(6) Storm water or wastewater collection systems;
(7) Flow-through process tanks;
(8) Liquid traps or associated gathering lines directly related to oil or gas production and gathering operations; or
(9) Storage tanks situated in an underground area (such as a basement, cellar, mineworking, drift, shaft, or tunnel) if the tank is situated upon or above the surface of the floor.

(c) A copy of each report filed with the designated State agency will be forwarded to and maintained in the State Office by program area.

(d) Prospective purchasers of FmHA or its successor agency under Public Law 103–354 inventory property with a reportable underground storage tank will be informed of the reporting requirement, and provided a copy of the form filed by FmHA or its successor agency under Public Law 103–354.

(e) In a State which has promulgated additional underground storage tank reporting requirements, FmHA or its successor agency under Public Law 103–354 will comply with such requirements and a State supplement will be issued to provide necessary guidance.

(f) Regardless of whether an underground storage tank must be reported under the requirements of this section, if FmHA or its successor agency under Public Law 103–354 personnel detect or believe there has been a release of petroleum or other regulated substance from an underground storage tank on an inventory property, the incident will be reported to the appropriate State Agency, the State Environmental Coordinator and appropriate program chief. These parties will collectively inform the servicing official of the appropriate response action.

§§1955.58–1955.59 [Reserved]

§ 1955.61 Eviction of persons occupying inventory real property or dispossession of persons in possession of chattel property.

Advice and assistance will be obtained from OGC where eviction from reality or dispossession of chattel property is necessary. Where OGC has given written authorization, eviction may be effected through State courts rather than Federal courts when the former borrower is involved, or through local courts instead of Federal/State courts when the party occupying/possessing the FmHA or its successor agency under Public Law 103–354 property is not the former borrower. In those cases, a State Supplement will be issued to provide explicit instructions. For MFH, eviction of tenants will be handled in accordance with 7 CFR part 3560, subpart D and with the terms of the tenant’s lease. If no written lease exists, the State Director will obtain advice from OGC.


§ 1955.62 Removal and disposition of nonsecurity personal property from inventory real property.

If the former borrower has vacated the inventory property but left items OGC deems necessary to comply with State laws. Routine care and maintenance will be provided according to §1955.64 of this subpart to preserve and protect the property. Repairs are limited to those essential to prevent further deterioration of the property or to remove a health or safety hazard to the community in accordance with §1955.64(a) of this subpart unless State law permits full recovery of cost of repairs in which case usual policy on repairs is applicable. If the former borrower with redemption rights has possession of the property or has a right to lease proceeds, FmHA or its successor agency under Public Law 103–354 will not rent the property until the redemption period has expired unless the State Director obtains prior authorization from OGC. Further guidance on sale subject to redemption rights is set forth in §1955.138 of Subpart C of this part.

§ 1955.60 Inventory property subject to redemption by the borrower.

If inventory property is subject to redemption rights, the State Director, with prior approval of OGC, will issue a State Supplement giving guidance concerning the former borrower’s rights, whether or not the property may be leased or sold by the Government, payment of taxes, maintenance, and any other items OGC deems necessary to comply with State laws. Routine care and maintenance will be provided according to §1955.64 of this subpart to preserve and protect the property. Repairs are limited to those essential to prevent further deterioration of the property or to remove a health or safety hazard to the community in accordance with §1955.64(a) of this subpart unless State law permits full recovery of cost of repairs in which case usual policy on repairs is applicable. If the former borrower with redemption rights has possession of the property or has a right to lease proceeds, FmHA or its successor agency under Public Law 103–354 will not rent the property until the redemption period has expired unless the State Director obtains prior authorization from OGC. Further guidance on sale subject to redemption rights is set forth in §1955.138 of Subpart C of this part.

[54 FR 20522, May 12, 1989]
of value which do not customarily pass
with title to the real estate, such as
furniture, personal effects, and chattels
not covered by an FmHA or its suc-
cessor agency under Public Law 103–354
lien, the personal property will be han-
dled as outlined below unless otherwise
directed by a State supplement ap-
proved by OGC which is necessary to
comply with State law. For MFH, the
removal and disposition of nonsecurity
personal property will be handled in ac-
cordance with the tenant’s lease or ad-
vice from OGC. When property is
deemed to have no value, it is rec-
commended that it be photographed for
documentation before it is disposed of.
The FmHA or its successor agency
under Public Law 103–354 official hav-
ing custody of the property may re-
qust advice from the State Office staff
as necessary. Actions to effect removal
of items of value from inventory prop-
erty shall be as follows:

(a) **Notification to owner or lienholder.**
   The servicing official will check the
   public records to see if there is a lien
   on any of the personal property.
   (1) If there is a lien(s) of record, the
   servicing official will notify the
   lienholder(s) by certified mail, return
   receipt requested, that the personal
   property will be disposed of by FmHA
   or its successor agency under Public
   Law 103–354 unless it is removed from
   the premises within 7 days from the
date of the letter.
   (2) If there are no liens of record, or
   if a lienholder notified in accordance
   with paragraph (a)(1) of this section
   fails to remove the property within the
time specified, the servicing official
will notify the former borrower at the
last known address by certified mail,
return receipt requested, that the per-
sonal property remaining on the prem-
ises will be disposed of by FmHA or its
successor agency under Public Law
103–354 unless it is removed within 7 days
from the date of the letter.

