

EastBluff #4 Town Hall: Special Assessment Ballot Recap

July 2, 2021

Agenda

I. Special Assessment Ballot

- Program Recap
- Ballot Vote Highlights
- Expected Outcomes--Special Assessment vs. “No Vote”

II. Project Recap Discussion

III. Independent Special Assessment Oversight Committee

IV. Where to Find Detailed Information on the Special Assessment Program from Previous Town Halls and Board Meetings

V. Next steps

Special Assessment Ballot

Recap: Project Costs and Phasing--Estimated project costs amount to \$5.0 million over the next 5 years and \$7.2 million over the next 10 years

Projects	2022	2023	2024	2025	2026	2027	2028	2029	2027	2031	10 Yr Total
Total Asphalt & Concrete	45,000	77,250	59,676	128,659	114,186	100,800	170,478	4,711	14,543	-	715,303
Total Building - Balconies & Landings	-	159,687	-	-	-	-	-	-	-	-	159,687
Total Buildings – Doors	29,026	18,700	-	-	5,628	15,100	15,402	15,710	16,024	16,345	131,935
Buildings – Pony Walls	75,000	136,990	141,100	145,333	123,806	89,264	91,942	94,700	97,541	100,468	1,096,144
Total Buildings Roofs	125,014	122,828	126,462	5,306	29,221	138,646	5,631	5,743	5,858	5,975	570,686
Total Buildings – Stucco, flashing & wood	85,161	86,864	116,150	118,472	82,783	57,964	59,123	60,306	-	-	666,823
Total Electrical/ Lights	15,000	24,058	15,606	15,918	16,236	16,561	16,892	17,230	17,575	17,926	173,004
Total Fences/Gates/Rails/Walls	233,512	140,768	-	-	-	28,989	-	-	-	-	403,269
Irrigation - System Refurbish	300,000	-	-	-	-	-	-	-	-	-	300,000
Total Landscape	42,175	155,350	87,463	84,576	104,515	93,882	76,075	77,597	5,202	5,306	732,140
Total Paint & Waterproofing	-	202,499	232,981	-	-	174,589	-	-	-	-	610,069
Total Pool Cabanas	9,000	27,306	41,345	42,569	1,624	1,656	1,689	1,723	1,757	7,013	135,682
Total Pools & Spas	21,700	32,961	98,878	25,883	86,326	-	23,522	10,437	-	33,402	333,109
Signage	7,653	515	1,061	-	1,126	-	-	-	-	-	10,355
Total Termite Control	11,250	75,708	112,783	91,442	140,858	12,421	12,669	12,923	13,181	13,445	496,679
Total Utilities	65,000	51,000	8,000	8,160	8,323	8,490	8,659	8,833	9,009	9,189	184,664
Contingency	40,000	40,800	41,616	42,448	43,297	44,163	45,046	45,947	46,866	47,804	437,989
TOTAL RESERVE EXPENITURES	1,104,491	1,353,284	1,083,119	708,766	757,930	782,525	527,130	355,860	227,558	256,873	7,157,536

Initial 5 Year Total--\$5.0 Million

Final 5 Year Total--\$2.2 million

Recap: With No Special Assessment or Regular Assessment Increases-- Projected funding deficit of \$3.2 million over five years and \$4.0 million overall

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	Total	
Annual Assessment	1,188,000	1,188,000	1,188,000	1,188,000	1,188,000	1,188,000	1,188,000	1,188,000	1,188,000	1,188,000	11,880,000	
Assessment Increase - input	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%		
Operating Expenses - 2% annual increase	2%	(805,700)	(821,814)	(838,250)	(855,015)	(872,116)	(889,558)	(907,349)	(925,496)	(944,006)	(962,886)	(8,822,190)
Reserve Allocation	(382,300)	(366,186)	(349,750)	(332,985)	(315,884)	(298,442)	(280,651)	(262,504)	(243,994)	(225,114)	(3,057,810)	
Reserve Percentage Increase		-4%	-4%	-5%	-5%	-6%	-6%	-6%	-7%	-8%		
Beginning Cash Balance	100,000	(622,191)	(1,609,289)	(2,342,658)	(2,718,440)	(3,160,486)	(3,644,568)	(3,891,048)	(3,984,404)	(3,967,967)		
Reserve Allocation	382,300	366,186	349,750	332,985	315,884	298,442	280,651	262,504	243,994	225,114	3,057,810	
Total Project Expenditures	1,104,491	1,353,284	1,083,119	708,766	757,930	782,525	527,130	355,860	227,558	256,873	7,157,536	
Ending Reserve Balance	(622,191)	(1,609,289)	(2,342,658)	(2,718,440)	(3,160,486)	(3,644,568)	(3,891,048)	(3,984,404)	(3,967,967)	(3,999,727)		

