ANNUAL CONTINUING DISCLOSURE REPORT

For the Period Ending December 31, 2008

$32,860,000
The Marquis Community Development Authority (Virginia)
Revenue Bonds, Series 2007

Prepared by

MUNICAP, INC.

March 31, 2009

ANNUAL CONTINUING DISCLOSURE REPORT
For the Period Ending December 31, 2008

I. *UPDATED INFORMATION*

Information updated from the Limited Offering Memorandum, dated November 28, 2007 is as follows:

- As of March 4, 2008, CIT Lending Services Corporation ("CIT") reports that Marquis Williamsburg Holding, LLC took title of the property through a trustee's sale on January 13, 2009, due to a default on several loans, abandonment of the project by the developer, and the bankruptcy of Premier Properties USA, Inc.

- As of December 31, 2008, CIT reports that $18,949,880 had been expended for the construction of the public improvements, representing 78.3 percent of the amount to be funded with the Series 2007 Bonds.

- As of December 31, 2008, CIT reports that there are sufficient funds available to complete the Marquis Parkway/Rt. 199 intersection; however, there are not sufficient funds to complete the balance of the public improvements as described herein. According to CIT, redevelopment of the project's budget and subsequent funding is pending until the resolution of issues brought about due to the abandonment of the project by the developer and the bankruptcy of Premier Properties USA, Inc.

- As of December 31, 2008, CIT reports that Marquis Parkway is approximately 80 percent complete from the existing Virginia Highway 199 to the proposed bridge crossing to the Phase II portion of the development. According to CIT, work on the new Marquis Parkway/Rt. 199 intersection continues and is scheduled to be completed in March 2009.

- As of December 31, 2008, CIT reports that the main water supply has been extended to the site and the secondary distribution mains have been installed for Phase 1A and approximately one-third of Phase 1B. CIT also reports that the primary sewer line has been constructed to the site and the force main has been installed. The secondary mains have been installed for Phase 1A and approximately 95 percent installed for Phase 1B.

- As of December 31, 2008, CIT reports that the main storm lines and three storm water retention ponds (BMPs) are installed for Phases 1A and 1B. According to CIT, the balance of work for Phases 1A and 1B includes the installation of secondary lines in Phase 1B and the large storm pond #2 behind the J.C. Penney building.

- As of December 31, 2008, CIT reports that the site work for future Phase 1C is approximately 10 percent complete and site work for Phase II of the development has not begun.

- As of December 31, 2008, CIT reports that the Phase 1A stores, Target and Best Buy, opened in the summer of 2008. CIT also reports that Target purchased the property on October 12, 2007 and owns the fee simple interest portion of the property. According to CIT, the Phase 1B stores, J.C Penney, Dick's Sporting Goods and Kohl's, are also open for business.

- As of December 31, 2008, CIT Lending Services Corporation ("CIT") reports that the developer defaulted on its loans, which were secured by the property, and was served formal written notice from CIT on February 4, 2008, and from DCM (Dominion Capital) on February 25, 2008. As a result of the exercise by CIT of its remedies under its loan documents, Marquis Williamsburg Holding LLC took title to the property on January 14, 2009.

- As of December 31, 2008, CIT reports that liens in the aggregate amount of $10,567,417 have been filed by 25 parties for unpaid materials and services on the project.

- According to the York County Real Estate Assessment Office, the July 1, 2009, assessed value of the properties within the district is $48,225,200. The base value of the district was $21,101,101. As a result, the aggregate assessed value of the property within the district has increased by $27,124,099.

- The annual assessment report for the 2009 tax year will be provided under separate cover when completed and approved by the CDA board in April 2009.

II. INTRODUCTION

The Marquis Community Development Authority (the "Authority") issued the $32,860,000 Series 2007 Revenue Bonds pursuant to an Indenture of Trust dated as of November 1, 2007, between the authority and Wells Fargo Bank, N.A., as trustee (the "Trustee).

The Marquis Community Development Authority District (the "District") consists of approximately 222.85 acres of land within York County, Virginia, just outside the City of Williamsburg, Virginia. The district is located off of Interstate 64 and State Route 199. The Marquis Development was expected to include an approximately 1.1 million square foot mixed-use commercial development consisting of approximately 909,500 square feet of commercial/retail space, approximately 123,400 square feet of office space, approximately 71,100 square feet of hotel space and approximately 16,000 square feet of restaurant space.

