Subdivision Financing Report

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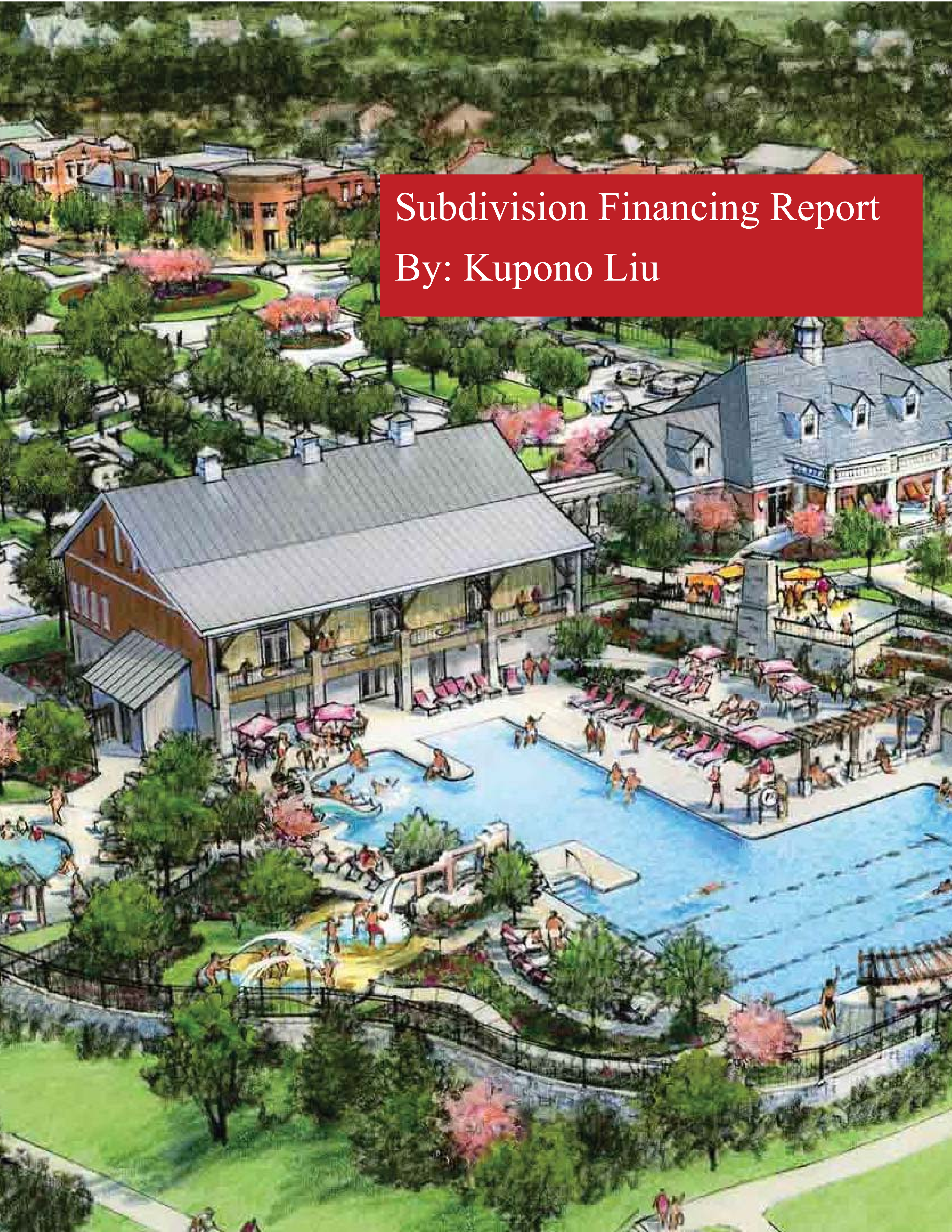

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6. Projected Maximum Special Taxes paid by Each Land Use Class per Year

