

FARALLON CAPITAL INSTITUTIONAL PARTNERS II LP  
 Form 3/A  
 January 10, 2007

**FORM 3 UNITED STATES SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

OMB APPROVAL

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**INITIAL STATEMENT OF BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934,  
 Section 17(a) of the Public Utility Holding Company Act of 1935 or Section  
 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

|   |   |  |   |   |   |
|---|---|--|---|---|---|
| <p>1. Name and Address of Reporting Person *<br/>                 Â FARALLON PARTNERS L L C/CA<br/>                 (Last) (First) (Middle)<br/><br/>                 C/O FARALLON CAPITAL MANAGEMENT, L.L.C., Â ONE MARITIME PLAZA, SUITE 1325<br/>                 (Street)<br/><br/>                 SAN FRANCISCO, Â CA Â 94111<br/>                 (City) (State) (Zip)</p> | <p>2. Date of Event Requiring Statement<br/>                 (Month/Day/Year)<br/>                 09/21/2006</p> | <p>3. Issuer Name and Ticker or Trading Symbol<br/>                 AFFORDABLE RESIDENTIAL COMMUNITIES INC [ARC]</p> | <p>4. Relationship of Reporting Person(s) to Issuer<br/>                 (Check all applicable)<br/><br/>                 ___ Director ___X___ 10% Owner<br/>                 ___ Officer ___X___ Other<br/>                 (give title below) (specify below)<br/>                 Member of Group Owning 10%</p> | <p>5. If Amendment, Date Original Filed(Month/Day/Year)<br/>                 10/02/2006</p> | <p>6. Individual or Joint/Group Filing(Check Applicable Line)<br/>                 ___ Form filed by One Reporting Person<br/>                 ___X___ Form filed by More than One Reporting Person</p> |
|---|---|--|---|---|---|

**Table I - Non-Derivative Securities Beneficially Owned**

| 1. Title of Security<br>(Instr. 4)                   | 2. Amount of Securities Beneficially Owned<br>(Instr. 4) | 3. Ownership Form:<br>Direct (D)<br>or Indirect (I)<br>(Instr. 5) | 4. Nature of Indirect Beneficial Ownership<br>(Instr. 5) |
|--|--|---|--|
| 8.25% Series A Cumulative Redeemable Preferred Stock | 89,400   | D $\frac{(1) (2) (3)}{(17)}$                                      | Â  |
| 8.25% Series A Cumulative Redeemable Preferred Stock | 83,100   | D $\frac{(1) (2) (4)}{(17)}$                                      | Â  |
| 8.25% Series A Cumulative Redeemable Preferred Stock | 13,700   | D $\frac{(1) (2) (5)}{(17)}$                                      | Â  |
| 8.25% Series A Cumulative Redeemable Preferred Stock | 11,500   | D $\frac{(1) (2) (6)}{(17)}$                                      | Â  |
| 8.25% Series A Cumulative Redeemable Preferred Stock | 2,300  | D $\frac{(1) (2) (7)}{(17)}$                                      | Â  |

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8.25% Series A Cumulative Redeemable Preferred Stock 200,000 I See Footnotes (1) (2) (9) (17)

8.25% Series A Cumulative Redeemable Preferred Stock 200,000 I See Footnotes (1) (2) (10) (17)

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly. SEC 1473 (7-02)

**Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.**

**Table II - Derivative Securities Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)**

| 1. Title of Derivative Security<br>(Instr. 4)  | 2. Date Exercisable and<br>Expiration Date<br>(Month/Day/Year) |                    | 3. Title and Amount of<br>Securities Underlying<br>Derivative Security<br>(Instr. 4) |                                  | 4.<br>Conversion<br>or Exercise<br>Price of<br>Derivative<br>Security | 5.<br>Ownership<br>Form of<br>Derivative<br>Security:<br>Direct (D)<br>or Indirect<br>(I)<br>(Instr. 5) | 6. Nature of Indirect<br>Beneficial<br>Ownership<br>(Instr. 5) |
|--|--|--------------------|--|----------------------------------|---|---|--|
|  | Date<br>Exercisable  | Expiration<br>Date | Title  | Amount or<br>Number of<br>Shares |   |   |  |
| 7.50% Senior<br>Exchangeable Notes due<br>2025 | Â <u>(14)</u>  | 08/15/2025         | Common<br>Stock  | 566,387<br><u>(15)</u>           | \$ 14.31<br><u>(16)</u>   | D <u>(1)</u> <u>(2)</u> <u>(3)</u><br><u>(17)</u>   | Â  |
| 7.50% Senior<br>Exchangeable Notes due<br>2025 | Â <u>(14)</u>  | 08/15/2025         | Common<br>Stock  | 533,159<br><u>(15)</u>           | \$ 14.31<br><u>(16)</u>   | D <u>(1)</u> <u>(2)</u> <u>(4)</u><br><u>(17)</u>   | Â  |
| 7.50% Senior<br>Exchangeable Notes due<br>2025 | Â <u>(14)</u>  | 08/15/2025         | Common<br>Stock  | 67,365 <u>(15)</u>               | \$ 14.31<br><u>(16)</u>   | D <u>(1)</u> <u>(2)</u> <u>(5)</u><br><u>(17)</u>   | Â  |
| 7.50% Senior<br>Exchangeable Notes due<br>2025 | Â <u>(14)</u>  | 08/15/2025         | Common<br>Stock  | 81,447 <u>(15)</u>               | \$ 14.31<br><u>(16)</u>   | D <u>(1)</u> <u>(2)</u> <u>(6)</u><br><u>(17)</u>   | Â  |
| 7.50% Senior<br>Exchangeable Notes due<br>2025 | Â <u>(14)</u>  | 08/15/2025         | Common<br>Stock  | 15,793 <u>(15)</u>               | \$ 14.31<br><u>(16)</u>   | D <u>(1)</u> <u>(2)</u> <u>(7)</u><br><u>(17)</u>   | Â  |
| 7.50% Senior<br>Exchangeable Notes due<br>2025 | Â <u>(14)</u>  | 08/15/2025         | Common<br>Stock  | 337,666<br><u>(15)</u>           | \$ 14.31<br><u>(16)</u>   | D <u>(1)</u> <u>(2)</u> <u>(8)</u><br><u>(17)</u>   | Â  |
| 7.50% Senior<br>Exchangeable Notes due<br>2025 | Â <u>(14)</u>  | 08/15/2025         | Common<br>Stock  | 1,601,817<br><u>(15)</u>         | \$ 14.31<br><u>(16)</u>   | I   | See Footnotes <u>(1)</u><br><u>(2)</u> <u>(11)</u> <u>(17)</u> |
| 7.50% Senior<br>Exchangeable Notes due<br>2025 | Â <u>(14)</u>  | 08/15/2025         | Common<br>Stock  | 599,441<br><u>(15)</u>           | \$ 14.31<br><u>(16)</u>   | I   | See Footnotes <u>(1)</u><br><u>(2)</u> <u>(12)</u> <u>(17)</u> |
|  | Â <u>(14)</u>  | 08/15/2025         |  |                                  |   | I   |  |

|  |                 |                          |                         |  |
|--|-----------------|--------------------------|-------------------------|--|
| 7.50% Senior<br>Exchangeable Notes due<br>2025 | Common<br>Stock | 2,201,258<br><u>(15)</u> | \$ 14.31<br><u>(16)</u> | See Footnotes <sup>(1)</sup><br><u>(2) (13) (17)</u> |
|--|-----------------|--------------------------|-------------------------|--|

