

August 10, 2017

BOARD MATTER C-2

ACTION: Consider adopting amended rules for Chapter 5, Small Water Development Project Loans, and Chapter 7, Farm Loans

AUTHORITY: W. S. §§ 11-34-302(b), 11-34-103(a), and 11-34-101

ALTERNATIVES: Adopt, modify or defer final adoption of rules

BACKGROUND:

The Farm Loan program, established in 1921, provides long term real estate loans to Wyoming's agriculture operators. Over the years, this program has been extended to include irrigation loans, beginning agricultural producer loans, and livestock enhancement loans. Funding for the program is set at \$295 million; \$275 million for farm loans (which includes \$55 million for beginning agricultural producer loans and \$55 million for the livestock enhancement program), and \$20 million for irrigation loans. Funding is provided from the Wyoming Permanent Funds. Interest rates and loan terms vary with each program.

ANALYSIS:

During the 2017 General Legislative Session, Senate Enrolled Act 24 amended the maximum amount of any one loan under the Farm Loan program from \$800,000 to \$1 million effective July 1, 2017. The act also amended the total amount of loans that can be made to beginning agricultural producers from 10% (\$27.5 million) to 20% (\$55 million) of the total amount of the farm loan investment authority.

Amendments to Chapter 7, the Farm Loan program, are necessary to incorporate the changes to the governing statute. The primary proposed changes include removing the maximum and minimum loan amounts from the rules and referencing W.S. 11-34-115 for the loan amounts and removing the December 1st due date for loans in repayment.

In conformance with the Governor's initiative to reduce and streamline agency rules, the Office, in consultation with the Attorney General's Office, has identified areas within Chapter 7 of the State Loan and Investment Board's rules that can be streamlined. Other changes proposed are for consistency and formatting.

Furthermore, due to similarities to the Farm Loan program (Chapter 7) and in conformance with the Governor's initiative to reduce and streamline agency rules, the Office determined that Chapter 5, Small Water Development Project Loans, needed to be reviewed. The Office, in consultation with the Attorney General's Office, has identified areas within Chapter 5 of the State Loan and Investment Board's rules that can be streamlined. Other changes proposed are for consistency and formatting.

On April 6, 2017, the Board authorized the Office of State Lands and Investments to proceed with regular rulemaking to amend Chapters 5 and 7 of the State Loan and Investment Board's rules. Following the April Board meeting, OSLI initiated the regular rulemaking process, including the forty-five day public comment period which ended on June 19, 2017. No comments were received during this period. The purpose of this board matter is for the Board to consider final adoption of the attached regular Chapter 5 and 7 rules.

DIRECTOR'S RECOMMENDATION:

The Director recommends the Board adopt the attached amended rules for Chapter 5, Small Water Development Project Loans, and Chapter 7, Farm Loans and the statement of principal reason for adoption.

BOARD ACTION: Board Approved

STATEMENT OF PRINCIPAL REASONS FOR ADOPTION OF RULES

In conformance with the Governor's initiative to streamline agency rules, amendments to Chapter 5 of the State Loan and Investment Board's rules are proposed to remove definitions and provisions which already appear in statute or are defined in Chapter 1 of the State Loan and Investment Board's rules, Practice and Procedure Before the Board, in order to reduce rule length. Other amendments are for consistency and formatting.

~~RULES AND REGULATIONS~~
~~STATE LOAN AND INVESTMENT BOARD~~

Chapter 5
Small Water Development Project Loans

Section 1. Authority.

(a) These Rules and Regulations of the State Loan and Investment Board are adopted pursuant to Wyoming Statutes (W.S.) 11-34-302(b) and 11-34-103(a). ~~This Chapter only pertains to small water development loans.~~

Section 2. Definitions.

In addition to the definitions in Chapter 1, As used in this Chapter:

(a) “Acquired lands” means land to which the Board has acquired legal or equitable title.

~~(b) “Board” means the State Loan and Investment Board.~~

~~(c) “Borrower” means an applicant for a loan for a small water development project; borrowers may include individuals who are qualified Wyoming electors, legal entities if a majority of the entity is owned by qualified Wyoming electors, court approved water districts, agencies of state and local government, and associations.~~

~~(d) “Director” means the Director of the Office of State Lands and Investments.~~

~~(e)~~(b) “Legal entity” means corporations, limited partnerships, general partnerships, limited liability companies, trusts, and other organizations and business entities recognized by the State of Wyoming.

~~(f) “Office” means the Office of State Lands and Investments.~~

~~(g)~~(c) “Single agricultural enterprise” means an agricultural operation managed as one business.

~~(h)~~(d) “Small water development project” means a project for development and use of water upon agricultural lands in Wyoming for agricultural purposes, to be financed in whole or in part by a loan made under this Chapter ~~in an amount not to exceed one hundred fifty thousand dollars (\$150,000.00)~~. Water development projects may include projects to convert dry land into irrigated land as well as projects which will lead to more efficient use of water and/or increased crop or forage production.

~~Section 3. Purpose.~~

~~(a) The Board may make loans pursuant to W.S. 11-34-302(a) to court approved water districts, to agencies of State and local government, persons, corporations, associations, and other legal entities in this State, all hereinafter referred to as the borrower, to finance the construction of water development projects.~~

Section 43. Eligible Applicants.

(a) Individuals, to be eligible applicants, must be able to demonstrate compliance with W.S. 11-34-301(b).~~that they are qualified Wyoming electors as determined by Election Code Statutes of Title 22.~~

(b) Legal entities, to be eligible applicants, must be able to demonstrate ~~that a~~ majority of the ownership is by individuals who are eligible applicants under ~~meet the qualifications listed in subsection (a) of this section.~~

Section 54. Application Procedure.

(a) Each prospective borrower shall submit a written loan application to the Office. The application shall include a proposed water development plan complete with design and cost estimates, the legal description of and evidence of water rights on the land to be developed, current financial statements including balance sheets, income and expense records and projections, and any other information the Board may require. A fee as established by the Board shall accompany all applications, and shall be returned if the application is withdrawn prior to a field appraisal being made.

(b) Timing. Loan applications must be received by the Director at least ninety (90) calendar days prior to any regularly scheduled meeting of the Board. Applicants must cure any defects in their application no later than forty-five (45) calendar days before any regularly scheduled meeting of the Board.

~~(b)~~(c) The staff at the Office will review each application as to:

(i) The sufficiency of the water supply and the engineering and economic feasibility of the project. Advice from the Wyoming State Engineer, other State or Federal Agencies and/or individuals will be used as deemed appropriate;

(ii) All credit factors including, but not limited to, repayment ability, financial strength and stability, and adequacy of security offered. Credit standards shall be the same for small water project loans as for Farm Loans except for level of lending as specified under Section ~~7-5~~(a) of this ~~C~~chapter.

