

\$25,000,000
CELEBRATE VIRGINIA SOUTH COMMUNITY DEVELOPMENT
AUTHORITY
(CITY OF FREDERICKSBURG, VIRGINIA)
SPECIAL ASSESSMENT REVENUE BONDS
(CELEBRATE VIRGINIA SOUTH PROJECT)
SERIES 2006

DEVELOPER'S CONTINUING DISCLOSURE STATEMENT

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

Fourth Quarter 2006

In accordance with the Continuing Disclosure Agreement by and between Celebrate Virginia South Community Development Authority (the "Authority"), Celebrate Virginia South L.L.C. (the "Landowner"), Celebrate Virginia Development Company L.L.C. (the "Developer") and MuniCap, Inc. (the "Administrator") dated June 1, 2006, the Developer hereby provides the following information as of December 31, 2006. All terms having initial capitalization and not defined herein shall have the meanings set forth in the Trust Indenture dated June 1, 2006. To the best of the knowledge of the undersigned:

1. Status of the Public Improvements Financed with the Bonds:

Public Improvement	Original Budget	Budget Change	Revised Budget	Spent to Date	Percent Complete
Soft Costs					
Legal	\$75,000	\$0	\$75,000	15,958	21.3%
Design & Engineering	\$700,000	\$50,000	\$750,000	\$729,503	97.3%
Construction Stakeout	\$320,000	\$0	\$320,000	\$144,760	45.2%
Geotechnical	\$330,000	\$0	\$330,000	\$104,613	31.7%
Permits & Bonds	\$190,000	\$0	\$190,000	\$41,334	21.8%
Environmental	\$95,000	\$0	\$95,000	\$12,708	13.4%
Historic Properties	\$40,000	\$27,839	\$67,839	\$59,839	88.2%
Utility Relocations	\$62,000	\$0	\$62,000	\$18,076	29.2%
Hard Construction Cost					
Hospitality Drive	\$850,000	\$0	\$850,000	\$805,567	94.8%
CDS Parkway – Phase IA	\$2,400,000	\$0	\$2,400,000	\$2,275,487	94.8%
CD Parkway – Phase IIA	1,000,000	\$0	\$1,000,000	\$974,488	97.4%
CDS Parkway - Phase IIB	\$3,900,000	\$0	\$3,900,000	\$3,663,280	93.9%
Sanitary Sewer	\$1,900,000	\$0	\$1,900,000	\$1,683,122	88.6%
CDS Parkway – Phase III	1,000,000	\$0	\$1,000,000	\$0.00	0.0%

Misc. Site Construction					
Signage	\$300,000	\$0	\$300,000	\$72,586	24.2%
Landscaping/Irrigation	\$850,000	\$0	\$850,000	\$555,648	65.4%
Stormwater/Biofilters	\$850,000	\$0	\$850,000	\$87,779	10.3%
Sewer Pump Stations	\$1,300,000	\$0	\$1,300,000	\$384,270	29.6%
Electric Service	\$700,000	\$0	\$700,000	\$503,842	72.0%
Street Lights	\$400,000	\$0	\$400,000	\$326,721	81.7%
Contingency	\$1,726,200	\$0	\$1,726,200	\$0.00	0.0%
Management Fee (3%)	569,646	\$0	\$569,646	\$373,649	65.6%
Other Costs	\$424,716	\$-77,839	\$346,877	\$126,476	36.5%
Sub-Total	\$19,982,562	\$0	\$19,982,562	\$12,959,708	64.9%

2. **Status of Residential Units:** * Residential development requires Conditional Use Permit approval by the City of Fredericksburg. The Developer is currently assessing the market demand for commercial and active adult residential units before proceeding with CUP application.

3. **Status of Commercial and Retail Development:**

Development Type				
	Construction Started	Construction Complete	Settlement	Occupancy
Commercial				
Ho, Jin & Claudette Kim	n/a	n/a	10/3/2003	n/a
Suk, Kew & Hyun Kyung Kim	n/a	n/a	10/7/2003	n/a
Buttram Portrait Studio (Willis Buttram, Jr.)	Jan-04	Jun-04	11/21/2003	Jun-04
Signature Investments (Friendly's Restaurant)	n/a	n/a	10/7/2005	n/a
Fredericksburg Area Board of Realtors	Sep-06	May-07 (est.)	12/30/2005	May-07 (est.)

