

For: State and County Offices

MILC Program Extension and Authorized Relief Period

Approved by: Acting Deputy Administrator, Farm Programs



1 Overview

A Background

On January 2, 2013, the President signed the American Taxpayer Relief Act of 2012 (ATRA) into law. ATRA allows the following:

- continuation of MILC program benefits through September 30, 2013
- for September 2012:
 - an adjustment in the baseline price of \$16.94 per hundredweight (cwt) when the National Average Dairy Feed Ration Cost (NADFRC) adjustment is greater than \$7.35 per cwt, a decrease from \$9.50 per cwt established by the 2008 farm bill
 - an increase in the payment calculation percentage used to compute the MILC payment rate to 45 percent, an increase from 34 percent established by the 2008 farm bill
 - eliminates the 2.4 million lb. maximum quantity eligible for payment that was to take effect September 1, 2012, and makes 2.985 million lbs. the maximum quantity eligible for payment for FY 2012
- for October 2012 through August 2013:
 - establishes a baseline price of \$16.94 per cwt that is adjusted upward when the NADFRC adjustment is greater than \$7.35 per cwt with a 45 percent payment rate calculation percentage
 - sets the maximum quantity eligible for payment to 2.985 million lbs.

Disposal Date	Distribution
December 1, 2013	State Offices; State Offices relay to County Offices

Notice LD-629

1 Overview (Continued)

A Background (Continued)

- for September 2013:
 - establishes a baseline price of \$16.94 per cwt that is adjusted upward when the NADFRC adjustment is greater than \$9.50 per cwt with a 34 percent payment rate calculation percentage
 - sets the maximum quantity eligible for payment to 2.4 million lbs.

Note: From October 2012 through August 2013 an operation may receive payments on marketings up to 2.985 million lbs. An operation is **not** eligible for a September 2013 payment if that operation has received MILC payments on more than 2.4 million lbs. before September 1, 2013.

As a result of these legislative changes, MILC payments were triggered in September for FY 2012 and October for FY 2013. State and County Offices shall collect production evidence in the normal manner and enter production in the MILC payment processing software according to 11-LD.

Since ATRA was signed **after** the start of FY 2013, producers were not able to make timely start month selections for FY 2013 according to normal start month selection provisions. Therefore, a relief period is authorized that will allow MILC participants to make start month selections for FY 2013 during this authorized period.

B Purpose

This notice:

- informs State and County Offices of the following:
 - authorization to begin processing September FY 2012 MILC payments
 - the authorized relief period MILC production start month selections for FY 2013 will be accepted
 - availability of modified CCC-580, CCC-580M, and CCC-580 Appendix for FY 2013
 - general information about the continuation of the MILC program through September 30, 2013
- obsoletes Notice LD-628.

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2 Processing MILC Payments

A FY 2012 September MILC Payment

A MILC payment rate of **\$0.5944338** per cwt. has been computed for September 2012. MILC payments triggered for September 2012 for participants who have **not** exceeded the maximum eligible quantity of 2.985 million pounds for FY 2012 shall be processed according to 11-LD, Part 9, beginning **February 5, 2013**. Dairy operations that have reached their maximum eligible payment quantity of 2.985 million lbs for FY 2012 will **not** receive a payment for September 2012 marketings.

B FY 2013 October MILC Payment

A MILC payment rate of **\$0.0236798** per cwt. has been computed for October 2012 of FY 2013. However, MILC software must be enhanced before payments can be processed. Payment processing for October 2012 MILC payments is tentatively scheduled to begin **March 5, 2013**, unless otherwise notified by the National Office.

Before a MILC payment for FY 2013 can be disbursed, MILC program participants must submit a completed:

- CCC-933 for 2013 AGI certification

Note: County Office users must manually load the producer's annual certification into the automated system. The certification in the automated system must reflect an eligible value before FY 2013 MILC payments can be issued.

- CCC-902 **only** if the participant has not previously completed CCC-902 for another program

Note: CCC-580S cannot be used to record data in the Business File application. If CCC-902 is required to collect member information for entities and joint operations or for COC determinations, such as foreign person, the producer is required to file CCC-902 if 1 has not already been filed. The data should be collected through the Business file application.

- AD-1026 according to 6-CP.

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2 Processing MILC Payments (Continued)

C Prompt Payment Interest

County Offices have 60 calendar days to issue payment to the dairy operation from the latter of the following:

- receipt of the required production evidence to issue payment to the dairy operation
- February 5, 2013, for September 2012 payments
- March 5, 2013, for October 2012 payments), based upon the availability of the software.

For prompt payment interest purposes, County Offices shall follow this table.

IF receipt of production evidence is received before...	THEN County Offices shall enter in the MILC software, as the date production evidence was received, the date of...
February 5, 2013	February 5, 2013.
March 5, 2013	March 5, 2013.

Note: If production was previously loaded in the MILC software before issuance of this notice, County Offices **must** ensure that the production evidence receipt date entered is changed in the MILC software to the applicable date in this table **before** issuing the applicable September and October 2012 payment.

3 FY 2013 Relief for MILC Production Start Month

A Relief Period

MILC contracts are automatically extended through September 30, 2013, so there is no need for producers to re-enroll in MILC. The production start month previously selected by an operation is applicable for FY 2013. However, a relief period is authorized that will allow MILC participants to change their start month selections because producers were not able to make timely start month selections for FY 2013 according to normal start month selection provisions. County Offices may accept FY 2013 production start month selection changes on CCC-580M, Part B, according to 11-LD, paragraphs 43 and 44, during the period **beginning February 1, 2013, through COB February 28, 2013**, and can be entered into the system once software is available for FY 2013. CCC-580's may also be accepted during the relief period for producers with new dairy operations that began operation **before** February 1, 2013.

