

Commissioners Land Office of the State of Oklahoma



OKLAHOMA ATHLETICS COMMISSION

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Overview

CREATION OF THE LAND OFFICE TRUST: ENABLING ACT OF 1906

Congress authorized the admission of the State of Oklahoma into the Union in the Enabling Act of 1906. Sections 7-12 of the Enabling Act provide that upon admission to the Union, certain sections of land within the state were donated by the federal government and placed in trust for the benefit of public education. In addition, the federal government appropriated five million dollars to be placed in trust and invested for the exclusive use and benefit of public education. The act further generally delineates how the assets of the trust are to be managed.

- Chapter 25 - SURFACE LEASING FOR AGRICULTURAL AND COMMERCIAL PURPOSES
- Chapter 30 - SALE OF SCHOOL LAND

Delineate: to describe, portray, or set forth with accuracy or in detail. Delineate a character in the story. Delineate the steps to be taken by the government. : to indicate or represent by drawn or painted lines.

Material Referenced <https://clo.ok.gov>

385:25-1-2 DEFINITIONS

“Commercial Lands” means those trust lands which may have a greater value or use which enables it to earn more income per year than if used strictly for agricultural purposes.

“Commission”, **“Commissioners”** or **“CLO”** means the Commissioners of the Land Office of the State of Oklahoma.

“Fair market value” means the price which the property would bring if offered for sale in the open market by a seller willing but not obligated to sell and a buyer willing but not obligated to buy, both being fully informed of all purposes for which property is best adapted or could be used.

“Fair market rental value” means the annual price in a cash a willing but not obligated tenant would pay, and willing but not obligated landlord would charge for the same or similar lands for the highest and best legal use of the property, agricultural or commercial.

“Improvements” means buildings or other permanent or temporary structures or developments located on or attached to the land.

“Preference right lease” means the right of the lessee holding a lease designated with a preference right that the Commissioners elect to sell during the lease term to purchase the land at the highest bid under a two-tiered bidding system.

“Secretary” means the Secretary of the Commissioners of the Land Office and includes the Assistant Secretary.

“State” means Oklahoma.

“Two-tier bidding system” means a public auction procedure under which a first tier of bidding open to the general public is conducted to establish the highest initial bid. A second tier of bidding is then held in which the preference right lessee can match the bid of the party holding the highest initial bid and any subsequent raises by the initial highest bidder until no higher bid is made or the preference rights lessee refuses to match a raise in bid.

385:25-1-3. Surface lease policy: All trust lands are subject to lease and the Commissioners of the Land Office are in charge of leasing the lands to maximize the income to the Trust beneficiaries while taking necessary care to conserve and preserve the trust estate, reserving the right to refuse any or all bids.

385:25-1-4. Lease in writing: All leases of lands for agriculture, grazing or commercial purposes shall be in writing and shall be upon such terms and conditions and at such rental as may be determined by the Commissioners. All such leases shall be upon the form furnished by the Commissioners. All leases shall contain the proper legal designation, including sections, township, range and county.

385:25-1-5. Awarding or renewal of surface lease:

- (a) **Agricultural or grazing lease terms.** All surface leases for agricultural or grazing purposes for more than three (3) years will be appraised for market value annual rental and offered at public bid for terms not to exceed five (5) years and not less than the appraised market value.
- (b) **Short term commercial leases.** The granting of a commercial lease for three (3) years or less must be at not less than fair market value but does not have to be publicly bid.
- (c) **Annual Payment.** All leases will be billed annually.
- (d) **No renewal rights.** All rights under the lease expire when the lease term expires and no renewal right exist.
- (e) **Lessee in default.** The Commissioners shall refuse any bid for a surface lease where the party bidding is in default of any monies due or in violation of any provision of a prior lease contract.

385:25-1-6. Oral leases not recognized [Revoked]

385:25-1-7. Terms of surface lease: The term of the surface leases will be in compliance with Title 64 O.S. Section 101, and where applicable, at the sole discretion of the Commissioners.

