(e) **Termination of contract.** Either party may terminate the sales contract. If the contract is terminated by the Agency, the Agency returns any deposit to the bidder. If the contract is terminated by the purchaser, any deposit will be retained by the Agency as full liquidated damages, except where failure to close is due to Agency non-approval of credit.

(f) **Warranty on title.** The Agency will not provide any warranty on the title or on the condition of the property.

[72 FR 63358, Nov. 8, 2007, as amended at 73 FR 74945, Dec. 8, 2008]

§ 767.154 Conveying easements, rights-of-way, and other interests in inventory property.

(a) **Appraisal of real property and real property interests.** The Agency will determine the value of real property and real property interests being transferred in accordance with § 761.7 of this chapter.

(b) **Easements and rights-of-way on inventory property.** (1) The Agency may grant or sell an easement or right-of-way for roads, utilities, and other appurtenances if the conveyance is in the public interest and does not adversely affect the value of the real property.

(2) The Agency may sell an easement or right-of-way by negotiation for market value to any purchaser for cash without giving public notice if:
   (i) The sale would not prevent the Agency from selling the property; and
   (ii) The sale would not decrease the value of the property by an amount greater than the price received.

(3) In the case of condemnation proceedings by a State or political subdivision, the transfer of title will not be completed until adequate compensation and damages have been determined and paid.

(c) **Disposal of other interests in inventory property.** (1) If applicable, the Agency will sell mineral and water rights, mineral lease interests, mineral royalty interests, air rights, and agricultural and other lease interests with the surface land except as provided in paragraph (b) of this section.

(2) If the Agency sells the land in separate parcels, any rights or interests that apply to each parcel are included with the sale.

§ 767.201 Real estate inventory property with important resources.

In addition to the requirements established in subpart G of 7 CFR part 1940, the following apply to inventory property with important resources:

(a) **Wetland conservation easements.** The Agency will establish permanent wetland conservation easements to protect and restore certain wetlands that exist on inventory property prior to the sale of such property, regardless of whether the sale is cash or credit.

(1) The Agency establishes conservation easements on all wetlands or converted wetlands located on real estate inventory property that:
   (i) Were not considered cropland on the date the property was acquired by the Agency; and
§ 767.202 Real estate inventory property located in special hazard areas.

(a) The Agency considers the following to be special hazard areas:

(1) Mudslide hazard areas;
(2) Special flood areas; and
(3) Earthquake areas.

(b) The Agency will use deed restrictions to prohibit residential use of properties determined to be unsafe in special hazard areas.

(c) The Agency will incorporate use restrictions in its leases of property in special hazard areas.