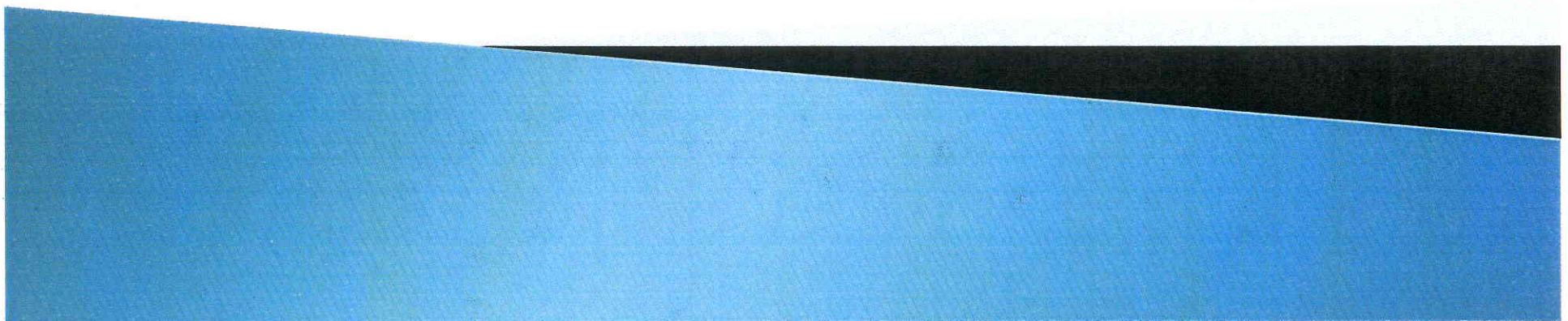


TIM LEBERMAN, SRPA  
VITALE REALTY ADVISORS, LLC



<b>AVERAGE HOME PRICES</b>								
<b>COUNTY</b>								
<b>Year</b>	<b>Milwaukee</b>	<b>Percent Change</b>	<b>Ozaukee</b>	<b>Percent Change</b>	<b>Washington</b>	<b>Percent Change</b>	<b>Waukesha</b>	<b>Percent Change</b>
<b>2000</b>	<b>\$116,570</b>		<b>\$221,185</b>		<b>\$156,534</b>		<b>\$197,602</b>	
<b>2001</b>	<b>\$129,898</b>	<b>11%</b>	<b>\$240,559</b>	<b>9%</b>	<b>\$166,525</b>	<b>6%</b>	<b>\$221,092</b>	<b>12%</b>
<b>2002</b>	<b>\$133,060</b>	<b>2%</b>	<b>\$240,305</b>	<b>0%</b>	<b>\$171,769</b>	<b>3%</b>	<b>\$233,511</b>	<b>6%</b>
<b>2003</b>	<b>\$148,661</b>	<b>12%</b>	<b>\$285,077</b>	<b>19%</b>	<b>\$218,165</b>	<b>27%</b>	<b>\$271,071</b>	<b>16%</b>
<b>2004</b>	<b>\$162,096</b>	<b>9%</b>	<b>\$319,025</b>	<b>12%</b>	<b>\$238,731</b>	<b>9%</b>	<b>\$299,516</b>	<b>10%</b>
<b>2005</b>	<b>\$179,627</b>	<b>11%</b>	<b>\$319,023</b>	<b>0%</b>	<b>\$249,882</b>	<b>5%</b>	<b>\$320,762</b>	<b>7%</b>
<b>2006</b>	<b>\$185,372</b>	<b>3%</b>	<b>\$341,028</b>	<b>7%</b>	<b>\$255,683</b>	<b>2%</b>	<b>\$327,847</b>	<b>2%</b>
<b>2007</b>	<b>\$190,144</b>	<b>3%</b>	<b>\$341,074</b>	<b>0%</b>	<b>\$254,795</b>	<b>0%</b>	<b>\$327,160</b>	<b>0%</b>
<b>2008</b>	<b>\$172,790</b>	<b>-9%</b>	<b>\$337,750</b>	<b>-1%</b>	<b>\$243,437</b>	<b>-4%</b>	<b>\$303,545</b>	<b>-7%</b>
<b>2009</b>	<b>\$144,998</b>	<b>-16%</b>	<b>\$305,516</b>	<b>-10%</b>	<b>\$219,778</b>	<b>-10%</b>	<b>\$286,066</b>	<b>-6%</b>
<b>2010</b>	<b>\$151,989</b>	<b>5%</b>	<b>\$309,407</b>	<b>1%</b>	<b>\$222,117</b>	<b>1%</b>	<b>\$289,412</b>	<b>1%</b>
<b>12/1/2011</b>	<b>\$138,020</b>	<b>-9%</b>	<b>\$283,288</b>	<b>-8%</b>	<b>\$223,786</b>	<b>1%</b>	<b>\$273,244</b>	<b>-6%</b>

*Source: Metropolitan Milwaukee MLS*

## SINGLE-FAMILY BUILDING PERMITS\*

COUNTY	2006	2007	2008	2009	2010	10/2011 YTD Annualized	Total
<b>Kenosha County, WI</b>	672	497	277	165	159	110	1,880
<b>Milwaukee County, WI</b>	550	378	247	160	178	246	1,759
<b>Ozaukee County, WI</b>	256	232	142	107	105	104	946
<b>Racine County, WI</b>	484	508	271	194	156	108	1,721
<b>Washington County, WI</b>	609	501	270	233	242	104	1,959
<b>Waukesha County, WI</b>	1,209	971	575	391	442	443	4,031
<b>Totals</b>	<b>3,780</b>	<b>3,087</b>	<b>1,782</b>	<b>1,250</b>	<b>1,282</b>	<b>1,116</b>	<b>12,297</b>

