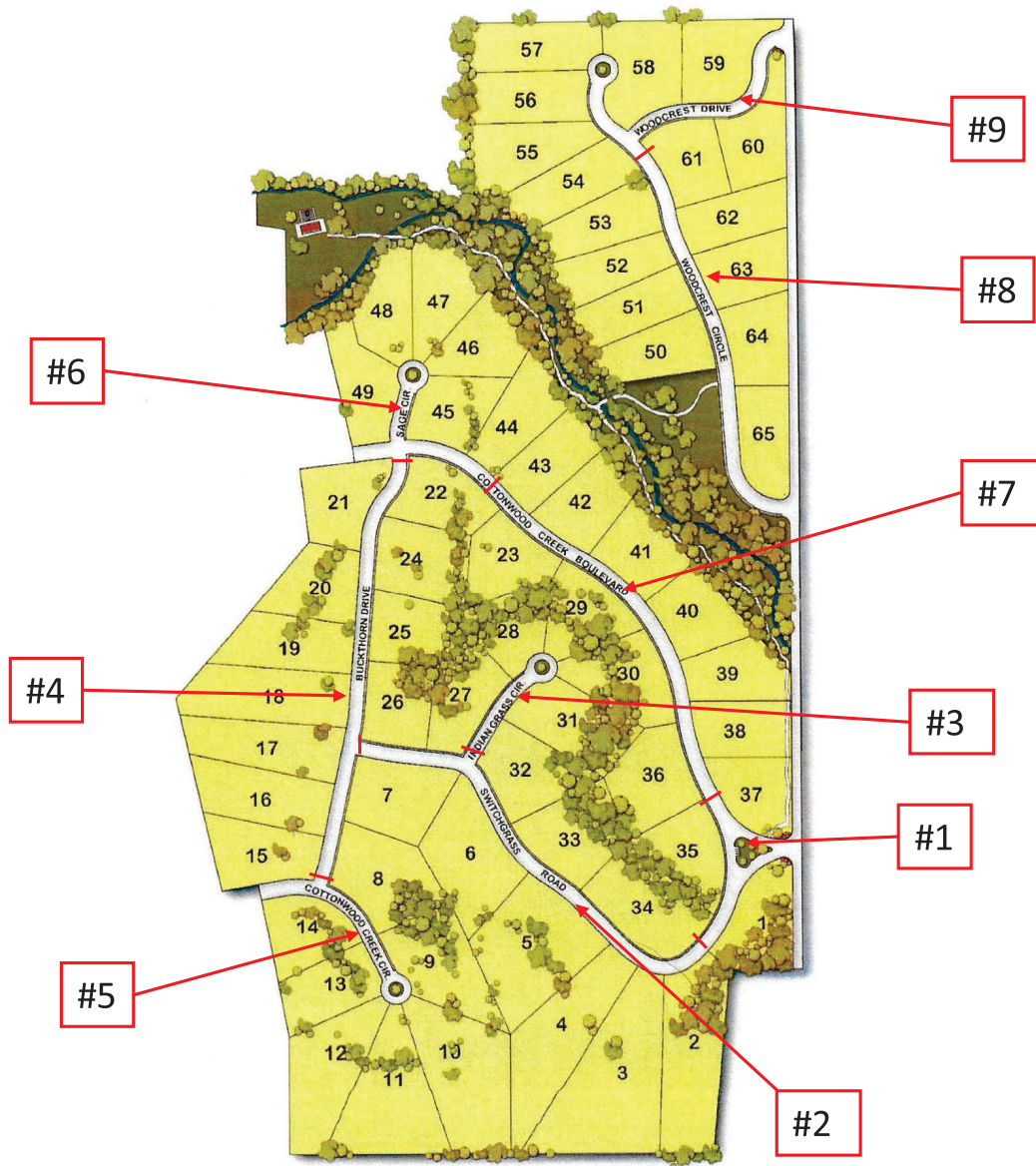


COTTONWOOD CREEK 2021 ROAD UPDGRADE PLAN

December 2020

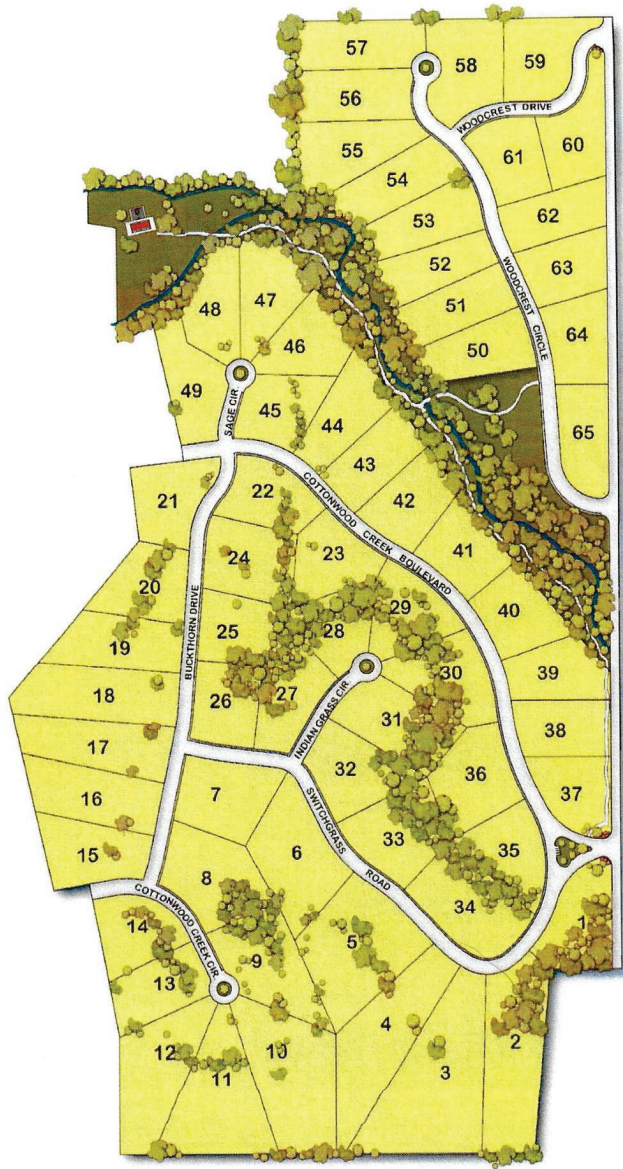


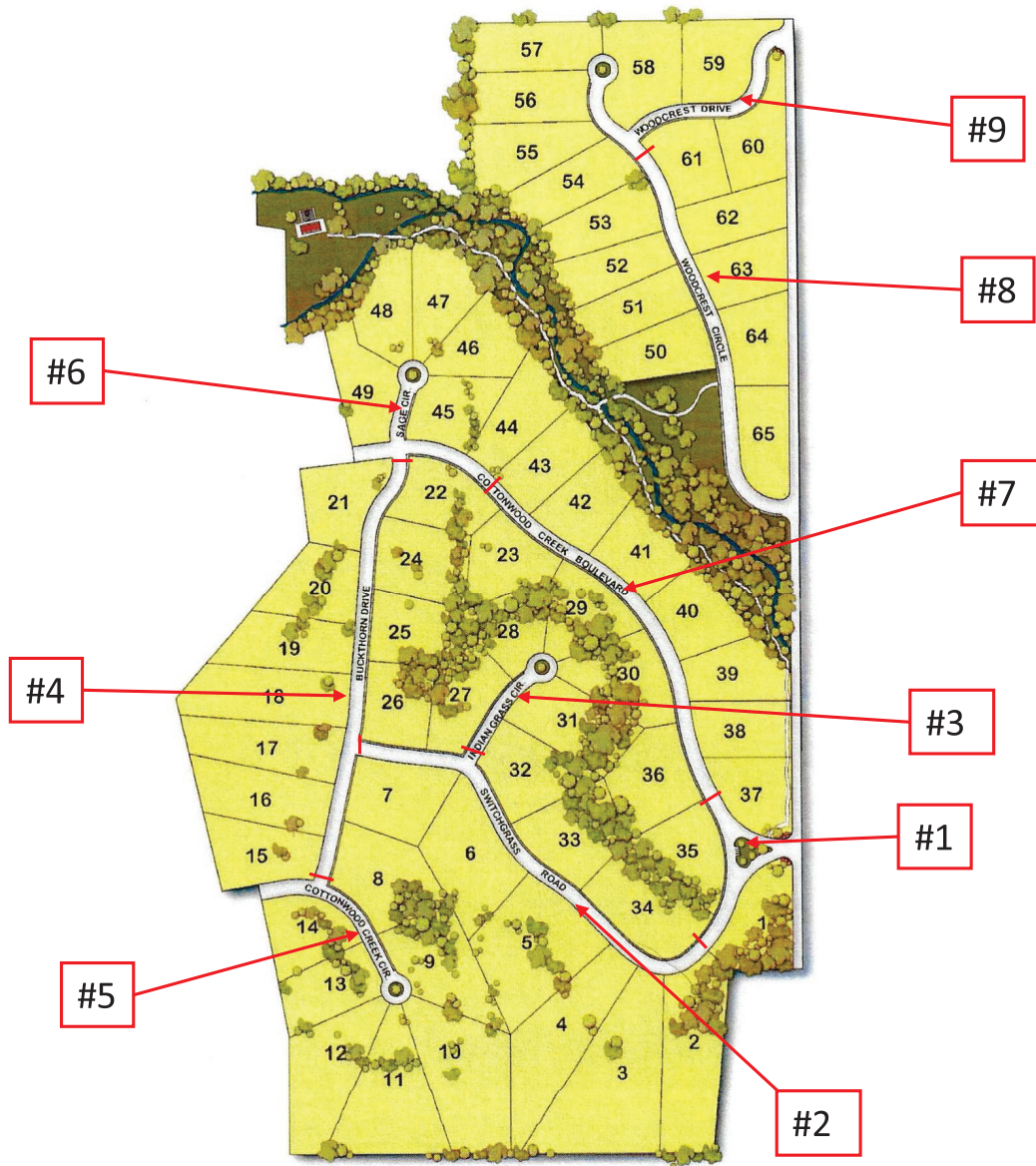
AREA # LEGEND

1. MAIN ENTRANCE
2. UPPER SWITCH
3. INDIAN GRASS
4. BUCKTHORN
5. COTTONWOOD CIRCLE
6. SAGE
7. COTTONWOOD BLVD
8. WOODCREST CIRCLE
9. WOODCREST DRIVE

What Happened to the 2020 Plan ?

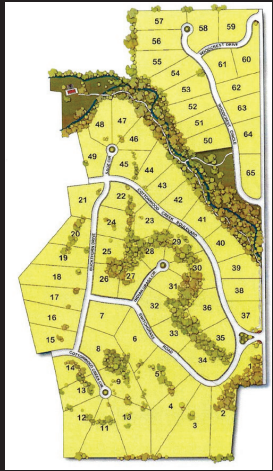
- Contract was signed for Area #8 & #9 on June 17th
- Schedule Delays due to July, August Rains
- Further COVID Personnel related Delays
- Missed Window when Seal Coat Application temperatures were below minimums





