

**\$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, 2008. 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.

The information provided herein is not intended to supplement the information provided in the Limited Offering Memorandum. This report responds to the specific requirements of the continuing disclosure agreement. No representation is made as to the materiality or completeness of the information provided herein or as to whether other relevant information exists with respect to the period covered by this report. Other matters or events may have occurred or become known during or since that period that may be material. All information is provided as of June 30, 2008, unless otherwise stated, and no representation is made that the information contained herein is indicative of information that may pertain since the end of the period covered by this report or in the future.

To the best of the knowledge of the undersigned:

<b>Public Improvement</b>	<b>Original Budget</b>	<b>Budget Change</b>	<b>Revised Budget</b>	<b>Spent to Date</b>	<b>Percent Complete</b>
<b>CDA Funded Portion</b>					
<b>Utilities:</b>					
Total Major Water Infrastructure	\$4,003,500	(\$223,867)	\$3,779,633	\$3,624,096	96%
Total Major Sewer Infrastructure	\$1,808,750	\$4,870,177	\$6,678,927	\$4,494,463	67%
<b>Roads:</b>					
Route 106 & 249 Improvements	\$6,000,000	\$4,038,211	\$10,038,211	\$7,777,785	77%
I-64 Roundabouts	\$1,500,000	(\$835,724)	\$664,276	\$664,276	100%

**Public Improvement Budget - Continued**

<b>Public Improvement</b>	<b>Original Budget</b>	<b>Budget Change</b>	<b>Revised Budget</b>	<b>Spent to Date</b>	<b>Percent Complete</b>
<b>Land Bay I Utilities:</b>					
Wastewater Infrastructure	\$435,000	(\$435,000)	\$0	\$0	0%
<b>Land Bay III Utilities:</b>					
Wastewater Infrastructure	\$440,250	(\$440,250)	\$0	\$0	0%
<b>Land Bay IV Utilities:</b>					
Wastewater Infrastructure	\$2,106,500	(\$2,106,500)	\$0	\$0	0%
<b>Land Bay V Utilities:</b>			\$0		
Water Infrastructure	\$808,000	(\$808,000)	\$0	\$0	0%
Wastewater Infrastructure	\$3,137,150	(\$3,137,150)	\$0	\$0	0%
Sub-total of CDA Construction Costs	\$20,239,150	\$921,897	\$21,161,047	\$16,560,620	78%
<b>CDA Other Costs:</b>					
Legal & Administrative	\$1,416,740	(\$149,999)	\$1,266,741	\$1,150,181	91%
Engineering	\$2,023,915	\$0	\$2,023,915	\$2,009,439	99%
Construction Management	\$1,457,000	\$0	\$1,457,000	\$1,204,733	83%
Construction Management Office	\$100,000	\$51,215	\$151,215	\$151,215	100%
County Inspection/Fees	\$1,416,741	(\$822,424)	\$594,317	\$594,317	100%
Environmental	\$20,000	(\$20,000)	\$0	\$0	0%
Permitting	\$50,000	\$22,560	\$72,560	\$72,560	100%
Sub-total of CDA Other Costs	\$6,484,396	(\$918,648)	\$5,565,748	\$5,182,444	93%
Contingency	\$503,218	(\$503,218)	\$0	\$0	0%
Parham Landing related Improvements	\$39,222,855	\$117,629	\$39,340,484	\$39,340,484	100%
CDA Grand Total	\$66,449,619	(\$382,340)	\$66,067,279	\$61,083,548	92%
<b>Developer Funded Portion</b>					
<b>Land Bay I Utilities:</b>					
Water Infrastructure	\$1,911,670	\$0	\$1,911,670	\$105,512	6%
Wastewater Infrastructure	\$3,160,500	\$0	\$3,160,500	\$1,456,413	46%
Subdivision	\$0	\$0	\$0	\$0	0%
<b>Land Bay I Roads:</b>					
Subdivision	\$14,903,210	\$0	\$14,903,210	\$1,403,192	9%
Stormwater	\$315,000	\$0	\$315,000	\$517,882	164%
<b>Land Bay III Utilities:</b>					
Water Infrastructure	\$169,300	\$0	\$169,300	\$0	0%
Wastewater Infrastructure	\$247,700	\$0	\$247,700	\$0	0%
<b>Land Bay III Roads:</b>					
Subdivision	\$846,000	\$0	\$846,000	\$0	0%
Stormwater	\$45,000	\$0	\$45,000	\$0	0%