~~(e)~~(d) The Director will ~~then~~ review each application and make a recommendation to the Board for consideration at a regularly scheduled meeting.

~~(d)~~(e) Applications, financial statements, appraisals, and all other information pertaining to an application which has not been submitted to the Board shall be held as confidential

information. Upon consideration by the Board, the application and all information with respect thereto in the ~~Board's~~Office's files are public records available for inspection and reproduction as provided by law.

Section 65. Loan Terms.

(a) Single loans or a combination of loans made to a single agricultural enterprise shall not exceed an outstanding principal balance of one hundred fifty thousand dollars (\$150,000.00), regardless of the identity of the applicants.

(b) Interest rates shall be pursuant to Chapter 14 of the rules as established by the Board.

(c) The term of the loan shall not exceed forty (40) years and may be for a shorter term as determined by financial strength, repayment ability, security, and other factors.

(d) Loans shall be repaid in equal, ~~annual~~ installments. However, upon application of the borrower, the Board may provide for interest only during any period in which the governor has declared that a drought or other emergency exists in the state. Once the emergency is declared to be over, repayment is to be according to the original note. The loan maturity date will remain the same.

(e) Loan fees shall be pursuant to Chapter 14 of the rules established by the Board.

Section 76. Security.

~~(a) — The Board shall require such security as it deems advisable.~~

~~(a)~~ ~~(i)~~ Security for loans may include, but is not limited to, first and/or second mortgage on agricultural real estate, the pledge and assignment of designated special property assessments within a district, and/or first lien on irrigation equipment and fixtures.

(b) Appraisals of offered security will be done by ~~staff appraisers from~~ the Office.

(c) Every loan will be evidenced by a promissory note for the principal sum of the loan signed by the borrower(s). Notes executed by legal entities will also be signed and guaranteed by the individuals owning the majority of that entity or by any other individual deemed necessary by the Board.

(d) The borrower will provide title insurance for the amount of the loan, when necessary, for the benefit of the Board as mortgagee.

(e) Every mortgage shall provide a legal right of access to the Board and its agents for the purposes of inspection, maintenance, inventory, retrieval of personal property and fixtures, and foreclosure proceedings. Such right shall be assignable to the purchaser at any foreclosure sale.

(f) All loan documents including, but not limited to, notes, mortgage deeds, and security instruments shall be executed in the form and manner acceptable to the Wyoming Attorney General.

Section 87. Disbursement of Loan Proceeds.

(a) After a loan has been approved, the borrower will be instructed to obtain short term financing and complete the irrigation development project. The short term lender will be instructed to comply with any construction contracts, maintain all vouchers and receipts, and disburse his proceeds in a proper manner. When the project is completed, an inspection will be done by ~~a staff appraiser~~ the Office to insure that the project meets expectations. The loan closing will then be scheduled. State funds will be forwarded to the title insurance office with instructions to close the loan and pay off the short term lender.

Section 98. Assumptions.

(a) When a borrower conveys legal or equitable title to property securing a loan, the purchaser may assume the repayment obligation to the Board if qualified under W.S. 11-34-301 and Sections ~~34~~ and ~~45~~ of this Chapter. If the loan is not assumed by the purchaser, the loan shall be paid off in full at the time of the conveyance.

Section 109. Partial Releases and Reamortizations.

(a) A borrower may request a partial release of land from the mortgage. Such requests shall be directed to the Office, and may be approved by the Board if the borrower demonstrates a prompt payment history, a sound financial statement, and the release of land would be in the best interest of the Board. Small Water Development Project Loans cannot be reamortized.

Section 110. Defaults.

(a) If an annual payment ~~which is not received within thirty (30) calendar days of when due December 1st, is not received by December 31st of each year,~~ the Office shall immediately notify the borrower of the default. The borrower shall have ninety (90) calendar days from the notice of the default ~~until the following May 1st~~ to submit a repayment plan to the Office. Repayment plans shall include the following:

- (i) The amounts and dates of payments that the borrower can make against the loan; and
- (ii) Current financial and cash flow statements.

(b) If the borrower does not submit a repayment plan to the Office ~~Board~~ within ninety (90) calendar days from the notice of the default ~~by May 1st,~~ the Office ~~Board~~ shall immediately initiate foreclosure on the defaulted loan.

(c) The Director shall review all repayment plans and make recommendations to the Board regarding their acceptance or rejection ~~no later than the following August Board meeting.~~

(d) If the Board accepts a repayment plan, the Office Board shall allow the borrower to make payments in accordance with the accepted plan. If the borrower then fails to make the payments called for in the accepted plan, the Office Board shall immediately initiate foreclosure on the defaulted loan.

(e) If the Board rejects a repayment plan, the Office Board shall immediately initiate foreclosure on the defaulted loan.

Section 121. Leasing of Acquired Lands.

(a) Leasing procedure. The Board shall receive applications to lease acquired land for a period of twenty (20) calendar days after public notice is given of its intent to lease any property. Persons desiring to lease acquired lands shall submit to the Office a completed application in a sealed envelope, as provided by the Office. Applications offering cash rental shall be accompanied by a cashiers check or money order in the amount of the offer.

(b) Board's decision. The Board shall consider all aspects of the offers received and award the lease to the applicant whose offer would be most advantageous to the Board. The Board may reject any or all applications. Monies tendered by unsuccessful applicants for their rental offer shall be returned.

(c) Term. The term of the lease shall be set by the Board on a case-by-case basis, except that the term of a lease of land which is subject to a right of redemption shall not exceed the expiration of the redemption periods created by W.S. 1-18-103 and W.S. 1-18-104. If the redemption period will expire at an inopportune time during the growing season, the Board may extend the lease term until a more convenient time in the growing season.

(d) Transfers. No lease granted under this section may be assigned or subleased without the approval of the Board.

(e) Reservation prohibited. A lease of acquired lands shall not contain a reservation of public hunting and fishing privileges.

Section 132. Sale of Acquired Lands.

(a) Decision to sell. The Board shall sell acquired lands upon determination that the sale of the property would be the best means of restoring loan funds.

(b) Advertisement. All sales of acquired lands shall be advertised at least once per week, for four consecutive weeks, in both a newspaper in the county in which the property is located and a newspaper of statewide circulation.