According to the Engineer's Report included in the Limited Offering Memorandum, the improvements to be financed through the authority include: (i) the design and construction of two signalized intersections, (ii) improvements to State Route 199, a limited access highway and major thoroughfare, (iii) a bridge spanning the ravine which divides the Phase I development and the Phase II development, and (iv) associated public utility infrastructure for the development of the project. A portion of the costs of the public improvements is expected to be funded with the proceeds of the Series 2007 Bonds.

The information provided herein is not intended to supplement or otherwise relate to the information provided in the Limited Offering Memorandum and any such intent is expressly disavowed. Rather, 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 December 31, 2008, unless otherwise stated, and no representation is made that the information contained in this report is indicative of information that may pertain since the end of the period covered by this report or in the future.

III. DEVELOPMENT ACTIVITY

A. OVERVIEW

According to the Limited Offering Memorandum, the Marquis Development was expected to be completed in two phases: Phase I of the Marquis Development was expected to include approximately 920,000 square feet of retail and restaurant space, and was expected to be completed in the fall of 2008 ("Phase I" or the "North Pod"). Phase 1A of the development was expected to include retail anchors Target and Best Buy. Phase 1B was expected to include construction of a J.C. Penney, Dick's Sporting Goods, and Kohl's. At the time the Series 2007 Bonds were issued, Phase 1C restaurant and retail tenants had not been finalized. Phase II of the development was expected to consist of approximately 200,000 square feet of retail and entertainment space and was expected to be completed in the spring of 2010 ("Phase II" or the "South Pod").

According to the Limited Offering Memorandum, Phase I of the development was expected to contain three retail anchor stores: an approximately 126,000 square foot Target, an approximately 103,000 square foot J.C. Penney, and an approximately 90,000 square foot Kohl's. At the time the Series 2007 Bonds were issued, the developer had executed lease agreements with J.C. Penney and Kohl's, and had an executed Purchase Agreement with Target. In addition, Phase I was also expected to contain an approximately 45,000 square foot Dick's Sporting Goods, an approximately 30,000 square foot Best Buy, and an approximately 21,000 square foot Michael's. At the time the Series 2007 Bonds were issued, the developer had executed lease agreements with Dick's Sporting Goods and Best Buy, and was in active negotiations with Michael's.

According to the Limited Offering Memorandum, at the time the Series 2007 Bonds were issued, the property was owned and was expected to be developed by Marquis at Williamsburg, LLC, the sole member of which is Marquis at Williamsburg Holding, LLC. The developer is an affiliate of Premier Properties USA, Inc., an Indiana corporation, which is owned and operated by Christopher P. White. In order to undertake the Marquis Development, Premier Properties USA had established several affiliates. The sole member of Marquis at Williamsburg Holding, LLC is Marquis at Williamsburg Holding Owner, LLC, whose sole member is Christopher P. White.

As of March 4, 2008, CIT Lending Services Corporation ("CIT") reports that Marquis Williamsburg Holding, LLC took title of the property through a trustee's sale on January 13, 2009, due to a default on several loans by the developer, abandonment of the project by the developer, and the bankruptcy of Premier Properties USA, Inc.

B. GOVERNEMENTAL APPROVALS

According to the Limited Offering Memorandum, on September 4, 2007, the York County Board of Supervisors adopted a resolution to amend the original Special Use Permit (SUP), dated December 20, 2005, and allow for the development of up to 920,000 square feet for Phase I of the Marquis Development. On September 18, 2007, York County adopted a resolution that granted the development a Special Use Permit for the development of up to 200,000 square feet on Phase II. Phase I had also received site plan approval from York County for over 900,000 square feet of retail space, including a 70,000 square foot hotel.

According to the Limited Offering Memorandum, at the time the Series 2007 Bonds were issued, the developer had not received permits from the US Army Corps of Engineers and from the Virginia Department of Environmental Quality for the impact to wetlands for Phase II of the development. The developer intended to submit the application for such approvals in November 2007, and expected to receive such permits in approximately twelve months. Until the wetland permits are received, the developer can begin construction only on the upland (non-wetland) portions of Phase II of the development.

