

DEVELOPMENT ACTIVITY AND DISCLOSURE REPORT

For the Year Ending December 31, 2006

*\$24,115,000 Edenmoor Improvement District
Assessment Revenue Bonds Series 2006A*

And

*\$11,500,000 Edenmoor Improvement District
Assessment Revenue Bonds Series 2006B
(Lancaster County, South Carolina)*

Prepared by:

MUNICAP, INC.

July 19, 2007

DEVELOPMENT ACTIVITY AND DISCLOSURE REPORT

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I. UPDATED INFORMATION

Information updated from the Limited Offering Memorandum dated May 19, 2006 is as follows:

- The developer reports that the general zoning and the master plan were approved in January 2006 by the Lancaster County Council and Planning Commission, respectively. The developer also reports that the 401 water quality certification was approved by the US Army Corps of Engineers (USACE) and the South Carolina Department of Health and Environmental Control (SCDHEC) in December 2006.
- The developer reports that the Phase One water and sewer permits were approved by the SCDHEC and the subdivision permit was approved by the county in September 2006. The developer also reports that the Phase One driveway encroachment permits were approved by South Carolina Department of Transportation (SCDOT) in July 2006.
- As of March 31, 2007, the developer reports that the aggregate number of units to be developed would be reduced from approximately 1,950 units, as shown in the Limited Offering Memorandum, to approximately 1,929 units. According to the developer, minor lotting changes have been made to the phases, due to builder feedback and market changes. The smallest lots (40 feet) have been increased to 45 feet, which resulted in an overall loss of 21 lots.
- As of June 28, 2007, the developer reports that Gandy Builders, Standard Pacific Homes (formerly Westfield), Ryland Homes, Bonterra Builders and Centex Homes are under contract for a total of 459, Phase I and II residential lots.
- As of June 28, 2007 the developer reports that 20, 50-foot lots, four, 60-foot lots and 25, 70-foot lots have closed with Standard Pacific Homes, Ryland Homes and Bonterra Builders, respectively.
- As of March 31, 2007, the developer reported that the Jim Wilson Road improvements have been completed and turn lanes into Phase I have been paved. The developer reports that all Phase One roadway improvements are complete and improvements to Highway 521, Hancock Road, Hector Road, Twelve Mile Creek Road and Claude Philips Road are to be completed as part of the Phase II, which are scheduled for construction in 2007.
- As of March 31, 2007, the developer reports that offsite water distribution main extension along Jim Wilson Road was complete, tested and activated.
- According to the developer, as of March 31, 2007, Phase I water distribution infrastructure was approximately 90 percent complete. As of March 31, 2007, the developer also reports that offsite sanitary sewer trunk mains were approximately 90 percent complete, the force main and pump station was

approximately 90 percent complete and Phase I sanitary sewer was approximately 90 percent complete.

- As of March 31, 2007, the developer reports that the total amount spent for public improvements was \$13,065,936.81.
- There were no assessments levied in fiscal year 2007. As a result, there are no delinquent annual assessments for fiscal year 2007.

II. INTRODUCTION

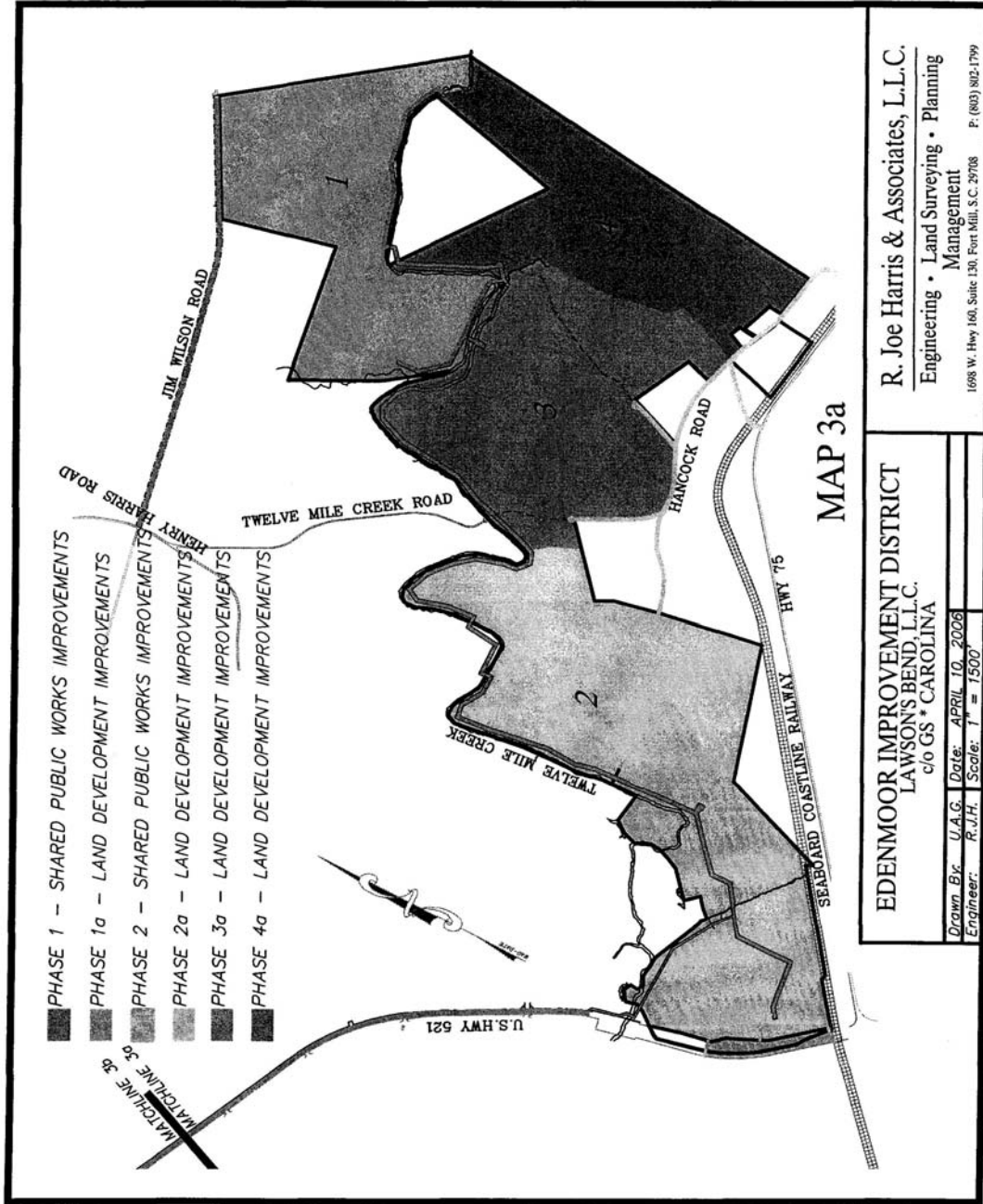
Edenmoor Improvement District (the “District”) was created by an ordinance approved by the Lancaster County Council (the “Council”) on January 30, 2006. The \$24,115,000 Series 2006 A and \$11,500,000 Series 2006B Assessment Revenue Bonds the “2006 Bonds”, were issued pursuant to the ordinance enacted on April 24, 2006 (the “Bond Ordinance”) by the Council, pursuant to the authorization of the County Public Works Improvement Act codified at Chapter 35 of Title 4., of the Code of Laws of South Carolina, 1976, as amended (the “Act”), and a Master Trust Indenture dated as of June 1, 2006, as supplemented by a First Supplemental Indenture of Trust, dated as of June 1, 2006, each by and between the County and Wells Fargo Bank, National Association, (the “Trustee”).

