

\$85,666,000

**THE FARMS OF NEW KENT COMMUNITY DEVELOPMENT AUTHORITY
(VIRGINIA)**

\$35,105,000 SPECIAL ASSESSMENT BONDS, SERIES 2006A

\$35,105,000 SPECIAL ASSESSMENT BONDS, SERIES 2006B

\$15,456,000 SPECIAL ASSESSMENT BONDS, SERIES 2006C

DEVELOPER'S CONTINUING DISCLOSURE STATEMENT

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

In accordance with the "Continuing Disclosure Agreement" (the "Disclosure Agreement") by and between the undersigned New Kent Partners, LLC, NKP LB4, LLC, NKP LB5, LLC and their member entities and affiliates (collectively "New Kent Partners Developer") and MuniCap, Inc. (the "Administrator") dated as of September 19, 2006, the Developers 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 September 8, 2006. To the best of the knowledge of the undersigned:

- 1) Status of public improvements financed with bonds and non-bonds for development:

Public Improvement	Original Budget	Budget Change	Revised Budget	Spent to Date	Percent Complete
CDA Funded Portion					
Utilities:					
Total Major Water Infrastructure	\$4,003,500	808,000.00	\$4,811,500	\$1,702,404.	35%
Total Major Sewer Infrastructure	\$1,808,750	6,118,900.00	\$7,927,650	\$2,562,496	32%
Roads:			\$0		
Route 106 & 249 Improvements	\$6,000,000	-	\$6,000,000	\$1,499,843	25%
I-64 Roundabouts	\$1,500,000	-	\$1,500,000	\$0	0.00%
Land Bay I Utilities:					
Wastewater Infrastructure	\$435,000	(435,000.00)	\$0	\$0	0.00%
Land Bay III Utilities:					
Wastewater Infrastructure	\$440,250	(440,250.00)	\$0	\$0	0.00%
Land Bay IV Utilities:					

Wastewater Infrastructure	\$2,106,500	(2,106,500.00)	\$0	\$0	0.00%
Land Bay V Utilities:					
Water Infrastructure	\$808,000	(808,000.00)	\$0	\$0	0.00%
Wastewater Infrastructure	\$3,137,150	(3,137,150.00)	\$0	\$0	0.00%
Sub-total of CDA Construction Costs	\$20,239,150	\$	\$20,239,150	\$5,764,743	28%
CDA Other Costs:					
Legal & Administrative	\$1,416,740	\$	\$	\$543,148	38%
Engineering	\$2,023,915	\$	\$	\$1,672,010	83%
Construction Management	\$1,457,000	\$	\$	\$348,789	24%
Construction Management Office	\$100,000	\$	\$	\$190,503	2%
County Inspection/Fees	\$1,416,741	\$	\$	\$503,255	35%
Environmental	\$20,000	\$	\$	\$0	0%
Permitting	\$50,000	\$	\$	\$72,560	1.45%
Sub-total of CDA Other Costs	\$6,484,396	\$	\$	\$3,330,265	51%
Contingency	\$503,218	\$	\$	\$	%
Parham Landing related Improvements	\$39,222,855	\$	\$	\$39,340,484	100.29%
CDA Grand Total	\$66,449,619	\$	\$	\$48,435,492	73%
Developer Funded Portion					
Land Bay I Utilities:					
Water Infrastructure	\$1,911,670		\$0	\$	%
Wastewater Infrastructure	\$3,160,500		\$0	\$	%
Subdivision	\$0		\$0	\$	%
Land Bay I Roads:					
Subdivision	\$14,903,210		\$0	\$	%
Stormwater	\$315,000		\$0	\$	%
Land Bay III Utilities:					
Water Infrastructure	\$169,300		\$0	\$	%
Wastewater Infrastructure	\$247,700		\$0	\$	%
Land Bay III Roads:					
Subdivision	\$846,000		\$0	\$	%
Stormwater	\$45,000		\$0	\$	%
Land Bay IV Utilities:					
Water Infrastructure	\$1,560,100		\$0	\$	%
Wastewater Infrastructure	\$2,351,000		\$0	\$	%
Land Bay IV Roads:					
Subdivision	\$7,776,500		\$0	\$	%

