



DEPARTMENT OF AGRICULTURE

Office of the Secretary

7 CFR Part 9

Federal Crop Insurance Corporation

7 CFR Part 400

Natural Resources Conservation Service

7 CFR Part 636

Farm Service Agency

7 CFR Parts 760, 761, 762, and 767

Commodity Credit Corporation

7 CFR Parts 1410, 1465, 1467, and 1468

Rural Business-Cooperative Service

7 CFR Parts 4280 and 5001

Rural Housing Service

7 CFR Part 5001

Rural Utilities Service

7 CFR Part 5001

[Docket No. USDA-2024-0002]

RIN 0503-AA87

Removal of Unconstitutional Preferences Based on Race and Sex in Response to Court Ruling

AGENCY: Office of the Secretary, Federal Crop Insurance Corporation, Natural Resources Conservation Service, Farm Service Agency, Commodity Credit Corporation, Rural Business-Cooperative Service, Rural Housing Service, and Rural Utilities Service, USDA.

ACTION: Final rule.

SUMMARY: The U.S. Department of Agriculture (USDA) has independently determined that it will no longer employ the race- and sex-based “socially disadvantaged” designation to provide increased benefits based on race and sex in the programs at issue in this regulation.

The USDA has faced a long history of litigation stemming from allegations of discrimination in the administration of its farm loan and benefit programs. However, over the past several decades, USDA has undertaken substantial efforts to redress past injustices, culminating in comprehensive settlements, institutional reforms, and compensatory frameworks. These actions collectively support the conclusion that past discrimination has been sufficiently addressed and that further race- and sex-based remedies are no longer necessary or legally justified under current circumstances.

DATES: Effective [INSERT DATE OF PUBLICATION IN THE *FEDERAL REGISTER*].

FOR FURTHER INFORMATION CONTACT: Mr. Michael Poe, Office of the General Counsel, USDA, 1400 Independence Avenue SW., Washington, DC 20250-1400, (202) 769-8247.

SUPPLEMENTARY INFORMATION: Over the years, USDA has acknowledged and confronted its history of discrimination in the administration of federal farm loan and benefit programs through a series of lawsuits brought by minority and female farmers. Courts and Congress have examined claims of disparate treatment and unequal access to credit and services. These proceedings have resulted in landmark settlements, meaningful reforms, and the disbursement of substantial compensatory relief.

Litigation addressing discrimination by USDA-affiliated entities dates to the early 1970s. In *Strain v. Philpott*, 331 F.Supp. 836 (M.D.Ala.1971) a federal court entered a consent decree to address claims of racially discriminatory employment and service delivery practices within the Alabama Cooperative Extension Service (ACES). The plaintiffs, all black citizens of Alabama, included an employee of ACES and other rural residents who were beneficiaries or potential beneficiaries of extension services in Alabama.

The court determined that racial discrimination had influenced the employment practices and service distribution of the defendants, necessitating a detailed and specific decree. This decree not only prohibited discriminatory practices but also established procedures to prevent future discrimination and address the effects of past inequities. The case set a precedent for judicial intervention in USDA-related civil rights matters and underscored USDA's willingness to engage in meaningful reforms to ensure equitable access and treatment for all.

In the mid-1990s, lawsuits such as *Williams v. Glickman*, 936 F.Supp. 1 (D.D.C.1996) raised serious allegations of racial bias in USDA loan programs. The plaintiffs in this case alleged racial and national origin discrimination by the Farmers Home Administration (FmHA), a credit agency within USDA, in its administration of farm loans. They sought damages and equitable relief under the Equal Credit Opportunity Act and the Fifth Amendment and filed a motion for class certification, seeking to represent a broader group of individuals allegedly affected by discriminatory practices. However, after reviewing the arguments, evidence, and legal standards, the court denied the motion for class certification.

Although these early claims were dismissed for procedural reasons, they laid the foundation for the class-action case *Pigford v. Glickman*, 182 F.R.D. 341 (D.D.C. 1998) filed on behalf of black farmers who had been systematically excluded from USDA credit programs between 1981 and 1996. The *Pigford* settlement, approved by the court in 1999, provided over \$1 billion in payments and debt relief. It also imposed institutional reforms within USDA, including strengthened civil rights oversight and improved loan processing procedures with a consent decree establishing a system for notice, claims submission, consideration, and review that involved a facilitator, arbitrator, adjudicator, and monitor, all with assigned responsibilities.

