

**\$16,420,000**  
**NEW PORT COMMUNITY DEVELOPMENT AUTHORITY**  
**SPECIAL ASSESSMENT BONDS**  
**SERIES 2006**

**COMPANY'S CONTINUING DISCLOSURE STATEMENT**

Mr. Keenan Rice  
MuniCap Public Finance  
8340 Governor Ridgely Lane  
Ellicott City, MD 21043

In accordance with the Continuing Disclosure Agreement by and between Portsmouth Venture One, L.L.C. (the "Company") and MuniCap, Inc. (the "Administrator"), the Company hereby provides the following information as of March 31, 2007. All terms having initial capitalization and not defined herein shall have the meanings set forth in the Indenture of Trust dated May 1, 2006. To the best of the knowledge of the undersigned:

1. **Status of public improvements financed with the bonds:**

<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>
Site Preparation	\$353,835	0	\$353,835	\$22,713	6.4%
Pavement	\$5,227,400	0	\$5,227,400	\$847,364	16.2%
Concrete Entrance	\$187,500	0	\$187,500	\$ 6,000	3.2%
Water Main & Service	\$1,981,375	0	\$1,981,375	\$ 278,674	14.1%
Fire Hydrants	\$93,450	0	\$93,450	\$ 13,800	14.8%
Sanitary Sewer	\$4,633,143	0	\$4,633,143	\$ 1,427,579	30.8%
Street & Pedestrian Lighting	\$442,500	0	\$442,500	\$ 0	0.0%
Landscaping	\$954,050	0	\$954,050	\$62,787	6.6%
Street Signage	\$350,000	0	\$350,000	\$3,352	1.0%
Traffic Circle	\$458,000	0	\$458,000	\$ 0	0.0%
Maintenance of traffic	\$135,000	0	\$135,000	\$17,500	13.0%
Surveying & Engineering	\$1,726,902	0	\$1,726,902	\$488,400	28.3%
Contingency	\$1,654,316	0	\$1,654,316	\$ 0	0%
Sub-Total	\$18,197,471	0	\$18,197,471	\$3,168,169	17.4%
Less Private Contributions	\$6,004,437	0	\$6,004,437	-	-
<b>Total:</b>	<b>\$12,193,024</b>	<b>0</b>	<b>\$12,193,024</b>	<b>\$3,168,169</b>	<b>26.0%</b>

2. **Status of development and approvals:**

Infrastructure	Agency	Estimated time frame				
		Phase 1 A	Phase 1 B	Phase 1 C	Phase 2	Phase 3
		75 Lots	382 Lots	133 Lots	559 Lots	427 Lots
Earthwork, Demolition	City of Portsmouth	December 2004	June 2006	June 2008	January 2009	June 2011
Traffic Circle	City of Portsmouth	December 2004	June 2006	June 2008	January 2009	June 2011
Paving, Landscape, Misc. Site Improvements	City of Portsmouth	December 2004	June 2006	June 2008	January 2009	June 2011
Water Distribution System	City of Portsmouth	December 2004	June 2006	June 2008	January 2009	June 2011
Sewage Collection System	City of Portsmouth	December 2004	June 2006	June 2008	January 2009	June 2011
Plat	City of Portsmouth	June 2005	March 2007	December 2008	June 2009	December 2011
Group Housing Permit (GHP)	City of Portsmouth	Received	Received	Not required	January 2009	June 2011

3. **Status of Loans:**

a. Loans Secured by Property within the District:

Bank of America Acquisition & Development Loan:

- Balance at 3/31/07: \$14,226,128
- Amount drawn through 3/31/07: \$21,294,597
- Amount repaid through 3/31/07: \$7,068,469
- Interest rate: 1-month LIBOR plus 2.25% (7.57% at 3/31/07)

Bank of America Chesapeake Home Loan (as defined in the LOM):

- Balance at 3/31/07: \$2,366,473
- Amount drawn through 3/31/07: \$11,438,089
- Amount repaid through 3/31/07: \$9,071,616
- Interest rate: 1-month LIBOR plus 2.25% (7.57% at 3/31/07)

b. Amendments to any Loan:

There have been no amendments to any loan related to the financing of the project.

