Dairy Margin Coverage Program

For State and County Offices

SHORT REFERENCE

1-DMC
(Revision 1)

UNITED STATES DEPARTMENT OF AGRICULTURE
Farm Service Agency
Washington, DC 20250.
Revision Transmittal

A Reason(s) for Revision

This handbook has been revised to include provisions for the Supplemental Dairy Margin Coverage Program.

B Obsolete Handbook

1-DMC is obsolete.
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Part 1  Basic Provisions

1 Purpose, Availability, and Restrictions

A Purpose

This handbook provides general instructions for DMC.

B DMC Availability

DMC is available to producers on dairy operations throughout the U.S., if the dairy operation produces and commercially markets milk.

C Restrictions

STC’s, COC’s, and representatives and employees thereof, do not have the authority to modify or waive any of the provisions of this handbook.

D Delegations of Authority

The authority to approve or disapprove all CCC-800’s, CCC-800A’s, CCC-801’s, and documents for the producer is delegated to the authority in the following table. See subparagraphs 3 C and D for exceptions.

<table>
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<th>THEN the approval authority will be…</th>
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Questionable cases may be referred to the approval authority’s next higher authority. For example, CED or COC can submit a question to DD.
2 Sources of Authority and Related References

A Legislative History

The authority for DMC is the Agriculture Improvement Act of 2018 (7 U.S.C. 9051-9060, Pub. L. 115-334) that requires USDA to establish and administer Dairy Margin Coverage, which is a margin-based support program for dairy producers that provides risk management coverage that will pay producers when the difference between the price of milk and the cost of feed falls below a certain level.

The authority for Supplemental DMC is the Consolidated Appropriations Act of 2021 (Pub. L. 116-260) that requires USDA to establish and administer Supplemental Dairy Margin Coverage.

B DMC Duration

DMC is authorized from January 1, 2019, through December 31, 2023.

Supplemental DMC is authorized from January 1, 2021 through December 31, 2023.

C Federal Regulations

Regulations governing the administration of DMC are provided in 7 CFR Part 1430, Subpart D.

D Related Handbooks

The following table provides handbooks related to DMC.

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3 Administration and Responsibilities

A DMC Administration

DMC is administered by FSA STC’s and COC’s under the general supervision of DAFP through PSD.

State Offices may direct questions about DMC policy and procedure to Doug Kilgore, PSD, by either of the following:

- e-mail to douglas.e.kilgore@usda.gov
- telephone at 202-720-9011.

B STC Responsibilities

STC’s will:

- supervise and monitor DMC to ensure that policies and procedures authorized in this handbook are being uniformly followed by County Offices
- take any action required by this handbook that has not been taken by COC
- correct, or require COC to correct, any action taken by COC that is not authorized according to this handbook.

C COC Responsibilities

COC’s will:

- administer DMC at the county level through CED under STC supervision
- inform producers about the eligibility requirements for DMC payments
- complete and review applicable DMC forms for completeness and accuracy
- approve or disapprove requests for DMC benefits according to this handbook
- determine whether the submitted marketing documentation is reasonable and provides the required information needed to establish production history for participating dairy operations.

Note: Except for CCC-800’s, CCC-800A’s and CCC-801’s in which CED has a monetary interest, COC may delegate the authority to approve or disapprove CCC-800’s, CCC-800A’s and CCC-801’s, and any other DMC forms and documents, to CED.
Administration and Responsibilities (Continued)

D  CED Responsibilities

CED’s will:

- carry out the day-to-day operations of DMC according to COC’s determinations and this handbook
- approve or disapprove CCC-800’s, CCC-800A’s and CCC-801’s, if delegated by COC.

Note: Except for CCC-800’s, CCC-800A’s and CCC-801’s in which the person approving has a monetary interest, CED may delegate the authority to approve or disapprove CCC-800’s, CCC-800A’s, CCC-801’s, and any other DMC documents, to Federal and non-Federal County Office employees.

E  Nondiscrimination Responsibilities

STC or COC will not, on the basis of race, color, age, sex, national origin, disability, religion, or marital status, bar any producer from participation in, or otherwise subject any producer to discrimination with respect to any benefits resulting from its approval to participate in DMC.
3 Administration and Responsibilities (Continued)

F Outreach Responsibilities

SED’s, STC’s, SOC’s, DD’s and COC’s will ensure County Offices:

- notify producers of DMC program information and deadlines using all available sources with available funding
- promote DMC program participation at informational meetings/events
- contact partner organizations and stakeholders to host informational program presentations
- ensure County Offices are conducting extensive outreach to all dairy producers to promote participation in DMC
- enter all eligible DMC outreach activities into OTIS
- conduct targeted outreach activities with historically underserved and underrepresented individuals, groups and communities which may include, but are limited to farmers of ethnic minority, women, Amish, Mennonite, and other faith-based communities.

Eligible outreach activities include, but are not limited to:

- hosting and participating in informational outreach meetings, workshops, conferences, webinars, or field days
- educating dairy cooperatives and associations on the DMC program through presentations
- providing technical assistance to associations and producers on completing applicable DMC program forms
- track and monitor State and local outreach efforts and program participation data.

Note: Contacting program participants through letters and telephone calls is not considered outreach activities but are part of customary required program notifications to existing customers.
3 Administration and Responsibilities (Continued)

F Outreach Responsibilities (Continued)

Public information and communication activities may include, but are not limited to:

- issuing GovDelivery newsletters to all county subscribers (texts where applicable)
- mailing, emailing, or public exhibits that include DMC material (news releases, fact sheets, quick fact cards, PSA’s) distribution to stakeholder organizations and media
- posting DMC program information to State FSA website page
- participating in broadcast radio or television interviews.

4-9 (Reserved)
Part 2  Eligibility Requirements

10  Dairy Operation Eligibility

A  Eligible Dairy Operation Definition

Eligible dairy operation means any dairy operation that produces and commercially markets milk produced from cows, as a single unit, and has a production facility located in the U.S.

Note:  Participating dairy operations can be operated by more than 1 producer and a single person or legal entity may be a member of more than 1 separate and distinct dairy operation.

B  Dairy Operation Eligibility for Participation

To be eligible to participate in DMC a dairy operation must:

•  have produced milk from cows in the U.S.

•  be commercially marketing the milk at the time of their initial registration and at the time of their annual coverage election in DMC

Exception:  For 2019 only, if a dairy operation commercially marketed milk in any calendar months of 2019 they are eligible to participate in DMC for those months.

•  have a production history approved for the dairy operation on CCC-781 or CCC-800

•  submit a completed CCC-801, during the applicable registration and coverage election period, agreeing to the terms and conditions prescribed by CCC

•  provide, to the local County Office, proof of milk production marketed commercially, by all persons in the dairy operation during the periods relevant to establish production history for the dairy operation

•  annually pay:

  •  the required administration fee for participation in DMC
  •  premium for buy-up coverage, as applicable.
C Eligible Applicants

An eligible dairy operation may include any of the following that are engaged in an operation that markets milk commercially in the U.S.:

- an individual
- a corporation, partnership, joint operation, estate, association, cooperative, or other business enterprise or other legal entity
- Indians represented by BIA
- Indian tribal ventures.

D States, Political Subdivisions, and Agencies Thereof

States, political subdivisions, and agencies; thereof, are not eligible for DMC benefits. These provisions include, but are not limited to, State universities and prisons.

E Dairy Operations Under MPP-Dairy Program

A participating dairy operation in business before January 1, 2019, that participated in the MPP-Dairy program will automatically be determined as a dairy operation for DMC purposes in the same manner as under MPP-Dairy, as long as all eligibility conditions are met.
F Dairy Operations Not Under MPP-Dairy Program

For dairy operations that did not exist or participate under the MPP-Dairy Program, the dairy operation must meet DMC separate and distinct rules as follows:

A separate operation must distinctly each have its:

- cattle
- milking facilities
- milk marketings
- milk tanks
- feed receipts
- tax records, vet bills, bookkeeping
- State level licenses and/or permits.

If the dairy operation moves dairy cows between facilities, the facilities will not be considered separate and distinct.

COC will use its best judgment and knowledge of the dairy operation when determining if an operation is separate and distinct from another. Any questionable cases will be forwarded to DAFP, through the State Office specialist, for review and determination.

G Existing Dairy Operations

An existing dairy operation for DMC purposes must have been in operation and producing and commercially marketing milk:

- as of January 1, 2014
- during any of the calendar years 2011, 2012, and/or 2013.

Note: For dairy operations in existence before January 1, 2014, but with less than 1 full year of marketings for 2013, production history will be established according to “new” dairy operation rules in paragraph 12.
Participating DMC dairy operations that have been affected by a barn fire or by a barn collapse because of snow or other natural disasters may be eligible for DMC contract coverage, depending on the circumstances.

A participating dairy operation that is affected by a barn fire or by a barn collapse because of snow or other natural disasters and immediately sells the dairy cows and is no longer commercially marketing milk must be dissolved and is no longer eligible for participation in DMC. If and when the dairy operation resumes commercially marketing milk, the operation may re-establish production history and will meet eligibility provisions to participate in DMC.

A participating dairy operation that is affected by a barn fire or by a barn collapse because of snow or other natural disasters and temporarily moves to another location with or without another dairy operation may continue to participate in DMC at the temporary location if the following are met:

- the producer continues to make daily commensurate contributions to the operation
- the milk is still commercially marketed and/or the milk revenue is used towards rent, feed, or other obligation required at the temporary location
- the temporary location is for 1 year or less until the dairy operation’s original facility can be used again or until the dairy operation resumes production at another facility.

Dairy operations affected by the disaster must immediately communicate any temporary relocation to the County Office. COC’s will review and determine whether the dairy operation meets eligibility at the temporary location and will seek concurrence from STC. Questionable circumstances should be referred to the National Office for guidance.
11 Supplemental Eligibility

A Dairy Operation Eligibility for Participation in Supplemental DMC

For participation in Supplemental DMC, dairy operations must meet the following eligibility requirements in addition to the provisions in paragraph 10:

- submit a DMC contract for coverage year
- have DMC-established production history of less than 5 million pounds.
- have an approved supplemental production history for the dairy operation on CCC-800A
- submit a completed CCC-801, during a special enrollment or applicable registration and coverage election period, agreeing to the terms and conditions prescribed by CCC
- annually pay the premium fee for supplemental production history.

12 New Dairy Operations

A New Dairy Operation

A new dairy operation for DMC production history purposes:

- has more than 1 calendar year but was not in operation before January 1, 2014; or has less than a full calendar year of milk marketings, subject to review by COC to determine legitimacy
- must have a separate and distinct determination made by COC according to subparagraph 10 F.

B Existing Dairy Operation

A dairy operation is not considered new if the dairy registered in DMC does any of the following:

- changes the name of the dairy operation
- changes dairy TIN for tax purposes
- relocates to another State or county
- adds additional shareholders to the dairy operation
- family member, according to 5-PL, takes over the dairy operation for a decedent
- common member continues the dairy operation.
13 Foreign Entities and Foreign Persons

A Foreign Entities

A corporation or other entity will be ineligible to receive DMC benefits, if more than 10 percent of the beneficial ownership of the entity is held by persons who are not citizens of the U.S., or lawful resident aliens possessing a valid I-551, unless each foreign individual who is a stockholder or other type of member provides a substantial amount of active personal labor in producing milk in the dairy operation that is owned or operated by such entity.

The following foreign person and/or entity provisions apply to DMC benefits:

- 7 CFR Part 1400, Subpart E
- 5-PL, Part 3
- 5-PL, subparagraph 156 B for rules on significant contributions.

Each foreign person who is a stockholder or other type of member in the foreign entity must make a significant contribution of active personal labor to be considered eligible for DMC benefits. Foreign stockholders or other types of members in the foreign entity that:

- do not contribute active personal labor are not eligible to receive DMC benefits
- do contribute active personal labor may receive his or her share of the payment earned by the operation, less the share percentage held by the interest holder that made no active labor contribution

**Note:** This cannot be increased because of the ineligibility of another member.

- are deemed eligible according to the active personal labor requirement must have a valid U.S. TIN.

**Note:** 62-FI, Part 5 provides guidance for tax reporting purposes when DMC payments are made to producers that are nonresident aliens. County Offices must follow 62-FI, Part 5, before issuing payments and make withholdings to IRS, if required.
B Requesting Benefits for Nonforeign Shares

Entities that have been determined ineligible for payment because of the foreign person rule may receive the amount of payment that represents the percentage interest of the entity that is owned by U.S. citizens or lawful aliens, according to 5-PL, paragraph 157.

Note: This provision is also applicable to foreign stockholders, etc., of an entity, if some, but not all of the foreign persons provide a significant contribution of active personal labor.

C Foreign Person Eligibility

Foreign persons legally admitted in the U.S., with a valid TIN, and in an eligible dairy operation, are eligible to receive DMC benefits, if they are an individual who is providing land, capital, a substantial amount of active personal labor on the dairy operation, and meet the requirements of the following:

- 7 CFR Part 1400, Subpart E
- 5-PL, Part 3
- 5-PL, subparagraph 156 B for rules on significant contributions.

Note: A CCC-902 is required for foreign person determinations according to 5-PL.

See 62-FI, Part 5, for tax reporting guidelines when DMC payments are made to producers that are nonresident aliens.
14  Producer Eligibility

A  Eligible Producer Definition

Eligible producer means, for DMC purposes, any individual, group of individuals, partnership, corporation, estate, trust association, cooperative, or other legal business enterprise or other legal entity who is, or whose members:

• are a citizen of, or legal resident alien in the United States, except as provided in subparagraph 13 C

• share in the pooling of resources under a common ownership structure

• directly or indirectly shares in the risk of producing milk

• make contributions (including land, labor, management, equipment, or capital) to the dairy operation, at least commensurate to the producer’s share of the operation, to the dairy operation of the individual or entity.

B  Estates and Trusts

An eligible producer may be an estate or trust.

DMC documents executed by producers legally authorized to represent estates or trusts will be accepted only if producers legally authorized to represent estates or trusts furnish evidence of the authority to execute DMC documents.
14  Producer Eligibility (Continued)

C  Minors

A minor may be an eligible producer if the requirements in 1-CM are met.

D  Deceased Producer

When a death occurs for dairy operations with a DMC contract, the contract may be processed through a succession-in-interest or a dissolution, depending on the circumstances.

In cases of death when a spouse, heir, or estate will continue the dairy operation and the DMC contract, a succession-in-interest is required. County Offices will complete CCC-800S for payments earned after the date of death. DMC participants will use FSA-325 according to 1-CM.

E  HELC and WC

HELC and WC provisions of 7 CFR Part 12 apply to DMC benefits. To be eligible to receive DMC payments each producer in a participating dairy operation must certify compliance with HELC and WC provisions on AD-1026. See 6-CP for guidance on HELC and WC provisions.

F  AGI

DMC benefits are not subject to average AGI limitations.
15 Producer Ineligibility

A Ineligibility

Ineligible producers are producers who:

- do not meet the definition of eligible producer, according to paragraph 14
- are not a part of an eligible dairy operation, according to paragraph 10
- violate HELC and WC provisions, according to 6-CP
- are convicted under Federal or State law of a controlled substance violation according to 1-CM.

B Ineligible Producer Shares

Ineligible producers on CCC-801’s with other eligible producers are still required to provide applicable marketed production documentation, for the relevant period, to the County Office to establish the production history for the dairy operation. However, the ineligible producer’s share percentage of the dairy operation’s covered production history will be excluded from the total payment to the dairy operation.

16-24 (Reserved)
Part 3  Production History

25  Establishing Production History

A  Eligible Production History

Production history is established for a participating dairy operation by completing CCC-800, according to Exhibit 10. The established production history must be approved by FSA and is assigned to the participating dairy operation, not an individual producer. Eligible production history for DMC purposes will be:

- milk produced by cows in the U.S. and marketed commercially
- determined from the period of milk marketings applicable to a participating dairy operation being either of the following:
  - an existing dairy operation according to subparagraph 10 G
  - a new dairy operation according to paragraph 12.

Note: Commercially marketed milk production is a marketing of milk for which there is verifiable sales or delivery record of milk marketed for commercial use.

B  Maximum Eligible Production History

There is no maximum on the quantity of pounds that can be used to establish the production history for a participating dairy operation.

C  Production History Requirements

Adequate proof of all milk production marketed commercially by all persons in the dairy operation, to FSA’s satisfaction, must be provided to establish production history. See paragraph 69 for acceptable documentation requirements.

Production history previously established under MPP-Dairy will be used for the production history under DMC according to paragraph 28.

D  Production Marketed Outside the U.S.

Dairy operations that produce milk in the U.S., and commercially market the milk production outside the U.S., are eligible to receive DMC benefits.
E Eligible Dumped Production

Milk delivered to a handler that does not contaminate the bulk load that is paid for by the handler and reflected in the milk check, but is ultimately dumped by the handler, is eligible production that may be included in the production history for a participating dairy operation.

Note: Dumped milk production is typically identified as prenotification milk on the producer’s production statement from the milk handler or dairy cooperative.

F Ineligible Dumped Milk Production

The following situations are not considered commercially marketed milk and production from these situations cannot be included in the total quantity of commercially marketed production used to establish the production history for the dairy operation are as follows:

- dumped milk that causes the contamination of a bulk load for which an insurance indemnity is paid to the producer for the contaminated milk
- milk dumped on the farm by State or health department order not indemnified by DIPP
- a loan made from a milk handler to a producer that temporarily compensates the dairy operation for contaminated or dumped milk production.
A Existing Dairy Operation Production History

To establish production history for an existing dairy operation, the producer will select annual marketings from one of the following calendar years, if the dairy operation started commercially marketed milk before January 1, 2014:

- 2011
- 2012
- 2013.

Note: For dairy operations in existence before January 1, 2014, but with no milk marketings for 2011 or 2012 and less than 1 full calendar year of marketings for 2013, production history will be established according to new dairy operation rules in subparagraph C.

B Dairy Operations With More Than 1 Year But Were Not in Operation Before January 1, 2014

A dairy operation producing and commercially marketing milk for 1 calendar year or more but was not in operation before January 1, 2014, and has not previously established a production history will select annual milk marketings from any full calendar year to establish their production history.

Example: The dairy operation began commercially marketing milk on January 1, 2015, and has never established production history completes CCC-800 during the 2019 DMC signup. The dairy operation may choose to use their calendar year production from 2015, 2016, 2017, or 2018.
C Dairy Operations with Less Than 1 Full Calendar Year of Marketings

Dairy operations that have been commercially marketing milk for less than a calendar year will not have an entire calendar year of marketings. They will choose either of the following to establish production history:

- volume of the actual milk marketings for the months the participating dairy operation has been in operation extrapolated to a year amount

- an estimate of the actual milk marketings of the participating dairy operation based on the herd size of the participating dairy operation relative to the national rolling herd average data published by USDA.

Note: This method will also apply to dairy operations in existence before January 1, 2014, but with less than 1 full year of marketings for 2013.

D Examples of Establishing Production History

The following are examples of establishing a production history.

**Example 1:** Dairy operation began commercially marketing milk on August 2, 2012. The dairy operation has a full calendar year of commercially marketing milk prior to January 1, 2014, so they will establish their production history based on calendar year 2013’s milk marketings.

**Example 2:** Dairy operation began commercially marketing milk on May 9, 2014, and has never established production history with FSA when the producer came in during the 2021 enrollment period. The dairy operation was not commercially marketing milk prior to January 1, 2014, so they may select any 1 full calendar year of milk marketings from 2015 through 2018 to establish their production history.

**Example 3:** Dairy operation began commercially marketing milk on September 12, 2018. The dairy operation does not have a full calendar year of milk marketings, so they may select to extrapolate or use the rolling herd method to establish their production history.

**Example 4:** Dairy operation began commercially marketing milk on November 30, 2013. The dairy operation did begin commercially marketing milk prior to January 1, 2014, but does not have a full calendar year of 2011, 2012, or 2013 milk marketings so they may select to extrapolate or use the rolling herd method to establish their production history.
27 Establishing Supplemental Production History

A Supplemental Production History

A participating dairy operation with established production history may establish supplemental production history if the current production history is less than 5 million pounds of production history. The dairy operation will provide FSA documentation from milk marketing statements for the 2019 calendar year to calculate the supplemental production history according to subparagraph B.

Note: Dairy operations with a partial year production for calendar year 2019 may use their partial year marketings to establish supplemental production history if the milk marketings for the partial year exceed the established production history.

Supplemental production history will be established during special enrollment or during the annual coverage election period. Dairy operations may establish supplemental production history outside of a special enrollment or coverage election period however the supplemental history is not applicable until the next coverage year.

B Supplemental Production History Calculation

A dairy operation supplemental production history is determined by subtracting the dairy operation’s established production history from milk marketings for the 2019 calendar year with the result multiplied by 75 percent.

Example 1:

2019 Milk Marketings  1,500,000 pounds
Dairy Operation Production History  900,000 pounds (minus)
Net  600,000 pounds times 75 percent = 450,000

450,000 Supplemental Pounds of Production History

Example 2:

2019 Milk Marketings  15,000,000 pounds
Dairy Operation Production History  2,500,000 pounds (minus)
Net  12,500,000 pounds times 75 percent = 9,375,000

9,375,000 Supplemental Pounds of Production History
C Maximum Eligible Production History

There is no maximum on the quantity of pounds that can be used to establish the supplemental production history for a participating dairy operation.

Note: Additional DMC coverage because of supplemental production history is limited to 5 million pounds. Review subparagraph 58 E for example of supplemental production history limitation.
28 Production History Policy

A Dairy Operation Production History

A dairy operation with established production history including supplemental will maintain their production history regardless of what facility they commercially market milk from. Production history is tied to the dairy operation not the facility.

Example: ABC Farms established production history in 2019 of 5 million pounds while commercially marketing milk from a leased facility. In 2021 they relocate to a different leased facility. ABC Farms will not establish new production history at the new facility. They will maintain their 5 million-pound established production history by completing Part CCC-800T on CCC-800 Continuation.

Production history previously established under MPP-Dairy will be used as the production history under DMC.

Only dairy operations that have not previously established production history under MPP-Dairy, will establish production history on CCC-800 for the DMC Program. Dairy operations that established production history for the sole purpose of MFP will also be required to complete CCC-800 to establish their production history for DMC.

B New Dairy Operation Production History

A new dairy operation can establish production history based on the following options according to subparagraphs 26 B and C:

- volume of actual milk marketings for the months the dairy operation has been in operation, extrapolated to a yearly amount based on a national seasonally adjusted index
- an estimate of the actual milk marketings of the dairy operation based on the herd size of the dairy operation relative to the national rolling herd average
- a dairy operation producing and commercially marketing milk for 1 calendar year or more but was not in operation before January 1, 2014, and has not previously established a production history will select annual milk marketings from any full calendar year to establish their production history.

Note: A dairy operation may establish a production history at any time throughout the year.
C Dairy Operations that Established Production History for MFP Only

Dairy operations that established production history for the sole purpose of MFP will not use the production history for DMC. For dairy operations that established production history for MFP only, County Offices will:

- print a system-generated condensed CCC-800X from the DMC software according to 2-DMC
- have COC verify the production history was established for MFP only and disapprove CCC-800X
- access the production history record in the DMC software and change the approval to disapproval entering the current COC date
- establish production history for the dairy operation following DMC rules on CCC-800
- obtain producer signature and COC approval on the new CCC-800.

