

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

**DEVELOPER'S CONTINUING DISCLOSURE STATEMENT**

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

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 September 30, 2006. 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:

1. Status of Public Improvements Financed with the Bonds:

<b>Public Improvement</b>	<b>Original Budget</b>	<b>Budget Changes</b>	<b>Revised Budget</b>	<b>Spent to Date</b>	<b>Percent Completed</b>
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	\$0	50%
Landscaping	\$152,391	\$0	\$152,391	\$0	50%
Curbs	\$58,231	\$0	\$58,231	\$58,231	100%
Asphalt	\$164,517	\$0	\$164,517	\$123,000	75%
Street Lighting	\$92,273	\$0	\$92,273	\$83,000	90%
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	\$105,000	90%
Contingency	\$69,149	\$0	\$69,149	\$69,149	100%
<b>Total:</b>	<b>\$5,779,922</b>	<b>\$0</b>	<b>\$5,779,922</b>	<b>\$5,450,930</b>	<b>94%</b>

2. Status of Unit Construction and Sales

<b>Residential Unit Type</b>	<b>Unit Type</b>	<b>Total Units</b>	<b>Building Permits Issued</b>	<b>Units Constructed</b>
Single Family Lots	Admiral Lots	5	0	0
	Estate Lots	16	1	1
	Cottage Home Lots	40	2	2
Condominiums	Harbor Pointe	64	4	Under Const.
	Bayshore	128	8	Under Const.
	WilliamSPORT	176	0	0
Marina	Marina Slips	302	N/A	260
Other	Bulk Property	0	N/A	N/A
<b>Total</b>		<b>731</b>	<b>15</b>	<b>263</b>

3. Status of Homes Closed and Sales Prices:

<b>Unit Type</b>	<b>Number of Homes Sold</b>	<b>Number of Homes Closed</b>	<b>Range of Sales Price</b>
Admiral Lots	2	0	378,000
Estate Lots	0	0	0
Cottage Home Lots	1	1	123,900
Harbor Pointe	3	0	493,233
Bayshore	3	0	338,900
WilliamSPORT	2	0	TBD
Marina Slips	N/A	N/A	N/A
<b>Total</b>	<b>11</b>	<b>1</b>	<b>381,680</b>

4. Status of Bulk Property Sales:

<b>Description of Bulk Property Sold</b>	<b>Name of Bulk Property Buyer</b>	<b>Total Acres or Sections</b>
N/A	N/A	N/A

5. Pending Litigation that Adversely Affects the Developer's Ability to Develop the District or Pay Special Assessments: There is no pending litigation which would adversely affect the ability of the developer to develop the district or to pay special assessments.

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: There has been no failure of the developer, or any affiliate of the developer, to pay by the date due general ad valorem property taxes, special assessments, or any other governmental charges levied on the property within the district
8. Denial or Termination of Credit: There has been no denial or termination of credit.
9. Denial or Termination of, or Default under any Line of Credit or Loan: There has been no denial or termination of, or default under, any line of credit or loan or any other loss of a source of funds that the developer has reason to believe is likely to have a material adverse affect on the ability of the developer to develop the district.
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: October 2, 2006