

**RUSSELL 150 COMMUNITY DEVELOPMENT AUTHORITY  
(VIRGINIA)**

**\$5,470,000 Special Assessment Bonds, Series 2007A  
\$15,685,000 Special Assessment Bonds, Series 2007B**

**DEVELOPER'S CONTINUING DISCLOSURE STATEMENT**

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

In accordance with the "Continuing Disclosure Agreement" (the "Disclosure Agreement") dated as of May 1, 2007 by and between the undersigned, (i) Russell 150 Community Development Authority (the "Authority"), (ii) Russell 150 LC (the "Developer") and (iii) MuniCap, Inc. (the "Administrator"), the Developer hereby provides the following information as of March 31, 2009. All terms having initial capitalization and not defined herein shall have the meanings set forth in a Private Placement Memorandum dated July 16, 2007. To the best of the knowledge of the undersigned:

The information provided herein is not intended to supplement the information provided in the Limited Offering 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 March 31, 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 Development and Completion of the Public Improvements:**

Please see attached Exhibit.

**2) Status of Development**

**A) Status of road improvements**

Received a land disturbance permit and began road and utility construction. Some minor changes are being processed to the wetland permit to accommodate field issues.

**B) Status of water infrastructure:**

The General Contractor's 03/31/09 AIA estimates that the water infrastructure is 55% complete.

**C) Status of sanitary sewer infrastructure:**

The General Contractor's 03/31/09 AIA estimates that the sanitary sewer is 24% complete.

**D) Status of storm water management systems:**

The General Contractor's 03/31/09 AIA estimates that the storm sewer is 24% complete.

**E) Status of streetscape, landscape, irrigation, recreation and other infrastructure and private utilities developments:**

Final engineering is ongoing.

**F) Status of Building Permits:**

Type of Development	Planned Number of Units	Building Permits Issued
<b>Residential Development</b>		
Town homes	294	0
<b>Commercial Development</b>	96.3 acres	

**3) Status of Financing**

**A. Loans Secured by Property within the District:**

**S. F. C., LLC (Private Lender) Loan:**

- Purpose of Loan: Development Loan
- Loan Amount: \$21,350,458.00
- Amount drawn through 03/31/09: \$16,588,930.71
- Amount repaid through 03/31/09: \$ 0.00
- Balance at 03/31/09: \$16,588,930.71
- Interest rate: 12%

**B. Event of Default on any Loan:** The developer has not received formal written notice and is not aware of any default on any loan.

**C. Liens:** There exist no other liens for borrowed money secured by the property owned by the Developer in the district other than described below.

We have not been funded any monies from the CDA since Requisition # 3 (the Sept/October expenses) except for payments in July 2008 to the General Contractor and the insurance company that were included in Requisition # 5. At this time, Requisition #4, which was sent to MMA Realty Capital, LLC in early February, has not been returned to us so that we can forward to the Chairman of the Board for his approval. In addition, Requisitions # 5, 6, 7, 8, and 9 have not been returned to obtain Chairman approval. Subsequently, we have several liens that have been placed on the property. Once these invoices are funded, we will process the payments to have the liens removed.

**D. Availability of Funds to Complete the District Development under Construction:** There are sufficient bond financed and non-bond financed funds available to complete the district development under construction.

**4) Government Permits and Approvals:**

Permit/Approval	Status	Projected Date of Approval	Permitting Agency
Zoning permits	Approved		Frederick County
Land disturbance permit for roads and underground utilities	Approved		Frederick County
Erosion and sediment control plan	Approved		Frederick County

**5) Status of Lot/Parcel Sales and Closings:**

**A) Status of Lot/Parcel Sales and Closings:**

**(i) Commercial Development**

Buyer	Acres	Lots/Parcel Sold	Lots/Parcel Settled
Regency Realty Group, Inc. (Contract 9/14/05)	94.18	Contract	0
First Bank (Contract 7/9/07)	1.0	Contract	0
<b>Total</b>	<b>95.18</b>		<b>0</b>

The contracts with Regency Realty Group, Inc. and First Bank are expected to close approximately November 2009.

**(ii) Residential Development**

Buyer	Planned Number of Units	Lots/Parcel Sold	Lots/Parcel Settled
Beazer Homes, Corp (Contract 10/28/04)	294	Contract	0
<b>Total</b>	<b>294</b>		<b>0</b>

The contract for the sale of 294 lots to Beazer Homes, Corp is expected to have several closings occurring from November 2009 through March 2016.

**6) Material Changes in the Form, Organization or Ownership of the Developer:** There have been no material changes in the form, organization or ownership of the Developer as described in the Private Placement Memorandum

**7) Legislative, Administrative or Judicial Challenges:** There have been no legislative, administrative, or judicial challenges to the construction of the improvements or development within the district.

