

**\$6,034,000**  
**ASSESSMENT REVENUE**  
**BONDS**  
**SERIES 2003A**

*and*

**\$7,420,000**  
**ASSESSMENT REVENUE**  
**BONDS**  
**SERIES 2003B**

**EDGEWATER**  
**IMPROVEMENT DISTRICT**  
**(LANCASTER COUNTY, SOUTH CAROLINA)**

**DEVELOPER'S CONTINUING DISCLOSURE STATEMENT**

*Statement #16*

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, Craft Homes USA, LLC (the "Developer") and MuniCap, Inc. (the "Administrator"), dated as of July 15, 2003, the Developer hereby provides the following information as of June 30, 2007. All terms having initial capitalization and not defined herein shall have the meanings set forth in the Limited Offering Memorandum dated as of June 24, 2003. To the best of the knowledge of the undersigned:

- 1) Status of Construction and Completion of the Edgewater Improvement District:

**Phase 1-A**

Public Improvement	Original Budget	Budget Changes	Revised Budget	Spent to Date	Percent Complete
A. Site Preparation	\$582,980.00	\$584,604.00	\$1,167,584.00	\$1,650,395.65	100%
B. Sanitary Sewer	\$1,440,116.00	\$504,599.99	\$1,944,715.99	\$2,090,133.99	100%
C. Water Service	\$815,140.00	(\$175,840.05)	\$639,299.95	\$764,200.96	100%
D. Storm Sewer	\$226,892.00	\$99,721.00	\$326,613.00	\$446,872.47	100%
E. Paving & Curb	\$792,035.00	\$50,007.00	\$842,042.00	\$868,072.42	100%
F. Engineering & Soft Costs					
Contingency 15%	\$578,575.00	\$871,997.64	\$1,450,572.09	\$1,427,477.87	100%
Construction Monitoring	\$192,858.00	(\$138,336.40)	\$54,521.75	\$314,633.47	100%
Engineering Surveying 10%	\$385,716.00	\$114,336.35	\$500,052.65	\$650,987.92	100%
Elevated Storage Tank	\$1,250,000.00	(\$351,379.99)	\$898,620.01	\$898,620.01	100%
Subtotal	\$2,407,149.00	\$496,617.60	\$2,858,916.50	\$3,291,719.27	
Subtotal Phase 1-A	\$6,264,312.00	\$1,559,709.54	\$7,779,171.44	\$9,111,394.76	

## Phase 1-B

Public Improvement	Original Budget	Budget Changes	Revised Budget	Spent to Date	Percent Complete
1. Site Preparation	\$275,280	\$930,439.00	\$1,205,719.00	\$1,319,797.12	100%
2. Sanitary Sewer	\$786,549	\$643,151.00	\$1,429,700.00	\$1,754,027.51	100%
3. Water Service	\$334,655	\$208,240.00	\$542,895.00	\$595,193.81	100%
4. Storm Sewer	\$553,380	\$121,909.00	\$675,289.00	\$778,438.32	100%
5. Paving & Curb	\$575,302	(\$13,622.00)	\$561,680	\$782,863.66	100%
6. Engineering & Soft Costs	\$757,549.80	(\$263,597.55)	\$493,952.26	\$613,997.64	95%
<b>Subtotal Phase 1-B</b>	<b>\$3,282,715.80</b>	<b>\$1,626,519.46</b>	<b>\$4,909,235.26</b>	<b>\$5,844,318.06</b>	
<b>Total Public Improvements</b>	<b>\$9,547,027.80</b>	<b>\$3,186,229.00</b>	<b>\$12,688,406.70</b>	<b>\$14,955,712.82</b>	

### 2) Status of Development:

a) The number of lots under contract and closed for the property within the district is shown in the table below.

Lot Type	Phase - 1A			Phase - 1B		
	Lots Under Contract	Lots Closed	Affiliate of Developer	Lots Under Contract	Lots Closed	Affiliate of Developer
Interior	0	148	No	107	12	(107) Yes
Lakeview	0	63	No	1	12	No
Lakefront	1	88	No	1	4	No
<b>Total</b>	<b>1</b>	<b>299</b>		<b>109</b>	<b>28</b>	

b) The number of homes sold and closed by each of the builders for the property within the district is shown in the table below.

Builder	Phase - 1A		Phase - 1B	
	Homes Sold	Homes Closed	Homes Sold	Homes Closed
Craft	0	0	2	2
	0	0	0	0
	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>2</b>

c) Issuance of Building Permits: The number of lots sold by unit type, homes under construction and homes completed and settled are shown in the table below.

