

\$25,000,000
ASSESSMENT REVENUE BONDS
SERIES 2004

VILLAGE AT SANDHILL
IMPROVEMENT DISTRICT
(RICHLAND COUNTY, SOUTH CAROLINA)

DEVELOPER'S CONTINUING DISCLOSURE STATEMENT

Statement #5

Attn: Keenan Rice
MuniCap, Inc.
8340 Governor Ridgley Lane
Ellicott City, MD 21043

In accordance with the "Continuing Disclosure Agreement" (the "Disclosure Agreement") by and between the undersigned, Village at Sandhill, LLC (the "Developer") and MuniCap, Inc. (the "Administrator"), dated as of March 1, 2004, the Developer hereby provides the following information as of December 31, 2005. All terms having initial capitalization and not defined herein shall have the meanings set forth in the Limited Offering Memorandum dated as of March 25, 2004. To the best of the knowledge of the undersigned:


- 1) Status of Construction and Completion of the Village at Sandhill Improvement District (*Funded through 12-31-2005*):

Public Improvement	Original Budget	Budget Changes	Revised Budget	Spent to Date	Percent Complete
Land acquisitions	\$7,922,000		\$7,922,000	\$7,782,500	98.24%
Grading, paving, and storm drainage	\$6,403,739		\$6,403,739	\$4,961,584	77.48%
Engineering and consultants	\$700,000		\$700,000	\$855,111	122.16%
Performance & payment bonds	\$161,540		\$161,540	\$128,237	79.38%
Water and sewer	\$2,187,873	-\$55,000	\$2,132,873	\$1,106,290	51.87%
Site lighting	\$1,917,305		\$1,917,305	\$1,541,644	80.41%
Contractor's overhead	\$725,000		\$725,000	\$729,169	100.58%
Contractor's fee	\$410,000		\$410,000	\$34,357	8.38%
Contractor's general conditions	\$690,000		\$690,000	\$95,775	13.88%
Landscaping	\$588,640		\$588,640	\$544,219	92.45%
Traffic signals	\$500,000		\$500,000	\$212,800	42.56%
CSX crossing	\$525,000		\$525,000	\$349,771	66.62%
Signage	\$259,881		\$259,881	\$683,311	262.93%
Miscellaneous	\$45,000	\$55,000	\$100,000	\$109,030	109.03%
Construction management	\$2,345,000		\$2,345,000	\$1,747,000	74.50%
Total Eligible Costs	\$25,380,978	\$0	\$25,380,978	\$20,880,799	82.27%
<i>Less Other Funds</i>	<i>(\$4,308,827)</i>		<i>(\$4,308,827)</i>	<i>(\$0)</i>	0%
Total Bond Funded Costs	\$21,072,151		\$21,072,151	\$20,880,799	99.09%

- 5) Status of Development:
 - a) The 2004 Project: There have been no material changes in the plan to develop the District as described in the Limited Offering Memorandum under the heading "THE 2004 PROJECT; 2004 PROJECT"
 - a) The Development: The current development update is attached as Exhibit A.
- 4) Zoning or Land use Entitlement Changes: There have been no changes to the zoning or land use entitlement or any other matter that would have a material adverse impact on land values, development potential or the likelihood of the timely payment of the Assessments.
- 5) Legislative, Administrative or Judicial Challenges: There have been no legislative, administrative, or judicial challenges to the construction of the 2004 Project or the development of the district.
- 6) Notice of Default: There has been no formal written notice of default under any construction loan that finances any portion of the 2004 Project.
- 7) Material changes to the Form of Ownership of the Developer: There have been no material changes in the form, organization or ownership of the developer or any affiliate of the developer who owns property in the district as described in the Limited Offering Memorandum under the heading "THE DEVELOPER."
- 4) Developer's Financial Report: A copy of the developer's six month financial statements for the period ending December 31, 2005 are attached under separate cover.