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3 FY 2013 Relief for MILC Production Start Month (Continued)

A Relief Period (Continued)

During the authorized relief period, the production start month selected may be any month in FY 2013 and start month selection provisions do **not** apply. County Offices must indicate, in the remarks section on the applicable CCC-580's and CCC-580M's approved during the authorized relief period that approval is granted "according to Notice LD-629".

After the authorized relief period for FY 2013, beginning March 1, 2013, all production start month changes **must** be made according to normal start month selection provisions provided according to 11-LD, Part 4.

Note: If the MILC participant already has October or any other month selected as the production start month for the dairy operation for FY 2012, and wants to continue with that selection for FY 2013, CCC-580M will **not** be required during the relief period. The production start month selection will continue to be the start month selection for FY 2013 according to perpetual designation provisions in 11-LD, subparagraph 28 E.

B Modified Forms

The following forms have been revised to include FY 2013:

- CCC-580 (01-18-13), Exhibit 1
- CCC-580M (01-18-13), Exhibit 2
- CCC-580 Appendix (01-18-13), Exhibit 3.

Revised forms shall be used accordingly for FY 2013 purposes and are available electronically for download at <http://intranet.fsa.usda.gov/dam/ffasforms/forms.html>.

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4 Action Required

A Business as Usual

The minor programmatic changes required by ATRA do **not** require another MILC signup. MILC payments to program participants with an approved CCC-580 will continue during months with a payment rate in effect from the designated production start month selected by the dairy operation through September 30, 2013. All other program provisions as provided in 11-LD remains the same.

Note: A forthcoming amendment to 11-LD will incorporate the contents of this notice.

B State Office Action

SED's and STC's shall:

- ensure that County Offices immediately notify producers of the contents of this notice using all available sources with available funding
- supervise and monitor the MILC program to ensure that policies and procedures in this notice and 11-LD are being uniformly followed by County Offices
- direct questions about this notice to the National Office according to subparagraph D.

C County Office Action

County Offices shall:

- immediately inform all dairy operations in their county of the contents of this notice by any of the following:
 - over-the-counter contact
 - newsletters with available funding
 - outreach according to 22-AO
 - other methods of communication, as applicable
- allow existing MILC program participants to change their production start month for FY 2013 during the authorized relief period on revised CCC-580M (01-18-13) according to paragraph 3
- continue to follow the provisions in 11-LD
- allow new MILC program participants to signup using revised CCC-580 (01-18-13) and CCC-580 Appendix (01-18-13)

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4 Action Required

C County Office Action (Continued)

- issue MILC payments for September and October 2012 to eligible MILC program participants based on the appropriate payment rates according to paragraph 2
- forward questions about this notice to the State Office specialist.

D National Office Contact Information

For questions or situations not addressed in this notice, State Offices shall contact Dani Cooke by either of the following:

- e-mail to danielle.cooke@wdc.usda.gov
- telephone at 202-720-1919.

Example of CCC-580 (01-18-13)

The following is an example of CCC-580 (01-18-13).

This form is available electronically. CCC-580 (01-18-13)													U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation		1. State Code	2. County Code
MILK INCOME LOSS CONTRACT (MILC)																
(See Page 2 for Privacy Act and Paperwork Reduction Act Statements)																
3. Name and Address of Dairy Operation (Including Zip Code)										4. Contract Number				5. Date Contract Submitted (MM-DD-YYYY)		
6A. Contact Producer's Name and Address (Including Zip Code) (If different than Item 3)										6B. Telephone Number (Including Area Code)				6C. Cell Telephone Number (Including Area Code)		
PART A – FY 2008 – 2013 MILC PRODUCTION START MONTH																
If this contract is submitted within 30 days of the time at which CCC begins accepting contracts, the dairy operation can select any month preceding the month the contract is submitted or any month thereafter, as the FY 2009 production start month, including the month the contract is submitted. A dairy operation that submits this contract 30 days after CCC begins accepting contracts, may select as their production start month, either (1) the month the contract is submitted OR (2) any month after the contract is submitted in the fiscal year that has not begun or has not passed, and that selection must be made on or before the 14th of the month before the month the dairy operation wants to select as their production start month.																
FY 2009																
7. Check Start Month	Oct. 08	Nov. 08	Dec. 08	Jan. 09	Feb. 09	Mar. 09	Apr. 09	May 09	Jun. 09	Jul. 09	Aug. 09	Sept. 09				
8. Production																
FY 2010																
9. Check Start Month	Oct. 09	Nov. 09	Dec. 09	Jan. 10	Feb. 10	Mar. 10	Apr. 10	May 10	Jun. 10	Jul. 10	Aug. 10	Sept. 10				
10. Production																
FY 2011																
11. Check Start Month	Oct. 10	Nov. 10	Dec. 10	Jan. 11	Feb. 11	Mar. 11	Apr. 11	May 11	Jun. 11	Jul. 11	Aug. 11	Sept. 11				
12. Production	<input type="checkbox"/> FORMTEXT															
FY 2012																
13. Check Start Month	Oct. 11	Nov. 11	Dec. 11	Jan. 12	Feb. 12	Mar. 12	Apr. 12	May 12	Jun. 12	Jul. 12	Aug. 12	Sept. 12				
14. Production																
FY 2013																
15. Check Start Month	Oct. 12	Nov. 12	Dec. 12	Jan. 13	Feb. 13	Mar. 13	Apr. 13	May 13	Jun. 13	Jul. 13	Aug. 13	Sept. 13				
16. Production																
The U.S. Department of Agriculture (USDA) prohibits discrimination in all of its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, political beliefs, genetic information, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write to USDA, Assistant Secretary for Civil Rights, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, S.W., Stop 9410, Washington, DC 20250-9410, or call toll-free at (866) 632-9992 (English) or (800) 877-8339 (TDD) or (866) 377-8642 (English Federal-relay) or (800) 845-6136 (Spanish Federal-relay). USDA is an equal opportunity provider and employer.																

