space. The Developer has constructed a four-story mixed-use building with 390 attached, residential units and four commercial units on the ground floor of the building totaling approximately 10,650 square feet. The 390 residential units and the 10,650 square feet of commercial space will be subject to the Special Tax. A five-story parking garage, also constructed by the Developer, will support the development but is not subject to the Special Tax. See “—Property Ownership and Development.”

The 390 residential units in the District range in size from approximately 550 square feet to 1,398 square feet. Of the 390 units, 31 will be lofts, 171 will have one bedroom and 176 will have two bedrooms. An additional 12 units will have two bedrooms plus a den. Common area amenities include a pool, gym and recreation room. See “—Property Ownership and Development.” The commercial space has been leased to El Torito Grill Restaurant, Subway, Juice it Up! and Kelly's Coffee and Fudge and both El Torito Grill Restaurant and Kelly's Coffee and Fudge opened for business in January 2007.

Summary of District Proceedings

Pursuant to the Act, the City Council of the City adopted Resolution No. 2006-159 on July 11, 2006 stating its intention to establish the District and to authorize the levy of special taxes within the boundaries of the District. On the same date, the City Council of the City also adopted Resolution No. 2006-160 stating its intention to have the District incur bonded indebtedness in an amount not to exceed \$12,000,000.

Following public hearings conducted pursuant to the provisions of the Act, the City Council of the City adopted Resolution No. 2006-214 on September 12, 2006 establishing the District. The City Council of the City also adopted Resolution No. 2006-215 determining the necessity to have the District incur up to \$12,000,000 of bonded indebtedness. Both resolutions called for a special election to submit propositions to authorize the levy of the Special Tax and incurring of the bonded indebtedness to the qualified electors of the District.

At a special election held on September 12, 2006, the owners of the property within the boundaries of the District (i.e., the Developer) authorized the District to incur bonded indebtedness in an amount not to exceed \$12,000,000 and approved the Rate and Method to pay the principal of and interest on all bonds issued by the District.

Rate and Method of Apportionment

The District is legally authorized and has covenanted to cause the levy of the Special Taxes in an amount determined according to a methodology, *i.e.*, the Rate and Method, which the City Council of the City and the qualified electors of the District have approved. The Rate and Method apportions the total amount of Special Taxes to be collected among the taxable parcels in the District as more particularly described therein. The full text of the Rate and Method is set forth in Appendix B hereto.

Environmental Review

On May 24, 2004, the City Council of the City approved a Final Environmental Impact Report (“FEIR No. 330”) as part of the City’s implementation of a comprehensive update to its General Plan and Zoning Code as required by the California Environmental Quality Act (“CEQA”). FEIR No. 330 established mitigation measures which must be satisfied in development of the property within the District. These measures are not expected to adversely affect development of the property within the District. The District believes that FEIR No. 330, together with the Updated and Modified Mitigation Monitoring Program No. 106 for the Platinum Triangle, the Mitigated Negative Declaration and Mitigation Monitoring Program No. 125 approved by the City Council of the City in connection with the Development Agreement (defined below) satisfy all necessary environmental documentation that must be taken in connection with the development of the District.

The Development Agreement

The City is responsible for the land use approvals and regulations relating to the property within the District. The City and the Developer entered into Development Agreement No. 2004-00002, dated November 15, 2004, as amended by Amendment No. 1 to Development Agreement No. 2004-00002, dated as of March 1, 2006 (as so amended and supplemented, the “Development Agreement”). Pursuant to the Development Agreement, the Developer has obtained a vested right to proceed with its project in accordance with the development approvals identified in the Development Agreement. However, development remains subject to changes in City laws, regulations, plans or policies specifically mandated and required by changes in State or federal laws or regulations. The Developer has obtained all necessary approvals for the development of the District. The Final Tract Map for the District was approved on October 17, 2006 and the certificate of occupancy was obtained by the Developer on November 21, 2006. See “SPECIAL RISK FACTORS – Failure to Develop Property” and “– Ballot Initiatives and Legislative Measures.”

Property Ownership and Development

The information provided under this caption has been included because it may be considered relevant to an informed evaluation and analysis of the Series 2007 Bonds and the District. No assurance can be given, however, that the proposed development of the property within the District will occur, or that it will occur in a timely manner or in the configuration or to the density described herein, or that the Developer, any affiliates thereof, or any other property owner described herein will or will not retain ownership of its property within the District. Neither the Series 2007 Bonds nor the Special Taxes are personal obligations of the Developer or any other property owner within the District. The Bonds are secured solely by the Net Special Tax Revenues and certain other assets pledged therefor under the Indenture. The following information regarding ownership and planned development of the District has been provided by the Developer. No representation is made by the District as to the accuracy or adequacy of such information provided by the Developer.

Until recently, all of the property within the District was owned by the Developer, CREA/Nexus Anaheim Corners, LLC, a Delaware limited liability company. The Developer was formed by Stadium Lofts, LLC (“Stadium Lofts”) and Massachusetts Mutual Life Insurance Company (“Mass Mutual”) on April 29, 2004. Stadium Lofts is an affiliate of, and is managed by, Windstar Communities, LLC, a California limited liability company (“Windstar”), which is beneficially owned by Michael J. Reidy (“Reidy”) and R. Darrell Gary (“Gary”). In 1979, Reidy and Gary established Nexus Properties, Inc. (“Nexus”), a privately held corporation in San

Diego, California, which develops office, industrial, research and development, and other non-residential properties. In 2004, Reidy and Gary established Windstar, which develops multi-family residential properties. They own and control both Nexus and Windstar.

Since its establishment in 1979, Nexus has constructed over three million square feet of office, industrial, research and development and other facilities, with such projects concentrated in Seattle, Washington, Silicon Valley in Northern California and Orange and San Diego counties in Southern California. Windstar has approximately 2,400 multi-family residential units in various phases of development. Each property developed by Windstar is held in a single purpose limited liability company owned by a Windstar affiliate and an equity partner such as a life insurance company, such as is the case with the Developer. Windstar's first project is the Stadium Lofts development, consisting of the 390 residential units, approximately 10,650 square feet of commercial space and five-story parking structure within the District. Windstar's second project is the development of 430 multi-family units in El Segundo in Los Angeles County, construction of which is expected to be completed in early 2008. Windstar's other multi-family residential projects are in the development and entitlement stage.

Pursuant to the Limited Liability Company Agreement of CREA/Nexus Anaheim Corners, LLC, dated May 25, 2004 (the "LLC Agreement"), between Stadium Lofts and Mass Mutual, Stadium Lofts was appointed the managing member of the Developer. Stadium Lofts was responsible for the development and construction of the four-story building and parking structure and Mass Mutual was responsible for financing the development, construction and the sale of the condominium units. Now that construction has been completed, pursuant to the Amended and Restated Limited Liability Company Agreement of CREA/Nexus Anaheim Corners, LLC, dated January 2, 2007 (the "Closing LLC Agreement"), between Stadium Lofts and Mass Mutual, Mass Mutual is the managing member of the Developer. The property is managed on behalf of the Developer by Legacy Partners Residential Services, Inc. ("Legacy") pursuant to a Customer Service Management Agreement, dated July 7, 2006, between the Developer and Legacy. DOMA Properties New Home Sales, L.P. ("DOMA"), is responsible for sales of the condominium units pursuant to an Exclusive Listing Agreement, dated May 26, 2006, between the Developer and DOMA.

Development Plan

The approximately 6.6 gross acres of property within the District were purchased by the Developer on May 28, 2004. The Developer has completed construction of a four-story mixed-use building with 390 attached, residential units and approximately 10,650 square feet of commercial space on the ground floor of the building and a five-story parking structure on the property. Construction was completed in November 2006 and a certificate of occupancy was issued by the City on November 21, 2006. As of January 31, 2007, 101 residential units have closed escrow and potential purchasers for 39 of the remaining 289 residential units had executed binding purchase agreements. The "white paper," which allows the Developer to close escrow on sales of individual condominium units, was issued by the California Department of Real Estate on December 14, 2006, and the first closing of escrows commenced January 10, 2007. The Developer anticipates that all 390 residential units will have closed escrow by December 31, 2007. In addition, all four commercial units have been leased to El Torito Grill Restaurant, Subway, Juice it Up! and Kelly's Coffee and Fudge. El Torito Grill Restaurant and Kelly's Coffee and Fudge commenced operations in January 2007. The following table sets forth a summary of the 390 residential units in the District:

Table 3
City of Anaheim
Community Facilities District No. 06-2 (Stadium Lofts)
Residential Development Summary

<u>Number of Units</u>	<u>Type of Unit</u>	<u>Estimated Sq. Footage</u>	<u>Estimated Base Selling Price</u>
31	Loft	687	\$ 320,900
163	1 bedroom, 1 bathroom	719	345,300
8	1 bedroom, 1.5 bathroom	987	522,400
176	2 bedroom, 2 bathroom	1,140	617,900
12	2 bedroom, 2 bathroom + Den	1,349	633,000

Source: The Developer.

Financing Plan

The Developer financed its development and construction activities in the District with a construction loan in the amount of \$81,095,000 (of which \$80,695,000 was drawn upon) from Bank of America, N.A. and other participating institutional lenders (the "Loan"). The Loan was repaid by the Developer on January 2, 2007, with the proceeds of an equity contribution to the Developer by Mass Mutual, made pursuant to the terms of the LLC Agreement. The deed of trust securing the Loan was reconveyed upon repayment of the Loan, and the property within the District is unencumbered by a deed of trust or mortgage other than deeds of trust securing loans to individual purchasers of the residential units.

As summarized in the proforma set forth in Table 4 below, the Developer estimates that it expended approximately \$97 million on project costs, including land acquisition. The Developer is expected to expend approximately \$5,640,000 in 2007 on other project costs, which costs include sales and marketing costs, general and administrative costs and governmental fees, which costs and fees the Developer anticipates paying from proceeds of home sales. Revenues from the sale of the residential units and the lease of the commercial units are anticipated to total approximately \$168,880,000 in 2007. The Developer anticipates that all 390 residential units will close escrow by December 31, 2007.

Table 4
Pro-Forma – Summary of Cash Flows
as of January 2, 2007
for the Stadium Lofts Development

	2006 (Actual)	2007 (Estimated)	Totals (Estimated)
Home/Lot Closings	0	390	390
<u>Sources</u>			
Equity Investment	\$16,575,000	\$87,805,000	\$104,380,000
Development and Construction Loan Proceeds	80,695,000	-	80,695,000
Series 2007 Bond Proceeds	-	7,800,000	7,800,000
Proceeds From Home Sales	-	168,500,000	168,500,000
Retail Lease Net Income	-	380,000	380,000
Total Sources	\$97,270,000	\$264,485,000	\$361,755,000
<u>Uses</u>			
Land Acquisition	\$17,100,000	\$ -	\$17,100,000
Land Development Costs ⁽¹⁾	17,780,000	635,000	18,415,000
Construction Costs	52,800,000	-	52,800,000
Equity Repayment	-	104,380,000	104,380,000
Development and Construction Loan Payoff ⁽²⁾	-	80,695,000	80,695,000
General and Administrative	7,300,000	720,000	8,020,000
Platinum Triangle Core CFD Obligation	-	2,100,000	2,100,000
Sales and Marketing	2,290,000	2,820,000	5,110,000
Total Uses	\$97,270,000	\$191,350,000	\$288,620,000

⁽¹⁾ Includes interest expense on the Loan.

⁽²⁾ Loan repaid on January 2, 2007.

Source: The Developer.

As indicated above, the preceding description of expected development by the Developer is based on information included in the Appraisal and information provided to the District by the Developer for purposes of this Official Statement. No representation is made as to the experience, abilities or financial resources of the Developer or as to the likelihood that the Developer will be successful in fulfilling its development plan for the property within the District. The District has not made, nor will it make, any investigation of the Developer or any other purchaser or potential purchaser of property within the District. See "SPECIAL RISK FACTORS – Failure to Develop the Property."

SPECIAL RISK FACTORS

The following is a discussion of certain risk factors which should be considered, in addition to other matters set forth herein, in evaluating the investment quality of the Series 2007 Bonds. This discussion does not purport to be comprehensive or definitive. The occurrence of one or more events discussed herein could adversely affect the value of the property in the District. Moreover, the occurrence of one or more of the events discussed herein could adversely affect the ability or willingness of property owners in the District to pay their Special Taxes when due. Such a failure to

pay Special Taxes could result in the inability of the District to make full and punctual payments of the Series 2007 Bonds.

Concentration of Ownership

The timely payment on the Series 2007 Bonds depends upon the willingness and ability of the landowners to pay the Special Tax installments when due. As of January 31, 2007, ownership of the taxable property within the District was concentrated in the Developer. As of such date, 101 of the 390 residential units have closed escrow to individual home owners. See “THE DISTRICT – Property Ownership and Development.” An inability of the Developer to sell the residential units would result in a level of diversification within the District that is less than currently anticipated. Moreover, various conditions may affect the willingness of the Developer, or any successors, to pay Special Tax installments on property and there is no assurance that the owners will pay such Special Tax installments even if financially able to do so. See “—Risks Related to Current Market Conditions.”

Insufficiency of Special Taxes

Under the Rate and Method, the annual amount of Special Tax to be levied on each taxable parcel in the District will be based on whether such parcel is publicly owned or otherwise exempt from Special Taxes and whether such parcel is developed or not, and for Developed Property, on the square footage of the residential unit or non-residential structure. See Appendix B – “Rate and Method of Apportionment of Special Tax.” As of March 1, 2006, building permits have been issued for all of the Taxable Property within the District and therefore, all parcels within the District constitute Developed Property under the Rate and Method.

The Rate and Method specifies a four-step process for determining the amount of Special Tax to be levied in order to equal the amount needed to be collected to satisfy the Special Tax Requirement. Basically, each category of Developed Property will be taxed at up to 100 percent of the Assigned Special Tax, until the amount levied equals the Special Tax Requirement. If additional monies are still needed to satisfy the Special Tax Requirement after application of the first step, the City Council of the City, acting as the legislative body of the District, will increase the levy of the Special Tax on all Developed Property whose Maximum Special Tax is determined through the application of the Backup Special Tax in equal percentages from the Assigned Special Tax up to the Maximum Special Tax for such property. If additional monies are still needed to satisfy the Special Tax Requirement after application of the first and second steps, the City Council of the City, acting as the legislative body of the District, will levy the Special tax proportionately on each acre of Taxable Property Owner Association Property up to the Maximum Special Tax for Taxable Association Property. Finally, if additional monies are still needed to satisfy the Special Tax Requirement after application of the first, second and third steps, the City Council of the City, acting as the legislative body of the District, will levy the Special Tax proportionately on all Taxable Public Property at up to the Maximum Special Tax for Taxable Public Property. In no event, however, shall the Special Tax levied exceed the Maximum Special Tax. Taxation of property owners at rates higher than presently anticipated could have an impact on the willingness and ability of the property owners to pay such Special Taxes when due.

The Rate and Method exempts up to 417,618 square feet of property classified as Property Owner Association Property and approximately 0.43 acres of Public Property from the Special Tax. The Act provides that if any property within the District not otherwise exempt from the Special Tax

is acquired by a public entity through a negotiated transaction, or by gift or devise, the Special Taxes will continue to be levied on and enforceable against the public entity that acquired the property. In addition, the Act provides that if property subject to the Special Tax is acquired by a public entity through eminent domain proceedings, the obligation to pay the Special Tax with respect to that property is to be treated as if it were a special assessment and be paid from the eminent domain award. The constitutionality and operative effect of these provisions have not been tested in the courts. If for any reason property subject to the Special Tax becomes exempt from taxation by reason of ownership by a nontaxable entity such as the federal government, or another public agency, subject to the limitation of the maximum Special Taxes, the Special Taxes will be reallocated to the remaining properties within the District. This would result in the owners of such properties paying a greater amount of the Special Tax and could have an adverse effect on the timely payment of the Special Tax.

The Series 2007 Bonds are Limited Obligations of the District

Funds for the payment of the principal of, and interest on, the Series 2007 Bonds are derived from Special Taxes levied in the District. The Special Taxes collected by the District could be insufficient to pay debt service on the Series 2007 Bonds due to non-payment of annual Special Taxes or insufficient proceeds received from the sales of land within the District due to delinquencies. The District's obligation with respect to delinquent Special Taxes is limited to the institution of judicial foreclosure proceedings under the circumstances described in the Indenture. See "SECURITY FOR THE SERIES 2007 BONDS – Covenant for Superior Court Foreclosure."

The Special Taxes are not Personal Obligations of the Property Owners

The obligation to pay Special Taxes levied within the District does not constitute a personal obligation of the current or subsequent owners of the property in the District. Enforcement of Special Tax payment obligations by the District is limited to judicial foreclosure in the Orange County Superior Court. See "SECURITY FOR THE SERIES 2007 BONDS – Covenant for Superior Court Foreclosure." There is no assurance that any current or subsequent owner of a parcel subject to Special Taxes will be able to pay the Special Taxes, or that such owner will choose to pay such installments even though financially able to do so.

Special Tax Delinquencies

The Special Taxes will be billed to properties within the District on the *ad valorem* property tax bills sent to owners of such properties. Such Special Tax installments will be due and payable and bear the same penalties and interest for non-payment, as do *ad valorem* property tax installments. Significant delinquencies in the payment of annual Special Tax installments, or delays in the prosecution of foreclosure proceedings to collect such Special Taxes, could result in the depletion of the Reserve Fund and default in payment of debt service on the Series 2007 Bonds. See "SECURITY FOR THE SERIES 2007 BONDS – Covenant for Superior Court Foreclosure," for a discussion of the provisions that apply, and the procedures that the District is obligated to follow, under the Indenture in the event of delinquencies in the payment of Special Taxes. See "– Payments by FDIC or Other Federal Agencies" and "– Bankruptcy" below, for a discussion of the policy of the Federal Deposit Insurance Corporation regarding the payment of special taxes and limitations on the District's ability to foreclose on the lien of the Special Taxes in certain circumstances.

Risks Related to Current Market Conditions

Since 2002, the Southern California housing market has experienced significant price appreciation with accelerating demand. The price acceleration has been due, at least in part, to the use of creative financing options (e.g., adjustable rate mortgages, interest only payments) for individual home buyers. The use of creative financing options since 2002 was supported at least in part by historically low interest rates which have risen significantly in 2006. As a result, the Southern California housing market appears to be weakening and, in the past several months, a number of public home builders with significant operations in the Southern California housing market have reported in SEC filings slowing demand, significant increases in sales cancellation rates and increasing inventory build-ups (including increasing investor/speculator resale inventory) amid rising interest rates. Although the economic feasibility of certain creative financing options has diminished with the rise in short-term and long-term interest rates, current market conditions could nonetheless significantly slow the rate of home sales in the District as home prices and land values soften throughout Southern California. See “– Failure to Develop Property” above.

Appraised Values

The Appraisal was prepared for the purpose of estimating the Market Value of the property in the District as of November 21, 2006 on the basis of certain assumptions. See the Appraisal included in Appendix A hereto for a description of the analysis used and assumptions made by the Appraiser.

No assurance can be given that the market values of property in the District set forth in the Appraisal will be maintained during the period of time the Series 2007 Bonds are Outstanding. The market values of the property in the District can be adversely affected by a variety of factors, including, but not limited to, the occurrence of one or more of the special risk events discussed herein. A decrease in the market values of property in the District may lessen the ability or willingness of the owners of such property to pay Special Taxes when due. Prospective purchasers of the Series 2007 Bonds should not assume that the land within the District could be sold for the appraised amount described herein at the present time or at a foreclosure sale for delinquent Special Taxes.

Bankruptcy

The payment of Special Taxes and the ability of the District to foreclose the lien of a delinquent Special Tax may be limited by bankruptcy, insolvency, or other laws generally affecting creditor’s rights or by the laws of the State relating to judicial foreclosure.

The various legal opinions to be delivered concurrently with the delivery of Series 2007 Bonds (including Bond Counsel’s approving legal opinion) will be qualified, as to the enforceability of the various legal instruments, by bankruptcy, reorganization, insolvency, or other similar laws affecting the rights of creditors generally.

Although bankruptcy proceedings would not cause the Special Taxes to become extinguished, the amount of any lien on property securing the payment of delinquent Special Taxes could be reduced if the value of the property were determined by the bankruptcy court to have become less than the amount of the lien, and the amount of the delinquent Special Taxes in excess of the reduced lien would then be treated as an unsecured claim by the court. Further, bankruptcy of a property owner could result in a delay in prosecuting superior court foreclosure proceedings. Such a delay would increase the likelihood of a delay or default in payment of the principal of, and interest

on, the Series 2007 Bonds and the possibility of delinquent tax installments not being paid in full. The prosecution of foreclosure proceedings could also be delayed for other reasons, including crowded court calendars and procedural delaying tactics.

Disclosures to Future Purchasers

The District has recorded a Notice of Special Tax Lien in the Office of the County Recorder of the County. While title companies normally refer to such notices in title reports, there can be no guarantee that such reference will be made or, if made, that a prospective homebuyer or lender will consider such obligation for Special Taxes in the purchase of a home or the lending of money secured thereby. Failure to disclose the existence of the Special Taxes or the full amount of the *pro rata* share of debt on the land in the District may affect the willingness and ability of future owners of land within the District to pay the Special Taxes when due.

Billing of Special Taxes

A special tax formula can result in a substantially heavier property tax burden being imposed upon properties within a community facilities district than elsewhere in a city or county, and this in turn can lead to problems in the collection of the special tax. In some community facilities districts the taxpayers have refused to pay the special tax and have commenced litigation challenging the special tax, the community facilities district and the bonds issued by the district.

Under provisions of the Act, the Special Taxes are to be billed to the properties within the District which were entered on the Assessment Roll of the County Assessor by January 1 of the previous fiscal year on the regular property tax bills sent to owners of such properties. Such Special Tax installments are due and payable, and bear the same penalties and interest for non-payment, as do regular property tax installments. These Special Tax installment payments cannot be made separately from property tax payments. Therefore, the unwillingness or inability of a property owner to pay regular property tax bills as evidenced by property tax delinquencies may also indicate an unwillingness or inability to make regular property tax payments and installment payments of Special Taxes in the future. See “SECURITY FOR THE SERIES 2007 BONDS – Covenant for Superior Court Foreclosure,” for a discussion of the provisions which apply, and procedures which the District is obligated to follow, in the event of delinquency in the payment of installments of Special Taxes.

Natural Disasters

The District, like all California communities, may be subject to unpredictable seismic activity, wildfires, or flooding in the wake of fires or in the event of unseasonable rainfall. There is significant potential for destructive ground-shaking during the occurrence of a major seismic event. In addition, land susceptible to seismic activity may be subject to liquefaction during such an event. In the event of seismic activity or other natural disasters that result in substantial damage, it is possible that many, if not all, of the residential units and commercial space within the District would be affected because all of the residential units and commercial space subject to the Special Tax within the District are located within a single four-story building. The homeowners’ association does not carry earthquake insurance and there can be no assurance that individual homeowners will elect to purchase earthquake insurance as part of their homeowner’s policy. In short, the occurrence of seismic activity, fires or flooding in or around the District could result in substantial damage to both property and infrastructure in the District which, in turn, could substantially reduce the value of such

properties and could affect the ability or willingness of the property owners to pay their Special Taxes when due.

Hazardous Substances

The market value of the property in the District is subject to diminution upon the future release or discovery thereon of a hazardous substance. In general, the owners and operators of a parcel may be required by law to remedy conditions relating to releases or threatened releases of hazardous substances. The federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as "CERCLA" or "Superfund Act," is the most well known and widely applicable of these laws, but California laws with regard to hazardous substances are also stringent and similar. Under many of these laws, the owner (or operator) is obligated to remedy a hazardous substance condition of property whether or not the owner (or operator) had anything to do with creating or handling the hazardous substance. The effect therefore, should any of the parcels be affected by a hazardous substance, would be to reduce the marketability and value by the costs of remedying the condition, because the purchaser, upon becoming owner, will become obligated to remedy the condition just as is the seller.

The value of the property within the District, as set forth in the Appraisal does not reflect the presence of any hazardous substance or the possible liability of the owner (or operator) for the remedy of a hazardous substance condition of the property. The District has not independently verified, and is not aware, that any owner (or operator) of any of the parcels within the District has such a current liability with respect to any such parcel. However, it is possible that such liabilities do currently exist and that the District is not aware of them.

Further, it is possible that liabilities may arise in the future with respect to any of the land within the District resulting from the existence, currently, of a substance presently classified as hazardous but which has not been released or the release of which is not presently threatened, or may arise in the future resulting from the existence, currently, on the parcel of a substance not presently classified as hazardous but which may in the future be so classified. Further, such liabilities may arise not simply from the existence of a hazardous substance but from the method of handling it. All of these possibilities could significantly adversely affect the value of a parcel and the willingness or ability of the owner of any parcel to pay the Special Tax installments.

Payments by FDIC or Other Federal Agencies

The ability of the District to collect the Special Taxes and interest and penalties specified by State law, and to foreclose the lien of delinquent Special Taxes, may be limited in certain respects with regard to properties in which the Federal Deposit Insurance Corporation (the "FDIC") or other similar federal governmental agencies has or obtains an interest. On June 4, 1991, the FDIC issued a Statement of Policy Regarding the Payment of State and Local Property Taxes (the "1991 Policy Statement"). The 1991 Policy Statement was revised and superseded by a new Policy Statement effective January 9, 1997 (the "Policy Statement"). The Policy Statement provides that real property owned by the FDIC is subject to state and local real property taxes only if those taxes are assessed according to the property's value, and that the FDIC is immune from real property taxes assessed on any basis other than property value. According to the Policy Statement, the FDIC will pay its property tax obligations when they become due and payable and will pay claims for delinquent property taxes as promptly as is consistent with sound business practice and the orderly administration of the institution's affairs, unless abandonment of the FDIC's interest in the property

is appropriate. The FDIC will pay claims for interest on delinquent property taxes owed at the rate provided under state law, to the extent the interest payment obligation is secured by a valid lien. The FDIC will not pay any amounts in the nature of fines or penalties and will not pay nor recognize liens for such amounts. If any property taxes (including interest) on FDIC owned property are secured by a valid lien (in effect before the property became owned by the FDIC), the FDIC will pay those claims. The Policy Statement further provides that no property of the FDIC is subject to levy, attachment, garnishment, foreclosure or sale without the FDIC's consent. In addition, the FDIC will not permit a lien or security interest held by the FDIC to be eliminated by foreclosure without the FDIC's consent.

The Policy Statement states that the FDIC generally will not pay non *ad valorem* taxes, including special assessments, on property in which it has a fee interest unless the amount of tax is fixed at the time that the FDIC acquires its fee interest in the property, nor will it recognize the validity of any lien to the extent it purports to secure the payment of any such amounts. Special taxes imposed under the Act and a special tax formula which determines the special tax due each year, are specifically identified in the Policy Statement as being imposed each year and therefore covered by the FDIC's federal immunity. With respect to property in California owned by the FDIC on January 9, 1997 and that was owned by the Resolution Trust Corporation ("RTC") on December 31, 1995, or that became the property of the FDIC through foreclosure of a security interest held by the RTC on that date, the FDIC will continue the RTC's prior practice of paying special taxes imposed pursuant to the Mello-Roos Act if the taxes were imposed prior to the RTC's acquisition of an interest in the property. All other special taxes may be challenged by the FDIC.

The District is unable to predict what effect the FDIC's application of the Policy Statement would have in the event of a delinquency on a parcel within the District in which the FDIC has an interest, although prohibiting the lien of the FDIC to be foreclosed at a judicial foreclosure sale would reduce or eliminate the persons willing to purchase a parcel at a foreclosure sale. Owners of the Series 2007 Bonds should assume that the District will be unable to foreclose on any parcel owned by the FDIC. As of January 15, 2007, no property in the District was owned by the FDIC.

Exempt Properties

Certain properties are exempt from the Special Taxes in accordance with the Rate and Method (see Appendix B – "Rate and Method of Apportionment of Special Tax"). In addition, the Act provides that properties or entities of the federal, State or local government are exempt from the Special Tax; provided, however, that property within the District acquired by a public entity through a negotiated transaction or by gift or devise, which is not otherwise exempt from the Special Tax, will continue to be subject to the Special Tax. Property acquired by a public entity following a tax sale or foreclosure based upon failure to pay taxes may become exempt from the Special Tax. In addition, although the Act provides that if property subject to the Special Tax is acquired by a public entity through eminent domain proceedings, the obligation to pay the Special Tax with respect to that property is to be treated as if it were a special assessment. The constitutionality and operation of these provisions of the Act have not been tested. If additional property is dedicated to the City or other public entities, this additional property might become exempt from the Special Tax.

The Act further provides that no other properties or entities are exempt from the Special Tax unless the properties or entities are expressly exempted in a resolution of consideration to levy a new special tax or to alter the rate and method of apportionment of an existing special tax.

Cumulative Burden of Parity Taxes, Special Assessments

The Special Taxes constitute a lien against the parcels of land on which they have been levied. Such lien is on a parity with all special taxes levied by other agencies and is co-equal to and independent of the lien for general property taxes, regardless of when they are imposed upon the same property.

The District does not have control over the ability of other entities to issue indebtedness secured by *ad valorem* taxes, special taxes or assessments payable from all or a portion of the property within the District. In addition, the owners of property within the District may, without the consent or knowledge of the District, petition other public agencies to issue public indebtedness secured by *ad valorem* taxes, special taxes or assessments. Any such special taxes may have a lien on such property on a parity with the lien of the Special Taxes. See “SECURITY FOR THE SERIES 2007 BONDS – Direct and Overlapping Debt.”

Value-to-Lien Ratios

The estimated value-to-lien ratios set forth herein under the caption “SECURITY FOR THE SERIES 2007 BONDS – Estimated Value-to-Lien Ratios” are based on the appraised values of property in the District as of November 21, 2006 and the direct and overlapping debt allocable to property in the District as of February 13, 2007. No assurance can be given that such value-to-lien ratios will be maintained over time. As discussed herein, many factors which are beyond the control of the District could adversely affect the property values within the District. The District also has no control over the amount of additional indebtedness that may be issued by other public agencies, the payment of which, through the levy of a tax or an assessment, is on a parity with the Special Taxes. See “– Cumulative Burden of Parity Taxes, Special Assessments” and “SECURITY FOR THE SERIES 2007 BONDS – Direct and Overlapping Debt.” A decrease in the property values in the District or an increase in the parity liens on property in the District, or both, could result in a lowering of the value-to-lien ratios of the property in the District.

Limitations on Remedies

Remedies available to the Owners may be limited by a variety of factors and may be inadequate to assure the timely payment of principal of and interest on the Series 2007 Bonds or to preserve the tax-exempt status of the Series 2007 Bonds.

Bond Counsel has limited its opinion as to the enforceability of the Series 2007 Bonds and of the Indenture to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance or transfer, moratorium, or others similar laws affecting generally the enforcement of creditor’s rights, by equitable principles, by the exercise of judicial discretion and by limitations on remedies against public agencies in the State of California. Additionally, the Series 2007 Bonds are not subject to acceleration in the event of the breach of any covenant or duty under the Indenture. The lack of availability of certain remedies or the limitation of remedies may entail risks of delay, limitation or modification of the rights of the Owners.

Right to Vote on Taxes Act

On November 5, 1996, the voters of the State approved Proposition 218, the so-called “Right to Vote on Taxes Act.” Proposition 218 added Articles XIIC (“Article XIIC”) and XIID to the

State Constitution, which contain a number of provisions affecting the ability of local agencies to levy and collect both existing and future taxes, assessments, fees and charges.

Among other things, Section 3 of Article XIII states that "... the initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge." The Act provides for a procedure, which includes notice, hearing, protest and voting requirements to alter the rate and method of apportionment of an existing special tax. However, the Act prohibits a legislative body from adopting any resolution to reduce the rate of any special tax or terminate the levy of any special tax pledged to repay any debt incurred pursuant to the Act unless such legislative body determines that the reduction or termination of the special tax would not interfere with the timely retirement of that debt. Accordingly, although the matter is not free from doubt, it is likely that Article XIII C has not conferred on the voters the power to repeal or reduce the Special Taxes if such reduction would interfere with the timely retirement of the Series 2007 Bonds.

It may be possible, however, for voters or the District to reduce the Special Taxes in a manner which does not interfere with the timely repayment of the Series 2007 Bonds, but which does reduce the maximum amount of Special Taxes that may be levied in any year below the existing levels. Therefore, no assurance can be given with respect to the levy of Special Taxes for Administrative Expenses. Furthermore, no assurance can be given with respect to the future levy of the Special Taxes in amounts greater than the amount necessary for the timely retirement of the Series 2007 Bonds.

The interpretation and application of Article XIII C will ultimately be determined by the courts with respect to a number of the matters discussed above, and it is not possible at this time to predict with certainty the outcome of such determination or the timeliness of any remedy afforded by the courts. See "SPECIAL RISK FACTORS – Limitations on Remedies."

Loss of Tax Exemption

As discussed under the caption "CONCLUDING INFORMATION – Tax Exemption," interest on the Series 2007 Bonds could become includable in gross income for purposes of Federal income taxation retroactive to the date the Series 2007 Bonds were issued, as a result of acts or omissions of the District in violation of the Code. Should such an event of taxability occur, the Series 2007 Bonds are not subject to redemption and will remain Outstanding until maturity or until redeemed under the optional redemption or mandatory redemption provisions of the Indenture.

Limited Liquidity of the Series 2007 Bonds

The District has not applied for, and does not expect to receive, a rating on the Series 2007 Bonds from any nationally recognized rating organization. This fact, coupled with the fact that the Series 2007 Bonds are secured by Special Taxes payable by a relatively small number of landowners, may limit the secondary market for, and therefore the liquidity of, the Series 2007 Bonds.

LITIGATION

At the time of delivery of and payment for the Series 2007 Bonds, the District will certify that there is no action, suit, litigation, inquiry or investigation before or by any court, governmental agency, public board or body served, or to the best knowledge of the District threatened, against the District in any material respect affecting the existence of the District or the titles of its officers to

their respective offices or seeking to prohibit, restrain or enjoin the sale, execution or delivery of the Series 2007 Bonds or challenging directly or indirectly the proceedings to levy the Special Taxes or issue the Series 2007 Bonds.

CONTINUING DISCLOSURE

The District has covenanted for the benefit of the Owners of the Series 2007 Bonds to provide certain financial information and operating data relating to the Series 2007 Bonds, the District, ownership of the property in the District which is subject to the Special Tax, the occurrence of delinquencies in payment of the Special Tax, and the status of foreclosure proceedings, if any, respecting Special Tax delinquencies (the “District Disclosure Report”), and to provide notices of the occurrence of certain enumerated events, if material. The financial information and operating data will be provided annually. A form of the District’s undertaking is included in Appendix E - “Forms of Continuing Disclosure Agreements.” The annual reports are to be provided by the District not later than March 1 of each year, commencing March 1, 2008. The District Disclosure Reports will be filed by the District with each Nationally Recognized Municipal Securities Information Repository and with each State Repository, if any. These covenants have been made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the “Rule”). The District has not made any prior agreement under the Rule to provide annual reports or notices of material events.

The District is a legally constituted governmental entity separate and apart from the City. However, pursuant to the Act, the City Council is the legislative body of the District. The City has never failed to comply in all material respects with any previous undertakings with regard to said Rule to provide annual reports or notices of material events.

Pursuant to an agreement (the “Developer Continuing Disclosure Agreement”) with U.S. Bank National Association, in its capacity as Trustee and in its capacity as Dissemination Agent, the Developer has covenanted for the benefit of the Owners of the Series 2007 Bonds to provide semi-annually certain financial information and operating data relating to the Developer, its development plan and its financing plan (the “Developer Disclosure Report”), and to provide notices of the occurrence of certain enumerated events, if material, until the Developer’s obligation to so provide such information, data and notices is otherwise terminated in accordance with the provisions of the Developer Continuing Disclosure Agreement. A form of the Developer Continuing Disclosure Agreement is included in Appendix E - “Forms of Continuing Disclosure Agreements.” Such information is to be provided by the Developer not later than June 30 and December 31 of each year, commencing June 30, 2007. The Developer Disclosure Reports will be filed by the Developer with each Nationally Recognized Municipal Securities Information Repository and with each State Repository, if any. These covenants have been made in order to assist the Underwriter in complying with the Rule. The Developer has not made any prior agreement under the Rule to provide annual reports or notices of material events.

CONCLUDING INFORMATION

Legal Opinions

The validity of the Series 2007 Bonds and certain other legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel. Orrick, Herrington & Sutcliffe LLP is acting as disclosure counsel in connection with the Series 2007 Bonds. Bond

Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement and expresses no opinion as to the matters set forth herein. A complete copy of the proposed form of Bond Counsel opinion is contained in Appendix C hereto and will accompany the Series 2007 Bonds. Certain legal matters will be passed upon for the Underwriter by Stradling Yocca Carlson & Rauth, a Professional Corporation, Newport Beach, California, and for the City and the District by the City Attorney.

Financial Interest

Payment of the fees and expenses of Bond Counsel and Underwriter's counsel is contingent upon the issuance and delivery of the Series 2007 Bonds. From time to time, Orrick, Herrington & Sutcliffe LLP represents Stone & Youngberg LLC (the "Underwriter") on matters unrelated to the Series 2007 Bonds.

Tax Exemption

In the opinion of Orrick, Herrington & Sutcliffe LLP, as bond counsel to the District ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Series 2007 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and is exempt from State of California personal income taxes. Bond Counsel is of the further opinion that interest on the Series 2007 Bonds is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Bond Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. A complete copy of the proposed form of opinion of Bond Counsel is included herein as Appendix C.

To the extent the issue price of any maturity of the Series 2007 Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each beneficial owner thereof, is treated as interest on the Series 2007 Bonds which is excluded from gross income for federal income tax purposes and State of California personal income taxes. For this purpose, the issue price of a particular maturity of the Series 2007 Bonds is the first price at which a substantial amount of such maturity of the Series 2007 Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Series 2007 Bonds accrues daily over the term to maturity of such Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Beneficial owners of the Series 2007 Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Series 2007 Bonds with original issue discount, including the treatment of beneficial owners who do not purchase such Bonds in the original offering to the public at the first price at which a substantial amount of such Bonds is sold to the public.

Series 2007 Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Bonds") will be treated as having amortizable bond premium. No deduction is allowable

for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a beneficial owner's basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such beneficial owner. Beneficial owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal tax purposes of interest on obligations such as the Series 2007 Bonds. The District has made representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Series 2007 Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Series 2007 Bonds being included in gross income for federal income tax purposes, possibly from the date of issuance of the Series 2007 Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring), or any other matters coming to Bond Counsel's attention, after the date of issuance of the Series 2007 Bonds may adversely affect the value of, or the tax status of interest on, the Series 2007 Bonds.

Certain requirements and procedures contained or referred to in the Indenture, the tax certificate and other relevant documents may be changed and certain actions (including, without limitation, defeasance of Series 2007 Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion as to any Series 2007 Bond or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of bond counsel other than Orrick, Herrington & Sutcliffe LLP.

Although Bond Counsel is of the opinion that interest on the Series 2007 Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of the Series 2007 Bonds, or the accrual or receipt of interest on the Series 2007 Bonds, may otherwise affect a beneficial owner's federal, state or local tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the beneficial owner or the beneficial owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Future legislation, if enacted into law, or clarification of the Code may cause interest on the Series 2007 Bonds to be subject, directly or indirectly, to federal income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such future legislation or clarification of the Code may also affect the market price for, or marketability of, the Series 2007 Bonds. Prospective purchasers of the Series 2007 Bonds should consult their own tax advisors regarding any enactment of any such future legislation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Series 2007 Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the District, or about the effect of future

changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The District has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the District or the beneficial owners regarding the tax-exempt status of the Series 2007 Bonds in the event of an audit examination by the IRS. Under current procedures, parties other than the District and its appointed counsel, including the beneficial owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the District legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Series 2007 Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Series 2007 Bonds, and may cause the District or the beneficial owners to incur significant expense.

Underwriting

The Series 2007 Bonds are being purchased by the Underwriter. Pursuant to a Bond Purchase Agreement between the Underwriter and the District (the "Purchase Agreement"), the Underwriter has agreed to purchase all of the Series 2007 Bonds for an aggregate purchase price of \$8,963,875.15, subject to certain conditions set forth in the Purchase Agreement. The purchase price reflects an underwriter's discount of \$155,070.00 and net original issue premium of \$58,945.15. The initial offering prices stated on the cover of this Official Statement may be changed from time to time by the Underwriter. The Underwriter may offer and sell the Series 2007 Bonds to certain dealers (including dealers depositing Series 2007 Bonds into investment trusts), dealer banks, banks acting as agent and others at prices lower than said public offering prices.

No Ratings

The City has not made, and does not contemplate making, any application to any rating agency for the assignment of a rating to the Series 2007 Bonds.

Miscellaneous

The quotations from, and the summaries and explanations of the Indenture and other statutes and documents contained herein do not purport to be complete, and reference is made to such documents and statutes for the full and complete statements of their respective provisions.

This Official Statement is submitted only in connection with the sale of the Series 2007 Bonds by the District. This Official Statement does not constitute a contract with the purchasers of the Series 2007 Bonds.

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

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APPENDIX A

APPRAISAL

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SELF-CONTAINED

APPRAISAL REPORT

OF THE

MIXED USE/CONDOMINIUM DEVELOPMENT

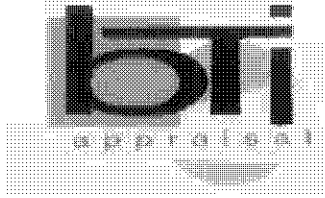
LOCATED AT

1801 E. KATELLA AVENUE

ANAHEIM, CALIFORNIA 92805

AS OF

NOVEMBER 21, 2006



January 5, 2007

Mr. Edward Zacherl
Assistant Finance Director
City of Anaheim
200 S. Anaheim Boulevard, Suite 643
Anaheim, California 92805

Re: City of Anaheim CFD No. 06-2 Special Tax Bonds

Dear Mr. Zacherl:

At your request, we have physically inspected the mixed use condominium development located at 1801 E. Katella Avenue, Anaheim, California 92805. We have prepared a self-contained appraisal report.

At the specific requested of the client, we have not valued storage units or additional parking spaces which the developer intends to sell as part of the project.

It is our opinion that, based on the data and analysis contained in the accompanying report, that the "as is" bulk sale market value of the subject property on November 21, 2006 was One Hundred Twenty Six Million Eight Hundred Forty Seven Thousand Eight Hundred Dollars.

\$126,847,800.00

Very truly yours,

Ben F. Funnell III
Chairman
#AG006964

Stephen Rich, MAI
#AG010280

BT:kp
N2980-rpt

John S. Griffey
President
#AG011138

Stephen O'Rourke
AL#036788

Alan R. Raxter
AL#031833

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- 11-Input Assumptions Addendum
- 12-Traffic Study Addendum
- 13-Residential Unit Contracts as of November 21, 2006 Addendum

LIMITING CONDITIONS

We believe the information furnished to us is reliable but assume no responsibility for its accuracy.

This appraisal assumes all elements of the subject property are in serviceable condition. Since BTI Appraisal is not a licensed building inspector, this report is subject to re-evaluation if elements of the property are found to be unserviceable.

If financial statements, operating histories or any other data relating to the income and expenses attributed to the subject property have been utilized, they were provided by the owner, or representatives of the owner, and have been accepted without further verification, except as specifically set forth in this report.

We assume the construction will be completed in a workmanlike manner in accordance with the plans.

We assume no responsibility for legal matters, nor do we render an opinion as to the title of the subject property. The legal descriptions given in this report were furnished by others and are assumed to be correct.

The appraisers made no legal survey, nor has he/she commissioned one to be prepared. Therefore, any plat, diagram or previous survey appearing in the report is only for the purpose of assisting the reader to visualize the subject property. No sketch of the subject property has been performed, and as such, we have relied upon the approved construction plans for this report.

The allocation of total value to land or building, if shown in this report, is invalidated if used separately or in conjunction with any other appraisal.

This report has been made without the benefit of a current soil or structural analysis by a competent engineer, a building inspection by a certified inspector or a termite report. We offer no opinion as to the structural integrity of retaining walls or foundations, nor to present or future adverse effects due to the presence of asbestos, soil contaminants or other natural or man-made pollutants.

We are unaware of any lawsuits or contractual obligations, other than those specifically noted in this report, that would enhance or diminish the value of the subject property or its assets. If the presence of such matters is revealed, we reserve the right to modify our opinions expressed in this report.

The Americans with Disabilities Act (ADA) became effective January 26, 1992. The appraiser has not made a specific compliance survey and/or analysis of the subject property to determine whether or not it is in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the subject property, together with a detailed analysis of the requirements of the ADA, could reveal that the subject property is not in compliance with one or more elements of the ADA. If so, this fact could have a negative effect upon the value of the subject property. Since the appraiser has no direct evidence relating to this issue, the appraiser did not consider possible noncompliance with the requirements of the ADA in estimating the value of the subject property.

Possession of this report does not carry with it the right of publication, nor may it be used for any purpose by any person but the client without the previous written consent of the client and BTI Appraisal. Testimony or attendance in court by reason of this appraisal shall not be provided unless previous arrangements have been made.

SCOPE OF THE APPRAISAL

The following steps were taken in arriving at our final estimates of value of the subject property:

1. After receiving the assignment, a preliminary search was made to determine market trends and other significant factors pertinent to the subject property.

The extent of our data collection process includes research of pertinent property attributes of the subject property, such as: taxes, zoning, replacement costs, comparable sales of land, comparable rentals and comparable sales of improved properties.

Data systems we utilize include, but are not limited to, the following:

NDC data, provided by National Data Collective, is a comprehensive on-line database providing information on sales, property data, FEMA flood map information and parcel maps for properties throughout the United States.

Win2Data, provided by First American Real Estate Solutions, is also a comprehensive on-line database providing a second, confirming source for data used in our reports.

Loopnet is an on-line database providing information on sales, listings, rentals, brokers and additional market data throughout the United States.

CoStar Comps, provided by the CoStar Group, is an on-line database which provides detailed sales and financial information for commercial, industrial, special purpose and apartment properties throughout the United States.

Marshall Valuation Services, provided by Marshall & Swift, is the industry-standard provider of up-to-the-moment construction cost data worldwide. We subscribe to the computerized versions of the Commercial Estimator and the Residential Estimator, both of which are detailed cost estimating systems that are driven by the zip code of the property, allowing for refinements of current conditions in a particular neighborhood.

Real Estate Multiple Listing Services provides on-line connections to MLS cooperatives throughout most of Southern California allowing the appraiser to gather up-to-the-minute information on property sales and current listings.

The Dictionary of Real Estate Appraisal, 4th Edition, as published by the Appraisal Institute, 2002 is the source of all definitions in this appraisal report, unless otherwise noted.

In addition to our in-house data systems we interview, by telephone or in person, real estate brokers, property owners, buyers and sellers of property, and tenants, as well as governmental and non-governmental entities having jurisdiction or influence in current market trends and attitudes. We then analyze and reconcile the collected data to form our opinion of value.

2. A physical inspection of the subject property was performed. However, the appraiser is not an expert in such matters as pest control, structural engineering, hazardous waste, soil slippage, electrical, plumbing, roofing, foundation systems, etc., and no warranty is given with regard to these elements. As needed, inspections by various licensed professionals within these fields might be recommended with the final estimate subject to their findings.
3. This appraisal report was completed in accordance with requirements dictated by the Uniform Standards of Professional Appraisal Practice, 2006. This report includes such data and information needed to lead the reader to a similar estimate of market value conclusion.

IDENTIFICATION OF REAL ESTATE BEING APPRAISED

We will appraise the real property described by the legal description provided by the client, as that certain real property situated in the State of California, County of Orange, and more particularly described in the Legal Description Addendum.

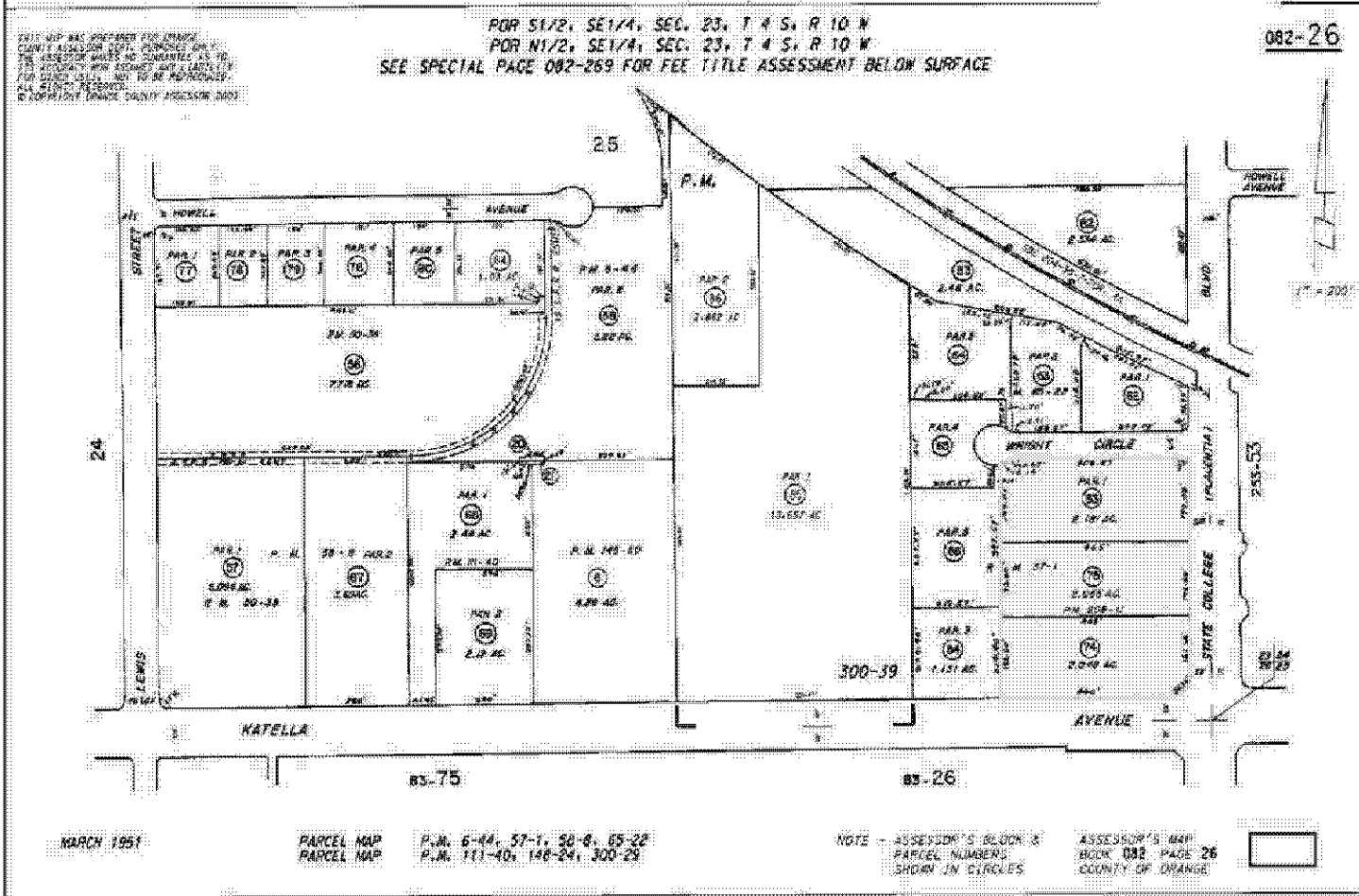
This property is commonly referred to as:

1801 E. Katella Avenue
Anaheim, California 92805
Orange County
Thomas Brothers Map Reference: 799-C2

TAX INFORMATION

Current Assessor Parcel Numbers:	082-260-53	
	082-260-74	
	082-260-75	
New Condominium APN #:	Not yet assigned	
Assessed Value (2005-2006):	Land	\$ 10,710,000
	Improvements	<u>-0-</u>
	Total	<u>\$ 10,710,000</u>
Tax Rate Area:	1007	
Taxes:	\$115,505.52 (2005-2006)	

The assessed value and real property taxes of the subject property are the result of California State Proposition 13, a statewide ballot issue passed in 1978. The proposition limits taxes to 1% of the property's assessed value, plus a factor for bonded county or city debt or special assessments. Assessed values are modified upon most transfers based upon the market value of the property at that time. Finally, all assessed values may be adjusted upward 2% annually unless they have been reassessed in the year of a transfer. In our analysis of the subject property, we have considered both the long and short-term effects on value due to any change in the tax liability of the property. Our research indicates the property taxes are not currently delinquent. The subject property is in a Mello Roos district. The effect of this will be to add approximately \$2,000 per year to the property taxes of an average unit. The subject's overall tax rate, including Mello Roos, is 1.66%. This information was supplied to us by Windstar Communities on August 11, 2006.






COUNTY ASSESSOR PLAT MAP

CITY OF ANAHEIM

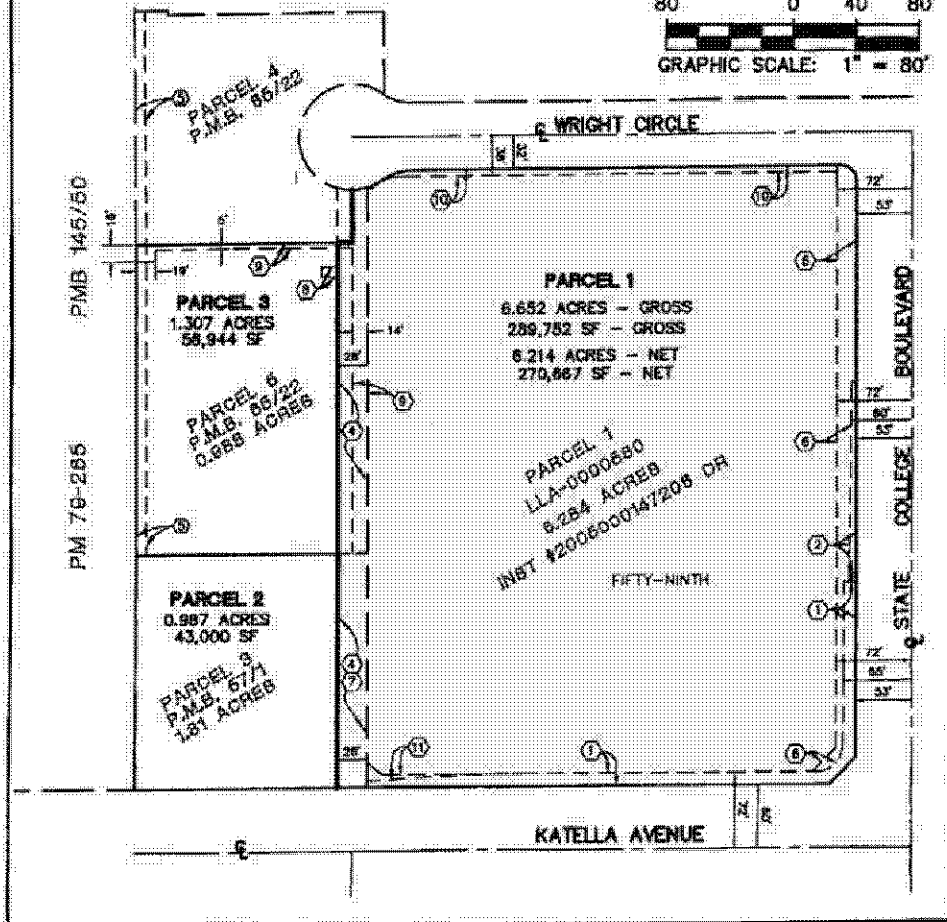
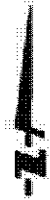
LOT LINE ADJUSTMENT LLA 0000590
(EASEMENT PLAT)

LEGEND:

-  LOT LINES TO REMAIN
-  NEW LOT LINES
-  LOT LINES TO BE REMOVED

NOTES:

1. THERE ARE EXISTING STRUCTURES AND IMPROVEMENTS ON THIS SITE.
2. SEE SHEET 10 FOR EASEMENT NOTES.



M:\MAPPING\633\01\LLA\63301LLA-2.DWG (05-12-06 11:47:50AM) Plotted by: Glenn Lake

PURPOSE AND INTENDED USE OF THE APPRAISAL

The purpose of this appraisal is to assist the client in reviewing the asset value of the subject property in connection with a Bond Issue for the City of Anaheim, community facilities district 06-2 (Stadium Lofts) (The “District”).

PROPERTY INTEREST BEING APPRAISED

We are appraising the Fee Simple Estate interest for the residential portion of the project, which is defined as the “absolute ownership unencumbered by any other interest or estate; subject only to the limitations of eminent domain, escheat, police power, and taxation.”

We are appraising the Leased Fee interest for the retail portion of the project, which is defined as “an ownership interest held by a landlord with the right of use and occupancy conveyed by lease to others. The right of the lessor (the leased fee owner) and the lessee are specified by contract terms contained within the lease.”

DATE OF VALUE

The appraisers physically inspected the subject property on August 1, 2006. At the request of City of Anaheim, the value of this report is specifically applicable to November 21, 2006.

MARKET VALUE DEFINITION

Market Value is “the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimuli. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby: buyer and seller are typically motivated; both parties are well-informed or well-advised, and acting in what they consider their best interests; a reasonable time is allowed for exposure in the open market; payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.”

(12 C.F.R. Part 34.42(g); 55 Federal Register 34696, August 24, 1990, as amended at 57 Federal Register 12202, April 9, 1992; 59 Federal Register 29499, June 7, 1994)

Bulk Sale Value Definition: The value to a single buyer, in contemplation of resale of the individual properties. This value assumes the probable price that a specified interest in real property is likely to bring under all of the following conditions:

1. Consummation of a sale will occur within a limited future marketing period specified by the client.
2. The actual market conditions currently prevailing are those to which the appraised property interest is subject.
3. The buyer and seller is each acting prudently and knowledgeably.
4. The seller is under compulsion to sell.
5. The buyer is typically motivated.
6. Both parties are acting in what they consider their best interests.
7. An adequate marketing effort will be made in the limited time allowed for the completion of a sale.
8. Payment will be made in cash in U.S. dollars or in terms of financial arrangements comparable thereto.
9. The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

SALE AND LISTING HISTORY OF SUBJECT

The subject property is currently owned by CREA/Nexus Anaheim Corners, LLC. All three of the subject parcels were purchased on May 28, 2004 from John C. Thomson. Parcel number 082-260-53 is referenced by document number 484899, while parcel numbers 082-260-74 and 082-260-75 are referenced by document number 484898. Sale price for all parcels was \$16,500,000, which was reported by the owner, and confirmed by the Development Planning And Financial Group.

The tax basis shown on page 4 is not consistent with the final sale price because the original escrow buyer's position was purchased by CREA for a greater amount.

The recent sale of the subject property has been analyzed by the appraisers and is not considered to be a reliable indicator of value because the sale price is not verifiable, as well as the sales occurred approximately 2½ years prior to our date of value.

EXPOSURE TIME

Exposure time is “the estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective time estimate based upon an analysis of past events assuming a competitive and open market.” In assessing the subject's expected exposure time we are assuming that the subject would have been professionally marketed through a qualified broker or owner, that the property would have been listed at a reasonable asking price with an owner willing to accept a reasonable offer and that the buyer and seller would not have been influenced by undue stimulus. We estimate the subject's exposure time would have been within 24 months for the residential units and 4 months for the retail units.

MARKETING TIME

“Reasonable marketing time is an estimate of the amount of time it might take to sell an interest in real property at its estimated market value during the period immediately after the effective date of the appraisal; the anticipated time required to expose the property to a pool of prospective purchasers and to allow appropriate time for negotiation, the exercise of due diligence, and the consummation of a sale at a price supportable by concurrent market conditions.”

In assessing the subject's expected marketing time if offered for sale, we are assuming that the subject will be professionally marketed through a qualified broker or owner, that the property will be listed at a reasonable asking price with an owner willing to accept a reasonable offer and that the buyer and seller will not be influenced by undue stimuli. At the present time, we are unaware of any new developments expected to occur in the near future which would negatively or positively affect the marketability of the subject compared to recent trends of competitive properties in the area. Marketing time in the subject area, based on current supply and demand, is typically within 24 months for the residential units and 4 months for the retail units.

REGIONAL ANALYSIS

Orange County is one of the five counties that comprise the greater Los Angeles area and encompasses 798.3 square miles. It is bordered by Los Angeles County to the north and northwest, Riverside County to the east, San Diego County to the south and the Pacific Ocean to the west. The county was formed in 1889 when it was formally separated from Los Angeles County. Due to the profitable agricultural industry, especially with Valencia oranges, the county was named after its primary cash crop.

The California Department of Finance estimated the population of Orange County in January of 2006 to be 3,072,336, making the county the second most populous county in the state behind Los Angeles County. The population has grown by an average 1.65% per year since 1998. The Center for Demographic Research at California State University of Fullerton expects the population to exceed 3,450,000 by the year 2020 and 3,550,000 by the year 2030.

The county's physical features, both natural and manmade, include foothills, freeways and beaches. These features have geographically partitioned the county into various submarkets, which have themselves been further subdivided. The northern portion includes the marketing areas of Fullerton, Buena Park and Anaheim; the southwestern market includes Huntington Beach, Costa Mesa, Newport Beach and Irvine; the eastern market includes Anaheim Hills and Rancho Santa Margarita; and the southernmost market includes El Toro, San Juan Capistrano and Lake Forest. Although the seat of county government is located in Santa Ana, the central business district has effectively moved to Newport Beach and Irvine and is clustered around the John Wayne Airport.

The diverse economic base and magnitude of the region has created a number of satellite marketing districts throughout the county. The majority of these districts are anchored by a local entity, be it an entertainment park, a sports arena, a regional mall, a major office-business district or the coastline shopping areas.

The northern marketing area features Disneyland, Knotts Berry Farm, the Brea Mall, California State University at Fullerton and Edison Field, home of the Los Angeles Angels of Anaheim. The southwestern market includes Westminster Mall, Fashion Island, South Coast Plaza, John Wayne Airport and Huntington Beach ("Surf City"), an extremely popular summertime destination. The eastern marketing area is the least built-up area of Orange County, although both residential and commercial development is occurring along the Riverside (91) Freeway. The southernmost market contains many of the planned communities in Orange County, as well as beachside cities such as San Clemente and Laguna Beach.

Connecting these various submarkets within Orange County is an extensive freeway system. The primary freeway in the county is Interstate 5, spanning the West Coast from the Mexican border to the State of Oregon and is Orange County's primary link to Los Angeles County. Other freeways include: the San Diego Freeway (405), the Orange Freeway (57), the Costa Mesa Freeway (55), the Garden Grove Freeway (CA-22), and the Riverside Freeway (91). In addition, there are numerous state-maintained routes that are capable of carrying high traffic

concentrations. Public transportation is provided primarily by the Orange County Transit Authority (OCTA) and is supplemented by local bus companies in several communities. The Union Pacific Railroad provides rail transportation for freight and goods, while AMTRAK provides both long and short-haul public rail transportation.

Air transportation is provided by the John Wayne Airport. It is located 35 miles south of Los Angeles between the cities of Costa Mesa, Irvine, Newport Beach and Santa Ana. The airport has two runways accommodating 12 commercial carriers and numerous private carriers. Over the course of a month close to 815,000 passengers will pass through the airport.

The Economy

If Orange County were considered a nation state, its economy would be ranked 32nd among the nations of the world. This is remarkable, considering that the county declared bankruptcy in December 1994 after a series of risky investments. From that date on the county has moved itself out from under the bankruptcy umbrella, and its accompanying rating as a “poor credit risk,” to a re-energized area propelled by new industries and companies that are relocating to the county in near-record numbers. The county now has a strong, investment grade rating.

The county’s current unemployment rate was recorded at 3.4%, and this rate is expected to stay low entering 2007, giving Orange one of the lowest unemployment levels in the state. Nonfarm employment increased by 0.8% in 2004, 1.9% in 2005 and is expected to rise to 1.6% through 2006. As of July 2006, it has risen 1.2%. The greatest job gains were in the areas of leisure & hospitality, construction and retail trade. Strong job gains are expected in administrative services, adding +8,000 jobs. The top four employers in the county are the Walt Disney Company, the County of Orange, the University of California, Irvine and the Boeing Company. Per capita personal income is expected to rise 5.0% in 2006 to reach \$45,076, which is higher than the averages for both the state and the nation.

As industry has expanded out of the Los Angeles basin, areas of northern and central Orange County have become established manufacturing centers, including a substantial aerospace center. The bio-tech industry and tech sector have also experienced growth. Entertainment and tourism have always been strong in Orange County, with the presence of the world-renowned theme parks of Disneyland and Knotts Berry Farm, the major sports teams of the Los Angeles Angels of Anaheim and the NHL Anaheim Ducks, and the events held at the Anaheim Convention Center. One significant factor in 2005 and 2006 was the 50th anniversary of Disneyland, which was an economic boon for Orange County. The direction of the economy may be influenced by the risks in the state of the county government’s finances and traffic congestion, but overall the economy is expected to remain strong.

Residential Market

The Los Angeles Economic Development Corporation believes that Orange County’s 2006 market outlook continues to look steady but with less spectacular growth. Despite job and population growth, new homebuilding is expected to slip down by 4.3% in 2006 and is expected to continue to decrease over the next several decades. A projected 35,000 units

are expected to enter the market between 2005 and 2010, adding approximately 3% to the 2006 housing unit estimate of 1,018,380.

DataQuick Real Estate News tallied the home sales for August 2006 in the Orange County area and found a median price of \$685,000 for 2,005 sales of single family residences, a 1.5% increase in median value from August 2005. In that same month 834 condominiums sold with a median price of \$460,000 an increase in price of 0.4% over August 2005. The median sale price for single family homes in Orange County surpassed the August median sale prices of single family residences in Los Angeles, Riverside, San Bernardino, San Diego, Ventura and Santa Barbara Counties. The median price for condominiums in Orange County was the second highest under Santa Barbara County, whose median price was recorded at \$513,000 for 35 condominium sales.

Meanwhile, apartment rents continue to climb, as cited by RealFacts, a real estate research firm in Novato, California. Occupancy totaled 95.4%, virtually unchanged from June 2003. The apartment vacancy rate was a tight 4%.

Retail Market

There are over 10 regional malls in Orange County. The majority of regional malls are anchored by national retailers such as Nordstrom, Macy's, J.C. Penney, and Sears. In addition there are several "outlet" malls, where manufacturers sell directly to the consumer. There are innumerable community and neighborhood shopping centers that are anchored primarily by grocers such as Vons or Ralphs, as well as "power centers" that are built around Costco, Sam's Club or Wal-Mart. The Orange County retail market is also subdivided along the lines of interest, for example, Main Street in Huntington Beach concentrates on surfwear and associated paraphernalia. The county's most recent development is The Block at Orange, an outside shopping mall designed in the style of the well-known European blocks, with eating establishments, a 30-theater cinema and a wealth of shopping and entertainment venues. The county also features the Stadium Promenade, another outside shopping and eating destination, and The Mall of Orange, one of Orange County's oldest malls.

CB Richard Ellis found that developers are continuing to break ground for new retail developments despite the relative lack of land space. During the first and second quarters of 2006 there was nearly 3 million square feet of retail space under construction, including such projects as Woodbury in Irvine, The Strand in Huntington Beach, and The District in Tustin. Both private and institutional buyers are investing in new developments, even though interest rates and lease rates are rising, especially in the southern part of Orange County where affluent demographics support the high asking rents. According to CoStar, vacancy rates ranged between 4% and 5% over the first two quarters of 2006, and lease rates were remaining steady around \$2.00 per square foot per month.

The Los Angeles Economic Development Corporation has estimated retail sales to be at \$42.6 billion in 2006. Expectations are that retail sales will rise by 9.2% from 2005. Orange County has been a consistently strong performer in this sector.

Office Market

Demand for Orange County office space remains strong. The county's central location and record-growing highly skilled labor force are just a few of the appealing components luring many companies to Orange County. Grubb & Ellis' Second Quarter 2006 report on the Orange County office sector showed that the vacancy rate was now at 7.0%, which is among the lowest office vacancy rates in the nation. CB Richard Ellis states in their second quarter *MarketView* that approximately 3.5 million square feet is currently under construction, for the most part contained in the area around the John Wayne International Airport and in the southern region of Orange County.

Lease rates have climbed over the first two quarters of 2006 to an average of \$2.34 per square foot. CB Richard Ellis also showed that the highest rents were found in the Greater Airport area, averaging \$2.48 per square foot. This area also claimed nearly 60% of the office space currently under construction. North Orange County had the lowest average rent at \$1.85 per square foot. However, a dramatic rent spike is forecasted over the next two years, which would be supported by high demand and lack of land for new development. But despite these predictions of price increases, the outlook for the office sector continues to be optimistic.

Industrial Market

The industrial market in Orange County is revealing its resiliency as the nation's manufacturing industry struggles to maintain a recovery, according to the Chapman University *Economic & Business Review*, December 2004. A diverse supply of buildings and an increasing labor pool have allowed businesses to expand in order to increase production and raise revenues. 2,000 jobs have been added since 2004 in the manufacturing sector. 790,000 square feet of industrial space was added in the fourth quarter of 2005 with an expected completion by the end of the first quarter of 2006. The second quarter of 2006 had over 1.1 million square feet under construction. Despite the additional square footage, the vacancy rate continues to drop and is now averaging 3.1% according to CB Richard Ellis. Grubb & Ellis found that the impact of strong economic indicators, the tightening of availability, low vacancy rates and cautious construction are putting pressure on lease rates. The average asking lease rate has risen from a low of \$0.59 per square foot per month in the second quarter of 2005 to the current average asking lease rate of \$0.63 per square foot per month. Such trends forecast a solid year of industrial activity in 2006. According to the Grubb & Ellis report the strength of the Orange County economy is expected to temper the effects of rising interest rates on tenant, user and investor demand for industrial real estate.

ANAHEIM ANALYSIS

Anaheim is located in Orange County, California, 28 miles southeast of Los Angeles. The city encompasses 50.5 square miles and is served by the Santa Ana Freeway (I-5), the Orange Freeway (CA-57), the Garden Grove Freeway (CA-22), and the Riverside Freeway (CA-91). The Costa Mesa Freeway (CA-55) and the Eastern Transportation Corridor (CA-241) also have short stretches within the city limits. Rail service in Anaheim is provided by the Union Pacific Railroad and the BNSF Railway. Amtrak California and Metrolink provide passenger service through a major regional train station in the Edison Field parking lot. Anaheim is also serviced by John Wayne Airport, located 15 miles away and Los Angeles International Airport (LAX), located 40 miles away.

As of the 2000 US Census report, the city population was 328,014, making it the 10th largest city in California and the 55th largest city in the United States. It was ranked tenth in the list of fastest growing communities in Orange County, based on the population figures from the 1990 and 2000 censuses.

The city was founded in 1857 by 50 German families and was incorporated on February 10, 1870. Anaheim settlers originally produced grapes, but an insect pest destroyed the grape industry in the 1880's. Despite this setback, Anaheim has grown to be a key community in Orange County, and the economy of Anaheim is now mainly based on the entertainment, tourism, and service sectors. Anaheim is home to the world-famous Disneyland Resort and theme parks, Edison Field, the Honda Center, and the Anaheim Convention Center. Disneyland alone generates about \$225 million dollars in tax revenues for the State of California. A report published by CB Richard Ellis stated that Orange County receives 45% of the overall economic benefit generated by the Disneyland Resort, which contributes \$3.6 billion annually to the local economy. Disneyland is also the number one employer in Anaheim and of Orange County, employing approximately 20,000 people.

Despite a slight decrease in employment, as of September 2006, the unemployment rate in Anaheim was well below the State's 4.9% and Nation's 4.6% rate at 3.6%. Compared to the third quarter of 2005, total non-farm employment increased during the third quarter of 2006 by 17,100 jobs for Orange County. As of the third quarter of 2006 the median household income for homeowners in the City of Anaheim was reported at \$67,607.

Currently job growth and population growth in Anaheim outpace housing construction, so existing housing continues to see price increases. From 2002 to 2005 home prices rose approximately 70%, according to the National Association of Realtors. Most recently prices have continued to rise in Anaheim, however at a slower rate, and for October 2006 DataQuick reported the following median home prices in the community:

Community Name	ZIP Code	Single Family Homes			Condominiums			SFR Only
		Sales of Single Family Homes	Price Median SFR (\$1,000)	Price % Chg from Oct 2005	Sales Count Condos	Price Median Condos (\$1,000)	Price % Chg from Oct 2005	Median Home Price/ Sq. Ft
Anaheim	92801	35	\$580	3.8%	4	\$409	3.4%	\$440
Anaheim	92802	11	\$605	4.3%	8	\$497	5.2%	\$450
Anaheim	92804	48	\$588	1.0%	8	\$442	21.4%	\$436
Anaheim	92805	34	\$580	2.2%	10	\$395	-9.3%	\$454
Anaheim	92806	22	\$658	3.1%	1	\$449	6.7%	\$377

A stress test performed by the National Association of Realtors on Anaheim and its surrounding areas, including Santa Ana and Irvine, determined that price declines in the local market are unlikely. Furthermore, the introduction of new housing units is not expected to keep up with the increase in population and employment. According to the 2000 Orange County Projection (OCP) adopted by the Orange County Council of Governments in June of the same year, the population of Anaheim is expected to grow by 19.5% and the number of jobs by 18.7% between 2000 and 2025, but the number of housing units is only expected to grow by 6.1%. As seen in the table below, forecasts for Anaheim point toward an expanding population vying for a limited amount of housing.

**OCP-2000 PROJECTIONS FOR ORANGE COUNTY^a AND OCP-2000
UPDATED WITH GENERAL PLAN LAND USES FOR THE CITY OF
ANAHEIM,^b 2000-2025**

	2000	2005	2010	2015	2020	2025
Total Population						
County	2,853,757	3,031,440	3,168,942	3,270,677	3,342,829	3,416,037
Anaheim	330,103	343,990	365,463	380,367	388,910	394,311
Total Housing Units						
County	978,004	1,016,873	1,056,862	1,080,430	1,096,824	1,115,823
Anaheim	99,736	101,065	104,447	105,596	105,732	105,857
Total Employment						
County	1,502,434	1,667,778	1,796,726	1,897,350	1,975,074	2,043,665
Anaheim	179,049	187,820	195,445	201,576	206,550	212,487
^a OCP-2000, adopted by the Orange County Council of Government, June 2000 ^b OCP-2000, updated by City of Anaheim and Center for Demographic Research, September 2003 Note: Projections are for July, 2000, 2005, 2010, 2015, 2020, and 2025.						

The office market for Anaheim and Orange County showed improvement during the third quarter of 2006 after posting a moderate decline during the first half of the year. According to the CoStar Group, the average lease asking rate for the City of Anaheim in the third quarter was \$2.03 per square foot per month, as compared to the county average of \$2.38 per square foot per month. CoStar also showed an 8.7% vacancy rate in Anaheim at the end of the third quarter, which was higher than the recorded vacancy rate for the county of 7.1%. The county as a whole has seen an increase in construction activity with projects being delivered to the market mid year 2007 and early 2008.

The Anaheim retail market reported a vacancy rate of about 4.2% in the third quarter of 2006 with an average lease rate of \$1.87 per square foot per month, lower than the county's average lease rate of \$2.49. CoStar reported approximately 42,000 square feet of new construction activity in Anaheim's retail sector during the third quarter of 2006. Anaheim's trend in vacancy is expected to rise through the fourth quarter of 2006, while average rental rates are expected to fall. CoStar forecasts the opposite trends for the county's vacancy rate and average rental rate.

The industrial market in Anaheim had a lower vacancy rate than the county in the third quarter of 2006. CoStar reported a vacancy rate of 3%, as compared to the reported 4.9% over the entire county. Anaheim did experience a similar rise in average lease rates, from a low of \$0.52 per square foot per month in the third quarter of 2005 to \$0.65 in the third quarter of 2006. CoStar reported approximately 90,000 square feet of new construction for Anaheim during the third quarter. Overall the Anaheim industrial market is expected to follow the same trends as the forecast for the entire county.

PLATINUM TRIANGLE ANALYSIS

In 2004, the City of Anaheim set out on an ambitious redevelopment initiative called the Platinum Triangle. This initiative calls for a high density, mixed-use urban environment that could include up to 9,500 dwelling units, 5 million square feet of office space and over 2 million square feet of commercial uses to be developed over 820 acres. The Platinum Triangle is strategically located in the south central area of Anaheim with access to surrounding amenities such as Edison Field, the Honda Center, The Grove of Anaheim and the Amtrak/Metrolink Station. In addition, the Disneyland Resort is approximately one mile west of the Platinum Triangle.

The 820-acre area is broken into five districts along with some undesignated districts. The largest district, Stadium, will have 1,750 housing units, 1,760,000 square feet of office space and 1,300,000 square feet of commercial space. The next largest, Katella, will have 4,250 housing units, 775,000 square feet of office space and 630,300 square feet of commercial space. The three smaller districts, Arena, Gene Autry, and Gateway, combined will have 3,500 housing units, 730 square feet of office space and 324,100 square feet of commercial space.

The street plans for Katella Avenue call for a 16 to 18 foot median lined with date palm trees to separate the six to eight lanes of east and westbound traffic. Date palm trees and flowering shrubs will serve as a buffer between the street and the sidewalk areas. State College Boulevard will have a similar sized median but will be lined with Camphor trees. The sidewalks will combine camphor trees, date palm trees, and flowering shrubs.

As of October 20, 2006, nine redevelopment projects have been approved by the City of Anaheim, and four were pending. The City of Anaheim's list of approved and pending Platinum Triangle projects is included in the updated addendum.

MARKET AREA ANALYSIS

The subject's market area is defined as: "The geographic or locational delineation of the market for a specific category of real estate, i.e., the area in which alternative, similar properties effectively compete with the subject property in the mind of probable, potential purchasers and users."

The subject property's market area boundaries are considered to be Ball Road to the north, Glassell Street to the east, Garden Grove Freeway to the south and Euclid Street to the west. The subject property is located on the northwest corner of East Katella Avenue and South State College Boulevard, both of which are primary, asphalt, commercial and residential streets in the southern part of the City of Anaheim, which has an estimated population of 345,317 and encompasses approximately 48.94 square miles. The subject property is located \pm 3 miles southeast of the downtown Anaheim central business district. This area is primarily a mixed use market which was originally developed in late 1870's. The subject conforms to land uses in the area. The land use on Katella Avenue is primarily commercial, with the balance being industrial and residential. Buildings in the area are used for warehousing, distribution, retail, restaurant, offices, condominiums and apartments. It is estimated that less than 5% of the land is vacant and available for development into commercial and residential uses. Over the last several years the area has seen moderate development and redevelopment. Given the current economic trends in the area, it is anticipated that a change in use of properties will occur in the foreseeable future from industrial to mixed use.