§64-101. Renumbered as § 1023 of this title by Laws 2010, c.41,§75, emerg.eff.April 2, 2010

§64-1023. Trust property - Commercial, agricultural and mineral leases. A. The Commissioners of the Land Office are authorized to grant commercial leases and agricultural leases in trust property. Commercial leases shall not exceed fifty-five (55) years. The granting of any commercial lease in excess of three (3) years shall be by public bidding at not less than fair market value. All commercial leases shall provide for fair market value throughout the term of the lease. Agricultural leases of trust property shall be limited to a maximum of five (5) years and shall be by public bidding at not less than fair market value. The granting of any interest in trust property at less than fair market value or not in compliance with this section is void. Oklahoma Statutes - Title 64. Public Lands Page 38 Any permanent improvement made on commercial trust property from and after the passage of this act shall revert to the trust at the end of the lease. B. In connection with any commercial and agricultural leases, the Commissioners of the Land Office shall, unless otherwise exempted by the Constitution or laws of Oklahoma: 1. Require payment of ad valorem property taxes on any improvements and structures on state school land, which would otherwise be subject to ad valorem property taxation if constructed on privately owned land; and 2. Indemnify and hold harmless the Commissioners of the Land Office from any financial obligation related to land, financing or operation. C. The Commissioners of the Land Office may refuse to accept any bid or lease on a commercial, agricultural or mineral lease where the party is in default of any installment due or in violation of any provisions contained in a prior or current lease contract. D. The Commissioners of the Land Office may refuse to accept any bid or lease contract where the interested party cannot show adequate creditworthiness as determined by the Land Office. Added by Laws 1989, c. 173, § 4, operative July 1, 1989. Amended by Laws 2010, c. 41, § 18, emerg. eff. April 2, 2010. Renumbered from § 101 of this title by Laws 2010, c. 41, § 75, emerg. eff. April 2, 2010.

385:25-1-8. Special conservation leases: The State shall have the right to designate certain tracts that are in need of extensive conservation work as special conservation leases. A complete plan of conservation work shall be developed. Any such Plan would contain projects needed, completion dates of each practice, and estimated costs.

385:25-1-9. Transfer of title upon death of lessee: The heir(s) or devisee(s) of a deceased lessee shall succeed to the interest and have all rights of the lessee under the lease contract.

385:25-1-10. Cancelled or forfeited lease: When a lease is forfeited, cancelled or judicially terminated for nonpayment of rent or violation of contract, the Commissioners may offer the lease to the highest bidder under sealed bid or at public auction. The Commissioners retain the the right to collect remaining lease rental less any amounts resulting from mitigation or sale of lessee owned improvements.

385:25-1-11. Non-resident lease for agricultural or grazing purpose [Revoked]

385:25-1-11.1. Right to sell: The State shall reserve the right to sell or commercially develop all or any part of the premises leased, or any lesser estate, right, easement, commercial lease, or other interest at any time. If less than the entire tract is sold or leased, the annual rental may be reduced proportionately for the remainder of the term of the lease.

385:25-1-12. Reservations in surface lease; easements:

- (a) **Easements.** The State shall reserve for itself, its lessees, permittees or grantees, and their assigns, easements for ingress and egress for the purpose of exploring for, drilling, producing, storing and marketing of oil, gas, coal, and any other minerals which may be produced from said premises, or from other premises communitized with Trust land.
- (b) **Permanent and term easements.** Permanent easements may be granted to governmental entities and to railroad companies for expansion or railway lines. All other easements may be granted for a term not to exceed twenty (20) years. Both permanent and term easement(s) must be compensated for a fair market value and shall be approved by the Commissioners but do not have to be offered at public bid. Grantee shall be liable to surface lessee for surface damages to crops or lessee owned improvements.
- (c) **Conversion of easement upon sale of land.** If a tract of trust land with a term easement (granted for 20 years or less) is sold; prior to such sale, the grantee of this term easement may request the Commissioners to convert the easement to a permanent easement. If the easement is converted to a permanent easement, the Trust shall be compensated for fair market value of the difference in value between the term easement and the permanent easement.
- (d) **Rights of way.** Right of way easements will be granted pursuant to law and public policy at not less than fair market value.
- (e) **Recreational use.** Agricultural leases including the right of lessee to use the lease for hunting, fishing or other recreational purposes. Lessee may post the property or may allow hunting and fishing. Lessee may retain any fees charged for hunting and fishing rights. This does not violate the subleasing provision of the contract.