Example of CCC-580 (01-18-13) (Continued)

CCC-580 (01-18-13)					Page 2
PART B – PARTICIPANT'S SIGNATURE(S)					
This Contract to Participate in the Milk Income Loss Contract Program is entered into between the CCC and the undersigned producers in the dairy operation identified above. The undersigned producer or producers may hereafter collectively be referred to as "the Participant." The Participant agrees to comply with the terms and conditions contained in this Contract including the Appendix to this Contract, CCC-580 Appendix, entitled "Appendix to Form CCC-580 Milk Income Loss Contract" (referred to as "Appendix"). By signing this contract the Participant agrees to participate in the Milk Income Loss Contract program for the stipulated contract period from the date the Contract is executed by the CCC. By signing below, the Participant (1) acknowledges receipt of the CCC-580 Appendix, and agrees to abide by the terms and conditions contained therein; and (2) agrees to comply with the regulations governing the applicable program eligibility and maximum eligible production provisions per dairy operation. 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. The terms and conditions of this contract are contained in this form CCC-580 and in the CCC-580 Appendix and any addendum thereto. BY SIGNING THIS CONTRACT, PRODUCERS ACKNOWLEDGE RECEIPT OF THE FOLLOWING FORM: CCC-580 Appendix.					
15A. Producer's Signature (By)	15B. Title/Relationship of Individual Signing in the Representative Capacity	16. Producer's ID No.	17. Date (MM-DD-YYYY)	18. Share %	19. Refuse Payment
					<input type="checkbox"/> YES <input type="checkbox"/> NO
					<input type="checkbox"/> YES <input type="checkbox"/> NO
					<input type="checkbox"/> YES <input type="checkbox"/> NO
					<input type="checkbox"/> YES <input type="checkbox"/> NO
PART C - PRODUCTION EVIDENCE					
Check the appropriate box to authorize or not authorize FSA County Office to accept production evidence directly from the milk cooperative or handler for the dairy operation.					
20A. <input type="checkbox"/> "YES", I authorize _____, milk cooperative or handler to release evidence of my monthly milk marketings for the dairy operation identified in Item 3 above, directly to my FSA County Office, for purposes of the MILC program.					
20B. <input type="checkbox"/> "NO", I do not authorize the release of production evidence from any milk cooperative or handler to my county office. I will provide required production evidence, as applicable to the county office.					
PART D – CCC ACCEPTANCE AND APPROVAL					
21A. Signature of COC Designee		21B. Title		21C. Date (MM-DD-YYYY)	
22. Contract Status:		23A. Name and Address of County FSA Office (Including Zip Code)		23B. Telephone Number (Including Area Code)	
<input type="checkbox"/> Approved <input type="checkbox"/> Disapproved					
24. Remarks:					
NOTE: The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a - as amended). The authority for requesting the information identified on this form is 7 CFR Part 1430, the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.), and the Food, Conservation, and Energy Act of 2008 (Pub. L. 110-246) as amended by the American Taxpayer Relief Act of 2012 (Pub. L. 112-240). This information will be used to process a producer's request to enter into a Milk Income Loss Contract. The information collected on the form may be disclosed to other Federal, State, Local government agencies, Tribal agencies, and nongovernmental entities that have been authorized access to the information by statute or regulation and/or as described in applicable Routine Uses identified in the System of Records Notice for USDA/FSA-2, Farm Records File (Automated). Providing the requested information is voluntary. However, failure to furnish the requested information will result in an inability to process a producer's request to enter into a Milk Income Loss Contract.					
This information collection is exempted from the Paperwork Reduction Act, as it is required for administration of the Food, Conservation, and Energy Act of 2008 (see Pub. L. 110-246, Title I, Subtitle F – Administration) as amended by American Taxpayer Relief Act of 2012 (see Pub. L. 112-240, Title VII, Extension of Agricultural Programs.)					
The provisions of criminal, civil, and privacy statutes may be applicable to the information provided. RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.					

Example of CCC-580M (01-18-13)

The following is an example of CCC-580M (01-18-13).

