

Willard Larry D  
Form 4  
August 15, 2006

**FORM 4**

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

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**STATEMENT OF CHANGES IN 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)

1. Name and Address of Reporting Person \*  
Willard Larry D

2. Issuer Name and Ticker or Trading Symbol  
AFFORDABLE RESIDENTIAL COMMUNITIES INC [ARC]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)  
7887 EAST BELLEVIEW AVENUE, SUITE 200  
(Street)

3. Date of Earliest Transaction (Month/Day/Year)  
08/14/2006

Director  10% Owner  
 Officer (give title below)  Other (specify below)  
Chairman & CEO

ENGLEWOOD, CO 80111

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)  
 Form filed by One Reporting Person  
 Form filed by More than One Reporting Person

(City) (State) (Zip)

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|-----------------------------------|
|                                 |                                      |  | Code                           | V   | Amount  | (A) or (D)   | Price                             |
| Common Stock par value \$.01    | 08/14/2006                           |  | P                              |   | 5,000   | A  | \$ 9.98                           |
| Common Stock par value \$.01    |                                      |  |                                |   | 300   | I  | (1)                               |
| Common Stock par value \$.01    |                                      |  |                                |   | 300   | I  | (1)                               |
| Common Stock par value \$.01    |                                      |  |                                |   | 300   | I  | (1)                               |
|                                 |                                      |  |                                |   |   |  | Alex Willard                      |
|                                 |                                      |  |                                |   |   |  | Zach Willard                      |
|                                 |                                      |  |                                |   |   |  | Haley                             |

Stock par value \$.01

Willard

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

**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.**

SEC 1474 (9-02)

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

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Amount of Underlying Securities (Instr. 3 and 4) |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|
|  |  |                                      |  | Code                           | V (A) (D)   | Date Exercisable Expiration Date                         | Title Amount or Number of Shares                              |
| Non-Qualified Stock Option (right to buy)  | \$ 10.74   |                                      |  |                                |   | (2) 07/27/2016   | Common stock par value \$.01 200,000                          |

## Reporting Owners

| Reporting Owner Name / Address  | Relationships |           |                |       |
|---|---------------|-----------|----------------|-------|
|   | Director      | 10% Owner | Officer        | Other |
| Willard Larry D<br>7887 EAST BELLEVIEW AVENUE, SUITE 200<br>ENGLEWOOD, CO 80111 | X             |           | Chairman & CEO |       |

## Signatures

Scott Gesell by power of attorney for Larry D. Willard 08/15/2006

\_\_Signature of Reporting Person

Date

## Explanation of Responses:

\* If the form is filed by more than one reporting person, see Instruction 4(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) Shares purchased by Mr. Willard for grandchildren's individual trusts. Mr. Willard serves as custodian of each trust and shares purchased for each may be deemed to be beneficially owned by Mr. Willard. Mr. Willard disclaims beneficial ownership of 300 shares held in trust

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for Alex Willard, 300 shares held in trust for Zach Willard and 300 shares held in trust for Haley Willard.

- Option granted under the issuer's 2003 Equity Incentive Plan. Option will vest with respect to 1/3 of the shares on each of the first three (2) anniversaries of the date of grant subject to continued employment, and will become fully vested on a Change in Control (as defined in the plan) or in the event of the reporting person's death.

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.