

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250

**Highly Erodible Land Conservation and
Wetland Conservation Provisions
6-CP (Revision 4)**

Amendment 4

Approved by: Deputy Administrator, Farm Programs



Amendment Transmittal

B Reasons for Amendment

Subparagraph 226 A has been amended, and subparagraphs 226 B and C has been removed to update instructions for referrals to NRCS because of maintenance of existing drainage systems.

Paragraph 306 has been amended to update AD-1026 and instructions.

Paragraph 328 has been amended to update AD-1026 Appendix.

Subparagraph 356 D has been added to provide an explanation of AD-1026 exemption on interseeding of permanent pasture.

Subparagraph 601 C has been amended to provide an explanation of conservation compliance for FSFL's.

Subparagraph 602 E has been amended to provide guidance on collecting payments in situations when a member of an entity violates HELC/WC provisions.

Subparagraph 638 B has been amended to provide the nonautomated program code to use to establish a receivable when reducing ineligibility for WC violations.

Subparagraph 641 D has been added to explain farm records, establishing eligibility records, and collecting producer information using AD-2047 for producers who check either box A or B, on AD-1026, Part 5.

Amendment Transmittal (Continued)

Page Control Chart		
TC	Text	Exhibit
	2-3, 2-4 2-71, 2-72 3-3, 3-4 3-9 through 3-64 3-121 through 3-124 5-15, 5-16 6-3, 6-4 6-9, 6-10 6-113 through 6-120 6-121 6-122 (add)	

200 Overview of HELC Provisions (Continued)

C Summary of HELC Exemptions or Relief

The following table provides paragraph references for various exemptions or relief applicable to HELC provisions.

Exemption or Relief	Paragraph References
Undue economic hardship	204
NRCS exemptions	206
Landlord exemption	603
Tenant HELC exemption – landlord refusal	604
Good faith relief	616, 621-623

201 Redefining Fields With Previous NRCS HEL Determinations

A Fields Requiring an NRCS Redetermination

Changes to the field after NRCS has made previous HEL/NHEL determinations shall be forwarded to NRCS for a redetermination using AD-1026 when **all** of the following apply.

- The producer has indicated on AD-1026 that an agricultural commodity as defined in subparagraph 200 B was or will be planted on the field for the year of requested program benefits.
- The field boundary has physically changed.

Examples: Clearing of surrounding land to increase the field size, not simply the removal of a fence or tree line or any affects of better measurements because of the use of digital photography.

Reduction in a field size because of land taken out of agricultural production.

Combination/division of previously delineated fields.

Either a field:

- with an NHEL designation is combined with any other field or area
- with a HEL designation is combined with an area without an NRCS determination
- is reduced in size (field division or land taken out of agricultural production).

201 Redefining Fields With Previous NRCS HEL Determinations (Continued)

B Fields Not Requiring an NRCS Redetermination

Changes in field boundaries that do **not** meet the criteria in subparagraph A for an NRCS redetermination shall either:

- be labeled “HEL” when multiple fields are combined and all of the fields were previously determined to be HEL

Note: Fields that were previously determined to be HEL remain HEL when combined with another field.

- be labeled “no determination”.

Note: Areas labeled as “no determination” in the automated tract file will require a new NRCS determination if the producer intends to plant a commodity crop on the field. A referral to NRCS is required with a “Yes” response on AD-1026, Part B, *--item 6.--*

C Other Changes That Do Not Require a HEL Redetermination

HEL redeterminations by NRCS are **not** required when any of the following apply.

- The FSA acreage measurement is corrected and there has been no change to the physical boundaries of the field, such as a change in acreage because of GIS measurement. The original NRCS determination shall be retained.
- Changes to a farming operation resulting in a reconstitution that has no impact on previous HEL/NHEL determinations or producer eligibility.

Examples: Reconstitutions resulting from the sale or loss of a rented tract.

Reconstitutions involving the purchase or additional rental of tracts with previous HEL/NHEL determinations.

D Producer Requests for Redeterminations

The producer may make a request directly to NRCS to do either of the following:

- validate an existing HEL determination of the field if there is reason to believe the designation resulting from a field combination or division is **not** correct
- redefine a field to delineate that portion that is substantially NHEL, from that field for different management uses.

Subsection 3 Maintenance and Abandonment

226 Maintenance of Existing Drainage Systems

A Maintaining Existing Drainage Systems

Persons may maintain drainage systems on wet areas in the same manner as they did before December 23, 1985, without loss of USDA benefits, provided that these actions do not make *--possible the production of an agricultural commodity on additional wetlands. See subparagraph 356 C for guidance on referring AD-1026's to NRCS for maintain existing drainage systems.--*

227 Abandonment Provisions

A Definition of Abandonment

Abandonment is the cessation for 5 consecutive years of management or maintenance operations related to using FW or FWP.

Abandonment will cause the area to revert back to a wetland status.

B Conditions Used to Determine Abandonment

NRCS shall make all determinations of abandonment according to the criteria outlined in the National Food Security Act Manual.

228-299 (Reserved)

301 AD-1026 Filing Requirements (Continued)**C When to File AD-1026**

There is no specific deadline for filing AD-1026 unless otherwise provided in specific program procedure. However, before a producer can be considered eligible for benefits subject to the provisions of this handbook, the producer and producer's affiliated persons, if applicable, must have filed and certified compliance with HELC and WC provisions.

--AD-1026 is considered filed and certified when AD-1026, Part D, item 10A is signed.--

D AD-1026 Certifications for Programs Covering Past Years

In certain cases, a producer may apply for program benefits that are applicable to previous program or crop years.

If AD-1026 was **not** on file for the year of eligibility, the certification of compliance must be completed before issuing program payments. The County Office shall instruct the producer to complete AD-1026 for the year of eligibility by:

- entering the applicable program or crop year in Part A, item 3

Example: If a producer is completing an application in 2014 for program benefits associated with 2012, "2012" shall be entered in Part A, item 3.

- answering the questions on AD-1026 about the year indicated in Part A, item 3.

E Updating AD-1026 Field in Eligibility File

County Offices shall update the AD-1026 field in the web-based eligibility system according to 3-PL (Rev. 1).

F Joint Venture Without ID Number

For a joint venture requesting program benefits that does **not** have an IRS employer ID number, the members of the joint venture shall be considered the producers requesting benefits.

