

Lockwood Folly Community Center Update

Over the last several weeks we have been in discussions with BB&T bank about the golf course re-appraisal and financing arrangements for the Community Center. The re-appraisal is still ongoing, and we have decided to wait until we get a firm answer from BB&T on the status of the LFCCI loan before sending out ballots for voting on the Community Center. Recall one of the conditions for moving forward with the CC project is that BB&T will not require repayment of LFCCI's outstanding loan.

We also have received new direction with regard to financing options. BB&T has changed its policies and is not offering a 20 year fixed rate business loan. Therefore, the 20 year loan period we proposed as an option to members is being eliminated, and only the 15 year loan period is available as an annual payment option. The one time, up-front payment is still open to members. When you receive your ballot, if you vote yes you will be asked to indicate how you think you will elect to pay your assessment, one time \$4500 or the \$440 per year for 15 years. Whichever you select will not be binding. We simply want to get some idea of how many people are interested in paying up front, because it will impact the loan amount. You will be able to choose either method right up until the first annual payment is due.

During the POA Community Center presentations, POA members voiced concerns that if Taylor's construction estimate was too low, if design enhancements drove costs up or if interest rates are higher than 6% at contract signing, the member assessment could be much higher than anticipated. Recall that the costs presented were:

- \$4500 one time, up front payment
- \$440 per year with the 15 year option
- \$370 per year with the 20 year option (now eliminated)

This was a valid concern for all of us, and in order to protect everyone from this possibility (and install a cost control device), the POA board promised to give members a "Not to Exceed" cost. The "Not to Exceed" cost guarantees a re-vote if, at the time of contract signing, total costs for the building and its financing drive the member cost above the "Not to Exceed" number. Based on our discussions with BB&T and Taylor, we are still confident that the \$440 per member per year is a good number. But to comply with our promise to provide a "Not to Exceed" cost, and to provide a little "wiggle room" in case something unexpected arises, we are issuing the following "Not to Exceed" costs:

- \$4700 one time, up front payment
- \$480 per year with the 15 year option
- 20 year option no longer available

Once again, if the member cost exceeds these values at the time we sign the construction contract, new ballots must be issued and a second vote to approve the CC will be required. Although we believe the contract price will still yield \$4500 one time or \$440 per year, you should consider the "Not to Exceed" numbers in making your ballot decision.

Your POA Board of Directors