

FINANCING INFORMATION/DISCLOSURE

Municipal Services Benefit Units (MSBUs) are created to provide a legal dependent unit to assist property owners in obtaining municipal type services and/or improvements which specifically benefit their community. When a unit is created by the Board of County Commissioners, the County will, along with managing the design, permitting, and construction, arrange for the necessary loans to finance the project; manage the debt funds during the term of the loans; annually assess, collect, and manage the individual accounts included in the unit; and provide releases of liens to property owners upon full payment of lien.

The three loans generally utilized for a project are as follows:

Inter-fund loan: If available, the County will provide an inter-fund loan within the MSBU program to pay for the initial engineering and permitting of a project. This loan is reimbursed to the lending fund when long term financing is secured.

Short Term Financing: The County secures short term financing to fund the project during the construction phase. The short term loan is paid off with proceeds from the long term loan obtained following the completion of the project. **The interest cost of the short term loan is included in the cost of the project and bourn by all benefited property owners within the MSBU.**

Long Term Financing: Following the completion of the project and the final public hearing the County will obtain long term financing. The loan is secured to reimburse any inter-fund loans, satisfy short term debt, and will include in the loan amount, closing costs/fees, and capitalized interest. The interest rate is determined three days to closing and 100 basis points (1%) is added for County administration fees over the term of the loans.

The interest rate utilized for the cost estimate is an estimate in what County's financial consultants believe the rate could be at the completion of the project, based on historical and current trends.

Property owners have a choice to 1) pay their assessment off in full within the first thirty days following the final public hearing, without incurring any portion of the long term financing costs, or 2) finance their assessment over the term of the loan. **Property Owners who choose to finance their assessment will pay annual interest on the principal balance. Assessments can be paid off at anytime without penalty.**

While the final interest paid over the term of the loan will depend on the final project costs and the final interest rate, the amortization schedule provided to you on the back of the petition will provide you with a sample payment schedule indicating the payments for any given year during the term of the loan and total principal and interest payments if finance for the full duration of the loan.