



Natural
Resources
Conservation
Service

302 Industrial
Drive
New Bern, NC
28562

Telephone:
252-637-2547

Fax:
252-514-2009

William R Callow
843 CC Rd.
Vanceboro, NC 28586-7406

4/4/03

Dear Mr. Callow:

This is concerning the conversion of land on your Craven County Tract 1479. I am transmitting a copy of the Natural Resources Conservation Service (NRCS) preliminary certified wetland determination showing areas labeled NW. Areas bearing this label can be converted and not jeopardize your eligibility for USDA program benefits. This determination will become final in 30 days unless you file an appeal. Your appeal rights are explained on the following page.

Sincerely,

A handwritten signature in black ink that reads "Andrew W. Metts".

Andrew W. Metts
District Conservationist

Your Appeal Rights:

If you believe NRCS completed its preliminary wetland determination without considering all the facts you have two options for appealing the determination:

1. You may request a field visit by our office to thoroughly review the basis of our preliminary determination, answer your questions, and for you to provide additional information concerning the determination.
2. You may request that professional, independent mediation be used in an attempt to resolve your dispute. If you choose mediation, we ask that you contact the mediator directly and make arrangements for a meeting. A list of approved independent mediators may be obtained by telephoning this office.

If you choose mediation, NRCS will pay up to one-half the appropriate and reasonable cost associated with the service of a professional mediator. NRCS reserves final discretion over what shall be considered appropriate and reasonable for these services.

NRCS will provide a final technical determination within 30 days after the field visit, or the completion of mediation. If neither appeal method is selected, NRCS preliminary technical determination will become final on Feb. 27, 2003.

A final technical determination may be appealed to the Farm Service Agency's *Craven County Committee* at the address below. If you appeal a final determination NRCS will provide the County Committee with a copy of our administrative record for use in reviewing your appeal.

Craven County Committee
304 Industrial Drive
New Bern, NC 28562



HIGHLY ERODIBLE LAND AND WETLAND CONSERVATION DETERMINATION

Name Address:	William R Callow 843 CC Rd Vanceboro, NC 28586-7406	Request Date:	6-27-02	County:	Craven
Agency or Person Requesting Determination:	FSA	Tract No.:	1479	FSA Farm No.:	1946

Section I - Highly Erodible Land

Is a soil survey now available for making a highly erodible land determination?	Yes
Are there highly erodible soil map units on this farm?	No

Fields in this section have undergone a determination of whether they are highly erodible land (HEL) or not; fields for which an HEL Determination has not been completed are not listed. In order to be eligible for USDA benefits, a person must be using an approved conservation system on all HEL.

<u>Field(s)</u>	<u>HEL(Y/N)</u>	<u>Sodbust(Y/N)</u>	<u>Acres</u>	<u>Determination Date</u>
1-7	N	N	28.9	4-4-03
-	-	-		
-	-	-		
-	-	-		
-	-	-		

The Highly Erodible Land determination was completed in the - .

Section II - Wetlands

Are there hydric soils on this farm?	Yes
--------------------------------------	-----

Fields in this section have had wetland determinations completed. See the Definition of Wetland Label Codes for additional information regarding allowable activities under the wetland conservation provisions of the Food Security Act and/or when wetland determinations are necessary to determine USDA program eligibility.

<u>Field(s)</u>	<u>Wetland Label*</u>	<u>Occurrence Year (CW)**</u>	<u>Acres</u>	<u>Determination Date</u>	<u>Certification Date</u>
1-6	PC		27.7	4-4-03	4-4-03
7	NW		1.2	4-4-03	4-4-03
-	-				
-	-				
-	-				

The wetland determination was completed in the - . It was - . to the person on

Remarks:

I certify that the above determinations are correct and were conducted in accordance with policies and procedures contained in the National Food Security Act Manual.

Signature Designated Conservationist	Date
	4-4-03

*DEFINITIONS OF WETLAND LABEL CODES

AW	Artificial Wetland. An area that is artificial or irrigation induced wetland. These wetlands are not subject to the wetland conservation provision.
AW/FW	An area that contains both AW and FW.
AW/W	An area that contains both AW and W.
CC	Commenced Conversion exemption.
CPD	Corps Permit Decision. Corps of Engineers permit decisions regarding section 404 of the Clean Water Act will be relied upon to satisfy the wetland conservation provisions of the Food Security Act of 1985, as amended.
CMW	An area that receives a Categorical Minimal Effect determination.
CW	Converted Wetlands. An area converted between December 23, 1985 and November 28, 1990. IN any year that an agricultural commodity is planted on these converted wetlands, you will ineligible for USDA benefits.
**CW+year	An area converted after November 28, 1990. You will be ineligible for USDA program benefits until this wetland is restored.
CWNA	Converted Wetland Non-Agricultural use. A wetland area converted to other than agricultural commodity production.
CWTE	Converted Wetland Technical Error. An area converted or commenced based on an incorrect NRCS determination or misinformation from a NRCS or FSA employee.
FW	Farmed Wetland. An area that is farmed wetland; was manipulated and planted before December 23, 1985, but still meets wetland criteria. These may be farmed and maintained in the same manner as long as they are not abandoned.
FWP	Farmed Wetlands Pasture. An area that is pasture or hayland, manipulated before December 23, 1985 but still meets wetland criteria. These may be farmed and maintained in the same manner as long as they are not abandoned.
MIW	Mitigation Wetlands. Wetlands on which a person is actively mitigating a frequently cropped area or a wetland converted between December 23, 1985 and November 28, 1990. A converted wetland, farmed wetland, or farmed wetland pasture on which functions and values were lost are compensated for through wetland restoration, enhancement or creation.
MW	Minimal effect Wetland. An area determined to be minimal effect. These wetlands are to be farmed according to the minimal-effect agreement signed at the time the minimal-effect determination was made,
MWM	An area determined to be minimal effect with mitigation.
NI	Not Inventoried – No wetland determination has been completed.
NW	Non-Wetland. An area that does not contain a wetland.
NW/NAD	An area determined to be a non-wetland resulting from a decision from the National Appeals Division.
OW	Other Waters of the U.S. Area that fall under the jurisdiction of the Clean Water Act.
PC	Prior Converted cropland, which was drained filled, or manipulated before December 23, 1985; was cropped prior to December 23, 1985; was not abandoned; and does not meet FW criteria. These are not subject to the wetland conservation provision unless the area reverts to wetland as a result of abandonment.
PC/NW	An area that contains both PC and NW.
TP	Third Party Exemption.
W	Wetlands. An area meeting wetland criteria, including wetland farmed under natural conditions. If you plan to clear, drain, fill, level or manipulate these areas, contact NRCS and the Army Corp of Engineers prior to any such activity.
WX	A wetland area that has been manipulated after December 23, 1985, but was not, for the purpose of making production possible and production was not made possible. These include wetlands manipulated by drainage maintenance agreements.

HIGHLY ERODIBLE LAND CONSERVATION (HELIC) AND WETLAND CONSERVATION (WC) CERTIFICATION

(See reverse for Public Burden and Privacy Act Statements)

1. Name of Producer <i>William R. Callow</i>	2. Identification Number <i>241-82-8619</i>	3. Current Crop Year <i>2002</i>
4. Do the attached AD-1026A(s) list all your farming interest by county, and show current NRCS determinations? <i>If "No", contact your County FSA Office before completing this form.</i>	YES <input checked="" type="checkbox"/>	NO <input type="checkbox"/>
5. Are you a landlord on any farm listed on AD-1026A that will not be in compliance with HELC and WC provisions? <i>If "Yes", AD-1026C must be prepared.</i>	<input type="checkbox"/>	NO <input checked="" type="checkbox"/>
6. Does the landlord refuse to comply with HELC requirements on any farms listed on AD-1026A? <i>If "Yes", AD-1026B must be prepared.</i>	<input type="checkbox"/>	NO <input checked="" type="checkbox"/>
7. List here or attach a list of affiliated persons with farming interest. <i>See reverse for an explanation. Enter "None", if applicable.</i>	<input type="checkbox"/>	NO <input checked="" type="checkbox"/>

If items 5 or 6 are answered "YES", circle the applicable farm number on AD-1026A.