			Large Single Family			Small Single Family		
Year	Bond Year Ending	Taxes Due	Number of Units	Maximum Special Taxes per Unit	Total Maximum Special Taxes	Number of Units	Maximum Special Taxes per Unit	Total Maximum Special Taxes
1	1-Jul-07	31-Dec-06	422	$1,350	$569,868.72	624	$1,238	$772,456.77
2	1-Jul-08	31-Dec-07	422	$1,377	$581,266.09	624	$1,263	$787,905.91
3	1-Jul-09	31-Dec-08	422	$1,405	$592,891.41	624	$1,288	$803,664.03
4	1-Jul-10	31-Dec-09	422	$1,433	$604,749.24	624	$1,314	$819,737.31
5	1-Jul-11	31-Dec-10	422	$1,462	$616,844.23	624	$1,340	$836,132.05
6	1-Jul-12	31-Dec-11	422	$1,491	$629,181.11	624	$1,367	$852,854.70
7	1-Jul-13	31-Dec-12	422	$1,521	$641,764.73	624	$1,394	$869,911.79
8	1-Jul-14	31-Dec-13	422	$1,551	$654,600.03	624	$1,422	$887,310.03
9	1-Jul-15	31-Dec-14	422	$1,582	$667,692.03	624	$1,450	$905,056.23
10	1-Jul-16	31-Dec-15	422	$1,614	$681,045.87	624	$1,479	$923,157.35
11	1-Jul-17	31-Dec-16	422	$1,646	$694,666.78	624	$1,509	$941,620.50
12	1-Jul-18	31-Dec-17	422	$1,679	$708,560.12	624	$1,539	$960,452.91
13	1-Jul-19	31-Dec-18	422	$1,713	$722,731.32	624	$1,570	$979,661.97
14	1-Jul-20	31-Dec-19	422	$1,747	$737,185.95	624	$1,601	$999,255.21
15	1-Jul-21	31-Dec-20	422	$1,782	$751,929.67	624	$1,633	$1,019,240.31
16	1-Jul-22	31-Dec-21	422	$1,817	$766,968.26	624	$1,666	$1,039,625.12
17	1-Jul-23	31-Dec-22	422	$1,854	$782,307.63	624	$1,699	$1,060,417.62
18	1-Jul-24	31-Dec-23	422	$1,891	$797,953.78	624	$1,733	$1,081,625.97
19	1-Jul-25	31-Dec-24	422	$1,929	$813,912.86	624	$1,768	$1,103,258.49
20	1-Jul-26	31-Dec-25	422	$1,967	$830,191.11	624	$1,803	$1,125,323.66
21	1-Jul-27	31-Dec-26	422	$2,007	$846,794.93	624	$1,839	$1,147,830.13
22	1-Jul-28	31-Dec-27	422	$2,047	$863,730.83	624	$1,876	$1,170,786.74
23	1-Jul-29	31-Dec-28	422	$2,088	$881,005.45	624	$1,914	$1,194,202.47
24	1-Jul-30	31-Dec-29	422	$2,129	$898,625.56	624	$1,952	$1,218,086.52
25	1-Jul-31	31-Dec-30	422	$2,172	$916,598.07	624	$1,991	$1,242,448.25
26	1-Jul-32	31-Dec-31	422	$2,215	$934,930.03	624	$2,031	$1,267,297.21
27	1-Jul-33	31-Dec-32	422	$2,260	$953,628.63	624	$2,072	$1,292,643.16
28	1-Jul-34	31-Dec-33	422	$2,305	$972,701.20	624	$2,113	$1,318,496.02
29	1-Jul-35	31-Dec-34	422	$2,351	$992,155.23	624	$2,155	$1,344,865.94
30	1-Jul-36	31-Dec-35	422	$2,398	$1,011,998.33	624	$2,198	$1,371,763.26
	Totals			**$54,783**	**$23,118,479**		**$50,220**	**$31,337,088**

Single Family Attached			Assisted Living		
Number of Units	Maximum Special Taxes per Unit	Total Maximum Special Taxes	Number of Units	Maximum Special Taxes per Unit	Total Maximum Special Taxes
359	$1,002	$359,668.32	100	$783	$78,309.68
359	$1,022	$366,861.69	100	$799	$79,875.88
359	$1,042	$374,198.92	100	$815	$81,473.40
359	$1,063	$381,682.90	100	$831	$83,102.86
359	$1,084	$389,316.56	100	$848	$84,764.92
359	$1,106	$397,102.89	100	$865	$86,460.22
359	$1,128	$405,044.94	100	$882	$88,189.42
359	$1,151	$413,145.84	100	$900	$89,953.21
359	$1,174	$421,408.76	100	$918	$91,752.28
359	$1,197	$429,836.94	100	$936	$93,587.32
359	$1,221	$438,433.67	100	$955	$95,459.07
359	$1,246	$447,202.35	100	$974	$97,368.25
359	$1,271	$456,146.39	100	$993	$99,315.61
359	$1,296	$465,269.32	100	$1,013	$101,301.93
359	$1,322	$474,574.71	100	$1,033	$103,327.97
359	$1,348	$484,066.20	100	$1,054	$105,394.52
359	$1,375	$493,747.53	100	$1,075	$107,502.42
359	$1,403	$503,622.48	100	$1,097	$109,652.46
359	$1,431	$513,694.93	100	$1,118	$111,845.51
359	$1,460	$523,968.83	100	$1,141	$114,082.42
359	$1,489	$534,448.20	100	$1,164	$116,364.07
359	$1,518	$545,137.17	100	$1,187	$118,691.35
359	$1,549	$556,039.91	100	$1,211	$121,065.18
359	$1,580	$567,160.71	100	$1,235	$123,486.48
359	$1,611	$578,503.92	100	$1,260	$125,956.21
359	$1,644	$590,074.00	100	$1,285	$128,475.34
359	$1,677	$601,875.48	100	$1,310	$131,044.84
359	$1,710	$613,912.99	100	$1,337	$133,665.74
359	$1,744	$626,191.25	100	$1,363	$136,339.06
359	$1,779	$638,715.07	100	$1,391	$139,065.84
	$40,644	**$14,591,053**		**$31,769**	**$3,176,873**

