

\$36,310,000
MAYOR AND COUNCIL OF BRUNSWICK
(CITY OF BRUNSWICK, MARYLAND)
SPECIAL OBLIGATIONS BONDS
(BRUNSWICK CROSSING SPECIAL TAXING DISTRICT)
SERIES 2006

DEVELOPER'S CONTINUING DISCLOSURE STATEMENT
AS OF JUNE 30, 2008

Attn: Keenan Rice
MuniCap, Inc.
8340 Governor Ridgley Lane
Ellicott City, MD 21043

In accordance with the "Continuing Disclosure Agreement" (the "Disclosure Agreement") by and between the undersigned, Brunswick Crossing, LLC (the "Developer") and MuniCap, Inc. (the "Administrator"), dated as of September 1, 2006, the Developer hereby provides the following information as of June 30, 2008, for the Brunswick Crossing development (the "Development"). All terms having initial capitalization and not defined herein shall have the meanings set forth in the Limited Offering Memorandum dated September 14, 2006. To the best of the knowledge of the undersigned:

1.) Status of Construction and Completion of the Brunswick Crossing Special Tax District (the "District") Improvements financed with the Bonds through and including: **Draw No.22**

Public Improvement	Original Budget	Budget Change	Revised Budget	Approved Draws to Date*	Percentage of Draws Paid
City Procured Improvements:					
<i>Infrastructure - Water and Sewer</i>					
Wastewater Treatment Plant	\$15,253,765	\$0	\$0	\$14,763,848	96.8%
Water Tower and Associated Improvements (1)	\$2,943,029	\$100,591	\$3,043,620	\$3,087,549	101.4%
Water Treatment Plant	\$1,912,176	\$0	\$0	\$145,509	7.6%
Water Mains	\$2,560,320	\$0	\$0	\$124,598	4.9%
Sewer Interceptor	\$1,190,280	\$0	\$0	\$445,792	37.4%
Receiver, Hardware and Software for Remote Monitoring System	\$33,120	\$0	\$0	\$0	0.0%
Raw Water Presedimentation Basin	\$1,433,700	\$0	\$0	\$24,804	1.7%
Sub-total City Procured Improvements	\$25,326,390	\$100,591⁽²⁾	\$25,426,981	\$18,592,071	73.1%

* includes retention

<i>Public Improvement</i>	Original Budget	Budget Change	Revised Budget	Draws Paid to Date	Percent age of Draws Paid
Developer Procured Improvements:					
<i>Infrastructure - Water and Sewer</i>					
Local Sewer Outfall	\$ 2,163,936	\$0	\$0	\$48,514	2.24%
<i>Infrastructure – Roadways</i>					
Petersville Road Entrance	\$385,011	\$0	\$0	\$2,484	0.6%
Jefferson Pike Road Entrances (3)	\$1,155,034	\$0	\$0	\$865	0.0%
Central Avenue Improvements	\$536,038	\$0	\$0	\$0	0.0%
U.S. Route 340 - Westbound Interchange	\$546,000	\$0	\$0	\$11,446	2.1%
MD Route 464 & 9 th Ave Intersection	\$741,000	\$0	\$0	\$12,657	1.7%
MD Route 17 Gateway	\$4,146,390	\$0	\$0	\$42,636	1.0%
Dutchman's Creek Road (formerly Little Catocin Creek Drive) (4)	\$312,000	\$0	\$0	\$0	.0%
<i>Sub-total Roadways</i>	\$7,821,473	\$0	\$0	\$118,601	1.5%
Right-of-Ways & Easements (2)	\$100,000	\$0	\$0	\$0	0.0%
Trail System	\$2,149,777	\$0	\$0	\$0	0.0%
<i>Sub-total Developer Procured Improvements</i>	\$12,235,187	\$0	\$0	\$118,601	0.9%
Total Bond Eligible Improvements:	\$37,561,581	\$100,591	\$37,662,172	\$18,572,301⁽³⁾	49.3%

(1) The initial Increase to the Water Tower and Related Improvements Budget in the amount of \$100,591 is attached as Exhibit "A" to the June 30, 2007 Developer's Continuing Disclosure Report. An additional budget increase in the amount of \$105,000 will be incorporated in future Draw BW-23 and documented in the subsequent Disclosure.

(2) Actual costs expended for Rights-of-Way and Easements are included in the Draws Paid to Date amount for the actual improvement line item to which it applies. The Rights-of-Ways & Easements \$100,000 Original Budget will be revised to reflect a zero amount when the next budget revision is processed.

(3) Does not include Special Issuance and related Bond Costs of \$256,381.33 drawn to-date from the bond Improvement Account.