- Regular annual assessment revenue remains constant over 10 years
- Operating expenses increase by 2% per year due to inflation
- Reserve allocation decreases annually



- \$3.2 million 5 year reserve deficit
- \$4.0 million 10 year reserve deficit

Ballot Vote Highlights*

ACTION FOR VOTE: Whether to approve:

- (a) **major rebuilding and repairs of several East Bluff Unit No. 4 Community Association (“Association”) Common Area components, some of which constitute capital improvements.** The proposed scope of work is detailed in Exhibit “3” to the enclosed ballot (“Scope of Repairs”). Capital improvements are changes to the Common Area. For example, certain components might be repaired with different materials, and/or their design might be altered. The repairs which constitute capital improvements are identified by red dots in the left-hand side column of Exhibit “3”; and
- (b) **a special assessment in the total amount of Two Million, Nine Hundred Fifty Thousand Dollars (\$2,950,000.00) to fund the Scope of Repairs.**

*Homeowners are strongly urged to read the entire Ballot and all provisions before voting

Ballot Vote Highlights* (cont'd)

Pursuant to Article III, Section 6 of the CC&Rs, **special assessments “to raise funds for the rebuilding or major repair of the Common Area shall be based” on the ratio of each Living Unit’s square footage to the total square footage of all Living Units. The square footage of each Living Unit is set forth in Recital D of the CC&Rs.**

Each owner will have the option of paying the special assessment in one lump sum approximately sixty (60) days after the special assessment is approved (“Due Date”) or in six (6) annual installment payments per Living Unit, commencing on the Due Date and then annually thereafter on the anniversary date of the Due Date. The lump sum and annual installment payment amounts for each Unit are listed in Exhibit “2” to this ballot.

If the below measure passes, **the Due Date will be on October 1, 2021 (unless postponed at the discretion of the Board).** Each subsequent payment (if the installment payment plan is chosen) will be due annually thereafter, for the next five years.

Excess funds collected, if any, will be allocated to the Association’s reserve account. The special assessment (or any portion thereof) will be considered delinquent thirty (30) days after the due date, and will be subject to collection pursuant to the Governing Documents and California law. (CC&Rs, Article III, Section 6.)

***Homeowners are strongly urged to read the entire Ballot and all provisions before voting**

Ballot Vote Highlights* (cont'd)

With this information in mind, PLEASE CAST YOUR VOTE:

- APPROVE THE SCOPE OF REPAIRS AND SPECIAL ASSESSMENT
- DO NOT APPROVE THE SCOPE OF REPAIRS AND SPECIAL ASSESSMENT

Approval Requirement: A quorum of more than fifty percent (50%) of the membership (at least one hundred (100) Members) must cast ballots, and of the ballots cast, a majority must approve the special assessment. (Civ. Code § 5605(b).) However, a majority of the voting power of the Association's Members (at least one hundred (100) Members) must approve the capital improvements by vote or written assent. (CC&Rs, Article IV, Section 8.) **Therefore, the approval of at least one hundred (100) Members is necessary to approve this action.**

Quorum: The law requires us to note the quorum requirement for a valid action by the membership. This requirement is a majority of the voting power of the membership of the Association. (CC&Rs, Article III, Section 5.) Since the quorum requirement is the same as the approval requirement for the vote itself, it is somewhat irrelevant here.

ALL VOTES ARE FINAL; WHEN YOU SPECIFY A CHOICE ON THIS BALLOT, YOUR VOTE WILL BE CAST IN ACCORDANCE WITH THAT CHOICE

***Homeowners are strongly urged to read the entire Ballot and all provisions before voting**

Expected Outcomes: How Does the Special Assessment Program Compare to the “No Vote” Scenario?