## Reporting Owners

| Reporting Owner Name / Address  | Relationships |              |         |                               |
|---|---------------|--------------|---------|-------------------------------|
|   | Director      | 10%<br>Owner | Officer | Other                         |
| FARALLON PARTNERS L L C/CA<br>C/O FARALLON CAPITAL MANAGEMENT, L.L.C.<br>ONE MARITIME PLAZA, SUITE 1325<br>SAN FRANCISCO, CA 94111                        | Â             | Â X          | Â       | Member of Group Owning<br>10% |
| FARALLON CAPITAL PARTNERS LP<br>C/O FARALLON CAPITAL MANAGEMENT, L.L.C.<br>ONE MARITIME PLAZA, SUITE 1325<br>SAN FRANCISCO, CA 94111                      | Â             | Â X          | Â       | Member of Group owning<br>10% |
| FARALLON CAPITAL INSTITUTIONAL PARTNERS L<br>P<br>C/O FARALLON CAPITAL MANAGEMENT, L.L.C.<br>ONE MARITIME PLAZA, SUITE 1325<br>SAN FRANCISCO, CA 94111    | Â             | Â X          | Â       | Member of Group Owning<br>10% |
| FARALLON CAPITAL INSTITUTIONAL PARTNERS<br>II LP<br>C/O FARALLON CAPITAL MANAGEMENT, L.L.C.<br>ONE MARITIME PLAZA, SUITE 1325<br>SAN FRANCISCO, CA 94111  | Â             | Â X          | Â       | Member of Group Owning<br>10% |
| FARALLON CAPITAL INSTITUTIONAL PARTNERS<br>III LP<br>C/O FARALLON CAPITAL MANAGEMENT, L.L.C.<br>ONE MARITIME PLAZA, SUITE 1325<br>SAN FRANCISCO, CA 94111 | Â             | Â X          | Â       | Member of Group Owning<br>10% |
| TINICUM PARTNERS LP FARALLON<br>C/O FARALLON CAPITAL MANAGEMENT, L.L.C.<br>ONE MARITIME PLAZA, SUITE 1325<br>SAN FRANCISCO, CA 94111                      | Â             | Â X          | Â       | Member of Group Owning<br>10% |
| Farallon Capital Offshore Investors II, L.P.<br>C/O FARALLON CAPITAL MANAGEMENT, L.L.C.<br>ONE MARITIME PLAZA, SUITE 1325<br>SAN FRANCISCO, CA 94111      | Â             | Â X          | Â       | Member of Group Owning<br>10% |
| DING CHUN R<br>C/O FARALLON CAPITAL MANAGEMENT, L.L.C.<br>ONE MARITIME PLAZA, SUITE 1325<br>SAN FRANCISCO, CA 94111                                       | Â             | Â X          | Â       | Member of Group Owning<br>10% |
|   | Â             | Â X          | Â       |                               |

DUHAMEL WILLIAM F  
 C/O FARALLON CAPITAL MANAGEMENT, L.L.C.  
 ONE MARITIME PLAZA, SUITE 1325  
 SAN FRANCISCO, CA 94111

Member of Group Owning  
 10%

FRIED RICHARD B  
 C/O FARALLON CAPITAL MANAGEMENT, L.L.C.  
 ONE MARITIME PLAZA, SUITE 1325  
 SAN FRANCISCO, CA 94111

^ ^ X ^

Member of Group Owning  
 10%

## Signatures

/s/ Monica R. Landry, as attorney-in-fact and/or authorized signer for each of the reporting persons listed in footnotes (3) through (9) of this Form 3 and Chun R. Ding, William F. Duhamel and Richard B. Fried

01/10/2007

\_\_Signature of Reporting Person

Date

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01/10/2007

\_\_Signature of Reporting Person

Date

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01/10/2007

\_\_Signature of Reporting Person

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\_\_Signature of Reporting Person

Date

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01/10/2007

\_\_Signature of Reporting Person

Date

## Explanation of Responses:

\* If the form is filed by more than one reporting person, *see* Instruction 5(b)(v).

\*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) The entities and individuals identified in the footnotes of this Form 3 may be deemed members of a group holding equity securities of the Issuer. The filing of this Form 3 shall not be deemed to be an admission that such entities and individuals are members of such group.

(2) Since the number of reporting persons that may be listed on a Form 3 is limited, the entity listed in footnotes (12) of this Form 3 and Monica R. Landry, William F. Mellin, Stephen L. Millham, Jason E. Moment, Rajiv A. Patel, Derek C. Schrier, Mark C. Wehrly and Thomas F. Steyer, each as listed in footnote (10) of this Form 3, are filing a separate Form 3 on the same date as the filing of this Form 3 as reporting persons with respect to the holdings described in this Form 3 relating to such entity and individuals. Information regarding this entity and individuals is included on this Form 3 for purposes of clarification and convenience only, and is duplicative of the

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information reported in such other Form 3.