The 2006 Bonds were issued to finance the design, construction and/or acquisition of the proposed infrastructure improvements, park facilities and a combined sheriff and EMS substation (the “Project”).

The district, which consist of approximately 868 acres in the northwestern portion of the county, is located approximately 15 miles south of uptown Charlotte, North Carolina, approximately 12 miles from Charlotte-Douglas International Airport and approximately 5 miles from Interstate 485. The land within the district was planned to be developed in multiple phases over an approximately seven to ten-year period. At build-out, the development is expected to contain, approximately 1,950 residential units on approximately 553 acres and approximately 299 acres of common open space and recreational areas, some of which may be deeded to the county. The development is also expected to include approximately five acres of community amenity space and approximately 137,500 square feet of commercial development, including retail and a combined Sheriff and EMS substation on approximately eleven acres.

The land in the district is owned by Lawson’s Bend, L.L.C., a Virginia Limited Liability Company (the “Developer”). The developer is an affiliate of L.M. Sandler & Sons, Inc.

The information in this report regarding development activity was provided by the developer and is believed to be accurate; however, no effort has been made to independently verify the information.



III. DEVELOPMENT ACTIVITY

A. OVERVIEW

The development is a master-planned, mixed-use development on approximately 868 acres in the northwestern portion of Lancaster County. The development is located in Indian Land, South Carolina, on the northwest corner of the intersection of U.S. Highway 521 and South Carolina Highway 75 (Waxhaw Highway). The development is approximately 15 miles south of Charlotte, North Carolina, approximately 12 miles from Charlotte-Douglas International Airport and approximately five miles from Interstate 485.

At build-out, the development is planned to contain approximately 1,950 single family detached homes. The development will also include approximately 137,500 square feet of commercial development, consisting of a town center with a grocery store anchor, and additional retail, restaurant, and/or support services for residents in the community. The development will offer an array of amenities including a clubhouse, a cabana, three swimming pools, a playground and walking trails. The development is planned to be developed in multiple phases over an approximately seven to ten-year period.

The 2006 Bonds are issued to finance the design, construction and/or acquisition of the proposed infrastructure improvements, park facilities and a combined sheriff and EMS substation in the district.

As outlined in the Limited Offering Memorandum (LOM), the developer intends to install the infrastructure with respect to the residential portion of the development and market and sell lots to home builders, who will in turn, construct units and market and sell them to homebuyers.

B. DEVELOPER AND LAND OWNERS

The property in the district is currently owned by the developer by Lawson's Bend, L.L.C., a Virginia Limited Liability Company. The developer is an affiliate of L.M. Sandler & Sons, Inc.

According to the developer, there have been no material changes in the form, organization or ownership of the developer or any affiliate of the developer who owns property in the district as described in the Limited Offering Memorandum.

C. STATUS OF DEVELOPMENT

(i) Status of Government Permits

According to the Limited Offering Memorandum, a number of permits would be required for development of both infrastructure and subdivision construction. The major discretionary permits and approvals required for the development include the United States Army core of Engineers (USACOE) 404 Certification, the State 401 Certification and Zoning (Lancaster County), which encompasses the entire development. The developer reports that the general

zoning and the master plan were approved in January 2006 by the Lancaster County Council and Planning Commission, respectively. The developer also reports that the 401 water quality certification was approved by the US Army Corps of Engineers (USACOE) and South Carolina Department of Health and Environmental Control (SCDHEC) in December 2006.

The remaining permits and approvals required for the development were to be applied for and issued administratively by the applicable local and state government authorities as part of the planned four phases of the development. These permits include water, sewer, subdivision approval (preliminary/final plat), land disturbance, stormwater management and driveway permits. The developer reports that the Phase I water and sewer permits were approved by the SCDHEC and the subdivision permit was approved by the county in September 2006. The developer also reports that the Phase I driveway encroachment permits were approved by the South Carolina Department of Transportation (SCDOT) in July 2006.

Table III-1 below shows the list of permits required by phase, the permit approval status, actual and/or projected dates of submission reported by the developer as of March 31, 2007.

