

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250

**Agriculture Risk Coverage and Price Loss
Coverage Program
1-ARCPLC**

Amendment 6

Approved by: Deputy Administrator, Farm Programs



Amendment Transmittal

A Reasons for Amendment

Throughout the handbook, the term “ARC-CO and PLC contracts” has been replaced with CCC-861 and “ARC-IC contracts” has been replaced with CCC-862. Where necessary, the original language was not changed.

Subparagraph 9 B has been amended to update the enrollment periods.

Paragraph 26.5 has been added to include policy for reallocations and yield updates found to be completed by an unauthorized person.

Subparagraph 42 A has been amended to include reference to the storage location of certain CC yield data.

Paragraph 43 has been added to provide policy about the restoration of base acres and an associated election that could be applicable.

Subparagraph 62 C has been amended to clarify yield update decisions for farms.

Paragraph 87 has been amended to include policy on grazed acreage.

Subparagraph 116 D has been amended to correct a reference to base acres.

Subparagraph 131 F has been amended to provide a reference for additional information on ARC-IC Yield Certifications.

Subparagraph 188 L has been added to include an example.

Subparagraph 206 A has been amended to include a reference for guidance on partial CRP payments.

Amendment Transmittal (Continued)

A Reasons for Amendment (Continued)

Subparagraph 219 C has been amended to reference ARC or PLC participants.

Subparagraph 241 A has been amended to update the covered commodities for CCC-862.

Subparagraph 263 D has been amended to update a calculation in step 2.

Paragraph 284 has been amended to emphasize protecting farmland from noxious weeds.

Subparagraph 287:

- A has been amended to clarify how FAV/WR are to be attributed
- C has been amended to correct a reference.

Subparagraph 305 C has been amended to clarify producer agreement to program requirements.

Exhibit 2 has been amended to clarify the definition of actual average county yield.

Exhibit 8 has been amended to update the producer notification letter #1 and letter #4.

Page Control Chart		
TC	Text	Exhibit
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2 DAFP, STC, and SED Responsibilities (Continued)

C SED Responsibilities

SED will:

- direct the administration of ARC and PLC
- ensure that State and County Offices follow ARC and PLC regulations and provisions
- ensure that County Office employees and COC's are adequately trained
- require County Offices to publicize ARC and PLC Program information and deadlines
- thoroughly document all STC actions and decisions in STC minutes
- make 7-CP determinations as necessary and as authorized
- ensure that County Offices adequately publicize ARC and PLC Program information by efficient means
- handle appeals and requests for appealability according to 1-APP.

3 DD Responsibilities

A Responsibilities

DD will:

- make certain that County Offices and COC are aware of ARC and PLC information and eligibility provisions
- ensure that County Offices publicize ARC and PLC by efficient means and that publication efforts are documented
- verify that ARC and PLC Program provisions are available for review and inspection in County Offices
- ensure that COC and County Office follow regulations and handbook procedure
- perform reviews of County Office procedures to ensure that County Offices are complying with the provisions of this handbook and regulations
- review County Office procedures to ensure that County Offices comply with requirements established by the State Office
- *--review all CCC-861's and CCC-862's disapproved by COC--*
- provide SED with a written report of all reviews
- review the Base Acreage and Yield Adjustment Report to identify unauthorized base and yield adjustments, when available.

7 Contract Requirements

--A Signing CCC-861, ARC-CO and PLC Contract and CCC-862, ARC-IC Contract--

To participate on FSN's having valid elections (CCC-857), including default elections, for:

- ARC-CO and PLC, all the farm's producers sharing in contract base acres are required to *--designate shares and sign CCC-861 for each FSN enrolled
- ARC-IC, all producers sharing in any of the covered commodities planted on the ARC-IC elected FSN **must** sign CCC-862 for that FSN to be considered ARC-IC elected and--* enrolled

Note: Final payment shares will be determined by using the producer's share of all covered commodities certified on FSA-578 on each ARC-IC elected and enrolled FSN in the State.

Reminder: ARC and PLC are administered based on administrative county.

- a farm having generic base acres, all producers sharing in any or all covered commodities *--planted or eligible subsequently planted crop acreage are **required** to sign CCC-861 to be eligible for ARC-CO and PLC payments on attributed base acres, or CCC-862, for each FSN enrolled for the contract to be approved.

B CCC-861, ARC-CO and PLC Contract and CCC-862, ARC-IC Contract Requirements

Producers signing CCC-861 and CCC-862 agree to:--*

- comply with HELC and WC provisions
- file a farm operating plan for payment limitation and actively engaged in farming for the ARC and PLC Program year participation, according to 5-PL
- devote acreage equal to the base acres to an agricultural or conserving use
- effectively control noxious weeds on the farm according to sound agricultural practices
- file an acreage report with respect to all crops and all cropland on the farm
- notify FSA when there is a transfer of or change of interest of a producer

Note: See paragraph 6 and 254 for payments and refunds for predecessors and successor.

- a certification of compliance with AGI provisions by the producer's persons and legal entities according to 7 CFR Part 1400.

7 Contract Requirements (Continued)

C Transfer of or Change in Farming Interest or Change in Base Acres

A transfer of or change in the interest of any producer or change in any base acres in a FY for *--a farm will result in cancellation of CCC-861 or CCC-862 for the FY, unless the producers succeeding to the acreage enter into CCC-861 or CCC-862 for the farm and agree to assume the CCC-861 or CCC-862 no later than September 30 of the program year.--*

8 Eligible Producers

A Background

The 2014 Farm Bill authorizes the Secretary to issue ARCPLC payments to eligible producers. A producer is defined by law as “an owner, operator, landlord, tenant, or sharecropper that shares in the risk of producing a crop and is entitled to share in the crop available for marketing from the farm, or would have shared had the crop been produced.” The 2014 Farm Bill further requires the Secretary to “provide for the sharing of payments among the producers on a farm on a fair and equitable basis.”

B Individuals and Legal Entities Who Are Producers Eligible for Payment

The following individuals and legal entities may share in ARCPLC payments if the individual or legal entity is entitled to an ownership share of agricultural commodity or conserving use and is:

- an owner on an eligible farm who assumes all or part of the risk of producing a crop on base acres
- a producer, other than an owner, on an eligible farm with a share-rent arrangement or cash-lease agreement.

Note: An owner whose only interest is that the owner cash leases land to another is **not** a producer on that land and, therefore, is ineligible to share in ARCPLC payments for this land.

C Loss of Interest in Base Acres on a Farm

If a producer loses interest in the base acres on a farm, for ARC-CO, PLC, or planted acres on ARC-IC, the producer is **not** eligible to retain ARCPLC payments for those acres. Any payments issued to that producer or that were received by the producer on the acreage **must** be immediately refunded as required by paragraph 6.

***--9 General Signature Requirements and Withdrawing or Terminating CCC-861, ARC-CO and PLC Contract and CCC-862, ARC-IC Contract**

A Common Management Provisions

Follow 1-CM for policy concerning signatures.

B Withdrawing CCC-861, ARC-CO and PLC Contract or CCC-862, ARC-IC Contract During the Enrollment Period

The end of the enrollment period for each ARCPLC program year:

- 2014 and 2015 is September 30, 2015
- 2016 through 2018, August 1 of each ARCPLC program year.

C Terminating CCC-861, ARC-CO and PLC Contract and CCC-862, ARC-IC Contract

CCC-861 or CCC-862 will be terminated if there is a transfer or change in the interest of--* any producer or change in any of the base acres on the farm occurring by:

- September 30, 2015, for each of the 2014 and 2015 program years
- September 30 of the program year for each of the 2016 and subsequent program years.

--CCC-861 or CCC-862 may be canceled for violations and other reasons.--

10-20 (Reserved)

26 Base Acre Reallocation Decision

A Base Acre Reallocation

Any current owner of a farm will have a 1-time opportunity from September 29, 2014, through April 7, 2015, to do either of the following:

- retain the farm's base acres as of September 30, 2013, as adjusted, **except** upland cotton (generic) base acres
- reallocate base acres, **excluding** upland cotton (generic) base acres, on a farm, based on the 4-year average P&CP acres for the 2009 through 2012 crop years. An increase in **total** base acres in effect on September 30, 2013, on a farm is **not** allowed according to the 2014 Farm Bill.

Note: Under **no** circumstances will reallocation of base acres of covered commodities on a farm result in any increase in total base acres on a farm.

If a decision to reallocate base acres is **not** made by a current owner by the end of the reallocation period, then the farm retains the base acres that were on the farm as of September 30, 2013.

See Exhibit 2 for definition of current owner.

B Signature Requirements for Base Acre Reallocation

Any current owner will make the base acre reallocation decision. Any current owner on the farm may sign to reallocate the farm's base acres or retain the farm's 2013 base acres.

If a current owner reallocates base acres, that reallocation will apply to the farm **unless** the base acre reallocation is withdrawn, rescinded, or modified by any current owner on the farm in the base acre reallocation period.

Neither FSA nor CCC is under any obligation to notify owners on a farm if a base acre reallocation has been filed, rescinded, modified, or withdrawn during the base acre reallocation period. If a person or legal entity acquires ownership of a farm that has already had base acre reallocation decision made by an owner, FSA will provide the base acre reallocation information to that person or legal entity on request, but is under no obligation to notify new owners or new producers whether a base acre reallocation decision has previously been made on that particular farm.

26 Base Acre Reallocation Decision (Continued)

C Base Acre Reallocation Disputes

If any current owner submits a conflicting reallocation request or expresses disagreement with a reallocation filed, no reallocations will be approved for the farm unless all the current owners of the farm provide CCC with written evidence of the dispute resolution during the base acre reallocation period.

***--26.5 Invalid Reallocations and Yield Updates**

A Reallocations and Yield Updates Found Invalid

Situations exist where the reallocation decision and/or a yield update was completed and the signatory on CCC-858 was a:

- power of attorney signing in a representative capacity for a “current” landowner and that power of attorney is no longer valid
- producer who was not a current owner.

As a result, the reallocation decision and/or yield update shall be declared invalid. Base acres and yields originally on the farm prior to the reallocation and/or yield update shall be restored to the farm.

A manual election is then required on the farm’s original base acres using the policy in paragraph 181. A manual election not completed within 30 calendar days will result in the farm defaulting to PLC and no payments will be earned for 2014.

Note: MIDAS and FRS shall be updated every year beginning in 2014.

B Exception to Determining the Election Invalid

If the criteria in subparagraph A is met, and as a result, a reallocation is deemed invalid, a current owner may ratify the original reallocation. If the ratification occurs, the original election shall be deemed to be valid and no further action is required.--*

42 Adjusting Base Acres for CRP-1 Expiration, Voluntary Termination, or Early Release

A Policy

The same land **cannot** be enrolled in ARCPLC and CRP at the same time and receive both ARCPLC and CRP payments on the same acres. However, if during the program or contract year CRP-1 expires, is voluntarily terminated, or is early released, and **before** the established application or enrollment deadline established for ARCPLC, producers may enroll the following acreage and applicable yields into ARCPLC, previously enrolled under CRP-1, as applicable:

- CAB's reduced from applicable CRP-15
- PFC acreage that was reduced on CCC-505 to be enrolled in CRP
- base acres that were reduced on CCC-505 to be enrolled in CRP.

Note: The CAB, PFC, or base acres that are reinstated to the farm are considered base acres.

Important: Only reinstated base acreage from CRP-1's that expire, are voluntarily terminated, or early released on or after September 30, 2013, are eligible to be ~~enrolled~~ into the applicable year's CCC-861, CCC-862, or CCC-957~~enrolled~~ providing base acreage reinstatement, enrollment, or application are completed by the applicable enrollment or application deadline.

If base acres were eligible to be restored **on or before September 30, 2014**, the reinstated base acres:

- shall be distributed to the tract previously enrolled in CRP or to the tract from which the base acres were removed
- may be used in the base reallocation process
- will receive a PLC yield equal to the tract level CC yield for this crop at the time the applicable acreage was removed

Note: The owner will have the opportunity to update this yield according to paragraph 61, using the farm's actual yield per planted acre for the 2008 through 2012 crop years by the applicable deadline.

- if a CC yield was **not** assigned or **cannot** be found for the applicable crop on the farm, then the county average CC yield will be assigned for the applicable crop
- shall be subject to the program election made for the farm and/or crop by the election deadline according to Part 7.

See 10-CM for updating FRMS.

42 Adjusting Base Acres for CRP-1 Expiration, Voluntary Termination, or Early Release (Continued)

A Policy (Continued)

If base acres were eligible to be restored **after September 30, 2014**, the
 *--reinstated base acres, when authorized, will be restored as the covered
 commodity that was reduced and may not be reallocated to any other crop:

Example: If 50 acres of oat base were reduced on CCC-505, these base acres
 will be restored as oat base acres.

- if the covered commodity to be restored has base acres that exist on the farm before the restoration, then:
 - restore the base acres to the applicable tract and farm
 - the covered commodity's election shall be the election that is in place for that covered commodity on the farm
 - the covered commodity will receive the PLC yield currently established for the crop on the farm

Note: No further yield update is allowed.

- if the covered commodity to be restored does **not** have base acres that exist on the farm before the restoration, then:
 - restore the base acres to the applicable tract and farm once the current producers have completed a manual election for the applicable covered commodity

Note: The election must be completed within 30 calendar days of notification. Failure to make the election within 30 calendar days shall result in the default election of PLC.

Exception: Restored base acres on ARC-IC farms are not required to make an election.

Note: As required in paragraph 187, a resulting farm from a parent farm that made a PLC or ARC-CO election cannot make an ARC-IC election.--*

42 Adjusting Base Acres for CRP-1 Expiration, Voluntary Termination, or Early Release (Continued)

A Policy (Continued)

- the covered commodity will receive a PLC yield equal to the **higher of** the following:
- CC yield for the crop at the time the applicable base acreage was reduced
- county average CC yield for the applicable crop.

***--Notes:** County average CC yield information may be found at <http://www.fsa.usda.gov/arc-plc>, under ARC/PLC Program Data, and will be displayed as “Counter-Cyclical Payment Yields by County (XLS, 761 KB)--*

The owner will have the opportunity to update the yield according to paragraph 61, using the farm’s actual yield per planted acre for the 2008 through 2012 crop years. The opportunity to update the yield must be completed during the 30-calendar-day notification period.

42 Adjusting Base Acres for CRP-1 Expiration, Voluntary Termination, or Early Release (Continued)

A Policy (Continued)

Notes: When CAB's or previously reduced PFC acreage is included in an ARCPLC enrollment, or CTAP application, CAB's and PFC acreage become base acres or generic base acres.

See Exhibit 2 for the definition of voluntarily terminated.

*--FY 2015 base acre reinstatements **cannot** be added into FRMS until after the base acre reallocation, yield update, program election, and Farm Record update has--* been completed.

B Limitation on Base Acres

The total base acres on a farm **must not** exceed DCP cropland according to paragraph 21.

Base acres reinstated under the previous CRP-1 **must not** be enrolled in ARCPLC **unless** the total DCP cropland for the farm is sufficient to support the additional base acres. Therefore, County Offices **must** determine the amount of previously reduced base acres that may be enrolled in ARCPLC.

Before enrolling base acres into ARCPLC acreage previously under CRP-1, a farm may be combined with another farm to increase the amount of DCP cropland to support the additional base acreage, if both of the following are met:

- all provisions of 10-CM for farm combinations are met
- the combination is completed before the final date to enroll the reinstated base acres.

C Timing of Adjustments and Payments

Participants who elect to voluntarily terminate CRP-1 or who have acres affected by early release before the CRP-1 expiration date:

- **must** choose to receive **either** of the following for FY in which CRP-1 was voluntarily terminated:
 - ARC and PLC payments
 - CRP payment, if applicable
- **cannot** receive ARCPLC payments together with CRP payments on the same acreage for the same FY.

Note: ARCPLC and CTAP can be paid on the same land; however, if CRP is paid on the land, the land **cannot** receive ARCPLC payments.

42 Adjusting Base Acres for CRP-1 Expiration, Voluntary Termination, or Early Release (Continued)

C Timing of Adjustments and Payments (Continued)

Adjustments to base acres on a farm because of CRP-1 that expires, is voluntarily terminated, or early released after September 30, 2013, and before October 1, 2018, may be made according to the following, if all other eligibility requirements are met.

IF CRP-1 expires, is voluntarily terminated or is early released...	THEN eligible farms may...	AND be paid full ARCPLC in FY...
before September 30, 2014	have base acres reinstated to the farm to be used for: <ul style="list-style-type: none"> • reallocation of base acres • election of ARC or PLC •*--enrollment into 2014 CCC-861 or CCC-862 	2014, subject to CCC-861, CCC-862, or CCC-957, if--* applicable.
September 30, 2014 through September 30, 2018	have base acres reinstated to the farm for the applicable year, 2015 through 2018, to be used for: <ul style="list-style-type: none"> • election of ARC or PLC, if new base acre commodity is added to the farm for the applicable year •*--enrollment into 2015 CCC-861 or CCC-862 for the applicable year <p>Note: FY 2015 base acre reinstatements cannot be added into FRMS until after the ARCPLC election process has been completed. CRP and ARCPLC payments cannot be paid on the same acres in the same program year. The deadline to make the choice of partial CRP payment or ARCPLC payment is the applicable contract enrollment deadline for the applicable year, or 30 calendar days after notification of base acre reinstatement option, no later than the end of the contract period for the applicable FY. If ARCPLC payment is chosen instead of CRP payment for that year, the base acres will be restored to the farm for that applicable year, and, if payment is triggered for that crop, ARCPLC payments will be issued accordingly.</p>	in which base acres are reinstated and subject to CC-861 or CCC-862.--*

42 Adjusting Base Acres for CRP-1 Expiration, Voluntary Termination, or Early Release (Continued)

C Timing of Adjustments and Payments (Continued)

IF CRP-1 expires, is voluntarily terminated or is early released...	THEN eligible farms may...	AND be paid full ARCPLC * * * in FY...
September 30, 2014 through September 30, 2018 (Continued)	adjust base acres on the farm by enrolling eligible acreage after September 30 of FY in which CRP-1 is voluntarily terminated, but no later than the application or enrollment deadline for the applicable following FY.	in which base acres are reinstated and subject to *--CCC-861 or CCC-862, if--* applicable.

***--Note:** Eligible acreage **must** be included on CCC-861 or CCC-862 by the applicable--* ARCPLC enrollment deadline established for the applicable year to be eligible for ARCPLC.

D Example 1

Jane Smith enrolled 100 acres of cropland on FSN 56 in CRP during signup. CRP-1 became effective on October 1, 2014. Before enrollment of the 100 acres of cropland into CRP, FSN 56 had:

- 500 acres cropland
- 410 base acres, including generic base acres
- 0 CRP acres.

The total amount of base acres plus CRP acres **cannot** exceed the farm's cropland plus double-cropping history. Accordingly, Jane Smith executed CCC-505 to reduce the base acres (including generic base acres) on FSN 56 to 400 acres. After enrollment of the 100 acres of cropland into CRP, FSN 56 has:

- 500 acres cropland
- 400 base acres, including generic base acres
- 100 CRP acres
- 10 wheat base acres reduced on CCC-505.

Note: If upland cotton (generic) base acres are reduced, instead of wheat base acres, eligible upland cotton (generic) base acres for CTAP are reduced.

42 Adjusting Base Acres for CRP-1 Expiration, Voluntary Termination, or Early Release (Continued)

D Example 1 (Continued)

On September 1, 2015, Jane Smith voluntarily terminates 2.3 acres from CRP. The 2.3 acres will be used for a horse pasture. The voluntary termination of 2.3 acres from CRP was approved by the applicable CCC official. After the voluntary termination of the 2.3 acres of CRP is approved, and all other eligibility requirements are met, the County Office will:

- *--notify all producers and owners, in writing (Exhibit 8), that the 2.3 wheat base acres--* are available for enrollment into ARCPLC
- increase the base acres on FSN 56 to 402.3 * * *
- notate the 2.3 base acre reinstatement in the CCC-505 "Remarks" section.

After the modifications to FY 2015 FRMS have been completed, FSN 56 has:

- 500.0 acres cropland
- 402.3 base acres, including generic base acres
- 97.7 CRP acres
- 7.7 base acres reduced on CCC-505.