AREA # LEGEND

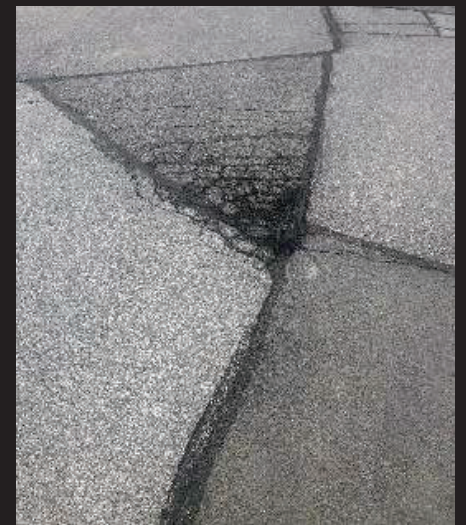
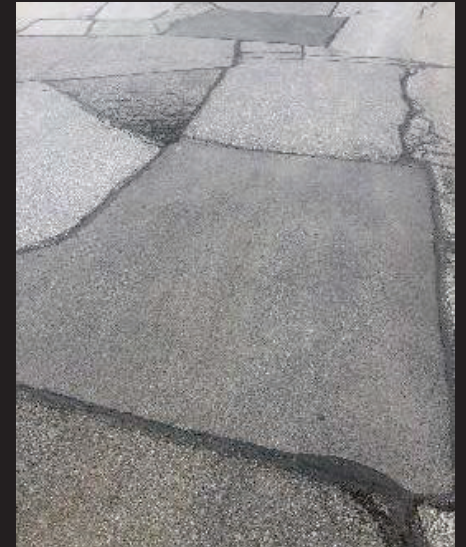
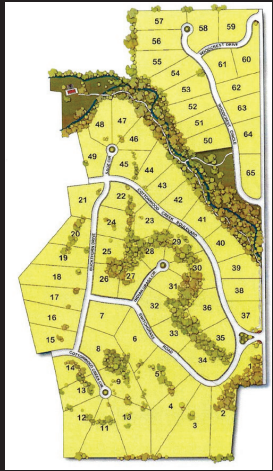
1. MAIN ENTRANCE
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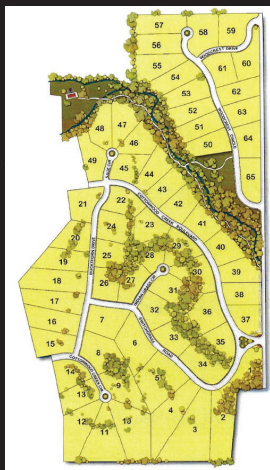
Current Raveled Surface in Area #7



This Spot will totally fail during winter 2020-2021



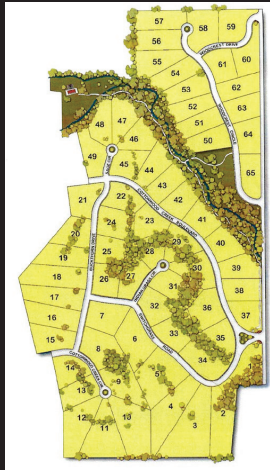
Multiple Patches in Area #1 – Further Moisture Damage Eminent



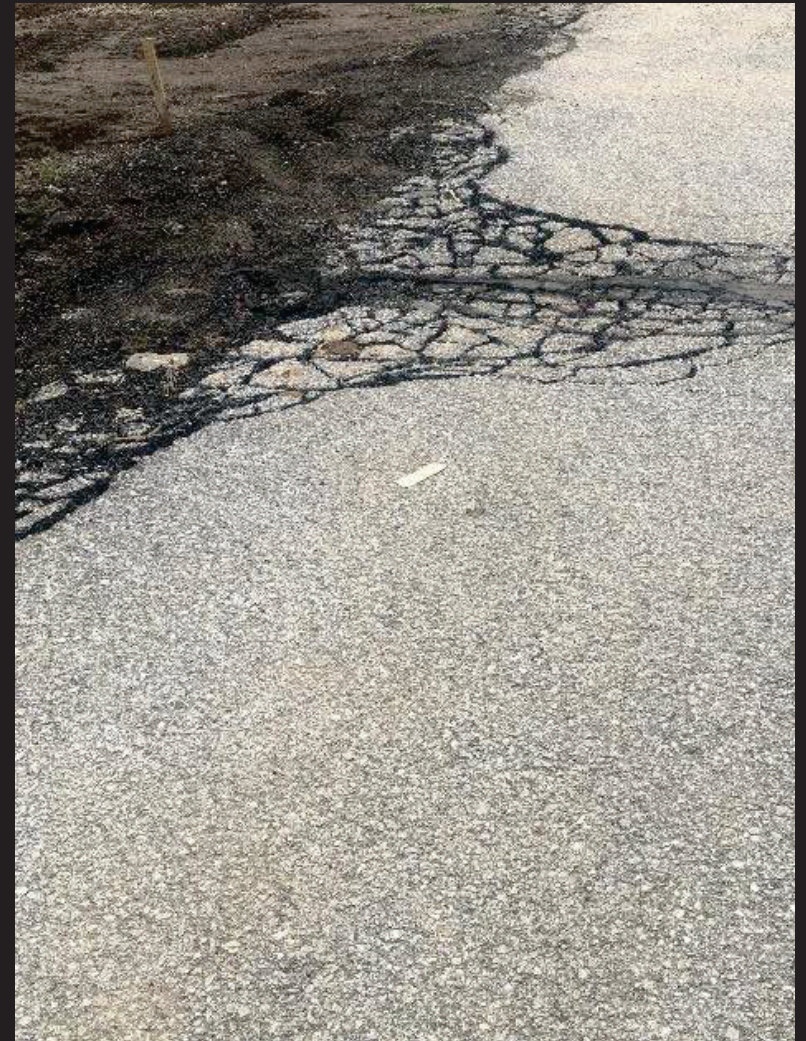
Current Cul-de-Sac Damage in Area #3



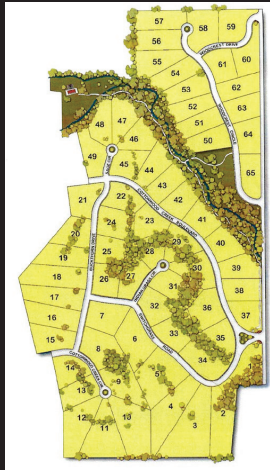
Moisture Invasion & Wheel Pressure related Damage



