

February 4, 2010 Update for Lake Point Condominiums

Overall status: **Fair**

Market Status: **Poor**

Market Data

	East Madison – 2009 Condo Sales (per above summary)		
	2008	2009	% Change 2008-2009
Listed	776	748	3.6% decline in inventory
Sold	289	330	14% increase in sales
Avg Sale Price	\$179,713	\$156,629	12.8% decline in price

	Dane County – 2009 Condo Sales (per above summary)		
	2008	2009	% Change 2008-2009
Listed	3818	3101	18.7% decline in inventory
#Sold	1290	1262	2% decline in sales
Avg Sale Price	\$196,783	\$169,924	13.6% decline in price

East Madison – 2009 Condo Sales \$125,000-\$175,000 (per above summary)

- 259 listed
- 119 sold
- Average sale price \$154,900

TRENDS:

- Decline in pricing = more condo sales, fewer on market
- Based on East Madison 2009 condo sales, there is currently 1.2 years of inventory on the market
- Prices will continue to decline until financing becomes more available for all condos and we have 6 months of inventory (a seller's market).
- Mortgage rates are going up which will take some buyers out of the market.
- There are more condo short sales and foreclosures coming on the market. Many listings that expired at the end of 2009 expired because the sellers had their condos listed for more than they're worth and are in a short sale or foreclosure situation. This will continue through 2010.

Elver Park on the west side of the City is offering short sales at \$63,900 for 1,200 sf units with 2 parking spaces. There are 20 units of inventory remaining and this project is tough competition for the Garden View units (700 sf with one space). That \$53 per square foot unit is quite a deal and fortunately a limited supply of inventory.

There were two contracts executed in January, One townhome and one Garden View.

Lake Point Inventory- 8 townhomes and 13 conversion (Garden View) units.

Schedule item	Item Owner	Plan date	Actual or scheduled	Comments

Inventory Completion	Receiver	3/15/10	Two Garden View units and two townhouses are being completed.

Detail

The day to day management of the Lake Point Condominium Association will be turned over to a Board of Directors comprised of unit owners this week. Anchor Property Management termination is effective this week. We appreciate the assistance they brought to our effort and wish them well. The Owner Board members have broken the site operations into three segments with each member chairing a segment. I will be meeting with all members collectively to review area progress and formulate a budget for 2010. The Carrlyl Management Group has been contracted by the board to manage all accounting, tax, collection, bill payment and financial reporting functions. An on-site manager (Owner) with a detailed duty list will be implemented this month to enhance owner service and deliver prompt response to property concerns.

The 2010 budget process has been slowed by the departure of Anchor and the shift toward owner management. A 2010 estimated pro forma for the project will be delivered with the March report. The board of directors and I should have time to approve the 2010 operating budget this month.

Open house foot traffic slowed somewhat in late January, but appears to be increasing the past couple of weekends.

WEB and Pro-forma Update

The Lake Point website has been up and links will be transferred to Keller (<http://lakepointcondos.com>). This site is owned and controlled by the development.

The following report (originally viewed in the December CDA report) summarizes the 2009 budget vs. actual performance.

Lake Point Condominium CDA Estimated Budget Report 2009

2009	Bdgt # of units	Actual # of units	BUDGET	ACTUAL	Difference	%	Narrative
Sales							
Duplex	2	2	\$ 230,000.00	\$ 197,528.65	\$ (32,471.35)		e moved quickly to secure these offers good buyers and sales momentum
			\$ 115,000.00	\$ 98,764.33	\$ (16,235.68)	-14.1%	
Conversions	5	5	\$ 227,000.00	\$ 313,645.12	\$ 86,645.12		
			\$ 45,400.00	\$ 62,729.02	\$ 17,329.02	38.2%	Some garage inclusions helped the avg price point of theses units
Townhomes	3	1	\$ 420,000.00	\$ 122,273.85	\$ (297,726.15)		The 147 price point with 1 garage does not exist in this market
			\$ 140,000.00	\$ 122,273.85	\$ (17,726.15)		The T are only appraising at 135, so sales going forward will be in this range
Construction Costs	10	9	\$ 183,000.00	\$ 152,221.87	\$ 30,778.13		Some savings has been reali ed, which is helpful with soft pricing
Legal				\$ 23,504.39			
Project Management			\$ 63,330.00	\$ 44,180.00	\$ (4,354.39)	-6.9%	
Association Costs							
Liability of Inventory			\$ 21,000.00	\$ 27,000.00	\$ (6,000.00)	-28.6%	eavy 2008 snow billed in an 2009, heavy 2009 snow
RE Taxes			\$ 54,440.00	\$ 54,362.90	\$ 77.10	0.1%	
Landscaping Site Improvements			\$ 25,000.00	\$ 25,106.98	\$ (106.98)	-0.4%	
Marketing			\$ 4,710.00	\$ 3,902.55	\$ 807.45	17.1%	
Utilities			\$ 16,700.00	\$ 18,651.88	\$ (1,951.88)	-11.7%	lack of townhome sales shifted costs to developer
Repairs			\$ 11,800.00	\$ 5,408.90	\$ 6,391.10	54.2%	More hidden issues may arrise at the site
			\$ 196,980.00	\$ 202,117.60	\$ (5,137.60)	-2.6%	

