ANNUAL DEVELOPMENT ACTIVITY AND DISCLOSURE REPORT

For the Period Ending December 31, 2003

$6,222,000 Anne Arundel County, Maryland
Special Tax District Bonds
(Farmington Village Project)
Series 1998A

Prepared by:

MUNICAP

March 01, 2004

ANNUAL DEVELOPMENT ACTIVITY AND DISCLOSURE REPORT

For the Period Ending December 31, 2003

I. UPDATED INFORMATION

Information updated for the continuing disclosure report dated December 31, 2002 is as follows:

- Bond proceeds (and special tax prepayments in the amount of $111,300) disbursed for public improvements as of December 31, 2003 were $4,795,792, equal to 98% of the budget. There has been no change to the amount of disbursement from the previous reporting period as public improvement construction had already been completed. The county requested the closure of the acquisition account and account balances in the amount of $1491.97 were transferred to bond fund to pay debt service.

- As of December 31, 2003, the total accounts balance was $852,554.

- As of July 1 2003, the assessed value for all parcels within the District was $101,123,800.

- Special taxes were levied in the aggregate amount of $429,996.00 for the 2003-2004 fiscal year and are due in two equal installments of $214,998.00 on September 30 and December 31, 2003. As of February 14, 2004, the county reports that special taxes totaling $429,721.17 have been collected, representing 99.94% of the special taxes due for the first and second semi-annual installments. The county reports that $275.01 in special taxes are delinquent at this time.

II. INTRODUCTION

The Anne Arundel County Maryland Special Tax District Bonds (Farmington Village Project) Series 1998A bonds were issued pursuant to an Indenture of Trust by and between Anne Arundel County, Maryland and M&T Bank (formerly known as Allfirst Trust Company National Association), dated as of August 1, 1998 and a limited offering memorandum for the bonds dated October 19, 1998.

The Farmington Village Special Taxing District consists of approximately 163 acres of land in Anne Arundel County and is located in the northwest quadrant of Maryland Route 100 and Catherine Avenue. The property is accessible from its main entrance on Catherine Avenue and from Waterford Road, which borders Farmington Village. Route 100, a major thoroughfare in the county, provides access for commuters to locations north to Baltimore, Maryland and west to the employment corridor along Route 32 and the Baltimore-Washington International Airport.