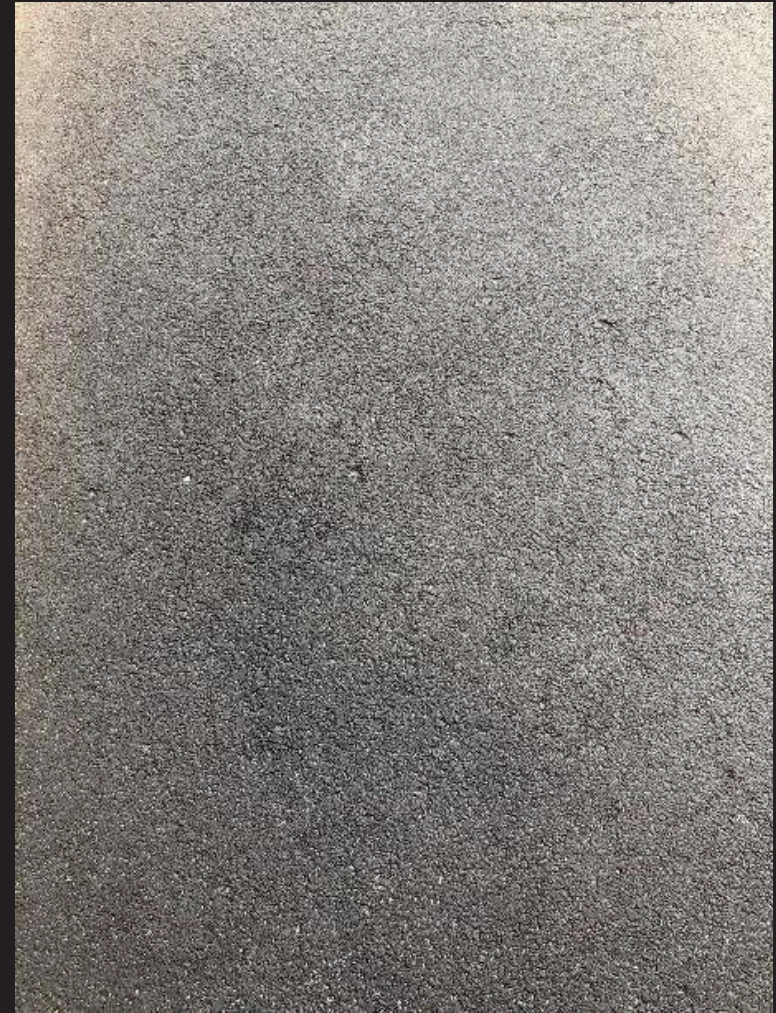
Current Construction Damage in Area #3



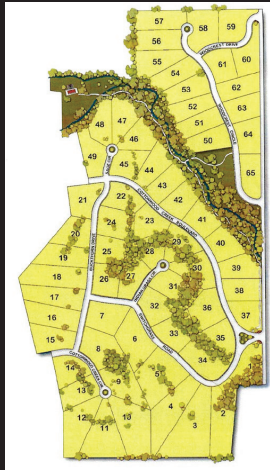
Current Construction Damage in Area #7



Current Unsealed Surface

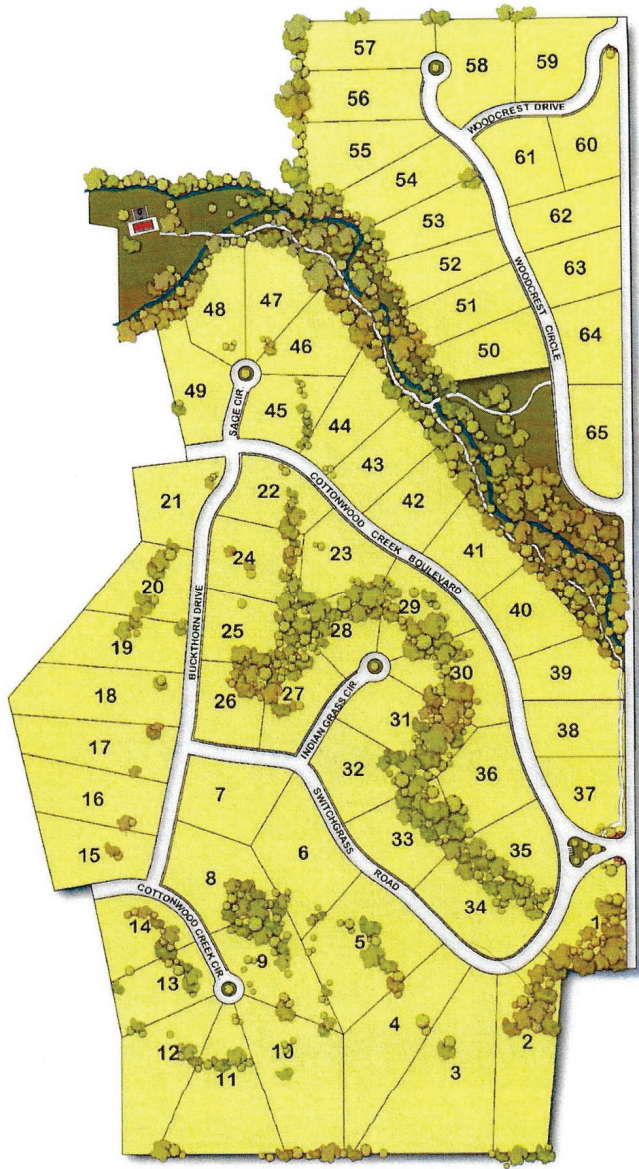


Sealed Surface after 2 months



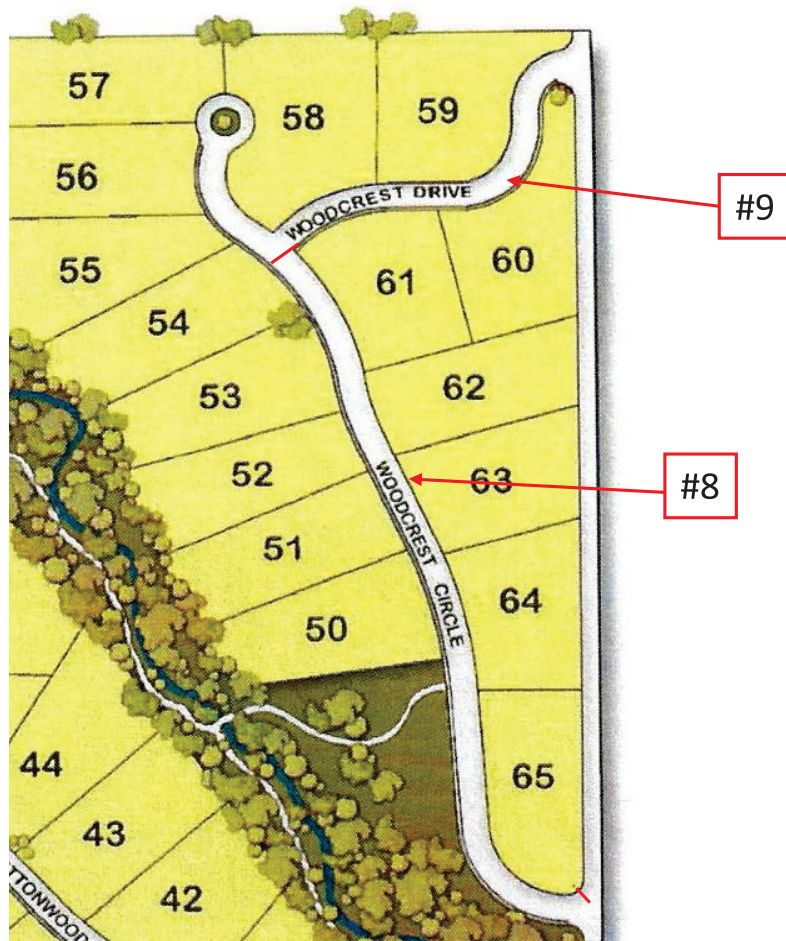
Final Expectations

- Visual Improvement over current appearance
- Proper Drainage Provided and no ongoing moisture related damage
- Sealed Surface after 2 years