The subject property is on Katella Avenue and State Collage Boulevard, major traffic streets which provide the subject with good access. The surrounding communities of Orange, Garden Grove and Santa Ana are readily accessible via surface streets and freeways, thus assuring that this residential area is convenient to employment centers. In addition to automotive transportation, the area is primarily served by Metrolink transportation system as well as other local and regional mass transit systems. The subject area has adequate police, fire and medical services. The subject area is convenient to local shopping centers and service areas providing local residents with their immediate needs.

Of particular importance in the analysis of properties is the ease of access, exposure, competitive properties and uses. The subject property's primary exposure is from all directions of traffic due to the placement of the improvements on the site and its signage. Overall, we have found the subject has good exposure. Access to the subject by all directions of traffic is average. Based upon our observation, the subject's access is considered similar to other properties in the area. The subject's use as a mixed use development with residential and retail condominiums. It is the first mixed use property to be developed in the Platinum Triangle. Given the current number of competitive projects in the area, market demand and the current market vacancy, the subject's area is considered to have a balanced supplied of similar structures. A traffic study dated March 3, 2004, was prepared by LSA Associates in Irvine for the subject's location. We have included this in the addenda. It must be noted, however, that this study was not conducted during an event at Edison Field. These events can result in significant traffic flow issues around the subject, according to the Traffic Enforcement Division

of the Anaheim Police Department.

The subject's trade area is defined as "the geographic area from which the steady, sustaining patronage for a retail property is obtained; its extent is governed by many factors, e.g., the retail property itself, its accessibility, the extent of physical barriers, the location of competing facilities, the limitations of driving time and distance." Based upon the type of business, its size and quality, we anticipate that the trade area will be within 2 miles of the subject property.

CONDOMINIUM MARKET ANALYSIS

The subject market area is comprised of a mix of single-family homes, apartments, duplexes and condominiums. The condominium market in the subject area is currently moderate, but slowing. There is average, but slowing demand for condominium units, and currently 280 condominium units are listed for sale in the City of Anaheim an increase of 8.5% since September 1, 2006. Typical marketing time is currently ranging from 25 days to 161 days, with the majority of units selling in 3 months. There are currently 42 active listings for condominium units in the subject's zip code, one of which is new construction built in 2006. According to DataQuick Real Estate News, the number of condominiums sales for September 2006 was down 41.8% from the same period a year ago. The median price dropped 3.3% for the same year over year period. In addition, the average numbers of days on market for all sales in Orange County has gone from 58 to 95 days.

According to the City of Anaheim, there are currently 10 condominium projects under construction or in the approval process totaling 8,508 units. This amount is above average and is not expected to increase marketing time for competitively priced units, as the subject units will be available for occupancy at least 12 months in advance of the next project.

Project	Location	District	Units	Type	Status
Stadium Lofts	Platinum Triangle	Katella	390	Condo	1/1/2007 Occupancy
Archstone Gateway	Platinum Triangle	Gateway	884	Apartment	Permits to be issued
Stadium Towers	Platinum Triangle	Katella		Retail Center	Under construction
Stadium Park Adjustments & Club Condominiums	Platinum Triangle	Katella	320	Apartments	
			451	Condo	Grading scheduled August 2006
Platinum Center	Platinum Triangle	Katella	265	Condo	Permits to be issued
Gateway Center Condominiums	Platinum Triangle	Gateway	266	Condo	Permits to be issued
Platinum Triangle Condominiums	Platinum Triangle	Katella	336	Condo	Construction scheduled late 2006
2100 at Platinum Triangle	Platinum Triangle	Katella	251	Condo	Grading started July 2006
Lennar's A-Town Metro	Platinum Triangle	Katella	2681	Condo	Grading underway
Case #2006-00069	Platinum Triangle	Unknown	N/A	Mixed Use	Pre-file review on-going
Lennar's A-Town Stadium	Platinum Triangle	Gateway	1132	Condo	Comments provided
AMB Property	Platinum Triangle	Gene Autry	1208	Condo	Comments provided
Orangewood Condominiums	Platinum Triangle	Gateway	324	Condo	Comments provided
Total Platinum Triangle Unties	Platinum Triangle		8508		

Absorption Rates

In addition to the Comparable Sales presented in this report we researched the sales of new condominiums in the surrounding area. Included in our survey area were the cities of Anaheim, Garden Grove, Irvine, Orange, Santa Ana, and Tustin. Using the Southern California MLS data base we examined year to date sales of newly constructed units, with prices less than \$1,000,000, from January through August for the years 2005 and 2006. As expected, the number of sales reported for 2006 declined from 232 in 2005 to 144 for the similar period in 2006. Days on market were relatively stable increasing from an average of 47 to 50 days in

2006. A review of active listings in the area show current marketing times range from 1 day to 224 days with an average of 63 days.

We also looked at residential sales of houses and condominiums built from 2004 to 2006. We found 250 properties whose days on market ranged from 1 to 377 days.

We found 4 condominium projects of similar size to the subject in the neighboring communities of Santa Ana, Irvine and Orange.

The Avenue One project in Irvine has 404 units. The unit sizes and complex amenities are similar to those of the subject. They sold their first unit in August 2005 and anticipate a complete sell through in November 2007. Units are priced from the high \$300,000's. Sales numbers have been similar from month to month, once the initial opening period, during which reserved units were closed, was over. We made a follow-up visit to this complex on November 7, 2006. As of that date they had sold 220 units. They extended their projected sell-through date from July to November 2007. They are currently offering a \$5,000 referral fee to residents along with buyer incentives which they would not disclose since they were on a case by case basis.

The 3 Chapman project in Orange is approximately one mile south of the subject. As of August 7, 2006 they had 19 of the 278 units in escrow. They anticipated receiving their certificate of occupancy in September 2006 and anticipate a complete absorption by the end of 2007. Our follow-up visit on November 7, 2006. We were informed that only 5 actual sales ever closed escrow, so a decision was made to market the entire complex as an apartment community. Additionally, we were told that anyone coming by looking for a condominium is referred to the subject, Stadium Lofts.

Watermarket Place in Irvine has a total of 530 units. These units sold out over a 3 year period from November 2002 until November 2005, and we are now seeing resale units from this complex coming onto the market.

The Plaza Irvine and 3000 The Plaza, have a total of 307 units the first one of which sold in November 2004. As of November 7, 2006, they still had 70 remaining, unsold units. This was due to several which fell out of escrow. This is a high-rise complex with HOA fees in excess of \$1,000 per month. They expect to have full absorption by mid to late 2007.

We visited Monterey Villas in Santa Ana on November 7, 2006. They began sales of their 272 units in January 2006. From the pre-sale phase through November 6, 2006 they had taken 510 reservations and had 400 contracts. They have closed on 220 sales. They have reduced their prices by approximately 10% and are offering a variety of buyer incentives such as 3% toward closing costs. They hope to sell out in Spring 2007, but feel it could take a while longer due to current market conditions.

We also note the Villa Vicenza project in La Jolla has 418 units. The first unit sold in July 2005 and as of August 7, 2006, 381 units had been sold. They anticipate selling out by the end of 2006. This is mentioned for informational purposes only, because it is of comparable size.

We also reviewed the rate of sales at Stadium Lofts since the first phase was released. As of August 17, 2006 there were reservations for 93 units by pre-qualified buyers (23.8% of 390 units.) In addition, there were reported to be 105 online submissions to reserve units. As of our date of value, November 21, 2006, we had reviewed 89 signed contracts; copies of which were sent to our office from First American Title. Our value reflects the actual sale prices for these units.

Based on the initial interest in the Stadium Lofts condominiums combined with its projected completion date of November 21, 2006, 12 months before the completion of the next Platinum Triangle residential project, we feel that the subject's absorption period will be 24 months. The first units are scheduled to close escrow in January 2007.

SUBJECT PHOTOGRAPHS



Subject front



Southwest end of subject



Rear of subject northwest corner



Rear of subject facing Wright Circle



Katella Avenue facing east, subject on left



Katella Avenue facing west, subject on right



State College Boulevard facing north, subject on left



State College Boulevard facing south, subject on right



Wright Circle facing east, subject on right



Wright Circle facing west, subject on left



Private alley facing north, subject on right



Private alley facing south, subject on left



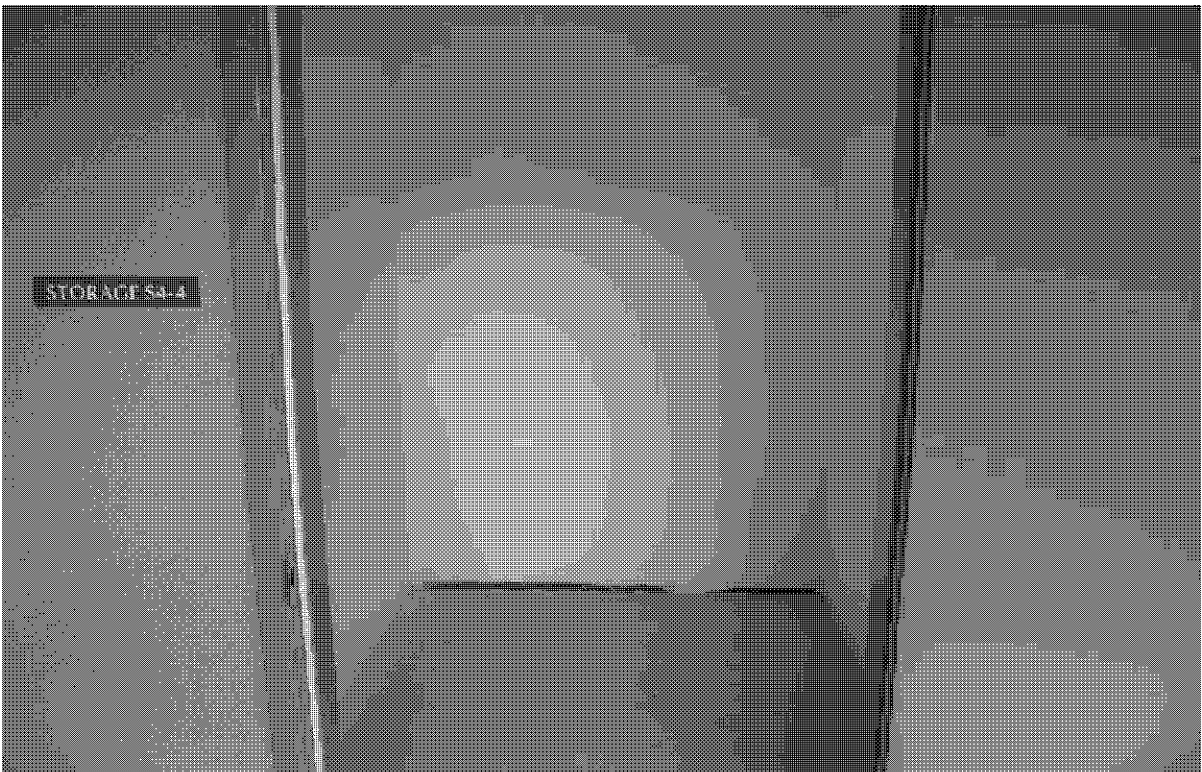
Primary parking entrance



Interior of Retail Unit #1001, El Torito



Interior of Retail Unit #1005, Subway



Typical storage closet



Club room



Fitness center



Game room



Men's restroom



Typical bathroom



Typical kitchen



Sauna



Typical living room



Retail Unit #1001, El Torito space



Retail Unit #1003, Juice It Up space



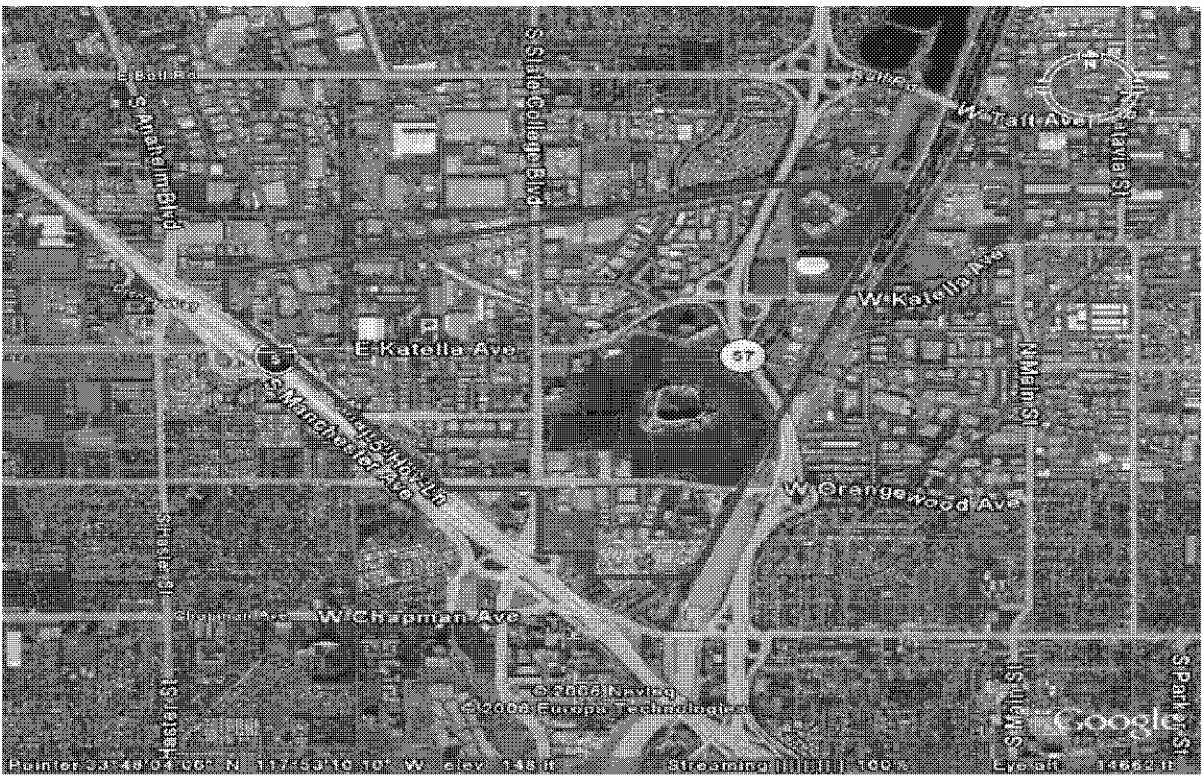
Retail Unit #1005, Subway space



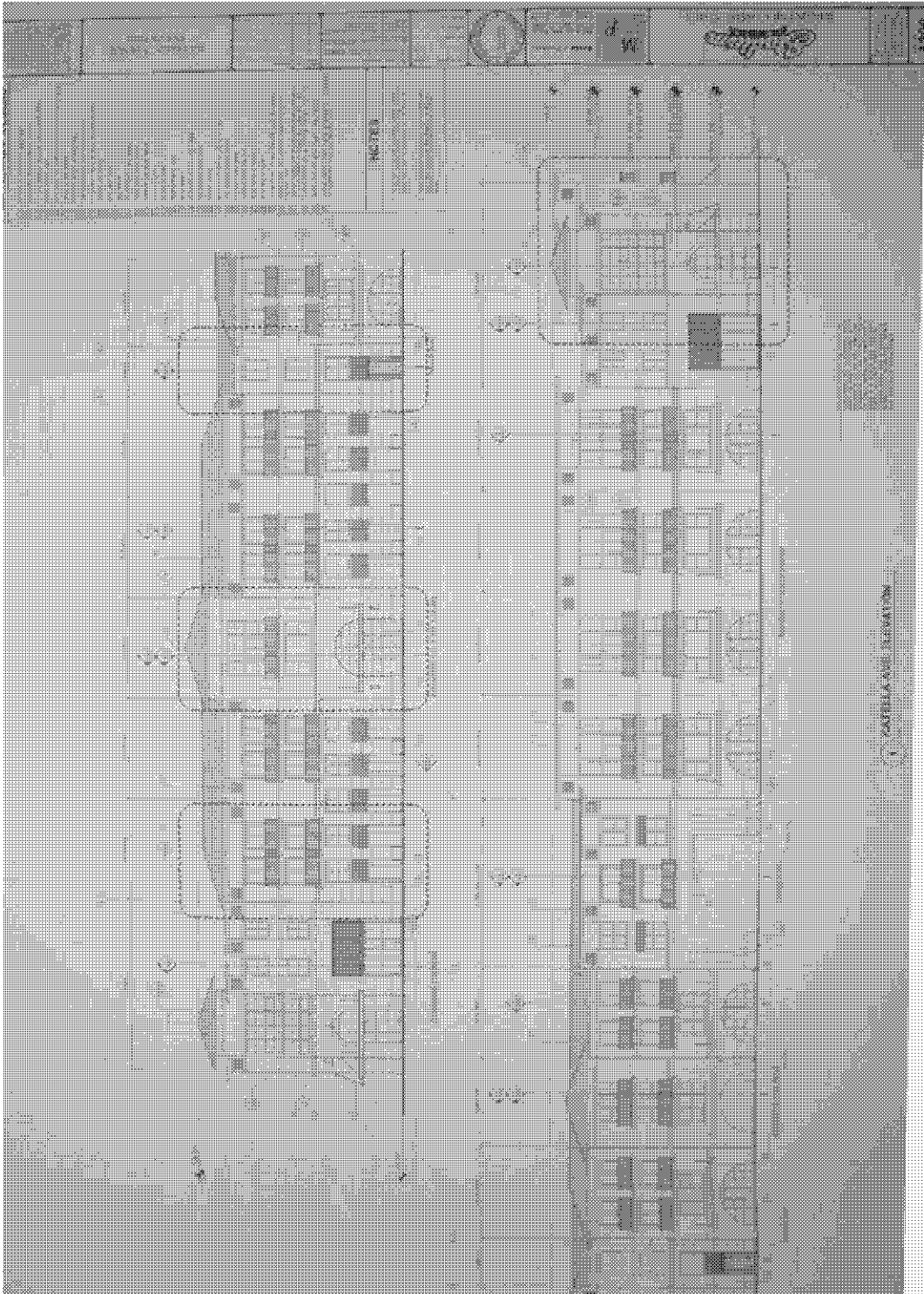
Retail Unit #1009, Kelly's Coffee space



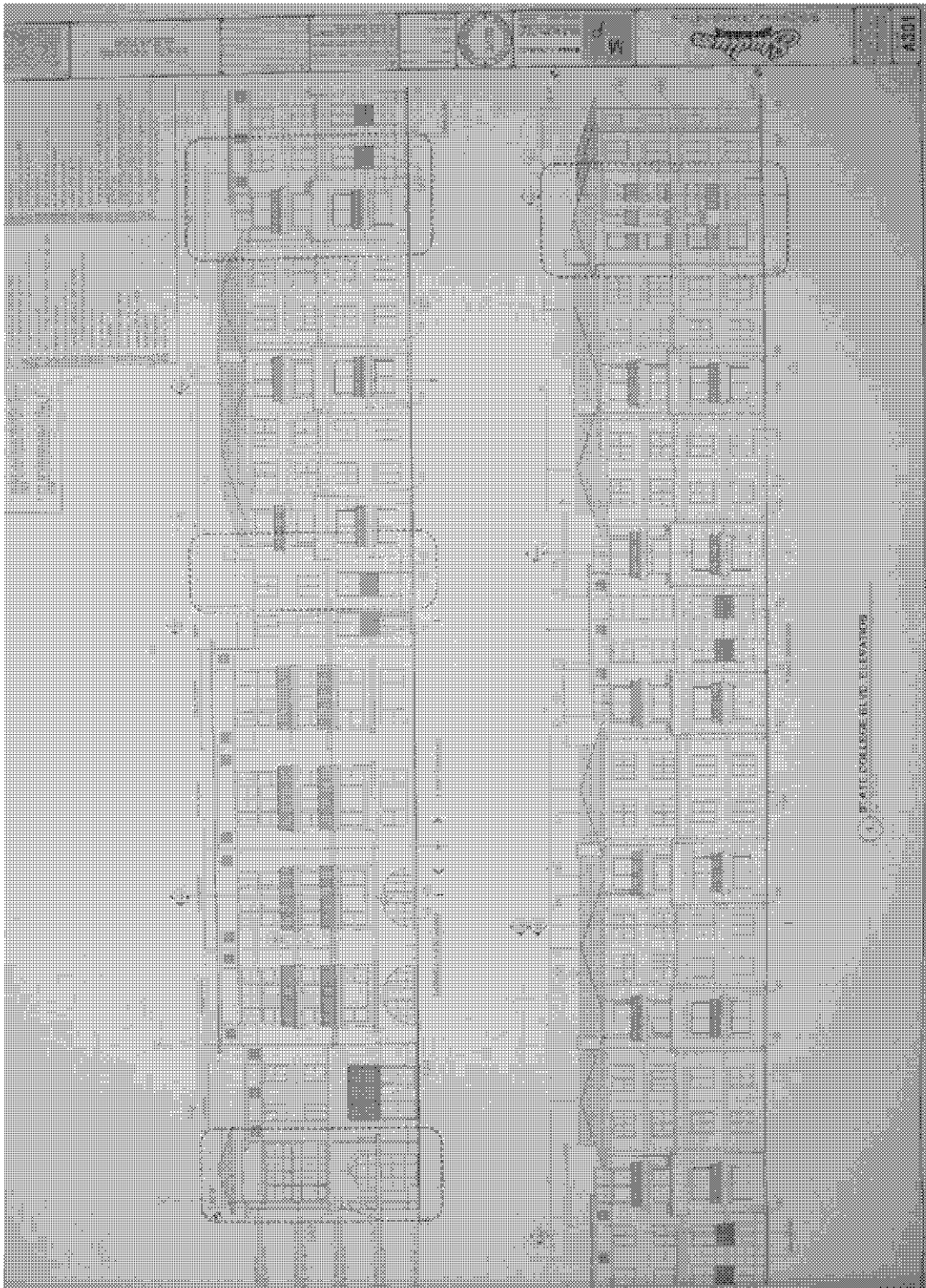
Pool and sundeck



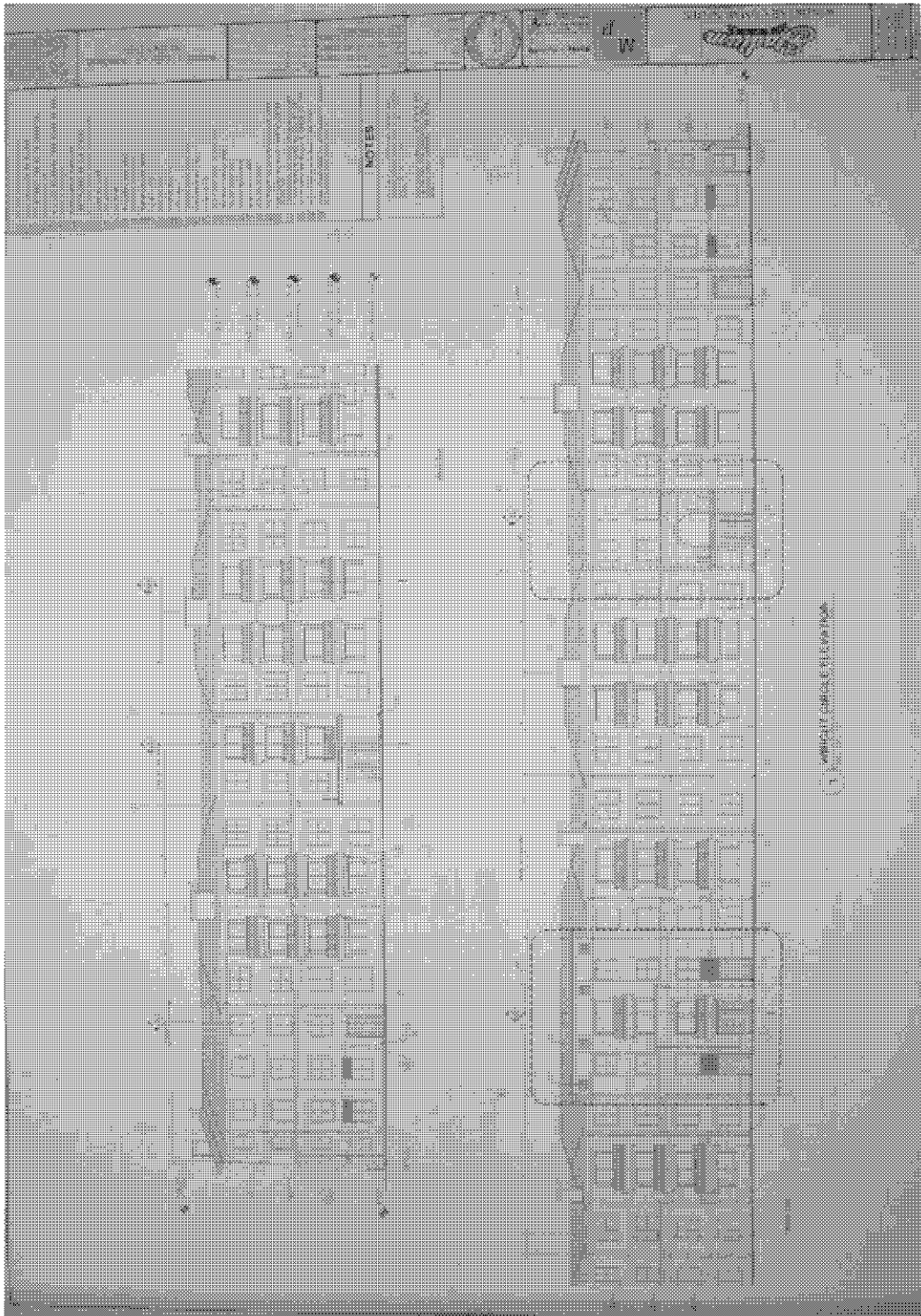
Platinum Triangle Aerial



Katella Avenue Elevation



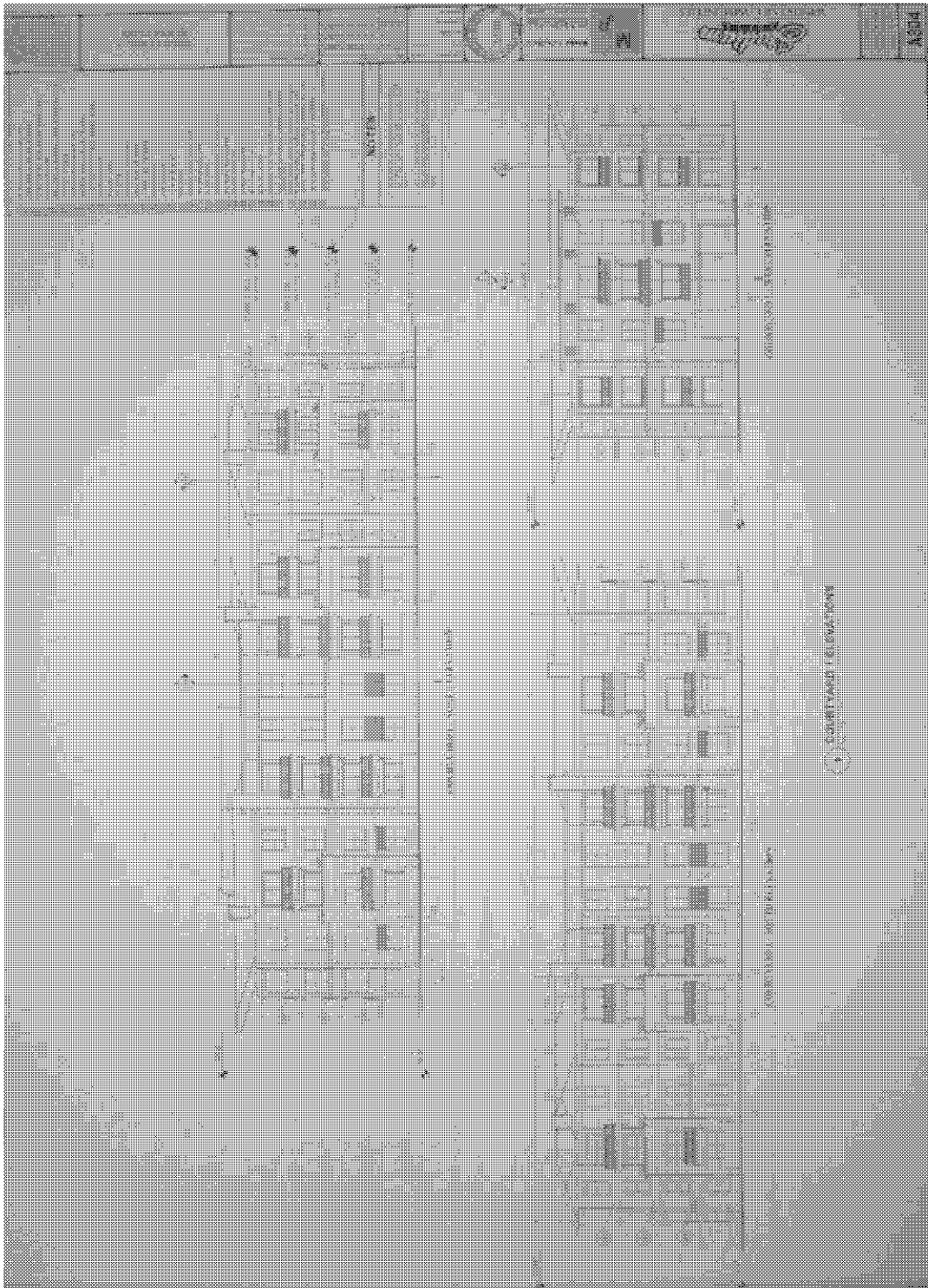
State College Boulevard Elevation



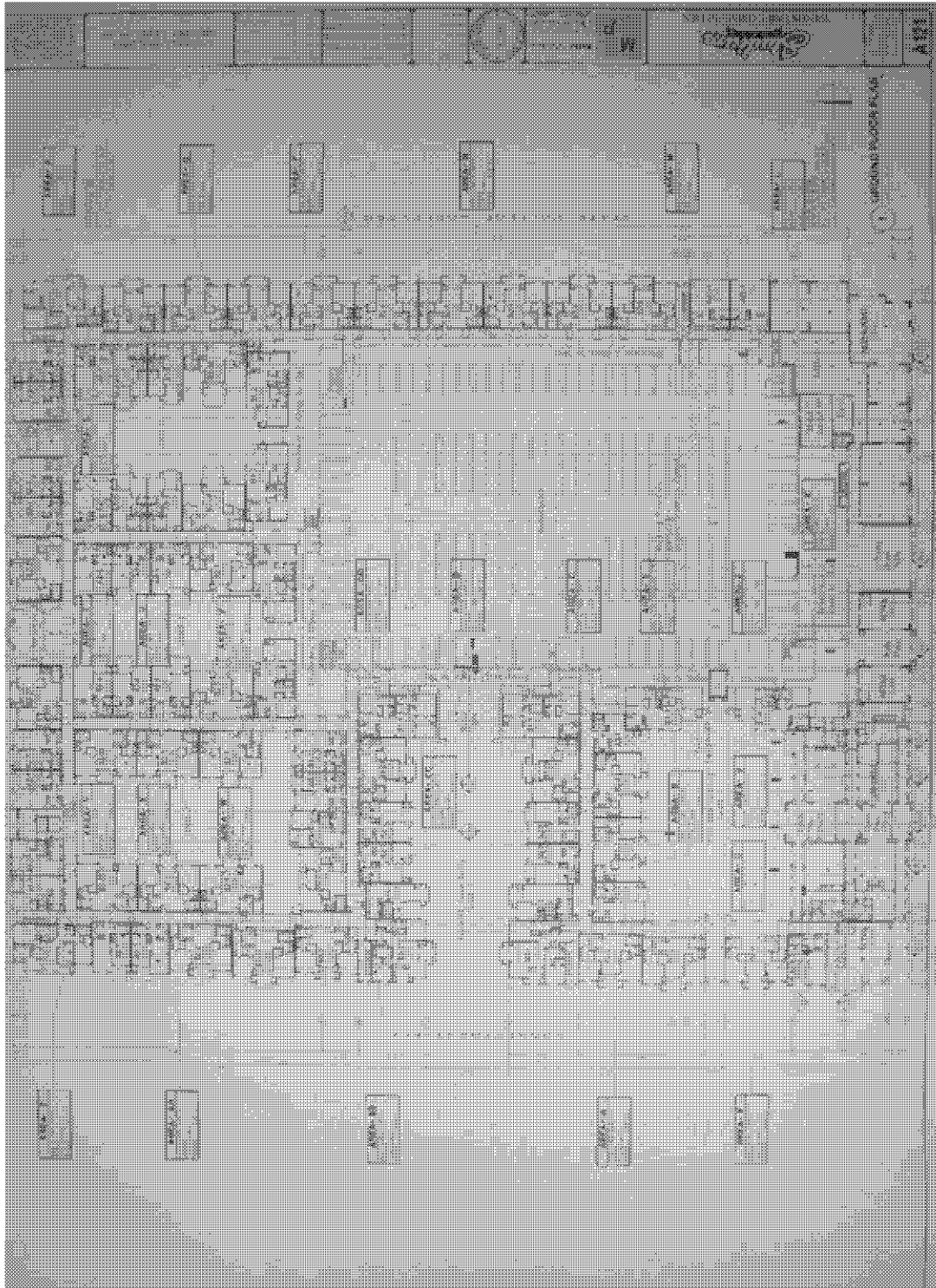
Wright Circle Elevation



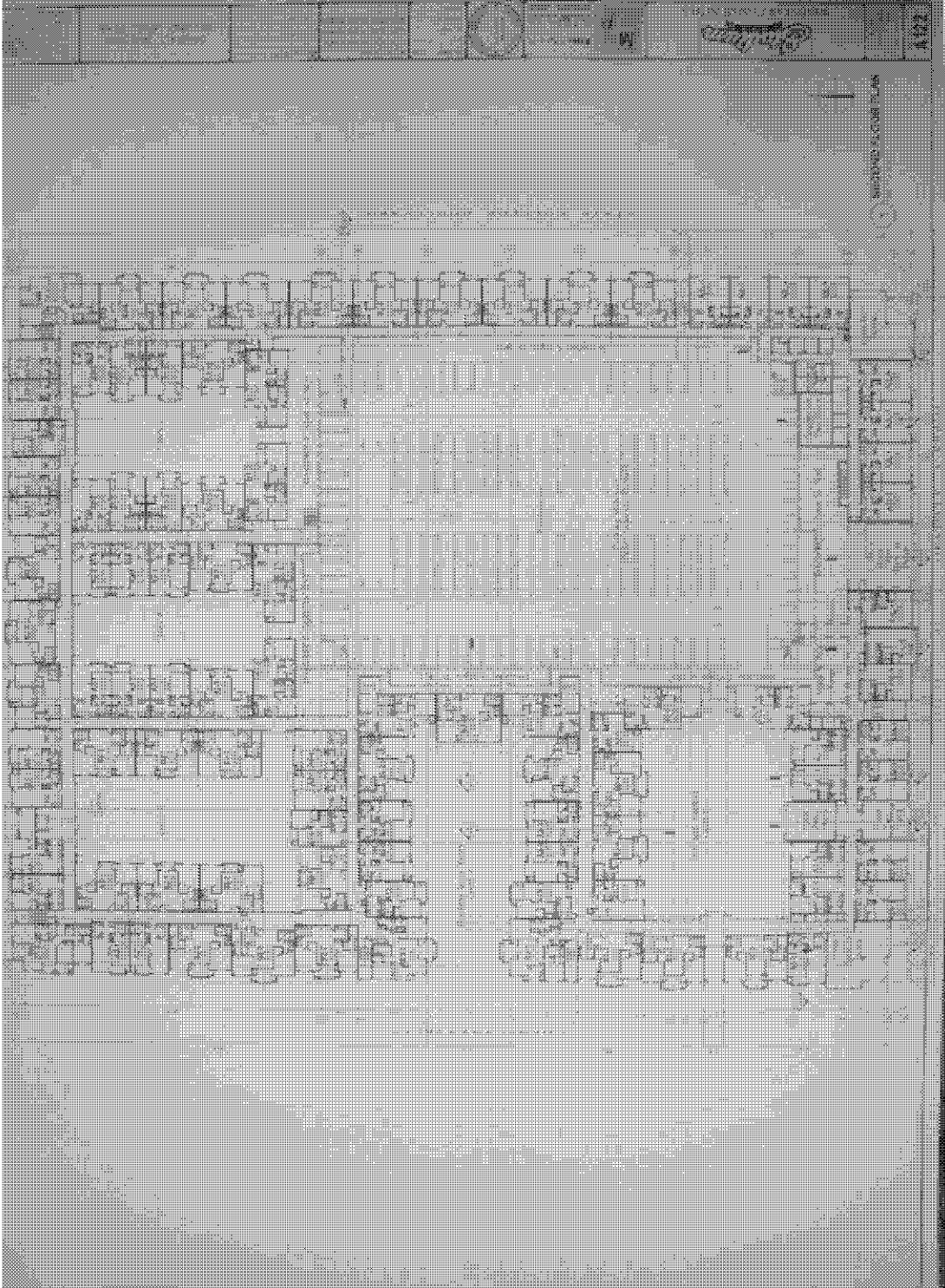
Connector Street Elevation



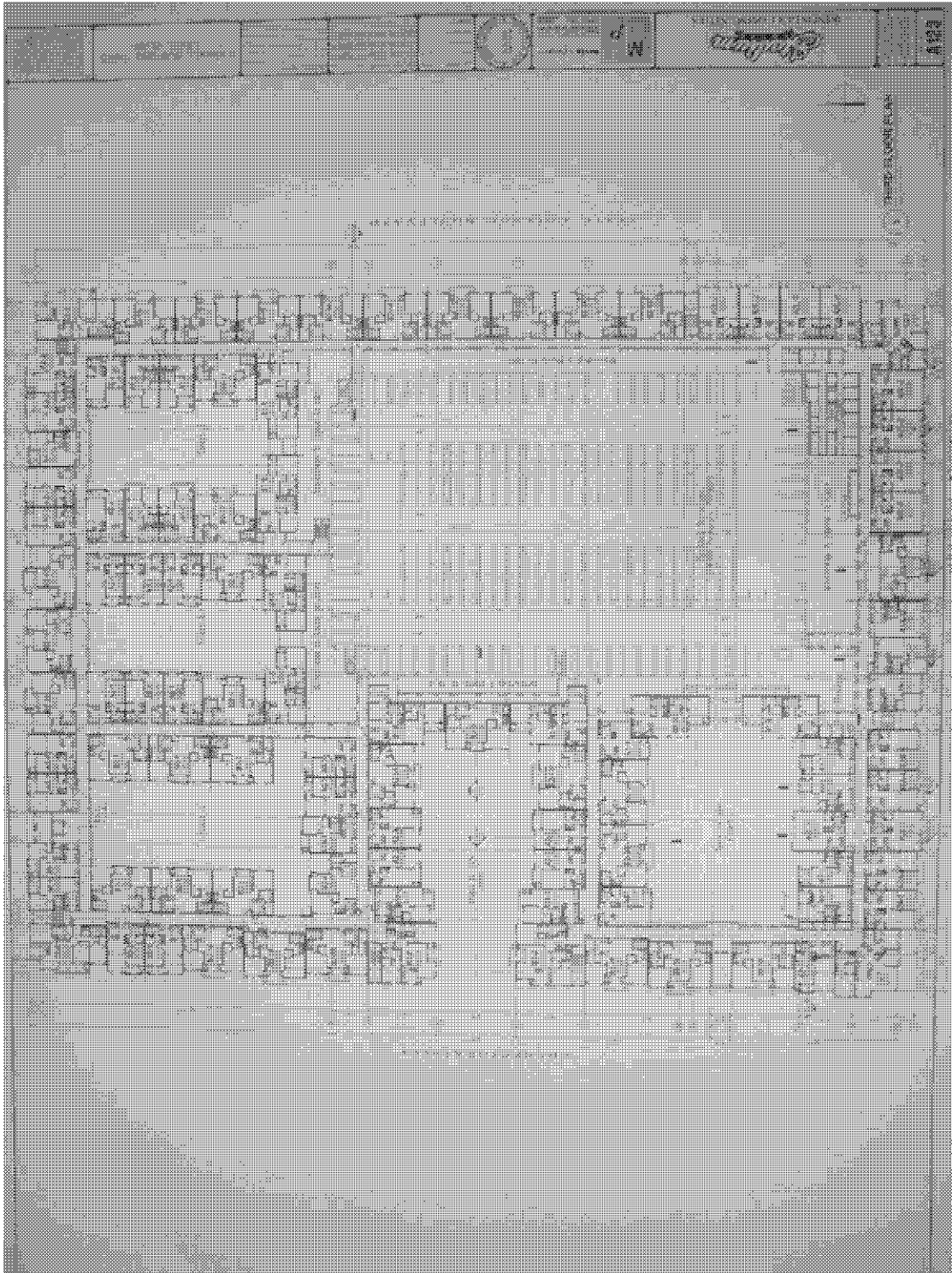
Typical Courtyard Elevation



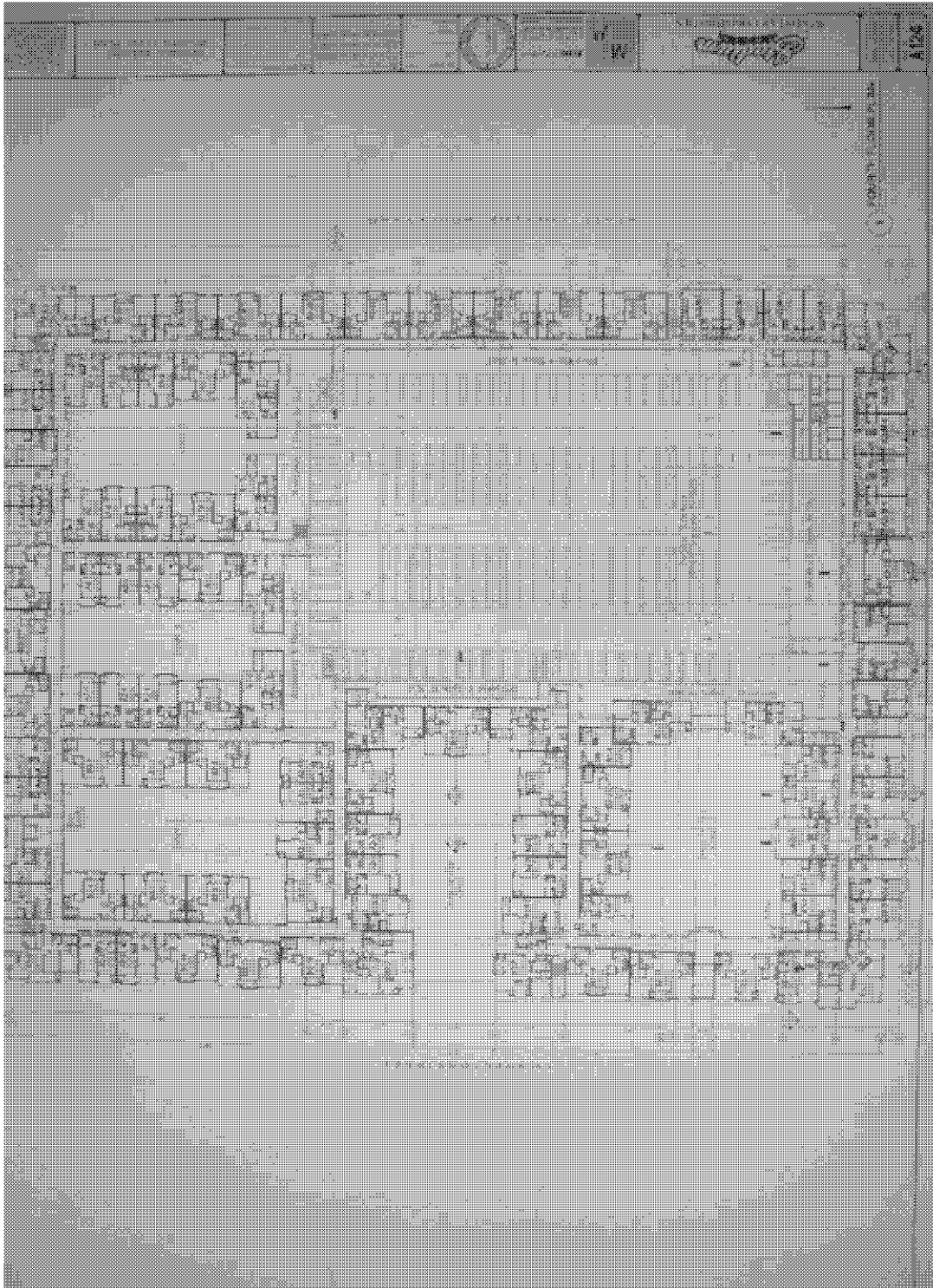
Ground Floor Plan



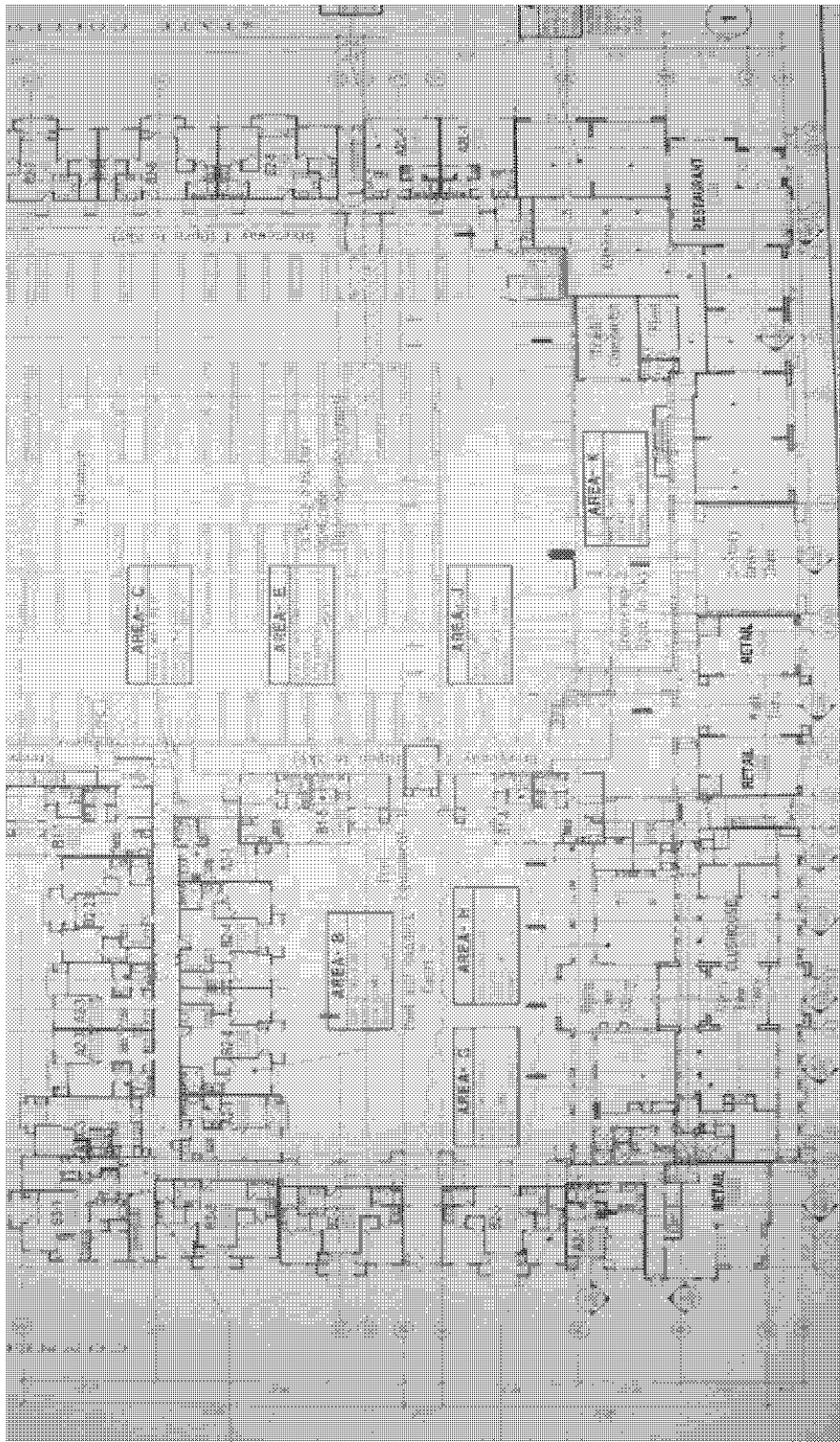
Second Floor Plan



Third Floor Plan



Fourth Floor Plan



Retail Unit Detail

LAND DESCRIPTION

This three-parcel site is located on the northwest corner of East Katella Avenue and South State College Boulevard in Anaheim and is one quarter mile northwest of Edison Field.

Area	289,752 square feet gross based on City of Anaheim Easement Plat. 270,667 square feet net of street improvement.
Location:	Corner lot
Street:	Katella Avenue is public and 132 feet wide State College Blvd. is public and 125 feet wide Wright Circle is public and 64 feet wide Figley Lane is private alley and is 28 feet wide
Alley:	Yes
Parking Access:	1 curb cut on East Katella Avenue 1 curb cut on Figley Lane
Frontage:	465 feet along East Katella Avenue 578 feet along South State College Boulevard 465 feet along Wright Circle Please see plat map for further reference
Shape:	Rectangular
Dimensions:	Irregular
Topography:	Level
Geology:	No adverse conditions known
Relation to Grade:	Level
Drainage:	Appears to be adequate
Utility:	The site's characteristics appear to make it adequate for development.
Census Tract #:	0863.03
FEMA Flood Hazard Zone:	No Panel #0602130142H, Zone X500, Date 2/18/2004
Special Hazards:	Southern California has a history of earthquake activity, and we make no representation as to the subject's risk from such future activity.
Alquist Priolo Earthquake Zone:	No, not an affected city
Utilities on Site:	
Water	Yes
Sewer	Yes
Electric	Yes
Gas	Yes
Telephone	Yes
Storm Drain	Yes
Zoning Classification:	I (Industrial) with Platinum Triangle Overlay

Zoning Requirements:

Permitted Uses	Multi-family residential, retail, hotels and restaurants. The subject is a permitted use.
Maximum Height	100 feet
Floor Area Ratio	0.75:1
Zoning Setbacks	18' in front; 3' in back; 13' on a side
Minimum Lot Size	N/A
Minimum Lot Width	N/A
Zoning Change:	Unlikely
Conform to Zoning:	Conforms to Platinum Triangle Overlay
Easements, Restrictions and Reservations:	Standard utility easements are assumed; no other easements were observed
Agreements:	None noted or observed
Covenants:	None noted or observed
Contracts:	None noted or observed
Declaration:	None noted or observed
Special Assessments:	None noted or observed
Ordinances:	None other than zoning

COMPLEX SUMMARY

This is a 390 residential unit condominium complex with a secured five-level parking garage and four attached retail and restaurant condominiums. The fifteen residential unit types and the four retail unit types are listed below. The square footages of the retail spaces are based on the construction plans. Additionally, the residential and retail portions will have separate HOA fees, due to the different nature of their occupancies.

The unit mix as follows:

Unit Type Number	No. of Units	Type of Units	Unit Size
Residential			
1-A1L	5	Loft	726 square feet
2-A2L	22	Loft	784 square feet
3-A1A	4	Loft	550 square feet
4-A1	39	1 bedroom, 1 bathroom	651 square feet
5-A3	4	1 bedroom, 1 bathroom	726 square feet
6-A1X	12	1 bedroom, 1 bathroom	705 square feet
7-AZ	96	1 bedroom, 1 bathroom	728 square feet
8-AZA	12	1 bedroom, 1 bathroom	784 square feet
9-AZLM	8	1 bedroom, 1.5 bathroom	987 square feet
10-B1	32	2 bedroom, 2 bathroom	1,062 square feet
11-B2	132	2 bedroom, 2 bathroom	1,082 square feet
12-B2LM	4	2 bedroom, 2 bathroom	1,209 square feet
13-B3	8	2 bedroom, 2 bathroom	1,207 square feet
14-C1	8	2 bedroom, 2 bathroom + Den	1,299 square feet
15-C2	4	2 bedroom, 2 bathroom + Den	1,398 square feet
Retail			
1001	1	Restaurant	7,839 square feet
1003	1	Retail/Service	700 square feet
1005	1	Retail/Service	700 square feet
1009	1	Retail/Restaurant	1,420 square feet

COMPLETE COMPLEX BUILDING DESCRIPTION

This is a proposed four-level 390 unit condominium complex with street level retail and restaurant facilities built around four courtyards and a parking structure. The complex is located in the Platinum Triangle Redevelopment Zone of the City of Anaheim. There is a five-level, 259,783 square foot parking structure that serves the entire development. The certificate of occupancy was received on November 21, 2006, with owner and tenant occupancy anticipated for January 15, 2007. As of our date of value, there was approximately \$4,670,000 of remaining construction costs for the project per the latest Application and Certificate for payment.

During construction, 55 condominium units that were in the framing stage were destroyed by a fire of undetermined origin. After the fire, all burned lumber was removed, as well as the concrete slab and the plumbing under the slab. The units have been completely rebuilt, and we have mentioned the fire for information purposes only. We do not feel that this event has an adverse impact on value.

Year Built:	2006
Actual Age:	0 years
Effective Age:	0 years
Remaining Economic Life:	50 years
Use:	Mixed use condominium complex
Shape:	Rectangular
Size:	483,371 total gross square feet
Ground Coverage:	57.9%
Land to Building Ratio:	0.6:1, excluding garage
Floor Area Ratio:	1.6:1
Utility:	Good
Story Height:	9 feet
Stories:	4
Class:	D, as per Marshall Valuation Service
Quality:	Good
Foundation:	Concrete
Frame:	Wood frame
Floor Support:	Wood joists
Floor Cover:	Wood, carpet and ceramic tile
Exterior Walls:	Stucco
Earthquake Reinforced:	Yes
Windows:	Sliding
Window Casement:	Vinyl
Exterior Doors:	Solid wood and glass
Interior Doors:	Solid core
Door Frames:	Aluminum and vinyl
Balcony/Patio:	Covered
Molding:	Good

Fireplaces:	2 in clubhouse
Cabinetry, Closets & Storage:	Good, plus 107 separate storage closets.
Roof Style:	Flat and mansard
Roof Cover:	Tile, composition, built-up
Roof Drainage:	Drain and pipe
Interior Walls:	Drywall
Interior Wall Cover:	Paint
Insulation:	R-19 to code
Ceiling:	Drywall
Ceiling Cover:	Paint
Smoke Detector:	Yes
Heating:	Individual heat pumps, electric
Air Conditioning:	Central – individual units
Plumbing:	Adequate
Water Heater (tankless):	1 per unit
Elevators:	2
Interior Condition:	Excellent
Exterior Condition:	Excellent
Roof Condition:	Excellent
Kitchen Equipment:	
Counter Tops:	Granite
Refrigerator:	Yes
Range/Oven:	Yes
Disposal:	Yes
Dishwasher:	Yes
Fan/Hood:	Yes
Washer/Dryer:	Yes
Microwave:	Yes
Common Area Facilities:	
Complex Office:	Yes, ±1,000 square feet
Lounge Area:	Yes, with kitchen and pool table
Exercise Room:	Yes, good
Sauna:	Yes
Pool:	Yes (salt water)
Outdoor Shower:	Yes
Other:	WiFi internet access, community barbecue grills and courtyards
Historical Significance:	None
Natural Significance:	None
Cultural Significance:	None
ADA Compliant:	Yes
Parking Structure:	
Size:	5 levels, 845 spaces, 259,783 square feet
Construction:	Concrete
Condition:	Excellent
Quality:	Excellent

RETAIL CONDOMINIUMS DESCRIPTION

The four retail units in the mixed use complex are situated at street level with exposure primarily to east Katella Avenue, with unit #1001, having some exposure to South State College Boulevard. The retail units are completely constructed with no costs remaining to the current owners. The description provided specifically details the components of the retail/restaurant condominium units.

Year Built:	2006
Actual Age:	0 years
Effective Age:	0 years
Remaining Economic Life:	50 years
Use:	Proposed retail/restaurant condominiums
Shape:	Irregular
Size:	10,659 total gross square feet
Efficiency:	Average
Utility:	Average
Ceiling Height:	Unit #1001 – 9-20 feet Unit #1003 – 9 feet Unit #1005 – 9 feet Unit #1009 – 9-20 feet
Stories:	All units located at street level
Class:	D, as per Marshall Valuation Service
Quality:	Good
Foundation:	Concrete
Frame:	Wood frame
Floor Support:	Slab on ground
Floor Cover:	Varies
Exterior Walls:	Stucco
Earthquake Reinforced:	Yes
Windows:	Storefront
Doors:	Metal/glass
Security Gates/Bars:	None
Facade:	Decorative
Roof Structure:	Wood or glu-lam beams
Roof Shape:	Varies
Roof Cover:	Shingles
Roof Drainage:	Drain and pipe
Skylights:	None
Interior Framing:	Wood studs
Interior Supports:	Wood
Interior Walls:	Drywall
Interior Ceilings:	Drywall
Insulation:	R-19 to code
Sprinklers:	Yes, adequate

Alarm Systems:	Fire
Electrical:	Adequate
Elevators:	None, servicing the retail units
HVAC:	Central, adequate
Interior Lighting:	Fluorescent, adequate
Exterior Lighting:	Building exterior only
Restrooms:	Adequate
Hot Water Heater:	Adequate
Interior Condition:	Excellent
Exterior Condition:	Excellent
Roof Condition:	Excellent
Deferred Maintenance Items:	None
Historical Significance:	None
Natural Significance:	None
Cultural Significance:	None
Recreational Significance:	None
Scientific Significance:	None
ADA Compliant:	Yes
Parking Structure:	
Size:	5 levels, 845 total spaces, of which 139 spaces are for both retail and condominium visitor parking.
Construction:	Concrete
Condition:	Excellent
Quality:	Excellent

OFF-SITE IMPROVEMENTS

As part of the project, the developer completed construction of public facilities that will be purchased by the City of Anaheim. These roadway and right of way improvements include utilities, sewer, curb and gutter, lighting, sidewalks, irrigation, landscaping, traffic control and signalization, design, engineering, permitting and grading. These improvements will be financed by the bonds.

SITE IMPROVEMENTS

Landscaping:	Trees, shrubs, flowers and sprinklers
Patios:	Brick and concrete, covered
Signage:	Building
Fencing:	None
Driveway:	Concrete
Garage:	See building descriptions
Pool:	57' x 30', heated, salt water
Spa:	Belowground
Walkways:	Brick
Condition:	Excellent
Deferred Maintenance Items:	None

ENVIRONMENTAL CHECKLIST

Current Use:	Mixed use/condominium complex
Presence of	
Underground Storage Tanks:	None noted or observed
Stained Soil:	None noted or observed
Vegetation Damage:	None noted or observed
Oily Surface Water:	None noted or observed
Discarded Batteries:	None noted or observed
Oil Drums:	None noted or observed
Propane Tanks:	None noted or observed
Water Wells:	None noted or observed
Neighboring Properties With	
Environmental Risks:	None noted or observed
Asbestos:	None noted

HIGHEST AND BEST USE

Highest and Best Use is “the reasonably probable and legal use of vacant land or an improved property, which is physically possible, appropriately supported, financially feasible, and that results in the highest value. The four criteria the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.”

Implied in these definitions is that the determination of highest and best use takes into account the contribution of a specific use to the community and community development goals as well as the benefits of that use to individual property owners.

The following tests must be met in estimating highest and best use. The use must be legal and probable, not speculative or conjectural. A demand for the use must exist, and it must yield the highest net return to the land for the longest period. These tests are applied to improved and vacant property. To arrive at an estimate of highest and best use, the subject site was analyzed 1) as though vacant and available for development, and 2) as presently improved.

Highest and Best Use Assuming a Vacant Site

Physical Possibility

The first constraint on the possible use of the property is dictated by the physical aspects of the site. “The land must be able to accommodate the size and shape of the ideal improvement.” In general, the larger the site, the greater its potential to achieve economies of scale and flexibility in development.

The physical characteristics of the subject site will not impact development. The site is not in a FEMA Flood Hazard Zone.

Legally Permissible Use

Of particular importance in the analysis of highest and best use of the subject is to determine the legal extent and use to which the site can be developed. Development of the site is restricted by existing zoning regulations and subject to the interpretations by the planning, zoning and/or governing body charged with enforcing said regulations. In addition to these legal constraints, the property may be subject to restrictions placed upon the property by legislative laws, electoral laws, temporary legal restrictions, environmental issues or other possible factors under the public jurisdiction.

The site is zoned I (Industrial) with a Platinum Triangle Overlay and is designated for industrial and residential uses that allow for the development of various uses such as mixed use developments. The neighborhood is transitioning away from its former industrial make up to a multi-family residential and entertainment environment.

In addition to public regulations, the subject may have private restrictions that limit the site's ability to be developed. These restrictions are typically found in the title report which was reviewed. Based upon our review of the title report, we are unaware of any factors which would impact the subject's market value.

Financially Feasible Use

In determining which uses are legally permissible and physically possible, we eliminated some uses from consideration. We further analyzed the uses that meet these first two criteria to determine which are likely to produce an income, or return, equal to or greater than the amount needed to satisfy operating expenses, financial obligations and capital amortization. We regard as financially feasible all uses that are expected to produce a positive return.

Maximally Productive Use

Of the financially feasible uses, the highest and best use is that use which produces the highest residual land value consistent with the rate of return warranted by the market for that use. To determine the highest and best use of land as though vacant, an appropriate rate of return reflecting the associated risk is often used to capitalize income streams from different uses into their respective values. The use that produces the highest residual land value is considered to be the highest and best use for the subject.

Conclusion

Based on our observation of the market and considering the factors above, it is our opinion that the highest and best use of the site, as if vacant, would be to develop with a mixed use condominium complex.

Highest and Best Use As Improved

The current improvements were built in 2005 and 2006, and their use as a mixed use condominium complex represents a conforming use of the land due to the Platinum Triangle Overlay. The structures reflect the physical and economic characteristics of the market area, and their use as a mixed use condominium complex is considered maximally productive. The existing improvements represent a substantial use of the site. In our opinion, therefore, the current improvements are considered the highest and best use of the subject.

APPROACHES TO VALUE

In the case of the subject property, we have considered the Cost, Income and Sales Comparison Approaches to value, and have applied the Cost Approach, Income Approach and Sales Comparison Approach. The Cost Approach has been used to value the building as a whole, not its components. The Income Approach has been used to value only the retail components, not the building as a whole. The Sales Comparison Approach was used to value the retail and residential components separately.

Cost Approach

The procedure for valuing property with the Cost Approach includes eleven steps: 1) estimate the value of the land as though vacant and available for development to its highest and best use; 2) estimate the reproduction or replacement cost of the improvements as of the date of appraisal, including direct and indirect costs; 3) estimate other costs (indirect costs) to bring the new, vacant building to market conditions and occupancy levels; 4) estimate entrepreneurial profit; 5) add reproduction or replacement costs, other costs, and entrepreneurial profit to arrive at the total cost of the primary structure(s); 6) estimate accrued depreciation in the categories of physical deterioration, functional obsolescence, and external obsolescence; 7) deduct estimated depreciation from the total cost of the structure to derive an estimate of its depreciated cost; 8) estimate the depreciated cost of accessory buildings and site improvements; 9) add the depreciated costs of the primary structure and the accessory buildings to obtain the total cost of the improvements; 10) add land value to the total depreciated cost of the improvements to obtain a value indication for the fee simple estate; and 11) adjust the fee simple value to reflect the interests being appraised, if necessary.

Income Approach

The Income Approach comprises two methods, Direct Capitalization and Discounted Cash Flow, or Yield Capitalization. These two methods may be used individually or collectively, depending on the particular property being appraised. The Direct Capitalization method is used to convert an estimate of a single year's income expectancy, or an annual average of several years' income expectancies, into an indication of value in one direct step – either by dividing the income estimated by an appropriate income rate or by multiplying the income estimate by an appropriate factor. The income expectancy is frequently the anticipated income for the following year. The rate or factor selected represents the relationship between income and value observed in the market and is derived through comparable sales analysis. A property's income, usually annual net operating income or pre-tax cash flow, is divided by its sale or equity price to obtain the income rate. A factor or multiplier can be derived by dividing a property's sale price by its annual potential or effective gross income. Direct Capitalization is market-oriented; an appraiser analyzes market evidence and values property by inferring the assumptions of typical investors. Direct Capitalization does not explicitly differentiate between the return on and return of capital, because investor assumptions are not specified. However, it is implied that the selected multiplier or rate will satisfy a typical investor, and that the prospects for future monetary benefits, over and above the amount originally invested, are sufficiently attractive.

The Discounted Cash Flow, or Yield Capitalization, method is used to convert future benefits into present value by discounting each future benefit at an appropriate yield rate or by developing an overall rate that explicitly reflects the investment's income pattern, value change and yield rate. Like Direct Capitalization, Discounted Cash Flow should reflect market behavior. The method is profit-oriented, simulating typical investor assumptions with formulas that calculate the present value of expected benefits assuming specified profit requirements. The procedure used to convert periodic income and reversion into present value is called discounting; the required yield rate of return is called the discount rate. The discounting procedure presumes that the investor will receive a satisfactory return on the investment and complete recovery of the capital invested. The method is referred to as discounted cash flow analysis because a discount rate is used to calculate the present value of anticipated future cash flows.

Sales Comparison Approach

In the Sales Comparison Approach, market value is estimated by comparing the subject property to similar properties that have been sold recently or for which offers to purchase have been made. A major premise of the Sales Comparison Approach is that the market value of a property is directly related to the prices of comparable, competitive properties. The comparative analysis in the Sales Comparison Approach focuses on differences in the legal, physical, locational, and economic characteristics of similar properties and the subject property and on differences in the real property rights conveyed, the dates of sale, the motivations of buyers and sellers, and the financing arrangements for each sales transaction, which can account for variations in prices.

COST APPROACH

LAND COMPARABLE 1



2050 South State College Boulevard, Anaheim California 92806

Distance from subject: .5 miles

APN: 083-270-69 through 72

223,629 sq. ft. land area

463 ft. frontage

I Zone

Map reference: 799-C3

Utilities on site

Level Topography

Date of sale: June 29, 2006

Price \$20,400,000

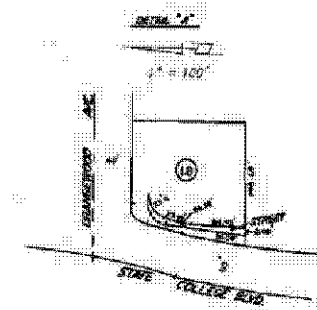
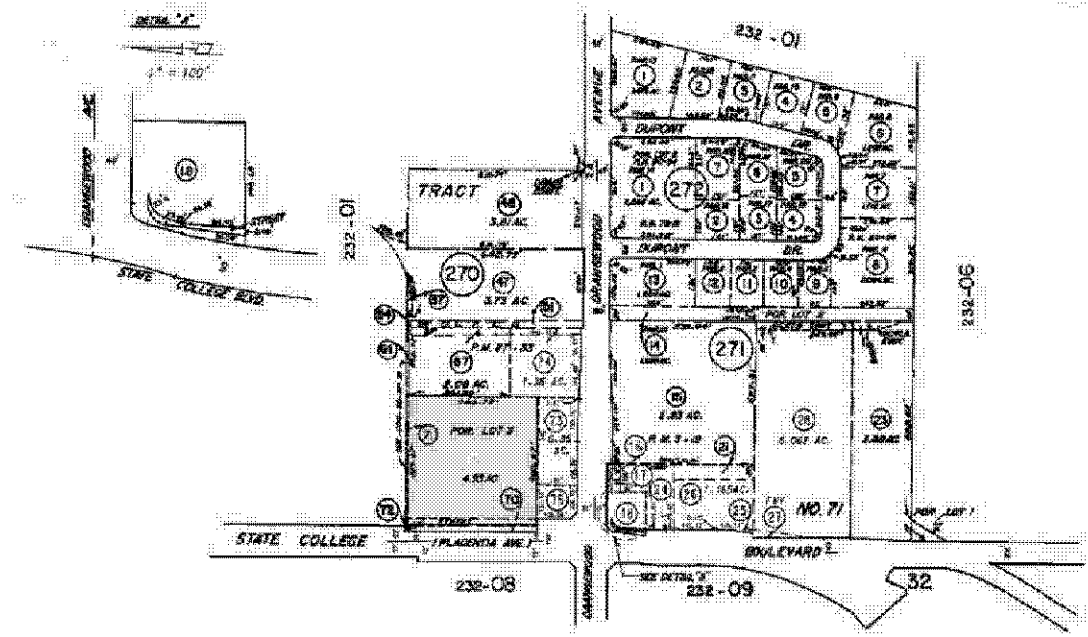
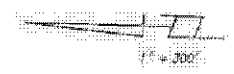
Terms not available

\$91.22 per square foot

This square-shaped interior parcel is located south of the subject on a primary street. The property is improved at this time with an industrial building. These improvements are considered to have no contributory value because they will be demolished and redeveloped with a condominium/commercial complex. The grantor was Whittle Investors-State College LP, and the grantee was Platinum Triangle Partners LLC on document number 435020. This comparable was reported or verified by the broker, the document, Win2Data and CoStar.

083-27

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LAND COMPARABLE 1 PLAT MAP

MARCH 1951

TRACT NO. 71
PARCEL MAP

M.M. 10-22
P.M. 30-34

NOTE - ASSESSOR'S BLOCK & PARCEL NUMBERS SHOWN IN CIRCLES

ASSESSOR'S MAP BOOK 063 PAGE 21 COUNTY OF ORANGE



LAND COMPARABLE 2

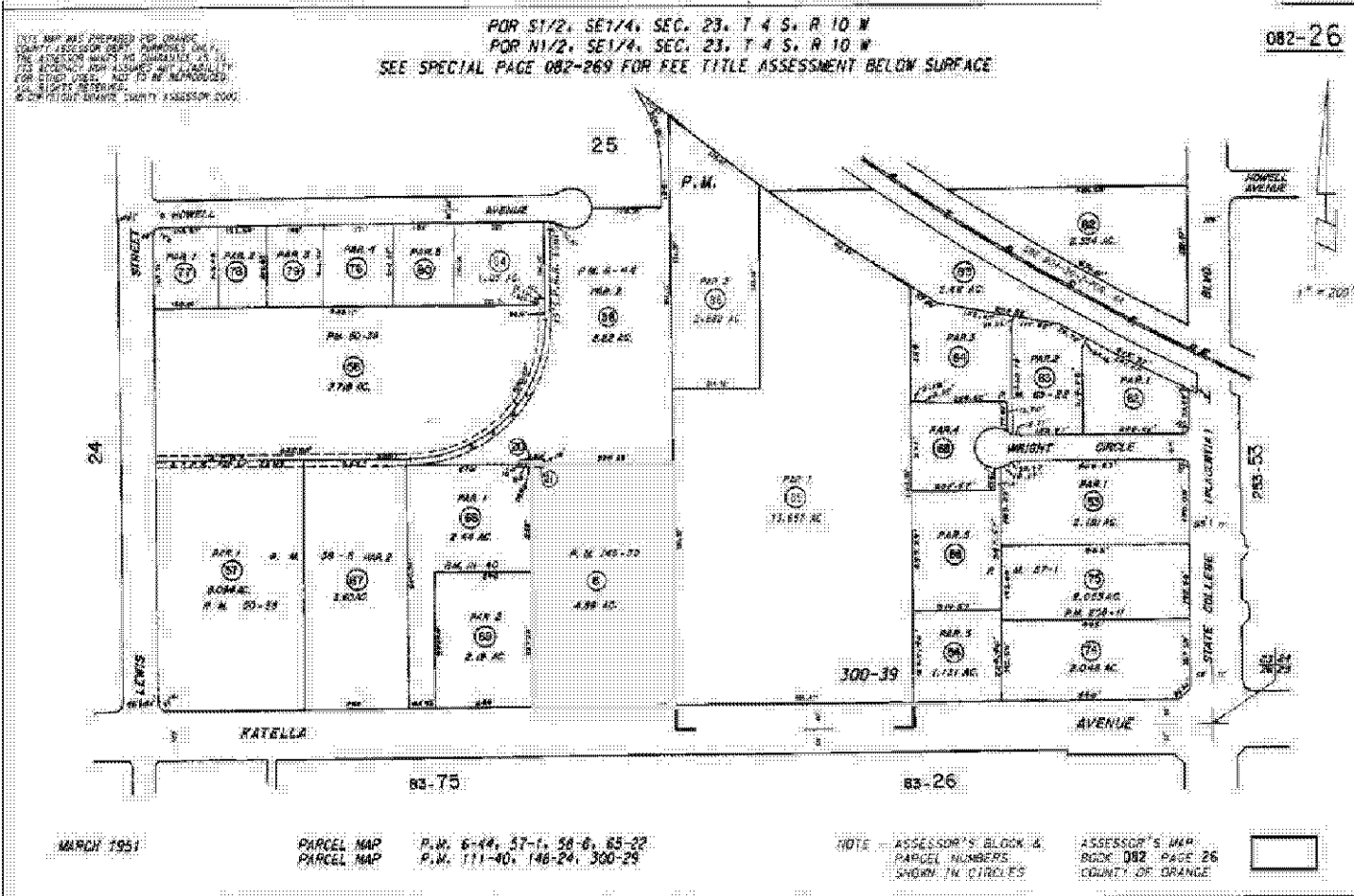


1331 East Katella Avenue, Anaheim, California 92805
Distance from subject: 805 feet
APN: 082-260-06

212,573 sq. ft. land area
325 ft. frontage
ML Zone
Map reference: 799-B2
Utilities on site
Level Topography

Date of sale: November 30, 2005
Price \$14,000,000
\$0 down
\$14,000,000 1st from Fremont
Investment & Loans
\$65.86 per square foot

This rectangular-shaped interior parcel is located west of the subject on a primary street. The property was improved at the time of sale with an industrial building. These improvements are considered to have no contributory value because they have been demolished, and the site is being redeveloped. The grantor was East Katella Partnership, and the grantee was Millennium Platinum Developers, Inc. on document number 0958213. This comparable was reported or verified by Win2Data and CoStar. This parcel, like the subject, is part of the Platinum Triangle Redevelopment Project. Attempts to reach the principals in this transaction were unsuccessful.



LAND COMPARABLE 2 PLAT MAP

LAND COMPARABLE 3



1515 East Katella Avenue, Anaheim, California 92805

Distance from subject: 220 feet

APN: 082-260-85

719,176 sq. ft. land area

585 ft. frontage

SP Zone

Map reference: 799-B2

Utilities on site

Level Topography

Date of sale: January 11, 2006

Price \$30,000,000

Terms not available

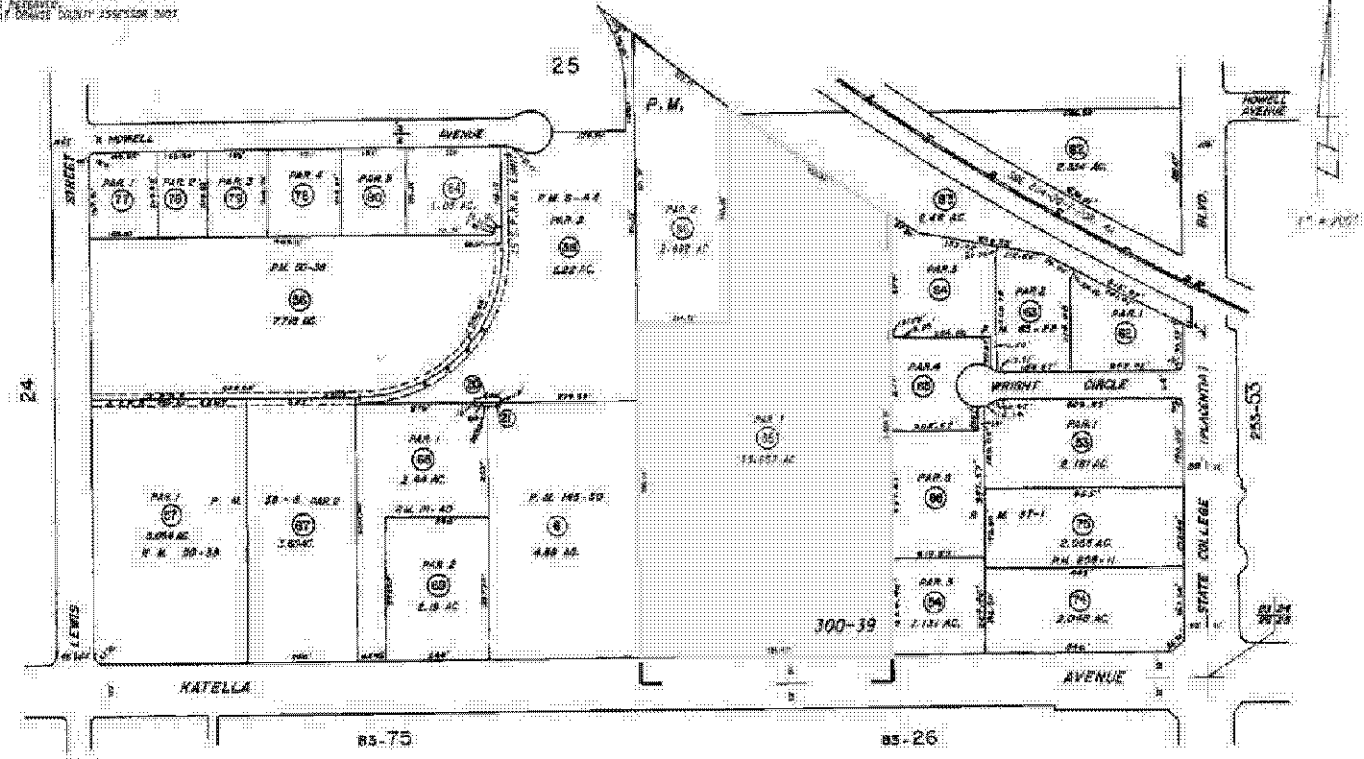
\$41.71 per square foot

This irregular-shaped interior parcel is located west of the subject on a primary street. The property was improved at the time of sale with industrial buildings. These improvements are considered to have no contributory value because they have been demolished, and the site is being redeveloped. The grantor was Peter & Cheryl Dunkel, and the grantee was BRE Properties, Inc. on document number 0022834. This comparable was reported or verified by the document and CoStar. This parcel, like the subject, is part of the Platinum Triangle Redevelopment Project. Attempts to reach the principals in this transaction were unsuccessful. The broker for Land Comparable 4 stated that the property was never listed as the buyer made a direct approach to the seller. The development of this parcel is one of the approved projects for the Platinum Triangle (see addendum).