CCC-580M (01-18-13)		U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation	
MILK INCOME LOSS CONTRACT (MILC) MODIFICATION			
PART A - GENERAL INFORMATION (If modifying more than one MILC, a separate CCC-580M must be completed for each MILC)			
1. Name and Address of Dairy Operation		2. State Code	3. County Code
			4. Contract Number (Assigned to CCC-580)
5A. Name and Address of Contact Producer (Including Zip Code) (if different than Item 1)		6A. Name and Address of County FSA Office (Including Zip Code)	
5B. Telephone Number (Including Area Code):		6B. Telephone Number (Including Area Code):	
PART B - CHANGE OF MILC PRODUCTION START MONTH			
7. Fiscal Year (Check one) : <input type="checkbox"/> 2009 <input type="checkbox"/> 2010 <input type="checkbox"/> 2011 <input type="checkbox"/> 2012 <input type="checkbox"/> 2013		8. Current Month Selected (CCC-580 or CCC-580M)	9. New Month Selected
10A. Authorized Signature for the Dairy Operation (By)		10B. Title/Relationship of the Individual Signing in Representative Capacity	11. Date Signed (MM-DD-YYYY)
PART C - DAIRY OPERATION RELOCATION AND CONTRACT TRANSFER			
12. Relocation From:		13. Relocation To:	
A. State	B. County	A. State	B. County
14. Effective Date (MM-DD-YYYY)			
15. New Address of Relocated Dairy	16A. Producer Signature (By)	16B. Title/Relationship of the Individual Signing in Representative Capacity	17. Date (MM-DD-YYYY)
<p>NOTE: The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a - as amended). The authority for requesting the information identified on this form is 7 CFR Part 1430, the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.), and the Food, Conservation, and Energy Act of 2008 (Pub. L. 110-246) as amended by the American Taxpayer Relief Act of 2012 (Pub. L. 112-240). The information will be used to process a producer's request for a modification to an existing approved Milk Income Loss Contract. The information collected on the form may be disclosed to other Federal, State, Local government agencies, Tribal agencies, and nongovernmental entities that have been authorized access to the information by statute or regulation and/or as described in applicable Routine Uses identified in the System of Records Notice for USDA/FSA-2, Farm Records File (Automated). Providing the requested information is voluntary. However, failure to furnish the requested information will result in an inability to process a producer's request for a modification to an existing approved Milk Income Loss Contract.</p> <p>This information collection is exempted from the Paperwork Reduction Act, as it is required for administration of the Food, Conservation, and Energy Act of 2008 (see Pub. L. 110-246, Title I, Subtitle F- Administration) as amended by American Taxpayer Relief Act of 2012 (see Pub. L. 112-240, Title VII, Extension of Agricultural Programs).</p> <p>The provisions of criminal and civil fraud, privacy, and other statutes may be applicable to the information provided. RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.</p> <p>The U.S. Department of Agriculture (USDA) prohibits discrimination in all of its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, political beliefs, genetic information, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write to USDA, Assistant Secretary for Civil Rights, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, S.W., Stop 9410, Washington, DC 20250-9410, or call toll-free at (866) 632-9992 (English) or (800) 877-8339 (TDD) or (866) 377-8642 (English Federal-relay) or (800) 845-6136 (Spanish Federal-relay). USDA is an equal opportunity provider and employer.</p>			

Example of CCC-580M (01-18-13) (Continued)

18. Remain on Contract		19. Producer Name	20. Producer ID No. (Last 4 digits) <i>(9 digits if new producer)</i>	21. Modification Request <i>(Check all that apply)</i>			22. Share %		23. Signature (By) and Title/Relationship of the Individual Signing in Representative Capacity	24. Date <i>(MM-DD-YYYY)</i>
YES	NO			A. Add Producer/Shareholder	B. Remove Producer/Shareholder	C. Change in Share %	A. From	B. To		
PART E - ORGANIZATIONAL MODIFICATIONS										
25. Organizational Change From:			26. Organizational Change To:			27. Tax ID Change:			29. Dairy Operation Name Change:	
A. Individual			A. Individual			YES <i>(If you check this box, enter the new 9 digit Tax ID No. in Item 28.)</i>			YES <i>(If you check this box enter, new name of Dairy Operation in Item 30.)</i>	
B. Partnership			B. Partnership			NO			NO	
C. LLC			C. LLC			28. 9 digits of Tax ID Number			30. Name of Dairy Operation	
D. Corporation			D. Corporation						31. Was this a reconstitution? <i>(If "YES", complete Part F)</i>	
E. Other:			E. Other:						<input type="checkbox"/> YES <input type="checkbox"/> NO	
32A. Authorized Signature for the Dairy Operation (By)						32B. Title/Relationship of the Individual Signing in Representative Capacity			32C. Date <i>(MM-DD-YYYY)</i>	
PART F - RECONSTITUTIONS AND MERGERS										
33. Effective date of reconstitution, merger, or formation of new dairy operation						34. Date of County Office Notification				
35A. Are you forming a new operation with a dairy operation that has an approved CCC-580 on file? <input type="checkbox"/> YES <input type="checkbox"/> NO										
35B. Are you forming or purchasing a dairy operation in addition to an existing operation that has an approved CCC-580 on file? <input type="checkbox"/> YES <input type="checkbox"/> NO										
36. If "YES" to Items 35A or 35B, enter the requested information below, for each operation with an approved CCC-580 that is in addition to the operation purchased or formed or that is involved in the merger or reconstitution.										
A. State		B. County		C. Name of Operation			D. MILC Contract Number		E. Name of Producer	

Example of CCC-580M (01-18-13) (Continued)

CCC-580M (01-18-13)		Page 3 of 3		
PART G - CCC ACCEPTANCE AND APPROVAL				
37. Modification Changes (Check appropriate box): <input type="checkbox"/> APPROVED <input type="checkbox"/> DISAPPROVED				
38. Remarks 				
39A. Signature of COC Or Designee	39B. Title	39C. Date (MM-DD-YYYY)		
PART H - MANUAL PRODUCTION TRACKER (FOR CCC USE ONLY)				
40. Total pounds of combined production paid to the dairy operation identified in Item 1 and all operations listed in Item 36, from their original contracts, as of the effective date in Item 33:				
A. Month	B. Total Pounds of Marketed Production in New Operation	C. Share in % in New Operation	D. Prorated Share of Production in New Operation	E. Total <i>(Add Items 40 plus 40B, and 40B plus previous 40E thereafter)</i>

Example of CCC-580 Appendix (01-18-13)

The following is an example of CCC-580 Appendix (01-18-13).

This form is available electronically.

See Page 7 for Privacy Act and Paperwork Reduction Act Statements.

