

## Johann & Sandra

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**From:** Adrian Carey <adrian.carey@scotiabank.com>  
**Sent:** Monday, May 04, 2015 11:25 PM  
**To:** Johann & Sandra  
**Subject:** RE: Silver Point Condominium - Building Restoration Project  
**Attachments:** Condominium\_Act\_Bahamas\_Chapter\_139.pdf; Declaration of Condominium.docx

Thanks Johann,

Let me know how everything evolves regarding the association meeting. If you have any questions, please feel free to contact me.

Kind regards,

**Adrian R. Carey** | Manager, Client Relationships

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"Johann & Sandra" <js@johann-sandra.com>

05/04/2015 06:29 AM

To "Adrian Carey" <adrian.carey@scotiabank.com>

cc

Subject RE: Silver Point Condominium - Building Restoration Project

Hi Adrian,

Thank you for your replies and kind assistance.

The condominium is governed by the Condominium Act of the Bahamas and by our Declaration of Condominium. Both are attached for your review. The Declaration document has been retyped for ease of reading – we have the original on file with the Registrar, but it is old and much harder to read.

We will proceed with your advice on an assumption of 65% of project cost at 3.7%, 5 year terms (renewable up to 2 times), amortized over 15 years and start assembling a proposal for the owners. I will keep you advised as there is something to report.

If there is anything I missed that we need to consider, please let me know so I can include that in our consideration.

Kind Regards,

Johann

**From:** Adrian Carey [mailto:adrian.carey@scotiabank.com]  
**Sent:** Sunday, May 03, 2015 1:30 PM  
**To:** Johann & Sandra  
**Subject:** RE: Silver Point Condominium - Building Restoration Project

Hi Johann,

Sorry for the delay. Kindly see the below responses.

Best,

**Adrian R. Carey** | Manager, Client Relationships

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"Johann & Sandra" <[js@johann-sandra.com](mailto:js@johann-sandra.com)>

05/03/2015 03:40 AM

To "Adrian Carey" <[adrian.carey@scotiabank.com](mailto:adrian.carey@scotiabank.com)>

cc

Subject RE: Silver Point Condominium - Building Restoration Project

Hi Adrian,

Didn't hear from you on Friday. Any news?

Johann

**From:** Adrian Carey [<mailto:adrian.carey@scotiabank.com>]

**Sent:** Friday, May 01, 2015 4:01 PM

**To:** Johann & Sandra

**Subject:** RE: Silver Point Condominium - Building Restoration Project

Hi Johann,

Sorry for the delay. Can you give me the benefit of 6pm today?

Best,

**Adrian R. Carey** | Manager, Client Relationships

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"Johann & Sandra" <[js@johann-sandra.com](mailto:js@johann-sandra.com)>

05/01/2015 10:29 AM

To "Adrian Carey" <[adrian.carey@scotiabank.com](mailto:adrian.carey@scotiabank.com)>

Hi Adrian,

Do you think we'll have this cleared up today? We would like to use the weekend to start assembling our financial plan if at all possible.

Kind Regards,

Johann

**From:** Johann & Sandra [<mailto:js@johann-sandra.com>]  
**Sent:** Wednesday, April 29, 2015 3:16 PM  
**To:** 'Adrian Carey'  
**Subject:** RE: Silver Point Condominium - Building Restoration Project

Hi Adrian,

Through the Association you have personal guarantees of every single owner. If the Association needs funds to pay the debt, the Association collects a mandatory special assessment from all of the owners. Any owner who does not pay the assessment will have a lien put on their apartment by the Association, and if it is still not paid, then the Association will sell the unit and use the proceeds to pay the assessment and any outstanding dues. The bank's usual methods of securing a debt from a debtor are undertaken by the Association on the bank's behalf. This is required of the Association by law under the Condominium Act.

It is almost inconceivable that a Condominium Association would default on a debt, since anytime they need money they will get it from the owners – either voluntarily or through seizure – but in the remote event that the Association defaulted, the bank would garnish the treasury of the Association to retrieve funds owed. The bank could also issue the Assessment against the owners that the Association would otherwise do, and have the same powers of the Association to seize individual assets of owners who default. This is a far more secure situation for the bank than almost any other individual or commercial loan and much more security for the bank than a lien against the common property. You have through the Association, personal guarantees from 68 unit owners as well as a de-facto lien against all 68 units and a lien against the treasury of the Association. You don't have to worry about selling the common property in the event of default, you just use the treasury and the Association's statutory powers to collect the debt.

**Noted. Is there a document that outlines the governance of the Condominium Association? A copy of this if possible to be reviewed internally would also provide support to the aforementioned.**

Would the bank be willing to lend the full amount required for the project or only a portion? There would be no prepayment penalty, correct? Libor I believe is about 0.7% at the moment, so we'd be looking about 3.7%, correct?

**The bank normally provides funding for up to 65% of a project cost. If the association can raise upfront funding, the bank will also make its advances subject to the deal being approved. Prepayment clauses, if applicable can be a feature of the deal. This is usually a negotiation point once a commitment letter is issued. Given the association's power to raise funding through special assessments, the preference by owners may be to retire the debt as soon as feasible. Relating to the 3.7% rate, it is a good**

guiding given the current LIBOR rate, notwithstanding, depending on when a deal is reached, any fluctuations in LIBOR would have to be taken into account.

I believe you mentioned 15 year amortization with a 5 year renewable term, yes? So at 3.7% for \$2.3 Million we would be looking at \$16,669/mo. with a balance of \$1,658,305 due at the end of 5 years with an option to renew for another 5 years? In this case probably we'd prefer to do the full 15 year term unless paid off earlier.

Or do you mean a straight 5 year term which would be \$42,047/mo? Or would payments be done quarterly or annually?

There is some variance with how the financing can be structured. The scenario posited above can be an option once factoring in the association's contribution. Also, we may need to have further discussions regarding how you collect special assessments and the frequency of which owners make payments regarding fees and special assessments. This would be very useful for determining a optimum repayment solution.

Johann

**From:** Adrian Carey [<mailto:adrian.carey@scotiabank.com>]  
**Sent:** Wednesday, April 29, 2015 1:42 PM  
**To:** Johann & Sandra  
**Subject:** RE: Silver Point Condominium - Building Restoration Project

Hi Johann,

I know we had discussed the common area as the only security item on the table. Would a deal breaker be personal guarantees?

Subject to the bank's formal adjudication process and the submission of further due diligence documentation, from an indicative term and rate standpoint, how would a five year term with the option to renew for a further five years work. Indicative pricing may range around Libor +3.

Let me know your thoughts.

Best,

**Adrian R. Carey** | Manager, Client Relationships

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04/24/2015 02:03 PM

To "Adrian Carey" <[adrian.carey@scotiabank.com](mailto:adrian.carey@scotiabank.com)>  
cc  
Subject RE: Silver Point Condominium - Building Restoration Project