carry out the objectives of the Agency’s loan programs with financing provided through that program.

Surplus property. For FSA inventory property, real property that cannot be used for agricultural purposes including nonfarm properties. For other agencies, property that cannot be used to carry out the objectives of financing available through the applicable loan program.

§ 1955.105 Real property affected (CONACT).

(a) Loan types. Sections 1955.106–1955.109 of this subpart prescribe procedures for the sale of inventory real property which secured any of the following type of loans (referred to as CONACT property in this subpart):

- Farm Ownership (FO);
- Recreation (RL);
- Soil and Water (SW);
- Operating (OL);
- Emergency (EM);
- Economic Opportunity (EO);
- Economic Emergency (EE);
- Softwood Timber (ST);
- Community Facility (CF);
- Water and Waste Disposal (WWD);
- Reserve Conservation and Development (RC&D);
- Watershed (WS);
- Association Recreation;
- Rural Renewal;
- Water Facility;
- Business and Industry (B&I);
- Rural Development Loan Fund (RDLF);
- Intermediary Relending Program (IRP);
- Nonprofit National Corporation (NNC);
- Irrigation and Drainage;
- Shift-in-Land Use (Grazing Association);
- and loans to Indian Tribes and Tribal Corporations.

Homestead Protection, as set forth in Subpart S of Part 1951 of this chapter, is only applicable to Farmer Program Pacific Territories, and Area Supervisors in the Western Pacific Territories and American Samoa.

(b) Responsibility. (1) National Office program directors are responsible for reviewing and providing guidance to State, District and County Offices in disposing of inventory property.

(2) The State Director is responsible for establishing an effective program and insuring compliance with FmHA or its successor agency under Public Law 103–354 regulations.

(3) District Directors are responsible for disposal actions for programs under their supervision and for monitoring County Office compliance with FmHA or its successor agency under Public Law 103–354 regulations and State Supplements.

(4) County Supervisors are responsible for timely disposal of inventory property for programs under their supervision.
§ 1955.106 Disposition of farm property.

(a) Rights of previous owner and notification. Before property which secured a Farm Credit Programs loan is taken into inventory, the FSA county official will advise the borrower-owner of Homestead Protection rights (see subpart S of part 1951 of this chapter.)

(b) Racial, ethnic, and gender consideration. The County Supervisor will make a special effort to insure that prospective purchasers, who traditionally would not be expected to apply for farm ownership loan assistance because of existing racial, ethnic, or gender prejudice, are informed of the availability of the Socially Disadvantaged Loans Program.

(c) Homestead. Before property which secured a Farm Credit Programs loan is taken into inventory, the FSA county official will inform the borrower-owner of Homestead Protection rights (see subpart S of part 1951 of this chapter.)

§ 1955.106 Disposition of farm property.

State Directors in consultation with other lenders, real estate agents, auctioneers, and others in the community will analyze all available information such as:

(1) The number of farms and acres that FmHA or its successor agency under Public Law 103–354 expects to acquire in inventory.

(2) The number of farms and acres other lenders expect to acquire in inventory.

(3) The number of farms and acres that FmHA or its successor agency under Public Law 103–354 currently has in inventory.

(4) The number of farms and acres other lenders currently have in inventory.

(5) The number of farms not included in paragraphs (c)(3) and (c)(4) of this section which are currently listed for sale.

(6) Published real estate values and trend reports such as those available from the Economic Research Service or professional appraisal organizations.

(d) Highly erodible land. If farm inventory property contains “highly erodible land,” as determined by the SCS, the lease must include conservation practices specified by the SCS and approved by FmHA or its successor agency under Public Law 103–354 as a condition for leasing. Refer to §1955.137(d) of this subpart for implementation requirements.

§ 1955.106 Disposition of farm property.

(a) Right of previous owner and notification. Before property which secured a Farm Credit Programs loan is taken into inventory, the FSA county official will advise the borrower-owner of Homestead Protection rights (see subpart S of part 1951 of this chapter.)

(b) Racial, ethnic, and gender consideration. The County Supervisor will make a special effort to insure that prospective purchasers, who traditionally would not be expected to apply for farm ownership loan assistance because of existing racial, ethnic, or gender prejudice, are informed of the availability of the Socially Disadvantaged Loans Program.

(c) Effects of farm property sales on farm values. State Directors will analyze farm real estate market conditions within the geographic areas of their jurisdiction and determine whether or not the sale of the FmHA or its successor agency under Public Law 103–354 farm inventory properties will have a detrimental effect on the value of farms within these areas. Such analysis will be carried out in January of each year and as often throughout the year as necessary to reflect changing farm real estate conditions. If the analyses of farm real estate conditions indicate that such sales would put downward pressure on farm real estate values in any area, all farm properties within the area affected will be withdrawn from the market and managed in accordance with the provisions of Subpart B of this Part until such time that a subsequent analysis indicates otherwise. The State Director will notify, in writing, the County Supervisor(s) servicing those areas that are restricted from selling farm inventory property.

(d) Highly erodible land. If farm inventory property contains “highly erodible land,” as determined by the SCS, the lease must include conservation practices specified by the SCS and approved by FmHA or its successor agency under Public Law 103–354 as a condition for leasing. Refer to §1955.137(d) of this subpart for implementation requirements.