SOUTHWICKE TOWNHOME ASSOCIATION
BOARD of DIRECTORS MEETING
Date: July 14, 2026

CALL TO ORDER: 5 p.m.

ATTENDANCE: Janet Johnson, Keith Sandvig, Phil Betts, Carolyn Buseman

GUESTS: Several guests attended from Units # 2, 4, 6, 8, 9, 13, 16, 17, 19, 21, 22, 25, 30, 34, 51, 54, 67

SECRETARY'S REPORT: Minutes for June 9, 2026 were moved approved by Keith, seconded by Phil, passed.

TREASURER'S REPORT: Treasurers report from Property Management by Design (PMBD) reviewed. Keith reported an operating account of $42,313.00 and $169,565.65 in reserve fund. Moved approved by Carolyn, seconded by Phil. Passed.

OLD BUSINESS:

- Midwest Construction to start August 5 on final completion of repairs to soffits, facia, and cladding.
- Tuckpointing and repair to front signage has begun by Midwest Tuckpointing.
- Second walk through for concrete repair was completed by Stone Cross. Keith moved to accept Stone Cross bid, Phil 2nd. Passed. Once dates are secured for repairs, homeowners will be notified.
- Bush trimming was done by Omar of Lara Lawn Care on June 29-30.
- Walk through by the Property Manager, Jeff Horner, was completed and resulted in 9 letters sent to homeowners for replacement or repair of decks. Those backed to wall were given permission to wait until completion of wall replacement.
- A Special Meeting held June 29, 2026 with staff from Stone Cross Landscaping giving a presentation on the future retaining wall construction. Questions from homeowners present were answered. Project bid is $731,000 with a 90-day projection time needed for wall and tiling completion, weather permitting.
- The Property Manager and Southwicke Board members visited with several banks about loan possibilities for the wall rebuild. A loan would require a special assessment, plus interest at approximately 8%. Banks require a reserve study ($3,500), as well as following recommendations made by the study. Monthly loan payment would increase dues. Insurance, use of loss assessment coverage, grant possibilities have been researched and are not available.
- Retaining wall financing options were discussed and reviewed. The cost of the project is $731,000 as stated at the special meeting. Property Manager, Jeff Horner, wrote about Loan vs Assessment (attached).
- Board agreed on voting options to present homeowners regarding financing of south retaining wall.

NEW BUSINESS:

- A Special Meeting for voting on finance options for rebuilding the south wall to be held Friday, July 24 starting at 5:30 p.m., Unit 20 garage. Ballots and proxies will be sent by email and USPS.
- The Annual Meeting date is set for Monday, October 12th at the Valley Junction Activity Center. Keith moved to accept the location and date, Carolyn seconded. Passed.
- Bid received from Extreme Trees for tree and bush trimming. Phil moved to accept the bid, Carolyn seconded. Passed.
- Several units/buildings need pressure washing for algae. Bids being received.

NEXT MONTHLY BOARD MEETING: Tuesday, August 11, 5 p.m. at Unit 20.

LOAN vs ASSESSMENT

By Jeff Horner, Property Manager

(Example if full loan)

Based on the size of the south retaining wall project, most commercial lenders will likely offer a maximum loan term of 10 years. Current commercial interest rates are approximately 8%.

Using a loan amount of **$600,000** at **8%** over **10 years**, the Association's monthly loan payment would be **$7,279.66**, which equates to approximately **$102.53 per unit per month**. Please note that the estimated project cost is **$700,000 - $750,000**, so the bank would require the Association to provide a 20% down payment, or approximately **$150,000**.

In addition to the down payment, the bank will require the Association to complete a Reserve Study, which typically costs around **$3,500**. Once completed, the lender will expect the Association to follow the funding recommendations outlined in the study. In our experience, this can be challenging, as many associations operate at only 50% to 80% of fully funded reserves (causing dues to increase). The bank would also require the Association to demonstrate a minimum of six months of financial history showing that it is contributing the fully funded reserve amount recommended by the Reserve Study, while also collecting enough in assessments to support the proposed monthly loan payment.

What this means is that, if the Association is otherwise financially positioned to qualify for the loan, dues would need to be increased by approximately **$102.53 per unit per month** to cover the loan payment. Those increased assessments would remain in place for the duration of the 10-year loan, thus making units more difficult to sell.

It is also important to consider the overall cost of financing. A $600,000 loan at these terms would result in approximately <u>$273,559.32</u> interest being paid over the life of the loan.