\*SOCDS Building Permits Database

**SUBDIVISION EXAMPLES\***

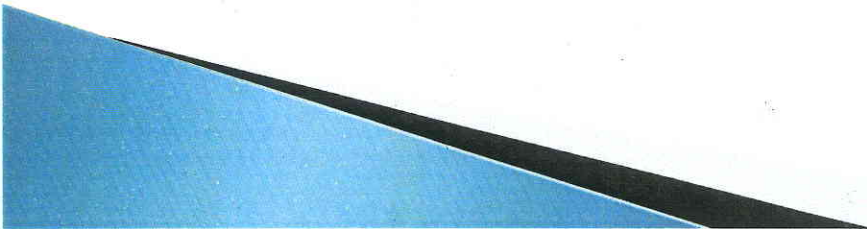
<b>SUBDIVISION</b>	<b>TYPICAL LOT SIZE</b>	<b>MINIMUM HOUSE SIZE</b>	<b>2011 SALES</b>	<b>PERCENT PRICE CHANGE</b>	<b>CURRENT PRICE RANGE</b>
<b>Topview Trails Cedarburg, WI</b>	16,500 SF	1,900 - 2,300 SF	4	-10% to -17% Over two years	\$89,900 - \$139,900
<b>Greystone Cedarburg, WI</b>	55,000 SF	2,300 - 2,600 SF	4	-40% to -50% since 2006	\$79,900 - \$109,900
<b>River's Crossing No. 3 Waukesha, WI</b>	12,000 SF	1,200 SF	1	-13% in one year	\$69,900 - \$85,000
<b>Bluffs of Oak Creek Oak Creek, WI</b>	23,000 SF	1,700 - 2,200 SF	14	-20% to -57% since 2006	\$47,900 - \$68,900

\*Sources include MetroMLS, Subdivision Websites, Redi-Data

TIM LEBERMAN, SRPA  
VITALE REALTY ADVISORS, LLC  
12660 W. NORTH AVENUE  
BROOKFIELD, WI 53005

262-782-7798

TIM@VITALEAPPRAISAL.COM



Vitale Realty Advisors, LLC

Presented by: Matt Neumann  
Neumann Companies, Inc.  
12/09/11



[www.neumanncompanies.com](http://www.neumanncompanies.com)



- ▶ Partner Companies: MN Holdings,

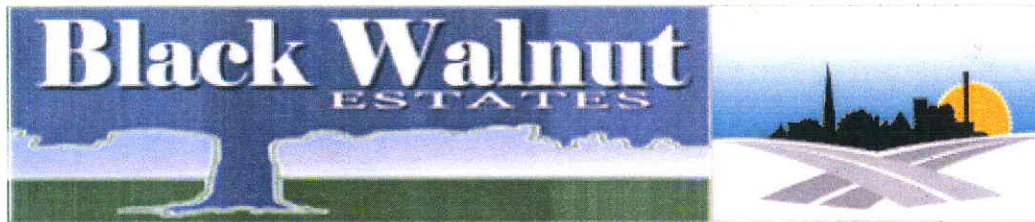


- ▶ Should build and close about 130 SF homes, and sell about 140 SF lots in 2011, as well as install solar in about 5 states
- ▶ Complete company paradigm shift in November of 2005 led us to many acquisitions of bank owned or distressed land over the last 3 years



- ▶ Honestly, it's not easy!!
  - Should not be based solely on comparables
  - What discount rate is reasonable today?
  - When building permits are down 80%, what absorption rate is reasonable to project?
  - Are there other foreclosed subdivisions you are using as comps?
  - Is there building activity in the subdivision?
  - What remaining work needs to be done under the Developer's Agreement?
  - Is the HOA functioning properly, or does it need to be reorganized and restructured?





- 59 lots acquired in Johnson Creek in 2008 with a purchase price of ~\$1m, or \$17,000/lot
- Village signed a Developer's Agreement with itself to complete ~\$475,000 of subdivision work that we had to pay for to complete the lots
- Total acquisition was about \$26,000/lot once all work was done...but the public information would have made it appear we paid \$17,000/lot
- Have sold 8-10 lots per year for 3.5 years, still own about 25 lots. Pricing has dropped dramatically in Johnson Creek for home/lot packages.

- ▶ Strawberry Glen – Jackson, WI
  - Acquired 35 lots in 2009
  - Paid \$500,000, or about \$14,300/lot
  - Had to spend over \$100k finishing the streets for the 20 “fully” improved lots
  - Had to spend another \$300k or so on roads for the remaining 15 lots to make them fully improved
  - Entered into Developer’s Agreements for each phase, and have LOC’s outstanding still
  - Had to organize and manage the HOA
  - Overall, great subdivision with good value (\$50–65k for 1.5 acre lots on the border of Cedarburg), selling about 8–10 lots per year



## WESTSHORE



- ▶ Westshore–Oconomowoc, WI
  - Acquired 27 lots in June, 2011
  - Price was \$810,000 or \$30k/lot
  - Subdivision had basement water issues for a few years, including a moratorium on new construction
  - We had to complete soil borings on all lots to verify the water table and proposed basement elevations
  - We had to work with the HOA (70+ existing homeowners) to update all budgets, accounting, organization, maintenance of a common well, etc.
  - Bulk acquisition price was affected greatly due to the “water problem stigma” and the amount of time we knew would be involved to organize the HOA



- ▶ Your job is very hard!!!
- ▶ Try to uncover the unknown in each site when doing a bulk appraisal
- ▶ If you need estimates on costs to complete or other factors, ask developers who do/did this for a living
- ▶ Ask your client if they would like to have a developer provide an opinion of value as well for comparison purposes

