

Wall Financing Options and 1% Fund Analytics

Presented by Board Secretary John Karpovich

On behalf of BRRR Board of Directors

A recent meeting was held with the homeowners whose properties are adjacent to the western boundary perimeter wall. The purpose of the meeting was to discuss the current condition of the wall and outline potential plans moving forward.

As many of you are aware, the wall is failing and presents both a safety concern and a potential liability for the community. The professional opinion of our structural engineer, **Edward Porcher, PE**, with **Stantec Engineering**, is that the wall must be completely removed and rebuilt.

Temporary Measures

The current plan is to remove the existing wall and install a temporary chain-link fence with a privacy screen. This measure will help maintain security and privacy for the affected homeowners while the final plans are completed and a new permanent wall is constructed.

Funding Options

Replacing the wall will require funding, and two potential options are being considered:

- **Special Assessment** – A one-time lump-sum payment from homeowners.
- **Line of Credit (Loan)** – Allows the association to spread the cost over time.

The Board believes that utilizing a line of credit would create less immediate financial burden on homeowners than a large one-time special assessment. If approved, the loan would be repaid using the association's **1% Fund**.

Before moving forward with any financing, the Board will ask the community to vote on whether to approve the line of credit. Homeowners will have the opportunity to review the proposal and vote on how the project should be funded.

Next Steps

At this time, the association's engineer, **Edward Porcher, PE**, is working to identify qualified wall contractors and obtain proposals for the replacement project. Once additional details are available, they will be shared with the community.

Community Responsibility

Some owners have asked why multi-family units would also contribute to the cost of replacing the wall. In the past, a previous Board assumed ownership and responsibility for the wall's maintenance, upkeep, and eventual replacement. As a result of that decision, the wall is considered a **community asset**, making it a **common expense shared by the entire community**.

Design of the New Wall

The goal is to replace the existing structure with materials similar in appearance to the current wall so that the overall aesthetic of the community remains consistent and property values are protected. While the new wall may not be an exact match, it will be designed to be **durable, structurally sound, and consistent with the neighborhood's appearance.**

Lawsuit Recovery

Any funds recovered through the ongoing lawsuit will be applied directly to the **1% Fund** to assist with repayment of the project costs.

Our goal is to address this safety issue responsibly while selecting a funding option that minimizes financial impact on homeowners.

Questions & Answers

Q: How long will this project take?

A: The Board intends to complete the project as quickly as possible while ensuring it is done properly. Once contractors are selected, a more accurate project timeline will be provided.

Q: Why must the line of credit be approved by the community?

A: Community approval is required to comply with a **BRRRA resolution** that mandates a membership vote when an expense exceeds **\$150,000** and significantly impacts the Barefoot community.

Q: How much is currently in the 1% Fund?

A: As of February 2026, the balance is **\$2,298,321.34**.

Q: Doesn't the association already have a \$1,000,000 line of credit?

A: Yes. However, that line of credit can only be used for repairs related to **Outfall #2**.

Q: What credit amount is the BRRRA considering?

A: The association has been approved for a credit line of up to **\$4,000,000**. This amount would provide flexibility if needed. Having the credit available does not mean the full amount will be borrowed. Once contractor bids are finalized, the Board will have a clearer understanding of the amount required.

Q: Was financing used for the Cabana Project?

A: Yes. A loan was used for the project, and the **1% Fund** made monthly payments until the balance was low enough to pay the remaining amount in full.

Q: What is the name of the lending institution?

A: First-Citizens Bank & Trust Company.

Q: Who will supervise the wall construction to ensure it is done properly?

A: The Board will work with **Stantec Engineering** to identify a qualified local professional to conduct regular inspections and confirm that construction follows Stantec's design plans and engineering standards.

Q: What would the monthly payment be if \$4,000,000 is borrowed?

A:

- **Loan Term:** 6 years (72 months)
- **Draw Period:** First 12 months (interest-only payments)
- **Repayment Period:** Final 5 years (principal and interest)

The interest rate will be based on the **5-Year U.S. Treasury Constant Maturity** rate in effect five business days prior to closing, plus **1.90%**, with a minimum rate of **5.65%**.

Estimated monthly principal and interest payments during the repayment period would be approximately **\$76,681.90**.

Q: Is there an early payoff penalty?

A: No, unless the association chooses to refinance the loan with another lender.