D Questionable New Dairy Operations

New dairy operations are subject to FSA review to determine legitimacy. A dairy operation will not be considered a new dairy operation for the purpose of establishing production history if FSA determines that a new dairy operation was formed for the purposes of circumventing DMC provisions, including, but not limited to, the following:

- reconstituting a dairy operation to receive additional benefits
- establishing new production history.

E Extrapolation Method

A new dairy operation that selects the extrapolation method to establish production history must have at least 1 full month of commercial milk marketings except as provided in subparagraph G. The extrapolation to an annual amount of production will be calculated based on the following:

- a national seasonality index
- full months of marketings for the year in which the dairy operation first begins to market milk.
F  Seasonality Index

The seasonality index was created based on monthly milk production data from 2014 through 2018 to more accurately reflect annual dairy production fluctuations during different seasons of the year. The seasonality index is fixed through 2023 at the following rates.

<table>
<thead>
<tr>
<th>Month</th>
<th>Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td>.0842</td>
</tr>
<tr>
<td>February</td>
<td>.0780</td>
</tr>
<tr>
<td>March</td>
<td>.0868</td>
</tr>
<tr>
<td>April</td>
<td>.0849</td>
</tr>
<tr>
<td>May</td>
<td>.0879</td>
</tr>
<tr>
<td>June</td>
<td>.0839</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Month</th>
<th>Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>July</td>
<td>.0845</td>
</tr>
<tr>
<td>August</td>
<td>.0836</td>
</tr>
<tr>
<td>September</td>
<td>.0799</td>
</tr>
<tr>
<td>October</td>
<td>.0824</td>
</tr>
<tr>
<td>November</td>
<td>.0801</td>
</tr>
<tr>
<td>December</td>
<td>.0838</td>
</tr>
</tbody>
</table>

G  Extrapolation Method Calculation

The annual production history for a new dairy operation that selects the extrapolation method is calculated as follows:

- adding the full months of milk marketings for the new dairy operation
- adding the seasonal index rate applicable to each of the full month marketings
- dividing the sum of the full month marketings by the sum of the seasonal index rates.

Note: A full month of milk marketings is not required for a new dairy operation that begins marketing in December of a calendar year. Actual marketings for the month of December must be used and multiplied by the number of days in December (31) and divided by the number of days marketed, to get a full month to then extrapolate for a full calendar year.
G Extrapolation Method Calculation (Continued)

If the new dairy operation intends to operate on a seasonal basis, meaning, the dairy operation will customarily operate only a specific number of months annually, then the extrapolation will be calculated as follows:

- adding the full months of milk marketings for the new dairy operation
- adding the seasonal index rate applicable to each of the full month marketings
- dividing the sum of the full month marketings by the sum of the seasonal index rates
- dividing the result by 12
- multiplying the result by the number of months the dairy operates annually.

H Example of Extrapolation Method for Nonseasonal Dairy Operation

ABC Dairy operation begins marketing milk September 15, 2018, and has actual full month marketings for the months of October through December according to the following table.

<table>
<thead>
<tr>
<th></th>
<th>October</th>
<th>November</th>
<th>December</th>
<th>SUM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marketings</td>
<td>256,500 pounds</td>
<td>250,000 pounds</td>
<td>259,000 pounds</td>
<td>765,500 pounds</td>
</tr>
<tr>
<td>Index Rate</td>
<td>.0824</td>
<td>.0801</td>
<td>.0838</td>
<td>.2463</td>
</tr>
<tr>
<td>Annual Production History</td>
<td></td>
<td></td>
<td></td>
<td>3,107,998 pounds</td>
</tr>
</tbody>
</table>

Note: 765,500 ÷ .2463 = 3,107,998 pounds.
I Example of Extrapolation Method for Seasonal Dairy Operation

ABC Dairy operation begins marketing milk March 2, 2018, and comes in to register for DMC on August 2, 2019. ABC Dairy operation has actual full month marketings for the months of April through June, according to the following table, and intends to operate only 10 months out of a year on an annual basis.

<table>
<thead>
<tr>
<th></th>
<th>April</th>
<th>May</th>
<th>June</th>
<th>SUM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marketings</td>
<td>221,200 lbs</td>
<td>235,000 lbs</td>
<td>229,800 lbs</td>
<td>686,000 lbs</td>
</tr>
<tr>
<td>Index Rate</td>
<td>.0849</td>
<td>.0879</td>
<td>.0839</td>
<td>.2567</td>
</tr>
<tr>
<td>Annual Production History</td>
<td></td>
<td></td>
<td></td>
<td>2,226,983 lbs</td>
</tr>
</tbody>
</table>

Note: 686,000 ÷ .2567 = 2,672,380 pounds ÷ 12 = 222,698 x 10 = 2,226,983 pounds.

J National Rolling Herd Average Method

New dairy operations may select the national rolling herd average method to establish production history. The national rolling herd average method will:

- be announced by USDA each February before the applicable calendar year of coverage
- be based on annual milk production per cow available from the year the dairy operation first started commercially marketing milk
- use the average number of dairy cows for the year the dairy operation started commercially marketing milk, including dry cows (excludes heifers not yet fresh).

Note: Bred heifers are not to be included in the average number of dairy cows.
K National Rolling Herd Averages

The national rolling herd averages applicable to each calendar year of coverage are provided in the following table.

<table>
<thead>
<tr>
<th>Calendar Year of Coverage</th>
<th>Pounds Per Cow</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>21,697 pounds</td>
</tr>
<tr>
<td>2014</td>
<td>21,822 pounds</td>
</tr>
<tr>
<td>2015</td>
<td>21,822 pounds</td>
</tr>
<tr>
<td>2016</td>
<td>22,258 pounds</td>
</tr>
<tr>
<td>2017</td>
<td>22,393 pounds</td>
</tr>
<tr>
<td>2018</td>
<td>22,774 pounds</td>
</tr>
<tr>
<td>2019</td>
<td>23,149 pounds</td>
</tr>
<tr>
<td>2020</td>
<td>23,149 pounds</td>
</tr>
<tr>
<td>2021</td>
<td>23,780 pounds</td>
</tr>
<tr>
<td>2022</td>
<td>24,010 pounds</td>
</tr>
</tbody>
</table>

Note: County Offices will use the national rolling herd averages listed in this subparagraph, not the herd averages listed from the NASS annual surveys.

L National Rolling Herd Average Calculation

New dairy operations that select the national rolling herd average method will have production history established based on multiplying:

- the national rolling herd average pounds per cow for the applicable calendar year of coverage the dairy operation first started commercially marketing milk, by
- the average number of dairy cows in the herd, including dry cows and excluding bred heifers not yet fresh for the year the dairy operation started commercially marketing milk.

M Example of National Rolling Herd Average Method

ABC Dairy operation has a 150 cow operation that began marketing milk on September 15, 2018. Using the national rolling herd average method, the production history for ABC Dairy operation has been established at 3,416,100 pounds.

Note: 150 x 22,774 = 3,416,100 pounds.
29 Annual Production History Increase

A Production History Adjustments

After the production history of a dairy operation is established and approved by FSA, the production history established will:

- never be changed because of changes in milk production
- only increase for intergenerational transfer according to paragraph 34.

Note: Any corrections required to the production history must be submitted to the State Office for review.

B The Bump

Under MPP-Dairy an annual production history adjustment, also known as the bump, was applied to enrolled production history. There will be no annual bump adjustment factor applied to production history enrolled in the DMC program except as noted below.

- Dairy operations participating in DMC that had production history previously established under MPP-Dairy will use the same adjusted production history as established and last adjusted for 2018 by FSA under MPP-Dairy.

- Dairy operations that established production history for the sole purpose of MFP will establish production history for DMC on a CCC-800 and will receive the bump of 1.0186 at the time of registration.

- New dairy operations that establish production history for the first time under DMC will complete a CCC-800 and receive the bump of 1.0186 at the time of registration.

Note: There will be no further adjustments in subsequent years of participation.
C Bump Factors

The following table provides bump factors from each applicable calendar year.

<table>
<thead>
<tr>
<th>Calendar Year</th>
<th>Bump Factor</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>None</td>
</tr>
<tr>
<td>2015</td>
<td>1.0087</td>
</tr>
<tr>
<td>2016</td>
<td>1.0261</td>
</tr>
<tr>
<td>2017</td>
<td>1.0134</td>
</tr>
<tr>
<td>2018</td>
<td>1.0186</td>
</tr>
</tbody>
</table>

D Example of the Bump

ABC Dairy operation establishes a production history of 3 million pounds and is applying for the first time during 2021 DMC registration and coverage election period. The bump factor of 1.0186 is multiplied by the 3 million pounds of production history to determine the adjusted production history for 2021.

Note: 3,000,000 x 1.0186 = 3,055,800 pounds.
30 Production History Modifications

A Types of Production History Modifications

CCC-approved production history can be modified as follows:

- relocation/transfer
- merger
- succession-in-interest
- intergenerational.

B Production History Modification Requests

A production history modification request must:

- be requested on automated CCC-800 in the DMC automated software according to 2-DMC, or the manual CCC-800 Continuation according to Exhibit 12, if the automated software is unavailable

  Note: Multiple CCC-800’s may be required if multiple registered dairies are involved.

- be thoroughly reviewed and approved by COC or designee

- if a transfer is completed because of a farm and/or tract number change through a reconstitution, the dairy operation’s signature is not required on CCC-800T or CCC-800 Continuation but COC approval of the applicable form is still required.
31 Production History Relocations

A Relocation Transfers

A participating dairy operation with a CCC-approved production history including supplemental history that relocates or otherwise moves their dairy operation to another location must maintain their established production history at the new location. Production history is specific to the dairy operation, not the location of any facility. Part CCC-800T on CCC-800 Continuation must be completed and signed by the relocating dairy operation.

B Relocation Transfer Example

ABC Dairy operation has a CCC-approved production history of 10 million pounds in County A and is relocating to a dairy facility in County B. ABC Dairy operation submits a completed Part CCC-800T on CCC-800 Continuation to the County A FSA Office. County A approves the production history relocation transfer to County B and the dairy operation maintains their production history of 10 million pounds.

C Farm Transfers and Farm and/or Tract Reconstitutions

Completed farm transfer and/or reconstitutions must be recorded in the DMC automated system, according to 2-DMC.

Transfers that are completed because of only a farm and/or tract number change through a reconstitution do not require a signature from the dairy operation in Part CCC-800T on CCC-800 Continuation but COC approval is still required. A new CCC-801 is not required for modifications because of a reconstitution or a transfer within the same administrative county. A transfer to a different administrative county will require a new CCC-801.

The effective date recorded must be the date the actual farm transfer or farm and/or tract reconstitution was approved by COC. DMC is implemented by calendar year for coverage, but enrollment starts before the calendar year and contract payment may process 3 months following the end of the coverage year. Producers applying for DMC must be associated with the farm and tract where the dairy operation is located in the enrollment year and for the full farm records year associated with the coverage period.

Example: In FY 2019, Dairy Operation A enrolled in DMC for coverage year 2020. Dairy Operation A must be associated with the farm and tract where the facility is located for FY 2019 and 2020. The dairy operation dissolves on June 1, 2020. With the dissolution, Dairy Operation A may no longer be associated with the farm and tract. However, because they have coverage for a portion of the 2020 coverage year, they must remain on the farm and tract for the 2020 farm records year.
A Mergers

Producers of more than 1 dairy operation that separately participate in DMC may merge the production histories including supplemental history of these dairy operations into 1 dairy operation. Once the production histories have been merged, they cannot be unmerged, reallocated, or used by another dairy operation. The merger of the combined production histories will be effective January 1 of the calendar year following the applicable annual coverage election period except for 2019.

Note: A merger request can only occur during the coverage election period.

The merged production history including supplemental must be signed by all parties in Part CCC-800M on CCC-800 Continuation. If any unpaid DMC premiums including supplemental premiums are not paid for any of the original dairy operations, the merged dairy operation assumes the outstanding premium fees.

Merging dairy operations with established supplemental production histories may merge as one supplemental production history.

B Merger Eligibility

The following provisions must be met before a DMC merger takes place:

• a valid ownership/structure change must have occurred

• each original dairy operation must share in the risk of the milk production that will be commercially marketed for the new dairy operation

• shares must be commensurate

• dairy operations must provide detailed information on the structure of the merged dairy operation

• COC will review and approve or disapprove all mergers.

Exception: If the dairy operations are already under common ownership with approved production history, previously determined, separate and distinct, and have now merged the 2 operations into 1, a merger may also be approved if eligibility criteria are met.
32 Production History Mergers (Continued)

C Merger Because of Family Member Death or Retirement

Two or more participating family dairy operations may merge if a family member is deceased or is retiring, and the dairy operations will be combined into 1 dairy operation. A merger can be completed even though a family member will not continue to share in the risk of the merged dairy operation. While a valid ownership/structure change is not required from a family merger, documentation is required to verify that the merged dairy operation has ownership of the dairy cows from the deceased or retiring dairy operation.

A succession is required from the retiring or deceased dairy operation to the combined dairy operation before a merger can process.

D Merger Coverage Levels

Two or more participating dairy operations may merge with DMC contracts of different coverage levels.

For a merger when 1 or more dairy operation has a DMC contract with lock-in coverage, the merged dairy operation will have lock-in coverage. In some cases, depending on the amount of increased merged production history, the merged coverage election percentage may change on the lock-in contract according to the following table.

<table>
<thead>
<tr>
<th>IF…</th>
<th>THEN the new merged dairy operation…</th>
</tr>
</thead>
<tbody>
<tr>
<td>total production history including supplemental from the merging dairy operations is less than 5 million pounds</td>
<td>will assume the same coverage elections from the lock-in contract.</td>
</tr>
<tr>
<td>total production history including supplemental from merging operations with lock-in contracts exceeds 5 million pounds before merger</td>
<td>can make a Tier 2 threshold coverage election.</td>
</tr>
<tr>
<td>merging operations have 2 different lock-in elections</td>
<td>will choose 1 of the original elections.</td>
</tr>
<tr>
<td>the merging dairy operation each has production history including supplemental of less than 5 million pounds and after merging exceeds 5 million pounds</td>
<td>can make a Tier 2 threshold coverage election.</td>
</tr>
</tbody>
</table>

Note: Merged supplemental production history is applicable to 5 million pounds of coverage.
Production History Mergers (Continued)

E Eligible Merger Example

Three separately registered dairy operations under DMC decide to pool their resources and build a brand new dairy operation. Operation A has an approved production history of 2 million pounds, Operation B has an approved production history of 1.5 million pounds, and Operation C has an approved production history of 3 million pounds. Each dairy operation is required to submit a completed CCC-800, requesting the merger and describing the merger in detail in the “Remarks” section. After the merger is approved by FSA, a new CCC-800 with the combined production history of 6.5 million pounds will be generated for all parties to sign. Because of the production history increase over 5 million pounds, the dairy operation will make a Tier 2 election during enrollment.

F Ineligible Merger Example

ABC Dairy participates in DMC, they purchase a second dairy and start producing and commercially marketing milk in the second facility. The second dairy operation does not meet separate and distinct rules so it may not participate in DMC on its own. ABC Dairy may not establish production history on the second dairy operation and merge the 2 together for DMC purposes because the second dairy did not meet separate and distinct provisions.

G Merger Effective Date

FSA will recognize the merger and approve coverage for separately registered dairy operations combining production histories under DMC effective January 1 of the calendar year following the applicable annual registration and coverage election period that the combined dairy operation pays the annual administrative fee and applicable premiums.

Exception: For 2019 only, the merger effective date can be retroactive as far back as January 1, 2019, if the dairy operation notifies FSA within the 2019 registration and coverage election period.

Note: For 2020 and later, the merger date is not recognized until the following January 1, the individual contracts of the merging operations will be recognized through December 31.
Succession-in-Interest Production History

A Succession-in-Interest

Succession-in-interest may only be processed in the following situations:

- producers of a registered DMC operation transferred ownership of the dairy operation through sale or other transfer action that includes the established CCC-approved production history including supplemental history to the new dairy operation if it’s a family member assuming control of the dairy operation where there was no break in commercially marketing milk

- the dairy operation changes TIN

- the dairy operation was restructured or reorganized with at least 1 common member remaining

- receiverships in the case of bankruptcy.

To be eligible for a succession-in-interest, milk production must be continuous or only stops for 14 calendar days or less when the new dairy operation assumes control.

Note: See Exhibit 2 for definition of a family member.

Documents to verify succession-in-interest may be requested, as necessary, to COC’s satisfaction.

B Succession-in-Interest Effective Date

A succession-in-interest becomes effective the date the milk marketing switched to the successor. The predecessor is responsible for any prorated premiums including supplemental premiums for the days within the calendar year they participated in DMC. The successor is responsible for any prorated premiums for the days within the calendar year the successor operated the dairy regardless of the date CCC-801 was signed for that calendar year.

Example: ABC Dairy participated in DMC from January 1, 2020, through October 9, 2020. DEF Dairy succeeded to the dairy operation and signed the CCC-801 on November 30, 2020. DEF Dairy is responsible for the prorated premium from October 10, 2020, through December 31, 2020, if they choose to participate in DMC for that calendar year.

C Succession-in-Interest Annual Election Contract

If the predecessor’s CCC-801 was an annual election and the successor does not sign CCC-801, the succeeding dairy operation is not liable for any prorated premium for that calendar year as the succeeding dairy operation is not participating in DMC.
Succession-in-Interest Production History (Continued)

D Succession-in-Interest on 5-Year Lock-In Contract

If the predecessor’s CCC-801 is a 5-year lock-in contract and the successor chooses to participate in DMC, the successor can do either of the following:

- continue the lock-in contract at the same coverage election levels
- not participate in DMC.

Successor will be responsible for all prorated premiums including supplemental premiums under the contract based on the date of the succession once their CCC-801 is approved. If a successor of a lock-in contract does not participate until a year later, they would be responsible for any premiums calculated from the date of the succession and would be eligible for all prior DMC payments if applicable.

Note: Signatures from both the original dairy operation and the successor are required in Part CCC-800S on CCC-800 Continuation. A new CCC-801 must be completed by the successor if they chose to participate in DMC.

E Administrative Fee

A succession-in-interest does not require an additional administrative fee if the fee has already been paid for by the predecessor in the applicable coverage year of the succession-in-interest.

If the predecessor was exempt from paying the administrative fee, the successor will be responsible for paying the administrative fee unless the successor meets the exemption eligibility.

F Succession Involving DMC Premium Credits

If a succession occurs during DMC, the predecessor may designate to transfer any remaining credit to their successor on CCC-800 Continuation. If the predecessor does not transfer any remaining DMC premium credit, it is surrendered.

G Succession-in-Interest from January 2, 2021, through 2021 SDMC Enrollment Start (for 2021)

For a dairy operation that a succession-in-interest occurred from January 2, 2021, through the start of 2021 SDMC enrollment, the predecessor dairy operation must establish supplemental production history for it to be effective for 2021. Otherwise, if the successor establishes the supplemental production history, will not be effective until 2022.
Intergenerational Production History Transfers

A Intergenerational Transfers

A dairy operation may add to their CCC-approved production history (not supplemental) for an intergenerational transfer when any of the following lineal descendants or their spouse joins a participating dairy operation:

- son
- daughter
- grandchild
- adopted child
- heir.

Note: Non-lineal relatives such as siblings, cousins, nieces, or nephews that join the operation will not result in eligibility for a production history increase.

Multiple family members joining a dairy operation are considered 1 family member for the purposes of intergenerational transfer requests.

Important: An increase in production history because of intergenerational transfer is applicable to established production history and not to supplemental production history.

B Intergenerational Transfer Production History Calculation

The increase to the established production history of the participating dairy operation will be determined based on multiplying both of the following:

- national rolling herd average data for the year in effect at the time of the intergenerational transfer
- quantity of cows purchased by the joining family member.

Note: Intergenerational transfers will not be allowed if the participating dairy operation’s current annual production and the increase in herd size by the new family member is less than the dairy operation’s established production history.

C Intergenerational Transfer Limitations

The increase to the established production history of the participating dairy operation is limited to the following:

- 1-time increase of production history for the term of the program
- maximum increased quantity of up to 5 million pounds
- same elected coverage threshold and coverage percentage in effect for the participating dairy operation at the time the production history increase takes effect.
D Intergenerational Transfer Requirements

A dairy operation increasing production history through an intergenerational transfer must do the following:

- notify FSA according to subparagraph F in Part CCC-800I on CCC-800 Continuation according to Exhibit 12

- provide documentation of:
  
  - dairy operation’s current annual marketing as of the date of the intergenerational transfer
  
  - purchase(s) of the dairy cows, excluding bred heifers, being added to the dairy operation by the new family member(s) within 120 calendar days of new member(s) joining operation.

  **Note:** Cows cannot be purchased from the dairy operation a new member is joining.

- certify for each new family member joining the operation that:
  
  - the dairy operation will be their principal source of non-investment earned income
  
  - the member is a lineal descendant of a current member of the participating dairy operation
  
  - there is a significant equity ownership in the dairy operation of at least 10 percent individually or 25 percent collectively for multiple members
  
  - the member will contribute labor in the dairy operation at a minimum of 35 hours per week or have a plan for transition to full-time.

All documentation and certifications provided by the current members and joining family members of the dairy operation is subject to the review and approval by COC. Documentation must be adequate proof and verifiable to the satisfaction of COC, according to paragraph 69.

**Note:** New members joining the dairy operation requesting an intergenerational transfer and existing members will sign CCC-800I or CCC-800 Continuation.
Intergenerational Production History Transfers (Continued)

E  FSA Notification of Intergenerational Transfers

A participating dairy operation must request an intergenerational transfer according to subparagraph D. Notification of the intergenerational transfer must be made within 120 calendar days of the cow purchases.

F  Intergenerational Transfers Effective Date

A dairy operation requesting an intergenerational transfer has the option of the additional production history taking effect with either of the following:

- the day the intergenerational transfer occurred, except if the intergenerational transfer occurred in 2019

  Note: This is currently not an option supported by software, and until that option becomes available, dairy operations will have the effective date January 1 of the next year.

- January 1 of the next coverage year following notification.

  Note: If the intergenerational transfer occurred in 2019, the effective date will be January 1, 2020.

G  Intergenerational Transfers Premium Payment Due Date

An intergenerational transfer will affect the premium calculated for a dairy operation based on the additional quantity of production that will be added to the established production history. Payment for the additional quantity will be due according to the following table.

<table>
<thead>
<tr>
<th>IF the effective date option selected is…</th>
<th>AND notification occurs…</th>
<th>THEN the additional premium is due…</th>
</tr>
</thead>
<tbody>
<tr>
<td>the day of the intergenerational transfer (currently not an option supported by software)</td>
<td>January 1 through August 31</td>
<td>September 1.</td>
</tr>
<tr>
<td></td>
<td>September 1 through December 31</td>
<td>immediately.</td>
</tr>
<tr>
<td>during 2019 signup (June 17 through September 27, 2019)</td>
<td></td>
<td>30 calendar days following notification by FSA of premium amount due.</td>
</tr>
<tr>
<td>January 1 of the next coverage year</td>
<td></td>
<td>September 1 of the next coverage year.</td>
</tr>
</tbody>
</table>
Par. 34  Intergenerational Production History Transfers (Continued)

H  Determining Current Annual Marketings Less Than Established Production History

Intergenerational transfers will not be allowed if the participating dairy operation’s current annual production and the increase in herd size by the new family member(s) is less than the dairy operation’s established production history. To determine whether current annual marketings for the dairy operation are less than the dairy operation’s established production history, County Offices must do the following:

- calculate the additional quantity of production history according to subparagraph B
- if complete annual 12-month calendar year marketings are unavailable, determine current annual marketings as of the date of the intergenerational transfer by averaging available monthly marketings provided by the dairy operation and attributing the average pounds to the remaining months in the year
- compare the total of the calculated additional quantity and the current annual production determined with the CCC-approved established production history for the dairy operation
- disapprove the intergenerational transfer if the total of the calculated additional quantity and the current annual marketings is less than the dairy operation’s established production history.

