

\$16,420,000
NEW PORT COMMUNITY DEVELOPMENT AUTHORITY
SPECIAL ASSESSMENT BONDS
SERIES 2006

COMPANY'S CONTINUING DISCLOSURE STATEMENT

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

In accordance with the Continuing Disclosure Agreement by and between Portsmouth Venture One, L.L.C. (the "Company") and MuniCap, Inc. (the "Administrator"), the Company hereby provides the following information as of June 30, 2008. All terms having initial capitalization and not defined herein shall have the meanings set forth in the Indenture of Trust dated May 1, 2006. To the best of the knowledge of the undersigned, as of June 30, 2008:

1. **Status of public improvements financed with the bonds:**

Public Improvement	Original Budget	Budget Change	Revised Budget	Spent to Date	Percent Complete
Site Preparation	\$353,835	0	\$353,835	\$353,835	100.0%
Pavement	\$5,227,400	0	\$5,227,400	\$2,660,893	50.9%
Concrete Entrance	\$187,500	0	\$187,500	\$ 6,000	3.2%
Water Main & Service	\$1,981,375	0	\$1,981,375	\$ 789,215	39.8%
Fire Hydrants	\$93,450	0	\$93,450	\$ 55,712	59.6%
Sanitary Sewer	\$4,633,143	0	\$4,633,143	\$ 4,633,143	100.0%
Street & Pedestrian Lighting	\$442,500	0	\$442,500	\$ 49,999	11.3%
Landscaping	\$954,050	0	\$954,050	\$840,935	88.1%
Street Signage	\$350,000	0	\$350,000	\$4,546	1.3%
Traffic Circle	\$458,000	0	\$458,000	\$ 0	0.0%
Maintenance of traffic	\$135,000	0	\$135,000	\$53,768	39.8%
Surveying & Engineering	\$1,726,902	0	\$1,726,902	\$1,269,690	73.5%
Contingency	\$1,654,316	0	\$1,654,316	\$ 0	0%
Sub-Total	\$18,197,471	0	\$18,197,471	\$10,717,736	58.9%
Less Private Contributions	(\$6,004,447)	0	(\$6,004,447)	-	-
Total:	\$12,193,024	0	\$12,193,024	\$10,717,736	87.9%

2. **Status of development and approvals:**

Infrastructure	Agency	Estimated time frame				
		Phase 1 A	Phase 1 B	Phase 1 C	Phase 2	Phase 3
		75 Lots	382 Lots	133 Lots	559 Lots	300 Lots *
Earthwork, Demolition	City of Portsmouth	Dec 2004	June 2006	Dec 2010	Dec 2010	Dec 2012
Traffic Circle	City of Portsmouth	Dec 2004	June 2008	Dec 2010	Dec 2010	Dec 2012
Paving, Landscape, Misc. Site Improvements	City of Portsmouth	Dec 2004	June 2006	Dec 2010	Dec 2010	Dec 2012
Water Distribution System	City of Portsmouth	Dec 2004	June 2006	Dec 2010	Dec 2010	Dec 2012
Sewage Collection System	City of Portsmouth	Dec 2004	June 2006	June 2010	Dec 2010	Dec 2012
Plat	City of Portsmouth	June 2005	March 2007	Dec 2010	Dec 2010	June 2013
Group Housing Permit (GHP)	City of Portsmouth	Received	Received	Not required	Dec 2010	Dec 2012

* See note in item 10 below.

3. **Status of Loans:**

a. Loans Secured by Property within the District:

Bank of America Acquisition & Development Loan:

- Balance at 6/30/08: \$13,580,566
- Amount drawn through 6/30/08: \$29,782,277
- Amount repaid through 6/30/08: \$16,201,711
- Interest rate: 1-month LIBOR plus 2.25% (4.96% at 6/30/08)

Bank of America Chesapeake Home Loan (as defined in the LOM):

- Balance at 6/30/08: \$5,503,969
- Amount drawn through 6/30/08: \$20,790,963
- Amount repaid through 6/30/08: \$15,286,994
- Interest rate: 1-month LIBOR plus 2.25% (4.96% at 6/30/08)

b. Amendments to any Loan:

There have been no amendments to any loan related to the financing of the project.

