



Waterfront Financing Update

Abbey Springs Unit Owners,

We have received questions regarding Unit Owner payment options for the recently approved waterfront project. Following is an overview of financing options addressing such questions, including certain terms of the proposal we have negotiated with Barrington Bank. If you have additional questions, please send them to info@abbeyspring.org.

Timing of Unit Owner Payments

Construction is projected to start early in 2026 (February/March/April), once all permits have been secured. We anticipate completion by late 2026 or early 2027. As construction nears completion, Unit Owners will know the final construction cost and their respective final assessment. The assessment will be based on the final project cost, reduced by \$1,000,000 of cash on hand used by Abbey Springs, and the funds generated by the \$260 per month assessment collected during the pre-construction and construction phases. Unit Owners will have three options for paying the final assessment as follows:

1. Pay remaining balance in full - One payment with no interest. Abbey Springs will bill the unit owner the full remaining amount after construction completion. Unit owners can choose to finance this payment with a lender of their choice.
2. Pay the remaining balance (including interest for two years) in three equal installments according to the following schedule:
 - 1/3 due at completion of construction;
 - 1/3 due 12 months from the completion; and
 - 1/3 due 24 months from completion.
3. Pay the remaining balance over 14 years with a monthly amount covering principal and interest.

Unit Owners who select either the three-payment option or the 14-year option always have the ability to pay off the entire assessment at any time in one payment once construction is completed and the final cost of the project is determined.

The \$260 per month collected from unit owners (along with \$1,000,000 of cash on hand) is being used for pre-construction and construction costs as well as interest on the construction loan that Abbey Springs has negotiated with Barrington Bank. The \$260 monthly payment began in your September 2025 statement and will continue until the project is completed (estimated to be 15-18 months). The amount collected from Unit Owners from the \$260 monthly assessment will reduce the final assessment allocated to the unit owners at project completion. For example, if AS collects \$260 per month for 16 months, or \$4,160 total through project completion, then the \$4,160 will be deducted from the final assessment allocated to each unit owner.

Interest Rates on 3 Payment and 14-Year Financing Options

We have been negotiating with Barrington Bank and have reached an agreement on the terms of the loan Abbey Springs will use to finance construction. We do not anticipate that this loan agreement will be executed until early next year at the time construction begins, when the funds will be needed. Following are the tentative terms of the agreement:

Three payment option (2-Year Financing): The interest rate will be set when the loan agreement is entered into with Barrington Bank at the start of construction. The interest rate will be fixed for entire 2-year term and is based on 2.00% plus the 5-year U.S. Treasury Issue, with a rate floor set at 6.25%. The rate floor is defined as the minimum interest rate that will be charged. Once the interest rate is set it will not change for this option. As a condition of providing this loan option, which requires a separate loan agreement, Barrington Bank requested advance notice, which is why we have asked unit owners to advise us of their intent to select this option by October 14th

14-Year Financing: The initial interest rate will be set when the loan agreement is entered into with Barrington Bank at the start of construction. The interest rate will be fixed for the first 7 years and based on 2.00% plus 7-year U.S. Treasury Issue, with a rate floor of 6.25%. The rate will adjust after seven years for the remaining loan term and will be based on 2.00% plus 10-year U.S. Treasury Issue, with a rate floor of 6.25%.

At current or lower Treasury Issue rates, the effective interest rate would be 6.25%. If 5-year or 7-year Treasury Issue rates increase above 4.25%, the effective interest rate would be the applicable Treasury Issue rate plus 2.00%.

Early Payment of Assessment

Regardless of which option a Unit Owner chooses (three payments or 14-year financing), a Unit Owner can always choose to pay off the entire balance due at any time with no prepayment penalties assessed. Paying down a portion of the remaining principal balance ahead of schedule is not allowed.

Sale of Property

Upon a property sale, the seller can elect to pay off the remaining balance in full or negotiate with the buyer to assume the payment terms for the remaining obligation.

Questions? Contact us at info@abbeysprings.org or (262) 275-6113

Visit our website: www.abbeysprings.org.



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