

will develop proposed enhancement payment amounts for each practice and activity.

(ii) Enhancement payments will be determined based on a given activity's cost or expected net conservation benefits above the minimum criteria, and the payment amount will be an amount and at a rate necessary to encourage a participant to perform or continue a management practice or measure, resource assessment and evaluation project, or field-test a research, demonstration, or pilot project, that would not otherwise be initiated without government assistance.

(iii) NRCS will provide the list of approved enhancement activities and payment amounts for each activity with the CSP sign-up notice.

(6) The Chief may set a not-to-exceed limit for the enhancement payment in any given sign-up notice.

(7) Enhancements above the minimum criteria for the resource concern that are included in the benchmark inventory may be included in the first CSP payment.

(e) Contracts will be limited as follows:

(1) \$20,000 per year for a Tier I conservation stewardship contract, (2) \$35,000 per year for a Tier II conservation stewardship contract, or

(3) \$45,000 per year for a Tier III conservation stewardship contract.

(4) Stewardship components of CSP payments cannot exceed \$5,000 per year for Tier I, \$10,500 per year for Tier II, or \$13,500 per year for Tier III.

(5) The total of the stewardship, existing and enhancement payment cannot exceed a percentage of the unadjusted stewardship payment rate described in (a)(2)(i) through (iii). The tier-specific percentage is 15 percent for Tier I contracts, 25 percent for Tier II contracts, and 40 percent for Tier III contracts.

(f) The new practice and enhancement components of the CSP contract payment may increase once the participant applies and maintains additional conservation practices and activities as described in the conservation stewardship plan

(g) The Chief of NRCS may limit the stewardship, practice, and enhancement components of CSP payments in

order to focus funding toward targeted activities and conservation benefits the Chief identifies in the sign-up notice and any subsequent addenda.

(h) In the event that annual funding is insufficient to fund existing contract commitments, the existing contracts will be pro-rated in that contract year.

**§ 1469.24 Contract modifications and transfers of land.**

(a) Contracts may be modified:

(1) At the request of the participant, if the modification is consistent with the purposes of the conservation security program, or;

(2) As required by the State Conservationist due to changes to the type size, management, or other aspect of the agricultural operation that would interfere with achieving the purposes of the program. In lieu of modifying the contract—

(i) The producer may terminate the contract; and,

(ii) Retain payments received under the contract, if the participant has fully complied with the terms and conditions of the contract before the termination.

(b) Participants may request a modification to their contract to change their tier of participation under a CSP contract once the measures determined necessary by NRCS to meet the next tier level have been established and maintained for a period of 12 months.

(c) Contract transfers are permitted when there is agreement among all parties to the contract.

(1) NRCS must be notified within 60 days of the transfer of interest or the contract will be terminated.

(2) The transferee must be determined by NRCS to be eligible and must assume full responsibility under the contract, including operation and maintenance of those conservation practices and activities already undertaken and to be undertaken as a condition of the contract.

(d) The Chief may require a participant to refund all or a portion of any assistance earned under CSP if the participant sells or loses control of the land under a CSP contract, and the new owner or controller is not eligible to participate in CSP, or refuses to assume responsibility under the contract

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within 60 days after the date of the transfer or change in the interest of the land and the participant has not fully complied with the terms and conditions of the contract to the extent that the purposes of the program have not been achieved.

### § 1469.25 Contract violations and termination.

(a) If the NRCS determines that a participant is in violation of the terms of a contract, or documents incorporated by reference into the contract, NRCS will give the participant a reasonable time, as determined by the State Conservationist, to correct the violation and comply with the terms of the contract and attachments thereto. If a participant continues in violation, the State Conservationist may terminate the CSP contract.

(b) Notwithstanding the provisions of paragraph (a) of this section, a contract termination is effective immediately upon a determination by the State Conservationist that the participant has: Submitted false information; filed a false claim; engaged in any act for which a finding of ineligibility for payments is permitted under this part; or taken actions NRCS deems to be sufficiently purposeful or negligent to warrant a termination without delay.

(c) If NRCS terminates a contract due to breach of contract, the participant will forfeit all rights for future payments under the contract, and must refund all or part of the payments received, plus interest, and liquidated damages as determined in accordance with part 1403 of this chapter. The State Conservationist may require only partial refund of the payments received if a previously installed conservation practice can function independently, is not affected by the violation or other conservation practices that would have been installed under the contract, and the participant agrees to operate and maintain the installed conservation practice for the life span of the practice.

(d) If NRCS terminates a contract due to breach of contract, or the participant voluntarily terminates the contract before any contractual payments have been made, the participant will forfeit all rights for further pay-

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ments under the contract, and must pay such liquidated damages as are prescribed in the contract. The State Conservationist has the option to waive the liquidated damages, depending upon the circumstances of the case.

(e) When making any contract termination decisions, the State Conservationist may reduce the amount of money owed by the participant by a proportion which reflects the good faith effort of the participant to comply with the contract, or the hardships beyond the participant's control that have prevented compliance with the contract including natural disasters or events.

(f) The participant may voluntarily terminate a contract, without penalty or repayment, if the State Conservationist determines that the producer has fully complied with the terms and conditions of the contract before termination of the contract.

(g) In carrying out the role in this section, the State Conservationist may consult with the local conservation district.

### Subpart C—General Administration

#### § 1469.30 Fair treatment of tenants and sharecroppers.

Payments received under this part must be divided in the manner specified in the applicable contract or agreement, and NRCS will ensure that producers who would have an interest in acreage being offered receive treatment which NRCS deems to be equitable, as determined by the Chief. NRCS may refuse to enter into a contract when there is a disagreement among joint applicants seeking enrollment as to an applicant's eligibility to participate in the contract as a tenant.

#### § 1469.31 Appeals.

(a) An applicant or a participant may obtain administrative review of an adverse decision under CSP in accordance with parts 11 and 614, Subparts A and C, of this title, except as provided in paragraph (b) of this section.

(b) Participants cannot appeal the following decisions:

(1) Payment rates, payment limits, and cost-share percentages;