(c) Auctions. All sales shall be by public auction, conducted by the Director or his representative. The minimum bid shall be as set by the Board. The Board reserves the right to reject any and all bids. The successful bidder must tender at least thirty percent (30%) of the purchase price, in the form of a cashier's check, or personal check with a letter of check guarantee, at the auction. Within ten (10) calendar days of the auction, the purchaser shall either pay the balance of the purchase price or, if eligible, enter into a sales contract pursuant to subsection (e) of this section.

(d) Title Insurance. The Office will order an open title insurance commitment. The purchaser of the property shall pay the cost of the commitment and title insurance.

(e) Sales Contracts.

(i) Amortized Sales Contracts, as described in this section, may be offered at the Board's discretion.

(ii) Eligibility. Any individual or legal entity that was the mortgagor when the land was acquired by the Board shall not be eligible to enter into a sales contract for the purchase of that acquired land.

(iii) Terms. Eligible purchasers may pay the balance of the purchase price pursuant to a sales contract with the following terms:

(A) The length of the contract shall not exceed thirty years (30) years;
and

(B) The contract interest rate shall be pursuant to Chapter 14 of the rules as established by the Board.

(f) Assignments of Sales Contracts.

(i) Sales contracts may be assigned with approval by the Board. The original purchaser of acquired land under a sales contract shall remain obligated to the Board for performance under the contract regardless of any assignments of the purchaser's rights under the contract.

(ii) Subject to approval by the Board as described under paragraph (i) of this subsection, upon receipt of written notice of the name, address, and tax identification number of an assignee of the purchaser's contract rights, the Office shall note this information for purposes of mailing payment notices and reporting interest paid on the contract to the United States Internal Revenue Service.

Section 143. Sale of Acquired Personal Property.

(a) The Board hereby delegates to the Director the authority to sell, by public auction, sealed bid, or negotiated sale, any personal property acquired through foreclosure, repossession,

or surrender. The Director shall report all sales of personal property to the Board at its next regular meeting.

Chapter 5

Small Water Development Project Loans

Section 1. Authority.

(a) These Rules and Regulations of the State Loan and Investment Board are adopted pursuant to Wyoming Statutes (W.S.) 11-34-302(b) and 11-34-103(a).

Section 2. Definitions.

In addition to the definitions in Chapter 1, as used in this Chapter:

(a) “Acquired lands” means land to which the Board has acquired legal or equitable title.

(b) “Legal entity” means corporations, limited partnerships, general partnerships, limited liability companies, trusts, and other organizations and business entities recognized by the State of Wyoming.

(c) “Single agricultural enterprise” means an agricultural operation managed as one business.

(d) “Small water development project” means a project for development and use of water upon agricultural lands in Wyoming for agricultural purposes, to be financed in whole or in part by a loan made under this Chapter. Water development projects may include projects to convert dry land into irrigated land as well as projects which will lead to more efficient use of water and/or increased crop or forage production.

Section 3. Eligible Applicants.

(a) Individuals, to be eligible applicants, must be able to demonstrate compliance with W.S. 11-34-301(b).

(b) Legal entities, to be eligible applicants, must be able to demonstrate a majority of the ownership is by individuals who are eligible applicants under subsection (a).

Section 4. Application Procedure.

(a) Each prospective borrower shall submit a written loan application to the Office. The application shall include a proposed water development plan complete with design and cost estimates, the legal description of and evidence of water rights on the land to be developed, current financial statements including balance sheets, income and expense records and projections, and any other information the Board may require. A fee as established by the Board shall accompany all applications, and shall be returned if the application is withdrawn prior to a field appraisal being made.

(b) Timing. Loan applications must be received by the Director at least ninety (90) calendar days prior to any regularly scheduled meeting of the Board. Applicants must cure any defects in their application no later than forty-five (45) calendar days before any regularly scheduled meeting of the Board.

(c) The staff at the Office will review each application as to:

(i) The sufficiency of the water supply and the engineering and economic feasibility of the project. Advice from the Wyoming State Engineer, other State or Federal Agencies and/or individuals will be used as deemed appropriate;

(ii) All credit factors including, but not limited to, repayment ability, financial strength and stability, and adequacy of security offered. Credit standards shall be the same for small water project loans as for Farm Loans except for level of lending as specified under Section 5(a) of this Chapter.

(d) The Director will review each application and make a recommendation to the Board for consideration at a regularly scheduled meeting.

(e) Applications, financial statements, appraisals, and all other information pertaining to an application which has not been submitted to the Board shall be held as confidential information. Upon consideration by the Board, the application and all information with respect thereto in the Office's files are public records available for inspection and reproduction as provided by law.

Section 5. Loan Terms.

(a) Single loans or a combination of loans made to a single agricultural enterprise shall not exceed an outstanding principal balance of one hundred fifty thousand dollars (\$150,000.00), regardless of the identity of the applicants.

(b) Interest rates shall be pursuant to Chapter 14 of the rules as established by the Board.

(c) The term of the loan shall not exceed forty (40) years and may be for a shorter term as determined by financial strength, repayment ability, security, and other factors.

(d) Loans shall be repaid in equal installments. However, upon application of the borrower, the Board may provide for interest only during any period in which the governor has declared that a drought or other emergency exists in the state. Once the emergency is declared to be over, repayment is to be according to the original note. The loan maturity date will remain the same.

(e) Loan fees shall be pursuant to Chapter 14 of the rules established by the Board.

Section 6. Security.

(a) Security for loans may include, but is not limited to, first and/or second mortgage on agricultural real estate, the pledge and assignment of designated special property assessments within a district, and/or first lien on irrigation equipment and fixtures.

(b) Appraisals of offered security will be done by the Office.

(c) Every loan will be evidenced by a promissory note for the principal sum of the loan signed by the borrower(s). Notes executed by legal entities will also be signed and guaranteed by the individuals owning the majority of that entity or by any other individual deemed necessary by the Board.

(d) The borrower will provide title insurance for the amount of the loan, when necessary, for the benefit of the Board as mortgagee.

(e) Every mortgage shall provide a legal right of access to the Board and its agents for the purposes of inspection, maintenance, inventory, retrieval of personal property and fixtures, and foreclosure proceedings. Such right shall be assignable to the purchaser at any foreclosure sale.

(f) All loan documents including, but not limited to, notes, mortgage deeds, and security instruments shall be executed in the form and manner acceptable to the Wyoming Attorney General.

Section 7. Disbursement of Loan Proceeds.

(a) After a loan has been approved, the borrower will be instructed to obtain short term financing and complete the irrigation development project. The short term lender will be instructed to comply with any construction contracts, maintain all vouchers and receipts, and disburse his proceeds in a proper manner. When the project is completed, an inspection will be done by the Office to insure that the project meets expectations. The loan closing will then be scheduled. State funds will be forwarded to the title insurance office with instructions to close the loan and pay off the short term lender.

