

**\$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 September 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. To the best of the knowledge of the undersigned:

Public Improvement	Original Budget	Budget Change	Revised Budget	Spent to Date	Percent Complete
<b>CDA Funded Portion</b>					
<b>Utilities:</b>					
Total Major Water Infrastructure	\$4,003,500.00	(\$263,823.45)	\$3,739,676.55	\$3,706,917.64	99%
Total Major Sewer Infrastructure	\$1,808,750.00	\$4,752,952.71	\$6,561,702.71	\$6,047,586.27	92%
<b>Roads:</b>					
Route 106 & 249 Improvements	\$6,000,000.00	\$4,012,514.78	\$10,012,514.78	\$9,874,555.80	99%
I-64 Roundabouts	\$1,500,000.00	(\$835,723.90)	\$664,276.10	\$664,276.00	100%
<b>Land Bay I Utilities:</b>					

Wastewater Infrastructure	\$435,000.00	(\$435,000.00)	\$0.00	\$0.00	0%
<b>Land Bay III Utilities:</b>					
Wastewater Infrastructure	\$440,250.00	(\$440,250.00)	\$0.00	\$0.00	0%
<b>Land Bay IV Utilities:</b>					
Wastewater Infrastructure	\$2,106,500.00	(\$2,106,500.00)	\$0.00	\$0.00	0%
<b>Land Bay V Utilities:</b>			\$0.00		
Water Infrastructure	\$808,000.00	(\$808,000.00)	\$0.00	\$0.00	0%
Wastewater Infrastructure	\$3,137,150.00	(\$3,137,150.00)	\$0.00	\$0.00	0%
<b>Sub-total of CDA Construction Costs</b>	<b>\$20,239,150.00</b>	<b>\$739,020.14</b>	<b>\$20,978,170.14</b>	<b>\$20,293,335.71</b>	<b>97%</b>
<b>CDA Other Costs:</b>					
Legal & Administrative	\$1,416,740.00	(\$71,822.87)	\$1,344,917.13	\$1,344,186.88	100%
Engineering	\$2,023,915.00	\$112,957.45	\$2,136,872.45	\$2,136,407.57	100%
Construction Management	\$1,457,000.00	\$0.00	\$1,457,000.00	\$1,387,388.23	95%
Construction Management Office	\$100,000.00	\$52,718.23	\$152,718.23	\$152,718.23	100%
County Inspection/Fees	\$1,416,741.00	(\$822,423.66)	\$594,317.34	\$594,317.00	100%
Environmental	\$20,000.00	(\$20,000.00)	\$0.00	\$0.00	100%
Permitting	\$50,000.00	\$22,559.88	\$72,559.88	\$72,559.88	100%

<b>Sub-total of CDA Other Costs</b>	\$6,484,396.00	(\$726,010.97)	\$5,758,385.03	\$5,687,577.79	99%
<b>Contingency</b>	\$503,218.00	(\$503,218.00)	\$0.00	\$0.00	100%
Parham Landing related Improvements	\$39,222,855.00	\$117,629.00	\$39,340,484.00	\$39,340,484.00	100%
<b>CDA Grand Total</b>	<b>\$66,449,619.00</b>	<b>(\$372,579.83)</b>	<b>\$66,077,039.17</b>	<b>\$65,321,397.50</b>	<b>99%</b>
<b>Developer Funded Portion</b>					
<b>Land Bay I Utilities:</b>					
Water Infrastructure	\$1,911,670.00	\$0.00	\$1,911,670.00	\$184,905.56	10%
Wastewater Infrastructure	\$3,160,500.00	\$0.00	\$3,160,500.00	\$1,681,518.70	53%
Subdivision	\$0.00	\$0.00	\$0.00	\$0.00	0%
<b>Land Bay I Roads:</b>					
Subdivision	\$14,903,210.00	\$0.00	\$14,903,210.00	\$1,406,858.90	9%
Stormwater	\$315,000.00	\$250,000.00	\$565,000.00	\$557,519.51	99%
<b>Land Bay III Utilities:</b>					
Water Infrastructure	\$169,300.00	\$0.00	\$169,300.00	\$0.00	0%
Wastewater Infrastructure	\$247,700.00	\$0.00	\$247,700.00	\$0.00	0%
<b>Land Bay III Roads:</b>					
Subdivision	\$846,000.00	\$0.00	\$846,000.00	\$0.00	0%
Stormwater	\$45,000.00	\$0.00	\$45,000.00	\$0.00	0%
<b>Land Bay IV Utilities:</b>					
Water Infrastructure	\$1,560,100.00	\$0.00	\$1,560,100.00	\$647,106.86	41%
Wastewater Infrastructure	\$2,351,000.00	\$0.00	\$2,351,000.00	\$582,598.40	25%
<b>Land Bay IV Roads:</b>					
Subdivision	\$7,776,500.00	\$0.00	\$7,776,500.00	\$196,036.00	3%
Stormwater	\$210,000.00	\$0.00	\$210,000.00	\$32,849.00	16%
<b>Land Bay V Utilities:</b>					
Water Infrastructure	\$3,277,720.00	\$0.00	\$3,277,720.00	\$684,857.00	21%

