

AFFORDABLE RESIDENTIAL COMMUNITIES INC  
Form SC 13G/A  
February 14, 2007

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

SCHEDULE 13G

Under the Securities Exchange Act of 1934  
(Amendment No. 2)\*

Affordable Residential Communities Inc.

-----  
(Name of Issuer)

Common Stock

-----  
(Title of Class of Securities)

008273104

-----  
(CUSIP Number)

December 31, 2006

-----  
(Date of Event Which Requires Filing of this Statement)

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

Rule 13d-1(b)

Rule 13d-1(c)

Rule 13d-1(d)

\*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

-----  
CUSIP No. 008273104  
-----

--- ---  
Page 2 of 9 pages  
--- ---

Edgar Filing: AFFORDABLE RESIDENTIAL COMMUNITIES INC - Form SC 13G/A

1 NAME OF REPORTING PERSON  
 I.R.S. IDENTIFICATION NO. OF ABOVE PERSON  
 Rockbay Capital Management, LP

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\*  
 (a) [ ]  
 (b) [X]

3 SEC USE ONLY

4 CITIZENSHIP OR PLACE OF ORGANIZATION  
 Delaware

	5	SOLE VOTING POWER	
			0
NUMBER OF SHARES	6	SHARED VOTING POWER	
BENEFICIALLY OWNED BY			1,796,499
EACH REPORTING PERSON WITH	7	SOLE DISPOSITIVE POWER	
			0
	8	SHARED DISPOSITIVE POWER	
			1,796,499

9 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON  
 1,796,499

10 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES\*  
 N/A

11 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW 9  
 4.3%

12 TYPE OF REPORTING PERSON\*  
 PN

CUSIP No. 008273104

Page 3 of 9 pages

1 NAME OF REPORTING PERSON  
 I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

Edgar Filing: AFFORDABLE RESIDENTIAL COMMUNITIES INC - Form SC 13G/A

RCM Advisors, LLC

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\* (a) [ ]  
(b) [X]

3 SEC USE ONLY

4 CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

	5	SOLE VOTING POWER	
		0	
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH	6	SHARED VOTING POWER	
		1,796,499	
	7	SOLE DISPOSITIVE POWER	
		0	
	8	SHARED DISPOSITIVE POWER	
		1,796,499	

9 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON  
1,796,499

10 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES\*  
N/A

11 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW 9  
4.3%

12 TYPE OF REPORTING PERSON\*  
PN

CUSIP No. 008273104

Page 4 of 9 pages

1 NAME OF REPORTING PERSON  
I.R.S. IDENTIFICATION NO. OF ABOVE PERSON  
Atul Khanna

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\* (a) [ ]

Edgar Filing: AFFORDABLE RESIDENTIAL COMMUNITIES INC - Form SC 13G/A

(b) [X]

3 SEC USE ONLY

4 CITIZENSHIP OR PLACE OF ORGANIZATION

United States

5 SOLE VOTING POWER

0

NUMBER OF  
SHARES  
BENEFICIALLY  
OWNED BY  
EACH  
REPORTING  
PERSON  
WITH

6 SHARED VOTING POWER

1,796,499

7 SOLE DISPOSITIVE POWER

0

8 SHARED DISPOSITIVE POWER

1,796,499

9 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

1,796,499

10 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES\*

N/A

11 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW 9

4.3%

12 TYPE OF REPORTING PERSON\*

IN

CUSIP No. 008273104

Page 5 of 9 pages

1 NAME OF REPORTING PERSON  
I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

Jonathan Baron

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\*

(a) [ ]

(b) [X]

3 SEC USE ONLY

Edgar Filing: AFFORDABLE RESIDENTIAL COMMUNITIES INC - Form SC 13G/A

4	CITIZENSHIP OR PLACE OF ORGANIZATION	
	United States	
	5	SOLE VOTING POWER
		0
	6	SHARED VOTING POWER
NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH		1,796,499
	7	SOLE DISPOSITIVE POWER
		0
	8	SHARED DISPOSITIVE POWER
		1,796,499
9	AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON	1,796,499
10	CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES*	N/A
11	PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW 9	4.3%
12	TYPE OF REPORTING PERSON*	IN

Item 1

- (a) Name of Issuer  
Affordable Residential Communities Inc. (the "Company")
- (b): Address of Issuer's Principal Executive Offices  
600 Grant Street  
Suite 900  
Denver, CO 80203

Item 2

- (a) Name of Person Filing
- This statement is filed by the entities and persons listed below, who are collectively referred to herein as "Reporting Persons," with respect to shares of Common Stock (as defined in Item 2(d) below) of the Company (the "Shares"):

Investment Manager  
-----

- (i) Rockbay Capital Management, LP, a Delaware limited partnership (the "Investment Manager"), with respect to the Shares held by certain investment vehicles directly or indirectly advised by the Investment Manager (each a "Rockbay Fund");

General Partner  
-----

- (ii) RCM Advisors, LLC, a Delaware limited liability company (the "General Partner"), which serves as the general partner of the Investment Manager, with respect to the Shares held by each of the Rockbay Funds;

Reporting Individuals  
-----

- (iii) Mr. Atul Khanna ("Mr. Khanna"), a United States citizen, with respect to the Shares held by each of the Rockbay Funds; and
- (iv) Mr. Jonathan Baron ("Mr. Baron"), a United States citizen, with respect to the Shares held by each of the Rockbay Funds.