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FOR S1/2, SE1/4, SEC. 23, T 4 S, R 10 W
 FOR N1/2, SE1/4, SEC. 23, T 4 S, R 10 W
 SEE SPECIAL PAGE 082-269 FOR FEE TITLE ASSESSMENT BELOW SURFACE

082-26



MARCH 1951

PARCEL MAP P.M. 6-44, 57-1, 58-6, 65-29
 PARCEL MAP P.M. 111-40, 148-24, 300-29

NOTE - ASSESSOR'S BLOCK & PARCEL NUMBERS SHOWN IN CIRCLES
 ASSESSOR'S MAP BOOK 082 PAGE 26 COUNTY OF ORANGE



LAND COMPARABLE 3 PLAT MAP

LAND COMPARABLES MAP



Analysis

The preceding comparables reflect recent activity in the subject market area. In our analysis of the data presented we considered a variety of factors including cash equivalency, date of sale, listing discount, location, access, view, availability of utilities, topography, utility, zoning and size.

Except for those factors presented in the adjustment grid below, it is our opinion that the subject property and the comparables are similar or do not require further adjustments.

Location is considered to be the most important factor in the analysis of a property. In this analysis, the comparables may be superior, inferior or similar to the property being appraised. As a result, we will adjust the comparables based on differences noted.

We found that larger sites tend to sell for less on a per square foot basis than smaller sites, which is clearly seen in the sales presented. This tendency is referred to as the principle of marginal utility, which is defined as "the addition to total utility made by the last unit of a good at any given point of consumption. In general, the greater the number of items, the lower the marginal utility, i.e., a greater supply of an item or product lowers the value of each item."

Access is an important component of value which is related to the property's intended use. Access can be affected by many factors including the quality of street improvements, traffic flow, turning lanes, traffic islands, street location and curb cuts.

Adjustment Grid (in dollars)

Land Comparable	Price Per Sq. Ft	Location	Size	Utility	Assemblage	Adj. Price Per Sq. Ft.
1.	91.22	-			(15.00)	76.22
2.	65.86	-	-	5.00	-	70.86
3.	41.71	-	25.00	5.00	-	71.71

Land Comparable 1 is in the Platinum Triangle and is improved with an industrial building the tenant of which has 2 years remaining on the lease. The buyer has purchased 4 other parcels to the east and south of this property and plans to hold it for future development.

Land Comparable 2 is most similar to the subject. The access is inferior as it is an interior lot with access from Katella Avenue only. Development of this parcel is an approved project for the Platinum Triangle (see addendum).

Land Comparable 3 is nearest to the subject property. It is currently being developed with condominiums and apartments. This much larger parcel was adjusted for size based upon a comparison with the adjacent Land Comparable 3.

Based on our analysis of the adjusted prices of the comparables presented, it is our opinion the subject's land value with approved plans, per square foot, is as follows:

289,752 square feet @ \$73.00 = \$21,151,896

Cost of Building Improvements:

483,371 sq. ft. @ \$75.38	<u>\$36,438,059</u>
Estimated Replacement Cost New:	36,438,059
Less Physical Depreciation @ 0%	<u>0</u>
Depreciated Cost:	<u>36,438,059</u>

Cost of Parking Garage Improvements:

259,785 sq. ft. @ \$48.85	<u>12,691,579</u>
Estimated Replacement Cost New:	12,691,579
Less Physical Depreciation @ 0%	<u>0</u>
Depreciated Cost:	<u>12,691,579</u>

Cost of Lot Improvements:

Demolition, earth work, landscaping and irrigation, based on contractors actual costs (see addendum)	<u>1,342,107</u>
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Off-site improvements completed by the developer will be purchased by the City of Anaheim. These roadway and right of way improvements include utilities, sewer, curb and gutter, lighting, sidewalks, irrigation, landscaping, traffic control and signalization, design, engineering, permitting, and grading. The costs of these improvements are not included in the cost approach.

Estimated Replacement Cost New	1,342,107
Less Physical Depreciation @ 0%	<u>0</u>
Depreciated Cost:	<u>1,342,107</u>

Total Depreciated Costs:	50,471,745
Add Primary Land Value:	<u>21,151,896</u>
Value by Cost Approach:	<u><u>\$71,623,641</u></u>

The above costs represent the cost of the land and the cost of improvements as completed. The remaining costs include both developer's overhead and expenses and developers profit. Included in overhead and expenses are the following items: taxes, carrying costs, selling expenses and on-going expenses related to the maintenance of the property during the sellout. The project's profit is based on the indicated aggregate retail value.

Land and Improvements		\$71,623,641
Developer's Overhead:		
Sales & Marketing	11,308,296	
Property Taxes	3,826,359	
On-going Maintenance & Interest	2,429,626	
Total Developer's Overhead		17,564,281
Project's Profit @ 97%		86,122,402
"As Complete" Value from Cost Approach		<u>\$175,310,324</u>
Remaining Constructing Costs as of 11/21/06		<u>\$4,670,000</u>
"As Is" Value by Cost Approach as of 11/21/06		<u>\$170,640,324</u>

Cost Calculations

We have used the Marshall & Swift Cost Estimator Program and various construction cost books to estimate the subject's replacement cost new and have compared this amount with the proposed construction costs provided by the developer (please see addendum). Since both estimates are very similar, we have used the Marshall & Swift Estimate in our Cost Approach to value.

Depreciation

Existing properties typically suffer one or more forms of depreciation: physical, functional and external.

Physical depreciation takes two forms, curable and incurable. In our analysis of the subject, any curable physical depreciation beyond normal wear and tear is considered to be a deferred maintenance item. Incurable physical depreciation is a building's natural deterioration due to age and general use. Such a condition would require substantial costs to cure that would not be offset by a corresponding increase in value. We calculate normal physical depreciation by dividing the subject's effective age by the sum of its effective age and its remaining economic life. The physical depreciation for lot improvements differ due to a shorter economic life than the building itself. Therefore, the lot improvements will have a depreciation factor based upon their condition and remaining life.

Functional depreciation also takes two forms, curable and incurable, and is the result of a structure's design defects. The loss in value is measured by the loss of income capitalized at the appropriate rate or the loss in the Sales Comparison Approach. Curable functional depreciation is any design flaw which negatively impacts the value but can be cured at a cost that could be recovered by an increase in value. Based upon our observation the utility of the subject is typical, therefore, no factor for depreciation is necessary.

External depreciation is a diminution in value to the improvements due to factors arising from local market conditions, such as blight or recession, which are not curable by the landlord or tenant. As a result, this type of depreciation is derived from the overall value conclusion. In our analysis of the subject, we estimate the external depreciation of the building improvements to be 0%.

INCOME APPROACH FOR RETAIL UNITS

Subject Tenancy

The subject is comprised of four retail condominium units, and its rent roll is presented based on the leases and construction plans and are represented to be the current conditions. We have not been provided with estoppels certificates for these leases.

Subject Retail Rent Roll

Tenant Name/Unit #	Sq. Ft.	Monthly Rent	Rent Per Sq. Ft.	Terms	Date of Rent Adjustment	Rental Change	Lease Term	Renewal Options
El Torito, Unit 1001	7,839	\$26,266.50	\$3.35	NNN	Every 5 years	2%/year	15	4-5 year
Juice It Up, Unit #1003	700	\$2,450.00	\$3.50	NNN	Annually	3%/year	10	2-5 year
Subway, Unit #1005	700	\$2,450.00	\$3.50	NNN	Annually	3%/year	5	2-5 year
Kelly's Coffee & Fudge, Unit #1009	1,420	\$3,521.00	\$2.48	NNN	Annually	3%/year	10	2-5 year
Total/Average	10,659	\$34,687.50	\$3.25					

After reviewing the leases and construction plans, we have based our square footage on the construction plans and the total monthly income on the leases provided. The lease indicates El Torito is at \$3.25 per square foot per month, while the other three tenants are at \$3.50 per square foot per month. The construction plans indicate El Torito totals 7,839 square feet, while the lease indicates the space is comprised 8,082 square feet. Additionally, the construction plans indicate that Kelly's Coffee totals 1,420 square feet, while the lease indicates the space is comprised of 1,006 square feet.

However, irrespective of the differences of square footages reported, we have used the actual monthly rental amount indicated in the lease, irrespective of price per square foot. The leases have a percentage rent component to them as well, with El Torito having a 5% rate, while the remaining three tenants have a 6% rate. As these rates are speculative we have used the tenant's base rental rates for the projection of income in both the Direct Capitalization and Discounted Cash Flow Approaches to value.

After reviewing the leases, it has been determined that they are classified as triple net. The lease clearly states that, in addition to base rent and possible percentage rent, the tenant is responsible for their pro rata share of insurance, taxes (including ad valorem and special taxes) and common area maintenance (CAM and HOA dues).

Based on our analysis of the contract rents, the subject is receiving an average rent of \$3.25 per square foot or \$34,687.50 per month, for a total annual rental income of \$416,250.

Identification of Retail Rental Comparables

In order to determine the subject's market lease rate, we researched properties most similar to the subject to find actual or asking rent rates and then compared them with the subject. The following comparables reflect recent activity in the subject market area.

RENTAL COMPARABLE 1



Northwest corner of Katella and Main, Orange, California 92867

Distance from subject: 1.25 miles

APN: 375-311-25 & 26

Built in 1980's

1 story

18,500 sq. ft. building

419,047 sq. ft. land, total development

Level topography

Commercial zone

Map reference: 799-E1

Class D construction

Parking spaces: adequate

8,500 sq. ft. vacant restaurant space

\$3.00/sq.ft./mo. asking rent

Triple net

10 years lease term

4% escalation

Negotiable free rent

Negotiable tenant improvements

This mixed use shopping center is on a corner lot located northeast of the subject on West Katella, which is a primary street. The asking lease rate was confirmed by the broker at 909/418-2000 on August 10, 2006.

RENTAL COMPARABLE 2



676 South State College Boulevard, Anaheim, California 92805

Distance from subject: 2.00 miles

APN: 083-351-21

Built in 2006
1 story
4,500 sq. ft. building
18,393 sq. ft. land
Level topography
Commercial zone
Map reference: 769-C5
Class D construction
Parking spaces: adequate

1,500 sq. ft. vacant
\$3.25/sq.ft./mo. asking rent
Triple net
5 years lease term
3% escalation
Negotiable free rent
Negotiable tenant
improvements

This retail building is on an interior lot located north of the subject on South State College Boulevard, which is a primary street. The asking lease rate was confirmed by Loopnet.com on July 13, 2006. We were unable to contact the broker on this listing as of the date of our report.

RENTAL COMPARABLE 3



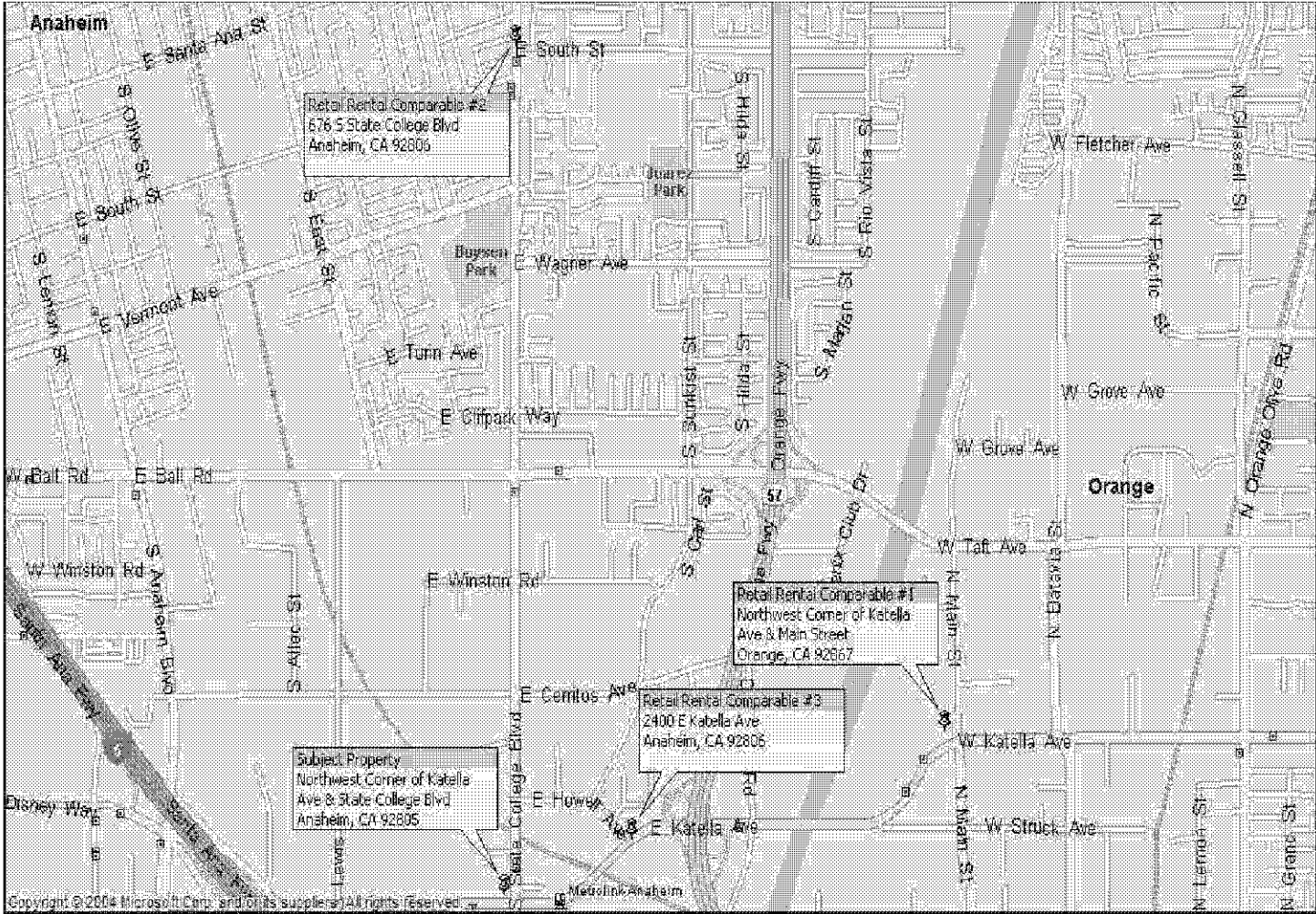
2400 East Katella Avenue, Anaheim, California 92805

Distance from subject: 0.40 miles

APN: 253-532-06 & 08

Built in 2006	2,400 sq. ft. vacant
1 story	\$4.50/sq.ft./mo. asking rent
21,338 sq. ft. building	Full service gross
523,714 sq. ft. land	\$3.50/sq.ft./mo. Estimated rent on triple net
Level topography	3-5 years lease term
Commercial zone	3% escalation
Map reference: 799-D2	Negotiable free rent
Class D construction	Negotiable tenant improvements
Parking spaces: adequate	

This retail building is on a corner lot located northeast of the subject on East Katella Avenue, which is a primary street. The asking lease rate was confirmed by Loopnet.com on July 7, 2006. Our estimate of this comparable's triple net lease rate is based on estimated triple net charges of \$1.00 per square foot. We were unable to contact the broker on this listing as of the date of our report.



RENTAL COMPARABLES MAP

Market Lease Rate Analysis

We have analyzed the rental comparables from the tenant's perspective, which includes the factors of location, access, appeal, visibility, condition, adequacy of parking and the size and utility of the particular space. All comparables are located in the Platinum Triangle on either Katella Avenue or State College Boulevard.

Rent Comparables

Address	Rental Comparable 1 Katella & Main	Rental Comparable 2 676 S. State College	Rental Comparable 3 2400 E. Katella Ave.
Gross Building Area	18,500	18,393	21,338
Available/Rented s.f.	8,500	1,500	2,400
On-Site Parking	Adequate	Adequate	Adequate
Terms	10 years	5 years	3-5 years
Rent/s.f.	\$3.00 NNN	\$3.25 NNN	\$3.50 FSG
Location	Average(-)	Average	Average
Quality	Average(-)	Good	Good
Condition	Average(-)	Excellent	Excellent
Exposure	Average	Average(-)	Average(-)

Rental Comparable 1 is inferior to the subject in terms of location, quality, exposure and condition. As a result, it is our opinion that the subject would lease at a rate which is \$0.25 more than this comparable.

Rental Comparables 2 and 3 are considered to be overall similar to the subject, with inferior exposure. As a result, it is our opinion that the subject would lease at a rate which is similar to these comparables.

Based on the above analysis, it is our opinion the market rental rate for the subject property is \$3.25 per square foot on a triple net basis, or \$34,687.50 per month for a potential gross annual income of \$416,250.

Comparison of Subject's Contract Lease Rates with Market Lease Rates

Based on our analysis, the subject's market rental rates are consistent with its contract rates.

Income and Expense Statement Analysis

Vacancy Loss

This category in the income statement recognizes that a property will have vacancies over the typical ownership period. Our projection of vacancy is based on the owner's experience with the property, current market conditions and our survey of comparable rental properties. Vacancy loss projections presume a stabilized occupancy based on current market conditions. Our survey of comparable rental properties and discussions with local brokers and property owners indicates that the current rate of vacancy in the subject market area ranges from 0% to 10%.

Based on our inspection of the property and a review of the subject leases, the subject has a vacancy of 0%. The subject's contract tenancy is consistent with other properties in the area. As a result, we feel that the subject's vacancy should be lower than the market.

Based on our analysis of current economic conditions and discussions with participants in the market, the subject's stabilized vacancy loss factor is estimated to be 4% of potential gross income.

Collection Loss

We based our estimate of the potential collection loss on the subject property's history, the quality of tenants in the subject property and in similar properties in the area, and the term of tenancy in the subject and comparable properties. Collection losses have been between 0% to 3% potential gross income. Based on the current economic conditions, we estimate the collection loss factor to be 1.5%.

Operating Expenses

This category in the income statement reflects the annual expenditures necessary to operate the subject.

The leases provided outline the obligations of the owner and tenants with respect to payment of expenses associated with the subject property. Our review of the lease document indicates they are classified as triple net.

Triple net leases in the subject's market require the owner to only pay for unreimbursed expenses due to vacancy, reserves for replacement, miscellaneous costs and a professional management fee. We have not been provided with the subject's expenses. We have used 5% for management fees, and \$0.50 per square foot for reserves for replacement.

Capitalization Rate

In order to obtain the capitalization rate for the subject, we utilized the CoStar Comps Inc. computerized database. We programmed the market area of a 7 mile radius including La Puente, sale date from 9/12/2005 to the current date, a minimum cap rate of 1% and the property type of retail. This resulted in 13 sales, of which three were discarded for such factors as lack of reliability of income information, excessive vacancy, high deferred maintenance or unusual circumstances. These sales can be found below in the summary of comparable sales with a capitalization rate table showing a range of 5.10% to 8.25%. We then used Excel to establish the average of 6.19% and a median of 6.0%. In our analysis of these rates, we concluded the subject's cap rate should be similar to the average, because the subject will have average retail space with average investor appeal. In addition we have analyzed capitalization rates derived in the Sales Comparable Approach. The only reported cap rate for retail condominiums was with Sale Comparable 5 at 6.22%, which represents a reasonable rate. Therefore, we have selected a rate of 6.2% to capitalize the subject's income for purposes of concluding a fair market value from the Income Approach

Address	City	Sale Date	Sale Price	Cap Rate %	Building S.F.	Year Built	Land S.F.
13933 Harbor Blvd	Garden Grove	5/5/06	3,050,000	5.10	15,400	1986	0
2431 N Tustin Ave	Santa Ana	6/1/06	6,100,000	5.16	26,182		124,582
2233 N Tustin St	Orange	3/1/06	3,230,000	5.34	4,899	2001	47,916
1975 E 17th St	Santa Ana	2/28/06	11,720,625	5.75	53,491	1999	193,494
10840-10842 Katella Ave	Garden Grove	12/16/05	2,052,000	5.75	28,800	2005	91,389
480 N Main St	Orange	9/30/05	0	6.25	41,100		184,825
111 N Main St	Santa Ana	3/30/06	5,950,087	6.41	16,725	1997	49,920
2433 E Orangethorpe Ave	Fullerton	12/5/05	2,152,500	6.90	13,050	1969	41,800
320 S Main St	Santa Ana	6/8/06	1,000,000	7.00	4,726	1929	8,730
13092 Harbor Blvd	Garden Grove	9/26/05	9,582,000	8.25	83,746	1982	0
			Average Cap Rate:	6.19			
			Median Cap Rate:	6.00			

When we compare the cap rate from the one retail condominium (Improved Comparable 5) and the 10 retail sales (noted above) to the national KORPACZ cap rates (presented in the Discounted Cash Flow Approach), we note that sales in the subject's market are approximately 1% lower than those of national malls, power centers and strip shopping centers. We feel this is appropriate due to the subject's location in Southern California, one of the nation's most desirable retail markets.

Direct Capitalization Approach – Retail Only

Potential Gross Annual Income		\$416,250
Less Estimated Vacancy & Collection Loss @ 6.55%		<u>(22,894)</u>
Effective Gross Income		393,356
Less Operating Expenses:		
Professional Management @ 5% of EGI	19,668	
Reserves for Replacement @ \$0.50 per sq. ft.	5,330	
Miscellaneous @ \$500 per month	1,000	
Total Expenses		<u>25,998</u>
Net Operating Income (NOI)		367,358
Capitalization at 6.20%		<u>0.0620</u>
Property Value by Direct Capitalization Method		<u><u>5,925,129</u></u>

Discounted Cash Flow Method – Retail Only

Discounted Cash Flow (DCF) analysis is the present value of cash flows generated by a property over a given length of time plus the present value of the reversion (the ultimate selling price less the costs of sale). This analysis takes into consideration scheduled and/or potential income from all sources over the projection period. From this projected income, we subtract vacancy, collection losses and appropriate expenses to arrive at the subject's cash flow before mortgage and tax expense (see Cash Flow & Present Value Addendum). The assumptions we made are noted below and the results are found in the Cash Flow Addendum and Input Assumptions Addendum.

Gross Income

This category is comprised of contractual rent obligations and/or the assignment of market rent to all vacant space. In the Direct Capitalization Approach of this report, we analyzed lease comparables and any rent escalation called for in the existing leases were accounted for in the input assumptions.

Vacancy and Collection Loss

The first is the normal vacancy that occurs upon stabilization of occupancy which is affected by down time between leases. The current occupancy of the market ranges from 90% to 100% (see vacancy loss in the Direct Capitalization Approach). Presently, the building is 100% leased. Therefore, we have estimated our values on a stabilized occupancy level of approximately 95% for the subject. This is calculated in the cash flow with the use of a 75% renewal probability for the rollover of the current tenant and downtime of eight months which results in an actual weighted downtime of three months. Three months downtime represents 5% of a 60-month lease cycle, reflecting an average occupancy of 95%. The vacancy rate used in the DCF is higher than used in the Direct Capitalization Approach, due to the uncertain nature of the market over the next 10 years. 10 years is the typical term used in a Discounted Cash Flow analysis.

The second factor is collection loss, which is the inability or reluctance, for whatever reason, by the tenant to pay a rent obligation. As discussed in the Direct Capitalization Approach, we based our estimate on the subject's history, the quality of tenants in the subject property and similar properties in the area and the term of tenancy in the subject and comparables properties. We have estimated the subject's collection loss at 2.0%. Based on the current economic conditions we estimate the collection loss factor be 2.0%, for a total vacancy and collection loss of 7.0%.

Tenant Renewals and Turnover

This item relates directly to the tenants' willingness to renew their leases at expiration, relocate to space within the building or leave altogether. In the case of shortly expiring leases the intent can typically be resolved; unfortunately, with long-term leases expiring in the future the probability of renewal becomes more subjective. Based upon discussions with

management and the history of the building, we have found that the current tenants are likely to renew. Therefore, we have assumed all tenants will have a 75% renewal probability.

Expense Reimbursement

This is an income category that reflects the owner's ability to collect additional money from the tenant to cover certain operating expenses. Since the types of expenses are dictated by the lease, the use of this line item tends to be more informational since the amount of this line item is normally offset by one or more of the operating expense categories. The expense reimbursement for the subject included all costs associated with the property, except for reserves for replacement, professional management and miscellaneous costs.

Expenses

All properties have operating expenses; however, the market provides differing lease agreements which dictate expenses for which the tenant is responsible and those for which the owner is responsible. In the Direct Capitalization Approach, we found that leases for the subject are on a triple net basis. As a result, we appropriately programmed the analysis software. We then adjusted for increases in the expense category at 3% annually, which is supported by KORPACZ, reporting that retail properties nationally have expense increases that ranged from 3% to 4% and averaged 3.13%.

Leasing Commissions

Leasing commissions are the cost associated with having a broker negotiate and secure new property leases. Leasing commissions are based upon the total consideration paid by the tenant over the lease term. For this Discounted Cash Flow analysis we used a 6% commission for a typical lease period of five years. Renewal leases are typically at less than half the new lease commission rate, or 2%.

Derivation of Rates

As discussed in the approaches to value, we have used the Discounted Cash Flow Method to estimate market value in addition to the Direct Capitalization Approach. In order to perform this analysis, estimates of the appropriate terminal capitalization rate and discount rate must be formed. By nature, this is a judgmental process; however, selected rates should approximate the investment parameters expected to be employed by the most probable buyers for the subject property.

The most useful approach used to estimate an appropriate rate of return required by the most probable buyer is to analyze the current investment parameters applied by institutional investors when acquiring real estate. We have analyzed these investment parameters by two methods: review and analysis of published real estate investor surveys and direct discussion with real estate investment brokers.

The following table presents the second quarter 2006 results from the KORPACZ Real Estate Investor Survey, prepared by PriceWaterhouseCoopers. Investors surveyed include pension funds, pension fund advisors, life insurance companies, investment companies, investment advisors, REITs, and private investors.

REAL ESTATE INVESTOR SURVEYS
Second Quarter 2006

Key Indicators	KORPACZ National Regional Mall Market	KORPACZ National Power Center Market	KORPACZ National Strip Shopping Center
Equity Yield (IRR)			
Range	7.00 – 11.00	7.25 – 11.50	6.0 – 10.0
Average	8.88%	8.68%	8.48%
Overall Cap Rate			
Range	5.0 - 9.50	5.50 – 9.00	5.8 – 9.0
Average	7.09%	7.36%	7.36%
Residual Cap Rate			
Range	6.25 - 10.0	6.50 – 9.25	7.0 – 10.0
Average	7.82%	7.77%	7.97%

Terminal Capitalization Rate

The terminal (residual) capitalization rate is typically determined as a function of the appropriate overall (stabilized) capitalization rate for the property. Terminal capitalization rates are generally higher than going-in capitalization rates to reflect the general risk of uncertainty in projecting 10 years forward and to account for the physical aging of the property over the 10-year projection period. In a stable or an upward trending market, as there is today, the relationship of a higher terminal capitalization rate to a lower initial rate usually holds true. The degree of difference between initial and terminal capitalization rates is determined by the market's anticipation of future values relative to current values. In a market with depressed values, due to limited market participation, terminal capitalization rates may be less than initial rates as investors anticipate more normalized market conditions 10 years hence. The opposite can be true in a market where anticipation of value growth is higher than average, with spreads between overall and terminal rates becoming greater.

The KORPACZ investor survey reports an average terminal rate premium of 57 basis points for the national retail markets. This spread is slightly above historically normal spreads of 25 basis points to 50 basis points for markets near equilibrium. As a result, we have used a terminal capitalization rate of 6.75%, which represents a spread of 55 basis points over our conclusion of a market 6.20% (see Direct Capitalization Approach).

Discount Rate

In estimating an appropriate discount rate, a variety of factors that affect risk must be considered. These include property-level factors, such as quality, design, condition, location, current and historical occupancy, structure of existing leases and strength of the local market, and investment-level factors, such as identification of the “most probable buyer” group of investors, and for that group, the yields of alternative real estate and non-real estate investments and current and projected supply and demand of real estate investment capital.

As previously discussed, the Korpacz survey reports average yield (IRR) ranges of 6.00% to 11.50% for the national retail market, with an overall average of 8.68%. This rate reflects a decrease of 7 basis points over the previous year. There has been a general reduction in the national rates over the last several years caused by increased competition among buyers. Increased competition over the last year is the result of historically low interest rates that have allowed leveraged buyers (primarily private entities) to successfully compete with institutional buyers and to purchase with positive cash flow. This is coupled with an increased supply of institutional investment capital and a diminished supply of attractive properties offered to market.

As a result, we have used a discount rate of 7.25%, which represents a spread of 50 basis points over our conclusion of a market 6.75%.

Conclusion

Value by Discounted Cash Flow Method	\$6,124,616
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SALES COMPARISON
APPROACH FOR RETAIL UNITS

IMPROVED COMPARABLE 1



15447 Anacapa Road, Victorville, California 92392

Distance from subject: 51 miles

APN: 0396-111-23

Built in 1984

1 story

13,068 sq. ft. building

42,253 sq. ft. land

Level topography

C2 zone

Map reference: 4386-B2

Class D construction

Parking spaces: adequate

Date of Sale: May 15, 2006

Price \$2,250,000

\$900,000 down

\$1,350,000 1st from East West Bank

\$172.18 per square foot

This retail condominium building is on an interior lot located northeast of the subject on Anacapa Road, which is a tertiary street. The grantor was Saltzman Family Trust, and the grantee was Winchester Park Avenue, LLC on document number 329595. This comparable was reported or verified by Win2Data, CoStar and the seller.

IMPROVED COMPARABLE 2



29955 Technology Drive, Units C-104 through C-108, Murrieta, California 92563

Distance from subject: 48 miles

APN: 957-330-002

Built in 2005

1 story

8,816 sq. ft. building

N/A sq. ft. land

Level topography

MSC zone

Map reference: 929-A5

Class A construction

Parking spaces: adequate

Date of Sale: April 21, 2006

Price \$1,719,500

Terms not available

\$195.04 per square foot

This retail condominium building is on an interior lot located southeast of the subject on Technology Drive, which is a tertiary street. The marketing time for this sale was 30 days. The grantor was Malibu Point LLC, and the grantee was Beta Winchester LLC on document number 0291228. This comparable was reported or verified by Win2Data and CoStar. We were unable to contact the parties involved with this transaction as of the date of our report.

IMPROVED COMPARABLE 3



29955 Technology Drive, Units A-102, Murrieta, California 92563
Distance from subject: 48 miles
APN: 957-330-002 (portion)

Built in 2005
1 story
1,440 sq. ft. building
N/A sq. ft. land
Level topography
MSC zone
Map reference: 929-A5
Class A construction
Parking spaces: adequate

Date of Sale: November 30, 2005
Price \$302,400
\$78,400 down
\$224,000 1st from US Bank
\$210.00 per square foot

This retail condominium building is on an interior lot located southeast of the subject on Technology Drive, which is a tertiary street. The grantor was Beta Winchester LLC, and the grantee was Jeffery & Maria Guevarra on document number 0989627. This comparable was reported or verified by Win2Data and CoStar. We were unable to contact the parties involved with this transaction as of the date of our report.

IMPROVED COMPARABLE 4



2063-2099 South Atlantic Boulevard, Monterey Park, California 91751

Distance from subject: 22 miles

APN: 5253-011-041, 044, 047, 048, 061, 062, 078, 093, 096 & 098

Built in 1984

3 stories

16,715 sq. ft. building

N/A sq. ft. land

Level topography

C2 zone

Map reference: 635-J6

Class D construction

Parking spaces: adequate

Date of Sale: April 14, 2006

Price \$4,400,000

\$1,300,000 down

\$3,100,000 1st from seller

\$263.24 per square foot

This retail condominium building is on an interior lot located northwest of the subject on South Atlantic Boulevard, which is a primary street. The grantor was Mansour Malek 1999 Trust, and the grantee was Patibandla Group II, LLC on document number 0824101. This comparable was reported or verified by Win2Data, CoStar and the buyer.

IMPROVED COMPARABLE 5



12222 Wilshire Boulevard, Los Angeles, California 90025

Distance from subject: 37 miles

APN: 4263-001-130 & 131

Built in 1998

5 stories

9,824 sq. ft. building

27,400 sq. ft. land

Level topography

C2 zone

Map reference: 631-H5

Class D construction

Parking spaces: 3.36/1,000 sf.

Date of Sale: September 30, 2005

Price \$5,558,070

\$2,130,000 down

\$3,442,000 1st from Hanmi Bank

\$567.82 per square foot

\$1.86 expenses per sq.ft. annually

6.22% Cap Rate

\$346,560 NOI

These retail condominium units are situated on a corner lot located northwest of the subject on Wilshire Boulevard, which is a primary street. The marketing time for this sale was 207 days. The grantor was Wilshire Borgata, Inc., and the grantee was Moo & Myoung Kwan on document number 2361079. This comparable was reported or verified by Win2Data and CoStar. We were unable to contact the parties involved with this transaction as of the date of our report.

IMPROVED COMPARABLE 6



1802-1820 South Pacific Coast Highway, Redondo Beach, California 90277

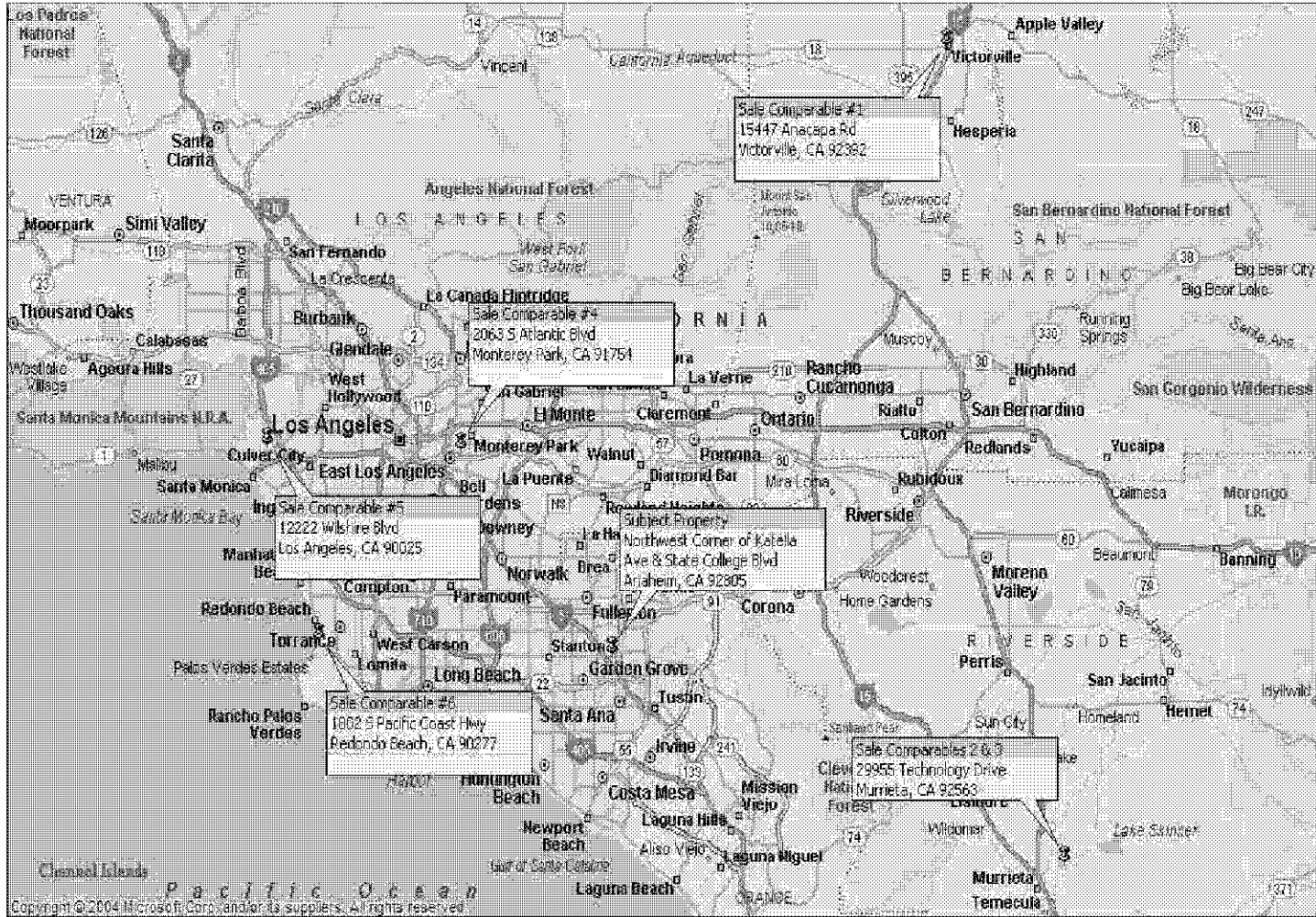
Distance from subject: 25 miles

APN: 7510-032-066, 067 & 068

Built in 2002
2 stories
20,191 sq. ft. building
19,898 sq. ft. land
Level topography
PO zone
Map reference: 793-A1
Class D construction
Parking spaces: adequate

Date of Sale: September 1, 2006
Price \$7,400,000
\$2,751,439 down
\$4,648,561 1st from JP Morgan
Commercial Mortgage Corp.
\$366.50 per square foot
7.09% Cap Rate
\$575,000 NOI

These retail condominium units are situated on an interior lot located west of the subject on South Pacific Coast Highway, which is a primary street. The marketing time for this sale was 360 days. The grantor was Seaside Village Shopping Center LLC, and the grantee was GLH-1 LLC on document number 1960626. This comparable was reported or verified by CoStar and the listing broker at 310/820-5959.



IMPROVED RETAIL COMPARABLES MAP

Analysis of Retail Condominium Sales

The Sales Comparison Approach is the third method of determining the market value of the subject property. In this approach, the value is estimated by comparing reasonably similar properties which have recently sold, are under contract or are listed for sale. The presumption of this approach is that a property's value will be determined by the cost to acquire a similar property.

The preceding comparables reflect the most recent activity in the subject area. We uncovered limited sales of retail condominium units; therefore, we extended search parameters beyond the subject market area by 45 miles.

In our analysis of the data presented, we considered a variety of factors including cash equivalency, date of sale, listing discount, location, access, visibility, land to building ratio, age, condition, quality, topography, utility, parking availability and size. Except for those factors presented in the adjustment grid below, it is our opinion the subject and comparables are similar or do not require further adjustments based on our analysis.

Location is considered to be the most important factor in the analysis of a property. In this analysis, the comparables may be superior, inferior or similar to the property being appraised. As a result, we must adjust the comparables, if necessary, based on differences noted. Given the geographic differences, we researched recent land sales and listings for each of the comparable's location. In order to determine a location adjustment for the comparables, we researched land sales in the comparables area and compared these sales to the subject's underlying land value of \$73.00 per square foot. Our research led us to conclude underlying land values for the comparables as follows: Improved Comparable 1 at \$5.15 per square foot, Improved Comparables 2 and 3 at \$14.73 per square foot, Improved Comparable 4 at \$48.49 per square foot and Improved Comparable 5 at \$238.36 per square foot.

Access is an important component of value which is related to the property's intended use. Access can be affected by many factors including the quality of street improvements, traffic flow, turning lanes, traffic islands, street location and curb cuts

When a disparity in age exists between the subject and the comparables, an adjustment is made to reflect normal physical depreciation. The adjustment is based on several factors, including replacement cost, estimated depreciation, condition and life expectancy. We have estimated the age adjustment to be \$2.00 per square foot per year.

An appeal adjustment is necessary when factors, such as tenant drawing power, parking availability, appearance and pedestrian traffic, make a comparable superior or inferior to the subject property.

Adjustment Grid
(in dollars)

Sale Comparable	Price Per Sq. Ft	Time Adjustment	Location	Access	Age	Appeal	Adj. Price Per Sq. Ft.
1.	172.18	2.58	67.85	25.00	44.00	250.00	561.61
2.	203.06	3.55	58.27	25.00	2.00	250.00	541.88
3.	210.00	6.30	58.27	25.00	2.00	250.00	551.57
4.	263.24	4.61	24.51	-	44.00	200.00	536.36
5.	565.76	19.80	(165.36)	-	16.00	125.00	561.20
6.	366.50	2.75	-	-	8.00	200.00	577.25

Improved Comparable 1 has inferior access as a result of its being an interior lot on a tertiary street. The appeal of this comparable, as determined by tenant drawing power, condition, parking availability and pedestrian traffic is grossly inferior to the subject. This comparable has shared parking compared to the subject's 13 spaces per 1,000 square feet. This is not an area with enough vibrancy to generate much pedestrian traffic, and the condition is that of a 22 year old building unlike the subject, which is new. Overall, this comparable has inferior appeal.

Improved Comparable 2 has the inferior access inherent to an interior lot, and it is on a tertiary street. The appeal of this comparable is grossly inferior to the subject as it is away from any main thoroughfares and there is shared parking with little pedestrian traffic. There is nothing to draw people, other than local workers, to this comparable.

Improved Comparable 3 has the inferior access inherent to an interior lot, and it is on a tertiary street. The appeal of this comparable is grossly inferior to the subject as it is away from any main thoroughfares and there is shared parking with little pedestrian traffic. There is nothing to draw people, other than local workers, to this comparable.

Improved Comparable 4 has very inferior appeal as compared to the subject. It has shared parking, the condition expected of a 22 year old building, very little pedestrian traffic and no drawing card as it lacks the vibrancy of the subject.

Improved Comparable 5 has slightly inferior appeal as compared to the subject. The parking ratio is only 3.4 spaces per 1,000 per square foot compared to the subject's 13 per 1,000 square foot. This property's primary draw is from employees in the area with lower demand in the evening hours.

Improved Comparable 6 has inferior appeal, due to inferior tenant drawing power, condition, quality, parking availability and pedestrian traffic. This comparable has inferior parking when compared to the subject's 13 spaces per 1,000 square feet. This area does not and will not have enough vibrancy to generate much pedestrian traffic, and as such, overall, this comparable has inferior appeal.

We feel that the subject's retail units will be between the middle and the upper end of our range of values and most similar to Improved Comparable 5. Therefore, we estimate the value at \$555 per square foot for a total value of \$5,915,745.

As result of our total adjustments we have reduced the range of value from 228% to 5%. Based on the analysis above, it is our opinion the subject has a market value, per square foot of building area, as follows:

$$10,659 \text{ square feet @ } \$555.00 = \$5,915,745$$

VALUE CONCLUSION FOR RETAIL UNITS

In our approach to the final retail value determination, we concluded the following value estimates:

Cost Approach	See Total
Income Approach	
– Direct Capitalization Method	\$ 5,925,129
– Discounted Cash Flow Method	\$ 6,124,616
Sales Comparison Approach	\$ 5,915,745

Final Reconciliation

As noted previously, the Cost Approach is not a reliable indicator of market value for retail units with a buyer mixed use condominium development.

In our analysis, we have given equal consideration to the Income and Sales Comparison Approaches to value due to the quantity and quality of data available.

Based on our investigation, together with the data and analysis contained in the accompanying report, the leased fee market value of the subject property's retail units on November 21, 2006 was Six Million Dollars.

\$6,000,000.00

SALES COMPARISON
APPROACH FOR RESIDENTIAL UNITS

IMPROVED COMPARABLE 1



3401 S. Main Street, Unit F, Santa Ana, California 92707

Distance from subject: 7.0 miles

APN: 939-64-045

Built in 2003
3 story building
93 unit complex
1,206 sq. ft. unit
SD43 zone (Specific Development)
Class D construction
Map reference: 859-F2

Date of Sale: May 9, 2006
Price \$525,000
\$0 down
\$525,000 1st from Option One Mortgage
\$435.32 per square foot
2 bedrooms, 3 baths, 4 total rooms
Central air conditioning
Gas forced air heat
2 car garage, \$293 HOA

This townhome style condominium is an interior unit. The complex is located approximately 7 miles south of the subject on a primary street. Complex amenities include: security, pool and spa. Unit features include: oven/range, dishwasher, microwave, disposal, hardwood floors, 1 fireplace, patio and private garage. This property has been on the market for 43 days. The grantor was Danielle & Nareg Mouradian, and the grantee was Edmundo Serafin on document number 311981. This comparable was reported or verified by Win2Data, MLS and the broker, Cherie Eckley at 714/357-2001.

IMPROVED COMPARABLE 2



3164 E. Hazelwood, Unit B, Orange, California 92869

Distance from subject: 4 miles

APN: 939-21-791

Built in 2000
2 story building
98 unit complex
1,400 sq. ft. unit
R3 zone (Multi-Family Residential)
Class D construction
Map reference: 800-B3

Date of Sale: June 16, 2006
Price \$530,000
\$106,000 down
\$424,000 1st from Countrywide
\$378.57 per square foot
3 bedrooms, 2 baths, 5 total rooms
Central air conditioning
Gas forced air heat
2 car garage
\$190 HOA

This townhome style condominium is an end unit. The complex is located approximately 4 miles east of the subject on a tertiary street. Complex amenities include: security, pool and spa. Unit features include: oven/range, dishwasher, microwave, disposal, 1 fireplace and private garage. The marketing time for this sale was 65 days. The grantor was Soon & Jennifer Soo, and the grantee was John & Cheryl Christenen on document number 403266. This comparable was reported or verified by Win2Data and MLS.

IMPROVED COMPARABLE 3



3338 E. Hammond Circle, Unit A, Orange, California 92869

Distance from subject: 4 miles

APN: 939-21-409

Built in 1996
1 story building
120 unit complex
1,000 sq. ft. unit
R3 zone (Multi-Family Residential)
Class D construction
Map reference: 800-B3

Date of Listing: May 5, 2006
Price \$459,000
\$459.00 per square foot
2 bedrooms, 2 baths, 4 total rooms
Central air conditioning
Gas forced air heat
2 car garage
\$164 HOA

This townhome style condominium is an end unit. The complex is located approximately 4 miles east of the subject on a tertiary street. Complex amenities include: security, pool, spa and community room. Unit features include: oven/range, dishwasher, microwave, washer/dryer, hardwood floors, refrigerator and disposal. This property has been on the market for 87 days. This comparable was reported or verified by NDC, MLS and the broker.

IMPROVED COMPARABLE 4



3510 E. Berkshire Court, Unit F, Orange California 92869

Distance from subject: 4 miles

APN: 939-21-554

Built in 1996
2 story building
120 unit complex
1,000 sq. ft. unit
R3 zone (Multi-Family Residential)
Class D construction
Map reference: 800-B3

Date of Sale: June 20, 2006
Price \$430,500
\$86,100 down
\$344,400 1st from Well Fargo Bank
\$430.50 per square foot
2 bedrooms, 2 baths, 4 total rooms
Central air conditioning
Gas forced air heat
2 car garage
\$163 HOA

This townhome style condominium is an end unit. The complex is located approximately 4 miles east of the subject on a tertiary street. Complex amenities include: security, pool and spa. Unit features include: oven/range, dishwasher, microwave, washer/dryer, hardwood floors, refrigerator and disposal. The market time for this sale was 14 days. The grantor was David Voliva & Sheri Behbahani, and the grantee was Angela Hidalgo on document number 412908. This comparable was reported or verified by the broker, NDC and MLS.

IMPROVED COMPARABLE 5



123 S. Cross Creak Road, Unit A, Orange California 92869

Distance from subject: 7 miles

APN: 934-28-573

Built in 1996

2 story building

200 unit complex

1,000 sq. ft. unit

PC zone (Planned Community)

Class D construction

Map reference: 800-J4

Date of Sale: November 17, 2005

Price \$438,000

\$131,400 down

\$306,600 1st from Chevy Chase Savings

\$438.00 per square foot

2 bedrooms, 2 baths, 4 total rooms

Central air conditioning, gas forced air heat

2 car garage, \$160 HOA

This single-level style condominium is an end unit on the lower level. The complex is located approximately 7 miles east of the subject on a tertiary street. Complex amenities include: pool and spa. Unit features include: oven/range, dishwasher, microwave, washer/dryer, hardwood floors, refrigerator and disposal. The market time for this sale was 31 days. The grantor was Michael & Lilia Puglisi, and the grantee was Romeo & Janis Roldan on document number 926150. This comparable was reported or verified by the document, NDC and MLS. This comparable is in a Mello Roos district like the subject. The Mello Roos payment is \$200 per year. This comparable also has an annual bond payment of \$353.

IMPROVED COMPARABLE 6



3405 S. Main Street, Unit J, Santa Ana, California 92707

Distance from subject: 7 miles

APN: 939-64-037

Built in 2003
4 story building
93 unit complex
1,426 sq. ft. unit
SD43 zone (Specific Development)
Class D construction
Map reference: 859-F2

Date of Sale: June 20, 2006
Price \$560,000
\$112,000 down
\$448,000 1st from Clarion Mortgage
\$392.71 per square foot
2 bedrooms, 2.5 baths, 4 total rooms
Central air conditioning
Gas forced air heat
2 car garage
\$293 HOA

This townhome style condominium is an end unit. The complex is located approximately 7 miles south of the subject on a primary street. Complex amenities include: security, pool and spa. Unit features include: oven/range, dishwasher, microwave, disposal, 1 fireplace, patio and private garage. The marketing time for this sale was 113 days. The grantor was Robert & Rachel Truman, and the grantee was Adem Kutlug on document number 409198. This comparable was reported or verified by Win2Data and MLS.

IMPROVED COMPARABLE 7



3401 S. Main Street, Unit F, Santa Ana, California 92707

Distance from subject: 7 miles

APN: 939-64-087

Built in 2003
4 story building
93 unit complex
1,497 sq. ft. unit
SD43 zone (Specific Development)
Class D construction
Map reference: 859-F2

Date of Sale: April 7, 2006
Price \$510,000
\$102,000 down
\$408,000 1st from Undisclosed
\$340.68 per square foot
2 bedrooms, 3 baths, 4 total rooms
Central air conditioning
Gas forced air heat
2 car garage
\$293 HOA

This townhome style condominium is an interior unit. The complex is located approximately 7 miles south of the subject on a primary street. Complex amenities include: security, pool and spa. Unit features include: oven/range, dishwasher, microwave, disposal, hardwood floors, 1 fireplace, patio and private garage. The marketing time for this sale was 79 days. The grantor was Shannon Allen, and the grantee was Jose Damian on document number 234871. This comparable was reported or verified by the document, NDC and MLS.

IMPROVED COMPARABLE 8



450 E. 4th Street, #426, Santa Ana, California 92701

Distance from subject: 4 miles

APN: 937-83-290

Built in 1995

4 story building

± 200 unit complex

800 sq. ft. unit

SD37 zone (Specific Development)

Class D construction

Map reference: 829-F3

Date of Sale: July 24, 2006

Price \$235,000

\$47,000 down

\$185,000 1st from Long Beach Mortgage

\$293.75 per square foot

1 bedrooms, 1 baths, 3 total rooms

Central air conditioning, gas forced air heat

2 car garage, \$179 HOA

This single-level style condominium is an interior unit. The complex is located approximately 4 miles south of the subject on a secondary street. Complex amenities include: security, lobby, elevators, gated, pool, spa, exercise room and tennis courts. Unit features include: oven/range, dishwasher, disposal, 1 fireplace and 1 balcony. The market time for this sale was 55 days. The grantor was Zia Ahmad & Farzana Maiwandi, and the grantee was Jaqueline Torres on document number 492098. This comparable was reported or verified by Win2Data, NDC and MLS. This property sold previously on October 24, 2004 on document number 957859 for \$165,000.

IMPROVED COMPARABLE 9



450 E. 4th Street, #349, Santa Ana, California 92701

Distance from subject: 4 miles

APN: 937-83-159

Built in 1995
4 story building
± 200 unit complex
900 sq. ft. unit
SD37 zone (Specific Development)
Class D construction
Map reference: 829-F3

Date of Sale: February 28, 2006
Price \$280,000
Terms not available
\$311.11 per square foot
2 bedrooms, 2 baths, 4 total rooms
Central air conditioning
Gas forced air heat
2 car garage, \$195 HOA

This single-level style condominium is an interior unit on a mid-level floor. The complex is located approximately 4 miles south of the subject on a secondary street. Complex amenities include: security, lobby, elevators, gated, pool, spa, exercise room and tennis courts. Unit features include: oven/range, dishwasher, disposal, 1 fireplace and 1 balcony. The market time for this sale was 15 days. The grantor was Ryan Verplank, and the grantee was Sandra Magana on document number 133810. This comparable was reported or verified by the document, NDC and MLS. This unit sold previously on August 18, 2004 on document number 750197 for \$180,000.

IMPROVED COMPARABLE 10



450 E. 4th Street, #247, Santa Ana, California 92701

Distance from subject: 4 miles

APN: 937-83-135

Built in 1995
4 story building
± 200 unit complex
900 sq. ft. unit
SD37 zone (Specific Development)
Class D construction
Map reference: 829-F3

Date of Sale: November 20, 2005
Price \$280,000
\$28,000 down
\$252,000 1st from America's Wholesale
\$311.11 per square foot
2 bedrooms, 2 baths, 4 total rooms
Central air conditioning
Gas forced air heat
2 car garage, \$190 HOA

This single-level style condominium is an interior unit on the second floor. The complex is located approximately 4 miles south of the subject on a secondary street. Complex amenities include: security, lobby, elevators, gated, pool, spa, exercise room and tennis courts. Unit features include: oven/range, dishwasher, disposal, 1 fireplace and 1 balcony. The market time for this sale was 20 days. The grantor was Antonia Chairez, and the grantee was Baldemar & Eufresina Estrada on document number 1017197. This comparable was reported or verified by the document, Win2Data, NDC and MLS.

IMPROVED COMPARABLE 11



209 North Bush Street, Santa Ana, California 92701

Distance from subject: 3.6 miles

APN: 937-833-49

Built in 2004
3 story building
40 unit complex
1,550 sq. ft. unit
SD zone (Specific Development)
Class D construction
Map reference: 829-F3

Date of Sale: April 25, 2006
Price \$560,000
\$112,000 down
\$448,000 1st from unknown source
\$361.29 per square foot
0 bedrooms, 1.5 baths, 3 total rooms
Central air conditioning
Gas forced air heat
1 car garage, \$183 HOA

This town home loft style condominium is an end unit. The complex is located approximately 3.6 miles south of the subject on a secondary street. Unit features include: oven/range, dishwasher, disposal, granite counter tops, 1 fireplace and balcony. The market time for this sale was 70 days. The grantor was Jeremy Popoff, and the grantee was Rabb Hart & Molly Talbert-Hart on document number 273344. This comparable was reported or verified by the document, MLS and DataQuick. This unit sold previously for \$352,500 on December 9, 2004 on document number 1096874.

IMPROVED COMPARABLE 12



3585 West Bell Road, Anaheim, California 92804
Distance from subject: 7 miles
APN: not yet assigned

Built in 2006
2 story building
10 unit complex
1,535 sq. ft. unit
R2 zone
Class D construction
Map reference: 767-G7

Date of Sale: October 31, 2006
Price \$499,000
Terms not available
\$325.08 per square foot
3 bedrooms, 2.5 baths, 5 total rooms
Central air conditioning
Gas forced air heat
2 car garage
\$218 HOA

This town home style condominium is an interior unit. The complex is located approximately 7 miles west of the subject on a primary street. Complex amenities include: pool and spa. Unit features include: oven/range, dishwasher, disposal, granite counter tops, 1 fireplace, patio and private garage. The grantor was undisclosed, and the grantee was undisclosed. This comparable was reported or verified by MLS and the broker, John Choi at 562/809-8949 on November 19, 2006.

IMPROVED COMPARABLE 13



1571 West Ketella Avenue, Anaheim, California 92802

Distance from subject: 2.6 miles

APN: 935-222-06

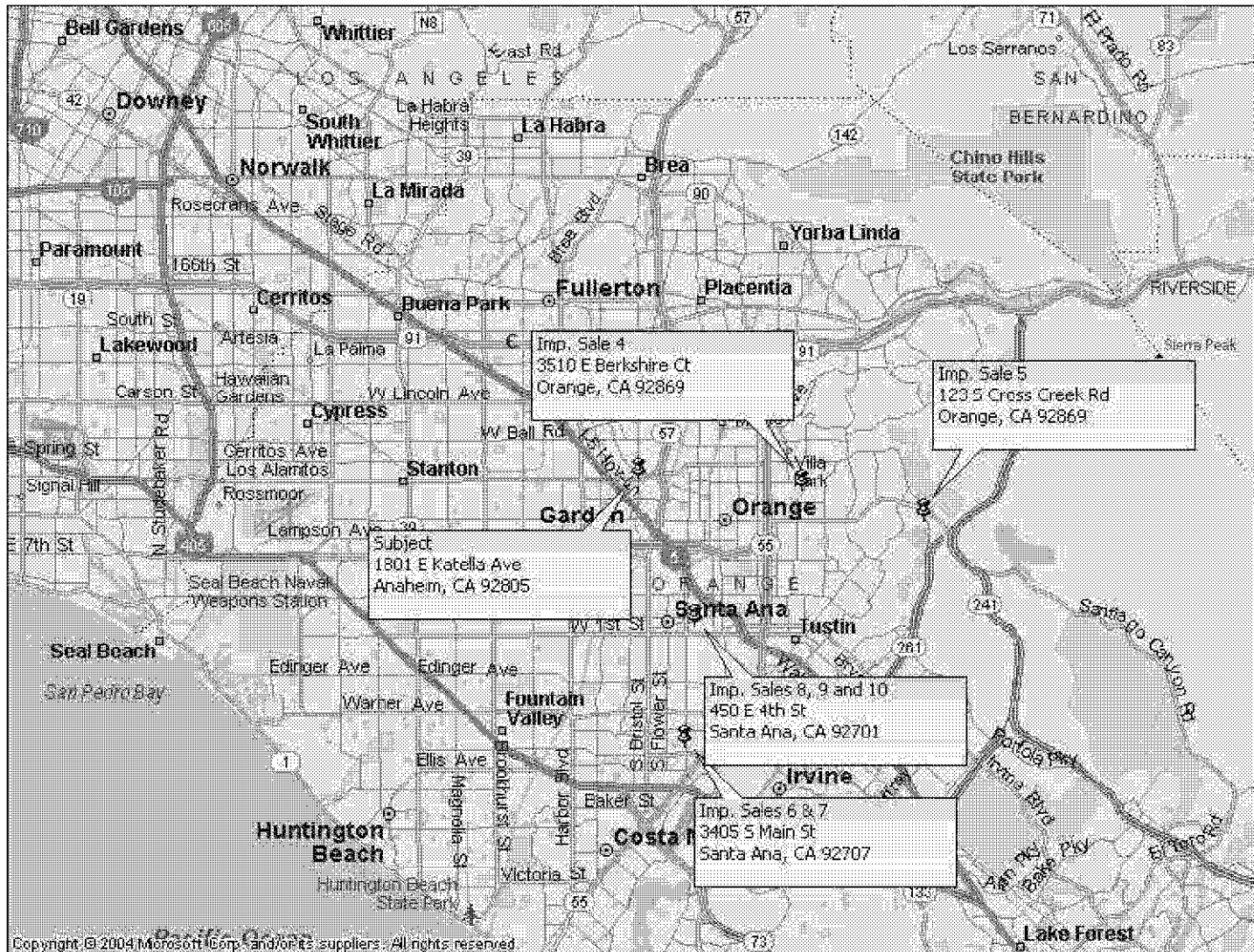
Built in 2005
2 story building
6 unit complex
1,650 sq. ft. unit
R2 zone
Class D construction
Map reference: 798-F2

Date of Sale: July 6, 2006
Price \$560,000
\$0 down
\$448,000 1st from unknown source
\$112,000 2nd from unknown source
\$339.39 per square foot
3 bedrooms, 2.5 baths, 5 total rooms
Central air conditioning
Gas forced air heat
2 car garage/1 open space, \$165 HOA

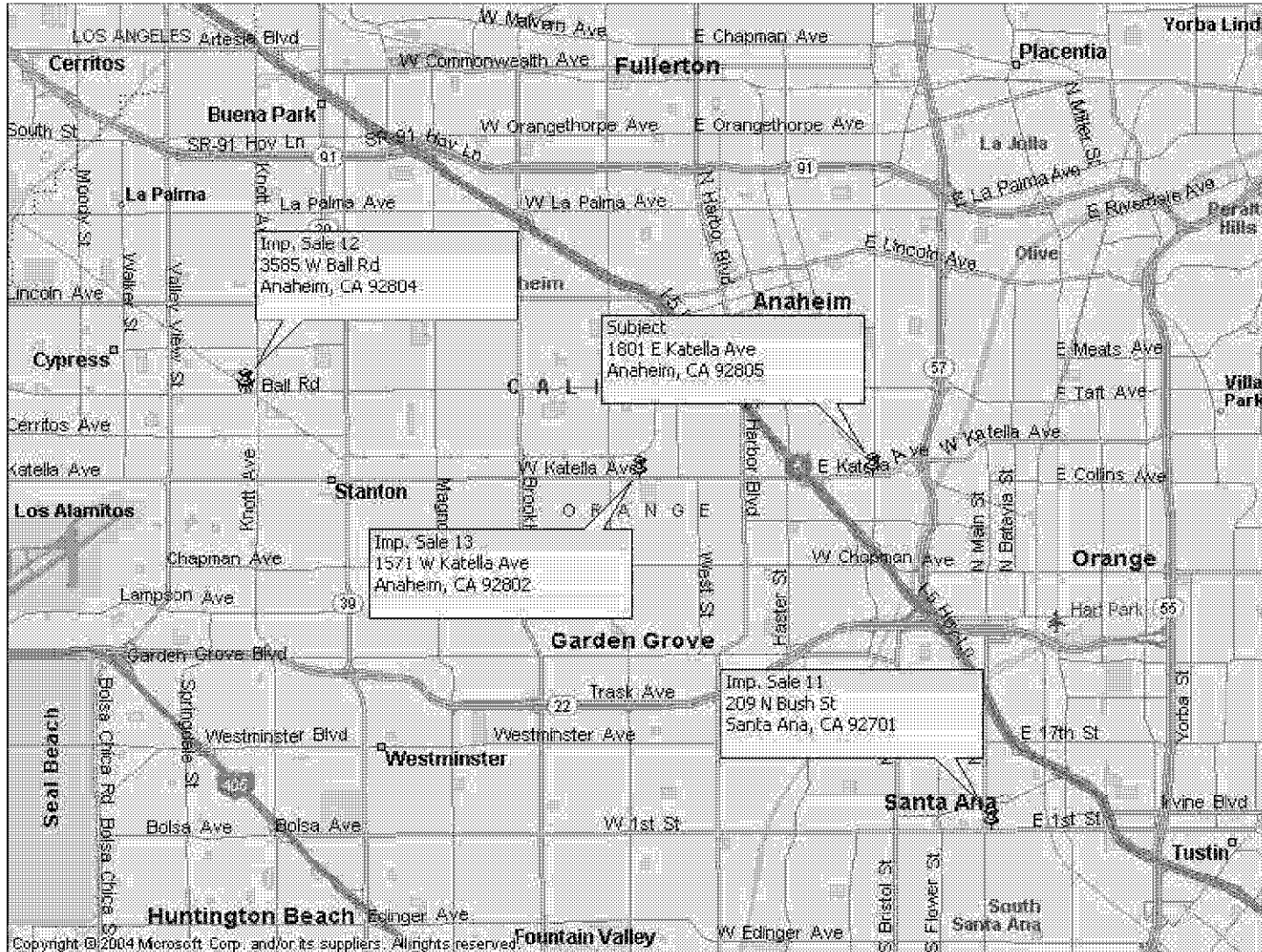
This townhome style condominium is an interior unit. The complex is located approximately 2.6 miles west of the subject on a primary street. Unit features include: oven/range, dishwasher, refrigerator, granite counter tops, 1 fireplace, balcony and private garage. The market time for this sale was 27 days. The grantor was Matthew H. Pearlman, and the grantee was Josie Q. Udan on document number 453253. This comparable was reported or verified by the document, MLS and DataQuick.



IMPROVED COMPARABLES MAP (1)



IMPROVED COMPARABLES MAP (2)



IMPROVED COMPARABLES MAP (3)

Analysis

The Sales Comparison Approach is the third method of determining the market value of the subject property. In this approach, the value is estimated by comparing reasonably similar properties which have recently sold, are under contract or are listed for sale. The presumption of this approach is that a property's value will be determined by the cost to acquire a similar property.

In our analysis of the data presented, we considered a variety of factors including cash equivalency, date of sale, listing discount, location, access, visibility, land to building ratio, age, condition, quality, topography, utility, parking availability and size. Except for those factors presented in the adjustment grid below, it is our opinion the subject and comparables are similar or do not require further adjustments based on our analysis.

One characteristic of listings is that the actual sale will normally occur at a price below the listing price. Consequently, the asking price must be discounted for this factor. Based on our observation of current market conditions, as well as discussions with brokers, it is our opinion that a discount of 3% is appropriate.

One of the foremost characteristics in the analysis of market sales is the relationship between price and time. The comparables took place between 2 and 10 months prior to our date of value and have been adjusted by 0.50% per year. This adjustment was based on recent increases in the Orange County market.

Location is considered to be the most important factor in the analysis of a property. In this analysis, the comparables may be superior, inferior or similar to the property being appraised. As a result, we must adjust the comparables, if necessary, based on differences noted.

Since most residences vary in gross living area, an adjustment is warranted. We have estimated this adjustment to be \$50 per square foot.

One of the characteristics in the analysis of this type of property is quality. Condominiums vary in type of construction finishes and materials. As a result, we have adjusted the comparables at rate deemed appropriate based on the estimated cost differences between the subject property and each comparable.

When a disparity in age exists between the subject and the comparables, an adjustment is made to reflect normal physical depreciation. The adjustment is based on several factors, including replacement cost, estimated depreciation, condition and life expectancy. We have estimated the age adjustment to be \$2,500 per year.

A condition adjustment is necessary when the comparables differ in condition from what would be considered normal given the actual age of the subject property. This could result from varying levels of maintenance or remodeling. The adjustments presented are based on cost differences between each comparable and the subject property.

The room count adjustment is for bedrooms and bathrooms and were adjusted at \$10,000 per room. Parking spaces were adjusted at \$5,000 per car. Fireplaces were adjusted at \$5,000 each. Tennis court was adjusted at \$15,000. Townhouses were valued at \$10,000 higher than single level units.

Adjustment Grid for Unit #1, Loft, 726 sq. ft.
(in dollars)

Sale Comparable	Sale Price	Listing Discount	Time Adjustment	Building Location	Gross Living Area	Quality	Age	Condition	Room Count	# of Paking Spaces	Fireplace	Tennis Court	Adj. Sale Price
8.	235,000	-	1,175	37,500	(3,700)	20,000	27,500	20,000	(10,000)	(5,000)	(5,000)	(15,000)	302,475
9.	280,000	-	7,050	37,500	(8,700)	20,000	27,500	20,000	(20,000)	(5,000)	-	(15,000)	343,350
10.	280,000	-	10,575	37,500	(8,700)	20,000	27,500	20,000	(20,000)	(5,000)	-	(15,000)	346,875
Subject	328,450	-	-	-	-	-	-	-	-	-	-	-	328,450

Market value for unit #1 is \$349,900

Adjustment Grid for Unit #2, Loft, 784 sq. ft.
(in dollars)

Sale Comparable	Sale Price	Listing Discount	Time Adjustment	Building Location	Gross Living Area	Quality	Age	Condition	Room Count	# of Paking Spaces	Fireplace	Tennis Court	Adj. Sale Price
8.	235,000	-	1,175	37,500	(800)	20,000	27,500	20,000	-	(5,000)	(5,000)	(15,000)	315,375
9.	280,000	-	7,050	37,500	(5,800)	20,000	27,500	20,000	(20,000)	(5,000)	-	(15,000)	346,250
10.	280,000	-	10,575	37,500	(5,800)	20,000	27,500	20,000	(20,000)	(5,000)	-	(15,000)	349,775
Subject	352,500	-	-	-	-	-	-	-	-	-	-	-	352,500

Market value for unit #2 is \$352,500

Adjustment Grid for Unit #3, Loft, 550 sq. ft.
(in dollars)

Sale Comparable	Sale Price	Listing Discount	Time Adjustment	Building Location	Gross Living Area	Quality	Age	Condition	Room Count	# of Paking Spaces	Fireplace	Tennis Court	Adj. Sale Price
8.	235,000	-	1,175	37,500	(12,500)	20,000	27,500	20,000	(10,000)	(5,000)	(5,000)	(15,000)	293,675
9.	280,000	-	7,050	37,500	(17,500)	20,000	27,500	20,000	(20,000)	(5,000)	-	(15,000)	334,553
10.	280,000	-	10,575	37,500	(17,500)	20,000	27,500	20,000	(20,000)	(5,000)	-	(15,000)	338,075

Market value for unit #3 is \$336,300

Adjustment Grid for Unit #4, 1 Bed/1 Bath, 651 sq. ft.
(in dollars)

Sale Comparable	Sale Price	Listing Discount	Time Adjustment	Building Location	Gross Living Area	Quality	Age	Condition	Room Count	# of Paking Spaces	Fireplace	Tennis Court	Adj. Sale Price
8.	235,000	-	1,175	37,500	(7,450)	20,000	27,500	20,000	(10,000)	(5,000)	(5,000)	(15,000)	298,725
9.	280,000	-	7,050	37,500	(12,450)	20,000	27,500	20,000	(20,000)	(5,000)	-	(15,000)	339,600
10.	280,000	-	10,575	37,500	(12,450)	20,000	27,500	20,000	(20,000)	(5,000)	-	(15,000)	343,125
Subject	336,100	-	-	-	-	-	-	-	-	-	-	-	336,100

Market Value for Unit 4 is \$337,000

Adjustment Grid for Unit #5, 1 Bed/1 Bath, 726 sq. ft.
(in dollars)

Sale Comparable	Sale Price	Listing Discount	Time Adjustment	Building Location	Gross Living Area	Quality	Age	Condition	Room Count	# of Paking Spaces	Fireplace	Tennis Court	Adj. Sale Price
8.	235,000	-	1,175	37,500	(3,700)	20,000	27,500	20,000	(10,000)	(5,000)	(5,000)	(15,000)	302,475
9.	280,000	-	7,050	37,500	(8,700)	20,000	27,500	20,000	(20,000)	(5,000)	-	(15,000)	343,350
10.	280,000	-	10,575	37,500	(8,700)	20,000	27,500	20,000	(20,000)	(5,000)	-	(15,000)	346,875

Market Value for Unit #5 is \$341,000

Adjustment Grid for Unit #6, 1 Bed/1 Bath, 705 sq. ft.
(in dollars)

Sale Comparable	Sale Price	Listing Discount	Time Adjustment	Building Location	Gross Living Area	Quality	Age	Condition	Room Count	# of Paking Spaces	Fireplace	Tennis Court	Adj. Sale Price
8.	235,000	-	1,175	37,500	(4,750)	20,000	27,500	20,000	(10,000)	(5,000)	(5,000)	(15,000)	301,425
9.	280,000	-	7,050	37,500	(9,750)	20,000	27,500	20,000	(20,000)	(5,000)	-	(15,000)	342,300
10.	280,000	-	10,575	37,500	(9,750)	20,000	27,500	20,000	(20,000)	(5,000)	-	(15,000)	345,825
Subject	336,100	-	-	-	-	-	-	-	-	-	-	-	336,100

Market Value for Unit #6 is \$339,100

Adjustment Grid for Unit #7, 1 Bed/1 Bath, 728 sq. ft.
(in dollars)

Sale Comparable	Sale Price	Listing Discount	Time Adjustment	Building Location	Gross Living Area	Quality	Age	Condition	Room Count	# of Paking Spaces	Fireplace	Tennis Court	Adj. Sale Price
8.	235,000	-	1,175	37,500	(3,600)	20,000	27,500	20,000	(10,000)	(5,000)	(5,000)	(15,000)	302,575
9.	280,000	-	7,050	37,500	(8,600)	20,000	27,500	20,000	(20,000)	(5,000)	-	(15,000)	343,450
10.	280,000	-	10,575	37,500	(8,600)	20,000	27,500	20,000	(20,000)	(5,000)	-	(15,000)	346,975
Subject	348,344	-	-	-	-	-	-	-	-	-	-	-	348,344

Market Value for Unit #7 is \$348,300

Adjustment Grid for Unit #8, 1 Bed/1 Bath, 784 sq. ft.
(in dollars)

Sale Comparable	Sale Price	Listing Discount	Time Adjustment	Building Location	Gross Living Area	Quality	Age	Condition	Room Count	# of Paking Spaces	Fireplace	Tennis Court	Adj. Sale Price
8.	235,000	-	1,175	37,500	(800)	20,000	27,500	20,000	(10,000)	(5,000)	(5,000)	(15,000)	305,375
9.	280,000	-	7,050	37,500	(5,800)	20,000	27,500	20,000	(20,000)	(5,000)	-	(15,000)	346,250
10.	280,000	-	10,575	37,500	(5,800)	20,000	27,500	20,000	(20,000)	(5,000)	-	(15,000)	349,775
Subject	373,700	-	-	-	-	-	-	-	-	-	-	-	373,700

Market Value for Unit #8 is \$373,700

Adjustment Grid for Unit #9, 1 Bed/1.5 Bath, 787 sq. ft.
(in dollars)

Sale Comparable	Sale Price	Listing Discount	Time Adjustment	Building Location	Gross Living Area	Quality	Age	Condition	Room Count	# of Paking Spaces	Fireplace	Townhouse	Adj. Sale Price
1.	525,000	-	10,500	(12,500)	(10,950)	-	7,500	5,000	(15,000)	(5,000)	(5,000)	(10,000)	489,550
3.	459,900	(13,797)	-	(12,500)	(650)	20,000	25,000	15,000	(15,000)	(5,000)	-	(10,000)	462,953
4.	430,500	-	4,305	(12,500)	(650)	20,000	25,000	15,000	(15,000)	(5,000)	-	(10,000)	451,655
5.	438,000	-	19,710	(12,500)	(650)	20,000	25,000	20,000	(15,000)	(5,000)	-	-	489,560

Market Value for Unit #9 is \$468,000

Adjustment Grid for Unit #10, 2 Bed/2 Bath, 1,062 sq. ft.
(in dollars)

Sale Comparable	Sale Price	Listing Discount	Time Adjustment	Building Location	Gross Living Area	Quality	Age	Condition	Room Count	# of Paking Spaces	Fireplace	Townhouse	Adj. Sale Price
1.	525,000	-	10,500	(12,500)	(7,200)	-	7,500	5,000	-	-	(5,000)	(10,000)	513,300
3.	459,900	(13,797)	-	(12,500)	3,100	20,000	25,000	15,000	-	-	-	(10,000)	486,703
4.	430,500	-	4,305	(12,500)	3,100	20,000	25,000	15,000	-	-	-	(10,000)	475,405
5.	438,000	-	19,710	(12,500)	3,100	20,000	25,000	20,000	-	-	-	-	513,310
11.	560,000	-	19,600	-	(24,400)	-	5,000	-	10,000	5,000	(5,000)	(10,000)	560,200
12.	499,000	-	-	-	(23,550)	-	-	-	(10,000)	-	(5,000)	(10,000)	450,450
13.	560,000	-	5,600	-	(29,400)	-	2,500	-	(10,000)	(5,000)	(5,000)	(10,000)	508,700
Subject	492,400	-	-	-	-	-	-	-	-	-	-	-	492,400

Market Value for Unit #10 is \$492,400

Adjustment Grid for Unit #11, 2 Bed/2 Bath, 1,082 sq. ft.
(in dollars)

Sale Comparable	Sale Price	Listing Discount	Time Adjustment	Building Location	Gross Living Area	Quality	Age	Condition	Room Count	# of Paking Spaces	Fireplace	Townhouse	Adj. Sale Price
1.	525,000	-	10,500	(12,500)	(6,200)	-	7,500	5,000	-	-	(5,000)	(10,000)	514,300
3.	459,900	(13,797)	-	(12,500)	4,100	20,000	25,000	15,000	-	-	-	(10,000)	487,703
4.	430,500	-	4,305	(12,500)	4,100	20,000	25,000	15,000	-	-	-	(10,000)	476,405
5.	438,000	-	19,710	(12,500)	4,100	20,000	25,000	20,000	-	-	-	-	514,310
11.	560,000	-	19,600	-	(23,400)	-	5,000	-	10,000	5,000	(5,000)	(10,000)	561,200
12.	499,000	-	-	-	(22,550)	-	-	-	(10,000)	-	(5,000)	(10,000)	451,450
13.	560,000	-	5,600	-	(28,400)	-	2,500	-	(10,000)	(5,000)	(5,000)	(10,000)	509,700
Subject	497,000	-	-	-	-	-	-	-	-	-	-	-	497,000

Market Value for Unit #11 is \$497,000

Adjustment Grid for Unit #12, 2 Bed/2 Bath, 1,209 sq. ft.
(in dollars)

Sale Comparable	Sale Price	Listing Discount	Time Adjustment	Building Location	Gross Living Area	Quality	Age	Condition	Fireplace	Townhouse	Adj. Sale Price
1.	525,000	-	10,500	(12,500)	150	-	7,500	5,000	(5,000)	(10,000)	520,650
3.	459,900	(13,797)	-	(12,500)	10,450	20,000	25,000	15,000	-	(10,000)	494,053
4.	430,500	-	4,305	(12,500)	10,450	20,000	25,000	15,000	-	(10,000)	482,755
5.	438,000	-	19,710	(12,500)	10,450	20,000	25,000	20,000	-	-	520,660
11.	560,000	-	19,600	-	(17,050)	-	5,000	-	(5,000)	(10,000)	552,550
12.	499,000	-	-	-	(16,300)	-	-	-	(5,000)	(10,000)	467,700
13.	560,000	-	5,600	-	(22,050)	-	2,500	-	(5,000)	(10,000)	531,050

Market Value for Unit #12 is \$505,000

Adjustment Grid for Unit #13, 2 Bed/2 Bath, 1,207 sq. ft.
(in dollars)

Sale Comparable	Sale Price	Listing Discount	Time Adjustment	Building Location	Gross Living Area	Quality	Age	Condition	Fireplace	Townhouse	Adj. Sale Price
1.	525,000	-	10,500	(12,500)	50	-	7,500	5,000	(5,000)	(10,000)	520,550
3.	459,900	(13,797)	-	(12,500)	10,350	20,000	25,000	15,000	-	(10,000)	493,953
4.	430,500	-	4,305	(12,500)	10,350	20,000	25,000	15,000	-	(10,000)	482,655
5.	438,000	-	19,710	(12,500)	10,350	20,000	25,000	20,000	-	-	520,560
11.	560,000	-	19,600	-	(17,150)	-	5,000	-	(5,000)	(10,000)	552,450
12.	499,000	-	-	-	(16,400)	-	-	-	(5,000)	(10,000)	467,600
13.	560,000	-	5,600	-	(22,150)	-	2,500	-	(5,000)	(10,000)	530,950

Market Value for Unit #13 is \$510,000

Adjustment Grid for Unit #14, 2 Bed/2 Bath, 1,299 sq. ft.
(in dollars)

Sale Comparable	Sale Price	Time Adjustment	Building Location	Gross Living Area	Quality	Age	Condition	Room Count	Fireplace	Townhouse	Adj. Sale Price
1.	525,000	10,500	(12,500)	4,650	-	7,500	5,000	-	(5,000)	(10,000)	525,150
4.	530,000	7,950	(12,500)	(5,050)	20,000	15,000	15,000	(10,000)	(5,000)	(10,000)	545,400
8.	560,000	5,600	(12,500)	(6,350)	-	7,500	5,000	-	(5,000)	(10,000)	544,250
9.	510,000	12,750	(12,500)	(9,900)	-	7,500	5,000	-	(5,000)	-	507,850
13.	560,000	19,600	-	(12,550)	-	5,000	-	10,000	(5,000)	(10,000)	567,050
14.	499,000	-	-	(11,800)	-	-	-	(10,000)	(5,000)	(10,000)	462,200
15.	560,000	5,600	-	(17,550)	-	2,500	-	(10,000)	(5,000)	(10,000)	525,550

Market Value for Unit #14 is \$535,900

Adjustment Grid for Unit #15, 2 Bed/2 Bath, 1,398 sq. ft.
(in dollars)

Sale Comparable	Sale Price	Time Adjustment	Building Location	Gross Living Area	Quality	Age	Condition	Room Count	Fireplace	Townhouse	Adj. Sale Price
1.	525,000	10,500	(12,500)	9,600	-	7,500	5,000	-	(5,000)	(10,000)	530,100
4.	530,000	7,950	(12,500)	(100)	20,000	15,000	15,000	(10,000)	(5,000)	(10,000)	550,350
8.	560,000	5,600	(12,500)	(1,400)	-	7,500	5,000	-	(5,000)	(10,000)	549,200
9.	510,000	12,750	(12,500)	(4,950)	-	7,500	5,000	-	(5,000)	-	512,800
13.	560,000	19,600	-	(7,600)	-	5,000	-	10,000	(5,000)	(10,000)	572,000
14.	499,000	-	-	(6,850)	-	-	-	(10,000)	(5,000)	(10,000)	467,150
15.	560,000	5,600	-	(12,600)	-	2,500	-	(10,000)	(5,000)	(10,000)	530,500

Market Value for Unit #15 is \$540,800

Improved Comparable 3 is a listing which is compared to Unit Types 3, 10 & 11. It is a first floor unit in the same new complex as Improved Comparable 2. This comparable has a lower room count and one less parking space. It does have a fireplace and, overall, is similar to the subject.