Hotels				
Apple Six Hospitality (Hilton Garden Inn)	Mar-05	Oct-05	12/20/2005	Oct-05
CVA HS, LLC (Homewood Suites)	Jul-06	Aug-07 (est)	5/10/2006	Aug-07 (est)
Hampton Inn	Apr-06	Nov-07 (est)	Lease	Nov-07 (est)
Hyatt Place	n/a	n/a	n/a	n/a
Retail				
Fredericksburg Expo and Convention Center	Sep-05	Apr-06	8/18/2005	Apr-06

4. Status of Sales of Undeveloped Property:

Property Type	Size – sf/a	Proposed Development	Construction Commenced	Construction Completed
Entertainment District	18 acres	Entertainment - Lifestyle Complex	June 2007 (est.)	December 2008 (est.)
World Street *	60 acres	Indoor World Marketplace Condominium	July 2007 (est.)	March 2009 (est.)

*Estimated 28% of space committed.

5. Status of Leasing for Commercial and Retail:

a) Status of commercial and square footage leased (gla)

Property Type	Spaces leased (sf)	GLA
Entertainment District	0	0
Retail	0	0
Total:	0	0

b) Status of tenants leasing more than 50,000 gla

Tenant Name	GLA
n/a	0
Total:	0

6. **Special Assessments for Property owned by Landowners:** Special assessments have not been levied on taxable property within the CDA. As a result, there are no delinquent assessments for 2006.
7. **Trustee Funds and Account Balances and the Amount of Outstanding Bonds:**
 - a. The original balance, interest paid, additional proceeds, disbursements, and the account balances for each account funded as of December 31, 2006 are shown in the table below:

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Trustee Accounts and Balances

Fund	Initial Deposits	Interest Paid	Additional Proceeds	Disbursements	Balance as of 12/31/06
Reserve Fund	\$1,913,375	\$3,575	\$0	\$3,566	\$1,913,385
Cost of Issuance Fund	\$7,734,075	\$311	\$0	\$7,732,230	\$2,156
Construction Account	\$12,508,487	\$177,728	\$769,977	\$5,801,241	\$7,654,951
Capitalized Interest Account	\$2,439,063	\$37,361	\$0	\$303,819	\$2,172,604
Administrative Expense Fund	\$30,000	\$592	\$0	\$17,087	\$13,505
Bond Payments Account	\$0	\$0	\$303,819	\$303,819	\$0
Prepayments Account	\$0	\$0	\$0	\$0	\$0
Special Assessment Revenue Fund	\$0	\$0	\$0	\$0	\$0
Special Assessment Prepayment Account	\$0	\$0	\$0	\$0	\$0
Total	\$24,625,000	\$219,567	\$1,073,796	\$14,161,762	\$11,756,601

b. Bonds Outstanding Series 2006:

CUSIP Number	Term	Coupon Rate	Issue Amount	Outstanding Amount
	March 1, 2037	6.25	25,000,000	25,000,000

8. The developer has not obtained actual knowledge of the occurrence of any Significant Events, as listed below.

DEVELOPER SIGNIFICANT EVENTS

Significant events generally include the following:

- (i) failure to pay any real property taxes (including the special assessments) levied within the authority on a parcel owned by the land owners, the developer or any affiliate thereof;
- (ii) material damage to or destruction of any development or improvements within the authority;
- (iii) material default by the land owners, the developer or any affiliate thereof on any loan with respect to the construction or permanent financing of the development;
- (iv) material default by the land owners, the developer or any affiliate thereof on any loan secured by property within the district owned by the land owners, the developer or any affiliate thereof;

- (v) payment default by the land owners, the developer or any affiliate thereof on any loan to such party (whether or not such loan is secured by property with the district);
- (vi) the filing of the land owners, the developer or any affiliate thereof, any general partner of the land owners or the developer or any owners of more than 25% interest in the land owners or developer in bankruptcy or any determination that any of these entities or any related or affiliated entity is unable to pay its debts as they become due; and
- (vii) the filing of any lawsuit against the developer with claim for damage in excess of \$1,000,000 or which may adversely affect the completion of authority development or litigation in excess of \$1,000,000 which would materially adversely affect the financial conditions of the developer.

CELEBRATE VIRGINIA DEVELOPMENT
COMPANY, LLC

By: Celebrate Virginia Development
Company, LLC

By:  _____

Title: Member

Date: 3/27/2007