CCC-580 Appendix
(01-18-13)

U.S. DEPARTMENT OF AGRICULTURE
Commodity Credit Corporation

APPENDIX TO FORM CCC-580, MILK INCOME LOSS CONTRACT

1 DEFINITIONS

The following definitions are applicable to the extension of the Milk Income Loss Contract (MILC) Program:

- A Administrator** means the FSA Administrator.
- B Contract application** means Form CCC-580, the Milk Income Loss Contract (MILC).
- C Contract application period** means the date established by the Deputy Administrator for producers to apply for program benefits.
- D CCC** means the Commodity Credit Corporation.
- E Class I Milk** means milk, including milk components, classified as Class I milk under a Federal milk marketing order.
- F County Committee** means the FSA county committee.
- G County Office** means the local FSA office.
- H Dairy Operation** means any person or group of persons who as a single unit as determined by CCC, produce and market milk commercially produced from cows and whose production facilities are located in the United States.
- I Dairy Feed Price Adjustment** – for the period January 1, 2008 through August 31, 2013, if the National Average Dairy Feed Ration Cost for a month during that period is greater than \$7.35 per hundredweight, the amount used to determine the payment rate shall be increased by 45 percent of the percentage by which the National Average Dairy Feed Ration Cost exceeds \$7.35 per hundredweight. For any month beginning on or after September 1, 2013, if the National Average Dairy Feed Ration Cost for a month during that period is greater than \$9.50/cwt, the payment rate will be increased by 45 percent of the percentage by which the National Average Dairy Feed Ration Cost exceeds \$9.50/cwt. The National Average Dairy Feed Ration cost will be determined in accordance with the program regulations.
- J Department or USDA** means the United States Department of Agriculture.
- K Deputy Administrator** means the Deputy Administrator for Farm Programs (DAFP), Farm Service Agency (FSA) or a designee.
- L Eligible Production** means milk that was produced by cows in the United States and marketed commercially by a producer in a participating State.
- M Farm Service Agency or FSA** means the Farm Service Agency of the Department.
- N Federal Milk Marketing Order** means an order issued under section 8c of the Agricultural Adjustment Act (7 U.S.C. 608c), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937.
- O Fiscal Year** means the year beginning October 1 and ending the following September 30. For example, the 2009 fiscal year begins October 1, 2008, and ends on September 30, 2009.
- P Marketed commercially** means sold to the market to which the dairy operation normally delivers whole milk and receives a monetary amount.
- Q Milk handler** means the marketing agency to or through which the producer commercially markets whole milk.
- R MILC** means the Milk Income Loss Contract.
- S Milk Income Loss Contract or CCC-580** means the program documents including the applicable contract appendix, entered into between CCC and the participant. Such contract shall set forth the terms and conditions for participation in the MILC program and receipt of MILC payments.

Example of CCC-580 Appendix (01-18-13) (Continued)

CCC-580 Appendix (01-18-13)

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- T Milk Marketing** means a marketing of milk for which there is a verifiable sales or delivery record of milk marketed for commercial use.
- U Participating State** means each of the 50 States in the United States of America, including the District of Columbia, and the Commonwealth of Puerto Rico, or any other territory or possession of the United States (*7 CFR 1430.202*).
- V Payment Pounds** means the pounds of milk production for which an operation is eligible to be paid up to a maximum of 2.4 million pounds per dairy operation per fiscal year for the 2008 fiscal year and 2,985,000 pounds per fiscal year for the 2009-2013 fiscal years provided further that an operation may receive payment for September 2013 marketings only if pre- September 2013 FY marketings did not exceed 2,400,000 pounds in which case new marketings that would not put the operation's 2013 FY marketings over 2,400,000 pounds will be eligible for payments otherwise permitted under the MILC regulation.
- W Producer** means any individual, group of individuals, partnership, corporation, estate, trust association, cooperative, or other business enterprise or other legal entity who is, or whose members are, a citizen of, or legal resident alien or aliens in the United States, and who directly or indirectly, as determined by the Secretary, shares in the risk of producing milk, and makes contributions (including land, labor, management, equipment, or capital to the dairy farming operation of the individual or entity that are at least commensurate with the share of the individual or entity of the proceeds of this operation.
- X Secretary** means the Secretary of the United States Department of Agriculture or any other officer or employee of the Department who has been delegated the authority to act in the Secretary's stead with respect to the program established in the part.
- Y United States** means the 50 States of the United States of America, the District of Columbia, and the Commonwealth of Puerto Rico, and any other territory or possession of the United States. (*7 CFR 1430.202*).
- Z Verifiable Production Records** means evidence that is used to substantiate the amount of production reported and that can be verified by CCC through an independent source.
- AA** All other words and phrases, unless the context of subject matter otherwise requires, shall have the meanings assigned to them in the regulations governing the Milk Income Loss Contract Program which are found at 7 CFR Part 1430.

2 ELIGIBILITY REQUIREMENTS FOR MILC PROGRAM

- A** By signing the MILC, the participant certifies that such participant produced milk commercially in the United States and marketed such production anytime during the period from October 1, 2007, through September 30, 2013. The participant agrees to provide monthly milk production and evidence of such production commercially marketed by all persons in the dairy operation during the program period, to determine the total pounds of milk that will be converted to hundredweight (cwt), and subsequently used for determining payment eligibility. Such production evidence must be provided before CCC will issue a payment to the dairy operation. (*7 CFR 1430.203*).
- B** The dairy operation must comply with highly erodible land and wetland conservation provisions set out at 7 CFR Part 12, adjusted gross income provisions at 7 CFR Part 1400, and all other provisions prescribed in the Milk Income Loss Contract program regulations at 7 CFR Part 1430. With respect to adjusted gross income, no person or entity may receive a payment for FY 2009 or subsequent marketings if their adjusted gross nonfarm income for the relevant base period for the marketings as determined under part 1400 is, as determined under that part is over \$500,000. Further for entities an otherwise due payment will be reduced commensurately to the extent that any person with an interest in the entity; as determined under AGI regulations, had such income over that limit for the relevant period.
- C** In order to receive payment the operation must have submitted a contract during the applicable contract period for FYs 2008-2013. The operation must have for any fiscal year for which payments is sought to be paid submitted the FY 2008-2013 contract before the end of that fiscal year. Further, to be eligible for payment, the dairy must not, if it did not participate in the MILC program for fiscal years prior to FY 2008, be affiliated with any other dairy operation.

