

**01 NCAC 06B .0306 BY LEASE**

Any State agency desiring to dispose of real property by lease will first contact the Division of State Property to ascertain there is no state need. If it is determined that there is no state need, the agency may then dispose of such real property in keeping with the procedures noted in this Rule:

- (1) Where the annual rental does not exceed five thousand dollars (\$5,000) or the term is not in excess of three years, disposition will be handled as follows:
  - (a) When any agency desires to dispose of real property by lease, it shall file with the Department of Administration Form PO-2 setting forth the facts relating to the proposed transaction.
  - (b) Upon receipt of the prescribed application, the Division of State Property shall investigate all aspects of the proposed transaction.
  - (c) If after investigation it is found by the Department of Administration that it is in the best interest of the state that the real property be disposed of by lease, proceedings for such disposition will then begin.
  - (d) After the terms of said disposition have been agreed upon, the matter will be referred to:
    - (i) The Office of the Attorney General for preparation of the lease;
    - (ii) Secretary of Administration or designee for signature.
- (2) Where the annual rental is more than twelve thousand dollars (\$12,000) or the term is in excess of three years, disposition will be handled as follows:
  - (a) When any agency desires to dispose of real property by lease, it shall file with the Department of Administration Form PO-2 setting forth the facts relating to the proposed transaction.
  - (b) Upon receipt of the prescribed application, the Department of Administration shall proceed to investigate all aspects of the proposed transaction.
  - (c) If after investigation it is found by the Department of Administration that it is in the best interest of the state that the real property be disposed of by lease, proceedings for such disposition will then begin.
  - (d) After the terms of said disposition have been agreed upon, the matter will be presented to the Governor and Council of State for approval.
  - (e) After approval by the Governor and Council of State, the matter will be transferred to the Office of the Attorney General to draw the lease.
  - (f) After lessor executes the lease it will be forwarded to the Governor and Secretary of State for signature.

The Division of State Property may delegate authority to certain agencies as it deems warranted to enter into leases without prior approval of the Secretary of Administration. Upon granting such authority in writing, the Property Office will include a list of rules that must be followed by the agency when handling such transactions.

*History Note: Authority 143-341(4)f; Council of State Resolution; Eff. February 1, 1976; Readopted Eff. February 27, 1979; Amended Eff. August 1, 1988; June 1, 1987; October 1, 1982; Pursuant to G.S. 150B-21.3A, rule is necessary without substantive public interest Eff. July 22, 2018.*