

## REQUEST FOR ACTION

<b>To</b>	The Collection Board of Directors			
<b>Subject</b>	Mortgage Payment Action Plan			
<b>Preparer</b>	Roy Howard – Unit 3006			
<b>Date</b>	September 29, 2017	<b>For Board</b>	x	<b>Action</b>
				<b>Info</b>

### EXECUTIVE SUMMARY

The recent incurred debt with BOH requires an Action Plan to ensure it is paid off in full as expediently as possible to reduce the additional expenses of compounded accumulating interest payments over time. Without a fiscally responsible plan in place, the final cost of the assets procured will exceed the benefits of ownership.

It is imperative that owners are kept informed as to the amount of money being paid in interest and the true cost of this endeavor. Already with the purchase of storage and the cost of moving the glass from offsite, we are in the hole that will take more than a year to just break even.

Steps need to be taken to ensure this debt is handled in an efficient and effective manner so that the benefits that are expected are actually realized.

### RECOMMENDATION

- 1) Inform owners of the current status of the loan each month via newsletter, postings, and a printout at the monthly Board Meeting. This should include the initial cost, the amount of the most recent monthly payment to include principal and interest, the ytd and loan to date total principal and interest paid, The amount of principal outstanding (the Payoff Amount) and the expected total paid if the loan is taken out to maturity.
- 2) Make mortgage principal payments a **PRIORITY** until the loan is paid in full. Use all discretionary funds available for principal payments. This could include: fines levied on owners, Income from future Business Tenants, Possible Cell Tower leasing, etc
- 3) When establishing the 2018 budget: If it is determined that the Reserve Amount we are comfortable with is \$500,000, then any amount over that each month should be earmarked for the mortgage principal. If an issue arises that we use some of those funds and go below the reserve amount then we make the minimum monthly payments until we reach the reserve amount again. Repeat this budget process each year.
- 4) Continue the feasibility study to determine if converting the Workroom to storage and selling other storage to pay down the mortgage is viable.

### RATIONALE

With-in months of moving into a new building we incurred a large debt that was determined to be of benefit to the owners. While this is debatable it has been done so we need to move forward. This will only be the case if we pay as little amount as is necessary. Specifically reducing the total interest paid. As each month passes we spend more and more to interest which is essentially throwing money in the trash can. If we only make minimum required payments, the amount of interest paid will far exceed the initial cost by more than double. Perhaps tripling our cost. This is our money, mine and yours. As the loan terms are currently structured and without an Action Plan, no one can definitively say what the final cost will be. I find this unacceptable. Let us be fiscally responsible and get this debt off the books.

Exhibits (If applicable)	Index	Title

**FOR BOARD USE ONLY**

**CERTIFICATE OF BOARD ACTION**

x	Approved		Declined		Noted		Returned		Deferred		Withdrawn
---	----------	--	----------	--	-------	--	----------	--	----------	--	-----------

**Stipulations**

- 1) The mortgage amortization schedule will be posted on the Association website.
- 2) To be reviewed during 2019 budget development.
- 3) To be reviewed during 2019 budget development.
- 4) Workroom feasibility study to continue.

**Coordinating Instructions**

**Distribution Instructions**

Recording Secretary	Howard Kam	Action Date	11/2/17	RFA No.	022-2017
---------------------	------------	-------------	---------	---------	----------