

**\$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 December 31, 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	\$3,719,570.94	99%
Total Major Sewer Infrastructure	\$1,808,750.00	\$4,614,952.71	\$6,423,702.71	\$6,247,168.99	97%
<b>Roads:</b>					
Route 106 & 249 Improvements	\$6,000,000.00	\$4,112,514.78	\$10,112,514.78	\$10,100,465.26	100%
I-64 Roundabouts	\$1,500,000.00	(\$835,723.90)	\$664,276.10	\$664,276.13	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>					
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>\$701,020.14</b>	<b>\$20,940,170.14</b>	<b>\$20,731,481.32</b>	<b>99%</b>
<b>CDA Other Costs:</b>					
Legal & Administrative	\$1,416,740.00	(\$41,822.87)	\$1,374,917.13	\$1,369,098.15	100%
Engineering	\$2,023,915.00	\$120,957.45	\$2,144,872.45	\$2,144,294.24	100%
Construction Management	\$1,457,000.00	\$0.00	\$1,457,000.00	\$1,452,164.69	100%
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	\$594,317.34	100%
Environmental	\$20,000.00	(\$20,000.00)	\$0.00	\$0.00	0%
Permitting	\$50,000.00	\$22,559.88	\$72,559.88	\$72,559.88	100%
<b>Sub-total of CDA Other Costs</b>	<b>\$6,484,396.00</b>	<b>(\$688,010.97)</b>	<b>\$5,796,385.03</b>	<b>\$5,785,152.53</b>	<b>100%</b>
Contingency	\$503,218.00	(\$503,218.00)	\$0.00	\$0.00	0%
Parham Landing related Improvements	\$39,222,855.00	\$117,629.00	\$39,340,484.00	\$39,340,483.95	100%
<b>CDA Grand Total</b>	<b>\$66,449,619.00</b>	<b>(\$372,579.83)</b>	<b>\$66,077,039.17</b>	<b>\$65,857,117.80</b>	<b>100%</b>
<b>Developer Funded Portion</b>					
<b>Land Bay I Utilities:</b>					
Water Infrastructure	\$1,911,670.00	\$0.00	\$1,911,670.00	\$871,854.00	46%

Wastewater Infrastructure	\$3,160,500.00	\$0.00	\$3,160,500.00	\$1,911,065.00	60%
Subdivision	\$0.00	\$0.00	\$0.00	0	
<b>Land Bay I Roads:</b>					
Subdivision	\$14,903,210.00	\$0.00	\$14,903,210.00	\$1,674,118.00	11%
Stormwater	\$315,000.00	\$258,546.75	\$573,546.75	\$573,546.75	100%
<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	\$659,360.00	42%
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	\$63,367.17	\$273,367.17	\$273,367.17	100%
<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	\$180,753.35	52%
<b>Subtotal of Developer Construction Costs</b>	<b>\$51,420,260.00</b>	<b>\$321,913.92</b>	<b>\$51,742,173.92</b>	<b>\$8,665,995.45</b>	<b>17%</b>
<b>Developer Other Costs:</b>					
Legal & Administrative	\$3,599,419.00	\$0.00	\$3,599,419.00	\$1,513,394.00	42%
Engineering	\$5,142,026.00	\$743,000.00	\$5,885,026.00	\$5,072,035.71	86%
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	\$558,028.98	61%

Environmental Permitting	\$380,000.00 \$50,000.00	\$0.00 (\$50,000.00)	\$380,000.00 \$0.00	\$4,772.50 \$0.00	1% 0%
<b>Sub-total of Developer Other Costs</b>					
Contingency	\$10,512,237.00 \$12,795,188.00	\$260,000.00 (\$581,913.92)	\$10,772,237.00 \$12,213,274.08	\$7,148,231.19 \$0.00	66% 0%
<b>Developer Grand Total</b>	<b>\$74,727,685.00</b>	<b>\$0.00</b>	<b>\$74,727,685.00</b>	<b>\$15,814,226.64</b>	<b>21%</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>\$81,671,344.44</b>	<b>58%</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	Lots Sold to Individuals	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:**

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 Dec 31, 2008	110	13	0	0	0	\$263,235
Cumulative Total:	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 Dec 31, 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 Dec 31, 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 Dec 31, 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 Dec 31, 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 Dec 31, 2008
New Kent Farms LLC	Loan Modification 9/17/07	Wachovia Bank	Boddie Noell Enterprises	\$14,334,760	\$10,084,848.81	\$2,942,961.03	\$7,141,887.78
<b>Total:</b>	-	-	-	\$14,334,760	\$10,084,848.81	\$2,942,961.03	\$7,141,887.78