AD-1026 must be filed by each member of the joint venture that has a farming interest. Affiliated persons of the members with farming interests must also file AD-1026. Since the AD-1026 member certification statement "includes all land in which [the member has] or will have an interest", there is no need to obtain a separate AD-1026 from the joint venture.

301 AD-1026 Filing Requirements (Continued)

G Revocable Trust Without Employer ID Number

For a revocable trust requesting program benefits that does **not** have an IRS employer ID number, only the grantor shall be required to file AD-1026. There is no need to obtain a separate AD-1026 for the trust.

Affiliated persons of the grantor must also file AD-1026 if they have farming interests.

Since the AD-1026 certification statement by the grantor “includes all land in which [the grantor has] or will have an interest,” there is no need to obtain a separate AD-1026 from the trust.

H Updating Tract Records

Tract records, including the recording of NRCS HEL and wetland determinations, must be updated in the producer’s administrative County Office as determined by 3-CM.

For multi-county producers, the administrative County Office for a particular tract may be different than the producer’s recording County Office.

I Responsibility of Producer Requesting Benefits

The producer requesting benefits is responsible for providing the County Office, in which AD-1026 is filed, a copy of AD-1026 filed by their affiliated persons in their respective County Offices. County Offices may be able to assist the producer with that requirement by requesting a mailed or FAXed copy from the affiliated persons’ recording County Offices.

304 Distributing Copies of AD-1026**A Producer Copies**

Provide the producer with a copy of AD-1026 after AD-1026 has been signed.

Attach AD-1026 Appendix to the producer's AD-1026.

B Review Affiliated Persons' Copies

Ensure that all AD-1026's for the affiliated persons of the producer requesting benefits include either of the following:

- producer's signature on AD-1026
- statement of ineligibility on AD-1026.

305 When New AD-1026 Is Required To Be Filed**A Requirements for New AD-1026**

The producer shall file a new AD-1026 to replace a previously filed AD-1026 when any of the following changes are made to the producer's records after AD-1026 was signed:

- *--a "yes" answer applies for the question in AD-1026, Part B, item 6 or 7 for activities--* not previously reported on AD-1026 and technical determinations for these activities were **not** completed by NRCS
- any land that does **not** have a determination is broken out on farms or tracts associated with the producer
- the producer was determined ineligible because of a violation of HELC or WC provisions or a refusal to provide access to determine compliance.

B Updating Web-Based Eligibility System

If a producer is required to file a new AD-1026, County Offices shall update the AD-1026 determination information in the web-based eligibility system according to 3-PL (Rev. 1) to indicate "Not Filed" until a new AD-1026 is filed. The previously filed AD-1026 is no longer valid.

306 Completing and Obtaining AD-1026

A Example of AD-1026, Page 1

The following is an example of AD-1026, page 1.

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This form is available electronically. (See Page 2 for Privacy Act and Paperwork Reduction Act Statements)

AD-1026 U.S. DEPARTMENT OF AGRICULTURE
(10-30-14) Farm Service Agency

**HIGHLY ERODIBLE LAND CONSERVATION (HEL) AND
WETLAND CONSERVATION (WC) CERTIFICATION**

Read attached AD-1026 Appendix before completing form.

PART A – BASIC INFORMATION		
1. Name of Producer	2. Tax Identification Number (Last 4 digits)	3. Crop Year
4. Names of affiliated persons with farming interests. Enter "None," if applicable.		
<p><i>Affiliated persons with farming interests must also file an AD-1026. See Item 7 in the Appendix for a definition of an affiliated person.</i></p> <p>5. Check one of these boxes if the statement applies; otherwise continue to Part B.</p> <p>A. <input type="checkbox"/> The producer in Part A does not have interest in land devoted to agriculture. Examples include bee keepers who place their hives on another person's land, producers of crops grown in greenhouses, and producers of aquaculture AND these producers do not own/lease any agricultural land themselves. Note: Do not check this box if the producer shares in a crop.</p> <p>B. <input type="checkbox"/> The producer in Part A meets all three of the following:</p> <ul style="list-style-type: none"> • does not participate in any USDA program that is subject to HELC and WC compliance except Federal Crop Insurance. • only has interest in land devoted to agriculture which is exclusively used for perennial crops, except sugarcane, and • has not converted a wetland after February 7, 2014. <p>Perennial crops include, but are not limited to, tree fruit, tree nuts, grapes, olives, native pasture and perennial forage. A producer that produces alfalfa should contact the Natural Resources Conservation Service at the nearest USDA Service Center to determine whether such production qualifies as production of a perennial crop.</p> <p>Note: If either box is checked, and the producer in Part A does not participate in Farm Service Agency (FSA) or Natural Resources Conservation Service (NRCS) programs, the full tax identification number of the producer must be provided, but establishment of detailed farm records with FSA is not required. Go to Part D and sign and date.</p>		
PART B - HELC/WC COMPLIANCE QUESTIONS		
Indicate YES or NO to each question. <i>If you are unsure of whether a HEL determination, wetland determination, or NRCS evaluation has been completed, contact your local USDA Service Center.</i>		YES NO
6. During the crop year entered in Part A or the term of a requested USDA loan, did or will the producer in Part A plant or produce an agricultural commodity (including sugarcane) on land for which an HEL determination has not been made?		
7. Has anyone performed (since December 23, 1985), or will anyone perform any activities to:		
A. Create new drainage systems, conduct land leveling, filling, dredging, land clearing, or excavation that has NOT been evaluated by NRCS? If "YES", indicate the year(s): _____		
B. Improve or modify an existing drainage system that has NOT been evaluated by NRCS? If "YES", indicate the year(s): _____		
C. Maintain an existing drainage system that has NOT been evaluated by NRCS? If "YES", indicate the year(s): _____ Note: Maintenance is the repair, rehabilitation, or replacement of the capacity of existing drainage systems to allow for the continued use of wetlands currently in agricultural production and the continued management of other areas as they were used before December 23, 1985. This allows a person to reconstruct or maintain the capacity of the original system or install a replacement system that is more durable or will realize lower maintenance or costs.		
Note: If "YES" is checked for Item 7A or 7B, then Part C must be completed to authorize NRCS to make an HELC/WC and/or certified wetland determination on the identified land. If "YES" is checked for Item 7C, NRCS does not have to conduct a certified wetland determination.		
8. Check one or both boxes, if applicable; otherwise, continue to Part C or D.		
A. <input type="checkbox"/> Check this box only if the producer in Part A has FCIC reinsured crop insurance and filing this form represents the <u>first time</u> the producer in Part A, including any affiliated person, has been subject to HELC and WC provisions.		
B. <input type="checkbox"/> Check this box if either of the following applies to the producer and crop year entered in Part A:		
<ul style="list-style-type: none"> • Is a tenant on a farm that is/will not be in compliance with HELC and WC provisions because the landlord refuses to allow compliance, but all other farms not associated with that landlord are in compliance. (AD-1026B, Tenant Exemption Request, must be completed). • Is a landlord of a farm that is/will not be in compliance with HELC and WC provisions because of a violation by the tenant on that farm, but all other farms not associated with that tenant are in compliance. (AD-1026C, Landlord or Landowner Exemption Request, must be completed). 		
PART C – ADDITIONAL INFORMATION		
9. If "YES" was checked in Item 6 or 7, provide the following information for the land to which the answer applies:		
A. Farm and/or tract/field number: _____ If unknown, contact the Farm Service Agency at the nearest USDA Service Center.		
B. Activity: _____		
C. Current land use (specify crops): _____		
D. County: _____		