8. During the crop year entered in item 3 above, or the term of a requested USDA loan, will you:	YES	NO
(a) plant or produce an agricultural commodity on land for which neither a highly erodible land nor wetland determination has been made?	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(b) plant or produce an agricultural commodity on land on which planting was made possible by drainage, dredging, filling, leveling, or any other means after December 23, 1985, and NRCS has not evaluated and approved the drainage activities?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
9. Since December 23, 1985, have you or has anyone on your land, or will you or anyone on your land during the crop year entered in item 3 above, or the term of a requested USDA loan:	<input type="checkbox"/>	<input type="checkbox"/>
(a) conduct(ed) any land clearing, drainage, (tile or open ditch), filling, leveling, or dredging to create a new drainage system that has not been evaluated by NRCS? <i>Indicate year if answered "Yes".</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(b) conduct(ed) any drainage activities to maintain, improve, or modify an existing drainage system that has not been evaluated by NRCS? <i>Indicate year if answered "Yes".</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
10. Will you conduct any activities for fish production, trees, vineyards, shrubs, building construction, or other non-agricultural purposes that have not been evaluated by NRCS?	<input type="checkbox"/>	<input checked="" type="checkbox"/>

If answers to item 8, 9, or 10 are:

"YES" for any one of these items, sign and date in item 11 below. Circle the applicable tract number on AD-1026A, or list in item 12 on AD-1026A. A "YES" answer authorizes FSA to refer this AD-1026 to NRCS to make a HELC and/or certified wetland determination. DO NOT sign in item 13 until the NRCS determination is complete.
"NO" for all of these items or NRCS determinations are complete, complete item 13.

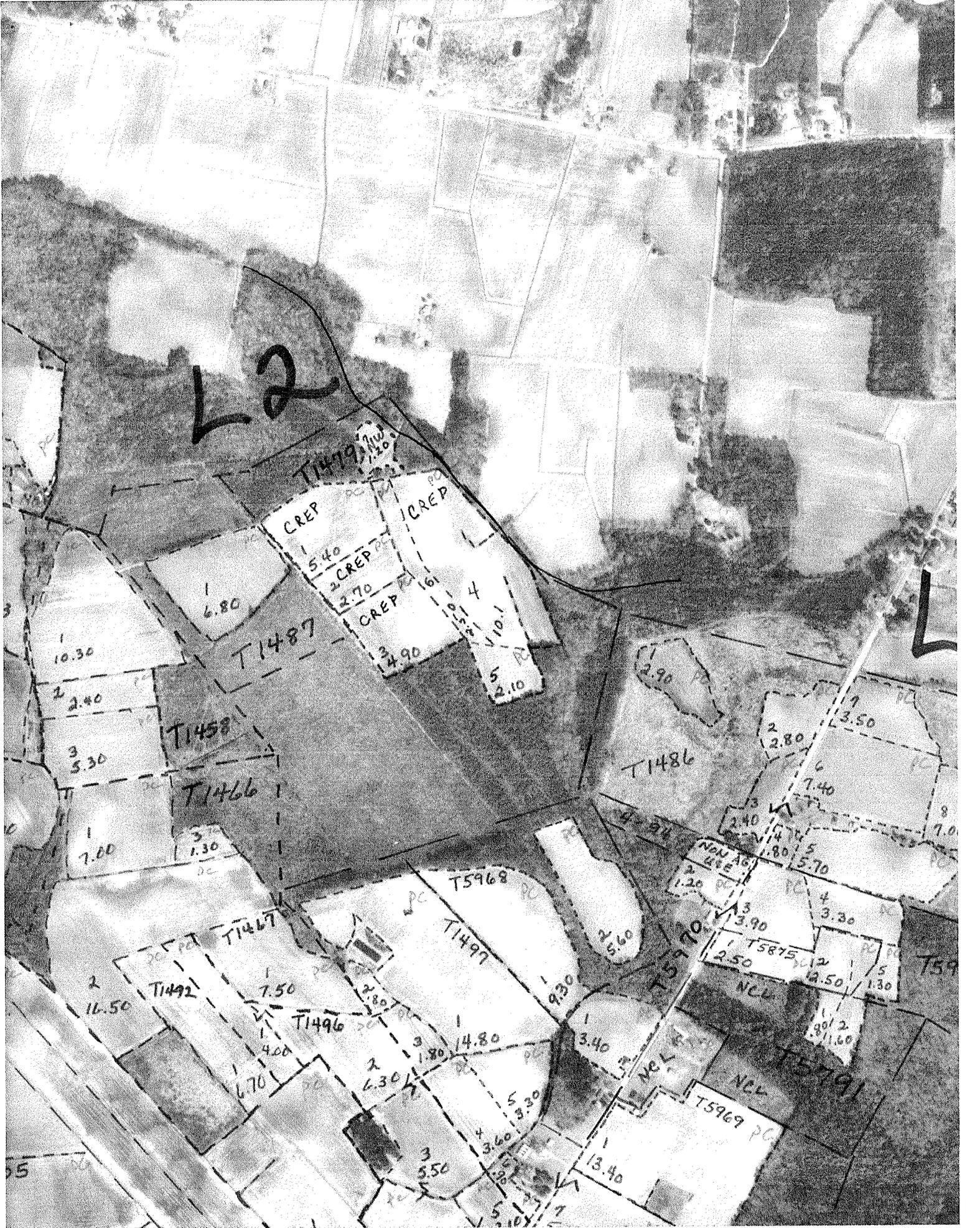
11. Signature of Producer	<i>I hereby certify that the above information and the information on attached AD-1026A's, is true and correct to the best of my knowledge and belief.</i>		
12. Referral to NRCS (Completed by FSA)	Enter a <input checked="" type="checkbox"/> if a NRCS determination is needed because "Yes" is answered in item 8, 9, or 10.	Date Referred <i>6-27-02</i>	Signature of FSA Representative <i>Emily P. Graham</i>

NOTE: Before signing in item 13, Read AD-1026 Appendix.

Continuous AD-1026 Certification	
I understand and agree that unless I give written notice otherwise, this certification of compliance and agreement shall serve as a continuous certification and agreement for subsequent crop years. That is, as to the current and subsequent crop years:	
<ul style="list-style-type: none"> • I agree to the terms and conditions stated on AD-1026 Appendix on all land in which I have or will have an interest. • I agree that if there are any changes in my operation or activities that may affect compliance with these provisions, I will file a revised AD-1026. • I agree to file any required exemption requests for each applicable crop year. • I understand that affiliated persons are also subject to compliance with these provisions and their failure to comply or file AD-1026 will result in loss of eligibility to persons or enterprises with whom they are affiliated. <i>(Affiliated person rules are printed on the reverse of this form.)</i> 	
13. Producer Sign Here <i>William R. Callow</i>	Date <i>6-27-02</i>

This program or activity will be conducted on a nondiscriminatory basis without regard to race, color, religion, national origin, age, sex, marital status, or disability.

L2



T1479
CREP
5.40
2 CREP
2.70
CREP
34.90
161
4
10.1
5
2.10

T1487

T1458

T1466

T1486

T5968

T1497

T1492

T1496

T15970

T5875

T5969

T5791

L

T59

DATA FORM
ROUTINE WETLAND DETERMINATION
(1987 COE Wetlands Delineation Manual)

Project/Site: _____ Applicant/Owner: <u>William R Callow</u> Investigator: <u>Andrew W. Metts DC</u>	Date: <u>4-4-03</u> County: <u>Crawford</u> State: <u>NC</u>						
Do Normal Circumstances exist on the site? Is the site significantly disturbed (Atypical Situation)? Is the area a potential Problem Area? (If needed, explain on reverse.)	<table style="width: 100%; border: none;"> <tr> <td style="text-align: right;">(Yes) No</td> <td></td> </tr> <tr> <td style="text-align: right;">Yes (No)</td> <td></td> </tr> <tr> <td style="text-align: right;">Yes (No)</td> <td></td> </tr> </table>	(Yes) No		Yes (No)		Yes (No)	
(Yes) No							
Yes (No)							
Yes (No)							
Community ID: _____ Transect ID: _____ Plot ID: _____							