Stormwater	\$210,000		\$0	\$	%
Land Bay V Utilities:				\$	%
Water Infrastructure	\$3,277,720		\$0	\$	%
Wastewater Infrastructure	\$3,361,900		\$0	\$	%
Land Bay V Roads:				\$	%
Subdivision	\$10,934,660		\$0	\$	%
Stormwater	\$350,000		\$0	\$	%
Subtotal of Developer Construction Costs	\$51,420,260		\$0	\$0	%
Developer Other Costs:					
Legal & Administrative	\$3,599,419		\$	\$	%
Engineering	\$5,142,026		\$	\$	%
Construction Management	\$743,000		\$	\$	%
County Inspection/Fees	\$597,792		\$	\$	%
Environmental	\$380,000		\$	\$	%
Permitting	\$50,000		\$	\$	%
Sub-total of Developer Other Costs	\$10,512,237		\$	\$	%
Contingency	\$12,795,188		\$	\$	%
Developer Grand Total	\$74,727,685		\$		%
Combined CDA & Developer Grand Total	\$141,177,304		\$	\$	%

2) Sales and marketing status:

a. Residential builder contracts:

Land Bay	Builder	Number of Finished Lots Sold to Builders	Number of Finished Lots Closed With Builders	Prepayment Confirmation
IV V	KHovnanian	1450	0	Yes
Total:				

b. Residential property development and absorption:

Land Bay I:

Reporting Period	Finished Lots Sold to Builders	Finished Lots Closed With Builders	Building Permits Issued	Homes Sold to Homebuyers	Homes Closed With Homebuyers	Average Sales Price
As of June 30, 2007	0	0	0	0	0	0
Cumulative Total:	0	0	0	0	0	0

Land Bay II:

Reporting Period	Finished Lots Sold to Builders	Finished Lots Closed With Builders	Building Permits Issued	Homes Sold to Homebuyers	Homes Closed With Homebuyers	Average Sales Price
As of June 30, 2007	0	0	0	0	0	0
Cumulative Total:	0	0	0	0	0	0

Land Bay III:

Reporting Period	Finished Lots Sold to Builders	Finished Lots Closed With Builders	Building Permits Issued	Homes Sold to Homebuyers	Homes Closed With Homebuyers	Average Sales Price
As of June 30, 2007	0	0	0	0	0	0
Cumulative Total:	0	0	0	0	0	0

Land Bay IV:

Reporting Period	Finished Lots Sold to Builders	Finished Lots Closed With Builders	Building Permits Issued	Homes Sold to Homebuyers	Homes Closed With Homebuyers	Average Sales Price
As of June 30, 2007	0	0	0	0	0	0
Cumulative Total:	0	0	0	0	0	0

Land Bay V:

Reporting Period	Finished Lots Sold to Builders	Finished Lots Closed With Builders	Building Permits Issued	Homes Sold to Homebuyers	Homes Closed With Homebuyers	Average Sales Price
As of June 30, 2007	1450	0	0	0	0	0
Cumulative Total:	1450	0	0	0	0	0

3) Status of development financing:

a. Loan information:

Entity	Financing Obtained	Bank	Guarantor	Amount	Loan Funded	Repaid	Balance a/o June 30, 2007
New Kent Farms LLC	7/15/2005	Wachovia Bank		\$8,500,000.00	\$5,130,385.36	\$4,209,276.55	\$921,108.81
Total:	-	-	-	\$8,500,000.00	\$5,130,385.36	\$4,209,276.55	\$921,108.81

Entity	Financing Obtained	Bank	Guarantor	Amount	Loan Funded	Repaid	Balance a/o June 30, 2007
NKP LB4 LLC	12/22/2005	Eagle Bank	Richard L Kramer n/e \$1,850,000	\$8,500,000.00	\$7,221,467.76	\$4,317,552.54	\$2,903,915.22