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306 Completing and Obtaining AD-1026 (Continued)

B Example of AD-1026, Page 2

The following is an example of AD-1026, page 2.

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AD-1026 (10-30-14)
Page 2 of 2

PART D – CERTIFICATION OF COMPLIANCE

I have received and read the AD-1026 Appendix and understand and agree to the terms and conditions therein on all land in which I (or the producer in Part A if different) and any affiliated person have or will have an interest. I understand that eligibility for certain USDA program benefits is contingent upon this certification of compliance with HELC and WC provisions and I am responsible for any non-compliance. I understand and agree that this certification of compliance is considered continuous and will remain in effect unless revoked or a violation is determined. I further understand and agree that:

- all applicable payments must be refunded if a determination of ineligibility is made for a violation of HELC or WC provisions.
- NRCS may verify whether a HELC violation or WC has occurred.
- a revised Form AD-1026 must be filed if there are any operation changes or activities that may affect compliance with the HELC and WC provisions. I understand that failure to revise Form AD-1026 for such changes may result in ineligibility for certain USDA program benefits or other consequences.
- affiliated persons are also subject to compliance with HELC and WC provisions and their failure to comply or file Form AD-1026 will result in loss of eligibility for applicable benefits to any individuals or entities with whom they are considered affiliated.

Producer's Certification:
I hereby certify that the information on this form is true and correct to the best of my knowledge.

10A. Producer's Signature (By)	10B. Title/Relationship (If Signing in Representative Capacity)	10C. Date (MM-DD-YYYY)
FOR FSA USE ONLY (for referral to NRCS) Sign and date if NRCS determination is needed.	11A. Signature of FSA Representative	11B. Date (MM-DD-YYYY)

IMPORTANT: If you are unsure about the applicability of HELC and WC provisions to your land, contact your local USDA Service Center for details concerning the location of any highly erodible land or wetland and any restrictions applying to your land according to NRCS determinations before planting an agricultural commodity or performing any drainage or manipulation. Failure to certify and properly revise your compliance certification when applicable may: (1) affect your eligibility for USDA program benefits, including whether you qualify for reinstatement of benefits through the Good Faith process; and (2) result in other consequences.

NOTE: The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a - as amended). The authority for requesting the information identified on this form is 7 CFR Part 12, the Food Security Act of 1985 (Pub. L. 99-198), and the Agricultural Act of 2014 (Pub. L. 113-79). The information will be used to certify compliance with HELC and WC provisions and to determine producer eligibility to participate in and receive benefits under programs administered by USDA agencies. The information collected on this form may be disclosed to other Federal, State, Local government agencies, Tribal agencies, and nongovernmental entities that have been authorized access to the information by statute or regulation and/or as described in applicable Routine Uses identified in the System of Records Notice for USDA/FSA-2, Farm Records File (Automated) and USDA/FSA-14, Applicant/Borrower. Providing the requested information is voluntary. However, failure to furnish the requested information will result in a determination of producer ineligibility to participate in and receive benefits under programs administered by USDA agencies.

This information collection is exempted from the Paperwork Reduction Act as specified in the Agricultural Act of 2014 (Pub. L. 113-79, Title II, Subtitle G, Funding and Administration). The provisions of appropriate criminal and civil fraud, privacy, and other statutes may be applicable to the information provided. **RETURN THIS COMPLETED FORM AD-1026 TO YOUR COUNTY FARM SERVICE AGENCY (FSA) OFFICE.**

The U.S. Department of Agriculture (USDA) prohibits discrimination against its customers, employees, and applicants for employment on the basis of race, color, national origin, age, disability, sex, gender identity, religion, reprisal, and where applicable, political beliefs, marital status, familial or parental status, sexual orientation, or all or part of an individual's income is derived from any public assistance program, or protected genetic information in employment or in any program or activity conducted or funded by the Department. (Not all prohibited basis will apply to all programs and/or employment activities.) Persons with disabilities, who wish to file a program complaint, write to the address below or if you require alternative means of communication for program information (e.g., Braille, large print, audiotape, etc.) please contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). Individuals who are deaf, hard of hearing, or have speech disabilities and wish to file either an EEO or program complaint, please contact USDA through the Federal Relay Service at (800) 877-8339 or (800) 845-6136 (in Spanish).

If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form, found online at http://www.ascr.usda.gov/complaint_filing_cust.html, or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter by mail to U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at program.intake@usda.gov. USDA is an equal opportunity provider and employer.

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306 Completing and Obtaining AD-1026 (Continued)

C Completing AD-1026

Producers shall complete AD-1026 according to the following table.