Section 8. Assumptions.

(a) When a borrower conveys legal or equitable title to property securing a loan, the purchaser may assume the repayment obligation to the Board if qualified under W.S. 11-34-301 and Sections 3 and 4 of this Chapter. If the loan is not assumed by the purchaser, the loan shall be paid off in full at the time of the conveyance.

Section 9. Partial Releases and Reamortizations.

(a) A borrower may request a partial release of land from the mortgage. Such requests shall be directed to the Office, and may be approved by the Board if the borrower

demonstrates a prompt payment history, a sound financial statement, and the release of land would be in the best interest of the Board. Small Water Development Project Loans cannot be reamortized.

Section 10. Defaults.

(a) If an annual payment is not received within thirty (30) calendar days of when due, the Office shall immediately notify the borrower of the default. The borrower shall have ninety (90) calendar days from the notice of the default to submit a repayment plan to the Office. Repayment plans shall include the following:

(i) The amounts and dates of payments that the borrower can make against the loan; and

(ii) Current financial and cash flow statements.

(b) If the borrower does not submit a repayment plan to the Office within ninety (90) calendar days from the notice of the default, the Office shall immediately initiate foreclosure on the defaulted loan.

(c) The Director shall review all repayment plans and make recommendations to the Board regarding their acceptance or rejection.

(d) If the Board accepts a repayment plan, the Office shall allow the borrower to make payments in accordance with the accepted plan. If the borrower then fails to make the payments called for in the accepted plan, the Office shall immediately initiate foreclosure on the defaulted loan.

(e) If the Board rejects a repayment plan, the Office shall immediately initiate foreclosure on the defaulted loan.

Section 11. Leasing of Acquired Lands.

(a) Leasing procedure. The Board shall receive applications to lease acquired land for a period of twenty (20) calendar days after public notice is given of its intent to lease any property. Persons desiring to lease acquired lands shall submit to the Office a completed application in a sealed envelope, as provided by the Office. Applications offering cash rental shall be accompanied by a cashiers check or money order in the amount of the offer.

(b) Board's decision. The Board shall consider all aspects of the offers received and award the lease to the applicant whose offer would be most advantageous to the Board. The Board may reject any or all applications. Monies tendered by unsuccessful applicants for their rental offer shall be returned.

(c) Term. The term of the lease shall be set by the Board on a case-by-case basis, except that the term of a lease of land which is subject to a right of redemption shall not exceed

the expiration of the redemption periods created by W.S. 1-18-103 and W.S. 1-18-104. If the redemption period will expire at an inopportune time during the growing season, the Board may extend the lease term until a more convenient time in the growing season.

(d) Transfers. No lease granted under this section may be assigned or subleased without the approval of the Board.

(e) Reservation prohibited. A lease of acquired lands shall not contain a reservation of public hunting and fishing privileges.

Section 12. Sale of Acquired Lands.

(a) Decision to sell. The Board shall sell acquired lands upon determination that the sale of the property would be the best means of restoring loan funds.

(b) Advertisement. All sales of acquired lands shall be advertised at least once per week, for four consecutive weeks, in both a newspaper in the county in which the property is located and a newspaper of statewide circulation.

(c) Auctions. All sales shall be by public auction, conducted by the Director or his representative. The minimum bid shall be as set by the Board. The Board reserves the right to reject any and all bids. The successful bidder must tender at least thirty percent (30%) of the purchase price, in the form of a cashier's check, or personal check with a letter of check guarantee, at the auction. Within ten (10) calendar days of the auction, the purchaser shall either pay the balance of the purchase price or, if eligible, enter into a sales contract pursuant to subsection (e) of this section.

(d) Title Insurance. The Office will order an open title insurance commitment. The purchaser of the property shall pay the cost of the commitment and title insurance.

(e) Sales Contracts.

(i) Amortized Sales Contracts, as described in this section, may be offered at the Board's discretion.

(ii) Eligibility. Any individual or legal entity that was the mortgagor when the land was acquired by the Board shall not be eligible to enter into a sales contract for the purchase of that acquired land.

(iii) Terms. Eligible purchasers may pay the balance of the purchase price pursuant to a sales contract with the following terms:

(A) The length of the contract shall not exceed thirty years (30) years;
and

(B) The contract interest rate shall be pursuant to Chapter 14 of the

rules as established by the Board.

(f) Assignments of Sales Contracts.

(i) Sales contracts may be assigned with approval by the Board. The original purchaser of acquired land under a sales contract shall remain obligated to the Board for performance under the contract regardless of any assignments of the purchaser's rights under the contract.

(ii) Subject to approval by the Board as described under paragraph (i) of this subsection, upon receipt of written notice of the name, address, and tax identification number of an assignee of the purchaser's contract rights, the Office shall note this information for purposes of mailing payment notices and reporting interest paid on the contract to the United States Internal Revenue Service.

Section 13. Sale of Acquired Personal Property.

(a) The Board hereby delegates to the Director the authority to sell, by public auction, sealed bid, or negotiated sale, any personal property acquired through foreclosure, repossession, or surrender. The Director shall report all sales of personal property to the Board at its next regular meeting.

STATEMENT OF PRINCIPAL REASONS FOR ADOPTION OF RULES

Amendments to Chapter 7 of the State Loan and Investment Board's rules are necessary to incorporate 2017 legislative changes, SEA0024, to W.S. 11-34-115 governing the Farm Loan program. In particular, the maximum loan amount was increased from \$800,000 to \$1 million. In addition, Chapter 7 is being amended to remove definitions and provisions which already appear in statute or are defined in Chapter 1 of the State Loan and Investment Board's rules, Practice and Procedure Before the Board, in order to reduce rule length. Other amendments are for consistency and formatting.

~~RULES AND REGULATIONS~~
~~STATE LOAN AND INVESTMENT BOARD~~

Chapter 7
Farm Loans

Section 1. Authority.

- (a) This ~~C~~chapter is adopted pursuant to Wyoming Statute (W.S.) 11-34-101 et seq.

Section 2. Definitions.

In addition to the definitions in Chapter 1, Aas used in this ~~C~~chapter:

(a) “Acquired lands” means lands to which the Board has acquired legal or equitable title.

(b) “Agricultural products” means typical crops produced from the cultivation and management of the soil.

(c) “Beginning Agricultural Producer” means an individual or entity that has never owned and/or operated more than 160 acres of cultivated irrigated land, or 320 acres of cultivated dry crop land, or 640 acres of grazing land unless such land was acquired within the last two (2) years; has adequate working capital; substantially participates in the operation; and meets all eligibility requirements provided for in this Chapter.