Improved Comparable 2 is most similar to the subject's larger size units, specifically Unit Types 14 & 15. The location of this comparable is superior to the subject as its neighborhood is established residential and is not in a transition phase as the subject area. This unit's quality and condition are inferior to the subject. There were several roof tiles missing, and the painting on the stucco was uneven. It does have a superior room count and a fireplace. Overall, it is slightly superior to the subject and appeals to a different demographic.

Improved Comparable 3 is a listing which is most similar to Unit Types 9, 10, 11, 12 & 13. This comparable is in a superior location that lacks the subject's traffic congestion. This comparable, while attractive, is showing some age. The quality and condition are inferior to the subject as there appeared to be minor deferred maintenance issues. It is superior from a room count and fireplace standpoint. Overall, it is similar to the subject.

Improved Comparable 4 is most similar to the subject's Unit Types 9, 10, 11, 12 & 13. It is in a superior residential location that is well established. The quality and condition are inferior to the subject. It appeared that portions of the siding were warped. There were several tiles missing from the roof. The unit next door to this one was listed for sale on the day of our visit. The agent said the asking price is \$450,000, but the seller is flexible. The listed unit has a fireplace while the subject does not. Overall, it is slightly inferior to the subject.

Improved Comparable 5 is most similar to the subject's Unit Types 9, 10, 11, 12 & 13. It is in a superior location within an established residential neighborhood. It is inferior to the subject in terms of quality and condition. The stucco was stained, the wood on the balcony needed repainting and the patio wall needed some repair. It does have a superior room count and a fireplace. Overall, this comparable is slightly superior to the subject.

Improved Comparable 6 is most similar to the subject's Unit Types 14 & 15. While this is an end unit, townhouse, its square footage makes it comparable for these unit types.

This entire complex is similar to the subject except for the location which is slightly inferior and a slightly inferior condition as some painting was needed. Overall, it is similar.

Improved Comparable 7 is most similar to the subject's Unit Types 14 and 15. This is an interior unit which is less desirable than an end unit.

Improved Comparables 8, 9 & 10 are sales which occurred since November 2005 and are used to compare to the subject's Unit Types 1 through 8. All three are in the same complex which is in an inferior location. The entire complex looks like it needs a face lift as the quality and condition are inferior. There is a sizeable amount of deferred maintenance, especially on the roof. The units do have superior room counts, and the complex has a tennis court.

Improved Comparable 11 is a 3 level loft which we compared to Unit Types 10-15. This comparable is in a similar location and has no deferred maintenance.

Improved Comparable 12 is a townhouse with an attached 2-car garage. It is in a similar location to the subject, but is a much smaller complex of 10 units. The first sale in this complex occurred in September 2006. We compared this to Unit Types 10-15.

Improved Comparable 13 is in a small 6-unit complex in a similar location to the subject. It is a townhouse style with a higher room count. We compared this to Unit Types 10-15.

Improved Comparable Subject is based on the average selling price of the subject's 2nd floor units which had contracts as of November 21, 2006.

The preceding adjustment grids were used to establish a "base 2nd floor value" for the different unit types. We then adjusted the individual units based on the following factors:

Fourth Floor	+ 5.0%
Corner Unit	+15.0%
Facing Pool	+15.0%
Restaurant Noise/Odor	- 5.0%

These final adjusted values for each unit by unit type and unit number are included in the addendum along with the total value of all units.

SUMMARY OF RESIDENTIAL RETAIL MARKET VALUES

Unit Type No.	Type of Unit	No. of Unit	Gross Living Area Per unit	Total Gross Living Area	Average Market Value Per Unit	Total Market Value	Market Value Per Sq. Ft.
A1L	Loft	5	726	3,630	344,819	\$1,724,095	\$474.96
A2L	Loft	22	784	17,248	356,335	\$7,839,375	\$454.51
A1A	Loft	4	550	2,200	366,823	\$1,467,290	\$666.95
A1	1 Bed/1Bath	39	651	25,389	353,546	\$13,788,300	\$543.08
A3	1 Bed/1Bath	4	726	2,904	349,350	\$1,397,400	\$481.20
A1X	1 Bed/1Bath	12	705	8,460	347,476	\$4,169,707	\$492.87
A2L	1 Bed/1Bath	96	728	69,888	354,092	\$33,992,845	\$486.39
A2A	1 Bed/1Bath	12	784	9,408	375,646	\$4,507,755	\$479.14
A2LM	1 Bed/1.5 Bath	8	987	7,896	505,743	\$4,045,940	\$512.40
B1	2 Bed/2 Bath	32	1,062	33,984	513,951	\$16,446,420	\$483.95
B2	2 Bed/2 Bath	132	1,082	142,824	505,902	\$66,779,100	\$467.56
B2LM	2 Bed/2 Bath	4	1,209	4,836	530,250	\$2,121,000	\$438.59
B3	2 Bed/2 Bath	8	1,207	9,656	592,875	\$4,743,000	\$491.20
C1	2 Bed/2 Bath	8	1,299	10,392	622,984	\$4,983,870	\$479.59
C2	2 Bed/2 Bath	4	1,398	5,592	621,920	\$2,487,680	\$444.86
		390	13,898	354,307	437,164	\$170,493,777	\$481.20

Based on the analysis above, it is our opinion the subject's residential units have an as completed market value of \$170,493,777 or \$170,500,000 rounded.

“As Complete” value by the Sales Comparison Approach	\$ 170,500,000
Remaining Construction Costs as of 11/21/06	<u>4,670,000</u>
“As Is” Value by the Sales Comparison Approach as of 11/21/06	<u><u>165,830,000</u></u>

VALUE CONCLUSIONS FOR RESIDENTIAL UNITS

In our approach to the final residential value determination, we concluded the following value estimates:

Sales Comparison Approach	\$ 165,830,000
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Final Reconciliation

For the residential units only the Sales Comparison Approach is valid, although as explained previously, we used the Income Approach to arrive at a value for the storage units, and we assumed that the parking spaces will sell out through the absorption period.

Based on our investigation, together with the data and analysis contained in the accompanying report, the “as-is” fee simple market value of the subject property’s residential units on November 21, 2006 was One Hundred Sixty Five Million Eight Hundred Thirty Thousand Dollars.

\$165,830,000.00

**TOTAL VALUE CONCLUSIONS
FOR
STADIUM LOFT CONDOMINIUM DEVELOPMENT**

In our approach to the final complete complex market value determination, we concluded the following value estimates:

Cost Approach (for the complete mixed use project)		\$170,640,324
Value of the four retail condominium unit	\$ 6,000,000	
Value of 390 residential units	<u>\$165,830,000</u>	
Sales Comparison Approach		\$171,830,000

Final Reconciliation

In our analysis, we gave consideration to the Cost and Sales Comparison Approaches to value due to the quantity and quality of data available and we placed the greatest emphasis on the Sales Comparison Approach. Although the Income Approach was used to value the retail portion of the subject, it is not an applicable approach to value the subject as a whole.

It is our opinion that, based on the data and analysis contained in the accompanying report, the "as-is" fee simple and leased fee market value of the subject property on November 21, 2006 was One Hundred Seventy One Million Five Hundred Thousand Dollars.

\$171,500,000.00

PRESENT VALUE OF FUTURE SELLOUTS OF ALL UNITS

The following calculations are the present value of future sellouts of the residential and retail units. This value is the "as is" value of the subject property as of November 21, 2006 to the current owner assuming a 100% sell out. Included in our analysis are remaining construction costs as of November 21, 2006.

As discussed in the complete complex summary, the subject obtained the certificate of occupancy on November 21, 2006. The owner will not be receiving sell off proceeds until January 15, 2007. As such, we have assumed no income for the first two months of the present value calculation.

As discussed in the marketing and exposure time discussions, we noted that the residential units will take 2 years or 24 months to sell out. Additionally, we noted that the retail units will take 4 months to sell out. Therefore, we have projected the stream of income from January 15, 2007 through April 15, 2007 for the retail units and projected from January 15, 2007 through December 15, 2008 for the residential units.

As of November 21, 2006, the subject was not 100% complete, and as such, we must factor into the present value any remaining construction costs, in order to determine the subjects as-is value as of that date. It has been reported to the appraisers that construction will be completed and the certificate of occupancy was obtained on November 21, 2006. Therefore, for the first two months of the cash flow, we have projected remaining construction costs. As of the date of the appraisal, we have been informed by Geri Steward with Windstar, that the remaining construction costs total \$4,670,000, therefore, the remaining will be input as an expense in November and December of the cash flow.

We have been provided with 89 contracts and purchase prices as of November 21, 2006, resulting in 301 units unsold. We have made an assumption that those 89 contracts will close on January 15, 2007, with the remaining units selling over the remaining 23 months. Therefore, we have a total income in January of \$34,840,500 (total residential contracts, plus retail). We have spread the remaining expected income of \$137,153,277 (\$170,493,777-\$33,340,500), or \$5,963,185.96 per month, across the remaining 23 months. However, in months of July and January, we have built in a semi-annual decrease of 2% of the outstanding average values as of those points. Therefore in July the income will decrease by 2%, with additional 2% decreases in January and the following July. We have used a discount rate of 7.25%, which is consistent with the discount rate used in our Discounted Cash Flow Approach (see discount rate discussions in the DCF Approach) and the discounted bulk sales value, following this analysis. The following is our presentation of the expected cash flows over the next two years and a month and its current present value.

Month	Condo Income	Retail Income	Remaining Construction Costs	Total Cash Flow
11/21/200				
6	\$0.00	\$0.00	(\$2,335,000.00)	(\$2,335,000.00)
12/21/200				
6	\$0.00	\$0.00	(\$2,335,000.00)	(\$2,335,000.00)
1/15/2007	\$33,340,500.00	\$1,500,000.00	\$0.00	\$34,840,500.00
2/15/2007	\$5,963,185.96	\$1,500,000.00	\$0.00	\$7,463,185.96
3/15/2007	\$5,963,185.96	\$1,500,000.00	\$0.00	\$7,463,185.96
4/15/2007	\$5,963,185.96	\$1,500,000.00	\$0.00	\$7,463,185.96
5/15/2007	\$5,963,185.96	\$0.00	\$0.00	\$5,963,185.96
6/15/2007	\$5,963,185.96	\$0.00	\$0.00	\$5,963,185.96
7/15/2007	\$5,846,260.74	\$0.00	\$0.00	\$5,846,260.74
8/15/2007	\$5,846,260.74	\$0.00	\$0.00	\$5,846,260.74
9/15/2007	\$5,846,260.74	\$0.00	\$0.00	\$5,846,260.74
10/15/200				
7	\$5,846,260.74	\$0.00	\$0.00	\$5,846,260.74
11/15/200				
7	\$5,846,260.74	\$0.00	\$0.00	\$5,846,260.74
12/15/200				
7	\$5,846,260.74	\$0.00	\$0.00	\$5,846,260.74
1/15/2008	\$5,733,832.65	\$0.00	\$0.00	\$5,733,832.65
2/15/2008	\$5,733,832.65	\$0.00	\$0.00	\$5,733,832.65
3/15/2008	\$5,733,832.65	\$0.00	\$0.00	\$5,733,832.65
4/15/2008	\$5,733,832.65	\$0.00	\$0.00	\$5,733,832.65
5/15/2008	\$5,733,832.65	\$0.00	\$0.00	\$5,733,832.65
6/15/2008	\$5,733,832.65	\$0.00	\$0.00	\$5,733,832.65
7/15/2008	\$5,625,647.13	\$0.00	\$0.00	\$5,625,647.13
8/15/2008	\$5,625,647.13	\$0.00	\$0.00	\$5,625,647.13
9/15/2008	\$5,625,647.13	\$0.00	\$0.00	\$5,625,647.13
10/15/200				
8	\$5,625,647.13	\$0.00	\$0.00	\$5,625,647.13
11/15/200				
8	\$5,625,647.13	\$0.00	\$0.00	\$5,625,647.13
12/15/200				
8	\$5,625,647.13	\$0.00	\$0.00	\$5,625,647.13
Totals	\$166,390,873	\$6,000,000	-\$4,670,000	\$172,390,873

NPV
\$155,708,481.62

DISCOUNTED BULK SALE VALUE OF THE SUBJECT AS COMPLETE

Retail Units

Because the subject is to be built in the near future, the bulk sale of the units must be analyzed based on the present value of the units upon completion. In order to determine the value we must estimate the likely sellout of the project.

A review of the comparables presented, as well as discussions with the brokers in the area, indicates that marketing times for competitively priced units is typically less than four months. Further, newer projects in the area are exposed to the market during construction resulting in pre-sales or reserving of units prior to the completion of construction. Based upon current market conditions and the anticipated completion of the project on November 21, 2006, demand is expected to continue to exceed supply, and the absorption of new units will continue at its current rate.

We have used the following assumptions to estimate the present value of the subject complex as completed. We have discounted the aggregate retail value of the subject units at 7.25% during the 4 month sellout. The discount rate was selected based upon a review of the current Treasury Bill rate for a similar maturity of 4.25% and cap rates for retail condo properties within a 100 mile radius of the subject property since 9/1/2005, as reported by CoStar. Based upon 1 retail condominium sale with a reported Cap Rate and 10 retail sales, the average cap rate was 6.20%. The selected discount rate of 7.25% is 3% above the Treasury Bill rate to reflect additional risk of new construction and is consistent with the discount rate selected in the Income Approach.

As the retail units are completely constructed, there are no remaining construction costs. Based on a continuation of market demand the subject complex is estimated to sell out in four months with an average of one unit sold per month. We have estimated the brokerage commission for unit sales at 5% and the closing cost at 1.5% of aggregate retail value. On-going, but declining, expenses are estimated to be \$3,340 per month based on estimated per unit HOA fees of \$585 per unit and additional developer paid maintenance and utilities. Developer's profit is estimated to be 10% of aggregate retail value.

Based upon this analysis, the discounted bulk sale value of the retail units of the project as complete would be \$4,875,300.

Discounted Bulk Sale Assumptions

Aggregate Retail Value	\$6,000,000
Number of Units	4
Average Retail Unit Value	1,500,000
Absorption Rate Per Month	1
Appreciation/Depreciation	0.00%
Brokerage Commission	5.00%
Closing Cost	1.50%
Preliminary Value Estimate	\$6,000,000
On-going Expense	\$3,340
Annual Property Taxes	\$99,600
Taxes Per Unit, Per Month	\$2,075.00

Month	November	December	January	February	March	April
Average Retail Unit Value	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000	\$1,500,000
Absorption	0	0	1	1	1	1
Remaining Units	4	4	3	2	1	0
Gross Monthly Proceeds	\$0.00	\$0.00	\$1,500,000.00	\$1,500,000.00	\$1,500,000.00	\$1,500,000.00
Estimated Expenses						
Selling Costs @ 6.50%	\$0	\$0	\$97,500	\$97,500	\$97,500	\$97,500
On-going Expense	\$3,340	\$3,340	\$3,340	\$2,505	\$1,670	\$835
Property Taxes	\$8,300	\$8,300	\$6,225	\$4,150	\$2,075	\$0
Total Expenses	\$11,640	\$11,640	\$107,065	\$104,155	\$101,245	\$98,335
Net Income	(\$11,640)	(\$11,640)	\$1,392,935	\$1,395,845	\$1,398,755	\$1,401,665
Discount Factor	0.993994616	0.988025296	0.982091825	0.976193986	0.970331566	0.964504353
Discounted Net Income	-\$11,570	-\$11,501	\$1,367,990	\$1,362,615	\$1,357,256	\$1,351,912
Present Value @ 7.25%	\$5,416,703					
Rounded	\$5,417,000					

Present Value @	7.25%	Discount Rate	\$5,417,000
Less Bulk Purchaser Profit @	10.00%		(541,700)
Discounted Bulk Sale Value			<u>\$4,875,300</u>

Residential Units

Because the subject is to be built in the near future, the bulk sale of the units must be analyzed based on the present value of the units upon completion. In order to determine the value we must estimate the likely sellout of the project.

A review of the comparables presented, as well as discussions with the brokers in the area, indicates that marketing times for competitively priced units is typically less than 24 months. Further, newer projects in the area are exposed to the market during construction resulting in pre-sales or reserving of units prior to the completion of construction. Based upon current market conditions and the anticipated completion of the project on November 21, 2006, demand is expected to continue to exceed supply, and the absorption of new units will continue at its current rate.

We have used the following assumptions to estimate the present value of the subject complex as completed. We have discounted the aggregate retail value of the subject units at 7.25% during the 24 month sellout. The discount rate was selected based upon a review of the current Treasury Bill rate for a similar maturity of 4.25% and cap rates for the residential properties within a 10 mile radius of the subject property since 9/1/2005, as reported by CoStar. Based upon 11 sales with a reported Cap Rate, the average cap rate was 4.76%. The selected discount rate of 7.25% is 3% above the Treasury Bill rate to reflect additional risk of new construction and is consistent with the discount rate selected in the Income Approach.

As of November 21, 2006, the subject is not scheduled to be 100% complete, and as such, we must factor into the present value any remaining construction costs, in order to determine the subjects as-is value as of that date. It has been reported to the appraisers that construction will be completed and the certificate of occupancy will be obtained on November 21, 2006. Therefore, for the first month of the cash flow, we have projected remaining construction costs. As of the date of the appraisal, we have been informed by Geri Steward with Windstar, that the remaining construction costs total \$4,670,000, therefore, the remaining will be input as an expense in November of the cash flow.

We have been provided with 89 contracts and purchase prices as of November 21, 2006, resulting in 301 units unsold. We have made an assumption that those 89 contracts will close in the third, which is January, with the remaining units selling over the remaining 23 months. Therefore, we have a total residential income in January of \$33,340,500 (total contracts provided). We have spread the remaining expected income of \$137,153,277 (\$170,493,777-\$33,340,500), or \$5,963,185.96 per month, across the remaining 23 months. However, in months of July and January, we have built in a semi-annual decrease of 2% of the outstanding average values as of those points. Therefore in July the income will decrease by 2%, with additional 2% decreases in January and the following July.

We have estimated the brokerage commission for unit sales at 5% and the closing cost at 1.5% of aggregate retail value. On-going, but declining, expenses are estimated to be \$147,250 per month based on estimated per unit HOA fees of \$275 per unit and additional developer paid maintenance and utilities. Developer's profit is estimated to be 10% of aggregate retail value.

Based upon this analysis, the discounted bulk sale value of the residential components of the project as complete would be \$121,972,500.

Discounted Bulk Sale Assumptions

Aggregate Retail Value	\$171,500,000
Number of Units	390
Average Retail Unit Value	439,744
Absorption Rate Per Month	13.09
Appreciation/Depreciation	0.00%
Selling Cost (Brokerage & Closing)	6.50%
Preliminary Value Estimate	\$171,500,000
Annual Property Taxes	\$2,829,750
Taxes Per Unit, Per Month (including Mello Roos)	\$604.65

Month	November	December	January	February	March	April	May
Average Retail Unit Value	\$439,744	\$439,744	\$439,744	\$439,744	\$439,744	\$439,744	\$439,744
Absorption	0	0	89	13.08695652	13.08695652	13.08695652	13.08695652
Remaining Units	390	390	301	287.9130435	274.826087	261.7391304	248.6521739
Gross Monthly Proceeds	\$0.00	\$0.00	\$33,340,500.00	\$5,963,185.96	\$5,963,185.96	\$5,963,185.96	\$5,963,185.96
Estimated Expenses							
Selling Costs @ 6.50%	\$0	\$0	\$2,167,133	\$387,607	\$387,607	\$387,607	\$387,607
On-going Expense	\$147,250	\$147,250	\$147,250	\$113,647	\$108,706	\$103,764	\$98,823
Property Taxes	\$235,813	\$235,813	\$181,999	\$174,086	\$169,496	\$161,425	\$153,354
Remaining Construction Cost	\$2,335,000	\$2,335,000	\$0	\$0	\$0	\$0	\$0
Total Expenses	\$2,718,063	\$2,718,063	\$2,496,381	\$675,340	\$665,809	\$652,797	\$639,784
Net Income	(\$2,718,063)	(\$2,718,063)	\$30,844,119	\$5,287,846	\$5,297,377	\$5,310,389	\$5,323,402
Discount Factor	0.993994616	0.988025296	0.982091825	0.976193986	0.970331566	0.964504353	0.958712133
Discounted Net Income	-\$2,701,739	-\$2,685,515	\$30,291,757	\$5,161,964	\$5,140,212	\$5,121,894	\$5,103,610
Present Value @ 7.25%	\$135,524,578						
Rounded	\$135,525,000						

June	July	August	September	October	November	December	January	February
\$439,744	\$439,744	\$439,744	\$439,744	\$439,744	\$439,744	\$439,744	\$439,744	\$439,744
13.08695652	13.08695652	13.08695652	13.08695652	13.08695652	13.08695652	13.08695652	13.08695652	13.08695652
235.5652174	222.4782609	209.3913043	196.3043478	183.2173913	170.1304348	157.0434783	143.9565217	130.8695652
\$5,963,185.96	\$5,846,260.74	\$5,846,260.74	\$5,846,260.74	\$5,846,260.74	\$5,846,260.74	\$5,846,260.74	\$5,733,832.65	\$5,733,832.65
\$387,607	\$380,007	\$380,007	\$380,007	\$380,007	\$380,007	\$380,007	\$372,699	\$372,699
\$93,882	\$88,941	\$84,000	\$79,059	\$74,117	\$69,176	\$64,235	\$59,294	\$54,353
\$145,283	\$139,956	\$131,723	\$123,490	\$115,258	\$109,165	\$100,768	\$92,371	\$83,973
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$626,772	\$608,903	\$595,730	\$582,556	\$569,382	\$558,349	\$545,010	\$524,364	\$511,025
\$5,336,414	\$5,237,357	\$5,250,531	\$5,263,705	\$5,276,879	\$5,287,912	\$5,301,251	\$5,209,469	\$5,222,807
0.952954699	0.94723184	0.941543349	0.935889019	0.930268646	0.924682026	0.919128955	0.913609232	0.908122658
\$5,085,361	\$4,960,992	\$4,943,603	\$4,926,244	\$4,908,915	\$4,889,637	\$4,872,533	\$4,759,419	\$4,742,950

March	April	May	June	July	August	September	October	November	December
\$439,744	\$439,744	\$439,744	\$439,744	\$439,744	\$439,744	\$439,744	\$439,744	\$439,744	\$439,744
13.08695652	13.08695652	13.08695652	13.08695652	13.08695652	13.08695652	13.08695652	13.08695652	13.08695652	13.08695652
117.7826087	104.6956522	91.60869565	78.52173913	65.43478261	52.34782609	39.26086957	26.17391304	13.08695652	8.17124E-14
\$5,733,832.65	\$5,733,832.65	\$5,733,832.65	\$5,733,832.65	\$5,625,647.13	\$5,625,647.13	\$5,625,647.13	\$5,625,647.13	\$5,625,647.13	\$5,625,647.13
\$372,699	\$372,699	\$372,699	\$372,699	\$365,667	\$365,667	\$365,667	\$365,667	\$365,667	\$365,667
\$49,412	\$44,470	\$39,529	\$34,588	\$29,647	\$24,706	\$19,765	\$14,823	\$9,882	\$4,941
\$75,576	\$67,179	\$58,781	\$50,384	\$41,987	\$33,589	\$25,192	\$16,795	\$8,397	\$0
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
\$497,687	\$484,348	\$471,010	\$457,671	\$443,301	\$429,962	\$416,624	\$397,285	\$383,947	\$370,608
\$5,236,146	\$5,249,484	\$5,262,823	\$5,276,161	\$5,188,346	\$5,201,685	\$5,215,023	\$5,228,362	\$5,241,700	\$5,255,039
0.902669033	0.897248158	0.891859838	0.886503877	0.881180081	0.875888256	0.870628211	0.865399754	0.860202696	0.855036848
\$4,726,507	\$4,710,090	\$4,693,700	\$4,677,338	\$4,571,868	\$4,556,095	\$4,540,346	\$4,524,623	\$4,508,925	\$4,493,252

Present Value @	7.25%	Discount Rate	\$135,525,000.00
Less Bulk Purchaser Profit @	10.00%		(13,552,500.00)
Discounted Bulk Sale Value			<u>\$121,972,500.00</u>

Discounted Bulk Sale Conclusions

Retail Discounted Bulk Sale	\$ 4,875,300
Residential/Storage/Parking Discounted Bulk Sale	<u>121,972,500</u>
Total Discounted Bulk Sale Value:	\$ <u>126,847,800</u>

INFORMATION ON OUR COMPANY

BTI Appraisal specializes in valuations of real estate, businesses, intangible assets, machinery and equipment. Since 1974, we have performed extensive appraisals, valuations, inspections and research projects for virtually every need including sales, loans, insurance, corporate, legal, I.R.S. and S.E.C. requirements, eminent domain, feasibility and market studies, recapitalizations, ESOTs, economic damages and government requirements. Our clients include law firms and insurance companies, as well as lenders, corporations and governmental agencies. Various staff members normally contribute to a report to meet specialized requirements. This group of experienced professionals provides a broad range of in-depth coverage for a great diversity of project needs. This study was principally performed by Ben F. Tunnell, John J. Griffey, Stephen Rich, Stephen O'Rourke and Alan R. Raxter.

The firm is managed by Ben F. Tunnell III, Chairman. His previous background includes eight years with First Interstate Bank of California as Vice President at their Corporate Headquarters in Los Angeles. Mr. Tunnell received a BA degree in Economics from Claremont McKenna College and attended post-graduate courses at UCLA and the American Institute of Banking where he also lectured. He has served on the Board of Arbitrators for both the American Arbitration Association and the Better Business Bureau, and was previously a Registered Investment Advisor and a Broker/Dealer with the Securities and Exchange Commission as well as a licensed California Real Estate Broker. Mr. Tunnell is a Certified General Real Estate Appraiser in the state of California, license #AG006964, in the state of Arizona, license #31404, and in the state of Nevada, license #A.0006873-CG. He is also an ASA, the senior designation of the American Society of Appraisers, in Business Valuation and is a member of the Institute of Business Appraisers. He has qualified and testified in Federal and Superior courts as well as arbitration proceedings as an expert witness in the areas of economic analysis, business, equipment and real estate appraisals.

Mr. John J. Griffey, President and Certified General Real Estate Appraiser #AG011138, has been involved with all types of real estate project appraisals and analysis since 1992. His financial background includes nine years of management experience with Glendale Federal Bank. He is a graduate of the University of Illinois with a BS in communications and an Associate Member of the Appraisal Institute.

Mr. Stephen Rich, Certified General Real Estate Appraiser #AG010280, has been associated with the company since 1985 and is a member of the American Institute of Real Estate Appraisers (MAI) and the Society of Real Estate Appraisers (SRPA). His background includes a six-year position as Staff Appraiser with the U.S. Department of HUD and a four-year position as Regional Manager with Joseph J. Blake and Associates, Inc., both in Chicago, Illinois. Mr. Rich was also President of his own real estate firm in Chicago for five years. He is a graduate of Cornell University in Ithaca, New York, where he received a Bachelor of Arts degree in Finance.

Mr. Stephen O'Rourke, Real Estate Appraiser License #AL036788, has been appraising since 2003. He had previous experience appraising real property at KTR Newmark Real Estate Services. Previously he was in the Enterprise Risk Services division of Deloitte & Touche in Los Angeles. Mr. O'Rourke is a graduate of the University of Southern California with a degree in business administration. He is a licensed California real estate broker and a Marshall & Swift Certified Appraiser.

Mr. Alan R. Raxter, Real Estate Appraiser License #AL032833, has been appraising since 2003. He had previous experience appraising residential and commercial properties at Steven J. Decker & Associates. Mr. Raxter has a bachelor's degree in business management from the Georgia State University and has pursued continuing studies with the SEC Institute at Emory University and an Associate Member of Appraisal Institute.

REPRESENTATIVE BTI APPRAISAL CLIENT LIST

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Spectrum Bank

Telacu Community Capital
Union Bank of California
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Wilshire State Bank

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City of Commerce
City of Downey
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FDIC
Internal Revenue Service
L.A. Housing Authority
Metropolitan Transit Authority
Public Hospitals Authority of
the Bahamas
San Diego County Counsel
State of California Department of Justice
U.S. Department of Army

Insurance Companies

Allstate Insurance
California Fair Plan
Farmers Insurance
Fireman's Fund Insurance
Great American Insurance
Hartford Insurance
Hawkeye Security Insurance
Safeco Insurance
Scottsdale Insurance Company
State Farm Insurance
Travelers Insurance
Truck Insurance
21st Century Insurance
Zurich Insurance

CERTIFICATION

We, Ben F. Tunnell III, John J. Griffey, Stephen Rich, Stephen O'Rourke and Alan R. Raxter, certify that, to the best of our knowledge and belief, the statements of fact contained in this report are true and correct.

The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial and unbiased professional analyses, opinions and conclusions.

We have no present or prospective interest in the property that is the subject of this report and no personal interest or bias with respect to the parties involved. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.

Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.

Our analyses, opinions and conclusions were developed, and this report has been prepared, in conformance with the standards and reporting requirements of the Uniform Standards of Professional Appraisal Practice, 2006. Unless otherwise noted in writing, the appraiser has done similar assignments to the subject and has the knowledge and experience to complete this assignment competently.

Ben F. Tunnell III, John J. Griffey, Alan R. Raxter, Stephen O'Rourke and Stephen Rich have made personal inspections of the property that is the subject of this report. No one provided significant professional assistance to the persons signing this report. The preceding certification is cited from the Uniform Standards of Professional Appraisal Practice Standard Rule 2-3, 2006.



Ben F. Tunnell III
Chairman
#AG006964



John J. Griffey
President
#AG011138



Stephen Rich, MAI
#AG010280



Stephen O'Rourke
#AL036788



Alan R. Raxter
#AL031833

RESIDENTIAL UNITS RESERVED

AS OF

9/1/2006 ADDENDUM

Stadium Lofts Reservations through September 1, 2001

	Unit Number	Model	Square Footage
1	1004	Fenway	1062
2	3100	Kezar	651
3	3021	Candelstick	1082
4	2006	Kezar	651
5	3169	Candelstick	1082
6	1047	Wrigley	728
7	4125	Kezar	651
8	4057	Candelstick	1082
9	2059	Wrigley	728
10	1031	Wrigley	728
11	1023	Candelstick	1082
12	4141	Candelstick	1082
13	3023	Candelstick	1082
14	2029	Kezar 2	705
15	2021	Candelstick	1082
16	2143	Candelstick	1082
17	3061	Wrigley	728
18	1033	Wrigley	728
19	2141	Candelstick	1082
20	4151	Wrigley w/mezz	987
21	1069	Wrigley	728
22	3001	Wrigley	728
23	2127	Wrigley	728
24	1065	Kezar	651
25	2133	Candelstick	1082
26	1123	Wrigley	728
27	2171	Kezar Loft	785
28	2167	Wrigley Loft	784
29	1139	Candelstick	1082
30	3104	Wrigley	728
31	1129	Wrigley	728
32	4045	Wrigley	728
33	2067	Kezar	651
34	1091	Candlestick	1082
35	4134	Kezar	651
36	3102	Wrigley	728
37	1095	Candlestick	1082
38	1132	Kezar	651
39	3098	Wrigley	728
40	3076	Candlestick	1082
41	3034	Candlestick	1082
42	4139	Candlestick	1082
43	4130	Wrigley	728
44	1069	Kezar	728
45	2125	Kezar	651
46	4167	Wrigley w/mezz	987
47	2071	Wrigley	728
48	1019	Wrigley	728
49	1059	Wrigley	728

50	2061	Wrigley	728
51	4011	Wrigley 1	784
52	1071	Wrigley	728
53	3004	Fenway	1062
54	4169	Wrigley Loft	784
55	2153	Wrigley Loft	784
56	2005	Wrigley 1	784
57	1121	Wrigley	728
58	2047	Wrigley	728
59	3167	Wrigley Loft	784
60	4093	Candlestick	1082
61	3161	Wrigley Loft	784
62	4155	Wrigley w/Mezz	987
63	4074	Candlestick	1082
64	3005	Wrigley 1	784
65	4059	Wrigley	728
66	3131	Dodger	1299
67	4031	Wrigley	728
68	2135	Candlestick	1082
69	1134	Kezar	651
70	2078	Wrigley	728
71	3031	Wrigley	728
72	2030	Candlestick	1082
73	3045	Wrigley	728
74	2100	Kezar	651
75	4106	Kezar	651
76	1029	Kezar	651
77	4123	Wrigley	728
78	2015	Wrigley	784
79	2129	Wrigley	728
80	2155	Wrigley Loft	784
81	2014	Kezar	651
82	4065	Kezar	651
83	4033	Wrigley	728
84	2049	Kezar 2	705
85	3007	Wrigley 1	651
86	1065	Kezar	651
87	3069	Wrigley	728
88	2007	Wrigley 1	784
89	1135	Candlestick	1082
90	4060	Candlestick	1082
91	1127	wrigley	728
92	2123	wrigley	728
93	3171	Kezar 3	726
94	2145	Candlestick	1082
95	3127	Wrigley	728
96	2132	Kezar	651
97	4153	Wrigley Mez	987
98	3123	Wrigley	728
99	4078	Wrigley	728

LEGAL DESCRIPTION ADDENDUM

CITY OF ANAHEIM
LOT LINE ADJUSTMENT LLA 0000590
(LEGAL DESCRIPTION)

ALL IN THE CITY OF ANAHEIM, COUNTY OF ORANGE, STATE OF CALIFORNIA,

PARCEL 1

PARCEL 1, AS SHOWN ON LOT LINE ADJUSTMENT LLA 0000580, RECORDED FEBRUARY 28, 2005, PER INSTRUMENT NO. 2005000147206, OF OFFICIAL RECORDS, TOGETHER WITH A PORTION OF PARCEL 5, AS SHOWN ON A MAP FILED IN BOOK 65, PAGE 22, OF PARCEL MAPS. AND TOGETHER WITH A PORTION OF PARCEL 3, AS SHOWN ON A MAP FILED IN BOOK 57, PAGE 1, OF PARCEL MAPS, ALL IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS;

BEGINNING AT THE SOUTHWESTERLY CORNER OF SAID PARCEL 1; THENCE ALONG THE SOUTHERLY LINE OF SAID PARCEL 3, SOUTH 89°57'49" WEST, 28.00 FEET TO A POINT ON A LINE 28.00 FEET WESTERLY AND PARALLEL WITH THE WESTERLY LINE OF SAID PARCEL 1; THENCE ALONG SAID PARALLEL LINE, NORTH 00°12'23" WEST, 522.29 FEET TO A POINT ON THE SOUTHERLY LINE OF PARCEL 4, AS SHOWN ON SAID PARCEL MAP FILED IN BOOK 65, PAGE 22; THENCE ALONG SAID SOUTHERLY LINE, N 89°47'37" EAST, 14.00 FEET TO THE SOUTHEAST CORNER OF SAID PARCEL 4; THENCE ALONG THE EASTERLY LINE OF SAID PARCEL 4, NORTH 00°12'23" WEST, 49.67 FEET TO A POINT ON A NON-TANGENT CURVE CONCAVE NORTHERLY AND HAVING A RADIUS OF 50.00 FEET, A RADIAL LINE TO SAID POINT BEARS SOUTH 00°12'23" EAST; THENCE ALONG THE MOST NORTHERLY LINE OF SAID PARCEL 5 AND THE NORTHERLY, EASTERLY AND SOUTHERLY LINES OF SAID PARCEL 1, THE FOLLOWING SEVEN (7) COURSES: 1) EASTERLY 30.32 FEET ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 34°44'43" TO A POINT ON A REVERSE CURVE CONCAVE SOUTHEASTERLY AND HAVING A RADIUS OF 50.00 FEET, A RADIAL LINE TO SAID POINT BEARS NORTH 34°57'06" WEST, 2) NORTHEASTERLY 30.47 FEET ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 34°54'55", 3) NORTH 89°57'49" EAST, 406.90 FEET, TO THE BEGINNING OF A CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 15.00 FEET, 4) SOUTHEASTERLY 23.52 FEET ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 89°49'48", 5) SOUTH 00°12'23" EAST, 550.04 FEET, 6) SOUTH 44°52'43" WEST, 35.31 FEET AND 7) SOUTH 89°57'49" WEST, 440.00 FEET, TO THE POINT OF BEGINNING.

SAID PARCEL 1 CONTAINS APPROXIMATELY 6.652 ACRES

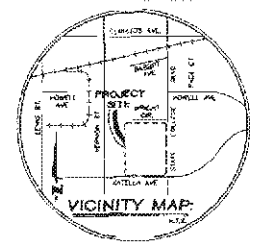
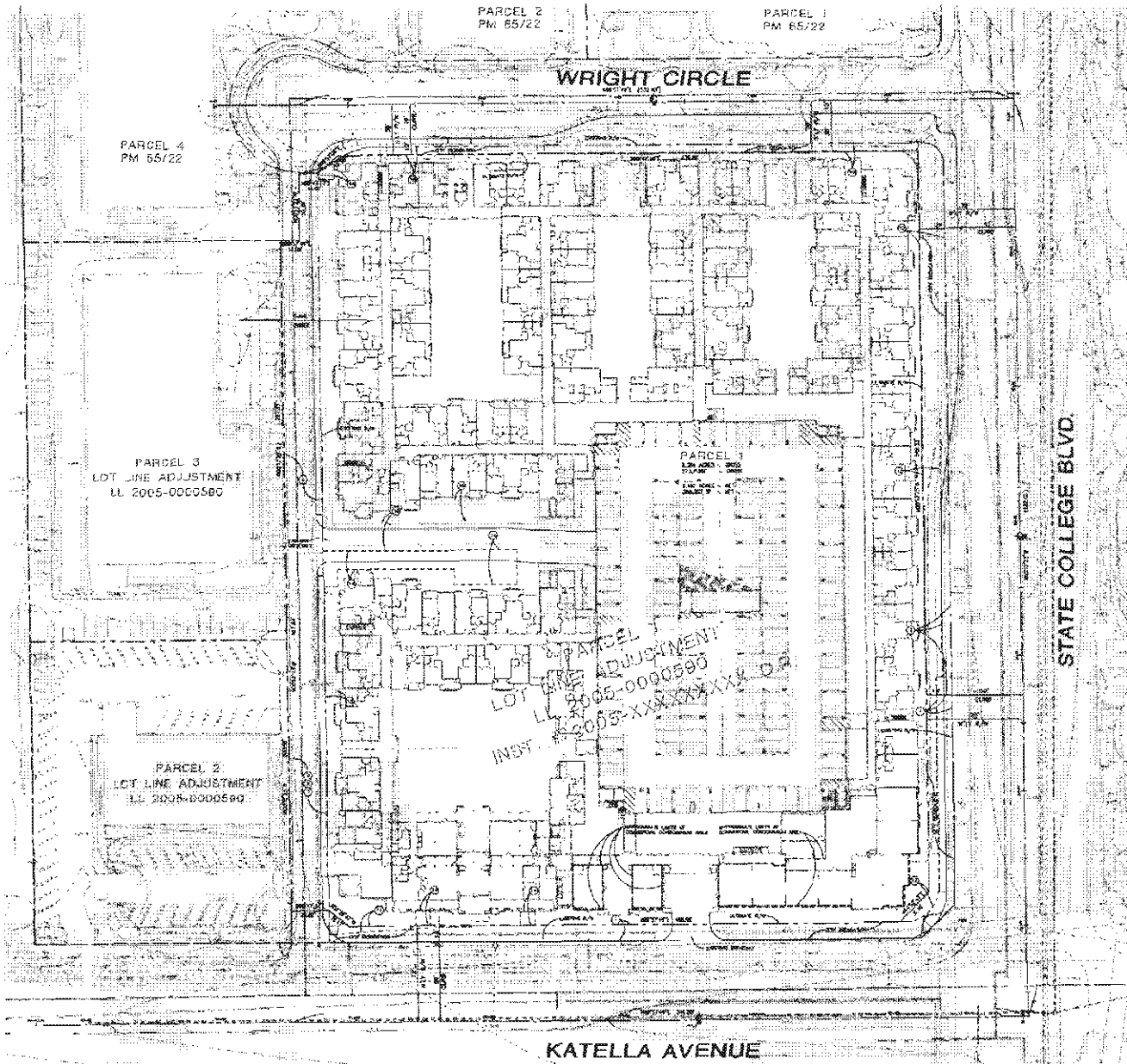
PARCEL 2

PARCEL 3, AS SHOWN ON A MAP FILED IN BOOK 57, PAGE 1, OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPTING THE EASTERLY 28.00 FEET OF SAID PARCEL 3

SAID PARCEL 2 CONTAINS APPROXIMATELY 0.987 ACRES

TENTATIVE TRACT MAP NO. 16618 FOR CONDOMINIUM PURPOSES



LEGEND

---	TRACT BOUNDARY
---	ENCUMBRANCE
AC	AORT
LA	LEASING
R/W	RIGHT-OF-WAY
PA	PARCEL MAP
PAF	PARTIAL
MA	MADE DATA
MAF	MADE DATA

LEGAL DESCRIPTION
 WITH A LOT LINE ADJUSTMENT OF PARCEL 1 AS SHOWN ON LOT LINE ADJUSTMENT LL 2005-0000580, PARCEL 2 AS SHOWN ON LOT LINE ADJUSTMENT LL 2005-0000590, PARCEL 3 AS SHOWN ON LOT LINE ADJUSTMENT LL 2005-0000580, AND PARCEL 4 AS SHOWN ON LOT LINE ADJUSTMENT LL 2005-0000580, TOGETHER WITH PARCEL 1 AS SHOWN ON A PARCEL MAP FILED IN BOOK 21, PAGE 12, IN PUBLIC RECORDS, TOGETHER WITH PARCELS 1 & 2 AS SHOWN ON A PARCEL MAP FILED IN BOOK 21, PAGE 12, IN PUBLIC RECORDS, ALL AS THE TRACT OF THE COUNTY RECORDS OF SAN DIEGO.

OWNER/DEVELOPER:
 WRIGHT COMPANY
 1144 NORTH TORREY PINNACLES DRIVE, SUITE 200
 SAN DIEGO, CA 92108
 (619) 591-1100

BY: _____ DATE: _____

PROPERTY ADDRESS:
 TRACT MAP NO. 16618
 1144 NORTH TORREY PINNACLES DRIVE, SUITE 200
 SAN DIEGO, CA 92108

- NOTES:**
1. PLANNING SERVICES, INC. HAS REVIEWED THIS TRACT MAP AND HAS DETERMINED THAT THE PROPERTY IS SUITABLE FOR THE PROPOSED CONDOMINIUM DEVELOPMENT. THIS TRACT MAP AND THAT OF ANY PREVIOUS TRACT MAPS ARE SUBJECT TO THE APPROVAL OF THE BOARD OF SUPERVISORS OF SAN DIEGO COUNTY.
 2. ALL STREET SERVICE STOPS, DRIVE AND PUBLIC UTILITIES ARE CENTRAL.
 3. PROPOSED ZONING: MEDIUM DENSITY RESIDENTIAL.
 4. SEE MAPS 1 & 2 FOR LEGEND, NOTES AND TYPICAL SECTIONS.

SCALE:

1" = 100'
1/4" = 25'
1/8" = 12.5'
1/16" = 6.25'

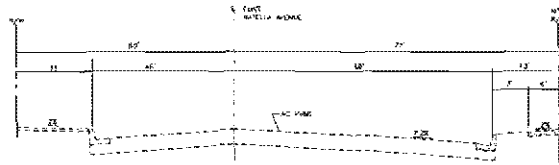
PREPARED BY:

 4775 La Jolla Village Drive, Suite 200
 San Diego, California 92122
 (619) 591-1100 Fax (619) 591-1101
 WWW.FUSCO.COM
 JOB NO. 16618
 DATE: JANUARY 2005

**TENTATIVE
 TRACT MAP NO. 16618
 FOR CONDOMINIUM PURPOSES
 SHEET 1 OF 2**

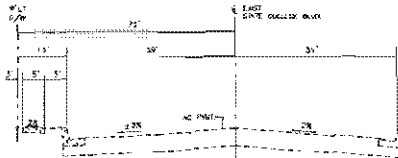
TENTATIVE TRACT MAP NO. 16618 FOR CONDOMINIUM PURPOSES

JANUARY 2006



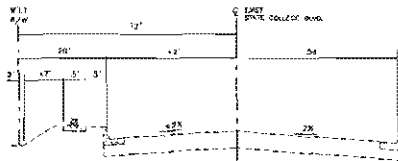
KATELLA AVENUE

TYPICAL SECTION
STA 80+00 TO STA 81+00
N.T.S.



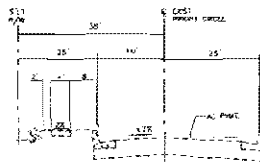
STATE COLLEGE BOULEVARD

TYPICAL SECTION
STA 80+00 TO STA 80+25
N.T.S.



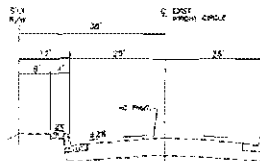
STATE COLLEGE BOULEVARD

TYPICAL SECTION
STA 40+00 TO STA 40+40
N.T.S.



WRIGHT CIRCLE

TYPICAL SECTION
STA 0+00 TO STA 0+00
N.T.S.



WRIGHT CIRCLE

TYPICAL SECTION
STA 0+00 TO STA 0+00
N.T.S.

NOTE:

ALL DIMENSIONS ARE FEET AND INCHES

EASEMENT NOTES:

1. AN EASEMENT GRANTED TO THE CITY OF ANAHEIM FOR ROAD, PUBLIC UTILITY AND INCIDENTAL PURPOSES, RECORDED APRIL 29, 1989 AS INSTRUMENT NO. 10-12345 OF OFFICIAL RECORDS.
2. AN EASEMENT GRANTED TO THE CITY OF ANAHEIM FOR ROAD, PUBLIC UTILITY AND INCIDENTAL PURPOSES, RECORDED JULY 8, 1991 AS INSTRUMENT NO. 31-23456 OF OFFICIAL RECORDS.
3. AN EASEMENT GRANTED TO THE CITY OF ANAHEIM FOR ROAD, PUBLIC UTILITY AND INCIDENTAL PURPOSES, RECORDED APRIL 29, 1989 AS INSTRUMENT NO. 10-12345 OF OFFICIAL RECORDS.
4. AN EASEMENT GRANTED TO THE CITY OF ANAHEIM FOR INSTALLATION AND MAINTENANCE OF A SANITARY SEWER AND WATER LINE AND INCIDENTAL PURPOSES, RECORDED JUNE 21, 1974 IN BOOK 11112, PAGE 1234 OF OFFICIAL RECORDS.
5. AN EASEMENT GRANTED TO THE CITY OF ANAHEIM FOR INSTALLATION, MAINTENANCE AND USE OF PUBLIC UTILITY FACILITIES AND INCIDENTAL PURPOSES, RECORDED JUNE 21, 1974 IN BOOK 11112, PAGE 1234 OF OFFICIAL RECORDS.
6. AN EASEMENT RESERVED FOR DRAINAGE CONVEYANCE FOR ROADS AND EGRESS AND INCIDENTAL PURPOSES, RECORDED JUNE 21, 1974 IN BOOK 11112, PAGE 1234 OF OFFICIAL RECORDS.
7. AN EASEMENT RESERVED FOR DRAINAGE CONVEYANCE FOR ROADS AND EGRESS AND INCIDENTAL PURPOSES, RECORDED JUNE 21, 1974 IN BOOK 11112, PAGE 1234 OF OFFICIAL RECORDS.
8. AN EASEMENT RESERVED FOR DRAINAGE CONVEYANCE FOR ROADS AND EGRESS AND INCIDENTAL PURPOSES, RECORDED JUNE 21, 1974 IN BOOK 11112, PAGE 1234 OF OFFICIAL RECORDS.
9. AN EASEMENT GRANTED TO THE CITY OF ANAHEIM FOR ROAD, PUBLIC UTILITY AND INCIDENTAL PURPOSES, RECORDED APRIL 29, 1989 AS INSTRUMENT NO. 10-12345 OF OFFICIAL RECORDS.
10. AN EASEMENT GRANTED TO THE CITY OF ANAHEIM FOR ROAD, PUBLIC UTILITY AND INCIDENTAL PURPOSES, RECORDED APRIL 29, 1989 AS INSTRUMENT NO. 10-12345 OF OFFICIAL RECORDS.
11. AN EASEMENT GRANTED TO THE CITY OF ANAHEIM FOR ROAD, PUBLIC UTILITY AND INCIDENTAL PURPOSES, RECORDED APRIL 29, 1989 AS INSTRUMENT NO. 10-12345 OF OFFICIAL RECORDS.
12. AN EASEMENT GRANTED TO THE CITY OF ANAHEIM FOR ROAD, PUBLIC UTILITY AND INCIDENTAL PURPOSES, RECORDED APRIL 29, 1989 AS INSTRUMENT NO. 10-12345 OF OFFICIAL RECORDS.
13. AN EASEMENT GRANTED TO THE CITY OF ANAHEIM FOR ROAD, PUBLIC UTILITY AND INCIDENTAL PURPOSES, RECORDED APRIL 29, 1989 AS INSTRUMENT NO. 10-12345 OF OFFICIAL RECORDS.
14. AN EASEMENT GRANTED TO THE CITY OF ANAHEIM FOR ROAD, PUBLIC UTILITY AND INCIDENTAL PURPOSES, RECORDED APRIL 29, 1989 AS INSTRUMENT NO. 10-12345 OF OFFICIAL RECORDS.
15. AN EASEMENT GRANTED TO THE CITY OF ANAHEIM FOR ROAD, PUBLIC UTILITY AND INCIDENTAL PURPOSES, RECORDED APRIL 29, 1989 AS INSTRUMENT NO. 10-12345 OF OFFICIAL RECORDS.
16. AN EASEMENT GRANTED TO THE CITY OF ANAHEIM FOR ROAD, PUBLIC UTILITY AND INCIDENTAL PURPOSES, RECORDED APRIL 29, 1989 AS INSTRUMENT NO. 10-12345 OF OFFICIAL RECORDS.
17. AN EASEMENT GRANTED TO THE CITY OF ANAHEIM FOR ROAD, PUBLIC UTILITY AND INCIDENTAL PURPOSES, RECORDED APRIL 29, 1989 AS INSTRUMENT NO. 10-12345 OF OFFICIAL RECORDS.
18. AN EASEMENT GRANTED TO THE CITY OF ANAHEIM FOR ROAD, PUBLIC UTILITY AND INCIDENTAL PURPOSES, RECORDED APRIL 29, 1989 AS INSTRUMENT NO. 10-12345 OF OFFICIAL RECORDS.
19. AN EASEMENT GRANTED TO THE CITY OF ANAHEIM FOR ROAD, PUBLIC UTILITY AND INCIDENTAL PURPOSES, RECORDED APRIL 29, 1989 AS INSTRUMENT NO. 10-12345 OF OFFICIAL RECORDS.
20. AN EASEMENT GRANTED TO THE CITY OF ANAHEIM FOR ROAD, PUBLIC UTILITY AND INCIDENTAL PURPOSES, RECORDED APRIL 29, 1989 AS INSTRUMENT NO. 10-12345 OF OFFICIAL RECORDS.

PREPARED BY:



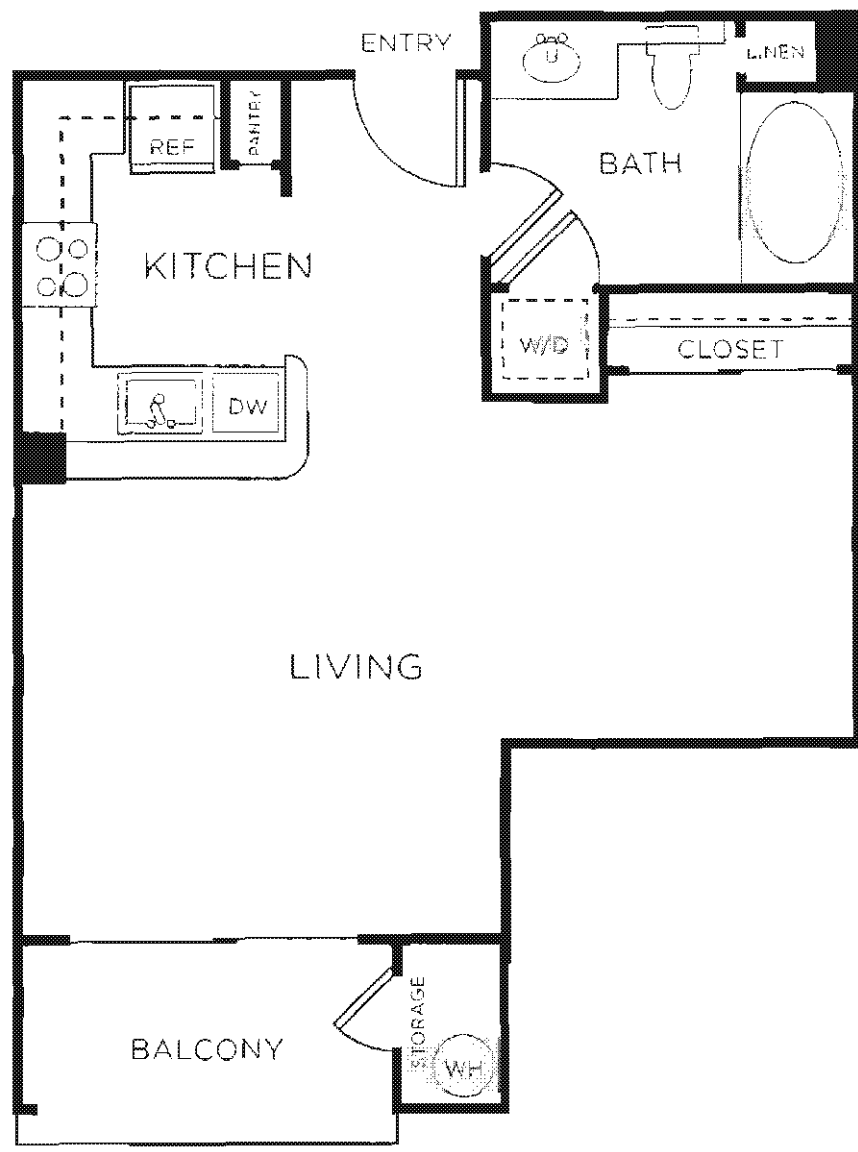
**TENTATIVE
TRACT MAP NO. 16618
FOR CONDOMINIUM PURPOSES
SHEET 2 OF 2**

FLOOR PLANS ADDENDUM

Lambeau Loft

Lambeau Loft | 1 Bath | 550 Sq Feet

floorplans



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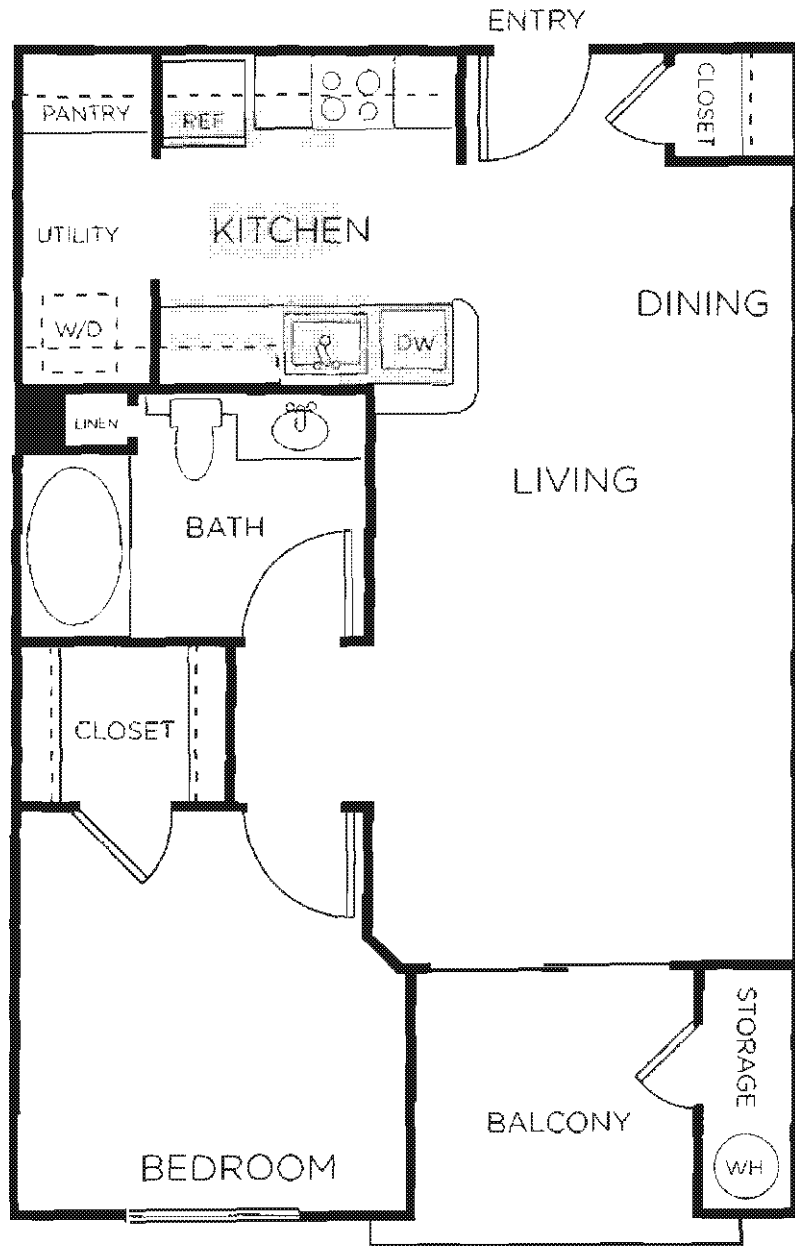
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Kezar

KEZAR | 1 Bedroom | 1 Bath | 651 Sq Feet KEZAR 2 | 1 Bedroom | 1 Bath | 705 Sq Feet KEZAR 3 | 1 Bedroom | 1 Bath | 726 Sq Feet

floorplans



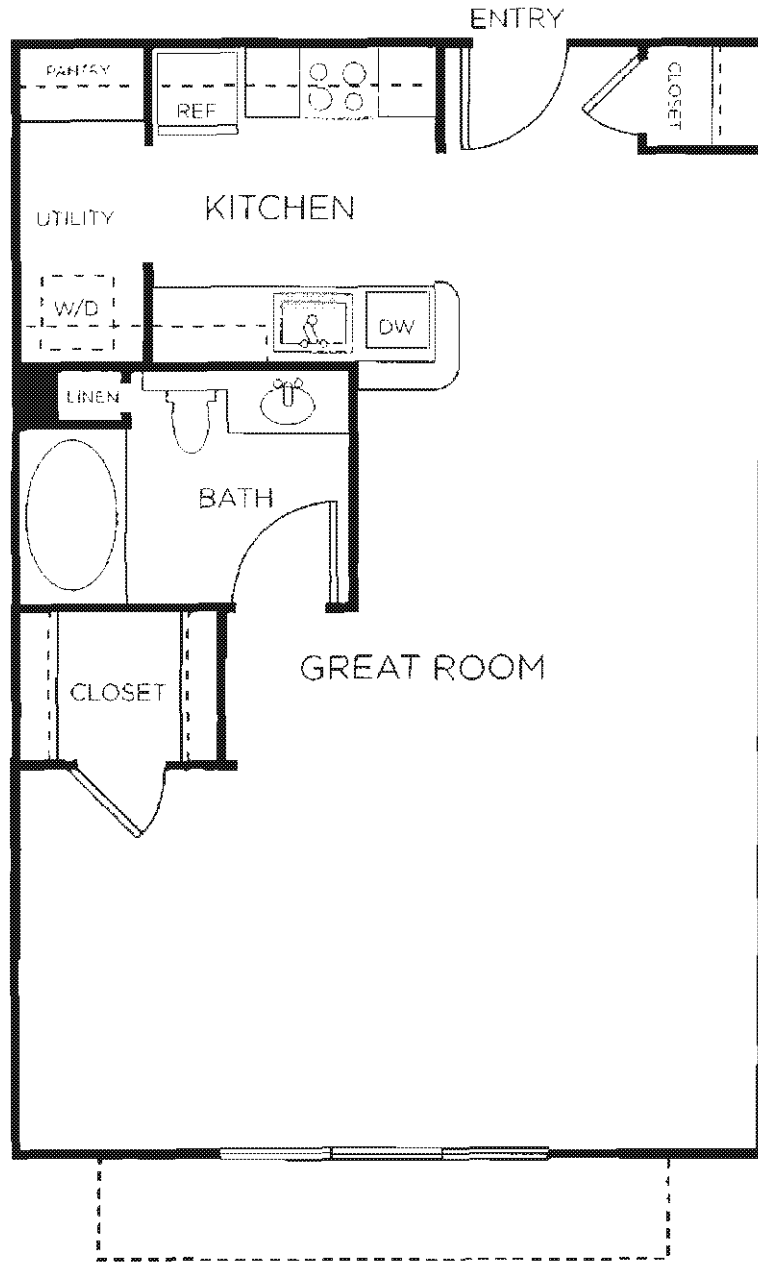
stadiumloftsNOW.com 714.634.9400

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Kezar Loft

Kezar Loft | 1-Bdrn | 726 Sq Feet

floorplans



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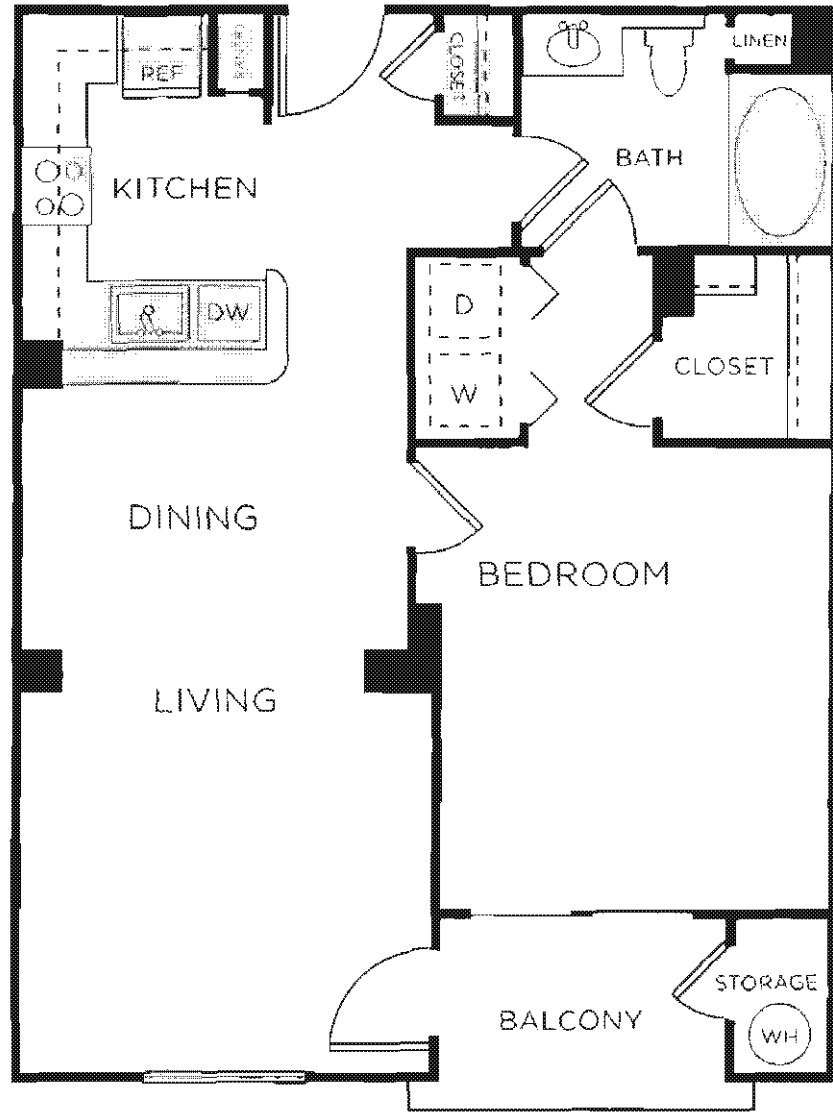
Equal Housing Opportunity. All rights reserved. © 2014 Stadium Lofts. All rights reserved.



Wrigley Field

Wrigley Field | 1 Bedroom | 1 Bath | 728 Sq Feet | Wrigley 1 | 1 Bedroom | 1 Bath | 764 Sq Feet

floorplans



stadiumloftsNOW.com 714.634.9400

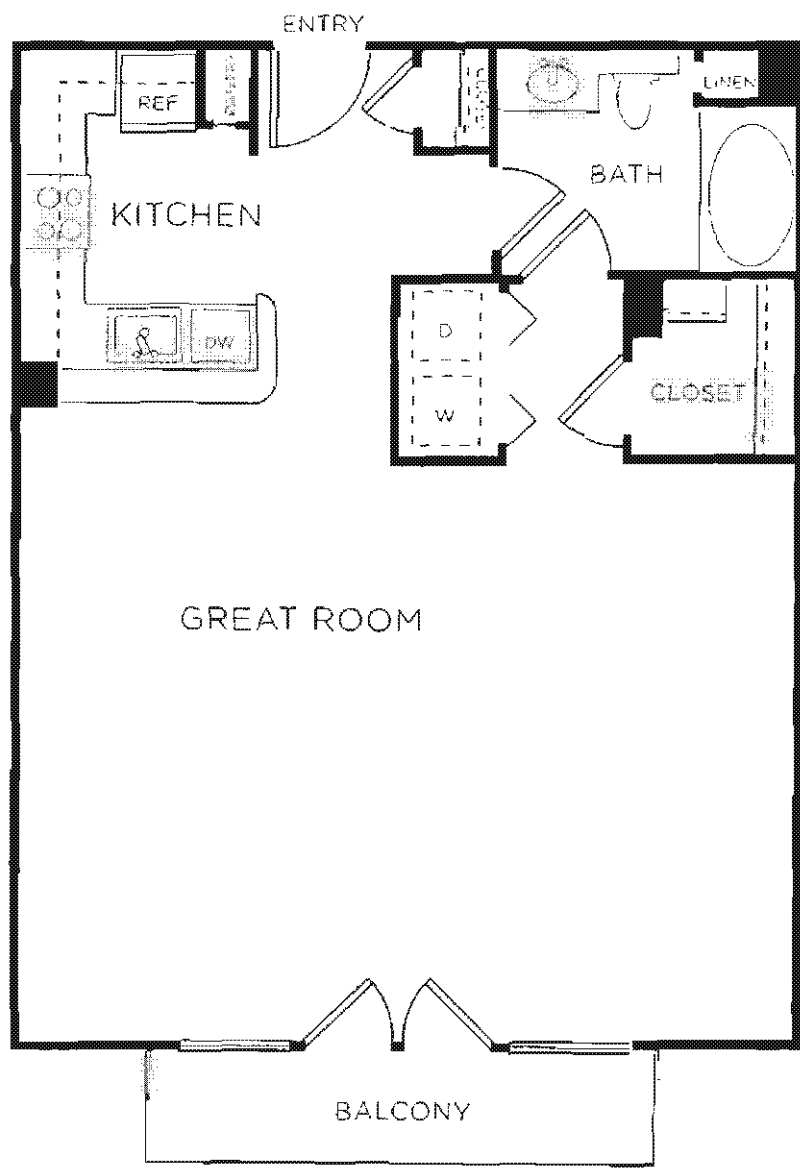
Each floor plan is a conceptual drawing and does not represent an actual floor plan. All dimensions are approximate and subject to change without notice.



Wrigley Loft

Wrigley Loft | 1 Bath | 784 Sq Feet

Floorplans



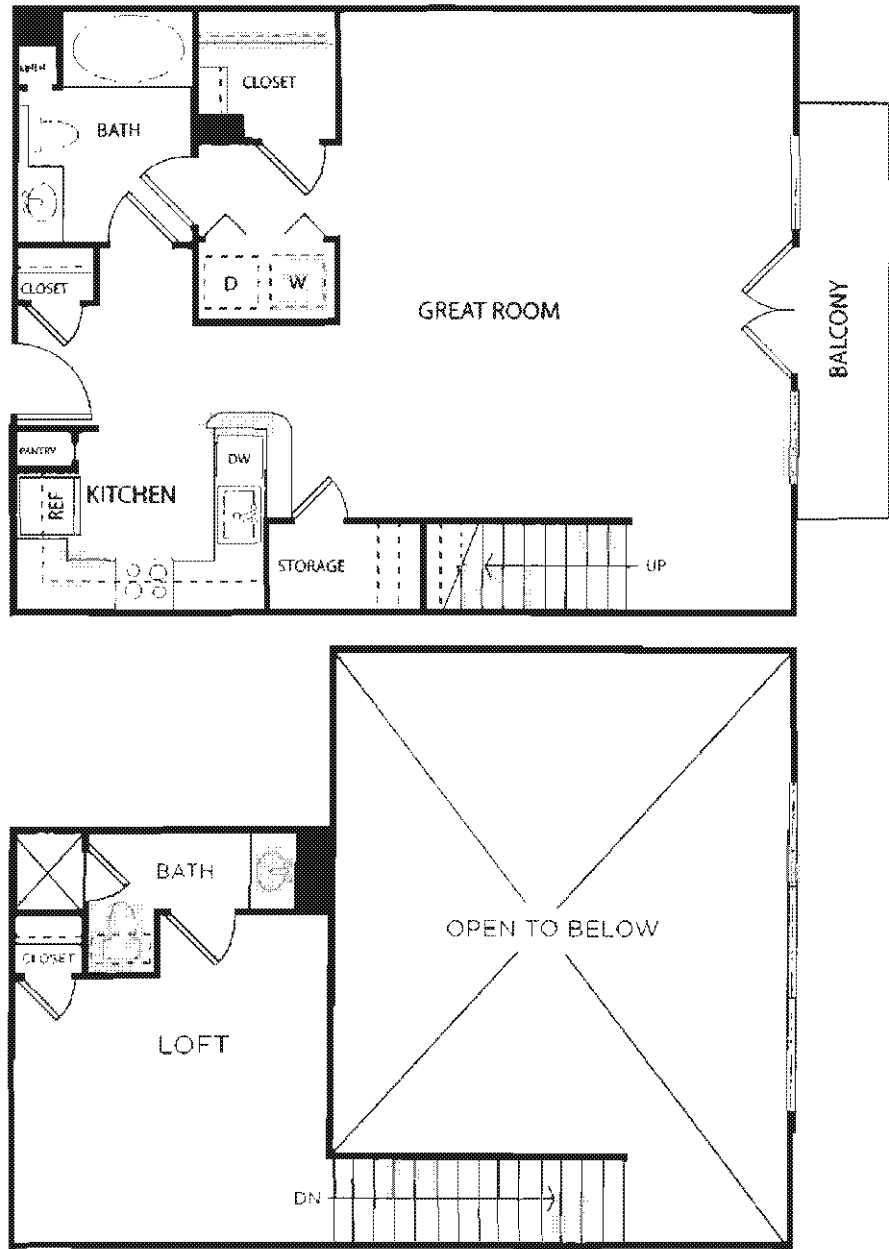
stadiumloftsNOW.com 714.634.9400

For more information, please contact the leasing office at 714.634.9400. All rights reserved. © 2014 Stadium Lofts, Inc.