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Item	Instruction
Part A – Basic Information	
1	Enter producer’s full name or the name of the business entity applying for USDA program benefits.
2	Enter last 4 digits of the producer’s SSN or TIN.
3	Enter crop year for which benefits are being requested. In most cases, it will be the current crop year. However, if applying for program benefits for a past year, enter the specific year applicable to the application.
4	List all affiliated persons with farming interests (as owner, operator, or other producer on any farm). Only affiliated persons of the producer requesting program benefits with farming interests are required to complete AD-1026. See AD-1026 Appendix, item 7 to determine affiliated persons.
5	<p>Check (✓) box:</p> <ul style="list-style-type: none"> • “A”, if the producer in Part A, or any affiliated person, does not have an interest in land devoted to agriculture. Examples include bee keepers who place their hives on another person’s land, producers of crops grown in greenhouses, and producers of aquaculture and these producers do not own/lease any agricultural land themselves. <p>Note: Do not check (✓) box if the producer shares in a crop.</p> <ul style="list-style-type: none"> • “B” if the producer in Part A, or any affiliated person, does not participate in any USDA program that is subject to HELC and WC compliance except Federal Crop Insurance, and only has interest in land devoted to agriculture that is exclusively used for perennial crops, except sugarcane, and has not converted a wetland after February 7, 2014. <p>Note: All 3 conditions must exist to check this box.</p> <p>Perennial crops include, but are not limited to, tree fruit, tree nuts, grapes, olives, native pasture, and perennial forage. A producer that produces alfalfa should contact NRCS at the nearest USDA Service Center to determine whether such production qualifies as production of a perennial crop. A crop list for compliance purposes is located at www.nrcs.usda.gov/compliance.</p> <p>If either box “A” or box “B” is checked, go to Part D, read and complete the certification.</p>

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306 Completing and Obtaining AD-1026 (Continued)

C Completing AD-1026 (Continued)

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Item	Instruction						
Part B – HELC/WC Compliance Questions							
6	<p>ENTER “X” in either the “Yes” or “No” box.</p> <p>Answer “Yes” if during the crop year entered in Part A, or the term of a requested USDA loan, the producer in Part A, did or will plant and produce an agriculture commodity on land for which an HEL determination has not been made.</p> <p>If “Yes” is answered, FSA will request a HEL determination from NRCS for the specific fields provided in Part C.</p>						
7	<p>ENTER “X” in either the “Yes” or “No” box for each of the items in 7A, 7B, and 7C. Item 7A, 7B, and 7C questions refer to drainage activity.</p> <table border="1" data-bbox="375 730 1482 953"> <thead> <tr> <th data-bbox="375 730 751 768">IF...</th> <th data-bbox="751 730 1482 768">THEN...</th> </tr> </thead> <tbody> <tr> <td data-bbox="375 768 751 842">“Yes” is answered in item 7A or 7B</td> <td data-bbox="751 768 1482 842">FSA will request a wetland evaluation from NRCS for the specific areas listed in Part C.</td> </tr> <tr> <td data-bbox="375 842 751 953">“Yes” is answered in item 7C (maintenance)</td> <td data-bbox="751 842 1482 953">a certified wetland determination is not required. NRCS will be notified of the intention to maintain an existing drainage system.</td> </tr> </tbody> </table>	IF...	THEN...	“Yes” is answered in item 7A or 7B	FSA will request a wetland evaluation from NRCS for the specific areas listed in Part C.	“Yes” is answered in item 7C (maintenance)	a certified wetland determination is not required. NRCS will be notified of the intention to maintain an existing drainage system.
IF...	THEN...						
“Yes” is answered in item 7A or 7B	FSA will request a wetland evaluation from NRCS for the specific areas listed in Part C.						
“Yes” is answered in item 7C (maintenance)	a certified wetland determination is not required. NRCS will be notified of the intention to maintain an existing drainage system.						
8	<p>ENTER “X” in Box A, if the producer represented in Part A has FCIC crop insurance and AD-1026 represents the first time the producer in Part A, including affiliated person, has been subject to HELC and WC provisions.</p> <p>ENTER “X” in Box B, if either of the following applies to the producer in Part A for the specified crop year in Part A number 3:</p> <ul style="list-style-type: none"> • tenant on a farm that will not be in compliance with HELC and WC provisions because the landlord refuses to allow compliance, but other farms associated with that landlord are in compliance (AD-1026B must be completed) • landlord of a farm that is not or will not be in compliance with HELC and WC provisions because of a violation by the tenant on that farm, but other farms not associated with that tenant are in compliance (AD-1026C must be completed). <p>If neither Box A or B are checked, proceed to Part D.</p>						

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306 Completing and Obtaining AD-1026 (Continued)

C Completing AD-1026 (Continued)

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Item	Instruction
Part C – Additional Information	
9	Must be completed only if “Yes” was answered in Part B, item 6 or 7. List farm, tract, and field number in A. Briefly describe activity in B. List land use and specify crops in C. List the location county in D. Forward to NRCS the request for determinations only for those fields that will be used in the production of an agriculture commodity as defined by HELC and WC, or locations specifically identified for wetlands determinations in Part B.
Part D – Certifications	
10	The producer shall read the Certification of Compliance statement and sign and date the certification. The producer should not sign AD-1026 if the producer’s farming operation is not in compliance with all HELC and WC provisions.
11	This item is for FSA use only .

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307-327 (Reserved)

Section 2 AD-1026 Appendix and Producer Farm Data Report

328 AD-1026 Appendix

A Example of AD-1026 Appendix

The following is an example of AD-1026 Appendix.

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<p>This form is available electronically. AD-1026 Appendix (10-30-14)</p>	<p>U.S. DEPARTMENT OF AGRICULTURE Farm Service Agency</p>
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**APPENDIX TO FORM AD-1026
HIGHLY ERODIBLE LAND CONSERVATION (HELC) AND
WETLAND CONSERVATION (WC) CERTIFICATION**

1. Overview

The following conditions of eligibility are required for a producer to receive any U.S. Department of Agriculture (USDA) loans or other program benefits that are subject to the highly erodible land conservation (HELC) and wetland conservation (WC) provisions. Unless an exemption has been granted by USDA, the producer agrees to all of the following on all farms in which the producer, and any affiliated person to the producer (as specified in 7 CFR Part 12), has an interest:

- **NOT** to plant or produce an agricultural commodity on highly erodible land or fields unless being farmed in accordance with a conservation plan or system approved by the Natural Resources Conservation Service.
- **NOT** to plant or produce an agricultural commodity on a wetland that was converted after December 23, 1985.
- **NOT** to have converted a wetland after November 28, 1990, for the purpose, or to have the effect, of making the production of an agricultural commodity possible on such converted wetland.
- **NOT** to convert a wetland by draining, dredging, filling, leveling, removing woody vegetation, or any other activity that results in impairing or reducing the flow and circulation of water in a way that would allow the planting of an agricultural commodity.
- **NOT** to use proceeds from any Farm Service Agency farm loan, insured or guaranteed, or any USDA financial assistance program, in such a way that might result in negative impacts to a wetland, except for those projects evaluated and approved by Natural Resources Conservation Service.