**Public Improvement Budget – Continued**

<b>Public Improvement</b>	<b>Original Budget</b>	<b>Budget Change</b>	<b>Revised Budget</b>	<b>Spent to Date</b>	<b>Percent Complete</b>
<b>Land Bay IV Utilities:</b>					
Water Infrastructure	\$1,560,100	\$0	\$1,560,100	\$514,168	33%
Wastewater Infrastructure	\$2,351,000	\$0	\$2,351,000	\$522,664	22%
<b>Land Bay IV Roads:</b>					0%
Subdivision	\$7,776,500	\$0	\$7,776,500	\$196,036	3%
Stormwater	\$210,000	\$0	\$210,000	\$29,549	14%
<b>Land Bay V Utilities:</b>					
Water Infrastructure	\$3,277,720	\$0	\$3,277,720	\$684,857	21%
Wastewater Infrastructure	\$3,361,900	\$0	\$3,361,900	\$791,870	24%
<b>Land Bay V Roads:</b>					
Subdivision	\$10,934,660	\$0	\$10,934,660	\$266,570	2%
Stormwater	\$350,000	\$0	\$350,000	\$180,753	52%
Subtotal of Developer Construction Costs	\$51,420,260	\$0	\$51,420,260	\$6,669,465	13%
<b>Developer Other Costs:</b>					
Legal & Administrative	\$3,599,419	\$0	\$3,599,419	\$1,934,938	54%
Engineering	\$5,142,026	\$743,000	\$5,885,026	\$4,596,399	78%
Construction Management	\$743,000	(\$743,000)	\$0	\$0	0%
County Inspection/Fees	\$597,792	\$310,000	\$907,792	\$903,089	99%
Environmental	\$380,000	\$0	\$380,000	\$1,973	1%
Permitting	\$50,000	(\$50,000)	\$0	\$0	0%
Sub-total of Developer Other Costs	\$10,512,237	\$260,000	\$10,772,237	\$7,436,399	69%
Contingency	\$12,795,188	(\$260,000)	\$12,535,188	\$0	0%
Developer Grand Total	\$74,727,685	\$0	\$74,727,685	\$14,105,864	19%
<b>Combined CDA &amp; Developer Grand Total</b>	<b>\$141,177,304</b>	<b>(\$382,340)</b>	<b>\$140,794,964</b>	<b>\$75,189,412</b>	<b>53%</b>

\*\*\*\$382,340 is a temporary reduction and will be revised with subsequent budget revisions

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
I	KHovnanian: NVR, Inc KHovnanian	143	11	Yes
IV		106	0	Yes
V		1,450	0	Yes
Total:				

**\*New Kent Farms LLC sold lots in Land Bay I, Phase I to Homebuyers. The Settlement Statement discloses a Special Assessment paid by the seller in the amount of \$25,548.88.**

b. Residential property development and absorption:

**Land Bay I:**

Reporting Period	Finished Lots Sold to Builders*	Finished Lots Closed With Homebuyers*	Building Permits Issued	Homes Sold to Homebuyers	Homes Closed With Homebuyers	Average Sales Price
As of June 30, 2008	143	11	0	0	0	\$272,636
Cumulative Total:	143	11	0	0	0	\$272,636

**\*New Kent Farms LLC sold lots in Land Bay I, Phase I to Homebuyers. Lots are under development and are not 100% complete.**

**Land Bay II:**

<b>Reporting Period</b>	<b>Finished Lots Sold to Builders</b>	<b>Finished Lots Closed With Builders</b>	<b>Building Permits Issued</b>	<b>Homes Sold to Homebuyers</b>	<b>Homes Closed With Homebuyers</b>	<b>Average Sales Price</b>
<b>As of June 30, 2008</b>	0	0	0	0	0	0
<b>Cumulative Total:</b>	0	0	0	0	0	0

**Land Bay III:**

<b>Reporting Period</b>	<b>Finished Lots Sold to Builders</b>	<b>Finished Lots Closed With Builders</b>	<b>Building Permits Issued</b>	<b>Homes Sold to Homebuyers</b>	<b>Homes Closed With Homebuyers</b>	<b>Average Sales Price</b>
<b>As of June 30, 2008</b>	0	0	0	0	0	0
<b>Cumulative Total:</b>	0	0	0	0	0	0

**Land Bay IV:**

<b>Reporting Period</b>	<b>Finished Lots Sold to Builders</b>	<b>Finished Lots Closed With Builders</b>	<b>Building Permits Issued</b>	<b>Homes Sold to Homebuyers</b>	<b>Homes Closed With Homebuyers</b>	<b>Average Sales Price</b>
<b>As of June 30, 2008</b>	106	0	0	0	0	0
<b>Cumulative Total:</b>	106	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, 2008	1,450	0	0	0	0	0
<b>Cumulative Total:</b>	1,450	0	0	0	0	0

- 3) Status of development financing:  
a. Loan information:

Entity	Financing Obtained	Bank	Guarantor	Amount	Loan Funded	Repaid	Balance As Of June 30, 2008
New Kent Farms LLC	Loan Modification 9/17/07	Wachovia Bank	Boddie Noell Enterprises	\$14,334,760	\$7,741,080.39	\$2,368,300.00	\$5,372,780.39
<b>Total:</b>	-	-	-	\$14,334,760	\$7,741,080.39	\$2,368,300.00	\$5,372,780.39