42 Adjusting Base Acres for CRP-1 Expiration, Voluntary Termination, or Early Release (Continued)

F Example 3 (Continued)

On May 15, 2015, Joe Brown voluntarily terminated his CRP-1. Joe Brown will use 7 acres to build a house, out buildings, and a tennis court; and 3 acres will be returned to crop production. The voluntary termination from CRP was approved by the applicable CCC official. After the voluntary termination of CRP-1 is approved, and all other eligibility requirements are met, the County Office **must**:

- notify all producers and owners, in writing (Exhibit 8), that the 3.0 wheat base acres are available for enrollment into ARCPLC
- increase the base acres on FSN 989 to 3 base acres, if the producer enrolls the base acres into ARCPLC by the applicable ARCPLC enrollment deadline
- notate the 3 base acre reinstatement in CCC-505.

After the modifications to the applicable FY 2014 FRMS are completed, FSN 989 has:

- 3 acres cropland
- 3 base acres
- 0 CRP acres
- 2 wheat base acres reduced on CCC-505.

--43 Restoring Base Acres for a New Covered Commodity*A Program Election for a Covered Commodity without an Election**

Base acres eligible to be restored after September 30, 2014, will be restored as they were reduced.

Example: If 10.00 acres of oat base were reduced from Farm 100, Tract 200 on a CCC-505 to be enrolled into the CRP program, the base acres will be restored to the farm/tract from which they were removed as oat base acres. These base acres are not eligible to be reallocated to a different crop. The base reallocation period ended on April 7, 2015.

In the example provided, if Farm 100 does not currently have a program election for oats because the farm has zero generic base acres and zero base acres of oats before the base restoration, **a program election must be made before the base restoration can be completed.** The owner and operator of the farm must be notified of the requirement for all current producer(s) to make a program election within 30 calendar days of the notification.

The program election for the new base acres eligible for base restoration will be recorded on a manual CCC-857 and shall be manually recorded in MIDAS when the base acres are restored for the applicable program year. All current producers on the date of the program election must sign the manual CCC-857 agreeing to the program election. Failure of all current producers to make a program election within the 30 day time period will result in FSA applying a default PLC program election for the new crop effective 2015 through 2018.

Note: If a default PLC program election occurs, the covered commodity is eligible for PLC payment if triggered in 2015 through 2018.--*

--43 Restoring Base Acres for a New Covered Commodity (Continued)*B Restoring Base Acres Because of CRP “Early Out”**

According to “Early Out” CRP policy, CRP participants can request to terminate all or some of their CRP contract’s eligible acreage at any time during the time period of October 1, 2014, through September 30, 2015. Policy further stated that a prorated payment reduction will apply from the effective date of the termination through September 30, 2015.

Producers **cannot** receive a CRP and ARCPLC payment in the same year for the same base acres, even if the producer only receives a partial CRP payment in the year of the “early out” according to subparagraph 42 C.

When the farm receives a prorated CRP payment, the base acres are eligible to be restored to the farm in the year **following** the effective date of the “early out”. The cropland acres are available to be immediately added to the farm’s **effective DCP cropland**, but the base acres **cannot** be restored until the following FY.

Example: The owners of FSN 10 requested an early out of the CRP contract 1201 on April 15, 2016. 17.30 wheat base acres had been reduced because of CRP participation and were eligible to be restored. The owners of FSN 10 received a partial CRP payment for FY 16. The 17.30 wheat base acres shall be restored to FSN 10 on October 1, 2016 (FY 2017).

C Restoring Base Acres Because of CRP Voluntary Termination or Lack of Succession by Heirs

County Offices must follow subparagraph 42 C for determining the FY to restore base acres. CRP and ARCPLC payments **cannot** be paid on the same acres in the same program year. The deadline to make the choice of partial CRP payment or ARCPLC payment is the applicable contract enrollment deadline for the applicable year, or 30 calendar days after notification of the base acre reinstatement option, no later than the end of the contract period for the applicable FY.

D Notification Letters

Use the letters in Exhibit 8 to notify producers of the requirements for restoring base acres and other actions.--*

62 Yield Update Decision

A Decision to Update or Retain CC Yield

The decision to update or retain the yield for covered commodities can be made on a covered commodity-by-covered commodity basis, as determined by the owner of the farm.

For covered commodities with base acres, the owner will have a choice of either of the following:

- keeping the covered commodity's existing CC yield
- update the CC yield according to subparagraph 61 B.

Note: The farm's PLC yield, after the update decision is completed, will be equal to or greater than the farm's CC yield, depending on the yield update decision made by the owner.

If the owner chooses **not** to update the PLC yields on the farm, or does **not** make the necessary updates before the base and yield update deadline, the farm's 2013 CC yields for each covered commodity will be carried forward as the farm's PLC yields for the 2014 through 2018 covered commodity years.

Owners have the option of updating yields regardless of PLC, ARC-CO, or ARC-IC election. However, if either a base reallocation or yield update, or both, is performed in the election period, any previously filed election is invalidated.

Example: A producer elects PLC for the wheat base and ARC-CO for the corn base. The producer may update the PLC yield for both wheat and corn on the farm.

The PLC yields are used in the payment calculation for PLC **only**. The PLC yields are **not** used in the ARC calculations; however, all updated PLC yields, including PLC yields for covered commodities for which ARC was elected, will be maintained on the farm by FSA for future program purposes.

ARC uses county level yields for ARC-CO or individual farms yields for ARC-IC, in the 5 years immediately preceding, for determining guarantees and payments, if applicable. The PLC yield that is based on 2008 through 2012 data is **not** used for ARC.

Note: Upland cotton is no longer a covered commodity. There is **no** need to establish PLC yields for upland cotton base acres.

62 Yield Update Decision (Continued)**B Irrigated and Nonirrigated Yields**

The 2014 Farm Bill does **not** allow for establishing separate irrigated and nonirrigated payment yields for covered commodities in the ARC and PLC Program.

The PLC yield for a covered commodity that is from both irrigated and nonirrigated acreage will either be the farm's current CC yield, or an updated yield that is based on total production on the farm for the covered commodity, divided by the total irrigated and nonirrigated planted acres of the covered commodity on the farm for each applicable year, 2008 through 2012.

Note: Under ARC-CO, FSA will establish an irrigated and non-irrigated ARC-CO guarantee for counties that meet the irrigated acre criteria. However, separate irrigated and non-irrigated yields will **not** be required to be established at the farm level for this calculation.

C Update Decisions

The decision to update the farm yield for the covered commodity * * * can be made by any current owner of the farm and does **not** require all owners to sign the update.

The yield update decision by any current owner will remain as filed, **unless** 1 or more of the other farm's current owners files a written notice with FSA expressing disagreement with a yield update. The notice of disagreement **must** be filed with COC **no** later than the end of the yield update period.

If FSA receives a written notice of current owner disagreement of the yield update, COC will invalidate the original yield update decision and wait for all the farm's current owners' resolution. If a subsequent unanimous decision of the yield update **cannot** be agreed to by all the farm's current owners by the end of the yield update period, the farm's yield will default to the 2013 CC yield as listed in the Acreage History notification letter.

Any current owner of a farm in 2014 can make the decision to update yield. If a new owner acquires the farm before the yield update deadline, the yield update decision can be modified by the new owners or then current owners of the farm, provided the yield update period is still open.

Yield update decisions are made on a crop-by-crop basis and can be modified throughout the base and yield update process.

--87 Silage and Hay Production Evidence and Grazed Acreage--**A Policy**

Silage or hay production (tonnage) that is a matter of record and meets paragraph 81 criteria may be converted to bu. using conversion factors in this subparagraph.

Note: If RMA has converted silage to bu., producers may certify, and COC's accept, RMA production (bu.) as converted.

B Silage Production

Acceptable records of silage production **must** be converted from tons of silage to bu. of grain by multiplying the tonnage amount times the following factors:

- 6.47 for barley
- 7.94 for corn
- 5.51 for dry peas
- 3.114 cwt. for grain sorghum times 100 divided by 56
- 4.30 for lentils
- 4.08 for oats
- 6.00 for small chickpeas
- 5.00 for soybeans
- 6.99 for wheat.

Example: Farmer A sold a corn crop harvested as silage to XYZ Dairy. All production is weighed. XYZ Dairy purchased 739.5 tons of corn silage from Farmer A. The actual corn grain production for that year would be 5,872 bu. (739.5 tons x 7.94 bu. per ton = 5,872 bu.).

C Hay Production

Acceptable records of hay production must be converted to bu. by multiplying the tonnage by the following conversion factors:

- 18.49 for barley
- 8.89 for large chickpeas
- 17.14 for small chickpeas
- 22.69 for corn
- 15.74 for dry peas
- 8.89 cwt. for grain sorghum times 100 divided by 56
- 12.29 for lentils
- 11.66 for oats
- 14.20 for soybeans
- 19.97 for wheat.

--87 Silage and Hay Production Evidence and Grazed Acreage (Continued)--**D Silage or Hay Measurements**

Actual measurements to verify production for a particular year **must** have been taken **before** harvesting the next year's crop to document the year of production. Acceptable farm-stored forage measurements are measurements taken by the following:

- FSA employees, if done as part of an official measurement service
- FSA certified LA's
- Extension Service or USDA employees acting in an official capacity
- feed company consultants approved by COC
- private feed and forage consultants approved by COC
- RMA or reinsured company appraisers.

Note: Using sales receipts to document production eliminates the need for an on-farm hay or forage measurement.

E COC Guidelines for Approving Silage or Hay Measurements

COC's will review applicant's documents from feed and forage consultants and make approvals based on whether or **not** the documents meet the requirements of this part. It is evident that feed and forage consultants do **not** necessarily provide the same service to all customers.

***--F Grazed Acreage**

There will be situations where reported acreage of a covered commodity has been grazed and no production evidence or yield certification can be provided to establish a yield for ARC or PLC program purposes. County Offices will assign a yield according to the following table.

Step	Action
1	Use 3 farms with similar yield capability, including: <ul style="list-style-type: none"> • land • cultural practices, including irrigation capability.
2	Average the 3 farms with similar yields where a certified yield has been provided. Note: The yield is based on the simple average of the 3 similar farms yield.
3	Request assistance from STC or STC representative if 3 similar farms are not available for the county. Assign the needed yields based on the STC or STC representative's information.
4	Document in executive session COC minutes, all: <ul style="list-style-type: none"> • yields established using 3 similar farms • farms receiving the yields • farms used to establish the yields.

--*

Section 2 Using ARC-CO

116 ARC-CO

A ARC-CO Features

ARC-CO is revenue-based at the county level, designed to cover a portion of a producer's out-of-pocket loss (referred to as "shallow loss") when crop revenues of covered commodities fall below benchmark revenue levels, with the benchmark revenue based on county level historic yields of covered commodities. Current producers may elect ARC-CO, as an alternative to PLC, on a covered commodity-by-covered commodity basis on the farm, or ARC-IC for all the covered commodities on the whole farm. For both PLC and ARC-CO, the payment calculation is based on base acres of the specific crop, including any base acres attributed to a covered commodity from generic base acres based on planted crop acreage or eligible subsequently planted crop acreage. ARC-CO payments are calculated on 85 percent of the specific base acres and is limited to 10 percent of the benchmark county revenue calculate for the specific year.

Notes: Prevented planting acres are **not** included in ARC-CO calculations that include the benchmark, guaranteed, and actual year revenue for the covered commodity.

--Eligible subsequently planted crop acreage is planted acres of a covered commodity that are a replacement crop to any crop other than a planted covered commodity. Eligible subsequently planted crop acreage is included as payment acres, if the crop acreage is planted to a covered commodity as a replacement crop after the failure or prevented planting of any crop other than a covered commodity, or after the approved prevented planting of a covered commodity. Eligible subsequently planted crop acreage is used to determine payment acres and attribution of generic base acres.--

ARC-CO payments are triggered when the actual county crop revenue is less than the ARC-CO guarantee calculated for the covered commodity base acres for the year.

Note: Generic base acres will be attributed to covered commodities planted on the farm and payments will be calculated according to covered commodities planted on generic base acres, as if they were base acres, **not** to exceed the total generic base acres on the farm. If multiple covered commodities are planted on the farm, then the planted covered commodities will be prorated into the total generic base acres on the farm when calculating an ARC-CO payment.

116 ARC-CO (Continued)

A ARC-CO Features (Continued)

Participation in ARC-CO does **not** require production reports because benchmark revenues and actual revenues are computed using county yield data, **not** individual producer and/or farm yield data.

ARC-CO payments are **not** dependent on the planting of covered commodities on the farm.

Prevented planting acres are not included in ARC-CO revenue calculations.

Similar to ARC-IC and PLC, eligibility for ARC-CO payments is based on the administrative county of the elected and enrolled farm, **not** physical location of the land.

*--An ARC-CO payment is equal to 85 percent of the specific covered commodity's base acres, times the calculated ARC-CO payment rate. Producers are **not** required to plant the covered commodity; however, producers **must** have a share of crop acreage and share in the risk of producing an agricultural commodity on the farm to receive a share of an ARC-CO payment.--*

B ARC-CO Benchmark Yield

[7 CFR 1412.3] Average historical county yield means the 5-year Olympic average of actual average county yields for the most recent 5 years (substituting 70 percent of the county transitional yield as defined in this part in each year where the actual average county yield is less than 70 percent of the county transitional yield). Separate irrigated and non-irrigated yields will be established in a county having a sufficient number of farms with P&CP acreage history of a covered commodity in 2009 through 2012, as determined by FSA. These separate yields will only be established where at least an average of 25 percent of a covered commodity's P&CP acreage was irrigated in 2009 through 2012 and at least an average of 25 percent of the same covered commodity's P&CP acreage in that county was non-irrigated in 2009 through 2012.

116 ARC-CO (Continued)

B ARC-CO Benchmark Yield Calculation (Continued)

An ARC-CO benchmark yield is the average historical county yield. It is **required** in each county for each covered commodity with base acres on a participating farm. The ARC-CO benchmark yield is used to determine the ARC-CO benchmark revenue for each covered commodity. The ARC-CO benchmark yield is determined by multiplying the average county historical yield per planted acre for the covered commodities in the county for the most recent 5 crop years, **excluding** each of the crop years with the highest and lowest county yields.

IF the benchmark revenue yield is being calculated for...	THEN the 5 most recent crop years are...
crop year 2014	2009 through 2013.
crop year 2015	2010 through 2014.
crop year 2016	2011 through 2015.
crop year 2017	2012 through 2016.
crop year 2018	2013 through 2017.

Average historical county yields used in the 5-year Olympic average calculation will be obtained from NASS yield data on a covered commodity basis in each county. Producers are **not** required to submit production evidence since county yields are used for each covered commodity in ARC-CO.

--For each covered commodity planted on a farm having a CCC-861 contract, the yield of-- each of the 5 most recent years will be the **higher** of either of the following:

- average historical county yield per planted acre, determined by NASS and provided to the National Office, per covered commodity, per county, per State
- ARC substitute yield per covered commodity, per county, per State.

116 ARC-CO (Continued)

C Benchmark Yield Calculation Example

The following is an example benchmark yield calculation using the 5-year Olympic average for crop year 2014.

Corn	2009	2010	2011	2012	2013	5-Year Olympic Average Yield
County Yield <u>1</u> /	184	163	183	112	155	167
ARC Substitute Yield <u>2</u> /	119	119	119	119	119	

1/ Average historical County yield is the yield per planted acre in the respective county as reported to NASS.

2/ ARC substitute yield is based on data T-yield data used by RMA or NAP.

D ARC-CO Benchmark Price Calculation

An ARC-CO benchmark price is **required** for each covered commodity to determine the benchmark revenue for each covered commodity. The ARC-CO benchmark price is determined by multiplying the higher of MYA price or the reference price for the covered commodity on the farm for the most recent 5 crop years, **excluding** each of the crop years with the highest and lowest prices. These prices are national prices and are **not** specific to an individual county.

--For each covered commodity with base acres on a farm having CCC-861, the price of each-- of the 5 most recent years will be the **higher of** either of the following:

- MYA price determined by NASS and provided to the national office per covered commodity.
- reference price set by statute for the covered commodity.

131 ARC-IC (Continued)

F ARC-IC Yield Certifications (Continued)

Producers of an ARC-IC farm **must** certify the yield of covered commodities to establish benchmark and current year revenues.

***--Note:** County Offices shall follow policy in Part 3, Section 2 for certification of yields for covered commodities planted on farms enrolled into the ARC-IC program. The policy provides conversion factors for silage and/or hay production along with grazed acreage provisions for covered commodities planted on ARC-IC farms.--*

In the initial year of ARC-IC participation, the certified yield of covered commodities for the farm will be **required** to be submitted for each year of the benchmark (2009 through 2013) and the current year (2014). Each year thereafter, the producer must annually report the certified yield of covered commodities planted on the farm.

To certify production for benchmark yield, the following substitute yields are used.

IF the crop was...	THEN...
planted in the benchmark year	the larger of the certified yield or 70 percent of T-yield is substituted.
not planted in the benchmark year	100 percent of the ARC-CO yield for each applicable year is substituted.

The ARC-IC substitute yields are found at http://www.fsa.usda.gov/programs-and-services/arcplc_program/arcplc-program-data/index. To access the:

- 70 percent of T-yield, select the report titled, “70% of FSA T-Yields”
- 100 percent of ARC-CO yield, select the report titled, “ARC-CO County Yields for 2009-2013”.

Note: To certify production for the current year, substitute yields are **not** used.

See:

- Exhibit 18 to complete CCC-863
- Exhibit 19 for an example letter requesting yield certifications from producers on ARC-IC farms.

Substitute yields are available for the benchmark years throughout the 2014 through 2018 crop years.

131 ARC-IC (Continued)

G ARC-IC Certified Yield Reporting Deadline

Certified yields for benchmark and actual year yields must be completed by July 15th of the subsequent crop year.

Note: For 2014, certification of benchmark and actual year yield deadline is September 30, 2015.

--COC may accept as timely filed any signature after the applicable deadline listed in this-- subparagraph, if the yield is certified before the issuance of any ARC-IC payment and COC approves the signature.

H ARC-IC Producer Payment

[7 CFR 1412.53(b)] Provided all provisions of this part including but not limited to ARC-IC election and enrollment have been satisfied for each of the 2014 through 2018 contract years, CCC will issue, as applicable and consistent with the election and enrollment:

(1) An ARC-IC payment beginning October 1, or as soon as practicable thereafter, after the end of the applicable marketing year for the farm if the farm was enrolled in ARC-IC and the ARC-IC actual crop revenue for that farm is less than the ARC-IC guarantee.

(2) Payment is equal to the result of multiplying the payment acres for the covered commodities times the difference between actual crop revenue and the ARC-IC guarantee, not to exceed 10 percent of benchmark revenue for ARC-IC.

(c) If a producer has an interest in multiple farms that have enrolled in ARC-IC, the ARC-IC benchmark revenue for that producer used in the payment calculation will be a weighted average of the benchmark revenue for those multiple farms.

Payment acres for each producer are equal to 65 percent of the total base acres of all covered commodities on ARC-IC farms times the producer's calculated payment rate for ARC-IC.

The payment rate for the producer is their share of the difference between the farm guarantee and the actual farm crop revenue for the covered commodity weighted across all enrolled ARC-IC farms.

Payment shares are driven from the shares of the covered commodities planted and reported on FSA-578.

The ARC-IC payment rate **cannot** exceed 10 percent of the farm's ARC-IC benchmark revenue.

The payment rate for the producer, if triggered, will be the same payment rate per acre for all participating ARC-IC farm's in which the producer has an interest.

136 ARC-IC Payment Shares

A Shares of ARC-IC Payments

[7 CFR 1412.66(f)] Shares of planted or eligible subsequently planted crop acreage of covered commodities on generic base acres will be determined based on the attribution in §1412.45 and shares recorded on the report of acreage filed in accordance with §1412.66.