VILLAGE AT SANDHILL, LLC

By: Village at Sandhill, LLC

By:  _____

Title: *Vice President, Kohn Development Co, Inc*

Date: *2/14/06*

EXHIBIT A
DEVELOPMENT OVERVIEW

**EXHIBIT A
DEVELOPMENT OVERVIEW**

THEME	PRODUCT	SALE OR LEASE	ACRES	TOTAL EXPECTED SF/UNITS	STATUS (SF/UNITS)		LEASE TERM (YEARS)	RENTAL /SALES RATES (PSF)	ANTICIPATED DEVELOPMENT TIMELINE ¹
					LEASED	PENDING			
1: RETAIL									
The Forum									
Phase I	5 Retail "Big Boxes"	For Lease	18.5	171,100	166,300	-0-sf	5 to 10	\$8-32	Open Q4 2005
Phase II	3 Retail "Medium Boxes"	For Lease	16	92,741	80,741	-0-sf	5 to 10	\$9 - 20	Construction to start Q2 2006 and complete Q4 2006.
The Marketplace									
Phase I	Grocery Anchored Retail	For Lease	11	100,000	92,052sf	6,000sf	5 to 20	\$11-30	Construction complete
Phase II	Grocery Anchored Retail	For Lease	2.5	17,600	7,000 sf	-0- sf	5 to 10	\$18 - 22	Construction to start Q2 2006 and complete Q4 2006.
The Town Center									
Phase I	Retail and 16 Screen Theater ² (sold 12-2004)	For Lease	25	205,000	97,188 sf 65,787 sf	57,792 sf	5 to 10	\$15-45	Theater opened Q2 2005. Retail to open Q3 2005.
J C Penney	Department Store	Ground Lease	10	98,000			20	\$3.75	Completed and occupied – Opened 10/6/05
Phase II	Retail Shops	For Lease	5	14,690	Marketing in progress		TBD	TBD	Construction to start Q4 2005 and complete Q2 2006
Phase II	Apartment Units	For Lease		150 units	Marketing in progress		1 year	\$1.00 psf	Construction to start Q2 2006 and complete Q4 2006
Phase II	Belk Department Store & Retail Shops	For Lease	22	234,204	Marketing in progress		TBD	TBD	Construction to start Q2 2006 and complete Q4 2006.
Outparcel Sales									
Phase I	12 Freestanding Retail Pads	For Sale/For Lease	18	5,000-10,000	4 outparcels leased 1 pad sold	1 pads	5 to 20	\$16-20 psf of land	Opened Q2 2005
Phase II	Home Depot	For Sale	10.67	110,000	Sold - Q2 2005		NA	NA	Opened Q4 2005
Phase II	Hotel	For Sale	3	70,000	Discussions have started		TBD	TBD	TBD
2: OFFICE AND RESIDENTIAL									
Phase III	Residential	For Sale	60	1,000 units	Marketing has not commenced		TBD	TBD	TBD
Phase III	Office Buildings	For Sale	50	500,000	Marketing has not commenced		TBD	TBD	TBD

¹The development timeline for future phases is contingent upon the absorption of Phase 1 and is based upon the developer's best estimate.

²The ground for theater was sold December 2004.