Example: ABC Dairy operation has a production history of 1 million pounds. However, their current annual marketings have decreased to 800,000 pounds. The additional quantity of production from the cows brought into the operation by the new family member totals 100,000 pounds. The total of the current annual marketings (800,000 pounds) plus the additional production from the new family member (100,000 pounds) results in 900,000 pounds, which is less than the established production history of 1 million pounds. Therefore, this intergenerational transfer is not approved.

Note: The current annual milk marketing is used to determine intergenerational transfer eligibility. If the annual marketings and the increase in herd size are less than the dairy operation established production history, the intergenerational transfer cannot be approved. Additionally, the current annual marketings are not used in the calculation of the increased production history for the intergenerational transfer.
Intergenerational Production History Transfers (Continued)

I Approving Intergenerational Transfers

COC or designee will:

- be satisfied that all requirements have been met before approving Part CCC-800I on CCC-800 Continuation for an intergenerational transfer

- compare Part CCC-800I on CCC-800 Continuation entries for intergenerational transfers with applicable verifiable documentation

- review calculations to ensure they are computed correctly according to subparagraphs B and H

- **not** approve Part CCC-800I on CCC-800 Continuation for an intergenerational transfer not made timely according to subparagraph E

- **not** approve Part CCC-800I on CCC-800 Continuation for an intergenerational transfer when the participating dairy operation’s current annual production and the increase in herd size by the new family member(s) is less than the dairy operation’s established production history according to subparagraph H

- notify participants of the adverse decision according to 1-APP

- forward approved Part CCC-800T on CCC-800 Continuation and all supporting documentation to the State Office DMC specialist.
35 Retroactive Intergenerational Transfers

A Retroactive Intergenerational Transfers

Participating dairy operations will have a 1-time opportunity to increase their established production history during the 2019 and 2020 registration and annual coverage election periods if an intergenerational transfer occurred during any of the following timeframes:

- 2014
- 2015
- 2016
- 2017
- 2018.

Note: Retroactive payments based on the increase to the dairy operation’s established production history will apply for 2019 and not prior years.

B Retroactive Intergenerational Transfer Effective Date

Dairy operations that apply for an intergenerational transfer by December 20, 2019, and COC approved, will be eligible for the increased production history effective on January 1, 2020.

C Retroactive Intergenerational Transfer Requirements

Participating dairy operations requesting a retroactive intergenerational transfer will meet the following:

- the production history increase will only be applied for dairy cows purchased within 120 calendar days of when the intergenerational transfer took place

  Note: Dairy cow purchase receipts and the business agreement will be required for verification.

- all requirements listed in subparagraph 34 D.

Note: All intergenerational transfer requests once COC approved will be sent to the National Office for review and processing.
35 Retroactive Intergenerational Transfers (Continued)

D FSA Notification of Intergenerational Transfers

A participating dairy operation will request an intergenerational transfer according to subparagraph 34 D. Notification of the intergenerational transfer will be made according to the following table.

<table>
<thead>
<tr>
<th>IF the purchase of the dairy cows by the new family member occurred…</th>
<th>THEN FSA notification must occur…</th>
</tr>
</thead>
<tbody>
<tr>
<td>on or after January 1, 2020</td>
<td>within 120 calendar days of the cow purchases.</td>
</tr>
</tbody>
</table>

36 Establishing Farm and Tract Numbers

A Farm and Tract Numbers

County Offices must do the following for each dairy operation:

- assign an FSA farm and tract number in MIDAS farm records
- establish and delineate according to 10-CM
- be established in the dairy operation’s administrative State and county.
37 Production History Re-Establishment

A Re-Establishing Production History

A dairy operation that dissolves and resumes commercially marketing milk may be required to re-establish their original production history including supplemental history if any of the following occur:

- a family or common member of the original dairy operation resumes commercially marketing milk

- a member of the original entity or entity itself resumes commercially marketing milk.

Note: Dairy operations that previously dissolved and resumed commercially marketing milk with no individual or member entity changes will re-establish their original production history.

B Re-Establishing Production History for Entities and Joint Venture with Member Changes

It is the responsibility of COC to monitor re-establishments and determine eligibility when the members or the make-up of the dairy operation has changed. In cases where a family, common, or new member is part of a joint venture or entity resuming commercially marketing milk, require COC to determine if the dairy operation should re-establish the production history including supplemental history or be considered a new dairy operation, if necessary.

In determining a re-establishment versus a new dairy operation, COC will factor the following in the determination.

<table>
<thead>
<tr>
<th>Criteria</th>
<th>YES</th>
<th>NO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Is a family or common member of former operation a part of the new operation?</td>
<td>Re-establishment</td>
<td>New</td>
</tr>
<tr>
<td>Are 2 or more new members a part of the dairy operation?</td>
<td>New</td>
<td>Re-establishment</td>
</tr>
<tr>
<td>Is the dairy operation resuming operations at the original location?</td>
<td>Re-establishment</td>
<td>New, if no family or common member involvement and/or 2 or more new members</td>
</tr>
<tr>
<td>Has the business structure changed or TIN changed?</td>
<td>New, if no family or common member involvement and/or 2 or more new members</td>
<td>Re-establishment</td>
</tr>
</tbody>
</table>
B Re-Establishing Production History for Entities and Joint Venture with Member Changes (Continued)

Because COC’s have knowledge of their producers and backgrounds, it is incumbent upon them to determine re-establishment eligibility. COC’s should only create new dairy operations and production history when the dairy operation resuming production is materially different than the previous operation. All re-establishment determinations require reasons for the determination and should be included as part of the COC minutes.

Additionally, COC’s should be mindful of potential program circumvention where a dairy operation dissolves and subsequently resumes commercially marketing milk to avoid requirements of a DMC lock-in contract.

For cases where COC is unsure of a clear determination, they will forward cases to STC and, if needed, to the National Office for a decision.

Once a re-establishment occurs with a member, entity, or joint venture assuming the original production history including supplemental history, another member who decides to start commercially marketing milk separately will create a new dairy operation.

The re-establishment of production history including supplemental history must be requested in Part CCC-800R on CCC-800 Continuation.

Dairy operations have 60 calendar days from the date resumed commercially marketing milk was resumed to submit:

- evidence from the marketing statement with the date that the dairy operation resumed commercially marketing milk
- Part CCC-800R on CCC-800 Continuation
- CCC-801
- administrative fee, if not paid for the coverage year.

Dairy operations that re-establish production history including supplemental history must have the same coverage level percentage and coverage level threshold if:

- re-establishing within the same coverage year
- their original contract was a lock-in contract.

If beyond the 60-calendar-day requirement, the dairy operation cannot register until the next registration and annual coverage election period.
37 Production History Re-Establishment (Continued)

C Re-Establishing Production History with Lock-In Coverage

For dairy operations re-establishing under a new year registration and the original contract had lock-in coverage, the dairy operation will continue with the original lock-in coverage election.

Exception: For 2019, if the dairy operation resumed commercially marketing milk before the 2019 signup and election period; it may still enroll in 2019 DMC.

D Re-Establishing Production History for Affiliated Producer Example

ABC Dairy LLC, made up of Producer A and Producer B, has a production history of 5 million pounds. Both Producer A and Producer B retire from the dairy business and sell their herd. Producer B decides to get back in the business again. Producer B prefers to use the production history from ABC Dairy LLC. COC reviews and approves the re-establishment of production history because of minimal changes in the dairy operation.

E Determining Prior Production History

County Offices must thoroughly check prior registered dairy operations to determine if any dairy operation previously had established production history including supplemental history to determine if the dairy operation:

- will have the previous production history re-established
- has the option to establish production history as a new dairy operation if no production history is established and if the dairy operation does not have a production history from another location.

F Re-Establishment Administrative Fee

A dairy operation that reestablishes within the same calendar year and previously paid the administrative fee for the coverage year has met the annual administrative fee requirement.
CCC-800, Dairy Margin Coverage (DMC) Production History Establishment

A CCC-800 Usage

CCC-800 (Exhibit 10) must be completed by a participating dairy operation and used for the following purposes:

- establishing initial production history for a participating dairy operation
- correcting production history.

FSA will allow any interested producers in a dairy operation to file CCC-800 without regard to whether or not the producer is registering the dairy operation in DMC. Submitting CCC-800 to determine the production history for a dairy operation does not register that production history or the dairy operation in DMC, and as such, the production history cannot be used for sale, merger, or transfer.

**Note:** CCC-800 must be accompanied by CCC-801 and administrative fee, if applicable, to be considered registered for DMC.

B County Office Review of CCC-800’s

County Offices will review and determine the acceptability of each CCC-800 for initial production history establishment to ensure the following:

- accuracy and completeness
- proper determination of new or existing dairy operation
- production history is being determined based on:
  - the relevant period from verifiable source documentation
  - applicable elected option for new dairy operations.

Only CCC-800’s thoroughly reviewed according to this subparagraph will be processed and approved by COC or designee.

**Note:** Dairy operations re-establishing mid-year will require another CCC-801 for participation in DMC.
C  Processing CCC-800’s

Following the initial review of CCC-800 according to subparagraph B, FSA will process CCC-800’s according to this table.

<table>
<thead>
<tr>
<th>IF CCC-800 is submitted during the applicable registration and coverage election period…</th>
<th>THEN do the following…</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>without:</strong></td>
<td>• advise the applicant that CCC-800 does <strong>not</strong> register the dairy operation in DMC</td>
</tr>
<tr>
<td>• CCC-801</td>
<td>• advise the applicant that CCC-800 <strong>must</strong> be accompanied by CCC-801 and applicable fees to be considered registered</td>
</tr>
<tr>
<td>• administrative fee</td>
<td>• make an approval or disapproval determination of production history only and file in producer folder.</td>
</tr>
<tr>
<td>• premium fee, if applicable</td>
<td></td>
</tr>
<tr>
<td><strong>with:</strong></td>
<td>make an approval or disapproval determination of the established production history and file in the producer folder.</td>
</tr>
<tr>
<td>• CCC-801</td>
<td></td>
</tr>
<tr>
<td>• administrative fee</td>
<td></td>
</tr>
<tr>
<td>• premium fee, if applicable</td>
<td></td>
</tr>
</tbody>
</table>

**Note:** CCC-800’s may be accepted before or after a registration and coverage election period for purposes of establishing production history **only** or for new dairy operations. CCC or designee must make an approval or disapproval determination of production history **only** and file in the producer’s folder.
D Obtaining CCC-800’s

Dairy operations can obtain CCC-800 to establish production history by any of the following methods:

- electronically from the Forms website at https://intranet.fsa.usda.gov/dam/ffasforms/currentforms.asp
- from any County Office as follows:
  - in person
  - by mail
  - by telephone
  - by FAX
  - by e-mail.

E Signature Requirements

All producers who share in the risk of a dairy operation’s total production will certify to the information on CCC-800 before CCC-800 will be considered complete or approved by FSA.

County Offices will follow 1-CM for the following:

- producer’s signature and authorization provisions
- persons signing CCC-800 in a representative or fiduciary capacity.
F Second Party Review

A second party review of the marketed production entered for an existing dairy operation or the calculated production history determined for a new dairy operation will be performed before CCC-800 can be approved. The reviewer must:

- compare the entries with applicable verifiable documentation for the relevant periods
- review calculations are consistent with what is entered in worksheet and/or automated software
- initial and date in CCC-800 “Remarks” section
- **not** be the same employee entering the data in the automated software or approving CCC-800, **except** in 2-person offices, the approver may also be the second party reviewer.
39  CCC-800A, Dairy Margin Coverage (DMC) Supplemental Production History Establishment

A CCC-800A Usage

CCC-800A (Exhibit 11) must be completed by a participating dairy operation and used for the initial establishment of supplemental production history for a participating dairy operation.

CCC-800A’s will be accepted and approved by County Offices during a special enrollment or coverage election period. CCC-800A’s may be accepted and approved outside of a special enrollment or coverage election period however the established supplemental history will not be effective until the next coverage year.

Submission of a CCC-800A to determine the supplemental production history for a dairy operation does not register that dairy operation in DMC.

Note: CCC-800A must be accompanied by CCC-800, CCC-801, and administrative fee, if applicable, to be considered registered for DMC.

B County Office Review of CCC-800A’s

County Offices will review and determine the acceptability of each CCC-800A for initial supplemental production history establishment to ensure the following:

- accuracy and completeness
- production history is being determined based upon subparagraph 27 A and B

Only CCC-800A’s thoroughly reviewed according to this subparagraph will be processed and approved by COC or designee.
39 CCC-800A, Dairy Margin Coverage (DMC) Supplemental Production History Establishment (Continued)

C CCC-800A Applicability

COC’s may accept and approve CCC-800A’s beyond the coverage election period however will apply according to this table.

<table>
<thead>
<tr>
<th>If CCC-800A is submitted…</th>
<th>THEN applicable for…</th>
</tr>
</thead>
<tbody>
<tr>
<td>during 2021 special enrollment period for 2021 enrolled contract</td>
<td>2021.</td>
</tr>
<tr>
<td>during 2021 special enrollment period for producer not enrolled for 2021</td>
<td>2022.</td>
</tr>
<tr>
<td>after 2021 special enrollment period</td>
<td>2022</td>
</tr>
</tbody>
</table>

CCC-800A’s received after the 2022 or 2023 coverage election period will be applicable to next coverage year.

D Processing CCC-800A’s

<table>
<thead>
<tr>
<th>IF CCC-800A is submitted during special enrollment or the applicable registration and coverage election period…</th>
<th>THEN do the following…</th>
</tr>
</thead>
<tbody>
<tr>
<td>without:</td>
<td>• advise the applicant that CCC-800A does not register the dairy operation in DMC</td>
</tr>
<tr>
<td>• CCC-800, if applicable</td>
<td>• advise the applicant that CCC-800A must be accompanied by CCC-800, CCC-801, and applicable fees to be considered registered</td>
</tr>
<tr>
<td>• CCC-801</td>
<td>• inform the dairy operation it is not currently enrolled for the DMC coverage year.</td>
</tr>
<tr>
<td>• administrative fee, if applicable</td>
<td>make an approval or disapproval determination of the established production history, record in the system and file in the producer folder.</td>
</tr>
<tr>
<td>• premium fee</td>
<td></td>
</tr>
<tr>
<td>with:</td>
<td></td>
</tr>
<tr>
<td>• CCC-800</td>
<td></td>
</tr>
<tr>
<td>• CCC-801</td>
<td></td>
</tr>
<tr>
<td>• administrative fee</td>
<td></td>
</tr>
<tr>
<td>• premium fee, if applicable</td>
<td></td>
</tr>
</tbody>
</table>
E Obtaining CCC-800A’s

Dairy operations can obtain CCC-800A to establish supplemental production history by any of the following methods:

- electronically from the Forms website at https://intranet.fsa.usda.gov/dam/ffasforms/currentforms.asp
- from any County Office as follows:
  - in person
  - by mail
  - by telephone
  - by FAX
  - by email.

E Signature Requirements

All producers who share in the risk of a dairy operation’s total production will certify to the information on CCC-800A before CCC-800A will be considered complete or approved by FSA.

County Offices will follow 1-CM for the following:

- producer’s signature and authorization provisions
- persons signing CCC-800A in a representative or fiduciary capacity.
DMC Correction Policy

A Correction Policy

The following production history including supplemental history corrections may be submitted to the State Office for correction:

- a mathematical error that was made by the County Office in calculating the production history on CCC-800 based on the milk marketing submitted by the dairy operation

**Correction:** The dairy operation will be required to complete a new CCC-800 and check (√) the “Correction” box. Once approved by COC, the County Office will submit the following to the DMC State specialist for review and correction in the software:

- the original CCC-800 and/or CCC-800A
- the corrected CCC-800 and/or CCC-800A
- production evidence submitted by the dairy operation.

**Example:** The dairy operation submits milk marketings for multiple bulk tanks. When adding the 2 tanks together the County Office errors in the calculation.

- the production history is correct on CCC-800 or CCC-800A but was incorrectly recorded in the DMC software by the County Office.

**Correction:** The County Office must submit the following to the DMC State specialist for review and correction in the software:

- the original and corrected CCC-800 or CCC-800A
- production evidence submitted by the dairy operation.
DMC Correction Policy (Continued)

B Effect of a Corrected CCC-800 on CCC-801

Because of the production history and/or supplemental production history correction and a possible calculated premium change, a new CCC-801 (Exhibit 16) must also be completed by the dairy operation and approved by COC or designee to document the correction production history and calculated premium.

C Errors Involving Loading Incorrect Beginning or Ending Dates

If the County Office discovers they have loaded an incorrect date for when the dairy operation began or stopped commercially marketing milk, they must submit the following documentation to the DMC State specialist:

- CCC-800
- CCC-800A
- CCC-801
- CCC-802 (if applicable)
- milk marketings validating beginning or end date.

State specialist will review for accuracy and forward to National Office via SharePoint for correction.

D Errors Involving a Prior Year’s Bump Adjustment

If a County Office discovers a bump adjustment error from a prior year that was not added to a dairy operation production history or calculated incorrectly and subsequent MPP-Dairy or DMC contracts were approved using the incorrect production history, the production history may be amended for the current coverage year. In these situations where a bump adjustment was not applied correctly, subsequent contracts were approved, it is not required to correct the prior year contracts. The corrected production history will apply to the current and future years. County Offices will provide the following to their State specialist for review:

- original CCC-781 or CCC-800
- applicable CCC-782’s and/or CCC-801’s
- correct CCC-800 with bump adjustment applied for current coverage year.

State specialists will review for accuracy and forward to National Office via SharePoint for correction.

41-54 (Reserved)
55 Registering for DMC

A Registration and Coverage Election

A dairy operation may register for DMC annually or make a 1-time election to lock in for the duration of the program which results in a contract with a multi-year contract between CCC and the dairy operation. Elections are made using CCC-801.

B Registration and Annual Coverage Election Periods

Dairy operations may register to participate in DMC according to the following table.

<table>
<thead>
<tr>
<th>Year</th>
<th>Registration and Coverage Election Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>June 17, 2019, through September 20, 2019, extended to September 27, 2019</td>
</tr>
<tr>
<td>2020</td>
<td>October 7, 2019, through December 6, 2019, extended to December 20, 2019</td>
</tr>
<tr>
<td>2021</td>
<td>October 12, 2020, through December 11, 2020</td>
</tr>
<tr>
<td>2022</td>
<td>December 13, 2021, through February 18, 2022</td>
</tr>
</tbody>
</table>

C Initial Registration

At the time of initial registration for DMC, a dairy operation will:

- have submitted a completed CCC-800, if applicable, according to subparagraph 25 A
- make coverage elections and submit a completed CCC-801 according to paragraph 56
- pay a $100 administrative fee, unless exempt, before the end of the applicable registration and coverage election periods.

Note: For 2019 only, a dairy operation may register for DMC on CCC-801 if they commercially marketed milk in 2019 but dissolved before the signup period. The dairy operation will only be eligible for the days they commercially marketed milk.

Participation in DMC under the lock in provisions cannot be canceled or changed after registration has been finalized on COB on the last day of the registration and coverage election period.
55  Registering for DMC (Continued)

D  Registering a New Dairy Operation

A new dairy operation that does not register during the most recent registration and coverage election period is **required** to do the following:

- submit CCC-801 within the first 60 calendar days from the date on which the dairy operation first commercially markets milk
- elect coverage that begins the month and day that the dairy operation started commercially marketing milk, if approved.

A new dairy operation that does not meet the 60-calendar-day requirement to register **cannot** enroll in DMC mid-year and is not eligible until the next annual coverage election period for the following calendar year.

E  Registering Multiple Dairy Operations

To receive margin coverage under DMC, separate registrations are required for each separately constituted dairy operation. If a dairy producer operates more than 1 separate and distinct dairy operation, the producer **must** register each operation on CCC-801 for each operation to be eligible for coverage according to subparagraph 10 F.

F  Lock-In Option for Year of Registration

DMC provides an option during the 2019 coverage election period to make a 1-time election of coverage level and percentage of coverage, locking-in those elections for a 5-year period beginning January 2019 and ending December 2023. All dairy operations that elect the lock-in option are subject to full participation in the DMC program at the same elected premium coverage levels. DMC participating dairy operations locking in elections for the 5-year period will receive a premium discount of 25 percent.

After 2019, new dairy operations who first began to commercially market milk have 60 calendar days from the day they began to market milk to apply for lock-in coverage only during the applicable coverage year (2020, 2021, and 2022) when the dairy operation first began marketing milk and receiving the premium rate discount.

G  Supplemental DMC

An eligible dairy operation may enroll in supplemental DMC during a special enrollment or during the annual coverage election period with elections made on CCC-801. For the 2021 special enrollment, the dairy operation must have been previously enrolled during the prior 2021 coverage election period to register in supplemental DMC. Once supplemental history is established and approved, is applicable to subsequent DMC contract.

Dairy operations will meet registration requirement according to paragraph 55 before eligible for supplemental registration. A CCC-800A is required for enrollment in supplemental DMC.
Electing Coverage

A Annual Coverage Elections

During the initial registration and annual coverage election period, a participating dairy operation will elect on CCC-801, for the applicable calendar year of coverage, the following:

- coverage level threshold (margin trigger):
  - CAT level coverage ($4 per cwt.)
  - buy-up coverage ($4.50 to $9.50 per cwt.) for Tier 1
  - buy-up coverage ($4.50 to $8 per cwt.) for Tier 2

- coverage percentage (5 to 95 percent), if buy-up is elected.

Note: All producers in the participating dairy operation must agree to the coverage elections made by the dairy operation.

Important: The coverage elections selected by the dairy operation will be applicable to both established production history and supplemental production history.

B Changing Coverage Elections

Coverage elections made by a participating dairy operation:

- become final on the last day of the registration and annual coverage election period
- can only be changed before the end of a registration and annual coverage election period
- cannot be changed for a current calendar year of coverage
- must be indicated on a new CCC-801 and signed by all producers in the dairy operation
- may generate a refund if the premium is paid and the change occurs before the end of the registration and annual coverage election period
- are applicable to production history and supplemental production history.

Note: After the close of the registration and annual coverage election period, the coverage elections made by the dairy operation cannot be changed until the next calendar year during the next registration and annual coverage election period.
56 Electing Coverage (Continued)

C Coverage Period

The applicable year of coverage for approved CCC-801’s will be as follows:

- for 2019, retroactive to January 1 through December 31, 2019
- for 2020 and subsequent calendar years, the calendar year beginning January 1 and ending December 31 following the applicable registration and coverage election period.

D Annual Coverage Election

Each calendar year subsequent to the initial registration of the participating dairy operation, the operation has the option of electing coverage annually. There is no mandatory participation unless the dairy operation selected the lock-in coverage election according to subparagraph 55 F.

The participating dairy operation must, during the annual coverage election period, certify that the dairy operation is, at that time, still in the business of producing and commercially marketing milk. If the dairy operation is no longer producing and commercially marketing milk, the dairy operation must:

- not complete CCC-801 for the applicable coverage year
- complete CCC-802 (Exhibit 26) to dissolve the dairy operation
- re-establish production history according to paragraph 36 if the dairy operation resumes producing and commercially marketing milk.