385:25-1-13. Improvements on agricultural and short term commercial leases:

- (a) **Consent.** No improvements shall be placed upon School Land without written consent of the Commissioners.
- (b) **Compliance with law.** Any improvements placed on School Land not in compliance with Commission rules or Oklahoma Statutes shall be deemed to become property of trust fund to which the land belongs.
- (c) **Authorization.** The Secretary is authorized to approve in writing, on behalf of the Commissioners of the Land Office, consent for a lessee to place improvements on School Land when the lessee has agreed in writing to remove said improvements at end of his tenure; provided, removal will not cause injury to the land.
- (d) **Conservation work.** The Secretary is authorized to approve in writing, on behalf of the Commissioners of the Land Office, consent for a lessee to perform conservation work at his own expense when such practice will improve the land and is supported by a recommendation of a Land Management Technician. Provided, that the lessee will not acquire any interest in terraces, ponds, wells, trees, or any similar improvements which cannot be removed without manifest injury to the land.
- (e) **Claim of ownership.** The Commissioners of the Land Office assert no ownership of improvements placed at lessees expense upon School Land and which were placed thereon in compliance with Commission policy and rules, and not in violation of Oklahoma Statutes (64 Okl.St.Ann. §249 or 60 Okl.St.Ann. §344) existing and in effect at the time such improvements were placed on the land, and which can be removed without manifest injury to the land.
- (f) **Statute.** The Commissioners of the Land Office will continue to comply with Title 60, Okl.St.Ann. §344: When a person affixes his property to the land of another without an agreement permitting him to remove it, the thing affixed belongs to the owner of the land, unless he chooses to require or permit the former to remove it: Provided, that a tenant may remove from the demised premises at any time during the continuance of his term anything affixed thereto for purpose of trade, manufacture, ornament or domestic use, if the removal can be effected without injury to the premises, unless the thing has, by the manner in which it is affixed, become an integral part of the premises.

385:25-1-14. Soil conservation and protection from waste: All surface lessees of school lands must agree to sign and execute any soil conservation plan or program promulgated or approved by the Secretary, and to comply with the terms of such plan or program and must specifically agree to maintain all terraces, ponds, dams, waterways, wells and other similar conservation projects in existence or later built, protect the land from waste or erosion and to pay all damages to the trust which result from failure to protect the land or to comply with the conservation plan.

85:25-1-15. Maintenance of farm program: The lessee of agricultural, grazing land or both shall comply with established farm programs to protect crop bases and allotments as set out in the invitation to bid and lease contract.

85:25-1-16. Specifications of agricultural use of land: All agricultural leases shall specify the number of acres cultivated, acres non-cultivated, and acres non-useable. The acreage designations are provided in the invitation to bid and are incorporated by reference into the lease contract. No change in the use of any portion of the land can be made by lessee without prior written permission from the Commissioners.

85:25-1-17. Removal of improvements: No surface lease nor any lessee owned improvements may be assigned, transferred, conveyed or relinquished without prior written consent of the Commissioners. The State shall have a lien on all property of the lessee, whether improvements, crops or moveable structures, to the extent that lease payments or assessments are delinquent or the lease is otherwise in default.

85:25-1-18. Lease Violations: Violations of any of the provisions of a surface lease or failure to pay rent on school land shall subject the lessee to legal or administrative action at the option of the Commissioners to collect rent or damages or both.