Village at Sandhill Comparative Statement

Current Period December 1, 2005 to December 31, 2005			Year to Date January 1, 2005 to December 31, 2005			
Actual-2005	Budget-2005	Variance	Account	Actual-2005	Budget-2005	Variance
PROFIT AND LOSS STATEMENT						
INCOME						
RENTAL INCOME						
337,365.06	569,601.00	-232,235.94	BASE RENT	2,089,846.72	5,517,274.00	-3,427,427.28
0.00	8,000.00	-8,000.00	ADDITIONAL RENT	0.00	15,000.00	-15,000.00
41,979.65	2,131.00	39,848.65	PERCENTAGE RENT	122,065.54	28,000.00	94,065.54
0.00	0.00	0.00	LESS VACANCY	-29,225.00	0.00	-29,225.00
-3,972.83	2,704.00	-6,676.83	PROMOTIONAL	0.00	22,000.00	-22,000.00
375,371.88	582,436.00	-207,064.12	TOTAL RENTAL INCOME	2,182,687.26	5,582,274.00	-3,399,586.74
RECOVERY INCOME						
77,584.37	98,192.00	-20,607.63	CAM	352,060.38	958,801.00	-606,740.62
435.78	9,500.00	-9,064.22	MASTER DECLARATION COSTS	4,231.34	83,951.00	-79,719.66
1,773.33	1,900.00	-126.67	WATER	6,320.93	27,526.00	-21,205.07
0.00	0.00	0.00	SEWER	73.72	0.00	73.72
230.33	4,462.00	-4,231.67	ELECTRIC	4,657.85	34,787.00	-30,129.15
390.00	0.00	390.00	MISC. REPAIRS	0.00	0.00	0.00
9,619.26	0.00	9,619.26	ADVERTISING	24,186.44	0.00	24,186.44
195.00	0.00	195.00	INTERNET ACCESS CHARGES	945.62	0.00	945.62
19,842.01	30,468.00	-10,625.99	PROPERTY TAXES	144,076.51	350,186.00	-206,109.49
3,467.90	5,339.00	-1,871.10	INSURANCE	27,699.69	61,363.00	-33,663.31
300.00	8,117.00	-7,817.00	MISCELLANEOUS RECOVERY	8,539.00	97,217.00	-88,678.00
113,837.98	157,978.00	-44,140.02	TOTAL RECOVERY INCOME	572,791.48	1,613,831.00	-1,041,039.52
FEE INCOME						
-3.33	25.00	-28.33	LATE CHARGES	2,210.66	300.00	1,910.66
0.00	100.00	-100.00	LEGAL FEE	0.00	1,200.00	-1,200.00
0.00	0.00	0.00	MISCELLANEOUS FEE INCOME	31.00	0.00	31.00
-3.33	125.00	-128.33	TOTAL FEE INCOME	2,241.66	1,500.00	741.66
OTHER INCOME						
0.00	3,284.00	-3,284.00	MANAGEMENT FEES- COMMERCIAL	0.00	39,397.00	-39,397.00
0.00	0.00	0.00	INTEREST INCOME-CBA	10,347.53	0.00	10,347.53
242,556.86	0.00	242,556.86	INTEREST INCOME OTHER	249,077.73	0.00	249,077.73
554,933.30	0.00	554,933.30	GAIN ON SALE OF ASSETS	2,670,333.30	0.00	2,670,333.30
797,490.16	3,284.00	794,206.16	TOTAL OTHER INCOME	2,929,758.56	39,397.00	2,890,361.56
0.00	837.00	-837.00	BAD DEBT	0.00	10,000.00	-10,000.00
-29,561.61	3,672.00	-33,233.61	CHANGES IN ACCOUNTS RECEIVABLE	0.00	50,000.00	-50,000.00

