FORM 7-2181
2008 Instructions

(7-07)

INSTRUCTIONS FOR CERTIFICATION OF ENTITY'S LANDHOLDINGS (Discretionary Provisions)

Bureau of Reclamation
Do not use this form after December 31, 2008

OMB Control No.: 1006-0005

Paperwork Reduction Act

This information is being collected to establish landholder compliance with Federal reclamation law. Response to this request is mandatory in accordance with Public Law 97-293 and 43 CFR 426.18. Public reporting burden for this form is estimated to average 1 hour 18 minutes per response, including time for reviewing instructions, gathering and maintaining data, and completing and reviewing the form. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid Office of Management and Budget (OMB) control number. Direct comments regarding the burden estimated or any other aspect of these forms to Manager, Land Resources Office, Code 84-53000, Bureau of Reclamation, PO Box 25007, Denver CO 80225.

GENERAL INFORMATION

"General Information About RRA Forms" (Form 7-21INFO) provides basic instructions on using Reclamation Reform Act of 1982 (RRA) forms. Please ask your district office for this form each year to keep current. Refer to the definitions at the end of Form 7-21INFO whenever the meaning of a term is not clear to you. Please note, some terms such as "irrigable land," "irrigation land," and "irrigation water" have special definitions when used in these forms which differ from their common meaning. Other terms and corresponding definitions that are specific to the RRA forms are:

- "**Land**" or "**acres**" means irrigable and/or irrigation land.
- "**You**" means the officer or authorized agent of the entity who completes this form for the entity.
- "**We,**" "**us,**" "**our**," or "**Reclamation**" means the Bureau of Reclamation
- "**Entity**" means a corporation, partnership, organization, joint tenancy, tenancy-in-common, etc.

Visit www.usbr.gov/rra for more information.

WHO MUST SUBMIT THIS FORM

Your entity must certify its landholdings on a "Certification of Entity's Landholdings" (Form 7-2181) if it is subject to the discretionary provisions of the RRA and if its westwide landholdings are:

- For a limited recipient, more than 40 acres, or
- For a qualified recipient, more than 240 acres in a district with Category 1 status, or more than 80 acres in a district with Category 2 status.

Please contact each district in which your entity holds land to find out each district's RRA forms submittal category since a district's RRA forms submittal category is subject to change annually. Fact Sheets 1, 2, 5, and 7 are available at your district office if you are unsure whether Form 7-2181 is the appropriate form for your entity to submit.

WHERE TO SUBMIT FORMS

Your entity must submit a certification form to **each district** in which your entity holds (directly or indirectly owns or leases) land. You must submit an original form to one district office and may submit copies to the others if your entity holds land in more than one district.

WHAT LAND TO INCLUDE

Your entity must certify all of its land held westwide that is subject to the acreage limitation provisions. Please see Form 7-21INFO if your entity has excess land or full-cost land to identify. Your entity must provide an accurate legal description or an assessor's parcel number for each land parcel. Be sure to break down land parcels as far as necessary to ensure accurate identification.

IF LANDHOLDINGS CHANGE

You must notify all districts in which your entity holds land within 30 calendar days if your entity's westwide landholdings change during the water year, and you must submit new certification forms within 60 calendar days of the change. Indirect holders of your entity's lands also must submit new forms to the district office within 60 calendar days of the change if the westwide landholdings change affects their attribution. These 30- and 60-day grace periods do not apply to a new landholder. A new landholder must submit certification forms **prior** to receiving Reclamation irrigation water.

For more information on landholding changes, see Fact Sheet 11 which is available at your district office.

ANNUAL CERTIFICATION

Your entity must submit Form 7-2181 each and every year prior to the delivery of Reclamation irrigation water to your entity's land if your entity's westwide landholdings exceed the applicable RRA forms submittal threshold, with the following exceptions:

(1) Your entity may submit a "Verification of Landholdings" (Form 7-21VERIFY) instead of a Form 7-2181 if your entity's westwide landholdings have not changed since the last Form 7-2181 was submitted;

(2) Your entity may submit a Form 7-21VERIFY together with a new " Selection of Full-Cost Land" (Form 7-21FC) if your entity's westwide landholdings have not changed since the last Form 7-2181 was submitted, and your entity wants to reselect its full-cost land; or

(3) Your entity does not need to submit any RRA forms if:

- It **only** holds land indirectly through other entities, trusts, or estates;
- Neither the number of acres attributed to your entity nor the percentage of the other entity, trust, or estate attributed to your entity has changed since the last Form 7-2181 was submitted; and
- All other information previously submitted on your entity's Form 7-2181 has not changed.

