

September 2, 2009 Update for Lake Point Condominiums

Overall status: Fair

Market Status: Poor

608 listings (in the range of \$55,000-150,000) are listed in the East Madison market (supply side seems to have steadied),

18 offers pending offers- 2 sold

Lake Point Inventory- 9 townhomes and 16 conversion units.

Traffic Overview

Traffic seems to have slowed down during August. That being said, the new marketing team will be taking over this month and we are looking for great things from Keller Williams.

Parking for visitors and owners is the main buyer concern, followed by a little neighborhood questioning. Financing conditions are becoming a greater concern.

Contracts

One contract was cancelled for a Garden View unit (credit issue).

Several prospects emerged during August

No other offers have been submitted by the First Weber group.

Schedule item	Item Owner	Plan date	Actual or scheduled	Comments
Owner Punch Lists	Receiver		7/29/09	This work is about complete with a few items remaining to coordinate with owners and some issues beyond the scope of our punch list view.
Garages	Receiver		8/12/09	Leak issues, roof are complete, but the storm water pavement issue remains.

Detail

The Lake Point Condominium Documents are being review and will be revised in the next couple of months to correct some details and address some operational issues. Rules and regulations are an essential amendment we need to adopt for long term Association control. Additionally, the Garden View units will begin to contribute monthly to the utilities for heat in those buildings.

Operational budget is relatively on target, but the absence of townhome sales is damaging the revenue side of the budget. Construction spending to finish units has slowed to offset some of the revenue shortfall.

Overall operational and property management practices are under review. I think better site service can be created with some innovative changes, if the right pieces can be put in place. This will be discussed at the September owner's meeting. Liability issues will be the challenge in that process.

Abandoned cars are being ticketed to gain permission to tow.

Townhome sales were predicted for this and last month, and have not occurred. As stated above, no offers have been presented to the receiver. Thus, the revenue side is lagging behind the estimate.

Marketing

As reported last month, the absence of any townhome offers over the year has been problematic on a pro-forma basis. First Weber delivered a professional effort through the year, but with no townhome offers being presented and the overall pace of the marketing effort seemingly a little slow, I felt a new team and their energy might help deliver some sales velocity. Keller Williams and Lynn Holley will be introduced to the board at the meeting.

Staff is working with Fannie Mae on several fronts. My concern now is Anchor Bank's capacity for this type of condominium loan. They have voiced the issue. The FHA standard of 50% sold threshold has been raised to 70%. For informational purposes, many lenders will not provide fixed long-term financing to buyers with credit scores less than 740. This is a great departure from previous year's lending practices. We will pursue other lending options again, but I fear some of the same challenges faced at the beginning of the year, may still be present. Lake Point continues to be a lending challenge in the current marketplace.

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.

Neighborhood and parking concerns are the most prevalent buyer objections. Several of the current resident owners have offered to explain the neighborhood condition to interested buyers in an attempt to diffuse that objection. Parking is a buyer and existing owner concern we must continue to work on.