In 2004, the Black Farmers and Agriculturalists Association (BFAA) filed a \$20.5 billion class action lawsuit against the USDA for the same practices, alleging racially discriminatory practices between 1997 and 2004. The lawsuit was dismissed when the BFAA failed to show it had standing to bring the suit.

Recognizing that many eligible claimants were excluded from the original *Pigford* settlement due to missed deadlines, Congress enacted legislation authorizing the *Pigford II* settlement in 2010. This legislation appropriated an additional \$1.25 billion to allow late filers to seek relief under a non-judicial claims process. These efforts underscored a bipartisan consensus that the legacy of discrimination required not only financial redress but also structural reform.

Similar allegations were addressed in *Keepseagle v. Vilsack*, No. 1:99-cv-03119 (D.D.C. filed Nov. 24, 1999) (settled), brought by Native American farmers who faced comparable disparities in USDA credit services. The 2010 settlement in that case provided up to \$760 million in relief and further commitments to reform agency outreach and support for Native communities.

Although other lawsuits, including *Garcia v. Vilsack* (filed by Hispanic farmers) and *Love v. Vilsack* (filed by female farmers), did not achieve class certification, they nonetheless spurred USDA to create additional administrative processes for reviewing and compensating individual claims. These responses collectively reflected a broad institutional effort to correct past practices and ensure equitable access moving forward.

These actions collectively demonstrate USDA's substantial and sustained efforts to identify, acknowledge, and correct historical discrimination in its programs. The Department has implemented billions of dollars in settlement compensation, restructured its civil rights offices, and improved transparency, access, and service delivery. Courts have consistently affirmed that targeted relief, rather than open-ended racial or sex-based preferences, are the appropriate remedy for past discrimination.

In *Strickland v. USDA*, white farmers challenged USDA disaster and pandemic relief programs that targeted socially disadvantaged groups. The plaintiffs argued that the use of race and sex as criteria violated the Equal Protection Clause. Emphasizing an emerging judicial scrutiny of remedial race-based classifications, particularly considering Supreme Court precedent clarifying constitutional limits on affirmative action, the Court preliminarily enjoined the relief programs

that included race- and sex-based preferences. *Strickland v. United States Dep't of Agric.*, 736 F. Supp. 3d 469 (N.D. Tex. 2024).

In alignment with the *Strickland* court's June 7, 2024, decision, USDA has concluded that the use of discretionary policy choices, made under the rubric of the statutory authorities for the programs identified in the table below, is inconsistent with constitutional principles and the administration's policy objectives.

Program Title	Description	CFR Citation
Pandemic Assistance Programs	7 CFR Part 9 outlines the Pandemic Assistance Programs, specifically the Coronavirus Food Assistance Program (CFAP) and the Pandemic Assistance Revenue Program (PARP), designed to support agricultural producers impacted by the COVID-19 pandemic. These programs aim to compensate for revenue losses incurred during 2020 due to pandemic-related disruptions.	7 CFR Part 9
General Administrative Regulations	7 CFR Part 400 contains the general administrative regulations for the Federal Crop Insurance Corporation (FCIC). These regulations cover various aspects of the crop insurance program,	7 CFR Part 400

	<p>including eligibility, policy submissions, production reporting, and appeals processes. The part is divided into several subparts, each addressing specific areas of the program.</p>	
<p>Wildlife Habitat Incentive Program</p>	<p>The Wildlife Habitat Incentives Program, governed by 7 CFR Part 636, is a program designed to encourage private landowners to develop and improve fish and wildlife habitat on their land. This voluntary program offers financial and technical assistance for conservation practices on eligible lands, including agricultural land, nonindustrial private forest land, and Indian land.</p>	<p>7 CFR Part 636</p>
<p>Indemnity Payment Programs</p>	<p>Indemnity Payment Programs administered by the Farm Service Agency provide financial assistance to producers who have suffered losses due to natural disasters or other qualifying events.</p>	<p>7 CFR Part 760</p>