Table III-1
Status of Permits and Approvals

Project Phase	Permit/ Approval	Approved	Projected Date of Permit	Permit Status
I	General Zoning	Yes	January 2006	Approved by County council
	Master Plan	Yes	January 2006	Approved by Planning Commission
	401 Water Quality Certification	Yes	December 2006	Approved USACE,SCDHEC
	Water/Sewer	Yes	September 2006	Approved by SCDHEC
	Subdivision	Yes	September 2006	Approved by Lancaster County
II	Driveway	Yes	July 2006	Approved by SCDOT
	Erosion	Yes	February 2007	Approved by SCDHEC
	Water/Sewer	No	July 2007	Documents in review
	Subdivision	No	June 2007	Documents in review
III	Driveway	No	June 2007	Documents in review
	Water/Sewer	No	December 2007	CD's to submit in June 07
	Subdivision	No	December 2007	CD's to submit in June 07
IV	Driveway	No	December 2007	CD's to submit in June 07
	Water/Sewer	No	December 2009	CD's to submit in June 09
	Subdivision	No	December 2009	CD's to submit in June 09
	Driveway	No	December 2009	CD's to submit in June 09

(ii) Status of Vertical Development

As of March 31, 2007, the developer reports that the aggregate number of units to be developed would be reduced from approximately 1,950 units as shown in the Limited Offering Memorandum, to approximately 1,929 units. According to the developer, minor lotting changes have been made to the phases, due to builder feedback and market changes. The smallest lots (40

foot) have been increased to 45 feet, which resulted in an overall loss of 21 lots.

Table III-2 below shows the revised planned units to be developed reported by the developer as of March 31, 2007.

Table III-2
Planned Units to be Developed

Phase	Single Family Homes	Commercial Square Footage	Planned Date of Commencement	Planned Date of Completion
I	388	0	February 2006	March 2007
II	445	137,500	February 2009	February 2008
III	629	0	February 2008	February 2010
IV	467	0	February 2010	February 2012
Total	1,929	137,500		

a) Status of Sales and Closing of Residential Lots with Builders

According to the Limited Offering Memorandum, the development is planned to be fully built-out and stabilized by the end of 2014. As outlined in the Limited Offering Memorandum, the developer planned to sell lots to homebuilders and had signed letters of intent for the sale of all Phase I lots to four major homebuilders, which included MI Homes, Ryland Homes, Pulte Homes and Westfield Homes (a division of Standard Pacific). The developer reports that Pulte Homes subsequently walked away and M/I Homes was unsuccessful in obtaining a position within the community.

As of June 28, 2007, the developer reports that Gandy Builders, Standard Pacific Homes (formerly Westfield), Ryland Homes, Bonterra Builders and Centex Homes are under contract for a total of 459, Phase I and II residential lots.

As of June 28, 2007 the developer reports that 20, 50-foot lots, four, 60-foot lots and 25, 70-foot lots have closed with Standard Pacific Homes, Ryland Homes and Bonterra Builders, respectively.

Table III-3 in the following page shows the builders by product type, lots sold and lots closed for each phase as reported by the developer as of June 28, 2007.

**Table III-3
Status of Lots Sold and Closed**

Builders	Phase 1		Phase 2		Phase 3		Phase 4	
	sold	closed	sold	closed	sold	closed	sold	closed
Gandy Homes (50' Lots)	64	0	0	0	0	0	0	0
Standard Pacific Homes (50' Lots)	45	20	41	0	0	0	0	0
Ryland Homes (60' Lots)	85	4	0	0	0	0	0	0
Bonterra Homes (70' Lots)	97	25	0	0	0	0	0	0
Centex Homes (80' Lots)	67	0	60	0	0	0	0	0
Total:	358	49	101	0	0	0	0	0

b) Status of Home Sales and Closings

As of March 31, 2007, the developer reports that none of the Phase I lots closed with homebuilders. As a result, there have been no homes sold or closed with homebuyers as of March 31, 2007.

D. PROPOSED PUBLIC IMPROVEMENTS

According to the Limited Offering Memorandum, the infrastructure improvements to be designed, constructed and/or acquired by the developer primarily consist of road improvements, water and sewer lines, and stormwater management facilities.

As outlined in the Limited Offering Memorandum, the developer planned to build the development in a series of phases over an approximately seven to ten year period and that the infrastructure improvements would be installed in distinct phases corresponding with the phases of the development. According to the Limited Offering Memorandum, Phase I of the development to be financed by the proceeds from Series 2006A Bonds was expected to include drive way improvements for Jim Wilson Road including paving, striping, grading, erosion and control, and storm drainage. Phase I of the development to be financed by the proceeds from Series 2006A Bonds was also expected to include sanitary sewer improvements such as gravity sewer, sanitary manholes, watertight frame and controls, standard frame and controls, anti-seep collars, concrete encasement clearing, grubbing and seeding. Phase I of the development was also expected to include pump station and forcemain, water distribution, wetland mitigation, stream restoration, and greenway systems.

According to the Limited Offering Memorandum, the Phase II improvements to be financed by the proceeds of the Series 2006A Bonds were expected to include improvements to Hancock Road, Hector Road, Twelve Mile Creek Road, Claude Philips Road and Highway 521, additional greenway systems, the proposed park and EMS Substation.

According to the Limited Offering Memorandum, the public improvements for Phases I, II, III and IV funded by the proceeds from Series 2006B Bonds were expected to include parcel mobilization, grading and erosion control, parcel sanitary sewer, parcel water distribution, parcel

storm drainage and parcel paving related improvements corresponding to each phase.

Status of Construction of the Public Improvements

As of March 31, 2007, the developer reports that Jim Wilson Rd. improvements have been completed and turn lanes into Phase I are paved. As a result, all Phase I roadway improvements are complete. Improvements to Highway 521, Hancock Road, Hector Road, Twelve Mile Creek Road and Claude Philips Road are to be completed as part of the Phase II improvements, which are scheduled for construction in 2007.

As of March 31, 2007, the developer reports that the offsite water distribution main extension along Jim Wilson Road, which was required for the Phase I lots, was complete, tested and activated. According to the developer, as of March 31, 2007, the Phase I water distribution infrastructure was approximately 90 percent complete. As of March 31, 2007, the developer also reports that the offsite sanitary sewer trunk mains were approximately 90 percent complete, the force main and the pump station were approximately 90 percent complete and the Phase I sanitary sewer was approximately 90 percent complete.

As of March 31, 2007, the developer reports that the Phase I erosion control items and sediment basins were in place, the Phase I mass grading is complete and the storm drainage construction was 70 percent complete. According to the developer, Phase I does not include any detention ponds and includes only short term sediment basins. Phase II clearing, erosion control and mass grading was scheduled to begin in the first quarter of 2007. The developer also reports that the infrastructure improvements are anticipated to be completed by February 2012.

