

# Fact Sheet

## Title: New Law on Purchase Contracts and Patents for Remote Parcels and Homesteads



Alaska Department of  
**NATURAL  
RESOURCES**

Division of Mining, Land & Water  
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In 1997, the legislature enacted Section 36, Chapter 91, SLA 1997, which amended Alaska Statute 38.09 by adding new sections, as follows:

**Sec. 38.09.105. Removal of conditions on remote parcel and homestead entry land.** (a) *The commissioner may not include the conditions of former AS 38.05.078(d) in a remote parcel purchase contract issued on or after the effective date of this section.*

(b) *The commissioner shall amend a remote parcel or homestead entry land purchase contract or patent issued before the effective date of this section to remove the conditions of former AS 38.05.078(d) or former AS 38.09.050(e) if the holder of the purchase contract or patent*

*(1) requests the amendment;*

*(2) pays the reasonable administrative costs of the amendment as determined by the commissioner; and*

*(3) pays the difference, as established by the commissioner, between the land's fair market value before the amendment and the estimated fair market value after the amendment.*

**What conditions is this law talking about?** The law formerly required special restrictions to be placed on sale contracts and patents (deeds) for land acquired under the state's former remote parcel program and the homestead program. These restrictions prohibited the sale, lease, conveyance, or subdivision of a remote parcel for ten years after the sale contract was signed (or ten years after the patent was issued, if the purchaser paid cash). Similar restrictions barred the sale, lease, or conveyance of a homestead for five years after the land was paid off and the patent issued, and the homestead could not be subdivided for ten years after patent.

**When did this law take effect?** The effective date was July 1, 1997. Thus, any sale contract or patent issued for a new homestead parcel by the department after that date will no longer contain the restrictive language. The law also affects remote parcel and homestead sale contracts and patents issued prior to July 1, 1997, but only if the purchaser or landowner opts to apply for a contract or patent amendment.

**So, I have the choice of whether or not to amend my sale contract or patent?** Yes. However, if you choose not to amend your sale contract or patent, the restrictive clauses remain.

**Can the department tell me upfront what my costs will be so I will know whether or not to spend \$100 and request an amendment?** Yes. At the Public Information Centers, you may request a calculation performed to determine the change of value by removing the restrictions. This determination will tell you your cost to buy out the restrictions to help you make your decision. Depending on staff workload, it may take several weeks to process the request.

**If I apply for an amendment, is there a guarantee that it will be approved?** Yes, your application will be approved; however, you may decide not to proceed due to the costs of "buying out" the restrictions.

**What are the costs associated with an amendment?** There is a \$100 nonrefundable fee required when you file your application. The fee covers administrative costs to process the application. In addition the applicant will be required to pay the difference between the original appraised value (which was a reduced value because of the restrictions) and the fair market value after the amendment, as well as a \$100 document handling fee.

**If I decide to file an amendment application and proceed with the buy-out, can I enter into a new sale contract for the difference in value?** No. You will need to pay the amount due in full before the contract or patent can be amended to reflect the elimination of the restrictions. If you have a contract, you must be current in your payments and in compliance with all the contract stipulations.

**I have a state sale contract managed by the First National Bank of Alaska (FNBA), formerly known as First National Bank of Anchorage. May I apply for this amendment?** Yes. Apply to the Department of Natural Resources, which will handle your application. Your sale contract will continue to be managed by FNBA, and you will continue to make your contract payments to FNBA.

**If I decide to buy out my restrictions and my sale contract is amended, are there any other terms and conditions of my contract that will change?** No. The term of your contract will not change.

**Once I apply for an amendment, how long will it take before I know the exact cost involved in getting the restrictions removed from my sale contract or patent?** It is estimated that it will take the department one-month before you are notified of the costs involved. This includes the time it takes the department to calculate the value of the property.

**Where can I get amendment applications and find out more information about the process?** You may contact one of the following Department of Natural Resources offices:

Public Information Center  
Northern Regional Offices  
3700 Airport Way  
Fairbanks, AK 99709-4699  
Phone: 907-451-2705  
Fax: 907-451-2706  
TDD: 907-451-2770

Public Information Center  
Southcentral Regional Offices  
550 West 7<sup>th</sup> Ave., Suite 1260  
Anchorage, AK 99501-3557  
Phone: 907-269-8400  
Fax: 907-269-8901  
TDD: 907-269-8411

Public Information Office  
Southeast Regional Office  
400 Willoughby Ave., Suite 400  
Juneau, AK 99801  
Phone: 907-465-3400  
Fax: 907-586-26954