<p>Farm Loan Programs; General Program Administration</p>	<p>7 CFR Part 761 outlines the general program administration for Farm Loan Programs offered by the Farm Service Agency. This section covers both direct and guaranteed loan programs, detailing policies and procedures for loan making, servicing, and debt settlement. It also addresses issues relevant to both types of loans, such as farm operating plans, progression lending, and fund allocations.</p>	<p>7 CFR Part 761</p>
<p>Guaranteed Farm Loans</p>	<p>This subpart contains regulations governing Operating loans, Farm Ownership loans, and Conservation loans guaranteed by the Agency. This subpart applies to lenders, holders, borrowers, Agency personnel, and other parties involved in making, guaranteeing, holding, servicing, or liquidating such loans.</p>	<p>7 CFR Part 762</p>
<p>Inventory Property Management</p>	<p>7 CFR Part 767 outlines the regulations governing the management, lease, and sale of</p>	<p>7 CFR Part 767</p>

	<p>inventory property acquired by the Farm Service Agency, usually because of loan issues with borrowers. This acquisition can happen either by foreclosure or deed in lieu of foreclosure. The core policy is to manage and sell inventory property to protect the Agency's financial interest, although the Agency may opt to lease acquired property in specific situations.</p>	
<p>Conservation Reserve Program</p>	<p>The goals of the Conservation Reserve Program include cost-effectively reducing water and wind erosion, and protecting the Nation's long-term capability to produce food and fiber by establishing contracts with eligible producers to convert eligible land to an approved cover during the contract period in return for financial and technical assistance.</p>	<p>7 CFR Part 1410</p>
<p>Agricultural Management Assistance</p>	<p>Agricultural Management Assistance provides financial</p>	<p>7 CFR Part 1465</p>

	<p>assistance funds annually to producers in 16 statutorily designated States to improve water management and quality, plant trees, and mitigate risk through production diversification, conservation practices, pest management, or the transition to organic farming.</p>	
Wetlands Reserve Program	<p>The Wetlands Reserve Program aims to provide technical and financial assistance to eligible landowners for the restoration, protection, and enhancement of wetlands on eligible private and Tribal lands.</p>	7 CFR Part 1467
Agricultural Conservation Easement Program	<p>ACEP is a voluntary program administered by the USDA's Natural Resources Conservation Service aimed at assisting farmers, ranchers, and other eligible entities in preserving agricultural lands and restoring, protecting, and enhancing wetlands on eligible lands.</p>	7 CFR Part 1468

Loans and Grants	<p>These programs aim to support rural communities through financial assistance for economic development, energy projects, and small businesses. They include the Rural Economic Development Loan and Grant Program, the Rural Energy for America Program, the Rural Microentrepreneur Assistance Program, and Rural Business Development Grants.</p>	7 CFR Part 4280
Guaranteed Loans	<p>The Guaranteed Loan Programs provide loan guarantees to lenders, enabling them to extend credit to rural businesses, agricultural producers, and communities for various projects. The regulations cover eligibility for projects, borrowers, and lenders, as well as loan origination, servicing, and guarantee provisions.</p>	7 CFR Part 5001

Moving forward, USDA will no longer apply race- or sex-based criteria in its decision-making processes, ensuring that its programs are administered in a manner that upholds the principles of meritocracy, fairness, and equal opportunity for all *participants*.

This decision aligns with recent federal directives emphasizing the importance of equal protection under the law and merit-based opportunity. On January 20, 2025, President Trump issued Executive Order 14148, "Initial Recissions of Harmful Executive Orders and Actions," which revoked prior executive orders that advanced racial equity and support for underserved communities through race- and sex-based preferences. The following day, Executive Order 14173, "Ending Illegal Discrimination and Restoring Merit-Based Opportunity," was issued, declaring that it is the policy of the United States to protect civil rights, promote individual initiative, and eliminate all discriminatory and illegal preferences, mandates, policies, programs, and activities. This order directed all executive departments and agencies to terminate mandates and programs that rely on criteria such as "diversity," "equity," "advancing equity," or similar frameworks.