2. Statutory and Regulatory Authority

The Food Security Act of 1985, as amended, requires producers participating in most programs administered by the Farm Service Agency (FSA), Natural Resources Conservation Service (NRCS), and the Risk Management Agency (RMA) to comply with HELC and WC provisions on all land owned or farmed that is considered highly erodible or a wetland unless USDA determines an exemption applies. Producers participating in these programs, and any individual or entity considered to be an affiliated person of a participating producer, are subject to these provisions. The regulations covering these provisions are set forth at 7 CFR Part 12; all such provisions, whether or not explicitly stated herein, shall apply.

3. Explanation of Terms

Agricultural commodity is any crop planted and produced by annual tilling of the soil, including tilling by one-trip planters, or sugarcane.

Highly erodible land is any land that has an erodibility index of 8 or more.

Highly erodible fields are fields where either:

- 33.33 percent or more of the total field acreage is identified as soil map units that are highly erodible; or
- 50 or more acres in such field are identified as soil map units that are highly erodible.

Perennial crop is any crop that is planted once and produces crops over multiple years. Go to www.nrcs.usda.gov/compliance for a list of perennial and annual crops.

Wetland is an area that:

- has a predominance of hydric soils (wet soils);
- is inundated or saturated by surface or groundwater (hydrology) at a frequency and duration sufficient to support a prevalence of hydrophytic (water tolerant) vegetation typically adapted for life in saturated soil conditions; and
- under normal circumstances supports a prevalence of such vegetation, except that this term does not include lands in Alaska identified as having a high potential for agricultural development and a predominance of permafrost soils.

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328 AD-1026 Appendix (Continued)

A Example of AD-1026 Appendix (Continued)

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<p>AD-1026 Appendix (10-30-14)</p> <p>4. NRCS and FSA Determinations</p> <p>When making HELC and WC compliance determinations:</p> <ul style="list-style-type: none"> • NRCS makes technical determinations; these include: <ul style="list-style-type: none"> ▪ For HELC compliance: <ul style="list-style-type: none"> ▪ whether land is considered highly erodible; ▪ establishing conservation plans or systems; and ▪ whether highly erodible fields are being farmed in accordance with a conservation plan or system approved by NRCS. ▪ For WC compliance: <ul style="list-style-type: none"> ▪ whether land is a wetland and if certain technical exemptions apply, such as prior converted; ▪ whether a wetland conversion has occurred. • FSA's responsibilities include: <ul style="list-style-type: none"> • making eligibility determinations, such as who is ineligible based upon NRCS technical determinations of non-compliance. • acting on requests for application of certain eligibility exemptions, such as the good faith relief exemption. • maintaining the official USDA records of highly erodible land and wetland determinations. The determinations are recorded both within the geographic information system and the automated farm and tract records maintained by FSA; however, it is important to know that determinations may not include all of a producer's land. If a producer is uncertain of the highly erodible land and wetland determinations applicable to any of the producer's land, the producer should contact the appropriate USDA Service Center for assistance. <p>5. HELC and WC Non-Compliance - FSA and NRCS Programs</p> <p>Producers who are not in compliance with HELC and WC provisions are not eligible to receive benefits for most programs administered by FSA and NRCS. If a producer received program benefits and is later found to be non-compliant, the producer may be required to refund all benefits received and/or may be assessed a penalty.</p> <p>In particular, unless exemptions apply, a producer participating in FSA and NRCS programs must: not plant or produce an agricultural commodity on a highly erodible field unless such production is in compliance with a conservation plan or system approved by NRCS; not have planted or produced an agricultural commodity on a wetland converted after December 23, 1985; and, after November 28, 1990, must not have converted a wetland for the purpose, or to have the effect, of making the production of an agricultural commodity possible on such converted wetland.</p> <p>A producer who violates HELC or WC provisions is ineligible for applicable FSA and NRCS benefits for the year(s) in violation. A planting violation, whether on highly erodible land or a converted wetland, results in ineligibility for benefits for the year(s) when the planting occurred. A wetland conversion violation results in ineligibility beginning with the year in which the conversion occurred and continuing for subsequent years, unless the converted wetland is restored or mitigated before January 1st of the subsequent year.</p> <p>6. HELC and WC Non-Compliance - Risk Management Agency - Crop Insurance Policies Reinsured by the Federal Crop Insurance Corporation</p> <p>Producers obtaining federally reinsured crop insurance will not be eligible for any premium subsidy paid by the Federal Crop Insurance Corporation (FCIC) for any policy or plan of insurance if the producer:</p> <ul style="list-style-type: none"> • has not filed a completed Form AD-1026 with FSA certifying compliance with HELC and WC provisions; or • is not in compliance with HELC and WC provisions. <p>Unless an exemption applies, a producer must:</p> <ul style="list-style-type: none"> • not plant or produce an agricultural commodity on a highly erodible field, unless such production is in compliance with a conservation plan approved by NRCS; • not plant or produce an agricultural commodity on a wetland converted after February 7, 2014; and • not have converted a wetland for the purpose, or to have the effect, of making the production of an agricultural commodity possible on such converted wetland after February 7, 2014. 	<p>Page 2 of 3</p>
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A Example of AD-1026 Appendix (Continued)

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AD-1026 Appendix (10-30-14)

Page 3 of 3

A producer is ineligible for any premium subsidy paid by FCIC on all policies and plans of insurance for the reinsurance year (July 1 – June 30) following the reinsurance year of a final determination of a violation of HELC or WC provisions, including all administrative appeals, unless specific exemptions apply. Further, a producer will be ineligible for any premium subsidy paid by FCIC on all policies and plans of insurance for a reinsurance year if they do not have a completed Form AD-1026 on file with FSA certifying compliance on or before the June 1 prior to the beginning of the subsequent reinsurance year (July 1), unless otherwise exempted. RMA will contact FSA to determine compliance with HELC and WC provisions and the filing of Form AD-1026 prior to the beginning of a reinsurance year, which begins on July 1. If the producer is not in compliance and is not exempt, the producer will be ineligible for premium subsidy for all crops with a sales closing date between the following July 1 through the next June 30.

