

\$25,000,000
ASSESSMENT REVENUE BONDS
SERIES 2004

VILLAGE AT SANDHILL
IMPROVEMENT DISTRICT
(RICHLAND COUNTY, SOUTH CAROLINA)

DEVELOPER'S CONTINUING DISCLOSURE STATEMENT

Statement #2

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

In accordance with the "Continuing Disclosure Agreement" (the "Disclosure Agreement") by and between the undersigned, Village at Sandhill, LLC (the "Developer") and MuniCap, Inc. (the "Administrator"), dated as of March 1, 2004, the Developer hereby provides the following information as of September 30, 2004. All terms having initial capitalization and not defined herein shall have the meanings set forth in the Limited Offering Memorandum dated as of March 25, 2004. To the best of the knowledge of the undersigned:

- 1) Status of Construction and Completion of the Village at Sandhill Improvement District (*Funded through 9-30-2004*):

Public Improvement	Original Budget	Budget Changes	Revised Budget	Spent to Date	Percent Complete
Land acquisitions	\$7,922,000		\$7,922,000	\$6,972,500	88.0%
Grading, paving, and storm drainage	\$6,403,739		\$6,403,739	\$1,814,934	28.3%
Engineering and consultants	\$700,000		\$700,000	\$429,389	61.3%
Performance & payment bonds	\$161,540		\$161,540	\$60,000	37.1%
Water and sewer	\$2,187,873	-\$55,000	\$2,132,873	\$237,416	11.1%
Site lighting	\$1,917,305		\$1,917,305		0.0%
Contractor's overhead	\$725,000		\$725,000	\$354,291	48.9%
Contractor's fee	\$410,000		\$410,000		0.0%
Contractor's general conditions	\$690,000		\$690,000		0.0%
Landscaping	\$588,640		\$588,640		0.0%
Traffic signals	\$500,000		\$500,000		0.0%
CSX crossing	\$525,000		\$525,000		0.0%
Signage	\$259,881		\$259,881	\$183,656	70.7%
Miscellaneous	\$45,000	\$55,000	\$100,000	\$82,329	82.3%
Construction management	\$2,345,000		\$2,345,000	\$1,025,000	43.7%
Total Eligible Costs	\$25,380,978	\$0	\$25,380,978	\$11,159,515	44.0%
<i>Less Other Funds</i>	(\$4,308,827)		(\$4,308,827)	(\$0)	0%
Total Bond Funded Costs	\$21,072,151		\$21,072,151	\$11,159,515	53.0%

- 2) Status of Development:
 - a) The 2004 Project: There have been no material changes in the plan to develop the District as described in the Limited Offering Memorandum under the heading "THE 2004 PROJECT; 2004 PROJECT"
 - b) The Development: The current development update is attached as Exhibit A.
- 4) Zoning or Land use Entitlement Changes: There have been no changes to the zoning or land use entitlement or any other matter that would have a material adverse impact on land values, development potential or the likelihood of the timely payment of the Assessments.
- 5) Legislative, Administrative or Judicial Challenges: There have been no legislative, administrative, or judicial challenges to the construction of the 2004 Project or the development of the district.
- 6) Notice of Default: There has been no formal written notice of default under any construction loan that finances any portion of the 2004 Project.
- 7) Material changes to the Form of Ownership of the Developer: There have been no material changes in the form, organization or ownership of the developer or any affiliate of the developer who owns property in the district as described in the Limited Offering Memorandum under the heading "THE DEVELOPER."
- 8) Developer's Financial Report: A copy of the developer's six month financial statements for the period ending June 30, 2004 are attached under separate cover.

VILLAGE AT SANDHILL, LLC

By: Village at Sandhill, LLC

By: signature on file

Title: _____

Date: 10-29-04

VILLAGE AT SANDHILL, LLC

STATEMENT OF ASSETS, LIABILITIES AND EQUITY - TENTATIVE
June 30, 2004

ASSETS:

Cash and other deposits	1,751,590
Infrastructure bond deposits/Certificates of deposit	16,817,336
Deposits on land	5,000
Cost to obtain financing	909,455
Cost to obtain leases	640,265
Land	11,671,069
Buildings/Investments under development	11,200,893
Total assets	<u>42,995,608</u>

LIABILITIES:

Security deposits	12,035
Prepaid rent	20,265
Mortgage	17,045,446
Bond	25,000,000
Due to affiliates	<u>42,077,745</u>

EQUITY:

Contribution from owners	1,624,166
Retained earnings	<u>(706,304)</u>
	917,862

Total liabilities and equity	<u>42,995,607</u>
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EXHIBIT A
DEVELOPMENT OVERVIEW

**EXHIBIT A
DEVELOPMENT OVERVIEW**

THEME	PRODUCT	SALE OR LEASE	ACRES	TOTAL EXPECTED SF/UNITS	STATUS (SF/UNITS)		LEASE TERM (YEARS)	RENTAL /SALES RATES (PSF)	ANTICIPATED DEVELOPMENT TIMELINE ¹
					LEASED	PENDING			
1: RETAIL									
The Forum									
Phase I	4 Retail "Big Boxes"	For Lease	18.5	150,000	88,300sf	-0-sf	5 to 10	\$8-32	100,000sf to open Q3 2004. Rest to open Q3 2005.
Phase II	4 Retail "Big Boxes"	For Lease	16	150,000		100,000sf	TBD	TBD	Construction to start Q3 2005 and complete Q4 2006.
The Marketplace									
Phase I	Grocery Anchored Retail	For Lease	11	100,000	69,000sf	16,000sf	5 to 20	\$11-30	Construction started, expected to complete Q4 2004.
Phase II	Grocery Anchored Retail	For Lease	2.5	25,000	Marketing has not commenced		TBD	TBD	Construction to start Q2 2005 and complete Q2 2006.
The Town Center									
Phase I	Retail and 16 Screen Theater ²	For Lease/For Sale	25	205,000	41,694sf 26,000sf	29,700sf	5 to 10	\$15-45	Construction to start Q4 2004 and complete Q3 2005. Theater to open May 1, 2005.
Phase II	Apartment Units	For Lease		65 units	Marketing has not commenced		TBD	TBD	Construction to start Q1 2006 and complete Q4 2006.
Phase I I	Office Space	For Lease		18,000	Marketing has not commenced		TBD	TBD	Construction to start Q1 2006 and complete Q4 2006.
Phase II	Department Store/General Retail	For Lease/For Sale	35	200,000	Marketing has not commenced		TBD	TBD	Construction to start Q4 2005 and complete Q3 2006.
Outparcel Sales									
Phase I	12 Freestanding Retail Pads	For Sale/For Lease	18	5,000-10,000	2 outparcels leased 1 pad sold	2 pads	5 to 20	\$16-20 psf of land	Construction started, ready for delivery Q3 2004.
Phase II	Store	For Sale	7	110,000	Home Improvement Store sale contract pending for 12 acres		TBD	TBD	Construction to start Q1 2005 and complete Q3 2005.
Phase II	Warehouse Club	For Sale	8	120,000	Formal marketing has commenced		TBD	TBD	TBD
2: OFFICE AND RESIDENTIAL									
Phase III	Residential	For Sale	60	1,000 units	Marketing has not commenced		TBD	TBD	TBD
Phase III	Office Buildings	For Sale	50	500,000	Marketing has not commenced		TBD	TBD	TBD

¹ The development timeline for future phases is contingent upon the absorption of Phase 1 and is based upon the developer's best estimate.

² The ground for theater is under contract for sale (55,000sf).