385:25-1-19. Corporate agricultural tenants: No agricultural lease shall be executed in favor of any corporation or its agent, or a third party for the use and benefit of a corporation, except as provided in 18 OKL. St. Ann., 1981 §951, et seq. (Farming & Ranching Act)

385:25-1-20. Holdover tenants: Holdover tenants shall be billed at a rate and terms of the expired lease contract. Legal proceedings will be brought to remove the holdover tenant from premises and for payment of accrued rental, interest and cost for the holdover period.

385:25-1-21. Appraisals of surface leases:

- (a) **Form and method.** Prior to any property being offered for surface lease, an appraisal for rental purposes on form provided by Commissioners of the Land Office shall be made by appraisers of the Land Office. Appraisals will be made in accordance with Uniformed Standard of Professional Appraisal Practices.
- (b) **Fair market value.** The appraisers shall determine the “fair market value” of the property, which term is defined to mean the price in terms of money which a property will bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus.
- (c) **Fair market rental value.** The appraisers as a part of their appraisal shall determine the “fair market rental value” of the land. For purposes of this section, fair market rental value is the annual price in cash a willing but not obligated landlord would charge for the same or similar lands for the highest and best legal use of the property, agricultural or commercial.
 - (1) In determining fair market rental value, the appraisers shall consider the following:
 - (a) Preset land use;
 - (b) Acres of land in cultivation, pasture, timber and nonproductive;
 - (c) Soil types and productivity;
 - (d) Availability of water;
 - (e) Climatic conditions prevailing in the area for the last ten to twenty years;
 - (f) Cash rental price of comparable agricultural land; and
 - (g) Effective cash return on landlord’s share of crop rent from comparable agricultural land for the five year period preceding the appraisal.

385:25-1-21. Appraisals of surface leases: *continued...*

(2) The appraisers shall reconcile the variables to arrive at their estimation of fair market rental value of the land; provided, that they shall give weighted preference to comparable cash rentals charged on other lands of the same or similar quality in the are

(d) **Appraisal report.** Appraisals are public records under the Open Records Act 51 O.S. §24A.1 et seq. And 64 O.S. 252.

385:25-1-22. Awarding of leases: The awarding of all surface leases will be in compliance with Title 64 O.S. §§101; 241 et seq; and the mandates of O.E.A.V. Nigh, 642 P2d 230 (1982), and where applicable, at the sole discretion of the Commissioners. The Notice of Invitation to Bid shall be incorporated by reference into the lease contract and be made part of it.

385:25-1-23. Procedure for public bidding: The public bid process for school land surface leases shall be as follows:

1. Notice. The method for advertising the leases for public bid shall be at the sole discretion of the Commissioners and to provide the best method to provide the information to prospective lessees. The notice shall contain the following information:
 - a. Lease number;
 - b. Legal description;
 - c. General directions to location of property;
 - d. Minimum annual bid;
 - e. Minimum cash deposit needed to perfect the high bidder's lease rights, method and manner of acceptable payment;
 - f. Term of the lease;
 - g. Such other information as the CLO deems necessary to adequately inform prospective bidders of terms and conditions of auction.

385:25-1-23. Procedure for public bidding: *continued...*

- (2) **Date and location.** Auction shall be held at time, date and location as determined by the CLO.
- (3) **Minimum Bid.** No bid shall be accepted which is below the minimum fair market value established by the appraisers.
- (4) **Right to refuse.** The Commissioners reserve the right to refuse any and all bids.
- (5) **Minimum cash deposit.** Successful high bidder at auction shall pay at the time of the auction one-half of the annual rent for annual rent over \$500.00 or all of the annual rent if \$500.00 or below.

385:25-1-24. Execution of lease.

- (a) Upon approval and acceptance by the Secretary to the Commissioners and receipt of the balance of the first year's rent, the lessee(s) copy of the lease contract will be mailed to the successful bidder and Lessor's copy retained by CLO. Failure to execute and return copies of the lease contract shall operate to cancel award and deposit will be forfeited as liquidated damages at the option of the Commissioners.
- (b) Commissioners shall refuse to accept any bid on agriculture or commercial lease where party bidding is in default of any annual rent due or in violation of any provision of a prior lease contract.