Village at Sandhill Comparative Statement

Current Period December 1, 2005 to December 31, 2005			Year to Date January 1, 2005 to December 31, 2005			
Actual-2005	Budget-2005	Variance	Account	Actual-2005	Budget-2005	Variance
1,257,135.08	748,332.00	508,803.08	TOTAL INCOME	5,687,478.96	7,297,002.00	-1,609,523.04
OPERATING EXPENSE						
PAYROLL AND RELATED COSTS						
25,175.95	0.00	-25,175.95	MANAGEMENT	315,258.89	0.00	-315,258.89
6,355.87	1,800.00	-4,555.87	ASSISTANT MANAGEMENT	44,153.93	21,600.00	-22,553.93
0.00	4,085.00	4,085.00	ADMINISTRATIVE	0.00	49,020.00	49,020.00
117,238.01	0.00	-117,238.01	BONUSES	514,181.92	0.00	-514,181.92
3,815.74	0.00	-3,815.74	FICA/ MEDICARE TAXES	35,390.86	0.00	-35,390.86
33.82	0.00	-33.82	OTHER PAYROLL TAXES	1,255.60	0.00	-1,255.60
1,560.95	0.00	-1,560.95	WORKERS COMP. INS.	10,780.75	0.00	-10,780.75
1,811.09	0.00	-1,811.09	HEALTH/LIFE INSURANCE	14,019.88	0.00	-14,019.88
517.27	0.00	-517.27	401 (K) CONTRIBUTIONS	28,609.91	0.00	-28,609.91
0.00	0.00	0.00	UNIFORMS	0.00	2,500.00	2,500.00
460.97	1,412.00	951.03	PROCESSING FEES	3,515.08	16,944.00	13,428.92
0.00	1,378.00	1,378.00	OTHER PAYROLL EXPENSES	0.00	16,470.00	16,470.00
156,969.67	8,675.00	-148,294.67	TOTAL PAYROLL EXPENSES	967,166.82	106,534.00	-860,632.82
MAINTENANCE						
SITE MAINTENANCE						
0.00	524.00	524.00	SIGNAGE	0.00	6,200.00	6,200.00
24,795.00	9,220.00	-15,575.00	LANDSCAPING MAINTENANCE	195,862.50	104,100.00	-91,762.50
0.00	0.00	0.00	LANDSCAPING-MATERIALS	0.00	25,300.00	25,300.00
0.00	0.00	0.00	PAVING	0.00	1,000.00	1,000.00
0.00	1,425.00	1,425.00	PARKING LOT MAINTENANCE	2,127.85	20,100.00	17,972.15
0.00	700.00	700.00	PARKING LOT LIGHTING	0.00	6,300.00	6,300.00
125.00	0.00	-125.00	IRRIGATION SYSTEMS	3,910.00	0.00	-3,910.00
68.25	100.00	31.75	SITE MUSIC	204.75	1,200.00	995.25
518.61	337.00	-181.61	TOOL AND SUPPLIES	1,018.61	4,000.00	2,981.39
-97,334.33	1,875.00	99,209.33	MISCELLANEOUS COMMON AREA	20,183.24	19,500.00	-683.24
-71,827.47	14,181.00	86,008.47	TOTAL SITE MAINTENANCE	223,306.95	187,700.00	-35,606.95
EXTERIOR MAINTENANCE						
390.00	0.00	-390.00	PLUMBING MATERIALS	390.00	0.00	-390.00
-450.00	0.00	450.00	PLUMBING LABOR	240.00	1,125.00	885.00
0.00	0.00	0.00	ROOF LABOR	0.00	2,000.00	2,000.00
0.00	49.00	49.00	HVAC MATERIALS	91.81	500.00	408.19
0.00	0.00	0.00	HVAC LABOR	250.00	750.00	500.00

