

\$7,620,000
CITY OF PORTAGE, INDIANA
SPECIAL IMPROVEMENT DISTRICT BONDS
SERIES 2005
(MARINA SHORES PROJECT)

DEVELOPER'S CONTINUING DISCLOSURE STATEMENT

Mr. Keenan Rice
MuniCap, Inc.
6760 Alexander Bell Drive, Ste 220
Columbia, MD 21046

In accordance with the Continuing Information Section of the Limited Offering Memorandum, dated November 1, 2005, the Developer hereby provides the following information as of June 30, 2009. All terms having initial capitalization and not defined herein shall have the meanings set forth in the Limited Offering Memorandum. To the best of the knowledge of the undersigned:

The information provided herein is not intended to supplement the information provided in the Private Placement 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 June 30, 2009, 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. Status of Public Improvements Financed with the Bonds:

| Public Improvement | Original Budget | Budget Changes | Revised Budget | Spent to Date | Percent Completed |
|-----------------------------|------------------------|-----------------------|-----------------------|----------------------|--------------------------|
| Land | \$240,876 | \$0 | \$240,876 | \$240,876 | 100% |
| Mobilization | \$12,534 | \$0 | \$12,534 | \$12,534 | 100% |
| Tree Clearing | \$7,546 | \$0 | \$7,546 | \$7,546 | 100% |
| Storm & sanitary sewers | \$1,378,165 | \$0 | \$1,378,165 | \$1,378,165 | 100% |
| Entry way excavation | \$13,200 | \$0 | \$13,200 | \$13,200 | 100% |
| Excavation | \$28,779 | \$0 | \$28,779 | \$28,779 | 100% |
| Architectural & engineering | \$39,766 | \$0 | \$39,766 | \$39,766 | 100% |
| Revetment at river | \$78,000 | \$0 | \$78,000 | \$78,000 | 100% |
| U.S. Rte 12 improvements | \$115,000 | \$0 | \$115,000 | \$115,000 | 100% |
| Landscaping | \$152,391 | \$0 | \$152,391 | \$152,391 | 100% |
| Curbs | \$58,231 | \$0 | \$58,231 | \$58,231 | 100% |
| Asphalt | \$164,517 | \$0 | \$164,517 | \$164,517 | 100% |
| Street Lighting | \$92,273 | \$0 | \$92,273 | \$92,273 | 100% |
| Entrance monument | \$60,000 | \$0 | \$60,000 | \$60,000 | 100% |
| Fencing | \$115,000 | \$0 | \$115,000 | \$115,000 | 100% |
| Pond/stream at harbor | \$65,000 | (\$65,000) | \$0 | \$0 | 0% |
| Marina | \$2,973,684 | \$65,000 | \$3,038,684 | \$3,038,684 | 100% |
| Construction Mgt. Fee | \$115,811 | \$0 | \$115,811 | \$115,811 | 100% |
| Contingency | \$69,149 | \$0 | \$69,149 | \$69,149 | 100% |
| Total: | \$5,779,922 | \$0 | \$5,779,922 | \$5,779,922 | 100% |

2. Status of Unit Construction and Sales

| Residential Unit Type | Unit Type | Total Units | Building Permits Issued | Units Constructed |
|------------------------------|-------------------|--------------------|--------------------------------|----------------------------------|
| Single Family Lots | Admiral Lots | 5 | 0 | 0 |
| | Estate Lots | 16 | 1 | 1 |
| | Cottage Home Lots | 40 | 5 | 5 |
| Condominiums | Harbor Pointe | 64 | 12 | 5 Complete; 3 Under Construction |
| | Bayshore | 128 | 16 | 8 |
| | Williamsport | 176 | 0 | 0 |
| Marina | Marina Slips | 302 | N/A | 260 |
| Other | Bulk Property | 0 | N/A | N/A |
| Total | | 731 | 34 | 282 |

3. Status of Homes Closed and Sales Prices:

| Unit Type | Number of Homes/Lots Sold | Number of Homes/Lots Closed | Range of Sales Price |
|-------------------|----------------------------------|------------------------------------|------------------------------|
| Admiral Lots | 0 | 0 | \$378,000 - \$399,000 |
| Estate Lots | 0 | 0 | \$169,000 - \$275,000 |
| Cottage Home Lots | 3 | 3 | \$115,500 - \$202,650 |
| Harbor Pointe | 4 | 4 | \$425,000 - \$499,900 |
| Bayshore | 3 | 3 | \$199,900 - \$389,900 |
| Williamsport | 0 | 0 | TBD |
| Marina Slips | N/A | N/A | N/A |
| Total | 10 | 10 | \$115,900 - \$499,900 |

4. Status of Bulk Property Sales:

| Description of Bulk Property Sold | Name of Bulk Property Buyer | Total Acres or Sections |
|--|------------------------------------|--------------------------------|
| N/A | N/A | N/A |

5. Pending Litigation that Adversely Affects the Developer’s Ability to Develop the District or Pay Special Assessments: The Developer received a “Complaint to Foreclose Mortgages and to Enforce Guaranties” from Wachovia Financial Services, Inc., filed February 17, 2009. The Developer endeavors to continue negotiations with Wachovia Financial Services to reach a work-out agreement.

6. Material Changes in the Structure or Ownership of the Developer: There have been no material changes to the structure or ownership of the developer.

7. Payment of Ad Valorem Taxes, Special Assessments or Government Charge: The general ad valorem property taxes due March 12, 2009 equal to \$35,010.45 were paid by the Developer on July 1, 2009. The fiscal year 2008 special assessments, billed by Porter County and received by the Developer on February 27, 2009, and due on March 12, 2009, remain unpaid. The fiscal year 2007 special assessments, billed by Porter County on December 12, 2007 and due on January 11, 2008, were paid by the developer on April 7, 2008. A portion of these assessments, equal to \$144,461.95, were transferred to replenish the Reserve Fund and fully fund the reserve requirement in April 2008.
8. Denial or Termination of Credit: There has been no denial or termination of credit, other than as detailed in No. 9 below.
9. Denial or Termination of, or Default under any Line of Credit or Loan: The Developer received a "Complaint to Foreclose Mortgages and to Enforce Guaranties" from Wachovia Financial Services, Inc., filed February 17, 2009. The Developer endeavors to continue negotiations with the current lender to reach a work-out agreement.
10. Bankruptcy: There has been no occurrence of any event of bankruptcy with respect to the developer, or any affiliate of the developer.
11. Significant Land Use Entitlement Amendments: There have been no significant amendments to land use entitlements that are likely to prevent or delay the development of the district.
12. Governmentally-Imposed Preconditions to Commencement or Continuation of Development: There are no previously undisclosed governmentally-imposed preconditions to commencement or continuation of development on the district that are likely to prevent or delay the development of the district.
13. Legislative, Administrative or Judicial Challenges: There are no previously undisclosed legislative, administrative, or judicial challenges to development of the district or the collection of special assessments.
14. Changes Affecting the Completion of Public Improvements: There are no changes of which the developer is aware, if material, in the alignment, design or likelihood of completion of significant public improvements affecting the district, including major thoroughfares, sewers, water conveyance systems and similar facilities.

DUNE HARBOR, LLC

By: Dune Harbor, LLC

By: Signature on file
Jeffrey W. Brant

Title: Manager

Date: August 24, 2009