(4) At the request of the Brunswick Volunteer Fire Department, Little Catocin Creek Drive has been renamed to Dutchman's Creek Drive to avoid any possible confusion with another existing, similarly named roadway.

Development of both the onsite and offsite infrastructure continues.

The following Status of Design/Permitting table provides an overview of the development milestones which have been reached, are in progress or will commence at a later time (dependant on on-site activities).

Improvement	Status of Design/Permitting	Date Approved	Agency
Water & Sewer			
Wastewater Treatment Plant Upgrade	100%	03/21/06	MDE, SCD, FC, CB
Water Tower & Related Improvements	100%	11/03/06	MDE, SCD, FC, CB
Water Treatment Plant	Addressing final comments	11/02/07	MDE, SCD, FC, CB
Water Mains	100%	11/15/07	SCD, FC, CB
Sewer Interceptor	100%	11/15/07	SCD, FC, CB
Raw Water Presedimentation Basin	10%		MDE, SCD, FC, CB
Local Sewer Outfall	100%		SCD, FC, CB
Roadway & Trails			
US Route 340 - Westbound Interchange	Addressing second submittal comments		MSHA
MD Route 464 & 9th Avenue	To be designed in conjunction with Phase II		MSHA
MD 17 Gateway	Addressing second submittal comments		MSHA
Central Avenue	To be designed in conjunction with Phase II		SCD, FC, CB
Dutchman's Creek Drive (previously Little Catocctin Creek)	100% complete	04/14/08	SCD, FC, CB
Petersville Road Entrances	To be designed in conjunction with Phase II		MSHA
Jefferson Pike Road Entrances (3):			
Lander Creek Drive	60% complete		MSHA
Monocacy River Parkway	To be designed in conjunction with Phase III		MSHA
Potomac View Parkway	To be designed in conjunction with Phase IV		MSHA
Site Improvements			
Overall Site Plan/Permits			
MDE Authorization	100% complete	10/01/07	MDE
Natural Resources Inventory	100% complete		FC
Preliminary Forest Conservation Plan	100% complete	02/07/07	FC
Overall Preliminary Site Plan	100% complete	06/27/05	FC, CB
Phase I (241 units)			
Phase I-A Site Plan	100% complete	01/22/07	FC, CB
Phase I-B Site Plan	100% complete	01/22/07	FC, CB
Phase I-C Site Plan	100% complete	01/22/07	FC, CB
Phase I Final Forest Conservation	100% complete	08/03/07	FC
Phase I Rough Grading and SWM	100% complete	07/23/07	SCD, FC, CB
Phase I Improvement Plan	100% complete	04/15/07	SCD, FC, CB
Phase I Record Plats	25% complete		SCD, FC, CB
Phase II (256 units)			
Phase II Site Plan	25% complete		FC, CB

MDE - Maryland Department of the Environment

SCD - Soil Conservation District

FC - Frederick County

CB - City of Brunswick

MSHA - Maryland State Highway Administration

Water and Sewer Infrastructure

Wastewater Treatment Plant: The Notice to Proceed was given to Conewago Enterprises on September 22, 2006. Construction of the wastewater treatment plant is at Substantial Completion with the plant functioning as designed. Miscellaneous punch list work continues with final completion scheduled for the end of July 2008.

Water Tower and Associated Improvements*: As acknowledged in the June 30, 2007 Developer's Disclosure Report, the following City Procured Improvements as set forth in the Limited Offering Memorandum and which are all associated with the new Water Tower construction, have been merged and combined into one single line item of \$2,943,029 which includes: Booster Pump Station -\$420,000; Elevated Water Storage Tank - \$2,218,493; Redundant Rechlorination Facility - \$85,536, Sensors/Transmission equipment at Elevated Tank, Reservoir and Pump Station - \$111,672; Direct Reservoir Discharge - \$30,888; and Eliminate Low Pressure Zones - \$76,440. These combined Improvements are now referred to as Water Tower and Associated Improvements. The aggregated, original budget of \$2,943,029 for the Water Tower and Associated Improvements has been increased by \$100,591* to reflect the award of the construction contract to Landmark Structures I, LP on January 09, 2007, in the amount of \$2,468,000 and other known and anticipated costs for the Water Tower and Associated Improvements. The required consent (pursuant to the Funding Agreement) to modify the City Procured Improvements is attached as Exhibit "A" to the June 30, 2007 Developer's Continuing Disclosure Report. An additional increase to the budget in the amount of \$105,000 is currently being processed and will be included in the subsequent Disclosure Report.