On February 5, 2025, Attorney General Bondi issued a memorandum titled "Eliminating Internal Discriminatory Practices," which reinforced the commitment to ensuring equal protection under the law. The memorandum emphasized that eliminating racial discrimination requires eliminating all forms of it and directed federal agencies to evaluate their practices and policies to ensure alignment with the principles of equal dignity and respect.

Accordingly, with respect to the programs at issue in this rulemaking, USDA has transitioned to race- and sex-neutral frameworks to ensure compliance with constitutional principles and the equal protection of all farmers and ranchers under the law. This regulatory action reflects that transition. It affirms that USDA, going forward, lacks a compelling interest in redressing instances of historical discrimination because of the progress achieved through USDA's extensive settlement processes and structural reforms. Future programmatic relief will be administered without regard to race or sex, in accordance with the law and the principles of fairness.

Procedural Matters

Pursuant to 5 U.S.C. 553(a)(2), the provisions of the Administrative Procedure Act requiring notice of proposed rulemaking and the opportunity for public participation are inapplicable to this final rule because this rule relates to “personnel or public property, loans, grants, benefits, or contracts.” In addition, the *Strickland* decision catalyzed the changes USDA is making in this rule to comport with the Constitution. Therefore, this final rule is being issued without notice and comment.

Executive Order 12866

Analyzing the economic impact of this rule involves comparing the proposed change with an analytic baseline. Since the court ruling in *Strickland v. USDA*, USDA has not provided special consideration based on race or gender. Therefore, this rule results in no economic effect relative to a baseline in which current practice is extended into the future.

This rule has been determined to be significant for the purposes of Executive Order 12866 and was submitted to the Office of Information and Regulatory Affairs for review.

Congressional Review Act

This final rule is not major under the Congressional Review Act (5 U.S.C. 801 *et seq.*).

Regulatory Flexibility Act

The provisions of the Regulatory Flexibility Act relating to an initial and final regulatory flexibility analysis (5 U.S.C. 603, 604) are not applicable to this final rule because USDA was not required to publish notice of proposed rulemaking under 5 U.S.C. 553 or any other law.

Paperwork Reduction Act

The purpose of the Paperwork Reduction Act of 1995 (PRA), 44 U.S.C. 3501 *et seq.*, includes minimizing the paperwork burden on affected entities. The PRA requires certain actions before an agency can adopt or revise a collection of information, including publishing for public comment a summary of the collection of information and a brief description of the need for and proposed use of the information.

A Federal agency may not conduct or sponsor a collection of information unless it is

approved by the Office of Management and Budget (OMB) under the PRA and it displays a currently valid OMB control number. The public is also not required to respond to a collection of information unless it displays a currently valid OMB control number. In addition, notwithstanding any other provisions of law, no person will be subject to penalty for failing to comply with a collection of information if the collection of information does not display a currently valid OMB control number (44 U.S.C. 3512).

This rulemaking potentially affects existing information collections related to the grant and loan programs listed in the table included in the preamble. USDA will obtain OMB approval for any changes to these collections prior to their adoption .

Severability

While many provisions of this final rule reinforce each other, USDA intends for each provision to stand on its own merit and be severable. If any part of this final rule is declared invalid or stayed, USDA intends for the remaining provisions to remain valid and enforceable. USDA would separately adopt all of the provisions contained in this final rule.

List of Subjects

7 CFR Part 9

Agricultural commodities, Agriculture, Disaster assistance, Indemnity payments.

7 CFR Part 400

Administrative practice and procedure, Crop insurance.

7 CFR Part 636

Administrative practice and procedure, Agriculture, Conservation, Endangered and threatened species, Natural resources, Soil conservation, Wildlife.

7 CFR Part 760

Acreage allotments, Dairy products, Indemnity payments, Pesticides and pests, Reporting and recordkeeping requirements.

7 CFR Part 761

Loan programs—Agriculture.

7 CFR Part 762

Agriculture, Credit, Loan programs—Agriculture.

7 CFR Part 767

Agriculture, Credit, Loan programs—Agriculture.

7 CFR Part 1410

Acreage allotments, Agriculture, Environmental protection, Natural resources, Reporting and recordkeeping requirements, Soil conservation, Technical assistance, Water resources, Wildlife.