Lake Point Condominiums Estimated Pro Forma and Operating Budget 2010

LPC Assoc. Operating Expenses	January	February	April	May	June	July	August	September	October	November	December	Total	
Building Maint & Repair	470	470	470	470	470	470	470	470	470	470	470	5,170	
Admin. & Legal Fees	50	50	50	50	50	50	50	50	50	50	50	550	
Supplies	100	49	49	49	49	49	49	49	49	49	49	590	
Property Mgmt Fee	510	510	510	510	510	510	580	580	580	620	620	6,040	
Lawn and Grounds				900	900	900	900	900	900			5,400	
Snow Removal	3,810	2,650								1,500	1,500	9,460	
Trash Refuse	230	230	230	230	230	230	230	230	230	230	230	2,530	
Postage	11	11	11	11	11	11	11	11	11	11	11	121	
Insurance	2,400		2,400			2,400			2,400			9,600	
Utilities-Gas/Elect	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	2,200	24,200	
Utilities-Sewer/water	355	355	355	355	355	355	355	355	355	355	355	3,905	
Income Tax Return				110								110	
											Sub Total	67,676	
Revenue-Assoc. Dues	3,625	3,625	3,825	3,825	4,400	4,400	4,400	4,400	4,650	5,100	4,650	46,900	
Non-Reimbursable Expenses													
Utilities-Gas/Elec	1,350	1,350	1,100	1,000	1,000	1,000	1,000	1,000	1,100	1,250	1,350		
Utilities-Sewer/water					750			750			750		
Real Estate Taxes		22,000				20,000							
Association Dues (shortfall)	1,650	1,650	1,650	1,650	1,650	1,650	1,650	1,650	1,650	1,650	1,650		
LPC Development Expenses													
Payment of Non-Reimb (above)	3,000	25,000	2,750	2,650	3,400	22,650	2,650	3,400	2,750	2,900	3,750	74,900	
Complete Const. of Units	59,000	-	59,000	-	-	59,000	-	26,000	-	21,000	-	224,000	
Capital Costs-Repairs	2,400			1,850		2,100					1,200	7,550	
Soft Costs/Advertising/Fees	4,500	5,500	4,500	5,500	4,270	5,500	4,270	5,500	4,270	4,270	4,250	52,330	
Debt Service*													
\$ 1,399,000.00	13,990	-	-	14,528	-	-	14,528	-	-	-	14,528	57,574	
LPC Development Costs	82,890	30,500	66,250	24,528	7,670	89,250	21,448	34,900	7,020	28,170	23,728	416,354	
Net Revenue-Unit Sales													
Duplex						-							
Conversion Units			45,000	92,000		45,000		90,000		45,000		317,000	
Townhomes			125,000	125,000			125,000		125,000	125,000	-	625,000	
Income/Revenue	-	-	170,000	217,000	-	45,000	125,000	90,000	125,000	170,000	-		
Secured Debt	1,399,000											942,000	
									Est. Jan. Beginning Balance			121,450	
									Debt Payment			(450,000)	
									Est. Dec. Operating Balance			197,096	
									Secured debt Balance			949,000	
* interest estimate based on CDA input												Estimated Gross Sales Value-Unsold Inventory	670,000