



SPECIAL ASSESSMENT POLICY

R.A.H.

History: Since 1981 when we purchased the common land and the water system from Big Elk Meadows, Inc. (Frank Hayes), the associations have used member-approved special assessments to finance capital projects.

Every member of each association has paid the following:

Big Elk Meadows Association

- \$2,606 (1981 land purchase)
- \$2,500 (1991 capital projects)
- \$200 (2004 pool/tennis courts)
- \$5,000 (2014 flood recovery capital)

\$10,306 Total Paid BEMA

Big Elk Water Association

- \$728 (1981 water system purchase)
- \$300 (1987 water meters)
- \$1,000 (1999 microfiltration plant)
- \$5,000 (2014 flood recovery capital)

\$8,358 Total Paid BEWA

Current Policy:

Special Assessments are assigned to each lot. There are 207 platted lots in Big Elk Meadows. The 1981 board realized that there would be undue hardship for members who owned more than one lot, so they voted to only assess the lot that the house was standing on and not the empty lots contingent to that lot, (for instance one member owned five lots which would mean five times the assessment imposed). If that member decided to sell an empty lot to someone else and create a new membership, all of the BEMA assessments (\$10,306) to date would be due at closing. It is considered the *investment that every member made* to make capital improvements, and it makes each member's property that much more valuable. Once the new member builds a house and taps into the water system, a tap fee (currently \$29,000) is due and the water assessments (\$8,353) are considered part of that.

Committee has reviewed the following options as an update to the policy:

- **Option I:** The board could continue the Current Policy. Since the associations have combined into one, \$10,306 would be due to BEMA at closing and the tap fee (currently \$29,000) would be due to BEMA if and when the new member started drawing water from the system. One problem with this approach is that some members have pre-paid the tap fee on their empty lot which may have been considerably less than the accumulated special assessments, so BEMA would receive no capital assessment on water improvements.
- **Option II:** Upon build of a home *and* the tap fee paid, (currently \$29,000) the association could consider all the Special Assessments are part of that tap fee (\$10,306 + \$8,358 = \$18,664). Again, the problem with this approach is that some members have pre-paid the tap fee on their empty lot which may have been considerably less than the accumulated special assessments, so BEMA would receive no capital assessment.
- **Option III:** The association could collect the combined assessment of \$18,664 at or before closing on the lot (Note: all special assessments are owed by the current property owner as special assessments are assigned to each lot). An owner of multiple lots only needs to pay the special assessments and annual assessments on the lot upon which their house is situated under the current policy. Once they sell a vacant lot to a non-member, all the special assessments of \$10,306 are reinstated. If they sell the vacant lot to a member the special assessments for BEMA are considered covered. If the member builds a second home on that lot, the \$10,306 is due. The \$29,000 is due when the member's second house starts drawing water from the mains (except *if the tap fee has been prepaid* then the \$8,358 is due).

If the tap had been pre-paid, there would be no charge when the new member asked to tap into the water system. If the tap *has not* been pre-paid, there would be a tap fee due (currently \$29,000) when the new member asked to tap into the water system.

- **Option VI:** The board could waive all past assessments and only charge a new member with future assessments. The selling member would not owe special assessments attached to the lot and the new member would not have to make any BEMA capital investment in the property.

Big Elk Meadows Association

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