7 CFR Part 1465

Conservation contract, Conservation plan, Conservation practices, Soil and water conservation.

7 CFR Part 1467

Administrative practice and procedure, Agriculture, Soil conservation, Wetlands.

7 CFR Part 1468

Agricultural, Flood Plains, Grazing lands, Natural resources, Soil conservation, Wildlife.

7 CFR Part 4280

Business and industry, Community development, Economic development, Grant programs—housing and community development, loan programs—housing and community programs, Reporting and recordkeeping requirements, Rural areas.

7 CFR Part 5001

Business and industry, Community facilities, Energy efficiency improvement, Loan programs, Renewable energy, Rural areas, Rural development, Water and waste disposal.

Accordingly, for the reasons stated in the preamble, USDA amends 7 CFR parts 9, 400, 636,

760, 761, 762, 767, 1410, 1465, 1467, 1468, 4280, and 5001 as follows:

PART 9—PANDEMIC ASSISTANCE PROGRAMS

1. The authority citation for part 9 continues to read as follows:

Authority: 15 U.S.C. 714b and 714c; Division B, Title I, Pub. L. 116-136, 134 Stat. 505; and Division N, Title VII, Subtitle B, Chapter 1, Pub. L. 116-260.

2. Amend § 9.203 by revising paragraph (p) to read as follows:

§ 9.203 Calculation of payments.

* * * * *

(p) An additional payment equal to 15 percent of a producer's CFAP 2 payment calculated according to paragraphs (a) through (k) of this section will be issued to producers who have certified their status as a beginning farmer or rancher, limited resource farmer or rancher, or veteran farmer or rancher applicable to the 2020 program year on CCC-860.

3. Amend § 9.306 by revising paragraphs (a)(1)(iii)(A) and (b)(1)(iii)(A) to read as follows:

§ 9.306 Payment calculation.

(a) * * *

(1) * * *

(iii) * * *

(A) Ninety (90) percent for a beginning farmer or rancher, limited resource farmer or rancher, or veteran farmer or rancher, who has submitted form CCC-860 certifying they meet the definition for at least one of the applicable groups; or

* * * * *

(b) * * *

(1) * * *

(iii) * * *

(A) 90 percent for a beginning farmer or rancher, limited resource farmer or rancher, or veteran farmer or rancher, who has submitted form CCC-860 certifying they meet the definition for at least one of the applicable groups; or

* * * * *

PART 400—GENERAL ADMINISTRATIVE REGULATIONS

4. The authority citation for part 400 continues to read as follows:

Authority: 7 U.S.C. 1506(1), 1506(o).

5. Amend § 400.705 by revising paragraph (c)(3) to read as follows:

§ 400.705 Contents for new and changed 508(h) submissions, concept proposals, and index-based weather plans of insurance.

* * * * *

(c) * * *

(3) A detailed description of the coverage provided by the 508(h) submission and its applicability to all producers, including those who are considered small, beginning and limited resource or other specific aspects designated by FCIC for review.

* * * * *

PART 636—WILDLIFE HABITAT INCENTIVE PROGRAM

6. The authority citation for part 636 continues to read as follows:

Authority: 16 U.S.C. 3839bb-1.

7. Amend § 636.7 by revising paragraph (a)(2) to read as follows:

§ 636.7 Cost-share payments.

(a) * * *

(2) An eligible person, joint operation, legal entity, or Indian tribe who is a beginning farmer or rancher, limited resource farmer or rancher, or NIPF landowner who meets the beginning or limited resource qualifications set forth in § 636.3, and Indian tribes may receive the applicable payment rate and an additional rate that is not less than 25 percent above the applicable rate, provided that this increase does not exceed 90 percent of the estimated costs associated with WHIP plan of operations implementation.

