

# Bank Finance Details

## 1. Loan details, duration, interest rate, etc.

\$3.5MM Non-revolving Line of Credit to Term Loan

Draw Period:

Term: up to 18 months

Interest Rate: Floating WSJP; floor of 6.00%.

Payment: Quarterly payments of interest only based on the outstanding principal balance.

Permanent Period:

Term: up to 10 years.

Interest Rate: Fixed at the then US Constant Maturity Rate plus 2.50% for five years, floored at 6.00%. Interest Rate Reset at YR 6 at the then US Constant Maturity Rate plus 2.50% for five years, floored at 6.00%.

Payment: Quarterly payments of principal and interest fully amortizing over ten (10) years.

Commitment Fee: 0.35% of the Loan Amount (\$12,250)

Prepayment Penalty: If refinanced by a Bank, 3% of the Loan amount in YR 1; 2% of the Loan amount in Year 2; and 1% of the Loan amount in year 3; and 0% thereafter.

## 2. Details on how the loan will be repaid, increase in association dues, etc.

Two options will be provided to unit owners upon the completion of the project:

1) if the unit owner elects to pay assessment upon the completion of the project, then the unit owner will be responsible of the pro-rata amount owed based on final construction project costs. This amount is estimated based on a \$3.5MM Total Project Costs with Cost Contingencies and Interest Reserve divided by 72 Units of ~\$49,000 / Unit.

2) if unit owner elects to finance the costs through the facility provided to the HOA. Quarterly Assessment will be approximately ~\$1,900 more per quarter than the current assessment. This assumes total project costs of \$3.5MM and an interest rate of 6.75%.

Both options presented are conservative based on the cost contingences built into the Project budget.