

## PURCHASING YOUR SITE

### Purchase Options

After the survey and appraisal of the parcel are completed, lessees in good standing, 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 (AS 38.05.840). 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 (example)	\$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 balance due (purchase price minus the down payment), per parcel, is greater than \$2,000, the remainder may be paid by sale contract, if you meet the requirements to qualify for a contract as described in the Bidder/Applicant Qualifications section of this brochure. Once you have signed a State of Alaska land sale contract, you have entered into a legal, binding contract. Your money will not be refunded if the contract is in default, has been relinquished, or is otherwise terminated.

A sale contract will not be issued by the State of Alaska unless all three requirements listed in the Bidder/Applicant Qualifications section of this brochure are met.

The terms for purchasing State-owned land by sale contract are:

- minimum down payment of five percent (5%) of the purchase price;
- non-refundable document handling fee of \$100.00; and
- contract for payment of the balance, with interest, over a period of up to 20 years based on the following parameters:

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 Installment Payments):

- \$2,000.00 or less must be paid in full at time of purchase;
- \$2,000.01 to \$9,999.99, contract length will not be more than 5 years;
- \$10,000.00 to \$14,999.99, contract length will not be more than 10 years;
- \$15,000.00 to \$19,999.99, contract length will not be more than 15 years; and
- \$20,000.00 or more, contract length will not be more than 20 years.

The interest rate on all land sale contracts will be 3% plus 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 you for signature; not to exceed 13.5%. Interest begins to accrue on the effective date shown on the face of the contract.

You may, at any time, pay more than the required payment. DNR does not charge a prepayment penalty. You may make payments in person, by mail, or online. Checks returned for any reason may invalidate the transaction and terminate all rights of the purchaser.

Your contract will be issued as soon as possible, however delays may occur.

### 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.

### Contract Assignments

Unlike Remote Recreational Cabin Sites leases, land sale contracts may be assigned to another qualified party. A \$100 fee applies.

### Service Charge on Land Sale Contracts

Once the contract for sale has been executed, you will owe a service fee for any late or returned payments 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) Terms of Contract of Sale, of \$50.00 or 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 Fees, will be assessed for any payment the bank refuses. 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, as previously described in this section shall continue to accumulate.