**8) Amendments or Supplements to the Development/Acquisition Agreement:** There have been no amendments or supplements to the Development/Acquisition Agreement.

**9) Other Comments:**

Builder wishes (at their expense and at no loss of lots) to construct a clubhouse in the residential portion of the property.

**10) Reporting of Significant Events:** The developer has not obtained actual knowledge of the occurrence of any significant events attached hereto.

The major bondholder, MMA Realty Capital, LLC, has not approved payment of our requisition requests 4, 5, 6, 7, 8, and 9 (November 2007 thru present) with the exception of a direct wire of \$230,091.81 on July 8, 2008 to our site contractor, Perry Engineering Co., Inc. and a direct wire of \$41,600.00 on July 8, 2008 to Insurance Center of Winchester, Inc. for the bridge construction insurance. As a result of the nonpayment of our requisition requests, our site contractor and vendors have pulled off the job and all work has stopped. Additionally, Greenway Engineering, Inc. and Perry Engineering Co., Inc have filed mechanics liens.

RUSSEL 150 LC

By: Russell 150 LC

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

### **Significant Events**

- (i) **failure to pay any real property taxes of special assessments levied within the district on a parcel owned by the developer;**
- (ii) **material damage to or destruction of any development or improvements within the district;**
- (iii) **material default by the developer or any affiliate on any loan with respect to the development or permanent financing of district development undertaken by the developer;**
- (iv) **material default by the developer or any affiliate on any loan secured by property within the district owned by the developer or any affiliate;**
- (v) **payment default by the developer on any loan to such developer or by any affiliate on any loan to such affiliate (whether or not such loan is secured by the property with the district);**
- (vi) **the filing of the developer or any affiliate or any owner of more than 25% interest in the developer or any affiliate in bankruptcy or any determination that the developer or any affiliate or any owner of more than 25% in the developer or any affiliate is unable to pay its debts as they become due;**
- (vii) **the filing of any lawsuit with claim for damage, in excess of \$1,000,000 against the developer or any affiliate which may adversely affect the completion of the district development or litigation which would materially adversely affect the financial conditions of the developer or affiliate; and**
- (viii) **any change in the legal structure, chief executive officer or ownership of the developer.**

