

**CS FOR HOUSE BILL NO. 470(L&C)**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SECOND LEGISLATURE - SECOND SESSION

BY THE HOUSE LABOR AND COMMERCE COMMITTEE

Offered: 3/13/02

Referred: Rules

Sponsor(s): REPRESENTATIVES ROKEBERG, Scalzi

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act relating to common interest ownership; and providing for an effective date."**

2 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

3 \* **Section 1.** AS 34.08.520(c) is amended to read:

4 (c) A declarant or dealer who offers a unit to a purchaser shall deliver a public  
5 offering statement, or a preliminary version of the public offering statement that  
6 reasonably reflects the contents of the public offering statement that is  
7 subsequently recorded, in the manner required by AS 34.08.580(a). The person who  
8 prepared all or a part of the public offering statement is liable under AS 34.08.580 and  
9 34.08.670 for any false or misleading statement set out in the statement or for any  
10 omission of a material fact from the statement with respect to the portion of the public  
11 offering statement that the person prepared. If a declarant did not prepare any part of a  
12 public offering statement, the declarant is not liable for a false or misleading statement  
13 set out in the statement or for an omission of a material fact from the statement unless  
14 the declarant had actual knowledge of the statement or omission or, in the exercise of  
15 reasonable care, should have known of the statement or omission.

1 \* **Sec. 2.** AS 34.08.530(a) is amended to read:

2 (a) Except as provided in (b) of this section, a public offering statement must  
3 fully and accurately contain or disclose

4 (1) the name and principal address of the declarant and of the common  
5 interest community and indicate whether the common interest community is a  
6 condominium, cooperative, or planned community;

7 (2) a general description of the common interest community,  
8 including, in a building constructed for residential purposes with horizontal  
9 boundaries, the area of the interior surface of floors available for residential purposes  
10 and, to the extent possible, the types, number, and declarant's schedule for the  
11 commencement and completion of construction of buildings and amenities that the  
12 declarant anticipates including in the common interest community;

13 (3) the number of units in the common interest community;

14 (4) copies and a brief narrative description of the significant features of  
15 the declaration, other than plats and plans, and

16 (A) any recorded covenants, conditions, restrictions, and  
17 reservations affecting the common interest community;

18 (B) the bylaws and any rules or regulations of the association;

19 (C) copies of any contracts and leases to be signed by  
20 purchasers at closing; and

21 (D) a brief narrative description of any contracts or leases that  
22 will or may be subject to cancellation by the association under AS 34.08.360;

23 (5) any current balance sheet and a projected budget for the  
24 association, either within or as an exhibit to the public offering statement, for one year  
25 after the date of the first conveyance to a purchaser, and the current budget of the  
26 association, the name of the person who prepared the budget, and a statement of the  
27 budget's assumptions concerning occupancy, assumptions concerning the calculation  
28 of the amount of reserves certified by a certified architect or engineer, and inflation  
29 factors, including, without limitation,

30 (A) a statement of the amount included in the budget as a  
31 reserve for repairs and replacement including the estimated cost of repair or

1 replacement cost and the estimated useful life of the asset to be repaired or  
2 replaced;

3 (B) a statement of any other reserves;

4 (C) the projected common expense assessment by category of  
5 expenditures for the association; and

6 (D) the projected monthly common expense assessment for  
7 each type of unit;

8 (6) any services not reflected in the budget that the declarant provides,  
9 or expenses that the declarant pays and that the declarant expects may become a  
10 common expense of the association at a subsequent time and the projected common  
11 expense assessment attributable to each of those services or expenses for the  
12 association and for each type of unit;

13 (7) any initial or special fee due from the purchaser at closing, together  
14 with a description of the purpose and method of calculating the fee;

15 (8) a description of liens, defects, or encumbrances on or affecting the  
16 title to the common interest community;

17 (9) a description of financing offered or arranged by the declarant;