* * * * *

PART 760—INDEMNITY PAYMENT PROGRAMS

8. The authority citation for part 760 continues to read as follows:

Authority: 7 U.S.C. 4501 and 1531; 16 U.S.C. 3801, note; 19 U.S.C. 2497; Title III, Pub. L. 109-234, 120 Stat. 474; Title IX, Pub. L. 110-28, 121 Stat. 211; Sec. 748, Pub. L. 111-

80, 123 Stat. 2131; Title I, Pub. L. 115-123, 132 Stat. 65; Title I, Pub. L. 116-20, 133 Stat. 871; Division B, Title VII, Pub. L. 116-94, 133 Stat. 2658; Title I, Pub. L. 117-43, 135 Stat. 356; and Division N, Title I, Pub. L. 117-328, 136 Stat. 4459; Division B, Title I, Pub. L. 118-158, 138 Stat. 1722.

9. Amend § 760.1704 by revising paragraph (a) introductory text to read as follows:

§ 760.1704 Payments to dairy farmers for milk.

(a) A milk loss payment will be made to an affected farmer who is determined by the FSA county committee to be in compliance with all the terms and conditions of this subpart in the amount equal to 90 percent for a beginning farmer or rancher, limited resource farmer or rancher, or veteran farmer or rancher or 75 percent for all other affected farmers of the fair market value of the farmer's normal marketings for the application period, less:

* * * * *

10. Amend § 760.1905 by revising paragraph (d) to read as follows:

§ 760.1905 Payment calculation.

* * * * *

(d) After the close of the ERP Phase 2 application period, FSA will issue a final payment equal to the amount calculated according to this section minus the amount of the producer's initial payment. If total calculated payments exceed the total funding available for ERP Phase 2, the ERP factor may be adjusted and the final payment amounts will be prorated to stay within the amount of available funding. If there are insufficient funds, a differential of 15 percent will be used for a beginning farmer or rancher, limited resource farmer or rancher, or veteran farmer or rancher similar to ERP Phase 1, but with a cap at the statutory maximum of 70 percent. For example, if the ERP Factor is set at 50 percent, the factor used for a beginning farmer or rancher, limited resource farmer or rancher, or veteran farmer or rancher will be 65 percent, but if the factor is set at 55 percent or higher, the factor for a beginning farmer or rancher, limited resource farmer or rancher, or veteran farmer or rancher will be capped at 70 percent.

* * * * *

PART 761—FARM LOAN PROGRAMS; GENERAL PROGRAM ADMINISTRATION

11. The authority citation for part 761 continues to read as follows:

Authority: 5 U.S.C. 301 and 7 U.S.C. 1989.

12. Amend § 761.211 by revising paragraph (a) to read as follows:

§761.211 Transfer of funds.

* * * * *

(a) August 1 of each fiscal year, the Agency will use available unsubsidized guaranteed OL loan funds to make approved direct FO loans to beginning farmers under the Down payment loan program; and

* * * * *

PART 762—GUARANTEED FARM LOANS

13. The authority citation for part 762 continues to read as follows:

Authority: 5 U.S.C. 301 and 7 U.S.C. 1989.

14. Amend § 762.129 by:

- a. Adding the word “or” at the end of paragraph (b)(1)(iv);
- b. Removing paragraph (b)(1)(v);
- c. Redesignating paragraph (b)(1)(vi) as paragraph (b)(1)(v); and
- d. Revising paragraph (b)(2).

The revision reads as follows:

§ 762.129 Percent of guarantee and maximum loss.

* * * * *

(b) * * *

(2) For CLs, the guarantee will be issued at 80 percent; however, the guarantee will be issued at 90 percent if the applicant is a qualified beginning farmer.

* * * * *

15. Amend § 762.130 by revising paragraph (d)(4)(iii)(C) to read as follows:

§ 762.130. Loan approval and issuing the guarantee.

* * * * *

(d) * * *

(4) * * *

(iii) * * *

(C) Loans to beginning or veteran farmers involved in the direct Down Payment Loan Program or beginning farmers participating in a qualified State Beginning Farmer Program.

* * * * *

PART 767 – INVENTORY PROPERTY MANAGEMENT

16. The authority citation for part 767 continues to read as follows:

Authority: 5 U.S.C. 301 and 7 U.S.C. 1989.

17. Amend § 767.101 by revising paragraphs (a)(2), (c)(2), (d)(3), and (g) to read as follows:

§ 767.101 Leasing real estate inventory property.