As of December 31, 2008, CIT reports that the Phase II wetland permits to be approved by the US

Army Corps of Engineers and the Virginia Department of Environmental Quality have been suspended pending the resolution of issues due to the abandonment of the project by the developer and the bankruptcy of Premier Properties USA, Inc. Table III-1 below shows a listing of the necessary permits and approvals for the construction of the development, the approval status, the date of approval and the permitting agency, as reported by CIT on December 31, 2008.

Table III-1
Government Permits and Approvals

Permit/Approval	Approval Status	Date of Approval	Permitting Agency
Wetland Permit - Phase I	Approved	June 13, 2006	US Army Corps of Engineers
Wetland Permit - Phase I	Approved	July 26, 2006	Virginia Dept. of Environmental Quality
Special Use Permit - Phase I	Approved	December 20, 2005	York County Board of Supervisors
Special Use Permit - Phase II	Approved	September 18, 2007	York County Board of Supervisors
Wetland Permit - Phase II	Suspended	Suspended	US Army Corps of Engineers
Wetland Permit - Phase II	Suspended	Suspended	Virginia Dept. of Environmental Quality

C. STATUS OF THE PUBLIC IMPROVEMENTS

According to the Engineer's Report included in the Limited Offering Memorandum, the improvements to be financed through the authority include: (i) the design and construction of two signalized intersections, (ii) improvements to State Route 199, a limited access highway and major thoroughfare, (iii) a bridge spanning the ravine which divides the Phase I development and the Phase II development, and (iv) associated public utility infrastructure for the development of the project. A portion of costs of the public improvements is expected to be funded with the proceeds of the Series 2007 Bonds.

As of December 31, 2008, CIT reports that $18,949,880 had been expended for the construction of the public improvements, representing 78.3 percent of the amount to be funded with the Series 2007 Bonds. Table III-2 below shows the public improvements, the original budget, budget changes, the revised budget, and the amount spent by line item as reported by CIT as of December 31, 2008.

Table III-2
Public Improvement Budget

Public Improvement	Original Budget	Budget Changes	Revised Budget	Spent to Date	Percent Complete
Roadway Improvements					
Hard costs	$3,156,000	$0	$3,156,000	$2,185,684	69.3%
Soft costs	$393,000	$0	$393,000	$381,779	97.1%
On-site work					
BMP basins	$2,927,199	$0	$2,927,199	$2,927,199	100.0%
Storm drain system	$3,390,804	$0	$3,390,804	$3,390,804	100.0%
Waterlines	$2,103,421	$0	$2,103,421	$2,103,421	100.0%
Sanitary sewer	$2,071,826	$0	$2,071,826	$2,071,826	100.0%
Soft costs	$973,886	$0	$973,886	$973,886	100.0%
Internal Roads					
Marquis Parkway	$7,510,639	$0	$7,510,639	$4,113,608	54.8%
Soft costs	$455,053	$0	$455,053	$300,131	66.0%
Contingency	$1,224,466	$0	$1,224,466	$501,542	41.0%
Total	$24,206,294	$0	$24,206,294	$18,949,880	78.3%

As of December 31, 2008, CIT reports that, with the exception of the Marquis Parkway/Rt. 199 intersection, continuation of site and building construction is pending until the resolution of issues brought about due to the abandonment of the project by the developer and the bankruptcy of Premier Properties USA, Inc. CIT also reports that Marquis Parkway is approximately 80 percent complete from the existing Virginia Highway 199 to the proposed bridge crossing to the Phase II portion of the development. According to CIT, work on the new Marquis Parkway/Rt. 199 intersection continues and is scheduled to be completed in March 2009.

As of December 31, 2008, CIT reports that the main water supply has been extended to the site and the secondary distribution mains have been installed for Phase 1A and approximately one-third of Phase 1B. CIT also reports that the primary sewer line has been constructed to the site and the force main has been installed. The secondary mains have been installed for Phase 1A and have been approximately 95 percent installed for Phase 1B.