A special enrollment for 2021 Supplemental DMC will occur in the final quarter of 2021 for dairy operations that previously enrolled during the 2021 coverage election period to establish supplemental production history and re-enroll for the 2021 coverage year.

For 2022 and 2023, the DMC annual coverage election period will include enrollment for supplemental DMC.
Electing Coverage (Continued)

E Coverage Election Reminder

On September 1 of every year, the following will be generated and mailed to participating dairy operations:

- post card or letter to remind participants to make coverage elections for the next calendar year of coverage by the end of the forthcoming annual coverage election period
- CCC-801 to make new coverage elections for the applicable calendar year of coverage.

Coverage election reminder letters will be distributed according to the following:

- mail through USPS
- e-mail, if producer has an e-mail address in SCIMS.

F Enrollment by USPS

For participating dairy operations that want to enroll or change coverage levels, the dairy operation may mail in applicable fees with the completed CCC-801 during the applicable registration and annual coverage election period without physically visiting the County Office.

Note: Annual coverage elections received by mail after COB the last day of the applicable annual coverage election period must be postmarked no later than the last day of the applicable annual coverage election period for coverage at the elected levels to be approved.
ELECTING COVERAGE (CONTINUED)

G Lock-In Coverage Election

A dairy operation may make a 1-time election of coverage level and coverage percent decision during initial registration period. This election would remain the coverage percentage and level for all years of the DMC contract. Dairy operations making this election will receive a 25 percent discount on the premium.

The dairy operation electing to lock-in will:

- annually certify the operation is producing and commercially marketing milk
- annually pay the administrative fee, unless the dairy operation qualifies for the waived fee for socially disadvantaged, limited resource, beginning, or veteran farmer and rancher.

Note: Dairy operations making their first lock-in election and dissolve within 30 calendar days are not eligible for lock-in coverage. County Offices will amend any CCC-801 under these circumstances to an annual coverage level.

Important: Dairy operations with multi-year lock-in contracts and established supplemental history will maintain the locked in coverage levels on the additional supplemental production history.

H Decision Tool

A web-based updated DMC Decision Tool has been developed that will allow dairy farmers to calculate their coverage needs under DMC. The DMC Decision Tool can be securely accessed by computer, Smartphone, tablet, or any other platform, 24-hours a day, 7 days a week, and can be found at http://www.fsa.usda/dmc. It is recommended to use Chrome, Mozilla, or Firefox to run the tool efficiently.

Note: Users of the DMC Decision Tool bear the sole responsibility for the resulting decisions affecting their participation in DMC and the DMC Decision Tool is in no way the advice of FSA.

I Regaining Coverage

A participating dairy operation that fails to make a coverage election or pay the annual administrative fee can regain coverage for the subsequent coverage year during the next enrollment period. There are no late file provisions.

J Regaining Coverage Under a Lock-In

A participating dairy operation that fails to complete CCC-801 annually or pay the annual administrative fee for the subsequent coverage year will have payments withheld until the debt is satisfied.
Coverage Level Threshold

A Margin Triggers

As part of the initial registration and annual coverage election process for DMC, the participating dairy operation is required to select a level of coverage for Tier 1 and Tier 2, as applicable. The dairy operation may select any of the following margins based on tier.

<table>
<thead>
<tr>
<th>Tier 1</th>
<th>Tier 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>$4.00</td>
<td>$4.00</td>
</tr>
<tr>
<td>$4.50</td>
<td>$4.50</td>
</tr>
<tr>
<td>$5.00</td>
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<td>$9.00</td>
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</tr>
<tr>
<td>$9.50</td>
<td></td>
</tr>
</tbody>
</table>

B Margin Trigger Elections

A participating dairy operation that elects a margin trigger level of $8.00 or less under Tier 1 must have the same margin trigger for Tier 2. A participating dairy operation that elects a margin trigger of $8.50, $9.00, or $9.50 only under Tier 1 can elect a different margin trigger under Tier 2 on covered production exceeding 5 million pounds.

Example 1: ABC Dairy selects 90 percent coverage on 10 million pounds. The dairy selects Tier 1 for the first 5 million pounds at $9.00. The remaining 4 million pounds covered in Tier 2 may be selected at any level from $4.00 to $8.00.

Example 2: XYZ Dairy selects 95 percent coverage on 9 million pounds of milk. The dairy operation selects Tier 1 coverage at $6.50 for the first 5 million pounds. The remaining 3,550,000 million covered pounds under Tier 2 will also be covered at the $6.50 margin trigger because Tier 1 was selected under $8.50 margin trigger level.

C Supplemental Elections

A participating dairy operation with established supplemental production history is required to have the same coverage election as for regular production history. During the 2021 special enrollment for Supplemental DMC, dairy operations are required to maintain the following elections from the initial coverage election period:

- coverage percentage
- coverage elections.
Coverage Level Percentage Election

A Coverage Level Percentage

As part of the original registration and the annual coverage election process for DMC the participating dairy operation must select a coverage level percentage. The selected coverage level percentage will apply to both production history and supplemental production history.

Operations annually elect to receive coverage on a percentage of the operations production history from 5 percent to 95 percent in 5 percent increments.

The coverage level percentage of production history including supplemental history allowed to be covered under DMC are as follows:

- 5 percent (minimum level coverage)
- 10 percent
- 15 percent
- 20 percent
- 25 percent
- 30 percent
- 35 percent
- 40 percent
- 45 percent
- 50 percent
- 55 percent
- 60 percent
- 65 percent
- 70 percent
- 75 percent
- 80 percent
- 85 percent
- 90 percent
- 95 percent (maximum level coverage).

B Determining Covered Production History

The covered production history under DMC is determined by multiplying the coverage level percentage elected by the dairy operation by the CCC-approved production history and CCC approved supplemental production history established for the participating dairy operation.

C Example of Determining Covered Production History

ABC Dairy operation has a CCC approved production history established at 10 million pounds and elects a 75 percent coverage level. The dairy operation will have 7.5 million pounds of their production history approved for coverage under DMC.

Note: 10,000,000 pounds x 75 percent = 7.5 million pounds.
D Supplemental Covered Production History Limitation

Enrollment of established supplemental production history limits the additional amount of covered production history due to supplemental to a maximum of 5,000,000 pounds. Consequently, once an enrolled dairy operation meets the 5,000,000 pound limit, additional supplemental pounds will not be covered under DMC.

E Example of Calculating Supplemental Covered Production History at 95 Percent Coverage

Joe Dairyman has a DMC established production history of 3,500,000 pounds and expanded his operation over time since 1st establishing a production history. In 2019 Dairyman marketed 7,500,000 pounds of milk as listed on his 2019 marketing statements. To determine the supplemental payment pounds, the supplemental production history pounds are calculated by subtracting established production history from 2019 marketings with the result multiplied by 75 percent.

**Supplemental PH Pounds**

<table>
<thead>
<tr>
<th>2019 Milk Marketings-</th>
<th>7,500,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dairy Operation Established Production History-</td>
<td>3,500,000 (minus)</td>
</tr>
<tr>
<td>Net-</td>
<td>4,000,000 times 75% = 3,000,000 pounds</td>
</tr>
</tbody>
</table>

Dairyman selected a 95 percent coverage level. To determine the covered production pounds multiply the established PH and supplemental PH each by 95% to determine covered production.

**Covered Production**

| Established PH- | 3,500,000 times 95% = 3,325,000 pounds |
| Supplemental PH- | 3,000,000 times 95% = 2,700,000 pounds |
| Total-          | 6,025,000 pounds |

Because the total covered production exceeds 5 million pounds, the supplemental payment pounds are determined by subtracting the covered production history from the 5 million limitation.

**Supplemental Payment Pounds**

| Limitation-     | 5,000,000 pounds |
| Covered PH-     | 3,325,000 pounds (minus) |
| Supplemental Payment Pounds- | 1,675,000 pounds |
F Example of Calculating Supplemental Covered Production History at 50 Percent Coverage

Joe Dairyman has a DMC established production history of 3,500,000 pounds and expanded his operation over time since first establishing a production history. In 2019 Dairyman marketed 7,500,000 pounds of milk as listed on his 2019 marketing statements. To determine the supplemental payment pounds, the supplemental PH pounds are calculated by subtracting established production history from 2019 marketings with the result multiplied by 75 percent.

### Supplemental PH Pounds

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019 Milk Marketings</td>
<td>7,500,000</td>
</tr>
<tr>
<td>Dairy Operation Established Production History</td>
<td>3,500,000 (minus)</td>
</tr>
<tr>
<td>Net</td>
<td>4,000,000 times 75% = <strong>3,000,000 pounds</strong></td>
</tr>
</tbody>
</table>

Dairyman selected a 50 percent coverage level. To determine the covered production pounds multiply the established PH and supplemental PH each by 50% to determine covered production.

### Covered Production

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Established PH</td>
<td>3,500,000 times 50% = 1,750,000 pounds</td>
</tr>
<tr>
<td>Supplemental PH</td>
<td>3,000,000 times 50% = 1,500,000 pounds</td>
</tr>
<tr>
<td>Total</td>
<td>3,250,000 pounds</td>
</tr>
</tbody>
</table>

At the 50 percent coverage level the dairy operation DMC covered production will include all of the established production history and supplemental history because under the 5 million pound limitation.
Catastrophic Level Coverage

A  CAT Level Percentage of Coverage

A participating dairy operation that elects CAT level coverage will receive protection at the maximum amount of production coverage at 95 percent of the operations production history.

B  CAT Level Margin Trigger

CAT level coverage is the lowest level of protection offered under DMC. The margin trigger for CAT level coverage is $4.00 per cwt. The dairy operation will be paid when the margin falls below $4.00.

C  Electing CAT Level Coverage

A participating dairy operation that elects CAT level coverage:

- must pay the administrative fee for the applicable calendar year CAT level coverage is elected
- will have no premium fee due.
A Buy-Up Coverage

Participating dairy operations may elect a higher margin trigger above the CAT level ($4.00 per cwt.), up to $9.50 per cwt. for Tier 1 covered production history and $8.00 per cwt. for Tier 2 covered production history. Dairy operations that purchase buy-up coverage at higher margin trigger levels are required to pay a premium for their covered production history based on the premium rate from the two-tier schedule that corresponds to the margin trigger level elected by the dairy operation.
B 2-Tier Premium Rate Schedule for Buy-Up Coverage

At each margin trigger level, corresponding rates are different with respect to the first 5 million pounds (50,000 cwt.) of covered production history and covered production history above 5 million pounds. Tier 1 applies to covered production history up to and including 5 million pounds. Tier 2 applies to covered production history above 5 million pounds. A participating dairy operation that elects a coverage level threshold of $8.50, $9.00, or $9.50 on the first 5 million pounds of production history under Tier 1 may choose a different coverage level threshold that is equal to $4.00, $4.50, $5.00, $5.50, $6.00, $6.50, $7.00, $7.50 or $8.00 to apply to covered production history in excess of 5 million pounds. Premium rates are in effect for the duration of DMC’s as established in the following table.

<table>
<thead>
<tr>
<th>Coverage Level (Margin) Per Cwt.</th>
<th>2019 Through 2023 Covered Production History at 5 Million Pounds or Less</th>
<th>2019 Through 2023 Covered Production History Greater Than 5 Million Pounds</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tier 1 Premium Per Cwt.</td>
<td>Tier 1 Premium with 25 percent lock-in discount</td>
<td>Tier 2 Premium Per Cwt.</td>
</tr>
<tr>
<td>$4.00</td>
<td>None</td>
<td>$0.0025</td>
</tr>
<tr>
<td>$4.50</td>
<td>$0.0025</td>
<td>$0.00375</td>
</tr>
<tr>
<td>$5.00</td>
<td>$0.005</td>
<td>$0.0225</td>
</tr>
<tr>
<td>$5.50</td>
<td>$0.030</td>
<td>$0.0375</td>
</tr>
<tr>
<td>$6.00</td>
<td>$0.050</td>
<td>$0.0525</td>
</tr>
<tr>
<td>$6.50</td>
<td>$0.070</td>
<td>$0.060</td>
</tr>
<tr>
<td>$7.00</td>
<td>$0.080</td>
<td>$0.090</td>
</tr>
<tr>
<td>$7.50</td>
<td>$0.100</td>
<td>$0.105</td>
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<tr>
<td>$8.00</td>
<td>$0.105</td>
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<tr>
<td>$8.50</td>
<td>$0.105</td>
<td>$0.105</td>
</tr>
<tr>
<td>$9.00</td>
<td>$0.110</td>
<td>$0.110</td>
</tr>
<tr>
<td>$9.50</td>
<td>$0.150</td>
<td>$0.150</td>
</tr>
</tbody>
</table>

Note: Dairy operations that choose to lock-in premium coverage levels during the 2019 enrollment for 2019 through 2023 will receive a premium discount of 25 percent off the premium rate in each applicable tier table. The reduction is displayed in the table above.

Important: For lock-in contracts that establish supplemental production history, the premium rate discount will not apply to the premium computed for supplemental pounds.
C Determining the Applicable Premium Tier for Buy-Up Coverage

A participating dairy operation can determine the applicable premium tier for buy-up coverage by determining the following:

- calculating the amount of covered production history according to subparagraph 58 B
- determining the amount of covered production history that is 5 million pounds and less under Tier 1
- applying the rates under Tier 2 to the amount of covered production history that exceeds 5 million pounds, if applicable.

Note: Apply reduced premiums if the dairy operation elected to lock-in premium coverage levels during the 2019 enrollment period for the 2019 through 2023 program years. Dairy operations not in existence during the 2019 annual election period, that elect to participate in DMC are eligible to receive the premium rate discount for lock-in coverage for the period beginning with the first available calendar year and ending in 2023.

D Example of Determining Applicable Tier

A dairy operation with a production history of 10 million pounds elects 1 year coverage level of $6.00 and at 75 percent coverage will pay a premium for covered production history determined at 7.5 million pounds, with 5 million pounds attributed at the applicable lower Tier 1 premium rate that corresponds to the $6.00 margin trigger and the remaining 2.5 million pounds attributed at the higher Tier 2 premium rate that corresponds to the $6.00 margin trigger.
61 Lock-In Coverage

A Lock-In Enrollment

During the 2019 coverage and election period, participating DMC dairy operations had the option to lock in coverage levels until 2023 and receive a 25 percent discount on premium fees.

After the 2019 coverage election period and until 2021, only new dairy operations starting in the dairy business are eligible to lock in coverage levels.

Note: Dairy operations that have been in operation before 2019 and did not participate in DMC or MPP-Dairy are not considered new.

B Lock-In Requirements

Dairy operations enrolled in lock-in coverage are required annually to:

- certify the dairy operation is commercially marketing milk
- pay the $100 administrative fee
- sign CCC-801.

C Failure to Annually Enroll in Lock-In Coverage

Dairy operations that do not enroll during the coverage election period are responsible for all requirements of the lock-in contract in subparagraph B.

For a lock-in contract to be current, the administrative fee must be paid. Otherwise, the lock-in contract is not active and, if an indemnity is earned the payment will not process because of not meeting contract provisions.

Receivables will be established for all administrative fees not paid by October 1 of the coverage year.
D Failure to Pay Premium Fee

All dairy operations are responsible for the premium fees to be paid by September 1 for the coverage year of risk management protection. Receivables for unpaid premium fees will be established 30 calendar days after the end of the coverage election period.

Any earned indemnity will not be paid if premiums are past due. Once the dairy operation is current on all premium fees and requirements, indemnity payments will trigger, if applicable.

E Supplemental and Lock-In Contract Applicability

Dairy operations with lock-in contracts may establish supplemental production however are required to:

- maintain the CCC-801 lock-in coverage levels
- pay the standard premium rate for supplemental pounds.

Premium fees on additional pounds of production history through supplemental are not eligible for the premium discount and will pay the standard rate.
62  Annual Administrative Fees

A  Administrative Fee

At the time of registration, dairy operations must pay a $100 administrative fee to CCC to participate in DMC. The administrative fee for each approved participating dairy operation is:

- required to be paid each year the dairy operation enrolls in DMC
- nonrefundable
- required for each separately registered dairy operation
- never prorated.

B  Limited Resource, Beginning, Veteran, or Socially Disadvantaged Farmer or Rancher Administrative Fee

A limited resource, beginning, veteran, or socially disadvantaged farmer or rancher may be exempt from the administrative fee. The administrative fee waiver must accompany the contract application for coverage. Dairy operations requesting the exemption must complete CCC-860 or have the form on file at the applicable County Office by the end of the annual enrollment period.

C  Administrative Fee Due Date

Annual administrative fees are due and payable to CCC at the time of coverage election. If the administrative fee is paid in person or by mail, to the administrative County Office, it must be received no later than COB on the last day of the applicable registration and annual coverage election period for each calendar year of margin coverage obtained under DMC. See subparagraph 55 B for applicable dates.

Administrative fees received by mail with a postmark of the applicable due date deadline will be considered timely.
Annual Administrative Fees (Continued)

D Administrative Fee Refund

Administrative fees are non-refundable. If the administrative fee has been paid for a coverage election year and a completed CCC-860 is thereafter submitted before the enrollment deadline, the administrative fee may be refunded. Administrative fees will not be refunded for CCC-860’s received after the coverage election period deadline.

E Failure to Pay Administrative Fee

Failure to timely pay annual administrative fees by the last day of the applicable registration and annual coverage election period will result in the dairy operation not having coverage under DMC for the applicable calendar year of coverage.

If the administrative fee for an annual contract is not paid by the end of the coverage election period, County Offices will disapprove any applicable CCC-801.

For a multi-year lock-in contract, the administrative fee is due annually and will stop any indemnity due until paid.

Note: Coverage lost for failure to pay the administrative fee can only be regained during the next available election period.

F Collecting Administrative Fees

Administrative fees collected in the County Office must be recorded in NRRS according to subparagraph 87 C.

Note: A printout or copy of the administrative payment receipt will be attached to CCC-801 and filed in the producer folder.
A Premium Fee Due Date

A participating dairy operation that elects margin protection coverage above the CAT level coverage is required to pay a premium. Premium fees for buy-up coverage including supplemental premium fees are due according to the following table.

<table>
<thead>
<tr>
<th>Calendar Year of Coverage</th>
<th>Premium Fee Due Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>100 percent by September 27, 2019</td>
</tr>
<tr>
<td></td>
<td><strong>Note:</strong> Premiums are no longer rounded to the whole dollar, and will include exact dollars and cents corresponding to the coverage levels selected by the dairy operation.</td>
</tr>
<tr>
<td>2020 through 2023</td>
<td>100 percent due by September 1 of the applicable calendar year of coverage</td>
</tr>
</tbody>
</table>

A new dairy operation electing buy-up coverage that registers for 2019 or subsequent year coverage after September 1 must pay 100 percent of the prorated premium at the time of registration according to subparagraph 55 D.

B Premium Balances Due Date

All remaining premium balances including supplemental premium balances for an applicable calendar year of coverage are due no later than **COB September 1** of the applicable calendar year of coverage. See subparagraphs 65 A and C for required County Office action. Premium balances outstanding:

- before September 1 will not be deducted from any DMC payment triggered during the applicable calendar year of coverage, unless an assignment has been established

- 30 calendar days after September 1, see subparagraphs 65 A and C for effects of failure to pay fees.
C Prorated Premiums for Buy-Up Coverage

Premiums for buy-up coverage including supplemental premiums will be prorated when the dairy operation does not maintain their coverage for the entire contract period. Prorated premiums will be determined using the following table.

<table>
<thead>
<tr>
<th>IF DMC participant is…</th>
<th>THEN prorated period…</th>
</tr>
</thead>
<tbody>
<tr>
<td>a new dairy operation enrolling within the first 60 calendar days of marketing milk</td>
<td>begins the day they started commercially marketing milk.</td>
</tr>
<tr>
<td>a successor-in-interest to a DMC contract</td>
<td>for predecessor, ends the day before succession. The successor begins the day they started commercially marketing milk.</td>
</tr>
<tr>
<td>dissolving DMC coverage on CCC-802</td>
<td>ends the day they stopped commercially marketing milk.</td>
</tr>
<tr>
<td>re-establishing within the first 60 calendar days of resuming production</td>
<td>begins the day they resumed commercially marketing milk.</td>
</tr>
</tbody>
</table>

D Premium Waiver and Refunds

DAFP delegates, to STC, the authority to approve a waiver of the obligation to pay or refund a premium owed by a participating dairy operation for the following:

- death
- retirement
- permanent dissolution
- other circumstances determined by DAFP, or designee.

STC is authorized to redelegate authority, to COC, to make an approval determination, and to waive and/or refund, on a case-by-case basis, premium waiver and refund requests. Requests for a premium waiver for months remaining in a calendar year of coverage must be:

- requested by the participating dairy operation on CCC-802 according to Exhibit 26
- calculated according to subparagraph 63 D
- recommended by COC
- forwarded for an approval determination to STC, unless authority to approve is delegated to COC or SED.

Note: Questionable cases may be forwarded to DAFP through PSD, according to subparagraph 3 A, for a determination.

Premium refunds may be generated if the premium is paid and the dissolution or succession occurs before the end of the annual coverage election period. See subparagraph 63 D for prorated premium calculations.
E Collecting Premium Fees

Premium fees collected in the County Office will be recorded in NRRS according to subparagraph 87 C.

Note: A printout or copy of payment receipt of all paid fees will be attached to CCC-801 and filed in the producer folder.

F Premium Fees Submitted by Mail

Premium fees received by mail with a postmark of the applicable due date deadline will be considered timely.

G Premium Deduction Option During Coverage Election Period

Starting for the 2022 DMC coverage election period, dairy operations that have a 100 percent producer share in the operation which may include individuals, sole proprietorships, or entities have the option to select to have their DMC premium deducted from any indemnity earned taking effect at the beginning of coverage year. County Offices will recognize this premium payment option is much simpler when compared to using an assignment.

Dairy operations requesting the premium deduction will check “Yes” in Item 21 on the CCC-801 DMC contract.

Important: Informal joint ventures without TIN are not eligible for the premium deduction option. Informal joint ventures will continue to pay the premium or assign the premium to be offset by the indemnity payment.
64 Premium Fees Calculations

A Calculating the Premium Fee for Buy-Up Coverage

Premiums for buy-up coverage are calculated according to the following:

- multiplying the elected coverage percentage times the established production history
- dividing the result by 100 to determine the cwt.
- multiplying the result by the premium rate associated with the elected trigger level
- multiplying the result by a proration factor, if applicable, according to subparagraph D.

B Tier 1 Premium Fee Calculation Example

ABC Dairy operation has a production history of 4.4 million pounds and has elected 90 percent coverage at a $6.00 coverage level during the 2019 coverage election period results in a total premium amount due of $1,980.00. The premium is calculated as follows:

- 4,400,000 x 90 percent = 3,960,000 pounds
- 3,960,000 ÷ 100 = 39,600 cwt.
- 39,600 x $0.050 = $1,980.00.

C Tier 1 and Tier 2 Premium Fee Calculation Example

ABC Dairy operation has a production history of 16 million pounds and has elected 40 percent coverage at a $5.00 coverage level during the 2019 coverage election period results in a total premium amount due of $320.00. The premium is calculated as follows:

- 16,000,000 x 40 percent = 6,400,000 pounds
- 5,000,000 ÷ 100 = 50,000 cwt. (Tier 1)
- 1,400,000 ÷ 100 = 14,000 cwt. (Tier 2)
- 50,000 x $0.005 = $250.00 (Tier 1)
- 14,000 x $0.005 = $70.00 (Tier 2)
- $250.00 + $70.00 = $320.00.
D Prorated Premium Calculation

Participating dairy operations that qualify for a prorated premium for the portion of the calendar year for which the participating dairy operation is eligible and purchases buy-up coverage, will be determined according to the following:

- calculating the total actual premium
- determining the number of days in the applicable calendar year of coverage according to subparagraph 62 C
- dividing the calculated premium by 365
- multiplying the result by the number of eligible days in the calendar year.

