

Wallinger, Sue

From: Steven Schooler [schooler@tds.net]
Sent: Thursday, April 30, 2009 3:34 PM
To: Wallinger, Sue
Subject: FW: Arise Properties

Please see my message below. I don't think you added the \$10,000 to each property?
 Also, I have not included any property tax for 2009 in these estimates. But frankly, at this point I am going to try to force the bank to bear most of that and won't be coming back for that.

-----Original Message-----

From: Steven Schooler [mailto:schooler@tds.net]
Sent: Thursday, April 23, 2009 11:18 AM
To: 'Wallinger, Sue'
Subject: FW: Arise Properties

Below is the response from the Monona State Bank to my proposal that they take \$135,000 per property or \$270,000 total to buy out their defaulted interest.

It appears they will take \$290,000 and write of any extra interest.

My capital budget as part of my application assumed \$270,000, so we will need an additional \$10,000 per property, a total additional of \$20,000 to make this work. We therefore request an additional \$10,000 for our application for Johnson Street and \$10,000 for our application for Mifflin Street.

Thanks.

-----Original Message-----

From: Ted Gunderson [mailto:tgunderson@mononabank.com]
Sent: Wednesday, April 22, 2009 4:54 PM
To: Steven Schooler
Subject: RE: Arise Properties

Steve,

Sorry to take so long to get back to you, but I had to run the numbers through the proper channels here.

Again getting back to our original analysis, it appears as though the bank is still in a relatively good loan to value situation and that if it went through the whole process, we would have interested buyers at a number that will make us whole. So at this point I don't think we are looking at taking a loss, especially of principal.

But this is where I have gotten. Referring back to a previous e-mail.....

As of today that number for Johnson would be: $\$141,515.37 + \$4,667.84 - \$236.50 - \$.56 = \$145,947.27$, for Mifflin it would be: $\$141,515.37 + \$4,667.84 - \$212.06 - \$.52 = \$145,970.63$.

So as of a week or so ago our total payoff (at non-default interest rates) was roughly \$292,000. I think the bank would be willing to take \$290,000 for both properties. This is subject to:

- Porchlight is responsible for any tax liabilities.
- Monona State Bank is responsible for any attorney's fees they have incurred.
- No additional accrual of interest will occur.
- The closing take place within a reasonable period of time (for example within 60 days).

So I think we are close and can still make this happen. Let me know your thoughts.

Thanks

Ted Gunderson
 Vice President, Business Banking
 Monona State Bank
 Phone: 608-223-5159
 Fax: 608-223-3007

From: Steven Schooler [mailto:schooler@tds.net]
Sent: Thursday, April 16, 2009 7:34 AM
To: Ted Gunderson
Subject: RE: Arise Properties

Okay, here is where we are.

The property taxes were a total shock.

There is no way Arise should have been responsible for property taxes. They would have qualified even under the narrowest construction of the statute. They simply did not apply for the exemption...for years and did not pay their taxes for years. I recognize Arise is responsible for doing this but weren't you watching this as well...WHEDA requires us to escrow taxes...even when they are minimal pilot fees. This, however, is all water over the dam.

Given the timing there is nothing that can be done. We can not even get the properties exempt for 2009 because the filing deadline is March 1.

So, that leaves with taxes through 2009 which I assume are more than what you provided by several thousand dollars. Obviously, we never budgeted for these amounts.

We are still interested in trying to make this work but don't know if we can. If you would be willing to accept a buy out of \$270,000, we will try to pull together the funding to pay you off and be completely responsible for paying off all of the property taxes. At this point, we may need to try to get additional funding from the City even to accomplish this, but your acceptance of the reduced amount would give us some breathing room to put this deal together.

I recognize this is a loss for you and that contrary to popular press of the last several months, you are not in the business of giving away money. However, this would get you out of the properties, and do some good in terms of putting these in the ownership of someone that will use them for low-cost housing and be in a position to make them work toward that end for years to come. This is something that is and will continue to be desperately needed.

Please let me know your thoughts.

---Original Message---

From: Ted Gunderson [mailto:tgunderson@mononabank.com]
Sent: Wednesday, April 15, 2009 9:56 AM
To: Steven Schooler
Subject: RE: Arise Properties

believe the escrow was being held for insurance. The amounts are the negative numbers being subtracted from the payoffs, \$236.50 and \$212.06 below. So the figures I gave you are principal plus interest less escrow with no attorney's fees and no late charges.

Ted Gunderson
Vice President, Business Banking
Monona State Bank
Phone: 608-223-5159
Fax: 608-223-3007

From: Steven Schooler [mailto:schooler@tds.net]
Sent: Wednesday, April 15, 2009 9:42 AM
To: Ted Gunderson
Subject: RE: Arise Properties

What are the escrow monies being held for and how much are they?

---Original Message---

From: Ted Gunderson [mailto:tgunderson@mononabank.com]
Sent: Wednesday, April 15, 2009 9:24 AM
To: Steven Schooler
Subject: RE: Arise Properties

Steve,

Here are the payoffs on the two notes as of today. I just want to point out a couple of things:

1. The interest is accruing at non-default rates (6.35%). If we end up coming to terms, I am fairly confident that we will not charge default rates.
2. Late charges have been assessed on both loans, but again if you are the buyers, I am confident that we would just waive late charges to make things easier.
3. The attorney's fees we have been billed for have been added to the payoff and there will be more charges coming. I also think that as you suggested, if you are the buyers, the bank would absorb the attorney's fees to make this transaction happen.
4. There is some escrow monies and interest currently being held which be netted (reducing the payoffs) on each loan.
5. Interest still continues to accrue at the daily figure noted in the payoff. These figures are as of today.

So, if you are suggesting that Porchlight buy the properties at the principal plus accrued interest (at non-default rates) figure as of the date of closing, and you do whatever you do on your end to make the taxes go away, I think I could make that happen on my end.

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Let me know your thoughts.

Thanks