Mr. Khanna and Mr. Baron are collectively referred to as the "Reporting Individuals."

The Investment Manager serves as the investment manager to each of the Rockbay Funds. The General Partner serves as the general partner to the Investment Manager. Mr. Khanna is the Chief Executive Officer, and Mr. Baron is the Senior Managing Director, of the General Partner.

- (b) Address of Principal Business Office or, if None, Residence

The address of the principal business office of each of the Reporting Persons is:

600 Fifth Avenue, 24th Floor  
New York, NY 10020

-6-

- (c) Citizenship

Citizenship is set forth in Row 4 of the cover page for each Reporting Person hereto and is incorporated herein by reference for each such Reporting Person.

- (d) Title of Class of Securities

Common Stock, \$0.01 par value per share ("Common Stock")

## Edgar Filing: AFFORDABLE RESIDENTIAL COMMUNITIES INC - Form SC 13G/A

(e) CUSIP Number

008273104

Item 3. If this statement is filed pursuant to Sections 240.13d-1(b) or 240.13d-2(b) or (c), check whether the person filing is a:

- (a)  Broker or dealer registered under Section 15 of the Act.
- (b)  Bank as defined in Section 3(a)(6) of the Act.
- (c)  Insurance Company as defined in Section 3(a)(19) of the Act.
- (d)  Investment Company registered under Section 8 of the Investment Company Act of 1940.
- (e)  Investment Adviser in accordance with Rule 13d-1(b)(1)(ii)(E).
- (f)  Employee Benefit Plan or Endowment Fund in accordance with 13d-1(b)(1)(ii)(F).
- (g)  Parent Holding Company or control person in accordance with Rule 13d-1(b)(1)(ii)(G).
- (h)  Savings Association as defined in Section 3(b) of the Federal Deposit Insurance Act.
- (i)  Church Plan that is excluded from the definition of an investment company under Section 3(c)(14) of the Investment Company Act of 1940.
- (j)  Group, in accordance with Rule 13d-1(b)(1)(ii)(J).

Item 4. Ownership

The information required by Items 4(a) - (c) is set forth in Rows 5 - 11 of the cover page for each Reporting Person hereto and is incorporated herein by reference for each such Reporting Person. Ownership amounts set forth herein are as of December 31, 2006 and are based on the number of shares issued and outstanding as of September 30, 2006 as reported in the issuer's Form 10-Q for the period ended September 30, 2006.

The Investment Manager, which serves directly or indirectly as the investment manager to each of the Rockbay Funds, may be deemed to be the beneficial owner of all such Shares owned by the Rockbay Funds. The General Partner, as general partner to the Investment Manager, may be deemed to be the beneficial owner of all Shares owned by the Rockbay Funds. Each of the Reporting Individuals, as an officer of the General Partner with the power to exercise investment discretion, may be deemed to be the beneficial owner of all Shares owned by the Rockbay Funds. Each of the Investment Manager, the General Partner, and the Reporting Individuals hereby disclaims any beneficial ownership of any such Shares.

Item 5. Ownership of Five Percent or Less of a Class

If this statement is being filed to report the fact that as of the date hereof the reporting person has ceased to be the beneficial owner of more than five percent of the class of securities, check the following: [X]

Item 6. Ownership of More than Five Percent on Behalf of Another Person

Not applicable

Item 7. Identification and Classification of the Subsidiary Which Acquired the Security Being Reported on by the Parent Holding Company

Edgar Filing: AFFORDABLE RESIDENTIAL COMMUNITIES INC - Form SC 13G/A

Not applicable

-7-

Item 8. Identification and Classification of Members of the Group

Not applicable

Item 9. Notice of Dissolution of Group

Not applicable

Item 10. Certification

Each of the Reporting Persons hereby makes the following certification:

By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect.

-8-

SIGNATURES

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Dated: February 13, 2007

ROCKBAY CAPITAL MANAGEMENT, LP  
By: RCM Advisors, LLC

By: /s/ Atul Khanna

-----  
Atul Khanna  
Chief Executive Officer

RCM ADVISORS, LLC

By: /s/ Atul Khanna

-----  
Atul Khanna  
Chief Executive Officer



/s/ Atul Khanna

-----  
Atul Khanna

/s/ Jonathan Baron

-----  
Jonathan Baron