

FACT SHEET 13

INVOLUNTARY ACQUISITIONS

Reclamation Reform Act of 1982 (RRA)

This fact sheet details how the acreage limitation provisions are applied to land that is acquired involuntarily. If you are unsure of the information discussed in this fact sheet, contact your district or the appropriate Bureau of Reclamation office, or see the **Sources for more information** section at the end of this fact sheet.

What is an involuntary acquisition of land?

The RRA and its associated regulations (43 CFR¹ part 426; Regulations) define an involuntary acquisition to be a transfer of land title that occurs because of:

- **Foreclosure** or similar involuntary process of law
- **Conveyance in satisfaction of a debt** (a mortgage, real estate contract, or deed of trust)
- **Inheritance**
- **Devise** (a testamentary disposition of land, or a transfer as a result of a will or testament)

How do the RRA and its associated regulations apply to land that is acquired involuntarily?

How the acreage limitation provisions apply to involuntarily acquired land depends on:

- The acreage limitation status (for example, excess, nonexcess, or under recordable contract) of the involuntarily acquired land in the **previous owner's landholding, AND**
- The acreage limitation status of the involuntarily acquired land in **your landholding**.

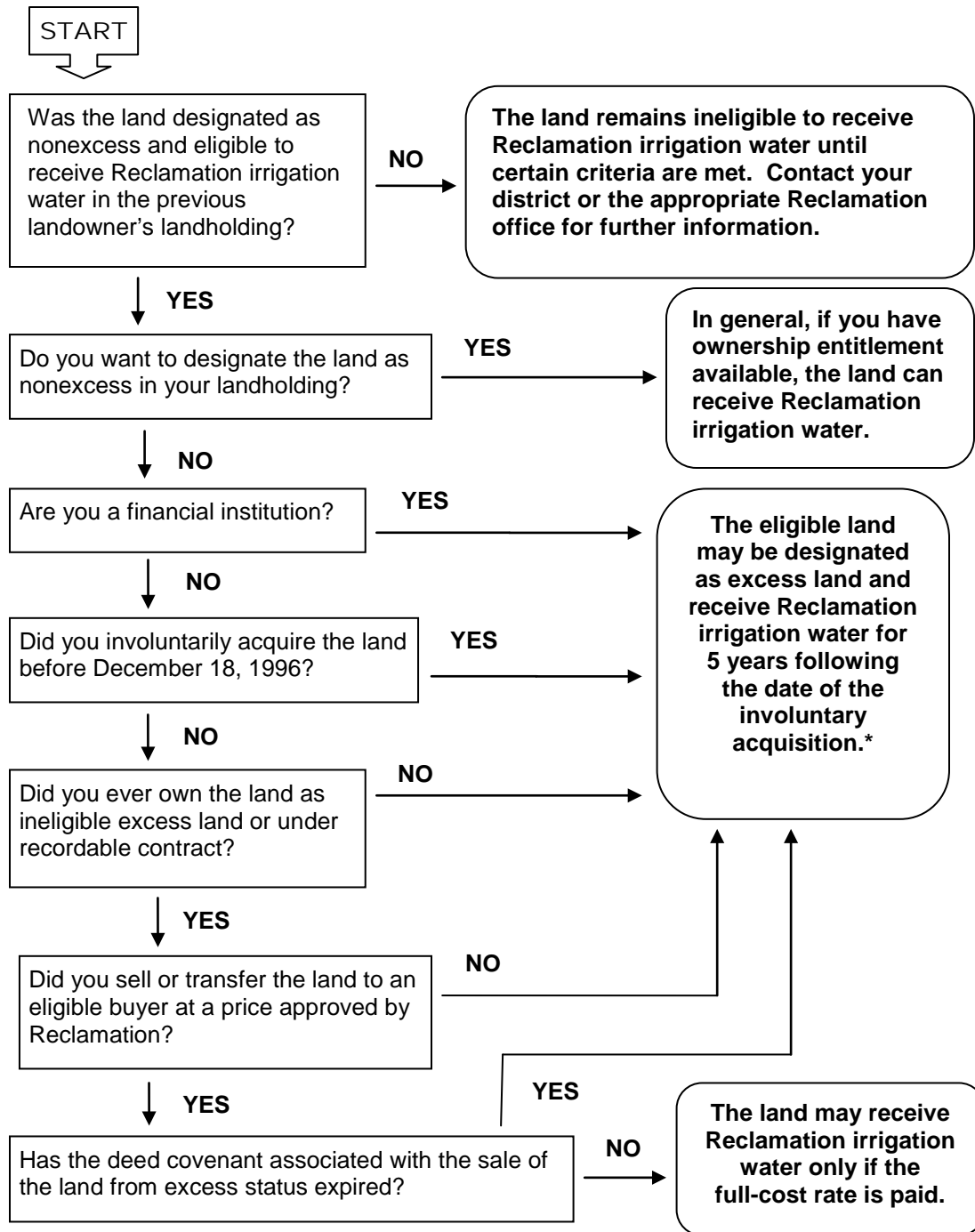
If you are unsure of the acreage limitation status of the involuntarily acquired land in the previous owner's landholding, contact the district in which the land is located. For discussion purposes in the remainder of this fact sheet, the use of "you" or "your" refers to the new direct owner of the involuntarily acquired land.