As of March 31, 2007, the developer reports that the total amount spent on public improvements was \$13,065,936.81.

Tables III-4-A through III-4-F in the following pages shows the budget public improvements as reported by the developer as of March 31, 2007.

Table III-4-A
Phase I
Status of Completion of Public Improvements
(Funded by the proceeds of the Series 2006A Bonds)

Public Improvement	Original Budget	Budget Changes	Revised Budget	Spent to Date	Percent Complete
Offsite Sanitary Sewer	\$3,982,349	\$0	\$3,982,349	\$3,730,591.04	93.68%
Pump Station & Force Main	\$4,036,578	\$0	\$4,036,578	\$442,241.60	10.96%
Offsite Water Distribution (Jim Wilson Rd.)	\$256,877	\$0	\$256,877	\$10,000.00	3.89%
Jim Wilson Road Improvements	\$652,068	\$0	\$652,068	\$652,068.00	100%
Greenway System	\$357,969	\$0	\$357,969	\$0	0%
Wetlands Mitigation	\$176,800	\$0	\$176,800	\$20,448.40	11.57%
Stream Restoration	\$384,800	\$0	\$384,800	\$0	0%
10% Contingency	\$984,744	\$0	\$984,744	\$832,073.61	84.50%
Engineering Design/Administration	\$397,770	\$0	\$397,770	\$397,770.00	100%
Survey Services	\$196,805	\$0	\$196,805	\$196,054.76	99.62%
Geotechnical Exploration	\$55,000	\$0	\$55,000	\$55,000.00	100%
Geotechnical Services/Construction	\$10,000	\$0	\$10,000	\$8,900.00	89.00%
Archaeological Investigation	\$250,000	\$0	\$250,000	\$142,867.33	57.15%
Wetlands Permitting	\$75,000	\$0	\$75,000	\$75,000.00	100%
Environmental Monitoring	\$40,000	\$0	\$40,000	\$38,585.85	96.46%
Environmental Maintenance	\$5,000	\$0	\$5,000	\$0	0%
Traffic Consultant	\$30,000	\$0	\$30,000	\$29,338.69	97.80%
Reimbursement for Prior Design	\$270,000	\$0	\$270,000	\$262,342.20	97.16%
Total Public Improvements	\$12,161,761	\$0	\$12,161,761	\$7,116,465.86	58.52%

Table III-4-A above shows the public improvements, original budget, budget changes, revised budget and amount spent for Phase I of the development to be funded by proceeds of the Series 2006A Bonds as reported by the developer as of March 31, 2007.

Table III-4-B in the following page shows the public improvements, original budget, budget changes, revised budget and amount spent for Phase II of the development to be funded by proceeds of the Series 2006A Bonds as reported by the developer as of March 31, 2007.

Table III-4-B
Phase II
Status of Completion of Public Improvements
(Funded by the proceeds of the Series 2006A Bonds)

Public Improvement	Original Budget	Budget Changes	Revised Budget	Spent to Date	Percent Complete
Greenway System	\$379,925	\$0	\$379,925	\$0	0%
Lancaster County Park	\$4,248,149	\$0	\$4,248,149	\$60,636.38	1.43%
EMS Substation	\$458,801	\$0	\$458,801	\$12,548.00	2.73%
Hancock Road Improvements	\$723,031	\$0	\$723,031	\$0	0%
Hector Road Improvements	\$144,555	\$0	\$144,555	\$0	0%
Twelve Mile Creek Road Improvements	\$248,538	\$0	\$248,538	\$0	0%
Claude Philips Road Improvements	\$109,232	\$0	\$109,232	\$0	0%
Highway 521 Road Improvements	\$364,740	\$0	\$364,740	\$0	0%
10% Contingency	\$667,697	\$0	\$667,697	\$0	0%
Engineering Design/Administration	\$150,000	\$0	\$150,000	\$150,000.00	100%
Survey Services	\$27,500	\$0	\$27,500	\$0	0%
Geotechnical Services - Construction	\$30,000	\$0	\$30,000	\$0	0%
Signalization of 521/Traffic Engineering	\$250,000	\$0	\$250,000	\$0	0%
Total Public Improvements	\$7,802,168	\$0	\$7,802,168	\$223,184.38	2.86%

Table III-4-C below shows the public improvements, original budget, budget changes, revised budget and amount spent for Phase I of the development to be funded by proceeds from the Series 2006B Bonds as reported by the developer as of March 31, 2007.

Table III-4-C
Phase I
Status of Completion of Public Improvements
(Funded by the proceeds of the Series 2006B Bonds)

Public Improvement	Original Budget	Budget Changes	Revised Budget	Spent to Date	Percent Complete
Parcel Mobilization/Grading/Erosion Control	\$1,167,213	\$0	\$1,167,213	\$1,167,213.00	100%
Parcel Sanitary Sewer	\$436,212	\$0	\$436,212	\$436,212.00	100%
Parcel Water Distribution	\$236,542	\$0	\$236,542	\$236,542.00	100%
Parcel Storm Drainage	\$437,074	\$0	\$437,074	\$437,074.00	100%
Parcel Paving	\$593,564	\$0	\$593,564	\$593,564.00	100%
10% Contingency	\$287,061	\$0	\$287,061	\$41,978.00	14.62%
Engineering Design - Parcel Development	\$138,750	\$0	\$138,750	\$138,750.00	100%
Engineering - Construction Administration	\$18,500	\$0	\$18,500	\$18,500.00	100%
Survey - Parcel Construction Services	\$262,700	\$0	\$262,700	\$22,807.50	8.68%
Geotechnical Services - Construction	\$176,500	\$0	\$176,500	\$62,600.00	35.47%
Total Public Improvements	\$3,754,116	\$0	\$3,754,116	\$3,155,240.50	84.05%

Table III-4-D below shows the public improvements, original budget, budget changes, revised budget and amount spent for Phase II of the development to be funded by proceeds from the Series 2006B Bonds as reported by the developer as of March 31, 2007.

