

15,980,000
BELL CREEK
COMMUNITY DEVELOPMENT AUTHORITY
(HANOVER COUNTY, VIRGINIA) SPECIAL ASSESSMENT BONDS
SERIES 2003A and B

DEVELOPERS CONTINUING DISCLOSURE STATEMENT

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

In accordance with the AContinuing Disclosure Agreement (the Disclosure Agreement) by and between the undersigned, Hanover Group, Limited Liability Company (the Developer) and MuniCap, Inc. (the Administrator) dated as of January 15, 2003; the Developer hereby provides the following information as of March 17, 2008. All terms having initial capitalization and not defined herein shall have the meanings set forth in the Limited Offering Memorandum dated as of January 22, 2003. To the best of the knowledge of the undersigned:

1) Status of Construction and Completion of the Bell Creek CDA:

Public Improvement	Original Budget	Budget Percentage	Spent to Date	Percent Complete
Bell Creek Park				
Roads	\$2,797,610	40.9%	\$2,797,610	100%
Storm sewer	\$1,032,324	15.1%	\$1,032,324	100%
SWM Basin	\$290,000	4.2%	\$290,000	100%
On-site sanitary sewer	\$455,000	6.6%	\$455,000	100%
Academy Creek Trunk sewer	\$1,395,000	20.4%	\$1,395,000	100%
Water lines	\$260,541	3.8%	\$260,541	100%
Fiber optic & utility relocation	\$400,000	5.8%	\$400,000	100%
Wetland mitigation	\$195,000	2.8%	\$195,000	100%
Subtotal Bell Creek Park	\$6,825,995	100%	\$6,685,975	
Bluffs at Bell Creek (Section 1)				
Roads	\$831,718	37.8%	\$831,718	100%
Storm sewer	\$709,673	32.3%	\$709,673	100%
Sanitary sewer	\$462,411	21.0%	\$462,411	100%
Water lines	\$192,179	8.9%	\$192,179	80%
Subtotal Section 1	\$2,195,980	100%	\$2,195,981	

Bluffs at Bell Creek (Age Restricted)				
Roads	\$708,734	52.0%	\$531,550	100%
Storm sewer	\$137,025	10.0%	\$102,768	100%
Sanitary sewer	\$222,750	16.3%	\$167,062	100%
Water lines	\$103,140	9.5%	\$77,355	100%
Footbridge & other amenities	\$190,000	13.9%	\$95,000	100%
Subtotal Age Restricted	\$1,361,649	100%	\$897,735	
Engineering & permitting	\$1,750,000		\$1,312,500	100%
Total	\$12,740,305		\$11,092,191	

- 2) Status of Financing Development not funded with Bond Proceeds: At the time of bond issuance, the developer had obtained a revolving line of credit in an amount up to \$8.0 million from Union Bank & Trust Company for the acquisition and construction of the Bell Creek development and one or more letters of credit in the aggregate amount of \$3.5 million. The interest rate on the acquisition and construction line of credit is 5.00%. The current balance on the acquisition and construction line of credit is \$0.00. The current balance on the letter of credit is \$0.00. At the time of bond issuance, the developer had also obtained a \$4.0 million loan from Union Bank & Trust for the construction financing of single-family homes within Bell Creek residential. First Market Bank had also provided a loan commitment of a \$3.0 million revolving line of credit for the construction financing of single-family homes within Bell Creek residential. The current balance on the \$4.0 million loan from Union Bank & Trust is \$0.00. As of March 17, 2007, the developer had drawn \$0.00 from the \$3.0 million revolving line of credit from First Market Bank. There are no other deeds of trust or other similar encumbrances against the property owned by the developer within the CDA and no event of default on the development and acquisition loan has occurred.
- 3) Statement as to sufficient funds available to complete district development: The developer expects to have sufficient funds to complete construction of development within the district.
- 4) Legislative, Administrative or Judicial Challenges: The developer is not aware of any legislative, administrative, or judicial challenges to the construction or development of the CDA.
- 5) Status of Home Sales and Closings for the Residential Section:
 - a) Section 1 with a total of 99 lots: 92 homes have been sold to homeowners by Hanover Group. 3 lots and 1 lot have been sold to a builder and an individual, respectively. Hanover Group still owns 3 lots.
 - b) Section 2 with a total of 72 Condo Units: 70 condo units have been and sold to homeowners. Hanover Group still owns two units.

- c) Section 3 with a total of 195 lots: 86 homes have been sold to homeowners. 60 lots and 42 lots have been sold to two builders, respectively. Hanover Group still owns 2 units.
 - d) Section 4 with a total of 42 condo units was sold a builder.
 - e) Section 5 with a planned 155 lots is currently under contract for \$5.1 million. This lot is measures 26 acres and is undeveloped land.
- 6) Sales in the Retail and Commercial Section: There have been sales of parcels of land to other parties in the B-2 zoned retail section and the M-1 zoned commercial section. Approximately 11.5 acres of B-2 zoned property has been sold. Approximately 20.0 acres of M-1 zoned property has been sold. Additionally, there is an option/contract in place for 15 acres for \$1.5 million.
- 7) Status of Governmental Approvals: The developer reports that there have been approvals from Hanover County for the construction of roads, water, storm sewer, and sanitary sewer lines in the Phase II section of active adult housing, and land clearance of road ways, etc., in the Phase III section for an additional 195 single family residential lots.
- 8) The developer has not obtained actual knowledge of the occurrence of any Events, as described in Section 3c (page F-6) in the Agreement.

HANOVER GROUP, LIMITED LIABILITY
COMPANY

By: Hanover Group, L.L.C.
General Partner

By: Signature on file

Title: _____

Date: March 17, 2008