Results must be rounded to the nearest whole penny according to normal rules of rounding.

Note: A new dairy operation is eligible for coverage beginning the day it first produced and marketed milk.

E Prorated Premium Calculation Example for Calendar Year 2019

ABC Dairy operation begins producing and marketing milk as well as registers to participate in DMC on November 19, 2019, for coverage in 2019 and the total actual premium is calculated to be $100,000.00. The prorated premium determined to be due by this applicant is $11,506.85, calculated as follows:

- 11-19-19 through 12-31-19 is 42 days remaining in calendar year 2019
- $100,000 ÷ 365 = $273.97
- $273.97 x 42 = $11,506.85.

Note: The new dairy operation is eligible for coverage beginning the first day of producing and marketing milk on 11-19-19.
DMC Premium Credit

A Background

The Agriculture Improvement Act of 2018 authorized repayment of premiums paid by eligible dairy operations under MPP-Dairy. The repayment is equal to the difference between:

- premiums paid by the participating dairy operation for each applicable calendar year
- MPP-Dairy payments made to the participating dairy operation for each applicable calendar year.

B MPP-Dairy Premium Repayment Options

During the applicable signup period, eligible dairy operations must elect either of the following premium repayment options on CCC-785:

- 50 percent of the repayment as a cash repayment (cash option)
- 75 percent of the repayment as a credit to be used by the dairy operation for DMC premiums (credit option).

Note: Premium repayments as cash or credit will be sequestered by 6.2 percent and are subject to offset.

An eligible dairy operation can choose to transfer their repayment election, cash or credit, to a dairy operation that succeeded to the original dairy operation through a succession-in-interest transfer under MPP-Dairy.

Dairy operations that transfer their right to elect a premium repayment option are not eligible to receive a cash or credit benefit for premiums paid under MPP-Dairy. If the cash option is selected, that decision cannot be changed after approval of CCC-785 by COC or designee. If the credit option is selected, the dairy operation has until the final election date to change their premium repayment option.

A repayment option must be completed by COB September 27, 2019, on CCC-785.

Note: Estates of deceased producers and retired/dissolved dairy operations are eligible for MPP-Dairy premium repayments.

If the dairy operation elects the credit option, credits will be applied to the annual premiums including supplemental premiums until credit has been exhausted.

When succession-in-interest occurs, the predecessor may transfer any remaining credits to the successor. If a dairy operation dissolves and later begins commercially marketing milk again, any credit the dairy operation had remaining at the time of dissolution will be restored for use.
66 Effects of Failure to Pay Applicable Fees

A Legal Obligation

A dairy operation that fails to pay a required administrative fee will not have DMC coverage. A dairy operation that fails to pay premiums including supplemental premiums due remains legally obligated to pay such premium. County Offices are required to establish a receivable in NRRS on October 1 for any outstanding premium fee due CCC of the applicable calendar year of coverage, unless otherwise advised by the National Office.

B Failure to Pay Administrative Fee

See subparagraph 61 D.

C Failure to Pay Total Premium Fee for Buy-Up Coverage by 2019 Deadline

Failure to pay the premium fees by the final due date of September 27 for 2019 will result in the establishment of a receivable for the amount due on October 20 of the applicable coverage year.

D Failure to Pay Total Premium Fee for Buy-Up Coverage by 2020 Deadline and Subsequent Coverage Years

Failure to pay the premium fees including supplemental premium fees by the final due date of September 1 of the applicable year of coverage will result in the following:

- the dairy operation will not receive indemnity until all premium and administration fees have been paid in full
- establishment of a receivable for the amount due on October 1 of the applicable coverage year, unless otherwise notified by the National Office.

Note: CCC-801’s for subsequent coverage years must not be approved if the applicant has any outstanding DMC premium fees.

E Regaining Coverage

Coverage remains in effect as established on the contract, but indemnities will not be paid until all fees have been paid.

Eligibility for buy-up coverage may be reinstated for the next coverage year if the premium is paid in full by the close of the coverage election period for that coverage year.
Effects of Failure to Pay Applicable Fees (Continued)

F Premium Due Reminder Letter

On approximately August 1 each year, a letter will be generated and mailed from Kansas City to participating dairy operations with an outstanding premium due to remind participants of the outstanding amount due.

Reminder letters will be distributed according to the following:

- mail through USPS
- e-mail, if producer has an e-mail address in SCIMS.

G Limited Resource, Beginning, Veteran, or Socially Disadvantaged Farmer or Rancher

SDA Farmers and Ranchers

For those that are eligible, an exemption may be available for the DMC administrative fee for dairy operations meeting the definition of limited resource, socially disadvantaged, and beginning or veteran farmer or rancher. The exemption will be completed on CCC-860, may be on file from a prior year, and is due by the end of the enrollment period.

H Dishonored Checks

Checks submitted to pay DMC program fees that are dishonored through the banking channels will be allowed 10 workdays to replace the dishonored check before any changes in eligibility or coverage will take effect.

I Promissory Notes

A participating dairy operation with an outstanding CCC debt may request debt settlement by installment or compromise at any time following receipt of the initial notification letter according to 58-FI, paragraph 257.

Note: If the producer in a dairy operation has a debt settlement agreement in place by COB September 1 of the applicable calendar year of coverage for the applicable outstanding premiums, the dairy operation may register for coverage for the succeeding calendar year.

J Bankruptcies

For DMC bankruptcy cases about non-payment of fees and/or premiums, the State or County Office will consult with the regional attorney to determine the appropriate course of action.
A CCC-801 Usage

CCC-801 (Exhibit 16) **must** be completed by a participating dairy operation and is used for the following purposes:

- initial new contract registration of the dairy operation under DMC
- annual coverage elections
- supplemental elections
- contract revisions.

B Filing CCC-801

Producers in participating dairy operations **must** file CCC-801 in the producer’s administrative County Office.

**Note:** CCC-800 and CCC-800A if applicable **must** be accompanied by CCC-801 and administrative fee, if applicable, to be considered for approval and registered for DMC.

C Obtaining CCC-801

Eligible dairy operations can obtain CCC-801 to register for DMC by any of the following methods:

- electronically from the following websites:
- from any County Office as follows:
  - in person
  - by mail
  - by telephone
  - by FAX
  - by e-mail.
D Signature Requirements

All participating producers who share in the risk of a dairy operation’s total production must certify to the information on CCC-801 before CCC-801 will be considered complete or approved by FSA.

County Offices will follow 1-CM for the following:

- producer’s signature and authorization provisions
- persons signing CCC-801 in a representative or fiduciary capacity
- payment of amounts due for persons who have died, disappeared, or have been declared incompetent.

E Approving CCC-801

COC or designee will:

- be satisfied that all applicable DMC eligibility requirements of Part 2 have been met before approving the applicable CCC-801
- not approve CCC-801 without an approved CCC-800 and CCC-800A if applicable
- not approve CCC-801 without payment of the administrative fee or CCC-860, if applicable
- not approve the CCC-801 for buy-up coverage that was requested or received after COB on the deadline date determined by FSA, except for a new operation according to subparagraph 40 D
- not approve CCC-801 for a joint venture or joint operation unless all members of the joint venture or joint operation who share in the milk marketed commercially from the dairy operation have been identified on CCC-801 and all that are participating in DMC have signed CCC-801
- not approve CCC-801 if premiums are not paid in full for the previous coverage year.
Filing CCC-801 (Continued)

F  Second Party Review

A second party review of the coverage elections made by the participating dairy operation and all other types of actions allowable by CCC-801 will be performed each coverage year against the data entered in the automated software. The reviewer must:

• compare data entries for consistency with data from CCC-801

• initial in CCC-801 “Remarks” section

• not be the same employee entering the data in the automated software or approving CCC-801.

Note: A second party review is only required for manual CCC-801’s.

G  Withdrawing CCC-801

A CCC-801 can be withdrawn only during the applicable registration and annual coverage election period.

Note: The administrative fee paid for a withdrawn CCC-801 will not be refunded.

Producers in the dairy operation must request, in writing in CCC-801 “Remarks” section, that they are withdrawing CCC-801 from DMC and sign and date beside the written statement. County Offices will write “withdrawn” across the front of CCC-801 and file in producer folder.
H Completing CCC-801 When the Producer Is an Individual or a Legal Entity

When an individual or a legal entity with a valid TIN is the producer of the dairy operation, CCC-801, Part D, must be completed and signed by the individual or the authorized member of the legal entity indicating the appropriate percentage the individual or legal entity should be paid.

Legal entities include the following:

- corporations
- estates
- general partnerships
- Indian Tribal venture
- Indians represented by BIA
- individual operating as a small business
- joint operations
- limited liability corporations
- limited liability partnerships
- nonprofit organizations
- revocable and irrevocable trusts.

Note: If proper signature authority is on file for the legal entity or joint operation, according to 1-CM, only the signature of the person signing in a representative capacity is required. Each member of the legal entity should not sign in CCC-801, Part D.

I Completing CCC-801 When the Producer Is a Member of a Joint Venture Without TIN

When the producers of a dairy operation are members of a joint venture without TIN are eligible for DMC, CCC-801, Part D, must be signed by all producers who share in the dairy operation.

A joint venture without a TIN, typically includes, but is not limited to, combinations of husband and wife, father and sons, brothers, friends, or partners with no formal partnership agreement.

J Resolution of Initiated and Producer Certified CCC-801’s at Coverage Election Period End

At the conclusion of the annual coverage election period, County Offices will review all initiated and producer certified contracts to determine the reason the CCC-801 was not acted upon and approved.

Once the County Office review is complete and determines the contracts were completed in error, a duplicate, or were not complete by the deadline, will disapprove the CCC-801 unless there are extenuating circumstances that require they remain in producer-certified status, State Offices should contact the National Office for guidance.
A CCC-800 Actions When CCC-801 is Modified

CCC-800 production history transfers provided in subparagraph 29 A also require CCC-801 updated with the following:

- producer signature and date
- CCC determination.

B Contract Revisions

A participating dairy operation may make contract revisions to CCC-801 according to the following table.

<table>
<thead>
<tr>
<th>Type of Contract Revision</th>
<th>Effective Date of Revision if COC Approved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shareholder Percentage</td>
<td>Immediately following date of CCC-801 submission for type action.</td>
</tr>
<tr>
<td>Shareholder and/or Producer</td>
<td>Immediately following date of CCC-801 submission for type action.</td>
</tr>
<tr>
<td>Dairy Operation TIN</td>
<td>According to subparagraph 29 B.</td>
</tr>
<tr>
<td>Dairy Operation Name</td>
<td>Immediately. Without TIN change.</td>
</tr>
<tr>
<td>Point-of-Contact</td>
<td>Immediately.</td>
</tr>
</tbody>
</table>

Note: Some CCC-801 revisions may require immediate update of SCIMS, Farm Records, or both.
C Retirement, Death, or Dissolution

Producers in a participating dairy operation must notify FSA immediately of any changes that may affect their participation in DMC. In cases where a dairy producer on CCC-801 dies, retires, or otherwise permanently goes out of business and dissolves the operation, the dairy operation, or estate of the decedent, may request on CCC-802, the following according to subparagraph 70 A:

- termination of DMC contract for the remainder of the coverage year
- refund of any fully paid premium for the days left in the calendar year of coverage.

Note: Dairy operations are responsible for the premium amount for the days of coverage for their part of the year.
Supporting Documentation

A Evidence of Marketed Production

Dairy operations completing CCC-800 and CCC-800A if applicable will provide verifiable evidence of the operation’s commercial marketings to be used in establishing a production history according to Part 3.

The evidence of marketed production will be provided to the County Office with any supporting documentation available to assist in verifying the operation’s eligible commercial milk marketings for the relevant periods.

B Verifiable Production Records

Verifiable evidence of marketed production by the dairy operation will be provided to the County Office before a production history or supplemental production history can be established and approved by FSA. Verifiable production records are evidence that is used to substantiate the amount of production marketed that can be verified by CCC through an independent source. The documentation provided will be adequate proof, to the satisfaction of COC. County Offices should copy marketed milk production documentation and include in the dairy operation DMC file folder.

C Acceptable Documentation

Verifiable production evidence includes, but is not limited to, the following:

- sale or delivery record
- milk marketing payment stubs
- milk handler records
- daily milk marketings
- copies of any payments received as compensation from other sources.

Documentation with cumulative totals of annual commercial marketings from a verifiable source may be accepted.

Note: Production evidence in the County Office from the MILC Program is not acceptable and should be used as supporting evidence only. New documentation of marketings will be submitted.
D Reviewing Documentation

When the supporting documentation is received in the County Office:

• make a copy, date stamp the copy, and return the originals to the contact producer

• review to verify that during the relevant period applicable to the participating dairy operation:

  • there was milk marketed commercially
  
  • the source is verifiable
  
  • all persons involved in the dairy operation have provided milk marketing documentation

• ensure that production history that is being established and approved and all applicable calculations and coverage elections correspond with entries:

  • on CCC-800, CCC-800A, if applicable, and CCC-801
  
  • in the software application.

Attach all supporting documentation to CCC-800, CCC-800A, and CCC-801.
E Production and Certification Discrepancies

All production and certification discrepancies will be resolved to the satisfaction of COC before approving a registering dairy operation or issuing any payment. COC will review and determine any of the following:

- good faith
- misrepresentation, scheme, or device according to 1-PL, paragraph 71.

If COC:

- determines good faith corrects the discrepancy, no further action is necessary
- cannot determine good faith and determines that misrepresentation, scheme, or device occurred, the dairy operation is not eligible for coverage and any payments issued will be refunded.

COC’s will use their judgment when determining good faith to ensure that the dairy operation did not intentionally certify incorrectly.

F Suspected Cases of DMC Abuse

When it appears that a producer or operation has provided false or erroneous data, or intentionally misrepresented a material fact in an attempt to enhance potential DMC coverage or payments, further action is necessary. This does not include unintentional reporting or certification errors, unless the errors are so great they impact DMC integrity.
G  Production Evidence Submitted by Cooperatives

County Offices may accept production evidence of commercial marketings from dairy cooperatives or handlers on behalf of the dairy operation. The dairy operation authorizes FSA acceptance of the marketed production upon signing CCC-800 or CCC-800A.

Production evidence of commercial marketings received from the dairy cooperative or handler is subject to further verification, if necessary, and may be provided to the County Office by the following:

- in person
- mail
- email
- FAX.

H  Maintenance and Inspection of Records

Participating dairy operations are required to:

- maintain accurate records and accounts for 3 years after the date of DMC payments
- allow USDA representatives to access premises of the dairy operation for the following:

  - review of books, records, and accounts
  - inspection of herd of cattle
  - inspection of milking parlor.
A Dairy Product Conversion Factors

Producers must report the dairy operations commercially marketed production during the relevant period applicable to the participating dairy operation in pounds. Use the weight measurement indicated on the marketing evidence as the same unit of measure (pounds, gallons, etc.) in the conversion. Pounds will be converted to fluid milk pounds according to subparagraph B and gallons will be converted to fluid milk gallons in the same manner. Convert dairy products according to the following table.

<table>
<thead>
<tr>
<th>Dairy Product (1 Unit of Measure)</th>
<th>Conversion Factor (Equals x Unit of Measure of Milk)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Percent Milkfat Fluid Milk</td>
<td>0.73</td>
</tr>
<tr>
<td>2 Percent Milkfat Fluid Milk</td>
<td>0.83</td>
</tr>
<tr>
<td>Butter</td>
<td>8.5</td>
</tr>
<tr>
<td>Buttermilk</td>
<td>0.8</td>
</tr>
<tr>
<td>Cheese</td>
<td>10.5</td>
</tr>
<tr>
<td>Eggnog</td>
<td>1.33</td>
</tr>
<tr>
<td>Half and Half</td>
<td>1.8</td>
</tr>
<tr>
<td>Heavy Cream (Whipping Cream)</td>
<td>4.2</td>
</tr>
<tr>
<td>Ice Cream</td>
<td>3.0</td>
</tr>
<tr>
<td>Light Cream</td>
<td>2.5</td>
</tr>
<tr>
<td>Nonfat Dry Milk</td>
<td>8.0</td>
</tr>
<tr>
<td>Skim Milk</td>
<td>.62</td>
</tr>
<tr>
<td>Sour Cream</td>
<td>2.5</td>
</tr>
<tr>
<td>Yogurt</td>
<td>1.2</td>
</tr>
</tbody>
</table>

B Conversion from Pounds to Fluid Milk Pounds

To convert pounds of a dairy product to the equivalent fluid milk pounds, multiply the pounds of the dairy product reported by the conversion factor provided in subparagraph A for the applicable dairy product.

Example: A dairy operation provides the County Office with production evidence of 300 pounds of commercially marketed cheese during any given month. Multiply 300 by 10.5 for a total of 3,150 pounds of eligible production for that applicable month.
C Conversion From Gallons to Fluid Milk Gallons

To convert gallons of a dairy product to the equivalent fluid milk gallons, multiply the gallons of the dairy product reported by the conversion factor provided in subparagraph A for the applicable dairy product.

Example: A dairy operation provides the County Office with production evidence of 100 gallons of commercially marketed half and half during any given month. Multiply 100 by 1.8 for a total of 180 gallons of milk.

Conversions from gallons of a dairy product to fluid milk gallons will be further converted to eligible pounds of production according to subparagraph D.

D Conversion From Gallons to Eligible Pounds of Production

Production evidence received from producers that indicate gallons will be converted to pounds. A conversion rate of 8.6 pounds is equivalent to 1 gallon of milk.

After applying the conversion factor for gallons according to subparagraph C, multiply the converted gallons by 8.6 to get the total pounds of eligible production.

Using the example in subparagraph C, after the 100 gallons of half and half are converted to 180 gallons of milk, multiply the 180 gallons times 8.6 for a total of 1,548 pounds of eligible production.
71 Death, Retirement, or Dissolution

A Notifying FSA of Death, Retirement, or Dissolution

Producers in a participating dairy operation or decedent’s estate must notify FSA immediately of their intention to no longer produce and commercially market milk because of death, retirement, or permanent dissolution of the operation on CCC-802 (Exhibit 26). CCC-802 will be considered notification to FSA of the death, retirement, or dissolution and must be accompanied by the last month’s marketing statement showing the last date the dairy operation commercially marketed milk.

B Dissolved Dairy Operations

A dissolution is when a death or retirement occurs within a dairy operation and the business stops commercially marketing milk. County Offices will complete CCC-802 effective on the date the dairy operation stopped commercially marketing milk.

Documents including milk marketing statements will be required to substantiate the dissolution.

All dissolved dairy operations:

- will be responsible for the pro-rated premium including supplemental premium based on the days they commercially marketed milk during the calendar year, if applicable
- that continue to collect DMC payments for days they did not commercially market milk will be required to refund the payments when CCC-802 is approved.

**Note:** For an individual dairy operation, if the reason for dissolution is death, the date of death is to be the date of dissolution.
COC-Initiated Dissolutions

If COC has personal knowledge of a dissolution but the County Office has been unable to obtain a signed CCC-802 from the dairy operation, COC may approve CCC-802 to dissolve the dairy operation if:

- the County Office has obtained the dairy operation’s final milk marketing statement clearly showing the last day the dairy operation stopped commercially marketed milk
- COC is confident the dairy operation is no longer commercially marketing milk from any location
- the County Office has made multiple attempts through any means available to obtain CCC-802 from the dairy operation.

**Notes:** COC will document all of the items thoroughly in their COC executive minutes when initiating and approving CCC-802.

A producer’s signature is not required in CCC-802, Part E if initiated by COC but “Dissolution initiated by COC per COC Executive Minutes mm/dd/yy” must be entered in the “Remarks” section.

**Note:** CCC-801 contains the statement in Part D that “The dairy operation also authorizes their milk cooperative or handler to release evidence of beginning or final monthly milk marketing for the dairy operation directly to the County Office, for purposes of the DMC program.” to aid COC’s in obtaining the final milk marketing statement.
D Deceased or Retiring Producer and Dissolving Operation With CAT Coverage

A decedent’s estate or retiring producer that is dissolving the dairy operation or a dairy operation that goes out of business will end coverage as of the date they stopped marketing milk and must file CCC-802.

Note: If succeeding interest to an eligible successor, CCC-802 is not required for death, retirement, or dissolution.

E Deceased or Retiring Producer and Dissolving Operation With Premium Coverage

A decedent’s estate or retiring producer that is dissolving the dairy operation or a dairy operation that goes out of business that has premium buy-up level coverage may have an outstanding obligation or could receive a refund of their premium based on the date the dairy operation stopped commercially marketing milk.

The dairy operation will terminate contract coverage under CCC-801 for the remainder of the coverage year based on the date they stopped commercially marketing milk.

The dairy operation may be entitled to a partial refund or may be required to pay a portion of the obligation depending on the date they stopped commercially marketing milk.

Note: A termination of contract coverage will automatically cancel any CCC-801 for a subsequent coverage year.
Death, Retirement, or Dissolution (Continued)

F Calculating Amount of Refund or Remaining Obligation

The amount of a premium obligation or refund including for supplemental is determined based on the date the dairy operation stopped commercially marketing milk and calculated as follows:

- verify the calculated premium amount from CCC-801
- prorate the total calculated premium by dividing by 365
- multiply the result by the number of days in the contract period to calculate the adjusted premium
- verify the premium amount previously paid by cash and/or DMC premium credit
- if the total premium paid including supplemental is:
  - more than the total premium due, a refund may be due to the dairy operation

   **Note:** The premium refund **cannot** exceed the cash remittance amount because DMC premium credits have **no** cash value and will be forfeited upon dissolution.

  - less than the total premium due, the dairy operation owes the remaining prorated premium and is required to remit payment for the prorated premium calculated for the days they were commercially marketing milk.

   **Note:** Establish receivable according to subparagraph 65 D if any outstanding premium balance due is not paid by the premium due date of the applicable coverage year.

**Note:** If the same dairy operation re-establishes their production history at a later date because they have begun producing and commercially marketing milk again, any remaining DMC premium credit they had at the completion of the dissolution will be restored for their use.
G Example of Producer Payment and Remaining Obligation

Producer A registered for coverage year 2020 and elected premium buy-up coverage. Producer A’s total premium on CCC-800 was calculated at $1,200 and Producer A only paid $200 of the premium with a cash remittance. Producer A retires from producing and commercially marketing milk on May 10, 2020, and submits CCC-802 on May 28, 2020, the County Office will:

- prorate the total premium due by dividing the number of days Producer A was commercially marketing milk (131 days) by 365 multiplied by the total premium calculated from CCC-801 (131/365 x $1200 = $430.68)
- recognize Producer A had previously paid $200 towards the premium but the prorated premium is $430.68 based on the days Producer A commercially marketed milk within that coverage year
- require Producer A to submit $230.68 for the remaining premium owed for that coverage period ($430.68 - $200 = $230.68)
- establish receivable according to subparagraph 65 D if outstanding premium balance due is not paid by the premium due date of the applicable coverage year.
H Example of Producer Payment and Partial Refund using a DMC Credit

Producer B registers for coverage year 2020 and elected premium buy-up coverage. Producer B’s total premium on CCC-800 was calculated at $3,000 and Producer B has already paid the entire amount with a $2,500 DMC premium credit and a $500 cash remittance. Producer B retires from producing and commercially marketing milk on April 1, 2020, and submits CCC-802 on July 2, 2020, the County Office will:

- prorate the total premium due by dividing the number of days Producer B was commercially marketing milk (91 days) by 365 multiplied by the total premium calculated from CCC-801 (91/365 x $3000 = $747.95)

- recognize Producer B had previously paid the total premium of $3000 but only owed $747.95 based on the number of days Producer B commercially marketed milk during the coverage period

- calculate the pro-rated premium refund: $3,000 - $747.95 = $2,252.05

- recognize Producer B had only paid $500 of the premium with a cash remittance so only $500 will be refunded to the producer as DMC premium credits have no cash value

- recognize Producer B did not submit CCC-802 until July of 2020. If any DMC payments were issued to this producer for days after Producer B stopped commercially marketing milk, a receivable will be established as Producer B is not entitled to payments after the date of April 1, 2020, when Producer B stopped commercially marketing milk

- recognize if Producer B starts producing and commercially marketing milk again at a later date and re-establishes production history, any DMC premium credits that were remaining after the completion of the dissolution will be restored for their use.