Table III-4-D
Phase II
Status of Completion of Public Improvements
(Funded by the proceeds of the Series 2006B Bonds)

Public Improvement	Original Budget	Budget Changes	Revised Budget	Spent to Date	Percent Complete
Parcel Mobilization/Grading/Erosion Control	\$1,590,580	\$0	\$1,590,580	\$1,579,225.25	99.29%
Parcel Sanitary Sewer	\$530,459	\$0	\$530,459	\$530,459.00	100%
Parcel Water Distribution	\$349,041	\$0	\$349,041	\$241,002.82	69.05%
Parcel Storm Drainage	\$711,746	\$0	\$711,746	\$0	0%
Parcel Paving	\$1,086,115	\$0	\$1,086,115	\$0	0%
10% Contingency	\$426,794	\$0	\$426,794	\$0	0%
Engineering Design - Parcel Development	\$190,500	\$0	\$190,500	\$190,500.00	100%
Engineering - Construction Administration	\$25,400	\$0	\$25,400	\$25,400.00	100%
Survey - Parcel Construction Services	\$360,680	\$0	\$360,680	\$0	0%
Geotechnical Services - Construction	\$258,600	\$0	\$258,600	\$0	0%
Total Public Improvements	\$5,529,916	\$0	\$5,529,916	\$2,566,587.07	46.41%

Table III-4-E below shows the public improvements, original budget, budget changes, revised budget and amount spent for Phase III of the development to be funded by proceeds from the Series 2006B Bonds as reported by the developer as of March 31, 2007.

Table III-4-E
Phase III
Status of Completion of Public Improvements
(Funded by the proceeds of the Series 2006B Bonds)

Public Improvement	Original Budget	Budget Changes	Revised Budget	Spent to Date	Percent Complete
Parcel Mobilization/Grading/Erosion Control	\$1,969,092	\$0	\$1,969,092	\$0	0%
Parcel Sanitary Sewer	\$712,538	\$0	\$712,538	\$0	0%
Parcel Water Distribution	\$467,482	\$0	\$467,482	\$0	0%
Parcel Storm Drainage	\$857,572	\$0	\$857,572	\$0	0%
Parcel Paving	\$1,166,299	\$0	\$1,166,299	\$0	0%
10% Contingency	\$517,298	\$0	\$517,298	\$0	0%
Engineering Design - Parcel Development	\$245,625	\$0	\$245,625	\$4,459.00	1.8%
Engineering - Construction Administration	\$32,750	\$0	\$32,750	\$0	0%
Survey - Parcel Construction Services	\$465,050	\$0	\$465,050	\$0	0%
Geotechnical Services - Construction	\$309,750	\$0	\$309,750	\$0	0%
Total Public Improvements	\$6,743,456	\$0	\$6,743,456	\$4,459.00	0.10%

Table III-4-F
Phase IV
Status of Completion of Public Improvements
(Funded by the proceeds of the Series 2006B Bonds)

Public Improvement	Original Budget	Budget Changes	Revised Budget	Spent to Date	Percent Complete
Parcel Mobilization/Grading/Erosion Control	\$1,526,853	\$0	\$1,526,853	\$0	0%
Parcel Sanitary Sewer	\$513,674	\$0	\$513,674	\$0	0%
Parcel Water Distribution	\$365,790	\$0	\$365,790	\$0	0%
Parcel Storm Drainage	\$530,693	\$0	\$530,693	\$0	0%
Parcel Paving	\$818,149	\$0	\$818,149	\$0	0%
10% Contingency	\$375,516	\$0	\$375,516	\$0	0%
Engineering Design - Parcel Development	\$160,500	\$0	\$160,500	\$0	0%
Engineering - Construction Administration	\$21,400	\$0	\$21,400	\$0	0%
Survey - Parcel Construction Services	\$303,880	\$0	\$303,880	\$0	0%
Geotechnical Services - Construction	\$200,600	\$0	\$200,600	\$0	0%
Total Public Improvements	\$4,817,056	\$0	\$4,817,056	\$0	0%

Table III-4-F above shows the public improvements, original budget, budget changes, revised budget and amount spent for Phase IV of the development to be funded by proceeds from the Series 2006A Bonds as reported by the developer as of March 31, 2007.

IV. TRUSTEE ACCOUNTS

The trustee for the Series 2006 Bonds is Wells Fargo Bank. The following table shows the initial balance, interest paid, additional proceeds, disbursements and account balances as of March 31, 2007:

Table IV - 1
Fund Balances

	Initial Deposit	Interest Paid	Additional Proceeds	Disbursements	Balance 03/31/07
2006A Acquisition & Construction Fund	\$19,964,376	\$395,911	\$0	\$15,980,016	\$4,380,272
2006A Admin Expenses Fund	\$50,000	\$1,589	\$0	\$10,558	\$41,032
2006A Debt Service Reserve Fund	\$1,708,213	\$39,586	\$0	\$0	\$1,747,799
2006A Cost of Issuance Account	\$200,000	\$823	\$0	\$180,714	\$20,109
2006A Recreational/EMS Account	\$0	\$112,010	\$4,706,950	\$0	\$4,818,960
2006A Escrow	\$0	\$106,514	\$5,050,122	\$0	\$5,156,636
2006A Capitalized Interest Account	\$1,830,687	\$41,999	\$0	\$639,382	\$1,233,242
2006B Acquisition & Construction Fund	\$9,286,618	\$284,452	\$0	\$3,635,521	\$7,710,120
2006B Debt Service Reserve Fund	\$1,150,000	\$25,633	\$0	\$0	\$1,175,633
2006B Cost of Issuance Account	\$60,000	\$195	\$0	\$56,622	\$3,574
2006B Capitalized Interest Account	\$790,882	\$25,989	\$0	\$285,024	\$523,500
2006B Admin Expenses Fund	\$40,000	\$1,382	\$0	\$0	\$40,893
Total	\$35,080,775	\$1,036,085	\$9,757,072	\$20,787,836	\$25,086,096

The additional proceeds to the 2006A Recreational/EMS Account are transfers from the 2006A Acquisition & Construction Fund. The additional proceeds to the 2006A Escrow Account are transfers from the 2006A Acquisition & Construction Fund. Disbursements from the 2006A Acquisition & Construction Fund are transfers to the 2006A Recreational/EMS Account and the 2006A Escrow, and for the costs of constructing the public improvements. Disbursements from the 2006A Administrative Expense Fund are payments for administrative expenses. Disbursements from the 2006A and 2006B Interest Accounts are for payment of debt service. Disbursements from the 2006A and 2006B Cost of Issuance Accounts are for the costs of issuing the Series 2006A and 2006B Bonds. Disbursements from the 2006A and 2006B Capitalized Interest Accounts are transfers to the Interest Account for payment of debt service.