Can involuntarily acquired land receive Reclamation irrigation water?

Involuntarily acquired land can create a complicated situation. The previous and new landowners each have many factors that must be taken into account when determining whether the involuntarily acquired land can receive Reclamation irrigation water in the new landowner's landholding, for how long such water can be received, and at what water rate.

¹ Code of Federal Regulations

The following flowchart shows the **general** eligibility (to receive Reclamation irrigation water) of involuntarily acquired land. You are advised to contact the appropriate Reclamation office with any questions or for further guidance, particularly if your situation is more complicated than what is presented in the flowchart.



* For example, the date of the previous landowner's death in the case of inheritance or devise, or the date of reconveyance in the case of foreclosure or satisfaction of a debt.

What happens if you involuntarily acquire land that was *nonexcess* and *eligible* to receive Reclamation irrigation water in the *previous owner's* landholding and you designate the land as *excess*?

Although the land was eligible, nonexcess land while in the previous landowner's landholding, the current state of your landholding and/or your acreage limitation entitlements could affect the land you involuntarily acquired.

- The water rate for Reclamation irrigation water delivered to the involuntarily acquired land will stay the same as it was for the previous landowner, unless you lease the involuntarily acquired land to another party.
 - In the case of a lease, the full-cost rate may apply based on the acreage limitation status and westwide (in the 17 Western States where Reclamation has projects) landholding of the **lessee**, regardless of whether you designated the involuntarily acquired land as nonexcess or excess in your landholding.
- You can change the designation of involuntarily acquired land from excess to nonexcess at any time during the 5-year period following the involuntary acquisition or after that 5-year period has expired, **provided** that you obtain Reclamation's approval for the redesignation by contacting the appropriate Reclamation office.
 - Redesignations (to nonexcess status) of any involuntarily acquired land that you formerly owned or leased, will not be approved by Reclamation unless you pay to Reclamation the difference in water rates if:
 - Reclamation irrigation water was delivered to the involuntarily acquired land, and
 - The applicable water rate when the involuntarily acquired land had an excess designation is **less** than the applicable water rate when the same land has a nonexcess designation.

What if a lender or financial institution involuntarily acquires mortgaged land?

Land that is involuntarily acquired by lenders or financial institutions will be treated in the same manner as described in this fact sheet. If the lender involuntarily acquires land that changed from nonexcess status to excess status **after** the mortgage was recorded, the lender or financial institution can designate such land as nonexcess while it is in their ownership. If the lender or financial institution chooses to designate the involuntarily acquired land as excess, then the following will apply:

- The involuntarily acquired land will be eligible to receive Reclamation irrigation water in the lender's or financial institution's ownership for **5 years** following the date of acquisition, or until transferred to an eligible buyer, whichever occurs first.
- The involuntarily acquired land may be sold at its fair market value with no requirement for a deed covenant to be applied.
- During the 5-year period following the date of acquisition, the water rate for Reclamation irrigation water delivered to the involuntarily acquired land will be the same as for the previous owner, unless the land becomes subject to full-cost pricing through leasing.

Examples of a financial institution are a commercial bank or trust company, a private bank, an agency or branch of a foreign bank in the United States, a thrift institution, an insurance company, a loan or finance company, or the Farm Credit System.

Other scenarios

There are additional scenarios that may be associated with involuntarily acquiring land that is subject to the acreage limitation provisions of Federal reclamation law. For example, in rare instances there may be a recordable contract associated with the land. In other cases, perhaps you owned the land in the past as excess land and sold it to an eligible buyer at a price approved by Reclamation. If you believe your situation does not fit the usual scenarios described in this fact sheet, contact the appropriate Reclamation office for assistance.

Sources for more information

More information for your landholding situation can be found in the following documents. Contact the appropriate Reclamation office for further guidance on involuntary acquisitions.

Form 7-21INFO	General Information About the RRA Forms	The RRA Fact Sheets and the current water year's RRA forms and instructions are available online and at your district or the appropriate Reclamation office.
Separate instructions to each RRA form applicable to your landholding situation		
RRA Fact Sheet 1	RRA Forms	
RRA Fact Sheet 2	Acreage Limitation Status	
RRA Fact Sheet 4	Qualified Recipient Entitlements	
RRA Fact Sheet 6	Limited Recipient Entitlements	
RRA Fact Sheet 8	Prior Law Recipient Entitlements	
RRA Fact Sheet 17	Excess Land	
RRA website (including the RRA forms, District Reference Sources, and the text of the RRA and its associated Regulations)		www.usbr.gov/rra