	Overall Cost Increase: 10 Year Average Total Assessments/Unit*	Saleability: 2027 Average Monthly Regular Assessment	Comments
Special Assessment Program--<u>Recommended</u>	\$24,775	\$571/mo.	<ul style="list-style-type: none"> • Least expensive plan • Lowest Regular Assessment by 2027 • Solid/balanced reserves • Reduces financial uncertainty
“No Vote” Scenario	\$48,275	\$1,032/mo.	<ul style="list-style-type: none"> • Most expensive plan • Insufficient Reserves to fund projects • Regular Assessment more than doubles by 2027 • High financial uncertainty for residents

Note: the “No Vote” Scenario does not reflect the likelihood future Boards would need to impose additional special assessments to fund emergency repairs

* Includes any special assessments and increases to the current regular assessment

Why the Board has Approved the Special Assessment Program Option

- ❖ Has the **lowest overall cost** to homeowners;
- ❖ Has the **least impact on estimated future Regular Assessments** (monthly dues);
- ❖ **Addresses critical deferred maintenance** projects by Year 5; and
- ❖ **Returns the Association to financial stability** (sufficiently funds our Reserve by Year 10)

A “No Vote” Would Likely Necessitate the Board to Take the Following Steps with No Homeowner Vote Required

- ❖ Immediately **levy a special assessment of 5%** of our annual operating budget (\$820,808), with no homeowner vote required;
- ❖ Levy one or more **additional special assessments** to fund pending emergency health and safety repairs, with no homeowner vote required;
- ❖ **Increase the regular (monthly) assessment by 20%**, budgeted in the new fiscal year (beginning February 1, 2022), with no homeowner vote required;
- ❖ **Continue to increase these regular assessments by 20%, annually**, until our repair and maintenance projects are fully funded, with no homeowner vote required;
- ❖ **Enhance our year-end Association disclosures** to more clearly state the severity of our deferred repairs and maintenance and our Reserve deficiency, **which could lower the market value of your home**

Project Recap Discussion

Independent Special Assessment Oversight Committee

Why Form an Independent Oversight Committee?

- ❖ **Special Assessment Program requires five to ten years to address deferred maintenance and return the Association to financial stability**
- ❖ **Sound governance and oversight are needed to ensure the Program is managed effectively**
- ❖ **Lessons Learned from the Past**
 - **CC&Rs require updating to ensure continued discipline in managing operating expenses and Reserve funds**
 - **Effective project management is critical**
 - **Project Bidding**
 - **Vendor/Contractor Selection**
 - **Contract Requirements and Negotiation**
 - **Inspections, acceptance, and payment controls**
 - **Homeowners need (and deserve) regular reporting and transparency**

Independent Committee Formation and Charter

- ❖ **Primary purpose--provide oversight and transparency with respect Special Assessment funds raised and the Project Plan outlined in the Special Assessment Program (“Program”)**
- ❖ **Independent body comprised of six or seven homeowners. Through its members, the Committee will provide the following experience:**
 - Legal
 - Finance
 - Engineering
 - Project management
 - Contract management
- ❖ **Five members have been selected. Will add one or two members if Program approved**
- ❖ **Committee will develop an oversight and compliance framework, including requirements and procedures, around critical risk areas in the Program**
- ❖ **Members will recommend changes to EB#4’s current CC&Rs to require prudent management of the Association’s operating funds and Reserves**
- ❖ **Committee will report progress, compliance, metrics, and material changes to the Program at least quarterly**

Special Assessment and Reserve Fund Oversight

- ❖ **Member expertise and qualifications--Mark Abumeri and David Roth**
- ❖ **State code limits use of Special Assessment funds and protects homeowners**
- ❖ **Committee will oversee collection and use of Special Assessment funds to ensure compliance**
- ❖ **Regular Assessment funds (monthly dues) allocated to the Reserve Account will also be tracked**

State Civil Code: Special Assessment Restrictions

Special assessments may only be used for those purposes for which the assessment was approved. An assessment approved by the membership for new roofs may not be used by the board for new landscaping.

Flexibility in Use of Funds. Even though boards cannot divert special assessment monies from one project to other projects, boards have discretion to use the monies for related issues. For example, a special assessment approved for replacement of drain lines can be expanded by the board to include remediation of mold discovered in the walls once the replacement program has been started. Although mold was not on the ballot, it is sufficiently related to the replacement of pipes to fall within the board's discretion when repairs are made.