(4) Your entity is wholly owned by an individual (which by definition includes a married couple under the discretionary provisions) and is not a trust or an estate.

IRREVOCABLE ELECTION

Please be aware, by submitting this form, a prior law recipient that only holds land indirectly in a district that has conformed to the discretionary provisions will be making an irrevocable election to conform to the discretionary provisions. That action will be binding in that and all other districts in which your entity holds land subject to the acreage limitation provisions. Such actions do not apply to a foreign entity. See Form 7-21INFO for more information on how an irrevocable election impacts your entity's westwide acreage limitation status and what actions need to be taken by foreign entities in order to conform to the discretionary provisions.

GENERAL INSTRUCTIONS

Type or print in ink all answers. You must initial and date any crossouts and corrections. You may attach continuation sheets to list information. Preprinted continuation sheets are available for this purpose, or you may make your own. District name abbreviation(s) used on this form must be spelled out on the form where the abbreviation is used for the first time, or on a separate sheet attached to this form. Please contact your district office or the appropriate Reclamation office if you have any questions.

ITEM BY ITEM INSTRUCTIONS

Landholder Information

1. Enter your entity's name. Your entity's name should be the name in which the land is held, unless the landholder is a subsidiary of another entity. In that case, the parent entity's name should be given as the landholder, and the subsidiary's name should appear on the lines provided in item 7.

2. (a) Check the box that best identifies your entity's type. If you check the "Other" box, you must write in your entity's type. Religious or charitable organizations that are completing this form because they (a) have Federal income tax exemption under section 501 of the Internal Revenue Code of 1954, as amended, AND (b) do not meet all of the RRA section 219 criteria for religious or charitable organizations, should check the "Other" box and enter "religious organization" or "charitable organization" as applicable.

   (b) Skip this item and proceed to item 3(a) if your entity is a religious or charitable organization that does not meet the RRA section 219 criteria. If you checked "Other" in item 2(a), how is your entity taxed by the Internal Revenue Service (check one box: corporation or partnership).

3. (a) Enter your entity's street address or rural route number, city, state, and ZIP code. An attorney's address, "c/o" address, etc., is not acceptable in place of a street address. Post office box numbers may be used only if no other address exists.

   (b) Enter your entity's mailing address if it is different from the street address.

4. (a) Enter the telephone number where questions can be directed.

   (b) Enter the name of a contact person at that telephone number.

5. Enter the state(s) or country(ies) in which your entity is established or registered, if applicable. Your entity will be required to submit documentation verifying the

country(ies) in which your entity is established when your entity irrevocably elects to conform to the discretionary provisions if it indicates a country other than the United States.

6. Enter your entity's Employer Identification Number (EIN). Leave this blank if your entity does not have an EIN and is not required by the Internal Revenue Service (IRS) to have an EIN.

7. List any wholly owned subsidiaries of your entity that hold land you will include on this form. List all subsidiaries, but only complete items 7(b), 7(c), and 7(d) for those subsidiaries that directly hold the land. Holdings of subsidiaries are counted against the entitlement of the parent entity. Therefore, this form must be completed by the ultimate parent entity and must fully disclose the identity and westwide landholdings of each subsidiary. (Note: This requirement applies whether or not the ultimate parent entity is established under State or Federal law.)

   Describe the ownership structure of your entity in detail on a separate sheet. Submit that sheet with your completed certification form. Intermediate entities are not exempted from the requirements to submit certification forms unless they are wholly owned subsidiaries.

   (a) Enter the subsidiary's name and EIN. Leave this blank if the entity does not have an EIN and is not required by the IRS to have an EIN.

   (b) Enter the state(s) or country(ies) in which the subsidiary is established or registered, if applicable.

   (c) Legal description of the land parcel or an assessor's parcel number.

   (d) Number of acres in the land parcel.

   For purposes of determining total landholdings, if you hold 100-percent interest in an entity that directly owns or leases land, all land listed here must be listed again in items 12 and 13 for the entity's directly owned land, or items 15 and 16 for the entity's directly leased land.

