

For: State and County Offices

**2009 CRP Contract Modifications to Extend Expiration Dates
for 3 or 5 Years and Policy for Early Land Preparation**

Approved by: Acting Deputy Administrator, Farm Programs



1 Overview

A Background

On May 1, Secretary Vilsack announced that certain CRP participants with CRP contracts that are scheduled to expire on September 30, 2009, may modify all or part of that contract to extend the expiration date for a period of 3 or 5 years at the same per acre payment rate. No general signup is scheduled for FY2009.

Contracts on about 3.9 million acres are scheduled to expire. Taking into account expected future enrollment, contracts may be extended on up to 1.5 million acres without exceeding the CRP enrollment authority of 32.0 million acres which becomes effective October 1, 2009. Because not all contracts can be extended, the Environmental Benefit Index (EBI) score that was used at the time the land was enrolled or the erodibility index (EI) on land with an EI of 15 or greater will be used to identify contracts eligible for extension.

B Purpose

This notice provides:

- policy for contract modifications to extend the expiration date for 3 or 5 years
- policy for early land preparation
- an example of CRP-1F Addendum (Exhibit 1)

Note: CRP-1F Addendum will be available through COLS.

- an example of the letter, generated from the COLS Web-based software, to CRP Participants With Offer to Extend Contract (Exhibit 2)
- an example of the letter, mailed from Kansas City, to CRP Participants With No Offer to Extend Contract (Exhibit 3).

A future software notice will be issued.

Disposal Date	Distribution
October 1, 2009	State Offices; State Offices relay to County Offices and NRCS State Offices

Notice CRP-634

1 Overview (Continued)

C Extension Signup Period

Participants may submit requests to extend by filing CRP-1F Addendum's from May 18, 2009, through June 30, 2009, to modify eligible CRP-1's to extend the expiration date.

2 Voluntary Modification to the CRP Contract

A General Provisions

The following provisions apply to CRP-1 modifications to extend the expiration date for 3 or 5 years.

- All eligible signatories on CRP-1, or their duly-appointed representative, shall sign CRP-1F Addendum (Exhibit 1). CRP-1F Addendum requires continuing the terms and conditions of CRP-1 through September 30, 2012, or September 30, 2014. COC is authorized to accept late-filed CRP-1F Addendum's through September 30, 2009, only in occurrences when the CRP-1F Addendum is also approved by September 30, 2009.

Exception: COC may determine not to require a tenant's signature on CRP-1F Addendum if the tenant:

- no longer has a right in interest to the land, such as a written lease for the time period of CRP-1F Addendum or a maintenance agreement (not necessarily written) with the landlord
- is not otherwise involved in farming other acreage on the farm.

When the tenant's signature is not required on CRP-1F Addendum, the full rental payment may be made to the landowner.

- The 3- or 5-year modification is only available to certain participants on acreage that expires from CRP on September 30, 2009. Participants eligible for modification will receive a letter that County Offices will generate from COLS informing them of the opportunity to extend their expiring contract (Exhibit 2).

Note: Participants who are not eligible will be notified by letter of the contract expiration scheduled for September 30, 2009. These letters will be generated and mailed by Kansas City.

- Eligible participants may extend all or a portion of the acreage expiring from CRP on September 30, 2009; however, no new acreage may be added.
- In no case shall CRP-1F Addendum be approved that would have the effect of a contract with a duration, in the aggregate, exceeding 15 years.
- Participants must obtain a modified conservation plan.

Notice CRP-634

2 Voluntary Modification to the CRP Contract (Continued)

B No Liquidated Damages

Participants may cancel the 3- or 5-year modification agreement on or before September 30, 2009, without assessment of liquidated damages. Agreements terminated after this date are considered contract terminations and are subject to standard termination policy in 2-CRP, paragraph 355.

3 Provisions for Contracts Not Eligible for Extensions

A Re-Enrollment or Early Land Preparation

CRP participants with CRP-1's that are not eligible for the 3- or 5-year extension may:

- offer the land expiring from CRP on September 30, 2009, for re-enrollment under continuous signup criteria, provided all other eligibility requirements are met (2-CRP, paragraph 112)
- beginning July 1, or May 1 for arid areas, for certain CRP contract(s) scheduled to expire September 30, 2009, destroy the CRP cover on certain acreage before the CRP-1 expiration to prepare a seedbed for fall seeded crops according to 2-CRP, paragraph 280.

Notes: CRP participants who perform early land preparation in the last year of the CRP contract or that have destroyed their CRP cover are not eligible to extend their CRP contract.

Participants who perform early land preparation after submitting an offer to extend their CRP contract will void the extension offer and may be considered to be in violation of the CRP contract.

B HELC and WC Requirements

Land that is enrolled under a CRP contract that is scheduled to expire on September 30, 2009, and which is not extended or re-enrolled under continuous signup, may be subject to HELC and WC provisions in 6-CP.

FSA is not responsible for environmental compliance in cases where the land is no longer enrolled under CRP and therefore, not subject to CRP requirements.