~~(d) — “Board” means the State Loan and Investment Board.~~

~~(e) — “Director” means the Director of the Office of State Lands and Investments.~~

~~(d)~~ (d) “Legal entity” means corporations, limited partnerships, general partnerships, limited liability companies, trusts and other organizations or business entities recognized by the State of Wyoming.

~~(e)~~ (e) “Livestock” means horses, cattle, buffalo, sheep, and swine.

~~(h) — “Office” means the Office of State Lands and Investments.~~

~~(f)~~ (f) “Single agricultural enterprise” means an agricultural operation managed as one business.

Section 3. General Policy.

(a) ~~The Board shall extend farm loans to foster and encourage agriculture, dairying, and livestock raising in the State of Wyoming, and the development and improvement of farm lands. Farm loans shall be made in such a manner and to such parties as shall, in the judgment of~~

the Board, inure to the greatest benefit of the state and represent a wise investment of state funds.

(b) The Beginning Agriculture Producer loan program is intended to help beginning farmers or ranchers get into a production agriculture business. It is not intended to benefit investors or developers.

(c) Pursuant to ~~W.S. 11-34-113(j)~~, the Board may make loans for the purpose of ~~enhancing or restoring livestock numbers in the state. Said loans are not to exceed seven (7) years in term and~~ All loans are to be fully amortized in equal ~~annual~~ installments over the term of the loan.

Section 4. Eligible Applicants.

(a) Individuals, to be eligible applicants, must be able to demonstrate ~~that they are qualified Wyoming Electors as determined by Election Code Statutes of Title 22~~ compliance with W.S. 11-34-110(b).

(b) Legal entities, to be eligible applicants, must be able to demonstrate that a majority of the ownership is by individuals who ~~meet the qualifications listed in subsection (a) of this section~~ are eligible applicants under subsection (a).

(c) If the applicant for a “~~b~~Beginning ~~a~~Agricultural ~~p~~Producer” loan is a legal entity, all owners must be eligible ~~b~~Beginning ~~a~~Agricultural ~~p~~Producers.

Section 5. Eligible Purposes.

(a) Loans may be made only for the following purposes:

(i) To purchase lands used principally for raising agricultural products, livestock, or dairying;

(ii) To purchase livestock, fertilizers, and equipment calculated to maintain or increase the earning capacity of the borrower’s agricultural operation;

(iii) To purchase, construct, or install improvements calculated to maintain or increase the earning capacity of the borrower’s agricultural operation; or

(iv) To liquidate debts of the borrower incurred in the furtherance of the borrower’s agricultural operation;

(v) To enhance or restore livestock numbers in the state pursuant to W.-S. 11-34-113-(j).

Section 6. Application Procedure.

(a) Applications.

(i) Each prospective borrower shall submit a written loan application, on the form furnished by the Office.

(ii) Incomplete applications shall not be submitted to the Board for consideration.

(iii) Any false or misleading statements made by the applicant in an application shall be grounds for summary rejection of the application.

(iv) A fee as established by W.S. 11-34-121 shall be deposited with the ~~State Loan and Investment~~ Board before the application is considered. The unused portion of the fee shall be returned to the applicant if the loan is not granted.

(v) Applications, financial statements, appraisals, and all other information pertaining to an application which has not been submitted to the Board shall be held as confidential information. Upon consideration by the Board, the application and all information with respect thereto in the ~~Board's~~ Office's files are public records available for inspection and reproduction as provided by law.

(vi) Timing. Loan applications must be received by the Director at least ninety (90) calendar days prior to any regularly scheduled meeting of the Board. Applicants must cure any defects in their application no later than forty-five (45) calendar days before any regularly scheduled meeting of the Board.

(b) Consideration.

(i) The Office shall conduct a preliminary review of all applications received. If the ~~staff~~ Office identifies problems with the application which would result in a negative recommendation to the Board, the ~~staff~~ Office shall notify the applicant of the problem and the applicant shall have the opportunity to withdraw the application from further consideration.

(ii) All applications, not withdrawn under paragraph (i) of this subsection, shall be presented to the Board for its consideration.

(iii) The Board shall take the following into account, when considering applications:

(A) The applicant's net worth;

(B) The applicant's ability to repay the loan based on viable, continuous income from any source;

(C) The applicant's credit history; and

(D) The applicant's need.

(iv) The Board shall take action on applications only once. The Board shall not reconsider an application that is substantially the same as an application previously acted upon. Applicants may submit a substantially different application, provided that it complies with all the requirements for filing a new application.

Section 7. Loan Terms.

(a) Amount. Single loans or a combination of loans made to a single agricultural enterprise shall not exceed an outstanding principal balance of eight hundred thousand dollars (\$800,000), regardless of the identity of the applicants. No loan may be made for less than \$10,000 shall be made pursuant to W.S. 11-34-115.

(i) Loans made to enhance or restore livestock numbers in the state pursuant to W. S. 11-34-113(j) may not exceed three hundred thousand dollars (\$300,000) to any one (1) borrower and shall be aggregated with all other loans for purposes of determining compliance with loan percentages.

(b) Interest rate. The interest rate for loans under this Chapter shall be pursuant to Chapter 14 of the rules as established by the Board, in accordance with current interest rates.

(c) Length. The term of each loan shall be set by the Board with due regard given to repayment ability and the security offered, but in no event shall the term exceed thirty (30) years.

~~(i) For loans made to enhance or restore livestock numbers in the state, pursuant to W. S. 11-34-113 (j), the term of the loan shall not exceed seven (7) years.~~

(d) Repayment. Loans shall be payable in equal, ~~annual~~ installments.

(e) Loan fees shall be pursuant to Chapter 14 of the rules as established by the Board.

Section 8. Security.

(a) Every loan shall be evidenced by a promissory note for the principal sum of the loan.

(b) Farm loans and Beginning Agricultural Producer loans shall be secured by a first mortgage upon farm or ranch land within Wyoming of sufficient value to secure the loan. Proof of merchantable title must be provided by the borrower in the form of title insurance naming the Board as beneficiary. Farm loans may not exceed 60% of appraised value and Beginning Agricultural Producer loans may not exceed 70% of appraised value.

~~(c) Loans made for the purpose of enhancing or restoring livestock numbers in the state shall comply with W.S. 11-34-114(c) pursuant to W. S. 11-34-113(j), may be secured by a first or second mortgage on the borrower's real estate and shall be aggregated with all other loans for purposes of determining compliance with loan to value for collateral requirements.~~

~~After loan closing, the aggregated loan to value ratio shall not exceed 70%.~~

(dc) An appraisal ~~as provided for by statute~~ shall be prepared for the Board. Appraisals shall reflect the current agricultural market value of the land to be mortgaged.