As of December 31, 2008, CIT reports that the main storm lines and three storm water retention ponds (BMPs) are installed for Phases 1A and 1B. According to CIT, the balance of work for Phases 1A and 1B to be completed includes the installation of secondary lines in Phase 1B and the large storm pond #2 behind the J.C. Penney building.

As of December 31, 2008, CIT reports that the site work for future Phase 1C is approximately 10 percent complete, and site work for Phase II has not begun.

As of December 31, 2008, CIT reports that there are sufficient funds available to complete the Marquis Parkway/Rt. 199 intersection; however, there are not sufficient funds to complete the balance of the public improvements as described herein. According to CIT, redevelopment of the project's budget and subsequent funding is pending until the resolution of issues brought about due to the abandonment of the project by the developer and the bankruptcy of Premier Properties USA, Inc.

D. STATUS OF DEVELOPMENT

As of December 31, 2008, CIT reports that the Phase 1A stores, Target and Best Buy, opened in the summer of 2008. CIT also reports that Target purchased the property on October 12, 2007, and owns the fee simple interest portion of the property. According to CIT, the Phase 1B stores, J.C Penney, Dick's Sporting Goods and Kohl's, are also open for business. Other Phase 1C stores are yet to be determined. Table III-3 below provides a list of stores currently leased, the leasing date, the proposed use, and the amount of square feet leased as reported by CIT as of December 31, 2008.

Table III-3
Status of Leasing

Tenant	Leasing Dates	Proposed Use	Square Feet Leased
J.C. Penney	October 16, 2006	Retail	103,780
Kohl's	October 24, 2006	Retail	89,911
Dick's Sporting Goods	January 30, 2007	Retail	45,000
Best Buy	September 26, 2006	Retail	30,000
Target	October 12, 2007	Retail	126,842
Total			**395,533**

E. STATUS OF FINANCING

According to the Limited Offering Memorandum, the developer had obtained project funding from CIT Lending Services Corporation ("CIT"), a Delaware corporation, pursuant to a Second Amended and

Restated Loan Agreement dated June 21, 2007, as amended on October 20, 2007 (the "Loan Agreement"). The loan agreement provided for a commercial acquisition, predevelopment and bridge construction loan to the developer in the maximum aggregate principal amount of $69,450,000. The maturity date of the loan agreement as extended was November 20, 2007. Interest due under the loan agreement was based on CIT's Prime Rate plus two to three hundred basis points. Pursuant to a letter agreement dated November 28, 2007, the developer and CIT had further amended the loan agreement to extend the maturity date of the loan to February 1, 2008.

According to the Limited Offering Memorandum, Marquis at Williamsburg Holding, LLC (the sole member of the developer) has obtained a mezzanine loan on behalf of the developer from the DCM Warehouse Series One, LLC, a Georgia limited liability company, in the amount of $24,000,000 in connection with the acquisition and development of the property that comprises the Marquis Development.

As of December 31, 2008, CIT reports that the developer defaulted on its loans, which were secured by the property, and was served formal written notice from CIT on February 4, 2008, and from DCM (Dominion Capital) on February 25, 2008. As a result of the exercise by CIT of its remedies under its loan documents, Marquis Williamsburg Holding, LLC took title to the property on January 14, 2009.

As of December 31, 2008, CIT reports that liens in the aggregate amount of $10,567,417 have been filed by 25 parties for unpaid materials and services on the project. Table III-4 below shows a listing of lien holders and amounts claimed as reported by CIT as of January 19, 2009.

Table III-4
Liens

Lender	Amount Owed
ADT Security Services, Inc.	$118,642
Advanced Fixtures, Inc.	$257,882
American Steel, Inc.	$68,021
Bayside Concrete, Inc.	$75,696
Behrends Mechanical	$32,090
Besam Entrance Solutions	$16,494
BJR Enterprises, LLC	$27,290
Brickcraft Masonry, Inc.	$116,124
Caligari Gerloff Painting	$32,548
Cathal Tuite t/a Bay Painting	$63,000
Cederquist Rodriguez Ripley	$176,510
CFW Contracting	$131,225
Chesapeake Drywall	$193,165
East Coast Sign Advertising	$63,015
Freeman & Associates, Inc.	$338,547
IES Commercial, Inc.	$117,958
Landform Engineering	$308,455
Massie Contractor	$4,569,489
Newsome Air Conditioning	$70,022
Pace Collaborative, PC	$276,058
Roof Services JGM Corporation	$30,847
RRMM Architects, PC	$2,360
RRMM Design Build, LLC	$3,233,149
Southeastern Interior System	$160,931
Williamsburg Environmental	$87,897
Total	**$10,567,417**