Shares of ARC-IC payments will be determined based on the shares recorded on the report of acreage filed as specified in §1412.66. Further, each eligible producer having a share of planted or eligible subsequently planted crop acreage of covered commodities on a farm enrolled under an ARC or PLC Program contract has to do both of the following to be eligible for their share of a payment:

(1) Unless otherwise already enrolled on the ARC or PLC Program contract, sign the ARC or PLC Program contract during the contract period; and

(2) Have the producer's share recorded on the report of acreage filed as required by part 718 of this title and §1412.66 of this part.

Eligible ARC-IC producers will receive payment **only** when they have enrolled with an interest in the planted acreage of covered commodities on 1 or more ARC-IC enrolled farms.

Shares reported on FSA-578 will be used to determine producers that are eligible to claim ***--shares for ARC-IC payments, if applicable. However, **only** producers who sign CCC-862--*** will be issued payments.

The payment shares under ARC-IC differ greatly from ARC-CO or PLC, in that producers (including owners) whose **only** interest in the farm consist of interests in nonprogram crop or idle acreage are **not** permitted to receive an ARC-IC payment on the farm.

136 ARC-IC Payment Shares (Continued)**B Example**

FSN 1 has 300 acres of cropland.

- The farm consists of 150 acres of total base acres, 75 acres of peanuts and 75 acres of soybean base acres.
- In 2014, the:
 - owner of the farm has 100 percent share of 150 acres of grassland that is cropland for his cattle as reported on FSA-578
 - operator or other producer of the farm has 100 percent interest in 150 acres of tillable cropland on the farm and plants the 150 acres to corn. He pays appropriate cash rent to the owner of the farm, as reported on FSA-578.
- The owner previously received 100 percent of the direct and CC payment on the farm under the 2008 Farm Bill. The farm was **not** in ACRE under the 2008 Farm Bill.

The farm has been elected and enrolled into ARC-IC for the 2014 Farm Bill. The 2014 ARC-IC payment calculation will be based on corn benchmark, guarantee, and current year revenue. The payment will be issued 100 percent to the operator or other producer of the farm. The owner of the farm will **not** receive an ARC-IC payment because the owner has no share interest in covered commodity acreage reported planted on the farm in 2014.

139 ARC-IC Contracts

A ARC-IC Participant Contract Requirements

--Participants enrolling under CCC-862 agree to accurately:--

- record shares of planted acres of covered commodities reported on FSA-578 so that producers on the farm receive ARC-IC payments that are fair and equitable, as determined by COC
- submit a report of production for the farm and tract no later than the crop acreage reporting date for the crop, according to 2-CP, in the year immediately following the crop year of the reported crop acreage, for each covered commodity or peanuts for which an acreage report of planted acres greater than zero acres was filed.

Note: Zero production reports are acceptable.

B Acceptable Records of Production

At FSA's discretion, documentation may be requested to substantiate a production certification. Records of production acceptable to FSA may include those specified in:

- crop insurance and NAP records that may include loss records or take actual yield from the APH database
- commercial receipts, settlement sheets, warehouse ledger sheets, or load summaries of the crop that was sold or otherwise disposed of through commercial channels, provided the records are reliable or verifiable as determined by FSA
- documentary evidence, such as contemporaneous measurements, truck scale tickets, and contemporaneous diaries, as necessary to verify the information provided, if the crop has been fed to livestock or otherwise disposed of other than through commercial channels, if the records are reliable or verifiable as determined by FSA
- loan and LDP records.

139 ARC-IC Contracts (Continued)**C Yield Basis**

--For each covered commodity and peanuts planted on a farm having a valid CCC-862 for-- the current year, the yield of each of the 5 most recent years will be the higher of either of the following:

- ARC-IC substitute yield that is 70 percent of T-Yield
- actual farm yield per planted acre determined by dividing the total actual production on the farm by the farm's total planted acres
- ARC-IC assigned yield when the crop was **not** planted in the benchmark year (100 percent of ARC-CO yield).

In subsequent years, the higher of the farm's actual yield or ARC-IC substitute yield will be used to compute the benchmark farm yield.

Exception: Farms that have zero planted acres (that is prevented planted or managerial decision) will receive the ARC-IC assigned yield (100 percent of ARC-CO yield).

140 (Reserved)

188 ARC and PLC Program Election Examples (Continued)

G Example 7, Determining Current Producer

Farm 7 has base acres of:

- corn
- wheat.

The current producers **must** be determined. Farm owners are Fred and Karen and farm operator is Bill who share leases from both Fred and Karen. Fred, Karen, and Bill shall make the farm election.

H Example 7, Determining Current Producer

*--Fred and Karen sold the farm to Sam, for which Bill is the farm operator and a producer, **before** April 7, 2015. Bill and Sam could have done either of the following:

- taken no action and maintain the existing election
- completed another election **by April 7, 2015.--***

Note: FSA is under **no** obligation to provide election information to Sam, **unless** requested by Sam.

I Example 8, Determining Current Producer

*--Becky and Adrian owned the farm and cash leased the entire farm to Christopher. Christopher's lease ran from March 1, 2014, through February 28, 2015. Christopher made an election on January 15, 2015. Becky and Adrian terminated Christopher's lease per State law and cash leased the entire farm to Kim. Kim's lease runs from March 1, 2015, through February 29, 2016. Kim could have done either of the following:

- taken no action and maintain the existing election
- completed another election **before April 7, 2015.--***

Note: FSA is under **no** obligation to provide election information to Kim, **unless** requested.

188 ARC and PLC Program Election Examples (Continued)

J Example 9, Reconstitutions

Farm 8 has base acres and elections of:

- corn, ARC-CO
- soybeans, PLC
- wheat, PLC.

A reconstitution request, to divide Farm 8 that has 2 tracts into 2 farms, is received in the County Office. Farm 8 is divided into the following 2 farms:

- Farm 9 (Tract 1) with the following base acres and elections:
 - corn, ARC-CO
 - soybeans, PLC
 - wheat, PLC
- Farm 10 (Tract 2) with the following base acres and elections:
 - corn, ARC-CO
 - soybeans, PLC
 - wheat, PLC.

Note: The election follows to each resulting farm.

K Example 10, Reconstitutions

A request to combine Farm 11 and 12 is received in the County Office.

- Farm 11 (Tract 3) with the following base acres and elections:
 - soybeans, ARC-CO
 - wheat, PLC
 - corn, ARC-CO
- Farm 12 (Tract 4) with the following base acres and elections:
 - soybeans, PLC
 - wheat, PLC
 - corn, ARC-CO.

Farm 11 and 12 **cannot** be combined because the election of soybeans on Farm 11 does **not** match the election of soybeans on Farm 12. Farms can **only** be combined with farms having the identical elections.

188 ARC and PLC Program Election Examples (Continued)***--L Example 11, Reconstitutions**

Farm 100 has base acres and elections of:

- 50.00 base acres of corn with an ARC-CO election
- 100.00 base acres of wheat with an ARC-CO election
- 100.00 base acres of canola with a PLC election.

A reconstitution request is received to divide Farm 100 into 2 farms as the landowner sold one tract from the farm. The tract that was sold consists of 500.00 grazing acres, zero cropland, and zero base acres.

The resulting farms are as follows:

- Farm 200 with base acres and election of:
 - 50.00 base acres of corn with an ARC-CO election
 - 100.00 base acres of wheat with an ARC-CO election
 - 100.00 base acres of canola with a PLC election
- Farm 201 with base acres and election of:
 - 0.00 base acres of corn with an ARC-CO election
 - 0.00 base acres of wheat with an ARC-CO election
 - 0.00 base acres of canola with a PLC election.

Note: Program elections made on a parent farm will follow to the resulting farms even if base acres of the applicable covered commodity do **not** exist.--*

189 CCC-857

A Instructions for CCC-857

The following are instructions for completing CCC-857.

Item	Instructions	
1	Auto-filled with program years 2014 through 2018.	
2A	Enter administrative County Office name and address.	
2B	Enter administrative County Office's phone number (optional).	
2C	Enter administrative County Office's FAX number (optional).	
3	Enter administrative County Office's State code.	
4	Enter administrative County Office's county code.	
5	Enter applicable farm's FSN.	
6	If the current producers on the farm elect ARC-IC, check (✓).	
7	IF the current producers on the farm do not elect ARC-IC in item 6 and the farm...	THEN the current producers must elect ARC-CO or PLC for...
	does not have generic base acres	any covered commodity with base acres on the farm.
	has generic base acres	each and all of the 21 covered commodities.
8A	Enter a current producer's name and address.	
8B	For current producer listed in item 8A, enter that producer's e-mail address (optional)	
8C	For current producer listed in item 8A, enter the producer's phone number (optional).	
8D	Current producer listed in item 8A shall sign.	
8E	If the person who signed on behalf of the current producer in item 8A signed in a representative capacity, enter the title of the person who signed in a representative capacity.	
8F	Enter date the person signed in item 8A.	
9A	Enter name of CCC representative that received CCC-857 from the current producers.	
9B	Enter date the person in item 9A signed CCC-857.	
10	Enter remarks (optional).	
11A	Enter same number as recorded in item 5.	
11B	Enter same number as recorded in item 3.	
11C	Enter same number as recorded in item 4.	
11D	Enter same numbers as recorded in item 1	
12A	Enter a current producer's name and address.	
12B	For each current producer listed in item 12A, enter that producer's e-mail address (optional)	
12C	For each current producer listed in item 12A, enter the producer's phone number (optional).	
12D	Each current producer listed in item 12A must sign.	
12E	If anyone that signed for a current producer signed in item 12A in a representative capacity, enter the title of the person who signed in a representative capacity.	
12F	Enter date the person signed in item 12A.	

Part 8 ARCPLC Enrollment**Section 1 General Information****201 General Rules for ARCPLC Enrollment****A Introduction**

The 2014 Farm Bill allows producers an opportunity to annually enroll, consistent with the farm's program election, in the ARC-CO, PLC, or ARC-IC programs. Although election of ARC-CO, PLC, or ARC-IC is irrevocable for the entire 5 years 2014 through 2018, the decision to enroll the farm in an annual program must be made for each program year by the applicable producers on the farm to receive ARC-CO, PLC, or ARC-IC payments.

The contracts to participate for each of the 2014 and 2015 crop years will be required to be filed separately with enrollment periods for each of the 2014 and 2015 program years running concurrently.

For the subsequent contract years (2016 through 2018), annual contract enrollment periods will be held each year by a deadline set for each specific year.

--This section will provide instructions for completing CCC-861 or CCC-862 for the 2014-- through 2018 years.

202 Enrollment Dates for ARC and PLC Programs**A Enrollment Dates**

--Enrollment under CCC-861 or CCC-862 will be held annually, as follows:--

- 2014 and 2015 enrollment periods are held concurrently and begin June 17, 2015, and end September 30, 2015
- 2016, 2017, and 2018 enrollment periods each will begin December 1 and end August 1 of each respective contract year (2016, 2017, and 2018, as applicable).

202 Enrollment Dates for ARC and PLC Programs (Continued)

B Enrolling Base Acres on a Farm

*--Producers who annually enroll a farm under an CCC-861 or CCC-862 **must** enroll all base acres on the farm.

For CCC-861, all producers having a share in the base acres must sign the contract by the end of the ARCPLC enrollment period, or the enrollment is **not** complete.

Note: For ARC-CO and PLC contract farms having generic base acres, all producers, having a share in the covered commodities planted on the farm or eligible subsequently planted crop acreage following the approved prevented planting of a covered commodity, must sign CCC-861 for that reported FSA-578 share interest--* in the planted covered commodity to be potentially eligible for payment.

For ARC-IC contracts, all producers, having a share in the covered commodities planted on the farm and eligible subsequently planted crop acreage that is a replacement crop after the approved prevented planting of a covered commodity, must sign the contract by the end of the enrollment period or the enrollment is **not** complete. This enrollment includes any share interest in covered commodities planted (or eligible subsequently planted crop acreage following the approved prevented planting of a covered commodity) on the farm.

C ARC-CO and PLC Contract Enrollments and Exception

*--All producers having more than a zero share of contract base acres must sign CCC-861 by the end of the enrollment period. CCC-861's that are **not** signed by all producers having--* more than a zero share of contract base acres by the enrollment deadline are incomplete and will **not** be considered submitted to FSA or CCC for any purpose and will **not** be acted on or approved.

Exception: An exception applies to ARC-CO and PLC offers of enrollment. In those instances where COC is satisfied that there is no dispute of shares or other disagreement between producers, ARC-CO and PLC offers of enrollment can be approved, with State Office representative concurrence, to permit payment to only those eligible producers who did enroll and without regard to those shares that do **not** have signatures. This exception applies only if, in the sole judgment and discretion of FSA, FSA is satisfied that those producers who did sign for a share of contract base acres and/or covered commodities that attribute generic base acres ensure compliance with all contract provisions and requirements. Additionally, this exception is **not** applicable to ARC-IC enrollments.

When using this exception, County Offices shall ensure that the producer's shares, signature type, and enrollment date are blank in CCC-861 software.

202 Enrollment Dates for ARC and PLC Programs (Continued)**D Timeline for Enrollment**

The following table provides the timeline for 2014 and 2015 ARC and PLC enrollment.

FY 2015				FY 2016								
June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	
IF enrollments for 2014 or 2015 occur from...						THEN contract approval authority is...			AND authority to load software is...			
June 17 through September 30, 2015						COC or CED, if delegated			County Office.			

The following table and legend provide the timeline for 2016 through 2018 ARC and PLC enrollment.

Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
IF 2016 through 2018 enrollments occur in the contract year from...					THEN contract approval authority is...				AND authority to load software is...		
December 1 through August 1					COC or CED, if delegated				County Office.		
August 2 through August 31											
September 1 through September 30					STC or DD, if delegated				State Office or DD, if delegated.		

203 Late-Filed Contracts**A Late-Filed ARC-CO and PLC Contracts or ARC-IC Contracts**

The ARC-CO and PLC contract or ARC-IC contract enrollment deadline for FY's 2016 through 2018 is August 1 (September 30, 2015, for FY's 2014 and 2015) of the applicable contract year.

- DAFP has authorized a late-filed ARC-CO and PLC contract or ARC-IC contract enrollment period through August 31st of each applicable contract year, with the exception of September 30, 2015, for the 2014 and 2015 crop years. COC's have been delegated authority by DAFP to approve late-filed contracts that are completed by producers through the August 31st deadline.
- STC's are delegated by DAFP, ARC and PLC programmatic relief authority and equitable relief authority under the misaction/misinformation provisions to approve *--CCC-861 or CCC-862 satisfying all other ARC and PLC program requirements that--* are submitted from September 1 through September 30 of the applicable contract year for the years 2016 through 2018.

--203 Late-Filed Contracts (Continued)*B Prohibition on Enrollments After Contract Year Ends**

The contract period for ARC-CO and PLC contracts or ARC-IC contracts ends September 30 of the applicable program year. Enrollment for each of the 2014 and 2015 contract years will be held concurrently beginning June 17, 2015, through September 30, 2015.

Because FSA is conducting 2014 and 2015 enrollment concurrently, it is important that operators and producers understand the need to enroll each year separately.

Offers and attempts to enroll farms in each of the 2016, 2017, and 2018 contract years after September 30 of a contract year will **not** be considered by COC or STC. Offers to enroll in 2016, 2017, and 2018 after the end of the contract period will be considered ineligible offers **not** eligible for approval or disapproval by COC. FSA can make a factual determination as to whether or not enrollment occurred by the end of the contract period; however, under no circumstances will equitable relief provisions apply or be applied to cause FSA to bind CCC into contracts for a contract period that has already elapsed or passed.

Note: Except as otherwise stated in regulations and this handbook for the 2014 and 2015 contract years, FSA is **not** authorized on behalf of CCC to enter into contracts after the contract period has ended.

For each of the 2016, 2017, and 2018 contract years, when offers of enrollment are filed after the end of the contract period, the reviewing authority must **not**:

- consider or render any sort of adverse decision or relief decision on ARC-CO and PLC contracts or ARC-IC contracts if the contract was signed by anyone after the applicable contract year had ended, **regardless** of the reason the person or legal entity signed after the contract period passed
- forward any recommendation of approval or relief for anyone who offered to enroll a contract after the contract period passed
- provide any right of appeal or appealability to anyone making an inquiry about enrollment after the contract period has passed.--*

--203 Late-Filed Contracts (Continued)*B Prohibition on Enrollments After Contract Year Ends (Continued)**

Notes: Producers have a right of review or appeal **only** on adverse decisions and **only** where there are legitimate disputes of fact. See 1-APP. FSA is unable to exercise any sort of discretion to obligate CCC to contracts that were offered to CCC for enrollment after the end of a contract period.

Any right of appeal is limited to FSA's decision that the offer of enrollment was **not** received by FSA by the end of the contract period. Under **no** circumstances will FSA discuss enrolling farms after the end of a contract period, nor will FSA exercise any discretion of relief for these offers. FSA's authority to retroactively contract is limited to the 2014 and 2015 contract years as specified in regulations and this handbook.

Actions permitted by a reviewing authority when ARC-CO and PLC contract or ARC-IC contract is received after September 30 (or September 30, 2015, for 2014 and 2015 contracts) of the contract year, include the following:

- file the original ARC-CO and PLC contract or ARC-IC contract with producers' signatures in the farm file
- **do not** act on, approve, or disapprove ARC-CO and PLC contracts or ARC-IC contracts for the previous contract year
- send a letter advising producers attempting to enroll after the end of the contract period that ARC-CO and PLC contracts or ARC-IC contracts will **not** be processed by FSA. See subparagraph C.

County Offices will **not** discourage any producer from signing ARC-CO and PLC contract or ARC-IC contract at any time. However, FSA is **not** required to issue an approval or disapproval determination on ARC-CO and PLC contract or ARC-IC contract submitted after the contract year ends. STC's and COC's **must** follow this subparagraph for **all** ARC-CO and PLC contracts or ARC-IC contracts submitted after the contract year expires.

Except as discussed in regulations and this handbook for the 2014 and 2015 contract years, no letter of determination of approval or disapproval will be issued to producers who choose to submit ARC-CO and PLC contracts or ARC-IC contracts after the end of a contract year. This is true regardless of the reason or reasons the offer of enrollment was submitted after the end of the contract year. For these situations, County Offices will follow subparagraph C.--*

203 Late-Filed Contracts (Continued)

C Communication to Producers Submitting ARC-CO and PLC Contract or ARC-IC Contract After the 2016, 2017, or 2018 Contract Period, as Applicable, Has Ended

FSA offices will follow this paragraph in acknowledging offers to enroll in a 2016, 2017, or 2018 contract year after the end of each applicable contract period. Do **not** use this letter for *--2014 or 2015 offers on enrollment. FSA will acknowledge receipt of CCC-861 or CCC-862 submitted after the end of the contract period with a communication stating the--* following.

Note: Offices will not deviate from the language in the “set” part of the following text. The italicized portion and portions within brackets must be modified for the specific farms and producers.

*--Dear *[Enter names of all those signing CCC-861 or CCC-862 submitted after September 30 of a contract period.]*

This letter acknowledges receipt of an offer to enter into a contract with the Commodity Credit Corporation under a form *[enter CCC-861 or CCC-862 contract, as applicable]*.--*
You submitted the request to enroll after the end of the contract period.

7 CFR § 1412.41 specifies that enrollment is **not** allowed after September 30 of FY in which the ARC and PLC Program payments are requested.

The Farm Service Agency (FSA) appreciates your interest. Your offer to enroll after the end of the contract period will be kept on file; however, FSA **cannot** process the offer because there is no contract period remaining for enrollment.

Thank you again for your interest.

Sincerely,

County Executive Director

Note: FSA’s stating that the offer of enrollment **cannot** be processed is **not** an ARC and PLC program approval or disapproval decision and, therefore, it is **not** appealable. It is merely communicating that the offer cannot be processed. Any subsequent administrative review, if performed, is limited to whether or not FSA’s communication is accurate or not.

204 ARC-CO and PLC Contract or ARC-IC Contract**A ARC-CO and PLC Contract or ARC-IC Contract Provisions**

The following provisions apply to farms that did not have a valid election of ARC-CO and PLC or ARC-IC for 2014.

