



Kootznoowoo Shareholder Home Site Lot FAQ's

Background: In 1997, Kootznoowoo, Inc issued surface estate deeds to the original shareholders of the corporation. The shareholder home site program resulted in distribution of 628 deeds for home sites in and around Angoon. The original authorization for the home site program was created in 1981 in the Alaska Native Claims Settlement Act "ANCSA" amendments in the Alaska National Interest Lands Conservation Act. The end result is the original shareholders of Kootznoowoo received shareholder home site as a personal asset from the corporation.

Since the home site distribution date in 1997, there have been questions regarding what can be done with your parcel of land. The basic answer is "whatever you would like" within reason. The home site lots came with restrictive covenants that stay with the original deed and the City of Angoon, Planning, and Zoning rules apply.

The shareholders received a fee simple title to the surface estate of their home site lots, Kootznoowoo, Inc's interest in the shareholder lots ceased the day we recorded the deeds in 1997. The original non-commercial restrictions are no longer valid. The tax exempt status has also since expired. The original "book value" of the lots was \$1,215.00

Here are some frequently asked questions we receive and "layman's" term answers:

Q) *My relative(s) passed away and he/she owned lot xxx. What now?*

A) The simplest outcome is that when a shareholder passes away, a recorded last will and testament identifies heirs to the estate (who gets the home site.) The answer becomes more complicated if no will or last testament (intestate) in regard to the home site. The estate laws vary from state to state, so we advise you to contact an attorney for clarification.

Q) *I sold my lot. What does that mean for the "Buyer?"*

A) The original restrictive covenants apply to the surface estate for a period of at least 25 years or July of 2022. (Covenant 6.2). Two of the restrictive covenants expired in July of 2007. The single-family use covenant expired and is no longer valid (Covenant 3.1) Residential and commercial use of the surface estate (i.e. lodges, etc.) is allowed subject to municipal and state rules and regulations. The restrictive covenant on subdividing home site lots also expired (Covenant 3.5). Commercial use of the subsurface estate is not allowed. At a minimum, onsite sewage treatment must meet State of Alaska regulations. Kootznoowoo, Inc does not supply sewage treatment facilities. The home site program incorporated a septic system or, upon availability, a municipal sewage system design for the home sites.

Q) *I sold my lot. What does the income from the lot sale mean?*

A) The 1981 book value of the home site lot is \$1,215 dollars. The difference between what the home site lot sold for and the "book value" is considered "capital gain" (Selling price - \$1,215 = capital gain). The

Home Site FAQ's (Page 2)

Shareholder is responsible for reporting this income to the Internal Revenue Service since the home site is a personal asset. The tax exempt status identified in ANILCA expired in July of 2011. If you have any further questions, we advise you to see a qualified tax consultant for further clarification.

It is very important to note that Kootznoowoo, Inc shares and the home site lot became "separate assets" the day the deeds were recorded with the State of Alaska, Juneau Recorders Office. The shares in Kootznoowoo are no longer "attached" to the home site. We encourage all shareholders to complete a will outlining who they wish to inherit their land upon their passing.

Kootznoowoo does not have copies of the deeds on file here in the office. You can request copies of your deeds of the recorded lots from the State of Alaska, Juneau Recorder's Office at (907) 465-3449 or a title search company may also be helpful although there may be a fee involved.

We hope this helps answer questions regarding the Kootznoowoo Home Sites.

###