

Dover Bay Q&A

Thoughts on the Second Home & Primary Home Market 2009

Dover Bay's Approach to development

Dover Bay is in a solid position in the market today.

1. Developer/Developments Credibility/Communities Financial Health

We're very proud of the fact that we have been involved in successful residential, commercial and property management projects such as Warren Island, Holiday Shores Condominiums, East Hope Marina, Holiday Shores Resort, Sandpoint Marina and the Old Powerhouse Building. Those successes have allowed us to forge close financial relationships with a number of very stable local banks. These strong financial partners have allowed us to pursue and pay for the Dover Bay P.U.D. improvements as well as municipal and commercial improvements. Dover Bay has made substantial investments in the city of Dover, Dover Bay P.U.D, and the Marina Village commercial area.

1. Dover Bay

a. Dover Bay development has funded and completed over \$10 million in improvements within the Dover Bay P.U.D. consisting of all the infrastructure, roadways, the creation of an expansive trail system including a biking trail system, a number of water features and parks throughout the Community.

2. Municipal

a. Dover Bay Development has built and donated to the City of Dover \$4 million in new facilities including the City Hall and beautiful city beach.

It has also built and turned over to the city over \$9 million in other improvement such as a new fire station, 110' ladder fire truck with lift and a state-of-the-art wastewater treatment station, with the capacity for a regional solution and a new water storage tank increasing the city's potable water storage and improving the line flow capacity from 75,000 gallons to 353,000. The development has also paved the streets in old Dover along with connecting the bike trails to the North Idaho Pathways leading into Sandpoint.

The Dover Urban Renewal District is the most successful urban renewal districts in the State of Idaho and has already reimbursed Dover Bay for \$7 million of the municipal improvements of the city.

3. Commercial / Dover Bay Resort

a. The first phase of the marina is completed. It is the only new marina to be built on Lake Pend Oreille in recent memory. The Resort features the Café and Market, Lake Club Fitness Center, Beach Bungalow Vacation Rentals and is in ongoing negotiations for additional amenities from Tennis Clubs, events center and additional commercial opportunities that present themselves on a regular and continuing basis.

2. Why is Dover Bay different?

A. Concept of Independent Commercial Entities

In today's market, one of the biggest sales challenges a second home development has is the love/hate relationship between real estate and the club. Many communities require homeowner's to be a club members, using and paying for both the amenities and homeowner's association services.

This is what sets Dover Bay apart from the rest. The commercial aspects of the Marina Village, the Lake Club Fitness Center, Café and Market, Marina and future amenities are "stand alone" facilities. The homeowner makes the choice to have a boat slip or belong to the health club facility. This "a la carte" philosophy will continue as additional amenities are added to the resort.

B. Irreplaceable natural amenities create an irreplaceable opportunity - Location, Location, Location

Market share will be especially problematic for the remote, destination-oriented communities that are time consuming and expensive to get to and offering only a private golf club, swimming, tennis, parks and trails.

Dover Bay is also different in that it features "irreplaceable natural amenities" which creates an irreplaceable opportunity to be part of a waterfront community. One of Dover Bay's strengths is the amount of water frontage access and views it features. Where else can you find a 285 acre community directly on the shores of a fantastic Lake? The location of having the second largest freshwater lake west of the Mississippi out your front door, a world renowned ski mountain out your back and the quaint friendly town of Sandpoint nearby is distinctive.

Dover Bay is unique in that it's nestled in a dramatic natural setting. Its location on Lake Pend Oreille, its proximity to Sandpoint and the many activities of a four season lifestyle are extremely rare. The community includes over 9 acres of parks and beaches, 9 miles of walking and biking trails which connect to the North Idaho Pathways and is only 3 miles from downtown Sandpoint which features many art galleries, restaurants and retail outlets.

Dover Bay is an easy weekend getaway for the second home buyer, 90 minute drive from Spokane, 45 minutes to Coeur d'Alene and 30 minutes to the Canadian border.

D. Completion of Amenities

All the essential amenities are completed. Dover Bay Development is in discussions to create additional amenities that will improve our community.

E. Strength of the developer and lenders

The strongest developments begin with having financially and ethically strong developers. It's that solid foundation that ensures long-term security success for Dover Bay homeowners as well as for the Resort itself.

D. Operations

1. Waterfront Property Management, the largest marina operator on Lake Pend Oreille, manages the commercial facilities within the community.
2. Tom Curtiss, a seasoned property manager with Panhandle Management manages the neighborhood's HOAs and overall community association's maintenance.

E. Price Points

Unlike many other communities, Dover Bay has something for everyone. Our home sites start at \$145,000 for interior home sites with a lake view and range up to \$1,500,000 for estate sized lakefront home sites. We also have Parkside Bungalows starting at \$198,500 or if you would prefer luxurious waterfront custom homes that have no price limitations. Dover Bay truly has something for everyone whether you're a first time home buyer, the second home getaway buyer or an investor.

In addition, Dover Bay has a "buy now, build later" option for home site purchasers. Because our buyers tend to be buying to create a long-term family legacy, and because we understand the nature of this new economy, they can take their time, choose their own-builder and create their dream home when their finances allow.

F. A Variety of Home Styles

Dover Bay Waterfront Community features 11 different unique neighborhoods which offer a limited selection of waterfront home sites, waterfront condominiums, Cabin in the Woods, Cottages in Dover Meadows and Parkside Bungalows each neighborhood unique and offers a variety of prices ranges.

F. Waterfront

Dover Bay features 23, 000 feet of waterfront with 9,000 of that on Lake Pend Oreille. All the paths (trails) lead to the waterfront.

3. Dover Bay in Today's Market

A. What are the demographics at Dover Bay?

The beauty of the Dover Bay Community concept is that our 11 distinct neighborhoods appeal to people from all walks of life. Obviously, we're geared toward the water and snow-loving crowd, but the diversity of our product offerings appeal to everyone from young first-time homebuyers to well-to-do executives or retirees looking for a luxury custom second home on the water.

A young couple in their twenties can purchase one of our bungalow properties (starting at \$198,500) and build future wealth through ownership of a rare and finite commodity...waterfront property. This allows families to invest in their recreational time and create memories that last a lifetime.

Our Cottages in The Meadow are perfect for first time homebuyers. More established buyers have been impressed by the quality of our higher end properties, and the fact that we help protect their million dollar-plus home purchases by limiting the release of new Dover Bay offerings.

The developer has strategically created new home styles to meet the growing and changing needs of our clientele, as well as maintaining home inventories that meet current demand, rather than building large inventories and "betting on the come".

Our goal is to communicate, cooperate and coordinate with both our existing residents and potential buyers. Confidence comes from proven financial stability of a development, keeping people informed, and offering a variety of options to fit their needs. Dover Bay also embraces the traditional sales and marketing in selling of re-sales within the community.

4. Where do you see Dover Bay going from here?

We can't foresee the future; however, Dover Bay features "irreplaceable natural amenities ...there's that segment of our society that will always value waking up to a view of the water, and being able to have direct access to their own stretch of beach. We've taken a finite commodity, waterfront property, and enhanced what Mother Nature provided. Sales during the down economy have been steady. We're confident that trend will continue and accelerate at the economy gets back on track and people get their financial confidence back.