

\$27,500,000

**TOWN OF TROPHY CLUB PUBLIC IMPROVEMENT DISTRICT NO. 1
SPECIAL ASSESSMENT REVENUE BONDS, SERIES 2007
(THE HIGHLANDS AT TROPY CLUB PROJECT)**

DEVELOPER'S CONTINUING DISCLOSURE STATEMENT

Attn: Keenan Rice
MuniCap, Inc.
1825 W. Walnut Hill Lane, Suite 120
Irving, TX 75038

In accordance with the "Continuing Disclosure Agreement" (the "Disclosure Agreement"), dated as of December 20, 2007, by and between (i) The Town of Trophy Club, Texas (the "Town") (ii) Centurion American Custom Homes, Inc. dba Centurion American Development Group (the "Developer"), and (iii) MuniCap, Inc. (the "Administrator"), the developer hereby provides the following information as of December 31, 2008. All terms having initial capitalization and not defined herein shall have the same meanings set forth in a Limited Offering Memorandum dated December 13, 2007. To the best of the knowledge of the undersigned:

The information provided herein is not intended to supplement the information provided in the Limited Offering Memorandum. 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 herein is indicative of information that may pertain since the end of the period covered by this report or in the future.

1) Completion of the Public Improvements

A) Public Improvements Budget:

Public Improvement	Original Budget	Budget Changes	Revised Budget	Spent to Date	Percent Complete
Northwest Parkway improvements, intersection improvements, and Trophy Club Drive improvements south of Northwest Parkway	\$3,046,144	\$0	\$3,046,144	\$2,133,344	70%
Trophy Club Drive improvements other than south of Northwest Parkway	\$3,854,484	\$1,150,036	\$5,004,520	\$4,971,921	100%
Water Distribution System (not including elevated water tank)	\$1,148,100	\$0	\$1,148,100	\$878,875	77%
Elevated Water Tank	\$960,000	\$27,150	\$987,150	\$27,150	3%
Wastewater collection system	\$796,050	\$0	\$796,050	\$796,050	100%
Trail System and open space	\$1,011,039	\$0	\$1,011,039	\$479,182	47%
Thoroughfare streetscape, median landscaping, sidewalks, irrigation and Irrigation well	\$1,916,746	\$0	\$1,916,746	\$501,228	26%
Screening walls and neighborhood entry features	\$700,000	\$0	\$700,000	\$192,000	27%
Northeast and Northwest parks	\$4,914,916	\$0	\$4,914,916	\$2,725,089	55%
Park drainage improvements	\$925,049	\$251	\$925,300	\$0	0%
Construction administration and management	\$50,000	(\$50,000)	\$0	\$0	100%
Contingency	\$1,127,437	(\$1,127,437)	\$0	\$0	100%
Total Bond-Funded Improvements	\$20,449,965	\$0	\$20,449,965	\$13,882,276	68%

B) Status of Construction of the Public Improvement:

(i) Status of Thoroughfare Improvements:

Northwest Parkway Improvements: Engineering plans are complete and approved. Bids will be advertised in January 2009 with a scheduled bid opening date of February 9, 2009. Construction will start after the contract is awarded and completion is scheduled for August 2009.

Trophy Club Drive Improvements (south of Northwest Parkway): The project is complete and Town accepted.

Trophy Club Drive Improvements (other than south of Northwest Parkway): The project is complete and Town accepted.

Trophy Club Park Drive Improvements: The project is complete and Town accepted.

Intersection Improvements: No activity at this time.

(ii) Status of Thoroughfare Landscaping and Irrigation Improvements:

Phase 1 of the irrigation and landscaping is complete. Phase 2 of the irrigation and landscaping is 60-70% complete and should be finished in February/March 2009.

(iii) Status of Water Distribution System:

Water Distribution System: The project is complete and Town acceptance is pending.

Elevated Water Tank: Engineering plans are complete and approved. Bids for this project will be advertised within the next six months.

(iv) Status of Wastewater Collection System Improvements:

The project is complete and Town accepted.

(v) Status of Trail System and Open Space Improvements:

Trail System Improvements: The plan is finalized and construction will start in February 2009.

Open Space Improvements: The plan is finalized and construction will start in February 2009.

(vi) Status of Screening Walls and Neighborhood Features:

Screening Walls: Screening walls are 75% complete and should be finished in February 2009.

Neighborhood Entry Features: The entry features are 90% complete and will be finished in February 2009.

(vii) Status of Public Parks and Park Drainage Improvements:

Northwest Park Improvements: Master Park Plan is currently under design. This plan will determine the scope and timing of the Improvements based on Town Decision Process.

Northeast Park Improvements: Master Park Plan is currently under design. This plan will determine the scope and timing of the Improvements based on Town Decision Process.

Park Drainage Improvements: Construction is underway and the project is 65% complete. The Improvements should be completed in December 2009.