Village at Sandhill Comparative Statement

Current Period December 1, 2005 to December 31, 2005			Year to Date January 1, 2005 to December 31, 2005			
Actual-2005	Budget-2005	Variance	Account	Actual-2005	Budget-2005	Variance
0.00	0.00	0.00	GLASS AND WINDOWS	12,035.24	2,000.00	-10,035.24
0.00	50.00	50.00	DOORS	0.00	600.00	600.00
0.00	80.00	80.00	KEYS/LOCKS	1,904.77	960.00	-944.77
0.00	200.00	200.00	EXTERIOR PAINTING MATERIALS	0.00	2,400.00	2,400.00
0.00	175.00	175.00	EXTERIOR PAINTING- LABOR	0.00	2,100.00	2,100.00
0.00	375.00	375.00	MISCELLANEOUS EXTERIOR MAINTENANCE	2,605.56	9,200.00	6,594.44
-60.00	929.00	989.00	TOTAL EXTERIOR MAINTENANCE	17,517.38	21,635.00	4,117.62
			INTERIOR MAINTENANCE			
0.00	150.00	150.00	PLUMBING MATERIALS	170.90	1,800.00	1,629.10
0.00	100.00	100.00	PLUMBING LABOR	1,135.00	1,200.00	65.00
0.00	135.00	135.00	ELECTRICAL MATERIALS	0.00	1,620.00	1,620.00
0.00	25.00	25.00	ELECTRICAL LABOR	0.00	300.00	300.00
0.00	0.00	0.00	BATH ACCESSORIES	2,775.00	0.00	-2,775.00
0.00	0.00	0.00	WINDOW TREATMENTS	479.00	0.00	-479.00
0.00	0.00	0.00	INTERIOR PAINTING LABOR	1,853.00	0.00	-1,853.00
0.00	100.00	100.00	MISC. INTERIOR MAINTENANCE	0.00	1,200.00	1,200.00
0.00	510.00	510.00	TOTAL INTERIOR MAINTENANCE	6,412.90	6,120.00	-292.90
			GENERAL MAINTENANCE			
0.00	100.00	100.00	GASOLINE TRUCKS AND AUTOS	1,809.94	1,200.00	-609.94
14,224.73	6,147.00	-8,077.73	JANITORIAL CONTRACT	55,730.39	73,764.00	18,033.61
0.00	500.00	500.00	JANITORIAL SUPPLIES	0.00	6,000.00	6,000.00
3,477.53	3,658.00	180.47	PARKING LOT SWEEP	25,308.82	39,500.00	14,191.18
0.00	1,300.00	1,300.00	WINDOWS CLEANING	0.00	8,800.00	8,800.00
145.00	487.00	342.00	EXTERMINATING	530.00	7,300.00	6,770.00
0.00	0.00	0.00	SNOW REMOVAL	0.00	2,250.00	2,250.00
1,909.45	9,875.00	7,965.55	GARBAGE REMOVAL	9,648.89	118,500.00	108,851.11
19,756.71	22,067.00	2,310.29	TOTAL GENERAL MAINTENANCE	93,028.04	257,314.00	164,285.96
			UTILITIES			
11,683.72	9,434.00	-2,249.72	ELECTRICITY	72,113.94	108,600.00	36,486.06
13,897.54	4,972.00	-8,925.54	WATER	108,000.69	75,461.00	-32,539.69
25,581.26	14,406.00	-11,175.26	TOTAL UTILITIES	180,114.63	184,061.00	3,946.37
			SECURITY			
0.00	1,499.00	1,499.00	SPRINKLER MONITORING	0.00	17,900.00	17,900.00
1,325.87	272.00	-1,053.87	SMOKE DETECTION MONITORING	15,656.95	6,200.00	-9,456.95
7,176.29	500.00	-6,676.29	SECURITY VEHICLE	13,701.75	6,000.00	-7,701.75
18,870.73	16,050.00	-2,820.73	SECURITY CONTRACT	112,314.91	192,600.00	80,285.09