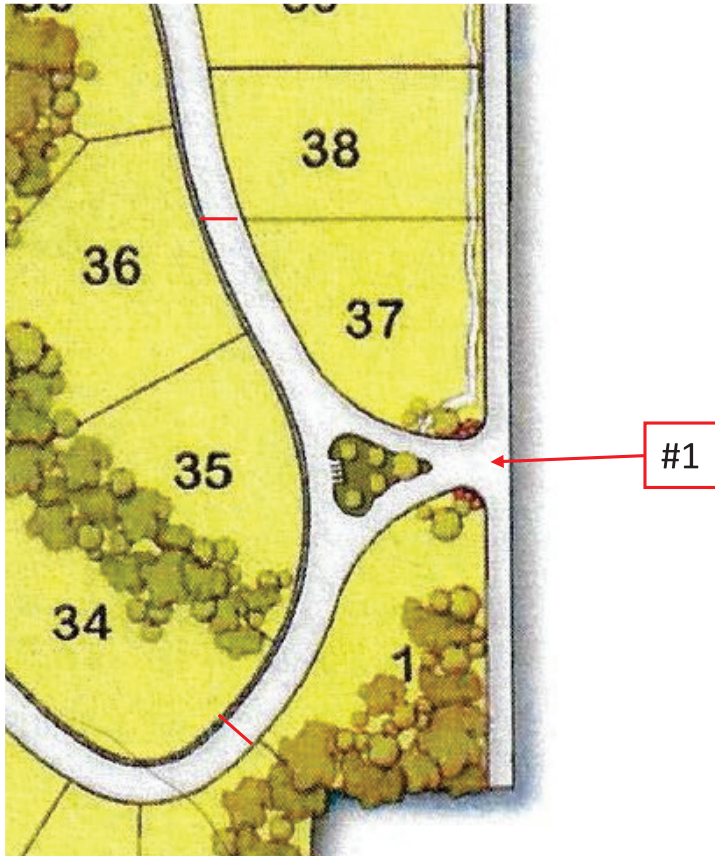
2021 PLAN Expectations

- Utilize all engineering recommendations per Olsson Engineering evaluation provided in 2019
- Obtain 7 year life Extension for Road System
- Provide Lower Cost Solution overall than current Procedures
- Lower Annual Maintenance Costs
- Broaden Scope of Work in 2019
- Secure funding to pay for increased Scope cost in 2021
- Significantly improve appearance of our Road System
- Reduce annual lifestyle interruptions to Cottonwood Creek Homeowners
- Develop similar 2029 Plan & Financial model



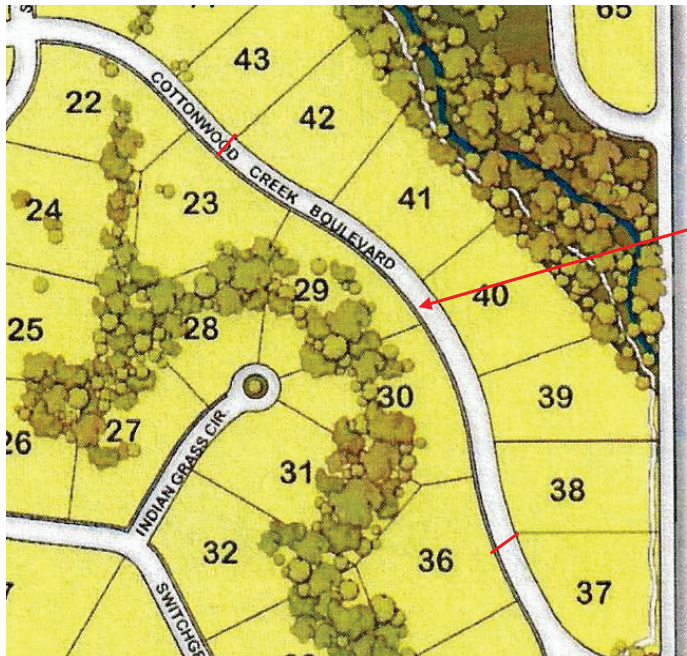
2021 PLAN Step #1

- Complete what we planned to do in 2020
 - Remove Trees & Vegetation causing issues
 - Drainage Grading
 - Dig Outs on selected Spots
 - Heavy Duty Crack Seal
 - Spray Seal Road Surfaces
-
- Work is scheduled to start June 7th 2021