Chesapeake Home Loan (as defined in the LOM) was renewed in July 2007 (annual renewals) and the maximum borrowing capacity was maintained at \$70,000,000. This facility may be used to fund other homebuilding projects, as approved by the lender (Bank of America).

- c. Event of Default on any Loan: On June 15, 2008, the Company received notice from Bank of America, N.A. that the Bank of America Acquisition & Development Loan was in default for failure to make payments due thereon. Neither the Company nor Chesapeake Homes has received notice of the existence of any default on the payment of the Chesapeake Home Loan.
- d. Liens: There exist no other liens for borrowed money secured by the property owned by the Company in the district.

PLEASE NOTE: The following mechanic's liens have been filed covering property owned by the Company in the district:

Atlantic Coastal Clearing & Grading, Inc.	7/23/08	\$52,600.44
Basnight Land & Lawn, Inc.	7/30/08	\$29,073.89 (paid in full)
Bay Concrete Construction Company	7/24/08	\$44,639.57
Bay Concrete Construction Company	7/24/08	\$55,389.32
Kimley-Horn and Associates, Inc.	8/25/08	\$8,000.00 (paid in full)
Ocean Leisure Pools, Inc.	7/14/08	\$161,750.00 (paid in full)

The Company has been working with each of the service providers to reach an acceptable payment plan for payment of all amounts that are the subject of the liens. In addition, there have been partial payments to Atlantic Coastal and Bay Concrete in connection with the sale of homes during the months of July and August.

4. Status of sales and marketing:

a. Land Sales:

Landowner	Anticipated Use (Lot Type)	Anticipated Number of Homes to be Built
Chesapeake Homes *	Single Family Homes	75
Chesapeake Homes **	Single Family Homes	98
Total		173

* Represents the purchase of Phase 1A developed lots for construction of single family homes. Refer to table in 4.b. below for status of home sales to third party homebuyers.

** Represents the purchase of the first section of finished lots in Phase 1B. Refer to table in 4.b. below for status of home sales to third party homebuyers.

b. Lots Sold, Closed and Building Permits Issues:

Phase and Unit Type	Number of Units	Number of Lots Sold to Homebuilder	Number of Lots Settled with Builders	Number of Bldg Permits obtained by Homebuilder	Number of Homes Sold	Number of Homes Settled with Homebuyers
PHASE 1A						
SFD 20-24 Foot	55	55	55	55	55	55
SFD 32 Foot	20	20	20	19	19	18
PHASE 1B						
SFD 24 Foot	109	22	22	6	0	0
SFD 32 Foot	89	12	12	1	1	0
2 Story TH 24 Foot	84	0	0	0	0	0
3 Story TH 16-20 Foot	100	64	64	48	33	25
PHASE 1C						
SFD 32 Foot	60					
SFD 42 Foot	32					
SFD 50 Foot	41					
PHASE 2						
SFD 20-24 Foot	219					
SFD 32 Foot	60					
3 Story TH 16-20 Foot	178					
4 Story Stacked TH	102					
PHASE 3 *						
3 Story Multi-family Building Square Feet (in thousands)	300 100					
Total	1,549	173	173	129	108	98

* See note in item 10 below.

5. **Changes in organization or ownership of the company:**

There have been no material changes to the organization or ownership of the Company (as described in the LOM).

6. **Legislative, administrative or judicial challenges:**

There have been no legislative, administrative, or judicial challenges to the construction of the 2006 bond facilities or the development within the district.

7. Changes in the plan to develop:

There have been no material changes in the plan to develop the 2006 Bond Facilities or the Development as provided in the LOM.

8. Amendment or supplement to the Development/Acquisition Agreement:

There have been no amendments or supplements to the Development/Acquisition Agreement.

9. Notice of default under any sales agreement:

The Company has not received or given any notice of default under any sales agreement between the Company and buyer of land within the district (see note below).

There have been no defaults between the Company and Chesapeake Homes. A *de minimis* number of contracts between Chesapeake Homes and third party homebuyers have been cancelled, but not due to any default on the part of the Company or Chesapeake Homes.

