

15 FAM 520 METHODS OF DISPOSAL AND PROCESSING OF PROCEEDS

*(CT:OBO-22; 12-23-2011)
(Office of Origin: OBO)*

15 FAM 521 METHODS OF DISPOSAL

15 FAM 521.1 Long-Term Leased Property

(CT:OBO-22; 12-23-2011)

Lease termination is the preferred disposal method for long-term leased (LTL) property, but disposal may also be accomplished through a sale of the lease interest, assignment of the lease, a sub-lease of the property, or a license of the property. Post must obtain guidance and approval from the Office of Building Acquisitions and Sales of the Directorate of Planning and Real Estate of the Bureau of Overseas Buildings Operations (OBO/PRE/BAS) for State Department properties, or, in the case of USAID properties, the Overseas Management Division, Office of Management Services, Bureau for Management, USAID/Washington (USAID/W-M/MS/OMD).

15 FAM 521.2 Sales

(CT:OBO-22; 12-23-2011)

A sale is the preferred disposal method for Government-owned (GO) property. Post must follow procedures in 15 FAM 532 after a sale is authorized by OBO/PRE/BAS for State Department properties, or, in the case of USAID properties, USAID/W-M/MS/OMD.

15 FAM 521.3 Competitive Bidding

(CT:OBO-22; 12-23-2011)

Competitive bidding can be an effective disposal method for GO property; especially when time is a factor and the property is of lesser value, and/or there are several similar properties requiring disposal at the same time. Unique and specific use properties, however, may not lend themselves

readily to this method. The method has the advantages of reducing carrying costs such as utilities and maintenance, creating competition among potential buyers, eliminating negotiations, and keeping the U.S. Government in full control. After the method is authorized by OBO/PRE/BAS for State Department properties, or, in the case of USAID properties, USAID/W-M/MS/OMD, the post must follow the procedures in 15 FAM 533.

15 FAM 521.4 Property Exchanges

(CT:OBO-22; 12-23-2011)

Under certain circumstances, a property exchange may be appropriate, but negotiations can be complicated and time-consuming. When considering an exchange, post must contact OBO/PRE/BAS for State Department properties, or, in the case of USAID properties, USAID/W-M/MS/OMD. See 15 FAM 534.

15 FAM 521.5 Leases and Licenses

(CT:OBO-22; 12-23-2011)

If a real estate market is depressed, the property may still be useful in the future. If its permanent disposal is not advisable, leasing or licensing the property may be its best temporary use. Licensing is preferable because a license generally creates no enforceable rights for the licensee and does not diminish the U.S. Government's title rights. Lease and license agreements require prior review and approval by OBO/PRE/BAS and the Office of the Legal Adviser (L/BA) for properties controlled by State or USAID/W-M/MS/OMD for properties controlled by USAID. See 15 FAM 535.

15 FAM 521.6 USAID Trust-Fund Properties

(CT:OBO-22; 12-23-2011)

Trust-fund property is property purchased with host-government funds for the support and use of a USAID mission. Missions must maintain separate records for these properties. When disposing of trust-fund properties, missions must do so in accordance with the terms and conditions in the trust fund, bilateral agreement, or other document of understanding, and with the prior approval of USAID/W-M/MS/OMD. A trust-fund property must revert to the host government or else be sold and the sale proceeds returned to the trust-fund account.

15 FAM 522 PROCESSING OF PROCEEDS AND INCOME

15 FAM 522.1 Proceeds from Sale or Exchange

(CT:OBO-22; 12-23-2011)

Post must deposit proceeds from sales or exchanges in the Asset Management Account for State Department properties, or, in the case of USAID properties, the Property Management Fund; except for USAID trust-fund properties (see 15 FAM 521.6). The determination of the use of the proceeds will be based on worldwide priorities:

- (1) **Department of State:** Post must deposit the gross amount with the U.S. disbursing officer into account 19X0535.4 AAAE (see 15 FAM 530, Procedures for Disposal of Real Property, and 4 FAH-1 H-620, Revenue Source Codes). OBO/PRE/BAS will cable the post at the time of the settlement with detailed instructions on deposit of sale proceeds; and
- (2) **USAID:** Missions must deposit the gross amount in the Property Management Fund, account 72X4175.

15 FAM 522.2 Income from Properties under Lease or License

(CT:OBO-22; 12-23-2011)

- a. **Department of State:** Post must deposit payments received for GO properties to appropriation 19X0535.4 AAAIAAAE and report them in the U.S. disbursing officer's monthly accounts. For sub-leases, the payments are deposited to 19X0535.3 AAAH and for licenses, the payments are deposited to 19X0535.3 AAAI.
- b. **USAID:** Missions must deposit payments to the General Receipts of the U.S. Treasury.

15 FAM 523 THROUGH 529 UNASSIGNED