7. Affiliated Persons

Any affiliated person of a producer requesting benefits subject to HELC and WC provisions must also be in compliance with those provisions. Ineligibility of a producer will also apply to affiliated persons of that producer. If an affiliated person has a farming interest (as owner, operator, or other producer on any farm), the affiliated person must also file Form AD-1026 certifying compliance with HELC and WC provisions in order for the producer requesting benefits to be eligible.

Use this table to determine affiliated persons who must be in compliance with HELC and WC provisions and file Form AD-1026. If you are unsure about an affiliated person determination, please contact FSA at your local USDA Service Center for assistance.

<i>IF the producer requesting benefits is a (an) . . .</i>	<i>THEN affiliated persons with farming interests who must be in compliance with HELC and WC provisions and file Form AD-1026 are . . .</i>
individual NOTE: For a minor, parents or guardians shall be listed as affiliated persons.	spouses or minor children with separate farming interests, or who receive benefits under their individual ID number. estates, trusts, partnerships, and joint ventures in which the individual filing, or the individual's spouse or minor children have an interest. corporations in which the individual filing or the individual's spouse or minor children have more than 20% interest.
general partnership limited partnership limited liability company joint venture estate irrevocable or revocable trust Indian tribal venture or group	first level members of the entity.
corporation with stockholders	first level shareholders with more than 20% interest in the corporation. Note: First level shareholders of a corporation with 20% interest or less in the corporation are not considered affiliated persons of the corporation.

IMPORTANT NOTICE:

Signature on Form AD-1026 gives representatives of USDA authorization to enter upon and inspect all farms in which the producer in Part A of Form AD-1026 has an interest for the purpose of confirming HELC and WC compliance.

NOTE: *The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a - as amended). The authority for requesting the information identified on this form is 7 CFR Part 12, the Food Security Act of 1985 (Pub. L. 99-198), and the Agricultural Act of 2014 (Pub. L. 113-79). The information will be used to certify compliance with HELC and WC provisions and to determine producer eligibility to participate in and receive benefits under programs administered by USDA agencies. The information collected on this form may be disclosed to other Federal, State, Local government agencies, Tribal agencies, and nongovernmental entities that have been authorized access to the information by statute or regulation and/or as described in applicable Routine Uses identified in the System of Records Notice for USDA/FSA-2, Farm Records File (Automated) and USDA/FSA-14, Applicant/Borrower. Providing the requested information is voluntary. However, failure to furnish the requested information will result in a determination of producer ineligibility to participate in and receive benefits under programs administered by USDA agencies.*

This information collection is exempted from the Paperwork Reduction Act as specified in the Agricultural Act of 2014 (Pub. L. 113-79, Title II, Subtitle G, Funding and Administration). The provisions of appropriate criminal and civil fraud, privacy, and other statutes may be applicable to the information provided. RETURN THE COMPLETED FORM AD-1026 TO YOUR COUNTY FARM SERVICE AGENCY (FSA) OFFICE.

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If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form, found online at http://www.ascr.usda.gov/complaint_filing_cust.html, or at any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of the information requested in the form. Send your completed complaint form or letter by mail to U.S. Department of Agriculture, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at program.intake@usda.gov. USDA is an equal opportunity provider and employer.

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328 AD-1026 Appendix (Continued)**B Purpose of AD-1026 Appendix**

AD-1026 Appendix contains the eligibility conditions for HELC and WC compliance.

C Explaining AD-1026 Appendix to Producers

AD-1026 Appendix shall be provided to the producer before the producer completes *--AD-1026 and certifies compliance in Part D, item 10A. Before AD-1026 is completed,--* the County Office shall:

- have the producer read AD-1026 Appendix
- answer any questions the producer may have
- *--explain that by signing AD-1026, Part D, item 10A, the producer is certifying--* compliance with the provisions on AD-1026 Appendix.

D Distributing AD-1026 Appendix

County Offices shall provide a copy of both AD-1026 Appendix and AD-1026 to the producer upon completing the Continuous AD-1026 Certification statement in AD-1026, *--Part D, item 10A.--*

Section 3 Referrals to NRCS**356 When to Refer AD-1026 to NRCS****A Background**

AD-1026 documents the producer's cropping, drainage, and land manipulation intentions for determining whether a referral to NRCS for HEL or wetland determinations is necessary.

If referrals to NRCS are necessary, then AD-1026 serves as the transmittal document.

B Reviewing AD-1026

County Offices shall review AD-1026 completed by the producer and refer AD-1026 to NRCS when either of the following applies:

- *--“Yes” is answered in Part B, item 6, 7A, 7B, or 7C--*
- there is reason to believe the questions were not answered correctly and an NRCS determination is necessary before FSA can determine whether the producer is out of compliance.

356 When to Refer AD-1026 to NRCS (Continued)

C Referral to NRCS Because of Maintenance

*--When producers answer “Yes” on AD-1026, Part B, item 7C, they are certifying that they intend to perform maintenance on a drainage system or other manipulation of a wetland that took place before December 23, 1985. AD-1026, Part B, item 7 instructs FSA to refer a copy of AD-1026 when Part B, item 6, 7A, 7B, or 7C is answered “Yes”.

NRCS assistance is **not** required for normal maintenance of existing drainage systems. Therefore, NRCS-CPA-026e will **not** be issued by NRCS in response to receiving AD-1026 on which only Part B, item 7C is answered “Yes”. However, NRCS will maintain a record of these AD-1026’s as a record of maintenance that has been performed.

FSA County Offices shall provide NRCS with an “Informational Copy” of AD-1026 when the only reason for the referral is a “Yes” designation in Part B, item 7C.--*

Since NRCS-CPA-026e will **not** be provided to FSA in these cases, the FSA County Office shall **not** indicate a referral to NRCS is “pending” in the producer’s subsidiary file according to 3-PL (Rev. 1), subparagraph 29 C.

***--D Exemption for Referral to NRCS on Interseeded Permanent Pasture**

Many acres of permanent pasture are annually interseeded in the early fall with small grains to provide winter grazing when grass goes dormant. According to the National Food Security Act Manual, interseeding a small grain for grazing does not require a HEL determination because of an exemption. The exemption is listed in the National Food Security Act Manual, Fifth Edition, Part 520.14, C. Therefore, no HEL determination is required, nor is an AD-1026 referral to NRCS required for these situations.--*

357 Preparation for Referral to NRCS

A Referrals to NRCS

When a referral to NRCS is necessary according to paragraph 356, use the following table to initiate the referral.