385:25-1-25. Right to harvest. Any lessee may, at the termination of his lease, remove any or all of his improvements, and he shall have the right to harvest or remove any growing crop thereon: Provided, However that in case the lessee is in default for nonpayment for any rental or improvement or make such entry to secure crops until all arrearage is fully satisfied; said improvements, that are moveable, shall then be moved immediately within sixty days from termination of his lease. (64 OKL.St.Ann. §24You 9

385:25-1-26. Purchase of homesite [Revoked]

385:25-1-27. Annual inventory of improvements [Revoked]

385:25-1-28. Assignment of lease as security [Revoked]

385:25-1-29. Foreclosure on lease used as security on unpaid loan [Revoked]

385:25-1-30. Assignment of lease: Upon approval of the Commissioners of the Land Office and payment of all amounts due on lease, lessee may assign the lease by completing forms provided by the CLO.

385:25-1-31. Sub-leasing

- (a) **Prohibition of sub-lease.** Sub-leasing is prohibited except as provided in 64 Okl.St.Ann. §253(a).
- (b) **Commercial lease.** Commercial leases may be subleased as provided in the commercial lease contract.
- (c) **Sub-lease without permission cause for cancellation.** Should lessee sub-lease premises without written permission of the CLO, the lease shall be subject to cancellation and forfeiture at the option of the CLO as provided by law and these rules and regulations.

385:25-1-32. Term of commercial leases: All commercial leases shall be for a term not to exceed fifty-five (55) years, the exact term to be at the sole discretion of the Commissioners.

385:25-1-33. Procedure for appraisal of commercial leases: Upon categorization of trust land as commercial and prior to its being offered for lease, an appraisal for fair market value shall be made by appraisers of the Land Office on the form provided by the Commissioners of the Land Office. Appraisals will be made in accordance with the Uniform Standards of Professional Appraisal Practice.

385:25-1-34. Procedure for bidding of commercial leases:

- (a) **Short term commercial lease.** Commercial leases with a term of three (3) years or less must be for annual rent of not less than fair market rental value, but no public bidding is required.
- (b) **Long term commercial lease.** Commercial leases with a term of over three years shall be at public bidding for annual rent of not less than fair market rental value. The following procedures will be followed.
 - (1) **Advertisement.** The method for advertising the leases for public bid shall be at the sole discretion of the CLO in such manner as to best provide the information to prospective lessees.
 - (2) **Minimum bid.** No bid shall be accepted which is below the minimum fair market value.
 - (3) **Right to refuse.** The CLO reserves the right to refuse any and all bids.
 - (4) **Minimum cash deposit.** Successful high bidder at auction shall pay the first years annual rent at the time of the auction.

385:25-1-35. Taxes: Unless lessee is authorized exempt by Constitution or statute, ad valorem property taxes shall be paid on any improvements and structures which would be subject to ad valorem property taxes if constructed on privately owned land.

385:25-1-36. Improvements: Any permanent improvement made on commercial trust property after July 1, 1989, shall revert to the Trust at the expiration or termination of the lease unless the Commissioners and the lessee agrees to allow removal of improvements prior to the expiration or termination of the lease.

385:25-1-37. Development projects for commercial leases. At the sole discretion of Commissioners, funding may be provided for development of plans and building infrastructure on commercial lands to be developed.

385:25-1-38. Dedication of easement for utilities. Commissioners may plat lands for commercial development and designate and dedicate to the appropriate governmental entity easement for a utility corridor and streets to service the development.

385:25-1-39. Commercial lease rental.

- (a) Annual rental shall be established by determining the fair market value rental of the commercial property using the Uniform Standards of Professional Appraisal Practices.
- (b) All leases shall maintain fair market rental value throughout the term of the lease using methods such as escalators, percentage of gross income or reappraisal clauses.

385:25-1-40. Contract violations; default. Violations of any provisions of the lease shall subject the lessee to legal or administrative action or both at the option of the Commissioners as defined by the lease contract.

