

To: Members of Cherry Hill Village II
From: Board of Directors, Cherry Hill Village Homeowners Association
Date: April 18, 2017 (revised 4/20/17; see Note 4 at end of this memo)
Re: Debt Retirement

Cherry Hill Village II owners saw a \$50 per month increase in assessments for 2017, an increase from \$385 per month to \$435 per month. The \$50 increase is to be used solely as extra payment of principal on the Mutual of Omaha Bank loan.

Cherry Hill Village II owners were also presented with an opportunity to reduce their monthly assessment (and avoid paying their proportionate share of loan interest) by paying off their proportionate share of debt. Owners who paid off all of their share of debt (\$5,487.00) now have a monthly assessment payment that is \$129 less than it would otherwise be, for 46 months beginning in January 2017. Owners who paid off half of their share of debt (\$2,743.50) now have a monthly assessment payment that is \$129 less than it would otherwise be, for 23 months beginning in January 2017.

Recently the board adopted a resolution that states that Cherry Hill Village II owners shall be permitted to pay off their proportionate share of debt upon the resale of their unit. In addition, all owners, whether selling or not, whom have not paid their proportionate share of debt shall be permitted to do so as of April 30 each year (beginning in 2018) until all debt is retired, by informing management of their desire to do so. The payoff amount must be of the owner's entire remaining proportionate share of debt. Although currently the payoff amount is decreasing each month with the monthly payment of principal, the payoff amount will be higher, proportionately, than the payoff amount offered earlier this year, due to the interest cost of carrying that owner's proportionate share of debt.

The below information is intended to detail first quarter 2017 transactions relative to the Association's loan with Mutual of Omaha Bank. The Association is concentrating first on paying off the Mutual of Omaha loan before turning to paying off the loan from Cherry Hill Village 1 (which loan amount is \$140,100). Recent transactions on the Mutual of Omaha loan are as follows:

Date or Period	Beginning Balance	Payment	Interest	Principal	Ending Balance	Note About Payment
12-31-2016					\$714,929.50	
January 2017	\$714,929.50	\$12,695.08	\$3,078.16	\$9,616.92	\$705,312.58	"Regular" payment
January 2017	\$705,312.58	\$6,150.00	0.00	\$6,150.00	\$699,162.58	Extra; See Note 1
February 2017	\$699,162.58	\$12,695.08	\$3,066.77	\$9,658.31	\$689,504.27	"Regular" payment
February 2017	\$689,504.27	\$6,150.00	0.00	\$6,150.00	\$683,354.27	Extra; See Note 1
March 2017	\$683,354.27	\$12,695.08	\$3,066.77	\$9,658.31	\$673,695.96	"Regular"; See Note 3
March 2017	\$673,695.96	\$6,150.00	0.00	\$6,150.00	\$667,545.96	Extra; See Note 1
March 2017	\$667,545.96	\$131,688.00	0.00	\$131,688.00	\$535,857.96	See Note 2
March 2017	\$535,857.96	\$24,691.50	0.00	\$24,691.50	\$511,166.46	See Note 2

Note 1: Monthly assessments were increased by \$50 beginning January 1, 2017. The \$50 was committed to additional debt reduction, meaning that it would be applied to loan principal. Of the 156 Condominium Unitowners, 33 owners took advantage of the program to payoff either all or one-half of their share of debt in order to save interest and get a lower monthly assessment payment. Accordingly, 123 owners are paying their share of the debt over time. 123 times \$50 equals \$6,150, the amount of the extra monthly payment of principal.

Note 2: Thirty-three owners took advantage of the above referenced program. 24 paid all of their share of debt, which was \$5,487.00 per Condominium Unit. Nine owners paid one-half of their share of debt, which was \$2,743.50. Owners who paid all of their share of debt (and subsequent owners of their units) will enjoy a reduction in their monthly assessment of \$129 for 46 months (the remaining loan amortization period), beginning in January 2017. Owners who paid one-half of their share of debt (and subsequent owners of their units) will enjoy a reduction in their monthly assessment of \$129 for 23 months beginning in January 2017.

Note 3: Interest was estimated for March and will be adjusted to actual in April.

Note 4: The original version of this memo stated: "Also, the bank charges a \$100 fee to re-amortize the loan which fee will be passed on to the owner requesting to pay off at a time other than the once-per-year opportunity facilitated by the Association." The preceding sentence was removed on April 20, 2017. The Association will not instruct the bank to re-amortize the loan more frequently than once each year, hence no such fee will be charged to any owners.