IF NRCS determination is...	THEN the County Office shall...
not required in another county	complete the steps in subparagraph B for their County Office.
required in another county	provide a copy of AD-1026 to the applicable County Office.

357 Preparation for Referral to NRCS (Continued)

B County Office Referrals to NRCS

County Offices shall prepare the necessary documents for referral to NRCS for HEL or wetland determinations for land located in their counties according to the following table.

Task	Action
Prepare copies of aerial imagery	<p>Prepare 3 complete sets of copies that require determinations as follows.</p> <ul style="list-style-type: none"> • List the tract number or numbers with the owner’s name on the reverse side of the copy or attach a copy of the Farm Producer Data Report and circle applicable tract numbers. • Delineate fields or subdivisions of fields for which a “Yes” answer on *--AD-1026, Part B, item 6 or 7 applies and determinations are--* needed. • Identify any drainage activity completed or proposed. <p>Note: Determinations are needed for:</p> <ul style="list-style-type: none"> • fields that either have been or will be planted to agricultural commodities • drainage activities that have not been previously evaluated by NRCS.
--Complete AD-1026, Part D, item 11	<p>On AD-1026, Part D, item 11:</p> <ul style="list-style-type: none"> • enter the date AD-1026 is referred to NRCS-- • County Office employee responsible for the referral to NRCS shall sign and date.
Send to NRCS	Attach the prepared imagery to copies of AD-1026, and send to NRCS.

357 Preparation for Referral to NRCS (Continued)

C Example of AD-1026 Referral for Multi-County Producer

The following table provides an example of referring AD-1026 to NRCS for a multi-county producer.

Situation: Producer X has farming interests in Counties A, B, and C. County C is the *--recording County Office. The question in AD-1026, Part B, item 7A is answered “Yes”. County A, farm 200, tract 1025, field 1, is indicated on AD-1026, Part C.--*

Step	Action
1	County C makes a copy of AD-1026 and forwards to County A.
2	County A receives AD-1026 for Producer X from recording County C. County A shall: <ul style="list-style-type: none"> • complete a farm photocopy for the field that needs a determination as listed in *--AD-1026, Part C--* • contact the producer, if additional information is needed • attach a farm photocopy to a copy of AD-1026, and send to NRCS.
3	When NRCS determination is received, County A shall: <ul style="list-style-type: none"> • record determination for the tract according to 3-CM • record NRCS determination in the Service Center GIS system • forward copies of NRCS-CPA-026e to recording County C.

358-399 (Reserved)

505 Possible HELC Compliance Deficiencies Discovered Through Technical Assistance (Continued)

C Referrals to NRCS for Technical Assistance (Continued)

The following table provides some situations and the procedure to be used by NRCS and FSA for HELC observations considered technical assistance.

Technical Assistance Determinations	FSA Action	NRCS Action
<p>Determination needed for the current year by FSA on FSA-569 because the records show that a producer who wants to participate in the current year is ineligible because a prior year HELC violation determination was not resolved.</p> <p>Note: If the producer insists on signing AD-1026 to certify *--compliance in Part D, item 10,--* do not consider it technical assistance according to this paragraph. Prepare FSA-569 according to paragraph 502 and do not identify it as technical assistance.</p>	<p>Prepare FSA-569 according to paragraph 502.</p> <p>Enter at the top of FSA-569, "Referred for Technical Assistance".</p>	<p>NRCS will process according to subparagraph A.</p> <p>NRCS will complete FSA-569 to show HELC compliance for the crop year entered on FSA-569 if subparagraph A requirements are met.</p> <p>Note: FSA-569's that are not identified by FSA as technical assistance will:</p> <ul style="list-style-type: none"> • not be processed according to this paragraph • require a good faith determination according to Part 4 if an exemption is requested.

505 Possible HELC Compliance Deficiencies Discovered Through Technical Assistance (Continued)

C Referrals to NRCS for Technical Assistance (Continued)

Technical Assistance Determinations	FSA Action	NRCS Action
<p>The producer reports a HELC problem situation that he or she needs to resolve.</p>	<p>Refer the producer to NRCS for technical assistance.</p> <p>Upon request by NRCS, provide a complete list of names and addresses of:</p> <ul style="list-style-type: none"> • operator of the farm • owner of the tract • tenants and sharecroppers on the farm. 	<p>NRCS will request a complete list of names and addresses of persons associated with the farm with the potential deficiency.</p> <p>NRCS will process according to subparagraph A.</p>
<p>NRCS observes a potential compliance deficiency while providing technical assistance.</p>	<p>Upon request by NRCS, provide a complete list of names and addresses of:</p> <ul style="list-style-type: none"> • operator of the farm • owner of the tract • tenants and sharecroppers on the farm. 	

506-599 (Reserved)

601 Effective Year to Deny Program Benefits (Continued)

C Ineligibility for Loans and LDP’s

For producers who do **not** comply with HELC/WC provisions, County Offices shall:

●*--for MAL’s and LDP’s:--*

- **not** disburse loans and LDP’s for any crop for the crop year in which noncompliance occurs
- for existing loans that were disbursed before noncompliance was determined for the crop year, call the loans according to applicable LP handbooks
- require refund of any LDP for the years in violation

●*--for FSFL’s, the producer must be in compliance with HELC/WC provisions before the loan is approved and disbursed.

Note: If a violation is determined after the FSFL has been disbursed, the FSFL is allowed to remain outstanding as long as the producer makes the annual installment payments timely.--*

D Multiple Year Planting Violations

The following table provides the rules for denying benefits for producers for which planting violations are discovered that would result in ineligibility for benefits for multiple years.

IF a planting violation...	AND COC determines that...	THEN the producer shall be ineligible for benefits subject to HELC and WC provisions for...
occurred on the same converted wetland, which would make a producer ineligible for benefits for more than 1 year	both of the following apply: <ul style="list-style-type: none"> ● the producer was unaware that the activities would be considered a violation, based on the information available to the producer ● the act was not a scheme or device to circumvent the provisions of the program 	the most current crop year in which both of the following apply: <ul style="list-style-type: none"> ● the producer requested benefits ● the violation occurred on the same land.