(b) **Disposal of unclaimed personal
property.** If the property is not removed
by the former borrower or a lienholder
after notification as outlined in para-
graphs (a)(1) and (a)(2) of this section,
the servicing official shall list the
items with clear description, estimated
value, and indication of which are cov-
ered by a lien, if any, and submit the
list to the State Director with a re-
quest for authorization to have the
items removed and disposed of. Based
on advice from OGC, the State Director
will give authorization and provide in-
structions for removal and disposal of
the personal property. If approved by
OGC, the property may be disposed of
as follows:
   (1) If a reasonable amount can likely
   be realized by the agency from sale of
   the personal property, it may be sold
   at public sale. Items under lien will be
   sold first and the proceeds up to the
   amount of the lien paid to the
   lienholders less a pro rata share of the
   sale expenses. Proceeds from sale of
   items not under lien and proceeds in
   excess of the amount due a lienholder
   will be remitted and applied in the fol-
   lowing order:
      (i) To the inventory account up to
      the amount of expenses incurred by the
      Government in connection with sale of
      the personal property (such as adver-
sising and auctioneer, if used).
      (ii) To an unsatisfied balance on the
      FmHA or its successor agency under
      Public Law 103–354 loan account, if
      any.
      (iii) To the borrower, if whereabouts
      are known.
   (2) If personal property is not sold, a
   mover or hauler may be authorized to
   take the items for moving costs. Refer
   to FmHA or its successor agency under
   Public Law 103–354 Instruction 2024–A
   (available in any FmHA or its suc-
   cessor agency under Public Law 103–354
   office) for guidance.

(c) **Payment of costs.** Upon payment
of all expenses incurred by the Govern-
ment in connection with the personal
property, FmHA or its successor agen-
cy under Public Law 103–354 will allow
the former borrower or a lienholder ac-
cess to the property to reclaim the per-
sonal property at any time prior to its
disposal.

(d) **Removal of abandoned motor vehi-
cles from inventory property.** Since State
laws vary concerning disposal of abandoned motor vehicles, the State Director shall, with the advice of OGC, issue a State supplement outlining the method to be followed which will comply with applicable State laws.

§ 1955.65 Management of inventory and/or custodial real property.

(a) Authority—(1) County Supervisor. The County Supervisor, with the assistance of the District Director and State Office program staff as necessary, will select the management method(s) used for property which secures (or secured) loans to individuals as defined in this subpart.

(2) State Director. The State Director will select the management method to be used for property which secures (or

§ 1955.63 Suitability determination.

As soon as real property is acquired, a determination must be made as to whether or not the property can be used for program purposes. The suitability determination will be recorded in the running record of the case file.

(a) Determination. The Agency will classify property that secured loans or was acquired under the CONACT as "suitable property" or "surplus property" in accordance with the definitions found in §1955.53.

(b) Grouping and subdividing farm properties. To the maximum extent practicable, the Agency will maximize the opportunity for beginning farmers and ranchers to purchase inventory properties. Farm properties may be subdivided or grouped according to §1955.140, as feasible, to carry out the objectives of the applicable loan program. Properties may also be subdivided to facilitate the granting or selling of a conservation easement or the fee title transfer of portions of a property for conservation purposes. The environmental effects of such actions will be considered pursuant to subpart G of part 1940 of this chapter.

(c) Housing property. Property which secured housing loans will be classified as "program" or "nonprogram (NP)." After a determination of whether the property is suited for retention in the respective program, the repair policy outlined in §1955.64(a) of this subpart will be followed. In determining whether a property is suited for retention in the program, items such as size, design, possible health and/or safety hazards and obsolescence due to functional, economic, or locational conditions must carefully be considered. Generally, program property will meet, or can be realistically repaired to meet, the standards for existing housing outlined in Subpart A of Part 1944 of this chapter provided the property is typical of modest homes in the area. The cost of repairs will generally not be considered in determining suitability. Since houses, sites and locations vary widely throughout the country, discretion and sound judgment must be used in determining suitability. The majority of houses RHS acquires will be suited for retention and classified as program property. In some instances, property will not be suited for retention in the program and will be classified as "nonprogram (NP)" property. Situations of this type include, but are not limited to:

1. A dwelling which has been enlarged or improved to the point where it is clearly above modest.

2. When a determination is made that the property should not have been financed originally.

3. A dwelling brought into the program as an existing dwelling which met program standards at the time it was originally financed by the Agency but which does not conform to current policies. This includes older and/or larger houses of a type which have proven to create excessive energy and/or maintenance costs to very-low and low-income borrowers.

4. A dwelling which is obsolete due to location, design, construction or age.

5. A dwelling which requires major redesign/renovation to be brought to program standards.

(d) [Reserved]

§ 1955.64 [Reserved]

§ 1955.65 Management of inventory and/or custodial real property.

(a) Authority—(1) County Supervisor. The County Supervisor, with the assistance of the District Director and State Office program staff as necessary, will select the management method(s) used for property which secures (or secured) loans to individuals as defined in this subpart.

(2) State Director. The State Director will select the management method to be used for property which secures (or