

**RIVERSIDE COURT CONDOMINIUM PHASE 1**  
**(Dba)VICTORIAN CONDOMINIUMS**  
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March 20, 2009

To All Homeowners,

**Ref: SBA Disaster Loan Approval**

There will be a Special Homeowners Meeting schedule for **April 23<sup>rd</sup>, 2009** at 6:30 P.M. at the Atonement Lutheran Church, 6500 Riverside Drive, Metairie, La. 70003, on the 2nd Floor.

This meeting will be to re-vote on the SBA Disaster Loan or other possible solutions.

Unfortunately, even though we had a majority vote at the first meeting with only 2 nays, having 49% owners present, there are some questions about the over five (5 ) years commitment to SBA loan.

This meeting agenda is specs, Terms, Amount, Payments, and disbursement of the SBA loan and other possible solutions.

**Specs of SBA Loan:**

1. Terms of Disaster Loan – 30 Years Loan with 4% interest.
2. Amount of Disaster Loan - \$ 1.5 Million
3. Payment Schedule – See attached Approximate Payment Schedule
4. Disbursement of the loan:
  - A. 55% for Air Condition Central Units
  - B. 15% for Entergy Efficient Windows
  - C. 10% for Sewer Repairs
  - D. 20% Miscellaneous Repairs on Property

We all have a vested interest of what is to be discussed.

The SBA loan was originally applied for over a year ago. In this letter you will receive all the information that we have and an accurate financial situation of the property to make an intelligent decision.

The property received \$ 2.947 Million dollars in insurance after Katrina and the \$ 2.597 million dollars went to unit owners for renovations only \$ 350,000.00 for common element damage. By common element, we mean the grounds, pool area, playground, courtyard area, exterior, gutter, roofs, Central Air & Heat System; these are all called common area. Reality is that we had much more damage than that. After Hurricane Katrina we also had a significant number of issues that were not covered by our insurance. The A/C Chiller System, to restore to 100%, will cost \$ 850,000 - \$ 890,000 dollars, new tower & rehabilitation.

With the SBA Disaster loan, we will be able to replace the A/C Chiller System with more energy efficient individual A/C central air and heat unit.

The SBA will allow additional funding for increase protection of Hurricane and energy efficient. Outdated and non energy efficient windows could be replaced with SBA loan funds under this program. With property and wind protection the nature of new window system will reduce utility cost.

We have a sewer system that is over 25 years old beneath our building. The aging process has reduced the efficiency of the sewer system and Hurricane Katrina has intensified those effects. These loan proceeds would repair some parts of the sewer system.

The 20% designated that was not included will be for grounds, pool, landscaping, roof issues and parking lots repairs.

**Possible Solution 1:**

The Board can do regular assessment like the one we just did for \$ 106,000.00 every 6 months are so to cover the estimated \$ 1.5 million dollar cost. For Example, An average 2 Bedroom, 1 bath will be \$ 1224.00 a year for the next seven (7) years; this would take seven years to get the work done.

**Possible Solution #2:**

The SBA is offering long-term, low interest disaster loans at 4%. The loan terms are thirty (30) years for \$ 1.5 million dollars at 4% interest to be paid in monthly installments beginning one year after the disbursement of the loan. The payments spread over a span of thirty (30) years would be an average of about \$30.00 a month per condo. SBA requires us to have a separate trust account for the repayment funds and the Federal Government over sees the entire process. For Example,

**Possible Solution #3:**

A 15% increase each year on Condo Fees for the next three (3) years or until all work is paid for. This would generate revenue of approx 129,000 a year therefore the repairs would take over 10 years to complete. An example of a 2 bedroom unit with a condo fee currently of \$ 408.00, the first increase of 15% would raise their condo fee to \$ 469.00, which would be \$ 61.00 dollar increase in the first year, At the end of a five year period the 15% increase the condo fee will be \$ 817.00, At the end of ten years with the 15% increase the condo fee would be \$ 1,639.00 a month.

Our Sister Property, Riverside II, went with the SBA disaster loans at the beginning of 2007 and replaced / repairs and almost identical list of items and it is now reporting annual savings for utilities of approx \$ 97,516.70 a year.

The SBA package is the Boards best way to address this issue. We have enclosed a ballot just for SBA Disaster loan so you can vote Yes or No. If this vote fails, we will schedule a meeting for option 1 or 3.

We need the ballot returned forty-eight (48) hours before the schedule meeting on **April 23, 2009**. Enclosed is a ballot to cast your vote, not a proxy, but a vote. All Homeowners must vote to obtain necessary vote.

This is the most important vote you cast for the future of your property. We desire everyone input and participation.

Sincerely,

Bill Kraus

President of the Board of Directors

Riverside Court Condominium Phase 1 (DBA)

Victorian Condominium