



The Residence at Seashore Point

Issue 4. June 6, 2024

At some point all of us **Residential Unit Owners** will need to meet and decide what we want to do with respect to the **Service Units** and whether or not to buy them from **Pointe Group - Holdco**. Although there are 5 owners who have filed suit on behalf of everybody, we will **all** have to vote on any changes that might take place. It is my hope that these newsletters will give you enough understanding so that you'll know what questions to ask and be able to make an informed decision about how to vote.

Word of Caution - Rough Traveling Ahead!

We are going to cover **Count 2** of the lawsuit but before we do, I need to explain the method that **Deaconess** used to manipulate the data to give them control. This was a very sophisticated and complicated scheme that can be difficult to understand. It's based on the data that was submitted in the **First** and **Second Amendments**, which included page after page of numbers and calculations. It took a lot of analysis before I saw the pattern and cracked the secret. The **First Amendment** was the **Rosetta Stone** that gave the secret away.

If you are not into numbers and solving mysteries, you might want to just take my word for it that **Deaconess** cheated and committed fraud, and then wait for the next issue to proceed. But unfortunately, we can't go to court and just say **Deaconess** cheated and expect the judge to believe us. We have to be able to show how they cheated. So that everybody feels comfortable that we have a strong case I'm going to show you how they did it in this Issue of the **Newsletter**.

I think it's important to remember that the party committing the deceptive acts, manipulating the data and reporting fraudulent results was **Deaconess** and not **Pointe Group - Holdco** (PC-Holdco). As it turns out, **PC-Holdco** is as much a victim as the **Residential Owners** are.

Starting with the Basics

In **Figure 1** we have two **Residential Units** represented by two black boxes and the letter **R**. We also have two **Service Units** represented by two red boxes and the letter **S**. The Residential Units have a **Fair Market Value (FMV)** of **\$500 per square foot** and a total combined value of **\$1,000**. The **Service Units** have an FMV of **\$100 per SF** and a total combined value of **\$200**.

The total value of the condominium is **\$1,200** and the Resident's **\$1000** represents **83%** of the **Fair Market Value** of the condominium. The **Service Units** have a total **Fair Market Value** of **\$200** which means they have **17%** of the Fair Market Value of the condo. (In our actual situation, the **Residential Units** had a **Fair Market Value** that equaled **84.26%** and the **Service and Garage Units** totaled **15.72%**.)

Both the Residents Units and the Service Units have a total of **2 square feet (SF)** each and the condo has **4 square feet** in total area. So both the **Residential Units** and the **Service Units** represent **50%** of the **Square Foot Area** of the building.

| | | | | | | | |
|-----|---------|---------|-------|-------|-------|-------|-----|
| FM% | 83% | \$1,200 | | | | 17% | FM% |
| FMV | \$1,000 | \$500 | \$500 | \$100 | \$100 | \$200 | FMV |
| | | R | R | S | S | | |
| SFA | 2 | 1 | 1 | 1 | 1 | 2 | SFA |
| SF% | 50% | 4 | | | | 50% | SF% |

Figure 1

If we determine the **Beneficial Interest** based on the **Fair Market Value**, then the **Residential Units** have **83%** and the **Service Units** have **17%**. If we determine the **Beneficial Interests** based on the **Square Foot Area (SFA)**, then the **Residential Units** are **50%** and the **Service Units** are **50%**.

Deaconess used the **Square Foot Area** to determine the **Beneficial Interests** but the law required that they use **Fair Market Value**.

The Manipulation and Deceit Begins

Deaconess decided to use some of the **Common Areas** (such as a lobby) to add to their Square Foot Area. The orange block in Figure 2 represents a Common Area that has **one square foot** of area but **no Fair Market Value** (you couldn't sell it on the open market).

