



# LAWS OF ALASKA

2002

**Source**

SCS CSHB 470(RLS)

**Chapter No.**

120

**AN ACT**

Relating to public offering statements required under the Uniform Common Interest Ownership Act; and providing for an effective date.

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

THE ACT FOLLOWS ON PAGE 1

**Approved by the Governor:** July 5, 2002

**Actual Effective Date:** July 6, 2002

AN ACT

1 Relating to public offering statements required under the Uniform Common Interest  
2 Ownership Act; and providing for an effective date.

3

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

5 (c) A declarant or dealer who offers a unit to a purchaser shall deliver a public  
6 offering statement, or a preliminary version of the public offering statement that  
7 reasonably reflects the contents of the public offering statement that is  
8 subsequently delivered to a purchaser, in the manner required by AS 34.08.580(a).

9 The person who prepared all or a part of the public offering statement is liable under  
10 AS 34.08.580 and 34.08.670 for any false or misleading statement set out in the  
11 statement or for any omission of a material fact from the statement with respect to the  
12 portion of the public offering statement that the person prepared. If a declarant did not  
13 prepare any part of a public offering statement, the declarant is not liable for a false or  
14 misleading statement set out in the statement or for an omission of a material fact from

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1           the statement unless the declarant had actual knowledge of the statement or omission  
2           or, in the exercise of reasonable care, should have known of the statement or omission.

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

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

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

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

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

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

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

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

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

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

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

1 (A) a statement of the amount included in the budget as a  
2 reserve for repairs and replacement including the estimated cost of repair or  
3 replacement cost and the estimated useful life of the asset to be repaired or  
4 replaced;

5 (B) a statement of any other reserves;

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

8 (D) the projected monthly common expense assessment for  
9 each type of unit;

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

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

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

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

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

23 (11) a statement that

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

29 (B) if a declarant fails to provide a public offering statement to  
30 a purchaser before conveying a unit, the purchaser may recover from the  
31 declarant **up to** 10 percent of the sales price of the unit plus 10 percent of the

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1 share, proportionate to the common expense liability of the unit, of any  
2 indebtedness of the association secured by security interests encumbering the  
3 common interest community; and

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

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

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

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

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

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

23 (15) a description of the insurance coverage provided for the benefit of  
24 unit owners;

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

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

31 (18) a brief narrative description of zoning and other land use

1 requirements affecting the common interest community;

2 (19) each unusual and material circumstance, feature, or characteristic  
3 of the common interest community and the units; and

4 (20) in a cooperative,

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

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

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

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

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