

FACT SHEET

Lance D. Gaebe, Commissioner

MORTGAGING LEASES and NON-PREFERENTIAL LEASING

School trust lands were set aside by Congress to be managed to provide support for the schools of North Dakota. In implementing this objective, the State Constitution and the Legislature have provided that these lands would be equally available for lease, without preference, to any individual. Any action that would serve to reduce potential income to the schools, or that would give the impression that these lands are somehow tied to an individual or ranch is prohibited by the State Constitution.

School land leases may not be mortgaged, sold, or traded. In other words, a lessee cannot keep a school land lease in his/her name just to control who uses the school trust land or to give the impression the school lease goes with his/her ranch. The Constitution of North Dakota specifically prohibits such action relative to school trust lands. For more information regarding this topic, contact Linda Fisher at lfisher@nd.gov or call (701) 328-2806.



SURFACE LEASE AUCTION

The Department of Trust Lands uses a computerized program to conduct its surface lease auctions. The following is a brief summary of the process:

- Each bidder gets a bidder number before the start of the auction. The bidder “card” will include a complete copy of the Department’s standard surface lease terms.
- After the auction, you will get one settlement sheet that includes all of the tracts you bid at the auction. You will be asked to sign the settlement sheets indicating that you understand, and agree to, the lease terms - including accepting liability for your actions on the state-owned property.
- The first year’s payment for the tracts is due at the end of the auction. (Payments for the remaining years of the term are due by December 31 each year.)

Please come about 15 minutes early to get your bidder number so we can get the auction started on time. The earlier you get there, the earlier you will be able to leave since the settlement portion is done in the order of registration numbers. For more information regarding this topic, contact Linda Fisher at lfisher@nd.gov or call (701) 328-2806.