Wrigley Mezzanine

Wrigley Mezzanine | 1 Bedroom | 1 Bathroom | 2 Bath | 987 Sq Feet

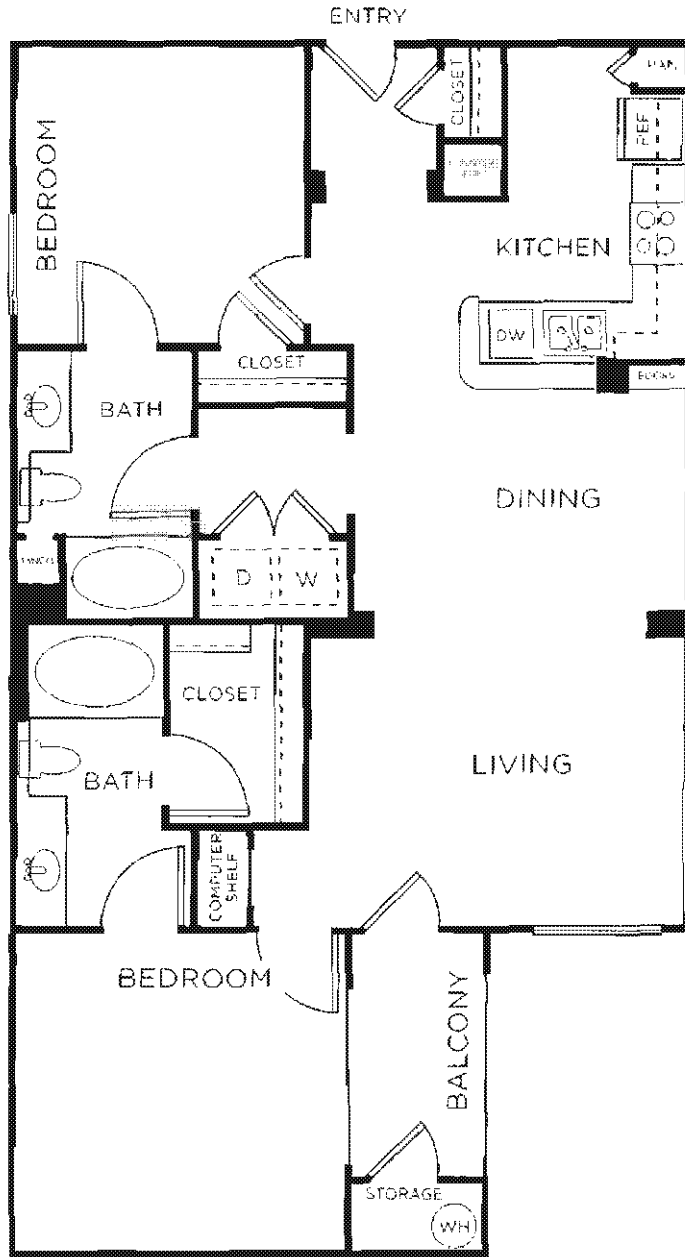
floorplans



Fenway

Fenway | 2 Bedroom | 2 Bath | 1062 Sq Feet

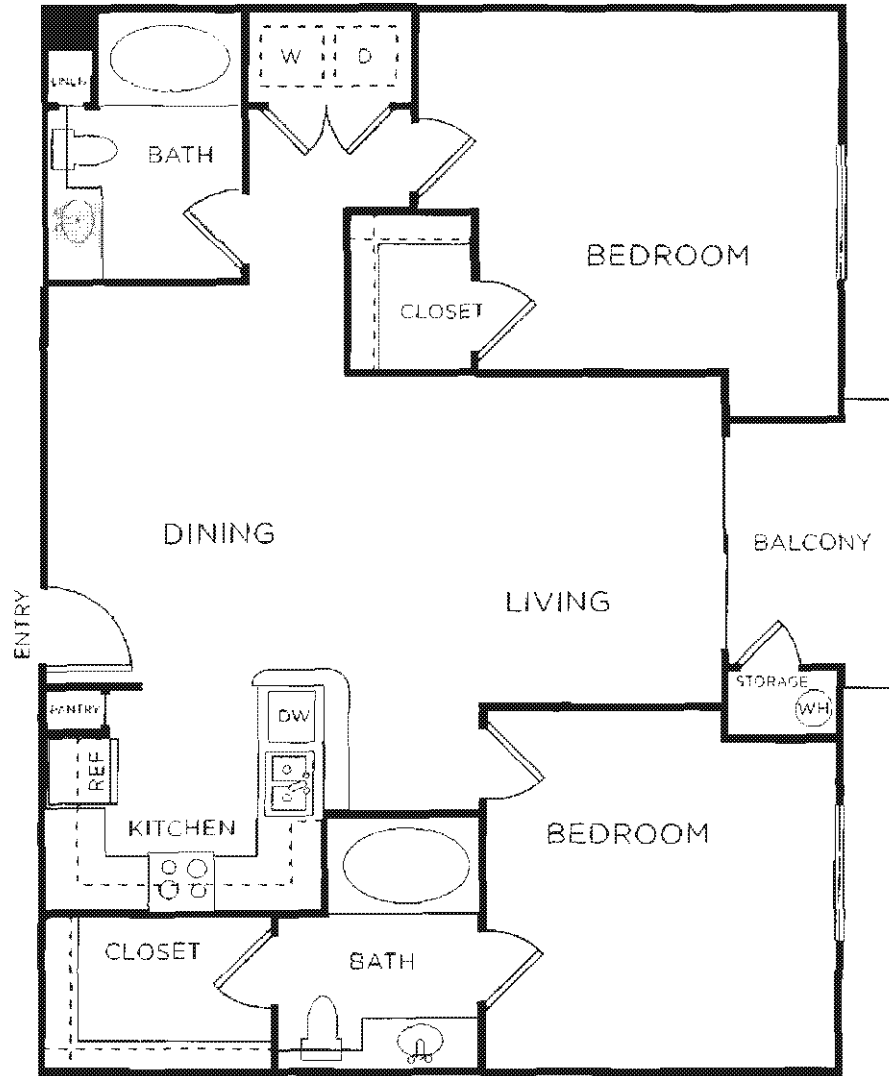
floorplans



Candlestick Park

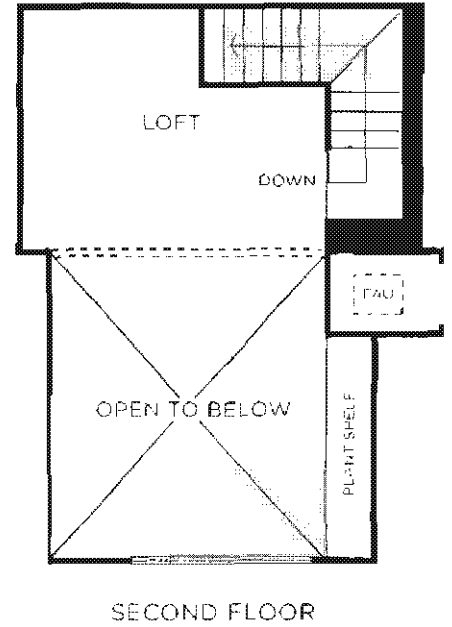
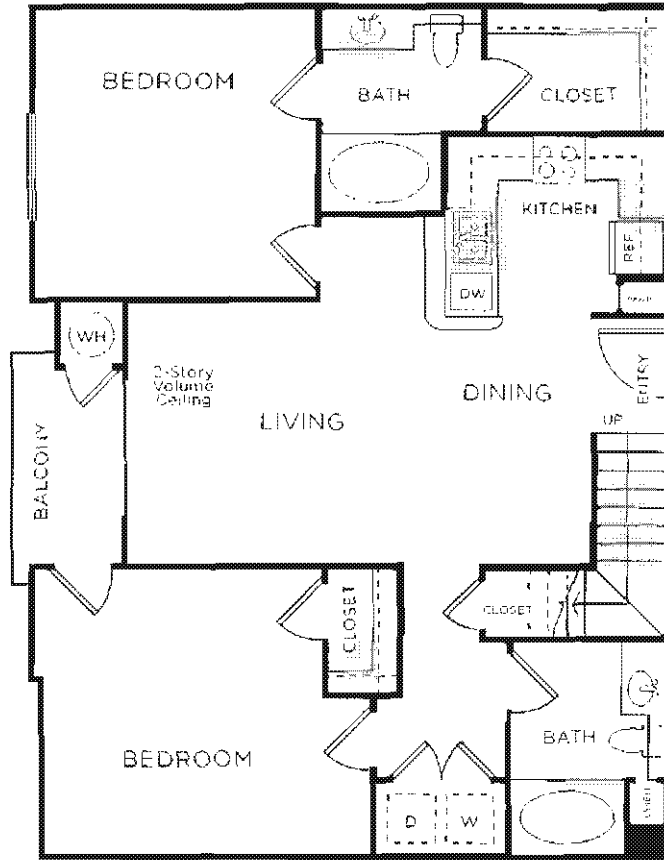
Candlestick Park | 2 Bedroom | 2 Bath | 1082 Sq Feet

floorplans



Candlestick Mezzanine

Candlestick Mezzanine | 2 Bedroom | 2 Bath | 1209 Sq Feet



floorplans



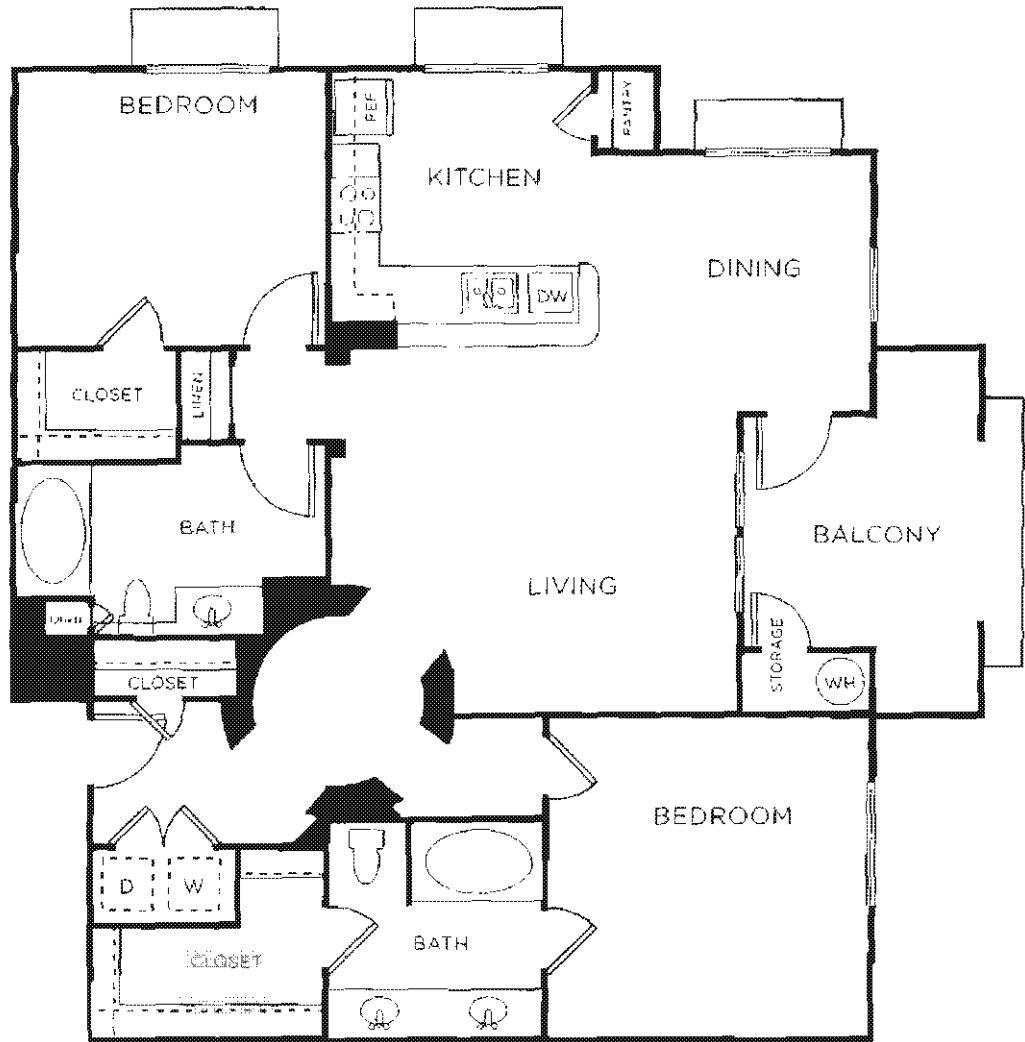
stadiumloftsNOW.com 714.634.9400

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Yankee Stadium

Yankee Stadium | 2 Bedroom | 2 Bath | 1207 Sq Feet

floorplans



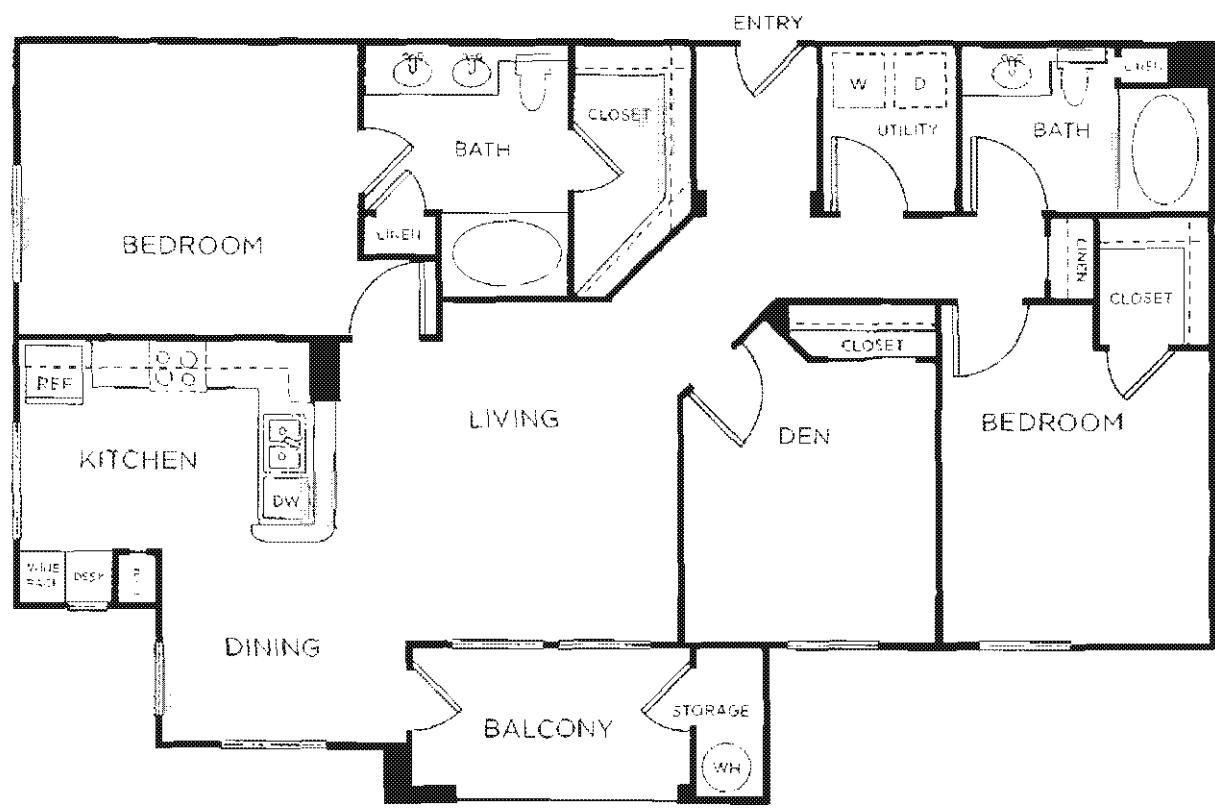
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Dodger Stadium

Dodger Stadium | 2 Bedroom with Office/Den | 2 Bath | 1299 Sq Feet

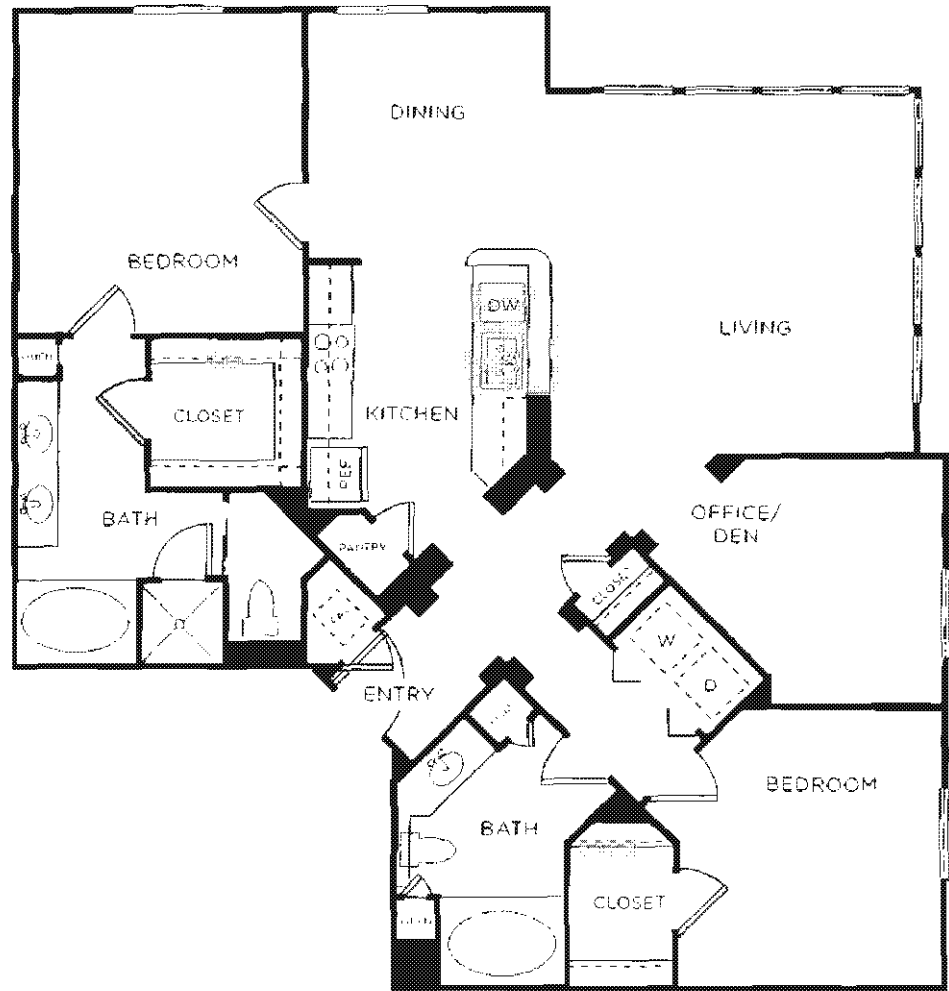
stadiumloftsnow.com 714.634.9400



Angel Stadium

Angel Stadium | 2 Bedroom with Office/Den | 2 Bath | 1398 Sq Feet

floorplans



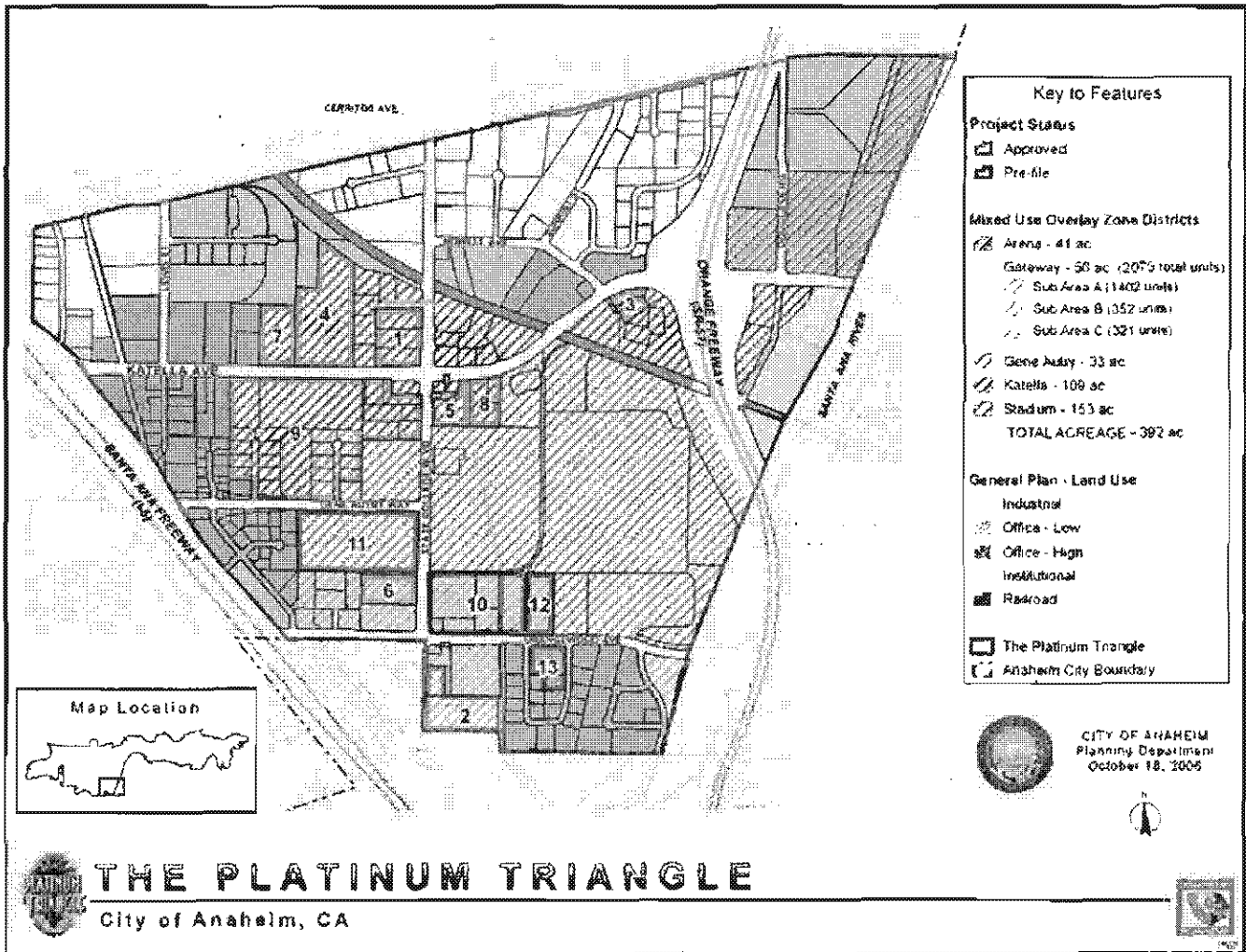
stadiumloftsNOW.com 714.634.9400

PLATINUM TRIANGLE APPROVED PROJECT ADDENDUM

THE PLATINUM TRIANGLE

APPROVED AND PENDING PROJECTS

Updated October 20, 2006



<p>1.</p> <p>Case Numbers:</p> <p>Planner:</p> <p>Location:</p> <p>Description:</p> <p>Status:</p>	<p>Stadium Lofts</p> <p>Final Site Plan No. 2004-00005 Conditional Use Permit No. 2004-04906 Development Agreement No. 2004-00002</p> <p>Tentative Tract Map No. 16618</p> <p>John Ramirez (jpramirez@anaheim.net)</p> <p>1801 E. Katella Ave.</p> <p>390 condominium units, 7,839 square foot restaurant and 2,820 square feet of retail</p> <p>Phase I and II received temporary occupancy Summer of+ 2006, final occupancy scheduled for November 2006.</p>	<p>Katella District</p> <p>Approved 11/16/04 CC</p> <p>Approved 3/28/06 CC</p> <p>Density: 61.9 du/acre</p> <p>Acreeage: 6.3</p>
--	--	---

Applicant: Same as owner

Owner: CREA/Nexus Properties/Windstar
Communities
Eric Heffner
11149 N.Torrey Pines Road, #250
La Jolla, CA 92037
(858) 587-2100
eric@nexusorop.com

Renderings:



2. **Archstone Gateway** **Gateway District**

Case Numbers: Environmental Impact Report No. 328 **Approved 4/26/05 CC**
 Conditional Use Permit No. 2003-04763
 Miscellaneous Permit No. 2003-00071
 Zoning Code Amendment No. 2003-00025

Planner: John Ramirez (jpramirez@anaheim.net) Density: 41.7 du/acre

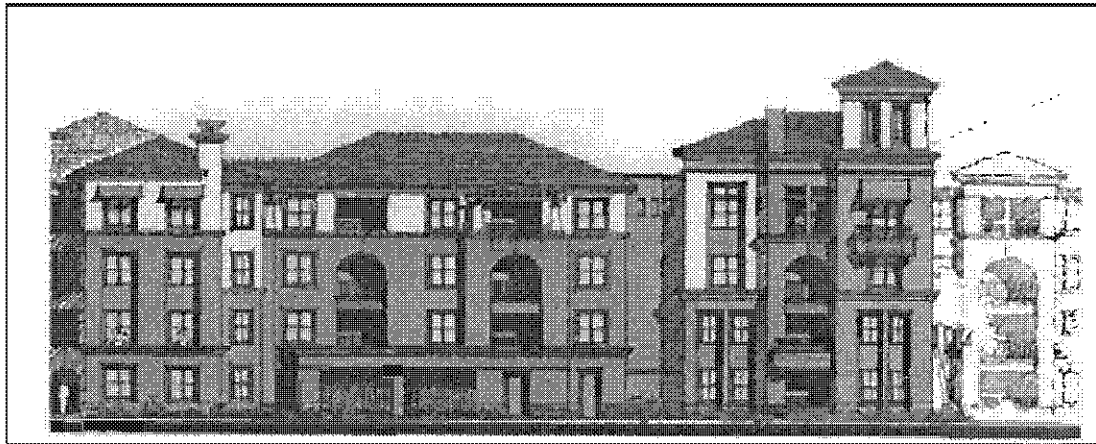
Location: 2150 S. State College Blvd. Acreage: 8.44

Description: 884-unit apartment complex on 20.81 acres with 352 units on 8.44 acres in Anaheim and 532 units on 12.37 acres in the City of Orange

Status: Grading and building permits Fall 2006

Applicant: Archstone Communities Owner: RPG Orange, LLC
 Cynthia Eppeldauer
 1 Spectrum Pointe Dr., Suite 225
 Lake Forest, CA 92630
 (949) 455-4541
ceppeldauer@archstonesmith.com

Rendering:



3. **Stadium Towers** **Katella District**

Case Number: Conditional Use Permit 2005-04966 **Approved 5/2/05 PC**

Planner: Kimberly Wong (kwong2@anaheim.net)

Location: 2430 East Katella Ave. Acreage: 2.02

Description: 14,185 square foot retail center

Status: Temporary certificate of occupancy issued

Applicant: John Hill Owner: Equity Office Properties
 Robinson Hill Architecture
 3195 B Airport Loop Dr.
 Costa Mesa, CA 92626
 (714) 825-8888
hill@rhainc.net
 One Market
 Spear Tower, Suite 600
 San Francisco, CA 94105

4. **Stadium Park Apartments and Stadium Club Condos** *Katella District*

Case Numbers: Final Site Plan No. 2004-00007
Tentative Tract Map No. 16831
Development Agreement Nos. 2005-00001,
2005-00002 and 2005-00003
Pre-File Case No. 2006-00100 – (lot 3 only)

Planner: John Ramirez (jpramirez@anaheim.net)

Location: 1515 E. Katella Ave.

Description: 771 units comprised of 320 apartments (4 story podium over two levels of parking), 196 condos (6 story podium over two levels of parking) and 255 condos (5 story podium over two levels of parking)
Pre-File submittal to amend site plan for Lot 3 containing 255 condo units

Status: Grading underway with building permits to be issued in November 2006.

Applicant: Same as owner

Approved 5/24/05 CC

Comments Pending

Density: 52.7 du/acre

Acreage: 14.64

Owner: BRE Properties
Ken France
2020 Main Street, Suite 950
Irvine, CA 92614
(949) 863-4250
kfrance@breproperties.com

Rendering:



5. **Platinum Centre** *Katella District*

Case Numbers: Conditional Use Permit No. 2005-04975
Final Site Plan No. 2005-00005
Development Agreement No. 2005-00005
Tentative Tract Map No. 16825

Planner: Elaine Thienprasiddhi (ethien@anaheim.net)

Location: 1818 S. State College Blvd.

Description: 265 for-sale flats in a podium building

Status: Grading underway with building permits anticipated to be issued in October, 2006

Applicant: Same as owner

Approved 7/26/05 CC

Modifications to site plan approved on 4/17/06 by PC

Density: 79.1 du/acre

Acreage: 3.35

Owner: Beazer Homes
Gregg Gipe, Vice-President/Operations
1800 East Imperial Highway #200
Brea, CA 92821
(714) 285-2900
ggipe@beazer.com

Rendering:



6. Gateway Centre Condominiums

Case Numbers: Final Site Plan No. 2005-00003
Tentative Tract Map No. 16826
Development Agreement No. 2005-00006

Gateway District

Approved 7/26/05 CC
Modifications to elevations and floor plans scheduled for 10/30/06 Planning Commission meeting.

Planner: John Ramirez (jpramirez@anaheim.net)

Density: 64.9 du/acre

Location: 2045 S. State College Blvd.

Acreage: 3.85

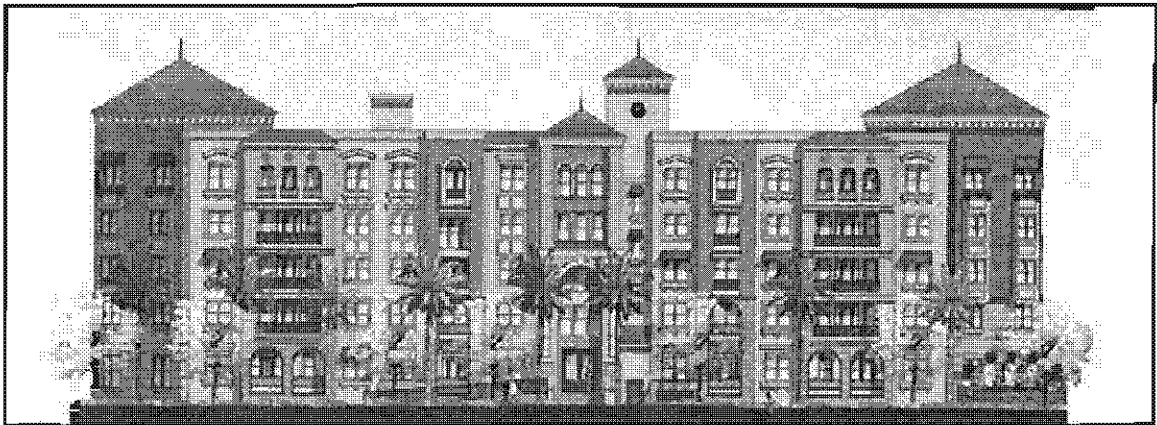
Description: 250 for-sale flats in a podium building

Status: Grading and foundation only permits Fall 2006

Applicant: Same as owner

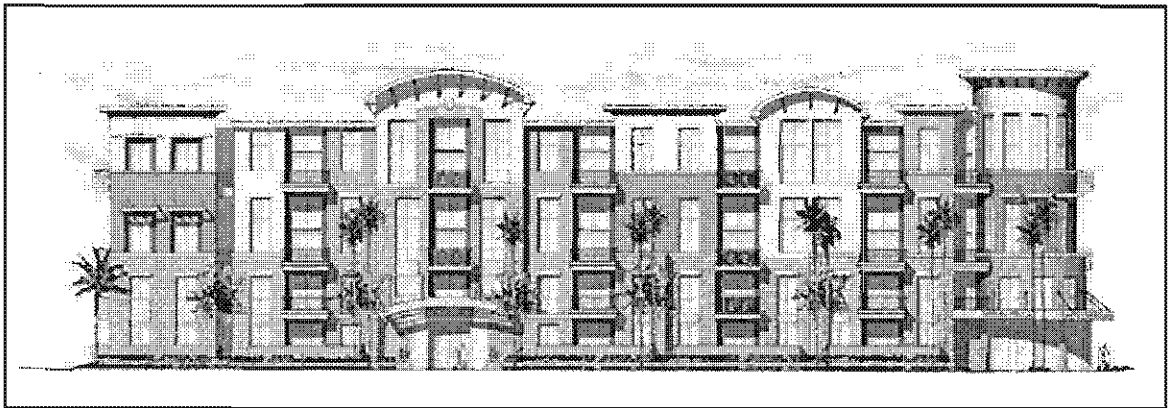
Owner: KB Home Coastal, Inc.
Edwin A. Sundareson,
Director of Development
3 Jenner, Suite 100
Irvine, CA 92618
(949) 789-1991
esundareson@kbhome.com

Renderings:



7. **Platinum Triangle Condominium Development** *Katella District*
Case Numbers: Final Site Plan No. 2005-00006 *Approved 8/23/05 CC*
Tentative Tract Map No. 16832
Development Agreement No. 2005-00007
Planner: Elaine Thienprasiddhi (ethien@anaheim.net) **Density:** 75.5 du/acre
Location: 1331 East Katella Ave. **Acreage:** 4.45
Description: 336 for-sale flats in 3 podium buildings (4 stories over two levels of parking), plus one 1,248 square foot retail tenant space
Status: Demolition underway and construction anticipated to commence in late 2006/early 2007
Applicant: Same as owner **Owner:** West Millennium Homes
Ian Ellis
1849 Sawtelle Blvd, Suite 600
Los Angeles, CA 90025
(310) 473-9925
iellis@westmillenium.com

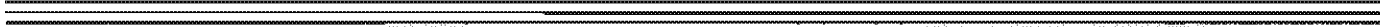
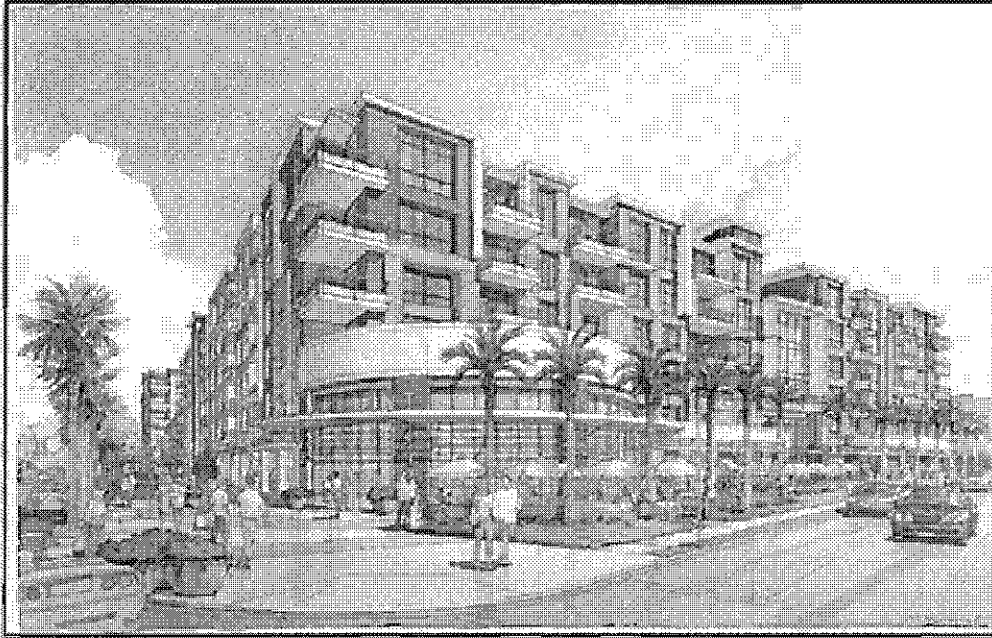
Renderings:





8.	2100 at Platinum Triangle (formerly Anaheim Stadium)	<i>Katella District</i>
Case Numbers:	Conditional Use Permit No. 2005-04967 Final Site Plan No. 2005-00004 Tentative Tract Map No. 16800 Development Agreement No. 2005-00004	Approved 9/13/05 CC
Planner:	Judy Dadant (jdadant@anaheim.net)	Density: 71.7 du/acre
Location:	2100 East Katella Ave.	Acreage: 3.5
Description:	251 for-sale residential units and 9,764 square feet (with an option to construct up to 11,807 square feet) of retail and restaurant uses (six levels over one subterranean parking level)	
Status:	Foundation permits Fall 2006	
Applicant:	Same as owner	Owner: D.R. Horton Western Pacific Housing Brian Cazares 16755 Von Karman Ave., Suite 200 Irvine, CA 92606 (949) 862-1449 bdcazares@drhorton.com

Renderings:





9. **Lennar's A-Town Metro** *Katella & Gene Autry Districts*

Case Numbers: Environmental Impact Report No. 2005-00332 Approved 10/25/05 CC
 General Plan Amendment No. 2005-00434
 Reclassification No. 2005-00164
 Conditional Use Permit No. 2005-04999
 Development Agreement No. 2005-00008
 Zoning Code Amendment No. 2005-00042
 Miscellaneous Case Nos. 2005-00111 and 2005-00116

Planner: Ted White (twhite@anaheim.net) **Density:** 66 du/acre

Location: 1404 East Katella Ave. **Acreage:** 40.6

Description: A master planned community which will include two public parks; 2,681 dwelling units (2,190 d/u in Katella District, 491 d/u in Gene Autry District); and 229,800 square foot commercial/retail area in a variety of building types such as street townhouses, stacked townhouses, live/work lofts and residential towers (24 to 35 stories each).

Status: Grading underway and Final Site Plans in process (see status for each Development Area below)

Applicant: Same as owner **Owner:** Lennar Platinum Triangle, LLC
 Andrew Han
 25 Enterprise
 Aliso Viejo, CA 92656
 (949) 349-8326
andrew.han@lennar.com

Final Site Plans:

Development Area A:

Description: 5-story podium (157 units) and 56,000 square feet of retail (2.6 acres)

Status: Under review

Applicant: MVE Studio
1900 Main Street, Suite 800
Irvine, CA 92614
(949) 809-2700

Development Area B:

Description: Two 24-story towers (569 units), 26 podium townhomes and 23,183 square feet of retail (2.4 acres)

Status: Under review

Applicant: IBI Group
Marsha Bousquet
18401 Von Karman Ave., Suite 110
Irvine, CA 92612
(949) 833-5588 ext. 110

Development Areas C & K:

Description: Parcel C (2.1 acres) – 5-story podium (98 units) with 17,435 square feet of retail
Parcel K (1.7 acres) – 4-story podium (69 units)

Status: Under review

Applicant: MVE Studio
1900 Main Street, Suite 800
Irvine, CA 92614
(949) 809-2700

Development Area D:

Description: 24-story tower (190 units), 5- and 6-story podium buildings with shopkeepers units (82 units) and 15,000 square feet of retail (2.2 acres)

Status: Under review

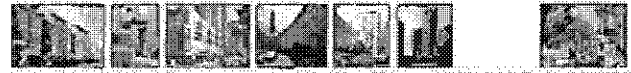
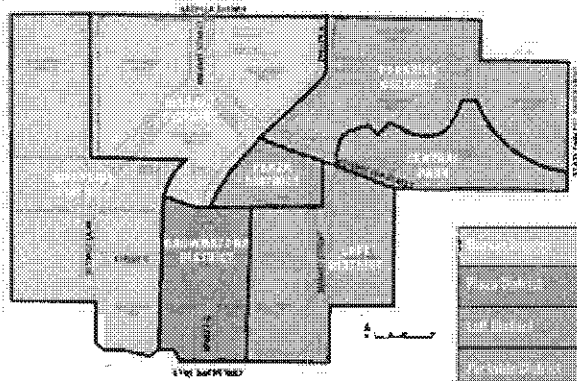
Applicant: Johnson Fain International
1201 North Broadway
Los Angeles, CA 90012
(323) 224-6000

Development Area E:

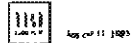
Description: 22-story tower (145 units), 4-story podium (22 units), brownstone townhomes (8 units) and 22,114 square feet of retail (1.8 acres)

Status: Under review

Applicant: Johnson Fain International
1201 North Broadway
Los Angeles, CA 90012
(323) 224-6000



	Stacked Flats	Lofts	Podium Townhomes	Street Townhomes	Urban Tower	Luxury Tower	Total Residential	Retail Commercial
Stacked Flats	154	88	16	0	167	0	415	79,143 s.f.
Lofts	0	0	0	0	0	119	119	17,488 s.f.
Podium Townhomes	0	242	16	0	144	0	422	19,943 s.f.
Street Townhomes	0	0	16	0	168	600	826	14,600 s.f.
Urban Tower	0	0	7	14	0	0	21	0
Luxury Tower	0	0	0	0	0	0	0	0
Commercial	0	0	0	0	0	0	0	0
TOTAL	154	88	39	16	329	719	1,601	110,274 s.f.



10. Lennar's A-Town Stadium Gateway District

Case Number: Pre-file Case No. 2006-00078

Planner: Ted White (twhite@anaheim.net) **Density:** 83.8 du/acre

Location: 2115, 2125, 2025 East Orangewood Ave. and 2050 South State College Blvd. **Acreage:** 13.5

Description: 1,132 units in a mix of urban towers (32 floors/maximum height of 350 feet), low to mid rise stacked flats and podium townhomes and 48,670 square feet of commercial uses

Status: Pre-file comments pending

Applicant: Same as owner **Owner:** Lennar Platinum Triangle, LLC
 Andrew Han
 25 Enterprise
 Aliso Viejo, CA 92656
 (949) 349-8326

11. AMB Property Gene Autry District

Case Number: Pre-file Case No. 2006-00066

Planner: Susan Kim (skim@anaheim.net) **Density:** 68.7 du/acre

Location: 1969 South State College Boulevard **Acreage:** 17.58

Description: A Master Site Plan for a mixed use center consisting of 1,208 residential units in residential towers ranging from 14 to 20 stories, and mid-rise townhomes/condominiums ranging from 4 to 6 stories; 50,000 square feet of commercial area; 100,000 square feet of office space; and, a 2.1-acre public park.

Status: Initial Study being prepared. Project under review.

Applicant: Tom Zanic
New Urban West, Inc.
1733 Ocean Avenue, Suite 350
Santa Monica, CA 90401
(310) 394-3379
tomz@nuwi.com

Owner: AMB Property, L.P.
c/o AMB Property Corporation
Drew Singer, Senior Vice-President
Pier 1, Bay 1
San Francisco, CA 94111
(415) 394-9000
FAX (415) 394-9001
dsinger@amb.com

12. Orangewood Condominiums

Gateway District

Case Number: Pre-file Case No. 2006-00084

Planner: Ted White (twhite@anaheim.net)

Density: 87 du/acre

Location: 2211 East Orangewood Ave.

Acreage: 3.93

Description: To establish a 341-unit condominium complex within two podium buildings

Status: Pre-file comments pending

Applicant: Same as owner

Owner: West Millennium Homes
Ian Ellis
1849 Sawtelle, Suite 600
Los Angeles, CA 90025
(310) 473-9925
(310) 473-3449
iellis@westmillennium.com

13.

Gateway District

Case Number: Pre-file Case No. 2006-00069

Planner: John Ramirez (jpramirez@anaheim.net)

Location: 2210-2220 East Orangewood Avenue
2231 Dupont Drive

Acreage: 3.3

Description: To construct a 22-story building containing 572,000 square feet of office, 15,000 square feet of commercial and a 1,735 space parking structure.

Status: Pre-file comments pending

Applicant: Ware Malcomb
Jon A. Zimmerman, AIA
19 Edelman
Irvine, CA 92618
(949)660-9128
FAX (949)863-1581
jzimmerman@waremalcomb.com

Owner: Japos Inc./Win-Dor Inc.
220 E. Orangewood Avenue
Anaheim, CA 92806

SUMMARY

	Units	Acreage	Average Density
Totals	7,977	125.4	64 du/acre

LOT LINE ADJUSTMENT ADDENDUM

**SUPERSEDING BOUNDARIES OF
CITY OF ANAHEIM
COMMUNITY FACILITIES DISTRICT NO. 06-2
(STADIUM LOFTS)
COUNTY OF ORANGE
STATE OF CALIFORNIA**

(1) Filed in the office of the City Clerk of the the City of Anaheim this ____ day of _____, 2006.

Sheryll Schroeder
City Clerk, City of Anaheim

(2) I hereby certify that the within map showing the Superseding Boundaries of City of Anaheim Community Facilities District No. 06-2 (Stadium Lofts), County of Orange, State of California, was approved by the Council of the City of Anaheim at a regular meeting thereof, held on this _____ day of _____, 2006, by its Resolution No. _____.

Sheryll Schroeder
City Clerk, City of Anaheim

(3) Filed this ____ day of _____, 2006, at the hour of ____ o'clock ____ m, in Book _____ of Maps of Assessment and Community Facilities Districts at Page _____ and as Instrument No. _____ in the office of the County Recorder in the County of Orange, State of California.

Tom Daly
Clerk-Recorder, County of Orange

By _____
Deputy
Fee _____

Exempt recording requested,
per CA Government Code §6103

This map amends the Proposed Boundary Map for City of Anaheim Community Facilities District No. 06-2, County of Orange, State of California, prior recorded at Book 91 of Miscellaneous Maps at Pages 40 through 41, as instrument No. 2006-474343, on July 17, 2006 at 12:34 p.m. in the office of the County Recorder for the County of Orange, State of California.

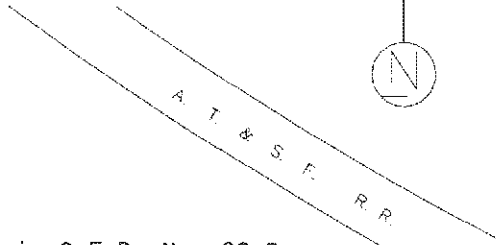
**SUPERSEDING BOUNDARIES OF
CITY OF ANAHEIM
COMMUNITY FACILITIES DISTRICT NO. 06-2
(STADIUM LOFTS)
COUNTY OF ORANGE
STATE OF CALIFORNIA**

LEWIS STREET

HOWELL AVENUE

HOWELL

STATE COLLEGE BLVD.




Reference is hereby made to Lot Line Adjustment LLA 0000590 recorded in Official Records of Orange County, California on June 2, 2006 at 12:54 p.m. as Document Number 2006000372625, and to the Assessor maps of the County of Orange for a description of the lines and dimensions of this parcel.

Assessor Parcels in Anaheim C.F.D. No. 06-2
(Stadium Lofts):
082-260-54 (portion)
082-260-66 (portion)
082-260-87

WRIGHT CIRCLE

Parcel 1 of
Lot Line
Adjustment
0000590

LEGEND

	Superseding Boundaries of City of Anaheim Community Facilities District No. 06-2 (Stadium Lofts), Orange County, California
---	---

KATELLA AVENUE

125870-EB

Recorded In Official Records, Orange County

Tom Daly, Clerk-Recorder



42.00

2006000372625 12:54pm 06/02/06

119 59 L09 13

0.00 0.00 0.00 0.00 36.00 0.00 0.00 0.00

PAGE 1 OF 10

WHEN RECORDED MAIL TO:

CITY OF ANAHEIM
PUBLIC WORKS - RECORDS SECTION
P.O. BOX 3222
ANAHEIM, CA 92803

CITY OF ANAHEIM

LOT LINE ADJUSTMENT LLA 0000590

ALL IN THE CITY OF ANAHEIM, COUNTY OF ORANGE, STATE OF CALIFORNIA

BEING A LOT LINE ADJUSTMENT OF PARCEL 1, AS SHOWN ON LOT LINE ADJUSTMENT LLA 0000580, RECORDED FEBRUARY 28, 2005, PER INSTRUMENT NO. 2005000147206, OF OFFICIAL RECORDS, TOGETHER WITH PARCEL 5, AS SHOWN ON A PARCEL MAP FILED IN BOOK 65, PAGE 22, OF PARCEL MAPS. TOGETHER WITH PARCEL 3, AS SHOWN ON A PARCEL MAP FILED IN BOOK 57, PAGE 1, OF PARCEL MAPS, ALL IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

RECORD OWNER'S CERTIFICATE:

WE HEREBY CERTIFY THAT:

1. WE ARE THE RECORD OWNERS OF ALL PARCELS PROPOSED FOR ADJUSTMENT BY THIS APPLICATION,
2. WE HAVE KNOWLEDGE OF AND CONSENT TO THE FILING OF THIS APPLICATION AND
3. THE INFORMATION SUBMITTED IN CONNECTION WITH THIS APPLICATION IS TRUE AND CORRECT.

EXISTING PARCEL'S AP NO'S: 082-260-053, 082-260-074, 082-260-075
082-260-054 AND 082-260-066

PARCEL 1:

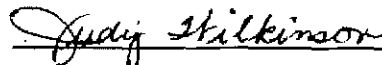
CREA / Nexus Anaheim Corners, LLC
a Delaware Limited Liability Company
11149 North Torrey Pines Road, Suite 250
La Jolla, California, 92037
858 587-2100


ERIC L. HEFFNER

PARCEL 2:

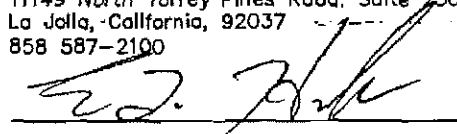
N.A.
**BANK OF AMERICA, NATIONAL TRUST
AND SAVINGS ASSOCIATION**
a National Banking Association

1701 E. Katella Ave
Anaheim, California 92805



PARCEL 3:

Windstar Katella, LLC
a Delaware Limited Liability Company
11149 North Torrey Pines Road, Suite 250
La Jolla, California, 92037
858 587-2100



CITY OF ANAHEIM
LOT LINE ADJUSTMENT LLA 0000590

SURVEYOR'S STATEMENT:

THIS DOCUMENT CONSISTING OF 10 PAGES WAS PREPARED BY ME OR UNDER MY DIRECTION.



10/25/05
DATE

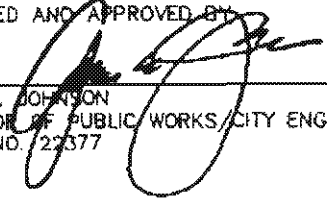
JERRY L. USELTON, L.S. 5347
MY REGISTRATION LICENSE EXPIRES 12-31-05

FUSCOE ENGINEERING, INC.
16795 VON KARMAN, SUITE 100
IRVINE, CA 92606
PHONE NO.: (949) 474-1980



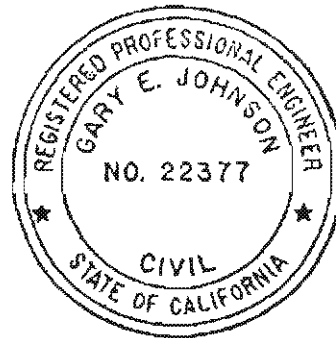
CITY ENGINEER'S APPROVAL:

EXAMINED AND APPROVED BY



5.16.06
DATE

GARY E. JOHNSON
DIRECTOR OF PUBLIC WORKS/CITY ENGINEER
R.C.E. NO. 22377



CITY OF ANAHEIM

LOT LINE ADJUSTMENT LLA 0000590

STATE OF CALIFORNIA)
) SS
COUNTY OF San Diego)

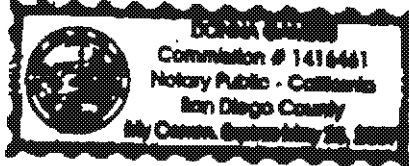
ON THIS 1st DAY OF Sept., 2005, BEFORE ME, Donna Gambee PERSONALLY APPEARED ERIC L HEFFNER, KNOWN TO ME (~~OR PROVED TO ME ON THE BASIS OF SATISFACTORY EVIDENCE~~) TO BE THE PERSON WHOSE NAME IS SUBSCRIBED TO THE WITHIN INSTRUMENT AND ACKNOWLEDGED TO ME THAT HE EXECUTED THE SAME IN HIS AUTHORIZED CAPACITIES, AND THAT BY HIS SIGNATURE ON THE INSTRUMENT THE PERSON OR THE ENTITY UPON BEHALF OF WHICH THE PERSON ACTED, EXECUTED THE INSTRUMENT.

WITNESS MY HAND:

Donna Gambee
NOTARY PUBLIC IN AND FOR SAID STATE
Donna Gambee
(PRINT NAME)

MY PRINCIPAL PLACE OF BUSINESS IS IN San Diego COUNTY.

MY COMMISSION EXPIRES: MAY 25, 2007



TX
STATE OF CALIFORNIA)
) SS
COUNTY OF Dallas)

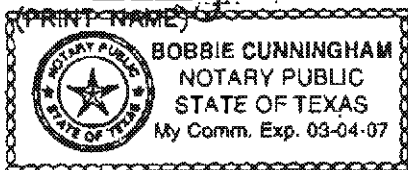
ON THIS 19 DAY OF August, 2005, BEFORE ME, Bobbie Cunningham PERSONALLY APPEARED Judy Wilkins KNOWN TO ME (~~OR PROVED TO ME ON THE BASIS OF SATISFACTORY EVIDENCE~~) TO BE THE PERSON WHOSE NAME IS SUBSCRIBED TO THE WITHIN INSTRUMENT AND ACKNOWLEDGED TO ME THAT HE EXECUTED THE SAME IN HIS AUTHORIZED CAPACITIES, AND THAT BY HIS SIGNATURE ON THE INSTRUMENT THE PERSON OR THE ENTITY UPON BEHALF OF WHICH THE PERSON ACTED, EXECUTED THE INSTRUMENT.

WITNESS MY HAND:

Bobbie Cunningham
NOTARY PUBLIC IN AND FOR SAID STATE
Bobbie Cunningham
(PRINT NAME)

MY PRINCIPAL PLACE OF BUSINESS IS IN Dallas COUNTY.

MY COMMISSION EXPIRES: 03-04-07



CITY OF ANAHEIM

LOT LINE ADJUSTMENT LLA 0000590

STATE OF CALIFORNIA)
) SS
COUNTY OF San Diego)

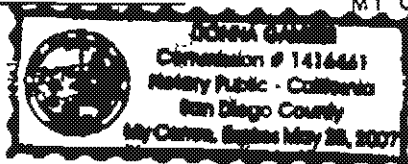
ON THIS 1st DAY OF Sept., 2005, BEFORE ME, Donna Gambee PERSONALLY APPEARED Eric L. Beffner KNOWN TO ME ~~(OR PROVED TO ME ON THE BASIS OF SATISFACTORY EVIDENCE)~~ TO BE THE PERSON WHOSE NAME IS SUBSCRIBED TO THE WITHIN INSTRUMENT AND ACKNOWLEDGED TO ME THAT HE EXECUTED THE SAME IN HIS AUTHORIZED CAPACITIES, AND THAT BY HIS SIGNATURE ON THE INSTRUMENT THE PERSON OR THE ENTITY UPON BEHALF OF WHICH THE PERSON ACTED, EXECUTED THE INSTRUMENT.

WITNESS MY HAND:

Donna Gambee
NOTARY PUBLIC IN AND FOR SAID STATE
Donna Gambee
(PRINT NAME)

MY PRINCIPAL PLACE OF BUSINESS IS IN San Diego COUNTY.

MY COMMISSION EXPIRES: May 25, 2007



STATE OF CALIFORNIA)
) SS
COUNTY OF)

ON THIS _____ DAY OF _____, 2005, BEFORE ME, _____ PERSONALLY APPEARED RICHARD JOSEPH MAAG, KNOWN TO ME ~~(OR PROVED TO ME ON THE BASIS OF SATISFACTORY EVIDENCE)~~ TO BE THE PERSON WHOSE NAME IS SUBSCRIBED TO THE WITHIN INSTRUMENT AND ACKNOWLEDGED TO ME THAT HE EXECUTED THE SAME IN HIS AUTHORIZED CAPACITIES, AND THAT BY HIS SIGNATURE ON THE INSTRUMENT THE PERSON OR THE ENTITY UPON BEHALF OF WHICH THE PERSON ACTED, EXECUTED THE INSTRUMENT.

WITNESS MY HAND:

NOTARY PUBLIC IN AND FOR SAID STATE

(PRINT NAME)

MY PRINCIPAL PLACE OF BUSINESS IS IN _____ COUNTY.

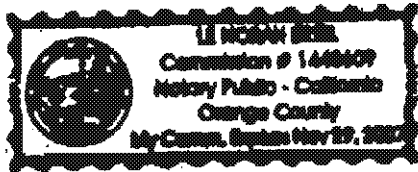
MY COMMISSION EXPIRES: _____

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

State of California }
County of Orange } ss.

On May 17, 2006, before me, LeNora Eitel Notary Public,
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")
personally appeared Gary E Johnson
Name(s) of Signer(s)

- personally known to me
- proved to me on the basis of satisfactory evidence



to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

LeNora Eitel
Signature of Notary Public

Place Notary Seal Above

OPTIONAL

Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.

Description of Attached Document

Title or Type of Document: LLA 0000590

Document Date: _____ Number of Pages: _____

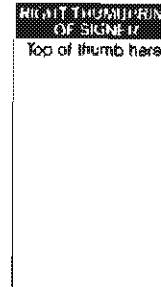
Signer(s) Other Than Named Above: Eric C. Heffner, Donna Granber
Judy W. Kinson

Capacity(ies) Claimed by Signer

Signer's Name: _____

- Individual
- Corporate Officer — Title(s): _____
- Partner — Limited General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: _____

Signer is Representing: _____



GOVERNMENT CODE 27361.7

I CERTIFY UNDER PENALTY OF PERJURY THAT THE NOTARY SEAL ON THE DOCUMENT TO WHICH THIS STATEMENT IS ATTACHED READS AS FOLLOWS:

NAME OF NOTARY: DONNA GAMBEE
COUNTY WHERE BOND IS FILED: SAN DIEGO
DATE COMMISSION EXPIRES: MAY 25, 2007
COMMISSION NO.: 14164761
MANUFACTURERS/VENDOR NO. NNA1

PLACE OF EXECUTION: SANTA ANA, CALIFORNIA
DATE: May 31, 2006

BY: 
FIRST AMERICAN TITLE INSURANCE COMPANY

GOVERNMENT CODE 27361.7

I CERTIFY UNDER PENALTY OF PERJURY THAT THE NOTARY SEAL ON THE DOCUMENT TO WHICH THIS STATEMENT IS ATTACHED READS AS FOLLOWS:

NAME OF NOTARY: LE NORMAN ERTEL
COUNTY WHERE BOND IS FILED: ORANGE
DATE COMMISSION EXPIRES: NOVEMBER 29, 2007
COMMISSION NO.: 1448609
MANUFACTURERS/VENDOR NO. NNA1

PLACE OF EXECUTION: SANTA ANA, CALIFORNIA
DATE: May 31, 2006

BY: 

FIRST AMERICAN TITLE INSURANCE COMPANY

CITY OF ANAHEIM
LOT LINE ADJUSTMENT LLA 0000590
(LEGAL DESCRIPTION)

ALL IN THE CITY OF ANAHEIM, COUNTY OF ORANGE, STATE OF CALIFORNIA,

PARCEL 1

PARCEL 1, AS SHOWN ON LOT LINE ADJUSTMENT LLA 0000580, RECORDED FEBRUARY 28, 2005, PER INSTRUMENT NO. 2005000147206, OF OFFICIAL RECORDS, TOGETHER WITH A PORTION OF PARCEL 5, AS SHOWN ON A MAP FILED IN BOOK 65, PAGE 22, OF PARCEL MAPS. AND TOGETHER WITH A PORTION OF PARCEL 3, AS SHOWN ON A MAP FILED IN BOOK 57, PAGE 1, OF PARCEL MAPS, ALL IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, DESCRIBED AS FOLLOWS;

BEGINNING AT THE SOUTHWESTERLY CORNER OF SAID PARCEL 1; THENCE ALONG THE SOUTHERLY LINE OF SAID PARCEL 3, SOUTH 89°57'49" WEST, 28.00 FEET TO A POINT ON A LINE 28.00 FEET WESTERLY AND PARALLEL WITH THE WESTERLY LINE OF SAID PARCEL 1; THENCE ALONG SAID PARALLEL LINE, NORTH 00°12'23" WEST, 522.29 FEET TO A POINT ON THE SOUTHERLY LINE OF PARCEL 4, AS SHOWN ON SAID PARCEL MAP FILED IN BOOK 65, PAGE 22; THENCE ALONG SAID SOUTHERLY LINE, N 89°47'37" EAST, 14.00 FEET TO THE SOUTHEAST CORNER OF SAID PARCEL 4; THENCE ALONG THE EASTERLY LINE OF SAID PARCEL 4, NORTH 00°12'23" WEST, 49.67 FEET TO A POINT ON A NON-TANGENT CURVE CONCAVE NORTHERLY AND HAVING A RADIUS OF 50.00 FEET, A RADIAL LINE TO SAID POINT BEARS SOUTH 00°12'23" EAST; THENCE ALONG THE MOST NORTHERLY LINE OF SAID PARCEL 5 AND THE NORTHERLY, EASTERLY AND SOUTHERLY LINES OF SAID PARCEL 1, THE FOLLOWING SEVEN (7) COURSES: 1) EASTERLY 30.32 FEET ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 34°44'43" TO A POINT ON A REVERSE CURVE CONCAVE SOUTHEASTERLY AND HAVING A RADIUS OF 50.00 FEET, A RADIAL LINE TO SAID POINT BEARS NORTH 34°57'06" WEST, 2) NORTHEASTERLY 30.47 FEET ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 34°54'55", 3) NORTH 89°57'49" EAST, 406.90 FEET, TO THE BEGINNING OF A CURVE CONCAVE SOUTHWESTERLY AND HAVING A RADIUS OF 15.00 FEET, 4) SOUTHEASTERLY 23.52 FEET ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 89°49'48", 5) SOUTH 00°12'23" EAST, 550.04 FEET, 6) SOUTH 44°52'43" WEST, 35.31 FEET AND 7) SOUTH 89°57'49" WEST, 440.00 FEET, TO THE POINT OF BEGINNING.

SAID PARCEL 1 CONTAINS APPROXIMATELY 6.652 ACRES

PARCEL 2

PARCEL 3, AS SHOWN ON A MAP FILED IN BOOK 57, PAGE 1, OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

EXCEPTING THE EASTERLY 28.00 FEET OF SAID PARCEL 3

SAID PARCEL 2 CONTAINS APPROXIMATELY 0.987 ACRES

CITY OF ANAHEIM
LOT LINE ADJUSTMENT LLA 0000590
(LEGAL DESCRIPTION)

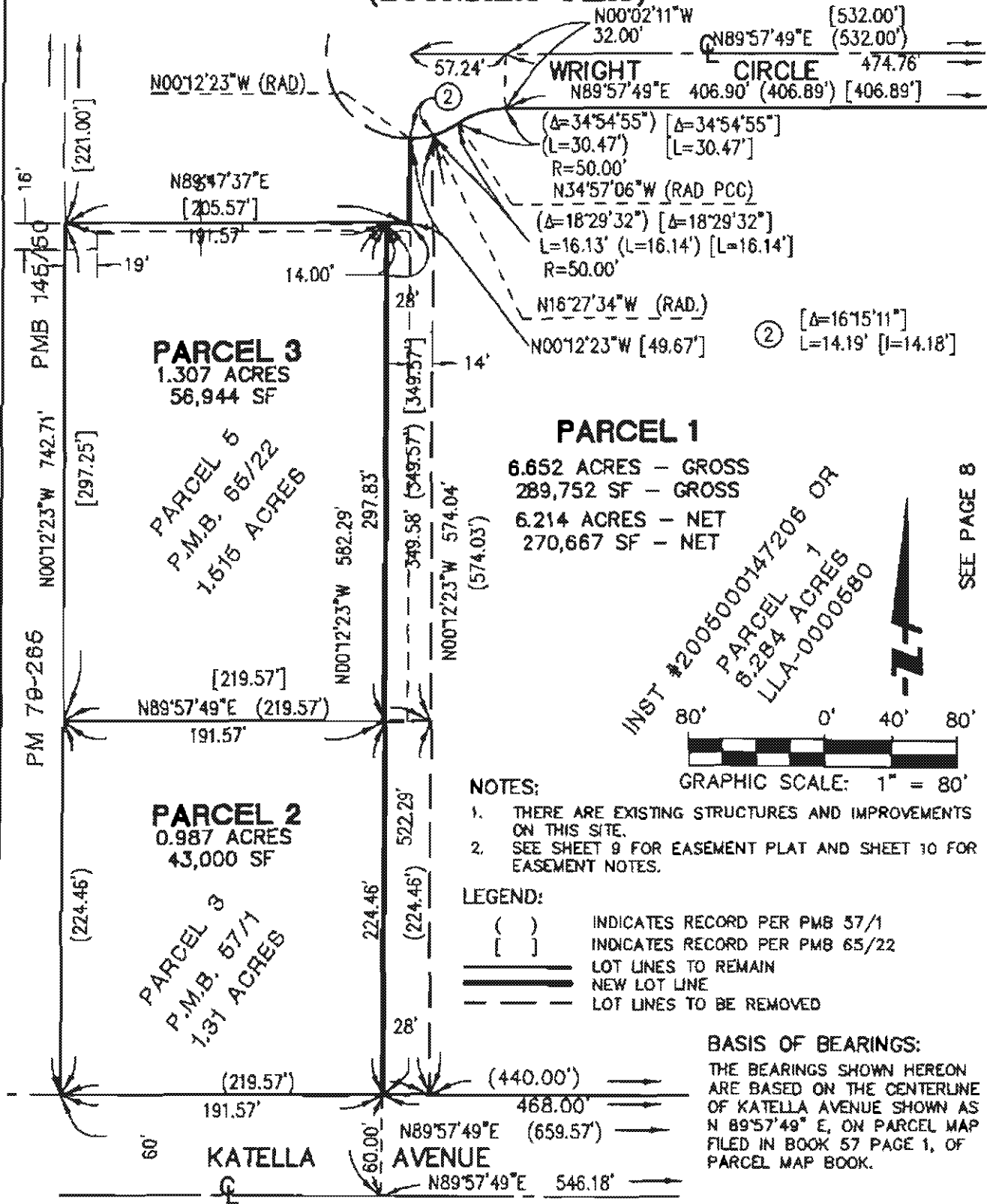
PARCEL 3

PARCEL 5, AS SHOWN ON A MAP FILED IN BOOK 65, PAGE 22, OF PARCEL MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, EXCEPTING THE FOLLOWING DESCRIBED PORTION OF SAID PARCEL 5;

BEGINNING AT THE SOUTHEAST CORNER OF SAID PARCEL 5; THENCE ALONG THE SOUTHERLY LINE OF SAID PARCEL 5, SOUTH 89°57'49" WEST, 28.00 TO A POINT ON A LINE 28.00 FEET WEST AND PARALLEL WITH THE WESTERLY LINE OF PARCEL 1 OF LOT LINE ADJUSTMENT LLA 0000580, RECORDED FEBRUARY 28, 2005, PER INSTRUMENT NO. 2005000147206, OF OFFICIAL RECORDS; THENCE ALONG SAID PARALLEL LINE NORTH 00°12'23" WEST, 297.83 FEET TO A POINT ON A NORTH LINE OF SAID PARCEL 5; THENCE ALONG THE BOUNDARY OF SAID PARCEL 5 THE FOLLOWING FOUR (4) COURSES: 1) NORTH 89°47'37" EAST, 14.00 FEET, 2) NORTH 00°12'23" WEST, 49.67 FEET TO A POINT ON A NON-TANGENT CURVE CONCAVE NORTHERLY AND HAVING A RADIUS OF 50.00 FEET, A RADIAL BEARING THROUGH SAID POINT BEARS SOUTH 00°12'23" EAST, 3) EASTERLY 14.19 FEET ALONG SAID CURVE THROUGH A CENTRAL ANGLE OF 16°15'11" TO THE NORTHWEST CORNER OF SAID PARCEL 1 AND 4) ALONG EASTERLY LINE OF SAID PARCEL 5, SOUTH 00°12'23" EAST, 349.58 FEET TO SAID POINT OF BEGINNING.

SAID PARCEL 3 CONTAINS APPROXIMATELY 1.307 ACRES




CITY OF ANAHEIM LOT LINE ADJUSTMENT LLA 0000590 (BOUNDARY PLAT)



LOT LINE ADJUSTMENT LLA 0000590

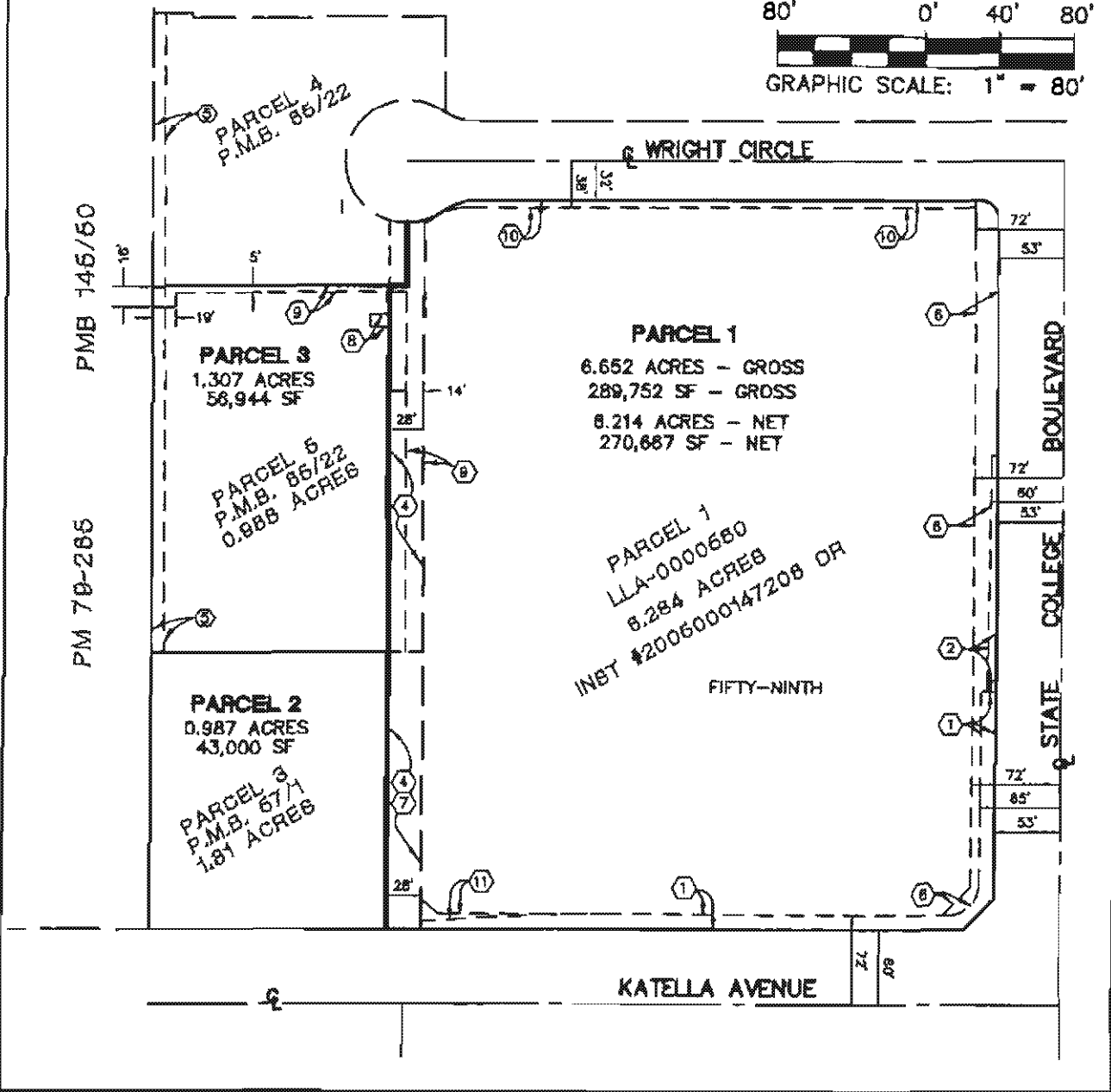
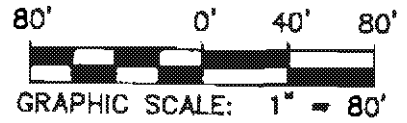
(EASEMENT PLAT)

LEGEND:

-  LOT LINES TO REMAIN
-  NEW LOT LINES
-  LOT LINES TO BE REMOVED

NOTES:

1. THERE ARE EXISTING STRUCTURES AND IMPROVEMENTS ON THIS SITE.
2. SEE SHEET 10 FOR EASEMENT NOTES.



CITY OF ANAHEIM
LOT LINE ADJUSTMENT LLA 0000590
(EASEMENT NOTES)

EASEMENT NOTES:

- ① AN EASEMENT GRANTED TO THE CITY OF ANAHEIM FOR ROAD, PUBLIC UTILITY AND INCIDENTAL PURPOSES, RECORDED APRIL 28, 1987 AS INSTRUMENT NO. 87-232201 OF OFFICIAL RECORDS.
- ② AN EASEMENT GRANTED TO THE CITY OF ANAHEIM FOR ROAD, PUBLIC UTILITY AND INCIDENTAL PURPOSES, RECORDED JULY 19, 1991 AS INSTRUMENT NO. 91-377675 OF OFFICIAL RECORDS.
- 3 AN EASEMENT GRANTED TO SOUTHERN CALIFORNIA EDISON COMPANY FOR LINE OF POLES AND INCIDENTAL PURPOSES, RECORDED APRIL 9, 1910 IN BOOK 178, PAGE 31 OF DEEDS. BLANKET IN NATURE.
- ④ AN EASEMENT GRANTED TO THE CITY OF ANAHEIM FOR INSTALLATION AND MAINTENANCE OF A SANITARY SEWER AND WATER LINE AND INCIDENTAL PURPOSES, RECORDED JUNE 24, 1974 IN BOOK 11178, PAGE 1937 OF OFFICIAL RECORDS.
- ⑤ AN EASEMENT GRANTED TO THE CITY OF ANAHEIM FOR INSTALLATION, MAINTENANCE AND USE OF PUBLIC UTILITY FACILITIES AND INCIDENTAL PURPOSES, RECORDED JUNE 11, 1974 IN BOOK 11193, PAGE 1004, OF OFFICIAL RECORDS.
- ⑥ AN IRREVOCABLE OFFER OF DEDICATION OF AN EASEMENT FOR PARKWAY, SIDEWALK, PUBLIC ROAD, PUBLIC UTILITY AND PUBLIC PURPOSES, GRANTED TO THE CITY OF ANAHEIM, RECORDED MARCH 21, 2005, AS INSTRUMENT NO. 2005000209871, OF OFFICIAL RECORDS.
- ⑦ AN EASEMENT RESERVED FOR DUNN PROPERTIES CORPORATION FOR INGRESS AND EGRESS AND INCIDENTAL PURPOSES, RECORDED OCTOBER 10, 1975 IN BOOK 11536, PAGE 1828 OF OFFICIAL RECORDS.
- ⑧ AN EASEMENT GRANTED TO THE CITY OF ANAHEIM FOR WATER FIRELINE ASSEMBLY AND INCIDENTAL PURPOSES, RECORDED APRIL 10, 1976 AS INSTRUMENT NO. 19029 IN BOOK 11707, PAGE 1472 OF OFFICIAL RECORDS.
- ⑨ AN EASEMENT GRANTED TO THE CITY OF ANAHEIM FOR PUBLIC UTILITY PURPOSES, RECORDED AUGUST 1, 2005, PER INSTRUMENT NO. 2005000595188, OF OFFICIAL RECORDS.
- ⑩ AN IRREVOCABLE OFFER OF DEDICATION OF AN EASEMENT FOR PARKWAY, SIDEWALK, PUBLIC ROAD, PUBLIC UTILITY AND PUBLIC PURPOSES, GRANTED TO THE CITY OF ANAHEIM, RECORDED MARCH 21, 2005, AS INSTRUMENT NO. 2005000209872 AND RE-RECORDED MARCH 22, 2005, AS INSTRUMENT NO. 2005000214815, OF OFFICIAL RECORDS.
- ⑪ AN IRREVOCABLE OFFER OF DEDICATION OF AN EASEMENT FOR PARKWAY, SIDEWALK, PUBLIC ROAD, PUBLIC UTILITY AND PUBLIC PURPOSES, GRANTED TO THE CITY OF ANAHEIM, RECORDED MARCH 21, 2005, AS INSTRUMENT NO. 2005000209870, OF OFFICIAL RECORDS.