Example of CCC-580 Appendix (01-18-13) (Continued)

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3 RESTRICTIONS ON PAYMENTS TO FOREIGN PERSONS

- A** Any producer who enters a MILC with CCC or participates in such contract at any time who is not a citizen of the United States or an alien lawfully admitted into the United States for permanent residence under the Immigration and Nationality Act (8 U.S.C. 1101, *et seq.*) shall be ineligible to receive monthly payments under this contract unless such person meets the requirements of 7 CFR Part 1400 which shall be applicable to this contract.
- B** Persons succeeding to a MILC must notify CCC immediately of succession and the contract must be modified accordingly.

4 SELECTION OF STARTING MONTH PROVISIONS

- A** A dairy operation that enters into a MILC with CCC, must designate for each fiscal year covered by the contract the starting month for the CCC to consider marketings to be eligible for consideration for payment.
- The starting month selected by the dairy operation must be made on or before the 14th of the month before the month for which payment is sought. (*7 CFR 1430.205(a)*).
- Beginning with the month selected by the dairy operation, MILC payments for the fiscal year will be issued based on the selected month's production and production for each consecutive month thereafter with a payment rate in effect until the earlier of the following:
- (1) the maximum payment quantity for the fiscal year is reached; or
 - (2) the applicable fiscal year ends.
- B** Except as provided in subparagraphs F and G of this section, a dairy operation cannot select a month for payment for which the following has occurred:
- (1) The month has already begun provided further that a month must be selected by the 14th of the preceding month;
 - (2) The month has already passed; or
 - (3) No milk production was produced by the dairy operation.
- C** Dairy operations cannot change the selected starting month for the fiscal year unless the change is made with CCC on or before the 14th of the month before the month selected. Otherwise, the starting month selected by the dairy operation cannot be changed in the MILC until the next fiscal year. If the starting month selected by the dairy operation is never modified from the initial selection, the selected month will remain the same for each fiscal year throughout the duration of the contract. (*7 CFR 1430.205(e)*). That is, once a month is chosen for a fiscal year, the corresponding month will be the start month for subsequent fiscal years unless affirmatively changed by the operation.
- D** Payments will be made consecutively to the dairy operation on a monthly basis for the fiscal year after the starting month has been designated in the MILC until the earlier of the following:
- (1) The maximum payment quantity for the fiscal year is reached; or
 - (2) The end of the fiscal year.
- E** All producers involved in the dairy operation must agree to the month designated in the MILC that CCC will issue payments. The dairy operation assumes the risk of not reaching the maximum payment quantity based on the month selected by the dairy operation. Payments will not be issued for past months for the sole purpose of reaching the maximum payment quantity, when the starting month was erroneously or otherwise selected by the dairy operation.
- F** For FY 2009, if the contract is submitted within 30 days of the time at which CCC begins accepting contracts for the FYs 2008-2013 program, the dairy operation can select any preceding month as the FY 2009 start month or choose a start month according to the normal standards that apply.
- G** When the FYs 2008-2013 contract is submitted, the dairy operation may, in lieu of other rules that apply, pick the month in which the contract is submitted as the start month for the fiscal year in which the contract is submitted.

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- H** If there is no payment rate in effect for the MILC production start month selected by the dairy operation, the dairy operations' payment will begin with the production from the next consecutive month in which there is a rate in effect following the selected MILC production start month. Production that does not generate a payment will not count against FY poundage eligibility limits.

5 DAIRY OPERATION PAYMENT QUANTITY

- A** The applicant's payment quantity of milk will be determined by CCC, based on the quantity of milk that was produced and commercially marketed by each dairy operation each month per FY.
- B** The maximum quantity of eligible production for which dairy operations are eligible for payment per fiscal year under the Milk Income Loss Contract Program regulations shall be for FYs 2009-2013 - 2,985,000 pounds or 29,850 hundredweight per separate and distinct operation provided further that an operation may receive payment for September 2013 marketings, only if pre-September 2013 FY marketings did not exceed 2,400,000 pounds in which case new marketings that would not put the operation's 2013 FY marketings over 2,400,000 pounds will be eligible for payments otherwise permitted in this rule.
- C** The Deputy Administrator shall determine what may be considered a separate and distinct operation.