2021 PLAN Step #2

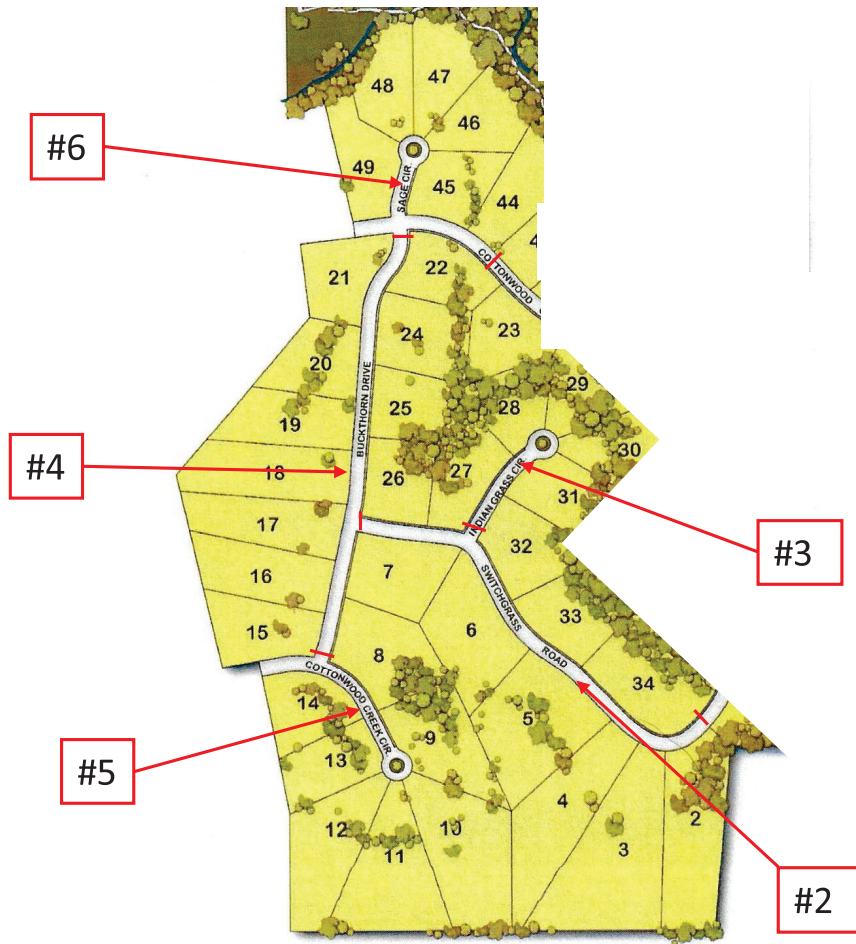
- Redesign Entrance Area paved surfaces to eliminate future drainage issues
 - Drainage Grading
 - Edge Drain installation where Needed
 - Mill 2" of remaining road surface
 - Dig Outs on selected Spots
 - Overlay with 2" of Recycled Asphalt
-
- Work is scheduled to start June 14th 2021



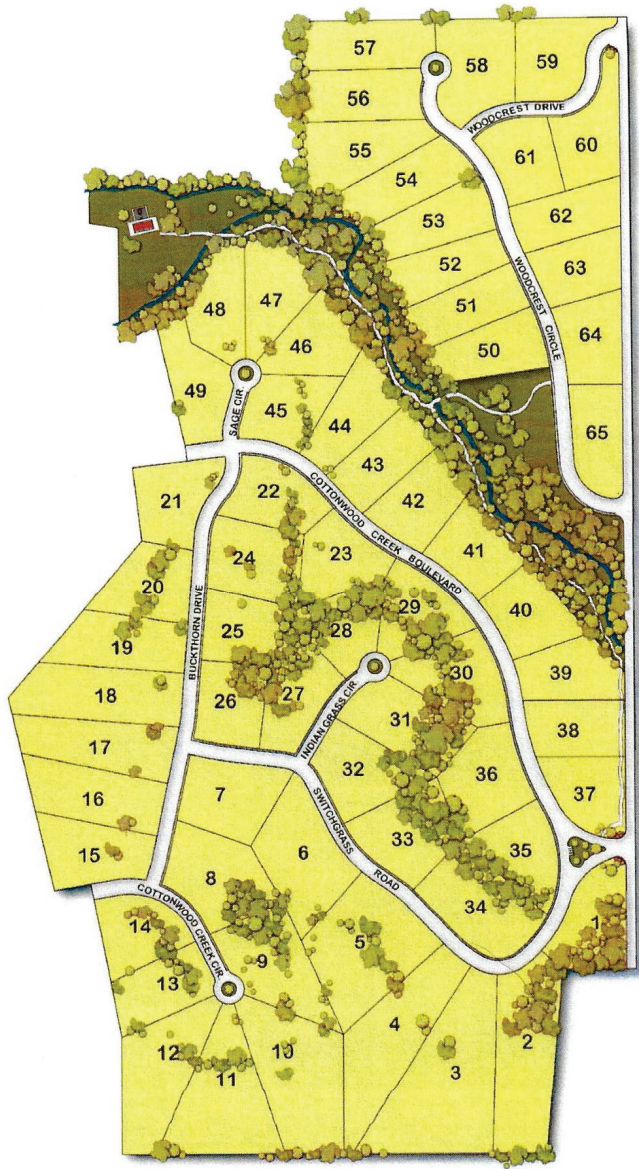
2021 PLAN Step #3

- Drainage Grading
 - Repair New House Construction Damage
 - Mill 2" of remaining road surface
 - Dig Outs on selected Spots
 - Overlay with 2" of Recycled Asphalt
-
- Work is scheduled to start June 14th 2021

2021 PLAN Step #4

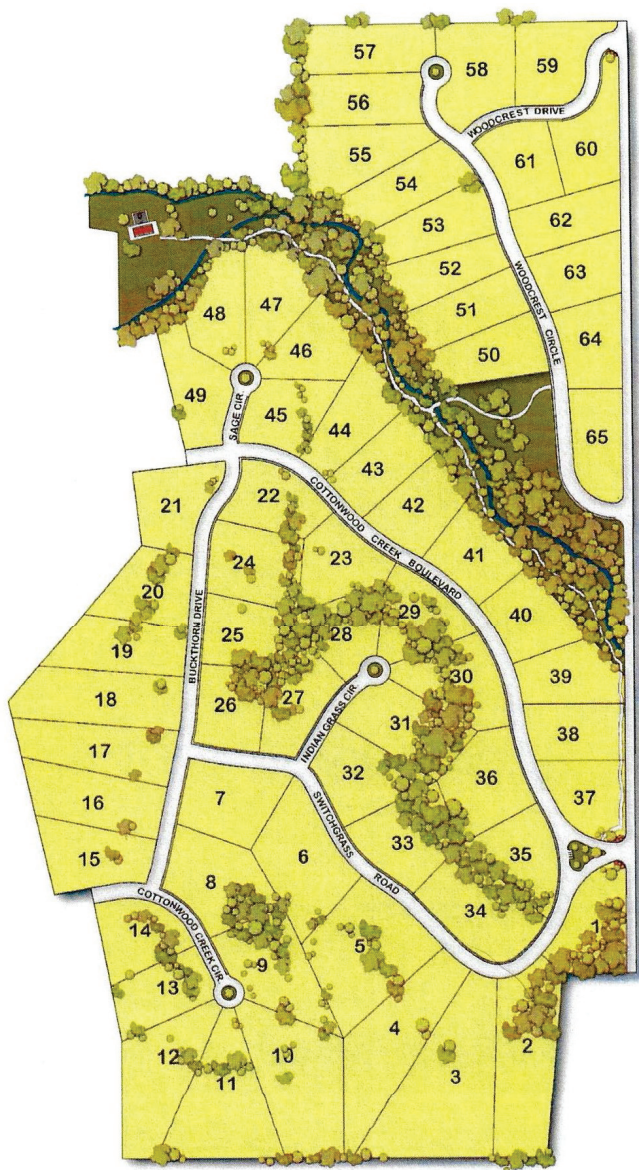


- Misc. Drainage Grading
 - Dig Outs on selected Spots (Primarily Circles)
 - Add Traffic Calming Feature in Section #2 as requested
 - Heavy Duty Crack Seal
 - Spray Seal Road Surfaces
- Work is scheduled to start June 21th 2021