IV. *TRUSTEE ACCOUNTS*

The trustee for the Series 2007 Bonds is Wells Fargo Bank, N.A.. The initial deposits, interest paid, disbursements, additional proceeds, and account balances for each fund as of December 31, 2008, are shown by the following table.

Table IV-1
Trustee Accounts

	Initial Deposits	Interest Paid	Additional Proceeds	Disburse-ments	Balance 12/31/08
Reserve Fund	$3,286,000	$106,645	$0	$77,829	$3,314,816
Capitalized Interest Account	$2,824,806	$76,327	$77,829	$1,353,258	$1,625,704
Project Account	$26,206,294	$63,370	$0	$25,682,820	$586,844
Bond & Interest Account	$0	$0	$1,353,258	$1,353,258	$0
Administrative Expense Fund	$50,000	$729	$0	$27,310	$23,419
County Project Account	$2,000,000	$65,303	$67,500	$0	$2,132,803
South Pod Account	$4,000,000	$129,393	$0	$48,047	$4,081,346
Total	**$38,367,100**	**$441,766**	**$1,723,569**	**$28,767,504**	**$11,764,931**

- Additional proceeds to the Capitalized Interest Account represent transfers of investment income from the Reserve Fund in excess of the reserve requirement.
- Additional proceeds to the Bond and Interest Fund were transfers from the Capitalized Interest Account for the payment of debt service.
- Additional proceeds to the County Project Account represent a transfer from the Project Account for the costs of the public improvements.
- Disbursements from the Project Account were payments for the costs of the public improvements.
- Disbursements from the Administrative Expense Fund were for the payment of administrative expenses.
- Disbursements from the South Pod Account were for the payment of the public improvement costs for the Phase II portion of the development.

The majority of the bond proceeds are invested in the Virginia Snap Program earning interest at a variable rate. Proceeds not invested in the Snap Program are invested in a U.S. Treasury money market fund currently paying interest at 0.5 percent. Table IV-2 below shows the approximate rate of return on the investments as of December 31, 2008.

According to the Indenture of Trust, dated as of November 1, 2007, investment income on the Administrative Expense Fund will become part of such fund and be used for the purposes of the fund. Investment income on the Reserve Fund in excess of the reserve requirement will be transferred to the Capitalized Interest Account. Investment income in the Bond and Interest Fund will become part of the account and subaccount in which the investment is held. Investment income in the Project Account or the Capitalized Interest, County Account and South Pod Account will remain in the respective accounts and be used for the purposes of such account.

Table IV-2
Rate of Return

Account	Rate of Return
Reserve Fund	2.42%
Capitalized Interest Account	2.32%
Project Account	2.44%
Administrative Expense Fund	0.50%
County Project Account	2.41%
South Pod Account	2.42%

V. *AUTHORITY FINANCIAL INFORMATION*

The information provided in this section is provided to meet the requirements on the annual report as provided for in Section 2(ii) of the Continuing Disclosure Agreement. The items listed below are in the same format and order as the items required for the annual report as listed in the Continuing Disclosure Agreement.

All information in this section is provided as of December 31, 2008, unless otherwise stated.

A. SUMMARY OF ADMINISTRATIVE EXPENSES

Table VI-1 below shows the administrative expenses since the bonds were issued. Tax year 2008 includes expenses from January 1, 2008 to December 31, 2008.

Table V-1
Administrative Expenses per Year

Tax Year	Administrative Expenses
2008	$27,310

B. PRINCIPAL DISTRICT TAXPAYERS

Table V-2 below shows the district landowners responsible for more than five percent of the levy of special assessments, the amount of the levy of special assessments against such landowners and the percentage of such special assessments relative to the entire levy within the district. Special assessments have not been collected since the issuance of the Series 2007 Bonds.

