

**ANALYSIS OF ANNUAL HOMEOWNER  
ASSESSMENTS FROM 1998 TO DATE**

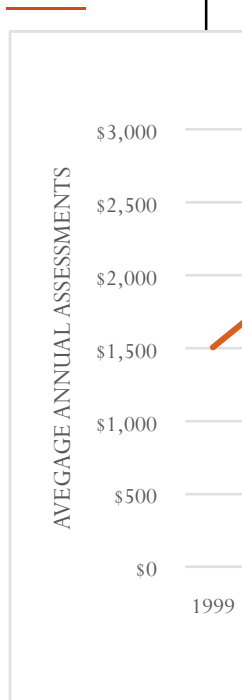
**600 ROBERTS BEND ROAD  
BURNSIDE KY 42519  
(606)561-0715**

January 6, 2015

Report Prepared by: Calvin Bell, Property Manager

# Fee Assessment

## CUMBERLAND RESORT



The above chart represents annual average assessments of all homes in 5 separate neighborhoods behind gates one through five at Lake Cumberland Resort. The data reflects only improved (developed) lots with finished homes. The chart does not contain data from Indian Creek Neighborhood or any undeveloped lots.

# HOA vs City Taxes

## CITY TAXES vs HOA FEES

<u>HOME VALUE</u>	<u>AVERAGE HOA ASSESSMENT</u>	<u>ESTIMATED CITY TAXES</u>
\$150,000	\$2,221	\$1,222
\$300,000	\$2,221	\$2,444

A property owner of a home assessed at a \$150,000 value would pay the 2015 average annual assessment of \$2,221 per year for a home located inside the Resort. If that same home were located inside Somerset city limits, it would be subject to a city tax of .13% and a city school tax of .685%. Therefore a similar home valued at \$150,000 and located inside the city limits would pay \$195 per year city tax and \$1,027.50 in city school taxes, or about \$1,222 per year in total estimated city taxes.

A home assessed at \$300,000 located at the Resort would still pay an average of \$2,221 per year in HOA assessments. The same home located inside city limits would pay an estimated \$2,445 per year in total estimated city taxes. As the home value rises, the benefit of savings obtained by not being located inside city limits also rises. In addition, Resort properties benefit from more amenities and services than those provided by city services.

# Services Provided

## CITY SERVICES vs HOA SERVICES

A property located inside Lake Cumberland Resort HOA development benefits from Resort Services while homes located inside a city limits benefit from services provided by the City. All homes in the county pay county taxes, regardless of their location.

County taxes also provide benefits to property owners generated from county property taxes. County taxes are based on assessed value only, not city limits or HOA location.

The below data reflect services that are included in the annual HOA assessment for Resort homes vs the city provided services available for homes inside city limits.

<u>DESCRIPTION OF SERVICE</u>	<u>CITY SERVICES</u>	<u>HOA SERVICES</u>
GARBAGE COLLECTION	NOT INCLUDED	INCLUDED
WATER SERVICE	NOT INCLUDED	NOT INCLUDED
WASTE WATER PROCESSING	NOT INCLUDED	INCLUDED(LIMITED)
CITY POLICE SERVICE	INCLUDED	NOT INCLUDED
COUNTY POLICE SERVICE	INCLUDED	INCLUDED
PRIVATE SECURITY SERVICE	NOT AVAILABLE	INCLUDED
FIRE DEPARTMENT	INCLUDED	INCLUDED
PUBLIC SCHOOL ACCESS	INCLUDED	INCLUDED
NATURAL GAS	NOT INCLUDED	NOT AVAILABLE
POOLS, TENNIS COURTS, PRIVACY	NOT PROVIDED	INCLUDED

# Report Summary

---

**HOA ASSESSMENTS ARE STEADY** Annual assessments for homeowners at Lake Cumberland Resort have been stable for several years. Presently, the average 2015 HOA assessment is \$2,221 for a Lake Cumberland Resort home and lot. Undeveloped lots have followed the same trend. Improved lots are assessed based on the location of the property. Generally speaking, premium lots at gates three and five are larger lake view homes, with garages, concrete driveways and underground utilities. Standard cabins located at gates one, two and four are typically smaller homes without lake views that have gravel driveways, overhead utility access and no garage.

**HOA PROPERTIES PAY NO CITY TAX** The HOA Assessment average is based on the actual amount property owners pay for community services through HOA assessments at Lake Cumberland Resort. These properties are located on private property outside of local city limits, so there is no city tax paid by property owners with homes located inside the resort.

**HOA PROPERTIES RECEIVE MORE SERVICES** Property owners inside the city limits pay for services through city taxes. Sometimes those taxes are less than HOA fees for comparable properties located inside the Resort. A property located inside Lake Cumberland Resort HOA development benefits from resort services, which are significantly greater than the benefits provided from city services. The cost for city services is based on the assessed value of the property, while resort services vary only based on the neighborhood location, rather than the value of the home. More expensive homes pay less in HOA fees than a comparable home inside the city limits would pay in city taxes. Less expensive homes pay more in HOA fees than similar properties located inside the city limits would pay in city taxes. Intangible benefits such as privacy, convenience, recreation, and property appreciation may also be considered, but ultimately, properties located within Lake Cumberland Resort receive greater benefit while

avoiding the obligation of city taxes. Resort homes provide a better total package of benefits than comparable homes not located inside the resort.