601 Effective Year to Deny Program Benefits (Continued)

D Multiple Year Planting Violations (Continued)

IF a planting violation...	AND COC determines that...	THEN the producer shall be ineligible for benefits subject to HELC and WC provisions for...
	either of the following applies: <ul style="list-style-type: none"> • the producer could reasonably have known that the activities would be considered a violation • the act was a scheme or device to circumvent the provisions of the program 	each year that the violation occurred on the same land.
occurred on separate parcels of converted wetland, which would make a producer ineligible for benefits for more than 1 year		each year that a WC violation occurred.
occurs on HEL		each crop year for which NRCS reports a violation on FSA-569.

E Wetland Conversion Violations

Unless an exemption applies, producers who are determined responsible for conversion of wetlands after November 28, 1990, shall be ineligible for benefits, subject to HELC and WC provisions, for:

- the crop or program year benefits that are equal to the calendar year that NRCS determined the conversion occurred
- each subsequent crop or program year after the conversion occurred, unless NRCS determines the wetland has been restored or mitigated before January 1 of the subsequent crop or program year.

Notes: This provision applies regardless of when the conversion violation is discovered.

See example in subparagraph B.

602 Determining Producers Who Are Ineligible (Continued)

D Group Wetland Projects

The activities of a Water Resource District Board or similar entity will be attributed to the persons in the district who are assessed for the activities of the Water Resource Board or similar entity.

Example: If a Water Resource District Board constructs a drainage ditch, and a person's wetland is therefore converted, the person shall be considered to have caused or permitted the drainage. See subparagraph 218 D for producer eligibility requirements on land converted by a drainage district or similar entity.

E Extent of Ineligibility of Affiliated Persons

The extent of ineligibility determined according to this paragraph for the producer who violated shall be the same for the affiliated persons determined according to paragraph 302.

Exception: For business enterprises with members or shareholders who violate the benefits of the affiliated business enterprise shall be reduced in proportion to the interest held in the business enterprise by the violating member or shareholder.

Example: Member A, who owns 25 percent of the shares in Corporation A, violates on his or her individual operation. Member A is ineligible for benefits. Benefits to affiliated person Corporation A shall be reduced by 25 percent.

--Currently there is not an automated process to make a percentage of an entity ineligible for those situations when a member of an entity violated HELC/WC provisions. Therefore, County Offices shall multiply the percentage of the violating member's share of the entity by the amount of the payment. The nonautomated program code of XXAPPR (affiliated person payment reduction) shall be used to reduce or collect back the payment.--

F Updating Eligibility Record for Affiliated Persons

If a producer is determined to be ineligible for program benefits because he or she is an affiliated person of a producer who has violated the HELC/WC program provisions, update the affiliated person's AD-1026 certification according to 3-PL (Rev. 1). This will ensure that benefits will **not** be issued to the ineligible affiliated person.

603 Landlord Exemption – HELC or WC Planting Violation**A Landlord Exemption Rule**

Ineligibility of a tenant or sharecropper for benefits shall **not** cause a landlord to be ineligible for program benefits on land other than land in which the violating tenant or sharecropper has an interest.

The landlord exemption shall **not** apply if the production of an agricultural commodity on HEL is required under the terms and conditions of an agreement between the landlord and tenant or sharecropper.

Note: All references to landlord exemptions in this handbook shall also include landowners.

B When Landlord Exemption Applies

The landlord exemption shall be applied according to AD-1026C, page 2. See subparagraph G.

Note: A landlord who converts a wetland on or after November 28, 1990, does **not** qualify for a landlord exemption.

C Updating Eligibility Record

If a producer is granted an exemption under the landlord exemption rule, update the “HELC Producer Exception” field for the farm or tract, as applicable, according to 3-CM by selecting “Landlord/Tenant” from the drop-down box.

D Purpose of AD-1026C

AD-1026C shall be used for documenting all landlord or landowner exemption:

- certifications of eligibility by producers
- determinations by COC.

638 Requesting Relief to Reduce Ineligibility (Continued)**B Processing Request for Reduction in Ineligibility**

If COC believes relief under the provisions of this subsection is justified, the factors believed to justify relief must be documented and a recommendation must be made on an appropriate reduction in ineligibility, indicating why that amount is appropriate. The relief request shall then be submitted to STC for consideration.

If STC:

- concurs with COC's recommendations, the case may be submitted to DAFP for relief consideration
- concurs that relief according to this subsection is appropriate, but does **not** concur with COC's recommended amount of reduction in ineligibility, STC shall provide their recommendation and submit the case to DAFP for relief consideration
- does **not** concur with COC that relief is appropriate, the case shall **not** be submitted to DAFP.

*--Establish a receivable for the ineligible amount. See 64-FI, Part 3.

The nonautomated program code to be used, to establish a receivable, when reducing ineligibility for WC violations is XXWCPR (wetland conservation payment reduction).--*

639, 640 (Reserved)

Section 3 Updating Producer Eligibility Record

641 Producer Eligibility File

A Accessing Producer's Eligibility Record

County Offices shall follow the procedure in:

- 3-CM to update tract data
- 3-PL (Rev. 1) to access and update producer eligibility records.

Producer eligibility is based upon the following:

- certification of compliance on AD-1026
- summarization of HELC, converted wetland, and planted converted wetland exemptions in farm records.

B Producer AD-1026 Certification

To be eligible for certain USDA program benefits, a producer must certify compliance on AD-1026. Record the producer's certification in the eligibility file according to 3-PL (Rev. 1).

C Tract Data

Producer eligibility for conservation compliance purposes is also based upon the data recorded within the web-based system for all tracts associated with the producer. NRCS HELC/WC tract determinations are recorded according to 3-CM.

The eligibility record for an individual producer reflects the overall status for HELC and WC compliance.

Example: The eligibility record for a producer will be automatically updated as "Not Compliant" if the producer is associated with at least one HEL tract that is in violation of the conservation compliance provisions. The producer will be ineligible for USDA program payments even though other tracts associated with the producer are in compliance.

641 Producer Eligibility File (Continued)

***--D Establishing Farm Records and Producer Information in Business Partner**

Producers that are not currently in farm records, and check either box A or B on AD-1026, Part 5, do not need to have farm records established. Load these producers in Business Partner. An eligibility record is automatically created when the producer is loaded in Business Partner. Update the eligibility record to show AD-1026 has been filed. If these producers subsequently apply to participate in FSA or NRCS programs, farm records would need to be established at that time.

Note: Use AD-2047 according to 1-CM, paragraph 198 to collect producer information for producers who need a record established in Business Partner--*

642-699 (Reserved)