Where a duly constituted community association board, upon reasonable investigation, in good faith and with regard for the best interests of the community association and its members, exercises discretion within the scope of its authority under relevant statutes, covenants and restrictions to select among means for discharging an obligation to maintain and repair a development's common areas, courts should defer to the board's authority and presumed expertise. Thus, we adopt today for California courts a rule of judicial deference to community association board decisionmaking that applies, regardless of an association's corporate status, when owners in common interest developments seek to litigate ordinary maintenance decisions entrusted to the discretion of their associations' boards of directors. ([Lamden v. La Jolla Shores](#), (1999) 21 Cal.4th 249.)

No Time Limit. Unless imposed by the assessment itself or by the governing documents, there is no time limit on the expenditure of special assessment funds. Even so, any delays in using the monies for their intended purpose must be reasonable.

Operating Expense Governance--CC&R Changes

- ❖ **Member expertise and qualifications--Mark Abumeri and David Roth**
- ❖ **Will recommend CC&R changes to the Board regarding the following:**
 - Return financial responsibility of select repairs to homeowners (e.g., water heater replacement and remediation)
 - Operating Expense management requirements
 - Reserves oversight requirements

Project Management Oversight

- ❖ **Member expertise and qualifications--Cynthia Jensen and James Lasswell**

- ❖ **Project Management Oversight**
 - Project bidding process
 - Vendor/Contractor qualifications and selection
 - Material changes to project budgets and phasing
 - Contract Guidelines
 - Specifications
 - Warranty requirements
 - Insurance requirements
 - Inspection and payment requirements
 - Will monitor project inspection results, acceptance, and payment

Transparency and Reporting

- ❖ **Will develop compliance monitoring reporting to homeowners which will include:**
 - Project updates, including material changes to scope, budget and/or phasing
 - Contract bidding and awards
 - Special Assessment Installment Plan collections, including past due balances
 - Reserve “Roll-Forward”

- ❖ **Quarterly updates to homeowners**

Where to Find Detailed Information on the Special Assessment Program from Previous Town Halls and Board Meetings

- **Go to EastBluff4.com**
- **Click on “DOCS”**
- **Review “Special Assessment Presentations”**

Where to Find Additional Special Assessment Presentations & Information

EAST BLUFF 4 HOME CALENDAR INFO **DOCS** LOCAL CONTACT MY ACCOUNT

Governing Documents & Homeowner Forms

Here you can find a list of forms and governing documents for your community. You can download these files by clicking on the "Download File" link.

Forms & Applications	Special Assessment Presentations	Governing Documents
ARC Application 2020 Download File	08_2020 Download File	Bylaws Download File
Auto-Debit Form Download File	09_2020 Download File	CC&R's (Large File) Download File
	10_2020 Download File	Rules & Regulations Handbook Download File
	11_2020 Download File	Election Rules Adopted 2020 Download File

- Go to EastBluff4.com
- Click on “DOCS”
- Review “Special Assessment Presentations”

Next Steps

Next Steps

- ❖ Ballots were mailed to homeowners on June 25, 2021
- ❖ Homeowners vote and return ballots on or before 5:00 pm on July 28, 2021
- ❖ Ballot results tabulated and reported during special meeting to be held at 2:00 pm on July 29, 2021
- ❖ If Special Assessment is approved, homeowners will be polled regarding payment preference--Upfront payments vs. six annual installments
- ❖ If approved, Special Assessment Due Date on October 1, 2021
- ❖ **If Special Assessment Program is not approved, Board will develop and implement a plan to address deferred repairs and maintenance using actions not requiring homeowner vote**

Long Term Goals For Our Community



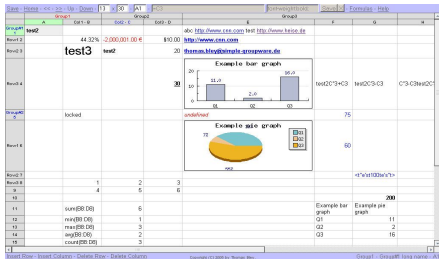
Sound Infrastructure



Predictable Assessments



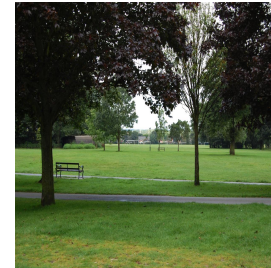
Better Disclosure for Owners/Buyers



Stable Financial Position



Improved Property Values



Attractive Community Aesthetic



Appendix

Special Assessment Program--\$2.95 million Special Assessment (with payment plan), Nominal Annual Regular Assessment Increases, & No Financing.