Unit Type	Lots Sold	Homes under Construction	Homes Completed/Settled
Lake Front	92	0	
Lake View	75	0	
Interior	160	0	9
<b>Total</b>		<b>0</b>	<b>9</b>

d) Material Changes to Development: There have been no material changes in the plan to develop the District as described in the Limited Offering Memorandum under the heading "THE DEVELOPER; PLAN OF DEVELOPMENT - The Plan of Development".

**Development Schedule**

Development	Phase IA		Phase IB	
	Begin	Complete	Begin	Complete
<b>Residential</b>				
Lake Front	7/20/03	Complete	10/03	Complete
Lake View	7/20/03	Complete	10/03	Complete
Interior	7/20/03	Complete	10/03	Complete
<b>Infrastructure Improvements</b>				
<b>a) Offsite</b>				
Water Main	7/02	Complete	7/02	Complete
Sewer Main	7/02	Complete	7/02	Complete
Catawba Ridge Parkway		Complete		Complete
<b>b) Onsite</b>				
Roadways	7/20/03	Complete	11/03	Complete
Water & Sewer systems	8/5/03	Complete	12/03	Complete
Recreation facilities	12/05	Est. 6/08	Est. 6/06	Est. 12/07
Landscaping	2/04	On going as phases are completed	Ongoing as phases are completed	On going as phases are completed
Signage	2/04	Est. 6/07	4/06	Complete
Walking paths	Est. 2/06	Est. 9/07	Est. 6/06	Est. 10/07
Decorative lighting	N/A	N/A	N/A	N/A

e) Estimated Sources and Uses of Funds:

	Original Budget	Budget Changes	Revised Budget
<i>Sources of Funds</i>			
Lancaster County/State	\$2,500,000		\$2,500,000
Developer	\$2,950,000	\$3,118,000	\$6,068,000
2003 Bonds	\$9,547,000		\$9,547,000
<b>TOTAL</b>	<b>\$14,997,000</b>	<b>\$3,118,000</b>	<b>\$18,115,000</b>

3) Status of Approvals: Other than building permits, the developer reports no change in the status of approvals as described in the Limited Offering Memorandum under the heading "THE DEVELOPER; PLAN OF DEVELOPMENT – The Plan of Development."

Permit	Permitting Agency	Date Submitted	Date Approved
Water Permit –Phase 1A	SCDHEC	Apr 25, 2003	Oct 23, 2003
Sanitary Sewer–Phase 1B	SCDHEC	Apr 25, 2003	Nov 3, 2003
Water Permit –Phase 1B	SCDHEC	Apr 25, 2003	Oct 23, 2003
Site Plan – Phase 1A	Lancaster County	Feb 3, 2003	Complete
Site Plan – Phase 1B	Lancaster County	Apr 3, 2003	Complete
Water & Sewer Plans – Phase 1A	Lancaster County Water & Sewer District	Apr 25, 2003	Oct 23, 2003
Water & Sewer Plans – Phase 1B	Lancaster County Water & Sewer District	April 25, 2003	Nov 3, 2003

4) Zoning Classification: The Developer reports no change to the zoning classification of the parcels within the district have taken place.

- 5) Legislative, Administrative or Judicial Challenges: There have been no legislative, administrative, or judicial challenges to the construction of the 2003 Project or the development of the district. .
- 6) Notice of Default: There has been no formal written notice of default under any construction loan that finances any portion of the 2003 Project.
- 7) Material changes to the Form of Ownership of the Developer: There have been material changes in the form, organization or ownership of the developer or any affiliate of the developer who owns property in the district as described in the Limited Offering Memorandum under the heading "THE DEVELOPER; PLAN OF DEVELOPMENT."
- 8) Withdrawals from the Construction Fund or Escrow Account: Table below shows the initial deposit, disbursements, interest and account balance for the Construction Fund and Escrow Account as of December 31, 2006.

Account	Initial Deposit	Disbursements	Interest	Balance 12/31/06
Construction Fund	\$7,794,514.81	\$7,829,953.62	\$34,493.14	\$0.00
Escrow Account	\$2,397,230.87	\$2,450,680.38	\$53,449.51	\$0.00

- 9) The developer has not obtained any actual knowledge of the occurrence of any Significant Events, as described in Section 3 (pages F-11 and F-12) in the Agreement.

CRAFT DEVELOPMENT, LLC

By: Craft Development, LLC

By: 

Title: President

Date: 8/5/07