The Notice-to-Proceed for the Water Tower was issued to Landmark Structures on March 07, 2007. Construction of the Tower and associated Pump Station is complete; with the Water Tower being put into service in early August 2008.

Water Treatment Plant Expansion and Remote Monitoring System:

Design of the Water Treatment Plant Expansion and the associated Remote Monitoring System continues as comments from the 90% Submittal are being addressed. Final Submittal is scheduled for mid-July 2008 (completion of the Water Treatment Plant expansion is not required for the first development phase).

Water Transmission Mains and Sewer Interceptors:

The design for the 12" Water Supply Main from the Water Treatment Plant is complete and fully approved. Construction is scheduled to commence early July 2008.

Design of the 16" Water Supply Main from the Water Tower to the Brunswick Crossing project is complete and fully approved. Construction is scheduled to commence July 2008.

Both the Off-Site and On-Site Sewer Outfall designs have been completed and fully approved. Construction of the On-Site Sewer Outfall commenced in early June 2008 with construction of the Off-Site Sewer Outfall scheduled to start September 2008. Procurement of all required outfall sewer easements has been completed.

Raw Water Presedimentation Basin:

Preliminary design is complete and final design is underway with submission scheduled for Summer 2008.

Roadways:

The Traffic Study and Overall Improvement Plan were conditionally approved by the Maryland State Highway Administration (MSHA) in July 2007.

Route 17 Gateway – MSHA has approved the geometric design of the Route 17 Gateway Road Improvements and their comments regarding hydraulics are being addressed.

US Route 340 – Westbound Interchange - MSHA has approved the geometric design of the US Route 340 – Westbound Interchange Improvements and their comments regarding hydraulics are being addressed.

Petersville Road Entrances - The entrances will be designed, permitted and constructed in conjunction with Phase II development.

Jefferson Pike Road Entrances (3)

1. Lander Creek Drive - The entrance design and permitting is 60% complete. Construction to commence in conjunction with Phase IC development.
2. Monocacy River Parkway - The entrance will be designed, permitted and constructed in conjunction with Phase III development.
3. Potomac View Parkway - The entrance will be designed, permitted and constructed in conjunction with Phase IV development.

Central Avenue Improvements - The improvement will be designed, permitted and constructed in conjunction with Phase II development.

MD Route 464 & 9th Avenue Intersection - The improvement will be designed, permitted and constructed in conjunction with Phase II development.

Dutchman's Creek Drive (formerly Little Catoctin Creek Drive - Design and permitting is complete. Construction will commence in conjunction with Phase I development.

On-Site Development

Maryland Department of the Environment Permit: The required MDE Non-tidal Wetlands and Waterways Authorization to Proceed was approved and issued for the entire project October 1, 2007.

Maryland Historical Trust Review: The Maryland Historical Trust (MHT) has completed their review and granted approval signifying they are satisfied with the Project; with no additional submittals or mitigation required.

Phase I - Sections A, B & C and Community Center:

Section 1A, 1B and 1C and Community Center Site Plans and the Final Forest conservation Plan for Phase I are approved

The Phase I Mass Grading Plan is approved and the associated Grading Permit was issued in October 2007. Mass Grading for Phase I A and IB is 40% complete.

On-site utility work (water, sewer, storm drain) for Sections 1A and 1B is 100% complete.

Phase I - Commercial Property:

There continues to be strong interest in the retail component. A joint workshop with the Planning Board and Mayor and Council is scheduled for July 2008 to discuss the option of utilizing the MXD overlay option. It is anticipated that a Preliminary Plan submission will be made in August 2008 and that the plan would be approved in October 2008.

2.) Lot Delivery and Subdivision Plats:

Lot Delivery: Lot delivery is dependent upon the design, approval and construction of the various off-site and on-site improvements. Estimated lot delivery for the first section of Model Homes lots is Fall 2008, with production lots estimated for delivery shortly thereafter. The Grand Opening of the Model Home Park is anticipated for late Spring 2009.

Subdivision Plats: Recordation of plats, which is allowed within ninety (90) days prior to the Substantial Completion of the Water and Sewer Improvements, is anticipated for late Fall 2008.

3.) Sales and Marketing Status – Residential Property:

Units under Contract with Builders: Regarding the selection of builders, Advantage Homes and Mid-Atlantic Builders have been selected as the initial builders for the project. Each will build the 70' conventional lots and both the 45' and 50' neo-traditional lots. Advantage Homes will also build the townhomes in the first two phases.

These builders were chosen based on terms of price, deposit and their proven ability to deliver a product which will enhance the long term value of the project, yet still be able to address the current difficulties the market is facing.

