



222 SW COLUMBIA, SUITE 200  
PORTLAND, OR 97201  
971.940.1911 MAIN  
971.940.1955 FAX

October 16, 2024

Chad Carpenter  
Mile High Community Management  
C/O the OREGON WATER WONDERLAND PROPERTY OWNERS ASSOCIATION, UNIT II, INC.

Re: Financing for lot purchase and bridge repairs

Dear Chad,

Thank you for considering Summit Bank for your Association financing needs. In addition to presenting our loan proposal, we would like to present a few reasons why choosing Summit Bank is the best decision for you:

- Summit Bank is one of the top 200 financially performing community banks in the country, according to S & P Global Market Intelligence, out of more than 4,500 community banks.
- Quick decisions on loan requests with experienced underwriting, resulting in expedited turnaround times. No automatic call centers: all of our bankers have direct dial extensions.

We are happy to present this letter of interest. This letter should not be construed as a commitment to lend, but rather a general summary of terms should you choose to move forward with Summit Bank. We are nimble, efficient and fast to meet the objectives of our business clients. We recognize your need to close this transaction as soon as possible and will work with you from start to finish.

Upon your acceptance of the term sheet, the Bank will underwrite your loan approval to these terms, provided all required financial information is gathered.

#### **CREDIT FACILITY**

Borrower:	Oregon Water Wonderland Property Owners Association II
Loan Type:	Single advance, fully funded at closing, line of credit that converts to a term loan. The loan proceeds will earn a higher rate of interest during the draw period. See covenants below.
Purpose:	Financing for lot purchase and bridge repairs
Loan Amount:	Up to \$1,100,000
Maturity:	Up to 129 months <ol style="list-style-type: none"><li>1. 9 month interest only period</li><li>2. 10 year term loan</li></ol>
Amortization:	10 years from the end of the interest only period.
Interest Rate:	The interest rate will fix at closing and the Association will have a fixed rate during the interest only draw period. The rate determination is indicated below:



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5 year term: Fixed interest rate for 69 months based on the Federal Reserve Board's Treasury Constant Maturity (TCM) 5 year rate + 3.5%. The 5 year TCM rate as of 10/16/24 is 3.86%)<sup>i</sup>. With the 3.5% spread, the loan interest rate as of **10/16/24 would be a rate of 7.36%**. The rate will reset at year 5 at the 5 year TCM + 3.5% with a floor of 7.0%

**The rates above are locked for 30 days to complete the closing of the loan. The rate lock will expire on 11/16/24.**

- Interest Rate Floor: None
- Prepayment Indemnity: 1% only if the loan is refinanced with another financial institution.
- Loan Fee: \$11,000(1% loan fee)
- Payments:
1. Monthly Interest only payments for 9 months
  2. Term - Monthly principal and interest payments. The new payment will be approximately \$13,117 per month.
- Collateral: UCC-1 first priority lien on the Association's assets, including the pledge of future assessments.
- Third Party Costs:
- Secretary of State Filing fee: \$25
- Financial Covenants:
- The loan will be subject to the following covenants:
- Loan Proceeds Deposit: The loan proceeds will be fully advanced at closing and placed in a bank controlled account earning the 5 year TCM + 2.0% or 6.36% as of the date of the term sheet. The funds will be subject to draw requests.
  - Reserve Deposit: The Association will be required to hold reserve accounts with Summit Bank for the duration of the loan. There are no restrictions on the use and the deposits will not be collateral for the loan.
  - Assessment Delinquency Covenant: The Association will be in default of the loan should delinquent assessments exceed 15% in any given quarter. Delinquent assessments are those in excess of 90 days past due and the assessment ratio will be measured by the number of delinquent units divided by the total number of units.
  - Debt Service Covenant: The Association will be required to meet a debt service covenant of 1.10:1.0 measured annually and defined as the total assessment receipts less operating expenses divided by the annual debt payments (principal and interest).
- Financial Reporting:
- Quarterly and Annual Borrower Company-Prepared Statements: The Association will be required to provide annual financial



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statements that include an assessment delinquency aging report within 30 days of year end.

This proposal is for discussion purposes only and is a general, non-binding expression of interest on the part of Summit Bank. The Bank's consideration of this proposal is subject to fulfillment of a number of usual and customary conditions including, but not limited to, the Bank's normal credit approval process, our investigation of the proposal and the credit and financial status of all borrowers and guarantors, and a review of the proposed collateral. The undersigned certifies that any financial information presented to Summit Bank in connection with this proposal is and will be correct and complete. We are authorized to investigate the credit and employment status of the borrower and guarantors, whether directly or through any agent.

We hope you find these terms satisfactory and await your review of this proposal and response. We look forward to working with you and contributing to your success!

This term sheet will expire on **November 16, 2024. The rate is locked until that date.**

Sincerely,  
Summit Bank

Agreed to and Accepted by:  
Applicant Name

By: Scott Wells  
Name: Scott Wells  
Title: Commercial Banking Team Lead

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

UNDER OREGON LAW, MOST AGREEMENTS AND OTHER COMMITMENTS MADE BY US AFTER OCTOBER 3, 1989 CONCERNING LOANS AND OTHER CREDIT EXTENSIONS WHICH ARE NOT FOR PERSONAL, FAMILY OR HOUSEHOLD PURPOSES OR SECURED SOLELY BY THE BORROWER'S RESIDENCE MUST BE IN WRITING, EXPRESS CONSIDERATION AND BE SIGNED BY US TO BE ENFORCEABLE.

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