Note: NRCS may be obligated to perform an environmental review in certain cases including, for example, converting cover for highly erodible land to crop production or other use.

Producers may want to maintain the conservation benefits accrued during the life of the CRP contract. Producer should be informed of other FSA, NRCS, and USDA conservation programs that may assist producer's transition to agricultural production systems that will protect the natural resources.

Notice CRP-634

3 CRP Contract Acreage Not Extended (Continued)

C Base Acre Reductions for Expiring Contracts

Crop base acres may have been reduced at the time the land was enrolled in CRP. CRP participants must contact their local County Office to request reinstatement of those base acres, if applicable.

D Expiring Continuous Signup Letters

County Offices shall process expiring continuous signup notification letters through System 36 according to 1-CRP, paragraph 334.

E Expiring General Signup Letters

Letters will be mailed from Kansas City to producers with general signup contracts scheduled to expire September 30, 2009, that are not eligible for a 3-year or 5-year extension.

F Reports

The "Active Contracts Due to Expire on September 30 Report" (1-CRP, paragraph 334) will list all continuous and general CRP contracts that are due to expire on September 30, 2009.

The "Expiring Contract Letters Sent by Kansas City" list and the "CRP Contract Extension Offers" list will be posted on the Intranet at <http://dc.ffasintranet.usda.gov/dafp/cepdsto.htm> by May 5, 2009.

These lists will allow County Offices to tell producers if they will receive an extension offer and if that offer will be a 3-year or 5-year offer.

For producers requesting early land preparation before letters are available, County Offices may use the lists to inform the producer if they are eligible for a contract extension.

Notice CRP-634

4 Action

A Kansas City Action

Kansas City shall:

- notify all CRP participants with general signup CRP-1's expiring on September 30, 2009 (Exhibit 2)
- provide a list to County Offices through the Intranet containing the names of all CRP participants to whom the letter in Exhibit 2 was sent.

B State Office Action

State Offices shall:

- forward this notice to NRCS State Office
- ensure that County Offices follow the provisions of this notice.

C County Office Action

County Offices shall:

- review the list provided by Kansas City through the Intranet at <http://dc.ffasintranet.usda.gov/dafp/cepdsto.htm> to ensure that all CRP participants with contracts eligible for this extension were notified by selecting the option "CRP Contract Extension Offers"
- when software is available and letters are printed, ensure all participants on the "CRP Contract Extension Offers" list receive the appropriate letter.

Notice CRP-634

4 Action (Continued)

C County Office Action (Continued)

- accept separate requests, to modify CRP-1 to extend the expiration date, on CRP-1F Addendum (Exhibit 1)

Note: Do not approve requests until all signatories to CRP-1, or their duly-authorized representative, have signed CRP-1F Addendum.

Exception: COC may determine not to require a tenant's signature on the modified CRP-1 if the tenant:

- no longer has a right in interest to the land, such as a written lease for the time period of the modification or a maintenance agreement (not necessarily written) with the landlord
 - is not otherwise involved in farming other acreage on the farm.
- for participants that modify CRP-1 on only a part of the acreage under CRP-1, revise CRP-1 according to 1-CRP, to designate on separate CRP-1's the acres:
 - expiring on September 30, 2009
 - being extended

Note: Modified CRP-1's shall be recorded in the system by September 20, 2009.

- notify the local NRCS Field Offices of this notice.

Example of CRP-1F Addendum

This form is available electronically.

CRP-1F Addendum (04-29-09)	U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation	1A. State Code 30	1B. County Code 051
CRP-1 MODIFICATION TO EXTEND THE CONTRACT EXPIRATION DATE FOR 3 YEARS		2. Contract Number 219B	
		3. Farm Number 0001470	

4. TERMS TO EXTEND EXPIRATION DATE OF THE CRP-1 CONTRACT

This contract modification is entered into by the Commodity Credit Corporation (CCC) and the undersigned participant(s) of the Conservation Reserve Program (CRP) under the contract in Item 2 above.

By signing this contract modification, the participant(s) and CCC agree:

- to extend the expiration date of the CRP contract identified in Item 2 above to September 30, 2012.
- to comply with the terms and conditions of the cited contract as contained in the corresponding CRP-1, CRP-1 Appendix, and any addendum thereto.
- to extend the lifespan of all CRP practices established for the contract identified in Item 2 above for 3 years longer than indicated on AD-245, page 2 or for 3 years longer than was agreed to under other extension provisions.
- that the benefits under this CRP-1 Contract for the extended period shall not be available to persons whose average adjusted gross income exceeds \$1 million annually for the 3 years ending before the year in which this extension is executed as determined under the standards set out in the regulations at 7 CFR Part 1400.

It is so agreed and understood.