It is expected that each builder will initially contract for 100 – 150 lots. The deposit is anticipated to be 5% of the aggregate base sales price. Higher deposits, if required, will negatively impact lot sales prices.

While still optimistic, builders are concerned about the short-term economic issues facing homebuyers, especially their ability to obtain mortgage financing and sell their existing homes. Due to market factors and uncertainty about the future, builders' appetite for new projects and what they are willing to pay is somewhat diminished. Until markets stabilize, new projects are challenging for builders to price with project absorptions difficult to forecast. Overall home sale prices have been impacted with current prices being 83% to 88% of those projected in the 2006 Limited Offering Memorandum. This has translated into correspondingly lower lot sales pricing.

All builders expressed the expectation of a rebound in pricing once housing and mortgage markets stabilize.

Due to the current market, a greater emphasis is being placed on the development of Brunswick Crossing's identity and its image as a destination community. In furtherance of this effort, we are committed to build the community center/visitor center during construction of Phase I and have aggressively stepped up efforts to seek plan approval and permits for the construction of the commercial retail component.

Brunswick Crossing is a ten-year build-out and we are committed to creating a quality community in light of these challenging times. With construction commencing at the entrance to the community, extra time is being taken to carefully vet each builder's product, pricing, etc. which ultimately will ensure the long-term success of the community.

Our advertising agency, Lyons & Sucher, continues to work with staff in developing the logo, website and marketing theme for the community.

The following table provides a breakdown of the total number of approved units available.

Builder	Single-family Detached 70'	Single-family Detached 50' TND	Single-family Detached 45' TND	Villas	Villas 36' TND	Townhomes 24' TND	Senior Assisted Living	Total
Total Number of Units Planned	422	184	440	60	156	143	100	1,505

- b. Units Sold, Settled and Building Permits Issued: The following table provides a breakdown of lots sold and settled and building permits issued.

Unit Type	Number of Units Planned	Lots Sold to Builders	Lots Settled with Builders	Homes Sold to Homebuyers	Homes Settled with Homebuyers	Building Permits Issued
Single-family Detached 70'	422	0	0	0	0	0
Single-family Detached 50' TND	184	0	0	0	0	0
Single-family Detached 45' TND	440	0	0	0	0	0
Villas	60	0	0	0	0	0
Villas 36' TND	156	0	0	0	0	0
Townhomes 24' TND	143	0	0	0	0	0
Senior Assisted Living	100	0	0	0	0	0
Totals	1,505	0	0	0	0	0

4.) Sales and Marketing Status – Commercial Property

- a. Status of Commercial Property Negotiations: There continues to be strong interest in the retail component. A joint workshop with the Planning Board and Mayor and Council is scheduled for July 2008 to discuss the option of utilizing the MXD overlay option. It is anticipated that a Preliminary Plan submission will be made in August 2008 and that the plan would be approved in October 2008.

Negotiations with interested parties will then escalate with approval of the Preliminary Plan. Currently Core Development Group, Inc., an affiliated company, is assisting with design and marketing of this component of the project.

- b. Commercial Property Option: As reported in detail in prior Disclosures, Brunswick Crossing, LLC acquired the option to purchase the approximately 12.81152 acre office/retail zoned component of the Development from SLI Properties, LLC in the form of a Deferred Note on February 15, 2007.

- c. Commercial Property Sold, Closed and Leased: The following table provides a breakdown of commercial square footage sold, settled and leased and building permits issued.

Property Type	Estimated Square Footage at Completion	Square Footage Sold	Square Footage Closed	Square Footage Leased	Building Permits Issued
General Commercial	210,900	0	0	0	0
Office/Retail	178,100	0	0	0	0
Total:	389,505	0	0	0	0

- 5.) Status of Financing: On February 27, 2007, Brunswick Crossing Investments, Inc. finalized a revolving development loan and letter of credit facility with M&T Mortgage Corporation (together, the loan and the letter of credit facilities are referred to as the "M&T Facilities")

The M&T Facilities are comprised of the following components:

- a. A \$26,000,000 Revolving Development Loan with total advances of \$46,700,000 permitted during the term.
- b. A \$15,000,000 Revolving Letter of Credit Facility established for the purpose of giving guarantees to the City securing the Developer's obligations under Public Works Agreements related to the Development.

The M&T Facilities carry a term of thirty-six (36) months maturing on February 27, 2010, with two (2) one year extension options and are secured by senior and junior indemnity pledges of real estate which include all of the real estate owned by Brunswick Crossing, LLC within the boundaries of the District. Full repayment of the M&T Facilities is guaranteed by Brunswick Crossing, LLC, and is further credit enhanced by a personal guaranty by William D. Pleasants, Jr.