VEGETATION

Dominant Plant Species	Stratum	Indicator	Dominant Plant Species	Stratum	Indicator
1. <u>None</u>			9. _____		
2. _____			10. _____		
3. _____			11. _____		
4. _____			12. _____		
5. _____			13. _____		
6. _____			14. _____		
7. _____			15. _____		
8. _____			16. _____		

Percent of Dominant Species that are OBL, FACW or FAC (excluding FAC-): _____

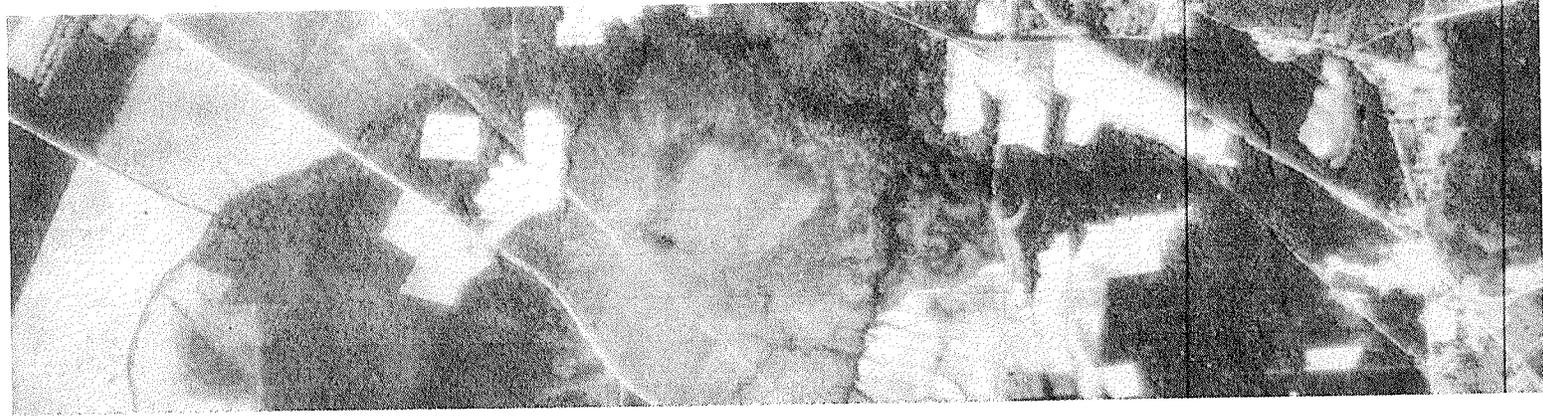
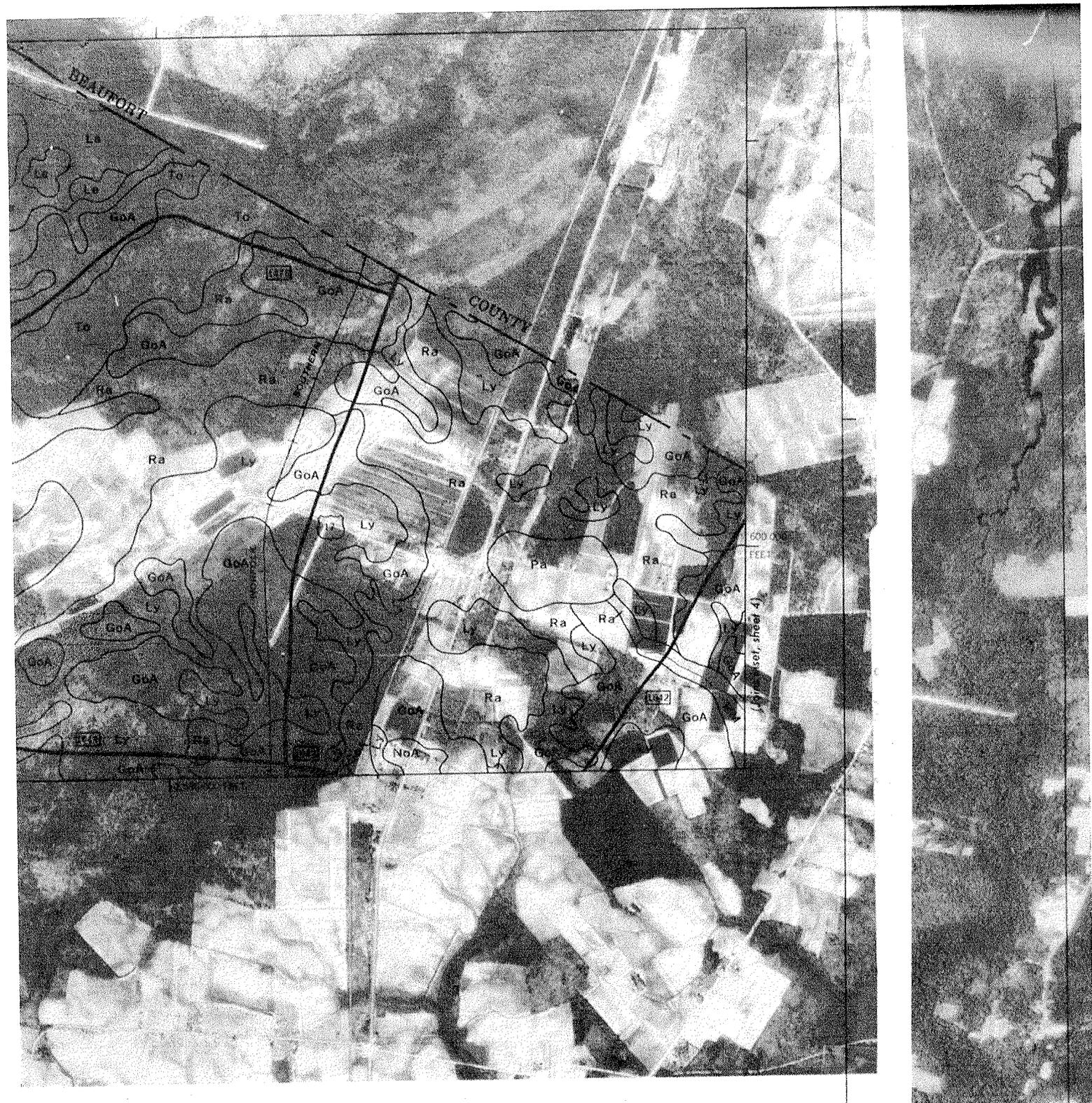
Remarks: old home site. 1964 aerial photos show area was cleared before 1964.

HYDROLOGY

<input type="checkbox"/> Recorded Data (Describe in Remarks): <input type="checkbox"/> Stream, Lake, or Tide Gauge <input checked="" type="checkbox"/> Aerial Photographs <input type="checkbox"/> Other <input type="checkbox"/> No Recorded Data Available	Wetland Hydrology Indicators: Primary Indicators: <input type="checkbox"/> Inundated <input type="checkbox"/> Saturated in Upper 12 Inches <input type="checkbox"/> Water Marks <input type="checkbox"/> Drift Lines <input type="checkbox"/> Sediment Deposits <input type="checkbox"/> Drainage Patterns in Wetlands Secondary Indicators (2 or more required): <input type="checkbox"/> Oxidized Root Channels in Upper 12 Inches <input type="checkbox"/> Water-Stained Leaves <input type="checkbox"/> Local Soil Survey Data <input type="checkbox"/> FAC-Neutral Test <input type="checkbox"/> Other (Explain in Remarks)
Field Observations: Depth of Surface Water: <u>0</u> (in.) Depth to Free Water in Pit: <u>720</u> (in.) Depth to Saturated Soil: <u>720</u> (in.)	
Remarks: <u>4+ foot drainage canal next to this field.</u>	