6 PAYMENT RATE AND DAIRY OPERATION PAYMENT

- A** Payments under the MILC may be made to dairy operations when the Boston Class I milk price for the relevant month under the applicable Federal milk marketing order is below \$16.94 per hundredweight. No payments will be made to dairy operations during the months that the Boston Class I milk price under the applicable milk marketing order equals or exceeds \$16.94 or a rate adjusted for the National average dairy feed ration cost.
- B** A per hundredweight (cwt) payment rate will be determined for the applicable month by:
- (1) Subtracting from \$16.94 the Class I milk price per hundredweight in Boston;
 - (2) Multiplying the difference by 34 percent during the period beginning on October 1, 2007, and ending on September 30, 2008;
 - (3) Multiplying the difference by 45 percent during the period beginning on October 1, 2008, and ending on August 31, 2013.
 - (4) Multiplying the difference by 34 percent for September, 2013.
- C** The payment rate as calculated in accordance with paragraph B, will be adjusted to compensate for feed prices when the National Average Dairy Feed Ration Cost for a month is greater than the levels set forth below. Generally, the National Average Dairy Feed Ration Cost per cwt., for each month shall as determined under the program regulations be calculated using the same procedures used to calculate the feed components of the estimated price of 16 percent Mixed Dairy Feed per pound as noted in the USDA monthly Agricultural Prices publication of March, 2008. The payment rate adjustment for feed prices will be determined by increasing \$16.94 by the percentage which is 45 percent of the percentage by which the National Average Dairy Feed Ration Cost exceeds \$7.35 per cwt., (\$9.50 per cwt., for MILC marketings in September 2013).
- D** Each eligible dairy operation payment will be calculated, as determined by CCC, by:
- (1) Converting whole pounds of milk to hundredweight (cwt); and
 - (2) Multiplying the payment rate determined in paragraphs B and C of this section by the quantity of eligible production marketed by the operation during the applicable month as determined.
- E** Payments under the Milk Income Loss Contract Program regulations may be made to a dairy operation only up to the quantity of eligible production per applicable fiscal year as described in Section 5.
- F** Participants will receive payments on a monthly basis according to the MILC, not later than 60 days after the production evidence for the applicable month is received or the dairy feed adjusted rate is posted, whichever is later. However, CCC will endeavor to make the payment where possible within 60 days of the end of the month of the marketing.

Example of CCC-580 Appendix (01-18-13) (Continued)

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7 PROOF OF PRODUCTION

- A** Dairy operations entering into a MILC with CCC must, in accordance with instructions issued by the Deputy Administrator, provide adequate proof of the dairy operation's eligible production during the applicable months of each fiscal year designated in the contract. The dairy operation must also provide proof that the eligible production was commercially marketed during applicable months beginning October 1, 2007, and ending September 30, 2013. The documentary evidence of milk production claimed for payment shall be reported to CCC together with any supporting documentation to verify claim.
- B** CCC will issue a payment to the dairy operation no later than 60 days after the last day of the month that the production evidence is provided to the county FSA office or the date the feed rate adjustment is posted, whichever is later. However, CCC will endeavor to make the payment where possible within 60 days of the end of the month of the relevant marketings.
- C** Dairy operations must provide their final production evidence by November 1, 2013.

8 MILC AGENT PROVISIONS

- A** Milk Income Loss Contract payments may be disbursed by a cooperative marketing association that serves the Amish community or other special groups. Producers in such groups in a dairy operation may authorize an agent of a cooperative marketing association or milk handler affiliated with a cooperative marketing association to obtain and disburse MILC payments to the operation.
- B** The authorized Milk Income Loss Contract agent must on behalf of the dairy operation do the following:
- (1) Obtain a power of attorney for the producers of the dairy operation that authorizes the agent to enter into a MILC;
 - (2) File form prescribed by CCC, for approval by CCC, to act as a MILC agent;
 - (3) Provide the dairy operation's monthly production evidence to the applicable FSA county office;
 - (4) Disburse payment to the dairy operation in the producers monthly milk check.

9 EFFECTIVE DATE AND CHANGES TO CONTRACT

- A** The MILC is effective when, as determined by CCC, it has been signed by the participants and an authorized representative of CCC. Except as otherwise determined by CCC, as permitted by regulations or other law, the MILC may not be revoked or revised unless by mutual agreement between parties. If, after the effective date of this contract, CCC determines that certified production was erroneously provided or any provision prescribed in the regulations at 7 CFR Part 1430 was violated, CCC may terminate the contract according to such regulations.
- B** Except as provided in Section 6, contracts entered into by producers in a dairy operation shall cover eligible production marketed by the producers in a dairy operation during the period beginning with the first day of the month the producers in the dairy operation enter into contract and ending on September 30, 2013.
- C** In the event that a statute is enacted during the period of this Milk Income Loss Contract which would materially change the terms and conditions of this contract, the CCC may require the participants to elect between acceptance of modifications in the contract consistent with the provisions of such statute or termination of this contract.

10 CONTRACT MODIFICATIONS

- A** Producers in dairy operations are required to notify their local FSA office immediately of any changes that potentially affect the terms, conditions, or participants under the MILC. Changes include, but are not limited to changes to the starting month to receive payment for the next fiscal year, death of producer on the contract, new member joining the operation, member exiting the operation, transfer of shares by sale or other transfer action, or reconstitutions.
- B** CCC may modify a MILC if it is determined that such modifications are desirable to carry out purposes of the program or to facilitate the program's practical administration.
- C** The contact producer as designated to FSA on or for the contract has authority to make authorized changes to applicable Milk Income Loss Contract program forms prescribed by FSA and to bind other producers on the contract to those changes.

Example of CCC-580 Appendix (01-18-13) (Continued)

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11 NOTIFICATION OF CHANGES TO TERMS AND CONDITIONS OF THE CONTRACT

CCC agrees that, if any changes of any terms and conditions of this contract become necessary prior to the date that this contract is approved on behalf of CCC, CCC will notify the producers signing the MILC of such change and such producer will be given 10 days from the date of notification in which to agree to the revised terms and conditions or to withdraw from the offer. The participant agrees to notify the CCC of an intention to withdraw from the offer within 10 days from the date of the issuance of such notice and further agrees that failure to notify the CCC will constitute agreement to the revised terms and conditions.