If a farm did **not** have a valid election, the farm and all producers on that farm are **not** eligible for a 2014 payment. All covered commodities are defaulted to the PLC program, with payment eligibility beginning in 2015. Producers will be permitted to enroll farms not having valid elections even though there will be no payments issued for 2014. The fact producers on such an enrolled and unelected farm are ineligible for 2014 payments is not an adverse decision for any enrolled producer on that farm. It is the function of the statute.

The following provisions apply to ARC-CO and PLC contracts or ARC-IC contracts for 2014 through 2018.

The regular scheduled enrollment period will end on August 1 of each FY. However, because of the timing of the rollout of the programs (enrollment for the 2014 and 2015 contract years), eligible producers must execute and submit an ARC and PLC contract or ARC-IC contract by:

- September 30, 2015, for each of the 2014 and 2015 FY contracts
- August 1 of the applicable year for each of the 2016, 2017, and 2018 FY contracts.

B COC Actions

COC will:

- *--only consider and act on CCC-861 or CCC-862 that is enrolled in the ARC-CO and PLC or ARC-IC program, as applicable, according to this paragraph
- neither approve nor disapprove CCC-861's or CCC-862's that do **not** have the signatures of all producers sharing in base acres on the farm

Note: Contracts not having all the signatures of all producers are considered incomplete and, if not signed by the end of the enrollment period, are considered withdrawn.

Exceptions: CCC-861's or CCC-862's with signatures from producers having zero--* shares may be acted on provided the provisions of paragraph 265 are met.

See subparagraph 202 C for other exceptions.

204 ARC-CO and PLC Contract or ARC-IC Contract (Continued)

B COC Actions (Continued)

- *--**not** consider or recommend equitable relief under any provision for a CCC-861 or CCC-862 that is **not** completely enrolled.

Note: The failure of a producer to sign CCC-861 or CCC-862 is **not** a compliance--* discrepancy, or failure to fully comply.

C Cash Lease Signature Requirements

COC will determine whether a lease is a cash lease according to paragraph 216. If the lease is a cash lease, COC's will **require** any of the following if the landowner or landlord receives a zero share of the crop:

- written lease, rental arrangement, or other document signed by the landowner or landlord that proves that the producer has cash-leased the land for FY

Notes: Keep a copy of the document in the County Office folder.

If the farm is a multiple ownership farm, and none of the tracts owned by the landowner or controlled by the landlord have cropland on them, the signature of that landowner or landlord or proof of cash-lease provisions do **not** apply.

- *--the landowner's or landlord's signature on CCC-861 or CCC-862 to zero share.--*

Note: When both spouses are joint owners of a farm and proof of a cash lease is **not** provided, the signature of 1 spouse is sufficient for a zero share, **unless** the spouse has notified FSA in writing that the other spouse may **not** sign for both.

Instead of the criteria in this subparagraph for zero share signatures of landowners on the farm, if the farm was cash-leased and the lease is in the second year or later, no signature is required from the zero share landowners on the farm in a prior year who:

- signed CCC-509, CCC-861, CCC-862, or CCC-957 to zero share
- provided a written document to support a zero share; for example, CCC-510 or CCC-855.

By signing CCC-861 or CCC-862, the producer is certifying that the cash lease arrangement with the landowner meets the criteria in this paragraph. Because the producer's signature is a certification, documentation supporting the lease is **not** required in the current year's farm folder.

COC always has the right to verify cash lease certifications.

204 ARC-CO and PLC Contract or ARC-IC Contract (Continued)**C Cash Lease Signature Requirements (Continued)**

Note: This provision may be used by each landowner on the farm with zero share whose share has not changed from the previous year, even though the farm may have been affected by a reconstitution where 1 or more landowners were either added or removed from the farm. In this case, only new owners added must either sign for zero share or the producer must provide a copy of the lease.

D Partial Enrollments

[7 CFR 1412.41(a)(4)] Eligible producers who choose to enter into a contract with FSA must enroll all base acres on the farm. Enrollment of fewer than all base acres on the farm is not allowed.

E Withdrawing Enrollment

[7 CFR 1412.41(b)] Eligible producers may withdraw from a contract at any time by August 1 of the applicable contract year provided all producer signatories to the contract, including FSA, agree to the withdrawal in writing.

See paragraph 203 for late-filed enrollment provisions. Late-filed enrollment provisions similarly apply to withdrawals of enrollment.

F Expiring ARC-CO and PLC Contract or ARC-IC Contract

The 2014 contract year is the **only** year that passed **before** the start of 2014 enrollment. The contract expiration provisions that apply to 2014 contracts will also apply to 2015 contracts, **without** regard to the 2014 or 2015 contract years already having passed or lapsed before the established enrollment deadline of September 30, 2015.

***--Example:** FY's 2014 and 2015 CCC-861 or CCC-862 timely entered into with CCC have--* a contract period that ends on September 30, 2015.

Except as provided for enrollment changed in the designated enrollment period that ends for 2014 and 2015 contracts (September 30, 2015), no changes can be made to ARC-CO and PLC contract or ARC-IC contract after the end of a contract period.

205 Reconstitution of ARC-CO, PLC, and ARC-IC Farms**A Reconstitution of Enrolled Farms**

Farms enrolled during the prescribed annual enrollment period that are subsequently reconstituted are no longer considered to be enrolled.

--Farms resulting from a reconstitution are **not** deemed to have enrolled the CCC-861 or CCC-862 and may **not** earn benefits associated with the ARC and PLC programs, **unless** the resulting farm is timely enrolled in CCC-861 or CCC-862.--

205 Reconstitution of ARC-CO, PLC, and ARC-IC Farms (Continued)

A Reconstitution of Enrolled Farms (Continued)

The validity of an ARC or PLC election is **not** impacted by reconstitution. Valid ARC and PLC elections will continue to be recognized following reconstitution. The resulting farms will have the ARC or PLC election that is consistent with the parent farm or farms.

B Authorized Reconstitutions

Subject to the provisions of subparagraph A, the following reconstitutions are allowed for each 2015 and subsequent program year, if FSA-155 or FSA-179 is initiated **by** August 1 of the effective FY:

- divisions of all farms
- farm combinations in limited situations
- completed farm transfers.

Note: Combinations of ARC-CO and PLC parent farms with other ARC-CO and PLC parent farms can only be approved if there are no conflicting elections or HIP between parent farms.

An ARC-CO and PLC parent farm can never be combined with an ARC-IC parent farm or vice versa.

A parent farm that has zero base acres and has no election can be combined with any parent farm that has elected an ARC-CO and PLC or ARC-IC program. Examples include, but are not limited to:

- noncropland farm
- cropland farm with zero base acres
- CRP farm with base acres reduced to zero.

Operators, producers, and owners **must** understand that when farms are combined, the resulting farm and its election that applied to the parent farms of the reconstitution will continue to apply to child farms following any subsequent division of that farm, even if the division is in the same year.

Example: Farm 1 has a valid election of ARC-CO for corn and grain sorghum. The farm has no other contract base acres of other covered commodities, nor does it have generic base acres. The operator of Farm 1 requests to combine Farm 1 with Farm 3, which has an election of ARC-CO for corn, no base acres of grain sorghum, and PLC elected for wheat. Farm 3 has no other contract base acres of covered commodities, nor does it have generic base acres. Farms 1 and 3 can be combined as there are no conflicting elections; however, the resulting farm (and child farms if split from that farm later) will have ARC-CO election apply corn and grain sorghum and PLC for wheat.

205 Reconstitution of ARC-CO, PLC, and ARC-IC Farms (Continued)

C Enrollment Following Reconstitutions

Child farms resulting from reconstitutions of previous farms involved in a reconstitution that had 1 or more parent farms enrolled before the reconstitution must be enrolled by August 1 of the contract period or 30 calendar days following the issuance of the notification completion of the reconstitution. Child farms resulting from reconstitutions of 1 or more parent farms that were enrolled in 2015 must be enrolled by September 30, 2015, or 30 calendar days following issuance of the notification completion of the reconstitution.

206 Base Restoration Because of CRP

A Farms With CRP-1's

Farms with CRP-1's that expire, are voluntarily terminated, or are early released after September 30, 2013, and **before** the enrollment deadline established for the ARC and PLC program year, may enter into or increase the base acres on the ARC-CO and PLC contract or ARC-IC contract to the extent:

- PFC or DCP acreage was reduced on CCC-505
- base acres were reduced on CCC-505
- *--partial CRP payments that may have been issued on the farm (paragraph 42).--*

B Adjustments to Base Acres

See paragraph 42 for adjustments to base acres and yields because of CRP-1 that expires, is voluntarily terminated, or is early released. See 10-CM for updating FRMS.

207-215 (Reserved)

Section 2 Division of Payments

216 At Risk, Shares, and Cash Leases for ARC and PLC

A Review of Leases [7 CFR 1412.54(e)]

A lease will be considered to be a cash lease for FSA program purposes if the lease provides for:

- only a guaranteed cash payment for a specified amount, or a fixed quantity of the crop

Example: Pounds or bushels per acre.

- a guaranteed amount and a share of the crop or crop proceeds. The agreement will be considered a cash lease.

Note: If the lease is a cash lease, the landlord is **not** eligible for payments.

The leasing of grazing or haying privileges or rights is not considered cash-leasing of land. The landlord is the crop producer who is at risk of crop loss, and the livestock owner is a purchaser of the grazed forage or hay. Grazing or haying rights are situations where land is not specifically leased for a per acre dollar amount for the crop year; rather, the landlord leases to a livestock owner the privilege or right to graze or hay while the crop grower and landlord retains control of the land during the crop year.

A lease will be considered a share lease if it contains provisions that require the payment of rent on the basis of the amount of crop produced or the proceeds derived from the crop, or the interest this producer would have had if the crop had been produced, or combination thereof.

Notes: Lease terms and FSA's view about whether a lease is cash or share impact a decision
*--about who **must** sign CCC-861 or CCC-862.--*

There are no requirements in the ARC and PLC program or ARC-IC program that specify that leases conform to any reasonableness test. These matters could impact other decisions, such as payment limitation or eligibility provisions.

--216 At Risk, Shares, and Cash Leases for ARC and PLC (Continued)*B Current Regulations About Division of Payment Shares**

The following table summarizes regulations about lease types applicable for ARC and PLC program purposes.

Type of Lease	Definition
Cash	<p><u>Cash lease</u> means a guaranteed sum, certain cash payment, or fixed quantity of the crop.</p> <p>Example: Cash, pounds, or bu. per acre.</p> <p>A fixed or standing commodity payment is the payment a tenant or operator provides a landlord for using the land and the landlord's reduced risk on the crop, including the following:</p> <ul style="list-style-type: none"> • a fixed amount of production, such as 10,000 bu. or pounds • an amount of production per acre, such as 40 bu. or pounds per acre • a guaranteed amount and share of the crop or crop proceeds • both of the following: <ul style="list-style-type: none"> • guaranteed amount, such as a fixed dollar amount of quantity • share of the crop proceeds. <p>Note: Combination and flex leases are considered cash leases for the ARC and PLC program.</p>
Share	<p><u>Share lease</u> means provisions that require any of the following:</p> <ul style="list-style-type: none"> • payment of rent based on the amount of crop produced where both parties share in the risk of the crop produced • proceeds derived from the crop • interest the producer would have had if the crop had been produced.

C Example 1

In this example, the combination or flex lease agreement specifies that the rent is based on a share of the gross revenue of the crop proceeds. The rental amount is equal to \$142.80 per acre based on the following variables:

- rent equal to 40 percent of the gross crop value
- guaranteed minimum yield of 170 bu. per acre
- actual price of \$2.10 per bu.--*

216 At Risk, Shares, and Cash Leases for ARC and PLC (Continued)

G Eligibility to Receive Payment (Continued)

Notes: Only producers sharing in covered commodities planted on farms with generic base acres are eligible to receive payment on generic base acres.

See paragraph 307 if a crop subject to a commercial grower contract is grown on base acres.

COC will review grazing and haying leases to determine fair treatment of tenants and sharecroppers.

H Lease Expiration and Eligibility

The time period for lease arrangements vary significantly by different regions and by different crops.

If crops are produced on base acres:

- to be eligible to receive payments, persons **must** have an entitlement to an ownership share of the crop and that person **must** share in the risk of production of those crops
- all persons who have an entitlement to an owner's share of the crop and who share in the risk of production of crops on base acres **must** share in the payments.

An annual crop year lease may have a beginning date in one FY and an ending date in another FY. However, because the lease is an annual lease for 1 crop year, it will **not** be used to claim payments in more than 1 crop year. A producer is only eligible for payments applicable for that 1 crop year if the lease is for only 12 months.

I Supportive and Necessary Contractual Documents

Supportive and necessary contractual documents **must** be in the FSA office before approving *--CCC-861 or CCC-862.--*

The following may be considered acceptable supportive and necessary contractual documents even if received after the end of the enrollment period:

- signatures from landowners signing to zero shares
- copy of the cash lease agreement
- written statement by the producer or their representative stating the land is cash-leased.

***--Reminders:** COC's will **not** approve CCC-861 or CCC-862 until the signature from the--* landowner or a copy of the cash lease is received. See subparagraph 204 B for an exception.

216 At Risk, Shares, and Cash Leases for ARC and PLC (Continued)

J Documents Required for Payment Issuance

The following are **required** before payments can be issued to a producer with a share greater than zero of base acres (contract base acres and attributed base acres):

- *--approved CCC-861 or CCC-862--*
- AD-1026 for the producer
- CCC-902 determination (CCC-903) for the producer
- CCC-941 for the person or legal entity
- complete FSA-578 for the farm and all producers on the farm
- any other document necessary for a person or legal entity or producer to be eligible for payment.

Notes: See 2-CP for acreage reporting requirements. FSA-578 for all cropland acres on a farm is **required**.

There is no deadline for filing eligibility forms under ARCPLC. However, payments will **not** be issued to a person or legal entity that has not provided all required documents and until the person's or legal entity's or producer's eligibility forms are completed.

217 Division of Payment Guidelines and Example

A Division of Payment Guidelines

There are various factors that may influence the proper division of payments. In reviewing *--CCC-861, CCC-862, or FSA-578 division of payment and shares, COC's should consider the following:

- past history on a farm
- whether the producers claiming a share have control of sufficient cropland and an entitlement to a crop share interest to support the claimed payment share on CCC-861, CCC-862, or FSA-578--*

217 Division of Payment Guidelines and Example (Continued)

A Division of Payment Guidelines (Continued)

- the level of risk in the production of the crop being grown
- whether the shares provide equitable treatment to all of the producers on the farm.

Important: For ARC-IC and generic base acres, final payment shares will be determined by using the producer's share of all covered commodities certified on FSA-578 on each enrolled FSN in the State. County Offices must **not** enter ~~ac~~acreage certifications using default shares from CCC-861 or CCC-862, if ~~the~~ default share interest does **not** reflect the actual producer crop share of the covered commodity on the farm.

B Example

A landowner has leased his or her farm for a half share of the crop (inputs were divided equally) for the years 2010 through 2013, and the acreage was shared equally by the landowner and tenant. 700 acres of winter wheat are planted each year and 700 acres are summer fallowed.

~~The~~The landowner and tenant agree to the following shares and have signed CCC-861 ~~for~~ for 2014.

	Landowner	Tenant
Wheat	100 percent	0 percent

The landowner is leasing only the 700 acres planted to wheat to the tenant for a 50 percent share of the crop. The landowner will operate the 700 acres of summer fallow.

COC will **not** approve this contract because of the past history of the farming operation. Shares do **not** have to be divided equally, but should be consistent with the farm's present operation status.

218 Missing Signatures

A Incomplete Enrollments With a Share Greater Than Zero

*--If a producer with a share greater than zero of contract base acres has **not** signed CCC-861 or CCC-862, follow subparagraph 202 C after September 30, 2015, for the 2014 and 2015--* contract years and for each of the 2016 and subsequent contract years (September 30 of the applicable program year).

Note: See paragraph 203 for late-filed enrollment provisions.

If a person or legal entity has an FSA-578 share of a covered commodity and the person or legal entity wants to make themselves potentially eligible for ARC-IC payments under an ARC-IC contract, or the farm has generic base acres and the person or legal entity wants to make themselves potentially eligible for payments on base acres under any ARC-CO and

*--PLC contracts or ARC-IC contracts, the individual or entity **must** sign CCC-861 or CCC-862, as applicable, by September 30, 2015, for each of the 2014 and 2015 crop--* years, and for each of the 2016 and subsequent contract years (September 30 of the contract year).

A producer who has a share of contract base acres on a farm enrolled under ARC-CO and PLC contract or of covered commodities reported planted (or eligible subsequently planted crop acreage following the approved prevented planting of a covered commodity) on a farm enrolled under an ARC-IC contract, who does not enroll during the contract period, will not be eligible for payment consideration, nor will any other producer be eligible for that share of the payment. Additionally, if the ARC-IC contract does not contain signatures of all the producers who share in covered commodities reported planted (or eligible subsequently planted crop acreage following the approved prevented planting of a covered commodity) on the farm, the ARC-IC contract enrollment is **not** considered complete.

B Incomplete Enrollments of Persons With an Interest, But a Zero Share

--Any CCC-861 or CCC-862 contract with missing signatures of producers with an interest,-- but a zero share of base acres or any covered commodities, may be acted on and approved if the provisions of paragraph 265 are met.

Note: There is no deadline to submit missing signatures substantiating a zero share that are provided according to this subparagraph.

218 Missing Signatures (Continued)

B Incomplete Enrollments of Persons With an Interest, But a Zero Share (Continued)

If anyone who has an interest, but a zero share of contract base acres or, for ARC-IC, covered commodities reported planted on the farm, fails to satisfy the provisions of this paragraph *--and/or paragraph 265, COC will take no action on CCC-861 or CCC-862. CCC-861 or CCC-862 will be considered incomplete and require no action or decision from FSA.--* FSA does not act on, approve, or disapprove partial offers of enrollment.

C Cash-Rent Ownership With Missing Signatures

If all producers with a share greater than zero sign CCC-861 or CCC-862, COC may approve the contract if all of the following apply:

- owners representing a majority of the undivided ownership interests of the farm sign the contract

Note: Majority interest is greater than 50 percent of the collective undivided interest owners' share.

- shares are acceptable to COC
- documentation indicates the signatories expended a reasonable effort to obtain missing signatures.

Note: Payments may be earned on each resulting farm for which all necessary signatures are obtained by September 30 of the applicable FY (September 30, 2015, for the 2014 and 2015 crop years).

***--Exception:** If a majority of the zero share owners, as determined by COC, sign CCC-861, the farm may be approved for payment for producers having a share. CCC-862's however, must have signatures of all producers who share in covered commodities reported planted on the farm. CCC-862's not having.--* signatures of all producers sharing in reported planted covered commodities on the farm cannot be approved and will be considered a partial enrollment.

218 Missing Signatures (Continued)**D Fractionated Property - Ownership Land**

Contracts contain fractionated ownership where a deminimus share of the cropland acreage on the farm cannot be determined.

--COC may approve CCC-861 or CCC-862 with 100 percent share of all base acres-- providing COC determines that 1 or all of the following are met:

- past history on a farm
- whether the producers claiming a share have control of sufficient cropland and an entitlement to a crop share interest to support the claimed payment share on ARC-CO and PLC contract, ARC-IC contract, or FSA-578
- the level of risk in the production of the crop being grown
- whether the shares provide equitable treatment to all of the producers on the farm.

E Heir Property - Ownership Land

COC will follow provisions of 1-CM for contracts containing land owned by a deceased producer or estate of the deceased producer who does not have an heir or representative and is cash-leased. These contracts may be approved if COC determines that provisions of 1-CM and this handbook have been met.

219 Succession-in-Interest**A Basic Rule**

--After CCC-861 or CCC-862 is approved, any of the following changes may occur and be-- considered a basis for a succession-in-interest:

- transfer or change in the interest of a producer on the farm
- sale of land
- foreclosure, bankruptcy, or involuntary loss of the farm
- change in participant shares of contract base acres to reflect changes in shares originally approved on ARC-CO and PLC contract

219 Succession-in-Interest (Continued)

A Basic Rule (Continued)

- change in producers sharing in covered commodities as reported on FSA-578 for all farms with generic base acres and for ARC-IC farms.