(ed) The Board shall take a Uniform Commercial Code (UCC) security agreement on all irrigation equipment located on the lands being offered for security.

(fe) The Board shall take security interests in secure leaseholds, reservoir company stock, and grazing association stock whenever necessary to protect the value of the lands being offered for security as an agricultural operation.

Section 9. Disbursement.

(a) The proceeds of a farm loan shall not be disbursed to the borrower until such time as the borrower can show a mature obligation, the satisfaction or partial satisfaction of which will result from the application of the loan proceeds. The borrower shall use the proceeds of any farm loan exclusively for the purpose or purposes set out in the application, and shall furnish evidence satisfactory to the Board to that effect.

(b) The Office shall inspect and verify any reports and records required by the Board and submitted by the borrower before proceeds shall be released for payment.

(c) Loan proceeds shall be disbursed at a closing when all loan documents shall be executed by the borrower. Documents executed on behalf of a legal entity shall be executed by persons authorized by that entity to borrow money and mortgage property. Officers or majority owners of legal entities shall also be personally liable for repayment of the loan.

~~(d) The borrower shall pay the costs of recording all lien documents.~~

Section 10. Assumptions.

(a) When a borrower conveys legal or equitable title to property securing a farm loan, the purchaser may assume the repayment obligation to the Board if qualified under W.S. 11-34-110 and Section 4 of this Chapter. If the loan is not assumed by the purchaser, the loan shall be paid off in full at the time of the conveyance.

(b) “Beginning ~~a~~Agricultural ~~p~~Producer²² loans may not be assumed.

(c) Loans made for the purpose of enhancing or restoring livestock numbers in the state under W.S. 11--34--113(j) may not be assumed.

Section 11. Partial Releases.

(a) A borrower may request a partial release of land from the mortgage. Such requests shall be directed to the Office, and may be approved by the Board if the borrower

demonstrates a prompt payment history, a sound financial statement, and the release of land would be in the best interest of the Board.

(b) For “~~b~~Beginning ~~a~~Agricultural ~~p~~Producer²² loans, no partial releases will be granted during the first ten (10) years of the loan term unless all of the sale proceeds or the appraised value of the land to be released is applied to the loan balance.

Section 12. Reamortizations.

(a) Pursuant to ~~W.S. 11-34-113~~, the Board may reamortize the unpaid principal balance of a farm loan, a Beginning Agricultural Producer Loan or a loan made for the purpose of enhancing or restoring livestock numbers in the state, over the remaining term of the mortgage at the same interest rate as that in effect at the time of the reamortization. A borrower requesting reamortization must provide current financial information and other documentation as requested by the Office and must show that reamortization will significantly improve the financial viability of his agricultural operation. Fees for reamortization shall be pursuant to Chapter 14 of the rules as established by the Board.

Section 13. Defaults.

(a) If an annual payment is not received within thirty (30) calendar days of when due ~~which is due December 1st is not received by December 31st of each year~~, the Office shall immediately notify the borrower of the default. The borrower shall have ninety (90) calendar days from the notice of the default until the following May 1st to submit a repayment plan to the Office. Repayment plans shall include the following:

- (i) The amounts and dates of payments that the borrower can make against the loan; and
- (ii) Current financial and cash flow statements.

(b) If the borrower does not submit a repayment plan to the Office within ninety (90) calendar days from the notice of the default by May 1st, the Office Director shall immediately initiate foreclosure on the defaulted loan.

(c) The Director shall review all repayment plans and make recommendations to the Board regarding their acceptance or rejection ~~no later than the following August Board meeting~~.

(d) If the Board accepts a repayment plan, the Director shall allow the borrower to make payments in accordance with the accepted plan. If the borrower then fails to make the payments called for in the accepted plan, the Office Board shall immediately initiate foreclosure on the defaulted loan.

(e) If the Board rejects a repayment plan, the Office Board shall immediately initiate foreclosure on the defaulted loan.

Section 14. Leasing of Acquired Lands.

(a) Leasing procedure. The Board shall receive applications to lease acquired land for a period of twenty (20) calendar days after public notice is given of its intent to lease any property. Persons desiring to lease acquired lands shall submit to the Office a completed application in a sealed envelope, as provided by the Office. Applications offering cash rental shall be accompanied by a cashiers check or money order in the amount of the offer.

(b) Board's decision. The Board shall consider all aspects of the offers received and award the lease to the applicant whose offer would be most advantageous to the Board. The Board may reject any or all applications. Monies tendered by unsuccessful applicants for their rental offer shall be returned.

(c) Term. The term of the lease shall be set by the Board on a case-by-case basis, except that the term of a lease of land which is subject to a right of redemption shall not exceed the expiration of the redemption periods created by W.S. 1-18-103 and W.S. 1-18-104. If the redemption period will expire at an inopportune time during the growing season, the Board may extend the lease term until a more convenient time in the growing season.

(d) Transfers. No lease granted under this section may be assigned or subleased without the approval of the Board.

(e) Reservation prohibited. A lease of acquired lands shall not contain a reservation of public hunting and fishing privileges.

Section 15. Sale of Acquired Lands.

(a) Decision to sell. The Board shall sell acquired lands upon determination that the sale of the property would be the best means of restoring loan funds.

(b) Advertisement. All sales of acquired lands shall be advertised at least once per week, for four consecutive weeks, in both a newspaper in the county in which the property is located and a newspaper of statewide circulation.

(c) Auctions. All sales shall be by public auction, conducted by the Director or his representative. The minimum bid shall be as set by the Board. The Board reserves the right to reject any and all bids. The successful bidder must tender at least thirty percent (30%) of the purchase price, in the form of a cashier's check, or a personal check with a letter of check guarantee, at the auction. Within ten (10) calendar days of the auction, the purchaser shall either pay the balance of the purchase price or if eligible enter into a sales contract pursuant to subsection (e) of this section.

(d) Title Insurance. The Office will order an open title insurance commitment. The purchaser of the property shall pay the cost of the commitment and title insurance.

(e) Sales Contracts.

(i) Amortized Sales Contracts, as described in this section, may be offered at the Board's discretion.

(ii) Eligibility. Any individual or legal entity that was the mortgagor when the land was acquired by the Board shall not be eligible to enter into a sales contract in the purchase of that acquired land.

(iii) Terms. Eligible purchasers may pay the balance of the purchase price pursuant to a sales contract with the following terms:

(A) The length of the contract shall not exceed thirty (30) years; and

(B) The contract interest rate shall be pursuant to Chapter 14 of the rules as established by the Board.

