

CARNELIAN WOODS

5101 North Lake Blvd
PO Box 68
Carnelian Bay, CA 96140
530-546-5077, 530-546-5017 fax

Dear Homeowner,

In 2014 Carnelian Woods embarked on a project to replace the siding on the lodge and all units. The reason for this project was that new siding would eliminate the costly maintenance of re-painting the porous exteriors, provide a fire resistive siding, and provide a much needed update to the complex.

In order to accomplish this goal, a loan of \$2 million dollars was negotiated with Mutual of Omaha Bank. The loan was a 15-year loan, renewable every 5 years. The loan rate was tied to the 5-year Treasury Constant rate, plus 3 percent. At that time the Treasury Constant was 1.75 percent, for a total loan rate of 4.75 percent. A vote was taken by the homeowners at the September 2014 Homeowners' Meeting, and it was overwhelmingly agreed that a special assessment would be created to pay for the project.

As was discussed at the September 2018 Homeowners' Meeting, the loan was to be renewed in February of 2019. The interest rates had risen to 2.8 percent, for a possible 5.8 percent increase to the special assessment. The Board wanted to move to a fixed rate for the special assessment that would enable homeowners to better project their finances and eliminate the possibility of rising interest rates in the future.

The Board has worked with Mutual of Omaha to modify the loan to a fixed rate that is tied to the 10 year Treasury Constant rate. This rate will remain fixed for the remaining life of the loan, 10 years. The new loan rate is 5.31 percent, which is lower than what would have been the renewal rate using the 5 year Treasury Constant. The new special assessment rate will be \$438.00 per quarter, an increase of \$21 from the current assessment rate of \$417.00 per quarter.

Board of Directors