Table V-2
2008 Principal District Taxpayers

Tax Map Number	Owner	Special Assessment	Percent
11-04-00-004	Marquis Williamsburg Holding, LLC	$717,217	1.3%
11-04-00-003	Marquis Williamsburg Holding, LLC	$54,043,225	98.7%
Total		**$54,760,441**	100.0%

C. CHANGES TO THE IDENTITY OF THE ADMINISTRATOR OR THE DEVELOPER

As of December 31, 2008, there has been no change in the identity of the administrator.

As of March 4, 2008, CIT Lending Services Corporation ("CIT") reports that the developer defaulted on its loans, which were secured by the property, and was served formal written notice from CIT on February 4, 2008 and DCM (Dominion Capital) on February 25, 2008. As a result of the exercise by CIT of its remedies under its loan documents, Marquis Williamsburg Holding, LLC took title to the property on January 14, 2009.

D. AMOUNT OF SPECIAL ASSESSMENT

Table V-3 below shows the amount of special assessments levied and the number of prepayments collected on each parcel within the district for the 2008 tax year. Special assessments have not been collected on the district since the issuance of the Series 2007 Bonds. In addition, there have been no special assessment prepayments during the 2008 tax year.

Table V-3
Special Assessments and Prepayments

Tax Map Number	Owner	Special Assessment	Prepayments
11-04-00-004	Marquis Williamsburg Holding, LLC	$717,217	0
11-04-00-003	Marquis Williamsburg Holding, LLC	$54,043,225	0
Total		**$54,760,441**	**0**

E. ASSESSED VALUATION

Table V-4 below shows the assessed value of the each parcel within the district subject to special assessments, as of July 1, 2009. According to the York County Real Estate Assessment Office, the July 1, 2009, assessed value of the district is $48,225,200. The base value of the district was $21,101,101. As a result, the aggregate assessed value of the property within the district has increased by $27,124,099.

Table V-4
Assessed Valuation

Tax Map Number	Owner	Assessed Value
11-04-00-004	Marquis Williamsburg Holding, LLC	$774,000
11-04-00-003	Marquis Williamsburg Holding, LLC	$47,451,200
Total		**$48,225,200**

F. SPECIAL ASSESSMENTS COLLECTED

Special assessments have not been collected since the issuance of the Series 2007 Bonds.

G. DELINQUENT SPECIAL ASSESSMENTS

There are no delinquent special assessments outstanding as of the date of this report. The delinquent special assessments do not amount to more than ten percent of the annual special taxes due in any year.

Table V-5
Delinquent Special Assessments

	Total
Six months delinquent	$0
One year delinquent	$0
Two years delinquent	$0
Total	**$0**

H. FORECLOSURE PROCEEDINGS

The special assessments subject to foreclosure proceedings are shown on Table V-6 below.

Table V-6
Special Taxes Subject
to Foreclosure Proceedings

	Total
Subject to foreclosure but not yet instituted	$0
Foreclosure instituted but not concluded	$0
Judgment obtained but not yet collected	$0
Judgment collected	$0
Total	**$0**

I. INCREMENTAL TAX REVENUES

As of December 31, 2008, tax increment revenues have not been collected on the property within the district. Debt service for the Series 2007 Bonds has been paid with Capitalized Interest. A detailed description of the annual revenue requirement has been provided in Section V, “District Operations,” of this report.

J. FUND BALANCES

The fund balances in all of the funds and accounts provided for in the Indenture of Trust is included in Table IV-1 of Section IV, “Trustee Accounts,” of this report.

K. BONDS OUTSTANDING

The bonds outstanding, as of December 31, 2008, are shown in the following table.

Table V-7
Bonds Outstanding
As of December 31, 2008

	Total
Term 2013 Bonds	$9,655,000
Term 2018 Bonds	$23,205,000
Total	**$32,860,000**

L. PRINCIPAL AND INTEREST PAID AND DUE ON THE BONDS

The principal and interest paid on the bonds in the bond year ending September 1, 2008 is shown on Table V-8 on the following page.