Commercial			
1,000's SqFt	Maximum Special Taxes per Unit	Total Maximum Special Taxes	**Total Maximum Special Taxes (All Property Types)**
389	$881.81	$343,025	$2,123,328
389	$899.45	$349,885	$2,165,795
389	$917	$356,883	$2,209,110
389	$936	$364,020	$2,253,293
389	$955	$371,301	$2,298,359
389	$974	$378,727	$2,344,326
389	$993	$386,301	$2,391,212
389	$1,013	$394,027	$2,439,036
389	$1,033	$401,908	$2,487,817
389	$1,054	$409,946	$2,537,574
389	$1,075	$418,145	$2,588,325
389	$1,096	$426,508	$2,640,091
389	$1,118	$435,038	$2,692,893
389	$1,141	$443,739	$2,746,751
389	$1,164	$452,614	$2,801,686
389	$1,187	$461,666	$2,857,720
389	$1,211	$470,899	$2,914,874
389	$1,235	$480,317	$2,973,172
389	$1,259	$489,923	$3,032,635
389	$1,285	$499,722	$3,093,288
389	$1,310	$509,716	$3,155,154
389	$1,337	$519,911	$3,218,257
389	$1,363	$530,309	$3,282,622
389	$1,391	$540,915	$3,348,274
389	$1,418	$551,733	$3,415,240
389	$1,447	$562,768	$3,483,545
389	$1,476	$574,023	$3,553,216
389	$1,505	$585,504	$3,624,280
389	$1,535	$597,214	$3,696,765
389	$1,566	$609,158	$3,770,701
	$35,773	**$13,915,845**	**$86,139,338**

7. Projected Debt Coverage Ratios

All four coverage ratios are risky. The typical debt service coverage is 1.30 for commercial real estate. This means that anything below 1.30 is risky. If a project has a debt coverage ratio below 1.0 this means that it won't generate enough revenue to cover its obligations.

In the first year, all four coverage ratios clear this DCR threshold of 1.3 and have ratios of 1.37. However, after year one and until year 30, they each go below this 1.3 threshold and they become risky. Also, the fact that the municipal bonds are non-rated and non-guaranteed poses additional risk[1]. Since the bondholders assume greater risk, there should be greater debt coverage ratios. As a result, the debt coverage ratios should be ideally above what they currently are.

Although all the ratios go below 1.3 after year one, none of the ratios go below the debt coverage ratio of 1.0 at anytime. The project has enough cash to meet its debt service and annual obligations but with little room to spare. The project's income can only decrease by a little bit before the project becomes insolvent and goes below the 1.0 ratio. Since all the project's ratios go below the 1.3 DCR threshold after year one, all the project ratios are too risky.