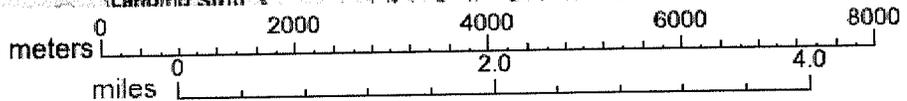
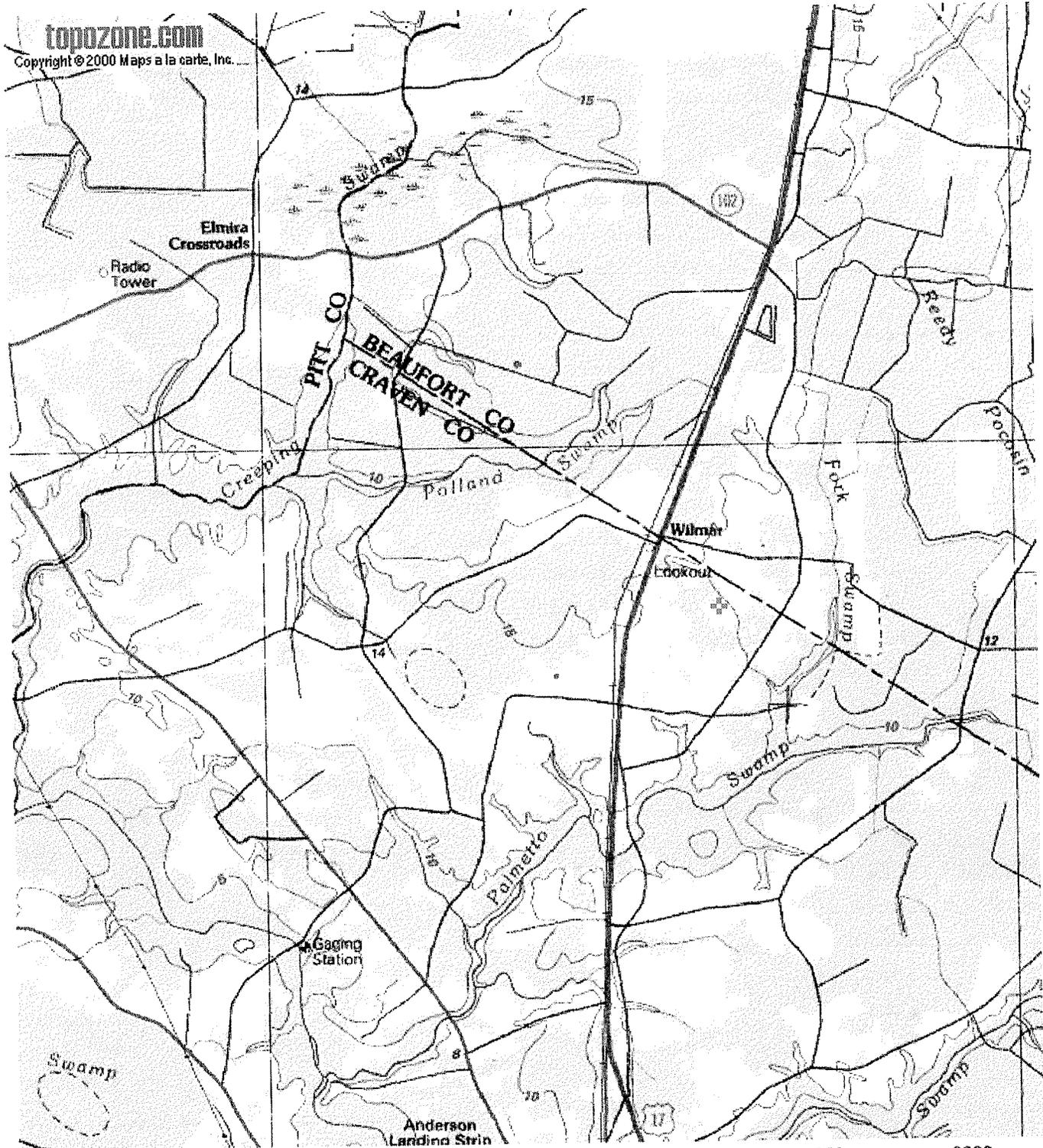
1-11-64



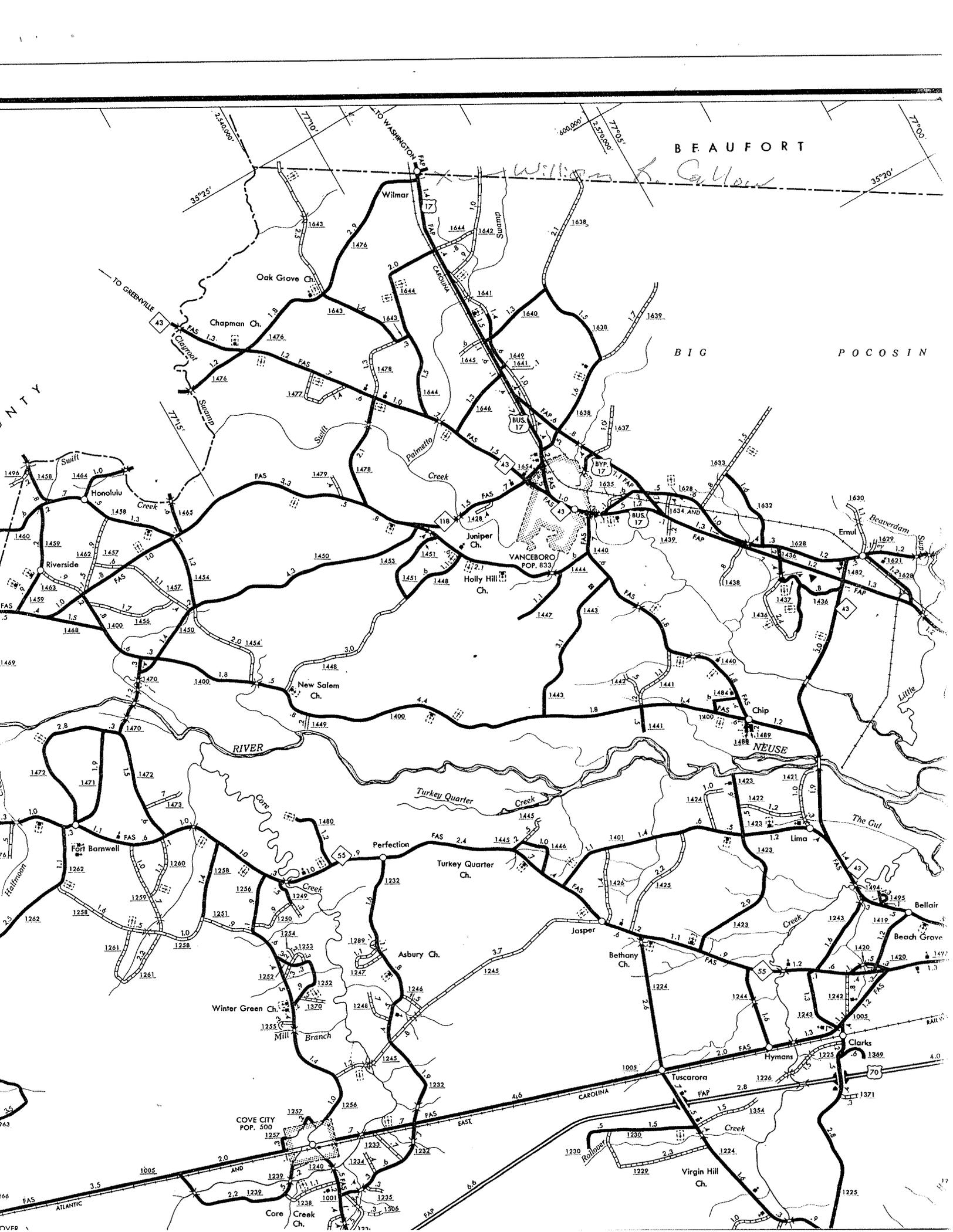




Target is 35° 23' 14"N, 77° 08' 05"W - WILMAR quad [Quad Info]