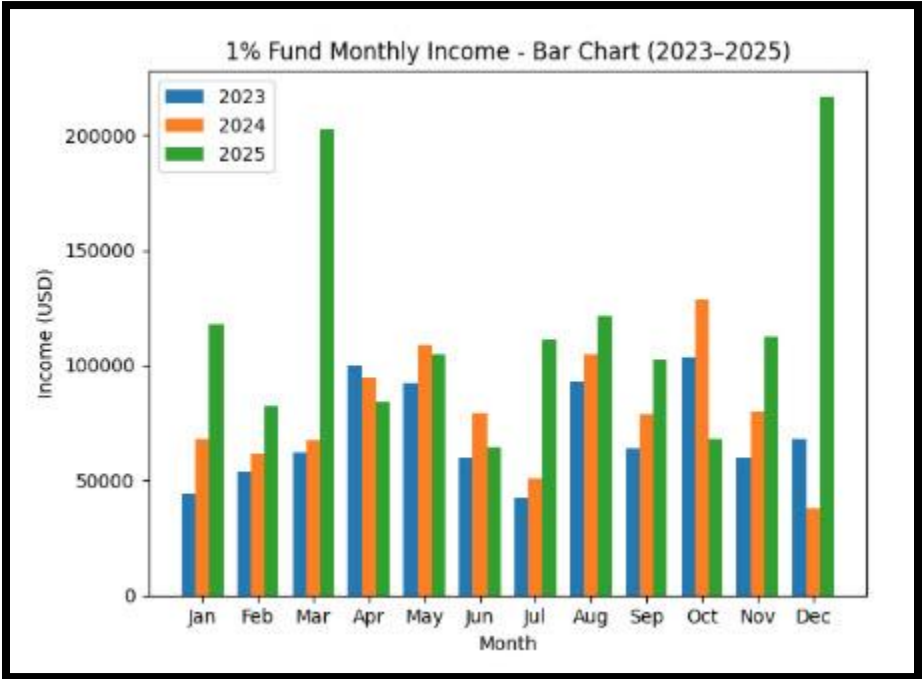
Q: Is there an origination fee?

A: Yes. The loan includes a **0.25% origination fee** and a **\$3,500 legal fee**.

Q: What would a one-time special assessment cost homeowners?

A: The exact amount cannot be determined until contractor costs are finalized. However, a simple estimate based on a **\$4,000,000 project cost divided among 3,200 units** would be approximately **\$1,250 per unit**.

1% Income 2023	1% Income 2024	1% Income 2025
January \$44, 326.83	January \$67,726.65	January \$118,005.65
February \$53,784.80	February \$61,568.88	February \$82,259.36
March \$62,059.08	March \$67,570.15	March \$202,460.04
April \$100,025.25	April \$94,642.97	April \$83,972.51
May \$92,228.16	May \$109,081.42	May \$104,638.93
June \$59,761.48	June \$79,452.16	June \$64,490.90
July \$ 42,286.88	July \$ 51,042.35	July \$111,452.38
August \$93,105.99	August \$104,840.68	August \$121,079.96
September \$63,909.34	September \$78,789.72	September \$102,514.17
October \$103,670.44	October \$128,257.87	October \$67,758.64
November \$59,893.05	November \$79,538.77	November \$112,249.71
December \$67,838.40	December \$37,564.49	December \$216,911.79



Projected 2026 Income

Using your compound growth rate from 2023–2025, the projection is:

Estimated 2026 Total:

 \$1,780,746

Estimated monthly average for 2026:

 ~\$148,400/month

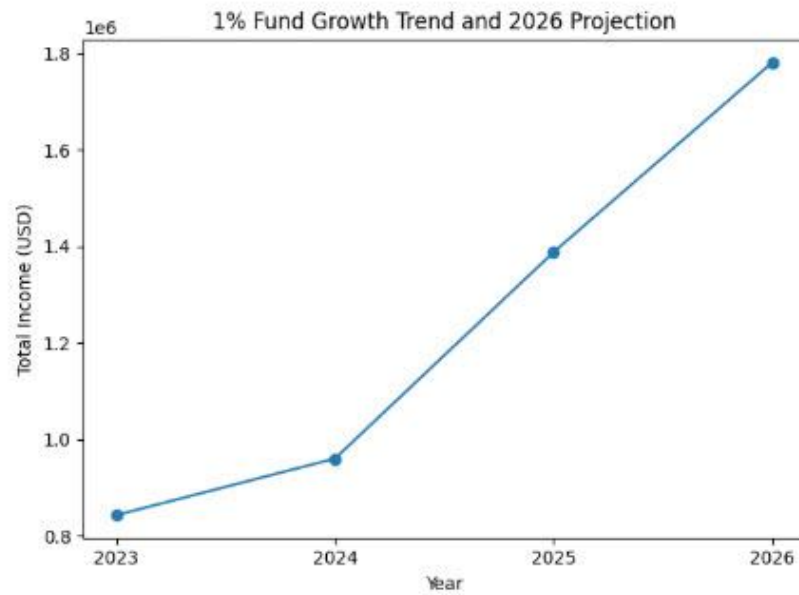
If the current trend continues, your fund could approach \$2M annually within about 1–2 years.

Interesting pattern

- **Big spikes:** March 2025 and December 2025.
- **Strong consistent months:** August–November across years.
- **2025 monthly average is ~\$35K higher than 2024.**

Yearly Totals & Monthly Averages

Year	Total Income	Avg Monthly
2023	\$842,889.70	\$70,240.81
2024	\$960,076.11	\$80,006.34
2025	\$1,387,794.04	\$115,649.50



Here are the deeper insights from your 1% Fund data (2023–2025).

Growth Trend

Your yearly totals:

- 2023: \$842,889
- 2024: \$960,076
- 2025: \$1,387,794

That's strong scaling, especially from 2024 → 2025 (+\$427K).