By claiming they owned the **Common Area**, they increased their percentage of the **Square Foot Area** to **60%** (Figure 2), which gave them the majority if area was used instead of **FMV**. But since the Lobby has no fair market value, the Service Units **Beneficial Interest** remain at **17%**.

| | | | | | | | | |
|-----|---------|---------|-------|-------|-------|-----|-------|-----|
| FM% | 83% | \$1,200 | | | | | 17% | FM% |
| FMV | \$1,000 | \$500 | \$500 | \$100 | \$100 | \$0 | \$100 | FMV |
| | | R | R | S | S | C | | |
| SFA | 2 | 1 | 1 | 1 | 1 | 1 | 3 | SFA |
| SF% | 40% | 5 | | | | | 60% | SF% |

Figure 2

The law says that **Fair Market Value** is to be used and the Master Deed claims that the **Beneficial Interest** is based on **Fair Market Value**. So what Deaconess did was, they said the entire building is worth **\$1,200** (in this example) and there are a total of **5 square feet**. So, divide **\$1,200** by **5 SF** and you have an average value of **\$240 per square foot** for both the **Residential** and **Service Units** (Figure 3). Deaconess then used the average square foot value of the building instead of the more accurate square foot value that they filed on May 24, 2012 when the Condo Trust was created. So both the **Residential Units** and the **Service Units** became valued at **\$240 each**.

When you add up the **Residential Units** they now have a value of **\$480** and the **Service Units** (you now call the Common Area a Service Unit) has a value of **\$720**. So, the **Service Units** have **60%** of the **Beneficial Interests** and the **Residential Units** now have only **40%** of the **Beneficial Interests**. With that **Deaconess** was able to pretend they were the majority owner and assigned themselves **4 Trustee** seats for the Service Unit and only **2 Trustee** seats for the Residents. The Garage got **1 Trustee**.

| | | | | | | | | |
|-----|-------|---------|-------|-------|-------|-------|-------|-----|
| FM% | 40% | \$1,200 | | | | | 60% | FM% |
| FMV | \$480 | \$240 | \$240 | \$240 | \$240 | \$240 | \$720 | FMV |
| | | R | R | S | S | S | | |
| SFA | 2 | 1 | 1 | 1 | 1 | 1 | 3 | SFA |
| SF% | 40% | 5 | | | | | 60% | SF% |

Figure 3

Deaconess had to do other deceptive things to get their ownership over 50% to

claim they were the majority owner and had a right to control everything. For example, they had to value several **Service Units** significantly higher than the residential units. The **Residential Units** were valued at **\$311 per square foot**, while **RS-1-3**, the **Property Manager's** office (David Abel's office) was valued at **\$916/SF**. Essentially they said they believed they could sell David Abel's office for **\$826,207** on the open market back in May 2014.

And that's how you go from being only **17%** of the **Fair Market Value** to **60%** and gain control of the **Board of Trustees**.

Check out the other valuations of the Service Unit in the tables below.

Warmest Regards,

Rob Compton

Residential Trustee

Unit 310, Phone: 508.237.2105

| TOTAL VALUE OF ENTIRE CONDO | | | | \$36,958,624 | |
|------------------------------------|--------------------------|--------------|----------------|---------------------|---------------|
| UNIT | STORAGE AREAS | SQ FT | BEN INT | FAIR MARKET | \$/SF |
| RS-B-1 | Maintenance/Storage Area | 2,418 | 2.076% | \$ 767,374 | \$ 317 |
| RS-B-3 | Storage/Trash Rm | 250 | 0.356% | \$ 131,575 | \$ 526 |
| RS-B-4 | Garage Storage Rm | 81 | 0.194% | \$ 71,744 | \$ 886 |
| RS-B-5 | Garage Storage Rm | 49 | 0.117% | \$ 43,401 | \$ 886 |
| SA-B-1 | Residential Storage Area | 1,981 | 1.701% | \$ 628,668 | \$ 317 |
| SA-B-2 | Residential Storage Area | 1,831 | 1.572% | \$ 580,991 | \$ 317 |
| RS-2-3 | Storage Rm/Studio Office | 96 | 0.082% | \$ 30,422 | \$ 317 |
| RS-2-4 | Storage Rm/Studio Office | 173 | 0.148% | \$ 54,777 | \$ 317 |
| RS-2-5 | Storage Rm/Studio Office | 196 | 0.169% | \$ 62,303 | \$ 317 |
| RS-3-2 | Storage Rm/Studio Office | 93 | 0.079% | \$ 29,370 | \$ 317 |
| RS-3-3 | Storage Rm/Studio Office | 152 | 0.130% | \$ 48,192 | \$ 317 |
| RS-3-8 | Storage Rm | 23 | 0.021% | \$ 7,747 | \$ 337 |
| STORAGE AREA TOTALS | | 7,342 | 6.647% | \$ 2,456,562 | \$ 335 |