4A. Participant's Name (Printed)	4B. Participant's Signature (By)	4C. Title/Relationship of the Individual Signing in the representative capacity	4D. Date (MM-DD-YYYY)
4E. Participant's Name (Printed)	4F. Participant's Signature (By)	4G. Title/Relationship of the Individual Signing in the representative capacity	4H. Date (MM-DD-YYYY)
4I. Participant's Name (Printed)	4J. Participant's Signature (By)	4K. Title/Relationship of the Individual Signing in the representative capacity	4L. Date (MM-DD-YYYY)
4M. Participant's Name (Printed)	4N. Participant's Signature (By)	4O. Title/Relationship of the Individual Signing in the representative capacity	4P. Date (MM-DD-YYYY)

5A. Signature of CCC Representative	5B. Date (MM-DD-YYY)	6A. County FSA Office Name and Address (Including ZIP Code)
		6B. Telephone No. (Including Area Code):

NOTE: The primary authority for requesting and safeguarding the information described on this form is the Food, Conservation, and Energy Act of 2008 (Pub. L. 110-246). Additionally, the authority for requesting this information is for 7 CFR Part 1400 and 7 CFR Part 1410. The information requested is necessary to issue payments. Furnishing the requested information is voluntary. Failure to furnish the requested information will result in a determination of ineligibility for certain program benefits and other financial assistance administered by USDA. The information collected as a result of this form may be released to USDA employees, USDA contractors, or authorized USDA cooperators who are bound to safeguard the information under Section 1619 of the Food, Conservation and Energy Act, the Privacy Act of 1974, the E-Government Act of 2002, and related authorities.

This information collection is exempted from the Paperwork Reduction Act, as it is required for administration of the Food, Conservation, and Energy Act of 2008 (see Pub. L. 110-246, Title II, Subtitle J – Miscellaneous Conservation Provisions). The provisions of criminal and civil fraud, privacy, and other statutes may be applicable to the information provided. **RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.**

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Example Letter to CRP Participants With Offer to Extend



United States
Department of
Agriculture

Farm and Foreign
Agricultural
Services

Farm Service
Agency

My County Farm
Service Agency
1234 Main Street,
Suite 3
County Seat, ST
12345-6789

Roger Jones
1 Rancher Road
County Seat, ST 12345

Date: mm/dd/yyyy

Dear **Roger Jones**:

The purpose of this letter is to inform you of an opportunity to extend the expiration date for **3** years on your Conservation Reserve Program (CRP) contract number **1000**. This CRP contract is scheduled to expire on September 30, 2009, and may be extended provided that your current contract is in full compliance.

About 3.9 million acres of land under CRP contract are scheduled to expire on September 30, 2009. Secretary Tom Vilsack recently announced that certain CRP participants with contracts scheduled to expire on September 30, 2009, may extend all or any portion of the expiring contract for a period of **3** years. No contract can be extended, in the aggregate, beyond 15 years.

This offer to extend your contract length is based on the Environmental Benefit Index (EBI) score at the time the offer was originally enrolled or the Erodibility Index (EI) of the contract acreage. The EI is a measure of the inherent ability of the land to erode. Only those offers with the highest EBI score or with the highest potential to erode were offered the opportunity to extend their contract.

All contract participants must agree to the extension and obtain a modified conservation plan. Producers who perform early land preparation in the last year of the CRP contract are not eligible to extend their CRP contract. Producers who perform early land preparation after submitting an offer to extend their CRP contract will void the extension offer and may be considered to be in violation of their CRP contract.

This offer to extend is time limited. You must contact the county office listed above before the close of business on June 30, 2009, to accept this offer to extend.

Sincerely,

Fanny Mae Smith
County Executive Director

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Example Letter to CRP Participants With No Offer to Extend



United States
Department of
Agriculture

Farm and Foreign
Agricultural
Services

Farm Service
Agency

My County Farm
Service Agency
1234 Main Street,
Suite 3
County Seat, ST
12345-6789

Paul Jones
18 Producer Lane
County Seat, ST 12345

01/123
Contract 500

Dear Producer:

Date May 1, 2009

Your Conservation Reserve Program (CRP) contract listed above is scheduled to expire on September 30, 2009.

All or a portion of this expiring general signup CRP contract may be eligible to be re-enrolled into a new 10- to 15-year continuous signup contract provided the current contract scheduled to expire in September is in full compliance and meets all eligibility criteria for continuous CRP. If re-enrolled, the new continuous signup contract would begin October 1, 2009.

If re-enrolled into continuous CRP, a new conservation plan must be developed. Other provisions may apply.

For further information regarding enrolling expiring CRP contract acreage or for information regarding conservation and wetland compliance provisions for land leaving the CRP and returning to production, please contact your local FSA and NRCS offices.

Please note that after the expiration of a CRP contract that had been devoted to trees the acreage will no longer be considered cropland and may become ineligible for CRP or other farm programs. However, this does not apply for acreage immediately re-enrolled to a new contract without any intervening period of time.

Crop base acres may have been reduced at the time this land was enrolled in CRP. Please contact the county office listed above to request reinstatement of those base acres, if applicable.

To ensure that this acreage can be re-enrolled, please submit an offer for any new contract(s) at the county office listed above before August 1, 2009.

Sincerely,

Dennis J. Taitano
Acting Administrator

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