The interest paid through March 31, 2007 does not include interest accrued but not yet paid. Bond proceeds in the Series 2006A Debt Service Reserve Fund are invested in a DEPFA Bank Repurchase Agreement earning 5.02 percent per year and maturing on December 1, 2011. Bond proceeds in the Series 2006B Debt Service Reserve Fund are invested in an AIG MFC Repurchase Agreement earning 4.80 percent per year and maturing on December 1, 2011. The remaining bond proceeds are invested in money market funds currently earning between 4.44 and 4.46 percent per year. Table IV-2 shows the approximate rates of return on the investments.

According to Section 6.05 of the Trust Indenture dated June 1, 2006, as long as there exists no default under the Indenture and the amount in the Series Account of the Debt Service Reserve Fund is not reduced below the then applicable Debt Service Reserve Requirement with respect to such series of Bonds, earnings on investments in the series account of the Debt Service Reserve Fund shall, prior to the completion date of a project, be transferred to the series Interest Account of the Debt Service Fund relating thereto, and after the completion date, to the related series account of the Revenue Fund.

Table IV - 2

Account	Rate of Return
Series 2006A Acquisition and Construction Fund	5.02%
Series 2006A Admin Expense Fund	4.44%
Series 2006A Debt Service Reserve Fund	5.02%
Series 2006A Cost of Issuance Account	4.46%
Series 2006A Recreation/EMS Account	5.02%
Series 2006A Escrow Account	5.02%
Series 2006A Capitalized Interest Account	5.02%
Series 2006B Acquisition & Construction Fund	4.80%
Series 2006B Debt Service Reserve Fund	4.80%
Series 2006B Cost of Issuance Account	4.46%
Series 2006B Capitalized Interest Account	4.80%
Series 2006B Admin Expense Fund	4.46%

V. *DISTRICT OPERATIONS*

A. SPECIAL ASSESSMENTS LEVIED AND COLLECTED

The Assessments have been imposed on the assessed property within the Edenmoor Improvement District pursuant to the Assessment Ordinance. The Assessments are equal to the interest and principal on the bonds and estimated administrative expenses related to the bonds. The Assessments are due and payable each year as the Annual Assessment. An Annual Credit may be applied to the Annual Assessment each year. The resulting amount is equal to the Annual Payment, which is to be collected from each of the assessed parcels in the District.

Annual Revenue Requirement

The Annual Revenue Requirement is defined as follows:

For any given year, the sum of the following, (1) regularly scheduled debt service on the bonds to be paid from the Annual Payments; (2) periodic costs associated with such bonds, including but not limited to rebate payments and credit enhancements on the bonds; and (3) administrative expenses; less (a) any credits applied under the bond indenture, such as interest earnings on any account balances, and (b) any other funds available to the district that may be applied to the Annual Revenue Requirement.

Table V-1 below provides a summary of the Annual Revenue Requirement for fiscal year 2007. Each of these numbers is explained in the following sections.

Table V-1
FY2007 Annual Revenue Requirement

	Assessment A	Assessment B	Total
Interest payment on June 1, 2007	\$693,306	\$309,063	\$1,002,369
Interest payment on December 1, 2007	\$693,306	\$309,063	\$1,002,369
Principal payment on December 1, 2007	\$0	\$0	\$0
Subtotal Annual Payments	\$1,386,613	\$618,125	\$2,004,738
Administrative Expenses	\$18,959	\$9,041	\$28,000
<i>Subtotal Expenses</i>	\$1,405,571	\$627,166	\$2,032,738
Reserve Fund Interest Income	(\$121,482)	(\$78,203)	(\$199,685)
Available Capitalized Interest Account	(\$1,265,130)	(\$539,922)	(\$1,805,052)
Available Administrative Expenses Fund	(\$18,959)	(\$9,041)	(\$28,000)
<i>Subtotal Funds Available</i>	(\$1,405,571)	(\$627,166)	(\$2,032,738)
Annual Revenue Requirement	(\$0)	(\$0)	(\$0)

Debt Service

Debt service includes the semi-annual interest payments due on the Series A and B Bonds on June 1, 2007 and December 1, 2007. There are no prepayments during the period for both Series 2006A and 2006B. As a result, the semi-annual interest payment on the Series 2006A Bonds is \$693,306.25 and represents an annual coupon of 5.750% on the outstanding bonds of \$24,115,000.00. The semi-annual interest payment on the Series 2006B Bonds is \$309,062.50 and represents an annual coupon of 5.375% on the outstanding bonds of \$11,500,000.00. There are no principal payments due for the Series A and B Bonds on December 1, 2007. As a result, total debt service on the Series 2006A and 2006B Bonds is \$1,386,612.50 and \$618,125.00 respectively.

Administrative Expenses

Administrative expenses include the trustee, the administrator, and the fees for the district counsel for services related to the district. The annual charges of the trustee are estimated to be \$6,500.00. The annual fee and expenses of the administrator and counsel including contingency for unanticipated expenses are estimated at \$16,750.00, and \$4,750.00, respectively. Accordingly, the total administrative expenses for 2007 are estimated to be \$28,000.00.

Reserve Fund Interest Income

As of June 30, 2006, the balance on the Series 2006A Reserve Fund was \$1,708,212.50, which is equal to the reserve requirement for the Series 2006A Bonds. The reserve requirement is invested in a DEPFA Bank Repurchase agreement (REPO) earning 5.02 percent per annum. The yield on the bond proceeds invested in the reserve fund will result in annual estimated investment income of \$85,752.27, which will be made available to pay debt service on the Series 2006A Bonds in 2007.