Chesapeake Home Loan (as defined in the LOM) was renewed in July 2006 (annual renewals) and the maximum borrowing capacity was increased from \$50,000,000 to \$70,000,000. This facility may be used to fund other homebuilding projects, as approved by the lender (Bank of America).

c. Event of Default on any Loan: The Company has not received formal written notice and is not aware of any default on any loan.

d. Liens: There exist no other liens for borrowed money secured by the property owned by the Company in the district.

4. **Status of sales and marketing:**

a. Land Sales:

<b>Landowner</b>	<b>Anticipated Use (Lot Type)</b>	<b>Anticipated Number of Homes to be Built</b>
Chesapeake Homes *	Single Family Homes	75
*Represents the purchase of Phase 1A developed lots for construction of single family homes. Refer to table in 4.b. below for status of home sales to third party homebuyers.		
<b>Total</b>		<b>75</b>

b. Lots Sold, Closed and Building Permits Issues:

<b>Phase and Unit Type</b>	<b>Number of Units</b>	<b>Number of Lots Sold to Homebuilder</b>	<b>Number of Lots Settled with Builders</b>	<b>Number of Building Permits obtained by Homebuilder</b>	<b>Number of Homes Sold</b>	<b>Number of Homes Settled with Homebuyers</b>
1A						
SFD 20-24 Foot	55	55	55	55	44	39
SFD 32 Foot	20	20	20	15	10	10
1B						
SFD 24 Foot	109					
SFD 32 Foot	89					
2 Story TH 24 Foot	84					
3 Story TH 16-20 Foot	100					
1C						
SFD 32 Foot	60					
SFD 42 Foot	32					
SFD 50 Foot	41					
2						
SFD 20-24 Foot	219					
SFD 32 Foot	60					
3 Story TH 16-20 Foot	178					
4 Story Stacked TH	102					
3						
3 Story TH 16-20 Foot	75					
4 Story Stacked TH	208					
3 Story Multi-family	144					
<b>Total</b>	<b>1,576</b>	<b>75</b>	<b>75</b>	<b>70</b>	<b>54</b>	<b>49</b>

**5. Changes in organization or ownership of the company:**

There have been no material changes to the organization or ownership of the Company (as described in the LOM).

**6. Legislative, administrative or judicial challenges:**

There have been no legislative, administrative, or judicial challenges to the construction of the 2006 bond facilities or the development within the district.

**7. Changes in the plan to develop:**

There have been no material changes in the plan to develop the 2006 Bond Facilities or the Development as provided in the LOM.

**8. Amendment or supplement to the Development/Acquisition Agreement:**

There have been no amendments or supplements to the Development/Acquisition Agreement.

**9. Notice of default under any sales agreement:**

The Company has not received or given any notice of default under any sales agreement between the Company and buyer of land within the district.

There have been no defaults between the Company and Chesapeake Homes. A *de minimis* number of contracts between Chesapeake Homes and third party homebuyers have been cancelled, but not due to any default on the part of the Company or Chesapeake Homes.

**10. The Company has not obtained actual knowledge of the occurrence of any Significant Events, as listed below.**

**Significant Events**

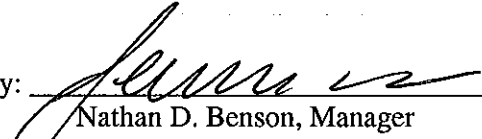
According to the Section 3 of the Agreement, Company Significant Events include the following:

- (i) failure to pay any real property taxes (including the special assessments) levied within the district on a parcel owned by the Company;
- (ii) material damage to or destruction of any improvements within the district;
- (iii) material default by the Company on any loan with respect to the construction or permanent financing of the development;
- (iv) material default by the Company thereof on any loan secured by property within the district owned by the Company;
- (v) the filing of the Company, any general partner of the Company or any owners of more than 25% interest in the Company in bankruptcy or any determination that the Company or any owner of an interest in the Company or a subsidiary of the Company is unable to pay its debts as they become due; and

- (vi) the filing of any lawsuit with claim for damages in excess of \$1,000,000 against the Company which may adversely affect the completion of the 2006 bond facilities or the development or litigation in excess of \$1,000,000 which would materially adversely affect the financial condition of the Company.

*[signature on following page]*

PORTSMOUTH VENTURE ONE, L.L.C.

By:   
Nathan D. Benson, Manager

Date: as of April 30, 2007