Notes: Successors are **not** eligible for payments in any FY in which they do **not** meet the provisions of paragraphs 237 and 240.

See paragraphs 243 and 244 if a participant who is entitled to a payment is declared dead, incompetent, or missing.

B Farm Reconstitutions or Transfers

This provision applies **only** if a contract for the parent farm (through reconstitution or farm transfer) was filed by the applicable contract filing deadline for the year, and FSA-155 or FSA-179 is completed by August 1 of the applicable year.

C Deadline for Notification of Succession

--After CCC-861 or CCC-862 has been approved, the farm operator, producer, owner, or-- participant **must** inform COC of changes in interest by:

- August 1 of the applicable year if the change requires a reconstitution
- September 30 (September 30, 2015, for the 2014 and 2015 contract years) if the change does **not** require a reconstitution.

*--**Note:** It is important that producers understand that if a revised CCC-861 or CCC-862 is generated, all necessary signatures **must** be entered on the revised CCC-861 or CCC-862 or the farm will **not** be considered enrolled. Producers should **not** wait until the end of an enrollment or contract period to report changes. Failure to report changes timely **and** enter all necessary signatures is a responsibility of all ARC or PLC participants. It is **not** FSA's responsibility to obtain signatures.

If a change occurs requiring a succession to CCC-861 or CCC-862, but a new CCC-861 or CCC-862 is **not** completed and signed by all producers sharing in the revised CCC-861 or CCC-862 by the end of the contract period, none of the predecessors or potential--* successors is eligible for the applicable year payments on the farm.

219 Succession-in-Interest (Continued)**D Signatures on Succession ARC-CO and PLC Contract**

*--Participants having an interest in CCC-861 impacted by a succession-in-interest, only if that specific participant's share changed, **must** sign a succession CCC-861 no later than September 30 of the applicable year. For 2014 and 2015 contracts, the final date for successors to sign is September 30, 2015.

Note: See paragraph 203 for late-filed enrollment provisions.

Before approving the succession CCC-861, COC's will ensure that all shares represented on CCC-861 have a valid signature on the contract.

Attach a copy of the original CCC-861 to the succession-in-interest CCC-861 contract.

Reminder: The succession CCC-861 and PLC contract will **not** be considered for enrollment **unless** required participants sign the contract.

E Signatures on Succession on ARC-IC Contract

Participants having an interest in an ARC-IC contract impacted by a succession-in-interest **must** sign a succession CCC-862 no later than September 30 of the applicable year. For 2014 and 2015 ARC-IC contracts, the deadline for the successor to sign is September 30, 2015.

Note: See paragraph 203 for late-filed enrollment provisions.

Before approving the succession CCC-862 if FSA-578 has been filed, COC's will ensure that all producers sharing in covered commodities reported on FSA-578 have a valid signature on CCC-862. If FSA-578 has not yet been filed, the succession ARC-IC contract can be approved. However, if upon filing FSA-578 it is revealed that CCC-862 is incomplete with regard to enrollment, the enrollment is invalid.

Attach a copy of the original CCC-862 to the succession CCC-862.

Reminder: The succession CCC-862 will **not** be considered for enrollment **unless** required participants sign the CCC-862.--*

--220 Examples of Succession-in-Interest for ARC-CO and PLC*A Example Basic Farm Data**

Unless otherwise noted, assume the following are applicable for each of the examples in this paragraph:

- FSN 10
- 125 acres of farmland
- 100 acres of DCP cropland
- 100 contract base acres.

B Example 1

Producer A, owner and operator of FSN 10, planted 100 acres of wheat for harvest. In April, the wheat failed. In May, Producer A cash-leased FSN 10 to Producer B. Producer B planted 100 acres of grain sorghum.

Producer B has obtained a share interest in the contract acreage effective with Producer B's date of lease.

Producers A and B **must** come to an agreement about dividing the contract base acre shares. See paragraphs 223 and 237.

Note: In this example, both Producers A and B could claim a share interest in the contract based on the time each had this interest or other factors. COC will **not** involve itself in helping Producers A and B arrive at a distribution of shares. See paragraph 223.

C Example 2

Producer A, owner and operator, planted 100 acres of wheat for harvest in November. In April, the wheat failed. In May, Producer A share-leased 50 acres of FSN 10 to Producer B. Producer B planted 50 acres of grain sorghum. Producers A and B are sharing in the crop.

Both Producers A and B are entitled to share in the payments for the farm.

Producers A and B **must** come to an agreement about dividing the contract base acre shares. See paragraphs 223 and 237.

Note: In this example, both Producers A and B could claim a share interest based on the time each had this interest or other factors. COC will **not** involve itself in helping Producers A and B arrive at a distribution of shares. See paragraph 223.--*

220 Examples of Succession-in-Interest for ARC-CO and PLC (Continued)**D Example 3**

Producer A, owner and operator, planted no crops. In March, Producer A cash-leased all of FSN 10 to Producer B for the crop year. Producer B did **not** plant a crop.

The fact that Producer B did **not** plant a crop is **not** the determining factor. Producer A cash-leased the farm to Producer B for the crop year and a crop could have been planted and harvested for the year. Therefore, Producer B would meet the definition of a producer on the farm for the crop year. Producer B is entitled to 100 percent of the shares on the farm. Producer A cannot receive the payment on this farm.

E Example 4

Producer A, owner and operator, planted and harvested wheat for grain. Wheat harvest is completed in May. Producer A voluntarily leaves the farm after the completion of the wheat harvest. Producer B cash-leased the farm effective August 1 of the applicable year. Producer B may or may **not** plant a crop. It is, however, possible to plant a crop and harvest it in the crop year.

Producers A and B **must** come to an agreement about dividing the contract base acre shares. See paragraphs 223 and 237.

221 Example of Succession-in-Interest for ARC-IC**A Example Basic Farm Data**

Unless otherwise noted, assume the following are applicable for the example in this paragraph:

- FSN 10
- 125 acres of farmland
- 100 acres of DCP cropland
- 100 contract base acres.

B Example

Producer A, owner and operator of FSN 10, enrolled in ARC-IC and reported 50 acres of wheat on FSA-578. In June, Producer A cash-leased a portion of FSN 10 to Producer B.

Producer B reported 50 acres of sunflowers on FSA-578. Producer B must enter into the *--CCC-862 for FSN 10 by September 30 of the applicable contract year.--*

ARC-IC payment shares will be based on the shares of covered commodities planted as reported on FSA-578.

222 Tenant Share-Cropper Rules

A Rules

CCC **must** provide adequate safeguards to protect the interests of tenants and sharecroppers.
 *-COC's will use the following to determine whether CCC-861 or CCC-862 shares meet ARC and PLC program requirements.

- COC must **not** approve CCC-861 or CCC-862 payment shares if COC determines any--* of the following apply:
 - a landowner or operator denies tenants and sharecroppers an opportunity to participate, if the tenant or sharecropper would have shared in the crop planted on base acreage
 - a State court determines a person violated State law about farm and agricultural property lease provisions
 - a landowner or operator adopts a scheme or device to deprive tenants or sharecroppers of payments that tenants or sharecroppers would otherwise be entitled to receive under the ARC and PLC program.
- To assist COC's in determining whether producers meet landlord and tenant provisions, COC's will:
 - on an annual basis, determine customary crop share rental rates for all crops produced in the county, **excluding** FAV crops
 - establish a parameter for the county using the lowest owner crop share percentage for any crop in the county as the low end of the parameter, and the highest owner crop share percentage for any crop as the high end of the parameter, **excluding** FAV shares when establishing the parameter
 - review landlord payment shares for the farm to see whether they are less than the lowest or exceed the highest customary crop share rental rates for any crop in the county.

Note: Payment share divisions that do **not** fall within the aforementioned parameters may nonetheless be justifiable and do **not** necessarily reflect unfair treatment of tenants and sharecroppers.

222 Tenant Share-Cropper Rules (Continued)

A Rules (Continued)

Example: COC determines landlord share rental rates for all crops, other than FAV, range from .3333 to .5000. Therefore, COC will review landlord payment shares to see whether the landlord shares are less than .3333 or greater than .5000. All landlord shares for any crop outside these parameters **must** be thoroughly documented in the COC minutes.

- If a landowner or operator reduces the number of tenants from the preceding year, the landlord or operator may still earn the current year's ARC and PLC program payment, if the reason for the reduction is any of the following:
 - the landlord or operator purchased the farm for the current year
 - the tenant's lease expired or was legally terminated, and tenant has no further rights to the farm
 - a producer leaves the farm voluntarily.

B Contract Intimidation

***--Do not** approve CCC-861 or CCC-862 if there exists, between the operator or landlord--* and any tenant or sharecropper, any lease, contract, agreement, or understanding required or unfairly exacted by the operator or landlord, entered into in anticipation of participating in the ARC and PLC program that does any of the following:

- forces tenants or sharecroppers to pay the landlord or operator any ARC and PLC program payment earned by the tenant or sharecropper
- changes the status of tenants or sharecroppers to deprive tenants or sharecroppers of any payment or right otherwise received
- unfairly requires a reduction in the size of the tenant or sharecropper producer share.

COC will use information obtained from tenants and sharecroppers. Do **not** accept the following statements from the landowner or operator at face value without supporting documentation:

- tenants left the farm voluntarily and, therefore, do **not** need to be replaced
- tenants requested assignment to a smaller share of the total farm acreage.

223 Division of Payment Disputes

A Policy

It is the responsibility of producers to:

- *--determine shares on CCC-861 and FSA-578
- submit all necessary signatures or supportive and necessary contractual documentation by deadlines.

Note: While FSA may assist producers, FSA is **not** responsible for determining what correct shares should be or for ensuring that producers meet ARC and PLC program requirements.

COC's must **not** be involved in, settle division of payment disputes, or act on disputed share for CCC-861.--*

Shares for ARC-IC and generic base acres are determined from FSA-578 and **cannot** be disputed.

B Payment Share Disputes

Payment shares are considered in dispute when there is a disagreement on contract base acre *--shares. A disagreement is evident by having a conflicting CCC-861 on file.

Note: Successions-in-interest are **not** considered payment disputes. See paragraph 219 for successions-in-interest.

Any CCC-861's **not** having all signatures of producers, with a share greater than zero in contract base acres, will **not** be approved or disapproved. Partial enrollments of farms are **not** allowed. FSA is under no obligation to contact producers about missing signatures. CCC-861's missing required signatures are considered incomplete and will **not** be--* approved or disapproved by FSA.

223 Division of Payment Disputes (Continued)

C Determining Disputes

There are some cases where it is obvious that payment shares are **not** in dispute. To determine whether a payment share dispute exists, COC's **must**:

- determine whether available documentation supports who shares in payments on the farm
- determine whether the documentation supports claimed payment shares
- review lease agreements and use them as a guide in determining who shares in the payments on a farm and what the correct payment shares should be, unless the lease agreement is in conflict with other provisions of this handbook

Exception: If landowner or landlord cash rents an entire farm to another for an entire *--crop year, COC can determine to approve CCC-861 signed by the--* cash-rent tenant.

- review past history to determine how payments were shared in previous years

Note: There could be good reasons why previous year shares no longer apply.

- compare previous year's rental agreement to the current year's rental agreement to determine whether rental rates are similar or have changed for the type of acreage being rented.

Disputes may exist when the available evidence does **not** support claimed payment shares.

Disputes generally do **not** exist when:

-- everyone signing CCC-861 for a farm agrees on shares and there is no conflicting CCC-861 also containing all required signatures--

- it is obvious that the available evidence supports who should share in payments
- all provisions of this handbook are met.

223 Division of Payment Disputes (Continued)

D Documenting a Dispute

If it is determined there is a disputed ARC-CO and PLC contract, COC will follow these instructions.

IF...	THEN notify...
<p>*--CCC-861 containing signatures of all producers claiming a share of the contract has been approved and is subsequently challenged by another CCC-861 containing--* signatures of all producers claiming a share</p>	<ul style="list-style-type: none"> all producers on the approved contract that COC's approval of the contract is withdrawn because of the dispute and will remain in a disputed status until documentation is provided to COC resolving the dispute all producers on the previously approved contract, and on the challenging contract, that there is a dispute of shares and that COC will not approve any contract for the farm until the dispute is settled <p>Notes: Send 1 letter to all parties concerning this action and copy all parties to this action.</p> <p>COC notification that it will not act on or approve any contract, where there is a dispute of shares, is not an adverse decision giving rise to any sort of appeal or appealability review. Appeals or appealability reviews only occur if COC renders a decision to approve or disapprove a contract.</p> <ul style="list-style-type: none"> producers on all contracts that they are responsible for resolving the dispute of shares and obtaining all necessary signatures of contract participants by the end of the enrollment period.
<p>*--conflicting CCC-861 show--* that there is a dispute of shares and the contract has not yet been approved</p>	<ul style="list-style-type: none"> all interested producers that COC will not approve any contract for the farm until the dispute is settled <p>Notes: To the extent possible, send the 1 same letter and copy all parties asserting shares, operators, landowners, etc., with this notification.</p> <p>COC notification that it will not act on or approve any contract, where there is a dispute of shares, will not be considered an adverse decision giving rise to any sort of appeal or appealability review. Appeal or appealability reviews only occur if COC renders a decision to approve or disapprove the contract.</p> <ul style="list-style-type: none"> producers on all contracts that they are responsible for resolving the dispute of shares and obtaining all necessary signatures of contract participants by the end of the enrollment period.

223 Division of Payment Disputes (Continued)

E Payment When Disputes Are Resolved for ARC-CO and PLC

*--Approval of CCC-861 will be handled the same as for contracts not having a dispute for cases of disputes resolved by the end of the enrollment period.

If a dispute is resolved after September 30 of the applicable FY (or after September 30, 2015, for 2014 or 2015 CCC-861), CCC-861 may be approved and payments issued accordingly, **only** if CCC-861 was filed by September 30 of the applicable FY (or by September 30, 2015, for 2014 or 2015 CCC-861) with payment shares and signatures for all producers sharing--* in the contract base acres.

Disputing parties requesting payment must have payment shares greater than zero to receive payment. Approved ARC-CO and/or PLC contract payment shares will be limited to not more than the payment shares requested on the disputed contract.

Example: Producers A and B both file 2016 CCC-861 requesting 100 percent of the farm's payment timely. After September 30, 2016, Producers A and B agree to shares of 50 percent each. COC may approve the contract for payment to Producers A and B.

*--CCC-861's will **not** be approved **unless** all producers sharing in the contract base acres have signed the ARC-CO and PLC contract. If there is a dispute that is preventing 1 or more producers from signing, producers are responsible for ensuring that, as a condition of contract eligibility, CCC-861 with all necessary signatures of producers with shares--* entered is submitted to FSA no later than:

- September 30, 2015, for 2014 and 2015 offers of enrollment
- for 2016, 2017, and 2018 contract years:
 - August 1 of the applicable year to be considered timely enrolled
 - the late-filed enrollment period ending according to paragraph 203
 - the end of the contract period to be considered at all.

In no case will a contract **not** containing all required and necessary producer signatures be considered for any purpose or determination. COC will render no determination or action on contracts **not** having all necessary signatures and supportive and necessary contractual documents. FSA cannot approve enrollments of parts of farms.

Note: See subparagraph 202 C for exceptions.

F Payment Disputes for ARC-IC and Generic Base Acre Farms

Shares for ARC-IC and generic base acres that attribute base acres of covered commodities are generated from FSA-578. Producers who cannot come to an agreement with regard to shares of covered commodities reported planted on farms having generic base acres or ARC-IC farms must resolve their dispute before FSA will approve the contract for CCC.

224 Division of Payment Dispute Examples

A Example Basic Farm Data

The following are examples and should **not** be construed to be actual situations or rules. The examples are intended to illustrate potential disputes and remedies.

Unless otherwise noted, assume the following are applicable for each of the examples in this paragraph:

- 200 acres of cropland
- *--100 contract base acres enrolled on CCC-861--*
- participated in the prior FY.

B Example 1

For FY 2014, landowner cash leases the entire farm to Producer A. Producer A enrolls the farm in ARC-CO or PLC claiming 100 percent of the FY 2014 payment. The landowner *--disputes Producer A's share and signs another CCC-861 for FY 2014 claiming 100 percent of the payment. The County Office generates CCC-861 for FY 2014, 1 with 100 percent share to the landowner and another with 100 percent share to Producer A.

Under the ARC and PLC program, the landowner who cash leases an entire farm **cannot** receive a share of the payment for any covered commodity. The landowner's dispute of payment shares is contrary to the lease agreement and regulations governing the ARC and PLC program. COC will approve the FY 2014 CCC-861 for Producer A and issue payments accordingly. The landowner's CCC-861 will be disapproved, and the landowner will be--* notified of appeal rights according to 1-APP. Producer A will be:

- copied with the adverse decision to the landowner
- noticed on all appeals as a third party.

224 Division of Payment Dispute Examples (Continued)**C Example 2**

Producer A share rents from Landowner B. Producer A enrolls the farm in PLC claiming 75 percent of the FY 2014 payment. Landowner B disputes Producer A's share and enters into PLC for FY 2014 claiming 33 percent of the payment. At the request of Producer A and *--Landowner B, the County Office generated one CCC-861 with 75 percent share of the payment to Producer A and 25 percent to Landowner B. A second CCC-861 will be--* generated with 67 percent share of the payment to Producer A and 33 percent to Landowner B.

FY 2014 PLC payment shares are in dispute. Producer A and Landowner B will be informed that COC will **not** render any determination before the dispute is resolved. See paragraph 223. Producer A and Landowner B **must** resolve the share dispute **before** issuing any payments.

Note: If share disputes are **not** resolved, PLC payments, if triggered, will **not** be made.

225-234 (Reserved)

Section 3 Contract Requirements

235 10-Acre Farm Rule Exception

A Signatures of Owners Certifying SDA or Limited Resource Farmers or Ranchers on ARC-CO and PLC Contract or ARC-IC Contract

The 2014 Farm Bill **prohibits** ARC or PLC payments to a producer on a farm if the sum of the base acres on the farm is 10.00 acres or less, **including any generic base acres**, unless the producer receiving a share on the farm is SDA or limited resource farmer or rancher.

Producers receiving a share of the base acres, which certify on CCC-860 they meet the SDA or limited resource farmer or rancher exception, may receive payment on completed ~~CCC-861 or CCC-862~~. Producers who do not meet the SDA or limited resource farmer or rancher exception are **not** eligible to receive ARC or PLC payments on enrolled farms where total base acres are 10.00 acres or less.

Note: State and County Offices will **not** provide guidance to a producer about either of the following:

- their inclusion in SDA or limited resource group
- propriety of the owner seeking an exception.

Any farm having any amount of base acres can be enrolled. Payment eligibility on farms having 10.00 acres or less base acres, **including generic base acres**, is limited to SDA or limited resource farmer or rancher as a condition of payment eligibility. As an eligibility condition, the certification may be updated at any time before payment.

1-CM requires CCC-860 to be completed by producers requesting eligibility consideration based on the applicable certification. The certification is for the producer claiming a share on CCC-861 or CCC-862, not members of the producer.

Any person or legal entity seeking payment as a producer on a farm enrolled with 10.00 base acres or less **must** have a valid CCC-860 on file **before** payment will be issued.

236 ARC-CO and PLC Contract Enrollment Requirements**A Enrolling Base Acres on a Farm With ARC-CO and PLC Contract**

Producers who enroll a farm into an ARC-CO and PLC contract **must** enroll **all** base acres on the farm. If a farm is enrolled, there are **no** unenrolled base acres.

B Prohibited Enrollments

Enrolling only a portion of the farm's contract base acres is **not** permitted.

237 ARC-CO and PLC Division of Payment Shares**A ARC-CO and PLC Payment Sharing [7 CFR 1412.54]**

Each eligible producer on a farm may enroll annually on CCC-861, as applicable, and receive payments determined to be fair and equitable as agreed to by all the producers on the farm and approved by COC.

Each person or legal entity leasing a farm that enrolls on CCC-861 is required to provide 1 of the following:

- copy of their written lease to COC
- complete written description of the terms and conditions of any oral agreement or lease
- owner's or landlord's signature affirming a zero share on the contract.

