

PRESIDENTS REPORT ON THE STATE OF LAND HARBOR

The past year has been a very interesting and challenging one for all at our mountain paradise. The economy, home sale decline, budget issues, and financing the new dam, are just some of the challenges that were faced and met by your Board of Directors.

It is interesting to note that LLH is in very good financial shape and continues to outperform other communities of a similar nature. Our collection rate for annual assessments is always near or at 100%, whereas other communities struggle to keep their collection rates at 95%. Speaking of annual assessments, our annual rate is less than other communities, yet we provide considerably more in services and amenities than other communities.

The collapse of the housing market has affected LLH much less than the national average for our type of community. Research into real estate data reveals that communities such as ours are expected to have 12 to 15% of their homes for sale. A recent survey of homes for sale in LLH listed less than 150 homes for sale. With 1500 properties, this is less than 10% on the market. Again, much better than the average. It is interesting to note that property sales seem to ebb and peak in 10 year cycles at Land Harbor. In 1990 property sales were low, again in 2001, property sales were low at 32, sales in 2010 were down at 27. Part of the low sales is a function of demographics and part is due to the economy. Interestingly, the periods between the low points were marked by great sales years. We have a very active Marketing Committee with programs directed at improving sales where possible. As the economy improves so will home sales.

To understand just why LLH is so well off financially one needs to look at the type of community we live in. WE are solely owned by the property owners, we try to "pay as we go" [the dam not withstanding]. We are debt free except for the remaining dam loan. We have a fully paid for new waste water treatment facility, a new water treatment facility and are paying off the dam in record time with a very favorable interest rate. With the monies earned from the high sales years, we were able to pay over \$1 million toward the dam, thus saving members hundreds of dollars.

Much credit must be given to our faithful members who continue to pay fees on time and support the efforts of your elected POA Board who have, and will continue to work to maintain LLH as an affordable paradise in the mountains.

Thank you for your continued support. I look forward to seeing everyone as the majority of members return for the Season.

CHUCK ABRAMS BOARD PRESIDENT