		2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	Total
Annual Assessment		1,188,000	1,247,400	1,284,822	1,323,367	1,363,068	1,403,960	1,446,078	1,489,461	1,534,145	1,580,169	13,860,469
Assessment Increase - input		0%	5%	3%	3%	3%	3%	3%	3%	3%	3%	
Operating Expenses - 2% annual increase	2%	(805,700)	(821,814)	(838,250)	(855,015)	(872,116)	(889,558)	(907,349)	(925,496)	(944,006)	(962,886)	(8,822,190)
Reserve Allocation		(382,300)	(425,586)	(446,572)	(468,351)	(490,952)	(514,402)	(538,729)	(563,965)	(590,139)	(617,283)	(5,038,279)
Reserve Percentage Increase			11%	5%	5%	5%	5%	5%	5%	5%	5%	
Beginning Reserve Balance		100,000	177,809	146,861	271,064	309,899	260,921	201,798	213,397	421,502	784,083	
Reserve Allocation		382,300	425,586	446,572	468,351	490,952	514,402	538,729	563,965	590,139	617,283	5,038,279
Total Project Expenditures		1,104,491	1,353,284	1,083,119	708,766	757,930	782,525	527,130	355,860	227,558	256,873	7,157,536
Ending Balance w/o Additional Funding		(622,191)	(749,889)	(489,686)	30,649	42,921	(7,202)	213,397	421,502	784,083	1,144,492	
Special Assessment		800,000	800,000	700,000	250,000	200,000	200,000	-	-	-	-	2,950,000
Interest Income (4.5% on O/S balance)			96,750	60,750	29,250	18,000	9,000					213,750
Net Funding		800,000	896,750	760,750	279,250	218,000	209,000	-	-	-	-	3,163,750
Ending Reserve		177,809	146,861	271,064	309,899	260,921	201,798	213,397	421,502	784,083	1,144,492	

	Overall Cost Increase: 10 Year Average Total Assessments/Unit	Cost Spread: Total Annual Avg. Assessments/Unit-Over 6 Years	Cost Spread: Total Annual Avg. Assessments/Unit-Over 10 Years	Saleability: Year 6 Average Monthly Regular Assessment	Financial Stability: Year 10 Reserve Balance
Current Cost	\$59,700	\$5,970	\$5,970	\$498/mo	\$100,000
Option #1	\$24,775	\$9,012	\$8,447	\$571/mo	\$1.14 million
% Increase	42%	51%	42%	15%	N/A

“Do Nothing” Scenario-- Assumes Future Boards Would Need to Increase Regular Assessments by the 20% Annual Maximum and Impose Sporadic 5% Special Assessments to Address Repairs, as needed

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	Total
Annual Assessment	1,188,000	1,425,600	1,710,720	2,052,864	2,463,437	2,463,437	2,463,437	2,463,437	2,463,437	2,463,437	21,157,805
Assessment Increase - input	0%	20%	20%	20%	20%	0%	0%	0%	0%	0%	0
Operating Expenses - 2% annual increase	2%	(805,700)	(821,814)	(838,250)	(855,015)	(872,116)	(889,558)	(907,349)	(925,496)	(944,006)	(8,822,190)
Reserve Allocation	(382,300)	(603,786)	(872,470)	(1,197,849)	(1,591,321)	(1,573,879)	(1,556,088)	(1,537,941)	(1,519,431)	(1,500,551)	(12,335,615)
Reserve Percentage Increase		58%	44%	37%	33%	-1%	-1%	-1%	-1%	-1%	
Beginning Reserve Balance	100,000	(562,791)	(1,241,009)	(1,366,122)	(774,397)	182,166	973,520	2,002,478	3,184,559	4,476,432	
Reserve Allocation	382,300	603,786	872,470	1,197,849	1,591,321	1,573,879	1,556,088	1,537,941	1,519,431	1,500,551	12,335,615
Total Project Expenditures	1,104,491	1,353,284	1,083,119	708,766	757,930	782,525	527,130	355,860	227,558	256,873	7,157,536
Ending Balance w/o Additional Funding	(622,191)	(1,312,289)	(1,451,658)	(877,040)	58,994	973,520	2,002,478	3,184,559	4,476,432	5,720,109	
Special Assessment - 5% NO VOTE	59,400	71,280	85,536	102,643	123,172	-	-	-	-	-	442,031
Line of Credit Financing		-	-	-	-	-	-	-	-	-	
Debt Payments		-	-	-	-	-	-	-	-	-	
Net Funding	59,400	71,280	85,536	102,643	123,172	-	-	-	-	-	
Ending Reserve	(562,791)	(1,241,009)	(1,366,122)	(774,397)	182,166	973,520	2,002,478	3,184,559	4,476,432	5,720,109	

