

\$7,620,000
CITY OF PORTAGE, INDIANA
SPECIAL IMPROVEMENT DISTRICT BONDS
SERIES 2005
(MARINA SHORES PROJECT)

MATERIAL EVENT

Pursuant to Section H of the continuing disclosure information required from the developer pursuant to the Limited Offering Memorandum, dated November 2, 2005, the developer received a formal written Notice of Default from Wachovia Bank on March 17, 2008 due to the expiration of the Vertical Construction Loan and exhaustion of the interest reserve fund of the Development Loan. The developer and Wachovia Bank reached an amicable agreement with a formal Forbearance Agreement executed on May 30, 2008 and expiring on August 31, 2008. The developer reports that the interest was brought current and the interest reserve account was funded at the time of execution. On October 29, 2008, the developer received a demand for payment letter and request for a personal meeting, which took place on November 12, 2008. According to the developer, Wachovia Bank and the developer continue to work together towards a mutually beneficial agreement.