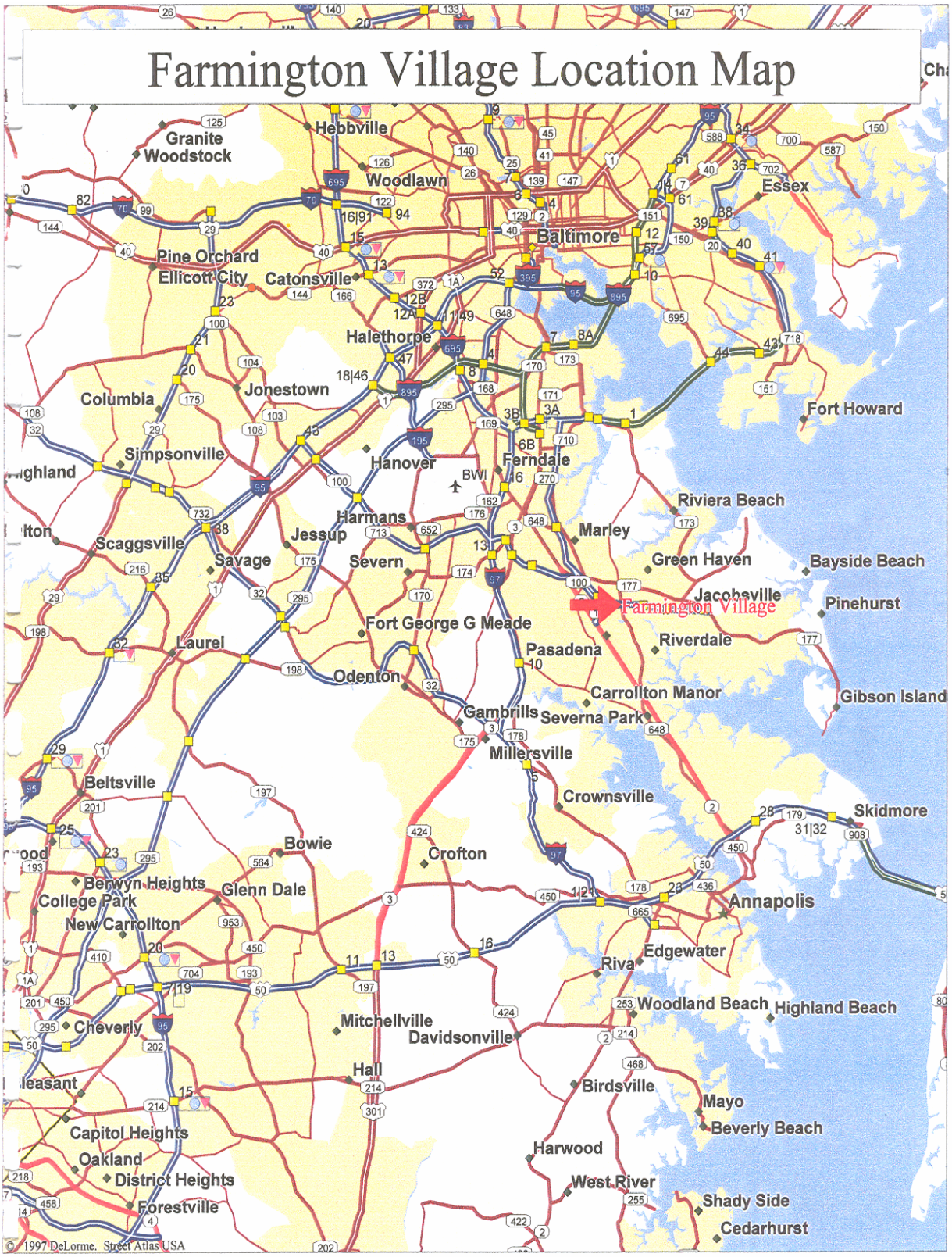
The property in the district was developed as a residential planned community which includes 448 residential units within five sections. The mix of units includes 256 detached single family homes and 192 town homes. The property these homes were built on is the taxable property in the district. The bonds are payable solely from special taxes levied on taxable property within the district. The developer reports that all of the lots were sold to final end users on the fourth quarter of 2002.

The initial owner of the property to be developed was the Farmington Village Limited Partnership. The sole general partner of the Farmington Village Limited Partnership is G.W. Koch Associates, Inc. The developer of the project was the Koch/Farmington Limited Partnership, an affiliate of the Farmington Village Limited Partnership.

Special tax bonds in the amount of $6,222,000 (Series 1998A) were sold in October 1998. Bond proceeds in the amount of $4,685,000 (including the proceeds of prepaid special taxes) were used to construct public improvements, consisting primarily of roads, storm drainage systems, and a sewer pumping station (this figure excludes interest earnings on fund balances, which will also be used to fund public improvements).

Continuing disclosure pursuant to Rule 15c2-12 of the Securities and Exchange Commission is not required for the Series 1998A bonds. However, the administrator has agreed to provide an annual report. This report is provided pursuant to this agreement. The annual development activity and disclosure report is being provided pursuant to continuing disclosure agreement between MuniCap, Anne Arundel County, and M&T Bank (formerly Allfirst Trust Company National Association). This report is not provided pursuant to Rule 15c2-12.

Farmington Village Location Map



III. DEVELOPMENT ACTIVITY

The property in the special taxing district was developed by Koch/Farmington Limited Partnership, an affiliate of the initial owner of the property, Farmington Village Limited Partnership, and G.W. Koch Associates, Inc. The project includes 448 homes (438 of which remain subject to the special tax), consisting of 192 town homes and 256 detached single-family homes (246 of which remain subject to the special tax). The single-family homes include 79 small lot homes and 177 large lot single family homes (77 and 169 of which remain subject to the special tax, respectively).