NOTES:

1. THERE ARE EXISTING STRUCTURES AND IMPROVEMENTS ON THIS SITE.
2. SEE SHEET 8 FOR EASEMENT PLAT.

UNIT VALUES TOTAL ADDENDUM

Unit #	Adjusted Value
1004	\$592,600.00
1019	\$330,100.00
1021	\$479,600.00
1023	\$497,000.00
1025	\$497,000.00
1027	\$586,500.00
1028	\$348,300.00
1029	\$327,900.00
1030	\$497,000.00
1031	\$331,800.00
1033	\$331,800.00
1034	\$497,000.00
1035	\$497,000.00
1036	\$336,300.00
1037	\$492,400.00
1038	\$590,880.00
1041	\$477,900.00
1042	\$348,300.00
1043	\$497,000.00
1044	\$348,300.00
1045	\$348,300.00
1046	\$339,100.00
1047	\$331,800.00
1048	\$497,000.00
1049	\$327,900.00
1051	\$586,500.00
1053	\$497,000.00
1055	\$497,000.00
1056	\$497,000.00
1057	\$497,000.00
1058	\$497,000.00
1059	\$333,500.00
1060	\$497,000.00
1061	\$348,300.00
1063	\$616,285.00
1065	\$286,100.00
1067	\$320,150.00
1069	\$330,885.00
1071	\$348,300.00
1072	\$348,300.00

Unit #	Adjusted Value
1074	\$497,000.00
1076	\$497,000.00
1078	\$348,300.00
1080	\$348,300.00
1082	\$497,000.00
1084	\$497,000.00
1086	\$492,400.00
1091	\$460,000.00
1095	\$460,200.00
1096	\$348,300.00
1098	\$348,300.00
1100	\$337,000.00
1102	\$348,300.00
1104	\$348,300.00
1106	\$337,000.00
1108	\$497,000.00
1110	\$497,000.00
1112	\$492,400.00
1114	\$492,400.00
1121	\$331,800.00
1123	\$348,300.00
1127	\$328,400.00
1129	\$320,000.00
1130	\$348,300.00
1131	\$616,285.00
1132	\$337,000.00
1133	\$459,900.00
1134	\$361,800.00
1135	\$497,000.00
1136	\$497,000.00
1137	\$497,000.00
1138	\$492,400.00
1139	\$455,300.00
1141	\$497,000.00
1143	\$497,000.00
1145	\$497,000.00
1147	\$497,000.00
1149	\$497,000.00
1151	\$352,500.00
1153	\$352,500.00

Unit #	Adjusted Value
2001	\$349,900.00
2003	\$349,900.00
2004	\$566,260.00
2005	\$355,500.00
2006	\$357,300.00
2007	\$373,700.00
2008	\$387,550.00
2011	\$361,000.00
2012	\$387,550.00
2014	\$387,550.00
2015	\$355,500.00
2019	\$348,700.00
2021	\$497,000.00
2023	\$491,800.00
2025	\$497,000.00
2027	\$586,500.00
2028	\$400,545.00
2029	\$334,400.00
2030	\$571,550.00
2031	\$348,300.00
2033	\$348,300.00
2034	\$571,550.00
2035	\$497,000.00
2036	\$386,745.00
2037	\$492,400.00
2038	\$566,260.00
2039	\$497,000.00
2041	\$492,400.00
2042	\$348,300.00
2043	\$497,000.00
2044	\$348,300.00
2045	\$348,300.00
2046	\$339,100.00
2047	\$357,200.00
2048	\$497,000.00
2049	\$337,700.00
2051	\$586,500.00
2053	\$497,000.00
2055	\$497,000.00
2056	\$497,000.00

Unit #	Adjusted Value
2057	\$497,000.00
2058	\$497,000.00
2059	\$338,600.00
2060	\$541,000.00
2061	\$347,000.00
2063	\$616,285.00
2065	\$337,000.00
2067	\$320,150.00
2069	\$330,885.00
2071	\$335,200.00
2072	\$348,300.00
2074	\$497,000.00
2076	\$545,400.00
2078	\$348,300.00
2080	\$348,300.00
2082	\$497,000.00
2084	\$497,000.00
2086	\$492,400.00
2091	\$497,000.00
2093	\$497,000.00
2095	\$497,000.00
2096	\$348,300.00
2098	\$380,900.00
2100	\$337,000.00
2102	\$348,300.00
2104	\$348,300.00
2106	\$337,000.00
2108	\$497,000.00
2110	\$497,000.00
2112	\$492,400.00
2114	\$492,400.00
2121	\$348,700.00
2123	\$348,300.00
2125	\$304,400.00
2127	\$333,500.00
2129	\$345,300.00
2130	\$348,300.00
2131	\$616,285.00
2132	\$346,700.00
2133	\$474,800.00

Unit #	Adjusted Value
2134	\$337,000.00
2135	\$484,500.00
2136	\$497,000.00
2137	\$497,000.00
2138	\$492,400.00
2139	\$484,500.00
2141	\$497,000.00
2143	\$474,800.00
2145	\$484,500.00
2147	\$497,000.00
2149	\$491,800.00
2151	\$352,500.00
2153	\$351,900.00
2155	\$355,500.00
2157	\$334,875.00
2161	\$350,000.00
2163	\$334,875.00
2165	\$352,500.00
2167	\$352,500.00
2171	\$307,000.00
3001	\$349,900.00
3003	\$340,300.00
3004	\$578,300.00
3005	\$373,700.00
3006	\$387,550.00
3007	\$373,700.00
3008	\$387,550.00
3009	\$352,500.00
3010	\$405,375.00
3011	\$373,700.00
3012	\$387,550.00
3014	\$387,550.00
3015	\$373,700.00
3017	\$621,920.00
3019	\$348,300.00
3021	\$497,000.00
3023	\$497,000.00
3025	\$491,800.00
3027	\$586,500.00
3028	\$400,545.00

Unit #	Adjusted Value
3029	\$339,100.00
3030	\$571,550.00
3031	\$364,000.00
3033	\$362,300.00
3034	\$571,550.00
3035	\$497,000.00
3036	\$386,745.00
3037	\$492,400.00
3038	\$566,260.00
3039	\$497,000.00
3041	\$492,400.00
3042	\$348,300.00
3043	\$497,000.00
3044	\$348,300.00
3045	\$348,300.00
3046	\$339,100.00
3047	\$348,300.00
3048	\$497,000.00
3049	\$339,100.00
3051	\$586,500.00
3053	\$497,000.00
3055	\$497,000.00
3056	\$497,000.00
3057	\$497,000.00
3058	\$497,000.00
3059	\$348,300.00
3060	\$497,000.00
3061	\$342,000.00
3063	\$616,285.00
3065	\$337,000.00
3067	\$320,150.00
3069	\$352,100.00
3071	\$353,800.00
3072	\$348,300.00
3074	\$497,000.00
3076	\$497,000.00
3078	\$348,300.00
3080	\$348,300.00
3082	\$497,000.00
3084	\$497,000.00

Unit #	Adjusted Value
3086	\$492,400.00
3091	\$497,000.00
3093	\$497,000.00
3095	\$497,000.00
3096	\$348,300.00
3098	\$379,200.00
3100	\$337,000.00
3102	\$348,300.00
3104	\$379,200.00
3106	\$337,000.00
3108	\$497,000.00
3110	\$497,000.00
3112	\$492,400.00
3114	\$492,400.00
3121	\$348,300.00
3123	\$348,300.00
3125	\$337,000.00
3127	\$352,100.00
3129	\$348,300.00
3130	\$348,300.00
3131	\$616,285.00
3132	\$337,000.00
3133	\$494,300.00
3134	\$337,000.00
3135	\$497,000.00
3136	\$497,000.00
3137	\$497,000.00
3138	\$492,400.00
3139	\$497,000.00
3141	\$497,000.00
3143	\$497,000.00
3145	\$497,000.00
3147	\$497,000.00
3149	\$497,000.00
3151	\$352,500.00
3153	\$352,500.00
3155	\$334,875.00
3157	\$334,875.00
3159	\$594,880.00
3161	\$368,300.00

Unit #	Adjusted Value
3163	\$334,875.00
3165	\$352,500.00
3167	\$368,300.00
3169	\$482,100.00
3171	\$341,000.00
4001	\$367,395.00
4003	\$358,050.00
4004	\$566,260.00
4005	\$392,385.00
4006	\$404,400.00
4007	\$392,385.00
4008	\$404,400.00
4009	\$370,125.00
4010	\$423,000.00
4011	\$390,100.00
4012	\$404,400.00
4014	\$404,400.00
4015	\$392,385.00
4017	\$648,960.00
4019	\$365,715.00
4021	\$521,850.00
4023	\$521,850.00
4025	\$521,000.00
4027	\$612,000.00
4028	\$417,960.00
4029	\$356,055.00
4030	\$596,400.00
4031	\$364,000.00
4033	\$377,500.00
4034	\$620,800.00
4035	\$521,850.00
4036	\$357,500.00
4037	\$492,400.00
4038	\$616,500.00
4039	\$521,850.00
4041	\$492,400.00
4042	\$365,715.00
4043	\$521,850.00
4044	\$365,715.00
4045	\$365,700.00

Unit #	Adjusted Value
4046	\$395,200.00
4047	\$365,715.00
4048	\$521,850.00
4049	\$395,051.50
4051	\$612,000.00
4053	\$521,850.00
4055	\$521,850.00
4056	\$521,850.00
4057	\$521,850.00
4058	\$521,850.00
4059	\$365,715.00
4060	\$574,600.00
4061	\$365,715.00
4063	\$643,080.00
4065	\$353,850.00
4067	\$337,000.00
4069	\$348,300.00
4071	\$365,715.00
4072	\$365,715.00
4074	\$564,900.00
4076	\$521,850.00
4078	\$365,715.00
4080	\$365,715.00
4082	\$521,850.00
4084	\$574,600.00
4086	\$492,400.00
4091	\$528,300.00
4093	\$521,850.00
4095	\$521,850.00
4096	\$399,000.00
4098	\$406,300.00
4100	\$353,850.00
4102	\$365,715.00
4104	\$365,715.00
4106	\$353,850.00
4108	\$521,850.00
4110	\$521,850.00
4112	\$492,400.00
4114	\$492,400.00
4121	\$365,715.00

Unit #	Adjusted Value
4123	\$362,300.00
4125	\$353,850.00
4127	\$365,715.00
4129	\$367,300.00
4130	\$365,715.00
4131	\$643,080.00
4132	\$353,850.00
4133	\$521,850.00
4134	\$353,850.00
4135	\$530,250.00
4136	\$521,850.00
4137	\$530,250.00
4138	\$492,400.00
4139	\$521,850.00
4141	\$504,000.00
4143	\$530,250.00
4145	\$530,250.00
4147	\$521,850.00
4149	\$521,850.00
4151	\$505,440.00
4153	\$505,440.00
4155	\$510,300.00
4157	\$505,440.00
4159	\$621,920.00
4161	\$505,440.00
4163	\$505,440.00
4165	\$505,440.00
4167	\$503,000.00
4169	\$511,300.00
4171	\$358,050.00
Total	\$170,493,777

UNIT VALUES BY TYPE ADDENDUM

Unit Type 1-A1L	
Unit #	Adjusted Value
2001	\$349,900.00
2003	\$349,900.00
2171	\$307,000.00
3001	\$349,900.00
4001	\$367,395.00
Total	\$1,724,095.00

Unit Type 3-A1A	
Unit #	Adjusted Value
1036	\$336,300.00
2036	\$386,745.00
3036	\$386,745.00
4036	\$357,500.00
Total	\$1,467,290.00

Unit Type 4-A1(cont.)	
Unit #	Adjusted Value
4012	\$404,400.00
4014	\$404,400.00
4065	\$353,850.00
4067	\$337,000.00
4100	\$353,850.00
4106	\$353,850.00
4125	\$353,850.00
4132	\$353,850.00
4134	\$353,850.00
Total	\$13,788,300.00

Unit Type 2-A2L	
Unit #	Adjusted Value
1151	\$352,500.00
1153	\$352,500.00
2151	\$352,500.00
2153	\$351,900.00
2155	\$355,500.00
2157	\$334,875.00
2161	\$350,000.00
2163	\$334,875.00
2165	\$352,500.00
2167	\$352,500.00
3009	\$352,500.00
3010	\$405,375.00
3151	\$352,500.00
3153	\$352,500.00
3155	\$334,875.00
3157	\$334,875.00
3161	\$368,300.00
3163	\$334,875.00
3165	\$352,500.00
3167	\$368,300.00
4009	\$370,125.00
4010	\$423,600.00
Total	\$7,839,375.00

Unit Type 4-A1	
Unit #	Adjusted Value
1065	\$286,100.00
1067	\$320,150.00
1100	\$337,000.00
1106	\$337,000.00
1132	\$337,000.00
1134	\$361,800.00
2006	\$357,300.00
2008	\$387,550.00
2012	\$387,550.00
2014	\$387,550.00
2065	\$337,000.00
2067	\$320,150.00
2100	\$337,000.00
2106	\$337,000.00
2125	\$304,400.00
2132	\$346,700.00
2134	\$337,000.00
3006	\$387,550.00
3008	\$387,550.00
3012	\$387,550.00
3014	\$387,550.00
3065	\$337,000.00
3067	\$320,150.00
3100	\$337,000.00
3106	\$337,000.00
3125	\$337,000.00
3132	\$337,000.00
3134	\$337,000.00
4006	\$404,400.00
4008	\$404,400.00

Unit Type 5-A3	
Unit #	Adjusted Value
3003	\$340,300.00
3171	\$341,000.00
4003	\$358,050.00
4171	\$358,050.00
Total	\$1,397,400.00

Unit Type 6-A1X	
Unit #	Adjusted Value
1029	\$327,900.00
1046	\$339,100.00
1049	\$327,900.00
2029	\$334,400.00
2046	\$339,100.00
2049	\$337,700.00
3029	\$339,100.00
3046	\$339,100.00
3049	\$339,100.00
4029	\$356,055.00
4046	\$395,200.00
4049	\$395,051.50
Total	\$4,169,706.50

Unit Type 7-AZ	
Unit #	Adjusted Value
1019	\$330,100.00
1028	\$348,300.00
1031	\$331,800.00
1033	\$331,800.00
1042	\$348,300.00
1044	\$348,300.00
1045	\$348,300.00
1047	\$331,800.00
1059	\$333,500.00
1061	\$348,300.00
1069	\$330,885.00
1071	\$348,300.00
1072	\$348,300.00
1078	\$348,300.00
1080	\$348,300.00
1096	\$348,300.00
1098	\$348,300.00
1102	\$348,300.00
1104	\$348,300.00
1121	\$331,800.00
1123	\$348,300.00
1127	\$328,400.00
1129	\$320,000.00
1130	\$348,300.00
2019	\$348,700.00
2028	\$400,545.00
2031	\$348,300.00
2033	\$348,300.00
2042	\$348,300.00
2044	\$348,300.00
2045	\$348,300.00
2047	\$357,200.00
2059	\$338,600.00
2061	\$347,000.00
2069	\$330,885.00
2071	\$335,200.00
2072	\$348,300.00
2078	\$348,300.00
2080	\$348,300.00
2096	\$348,300.00
2098	\$380,900.00
2102	\$348,300.00

Unit Type 7-AZ(cont.)	
Unit #	Adjusted Value
2104	\$348,300.00
2121	\$348,700.00
2123	\$348,300.00
2127	\$333,500.00
2129	\$345,300.00
2130	\$348,300.00
3019	\$348,300.00
3028	\$400,545.00
3031	\$364,000.00
3033	\$362,300.00
3042	\$348,300.00
3044	\$348,300.00
3045	\$348,300.00
3047	\$348,300.00
3059	\$348,300.00
3061	\$342,000.00
3069	\$352,100.00
3071	\$353,800.00
3072	\$348,300.00
3078	\$348,300.00
3080	\$348,300.00
3096	\$348,300.00
3098	\$379,200.00
3102	\$348,300.00
3104	\$379,200.00
3121	\$348,300.00
3123	\$348,300.00
3127	\$352,100.00
3129	\$348,300.00
3130	\$348,300.00
4019	\$365,715.00
4028	\$417,960.00
4031	\$364,000.00
4033	\$377,500.00
4042	\$365,715.00
4044	\$365,715.00
4045	\$365,700.00
4047	\$365,715.00
4059	\$365,715.00
4061	\$365,715.00
4069	\$348,300.00
4071	\$365,715.00

Unit Type 7-AZ(cont.)	
Unit #	Adjusted Value
4072	\$365,715.00
4078	\$365,715.00
4080	\$365,715.00
4096	\$399,000.00
4098	\$406,300.00
4102	\$365,715.00
4104	\$365,715.00
4121	\$365,715.00
4123	\$362,300.00
4127	\$365,715.00
4129	\$367,300.00
4130	\$365,715.00
Total	\$33,992,845.00

Unit Type 8-AZA	
Unit #	Adjusted Value
2005	\$355,500.00
2007	\$373,700.00
2011	\$361,000.00
2015	\$355,500.00
3005	\$373,700.00
3007	\$373,700.00
3011	\$373,700.00
3015	\$373,700.00
4005	\$392,385.00
4007	\$392,385.00
4011	\$390,100.00
4015	\$392,385.00
Total	\$4,507,755.00

Unit Type 9-AZLM	
Unit #	Adjusted Value
4151	\$505,440.00
4153	\$505,440.00
4155	\$510,300.00
4157	\$505,440.00
4161	\$505,440.00
4163	\$505,440.00
4165	\$505,440.00
4167	\$503,000.00
Total	\$4,045,940.00

Unit Type 10-B1	
Unit #	Adjusted Value
1004	\$592,600.00
1037	\$492,400.00
1038	\$590,880.00
1041	\$477,900.00
1086	\$492,400.00
1112	\$492,400.00
1114	\$492,400.00
1138	\$492,400.00
2004	\$566,260.00
2037	\$492,400.00
2038	\$566,260.00
2041	\$492,400.00
2086	\$492,400.00
2112	\$492,400.00
2114	\$492,400.00
2138	\$492,400.00
3004	\$578,300.00
3037	\$492,400.00
3038	\$566,260.00
3041	\$492,400.00
3086	\$492,400.00
3112	\$492,400.00
3114	\$492,400.00
3138	\$492,400.00
4004	\$566,260.00
4037	\$492,400.00
4038	\$616,500.00
4041	\$492,400.00
4086	\$492,400.00
4112	\$492,400.00
4114	\$492,400.00
4138	\$492,400.00
Total	\$16,446,420.00

Unit Type 11-B2	
Unit #	Adjusted Value
1021	\$479,600.00
1023	\$497,000.00
1025	\$497,000.00
1030	\$497,000.00
1034	\$497,000.00
1035	\$497,000.00
1043	\$497,000.00
1048	\$497,000.00
1053	\$497,000.00
1055	\$497,000.00
1056	\$497,000.00
1057	\$497,000.00
1058	\$497,000.00
1060	\$497,000.00
1074	\$497,000.00
1076	\$497,000.00
1082	\$497,000.00
1084	\$497,000.00
1091	\$460,000.00
1095	\$460,200.00
1108	\$497,000.00
1110	\$497,000.00
1133	\$459,900.00
1135	\$497,000.00
1136	\$497,000.00
1137	\$497,000.00
1139	\$455,300.00
1141	\$497,000.00
1143	\$497,000.00
1145	\$497,000.00
1147	\$497,000.00
1149	\$497,000.00
2021	\$497,000.00
2023	\$491,800.00
2025	\$497,000.00
2030	\$571,550.00
2034	\$571,550.00
2035	\$497,000.00
2039	\$497,000.00
2043	\$497,000.00
2048	\$497,000.00
2053	\$497,000.00

Unit Type 11-B2(cont.)	
Unit #	Adjusted Value
2055	\$497,000.00
2056	\$497,000.00
2057	\$497,000.00
2058	\$497,000.00
2060	\$541,000.00
2074	\$497,000.00
2076	\$545,400.00
2082	\$497,000.00
2084	\$497,000.00
2091	\$497,000.00
2093	\$497,000.00
2095	\$497,000.00
2108	\$497,000.00
2110	\$497,000.00
2133	\$474,800.00
2135	\$484,500.00
2136	\$497,000.00
2137	\$497,000.00
2139	\$484,500.00
2141	\$497,000.00
2143	\$474,800.00
2145	\$484,500.00
2147	\$497,000.00
2149	\$491,800.00
3021	\$497,000.00
3023	\$497,000.00
3025	\$491,800.00
3030	\$571,550.00
3034	\$571,550.00
3035	\$497,000.00
3039	\$497,000.00
3043	\$497,000.00
3048	\$497,000.00
3053	\$497,000.00
3055	\$497,000.00
3056	\$497,000.00
3057	\$497,000.00
3058	\$497,000.00
3060	\$497,000.00
3074	\$497,000.00
3076	\$497,000.00
3082	\$497,000.00

Unit Type 11-B2(cont.)	
Unit #	Adjusted Value
3084	\$497,000.00
3091	\$497,000.00
3093	\$497,000.00
3095	\$497,000.00
3108	\$497,000.00
3110	\$497,000.00
3133	\$494,300.00
3135	\$497,000.00
3136	\$497,000.00
3137	\$497,000.00
3139	\$497,000.00
3141	\$497,000.00
3143	\$497,000.00
3145	\$497,000.00
3147	\$497,000.00
3149	\$497,000.00
3169	\$482,100.00
4021	\$521,850.00
4023	\$521,850.00
4025	\$521,000.00
4030	\$596,400.00
4034	\$620,800.00
4035	\$521,850.00
4039	\$521,850.00
4043	\$521,850.00
4048	\$521,850.00
4053	\$521,850.00
4055	\$521,850.00
4056	\$521,850.00
4057	\$521,850.00
4058	\$521,850.00
4060	\$574,600.00
4074	\$564,900.00
4076	\$521,850.00
4082	\$521,850.00
4084	\$574,600.00
4091	\$528,300.00
4093	\$521,850.00
4095	\$521,850.00
4108	\$521,850.00
4110	\$521,850.00
4133	\$521,850.00

Unit Type 11-B2(cont.)	
Unit #	Adjusted Value
4136	\$521,850.00
4139	\$521,850.00
4141	\$504,000.00
4147	\$521,850.00
4149	\$521,850.00
4169	\$511,300.00
Total	\$66,779,100.00

Unit Type 12-B2LM	
Unit #	Adjusted Value
4135	\$530,250.00
4137	\$530,250.00
4143	\$530,250.00
4145	\$530,250.00
Total	\$2,121,000.00

Unit Type 13-B3	
Unit #	Adjusted Value
1027	\$586,500.00
1051	\$586,500.00
2027	\$586,500.00
2051	\$586,500.00
3027	\$586,500.00
3051	\$586,500.00
4027	\$612,000.00
4051	\$612,000.00
Total	\$4,743,000.00

Unit Type 14-C1	
Unit #	Adjusted Value
1063	\$616,285.00
1131	\$616,285.00
2063	\$616,285.00
2131	\$616,285.00
3063	\$616,285.00
3131	\$616,285.00
4063	\$643,080.00
4131	\$643,080.00
Total	\$4,983,870.00

Unit Type 14-C2	
Unit #	Adjusted Value
3017	\$621,920.00
3159	\$594,880.00
4017	\$648,960.00
4159	\$621,920.00
Total	\$2,487,680.00

Summary	
Unit Type	Total Value
1-A1L	\$1,724,095.00
2-A2L	\$7,839,375.00
3-A1A	\$1,467,290.00
4-A1	\$13,788,300.00
5-A3	\$1,397,400.00
6-A1X	\$4,169,706.50
7-AZ	\$33,992,845.00
8-AZA	\$4,507,755.00
9-AZLM	\$4,045,940.00
10-B1	\$16,446,420.00
11-B2	\$66,779,100.00
12-B2LM	\$2,121,000.00
13-B2	\$4,743,000.00
14-C1	\$4,983,870.00
15-C2	\$2,487,680.00
Total	\$170,493,776.50

MARSHALL & SWIFT ADDENDUM

Estimate Number : 947
 Estimate ID : N2980
 Property Owner : Anaheim CREA & NEXUS
 Property Address : 1801 E. Katella Avenue
 Property City : Anaheim
 State/Province : California
 ZIP/Postal Code : 92806

Section 1

Occupancy

	<u>Class</u>	<u>Height</u>	<u>Rank</u>
100% Mixed Retail w/ Resid. Units	Wood or steel framed exterior walls	9.00	3.0
Total Area	: 483,371		
Number of Stories (Section)	: 4.00		
Shape	: 2.00		

Components

	<u>Units/%</u>	<u>Other</u>
Exterior Walls:		
Stud -Stucco	100%	
HVAC (Heating):		
Warmed and Cooled Air	100%	
Elevators:		
Passenger #	2	
Sprinklers:		
Wet Sprinklers	100%	

Section 2

Occupancy

	<u>Class</u>	<u>Height</u>	<u>Rank</u>
100% Parking Structure	Fireproof structural steel frame	10.00	2.5
Total Area	: 259,785		
Number of Stories (Section)	: 5.00		
Shape	: 2.00		

Cost as of 10/2006

	<u>Units/%</u>	<u>Cost</u>	<u>Total</u>
Basic Structure			
Base Cost	743,156	50.31	37,388,373
Exterior Walls	743,156	10.51	7,808,526
Heating & Cooling	483,371	5.20	2,513,529
Elevators	2	120,652.00	241,304
Sprinklers	483,371	1.93	932,906
Salt Water Heated Pool & Spa	1	245,000.00	245,000
Basic Structure Cost	743,156	66.11	49,129,638

459 Mixed Retail with Residential Units

These structures are generally two- to three- story buildings with retail use on the first level and one or more residential units on the upper levels.

The following are not included in the costs: Fireplaces, balconies, porches or built-in appliances.

The following are related occupancies:

300 Apartment (High Rise)

984 Apartment, Luxury (High Rise)

352 Multiple Residence (Low Rise)

451 Multiple Residence, Senior Citizen (Low Rise), for independent living

589 Multiple Residence, Assisted Living (Low Rise), for assisted living

330 Home for the Elderly, for high-rise assisted living

710 Multiple Residence, Retirement Community Complex

Availability of Elevators by Area for this occupancy: No

Marshall Valuation Service sections: 13 and 43.

Occupancy Availability: Commercial Estimator only.

Typical Lives

Rank	Class								
	A	B	C	D	H	M	P	S	W
Low	--	--	45	40	--	45	--	--	--
Average	--	--	45	40	--	45	--	--	--
Good	--	--	50	45	--	50	--	--	--
Excellent	--	--	50	45	--	50	--	--	--

Rank Selection Guide

Class C (Masonry Bearing Walls)

Rank	Exterior Walls	Interior Finish	Mechanicals	HVAC
Low	Brick or block, bearing walls, very plain fronts, simple design	Low-cost general retail and basic residential above, no extras	Minimum lighting & plumbing per code	Forced air
Average	Brick or block, bearing or light frame, plain storefronts	Average retail mix and finishes, few extras, standard residential above	Adequate lighting & plumbing per unit	Package A.C.
Good	Face brick, best block, some mansard trim, good display fronts	Above-average retail finishes, good residential units above	Good lighting and outlets, standard fixtures per unit	Package A.C.

Class D (Wood or Steel Framed Exterior Walls)

Rank	Exterior Walls	Interior Finish	Mechanicals	HVAC
Low	Low-cost wood or stucco, very plain, small fronts, simple design	Low-cost general retail and basic residential above, no extras	Minimum lighting & plumbing per code	Forced air
Average	Stucco, siding, plain storefronts, minimum fenestration	Average retail mix and finishes, few extras, standard residential above	Adequate lighting & plumbing per unit	Package A.C.

Good	Best siding, EIFS, masonry veneer, good trim and display fronts	Above-average retail finishes, good residential units above	Good lighting and outlets, standard fixtures per unit	Package A.C.
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Class M (Mill Type)

Rank	Exterior Walls	Interior Finish	Mechanicals	HVAC
Average	Mill-type construction, heavy brick walls, trusses, good wood sash	Average retail mix and finishes, few extras, standard residential above	Adequate lighting & plumbing per unit, tiled baths	Hot water

CONTRACTOR'S COST BREAKDOWN ADDENDUM

A	B	C	D	E	
Item No.	Description of Work	GMP Contract Value	Approved Changes	Adjusted Scheduled Value	GMP Contract Value
GENERAL CONSTRUCTION					
02000	Building Demolition (GD Heat)	184,000	48,531	232,531	232,531
02200	Survey (Aidant)	65,000	748	65,748	65,748
02200	Landscaping & Irrigation	0	0	0	0
02201	Earthwork (Coles)	430,000	250	430,250	430,250
02280	Soil Treatment (Bulldoz, Trench)	11,700	0	11,700	11,700
02515	Site Concrete (Hardscape/Crete) (Mark Co.)	428,004	698,324	1,116,328	1,116,328
02516	Pavers (Paver Depot)	8,743	40,484	49,227	49,227
02660	Water Distribution System	Inc. in Offsite Water	0	0	0
02700	Sanitary Sewer	Inc. in Offsite Sewer	0	0	0
02720	Storm Drainage	Inc. in Offsite St. Drain	0	0	0
02850	Site Furnishings - ALLOWANCE	93,000	(93,000)	0	0
02930	Landscaping & Irrigation (Park West)	100,000	452,841	552,841	552,841
03000	Cast in Place Concrete (Pacific Structures)	1,863,110	(116,435)	1,746,675	1,746,675
03000	Cast in Place Concrete (ALLOWANCE)	0	0	25,000	25,000
03300	Cast in Place Concrete (DF Paved)	0	3,322	3,322	3,322
03350	Topping Slabs - Lightweight & Hardrock (Cell Crete)	450,000	(230,000)	220,000	220,000
03350	Topping Slabs - Lightweight & Hardrock (Maxim)	0	322,950	322,950	322,950
04220	Concrete Unit Masonry (LIP Masonry)	59,260	224,246	283,496	283,496
04220	Concrete Unit Masonry (Spalls Removal)	0	30,858	30,858	30,858
05500	Metal Fabrication (Maskon)	519,800	459,900	979,700	979,700
05505	Struct. Steel/Undersigned Rough Framing - ALLOWANCE	235,200	(235,200)	0	0
06100	Rough Carpentry (D-wall Framing)	7,287,552	(6,241,415)	1,046,137	1,813,305
	Rough Carpentry - Tone Framing		4,745,486	4,745,486	4,745,486
	Rough Carpentry - Home Lumbar		857,003	857,003	857,003
	Rough Carpentry - Labor Ready		231,655	231,655	231,655
	Rough Carpentry - Subcontractor Corp. Services		35,000	35,000	35,000
	Rough Carpentry - Earthbound		238,182	238,182	238,182
	Rough Carpentry - White Cap		93,746	93,746	93,746
	Rough Carpentry - AC Houston		291,110	291,110	291,110
	Rough Carpentry - Other Misc		11,008	11,008	11,008
06101	Rough Carpentry (Safety & Protection)	0	15,161	15,161	15,161
06102	Rough Carpentry (Dumpsters)	0	101,882	101,882	101,882
06200	Finish Carpentry / Millwork (BOJ)	1,064,432	(419,800)	644,632	644,632
06400	Cabinets & Vanities (Euro-Rite)	488,515	30,833	458,548	458,548
06400	Cabinets & Vanities (House)	0	211,231	211,231	211,231
07210	Building Insulation	202,135	(202,135)	0	0
07320	Composition Tile & Built-up Roofing (Livers)	359,968	41,221	401,186	401,186
07570	Waterproofing (Expert Decking)	250,500	63,500	313,800	313,800
07570	Waterproofing (WP Experts)	0	22,000	22,000	22,000
07570	Waterproofing (Caulking & Misc WP)	0	72,500	72,500	72,500
07900	Finishing & Shear metal - ALLOWANCE (Timos)	231,500	266,295	497,795	497,795
07901	Expansion Joints (Hart Construction Specialists)	0	89,950	89,950	89,950
07900	Sealant & Caulking	w/waterproof	0	0	0
08100	Hollow Metal Doors & Frames	w/wood doors	0	0	0
08200	Wood Doors & Frames (Texas)	805,400	(413,593)	391,807	1,218,992
08300	Rollup Doors (Professional Door)	21,988	(7,210)	14,750	14,750
08313	Retail Storefront/Sealing - ALLOWANCE (Hair Glass)	221,506	1,270	222,776	222,776
08520	Vinyl Sliding Patio Doors	w/windows	0	0	0
08521	Vinyl Windows (Solar Windows)	123,247	(69,406)	53,841	233,841
08700	Finish Hardware	w/windows	0	0	0
08800	Glass & Glazing (Mirros)	w/waterproof	0	0	0
09200	Exterior Plaster (SC Associates)	2,151,375	258,410	2,410,785	2,410,785
09260	Gypsum Wall Board (Wallboard)	2,823,283	708,586	3,531,879	3,531,879
09300	Ceramic Tile (Mecran)	Inc. in Granite	60,380	60,380	60,380
09310	Granite Countertops (Express Countertops)	470,274	(7,661)	462,613	462,613
09310	Cultured Marble w/integral bowl countertop	Inc. in Fin Carp.	0	0	0
09650	Shear Vinyl, Membr Floor, Carpet (Holiday Flooring)	594,176	(178)	593,998	593,998
09800	Paint (Painting LA)	474,500	281,220	755,720	755,720
09901	Paint Exterior of Building (w. color scheme 06 22 04)	140,000	(140,000)	0	0
09850	Interior & Finish Coating (Printer Best)	136,500	0	136,500	136,500
09900	Outdoors Finish - ALLOWANCE	w/trades	0	0	0
10305	Manufactured Fireplace (Heritage Hearth)	3,000	2,230	5,230	5,230
10350	Flagpoles	2,000	(2,000)	0	0
10400	Identification Devices	by owner	0	0	0
10500	Tool Accessories (Performed Const)	50,000	5,000	55,000	55,000
10900	Appliances (Explorer)	889,815	350,659	1,240,474	1,240,474
10950	Misc. Building Specimens	158,000	(158,000)	0	0
10250a	Shower Doors (Builders Products)	0	63,150	63,150	63,150
10251	Fire Extinguishers & Cabinets (Mobile Fire)	0	13,472	13,472	13,472

A	B	C	D	E	
Item No.	Description of Work	GMP Contract Value	Approved Changes	Adjusted Scheduled Value	GMP Contract Value
10970	Window Treatments (Remedy Blinds)	75,800	(11,714)	63,286	63,286
13152	Swimming Pool, Equipment & Spa (Aquatic)	195,000	140,000	245,000	245,000
14100	Elevator (Thyssen)	84,870	7,868	72,738	72,738
15300	Fire Protection (Cesco)	782,000	24,265	806,265	806,265
15400	Plumbing (Atlas)	3,320,000	1,058,234	4,378,234	4,378,234
15450	Water Sub-Metering (USA/Graham)	0	53,812	53,812	53,812
15400	Araway Drain - ALLOWANCE (not designed)	77,000	(77,000)	0	0
15500	HVAC (w/ Plumbing)	1,142,350	(1,142,350)	0	0
16000	Rough/Finish Electric (Berkeley)	3,268,180	532,687	3,800,867	3,800,867
	Electrical Consumption	0	89,000	89,000	89,000
16001	Security - ALLOWANCE (Greater Alarm)	106,150	174,209	280,359	280,359
16002	Cable & Telephone	by owner	0	0	0
R	Building Upgrades - PCO#38		569,227	569,227	569,227
	SUBTOTAL	32,093,186	5,322,821	37,441,007	37,441,007
A	Preconstruction	125,000	0	125,000	125,000
B	General Conditions	1,820,027	577,066	2,397,093	2,397,093
C	GLPD	380,000	0	380,000	380,000
D	Parking Structure (Borset)	3,870,800	214,848	6,084,848	6,211,632
E	Value Engineering (Pending)	(200,000)	25,310	(174,690)	(174,690)
F	Construction Contingency	750,000	(692,765)	57,235	67,235
G	Building Permit Fee	By Owner	0	0	0
H	Fee	1,515,016	168,805	1,703,821	1,765,717
	GENERAL CONSTRUCTION TOTAL	42,333,229	5,638,085	47,994,314	48,780,270
	OFFSITE WORK				0
02200	Survey	30,566	(748)	29,818	29,818
02200	Demolition & Earthwork - Offsite	100,378	(48,131)	52,247	52,247
02500	Asphalt Paving Alley, Street Patching & Road Widening	141,386	(141,386)	0	0
02515	Site Concrete (Offsite)	259,741	(259,741)	0	0
02518	Pavers	65,317	(65,317)	0	0
02600	Water Distribution System	72,132	(72,132)	0	0
02700	Sanitary Sewer	110,000	(110,000)	0	0
02725	New 15" Sewer in Kalleka - ALLOWANCE (Hammel Weis)	175,000	481,473	656,473	656,473
02725a	Offsite Sewer - Surveying (Fusco)	0	13,825	13,825	13,825
02725b	Offsite Sewer - Contingency	0	0	0	0
02750	Dry Utility ALLOWANCE	25,000	(25,000)	0	0
02750	Dry Utilities (Pouk & Stank)	0	164,722	164,722	164,722
02750	Dry Utilities (Stank)	0	261,769	261,769	261,769
02720	Storm Drainage (R3 Contractors)	185,624	497,207	682,831	682,831
02900	Landscaping & Irrigation	289,272	(289,272)	0	0
02950	Tree Grates (South Bay Foundry)	18,490	1,488	19,978	19,978
16000	Electrical - Street Lighting - ALLOWANCE	50,000	(50,000)	0	0
16100	Rework Signalization (LA Signal/Katz)	100,000	7,989	107,989	107,989
J	State College Retaining Wall		0	0	0
K	Retaining Wall Excavation & Backfill	w/earthwork	0	0	0
L	Retaining Wall Earth Support (Crest Engineering)	158,820	(129,668)	30,152	101,630
M	Retaining Wall Concrete	in Masonry	0	0	0
N	Retaining Wall Masonry	185,220	(185,220)	0	0
O	Retaining Wall Foundation Drain	in Masonry	0	0	0
P	Retaining Wall Waterproofing	w/waterproofing	0	0	0
Q	Traffic Control	40,000	30,000	70,000	70,000
	OFFSITE WORK TOTAL	2,017,848	81,834	2,099,582	2,173,980
	GENERAL CONSTRUCTION	42,333,229	5,638,085	47,994,314	48,780,270
	OFF SITE WORK	2,017,848	81,834	2,099,582	2,173,980
	GRAND TOTAL	44,351,177	5,717,719	50,093,898	51,954,250

CASH FLOW & PRESENT VALUE ADDENDUM

Software : ARGUS Ver. 13.0.0 (Build: 13000-A)
 File : Retail Argus Run 12-06
 Property Type : Retail
 Portfolio :

Stadium Lofts - Retail Condos
 1501 East Katella Avenue
 Anaheim, CA 92806

Date : 11/7/06
 Time : 1:54 pm
 Ref# : AAN
 Page : 1

Schedule Of Prospective Cash Flow
 In Inflated Dollars for the Fiscal Year Beginning 12/1/2006

For the Years Ending	Year 1 Nov-2007	Year 2 Nov-2008	Year 3 Nov-2009	Year 4 Nov-2010	Year 5 Nov-2011	Year 6 Nov-2012	Year 7 Nov-2013	Year 8 Nov-2014	Year 9 Nov-2015	Year 10 Nov-2016	Year 11 Nov-2017
Potential Gross Revenue											
Base Rental Revenue	\$381,563	\$419,030	\$422,143	\$425,351	\$428,656	\$460,952	\$466,915	\$470,522	\$474,237	\$482,024	\$535,563
Absorption & Turnover Vacancy						(5,680)					(26,529)
Scheduled Base Rental Revenue	381,563	419,030	422,143	425,351	428,656	455,272	466,915	470,522	474,237	482,024	509,034
Total Potential Gross Revenue	381,563	419,030	422,143	425,351	428,656	455,272	466,915	470,522	474,237	482,024	509,034
Collection Loss	(7,631)	(8,380)	(8,443)	(8,507)	(8,573)	(9,106)	(9,337)	(9,410)	(9,485)	(9,641)	(10,181)
Effective Gross Revenue	373,932	410,650	413,700	416,844	420,083	446,166	457,578	461,112	464,752	472,383	498,853
Operating Expenses											
Property Management	18,697	20,532	20,686	20,842	21,005	22,308	22,878	23,055	23,239	23,619	24,943
Replacement Reserves	5,370	5,531	5,698	5,868	6,044	6,225	6,411	6,605	6,803	7,006	7,217
Misc	1,009	1,037	1,069	1,102	1,134	1,168	1,202	1,240	1,277	1,314	1,354
Total Operating Expenses	25,076	27,100	27,453	27,812	28,183	29,701	30,491	30,900	31,319	31,939	33,514
Net Operating Income	348,856	383,550	386,247	389,032	391,900	416,465	427,087	430,212	433,433	440,444	465,339
Leasing & Capital Costs											
Leasing Commissions						4,976					23,240
Total Leasing & Capital Costs						4,976					23,240
Cash Flow Before Debt Service & Taxes	\$348,856	\$383,550	\$386,247	\$389,032	\$391,900	\$411,489	\$427,087	\$430,212	\$433,433	\$440,444	\$442,099

Software : ARGUS Ver. 13.0.0 (Build: 13000-A)
 File : Retail Argus Run 12-06
 Property Type : Retail
 Portfolio :

Stadium Lofts - Retail Condos
 1801 East Katella Avenue
 Anaheim, CA 92806

Date : 11/7/06
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Prospective Present Value
 Cash Flow Before Debt Service plus Property Resale
 Discounted Annually (Endpoint on Cash Flow & Resale) over a 10-Year Period

Analysis Period	For the Year Ending	Annual Cash Flow	P.V. of Cash Flow @ 7.25%
Year 1	Nov-2007	\$348,855	\$325,274
Year 2	Nov-2008	383,550	333,447
Year 3	Nov-2009	386,247	313,093
Year 4	Nov-2010	389,032	294,033
Year 5	Nov-2011	391,900	276,178
Year 6	Nov-2012	411,489	270,360
Year 7	Nov-2013	427,087	261,658
Year 8	Nov-2014	430,212	245,756
Year 9	Nov-2015	433,433	230,859
Year 10	Nov-2016	440,444	218,735
Total Cash Flow		4,042,250	2,769,413
Property Resale @ 6.75% Cap		6,756,033	3,355,203
Total Property Present Value			\$6,124,616
			=====
Rounded to Thousands			\$6,125,000
			=====
Per SqFt			574.60
Percentage Value Distribution			
Assured Income			
Prospective Income			45.22%
Prospective Property Resale			54.78%
			=====
			100.00%

INPUT ASSUMPTIONS ADDENDUM

Software : ARGUS Ver. 13.0.0 (Build: 13000-A)
 File : Retail Argus Run 12-06
 Property Type : Retail
 Portfolio :

Stadium Lofts - Retail Condos
 1801 East Katella Avenue
 Anaheim, CA 92806

Date : 11/7/06
 Time : 1:53 pm
 Ref# : AAN
 Page : 1

Input Assumptions

Property Description

Name: Stadium Lofts - Retail Condos
 Address: 1801 East Katella Avenue
 Address2:
 City: Anaheim
 State: CA
 Zip: 92806
 Country: USA
 Portfolio:
 Property Type: Retail
 Property Reference:
 Property Version:

Property Timing

Analysis Start Date: 9/06
 Reporting Start Date: 12/06
 Years to Report or End Date: 10

Area Measures

Label	Area
Property Size	10,659 SqFt
Air. Prop. Size	10,659 SqFt

General Inflation

Inflation Month: Analysis Start
 Reimbursement Method: Calendar reimbursement using fiscal inflation

Overall Inflation Rates

	Aug-2007	Aug-2008	Aug-2009	Aug-2010	Aug-2011	Aug-2012	Aug-2013	Aug-2014	Aug-2015	Aug-2016	Aug-2017	Aug-2018
General Inflation		3	3	3	3	3	3	3	3	3	3	3
Miscellaneous Revenues												
Reimbursable Expenses												
Non-Reimbursable Expenses												
Capital Expenditures												
CPI												
Retail Sales Volume												
Market Rent		3	3	3	3	3	3	3	3	3	3	3
Leasing Costs												
Land Costs												
Hard Costs												
Soft Costs												

Non-Reimbursable Expenses

Name	Acct Code	Actuals	Budgeted	Units	Area	Frequency	% Fixed	Inflation	Ref Acct	Notes
Property Management			5	% of EGR		/Year	100			
Replacement Reserves			5,330	\$Amount		/Year	100			
Misc			1,000	\$Amount		/Year	100			

Credit & Collection Loss

Method: Percent of Potential Gross Revenue
 Primary Rate: 2

(continued on next page)

Software : ARGUS Ver. 13.0.0 (Build: 13000-A)
 File : Retail Argus Run 12-06
 Property Type : Retail
 Portfolio :

Stadium Lofts - Retail Condos
 1801 East Katella Avenue
 Anaheim, CA 92806

Date : 11/7/06
 Time : 1:53 pm
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Input Assumptions
 (continued from previous page)

Rent Roll

Tenant Name/ No. Description	Suite	Lease Type	Lease Status	Total Area	Start Date	Term/ Expir	Base/Min Rent	Unit of Measure	Rent Chng	Rtl Sis	Reimbur- sements	Unit of Measure	Rent Abatement
1 Subway	1005	Retail	Contract	700	1/07	5	Detail				Net		
2 Juice It Up	1003	Retail	Contract	700	1/07	10	Detail				Net		
3 Kelly's Coffee & Fudg	1009	Retail	Contract	1,420	1/07	10	Detail				Net		
4 El Torito	1001	Retail	Contract	7,839	1/07	15	Detail				Net		

Tenant Name/ No. Description	Leasing Cost	Security Deposit	Market Leasing	Upon Expiration	Rnwl Prob	More/ Notes
1 Subway			Non Restaurant	Market		
2 Juice It Up			Non Restaurant	Market		
3 Kelly's Coffee & Fudg			Non Restaurant	Market		
4 El Torito			Restaurant Tene	Market		

Detail Base Rent
Subway

Date	Amount	Units
1	2,450	\$ Amnt/Mo
13	2,523.5	\$ Amnt/Mo
25	2,599.33	\$ Amnt/Mo
37	2,676.92	\$ Amnt/Mo
49	2,757.42	\$ Amnt/Mo

Detail Base Rent
Juice It Up

Date	Amount	Units
1	2,450	\$ Amnt/Mo
13		3 % Inc, Annual

Detail Base Rent
Kelly's Coffee & Fudge Fa

Date	Amount	Units
1	3,521	\$ Amnt/Mo
13	3,626.63	\$ Amnt/Mo
25	3,735.43	\$ Amnt/Mo
37	3,847.49	\$ Amnt/Mo
49	3,962.92	\$ Amnt/Mo
61	4,081.8	\$ Amnt/Mo
73	4,204.26	\$ Amnt/Mo
85	4,330.39	\$ Amnt/Mo
97	4,460.3	\$ Amnt/Mo
109	4,594.11	\$ Amnt/Mo

Detail Base Rent
El Torito

Date	Amount	Units
1	26,266.5	\$ Amnt/Mo
61	28,893.15	\$ Amnt/Mo
121	31,782.47	\$ Amnt/Mo
181	34,961.39	\$ Amnt/Mo
241	38,456.85	\$ Amnt/Mo
301	42,302.54	\$ Amnt/Mo
361	46,532.12	\$ Amnt/Mo

(continued on next page)

Software : ARGUS Ver. 13.0.0 (Build: 13000-A)
 File : Retail Argus Run 12-06
 Property Type : Retail
 Portfolio :

Stadium Lofts - Retail Condos
 1801 East Katella Avenue
 Anaheim, CA 92806

Date : 11/7/06
 Time : 1:53 pm
 Ref# : AAN
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Input Assumptions
 (continued from previous page)

Market Leasing Assumptions

Leasing Assumptions Category: Non-Restaurant Tenants

Lease Status: Speculative

	New Market	Renewal Mkt	Unit of Measure
Renewal Probability		75	Percent
Market Rent	\$3.50		
Months Vacant	8	0	Months
Tenant Improvements	0.00		\$/SqFt
Leasing Commissions	5%/2%		
Rent Abatements	0		Months
Security Deposit	None	None	
Non-Weighted Items			
Rent Changes	Yes		
Retail Sales	No		
Reimbursements	Net		
Term Lengths	5	Years	

Rent Changes: Non-Restaurant Tenants, current term

Changing Base: 3% Market Rent
 Stop:
 Porters' Wage:
 Miscellaneous:
 CPI Rent:
 Category:
 Parking
 Spaces: Continue Prior
 Amount:

Leasing Assumptions Category: Restaurant Tenant

Lease Status: Speculative

	New Market	Renewal Mkt	Unit of Measure
Renewal Probability		75	Percent
Market Rent	\$3.25		
Months Vacant	8	0	Months
Tenant Improvements	0.00		\$/SqFt
Leasing Commissions	5%/2%		
Rent Abatements	0		Months
Security Deposit	None	None	
Non-Weighted Items			
Rent Changes	Yes		
Retail Sales	No		
Reimbursements	Net		
Term Lengths	15	Months	

(continued on next page)

Software : ARGUS Ver. 13.0.0 (Build: 13000-A)
 File : Retail Argus Run 12-06
 Property Type : Retail
 Portfolio :

Stadium Lofts - Retail Condos
 1601 East Katella Avenue
 Anaheim, CA 92806

Date : 11/7/06
 Time : 1:53 pm
 Ref# : AAN
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Input Assumptions
 (continued from previous page)

Rent Changes: Restaurant Tenant, current term
 Changing Base: 3% Market Rent
 Step:
 Porters' Wage:
 Miscellaneous:
 CPI Rent
 Category:
 Parking
 Spaces: Continue Prior
 Amount:

Market Rent

Market Rent Category: \$3.25

Unit of Measure: \$/SqFt/Mo

	Aug-2007	Aug-2008	Aug-2009	Aug-2010	Aug-2011	Aug-2012	Aug-2013	Aug-2014	Aug-2015	Aug-2016	Aug-2017	Aug-2018
New	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25	3.25
Renewal												
Inflation												

Market Rent Category: \$3.50

Unit of Measure: \$/SqFt/Mo

	Aug-2007	Aug-2008	Aug-2009	Aug-2010	Aug-2011	Aug-2012	Aug-2013	Aug-2014	Aug-2015	Aug-2016	Aug-2017	Aug-2018
New	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Renewal												
Inflation												

Changing Base Rent

Changing Base:
 3% Market Rent

Date	Amount	Units
1		% Market
13		3 % Inc, Annual

Leasing Commissions

Leasing Commissions Category: 5%/2%

Payment Made: First Month
 Unit of Measure: Percent

	Aug-2007	Aug-2008	Aug-2009	Aug-2010	Aug-2011	Aug-2012	Aug-2013	Aug-2014	Aug-2015	Aug-2016	Aug-2017	Aug-2018
New	5	5	5	5	5	5	5	5	5	5	5	5
Renewal	2	2	2	2	2	2	2	2	2	2	2	2
Inflation												

Calculation includes:
 Base Rent: Yes
 Free Rent: Yes
 Step Rent: Yes
 Reimbursements: No
 ...

Software : ARGUS Ver. 13.0.0 (Build: 13000-A)
File : Retail Argus Run 12-06
Property Type : Retail
Portfolio :

Stadium Lofts - Retail Condos
1601 East Katella Avenue
Anaheim, CA 92806

Date : 11/7/08
Time : 1:53 pm
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Input Assumptions
(continued from previous page)

Property Purchase
Initial Purchase Price: 5,915,745

Current Value For IRR Calculations
Inflate Purchase Price at: General Inflation

Property Resale
Option: Capitalize Net Operating Income
Cap Rate: 6.75
Resale Adjustment(s): 2
Apply Rate to following year income: Yes
Calculate Resale for All Years: Yes

Present Value Discounting
Primary Discount Rate: 7.25
Discount Method: Annually (Endpoint on Cash Flow & Resale)
Advanced
Unleveraged Discount Range
Cash Flow Rate: 7.25
Resale Rate: 7.25
Leveraged Discount Range
Cash Flow Rate: 7.25
Resale Rate: 7.25

TRAFFIC STUDY ADDENDUM

Intersection Turning Movement

Prepared by: Southland Car Counters

N-S STREET: State College Blvd.

DATE: 3/3/2004

LOCATION: City of Anaheim

E-W STREET: Katella Ave.

DAY: WEDNESDAY

PROJECT# 04-1164-001

LANES:	NORTHBOUND			SOUTHBOUND			EASTBOUND			WESTBOUND			TOTAL
	NL	NT	NR	SL	ST	SR	EL	ET	ER	WL	WT	WR	
	2	3	0	2	3	0	2	2.5	1.5	2	3	1	
6:00 AM													
6:15 AM													
6:30 AM													
6:45 AM													
7:00 AM	22	99	26	21	123	10	45	213	45	77	182	12	875
7:15 AM	22	131	31	24	162	27	49	175	34	106	159	14	934
7:30 AM	16	144	30	21	185	30	78	239	27	114	229	14	1127
7:45 AM	39	190	65	22	224	27	75	333	59	133	234	20	1421
8:00 AM	21	144	48	16	135	19	72	260	57	149	241	17	1179
8:15 AM	29	114	51	22	230	31	40	208	49	137	200	19	1130
8:30 AM	26	112	39	21	172	23	62	184	40	89	196	24	988
8:45 AM	38	116	38	27	150	22	45	202	33	73	204	19	967
9:00 AM													
9:15 AM													
9:30 AM													
9:45 AM													
10:00 AM													
10:15 AM													
10:30 AM													
10:45 AM													
11:00 AM													
11:15 AM													
11:30 AM													
11:45 AM													

TOTAL VOLUMES =	NL	NT	NR	SL	ST	SR	EL	ET	ER	WL	WT	WR	TOTAL
	213	1050	328	174	1381	189	466	1814	344	878	1645	139	8621

AM Peak Hr Begins at: 730 AM

PEAK VOLUMES =	105	592	194	81	774	107	265	1040	192	533	904	70	4857
PEAK HR. FACTOR:		0.758			0.850			0.801			0.926		0.855

CONTROL: Signalized

Intersection Turning Movement

Prepared by: Southland Car Counters

N-S STREET: State College Blvd.

DATE: 3/3/2004

LOCATION: City of Anaheim

E-W STREET: Katella Ave.

DAY: WEDNESDAY

PROJECT# 04-1164-001

LANES:	NORTHBOUND			SOUTHBOUND			EASTBOUND			WESTBOUND			TOTAL
	NL	NT	NR	SL	ST	SR	EL	ET	ER	WL	WT	WR	
	2	3	0	2	3	0	2	2.5	1.5	2	3	1	
1:00 PM													
1:15 PM													
1:30 PM													
1:45 PM													
2:00 PM													
2:15 PM													
2:30 PM													
2:45 PM													
3:00 PM													
3:15 PM													
3:30 PM													
3:45 PM													
4:00 PM	26	124	48	25	133	28	25	154	30	62	233	12	900
4:15 PM	49	178	64	48	220	51	46	225	37	73	374	41	1406
4:30 PM	58	223	91	44	243	42	49	212	39	63	342	30	1436
4:45 PM	56	208	85	32	229	39	49	259	34	89	355	30	1465
5:00 PM	49	243	94	65	251	46	42	238	33	91	359	55	1566
5:15 PM	84	261	77	51	229	60	22	236	28	96	466	44	1654
5:30 PM	82	256	79	35	176	47	67	236	26	107	390	74	1575
5:45 PM	58	229	72	32	145	39	54	216	16	78	400	56	1395
6:00 PM													
6:15 PM													
6:30 PM													
6:45 PM													

TOTAL VOLUMES =	NL	NT	NR	SL	ST	SR	EL	ET	ER	WL	WT	WR	TOTAL
	462	1722	610	332	1626	352	354	1776	243	659	2919	342	11397

PM Peak Hr Begins at: 4:45 PM

PEAK VOLUMES =	271	968	335	183	885	192	180	969	121	383	1570	203	6260
PEAK HR. FACTOR:		0.932			0.870			0.928			0.889		0.946

CONTROL: Signalized

**INTERSECTION CAPACITY UTILIZATION
CALCULATION WORKSHEET**

PROJECT: Anaheim
ANALYSIS CONDITION: Final General Plan Recommendation
INTERSECTION: 180 State College / Katella
Date: 8/21/2004

MOVEMENT	LANES	CAPACITY	AM PEAK HOUR		PM PEAK HOUR		
			VOLUME	V/C	VOLUME	V/C	
NBL	2	3400	314	0.09 *	291	0.09	
NBT	3	5100	382	0.07	1128	0.22 *	
NBR	1	1700	295	0.17	173	0.10	
SBL	2	3400	292	0.09	410	0.12 *	
SBT	3	5100	1682	0.33 *	738	0.14	
SBR	1	1700	250	0.15	358	0.21	
EBL	2	3400	152	0.04	387	0.11 *	
EBT	4	6800	798	0.19 *	1684	0.28	
EBR	0		463		218		
WBL	2	3400	546	0.16 *	273	0.08	
WBT	4	6800	440	0.08	1694	0.31 *	
WBR	0		101		408		
N/S Movements				0.42		0.34	
E/W Movements				0.35		0.42	
Rt. Turn Component				0.00		0.00	
Yellow Clearance				0.05		0.05	
TOTAL CAPACITY UTILIZATION				0.82		0.81	
LEVEL OF SERVICE (LOS)				D		D	
				ICU		LOS	
				0.10	-	0.6	A
				0.61	-	0.7	B
				0.71	-	0.8	C
				0.81	-	0.9	D
				0.91	-	1.00	E
				1.01	-	UP	F

Average Daily Traffic Volumes

Prepared by: Southland Car Counters

Volumes for: Wednesday, March 03, 2004

City: Anaheim

Project #: 04-1165-005

Location: Katella Ave Btwn State Collage Blvd & I-5 Fwy

AM Period	NB	SB	EB	WB	PM Period	NB	SB	EB	WB			
12:00-12:15			37	36	12:00-12:15			149	235			
12:15-12:30			35	29	12:15-12:30			152	240			
12:30-12:45			20	21	12:30-12:45			146	233			
12:45-1:00			33	125	30	116	241	144	591	235	943	1534
1:00-1:15			29	24	1:00-1:15			149	281			
1:15-1:30			20	33	1:15-1:30			148	237			
1:30-1:45			23	25	1:30-1:45			163	267			
1:45-2:00			17	89	22	104	193	153	613	320	1105	1718
2:00-2:15			16	14	2:00-2:15			161	271			
2:15-2:30			16	31	2:15-2:30			151	292			
2:30-2:45			7	25	2:30-2:45			150	352			
2:45-3:00			23	62	26	96	158	148	610	339	1254	1864
3:00-3:15			34	15	3:00-3:15			174	337			
3:15-3:30			41	24	3:15-3:30			226	490			
3:30-3:45			28	23	3:30-3:45			302	375			
3:45-4:00			20	123	26	88	211	312	1014	503	1705	2719
4:00-4:15			66	30	4:00-4:15			317	435			
4:15-4:30			51	32	4:15-4:30			293	553			
4:30-4:45			132	47	4:30-4:45			283	457			
4:45-5:00			96	345	84	193	538	332	1225	601	2046	3271
5:00-5:15			183	74	5:00-5:15			324	512			
5:15-5:30			282	106	5:15-5:30			409	483			
5:30-5:45			270	136	5:30-5:45			351	349			
5:45-6:00			233	968	169	485	1453	293	1377	391	1735	3112
6:00-6:15			297	130	6:00-6:15			236	295			
6:15-6:30			400	167	6:15-6:30			187	251			
6:30-6:45			452	178	6:30-6:45			195	223			
6:45-7:00			358	1507	202	677	2184	150	768	189	958	1726
7:00-7:15			354	270	7:00-7:15			137	177			
7:15-7:30			379	284	7:15-7:30			151	134			
7:30-7:45			418	270	7:30-7:45			146	158			
7:45-8:00			327	1478	271	1095	2573	112	546	112	581	1127
8:00-8:15			369	286	8:00-8:15			100	114			
8:15-8:30			309	248	8:15-8:30			78	126			
8:30-8:45			308	266	8:30-8:45			97	111			
8:45-9:00			234	1220	251	1051	2271	96	371	110	461	832
9:00-9:15			275	221	9:00-9:15			72	100			
9:15-9:30			281	205	9:15-9:30			40	108			
9:30-9:45			271	230	9:30-9:45			53	83			
9:45-10:00			267	1094	235	891	1985	58	223	114	405	628
10:00-10:15			266	240	10:00-10:15			40	98			
10:15-10:30			256	225	10:15-10:30			40	101			
10:30-10:45			233	256	10:30-10:45			34	76			
10:45-11:00			251	1006	240	961	1967	47	161	79	354	515
11:00-11:15			245	233	11:00-11:15			30	70			
11:15-11:30			265	234	11:15-11:30			29	66			
11:30-11:45			260	241	11:30-11:45			34	34			
11:45-12:00			256	1026	228	936	1962	10	103	61	231	334

Total Vol. 0 0 9043 6693 15736 0 0 7602 11778 19380

Daily Totals

0 0 16645 18471 35116
Future → 39000 90000 79000

Average Daily Traffic Volumes

Prepared by: Southland Car Counters

Volumes for: Wednesday, March 03, 2004

City: Anaheim

Project #: 04-1165-004

Location: Katella Ave Btwn State Collage Blvd & SR-57 Fwy

AM Period	NB	SB	EB	WB		PM Period	NB	SB	EB	WB			
12:00-12:15			34	35		12:00-12:15			233	255			
12:15-12:30			15	21		12:15-12:30			240	240			
12:30-12:45			18	37		12:30-12:45			260	235			
12:45-1:00			19	86	29	122	208		256	989	228	958	1947
1:00-1:15			18	27		1:00-1:15			272	259			
1:15-1:30			14	21		1:15-1:30			276	255			
1:30-1:45			20	17		1:30-1:45			274	237			
1:45-2:00			10	62	7	72	134		291	1113	258	1009	2122
2:00-2:15			10	21		2:00-2:15			245	335			
2:15-2:30			17	14		2:15-2:30			347	334			
2:30-2:45			17	9		2:30-2:45			315	299			
2:45-3:00			17	61	12	56	117		361	1268	317	1285	2553
3:00-3:15			11	19		3:00-3:15			339	342			
3:15-3:30			27	18		3:15-3:30			384	420			
3:30-3:45			19	19		3:30-3:45			334	335			
3:45-4:00			26	83	18	74	157		421	1478	313	1410	2888
4:00-4:15			33	25		4:00-4:15			326	462			
4:15-4:30			38	38		4:15-4:30			394	590			
4:30-4:45			64	50		4:30-4:45			348	498			
4:45-5:00			70	205	62	175	380		488	1556	590	2140	3696
5:00-5:15			88	89		5:00-5:15			394	466			
5:15-5:30			119	132		5:15-5:30			370	461			
5:30-5:45			139	155		5:30-5:45			344	503			
5:45-6:00			141	487	162	538	1025		326	1434	371	1801	3235
6:00-6:15			178	197		6:00-6:15			316	292			
6:15-6:30			196	238		6:15-6:30			268	250			
6:30-6:45			208	293		6:30-6:45			262	198			
6:45-7:00			219	801	256	984	1785		215	1061	173	913	1974
7:00-7:15			274	307		7:00-7:15			183	132			
7:15-7:30			314	407		7:15-7:30			109	158			
7:30-7:45			294	403		7:30-7:45			168	138			
7:45-8:00			312	1194	317	1434	2628		105	565	104	532	1097
8:00-8:15			276	353		8:00-8:15			105	105			
8:15-8:30			277	316		8:15-8:30			100	116			
8:30-8:45			269	304		8:30-8:45			105	110			
8:45-9:00			228	1050	258	1231	2281		96	406	135	466	872
9:00-9:15			231	216		9:00-9:15			96	109			
9:15-9:30			245	229		9:15-9:30			82	92			
9:30-9:45			222	196		9:30-9:45			83	93			
9:45-10:00			215	913	221	862	1775		86	347	95	389	736
10:00-10:15			230	205		10:00-10:15			68	85			
10:15-10:30			205	230		10:15-10:30			72	76			
10:30-10:45			240	235		10:30-10:45			67	70			
10:45-11:00			235	910	240	910	1820		54	261	66	297	558
11:00-11:15			230	228		11:00-11:15			59	61			
11:15-11:30			228	230		11:15-11:30			55	46			
11:30-11:45			240	251		11:30-11:45			26	47			
11:45-12:00			235	933	252	961	1894		38	178	36	190	368

Total Vol. 0 0 6785 7419 14204 0 0 10656 11390 22046

Daily Totals 0 0 Existing → 17441 18809 36250

Future → 39,000 38,000 73,000

Average Daily Traffic Volumes

Prepared by: Southland Car Counters

Volumes for: Wednesday, March 03, 2004

City: Anaheim

Project #: 04-1165-002

Location: State College Blvd. Btwn Katella Ave & Orangewood Ave

AM Period	NB	SB	EB	WB	PM Period	NB	SB	EB	WB		
12:00-12:15	16	10			12:00-12:15	202	230				
12:15-12:30	16	17			12:15-12:30	202	225				
12:30-12:45	18	9			12:30-12:45	211	263				
12:45-1:00	21	71	9	45	116	12:45-1:00	231	846	237	955	1801
1:00-1:15	11	10			1:00-1:15	228	241				
1:15-1:30	11	11			1:15-1:30	229	246				
1:30-1:45	13	6			1:30-1:45	231	266				
1:45-2:00	13	48	22	49	97	1:45-2:00	236	924	236	989	1913
2:00-2:15	6	7			2:00-2:15	219	193				
2:15-2:30	16	14			2:15-2:30	216	252				
2:30-2:45	19	12			2:30-2:45	222	263				
2:45-3:00	15	56	3	36	92	2:45-3:00	255	912	228	936	1848
3:00-3:15	14	13			3:00-3:15	300	260				
3:15-3:30	18	12			3:15-3:30	286	311				
3:30-3:45	15	6			3:30-3:45	253	304				
3:45-4:00	18	65	16	47	112	3:45-4:00	260	1099	323	1198	2297
4:00-4:15	36	18			4:00-4:15	282	328				
4:15-4:30	35	20			4:15-4:30	349	390				
4:30-4:45	34	28			4:30-4:45	289	376				
4:45-5:00	43	148	34	100	248	4:45-5:00	486	1406	403	1497	2903
5:00-5:15	72	34			5:00-5:15	452	375				
5:15-5:30	117	68			5:15-5:30	442	399				
5:30-5:45	116	69			5:30-5:45	349	337				
5:45-6:00	106	411	78	249	660	5:45-6:00	361	1604	275	1386	2990
6:00-6:15	148	92			6:00-6:15	338	258				
6:15-6:30	187	155			6:15-6:30	266	206				
6:30-6:45	234	210			6:30-6:45	178	153				
6:45-7:00	188	757	231	688	1445	6:45-7:00	136	918	123	740	1658
7:00-7:15	267	278			7:00-7:15	173	142				
7:15-7:30	265	334			7:15-7:30	256	82				
7:30-7:45	286	360			7:30-7:45	128	102				
7:45-8:00	258	1076	334	1306	2382	7:45-8:00	90	647	92	418	1065
8:00-8:15	241	264			8:00-8:15	70	89				
8:15-8:30	198	240			8:15-8:30	87	59				
8:30-8:45	220	233			8:30-8:45	76	88				
8:45-9:00	179	838	224	961	1799	8:45-9:00	82	315	69	305	620
9:00-9:15	196	205			9:00-9:15	74	84				
9:15-9:30	198	244			9:15-9:30	70	63				
9:30-9:45	207	235			9:30-9:45	53	53				
9:45-10:00	208	809	230	914	1723	9:45-10:00	66	263	51	251	514
10:00-10:15	209	205			10:00-10:15	47	42				
10:15-10:30	216	211			10:15-10:30	47	51				
10:30-10:45	219	205			10:30-10:45	44	43				
10:45-11:00	196	840	230	851	1691	10:45-11:00	22	160	36	172	332
11:00-11:15	199	205			11:00-11:15	46	30				
11:15-11:30	205	225			11:15-11:30	30	30				
11:30-11:45	219	240			11:30-11:45	23	20				
11:45-12:00	216	839	230	900	1739	11:45-12:00	15	114	15	95	209
Total Vol.	5958	6146	0	0	12104	9208	8942	0	0	18150	

Daily Totals

Existing → 15166 15088 0 0 30254
 Future → 24000 27000 0 0 48000

Average Daily Traffic Volumes

Prepared by: Southland Car Counters

Volumes for: Wednesday, March 03, 2004

City: Anaheim

Project #: 04-1165-001

Location: State College Blvd. Btwn Katella Ave & Cerritos

AM Period	NB	SB	EB	WB	PM Period	NB	SB	EB	WB			
12:00-12:15			18	8	12:00-12:15			188	230			
12:15-12:30			11	11	12:15-12:30			187	225			
12:30-12:45			12	4	12:30-12:45			186	235			
12:45-1:00			15	56	5	28	84	201	762	224	914	1676
1:00-1:15			10	6	1:00-1:15			211	235			
1:15-1:30			11	8	1:15-1:30			205	230			
1:30-1:45			15	10	1:30-1:45			220	242			
1:45-2:00			8	44	5	29	73	205	841	214	921	1762
2:00-2:15			6	6	2:00-2:15			223	230			
2:15-2:30			8	8	2:15-2:30			235	224			
2:30-2:45			18	7	2:30-2:45			240	202			
2:45-3:00			18	50	5	26	76	225	923	250	906	1829
3:00-3:15			11	6	3:00-3:15			256	225			
3:15-3:30			15	8	3:15-3:30			260	324			
3:30-3:45			16	10	3:30-3:45			265	305			
3:45-4:00			20	62	18	42	104	240	1021	330	1184	2205
4:00-4:15			25	16	4:00-4:15			230	276			
4:15-4:30			30	15	4:15-4:30			269	286			
4:30-4:45			35	22	4:30-4:45			274	344			
4:45-5:00			40	130	30	83	213	364	1137	339	1245	2382
5:00-5:15			90	40	5:00-5:15			370	306			
5:15-5:30			125	65	5:15-5:30			364	303			
5:30-5:45			110	60	5:30-5:45			320	258			
5:45-6:00			105	430	78	243	673	288	1342	245	1112	2454
6:00-6:15			156	88	6:00-6:15			305	296			
6:15-6:30			201	156	6:15-6:30			240	199			
6:30-6:45			188	201	6:30-6:45			188	156			
6:45-7:00			245	790	211	656	1446	120	853	125	736	1589
7:00-7:15			269	241	7:00-7:15			105	110			
7:15-7:30			273	272	7:15-7:30			112	105			
7:30-7:45			256	268	7:30-7:45			105	96			
7:45-8:00			215	1013	243	1024	2037	88	410	90	401	811
8:00-8:15			222	205	8:00-8:15			60	89			
8:15-8:30			215	201	8:15-8:30			65	90			
8:30-8:45			197	212	8:30-8:45			50	89			
8:45-9:00			198	832	192	810	1642	54	229	80	348	577
9:00-9:15			190	238	9:00-9:15			40	78			
9:15-9:30			188	228	9:15-9:30			56	68			
9:30-9:45			187	241	9:30-9:45			60	60			
9:45-10:00			178	743	233	940	1683	65	221	56	262	483
10:00-10:15			184	230	10:00-10:15			50	50			
10:15-10:30			166	221	10:15-10:30			40	45			
10:30-10:45			158	204	10:30-10:45			30	40			
10:45-11:00			188	696	230	885	1581	33	153	35	170	323
11:00-11:15			190	205	11:00-11:15			35	30			
11:15-11:30			196	225	11:15-11:30			28	21			
11:30-11:45			199	245	11:30-11:45			21	20			
11:45-12:00			196	781	205	880	1661	22	106	15	86	192
Total Vol.	0	0	5627	5646	11273	0	0	7998	8285	16283		

Daily Totals

Existing → 0 → 13625 13931 27556
 Future → (19,000) (20,000) (39,000)

RESIDENTIAL UNIT CONTRACTS
AS OF NOVEMBER 21, 2006 ADDENDUM

Stadium Loft Contracts as of November 21, 2006

<u>Unit Type</u>	<u>Unit Number</u>	<u>Contract Price</u>
1	2001	\$349,900
1	2171	307,000
2	2153	351,900
2	2155	355,500
2	2161	350,000
2	3161	368,300
2	3167	368,300
3	4036	357,500
4	1065	286,100
4	1134	361,800
4	2006	357,300
4	2125	304,400
4	2132	346,700
5	3003	340,300
6	1029	327,900
6	1049	327,900
6	2029	334,400
6	2049	337,700
6	4046	395,200
7	1019	330,100
7	1031	331,800
7	1033	331,800
7	1047	331,800
7	1059	333,500
7	1121	331,800
7	1127	328,400
7	1129	320,000
7	2019	348,700
7	2047	357,200
7	2059	338,600
7	2061	347,000
7	2071	335,200
7	2098	380,900
7	2121	348,700
7	2127	333,500
7	2129	345,300

7	3031	364,000
7	3033	362,300
7	3061	342,000
7	3069	352,100
7	3071	353,800
7	3098	379,200
7	3104	379,200
7	3127	352,100
7	4031	364,000
7	4033	377,500
7	4045	365,700
7	4096	399,000
7	4098	406,300
7	4123	362,300
7	4129	367,300
8	2005	355,500
8	2011	361,000
8	2015	355,500
8	3005	373,700
8	3007	373,700
8	4011	390,100
9	4155	510,300
9	4167	503,000
10	1004	592,600
10	1041	477,900
10	2041	492,400
10	3004	578,300
10	4038	616,500
11	1021	479,600
11	1091	460,000
11	1095	460,200
11	1133	459,900
11	1139	455,300
11	2023	491,800
11	2060	541,000
11	2076	545,400
11	2133	474,800
11	2135	484,500
11	2139	484,500
11	2143	474,800
11	2145	484,500
11	2149	491,800

11	3023	491,800
11	3133	494,300
11	3169	482,100
11	4025	521,000
11	4034	620,800
11	4060	574,600
11	4074	564,900
11	4084	574,600
11	4091	528,300
11	4141	504,000
11	4169	511,300

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APPENDIX B

RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAX

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**AMENDED AND RESTATED
RATE AND METHOD OF APPORTIONMENT FOR
CITY OF ANAHEIM COMMUNITY FACILITIES DISTRICT NO. 06-2
(STADIUM LOFTS)**

To the extent provided herein a Special Tax shall be levied on all Assessor's Parcels in the City of Anaheim Community Facilities District No. 06-2 (Stadium Lofts) ("CFD No. 06-2") and collected each Fiscal Year commencing in Fiscal Year 2007-08, in an amount determined by the Council through the application of the procedures described below. All of the real property in CFD No. 06-2, unless exempted by law or by the provisions hereof, shall be taxed for the purposes, to the extent and in the manner herein provided.

A. DEFINITIONS

The terms hereinafter set forth have the following meanings:

"Acre or Acreage" means the number of acres of land area of an Assessor's Parcel as shown on an Assessor's Parcel Map, or if the land area is not shown on an Assessor's Parcel Map, the land area shown on the applicable Final Map, parcel map, condominium plan, or other recorded County parcel map.

"Act" means the Mello-Roos Community Facilities Act of 1982, as amended, being Chapter 2.5 of Part 1 of Division 2 of Title 5 of the California Government Code.

"Administrative Expenses" means the following actual or reasonably estimated costs related to the administration of CFD No. 06-2: the costs of computing the Special Taxes and preparing the annual Special Tax collection schedules (whether by the City, CFD No. 06-2, or any designee thereof); the costs of collecting the Special Taxes (whether by the County, the City, through foreclosure proceedings, or otherwise); the costs of remitting the Special Taxes to the Trustee; the costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture; the costs to the City, CFD No. 06-2 or any designee thereof of complying with arbitrage rebate requirements; the costs to the City, CFD No. 06-2 or any designee thereof of complying with City, CFD No. 06-2 or obligated persons disclosure requirements associated with applicable federal and state securities laws and of the Act; the costs associated with preparing Special Tax disclosure statements and responding to public inquiries regarding the Special Taxes; the costs of the City, CFD No. 06-2 or any designee thereof related to an appeal of the Special Tax; the costs associated with the release of funds from an escrow account; attorney's fees and other costs related to commencing and pursuing to completion any foreclosure of delinquent Special Taxes; the costs of City staff time and reasonable overhead relating to the administration of CFD No. 06-2; and any other costs or third party expenses estimated or advanced by the City or CFD No. 06-2 for any other administrative purposes of CFD No. 06-2.

"Assessor's Parcel" means a lot or parcel shown in an Assessor's Parcel Map with an assigned Assessor's Parcel number.

"Assessor's Parcel Map" means an official map of the Assessor of the County designating parcels by Assessor's Parcel number.

"Assigned Special Tax" means the Special Tax for each Land Use Class of Developed Property, as determined in accordance with Section C.1 below.

"Backup Special Tax" means the Backup Special Tax applicable to each Assessor's Parcel of Residential Property, as determined in accordance with Section C.1 below.

"Bonds" means any bonds or other debt (as defined in Section 53317(d) of the Act), whether in one or more series, issued by CFD No. 06-2 under the Act.

"CFD Administrator" means an official of the City who is responsible for determining the Special Tax Requirement, providing for the levy and collection of the Special Taxes, and other duties as set forth herein.

"CFD No. 06-2" means the City of Anaheim Community Facilities District No. 06-2 (Stadium Lofts).

"City" means the City of Anaheim.

"Council" means the City Council of the City, acting as the legislative body of CFD No. 06-2.

"County" means the County of Orange.

"Developed Property" means, for each Fiscal Year, all Taxable Property, exclusive of Taxable Property Owner Association Property or Taxable Public Property, for which a building permit for construction of new building square footage was issued after January 1, 2005 and prior to March 1 of the prior Fiscal Year.

"Final Map" means (i) a final map, or portion thereof, approved by the City pursuant to the Subdivision Map Act (California Government Code Section 66410 *et seq.*) that creates individual lots or parcels for which building permits may be issued, or (ii) for condominiums, a final map approved by the City and a condominium plan recorded pursuant to California Civil Code Section 1352 creating such individual lots or parcels.

"Fiscal Year" means the period starting July 1 and ending on the following June 30.

"Indenture" means the indenture, fiscal agent agreement, resolution or other instrument pursuant to which Bonds are issued, as modified, amended and/or supplemented from time to time, and any instrument replacing or supplementing the same.

"Land Use Class" means any of the classes listed in Table 1.

"Maximum Special Tax" means, with respect to an Assessor's Parcel of Taxable Property, the Maximum Special Tax, determined in accordance with Section C.1 below, that can be levied in any Fiscal Year on such Assessor's Parcel.

"Non-Residential Floor Area" means for Non-Residential Property the total of the gross area of the floor surfaces within the exterior wall of the building, not including space devoted to residential dwelling units, stairwells, separate storage areas, required corridors, public restrooms, elevator shafts, light courts, vehicle parking and areas incident thereto, mechanical equipment incidental to the operation of such building, and covered public pedestrian circulation areas, including atriums, lobbies, plazas, patios, decks, arcades and similar areas, except such public circulation areas or portions thereof that are used solely for commercial purposes. The amount of floor area shall be determined by reference to the building permit(s) issued by the City, or if square footage is not available from this source, as otherwise determined by the CFD Administrator.

"Non-Residential Property" means all Assessor's Parcels of Developed Property for which a building permit(s) was issued for a non-residential use.

"Outstanding Bonds" means all Bonds which are outstanding under and in accordance with the provisions of the Indenture.

"Property Owner Association Property" means, for each Fiscal Year, any property within the boundaries of CFD No. 06-2 that is owned by or irrevocably dedicated to a property owner association, including any master or sub-association.

"Proportionately" means (a) with respect to the Special Tax for Developed Property that the ratio of the actual Special Tax levy to the Assigned Special Tax is equal for all Assessor's Parcels of Developed Property; (b) with respect to the Special Tax for Taxable Property Owner Association Property that the ratio of the actual Special Tax levy to the Maximum Special Tax is equal for all Assessor's Parcels of Taxable Property Owner Association Property; and (c) with respect to the Special Tax for Taxable Public Property that the ratio of the actual Special Tax levy to the Maximum Special Tax is equal for all Assessor's Parcels of Taxable Public Property.

"Public Property" means, for each Fiscal Year, any property within the boundaries of CFD No. 06-2 that (i) is owned by or irrevocably offered for dedication to the federal government, the State, the County, the City or any other public agency, provided however that any property leased by a public agency to a private entity and subject to taxation under Section 53340.1 of the Act shall be taxed and classified in accordance with its use; or (ii) is encumbered by a public utility easement making impractical its use for any purpose other than that set forth in the easement.

"Reserve Requirement" means the reserve requirement for the Bonds as defined in the Indenture.

"Residential Floor Area" means all of the square footage of living area within the perimeter of a residential structure, not including any carport, walkway, garage, overhang,

patio, enclosed patio, or similar area. The amount of floor area shall be determined by reference to the building permit(s) issued by the City, or if square footage is not available from this source, as otherwise determined by the CFD Administrator based on the recorded condominium plan or other available documents.

"Residential Property" means all Assessor's Parcels of Developed Property for which a building permit has been issued for purposes of constructing one or more residential dwelling units.

"Special Tax" means the annual special tax to be levied in each Fiscal Year on each Assessor's Parcel of Developed Property, Taxable Property Owner Association Property, and Taxable Public Property to fund the Special Tax Requirement.

"Special Tax Requirement" means that amount required or estimated to be required in any Fiscal Year to pay: (1) debt service and other periodic costs on the Bonds due in the calendar year commencing in such Fiscal Year; (2) directly for the acquisition or construction of authorized facilities of CFD No. 06-2; (3) Administrative Expenses; (4) any amount required to increase the amount on deposit in any reserve fund established for the Bonds to the Reserve Requirement applicable thereto; (5) for reasonably anticipated delinquent Special Taxes based on the delinquency rate for Special Taxes levied in the previous Fiscal Year; and (6) the costs of remarketing, credit enhancement and liquidity facility and reserve surety fees; less (7) a credit for funds available to reduce the annual Special Tax levy, as determined by the CFD Administrator pursuant to the Indenture.

"State" means the State of California.

"Taxable Property" means, for each Fiscal Year, all of the property within the boundaries of CFD No. 06-2 which is not exempt from the Special Tax pursuant to law or Section E below.

"Taxable Property Owner Association Property" means, for each Fiscal Year, all Assessor's Parcels of Property Owner Association Property that are not exempt from the Special Tax pursuant to Section E below.

"Taxable Public Property" means, for each Fiscal Year, all Assessor's Parcels of Public Property that are not exempt from the Special Tax pursuant to law or Section E below.

"Trustee" means the trustee or fiscal agent under the Indenture.

B. ASSIGNMENT TO LAND USE CATEGORIES

Each Fiscal Year, commencing with Fiscal Year 2007-08, all Taxable Property within CFD No. 06-2 shall be classified as Developed Property (which shall be further classified as Residential Property and Non-Residential Property), Taxable Property Owner Association Property, and Taxable Public Property and shall be subject to the Special Tax in accordance with the rate and method of apportionment determined pursuant to Sections C and D below.

Developed Property shall be further classified as Residential Property and Non-Residential Property.

C. MAXIMUM SPECIAL TAX

1. Developed Property

(a) Maximum Special Tax

The Maximum Special Tax for each Assessor's Parcel classified as Developed Property shall be the greater of (i) the Assigned Special Tax or (ii) the Backup Special Tax.

(b) Assigned Special Tax

The Assigned Special Tax for each residential unit shall be based on the Residential Floor Area of such unit. The Assigned Special Tax for Non-Residential Property shall be based on the amount of Non-Residential Floor Area located on the Assessor's Parcel.

The Assigned Special Tax for each Land Use Class is shown below in Table 1.

TABLE 1
Assigned Special Tax for Developed Property

Land Use Class	Description	Residential Floor Area	Assigned Special Tax
1	Residential Property	≥ 1,250 sq. ft.	\$3,429 per unit
2	Residential Property	1,100 – 1,249 sq. ft.	\$3,048 per unit
3	Residential Property	900 – 1,099 sq. ft.	\$2,343 per unit
4	Residential Property	700 – 899 sq. ft.	\$1,477 per unit
5	Residential Property	< 700 sq. ft.	\$1,307 per unit
6	Non-Residential Property	Not Applicable	\$1.8594 per square foot of Non-Residential Floor Area

(c) Backup Special Tax

The Backup Special Tax for each Assessor's Parcel of Residential Property shall equal \$1,999 per unit.