Instead of the criteria in this subparagraph for zero share signatures of landowners on the farm, if the farm was cash-leased, and the lease is in the second year or later, no signature is required for the zero share landowners on the farm that in a prior year:

- --signed CCC-509, CCC-861, CCC-862, or CCC-957 to zero share
- provided a written document to support a zero share; for example, CCC-510 or CCC-855.

By signing CCC-861 or CCC-862, the producer is certifying that the cash lease arrangement with the landowner meets the criteria in this paragraph. Because the producer's signature is a certification, documentation supporting the lease is **not** required in the current year's farm folder.

COC always has the right to verify cash lease certifications.--*

Note: This provision may be used by each landowner on the farm with zero share whose share has not changed from the previous year, even though the farm may have been affected by a reconstitution where 1 or more landowners are either added or removed from the farm. In this case, only new owners added must either sign for zero share or the producer must provide a copy of the lease.

240 ARC-IC Division of Payment Policy (Continued)

A ARC-IC Payment Sharing [7 CFR 1412.54] (Continued)

Note: This provision may be used by each landowner on the farm with zero share whose share has not changed from the previous year, even though the farm may have been affected by a reconstitution where 1 or more landowners are either added or removed from the farm. In this case, only new owners added must either sign for zero share or the producer must provide a copy of the lease.

CCC will approve CCC-862 for enrollment when CCC is satisfied and determines that both of the following apply:

- interests of tenants and sharecroppers are being protected
- producers are **not** circumventing either the provisions of 7 CFR 1412.54 or the provisions of part 1400 of this chapter.

B Who Must Share in the ARC-IC Contract

Individuals and entities may earn payments if the individual or entity is entitled to a crop or commodity ownership share of a covered commodity reported planted (or eligible subsequently planted crop acreage following the approved prevented planting of a covered commodity) on FSA-578 and is:

- an owner on an eligible farm who meets the definition of producer on planted acres of a covered commodity on a farm
- a producer, other than an owner, with planted acres of a covered commodity on a farm enrolled on CCC-862.

Note: A landowner or landlord who leases land to another producer is **not** eligible for payment.

A producer on a farm with no interest in covered commodities as reported on FSA-578 will **not** share in ARC-IC payments on that farm.

241 Overview of CCC-862

A CCC-862

CCC-862 includes the following for each covered commodity on the farm:

- base acres
- * * *
- signatures of the producer and CCC representative.

CCC-862 is available at

<http://fsaintranet.sc.egov.usda.gov/dam/ffasforms/currentforms.asp>.

The March 27, 2015, version of CCC-862 is acceptable for each contract year.

CCC-862 will also reflect those potentially eligible for payments on attributed base acres even though the producer may not have a share of contract base acres. See paragraphs 216 and 265.

B Instructions for Completing CCC-862

Complete CCC-862 according to the following.

Item	Instruction
1	Enter the applicable program year. Note: This will be prefilled if generated in ARCPLC software.
2	Enter the State code for FSN in item 4. Note: This will be prefilled if generated in ARCPLC software.
3	Enter the county code for FSN in item 4. Note: This will be prefilled if generated in ARCPLC software.
4	Enter the applicable FSN. Note: This will be prefilled if generated in ARCPLC software.

251 ARC and PLC Relief

A Background

Questions have risen on the applicability of finality and relief that may be requested by COC on ARC and PLC. The following information is being provided to assist the understanding of finality and relief as it relates to ARC and PLC. This guidance should be used to supplement preparing finality and relief cases according to 7-CP.

Participants have the right to challenge, to FSA or NAD, if FSA has its facts right with regard to a given program determination or extent of producer eligibility decision, or whether FSA correctly applied the rules of a program to that set of facts to arrive at a correct program eligibility, extent of eligibility, or producer compliance decision. The need to consider relief may occur when there has been some unintended or inequitable result in light of an error or oversight, by the producer or by FSA.

Relief provisions **cannot** be used to obtain results not otherwise attainable by producers who satisfy or meet every compliance provision or ARC and PLC program requirement. Relief is not a means of obtaining a review of the program, program's rules, or some means of seeking a different program.

B Determining the Need for Relief

There **must** be a decision on an ARC and PLC program matter, eligibility, or extent of eligibility at issue **before** deciding whether there is cause to consider relief. Reviewing authorities will not contemplate relief for hypothetical situations.

***--Examples:** If COC wants to seek relief for a late-filed contract, the late-filed CCC-861 or CCC-862 **must** first be completed, signed, and submitted to FSA for action **before** FSA can make a determination. Without CCC-861 or CCC-862--* submitted timely or otherwise, a request for relief is hypothetical as to what FSA would do in the event there was a contract completed and submitted. In this instance, there is no FSA decision (or relief consideration) required or due.

Producer A visits the County Office in November 2016, asking the status of their 2015 contract enrollment on a farm. FSA PT finds that Producer A did **not** enroll the farm for 2015. Producer A wants to meet with COC to discuss why they should be allowed to enroll in 2015.

251 ARC and PLC Relief (Continued)

B Determining the Need for Relief (Continued)

***--Result:** Unless Producer A signs CCC-861 or CCC-862 for 2015, and that CCC-861 or CCC-862 is signed by **all** others who might share CCC-861 or CCC-862, Producer A is **not** entitled to either a decision on CCC-861 or CCC-862, or relief consideration. When Producer A submits CCC-861 or CCC-862 with all signatures, timely or **not**, FSA will process that CCC-861 or CCC-862--* according to this handbook, which may or may **not** result in consideration of relief.

Relief is **not** intended to be used to review the equity of ARC and PLC program rules. When something **not** otherwise anticipated by prescribed program rules occurs, relief under 1 or more of the forms of relief (misinformation/misaction, failure to fully comply, or programmatic relief) may be considered by FSA or NAD.

252 Types of Relief That Are Applicable to the ARC and PLC Program

A Availability

The following types of relief apply to the ARC and PLC program:

- finality
- programmatic equitable relief
- equitable relief from ineligibility, extent of eligibility, or noncompliance with program provisions under misinformation/misaction
- equitable relief from ineligibility, extent of eligibility, or noncompliance under failure to fully comply
- base restoration.

B Finality

Regulations governing finality (commonly known as the “finality rule”) are at 7 CFR 718.306. Instructions for finality are in 7-CP, Part 2.

Finality rule applicability may appear to have the same effect as relief; that is, under the finality rule a participant may be permitted to keep payments that were disbursed in error, through no fault of the participant. However, finality is **not** equitable relief.

--252 Types of Relief That Are Applicable to the ARC and PLC Program (Continued)*B Finality (Continued)**

The key test for application of finality is whether the participant (**not** FSA) had any reason to know the FSA decision was in error. Additionally, finality applies only to decisions of STC's and COC's, and employees of STC's and COC's. The finality rule does **not** apply to decisions by National Office employees, RMA, reinsured companies, or SED's. Further, if it is applicable, the finality rule only pertains to whether or not FSA can recover an erroneous payment that was issued as a result of an erroneous decision. FSA will still correct incorrect decisions or errors and not affirmatively issue erroneous payments.

C Equitable Relief Under Misinformation/Misaction

Claims for equitable relief under misinformation/misaction sometimes occur when producers fail to enroll timely. FSA can only assist participants with enrollment. FSA employees **cannot** enroll a farm for a participant. Participants are responsible for enrolling their farms and they are personally aware whether they have or have not yet enrolled. In fact, the participant usually is best suited to know what he or she has and has not done. FSA **cannot** enroll for producers. Additionally, the deadline for enrollment is publicized in the public domain and forums, such as GovDelivery, newsletters, Internet, press announcements, etc. Therefore, a participant is deemed to have reasonable knowledge of deadlines established for enrollment as well as actual knowledge about their own actions or whether they personally enrolled or **not**.

Example: A common theme is, "I asked the FSA employee if there was anything else I needed to sign", and the employee said "no".

While a person may interpret an FSA employee saying "no" to the question on whether there is anything else required as a communication from FSA that the person has already enrolled, the test under misinformation/misaction is whether there was any incorrect ARC and PLC program information or advice conveyed directly to the participant by FSA, and whether the participant had any reason to know that the information was incorrect.

In the example, FSA did **not** say or convey any incorrect information by answering "no". Additionally, in the example, it appears the participant relied on the participant's own understanding of the information conveyed. If the FSA employee had incorrectly stated that the participant had up to 3 weeks later to sign up, this communication might be considered a basis for a valid misinformation/misaction claim or request, provided the participant had no reason to question that advice or information and acted, to their own detriment and reliance, on incorrect information, such as signing up within 3 weeks of the deadline.--*

252 Types of Relief That Are Applicable to the ARC and PLC Program (Continued)

D Equitable Relief Under Failure to Fully Comply

Failing to enroll or sign up on time is **not** a compliance violation or failure to fully comply. Compliance or performance violations can only occur with producers who are on enrolled farms and who are already subject to compliance or performance requirements.

Example: An enrolled farm may have to accurately report acreage and production. A spot check review indicates that the farm erred in reporting production (overstated or understated). The participant reported acreage timely and accurately and producers strived to report production accurately.

The error in reported production does **not** appear to be intentional and is **not** large enough to cause suspicion of ARC and PLC program malfeasance. However, determined production **must** be used. Even though the producer failed to accurately report production, allowing the farm to continue to receive benefits using determined production is an acceptable form of relief under a failure to fully comply.

E Programmatic Equitable Relief

In individual circumstances or cases, under 7 CFR 1412.2, DAFP has the authority to allow STC's and COC's to waive or modify deadlines, **except** statutory deadlines and basic contract law provisions, such as the end of a contract period, and other nonstatutory requirements where DAFP determines the lateness or failure to meet the requirement **not** adverse to the operation of the ARC and PLC program. The regulations specify that producers have no right to seek an exception under this relief provision. At FSA's discretion, FSA may (but does **not** have to) consider a request for programmatic equitable relief.

Example: An individual was involved in an automobile accident and suffered short-term memory loss that was documented by a physician. When COC disapproved *--CCC-861 or CCC-862 as being late-filed, COC recognized what it believed--* were extenuating circumstances and recommended that relief be granted to approve the late-filed enrollment. In turn, STC referred the case to DAFP for consideration.

Result: DAFP approved the case because it was determined that circumstances warranted that action and the relief approved did **not** give the producer any unfair advantage over others who met the ARC and PLC program requirements.

252 Types of Relief That Are Applicable to the ARC and PLC Program (Continued)

E Programmatic Equitable Relief (Continued)

Example: FSA learns of a producer who had an interest in base acres on a farm, but did **not** sign the ARC or PLC contract and did **not** receive a share of the ARC or PLC payment.

Result: Depending on when the error was first discovered and why, and assuming no other factors, such as misinformation or misaction on the part of FSA, DAFP may, at its discretion, grant ARC and PLC program relief to producers on *--CCC-861 or CCC-862 as follows.

- Allow timely entered signatures of producers to retain and continue to receive payments based on corrected shares, if it can be determined that producers who did timely sign did **not** intentionally misrepresent themselves.

Note: In instances where a person or legal entity has **not** signed CCC-861 or CCC-862, that person or legal entity is **not** entitled to any sort of FSA decision, eligibility decision, or relief decision, and that person or legal entity has no standing to contest or challenge any decision of FSA, because the person or legal entity has made no application or requested a decision from FSA. See 1-APP, paragraph 10.

- If it can be determined that there was no intentional misrepresentation by any of the producers, provided there was a timely submitted CCC-861 or CCC-862 , allow producers to sign a corrected CCC-861 or CCC-862 by--* the end of the contract period with correct shares and have payments recomputed.

253-262 (Reserved)

263 Attribution of Base Acres (Continued)

D Examples (Continued)

Generic base acres are attributed to the covered commodities as follows.

Step	Policy	Calculation
1	Total the planted covered commodities and eligible subsequently planted crop acreage.	200.00 acres of corn
		150.00 acres of grain sorghum
		50.00 acres of soybeans
		400.00 total planted acres
2	Divide the total of each planted covered commodity and eligible subsequently planted crop acreage by the results of step 1.	$200.00 \div 400.00 = .5000$ for corn
		$150.00 \div 400.00 = .3750$ for grain sorghum
		$50.00 \div 400.00 = .1250$ for soybeans--*
3	Multiple the result of step 2 for each crop times the number of generic base acres. This step will be the number of attributed base acres for each crop.	$.5000 \times 100.00 = 50.00$ attributed corn base acres
		$.3750 \times 100.00 = 37.50$ attributed grain sorghum base acres
		$.1250 \times 100.00 = 12.50$ attributed soybean base acres

Base acres on the farm are now:

- 150.00 base acres of corn
- 100.00 base acres of wheat
- 37.50 base acres of grain sorghum
- 12.50 base acres of soybeans.

Notes: Wheat contract acres did **not** increase because no wheat was planted, therefore, it received no attributed base acres.

The planting of cotton had no effect on attribution as cotton is **not** a covered commodity.

Grain sorghum planted following failed cotton is eligible subsequently planted crop acreage.

--263 Attribution of Base Acres (Continued)*D Examples (Continued)****Example 5 – Single Covered Commodity Planted in Excess of Generic Base Acres.**

For FSN 10, the farm consists of 100.00 generic base acres.

Planted acres are 250.00 acres of approved prevented planted corn followed by 250.00 acres of rice.

Attributed base acres are 100.00 base acres.

Total base acres on the farm are now 100.00 rice base acres.

Notes: Prevented planted crops are **not** included in the attribution of generic base acres.

Rice following approved prevented planted corn is eligible subsequently planted crop acreage and will attribute generic base acres.

264 Covered Commodities**A Covered Commodities Eligible for Generic Base Acre Reallocation**

The following covered commodities may be attributed to generic base acres when planted to a covered commodity or eligible subsequently planted crop acreage:

- barley
- canola
- chickpeas, large:
 - Garbanzo - Kabuli (large chickpea) (GAR)
- chickpeas, small
 - Garbanzo - Kabuli (small chickpea) (GAS)
 - Garbanzo - Desi (small chickpea) (GAD)
- corn
- crambe--*

--264 Covered Commodities (Continued)*C Eligible Crop Status for Inclusion in Base Acre Reallocation**

For all situations in any crop year, excluding double-cropping, a covered commodity planted to a covered commodity or eligible subsequently planted crop acreage is eligible for attribution to generic base acres, regardless of when the covered commodity was planted in the crop year.

For double-cropping situations in any crop year, the second crop, if that crop is a planted covered commodity or eligible subsequently planted crop acreage, is eligible for generic base acre attribution if the rotation meets the double-cropping definition according to 2-CP.

The following are crop status codes for the first character field on FSA-578 that are planted covered commodity or eligible subsequently planted crop acreage for generic base acre attribution.

Note: Prevented planted covered commodities are ineligible to be used for generic base acre attribution.

Code	Description
I	Initial – the first crop planted on the acreage.
D	Covered commodity followed by a different covered commodity – meets double-cropping definition.
E	Covered commodity followed by FAV or wild rice or vice versa – meets double-cropping definition.
G	Noncovered commodity/non-FAV followed by a covered commodity or vice versa – meets double-cropping definition.
J	Covered commodity followed by a covered commodity – does not meet double-cropping definition.
K	Covered commodity followed by FAV or wild rice or vice versa – does not meet double-cropping definition.
M	Noncovered commodity/non-FAV followed by a covered commodity or vice versa – does not meet double-cropping definition.

Notes: If a covered commodity was planted after another covered commodity that was approved as failed acreage (unapproved double-cropping situations), the subsequently planted covered commodity is **not** eligible for generic base acre attribution (first covered commodity – “IF” then second covered commodity – “J” code).

If a covered commodity was planted after another covered commodity that was approved as approved prevented planted (unapproved double-cropping situations), the subsequently planted covered commodity is **eligible** for generic base acre attribution (first covered commodity – “IP” then second covered commodity – “J” code).--*

264 Covered Commodities (Continued)

D Cover Commodities Ineligible for Generic Base Acre Attribution

Covered commodities certified with the following intended uses are ineligible for generic base acre attribution:

- left standing
- cover only
- green manure.

265 Enrollment and Contract Requirements With Generic Base Acres for ARC-CO and PLC

A ARC-CO and PLC Contract Enrollments and Exception

All producers having more than a zero share of contract base acres or planted acres of a covered commodity or eligible subsequently planted crop acreage certified on FSA-578 must ~~sign~~ the CCC-861 by the end of the enrollment period. CCC-861's that are **not** signed by ~~all~~ producers having more than a zero share of contract base acres are incomplete and will **not** be considered submitted to FSA or CCC for any purpose and will **not** be acted on or approved. When a producer's only claimed share of payment is by attributed base acres (and not contract base acres), CCC-861 can be approved without that producer's signature. However, if that producer fails to sign CCC-861 by the enrollment deadline or end of contract period (September 30, 2015, for 2014 and 2015 contract years), that producer share will **not** be paid to the producer or any other producer on the farm or contract.

Exception: An exception to approving CCC-861 with incomplete enrollment of contract base acres applies to ARC-CO and PLC offers of enrollment. In those instances where COC is satisfied there is no dispute of shares or other disagreement between producers is evident or suspected, ARC-CO and PLC offers of enrollment can be approved, with State Office representative concurrence, to permit payment to only those eligible producers who did enroll and without regard to shares that do **not** have signatures. This exception will be made only if, in the sole judgment and discretion of FSA, FSA is satisfied that those producers who did sign for a share of contract base acres ensure compliance with all contract provisions and requirements. This exception does **not** apply to ARC-IC enrollments.

265 Enrollment and Contract Requirements With Generic Base Acres for ARC-CO and PLC (Continued)

B Incomplete Enrollments With a Share Greater Than Zero

If a person or legal entity has an FSA-578 share of a covered commodity planted or eligible subsequently crop acreage on a farm with generic base acres and the person or legal entity wants to make themselves potentially eligible for ARC or PLC payments under an ARC or *--PLC contract, the individual or entity **must** sign CCC-861 or CCC-862, as applicable, by--* September 30 of the contract year (September 30, 2015, for the 2014 and 2015 crop years).

A producer who has a share of base acres on a farm enrolled under ARC-CO and PLC contract or ARC-IC contract who does **not** enroll during the contract period will **not** be eligible for payment consideration, nor will any other producer be eligible for that share of the payment.

C ARC-CO and PLC Contracts With Generic Base Acres

Each eligible producer on a farm may enroll annually on CCC-861, as applicable, and receive payments determined to be fair and equitable as agreed to by all the producers on the farm and approved by COC.

Each person or legal entity leasing a farm that enrolls on CCC-861 is required to provide 1 of the following:

- copy of their written lease to COC
- complete written description of the terms and conditions of any oral agreement or lease
- owner's or landlord's signature affirming a zero share on the contract.

Instead of the criteria in this subparagraph for zero share signatures of landowners on the farm, if the farm was cash-leased, and the lease is in the second year or later, no signature is required for the zero share landowners on the farm that in a prior year:

- signed CCC-509, CCC-861, CCC-862, or CCC-957 to zero share
- provided a written document to support a zero share; for example, CCC-510 or CCC-855.

By signing CCC-861 or CCC-862, the producer is certifying that the cash lease arrangement with the landowner meets the criteria in this paragraph. Because the producer's signature is a certification, documentation supporting the lease is **not** required in the current year's farm folder.

COC always has the right to verify cash lease certifications.

Note: This provision may be used by each landowner on the farm with zero share whose share has not changed from the previous year, even though the farm may have been affected by a reconstitution where 1 or more landowners are either added or removed from the farm. In this case, only new owners added must either sign for zero share or the producer must provide a copy of the lease.

***--265 Enrollment and Contract Requirements With Generic Base Acres for ARC-CO and PLC (Continued)**

C ARC-CO and PLC Contracts With Generic Base Acres (Continued)

CCC will approve CCC-861 for enrollment and the division of payment when CCC is satisfied and determines that all of the following apply:

- landlords, tenants, and sharecroppers sign CCC-861 and agree to the payment shares shown on CCC-861
- interests of tenants and sharecroppers are being protected
- payment shares shown on CCC-861 do **not** circumvent either the provisions of 7 CFR 1412.54 or the provisions of part 1400 of this chapter.