The project was developed in five sections. The site plan for the project is shown on the following page. The number and type of homes built in each section is shown by the following table:

Table III-1
Farmington Village
Land Uses

Section	Type of Unit	Units in Special Taxing District	Units Subject To Special Tax
I	Large lot SFD	56	48
II	Town homes	192	192
III	Large lot SFD	28	28
IV	Small lot SFD	71	69
V	Large lot SFD	101	101
Total		448	438

Homes were built in the project by Farmington Builders, an affiliate of the developer, Grayson Homes, NVR (Ryan Homes), and Ryland Homes. The homes built in each section by each builder is as follows:

Section I	Grayson	22
	Farmington Builders	18
	NVR	16
Section II	Grayson	107
	Ryland	85
Section III	Grayson	28
Section IV	NVR	71
Section V	Farmington Builders	101


CATHERINE AVENUE
MD. ROUTE 100
PAUL PITCHER MEMORIAL HIGHWAY
MOUNTAIN ROAD
FARMINGTON VILLAGE

A. SIGNIFICANT AMENDMENTS TO LAND USE ENTITLEMENTS

The administrator is not aware of any significant amendments to land use entitlements or legal challenges to the construction of the project.

B. CHANGES TO THE TYPES OF PUBLIC FACILITIES

According to the developer, there have been no changes to the types of facilities constructed from those stated in the Limited Offering Memorandum.

C. STATUS OF CONSTRUCTION

The developer reports that all public improvements have been completed.

D. STATUS OF SALES

The developer reports that all 448 homes have been sold to final end users.

E. STATUS OF FINANCING

(i.) Mercantile Construction Loan

The developer had a revolving land acquisition and development loan from Mercantile Mortgage Corporation and Mercantile Safe Deposit and Trust Company. The total proceeds that could be advanced under the loan were $17,762,827 ($16,124,783 once the bonds were issued), and the maximum outstanding balance at any time permitted by the loan was $7,000,000 ($6,000,000 once the bonds had been issued).

The acquisition and development loan from Mercantile-Safe Deposit and Trust Company in the amount of $15,076,923 was repaid on July 31, 2001, as result the current balance is zero.

(i.) Series 1998A Bonds

The following table shows the district proceeds by line item funded as of December 31, 2003:

Table III-2
Construction Proceeds
From Bond Issue

Description	Budget	Aggregate Disbursements 12/31/02	Aggregate Disbursements 12/31/03	Percent Complete
Section One				
Site preparation	$701,000	$701,000	$701,000	100%
Storm drains	$909,000	$909,000	$909,000	100%
Paving and curb	$737,700	$737,700	$737,700	100%
Pump station	$550,000	$550,000	$550,000	100%
Sub-total	$2,897,700	$2,897,700	$2,897,700	100%
Section Three				
Site preparation	$88,000	$88,000	$88,000	100%
Storm drains	$75,000	$75,000	$75,000	100%
Paving and curb	$66,000	$66,000	$66,000	100%
Sub-total	$229,000	$229,000	$229,000	100%
Section Four				
Site preparation	$95,000	$95,000	$95,000	100%
Storm drains	$151,300	$151,186	$151,186	100%
Paving and curbs	$200,000	$200,114	$200,114	100%
Sub-total	$446,300	$446,300	$446,300	100%
Section Five				
Site preparation	$383,000	$383,400	$383,400	100%
Storm drains	$355,000	$353,060	$353,060	100%
Paving and curbs	$374,000	$372,312	$372,312	100%
Sub-total	$1,112,000	$1,108,772	$1,108,772	100%
Engineering	$200,000	$114,020	$114,020	100%
Total	$4,885,000	$4,795,792	$4,795,792	98%

IV. TRUSTEE ACCOUNTS

The trustee for the Series 1998A bonds is M&T Bank (formerly Allfirst Trust Company). The balance at December 31, 2002, and subsequent interest paid, disbursements, special tax collections and additional proceeds, and account balances for each fund as of December 31, 2003, are shown by the following table:

Table IV-1
Account Balances

	12/31/02 Balance	Interest Paid	Additional Proceeds	Disbursements	12/31/03 Balance
Reserve fund	$666,667	$29,644	$0	$4,360	$691,951
Acquisition	$1,486	$6	$0	$1,492	$0
Administrative expense	$1,388	$70	$43,360	$13,059	$31,759
Bond fund	$5	$1	$430,275	$430,281	$0
Special tax fund	$176,308	$986	$419,332	$467,783	$128,884
Total	$845,854	$30,707	$892,967	$916,975	$852,554

The additional proceeds include special tax collections and the transfer of proceeds between accounts.

The interest paid through December 31, 2003 does not include interest accrued but not yet paid. The reserve fund is invested in guaranteed investment contract that pays interest semi-annually. Proceeds not invested in a guaranteed investment contract are invested in money market funds currently earning 0.38 to 0.39 percent. The table below shows the average rate of return on the investments in each fund or account.

Investment income on the administrative expenses fund will remain in the funds and be used for the purposes of such accounts. Investment income in the reserve fund will be used in the following order of priority: (i) restoration of the reserve fund, if the balance in the fund is at less than the reserve requirement, (ii) transfer to the acquisition account, unless it is closed, (iii) applied to the payment of debt service, and (iv) made available for the payment of administrative expenses. The county requested the closure of the acquisition account in August 2003 due to completion of construction. Funds remaining in the account were transferred to the bond fund for the payment of debt service.

Table IV-2
Average Investment Rate of Return

Account	Rate of Return
Bond fund	0.00%
Reserve fund	4.72%
Special tax fund	0.39%
Acquisition	0.00%
Administrative expense	0.38%

V. *DISTRICT OPERATIONS*

A. CHANGES TO THE "RATE AND METHOD OF APPORTIONMENT OF SPECIAL TAXES

There have been no changes to the Rate and Method of Apportionment of Special Taxes for the Farmington Village Special Taxing District.

B. ASSESSED VALUE

The assessed value for all parcels within the District as of July 1 2003 is shown:

Table V-1
Assessed Valuation
July 1, 2003

Land	Improvements	Total
$27,103,160	$73,020,640	$100,123,800

C. SPECIAL TAXES LEVIED IN 2004

According to the "Rate and Method of Apportionment of Special Taxes," for the Farmington Village Special Taxing District, special taxes are to be levied at 90% of the maximum special tax on each parcel of developed property (this percent may be reduced to 79%). For the 2003-2004 taxable year, special taxes are being levied on developed property at 82% of the maximum special tax rate. Developed property is a parcel for which a building permit has been issued as of April 1 of the prior fiscal year. For the 2003-2004 fiscal year, property will be classified as developed property based on its status as of April 1, 2003. As of April 1, 2003 all 438 parcels in the district have been classified as developed. The special tax on each parcel and special tax by section are given by the table below.

Table V-2
Developed Property
Special Tax 2003-2004

Section	No. of Units	Special Tax Per Unit	2003-2004 Special Taxes
I	40	$1,436.15	$57,446.00
I	8	$1,036.41	$8,291.28
II	192	$559.81	$107,483.52
III	28	$1,436.15	$40,212.20
IV	69	$1,036.41	$71,512.29
V	101	$1,436.15	$145,051.15
TOTAL	438		$429,996.44

The total of special taxes levied on developed property for the 2003-2004 fiscal year is $429,996.00. There is no undeveloped property within the district. As a result, special taxes will not be levied on undeveloped property.

Table V-3
Special Tax Requirement
Fiscal Year 2003-2004

Debt Service:	
Interest on December 1, 2003	$191,938
Interest on June 1, 2004	$191,938
Principal on June 1, 2004	$57,000
District administration	$22,660
Contingency	$19,784
Total district expenses	$483,319
Reserve fund investment income	($29,412)
Surplus from prior year	($23,907)
Special tax requirement	$430,000

D. DELINQUENT SPECIAL TAXES

Special taxes levied for 2002-2003 were required to be paid on September 30, 2002 and December 31, 2002. The county reports that $40.80 in special taxes for the 2002-2003 tax year were uncollected, representing partial payments on one parcel. This delinquent amount was added to the subsequent year's special tax bill and was collected along with the special taxes due on September 30, 2003 and December 31, 2003.