Assuming the $2,500 DMC premium credit that Producer B used was the entire available credit:

| Pro-Rated Premium Refund calculated: | $2252.05 |
| Cash remittance refunded to producer B: | $500.00 |
| DMC premium credit that could be restored: | $1752.05 |
71 Death, Retirement, or Dissolution (Continued)

I Payments Triggered Before Contract Termination

DMC payments are calculated to the day a dairy operation stops commercially marketing milk. Regardless of the date CCC-802 is filed, payments will trigger for any days within the contract period that the dairy operation was commercially marketing milk.

J Redelegation of Authority

STC’s have the authority to approve CCC-802’s. However, STC’s may redelegate the authority to COC.
Completing CCC-802

A Using CCC-802

CCC-802 will be completed by a participating dairy operation for the following purposes:

- death
- retirement
- dissolution.

B Filing CCC-802

For dairy operations no longer in business, CCC-802 will be filed in the administrative County Office.

C Signature Requirements

County Offices will follow 1-CM for the following:

- producer’s signature and authorization provisions
- persons signing in a representative or fiduciary capacity
- payment of amounts due for persons who have died, disappeared, or have been declared incompetent.

D Death of Individual in Dairy Operation Without a Living Spouse

For cases where a death occurs in an individual dairy operation and the spouse is deceased, the County Office will process CCC-802 under the following conditions:

- the death of the individual and spouse is confirmed by a death certificate or an obituary
- COC has knowledge of the death circumstances
- COC will document all details in the COC Executive Meeting minutes
- a producer’s signature is not required on CCC-802, Part E if initiated by COC but “Dissolution initiated by COC per COC Executive Minutes mm/dd/yy” must be entered in the “Remarks” section.
Completing CCC-802 (Continued)

E Approving CCC-802’s

STC’s have approval authority for CCC-802. However, STC may redelegate authority to COC.

STC or the redelegated designee will:

- be satisfied the CCC-802 information is complete
- confirm the premium amount due and paid, if applicable
- confirm the premium refund amount, if applicable
- be satisfied the signature requirements are met.

73-84 (Reserved)
Part 5 DMC Payments

85 Actual Dairy Production Margin

A Determining the Margin

The margin is determined according to the following.

- The national all-milk price determined from the average price received, per cwt. of milk, by dairy operations for all milk sold to plants and dealers in the U.S.

- The national average feed cost determined from the cost of feed used to produce a cwt. of milk, calculated by the sum of the products determined by multiplying:

  - 1.0728 by the national price of corn per bushel for a month as reported in the USDA Agricultural Prices Report
  
  - 0.00735 by the central Illinois price of soybean meal per ton for a month as reported in the USDA Market News-Monthly Soybean Meal Price Report
  
  - 0.0137 by the national price of alfalfa hay per ton for a month as reported in the USDA Agricultural Prices Report.

  Note: The national price for alfalfa hay will reflect the average alfalfa hay price in addition to the premium and supreme alfalfa hay price.

The actual dairy production margin is the difference between the all-milk price and the average feed cost. For example, if the all-milk price for a month is $20.00 per cwt. and the calculated average feed cost for the same month is $12.00 per cwt., the “actual dairy production margin” is $8.00 per cwt.

Note: USDA will determine the actual dairy margin monthly.
Actual Dairy Production Margin (Continued)

B Monthly Payment Periods

DMC provides a calendar year of coverage. The actual dairy production margin is calculated based on the all-milk price and the feed cost for each month.

C Example of Calculating the Margin

The following table provides an example of how to calculate the margin.

<table>
<thead>
<tr>
<th>Month and Year</th>
<th>All-Milk Price</th>
<th>Calculated Feed Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>January 2019</td>
<td>$16.60</td>
<td>$8.89</td>
</tr>
<tr>
<td>Actual Dairy Production Margin</td>
<td>$16.60-$8.89</td>
<td>$7.71</td>
</tr>
</tbody>
</table>

Actual Dairy Production Margin for January 2019 $7.71
DMC Payments and Calculations

A DMC Payment Trigger

A participating dairy operation will receive a DMC payment whenever the actual dairy production margin for any month is less than the coverage level threshold selected by the participating dairy operation. The payment rate will be in dollars and cents.

Note: For dairy operations with premium buy-up coverage, if a margin payment also triggers below CAT-level, the dairy operation will also receive payment on the balance of, up to 95 percent, of the established production history.

B Determining Payment Amount

DMC payment amount will be calculated according to the following table.

<table>
<thead>
<tr>
<th>Step</th>
<th>Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Coverage level minus margin rate (9.50 – 7.10 = 1.79 for January 2019).</td>
</tr>
<tr>
<td>2</td>
<td>Established production history multiplied by coverage percentage (19,429,267 X 30% = 5,828,780) resulting in 5,000,000 Tier 1 maximum.</td>
</tr>
<tr>
<td>3</td>
<td>The result of step 2 divided by 100 (5,000,000 ÷ 100 = 50,000).</td>
</tr>
<tr>
<td>4</td>
<td>The result of step 3 divided by 12 (50,000 ÷ 12 = 4,166.667).</td>
</tr>
<tr>
<td>5</td>
<td>The result of step 4 multiplied by the result of step 1 (4,166.667 X 1.79 = 7,458.33).</td>
</tr>
<tr>
<td>6</td>
<td>The result of step 5 multiplied by share (7,458.33 X 100% = 7,458.33).</td>
</tr>
<tr>
<td>7</td>
<td>The result of step 6 divided by the number of days in the month multiplied by the number of days to pay in the month (7,458.33 ÷ 31 X 31 = 7,458.33).</td>
</tr>
</tbody>
</table>

Before sequestration: 50,000 ÷ 12 X 1.79 X 100% ÷ 31 X 31 = 7,458.33.


C DMC Payment Calculation Example

ABC Dairy operation has an established production history of 4.4 million pounds, and has elected $8.00 margin trigger at a 95 percent coverage level. The January margin has been determined to be $7.71. The payment triggered for the dairy operation is $1010.07 calculated as follows:

• $8.00 - $7.71 = $0.29 (step 1)
• 4,400,000 lb. x 95 percent = 4,180,000 lb. (step 2)
• 4,180,000 lb. ÷ 100 = 41,800 cwt. (step 3)
• 41,800 cwt. ÷ 12 = 3,483 cwt. (step 4)
• 3,483 cwt. x $0.29 = $1010.07 (step 5)
• $1010.07 x 100 percent = $1010.07 (step 6).

Note: The result must be reduced by applicable sequestration percentage according to subparagraph 87 F.
D Premium and CAT Coverage Payment Calculation Example

ABC Dairy operation established production history of 3 million pounds and elected at a $6.00 margin trigger at 50 percent coverage percentage. The January margin has been determined to be $3.50. The dairy operation will receive a payment calculated at the 50 percent buy-up level, plus a payment calculated for the next 45 percent at the CAT level for total coverage at 95 percent. The payment triggered for the dairy operation is $3,687.50 calculated according to the following table.

<table>
<thead>
<tr>
<th>Step</th>
<th>Buy-Up Calculation</th>
<th>CAT Calculation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$6.00 - $3.50 = $2.50</td>
<td>$4.00 - $3.50 = $0.50</td>
</tr>
<tr>
<td>2</td>
<td>3,000,000 pounds x 50 percent = 1,500,000 pounds</td>
<td>3,000,000 pounds x 45 percent = 1,350,000 pounds</td>
</tr>
<tr>
<td>3</td>
<td>1,500,000 pounds ÷ 100 = 15,000 cwt.</td>
<td>1,350,000 pounds ÷ 100 = 13,500 cwt.</td>
</tr>
<tr>
<td>4</td>
<td>15,000 cwt. ÷ 12 = 1,250 cwt.</td>
<td>13,500 cwt. ÷ 12 = 1,125 cwt.</td>
</tr>
<tr>
<td>5</td>
<td>1,250 cwt. x $2.50 = $3,125.00</td>
<td>1,125 cwt. x $0.50 = $562.50</td>
</tr>
<tr>
<td>6</td>
<td>$3,125.00 x 100 percent = $3,125.00</td>
<td>$562.50 x 100 percent = $562.50</td>
</tr>
<tr>
<td>7</td>
<td>$3,125.00 + $562.50 = $3,687.50 total January payment to dairy operation</td>
<td></td>
</tr>
</tbody>
</table>

E Payment Schedule

The following table provides a schedule of DMC payments.

<table>
<thead>
<tr>
<th>Month</th>
<th>IF the month margin is calculated is…</th>
<th>THEN the month payment will be issued, if margin is triggered, is…</th>
<th>Pay Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td>February</td>
<td>March</td>
<td>1</td>
</tr>
<tr>
<td>February</td>
<td>March</td>
<td>April</td>
<td>2</td>
</tr>
<tr>
<td>March</td>
<td>April</td>
<td>May</td>
<td>3</td>
</tr>
<tr>
<td>April</td>
<td>May</td>
<td>June</td>
<td>4</td>
</tr>
<tr>
<td>May</td>
<td>June</td>
<td>July</td>
<td>5</td>
</tr>
<tr>
<td>June</td>
<td>July</td>
<td>August</td>
<td>6</td>
</tr>
<tr>
<td>July</td>
<td>August</td>
<td>September</td>
<td>7</td>
</tr>
<tr>
<td>August</td>
<td>September</td>
<td>October</td>
<td>8</td>
</tr>
<tr>
<td>September</td>
<td>October</td>
<td>November</td>
<td>9</td>
</tr>
<tr>
<td>October</td>
<td>November</td>
<td>December</td>
<td>10</td>
</tr>
<tr>
<td>November</td>
<td>December</td>
<td>January</td>
<td>11</td>
</tr>
<tr>
<td>December</td>
<td>January</td>
<td>February</td>
<td>12</td>
</tr>
</tbody>
</table>
DMC Payment, Collection, and Refund Provisions

A Prompt Payment Provisions

Prompt payment interest will apply to DMC payments issued by CCC later than 30 calendar days after the latter of the date of the following:

- all eligibility requirements are met, including receipt of eligibility documentation, such as AD-1026
- full month price data necessary to calculate the national average feed cost to determine the actual dairy production margin for the relevant period.

See 61-FI for prompt payment interest provisions.

B Premium Deduction Option, Assignments, Joint Payments, and Offsets

Eligible dairy operations may select the DMC premium deduction option in Item 21 of the CCC-801 according to subparagraph 63 G.

Information about establishing assignments and joint payments in FSA Financial Services is provided in 63-FI, Parts 3 and 4. See 58-FI for offsets. Use code “DMC” when entering information in FSA Financial Services for new assignments or joint payments for DMC. Replace “XX” with the appropriate DMC contract year.

Example: Assignment code for 2021 DMC is “21DMC”.

Dairy operations establishing assignments for 2021 supplemental premium fees will use “21DMCSU”
C Accounting Program Code

The DMC automated program codes are as follows:

• administrative fee:
  • alpha code 8051
  • numeric code “XXDMCADMFEE”

• premium fee:
  • alpha code 8052
  • numeric code “XXDMCPREMFEE”

• supplemental premium fee:
  • alpha code 8056
  • numeric code “XXDMCPREMFEESU”.

Replace “XX” with the appropriate DMC contract year.

D Advance Payments

Advance payments will not be issued for DMC.

E Direct Deposit Requirement

DCIA requires any recipient of Federal payments who becomes eligible for that payment after July 25, 1996, to receive the payment by EFT.

Note: New ACH direct deposit information will be obtained on SF-3881 only. County Offices may retain prior SF-1199A.
F Sequestration

Payments under DMC may be reduced by a certain percentage due to a sequester order required by Congress and issued pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985. Should a payment reduction be necessary, FSA will reduce the payment by the required amount.

Sequester rate for 2015 MPP-Dairy payments is 7.3 percent.
Sequester rate for 2016 MPP-Dairy payments is 6.8 percent.
Sequester rate for 2017 MPP-Dairy payments is 6.9 percent.
Sequester rate for 2018 MPP-Dairy payments is 6.6 percent.
Sequester rate for 2019 DMC payments is 6.2 percent.
Sequester rate for 2020 DMC payments is 5.9 percent.
Sequester rate for 2021 DMC payments is 5.7 percent.
Sequester rate for 2022 DMC payments is 5.7 percent.

Note: Prior year indemnity payments issued during the current calendar year will be sequestered according to the current calendar year rate.

G Refunding Payments to CCC

For dairy operations that will refund payments because the dairy operation has been determined out of compliance, interest will accrue at the CCC borrowing interest rate from the date of payment through the date the refund is received. Inform the producer of any amounts due according to 58-FI. If refunds are not paid by the due date, establish a receivable according to 58-FI in the normal manner.
Using CCC-770 DMC

A Background

The Improper Payments Information Act of 2002 requires Federal agencies to evaluate programs to determine if internal controls are sufficient to prevent improper payments.

The checklist, CCC-770 DMC (Exhibit 50), was developed to address areas of concern to ensure DMC payments are issued properly to the intended recipient.

B General Information

CCC-770 DMC does not supersede or replace procedure. County Offices will use CCC-770 DMC in administering DMC during registration and annual coverage election.

County Offices should recognize that the questions asked on CCC-770 DMC are general. For CCC-770 DMC to address every conceivable situation as it pertains to eligibility would not be practical.

C Using CCC-770 DMC

CCC-770 DMC (Exhibit 50) is the only authorized checklist for DMC. County Offices will not use State or locally generated checklists for DMC.

County Offices will:

- complete one CCC-770 DMC for the first 5 dairy operations applying for:
  - CAT level coverage per calendar year
  - buy-up coverage per calendar year

- have each CCC-770 DMC completed by the County Office also reviewed and approved by DD or designee

- see Exhibit 50 for instructions on completing CCC-770 DMC

- maintain CCC-770 DMC with each CCC-801 in the producer’s DMC folder.
Reports, Forms, Abbreviations, and Redeployments of Authority

Reports

None.

Forms

This table lists all forms referenced in this handbook.

<table>
<thead>
<tr>
<th>Number</th>
<th>Title</th>
<th>Display Reference</th>
<th>Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>AD-1026</td>
<td>Highly Erodible Land Conservation (HELC) and Wetland Conservation (WC) Certification</td>
<td></td>
<td>4, 87</td>
</tr>
<tr>
<td>CCC-770</td>
<td>Dairy Margin Coverage (DMC) Checklist</td>
<td>Ex. 50</td>
<td>88</td>
</tr>
<tr>
<td>DMC</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CCC-781</td>
<td>Margin Protection Program for Dairy Producers (MPP-Dairy) Production History Establishment</td>
<td></td>
<td>10</td>
</tr>
<tr>
<td>CCC-785</td>
<td>Margin Protection Program for Dairy Producers (MPP-Dairy) Premium Repayment Option Election Application</td>
<td></td>
<td>64</td>
</tr>
<tr>
<td>CCC-800</td>
<td>Dairy Margin Coverage (DMC) Production History Establishment</td>
<td>Ex. 10</td>
<td>Text</td>
</tr>
<tr>
<td>CCC-800</td>
<td>Continuation Sheet for Dairy Margin Coverage (DMC) Production History Modification Action</td>
<td>Ex. 12</td>
<td>Text</td>
</tr>
<tr>
<td>Continuation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CCC-800A</td>
<td>Dairy Margin Coverage (DMC) Supplemental Production Establishment</td>
<td>Ex. 11</td>
<td>Text</td>
</tr>
<tr>
<td>CCC-801</td>
<td>Dairy Margin Coverage (DMC) Contract and Annual Coverage Election</td>
<td>Ex. 16</td>
<td>Text</td>
</tr>
<tr>
<td>CCC-802</td>
<td>Dairy Margin Coverage (DMC) Dissolution Notification</td>
<td>Ex. 26</td>
<td>Text</td>
</tr>
<tr>
<td>CCC-860</td>
<td>Socially Disadvantaged, Limited Resource, Beginning and Veteran Farmer or Rancher Certification</td>
<td></td>
<td>61, 65, 66</td>
</tr>
<tr>
<td>Automated</td>
<td>Farm Operating Plan for Payment Eligibility 2009 and Subsequent Program Years</td>
<td></td>
<td>3</td>
</tr>
<tr>
<td>CCC-902</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FSA-325</td>
<td>Application for Payment of Amounts Due Persons Who Have Died, Disappeared, or Have Been Declared Incompetent</td>
<td></td>
<td>4</td>
</tr>
</tbody>
</table>
Abbreviations Not Listed in 1-CM

The following abbreviations are not listed in 1-CM.

<table>
<thead>
<tr>
<th>Approved Abbreviations</th>
<th>Term</th>
<th>Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>DIPP</td>
<td>Dairy Indemnity Payment Program</td>
<td>25</td>
</tr>
<tr>
<td>DMC</td>
<td>Dairy Margin Coverage</td>
<td>Text</td>
</tr>
<tr>
<td>MPP-Dairy</td>
<td>Margin Protection Program for dairy producers</td>
<td>Text</td>
</tr>
<tr>
<td>OTIS</td>
<td>Outreach Tracking Information System</td>
<td>3</td>
</tr>
<tr>
<td>SOC</td>
<td>State outreach coordinator</td>
<td>3</td>
</tr>
</tbody>
</table>

Redelegations of Authority

The authority to approve or disapprove all CCC-800’s, CCC-801’s, and all other applicable DMC forms and documents may be redelegated, in writing, to the next authority, except CCC-800’s and CCC-801’s in which the person approving has a monetary interest, according to subparagraphs 1 D and 3 B and C.

Note: No provision or delegation to STC, COC, or designee precludes the Executive Vice President, CCC, or designee from determining any question arising under DMC, or from reversing or modifying any determinations made by STC, COC, or designee.
Definitions of Terms Used in This Handbook

Dairy Cow

*Dairy cow* means a female dairy bovine that has completed a gestation period and is lactating or dry.

Eligible Dairy Operation Definition

*Eligible dairy operation* means any dairy facility that produces and commercially markets milk produced from cows, as a single unit and has a production facility located in the U.S.

**Note:** Participating dairy operations can be operated by more than 1 producer and a single producer may be a member of more than 1 separate and distinct dairy operation.

Eligible Producer

*Eligible producer* means any individual, group of individuals, partnership, corporation, estate, trust association, cooperative, or other legal business enterprise or other legal entity who is, or whose members:

- are a citizen of, or legal resident alien in, the United States, except as provided in subparagraph 12 C
- share in the pooling of resources under a common ownership structure
- directly or indirectly shares in the risk of producing milk
- make contributions (including land, labor, management, equipment, or capital) to the dairy operation at least commensurate to the producer’s share of the operation, to the dairy operation of the individual or entity.

Family Member

Family member means a person to whom another member in the farming operation is related as lineal ancestor, lineal descendant, sibling, spouse, or otherwise by marriage.

The term family member will include the following:

- great grandparent
- grandparent
- parent
- child, including legally adopted children and stepchildren
- grandchild
- great grandchild
- sibling of the family members in the farming operation
- spouse of family members.
Supplemental

Supplemental means the establishment of additional production history for a dairy operation by subtraction of production history from the 2019 actual milk marketings multiplied by seventy-five percent will determine supplemental payment pounds when added to established production history with a limit of 5,000,000 pounds may trigger additional indemnity payments according to 7 CFR 1430.409.
### CCC-800, Dairy Margin Coverage (DMC) Production History Establishment

#### A Completing CCC-800’s

Complete CCC-800’s according to the following table.

<table>
<thead>
<tr>
<th>Item</th>
<th>Instructions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>FSA representative must check box A for initial establishment or box B for correction.</td>
</tr>
<tr>
<td>2</td>
<td>FSA representative must enter applicable administrative State name.</td>
</tr>
<tr>
<td>3</td>
<td>FSA representative must enter applicable administrative county name.</td>
</tr>
<tr>
<td>4</td>
<td>FSA representative must enter the farm number.</td>
</tr>
<tr>
<td>5</td>
<td>FSA representative must enter the tract number.</td>
</tr>
<tr>
<td>6</td>
<td>FSA representative must enter the dairy operation number.</td>
</tr>
<tr>
<td>7</td>
<td>Dairy operation must enter the name and address of the dairy operation.</td>
</tr>
<tr>
<td>8</td>
<td>Dairy operation enters the month, date and year the dairy operation first began to commercially market milk.</td>
</tr>
<tr>
<td>9</td>
<td>If the dairy operation started marketing milk on or before January 1, 2013, FSA representative enters the verified dairy operations marketings per year for the dairy operation for each applicable calendar year.</td>
</tr>
<tr>
<td>10A-10B</td>
<td>If the dairy operation started marketing milk on or after January 1, 2014, but on or before January 1 of the previous calendar year, FSA representative enters the calendar year in 10A and the total milk marketings for the selected year in item 10B.</td>
</tr>
</tbody>
</table>
| 11   | If the dairy operation started marketing milk after January 1, 2013, but before January 1, 2014 complete Part D.  
If the dairy operation started marketing milk after January 1 of the previous calendar year but before January 1 of the current year complete Part D.  
If the dairy operation started marketing milk on or after January 1 of the current year complete Part D.  
FSA representative will complete (Option 1) using the verified milk marketings of the applicable months to complete the form with the monthly milk marketings. If a seasonal dairy, the FSA representative will check the box and enter the number of months the dairy will market milk on an annual basis. |
| 12   | FSA representative will calculate and enter the annual production history by using the sum of available full milk marketings divided by the sum of the seasonal index percentages for the applicable months. |
| 13   | FSA representative will enter the number of dairy cows as reported by the dairy operation. |
| 14   | FSA representative will enter the National annual milk production per cow for the year the dairy operation started marketing milk. |
| 15   | FSA representative will calculate the annual production history (Option 2) by multiplying item 13 and item 14 |
### A Completing CCC-800’s (Continued)

<table>
<thead>
<tr>
<th>Item</th>
<th>Instructions</th>
</tr>
</thead>
<tbody>
<tr>
<td>16</td>
<td>Dairy operation selects the extrapolated production history calculation in Option 1 or the National annual herd average calculation in Option 2 by checking the respective box.</td>
</tr>
</tbody>
</table>

**Part E – Dairy Operation’s Established Production History and Certification**

| 17A  | FSA representative will enter the applicable production history for the dairy operation as established in Part B, Part C, or Part D as applicable. |
| 17B  | FSA representative will recognize the bump adjustment factor of 1.0186 applies only to new dairy operations establishing a production history for the first time on CCC-800. |
| 17C  | FSA representative enters the resulting production history after the bump adjustment factor has been applied to item 17A. |
| 18   | The producer with an interest in the dairy operation indicated in item 4 will print their name. |
| 19   | The producer with an interest in the dairy operation in item 4 must sign. |
|      | **Note:** If signature authority is on file for the legal entity, only the signature of the person signing in a representative capacity is required according to 1-CM. |
| 20   | The producer will enter their title or relationship of the individual signing in the representative capacity. |
| 21   | The producer enters the date of the signature. |

**Part F – CCC Acceptance and Approval**

| 22   | The COC or the COC designee signs the document. |
| 23   | The COC or the COC designee dates the document. |
| 24   | The COC or the COC designee must check the box to approve or disapprove. |
| 25   | If disapproved, the COC or COC designee must enter any noteworthy remarks about the disapproval. |
### B Example of CCC-800

The following is an example of CCC-800.