| UNIT | UTILITY ROOMS | SQ FT | BEN INT | FAIR MARKET | \$/SF |
|----------------------------|----------------------|--------------|----------------|--------------------|---------------|
| RS-1-6 | Janitor RM | 30 | 0.072% | \$ 26,572 | \$ 886 |
| RS-2-6 | Mechanical Rm | 28 | 0.024% | \$ 8,859 | \$ 317 |
| RS-2-9 | Mechanical Rm | 30 | 0.072% | \$ 26,572 | \$ 886 |
| RS-3-1 | Trash Rm/chute | 112 | 0.096% | \$ 35,584 | \$ 317 |
| RS-3-6 | Mechanical Rm | 27 | 0.023% | \$ 8,680 | \$ 317 |
| RS-3-7 | Mechanical Rm | 30 | 0.072% | \$ 26,572 | \$ 886 |
| UTILITY ROOM TOTALS | | 257 | 0.359% | \$ 132,838 | \$ 516 |

| UNIT | LOBBY AREAS | SQ FT | BEN INT | FAIR MARKET | \$\$/SF |
|--------------------------|--------------------------|------------|---------------|-------------------|---------------|
| RS-3-4 | Lobby by 308 | 128 | 0.110% | \$ 40,486 | \$ 317 |
| RS-3-5 | Lobby 3rd floor elevator | 393 | 0.338% | \$ 124,772 | \$ 317 |
| LOBBY AREA TOTALS | | 521 | 0.447% | \$ 165,258 | \$ 317 |

| UNIT | LIMITED COMMON AREAS | SQ FT | BEN INT | FAIR MARKET | \$\$/SF |
|-----------------------------------|-----------------------------|--------------|---------------|---------------------|---------------|
| RS-1-4 | Property Management Offices | 902 | 2.235% | \$ 826,207 | \$ 916 |
| RS-1-5 | Guest Suite Unit | 355 | 0.851% | \$ 314,432 | \$ 886 |
| LIMITED COMMON AREA TOTALS | | 1,257 | 3.086% | \$ 1,140,639 | \$ 907 |

| UNIT | FUNCTION ROOMS | SQ FT | BEN INT | FAIR MARKET | \$\$/SF |
|------------------------------|---------------------------------------|--------------|---------------|---------------------|---------------|
| RS-1-3 | Breezy Pt, Hatches Harbor/Fitness Ctr | 2,071 | 4.963% | \$ 1,834,336 | \$ 886 |
| RS-2-1 | Main Dining Rm Only | 2,171 | 1.86% | \$ 688,916 | \$ 317 |
| RS-2-2 | Library/Dining/Point Rm | 1,991 | 1.709% | \$ 631,785 | \$ 317 |
| RS-2-7 | Affordable Units' Laundromat | 89 | 0.076% | \$ 28,223 | \$ 317 |
| RS-2-8 | Grill Lounge | 401 | 0.961% | \$ 355,176 | \$ 886 |
| FUNCTION ROOMS TOTALS | | 6,723 | 9.574% | \$ 3,538,435 | \$ 526 |

| | | | | |
|--------------------|---------------|----------------|---------------------|---------------|
| GRAND TOTAL | 16,101 | 20.114% | \$ 7,433,733 | \$ 462 |
|--------------------|---------------|----------------|---------------------|---------------|



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