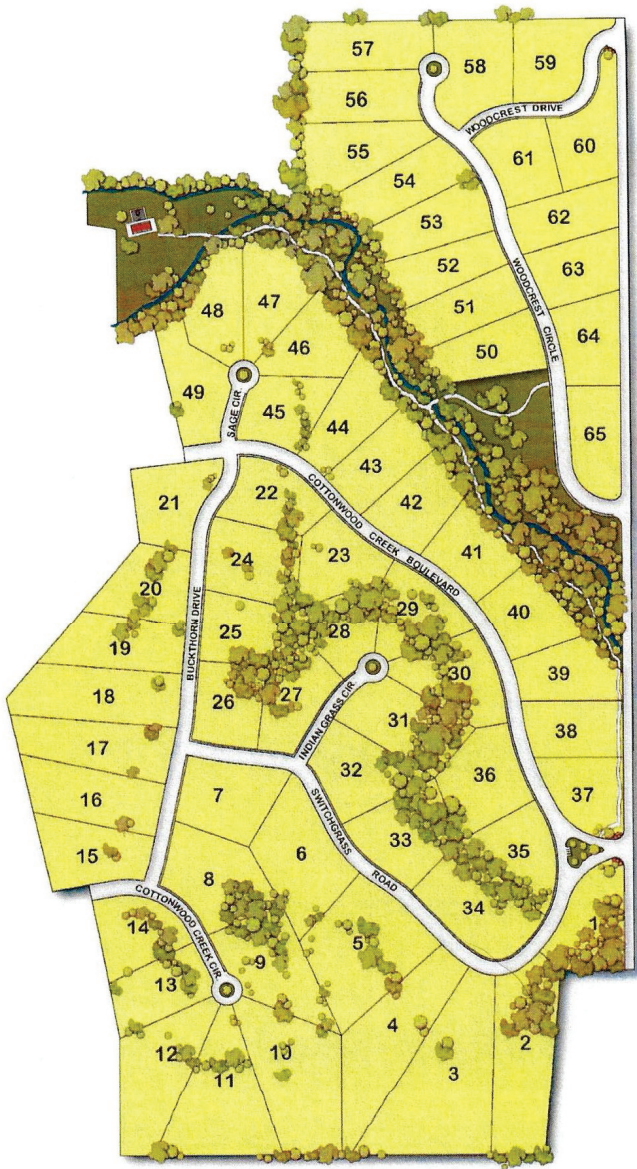
2021 PLAN Final Details

- Continue With Omni Engineering as Asphalt Contractor
- Separate Drainage Grading from Omni Contract to provide lower cost basis overall
- Select potential Edge Drain Installer
- Back charge damage to current New Home Builders if needed (not homeowners)
- Work is be Completed by June 28th 2021



2021 PLAN Financial Details

Asphalt Paving Work	\$351,500
Grading, Drainage	\$14,000
Edge Drain Installation	\$13,500
Contingency	<u>\$21,000</u>
Total Cost of all work:	\$400,000
Current Cash in Bank for road work:	<u>(\$152,000)</u>
Balance of Cash needed:	\$250,000



2021 PLAN Timeline

Virtual Annual HOA Meeting	12/6/2020
Resolution & Ballot Distribution	12/7-8/2020
Townhall Mtg #1 - Rachel Back Shop	12/9/2020
Townhall Mtg #2 – Kyle Garage Shop	12/16/2020
Votes Due for Tabulation	12/21/2020
Financing Completion & Closing	1/7/2021
Construction Work Begins	6/7/2021
Construction Completed	7/1/2021

Cottonwood Creek HOA – Proposed Roads Financial Plan

Overview: The proposed general dues and special roads assessment structure as outlined below is intended to be a near and long-term solution. The 2 main objective of this financial plan is 1) to position the community to have adequate resources when preventive and corrective measures (costs) are required and 2) to match each lot owners cost (annual assessment) with the useful life of our largest community asset.

The following estimates and key assumptions are based upon historical maintenance costs, bids provided by 3rd party contractors and financing assumptions provided by CIT. The HOA Board recognizes these assumptions are subject to change. A couple of key considerations:

1. The resulting plan is expected to provide an additional 7-8 years of useful life to the roads. At that point, we expect an engineering report to be completed again and critical repairs like the proposed 2021 plan be completed. The projection below assumes costs and general services costs are assumed to increase 2% annually in the model below.
2. This plan would lower general dues by \$300 and increase annual roads assessment to \$550. Total assessments would equal \$850 an overall reduction of \$250 per year. Plan is also subject to approval of a one-time Special Assessment of \$3,486 per Lot Owner
3. This is a reality we must deal with due to aging of the roads as well as aesthetics which according to feedback from realtors has had a negative impact on home showings. Increasing the roads assessment will allow the neighborhood to not only support the proposed project but also to build a reserve for the subsequent improvements in 7-10 years (as needed).

