

(c) Notwithstanding any limitation of this part, NRCS may enroll eligible lands at any time in order to encompass project areas subject to multiple land ownership or otherwise to achieve program objectives. Similarly, NRCS may, at any time, exclude otherwise eligible lands if the participation of the adjacent landowners is essential to the successful restoration of the forest ecosystem and those adjacent landowners are unwilling to participate.

(d) If available funds are insufficient to accept the highest ranked application, and the applicant is not interested in reducing the acres offered to match available funding, USDA may select a lower ranked application that can be fully funded. Applicants may choose to change the duration of the easement or agreement or reduce acreage amount offered if the application ranking score is not reduced below that of the score of the next available application on the ranking list.

#### § 625.7 Enrollment of easements.

(a) *Offers of enrollment.* Based on the priority ranking, NRCS will notify an affected landowner of tentative acceptance into the program for which the landowner has 15 calendar days to sign a letter of intent to continue.

(b) *Effect of letter of intent to continue (enrollment).* An offer of tentative acceptance into the program does not bind NRCS or the United States to acquire an easement, nor does it bind the landowner to convey an easement or agree to HFRP restoration plan activities. However, receipt of an executed letter of intent to continue will authorize NRCS to proceed with easement acquisition activities and the land will be considered enrolled into HFRP.

(c) *Acceptance of offer of enrollment.* An option agreement to purchase will be presented by NRCS to the landowner, which will describe the easement area; the easement terms and conditions; and other terms and conditions for participation that may be required by NRCS.

(d) *Effect of the acceptance of the offer.* After the option agreement to purchase is executed by NRCS and the landowner, NRCS will proceed with the remaining activities necessary for NRCS

to purchase an easement, which may include conducting a survey of the easement area, securing necessary subordination agreements, procuring title insurance, and conducting other activities necessary to record the easement or implement the HFRP restoration plan. If the landowner breaches an option agreement to purchase, NRCS is entitled to recover any costs, including administrative or technical costs, expended in reliance of the option agreement to purchase.

(e) *Withdrawal of offers.* Prior to execution and recordation by the United States and the landowner of the easement, NRCS may withdraw its offer anytime due to availability of funds, inability to clear title, or other reasons. The offer to the landowner shall be void if not executed by the landowner within the time specified.

#### § 625.8 Compensation for easements.

(a) *Establishment of rates.* (1) The State Conservationist may determine the maximum easement payment rates to be applied to specific geographic areas within the State or to individual easement areas.

(2) In order to provide for better uniformity among States, the Regional Assistant Chief and Chief may review and adjust, as appropriate, State or other geographically based easement payment rates.

(b) *Determination of easement payment rates.* (1) NRCS shall offer to pay not less than 75 percent nor more than 100 percent of the fair market value of the enrolled land during the period the land is subject to the easement less the fair market value of the land encumbered by the easement for easement payments for easements of not more than 99 years.

(2) NRCS shall offer to pay not more than 75 percent of the fair market value of the enrolled land less the fair market value of the land encumbered by the easement for 30-year easements.

(c) NRCS may accept and use contributions of non-federal funds to make payments under this section.

(d) *Acceptance of offered easement compensation.* (1) NRCS will not acquire any easement unless the landowner accepts the amount of the easement payment which is offered by NRCS. The

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easement payment may or may not equal the fair market value of the interests and rights to be conveyed by the landowner under the easement. By voluntarily participating in the program, a landowner waives any claim to additional compensation based on fair market value.

(2) Annual easement payments may be made in no more than 10 annual payments of equal or unequal size, as agreed to between NRCS and the landowner.

(e) *Reimbursement of a landowner's expenses.* For completed easement conveyances, NRCS will reimburse landowners for their fair and reasonable expenses, if any, incurred for surveying and related costs, as determined by NRCS. The State Conservationist may establish maximum payments to reimburse landowners for reasonable expenses.

(f) *Tax implications of easement conveyances.* Subject to applicable regulations of the Internal Revenue Service, a landowner may be eligible for a bargain sale tax deduction which is the difference between the fair market value of the easement conveyed to the United States and the easement payment made to the landowner. NRCS disclaims any representations concerning the tax implications of any easement or cost-share transaction.

(g) *Per acre payments.* If easement payments are calculated on a per acre basis, adjustment to stated easement payment will be made based on final determination of acreage.

### § 625.9 10-year restoration cost-share agreements.

(a) The restoration plan developed under § 625.12 forms the basis for the 10-year cost-share agreement and is incorporated therein.

(b) A 10-year cost-share agreement will:

(1) Incorporate all portions of a restoration plan;

(2) Be for a period of 10 years;

(3) Include all provisions as required by law or statute;

(4) Specify the requirements for operation and maintenance of applied practices;

(5) Include any participant reporting and recordkeeping requirements to de-

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termine compliance with the agreement and HFRP;

(6) Be signed by the participant. When the participant is not the fee title owner, concurrence from the fee title owner is required;

(7) Identify the amount and extent of cost-share assistance that NRCS will provide for the adoption or implementation of the approved conservation treatment identified in the restoration plan; and

(8) Include any other provision determined necessary or appropriate by the NRCS representative.

(c) Once the participant and NRCS have signed a 10-year cost-share agreement, the land shall be considered enrolled in HFRP.

(d) The State Conservationist may, by mutual agreement with the parties to the 10-year cost-share agreement, consent to the termination of the restoration agreement where:

(1) The parties to the 10-year cost-share agreement are unable to comply with the terms of the restoration agreement as the result of conditions beyond their control;

(2) Compliance with the terms of the 10-year cost-share agreement would work a severe hardship on the parties to the agreement;

(3) Termination of the 10-year cost-share agreement would, as determined by the State Conservationist, be in the public interest.

(e) If a 10-year cost-share agreement is terminated in accordance with the provisions of this section, the State Conservationist may allow the participants to retain any cost-share payments received under the 10-year cost-share agreement in a proportion appropriate to the effort the participant has made to comply with the restoration agreement, or, in cases of hardship, where forces beyond the participant's control prevented compliance with the agreement.

### § 625.10 Cost-share payments.

(a) NRCS may share the cost with landowners of restoring land enrolled in HFRP as provided in the HFRP restoration plan. The HFRP restoration plan may include periodic manipulation to maximize wildlife habitat and preserve forest ecosystem functions