(a) * * *

(2) To a beginning farmer selected to purchase the property but who was unable to purchase it because of a lack of Agency direct or guaranteed loan funds;

* * * * *

(c) * * *

(2) A maximum of 18 months to a beginning farmer the Agency selected as purchaser when no Agency loan funds are available; or

* * * * *

(d) * * *

(3) On a crop-share basis, if the lessee is a beginning farmer under paragraph (a) of this section.

* * * * *

(g) Only leases to a beginning farmer or Homestead Protection Program participant will contain an option to purchase the property.

18. Amend § 767.152 by revising paragraph (a) to read as follows:

§767.152 Exceptions.

* * * * *

(a) If the Agency leases real estate inventory property to a beginning farmer in accordance with § 767.101(a)(2), and the lease expires, the Agency will not advertise the property if the Agency has direct or guaranteed loan funds available to finance the transaction.

* * * * *

19. Amend § 767.153 by revising paragraph (b)(3) to read as follows:

§ 767.153 Sale of real estate inventory property.

* * * * *

(b) * * *

(3) All purchasers who are not beginning farmers make a 10 percent down payment.

* * * * *

PART 1410—CONSERVATION RESERVE PROGRAM

20. The authority citation for part 1410 continues to read as follows:

Authority: 15 U.S.C. 714b and 714c; 16 U.S.C. 3801-3847.

21. Amend § 1410.5 by revising paragraph (b) to read as follows:

§ 1410.5 Eligible persons.

* * * * *

(b) The provisions of this section do not apply to beginning, or veteran farmers or ranchers who are eligible participants in the Transition Incentives Program as specified in § 1410.64.

22. Amend § 1410.33 by revising paragraph (a)(4) to read as follows:

§1410.33 Contract modifications.

(a) * * *

(4) During the last 2 years of the CRP contract period, facilitate a transition of land subject to the contract to a beginning, or veteran farmer or rancher for the purpose of returning some or all of the land into production using sustainable grazing or crop production methods. For purposes of this paragraph (a)(4), “sustainable grazing and crop production methods” will be considered methods that would be designed as part of an overall plan defined on an ecosystem level to be useful in the creation of integrated systems of plant and animal production practices that have a site specific application that would:

- (i) Enhance the environment and the natural resource base;
- (ii) Use nonrenewable resources efficiently; and
- (iii) Sustain the economic viability of the farming operation.

* * * * *

23. Amend § 1410.62 by revising paragraph (f) to read as follows:

§ 1410.62 Miscellaneous.

* * * * *

(f) As determined by CCC, incentives may be authorized to foster opportunities for Indian Tribes and beginning, limited resource, and veteran farmers and ranchers, and to enhance long-term environmental goals.

24. Amend § 1410.64 by revising paragraphs (a)(2)(i), (a)(5) introductory text, (a)(5)(i), (b) introductory text, (c), (d), (e), and (f) to read as follows:

§1410.64 Transition Incentives Program.

(a) * * *

(2) * * *

(i) Beginning on the date of the end of the CRP contract period, the land must be sold or leased (under a long-term lease, or a lease with an option to purchase the land, including a lease

with a term of less than 5 years and an option to purchase the land) to a beginning or veteran farmer or rancher who will return some or all of the land to production using sustainable grazing or crop production methods; and

* * * * *

(5) The beginning or veteran farmers or ranchers must:

(i) Certify that they meet the definition of either a beginning or veteran farmer or rancher as defined in part 718 of this title;

* * * * *

(b) Beginning in the last 2 years of the CRP contract period, the beginning or veteran farmer or rancher may:

* * * * *

(c) Eligible beginning or veteran farmers or ranchers may be eligible immediately to re-enroll certain partial field conservation practices in CRP, in accordance with the conservation plan and the provisions of this part, following the expiration of the CRP contract, provided that the beginning or veteran farmer or rancher has control of the land and meets all other qualifying conditions specified in this part.

(d) Eligible beginning or veteran farmers or ranchers will be eligible to enroll land in the Environmental Quality Incentives Program or the Conservation Stewardship Program, as specified in parts 1466 and 1470 of this chapter, provided that their offer to enroll otherwise meets all program conditions, and provided that the CRP contract has expired and the beginning or veteran farmer or rancher is either leasing or has possession of the property.