- (3) The amount of securities shown in this row is owned directly by Farallon Capital Partners, L.P. ("FCP").
- (4) The amount of securities shown in this row is owned directly by Farallon Capital Institutional Partners, L.P. ("FCIP").
- (5) The amount of securities shown in this row is owned directly by Farallon Capital Institutional Partners II, L.P. ("FCIP II").
- (6) The amount of securities shown in this row is owned directly by Farallon Capital Institutional Partners III, L.P. ("FCIP III").
- (7) The amount of securities shown in this row is owned directly by Tinicum Partners, L.P. ("Tinicum").
- (8) The amount of securities shown in this row is owned directly by Farallon Capital Offshore Investors II, L.P. ("FCOI II").

The amount of securities shown in this row is owned directly by FCP, FCIP, FCIP II, FCIP III and Tinicum (collectively, the "Preferred Share Partnerships"). As the general partner to each of the Preferred Share Partnerships, Farallon Partners, L.L.C. ("FPLLC") may be deemed to be the beneficial owner of the Issuer's securities held by the such entities. FPLLC disclaims any beneficial ownership of any of the Issuer's securities reported or excluded herein for purposes of Rule 16a-1(a) under the Securities Exchange Act of 1934, as amended (the "'34 Act"), or otherwise, except as to securities representing FPLLC's pro rata interest in, and interest in the profits of, the Preferred Share Partnerships.

- (9) The amount of securities shown in this row is owned directly by the Preferred Share Partnerships. Each of Chun R. Ding, William F. Duhamel, Richard B. Fried, Monica R. Landry, William F. Mellin, Stephen L. Millham, Jason E. Moment, Rajiv A. Patel, Derek C. Schrier and Mark C. Wehrly (collectively, the "Managing Members") and Thomas F. Steyer (the "Senior Managing Member"), as either a managing member or the senior managing member of FPLLC, may be deemed to be a beneficial owner of the Issuer's securities held by each of the Preferred Share Partnerships as referenced in footnotes (3) through (7) of this Form 3. The Managing Members and the Senior Managing Member disclaim any beneficial ownership of any of the Issuer's securities reported or excluded herein for purposes of Rule 16a-1(a) under the '34 Act or otherwise.

The amount of securities shown in this row is owned directly by FCP, FCIP, FCIP II, FCIP III, Tinicum and FCOI II (collectively, the "Partnerships"). As the general partner to each of the Partnerships, FPLLC may be deemed to be the beneficial owner of the Issuer's securities held by the Partnerships. FPLLC disclaims any beneficial ownership of any of the Issuer's securities reported or excluded herein for purposes of Rule 16a-1(a) under the '34 or otherwise, except as to securities representing FPLLC's pro rata interest in, and interest in the profits of, the Partnerships.

- (11) The amount of securities shown in this row is owned directly by an entity (the "Managed Entity") managed by Farallon Capital Management, L.L.C. ("FCMLLC"). FCMLLC, as manager to such entity, may be deemed to be the beneficial owner of the Issuer's securities held by such entity. FCMLLC disclaims any beneficial ownership of any of the Issuer's securities reported herein for purposes of Rule 16a-1(a) under the '34 Act or otherwise.

- (12) The amount of securities shown in this row is owned directly by either the Partnerships or the Managed Entity. Each of the Managing Members and the Senior Managing Member, as either a managing member or the senior managing member of FPLLC and FCMLLC, may be deemed to be a beneficial owner of the Issuer's securities held by each of the Partnerships as referenced in footnotes (3) through (8) of this Form 3 and by the Managed Entity as referenced in footnote (12) of this Form 3. The Managing Members and the Senior Managing Member disclaim any beneficial ownership of any of the Issuer's securities reported or excluded herein for purposes of Rule 16a-1(a) under the '34 Act or otherwise.

- (13) The notes are exchangeable at any time prior to the close of business on the business day preceding any redemption of the notes or the second business day preceding the stated maturity date, August 15, 2025.

- (14) The notes are convertible at the Company's option either for the number of shares of common stock listed in Table II or for cash, or a combination thereof.

- (15) Subject to adjustment.

- (16) The securities reported herein were omitted from the reporting persons' original Form 3, filed on October 2, 2006.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *See* Instruction 6 for procedure.

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.