![Image of CCC-800 form with example data filled in]
### Exhibit 10
(Par. 25, 36)

#### CCC-800, Dairy Margin Coverage (DMC) Production History Establishment (Continued)

**B  Example of CCC-800 (Continued)**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### PART F – CCC ACCEPTANCE AND APPROVAL

<table>
<thead>
<tr>
<th>22. COC or Designee Signature</th>
<th>23. Date (MM-DD-YYYY)</th>
<th>24. COC Determination</th>
<th>25. Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**NOTE:** The following statement is made in accordance with the Privacy Act of 1974 (5 U.S.C. 552a – as amended). The authority for requesting the information identified on this form is the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.). the Agricultural Improvement Act of 2018 (Pub. L. 115-334) and 7 CFR 1430. The information will be used to determine eligibility to participate in and receive benefits under the Dairy Margin Coverage for dairy producers. The information collected on this 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 a determination of ineligibility to participate in and receive benefits under the Dairy Margin Coverage for dairy producers.

**Paperwork Reduction Act (PRA) Statement:** This information collection is exempt from the Paperwork Reduction Act as specified in 7 U.S.C. 9911(c)(2)(B).

The provisions of appropriate criminal and civil fraud, privacy and other statutes may be applicable to the information provided. **RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.**
CCC-800A, Dairy Margin Coverage (DMC) Supplemental Production Establishment

A Completing CCC-800A’s

Complete CCC-800A’s according to the following table. (Items 1-6 and 8 will be the same for dairy operation on CCC-800)

<table>
<thead>
<tr>
<th>Item</th>
<th>Instructions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>FSA representative will enter applicable administrative State name.</td>
</tr>
<tr>
<td>2</td>
<td>FSA representative will enter applicable administrative county name.</td>
</tr>
<tr>
<td>3</td>
<td>FSA representative will enter the farm number.</td>
</tr>
<tr>
<td>4</td>
<td>FSA representative will enter the tract number.</td>
</tr>
<tr>
<td>5</td>
<td>FSA representative will enter the dairy operation number.</td>
</tr>
</tbody>
</table>

**Part A – Dairy Operation Information**

<table>
<thead>
<tr>
<th>Item</th>
<th>Instructions</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>Dairy operation will enter the name and address of the dairy operation.</td>
</tr>
<tr>
<td>7</td>
<td>Dairy operation will enter the total pounds of milk marketings for the 2019 calendar year.</td>
</tr>
<tr>
<td>8</td>
<td>Dairy operation will enter the established supplemental production history.</td>
</tr>
</tbody>
</table>

**Part B - Certification**

<table>
<thead>
<tr>
<th>Item</th>
<th>Instructions</th>
</tr>
</thead>
<tbody>
<tr>
<td>9</td>
<td>The producer with an interest in the dairy operation indicated in item 6 will print their name.</td>
</tr>
<tr>
<td>10</td>
<td>The producer with an interest in the dairy operation in item 6 must sign.</td>
</tr>
</tbody>
</table>

**Note:** If signature authority is on file for the legal entity, only the signature of the person signing in a representative capacity is required according to 1-CM.

<table>
<thead>
<tr>
<th>Item</th>
<th>Instructions</th>
</tr>
</thead>
<tbody>
<tr>
<td>11</td>
<td>The producer will enter their title or relationship of the individual signing in the representative capacity.</td>
</tr>
<tr>
<td>12</td>
<td>The producer will date the document.</td>
</tr>
</tbody>
</table>

**Part C – CCC Acceptance and Approval**

<table>
<thead>
<tr>
<th>Item</th>
<th>Instructions</th>
</tr>
</thead>
<tbody>
<tr>
<td>13</td>
<td>The COC or the COC designee signs the document.</td>
</tr>
<tr>
<td>14</td>
<td>The COC or the COC designee dates the document.</td>
</tr>
<tr>
<td>15</td>
<td>The COC or the COC designee must check the box to approve or disapprove.</td>
</tr>
<tr>
<td>16</td>
<td>If disapproved, the COC or COC designee must enter any noteworthy remarks about the disapproval.</td>
</tr>
</tbody>
</table>
### B Example of CCC-800A

The following is an example of CCC-800A.

<table>
<thead>
<tr>
<th>Exhibit 11 (Par. 25, 36)</th>
</tr>
</thead>
</table>

#### CCC-800A

**U.S. DEPARTMENT OF AGRICULTURE**  
Commodity Credit Corporation

**DAIRY MARGIN COVERAGE (DMC) SUPPLEMENTAL PRODUCTION ESTABLISHMENT**

**PART A – DAILY OPERATION INFORMATION**

<table>
<thead>
<tr>
<th>Dairy Operation Name and Address</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

7. What are the total pounds of milk marketed for the 2019 calendar year?

   - **Note:** For Dairy operations with less than 12 months of milk marketing for calendar year 2019, record the total actual milk marketed for the 2019 months available.

8. Established Supplemental Production History (2019 milk marketed minus production history) multiplied by 75 percent.

   - **lbs.**

**PART B – CERTIFICATION**

By signing this form, I acknowledge:

- The establishment of DMC supplemental production history eligible for coverage under DMC according to 7 CFR 4438.49(b)(2).
- That once the DMC supplemental production history is established, will require DMC enrollment of both supplemental history and production history.

<table>
<thead>
<tr>
<th>Dairy Operation Name</th>
<th>Signature of Producer (By)</th>
<th>Title/Relationship of the Individual Signing in the Representative Capacity</th>
<th>Date (MM-DD-YYYY)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**PART C – CCC ACCEPTANCE AND APPROVAL**

13. CCC or Designee Signature

14. Date (MM-DD-YYYY)

15. CCC Determination

- [ ] Approved
- [ ] Disapproved

18. Remarks

**NOTE:** The following statement is made in accordance with the Privacy Act of 1974 (5 U.S.C. 552a) – see page 2.

12-13-21 1-DMC (Rev. 1) Amend. 1

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1-DMC (Rev. 1) Amend. 1  Page 2
A Completing CCC-800 Continuation

Complete CCC-800 Continuation according to the following table.

<table>
<thead>
<tr>
<th>Item</th>
<th>Instructions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>FSA representative enters calendar year.</td>
</tr>
<tr>
<td>2</td>
<td>FSA representative enters dairy operation number.</td>
</tr>
</tbody>
</table>

**Part CCC-800T (Transfers)**

| 3A   | Producer enters the dairy operation name. |
| 3B   | Producer enters the effective date of the transfer. If this is an actual dairy operation relocation, the effective date will be the day the dairy operation started commercially producing milk at the new location. If this is a re-constitution, the effective date will be the COC approval date. |
| 3C   | FSA representative checks “Yes” or “No” if the transfer is because of a reconstitution. |
| 3D   | FSA representative enters the original farm/tract information and completes (1), (2), (3), and (4). |
| 3E   | FSA representative enters the new farm/tract information and completes (1), (2), (3), and (4). |

**Part CCC-800M (Mergers)**

| 4A   | Dairy operation enters the resulting dairy operation name. |
| 4B   | Dairy operation enters the effective date of the merger. |
| 4C   | Dairy operation enters the farm and tract numbers of the merger. |
| 4D   | (1) Merging dairy operations enter their original dairy operation name. |
|      | (2) Merging dairy operations enter their original dairy operation number. |
|      | (3) Merging dairy operations check “Yes”, “No”, or “N/A” if premium credits are transferring. |
|      | (4) Merging dairy operations enter their original dairy operation current established production history. |
|      | (5) Merging dairy operations enter their supplemental production history. |
|      | (6) Dairy operation checks “Yes” or “No” if this is a lock-in contract. |
### CCC-800 Continuation, Continuation Sheet for Dairy Margin Coverage (DMC) Production History Modification Action (Continued)

#### A Completing CCC-800 Continuation (Continued)

<table>
<thead>
<tr>
<th>Item</th>
<th>Instructions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Part CCC-800S (Succession-In-Interest)</strong></td>
<td></td>
</tr>
<tr>
<td>5A</td>
<td>Producer checks “Yes” or “No” if there has been a break of 15 days of more in producing and commercially marketing milk. If checked “Yes”, this is a dissolution and SII is not applicable.</td>
</tr>
<tr>
<td>5B</td>
<td>Producer checks “Yes” or “No” if the dairy operation was restructured or reorganized with a new tax ID and if there are common members of the resulting operation. If checked “No”, <strong>stop</strong>, you must complete CCC-802 for dissolution.</td>
</tr>
<tr>
<td>5C</td>
<td>Producer checks “Yes” or “No” if a family member is assuming control of the operation. If checked “No”, <strong>stop</strong>, you must complete CCC-802 for dissolution.</td>
</tr>
<tr>
<td>5D</td>
<td>Producer enters the original dairy operation name.</td>
</tr>
<tr>
<td>5E</td>
<td>Producer enters the original dairy operation number.</td>
</tr>
<tr>
<td>5F</td>
<td>Producer enters the succeeding dairy operation name.</td>
</tr>
<tr>
<td>5G</td>
<td>Producer enters the effective date of SII.</td>
</tr>
<tr>
<td>5H</td>
<td>Producer checks “Yes”, “No”, or “N/A” if the dairy operation requests to transfer any remaining DMC premium credits to SII.</td>
</tr>
<tr>
<td><strong>CCC-800I (Intergenerational Transfers)</strong></td>
<td></td>
</tr>
<tr>
<td>6A</td>
<td>Producer enters the dairy operation name.</td>
</tr>
<tr>
<td>6B</td>
<td>Producer enters the number of 75 hours of labor per week earned from the dairy operation.</td>
</tr>
<tr>
<td>6C</td>
<td>Producer enters the current annual marketings for the dairy operation.</td>
</tr>
<tr>
<td>6D</td>
<td>Producer enters the current dairy operation production history.</td>
</tr>
<tr>
<td>6E</td>
<td>Producer enters the number of cows purchased within 120 calendar days of intergenerational transfer.</td>
</tr>
<tr>
<td>6F</td>
<td>Producer enters the National rolling herd average for the year the new member joined the dairy operation.</td>
</tr>
<tr>
<td>6G</td>
<td>Producer enters the amount of the annual production history by multiplying items 6K and 6L, and adding that to the amount in item 6J.</td>
</tr>
</tbody>
</table>
### CCC-800 Continuation, Continuation Sheet for Dairy Margin Coverage (DMC) Production History Modification Action (Continued)

#### A Completing CCC-800 Continuation (Continued)

<table>
<thead>
<tr>
<th>Item</th>
<th>Instructions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Part CCC-800R (Re-establishment)</strong></td>
<td></td>
</tr>
<tr>
<td>7A</td>
<td>FSA representative enters the farm number.</td>
</tr>
<tr>
<td>7B</td>
<td>FSA representative enters the tract number.</td>
</tr>
<tr>
<td>7C</td>
<td>FSA representative enters the dairy operation name.</td>
</tr>
<tr>
<td>7D</td>
<td>FSA representative enters the effective date of re-establishment according to the verified information.</td>
</tr>
<tr>
<td><strong>Dairy Operation’s Established Production History and Certification</strong></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>FSA representative enters the established production history for the dairy operation.</td>
</tr>
<tr>
<td>9A</td>
<td>Producer enters the dairy operation name.</td>
</tr>
<tr>
<td>9B</td>
<td>Producer signs CCC-800 Continuation.</td>
</tr>
<tr>
<td>9C</td>
<td>Producer completes if signing in representative capacity.</td>
</tr>
<tr>
<td>9D</td>
<td>Producer enters the date.</td>
</tr>
<tr>
<td><strong>CCC - Acceptance and Approval</strong></td>
<td></td>
</tr>
<tr>
<td>10A</td>
<td>COC or designee signs CCC-800 Continuation.</td>
</tr>
<tr>
<td>10B</td>
<td>COC or designee approves or disapproves.</td>
</tr>
<tr>
<td>10C</td>
<td>COC or designee enters the date.</td>
</tr>
<tr>
<td>11</td>
<td>County Office adds remarks, if applicable.</td>
</tr>
</tbody>
</table>
### B Example of CCC-800 Continuation

The following is an example CCC-800 Continuation.

![Image of CCC-800 Continuation Sheet](image-url)

1. **Example CCC-800 Continuation Table**

<table>
<thead>
<tr>
<th>CCC-800 Continuation</th>
<th>U.S. DEPARTMENT OF AGRICULTURE</th>
</tr>
</thead>
<tbody>
<tr>
<td>(12-13-21) CCC-800 Continuation</td>
<td>Commodity Credit Corporation</td>
</tr>
<tr>
<td>CONTINUATION SHEET FOR DMC PRODUCTION HISTORY MODIFICATION ACTION</td>
<td></td>
</tr>
<tr>
<td>PART CCC-800T (Transfer)</td>
<td>Part County Office Use Only</td>
</tr>
<tr>
<td>3A. Dairy Operation Name</td>
<td>3B. Effective Date of Transfer (MM-DD-YYYY)</td>
</tr>
<tr>
<td>3C. Is the transfer due to only a farm and/or trade reorganization? (if &quot;YES&quot;, daily operation signatures are not required but CCC determination is required)</td>
<td>3D. Original Farm/Trade Number</td>
</tr>
<tr>
<td></td>
<td>3E. New Farm/Trade Number</td>
</tr>
<tr>
<td>4A. Resulting Dairy Operation Name</td>
<td>4B. Effective Date of Merger</td>
</tr>
<tr>
<td>4C. Location of Merged Dairy Operation</td>
<td></td>
</tr>
<tr>
<td>5A. Dairy Operation Name</td>
<td>5B. Dairy Operation Number</td>
</tr>
<tr>
<td>5C. Transferring Premium Credits</td>
<td>5D. Established Production History</td>
</tr>
<tr>
<td>5E. Supplemental Production History</td>
<td>5F. Is this a Look-in Contract?</td>
</tr>
</tbody>
</table>

2. **Exhibit 12 (Par. 29, 33)**

   CCC-800 Continuation, Continuation Sheet for Dairy Margin Coverage (DMC) Production History Modification Action (Continued)

3. **1-DMC (Rev. 1) Amend. 1**

   Date Stamp:
   
   ![Date Stamp Image](image-url)

4. **12-13-21**
## B Example of CCC-800 Continuation (Continued)

### CCC-800 Continuation (12-13-21)

<table>
<thead>
<tr>
<th>PART CCC-800 (Intergenerational Transfers) (Continuation)</th>
<th>YES</th>
<th>NO</th>
</tr>
</thead>
<tbody>
<tr>
<td>6E. Are you a family member of DMC participant? If “YES”, specify your relationship to the DMC participant (i.e., child, grandchild):</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6F. Does the new member have an ownership interest of 10 percent individual or 25 percent if for multiple members?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6G. Do you contribute a minimum of 35 labor hours per week to the operation of the dairy?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6H. Is the revenue earned from the dairy operation your principal source of non-investment income?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The annual production history will be based on the additional cows purchased by the joining family member relative to the national rolling herd average data published by USDA.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| 6I. Enter the current annual marketing’s for the dairy operation. |     |
| 6J. Enter the current dairy operation established production history. |     |
| 6K. Enter the number of cows purchased. |     |
| 6L. Enter the National Rolling Herd Average for the year the new member joined the dairy operation in item 6B. |     |

| 6M. Calculate annual production history by multiplying items 6K and 6L plus 6J and enter amount. |     |

I understand that this intergenerational transfer is limited to one productive increase for the term of the dairy operation’s contract. I further understand that I must have a share in the profits and losses from the dairy operation that are commensurate with my contributions to the dairy operation and that I must maintain equity ownership in the participating dairy operation of at least 10 percent individually or at least 25 percent collectively if multiple family members are joining the dairy operation. In addition, I must provide adequate proof to the satisfaction of CCC of the purchase of the additional cows being added to the dairy operation in a time and manner determined by CCC. All information provided is subject to verification and approval by CCC. If the dairy operation does not provide to the satisfaction of CCC documentation requested to substantiate the intergenerational transfer and determination of additional production history, then the intergenerational transfer will not be approved.

### PART CCC-800R (Re-establishment)

<table>
<thead>
<tr>
<th>7A. Farm Number</th>
<th>7B. Tract Number</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>7C. Dairy Operation Name</th>
<th>YES</th>
<th>NO</th>
</tr>
</thead>
</table>

| 7D. Is the dairy operation that is being re-established structured exactly the same as the original dairy operation at the time of dissolution? |     |
| 7E. Is a family or common member of the former dairy operation a part of the re-established dairy operation? |     |
| 7F. Does the re-established dairy operation include two or more new members? |     |
| 7G. Has the business structure or tax identification number changed for the re-established dairy operation? |     |
| 7H. What date did the dairy operation re-establish commercially marketing milk? |     |

### DAIRY OPERATION'S ESTABLISHED PRODUCTION HISTORY AND CERTIFICATION

<table>
<thead>
<tr>
<th>8. Established Production History:</th>
</tr>
</thead>
<tbody>
<tr>
<td>9. Established Supplemental Production History:</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>10A. Dairy Operation Name</th>
<th>10B. Signature of Producer (By)</th>
<th>10C. Title/Relationship of the Individual Signing in the Representative</th>
<th>10D. Date (MM-DD-YYYY)</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>CCC-ACCEPTANCE AND APPROVAL</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>11A. Signature of CCC or Designee</th>
<th>11B. Status:</th>
<th>Approved</th>
<th>Disapproved</th>
<th>11C. Date (MM-DD-YYYY)</th>
</tr>
</thead>
</table>

### Remarks
### CCC-800 Continuation (1/13/21)

**NOTE:** The following statement is made in accordance with the Privacy Act of 1974 (5 U.S.C. 552a – as amended). The authority for requesting the information identified on this form is the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.), the Agricultural Improvement Act of 2018 (Pub. L. 115-334) and 7 CFR 1439. The information will be used to determine eligibility to participate in and receive benefits under the Dairy Margin Coverage for dairy producers. The information collected on this 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 a determination of ineligibility to participate in and receive benefits under the Dairy Margin Coverage for dairy producers.

**Paperwork Reduction Act (PRA) Statement:** This information collection is exempted from the Paperwork Reduction Act as specified in 7 U.S.C. 901(c)(2)(B).

The provisions of appropriate criminal and civil fraud, privacy, and other statutes may be applicable to the information provided. **RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.**

In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident.

Persons with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audiotape, American Sign Language, etc.) should contact the responsible Agency or USDA’s TARGET Center at (202) 720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800) 877-8339. Additionally, program information may be made available in languages other than English.

To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at http://www.ascr.usda.gov/complaint_filing_cust.html and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by: (1) mail: U.S. Department of Agriculture Office of the Assistant Secretary for Civil Rights 1400 Independence Avenue, SW Washington, D.C. 20250-9410; (2) fax: (202) 690-7442; or (3) email: program.intake@usda.gov. USDA is an equal opportunity provider, employer, and lender.

---

<table>
<thead>
<tr>
<th>CCC-800 Continuation (1/13/21)</th>
<th>Page 3 of 3</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NOTE:</strong> The following statement is made in accordance with the Privacy Act of 1974 (5 U.S.C. 552a – as amended). The authority for requesting the information identified on this form is the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.), the Agricultural Improvement Act of 2018 (Pub. L. 115-334) and 7 CFR 1439. The information will be used to determine eligibility to participate in and receive benefits under the Dairy Margin Coverage for dairy producers. The information collected on this 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 a determination of ineligibility to participate in and receive benefits under the Dairy Margin Coverage for dairy producers. <strong>Paperwork Reduction Act (PRA) Statement:</strong> This information collection is exempted from the Paperwork Reduction Act as specified in 7 U.S.C. 901(c)(2)(B). The provisions of appropriate criminal and civil fraud, privacy, and other statutes may be applicable to the information provided. <strong>RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.</strong> In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident. Persons with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audiotape, American Sign Language, etc.) should contact the responsible Agency or USDA’s TARGET Center at (202) 720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800) 877-8339. Additionally, program information may be made available in languages other than English. To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at <a href="http://www.ascr.usda.gov/complaint_filing_cust.html">http://www.ascr.usda.gov/complaint_filing_cust.html</a> and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by: (1) mail: U.S. Department of Agriculture Office of the Assistant Secretary for Civil Rights 1400 Independence Avenue, SW Washington, D.C. 20250-9410; (2) fax: (202) 690-7442; or (3) email: <a href="mailto:program.intake@usda.gov">program.intake@usda.gov</a>. USDA is an equal opportunity provider, employer, and lender.</td>
<td></td>
</tr>
</tbody>
</table>
Complete CCC-801’s according to the following table.