(e) As an incentive for selling or leasing land to a beginning or veteran farmer or rancher who is not a family member of the previous participants, CCC will pay 2 years of additional CRP annual rental payments at the same contract rate to the previous participants. The previous participants must certify in writing that the beginning or veteran farmer or rancher is not a family member.

(f) The previous participants and the eligible beginning or veteran farmer or rancher must agree to be jointly and severally responsible for complying with both the provisions of the Transition Incentives Program contract and the provisions of this part, and must also agree to be jointly and severally responsible for any payment adjustments that may result from violations of the terms or conditions of the Transition Incentives Program contract or this part.

PART 1465—AGRICULTURAL MANAGEMENT ASSISTANCE

25. The authority citation for part 1465 continues to read as follows:

Authority: 7 U.S.C. 1524(b).

26. Amend § 1465.23 by revising paragraph (a)(2) to read as follows:

§1465.23 Payments.

(a) * * *

(2) In the case of an eligible person, joint operation, or legal entity who is a beginning farmer or rancher, limited resource farmer or rancher, or nonindustrial private forest landowner who meets the beginning or limited resource qualifications set forth in § 1465.3, the payment rate will be the applicable rate and an additional rate that is not less than 25 percent above the applicable rate, provided that this increase does not exceed 90 percent of the estimated incurred costs or estimated income foregone.

* * * * *

PART 1467—WETLANDS RESERVE PROGRAM

27. The authority citation for part 1467 continues to read as follows:

Authority: 16 U.S.C. 3837 *et seq.*

28. Amend § 1467.2 by revising paragraph (g) to read as follows:

§ 1467.2 Administration.

* * * * *

(g) The Chief may allocate funds for purposes related to: Encouraging enrollment by a beginning or limited resource farmer or rancher as authorized by 16 U.S.C. 3844; special pilot

programs for wetland management and monitoring; acquisition of wetland easements with emergency funding; cooperative agreements with other Federal or State agencies for program implementation; coordination of easement enrollment across State boundaries; coordination of the development of conservation plans; or, for other goals of the WRP found in this part. NRCS may designate areas as conservation priority areas where environmental concerns are especially pronounced and to assist landowners in meeting nonpoint source pollution requirements and other conservation needs.

PART 1468—AGRICULTURAL CONSERVATION EASEMENT PROGRAM

29. The authority citation for part 1468 continues to read as follows:

Authority: 15 U.S.C. 714b and 714c; 16 U.S.C. 3865-3865d.

30. Amend § 1468.2 by revising paragraph (e) to read as follows:

§ 1468.2 Administration.

* * * * *

(e) The Chief may allocate funds for purposes related to: Encouraging enrollment by beginning farmers or ranchers, limited resource farmers or ranchers, Indian Tribes, and veteran farmers or ranchers as authorized by 16 U.S.C. 3844; implementing landscape and related initiatives, special pilot programs for easement management and monitoring; agreements with other agencies and organizations to assist with program implementation; coordination of easement enrollment across State boundaries; coordination of the development of easement plans for ACEP-WRE or conservation plans for ACEP-ALE; or for other goals of the ACEP found in this part.

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PART 4280—LOANS AND GRANTS

31. The authority citation for part 4280 continues to read as follows:

Authority: 7 U.S.C. 1989(a), 7 U.S.C. 2008s.

§ 4280.121 [Amended]

32. Amend § 4280.121 by:

- a. Removing “; or” at the end of paragraph (h)(3)(i) and adding a period in its place; and
- b. Removing and reserving paragraph (h)(3)(ii).

PART 5001—GUARANTEED LOANS

33. The authority citation for part 5001 continues to read as follows:

Authority: 5 U.S.C. 301; 7 U.S.C. 1926(a); 7 U.S.C. 1932(a); and 7 U.S.C. 8107.

34. Amend § 5001.319 by revising paragraph (g)(3) to read as follows:

§ 5001.319 REAP project priority point system.

* * * * *

(g) * * *

(3) The borrower is a veteran or veterans own 20 percent or more in interest in the borrower. In order to receive points, the borrower must sign a certification in its application to indicate that the borrower has veteran status.

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Ralph A. Linden,

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