There shall be no Backup Special Tax levied on Non-Residential Property.

Notwithstanding the foregoing, if all or any portion of a Final Map is subsequently changed or modified in a manner that results in fewer than 390 residential units, then the Backup Special Tax for each Assessor's Parcel of Residential Property within the area that is changed or modified shall be a rate per unit calculated as follows:

- (1) Determine the total Backup Special Tax anticipated to apply to the changed or modified portion of the Final Map prior to the change or modification.
- (2) The result of paragraph (a) above shall be divided by the total number of residential units which exist in such changed or modified Final Map area, as reasonably determined by the CFD Administrator.
- (3) The result is the Backup Special Tax per unit which shall be applicable to all Assessor's Parcels of Residential Property in such changed or modified portion of the Final Map.

2. Taxable Property Owner Association Property and Taxable Public Property

The Maximum Special Tax for Taxable Property Owner Association Property and Taxable Public Property shall be \$139,481 per Acre.

D. METHOD OF APPORTIONMENT OF THE SPECIAL TAX

Commencing with Fiscal Year 2007-08 and for each following Fiscal Year, the CFD Administrator shall determine the Special Tax Requirement and the Council shall levy the Special Tax as follows:

First: The Special Tax shall be levied Proportionately on each Assessor's Parcel of Developed Property at up to 100% of the applicable Assigned Special Tax as needed to satisfy the Special Tax Requirement;

Second: If additional monies are needed to satisfy the Special Tax Requirement after the first step has been completed, then the levy of the Special Tax on each Assessor's Parcel of Developed Property whose Maximum Special Tax is determined through the application of the Backup Special Tax shall be increased in equal percentages from the Assigned Special Tax up to the Maximum Special Tax for each such Assessor's Parcel;

Third: If additional monies are needed to satisfy the Special Tax Requirement after the first two steps have been completed, then the Special Tax shall be levied Proportionately on each Acre of Taxable Property Owner Association Property at up to the Maximum Special Tax for Taxable Property Owner Association Property;

Fourth: If additional monies are needed to satisfy the Special Tax Requirement after the first three steps have been completed, then the Special Tax shall be levied Proportionately on

each Acre of Taxable Public Property at up to the Maximum Special Tax for Taxable Public Property.

Notwithstanding the above, under no circumstances shall the Special Tax levied against any Assessor's Parcel of Residential Property for which an occupancy permit for private residential use has been issued be increased by more than ten percent as a consequence of delinquency or default by the owner of any other Assessor's Parcel within CFD No. 06-2.

E. EXEMPTIONS

No Special Tax shall be levied on up to 417,618 building square feet of Property Owner Association Property and 0.4264 Acres of Public Property. Tax-exempt status will be assigned by the CFD Administrator in the chronological order in which property becomes Property Owner Association Property or Public Property.

Property Owner Association Property that is not exempt from the Special Tax under this section shall be subject to the levy of the Special Tax and shall be taxed Proportionately as part of steps three and four in Section D.1 above at up to 100% of the applicable Maximum Special Tax for Taxable Property Owner Association Property and Taxable Public Property.

F. APPEALS

Any property owner claiming that the amount or application of the Special Tax is not correct and requesting a refund may file a written notice of appeal and refund to that effect with the CFD Administrator not later than one calendar year after having paid the Special Tax that is disputed. The CFD Administrator shall promptly review the appeal, and if necessary, meet with the property owner, consider written and oral evidence regarding the amount of the Special Tax, and decide the appeal. If the CFD Administrator's decision requires the Special Tax be modified or changed in favor of the property owner, a cash refund shall not be made (except for the last year of levy), but an adjustment shall be made to the next Special Tax levy. Any dispute over the decision of the CFD Administrator shall be referred to the City Council and the decision of the City Council shall be final. This procedure shall be exclusive and its exhaustion by any property owner shall be a condition precedent to any legal action by such owner.

G. MANNER OF COLLECTION

The Special Tax shall be collected in the same manner and at the same time as ordinary *ad valorem* property taxes; provided, however, that CFD No. 06-2 may directly bill the Special Tax, may collect Special Taxes at a different time or in a different manner if necessary to meet its financial obligations.

H. PREPAYMENT OF SPECIAL TAX

The Special Tax may be prepaid as described below.

The following definitions apply to this Section H:

"CFD Public Facilities" means either \$7.7 million in 2006 dollars, which shall increase by the Construction Inflation Index on July 1, 2007, and on each July 1 thereafter, or such lower number as shall be determined by the Council concurrently with a covenant by CFD No. 06-2, made for the benefit of the owners of Bonds, that no additional Bonds (other than refunding Bonds issued under the Act) payable from the Special Tax will be issued by CFD No. 06-2.

"Construction Fund" means a fund or account, however denominated, specifically identified in the Indenture to hold funds which are available for expenditure to acquire or construct public facilities eligible for financing by CFD No. 06-2 under the Act.

"Construction Inflation Index" means, for a Fiscal Year, the annual percentage change in the Engineering News-Record Building Cost Index for the City of Los Angeles, measured as of the calendar year which ends in the previous Fiscal Year. In the event this index ceases to be published, the Construction Inflation Index shall be another index as determined by the CFD Administrator that is reasonably comparable to the Engineering News-Record Building Cost Index for the City of Los Angeles.

"Future Facilities Costs" means the CFD Public Facilities minus (i) public facility costs previously paid from the Construction Fund, (ii) moneys currently on deposit in the Construction Fund, and (iii) moneys currently on deposit in an escrow fund that are expected to be available to finance public facilities costs.

"Outstanding Bonds" means, for purposes of this Section H, all Bonds which are deemed to be outstanding under the Indenture after the first interest and/or principal payment date following the current Fiscal Year.

"Reserve Fund" means the fund established under the Indenture as a reserve for the payment of principal of, and interest and any premium on, the Bonds.

1. Prepayment in Full

The Maximum Special Tax on any Assessor's Parcel of Developed Property may be prepaid. The Special Tax obligation applicable to such Assessor's Parcel in CFD No. 06-2 may be fully prepaid and the obligation of the Assessor's Parcel to pay the Special Tax permanently satisfied as described herein; provided that a prepayment may be made only if there are no delinquent Special Taxes with respect to such Assessor's Parcel at the time of prepayment. An owner of an Assessor's Parcel intending to prepay the Special Tax obligation shall provide the CFD Administrator with written notice of intent to prepay. Within 30 days of receipt of such written notice, the CFD Administrator shall notify such owner of the Prepayment Amount (defined below) of such Assessor's Parcel. The CFD Administrator may charge a reasonable fee for providing this calculation.

The Prepayment Amount shall be calculated as summarized below (capitalized terms as defined below):

	Bond Redemption Amount
plus	Redemption Premium
plus	Future Facilities Amount
plus	Defeasance Amount
plus	Administrative Fees and Expenses
less	Reserve Fund Credit
Total: equals	Prepayment Amount

As of the proposed date of prepayment, the Prepayment Amount shall be calculated as follows:

Paragraph No.:

1. Confirm that no Special Tax delinquencies apply to such Assessor's Parcel.
2. Compute the Maximum Special Tax for the Assessor's Parcel to be prepaid.
3. Divide the Maximum Special Tax computed pursuant to paragraph 2 by the total Maximum Special Tax for the entire CFD No. 06-2 at buildout (adjusted to reflect the reduction in Maximum Special Tax revenues from any Assessor's Parcels which have prepaid their Special Tax obligation in full or in part).
4. Multiply the quotient computed pursuant to paragraph 3 by the Outstanding Bonds to compute the amount of Outstanding Bonds to be paid or redeemed (the "*Bond Redemption Amount*").
5. Multiply the Bond Redemption Amount computed pursuant to paragraph 4 by the applicable redemption premium, if any, on the Outstanding Bonds to be redeemed (the "*Redemption Premium*").
6. Compute the current Future Facilities Costs.
7. Multiply the quotient computed pursuant to paragraph 3 by the amount determined pursuant to paragraph 6 to compute the amount of Future Facilities Costs to be prepaid (the "*Future Facilities Amount*").
8. Compute the amount needed to pay interest on the Bond Redemption Amount from the first bond interest payment date following the current Fiscal Year until the earliest redemption date for the Outstanding Bonds.
9. Determine the Special Tax levied on the Assessor's Parcel in the current Fiscal Year which has not yet been paid.
10. Compute the minimum amount the CFD Administrator reasonably expects to derive from the reinvestment of the Prepayment Amount less the Future

Facilities Amount and the Administrative Fees and Expenses from the date of prepayment until the redemption date for the Outstanding Bonds to be redeemed with the prepayment.

11. Add the amounts computed pursuant to paragraphs 8 and 9 and subtract the amount computed pursuant to paragraph 10 (the "*Defeasance Amount*").
12. Verify the administrative fees and expenses of No. 06-2, including the costs of computation of the prepayment, the costs to invest the prepayment proceeds, the costs of redeeming Bonds, and the costs of recording any notices to evidence the prepayment and the redemption (the "*Administrative Fees and Expenses*").
13. The reserve fund credit (the "*Reserve Fund Credit*") shall equal the lesser of:
(a) the expected reduction in the Reserve Requirement, if any, associated with the redemption of Outstanding Bonds as a result of the prepayment, or
(b) the amount derived by subtracting the new Reserve Requirement in effect after the redemption of Outstanding Bonds as a result of the prepayment from the balance in the Reserve Fund on the prepayment date, but in no event shall such amount be less than zero.
14. The Special Tax prepayment is equal to the sum of the amounts computed pursuant to paragraphs 4, 5, 7, 11 and 12, less the amount computed pursuant to paragraph 13 (the "*Prepayment Amount*").
15. From the Prepayment Amount, the amounts computed pursuant to paragraphs 4, 5, 11, and 13 shall be deposited into the appropriate fund or account established under the Indenture and be used to redeem Outstanding Bonds or make debt service payments thereon. The amount computed pursuant to paragraph 7 shall be deposited into the Construction Fund. The amount computed pursuant to paragraph 12 shall be retained by CFD No. 06-2.

The Prepayment Amount may be sufficient to redeem other than a \$5,000 increment of Bonds. In such cases, the increment above \$5,000 or integral multiple thereof will be retained in the appropriate fund or account established under the Indenture to be used with the next redemption of Bonds or to make debt service payments thereon.

As a result of the payment of the current Fiscal Year's Special Tax levy as determined under paragraph 11 (above), the CFD Administrator shall remove the current Fiscal Year's Special Tax levy for such Assessor's Parcel from the County tax rolls. With respect to any Assessor's Parcel on which the Special Tax is prepaid and permanently satisfied pursuant hereto, the Council shall cause a notice of cancellation of special tax lien to be recorded in compliance with the Act, to indicate the prepayment and permanent satisfaction of such Special Tax and the cancellation of the Special Tax lien on such Assessor's Parcel.

2. Prepayment in Part

The Maximum Special Tax on any Assessor's Parcel of Developed Property may be partially prepaid. The amount of the prepayment shall be calculated as in Section H.1, except that a partial prepayment shall be calculated according to the following formula:

$$PP = (P_E - A) \times F + A.$$

These terms have the following meaning:

- PP = the partial prepayment
- P_E = the Prepayment Amount calculated according to Section H.1
- F = the percent by which the owner of the Assessor's Parcel is partially prepaying the Maximum Special Tax
- A = the Administrative Fees and Expenses according to Section H.1

An owner of an Assessor's Parcel intending to partially prepay the Special Tax obligation shall provide the CFD Administrator with (i) written notice of intent to partially prepay and (ii) the percentage of the Special Tax to be prepaid. Within 30 days of receipt of such written notice, the CFD Administrator shall notify such owner of the partial Prepayment Amount of such Assessor's Parcel. The CFD Administrator may charge a reasonable fee for providing this calculation.

With respect to any Assessor's Parcel that is partially prepaid, CFD No. 06-2 shall (i) distribute the funds remitted to it according to Section H.1. and (ii) indicate in the records of CFD No. 06-2 that there has been a partial prepayment of the Special Tax and that a portion of the Special Tax equal to the outstanding percentage (1.00 - F) of the remaining Maximum Special Tax shall continue to be levied on such Assessor's Parcel pursuant to Section D.

Notwithstanding the foregoing, no full or partial prepayment shall be allowed unless the amount of the Maximum Special Tax that may be levied on Taxable Property (excluding Taxable Property Owner Association Property and Taxable Public Property) within CFD No. 06-2 both prior to and after the proposed prepayment is at least 1.1 times the maximum annual debt service on all Outstanding Bonds.

I. TERM OF SPECIAL TAX

The Special Tax shall be levied for a period not to exceed forty years commencing in Fiscal Year 2007-08.

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APPENDIX C

PROPOSED FORM OF OPINION OF BOND COUNSEL

Upon delivery of the Series 2007 Bonds, Orrick, Herrington & Sutcliffe LLP, Bond Counsel, proposes to render its final approving opinion with respect to the Series 2007 Bonds in substantially the following form:

[Date of Delivery]

City of Anaheim Community Facilities District No. 06-2
(Stadium Lofts)
Anaheim, California

City of Anaheim
Community Facilities District No. 06-2
(Stadium Lofts)
Special Tax Bonds, Series 2007
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the City of Anaheim Community Facilities District No. 06-2 (Stadium Lofts) (the "Community Facilities District") in connection with the issuance by the Community Facilities District of its Special Tax Bonds, Series 2007 (the "Series 2007 Bonds"), in the aggregate principal amount of \$9,060,000, pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982 (being Sections 53311 et seq. of the California Government Code) and an Indenture, dated as of February 1, 2007 (the "Indenture"), by and between the Community Facilities District and U.S. Bank National Association, as trustee (the "Trustee"). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Indenture.

In such connection, we have reviewed the Indenture, the Tax Certificate of the Community Facilities District, dated the date hereof (the "Tax Certificate"), opinions of counsel to the Community Facilities District and the Trustee, certificates of the Community Facilities District, the Trustee and others and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Our engagement with respect to the Series 2007 Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and

delivery thereof by, and validity against, any parties other than the Community Facilities District. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Indenture and the Tax Certificate, including, without limitation, covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause the interest on the Series 2007 Bonds to be included in gross income for federal income tax purposes. In addition, we call attention to the fact that the rights and obligations under the Series 2007 Bonds, the Indenture and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases, and to the limitations on legal remedies against governmental entities such as the Community Facilities District in the State of California. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the plans, specifications, maps, reports or other engineering or financial details of the proceedings, or upon the Rate and Method or the validity of the Special Tax levied upon any individual parcel. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Series 2007 Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Series 2007 Bonds constitute valid and binding special obligations of the Community Facilities District, payable solely from Net Special Tax Revenues and other assets pledged therefor under the Indenture.

2. The Indenture has been duly executed and delivered by, and constitutes a valid and binding obligation of, the Community Facilities District.

3. Interest on the Series 2007 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. Such interest is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although we observe that it is included in adjusted current earnings when calculating corporate alternative minimum taxable income. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Series 2007 Bonds.

Faithfully yours,

APPENDIX D

SUMMARY OF INDENTURE

The following is a brief summary of certain provisions of the Indenture. Additional provisions of the Indenture are summarized in the body of the Official Statement. This summary does not purport to be complete and is qualified in its entirety by reference to the Indenture.

Definitions

“Acquisition Account” means the account by that name within the Improvement Fund established and held by the Trustee pursuant to the Indenture.

“Acquisition Agreement” means the Acquisition and Funding Agreement, dated as of February 1, 2007, by and among the Community Facilities District, the City and the Developer, as originally executed or as the same may be amended from time to time in accordance with its terms.

“Acquisition Project” means the means the portion of the Project described on Exhibit B to the Indenture under the caption “Acquisition Project.”

“Act” means the Mello-Roos Community Facilities Act of 1982, constituting Sections 53311 *et seq.* of the California Government Code.

“Additional Bonds” means Bonds other than Series 2007 Bonds issued under the Indenture in accordance with the provisions thereof.

“Administrative Expense Fund” means the fund by that name established and held by the Trustee pursuant to the Indenture.

“Administrative Expenses” means costs directly related to the administration of the Community Facilities District, consisting of the costs of computing the Special Taxes and preparing the annual Special Tax schedules and the costs of collecting the Special Taxes, the costs of remitting the Special Taxes to the Trustee, the fees and costs of the Trustee (including its legal counsel) in the discharge of the duties required of it under the Indenture, the costs incurred by the Community Facilities District in complying with the disclosure provisions of any continuing disclosure undertaking and the Indenture, including those related to public inquiries regarding the Special Tax and disclosures to Owners, the costs of the Community Facilities District related to an appeal of the Special Tax, any amounts required to be rebated to the federal government in order for the Community Facilities District to comply with its tax covenants, an allocable share of the salaries of the staff of the City providing services on behalf of the Community Facilities District directly related to the foregoing and a proportionate amount of general administrative overhead of the City related thereto, and the costs of foreclosure of delinquent Special Taxes.

“Affiliate” of another Person means (a) each Person that, directly or indirectly, owns or controls, whether beneficially or as trustee, guardian, or other fiduciary, 50% or more of any class of equity securities of such other Person, and (b) each Person that controls, is controlled by or is under common control with or by such Person or any Affiliate of such Person. For the purpose of this definition, “control” of a Person shall mean the possession, directly or indirectly, of the power to direct or cause the direction of its management or policies, whether through the ownership of voting securities, by contract or otherwise.

“Allocable Maximum Annual Debt Service” means 50% of the largest Annual Debt Service for any Bond Year, including the Bond Year the calculation is made.

“Annual Debt Service” means, for each Bond Year, the sum of (a) the interest due on the Outstanding Bonds in such Bond Year, assuming that the Outstanding Bonds are retired as scheduled (including by reason of

mandatory sinking fund redemptions), and (b) the principal amount of the Outstanding Bonds due in such Bond Year (including any mandatory sinking fund redemptions due in such Bond Year).

“Auditor” means the auditor of the County of Orange.

“Authorized Representative” means, with respect to the Community Facilities District, the City Manager of the City, the Finance Director of the City, the Assistant Finance Director of the City and the Treasurer of the City, and any other Person designated as an Authorized Representative of the Community Facilities District in a Written Certificate of the Community Facilities District filed with the Trustee.

“Average Annual Debt Service” means the average of the Annual Debt Service for all Bond Years, including the Bond Year in which the calculation is made.

“Bond Counsel” means a firm of nationally recognized bond counsel selected by the Community Facilities District.

“Bond Fund” means the fund by that name established and held by the Trustee pursuant to the Indenture.

“Bond Year” means each twelve-month period beginning on September 2 in each year and extending to the next succeeding September 1, both dates inclusive, except that the first Bond Year shall begin on the Closing Date and end on September 1, 2007.

“Bonds” means the City of Anaheim Community Facilities District No. 06-2 (Stadium Lofts) Special Tax Bonds issued under the Indenture, and includes the Series 2007 Bonds and any Additional Bonds.

“Book-Entry Bonds” means the Bonds of a Series registered in the name of the nominee of DTC, or any successor securities depository for such Series of Bonds, as the registered owner thereof pursuant to the terms and provisions of the Indenture.

“Business Day” means a day which is not (a) a Saturday, Sunday or legal holiday in the State of California, (b) a day on which banking institutions in the State of California, or in any state in which the Office of the Trustee is located, are required or authorized by law (including executive order) to close, or (c) a day on which the New York Stock Exchange is closed.

“Cede & Co.” means Cede & Co., the nominee of DTC, and any successor nominee of DTC with respect to a Series of Book-Entry Bonds.

“City ” means the City of Anaheim, a municipal corporation and charter city organized and existing under and by virtue of the laws of the State of California, and any successor thereto.

“City Council” means the City Council of the City.

“Closing Date” means the date upon which the Series 2007 Bonds are delivered to the Original Purchaser, being February 28, 2007.

“Code” means the Internal Revenue Code of 1986.

“Community Facilities District” means City of Anaheim Community Facilities District No. 06-2 (Stadium Lofts), a community facilities district organized and existing under and by virtue of the laws of the State of California, and any successor thereto.

“Construction Account” means the account by that name within the Improvement Fund established and held by the Trustee pursuant to the Indenture.

“Construction Project” means the means the portion of the Project described on Exhibit B to the Indenture under the caption “Construction Project.”

“Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to the Community Facilities District relating to the authorization, issuance, sale and delivery of the Bonds, including but not limited to printing expenses, rating agency fees, filing and recording fees, initial fees, expenses and charges of the Trustee and its counsel, including the Trustee’s first annual administrative fee, fees, charges and disbursements of attorneys, financial advisors, accounting firms, consultants and other professionals, fees and charges for preparation, execution and safekeeping of the Bonds and any other cost, charge or fee in connection with the original issuance of the Bonds.

“Costs of Issuance Fund” means the fund by that name established and held by the Trustee pursuant to the Indenture.

“Developer” means CREA/Nexus Anaheim Corners, LLC, a limited liability company organized and existing under and by virtue of the laws of the State of Delaware, and its successors.

“Developer Continuing Disclosure Agreement” means the Continuing Disclosure Agreement, dated as of February 1, 2007, by and between the Developer and the Trustee, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“Developer Letter of Credit” means an irrevocable letter of credit that (a) is issued by a financial institution authorized to do business in the State of California, the long-term unsecured obligations of which, at the time of delivery of such letter of credit, are rated not less than “A” by Moody’s and not less than “A” by S&P, (b) has terms and provisions that make it suitable for the purposes of, and facilitate its use in accordance with, the provisions of the Indenture, which terms and provisions are reasonably acceptable to the Community Facilities District, (c) is delivered to and accepted by the Trustee pursuant to the Indenture, and (d) is for a term of at least one year; provided, however, that upon the acceptance by the Trustee of a Substitute Letter of Credit in substitution of the Developer Letter of Credit in accordance with the Indenture, such term shall mean such Substitute Letter of Credit.

“Developer Secured Parcels” means, as of any date, all Remaining Parcels that are owned by the Developer or an Affiliate thereof and all Transferred Parcels, excluding Secured Transferred Parcels.

“District Continuing Disclosure Agreement” means the Continuing Disclosure Agreement, dated as of February 1, 2007, by and between the Community Facilities District and the Trustee, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“DTC” means The Depository Trust Company, a limited-purpose trust company organized under the laws of the State of New York, and its successors as securities depository for any Series of Book-Entry Bonds, including any such successor appointed pursuant to the Indenture.

“Federal Securities” means (a) direct general obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America), and (b) obligations of any agency, department or instrumentality of the United States of America the timely payment of principal of and interest on which are fully guaranteed by the United States of America.

“Fiscal Year” means the period beginning on July 1 of each year and ending on the next succeeding June 30.

“Improvement Fund” means the fund by that name established and held by the Trustee pursuant to the Indenture.

“Indenture” means the Indenture, as originally executed and as it may be amended or supplemented from time to time by any Supplemental Indenture.

“Independent Consultant” means any consultant or firm of such consultants selected by the Community Facilities District and who, or each of whom (a) is generally recognized to be qualified in the financial consulting field, (b) is in fact independent and not under the domination of the Community Facilities District or the City, (c) does not have any substantial interest, direct or indirect, with or in the Community Facilities District or the City, or any owner of real property in the Community Facilities District, or any real property in the Community Facilities District, and (d) is not connected with the Community Facilities District or the City as an officer or employee thereof, but who may be regularly retained to make reports to the Community Facilities District or the City.

“Interest Payment Dates” means March 1 and September 1 of each year, commencing September 1, 2007, so long as any Bonds remain Outstanding.

“Letter of Credit Agreement” means the Developer Letter of Credit Agreement, dated as of February 1, 2007, by and between the Community Facilities District and the Developer, as originally executed or as the same may be amended from time to time in accordance with its terms.

“Letter of Credit Provider” means (a) with respect to the Developer Letter of Credit, the issuer of the Developer Letter of Credit, and its successors and assigns, or the issuer of a Substitute Letter of Credit substituted for the Developer Letter of Credit in accordance with the Indenture, and (b) with respect to a Transferred Parcel Letter of Credit, the issuer of such Transferred Parcel Letter of Credit, and its successors and assigns, or the issuer of a Substitute Letter of Credit substituted for such Transferred Parcel Letter of Credit in accordance with the Indenture.

“Maximum Annual Debt Service” means the largest Annual Debt Service for any Bond Year, including the Bond Year the calculation is made.

“Moody’s” means Moody’s Investors Service, Inc., a corporation duly organized and existing under and by virtue of the laws of the State of Delaware, and its successors and assigns, except that if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency selected by the Community Facilities District.

“Net Special Tax Revenues” means Special Tax Revenues, less amounts required to pay Administrative Expenses.

“Office of the Trustee” means the principal corporate trust office of the Trustee in Los Angeles, California, or such other office as may be specified to the Community Facilities District by the Trustee in writing.

“Ordinance” means any ordinance adopted by the City Council levying the Special Taxes.

“Original Purchaser” means the original purchaser of the Series 2007 Bonds from the Community Facilities District.

“Outstanding” means, when used as of any particular time with reference to Bonds, subject to the provisions of the Indenture relating to disqualified Bonds, all Bonds theretofore, or thereupon being, authenticated and delivered by the Trustee under the Indenture except (a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation, (b) Bonds with respect to which all liability of the Community Facilities District shall have been discharged in accordance with the Indenture, and (c) Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Trustee pursuant to the Indenture.

“Owner” means, with respect to a Bond, the Person in whose name such Bond is registered on the Registration Books.

“Participant” means any entity which is recognized as a participant by DTC in the book-entry system of maintaining records with respect to Book-Entry Bonds.

“Payment Request” has the meaning ascribed to such term in the Acquisition Agreement.

“Permitted Investments” means the following, to the extent that such securities or investments are otherwise eligible legal investments of the Community Facilities District:

- (a) Federal Securities;
- (b) any of the following direct or indirect obligations of the following agencies of the United States of America: (i) direct obligations of the Export-Import Bank; (ii) certificates of beneficial ownership issued by the Farmers Home Administration; (iii) participation certificates issued by the General Services Administration; (iv) mortgage-backed bonds or pass-through obligations issued and guaranteed by the Government National Mortgage Association, the Federal National Mortgage Association, the Federal Home Loan Mortgage Corporation or the Federal Housing Administration; (v) project notes issued by the United States Department of Housing and Urban Development; and (vi) public housing notes and bonds guaranteed by the United States of America;
- (c) interest-bearing demand deposit accounts or time deposits (including certificates of deposit) in a federal or state chartered bank (including the Trustee and its affiliates) or a state licensed branch of a foreign bank or a state or federal association (as defined in Section 5102 of the California Financial Code), provided that (i) the unsecured short-term obligations of such commercial bank or savings and loan association shall be rated “A1” or better by S&P, or (ii) such demand deposit accounts or time deposits shall be fully insured by the Federal Deposit Insurance Corporation;
- (d) commercial paper rated in the highest short-term rating category by S&P, issued by corporations which are organized and operating within the United States of America, and which matures not more than 180 days following the date of investment therein;
- (e) bankers acceptances, consisting of bills of exchange or time drafts drawn on and accepted by a commercial bank whose short-term obligations are rated in the highest short-term rating category by S&P, which mature not more than 270 days following the date of investment therein;
- (f) obligations the interest on which is excludable from gross income pursuant to Section 103 of the Code and which are rated “A” or better by S&P;
- (g) obligations issued by any corporation organized and operating within the United States of America having assets in excess of \$500,000,000, which obligations are rated “A” or better by S&P;
- (h) money market funds which are rated “Am” or better by S&P, including funds for which the Trustee and its affiliates provide investment advisory or other management services;
- (i) an investment agreement or guaranteed investment contract with, or guaranteed by, a financial institution or corporation, the long-term unsecured obligations of which are or, in the case of an insurance company, the long term financial strength of which is, rated “AA-” or better by S&P at the time of initial investment; provided, that the investment agreement shall be subject to a downgrade provision with at least the following requirements:
 - (1) the agreement shall provide that within ten Business Days after the financial institution’s long-term unsecured credit rating has been withdrawn, suspended, or reduced below “AA-” by S&P (such events referred to as “rating downgrades”) the financial institution shall give notice to the Community Facilities District and the Trustee and, within such ten-day period, and for as long as the rating downgrade is in effect, shall deliver in the name of the Community Facilities District or the Trustee Federal Securities with an aggregate current market value equal to at least 105% of the principal amount of the investment agreement invested with the financial institution at that time, and shall deliver additional Federal Securities as needed to maintain an aggregate current market value

equal to at least 105% of the principal amount of the investment agreement within three days after each evaluation date, which shall be at least weekly, and

(2) the agreement shall provide that, if the financial institution's long-term unsecured credit rating is reduced below "A-" by S&P, the financial institution shall give notice of the downgrade to the Community Facilities District and the Trustee within five Business Days, and the Trustee may, upon five Business Days' written notice to the financial institution, withdraw all amounts invested pursuant to the investment agreement, with accrued but unpaid interest thereon to the withdrawal date, and terminate the agreement.

(j) repurchase agreements with (i) any domestic bank, or domestic branch of a foreign bank, the long-term debt of which is rated at least "A" by S&P and Moody's; (ii) any broker-dealer with "retail customers" or a related affiliate thereof, which broker-dealer has, or the parent company (which guarantees the provider) of which has, long-term debt rated at least "A" by S&P and Moody's, which broker-dealer falls under the jurisdiction of the Securities Investors Protection Corporation; or (iii) any other entity (or entity whose obligations are guaranteed by an affiliate or parent company) rated at least "A" by S&P and Moody's, provided that:

(1) the market value of the collateral is maintained at levels and upon such conditions as would be acceptable to S&P and Moody's to maintain an "A" rating in an "A" rated structured financing (with a market value approach);

(2) the Trustee or a third party acting solely as agent therefor or for the Community Facilities District (the "Holder of the Collateral") has possession of the collateral or the collateral has been transferred to the Holder of the Collateral in accordance with applicable state and federal laws (other than by means of entries on the transferor's books);

(3) the repurchase agreement shall state and an opinion of counsel shall be rendered at the time such collateral is delivered that the Holder of the Collateral has a perfected first priority security interest in the collateral, any substituted collateral and all proceeds thereof (in the case of bearer securities, this means the Holder of the Collateral is in possession);

(4) all other requirements of S&P and Moody's in respect of repurchase agreements shall be met; and

(5) the repurchase agreement shall provide that if during its term the provider's rating by either S&P or Moody's is withdrawn or suspended or falls below "A-" or "A3" respectively, the provider must immediately notify the Community Facilities District and Trustee and the provider must, at the direction of the Community Facilities District or the Trustee, within 10 days of receipt of such direction, repurchase all collateral and terminate the agreement, with no penalty or premium to the Community Facilities District or Trustee.

"Person" means an individual, corporation, limited liability company, firm, association, partnership, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

"Project" means the facilities authorized to be financed by the Community Facilities District, as more particularly described in the Resolution of Formation.

"Rate and Method" means the rate and method of apportionment of the Special Taxes approved by the qualified electors of the Community Facilities District.

"Rating Downgrade" means, with respect to the Developer Letter of Credit or a Transferred Parcel Letter of Credit, that the rating of the long-term unsecured obligations of the issuer thereof has been reduced to less than "A3" by Moody's or to less than "A-" by S&P.

“Rebate Fund” means the fund by that name established and held by the Trustee pursuant to the Indenture.

“Rebate Requirement” has the meaning ascribed thereto in the Tax Certificate.

“Record Date” means the 15th calendar day of the month preceding each Interest Payment Date, whether or not such day is a Business Day.

“Redemption Fund” means the fund by that name established and held by the Trustee pursuant to the Indenture.

“Redemption Price” means the aggregate amount of principal of and premium, if any, on the Bonds upon the redemption thereof pursuant to the Indenture.

“Registration Books” means the records maintained by the Trustee for the registration of ownership and registration of transfer of the Bonds pursuant to the Indenture.

“Remaining Parcels” means, as of any date, all parcels of property within the Community Facilities District, excluding any of such parcels that (a) has a single family residential unit constructed thereon, which has been conveyed to an individual homebuyer on or prior to such date, or (b) has a commercial building constructed thereon for which a certificate of occupancy has been issued by the City on or prior to such date.

“Representation Letter” means the Letter of Representations from the Community Facilities District to DTC, or any successor securities depository for any Series of Book-Entry Bonds, in which the Community Facilities District makes certain representations with respect to issues of its securities for deposit by DTC or such successor depository.

“Required Letter of Credit Amount” means, with respect to any parcel or parcels within the Community Facilities District, for each Bond Year, an amount equal to 200% of the Share of MADS that would be applicable to such parcel or parcels for the Fiscal Year ending in such Bond Year.

“Reserve Fund” means the fund by that name established and held by the Trustee pursuant to the Indenture.

“Reserve Requirement” means, as of the date of any calculation, the least of (a) 10% of the original aggregate principal amount of the Bonds (excluding Bonds refunded with the proceeds of subsequently issued Bonds), (b) Maximum Annual Debt Service, and (c) 125% of Average Annual Debt Service.

“Resolution of Formation” means Resolution No. 2006-214, adopted by the City Council on September 12, 2006, as originally adopted and as it may be amended or supplemented from time to time.

“S&P” means Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc., a corporation duly organized and existing under and by virtue of the laws of the State of New York, and its successors and assigns, except that if such entity shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “S&P” shall be deemed to refer to any other nationally recognized securities rating agency selected by the Community Facilities District.

“Secured Transferred Parcel” means a Transferred Parcel for which a Transferred Parcel Letter of Credit has been delivered to and accepted by the Trustee pursuant to the Indenture.

“Series” means the initial series of Bonds executed, authenticated and delivered on the date of initial issuance of the Bonds and identified pursuant to the Indenture as the Series 2007 Bonds, and any Additional Bonds issued pursuant to a Supplemental Indenture and identified as a separate Series of Bonds.

“Series 2007 Bonds” means the City of Anaheim Community Facilities District No. 06-2 (Stadium Lofts) Special Tax Bonds, Series 2007, issued under the Indenture.

“Share of MADS” means, with respect to any property within the Community Facilities District, the share of Allocable Maximum Annual Debt Service allocable to such property, which share shall be equal to Allocable Maximum Annual Debt Service multiplied by a fraction, the numerator of which is the amount of Special Taxes to be levied on such property in the then current Fiscal Year pursuant to the Rate and Method (assuming that no capitalized interest is available to pay any portion of debt service on the Bonds), and the denominator of which is the total amount of Special Taxes to be levied on all property within the Community Facilities District in the then current Fiscal Year pursuant to the Rate and Method (assuming that no capitalized interest is available to pay any portion of debt service on the Bonds).

“Special Tax Fund” means the fund by that name established and held by the Trustee pursuant to the Indenture.

“Special Tax Revenues” means the proceeds of the Special Taxes received by or on behalf of the Community Facilities District, including any prepayments thereof, interest and penalties thereon and proceeds of the redemption or sale of property sold as a result of foreclosure of the lien of the Special Taxes, which shall be limited to the amount of said lien and interest and penalties thereon.

“Special Taxes” means the special taxes levied within the Community Facilities District pursuant to the Act, the Ordinance, the Rate and Method and the Indenture.

“Substitute Letter of Credit” means one or more irrevocable letters of credit, each of which (a) with respect to a Substitute Letter of Credit replacing the Developer Letter of Credit, is delivered to and accepted by the Trustee pursuant to the Indenture, or, with respect to a Substitute Letter of Credit replacing a Transferred Parcel Letter of Credit, is delivered to and accepted by the Trustee pursuant to the Indenture, (b) is issued by a financial institution authorized to do business in the State of California, the long-term unsecured obligations of which, at the time of delivery of such letter of credit, are rated not less than “A” by Moody’s and not less than “A” by S&P, (c) has the same material terms and provisions as the Developer Letter of Credit or Transferred Parcel Letter of Credit, as applicable, that it is replacing, and (d) is for a term of at least one year.

“Supplemental Indenture” means any supplemental indenture amendatory of or supplemental to the Indenture, but only if and to the extent that such Supplemental Indenture is specifically authorized under the Indenture.

“Tax Certificate” means the Tax Certificate executed by the Community Facilities District at the time of issuance of the Series 2007 Bonds relating to the requirements of Section 148 of the Code, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“Transferred Parcel” means, as of any date, a Remaining Parcel that is subject to the Special Taxes and is owned by a Person other than the Developer or an Affiliate thereof.

“Transferred Parcel Letter of Credit” means an irrevocable letter of credit that (a) is issued by a financial institution authorized to do business in the State of California, the long-term unsecured obligations of which, at the time of delivery of such letter of credit, are rated not less than “A” by Moody’s and not less than “A” by S&P, (b) has terms and provisions that make it suitable for the purposes of, and facilitate its use in accordance with, the provisions of the Indenture, which terms and provisions are reasonably acceptable to the Community Facilities District, (c) is delivered to and accepted by the Trustee pursuant to the Indenture, and (d) is for a term of at least one year; provided, however, that upon the acceptance by the Trustee of a Substitute Letter of Credit in substitution of such Transferred Parcel Letter of Credit in accordance with the Indenture, such term shall mean such Substitute Letter of Credit.

“Trustee” means U.S. Bank National Association, a national banking association organized and existing under the laws of the United States of America, or any successor thereto as Trustee under the Indenture, appointed as provided in the Indenture.

“**Written Certificate**” and “**Written Request**” of the Community Facilities District mean, respectively, a written certificate or written request signed in the name of the Community Facilities District by an Authorized Representative. Any such certificate or request may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

The Bonds

Transfer and Exchange of Bonds. Any Bond may, in accordance with its terms, be transferred upon the Registration Books by the Person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form acceptable to the Trustee. Whenever any Bond or Bonds shall be surrendered for transfer, the Community Facilities District shall execute and the Trustee shall authenticate and shall deliver a new Bond or Bonds of the same Series and maturity in a like aggregate principal amount, in any authorized denomination. The Trustee shall require the Bond Owner requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer.

The Bonds may be exchanged at the Office of the Trustee for a like aggregate principal amount of Bonds of the same Series and maturity of other authorized denominations. The Trustee shall require the payment by the Bond Owner requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

The Trustee shall not be obligated to make any transfer or exchange of Bonds of a Series during the period established by the Trustee for the selection of Bonds of such Series for redemption, or with respect to any Bonds of such Series selected for redemption.

Registration Books. The Trustee will keep or cause to be kept, at the Office of the Trustee, sufficient records for the registration and transfer of ownership of the Bonds, which shall be open to inspection during regular business hours and upon reasonable notice by the Community Facilities District; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on such records, the ownership of the Bonds as provided in the Indenture.

Temporary Bonds. The Bonds of a Series may be issued in temporary form exchangeable for definitive Bonds of such Series when ready for delivery. Any temporary Bonds may be printed, lithographed or typewritten, shall be of such authorized denominations as may be determined by the Community Facilities District, shall be in fully registered form without coupons and may contain such reference to any of the provisions of the Indenture as may be appropriate. Every temporary Bond shall be executed by the Community Facilities District and authenticated by the Trustee upon the same conditions and in substantially the same manner as the definitive Bonds. If the Community Facilities District issues temporary Bonds of a Series it shall execute and deliver definitive Bonds of such Series as promptly thereafter as practicable, and thereupon the temporary Bonds of such Series may be surrendered, for cancellation, at the Office of the Trustee and the Trustee shall authenticate and deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of such Series and maturities in authorized denominations. Until so exchanged, the temporary Bonds of such Series shall be entitled to the same benefits under the Indenture as definitive Bonds of such Series authenticated and delivered under the Indenture.

Book-Entry Bonds. (a) Prior to the issuance of a Series of Bonds, the Community Facilities District may provide that such Series of Bonds shall initially be issued as Book-Entry Bonds and, in such event, the Bonds of such Series for each maturity shall be in the form of a separate single fully registered Bond (which may be typewritten). The Series 2007 Bonds shall initially be issued as Book-Entry Bonds.

Except as provided in (c), the registered Owner of all of the Book-Entry Bonds shall be DTC and the Book-Entry Bonds shall be registered in the name of Cede & Co., as nominee of DTC. Notwithstanding anything to the contrary contained in the Indenture, payment of interest with respect to any Book-Entry Bond registered as of each Record Date in the name of Cede & Co. shall be made by wire transfer of same-day funds to the account of Cede & Co. on the payment date for the Book-Entry Bonds at the address indicated on the Record Date for Cede & Co. in the Registration Books or as otherwise provided in the Representation Letter.

(b) The Trustee and the Community Facilities District may treat DTC (or its nominee) as the sole and exclusive Owner of the Book-Entry Bonds registered in its name for the purposes of payment of the principal, premium, if any, or interest with respect to the Book-Entry Bonds, selecting the Book-Entry Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Owners of Book-Entry Bonds under the Indenture, registering the transfer of Book-Entry Bonds, obtaining any consent or other action to be taken by Owners of Book-Entry Bonds and for all other purposes whatsoever, and neither the Trustee nor the Community Facilities District shall be affected by any notice to the contrary. Neither the Trustee nor the Community Facilities District shall have any responsibility or obligation to any Participant, any person claiming a beneficial ownership interest in the Book-Entry Bonds under or through DTC or any Participant, or any other person which is not shown on the Registration Books as being an Owner, with respect to the accuracy of any records maintained by DTC or any Participant, the payment by DTC or any Participant of any amount in respect of the principal, premium, if any, or interest with respect to the Book-Entry Bonds, any notice which is permitted or required to be given to Owners of Book-Entry Bonds under the Indenture, the selection by DTC or any Participant of any person to receive payment in the event of a partial redemption of the Book-Entry Bonds, or any consent given or other action taken by DTC as Owner of Book-Entry Bonds. The Trustee shall pay all principal, premium, if any and interest with respect to the Book-Entry Bonds, only to DTC, and all such payments shall be valid and effective to fully satisfy and discharge the Community Facilities District's obligations with respect to the principal, premium, if any, and interest with respect to the Book-Entry Bonds to the extent of the sum or sums so paid. Except under the conditions of (c), no person other than DTC shall receive an executed Book-Entry Bond for each separate stated maturity. Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in the Indenture with respect to record dates, the term "Cede & Co." in the Indenture shall refer to such new nominee of DTC.

(c) In the event (i) DTC, including any successor as securities depository for a Series of Bonds, determines not to continue to act as securities depository for such Series of Bonds, or (ii) the Community Facilities District determines that the incumbent securities depository shall no longer so act, and delivers a written certificate to the Trustee to that effect, then the Community Facilities District will discontinue the book-entry system with the incumbent securities depository for such Series of Bonds. If the Community Facilities District determines to replace the incumbent securities depository for such Series of Bonds with another qualified securities depository, the Community Facilities District shall prepare or direct the preparation of a new single, separate fully registered Bond of such Series for the aggregate outstanding principal amount of Bonds of such Series of each maturity, registered in the name of such successor or substitute qualified securities depository, or its nominee, or make such other arrangement acceptable to the Community Facilities District, the Trustee and the successor securities depository for the Bonds of such Series as are not inconsistent with the terms of the Indenture. If the Community Facilities District fails to identify another qualified successor securities depository for such Series of Bonds to replace the incumbent securities depository, then the Bonds of such Series shall no longer be restricted to being registered in the Registration Books in the name of the incumbent securities depository or its nominee, but shall be registered in whatever name or names the incumbent securities depository for such Series of Bonds, or its nominee, shall designate. In such event the Community Facilities District shall execute, and deliver to the Trustee, a sufficient quantity of Bonds of such Series to carry out the transfers and exchanges provided in the Indenture. All such Bonds of such Series shall be in fully registered form in denominations authorized by the Indenture.

(d) Notwithstanding any other provision of the Indenture to the contrary, so long as any Book-Entry Bond is registered in the name of DTC, or its nominee, all payments with respect to the principal, premium, if any, and interest with respect to such Book-Entry Bond and all notices with respect to such Book-Entry Bond shall be made and given, respectively, as provided in the Representation Letter.

(e) In connection with any notice or other communication to be provided to Owners of Book-Entry Bonds pursuant to the Indenture by the Community Facilities District or the Trustee with respect to any consent or other action to be taken by Owners, the Community Facilities District or the Trustee, as the case may be, shall establish a record date for such consent or other action and give DTC notice of such record date not less than 15 calendar days in advance of such record date to the extent possible.

Additional Bonds

Conditions for Issuance. The Community Facilities District may at any time issue one or more Series of Additional Bonds (in addition to the Series 2007 Bonds) payable from Net Special Tax Revenues as provided in the Indenture on a parity with all other Bonds theretofore issued under the Indenture, but only subject to the following conditions, which are made conditions precedent to the issuance of such Additional Bonds:

(a) The issuance of such Additional Bonds shall have been authorized under and pursuant to the Act and under and pursuant to the Indenture and shall have been provided for by a Supplemental Indenture which shall specify the following:

(1) The purpose for which such Additional Bonds are to be issued; provided, that the proceeds of the sale of such Additional Bonds shall be applied only for the purpose of (i) providing funds to refund any Bonds issued under the Indenture, (ii) providing funds to pay Costs of Issuance incurred in connection with the issuance of such Additional Bonds, and (iii) providing funds to make any deposit to the Reserve Fund required pursuant to paragraph (6) below;

(2) The principal amount and designation of such Series of Additional Bonds and the denomination or denominations of the Additional Bonds;

(3) The date, the maturity date or dates, the interest payment dates and the dates on which mandatory sinking fund redemptions, if any, are to be made for such Additional Bonds; provided, that (i) the serial Bonds of such Series of Additional Bonds shall be payable as to principal annually on September 1 of each year in which principal falls due, and the term Bonds of such Series of Additional Bonds shall have annual mandatory sinking fund redemptions on September 1, (ii) the Additional Bonds shall be payable as to interest semiannually on March 1 and September 1 of each year, except that the first installment of interest may be payable on either March 1 or September 1 and shall be for a period of not longer than twelve months and the interest shall be payable thereafter semiannually on March 1 and September 1, (iii) all Additional Bonds of a Series of like maturity shall be identical in all respects, except as to number or denomination, and (iv) serial maturities of serial Bonds or mandatory sinking fund redemptions for term Bonds, or any combination thereof, shall be established to provide for the redemption or payment of such Additional Bonds on or before their respective maturity dates;

(4) The redemption premiums and terms, if any, for such Additional Bonds;

(5) The form of such Additional Bonds;

(6) The amount to be deposited from the proceeds of sale of such Additional Bonds in the Reserve Fund; provided, that the Reserve Fund shall be increased at the time that such Additional Bonds become Outstanding to an amount at least equal to the Reserve Requirement, and an amount at least equal to the Reserve Requirement shall thereafter be maintained in the Reserve Fund; and

(7) Such other provisions that are appropriate or necessary and are not inconsistent with the provisions of the Indenture;

(b) Upon the issuance of such Additional Bonds, no default shall have occurred and be continuing under the Indenture; and

(c) Upon the issuance of such Additional Bonds, Annual Debt Service in each Bond Year, calculated for all Bonds to be Outstanding immediately after the issuance of such Additional Bonds, shall be less than or equal to Annual Debt Service in such Bond Year, calculated for all Bonds Outstanding immediately prior to the issuance of such Additional Bonds.

Nothing contained in the Indenture shall limit the issuance of any special tax bonds payable from Special Taxes if, after the issuance and delivery of such special tax bonds, none of the Bonds theretofore issued under the Indenture will be Outstanding.

Procedure for Issuance. At any time after the sale of any Additional Bonds in accordance with the Act, such Additional Bonds shall be executed by the Community Facilities District for issuance under the Indenture and shall be delivered to the Trustee and thereupon shall be authenticated and delivered by the Trustee, but only upon receipt by the Trustee of the following:

(a) A certified copy of the Supplemental Indenture authorizing the issuance of such Additional Bonds;

(b) A Written Request of the Community Facilities District as to the delivery of such Additional Bonds;

(c) An opinion of Bond Counsel substantially to the effect that (i) the Indenture and all Supplemental Indentures have been duly authorized, executed and delivered by, and constitute the valid and binding obligations of, the Community Facilities District, enforceable in accordance with their terms (except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors rights and by the application of equitable principles and by the exercise of judicial discretion in appropriate cases and subject to the limitations on legal remedies against political subdivisions in the State of California), (ii) such Additional Bonds constitute valid and binding special obligations of the Community Facilities District payable solely from Net Special Tax Revenues as provided in the Indenture and are enforceable in accordance with their terms (except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors rights and by the application of equitable principles and by the exercise of judicial discretion in appropriate cases and subject to the limitations on legal remedies against political subdivisions in the State of California), and (iii) the issuance of such Additional Bonds, in and of itself, will not adversely affect the exclusion of interest on the Bonds Outstanding prior to the issuance of such Additional Bonds from gross income for federal income tax purposes;

(d) The proceeds of the sale of such Additional Bonds; and

(e) Such further documents or money as are required by the provisions of the Indenture or by the provisions of the Supplemental Indenture authorizing the issuance of such Additional Bonds.

So long as any of the Bonds remain Outstanding, the Community Facilities District shall not issue any Additional Bonds or obligations payable from Net Special Tax Revenues on a parity with the Bonds, except as provided in the Indenture. So long as any of the Bonds remain Outstanding, the Community Facilities District shall not issue any obligations payable from Net Special Tax Revenues on a basis senior or subordinate to the Bonds.

Funds and Accounts

Costs of Issuance Fund. The Trustee shall establish and maintain a separate fund designated the "Costs of Issuance Fund." On the Closing Date, the Trustee shall deposit in the Costs of Issuance Fund the amount required to be deposited therein pursuant to the Indenture.

The moneys in the Costs of Issuance Fund shall be used and withdrawn by the Trustee from time to time to pay the Costs of Issuance upon submission of a Written Request of the Community Facilities District stating (a) the Person to whom payment is to be made, (b) the amount to be paid, (c) the purpose for which the obligation was incurred, (d) that such payment is a proper charge against the Costs of Issuance Fund, and (e) that such amounts have not been the subject of a prior disbursement from the Costs of Issuance Fund, in each case together with a statement or invoice for each amount requested under the Indenture.

Improvement Fund. The Trustee shall establish and maintain a separate fund designated the “Improvement Fund.” Within the Improvement Fund, the Trustee shall establish and maintain a separate account designated the “Acquisition Account” and a separate account designated the “Construction Account.”

The moneys in the Acquisition Account shall be used and withdrawn by the Trustee from time to time to pay the costs of the Acquisition Project upon submission to the Trustee of a Written Request of the Community Facilities District stating (i) the Person to whom payment is to be made, (ii) the amount to be paid, (iii) the purpose for which the obligation was incurred, (iv) that such payment constitutes a cost of the Acquisition Project and is a proper charge against the Acquisition Account, (v) that such amounts have not been the subject of a prior disbursement from the Acquisition Account, and (vi) whether or not such costs of the Acquisition Project are to be paid pursuant to a Payment Request submitted in accordance with the Acquisition Agreement, in each case together with a statement or invoice for each amount requested under the Indenture. If costs of the Acquisition Project are to be paid pursuant to a Payment Request submitted in accordance with the Acquisition Agreement, a duplicate original of the signed and approved Payment Request relating to such costs of the Acquisition Project, together with all exhibits and attachments thereto, must accompany such Written Request of the Community Facilities District.

Upon the filing of a Written Certificate of the Community Facilities District stating (i) that the portion of the Acquisition Project to be financed from the Acquisition Account has been completed and that all costs of such portion of the Acquisition Project have been paid, or (ii) that such portion of the Acquisition Project has been substantially completed and that all remaining costs of such portion of the Acquisition Project have been determined and specifying the amount to be retained therefor, the Trustee shall (A) if the amount remaining in the Acquisition Account (less any such retention) is equal to or greater than \$25,000, transfer the portion of such amount equal to the largest integral multiple of \$5,000 that is not greater than such amount to the Redemption Fund, to be applied to the redemption of Bonds, and (B) after making the transfer, if any, required to be made pursuant to the preceding clause (A), transfer all of the amount remaining in the Acquisition Account (less any such retention) to the Bond Fund, to be applied to the payment of interest on the Bonds; provided, however, that if so specified in a Written Request of the Community Facilities District, all or a portion of said remaining amount shall be transferred to the Construction Account.

The moneys in the Construction Account shall be used and withdrawn by the Trustee from time to time to pay the costs of the Construction Project upon submission to the Trustee of a Written Request of the Community Facilities District stating (i) the Person to whom payment is to be made, (ii) the amount to be paid, (iii) the purpose for which the obligation was incurred, (iv) that such payment constitutes a cost of the Construction Project and is a proper charge against the Construction Account, and (v) that such amounts have not been the subject of a prior disbursement from the Construction Account.

Upon the filing of a Written Certificate of the Community Facilities District stating (i) that the portion of the Construction Project to be financed from the Construction Account has been completed and that all costs of such portion of the Construction Project have been paid, or (ii) that such portion of the Construction Project has been substantially completed and that all remaining costs of such portion of the Construction Project have been determined and specifying the amount to be retained therefor, the Trustee shall (A) if the amount remaining in the Construction Account (less any such retention) is equal to or greater than \$25,000, transfer the portion of such amount equal to the largest integral multiple of \$5,000 that is not greater than such amount to the Redemption Fund, to be applied to the redemption of Bonds, and (B) after making the transfer, if any, required to be made pursuant to the preceding clause (A), transfer all of the amount remaining in the Construction Account (less any such retention) to the Bond Fund, to be applied to the payment of interest on the Bonds; provided, however, that if so specified in a Written Request of the Community Facilities District, all or a portion of said remaining amount shall be transferred to the Acquisition Account.

Special Tax Fund. The Trustee shall establish and maintain a separate fund designated the “Special Tax Fund.” As soon as practicable after the receipt by the Community Facilities District of any Special Tax Revenues, but in any event no later than the date ten Business Days prior to the Interest Payment Date after such receipt, the Community Facilities District shall transfer such Special Tax Revenues to the Trustee for deposit in the Special Tax Fund; provided, however, that any such Special Tax Revenues that represent prepaid Special Taxes that are to be applied to the redemption of Bonds in accordance with the Indenture shall be identified as such to the Trustee by the Community Facilities District and shall be deposited in the Redemption Fund and the portion of such prepaid

Special Taxes to be applied to the payment of interest on the Bonds to be so redeemed shall be identified as such to the Trustee by the Community Facilities District and shall be deposited in the Bond Fund.

Upon receipt of a Written Request of the Community Facilities District, the Trustee shall withdraw from the Special Tax Fund and transfer to the Administrative Expense Fund the amount specified in such Written Request of the Community Facilities District as the amount necessary to be transferred thereto in order to have sufficient amounts available therein to pay Administrative Expenses.

On the Business Day immediately preceding each Interest Payment Date, after having made any requested transfer to the Administrative Expense Fund, the Trustee shall withdraw from the Special Tax Fund and transfer, first, to the Bond Fund, Net Special Tax Revenues in the amount, if any, necessary to cause the amount on deposit in the Bond Fund to be equal to the principal and interest due on the Bonds on such Interest Payment Date, and, second, to the Reserve Fund, Net Special Tax Revenues in the amount, if any, necessary to cause the amount on deposit in the Reserve Fund to be equal to the Reserve Requirement.

Bond Fund. The Trustee shall establish and maintain a separate fund designated the “Bond Fund.” On the Closing Date and from time to time, the Trustee shall deposit in the Bond Fund the amounts required to be deposited therein pursuant to the Indenture. There shall additionally be deposited in the Bond Fund the portion, if any, of the proceeds of the sale of Additional Bonds required to be deposited therein under the Supplemental Indenture pursuant to which such Additional Bonds are issued.

In the event that, on the Business Day prior to an Interest Payment Date, amounts in the Bond Fund are insufficient to pay the principal, if any, of and interest on the Bonds due and payable on such Interest Payment Date, including principal due and payable by reason of mandatory sinking fund redemption of such Bonds, the Trustee shall withdraw from the Reserve Fund, to the extent of any funds therein, the amount of such insufficiency, and shall transfer any amounts so withdrawn to the Bond Fund.

On each Interest Payment Date, the Trustee shall withdraw from the Bond Fund for payment to the Owners of the Bonds the principal, if any, of and interest on the Bonds then due and payable, including principal due and payable by reason of mandatory sinking fund redemption of such Bonds.

Redemption Fund. The Trustee shall establish and maintain a special fund designated the “Redemption Fund.” As soon as practicable after the receipt by the Community Facilities District of prepaid Special Taxes, but in any event not later than ten Business Days after such receipt, the Community Facilities District shall transfer such prepaid Special Taxes to the Trustee for deposit in the Redemption Fund. Additionally, the Trustee shall deposit in the Redemption Fund amounts received from the Community Facilities District in connection with the Community Facilities District’s exercise of its rights to optionally redeem Series 2007 Bonds and any other amounts required to be deposited therein pursuant to the Indenture or pursuant to any Supplemental Indenture.

Amounts in the Redemption Fund shall be disbursed therefrom for the payment of the Redemption Price of Series 2007 Bonds and to pay the Redemption Price of Additional Bonds redeemed under the Supplemental Indenture pursuant to which such Additional Bonds are issued.

Reserve Fund. The Trustee shall establish and maintain a special fund designated the “Reserve Fund.” On the Closing Date and from time to time, the Trustee shall deposit in the Reserve Fund the amounts required to be deposited therein pursuant to the Indenture.

Except as otherwise provided below, all amounts deposited in the Reserve Fund shall be used and withdrawn by the Trustee solely for the purpose of making transfers to the Bond Fund in the event of any deficiency at any time in the Bond Fund of the amount then required for payment of the principal of and interest on the Bonds or for the purpose of redeeming Bonds. Transfers shall be made from the Reserve Fund to the Bond Fund in the event of a deficiency in the Bond Fund, in accordance with the Indenture.

Whenever Bonds are to be redeemed, a proportionate share, determined as provided below, of the amount on deposit in the Reserve Fund shall, on the date on which amounts to redeem such Bonds are deposited in the

Redemption Fund, be transferred by the Trustee from the Reserve Fund to the Redemption Fund and shall be applied to the redemption of said Bonds; provided, however, that such amount shall be so transferred only if and to the extent that the amount remaining on deposit in the Reserve Fund will be at least equal to the Reserve Requirement (excluding from the calculation thereof said Bonds to be redeemed). Such proportionate share shall be equal to the largest integral multiple of \$5,000 that is not larger than the amount equal to the product of (a) the amount on deposit in the Reserve Fund on the date of such transfer, times (b) a fraction, the numerator of which is the principal amount of Bonds to be so redeemed and the denominator of which is the principal amount of Bonds to be Outstanding on the day prior to the date on which such Bonds are to be so redeemed.

Whenever the balance in the Reserve Fund exceeds the amount required to redeem or pay the Outstanding Bonds, including interest accrued to the date of payment or redemption and premium, if any, due upon redemption, the Trustee shall, upon receipt of a Written Request of the Community Facilities District, transfer the amount in the Reserve Fund to the Bond Fund or Redemption Fund, as applicable, to be applied, on the next succeeding Interest Payment Date to the payment and redemption of all of the Outstanding Bonds.

If, as a result of the scheduled payment of principal of or interest on the Bonds, the Reserve Requirement is reduced, the Trustee shall transfer an amount equal to the amount of such reduction to the Bond Fund.

Rebate Fund. The Trustee shall establish and maintain a special fund designated the “Rebate Fund.” There shall be deposited in the Rebate Fund such amounts as are required to be deposited therein pursuant to the Tax Certificate, as specified in a Written Request of the Community Facilities District. All money at any time deposited in the Rebate Fund shall be held by the Trustee in trust, to the extent required to satisfy the Rebate Requirement, for payment to the United States of America. Notwithstanding defeasance of the Bonds pursuant to the Indenture or anything to the contrary contained therein, all amounts required to be deposited into or on deposit in the Rebate Fund shall be governed exclusively by these paragraphs and by the Tax Certificate (which is incorporated into the Indenture by reference). The Trustee shall be deemed conclusively to have complied with such provisions if it follows the written directions of the Community Facilities District, and shall have no liability or responsibility to enforce compliance by the Community Facilities District with the terms of the Tax Certificate. The Trustee may conclusively rely upon the Community Facilities District’s determinations, calculations and certifications required by the Tax Certificate. The Trustee shall have no responsibility to independently make any calculation or determination or to review the Community Facilities District’s calculations.

Any funds remaining in the Rebate Fund after payment in full of all of the Bonds and after payment of any amounts described in above, shall, upon receipt by the Trustee of a Written Request of the Community Facilities District, be withdrawn by the Trustee and remitted to the Community Facilities District.

Administrative Expense Fund. The Trustee shall establish and maintain a special fund designated the “Administrative Expense Fund.” On the Closing Date, the Trustee shall deposit in the Administrative Expense Fund the amount required to be deposited therein pursuant to the Indenture. The Trustee shall additionally deposit in the Administrative Expense Fund the amounts transferred from the Special Tax Fund and required to be deposited therein pursuant to the Indenture.

The moneys in the Administrative Expense Fund shall be used and withdrawn by the Trustee from time to time to pay the Administrative Expenses upon submission of a Written Request of the Community Facilities District stating (a) the Person to whom payment is to be made, (b) the amount to be paid, (c) the purpose for which the obligation was incurred and that such purpose constitutes an Administrative Expense, (d) that such payment is a proper charge against the Administrative Expense Fund, and (e) that such amounts have not been the subject of a prior disbursement from the Administrative Expense Fund; in each case together with a statement or invoice for each amount requested thereunder.

Investment of Moneys. Except as otherwise provided in the Indenture, all moneys in any of the funds or accounts established pursuant to the Indenture and held by the Trustee shall be invested by the Trustee solely in Permitted Investments, as directed in writing by the Community Facilities District two Business Days prior to the making of such investment. Moneys in all funds and accounts held by the Trustee shall be invested in Permitted Investments maturing not later than the date on which it is estimated that such moneys will be required for the purposes specified in the Indenture; provided, however, that Permitted Investments in which moneys in the Reserve

Fund are so invested shall mature no later than the earlier of five years from the date of investment or the final maturity date of the Bonds; provided, further, however, that if such Permitted Investments may be redeemed at par so as to be available on each Interest Payment Date, any amount in the Reserve Fund may be invested in such redeemable Permitted Investments maturing on any date on or prior to the final maturity date of the Bonds. Absent timely written direction from the Community Facilities District, the Trustee shall invest any funds held by it in Permitted Investments described in clause (h) of the definition thereof.

Subject to the "Rebate Fund" provisions of the Indenture, all interest, profits and other income received from the investment of moneys in any fund or account established pursuant to the Indenture (other than the Reserve Fund) shall be retained therein. Subject to such same provisions, all interest, profits or other income received from the investment of moneys in the Reserve Fund shall, prior to the date on which a Written Certificate of the Community Facilities District is delivered to the Trustee, be transferred to the Construction Account and, thereafter, shall be deposited in the Bond Fund; provided, however, that, notwithstanding the foregoing, any such transfer shall be made only if and to the extent that, after such transfer, the amount on deposit in the Reserve Fund is at least equal to the Reserve Requirement.

Permitted Investments acquired as an investment of moneys in any fund or account established under the Indenture shall be credited to such fund or account. For the purpose of determining the amount in any fund or account, all Permitted Investments credited to such fund shall be valued by the Trustee at the market value thereof, such valuation to be performed not less frequently than semiannually on or before each February 15 and August 15.

The Trustee may act as principal or agent in the making or disposing of any investment. Upon the Written Request of the Community Facilities District, the Trustee shall sell or present for redemption any Permitted Investments so purchased whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund to which such Permitted Investments is credited, and the Trustee shall not be liable or responsible for any loss resulting from any investment made or sold pursuant to the Indenture. For purposes of investment, the Trustee may commingle moneys in any of the funds and accounts established under the Indenture.

The Community Facilities District acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Community Facilities District the right to receive brokerage confirmations of security transactions as they occur, the Community Facilities District will not receive such confirmations to the extent permitted by law. The Trustee will furnish the Community Facilities District periodic cash transaction statements which include detail for all investment transactions made by the Trustee under the Indenture.

Letter of Credit

Developer Letter of Credit. (a) *Drawings on Developer Letter of Credit.* So long as amounts are available under the Developer Letter of Credit, if Special Taxes levied on Developer Secured Parcels are delinquent, the Community Facilities District shall, no sooner than 45 days and no later than 30 days prior to each Interest Payment Date, instruct the Trustee to draw on the Developer Letter of Credit in an amount equal to the lesser of (i) the amount of such delinquency (exclusive of penalties and interest and exclusive of any delinquent amounts for which a drawing on the Developer Letter of Credit shall have previously been made and honored), and (ii) the amount then available under the Developer Letter of Credit. The Trustee shall draw upon the Developer Letter of Credit promptly following receipt by the Trustee of a Written Request of the Community Facilities District (A) instructing the Trustee to draw on the Developer Letter of Credit, (B) specifying the amount to be so drawn, and (C) stating that Special Taxes (exclusive of penalties and interest and exclusive of any delinquent amounts for which a drawing on the Developer Letter of Credit shall have previously been made and honored) levied on Developer Secured Parcels are then delinquent in an amount at least equal to the amount to be so drawn on the Developer Letter of Credit. The Trustee shall deposit the proceeds of any such draw in the Special Tax Fund. No later than ten Business Days after the receipt by the Community Facilities District of any delinquent Special Taxes for which a drawing on the Developer Letter of Credit shall have previously been made and honored, the Community Facilities District shall transfer such delinquent Special Taxes to the Trustee and shall deliver to the Trustee (with a copy to the Developer) a Written Certificate of the Community Facilities District directing the Trustee to apply such delinquent Special Taxes to reimburse the Letter of Credit Provider for such draw on the Developer Letter of Credit,

provided that on or prior to such date the Developer Letter of Credit has been, or will be concurrently with such reimbursement, reinstated in an amount at least equal to such delinquent Special Taxes. On each date on which the Trustee receives a Written Certificate of the Community Facilities District and such delinquent Special Taxes, the Trustee shall so apply such delinquent Special Taxes and shall take such actions as are required pursuant to the Developer Letter of Credit in order to cause such reinstatement.

(b) *Rating Downgrade.* On the Business Day following the date on which the Trustee receives a Written Certificate of the Community Facilities District stating that a Rating Downgrade with respect to the Letter of Credit Provider that issued the Developer Letter of Credit has occurred, unless a Substitute Letter of Credit has been provided, the Trustee shall draw on the Developer Letter of Credit in the full amount available thereunder. On the thirtieth Business Day prior to the expiration date of the Developer Letter of Credit, the Trustee shall draw on the Developer Letter of Credit in the full amount available thereunder. The Trustee shall deposit the proceeds of any such draw in a special account within the Special Tax Fund, which the Trustee shall establish and maintain. Any earnings from the investment of amounts on deposit in such special account shall be transferred by the Trustee to the Letter of Credit Provider that issued the Developer Letter of Credit within five Business Days following the end of each Bond Year. After any such a draw on the Developer Letter of Credit, on each date on which the Trustee receives a Written Certificate of the Community Facilities District stating that Special Taxes (exclusive of penalties and interest and exclusive of any delinquent amounts for which a drawing on the Developer Letter of Credit shall have previously been made and honored or for which amounts shall have previously been transferred from such special account to the Special Tax Fund) levied on Developer Secured Parcels are then delinquent and directing the Trustee to transfer a specified amount from such special account to the Special Tax Fund, the Trustee shall so transfer such specified amount. After any such a draw on the Developer Letter of Credit, no later than ten Business Days after the receipt by the Community Facilities District of any delinquent Special Taxes for which amounts shall have previously been transferred from such special account to the Special Tax Fund, the Community Facilities District shall transfer such delinquent Special Taxes to the Trustee and shall deliver to the Trustee (with a copy to the Developer) a Written Certificate of the Community Facilities District directing the Trustee to deposit such delinquent Special Taxes in such special account. On each date on which the Trustee receives such a Written Certificate of the Community Facilities District and such delinquent Special Taxes, the Trustee shall so deposit such delinquent Special Taxes. After such a draw on the Developer Letter of Credit, upon receipt of a Substitute Letter of Credit in substitution of the Developer Letter of Credit, the Trustee shall transfer any funds on deposit in such special account to the Letter of Credit Provider from which such funds were drawn pursuant to the Developer Letter of Credit.

(c) *Recalculation of Amount of Developer Letter of Credit.* The Community Facilities District shall, no later than August 25 of each year, deliver to the Trustee (with a copy to the Developer) a Written Certificate of the Community Facilities District specifying the Required Letter of Credit Amount for Developer Secured Parcels for the Bond Year commencing on the immediately succeeding September 2; provided, however, that the Community Facilities District's obligation to deliver such Written Certificate shall be subject to the Community Facilities District's receiving from the Developer, no later than August 1 of such year, pursuant to and in accordance with the Letter of Credit Agreement, a certification as to which parcels within the Community Facilities District constitute Developer Secured Parcels as of such August 1, together with written evidence of the matters so certified (for which purpose an owner title guarantee showing ownership for every parcel within the Community Facilities District and copies or adequate descriptions of relevant certificates of occupancy issued during the 12 months immediately preceding such August 1 are sufficient), which certification and written evidence shall be in form and substance reasonably satisfactory to the Community Facilities District. For purposes of determining the amount, if any, required to be available under the Developer Letter of Credit for the Bond Year commencing on the immediately succeeding September 2, the Required Letter of Credit Amount shall be calculated based on the parcels that constitute Developer Secured Parcels as of such August 1. Upon receipt of such Written Certificate of the Community Facilities District, if the amount available under the Developer Letter of Credit is greater than the Required Letter of Credit Amount as specified in such Written Certificate, the Trustee shall, in accordance with the terms of the Developer Letter of Credit, cause the available amount under the Developer Letter of Credit to be reduced, on or after September 2 of the following Bond Year, to an amount equal to the Required Letter of Credit Amount as specified in such Written Certificate. If the Share of MADS as specified in such Written Certificate is less than 7% of Allocable Maximum Annual Debt Service, the Trustee shall, in accordance with the terms of the Developer Letter of Credit, surrender the Developer Letter of Credit to the Letter of Credit Provider that issued the Developer Letter of Credit.

Pursuant to the Letter of Credit Agreement, during each fiscal year, no more often than once during the period from March 1 through and including May 31, the Developer has the right, but not the obligation, to provide the Community Facilities District with a certification as to which parcels within the Community Facilities District constitute Developer Secured Parcels as of such date, together with written evidence of the matters so certified (for which purpose an owner title guarantee showing ownership for every parcel within the Community Facilities District and copies or adequate descriptions of relevant certificates of occupancy issued after the August 1 immediately preceding the date of such certification are sufficient), which certification and written evidence must be in form and substance reasonably satisfactory to the Community Facilities District. No later than 25 days after the receipt from the Developer of such certification and written evidence, the Community Facilities District shall deliver to the Trustee (with a copy to the Developer) a Written Certificate of the Community Facilities District specifying the Required Letter of Credit Amount for Developer Secured Parcels for the then current Bond Year. For purposes of determining the amount, if any, required to be available under the Developer Letter of Credit for such Bond Year, the Required Letter of Credit Amount shall be calculated based on the parcels that constitute Developer Secured Parcels as of the date of such certification of the Developer. Upon receipt of such Written Certificate of the Community Facilities District, if the amount available under the Developer Letter of Credit is greater than the Required Letter of Credit Amount as specified in such Written Certificate, the Trustee shall, in accordance with the terms of the Developer Letter of Credit, cause the available amount under the Developer Letter of Credit to be reduced to an amount equal to the Required Letter of Credit Amount as specified in such Written Certificate.

(d) *Surrender of Developer Letter of Credit.* Within 15 days after receipt from the Developer of a certification as to which parcels within the Community Facilities District constitute Developer Secured Parcels and a demonstration that the Share of MADS allocable to Developer Secured Parcels is less than 7% of Allocable Maximum Annual Debt Service, together with written evidence of the matters so certified (an owner title guarantee showing ownership for every parcel within the Community Facilities District and copies or adequate descriptions of relevant certificates of occupancy issued prior to the date of such certification shall be sufficient for such purpose), which certification, demonstration and written evidence shall be in form and substance reasonably satisfactory to the Community Facilities District, the Community Facilities District shall deliver to the Trustee (with a copy to the Developer) a Written Certificate of the Community Facilities District stating that the Share of MADS allocable to Developer Secured Parcels is less than 7% of Allocable Maximum Annual Debt Service. Upon receipt of such Written Certificate of the Community Facilities District, the Trustee shall (i) if the Trustee still holds the Developer Letter of Credit, surrender the Developer Letter of Credit to the Letter of Credit Provider that issued the Developer Letter of Credit, and (ii) transfer the amount, if any, in the special account referred to in (a) to the Letter of Credit Provider from which such funds were drawn pursuant to the Developer Letter of Credit.

(e) *Substitute Letter of Credit.* At the Written Request of the Community Facilities District, the Trustee shall accept a Substitute Letter of Credit in substitution of the Developer Letter of Credit then held by the Trustee, so long as (i) the Substitute Letter of Credit satisfies the requirements specified in the definition thereof, (ii) the amount available to be drawn under such Substitute Letter of Credit is at least equal to the Required Letter of Credit Amount for Developer Secured Parcels for the Bond Year in which such Substitute Letter of Credit is delivered, and (iii) such Substitute Letter of Credit is accompanied by one or more opinions of counsel reasonably satisfactory to the Trustee and the Community Facilities District addressed to the Trustee and the Community Facilities District to the effect, singly or together, that the Substitute Letter of Credit is a legal, valid and binding obligation of the provider thereof, enforceable against the provider thereof in accordance with its terms, except as limited by applicable reorganization, insolvency, liquidation, readjustment of debt, moratorium or other similar laws affecting the enforcement of rights of creditors generally as such laws may be applied in the event of a reorganization, insolvency, liquidation, readjustment of debt or other similar proceeding of or moratorium applicable to the provider thereof and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law). Upon receipt of such Substitute Letter of Credit, the Trustee shall surrender the Developer Letter of Credit being replaced to the Letter of Credit Provider that issued the Developer Letter of Credit.

(f) *No Sale, Assignment or Transfer.* The Trustee shall not sell, assign or otherwise transfer the Developer Letter of Credit, except to a successor Trustee under the Indenture and in accordance with the terms of the Developer Letter of Credit.

(g) *No Reduction, Credit or Cure.* The amount received pursuant to any draw on the Developer Letter of Credit shall in no way reduce, constitute a credit or cure any delinquency in respect of the amount of any Special Taxes levied on any Developer Secured Parcel or on any other parcel in the Community Facilities District.

Transferred Parcel Letter of Credit. (a) *Delivery of a Transferred Parcel Letter of Credit.* In accordance with the Letter of Credit Agreement, if, at any time (i) the owner of a Transferred Parcel makes available a Transferred Parcel Letter of Credit which satisfies the requirements specified in the definition thereof, (ii) the amount available to be drawn under such Transferred Parcel Letter of Credit is at least equal to the Required Letter of Credit Amount for such Transferred Parcel for the Bond Year in which such Transferred Parcel Letter of Credit is delivered, (iii) such Transferred Parcel Letter of Credit is accompanied by one or more opinions of counsel reasonably satisfactory to the Trustee and the Community Facilities District addressed to the Trustee and the Community Facilities District to the effect, singly or together, that the Transferred Parcel Letter of Credit is a legal, valid and binding obligation of the Letter of Credit Provider with respect thereto, enforceable against such Letter of Credit Provider in accordance with its terms, except as limited by applicable reorganization, insolvency, liquidation, readjustment of debt, moratorium or other similar laws affecting the enforcement of rights of creditors generally as such laws may be applied in the event of a reorganization, insolvency, liquidation, readjustment of debt or other similar proceeding of or moratorium applicable to such Letter of Credit Provider and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law), and (iv) the owner of such Transferred Parcel requests that the Community Facilities District deliver to the Trustee such Transferred Parcel Letter of Credit and such opinion, the Community Facilities District is required to deliver to the Trustee (A) such Transferred Parcel Letter of Credit, (B) such opinion, and (C) a Written Request of the Community Facilities District (with a copy to the Developer and such owner) directing the Trustee to accept such Transferred Parcel Letter of Credit, identifying the Transferred Parcel to which such Transferred Parcel Letter of Credit is to apply and specifying the Required Letter of Credit Amount for such Transferred Parcel. Upon the Trustee's receipt of the items specified in (A), (B) and (C) of the preceding sentence, the Trustee shall (i) accept such Transferred Parcel Letter of Credit and, upon such acceptance, such Transferred Parcel shall be deemed to be a Secured Transferred Parcel, and (ii) provide notice to the Community Facilities District (with a copy to the Developer) specifying the revised Required Letter of Credit Amount for Developer Secured Parcels for the Bond Year in which such Transferred Parcel Letter of Credit is delivered.

(b) *Drawings on Transferred Parcel Letter of Credit.* So long as amounts are available under a Transferred Parcel Letter of Credit, if Special Taxes levied on the Secured Transferred Parcel secured thereby are delinquent, the Community Facilities District shall, no sooner than 45 days and no later than 30 days prior to each Interest Payment Date, instruct the Trustee to draw on such Transferred Parcel Letter of Credit in an amount equal to the lesser of (i) the amount of such delinquency (exclusive of penalties and interest and exclusive of any delinquent amounts for which a drawing on such Transferred Parcel Letter of Credit shall have previously been made and honored), and (ii) the amount then available under such Transferred Parcel Letter of Credit. The Trustee shall draw upon such Transferred Parcel Letter of Credit promptly following receipt by the Trustee of a Written Request of the Community Facilities District (A) instructing the Trustee to draw on such Transferred Parcel Letter of Credit, (B) specifying the amount to be so drawn, and (C) stating that Special Taxes (exclusive of penalties and interest and exclusive of any delinquent amounts for which a drawing on such Transferred Parcel Letter of Credit shall have previously been made and honored) levied on such Secured Transferred Parcel are then delinquent in an amount at least equal to the amount to be so drawn on such Transferred Parcel Letter of Credit. The Trustee shall deposit the proceeds of any such draw in the Special Tax Fund. No later than ten Business Days after the receipt by the Community Facilities District of any delinquent Special Taxes for which a drawing on a Transferred Parcel Letter of Credit shall have previously been made and honored, the Community Facilities District shall transfer such delinquent Special Taxes to the Trustee and shall deliver to the Trustee (with a copy to the owner of the Secured Transferred Parcel) a Written Certificate of the Community Facilities District directing the Trustee to apply such delinquent Special Taxes to reimburse the Letter of Credit Provider that issued such Transferred Parcel Letter of Credit for such draw on such Transferred Parcel Letter of Credit, provided that on or prior to such date such Transferred Parcel Letter of Credit has been, or will be concurrently with such reimbursement, reinstated in an amount at least equal to such delinquent Special Taxes. On each date on which the Trustee receives a Written Certificate of the Community Facilities District and such delinquent Special Taxes, the Trustee shall so apply such delinquent Special Taxes and shall take such actions as are required pursuant to such Transferred Parcel Letter of Credit in order to cause such reinstatement.