[1] http://www.piperjaffray.com/pdf/02-1624_nonratedmunicipalbonds.pdf

Projected Debt Service Coverage

Year	Bond Year Ending	Tax Year Beginning	Maximum Special Taxes (All Property Types)	Reserve Fund Income	Total Available Income
1	1-Jul-07	1-Jul-06	$2,123,328	$0	$2,123,328
2	1-Jul-08	1-Jul-07	$2,165,795	$0	$2,165,795
3	1-Jul-09	1-Jul-08	$2,209,110	$0	$2,209,110
4	1-Jul-10	1-Jul-09	$2,253,293	$169,342	$2,422,635
5	1-Jul-11	1-Jul-10	$2,298,359	$169,342	$2,467,701
6	1-Jul-12	1-Jul-11	$2,344,326	$169,342	$2,513,668
7	1-Jul-13	1-Jul-12	$2,391,212	$169,342	$2,560,554
8	1-Jul-14	1-Jul-13	$2,439,036	$169,342	$2,608,379
9	1-Jul-15	1-Jul-14	$2,487,817	$169,342	$2,657,159
10	1-Jul-16	1-Jul-15	$2,537,574	$169,342	$2,706,916
11	1-Jul-17	1-Jul-16	$2,588,325	$169,342	$2,757,667
12	1-Jul-18	1-Jul-17	$2,640,091	$169,342	$2,809,434
13	1-Jul-19	1-Jul-18	$2,692,893	$169,342	$2,862,235
14	1-Jul-20	1-Jul-19	$2,746,751	$169,342	$2,916,093
15	1-Jul-21	1-Jul-20	$2,801,686	$169,342	$2,971,028
16	1-Jul-22	1-Jul-21	$2,857,720	$169,342	$3,027,062
17	1-Jul-23	1-Jul-22	$2,914,874	$169,342	$3,084,216
18	1-Jul-24	1-Jul-23	$2,973,172	$169,342	$3,142,514
19	1-Jul-25	1-Jul-24	$3,032,635	$169,342	$3,201,977
20	1-Jul-26	1-Jul-25	$3,093,288	$169,342	$3,262,630
21	1-Jul-27	1-Jul-26	$3,155,154	$169,342	$3,324,496
22	1-Jul-28	1-Jul-27	$3,218,257	$169,342	$3,387,599
23	1-Jul-29	1-Jul-28	$3,282,622	$169,342	$3,451,964
24	1-Jul-30	1-Jul-29	$3,348,274	$169,342	$3,517,617
25	1-Jul-31	1-Jul-30	$3,415,240	$169,342	$3,584,582
26	1-Jul-32	1-Jul-31	$3,483,545	$169,342	$3,652,887
27	1-Jul-33	1-Jul-32	$3,553,216	$169,342	$3,722,558
28	1-Jul-34	1-Jul-33	$3,624,280	$169,342	$3,793,622
29	1-Jul-35	1-Jul-34	$3,696,765	$169,342	$3,866,108
30	1-Jul-36	1-Jul-35	$3,770,701	$169,342	$3,940,043
	Totals		**$86,139,338**	**$4,572,238**	**$90,711,577**

Gross Annual Debt Service	District Operations	Total Annual Obligations	Maximum Coverage	Minimum Coverage	Gross Coverage	Net Coverage
$1,547,714	$0	$1,547,714	1.37	1.37	1.37	1.37
$1,997,050	$0	$1,997,050	1.08	1.08	1.08	1.08
$1,997,050	$0	$1,997,050	1.11	1.11	1.11	1.11
$2,126,050	$42,448	$2,168,498	1.14	1.04	1.06	1.12
$2,168,571	$43,297	$2,211,868	1.14	1.04	1.06	1.12
$2,211,942	$44,163	$2,256,105	1.14	1.04	1.06	1.11
$2,256,181	$45,046	$2,301,227	1.13	1.04	1.06	1.11
$2,301,305	$45,947	$2,347,252	1.13	1.04	1.06	1.11
$2,347,331	$46,866	$2,394,197	1.13	1.04	1.06	1.11
$2,394,278	$47,803	$2,442,081	1.13	1.04	1.06	1.11
$2,442,163	$48,759	$2,490,923	1.13	1.04	1.06	1.11
$2,491,006	$49,735	$2,540,741	1.13	1.04	1.06	1.11
$2,540,827	$50,729	$2,591,556	1.13	1.04	1.06	1.10
$2,591,643	$51,744	$2,643,387	1.13	1.04	1.06	1.10
$2,643,476	$52,779	$2,696,255	1.12	1.04	1.06	1.10
$2,696,345	$53,834	$2,750,180	1.12	1.04	1.06	1.10
$2,750,272	$54,911	$2,805,183	1.12	1.04	1.06	1.10
$2,805,278	$56,009	$2,861,287	1.12	1.04	1.06	1.10
$2,861,383	$57,129	$2,918,513	1.12	1.04	1.06	1.10
$2,918,611	$58,272	$2,976,883	1.12	1.04	1.06	1.10
$2,976,983	$59,437	$3,036,421	1.12	1.04	1.06	1.09
$3,036,523	$60,626	$3,097,149	1.12	1.04	1.06	1.09
$3,097,253	$61,839	$3,159,092	1.11	1.04	1.06	1.09
$3,159,198	$63,075	$3,222,274	1.11	1.04	1.06	1.09
$3,222,382	$64,337	$3,286,719	1.11	1.04	1.06	1.09
$3,286,830	$65,624	$3,352,454	1.11	1.04	1.06	1.09
$3,352,567	$66,936	$3,419,503	1.11	1.04	1.06	1.09
$3,419,618	$68,275	$3,487,893	1.11	1.04	1.06	1.09
$3,488,010	$69,640	$3,557,651	1.11	1.04	1.06	1.09
$3,532,463	$71,033	$3,603,496	1.12	1.05	1.07	1.09
$80,660,306	**$1,500,296**	**$82,160,602**				