12 TERMINATION OF CONTRACT

If a participant fails to carry out the terms and conditions of this contract but CCC determines that such failure does not warrant termination of this contract, CCC may require such participant to refund, with interest, payments received under this contract, or require the participant to accept such adjustments in the subsequent payment as are determined to be appropriate by CCC. Interest shall run on all refunds from the date of CCC disbursement.

13 CORRECTIONS

CCC reserves the right to correct all errors in entering data or the results of computations in the contract.

14 ERRONEOUS REPRESENTATION AND SCHEME AND DEVICE

- A** A participant who is determined to have erroneously represented any fact affecting a determination with respect to this MILC and regulations applicable to this contract, adopted any scheme or device which tends to defeat the purposes of this contract, or made any fraudulent representation with respect to this contract will not be entitled to payments or any other benefits made in accordance with this MILC and the participant must refund to CCC all payments received by such participant, plus interest with respect to the MILC.
- B** Unless CCC regulations provide otherwise, refunds determined to be due and owing to CCC in accordance with this MILC will bear interest at the rate which CCC was required to pay for its borrowing from the United States Treasury on the date of disbursement by CCC of the monies to be refunded. Interest will accrue from the date of such disbursement by CCC.
- C** The remedies provided under Section 14 of this Appendix shall be applicable in addition to any remedies under criminal and civil fraud statutes, including 18 U.S.C. 268, 287, 371, 641, 1001; 15 U.S.C. 714m; and 31 U.S.C. 3729, or any other remedy available under law.

15 REGULATIONS TO PREVAIL

The regulations in 7 CFR Part 1430 for the Milk Income Loss Contract Program are incorporated herein. In the event of a conflict between these regulations and the terms of this Appendix, the provisions of the regulations will prevail, provided further that a payment may be made only if allowed by both the contract (including this appendix) and the program regulations.

16 RECONSTITUTIONS

- A** A dairy operation entering into a MILC shall not after October 1, 2007, reorganize the dairy operation for the sole purpose of receiving more than one payment.
- B** Dairy operations that reorganize or restructure the operation for legitimate purposes after October 1, 2007, are subject to review by the applicable FSA county committee.
- C** If it is determined by the FSA County Committee that a dairy operation has reorganized for the sole purpose of receiving additional payments under the Milk Income Loss Contract Program, the operation will be considered in violation of their MILC and subject to termination according to Section 12.
- D** If during the contract period a reconstitution occurs, the modification to the MILC will not take effect until the first day of the fiscal year following the month the FSA county office received notification of the changes.

Example of CCC-580 Appendix (01-18-13) (Continued)

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17 AGREEMENT

A The participant agrees:

- (1) That the CCC-580 and any addendum thereto shall be considered an offer to enter into the Milk Income Loss Contract Program on the terms specified on Form CCC-580 and any addendum thereto. The offer, until revoked, may be accepted by CCC provided further, that, liquidated damages may apply in the case of a revocation as specified elsewhere in this Appendix;
- (2) To provide monthly milk production commercially marketed by all producers in the dairy operation throughout the duration of the program period that payment eligibility calculation can be made;
- (3) To submit adequate evidence of production of the dairy operations eligible marketings during the months of each fiscal year designated in the contract;
- (4) To have all producers involved in the dairy operation, marketing milk during the period specified in the MILC to sign the contract and indicate shares in the operation;
- (5) To designate the start month the dairy operation wants CCC to begin issuing payments to the operation;
- (6) To comply with highly erodible land and wetland conservation provisions and complete Form AD-1026 accordingly;
- (7) Not to undertake any action which tends to defeat the purposes of this contract, as determined by CCC;
- (8) Not to reconstitute the dairy operation for the sole purpose of receiving additional Milk Income Loss Contract payments;
- (9) Notify CCC immediately of any changes that affect the organizational structure of the dairy operation.
- (10) Any payment or portion thereof due any participant will be made by CCC without regard to any question of title under State law, and without regard to any claim or lien which may be asserted by a creditor, except agencies of the U.S. Government. Offsets for debts owed to agencies of the U.S. Government shall be made prior to making any payments to participants or their assigns.
- (11) To comply with all terms and conditions contained in this Appendix and the prescribed regulations at 7 CFR Part 1430.

B CCC agrees, subject to the availability of funds, that contract (including this appendix), the regulations and changes in law, to pay to the participant, to the extent required by the applicable authorities, the agreed upon monthly payment, to be made divided based upon the shares to which the parties have agreed as set forth on Form CCC-580.

NOTE: *The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a - as amended). The authority for requesting information is 7 CFR Part 1430, the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.), and the Food, Conservation, and Energy Act of 2008 (Pub. L. 110-246) as amended by the American Taxpayer Relief Act of 2012 (Pub. L. 112-240). The form will be used to document additional terms and conditions that apply when a producer requests to enter into a Milk Income Loss Contract. Information collected may be disclosed to other Federal, State, Local government agencies, Tribal agencies, and nongovernmental entities that have been authorized access to the information by statute or regulation and/or as described in applicable Routine Uses identified in the System of Records Notice for USDA/FSA-2, Farm Records File (Automated). Providing information is voluntary. However, failure to adhere to the additional terms and conditions will result in an inability to process a producer's request to enter into a Milk Income Loss Contract.*

This information collection is exempted from the Paperwork Reduction Act, as it is required for administration of the Food, Conservation, and Energy Act of 2008 (see Pub. L. 110-246, Title I, Subtitle F – Administration, as amended by the American Taxpayer Relief Act of 2012 (See Pub. L. 112-240, Title VII, Extension of Agricultural Programs). The provisions of criminal, civil, and privacy statutes may be applicable to the information provided.

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