PURCHASING YOUR SITE

Purchase Options

At any time during the lease after the survey and appraisal of the parcel are completed, if you are in good standing, you may purchase the parcel at its appraised market value as of the date of entry. Date of entry is defined as the date that DNR approves the lease application.

The state must sell land at the appraised market value per state law. The following is a simplified example of the costs associated with the purchase and how the payable balance is calculated:

Example of Purchase Price Calculation

Appraised market value	$10,000
Less survey deposit paid	$4,500
	$5,500
Remaining balance of appraisal cost (if any)	$150
Balance for payoff or contract	$5,650

Parcels may be purchased either by paying the full purchase price in a lump sum or by entering into a land sale contract (purchase contract) with the State of Alaska or its authorized representative.

NOTE: State land must be sold at market value. This program does not allow "proving up" (living on the parcel) in order to obtain title to the parcel. There are no land discounts other than the Veterans' Discount on the purchase price. This is a lease/purchase program only.

Minimum Purchase Price

The costs to survey state land in remote areas of the state may actually be higher than the appraised value of the land. The minimum purchase price is $1,000 over the actual survey cost, or the appraised value, whichever is greater.

General Contract Terms

If the purchase price minus the 5% down payment is $2,000 or less, the purchase price must be paid in full. A land sale contract will not be issued (11 AAC 67.875).

If the purchase price minus the down payment is greater than $2,000, the remainder may be paid by sale contract. Once you have signed a state land sale contract, you have entered into a legal, binding contract. Your money cannot be refunded if the contract is in default, is relinquished, or is otherwise terminated.

The terms for purchasing state land by sale contract are:

1. Down payment of five percent (5%) of the purchase price;
2. Non-refundable document handling fee of $100.00;
3. Contract for payment of the balance, with interest, over a period of up to 20 years based on the following payment schedule.

DNR will provide for a monthly installment payment schedule unless the department determines that a quarterly or annual installment payment schedule is more administratively efficient. Monthly principal and interest payments will be set on a level-payment basis according to the following financed principal amounts (11 AAC 67.875):

(a) $ 2,000.01 to $9,999.99, not more than 5 years;
(b) $10,000.00 to $14,999.99, not more than 10 years;
(c) $15,000.00 to $19,999.99, not more than 15 years;
(d) $20,000.00 or more, not more than 20 years.

You may, at any time, pay more than the required payment, accelerate your payments, or pay off the remainder of the land sale contract. DNR does not charge a prepayment penalty. DNR will record the sale contract with the appropriate Recording District.

Contract Assignments

Land sale contracts may be assigned to another qualified party. A $100 fee applies.

Sale Contract Interest Rate

The interest rate on all land sale contracts will be the prime rate as reported in the Wall Street Journal on the first business day of the month in which the contract is sent to the purchaser for signature, plus three percent; however, the total rate of interest may not exceed 13.5 %. Interest begins to accrue according to the effective date shown on the face of the contract.

Service Charge on Land Sale Contracts

Once the contract for sale has been executed, you will owe a service fee for any late payment or returned check as follows:

◊ Late Payment Penalty: A breach caused by the failure of the purchaser to make payments required by the contract may be cured by payment of the sum in default and a fee, as specified in AS 38.05.065(d), of $50.00 or five percent (5%) of the sum in default, whichever is larger. Contract payments received apply first toward any late fees, then toward interest owed, and any remainder reduces the principal balance.

◊ Returned Check Penalty: A returned check fee of $25.00, as provided in 11 AAC 05.010, will be assessed for any check on which the bank refuses payment. The default termination date (the date payment is due) will not be altered due to a delay caused by a bank refusing payment. Late penalties under (1) of this section shall continue to accumulate.

Veterans' Land Discount

Per AS 38.05.940, an eligible veteran may receive a single, "once in a lifetime" twenty-five percent (25%) discount on the purchase of one parcel of state land. A qualifying veteran must apply for the discount at the time of purchase by submitting a completed Veteran Eligibility Application/Affidavit and proof, acceptable to the department, that the purchaser:

1. Has been a resident of the State of Alaska for a period of not less than one year immediately preceding the date of sale (see "Residency Requirement" section);
2. Has served on active duty in the Armed Forces of the United States for at least 90 days, unless tenure was shortened due to a service connected disability or due to receiving an early separation after a tour of duty overseas (use Form DD 214); and
3. Has received an honorable discharge or general discharge under honorable conditions.

For the purposes of this program, Armed Forces are limited to the United States Army, Navy, Marines, Air Force, and Coast Guard. Service in state National Guard units, the Alaska Territorial Guard, as well as Army, Navy, Marine, and Air Force Reserve service may also be included, provided the applicant can document the accumulation of 90 days of active duty service, as defined by the Federal Government. A Form DD 214, Report of Separation from Active Duty, or the equivalent, showing the character of the discharge and length of active duty must be submitted. Veterans are encouraged to request their Form DD 214 well in advance of purchasing.

The veterans' land discount may be applied only to acquisition of surface rights to the land. The discount may not be applied to survey costs, road development costs, utility assessments, or other costs deemed reimbursable to the state by the commissioner. These reimbursable costs will be subtracted from the purchase price before the discount is calculated; afterwards, the discount amount will be deducted from the total purchase price.

In the case where two or more applicants wish to purchase the parcel and apply a veterans' land discount, only one qualifying applicant needs to apply for the discount; however, upon approval a single twenty five percent (25%) discount will be given and all applicants will have exhausted their "once in a lifetime" veterans' land discount.

Only the original, qualified lessee is eligible to use the veterans' land discount when purchasing a Remote Recreational Cabin Site.