As of June 30, 2006, the balance on the Series 2006B Reserve Fund was \$1,150,000.00, which is equal to the reserve requirement for the Series 2006B Bonds. The reserve requirement for the Series 2006B Bonds is equal to ten percent of the outstanding principal balance of the Series 2006B Bonds at the date of valuation. The outstanding Series 2006B Bonds at the date of valuation were \$11,500,000.00. The reserve requirement is invested in an AIG Repurchase Agreement (REPO) earning 4.8 percent per annum. The yield on the bond proceeds invested in the reserve fund will result in annual estimated investment income of \$55,202.18, which will be made available to pay debt service on the Series 2006B Bonds in 2007.

Table V-2
Debt Service Reserve Fund Account

	Series 2006A	Series 2006B
Reserve Fund Balance as of 06/30/2006	\$1,708,212.50	\$1,150,000.00
Estimated interest through 11/30/2006	\$35,730.11	\$23,000.91
Estimated interest from 12/01/ 2006 to 11/30/2007	\$85,752.27	\$55,202.18
Available Reserve Fund Interest Income	\$121,482.38	\$78,203.09

Available Capitalized Interest

The balances in the Series 2006A and 2006B Capitalized Interest Accounts as of June 30, 2006 were \$1,830,686.52 and \$790,882.33, respectively. A portion of these proceeds will be used to pay interest on the Series 2006A and 2006B Bonds on December 1, 2006, resulting in a balance of \$1,286,862.23 in the Series 2006A Capitalized Interest Account and \$546,718.09 in the Series 2006B Capitalized Interest Account. A portion of these balances will be available to pay debt service on the Series 2006A and 2006B Bonds in 2007.

Table V-3
Available Capitalized Interest Account

Cap I Balance @ June 30, 2006	\$539,993.77
Interest income through November 30, 2006	\$10,562.31
Interest Sub-Account Balance @ June 30, 2006	\$0.00
Debt Service @ December 1, 2006	(\$545,000.00)
Subtotal Available Capitalized Interest Account	\$5,556.08
Interest income through March 31, 2007	\$87.32
Available Capitalized Interest Account	\$5,643.41

Bond proceeds in the Series 2006A and Series 2006B Capitalized Interest Accounts are invested in an AIG Repurchase Agreement (REPO) earning 4.8 percent per annum. At the current interest rate, \$36,615.20 and \$15,818.28 in interest income is estimated to be earned on the Series 2006A and Series 2006B Capitalized Interest Accounts, respectively, through the December 1, 2006 debt service payment. Additional interest income in the amount of \$58,942.51 and \$25,041.48 is estimated to be earned on the Series 2006A and 2006B Capitalized Interest Accounts through November 30, 2007. This results in total available funds of \$1,286,862.23 for the Series 2006A Capitalized Interest Account and, \$546,718.09 for the Series 2006B Capitalized Interest Account, portions of which will be made available to pay debt service in 2007.

Summary Annual Credit

The Annual Credit for each year is equal to the Annual Assessment less the Annual Revenue Requirement, calculated separately for the Assessment Part A and the Assessment Part B. A summary of the Annual Credit is shown below:

Summary Annual Credit

	Assessment A	Assessment B
Annual Assessment	\$1,416,613	\$1,769,725
Annual Revenue Requirement	\$0	\$0
Annual Credit	\$1,416,613	\$1,769,725

Summary Annual Payment

The Annual Payment each year is equal to the Annual Assessment less the Annual Credit. A summary of the Annual Payment is shown below:

Summary Annual Payment

	Assessment A	Assessment B
Annual Assessment	\$1,416,613	\$1,769,725
Annual Credit	\$1,416,613	\$1,769,725
Annual Payment	\$0	\$0

Summary

The estimated expenses of the District for 2007 are \$2,032,738. The estimated funds available to pay these expenses are \$2,032,738, resulting in an annual revenue requirement of zero.

B. DELINQUENT ASSESSMENTS

There were no assessments for collection in fiscal year 2007. As a result, there are no delinquent annual assessments for fiscal year 2007.

C. COLLECTION EFFORTS

There are no collection efforts underway.

VI. DISTRICT FINANCIAL INFORMATION

The information provided in this section is intended to meet the requirements for the annual report as provided for in Section (3) of the Continuing Disclosure Agreement. The items listed below are in the same order as the items required for the annual report as listed in the Continuing Disclosure Agreement.

All information in this section is provided as of December 31, 2006, unless otherwise stated.

A. FUND BALANCES

The fund balances as of March 31, 2007 for all of the funds and accounts provided for in the Indenture are included in Table IV-1 of Section IV, "Trustee Accounts," of this report.

B. ASSESSED VALUE OF LANDS

Table VI-1 below shows the property classification, appraised and assessed values in the District as of December 31, 2006.

Table VI-1
Appraised and Assessed Values

Tax Parcel Number	Appraised Value	Assessed Value	Percent
0015-00-011.00	\$5,649,700	\$338,982	29.6%
0015-00-012.00	\$462,012	\$4,275	0.4%
0015-00-017.00	\$391,000	\$23,460	2.0%
0015-00-021.00	\$399,800	\$15,788	1.4%
0015-00-024.00	\$9,280,400	\$556,824	48.6%
0015-00-024.01	\$357,000	\$21,420	1.9%
0015-00-028.00	\$1,243,800	\$74,628	6.5%
0015-00-055.01	\$237,200	\$14,232	1.2%
0020-00-002.00	\$1,163,200	\$69,792	6.1%
0020-00-005.00	\$131,200	\$7,872	0.7%
0020-00-006.00	\$72,000	\$4,320	0.4%
0020-00-007.00	\$60,800	\$3,648	0.3%
0020-00-008.00	\$135,000	\$8,100	0.7%
0020-00-009.00	\$39,400	\$2,364	0.2%
Total	\$19,622,512	\$1,145,705	100%

C. CHANGES TO THE RATE AND METHOD OF APPORTIONMENT OF ASSESSMENTS

There have been no changes to the Rate and Method of Apportionment of Assessments.

