

TOCCA Presidents Letter 2A The Marina Replacement Loan

Dear Members:

The TOC Board has chosen the lender Popular Bank as our best option to borrow \$1.1 million for 15 years at 7.26%. This money will be used to replace B Dock and C Dock and our Marina wave attenuator. The loan details are included in this message.

The funds will not be borrowed without a vote from the community.

Do we really need to borrow money?

The Marina must be fixed and the Board does not want to ask neighbors for money in a special assessment. This loan makes sure the cost of the Marina repairs is paid back evenly over 15 years. Also, a loan is good for reducing TOC taxes. The Marina slip rentals generate about \$80,000 a year. This income is taxable at about 30%. Interest payments on the loan and depreciation can help lower TOC Marina income taxes and saves the community money.

How are we going to pay back a million dollars?

Income from the Marina plus the TOC facilities dues and our tax avoidance will cover the loan payments.

Can't we just not fix it?

Chunks of our Marina will sink - or drift out into boating channels and watermen work areas including the busy Dogwood Harbor and Wylder's Inn. TOC could be exposed to significant legal and civil action. And, the cost of removing the debris from the Marina could easily top \$100,000. Also, a sturdy, attractive Marina generates income for TOC and truly helps to support home values and sales appeal.

How does the vote work?

We have 59 lots in TOC. Forty of our lots (two-thirds) must vote 'yes' to approve the loan. The Board plans a special meeting on Saturday, February 10th at the Clubhouse to vote either in person or by proxy to take out the loan. A proxy vote form will be emailed to each lot and can be returned by email.

Information will be posted on the website for everyone to see. Go to TOCCA Business/Meeting Minutes page see Community Notices column at the right.

If needed we will hold informational meetings prior to the special meeting on February 10th.

TOCCA Presidents Letter 2A The Marina Replacement Loan

Please call me or email with your questions:

1-847-217-3366

ianvjones21@gmail.com

Ian

HOA Capital // TOC Facilities	
Financing Options for Capital Improvements	
Bank	Popular
Loan Amount	\$1,100,000
Monthly Payment	Interest only payments for the first 12 months
	\$12,862.83 / \$10,047.69
Purpose	Capital Improvement Projects
Term (years)	10 years
	15 years
Rate	Today's Rate: 7.16%
	Today's Rate: 7.26%
Prepayment Penalty	If refinanced through another lender the borrower is subject to pay a fee of 1% of the remaining principal balance
Origination Fee	0.25% of the loan amount
Other Fees	fees and expenses of \$3,000
Collateral	Assignment of Association Cashflow
Guarantors	_____
Financial Deposit Requirements	Reserve Account to be held at Popular Bank with a minium balance of \$50,000 through the life of the loan
Additional Requirements	_____
Financial Reporting	Annual
General Comments/Other Information	Maintain DSCR 1.10 x & Delinquencies under 10%