

## § 1955.11

not released from liability, the account balance, after deducting the “as is” market value and prior liens, if any, will be accelerated utilizing exhibit F of this subpart (available in any Rural Development office).

(6) For MFH loans, the State Director will cancel any interest credit and suspend any rental assistance. These actions will be accomplished by notifying the Finance Office unit which handles MFH accounts. In the interim the tenants will continue rental payments in accordance with their lease. Tenants will be informed of the pending liquidation action and the possible consequences of the action. If the project is to be removed from the Rural Development program, a minimum of 180 days’ notice to the tenants is required. Letters of Priority Entitlement must be made available to any tenants that will be displaced.

(7) Actions outlined in §1955.18 of this subpart will be taken, as applicable.

[50 FR 23904, June 7, 1985, as amended at 50 FR 45782, Nov. 1, 1985; 69 FR 69105, Nov. 26, 2004; 82 FR 19319, Apr. 27, 2017]

### **§ 1955.11 Conveyance of property to Rural Development by trustee in bankruptcy.**

(a) *Authority.* With the advice of OGC (and prior approval of the National Office for MFH, Community Programs, and insured B&I loans), the State Director within his/her authority is authorized to accept a conveyance of property to the Government by the Trustee in Bankruptcy, provided:

(1) The Bankruptcy Court has approved the conveyance;

(2) The conveyance will permit a substantial recovery on the Rural Development debt; and

(3) Rural Development will acquire title free of all liens and encumbrances except Rural Development liens.

(b) *Fees and deed.* (1) Rural Development may pay any necessary and proper fees approved by the bankruptcy court in connection with the conveyance. Before paying a fee to a trustee for a Trustee’s Deed in excess of \$300 for any loan type(s) other than Farmer Programs or \$1,000 for Farmer Program loans, prior approval of the Administrator must be obtained. The State Director will process the necessary docu-

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ments as outlined in §1955.5(d) of this subpart for payment of fees as recoverable costs.

(2) Conveyance may be by Trustee’s Deed instead of a warranty deed. If upon advice of OGC it is determined a deed from any other person or entity (including the borrower) is necessary to obtain clear title, a deed from such person or entity will be obtained.

(c) *Acceptance.* The conveyance will be accepted for an amount of credit to the borrower’s Rural Development account(s) as set forth in §1955.18(e)(4) of this subpart.

(d) *Reporting.* Acquisition of property under this section will be reported in accordance with §1955.18(a) of this subpart.

[50 FR 23904, June 7, 1985, as amended at 53 FR 27827, July 25, 1988]

### **§ 1955.12 Acquisition of property which served as security for a loan guarantee by Rural Development or at sale by another lienholder, bankruptcy trustee, or taxing authority.**

When the servicing regulations for the type of loan(s) involved permit Rural Development to acquire property by one of these methods, the acquisition will be reported in accordance with §1955.18(a) of this subpart.

### **§ 1955.13 Acquisition of property by exercise of Government redemption rights.**

When the Government did not protect its interest in security property in a foreclosure by another lienholder, and if the Government has redemption rights, the State Director will determine whether to redeem the property. This determination will be based on all pertinent factors including the value of the property after the sale, and costs which may be incurred in acquiring and reselling the property. For Farmer Program loans, the County Supervisor will document the determination on exhibit G of this subpart. The decision must be made far enough in advance of expiration of the redemption period to permit exercise of the Government’s rights. If the property is to be redeemed, complete information documenting the basis for not acquiring the property at the sale and factors which justify redemption of the property will