

NRCS policy requirement for conducting a 5% review of contracts obligated to Historically Underserved clients. In Maine, NRCS conducts this review in the first quarter of the fiscal year for the contracts obligated to Limited Resource, Beginning, and Veteran farmers in the prior fiscal year.

512.55 D Contract Reviews

D. Annual Administrative Review of Certifications

(1) For the purposes of verification, the NRCS State office will randomly select at least 5 percent of all contract participants in the year of obligation (preferably before payment is made) who have self-certified as each of the following:

- (i) Limited-resource farmer or rancher**
- (ii) Beginning farmer or rancher**
- (iii) Veteran farmer or rancher**

Figure 512-F3: Annual Administrative Reviews

Certification to be Verified	Requirement
Limited-Resource Producer	<p>Determine gross farm sales and total household income by referring to the self-determination tool on the NRCS Web site. Click here to link to the Limited Resource Self- Determination Tool:</p> <p>http://www.lrfstool.sc.egov.usda.gov/DeterminationTool.asp?fyYear=[applicable fiscal year]</p> <p>Verification requires that the participant provide Internal Revenue Service (IRS) Form 1040, which was filed with the IRS. Exceptions: A letter from a certified public accountant or attorney certifying that the participant meets the eligibility requirements may be used in lieu of IRS Form 1040. If the individual was exempt from filing IRS Form 1040, a written, notarized certification by the participant, declaring the exemption and stating his or her income for the prior reporting year, is sufficient.</p>
Beginning Farmer or Rancher (BFR)	<p>If the participant can provide one IRS Form 1040 from the last 10 years that shows that the participant did not file schedule F, the participant is eligible as a beginning farmer or rancher. Exception: Participants with nonindustrial private forestland must provide evidence satisfactory to the STC to verify that the participant has not had definitive decision-making authority over the land for 10 consecutive years. [NOTE: for ME NRCS this is a deed or long-term lease showing control for < 10years.]</p>

Certification to be Verified	Requirement
Veteran Farmer or Rancher	<p>If the individual can provide one IRS Form 1040 from the last 10 years that shows that the participant did not file Schedule F and can provide a DD Form 214 (Report of Separation) documenting discharge or release under conditions other than dishonorable, the individual has documented criteria to be considered eligible as a veteran farmer or rancher. For a legal entity or joint operation to be considered a VFR entity, all members must meet the definition of VFR.</p> <p>Exception: Participants with nonindustrial private forestland must provide evidence satisfactory to the STC to verify that the participant has not had definitive decision-making authority over the land for 10 consecutive years and a DD Form 214 documenting discharge or release under conditions other than dishonorable. [NOTE: for ME NRCS this is a deed or long-term lease showing control for ≤ 10 years.]</p>