

LEASING YOUR SITE

Lease Payments

The term of the lease will be three years. The annual lease payments will be \$100 and will be paid quarterly. The lease payment is in addition to the quarterly survey and appraisal deposit payments. Lease payments do not apply towards the purchase price of your parcel. Lease payments are non-refundable regardless of whether the lease is relinquished or terminated for cause.

During the three-year lease, the department will survey and appraise your parcel. DNR reserves the right to extend the three-year lease for one year if necessary to complete the survey and appraisal. At any time after the survey and appraisal, and during your lease if you are in good standing, you can enter into a purchase contract with DNR or pay off the full purchase price of the parcel. Any remaining lease rental for that year will be prorated and applied towards the purchase price.

If you do not wish to purchase the parcel during the three-year lease period, you can renew the lease for a single five-year term as long as you are in good standing. Lease payments during this second term automatically increase to \$1,000 per year. At any time during this one-time five-year renewal, if you are in good standing, you can enter into a purchase contract with DNR or pay off the full purchase price of the parcel. The \$1,000 annual lease renewal payments are not credited toward the purchase price.

Deposits for Survey, Platting & Appraisal

During the three-year lease term, you will make quarterly deposit payments for the department's estimated costs for the survey and platting, prorated by acreage, and appraisal of the parcel. The total amount of the deposit may vary from area to area and may be more or less than the actual cost of the survey and appraisal. The cost of the survey is credited toward the purchase price while the cost of the appraisal is in addition to the purchase price. DNR may contract out for the survey and appraisal.

The first quarterly payment will be due when you are notified that the lease application has been approved. The next scheduled payment will be due three months from the effective date of the lease and every three months thereafter during the three-year lease term.

If DNR extends the lease an additional year after the three-year term, the survey and appraisal deposit payment is not required during that year. However, if the estimated total amount paid does not cover your share of actual costs (prorated by acreage for survey and by parcel for appraisal), then the balance will be due at the time of purchase or prior to expiration of the lease. If the total deposit paid exceeds your share of the cost, the excess deposit will be credited toward the purchase price.

A typical quarterly deposit payment may be between \$300-\$600 depending on the staking area. An example of a quarterly payment breakdown is as follows:

Example of Quarterly Payment Schedule

	Quarterly Payment	3 Year Total
Lease Rental Payment	\$25.00 x 12 =	\$300.00
Appraisal Deposit	\$41.67 x 12 =	\$500.00
Survey Deposit (credited to the purchase price)	<u>\$375.00 x 12 =</u>	\$4,500.00
Total Quarterly Payment (example)	\$441.67	

NOTE: A deposit is non-refundable if a lessee or purchaser does not proceed with the purchase of the site. However, the department will refund 50% of the total deposit if you file a written relinquishment of the lease during the first year and the department accepts such relinquishment.

Use of Remote Recreational Cabin Sites

A lease allows you to use your staked parcel for recreational purposes while a survey and appraisal are being completed by DNR. Commercial use or permanent residency is not allowed while under lease. Once the land is under purchase contract or conveyed to private ownership, these restrictions no longer apply.

You may construct improvements for recreational use on the parcel using gravel and timber on the site as needed. You must comply with all applicable federal, state and local laws, regulations and ordinances. You may not permit any unlawful occupation, business, or trade to be conducted on the parcel. Such use of state land is subject to prosecution. Gravel and timber on the parcel cannot be used or sold for commercial purposes.

New Construction, Development, or Improvements

When constructing improvements after your lease is issued, it is your responsibility to properly locate improvements within your parcel (11 AAC 67.020). Improvements (other than for access) may not be placed or constructed within any setbacks, easements or rights-of-way, or outside parcel boundaries. It is your responsibility to obtain all necessary authorizations from federal, state, or local agencies prior to placing or constructing any improvements. Caution should be exercised in constructing improvements prior to survey of the parcel. Improperly located improvements may be grounds for termination of a lease or contract.

Service Charges

You shall pay a fee for any late payment or returned check you issue as follows:

1. Late Payment Penalty: The fee specified in 11 AAC 05.010 will be assessed on a past-due account until payment is received by DNR. Acceptance of a late payment or of a service charge for a late payment is subject to DNR's rights under sections 20 and 21 of the lease. The current late fee is \$25.00.
2. Returned Check Penalty: A returned check fee as provided in 11 AAC 05.010 will be assessed for any check on which the bank refuses payment. Late penalties under subsection (1) of this section shall continue to accumulate. The current fee is \$25.00.

NOTE: If your lease or sale agreement(s) with DNR are in default status for breach of terms, you are not eligible to acquire any new authorizations from the department unless the breach is cured. If the default is not cured and the agreement is terminated for cause, you will be precluded from acquiring any new authorizations from the department for three years from the date of termination.

Checks returned for any reason may invalidate the transaction and terminate your rights to the parcel.

Transfers and Assignments

You may not transfer, sublease, or assign this lease, except by a court order as part of a property division resulting from a divorce or dissolution of marriage; or in the event of your death, by order of a court with probate jurisdiction, or at the discretion of the personal representative or similar person appointed by that court to manage your estate. A \$100 amendment fee may apply.

Expiration or Termination of Lease

If you do not purchase the parcel by the end of the five-year lease renewal term, your lease will expire and you will be required to remove all improvements and personal property from the parcel. Improvements not removed become property of the state and are subject to disposal in accordance with AS 38.05.090. The parcel may be sold in a subsequent offering.

A lease may be terminated for failure to comply with the terms of the lease, including but not limited to non-payment or for failure to sign the survey plat once the parcel has been surveyed.