8. Indicate whether your entity is owned (directly or indirectly) by or benefits 26 or more natural persons. Your entity is a "limited recipient" if it is owned by or benefits 26 or more natural persons. It is a "qualified recipient" if it is owned by or benefits 25 or fewer natural persons.

9. Indicate whether your entity received Reclamation irrigation water on or before October 1, 1981, if your entity is a limited recipient (those that answered "yes" to item 8). A limited recipient's nonfull-cost entitlement is determined by whether or not it received Reclamation irrigation water on or before this date. Qualified recipients (those that answered "no" to item 8), should skip this question. If the answer to this question is "yes," list in the space provided the name of the district in which Reclamation irrigation water was received.

10. Your answer to item 8 is essential to determining whether you will answer item 10(a), and what information you will need to provide in item 10(b). If your answer to items 8 and 10(a) are "yes," proceed to item 10(b). If your answer to item 8 is "no," skip item 10(a) and proceed to item 10(b).

    (a) Indicate whether any of your entity's part owners are attributed with more than 40 acres through interest in your entity if the answer to item 8 is "yes."Proceed to item 10(b).

    (b) Identify all of your entity's part owners regardless of how many acres each part owner holds through interest in your entity if the answer to item 8 is "no." If your answers to items 8 and 10(a) are "yes," identify all part owners whose attribution of land from their interest in your entity is more than 40 acres. If your answer to item 10(a) is "no," insert a statement that all part owners are attributed with less than 40 acres.

    Note: Identified part owners must submit their own certification or reporting forms if they hold more land westwide than the applicable RRA forms submittal threshold. You must inform the part owners of their obligation to submit the appropriate certification or reporting forms in order to protect your entity's eligibility to receive Reclamation irrigation water.

    Enter the following information about the part owners:

    (1) Part owner's name.

    (2) Enter the part owner's EIN if the part owner is an entity, trust, or estate. Leave this blank if the entity does not have an EIN and is not required by the IRS to have an EIN.

    (3) Part owner's acreage limitation status: subject to prior law or subject to discretionary provisions.

    (4) Percentage of your entity that the part owner owns. If you answered "no" to item 8, the total must equal 100 percent.

Land Your Entity Directly Owns

It is the responsibility of landowners, sellers of land, and districts to notify lessees, buyers of land, and new landholders, respectively, of the RRA forms submittal requirements associated with the land in question.

11. Enter your entity's name again. (These forms are often photocopied, so it is necessary to have your entity identified on each page.)

12. This section requests information regarding land that your entity directly owns westwide. Include land directly owned by your entity's wholly owned subsidiaries. Include land leased from a public entity here instead of including it as leased land in item 15 because it counts against the lessee's ownership entitlement (pursuant to Public Law 91-310). In that situation, write that the land is leased from a public entity and include the name of that public entity after the legal description of the land parcel. Enter the following for each land parcel:

    (a) Name of district in which the land parcel is located. Group land parcels by district to make it easier to complete items 22 through 28.

    (b) Provide an accurate legal description of the land parcel or an assessor's parcel number. For each lessee, sublessee, or operator entered in item 12(d) [or for your entity if you check "self" in item 12(c)], there is space to list four land parcels (one parcel per line) if all parcels are operated by the same natural person or entity in the same district. You may list more than one parcel per line if all parcels have the same lease information.

    (c) Who primarily operates the land: your entity (self); a lessee or sublessee under a lease (lessee/sublessee); or an operator under any other type of farm operating arrangement (other).

    (d) Name, address, and telephone number of each lessee, sublessee, or other type of operator. Skip this column and go to item 12(g) if your entity is the primary operator of the land parcel.

    (e) Starting date of the lease. This is the date the lease first became effective. Enter the date the lease was signed if no effective date was specified in the lease. Remember, leases cannot exceed 10 years except with our approval for perennial crops, which are determined on a crop-by-crop basis but cannot exceed 25 years.

    (f) Ending date of the lease. This is the date on which the current lease will terminate, including all exercisable options.

    (g) Number of acres in the land parcel. If your entity leases land from a public entity and then subleases it to another landholder, do not list those acres in this column because they are attributed to the sublessee.