D Who Must Share in the ARC-CO and PLC Contract With Generic Base Acres

Individuals or entities planting a covered commodity on a farm enrolled on CCC-861 and the farm has generic base acres shall share in the program payments equal to their share of the covered commodity reported planted or eligible subsequently planted crop acreage on FSA-578. Individuals or entities requesting ARC and PLC program payments **must** sign CCC-861. Individuals or entities not having a share of a covered commodity on FSA-578 are **not** eligible to receive a payment from attributed generic acres.

Important: Any planted covered commodity or eligible subsequently planted crop acreage on a farm with generic base acres will be attributed as base acres on a prorata basis and eligible for an ARC-CO or PLC payment.

A producer on a farm with:

- **no** share interest in planted covered commodities or eligible subsequently planted crop acreage reported on FSA-578 is **not** entitled to a share on generic base acres that attribute base acres
- a share interest in planted covered commodities or eligible subsequently planted crop acreage reported on FSA-578 is entitled to a share on generic base acres that attribute base acres.--*

282 Eligible and Ineligible Land Uses for Base Acres (Continued)

D Converting to Nonagricultural Use (Continued)

IF the conversion occurred...	THEN within 30 calendar days of the conversion...
<p>after September 30 of FY in which the conversion occurred</p>	<p>all:</p> <ul style="list-style-type: none"> owners must complete CCC-505 to permanently reduce applicable base acres effective for FY the conversion occurred producers must refund any unearned payments made, plus interest. <p>If owners fail to reduce applicable base acres, COC will permanently reduce applicable base acres, and conduct a thorough review of the situation to determine whether the case involves misrepresentation and/or a scheme or device that defeats the purpose of the ARC and PLC Program. See subparagraph 335 A for additional information.</p> <p>Note: Because ARC-CO and PLC contract or ARC-IC contract in effect when the conversion occurred has expired, producers do not have the option to withdraw from ARC-CO and PLC contract and ARC-IC contract, nor can COC terminate the expired ARC-CO and PLC contract or ARC-IC contract.</p>

Important: Reduction in base acres or withdrawal of farm from ARC-CO and PLC contract or ARC-IC contract may result in unearned ARC or PLC payments. All unearned payments **must** be refunded.

Example 1: A farm with 200 acres of DCP cropland and 200 base acres is enrolled in FY 2015 PLC. On August 1, 2015, COC discovers 10 acres on the farm had been converted to a nonagricultural building site on May 4, 2015. COC will notify the owner and operator they **must** do either of the following within 30 calendar days:

- **--**withdraw the farm from the FY 2015 CCC-861 or CCC-862, and **--**refund any payments made for the farm
- owner **must** permanently reduce base acres by 10 acres, and refund any unearned payments made.

If the producers do **not** elect either of the options within 30 calendar days, COC will terminate ARC-CO and PLC contract or ARC-IC contract and request refund of any payments made.

282 Eligible and Ineligible Land Uses for Base Acres (Continued)

D Converting to Nonagricultural Use (Continued)

Example 2: A farm with 200 acres of DCP cropland and 200 base acres was enrolled in FY 2015 PLC and is also enrolled in FY 2016 PLC. All FY 2015 PLC payments have been made for the farm. COC discovers 10 acres on the farm were converted to a nonagricultural building site on August 4, 2015. COC will notify the owner and operator they **must** permanently reduce base acres by 10 acres, and refund the unearned FY 2015 payments made.

If the producers do **not** permanently reduce applicable base acres within 30 calendar days, COC will:

- permanently reduce 10 base acres
- ~~*--terminate the FY 2016 CCC-861--*~~
- request refund of any unearned payments made for FY 2015 and FY 2016.

E Land Enrolled in WBP

Land enrolled in WBP will **not** be enrolled in the ARC and PLC Program. County Offices will record land enrolled in WBP according to 10-CM.

All land enrolled in WBP may **not** be cropland. County Offices will ensure land enrolled in WBP is recorded according to 10-CM.

Important: Enrolling land into WBP may require the permanent reduction of base acres. Base acres must **not** exceed effective DCP cropland plus double-cropped acres.

Note: Subparagraph I does **not** apply to land enrolled in WBP.

282 Eligible and Ineligible Land Uses for Base Acres (Continued)

F Land Enrolled in WRP

There are 2 separate statutory provisions affecting producers enrolling land in WRP.

- The statutory provisions of the Agricultural Act of 2014 (Pub. L. 113-79), Section 1112(c) **requires** a reduction of base acres, if the sum of the base acres for a farm, together with the following acreage, exceeds the actual cropland for the farm, including the following:
 - any acreage on the farm enrolled in CRP or WRP
 - any other acreage on the farm enrolled in a conservation program for which payments are made in exchange for **not** producing an agricultural commodity on the acreage.
- WRP provisions **require** that, in some situations, owners and operators of land subject to WRP conservation easements agree to the permanent retirement of any existing base acres for the land.

NRCS has a policy requiring producers to complete CCC-505 when offering land for enrollment in WRP. NRCS will provide FSA Offices with a copy of CCC-505 when WRP easement is recorded. However, base acre reduction is **not** effective until NRCS notifies FSA that WRP easement has been recorded.

FSA County Offices **must** ensure that the provisions of **both of the statutory provisions** specified are met for producers enrolling land in WRP to ensure that USDA is **not** compensating producers for the value of the base acres retired under WRP and issuing farm ARC and PLC Program payments on the same acreage. However, a coordinated effort is **required** with NRCS with certain responsibilities applying to each Agency.

282 Eligible and Ineligible Land Uses for Base Acres (Continued)

F Land Enrolled in WRP (Continued)

NRCS requires producers to complete CCC-505 when the producer offers land for enrollment in WRP. FSA County Offices are **not** responsible for, **and must not assist** producers in, completing CCC-505 for land being offered in WRP. However when requested, FSA County Offices will provide producers with a copy of FSA-156EZ with information about the number of base acres applicable to the farm or farms, as follows:

- a **blank** FSA-910 with instructions (Exhibit 21)
- a **blank** CCC-505
- aerial maps for the applicable farm or farms.

Although NRCS is responsible for notifying FSA when WRP easements are closed, producers bear responsibility for notifying FSA of changes that affect the ARC and PLC Program eligibility. This handbook specifies that changes in the farming operation that may ~~*-~~affect any determination after CCC-861 or CCC-862 is signed will be reported to CCC by all applicable producers by signing a revised CCC-861 or CCC-862 to reflect the change no~~--~~* later than September 30 of the applicable year.

Reminder: Although producers have up until the end of the contract period to report changes, if the changes cause or require the need for additional signatures or documents, the additional signatures or documents **must** be submitted by the end of the contract period. Accordingly, producers should **not** wait until September 30 to report changes.

282 Eligible and Ineligible Land Uses for Base Acres (Continued)

F Land Enrolled in WRP (Continued)

After the WRP easement is **closed**, NRCS will provide documentation about the WRP agreement, including CCC-505, to the applicable FSA County Office. FSA County Offices will follow the provisions of this table.

Note: If adequate documentation is **not** provided by NRCS to determine base acre reductions, acres on cropland, and acres on noncropland, FSA County Offices will immediately contact the applicable NRCS Office to obtain the documentation necessary to update FSA records.

Step	Action
1	<p>Immediately update FRMS according to 10-CM to record the number of acres enrolled in WRP that are on DCP cropland. See 10-CM for additional information.</p> <p>Note: Acres enrolled in WRP that are on non-DCP cropland must not be included in the FRMS, “WRP” field.</p>
2	<ul style="list-style-type: none"> • Immediately update FRMS according to 10-CM to reduce the base acres as specified on CCC-505 received from NRCS for FY in which the WRP easement was recorded or WRP cost-share restoration agreement is approved. CCC-505 includes the number of base acres that will be retired, even if the number of base acres being retired is zero. <p>Note: Producers may have elected to reduce base acres to increase the value of the WRP appraisal for a WRP easement. FSA County Offices will reduce the base acres as specified on CCC-505. In some cases, there may be excess acreage on the farm that may not require base reduction, but the acreage will be reduced as specified on CCC-505 because those acres were designated for retirement through the WRP easement.</p> <ul style="list-style-type: none"> • --Notify all producers on the farm that a revised CCC-861 or CCC-862 that--* reflects the reduced base acres must be filed by: <ul style="list-style-type: none"> • June 1, if the reduction occurs before June 1 of the applicable year • September 30, if the reduction occurs after June 1 of the applicable year. <p>Note: This step is required; however, an additional reduction may be required as determined in steps 3 through 5. County Offices must ensure that all steps in this table are followed.</p>

282 Eligible and Ineligible Land Uses for Base Acres (Continued)

F Land Enrolled in WRP (Continued)

Step	Action
3	<p>After steps 1 and 2 have been completed, County Offices will determine whether the number of base acres exceeds the effective DCP cropland plus double-cropped acreage according to paragraph 2874. If the base acres still exceed the effective DCP cropland plus double-cropped acreage, then:</p> <ul style="list-style-type: none"> • an additional reduction to base acres is required • CCC-861 or CCC-862 for the applicable FY cannot be enrolled until the reduction of the base acres is completed • County Offices must follow the provisions of step 4.
4	<p>If an additional base acre reduction is required according to step 3, County Offices will:</p> <ul style="list-style-type: none"> • notify the owners of the farm that an additional reduction of base acres is required within 30 calendar days • notify all producers on the farm that a revised CCC-861 or CCC-862 must be filed, by September 30 of the applicable year, that reflects the reduced base acres • ensure that all provisions of 10-CM are met for updating FRMS and notifying applicable producers of the revision to the farm records. <p>Note: For farms enrolled by August 25 of the applicable year, signatures on revised CCC-861 and CCC-862 must be received no later than September 30 of the applicable FY.</p>

282 Eligible and Ineligible Land Uses for Base Acres (Continued)

F Land Enrolled in WRP (Continued)

Step	Action
5	<p>If CCC-505 is not filed by the owners of the farm within 30 calendar days according to step 4:</p> <ul style="list-style-type: none"> •*--COC will initiate CCC-505 reducing the base acreage according to 10-CM <p>COC must not approve a revised CCC-861 or CCC-862 unless all signature requirements are met by June 1 of the applicable FY</p> <p>Note: For farms enrolled by June 1, signatures on revised CCC-861 or CCC-862 must be received no later than September 30 of the--* applicable FY.</p> <ul style="list-style-type: none"> • County Office will notify the producers associated with the farm of the COC determination of the reduction of base acres • County Office must ensure that all provisions of 10-CM are met for updating FRMS and notifying applicable producers of the revision to the farm records.

282 Eligible and Ineligible Land Uses for Base Acres (Continued)

G Land Under EWP Flood Plain Easements

Land under the EWP Flood Plain Easement is **not** eligible to be enrolled in the ARC and PLC Program beginning on the date the EWP Flood Plain Easement is filed.

Exception: Cropland under EWP Flood Plain Easement may be eligible for the ARC and PLC Program in the FY the EWP Flood Plain Easement is filed, if **both** of the following are met:

- written documentation from NRCS is submitted that allows the acreage to be planted to an annual crop for harvest in the FY the easement is filed

Note: Depending on the date the easement is filed, the applicable NRCS manual may **not** allow planting an annual crop in FY the easement is filed.

Important: Neither haying nor grazing is considered planting an annual crop.

- all other requirements to enroll the acreage in the ARC and PLC Program are met.

Note: Even though there may appear to be no advantage, regardless of whether land is eligible for enrollment or not, producers still may make an ARC and PLC Program election for this farm or land.

Cropland acreage under EWP Flood Plain Easement **must** be recorded according to *-10-CM. The date EWP Flood Plain Easement acreage is recorded in FRMS is dependent-* on the following:

- date EWP Flood Plain Easement is filed
- whether NRCS allows the planting an annual crop for harvest in FY.

All land under EWP Flood Plain Easement may **not** be cropland. County Offices **must** ensure land under EWP Flood Plain Easement is recorded according to 3-CM.

Important: Placing land under EWP Flood Plain Easement may require the permanent reduction of base acres. Base acres **not** exceed effective DCP cropland plus double-cropped acres.

Note: Subparagraph I does **not** apply to land under EWP Flood Plain Easements.

--284 Protecting Farmland--**A Requirement**

[7 CFR 1412.69] Control of noxious weeds.

CTAP participants and enrolled ARC and PLC contract participants agree to effectively control noxious weeds and otherwise maintain the land on the farm in accordance with sound agricultural practices; and use the land on the farm for an agricultural or conserving use, and not for a nonagricultural commercial, industrial, or residential use.

B Approved Covers and Practices

STC will determine measures necessary to protect the farm from erosion and propagation of ~~noxious weeds and maintaining the farm according to sound agricultural practices,~~ throughout the crop year STC determinations will be provided to County Offices for publication throughout the ARC and PLC Program year. Determine, on a State-by-State basis, as follows:

- COC, in conjunction with the NRCS District Conservationist, may recommend the cover crops or practices
- STC will consult with State technical committees to determine whether additional practices that further the goals of these organizations and groups can be developed.

C Suggested Covers

Suggested covers include, but are **not** limited to:

- annual, biennial, or perennial grasses and legumes, including sweet sorghums, sorghum grass crosses, and sudans
- volunteer stands, other than weeds
- crop residue from using no till or minimum till practices
- perennial covers approved for cost-share assistance.

285 HELC and WC

A HELC and WC Compliance

Producers **must** certify HELC and WC compliance on AD-1026 and meet the requirements according to 6-CP to qualify for ARC and PLC Program benefits.

COC will follow procedure in 6-CP for producers determined ineligible because of HELC and/or WC violation.

B Terminating ARC-CO and PLC Contracts or ARC-IC Contracts for HELC and/or WC Violation

In addition to denying benefits for HELC and/or WC violation, COC will determine whether the violation is serious enough to warrant terminating ARC-CO and PLC contract or ARC-IC contract, with respect to the producer determined ineligible according to 6-CP, on each farm in which the producer has an interest.

Producers whose shares are terminated **must** be notified by letter of the following:

- ARC-CO and PLC contract or ARC-IC contract is in violation and will be terminated with respect to the producer on each farm in which the producer has an interest
- the producer forfeits all rights to receive ARC-CO and PLC contract or ARC-IC contract payments, for any year in which they are determined ineligible, on each farm in which the producer has an interest
- the producer **must** refund all ARC-CO and PLC contract or ARC-IC contract payments received by the producer on each farm the producer has an interest in during the period of the violation, plus interest
- reason for violation
- appeal rights according to 1-APP.

286 Planting Flexibility

A Plantings on Base Acres

Any commodity may be planted on:

- *--any land, including base acres, on a farm **not** enrolled on CCC-861 or CCC-862
- nonpayment acres of a farm enrolled on CCC-861 or CCC-862
- payment acres, however, if FAV/WR are planted on payment acres enrolled on CCC-861 or CCC-862, an acre-for-acre payment reduction is applied, according to--* paragraph 287.

Exception: FAV/WR double-cropped, with a covered commodity in an established FAV/WR double-cropping region, may be planted on the farm's payment acres **without** an acre-for-acre payment reduction according to paragraph 290.

B FAV Plantings

FAV/WR planting provisions apply to the following:

- fruits
- vegetables, other than mung beans and pulse crops
- wild rice.

See subparagraph 288 A for FAV exceptions and Exhibit 24 for a list of FAV's.

C FAV/WR Planting - After Initial Crop or Prevented Planted

FAV/WR acres that are planted in the same field after either an initial crop was planted and failed, or an initial crop was prevented from being planted, are still considered the FAV/WR crop that was planted. There are no "ghost crop FAV provisions".

Example 1: A field of wheat was planted and failed. Potatoes are planted in the same field, after the wheat failed (this is a **not** a double crop FAV county). This field will be considered as FAV (potatoes). The County Office will need to determine if an acre-for-acre payment reduction applies on the farm.

Example 2: A field intended to be planted to corn was reported to FSA as prevented planted. Carrots are subsequently planted in the same field, after prevented planted corn (this is a **not** double crop FAV county). Regardless if the prevented planting is approved or disapproved, the field will be considered as FAV (carrots). The County Office will need to determine if an acre-for-acre payment reduction applies on the farm.

287 FAV/WR Planting Limitations

A Statutory Provisions

Planting FAV/WR on payment acres enrolled in the ARC and PLC Program is permitted; however, if FAV/WR is planted on payment acres, and acre-for-acre reduction will apply, **unless** FAV/WR is destroyed without benefit before harvest.

Note: Payment acres are equal to 65 percent of base acres for a farm enrolled in ARC-IC, and 85 percent of base acres for a farm enrolled in ARC or PLC-CO.

Producers may plant FAV/WR on payment acres enrolled in ARC or PLC without payment reduction, if the FAV/WR is planted in a double-cropping practice with covered commodities in any region designated as having a history of double-cropping covered commodities or peanuts with FAV/WR (paragraph 290).

See paragraph 288 for FAV/WR exceptions and other compliance determinations, including when FAV/WR are destroyed before harvest.

B Farms Not Enrolled in the ARC and PLC Program

Planting and harvesting FAV/WR on payment acres on a farm that is **not enrolled** in the annual program is **not** prohibited in that year.

C Determining Available Acres for FAV Planting

County Offices shall determine whether FAV/WR is planted on payment acres enrolled in ARC or PLC according to the following table.

***--Note:** FAV/WR acres must always first be attributed to nonpayment acres **before** any are attributed to payment acres.--*

Important: Payment acre shares are determined for:

- ARC-CO and PLC, based on the individuals or entities who are producers with a crop share interest on base acres, including crop share interest of planted covered commodities attributed to generic base acres

Note: Producers planting FAV/WR on base acres **MUST** have a payment share interest on the ARC/PLC contract

- ARC-IC, based on each producer's share interest in covered commodities planted on the farm, as reported or determined on FSA-578, including covered commodities that are planted and attributed to generic base acres.

Note: Producers, including owners, that have no share interest in the covered commodity on enrolled ARC-IC farm, will **not** receive an ARC-IC payment for the ARC-IC farm.

--287 FAV/WR Planting Limitations (Continued)--

C Determining Available Acres for FAV Planting (Continued)

*--

Step	Action	
1	IF the farm is enrolled in...	THEN determine the farm's nonpayment acres by doing the following...
	PLC or ARC-CO	Step
		Action
		A Determine effective DCP cropland on the farm.
		B Determine number of double-cropped acres on the farm according to Farm Records.
		C Add result of step A and step B.
	ACR-IC	D Determine payment acres by taking the total base acres, including attributed generic base acres for the farm times 85 percent.
		E Subtract result of step D from the result of step C.
		Step
		Action
		A Determine effective DCP cropland on the farm.
		B Determine number of double-cropped acres on the farm according to Farm Records.
		C Add result of step A and step B.
		D Determine payment acres by taking the total base acres, including attributed generic base acres for the farm times 65 percent.
		E Subtract result of step D from the result of step C.
2	<p>Subtract the result of step 1 (either PLC/ARC-CO or ARC-IC, as applicable) from the total acres of FAV/WR planted on the farm.</p> <p>Important: The total acreage of FAV/WR planted on the farm includes FAV/WR acreage planted by producers with zero interest in the farm's CCC-861 or CCC-862.</p> <p>Note: Only count the acreage once when multiple plantings of FAV/WR are planted on the same acreage. See 1-ARCPLC, subparagraph 288 C.</p> <p>If an FAV/WR is double-cropped with a covered commodity in an established FAV/WR double-cropping region, it is not considered a FAV. See 1-ARCPLC, paragraph 290.</p>	

--*

287 FAV/WR Planting Limitations (Continued)

C Determining Available Acres for FAV Planting (Continued)

Step	Action	
3	IF the result of step 2 is...	THEN...
	equal to or less than zero	<ul style="list-style-type: none"> FAV/WR are not planted on payment acres an acre-for-acre reduction does not apply to the farm. <p>Note: In no situation should a payment reduction be applied if the result of step 2 is equal to or less than zero.</p>
	Greater than zero	<ul style="list-style-type: none"> FAV/WR are planted on payment acres an acre-for-acre reduction applies to the farm based on the result of step 2 •*--apply the acre-for-acre reduction to the farm according to 4-CP.--* <p>Note: For ARC-CO and PLC, the acre-for-acre reduction will be attributed to each of the covered commodities on the farm having payment acres on a pro rata basis to reflect the ratio of the payment acres of the covered commodity on the farm to the total payment acres of all covered commodities on the farm.</p> <p>For ARC-IC, the acre-for-acre reduction will be attributed to the total payment acres on the farm as the payment acres are determined solely by multiplying the 65 percent of the base acres and/or attributed generic acres of the farm.</p>

--*

289 Example of Acre-for-Acre Reductions (Continued)

D Example 4 (Continued)

Step	Action		Result
2	<p>Subtract the result of step 1 from the total acres of FAV/WR planted on the farm.</p> <p>200 acres of FAV/WR - 170 nonpayment acres = 30 acres.</p> <p>Note: Operator A would have 100 percent share on *--CCC-862 because Tenant B's sugar beets are not a--* covered commodity.</p> <p>Important: The total acreage of FAV/WR planted on the farm includes FAV/WR acreage planted by producers with zero interest in the farm's CCC-861 or CCC-862.</p> <p>Note: Only count the acreage once when multiple plantings of FAV/WR are planted on the same acreage. See subparagraph 288 C.</p> <p>If an FAV/WR is double-cropped with a covered commodity in an established FAV/WR double-cropping region, it is not considered an FAV. See paragraph 290.</p>		30
3	IF the result of step 2 is...	THEN...	
	equal to or less than zero	<ul style="list-style-type: none"> FAV/WR are not planted on payment acres acre-for-acre reduction does not apply to the farm. <p>Note: In no situation should a payment reduction be applied if the result of step 2 is equal to or less than zero.</p>	
	greater than zero	<ul style="list-style-type: none"> FAV/WR are planted on payment acres acre-for-acre reduction applies to the farm based on the result of step 2 apply the acre-for-acre reduction to the farm according to 4-CP. 	ARC-IC payment acres for the farm shall be reduced by 30 acres that will only offset Operator A's payment, because Operator A has 100 percent of ARC-IC contract.