2) Status of Financing

A) Loans Secured by Property within the District:

First National Bank Southwest - Development Loan (High Trophy Development, LLC)

- Loan Amount: \$41,250,000
- Amount drawn through 12/31/08: \$39,850,724.39
- Amount repaid through 12/31/08: \$4,343,222.42
- Balance at 12/31/08: \$35,507,501.97
- Interest rate: 5.50%

Colonial Bank Loan (BDMR Development, LLC)

- Loan Amount: \$31,352,000
- Amount drawn through 12/31/08: \$23,336,668.92
- Amount repaid through 12/31/08: \$14,936,668.92
- Balance at 12/31/08: \$8,400,000.00
- Interest rate: 3.12%

First Community Bank (BDMR Development, LLC)

- Loan Amount: \$2,090,000.00
- Amount drawn through 12/31/08: 0
- Amount repaid through 12/31/08: 0
- Balance at 12/31/08: \$2,090,000.00
- Interest rate: 4.25%

B) Event of Default on any Loan: The developer has not received formal written notice and is not aware of any default or passage of time on any loan.

C) Liens: There exist no other liens for borrowed money secured by the property owned by the developer in the district.

D) Availability of Funds to Complete the District Development: There are sufficient funds available to complete the development of the district for both bond financed and non-bond financed development undertaken by the developer or any affiliate as contemplated.

3) Government Permits and Approvals:

Permit/Approval	Approval Status	Actual/Projected Date of Approval	Permitting Agency
Zoning Permit	Approved	April 2, 2007	Town Council
Development and Public Improvement District Agreement	Approved	Dec 20, 2007	Town Council
Preliminary Plat for Neighborhood 8	Approved	Dec 20, 2007	Town Council
Final Plat and Construction Plan	Approved	Ongoing	Town Council
Subdividers Agreement Approval	Approved	Dec 20, 2007	Town Council
Wetland Impact Permits	Not App	Not Applicable	NA
Grading Permits	Approved	On Going	Town Council
State Highway Access Permit	NA	NA	NA
Building Permits	Approved	Ongoing	Town Council

4) Status of Lot and Home Sales and Closings

A) Developer's Absorption Estimates (Beginning 2008)

Neighborhood(s)	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Total Lots
1, 2, 5, 6, 7	120	120	120	120	120	120	120	93	933
3, 4	96	96	54	0	0	0	0	0	246
8	39	39	39	39	39	39	15	0	249
9	24	22	0	0	0	0	0	0	46
Total Lots	279	277	213	159	159	159	135	93	1,474

Neighborhood(s)	Projected Number of Lots Sold (As of December 31, 2008)	Actual Number of Units Lots Sold (As of December 31, 2008)
1, 2, 5, 6, 7	120	18
3, 4	96	38
8	39	0
9	24	8
Total Units	279	64

B) Status of Lot Sales and Closings with Builders:

Builder	Neighborhood	Planned Number of Lots	Lots Under Contract	Lots Settled	Average Sales Price
Lennar / Gallery Homes	1, 2, 5, 6, 7	670 ⁽¹⁾	670	10	\$67,000
Centex / Gallery Homes	1, 2, 5, 7	263 ⁽¹⁾	263		
KHOV/Standard Pacific	3,4	246	246	38	\$67,000
Drees	9	46	46	8	\$90,000
Not Contracted	8	249		0	0
First Texas Gallery Homes	2			8	\$81,250
Total		1,474	1,225	64	\$71,656

(1) Centex contracted with the developer to purchase 263 of the Original 932 Lennar Lots in Neighborhoods 1, 2, 5 and 7.

C) Status of Building Permits, Home Sales and Closings:

Neighborhood	Planned Number of Units	Number of Building Permits Issued	Number of Building Permits In-process	Number of Homes Sold	Number of Homes Closed
1	219	8	1	5	5
2	150	5	1	2	2
3	73	20	1	14	14
4	173	18	1	13	13
5	170				
6	171				
7	223				
8	249				
9	46	6	1	1	1
Total	1,474	57	5	35	35

5) **Material Changes in the Form, Organization or Controlling Ownership of the Developer:** There have been no material changes in the form, organization or controlling ownership of the developer as described on the Limited Offering Memorandum.

6) **Legislative, Administrative or Judicial Challenges:** There have been no legislative, administrative, or judicial challenges to the construction of the improvements projects within the district or the validity of the duly recorded plat or other public approvals for any section of the development of the developer within the district known to the developer.

7) **Amendments or Supplements to the Construction and Funding Agreement:** There have been no amendments or supplements to the existing construction and funding agreement dated as of December 10, 2007.

8) **Event of Default on Subdividers Agreement:** The developer has no knowledge of any default with respect to subdividers agreement

9) Other Comments:

None

10) Reporting of Significant Events: The developer has not obtained actual knowledge of the occurrence of any significant events attached hereto.

831 Trophy, LP

By: 831 Trophy, LP

By: 

Title: Crafft

Date: 02/05/09

Significant Events

- (i) failure to pay any real property taxes or assessments levied within the district on a parcel owned by the developer, an affiliate of other owner;
- (ii) material damage to or destruction of any development or improvements 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 or any affiliate;
- (iv) material default by the developer or any affiliate on any loan secured by property within the district owned by the developer or any affiliate;
- (v) payment default by the developer 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) payment default by the developer or any affiliate or any owner of more than 25% interest in the developer or any affiliate in bankruptcy or any determination that the developer or any affiliate or any owner of more than 25% in the developer or any affiliate is unable to pay its debts as they become due;
- (vii) the filing of any lawsuit with the 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 affiliate); and
- (viii) any change in the legal structure, chief executive officer or controlling ownership of the developer or any affiliate.