SOURCE	DESCRIPTION OF WORK	Original Summary Budget Schedule of Values	Developer's Req. 9 Total Completed	Developer's Req. 9 Total Balance to Finish
SFC	Land Loan	7,800,000.00	7,800,000.00	0.00
SFC	Non Reimbursable Soft Costs	838,271.00	838,271.00	0.00
SFC	Non Reimbursable Loan Upfront Fees	1,761,829.00	1,761,829.00	0.00
SFC	Non Reimbursable Loan Interest	3,370,306.00	3,370,306.00	0.00
	<b>Subtotal SFC</b>	<b>13,770,406.00</b>	<b>13,770,406.00</b>	<b>0.00</b>
	INFRASTRUCTURE - Residential			
CDA	Roads	1,439,521.00	0.00	1,439,521.00
CDA	Storm Sewer	311,160.00	0.00	311,160.00
CDA	Sanitary Sewer	170,230.00	0.00	170,230.00
CDA	Water Lines	667,100.00	0.00	667,100.00
CDA	Survey, Permits, Inspections & Tests	235,000.00	250,950.00	(15,950.00)
CDA	Engineering and Consulting	357,464.00	357,464.00	0.00
CDA	Miscellaneous	541,010.00	293,137.08	247,872.92
	<b>Subtotal CDA Infrastructure Residential</b>	<b>3,721,485.00</b>	<b>901,551.08</b>	<b>2,819,933.92</b>
Dev Eqty	Clearing, Grading, Erosion Control	320,682.00	0.00	320,682.00
Dev Eqty	Engineering and Consulting	345,000.00	364,018.34	(19,018.34)
Dev Eqty	Survey, Permits, Inspections & Tests	461,920.00	52,887.99	409,032.01
	<b>Subtotal Dev Equity Infrastructure Res.</b>	<b>1,127,602.00</b>	<b>416,906.33</b>	<b>710,695.67</b>
	<b>Subtotal Infrastructure - Residential</b>	<b>4,849,087.00</b>	<b>1,318,457.41</b>	<b>3,530,629.59</b>
	INFRASTRUCTURE - Commercial			
CDA	Roads	2,935,072.00	158,291.34	2,776,780.66
CDA	Storm Sewer	174,878.00	106,476.37	68,401.63
CDA	Sanitary Sewer	460,640.00	31,418.92	429,221.08
CDA	Water Lines	699,575.00	227,182.73	472,392.27
CDA	Clearing, Grading, Erosion Control	1,107,813.00	197,500.52	910,312.48
CDA	Survey, Permits, Inspection & Tests	52,027.00	2,400.00	49,627.00
CDA	Engineering and Consulting	270,211.00	270,211.00	0.00
CDA	Miscellaneous	478,035.00	240,820.29	237,214.71
	<b>Subtotal CDA Infrastructure Commercial</b>	<b>6,178,251.00</b>	<b>1,234,301.17</b>	<b>4,943,949.83</b>
Dev Eqty	Clearing, Grading, Erosion Control	219,318.00	2,653.00	216,665.00
Dev Eqty	Survey, Permits, Inspections & Tests	332,973.00	15,572.76	317,400.24
Dev Eqty	Engineering and Consulting	0.00	0.00	0.00
Dev Eqty	Miscellaneous	67,300.00	371.81	66,928.19
	<b>Subtotal Dev Equity Infrastructure Comm.</b>	<b>619,591.00</b>	<b>18,597.57</b>	<b>600,993.43</b>
	<b>Subtotal Infrastructure - Commercial</b>	<b>6,797,842.00</b>	<b>1,252,898.74</b>	<b>5,544,943.26</b>
	Flyover Bridge			
CDA	Bridge Construction & Admin	4,941,300.00	0.00	4,941,300.00
CDA	Bridge Design & Engineering	158,325.00	158,325.00	0.00
CDA	Bridge Survey, Testing & Inspection	125,000.00	0.00	125,000.00
CDA	Bridge Maintenance	100,000.00	0.00	100,000.00
	<b>Subtotal CDA Infrastructure Flyover Bridge</b>	<b>5,324,625.00</b>	<b>158,325.00</b>	<b>5,166,300.00</b>
Dev Eqty	Bridge Design & Engineering	0.00	0.00	0.00
Dev Eqty	Bridge Survey, Testing & Inspection	313,359.00	0.00	313,359.00
	<b>Subtotal Dev. Eq. Infrastructure Flyover Bridge</b>	<b>313,359.00</b>	<b>0.00</b>	<b>313,359.00</b>
	<b>Subtotal Infrastructure - Flyover Bridge</b>	<b>5,637,984.00</b>	<b>158,325.00</b>	<b>5,479,659.00</b>
	Other Development Costs			
CDA	Management (Includes Insurance)	200,000.00	50,000.00	150,000.00
CDA	Engineering and Consulting	0.00	0.00	0.00
CDA	Contingency and Inflation	1,198,639.00	219,703.05	978,935.95
	<b>Subtotal CDA Other Development Costs</b>	<b>1,398,639.00</b>	<b>269,703.05</b>	<b>1,128,935.95</b>
Dev Eqty	Management (Includes Insurance)	270,000.00	232,571.38	37,428.62
Dev Eqty	Engineering and Consulting	0.00	0.00	0.00
Dev Eqty	Marketing and Commissions	493,500.00	0.00	493,500.00
Dev Eqty	Legal (Non-CDA)	150,000.00	58,833.00	91,167.00
Dev Eqty	Real Estate Property Taxes	70,000.00	85,656.25	(15,656.25)
Dev Eqty	Interest (Non-CDA Sources)	4,536,000.00	1,843,015.40	2,692,984.60
	<b>Subtotal Dev. Eq. Other Development Costs</b>	<b>5,519,500.00</b>	<b>2,220,076.03</b>	<b>3,299,423.97</b>
	<b>Suttotal Other Development Costst</b>	<b>6,918,139.00</b>	<b>2,489,779.08</b>	<b>4,428,359.92</b>
	<b>Grand Total Costs</b>	<b>37,973,458.00</b>	<b>18,989,866.23</b>	<b>18,983,591.77</b>
	Funding Sources:			
	<b>Total SFC</b>	<b>13,770,406.00</b>	<b>13,770,406.00</b>	<b>0.00</b>
	<b>Total CDA Costs</b>	<b>16,623,000.00</b>	<b>2,563,880.30</b>	<b>14,059,119.70</b>
	<b>Total Developer Equity for Project Costs</b>	<b>3,044,052.00</b>	<b>812,564.53</b>	<b>2,231,487.47</b>
	<b>Total Developer Equity for SFC Interest</b>	<b>4,536,000.00</b>	<b>1,843,015.40</b>	<b>2,692,984.60</b>
	<b>Total</b>	<b>37,973,458.00</b>	<b>18,989,866.23</b>	<b>18,983,591.77</b>