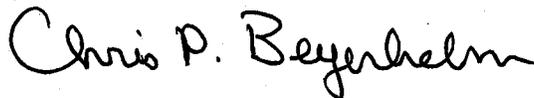


For: State and County Offices

**Notifying Applicants for Conservation Contracts of the
Contract Requirements Before Executing the Contract**

Approved by: Acting Deputy Administrator, Farm Loan Programs



1 Overview

A Background

The Conservation Contract Program, also referred to as Debt for Nature, sets aside land in a conservation contract in exchange for cancelled FLP debt. The term of the contract may be 10, 30, or 50 years depending on the request of the borrower applying for the program and a resulting positive cash flow for the farming operation.

B Purpose

This notice establishes the following:

- FSA’s responsibility to notify applicants for conservation contracts of contract requirements before completing the contract
- procedures for assuring continuation of the contract conservation practices for the duration of the contract.

C Contact

If there are any questions about this notice, contact Mel Thompson, LSPMD, at 202-720-7862.

Disposal Date	Distribution
October 1, 2007	State Offices; State Offices relay to County Offices

2 Contract Requirements

A Applicants for Conservation Contracts

When a borrower applies for a conservation contract, the FSA servicing official shall remind the borrower/applicant that the following stipulations apply to the contract:

- contract **cannot** be canceled
- contract stays with and encumbers the land for the duration of the contract even when ownership is transferred
- contract **cannot** be released for repayment of the canceled debt or otherwise bought out
- violations will be handled according to remedies identified in FSA 1951-39.

B Contract Compliance

To ensure that conservation contracts are **not** violated, or in the case of a violation, that enforcement action is implemented as soon as possible, the FSA servicing official shall:

- inspect all contract land at least every 3 years, or if the land is still owned by a borrower, with routine servicing

Note: Annual aerial compliance photography may be used to assist in contract compliance.

- contact the contract holder annually to verify ownership and/or check the public records for a change of ownership
- contact the new owner if the land has transferred and ensure that the new owner is aware of the contract
- provide a copy of the contract and management plan to the new owner.

C Recording the Contract

Conservation contracts shall be recorded in the public records upon execution. If the borrower's note is paid-in-full or the land is transferred to a new owner, it is FSA's responsibility to ensure that the conservation contract is **not** cancelled and remains in the public records. If advised that the contract **cannot** be recorded in your area, contact the National Office.