The M&T Facilities will be repaid during the term from the proceeds of residential building lot and commercial/office pad sales at the greater of the rate of approximately 48% of the contract value of each lot sale or 45% of the gross residential or commercial sale price with minimum release fees for residential lots per the following.

An initial draw was made upon the Development Loan in the amount of \$205,372 to cover loan closing costs and additional draws for development work completed and inspection costs have been made in the aggregate amount of \$1,973,655.

The outstanding balances of the M&T Facilities through June 30, 2008 are summarized in the following tables.

M&T Revolving Loan Facility

M&T Bank Revolving Loan Funding:	\$26,000,000
M&T Bank Revolving Loan Advances to Date:	\$1,973,655
M&T Bank Revolving Loan Amount Repaid to Date:	\$0
M&T Bank Revolving Loan Amount Outstanding:	* \$2,031,579

* includes accrued interest of \$57,923.56 through June 30, 2008

M&T Letter of Credit Facility

M&T Bank Letter of Credit Loan Funding:	\$15,000,000
M&T Bank Letter of Credit Advances to Date:	\$3,431,742
M&T Bank Letter of Credit Amount Released to Date:	\$0
M&T Bank Letter of Credit Amount Outstanding:	\$0

M&T - Total Revolving Loan & Letter of Credit Facility

M&T Bank Total Loan & Credit Facilities Balance:	\$5,463,321
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- 6.) Notice of Default or Material Amendments to any Construction Loan: There has been no written notice of default under any construction loan or material amendment to any construction loan that finances any portion of the project.

- 7.) Legislative, Administrative or Judicial Challenges: There have been no legislative, administrative, or judicial challenges to the construction of the Brunswick Crossing Project or the development of the district.

- 8.) Material Changes to the Form, Organization or Ownership of the Developer: There have been no material changes in the form, organization or ownership of the developer other than the following:
 - a. In a Fourth Amendment to the Operating Agreement executed on April 17, 2007, Pleasants Enterprises, Inc., a Maryland corporation with William D. Pleasants, Jr. as its President, was approved as the Manager of Brunswick Crossing, LLC, replacing William D. Pleasants, Jr.

9.) Material Amendments or Supplements to the Construction and Funding Agreement: There have been no material amendments or supplements to the Construction and Funding Agreement, dated September 1, 2006, between the City and Developer other than the following:

- a. The original, individual line items for the Water Tower and Related Improvements on the City Procured Improvements list were merged into one line item and the new aggregate budget was increased by \$100,591 pursuant to the Letter Agreement attached as Exhibit "A" to the June 30, 2007 Developer's Continuing Disclosure Report.
- b. A second budget increase in the amount of \$105,000 for the Water Tower and Related Improvements is currently in process and will be finalized and included in the September 30, 2008 Developer's Continuing Disclosure Report.

10.) Notice of Public Work's Agreement Default: There has been no default with respect to any public works agreement for the project.

11.) Developer Significant Events: The Developer confirms it has not obtained actual knowledge of the occurrence of any Significant Events, as listed below and not otherwise contained in this Disclosure.

DEVELOPER SIGNIFICANT EVENTS

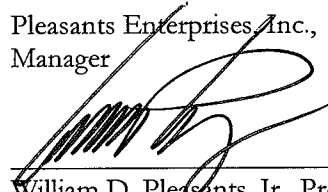
Significant events generally include the following:

- (i) failure to pay any real property taxes (including the special taxes) levied within the district on a parcel owned by the developer or any affiliate of the developer;
- (ii) material damage to or destruction of any development or improvements within the district owned or being developed by the developer or any affiliate of the developer;
- (iii) material default by the developer or any affiliate of the developer on any loan with respect to the construction or permanent financing of development of the district;
- (iv) material default by the developer or any affiliate of the developer on any loan secured by property within the district owned by the developer or any affiliate of the developer;

- (v) the filing of the developer or any affiliate of the developer, or any owners of more than 25% interest in the developer in bankruptcy or any determination that the developer, or an owner of an interest in the developer, or a subsidiary of the developer, or any affiliate of the developer, is unable to pay its debts as they become due; and
- (vii) the filing of any lawsuit against the developer or any affiliate of the developer with claim for damage in excess of \$1,000,000 or which may adversely affect the completion of development or the project, or litigation in excess of \$1,000,000 or which would materially adversely affect the financial condition of the developer or any affiliate of the developer.

BRUNSWICK CROSSING, LLC
a Maryland limited liability company

By: Pleasants Enterprises, Inc.,
Manager

By: 
William D. Pleasants, Jr., President

Date: 8-04-08