William R Callow



BEAUFORT

BIG POCOSIN

William K. Callow

TO GREENVILLE

TO WASHINGTON

RIVER

Turkey Quarter Creek

NEUSE

COVE CITY
POP. 500

VANCEBORO
POP. 833

COUNTY

OVER

- (3) Complete 1/3 of the installation of the Best Management Practice(s) as described in the attached CPO, as determined by the Craven Soil and Water Conservation District within the first twelve (12) months following approval of the CPO by the NC Division of Soil and Water Conservation. Failure to comply with this item will result in the immediate termination of this Cost Share Contract. Cooperator(s) may request the Craven Soil and Water Conservation District for a six (6) month extension of this provision to avoid termination of contract.
- (4) Maintain and continue the cost shared best management practices on the attached CPO for the minimum life set forth by the Soil and Water Conservation Commission. If the cooperator(s) fails to properly maintain or continue the cost shared practices for their intended use for the life of the practice, the cooperator(s) shall be required to repair or reimplement the practice within 30 days (up to one calendar year for vegetative practices) or be required to repay the State of North Carolina a pro-rated amount of the cost share payment as set forth in 15A NCAC 6E. If the cooperator(s) abandons the current operation, converts the use of the cost shared practices or fails to maintain the practices properly, the cooperator(s) will be required to repay to the State of North Carolina a pro-rated amount of the cost share payment(s) as set forth in the rules governing this program.
- (5) Soil test at least every two years on benefited acres for the duration of the contract maintenance period. Samples must be submitted to the NCDACS Agronomic Division (or other acceptable testing facility) and the fertilizer application recommendations followed as closely as reasonably and practically possible.
- (6) As a condition for receiving cost share assistance for waste management systems, have the waste material analyzed once every year to determine its nutrient content and if the waste is land applied, to annually submit a soil test sample for analysis of the area of waste application; and to apply the waste as close as reasonably and practically possible to recommended fertilizer rates. If the cooperator(s) fails to have waste and soil analyzed within a prescribed amount of time as specified by the District, the cooperator(s) will be required to repay to the State of North Carolina a pro-rated amount of the cost share payment(s) as set forth in the rules governing this program.
- (7) Permit access by Soil and Water Conservation District, Division and Commission representatives at reasonable times to provide technical assistance and to inspect the practices during and after implementation for proper installation, maintenance and continuation.
- (8) Require any person(s) to whom the benefited acres are transferred by sale, lease or other means to sign a statement to maintain and continue the cost shared BMPs for the remaining life of the practice as a condition of the transfer of ownership or control. The cooperator shall give a copy of the agreement to the District. Failure of the cooperator(s) to secure such an agreement will require the cooperator(s) to repay the State a pro-rated amount of the cost share payment(s) as set forth in the rules governing this program.
- (9) Repay the State a pro-rated amount of the cost shared portion of equipment purchased under this agreement that is sold or leased within the maintenance period and further agrees not to use cost shared equipment as collateral.

THE DISTRICT AGREES TO:

- (1) Provide technical assistance for the planning, design, implementation, maintenance, and certification for all best management practices (cost shared and non cost shared) contained in the attached conservation plan of operation.

(2) Following District certification that best management practices were properly installed and implemented, provide to the designated cooperators(s) through the North Carolina Division of Soil and Water Conservation up to 75% of the average cost for each approved best management practice contained in the attached CPO, 100% for practices receiving incentive payments. Payments will be contingent on prior approval by the Division's NPS Section of the CPO, any Revisions or Supplements, and Requests for Payment.

William Callow (Applicant) Date 10-4-01
(Signature) William Callow

(Signature) (Applicant) Date _____

(Signature) (Landowner) Date _____

(Signature) (Landowner) Date _____

District Chair

James K. Spruill Date 10-09-01
(Signature)

NC DENR
DSWC

NORTH CAROLINA AGRICULTURE COST SHARE PROGRAM
CONSERVATION PLAN OF OPERATION (CPO) SUMMARY

NC-ACSP-11A
(08/2001)

NAME: ADDRESS: Vanceboro, N.C. 28586-7406	William Callow 843 CC Road	AGREEMENT NUMBER 25-02-04-09	TOTAL ACRES AFFECTED 22.6	ANIMAL TYPE AND NUMBER
TOTAL COST	ANNUAL COST BY PROGRAM YEAR	TOTAL SOIL LOSS REDUCTION*	TOTAL NUTRIENT LOSS REDUCTION*	TOTAL WASTE MANAGED
1,206.00	PY 2002 _____ PY _____	TONS/YR	LBS/YR N LBS/YR P	LBS/YR N LBS/YR P (P205)
		90	726 0	

Highest level of design approval: FIELD OFFICE AREA OFFICE _____ STATE OFFICE _____ OTHER _____

The Cooperator(s) has reviewed the Cost Share Agreement and CPO and agrees to apply the planned treatment according to the standards and specifications as approved by the Division of Soil and Water Conservation. Failure to carry out the un-numbered contract items (UN) does not constitute non-compliance with the contract. The Cooperator(s) agrees to maintain the stripcropping system for 5 years, long term no-till for 5 years, nutrient management plan for 3 years, sod-based rotation for a minimum of _____ months in sod, and all other practices for 10 years, except conservation tillage, which is an annual practice. The Cooperator(s) also agrees to fully implement the Waste Management Plan (WMP) that is part of the CPO. CPO and payment are contingent on approval by NPS Section, Division of Soil and Water Conservation, NC DENR. Funding for this CPO is contingent upon final annual allocation of State funds to the District. Installation may not begin prior to receiving approval from the Division, with the exception of vegetative-only CPOs not exceeding \$2500, as provided by the NC-ACSP-2 contract form, if chosen by the cooperator(s).

Applicant: William Callow Callow Date: 10-4-01

Landowner (if applicable): _____ Date: _____

Technical Representative: John F. Fisher Date: 10-4-01

Design Approval Authority: Robert W. Mott Date: 10-4-01
(Can be submitted separately from 11A)

District Chair: James H. Powell Date: 10-09-01

*Or attach Resource Impact Summary. (Hansard/Sugg worksheet cannot be substituted.)

SOILS

Map Unit Name
 (Series and Phase): Goldstone loamy fine sand Drainage Class: 2w
 Taxonomy (Subgroup): _____ Field Observations
 Confirm Mapped Type? Yes No

Profile Description:

Depth (inches)	Horizon	Matrix Color (Munsell Moist)	Mottle Colors (Munsell Moist)	Mottle Abundance/Contrast	Texture, Concretions, Structure, etc.
0-9	A	10YR5/2			fs
9-20	B	10YR6/7			scd

Hydric Soil Indicators:

- Histosol
- Histic Epipedon
- Sulfidic Odor
- Aquic Moisture Regime
- Reducing Conditions
- Gleyed or Low-Chroma Colors
- Concretions
- High Organic Content in Surface Layer in Sandy Soils
- Organic Streaking in Sandy Soils
- Listed on Local Hydric Soils List
- Listed on National Hydric Soils List
- Other (Explain in Remarks)

Remarks:

WETLAND DETERMINATION

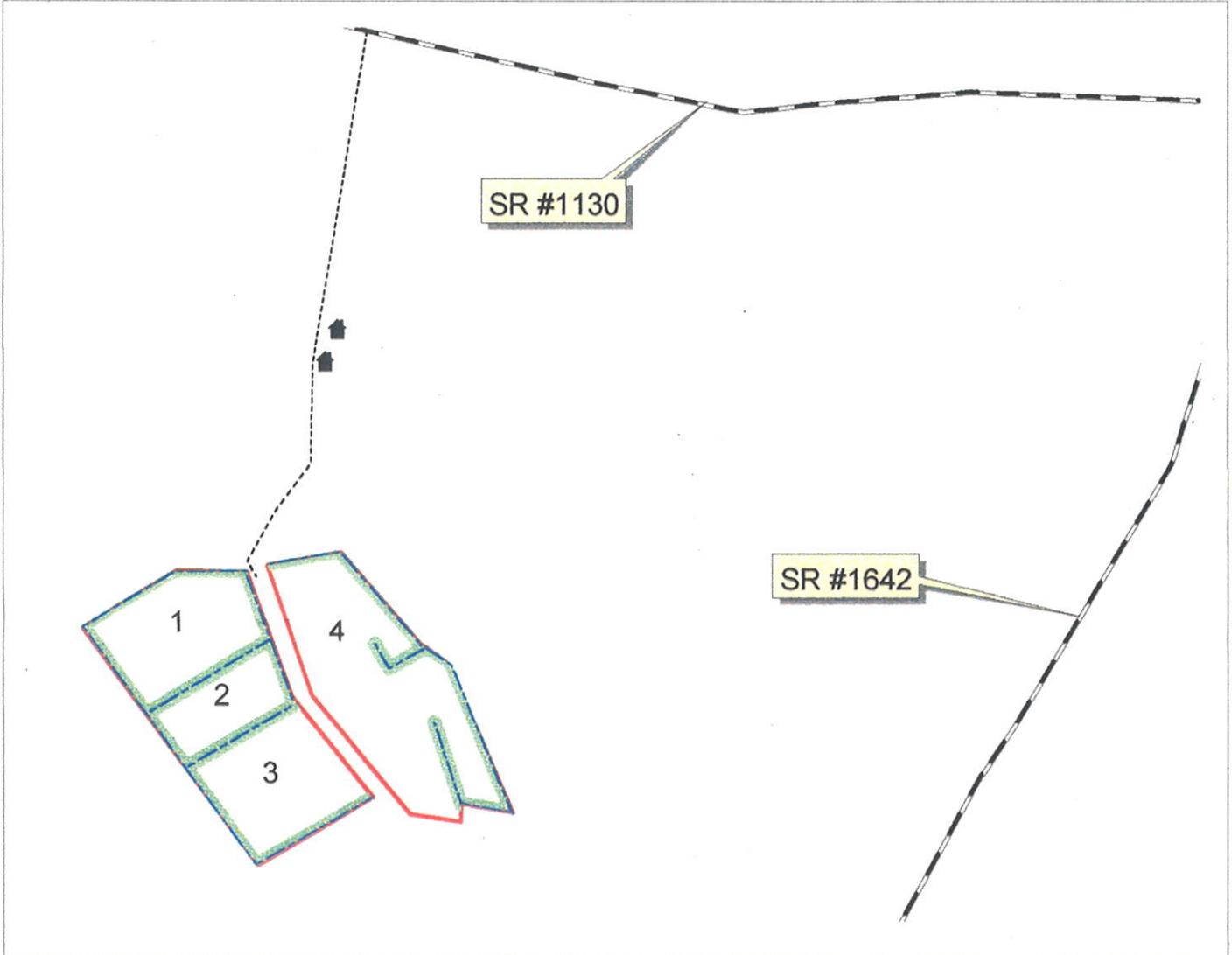
Hydrophytic Vegetation Present?	Yes No (Circle)	Is this Sampling Point Within a Wetland? Yes No (Circle)
Wetland Hydrology Present?	Yes <input checked="" type="radio"/> No	
Hydric Soils Present?	Yes <input checked="" type="radio"/> No	
Remarks:		



NC Division of Forest Resources Woodland Management Map



Acreages and Boundaries are Approximate



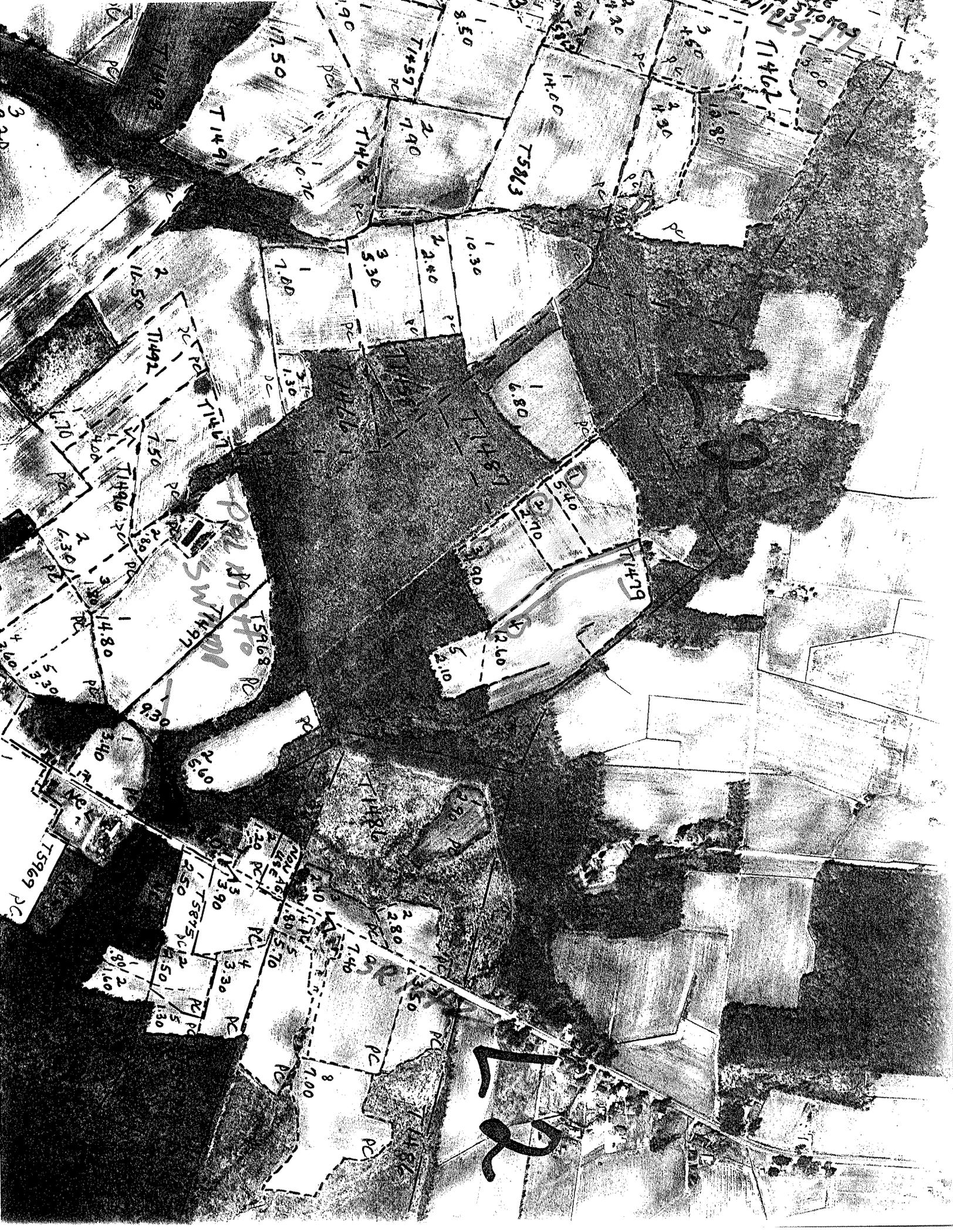
1000 0 1000 2000 Feet



1 inch = 660 feet

Landowner: William Callow
County: Craven
Location: BSP=65-7-20
Date: 9-17-01
Drawn By: Greg Hicks

-  Structure
-  Water Course
-  Trail
-  Hardwood Area
-  Paved Road
-  Pine Area