Table V-8
Interest and Principal Paid
Bond Year Ending September 1, 2008

	Series 2007 Bonds
Interest March 1, 2008	$454,415
Interest September 1, 2008	$898,843
Principal September 1, 2008	$0
Total	**$1,353,258**

The principal and interest due on the bonds in the bond year ending September 1, 2009 is shown on Table V-9.

Table V-9
Interest and Principal Due
Bond Year Ending September 1, 2009

	Series 2007 Bonds
Interest March 1, 2009	$898,843
Interest September 1, 2009	$898,843
Principal September 1, 2009	$0
Total	**$1,797,686**

M. CHANGES TO THE METHODOLOGY FOR LEVYING SPECIAL ASSESSMENTS

There have been no changes to the methodology for levying the special assessments in the district.

N. LAND USE AMENDMENTS OR LEGAL CHALLENGES

As of December 31, 2008, CIT reports that with the exception of two non-compliant temporary signs, there have been no significant amendments to land use amendments or legal challenges to the construction of the development.

O. MATERIAL CHANGES TO THE FACILITIES

As of March 4, 2008, CIT reports that, with the exception of the Marquis Parkway/Rt. 199 intersection, continuation of the site construction is pending resolution of issues brought about due to the abandonment of the project by the developer and the bankruptcy of Premier Properties USA, Inc. CIT also reports that Phases 1A and 1B of the project are nearly complete; however, that are not sufficient funds to finish these phases, the future Phase 1C and Phase II of the development. According to CIT, redevelopment of the project's budget and subsequent funding is pending.

A more detailed description of the status of construction of the public improvements and the development has been provided in Section III, "Development Activity," of this report.

P. AMENDMENTS TO THE DISCLOSURE AGREEMENT

There have been no changes to the Disclosure Agreement and no change in the financial statements of the authority.

VI. *SIGNIFICANT EVENTS*

A. DEVELOPER SIGNIFICANT EVENTS

Pursuant to the Continuing Disclosure Agreement, Developer significant events include the following:

(i) failure to pay any real property taxes or special assessments levied within the district on a parcel owned by the developer (or any affiliate);

(ii) material damage to or destruction of any development or improvements owned by the developer (or any affiliate) within the district;

(iii) material default by the developer (or any affiliate) on any loan with respect to the development or permanent financing of district development undertaken by the developer;

(iv) material default by the developer (or any affiliate) on any loan secured by property owned by the developer (or any affiliate) within the district;

(v) payment default by the developer (or any affiliate) on any loan in excess of $250,000 (whether or not such loan is secured by the property within the district);

(vi) the filing of the developer (or any owner of more than 25 percent interest in the developer) in bankruptcy or any determination that the developer (or any owner of more than 25 percent in the developer) 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 the developer (or any affiliate) which may adversely affect the completion of the district development or litigation which would materially adversely affect the financial conditions of the developer (or any affiliate); and

(viii) any changes in the ownership or legal structure of the developer.

The developer defaulted on its loans, which were secured by the property, and was served formal written notice from CIT Lending Services Corporation ("CIT") on February 4, 2008 and DCM (Dominion Capital) on February 25, 2008. As a result of the exercise by CIT of its remedies under its loan documents, Marquis Williamsburg RE Holding LLC took title of the property on January 14, 2009.

Other than the significant events outlined above and in the body of this report, CIT is not aware of the occurrence of any other significant event as of December 31, 2008.

B. LISTED EVENTS

Pursuant to the Continuing Disclosure Agreement, Authority listed events include the following:

(i.) principal and interest payment delinquencies;

(ii.) non-payment related defaults;

(iii.) unscheduled draws on debt service reserves reflecting financial difficulties;

(iv.) unscheduled draws on credit enhancements reflecting financial difficulties;

(v.) substitution of credit or liquidity provider, or their failure to perform;

(vi.) adverse tax opinions or events affecting the tax-exempt status of the bonds;

(vii.) modifications to rights of bondholders;

(viii.) bond calls;

(ix.) defeasances;

(x.) release, substitution, or sale of property securing repayment of the bonds;

(xi.) rating changes; and

(xii.) the failure of the authority on or before the date required by the disclosure agreement to provide annual financial information to the persons in the manner required by the disclosure agreement.

Other than the significant events described above and in the body of the report, the administrator is not aware of the occurrence of any other significant events as of the date of this report.