(f) Assignments of Sales Contracts.

(i) Sales contracts may be assigned with approval by the Board. The original purchaser of acquired land under a sales contract shall remain obligated to the Board for performance under the contract regardless of any assignments of the purchaser's rights under the contract.

(ii) Subject to approval by the Board as described under paragraph (i) of this subsection, upon receipt of written notice of the name, address, and tax identification number of an assignee of the purchaser's contract rights, the Office shall note this information for purposes of mailing payment notices and reporting interest paid on the contract to the United States Internal Revenue Service.

Section 16. Sale of Acquired Personal Property.

(a) The Board hereby delegates to the Director the authority to sell, by public auction, sealed bid, or negotiated sale, any personal property acquired through foreclosure, repossession, or surrender. The Director shall report all sales of personal property to the Board at its next regular meeting.

Chapter 7 Farm Loans

Section 1. Authority.

- (a) This Chapter is adopted pursuant to Wyoming Statute (W.S.) 11-34-101 et seq.

Section 2. Definitions.

In addition to the definitions in Chapter 1, as used in this Chapter:

- (a) “Acquired lands” means lands to which the Board has acquired legal or equitable title.
- (b) “Agricultural products” means typical crops produced from the cultivation and management of the soil.
- (c) “Beginning Agricultural Producer” means an individual or entity that has never owned and/or operated more than 160 acres of cultivated irrigated land, or 320 acres of cultivated dry crop land, or 640 acres of grazing land unless such land was acquired within the last two (2) years; has adequate working capital; substantially participates in the operation; and meets all eligibility requirements provided for in this Chapter.
- (d) “Legal entity” means corporations, limited partnerships, general partnerships, limited liability companies, trusts and other organizations or business entities recognized by the State of Wyoming.
- (e) “Livestock” means horses, cattle, buffalo, sheep, and swine.
- (f) “Single agricultural enterprise” means an agricultural operation managed as one business.

Section 3. General Policy.

- (a) Farm loans shall be made in such a manner and to such parties as shall, in the judgment of the Board, inure to the greatest benefit of the state and represent a wise investment of state funds.
- (b) The Beginning Agriculture Producer loan program is intended to help beginning farmers or ranchers get into a production agriculture business. It is not intended to benefit investors or developers.
- (c) All loans are to be fully amortized in equal installments over the term of the loan.

Section 4. Eligible Applicants.

(a) Individuals, to be eligible applicants, must be able to demonstrate compliance with W.S. 11-34-110(b).

(b) Legal entities, to be eligible applicants, must be able to demonstrate that a majority of the ownership is by individuals who are eligible applicants under subsection (a).

(c) If the applicant for a Beginning Agricultural Producer loan is a legal entity, all owners must be eligible Beginning Agricultural Producers.

Section 5. Eligible Purposes.

(a) Loans may be made only for the following purposes:

(i) To purchase lands used principally for raising agricultural products, livestock, or dairying;

(ii) To purchase livestock, fertilizers, and equipment calculated to maintain or increase the earning capacity of the borrower's agricultural operation;

(iii) To purchase, construct, or install improvements calculated to maintain or increase the earning capacity of the borrower's agricultural operation; or

(iv) To liquidate debts of the borrower incurred in the furtherance of the borrower's agricultural operation;

(v) To enhance or restore livestock numbers in the state pursuant to W.S. 11-34-113-(j).

Section 6. Application Procedure.

(a) Applications.

(i) Each prospective borrower shall submit a written loan application, on the form furnished by the Office.

(ii) Incomplete applications shall not be submitted to the Board for consideration.

(iii) Any false or misleading statements made by the applicant in an application shall be grounds for summary rejection of the application.

(iv) A fee as established by W.S. 11-34-121 shall be deposited with the Board before the application is considered. The unused portion of the fee shall be returned to the applicant if the loan is not granted.

(v) Applications, financial statements, appraisals, and all other information pertaining to an application which has not been submitted to the Board shall be held as confidential information. Upon consideration by the Board, the application and all information with respect thereto in the Office's files are public records available for inspection and reproduction as provided by law.

(vi) Timing. Loan applications must be received by the Director at least ninety (90) calendar days prior to any regularly scheduled meeting of the Board. Applicants must cure any defects in their application no later than forty-five (45) calendar days before any regularly scheduled meeting of the Board.

(b) Consideration.

(i) The Office shall conduct a preliminary review of all applications received. If the Office identifies problems with the application which would result in a negative recommendation to the Board, the Office shall notify the applicant of the problem and the applicant shall have the opportunity to withdraw the application from further consideration.

(ii) All applications, not withdrawn under paragraph (i) of this subsection, shall be presented to the Board for its consideration.

(iii) The Board shall take the following into account, when considering applications:

(A) The applicant's net worth;

(B) The applicant's ability to repay the loan based on viable, continuous income from any source;

(C) The applicant's credit history; and

(D) The applicant's need.

(iv) The Board shall take action on applications only once. The Board shall not reconsider an application that is substantially the same as an application previously acted upon. Applicants may submit a substantially different application, provided that it complies with all the requirements for filing a new application.

Section 7. Loan Terms.

(a) Amount. Single loans or a combination of loans made to a single agricultural enterprise shall be made pursuant to W.S. 11-34-115.

(i) Loans made to enhance or restore livestock numbers in the state may not exceed three hundred thousand dollars (\$300,000) to any one (1) borrower and shall be

aggregated with all other loans for purposes of determining compliance with loan percentages.

(b) Interest rate. The interest rate for loans under this Chapter shall be pursuant to Chapter 14 of the rules as established by the Board.

(c) Length. The term of each loan shall be set by the Board with due regard given to repayment ability and the security offered, but in no event shall the term exceed thirty (30) years.

(d) Repayment. Loans shall be payable in equal installments.

(e) Loan fees shall be pursuant to Chapter 14 of the rules as established by the Board.

Section 8. Security.

(a) Every loan shall be evidenced by a promissory note for the principal sum of the loan.

(b) Farm loans and Beginning Agricultural Producer loans shall be secured by a first mortgage upon farm or ranch land within Wyoming of sufficient value to secure the loan. Proof of merchantable title must be provided by the borrower in the form of title insurance naming the Board as beneficiary. Farm loans may not exceed 60% of appraised value and Beginning Agricultural Producer loans may not exceed 70% of appraised value.

(c) An appraisal shall be prepared for the Board. Appraisals shall reflect the current agricultural market value of the land to be mortgaged.

(d) The Board shall take a Uniform Commercial Code (UCC) security agreement on all irrigation equipment located on the lands being offered for security.