Stones

T1462

T5863

T1491

T1457

T1465

T1492

T1497

T1496

T5968

T5969

T5875

T570

T570

T570

T570

3.20

17.50

1.90

8.50

14.00

3.60

4.60

19.85

2

1

3

10.30

2

1

11.50

7.00

3.30

6.80

1

1.70

1.30

1

3.90

5.40

3.40

14.80

1

1

5.00

2.60

3.40

1

1

2.40

1.20

1.20

1.30

1.30

1.80

1.80

80.2

1.50

1.30

1.50

1.30

1.50

1.30

1.30

1.50

1.30

1.50

1.30

1.30

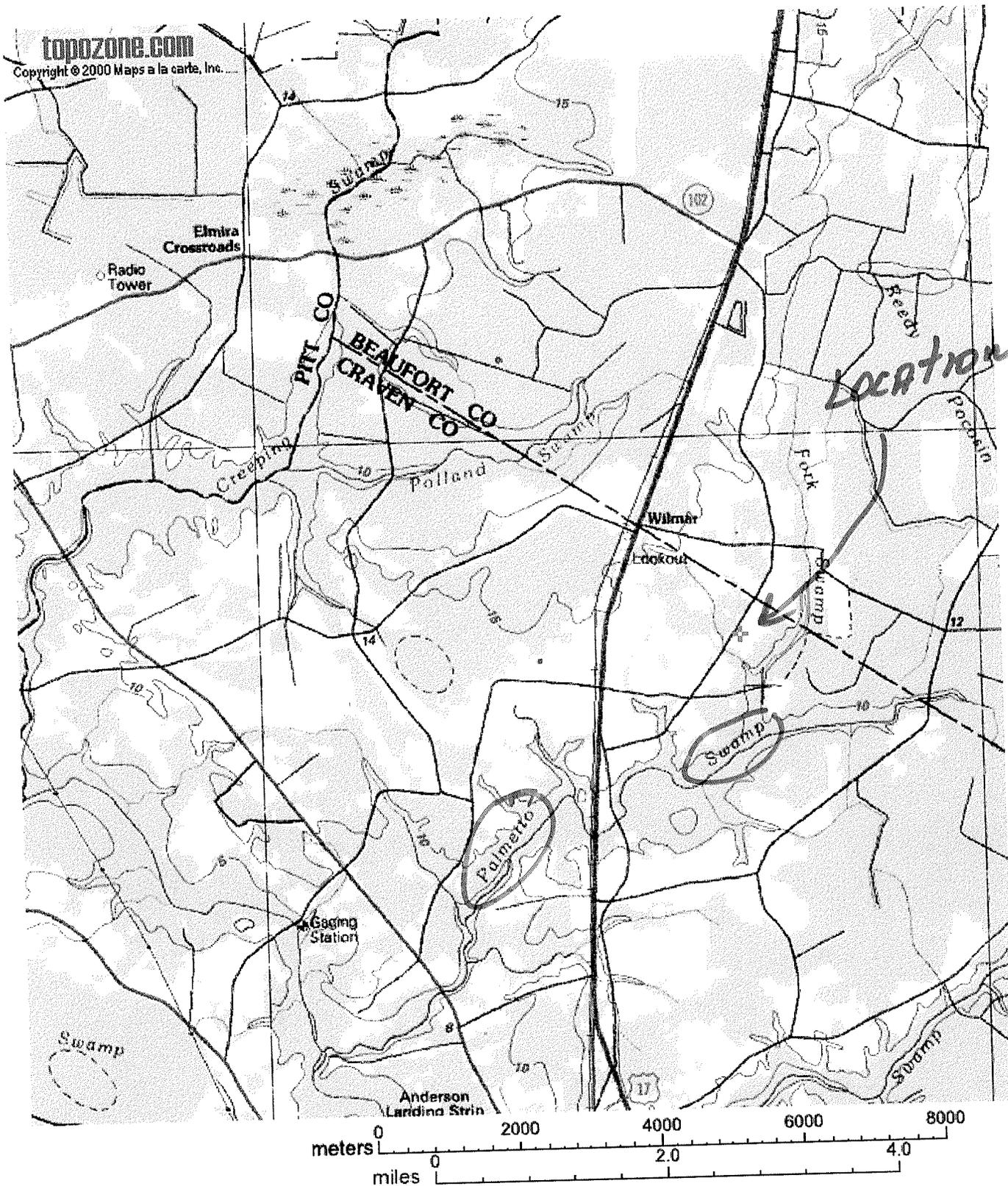
1.50

1.30

LR

TopoZone.com

Target is 35° 22' 54"N, 77° 07' 40"W - **WILMAR** quad [Quad Info]



LOCATION

(Joins sheet 3)

INSET A

2 550 000 FEET



(Joins inset, sheet 4)

600 000 FEET

72 07'30" 23'45"



North Carolina Conservation Reserve Enhancement Program

Commonly Asked Questions about Permanent Conservation Easements

What is the Conservation Reserve Enhancement Program (CREP)?

CREP is a new initiative established as part of the highly successful Conservation Reserve Program (CRP). CREP expands CRP's effectiveness by allowing USDA to work in partnership with state and local interests to meet specific conservation objectives. CREP utilizes Federal and State resources to achieve long-term voluntary protection of environmentally sensitive cropland and marginal pastureland. These voluntary protection measures are accomplished through 10-, 15-, 30-year and permanent agreements for landowners to plant grassed filter strips, forested riparian buffers, and hardwood trees and to restore wetlands. For more information or to learn more about enrollment into the program contact your local Farm Service Agency (FSA) office or Natural Resource Conservation Service (NRCS) and Soil and Water Conservation District office.

What is a CREP conservation easement and what limitations are placed on the land?

A CREP conservation easement is a written agreement between a landowner and the State of North Carolina in which there is an acquired interest in the land to install conservation practices that reduce nutrient and sedimentation. The conservation practice exists for either 30 years or permanently depending on the landowner's choice. Conservation easements acquired under CREP are no more restrictive than the CRP contracts. With CREP, the landowner voluntarily limits future uses of the land such as crop farming and developmental rights, yet retains private ownership.

How much will the State pay me in initial one-time payments for a 30-year or permanent conservation easement?

Payments will vary from county to county and will be based on CRP soil rental rates and the type of practice installed. For example, the program provides the greatest incentives to landowners to implement forested buffers and enter into permanent agreements. The incentives include a federal 15-year payment, a state one-time bonus payment, and may provide assistance with meeting state environmental requirements. An additional incentive beyond what CREP provides for the permanent conservation easement can include state tax credits and federal and estate tax deductions.

See CREP Payment and Tax Examples sheet for more information.

What can I do with my land once it is in a CREP 30-year or permanent conservation easement?

The title of the land still resides with the landowner. The landowner has the right to hunt, fish, and if the land is forested, manage the forest (as prescribed in a written forest management plan approved by a registered forester). In general, the landowner may do as he/she pleases, however the land under the conservation easement may not be developed or cultivated. The conservation easement follows the land from owner to owner via land deed. The conservation easement **does not** restrict the owner from selling or willing the land. The state must be allowed access to monitor the CREP easement area.

The landowner **continues to control access to the land**. Easement **does not** imply any right of public access to your land.

Does the conservation easement apply to the entire farm?

No, the conservation easement applies only to the portions of land enrolled in CREP.

Why would I give up my development rights?

Most of the land eligible for CREP is marginal cropland or land that is wet a majority of the time. Most sites are not suitable for residential or industrial development. Since the development potential of the land is minimal, **one of the best economic returns to expect would be through the money received for enrollment in a permanent conservation easement.**

For those still interested in future development potential of their lands adjacent to CREP areas, buyers may pay more money for houses and land. Homes may sell more quickly if located near permanently preserved areas,¹ such as riparian corridors and buffers, because potential buyers know these areas will remain as open space.

Why would I consider a permanent conservation easement for my land?

Many landowners value their lands, not just for economic purposes, but for the quality of life associated with living in rural communities, for the open spaces, and for the natural resources these lands provide. Many landowners want to pass their land to the next generation. A permanent conservation easement can not only help by reducing some of the tax burden, but also being able to retain the title while receiving payment for the land.

Other attractions of the program include potential income from the State's one-time bonus payments, permanent protection from urban or development sprawl in the easement area, improved recreational enjoyment of wildlife resources, and improved landscape aesthetics.

What other economic benefits may I gain from a permanent conservation easement?

There are economic benefits to enroll into a permanent conservation easement beyond what the program offers. Below are some of these benefits. It is advised to consult a property attorney or an accountant concerning these programs.

North Carolina State Tax Credits

Permanent conservation easements offer landowners many economic benefits in addition to the state one-time bonus. The landowner may also apply for a North Carolina State conservation tax credit on all lands put under permanent conservation easement. **A landowner may receive a tax credit up to 25% of the value of a donated interest in land (up to a maximum credit of \$250,000 for individuals and \$500,000 for corporations) to be carried for five succeeding years on their state income taxes.**²

Federal Income Tax Deductions

A landowner may apply for a federal tax deduction by enrolling in a CREP permanent conservation easement on his/her land. The value of the easement is considered a charitable contribution that may be deducted from federal taxes. The federal tax deduction can be used against 30% of the landowner's adjusted gross income³ which may be used for 6 consecutive years (until the value of the easement is used up).⁴

Federal Estate Tax Deductions

Landowners may also use the value of the donated permanent conservation easement against their estate taxes.⁵ For estates valued at more than \$650,000 (for 1999) where land is the major asset, this tax deduction can lead to major reduction or elimination of estate taxes.⁶

There are additional estate tax saving provisions under I.R.C. 2031(c) that afford additional tax relief with land under conservation easements (up to \$200,000 for 1999). See your accountant for more details.