13. Total column 12(g). This is the number of acres your entity directly owns westwide. Include in this total any directly owned acres listed on continuation sheets or attachments.

Land Your Entity Directly Leases From Another Party

Landholders that lease land to or from other landholders should inform the lessees and lessors of their obligation to also submit RRA forms. If either the lessee or lessor fails to submit RRA forms, the eligibility of the land to receive Reclamation irrigation water will be jeopardized.

14. Enter your entity's name.

15. This section requests information regarding land that your entity directly leases westwide from another party. Include land directly leased by your entity's wholly owned subsidiaries. Do not include land leased from a public entity here; instead, include it in item 12. Include information regarding any land your entity subleases to others here. Enter the following for each land parcel:

    (a) Name of district in which the land parcel is located. Group land parcels by district to make it easier to complete items 22 through 28.

    (b) Provide an accurate legal description of the land parcel or an assessor's parcel number.

    (c) Who primarily operates the land: your entity (self) or another party (other).

    (d) Natural person or entity that directly owns the land that your entity leases. Enter the sublessee's name as well as the landowner's name if your entity subleases the land to another landholder. If your entity subleases the land <u>from</u> another landholder, enter the sublessor's name and the landowner's name. Include the farm operator's name if the land is operated by a farm operator.

    (e) Starting date of the lease. This is the date the lease first became effective. Enter the date the lease was signed if no effective date was specified in the lease. Remember, leases cannot exceed 10 years except with our approval for perennial crops, which are determined on a crop-by-crop basis but cannot exceed 25 years.

(f) Ending date of the lease. This is the date on which the current lease will terminate, including all exercisable options.

(g) Number of acres in the land parcel. Do not list acres that your entity subleases to others in this column because they are attributed to the sublessee.

16. Total column 15(g). This is the total number of acres your entity directly leases (and subleases) westwide. Include in this total any directly leased (and subleased) acres listed on continuation sheets or attachments. Please contact your district office for further instructions if all or part of your entity's directly leased land is also attributed to your entity's indirectly owned land.

Land Your Entity Indirectly Owns or Leases Through Other Entities

17. This section requests information regarding land that your entity indirectly owns or leases westwide through other entities, trusts, or estates. Do **not** include land **directly** held by your entity's wholly owned subsidiaries. Instead, include that land in item 12 or item 15 as appropriate. Include land **indirectly** held by your entity's wholly owned subsidiaries. Obtain a completed copy of any other entity's Form 7-2181 or "Report of Entity's Landholdings" (Form 7-2191), or any trust's or estate's "Declaration of Trust's or Estate's Landholdings" (Form 7-21TRUST) that attributes land to your entity. By referring to the information contained on the other entity's, trust's, or estate's form, you can help ensure that the information you certify on this form is accurate. Enter the following for each land parcel in each district in which the other entity, trust, or estate holds land attributed to your entity:

(a) Name of district in which the land parcel is located. Group the land parcels by district to make it easier to complete items 22 through 28.

(b) Name of the other entity, trust, or estate that holds land in which your entity owns an interest or is a beneficiary.

(c) The other entity's, trust's, or estate's EIN. Leave this blank if the other entity, trust, or estate does not have an EIN and is not required by the IRS to have an EIN.

(d) Percentage of interest your entity owns in the other entity or the percentage of land in a trust or estate attributed to your entity.

(e) Total number of acres owned (directly and indirectly) by the other entity, trust, or estate.

(f) Multiply item 17(d) (in decimal form) by item 17(e). This is the number of acres that your entity indirectly owns through the other entity, trust, or estate.

(g) Total number of acres leased (directly and indirectly) by the other entity, trust, or estate.

(h) This item applies if your entity directly owns land and leases that same land to the other entity, trust, or estate in which your entity owns an interest. Leave both sections of item 17(h) blank if you do not have this situation. By completing this item you will prevent counting the same land twice against the entitlement of your entity, once as directly owned land and again as indirectly leased land, if this situation applies to your entity.

(1) Enter the number of acres from item 17(g) that your entity directly owns and leases to the other entity, trust, or estate.

(2) Subtract item 17(h)(1) from item 17(g). This is the number of adjusted acres that the other entity, trust, or estate leases to use in calculating the number of leased acres attributed to your entity.