Special taxes were levied in the aggregate amount of $429,996.00 for the 2003-2004 fiscal year and were due in two equal installments of $214,998.00 on September 30 and December 31, 2003. As of February 13, 2003, the county reports that special taxes totaling $429,721.17 have been collected, representing 99.94% of the special taxes due for the first and second semi-annual installments. The county reports that $275.01 in fiscal year 2003-2004 special taxes are delinquent at this time.

E. COLLECTION EFFORTS

As mentioned above, $275.01 in special taxes remains uncollected for the 2003-2004 tax year for multiple parcels due to partial payments. According to the county, for parcels with a delinquent balance less than $100, the delinquent balance due is added to the subsequent year's special tax bill for collection.

VI. DISTRICT FINANCIAL INFORMATION

A. BONDS OUTSTANDING AND RESERVE FUND

The amount of bonds outstanding is currently $6,142,000. As of December 31, 2003, the balance in the reserve fund was $691,951. This includes the December 31, 2002 balance of $666,667 plus interest of $29,644, less disbursements of $4,360 on January 21, 2003 to the administrative expense fund. Future interest income will be transferred to the bond payments account to pay debt service in fiscal year 2003-2004.

B. PROPERTY BY OWNERSHIP AND CLASSIFICATION

The following table shows property in the district by ownership and classification (developed or undeveloped):

Table VI-1
Property By Ownership
And Classification

	Total Units	Developed	Undeveloped
Farmington Village Limited Partnership (and affiliates)	0	0	0
Grayson	0	0	0
NVR	0	0	0
Ryland	0	0	0
Individual home owners	438	438	0
Total	438	438	0

This table excludes the ten lots for which the special tax has been prepaid. Developed property is determined pursuant to the definition for levying special taxes: property for which a building permit has been issued. Building permits have been issued for all 438 units. The developer has reported all 448 homes sold with 448 settlements as of December 31, 2003.

C. SPECIAL TAXES PAID BY OWNER AND CLASSIFICATION

There is no taxpayer in the district that represents more than five percent of Special Taxes levy for the fiscal year 2003. The following table shows the special taxes to be paid by property owner and by class of property (developed or undeveloped) for the 2004 tax year, based on the status and ownership of property as of April 1, 2003:

Table VI-2
Special Taxes Paid
By Owner and Classification

	Developed	Undeveloped	Total	Percent
Farmington Village	$0	$0	$0	0%
Grayson	$0	$0	$0	0%
NVR	$0	$0	$0	0%
Ryland	$0	$0	$0	0%
Individual home owners	$430,000	$0	$430,000	100%
Total	$430,000	$0	$430,000	100%
	100%	0%	100%	

The total amount of special taxes that could be levied in 2003-2004 was $524,948.47, equal to 122.08% of debt service.

VII. SIGNIFICANT EVENTS

Significant events generally include the following:

(i) delinquency in payment when due of any principal or interest on the bonds;

(ii) occurrence of any default under the indenture;

(iii) amendment to the indenture modifying the rights of the Bondowners;

(iv) giving of notice of optional or unscheduled redemption of bonds;

(v) defeasance of bonds or any portion thereof;

(vi) any change in the rating, if any, on the bonds;

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

(viii) any unscheduled draws on the on any credit enhancement reflecting financial difficulties;

(ix) any change or substitution in the provider of any credit enhancement reflecting financial difficulties;

(x) the release, substitution or sale of property securing repayment of the bonds (including property leased, mortgaged or pledged as security); and

(xi) the continuing disclosure event notices provided to the administrator by the owner as particularly set forth in owner's continuing disclosure agreement so long as the owner owns property in the district.

The administrator has not received any notice in regards to the occurrence of any significant event.