§ 617.7615 What should the System institution do when it decides to lease acquired agricultural real estate?

(a) Notify the previous owner,
(1) Within 15 days of the System institution’s decision to lease acquired agricultural real estate, it must notify the previous owner, by certified mail, of the property’s appraised rental value, as established by an accredited appraiser, and of the previous owner’s right to:
   (i) Lease the property at a rate equivalent to the appraised rental value of the property, or
   (ii) Offer to lease the property at a rate that is less than the appraised rental value of the property.
(2) That any offer must be received within 15 days of receipt of the notice.
(b) Act on an offer to lease the acquired agricultural real estate at a rate equivalent to the appraised rental value of the property.
(1) Within 15 days after receipt of such offer, the System institution may accept the offer to lease the property at the appraised rental value and lease the property to the previous owner, or
(2) Within 15 days after receipt of such offer, the System institution may reject the offer to lease the property at the appraised rental value when the institution determines that the previous owner:
   (i) Does not have the resources available to conduct a successful farming or ranching operation; or
   (ii) Cannot meet all the payments, terms, and conditions of such lease.
(c) Act on an offer to lease the acquired agricultural real estate at a rate that is less than the appraised rental value of the property.
(1) Within 15 days after receipt of such offer, the System institution may accept the offer to lease the property at a rate that is less than the appraised rental value, it must notify the previous owner and
lease the property to the previous owner.

(3) If the institution rejects the offer, the System institution must notify the previous owner of this decision. The previous owner has 15 days after receipt of the notice in which to agree to lease the property at such rate or under such terms and conditions. The System institution may not lease the property to any other person:

(i) At a rate equal to or less than that offered by the previous owner; or

(ii) On different terms and conditions than those that were extended to the previous owner without first informing the previous owner by certified mail and providing an opportunity to lease the property at such rate or under such terms and conditions.

§ 617.7620 What should the System institution do when it decides to sell acquired agricultural real estate at a public auction?

System institutions electing to sell or lease acquired agricultural real estate or a portion of it through a public auction, competitive bidding process, or other similar public offering must:

(a) Notify the previous owner, by certified mail, of the availability of such property. The notice must contain the minimum amount, if any, required to qualify a bid as acceptable to the institution and any terms or conditions to which such sale or lease will be subject;

(b) Accept the offer by the previous owner if the System institution receives two or more qualified bids in the same amount, the bids are the highest received, and one of the qualified bids is from the previous owner; and

(c) Not discriminate against a previous owner in these proceedings.

§ 617.7625 Whom should the System institution notify?

Each certified mail notice requirement in this section is fully satisfied by mailing one certified mail notice to the last known address of the previous owner or owners.

§ 617.7630 Does this Federal requirement affect any state property laws?

The rights provided under section 4.36 of the Act and this section do not affect any right of first refusal under the law of the state in which the property is located.

PART 618—GENERAL PROVISIONS

Subpart A—Related Services

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Subpart J—Internal Controls

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AUTHORITY: Secs. 1.5, 1.11, 1.12, 2.2, 2.4, 2.5, 2.12, 3.1, 3.7, 4.12, 4.13A, 4.25, 4.29, 5.9, 5.10, 5.17 of the Farm Credit Act (12 U.S.C 2013, 2019, 2020, 2073, 2075, 2076, 2093, 2122, 2128, 2183, 2200, 2211, 2218, 2243, 2244, 2252).

Subpart A—Related Services

SOURCE: 60 FR 34099, June 30, 1995, unless otherwise noted.

§ 618.8000 Definitions.

For the purposes of this subpart, the following definitions shall apply:

(a) Program means the method or procedures used to deliver a related service. This distinguishes the particulars