Insufficient Reserves to Fund Projects

	Overall Cost Increase: 10 Year Average Total Assessments/Unit	Cost Spread: Total Annual Avg. Assessments/Unit- Over 6 Years	Cost Spread: Total Annual Avg. Assessments/Unit- Over 10 Years	Saleability: 2027 Average Monthly Regular Assessment	Financial Stability: Year 10 Reserve Balance
Current Cost	\$59,700	\$5,970	\$5,970	\$498/mo	\$100,000
Option #4	\$48,275	\$9,743	\$10,797	\$1,032/mo	\$5.72 million
% Increase	81%	63%	81%	107%	N/A

How Do the Four Options Compare?

	Overall Cost Increase: 10 Year Average Total Assessments/Unit	Cost Spread: Total Annual Avg. Assessments/Unit Over 6 Years	Cost Spread: Total Annual Avg. Assessments/Unit Over 10 Years	Saleability: 2027 Average Monthly Regular Assessment	Financial Stability: Year 10 Reserve Balance	Comments
Option #1: Special Assessment	\$24,775	\$9,012	\$8,447	\$571/mo.	\$1.14 million	<ul style="list-style-type: none"> • Least expensive plan • Lowest Regular Assessment in 2027 • Solid/balanced reserves
Option #2: Financing	\$30,833	\$8,457	\$9,053	\$829/mo.	\$1.55 million	<ul style="list-style-type: none"> • More Expensive plan • Regular Assessment increases in 67% by 2027 • Total Financing cost of \$646,172
Option #3: Special Assessment/ Financing Combination	\$28,839	\$8,347	\$8,854	\$801/mo.	\$988,374	<ul style="list-style-type: none"> • Low cost during initial 6 yrs • Regular Assessment increases by 61% by 2027 • Low Reserves in 2026-27
Option #4: "Do Nothing"	\$48,275	\$9,743	\$10,797	\$1,032/mo.	\$5.72 million	<ul style="list-style-type: none"> • Most expensive plan • Insufficient to fund projects • Regular Assessment more than doubles by 2027 • High uncertainty for residents

Option #2: Financing Option-- No Special Assessment, Maximum Loan of \$2.5 million, with a 12 Month Draw Period. High Regular Assessment Increases During Years 1-4 to Accommodate Debt Payments.

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	Total
Annual Assessment	1,188,000	1,425,600	1,639,440	1,885,356	1,979,624	1,979,624	1,979,624	1,979,624	1,979,624	1,979,624	18,016,139
Assessment Increase input	0%	20%	15%	15%	5%	0%	0%	0%	0%	0%	
Operating Expenses - 2% annual increase	(805,700)	(821,814)	(838,250)	(855,015)	(872,116)	(889,558)	(907,349)	(925,496)	(944,006)	(962,886)	(8,822,190)
Reserve Allocation	(382,300)	(603,786)	(801,190)	(1,030,341)	(1,107,508)	(1,090,066)	(1,072,275)	(1,054,128)	(1,035,618)	(1,016,738)	(9,193,949)
Reserve Percentage Increase		58%	33%	29%	7%	-2%	-2%	-2%	-2%	-2%	
Beginning Reserve Balance	100,000	576,247	724,092	96,069	82,800	108,784	103,982	348,032	756,456	787,876	
Reserve Allocation	382,300	603,786	801,190	1,030,341	1,107,508	1,090,066	1,072,275	1,054,128	1,035,618	1,016,738	9,193,949
Total Project Expenditures	1,104,491	1,353,284	1,083,119	708,766	757,930	782,525	527,130	355,860	227,558	256,873	7,157,536
Ending Balance w/o Additional Funding	(622,191)	(173,251)	442,163	417,644	432,378	416,325	649,126	1,046,300	1,564,516	1,547,740	
Special Assessment input	-	-	-	-	-	-	-	-	-	-	-
Financing - Update Amortization 2	1,250,000.00	1,250,000.00	-	-	-	-	-	-	-	-	2,500,000
Debt Payments	(51,562.50)	(352,656.25)	(346,093.75)	(334,843.75)	(323,593.75)	(312,343.75)	(301,093.75)	(289,843.75)	(776,640.63)	-	(3,088,672)
Closing Costs	(57,500.00)										
Net Funding	1,198,438	897,344	(346,094)	(334,844)	(323,594)	(312,344)	(301,094)	(289,844)	(776,641)	-	
Ending Reserve	576,247	724,092	96,069	82,800	108,784	103,982	348,032	756,456	787,876	1,547,740	