10. Other disclosure item(s):

In January 2008, the Company applied for a re-zoning of the land in Phase 3 of the development. The current zoning allows for 427 single family attached and multi-family residential dwelling units. The proposed re-zoning would allow for 100,000 square feet of commercial space and 300 multi-family residential dwelling units. The Company re-submitted its application for re-zoning to the Planning Department of the City of Portsmouth in March 2008. After several deferrals of the Planning Commission's hearing of the matter, the Planning Commission heard the Company's request on June 3, 2008, but deferred its vote on the matter until its July meeting to give the Company and City staff an opportunity to agree on acceptable elevations for the proposed grocery store and proposed apartments.

In July, the Company asked for a 3-month deferral. The matter is now scheduled to be heard by the Planning Commission on November 4, 2008.

In connection with the possible re-zoning, the board of the New Port Community Development Authority approved an amendment to the Rate and Method of Apportionment of the assessments related to its Series 2006 Special Assessment Bonds. The information in table 4.b. of this report is presented based on the proposed re-zoning.

11. The Company has not obtained actual knowledge of the occurrence of any Significant Events, as listed below, except as disclosed below.

Significant Events

According to the Section 3 of the Agreement, Company Significant Events include the following:

- (i) failure to pay any real property taxes (including the special assessments) levied within the district on a parcel owned by the Company;

PLEASE NOTE: The Company has received notice from the City of Portsmouth that it has failed to pay real estate taxes assessed against 23 lots located in the development for the period from April 1, 2008 through June 30, 2008 (4th quarter of 2007) which were due on June 30, 2008, in an aggregate amount of \$1,680.81.

- (ii) material damage to or destruction of any improvements within the district;
- (iii) material default by the Company on any loan with respect to the construction or permanent financing of the development;

PLEASE NOTE: On June 15, 2008, the Company received notice from Bank of America, N.A. that the Bank of America Acquisition & Development Loan was in default for failure to make payments due thereon. Prior to that notice, and since the notice was received, the Bank and the Company have been diligently working to restructure the Acquisition and Development loan to cure the existing defaults and to agree to a restructuring of the Acquisition and Development Loan that will provide necessary and adequate funding to complete the development of the current phase of the project.

- (iv) material default by the Company thereof on any loan secured by property within the district owned by the Company;

PLEASE NOTE: On June 15, 2008, the Company received notice from Bank of America, N.A. that the Bank of America Acquisition & Development Loan was in default for failure to make payments due thereon. Prior to that notice, and since the notice was received, the Bank and the Company have been diligently working to restructure the Acquisition and Development loan to cure the existing defaults and to agree to a restructuring of the Acquisition and Development Loan that will provide necessary and adequate funding to complete the development of the current phase of the project.

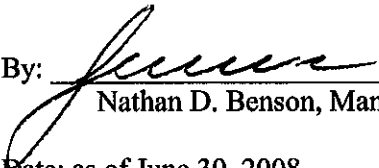
- (v) the filing of the Company, any general partner of the Company or any owners of more than 25% interest in the Company in bankruptcy or any determination that the Company or any owner of an interest in the Company or a subsidiary of the Company is unable to pay its debts as they become due; and

PLEASE NOTE: The Company is owned by Art B. Sandler (50%) and Steve B. Sandler (50%). The Sandlers individually personally guaranty the obligations of the Company as well as the obligations of the numerous entities comprising the Sandler real estate development enterprise. Neither the Company nor the owners have filed bankruptcy. Due to adverse economic, market and financial conditions, there has been a material adverse change in the financial condition of the Company and its owners such that the owners of the Company are unable to pay their debts as they become due (though there has been no formal determination thereof). The Company, its Owners and the other entities comprising the Sandler real estate development enterprise have recently been engaged in comprehensive discussions regarding a restructuring of the real estate development obligations, and the entities have requested that its lenders continue to fund the projects on an on-going basis. The Company and its owner,s with respect to the project, are negotiating deferred payment plans for those vendors who have not been

timely paid, and have put into place joint payment arrangements for CDA funds to ensure the bondholders that the vendors providing materials and services for the Public Improvements are timely paid.

- (vi) the filing of any lawsuit with claim for damages in excess of \$1,000,000 against the Company which may adversely affect the completion of the 2006 bond facilities or the development or litigation in excess of \$1,000,000 which would materially adversely affect the financial condition of the Company.

PORTSMOUTH VENTURE ONE, L.L.C.

By:  _____
Nathan D. Benson, Manager

Date: as of June 30, 2008