

Ballot Item

USDA Loan Pay Down Proposal

By Maggie Guscott, Kala Rachilla August 2017

Original Loan Date: November 4, 2009

Payments started in 2010

As of December 2017 - 8 years of loan payments w/ 32 more years per the loan schedule

Payoff: 2049

Original Loan Amount: \$1,161,000.00

4.125% interest rate

Monthly payment: \$4,496.00 = \$59,352.00/year

~75% of the annual amount is allocated to interest expense = \$40-44,000.00

Reserve Requirements: Fund the "Debt Reserve Acct" to cover at least one

Annual Loan Installment = \$59,352.00

Current monthly deposit: \$495.00

Fund the "O&M Reserve Acct" by \$534.00/month

(This amount is expected to reviewed and adjusted annually)

AS OF: June 30, 2017 Debt Reserve balance = \$51,396.00

O&M Reserve balance = \$50,616.00

Projection: The Debt Reserve Acct will reach the required Annual Loan Installment of \$59,352.00 in 2018. This amount is then held for the duration of the loan.

Potential – The monthly \$495 can then be applied elsewhere like the O&M Reserve Acct.

Proposal: By making even a small additional monthly payment, our overall long term interest expenses would be lowered by thousands of dollars and and we would shorten the length of our loan.

A: \$5/per lot each month = ~\$7500/year =

\$194,410.00 interest savings

Shortening the loan by 6.5 years

B: \$10/per lot each month = ~\$15,000/year =
\$313.272.00 interest savings
Shortening the loan by 10 years 8 months

**Verified by Duane Dale, CP Specialist that we can indeed made additional loan payments (not principal only payments though) and there is no Pre-Payment Penalty clause in our agreement.

These payments can be made monthly, quarterly or annually, the above projections are monthly which is the most beneficial to us.