

Why the Level of Empty-Lot Dues/Assessments?

(Revised 8 Apr 2010)

The question is sometimes asked by lot-only owners, "Why are we billed the amounts we are billed for things we don't use now and may never use until we build a cabin or until we sell the property to someone else who wants to build a cabin?"

The Answer

The Sweetwater Park Homeowners Association (HOA) and the Bear Lake Water Company have a two tier structure for dues and assessments as shown on the *Fees* link of the www.swphoa.com web site and listed here for the convenience of the reader. Added to the following is a column showing the ratio of the amounts paid by cabin owners compared to those paid by lot-only owners:

	<u>Cabins</u>	<u>Lots-Only</u>	<u>Cabins/Lots Ratio</u>
HOA Dues (Annual)	\$240	\$96	2.5
Water Company Water Assessment (Annual)	\$151	---	2.5 ^①
Water Company Standby Assessment (Annual)	---	\$61	(See Above) ^①
Water Company Special Assessment (Annual)	<u>\$80</u>	<u>\$80</u>	<u>1.0</u>
<i>ANNUAL TOTAL</i>	\$471	\$237	2.0

You will notice from the above that for all except the Water Company *Special Assessment* the cost to cabin owners is approximately 2-1/2 times the cost to those with lots-only. The reason, obviously, is that those with cabins benefit the most from the availability of water and maintained roads since those owners are normally here and use their property regularly.

The *Special Assessment*, however, pays for major capital improvements that the water company is required to accomplish to keep the system up to code and to add capacity to address current and future demands on the system. That includes the addition of capacity for the water source (wells and water rights), pumping, and storage tanks. The *Special Assessment* is the same for lot-only owners and cabin owners because the benefit-level to both is essentially the same, as discussed below.

It is important to recognize that all Sweetwater Park property owners benefit from the availability of water and maintained roads. Over the past few years the value of lots in this area have escalated significantly from the \$10,000 range to the \$50,000 - \$100,000 range. In the case of cabin owners part of the value of your property, including these recent increases, is because you have both access and water service to your cabin now and will have as the number of cabins on the hill increases due to new construction. In the case of lot-only owners part of the value of your property, including recent increases, is the knowledge that there will be maintained roads to and a functioning water system at your property line when you or someone to whom you sell your property decides to build.

If you are uncertain whether or not that is so, think what such property would be worth, even with our great view, if there were no roads for access and the only water available was that which you purchased and packed in.

Notes

- ① Water Company *Water Assessment* Was compared to the Water Company *Standby Assessment* since the former is for lots with cabins and the latter is for lots-only.