Village at Sandhill Comparative Statement

Current Period December 1, 2005 to December 31, 2005			Year to Date January 1, 2005 to December 31, 2005			
Actual-2005	Budget-2005	Variance	Account	Actual-2005	Budget-2005	Variance
-28,158.28	125.00	28,283.28	MISC. SECURITY	7,445.44	1,500.00	-5,945.44
-785.39	18,446.00	19,231.39	TOTAL SECURITY	149,119.05	224,200.00	75,080.95
			GENERAL AND ADMINISTRATIVE - CAM			
129,634.78	79,214.00	-50,420.78	TOTAL CAM	1,636,665.77	987,564.00	-649,101.77
			GENERAL MAINTENANCE - NON CAM			
			UTILITIES - NON CAM			
			GENERAL AND ADMINISTRATIVE			
			GENERAL			
1,759,211.42	22,462.00	-1,736,749.42	REAL ESTATE TAXES, PROPERTY	1,759,211.42	269,500.00	-1,489,711.42
-7,830.00	50.00	7,880.00	BUSINESS TAXES	376.20	600.00	223.80
18,413.28	1,049.00	-17,364.28	PROPERTY INSURANCE	27,083.28	24,500.00	-2,583.28
-334.76	400.00	734.76	ARCHITECTURAL/ DRAFTING	4,556.71	4,800.00	243.29
-53,592.38	0.00	53,592.38	SURVEY	8,684.37	0.00	-8,684.37
-149,822.47	25.00	149,847.47	CONSULTING SERVICE	157,669.55	300.00	-157,369.55
0.00	500.00	500.00	RENT EXPENSE	433.33	6,000.00	5,566.67
50,751.63	0.00	-50,751.63	LEASING COMMISSIONS-KDC	50,751.63	0.00	-50,751.63
-732,778.81	6,704.00	739,482.81	RE COMMISSIONS	0.00	90,000.00	90,000.00
4,545.11	10,848.00	6,302.89	SEASONAL DECOR	11,501.31	35,000.00	23,498.69
888,563.02	42,038.00	-846,525.02	TOTAL GENERAL	2,020,267.80	430,700.00	-1,589,567.80
			ADMINISTRATIVE			
0.00	125.00	125.00	ACCOUNTING- CONSULTANT	2,950.00	1,500.00	-1,450.00
-7,756.19	8,087.00	15,843.19	ADVERTISING AND PROMOTIONS	303,078.13	97,000.00	-206,078.13
-8,915.72	250.00	9,165.72	OFFICE SUPPLIES	7,485.62	3,000.00	-4,485.62
20.74	0.00	-20.74	OFFICE SUPPLIES- PAPER	48.83	0.00	-48.83
-9,384.42	0.00	9,384.42	OFFICE EQUIPMENT REPAIR	21,450.91	0.00	-21,450.91
0.00	100.00	100.00	AUTO REPAIR AND MAINTENANCE	0.00	1,200.00	1,200.00
-10.50	85.00	95.50	DELIVERY SERVICES	771.33	1,020.00	248.67
64.16	275.00	210.84	ENTERTAINMENT	5,265.32	3,300.00	-1,965.32
172.79	505.00	332.21	MOBILE TELEPHONE	1,903.68	8,165.00	6,261.32
736.04	200.00	-536.04	TELEPHONE	4,755.09	2,400.00	-2,355.09
0.00	849.00	849.00	TRAVEL	5,230.34	10,100.00	4,869.66
-4,390.70	299.00	4,689.70	POSTAGE	10,936.05	3,500.00	-7,436.05
-250,077.95	7,144.00	257,221.95	LEGAL	75,119.29	87,000.00	11,880.71
34,241.95	15,952.00	-18,289.95	MANAGEMENT FEES	89,607.20	191,325.00	101,717.80
400.00	0.00	-400.00	CHARITABLE DONATIONS	1,675.00	0.00	-1,675.00
0.00	50.00	50.00	DUES AND SUBSCRIPTIONS	384.45	600.00	215.55
8,734.88	0.00	-8,734.88	BANK CHARGES	17,828.86	0.00	-17,828.86
0.00	0.00	0.00	PURCHASE DISCOUNTS	-6.83	0.00	6.83

Village at Sandhill Comparative Statement

Current Period December 1, 2005 to December 31, 2005			Account	Year to Date January 1, 2005 to December 31, 2005		
Actual-2005	Budget-2005	Variance		Actual-2005	Budget-2005	Variance
3,003.54	125.00	-2,878.54	OTHER ADMINISTRATIVE	6,381.74	1,500.00	-4,881.74
-233,161.38	34,046.00	267,207.38	TOTAL ADMINISTRATIVE	554,865.01	411,610.00	-143,255.01
655,401.64	76,084.00	-579,317.64	TOTAL ADMINISTRATIVE AND GENERAL	2,575,132.81	842,310.00	-1,732,822.81
785,036.42	155,298.00	-629,738.42	TOTAL OPERATING EXPENSES	4,211,798.58	1,829,874.00	-2,381,924.58
472,098.66	593,034.00	-120,935.34	OPERATING INCOME PRIOR TO DEBT SERVICE	1,475,680.38	5,467,128.00	-3,991,447.62