

November 19, 2009 Update for Lake Point Condominiums

Overall status: **Fair**

Market Status: **Poor**

Lake Point Inventory- 9 townhomes and 15 conversion (Garden View) units.

Traffic Overview

Keller Williams, the new marketing team, is gaining traction in pursuit of prospects. Open house events seem to bring minimal foot traffic, but those prospects that tour are evolving into buyers.

Contracts (Three new sales contracts)

Two Garden View conversion unit contracts and one townhome were signed in November. We have lender commitment letters on 2 of the sales at this point in time.

MARKET DATA: For the entire East Side of Madison, 31 units under 90K, 2 bdrm, 16 of the 26 are Lake Point. Note, all units except for 1 are at least 200 sq ft bigger than Lake Point and all but 1 are at least \$14K more.

There are currently 11 with offers, all are at least 300 sq ft larger, 1- \$5K more, 3 - \$25K more

Solds in last 6 months

9 total - 4 within \$10K, (1 was the Lake Point Sale), all other 200 - 400 sq ft larger

11 from \$12K - \$31K greater in price, all 300 - 600 sq ft larger

Schedule item	Item Owner	Plan date		Actual or scheduled	Comments
Owner Punch Lists	Receiver				The punch list window for corrections closes November 30, 2009.
Inventory Completion	Receiver			11/30/09	Two Garden View units and one townhouse are being completed.

Detail

The October Lake Point Owners Association Meeting was well attended and informative for both the receiver and unit owners. The overall management of the Association will be slowly transferred to the owners during the 1st quarter of 2010.

The Lake Point Condominium Documents are being amended with rules and regulations in December. This essential element will assist the owners in managing their property. Additionally, 2010 will add a monthly utility charge to

the Garden View owner's budget to remedy the historic practice of the Association paying the cost of their boiler/heat.

Overall operational and property management practices have been augmented with an on-site manager who will absorb some of the subcontracted work load and perform other needed site tasks, hopefully generating a better property for less total expenditure. The Operational budget is relatively on target, the townhome sale will help. We've reduced the pricing on the townhomes; therefore the estimated revenue stream will be impacted.

A price reduction has been necessary as the 150,000 range is not present in the area. Given the one car parking and location concerns, the single buyer with one car is our target, so we'll have to remain aggressive when that buyer appears.

The wonderful parking plan generated by staff to create parking where grass and trees now grow, showed creativity and their assistance is appreciated. That being said, the cost of the conversion of green space to parking proved 1) too expensive for the quantity of spaces generated, 2) eliminated the only natural gathering area for the quite dense 50 unit project, and 3) would at best provide visitor, surface parking spaces and not generate sales velocity or a higher price point. The expenditure proved politically unpopular amongst the owners, who are admittedly torn as parking would be welcome, but to lose the only island of grass for blocks is difficult to embrace.

Abandoned cars are being ticketed to gain permission to tow.

Marketing

Sales have slowed generally, but it appears prospects are being cultivated, as we are in the slower winter season. Programs like the first time home buyer income tax credit have been extended into 2010, so urgency to enact may have waned.

Lenders are being recruited to get involved at Lake Point, as staff, the receiver and Keller have combined contacts to increase our lender exposure. Quality buyers have helped bring lenders to the fold.

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. Keller William's changes to the site have been enacted.

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.