NKP LB4 LLC, NKP LB5 LLC	12/22/2005	New Kent Farms		\$5,025,000.00	\$5,025,000.00	\$4,025,000.00	\$1,000,000.00
NKP LB5 LLC	-	Wachovia Bank	Richard L Kramer	\$23,000,000.00	\$9,011,500.69		\$13,988,499.31

b. Loan terms and interest rate:

Entity	Loan Amount	Terms	Interest rate
New Kent Farms LLC	\$8,500,000	30 months	P + 2.25%

Entity	Loan Amount	Terms	Interest rate
NKP LB4 LLC	\$8,500,000	24 months	P + 3/4 %
NKP LB4 LLC, [NKP LB5 LLC-released]	\$1,725,000 \$3,400,000	7 years	3.8% per annum simple interest
NKP LB5 LLC	\$23,000,000	36 months	Libor plus 2.65%

4) Notice of default: There has been no formal written notice of default under any construction and/or acquisition loan that finances the Farms at New Kent CDA.
Confirm

5) Legislative, administrative or judicial challenges: As of June 30, 2007, the Developer reports there have been no legislative, administrative, or judicial challenges to the construction of the public improvements or the development of the District.
Confirm

6) Status of governmental approvals and permits: As of June 30, 2007, the Developer reports the following status of governmental permits and plans.

Plans and permits have been approved by New Kent County and the State Health Department for all of the water system work and contractors bids for the balance of work that has been received. Plans and permits have been approved and obtained from New Kent County and the State Health Department for 95% of the sewer work, with the sewer work remaining (pump station design for Land Bay 3 and Land Bay 5 Commercial) currently under engineering design and

scheduled to be submitted to the County and State by Fall 2007 and constructed during Spring 2008.

Plans were approved and the permits have been obtained from New Kent County and the Virginia Department of Transportation (VDOT) for approximately 90% of the road work. The plans for the I-64 interchange and its proximate roundabout are engineered have been reviewed by New Kent County and VDOT but review remains pending by VDOT. To expedite, preliminary bids for this work have been received.

Additionally, all of the utility relocation and installation work for electric, phone, gas and cable T.V. has been approved, pre-paid and ordered to be accomplished, and all work is in progress.

Construction Highlights:

1. The Water Tank and associated facilities are 90% complete.
2. All utility work along Route 106 spine is complete and awaiting water availability and corresponding testing.
3. All CDA utility work in Land Bay 5, including the sewer interceptor and pumps, is complete, subject to testing.
4. The Land Bay 4 interceptor sewer work is complete, subject to testing.

- 7) The Developer has not obtained actual knowledge of the occurrence of any Listed Events, as described below. Confirm

DEVELOPER LISTED EVENTS

Listed events include the following:

- (i) failure to pay any real property taxes or Special Assessments levied within the District on a parcel owned by any of the Developers;
- (ii) material damage to or destruction of any development or improvements within the District;
- (iii) material default by any of the Developers, or any affiliate on any loan with respect to the development or permanent financing of District development undertaken by any of the Developers;
- (iv) material default by any of the Developers or any affiliate on any loan secured by property within the District owned by any of the Developers or any affiliate;
- (v) payment default by any of the Developers on any loan to such Developer or by any affiliate on any loan to such affiliate (whether or not such loan is secured by the property within the District);

- (vi) the filing of any of the Developers or any affiliate or any owner of more than 25% interest in any of the Developers or any affiliate in bankruptcy or any determination that any of the Developers or any affiliate or any owner of more than 25% in any of the Developers or any affiliate is unable to pay its debts as they become due;
- (vii) the filing of any lawsuit with claim for damage, in excess of \$1,000,000 against any of the Developers or any affiliate which may adversely affect the completion of the District development or litigation which would materially adversely affect the financial conditions of any of the Developers or affiliate: and
- (viii) any change in the legal structure, chief executive officer or ownership of any of the Developers.

NEW KENT PARTNERS, LLC,
NKP LB4, LLC, NKP LB5, LLC

By: 

Title: MANAGER

Date: 7/26/2007

NEW KENT FARMS, LLC

By: 

Title: Manager

Date: 7/23/2007