CAPITAL IMPROVEMENT FUNDING ALTERNATIVES

ASSESSMENTS

Pro	Con
Raise funds to meet cash requirements as needed.	Out of pocket
Increases basis	Burden on existing shareholders for improvements that will last long term
No transaction costs	

LINE OF CREDIT

Pro	Con
Interest cost deductible	Risk of rising interest rates
Borrow as needed	Interest costs impact maintenance
Currently low interest rate	Transaction costs
No out of pocket	
Generally, interest only during draw down period	

REFINANCE 1st MORTGAGE (if mortgage terms permit)

Pro	Con
Long-term rate stability	Prepayment penalty (dependent upon $ amount)
Interest cost deductible	Interest paid on total sum at outset
	Higher transaction costs
Higher loan to value ratio (may adversely impact sales)	

2nd MORTGAGE

Pro	Con
Long-term rate stability	Interest paid on total sum at outset
Interest cost deductible	Higher transaction costs
Higher loan to value ratio (may adversely impact sales)	