290 FAV and Wild Rice Double-Cropping Region Exception**A Double-Cropping Exception**

The double-cropping exception provides that FAV's and wild rice may be planted on payment acres enrolled in the ARC and PLC Program without payment reduction, if FAV or wild rice, as applicable, is planted in a double-cropping cycle with a covered commodity planted in a designated double-cropping region established by STC.

Note: See subparagraph C for double-cropping regions.

B Determining Double-Cropping FAV's and/or Wild Rice With Covered Commodity

For the purpose of determining FAV and wild rice double-cropping regions, double-cropping FAV's or wild rice with covered commodities means planting and harvesting a covered commodity **for grain** in cycle with planting and harvesting FAV or wild rice on the same acreage, in a 12-month period, with the ability to plant and harvest the same 2 crops in the immediately succeeding 12-month period, under normal growing conditions.

FAV and wild rice may be planted before or after the covered commodity to be considered double-cropped.

C Double-Cropping Regions

FAV and wild rice double-cropping regions were established by STC, in consultation with NIFA, Land Grant Universities, and other agencies, based on the planting history for the region.

Note: Double-cropping of FAV's or wild rice in cycle with covered commodities or **must** be customary for the region.

Section 2 Producer Eligibility

305 General Information

A Eligible Producer

Producers eligible to enter into ARC-CO and PLC contract or ARC-IC contract are:

- an owner of a farm who has a share of contract acreage and assumes all or part of the risk of producing a crop on base acres
- a producer, other than an owner, on base acres with a share- or cash-rent lease for the crop year covered by the FY contract.

Important: A producer on a farm with an interest in only nonbase acres is **not** eligible to enter into ARC-CO and PLC contract or ARC-IC contract on that farm.

The amount of nonbase acres available to be planted to FAV/WR without resulting in a payment reduction may be reduced when there is a producer on a farm with interest in only nonbase acres. See:

- paragraph 289 for examples
- 4-CP to calculate nonbase acres on a farm available to be planted to FAV/WR without resulting in a payment reduction.

--Only producers who sign CCC-861 or CCC-862 can be considered to have applied for an ARC and PLC Program payment. Producers who have a reported share of a covered commodity reported on FSA-578, but who may **not** have signed CCC-861 or CCC-862, are **not** eligible for any ARC and PLC Program payments **unless** CCC-861 or CCC-862 is signed.--

305 General Information (Continued)**B Terms of Enrollment**

Producers who participate in the ARC and PLC Program **must** fully comply with the terms and conditions of ARC-CO and PLC contract or ARC-IC contract, and in return will be eligible to receive ARC or PLC payments, if applicable.

C Producer Agreement to Program Requirements

Before producers on a farm may receive ARC and PLC Program payments, with respect to the farm, the producers will agree, during the crop year for which payments are made and in exchange for the payments, to:

- maintain compliance with HELC and/ or WC provisions on all their land
- use acreage equal to the base acres for an agricultural or conserving use
- **not** plant perennial FAV's or harvest annual FAV's (other than lentils, mung beans, and *--dry peas) or harvest wild rice on payment acres--*

Note: See paragraph 290 for exceptions to FAV/WR planting limitations.

- timely submit a report of all cropland acreage on the farm on an annual basis
- if participating in ARC-IC, satisfy production and reporting requirements according to Parts 2 and 4, as applicable.

306 Payment Limitation and AGI**A Payment Limitations**

The ARC and PLC Program is subject to a \$125,000 payment limitation. This limitation will include all payments received **directly** or **indirectly** per person or legal entity for all covered commodities **except** peanuts.

A separate payment limitation of \$125,000 is provided for payments received **directly** or **indirectly** for peanuts **only**.

Note: The \$125,000 payment limitation provided for the ARC and PLC Program includes any payments received through MAL gains and LDP's for any and all commodities, **not** just covered commodities, **except** peanuts. The peanut only limitation includes peanut ARC, PLC, MAL gains and LDP's.

B AGI

See 5-PL for AGI provisions.

307 Commodities Grown Under Contract on Base Acres**A Background**

In recent years, the number and kinds of commercial grower contracts have increased. These contracts differ greatly in the amount of risk borne by the company and the grower.

Under commercial grower contracts, any of the following may occur:

- the grower has no share of the crop, but may have risk

Note: The grower in this instance is actually an independent contractor or custom farmer for the company.

- both the company and grower share in the crop and in the risk of producing the crops
- only the grower shares in the crop and in the risk of producing the crops.

Note: This paragraph does **not** apply to hybrid seed contracts.

307 Commodities Grown Under Contract on Base Acres (Continued)**B Eligibility for Payments**

The following provides guidance for determining eligibility for payments when crops under a commercial grower contract are produced on base acres.

IF the grower has...	THEN, if otherwise eligible, the grower is...
a share of the crop and has all or some of the risk in producing the crop or crops grown on base acres	eligible to receive all of an ARC or PLC payment on base acres.
no share of the crop under the grower contract but may have some or none of the risk in producing a crop that is grown on base acres	not eligible to receive an ARC or PLC payment for base acres, because the grower does not meet the definition of a producer on base acres.
a share of the crop under the grower contract and also some, but not all of the risk in producing a crop that is grown on base acres	<ul style="list-style-type: none"> • eligible to receive a portion of an ARC or PLC payment • not eligible to receive the entire ARC or PLC payment for base acres.

Note: Growers who have no share of a crop grown on base acres are always ineligible for payments on those acres, regardless of risk.

C COC Review of Commercial Grower Contracts

COC will:

- determine:
 - whether the signatories to a commercial grower contract meet the definition of producer provided in Exhibit 2 and 7 CFR Part 1412
 - whether a crop that is subject to a commercial grower contract is grown on base acres
 - who shares in the crop and in the risk of producing a crop that is subject to a commercial grower contract and grown on base acres
 - ***--ensure that the payment shares on CCC-861 or CCC-862 are fair and equitable--*** considering the grower's actual crop share and risk in producing the crop.

Note: In determining whether a grower of hybrid seed is a producer, COC will **not** take into consideration the existence of a hybrid seed contract.

307 Commodities Grown Under Contract on Base Acres (Continued)

D COC Approval of Payment Shares

COC will approve the ARC and PLC Program payment shares if all other eligibility requirements are met and both of the following apply:

- producers with a designated payment share meet the definition of producer on all of base acres on the farm that payment is being requested
- payment shares are established according to this paragraph and criteria in Part 6.

***--Notes:** All producers on the farm **must** sign CCC-861 or CCC-862 designating payment shares to be eligible for payment. Producers who do **not** sign CCC-861 or CCC-862 will be ineligible for payment for their share of CCC-861 or CCC-862.

If after filing FSA-578 it is determined that producers who do **not** appear on CCC-861 or CCC-862 have certified to having a share interest in a covered commodity, those producers **must** sign CCC-861 or CCC-862 for their share of that covered commodity to be eligible for payment consideration. If the producer does **not** sign CCC-861 or CCC-862, then that share interest will **not** be paid to anyone.--*

Farm enrolled in ARC-IC and any enrolled ARC-CO and PLC farms with generic base acres will have payment shares determined based on FSA-578; therefore, it is important that producers understand the importance of enrolling their interest in covered commodities planted on farms.

308 Handling Minor Children and Bankruptcies**A Eligibility of Minor Child**

A minor is eligible to participate in the ARC and PLC Programs if any of the following conditions exist:

- the right of majority has been conferred on the minor by court proceedings or law
- a guardian has been appointed to manage the minor's property and the applicable ARC and PLC Program documents are executed by the guardian
- a bond is furnished under which a surety guarantees any loss incurred for which the minor would be liable had the minor been an adult.

B If Bankruptcy Occurs Before ARC-CO and PLC Contract or ARC-IC Contract Approval

COC will follow this table when a producer files for bankruptcy **before** ARC-CO and PLC contract or ARC-IC contract approval.

Step	Action
1	Contact the OGC regional attorney through the State Office for guidance.
2	*--Approve CCC-861or CCC-862 if both of the following apply: <ul style="list-style-type: none"> • OGC regional attorney authorizes CCC-861or CCC-862 approval • producer submitted CCC-861or CCC-862 by enrollment deadline.--*
3	See 1-CM for producer signature requirements.

C If Bankruptcy Occurs After ARC-CO and PLC Contract and ARC-IC Contract Approval

--When bankruptcy occurs after CCC-861or CCC-862 approval, contact the OGC regional-- attorney through the State Office for instructions and guidance.

Reports, Forms, Abbreviations, and Redelegations of Authority (Continued)

Abbreviations Not Listed in 1-CM (Continued)

Approved Abbreviations	Term	Reference
ARC	agriculture risk coverage	Text, Ex. 2
ARC-CO	agriculture risk coverage – county	Text, Ex. 2
ARC-IC	agriculture risk coverage – individual	Text, Ex. 2, 18, 19
CARS	Crop Acreage Reporting System	119
CC	counter-cyclical	Text, Ex. 7
CIMS	Comprehensive Information Management System	66, 90
CTAP	Cotton Transition Assistance Program	1, 21-23, 42, 284
ERSR	electronic repository for security request	250
FRMS	Farm Records Management System	42, 64, 66, 141, 206, 245, 246, 248, 282
FRS	Farm Records System	22, 28, 181
HIP	historical irrigated percentage	119, 120, 205, Ex. 2
MYA	marketing year average	Text, Ex. 2
OIP	office information profile	250
P&CP	planted and considered planted	24, 26-28, 102, 116, 119, 120, Ex. 2
PFC	production flexibility contract	42, 64, 206, 281
PLC	price loss coverage	Text, Ex. 2
SLR	Security Liaison Representative	250
T-yield	transitional yield	Text, Ex. 2
WR	wild rice	Text

Redelegations of Authority

--COC may redelegate authority to approve CCC-505's, CCC-861, and CCC-862 to CED, in-- routine cases. Redlegation shall be documented in COC minutes.

Definitions of Terms Used in This Handbook

2014 Farm Structure

2014 farm structure means the farm as it was last constituted as of September 30, 2014.

Actual Average County Yield

Actual average county yield means the yield calculated as the crop year production of a covered commodity in the county, divided by the commodity's total planted acres for a crop year in the county. The planted acres mean for:

- corn, grain sorghum, barley, oats, and wheat, the sum of harvested acres in a county as reported by NASS, plus the unharvested acres in a county as prepared by producers to RMA.
- all other crops, the sum of planted acres in a county as reported by NASS, and if NASS data is not available, other sources shall be used as determined appropriate by FSA.--*

Separate irrigated and non-irrigated yields will be established in a county having a sufficient number of farms with P&CP acreage history of a covered commodity in 2009 through 2012, as determined by FSA. These separate yields will only be established where at least an average of 25 percent of a covered commodity's P&CP acreage was irrigated in 2009 through 2012, and at least an average of 25 percent of the same covered commodity's P&CP acreage in that county was non-irrigated in 2009 through 2012.

Actual Crop Revenue

Actual crop revenue means revenue calculated as follows for:

- ARC-CO, for a crop year of a covered commodity, the actual average county yield per planted acre of the covered commodity, times the higher of either MYA price of the covered commodity or the national average loan rate for the covered commodity
- ARC-IC, for a producer on a farm for a crop year that is based on the producer's enrolled share of planted acres of all covered commodities on all farms for which ARC-IC has been elected, and in which the producer has an interest for which the producer enrolled, the sum of the results of the following calculation for each covered commodity on the farm:
 - total production of the covered commodity for all farms in the State in which the producer has an interest, times
 - higher of either the MYA price or national loan rate for the covered commodity, divided by
 - producer's share of the planted acres of the covered commodity in a State.

Definitions of Terms Used in This Handbook (Continued)**Actual Yield**

Actual yield means, for ARC-IC, the yield calculated by dividing the farm's total production of the covered commodity by the total planted acres on the ARC-IC farm.

ARC Guarantee

ARC guarantee means, for a crop year for a covered commodity, 86 percent of the benchmark revenue for ARC-CO or ARC-IC.

ARC Substitute Yield

ARC substitute yield means 70 percent of the county T-yield.

Note: To establish the ARC benchmark yield for a covered commodity, a yield is required to be obtained for each of the previous 5 years to calculate the Olympic average. The statute provides for a substitute yield to be used in a year or years where the county yield is lower than 70 percent of the county T-yield. The substitute yield will automatically be used if there is a year or years where the county yield per planted acre is lower than 70 percent of the county T-yield.

ARC-CO Benchmark Revenue

ARC-CO benchmark revenue means the calculation made by multiplying the 5-year Olympic average county yield for the specific covered commodity, times the 5 year Olympic average MYA price for the covered commodity. The ARC-CO benchmark revenue is recalculated each year, 2014 through 2018. The 5 Year Olympic average:

- yield uses the **higher of** the county yield or 70 percent of the substitute yield
- average price uses the **higher of** the MYA price or the national loan rate for the covered commodity.


ARC-IC Benchmark Farm Yield

ARC-IC Benchmark Farm Yield means the actual yield per **planted** acre or substitute yield for the farm for each of the five most recent crops years, not including the current year. The benchmark farm yield is calculated for the initially planted covered commodity or any approved covered commodity in an approved double-cropping rotation.

Producer Notification Letters

The following is an example of a notification letter used when base acres are restored to a farm for a new crop and ARC-CO, PLC, or no election for that crop currently exists on the farm.


*--

<div><p>United States Department of Agriculture</p></div> <div><hr/><p>Example Letter #1 – New Crop Restored ARC-CO, PLC or No Election Currently on Farm</p></div> <div><p>Date</p><p>Any Producer Address City, State XXXXX</p><p>Dear Producer:</p><p>On (insert applicable date), your Conservation Reserve Program (CRP) contract (contract number) was (voluntarily terminated, early released or expired). As a result, you have (XXX) base acres of (applicable crop) eligible to be restored to Farm (XX); these base acres were previously reduced for participation in CRP.</p><p>The restored base acres will be assigned a PLC yield equal to (enter either the yield for the crop when the base acres were reduced or the county average CC Yield, whichever is higher). You have the opportunity to update your farm's yield for (crop); you must contact our county office to make this update within 30 calendar days from the date of this letter.</p><p>In addition to the yield update opportunity, you have the opportunity to make a program election for (applicable crop) as a program election was not made for this crop during the election period. To make a program election, all current producers on the farm must sign the enclosed CCC-857 agreeing to the program election no later than 30 calendar days from the date of this letter.</p><p>If all current producers on the farm fail to make a unanimous program election for (applicable crop) within 30 calendar days of the date of this letter, this crop will receive a default PLC election to be in effect for the life of the Farm Bill.</p><p>Please feel free to contact our office with any questions or concerns.</p><p>Sincerely:</p><p>CED Name Any County CED</p></div>
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***--Producer Notification Letters (Continued)**


The following is an example of a notification letter used when base acres are restored to the farm for a new crop and an ARC-IC election currently exists on the farm.

 United States Department of Agriculture
<hr/> <p style="text-align: center;">Example Letter #2 - New Crop Restored ARC-IC Election Currently on Farm</p>
Date
Any Producer Address City, State XXXXX
Dear Producer:
On (insert applicable date), your Conservation Reserve Program (CRP) contract (contract number) was (voluntarily terminated, early released or expired). As a result, we have restored (XXX) base acres of (applicable crop) to your farm; these base acres were previously reduced for participation in CRP.
The restored base acres have been assigned a PLC yield equal to (enter either the yield for the crop when the acres were reduced or the county average CC yield, whichever is higher). You have the opportunity to update this crop's yield on your farm using 90% of an average of your actual yields per planted acre during the 2008-2012 crop years as certified on the attached CCC-859. If you wish to take advantage of this opportunity to update your farm's yield for (crop), you must contact our county office to make this update within 30 calendar days of the date of this letter.
Because your farm has previously elected to participate in ARC-IC, the restored base acres are automatically subject to that election.
Feel free to contact our office with any questions or concerns.
Sincerely:
CED Name Any County CED

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***--Producer Notification Letters (Continued)**

The following is an example of a notification letter used when base acres are restored and base acres of that crop currently exist on the farm.

 United States Department of Agriculture
<hr/> <p style="text-align: center;">Example Letter #3 – Restored Base Acres of Crop Already on Farm</p> <hr/>
Date
Any Producer
Address
City, State XXXXX
Dear Producer:
<p>On (insert applicable date), your Conservation Reserve Program (CRP) contract (contract number) was (voluntarily terminated, early released or expired). As a result, we have restored (XXX) base acres of (applicable crop) to your farm; these base acres were previously reduced for participation in CRP.</p> <p>The restored base acres have been assigned a PLC yield equal to the PLC yield that currently exists on the farm.</p> <p>Because your farm has previously elected to participate in (ARC-IC, ARC-CO or PLC), the restored base acres are automatically subject to that election.</p> <p>Feel free to contact our office with any questions or concerns.</p> <p>Sincerely:</p> <p>CED Name Any County CED</p>

--*

***--Producer Notification Letters (Continued)**

The following is an example of a notification letter used when a farm had a CRP contract that used the early out provisions and base acres to restore either in the current FY or subsequent FY.



United States Department of Agriculture

Example Letter #4 – CRP Early-Out Letter

Date

Any Producer

Address

City, State XXXXX

Dear Producer:

On (insert applicable date), your Conservation Reserve Program (CRP) contract (contract number) was terminated under the “early out” provisions. As a result, you have (XXX) base acres of (applicable crop) eligible to be restored to Farm (XX); these base acres were previously reduced for participation in CRP.

CRP “early out” provisions allow you to receive a prorated CRP payment based on the effective date of the termination of your contract. If you receive the prorated CRP payment, you will be ineligible to restore these base acres and/or enroll them into the ARCPLC program until (the year following the year of the termination). Program provisions prevent payments under CRP and ARCPLC on the same base acres in the same year.

Please notify our office within 30 calendar days of your decision to either receive your prorated CRP payment or to forego the CRP payment and enroll these base acres into the ARCPLC program for (current FY). If you do not contact our office within 30 calendar days, you will receive the prorated CRP payment and your base acres will be restored in (the year following the year of the termination).

Please contact our office with any questions or concerns.

Sincerely:

CED Name

Any County CED

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