

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

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

**DEVELOPER'S CONTINUING DISCLOSURE STATEMENT**

*Statement #3*

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, I.L.C. (the "Developer") and MuniCap, Inc. (the "Administrator"), dated as of March 1, 2004, the Developer hereby provides the following information as of December 31, 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:

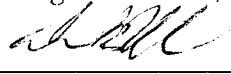
- 1) Status of Construction and Completion of the Village at Sandhill Improvement District (*Undertaken through 12-31-2004*):

<b>Public Improvement</b>	<b>Original Budget</b>	<b>Budget Changes</b>	<b>Revised Budget</b>	<b>Spent to Date</b>	<b>Percent Complete</b>
Land acquisitions	\$7,922,000		\$7,922,000	\$6,972,500	88.0%
Grading, paving, and storm drainage	\$6,403,739		\$6,403,739	\$3,953,142	61.7%
Engineering and consultants	\$700,000		\$700,000	\$650,721	93.0%
Performance & payment bonds	\$161,540		\$161,540	\$60,313	37.3%
Water and sewer	\$2,187,873	-\$55,000	\$2,132,873	\$585,812	26.8%
Site lighting	\$1,917,305		\$1,917,305	\$745,270	38.9%
Contractor's overhead	\$725,000		\$725,000	\$519,916	71.7%
Contractor's fee	\$410,000		\$410,000		0.0%
Contractor's general conditions	\$690,000		\$690,000	\$75,545	10.9%
Landscaping	\$588,640		\$588,640	\$173,371	29.5%
Traffic signals	\$500,000		\$500,000	\$206,300	41.3%
CSX crossing	\$525,000		\$525,000	\$10,933	2.08%
Signage	\$259,881		\$259,881	\$459,449	176.8%
Miscellaneous	\$45,000	\$55,000	\$100,000	\$84,795	188.4%
Construction management	\$2,345,000		\$2,345,000	\$1,405,000	59.9%
<b>Total Eligible Costs</b>	<b>\$25,380,978</b>	<b>\$0</b>	<b>\$25,380,978</b>	<b>\$15,903,067</b>	<b>62.7%</b>
<i>Less</i> Other Funds	<b>(\$4,308,827)</b>		<b>(\$4,308,827)</b>	<b>(\$0)</b>	<b>0%</b>
<b>Total Bond Funded Costs</b>	<b>\$21,072,151</b>		<b>\$21,072,151</b>	<b>\$15,903,067</b>	<b>62.7%</b>

- 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 December 31, 2004 are attached under separate cover.

VILLAGE AT SANDHILL, LLC

By: Village at Sandhill, LLC

By: 

Title: MANAGER

Date: 9/23/05

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 <sup>1</sup>
					LEASED	PENDING			
<b>1: RETAIL</b>									
<b>The Forum</b>									
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	185,000	98,000	100,000sf	TBD	TBD	Construction to start Q1 2005 and complete Q4 2006.
<b>The Marketplace</b>									
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 Q4 2005 and complete Q4 2006.
<b>The Town Center</b>									
Phase I	Retail and 16 Screen Theater <sup>2</sup>	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		50 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.
<b>Outparcel Sales</b>									
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
<b>2: OFFICE AND RESIDENTIAL</b>									
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

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

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