(i) Multiply item 17(d) (in decimal form) by item 17(h)(2) if you completed item 17(h). Multiply item 17(d) (in decimal form) by item 17(g) if you did not complete item 17(h). This is the number of leased acres attributable to your entity through the other entity, trust, or estate.

18. Total column 17(f). This is the total number of acres your entity indirectly owns westwide. Include in this total any indirectly owned acres listed on continuation sheets or attachments.

19. Total column 17(i). This is the total number of acres your entity indirectly leases westwide. Include in this total any indirectly leased acres listed on continuation sheets or attachments.

Landholdings Summary

20. Enter your entity's name.

21. Enter the name of each district westwide in which your entity holds land. Circle the district at which the original form is filed if your entity is a multidistrict landholder.

22. For each district, enter the total number of acres your entity directly owns in the district. Obtain this information from item 12(g). Add the number of acres

in item 22 and enter that number in the "TOTAL" column (far right column). This is the number of acres your entity directly owns westwide and should equal item 13.

23. For each district, enter the total number of acres your entity indirectly owns in the district. Obtain this information from item 17(f). Add the number of acres in item 23 and enter that number in the "TOTAL" column (far right column). This is the number of acres your entity indirectly owns westwide and should equal item 18.

24. For each district, add item 22 and item 23. This is the total number of acres your entity owns in each district. Add the number of acres in item 24 and enter that number in the "TOTAL" column (far right column). This is the number of acres your entity owns westwide and counts against your entity's ownership entitlement. Your entity must submit a "Designation of Excess Land" (Form 7-21XS) if this number is more than your entity's ownership entitlement.

    We will determine all land held by your entity to be ineligible to receive Reclamation irrigation water if your entity exceeds its westwide ownership entitlement and it does not submit Form 7-21XS to designate its excess acres. Your entity's land will be ineligible to receive such water until the appropriate excess designation is made. Regardless of whether your entity's owned land exceeds its ownership entitlement, your entity must complete a Form 7-21XS and designate land as excess on that form if it:

    - Purchases land that was designated as excess by the seller without our sales price approval;
    - Involuntarily acquires excess land; or
    - Involuntarily acquires eligible land and designates it as excess.

25. For each district, enter the total number of acres your entity directly leases in the district. Obtain this information from item 15(g). Add the number of acres in item 25 and enter that number in the "TOTAL" column (far right column). This is the number of acres your entity directly leases westwide and should equal item 16.

26. For each district, enter the total number of acres your entity indirectly leases in the district. Obtain this information from item 17(i). Add the number of acres in item 26 and enter that number in the "TOTAL" column (far right column). This is the number of acres your entity indirectly leases westwide and should equal item 19.

27. For each district, add item 25 and item 26. This is the total number of acres your entity leases in each district. Add the number of acres in item 27 and enter that number in the "TOTAL" column (far right column). This is the number of acres your entity leases westwide.

28. For each district, add item 24 and item 27. This is the total number of acres your entity holds in each district. Add the number of acres in item 28 and enter that number in the "TOTAL" column (far right column). This is the number of acres your entity holds westwide and counts against your entity's nonfull-cost entitlement. If your entity is a qualified recipient, your entity must submit a Form 7-21FC if this number is more than your entity's nonfull-cost entitlement AND your entity directly or indirectly leases land. If your entity is a limited recipient, your entity must submit a Form 7-21FC if this number is more than your entity's nonfull-cost entitlement.

Basis for Eligibility for Discretionary Provision Entitlements

29. How you respond to these questions will indicate the basis for your entity's discretionary provisions status. If this form is being prepared for a foreign entity, you should **only** respond to question (b). Please contact your entity's district office if you do not know the answers to these questions.

    Check the box next to the one statement that best describes how your entity became subject to the discretionary provisions. Provide the requested information for that statement. Please contact your district office if you do not know which statement applies to your entity.

Signatures

30. Read the attestation statements carefully and sign and date the form in ink. The statements concerning the reporting of changes in information, the rent paid on irrigation land, written leases, and the terms of such leases are requirements of Federal reclamation law. All partners, joint tenants, or co-tenants must sign the form if your entity is a partnership, joint tenancy, or tenancy-in-common. However, you may use a written signature authorization to permit one natural person to sign for your entity and a copy must be submitted to each district your entity submits RRA forms. The district office must keep any such signature authorizations on file.