Estimated General Fund Cash Flow

Year	Owner Lots	Beginning Balance	Per Lot General Dues	Annual General Services	Ending Balance
2021	64	\$31,000	\$19,200	(\$17,500)	\$32,700
2022	64	\$32,700	\$19,200	(\$17,850)	\$34,050
2023	64	\$34,050	\$19,200	(\$18,207)	\$35,043
2024	64	\$35,043	\$19,200	(\$18,571)	\$35,672
2025	64	\$35,672	\$19,200	(\$18,943)	\$35,929
2026	64	\$35,929	\$19,200	(\$19,321)	\$35,808
2027	64	\$35,808	\$19,200	(\$19,708)	\$35,300
2028	64	\$35,300	\$19,200	(\$20,102)	\$34,398
2029	64	\$34,398	\$19,200	(\$20,504)	\$33,094

Estimated Roads Reserve Fund Cash Flow

Year	Owner Lots	Beginning Balance	Annual Assesment	Project Costs	Special Assessment	Annual Road Maintenance	Ending Balance
2021	65	\$152,928	\$35,750	(\$400,000)	\$250,000	\$0	\$38,678
2022	65	\$38,678	\$35,750			(\$10,000)	\$64,428
2023	65	\$64,428	\$35,750			(\$20,000)	\$80,178
2024	65	\$80,178	\$35,750			(\$25,000)	\$90,928
2025	65	\$90,928	\$35,750			(\$27,500)	\$99,178
2026	65	\$99,178	\$35,750			(\$30,000)	\$104,928
2027	65	\$104,928	\$35,750			(\$30,000)	\$110,678
2028	65	\$110,678	\$35,750			(\$30,000)	\$116,428
2029	65	\$116,428	\$35,750			(\$30,000)	\$122,178



2021 Proposed Annual Dues / Roads Fund Financial Plan

Annual General Dues Lower from the current \$600 to \$300 annually

Annual Roads Fund Assessment increased from \$500 to \$550

Special One-Time Roads Assessment of \$250,000.00 split amongst 65 lots owners = \$3,486 / Lot Owner

Special One-Time Assessment for Roads Project Payment Options

1. Special Roads Assessment one-time payment option to HOA of \$3,846.15 per lot owner (65 lots)
 - a. 2021 Annual Road Assessment and General Dues of \$850.00 / \$70.83 monthly
2. HOA Finance Option of Special Road Assessment for lot owners
 - a. \$3,846.15 / 7-year term 4.5% interest / Total Financed with interest = \$4,490.82 / \$641.52 annually / \$53.47 monthly
 - b. 2021 Annual Road Assessment and Maintenance Dues \$850.00 / \$70.83 monthly

Option 1 Recap

- ✓ Special Road Assessment paid in full as one-time payment to HOA \$3,846.15
- ✓ Annual General Dues \$300.00
- ✓ Annual Road Assessment and Maintenance Dues \$550.00

Total Annual recurring HOA Dues & Assessment \$850.00 / \$70.83 monthly

Option 2 Recap

- ✓ Annual General Dues \$300.00
- ✓ HOA Special Road Assessment Loan \$641.52 annually / \$53.47 monthly
- ✓ Annual Road Assessment and Maintenance Dues \$550.00 / \$45.83

Total Annual HOA Dues / Roads Assessment / Special Road Assessment Loan Payment

Individual Lot Owner Financial Responsibility = \$1,491.52 / \$124.29 monthly

Note: Special Road Assessment paid in full (Option #1) would save you \$644.67 in total interest over 7 years. Loan interest amount and payment will vary based on current rates and loan terms.



December 2, 2020

Dear Board Members:

Thank you for allowing CIT the opportunity to present our loan terms. Outlined below are key benefits and features worth noting in regards to our loan proposal.

1. Term Loan – Please note that the interest rate is locked 5 days prior to closing and ensures that the association is not subject to an adjusting prime rate and guarantees the rate initially quoted. We have found this unique option to be the most beneficial to the association due to its stability.
2. No Pre-Payment Penalty unless the association chooses to refinance the loan with another lender.
3. 0.50% Origination Fee and \$500.00 Commitment Fee
4. Underwriting decisions are typically made within 2 to 3 weeks after the application is submitted. This timeframe is subject to the size and complexity of the request.
5. Loan Terms of 10 Years Fixed has been offered.
 - a. In our experience, we have found the average 10 year loan pays off in 6-7 years. Therefore, we can work with the board to create an internal amortization schedule which will help the association to pay off their loan prior to any adjustment period
6. A Reserve Study is required for all loans of \$1MM or more. We have relationships with many National and Local Engineering firms and are more than happy to provide numerous contacts.
7. As a local representative of the bank, I would like to meet with the Board of Directors or other community members to answer any questions.
8. Association Cash-Flow to be used as collateral. No personal guarantees, no personal liens and no credit inquiries required

Thank you for the opportunity and your consideration of our bank as your preferred lender. We look forward to having the chance to work with you and we would be more than happy to meet with the Board in person to discuss in greater detail.

Sincerely,

Thomas Engblom
VP, Regional Account Executive



December 2, 2020

CIT is pleased to present the following loan proposal for your consideration. This letter is not a commitment of offer to lend by the Bank. It is only an expression of interest and a summary of the credit facility we are considering at this time. The issuance of a loan commitment is subject to the approval by appropriate Bank authorities in accordance with the Bank's standard underwriting guidelines.

Borrower: Cottonwood Creek Homeowners' Association - NE

Guarantors: None

Request: \$250,000.00

Purpose: Funds for road repair

Product: **Multiple Advance Term Loan**

0.50% Loan Origination Fee on commitment amount paid at closing.

10 Year (120 month term loan). The rate for the 10 year increment of the term loan will be fixed based on the 10 year US Treasury Constant Maturity in effect on the fifth business day prior to closing plus a spread of 3.60%. The rate will have a floor of 4.50% during the entire loan term. *Estimated monthly principal and interest payments based on 10 years \$5,590.96*

Other Conditions: Must establish and maintain a deposit relationship with CIT Bank during the term of the loan.

Collateral / Security: First position Absolute Assignment of the Association's future income including its right to receive common expense assessments and all future income.

Prepayment Penalty: Additional principal payments may be made with any monthly installment, but prepayments made due to a refinance from another institution will be subject to a charge of 1% of the principal balance at time of payoff.

Commitment Fee: \$500.00

Loan Payments: Loan payments are made automatically via ACH transfer.

Proposal Expiration: This proposal expires within 6 weeks of this letter.

Should the terms of this proposal meet your requirements or if you have any questions, please contact Thomas Engblom 312-209-2623. Thank you for the opportunity to present you with this proposal.

Sincerely,

Amber Spadaro

Amber Spadaro

CIT Bank

cc: T. Engblom