Wastewater Infrastructure	\$3,361,900.00	\$0.00	\$3,361,900.00	\$791,869.78	24%
<b>Land Bay V Roads:</b>					
Subdivision	\$10,934,660.00	\$0.00	\$10,934,660.00	\$266,570.00	2%
Stormwater	\$350,000.00	\$0.00	\$350,000.00	\$180,753.00	52%
<b>Subtotal of Developer Construction Costs</b>	<b>\$51,420,260.00</b>	<b>\$250,000.00</b>	<b>\$51,670,260.00</b>	<b>\$7,213,442.71</b>	<b>14%</b>
<b>Developer Other Costs:</b>					
Legal & Administrative	\$3,599,419.00	\$0.00	\$3,599,419.00	\$743,403.28	21%
Engineering	\$5,142,026.00	\$743,000.00	\$5,885,026.00	\$3,412,793.95	58%
Construction Management	\$743,000.00	(\$743,000.00)	\$0.00	\$0.00	0%
County Inspection/Fees	\$597,792.00	\$310,000.00	\$907,792.00	\$466,710.19	51%
Environmental	\$380,000.00	\$0.00	\$380,000.00	\$4,772.50	1%
Permitting	\$50,000.00	(\$50,000.00)	\$0.00	\$0.00	0%
<b>Sub-total of Developer Other Costs</b>	<b>\$10,512,237.00</b>	<b>\$260,000.00</b>	<b>\$10,772,237.00</b>	<b>\$4,627,679.92</b>	<b>0%</b>
Contingency	\$12,795,188.00	(\$510,000.00)	\$12,285,188.00	\$0.00	0%
<b>Developer Grand Total</b>	<b>\$74,727,685.00</b>	<b>\$0.00</b>	<b>\$74,727,685.00</b>	<b>\$11,841,122.63</b>	<b>16%</b>
<b>Combined CDA &amp; Developer Grand Total</b>	<b>\$141,177,304.00</b>	<b>(\$372,579.83)</b>	<b>\$140,804,724.17</b>	<b>\$77,162,520.13</b>	<b>55%</b>

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	<del>Lots Sold to Individuals</del>	110	13	
IV	KHovnanian: NVR, Inc	106	4	Yes
V	KHovnanian	1,450	0	Yes
Total:		1666	17	

b. Residential property development and absorption:

**Land Bay I:**

<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 Sept 30, 2008</b>	110	13	0	0	0	\$263,235
<b>Cumulative Total:</b>	110	13	0	0	0	\$263,235

**\*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:**

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 Sept 30, 2008	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 Sept 30, 2008	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 Sept 30, 2008	106	4	4	0	0	0
Cumulative Total:	106	4	4	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 Sept 30, 2008	1,450	0	0	0	0	0
Cumulative Total:	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 a/o Sept 30, 2008
New Kent Farms LLC	Loan Modification 9/17/07	Wachovia Bank	Boddie Noell Enterprises	\$14,334,760	\$8,902,308.81	\$2,664,435.00	\$6,237,873.81
<b>Total:</b>	-	-	-	\$14,334,760	\$8,902,308.81	\$2,664,435.00	\$6,237,873.81

Entity	Financing Obtained	Bank	Guarantor	Amount	Loan Funded	Repaid	Balance Sept 30, 2008
NKP LB4 LLC	12/22/2005	Eagle Bank	Richard L. Kramer n/t/e \$1,850,000	\$9,500,000.00	\$15,535,737.87	\$7,391,593.07	\$8,144,144.80
NKP LB4 LLC, NKP LB5 LLC	12/22/2005	New Kent Farms		\$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	\$14,850,839.42	\$0.00	\$14,850,839.42

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]	\$1,725,000 \$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.
- 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.

Status of governmental approvals and permits: As of September 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 principal Rt. 106/249 road work is now 100% complete and has passed all VDOT inspections as all signage and street lights have been installed, and work item punch lists have been completed. Landscaping work in the median and common areas along these roadways is 85% complete and turf enhancement, seeding and plantings have been maintained and improved per seasonal schedules, as weather has allowed – the landscaping installation work will be substantially complete by December, 2008. The dedication plat for these road sections has been executed and is being processed 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 and associated wells and service lines have passed their pressure, systems and post chlorination contaminant/bacteria quality testing. The LB4, 5 and Rt. 106 water lines are fully installed and have passed all pressure testing and construction inspections are due to be chlorinated and contaminant/bacteria tested by October, 2008, and shortly thereafter accepted into the County public works system for maintenance. This testing and approval remains subject to County and State Health Dept. acceptance,



and Virginia DEQ certification – both fairly routine – following chlorination and passing of contaminant/bacteria testing, which is expected without issue. Following this, the water service lines to Watkins Mill School, along Rt. 249, will be completed and tested, in turn.

d) The Land Bay 4 and 5 Sewer Pump Stations have undergone preliminary testing, their punch lists are being completed, and they are due to be final-tested and made fully operational and accepted into the County maintenance system by late October/early November, 2008. This work includes installation and testing of the “SCADA” remote monitoring system, by which the County will be able to monitor and operate the Water Wells and Pump Stations remotely, by computer.

e) The installation of water and sewer lines to Watkins Mill School is 95% complete and just awaiting the completion of Pump Station #2, then their respective final testing and then tie-in coordination with the School’s existing well and septic service lines (effectively replacing them) at the School building site, to provide service.

f) Sewer Pump Station #2 is within 90 days of completion. This station serves the Winery and the School.

g) The Land Bay 3 and 5 commercial site Sewer Pump Stations remain in design and approval stages, as they are not needed until commercial development occurs in those Land Bays. The Land Bay 4 Pump Station, now almost operational, serves the LB4 commercial uses.

h) Coordination with private utility systems that serve the CDA water and sewer pumps-principally electric service-has occurred without issue, and all the appropriate stations have power to them, are metered and on billing accounts, as required.

i) The CDA utility systems, on the whole, are currently on schedule to meet demands for service, well ahead of the timing for the occupancy of houses for which construction starts are imminent and which will require such service availability to receive certificates of occupancy.

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: 11/4/08

NEW KENT FARMS, LLC

By: 

Title: Managing Member

Date: 10/31/08