18 (10) the terms and significant limitations of warranties provided by the  
19 declarant, including statutory warranties and limitations on the enforcement of the  
20 warranties or on damages;

21 (11) a statement that

22 (A) within 15 days after receipt of a public offering statement  
23 **or a preliminary version of the public offering statement that reasonably**  
24 **reflects the contents of the public offering statement that is subsequently**  
25 **recorded,** a purchaser, before conveyance, may cancel any contract for  
26 purchase of a unit from a declarant;

27 (B) if a declarant fails to provide a public offering statement to  
28 a purchaser before conveying a unit, the purchaser may recover from the  
29 declarant **up to** 10 percent of the sales price of the unit plus 10 percent of the  
30 share, proportionate to the common expense liability of the unit, of any  
31 indebtedness of the association secured by security interests encumbering the

1 common interest community; and

2 (C) a purchaser who receives the public offering statement, **or**  
 3 **a preliminary version of the public offering statement that reasonably**  
 4 **reflects the contents of the public offering statement that is subsequently**  
 5 **recorded,** more than 15 days before signing a contract cannot cancel the  
 6 contract;

7 (12) a statement of any unsatisfied judgments or pending suits against  
 8 the association, and the status of any pending suits material to the common interest  
 9 community of which a declarant has actual knowledge;

10 (13) a statement that a deposit made in connection with the purchase of  
 11 a unit will be held in an escrow account until closing and will be returned to the  
 12 purchaser if the purchaser cancels the contract under AS 34.08.580, together with the  
 13 name and address of the escrow agent;

14 (14) any restraints on alienation of any portion of the common interest  
 15 community and any restrictions

16 (A) on use, occupancy, and alienation of the unit; and

17 (B) on the amount for which a unit may be sold or on the  
 18 amount that may be received by a unit owner on sale, condemnation, or  
 19 casualty loss to the unit or to the common interest community, or on  
 20 termination of the common interest community;

21 (15) a description of the insurance coverage provided for the benefit of  
 22 unit owners;

23 (16) current or expected fees or charges to be paid by a unit owner for  
 24 the use of the common elements and other facilities related to the common interest  
 25 community;

26 (17) the extent to which financial arrangements have been provided for  
 27 completion of improvements that the declarant is obligated to build under  
 28 AS 34.08.690;

29 (18) a brief narrative description of zoning and other land use  
 30 requirements affecting the common interest community;

31 (19) each unusual and material circumstance, feature, or characteristic

1 of the common interest community and the units; and

2 (20) in a cooperative,

3 (A) whether each unit owner will be entitled, for federal, state,  
4 and local income tax purposes, to a pass-through of deductions for payments  
5 made by the association for real estate taxes and interest paid the holder of a  
6 security interest encumbering the cooperative; and

7 (B) a statement as to the effect on each unit owner if the  
8 association fails to pay real estate taxes or payments due the holder of a  
9 security interest encumbering the cooperative.

10 \* **Sec. 3.** AS 34.08.580(a) is amended to read:

11 (a) A person required to deliver a public offering statement under  
12 AS 34.08.520(c) shall provide each purchaser with a copy of the public offering  
13 statement and each amendment to the statement, **or a preliminary version of the**  
14 **public offering statement that reasonably reflects the contents of the public**  
15 **offering statement that is subsequently recorded,** before conveyance of the unit,  
16 and not later than the date of a contract of sale. If a purchaser is not given the public  
17 offering statement, **or a preliminary version of the public offering statement that**  
18 **reasonably reflects the contents of the public offering statement that is**  
19 **subsequently recorded,** more than 15 days before execution of a contract for the  
20 purchase of a unit, the purchaser, before conveyance, may cancel the contract within  
21 15 days of receipt of the public offering statement **or preliminary version of the**  
22 **public offering statement.**

23 \* **Sec. 4.** This Act takes effect immediately under AS 01.10.070(c).