farm 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.

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

(a) Appraisal of real property and real
property interests. The Agency will de-
termine the value of real property and
real property interests being trans-
ferred in accordance with §761.7 of this
chapter.

(b) Easements and rights-of-way on in-
ventory property. (1) The Agency may
grant or sell an easement or right-of-
way for roads, utilities, and other ap-
purtenances 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 mar-
ket 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 pro-
ceedings by a State or political sub-
division, the transfer of title will not
be completed until adequate compensa-
tion and damages have been deter-
mined and paid.

(c) Disposal of other interests in inven-
tory property. (1) If applicable, the
Agency will sell mineral and water
rights, mineral lease interests, mineral
royalty interests, air rights, and agricul-
tural 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 sepa-
rate parcels, any rights or interests
that apply to each parcel are included
with the sale.

(3) The Agency will assign lease or
royalty interests not passing by deed
to the purchaser at the time of sale.

(4) Appraisals of property will reflect
the value of such rights, interests, or
leases.

§ 767.155 Selling chattel property.

(a) Method of sale. (1) The Agency will
use sealed bid or established public
auctions for selling chattel. The Agen-
cy does not require public notice of
sale in addition to the notice com-
monly used by the auction facility.

(2) The Agency may sell chattel inven-
tory property, including fixtures,
concurrently with real estate inven-
tory property if, by doing so, the Agen-
cy can obtain a higher aggregate price.
The Agency may accept an offer for
chattel based upon the combined final
sales price of both the chattel and real
estate.

(b) Agency-financed sales. The Agency
may finance the purchase of chattel in-
ventory property if the Agency has di-
rect or guaranteed OL loan funds avail-
able and all applicable loan making re-
quirements are met.

§§ 767.156–767.200 [Reserved]

Subpart E—Real Estate Property
With Important Resources or
Located in Special Hazard
Areas

§ 767.201 Real estate inventory prop-
erty with important resources.

In addition to the requirements es-
ablished 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 conserva-
tion easements on all wetlands or con-
verted wetlands located on real estate
inventory property that:
(i) Were not considered cropland on
the date the property was acquired by
the Agency; and
(ii) Were not used for farming at any
time during the 5 years prior to the
date of acquisition by the Agency.

(A) The Agency will consider prop-
erty to have been used for farming if it
was used for agricultural purposes in-
cluding, but not limited to, cropland,
§ 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.