(c) *Rating Downgrade.* On the Business Day following the date on which the Trustee receives a Written Certificate of the Community Facilities District stating that a Rating Downgrade with respect to the Letter of Credit Provider that issued a Transferred Parcel Letter of Credit has occurred, unless a Substitute Letter of Credit has been provided, the Trustee shall draw on such Transferred Parcel Letter of Credit in the full amount available thereunder. On the thirtieth Business Day prior to the expiration date of a Transferred Parcel Letter of Credit, the Trustee shall draw on such Transferred Parcel Letter of Credit in the full amount available thereunder. The Trustee shall deposit the proceeds of any such draw in a special account within the Special Tax Fund, which the Trustee shall establish and maintain. Any earnings from the investment of amounts on deposit in such special account shall be transferred by the Trustee to the Letter of Credit Provider that issued such Transferred Parcel Letter of Credit within five Business Days following the end of each Bond Year. After any such a draw on such Transferred Parcel Letter of Credit, on each date on which the Trustee receives a Written Certificate of the Community Facilities District stating that Special Taxes (exclusive of penalties and interest and exclusive of any delinquent amounts for which a drawing on such Transferred Parcel Letter of Credit shall have previously been made and honored or for which amounts shall have previously been transferred from such special account to the Special Tax Fund) levied on the Secured Transferred Parcel secured by such Transferred Parcel Letter of Credit are then delinquent and directing the Trustee to transfer a specified amount from such special account to the Special Tax Fund, the Trustee shall so transfer such specified amount. After any such a draw on such Transferred Parcel Letter of Credit, no later than ten Business Days after the receipt by the Community Facilities District of any delinquent Special Taxes for which amounts shall have previously been transferred from such special account to the Special Tax Fund, the Community Facilities District shall transfer such delinquent Special Taxes to the Trustee and shall deliver to the Trustee (with a copy to such owner) a Written Certificate of the Community Facilities District directing the Trustee to deposit such delinquent Special Taxes in such special account. On each date on which the Trustee receives such a Written Certificate of the Community Facilities District and such delinquent Special Taxes, the Trustee shall so deposit such delinquent Special Taxes. After such a draw on such Transferred Parcel Letter of Credit, upon receipt of a Substitute Letter of Credit in substitution of such Transferred Parcel Letter of Credit, the Trustee shall transfer any funds on deposit in such special account to the Letter of Credit Provider from which such funds were drawn pursuant to such Transferred Parcel Letter of Credit.

(d) *Recalculation of Amount of Transferred Parcel Letter of Credit.* The Community Facilities District shall, no later than August 25 of each year, deliver to the Trustee (with a copy to the owner of the related Secured Transferred Parcel) a Written Certificate of the Community Facilities District specifying the Required Letter of Credit Amount for each Secured Transferred Parcel for the Bond Year commencing on the immediately succeeding September 2; provided, however, that the Community Facilities District's obligation to deliver such Written Certificate shall be subject to the Community Facilities District's receiving from the owner of such Secured Transferred Parcel, no later than August 1 of such year, pursuant to and in accordance with the Letter of Credit Agreement, a certification as to which parcels within the Community Facilities District, as of such August 1, constitute Secured Transferred Parcels owned by such owner or Affiliates of such owner, together with written evidence of the matters so certified (for which purpose an owner title guarantee showing ownership for every parcel within the Community Facilities District and copies or adequate descriptions of relevant certificates of occupancy issued during the 12 months immediately preceding such August 1 are sufficient), which certification and written evidence shall be in form and substance reasonably satisfactory to the Community Facilities District. For purposes of determining the amount required to be available under each Transferred Parcel Letter of Credit for the Bond Year commencing on the immediately succeeding September 2, the Required Letter of Credit Amount shall be calculated based on the parcels that constitute Secured Transferred Parcels owned by such owner or Affiliates of such owner as of such August 1. Upon receipt of such Written Certificate of the Community Facilities District, if the amount available under the Transferred Parcel Letter of Credit securing such Secured Transferred Parcels is greater than the Required Letter of Credit Amount as specified in such Written Certificate, the Trustee shall, in accordance with the terms of such Transferred Parcel Letter of Credit, cause the available amount under such Transferred Parcel Letter of Credit to be reduced, on or after September 2 of the following Bond Year, to an amount equal to the Required Letter of Credit Amount as specified in such Written Certificate. If the Share of MADS as specified in such Written Certificate is less than 7% of Allocable Maximum Annual Debt Service, the Trustee shall, in accordance with the terms of such Transferred Parcel Letter of Credit, surrender such Transferred Parcel Letter of Credit to the Letter of Credit Provider that issued such Transferred Parcel Letter of Credit.

Pursuant to the Letter of Credit Agreement, during each fiscal year, no more often than once during the period from March 1 through and including May 31, the owner of a Secured Transferred Parcel has the right, but not

the obligation, to provide the Community Facilities District with a certification as to which parcels within the Community Facilities District constitute Secured Transferred Parcels owned by such owner or Affiliates of such owner as of such date, together with written evidence of the matters so certified (for which purpose an owner title guarantee showing ownership for every parcel within the Community Facilities District and copies or adequate descriptions of relevant certificates of occupancy issued after the August 1 immediately preceding the date of such certification are sufficient), which certification and written evidence shall be in form and substance reasonably satisfactory to the Community Facilities District. No later than 25 days after the receipt from such owner of such certification and written evidence, the Community Facilities District shall deliver to the Trustee (with a copy to such owner) a Written Certificate of the Community Facilities District specifying the Required Letter of Credit Amount for the then current Bond Year for Secured Transferred Parcels owned by such owner or Affiliates of such owner. For purposes of determining the amount, if any, required to be available under the Transferred Parcel Letter of Credit for such Secured Transferred Parcels for such Bond Year, the Required Letter of Credit Amount shall be calculated based on the parcels that constitute Secured Transferred Parcels owned by such owner or Affiliates of such owner as of the date of such certification of such owner. Upon receipt of such Written Certificate of the Community Facilities District, if the amount available under such Transferred Parcel Letter of Credit is greater than the Required Letter of Credit Amount as specified in such Written Certificate, the Trustee shall, in accordance with the terms of such Transferred Parcel Letter of Credit, cause the available amount under such Transferred Parcel Letter of Credit to be reduced to an amount equal to the Required Letter of Credit Amount as specified in such Written Certificate.

(e) *Surrender of Transferred Parcel Letter of Credit.* Within 15 days after receipt from the owner of a Secured Transferred Parcel of a certification as to which parcels within the Community Facilities District constitutes Secured Transferred Parcels owned by such owner or Affiliates of such owner and a demonstration that the Share of MADS allocable to such Secured Transferred Parcels is less than 7% of Allocable Maximum Annual Debt Service, together with written evidence of the matters so certified (an owner title guarantee showing ownership for every parcel within the Community Facilities District and copies or adequate descriptions of relevant certificates of occupancy issued prior to the date of such certification shall be sufficient for such purpose), which certification, demonstration and written evidence shall be in form and substance reasonably satisfactory to the Community Facilities District, the Community Facilities District shall deliver to the Trustee (with a copy to the Developer) a Written Certificate of the Community Facilities District stating that the Share of MADS allocable to such Secured Transferred Parcels is less than 7% of Allocable Maximum Annual Debt Service. Upon receipt of such Written Certificate of the Community Facilities District, the Trustee shall (i) if the Trustee still holds the Transferred Parcel Letter of Credit relating to such Secured Transferred Parcels, surrender the Transferred Parcel Letter of Credit to the Letter of Credit Provider that issued the Transferred Parcel Letter of Credit, and (ii) transfer the amount, if any, in the special account referred to in (b) to the Letter of Credit Provider from which such funds were drawn pursuant to the Transferred Parcel Letter of Credit.

(f) *Substitute Letter of Credit.* At the Written Request of the Community Facilities District, the Trustee shall accept a Substitute Letter of Credit in substitution of a Transferred Parcel Letter of Credit then held by the Trustee, so long as (i) the Substitute Letter of Credit satisfies the requirements specified in the definition thereof, (ii) the amount available to be drawn under such Substitute Letter of Credit is at least equal to the Required Letter of Credit Amount for the Secured Transferred Parcels secured thereby for the Bond Year in which such Substitute Letter of Credit is delivered, and (iii) such Substitute Letter of Credit is accompanied by one or more opinions of counsel reasonably satisfactory to the Trustee and the Community Facilities District addressed to the Trustee and the Community Facilities District to the effect, singly or together, that the Substitute Letter of Credit is a legal, valid and binding obligation of the provider thereof, enforceable against the provider thereof in accordance with its terms, except as limited by applicable reorganization, insolvency, liquidation, readjustment of debt, moratorium or other similar laws affecting the enforcement of rights of creditors generally as such laws may be applied in the event of a reorganization, insolvency, liquidation, readjustment of debt or other similar proceeding of or moratorium applicable to the provider thereof and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law). Upon receipt of such Substitute Letter of Credit, the Trustee shall surrender the Transferred Parcel Letter of Credit being replaced to the Letter of Credit Provider that issued such Transferred Parcel Letter of Credit.

(g) *No Sale, Assignment or Transfer.* The Trustee shall not sell, assign or otherwise transfer any Transferred Parcel Letter of Credit, except to a successor Trustee under the Indenture and in accordance with the terms of such Transferred Parcel Letter of Credit.

(h) *No Reduction, Credit or Cure.* The amount received pursuant to any draw on a Transferred Parcel Letter of Credit shall in no way reduce, constitute a credit or cure any delinquency in respect of the amount of any Special Taxes levied on the Secured Transferred Parcel secured thereby or on any other parcel in the Community Facilities District.

Certain Covenants

Collection of Special Tax Revenues. The Community Facilities District shall comply with all requirements of the Act so as to assure the timely collection of Special Tax Revenues, including without limitation, the enforcement of delinquent Special Taxes.

Prior to August 1 of each year, the Community Facilities District shall ascertain from the Orange County Assessor the relevant parcels on which the Special Taxes are to be levied, taking into account any parcel splits during the preceding and then current year. The Community Facilities District shall effect the levy of the Special Taxes each Fiscal Year in accordance with the Ordinance by each August 10 that the Bonds are Outstanding, or otherwise such that the computation of the levy is complete before the final date on which the Auditor will accept the transmission of the Special Tax amounts for the parcels within the Community Facilities District for inclusion on the next real property tax roll. Upon the completion of the computation of the amounts of the levy, the Community Facilities District shall prepare or cause to be prepared, and shall transmit to the Auditor, such data as the Auditor requires to include the levy of the Special Taxes on the next real property tax roll.

The Community Facilities District shall fix and levy the amount of Special Taxes within the Community Facilities District in accordance with the Rate and Method and, subject to the limitations in the Rate and Method as to the maximum Special Tax that may be levied, in an amount sufficient to yield the amount required for the payment of principal of and interest on any Outstanding Bonds becoming due and payable during the Bond Year commencing in such Fiscal Year, the amount required for any necessary replenishment of the Reserve Fund and the amount estimated to be sufficient to pay the Administrative Expenses estimated to be paid therefrom, taking into account the balances in the funds and accounts established under the Indenture.

The Special Taxes shall be payable and be collected in the same manner and at the same time and in the same installment as the general taxes on real property are payable, and have the same priority, become delinquent at the same time and in the same proportionate amounts and bear the same proportionate penalties and interest after delinquency as do the *ad valorem* taxes on real property.

Foreclosure. Pursuant to Section 53356.1 of the Act, the Community Facilities District covenants with and for the benefit of the Owners of the Bonds that it will determine or cause to be determined, no later than August 15 of each year, whether or not any owners of property within the Community Facilities District are delinquent in the payment of Special Taxes and, if such delinquencies exist, the Community Facilities District will order and cause to be commenced no later than October 1, and thereafter diligently prosecute, an action in the superior court to foreclose the lien of any Special Taxes or installment thereof not paid when due; provided, however, that the Community Facilities District shall not be required to order the commencement of foreclosure proceedings if (a) the total Special Tax delinquency in the Community Facilities District for such Fiscal Year is less than 5% of the total Special Tax levied in such Fiscal Year, and (b) the amount then on deposit in the Reserve Fund is equal to the Reserve Requirement. Notwithstanding the foregoing, if the Community Facilities District determines that any single property owner in the Community Facilities District is delinquent in excess of \$5,000 in the payment of the Special Tax, then the Community Facilities District will diligently institute, prosecute and pursue foreclosure proceedings against such property owner.

Punctual Payment. The Community Facilities District shall punctually pay or cause to be paid the principal, premium, if any, and interest to become due in respect of all the Bonds, in strict conformity with the terms of the Bonds and of the Indenture, according to the true intent and meaning thereof, but only out of Net Special Tax

Revenues and other assets pledged for such payment as provided in the Indenture and received by the Community Facilities District or the Trustee.

Extension of Payment of Bonds. The Community Facilities District shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any claims for interest by the purchase of such Bonds or by any other arrangement, and in case the maturity of any of the Bonds or the time of payment of any such claims for interest shall be extended, such Bonds or claims for interest shall not be entitled, in case of any default under the Indenture, to the benefits of the Indenture, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest thereon which shall not have been so extended. Nothing in the Indenture shall be deemed to limit the right of the Community Facilities District to issue Bonds for the purpose of refunding any Outstanding Bonds, and such issuance shall not be deemed to constitute an extension of maturity of the Bonds.

Against Encumbrances. The Community Facilities District shall not create, or permit the creation of, any pledge, lien, charge or other encumbrance upon the Special Tax Revenues and other assets pledged under the Indenture while any of the Bonds are Outstanding, except as permitted by the Indenture.

Accounting Records and Financial Statements. The Trustee shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with prudent corporate trust industry standards, in which accurate entries shall be made of all transactions made by it relating to the proceeds of the Bonds, the Special Tax Revenues and all funds and accounts established by it pursuant to the Indenture. Such books of record and account shall be available for inspection by the Community Facilities District, during regular business hours and upon reasonable notice and under reasonable circumstances as agreed to by the Trustee. The Trustee shall deliver to the Community Facilities District a monthly accounting of the funds and accounts it holds under the Indenture; provided, however, that the Trustee shall not be obligated to deliver an accounting for any fund or account that (a) has a balance of zero, and (b) has not had any activity since the last reporting date.

Tax Covenants. The Community Facilities District shall not take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of interest on the Series 2007 Bonds under Section 103 of the Code. Without limiting the generality of the foregoing, the Community Facilities District shall comply with the requirements of the Tax Certificate, which is incorporated into the Indenture as if fully set forth therein. This covenant shall survive payment in full or defeasance of the Bonds.

In the event that at any time the Community Facilities District is of the opinion that it is necessary or helpful to restrict or limit the yield on the investment of any moneys held by the Trustee in any of the funds or accounts established under the Indenture, the Community Facilities District shall so instruct the Trustee in writing, and the Trustee shall take such action as may be necessary in accordance with such instructions.

Notwithstanding any other provision under this caption, if the Community Facilities District shall provide to the Trustee an opinion of Bond Counsel to the effect that any specified action required under this caption is no longer required or that some further or different action is required to maintain the exclusion from federal income tax of interest on the Series 2007 Bonds, the Trustee may conclusively rely on such opinion in complying with the provisions under this caption and in the Tax Certificate, and the covenants under the Indenture shall be deemed to be modified to that extent.

Non-Cash Payments of Special Taxes. The Community Facilities District shall not authorize owners of taxable parcels within the Community Facilities District to satisfy Special Tax obligations by the tender of Bonds unless the Community Facilities District shall have first obtained a report of an Independent Consultant certifying that doing so would not result in the Community Facilities District having insufficient Special Tax Revenues to pay the principal of and interest on all Outstanding Bonds when due.

Reduction in Special Taxes. The Community Facilities District shall not initiate proceedings under the Act to modify the Rate and Method if such modification would adversely affect the security for the Bonds. If an initiative or referendum measure is proposed that purports to modify the Rate and Method in a manner that would adversely affect the security for the Bonds, the Community Facilities District shall, to the extent permitted by law,

commence and pursue reasonable legal actions to prevent the modification of the Rate and Method in a manner that would adversely affect the security for the Bonds.

Further Assurances. The Community Facilities District shall make, execute and deliver any and all such further agreements, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of the Indenture and for the better assuring and confirming unto the Owners of the Bonds of the rights and benefits provided in the Indenture.

Events of Default; Remedies

Events of Default. The following events shall be Events of Default:

(a) Failure to pay any installment of principal of any Bonds when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption or otherwise.

(b) Failure to pay any installment of interest on any Bonds when and as the same shall become due and payable.

(c) Failure by the Community Facilities District to observe and perform any of the other covenants, agreements or conditions on its part in the Indenture or in the Bonds contained, if such failure shall have continued for a period of 60 days after written notice thereof, specifying such failure and requiring the same to be remedied, shall have been given to the Community Facilities District by the Trustee, or to the Community Facilities District and the Trustee by the Owners of not less than 5% in aggregate principal amount of the Bonds at the time Outstanding; provided, however, if in the reasonable opinion of the Community Facilities District the failure stated in the notice can be corrected, but not within such 60 day period, such failure shall not constitute an Event of Default if corrective action is instituted by the Community Facilities District within such 60 day period and the Community Facilities District shall thereafter diligently and in good faith cure such failure in a reasonable period of time.

(d) The Community Facilities District or the City shall commence a voluntary case under Title 11 of the United States Code or any substitute or successor statute.

Foreclosure. If any Event of Default shall occur then, and in each and every such case during the continuance of such Event of Default, the Trustee may, or at the written direction of the Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding, and upon being indemnified to its satisfaction therefor, shall, commence foreclosure against any parcels of land in the Community Facilities District with delinquent Special Taxes, as provided in Section 53356.1 of the Act; provided, however, that the Trustee need not commence any such foreclosure if such foreclosure has been commenced by the Community Facilities District.

Other Remedies. If an Event of Default shall have occurred, the Trustee shall have the right:

(a) by mandamus, suit, action or proceeding, to compel the Community Facilities District and its officers, agents or employees to perform each and every term, provision and covenant contained in the Indenture and in the Bonds, and to require the carrying out of any or all such covenants and agreements of the Community Facilities District and the fulfillment of all duties imposed upon it by the Indenture and the Act;

(b) by suit, action or proceeding in equity, to enjoin any acts or things which are unlawful, or the violation of any of the Trustee's or Bond Owner's rights; or

(c) by suit, action or proceeding in any court of competent jurisdiction, to require the Community Facilities District and its officers and employees to account as if it and they were the trustees of an express trust.

Application of Net Special Tax Revenues After Default. If an Event of Default shall occur and be continuing, all Net Special Tax Revenues and any other funds thereafter received by the Trustee under any of the provisions of the Indenture shall be applied by the Trustee as follows and in the following order:

(a) To the payment of any expenses necessary in the opinion of the Trustee to protect the interests of the Owners of the Bonds and payment of reasonable fees, charges and expenses of the Trustee (including reasonable fees and disbursements of its counsel) incurred in and about the performance of its powers and duties under the Indenture;

(b) To the payment of the principal of and interest then due with respect to the Bonds (upon presentation of the Bonds to be paid, and stamping thereon of the payment if only partially paid, or surrender thereof if fully paid) subject to the provisions of the Indenture, as follows:

First: To the payment to the Persons entitled thereto of all installments of interest then due in the order of the maturity of such installments and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the Persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the Persons entitled thereto of the unpaid principal of any Bonds which shall have become due, whether at maturity or by call for redemption, with interest on the overdue principal at the rate borne by the respective Bonds on the date of maturity or redemption, and, if the amount available shall not be sufficient to pay in full all the Bonds, together with such interest, then to the payment thereof ratably, according to the amounts of principal due on such date to the Persons entitled thereto, without any discrimination or preference; and

(c) Any remaining funds shall be transferred by the Trustee to the Special Tax Fund.

Power of Trustee to Enforce. All rights of action under the Indenture or the Bonds or otherwise may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production thereof in any proceeding relating thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in the name of the Trustee for the benefit and protection of the Owners of such Bonds, subject to the provisions of the Indenture.

Bond Owners Direction of Proceedings. Anything in the Indenture to the contrary notwithstanding, the Owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, and upon indemnification of the Trustee to its reasonable satisfaction, to direct the method of conducting all remedial proceedings taken by the Trustee under the Indenture, provided that such direction shall not be otherwise than in accordance with law and the provisions of the Indenture, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Bond Owners not parties to such direction.

Limitation on Bond Owners' Right to Sue. No Owner of any Bonds shall have the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under the Indenture, the Act or any other applicable law with respect to such Bonds, unless (a) such Owner shall have given to the Trustee written notice of the occurrence of an Event of Default, (b) the Owners of a majority in aggregate principal amount of the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers granted under the Indenture or to institute such suit, action or proceeding in its own name, (c) such Owner or said Owners shall have tendered to the Trustee indemnity against the costs, expenses and liabilities to be incurred in compliance with such request, and (d) the Trustee shall have refused or omitted to comply with such request for a period of 60 days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are declared, in every case, to be conditions precedent to the exercise by any Owner of Bonds of any remedy under the Indenture or under law; it

being understood and intended that no one or more Owners of Bonds shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of the Indenture or the rights of any other Owners of Bonds, or to enforce any right under the Bonds, the Indenture, the Act or other applicable law with respect to the Bonds, except in the manner provided in the Indenture, and that all proceedings at law or in equity to enforce any such right shall be instituted, had and maintained in the manner therein provided and for the benefit and protection of all Owners of the Outstanding Bonds, subject to the provisions of the Indenture.

Absolute Obligation. Nothing in any other provision of the Indenture or in the Bonds contained shall affect or impair the obligation of the Community Facilities District, which is absolute and unconditional, to pay the principal of and interest on the Bonds to the respective Owners of the Bonds at their respective dates of maturity, or upon call for redemption, as provided in the Indenture, but only out of the Net Special Tax Revenues and other assets pledged therefor and received by the Community Facilities District or the Trustee, or affect or impair the right of such Owners, which is also absolute and unconditional, to enforce such payment by virtue of the contract embodied in the Bonds.

Termination of Proceedings. In case any proceedings taken by the Trustee or any one or more Bond Owners on account of any Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or the Bond Owners, then in every such case the Community Facilities District, the Trustee and the Bond Owners, subject to any determination in such proceedings, shall be restored to their former positions and rights under the Indenture, severally and respectively, and all rights, remedies, powers and duties of the Community Facilities District, the Trustee and the Bond Owners shall continue as though no such proceedings had been taken.

Remedies Not Exclusive. No remedy conferred upon or reserved to the Trustee or to the Owners of the Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy, to the extent permitted by law, shall be cumulative and in addition to any other remedy given under the Indenture or now or hereafter existing at law or in equity or otherwise.

No Waiver of Default. No delay or omission of the Trustee or of any Owner of the Bonds to exercise any right or power arising upon the occurrence of any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein, and every power and remedy given by the Indenture to the Trustee or to the Owners of the Bonds may be exercised from time to time and as often as may be deemed expedient.

The Trustee

Duties and Liabilities of Trustee. (a) *Duties of Trustee Generally.* The Trustee shall, prior to an Event of Default, and after the curing or waiver of all Events of Default which may have occurred, perform such duties and only such duties as are expressly and specifically set forth in the Indenture. The Trustee shall, during the existence of any Event of Default which has not been cured or waived, exercise such of the rights and powers vested in it by the Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(b) *Removal of Trustee.* The Community Facilities District may, upon 30 days' prior written notice to the Trustee, remove the Trustee at any time unless an Event of Default shall have occurred and then be continuing, and shall remove the Trustee if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding (or their attorneys duly authorized in writing) or if at any time the Trustee shall cease to be eligible in accordance with (c), or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, in each case by giving written notice of such removal to the Trustee and thereupon shall appoint a successor Trustee by an instrument in writing.

(c) *Resignation of Trustee.* The Trustee may at any time resign by giving written notice of such resignation by first class mail, postage prepaid, to the Community Facilities District, and to the Bond Owners at the respective addresses shown on the Registration Books. Upon receiving such notice of resignation, the Community

Facilities District shall promptly appoint a successor Trustee by an instrument in writing. The Trustee shall not be relieved of its duties until such successor Trustee has accepted appointment.

(d) *Appointment of Successor Trustee.* Any removal or resignation of the Trustee and appointment of a successor Trustee shall become effective upon acceptance of appointment by the successor Trustee; provided, however, that under any circumstances the successor Trustee shall be qualified as provided in (e). If no qualified successor Trustee shall have been appointed and have accepted appointment within 45 days following giving notice of removal or notice of resignation as aforesaid, the resigning Trustee or any Bond Owner (on behalf of himself and all other Bond Owners) may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under the Indenture shall signify its acceptance of such appointment by executing and delivering to the Community Facilities District and to its predecessor Trustee a written acceptance thereof, and after payment by the Community Facilities District of all unpaid fees and expenses of the predecessor Trustee, then such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee in the Indenture; but, nevertheless at the Written Request of the Community Facilities District or the request of the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under the Indenture and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions set forth in the Indenture. Upon request of the successor Trustee, the Community Facilities District shall execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such moneys, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Trustee as provided in this subsection, the Community Facilities District shall mail or cause the successor Trustee to mail, by first class mail postage prepaid, a notice of the succession of such Trustee to the trusts under the Indenture to each rating agency which then maintains a rating on the Bonds and to the Bond Owners at the addresses shown on the Registration Books. If the Community Facilities District fails to mail such notice within 15 days after acceptance of appointment by the successor Trustee, the successor Trustee shall cause such notice to be mailed at the expense of the Community Facilities District.

(e) *Qualifications of Trustee.* The Trustee shall be a trust company or bank having trust powers in good standing in or incorporated under the laws of the United States or any state thereof, having (or if such bank or trust company is a member of a bank holding company system, its parent bank holding company shall have) a combined capital and surplus of at least \$75,000,000, and subject to supervision or examination by federal or state agency. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining agency above referred to, then for the purpose of this subsection the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published.

In case at any time the Trustee shall cease to be eligible in accordance with the provisions of (e), the Trustee shall resign immediately in the manner and with the effect specified in the Indenture.

Merger or Consolidation. Any bank or trust company into which the Trustee may be merged or converted or with which it may be consolidated or any bank or trust company resulting from any merger, conversion or consolidation to which it shall be a party or any bank or trust company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such bank or trust company shall be eligible under the Indenture shall be the successor to such Trustee, without the execution or filing of any paper or any further act, anything in the Indenture to the contrary notwithstanding.

Liability of Trustee. (a) The recitals of facts in the Indenture and in the Bonds contained shall be taken as statements of the Community Facilities District, and the Trustee shall not assume responsibility for the correctness of the same, or make any representations as to the validity or sufficiency of the Indenture or of the Bonds or shall incur any responsibility in respect thereof, other than as expressly stated therein in connection with the respective duties or obligations therein or in the Bonds assigned to or imposed upon it. The Trustee shall, however, be responsible for its representations contained in its certificate of authentication on the Bonds. The Trustee makes no

representations as to the validity or sufficiency of the Indenture or of any Bonds, or in respect of the security afforded by the Indenture and the Trustee shall incur no responsibility in respect thereof. The Trustee shall be under no responsibility or duty with respect to the issuance of the Bonds for value, the application of the proceeds thereof except to the extent that such proceeds are received by it in its capacity as Trustee, or the application of any moneys paid to the Community Facilities District or others in accordance with the Indenture. The Trustee shall not be liable in connection with the performance of its duties under the Indenture, except for its own negligence or willful misconduct. The Trustee shall not be liable for any action taken or omitted by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by the Indenture. The Trustee may become the Owner of Bonds with the same rights it would have if it were not Trustee, and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bond Owners, whether or not such committee shall represent the Owners of a majority in aggregate principal amount of the Bonds then Outstanding.

(b) The Trustee shall not be liable for any error of judgment made in good faith by a responsible officer, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts.

(c) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under the Indenture.

(d) No provision of the Indenture shall require the Trustee to risk or advance its own funds. The Trustee may execute any of its powers or duties under the Indenture through attorneys, agents or receivers and shall not be answerable for the actions of such attorneys, agents or receivers if selected by it with reasonable care.

(e) The Trustee shall not be deemed to have knowledge of an Event of Default under the Indenture unless it has actual knowledge thereof.

(f) The Trustee shall have no responsibility with respect to any information, statement or recital in any official statement or any other disclosure material prepared or distributed with respect to the Bonds.

Right to Rely on Documents. The Trustee shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, opinion, bonds or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel, who may be counsel of or to the Community Facilities District, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it under the Indenture in good faith and in accordance therewith.

Whenever in the administration of the duties imposed upon it by the Indenture the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action under the Indenture, such matter (unless other evidence in respect thereof be specifically prescribed in the Indenture) may be deemed to be conclusively proved and established by a Written Certificate of the Community Facilities District, and such Written Certificate shall be full warrant to the Trustee for any action taken or suffered in good faith under the provisions of the Indenture in reliance upon such Written Certificate, but in its discretion the Trustee may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as it may deem reasonable.

Amendments to Indenture

Amendments Permitted. (a) The Indenture and the rights and obligations of the Community Facilities District, the Owners of the Bonds and the Trustee may be modified or amended from time to time and at any time by a Supplemental Indenture, which the Community Facilities District and the Trustee may enter into with the written consent of the Owners of a majority in aggregate principal amount of all Bonds then Outstanding, which shall have been filed with the Trustee. No such modification or amendment shall (i) extend the fixed maturity of any Bonds, reduce the amount of principal thereof or the rate of interest thereon, alter the redemption provisions thereof or extend the time of payment thereof, without the consent of the Owner of each Bond so affected, or (ii) reduce the

aforesaid percentage of Bonds the consent of the Owners of which is required to effect any such modification or amendment, without the consent of the Owners of all of the Bonds then Outstanding, or (iii) permit the creation of any lien on the Net Special Tax Revenues and other assets pledged under the Indenture prior to or on a parity with the lien created by the Indenture or deprive the Owners of the Bonds of the lien created by the Indenture on such Net Special Tax Revenues and other assets (except as expressly provided in the Indenture), without the consent of the Owners of all of the Bonds then Outstanding. It shall not be necessary for the consent of the Bond Owners to approve the particular form of any Supplemental Indenture, but it shall be sufficient if such consent shall approve the substance thereof.

(b) The Indenture and the rights and obligations of the Community Facilities District, the Trustee and the Owners of the Bonds may also be modified or amended from time to time and at any time by a Supplemental Indenture, which the Community Facilities District and the Trustee may enter into without the consent of any Bond Owners for any one or more of the following purposes:

(i) to add to the covenants and agreements of the Community Facilities District in the Indenture contained other covenants and agreements thereafter to be observed, to pledge or assign additional security for the Bonds (or any portion thereof), or to surrender any right or power in the Indenture reserved to or conferred upon the Community Facilities District;

(ii) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision contained in the Indenture;

(iii) to provide for the issuance of one or more Series of Additional Bonds, and to provide the terms and conditions under which such Series of Additional Bonds may be issued, subject to and in accordance with the provisions of the Indenture;

(iv) to modify, amend or supplement the Indenture in such manner as to permit the qualification thereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute;

(v) to modify, amend or supplement the Indenture in such manner as to cause interest on the Bonds to be excludable from gross income for purposes of federal income taxation by the United States of America; and

(vi) in any other respect whatsoever as the Community Facilities District may deem necessary or desirable, provided that such modification or amendment does not materially adversely affect the interests of the Bond Owners under the Indenture.

(c) Promptly after the execution by the Community Facilities District and the Trustee of any Supplemental Indenture, the Trustee shall mail a notice (the form of which shall be furnished to the Trustee by the Community Facilities District), by first class mail postage prepaid, setting forth in general terms the substance of such Supplemental Indenture, to the Owners of the Bonds at the respective addresses shown on the Registration Books. Any failure to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such Supplemental Indenture.

Effect of Supplemental Indenture. Upon the execution of any Supplemental Indenture, the Indenture shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under the Indenture of the Community Facilities District, the Trustee and all Owners of Bonds Outstanding shall thereafter be determined, exercised and enforced under the Indenture subject in all respects to such modification and amendment, and all the terms and conditions of any such Supplemental Indenture shall be deemed to be part of the terms and conditions of the Indenture for any and all purposes.

Amendment of Particular Bonds. Notwithstanding the foregoing, the provisions of the Indenture relating to amendment of the Indenture shall not prevent any Bond Owner from accepting any amendment as to the particular Bonds held by such Owner.

Defeasance

Discharge of Indenture. If the Community Facilities District shall pay or cause to be paid or there shall otherwise be paid to the Owners of all Outstanding Bonds the principal thereof and the interest and premium, if any, thereon at the times and in the manner stipulated therein, then the Owners of such Bonds shall cease to be entitled to the pledge of the Net Special Tax Revenues and the other assets as provided in the Indenture, and all agreements, covenants and other obligations of the Community Facilities District to the Owners of such Bonds under the Indenture shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall execute and deliver to the Community Facilities District all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the Trustee shall pay over or deliver to the Community Facilities District all money or securities held by it pursuant to the Indenture which are not required for the payment of the principal of and interest and premium, if any, on such Bonds.

Subject to the provisions of the above paragraph, when any of the Bonds shall have been paid and if, at the time of such payment, the Community Facilities District shall have kept, performed and observed all of the covenants and promises in such Bonds and in the Indenture required or contemplated to be kept, performed and observed by the Community Facilities District or on its part on or prior to that time, then the Indenture shall be considered to have been discharged in respect of such Bonds and such Bonds shall cease to be entitled to the lien of the Indenture and such lien and all covenants, agreements and other obligations of the Community Facilities District under the Indenture shall cease, terminate become void and be completely discharged as to such Bonds.

Notwithstanding the satisfaction and discharge of the Indenture or the discharge of the Indenture in respect of any Bonds, those provisions of the Indenture relating to the maturity of the Bonds, interest payments and dates thereof, exchange and transfer of Bonds, replacement of mutilated, destroyed, lost or stolen Bonds, the safekeeping and cancellation of Bonds, non-presentment of Bonds, and the duties of the Trustee in connection with all of the foregoing, shall remain in effect and shall be binding upon the Trustee and the Owners of the Bonds and the Trustee shall continue to be obligated to hold in trust any moneys or investments then held by the Trustee for the payment of the principal of and interest and premium, if any, on the Bonds, to pay to the Owners of Bonds the funds so held by the Trustee as and when such payment becomes due. Notwithstanding the satisfaction and discharge of the Indenture or the discharge of the Indenture in respect of any Bonds, those provisions of the Indenture relating to the compensation of the Trustee shall remain in effect and shall be binding upon the Trustee and the Community Facilities District.

Bonds Deemed To Have Been Paid. If moneys shall have been set aside and held by the Trustee for the payment or redemption of any Bonds and the interest thereon at the maturity or redemption date thereof, such Bonds shall be deemed to have been paid within the meaning and with the effect provided in the Indenture. Any Outstanding Bonds shall prior to the maturity date or redemption date thereof be deemed to have been paid within the meaning of and with the effect expressed in the Indenture if (a) in case any of such Bonds are to be redeemed on any date prior to their maturity date, the Community Facilities District shall have given to the Trustee in form satisfactory to it irrevocable instructions to mail, on a date in accordance with the provisions of the Indenture, notice of redemption of such Bonds on said redemption date, said notice to be given in accordance therewith, (b) there shall have been deposited with the Trustee either (i) money in an amount which shall be sufficient, or (ii) Federal Securities that are not subject to redemption other than at the option of the holder thereof, the interest on and principal of which when paid will provide money which, together with the money, if any deposited with the Trustee at the same time, shall, as verified by an independent certified public accountant, be sufficient to pay when due the interest to become due on such Bonds on and prior to the maturity date or redemption date thereof, as the case may be, and the principal of and premium, if any, on such Bonds, which sufficiency shall be verified in a report of an independent firm of nationally recognized certified public accountants, and (c) in the event such Bonds are not by their terms subject to redemption within the next succeeding 60 days, the Community Facilities District shall have given the Trustee in form satisfactory to it irrevocable instructions to mail as soon as practicable, a notice to the owners of such Bonds that the deposit required by clause (b) above has been made with the Trustee and that such

Bonds, are deemed to have been paid and stating the maturity date or redemption date upon which money is to be available for the payment of the principal of and premium, if any, on such Bonds.

Payment of Bonds After Discharge of Indenture. Notwithstanding any provisions of the Indenture, to the extent permitted by law, any moneys held by the Trustee in trust for the payment of the principal of, or premium or interest on, any Bonds and remaining unclaimed for two years after the date of deposit of such moneys, shall be repaid to the Community Facilities District free from the trusts created by the Indenture, and all liability of the Trustee with respect to such moneys shall thereupon cease; provided, however, that before the repayment of such moneys to the Community Facilities District as aforesaid, the Trustee may (at the cost of the Community Facilities District) first mail, by first class mail postage prepaid, to the Owners of Bonds which have not yet been paid, at the respective addresses shown on the Registration Books, a notice, in such form as may be deemed appropriate by the Trustee with respect to the Bonds so payable and not presented and with respect to the provisions relating to the repayment to the Community Facilities District of the moneys held for the payment thereof.

Miscellaneous

Special Obligations. All obligations of the Community Facilities District under the Indenture shall be special obligations of the Community Facilities District, payable solely from Special Tax Revenues and the other assets pledged therefor under the Indenture; provided, however, that all obligations of the Community Facilities District under the Bonds shall be special obligations of the Community Facilities District, payable solely from Net Special Tax Revenues and the other assets pledged therefor under the Indenture. Neither the faith and credit nor the taxing power of the Community Facilities District (except to the limited extent set forth in the Indenture), the City, or the State of California, or any political subdivision thereof, is pledged to the payment of the Bonds.

Successor Is Deemed Included in All References to Predecessor. Whenever in the Indenture either the Community Facilities District or the Trustee is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in the Indenture contained by or on behalf of the Community Facilities District or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Limitation of Rights. Nothing in the Indenture or in the Bonds expressed or implied is intended or shall be construed to give to any Person other than the Trustee, the Community Facilities District and the Owners of the Bonds, any legal or equitable right, remedy or claim under or in respect of the Indenture or any covenant, condition or provision therein contained, and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the Trustee, the Community Facilities District and the Owners of the Bonds.

Evidence of Rights of Bond Owners. Any request, consent or other instrument required or permitted by the Indenture to be signed and executed by Bond Owners may be in any number of concurrent instruments of substantially similar tenor and shall be signed or executed by such Bond Owners in Person or by an agent or agents duly appointed in writing.

The fact and date of the execution by any Person of any such request, consent or other instrument or writing may be proved by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the Person signing such request, consent or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer. The ownership of Bonds shall be proved by the Registration Books. Any request, consent, or other instrument or writing of the Owner of any Bond shall bind every future Owner of the same Bond and the Owner of every Bond issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee or the Community Facilities District in accordance therewith or reliance thereon.

Disqualified Bonds. In determining whether the Owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under the Indenture, Bonds which are known by the Trustee to be owned or held by or for the account of the Community Facilities District, or by any other obligor on the Bonds, or by any Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Community Facilities District or any other obligor on the Bonds, shall be disregarded and

deemed not to be Outstanding for the purpose of any such determination. Bonds so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such Bonds and that the pledgee is not a Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Community Facilities District or any other obligor on the Bonds. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee.

Money Held for Particular Bonds. The money held by the Trustee for the payment of the interest, principal or premium due on any date with respect to particular Bonds (or portions of Bonds in the case of Bonds redeemed in part only) shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Owners of the Bonds entitled thereto, subject, however, to the provisions of the Indenture relating to defeasance but without any liability for interest thereon.

Payment on Non-Business Days. In the event any payment is required to be made under the Indenture on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day with the same effect as if made on such non-Business Day.

Waiver of Personal Liability. No member, officer, agent or employee of the Community Facilities District or the City shall be individually or personally liable for the payment of the principal of or premium or interest on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof; but nothing contained in the Indenture shall relieve any such officer, agent or employee from the performance of any official duty provided by law or by the Indenture.

Conflict with Act. In the event of any conflict between any provision of the Indenture and any provision of the Act, the provision of the Act shall prevail over the provision of the Indenture.

Governing Laws. The Indenture shall be governed by and construed in accordance with the laws of the State of California.

APPENDIX E

FORMS OF CONTINUING DISCLOSURE AGREEMENTS

CONTINUING DISCLOSURE AGREEMENT

by and between

**CITY OF ANAHEIM
COMMUNITY FACILITIES DISTRICT NO. 06-2
(STADIUM LOFTS)**

and

**U.S. BANK NATIONAL ASSOCIATION,
AS TRUSTEE**

Dated as of February 1, 2007

Relating to

**City of Anaheim
Community Facilities District No. 06-2
(Stadium Lofts)
Special Tax Bonds, Series 2007**

CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT (this “Disclosure Agreement”), dated as of February 1, 2007, is by and between CITY OF ANAHEIM COMMUNITY FACILITIES DISTRICT NO. 06-2 (STADIUM LOFTS), a community facilities district organized and existing under and by virtue of the laws of the State of California (the “Community Facilities District”), and U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under and by virtue of the laws of the United States of America, as trustee (the “Trustee”).

WITNESSETH:

WHEREAS, pursuant to the Indenture, dated as of February 1, 2007 (the “Indenture”), by and between the Community Facilities District and the Trustee, the Community Facilities District has issued the City of Anaheim Community Facilities District No. 06-2 (Stadium Lofts) Special Tax Bonds, Series 2007 (the “Series 2007 Bonds”) in the aggregate principal amount of \$9,060,000; and

WHEREAS, this Disclosure Agreement is being executed and delivered by the Community Facilities District and the Trustee for the benefit of the holders and beneficial owners of the Series 2007 Bonds and in order to assist the underwriters of the Series 2007 Bonds in complying with Securities and Exchange Commission Rule 15c2-12(b)(5);

NOW, THEREFORE, for and in consideration of the mutual premises and covenants herein contained, the parties hereto agree as follows:

Section 1. Definitions. Capitalized undefined terms used herein shall have the meanings ascribed thereto in the Indenture. In addition, the following capitalized terms shall have the following meanings:

“**Annual Report**” means any Annual Report provided by the Community Facilities District pursuant to, and as described in, Sections 2 and 3 hereof.

“**Annual Report Date**” means the date in each year that is eight months after the end of the Community Facilities District’s fiscal year, which date, as of the date of this Disclosure Agreement, is March 1.

“**Disclosure Representative**” means the Finance Director of the City of Anaheim, or such other officer, employee or agent of the Community Facilities District as the Community Facilities District shall designate in writing to the Trustee from time to time.

“**Dissemination Agent**” means David Taussig & Associates, Inc., or any successor Dissemination Agent designated in writing by the Community Facilities District and which has filed with the Trustee a written acceptance of such designation.

“**Listed Events**” means any of the events listed in Section 4(a) hereof.

“National Repository” means any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. The Nationally Recognized Municipal Securities Information Repository for purposes of the Rule are identified in the Securities and Exchange Commission website located at <http://www.sec.gov/info/municipal/nrmsir.htm>.

“Official Statement” means the Official Statement, dated February 14, 2007, relating to the Series 2007 Bonds.

“Participating Underwriter” means any of the original underwriters of the Series 2007 Bonds required to comply with the Rule in connection with the offering of the Series 2007 Bonds.

“Repository” means each National Repository and each State Repository.

“Rule” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“State Repository” means any public or private repository or entity designated by the State of California as a state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. As of the date of this Disclosure Agreement, there is no State Repository.

Section 2. Provision of Annual Reports. (a) The Community Facilities District shall, or, upon furnishing the Annual Report to the Dissemination Agent, shall cause the Dissemination Agent to, provide to each Repository an Annual Report which is consistent with the requirements of Section 3 hereof, not later than the Annual Report Date, commencing with the report for the 2006-07 fiscal year. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 3 hereof; provided, however, that the audited financial statements of the Community Facilities District, if any, may be submitted separately from the balance of the Annual Report, and later than the date required above for the filing of the Annual Report if not available by that date. If the Community Facilities District’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 4(f) hereof.

(b) Not later than 15 business days prior to the date specified in subsection (a) for providing the Annual Report to the Repositories, the Community Facilities District shall provide the Annual Report (in a form suitable for reporting to the Repositories) to the Dissemination Agent and the Trustee. If by such date, the Trustee has not received a copy of the Annual Report, the Trustee shall contact the Community Facilities District and the Dissemination Agent to inquire if the Community Facilities District is in compliance with the first sentence of this subsection (b).

(c) If the Trustee is unable to verify that an Annual Report has been provided to the Repositories by the date required in subsection (a), the Trustee shall send a notice to the Municipal Securities Rulemaking Board and the appropriate State Repository, if any, in substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of each National Repository and each State Repository, if any;

(ii) Provide any Annual Report received by it to each Repository, as provided herein; and

(iii) file a report with the Community Facilities District and the Trustee certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided and listing all the Repositories to which it was provided.

Section 3. Content of Annual Reports. The Community Facilities District's Annual Report shall contain or incorporate by reference the following:

(a) The Community Facilities District's audited financial statements, if any, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the Community Facilities District's audited financial statements, if any, are not available by the time the Annual Report is required to be filed pursuant to Section 2(a) hereof, the Annual Report shall contain unaudited financial statements in a format similar to that used for the Community Facilities District's audited financial statements, and the audited financial statements, if any, shall be filed in the same manner as the Annual Report when they become available.

(b) The following information:

(i) The principal amount of Series 2007 Bonds Outstanding as of the December 31 next preceding the Annual Report Date.

(ii) The balance in the Acquisition Account, the Construction Account and the Reserve Fund, and a statement of the Reserve Requirement, as of the December 31 next preceding the Annual Report Date.

(iii) The total assessed value of all parcels within the Community Facilities District on which the Special Taxes are levied, as shown on the assessment roll of the Orange County Assessor last equalized prior to the December 31 next preceding the Annual Report Date, and a statement of assessed value-to-lien ratios therefor, either by individual parcel or by categories (e.g. "below 3:1", "3:1 to 4:1" etc.).

(iv) The Special Tax delinquency rate for all parcels within the Community Facilities District on which the Special Taxes are levied, as shown on the assessment roll of the Orange County Assessor last equalized prior to the December 31 next preceding the Annual Report Date, the number of parcels within the Community Facilities District on which the Special Taxes are levied and which are delinquent in payment of Special Taxes, as shown on the assessment roll of the Orange County Assessor last equalized prior to the December 31 next preceding the Annual Report Date, the amount of each delinquency, the length of time delinquent and the date on which foreclosure was

commenced, or similar information pertaining to delinquencies deemed appropriate by the Community Facilities District; provided, however, that parcels with aggregate delinquencies of \$2,500 or less (excluding penalties and interest) may be grouped together and such information may be provided by category.

(v) The status of foreclosure proceedings for any parcels within the Community Facilities District on which the Special Taxes are levied and a summary of the results of any foreclosure sales as of the December 31 next preceding the Annual Report Date.

(vi) The identity of any property owner representing more than 5% of the annual Special Tax levy who is delinquent in payment of such Special Taxes, as shown on the assessment roll of the Orange County Assessor last equalized prior to the December 31 next preceding the Annual Report Date.

(vii) A land ownership summary listing property owners responsible for more than 5% of the annual Special Tax levy, as shown on the assessment roll of the Orange County Assessor last equalized prior to the December next preceding the Annual Report Date.

(c) In addition to any of the information expressly required to be provided under paragraphs (a) and (b), above, the Community Facilities District shall provide such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Community Facilities District or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Community Facilities District shall clearly identify each such other document so included by reference.

Section 4. Reporting of Significant Events. (a) Pursuant to the provisions of this Section, the Community Facilities District shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the Series 2007 Bonds, if material:

- (i) Principal and interest payment delinquencies.
- (ii) Non-payment related defaults.
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (v) Substitution of credit or liquidity providers, or their failure to perform.

- (vi) Adverse tax opinions or events affecting the tax-exempt status of the security.
- (vii) Modifications to rights of security holders.
- (viii) Contingent or unscheduled bond calls.
- (ix) Defeasances.
- (x) Release, substitution, or sale of property securing repayment of the securities.
- (xi) Rating changes.

(b) The Trustee shall, within one business day of obtaining actual knowledge of the occurrence of any of the Listed Events, contact the Disclosure Representative, inform such person of the event, and request that the Community Facilities District promptly notify the Dissemination Agent in writing whether or not to report the event pursuant to subsection (f).

(c) Whenever the Community Facilities District obtains knowledge of the occurrence of a Listed Event, whether because of a notice from the Trustee pursuant to subsection (b) or otherwise, the Community Facilities District shall as soon as possible determine if such event would be material under applicable Federal securities law.

(d) If the Community Facilities District determines that knowledge of the occurrence of a Listed Event would be material under applicable Federal securities law, the Community Facilities District shall promptly notify the Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (f).

(e) If in response to a request under subsection (b), the Community Facilities District determines that the Listed Event would not be material under applicable Federal securities law, the Community Facilities District shall so notify the Trustee in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (f).

(f) If the Dissemination Agent has been instructed by the Community Facilities District to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the Municipal Securities Rulemaking Board and each State Repository. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(viii) and (ix) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Series 2007 Bonds pursuant to the Indenture.

Section 5. Electronic Filing. Submission of Annual Reports and notices of Listed Events to DisclosureUSA.org or another “Central Post Office” designated and accepted by the Securities and Exchange Commission shall constitute compliance with the requirement of filing such reports and notices with each Repository hereunder, and the Community Facilities District may satisfy its obligations hereunder to file any notice, document or information with a Repository by filing the same with any dissemination agent or conduit, including DisclosureUSA.org or another “Central Post Office” or similar entity, assuming or charged with

responsibility for accepting notices, documents or information for transmission to such Repository, to the extent permitted by the Securities and Exchange Commission or Securities and Exchange Commission staff or required by the Securities and Exchange Commission. For this purpose, permission shall be deemed to have been granted by the Securities and Exchange Commission staff if and to the extent the agent or conduit has received an interpretive letter, which has not been revoked, from the Securities and Exchange Commission staff to the effect that using the agent or conduit to transmit information to the Repository will be treated for purposes of the Rule as if such information were transmitted directly to the Repository.

Section 6. Termination of Reporting Obligation. The Community Facilities District's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Series 2007 Bonds. If such termination occurs prior to the final maturity of the Series 2007 Bonds, the Community Facilities District shall give notice of such termination in the same manner as for a Listed Event under Section 4(f) hereof.

Section 7. Dissemination Agent. The Community Facilities District may discharge the Dissemination Agent at any time, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign by providing 30 days' written notice to the Community Facilities District and the Trustee. If at any time there is not any other designated Dissemination Agent, the Trustee shall be the Dissemination Agent; provided it shall receive written notice of such designation at the time of such designation.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Community Facilities District and the Trustee may amend this Disclosure Agreement (and the Trustee shall agree to any amendment so requested by the Community Facilities District, so long as such amendment does not adversely affect the rights or obligations of the Trustee), and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to Sections 2(a), 3 or 4(a) hereof, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Series 2007 Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver (i) is approved by holders of the Series 2007 Bonds in the manner provided in the Indenture for amendments to the Indenture with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of holders.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information containing the amended operating data or financial information shall explain, in narrative form, the reasons

for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial statements or information, in order to provide information to investors to enable them to evaluate the ability of the Community Facilities District to meet its obligations, including its obligation to pay debt service on the Series 2007 Bonds. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be sent to the Repositories.

Section 9. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Community Facilities District from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Community Facilities District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Community Facilities District shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the Community Facilities District, the Trustee or the Dissemination Agent to comply with any provision of this Disclosure Agreement, the Trustee may (and, at the written direction of any Participating Underwriter or the holders of at least 25% aggregate principal amount of Outstanding Series 2007 Bonds, shall), or any holder or beneficial owner of the Series 2007 Bonds may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Community Facilities District, the Trustee or the Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure of the Community Facilities District, the Trustee or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

Section 11. Duties, Immunities and Liabilities of Trustee and Dissemination Agent. Article VIII of the Indenture is hereby made applicable to this Disclosure Agreement as if this Disclosure Agreement were (solely for this purpose) contained in the Indenture. Neither the Trustee nor the Dissemination Agent shall be responsible for the form or content of any Annual Report or notice of Listed Event. The Dissemination Agent shall receive reasonable compensation for its services provided under this Disclosure Agreement. The Dissemination Agent shall have only such duties hereunder as are specifically set forth in this Disclosure Agreement, and the Community Facilities District agrees to indemnify and save the

Dissemination Agent, its officers, directors, employees and agents harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Community Facilities District's obligations under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Series 2007 Bonds.

Section 12. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Community Facilities District, the Trustee, the Dissemination Agent, the Participating Underwriters and holders and beneficial owners from time to time of the Series 2007 Bonds, and shall create no rights in any other person or entity.

Section 13. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Disclosure Agreement as of the date first above written.

**CITY OF ANAHEIM COMMUNITY
FACILITIES DISTRICT NO. 06-2
(STADIUM LOFTS)**

By: _____

**U.S. BANK NATIONAL
ASSOCIATION, AS TRUSTEE**

By: _____
Authorized Signatory

ACCEPTED AND AGREED TO:

**DAVID TAUSSIG & ASSOCIATES, INC.,
AS DISSEMINATION AGENT**

By: _____
Authorized Signatory

EXHIBIT A

**NOTICE TO MUNICIPAL SECURITIES RULEMAKING BOARD OF FAILURE TO
FILE ANNUAL REPORT**

Name of Issuer: City of Anaheim Community Facilities District No. 06-2
(Stadium Lofts)

Name of Bond Issue: City of Anaheim Community Facilities District No. 06-2 (Stadium
Lofts) Special Tax Bonds, Series 2007

Date of Issuance: February 28, 2007

NOTICE IS HEREBY GIVEN that City of Anaheim Community Facilities District No. 06-2 (Stadium Lofts) (the "Community Facilities District") has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement, dated as of February 1, 2007, by and between the Community Facilities District and U.S. Bank National Association, as Trustee. [The Community Facilities District anticipates that the Annual Report will be filed by _____, 20__.]

Dated: _____

U.S. BANK NATIONAL ASSOCIATION,
as Trustee, on behalf of the City of Anaheim
Community Facilities District No. 06-2
(Stadium Lofts)

cc: City of Anaheim Community
Facilities District No. 06-2
(Stadium Lofts)

CONTINUING DISCLOSURE AGREEMENT

by and among

CREA/NEXUS ANAHEIM CORNERS, LLC

and

**U.S. BANK NATIONAL ASSOCIATION,
AS TRUSTEE**

Dated as of February 1, 2007

Relating to

**City of Anaheim
Community Facilities District No. 06-2
(Stadium Lofts)
Special Tax Bonds, Series 2007**

CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT (this “Disclosure Agreement”), dated as of February 1, 2007, is by and among CREA/NEXUS ANAHEIM CORNERS, LLC, a limited liability company organized and existing under the laws of the State of Delaware (the “Developer”) and U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under and by virtue of the laws of the United States of America, in its capacity as trustee (the “Trustee”).

WITNESSETH:

WHEREAS, pursuant to the Indenture, dated as of February 1, 2007 (the “Indenture”), by and between City of Anaheim Community Facilities District No. 06-2 (Stadium Lofts) (the “Community Facilities District”) and the Trustee, the Community Facilities District has issued the City of Anaheim Community Facilities District No. 06-2 (Stadium Lofts) Special Tax Bonds, Series 2007 (the “Bonds”) in the aggregate principal amount of \$9,060,000; and

WHEREAS, the Bonds are payable from and secured by special taxes levied on certain of the property within the Community Facilities District;

WHEREAS, the Developer is developing the property within the Community Facilities District; and

WHEREAS, this Disclosure Agreement is being executed and delivered by the Developer and the Trustee for the benefit of the holders and beneficial owners of the Bonds and in order to assist the underwriters of the Bonds in complying with Securities and Exchange Commission Rule 15c2-12(b)(5);

NOW, THEREFORE, for and in consideration of the mutual premises and covenants herein contained, the parties hereto agree as follows:

Section 1. Definitions. Capitalized undefined terms used herein shall have the meanings ascribed thereto in the Indenture. In addition, the following capitalized terms shall have the following meanings:

“**Affiliate**” of another Person means (a) a Person directly or indirectly owning, controlling, or holding with power to vote, 5% or more of the outstanding voting securities of such other Person, (b) any Person 5% or more of whose outstanding voting securities are directly or indirectly owned, controlled, or held with power to vote, by such other Person, and (c) any Person directly or indirectly controlling, controlled by, or under common control with, such other Person; for purposes hereof, control means the power to exercise a controlling influence over the management or policies of a Person, unless such power is solely the result of an official position with such Person.

“**Assumption Agreement**” means an agreement between a Major Developer, or an Affiliate thereof, and the Trustee containing terms substantially similar to this Disclosure

Agreement, whereby such Major Developer or Affiliate agrees to provide Semi-Annual Reports and notices of significant events with respect to the portion of the Property owned by such Major Developer and its Affiliates, and with respect to the improvements or payments necessary to cause the Planned Development Stage to be reached that such Major Developer, or an Affiliate thereof, intends or is obligated (contractually or otherwise) to make or cause to be made.

“Development Plan” means, with respect to a Major Developer, the specific improvements such Major Developer intends to make, or cause to be made, in order for the Planned Development Stage to be reached, the time frame in which such improvements are intended to be made and the estimated costs of such improvements; the Developer’s Development Plan, as of the date hereof, is described in the Official Statement under the caption *“THE DISTRICT – Property Ownership and Development – Development Plan.”*

“Disclosure Representative” means Eric Heffner, a principal of the Developer, or such other person as the Developer shall designate in writing to the Trustee from time to time.

“Dissemination Agent” means the Trustee, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Developer and which has filed with the Trustee a written acceptance of such designation.

“Event of Bankruptcy” means, with respect to a Person, that such Person files a petition or institutes a proceeding under any act or acts, state or federal, dealing with or relating to the subject or subjects of bankruptcy or insolvency, or under any amendment of such act or acts, either as a bankrupt or as an insolvent, or as a debtor, or in any similar capacity, wherein or whereby such Person asks or seeks or prays to be adjudicated a bankrupt, or is to be discharged from any or all of such Person’s debts or obligations, or offers to such Person’s creditors to effect a composition or extension of time to pay such Person’s debts or asks, seeks or prays for reorganization or to effect a plan of reorganization, or for a readjustment of such Person’s debts, or for any other similar relief, or if any such petition or any such proceedings of the same or similar kind or character is filed or instituted or taken against such Person and the same shall remain undismissed for a period of 60 days, or if a receiver of the business or of the property or assets of such Person is appointed by any court, or if such Person makes a general assignment for the benefit of such Person’s creditors.

“Financing Plan” means, with respect to a Major Developer, the method by which such Major Developer intends to finance its Development Plan, including specific sources of funding for such Development Plan; the Developer’s Financing Plan, as of the date hereof, is described in the Official Statement under the caption *“THE DISTRICT – Property Ownership and Development – Financing Plan.”*

“Financial Statements” means, with respect to a Major Developer, the full financial statements, special purpose financial statements, project operating statements or other reports reflecting the financial position of each entity, enterprise, fund, account or other person (other than a financial institution acting as a lender in the ordinary course of business) identified in such Major Developer’s Financing Plan as a source of funding for such Major Developer’s Development Plan; provided, however, that, if such financial statements or reports are otherwise

prepared as audited financial statements or reports, then Financial Statements means such audited financial statements or reports.

“First Report Date” means the date in each year that is four months after the end of the Developer’s fiscal year, which date, as of the date of this Disclosure Agreement, is June 30.

“Listed Events” means any of the events listed in Section 4(a) hereof.

“Major Developer” means, as of any date, any Property Owner, including the Developer, that owns property that has not reached the Planned Development Stage that, together with Property that has not reached the Planned Development Stage owned by Affiliates of such Property Owner, is subject to 20% or more of the Special Tax levy for the then current Fiscal Year.

“National Repository” means any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule. The Nationally Recognized Municipal Securities Information Repository for purposes of the Rule are identified in the Securities and Exchange Commission website located at <http://www.sec.gov/info/municipal/nrmsir.htm>.

“Official Statement” means the Official Statement, dated February 14, 2007, relating to the Bonds.

“Participating Underwriter” means any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Person” means an individual, a corporation, a partnership, a limited liability company, an association, a joint stock company, a trust, any unincorporated organization or a government or political subdivision thereof.

“Planned Development Stage” means, with respect to any portion of the Property that (a) has a single family residential unit constructed thereon, the stage of development to which the Developer intends to develop such property, as described in the Official Statement, which is the stage at which such portion of the Property has been conveyed to an individual homebuyer on or prior to such date or (b) has a commercial unit constructed thereon, the stage of development to which the Developer intends to develop such property, as described in the Official Statement, which is the stage at which such portion of the Property has a certificate of occupancy on or prior to such date.

“Property” means the real property within the boundaries of the District that is not exempt from the Special Taxes.

“Property Owner” means any Person that owns a fee interest in any Property.

“Report Dates” means, collectively, the First Report Date and the Second Report Date.

“Repository” means each National Repository and each State Repository.

“**Rule**” means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“**Second Report Date**” means the date in each year that is ten months after the end of the Developer’s fiscal year, which date, as of the date of this Disclosure Agreement, is December 31.

“**Semi-Annual Report**” means any Semi-Annual Report provided by the Developer pursuant to, and as described in, Sections 2 and 3 hereof.

“**State Repository**” means any public or private repository or entity designated by the State of California as a state repository for the purpose of the Rule and recognized as such by the Securities and Exchange Commission. As of the date of this Disclosure Agreement, there is no State Repository.

Section 2. Provision of Semi-Annual Reports. (a) The Developer shall, or, upon furnishing the Semi-Annual Report to the Dissemination Agent, shall cause the Dissemination Agent to, provide to each Repository a Semi-Annual Report which is consistent with the requirements of Section 3 hereof, not later than the Report Date, commencing June 30, 2007. The Semi-Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 3 hereof; provided, however, that the audited financial statements of the Developer, if any, may be submitted separately from the balance of the Semi-Annual Report that is to be provided no later than the First Report Date, and later than the date required above for the filing of such Semi-Annual Report if not available by that date. If the Developer’s fiscal year changes, it shall instruct the Dissemination Agent to give notice of such change in the same manner as for a Listed Event under Section 4(c) hereof.

(b) Not later than 15 business days prior to the date specified in subsection (a) for providing the Semi-Annual Report to Repositories, the Developer shall provide the Semi-Annual Report (in a form suitable for reporting to the Repositories) to the Dissemination Agent and the Trustee (if the Trustee is not the Dissemination Agent). If by such date, the Trustee has not received a copy of the Semi-Annual Report, the Trustee shall contact the Disclosure Representative and the Dissemination Agent to inquire if the Developer is in compliance with the first sentence of this subsection (b).

(c) If the Trustee is unable to verify that a Semi-Annual Report has been provided to the Repositories by the date required in subsection (a), the Trustee shall send a notice to the Municipal Securities Rulemaking Board and the appropriate State Repository, if any, in substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall:

(i) determine prior to each Report Date the name and address of each National Repository and each State Repository, if any;

(ii) provide any Semi-Annual Report received by it to each Repository, as provided herein; and

(iii) file a report with the Developer and (if the Dissemination Agent is not the Trustee) the Trustee certifying that the Semi-Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided and listing all the Repositories to which it was provided.

Section 3. Content of Semi-Annual Reports. The Developer's Semi-Annual Report shall contain or incorporate by reference the following:

(a) With respect only to the Semi-Annual Report that is required to be provided no later than the First Report Date, Financial Statements for each Major Developer prepared in accordance with generally accepted accounting principles, as in effect from time to time. If audited Financial Statements are required to be provided, and such audited Financial Statements are not available by the time such Semi-Annual Report is required to be filed pursuant to Section 2(a) hereof, such Semi-Annual Report shall contain unaudited Financial Statements, and the audited Financial Statements shall be filed in the same manner as the Semi-Annual Report when they become available. Such Financial Statements shall be for the most recently ended fiscal year for the entity covered thereby.

(b) The following information with respect to each Major Developer:

(i) If information regarding such Major Developer has not previously been included in a Semi-Annual Report or in the Official Statement, the Development Plan of such Major Developer or, if information regarding such Major Developer has previously been included in a Semi-Annual Report or in the Official Statement, a description of the progress made in the Development Plan of such Major Developer since the date of such information and a description of any significant changes in such Development Plan and the causes or rationale for such changes.

(ii) If information regarding such Major Developer has not previously been included in a Semi-Annual Report or in the Official Statement, the Financing Plan of such Major Developer or, if information regarding such Major Developer has previously been included in a Semi-Annual Report or in the Official Statement, a description of any significant changes in the Financing Plan of such Major Developer and the causes or rationale for such changes.

(iii) A description of any sales of portions of such Major Developer's Property that has not reached the Planned Development Stage during the six-month period ending on the last day of the second month preceding the month in which the Report Date occurs (*viz.*, the six-month period ending on February 28 or February 29 for the First Report Date and the six-month period ending on August 31 for the Second Report Date), including the identification of each buyer and the number of units sold.

(iv) The number of single family residences on such Major Developer's Property conveyed to buyers by such Major Developer during the six-month period ending on the last day of the second month preceding the month in which the Report Date occurs and, with respect to the commercial space, the number of units that have received

their certificate of occupancy as of the last day of the second month preceding the month in which the Report Date occurs.

(v) A description of how many residential units were owned by such Major Developer as of the last day of the second month preceding the month in which the Report Date occurs, how many residential units of such Major Developer's Property reached the Planned Development Stage during the six-month period ending on the last day of the second month preceding the month in which the Report Date occurs and how many residential units of such Major Developer's Property had not reached the Planned Development Stage as of the last day of the second month preceding the month in which the Report Date occurs.

(vi) A description of the remaining capacity, as of the last day of the second month preceding the month in which the Report Date occurs, in any lines of credit or other credit facilities identified in the Financing Plan of such Major Developer as a source of funding for such Major Developer's Development Plan.

(vii) An update of the status of any previously reported Listed Event described in Section 4 hereof.

(c) In addition to any of the information expressly required to be provided under paragraphs (a) and (b), above, the Developer shall provide such further information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

Major Developers that are Affiliates of each other may file a single Semi-Annual Report covering all such entities. Any or all of the items listed above may be included by specific reference to other documents which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Developer shall clearly identify each such other document so included by reference.

Section 4. Reporting of Significant Events. (a) Pursuant to the provisions of this Section, the Developer shall promptly give, or cause to be given notice of the occurrence of any of the following events with respect to each Major Developer:

(i) Any conveyance by such Major Developer of Property owned by such Major Developer to an entity that is not an Affiliate of such Major Developer, the result of which conveyance is to cause the transferee to become a Major Developer.

(ii) Any failure of such Major Developer, or any Affiliate of such Major Developer, to pay when due general property taxes or assessments with respect to its Property.

(iii) Any denial or termination of credit, any denial or termination of, or default under, any line of credit or loan or any other loss of a source of funds that could have a material adverse affect on such Major Developer's most recently disclosed Financing

Plan or Development Plan or on the ability of such Major Developer, or any Affiliate of such Major Developer, to pay Special Taxes when due.

(iv) The occurrence of an Event of Bankruptcy with respect to such Major Developer, or any Affiliate of such Major Developer, that could have a material adverse affect on such Major Developer's most recently disclosed Financing Plan or Development Plan or on the ability of such Major Developer, or any Affiliate of such Major Developer, to pay Special Taxes when due.

(v) Any significant amendments to land use entitlements for such Major Developer's Property, if material.

(vi) Any previously undisclosed governmentally-imposed preconditions to commencement or continuation of development on such Major Developer's Property, if material.

(vii) Any previously undisclosed legislative, administrative or judicial challenges to development on such Major Developer's Property, if material.

(viii) Any changes, if material, in the alignment, design or likelihood of completion of significant public improvements affecting such Major Developer's Property, including major thoroughfares, sewers, water conveyance systems and similar facilities.

(ix) The assumption of any obligations by a Major Developer pursuant to Section 6 hereof.

(b) Whenever the Developer obtains knowledge of the occurrence of a Listed Event, if there is no Dissemination Agent, the Developer shall promptly file a notice of such occurrence with the Trustee, the Community Facilities District, the Municipal Securities Rulemaking Board and each State Repository. Whenever the Developer obtains knowledge of the occurrence of a Listed Event, if there is a Dissemination Agent, the Developer shall promptly notify the Dissemination Agent, the Trustee and the Community Facilities District in writing. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (c). The Developer shall provide the Dissemination Agent with a form of notice of such event in a format suitable for reporting to the Municipal Securities Rulemaking Board and each State Repository, if any.

(c) If the Dissemination Agent has been instructed by the Developer to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the Municipal Securities Rulemaking Board and each State Repository.

Section 5. Electronic Filing. Submission of Semi-Annual Reports and notices of Listed Events to DisclosureUSA.org or another "Central Post Office" designated and accepted by the Securities and Exchange Commission shall constitute compliance with the requirement of filing such reports and notices with each Repository hereunder, and the Developer may satisfy its obligations hereunder to file any notice, document or information with a Repository by filing the same with any dissemination agent or conduit, including DisclosureUSA.org or another "Central

Post Office” or similar entity, assuming or charged with responsibility for accepting notices, documents or information for transmission to such Repository, to the extent permitted by the Securities and Exchange Commission or Securities and Exchange Commission staff or required by the Securities and Exchange Commission. For this purpose, permission shall be deemed to have been granted by the Securities and Exchange Commission staff if and to the extent the agent or conduit has received an interpretive letter, which has not been revoked, from the Securities and Exchange Commission staff to the effect that using the agent or conduit to transmit information to the Repository will be treated for purposes of the Rule as if such information were transmitted directly to the Repository.

Section 6. Assumption of Obligations. If a portion of the Property owned by the Developer, or any Affiliate of the Developer, is conveyed to a Person that, upon such conveyance, will be a Major Developer, the obligations of the Developer hereunder with respect to the Property owned by such Major Developer and its Affiliates, and with respect to the improvements or payments necessary to cause the Planned Development Stage to be reached that such Major Developer, or an Affiliate thereof, intends or is obligated (contractually or otherwise) to make or cause to be made, may be assumed by such Major Developer or by an Affiliate thereof. In order to effect such assumption, such Major Developer or Affiliate shall enter into an Assumption Agreement.

Section 7. Termination of Reporting Obligation. The Developer’s obligations under this Disclosure Agreement shall terminate upon the earliest to occur of (a) the date on which the Planned Development Stage has been reached, (b) the date on which (i) the Developer is no longer a Major Developer, and (ii) the Developer no longer has any obligations under this Disclosure Agreement with respect to any Major Developer as a result of such obligations having been assumed under one or more Assumption Agreements entered into pursuant to Section 6 hereof, or (c) the date on which all of the Bonds have been legally defeased, redeemed, or paid in full; upon such termination, the Developer shall have no obligation to provide any Semi-Annual Report that it would otherwise have been obligated to provide after the date of such termination. The Developer’s obligations under this Disclosure Agreement with respect to a Major Developer shall terminate upon the earliest to occur of (x) the date on which such Major Developer is no longer a Major Developer, as defined herein, or (y) the date on which the Developer’s obligation with respect to such Major Developer are assumed under an Assumption Agreement entered into pursuant to Section 6 hereof; upon such termination, the Developer shall have no obligation to provide any Semi-Annual Report with respect to such Major Developer that it would otherwise have been obligated to provide after the date of such termination, provided, however, that upon the occurrence of any of the events described in clauses (x) or (y), the Developer’s obligations hereunder with respect to each other Major Developer, if any, shall remain in full force and effect. Upon the occurrence of any such termination prior to the final maturity of the Bonds, the Developer shall give notice of such termination in the same manner as for a Listed Event under Section 4 hereof.

Section 8. Dissemination Agent. The Developer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign by providing 30 days’ written notice to the Developer and the Trustee. The Dissemination Agent shall have no duty to

prepare the Semi-Annual Report. The Developer shall be responsible for paying the fees and expenses of the Dissemination Agent.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Developer, the Trustee and the Dissemination Agent may amend this Disclosure Agreement (and the Trustee and the Dissemination Agent shall agree to any amendment so requested by the Developer, so long as such amendment does not adversely affect the rights or obligations of the Trustee or the Dissemination Agent), and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to Sections 2(a), 3 or 4(a) hereof it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver (i) is approved by holders of the Bonds in the manner provided in the Indenture for amendments to the Indenture with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of holders.

If the financial information or operating data to be provided in the Semi-Annual Report is amended pursuant to the provisions hereof, the first financial information containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the Semi-Annual Report in which such financial statements are first included shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial statements or information, in order to provide information to investors to enable them to evaluate the ability of the Major Developer to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative. A notice of the change in the accounting principles shall be sent to the Repositories in the same manner as for a Listed Event under Section 4 hereof.

Section 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Developer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Semi-Annual Report or notice of occurrence of a Listed

Event, in addition to that which is required by this Disclosure Agreement. If the Developer chooses to include any information in any Semi-Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Developer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Semi-Annual Report or notice of occurrence of a Listed Event.

Section 11. Default. In the event of a failure of the Developer or the Trustee to comply with any provision of this Disclosure Agreement, the Trustee may (and, at the written direction of any Participating Underwriter or the holders of at least 25% aggregate principal amount of Outstanding Bonds, shall, upon receipt of indemnification reasonably satisfactory to the Trustee), or any holder or beneficial owner of the Bonds may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Developer or the Trustee, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure of the Developer or the Trustee to comply with this Disclosure Agreement shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Trustee and Dissemination Agent. The Dissemination Agent and the Trustee shall have only such duties hereunder as are specifically set forth in this Disclosure Agreement. The Developer agrees to indemnify and save each of the Trustee and the Dissemination Agent, and their respective officers, directors, employees and agents, harmless against any loss, expense and liabilities which it or they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Trustee's or the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall have no responsibility for the preparation, review, form or content of any Semi-Annual Report or any notice of a Listed Event. No provision of this Disclosure Agreement shall require or be construed to require the Dissemination Agent to interpret or provide an opinion concerning any information disclosed hereunder. The Dissemination Agent may conclusively rely on the determination of the Developer as to the materiality of any event for purposes of Section 4 hereof. Neither the Trustee nor the Dissemination Agent make any representation as to the sufficiency of this Disclosure Agreement for purposes of the Rule. The Developer's obligations under this Section shall survive the termination of this Disclosure Agreement.

Section 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Developer, the Trustee, the Dissemination Agent, the Participating Underwriters and holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 14. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Disclosure Agreement as of the date first above written.

**CREA/NEXUS ANAHEIM CORNERS, LLC,
a Delaware limited liability company**

By: Stadium Lofts, LLC, a California limited liability company, Its Manager

By: Windstar Communities LLC, a California limited liability company, Its Manager

By: _____
Title: _____

**U.S. BANK NATIONAL ASSOCIATION, AS
TRUSTEE**

By: _____
Authorized Officer

ACCEPTED AND AGREED TO:

**U.S. BANK NATIONAL ASSOCIATION,
AS DISSEMINATION AGENT**

By: _____
Authorized Officer

EXHIBIT A

**NOTICE TO MUNICIPAL SECURITIES RULEMAKING BOARD
OF FAILURE TO FILE SEMI-ANNUAL REPORT**

Name of Issuer: City of Anaheim Community Facilities District No. 06-2 (Stadium Lofts)
Name of Bond Issue: City of Anaheim Community Facilities District No. 06-2 (Stadium Lofts)
Special Tax Bonds, Series 2007
Date of Issuance: February 28, 2007

NOTICE IS HEREBY GIVEN that CREA/Nexus Anaheim Corners, LLC (the “Developer”) has not provided a Semi-Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Agreement, dated as of February 1, 2007, by and among the Developer and U.S. Bank National Association, in its capacity as Trustee. [The Developer anticipates that the Semi-Annual Report will be filed by _____.]

Dated: _____

U.S. Bank National Association, as
Trustee, on behalf of CREA/Nexus
Anaheim Corners, LLC

cc: CREA/Nexus Anaheim Corners, LLC
City of Anaheim Community
Facilities District No. 06-2 (Stadium Lofts)

APPENDIX F

BOOK-ENTRY ONLY SYSTEM

The following description of the procedures and record-keeping with respect to beneficial ownership interests in the Series 2007 Bonds, payment of principal, interest and other payments on the Series 2007 Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interests in such Series 2007 Bonds, other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the following information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

DTC will act as securities depository for the Series 2007 Bonds. The Series 2007 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate for each maturity of the Series 2007 Bonds will be issued for the Series 2007 Bonds in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that its participants ("Direct Participants") deposit with DTC. DTC also facilitates post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation and Emerging Markets Clearing Corporation (NSCC, FICC and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange, LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of the Series 2007 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2007 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2007 Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive

written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2007 Bonds are to be accomplished by entries made on the books of direct and indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Series 2007 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2007 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2007 Bonds with DTC and their registration in the name of Cede & Co. do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2007 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Series 2007 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Series 2007 Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer of securities registered to Cede & Co. as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2007 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium, if any, and interest payments with respect to the Series 2007 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail, information from the District on a payable date in accordance with their respective holdings shown on DTC records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of each Participant and not of DTC or its nominee, the Trustee, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Trustee. Under such circumstances, in the event that a successor securities depository is not obtained, bond certificates are required to be printed and delivered.

NOTWITHSTANDING THE FOREGOING, THE TRUSTEE, AS LONG AS A BOOK-ENTRY-ONLY SYSTEM IS USED FOR THE SERIES 2007 BONDS, WILL SEND ANY NOTICE OF REDEMPTION OR OTHER NOTICES ONLY TO CEDE & CO., OR ITS SUCCESSOR AS DTC'S PARTNERSHIP NOMINEE. ANY FAILURE OF CEDE & CO., OR ITS SUCCESSOR AS DTC'S PARTNERSHIP NOMINEE TO ADVISE ANY PARTICIPANT, OR OF ANY PARTICIPANT TO NOTIFY ANY BENEFICIAL OWNER OF ANY NOTICE AND ITS CONTENT OR EFFECT WILL NOT AFFECT THE VALIDITY OR SUFFICIENCY OF THE PROCEEDINGS RELATING TO THE REDEMPTION OF THE SERIES 2007 BONDS CALLED FOR REDEMPTION OR OF ANY OTHER ACTION PREMISED ON SUCH NOTICE.

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