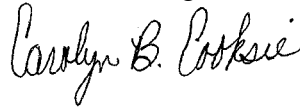


For: State and County Offices

**Notifying Applicants for Conservation Contracts of  
Contract Requirements Before Executing FSA-2535**

Approved by: Deputy Administrator, Farm Loan Programs



**1 Overview**

**A Background**

The Conservation Contract Program sets aside land in a conservation contract in exchange for canceled FLP debt. The term of the contract may be 10, 30, or 50 years depending on:

- the request of the borrower applying for the Conservation Contract Program
- a resulting positive cash flow for the farming operation.

**B Purpose**

This notice continues the following:

- FSA’s responsibility to notify applicants for conservation contracts of contract requirements before completing FSA-2535
- procedures for ensuring continuation of the contract conservation practices for the duration of the contract
- policies previously addressed in Notice FLP-476.

**C Contact**

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

<b>Disposal Date</b>	<b>Distribution</b>
October 1, 2009	State Offices; State Offices relay to County Offices

## Notice FLP-519

### 2 Contract Requirements

#### A Applicants for Conservation Contracts

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

- contract **cannot** be canceled
- contract stays with and encumbers the land for the duration of the contract even when ownership of the land 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-2535.

#### 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, during 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 FSA-2535

FSA-2535's 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 FSA-2535 is **not** canceled and remains in the public records. If advised that FSA-2535 **cannot** be recorded, contact the National Office.