

RESOLUTION OF THE BOARD OF DIRECTORS
MILL CREEK HOMES CONDOMINIUM ASSOCIATION
CONSTRUCTION LOAN REPAYMENT

RECITALS

WHEREAS, “Declaration” is *the Declaration Submitting Mill Creek Homes, A Condominium, Stage 1, to Condominium Ownership*, and the *Supplemental Declarations Submitting Mill Creek Homes, A Condominium, Stages 2-10 to Condominium Ownership*; “Bylaws” is *Bylaws of Mill Creek Homes Condominium Association*, recorded as Exhibit D to the Declaration; “Act” is the *Oregon Condominium Act*, Oregon Revised Statutes, Chapter 100; “Association” is the *Mill Creek Homes Condominium Association*, also known as *Mill Creek Condominium Association*; and “Board” is the elected Board of Directors of the Association;

WHEREAS, the Declaration, the Bylaws and the Act provide that the Association serves as a means through which the unit owners may take action with regard to the administration, management and operation of the condominium;

WHEREAS, Article 14.3 of the Declaration and Article 3.7 of the Bylaws provide that the Board of Directors shall have all of the powers and duties necessary for the administration of the affairs of the Association and may do all such acts and things as are not by law or by the Bylaws directed to be exercised and done by the owners;

WHEREAS, pursuant to Article 3.7 (b) & (c) and Article 5.4 (b) of the Bylaws, the Board has the authority to determine the common expenses of the Association and levy regular and special assessments on the owners to fund common expenses and any shortfall or unbudgeted expense;

WHEREAS, pursuant to Articles 5.3 and 5.4 of the Bylaws, the Board has the authority to determine the due date and payment schedule for any regular and special assessment;

WHEREAS, the Board has determined that certain roofs, which are general common elements, are in need of repairs and/or replacement, and the Association does not hold sufficient funds in its reserve account to fund this work;

WHEREAS, pursuant to Article 5.2 of the Bylaws, the cost of all repairs to, and replacement of, general elements is a common expense;

WHEREAS, pursuant to its powers under the Declaration, Bylaws and the Act, the Board has secured a 15 year term loan in the amount of \$1,500,000 from Riverview Community Bank (“Riverview”) to fund the work;

WHEREAS, the Association is obligated to make a series of monthly principal and interest payments to Riverview to repay the Construction Loan. Each of these monthly payments is a common expense of the Association;

WHEREAS, the Association will borrow funds from Riverview on a line of credit from

time-to-time in order to pay for the common element repairs. The line of credit draw period is 12 months, unless extended by the mutual consent of the Board and Riverview, commencing upon the start of the repair work. Upon the termination of the draw period (“Conversion Date”), the amount borrowed on the line of credit will convert to a fifteen (15) year term loan (“Construction Loan”);

WHEREAS, the Association shall make interest only payments at a rate of 4.440% on all funds borrowed prior to the Conversion Date;

WHEREAS, the interest rate on the Construction Loan is fixed for the initial 9 year loan repayment period at a rate of 4.440% per annum based on a year of 360 days;

WHEREAS, the interest rate on the term loan will reset at 9 years from the closing date of the Construction Loan based on the 5 year Fixed Advance Rate to 8th District FHLB, plus 2.00%, with a minimum interest rate of 5.00%;

WHEREAS, the Board has determined that a special assessment is not necessary at this time and the Association shall fund the repayment of the Construction Loan, plus all applicable interest and fees, through regular assessments;

WHEREAS, the Board reserves the right to adopt a resolution imposing special assessments in any amount necessary to fund the repayment of the Construction Loan should repayment funded by regular assessments become impossible or impractical;

WHEREAS, pursuant to Article 8.1 of the Declaration and Article 5.4 (b) of the Bylaws, regular and special assessments must be allocated to each unit in proportion to that unit’s relative ownership interest in the common elements, as set forth on Exhibit B to the Declaration and all Supplemental Declarations;

WHEREAS, pursuant to Article 5.3 of the Bylaws, and the Act, these assessments shall be a personal obligation of the owner and a lien on the unit from the time that the payment of said assessment is due;

WHEREAS, there is no penalty for prepayment of the principal balance of the Construction Loan and the Board of Directors may, at its discretion, reduce the Association’s interest payment obligation by paying sums to Riverview in excess of the monthly loan payment from time-to-time;

NOW THEREFORE, BE IT RESOLVED THAT the conditions, requirements and procedure set forth below be adopted.

1. The Association shall agree and enter into that certain Business Loan Agreement, Promissory Note, Commercial Security Agreement, Agreement to Provide Insurance, and Corporate Resolution to Borrow / Grant Collateral with Riverview Community Bank.

2. All funds borrowed from Riverview shall be used to fund the common expenses of the Association.

3. The regular monthly assessment amount shall be adjusted in order to ensure that the Association collects sufficient funds each month to meet its loan repayment obligation and pay for

all other common expenses.

4. The Board shall, from time-to-time, review the Association's budget and may further increase monthly regular assessments or levy special assessments if necessary or prudent.

5. All assessments shall be allocated to each unit in proportion to that unit's relative ownership interest in the common elements, as set forth on Exhibit B to the Declaration and all Supplemental Declarations

6. Notwithstanding the above provisions, repayment of the Construction Loan is a common expense of the Association. Owners are not exempt from special assessments or increases in monthly assessments made necessary by other owners' failure to pay the portion of the Construction Loan allocable to their respective units.

ATTEST:

Chairperson: _____
Mill Creek Homes Condominium Association

Date: _____

Treasurer: _____
Mill Creek Homes Condominium Association

Date: _____