385:25-1-41. Procedures for Exchanging Land.

- (a) **Authorization.** The Commissioners may authorize exchange of lands held in Trust for other lands held by other entities on an equal value basis.
- (b) **Criteria.** It is the intent of the CLO to exchange lands held in Trust that are landlocked, too small in size to be a economic unit, low productivity, or transitional properties where it is determined the use of the land is for residential housing purposes only.
- (c) **Appraisal.** An appraisal for market value of the properties to be exchanged will be completed by three duly authorized appraisers. The CLO will chose an appraiser, the other entity will choose an appraiser and then the two appraisers will select a third appraiser. The appraisers will determine the market value of the respective properties and make a consensus appraisal report.
- (d) **Valuation of Improvements.** The intent of the exchange is for the Trust to receive equal value of land in exchange for equal value of land. Since agricultural improvements are a depreciating asset and may be removed by the owner of record ad the CLO typically does not own improvements, the appraisal should only consider the value of the lands to be exchanged. Improvements such as waterwells, ponds, terraces, etc. are considered a part of the land and will not be considered within the exchange as a separate item.
- (e) **Exchanges for Commercial Properties.** If the entity which is exchanging land with the CLO is exchanging commercial properties the improvements will be included as an essential element of the appraisal.
- (f) **Title.** The entity which is exchanging land with the CLO shall provide an abstract of title for examination by the CLO or good and sufficient title insurance for the land being offered in the exchange. The CLO shall provide the entity an official certificate of record for the land owned by the CLO but does not warrant title.
- (g) **Deeds.** The entity exchanging land with the CLO will provide a warranty deed for its lands and the CLO shall provide a patent to the entity for the CLO lands.

385:25-1-42. Irrigation permits. Irrigation permits may be issued to agricultural lessees for the purpose of irrigating CLO Trust Lands. The permit fee shall be determined by the market value rental amount for irrigated acres for comparable deeded land. The permit shall have a delinquency interest rate of 16%. Term of the permit will be for one year.

385:25-1-43. Right of Entry permits; Treasure Trove. The Commissioners may authorize issuing right of entry permits for the purpose of individuals searching for Treasure Trove on CLO Trust lands. The fee and term for the permit shall be determined by the appropriate land management personnel but in no case shall be less than \$500.00. All exploration for Treasure Trove shall be done in a manner to protect the potential archaeological finds within the area to be searched. Machine excavation shall be limited and only done when appropriate precautions have been taken to protect the land and relics from damage.

385:25-1-44. Real Estate Broker Commissions.

- (a) **Commission.** A real estate broker commission may be paid to a Broker who represents a commercial business that acquires a long-term commercial lease from the CLO. The Broker's fee shall only be paid when the commercial business has opened the business for operation.
- (b) **Fee.** The Brokerage fee shall be no more than 6% of the market value appraisal of the land that is leased. The fee will be paid only on those tracts where CLO has agreed that brokerage fees will be paid.

385:30-1-1. Purpose. The rules of this Chapter have been adopted to establish the requirements and procedures for the general public to buy School Land. Article 6, Section 32 of the Oklahoma Constitution mandates that the CLO shall have the charge of the sale, rental, disposal and managing of School Lands and other public lands of the State. These rules define the method and conditions under which the sale of such lands may be accomplished.

385:30-1-2. Determination to offer school land for sale. The determination of whether a tract of State school land shall be offered for sale is wholly within the province of the Commissioners of the Land Office. No person has the right to demand that any tract be sold, but may request that a particular tract be sold.

385:30-1-3. Request for sale of school land. An individual who wishes to request the sale of a particular tract of land is required to make a written offer which the applicant will agree to commence the bidding at public auction if the Commissioners elect to offer the land for sale. Upon receipt, such request will be presented to the Commissioners, and if they determine an appraisal is warranted, an appraisal will be made. The applicant will be notified of the appraised value. Associated cost of the sale including but not limited to the appraisal, advertising, and surveying will be assessed to purchaser in addition to purchase price.