(e) The Board shall take security interests in secure leaseholds, reservoir company stock, and grazing association stock whenever necessary to protect the value of the lands being offered for security as an agricultural operation.

Section 9. Disbursement.

(a) The proceeds of a farm loan shall not be disbursed to the borrower until such time as the borrower can show a mature obligation, the satisfaction or partial satisfaction of which will result from the application of the loan proceeds. The borrower shall use the proceeds of any farm loan exclusively for the purpose or purposes set out in the application, and shall furnish evidence satisfactory to the Board to that effect.

(b) The Office shall inspect and verify any reports and records required by the Board and submitted by the borrower before proceeds shall be released for payment.

(c) Loan proceeds shall be disbursed at a closing when all loan documents shall be executed by the borrower. Documents executed on behalf of a legal entity shall be executed by

persons authorized by that entity to borrow money and mortgage property. Officers or majority owners of legal entities shall also be personally liable for repayment of the loan.

Section 10. Assumptions.

(a) When a borrower conveys legal or equitable title to property securing a farm loan, the purchaser may assume the repayment obligation to the Board if qualified under W.S. 11-34-110 and Section 4 of this Chapter. If the loan is not assumed by the purchaser, the loan shall be paid off in full at the time of the conveyance.

(b) Beginning Agricultural Producer loans may not be assumed.

(c) Loans made for the purpose of enhancing or restoring livestock numbers in the state under W.S. 11-34-113(j) may not be assumed.

Section 11. Partial Releases.

(a) A borrower may request a partial release of land from the mortgage. Such requests shall be directed to the Office, and may be approved by the Board if the borrower demonstrates a prompt payment history, a sound financial statement, and the release of land would be in the best interest of the Board.

(b) For Beginning Agricultural Producer loans, no partial releases will be granted during the first ten (10) years of the loan term unless all of the sale proceeds or the appraised value of the land to be released is applied to the loan balance.

Section 12. Reamortizations.

(a) A borrower requesting reamortization must provide current financial information and other documentation as requested by the Office and must show that reamortization will significantly improve the financial viability of his agricultural operation. Fees for reamortization shall be pursuant to Chapter 14 of the rules as established by the Board.

Section 13. Defaults.

(a) If an annual payment is not received within thirty (30) calendar days of when due, the Office shall immediately notify the borrower of the default. The borrower shall have ninety (90) calendar days from the notice of the default to submit a repayment plan to the Office. Repayment plans shall include the following:

(i) The amounts and dates of payments that the borrower can make against the loan; and

(ii) Current financial and cash flow statements.

(b) If the borrower does not submit a repayment plan to the Office within ninety (90)

calendar days from the notice of the default, the Office shall immediately initiate foreclosure on the defaulted loan.

(c) The Director shall review all repayment plans and make recommendations to the Board regarding their acceptance or rejection.

(d) If the Board accepts a repayment plan, the Director shall allow the borrower to make payments in accordance with the accepted plan. If the borrower then fails to make the payments called for in the accepted plan, the Office shall immediately initiate foreclosure on the defaulted loan.

(e) If the Board rejects a repayment plan, the Office shall immediately initiate foreclosure on the defaulted loan.

Section 14. Leasing of Acquired Lands.

(a) Leasing procedure. The Board shall receive applications to lease acquired land for a period of twenty (20) calendar days after public notice is given of its intent to lease any property. Persons desiring to lease acquired lands shall submit to the Office a completed application in a sealed envelope, as provided by the Office. Applications offering cash rental shall be accompanied by a cashiers check or money order in the amount of the offer.

(b) Board's decision. The Board shall consider all aspects of the offers received and award the lease to the applicant whose offer would be most advantageous to the Board. The Board may reject any or all applications. Monies tendered by unsuccessful applicants for their rental offer shall be returned.

(c) Term. The term of the lease shall be set by the Board on a case-by-case basis, except that the term of a lease of land which is subject to a right of redemption shall not exceed the expiration of the redemption periods created by W.S. 1-18-103 and W.S. 1-18-104. If the redemption period will expire at an inopportune time during the growing season, the Board may extend the lease term until a more convenient time in the growing season.

(d) Transfers. No lease granted under this section may be assigned or subleased without the approval of the Board.

(e) Reservation prohibited. A lease of acquired lands shall not contain a reservation of public hunting and fishing privileges.

Section 15. Sale of Acquired Lands.

(a) Decision to sell. The Board shall sell acquired lands upon determination that the sale of the property would be the best means of restoring loan funds.

(b) Advertisement. All sales of acquired lands shall be advertised at least once per week, for four consecutive weeks, in both a newspaper in the county in which the property is

located and a newspaper of statewide circulation.

(c) Auctions. All sales shall be by public auction, conducted by the Director or his representative. The minimum bid shall be as set by the Board. The Board reserves the right to reject any and all bids. The successful bidder must tender at least thirty percent (30%) of the purchase price, in the form of a cashier's check, or a personal check with a letter of check guarantee, at the auction. Within ten (10) calendar days of the auction, the purchaser shall either pay the balance of the purchase price or if eligible enter into a sales contract pursuant to subsection (e) of this section.

(d) Title Insurance. The Office will order an open title insurance commitment. The purchaser of the property shall pay the cost of the commitment and title insurance.

(e) Sales Contracts.

(i) Amortized Sales Contracts, as described in this section, may be offered at the Board's discretion.

(ii) Eligibility. Any individual or legal entity that was the mortgagor when the land was acquired by the Board shall not be eligible to enter into a sales contract in the purchase of that acquired land.

(iii) Terms. Eligible purchasers may pay the balance of the purchase price pursuant to a sales contract with the following terms:

(A) The length of the contract shall not exceed thirty (30) years; and

(B) The contract interest rate shall be pursuant to Chapter 14 of the rules as established by the Board.

(f) Assignments of Sales Contracts.

(i) Sales contracts may be assigned with approval by the Board. The original purchaser of acquired land under a sales contract shall remain obligated to the Board for performance under the contract regardless of any assignments of the purchaser's rights under the contract.

(ii) Subject to approval by the Board as described under paragraph (i) of this subsection, upon receipt of written notice of the name, address, and tax identification number of an assignee of the purchaser's contract rights, the Office shall note this information for purposes of mailing payment notices and reporting interest paid on the contract to the United States Internal Revenue Service.

Section 16. Sale of Acquired Personal Property.

(a) The Board hereby delegates to the Director the authority to sell, by public auction,

sealed bid, or negotiated sale, any personal property acquired through foreclosure, repossession, or surrender. The Director shall report all sales of personal property to the Board at its next regular meeting.