County Tax Reductions

Although every county has a different taxing system, some county property tax relief may be expected for the portion of land under conservation easement that is being converted from open land to forest. Each person needs to contact his or her local tax office for more details.

Who will hold the conservation easement?

The State of North Carolina will hold the conservation easement. The Division of Soil and Water Conservation will enforce and monitor the conditions of the easement with assistance from the local Soil and Water Conservation Districts.

Are there options for entering the CREP program other than the permanent conservation easement?

Yes, there is also a 10-year contract, 15-year contract, or 30-year conservation easement agreement option. The 30-year conservation easement provides a state one-time bonus payment that is just less than half the value of the permanent conservation easement state one-time bonus. The 30-year conservation easement is not eligible for the state or federal tax credits/deductions. Also, less cost share is available under the 30-year conservation easement for establishing the CREP practice(s).

Note: Persons wishing to file for any tax deductions or credits need to consult a property attorney or an accountant to ensure accuracy and legitimacy of claim.

Endnotes

- ¹ Conservation Easements: An Introduction for North Carolina Landowners. Conservation Trust for North Carolina, P.O. Box 33333, Raleigh, NC 27636-3333, p.16.
- ² N.C.G.S. 105-151.12 and G.S. 105-130.34
- ³ 26 U.S.C. 170(b)(1)(C)(I)
- ⁴ 26 U.S.C. 170(b)(1)(C)(ii)
- ⁵ 26 U.S.C. 170(h); 2055(a)
- ⁶ How to profit from the Taxpayer Relief Act of 1997. 1997. Investor's Spectrum. Vol. 19(9):4.

<http://www.enr.state.nc.us/EHNR/DSWC/files/crepmain.htm>



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North Carolina Conservation Reserve Enhancement Program

Permanent Conservation Easement Payment and Tax Examples

I. Example of CREP Payment for Permanent Conservation Easement

Farmer Smith lives in Wilson County and knows that under the Neuse Rules he is required to adopt best management practices on the farm to reduce nitrogen loads to the watershed. He recognizes that the Conservation Reserve Enhancement Program is a tool that can help cover the costs of complying with the rules. Therefore, he chooses to enroll 57 acres of cropland under CREP in a forested riparian buffer in permanent conservation easements.

How much money will Mr. Smith receive in federal and state monies for enrolling into the CREP permanent easement? How does Mr. Smith benefit from CREP?

- A. As an example the CRP soil rental rate for Mr. Smith's land is \$50/acre. Since Mr. Smith plans to use the forested riparian buffer practices he is provided a 100% incentive for tree planting.**

Federal Payment Formula ¹	
Annual Rental Rate + (Annual Rental Rate x 100% Incentive) + \$5 =	Annual Federal Payment /Acre
\$50/acre + (\$50/acre x 100%) + \$5 =	\$105/acre/year

- B. Mr. Smith will also receive a state one-time bonus for the permanent easement. The payment is a one-time up front lump sum to be paid to the landowner upon placement of the easement on the land.**

State One-Time Bonus Payment Formula for Permanent Agreement ²	
15 x Annual Federal Payment/acre x 0.30 =	State one-time bonus/acre
15 x \$105/acre x 0.30 =	\$472.50/acre

Total Payment for 57-acre permanent conservation easement:

Federal Payment over 15 years: 15 years (maximum) x 105/acre x 57 acres =	\$89,775
State One-Time Bonus Payment: \$472.50/acre x 57 acres = (rounded to whole number)	\$26,933
Total	\$116,708

Mr. Smith can expect to receive a total amount of \$116,708 for enrolling the 57 acres in a permanent conservation easement.

II. Tax Incentives for Enrolling CREP Permanent Conservation Easements

A. North Carolina Conservation Tax Credit Program

Mr. Smith may also APPLY for the **State Conservation Tax Credit Program** because his enrolled land under the permanent conservation easement is useful for fish and wildlife conservation and for other land conservation purposes. This North Carolina program allows individuals to apply for a state tax credit of 25% of the fair market value of the permanent conservation easement. Since Mr. Smith's land was accepted and approved, his land had an appraised market value of \$1500/acre as farmland and a value of \$250/acre as woodland with a CREP permanent conservation easement then:

State Conservation Tax Credit Program ³	
$[(\text{Market value} - \text{Easement Value}) - \text{State Bonus Payment}] \times 0.25 =$	State Tax Credit
$[(\$1500 - \$250) - \$472.50] \times 0.25$	\$194.38/acre

State Conservation Tax Credit = \$194.38/acre x 57 acres = **\$11,079.66**

This tax credit can be applied towards a person's state income tax owed for 6 consecutive years. In order for a person to receive the state and federal tax credits/deductions a person must have an appraisal done on the enrolled CREP lands. The CREP program **does not** pay for appraisals. A North Carolina State Conservation Tax Credit Application must be completed by the landowner in order to participate in this program.

B. Federal Income Tax Deduction

Mr. Smith may also apply for a **federal income tax deduction** when enrolling in a CREP permanent conservation easement. The federal tax deduction limit is 30% of a person's adjusted gross income or 10% for corporations.⁴ This federal tax

deduction may be carried forward for up to 5 years if the deduction cannot be fully used in the first year.⁵

In Mr. Smith's case his easement deduction is valued at:

Federal Income Tax Deduction	
((Market value of farmland – Easement value as Woodland – State Bonus)) x No. Acres =	Total Federal Tax Deduction
(((\$1500/acre - \$250/acre) - \$472.50/acre) x 57 acres =	\$44,318

Mr. Smith's Adjusted Gross Income (AGI): \$100,000/year
 Allowed deduction 30% AGI per year: \$30,000/year

Federal Income Tax Deductions

Year Donation made	\$30,000
Year 2	\$14,318
TOTAL	\$44,318

Persons wishing to file for the federal income tax deduction need to consult an accountant to ensure accuracy and legitimacy of claim.

C. Federal Estate Tax Deduction

Mr. Smith's estate net worth is \$670,000. Persons enrolling a CREP permanent conservation easement may also be eligible for a **Federal Estate Tax Deduction**. This estate tax deduction is only for those with estates valued at more than \$650,000 (for 1999).⁶ The formula for figuring an estate tax deduction is:

Federal Estate Tax Deduction Formula ⁷	
Estate Net Worth - Value of Donated Easement =	New Estate Net Worth
\$670,000 - \$44,318 =	\$625,682

Mr. Smith's new estate net worth is \$625,682.

Also, if enrolling a CREP permanent conservation easement on lands within 25 miles of metropolitan statistical areas, national parks, wilderness areas, or urban national forests, the donor could also receive an additional 40% reduction from federal estate taxes.⁸ Persons wishing to file for estate tax deductions need to consult a property attorney or an accountant to ensure accuracy and legitimacy of claim.

D. County Tax Reductions

Persons enrolling in a CREP permanent conservation easement may also be able to reduce their county taxes. By changing your land from open (agriculture) to forestland with a conservation easement, some counties will assess your land at a lower value. Persons who place a permanent easement on their land need to check with their county tax office for reassessment.

NOTE: Persons wishing to file for the income tax deductions and credits and estate tax deductions need to consult a property attorney or an accountant to ensure accuracy and legitimacy of claim. These figures are for example purposes only.

Endnotes

¹ North Carolina Conservation Reserve Enhancement Program Standard Operating Procedures, March 1999. Part V-A.

² North Carolina Conservation Reserve Enhancement Program Standard Operating Procedures, March 1999. Part V-B.

³ N.C.G.S. 105-151.12 and G.S. 105-130.34

⁴ 26 U.S.C. 170(b)(1)(C)(I)

⁵ 26 U.S.C. 170 (b)(1)(C)(ii)

⁶ How to profit from the Taxpayer Relief Act of 1997. 1997. Investor's Spectrum. Vol. 19(9): 4.

⁷ 26 U.S.C. 170(h); 2055(a)

⁸ I.R.C. 2031(c)

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