



FACT SHEET: Payette Lake Cottage Sites Auction for Ownership

Saturday, Jan. 31, 2015 | Riverside Hotel, Boise ID | 1:00 p.m.

Background

In 1890, Idaho became the 43rd State of the Union. At that time, Congress granted millions of acres of land to the new State of Idaho for the sole purpose of funding public schools and other State institutions.

Today the Idaho Department of Lands (IDL), under the direction of the State Board of Land Commissioners (Land Board), manages more than 2.4 million acres of state endowment trust land in Idaho under a Constitutional mandate to maximize financial returns to public schools and other State institutions.

Some of that land includes hundreds of acres on the shores and upland of Priest Lake in northern Idaho and Payette Lake in McCall. The lots are known as cottage sites. Hundreds of individuals and families lease the lots from the endowment trust. The endowment trust owns the land and the cabins built on the land are owned by the lessees as personal property.

35 state endowment-owned cottage site lots at Payette Lake will be auctioned for deeded ownership.

Why is the State selling cottage sites?

In 2010, the Land Board voted to divest the State's ownership in most of the 500-plus lots at Priest Lake and Payette Lake over time, and reinvest the proceeds into assets that produce higher returns.

Transitioning millions of dollars worth of endowment lands to private ownership over time will significantly expand the tax base for Bonner and Valley Counties. Privatization of the lots also likely would incentivize owners to make more investments, such as upgrades to cabins, roads, and active management of common areas.

Why does IDL have to auction the lots? Where will the money from the auctioned lots go?

The Idaho Constitution requires a public auction for the disposal of State endowment trust land.

The beneficiaries of the Payette Lake cottage site lots being auctioned are Idaho's public school system, State Hospital South in Blackfoot, and teacher education programs at Idaho State University and Lewis-Clark State College. After the lots are auctioned, the money will go into the Land Bank.

SATURDAY'S AUCTION

29 Leased Lots
6 Unleased Lots

The active bidding for leased lots is for the **LAND ONLY**.

IDL cannot accept bids less than the appraised value of the land.

The auction for leased lots is voluntary because the lessees – the individuals and families who lease the lots from the State but own the cabins and other personal property on the land – applied to nominate the lot they lease for auction.

The price for the houses and other improvements on top of the leased lots were appraised prior to the auction and are not being bid on, **only the land**.

Three of the six unleased lots have structures on them. The active bidding for unleased lots is for the entire estate. IDL cannot accept bids less than the appraised value of the estate.

All auction participants (current lessees or outside party) sign the same terms and conditions.

Any “up bid” more than the appraised value of the land or estate will go to the State.

If the successful bidder of a leased lot IS the current lessee (the homeowner):

⇒ They pay the winning bid amount and an additional administrative fee of 4 percent of the appraised value of the land to IDL through the title company at close of escrow (not right away)

Current lessees who are participating in the auction have already paid a 1 percent auction administration fee (one percent of the lot value); an application fee used to pay for the appraisal; a title fee.

If the current lessee is NOT successful in submitting the winning bid, they will be reimbursed for all fees paid.

If the current lessee DOES win the auction but DOES NOT close on the sale (does not follow through with the commitment to pay or does not comply with other terms of the purchase/sale agreement), then they will lose all the fees they paid and will have their lease canceled.

If the successful bidder of a leased lot IS NOT the homeowner/current lessee, that person must:

- ⇒ Pay the winning bid and an additional fee of 4 percent of the appraised value of the land, which is due at close of escrow
- ⇒ Write a check or provide funds to the title company on the day of the auction for :
 - > Cost of the personal property (cabin and other improvements)
 - > One percent auction administration fee (one percent of the appraised lot value)
 - > Appraisal fee and title fee on the day of the auction

Auction participants who ARE NOT the homeowner/current lessee must come to the auction with a \$50,000 cashier's check for each lot they plan to purchase. They have to sign a bidder registration form providing some personal and financial information, and must sign the same terms and conditions the current lessees signed. If they submit the winning bid, the \$50,000 would be applied to the cost of the personal property upon successful closing. If this person wins the auction but does not close on the sale (does not follow through with the commitment to pay or fails to comply with other terms of the purchase/sale agreement), then that person will forfeit the \$50,000 as well as all applicable fees.