385:30-1-4. Appraisal. School land shall be appraised prior to sale by three duly authorized appraisers to establish a fair market value. Land shall not be sold for less than the appraised value. Lessee owned improvements will be appraised separately. If Lessee is not the purchaser, he will be paid for improvements by purchaser at closing.

385:30-1-5. Reservation of minerals. The Commissioners shall retain all minerals in the sale of school land.

385:30-1-6. Review of appraisal; decision to sell. When the Commissioners authorize and direct an appraisal of school land for sale purposes and the appraisal is approved, the Commission will then determine if they desire to sell this tract of land based on this appraisal.

385:30-1-7. Associated cost and purchase requirements. In addition to the purchase price, the successful bidder for school land will be required to pay the associated costs, including but not limited to the cost of advertising, surveying and the appraisal. If the land being sold is a homesite or joins State land not being sold, the successful bidder will be required as a condition of sale to fence off the land purchased from the adjoining State land.

385:30-1-8. Terms of sale. The terms of the sale shall be set out in the Notice of Sale and a Patent will be issued when all amounts due are paid in full. The State does not warrant title.

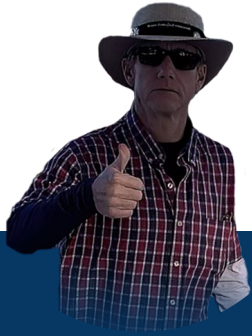
385:30-1-8.1. Procedures for public bidding; preference right to purchase. All lands shall be sold by public bidding.

- (1) **Bidding procedure with preference right.** If lands have been designated with a preference right to purchase, lessee holding such lease may meet any given high bid at the time of sale by using the two tier bidding procedure.
- (2) **If no initial bid.** Should no bids be received at auction the preference right lessee may exercise his preference right by matching the advertised minimum bid for the property.
- (3) **Current lessee requirement to register.** Lessee must be present and register at the auction to exercise the preference right. He may increase his bid instead of matching the bid at any time.
- (4) **Two-tier bidding system.** At time of the auction bids shall be taken to ascertain a high bidder from the participants of the auction. The preference right lessee does not participate at this initial stage. The preference right lessee may then match this bid or decline to match the bid. Should he decline to match this bid the high bidder from the initial process of the auction will be declared the successful bidder. Should the lessee exercise his preference right and match the bid, the initial high bidder will be asked if he wishes to increase his bid. If he does, the preference right lessee is given the opportunity to match this bid. If he does, the bidding will continue in this manner until the initial high bidder does not raise or the preference rights lessee refuses to match the raised bid.

385:30-1-9. Certificates of purchase; transfer.

- (a) **Certificate of purchase.** If purchaser finances the land purchase through the Commissioners of the Land Office by terms in the Notice of Sale, the state will have first lien upon the lands sold and the purchaser will be issued a Certificate of Purchase. When all payments are made their Commissioners shall execute to the purchaser a Patent.
- (b) **Transfers.** Any purchaser of trust lands may transfer the interest in the real property under a Certificate of Purchase and upon approval of the Commissioners a new Certificate of Purchase will be issued to the transferee.
- (c) **Default.** In case of default the certificate of Purchase will be cancelled pursuant to 64 O.S. §216.1.
- (d) **Fencing.** Purchaser will be responsible for fencing the tract of land from any adjacent lands administered by the Commissioners of the Land Office and will be responsible for all damages or claims for damages arising out of purchasers failure to install and maintain such fence.
- (e) **Taxes.** Trust property purchased under a Certificate of Purchase shall be assessed ad valorem taxes as against other privately owned lands. The Commissioners must have a statement from the county treasurer that all ad valorem taxes are paid before a transfer of Certificate of Purchase can be approved or Patent issued.
- (f) **Validity.** A conveyance or assignment of any interest, entire or lesser, in the Certificate, shall have no validity as against the State or Commissioners of the Land Office unless such instrument is duly filed inn the permanent records of the Commissioners of the Land Office.

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