Entity	Financing Obtained	Bank	Guarantor	Amount	Loan Funded	Repaid	Balance As Of June 30, 2008
NKP LB4 LLC	12/22/2005	Eagle Bank	Richard L Kramer n/t/e \$1,850,000	\$9,500,000.00	\$14,322,963.24	\$7,201,593.07	\$7,121,370.17
NKP LB4 LLC, NKP LB5 LLC	12/22/2005	New Kent Farms LLC		\$5,025,000.00	\$5,025,000.00	\$4,275,000.00	\$750,000.00
NKP LB5 LLC	-	Wachovia Bank	Richard L Kramer	\$23,000,000.00	\$14,995,893.44	\$0.00	\$14,995,893.44

b. Loan terms and interest rate:

Entity	Loan Amount	Terms	Interest rate
New Kent Farms LLC	\$14,334,760	01/31/2009	Libor + 2.25%

Entity	Loan Amount	Terms	Interest rate
NKP LB4 LLC	\$9,500,000	24 months	P + 3/4 %
NKP LB4 LLC, [NKP LB5 LLC- released]	\$1,625,000 \$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.
- 5) Legislative, administrative or judicial challenges: There have been no legislative, administrative, or judicial challenges to the construction of the public improvements or the development of the District.
- 6) Status of governmental approvals and permits: As of June 30, 2008, the Developer reports the following status of governmental permits, plans and construction. Construction work on all CDA infrastructure components, utilities and roads, has progressed well with few delays or change of scope issues.

Construction Highlights:

- a) The CDA road contractors have generally completed the Route 106/249 road work, have undergone the initial VDOT inspection and are undertaking to complete minor “punch list” items, per VDOT – signage, grading, landscaping, drainage items and some curb and gutter repairs and replacements. The principal Route 106/249 four-lane roadwork is, therefore, within one month of full completion. The dedication plat for the Route 106/249 expanded rights of way has been prepared and is ready for recordation.
- b) Work on the last phase of the road construction scope, the two I-64 round-a-bouts, commenced in June with mobilization, traffic controls put in place and clearing, grading and fill work started. The term of this contract work is 12 months.
- c) The water tank, now complete, has been filled and flushed once and will be refilled and undergo chlorination and purification treatment and testing by August, prior to its need for household service.

- d) The water mains and Land Bay distribution lines are now 100% complete and (other than to Watkins Mill School), fully pressure tested and awaiting final flushing and chlorination purification, along with the tank, just prior to when water service will be called for, by August, with houses started, as the County Utility Department does not want water stagnating in the lines. The water line to Watkins Mill School is complete other than for a short, intermediate section on third party land, awaiting an easement, which is out for signature and to be obtained imminently.
- e) The main and forced main sewer lines are 100% complete and pressure tested throughout the project, except per the tie in to Pump Station #2, with the final segment having just been connected to the Watkins Mill School site.
- f) Sewer Pump Station #2 is well under construction, and expected to be completed within 90 days. This Pump Station serves the Winery as well as Watkins Mill School.
- g) Sewer Pump Station #1,4 and 5 are now complete, powered, tested and ready for service. The Land Bay #3 and #5 commercial area sewer pump stations remain in design and approval stages and remain to be built, as they will not be needed until commercial development is commenced in those sections. The Land Bay 4 commercial area is served by Pump Station #4.
- h) The County's subcontracted operations/monitoring system for both the sewer and water pump and flow systems - pumps, wells, flow monitoring and remote computer monitoring and sensing (the "SCADA" system) has been installed and tested and is in its final preparation for running and monitoring those systems.
- i) Private utility systems that serve the CDA work – principally electric service and the relocation and installation of ancillary utilities such as gas, phone and cable – relative to their coordination with CDA work, are fully complete and in place. The same utility services are in place or pending to serve the subdivisions when needed for houses.

All permits required for utility and road construction have been obtained, and are in place, valid and current. All permits have been obtained for the scheduled and continuing CDA construction work.

Operational permits for the water and sewer systems are pending final inspection by the Virginia Dept. of Health and the Dept. of Environmental Quality (DEQ). These final inspections and the start up of the sewer pump stations and water facilities are scheduled to occur no later than September, 2008. None of these pending operational permits will delay the project's homebuilders from obtaining house construction permits, upon recordation of the first phases of lots in each Land Bay (expected in August, 2008) as such operational



permits will be obtained well within 90 days of the builder's permit application, being within the County's forward time allowance (90 days) for same.

The only pending permit affecting the ultimate CDA water system is the DEQ Water Withdrawal Permit, which grants the overall water withdrawal for the NKV system's full water usage. However, this permit has passed the application stage and is in the computer modeling stage, and no issues are foreseen re its approval by fall, 2008. In the interim, the project has system water availability via an already granted 300,000 gallon by-right withdrawal permit, which is more than sufficient to serve the water needs of the community prior to the main permit's approval.

- 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: Signature on File

Title: Manager

Date: 08/04/2008

NEW KENT FARMS, LLC

By: Signature on File

Title: Manager

Date: 07/31/2008