	Overall Cost Increase: 10 Year Average Total Assessments/Unit	Cost Spread: Total Annual Avg. Assessments/Unit- Over 6 Years	Cost Spread: Total Annual Avg. Assessments/Unit -Over 10 Years	Saleability: 2027 Average Monthly Regular Assessment	Financial Stability: Year 10 Reserve Balance
Current Cost	\$59,700	\$5,970	\$5,970	\$498/mo	\$100,000
Option #2	\$30,833	\$8,457	\$9,053	\$829/mo	\$1.55 million
% Increase	52%	42%	52%	67%	N/A

Includes Total Interest & Costs of \$646,172

Option #3: Combination-- \$2.0 million Loan, \$800,000 Special Assessment & Modestly High Regular Assessment Increases in Years 1-4 to Accommodate Debt Payments

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	Total
Annual Assessment	1,188,000	1,306,800	1,437,480	1,581,228	1,739,351	1,913,286	1,913,286	1,913,286	1,913,286	1,913,286	16,819,288
Assessment Increase input	0%	10%	10%	10%	10%	10%	0%	0%	0%	0%	
Operating Expenses - 2% annual increase	(805,700)	(821,814)	(838,250)	(855,015)	(872,116)	(889,558)	(907,349)	(925,496)	(944,006)	(962,886)	(8,822,190)
Reserve Allocation	(382,300)	(484,986)	(599,230)	(726,213)	(867,235)	(1,023,728)	(1,005,937)	(987,790)	(969,280)	(950,400)	(7,997,098)
Reserve Percentage Increase		27%	24%	21%	19%	18%	-2%	-2%	-2%	-2%	
Beginning Reserve Balance	100,000	177,809	218,261	452,247	192,818	34,248	16,576	245,508	636,563	914,535	
Reserve Allocation	382,300	484,986	599,230	726,213	867,235	1,023,728	1,005,937	987,790	969,280	950,400	7,997,098
Total Project Expenditures	1,104,491	1,353,284	1,083,119	708,766	757,930	782,525	527,130	355,860	227,558	256,873	7,157,536
Ending Balance w/o Additional Funding	(622,191)	(690,489)	(265,628)	469,693	302,123	275,451	495,383	877,438	1,378,285	1,608,062	
Special Assessment input	800,000	-	-	-	-	-	-	-	-	-	800,000
Financing - Update Amortization 1		1,000,000	1,000,000								2,000,000
Debt Payments		(41,250.00)	(282,125.00)	(276,875.00)	(267,875.00)	(258,875.00)	(249,875.00)	(240,875.00)	(231,875.00)	(619,687.50)	(2,469,312)
Closing Costs		(50,000.00)									
Net Funding	800,000	908,750	717,875	(276,875)	(267,875)	(258,875)	(249,875)	(240,875)	(231,875)	(619,687)	
Ending Reserve	177,809	218,261	452,247	192,818	34,248	16,576	245,508	636,563	914,535	988,374	

	Overall Cost Increase: 10 Year Average Total Assessments/Unit	Cost Spread: Total Annual Avg. Assessments/Unit-Over 6 Years	Cost Spread: Total Annual Avg. Assessments/Unit-Over 10 Years	Saleability: 2027 Average Monthly Regular Assessment	Financial Stability: Year 10 Reserve Balance
Current Cost	\$59,700	\$5,970	\$5,970	\$498/mo	\$100,000
Option #3	\$28,839	\$8,347	\$8,854	\$801/mo	\$988,374
% Increase	48%	40%	48%	61%	N/A

Includes Total Interest & Costs of \$519,312