Entity	Financing Obtained	Bank	Guarantor	Amount	Loan Funded	Repaid	Balance Dec 31, 2008
NKP LB4 LLC	12/22/2005	Eagle Bank	Richard L. Kramer n/a/e \$1,850,000	\$9,500,000.00	\$15,702,945.80	\$7,211,593.07	\$8,491,352.73
NKP LB4 LLC, NKP LB5 LLC	12/22/2005	New Kent Farms		\$5,025,000.00	\$5,025,000.00	\$4,525,000.00	\$500,000.00
NKP LB5 LLC		Wachovia Bank	Richard L. Kramer	\$23,000,000.00	\$17,113,842.85	\$0.00	\$17,113,842.85

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 December 31, 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 Rt. 106/249 road work is now 100% complete with the exception of the I-64 round-a-bouts, with only discretionary landscape enhancements remaining to be completed as seasonal work in accordance with approved plans. The reconstructed roads and right of ways will be dedicated to VDOT, imminently, as the dedication plats for these road sections have been completed, reviewed and approved. It is projected that the dedication plats will be executed and the recordation of these dedications will be accomplished in January, 2009. This will complete the road work for the project on these two spine roads, and accomplish the turnover of the roads to VDOT for ownership and maintenance. Following this, the project's Master Homeowners Association will continue to operate and maintain the streetlights and the common area and median landscaping along these roadways, by separate agreement.
- b) Work on the two Rt. 106/I-64 round-a-bouts commenced in June, 2008, with traffic controls, clearing, fill and grading work continuing over the summer and into the fall. However, this work was stopped in November and has been put on hold for the winter months, as wet and cold winter weather is not conducive to the mass

- amounts of earthwork and grading required in the project, and the project would become inefficient, disrupted and potentially more costly.
- c) The Water Tank/Tower and associated wells and service lines to and throughout the developed portions of Land Bays 4 and 5 have passed their pressure systems and post-chlorination contaminant quality testing. Final processing of the County's Operational permit, per review by the State Health/Drinking Water Dept. is ongoing. Following receipt of this operating permit, the County will accept these systems for County operation and maintenance – this permitting and acceptance is expected by January, 2009. This will allow residential water meter installations and access to water and sewer connections/ full use of these utilities by households.
  - d) The Land Bay 4 and 5 Sewer Pump Stations have been completed and accepted by the County for operation and maintenance, with the provisos that some very minor punch list items be addressed and that a temporary gravel access road be built to the LB 5 Station prior to its being put into service, as was built to LB 4. The LB 4 Station will be put into service as soon as houses are connected to water service. This is expected to occur in January, 2009 as the first several houses in the section are delivered to homeowners. These sewer pump stations, like the water wells and tank, will be remotely monitored and controlled by the County via "SCADA" computer operating and alarm systems.
  - e) The installation of water and sewer lines to Watkins Mill School remains 95% complete, awaiting the completion of Sewer Pump Station # 2, now approximately 90% complete, and the final tie in of water and sewer service lines to the School building itself, to be accomplished when the School is out of session as these tie-in operations disrupt the availability/use of these services by the School.
  - f) Sewer Pump Station # 2 is within about 45 days of final completion. The 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 operational, will serve any potential Land Bay 4 commercial uses.
  - h) Coordination with private utility systems that serve the CDA water and sewer systems is complete and all appropriate power delivery connections, metering and billing accounts are in place and properly paid and accounted for.
  - i) The CDA related utility systems, on the whole, are currently on schedule to meet demands for service, well ahead of the timing for the occupancy of houses which are nearing completion and delivery, and will require such utilities to be operational in order 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,

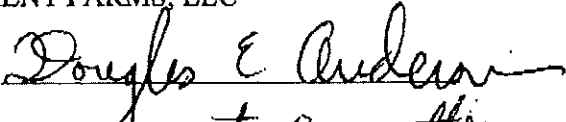
NKP LB4, LLC, NKP LB5, LLC

By: 

Title: MANAGER

Date: 2/05/09

NEW KENT FARMS, LLC

By: 

Title: Management Committee  
Member

Date: 2/04/09