<table>
<thead>
<tr>
<th>Item</th>
<th>Instructions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>FSA representative will enter applicable administrative State name.</td>
</tr>
<tr>
<td>2</td>
<td>FSA representative will enter applicable administrative county name.</td>
</tr>
<tr>
<td>3</td>
<td>FSA representative will enter the dairy operation number.</td>
</tr>
<tr>
<td>4</td>
<td>FSA representative will enter the coverage year.</td>
</tr>
</tbody>
</table>

**Part A – General Information**

<table>
<thead>
<tr>
<th>Item</th>
<th>Instructions</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>Dairy operation will enter the name and address of the dairy operation.</td>
</tr>
<tr>
<td>6</td>
<td>Dairy operation answers “Yes” or “No” to the following question: Does the dairy operation currently produce and commercially market milk? (For 2019 only, if the dairy operation commercially produced milk for any months in 2019, Check Yes).</td>
</tr>
<tr>
<td>7</td>
<td>Dairy operation answers “Yes” or “No” to the following question: Is the dairy operation electing to lock in coverage through Dec. 31, 2023?</td>
</tr>
</tbody>
</table>

**Part B – Coverage Level Election**

<table>
<thead>
<tr>
<th>Item</th>
<th>Instructions</th>
</tr>
</thead>
<tbody>
<tr>
<td>8</td>
<td>FSA representative enters the approved production history for the dairy operation.</td>
</tr>
<tr>
<td>9</td>
<td>FSA representative enters the supplemental production history.</td>
</tr>
<tr>
<td>10</td>
<td>Dairy operation selects one coverage level percentage election.</td>
</tr>
<tr>
<td>11</td>
<td>Dairy operation selects Tier 1 coverage level election threshold election for 5 million pounds of production history or less.</td>
</tr>
<tr>
<td>12</td>
<td>Dairy operation selects Tier 2 coverage level election threshold election for more than 5 million pounds or more if applicable.</td>
</tr>
</tbody>
</table>

**Part C – Calculated Totals And Payment Amounts**

<table>
<thead>
<tr>
<th>Item</th>
<th>Instructions</th>
</tr>
</thead>
<tbody>
<tr>
<td>13A</td>
<td>FSA representative enters the $100 administrative fee due.</td>
</tr>
<tr>
<td>13B</td>
<td>FSA representative will enter the calculated premium due no later than Sep. 1 of the applicable calendar year. (For 2019 only, Sep. 20, 2019).</td>
</tr>
<tr>
<td>13C</td>
<td>FSA representative will enter the supplemental premium due no later than September 1 of applicable coverage year.</td>
</tr>
<tr>
<td>13D</td>
<td>FSA representative will enter the total amount due.</td>
</tr>
<tr>
<td>14A</td>
<td>FSA representative will enter the amount of administrative fee paid or waived.</td>
</tr>
<tr>
<td>14B</td>
<td>FSA representative will enter the amount of 2014-17 premium credit used for the contract. (It may or may not be the total on form CCC-785, item 15B).</td>
</tr>
<tr>
<td>14C</td>
<td>FSA representative will enter the amount of premium amount paid by cash or check.</td>
</tr>
<tr>
<td>14D</td>
<td>FSA representative will enter the amount of supplemental premium paid.</td>
</tr>
<tr>
<td>14E</td>
<td>FSA representative will enter the total amount received/credited.</td>
</tr>
<tr>
<td>14F</td>
<td>FSA representative will enter the total balance due.</td>
</tr>
</tbody>
</table>
**A Completing CCC-801 (Continued)**

<table>
<thead>
<tr>
<th>Item</th>
<th>Instructions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Part D – Certification And Signatures</strong></td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>The producer will print his name.</td>
</tr>
<tr>
<td>16</td>
<td>The producer will enter the percentage share of the dairy operation.</td>
</tr>
<tr>
<td>17</td>
<td>The producer will check the commensurate no box if they do not make commensurate contributions of land, labor, management, equipment, or capital.</td>
</tr>
<tr>
<td>18</td>
<td>The producer will check the participating no box if they do not want to participate in the DMC program.</td>
</tr>
<tr>
<td>19</td>
<td>The producer will check the refuse payment yes box if they do not want to receive DMC payments.</td>
</tr>
<tr>
<td>20</td>
<td>The producer will check the point of contact box if they are the point of contact.</td>
</tr>
<tr>
<td>21</td>
<td>The producer will enter the title/relationship of the individual signing in the representative capacity.</td>
</tr>
<tr>
<td>22</td>
<td>The producer will date the document.</td>
</tr>
</tbody>
</table>

| **Part E – CCC Acceptance And Approval** | |
| 24A | The COC or COC designee will sign the document. |
| 24B | The COC or COC designee will date the document. |
| 24C | The COC or COC will determine the CCC-801 approved or disapproved. |
| 25 | If disapproved, the COC will make noteworthy comments on the reason for the disapproval. |
**B Example CCC-801**

The following is an example CCC-801.

![Example CCC-801 form](image-url)
### B Example CCC-801 (Continued)

#### PART D CERTIFICATION AND SIGNATURES

This Contract to participate in the Dairy Margin Coverage (DMC) Program is entered into between the CCC and the undersigned producers in the dairy operation identified below and above in Part A. 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. By signing this Contract, the Participant agrees to participate in the Dairy Margin Coverage Program for the stipulated contract period from the date the Contract is executed by the CCC. As such, the participant will be legally obligated to pay the annual administrative fee for the duration of the DMC program and all associated premiums for buy-up coverage elected by the participant. The participant also agrees to the coverage threshold and coverage level percentage elected above for the applicable calendar year of coverage or lock in period. By signing below, the Participant (1) agrees to the established production history and established supplemental production history in Part B; (2) agrees to abide by the terms and conditions contained therein; and (3) agrees to comply with the regulations governing the applicable program eligibility. 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-801 and any addendum thereto. Payments under the DMC program may be reduced by a certain percentage due to a sequester order required by Congress and issued pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985. Should a payment reduction be necessary, FSA will reduce the payment by the required amount. The Participant must share in the risk of production, and must contribute capital, land, labor, equipment or management to the operation commensurate with their share of the proceeds. By signing this Contract, the Participant acknowledges that a production history establishment form CCC-781 or a CCC-800 was completed by an authorized representative of the dairy operation above and acknowledges that the production history established and entered above will be used for the duration of the program in accordance with regulations at 7 CFR part 1430, subpart D. Additionally, by signing this Contract, the Participant acknowledges that if a supplemental production history establishment form CCC-800A was completed by an authorized representative of the dairy operation above and acknowledges that the established supplemental production history entered above will be used for the duration of the program in accordance with regulations at 7 CFR part 1430, subpart D. The Participant also authorizes their milk cooperative or handler to release evidence of a beginning or final monthly milk marketing for the dairy operation identified in Item 5 above, directly to the FSA County Office, for purposes of the DMC program. It is the Participant’s responsibility to inform FSA immediately if they stop commercially marketing milk.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>21. Signature of Producer (By)</td>
<td>22. Title/Relationship of the Individual Signing in the Representative Capacity</td>
<td>23. Date (MM-DD-YYYY)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>21. Signature of Producer (By)</td>
<td>22. Title/Relationship of the Individual Signing in the Representative Capacity</td>
<td>23. Date (MM-DD-YYYY)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>21. Signature of Producer (By)</td>
<td>22. Title/Relationship of the Individual Signing in the Representative Capacity</td>
<td>23. Date (MM-DD-YYYY)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### PART E PREMIUM PAYMENT ELECTION

An individual producer, joint venture with tax identification number, or entity dairy operation listed in Item 15 with a 100% share listed in Item 16 may elect to reduce its DMC payments to pay any outstanding premium balances on its contract. Contracts with multiple producers, including informal joint ventures without a tax identification number are not eligible for this election.

24. I elect to reduce my DMC payments to pay any outstanding balance for premiums due on this contract. [ ] YES [ ] NO [ ] N/A

#### PART F CCC ACCEPTANCE AND APPROVAL

<table>
<thead>
<tr>
<th>25A. COC or Designee Signature</th>
<th>25B. Date (MM-DD-YYYY)</th>
<th>25C. CCC Determination</th>
</tr>
</thead>
<tbody>
<tr>
<td>26. Remarks</td>
<td>Approved</td>
<td>Disapproved</td>
</tr>
</tbody>
</table>

12-13-21  1-DMC (Rev. 1) Amend. 1
CCC-801, Dairy Margin Coverage (DMC) Supplemental Coverage, and Annual Election (Continued)

B Example CCC-801 (Continued)

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 the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.), the Agricultural Improvement Act of 2018 (Pub. L. 115-334) and 7 CFR 1430. The information will be used to determine eligibility to participate in and receive benefits under the Dairy Margin Coverage for dairy producers. The information collected on this 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 a determination of ineligibility to participate in and receive benefits under the Dairy Margin Coverage Program.

Paperwork Reduction Act (PRA) Statement: This information collection is exempted from the Paperwork Reduction Act as specified in 7 U.S.C. 9001(c)(2)(B).

The provisions of appropriate criminal and civil fraud, privacy, and other statutes may be applicable to the information provided. RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.
A Completing CCC-802

Complete CCC-802 according to the following table.

<table>
<thead>
<tr>
<th>Item</th>
<th>Instructions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>FSA representative must enter applicable administrative State name.</td>
</tr>
<tr>
<td>2</td>
<td>FSA representative must enter applicable administrative county name.</td>
</tr>
<tr>
<td>3</td>
<td>FSA representative must enter the dairy operation number.</td>
</tr>
<tr>
<td>4</td>
<td>FSA representative must enter the coverage year of the contract.</td>
</tr>
<tr>
<td>5</td>
<td>FSA representative must enter the contract start date.</td>
</tr>
<tr>
<td>6</td>
<td>FSA representative must enter the dissolution action of either death, retirement, or dissolution.</td>
</tr>
<tr>
<td>7</td>
<td>Dairy operation must enter the dairy operation name and address.</td>
</tr>
<tr>
<td>8</td>
<td>Dairy operation must enter the date the dairy operation stopped commercially marketing milk or date of death if for an individual.</td>
</tr>
<tr>
<td>9</td>
<td>Dairy operation will select the type of coverage either by checking the CAT level box or the premium level box.</td>
</tr>
<tr>
<td>10A</td>
<td>FSA representative will enter the number of days in the contract period the dairy operation commercially marketed milk in the current year.</td>
</tr>
<tr>
<td>10B</td>
<td>FSA representative will enter the 12-month premium fee including the supplemental premium fee.</td>
</tr>
<tr>
<td>10C</td>
<td>FSA representative will enter the pro-rated premium due based on the date of dissolution. The pro-rated premium can be calculated by dividing item 10B (annual premium) by 365 days, or 366 days if approving for 2020 leap year, and multiplying that by item 10A (number of contract days).</td>
</tr>
<tr>
<td>10D</td>
<td>FSA representative will enter the total premium paid including the supplemental premium by the dairy operation for the coverage year.</td>
</tr>
</tbody>
</table>

If the dairy operation applied a credit amount from previous MPP-Dairy repayments on CCC-785, item 15B, the amount is entered as DMC Premium Credit applied.

If the dairy operation applied a cash remittance towards the premium paid, the amount is entered as Cash Remittance.

The DMC premium credit and cash remittance will be added to complete the Total Premium Paid.
### A  Completing CCC-802 (Continued)

<table>
<thead>
<tr>
<th>Item</th>
<th>Instructions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Part C – Premium Balance Amount Due By The Dairy Operation</strong></td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>FSA representative will determine whether a premium paid including supplemental balance is due by the dairy operation (item 10E total).</td>
</tr>
<tr>
<td><strong>Part D – Premium Refund Amount Owed To The Dairy Operation</strong></td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>FSA representative will determine whether a premium including supplemental refund amount is owed to the dairy operation. If the total premium paid is more than the total premium due, enter the premium refund due to the dairy operation. To calculate, subtract item 10C from the total of item 10D and enter the amount.</td>
</tr>
<tr>
<td>Important: If the premium credit is greater than the prorated premium due in 10C, the maximum amount of premium credit used is equal to the prorated premium.</td>
<td></td>
</tr>
<tr>
<td>Excess premium credits have no cash value and will be forfeited upon dissolution.</td>
<td></td>
</tr>
<tr>
<td><strong>Part E – Certification and Signatures</strong></td>
<td></td>
</tr>
<tr>
<td>13A</td>
<td>The producer will sign the document.</td>
</tr>
<tr>
<td>13B</td>
<td>The producer will enter their title/relationship of the individual signing in the representative capacity.</td>
</tr>
<tr>
<td>13C</td>
<td>The producer will date the document.</td>
</tr>
<tr>
<td><strong>Part F – CCC Acceptance and Approval</strong></td>
<td></td>
</tr>
<tr>
<td>14A</td>
<td>The STC or redelegated designee will sign the document.</td>
</tr>
<tr>
<td>14B</td>
<td>The STC or redelegated designee will approve or disapprove and check the respective box.</td>
</tr>
<tr>
<td>14C</td>
<td>The STC or redelegated designee will date the document.</td>
</tr>
<tr>
<td>15</td>
<td>County Office will add remarks if applicable.</td>
</tr>
</tbody>
</table>
The following is an example CCC-802.

### B Example of CCC-802

Exhibit 26

(par. 56, 62, 70)

**CCC-802, Dairy Margin Coverage (DMC) Dissolution Notification (Continued)**

#### B Example of CCC-802

The following is an example CCC-802.
A Completing CCC-770 DMC

Complete CCC-770 DMC according to the following table.

<table>
<thead>
<tr>
<th>Item</th>
<th>Instructions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>FSA representative must enter the name of the dairy operation.</td>
</tr>
<tr>
<td>2</td>
<td>FSA representative must enter applicable State code.</td>
</tr>
<tr>
<td>3</td>
<td>FSA representative must enter applicable county code.</td>
</tr>
<tr>
<td>4</td>
<td>FSA representative must enter the dairy operation number.</td>
</tr>
<tr>
<td>5</td>
<td>FSA representative must enter the date of the DMC contract.</td>
</tr>
<tr>
<td>6</td>
<td>FSA representative must enter the coverage year.</td>
</tr>
<tr>
<td>7</td>
<td>FSA representative answers “Yes” or “No” or “N/A”, is the dairy operation currently producing and marketing milk produced from cow’s in the U.S., at the time of registration/coverage election?</td>
</tr>
<tr>
<td>8</td>
<td>FSA representative answers “Yes” or “No” or “N/A”, did the dairy operation participate in the MPP-Dairy program?</td>
</tr>
<tr>
<td>9</td>
<td>FSA representative answers “Yes” or “No” or “N/A”, if the dairy operation did not participate in MPP-Dairy, has a separate and distinct determination been made according to National and/or State-established criteria?</td>
</tr>
<tr>
<td>10</td>
<td>FSA representative answers “Yes” or “No” or “N/A”, does the individual, group of individuals, partnership, corporation, estate, trust, cooperative, or other legal business or other legal entity who is, or whose members make contributions to the dairy operation, are they commensurate to the producers share of the operation?</td>
</tr>
<tr>
<td>11</td>
<td>FSA representative answers “Yes” or “No” or “N/A”, has a foreign person determination been made for each producer/shareholder in the dairy operation?</td>
</tr>
<tr>
<td>12</td>
<td>FSA representative answers “Yes” or “No” or “N/A”, has each producer/shareholder certified compliance with HELC/WC provisions?</td>
</tr>
<tr>
<td>13</td>
<td>FSA representative answers “Yes” or “No” or “N/A”, has a completed CCC-781 or CCC-800 been timely submitted for the dairy operation?</td>
</tr>
<tr>
<td>14</td>
<td>FSA representative answers “Yes” or “No” or “N/A”, has verifiable production documentation to the satisfaction of the COC, for the appropriate period, for operations that began marketing as of January 1, 2014 been timely submitted, and date stamped by the County Office to establish production history?</td>
</tr>
<tr>
<td>15</td>
<td>FSA representative answers “Yes” or “No” or “N/A”, was the highest of the 2011, 2012, and/or 2013 marketings of an existing dairy operation entered in item 15A of CCC-781 or from Part B indicated in item 9 on CCC-800?</td>
</tr>
</tbody>
</table>
### A Completing CCC-770 DMC (Continued)

<table>
<thead>
<tr>
<th>Item</th>
<th>Instructions</th>
</tr>
</thead>
<tbody>
<tr>
<td>16</td>
<td>FSA representative answers “Yes” or “No” or “N/A”, were one or both options for new dairy operations calculated correctly and is the selected option from Part A, item 8 indicated in item 17C of CCC-800?</td>
</tr>
<tr>
<td>17</td>
<td>FSA representative answers “Yes” or “No” or “N/A”, was the production history adjustment (bump) calculated correctly on CCC-800?</td>
</tr>
<tr>
<td>18</td>
<td>FSA representative answers “Yes” or “No” or “N/A”, has a second party review of the CCC-800 been performed before approving?</td>
</tr>
<tr>
<td>19</td>
<td>FSA representative answers “Yes” or “No” or “N/A”, was the administrative fee paid timely, entered in NRRS, AND payment receipt attached to CCC-801?</td>
</tr>
<tr>
<td>20</td>
<td>FSA representative answers “Yes” or “No” or “N/A”, have premiums for buy-up coverage been calculated correctly, entered in NRRS, AND payment receipt attached to CCC-801?</td>
</tr>
<tr>
<td>21</td>
<td>FSA representative answers “Yes” or “No” or “N/A”, has a second party review of the entries on CCC-801 been performed against the data entered in the automated software?</td>
</tr>
<tr>
<td>22</td>
<td>FSA representative answers “Yes” or “No” or “N/A”, if the dairy operation is a joint venture without a TIN, have all producers signed who share in the dairy operation?</td>
</tr>
<tr>
<td>23</td>
<td>FSA representative answers “Yes” or “No” or “N/A”, if a change has been made to the operation, was a CCC-800 or CCC-800 Continuation properly completed, signed by the producer, approved by the COC or designee and updated in Farm Records, if applicable?</td>
</tr>
<tr>
<td>24</td>
<td>FSA representative answers “Yes” or “No” or “N/A”, if there is a DMC credit, has the credit been calculated correctly, when loaded into the DMC software?</td>
</tr>
<tr>
<td>25</td>
<td>FSA representative answers “Yes” or “No” or “N/A”, has proper signature authority been obtained and the CCC-800/CCC-802 signed by the producer(s) and a CCC representative?</td>
</tr>
</tbody>
</table>
### A Completing CCC-770 DMC (Continued)

<table>
<thead>
<tr>
<th>Item</th>
<th>Instructions</th>
</tr>
</thead>
<tbody>
<tr>
<td>26</td>
<td>FSA representative answers “Yes” or “No” or “N/A”, were the CCC-800/CCC-801 approved by COC, or designee that has been granted authority to approve applicable documents on their behalf?</td>
</tr>
<tr>
<td>27A</td>
<td>FSA representative signs the form as the preparer.</td>
</tr>
<tr>
<td>27B</td>
<td>FSA representative dates the form.</td>
</tr>
<tr>
<td>28A</td>
<td>The CED or designee will check “Concur” or “Do Not Concur”.</td>
</tr>
<tr>
<td>28B</td>
<td>The CED or designee sign the form.</td>
</tr>
<tr>
<td>28C</td>
<td>The CED or designee dates the form.</td>
</tr>
<tr>
<td>29A</td>
<td>The DD or designee checks “Concur” or Do “Not Concur”.</td>
</tr>
<tr>
<td>29B</td>
<td>The DD or designee signs the form.</td>
</tr>
<tr>
<td>29C</td>
<td>The DD or designee dates the form.</td>
</tr>
<tr>
<td>30</td>
<td>Noteworthy remarks are to be added if applicable.</td>
</tr>
</tbody>
</table>
B Example of CCC-770 DMC

The following is an example of CCC-770 DMC.

This form is available electronically.

<table>
<thead>
<tr>
<th>CCC-770 DMC</th>
<th>U.S. DEPARTMENT OF AGRICULTURE</th>
</tr>
</thead>
<tbody>
<tr>
<td>(09-26-19)</td>
<td>Commodity Credit Corporation</td>
</tr>
</tbody>
</table>

**DAIRY MARGIN COVERAGE (DMC) CHECKLIST**

<table>
<thead>
<tr>
<th>Office Staff Actions:</th>
<th>Handbook or Other References</th>
<th>YES</th>
<th>NO</th>
<th>N/A</th>
</tr>
</thead>
</table>

### Eligibility

1. Is the dairy operation currently producing and marketing milk produced from cows in the U.S., at the time of registration/coverage election?  
   1-DMC, subparagraph 10B

2. Did the dairy operation participate in the MPP-Dairy program?  
   1-DMC, subparagraph 10E

3. If the dairy operation did not participate in MPP-Dairy, has a separate and distinct determination been made according to National and/or State-established criteria?  
   1-DMC, subparagraph 10F

4. Does the individual, group of individuals, partnership, corporation, estate, trust, cooperative, or other legal business or other legal entity who is, or whose members make contributions to the dairy operation, are they commensurate to the producers share of the operation?  
   1-DMC subparagraph 13A

5. Has a foreign person determination been made for each producer/shareholder in the dairy operation?  
   5-PL, Part 3

6. Has each producer/shareholder certified compliance with HELCWC provisions?  
   1-DMC, subparagraph 13E

### Production History

7. Has a completed CCC-781 or CCC-800 been timely submitted for the dairy operation?  
   1-DMC, subparagraph 10B 1-DMC, subparagraph 36C

8. Has verifiable production documentation to the satisfaction of the CCC, for the appropriate period, for operations that began marketing as of January 1, 2014 been timely submitted, and date stamped by the County Office to establish production history?  
   1-DMC, subparagraph 10G 1-DMC, subparagraph 11A 1-DMC, paragraph 67

9. Was the highest of the 2011, 2012, and 2013 marketings of an existing dairy operation entered in Item 15 A of the CCC-781 or from Part B indicated in Item 10 on the CCC-800?  
   1-DMC, paragraph 26A and Exhibit 10

10. Were one or both options for new dairy operations calculated correctly and is the selected option from Part A Item 6 indicated in Item 17 of the CCC-800?  
    1-DMC, paragraph 26B, C and Exhibit 10

11. Was the production history adjustment (bump) calculated correctly on the CCC-800?  
    1-DMC, paragraph 2B

12. Has the second party review of the CCC-800 been performed before approval?  
    1-DMC, subparagraph 37F

### Registration and Coverage Elections

13. Was the administrative fee paid timely, entered in NRRS, AND payment receipt attached to the CCC-801?  
    1-DMC, paragraph 61

14. Have premiums for buy-up coverage been calculated correctly, entered in NRRS, AND payment receipt attached to CCC-801?  
    1-DMC, paragraph 63

15. Has a second party review of the entries on CCC-801 been performed against the data entered in the automated software?  
    1-DMC, subparagraphs 66F

16. If the dairy operation is a joint venture without a TIN, have all producers signed who share in the dairy operation?  
    1-DMC, subparagraph 66I

In accordance with Federal civil rights laws and U.S. Department of Agriculture (USDA) civil rights regulations and polices, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, sex, age, disability, and income level. Further, the USDA prohibits discrimination against anyone who participates in or is employed in programs or activities covered in this regulation. Remedies and complaint filing deadlines vary by program or incident.

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To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at http://home.usda.gov/aheads/program_relate/complaint_film.pdf and mail to the U.S. Department of Agriculture, Office of Civil Rights, 1400 Independence Avenue, Suite 1020, Washington, D.C. 20250-9410; or send to USDA by (1) mail: U.S. Department of Agriculture Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, SW, Washington, D.C. 20250-9410; or (2) facsimile (202) 690-7442; or (3) email: program.intake@usda.gov. USDA is an equal opportunity provider, employer, and lender.
### B  Example of CCC-770 DMC

<table>
<thead>
<tr>
<th>Dairy Operation Modifications and New Operation Purchases</th>
</tr>
</thead>
<tbody>
<tr>
<td>23. If a change has been made to the operation, was a CCC-500 or CCC-800 Continuation properly completed, signed by the producer, approved by the COC or designee and updated in Farm Records, if applicable?</td>
</tr>
<tr>
<td>24. If there is a DMC credit, was the credit calculated correctly when loaded into the software?</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Signatures, Approvals, and Delegations of Authority</th>
</tr>
</thead>
<tbody>
<tr>
<td>25. Has proper signature authority been obtained and the CCC-800/CCC- 802 signed by the producer(s) and a CCC representative?</td>
</tr>
<tr>
<td>26. Were the CCC-800/CCC-801 approved by COC, or designee that has been granted authority to approve applicable documents on their behalf?</td>
</tr>
</tbody>
</table>

#### Certification

27. I, the undersigned, certify the above items have been verified or updated accordingly.

<table>
<thead>
<tr>
<th>27A. Signature of Preparer</th>
<th>27B. Date (MM-DD-YYYY)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

28. I concur/do not concur the above action items have been verified and updated accordingly.

<table>
<thead>
<tr>
<th>28A. Concurrence Status:</th>
<th>28B. PED Signature for Spotcheck</th>
<th>28C. Date (MM-DD-YYYY)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Concur</td>
<td>Do Not Concur</td>
<td></td>
</tr>
</tbody>
</table>

29. I concur/do not concur the above items have been verified and updated accordingly.

<table>
<thead>
<tr>
<th>29A. Concurrence Status:</th>
<th>29B. DD Signature for Spotcheck</th>
<th>29C. Date (MM-DD-YYYY)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Concur</td>
<td>Do Not Concur</td>
<td></td>
</tr>
</tbody>
</table>

30. Remarks: