Margin Protection Program
for Dairy Producers
1-MPP

Amendment 6

Approved by: Acting Deputy Administrator, Farm Programs

Bradley Karmen

Amendment Transmittal

A Reasons for Amendment

Subparagraph 10 B has been amended to clarify commercially marketing milk eligibility.

Subparagraph 11 B has been amended to refer to new subparagraph 24 D when a new operation purchased by an affiliated producer can establish production history.

Subparagraph 22 I has been amended to provide the FY 2018 National Rolling Herd Average.

Subparagraph 23 D has been amended to provide the FY 2018 bump adjustment factor.

Subparagraph 24 D has been added to clarify procedure for affiliated new dairy operation production history transfers.

Subparagraph 29 A has been amended to clarify when a dairy operation cannot transfer production history during a succession-in-interest.

Subparagraph 29 B has been amended to note that both signatures from the original owner and the successor or new owner are required when completing CCC-781.

Subparagraph 30 D has been amended to correct the reference to subparagraph F.

Subparagraph 32 A has been amended to update the note that re-establishing the inactive production history from a previously registered dairy operation is the only option for affiliated producers that purchase a new dairy operation when the affiliation test does not apply.

Subparagraph 40 B has been amended to revise the registration and annual coverage election period for 2018.
A Reasons for Amendment (Continued)

Subparagraph 40 C has been amended to add the dairy operations that opt out for the 2018 coverage year will not pay a $100 administrative fee.

Subparagraph 41 D has been amended to:

- authorize dairy operations to opt out of coverage for 2018
- update procedure when a dairy operation must certify during annual coverage election period that they are still in the business of producing and commercially marketing milk.

Subparagraph 41 E has been amended to not require County Offices to send a coverage election reminder letter for 2018.

Subparagraph 41 H has been amended to clarify that CCC-782’s must not be disapproved for untimely payments of administrative fee until after October 31.

Subparagraph 46 A has been amended to add that administrative fees are not due for 2018 dairy operations that opt out for 2018 coverage.

Subparagraph 46 C has been amended to update procedure when a participant fails to timely pay their annual administrative fee on or after November 1.

Subparagraph 49:

- A has been amended to update when receivables for premium fees must be established in NRRS
- C has been amended to update the date when to establish a receivable of the premium balance due
- H has been amended to provide procedures on promissory notes for debt settlement agreements.

Subparagraph 50 E has been added to include provisions for LGM-Dairy for producers who opt out of coverage year 2018.

Subparagraph 55 A has been amended to clarify that CCC-783’s received after November 1 must enter the subsequent coverage year.

Subparagraph 62 G has been amended to update the sequester rate for 2017 and 2018.

Subparagraph 62 J has been amended to update program codes to establish receivables for 2016 and 2017.

Exhibit 11 has been amended to update instructions for completing and the example of revised CCC-781 Continuation sheet.
A Reasons for Amendment (Continued)

Exhibit 22 has been amended to update the CCC-782 Appendix for dairy operations choosing to opt out of coverage for 2018.

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Part 1 Basic Provisions

1 Purpose, Availability, and Restrictions

A Purpose

This handbook provides general instructions for MPP-Dairy.

B MPP-Dairy Availability

MPP-Dairy 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, unless authorized by DAFP.

D Delegations of Authority

The authority to approve or disapprove all CCC-781’s, CCC-782’s, and all other applicable MPP-Dairy forms and documents, must be redelegated, in writing, to the next authority, according to the following table. See subparagraphs 3 C and D for exceptions.

<table>
<thead>
<tr>
<th>IF the producer is…</th>
<th>THEN the approval authority shall be…</th>
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<tbody>
<tr>
<td>a State, Federal, or non-Federal County Office employee</td>
<td>CED.</td>
</tr>
<tr>
<td>CED</td>
<td>COC.</td>
</tr>
<tr>
<td>COC member</td>
<td>DD.</td>
</tr>
<tr>
<td>STC member</td>
<td>SED.</td>
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<td>DD</td>
<td>SED.</td>
</tr>
<tr>
<td>SED</td>
<td>STC.</td>
</tr>
</tbody>
</table>

Questionable cases may be referred to the next higher authority for determination.
A Legislative History

The authority for MPP-Dairy is the Agricultural Act of 2014 (7 U.S.C. 9051-9060, Pub. L. 113-79) that requires USDA to establish and administer MPP for dairy producers under which participating dairy operations are paid a margin protection payment when actual dairy production margins are less than the threshold levels for a margin protection payment.

B MPP-Dairy Duration

MPP-Dairy is authorized from September 1, 2014, through December 31, 2018.

C Federal Regulations

Regulations governing the administration of MPP-Dairy are provided in 7 CFR Part 1430, Subpart A.

D Related Handbooks

Handbooks related to MPP-Dairy include the following.

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<th>Handbook</th>
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<tr>
<td>Scheme, device, or failure to fully comply</td>
<td>7-CP</td>
</tr>
<tr>
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<td>1-CM</td>
</tr>
<tr>
<td>Web-based eligibility records</td>
<td>3-PL</td>
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</table>
3 Administration and Responsibilities

A MPP-Dairy Administration

Administered under the general supervision of DAFP through PSD, FSA has the primary responsibility, through STC’s and COC’s, for administering MPP-Dairy.

State Offices may direct questions about MPP-Dairy policy and procedure to Dani Cooke in PSD, by either of the following:

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

B STC Responsibilities

STC’s shall:

- supervise and monitor MPP-Dairy 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 shall:

- administer MPP-Dairy at the county level through CED under STC supervision
- inform producers about the eligibility requirements for MPP-Dairy payments
- complete and review applicable MPP-Dairy forms for completeness and accuracy
- approve or disapprove requests for MPP-Dairy benefits according to this handbook
3 Administration and Responsibilities (Continued)

C COC Responsibilities (Continued)

- 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-781’s and CCC-782’s in which CED has a monetary interest, COC may delegate the authority to approve or disapprove CCC-781’s and CCC-782’s, and *--any other MPP-Dairy forms and documents, to CED.--*

D CED Responsibilities

CED’s shall:

- carry out the day-to-day operations of MPP-Dairy according to COC’s determinations and this handbook

- approve or disapprove CCC-781’s and CCC-782’s, if delegated by COC.

**Note:** Except for CCC-781’s and CCC-782’s in which the person approving has a monetary interest, CED may delegate the authority to approve or disapprove CCC-781’s, CCC-782’s, and any other MPP-Dairy documents, to Federal and non-Federal County Office employees.

E Nondiscrimination Responsibilities

STC or COC shall **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 MPP-Dairy.

F Outreach Responsibilities

STC and COC shall ensure that MPP-Dairy information and awareness is communicated to underrepresented individuals, groups, and communities. Underrepresented individuals, groups, and communities, may include, but are **not** limited to minority, Amish, and Mennonite farmers.

4-9 Reserved
10 Dairy Operation Eligibility

A 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.

B Dairy Operation Eligibility for Participation

To be eligible to participate in MPP-Dairy 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 MPP-Dairy--*
- have a production history approved for the dairy operation on CCC-781
- submit a completed CCC-782, during the applicable registration and coverage election period, agreeing to the terms and conditions prescribed by CCC
- provide, to the local FSA 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
- **not** participate in the LGM-Dairy administered by RMA, except as provided by paragraph 50
10 Dairy Operation Eligibility (Continued)

B Dairy Operation Eligibility for Payment (Continued)

• annually pay:
  • the required administration fee for participation in MPP-Dairy
  • premium for buy-up coverage, as applicable.

C Eligible Applicants

An eligible dairy operation may include any of the following entities 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 MPP-Dairy benefits. These provisions include, but are not limited to, State universities and prisons.

E Dairy Operations Under MILC Program

Any dairy facility that was part of a single dairy operation, that was eligible for and participated in the MILC Program, will exist as a separate and distinct dairy operation in the same manner under MPP-Dairy.
Dairy Operation Eligibility (Continued)

F  Dairy Operations Not Under MILC Program

For dairy operations that did not exist or participate under the MILC Program, SED’s and STC’s shall:

- establish State-specific criteria consistent with the same criteria established under the MILC Program that was used to determine a separate and distinct dairy operation
- issue a State directive to County Offices based on the established criteria
- use the criteria as a guideline for dairy operations that did not exist or participate in the MILC Program to determine how they will exist under MPP-Dairy
- submit a copy of the State directive to the National Office PSD contact, according to subparagraph 3A, by COB December 5, 2014.

COC shall use their best judgment and knowledge of the dairy operation when determining an operation is separate from another operation. Any questionable cases shall be forwarded to STC, through the State Office specialist, for review and concurrence.

G  Existing Dairy Operations

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

- as of February 7, 2013
- during any of the calendar years 2011, 2012, and/or 2013.
A New Dairy Operation

A new dairy operation for MPP-Dairy purposes:

- has less than 12 full months of milk marketings as of February 7, 2014
- is subject to the affiliation test provided in subparagraph B
- is subject to review by COC decision to determine legitimacy.

B Affiliation Test

A new dairy operation will be treated as an affiliated dairy operation and **not** be treated as a separate dairy operation under MPP-Dairy if producers that collectively own more than 50 percent interest of the new dairy operation also collectively own more than 50 percent interest in another dairy operation registered in MPP-Dairy.

If shares of common members in either dairy operation (existing and new) is greater than 50 percent in **both** operations, then the new dairy operation is **not** eligible for coverage under MPP-Dairy. The affiliation test does **not** apply to a new operation purchased with an existing *--CCC-approved production history, see subparagraph 24 D to transfer production history.--*

**Note:** After a MPP-registered dairy operation is sold, the producers affiliation to that operation is severed and are **no** longer considered affiliated for purposes of establishing a new dairy operation.

C Affiliation Test Example

ABC Dairy Operation is comprised of Producer A (75 percent share) and Producer B (25 percent share). Producer A decides to build a new operation with a 100 percent share.

In this example, Producer A has more than a 50 percent interest in **both** ABC Dairy Operation and the new dairy operation. Therefore, Producer A fails the affiliation test and **cannot** register the new dairy operation in MPP-Dairy.
D Affiliation Test Example Scenarios

The following table provides examples of the outcome of various scenarios when applying the affiliation test to new dairy operations. An affiliation test outcome of “Fail”, in this table, indicates that the new operation must be disapproved for coverage under MPP-Dairy. See Exhibit 7 for additional affiliation examples.

<table>
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<th>Existing Dairy Operation</th>
<th>New Dairy Operation</th>
<th>Affiliation Test Outcome</th>
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<tr>
<td></td>
<td>Producer Alex</td>
<td>Producer Bob</td>
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<tr>
<td>50 %</td>
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<td>50 %</td>
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<td>40 %</td>
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E Not a New Dairy Operation

A dairy operation is not considered new if the dairy registered in MPP-Dairy 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
- spouse, child, or heir takes over the dairy operation for a decedent.
Foreign Entities and Foreign Persons

A Foreign Entities

A corporation or other entity shall be ineligible to receive MPP-Dairy 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 MPP-Dairy 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 MPP-Dairy benefits. Foreign stockholders or other types of members in the foreign entity that:

- do not contribute active personal labor are not eligible to receive MPP-Dairy 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 MPP-Dairy 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 MPP-Dairy 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 MPP-Dairy payments are made to producers that are nonresident aliens.
A Eligible Producer Definition

Eligible producer means, for MPP-Dairy 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 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.

B Estates and Trusts

An eligible producer may be an estate or trust.

MPP-Dairy 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 MPP-Dairy documents.
13 Producer Eligibility (Continued)

C Minors

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

D Deceased Producer

*--The heir or estate of a deceased producer must complete CCC-781 and CCC-782 (payments are issued from the contract), as a successor-in-interest for payments earned after the date--* of death, and CCC-783. MPP-Dairy participants shall use FSA-325, according to 1-CM.

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

See paragraph 55

E HELC and WC

HELC and WC provisions of 7 CFR Part 12 apply to MPP-Dairy benefits. To be eligible to receive MPP-Dairy 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

MPP-Dairy benefits are not subject to average AGI limitations.
A Ineligibility

Ineligible producers are producers who:

- do not meet the definition of eligible producer, according to paragraph 13
- are not a part of an eligible dairy operation, according to paragraph 10
- have insured active target marketings under LGM-Dairy
- 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-782’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.

15-19 (Reserved)
Part 3  Production History

20  Establishing Production History

A  Eligible Production History

Production history is established for a participating dairy operation by completing CCC-781, 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 MPP-Dairy purposes must 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 11

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 lbs. 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 53 for acceptable documentation requirements.

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 MPP-Dairy 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 the DIPP Program

- a loan made from a milk handler to a producer that temporarily compensates the dairy operation for contaminated or dumped milk production.
Establishing Production History for Existing Dairy Operations

A  Existing Dairy Operation Production History

To establish production history for an existing dairy operation, FSA will use the highest annual marketings from the following calendar years:

- 2011
- 2012
- 2013.

Note: If more than 1 separate and distinct dairy operation is in existence and operating at any time during the calendar years of 2011 through 2013 and have merged into 1 dairy operation before MPP-Dairy began, then the production histories from the separate and distinct operations may be combined and registered as 1 dairy operation under MPP-Dairy by combining the highest production from each year to determine the merged production history. Legitimate mergers of existing dairy operations, before MPP-Dairy began, are reviewable by COC for approval of the combined production history for the registering dairy operation.

B  Dairy Operations With Less Than 12 Months of Marketings in 2013

Dairy operations that began marketing milk anytime from January 2 through February 7, 2013, will not have an entire calendar year of marketings for 2013. Because a dairy operation under this scenario would be considered an existing dairy operation, it cannot have marketings extrapolated to a full year for purposes of establishing production history.

FSA will use actual milk marketings to establish the production history for an existing dairy operation that meets all of the following:

- has 12 months of milk marketings as of February 7, 2014
- does not have marketings in 2011 and 2012
- does not have a full year of marketings in 2013.

Example: ABC Dairy Operation begins marketing milk on February 2, 2013. FSA will use actual marketings from February 2 through December 31, 2013, to establish production history.
A New Dairy Operation Production History

A new dairy operation can establish production history based on either of the following:

- 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.

If the new dairy is occupying the land and facilities of a previously MPP registered dairy operation with an established CCC-approved production history that has not otherwise been sold or transferred, the dairy operation can do either of the following:

- establish new history according to this subparagraph

- take the already established CCC-approved production history of the vacated facility.

*--Note: Previously leased dairy operations that are relocating according to subparagraph 25E can establish new history if there is no established history at the vacated facility. Otherwise the relocating dairy must take the already established CCC-approved production history of the vacated facility.--*

B Pseudo 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 MPP-Dairy provisions, including, but not limited to, the following:

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

C 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. 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.
Establishing Production History for New Dairy Operations (Continued)

D  Seasonality Index

The seasonality index was created based on monthly milk production data from 2009 through 2013 to more accurately reflect annual dairy production fluctuations during different seasons of the year. The seasonality index is fixed through 2018 at the following rates.

<table>
<thead>
<tr>
<th>Month</th>
<th>Index</th>
<th>Month</th>
<th>Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td>.0844</td>
<td>July</td>
<td>.0840</td>
</tr>
<tr>
<td>February</td>
<td>.0782</td>
<td>August</td>
<td>.0831</td>
</tr>
<tr>
<td>March</td>
<td>.0872</td>
<td>September</td>
<td>.0795</td>
</tr>
<tr>
<td>April</td>
<td>.0854</td>
<td>October</td>
<td>.0820</td>
</tr>
<tr>
<td>May</td>
<td>.0883</td>
<td>November</td>
<td>.0800</td>
</tr>
<tr>
<td>June</td>
<td>.0841</td>
<td>December</td>
<td>.0838</td>
</tr>
</tbody>
</table>

E  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.
E 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 must 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.

F Example of Extrapolation Method for Nonseasonal Dairy Operation

ABC Dairy Operation begins marketing milk September 15, 2014, 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 lbs.</td>
<td>250,000 lbs.</td>
<td>259,000 lbs.</td>
<td>765,500 lbs.</td>
</tr>
<tr>
<td>Index Rate</td>
<td>.0820 Percent</td>
<td>.0800 Percent</td>
<td>.0838 Percent</td>
<td>.2458 Percent</td>
</tr>
<tr>
<td>Annual Production History</td>
<td></td>
<td></td>
<td></td>
<td>3,114,321 lbs.</td>
</tr>
</tbody>
</table>

Calculated: 765,500 ÷ .2458 = 3,114,321 lbs.

Note: Even if ABC Dairy Operation didn’t register for MPP-Dairy until the 2017 registration period, FSA must still use the full months of marketings from 2014, the year the dairy operation first began to market milk, to determine their annual production history using the extrapolation method.
Establishing Production History for New Dairy Operations (Continued)

G  Example of Extrapolation Method for Seasonal Dairy Operation

ABC Dairy Operation begins marketing milk March 2, 2015, and comes in to register for MPP-Dairy on July 10, 2015. 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>.0854 Percent</td>
<td>.0883 Percent</td>
<td>.0841 Percent</td>
<td>.2578 Percent</td>
</tr>
<tr>
<td>Annual Production History</td>
<td></td>
<td></td>
<td></td>
<td>2,217,481 lbs.</td>
</tr>
</tbody>
</table>

Note: 686,000 ÷ .2578 = 2,660,978 lbs. ÷ 12 = 221,748 x 10 = 2,217,481 lbs.

H  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

- based on annual milk production per cow available from the year preceding the current registration period, except for calendar year 2015.

Note: Because the registration period for 2014 and 2015 are concurrent, the same national rolling herd average will be used for both years.
Establishing Production History for New Dairy Operations (Continued)

I 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>Lbs. Per Cow</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>21,822 lbs.</td>
</tr>
<tr>
<td>2015</td>
<td>21,822 lbs.</td>
</tr>
<tr>
<td>2016</td>
<td>22,258 lbs.</td>
</tr>
<tr>
<td>2017</td>
<td>22,393 lbs.</td>
</tr>
<tr>
<td>2018</td>
<td><em>--22,774 lbs.--</em></td>
</tr>
</tbody>
</table>

J 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 lbs. per cow for the applicable calendar year of coverage; by
- the number of dairy cows in the herd, including dry cows and excluding heifers not yet fresh.

K Example of National Rolling Herd Average Method

ABC Dairy Operation has a 150 cow operation that began marketing milk on September 15, 2013. Using the national rolling herd average method, the production history for ABC Dairy Operation has been established at 3,273,300 lbs.

Note: 150 x 21,822 = 3,273,300 lbs.
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 reduced because of changes in national milk production
- only increase or “bump” up the established production history of the dairy operation to reflect any increase in the national average milk production, except for an intergenerational transfer according to paragraph 30.

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

B The Bump

The bump adjustment factor will:

- be determined annually from review of the national average milk production data provided by NASS
- be announced each year in May
- be applied to participating dairy operations in the coverage year subsequent to the coverage year of the dairy operation’s approved initial registration in MPP-Dairy, or annual coverage election on CCC-782 approved before November 1 of a current coverage year
- not retroactively apply to years before registration in MPP-Dairy
- not apply to applicants registering in MPP-Dairy for 2014
- apply to all applicants registering in MPP-Dairy for 2015
- not be applied to dairy operations establishing production history only
- not be applied to dairy operations registering after October 31, because eligibility for payment has ended for that coverage year
- not be applied for dairy operations in arrears that do not have an approved CCC-782 for the forthcoming coverage year.--*
C Determining the Bump

The bump factor is based on total milk production change from one 12-month-period to the next 12-month-period, April through March, **not** milk per cow. For example, the bump is determined from the NASS data from the following:

- April 2013 through March 2014 milk production and compare to April 2012 through March 2013 milk production to calculate the base factor increase for the 2015 registration and coverage election period

- April 2014 through March 2015 milk production will be compared to April 2013 through March 2014 milk production to calculate the base factor increase for the 2016 registration and coverage election period.

D Bump Factors

The bump for each applicable calendar year will be applied according to the rates in the following table.

<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><em>--1.0186--</em></td>
</tr>
</tbody>
</table>

E Example of the Bump

ABC Dairy Operation has an established and CCC-approved production history of 3 million lbs. and is applying during the 2014 and 2015 registration and coverage election period. The 2015 factor of 1.0087 is multiplied by the 3 million lbs. production history to determine the adjusted production history for 2015. In this example, 3,000,000 x 1.0087 = 3,026,100 lbs.
A Types of Production History Transfers

CCC-approved production history can be transferred as follows:

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

B Production History Transfer Requests

A production history transfer request must:

- be requested on automated CCC-781 in the MPP-Dairy automated software according to 2-MPP, or manual CCC-781 Continuation form according to Exhibit 11, if the automated software is unavailable

**Note:** Multiple CCC-781’s may be required if multiple registered dairies are involved.

- be thoroughly reviewed and approved by COC or designee

- have all associated premiums paid in full for the applicable calendar year of coverage for the transfer to be approved, except for relocation transfers.

**Note:** A dairy operation facility that is being rented or leased cannot transfer production history. The production history stays with the dairy operation facility, except if only a farm and tract change occurs because of a reconstitution, then the production history can transfer to the applicable reconstructed farm and tract.

C Non-Transferable Production History

If a participating MPP-Dairy operation purchases cows from another participating dairy operation that is either retiring or dissolving, the dairy operation that is purchasing the cows, may not transfer the production history established by the cows purchased to their dairy operation.

*--D Affiliated New Dairy Operation Production History Transfers

If the affiliation test does not apply to the purchase of a new dairy operation according to paragraph 11, the production history can only be established using the already established CCC-approved production history at the facility location of the purchased dairy operation. If the production history at the facility location is:

- inactive from a dissolution, death, or retirement, the production history must be reestablished according to paragraph 32

- active from the previous owner of the dairy operation, the production history must be transferred through an SII according to paragraph 29.
25 Production History Relocations

A Relocation Transfers

A participating dairy operation with a CCC-approved production history that relocates or otherwise moves their dairy operation to another location may do either of the following:

- transfer the production history of the original operation to the new location, if operation at the new location is not registered in MPP-Dairy
- transfer the production history of the original operation and add the production history to the production history of a MPP-Dairy-registered operation at the new location that has not been transferred.

Note: CCC-approved production history that is transferred to a new location is no longer available for use at the previous location.

B Relocation Transfer Example

ABC Dairy Operation has a CCC-approved production history of 10 million lbs. in County A and is relocating to an abandoned dairy facility not registered in MPP-Dairy in County B. ABC Dairy Operation submits a completed CCC-781 to the County A FSA Office. County A approves the production history relocation transfer to County B.

C Relocation and Merger Transfer Example

XYZ Dairy Operation has a CCC-approved production history of 5 million lbs. in County A and is relocating to a dairy facility with a CCC-approved production history of 7 million lbs. from a dairy operation that was previously registered in MPP-Dairy in County B. XYZ Dairy Operation submits a completed CCC-781 to the County A FSA Office requesting that their production history be merged with the production history from the previously registered dairy operation. County A approves the production history relocation transfer to County B and reestablishes the production history of XYZ Dairy Operation at 12 million lbs.

*--D Farm Transfers and Farm and/or Tract Reconstitutions

Completed farm transfer and/or reconstitutions must be recorded in the MPP-Dairy automated system, according to 2-MPP, to initiate a new CCC-781 and CCC-782 for the producers in the dairy operation to sign immediately following approval of the farm transfer and/or reconstitution.

The effective date recorded must be the date the actual farm transfer or farm and/or tract reconstitution was approved by COC.

Note: The date of signature on the new CCC-781 and CCC-782 must be a date that is on or after the effective date.--*
Production History Relocations (Continued)

--E Leased or Rented Dairy Operations

Leased dairy operations that are relocating to a different dairy operation location must complete CCC-783 to indicate their coverage intention for the remainder of the coverage year. The producers in the leased or rented dairy operation can elect either of the following:

- continue coverage for the remainder of the year
- terminate coverage for the remainder of the year and request a prorated refund, if applicable, based on the 2-month period following submission of CCC-783.

<table>
<thead>
<tr>
<th>IF there is…</th>
<th>THEN…</th>
</tr>
</thead>
<tbody>
<tr>
<td>production history established at the new location</td>
<td>the existing production history at the new location will become the new production history for the dairy operation.</td>
</tr>
<tr>
<td></td>
<td><strong>Note:</strong> The STO must contact the National Office to get the production history correctly entered in the MPP-Dairy automated system.</td>
</tr>
<tr>
<td>No production history established at the new location</td>
<td>the dairy operation can establish the new production history using methods available for new dairy operations according to <strong>subparagraph 22 A.</strong></td>
</tr>
</tbody>
</table>

26-27 (Reserved)
A Merger Transfers

Producers of more than 1 dairy operation that separately participate in MPP-Dairy may transfer the production histories of these dairy operations to merge them into 1 dairy operation.

Note: After production history has been merged it cannot be unmerged, reallocated, or used by another dairy operation.

B Merger Transfer Example

Three separately registered dairy operations under MPP-Dairy decide to pool their resources and build a brand new dairy operation. Operation A has an established CCC-approved production history of 2 million lbs., Operation B has an established CCC-approved production history of 1.5 million lbs., and Operation C has an established CCC-approved production history of 3 million lbs. Each dairy operation is required to submit a completed CCC-781, requesting the merger and describing the merger in detail in the “Remarks” section. After the merger is approved by FSA, a new CCC-781 with the combined production history of 6.5 million lbs. will be generated for all parties to sign.

C Merger Effective Date

FSA will recognize the merger and approve coverage for separately registered dairy operations combining production histories under MPP-Dairy 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.

Note: Since the merger date is not recognized until January 1, the individual contracts of the merging operations will be recognized through December 31.
A Succession-In-Interest Transfers for CY 2016 and Subsequent CY’s

Producers of a registered MPP-Dairy may transfer ownership of the dairy operation through sale or other transfer action that includes the established CCC-approved production history to the new owner of the operation. A dairy operation cannot transfer production history if only cows are purchased. Both land and cows must be purchased/acquired in a succession-in-interest transfer.--*

Note: Transfer or purchase actions that include established CCC-approved production history must be completed through a succession-in-interest change and is not subject to the affiliation test.

B Succession-In-Interest Effective Date

For a succession-in-interest to become effective immediately during a current year of coverage, all premiums must be paid in full so that any payment triggered will go to the successor-in-interest. Otherwise, the succession-in-interest transfer will not become effective until the next calendar year of coverage after all outstanding fees have been paid in full, and any payment triggered during the current year of coverage will be paid to the debtor of the outstanding fees.

A successor-in-interest becomes effective immediately for a dairy operation with CAT level coverage.

Example: A new owner succeeds a dairy operation effective March 3. The successor would be eligible for any payment triggered for the March/April pay period because the succession-in-interest immediately went into effect, and the previous owners did not owe any outstanding premium.

*--Note: Signatures from both the original owner and the successor or new owner are required on a new CCC-781. A new CCC-782 must be completed by the successor or new owner.--*

C Administrative Fee

A succession-in-interest does not require an additional administrative fee if the fee is already paid for the applicable coverage year before the succession-in-interest.

D Tax ID Changes

Participating dairy operations that remain the same but otherwise make a change to their tax identification number must be processed as a succession-in-interest.
A Intergenerational Transfers

A dairy operation may add to their CCC-approved production history for an intergenerational transfer when any of the following lineal descendants or their spouse joins a participating dairy operation:

- son
- daughter
- grandchild
- adopted child.

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.

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 current year in effect at the time of the intergenerational transfer; and
- 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:

- one-time increase of production history for the term of the program
- maximum increased quantity of up to 4 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.
Intergenerational Transfer Requirements

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

- Notify FSA according to subparagraph F on CCC-781 Continuation sheet according to Exhibit 11

- Provide documentation of the following:
  - Dairy operation’s current annual marketing as of the date of the intergenerational transfer
  - Purchase(s) of the dairy cows being added to the dairy operation by the new family member(s)
  - 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 53.

Retroactive Intergenerational Transfers

Participating dairy operations will only have an opportunity to increase their established production history during the 2017 registration and annual coverage election period if an intergenerational transfer occurred during any of the following time frames:

- 2014
- 2015
- January 1, 2016 through June 30, 2016.

Note: Retroactive payments based on the increase to the dairy operations established production history will not be issued.
F  FSA Notification of Intergenerational Transfers

A participating dairy operation must request an intergenerational transfer according to subparagraph 24B. Notification of the intergenerational transfer must 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>in calendar year 2014 or 2015</td>
<td>by the close of the registration and annual coverage election period for 2017 ***</td>
</tr>
<tr>
<td>January 1, 2016 through June 30, 2016</td>
<td>within 60 calendar days of the cow purchase(s).</td>
</tr>
<tr>
<td>on or after July 1, 2016</td>
<td>***</td>
</tr>
</tbody>
</table>

G  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:

- consecutive 2-month period following notification
- January 1 of the next coverage year following notification.

H  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>consecutive 2-month period following notification</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>January 1 of the next coverage year</td>
<td><em>--September 1 of the next coverage year.--</em></td>
<td></td>
</tr>
</tbody>
</table>
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 if 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 CCC-approved established 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 bought in to the operation by the new family member totals 100,000 pounds. The total of the current annual marketings (800,000 lbs.) plus the additional production from the new family member (100,000 lbs.) results in 900,000 lbs., which is less than the established production history of 1 million lbs. Therefore, this intergenerational transfer is not approved.---*
**J Approving Intergenerational Transfers**

COC or designee shall:

- be satisfied that all requirements in subparagraph D have been met before approving CCC-781 Continuation Sheet for an intergenerational transfer
- compare CCC-781 Continuation Sheet entries for intergenerational transfers with applicable verifiable documentation
- review calculations to ensure they are computed correctly according to subparagraphs B and I
- **not** approve CCC-781 Continuation Sheet for an intergenerational transfer not made timely according to subparagraph F
- **not** approve CCC-781 Continuation Sheet 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 I
- notify participants of the adverse decision according to 1-APP
- forward approved CCC-781 Continuation Sheets and all supporting documentation to the State Office MPP-Dairy specialist.

**K Updating Production History for Intergenerational Transfers**

MPP-Dairy automated software does not include an option for intergenerational transfers. As a result, manual adjustment of the established production history is required by the National Office. Therefore, to have the established production history adjusted, State Offices **must** submit the COC approved CCC-781 Continuation Sheet request for intergenerational transfers to the MPP-Dairy Application and Payment Problems SharePoint web site located at [https://sharepoint.fsa.usda.net/mgr/dafp/PECD/Payment Issues/default.aspx](https://sharepoint.fsa.usda.net/mgr/dafp/PECD/Payment Issues/default.aspx).

---

**31 Establishing Farm and Tract Numbers**

**A Farm and Tract Numbers**

County FSA Offices **must** do the following for each dairy operation:

- assign a FSA farm and tract number in MIDAS farm records
- establish and delineate according to 10-CM procedure
- be established in the dairy operations administrative State and County.

* * *
A Reestablishing Production History

A dairy operation that occupies a facility with inactive production history registered under MPP-Dairy that is left with the operation, can do either of the following:

- reestablish the inactive production history from the previously registered dairy operation with the last adjusted production history before the dairy operation became inactive

*--Note: This is the only option for affiliated producers that purchase a new operation with inactive production history and the affiliation test does not apply according to subparagraph 11 B.--*

- establish production history based on options available to new dairy operations according to paragraph 22 if the producers were not affiliated with the previous production history.

The selected option must be indicated on a manual CCC-781 Continuation sheet.

Production history that has been transferred and assumed by another MPP-registered dairy operation cannot be reestablished.

Note: If a deceased or retiring producer or dissolved dairy operation continues with coverage for the remainder of the year, their production history may not be transferred to the new dairy operation until the following calendar year of coverage.

B Reestablishing Production History for Affiliated Producer Example

ABC Dairy Operation, made up of Producer A and Producer B, has an established CCC-approved production history of 5 million lbs. Both Producer A and Producer B retire from the dairy business and sell their herd. The facility remains vacant for 1 year, but Producer B decides to get back in the business again at the same facility. Because Producer B is affiliated to the previous operation and established CCC-approved production history, FSA will reestablish the production history for the operation started by Producer B at the same 5 million lbs. production history.
C Reestablishing Production History for Non-Affiliated Producer Example

A facility with an established CCC-approved production history of 2 million lbs. is abandoned. XYZ Dairy Operation, a new dairy operation, wants to occupy the abandoned facility, but wants to modernize the facility and increase the capacity. Because the producers that are a part of XYZ Dairy Operation were not affiliated with the previously registered dairy operation they are electing to establish history based on the options available to new dairy operations rather than reestablish the production history of the dairy operation that previously occupied the abandoned facility.

D Determining Affiliation

Determining an affiliated producer for the purpose of reestablishing production history is not the same, and should not be confused with applying the affiliation test in subparagraph 11 B. County Offices must thoroughly check registered dairy operations from the same farm and tract number to determine if any producers are a part of a dairy operation re-occupying the vacated facility to determine if the dairy operation:

- must have the previous production history reestablished
- has the option to establish production history as a new dairy operation.

33-34 (Reserved)
Par. 35

**CCC-781, Margin Protection Program for Dairy Producers (MPP-Dairy) Production History Establishment**

A **CCC-781 Usage**

Form CCC-781 (Exhibit 10) must be completed by a participating dairy operation and used for the following purposes:

- initial establishment of production history for a participating dairy operation
- transferring production history
- merging production history
- *succession-in-interest of production history through sale or ownership transfer of the operation.*

B **Filing CCC-781**

FSA will allow any interested producers in a dairy operation to file CCC-781 without regard to whether or not the producer is registering the dairy operation in MPP-Dairy. Submission of a CCC-781 to determine the production history for a dairy operation does not register that production history or the dairy operation in MPP-Dairy, and as such, the production history cannot be used for sale, merger, or transfer.

**Note:** CCC-781 must be accompanied by CCC-782 (Exhibit 13) and administrative fee to be considered registered for MPP-Dairy.

C **County Office Initial Review of CCC-781’s**

County Offices shall review and determine the acceptability of each CCC-781 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-781’s thoroughly reviewed according to this subparagraph will be processed and signed by a CCC representative. CCC representative is COC, CED, or any permanent County Office employee.
### D Processing CCC-781’s

Following the initial review of CCC-781 according to subparagraph C, FSA will process CCC-781’s according to this table.

<table>
<thead>
<tr>
<th>IF CCC-781 is submitted during 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-781 does not register the dairy operation in MPP-Dairy</td>
</tr>
<tr>
<td>• CCC-782</td>
<td>• advise the applicant that CCC-781 must be accompanied by CCC-782 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>make an approval or disapproval determination of the established production history and file in the producer folder.</td>
</tr>
<tr>
<td>with:</td>
<td></td>
</tr>
<tr>
<td>• CCC-782</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-781’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.--*
E Obtaining CCC-781’s

Dairy operations can obtain CCC-781 to establish production history by any of the following methods:

- electronically from the following web sites:
  - dairy markets and policy web site at [http://dairymarkets.org/MPP/Tool/](http://dairymarkets.org/MPP/Tool/)

- from any County FSA Office as follows:
  - in person
  - by mail
  - by phone
  - by FAX.

F Signature Requirements

All producers who share in the risk of a dairy operation’s total production must certify to the information on CCC-781 before CCC-781 will be considered complete or approved by FSA.

County Offices shall follow 1-CM for the following:

- producer’s signature and authorization provisions
- persons signing CCC-781 in a representative or fiduciary capacity.
G 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 shall be performed before CCC-781 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-781 “Remarks” section
- **must not** be the same employee entering the data in the worksheet and/or automated software or approving CCC-781, except in 2-person offices, the approver may also be the second party reviewer.

36-39 (Reserved)
A Registration and Annual Coverage Election

A dairy operation registers for MPP-Dairy only 1 time and results in a contract with a multi-year obligation between CCC and the dairy operation. After the initial registration, the dairy operation must make a coverage election annually according to subparagraph 41D, through the termination date of MPP-Dairy. Registration and the annual coverage election are both:

- held concurrently on an annual basis
- made using CCC-782.

B Registration and Annual Coverage Election Periods

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Registration and Coverage Election Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>September 2 through December 5, 2014, extended through December 19, 2014</td>
</tr>
<tr>
<td>2015</td>
<td>September 2 through December 5, 2014, extended through December 19, 2014</td>
</tr>
<tr>
<td>2016</td>
<td>July 1 through September 30, 2015, extended through November 20, 2015</td>
</tr>
<tr>
<td>2017</td>
<td>July 1 through December 16, 2016</td>
</tr>
<tr>
<td>2018</td>
<td><em>--September 1 through December 15, 2017--</em></td>
</tr>
</tbody>
</table>

C Initial Registration

At the time of initial registration for MPP-Dairy, a dairy operation must:

- have submitted a completed CCC-781 according to paragraph 35
- make coverage elections and submit a completed CCC-782 according to paragraph 51
- pay a $100 administrative fee and agree to pay the administrative fee annually thereafter before the end of the applicable registration and coverage election periods, except that this will not apply for dairy operations that opt out for the 2018 coverage year--*
- certify that the dairy operation is commercially marketing milk at the time of each registration.

Note: Participation in MPP-Dairy for the duration of MPP-Dairy cannot be cancelled after registration has been finalized on COB on the last day of the registration and coverage election period.
Registering for MPP-Dairy (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-782 within the first 90 calendar days from the date on which the dairy
  operation first commercially markets milk

*--elect coverage that begins the next consecutive 2-month period following the submission
date of the registration and coverage election, if approved.--*

A new dairy operation that does not meet the 90 calendar day requirement to register cannot
register until the next registration and annual coverage election period for coverage for the
following calendar year.

E Registering Multiple Dairy Operations

To receive margin coverage under MPP-Dairy, 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-782 for each
operation to be eligible for coverage according to paragraph 50.
Electing Coverage

A Coverage Elections

During the initial registration and annual coverage election period, a participating dairy operation must elect on CCC-782, 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 $8 per cwt.)
- coverage percentage (25 to 90 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.

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-782 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.

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.
Electing Coverage (Continued)

C Coverage Period

The applicable year of coverage for approved CCC-782’s will be as follows:

- for 2014, September through December 2014
- for 2015 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 is required to update their coverage elections during the annual coverage election period. If the operation fails to file an update of its election during the annual coverage election period, the coverage level will result in loss of coverage for the relevant calendar year of coverage.

*--For the 2018 coverage year only, MPP-Dairy participants may opt out of the program by not making a coverage election during the applicable annual coverage election for 2018 coverage year.

The participating dairy operation must also, 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-782 for the applicable coverage year
- complete CCC-783 to dissolve the dairy operation and document circumstance in item 13
- re-establish production history according to paragraph 32 if the dairy operation resumes producing and commercially marketing milk.--*

E Coverage Election Reminder

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

- letter to remind participants to make coverage elections for the next calendar year of coverage by end of the forthcoming annual coverage election period
- CCC-782 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.
E Coverage Election Reminder (Continue)

See Exhibit 16 for an example of the annual coverage election reminder letters.

*--Note: County Offices are not required to send the coverage election reminder letter for the 2017 and 2018 coverage years by June 1 but must send the reminder letter before the last week of the registration and coverage election period for 2017 and 2018, unless otherwise notified by the National Office.--*

F Continuous Coverage

For participating dairy operations that want to continue or change coverage levels, the dairy operation may mail in applicable fees with the completed CCC-782 during the applicable registration and annual coverage election period without physically visiting the County Office.

Note: Annual coverage elections received by mail after the 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.

G Decision Tool

A web-based Decision tool has been developed that will allow dairy farmers to quickly and easily calculate their coverage needs under MPP-Dairy. The 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 www.fsa.usda.gov/mpptool.

Note: Users of the Decision tool bear the sole responsibility for the resulting decisions affecting their MPP-Dairy participation in MPP-Dairy and the Decision tool is in no way the advice of FSA.

H Regaining Coverage

A registered dairy operation that loses coverage for failure to make a coverage election or pay the annual administrative fee can regain coverage for the applicable coverage year, at CAT-level only beginning with the next consecutive 2-month period following completion of both of the following for the applicable coverage year:

- late payment of the administrative fee
- submission of completed CCC-782 with a CAT-level coverage election.

Note: Both actions must be completed by October 31 of the applicable coverage year to reinstate coverage and the dairy operation must not have an outstanding receivable in arrears from a previous calendar year of coverage.

*--CCC-782’s must not be disapproved for untimely payment of an administrative fee until after October 31 of the applicable coverage year, when coverage can no longer be regained.--*
A Margin Triggers

As part of the initial registration and annual coverage election process for MPP-Dairy, the participating dairy operation is required to select a level of coverage that will be the trigger for a margin payment. A participating dairy operation can select annually any of the following margin triggers:

- $4.00
- $4.50
- $5.00
- $5.50
- $6.00
- $6.50
- $7.00
- $7.50
- $8.00.

B Margin Trigger Elections

A participating dairy operation can only select 1 margin trigger level. Margin trigger elections cannot be split. For example, a dairy operation cannot purchase margin protection at a $4 margin trigger on 25 percent of production history and also have an $8 margin trigger on 50 percent of production history.
A Coverage Level Percentage

As part of the initial registration and annual coverage election process for MPP-Dairy, in addition to the requirements of paragraph 42, the participating dairy operation that elects a margin trigger above $4.00 is also required for buy up to select the percentage of production history that will be covered under MPP-Dairy. The coverage level percentage of production history that can be covered under MPP-Dairy can range as follows:

- 25 percent (minimum level coverage)
- 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 (maximum level coverage).

**Note:** The operation can only select annually 1 percentage of production history for coverage under MPP-Dairy.

B Determining Covered Production History

The covered production history under MPP-Dairy is determined by multiplying the coverage level percentage elected by the dairy operation by the CCC-approved 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 lbs. and elects a 75 percent coverage level. The dairy operation will have 7.5 million lbs. of their production history approved for coverage under MPP-Dairy.

**Note:** 10,000,000 x 75 percent = 7.5 million lbs.
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 90 percent of the operations production history.

B CAT Level Margin Trigger

CAT level coverage is the lowest level of protection offered under MPP-Dairy. The margin trigger for CAT level coverage is $4 per cwt. The dairy operation will be paid when the margin falls below $4.

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

• no premium is applicable.
A **Buy-Up Coverage**

Participating dairy operations may elect a higher margin trigger above the CAT level ($4 per cwt.), up to $8 per cwt. 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 a 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 4 million lbs. (40,000 cwt.) of covered production history and covered production history above 4 million lbs. Premium rates are in effect for the duration of MPP-Dairy as established in the following table.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>$4.00</td>
<td>None</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>$4.50</td>
<td>$0.008</td>
<td>$0.010</td>
<td>$0.020</td>
</tr>
<tr>
<td>$5.00</td>
<td>$0.019</td>
<td>$0.025</td>
<td>$0.040</td>
</tr>
<tr>
<td>$5.50</td>
<td>$0.030</td>
<td>$0.040</td>
<td>$0.100</td>
</tr>
<tr>
<td>$6.00</td>
<td>$0.041</td>
<td>$0.055</td>
<td>$0.155</td>
</tr>
<tr>
<td>$6.50</td>
<td>$0.068</td>
<td>$0.090</td>
<td>$0.290</td>
</tr>
<tr>
<td>$7.00</td>
<td>$0.163</td>
<td>$0.217</td>
<td>$0.830</td>
</tr>
<tr>
<td>$7.50</td>
<td>$0.225</td>
<td>$0.300</td>
<td>$1.060</td>
</tr>
<tr>
<td>$8.00</td>
<td>$0.475</td>
<td>$0.475</td>
<td>$1.360</td>
</tr>
</tbody>
</table>

**Note:** For the 2014 and 2015 calendar years **only**, the premiums for the first 4 million lbs. of *--eligible covered production history are reduced by 25 percent, except at the $8 per cwt. coverage level. The reduction has been applied to the rates displayed in the--* “Tier 1” column for 2014 and 2015 in this table and are displayed at the reduced rate.
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 43 B
- determining the amount of covered production history that is 4 million lbs. and less under Tier 1
- applying the rates under Tier 2 to the amount of covered production history that exceeds 4 million lbs., if applicable.

Note: The applicable Tier 1 rate is dependent upon the applicable calendar year of coverage because of the special reduction for 2014 and 2015 premium rates.

D Example of Determining Applicable Tier

A dairy operation with a production history of 10 million lbs. elects a coverage level of $6 and a 50 percent coverage percentage will pay a premium for covered production history determined at 5 million lbs., with 4 million lbs. attributed at the applicable lower Tier 1 premium rate that corresponds to the $6 margin trigger and the remaining 1 million lbs. attributed at the higher Tier 2 premium rate that corresponds to the $6 margin trigger.
A Administrative Fee

Dairy operations must pay an initial administrative fee to CCC in the amount of $100 to participate in MPP-Dairy at the time of initial registration. The administrative fee for each approved participating dairy operation is:

- *--required to be paid each year for the duration of MPP-Dairy, except for 2018 coverage year if dairy operation opts out--*
- nonrefundable
- required for each separately registered dairy operation
- never prorated.

B Administrative Fee Due Date

Annual administrative fees are due and payable to CCC, in person or by mail, to the administrative County FSA Office no later than COB on the last day of the applicable registration and annual coverage election period for each applicable calendar year of margin protection coverage under MPP-Dairy. See subparagraph 40 B for applicable dates. Administrative fees received by mail with a postmark of the applicable due date deadline shall be considered timely.

C Failure to Pay Administrative Fee

Failure to pay administrative fees due under MPP-Dairy by the last day of the applicable registration and annual coverage election period will result in the actions in the following table.

<table>
<thead>
<tr>
<th>IF participant fails to timely pay...</th>
<th>THEN the following will result...</th>
</tr>
</thead>
<tbody>
<tr>
<td>initial administrative fee</td>
<td>disapproval of CCC-782.</td>
</tr>
</tbody>
</table>
| annual administrative fee           | • *--disapproval of CCC-782 on or after November 1 of the applicable year of coverage if the administrative fee remains unpaid on November 1--*
|                                     | • loss of coverage under MPP-Dairy for the applicable calendar year of coverage |
|                                     | • establishment of a receivable in NRTRS on or after November 1 of the applicable calendar year of coverage. |

Note: Coverage lost under MPP-Dairy for failure to pay the administrative fee can only be regained according to subparagraph 41 H.
46 Annual Administrative Fees (Continued)

D Collecting Administrative Fees

Administrative fees collected in the County Office must be recorded in NRRS according to subparagraph 62 D.

Note: A printout or copy of the administrative payment receipt shall be attached to CCC-782 and filed in the producer folder.

47 Premium Fees for Buy-Up Coverage

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 in addition to the annual administrative fee. Premium fees for buy-up coverage 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>2014</td>
<td>100 percent due by COB December 5, 2014.</td>
</tr>
<tr>
<td>2015</td>
<td>Either of the following:</td>
</tr>
<tr>
<td></td>
<td>• 100 percent of the total premium before the end of the</td>
</tr>
<tr>
<td></td>
<td>registration and coverage election period for the applicable</td>
</tr>
<tr>
<td></td>
<td>calendar year of coverage</td>
</tr>
<tr>
<td></td>
<td>• at least 25 percent of the total premium by COB February</td>
</tr>
<tr>
<td></td>
<td>1 of the applicable calendar year of coverage and the balance</td>
</tr>
<tr>
<td></td>
<td>due June 1.</td>
</tr>
<tr>
<td></td>
<td>Note: Premiums are calculated to the whole dollar according</td>
</tr>
<tr>
<td></td>
<td>to normal rules of rounding.</td>
</tr>
<tr>
<td>2016 through 2018</td>
<td>100 percent due by September 1 of the applicable calendar</td>
</tr>
<tr>
<td></td>
<td>year of coverage.</td>
</tr>
</tbody>
</table>

A new dairy operation electing buy-up coverage that registers for 2016 or subsequent year coverage after September 1 must pay 100 percent of the prorated premium at the time of registration according to subparagraph 40 D.

B Premium Balances Due Date

All remaining 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 subparagraph 49 E for required County Office action. Premium balances outstanding:

• before September 1 will not be deducted from any MPP-Dairy payment triggered during the applicable calendar year of coverage

• 30 calendar days after September 1, see subparagraph 49 C for effects of failure to pay fees.
C Prorated Premiums for Buy-Up Coverage

Premiums for buy-up coverage will be prorated according to the following table.

<table>
<thead>
<tr>
<th>IF MPP-Dairy participant is…</th>
<th>THEN prorated period is…</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014 applicant</td>
<td>September through December 2014.</td>
</tr>
<tr>
<td>new dairy operation within first 90 calendar days of marketing milk</td>
<td>months remaining in applicable calendar year of coverage.</td>
</tr>
<tr>
<td>LGM-Dairy participant in 2014 and 2015</td>
<td>months remaining in applicable calendar year of coverage after target marketings have ended.</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-783 according to **Exhibit 17**
- calculated according to **subparagraph 55**
- recommended by COC
- forwarded for an approval determination to STC, unless authority to approve is delegated to COC or SED.

**Note:** See subparagraph 52 C and paragraph 55. Questionable cases may be forwarded to DAFP through PSD, according to **subparagraph 3 A**, for a determination.

E Collecting Premium Fees

Premium fees collected in the County Office shall be recorded in NRRS according to **subparagraph 62 D**.

**Note:** A printout or copy of payment receipt of all paid fees shall be attached to CCC-782 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.
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 elected trigger level
- multiplying the result by a proration factor, if applicable, according to subparagraph 48 D.

B Tier 1 Premium Fee Calculation Example

ABC Dairy Operation has an CCC-approved production history established at 4.4 million lbs. and has elected 90 percent coverage at a $6 coverage level during the 2016 coverage election period results in a total premium amount due of $2,178. The premium is calculated as follows:

- 4,400,000 x 90 percent = 3,960,000 lbs.
- 3,960,000 ÷ 100 = 39,600 cwt.
- 39,600 x $0.055 = $2,178.

C Tier 1 and Tier 2 Premium Fee Calculation Example

ABC Dairy Operation has an CCC-approved production history established at 16 million lbs. and has elected 40 percent coverage at a $5 coverage level during the 2016 coverage election period results in a total premium amount due of $1,960. The premium is calculated as follows:

- 16,000,000 x 40 percent = 6,400,000 lbs.
- 4,000,000 ÷ 100 = 40,000 cwt. (Tier 1)
- 2,400,000 ÷ 100 = 24,000 cwt. (Tier 2)
- 40,000 x $0.025 = $1,000 (Tier 1)
- 24,000 x $0.040 = $960 (Tier 2)
- $1,000 + $960 = $1,960.
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 remaining 2-month periods (1 through 6) in the applicable calendar year of coverage according to subparagraph 60 B
- dividing the calculated premium by 6
- multiplying the result by the determined number of remaining 2-month periods.

*--Results must be rounded to the nearest whole dollar according to normal rules of rounding.--*

**Note:** A consecutive 2-month period cannot be split.

---

E Prorated Premium Calculation Example for Calendar Year 2014--*

ABC Dairy Operation registers to participate in MPP-Dairy on November 19, 2014, for coverage in 2014 and the total actual premium is calculated to be $100,000. The prorated premium is determined to be due by this 2014 applicant is $33,333, calculated as follows:

- 2 consecutive, 2-month periods are determined to be remaining in calendar year 2014
- $100,000 ÷ 6 = $16,667
- $16,667 x 2 = $33,333.

*--**Note:** Since 2014 coverage is limited to only September through December, the proration for 2014 coverage year applicants will in all cases apply to the 2-month consecutive periods of September/October and November/December.

---

F Prorated Premium Calculation Example for Calendar Year 2015 and Subsequent Calendar Years

ABC Dairy Operation begins marketing milk on March 15, 2015, and enters the County Office on May 15, 2015, to register for MPP-Dairy coverage. The total premium calculated is $10,000. The prorated premium is determined to be due is $5,001, calculated as follows:

- 3 consecutive, 2-month periods remain in calendar year 2015 after coverage begins in July 2015 (July/August, September/October, and November/December)
- $10,000 ÷ 6 = $1,667
- $1,667 x 3 = $5,001.--*
A  Legal Obligation

A participating dairy operation that fails to pay a required administrative fee or applicable premium payment remains legally obligated to pay such administrative fee or premiums, as applicable. County Offices must establish a receivable in NRRS for any outstanding:

• --administrative fee due CCC on November 1 of the applicable calendar year of coverage, unless otherwise notified by the National Office

• premium fee due CCC on October 1 of the applicable calendar year of coverage, unless otherwise advised by the National Office when to establish the receivable

Note: This will be a manual process for 2016 and 2017 because 2015 contracts are not in the MPP-Dairy automated system.--*

B  Failure to Pay Administrative Fee

See subparagraph 46 C.

C  Failure to Pay Total Premium Fee for Buy-Up Coverage by September 1

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

• coverage reduction to CAT level for the remainder of the applicable calendar year of coverage

• loss of MPP-Dairy payments triggered at the buy-up level beginning with any payments for coverage calculated on or after October 1 of the applicable calendar year of coverage

• loss of eligibility for buy-up coverage for the next calendar year, if still in arrears after September 30

• --establishment of a receivable for the amount due on October 1 of the applicable coverage year, unless otherwise notified by the National Office.--*

Notes: A dairy operation that is still in arrears on or after November 1 of the current calendar year that has not been approved for the forthcoming coverage year will not be eligible to receive the national production history bump adjustment for the subsequent calendar year of coverage.
D Regaining Coverage

After coverage has been reduced to CAT level as a result of failure to timely pay a premium amount due, coverage cannot be regained at the original buy-up level for the remainder of the current coverage year.

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.

Any payments triggered at the buy-up margin trigger level at the time a dairy operation’s coverage has been reduced to CAT level will not be paid at the higher level retroactively after the full premium payment has been satisfied.

CCC-782 submitted during a coverage election period for the next coverage year must not be approved for buy-up if a dairy operation is still in arrears after the close of the coverage election period for that coverage year.

The only option to be considered for approval for the next coverage year is at the CAT-level effective the consecutive 2-month period following full satisfaction of all of the following:

- outstanding receivable
- administrative fee for the applicable coverage year
- submission of CCC-782 at CAT level for the next applicable coverage year.

Note: A participating dairy operation that loses coverage for nonpayment of an administrative fee due can regain coverage at CAT-level only for the applicable calendar year of coverage if paid after the date due according to subparagraph 41 H.

E 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.

See Exhibit 19 for an example of the premium due reminder letter. * * *

F SDA Farmers and Ranchers

Provisions to waive administrative and/or premium fees due by SDA farmers and ranchers under MPP-Dairy do not apply.
49  Effects of Failure to Pay Applicable Fees (Continued)

G Dishonored Checks

Checks submitted to pay MPP-Dairy 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.

*--H 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.--*#

50  LGM-Dairy Transition Process

A Duplicate Benefits

Producers may participate in either, but not both of the following:

- LGM-Dairy administered by RMA
- MPP-Dairy administered by FSA.

Note: Producers with separate and distinct dairy operations not registered in MPP-Dairy or that have an operation that fails the affiliation test may insure marketings from that separate operation in LGM-Dairy.

B LGM-Dairy to MPP-Dairy Transition Period

During the registration and annual coverage election period for 2014 and 2015 only, dairy producers with an active policy under LGM-Dairy who have target marketings insured into 2015, will be allowed to register to participate in MPP-Dairy while still meeting the contractual requirements of the LGM-Dairy insurance contract. The LGM-Dairy policy requirement for completing the active target marketings will conclude the producer’s coverage under LGM-Dairy to ensure transition to MPP-Dairy. Transition to MPP-Dairy may occur at the start of the next available 2-month consecutive period after all target marketings under LGM-Dairy are completed.

Note: LGM-Dairy producers that decide to participate in MPP-Dairy after the 2015 must register during the applicable registration and coverage election period and have all insured target marketings concluded by December 31 before the applicable calendar year of coverage begins.
LGM-Dairy Transition Process (Continued)

C LGM-Dairy to MPP-Dairy Transition Examples

Examples of the LGM-Dairy to MPP-Dairy are as follows.

- A producer purchases LGM-Dairy in May 2014 with target marketings through April 2015. Coverage under LGM-Dairy will conclude at the end of April 2015, and coverage under MPP-Dairy may begin in May 2015.

- A producer purchases LGM-Dairy in June 2014 with target marketings through May 2015. Coverage under LGM-Dairy will conclude at the end of May; however, coverage under MPP-Dairy may not begin until July 2015, resulting in a gap in coverage.

D LGM-Dairy to MPP-Dairy Registration

LGM-Dairy participants that register for MPP-Dairy must do the following:

- agree not to extend or obtain new LGM-Dairy coverage while a participant in MPP-Dairy
- pay $100 administrative fee
- pay prorated premium, if applicable, for remaining months of coverage under MPP-Dairy after LGM-Dairy coverage has concluded.

*--E Coverage Year 2018 Opt Out

Dairy operations that opt out of the MPP-Dairy Program for 2018 will be eligible to participate in LGM-Dairy beginning with the November 2017 sales period, with insurance coverage beginning in January 2018. This will allow producers to transition from MPP-Dairy to LGM-Dairy without a lapse in coverage and will ensure MPP-Dairy and LGM-Dairy coverage does not overlap.--*
50  LGM-Dairy Transition Process (Continued)

E  LGM-Dairy Participant Verification

County Office must verify if an MPP-Dairy applicant has any producers in the dairy operation with an active policy under LGM-Dairy by:

- checking the LGM-Dairy listing provided by the National Office to determine if any producer on the list is a part of a registering dairy operation

- requiring proof, to the satisfaction of COC, of the completion of target marketing months under LGM-Dairy for any producer:
  - found on the LGM-Dairy listing
  - indicated on CCC-782, item 11.

Note: PSD will either distribute the LGM-Dairy Listing by e-mail to State Offices on a monthly basis for dissemination to County Offices or make the listing available on the MPP-SharePoint site.
A CCC-782 Usage

CCC-782 (Exhibit 13) must be completed by a participating dairy operation and is used for the following purposes:

- initial new contract registration of the dairy operation under MPP-Dairy
- annual coverage elections
  * * *
- contract revisions.

B Filing CCC-782

Producers in participating dairy operations must file CCC-782 in the producer’s administrative County FSA Office.

Note: CCC-781 must be accompanied by CCC-782 and administrative fee to be considered for approval and registered for MPP-Dairy.

C Obtaining CCC-782

Eligible dairy operations can obtain CCC-782 to register for MPP-Dairy by any of the following methods:

- electronically from the following web sites:
  - eForms web site at http://forms.sc.egov.usda.gov/eForms/welcomeAction.do?Home
  - dairy markets and policy web site at http://dairymarkets.org/MPP/Tool/
- from any County FSA Office as follows:
  - in person
  - by mail
  - by telephone
  - by FAX
  - by e-mail.
D Signature Requirements

All producers who share in the risk of a dairy operation’s total production must certify to the information on CCC-782 before CCC-782 will be considered complete or approved by FSA.

County Offices shall follow 1-CM for the following:

- producer’s signature and authorization provisions
- persons signing CCC-782 in a representative or fiduciary capacity
- payment of amounts due for persons who have died, disappeared, or have been declared incompetent.

E Approving CCC-782

COC or designee shall:

- be satisfied that all applicable MPP-Dairy eligibility requirements of Part 2 have been met before approving the applicable CCC-782
- not approve the CCC-782 without an approved CCC-781
- not approve the CCC-782 without payment of the administrative fee
- not approve the CCC-782 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-782’s 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 signed CCC-782
- complete CCC-770 MPPL (Exhibit 26) according to paragraph 63
- provide CCC-782 Appendix (Exhibit 22) to contact producer for the dairy operation at the time operation registers for coverage under MPP-Dairy
- not approve CCC-782 if premiums are not paid in full for the previous coverage year.
G 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-782 shall be performed each coverage year against the data entered in the worksheet and/or automated software. The reviewer must:

- compare data entries are consistent with data from CCC-782
- initial in CCC-782 “Remarks” section
- not be the same employee entering the data in the worksheet and/or automated software or approving CCC-782.

*--Note: A second party review is only required for manual CCC-782’s.--*

H Withdrawing CCC-782

A CCC-782 can be withdrawn only during the initial first-time registration of the dairy operation in MPP-Dairy.

Note: The administrative fee paid for a withdrawn CCC-782 will not be refunded.

Producers in the dairy operation must request, in writing in CCC-782 “Remarks” section, that they are withdrawing CCC-782 from MPP-Dairy and sign and date beside the written statement. County Offices shall write “withdrawn” across the front of CCC-782 and file in producer folder.
Completing CCC-782 When the Producer Is an Individual or a Legal Entity

When an individual or a legal entity with a valid taxpayer identification number is the producer of the dairy operation, CCC-782, Part F, 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-782, Part F.

Completing CCC-782 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 MPP-Dairy, CCC-782, Part F, must be signed by all producers who share in the dairy operation.

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

Completed CCC-782 Examples

See the applicable Exhibit 13 subparagraph for an example of a completed CCC-782 when the dairy operation producer is the following:

- an individual (Exhibit 13 subparagraph C)
- a joint venture (Exhibit 13 subparagraph D)
- a legal entity (Exhibit 13 subparagraph E)
- a legal entity and joint operation (Exhibit 13, subparagraph F).--*
CCC-781 Actions When CCC-782 is Modified

CCC-781 production history transfers provided in subparagraph 24A also require CCC-782 updated with the following:

- producer signature and date
- CCC determination.
B Contract Revisions

A participating dairy operation may make contract revisions to CCC-782 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>Next 2-month consecutive period following date of CCC-782 submission for type action.</td>
</tr>
<tr>
<td>Shareholder and/or Producer</td>
<td>Next 2-month consecutive period after both of the following:</td>
</tr>
<tr>
<td></td>
<td>• premiums are paid in full</td>
</tr>
<tr>
<td></td>
<td>• date of CCC-782 submission for type action.</td>
</tr>
<tr>
<td>Dairy Operation TIN</td>
<td>According to subparagraph 29B</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>
<tr>
<td>Farm and/or Tract</td>
<td>Immediately.</td>
</tr>
</tbody>
</table>

Note: Some CCC-782 revisions may require immediate update of SCIMS and/or Farm Records.

*C Retirement, Death, or Dissolution, and Leased Operation Relocations--*

Producers in a participating dairy operation must notify FSA immediately of any changes that may affect their participation in MPP-Dairy. In cases where a dairy producer on CCC-782 dies, retires, otherwise permanently goes out of business and dissolves the operation, or is relocating a leased dairy operation according to subparagraph 25 E, the dairy operation, or estate of the decedent, may request on CCC-783, the following according to paragraph 55:

- continuation of contract coverage under CCC-782 for the remainder of the coverage year

Note: All premium fees must be current by September 1 to continue buy-up level coverage for the remainder of the coverage year.

- termination of MPP-Dairy contract for the remainder of the coverage year--*

- waiver of any outstanding fees

- refund of any fully paid premium for the consecutive 2-month periods remaining in the calendar year of coverage.

Note: See subparagraph 47D.
Supporting Documentation

A Evidence of Marketed Production

Dairy operations completing CCC-781 must provide verifiable evidence of the operation’s commercial marketings to be used in establishing a production history according to Part 2.

The evidence of marketed production must 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 must be provided to the County Office before a 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 must be adequate proof, to the satisfaction of the COC.

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 must be submitted.
Supporting Documentation (Continued)

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-781 and CCC-782
  - in the software application.

Attach all supporting documentation to CCC-781 and CCC-782.
E Production and Certification Discrepancies

All production and certification discrepancies **must** be resolved to the satisfaction of COC before approving a registering dairy operation or issuing any payment. COC **must** 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 **must** be refunded.

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

F Suspected Cases of MPP-Dairy 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 MPP-Dairy coverage or payments, further action is **necessary**. This does **not** include unintentional reporting or certification errors, unless the errors are so great they impact MPP-Dairy 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-781 ***.

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
- e-mail
- FAX.

See Exhibit 23 for an example of acceptable production evidence.

H  Maintenance and Inspection of Records

Participating dairy operations are required to do the following:

- maintain accurate records and accounts for 3 years after the date of MPP-Dairy 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 lbs. Use the weight measurement indicated on the marketing evidence as the same unit of measure (lbs., gallons, etc.) in the conversion. Lbs. will be converted to fluid milk lbs. 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 Lbs. to Fluid Milk Lbs.

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

Example: A dairy operation provides the County Office with production evidence of 300 lbs. of commercially marketed cheese during any given month. Multiply *--300 by 10.5 to get a total of 3,150 lbs. 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 for the applicable dairy product provided in subparagraph A.

**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 to get a total of 180 gallons of milk.

Conversions from gallons to gallons **must** be further converted to lbs. of eligible production according to subparagraph D.

D Conversion From Gallons to Eligible Lbs. of Production

Production evidence received from producers that indicate gallons **must** be converted to lbs. A conversion rate of 8.6 lbs. 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 lbs. 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 to get a total of 1,548 lbs. of eligible production.
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, permanent dissolution of the operation, or if a leased dairy is relocating on CCC-783 (Exhibit 17). CCC-783 will be considered notification to FSA of the death, retirement, dissolution or relocation of a leased dairy operation and identify the producers or decedents estate intention to resolve contract coverage for the remainder of the coverage year following death, retirement, dissolution or lease relocation of the dairy operation.

If notification on CCC-783 occurs on or after July 1 of a current coverage year and a dairy operation elects on CCC-783 to continue coverage for the remainder of the current coverage year, but the dairy operation has already submitted CCC-782 for the subsequent coverage year, then CCC-783 will be required for both the current coverage year and the subsequent coverage year. However, if the dairy operation elects on CCC-783 to terminate coverage for the remainder of the current coverage year, then CCC-783 is only required for the current coverage year being terminated. CCC-783’s received after November 1 must enter the subsequent coverage year in item 6. For example, CCC-783 submitted December 2, 2016, will enter coverage year 2017 in item 6.

B Options for Lease Relocation, 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 or is relocating a leased dairy operation that has CAT level coverage has the following options:

- continue coverage for remainder of calendar year
- discontinue coverage for remainder of calendar year
- succeed interest in dairy operation to new owner/buyer.

Note: If succeeding interest to a new owner and/or buyer, CCC-783 is not required for dissolution, death, or retirement.

C Options for Lease Relocation, 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 or is relocating to leased dairy operation that has premium buy-up level coverage can elect either of the following options:

- continue contract coverage under CCC-782 for the remainder of the coverage year

Note: All premium fees must be current by September 1 to continue coverage for the remainder of the coverage year following retirement or dissolution.
C Options for Lease Relocation, Deceased or Retiring Producer and Dissolving Operation with Premium Coverage (Continued)

- terminate contract coverage under CCC-782 for the remainder of the coverage year and either request, based on the next consecutive 2-month period following submission of CCC-783 to the County Office:
  - a waiver of obligation to pay outstanding premium fees

  **Note:** The dairy operation may be entitled to a partial refund or may be required to pay a portion of the obligation depending on date of submission of CCC-783. See subparagraph F.

- a prorated refund of fully paid premium fee.

  **Note:** A termination of contract coverage will automatically cancel any CCC-782 for a subsequent coverage year.

D Continuing Coverage Option

The production history of a dairy operation that continues coverage for the remainder of a calendar year cannot be utilized by a new dairy operation on the same farm and tract until the next calendar year of coverage.

If a dairy operation submits CCC-783 electing to continue coverage after CCC-782 for a subsequent coverage year has been submitted to a County Office, the dairy operation **must** also submit CCC-783 for that applicable subsequent coverage year.

E Calculating Amount of Waiver or Refund

The amount of a waived premium obligation or refund is determined based on the consecutive 2-month period following submission of CCC-783 to FSA County Office and calculated as follows:

- prorate the total calculated premium by dividing by 6
- multiply the result by the number of consecutive 2-month periods both:
  - remaining in calendar year of coverage following submission of CCC-783 and round to the whole dollar
  - preceding submission of CCC-783 and round to the whole dollar
- subtract any premium payment made from the prorated total of 2-month consecutive periods preceding submission of CCC-783
Death, Retirements, Dissolutions, and Leased Operation Relocations (Continued)

E Calculating Amount of Waiver or Refund (Continued)

- require the producer to remit payment for any 2-month consecutive period for which the dairy operation is covered preceding submission of CCC-783

Note: Establish receivable according to subparagraph 49 A if outstanding premium balance due is not paid by September 1 of the applicable coverage year.

- refund or waive, as applicable according to delegation authority provided in subparagraph 47 D, any amount of prorated coverage for the number of 2-month consecutive periods following submission of CCC-783, according to 2-MPP, paragraph 88.

Note: Two-month consecutive periods cannot be split. Therefore, if CCC-783 is submitted in the first month of a 2-month pair, the producer will have to continue coverage for the full 2-month period.

F Example of Producer Payment and Partial Refund

Producer A registered for coverage year 2015 and elected premium buy-up coverage. Producer A’s total premium was calculated at $1,200 and his minimum 25 percent payment was made in the amount of $300 by February 1 as required. Producer A retires from producing and commercially marketing milk on May 10 and submits his CCC-783 notification on May 28 requesting a waiver of the remaining premium obligation. The County Office shall:

- prorate the total premium by dividing $1,200 by 6 to get a result of $200

- multiply the result by the:
  - 3 two-month pairs including and preceding May 28 for a result of $600
  - 3 two-month pairs following May 28 for a result of $600

- subtract $300 previously paid from the $600 of prorated coverage for the 2-month pairs preceding May 28

- require Producer A to submit $300 for that coverage period

- waive the remaining $600 for the remaining months the producer is terminating coverage.
G  Example of Prorated Refund of Fully Paid Premium

Producer B registered for coverage year 2015 and elected premium buy-up coverage. Producer B’s total premium was calculated at $5,000, which she paid in full at the time of registration. Producer B decides to no longer produce and commercially market milk, dissolves the dairy operation March 2, and submits CCC-783 on March 15 requesting a refund of the premium for the remaining months in the calendar year of coverage. The County Office shall:

- prorates the total premium by dividing $5,000 by 6 to get a result of $833
- multiply the result by the:
  - 2 two-month pairs including and preceding March 15 for a result of $1,667
  - 4 two-month pairs following March 15 for a result of $3,333
- refund $3,333 to Producer B for the remaining months the producer is terminating coverage.

H  Payments Triggered Prior to Contract Termination

Producers in a dairy operation that terminate coverage before December 31 will receive payment if triggered for a consecutive 2-month period preceding contract termination.

56-59  (Reserved)
Part 5  MPP-Dairy Payments

60  Actual Dairy Production Margin

A  Determining the Margin

MPP-Dairy supports producer margins and is designed to address conditions of low milk prices and/or high feed costs that result in periods of low margins. The “margin” is determined from both of 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.

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 per cwt. and the calculated average feed cost for the same month is $12 per cwt., the “actual dairy production margin” is $8 per cwt.

Note:  USDA will determine the actual dairy margin using the average of the full-month price for a specified consecutive 2-month period, according to subparagraph B.
Actual Dairy Production Margin (Continued)

B Consecutive 2-Month Periods

*--MPP-Dairy provides a calendar year of coverage, except for 2014. The actual dairy production margin is calculated based on the average of the all-milk price and the average--*

of the average feed cost for each of the following consecutive 2-month periods:

- January and February
- March and April
- May and June
- July and August
- September and October
- November and December.

C Calculating the Margin for a Consecutive 2-Month Period

*--The actual dairy production margin for each consecutive 2-month period is determined by--*

subtracting the average:

- the average feed cost for that consecutive 2-month period, from
- the average all milk-price for that consecutive 2-month period.

D Example of Calculating the Margin for a Consecutive 2-Month Period

The following table provides an example of how to calculate the margin for a consecutive 2-month period.

<table>
<thead>
<tr>
<th>Month and Year</th>
<th>All-Milk Price</th>
<th>Calculated Average Feed Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>January 2015</td>
<td>$17.60</td>
<td>$9.26432</td>
</tr>
<tr>
<td>February 2015</td>
<td>$16.80</td>
<td>$9.14461</td>
</tr>
<tr>
<td>Average Calculation</td>
<td>$17.60 + $16.80 = $34.40</td>
<td></td>
</tr>
<tr>
<td></td>
<td>$34.40 ÷ 2 = $17.20</td>
<td></td>
</tr>
<tr>
<td></td>
<td>$17.20</td>
<td>$9.204465</td>
</tr>
<tr>
<td>Actual Dairy Production Margin</td>
<td>$17.20 - $9.204465 = $7.99554</td>
<td></td>
</tr>
<tr>
<td>Actual Dairy Production Margin for January and February 2015</td>
<td>$7.99554</td>
<td></td>
</tr>
</tbody>
</table>
A MPP-Dairy Payment Trigger

A participating dairy operation shall receive an MPP-Dairy payment whenever the average actual dairy production margin for a consecutive 2-month period is less than the coverage level threshold selected by the participating dairy operation. The payment rate will be rounded 5 places to the right of the decimal.

*--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 90 percent, of the established production history. See subparagraph D for an example.--*

B Determining Payment Amount

MPP-Dairy 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>Determine the amount by which the coverage level (margin trigger) selected exceeds the average actual dairy margin for a consecutive 2-month period.</td>
</tr>
<tr>
<td>2</td>
<td>Multiply the established production history by the coverage percentage elected by the dairy operation.</td>
</tr>
<tr>
<td>3</td>
<td>Divide the result of step 2 by 100 to determine the cwt.</td>
</tr>
<tr>
<td>4</td>
<td>Divide the result of step 3 by 6.</td>
</tr>
<tr>
<td>5</td>
<td>Multiply the result of step 4 by the result of step 1.</td>
</tr>
<tr>
<td>6</td>
<td>Multiply the result of step 5 by the producer share on the contract. Round result to whole dollars.</td>
</tr>
</tbody>
</table>

C MPP-Dairy Payment Calculation Example

ABC Dairy Operation has an established production history of 4.4 million lbs., and has elected $8 margin trigger at a 90 percent coverage level. The January and February margin has been determined to be $7.99554. The payment triggered for the dairy operation is $29 calculated as follows:

- $8 - $7.99554 = $0.00446 (step 1)
- 4,400,000 lb. x 90 percent = 3,960,000 lb. (step 2)
- 3,960,000 lb. ÷ 100 = 39,600 cwt. (step 3)
- 39,600 cwt. ÷ 6 = 6,600 cwt. (step 4)
- 6,600 cwt. x $0.00446 = $29.44 (step 5)
- $29.44 x 100 percent = $29.44 round to $29 (step 6).

Note: The result must:

- be rounded to the whole dollar using normal rounding rules
- reduced by applicable sequestration percentage according to subparagraph 62 G.
MPP-Dairy Payments and Calculations (Continued)

*--D  Premium and CAT Coverage Payment Calculation Example

ABC Dairy operation established production history of 3 million lbs. and elected at a $6 margin trigger at 50 percent coverage percentage. The January/February 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 calculate for the next 40 percent at the CAT level for total coverage at 90 percent. The payment triggered for the dairy operation is $7,250 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 - $3.50 = $2.50</td>
<td>$4 - $3.50 = $0.50</td>
</tr>
<tr>
<td>2</td>
<td>3,000,000 lbs. x 50 percent = 1,500,000 lbs.</td>
<td>3,000,000 lbs. x 40 percent - 1,200,000</td>
</tr>
<tr>
<td>3</td>
<td>1,500,000 lbs. ÷ 100 = 15,000 cwt</td>
<td>1,200,000 lbs. ÷ 100 = 12,000 cwt</td>
</tr>
<tr>
<td>4</td>
<td>15,000 cwt ÷ 6 = 2,500 cwt</td>
<td>12,000 cwt ÷ 6 = 2,000 cwt</td>
</tr>
<tr>
<td>5</td>
<td>2,500 cwt x $2.50 = $6,250</td>
<td>2,000 cwt x $0.50 = $1,000</td>
</tr>
<tr>
<td>6</td>
<td>$6,250 x 100 percent = $6,250</td>
<td>$1,000 x 100 percent = $1,000</td>
</tr>
<tr>
<td>7</td>
<td>$6,250 + $1,000 = $7,250 total payment to dairy operation</td>
<td></td>
</tr>
</tbody>
</table>

E  Payment Schedule

The following table provides a schedule of MPP-Dairy payments.

<table>
<thead>
<tr>
<th>2-Month Period</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 and February</td>
<td>March</td>
<td>April.</td>
<td>1</td>
</tr>
<tr>
<td>March and April</td>
<td>May</td>
<td>June.</td>
<td>2</td>
</tr>
<tr>
<td>May and June</td>
<td>July</td>
<td>August.</td>
<td>3</td>
</tr>
<tr>
<td>July and August</td>
<td>September</td>
<td>October.</td>
<td>4</td>
</tr>
<tr>
<td>September and October</td>
<td>November</td>
<td>December.</td>
<td>5</td>
</tr>
<tr>
<td>November and December</td>
<td>January</td>
<td>February.</td>
<td>6</td>
</tr>
</tbody>
</table>
A Prompt Payment Provisions

Prompt payment interest will apply to MPP-Dairy 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 Assignments, Joint Payments and Offsets

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 “XXMPPD” when entering information in FSA Financial Services for new assignments or joint payments for MPP-Dairy. Replace “XX” with the appropriate MPP-Dairy contract year.

C Accounting Program Code

The alpha and numeric accounting program code for MPP-Dairy is “XXMPPD (8025)”. Replace “XX” with the appropriate MPP-Dairy contract year.

D Program Codes for Recording Receipts in NRRS

The following table provides program codes for recording receipts in NRRS as “Direct Sales” for MPP-Dairy administrative fee and additional premium collections for 2014 *--and 2015 only.--*

<table>
<thead>
<tr>
<th>Program</th>
<th>Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>MPP-Dairy Administrative Fee for 2014</td>
<td>14MPPPADMINFEE</td>
</tr>
<tr>
<td>MPP-Dairy Administrative Fee for 2015</td>
<td>15MPPPADMINFEE</td>
</tr>
<tr>
<td>MPP-Dairy Premium Collection for 2014</td>
<td>14MPPDPREMTEE</td>
</tr>
<tr>
<td>MPP-Dairy Premium Collection for 2015</td>
<td>15MPPDPREMTEE</td>
</tr>
</tbody>
</table>

See 64-FI for additional guidance.
E  Advance Payments

Advance payments will not be issued for MPP-Dairy.

F  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. All producers receiving benefits under the MILC Program must file SF-1199A according to 1-FI, Part 3.

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

G  Sequestration

Payments under MPP-Dairy 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.--*

H  Refunding Payments to CCC

For dairy operations that must 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.

I  Program Codes for Establishing Receivables in NRRS

County Offices shall use program code “15MPPDPREMFEE” (Margin Protection Program-Dairy Premium Fee) to establish a manual receivable in NRRS for coverage year 2015 only.

*--Administrative and premium fees must be manually recorded in NRRS using applicable program codes as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Fee</th>
<th>Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>Administrative</td>
<td>16MPPDADMFE</td>
</tr>
<tr>
<td>2016</td>
<td>Premium</td>
<td>16MPPDPREMFE</td>
</tr>
<tr>
<td>2017</td>
<td>Administrative</td>
<td>17MPPDADMFE</td>
</tr>
<tr>
<td>2017</td>
<td>Premium</td>
<td>17MPPDPREMFE</td>
</tr>
</tbody>
</table>
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 MPPD (Exhibit 26), was developed to address areas of concern to ensure MPP-Dairy payments are issued properly to the intended recipient.

B General Information

It is not the intent that CCC-770 MPPD to supersede or replace procedure. County Offices shall use CCC-770 MPPD in administering MPP-Dairy during registration and annual coverage election.

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

C Using CCC-770 MPPD

CCC-770 MPPD (Exhibit 26) developed by the National Office is the only authorized checklist for MPP-Dairy. County Offices shall not use State or locally generated checklists for MPP-Dairy.

County Offices shall:

- complete one CCC-770 MPPD for the first 5 dairy operations applying for CAT level coverage per calendar year
- complete 1 CCC-770 MPPD for the first 5 dairy operations applying for buy-up coverage per calendar year
- *--have each CCC-770 MPPD completed by the County Office also reviewed and approved by DD or designee--*
- see Exhibit 26 for instructions on completing CCC-770 MPPD
- maintain CCC-770 MPPD with each CCC-782 in the producer’s MPP-Dairy folder.
Reports, Forms, Abbreviations, and Redegulations 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>13, 62</td>
</tr>
<tr>
<td>CCC-781</td>
<td>Margin Protection Program for Dairy Producers (MPP-Dairy) Production History Establishment</td>
<td>Ex. 10</td>
<td>Text</td>
</tr>
<tr>
<td>CCC-782</td>
<td>Margin Protection Program for Dairy Producers (MPP-Dairy) Contract and Annual Coverage Election</td>
<td>Ex. 13</td>
<td>Text</td>
</tr>
<tr>
<td>CCC-782</td>
<td>Margin Protection Program for Dairy Producers Terms and Conditions</td>
<td>Ex. 22</td>
<td>51</td>
</tr>
<tr>
<td>CCC-770</td>
<td>Margin Protection Program for Dairy Producers (MPP-Dairy) Checklist</td>
<td>Ex. 26</td>
<td>51, 63</td>
</tr>
<tr>
<td>CCC-783</td>
<td>Margin Protection Program for Dairy Producers (MPP-Dairy) Death, Retirement, or Dissolution Notification</td>
<td>Ex. 17</td>
<td>47, 55</td>
</tr>
<tr>
<td>Automated</td>
<td>Farm Operating Plan for Payment Eligibility – 2014 and Subsequent Program Years</td>
<td></td>
<td>12</td>
</tr>
<tr>
<td>CCC-902</td>
<td>Application for Payment of Amounts Due Persons Who Have Died, Disappeared, or Have Been Declared Incompetent</td>
<td></td>
<td>13</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>LGM-Dairy</td>
<td>Livestock Gross Margin for Dairy Program</td>
<td>Text, Ex. 13</td>
</tr>
<tr>
<td>MPP-Dairy</td>
<td>Margin Protection Program for dairy producers</td>
<td>Ex. 10, 13</td>
</tr>
<tr>
<td>MPPD</td>
<td>Margin Protection Program Dairy</td>
<td>51, 63, Ex. 26</td>
</tr>
</tbody>
</table>
Redelegations of Authority

The authority to approve or disapprove all CCC-781’s, CCC-782’s, and all other applicable MPP-Dairy forms and documents may be redelegated, in writing, to the next authority, except CCC-781’s and CCC-782’s in which the person approving has a monetary interest, according to subparagraphs D and E 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 MPP-Dairy, or from reversing or modifying any determinations made by STC, COC, or designee.
Definitions of Terms Used in This Handbook

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 12C
- 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.
Affiliation Test Examples

The following are examples of the affiliation test.

<table>
<thead>
<tr>
<th>Common members are circled</th>
<th>EXISTING OPERATION</th>
<th>NEW OPERATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Example #1 (Affiliation rule)</td>
<td>Operation A</td>
<td>Operation B</td>
</tr>
<tr>
<td>Individual A 100%</td>
<td>Individual A 100%</td>
<td></td>
</tr>
</tbody>
</table>

Collective Shares Of Common Members
Are both shares greater than 50%? 100% 100%
If NO, new operation meets affiliation test; if YES, new operation fails affiliation test. YES Fails

Example #2 (Affiliation rule)

<table>
<thead>
<tr>
<th>EXISTING OPERATION</th>
<th>NEW OPERATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operation C</td>
<td>Operation D</td>
</tr>
<tr>
<td>Individual A 90%</td>
<td>Individual B 10%</td>
</tr>
<tr>
<td>Individual B 10%</td>
<td>Individual B 100%</td>
</tr>
</tbody>
</table>

Collective Shares Of Common Members
Are both shares greater than 50%? 10% 100%
If NO, new operation meets affiliation test; if YES, new operation fails affiliation test. NO Meets

Example #3 (Affiliation rule)

<table>
<thead>
<tr>
<th>EXISTING OPERATION</th>
<th>NEW OPERATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operation E</td>
<td>Operation F</td>
</tr>
<tr>
<td>Individual A 100%</td>
<td>Individual A 90%</td>
</tr>
<tr>
<td>Individual B 10%</td>
<td>Individual B 10%</td>
</tr>
</tbody>
</table>

Collective Shares Of Common Members
Are both shares greater than 50%? 100% 90%
If NO, new operation meets affiliation test; if YES, new operation fails affiliation test. YES Fails
Affiliation Test Examples (Continued)

<table>
<thead>
<tr>
<th>Example #4 (Affiliation rule)</th>
<th>EXISTING OPERATION</th>
<th>----&gt;</th>
<th>NEW OPERATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operation 6</td>
<td>Individual A 100%</td>
<td>----&gt;</td>
<td>Individual A 50%</td>
</tr>
<tr>
<td></td>
<td>Spouse 40%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Collective Shares Of Common Members 100% 50%
Are both shares greater than 50%? NO
If NO, new operation meets affiliation test; if YES, new operation fails affiliation test.

Common members are circled
Example #5 (Affiliation rule)
Need to conduct two affiliation tests

<table>
<thead>
<tr>
<th>EXISTING OPERATION</th>
<th>----&gt;</th>
<th>NEW OPERATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operation #1</td>
<td>Individual A 50%</td>
<td></td>
</tr>
<tr>
<td>Operation #2</td>
<td>Individual A 50%</td>
<td></td>
</tr>
<tr>
<td>Operation #3</td>
<td>Individual A 100%</td>
<td></td>
</tr>
</tbody>
</table>

Test 1: Collective Shares Of Common Members (11A1/X)
Are both shares greater than 50%? 50% 100%
If both tests are NO, new operation meets affiliation test; if one test is YES, new operation fails affiliation test.

Example #6 (Affiliation Rule)
Need to conduct two affiliation tests

<table>
<thead>
<tr>
<th>EXISTING OPERATION</th>
<th>----&gt;</th>
<th>NEW OPERATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operation #4</td>
<td>Individual A 60%</td>
<td></td>
</tr>
<tr>
<td>Operation #5</td>
<td>Individual A 50%</td>
<td></td>
</tr>
<tr>
<td>Operation #6</td>
<td>Individual D 40%</td>
<td></td>
</tr>
</tbody>
</table>

Need to conduct two affiliation tests
Test 1: Collective Shares Of Common Members (4A/X)
Are both shares greater than 50%? 60% 60%
Are both shares greater than 50%? 50% 60%
Are both shares greater than 50%? 60% 60%
If both tests are NO, new operation meets affiliation test; if one test is YES, new operation fails affiliation test.
Affiliation Test Examples (Continued)

<table>
<thead>
<tr>
<th>Example #6 (Affiliation Rule)</th>
<th>EXISTING OPERATION</th>
<th>---&gt;</th>
<th>NEW OPERATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Need to conduct two affiliation tests</td>
<td>Operation #4</td>
<td>---&gt;</td>
<td>Operation #6</td>
</tr>
<tr>
<td></td>
<td>INDIVIDUAL A 50%</td>
<td></td>
<td>INDIVIDUAL A 50%</td>
</tr>
<tr>
<td></td>
<td>INDIVIDUAL B 50%</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Operation #5</td>
<td>---&gt;</td>
<td></td>
</tr>
<tr>
<td></td>
<td>INDIVIDUAL A 50%</td>
<td></td>
<td>INDIVIDUAL C 50%</td>
</tr>
<tr>
<td></td>
<td>INDIVIDUAL C 50%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- **Test 1: Collective Shares Of Common Members (#A/#A)**
  - Are both shares greater than 50%? NO
  - **Test 2: Collective Shares Of Common Members (#B/#A)**
    - Are both shares greater than 50%? YES
      - If both tests are NO, new operation meets affiliation test; if one test is YES, new operation fails affiliation test. **FAILS**

Example #7 (sale of history)

<table>
<thead>
<tr>
<th>EXISTING OPERATION</th>
<th>---&gt;</th>
<th>NEW OPERATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operation #7</td>
<td>---&gt;</td>
<td>Operation #8</td>
</tr>
<tr>
<td>ABC CORP 100%</td>
<td></td>
<td>ABC CORP 100%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>This is a new operation</td>
</tr>
<tr>
<td>ABC CORP sells operation #7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ABC Corp builds new operation #8 in different location and has no other operations</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ABC Corp is no longer affiliated with #7 so affiliation test is not applied</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Collective Shares Of Common Members NA NA
- Are both shares greater than 50%? NA
- If NO, new operation meets affiliation test; if YES, new operation fails affiliation test. **FAILS**

Example #8 (transfer of history)

<table>
<thead>
<tr>
<th>EXISTING OPERATION</th>
<th>---&gt;</th>
<th>NEW OPERATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operation #9</td>
<td>---&gt;</td>
<td>Operation #10</td>
</tr>
<tr>
<td>ABC CORP 100%</td>
<td></td>
<td>ABC CORP 100%</td>
</tr>
<tr>
<td>Sells operation to XYZ Corp</td>
<td></td>
<td>this operation gets #9's history</td>
</tr>
<tr>
<td>ABC Corp builds new Operation #10 in different location and transfers history</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ABC Corp transfers history so affiliation test is not applied XYZ Corp must establish new history</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Collective Shares Of Common Members NA NA
- Are both shares greater than 50%? NA
- If NO, new operation meets affiliation test; if YES, new operation fails affiliation test. **FAILS**
Operations #11 and #12 participate in MfC. Individual G consolidates the two herds by building new operation #13. The histories are merged and transferred to operation #13. The affiliation rule does not apply.
### Completing CCC-781’s

Complete CCC-781’s according to the following table.

<table>
<thead>
<tr>
<th>Item</th>
<th>Instructions</th>
</tr>
</thead>
</table>
| 1    | FSA representative shall CHECK (✓) appropriate box to designate:  
|      | - “Initial Establishment”  
|      | - “Transfer Relocation”  
|      | - “Merger”  
|      | - “Succession-in-Interest”  
|      | - “Intergenerational Transfer”  
|      | - “Re-Establishment”  
|      | - “Correction”.  |
| 2    | FSA representative shall enter applicable administrative State name.  |
| 3    | FSA representative shall enter applicable administrative county name.  |
| 4A   | FSA representative shall enter farm number of dairy operation.  |
| 4B   | FSA representative shall enter tract number of the dairy operation.  |
| 5    | FSA representative shall enter dairy operation number assigned after the MPP-Dairy web-based software becomes available.  |

#### Part A - General Information

| 6A   | Dairy operation shall enter name of operation.  |
| 6B   | Dairy operation must check appropriate box to indicate if the dairy operation facility is being leased or rented. If “Yes”, and this is not the initial establishment of the production history for the dairy operation, complete Part C.  |
| 6C   | Dairy operation shall enter the effective date for the appropriate action from item 1.  
Note: The effective date shall be either of the following:  
- date the last producer signature was obtained  
- postmark date if CCC-781 was submitted by mail.*  |

#### Part B - Annual Production History

| 7    | Dairy operation must CHECK (✓) appropriate box to indicate if they have produced and commercially marketed milk as of February 7, 2013. If “Yes”, the total marketed production from the applicable years must be entered in item 8, and then proceed to Part D. If “No”, proceed to Part C.  
Note: If the response to item 6B is “Yes”, and this is not the initial establishment of the production history for the dairy operation select “No” in response to this question.  |
| 8    | Dairy operation must enter production history for each applicable calendar year. If no production of history for that year, enter a zero.  |

#### Part C - New Dairy Operation Production History

| 9    | Dairy operation shall enter month, day, and year the operation first began to market milk.  |
A  Completing CCC-781’s (Continued)

<table>
<thead>
<tr>
<th>Item</th>
<th>Instructions</th>
</tr>
</thead>
<tbody>
<tr>
<td>10</td>
<td>Dairy operation shall enter the year and the exact milk marketings for each full month the dairy has been operating beginning with the first full month of production from the date indicated in Item 9 (enter zero for months with no production). The end month to populate would be the earlier of the last month in the calendar year of first beginning to market milk; or, the last full month of marketing milk before the date of establishing production history if within the same calendar year of first marketing milk. If this is a seasonal dairy operation, CHECK (√) the box and indicate the number of months the seasonal operation will produce milk on an annual basis.</td>
</tr>
<tr>
<td>11</td>
<td>FSA representative shall calculate and enter annual production history. <strong>Note:</strong> Calculate and enter annual production history by using the sum of available full month milk marketings in item 10, divided by the sum of the corresponding seasonal index percentages for the applicable months; or, if this is a seasonal dairy, as indicated by a CHECK (√) in item 10, calculate and enter annual production history by using the sum of available full month milk marketings in item 10, divided by the sum of the index percentages, dividing the result by 12, and multiplying the result by the number of months indicated in item 10.</td>
</tr>
<tr>
<td>12</td>
<td>Dairy operation shall enter the current number of dairy cows in the dairy operation, including dry cows, but <strong>excluding</strong> heifers <strong>not</strong> yet fresh.</td>
</tr>
<tr>
<td>13</td>
<td>FSA representative shall enter annual milk production per cow by using the *--NASS data as published. See 1-MPP, subparagraph 22 I.</td>
</tr>
<tr>
<td>14</td>
<td>FSA representative shall calculate and enter annual production history by multiplying item 12 by item 13.</td>
</tr>
</tbody>
</table>

**Part D - Dairy Operation’s Established Production History and Certification**

<table>
<thead>
<tr>
<th>Item</th>
<th>Instructions</th>
</tr>
</thead>
<tbody>
<tr>
<td>15A</td>
<td>FSA representative shall enter the applicable production history for the dairy operation as established in Part B or Part C from elected Option 1 or Option 2, or the dairy operation shall CHECK (√) item 15B, Option 1 or Option 2 to designate their option under Part C for new dairy operations and dairy operations in leased or rented facilities that are relocating.--*</td>
</tr>
<tr>
<td>16A</td>
<td>Dairy operation shall enter signature of authorized representative, title, and date of signature.</td>
</tr>
<tr>
<td>16C</td>
<td>Dairy operation shall enter signature of authorized representative, title, and date of signature.</td>
</tr>
<tr>
<td>17A</td>
<td>COC or designee shall sign, CHECK (√) approval or disapproval, and date of signature.</td>
</tr>
<tr>
<td>17C</td>
<td>COC or designee shall sign, CHECK (√) approval or disapproval, and date of signature.</td>
</tr>
<tr>
<td>18</td>
<td>Enter any noteworthy remarks or remarks about CCC-781 disapproval.</td>
</tr>
</tbody>
</table>
The following is an example of CCC-781.

---

### Exhibit 10

#### CCC-781, Margin Protection Program for Dairy Producers (MPP-Dairy) Production History Establishment (Continued)

**B  Example of CCC-781**

---

<table>
<thead>
<tr>
<th>CCC-781</th>
<th>U.S. DEPARTMENT OF AGRICULTURE</th>
</tr>
</thead>
<tbody>
<tr>
<td>(06-15-16)</td>
<td>Commodity Credit Corporation</td>
</tr>
</tbody>
</table>

**MARGIN PROTECTION PROGRAM FOR DAIRY PRODUCERS (MPP-DAIRY) PRODUCTION HISTORY ESTABLISHMENT**

**PART A  GENERAL INFORMATION**

<table>
<thead>
<tr>
<th>6A. Dairy Operation Name</th>
<th>6B. Is the dairy operation facility being leased or rented? If &quot;YES,&quot; this is not the initial establishment of the production history for the dairy operation, complete Part C</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>YES  NO</td>
</tr>
</tbody>
</table>

**PART B  ANNUAL PRODUCTION HISTORY**

7. Did the dairy operation produce and commercially market milk as of February 7, 2013? If "YES," enter the total production history for the dairy operation for each applicable year in Item 8, and then proceed to Part D. However, if the response to Item 6B is "YES" and this is not the initial establishment of the production history for the dairy operation, select "NO" in response to this question. If "NO," proceed to Part C.

5. Enter the total marketings for the dairy operation for each applicable calendar year below:

<table>
<thead>
<tr>
<th>Year</th>
<th>2011:</th>
<th>2012:</th>
<th>2013:</th>
</tr>
</thead>
<tbody>
<tr>
<td>lbs.</td>
<td>lbs.</td>
<td>lbs.</td>
<td></td>
</tr>
</tbody>
</table>

**PART C  NEW DAIRY OPERATION PRODUCTION HISTORY**

9. What date did the dairy operation first begin to market milk?

Complete Option I and/or Option II to determine the highest marketings that may be used to establish the production history.

**Option I** Actual production history as adjusted by the seasonal index.

16. Enter the actual milk marketings for each month the dairy has been in operation beginning with the first full month of production as indicated in Item 9.

For months with no production enter "0." If your dairy operation is seasonal, you may adjust your marketings daily, monthly, or annually based on the production history. Enter the index to which the marketings are adjusted in Item 10.

<table>
<thead>
<tr>
<th>Mo.</th>
<th>Year</th>
<th>Marketings Index</th>
<th>Mo.</th>
<th>Year</th>
<th>Marketings Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan</td>
<td>lbs.</td>
<td>0.644</td>
<td>May</td>
<td>lbs.</td>
<td>0.883</td>
</tr>
<tr>
<td>Feb</td>
<td>lbs.</td>
<td>0.752</td>
<td>Jun</td>
<td>lbs.</td>
<td>0.641</td>
</tr>
<tr>
<td>Mar</td>
<td>lbs.</td>
<td>0.672</td>
<td>Jul</td>
<td>lbs.</td>
<td>0.640</td>
</tr>
<tr>
<td>Apr</td>
<td>lbs.</td>
<td>0.654</td>
<td>Aug</td>
<td>lbs.</td>
<td>0.651</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Mo.</th>
<th>Year</th>
<th>Marketings Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sep</td>
<td>lbs.</td>
<td>0.795</td>
</tr>
<tr>
<td>Oct</td>
<td>lbs.</td>
<td>0.820</td>
</tr>
<tr>
<td>Nov</td>
<td>lbs.</td>
<td>0.810</td>
</tr>
<tr>
<td>Dec</td>
<td>lbs.</td>
<td>0.830</td>
</tr>
</tbody>
</table>

11. Calculate and enter annual production history by using the sum of available full month milk marketings above divided by the sum of the seasonal index percentages for the applicable months. Or, if this is a seasonal dairy, as indicated by a check in the box in Item 10, calculate and enter annual production history by using the sum of available full month milk marketings above divided by the sum of the index percentages, dividing the result by 12, and multiplying the result by the number of months indicated in Item 10.

<table>
<thead>
<tr>
<th>For County Office Use Only</th>
<th>lbs.</th>
</tr>
</thead>
</table>

**Option II** The annual production history will be based on the herd size of the participating dairy operation relative to the national rolling herd average data published by USDA.

12. Enter the current number of dairy cows in the dairy operation, including dry cows (excludes heifers not yet fresh):

For County Office Use Only | lbs. |

13. National annual milk production per cow (use NASS data as published for applicable calendar year):

For County Office Use Only | lbs. |

14. Calculate annual production history by multiplying Item 12 and Item 13 and enter amount:

For County Office Use Only | lbs. |
### B Example of CCC-781 (Continued)

<table>
<thead>
<tr>
<th>Part D - Dairy Operation's Established Production History and Certification</th>
</tr>
</thead>
<tbody>
<tr>
<td>15. FSA representative will enter the applicable production history for the dairy operation as established in Part B or Part C from elected Option 1 or Option 2. Dairy operations in leased or rented facilities that are relocating and dairy operations with less than 12 full months of actual monthly milkings must confirm elected option from Part C in Item 15B.</td>
</tr>
<tr>
<td><strong>15A.</strong> Signature of Producer (Go)</td>
</tr>
<tr>
<td><strong>15C.</strong> Date (MM-DD-YYYY)</td>
</tr>
<tr>
<td><strong>16A.</strong> Signature of COC or Designee</td>
</tr>
<tr>
<td>16. Remarks</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 7 CFR Part 1430, the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq), and the Agricultural Act of 2014 (Pub. L. 113-79). The information will be used to determine eligibility to participate in and receive benefits under the Margin Protection Program for dairy producers. The information collected on this form may be disclosed to other Federal, State, Local government agencies, Tribal agencies, and non-governmental 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 Margin Protection Program for dairy producers. This information collection is exempted from the Paperwork Reduction Act as specified in the Agricultural Act of 2014 (Pub. L. 113-79, Title I, Subtitle F, Administration).

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 laws 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, marital status, disability, age, or family or parental status, income (including income derived from public assistance or support services), sexual orientation, gender identity (including sex expression), sexual orientation, disability, age, or marital status, or any other basis protected by federal, state or local law. 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, audio tape, 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.

Persons with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audio tape, 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](http://www.ascr.usda.gov/complaint_filing_cust.html) and at any USDA office or write a letter addressed to USDA by: (1) mail: U.S. Department of Agriculture Office of 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.
Complete CCC-781 Continuation Sheet according to the following table.

<table>
<thead>
<tr>
<th>Item</th>
<th>Instructions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>FSA representative shall enter the applicable coverage year.</td>
</tr>
<tr>
<td>2</td>
<td>FSA representative shall enter applicable dairy operation number assigned to a new dairy operation.</td>
</tr>
</tbody>
</table>

**Part CCC-781T (Transfer/Relocation)**

| 6A   | Dairy operation shall enter name. |
| 6C   | Dairy operation shall enter the effective date of the transfer/relocation which will be either the date the last producer’s signature was obtained or in the case of a farm transfer or farm/tract reconstitution, the date the actual farm transfer or farm/tract reconstitution was approved by the COC. |

| 7A-7D | FSA representative shall enter the following for the original dairy operation location: |
|       | • applicable administrative State |
|       | • applicable administrative County |
|       | • applicable farm number |
|       | • applicable tract number. |

| 8A-8D | FSA representative shall enter the following for the new dairy operation location: |
|       | • applicable administrative State |
|       | • applicable administrative County |
|       | • applicable farm number |
|       | • applicable tract number. |

**Part CCC-781M (Mergers)**

| 6A    | Enter the name of the dairy operation from the resulting merger. |
| 6C    | Dairy operation shall enter the effective date of the merger. |

| 9A-9C | Dairy operation shall enter the following for each dairy operation involved in the merger: |
|       | • dairy operation name |
|       | • dairy operation assigned number |
|       | • established production history. |

**Part CCC-781S (Succession-In-Interest)**

| 6A    | Succeeding dairy operation shall enter name. |
| 6C    | FSA representative shall enter the effective date of the succession-in-interest. |
| 10    | The original dairy operation shall enter their name. |
| 11    | The original dairy operation shall enter their assigned dairy operation number. |
A Completing CCC-781 Continuation Sheet (Continued)

<table>
<thead>
<tr>
<th>Item</th>
<th>Instructions</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Part CCC-781I (Intergenerational Transfers)</td>
</tr>
<tr>
<td>6A</td>
<td>Dairy operation shall enter name.</td>
</tr>
<tr>
<td>6C</td>
<td>Dairy operation shall enter a check in the appropriate box to indicate if they desire the intergenerational transfer to become effective with either the next consecutive 2-month period following submission of the CCC-781 Continuation Sheet or the following January 1. If January 1 is selected, the dairy operation must enter the last numbers of the applicable coverage year.</td>
</tr>
<tr>
<td>12</td>
<td>Dairy operation shall enter the applicable farm number.</td>
</tr>
<tr>
<td>13</td>
<td>Dairy operation shall enter the applicable tract number.</td>
</tr>
<tr>
<td>14</td>
<td>Dairy operation shall enter a check in the appropriate box “Yes” or “No”, to indicate if they are a family member of an MPP-Dairy participant. If “Yes”, the dairy operation must specify the relationship in the space provided.</td>
</tr>
<tr>
<td>15</td>
<td>Dairy operation shall enter a check in the appropriate box “Yes” or “No”, to indicate if they contribute a minimum of 35 labor hours per week to the operation of the dairy.</td>
</tr>
<tr>
<td>16</td>
<td>Dairy operation shall enter a check in the appropriate box “Yes” or “No”, to indicate if the revenue earned from the dairy operation is their principal source of non-investment income.</td>
</tr>
<tr>
<td>17</td>
<td>Enter the current annual marketings for the dairy operation.</td>
</tr>
<tr>
<td>18</td>
<td>Dairy operation shall enter the total number of cows purchased that are being added to the dairy operation.</td>
</tr>
<tr>
<td>19</td>
<td>FSA representative shall enter the National annual milk production per cow applicable to the year of the intergenerational transfer. See subparagraph 22 I.</td>
</tr>
<tr>
<td>20</td>
<td>FSA representative shall calculate the annual production history by multiplying the entries in item 18 and item 19, and enter the result in the space provided.</td>
</tr>
<tr>
<td>21</td>
<td>FSA representative shall enter the applicable production history established to date, including all bump adjustments, for the dairy operation that the family member is joining.---*</td>
</tr>
</tbody>
</table>
### A Completing CCC-781 Continuation Sheet (Continued)

<table>
<thead>
<tr>
<th>Item</th>
<th>Instructions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Part CCC-781R Re-Establishment</strong></td>
<td></td>
</tr>
<tr>
<td>4A</td>
<td>FSA representative shall enter applicable Farm number.</td>
</tr>
<tr>
<td>4B</td>
<td>FSA representative shall enter applicable Tract number.</td>
</tr>
<tr>
<td>6A</td>
<td>Dairy operation shall enter name.</td>
</tr>
<tr>
<td>*--6C</td>
<td>FSA representative shall enter effective date of the production history reestablishment.--*</td>
</tr>
<tr>
<td>9</td>
<td>Dairy operation shall enter month, day, and year the operation again began to market milk.</td>
</tr>
<tr>
<td>21-22</td>
<td>Dairy operation must check the appropriate box to select the desired option of either:</td>
</tr>
<tr>
<td></td>
<td>1) —a new dairy operation or a registered MPP-Dairy participant that has purchased/acquired a new dairy operation that is re-establishing the inactive production history previously assigned to and established by the dairy—* operation that previously occupied the dairy operation facility associated with the farm tract location it items 4A and 4B; or</td>
</tr>
<tr>
<td></td>
<td>2) re-establishing the production history at the farm tract location in items 4A and 4B because the producer was previously affiliated with the dairy operation that established the production history at this farm tract location.</td>
</tr>
</tbody>
</table>

| **Part D – Dairy Operation’s Established Production History and Certification** | |
| 15  | FSA representative shall enter the new established production history for the dairy operation. |
| 16A through 16C | Dairy operation shall enter signature of authorized representative, title, and the date of signature. |

**Notes:** 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. If Part CCC-781S is completed, then signatures from both the original owner and the successor are required.

| 17A  | Enter signature of COC or designee. |
| 17B  | COC or designee shall “CHECK (X)” appropriate box to recommend approval or not recommend approval. |
| 17C  | COC or designee shall enter the date of signature and recommendation from items 17A and 17B. |
| 18   | COC or designee shall enter any noteworthy remarks. |

**Note:** CCC-781 Continuation sheet, Parts CCC-781T, CCC-781M, CCC-781S, CCC-781I, and CCC-781R will print as separate parts on automated CCC-781.
### Example of CCC-781 Continuation Sheet

This form is available electronically. (See Page 2 for Privacy Act and Paperwork Reduction Act Statement)

**CCC-781 Continuation**

<table>
<thead>
<tr>
<th>U.S. DEPARTMENT OF AGRICULTURE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commodity Credit Corporation</td>
</tr>
</tbody>
</table>

**CONTINUATION SHEET FOR MARGIN PROTECTION PROGRAM FOR DAIRY PRODUCERS PRODUCTION HISTORY ESTABLISHMENT ACTION**

(Attach to Form CCC-781)

**PART CCC-781T (Transfer/Relocation)**

<table>
<thead>
<tr>
<th>A. Dairy Operation Name</th>
<th>6C. Effective Date of Transfer/Relocation (MM-DD-YYYY)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

7. Original Farm/Farm
A. Administrative State Name
B. Administrative County Name
C. Farm Number
D. Tract Number

8. New Farm/Farm
A. Administrative State Name
B. Administrative County Name
C. Farm Number
D. Tract Number

I understand that the relocation/reconstitution of farm/farm is an effective action upon FSA approval. I also understand that the operation/operation shall be effective immediately upon FSA approval. I also understand that the operation is an effective action upon FSA approval.

**PART CCC-781M (Mergers)**

<table>
<thead>
<tr>
<th>A. Resulting Dairy Operation Name</th>
<th>6C. Effective Date of Mergers (MM-DD-YYYY)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

9. Merged Dairy Operations
A. Dairy Operation Name
B. Dairy Operation Number
C. Established Production History

I understand that the dairy operations that are included in this merger must all be registered in the MPP-Dairy program during the coverage year prior to the merger. After the merger is approved the combined production history cannot be unmerged, reorganized, or used by another dairy operation while effective under the resulting dairy operation. Upon FSA approval, the merger is effective January 1 following approval of a completed Form CCC-781M, with signatures from authorized producers (not entity names) from all registered dairy program participants included in the merger.

**PART CCC-781S (Succession-in-Interest)**

<table>
<thead>
<tr>
<th>A. Succeeding Dairy Operation Name</th>
<th>6C. Effective Date of Succession-in-Interest (MM-DD-YYYY)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

10. Original Dairy Operation Name
11. Original Dairy Operation Number

I understand that only MPP-Dairy coverage and the corresponding production history that has been approved as of the effective date of the succession-in-interest is eligible for transfer from an approved MPP-Dairy participant to a successor. The coverage that will transfer through this succession will be the exact same coverage level as previously selected on form CCC-782 by the preceding MPP-Dairy Participant for the remainder of the coverage year of the succession. Both the preceding MPP-Dairy Participant and successor are required to sign CCC-780S, Part D for the transfer of coverage to be approved by FSA. The successor must also complete form CCC-782 agreeing to same coverage levels in effect for the remainder of the coverage year of the succession-in-interest. For a succession-in-interest to become an effective action upon FSA approval during a current year of coverage, all administrative and premium fees must be paid in full so that any payment triggered will go to the succeeding dairy operation. Otherwise, the succession-in-interest will not become effective until the next coverage year. A succession-in-interest becomes effective immediately for a dairy operation transferring CAT level coverage to a succeeding dairy operation. The effective date in Item 6C is an affirmation by the preceding MPP-Participant and the succeeding dairy operation as to the date the production history and coverage acres are transferred to the succeeding dairy operation. The date entered in Item 6C is subject to review and acceptance by FSA. FSA may deny the form if it deems appropriate to reject documentation substantiating the transfer request or any of the information entered or contained on this form.

**PART CCC-781T (Intergenerational Transfers)**

<table>
<thead>
<tr>
<th>A. Dairy Operation Name</th>
<th>6C. Effective Date of Intergenerational Transfer</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Next 2-Month Period</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

12. Farm Number
13. Tract Number

14. Are you a family member of an MPP-Dairy participant? *YES* No
15. Do you contribute a minimum of 35 labor hours per week to the dairy operation? *YES* No
16. Is the revenue earned from the dairy operation your principal source of non-investment income? *YES* No

__*__
B Example of CCC-781 Continuation Sheet (Continued)

* * *

Exhibit 11
(Par. 24)

CCC-781, Continuation Sheet for Margin Protection Program for Dairy Producers Production History Establishment Action (Continued)

PART CCC-781 (Intergenerational Transfers) (Continuation)

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.

17. Enter the current annual milkings for the dairy operation.

18. Enter the number of cows purchased that are being added to the dairy operation.

19. National annual milk production per cow applicable to the year of the intergenerational transfer.

20. Calculate annual production history by multiplying items 18 and 19 and enter amount.

21. Enter applicable production history established to date, including all bump adjustments, for the dairy operation that the family member is joining.

I understand that the intergenerational transfer is limited to one production increase for the term of the dairy operation’s contract. I further understand that I must maintain a financial interest in the 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 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-781F (Re-establishment)

4A. Farm Number

4B. Tract Number

6A. Dairy Operation Name

6B. Effective Date of Production History Re-establishment

9. What date did the dairy operation first begin to market milk?

Please select the desired option below:

☐ 21. I am a registered MPP-Dairy participant that has purchased the required new dairy operation or a new dairy operation that is re-establishing the production history previously compensated and established by the dairy operation that previously occupied the dairy operation facility associated with this farm and tract location.

☐ 22. I was previously affiliated with the dairy operation that established the production history at this farm/tract location and am re-establishing the production history.

PART D - DAIRY OPERATION’S ESTABLISHED PRODUCTION HISTORY AND CERTIFICATION (Continuation from CCC-781)

15A. Established Production History

15B. Title/Relationship of the Individual Signing in the Representative Capacity

16C. Date (MM/DD/YYYY)

17A. Signature of CCC or Designee

17B. Status: [ ] Approved [ ] Disapproved

17C. Date (MM/DD/YYYY)

18. Remarks

NOTE: The following statement is made in accordance with the Privacy Act of 1974 (5 U.S.C. 552a et seq.). The information collected on this form may be disclosed to other Federal, State, local government agencies, tribal agencies, organizations, and individuals with whom the individual has a relationship. The information may also be provided to persons or entities outside of the United States. The information is being collected to carry out the purposes of the National Waterfowl Production Act. The information provided on this form may be used for statistical purposes, to determine eligibility, to provide information to other agencies, and to carry out the purposes of this program. The information provided may be subject to the provisions of the Freedom of Information Act.

In accordance with the Freedom of Information Act (5 U.S.C. 552) and the Privacy Act of 1974 (5 US.C. 552a et seq.), the information collected on this form may be disclosed to the requesting individual or to any other individual or agency to which the U.S. Department of Agriculture, Federal Crop Insurance Corporation, or any other entity to which the information is transferred, for any purpose authorized by law. The information collected on this form may be subject to the provisions of the Freedom of Information Act. The information provided on this form may be used for statistical purposes, to determine eligibility, to provide information to other agencies, and to carry out the purposes of this program.

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 (800) 877-8339 (TDD). To file a complaint of discrimination, write to USDA, Director, Office of Civil Rights, 1400 Independence Avenue, SW, Washington, DC 20250-9410, or at any USDA office, or at any State or local education agency. Individuals with disabilities who are also limited English Proficient may write to USDA’s TARGET Center in 202-720-2600, U.S. Department of Agriculture, Foreign Agricultural Service, Human Resources Office, Washington, D.C. 20250-1425 (800-877-8339). Program statements are made available in language 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 sped.html and send to USDA or write a letter addressed to USDA and provide in the letter all of the information requested to file a claim. Please note that USDA has a policy of not engaging in trade activity. For more information on USDA's policies, visit http://www.usda.gov/ethics. If you have questions, contact your USDA Regional Office or your USDA State Office. USDA is an equal opportunity provider, employer and lender.
### A Completing CCC-782

Complete CCC-782’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 shall enter applicable administrative State name.</td>
</tr>
<tr>
<td>2</td>
<td>FSA representative shall enter applicable administrative county name.</td>
</tr>
<tr>
<td>3A-3B</td>
<td>FSA representative shall enter farm and tract number of dairy operation.</td>
</tr>
<tr>
<td>4</td>
<td>FSA representative shall enter dairy operation number when the MPP-Dairy web-based software becomes available to assign.</td>
</tr>
<tr>
<td>5</td>
<td>FSA representative shall enter the coverage year of election.</td>
</tr>
</tbody>
</table>

**Part A - General Information**

<table>
<thead>
<tr>
<th>Item</th>
<th>Instructions</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>Dairy operation shall enter name and address of operation.</td>
</tr>
<tr>
<td>7</td>
<td>Dairy operation shall CHECK (√) appropriate types of action. <strong>Note:</strong> Items 13 and 14 can only be revised during the open election period. <strong>IF operation checks (√)... THEN dairy operation shall complete...</strong></td>
</tr>
<tr>
<td>8</td>
<td>Dairy operation shall CHECK (√) “Yes” or “No” to certify if they are currently producing and commercially marketing milk. <strong>Note:</strong> * items 8-14 and 18-25 and 26, if applicable. <strong>Contract Revision</strong> * items 8-14 and 18-25 and 26, if applicable.</td>
</tr>
<tr>
<td>9</td>
<td>Dairy operation shall CHECK (√) “Yes” or “No” to certify that each producer makes a contribution that is commensurate to their share and have risk in the marketing of milk (including land, labor, management, equipment, or capital). If “No”, indicate which producers are not commensurate in Part F.</td>
</tr>
<tr>
<td>10</td>
<td>Dairy operation shall CHECK (√) “Yes” or “No” to certify if any producers collectively have more than a 50 percent interest in both this dairy operation and another dairy operation that is covered under MPP-Dairy. If “Yes”, FSA representative shall do further research before CCC approval or disapproval. <strong>Note:</strong> Not applicable to 2014 and 2015 election period.</td>
</tr>
</tbody>
</table>
### A Completing CCC-728 (Continued)

<table>
<thead>
<tr>
<th>Item</th>
<th>Instructions</th>
</tr>
</thead>
</table>
| 11   | Dairy operation shall CHECK (✔) “Yes” or “No” to certify if any producer in the dairy operation currently has a policy under RMA’s LGM-Dairy that will end during the calendar year the dairy operation is requesting coverage. FSA representative shall ensure that producers in the dairy operation are **not** on the current RMA LGM-Dairy list.  
**IF operation checks (✔)...**  
“Yes”  
answer item 12.  
“No”  
skip to Part B.  |
| 12   | If “Yes” to item 11, dairy operation shall enter the last month and year of target marketings insured under LGM-Dairy policy. Dairy operation shall provide proof of the target marketing completion date to the satisfaction of COC according to subparagraph 50E. |

#### Part B - Coverage Level Threshold Election

| 13   | Dairy operation shall CHECK (✔) desired coverage level threshold. All producers in the participating dairy operation **must** agree to 1 coverage level threshold. |

#### Part C - Coverage Level Percentage Election

| 14   | Dairy operation shall CHECK (✔) desired coverage level percentage election. All producers in the participating dairy operation **must** agree to 1 coverage percentage elected by the dairy operation. |

#### Part D - Established Production History (For County Office Use Only)

| 15   | *--FSA representative shall enter the production history for the dairy operation from the MPP Dairy automated software or MPP Decision Tool, in pounds, if the automated software is unavailable. |

#### Part E - Calculated Premium and Payment Options (For County Office Use Only)

| 16A  | Administrative fee is set at $100 and is only paid 1-time per year. |
| 16B  | FSA representative shall enter the calculated premium amount. Premiums will be calculated by multiplying the coverage percentage selected (from 25 percent to 90 percent) times the production history of the dairy operation in item 15 to obtain the covered milk marketings. The covered milk marketings are converted to cwt. and multiplied by the premium applicable to the coverage level selected. Premiums will be calculated from Tier 1 for covered milk marketings up to 4 million lbs. and from Tier 2 for covered milk marketings exceeding 4 million lbs. For calendar years 2014 and 2015, the premium per cwt. for covered production that falls under the 4 million lbs. premium schedule will be reduced by 25 percent, except at the $8 coverage level. |
| 16C  | FSA representative shall enter the total amount received from the producer. |
| 17A  | FSA representative shall enter the remaining balance due by September 1 of the applicable coverage year by subtracting any amount paid towards the premium only in item 16C from item 16B. |
| 17B  | Dairy operation shall CHECK (✔) the appropriate box to indicate if their premium from 17A will be paid to FSA through their milk handler. If “Yes”, complete Parts F and G. If “No”, continue to Part F. |
### A Completing CCC-782 (Continued)

<table>
<thead>
<tr>
<th>Item</th>
<th>Instructions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Part F - Certification And Signatures</strong></td>
<td></td>
</tr>
</tbody>
</table>
| 18 | Each producer with an interest in the dairy operation shown in Part A, item 6 shall enter *—*their name. Members of businesses that have an interest in the operation shall not be added separately as a producer with interest, **unless** they have a direct interest in the dairy operation. *—*  
**Note:** A producer entity shall enter the name of the person authorized to sign in *—*item 19 on behalf of the entity. *—* |
| 19 | Each producer with an interest in the dairy operation shown in Part A, item 6 shall 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 | Each producer with an interest in the dairy operation shown in Part A, item 6 shall enter the title or relationship of the individual, if signing in a representative capacity. |
| 21 | Enter date signed by the producer identified in item 20. |
| 22 | In the line corresponding to the printed name, each producer shall enter their share percentage. |
| 23 | Each producer with a share in the dairy operation shall **only** CHECK (✓) if their contribution is **not** commensurate with their share as indicated in item 9. |
| 24 | Each producer with a share in the dairy operation shall CHECK (✓) “Yes” or “No” to indicate if they would like to refuse payment under MPP-Dairy. |
| 25 | Select point-of-contact agreed on by all producers with a share in the dairy operation. Only 1 point-of-contact shall be indicated.  
**Part G - Milk Handler Authorization and Agreement** |
| 26 | If the dairy operation indicated “Yes” in item 17B, the dairy operation shall indicate the name of the milk handler they are authorizing FSA to accept premium payments on their behalf. |
| **Part H - CCC Acceptance and Approval** | |
| 27A | Enter signature of COC or designee approval or disapproval. |
| 27B | Enter date of approval or disapproval that is the date the official signs item 26A. |
| 27C | COC designee shall CHECK (✓) appropriate box to approve or disapprove. |
| 28 | If disapproved, COC designee shall enter any noteworthy remarks or remarks about disapproval. |

*--**Note:** For coverage year 2015 only, attach a copy of the printout of the MPP Production--*

History and Premium Calculator Workbook showing the production history adjusted for the bump to CCC-782 and provide a copy to the producer, if requested.*
The following is an example CCC-782.

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Exhibit 13
(Par. 35, 51)

CCC-782, Margin Protection Program for Dairy Producers (MPP-Dairy) Contract and Annual Coverage Election (Continued)

B Example CCC-782

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Exhibit 13
(Par. 35, 51)

CCC-782, Margin Protection Program for Dairy Producers (MPP-Dairy) Contract and Annual Coverage Election (Continued)

B Example CCC-782 (Continued)

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CCC-782 (06-10-16) Page 2 of 2

PART F – CERTIFICATION AND SIGNATURES

This contract to participate in the Margin Protection Program (MPP-Dairy) for dairy producers is entered into between the CCC and the undersigned producers in the dairy operation identified above. The undersigned producer or producers may hereafter collectively be referred to as "the Participant." The Participant agrees to comply with the terms and conditions contained in this contract including the Appendix to this Contract, CCC-782 Appendix, entitled "Appendix to Form CCC-782 Margin Protection Program" (referred to as "Appendix"). By signing this contract the Participant agrees to participate in the Margin Protection Program for the 2016 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 MPP-Dairy 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 and further understands that coverage elections must be made annually on Form CCC-782 for the duration of the MPP-Dairy program during the open enrollment periods designated by the CCC. By signing below, the Participant (1) agrees to the established production history in Part D; (2) acknowledges receipt of the CCC-782 Appendix, and 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-782 and in the CCC-782 Appendix and any addendum thereto. The Participant also agrees to receive benefits under the Livestock Gross Margin program for dairy while participating in the Margin Protection Program for dairy producers. Payments under the MPP-Dairy program may be reduced by a certain percentage as a sequester order required by Congress and issued premium to the Balanced Budget and Emergency Deficit Control Act of 1985. Nonviable payment reductions are necessary, FSA will reduce the payment by the required amount. BY SIGNING THIS CONTRACT, PRODUCERS ACKNOWLEDGE THAT A PRODUCTION HISTORY ESTABLISHED FORM CCC-782 WAS COMPLETED BY AN AUTHORIZED REPRESENTATIVE OF THE DAIRY OPERATION ABOVE AND ACKNOWLEDGE 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 1400, SUBPART C.

---

PART G – MILK HANDLER AUTHORIZATION AND AGREEMENT

As a participant in the Margin Protection Program for Dairy Producers (MPP-Dairy), I authorize the Farm Service Agency (FSA) on behalf of Commodity Credit Corporation (CCC), for the purpose of establishing monthly payment deductions through the milk handler for my dairy operation, to disclose to the milk handler identified below certain identifiable data, including the total calculated premiums amount due by the dairy operator identified below. I understand that the producers are responsible for notifying FSA of any changes to the dairy operation, including but not limited to, changes to the milk handler. I further understand that the producers in the dairy operation, not the milk handler, are liable for any outstanding premium balance not remitted by the milk handler identified above on my behalf by the premium due deadline of September 1, of the applicable year of coverage. If the premium is not paid by the premium due deadline or the applicable grace period (as provided by CCC) any payments for coverage calculated on or after October 1, of the applicable year of coverage will be reduced to the catastrophic level for the remainder of the applicable coverage year. Any overpayment of the premium to CCC will be refunded to the milk handler that remitted the payment. I understand that it is not mandatory for my milk handler to participate in providing monthly deductions of my MPP-Dairy premium and that participation of the milk handler is contingent upon submission of a completed form AD-2047 "Customer Data Worksheet Request for Business Partner Record Change" by the milk handler to FSA and its acceptance.

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PART H – CCC ACCEPTANCE AND APPROVAL

27A. CCC of Envelope Signature

27B. Date (MM/DD/YYYY)

27C. Status

Approved ☐ Disapproved ☐

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NOTE: The following statement is made in accordance with the Privacy Act of 1974 (5 USC 305a – as amended). The authority for requesting the information specified on this form is 7 CFR Part 1400, the Commodity Credit Corporation Charter Act (12 U.S.C. 714 et seq.), and the Agricultural Act of 2014 (Pub. L. 113-79). The information will be used to determine eligibility to participate in and receive benefits under the Margin Protection Program 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 Public Use Files 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 Margin Protection Program for dairy producers.

This information collection is exempted from the Paperwork Reduction Act as specified in the Agricultural Act of 2014 (Pub. L. 113-79, Title 1, Subtitle F, Administration).

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.
The following is an example of CCC-782 completed for a producer who is an individual.

**C Completed CCC-782 When the Producer Is an Individual**

The following is an example of CCC-782 completed for a producer who is an individual.
### Exhibit 13
(Par. 35, 51)

**CCC-782, Margin Protection Program for Dairy Producers (MPP-Dairy) Contract and Annual Coverage Election (Continued)**

#### C Completed CCC-782 When the Producer Is an Individual (Continued)

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Bob Smith</td>
<td>/s/ Bob Smith</td>
<td>Self</td>
<td>12/12/2004</td>
<td>100</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### PART G - MPP Handler Authorization and Agreement

As a participant in the Margin Protection Program for Dairy Producers (MPP-Dairy), I authorize the Farm Service Agency (FSA) on behalf of Commodity Credit Corporation (CCC), for the purpose of establishing monthly payment deductions through the milk handler for my dairy operation, to disclose to the milk handler identified below, certain identifiable data, including the total calculated premium amount due by the dairy operation identified below. I understand that the producers are responsible for notifying FSA of any changes to the dairy operation, including but not limited to, changes to the milk handler. If I further understand that the producers in the dairy operation, not the milk handler, are liable for any outstanding premium balance not resolved by the milk handler identified above on my behalf by the premium due deadline of September 1 of the applicable year of coverage. If the premium is not paid in full by the premium due deadline or the applicable grace period if provided by CCC, any payments for coverage calculated on or after October 1 of the applicable year of coverage will be reduced to the catastrophic level for the remainder of the applicable coverage year. Any overpayment of the premium to CCC will be refunded to the milk handler that submitted the premium. I understand that it is mandatory for all milk handlers to participate in providing monthly deductions of my MPP-Dairy premium and that participation of the milk handler is contingent upon submission of a completed form AD-2467 “Customer Data Worksheet Request for Business Partner Record Change” by the milk handler to FSA and its acceptance.

#### PART H - CCC Acceptance and Approval

<table>
<thead>
<tr>
<th>27A. COC or Designated Signature</th>
<th>27B. Date (MM-DD-YYYY)</th>
<th>27C. Status</th>
<th>27D. Approved</th>
<th>27E. Disapproved</th>
</tr>
</thead>
</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 7 CFR Part 1450, the USDA Credit Administration Directive 1450.S.02, and the Agricultural Act of 2014 (Pub. L. 113-79). This information will be used to determine eligibility by the participants in and receive data is subject to the provisions of the Privacy Act of 1974, 5 U.S.C. 552a, and the regulations issued thereunder. This information will not be released or sold to individuals outside the USDA for use by the USDA on or after September 1 of the applicable year of coverage. This information is subject to the provisions of the Paperwork Reduction Act as specified in the Agricultural Act of 2014 (Pub. L. 113-79, Title 1, Subtitle F, Administration).

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.**
D Completed CCC-782 When the Producer Is a Joint Venture

The following is an example of CCC-782 completed for a producer who is a member of a joint venture.

### PART A - GENERAL INFORMATION
- **Name and Address:** Smith Dairy
- **Type of Action:**
  - [ ] New Contract
  - [ ] Annual Coverage Election
  - [ ] Contract Revision

### PART B - COVERAGE LEVEL THRESHOLD ELECTION
- **Threshold Level:**
  - $4.00
  - $4.50
  - $5.00
  - $5.50
  - $6.00
  - $6.50
  - $7.00
  - $7.50
  - $8.00

### PART C - COVERAGE LEVEL PERCENTAGE ELECTION
- **Percentage Levels:**
  - 25%
  - 30%
  - 35%
  - 40%
  - 45%
  - 50%
  - 60%
  - 70%
  - 80%
  - 90%

### PART D - ESTABLISHED PRODUCTION HISTORY (For County Office Use Only)
- **Total Milk Production:** 5,301.126 lbs

### PART E - CALCULATED TOTALS AND PREMIUM PAYMENTS (For County Office Use Only, except Item 17B)
- **A. Calculated Total:** $100.00
- **B. Calculated Premium due no later than Sept. 1 of the applicable coverage year:** $0
- **C. Total Amount Received:** $0

---

To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at [http://ohe.fns.usda.gov/complaint_filing指南](http://ohe.fns.usda.gov/complaint_filing指南) and mail or fax it to USDA or call any USDA office. USDA is an equal opportunity provider, employer, and lender.
D Completed CCC-782 When the Producer Is a Joint Venture (Continued)

<table>
<thead>
<tr>
<th>Subpart C</th>
<th>16</th>
<th>Producer Name</th>
<th>19</th>
<th>Signature of Producer (By)</th>
<th>20</th>
<th>Title/Relationship of the Individual Signing in the Representative Capacity</th>
<th>21</th>
<th>Date (MM/DD/YYYY)</th>
<th>22</th>
<th>Share %</th>
<th>23</th>
<th>Compressurize</th>
<th>24</th>
<th>Reduce Payment</th>
<th>25</th>
<th>Point of Contact</th>
</tr>
</thead>
<tbody>
<tr>
<td>John Smith</td>
<td>/s/ John Smith</td>
<td>Partner/Father</td>
<td>12-19-2014</td>
<td>80</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

PART G -- MILK HANDLER AUTHORIZATION AND AGREEMENT

As a participant in the Margin Protection Program for Dairy Producers (MPP-Dairy), I authorize the Farm Service Agency (FSA) on behalf of Commodity Credit Corporation (CCC), for the purpose of establishing monthly payment deductions through the milk handler for dairy operations, to disclose to the milk handler identified below, certain identifiable data, including the total calculated premium amount due by the dairy operation identified below. I understand that the producers are responsible for notifying FSA of any changes to the dairy operation, including but not limited to, changes to the milk handler. I further understand that the producers in the dairy operation, not the milk handler, are liable for any outstanding premium balance not remitted to the milk handler identified above on my behalf by the premium due date deadline of September 1, of the applicable year of coverage. If the premium is not paid in full by the premium due date deadline or the applicable grace period provided by CCC, any payments for coverage calculated on or after October 1, of the applicable year of coverage will be reduced to the catastrophic level for the remainder of the applicable coverage year. Any overpayment of the premium to CCC will be refunded to the milk handler that remitted the payment. I understand that it is not mandatory for my milk handler to participate in providing monthly deductions of my MPP-Dairy premium and that participation of the milk handler is contingent upon submission of a completed form AD-3047 "Customer Data Worksheet Request for Business Partner Record Change" by the milk handler to FSA and its acceptance.

26. Milk Handler Name

PART H -- CCC ACCEPTANCE AND APPROVAL

27A. CCC or Designee Signature
27B. Date (MM/DD/YYYY)
27C. Status
Approved
Disapproved

NOTE: The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a.) as amended. The authority for requesting the information identified on this form is 7 CFR Part 1440, the Commodity Credit Corporation, and the Agricultural Act of 1949 (Pub. L. 76-357). This information will be used to determine eligibility of applicants in and under the Margin Protection Program for Dairy Producers, and to ensure that the objectives of this program and the eligibility and terms and conditions of the program are met. The information will be used in the administration and management of the program, and any other purposes that may be authorized by the Administrator. The information will be used in the administration and management of the program, and any other purposes that may be authorized by the Administrator. The information will be used in the administration and management of the program, and any other purposes that may be authorized by the Administrator. The information will be used in the administration and management of the program, and any other purposes that may be authorized by the Administrator. This information may be used by the Administrative Office of the Paperwork Reduction Act as described in the Agricultural Act of 1949 (Pub. L. 76-357). The provisions of this Act are described in the Federal Register, and the Office of Management and Budget, and the Office of Management and Budget. The provisions of the Act are described in the Federal Register, and the Office of Management and Budget. The provisions of the Act are described in the Federal Register, and the Office of Management and Budget.

This information is collected from the Paperwork Reduction Act as described in the Agricultural Act of 1949 (Pub. L. 76-357). Title 1, Subtitle D, 68 FR 8983. No person is required to respond to any collection of information unless it displays a valid OMB control number. Only information that is needed to perform the functions of the agency may be collected. The agency is responsible for ensuring that the information is collected in a manner that does not exceed the requirements of the Act.
E Completed CCC-782 When the Producer Is a Legal Entity

The following is an example of CCC-782 completed for a producer who is a legal entity.

<table>
<thead>
<tr>
<th>Date</th>
<th>Page 10</th>
</tr>
</thead>
</table>

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### CCC-782 (06-10-10) U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation

#### MARGIN PROTECTION PROGRAM FOR DAIRY PRODUCERS (MPP-DAIRY) CONTRACT AND ANNUAL COVERAGE ELECTION

##### PART A - GENERAL INFORMATION

6. Dairy Operation Name and Address
   ABC Dairy, Inc.

7. Type of Action:
   [ ] New Contract
   [ ] Annual Coverage Election
   [ ] Contract Revision

8. Does the dairy operation currently produce and commercially market milk?
   [X] YES  [ ] NO

9. Do all dairy producers in the operation make contributions (including land, labor, management, equipment, or capital) to the dairy operation, which are at least commensurate with their shares of profits or losses of the operation? If "NO," indicate which producers are not commensurate in Part B.
   [X] YES  [ ] NO

10. Do any of the producers collectively have more than a 50% interest in both this new dairy operation and another dairy operation that is covered under MPP-Dairy?
    [ ] YES  [ ] NO

11. Does any producer in the dairy operation currently have a policy under RMA's Livestock Gross Margin for Dairy Program (LGM-Dairy) that will end during the calendar year the dairy operation is requesting coverage? If "NO," skip to Part D.
    [ ] YES  [ ] NO

12. If "YES" to Item 11, what is the last month/year of target marketing insured under your LGM-Dairy policy?
    (MM-YYYY)

#### PART B - COVERAGE LEVEL THRESHOLD ELECTION

13. Choose one desired level:

<table>
<thead>
<tr>
<th>Amount</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>$4.00</td>
<td>$5.50</td>
</tr>
<tr>
<td>$4.50</td>
<td>$6.00</td>
</tr>
<tr>
<td>$5.00</td>
<td>$6.50</td>
</tr>
<tr>
<td>$6.50</td>
<td>$7.00</td>
</tr>
<tr>
<td>$7.50</td>
<td>$8.00</td>
</tr>
</tbody>
</table>

#### PART C - COVERAGE LEVEL PERCENTAGE ELECTION

14. Check one desired level:

<table>
<thead>
<tr>
<th>Level</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>25%</td>
<td>$5.50</td>
</tr>
<tr>
<td>40%</td>
<td>$6.00</td>
</tr>
<tr>
<td>55%</td>
<td>$6.50</td>
</tr>
<tr>
<td>70%</td>
<td>$7.00</td>
</tr>
<tr>
<td>85%</td>
<td>$7.50</td>
</tr>
<tr>
<td>90%</td>
<td>$8.00</td>
</tr>
</tbody>
</table>

#### PART D - ESTABLISHED PRODUCTION HISTORY (For County Office Use Only)

15. Enter production history, including all production adjustments, for the dairy operation for the applicable year of coverage from the MPP-Dairy. If you use an electronic data interface, you must use the tool that is provided. (MM-YYYY)

#### PART E - CALCULATED TOTALS AND PREMIUM PAYMENT OPTIONS (For County Office Use Only, except Item 17B)

16. Calculated Total

<table>
<thead>
<tr>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>$100.00</td>
</tr>
</tbody>
</table>

17. Outstanding Balance and Alternative Payment Options

<table>
<thead>
<tr>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0.00</td>
</tr>
</tbody>
</table>

In accordance with Federal civil rights laws and US 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, sex, age, marital status, familial status, disability, religion, sexual orientation, gender identity, and where applicable, genetic information. (Not all prohibited bases apply to all programs.) Remedies and complaint filing deadlines vary by program and 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) 960-7442; or (3) email program.intake@usda.gov. USDA is an equal opportunity provider, employer, and lender.

---

6-10-16

1-MPP Amend. 4 Page 10
E  Completed CCC-782 When the Producer Is a Legal Entity (Continued)

<table>
<thead>
<tr>
<th>Part F - Certification and Signatures</th>
</tr>
</thead>
</table>
| This Contract to participate in the Margin Protection Program (MPP-Dairy) for dairy producers is entered into between the CCC and the undersigned producers in the dairy operation identified above. The undersigned producer or producers may hereafter collectively be referred to as "the Participant." The Participant agrees to comply with the terms and conditions contained herein and the Provider of the Margin Protection Program (hereafter referred to as "the Provider") of this Contract. The undersigned producer or producers agree to pay the annual administration fee for the duration of the MPP-Dairy 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 and further understands that a coverage election must be made annually on form CCC-782 for the duration of the MPP-Dairy program during the open election period designated by the CCC. By signing below, the Participant (1) agrees to the terms and conditions contained herein; and (2) 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 A-107-85 and in the U.S.-DE 892 and any other documents. The participant also agrees to receive feedback under the Livestock Gross Margin program for dairy while participating in the Margin Protection Program for dairy producers. Payments under the MPP-Dairy program may be reduced by a certain percentage due to a suspension order required by Congress and issued pursuant to the Federal Deficit Reduction Act of 1995. Should a payment reduction be necessary, FSA will reduce the payment by the required amount. By signing this contract, producers acknowledge that a reduction in the margin program will be made by an authorized representative of the dairy operation above and acknowledge that this program is established and entered into in accordance with regulations at 7 CFR Part 1408.

<table>
<thead>
<tr>
<th>打击2</th>
<th>20. Title/Relationship of the Individual Signing in the Representative Capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABC Dairy, Inc.</td>
<td>A/ ATOU Smoth President</td>
</tr>
<tr>
<td>10-19-10</td>
<td>11-23-10</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Part G - Milk Handler Authorization and Agreement</th>
</tr>
</thead>
</table>
| As a participant in the Margin Protection Program for Dairy Producers (MPP-Dairy), I authorize the Farm Service Agency (FSA) on behalf of Commodity Credit Corporation (CCC) for the purpose of establishing monthly payment deductions through the milk handler for my dairy operations, to deduct to the milk handler identified above, certain identifiable data, including the total calculated premium amount due by the dairy operation identified below. I understand that the producers are responsible for notifying FSA of any changes to the dairy operations, including but not limited to, changes to the milk handler. I further understand that the producers in the dairy operations, not the milk handler, are liable for any outstanding premium balances not remitted by the milk handler identified above on my behalf by the premium due dates of September 1st of the applicable year of coverage. If the premium is not paid in full on the premium due date or at the applicable grace period if provided by CCC, any payments for coverage calculated on or after October 1st of the applicable year of coverage will be reduced to the catastrophic level for the remainder of the applicable coverage year. Any overpayment of the premium to CCC will be refunded to the milk handler that remitted the payment. I understand that it is not mandatory for me milk handler to participate in providing monthly deductions of my MPP-Dairy premium and that participation of the milk handler contingent upon submission of a completed form AD-2047 "Customer Data Worksheet Request for Business Partner Record Change" by the milk handler to FSA and its acceptance.

26. Milk Handler Name

PART H - CCC Acceptance and Approval |
<table>
<thead>
<tr>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>27A. CCC or Designee Signature</td>
</tr>
<tr>
<td>27C. Status</td>
</tr>
</tbody>
</table>

28. Remarks

NOTE: The following statement is made in accordance with the Privacy Act of 1974 (5 USC 6601 et al. as amended). The authority for requesting the information identified on this form is 7 CFR Para 1408, the Commodity Credit Corporation Charter (7 U.S.C. 711 et al.), and the Agricultural Act of 1949 (Pub. L. 81-518). This information will be used to determine eligibility for direct payments or insurance benefits under the Margin Protection Program for dairy producers. The information collected on this form may be disclosed to other Federal, State, local government agencies, their agents, subcontractors, and other persons that have been authorized access to the information by the Secretary or regulation and/or as deemed necessary for regulatory purposes. Use certified in the System of Records notice for USADF-BF, Farm Record (FC-501) (Affected). Providing the requested information is voluntary. However, failure to furnish the requested information will result in a determination of eligibility to participate in and receive benefits under the Margin Protection Program for dairy producers.

This information collection is exempted from the Paperwork Reduction Act as specified in the Agricultural Act of 2014 (Pub. L. 113-79, Title 1, Subtitle F, Administration). The provisions of applicable criminal and civil fraud, privacy, and other statutes may be applicable to the information provided. This is not completed form your County FSA Office.
**Completed CCC-782 When the Producer Is a Legal Entity and Joint Operation**

The following is an example of CCC-782 completed for a producer who is a legal entity and joint operation.

---

### CCC-782, Margin Protection Program for Dairy Producers (MPP-Dairy) Contract and Annual Coverage Election (Continued)

#### F Completed CCC-782 When the Producer Is a Legal Entity and Joint Operation

The following is an example of CCC-782 completed for a producer who is a legal entity and joint operation.

---

### Completed CCC-782 When the Producer Is a Legal Entity and Joint Operation

<table>
<thead>
<tr>
<th>Part</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>6. Dairy Operation Name and Address</strong></td>
<td>ABC Dairy and Smith Brothers</td>
</tr>
<tr>
<td><strong>7. Type of Action</strong></td>
<td>☐ New Contract ☐ Annual Coverage Election ☑ Contract Revision</td>
</tr>
<tr>
<td><strong>8. Does the dairy operation currently produce and commercially market milk?</strong></td>
<td>☑ YES ☐ NO</td>
</tr>
<tr>
<td><strong>9. Do all the dairy producers in the operation make contributions (including land, labor, management, equipment, or capital) to the dairy operation, which are at least commensurate with their shares of the proceeds of the operation?</strong></td>
<td>☑ YES ☐ NO</td>
</tr>
<tr>
<td><strong>10. Do any of the producers collectively have more than a 50% interest in both this new dairy operation and another dairy operation that is covered under MPP - Dairy?</strong></td>
<td>☐ YES ☑ NO</td>
</tr>
<tr>
<td><strong>11. Does any producer in the dairy operation currently have a policy under RMA’s Livestock Gross Margin for Dairy Program (LGM-Dairy) that will end during the calendar year the dairy operation is requesting coverage?</strong></td>
<td>☑ YES ☐ NO</td>
</tr>
<tr>
<td><strong>12. If YES to Item 11, what is the last month/year of target marketings insured under your LGM-Dairy policy?</strong></td>
<td>(MM-YYYY)</td>
</tr>
</tbody>
</table>

#### Part B – Coverage Level Threshold Election

<table>
<thead>
<tr>
<th>Level</th>
<th>Milk Production</th>
<th>Coverage Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>$4.00</td>
<td>$5.50</td>
<td>$7.00</td>
</tr>
<tr>
<td>$5.00</td>
<td>$6.50</td>
<td>$8.00</td>
</tr>
</tbody>
</table>

#### Part C – Coverage Level Percentage Election

<table>
<thead>
<tr>
<th>Level</th>
<th>Milk Production</th>
<th>Coverage Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>25%</td>
<td>40%</td>
<td>55%</td>
</tr>
<tr>
<td>30%</td>
<td>45%</td>
<td>60%</td>
</tr>
<tr>
<td>35%</td>
<td>50%</td>
<td>65%</td>
</tr>
</tbody>
</table>

#### Part D – Established Production History (For County Office Use Only)

<table>
<thead>
<tr>
<th>Month</th>
<th>Milk Production</th>
</tr>
</thead>
<tbody>
<tr>
<td>5,301,126 lbs</td>
<td></td>
</tr>
</tbody>
</table>

#### Part E – Calculated Totals and Premium Payment Options (For County Office Use Only, except Item 17B)

<table>
<thead>
<tr>
<th>Item</th>
<th>Calculated Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Administrative Fee due by end of current election period</td>
<td>$100.00</td>
</tr>
<tr>
<td>B. Calculated Premium due no later than Sept. 1 of the applicable coverage year</td>
<td>$0</td>
</tr>
<tr>
<td>C. Total Amount Received</td>
<td>$0</td>
</tr>
</tbody>
</table>

---

*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 at the main telephone number given for the Agency on the reverse of this letter. Persons who are deaf or hard of hearing may use a relay service to call 800-877-8339 (voice and TTY). Requests for accommodations should be made no later than 7 (seven) days before the meeting. Persons with disabilities who use telecommunications devices for the deaf (TDDs) may call 800-877-8339.*
F  Completed CCC-782 When the Producer Is a Legal Entity and Joint Operation (Continued)

### CCC-782 (08-10-16)  

#### PART F – CERTIFICATION AND SIGNATURES

This Contract to participate in the Margin Protection Program (MPP-Dairy) for dairy producers is entered into between the CCC and the undersigned producers in the dairy operation identified above. The undersigned producer or producers may hereafter collectively be referred to as "the Participant." The Participant agrees to comply with the terms and conditions contained in this Contract, including the Appendix to this Contract, CCC-782/Appendix, entitled "Appendix to Form CCC-782 Margin Protection Program" (referred to as "Appendix"). By signing this contract the Participant agrees to participate in the Margin Protection 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 MPP-Dairy 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 and further understands that a coverage election must be made annually on Form CCC-782 for the duration of the MPP-Dairy programs during the open election periods designated by the CCC. By signing below, the Participant (1) agrees to the established production history in Part 5; (2) acknowledges receipt of the CCC-782 Appendix and 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-782 and in the CCC-782/Appendix and are a condition hereunto. The Participant also agrees to not receive benefits under the Livestock Gross Margin program for dairy while participating in the Margin Protection Program for dairy producers. Payments under the MPP-Dairy program may be reduced by a certain percentage due to a sequencer 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. BY SIGNING THIS CONTRACT, PRODUCERS ACKNOWLEDGE THAT A PRODUCTION HISTORY ESTABLISHMENT FORM CCC-781 WAS COMPLETED BY AN AUTHORIZED REPRESENTATIVE OF THE DAIRY OPERATION ABOVE AND ACKNOWLEDGE 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.

<table>
<thead>
<tr>
<th>Subpart C.</th>
<th>Milk Handlers and Agreement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name</td>
<td>Signature of (By)</td>
</tr>
<tr>
<td>John Smith</td>
<td>John Smith</td>
</tr>
<tr>
<td>Bob Smith</td>
<td>Bob Smith</td>
</tr>
<tr>
<td>Jim Smith</td>
<td>Jim Smith</td>
</tr>
</tbody>
</table>

#### PART G – CCC ACCEPTANCE AND APPROVAL

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

- Approved
- Disapproved

### NOTE:

The following statement is made in accordance with the Food, Drug and Cosmetic Act (U.S.C. 701 et seq.) the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. 135 et seq.), and the Agricultural Act of 2014 (Pub. L. 113-79). This information will be used to determine eligibility to participate in and receive benefits under the Margin Protection Program for dairy producers. The information collected on this form may be disclosed to other Federal, State, Local government agencies, tribal entities, and nonregulated entities that have been authorized to access the information by statute or regulation and/or is described in applicable regulations that are consistent with The Systems of Records Notice for USDA Data (FRA 1-1), Form FSA-5492 (updated). Providing the requested information is voluntary; however, failure to furnish the requested information will result in a determination of eligibility to participate in and receive benefits under the Margin Protection Program for dairy producers.

This information collection is exempted from the Paperwork Reduction Act as specified in the Agricultural Act of 2014 (Pub. L. 113-79). Title I, subtitle F, Administration.

This provision of appropriate consent and object finality, privacy, and other statutes may be applicable to the information provided. RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.
Annual Coverage Election Reminder Letter

The following is an example of the reminder letter that will be mailed to dairy operations to remind them to make their annual coverage elections for the next calendar year of coverage during the forthcoming annual coverage election period.

To whom it may concern:

Because you registered for coverage in (Enter Current Calendar Year) calendar year you are required to register for the (Enter Subsequent Calendar Year) calendar year of coverage.

The coverage election period for the (Enter the Subsequent Calendar Year of Coverage) calendar year of coverage begins on July 1, (Enter Current Calendar Year), and ends on September 30, (Enter Current Calendar Year).

WHAT YOU MUST DO BY SEPTEMBER 30, (Enter Current Calendar Year)

- Complete an MPP-Dairy Contract and Annual Coverage Election, Form CCC-782 available from your local county office, or download the form from the following site: http://www.fsa.usda.gov/programs-and-services/Dairy-MPP/index; and submit the signed form to your administrative County FSA Office.
- Pay the $100 annual administrative fee to your administrative County FSA Office.

Note: Your (Enter Current Calendar Year) premium must be paid in full if you want to purchase premium buy-up coverage for (Enter Subsequent Calendar Year).

WHAT YOU MUST DO BY SEPTEMBER 1, (Enter Subsequent Calendar Year)

Only if you elect buy-up coverage for (Enter Subsequent Calendar Year) calendar year:

- Pay 100 percent of the total premium; or
- Ask your milk handler to deduct your premium from your milk checks and to remit the premium on your behalf to FSA.
WHAT HAPPENS IF YOU DO NOT MAKE A TIMELY ELECTION AND PAY THE $100 ADMINISTRATIVE FEE FOR (Enter Subsequent Calendar Year) CALENDAR YEAR

- You will not have coverage for the (Enter Subsequent Calendar Year) calendar year.
- You are legally obligated to pay the $100 administrative fee.

Note: CAT-level coverage may be reinstated if you pay your administrative fee late, but you are not eligible for buy-up coverage.

HOW DO YOU CALCULATE YOUR COVERAGE NEEDS AND BUY-UP PREMIUM FOR (Enter Subsequent Calendar Year)

- Your production history, adjusted for the (Enter Current Calendar Year) national increase in average milk production is established at [__________ ] pounds.
- You may use the web-based decision tool located at www.fsa.usda.gov/mpptool to quickly and easily calculate your coverage needs and premium or use the rates in the following table to calculate your premium:

<table>
<thead>
<tr>
<th>Coverage Level (margin)</th>
<th>Tier 1 Premium per cwt (for the covered(^1) production history that is 4 million pounds or less)</th>
<th>Tier 2 Premium per cwt (for the part of covered(^1) production history over 4 million pounds)</th>
</tr>
</thead>
<tbody>
<tr>
<td>$4.00 ...................</td>
<td>None</td>
<td>None</td>
</tr>
<tr>
<td>$4.50 ...................</td>
<td>$0.010</td>
<td>$0.020</td>
</tr>
<tr>
<td>$5.00 ...................</td>
<td>$0.025</td>
<td>$0.040</td>
</tr>
<tr>
<td>$5.50 ...................</td>
<td>$0.040</td>
<td>$0.100</td>
</tr>
<tr>
<td>$6.00 ...................</td>
<td>$0.055</td>
<td>$0.155</td>
</tr>
<tr>
<td>$6.50 ...................</td>
<td>$0.090</td>
<td>$0.290</td>
</tr>
<tr>
<td>$7.00 ...................</td>
<td>$0.217</td>
<td>$0.830</td>
</tr>
<tr>
<td>$7.50 ...................</td>
<td>$0.300</td>
<td>$1.060</td>
</tr>
<tr>
<td>$8.00 ...................</td>
<td>$0.475</td>
<td>$1.360</td>
</tr>
</tbody>
</table>

\(^1\)The "covered production history" is the amount elected for MPP-Dairy coverage by the dairy operation; this will be 25 percent to 90 percent of the production history of the dairy operation.

An Equal Opportunity Provider, Employer, and Lender

---
Annual Coverage Election Reminder Letter (Continued)

Our records indicate that you are currently registered for coverage under the MPP-Dairy program for the *(Enter Current Calendar Year)* calendar year at the following coverage levels:

- **XX%** coverage level percentage
- **XX.XX** coverage level threshold.

**WHO SHOULD I CONTACT FOR MORE INFORMATION**

For more information or if you have any questions, please contact this office at *(County Office Address)* or telephone at *(Telephone Number).*

Sincerely,

County Executive Director

An Equal Opportunity Provider, Employer, and Lender
### A Completing CCC-783

Complete CCC-783 according to the following table.

<table>
<thead>
<tr>
<th>Item</th>
<th>Instructions</th>
</tr>
</thead>
<tbody>
<tr>
<td>*--1A-1D</td>
<td>FSA representative shall enter the applicable action (death, retirement, or dissolution or lease termination).--*</td>
</tr>
<tr>
<td>2</td>
<td>FSA representative shall enter applicable administrative State name.</td>
</tr>
<tr>
<td>3</td>
<td>FSA representative shall enter applicable administrative County name.</td>
</tr>
<tr>
<td>4A-4B</td>
<td>FSA representative shall enter applicable farm and tract number of the dairy operation.</td>
</tr>
<tr>
<td>5</td>
<td>FSA representative shall enter applicable dairy operation number assigned to dairy operation.</td>
</tr>
<tr>
<td>6</td>
<td>FSA representative shall enter the applicable coverage year in which action is being initiated.</td>
</tr>
<tr>
<td>7</td>
<td>FSA representative shall enter the date CCC-783 is received from producer.</td>
</tr>
</tbody>
</table>

#### Part A – General Information

<table>
<thead>
<tr>
<th>Item</th>
<th>Instructions</th>
</tr>
</thead>
<tbody>
<tr>
<td>*--8A</td>
<td>Dairy operation shall enter name.</td>
</tr>
</tbody>
</table>
| 8B | Dairy operation shall enter the date the operation stopped commercially marketing milk.  
**Note:** If this field is not yet updated on the printout from the MPP-Dairy automated software, enter the data in the remarks section, item 13.--* |

#### Part B – Coverage Intention Following Death, Retirement, or Dissolution

<table>
<thead>
<tr>
<th>Item</th>
<th>Instructions</th>
</tr>
</thead>
<tbody>
<tr>
<td>9</td>
<td>Dairy operation shall CHECK (✓) if they have CAT or premium level coverage.</td>
</tr>
</tbody>
</table>

#### Part C - Coverage Intention Following Retirement, Dissolution, or Lease Termination

<table>
<thead>
<tr>
<th>Item</th>
<th>Instructions</th>
</tr>
</thead>
<tbody>
<tr>
<td>10A</td>
<td>Dairy operation shall CHECK (✓) if they intend to continue coverage under CCC-782 for the remainder of the coverage year.</td>
</tr>
<tr>
<td>10B</td>
<td>Dairy operation shall CHECK (✓) if they intend to terminate coverage for the remainder of the year. (If this option is elected, the dairy operation <strong>must</strong> also select an option from 10B(1) or 10B(2), except if the dairy operation has CAT coverage, a selection in 10B(1) and 10B(2) is not required.)</td>
</tr>
<tr>
<td>10B(1)</td>
<td>If item 10B(1) is elected by the dairy operation, this option may be selected if they dairy operation is requesting a waiver of the obligation to pay all outstanding premium fees based on the next consecutive 2-month period following the notification date in item 7.</td>
</tr>
</tbody>
</table>
| 10B(2) | If item 10B(2) is elected by the dairy operation, this option may be selected if they dairy operation is requesting a prorated refund of the fully paid premium fee based on the next consecutive 2-month period following the notification date in item 7.  
**Note:** This option may only be selected if the premium has been paid in full. |
**A Completing CCC-783 (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>
</tbody>
</table>
| 11A  | *--Each producer with an interest in the dairy operation shown in Part A, item 8A shall 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. | |
| 11B  | Each producer with an interest in the dairy operation shown in Part A, item 8A--* shall enter the title or relationship of the individual, if signing in a representative capacity. | |
| 11C  | Enter date signed by the producer. | |
| **Part E – COC Recommendation** | |
| 12A  | Enter signature of COC or designee. | |
| 12B  | COC or designee shall CHECK (✓) appropriate box to recommend approval or not recommend approval. | |
| 12C  | COC or designee shall enter the date of signature and recommendation from items 12A and 12B. | |
| 13   | COC or designee shall enter any noteworthy remarks. | |
| **Part F – CCC Determination** | |
| 14A  | Enter signature of DAFP or designee.  
*--Note:* A signature in this item is only required if the authority to approve and sign has not been delegated to COC or designee. | |
| 14B  | DAFP or designee shall CHECK (✓) appropriate box to approve or disapprove requested action.  
**Note:** A designation is required even if authority has been delegated to CCC or designee. | |
| 14C  | DAFP or designee shall enter the date of signature and status from items 14A and 14B.  
**Note:** A date entry is required even if authority to approve and sign has been delegated to CCC or designee.*--* | |
### B Example of CCC-783

This form is available electronically. (See Page 3 for Privacy Act and Paperwork Reduction Act Statements)

<table>
<thead>
<tr>
<th>CCC-783</th>
<th>U.S. DEPARTMENT OF AGRICULTURE</th>
</tr>
</thead>
<tbody>
<tr>
<td>(30-10-19)</td>
<td>Commodity Credit Corporation</td>
</tr>
</tbody>
</table>

#### MARGIN PROTECTION PROGRAM FOR DAIRY PRODUCERS (MPP-DAIRY) DEATH/RETIREMENT/DISSOLUTION NOTIFICATION

| For County Office Use Only |
| --- | --- |
| 1. Action |  |
| □ A. Death | □ B. Retirement |
| □ C. Dissolution | □ D. Lease Relocations |

| 2. Admin State Name: |
| 3. Admin County Name: |
| 4A. Farm Number: |
| 4B. Tract Number: |
| 5. Dairy Operation Number: |
| 6. Coverage Year: |
| / Effective Date: |

#### PART A – GENERAL INFORMATION

<table>
<thead>
<tr>
<th>6A. Dairy Operation Name and Address</th>
<th>6B. Date Dairy Operation Stopped Commercially Marketing Milk</th>
</tr>
</thead>
</table>

#### PART B – COVERAGE TYPE

6. Please check the type of coverage the Dairy Operation has for the current coverage year. □ CAT Level □ Premium Level

#### PART C – COVERAGE INTENTION FOLLOWING RETIREMENT/DISSOLUTION

10. Please indicate by checking one of the following options for the remainder of the coverage year in the case of death, retirement, dairy operation dissolution or lease termination due to dairy operation relocation:

- [ ] A. Continue contract coverage under CCC-782 for the remainder of the coverage year.
  
  **Note:** All premium fees must be current by September 1 to continue with coverage for remainder of year.

- [ ] B. Terminate contract coverage for remainder of year, and:

  1. Request waiver of obligation to pay outstanding premium fees based on the next consecutive 2-month period following submission of this form to the County FSA Office.

  **Note:** The Dairy Operation may be entitled to a partial refund or may be required to pay a portion of the obligation depending on date of submission of this form.

  2. Request prorated refund of fully paid premium fee based on the next consecutive 2-month period following submission of this form to the County FSA Office.

  **Note:** This option may only be selected if the premium has been paid in full.

#### PART D – CERTIFICATION AND SIGNATURES

<table>
<thead>
<tr>
<th>11A. Signature of Producer (By)</th>
<th>11D. Title/Relationship of the Individual Signing in the Representative Capacity</th>
<th>11C. Date (MM/DD/YYYY)</th>
</tr>
</thead>
</table>

#### PART E – CCC RECOMMENDATION

12A. Signature of CCC

12B. Recommendation:

- [ ] Recommended
- [ ] Not Recommended

12C. Date (MM/DD/YYYY)

13. Remarks

#### PART F – CCC ACCEPTANCE AND APPROVAL

14A. STET of Designated Signature

14B. Status:

- [ ] Approved
- [ ] Disapproved

14D. Date (MM/DD/YYYY)
Exhibit 17
(Par. 47, 55)

CCC-783, Margin Protection Program for Dairy Producers (MPP-Dairy) Death, Retirement, or Dissolution Notification (Continued)

B Example of CCC-783 (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 12 CFR Part 144, the Commodity Credit Corporation Charter Act (12 U.S.C. 1421a et seq.), and the Agricultural Act of 2014 (Pub. L. 113-79). The information will be used to determine eligibility to participate in and receive benefits under the Margin Protection Program for dairy producers. The information collected on this form may be disclosed to other Federal, State, local government agencies, Tribal agencies, and non-governmental 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 Margin Protection Program for dairy producers.

This information collection is exempted from the Paperwork Reduction Act as specified in the Agricultural Act of 2014 (Pub. L. 113-79, Title I, Subtitle F, Administration).

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, sex, age, disability, and where applicable, political beliefs. As required by Section 3016 of the Every Student Succeeds Act of 2015, civil rights complaints regarding sex discrimination may be filed with the Office for Civil Rights, U.S. Department of Education, 400 Maryland Avenue, SW., Washington, D.C. 20202-5500.

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.
The following is an example of the premium balance due reminder letter.

Dear (Producer),

According to the Farm Service Agency (FSA) records, your dairy operation registered for coverage under the Margin Protection Program for Dairy Producers (MPP-Dairy) and selected buy-up coverage. This is a reminder letter that you have an outstanding premium of (Dollar Amount), due September 1, (Applicable Calendar Year of Coverage).

If the remaining premium is not paid by September 1, (Applicable Calendar Year of Coverage), any payments for coverage calculated on or after October 1, (Applicable Calendar Year of Coverage) will be reduced to the catastrophic (CAT) level for the remainder of the (Applicable Calendar Year of Coverage) coverage year. This will change your margin trigger to $4.00 on 90 percent of your dairy operation’s established production history. In addition, your dairy operation will not be eligible for buy-up coverage in the subsequent calendar year. You will however remain legally obligated to pay the premium for this coverage year and the annual $100 administrative fee for the duration of the MPP-Dairy program.

After coverage has been reduced to CAT level, eligibility for premium buy-up coverage for a subsequent calendar year of coverage can only be reinstated when the premium is paid in full prior to the end of the (Applicable Subsequent Calendar Year of Coverage) annual registration and coverage election period announced by FSA.

Please submit payment through the (County Office) County FSA office. If payment has already been submitted, please disregard this notice. If your milk handler has registered with FSA to remit your premium payment on your behalf, your milk handler will also receive a reminder letter of your outstanding premium balance due September 1, (Applicable Calendar Year of Coverage). For more information or if you have any questions, please contact this office at (County Office Address) or telephone at (Telephone Number).

Sincerely,

County Executive Director

An Equal Opportunity Provider and Employer
The following is an example CCC-782 Appendix.

**TERMS AND CONDITIONS**

1. Definitions:
   - **Actual Dairy Production Margin**: means the difference between the all-milk price and the average feed cost.
   - **Administrative County Office**: means the County Office designated by FSA to make determinations, handle official records, and issue payments to producers.
   - **Administrative Fee**: means a non-refundable fee of $100.00 required to be paid annually through December 31, 2018, by all participating dairy operations to CCC, except that this will not apply for dairy operations that opt out for the 2018 coverage year.
   - **Administrator**: means the FSA Administrator.
   - **All-Milk Price**: means the average price received per hundredweight of milk, by all dairy operations for all milk sold to plants and dealers in the United States, as determined by the Secretary.
   - **Annual Coverage Election Period**: means the period, each calendar year established by the Deputy Administrator, for a dairy operation to register initially to participate in MPP-Dairy, pay associated administrative fees, and applicable premiums, or if already registered as a participating dairy operation, to make annual coverage elections for an applicable calendar year.
   - **Average Annual Growth**: means any increase in US milk production determined annually by FSA that will be applied annually to the established production history of a participating dairy operation.
   - **Average Feed Cost**: means the national average cost of feed used by a dairy operation to produce a hundredweight of milk, determined using the sum of the following: 1.0728 multiplied by the monthly price of corn per bushel, 0.00736 multiplied by the monthly price of soybean meal per ton, and 0.0137 multiplied by the monthly price of alfalfa hay per ton.
   - **Buy Up Margin Protection**: means margin protection coverage for a margin protection level above $4 per cwt of milk.
   - **CCC**: means the Commodity Credit Corporation of the U.S. Department of Agriculture.
   - **Catastrophic Level or CAT**: means the lowest level of margin coverage, $4.00 per cwt on 90% of production history for the annual administrative fee of $100.
   - **Consecutive 3-Month Period**: means a 3-month period consisting of the months of January and February, March and April, May and June, July and August, September and October, or November and December, respectively.
   - **Contract**: means the terms and conditions to participate in MPP-Dairy as executed on a form prescribed by CCC and required to be completed by the producers in the dairy operation and accepted by CCC, including any contract modification made in an annual election period before coverage for the applicable calendar year commences.
   - **Contract Period**: means a period ending on December 31, 2018, with annual election periods provided for contract modifications, including coverage level changes for the applicable calendar year.
   - **County Committee or CCC**: means the FSA county committee.
   - **County Office**: means the FSA office responsible for administering FSA programs for farms located in a specific area in a State.
   - **Coverage Level Percentage**: means the percentage level of coverage elected by the participating dairy operation ranging from 25 percent to 90 percent, in 5 percent increments.
   - **Coverage Level Threshold**: means the margin level trigger selected by the participating dairy operation, ranging from $4.00 to $8.00, in $0.50 increments.
   - **Covered Production History**: means the production history of the dairy operation multiplied by the coverage percentage selected by the participating dairy operation.
   - **Coverage Period**: means a period beginning on January 1 and ending on December 31 for which a participating dairy operation has coverage under the MPP Dairy program.
   - **Dairy Operation**: means a dairy operation as defined pursuant to the criteria and procedures under the Milk Income Loss Contract (MILC) Program or any dairy facility that was part of a single dairy operation that participated in the MILC program as of February 7, 2014, that consists of one or more dairy operations producing milk for commercial purposes and for sale as a single unit in which each dairy producer: (1) is at risk in the production of milk in the dairy operation; (2) contributes land, labor, management, equipment, or capital to the dairy operation which is at least commensurate with the individual or entity's share of the operation.
proceeds of the operation; and (3) whose production facilities are located in the United States. Operations that are determined to be "new operations" under this program will be subject to an affidavit test under these terms and conditions if the operation elects to participate in MPP-Dairy separately. The Deputy Administrator for FSA or designee will determine additional dairy operations that operate in a manner that is separate and distinct.

Deputy Administrator - means the Deputy Administrator for Farm Programs (DAFP) or designee.

Farm Service Agency or FSA - means the Farm Service Agency of the U.S. Department of Agriculture and is responsible for administering MPP-Dairy.

Full Month of Production - is established when a dairy operation has produced milk each day of the corresponding calendar month.

Hundredweight or cwt. - means 100 pounds.

Intergenerational Transfer - means the one-time establishment of additional production history for a participating dairy operation when a line descendant, who is a son, daughter, grandchild, or spouse of a child or grandchild of a current member joining a participating dairy operation.

Livestock Gross Margin-Dairy (LGM-Dairy) - means the risk management insurance program for dairy producers offered by the Federal Crop Insurance Corporation.

Margin Protection Program for Dairy Producers or MPP-Dairy - means a voluntary risk management program authorized by the Agricultural Act of 2014 offering risk protection against low margins resulting from a combination of low milk prices and high feed costs for participating dairy operations.

Marked Commercially or Commercially marketed - means selling whole milk to either the market to which the dairy operation normally delivers and receives monetary compensation or other similar markets as determined by the Deputy Administrator.

Milk Income Loss Contract or MILC - means the program established under section 1530 of the Food, Conservation, and Energy Act of 2008 (7 U.S.C. 8773) and regulations in 7 CFR Part 1450, Subpart B.

Milk Marketing - means a sale of milk for which there is a verifiable production record of milk marketed commercially.

MPP-Dairy Payment - means a payment made to an eligible participating dairy operation when the national margin falls below the operation's selected margin trigger for a consecutive 2-month period.

New Dairy Operation - means any dairy operation that did not commercially market milk at least 12 full months as of February 7, 2014.

Open Coverage Election Period - means the period, each calendar year, established by the Deputy Administrator, for a participating dairy operation to either register to participate in the MPP-Dairy program, pay associated administrative fees and applicable premiums, or to make annual coverage elections or change annual coverage elections for an applicable calendar year.

Opt Out - means to no longer be contractually obligated to participate and receive coverage and or payment, if triggered, under MPP-Dairy during the 2018 coverage year only.

Participating Dairy Operation - means a dairy operation that registers to participate in MPP-Dairy.

Producer - means any individual, group of individuals, partnership, corporation, estate, trust association, cooperative, or other business enterprise or other legal entity who is, or whose members are, a citizen of, or legal resident alien in the United States, and who directly or indirectly, shares in the risk of producing milk, and makes contributions (including land, labor, management, equipment, or capital) to the dairy operation of the individual or entity that are at least commensurate with the share of the individual or entity of the proceeds of this operation as determined by the Deputy Administrator.

Production History - means the highest level of annual milk production during the calendar year 2011, 2012 or 2013 determined for a dairy operation when the participating dairy operation registers in MPP-Dairy. For participating dairy operations in operation less than a year, they shall elect one of the following methods to determine production history: (1) The volume of actual milk marketing's for the months in operation extrapolated to a yearly amount; or (2) An estimate of milk marketing's of the participating operation based on the operation's herd size relative to the national rolling herd average data. The production history is a term used to define the established annual volume of milk marketing for a participating dairy operation used throughout the duration of the MPP-Dairy to calculate premiums and MPP-Dairy payments. This base is established using the production history of the dairy operation and is determined upon initial application for MPP-Dairy.

Retired Dairy Operation - means a dairy producer commercially producing and marketing milk insured under a MPP-Dairy Contract who has ended active participation in the dairy operation.

Rolling Herd Average - means the average of the most recent 12 months of 'Milk per cow' from the NASS Milk Production report table titled, "Estimated Milk Cows and Production by Month – United States."

Secretary - means the Secretary of Agriculture or any other office or employee who has delegated the authority to act in the Secretary's stead with respect to MPP-Dairy.

Seasonal Dairy - means an operation that markets milk on a fixed annual schedule less than 12 months with planned periods of no production.

United States - means the 50 States of the United States of America, the District of Columbia, American Samoa, Guam, the Commonwealth of the Northern Mariana Islands, the Commonwealth of Puerto Rico, the Virgin Islands of the United States, and any other territory or possession of the United States.

Verifiable production records - mean evidence that is used to substantiate the amount of production marketed and that can be verified by CCC through an independent source.

2. Eligibility:
   a) By signing the MPP-Dairy Contract and Annual Coverage Election the participant certifies that such participant produces milk from cows in the United States and is in the business of commercially marketing such production at the time of registration and each annual coverage election.
   b) The participant agrees to provide evidence of such production commercially marketed by all persons in the participating dairy operation to establish total pounds of...
Exhibit 22
(Par. 51)

CCC-782 Appendix, Margin Protection Program for Dairy Producers Terms and Conditions
(Continued)

3. Restrictions on Payments

a) Any producer who enters into a MPP-Dairy contract with CCC or participates in such contract at any time who is not a citizen of the United States or an alien lawfully admitted into the United States for permanent residence under the Immigration and Nationality Act (8 U.S.C. 1101, et seq.) shall be ineligible to receive payments under this contract unless such person meets the requirements of 7 C.F.R. Part 1400 which shall be applicable to this contract. A dairy operation with ineligible foreign persons as members will have any payment reduced by the proportional share of such members.

b) Federal agencies and States, including all agencies and political subdivisions of a State, are not eligible for payments under MPP-Dairy.

c) The production history must be established on a form prescribed by CCC. The amount established is assigned to the participating dairy operation, not to an individual producer, and will be adjusted by an annually announced adjustment factor to reflect annual changes in the national average milk production.

d) The established production history of a participating dairy operation that sells or changes ownership of the operation will stay with that operation and be assigned to the new owner.

e) The established production history of a participating dairy operation that relocates or otherwise moves their operation to another location will transfer to the new location, except that production history established at a leased or rented facility cannot be transferred by the producer leasing or renting the dairy facility. If the new location has existing production history, the production history may be reconstituted combining the production history of the relocated operation and the new location to the new location and becomes available for the next calendar year of coverage.

f) An increase in established production history is prohibited except in the following instances: 1) As provided in (c); and 2) Intergenerational Transfers as provided in (d).

g) Only in cases where a dairy producer purchases a dairy operation with an established production history can a new history be established, subject to the affiliation rule set out in section 4a that prohibits a new dairy operation that is affiliated with a registered dairy operation under MPP-Dairy from being treated as a separate dairy operation under MPP-Dairy.

h) Producers of more than one dairy operation that separately participate in MPP-Dairy may transfer the established production histories of these dairy operations into a previously unregistered dairy operation.

i) FSA may reestablish production history, provided that the production history has not been transferred, in the case of the retirement of a producer in a solely owned dairy operation or the dissolution of a participating dairy operation.

---
j) All producers in the participating dairy operation are required to provide adequate proof of the dairy operation’s quantity of milk commercially marketed, to establish the production history for the dairy operation. All information provided is subject to verification, spot check, and audit by FSA.

k) Established production history of a participating dairy operation may be adjusted upward once during the term of the contract for an intergenerational transfer based on the purchase of additional cows by the new family member(s). The increase in the established production history of the participating dairy operation will be determined based on the national rolling herd average data for the current year in effect at the time of the intergenerational transfer and the quantity of the production history increase will be limited to an amount not more than 4 million pounds. The additional quantity of production history will receive coverage at the same elected coverage threshold and coverage percentage in effect for the participating dairy operation at the time the production history increase takes effect. Intergenerational transfers will not be allowed if the participating dairy operation’s current annual production and the increase in herd size by the new member(s) is less than the operation’s established production history. The dairy operation must notify FSA, using the appropriate CCC form(s), of the intergenerational transfer within 60 days of the purchase of the cows, except that for purchases made for intergenerational transfers occurring between January 1, 2016, and June 30, 2016, the dairy operation must notify FSA during the registration and annual coverage election period for coverage year 2017, established by the Deputy Administrator. The operation has the option of the additional production history taking effect beginning on the consecutive 2-month period following notification, or the following January 1. If the additional production history takes effect between January 1 and August 31, the premium is due September 1, as specified in paragraph 8. If the additional production history takes effect between September 1 and December 31, the premium is due immediately.

6. Coverage Levels

a) MPP-Dairy provides catastrophic level coverage at a $4.00 coverage level threshold on a coverage level percentage of 50 percent of the dairy operations production history for an administrative fee of $100. Buy-up margin protection is also available for a premium in addition to the administrative fee. Amounts of coverage and premiums vary based on producer selections.

b) At the time of registration and annually thereafter, producers in a participating dairy operation must select a coverage level threshold between $4.00 and $9.00 (in $0.50 increments) and a coverage level percentage of production history from 25 percent to 90 percent (in 5 percent increments).

c) Only one coverage level threshold and one coverage level percentage of production history can be selected per participating dairy operation for a calendar year of coverage.

d) The coverage levels selected also cannot be split and all producers in a participating dairy operation must agree to the coverage levels selected.

e) Registered dairy operations may change their levels of coverage annually during the annual coverage election period but cannot drop coverage altogether, except in cases where a producer is retiring, dies, or the operation goes out of business, or the dairy operation opts out for the 2016 coverage year.

f) Coverage level elections must be submitted on an authorized form by the end of the initial registration or annual coverage election period.

g) In the event a participating dairy operation fails to make a coverage election, the dairy operation will remain obligated to pay the annual administrative fee through 2016, except if the dairy operation opts out of 2016 coverage.

7. Margin Coverage

Payments are issued to dairy operations when the actual dairy production margin is at a level that is below the participating dairy operation’s elected coverage level threshold. MPP-Dairy does not provide coverage for the death or loss or destruction of your dairy cattle, or against any unexpected decline in milk production, or in other loss or damage of any kind whatsoever.

8. Registration and Coverage Election

a) Registration of a dairy operation under MPP-Dairy results in a multi-year contract between CCC and the dairy operation.

b) A dairy operation agrees to pay an administrative fee of $100 at registration and annually thereafter for the duration of the MPP-Dairy program by the close of each coverage election period. Except, for the 2018 coverage year only, the dairy operation may opt out of participation according to subparagraph 14c, and any dairy operation that chooses to opt out will not be obligated to pay the administrative fee for the 2018 coverage year. Non-payment of the annual administrative fee by the close of the initial registration period is considered an incomplete contract and the participation request for coverage under MPP-Dairy will not be approved.

c) Once the coverage election period for an applicable calendar year of coverage has ended, a dairy operation’s election of coverage becomes final and can only be changed for the next calendar year of coverage during the next coverage election period.

d) All producers in a dairy operation must agree to register the operation for the program in order for that operation to be eligible for MPP-Dairy coverage.

e) Dairy operations must agree to carry MPP-Dairy coverage for the duration of the program.

f) Dairy operations must register and make coverage elections on a CCC prescribed form and submit completed contracts and supporting documentation to the administrative county FSA office during the annual coverage election period established by the Deputy Administrator. Registration requests and coverage
Exhibit 22
(Par. 51)

CCC-782 Appendix, Margin Protection Program for Dairy Producers Terms and Conditions
(Continued)

9. Premium or Buy-Up Coverage
a) Coverage level thresholds (margin triggers) above $4.00 require payment of a premium at a rate
established by the 2014 Farm Bill that corresponds to the coverage level percentage elected by the dairy
operation on the first 4 million pounds (40,000 cwt) of covered production history and covered production
history above 4 million pounds (40,000 cwt). The premium will be determined based on the dairy
operation’s election of the coverage level threshold and coverage level percentage.

b) Premiums per cwt for the covered production history
that is 4 million pounds or less are as follows:

- $4.00................. None
- $4.50................. $0.010
- $5.00................. $0.025
- $5.50................. $0.040
- $6.00................. $0.055
- $6.50................. $0.090
- $7.00................. $0.121
- $7.50................. $0.300
- $8.00................. $0.475

c) Premiums per cwt for the part of covered production
history that is over 4 million pounds are as follows:

- $4.00.................. None
- $4.50.................. $0.020
- $5.00.................. $0.040
- $5.50.................. $0.155
- $6.00.................. $0.200
- $6.50.................. $0.300
- $7.00.................. $0.630
- $7.50.................. $1.070
- $8.00.................. $1.360

d) A new dairy operation that first registers to participate
in MPP-Dairy for a calendar year after the start of the
calendar year is only required to pay a pro-rated
premium for that calendar year that is based on the
portion of the calendar year for which the participating
dairy operation is eligible and for which it purchases
coverage.

e) The dairy operation must pay 100 percent of the
amount of the total premium no later than
September 1 of the applicable calendar year of
coverage.

f) A participating dairy operation with an unpaid premium
balance after September 1 for a calendar year of
coverage will have any payments for coverage
calculated on or after October 1 of the applicable
calendar year reduced to CAT level coverage for the
remainder of that year. If the participating dairy
operation is still in arrears after September 30 of the
next calendar year of coverage, the dairy operation will not
be eligible for buy-up coverage in the subsequent
calendar year. The dairy operation will remain legally
obligated to pay the full premium for the program year
for which it did not pay the balance of the premium and
the annual administrative fee for the duration of the
MPP-Dairy program according to paragraphs 12 and
17. After coverage has been reduced to CAT level,
eligibility for premium buy-up coverage for a
subsequent calendar year of coverage can only be
reinstated when the premium is paid in full prior to the
end of the applicable subsequent coverage years.

The Deputy Administrator may waive the obligation to
pay the premium, or refund the premium paid, of a
participating dairy operation for a calendar year, in
cases that include, but are not limited to, as
determined by the Deputy Administrator, death,
retirement, permanent dissolution of a participating
dairy operation, or other circumstances determined by
the Deputy Administrator.

g) The Deputy Administrator may waive the obligation to
pay the premium, or refund the premium paid, of a
participating dairy operation for a calendar year, in
cases that include, but are not limited to, as
determined by the Deputy Administrator, death,
retirement, permanent dissolution of a participating
dairy operation, or other circumstances determined by
the Deputy Administrator.

10. Determining Payment
a) MPP-Dairy payments for a dairy operation are based
on a coverage level and percentage of coverage
annually elected by a participating dairy operation.

b) An MPP-Dairy payment will be made to a participating
dairy operation for any consecutive 3-month period
when the average actual dairy production margin for
the consecutive 2-month period falls below the coverage level threshold in effect for the participating dairy operation.

c) USDA will calculate the actual dairy production margin using the national all-milk price minus the national average feed cost based on prices and feed rations provided in the regulations at 7 CFR 1430.110.

d) The MPP-Dairy payment to an eligible dairy operation for the qualifying 2-month period will equal the product obtained by multiplying the amount by which the coverage level in effect for the participating dairy operation exceeds the average actual dairy production margin for the applicable 2-month period by the coverage percentage in effect, and the production history of the dairy operation divided by 6. If the dairy operation purchased buy-up coverage at less than 90 percent and the catastrophic level also triggers, then there will be two calculations to determine the payment: first the calculation for the buy-up coverage percentage, and then the calculation for the CAT level percentage, which will be the balance of the established production history up to 90 percent. The result of these calculations will be added together to determine the payment.

11. Coverage Period

a) Coverage begins on the covered production history on January 1 of the applicable calendar year of coverage and ends on December 31 of that same year for participating dairy operations registering during the preceding registration and annual coverage election period.

b) Coverage for new dairy operations registering after a registration and annual coverage election period has ended, but within the first 90 days that the operation begins to produce and commercially market milk will begin with the next consecutive 2-month period.

c) Coverage for the month 2-consecutive periods of January and February, March and April, May and June, July and August, September and October, or November and December cannot be split.

12. Duration of Participation

a) Participating dairy operations registered in MPP-Dairy are enrolled in the program until December 31, 2018. As such, a participating dairy operation is obligated to pay the initial and annual administrative fees and applicable premiums each succeeding calendar year following the date the contract is first entered into through December 31, 2018. However, a participating dairy operation may opt out of MPP-Dairy for the 2018 coverage year and in so doing will not be obligated to pay the administrative fee for coverage year 2018. If a participating dairy operation chooses to opt out of MPP-Dairy participation and not continue coverage for 2018, as provided in subparagraphs 8b and 14c, the dairy operation will not receive any benefits if payments trigger for 2018.

b) If a participating dairy operation goes out of business before December 31, 2018, the contract will be terminated immediately, upon notification to FSA on the prescribed form, except with respect to payments accrued to the benefit of the participating dairy operation before such termination or the participating dairy operation has the option to continue contract coverage for the remainder of the coverage year provided all premium fees are current by September 1 of the applicable calendar year of coverage.

13. Contract Modifications

a) Producers in a participating dairy operation must notify FSA immediately of any changes that may affect their participation in MPP-Dairy. Changes include, but are not limited to death of a producer on the contract, producer joining the operation, producer exiting the operation, relocation of the dairy operation, transfer of shares by sale or other transfer action, or dairy operation reconstitution.

b) Payment of any outstanding premium or administrative fee for a participating dairy operation must be paid in full before a transfer of shares by sale or any other change in producers on the contract originally submitted to FSA may take effect. Otherwise, producer changes will not be recognized until the following annual open coverage election period and only if at that time all associated premiums and administrative fees from any previous calendar year of coverage have been paid in full.

c) In the event that a statute is enacted during the duration of this contract which would materially change the terms and conditions of this contract, CCC may require the participants to elect between acceptance of modifications in the contract consistent with the provisions of such statute or termination of this contract.

d) CCC may modify a contract under MPP-Dairy if it is determined that such modifications are desirable to carry out purposes of the program or to facilitate the program’s practical administration.

14. Termination of Contract

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

b) If it is determined by the FSA County Committee that a dairy operation has reorganized for the sole purpose of establishing a new production history or to circumvent applicable premium rates under MPP-Dairy, the operation will be considered in violation of their contract and subject to termination according to this section.

c) For the 2018 coverage year only, MPP-Dairy participants may opt out of the program by not making
a coverage election during the applicable annual coverage election for the 2018 coverage year.

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

16. Erroneous Representation and Scheme and Device
a) A participant who is determined to have erroneously represented any fact affecting a determination with respect to this contract and regulations applicable to this contract, adopted any scheme or device which tends to defeat the purposes of this contract, or made any fraudulent representation with respect to this contract will not be entitled to payments or any other benefits made in accordance with this contract and the participant must refund to CCC all payments received by such participant, plus interest with respect to the contract.
b) Unless CCC regulations provide otherwise, refunds determined to be due and owing to CCC in accordance with this contract will bear interest at the rate which CCC was required to pay for its borrowing from the United States Treasury on the date of disbursement by CCC of the monies to be refunded. Interest will accrue from the date of such disbursement by CCC.
c) The remedies provided under this section shall be applicable in addition to any remedies under criminal and civil fraud statutes, including 18 U.S.C. 266, 287, 371, 641, 1001, 19 U.S.C. 714m; and 31 U.S.C. 3729, or any other remedy available under law.

17. Failure to Pay Fees
a) A participating dairy operation that fails to pay a required administrative fee or premium payment due upon application to MPP-Dairy or for a calendar year of coverage will remain legally obligated to pay such administrative fee or premium, as applicable. Failure to pay the required annual administrative fee will result in loss of coverage for the applicable year of coverage. However, CAT level coverage only may be reinstated for the applicable coverage year if the dairy operation pays the administrative fee later. Failure to pay an applicable premium payment when due will result in reduction to CAT level coverage under MPP-Dairy for the remainder of the applicable year of coverage.
b) CCC may take such actions as necessary to collect unpaid administrative fees and premium payments.

18. Regulations to Prevail to the Extent They Are Not Superseded by the Agricultural Act of 2014
The regulations in 7 CFR Part 1450, Subpart A, for MPP-Dairy are incorporated herein. In the event of a conflict between the regulations and the terms of this Appendix, the provisions of the regulations will prevail, provided further that a payment may be made only if allowed by both the contract (including this Appendix) and the program regulations.

19. Sequestration
Payments under the MPP-Dairy may be reduced by a certain percentage due to a sequestration order required by Congress and issued pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985. If a payment reduction is required, FSA will reduce the payment by the required amount.
Example of Acceptable Production Evidence

The following is an example of acceptable production evidence.

Dear FIRST LAST:

The 2014 Farm Bill, passed earlier this year, included a new dairy program called the Margin Protection Program (MPP), which DFA worked with National Milk Producers Federation (NMPF) and several other industry organizations to pass. The MPP was designed to provide dairy producers the opportunity to protect themselves against catastrophic loss.

The sign-up period for MPP is open now until November 28. In order to enroll in the program, you need to report your annual milk marketings for 2011, 2012 and 2013 to serve as your operation’s production history for the duration of the Farm Bill, which is through 2018. The U.S. Department of Agriculture (USDA) will adjust program participants’ production history each year to reflect any increase in national average milk marketings.

Your annual milk marketings for FARM NAME in 2011, 2012 and 2013 are noted below:
2011: 
2012: 
2013: 

We strongly encourage members to take advantage of, at a minimum, MPP’s basic coverage at a $4 margin. The basic coverage can be obtained for a $100 annual registration fee.

There are a host of resources available to help you determine how MPP might benefit your operation, and which coverage level is best for you. These resources, including tools from USDA and NMPF, are available by logging into myDFA at www.dfamilk.com. In addition, a recording of a DFA webinar explaining details about MPP is available under the Resources tab on myDFA beginning September 17.

It is important to remember that the MPP is a safety net program meant to protect against catastrophic loss. The MPP can work in conjunction with DFA Risk Management tools, which can help lock in a profit for your operation. To learn more about DFA Risk Management, visit www.dfariskmanagement.com or call 1-877-424-3343. If you have any questions, please talk to your field representative.

Sincerely,

John Wilson
Senior Vice President and Chief Fluid Marketing Officer

More Cooperative.

### A Completing CCC-770 MPPD

Complete CCC-770 MPPD according to the following table.

<table>
<thead>
<tr>
<th>Item</th>
<th>Instructions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>FSA representative shall enter the dairy operation name.</td>
</tr>
<tr>
<td>2</td>
<td>FSA representative shall enter applicable State code.</td>
</tr>
<tr>
<td>3</td>
<td>FSA representative shall enter applicable administrative county code.</td>
</tr>
<tr>
<td>4</td>
<td>FSA representative shall enter dairy operation number from CCC-781 and CCC-782.</td>
</tr>
<tr>
<td>5</td>
<td>FSA representative shall enter the date of CCC-782 action.</td>
</tr>
<tr>
<td>6</td>
<td>FSA representative shall enter the applicable coverage year.</td>
</tr>
<tr>
<td>7</td>
<td>FSA representative enter a check (✓) in the appropriate box to designate either “Yes”, “No”, or “NA” as it relates to the questions pertaining to the eligibility of the dairy operation.</td>
</tr>
<tr>
<td>8</td>
<td>FSA representative enter a check (✓) in the appropriate box to designate “Yes”, “No”, or “NA” as it relates to the questions about establishing production history for the dairy operation.</td>
</tr>
<tr>
<td>9</td>
<td>FSA representative enter a check (✓) in the appropriate box to designate “Yes”, “No”, or “NA” as it relates to the questions about registering the dairy operation and making coverage elections for the applicable year of coverage.</td>
</tr>
<tr>
<td>10</td>
<td>FSA representative enter a check (✓) in the appropriate box to designate “Yes”, “No”, or “NA” as it relates to the questions about changes to the dairy operation that include successor-in-interest changes, contract revisions, and new operation purchases.</td>
</tr>
<tr>
<td>11</td>
<td>FSA representative enter a check (✓) in the appropriate box to designate “Yes”, “No”, or “NA” as it relates to the questions about signature authority, approvals, and delegations of authority.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Certification</th>
</tr>
</thead>
<tbody>
<tr>
<td>27A – 27B</td>
</tr>
<tr>
<td>28A – 28C</td>
</tr>
<tr>
<td>29A – 29C</td>
</tr>
<tr>
<td>30</td>
</tr>
</tbody>
</table>
B Example CCC-770 MPPD

The following is an example CCC-770 MPPD.

This form is available electronically.

<table>
<thead>
<tr>
<th>CCC-770 MPPD</th>
<th>U.S. DEPARTMENT OF AGRICULTURE</th>
<th>MARGIN PROTECTION PROGRAM FOR DAIRY (MPP-DAIRY) CHECKLIST</th>
</tr>
</thead>
<tbody>
<tr>
<td>(11-25-14)</td>
<td>Commodity Credit Corporation</td>
<td>1. Name of Dairy Operation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2. State Code</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3. County Code</td>
</tr>
<tr>
<td></td>
<td></td>
<td>4. Dairy Operation Number</td>
</tr>
<tr>
<td></td>
<td></td>
<td>5. Date of Contract</td>
</tr>
<tr>
<td></td>
<td></td>
<td>6. Coverage Year</td>
</tr>
<tr>
<td>Eligibility</td>
<td></td>
<td>Office Staff Actions: Handbook or Other References YES NO N/A</td>
</tr>
<tr>
<td>7. Is the dairy operation currently producing and marketing milk produced from cows in the U.S. at the time of registration/coverage election?</td>
<td>1-MPP, subparagraph 10B</td>
<td></td>
</tr>
<tr>
<td>8. Did the dairy operation participate in the MLC program?</td>
<td>1-MPP, subparagraph 10E</td>
<td></td>
</tr>
<tr>
<td>9. If the dairy operation did not participate in MLC, has a separate and distinct determination been made according to your State-established criteria?</td>
<td>1-MPP, subparagraph 10F</td>
<td></td>
</tr>
<tr>
<td>10. Has the County Office verified if any of the producer/shareholders in the operation have an active policy under LGM-Dairy?</td>
<td>1-MPP, subparagraph 50E</td>
<td></td>
</tr>
<tr>
<td>11. Has a foreign person determination been made for each producer/shareholder in the dairy operation?</td>
<td>5-PL, Part 3</td>
<td></td>
</tr>
<tr>
<td>12. Has each producer/shareholder certified compliance with HELC/AWC provisions?</td>
<td>1-MPP, subparagraph 13E</td>
<td></td>
</tr>
</tbody>
</table>

| Production History | 13. Has a completed CCC-781 been timely submitted for the dairy operation? | 1-MPP, subparagraph 10B |
|                   | 14. Has verifiable production documentation to the satisfaction of the CCC, for the appropriate period, for operations that began marketing on or before and after February 7, 2013 been timely submitted AND date-stamped by the County Office to establish production history? | 1-MPP, subparagraph 10G |
|                   | 15. Was the highest of the 2011, 2012, and/or 2013 marketings of an existing dairy operation entered in 15A of the CCC-781? | 1-MPP, paragraph 21 and Exhibit 10 |
|                   | 16. Were one or both options for new dairy operations calculated correctly and is the selected option from Part C indicated in 15B of the CCC-781? | 1-MPP, paragraph 22 and Exhibit 10 |
|                   | 17. Has a second party review of the CCC-781 been performed before approving? | 1-MPP, subparagraph 35G |

| Registration and Coverage Elections | 18. Has a completed and timely filed CCC-782 been submitted for the dairy operation? | 1-MPP, paragraph 51 |
|                                   | 19. Was the administrative fee paid timely, entered in NRRS, AND payment receipt attached to the CCC-782? | 1-MPP, paragraph 46 |
|                                   | 20. Have premiums for buy-up coverage been calculated correctly, entered in NRRS, AND payment receipt attached to CCC-782? | 1-MPP, subparagraph 47E and paragraph 48 |
|                                   | 21. Has a second party review of the entries on CCC-782 been performed against the data entered in the automated software? | 1-MPP, subparagraph 51G |
|                                   | 22. Has a CCC-782 Appendix been provided to the contact producer in the dairy operation? | 1-MPP, subparagraph 51E |

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If you wish to file a Civil Rights program complaint of discrimination, complete the USDA Program Discrimination Complaint Form, found online at http://www.ascr.usda.gov/complaint_filing_cust.html or any USDA office, or call (866) 632-9992 to request the form. You may also write a letter containing all of this information requested in the form. Send your completed complaint form or letter to USDA, Director, Office of Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410. By fax (202) 690-7442 or email at program.intake@usda.gov. USDA is an equal opportunity provider and employer.

11-24-14  1-MPP Amend. 1  Page 2
## B Example CCC-770 MPPD (Continued)

<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>
<tbody>
<tr>
<td><strong>Dairy Operation Modifications and New Operation Purchases</strong></td>
<td></td>
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</tr>
<tr>
<td>23. If a change has been made to the operation, was a CCC-782 properly completed, signed by the producer, approved by the COC or designee, and updated in Farm Records, if applicable?</td>
<td>1-MPP, paragraph 52</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>24. If a new dairy operation with no established FSA-approved production history is being purchased by a producer with an existing MPP-Dairy contract, does the dairy operation meet the affiliation test?</td>
<td>1-MPP, subparagraph 11B</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Signatures, Approvals, and Delegations of Authority</strong></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>25. Has proper signature authority been obtained and the CCC-781/CCC-782 signed by the producer(s) and a CCC representative?</td>
<td>1-CM, Part 25</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>26. Were the CCC-781/CCC-782 approved by COC, or designee that has been granted authority to approve applicable documents on their behalf?</td>
<td>1-MPP, subparagraph 1D</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Certification</strong></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>27. I, the undersigned, certify the above items have been verified or updated accordingly.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>27A. Signature of Preparer</td>
<td>27B. Date (MM-DD-YYYY)</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>28. I concur/did not concur the above action items have been verified and updated accordingly.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>28A. Concurrence Status:</td>
<td>28B. CED Signature for Spotcheck</td>
<td>28C. Date (MM-DD-YYYY)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>□ Concur</td>
<td>□ Do Not Concur</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>29. I concur/did not concur the above items have been verified and updated accordingly.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>29A. Concurrence Status:</td>
<td>29B. DD Signature for Spotcheck</td>
<td>29C. Date (MM-DD-YYYY)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>□ Concur</td>
<td>□ Do Not Concur</td>
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<td></td>
<td></td>
</tr>
<tr>
<td><strong>Remarks:</strong></td>
<td></td>
<td></td>
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</table>