D. ASSESSMENTS LEVIED AND COLLECTED

There were no assessments levied in fiscal year 2007. Additional information regarding assessments for the district is provided in detail in Section V of this report, "District Operations".

E. ASSESSMENT PAYMENT DELINQUENCIES

There were no assessments levied in fiscal year 2007. As a result, there are no delinquent annual assessments for fiscal year 2007.

F. FORECLOSURE PROCEEDINGS

There are no assessment amounts currently subject to foreclosure proceedings that (1) have not been instituted; (2) have not been concluded; (3) have not been reduced to judgment but not collected; and (4) have been reduced to judgment and collected.

G. ASSESSMENTS BY PROPERTY OWNER

There were no assessments levied in fiscal year 2007. Information regarding the assessed values and the corresponding percentage proportion of each parcel is shown in (B) above.

H. PREPAYMENT OF ASSESSMENTS AND REDEMPTION BY PREPAYMENTS

There were no prepayments received during 2006. Accordingly, there were no bonds redeemed as a result of prepayments

I. SIGNIFICANT AMENDMENTS TO LAND USE OR LEGAL CHALLENGES TO CONSTRUCTION OF THE DEVELOPMENT OR THE DISTRICT

As of March 31, 2007 the developer reports that there have been no significant amendments to land use entitlement or legal challenges to the construction.

J. CHANGES TO THE CONSTRUCTION OF THE PROJECT

As of March 31, 2007, the developer reports that there have been no changes approved by the county to the project to be constructed from those stated in the Limited Offering Memorandum.

K. DEBT SERVICE SCHEDULE

Table IV-3 in the following page shows that debt service schedule for the Series 2006 Bonds.

**Table VI-3
Debt Service Schedule**

Year Ending December 31	2006A Bonds Principal	2006A Bonds Interest	2006B Bonds Principal	2006B Bonds Interest	Total Debt Service
2006		\$ 639,382		\$285,024	\$ 924,407
2007		1,386,613		618,125	2,004,738
2008	\$ 320,000	1,386,613		618,125	2,324,738
2009	340,000	1,368,213		618,125	2,326,338
2010	355,000	1,348,663		618,125	2,321,788
2011	375,000	1,328,250		618,125	2,321,375
2012	400,000	1,306,688		618,125	2,324,813
2013	420,000	1,283,688		618,125	2,321,813
2014	445,000	1,259,538		618,125	2,322,663
2015	470,000	1,233,950		618,125	2,322,075
2016	500,000	1,206,925	\$11,500,000	618,125	13,825,050
2017	525,000	1,178,175			1,703,175
2018	560,000	1,147,988			1,707,988
2019	590,000	1,115,788			1,705,788
2020	625,000	1,081,863			1,706,863
2021	660,000	1,045,925			1,705,925
2022	695,000	1,007,975			1,702,975
2023	735,000	968,013			1,703,013
2024	780,000	925,750			1,705,750
2025	825,000	880,900			1,705,900
2026	870,000	833,463			1,703,463
2027	920,000	783,438			1,703,438
2028	975,000	730,538			1,705,538
2029	1,030,000	674,475			1,704,475
2030	1,090,000	615,250			1,705,250
2031	1,155,000	552,575			1,707,575
2032	1,220,000	486,163			1,706,163
2033	1,290,000	416,013			1,706,013
2034	1,365,000	341,838			1,706,838
2035	1,440,000	263,350			1,703,350
2036	1,525,000	180,550			1,705,550
2037	1,615,000	92,863			1,707,863
Total	\$24,115,000	\$29,071,407	\$11,500,000	\$6,466,274	\$71,152,682

L. UPDATED PROJECT INFORMATION

Updated project information reported by the developer as of March 31, 2007 is included in Section III, "Development Activity" of this report.

VII. NOTICE EVENTS

A. DEVELOPER SIGNIFICANT EVENTS

Developer's significant events generally include the following:

- (i.) failure to pay any real property taxes (including the special assessments) levied within the development on a parcel owned by the developer or any affiliate thereof
- (ii.) material damage to or destruction of any development or improvements within the project;
- (iii.) material default by the development owner, the developer, or any affiliate thereof on any loan secured by property within the development owned or leased by the development owner and the developer or any affiliate thereof;
- (iv.) the filing in bankruptcy by the development owner, the developer or any affiliate thereof, or by any owner of more than 25% in interest in the development owner or the developer, or any determination that the development owner, the developer or any affiliate thereof, or an owner of more than 25% in interest in the development owner or the developer is unable to pay its debts as they become due;
- (v.) material default by the development owner, the developer or any affiliate thereof on any loan with respect to the construction or permanent financing of the development;
- (vi.) the filing of any lawsuit with claim for damages in excess of \$1,000,000 against the development owner, the developer or the landowner which may adversely affect the completion of the development or litigation in excess of \$1,000,000 which would materially adversely affect the financial condition of the development owner, the developer or the landowner;
- (vii.) to the extent that the developer is obligated to pay assessments, failure by the developer to pay such assessments in full when due; or
- (viii.) a default or event of default occurs under any agreement or instrument evidencing indebtedness of the developer or GS Carolina, LLC.

Inquiries have been made with the developer regarding the occurrence of any significant event and they have reported that no significant events have occurred as of March 31, 2007.

B. NOTICE EVENTS

The administrator is required to file a notice to the State Depository (if any), each National Repository, or the Municipal Securities Rulemaking Board to report the occurrence of a Notice Event if it is instructed by the County to do so, as prescribed in Section 4 of the Proposed Form of Continuing Disclosure Reports in the Limited Offering Memorandum.

Notice events generally include the following:

- (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 relating to the bonds 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 bonds;
- (vii) modifications to rights of bondholders;
- (viii) unscheduled Bond Calls (other than pursuant to an extraordinary redemption under the terms of the Indenture);
- (ix) defeasances;
- (x) release, substitution, or sale of property securing repayment of bonds;
- (xi) rating changes on the bonds;
- (xii) failure to provide annual financial information as required;
- (xiii) to the extent that the developer is obligated to pay assessments, failure by the developer to pay such assessments in full when due; or
- (xiv) a default or event of default occurs under any agreement or instrument evidencing indebtedness of the developer or GS Carolina, LLC.

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

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