

FSA
HANDBOOK

Direct and Counter-Cyclical Program
for 2009 and Subsequent Crop Years

For State and County Offices

SHORT REFERENCE

1-DCP
(Revision 2)

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

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**Direct and Counter-Cyclical Program for 2009
and Subsequent Crop Years
1-DCP (Revision 2)**

Amendment 1

Approved by: Acting Deputy Administrator, Farm Programs



Amendment Transmittal

A Reason for Revision

This handbook is being issued to include provisions of the Food, Conservation, and Energy Act of 2008 (Pub. L. 110-246), enacted on June 18, 2008, and as amended, for the 2009 and subsequent crop years.

Notes: Some provisions of earlier revisions of this handbook have been modified before incorporating into this revision to be consistent with regulations.

Provisions about the Average Crop Revenue Election (ACRE) Program, plant FAV, rice apportionment, and pulse crops will be incorporated in a forthcoming amendment.

B Regulatory Cites

This handbook incorporates several citations to regulations. citations are in **bold** font and usually preface procedure.

C 1-DCP and 1-DCP (Rev. 1)

This handbook does **not** obsolete 1-DCP or 1-DCP (Rev. 1) which apply to earlier crop years.

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Part 1 Basic Information**1 Handbook Coverage****A Handbook Purpose**

This handbook provides instructions for implementing DCP authorized by the Food, Conservation, and Energy Act of 2008, as amended. Included in this handbook are instructions about the following:

- enrolling farms in an annual DCP contract
- eligibility and compliance rules for participating in DCP.

B Related Handbooks

Related handbooks include the following:

- 1-APP for appeals
- 1-CM for common provisions
- 2-CM for farm reconstitutions
- 3-CM for procedure to update farm, tract, and crop data through a maintenance application
- 2-CP for acreage reports
- 4-CP for acre-for-acre payment reductions and contract violations
- 6-CP for HELC and WC provisions
- 7-CP for equitable relief provisions
- 2-DCP for automated DCP processes

1 Handbook Coverage (Continued)

B Related Handbooks (Continued)

- 1-FI for issuing payments
- 3-FI for depositing remittances
- 6-FI for accounting controls
- 58-FI for claims and withholdings
- 61-FI for handling prompt payment interest penalties
- 62-FI for reporting data to IRS
- 63-FI for assignments
- 2-IC for DD review responsibilities
- 2-INFO for availability of information
- 5-LP for commodity inspections
- 2-PL for subsidiary files
- 3-PL for web-based eligibility files
- 4-PL for payment limitations and payment eligibility provisions.

1 Handbook Coverage (Continued)

C Sources of Authority

Title I of the Food, Conservation, and Energy Act of 2008 (Pub. L. 110-627), as amended, provides authority for DCP. The regulations for DCP are published in FR at 7 CFR Part 1412.

D DCP Purpose

DCP provides producers an income safety net in the form of annual direct payments and, when commodity processes are below certain levels, counter-cyclical payments.

2 Automation

A Automation Process

See 2-DCP for the complete automation process.

3 STC Responsibilities

A Responsibility

STC shall ensure that STC representatives follow provisions in this handbook.

B Appeals

STC shall handle appeals according to 1-APP.

C Reviews

STC shall require reviews to ensure that County Offices comply with requirements established by the National and State Offices.

D Additional Reviews

STC's may require additional parameters of review as needed to ensure compliance with program requirements.

4 SED Responsibilities

A Responsibility

SED shall ensure that all County Offices follow provisions in this handbook.

B Reviews

SED shall require reviews to ensure that County Offices comply with requirements established by the National and State Office.

C Publicizing DCP Provisions

SED shall ensure that CED's publicize DCP provisions according to subparagraph 6 C.

D Equitable Relief Authority

See 7-CP for equitable relief provisions.

5 DD Responsibilities

A Responsibility

DD's shall ensure that COC's and CED's follow provisions in this handbook.

B Reviewing County Office Procedures

DD's shall:

- review County Office procedures to ensure that County Offices comply with requirements established by the State Office
- review all CCC-509's disapproved by COC according to paragraph 354
- provide SED with a written report of all reviews
- review the Base Acreage and Yield Adjustment Report to identify unauthorized base and yield adjustments.

C Printing Base Acreage and Yield Adjustment Report

DD's shall print a current Base Acreage and Yield Adjustment Report according to 3-CM. The Base Acreage and Yield Adjustment Report lists base acreage and payment yield adjustments made on farms during the date range selected for which the report was printed. Each adjustment on the Base Acreage and Yield Adjustment Report includes the following:

- farm number
- tract number
- crop name
- adjustment type
- adjustment reason
- date changed
- farm status.

5 DD Responsibilities (Continued)

D How to Review Adjustments

After preparing the Base Acreage and Yield Adjustment Report, DD’s shall review base acreage and yield adjustments according to the following.

Step	Action
1	Review all adjustments not included in the previous review.
2	Verify the following: <ul style="list-style-type: none"> • adjustments were authorized and approved according to procedure • amount of adjustment is correct • base acreage and/or yield is correct.
3	Verify that the frequency of each type of adjustment is reasonable considering: <ul style="list-style-type: none"> • type of adjustment • number of the same type of adjustments approved in other County Offices in the district.
4	Verify that the total number of adjustments is reasonable.
5	If an excessive number of adjustments for corrections were made, ensure that the cause of the error is: <ul style="list-style-type: none"> • recognized • alleviated.
6	Considering the type of adjustment, verify that adjustments were made in a timely manner.
7	Ensure that: <ul style="list-style-type: none"> • all errors are corrected • procedure is uniformly interpreted.

E When to Review Adjustments

DD’s shall review current year base acreage and yield adjustments only once before issuing final payments.

Note: The Base Acreage and Yield Adjustment Report may be run as often as necessary.

6 COC Responsibilities

A Responsibility

COC shall ensure that CED follows provisions in this handbook.

B Redelegation of Authority

COC may redelegate authority to approve CCC-505's and CCC-509's to CED, in routine cases. Redelegations of authority to sign for COC shall be in writing.

Note: Routine cases include approval of successor-in-interest cases.

C Providing Information

COC shall ensure that producers receive complete and accurate program information about DCP by providing information through the following:

- program leaflets, newsletters, and print media
- meetings
- radio, television, and video.

COC shall ensure that DCP provisions are publicized timely and that outreach efforts are documented, to include information about the following general provisions and other important items:

- planting flexibility, including whether the county is designated as a double-cropping region
- payment calculations
- limitations and restrictions on FAV and wild rice planting, including acre-for-acre payment reduction and violation provisions

6 COC Responsibilities (Continued)

C Providing Information (Continued)

- signature requirement to enroll resulting farms, following a farm reconstitution
- signature requirements for **all** producers on a farm for designating CCC-509 shares, revising CCC-509 for successions-in-interest, and filing AD-1026, CCC-902's, CCC-926, and any other applicable forms
- consequences of not meeting deadlines
- refunding of any unearned partial counter-cyclical payment when actual market prices exceed the projected market prices used in determining the partial payment rates.

Note: The Direct and Counter-Cyclical Program Information Fact Sheet (Exhibit 4) may be used to provide some of the information in this subparagraph.

D Appeals

COC shall:

- handle appeals according to 1-APP
- record and document determinations in the COC minutes.

E Documenting Program Determinations

In a timely manner, COC shall ensure thorough documentation of program determinations in the COC minutes and include the following:

- all factors considered
- justification and rationale of all determinations
- reference to applicable handbook procedures.

7 CED Responsibilities

A Responsibility

CED shall ensure that County Offices follow provisions issued by COC, DD, State Offices, and this handbook.

B Automated Processing

CED shall:

- ensure that all automated processes are completed in a timely manner
- report incorrect software calculations, discrepancies, and problems to SED and State Office Program Specialist, through DD.

C Handbook Procedure

CED shall report to SED and the State Office Program Specialist, through DD, incomplete or incorrect procedures in this handbook.

7 CED Responsibilities (Continued)

D Monitoring Signature Deadlines

CED shall ensure that all pertinent information and program deadlines are publicized according to subparagraph 6 C and copies are maintained in appropriate file.

In addition to publicizing program information, CED's shall ensure that:

- signature deadlines are carefully monitored for reconstituted farms, designating payment shares, and necessary supporting documentation, such as AD-1026, CCC-902's, and CCC-926

Important: Although it is suggested that County Offices attempt to remind producers of deadlines, failure to provide the additional reminder does not constitute misaction/misinformation.

Note: As allowed by time and resources, County Offices may attempt to contact applicable producers in advance of critical deadlines by using second reminder letters and/or telephone contacts. Those contacts or attempted contacts, if made, shall be documented.

- Producer Payment Selection Reports are processed, as often as necessary, to ensure that payments are issued timely and according to producer requests.

8 Program Technician Responsibilities

A Responsibility

Program technicians shall follow the provisions in this handbook.

B Reporting to CED

Program technicians shall report the following to CED:

- incorrect software calculations and discrepancies
- incomplete or incorrect procedures in this handbook.

9 Basic Program Information

A Covered Commodities

[7 CFR 1412.3] A covered commodity includes wheat, corn, grain sorghum, barley, oats, upland cotton, long grain rice, medium grain rice, soybeans, sunflower seed, rapeseed, canola, safflower, flaxseed, mustard seed, crambe, sesame seed, pulse crops, and other oilseeds as determined by the Secretary.

Covered commodities are the crops for which base acres have been established according to statutes and regulations. These crops include the following:

- wheat, corn, barley, and oats
- grain sorghum, including dual purpose varieties that could be harvested as grain
- long grain rice
- medium grain rice
- pulse crops, which include the following:
 - dry peas
 - lentils
 - chickpeas, large
 - chickpeas, small
- soybeans and the following “other” oilseeds:
 - canola
 - crambe
 - flax
 - mustard
 - rapeseed
 - safflower
 - sesame
 - sunflowers, including oil and nonoil varieties
- upland cotton.

Note: **Peanuts** are **not** defined as a covered commodity in the statute. However, because the provisions are the same for peanuts as for covered commodities for DCP purposes, peanuts will be considered as included when referencing a covered commodity.

9 Basic Program Information (Continued)**B Base Acres**

[7 CFR 1412.3] “Base acres” are the number of acres established with respect to a covered commodity and peanuts on a farm pursuant to sections 1101 and 1302 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 7911) as in effect on September 30, 2007, subject to any adjustment in accordance with subpart B of 7 CFR part 1412.

Base acres may be increased if CRP-1 applicable to the farm expires or is released by the Secretary. The adjustment in the base acres of a crop, if any, will be determined by the Secretary. With some exception for double-cropped acres, total base acres on a farm for all covered commodities and peanuts cannot exceed the amount equal to the currently available DCP cropland minus the amount of that cropland which is any of the following:

- in CRP
- in WRP
- enrolled in a Federal conservation program for which payments are made in exchange for not producing an agricultural commodity on the acreage.

Note: Base acres can only be reduced on CCC-505.

C Payment Yield

[7 CFR 1412.3] Payment yield means:

- (1) For peanuts, the yield established pursuant to section 1302 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 7911) as in effect on September 30, 2007.**
- (2) For covered commodities, the yield established in accordance with 7 CFR part 1412, subpart C, for a farm for a covered commodity.**
- (3) For designated oilseeds or pulse crops, the yield established in accordance with 7 CFR part 1412, subpart C, for a farm for a crop of a designed oilseed and pulse crop.**

9 Basic Program Information (Continued)**D Contract Period**

The contract period is the compliance period set for the DCP contract for the particular program year. The program year is designated in item 1 of the DCP contract. The compliance periods for the various program years are as follows:

- for 2009, the contract period is October 1, 2008, through September 30, 2009
- for 2010, the contract period is October 1, 2009, through September 30, 2010
- for 2011, the contract period is October 1, 2010, through September 30, 2011
- for 2012, the contract period is October 1, 2011, through September 30, 2012.

E Enrollment Deadline

[7 CFR 1412.41] Eligible producers must execute and submit a DCP contract and furnish supportive and necessary contractual documents to the county FSA office where the records for the farm are administratively maintained not later than June 1 of the fiscal year in which the direct and counter-cyclical payments are requested.

10 Direct and Counter-Cyclical Payments and Limitations**A Direct Payment Amounts**

Subject to limits otherwise provided for, the direct payment for each covered commodity or peanuts will be computed by multiplying the following:

- 83.3 percent (85 percent in 2012) of the covered commodity's or peanut's base acres, times
- the covered commodity's or peanut's program payment yield, times
- the payment rate for the covered commodity or peanuts, times
- the producer's share of the covered commodity or peanuts.

B Direct Advance Payments

CCC will make advance payments available to producers who request such an advance by multiplying the payment amount determined in subparagraph A times 22 percent for contracts enrolled for the applicable 2009 through 2011 program year. Such payments may be made as soon as practical after December 1 of the contract period through September of the contract period. For program year 2012, advance direct payments will not be available.

C Refunds of Direct Payments

A producer must refund any payment to CCC which exceeds the amount actually earned under the contract, including the refund of unearned payments for a crop year resulting from another owner or producer assuming an interest in the base acres for the crop year. Interest on such refunds shall be assessed according to 2-DCP.

Note: Interest only accrues from date of disbursement in cases where COC determines misrepresentation, scheme, or device according to paragraph 335.

10 Direct and Counter-Cyclical Payments and Limitations (Continued)**D Final Direct Payments**

A final direct payment for the crop year will be made to producers as soon as practical after October 1 following the contract year.

E Counter-Cyclical Payment Amounts

Counter-cyclical payments are authorized for a covered commodity or peanuts when the effective price for the commodity is less than the target price of the commodity. The effective price for a covered commodity or peanuts is equal to the sum of the following:

- higher of the national average market price received by producers during the 12-month marketing year for the covered commodity or peanuts, as determined by the Secretary, or the national average loan rate for the commodity in 7 CFR Part 1412, as applicable
- direct payment rate in effect for the covered commodity or peanuts according to 7 CFR Part 1412.

The amount of a producer's counter-cyclical payment, if any, for each covered commodity or peanuts will be computed by multiplying the following:

- 85 percent of the covered commodity's or peanut's base acres, times
- payment yield for the covered commodity or peanuts, times
- payment rate for the covered commodity or peanuts, times
- producer's share of the payment for the covered commodity or peanuts as designated on the DCP contract.

10 Direct and Counter-Cyclical Payments and Limitations (Continued)**E Counter-Cyclical Payment Amounts (Continued)**

The counter-cyclical payment rate for a covered commodity or peanuts, when authorized for a crop year, is determined by subtracting the effective price for the commodity from the target price of the commodity. Counter-cyclical payments are not available for 2009 crops of canola, crambe, flax, mustard, rapeseed, safflower, sesame, or sunflowers, because the sum of the national loan rate and the direct payment rate for those covered commodities is equal to or greater than the target price. Payments for other eligible oilseeds, if any, shall be as determined by the Secretary.

F Partial Counter-Cyclical Payments

CCC may authorize partial counter-cyclical payments for a covered commodity or peanuts, if before the end of the applicable 12-month marketing year for the commodity, the Secretary estimates that counter-cyclical payments will be required. In this event, producers may request a partial payment of no more than 40 percent, as determined by the Secretary, of the projected payment amount, to be made after completing the first 6 months of the marketing year for that crop. Partial counter-cyclical payment is not applicable for program years 2011 and 2012.

G Final Counter-Cyclical Payments

A final counter-cyclical payment for the crop year, if applicable, will be made to producers beginning October 1, or as soon as practical, after the end of the 12-month marketing year for the applicable commodity.

H Refunding Counter-Cyclical Payments

A producer must refund any payment to CCC which exceeds the amount actually earned under the contract, including the refund of any unearned partial counter-cyclical payment when actual market prices exceed the projected market prices used in determining the partial payment rates. CCC may, at its discretion, automatically reduce any partial, advance, or final direct payments or counter-cyclical payments earned by, or which would otherwise be received by the producer, affiliated person, or entity according to 7 CFR Part 1403, in any current or future year to help satisfy any obligation to repay any unearned partial, advance, or final direct or counter-cyclical payment for the current year or any other year under this contract. Likewise, such other payments may be withheld in the case of partial or advance payments pending a determination of whether those payments would themselves be subject to a refund because of a recalculation made when final payments are due. In the event that any overpayment was because of an error or omission for or by the party that receives that payment, and in the event of a contract violation, interest shall be due on the refund from the date of the disbursement by CCC. The rate shall be determined according to normal CCC procedures and rules.

10 Direct and Counter-Cyclical Payments and Limitations (Continued)**I Payment Limitations**

The provisions of 7 CFR Part 1400 about payment limits and payment eligibility requirements are applicable to this contract as indicated by such regulation. For direct payments, the payment limitation for any crop year is \$40,000 for direct payments for all covered commodities for all farms together under all contracts and \$40,000 separately for peanuts. For counter-cyclical payments, that general limit per crop year under all contracts is \$65,000 for covered commodities together and \$65,000 separately for peanuts.

J Farm With 10 Base Acres or Less

Producers on farms with 10 base acres or less are not eligible for DCP payments for that farm unless that farm is wholly owned by a socially disadvantaged or limited resource farmer.

Note: See subparagraph 333 C and paragraph 395.

11 Contract Requirements

A Signing CCC-509

To participate in DCP, producers are required to designate shares and sign CCC-509. Signing CCC-509:

- represents agreement with the terms and conditions in CCC-509 Appendix
- acknowledges the applicability of any provisions of the Federal regulations found in 7 CFR Parts 718, 1400, and 1412.

B CCC-509 Requirements

Producers signing CCC-509 for participation in DCP agree to:

- comply with HELC and WC provisions on all their land
- devote acreage equal to the base acreage to an agricultural or conserving use
- effectively control noxious weeds and otherwise maintain base acres according to sound agricultural practices
- not plant perennial FAV's or harvest annual FAV's (other than mung beans and pulse crops) or wild rice on base acres

Exceptions: Double-cropping covered commodities or peanuts with wild rice, fruits, or vegetables shall be permitted in any region in which there is a history of this type of double-cropping.

- 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 398 for payments and refunds for predecessors and successor.

- a certification of compliance with AGI provisions according to 7 CFR Part 1400.

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 on CCC-509 in a FY for a farm shall result in terminating the contract for FY, unless the producers succeeding to the acreage enter into a contract for the farm and agree to assume all obligations of the contract no later than September 30 of the contract period.

12 Eligible Producers

A Background

The Food, Conservation, and Energy Act of 2008 authorizes the Secretary to issue direct and counter-cyclical payments to producers. A producer is defined by statute 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 statute further requires the Secretary to “provide for the sharing of direct payments and counter-cyclical payments among the producers on a farm on a fair and equitable basis.”

B Producers Eligible for Payment

The following producers on base acreage may share in the direct and counter-cyclical payments:

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

Note: An owner who cash leases land to another is not a producer on that land and, therefore, is ineligible to share in direct and counter-cyclical payments for such land.

C Loss of Interest in a Farm

If a producer loses interest in the base acres on a farm, the producer is not eligible to retain payments for those acres. Any direct or counter-cyclical payments received on the acreage shall be immediately refunded as required by paragraph 398.

13 General DCP Signature Requirements

A Common Management Provisions

Signatures shall be accepted according to 1-CM.

14 Withdrawing and Terminating CCC-509's

A Withdrawing CCC-509 During the Enrollment Period

The enrollment period ends on June 1 of the applicable year. CCC-509 may be withdrawn by June 1 of the applicable year if **both** of the following are met:

- all producers on CCC-509 request in writing to withdraw CCC-509 and the request to withdraw is filed by June 1 of the applicable year
- there are no violations of the terms and conditions of CCC-509.

Notes: See subparagraphs C, E, and F for examples.

Producers must repay all payments received under CCC-509 that was withdrawn during the enrollment period

See:

- 2-DCP for instructions on canceling CCC-509 in the automated system
- subparagraph 394 E for withdrawing enrollment.

B Terminating CCC-509

CCC-509 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 before September 30 of the contract period. Producers may succeed to the acreage and enter into a contract for the farm and agree to assume all obligations of the contract no later than September 30 of the contract period.

14 **Withdrawing and Terminating CCC-509's (Continued)**

C Example 1

Situation

Mike Jones signs CCC-509 on April 1, 2009, for the 2009 crop year. Mr. Jones:

- requested 100 percent share of all DCP payments
- received advance direct payments.

On May 1, 2009, Mr. Jones:

- requests in writing to withdraw CCC-509
- refunds all direct payments he received.

COC determines that Mr. Jones:

- was not in violation of any of the terms and conditions of CCC-509 at the time the request to withdraw was made
- requested to withdraw CCC-509 during the contract period.

Result

Mr. Jones is allowed to withdraw his CCC-509.

14 **Withdrawing and Terminating CCC-509's (Continued)****D Example 2****Situation**

Jane Brown and Joe Green sign CCC-509 on May 15, 2009, for the 2009 crop year.

Mrs. Brown and Mr. Green:

- each share 50 percent in the DCP payments
- received advance and final direct payments.

On August 14, 2009, Mrs. Brown and Mr. Green both request in writing to withdraw CCC-509.

Result

Mrs. Brown and Mr. Green are **not** allowed to withdraw CCC-509 because withdrawal is **not** allowed after June 1, 2009.

Important: CCC-509 cannot be withdrawn after the contract period has ended.

14 Withdrawing and Terminating CCC-509's (Continued)**E Example 3****Situation**

Jan Smith signs CCC-509 on April 1, 2009, for the 2009 crop year. Mrs. Smith:

- shares 100 percent in all DCP payments
- receives an advance direct payment.

On May 1, 2009, Mrs. Smith planted 100 acres of green beans. Neither the farm nor Mrs. Smith has a FAV history; therefore, if the green beans are harvested, Mrs. Smith will be in violation of the terms and conditions of CCC-509.

On June 1, 2009, before the green beans are harvested, Mrs. Smith:

- requests in writing to withdraw CCC-509
- refunds all direct payments she received.

COC approves the withdrawal of CCC-509. Therefore, Mrs. Smith is not in violation of any of the terms and conditions of CCC-509.

Important: Mrs. Smith is not in violation of the FAV provisions because she elected to withdraw by June 1, 2009.

Result

Mrs. Smith is allowed to withdraw her CCC-509.

14 **Withdrawing and Terminating CCC-509's (Continued)**

F Example 4

Situation

Jay Black signs CCC-509 on March 2, 2009, for the 2009 crop year. Mr. Black:

- shares 100 percent in all DCP payments
- received advance direct payments.

On April 1, 2009, Mr. Black planted 100 acres of green beans. Neither the farm nor Mr. Black has a FAV history; therefore, if the green beans are harvested, Mr. Black will be in violation of the terms and conditions of CCC-509.

On May 25, 2009, Mr. Black harvests the 100 acres of green beans.

On June 1, 2009, Mr. Black requests in writing to withdraw CCC-509.

Result

Mr. Black is allowed to withdraw his CCC-509 by June 1, 2009. After June 1, 2009, Mr. Black cannot withdraw CCC-509 to negate the terms and conditions of CCC-509.

15-63 (Reserved)

Part 2 Base Acres

64 Definition and Limitation

A Definition of Base Acres

[7 CFR 1412.3] “Base acres” are the number of acres established with respect to a covered commodity and peanuts on a farm pursuant to sections 1101 and 1302 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 7911) as in effect on September 30, 2007, subject to any adjustment in accordance with subpart B of 7 CFR part 1412.

B Limitation on Base Acres

The total of the following shall not exceed the DCP cropland acreage on the farm, except to the extent there is an established double-cropping history on the farm:

- all base acres on the farm, including peanut base acres
- any cropland acreage enrolled in:
 - CRP
 - EWP
 - WBP
 - WRP
- any cropland or DCP cropland acreage enrolled in GRP
- any cropland acreage on the farm enrolled in any **Federal** conservation program for which payments are made in exchange for not producing an agricultural commodity.

Note: See subparagraph 426 I if the agreement allows haying and/or grazing on the land under normal conditions.

65 Base Acreage Reductions

A DCP Base Acreage Reduction

Owners may permanently reduce base acreage at any time. A reduction:

- shall be recorded on CCC-505

Note: Complete and process CCC-505 according to subparagraph 66.

- may be for a part or all of 1 or more crops' base acreage

Note: Base acreage for the farm and crop is recorded at the tract level. Therefore, owners must designate the tract level reduction on CCC-505.

- is effective for the program year entered in CCC-505, item 4, when all applicable owners' signatures, including the signatures of owners having an undivided ownership interest, are obtained on CCC-505

Notes: If CCC-505 is being completed as a result of entering into a CRP agreement, the effective date of CCC-505 is equal to the effective date of CRP-1.

File a copy of CCC-505 in the CRP folder.

- shall not be reinstated after the reduction in base acreage becomes effective

Note: Reductions of base acreage are permanent.

Exception: Base acres reduced because of cropland enrollment into CRP may be restored to the farm if CRP-1 is voluntarily terminated, expired, or early released before October 1, 2012.

- cannot be made to negate an FAV or wild rice violation or a violation found as the result of a spot check; however, all producers on a farm may choose to withdraw CCC-509 for the applicable year.

Note: Participants must refund any overpayments caused by a reduction.

66 Completing CCC-505

A Instructions

Owners may request a voluntary permanent reduction of DCP base acreage by completing CCC-505 according to the following.

Item	Instruction	
1	Enter the State and county code where the farm is administratively located.	
2	Enter farm number where DCP base acres shall be reduced.	
3	<p>IF CCC-505 is...</p> <p>being prepared as a prerequisite for participation in CRP or GRP</p>	<p>THEN enter program year...</p> <ul style="list-style-type: none"> • for CRP, equal to the effective date of CRP-1 <p>Note: The program year on CCC-505 shall equal FY CRP-1 becomes effective.</p> <p>Example: Producer completed and signed CCC-505 during CRP signup 26. If the CRP offer is accepted:</p> <ul style="list-style-type: none"> • CRP-1 will be effective October 1, 2008 • DCP base acre reduction is effective October 1, 2008 • CCC-505 program year is 2009. <ul style="list-style-type: none"> • for land enrolled in GRP under: <ul style="list-style-type: none"> • rental agreement, equal to date CCC-920 is approved by COC • easement, equal to date GRP easement is filed.
	completed for reasons other than CRP or GRP participation	equal to the fiscal year CCC-505 is approved by COC.
4	Enter the reason DCP base acres are being reduced. If “other”, specify reason.	
5	Enter the tract numbers where DCP base acres shall be reduced.	
6	For the tract numbers in item 5, enter commodity for which DCP base acres shall be reduced.	
7	Enter the tract level direct payment yield for the commodity entered in item 6. Important: The tract level yield may be different than the farm level yield for the commodity.	
8	Enter the tract level counter-cyclical yield for the commodity entered in item 6. Important: The tract level yield may be different than the farm level yield for the commodity.	
9	For the tract numbers in item 5, enter the total DCP base acres for the commodity in item 6 before reduction.	
10	Enter the total DCP base acres for the commodity in item 6 to be reduced on tract numbers in item 5.	

66 Completing CCC-505 (Continued)

A Instructions (Continued)

Item	Instruction
11	For the tract numbers in item 5, enter the total DCP base acres for the commodity in item 6 after reduction (column 9 minus column 10).
12	Enter the total number of DCP base acres to be reduced for the farm number entered in item 2 (total of column 10).
13	Enter the total number of DCP base acres on the farm number in item 2 before reduction.
14	Enter the total number of DCP base acres on the farm number in item 2 after reduction (item 3 minus item 12).
15A	Requestor, if other than owner, shall sign.
15B	If: <ul style="list-style-type: none"> • the producer/applicant signing is not signing in the representative capacity, leave blank • anyone other than the producer/applicant is signing in a representative capacity, enter the title or relationship to the producer/applicant.
15C	Enter date signed.
16A and 17A	Owner or representative shall sign. Only the affected owner shall sign CCC-505.
16B and 17B	If: <ul style="list-style-type: none"> • the owner signing is not signing in the representative capacity, leave blank • anyone other than the owner is signing in a representative capacity, enter the title or relationship to the owner.
16C and 17C	Enter date signed.
18	Enter remarks. If DCP base acres are being reduced because of enrollment into: <ul style="list-style-type: none"> • CRP, enter CRP-1 number and CRP-1 effective date • GRP, enter: <ul style="list-style-type: none"> • CCC-920 number and beginning date of contract period for land enrolled under rental agreement • System 36 application number and date easement is filed for land enrolled under an easement. <p>Important: File copy of CCC-505 in DCP folder and CRP or GRP folder, as applicable.</p>
19	COC shall indicate if CCC-505 is approved or disapproved.
20	Enter County Office name, address, and telephone number.
21	COC, or representative, shall sign and date.

66 Completing CCC-505 (Continued)

B Processing CCC-505

Process CCC-505's according to the following.

Step	Action
1	Ensure that all DCP base acreages and reductions are listed.
2	Ensure that all affected owner signatures are present and properly executed.
3	<p>If all applicable affected owners do not sign CCC-505, within 30 calendar days, COC shall:</p> <ul style="list-style-type: none"> • act on the request if a reduction is required to comply with DCP • disapprove, sign, and date, if a reduction is not required to comply with DCP. <p>If all applicable signatures are obtained, COC or designee may approve CCC-505; however, approval is not necessary.</p>
4	<p>Reduce the base acreage that exceeds effective DCP cropland in farm maintenance according to 3-CM.</p> <p>Note: Ensure that CCC-505 is properly executed before making these reductions or processing CCC-509.</p>
5	Date stamp and retain CCC-505.

66 Completing CCC-505 (Continued)

C Example of CCC-505

The following is an example of CCC-505.

This form is available electronically.

<p>CCC-505 (02-05-09)</p> <p style="text-align: center;">U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation</p> <p style="text-align: center;">VOLUNTARY PERMANENT DIRECT AND COUNTER-CYCLICAL PROGRAM (DCP) BASE ACRES REDUCTION</p>	<p>1. STATE AND COUNTY CODE</p>	<p>2. FARM NO.</p>	<p>3. PROGRAM YEAR</p>			
<p>4. REASON FOR REDUCTION OF DCP BASE ACRES</p> <p><input type="checkbox"/> CRP Enrollment</p> <p><input type="checkbox"/> Other _____</p>						
<p><small>Note: The primary authority for requesting and safeguarding the information described on this form is the Food, Conservation, and Energy Act of 2008 (Pub. L. 110-246 and any amendments to such act as may follow). The information will be used to determine eligibility for program benefits. Furnishing the requested information is voluntary. Failure to furnish the requested information will result in a determination of ineligibility for certain program benefits and other financial assistance. The information collected as a result of this form may be released to USDA employees, USDA contractors, or authorized USDA cooperators who are bound to safeguard the information under Section 1619 of the Food, Conservation, and Energy Act of 2008, the E-Government Act of 2002, and related authorities. The information collection is exempted from the Paperwork Reduction Act, as it is required for administration of the Food, Conservation, and Energy Act of 2008 (see Pub. L. 110-246, Title I, Subtitle F - Administration). The provisions of criminal, civil, and privacy statutes may be applicable to the information provided. RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.</small></p>						
PART A - REQUEST						
<p><small>The undersigned request a permanent reduction of the Direct and Counter-Cyclical Program (DCP) Base Acres established for the following crop(s) for the farm number entered in Item 2. I/We understand that, except for reductions because of enrollment into the Conservation Reserve Program (CRP), this reduction is a permanent reduction of DCP Base Acres, and the DCP Base Acres reduced shall not be returned to the farm.</small></p> <p><small>I/We understand that when the reason for the reduction entered in Item 4 is because of enrollment of cropland into CRP, the reduced DCP Base Acres may be returned to the farm if the applicable CRP contract is voluntarily terminated on or before September 30, 2007, and all other eligibility requirements are met.</small></p>						
5	6	7	8	9	10	11
TRACT NO.	COMMODITY	DIRECT YIELD	COUNTER CYCLICAL YIELD	COMMODITY BASE ACRES ON TRACT BEFORE REDUCTION	COMMODITY BASE ACRES ON TRACT TO BE REDUCED	COMMODITY BASE ACRES ON TRACT AFTER REDUCTION (Column 9 MINUS Column 10)
				-		=
				-		=
				-		=
				-		=
<p>12. Total DCP Base Acres to be Reduced (Total of Column 10)</p>				<p>13. Total DCP Base Acres on Farm Before Reduction</p>		<p>14. Total DCP Base Acres on Farm After Reduction (Item 13 minus Item 12)</p>
<p>15A. Requestor's Signature (By)</p>			<p>15B. Title/Relationship (of the individual signing in the Representative Capacity)</p>		<p>15C. Date (mm/dd/yyyy)</p>	
<p>16A. Owner's Signature (By)</p>			<p>16B. Title/Relationship (of the individual signing in the Representative Capacity)</p>		<p>16C. Date (mm/dd/yyyy)</p>	
<p>17A. Owner's Signature (By)</p>			<p>17B. Title/Relationship (of the individual signing in the Representative Capacity)</p>		<p>17C. Date (mm/dd/yyyy)</p>	
<p>18. REMARKS (If the DCP base acres are being reduced because of cropland enrollment into CRP on or after May 13, 2002, enter the CRP-1 number and the effective date of CRP-1).</p>						
PART B - APPROVAL (COUNTY OFFICE USE ONLY)						
<p>19. REDUCTION IS:</p> <p>APPROVED <input type="checkbox"/> DISAPPROVED <input type="checkbox"/></p>				<p>20. COUNTY FSA OFFICE NAME AND ADDRESS (Including Zip Code)</p>		
<p>21. COC'S SIGNATURE</p>		<p>DATE (mm/dd/yyyy)</p>		<p>TELEPHONE NUMBER (Area Code):</p>		
<p><small>The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write to USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, or call (800) 795-3272 (voice) or (202) 720-6382 (TDD). USDA is an equal opportunity provider and employer.</small></p>						

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

A Policy

The same land cannot be enrolled in both DCP and CRP at the same time. However, when CRP-1 expires, voluntarily terminated, or early released after September 30, 2008, and before October 1, 2012, producers may enroll the following acreage and applicable yields, previously enrolled under CRP-1 in FY 2009 through 2012 DCP, as applicable:

- CAB's reduced from applicable CRP-15
- PFC acreage that was reduced on CCC-505 to be enrolled in CRP under the expired or voluntarily terminated CRP-1
- DCP base acreage that was reduced on CCC-505 to be enrolled in CRP under the voluntarily terminated CRP-1.

Important: Only applicable acreage from CRP-1's that expire, are voluntarily terminated, or early released between **October 1, 2008**, and **September 30, 2012**, is eligible to be enrolled in FY 2009 through 2012 DCP, as applicable.

The applicable acreage:

- may be distributed to the tract enrolled into CRP or to the tract from which it was removed
- shall receive a payment yield equal to the tract level yield for this crop at the time the applicable acreage was removed.

See 3-CM for updating the farm maintenance system.

Notes: When CAB's or previously reduced PFC acreage is enrolled in DCP, the CAB's and PFC acreage become DCP base acreage.

See Exhibit 2 for the definition of "voluntarily terminated."

67 Adjusting Base Acres for CRP-1 Expiration, Voluntary Termination, or Early Release (Continued)**B Limitation on Base Acres**

The total base acres on a farm shall not exceed DCP cropland according to paragraph 64.

Applicable acreage previously under CRP-1 shall not be enrolled in DCP unless the total DCP cropland for the farm is sufficient to support the additional base acreage. Therefore, County Offices must determine the amount of CAB, previously reduced PFC acreage, or previously reduced DCP base acreage that may be enrolled in DCP.

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

- all provisions of 2-CM for farm combinations are met
- the combination is completed before the final date to enroll the applicable acreage previously under CRP-1.

C Timing of DCP Adjustment and Payments

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

- cannot receive both a CRP payment and DCP payment on the same land for the same FY
- must elect to receive **either** of the following for FY in which CRP-1 was voluntarily terminated:
 - direct and counter-cyclical payments
 - CRP payment, if applicable.

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

C Timing of DCP Adjustment and Payments (Continued)

Adjustments to DCP base acres on a farm because of CRP-1 that expires, is voluntarily terminated, or early released after September 30, 2008, and before October 1, 2012, may be made according to the following, if all other eligibility requirements are met.

IF CRP-1...	THEN...	AND...
expires before FY 2009	eligible producers may adjust DCP base acreage on the farm by enrolling eligible acreage: <ul style="list-style-type: none"> • after CRP-1 expires • by June 1, 2009 	be paid full DCP payments for FY in which acreage is enrolled in DCP.
is voluntarily terminated in FY 2009 through 2012, as applicable,	eligible producers may adjust DCP base acreage on the farm by enrolling eligible acreage by June 1 of the applicable year	
before CRP-1 expiration date	eligible producers may adjust DCP base acreage on the farm by enrolling eligible acreage after September 30 of FY in which CRP-1 is voluntarily terminated, but no later than June 1 of the following FY	

Note: Eligible acreage must be enrolled by June 1 of the applicable year to be eligible for DCP payments.

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

D Example 1

Jane Smith enrolled 100 acres of cropland on FSN 56 in CRP during signup. CRP-1 became effective on October 1, 2008. Before enrollment of the 100 acres of cropland into CRP, FSN 56 had:

- 500 acres DCP cropland
- 410 DCP base acres
- 0 CRP acres.

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

- 500 acres DCP cropland
- 400 DCP base acres
- 100 CRP acres
- 10 DCP wheat base acres reduced on CCC-505.

On July 1, 2009, 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. Once the voluntary termination of the 2.3 acres of CRP is approved, and all other eligibility requirements are met, the County Office shall:

- notify all producers and owners in writing that the 2.3 wheat base acres are available for enrollment into DCP
- increase the DCP base acres on FSN 56 to 402.3 if the producer enrolls the base acres by June 1 of FY 2010
- notate the 2.3 base acre reinstatement in the remarks section of CCC-505.

After the modifications to FY 2010 farm records have been completed, FSN 56 has:

- 500 acres DCP cropland
- 402.3 DCP base acres
- 97.7 CRP acres
- 7.7 DCP base acres reduced on CCC-505.

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

E Example 2

Mike Jones enrolled 100 acres of cropland on FSN 119 in CRP during signup. CRP-1 became effective on October 1, 2008. Before enrollment of the 100 acres of cropland into CRP, FSN 119 had:

- 500 acres DCP cropland
- 410 DCP base acres
- 0 CRP acres.

The total amount of DCP base acres plus CRP acres cannot exceed the farm's DCP cropland. Accordingly, Mike Jones executed CCC-505 to reduce the DCP base acres on FSN 119 to 400 acres. After enrollment of the 100 acres of cropland into CRP, FSN 119 has:

- 500 acres DCP cropland
- 400 DCP base acres
- 100 CRP acres
- 10 DCP wheat base acres reduced on CCC-505.

On July 1, 2009, Mike Jones voluntarily terminates 2.3 acres from CRP. The 2.3 acres will be used to build a house and out buildings. The voluntary termination of 2.3 acres from CRP was approved by the applicable CCC official. Because a house and out buildings do not meet the requirements to be considered DCP cropland, and the producer does not have enough available DCP cropland, the County Office shall not make any modifications to DCP base acres or acres recorded on CCC-505 for FSN 119.

After modifications have been made to CRP-1, FSN 119 has:

- 497.7 acres DCP cropland
- 400 DCP base acres
- 97.7 CRP acres
- 10 DCP wheat base acres reduced on CCC-505.

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

F Example 3

Joe Brown enrolled 10 acres of cropland on FSN 989 in CRP during signup. CRP-1 became effective on October 1, 2008. Before enrollment of the 10 acres of cropland into CRP, FSN 989 had:

- 25 acres DCP cropland
- 20 DCP base acres
- 0 CRP acres.

The total amount of DCP base acres plus CRP acres cannot exceed the farm's DCP cropland. Accordingly, Joe Brown executed CCC-505 to reduce the DCP base acres on FSN 989 to 15 acres. After enrollment of the 10 acres of cropland into CRP, FSN 989 has:

- 25 acres DCP cropland
- 15 DCP base acres
- 10 CRP base acres
- 5 DCP wheat base acres reduced on CCC-505.

On May 1, 2009, Joe Brown sold 15 acres of non-CRP land. As a result of the land sale, FSN 989 has:

- 10 acres DCP cropland
- 0 DCP base acres
- 10 CRP acres
- 5 DCP wheat base acres reduced on CCC-505.

On May 15, 2009, Joe Brown voluntarily terminates 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. Once the voluntary termination of CRP-1 is approved, and all other eligibility requirements are met, the County Office shall:

- notify all producers and owners in writing that the 3 wheat base acres are available for enrollment into DCP
- increase the DCP base acres on FSN 989 to 3 if the producer enrolls the base acres by June 1, 2009
- notate the 3 base acre reinstatement in CCC-505.

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

F Example 3 (Continued)

After the modifications to the applicable FY 2009 farm records are completed, FSN 989 has:

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

68-99 (Reserved)

Part 3 (Reserved)

100-174 (Reserved)

Part 4 (Reserved)

175-254 (Reserved)

Part 5 (Reserved)

255-330 (Reserved)

Part 6 Signup**Section 1 General Information****331 Signup Period****A Signup Dates**

The signup period for DCP for FY 2009 began December 23, 2008, and ends June 1, 2009.

B Farms With CRP-1

Farms with CRP-1's that expire, are voluntarily terminated, or early released after September 30, 2008, and before October 1, 2012, may enter into or expand CCC-509 to the extent:

- CAB's reduced under CRP-15 were released
- PFC acreage was reduced on CCC-505
- DCP base acreage was reduced on CCC-505.

Note: See subparagraph 67 C for adjustments to DCP base acres and yields because of CRP-1 that expires or is voluntarily terminated. See 3-CM for updating the farm maintenance system.

C Late-Filed Provisions

There are **no** provisions for late-filed CCC-509's.

D Reconstitution of Enrolled Farms

Farms enrolled during the prescribed annual signup period are no longer considered to be enrolled following a farm reconstitution. Farms resulting from a reconstitution are not deemed to have CCC-509 and, therefore, may not earn benefits associated with DCP unless timely enrolled in DCP.

See paragraph 333 for enrollment of reconstituted farms.

332 Overview of CCC-509 and CCC-509 Appendix**A CCC-509**

CCC-509 includes the following for each covered commodity and peanuts on the farm:

- base acres, payment acres, and payment yields
- producer payment shares
- advance direct and counter-cyclical payment selections
- signatures of the producer and CCC representative.

CCC-509 is available at <http://165.221.16.90/dam/ffasforms/currentforms.asp>.

B CCC-509 Appendix

CCC-509 Appendix contains the terms and conditions of CCC-509. All signatories to CCC-509 shall be provided a copy of CCC-509 Appendix. By signing CCC-509, participants:

- acknowledge receiving CCC-509 Appendix
- agree to abide by the terms of CCC-509 Appendix.

CCC-509 Appendix (11-14-08) is available at <http://165.221.16.90/dam/ffasforms/currentforms.asp>.

333 Enrollment of Reconstituted Farms**A Authorized Reconstitutions**

Subject to the provisions of subparagraph B, the following reconstitutions are allowed, if the request for reconstitution is made before August 1 of the effective FY and all payments for the parent farm or farms made during the current FY, if applicable, have been refunded:

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

See 2-CM for approving and processing reconstitutions.

B Enrollment Eligibility

Provided that the parent farms of a reconstitution are enrolled or a reconstitution request is filed, or both, by June 1 of the applicable year, a farm resulting from a reconstitution may be enrolled in DCP if all signatures on CCC-509 are obtained by the later of June 1 of the contract period or 30 calendar days following producer notification of the completion of the reconstitution.

Note: CCC-509 or request for reconstitution, or both, **must** be initiated by June 1 of the applicable year.

C Reconstitution of Farms With 10 Base Acres or Less

County Offices shall follow 2-CM about reconstitutions of farms with 10 base acres or less.

334 Effect of CLU Certification on Active CCC-509's**A Basic Rules**

DCP cropland may increase, decrease, or remain the same after CLU is certified. The following are situations that can occur after CLU certification that may affect CCC-509. The DCP cropland:

- increases on a farm that has an active CCC-509; therefore, the base acres are not affected
- decreases on a farm that has an active CCC-509, but the base acres still remain lower than the effective DCP cropland plus double-cropped acres
- decreases on a farm that has an active CCC-509 and the base acres must be reduced on CCC-505 to be equal to or less than the effective DCP cropland plus double-cropped acres.

Note: A farm combination may be requested to avoid reducing base acres on a farm that has a reduction in DCP cropland after CLU is certified.

B When to Update CCC-509

CCC-505 shall not be completed and CCC-509 shall not be updated until the next FY following CLU certification when the farm has an active CCC-509 that will be affected because of a decrease in DCP cropland.

CCC-509 shall be updated immediately after CLU certification in the following situations.

- A reconstitution is requested on a farm that has a reduction in DCP cropland after CLU is certified and, as a result, a reduction of base acres is required.

Note: A farm combination may be requested to avoid reducing base acres on a farm that had a reduction in DCP cropland after CLU was certified.

- The producers on the farm with the active CCC-509 request that the reduction of DCP cropland be immediately completed in the system.

CCC-509 is not required to be updated when the DCP cropland increases after CLU certification.

334 Effect of CLU Certification on Active CCC-509's (Continued)**C Reconstitutions**

When a reconstitution other than those described in subparagraph D is requested on a farm that has a reduction in DCP cropland after CLU is certified and a reduction of base acres is required, the following actions shall be taken before completing the reconstitution:

- cancel CCC-509 according to 2-DCP
- request a refund of any DCP payments that have been issued
- adjust the DCP cropland in farm maintenance according to 3-CM
- have the owners complete CCC-505 to permanently reduce base acres and/or CCC-517 to redistribute base acres
- adjust the base acres in farm maintenance according to 3-CM
- after all DCP payments have been refunded, process the reconstitution
- process CCC-509 on the resulting farms according to 2-DCP.

D Farm Combinations

After CLU certification, a farm that is going to require a reduction of base acres may be combined with a farm that has excess effective DCP cropland to avoid losing base acres. The resulting farm of the combination must meet the definition of a farm according to 2-CM. The following actions shall be taken when a farm combination is requested:

- cancel CCC-509's on each farm involved in the combination according to 2-DCP
- request a refund of any DCP payments that have been issued on each of the farms involved in the combination

334 Effect of CLU Certification on Active CCC-509's (Continued)**D Farm Combinations (Continued)**

- adjust the DCP cropland in farm maintenance on the affected farms according to 3-CM
- after all DCP payments have been refunded, process the farm combination according to 2-CM
- have the owners complete CCC-505 to permanently reduce base acres and/or CCC-517 to redistribute base acres, if applicable
- process CCC-509 on the resulting farm according to Part 15.

E Producer Request

The owners on the farm may request that the reduction of DCP cropland and base acreage be immediately completed. In this situation, the following actions shall be taken:

- adjust the DCP cropland in farm maintenance according to 3-CM
- owners shall complete CCC-505 to permanently reduce base acres and/or CCC-517 to redistribute base acres
- adjust the base acres in farm maintenance according to 3-CM
- revise CCC-509 according to 2-DCP
- request a refund of any DCP overpayments.

Provided the provisions of paragraph 333 are satisfied, all signatures must be obtained on the new CCC-509 by the later of June 1 of the contract period or 30 calendar days following producer notification of the completion of the reconstitution.

334 Effect of CLU Certification on Active CCC-509's (Continued)**F Example 1**

Farm number 153 is located in County A and consists of:

- 55 DCP cropland acres
- 55 effective DCP cropland
- 0 double-cropped acres
- 40 base acres.

CCC-509 has been approved on farm number 153. After the CLU certification, farm number 153 consists of:

- 65 DCP cropland acres
- 65 effective DCP cropland
- 0 double-cropped acres
- 40 base acres.

The DCP cropland shall be increased in farm maintenance according to 3-CM . Because the effective DCP cropland increased after CLU was certified, the base acres will not be affected. CCC-505 is not required and CCC-509 does not require an adjustment.

G Example 2

Farm number 10 is located in County A and consists of:

- 60 DCP cropland acres
- 60 effective DCP cropland
- 0 double-cropped acres
- 45 base acres.

CCC-509 has been approved on farm number 10. After the CLU certification, farm number 10 consists of:

- 55 DCP cropland acres
- 55 effective DCP cropland
- 0 double-cropped acres
- 45 base acres.

Even though there was a decrease in the effective DCP cropland, the base acres are not affected; therefore, CCC-509 does not require an adjustment.

334 Effect of CLU Certification on Active CCC-509's (Continued)

H Example 3

Farm number 1 is located in County A and consists of:

- 75 DCP cropland acres
- 75 effective DCP cropland
- 0 double-cropped acres
- 75 base acres.

CCC-509 has been approved on farm number 1. After the CLU certification, farm number 1 consists of:

- 65 DCP cropland acres
- 65 effective DCP cropland
- 0 double-cropped acres
- 75 base acres.

Procedure in 3-CM instructs County Offices not to adjust the DCP cropland in farm maintenance until the next FY because CCC-509 was approved on farm number 1 before the CLU certification. Unless a farm combination is requested according to subparagraph D or the producer requests the change be made according to subparagraph E, immediately after farm records rollover the next FY the County Office must adjust the DCP cropland according to 3-CM. This will cause the farm to be out-of-balance and the owners must complete CCC-505 before CCC-509 enrollment to permanently reduce 10 base acres.

After CCC-505 has been processed and the base acres have been reduced in farm maintenance according to 3-CM, CCC-509 shall be processed according to 2-DCP.

334 Effect of CLU Certification on Active CCC-509's (Continued)

I Example 4

Farm number 60 is located in County A and consists of:

- 100 DCP cropland acres
- 100 effective DCP cropland
- 0 double-cropped acres
- 100 base acres.

CCC-509 has been approved on farm number 60. After the CLU certification, farm number 60 consists of:

- 87 DCP cropland acres
- 87 effective DCP cropland
- 0 double-cropped acres
- 100 base acres.

A reconstitution, other than described in subparagraph D, has been requested on farm number 60.

Procedure in 3-CM instructs County Offices to adjust the DCP cropland in farm maintenance immediately upon request of a reconstitution.

Note: In this example, a 13-acre base reduction is required.

The County Office shall take the following action:

- cancel CCC-509 according to 2-DCP
- request a refund of any DCP payments that have been issued
- adjust the DCP cropland in farm maintenance according to 3-CM
- have owners complete CCC-517 to redistribute base acres among the tracts, if applicable
- have owners complete CCC-505 to permanently reduce 13 base acres
- adjust the base acres in farm maintenance according to 3-CM
- after all DCP payments have been refunded, process the reconstitution
- process CCC-509 on the resulting farms according to 2-DCP.

334 Effect of CLU Certification on Active CCC-509's (Continued)**J Example 5**

Farm number 643 is located in County A and consists of:

- 55 DCP cropland acres
- 55 effective DCP cropland
- 0 double-cropped acres
- 55 base acres.

CCC-509 has been approved on farm number 643. After the CLU certification, farm number 643 consists of:

- 45 DCP cropland acres
- 45 effective DCP cropland
- 0 double-cropped acres
- 55 base acres.

A farm combination has been requested to avoid losing base acres. Farm number 643 will be combined with farm number 644 which consists of 100 DCP cropland acres, 100 effective DCP cropland plus double-cropped acres, and 50 base acres. CCC-509 has been approved on farm number 644.

Procedure in 3-CM instructs County Offices to adjust the DCP cropland in farm maintenance immediately upon request of a reconstitution. The County Office shall take the following action:

- cancel CCC-509's on farm numbers 643 and 644 according to 2-DCP
- request a refund of any DCP payments that have been issued on both farms
- adjust the DCP cropland in farm maintenance on farm number 643 according to 3-CM
- after all DCP payments have been refunded, process the farm combination according to 2-CM
- process CCC-509 on the resulting farm according to 2-DCP.

334 Effect of CLU Certification on Active CCC-509's (Continued)**K Example 6**

Farm number 200 is located in County A and consists of:

- 125 DCP cropland acres
- 125 effective DCP cropland
- 0 double-cropped acres
- 125 base acres.

CCC-509 has been approved on farm number 200. After the CLU certification, farm number 200 consists of:

- 115 DCP cropland
- 115 effective DCP cropland
- 0 double-cropped acres
- 125 base acres.

Procedure in 3-CM instructs County Offices not to adjust the DCP cropland in farm maintenance until the next FY when CCC-509 will be affected by the change; however, the owners on farm number 200 requested an immediate change in DCP cropland.

Note: In this example, a 10-acre base reduction is required.

The County Office shall take the following action:

- adjust the DCP cropland in farm maintenance according to 3-CM
- have owners complete CCC-517 to redistribute base acres among tracts, if applicable
- have the owners complete CCC-505 to permanently reduce 10 base acres
- adjust the base acres in farm maintenance according to 3-CM
- revise CCC-509 according to 2-DCP
- request a refund of any DCP overpayments.

335 Inaccurate Representation and Misrepresentations and Scheme or Device**A Inaccurate Representation**

Producers are required to report and certify to program matters accurately. However, from time to time, errors in reporting or certification are detected which may impact eligibility or extent of eligibility.

If an error was made by a producer that did not meet the requirements of DCP, but the producer made a good faith effort to fully comply, equitable relief provisions in 7-CP may be considered.

Program benefits and eligibility determinations shall be based on the most accurate information available. Producers shall be responsible for refunding any program benefits that were paid based on incorrect information.

B Misrepresentations and Scheme or Device

COC's are given the discretion and authority to determine when an inaccurate representation or certification rises to the level of misrepresentation, scheme, or device.

A producer is ineligible to receive DCP payments and shall have the producer's interest in all contracts terminated if it is determined that such producer has done any of the following:

- adopted any scheme or device that tends to defeat the purpose of DCP
- made any fraudulent representation under DCP
- misrepresented any fact affecting a DCP program or person determination
- violated or been determined ineligible under 7 CFR 1400.5.

If COC determines a producer erroneously represented any fact affecting a determination to be made by CCC under this contract, direct and counter-cyclical payments shall not be allowed on the farm with respect to the payment shares of that producer. If COC determines that the misrepresentation was intentional or fraudulent, or if the producer knowingly adopted any scheme or device which tends to defeat the purposes of this contract, the producer shall forfeit all rights to contract payments on each farm in which the producer has an interest and shall refund to CCC all contract payments received by the producer during the period of the violation, plus interest.

All producers sharing in the contract payments are jointly and severally liable for any refunds determined according to subparagraph A and CCC will establish claims for the full amount of the refund against each producer according to 7 CFR Part 1403. A signatory to the contract who does not receive any share of the contract payments shall **not** be liable for the repayment of such refund.

336-351 (Reserved)

Section 2 Division of Payments

352 Eligibility to Receive Payments and Determining Cash or Share Leases

A Sharing of Contract Payments

[7 CFR 1412.54] Sharing of contract payments. (a) Each eligible producer on a farm will be given the opportunity to annually enroll in a DCP or ACRE Program contract, as applicable, and receive payments determined to be fair and equitable as agreed to by all the producers on the farm and approved by the county committee.

(b) Each producer must provide a copy of their written lease to the county committee and, in the absence of a written lease, must provide to the county committee a complete written description of the terms and conditions of any oral agreement or lease. An owner's or landlord's signature, as applicable, affirming a zero share on a contract may be accepted as evidence of a cash lease between the owner or landlord and tenant, as applicable, as determined by CCC. Such signature or signatures, if entered on the contract to satisfy the requirement of furnishing a written lease, must be entered on the contract no later than as prescribed in § 1412.41.

Note: The completed CCC-509, with signatures, may be considered the written description of terms and conditions of valid leases provided there are no undisclosed terms.

(c) When base acres are leased on a share basis, neither the landlord nor the tenant will receive 100 percent of the contract payment for the farm.

(d) CCC will approve a contract for enrollment and approve the division of payment when all of the following apply:

(1) The landlords, tenants and sharecroppers sign the contract and agree to the payment shares shown on the contract;

(2) CCC determines that the interests of tenants and sharecroppers are being protected; and

(3) CCC determines that the payment shares shown on the contract do not circumvent either the provisions of 7 CFR part 1412 or 7 CFR part 1400.

352 Eligibility to Receive Payments and Determining Cash or Share Leases (Continued)**A Sharing of Payments (Continued)**

Individuals or entities who are producers with a crop share interest on base acres must have a share in direct and counter-cyclical payments. Producers eligible to share in direct and counter-cyclical payments are:

- an owner on an eligible farm who meets the definition of producer on base acres
- a producer, other than an owner, on base acres with a share-rent arrangement or cash-lease agreement who has a crop share interest in the base acres.

Note: A land-owner who cash leases land to another is not a producer on the cash rent land.

A producer on a farm with an interest in only nonbase acres shall not share in direct or counter-cyclical payments.

Important: The amount of nonbase acres available to be planted to FAV and wild rice without resulting in a payment reduction or contract violation may be reduced when there is a producer on a farm with interest in only nonbase acres. See:

- paragraph 470 for examples
- 4-CP to calculate nonbase acres on a farm available to be planted to FAV or wild rice without resulting in a payment reduction or contract violation.

352 Eligibility to Receive Payments and Determining Cash or Share Leases (Continued)**B Review of Leases**

[7 CFR 1412.54] For the 2009 through 2012 crop years:

- (1) A lease will be considered to be a cash lease if the lease provides for only a guaranteed sum certain cash payment, or a fixed quantity of the crop (for example, cash, pounds, or bushels per acre).**
- (2) If a lease 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 such producer would have had if the crop had been produced, or combination thereof, such agreement will be considered to be a share lease.**
- (3) If a lease provides for the greater of a guaranteed amount or share of the crop or crop proceeds, such agreement will be considered a cash lease if the lease provides for both:
 - (i) A guaranteed amount such as a fixed dollar amount or quantity; and**
 - (ii) A share of the crop proceeds.****
- (4) If the lease is a cash lease, the landlord is not eligible for direct, counter-cyclical, or ACRE Program payments. The leasing of grazing or haying privileges is not considered cash leasing.**

352 Eligibility to Receive Payments and Determining Cash or Share Leases (Continued)

C Current Regulations About DCP Division of Payment Shares

7 CFR 1412.54 regulations provide the following provisions about lease types applicable for DCP purposes.

Type of Lease	Definition
Cash	<p>A <u>cash lease</u> provides for only a guaranteed sum, certain cash payment, or a fixed quantity of the crop.</p> <p>Example: Cash, pounds, or bushels 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 bushels or pounds • an amount of production per acre, such as 40 bushels or pounds per acre • the greater of a guaranteed amount or share of the crop or crop proceeds • both a: <ul style="list-style-type: none"> • guaranteed amount, such as a fixed dollar amount of quantity • share of the crop proceeds.
Share	<p>A <u>share lease</u> contains provisions that require any of the following:</p> <ul style="list-style-type: none"> • payment of rent based on the amount of crop produced • proceeds derived from the crop • interest the producer would have had, if the crop had been produced.

D Example 1

In this example, the 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 bushels per acre
- actual price of \$2.10 per bushel.

While the landowner does not actually receive 40 percent of the crop produced, this lease shall be considered a cash lease for DCP purposes because other rental amount is based on a guaranteed sum or minimum amount.

352 Eligibility to Receive Payments and Determining Cash or Share Leases (Continued)**E Example 2**

In this example, the lease agreement specifies that there is a base, or minimum, cash rent amount that must be paid, but the landowner receives a share of the gross revenue in excess of the base value. The rental amount is based on the following variables:

- base, or minimum, cash rent is \$100 per acre
- additional rent is 50 percent of the gross revenue in excess of \$250 per acre
- yield of 52 bushels per acre
- price of \$6.50 per bushel.

While the landowner does not actually receive 50 percent of the crop produced, this lease shall be considered a “combination”, or cash, lease for DCP purposes because the lease agreement includes a guaranteed amount and an additional amount based on a share of the crop proceeds.

F Example 3

In this example, the lease agreement specifies that the cash rent is based on a fixed number of bushels; however, the price is based on the value that will be set on a future date, but it is not based on the actual price received by the producer. The rental amount is based on the following variables:

- fixed number of bushels is 55 bushels per acre
- actual price is the price at the local elevator on December 1.

This lease shall be considered a cash lease for DCP purposes.

G Payment of Cash Bonuses

Questions have been raised about how payment of cash “bonuses” to landowners impacts DCP program eligibility. Tenants entering into agreements with landowners for the contract period may be considering paying landowners a “bonus” payment because of higher than expected yields or increased market prices. The payment of a bonus to a landowner, in itself, is **not** a violation of DCP regulations.

352 Eligibility to Receive Payments and Determining Cash or Share Leases (Continued)

H Eligibility to Receive Payment

Each eligible producer on a farm shall have the opportunity to enroll in CCC-509. The type of farm lease and the terms of the lease will define the appropriate sharing of direct and counter-cyclical payments.

The following defines the general DCP eligibility to receive payment on a farm.

Situation	Eligible to Receive DCP Payment?	
	Lessor	Lessee
Landowner cash leases entire farm to lessee.	No, because the base acres have been cash leased to another. Landowner has no share of the crop.	Yes, if all other eligibility requirements are met.
Landowner leases grazing or haying rights or privileges on base acres to another, but land itself is not leased.	Yes, if all other eligibility requirements are met, because the land itself has not been leased, only the right to graze or hay.	No, lessee is not leasing land, the lessee is only leasing the right to graze or hay.
Landowner cash leases all base acres and lessee grazes or hays the land.	No, because all the base acres have been cash leased to the lessee.	Yes, if all other eligibility requirements are met, because the lessee has leased the land, not just grazing or haying rights. The fact that the lessee uses the land for grazing or haying is not relevant.
Landowner share leases all base acres to lessee.	Yes, if all other eligibility requirements are met. However, neither the lessor nor the lessee may receive 100 percent of DCP payments.	Yes, if all other eligibility requirements are met. However, neither the lessor nor the lessee may receive 100 percent of DCP payments.
Landowner leases (cash or share lease) only nonbase acres to lessee.	Landowner may be eligible to receive DCP payments depending on lease arrangements for base acres on the farm.	No, because the lessee leases only nonbase acres. See subparagraph B.

Notes: See paragraph 447 if a crop subject to a commercial grower contract is grown on DCP base acreage.

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

352 Eligibility to Receive Payments and Determining Cash or Share Leases Continued)**I Lease Expiration and DCP 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 owner's share of the crop and that person must share in the risk of production of those crops
- all persons that 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 shall not be used to claim payments in more than 1 crop year. A producer is only eligible for DCP payments applicable for that 1 crop year, if the lease is for only 12 months.

J Supportive and Necessary Contractual Documents

Supportive and necessary contractual documents must be in the FSA office before approving CCC-509. These include, but are not limited to, those items substantiating the DCP contract, such as leases, deeds, signatures, owners, operators, and other tenant signatures. These must be submitted during the enrollment period.

The following may be considered acceptable supportive and necessary contractual documents even if received after the end of the enrollment period but before October 1:

- signatures from landowners signing CCC-509 to zero shares
- a copy of the cash lease agreement
- cash rent certification statement from the producer (Exhibit 14).

Reminder: COC's shall **not** approve CCC-509's until the signature from the landowner, a copy of the cash lease, or a cash rent certification statement is received (Exhibit 14).

352 Eligibility to Receive Payments and Determining Cash or Share Leases (Continued)**K Documents Required for Payment Issuance**

The following documents are required before DCP payment is issued:

- AD-1026
- approved CCC-509
- CCC-902's
- CCC-926
- any other document necessary for the producer to be eligible for payment.

Notes: See 2-CP for acreage reporting requirements. FSA-578 is required; however, advance payments may be available before FSA-578.

Payment limitation and eligibility decisions must be made before any advance or final payment issuance. Under no circumstances will payments be issued to participants who have not had required eligibility determinations made by FSA.

353 Approving CCC-509**A Approving CCC-509 for Enrollment and Payment**

CCC-509 may be approved if all of the following are met:

- all persons who are producers on base acres on the farm:
 - agree to the payment shares
 - sign CCC-509
- owner signature requirements for cash-rented land according to paragraph 395 are met
- COC determines that:
 - producer and payment shares do not attempt to circumvent payment limitation rules
 - interest of tenants, sharecroppers, and landowners are protected according to paragraph 356
 - payment shares:
 - are not in dispute
 - meet division of payment guidelines according to paragraph 356.

B Revising CCC-509

Except as may be permitted according to paragraph 398, revisions to CCC-509 shall **not** be made after June 1 of the applicable year.

Note: See 2-DCP for County Office procedure for revising CCC-509.

C Completing CCC-770 DCP

County Offices shall ensure that CCC-770 DCP is completed for each CCC-509. See Exhibit 17 for additional information about CCC-770 DCP.

354 COC Review, DD Concurrence, and Disapproval of CCC-509 Payment Shares

A COC Review

COC shall review each CCC-509 before approving payment shares if the payment share requested for the owner is greater than the payment share received by the owner in the previous FY. For such cases, COC shall:

- ensure that all provisions of this part are met
- document the review in the COC minutes

Notes: Payment shares can change from previous years for a variety of good reasons. In such instances, COC shall document the reasons the payment share changes are acceptable.

This review shall be conducted any time an owner’s DCP payment shares increase from previous FY’s payment share, even though the number of tenants may not have decreased.

B DD Concurrence

DD shall review all cases when both of the following apply:

- tenants, sharecroppers, and landowners agree to DCP payment shares
- COC disapproves the DCP shares.

IF DD does...	THEN...
not concur with COC	cases shall be submitted to STC for review.
concur with COC to act on CCC-509	producers shall be notified and appeal rights provided.

354 COC Review, DD Concurrence, and Disapproval of CCC-509 Payment Shares (Continued)**C DCP Payment Shares' Disapproval**

If, for any FY, COC determines that an owner or operator does not meet the terms and conditions of DCP, COC shall:

- not approve CCC-509 for payment for such FY
- obtain DD concurrence according to subparagraph B
- notify the owner, operator, and all other persons signing CCC-509 of the payment disapproval
- document COC findings in the COC minutes and file a copy of the minutes in the farm folder
- provide applicable appeal rights.

Note: A decision by COC not to act or render a decision on disputed share contracts is **not** an adverse decision giving rise to any sort of appeal or appealability review.

355 Division of Payments, Rules, and Examples

A Division of Payment Guidelines

There are multiple factors that may influence the proper division of direct and counter-cyclical payments. In reviewing the CCC-509 division of payment and shares, COC’s should consider the following:

- past history on a farm
- whether the producers claiming a DCP payment share have control of sufficient DCP cropland and a crop share interest to support the claimed payment share on CCC-509
- the level of risk in the production of the crop being grown on base acreage
- whether the CCC-509 shares provide equitable treatment to all of the producers 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 1996 through 2008, and the acreage was shared equally by the landowner and tenant. The farm grows 700 acres of winter wheat each year and 700 acres are summer fallowed.

The landowner and tenant agree to the following shares and have signed CCC-509 for 2009:

	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 shall **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.

356 Protecting Interests of Tenants, Sharecroppers, and Landowners**A Provisions About Tenants and Sharecroppers**

[7 CFR 1412.55] Provisions relating to tenants and sharecroppers. Neither direct nor counter-cyclical nor ACRE Program payments will be made by CCC if:

(a) The landlord or operator has adopted a scheme or device for the purpose of depriving any tenant or sharecropper of the payments to which such person would otherwise be entitled under the program. If any of such conditions occur or are discovered after payments have been made, all or any such part of the payments as the State committee may determine must be refunded to CCC; or

(b) The landlord terminated a lease in violation of state law as determined by a state court.

CCC is required to “provide adequate safeguards to protect the interests of tenants and sharecroppers.” In addition, COC is charged with ensuring fair treatment of landowners. COC’s shall use the following to determine whether CCC-509 shares protect the interests of tenants and sharecroppers.

- COC shall not approve CCC-509 payment shares if COC determines any of the following apply:
 - a landowner or operator denies tenants and sharecroppers an opportunity to participate in DCP if the tenant or sharecropper would have shared in the crop planted on base acreage
 - a State court determines a signatory violated State law concerning 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 DCP.

356 Protecting Interests of Tenants, Sharecroppers, and Landowners (Continued)**A COC Determinations (Continued)**

- To assist COC's in determining whether producers meet landlord and tenant provisions, COC's may:
 - 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 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 DCP 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: COC's shall recognize that DCP payment divisions that do not fall within the aforementioned parameters may be justifiable and do not necessarily reflect unfair treatment of tenants and sharecroppers.

Example: COC determines landlord share rental rates for all crops, other than FAV, range from .3333 to .5000. Therefore, COC shall review landlord DCP 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 current year's DCP 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.

356 Protecting Interests of Tenants, Sharecroppers, and Landowners (Continued)**B Contract Intimidation**

Do not approve DCP payments 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 program that does any of the following:

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

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

357 Division of Payment Disputes**A Policy**

It is the responsibility of producers to:

- determine shares on CCC-509
- obtain 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 insuring that producers meet program requirements.

COC's shall **not** be involved in or settle division of payment disputes or act on disputed share CCC-509's.

B DCP Payment Shares Dispute

DCP payment shares are considered in dispute when there is a disagreement on shares. A disagreement may be evident by having conflicting CCC-509's. Other examples of a share dispute may be:

- available documentation does not specify or show who should share in the DCP payment
- available documentation specifies who should share in the DCP payment; however, the documentation either does not indicate what the DCP payment shares are or the documentation raises questions on the applicability of paragraph 356.

Notes: Successions-in-interest are not considered payment disputes. See paragraph 398 for successions-in-interest.

In some instances, missing signatures could be interpreted to be a disputed share issue.

357 Division of Payment Disputes (Continued)

C Determining Disputes

There are some cases where it is obvious that CCC-509 payment shares are not in dispute. To determine whether a DCP payment share dispute exists, COC's shall:

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

Note: Lease agreements which specifically provide for who is to share in the DCP payment and what the DCP payment shares should be, can be used as a basis for determining an appropriate division of DCP payments, unless the lease agreement is in conflict with other provisions of this handbook.

Exception: In the event that landowner or landlord cash rents an entire farm to another for an entire crop year, COC may render a determination on CCC-509 signed by the cash rent tenant. See paragraph 358.

- 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 what the DCP payment shares should be.

357 Division of Payment Disputes (Continued)

C Determining Disputes (Continued)

Disputes generally do not exist when:

- everyone signing CCC-509 for a farm agrees on shares
- it is obvious that the available evidence supports who should share in the DCP payment and what the DCP payment shares should be
- all provisions of this handbook are met.

Note: In an instance where COC acts or renders a determination on CCC-509 containing all required signatures of all producers sharing in the contract, any person who signed another CCC-509 containing conflicting information shall be notified that their CCC-509 was disapproved. In such an instance, all the producers and interested parties, such as landowners or landlords, on all CCC-509's on the farm, approved or disapproved, should be copied about the COC decisions. See 1-APP.

357 Division of Payment Disputes (Continued)

D Documenting a Dispute

If it is determined there is a disputed CCC-509, COC shall follow the instructions in the following.

IF...	THEN notify...
<p>CCC-509 containing signatures of all producers claiming a share of the contract has been approved and is subsequently challenged by either another CCC-509 or other documentation</p>	<ul style="list-style-type: none"> • all producers on the approved CCC-509 that CCC's approval of CCC-509 is withdrawn and that all payments issued under that CCC-509 must immediately be refunded <p>Note: See 1-APP for producers receiving this adverse decision.</p> <ul style="list-style-type: none"> • all producers on the previously approved CCC-509, as well those included on the challenging CCC-509 or those mentioned in the documentation that contradicts the approved CCC-509, that there is a dispute of shares and that CCC will not approve any CCC-509 for the farm until the dispute is settle. Copy all parties to this action <p>Note: A COC notification that it will not act on or approve any CCC-509 where there is a dispute of share shall not be considered 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 CCC-509.</p> <ul style="list-style-type: none"> • producers on all CCC-509's and those shown on documentation that they may have a share of CCC-509 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>either conflicting CCC-509's or documentation exists to show that there is a dispute of shares on CCC-509 and CCC-509 has not yet been approved</p>	<ul style="list-style-type: none"> • all interested producers that CCC will not approve any CCC-509 for the farm until the dispute is settled <p>Notes: To the extent possible, copy all parties, those asserting shares, operator, landowners, etc., with this notification.</p> <p>A COC notification that it will not act on or approve any CCC-509 where there is a dispute of shares shall not be considered 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 CCC-509.</p> <ul style="list-style-type: none"> • producers on all CCC-509's and those shown on documentation that they may have a share of CCC-509 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.

357 Division of Payment Disputes (Continued)**E DCP Payment When Disputes Are Settled**

Approval of CCC-509 and DCP payments should be handled in the normal manner for disputes resolved by the end of the enrollment period.

Note: All interested parties who might be third parties according to 1-APP must receive a copy of determinations and be provided appeal rights.

F Signature Requirements

CCC-509 shall not be approved unless all producers sharing in the base acreage have signed the 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-509 with all necessary signatures of producers with shares entered is submitted to FSA no later than:

- June 1 of the applicable year to be considered timely enrolled
- the end of the contract period to be considered at all.

Note: In no case will a contract not containing all required and necessary producer signatures be considered for any purpose or determination. COC shall render no determination or action on such a contract not having all necessary signatures and supportive and necessary contractual documents.

358 Division of Payment Dispute Examples**A Examples**

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.

B Basic Farm Data

Unless otherwise annotated, assume the following is applicable for each of the examples in this paragraph.

Farm Data

200 acres of cropland
100 acres of base acreage enrolled in DCP
Participated in the prior FY

C Example 1

For FY 2009, a landowner cash leases the entire farm to Producer A. Producer A enrolls the farm in DCP claiming 100 percent of the FY 2009 DCP payment. The landowner disputes Producer A's share and signs another CCC-509 for FY 2009 claiming 100 percent of the DCP payment. The County Office generates CCC-509's for FY 2009, one with 100 percent shares to the landowner and another with 100 percent shares to Producer A.

Under DCP, the landowner who cash leases an entire farm cannot receive a share of the DCP payment for any covered commodity. The landowner's dispute of payment shares is contrary to the lease agreement and regulations governing DCP. COC shall approve the FY 2009 CCC-509 for Producer A, and issue payments accordingly. The landowner's CCC-509 shall be disapproved, and the landowner shall be notified of their appeal rights according to 1-APP. Producer A shall be:

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

358 Division of Payment Dispute Examples (Continued)**D Example 2**

Producer A share rents from Landowner B. Producer A enrolls the farm in DCP claiming 75 percent of the FY 2009 DCP payment. The landowner disputes Producer A's share and enters into DCP for FY 2008 claiming 33 percent of the DCP payment. At the request of Producer A and Landowner B, the County Office generated CCC-509's with 75 percent share of the DCP payment to Producer A, 25 percent to Landowner B, and another CCC-509 with 67 percent of the DCP payment to Producer A, and 33 percent to Landowner B.

Available evidence supports that Producer A and Landowner B should share in the FY 2009 DCP payment. However, the evidence does not clearly specify what payment shares should be. Therefore, FY 2009 DCP payment shares are in dispute. Producer A and Landowner B shall be informed that COC will not render any determination before the dispute is resolved. See subparagraphs 356 D and E. Producer A and Landowner B must resolve the share dispute before issuing any payments.

If share disputes are not resolved and CCC-509 is not signed by all parties by June 1 of the applicable year, DCP payments will **not** be made.

359-393 (Reserved)

Section 3 Contract Requirements

394 CCC-509

A CCC-509 Signatures

[7 CFR 1412.41] Eligible producers must execute and submit a DCP or ACRE program contract and furnish supportive and necessary contractual documents to the county FSA office where the records for the farm are administratively maintained not later than June 1 of the fiscal year in which the direct and counter-cyclical or ACRE payments are requested.

B Who Must Sign

[7 CFR 1412.41] Under no circumstances will enrollment be permitted except as specified in 7 CFR 1412.41. Contracts will not be approved unless all producers sharing in contract acreage with more than a zero share have enrolled. For those producers with an interest but a zero share of contract acreage, the contract will not be approved before all producers have signed the contract or furnished supportive and necessary contractual documents (such as cash leases in lieu of signing for a zero share). A contract not having all requisite signatures of producers having more than a zero share of contract acreage on or before the enrollment deadline will not be considered submitted to CCC for any purpose and will not be acted on or approved. Those contracts enrolled by a producer on or before June 1 that were not signed by other producers according to this section will be deemed withdrawn and will not be approved. Producers on a farm are solely responsible for ensuring that enrollment occurs.

COC shall:

- only consider and act on CCC-509's that are enrolled according to this paragraph
- neither approve nor disapprove CCC-509 that does not have signatures of all producers sharing in base acres on the farm

Exception: CCC-509 with signatures of producers having zero shares may be acted on provided the provisions of subparagraph 352 J are met.

- not consider or recommend equitable relief under any provision for CCC-509 that is not enrolled.

Note: The failure of producers to sign CCC-509 is **not** a failure to comply. There can be no compliance or compliance violation on a farm that is not enrolled.

394 CCC-509 (Continued)

C Cash Lease Signature Requirements

COC shall determine whether a lease is considered a cash lease according to paragraph 352. If the lease is a cash lease, COC's shall require any of the following if the landowner or landowners receive a zero share of the crop:

- written lease, rental arrangement, or other document signed by the owner that proves that the producer has the land cash leased 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 an owner have DCP cropland on them, the signature of that landowner or proof of cash lease provisions do not apply.

- the landowner's signature on CCC-509.

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 "0" share, unless the spouse has notified FSA that the other spouse may not sign for both.

- CCC-510 is authorized instead of a written lease, rental arrangement, or landowner signature.

See Exhibit 14 for additional information about using CCC-510.

D No Partial Enrollments

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

394 CCC-509 (Continued)

E Withdrawing Enrollment

[7 CFR 1412.41] Eligible producers may withdraw from a contract at any time on or before June 1 of the year of the contract provided all signatories to the contract, including CCC, agree to the withdraw. DCP contracts enrolled prior to the decision of producers on a farm to elect the ACRE option for a fiscal year are considered withdrawn pursuant to § 1412.72. Producers electing the ACRE option according to § 1412.72(d) must subsequently decide whether or not to enroll the farm in an ACRE Program contract in accordance with the rules of this part. Producers on a farm are solely responsible for ensuring that enrollment occurs.

F Expiration of Contracts

[7 CFR 1412.41] All contracts expire on September 30 of the fiscal year of the contract unless:

- (1) Withdrawn in accordance with 7 CFR § 1412.41(b);
- (2) Terminated in accordance with 7 CFR §§1412.41(d) or (e); or
- (3) Terminated at an earlier date by mutual consent of all parties, including CCC.

See paragraph 14.

G Required Signatures on CCC-509

CCC-509's on which all signatures for producers sharing in base acres are not obtained by the established deadline of June 1 of the applicable year are not considered filed for any purpose.

Note: For cash lease situations, signatures or other applicable documentation can be submitted after June 1 of the applicable year provided all signature requirements were met by June 1 of the applicable contract period for producers sharing in the base acres. See subparagraph C for cash lease signature requirements.

No action whatsoever will be taken on any CCC-509 that does not contain all required signatures. CCC-509 shall not be disapproved, approved, or considered under any equitable relief provision. Incomplete CCC-509's are not due any sort of decision from FSA.

395 10-Acre Rule Exception Signature Requirements**A Signatures of Owners Certifying Socially Disadvantaged or Limited Resource Farmers or Ranchers**

Owners that are applying for the socially disadvantaged or limited resource farmer or rancher exception, so that a producer on the farm may receive payment, must complete, as applicable, CCC-509, items 13 B, C, D, and 15 A and B if all of the following apply:

- the farm has 10 base acres or less
- that owner is an individual and is a socially disadvantaged or limited resource farmer or rancher
- that owner is an entity and all members of the entity are socially disadvantaged or limited resource farmers or ranchers
- the participant on the contract wishes to receive benefits.

Notes: State and County Offices should **not** provide guidance to an owner about either of the following:

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

If the owner wants to certify that the owner is in a socially disadvantaged or limited resource group, then the owner shall be provided CCC-509 Appendix (11-14-08) and be allowed to make that certification.

396 Other Signature Requirements

A Approving CCC-509 for Advance Payments

Contract participants may receive a 22 percent advance direct payment at anytime after enrollment, but no later than September 30 of the contract period. COC can approve contracts for payments if:

- signature requirements have been met according to paragraph 394
- all required documents have been provided
- the participant has specified the month payments are requested.

Note: See 2-DCP for entering requests for advances in the system.

B Processing Revised CCC-509's

If it is necessary to revise shares on an approved CCC-509 before September 30 of the contract period and before issuing payments, follow these steps.

Step	Action
1	Use automated procedures in 2-DCP to remove COC approval date when producer signature requirements have not been met.
2	Use the automated procedure in 2-DCP to process share revisions.
3	Print a revised CCC-509 and obtain signatures for producers revising shares.
4	On the revised CCC-509, ENTER "See Attached" in the signature block for owners who previously designated shares and producers whose shares were not affected by a transfer or change in interest of land.
5	Attach the revised CCC-509 to the original CCC-509.

COC shall approve payment shares on the revised CCC-509.

Note: COC contract approval date should reflect the date COC approves the revised CCC-509 for payment.

397 Missing Signatures**A Incomplete Enrollments With a Share Greater Than Zero**

[7 CFR 1412.41(a)(3)] Under no circumstances will enrollment be permitted except as provided at 7 CFR 1412.41. Contracts will not be approved unless all producers sharing in contract acreage with more than a zero share have enrolled.

If anyone who has an entitlement to a share of contract acreage has not signed CCC-509:

- COC shall take no action on CCC-509
- consider CCC-509 withdrawn.

See subparagraph 394 G.

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

[7 CFR 1412.41] For those producers with an interest but a zero share of contract acreage, the contract will not be approved before all producers have signed the contract or furnished supportive and necessary contractual documents (such as cash leases in lieu of signing for a zero share).

CCC-509 with missing signatures of producers with an interest but a zero share of base acres may be acted on and approved if the provisions of subparagraph 352 J are met.

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

[7 CFR 1412.41] A transfer or change in the interest of an owner or producer in the farm or in acreage on the farm subject to a contract will result in the termination of the contract, and a refund of all direct and counter-cyclical and ACRE payments issued for the farm. The contract termination will be effective on the date of the transfer or change. Successors to the interest in the farm or crops on the farm subject to the contract may enroll the farm in a new contract and assume all obligations under the contract, only after all payments previously issued for the farm have been refunded to CCC.

After CCC-509 is approved, any of the following changes may occur and be considered a basis for successions-in-interest:

- a 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 to reflect changes in shares originally approved on CCC-509.

Notes: Successors are not eligible for DCP payments in any FY in which they do not meet the definition of a producer according to paragraph 352.

See paragraph 400 if a participant who is entitled to a contract payment dies, becomes incompetent, or disappears.

B Farm Reconstitutions

[7 CFR 1412.41] In the event a farm reconstitution is completed of a properly enrolled farm or farms in accordance with 7 CFR part 718, FSA will issue notices to the operator and owners of record on a farm that all producers with an interest in the base acres on the farm must sign a new DCP or ACRE Program contract and provide supporting documentation such as leases and other contractual supportive documents not later than September 30 of the fiscal year direct and counter-cyclical or ACRE Program payments are requested, or 30 days after receiving written notification by the county committee indicating the reconstitution is completed. It is the responsibility of the operator and owners on a farm that producers with an interest in base acres are notified of the reconstitution and requirement for a new contract. If all producers have not signed the new contract by September 30, no producers on the contract will be eligible for a direct or counter-cyclical payment or ACRE Program payment for that farm for the year the contract was terminated.

The provision of this regulation applies only if a written reconstitution request or enrollment of parent farms was filed by June 1 of the applicable year. See paragraph 333.

398 Succession-in-Interest (Continued)**C Deadline for Notification of Succession**

After CCC-509 has been approved, the farm operator, producer, owner, or CCC-509 participant must inform COC of changes in interest when the change occurs either:

- no later than June 1 of the applicable year, if the change occurred before June 1 of the applicable year
- as soon as the change occurs if after June 1 of the applicable year, but no later than the end of the contract period.

Note: It is important that producers understand that if a succession CCC-509 is generated, all necessary signatures must be entered on the succession CCC-509 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 those participating on CCC-509. It is **not** FSA's responsibility to obtain signatures.

If a change occurs requiring a succession to CCC-509, but CCC-509 is not revised and signed by all producers sharing in the revised CCC-509 by the end of the contract period:

- none of the predecessors or potential successors are eligible for the applicable year payments on the farm
- all payments under the contract must be refunded

Notes: See subparagraph G for assessing refunds.

The requirement for a reaffirmed CCC-509 by all producers, whether or not the producer's specific interest or share itself was impacted by succession, is the same as that which is specified in paragraph 397.

398 Succession-in-Interest (Continued)**D Signatures on New CCC-509**

Participants having an interest in CCC-509 impacted by a succession-in-interest, even if that specific participant's share did not change, must sign a revised CCC-509 no later than either:

- June 1 of the applicable year, if the succession occurred before the end of the enrollment period
- the end of the contract period if the succession occurred after May 31 of the applicable year.

Before approving the revised CCC-509 for payment, COC's shall ensure that:

- all shares represented on CCC-509 have a valid signature on CCC-509
- payments have been refunded or debt collection activities have been initiated for the predecessor according to subparagraphs E and F.

Attach a copy of the original CCC-509 to the succession-in-interest CCC-509.

Reminder: The failure of participants to sign revised CCC-509's will result in a loss of DCP payments to all producers (predecessors and successors) on the farm.

E Payment Issued, Full Succession

Participants who received payments on a farm and subsequently fail to meet the definition of a producer on the farm for the applicable contract year **shall refund** the payments. Debt collection activities shall be initiated immediately upon loss of interest by the predecessor.

Note: A refund is required, including cases where the predecessor was considered to be a producer at the time payments were issued. See subparagraph J.

398 Succession-in-Interest (Continued)**F Payment Issued, Partial Succession**

Participants who received payments on a farm, and who subsequently agreed to a different or reduced payment share on a revised CCC-509, are responsible for refunding the amount of advance direct payments the participant cannot earn for the applicable contract year.

Notes: A refund is required, including cases where the predecessor was considered to be a producer at the time payments were issued. See the example in subparagraph K.

FSA generally does not demand the refund at the time of share revision. This shall in no way be construed to mean a refund of unearned advance payments will not be required.

G Refunds From Predecessors

Debt collection activities shall be initiated for predecessors according to subparagraph E or F, as applicable, **before** COC approves revised CCC-509 for succession.

H Payments to Successors

Successors may earn payments on a farm with respect to payment shares acquired from a predecessor. Debt collection activities shall be initiated for the predecessor according to subparagraph E or F **before** the contract can be approved for the successor.

I Foreclosure Rule

A participant who signs CCC-509 shall be required to make repayment if the farm was foreclosed on and the producer lost control of the farm.

Foreclosure does not void the contract nor the responsibilities of the participant under the contract if the producer continues or resumes operation or control of the farm.

Succession-in-interest rules shall apply to foreclosure.

398 Succession-in-Interest (Continued)**J Example 1: Sale of Land or New Cash Lease**

Producer A, the owner of FSN 22, received the FY 2009 advance direct payment. On July 1, 2009, Producer A sold or cash leased FSN 22 to Producer X. Producer X succeeds to CCC-509.

Producer A is required to refund the FY 2009 advance DCP payment. After debt collection activities have been initiated for Producer A, Producer X may receive the advance payment, and the FY 2009 final DCP payment, if Producer X meets all other eligibility requirements and the payment limitation is not exceeded.

Note: See paragraph 446 for payment limitation.

K Example 2: New Share Lease

Producer A, the owner of FSN 22, received an advance of the FY 2009 direct payment, or \$8,000 based on a 100 percent share. On July 15, 2009, Producer A and Producer X entered into a share lease arrangement (40 percent, Producer A; 60 percent, Producer B) on the entire farm. Producer A signs a revised CCC-509 with a 40 percent payment share, and Producer X signs CCC-509 for the acquired 60 percent share.

Producer A's recalculated total direct payment amount is now \$14,546, based on the revised payment shares. The advance portion of this share for Producer A would be \$3,200 (22 percent multiplied times \$14,546). Producer X is eligible for an advance payment based on revised shares only if:

- a demand of the over-advance to Producer A is made
- a receivable is created for the demand.

Accordingly, Producer A has been over-advanced; however, Producer A should still earn enough of a final direct payment to avoid overpayment.

Note: See paragraph 446 for payment limitation.

399 Succession-in-Interest Examples**A Example 1**

The following data applies to Examples 1 through 6:

FSN:	10
Farmland:	125
DCP Cropland:	100
DCP Base Acres:	100

Producer A, owner/operator of FSN 10, plants 100 acres of wheat for harvest. In April, the wheat failed. Producer A received the advance direct payment. In May, Producer A cash leases FSN 10 to Producer B. Producer B plants 100 acres of cotton.

In this example, Producer B has obtained a share interest in the contract acreage effective with Producer B's date of lease. See paragraph 398.

Producers A and B must come to some decision and agreement about dividing the contract payments. See paragraphs 356, 357, and 370.

Note: In this example, both Producers A and B could claim a share interest in the contract based on the time each had such interest or other factors. COC shall **not** involve itself in helping Producers A and B arrive at a reasonable distribution of shares. See paragraph 357.

B Example 2

Producer A, owner/operator, plants 100 acres of wheat for harvest in November. In April, the wheat failed. Producer A received the advance direct payment. In May, Producer A share leases 50 acres of FSN 10 to Producer B. Producer B plants 50 acres of cotton. Producer A and Producer B are sharing in the crop and have entered the following on CCC-509:

- 75 percent for Producer B
- 25 percent for Producer A.

Both Producer A and Producer B are entitled to share in the DCP payments for the farm. Producer A does not have to refund the FY advance direct payment at this time; however, Producer A may have been over-advanced. However, there has been a succession on base acres for the crop year. Therefore, Producer A may not be entitled to receive 100 percent of the DCP payments.

399 Succession-in-Interest Examples (Continued)**B Example 2 (Continued)**

Producers A and B must come to some decision and agreement about dividing the contract payments. See paragraphs 356, 357, and 370.

Note: In this example, both Producers A and B could claim a share interest in the contract based on the time each had such interest or other factors. COC shall **not** involve itself in helping Producers A and B arrive at a reasonable distribution of shares. See paragraph 357.

C Example 3

Producer A, owner/operator, plants no crops. Producer A enrolled and received the advance direct payment. In March, Producer A share leases FSN 10 to Producer B. Producer B plants 50 acres of cotton.

Assuming Producer A cash-leased all 100 acres of FSN 10 to Producer B for the crop year, a succession on all the base acres on the farm has occurred for the year. Producer B is entitled to 100 percent of the DCP payments. After debt collection activities have been initiated for Producer A, Producer B would be entitled to the DCP payments because there was a total succession on the base acres for the crop year. See paragraph 357.

D Example 4

Producer A, owner/operator, plants no crops. Producer A received the advance direct payment. In March, Producer A share-leased all of FSN 10 to Producer B. Producer B plants 50 acres of cotton. Producer A and Producer B are sharing in the cotton and have entered the following shares on CCC-509:

- 75 percent for Producer B
- 25 percent for Producer A.

Producer A and Producer B appear to be producers eligible to sign a contract and entitled to share in the DCP payments. Producer A has retained an interest in 25 percent of the base acres and would have to ultimately repay any unearned payment he or she received.

399 Succession-in-Interest Examples (Continued)**E Example 5**

Producer A, owner/operator, plants no crops. Producer A received the advance direct payment. In March, Producer A cash leases all of FSN 10 to Producer B for the crop year. Producer B does 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. After debt collection activities have been initiated for Producer A, Producer B would be entitled to the DCP payments.

F Example 6

Producer A, owner/operator, plants and harvests wheat for grain. Wheat harvest is completed in May. Producer A received the advance direct payment. Producer A voluntarily leaves the farm after the completion of the wheat harvest. Producer B cash leases the farm effective June 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.

Producer A and Producer B may each claim a share of contract payments. See paragraph 358.

400 Participants Who Are Deceased, Incompetent, or Have Disappeared**A Basic Rule**

An individual who has died, disappeared, or been declared incompetent, but meets the definition of a producer for the contract period, is eligible for payments if a completed CCC-509 submitted by June 1 of the applicable year was approved. However, if payment is not to be issued to the participant, FSA-325 must be completed according to this paragraph. This situation is not considered a succession.

B Requesting Payments

FSA-325 must be completed, according to 1-CM, by the individuals or entities requesting payments **earned** by a participant who has died, disappeared, or been declared incompetent. Payments shall be issued to the individuals or entities requesting payment using the deceased, missing, or incompetent participant's ID number. A revised CCC-509 is not required to be completed when payments are issued under the deceased, missing, or incompetent participant's ID number.

Note: CCC-509 shall not be revised to show the estate ID number after September 30 of the applicable year.

401 Review of CCC-509's Modified After June 1**A Introduction**

Except as may be provided according to 398, 1-DCP, subparagraph:

- 353 B specifies that revisions to CCC-509 shall **not** be made after June 1 of the applicable year
- 394 A specifies that the final date for participants to provide all necessary signatures on CCC-509 is June 1 of the applicable FY to be eligible for payments for that FY.

2-DCP provides procedure or updating producer signature and enrollment date information in the system.

To accommodate the policy provisions about enrollment in DCP, DCP CCC-509 software has been modified to:

- allow the enrollment date to be entered after June 1 of the applicable CCC-509 period
- ensure that the actual date entered is **not** later than June 1 of the applicable CCC-509 period.

401 Review of CCC-509's Modified After June 1 (Continued)**B Updates Affecting CCC-509 Enrollment Date**

The enrollment date associated with CCC-509's is automatically removed when any of the following changes are made to data in the farm records management system:

- operator is changed
- other tenant with CCC-509 share is removed from the farm
- owner is added to a tract associated with the farm
- base acres are modified
- direct and/or counter-cyclical payment yields are modified
- an out-of-balance condition is created because of changes to DCP cropland.

In addition, the enrollment date will be removed if CCC-509 shares are revised for the applicable CCC-509.

Note: Changes to counter-cyclical advance payment request information will **not** result in the enrollment date being removed from CCC-509's.

Updates to the system for any of these reasons constitute a modification of existing CCC-509's; therefore, the enrollment date is automatically removed from the system when the update occurs.

401 Review of CCC-509's Modified After June 1 (Continued)**C State Office Review Process**

Subparagraph 353 B specifies that revisions to CCC-509's shall **not** be made after June 1 of the applicable year. Therefore, the All Farms with Enrollment Date Modifications After June 1 Report will be available to State Office specialists that identifies all CCC-509's with an enrollment date that was updated during the previous month. This report is available to State and National Office users **only**. See 2-DCP for instructions for printing the report.

Reminder: The enrollment date can be entered in the system after June 1 of the applicable CCC-509 period; however, the date actually entered cannot be later than June 1 of the applicable CCC-509 period. See paragraph 402 for additional information about valid situations where the enrollment date should be updated to a date later than June 1 of the applicable year.

State Offices are required to review the All Farms with Enrollment Date Modifications After June 1 Report listing all CCC-509's where the enrollment date has been updated during the previous month. State Offices shall:

- conduct a thorough review of each CCC-509 listed on the monthly report to ensure that DCP policy has been administered properly
- take corrective action, if applicable, with County Offices if CCC-509's were updated in error.

402 Updating Producer Signature and Enrollment Dates After June 1

A Introduction

County Offices shall ensure that all information recorded in the automated system accurately reflects actual signature, enrollment, and approval date information. See 2-DCP for additional information about how data shall be entered in the web-based system.

However, if the signature or enrollment date information is actually **received** after June 1 of the applicable CCC-509 period, the system is designed to prevent County Office users from updating the system with that information.

Example: Landowner signed CCC-509 to zero shares on September 30, 2009. The system will **not** allow any date after June 1, 2009, to be entered as a producer signature date.

Because there are some instances where a date after June 1 of the applicable year should be entered in the system for a producer signature or enrollment date, a process has been developed that allows the system to be updated properly with the producer signature and enrollment date information.

B Situations That Warrant Producer Signature or Enrollment Dates To Be Later Than June 1

The enrollment date in the system is determined by the later of the following:

- the last signature date that was obtained for all producers on CCC-509
- date the cash lease or cash rent certification statement is provided to the County Office.

As specified in subparagraph 352 I, the following documentation is considered supporting documentation even if received after June 1 of the applicable CCC-509 period:

- landowner signing CCC-509 to zero shares
- a copy of a cash lease agreement
- cash rent certification statement.

However, CCC-509 system validations do **not** allow County Offices to enter a producer signature or enrollment date later than June 1 of the contract period. Therefore, these cases require State Office intervention so the system can be updated to accurately reflect when the signature was actually obtained and/or when CCC-509 was actually enrolled in DCP.

402 Updating Producer Signature and Enrollment Dates After June 1 (Continued)

C County Office Action

For situations described in subparagraph B, County Offices shall:

- **not** manipulate the system by entering a date **before** June 2 of the calendar year as the signature date for any signature that was obtained after June 1 of that same calendar year
- **not** manipulate the system by entering an incorrect enrollment date for signatures or cash lease documentation that were obtained after June 1 of the applicable year
- submit a copy of the completed CCC-509 and cash lease documentation, if applicable, to the State Office with a cover memorandum requesting that the system be updated with either or both of the following:
 - landowner's signature date
 - CCC-509 enrollment date.

D State Office Action

After verifying that the situation warrants intervention based on supporting documentation, State Office Program Specialists shall update the signature and/or enrollment date according to forthcoming instructions.

403-424 (Reserved)

Part 7 Eligibility and Compliance Rules

Section 1 Farm Eligibility

425 General Information

A Contract Period Compliance

Participants may receive payments with respect to the farm, if the participants agree to comply with program requirements. See paragraph 9 for contract periods.

B Farm Eligibility

A farm is eligible to participate in DCP if 1 of the following applies:

- the farm has base acres calculated for the farm
- the land on the farm was enrolled in CRP-1 that expired, was voluntarily terminated, or early released after September 30, 2008, and either of the following applies:
 - CRP-15 was protecting crop acreage bases
 - CCC-505 was used to reduce PFC acres or DCP base acres, as applicable.

426 Eligible and Ineligible Land Uses for Base Acreage**A Cropland and DCP Cropland Requirement**

[7 CFR 1412.45] When base acres on a farm are converted to a non-agricultural commercial or industrial use, the total base acres on the farm will be reduced accordingly.

The base acres of covered commodities and peanuts on a farm will be proportionately reduced when it is determined that the land has been subdivided and developed for multiple residential units or other nonfarming uses if, in the judgment of the county committee, the size of the tracts and the density of the subdivision is such that the land is unlikely to return to the previous agricultural use, unless either of the following applies:

- (1) the producers on the farm demonstrate that the land remains devoted to commercial agricultural production or is likely to be returned to the previous agricultural use and such land has not been divided from the farm with a farm reconstitution performed according to part 718 of this Title, or**
- (2) a properly constituted or reconstituted farm contains sufficient land that has not yet been subdivided and developed for multiple residential units or other nonfarming uses, and the producers on the farm demonstrate that the land remains devoted to commercial agricultural production or is likely to be returned to the previous agricultural use.**

Land subject to the contract must be used for an agricultural or related activity for the applicable FY, and not for a nonagricultural, commercial, or industrial use.

DCP cropland and effective DCP cropland will be determined and updated according to 3-CM for DCP purposes, including base determinations.

If land use changes in subsequent years:

- the land use shall be updated according to 3-CM
- base reductions shall be processed using CCC-505, as applicable, according to subparagraph D.

426 Eligible and Ineligible Land Uses for Base Acreage (Continued)

B Eligible Uses

To remain eligible as DCP base acreage, a quantity of land equal to the total base acres for the farm, and any base acres of peanuts for the farm, shall be used for an agricultural or conserving use. The following provides examples of land use, considered agricultural or related use, and nonagricultural use.

Agricultural	Nonagricultural
<ul style="list-style-type: none"> • land meeting DCP cropland definition • sod • farm ponds • aquaculture ponds • nursery acreage devoted to in-ground plants • wildlife habitats • pasture • acreage used to raise domesticated game for restaurants • trees planted for harvest, conservation purposes, or recreational uses • temporary hoop houses for nursery agriculture • temporary nonagricultural uses, such as parking for a field day, etc. 	<ul style="list-style-type: none"> • golf courses and other recreational facilities • land used for commercial development, buildings, or parking lots • strip mines • permanent structures, including those for agricultural uses • land subdivided and developed for multiple residential units or other nonfarming uses if the size of tracts and density of the subdivision is such that the land is unlikely to return to the previous agricultural use

Note: COC’s shall submit questionable uses to DAFP, through the State Office, for determinations.

426 Eligible and Ineligible Land Uses for Base Acreage (Continued)

C Eligible Land

DCP base acreage cannot exceed effective DCP cropland except for established double-cropping. In addition to meeting other eligibility requirements for DCP, a farm, before enrollment, must have effective DCP cropland available on the farm greater than or equal to the total base acres for the farm. See 3-CM for the definition of DCP cropland.

D Converting to Nonagricultural Use

DCP cropland converted to nonagricultural use:

- shall be removed from cropland and DCP cropland according to 3-CM
- is not eligible as DCP base acres from the date of conversion.

When conversion of DCP cropland to nonagricultural use results in DCP base acres exceeding effective DCP cropland for the farm, farm owners, the operator, and CCC-509 participants have the following available options.

IF the conversion occurred...	THEN within 30 calendar days of the conversion...
<p>before September 30 of FY in which the conversion occurred</p>	<p>all owners must do either of the following:</p> <ul style="list-style-type: none"> • complete CCC-505 to permanently reduce applicable base acres • withdraw the farm from CCC-509. <p>Failure to reduce applicable base acres or withdraw the farm from CCC-509 shall result in COC terminating CCC-509.</p> <p>Producers cannot withdraw a farm from CCC-509 after CCC-509 has expired (September 30 of the applicable FY).</p> <p>If there are less than 30 calendar days remaining before September 30 of FY at the time of the conversion, base acres may be left unchanged for that FY. Base reductions must be made before any enrollment in the immediately subsequent FY.</p>

426 Eligible and Ineligible Land Uses for Base Acreage (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 all unearned DCP payments made, plus interest. <p>If owners fail to reduce applicable base acres, COC shall 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 program. See subparagraph 335 A for additional information.</p> <p>Note: Because CCC-509 in effect when the conversion occurred has expired, producers do not have the option to withdraw from CCC-509, nor can COC terminate the expired CCC-509.</p>

Important: Reduction in base acres or withdrawal of farm from CCC-509 may result in unearned DCP payments. All unearned DCP payments shall be refunded, plus interest.

Example 1: A farm with 200 acres of DCP cropland and 200 base acres is enrolled in FY 2009 DCP. FY 2009 advance payments have been made to the producers on the farm. On August 1, 2009, COC discovers 10 acres on the farm had been converted to a nonagricultural building site on May 4, 2009. COC shall notify the owner and operator they must do either of the following within 30 calendar days:

- withdraw the farm from the FY 2009 CCC-509, and refund all DCP payments made for the farm
- owner must permanently reduce base acres by 10 acres, and refund the unearned DCP payments made.

If the producers do not elect either of the options within 30 calendar days, COC shall terminate CCC-509 and request refund of all DCP payments made.

426 Eligible and Ineligible Land Uses for Base Acreage (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 2008 DCP and is also enrolled in FY 2009 DCP. All FY 2008 DCP payments have been made for the farm. FY 2009 advance payments have been made to the producers on the farm. COC discovers 10 acres on the farm were converted to a nonagriculture building site on August 4, 2008. COC shall notify the owner and operator they must permanently reduce base acres by 10 acres, and refund the unearned DCP payments made.

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

- permanently reduce 10 base acres
- terminate the FY 2009 CCC-509
- request refund of all unearned DCP payments made for FY's 2008 and 2009.

E Land Enrolled in WBP

Land enrolled in WBP shall not be enrolled in DCP. County Offices shall record land enrolled in WBP according to 3-CM.

All land enrolled in WBP may not be cropland. County Offices shall ensure land enrolled in WBP is recorded according to 3-CM.

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

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

426 Eligible and Ineligible Land Uses for Base Acreage (Continued)

F Land Enrolled in WRP

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

- The DCP statutory provisions of the Food, Conservation, and Energy Act of 2008 (Pub. L. 110-627) Section 1101(b) 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:
 - 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 this 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, DCP base acre reduction is not effective until NRCS notifies FSA that WRP easement has been recorded.

FSA County Offices shall 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 program payments on the same acreage under DCP. However, a coordinated effort is required with NRCS with certain responsibilities applying to each Agency.

426 Eligible and Ineligible Land Uses for Base Acreage (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 shall not assist** producers in, completing CCC-505 for land being offered in WRP. However when requested, FSA County Offices shall provide producers with:

- a copy of FSA-156-EZ with information about the number of DCP base acres applicable to the farm or farms
- a **blank** FSA-910 with instructions (Exhibit 19)
- 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 DCP eligibility. CCC-509 Appendix specifies that changes in the farming operation that may affect any determination after CCC-509 is signed shall be reported to CCC by all applicable producers by signing a revised CCC-509 to reflect the change no later than September 30 of the applicable year.

Reminder: Although producers may ultimately 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, those signatures or documents must also be submitted by the end of the contract period. Accordingly, producers should **not** wait until September 30 to report changes.

426 Eligible and Ineligible Land Uses for Base Acreage (Continued)

F Land Enrolled in WRP (Continued)

Once 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 shall follow the provisions of this table.

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

Step	Action
1	<p>Immediately update the farm records management system according to 3-CM to record the number of acres enrolled in WRP that are on DCP cropland. See 3-CM for additional information.</p> <p>Note: Acres enrolled in WRP that are on non-DCP cropland shall not be included in the WRP field in the farm records management system.</p>
2	<ul style="list-style-type: none"> • Immediately update the farm records management system according to 3-CM to reduce the DCP base acreage 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 DCP base acres that shall be retired, even if the number of base acres being retired is zero. <p>Note: Producers may have elected to reduce DCP base acres to increase the value of the WRP appraisal for a WRP easement. FSA County Offices shall reduce the DCP 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 shall 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-509 that reflects the reduced DCP base acreage 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 April 31 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 shall ensure that all steps in this table are followed.</p>

426 Eligible and Ineligible Land Uses for Base Acreage (Continued)

F Land Enrolled in WRP (Continued)

Step	Action
3	<p>After steps 1 and 2 have been completed, County Offices shall determine if the number of DCP base acres exceeds the effective DCP cropland plus double-cropped acreage according to subparagraph 428 D. If the DCP base acres still exceed the effective DCP cropland plus double-cropped acreage, then:</p> <ul style="list-style-type: none"> • an additional reduction to DCP base acres is required • CCC-509 for the applicable FY cannot be enrolled until the reduction of the base acres is completed • County Offices shall follow the provisions of step 4.
4	<p>If an additional base reduction is required according to step 3, County Offices shall:</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-509 must be filed by September 30 of the applicable year that reflects the reduced DCP base acreage • ensure that all provisions of 3-CM are met for updating the farm records management system and notifying applicable producers of the revision to the farm records. <p>Note: For those farms enrolled by June 1 of the applicable year, signatures on revised CCC-509 must be received no later than September 30 of the applicable FY.</p>

426 Eligible and Ineligible Land Uses for Base Acreage (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 shall initiate CCC-505 reducing the base acreage according to 3-CM • COC shall not approve a revised CCC-509 unless all signature requirements are met by June 1 of the applicable FY <p>Note: For those farms enrolled by June 1, signatures on revised CCC-509 must be received no later than September 30 of the applicable FY.</p> <ul style="list-style-type: none"> • County Office shall notify the producers associated with the farm of the COC determination of the reduction of base acres • County Office shall ensure that all provisions of 3-CM are met for updating the farm records management system and notifying applicable producers of the revision to the farm records.

426 Eligible and Ineligible Land Uses for Base Acreage (Continued)

G Land Under EWP Flood Plain Easements

Land under the EWP Flood Plain Easement is **not** eligible to be enrolled in DCP beginning the date the EWP Flood Plain Easement is filed.

Exception: Cropland under EWP Flood Plain Easement may be eligible for DCP in the FY the EWP Flood Plain Easement is filed, provided **both** of the following are met:

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

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 DCP are met.

Cropland acreage under EWP Flood Plain Easement shall be recorded according to 3-CM. The date EWP Flood Plain Easement acreage is recorded in the automated system is dependent upon:

- 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 shall ensure land under EWP Flood Plain Easement is recorded according to 3-CM.

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

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

426 Eligible and Ineligible Land Uses for Base Acreage (Continued)

H Land Under Federal Conservation Programs or Restrictive Easements Other Than WRP, WBP, or EWP Flood Plain Easements

Land under a Federal restrictive easement or agreement that prohibits **all** of the following shall **not** be enrolled in DCP:

- annual planting of a crop for harvest as grain or lint
- haying
- grazing.

Note: See subparagraph I for easement/agreements that allow haying and/or grazing.

Land under a restrictive easement or agreement shall be ineligible for DCP beginning FY the cropping, haying, and grazing restrictions are effective.

Cropland acreage under a restrictive easement or agreement shall be recorded according to 3-CM.

Important: Land under a Federal restrictive easement or agreement may require the permanent reduction of DCP base acres. DCP base acreage shall **not** exceed effective DCP cropland plus double-cropped acres.

The placement of land under a restrictive easement or agreement may result in a refund of DCP payments received by the applicable producers.

Example 1: Land is placed under an easement that prohibits all cropping, haying, and grazing of the acreage. The restrictions prohibiting cropping, haying, and grazing are effective beginning the date the easement is filed.

The easement is filed on November 4, 2008. The land under easement is ineligible for DCP beginning FY 2009.

Once the land under easement is not eligible for DCP, County Office shall:

- record the cropland acreage under easement according to 3-CM
- require a reduction in DCP base acres, if applicable
- request a refund of DCP payments, if applicable.

426 Eligible and Ineligible Land Uses for Base Acreage (Continued)

H Land Under Federal Conservation Programs or Restrictive Easements Other Than WRP, WBP, or EWP Flood Plain Easements (Continued)

Example 2: Land is placed under a restrictive easement that prohibits all cropping, haying, and grazing of the acreage. The restrictions prohibiting cropping, haying, and grazing are effective when the producer signs the applicable program agreement.

Notes: The program agreement is signed before the easement is filed.

Submit questionable cases about program agreements to the State Office or National Office for review if necessary.

The program agreement is signed on July 1, 2009. The easement is filed on November 4, 2009. The land under easement is ineligible for DCP beginning FY 2009.

Once the land under easement is not eligible for DCP, County Office shall:

- record the cropland acreage under easement according to 3-CM
- require a reduction in DCP base acres, if applicable
- request a refund of DCP payments, if applicable.

I Haying and Grazing of Cropland Under a Federal Conservation Program, or Restrictive Easement Except WRP, WBP, and EWP Flood Plain Easements

Land under any of the following may be eligible for DCP provided the easement or agreement, as applicable, allows haying and/or grazing of the acreage on an annual basis under “normal” circumstances.

- easements other than WRP, WBP, or EWP
- conservation programs.

426 Eligible and Ineligible Land Uses for Base Acreage (Continued)

I Haying and Grazing of Cropland Under a Federal Conservation Program, or Restrictive Easement Except WRP, WBP, and EWP Flood Plain Easements (Continued)

For the purposes of this paragraph, “normal” circumstances allow haying and/or grazing on an annual basis, including situations where haying and/or grazing is limited to a specific time period of the year.

Important: The following haying/grazing provisions are **not** considered “normal” circumstances:

- limited only to when emergency conditions exist
- not allowed on an annual basis.

Example 1: Land is placed under an easement that prohibits all cropping. The easement prohibits all haying. However, the easement allows grazing of the acreage every third year of the life of the easement.

The easement terms do not allow grazing on an annual basis; therefore, the land is **not** eligible for DCP.

Example 2: Land is placed under an easement that prohibits all cropping. The easement prohibits haying and grazing of the acreage, except in emergency situations, as determined by the easement terms. Accordingly, the land is **not** eligible for DCP.

Example 3: Land is placed under an easement that prohibits all cropping. The easement prohibits haying and grazing of the acreage except for the time period of August 1 through September 30 of each year.

The easement terms allow haying or grazing except for specific time period; therefore, the land is eligible for DCP, provided **all** other requirements are met.

Land enrolled in CRP or GRP is **not** eligible to be enrolled in DCP, see subparagraph J. Land under CRP easement or practice lifespan requirements is **not** eligible to be enrolled in DCP, see subparagraph K.

426 Eligible and Ineligible Land Uses for Base Acreage (Continued)**J Land Enrolled in CRP or GRP**

Land enrolled in CRP or GRP is **not** eligible to be enrolled in DCP.

Enrollment of land into CRP or GRP may require:

- reduction of DCP base acres

Note: See paragraph 428.

- refund of DCP payments.

Note: Subparagraph I does not apply to land under CRP or GRP.

K Land Under CRP Easement or Practice Lifespan Requirement

Land under CRP easement or practice lifespan requirement:

- is **not** eligible to be enrolled in DCP
- shall be maintained in the automated system according to 3-CM.

For CRP signups 10, 11, and 12, participants that enrolled land in CRP to be devoted to certain CRP practices agreed to place the land under 1 of the following:

- 15- or 30-year easement
- 15- or 30-year practice lifespan requirement.

The terms and conditions of the CRP easement and practice lifespan requirements continue:

- after the CRP-1 expires, for the life of the easement or practice lifespan
- the prohibition of cropping, haying, and grazing the acreage.

Note: Subparagraph I does not apply to land under CRP easement or practice lifespan requirement.

427 Acre Reductions for CRP, GRP, or WRP Enrollment**A General Rule**

The sum of the following shall not exceed DCP cropland on the farm, except to the extent there is an established double-cropped history on the farm:

- all DCP base acres, including peanut base acres
- cropland enrolled in:
 - CRP
 - EWP
 - WBP
 - WRP
- cropland or DCP cropland enrolled in GRP
- cropland enrolled in any conservation program for which payments are made in exchange for not producing an agricultural commodity.

B When to Determine Reduction Acres for CRP and GRP

County Offices shall calculate the number of acres on a farm that may be enrolled in CRP or GRP without requiring a reduction to DCP base acres at the time the producer submits AD-1153, CRP-2, or CRP-2C.

When the producer determines to reduce DCP base acres on a farm because of enrollment into CRP or GRP, the producer must complete CCC-505 at the time the acres are being offered for CRP or GRP.

Note: Producers may elect to modify the number of acres to be offered for CRP or GRP instead of reducing DCP base acres on the farm.

427 Acre Reductions for CRP, GRP, or WRP Enrollment (Continued)

C When to Determine Reduction Acres for WRP

County Offices shall follow the provisions on subparagraph 426 F immediately upon notification from NRCS that the WRP easement is closed or the cost-share restoration agreement is approved.

Reminder: There are 2 separate statutory provisions affecting producers enrolling land in WRP and County Offices shall ensure that DCP base acres are reduced, if necessary, to satisfy both provisions.

D Determining Reduction Acres

County Offices shall use the following to determine whether enrolling land into:

- CRP or GRP will require a reduction in any of the following:
 - DCP base acres
 - number of acres offered for CRP
 - number of acres offered for GRP
- WRP will require a reduction in base acres according to the Food, Conservation, and Energy Act of 2008 statutory provisions.

Step	Action
1	Print FSA-156-EZ for farm on which the acres are being offered for enrollment into CRP, GRP, or WRP. See 3-CM to print FSA-156-EZ.
2	From FSA-156-EZ, determine the number of double-cropped DCP base acres by subtracting total DCP base acreage from effective DCP cropland acres.
3	Add: <ul style="list-style-type: none"> • effective DCP cropland from the FSA-156-EZ, plus • result of step 2. <p>Note: If the result of step 2 is negative, use the effective DCP cropland.</p>
4	From FSA-156-EZ, determine the total DCP base acres for the farm.
5	Subtract result of step 3 from result of step 4.

427 Acre Reductions for CRP, GRP, or WRP Enrollment (Continued)

D Determining Reduction Acres (Continued)

Step	Action		
6	IF the result of step 5 is...	AND the program is...	THEN...
	negative		<ul style="list-style-type: none"> • 1 or more tracts on the farm are out-of-balance • correct out-of-balance tracts according to 3-CM and return to step 1.
	zero	CRP or GRP	<p>no cropland or DCP cropland acres on the farm can be enrolled into CRP or GRP unless DCP base acres are reduced in an amount equal to the number of acres offered for CRP or GRP. An additional reduction may be required if the farm has double-cropped acreage included in the DCP base acres. See 3-CM for additional information on updating acreage information in the farm records management system.</p> <p>Note: Land that does not meet the definition of either cropland or DCP cropland may be eligible to be enrolled in GRP. Enrolling this land into GRP has no impact on any of the following:</p> <ul style="list-style-type: none"> • total cropland on the farm • total DCP cropland on the farm • DCP base acres.
	WRP	<p>no cropland or DCP cropland acres on the farm can be devoted to WRP unless DCP base acres are reduced by the number of acres being recorded for the WRP easement or cost-share restoration agreement. An additional reduction may be required if the farm has double-cropped acreage included in the DCP base acres. See 3-CM for additional information on updating acreage information in the farm records management system.</p>	

427 Acre Reductions for CRP, GRP, or WRP Enrollment (Continued)

D Determining Reduction Acres (Continued)

Step	Action		
<p>6 (Cntd)</p>	<p>IF the result of step 5 is...</p>	<p>AND the program is...</p>	<p>THEN...</p>
	<p>greater than zero</p>	<p>CRP or GRP</p>	<ul style="list-style-type: none"> • cropland acres or DCP cropland acres in an amount equal to the result of step 5 may be enrolled in CRP or GRP without a reduction to DCP base acres on the farm • cropland acres or DCP cropland acres in an amount exceeding the result of step 5 may not be enrolled in CRP or GRP without a corresponding reduction in DCP base acres on the farm. <p>Note: Land that does not meet the definition of either cropland or DCP cropland may be eligible to be enrolled in GRP. Enrolling this land into GRP has no impact on any of the following:</p> <ul style="list-style-type: none"> • total cropland on the farm • total DCP cropland on the farm • DCP base acres.
	<p>WRP</p>	<ul style="list-style-type: none"> • cropland acres or DCP cropland acres in an amount equal to the result of step 5 may be devoted to WRP without reduction to DCP base acres on the farm <p>Note: NRCS may require the producer to file CCC-505 to reduce the DCP base acres. See subparagraph 426 F.</p> <ul style="list-style-type: none"> • cropland acres or DCP cropland acres in an amount exceeding the result of step 5 cannot be devoted to WRP unless DCP base acres are reduced on the farm. 	

427 Acre Reductions for CRP, GRP, or WRP Enrollment (Continued)

E Producer Options

When enrollment in CRP or GRP will result in a reduction of DCP base acres on the farm, the owner shall, at the time AD-1153, CRP-2, or CRP-2C is submitted, elect 1 of the following:

- reduce the number of acres offered for CRP or GRP to an amount that results in no reduction to DCP base acres
- execute CCC-505 to reduce applicable number of DCP base acres on the farm
- reduce a combination of the number of acres offered for CRP or GRP and the number of DCP base acres on the farm.

Note: When CCC-505 is executed because of land offered for enrollment in CRP or GRP, DCP base acres shall not be reduced until:

- applicable CRP-1 becomes effective
- CCC-920 is approved.

If acres offered for CRP or GRP are not accepted in CRP or GRP, applicable DCP base acres shall **not** be reduced.

Example 1: FSN 1 consists of the following:

- 100 acres effective DCP cropland
- 100 acres cropland
- 0 double-cropped acres
- 90 DCP base acres.

Owner of FSN 1 offers 15 cropland acres for enrollment in CRP during CRP signup 29. The number of cropland acres that may be enrolled in CRP on FSN 1 without requiring a reduction to DCP base acres is 10 acres ($100 + 0 - 90 = 10$). Therefore, the owner must elect 1 of the following at the time CRP-2 is submitted:

- reduce the number of cropland acres offered for CRP by at least 5 acres
- execute CCC-505 to reduce DCP base acres by at least 5 acres
- reduce a combination of the number of acres offered for CRP and the number of DCP base acres by a total of 5 acres.

427 Acre Reductions for CRP, GRP, or WRP Enrollment (Continued)

E Producer Options (Continued)

Example 2: FSN 200 consists of the following:

- 100 acres effective DCP cropland
- 75 cropland acres
- 25 double-cropped acres
- 125 DCP base acres.

Owner of FSN 200 offers 15 cropland acres for enrollment in CRP during CRP signup 29. The number of cropland acres that may be enrolled in CRP on FSN 200 without requiring a reduction to DCP base acres is 0 acres ($100 + 25 - 125 = 0$). Therefore, the owner must elect 1 of the following at the time CRP-2 is submitted:

- not offer any cropland acres for enrollment in CRP
- execute CCC-505 to reduce DCP base acres by at least 15 acres
- reduce a combination of the number of acres offered for CRP and the number of DCP base acres by a total of 15 acres.

Example 3: FSN 50 consists of the following:

- 60 acres effective DCP cropland
- 50 acres cropland
- 0 double-cropped acres
- 50 DCP base acres.

Owner of FSN 50 offers 20 cropland acres for enrollment in GRP. The number of cropland acres that may be enrolled in GRP on FSN 50 without requiring a reduction to DCP base acres is 10 acres ($60 + 0 - 50 = 10$). Therefore, the owner must elect 1 of the following at the time AD-1153 is submitted:

- reduce the number of acres offered for GRP by at least 10 acres
- execute CCC-505 to reduce DCP base acres by at least 10 acres
- reduce a combination of the number of acres offered for GRP and the number of DCP base acres by a total of 10 acres.

427 Acre Reductions for CRP, GRP, or WRP Enrollment (Continued)

E Producer Options (Continued)

Example 4: FSN 300 consists of the following:

- 60 acres effective DCP cropland
- 50 acres cropland
- 0 double-cropped acres
- 50 DCP base acres.

Owner of FSN 300 offers 10 acres of DCP cropland that does not meet the definition of cropland for enrollment in GRP. The number of acres of DCP cropland acres that may be enrolled in GRP on FSN 300 without requiring a reduction to DCP base acres is 10 acres ($60 + 0 - 50 = 10$). Therefore, the owner is not required to reduce either DCP base acres or the number of acres offered to enroll in GRP.

Example 5: FSN 400 consists of the following:

- 60 acres effective DCP cropland
- 60 acres cropland
- 0 double-cropped acres
- 60 DCP base acres.

Owner of FSN 400 offers 40 noncropland/non-DCP cropland acres for enrollment in GRP. The number of DCP cropland acres that may be enrolled in GRP on FSN 400 without requiring a reduction to DCP base acres is 0 acres ($60 + 0 - 60 = 0$). However, the acres offered for enrollment in GRP are noncropland/non-DCP cropland acres. Therefore, the owner is not required to reduce either DCP base acres or the number of acres offered to enroll in GRP.

F When to Complete CCC-505 to Reduce DCP Base Acres

When the producer elects to reduce DCP base acres because of enrollment in CRP or GRP, the producer shall complete CCC-505 at the time the acres are offered for CRP or GRP.

If the producer elects to retire base acres for enrollment in WRP, the producer will provide CCC-505 to NRCS. NRCS will provide CCC-505 to FSA when the easement is closed.

Reminder: Even if the producer files CCC-505 with NRCS, FSA is still required to ensure that benefits are not issued to the producer for both programs. County Offices shall follow the provisions of subparagraph 426 F to ensure that base acres are reduced properly.

427 Acre Reductions for CRP, GRP, or WRP Enrollment (Continued)

G Effective Date of DCP Base Acre Reduction for CRP

DCP base acre reductions required because of CRP participation shall become effective for the same FY the corresponding CRP-1 becomes effective.

The program year entered on CCC-505 shall be the program year in which the corresponding CRP-1 becomes effective. Service Center shall file copy of CCC-505 in both applicable DCP farm folder and CRP folder, when DCP base acres are reduced according to 3-CM because of CRP participation.

Example: Cropland was offered for enrollment in CRP on May 5, 2009. CRP-1 was effective October 1, 2009. CCC-505 to reduce DCP base acres was signed by all owners at the time CRP-1 was submitted (May 5, 2009) with a program year of 2010 (equal to FY of CRP-1).

DCP base acre reductions will become effective October 1, 2009 (FY 2010). If acres offered for CRP are **not** accepted, DCP base acres shall **not** be reduced.

Important: Reduction of DCP base acres may result in DCP overpayment and request for refund.

H Effective Date of DCP Base Acre Reduction for GRP

DCP base acre reductions because of GRP participation shall be effective as follows:

- date GRP easement is filed, if land was enrolled using an easement
- date CCC-920 is approved by CCC.

Service Center shall file copy of CCC-505 in both applicable DCP farm folder and GRP folder.

Important: Reduction of DCP base acres may result in DCP overpayment and request for refund.

427 Acre Reductions for CRP, GRP, or WRP Enrollment (Continued)

I Effective Date of DCP Base Acre Reduction for WRP

DCP base acre reduction because of enrollment in WRP shall be effective as follows:

- date WRP easement is closed
- date WRP cost-share restoration agreement is approved.

County Offices shall file a copy of CCC-505 in the DCP farm folder.

Important: Reduction of DCP base acres may result in DCP overpayment and request for refund.

J Restoration of DCP Base Acres Reduced for Enrollment in CRP After September 30, 2008

DCP base acres reduced because of cropland enrollment into CRP after September 30, 2008, may be restored to the farm if CRP-1 is voluntarily terminated, provided there is sufficient DCP cropland available and all other requirements are met.

Note: There is no authority to restore base acres after September 30, 2012.

Important: To ensure the applicable base acres may be restored to a farm, CCC-505 must include all information required according to paragraph 66, including the information required in CCC-505, item 16. Incomplete CCC-505's may result in base acres not being restored to a farm.

K Restoration of DCP Base Acres Reduced for Enrollment in GRP

DCP base acres reduced because of enrollment into GRP may be restored to the farm when both of the following are met, provided there is sufficient DCP cropland available and all other requirements are met:

- land is no longer enrolled in GRP
- life of easement has expired.

Important: To ensure the applicable base acres may be restored to a farm, CCC-505 must include all information required according to paragraph 66, including the information required in CCC-505, item 16. Incomplete CCC-505's may result in base acres not being restored to a farm.

428 Protection of Base Acreage**A Requirement**

[7 CFR 1412.61] Producers must protect land enrolled in DCP from weeds, including noxious weeds, and erosion, including providing sufficient cover if determined necessary by the county committee. The first violation of this provision will result in a reduction in the direct payments for the farm by an amount equal to three times the cost of maintenance of the acreage, but not to exceed 50 percent of the total direct payments for the farm. The second violation of this provision will result in a reduction in the direct payments for the farm by an amount equal to three times the cost of maintenance of the acreage, not to exceed the total direct payments for the farm. For the 2009 and subsequent crop years, a third violation of this provision will result in a complete reduction of all payments under the DCP or ACRE program contract.

B Approved Covers and Practices

STC shall determine measures necessary to protect idle DCP base acreage from erosion and propagation of weeds, including noxious weeds, throughout the crop year. STC determinations shall be provided to County Offices for publication throughout the program year. Determine, on a State-by-State basis, as follows:

- COC, in conjunction with the District Conservationist of NRCS, may recommend the cover crops or practices
- STC shall 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.

429 Highly Erodible Land Conservation and Wetland Conservation**A HELC/WC Compliance**

Producers must certify HELC/WC compliance on AD-1026 and meet the requirements according to 6-CP to qualify for DCP benefits.

COC shall follow procedure in 6-CP for producers determined ineligible because a HELC/WC violation occurred.

B Terminating CCC-509 Shares for HELC/WC Violation

In addition to denying benefits for HELC/WC violations, COC shall determine whether the violation is serious enough to warrant terminating the 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 shall be notified by letter of the following:

- CCC-509 is in violation and will be terminated with respect to the producer on each farm in which the producer has an interest
- the producer shall forfeit all rights to receive contract payments, for any year in which they are determined ineligible, on each farm in which the producer has an interest
- the producer shall refund all 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.

430 Planting Flexibility

A Plantings on DCP Base Acreage

Any commodity may be planted on:

- any land, including base acres, on a farm **not** enrolled in CCC-509
- nonbase acres of a farm enrolled in CCC-509
- base acres of a farm enrolled in CCC-509, except for the following:
 - fruits
 - vegetables, other than mung beans and pulse crops
 - wild rice.

See Part 8 for exceptions to FAV and wild rice planting limitations.

431-444 (Reserved)

Section 2 Producer Eligibility

445 General Information

A Eligible Producer

Producers eligible to enter into a 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 CCC-509 on that farm.

The amount of nonbase acres available to be planted to FAV and wild rice without resulting in a payment reduction or contract violation may be reduced when there is a producer on a farm with interest in only nonbase acres. See:

- paragraph 472 for examples
- 4-CP to calculate nonbase acres on a farm available to be planted to FAV or wild rice without resulting in a payment reduction or contract violation.

B Terms of Enrollment

Producers who participate in DCP must fully comply with the terms and conditions of CCC-509, and in return will receive direct payments and counter-cyclical payments, if applicable.

445 General Information (Continued)

C DCP Signup Dates and Requesting Advance Payments

Eligible producers on a farm with established bases and yields shall have an opportunity to enroll the farm into an annual CCC-509 for each of the years 2009 through 2012 according to the following:

Year of CCC-509	Signup Dates
2009	December 22, 2008, through June 1, 2009
2010	October 1, 2009, through June 1, 2010
2011	October 1, 2010, through June 1, 2011
2012	October 1, 2011, through June 1, 2012

Note: See 1-CM, paragraph 2 if the enrollment deadline falls on a nonworkday.

Advance direct and counter-cyclical payments may be issued to producers who have an approved CCC-509, have filed all requisite forms, and who meet all other eligibility requirements. County Offices shall follow 2-DCP to determine when advance direct and counter-cyclical payments can be elected and issued.

D Late-Filed CCC-509's

There are **no** late-filed provisions for program years 2009 through 2012.

445 General Information (Continued)**E Producer Agreement to Program Requirements**

Before producers on a farm may receive direct or counter-cyclical payments, with respect to the farm, the producers shall agree, during the crop year for which payments are made and in exchange for the payments to:

- maintain compliance with HELC/WC provisions on all their land
- use acreage equal to the base acreage 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 base acres

Note: See Part 8 for exceptions to FAV and wild rice planting limitations.

- timely submit a report of all cropland acreage on the farm on an annual basis.

F Enrollment of Base Acres on a Farm

Producers who enroll a farm in DCP shall enroll all base acres on the farm. Enrollment of only part of the base acres of a farm is not allowed.

446 Payment Limitation and Adjusted Gross Income**A Payment Limitations**

The provisions of 7 CFR Part 1400 about payment limits and payment eligibility requirements are applicable to contract participants. Except as specified, for direct payments, the general limit under all contracts is \$40,000 for covered commodities together and \$40,000 separately for peanuts. For counter-cyclical payments, the general limit under all contracts is \$65,000 for covered commodities together and \$65,000 separately for peanuts. These limits are modified for participants in the ACRE program in the Food, Conservation, and Energy Act, Section 1105, on any farm.

Limits are for all covered commodities per contract year for ACRE, direct, and counter-cyclical payments together shall be, for all covered commodities together and peanuts separately, equal to \$65,000 plus whatever the amount by which direct payments for those commodities as applicable were reduced under the ACRE contract or contracts. Producers may be subject to an ACRE contract on some farms but not others. On those farms where the ACRE contract applies, there is no eligibility for counter-cyclical payments and the direct payment eligibility is reduced by 20 percent.

Under no circumstances can the amount received per contract year on all farms for covered commodities or peanuts separately exceed \$105,000 for ACRE, direct, and counter-cyclical payments. All of these determinations shall be made using the procedures and rules in 7 CFR Part 1400.

B Adjusted Gross Income

See 4-PL for adjusted gross income provisions.

447 **Commodities Grown Under Contract on DCP Acreage**

A Background

In recent years, the number of 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 the 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.

B Eligibility for DCP Payments

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

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 DCP base acreage	eligible to receive all of DCP payment for those 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 DCP base acreage	not eligible to receive a DCP payment for those acres because the grower does not meet the definition of a producer on those 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 DCP base acreage	<ul style="list-style-type: none"> • eligible to receive a portion of DCP payment if all other requirements are met • not eligible to receive the entire DCP payment for those acres.

Note: Growers who have no share of a crop are always ineligible, regardless of risk.

447 Commodities Grown Under Contract on DCP Acreage (Continued)**C COC Review of Commercial Grower Contracts**

COC shall:

- 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 DCP base acreage
 - who shares in the crop and in the risk of producing a crop that is subject to a commercial grower contract and grown on DCP base acreage
- ensure that the payment shares on DCP 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 shall not take into consideration the existence of a hybrid seed contract. See paragraph 357.

D COC Approval of Payment Shares

COC shall approve DCP payment shares if all other eligibility requirements are met and both of the following apply:

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

Note: All producers on the farm must sign the contract designating payment shares to be eligible for payment.

448 Minor Child

A Eligibility of Minor Child

A minor is eligible to participate in DCP if the requirements of 1-CM are met.

449 Handling Bankruptcy

A Introduction

This paragraph explains how to handle CCC-509 when a producer files for bankruptcy.

B If Bankruptcy Occurs Before CCC-509 Approval

COC shall follow this table when a producer files for bankruptcy before CCC-509 approval.

Step	Action
1	Contact the regional attorney through the State Office for guidance.
2	Approve CCC-509 if both of the following apply: <ul style="list-style-type: none"> • regional attorney authorizes CCC-509 approval • producer submitted CCC-509 in a timely manner.
3	See 1-CM for producer signature requirements.

C If Bankruptcy Occurs After CCC-509 Approval

When bankruptcy occurs after CCC-509 approval, contact the regional attorney through the State Office for instructions and guidance.

450 Federal and State Agencies

A Eligibility of Federal Agencies

With the exception of BIA, Federal agencies are ineligible for payments. Other eligible producers on the farm may receive payments.

BIA may accept program payments for eligible producers on tribal and allotted land.

B Eligibility of State Agencies

See 4-PL for the eligibility of State agencies.

451-468 (Reserved)

Part 8 FAV's and Wild Rice

469 Basic Information

A Statutory Provisions

Producers may plant any crop on base acres enrolled in DCP, except the following:

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

Important: FAV's and wild rice shall be considered planted for harvest at the time of planting. See paragraph 470 for destroying acres before harvest to become compliant with the planting prohibition.

Note: See Exhibit 21 for a list of FAV's.

The planting of FAV's or wild rice on base acres enrolled in DCP is prohibited unless the commodity is destroyed without benefit before harvest.

However, producers may plant FAV's and wild rice on base acres enrolled in DCP, if 1 of the following exceptions applies:

- in a double-cropping practice with covered commodities or peanuts in any region designated as having a history of double-cropping covered commodities or peanuts with fruits, vegetables, or wild rice (see paragraph 473)
- on a farm with a history of planting FAV's or wild rice, except that direct and counter-cyclical payments shall be reduced by an acre for each acre of base acreage planted to a fruit, vegetable, or wild rice (see paragraph 475)
- if the producer has an established history of planting a specific fruit, specific vegetable, or wild rice, except that:
 - such plantings on base acreage cannot exceed the producer's average annual planting history for the specific commodity (specific fruit, specific vegetable, or wild rice) for the 1991 through 1995 or 1998 through 2001 crop years, as determined by the producer, excluding years in which the producer did not plant the specific fruit, specific vegetable, or wild rice
 - direct and counter-cyclical payments shall be reduced by an acre for each acre of base acreage planted to the specific fruit, specific vegetable, or wild rice (see paragraph 477).

469 Basic Information (Continued)**A Statutory Provisions (Continued)**

Failure to comply with FAV and wild rice provisions of this Part is a CCC-509 violation. This violation shall result in CCC-509 termination or a reduction in direct and counter-cyclical payments according to 4-CP.

See paragraph 470 for compliance determinations, including when prohibited commodities are destroyed before harvest.

B Flexibility Limitation

The exceptions in subparagraph A to the FAV and wild rice prohibitions shall be administered as 3 distinctly separate situations. Any perceived limitation in 1 exemption shall not limit flexibility in another exemption. Using 1 exemption does not preclude or limit the use of the other exemptions.

C Farms Not Enrolled in DCP

Base acres are established for each farm according to Part 2. The base acres on a farm are maintained and remain connected to the farm regardless of whether the farm is enrolled in DCP.

Planting and harvesting FAV's or wild rice on base acres on a farm that is not enrolled in DCP is not a violation of the FAV and wild rice prohibitions.

469 Basic Information (Continued)

D Determining Available Acres for FAV Planting

The County Office shall determine available free acres for planting FAV and wild rice on the farm according to the following.

Reminder: Producers wishing to reduce DCP base acres to avoid an FAV violation or acre-for-acre reduction must do so before planting the FAV crop.

Step	Action	
1	Determine the effective DCP cropland on the farm	
2	Total the base acreage for all covered commodities for the farm.	
3	Subtract the result of step 2 from the result of step 1.	
4	If the result of step 3 is...	THEN...
	equal to zero or negative	there are not any available free acres on the farm for FAV planting. Producers that elect to reduce DCP base acreage to plant FAV must reduce the base acreage by the following: <ul style="list-style-type: none"> • number of FAV acres intended to be planted, plus • total double-cropped acreage for the farm. <p>Note: The total double-cropped acreage for the farm must be included in the number of acres to be reduced because FAV cannot be planted on base acres and without the reduction to the double-cropped acreage, the producer may be earning DCP payments on acres that are planted to FAV.</p>
	greater than zero	the result is the number of available acres for FAV planting without a violation or acre-for-acre payment reduction. A DCP base reduction is required if the total intended FAV acres exceeds the available acres determined in step 3.

470 Compliance Determinations

A Exemptions

Wild rice and all FAV's, including FAV's grown for seed or ornamentals, planted on base acres enrolled in DCP shall be considered when determining compliance and payment reductions, with the following exemptions:

- FAV's that are designated as and meet the definition of a home garden
- FAV's **planted and reported** with an intended use of green manure or forage and the producer pays a fee to cover the cost of a farm visit to verify that the crop has not been harvested as FAV

Note: Forage includes haying, silage, haylage, grazing, and green chop.

- mung beans and pulse crops.

Notes: Pulse crops include:

- dry peas
- lentils
- small chickpeas (desi garbanzo beans)
- large chickpeas (kabuli garbanzo beans)

Dry peas include:

- Austrian
- wrinkled seed
- green
- yellow
- umatilla.

Important: Not all peas are dry peas and, therefore, not included in the FAV exemption. Peas grown for the following markets are not dry peas, and are **not** eligible for the FAV dry pea exemption:

- fresh
- canning
- frozen.

Example: Green snap peas intended for the fresh market are not dry peas. Planting green snap peas intended for the fresh market on base acres enrolled in DCP is a violation of the FAV prohibition unless 1 of the 3 exemptions in paragraph 469 applies.

470 Compliance Determinations (Continued)**A Exemptions (Continued)**

These intentions must be declared when the acreage report is filed. These exemptions shall **not** be used to negate CCC-509 violation or payment reduction. Producers cannot subsequently change the intended use of reported FAV acreage to home garden, green manure, or forage to negate a violation or payment reduction.

See 2-CP for instructions on how to report the acres of:

- peas grown for the fresh, canning, or frozen market
- FAV's with an intended use of home garden, forage, or green manure.

B Timing of Violations

FAV and wild rice violations occur at planting. FAV's and wild rice are considered planted for harvest at the time of planting. Producers **cannot** negate the violation by:

- subsequently filing CCC-505 to reduce base acreage after June 1 of the applicable year
- withdrawing from CCC-509 after June 1 of the applicable year
- changing the intended use of the crop.

Notes: See paragraph:

- 14 for terminating CCC-509 during the contract period
- 65 for base reductions
- 394 for withdrawing enrollment.

Compliance determinations are based on when the fruit, vegetable, or wild rice is planted, not when the crop is harvested.

Examples: FAV's planted:

- **before** September 2009 will be a 2009 compliance determination
- **after** October 2009 will be a 2010 compliance determination.

470 Compliance Determinations (Continued)**C Multiple FAV's on Same Acreage in Same FY**

Multiple plantings of any FAV on the same acreage in a FY shall be considered only once for compliance purposes. However, FAV's must be planted on the same acreage.

Example: A producer plants and harvests 20 acres of tomatoes. After the tomatoes are harvested, the producer plants and harvests carrots on the same 20 acres. For compliance and payment reduction purposes, only 20 acres of FAV's are considered.

If the carrots and tomatoes were planted on different acreage, there would have been 40 acres of FAV's when determining acreage for compliance and payment reductions.

D Perennial FAV's

Perennial FAV's, such as apples, oranges, strawberries, and nut crops, shall be considered FAV's beginning FY in which they are planted and each succeeding year they are on base acreage enrolled in DCP. Nut crops are considered FAV's.

Note: See Exhibit 21 for a list of FAV's.

470 Compliance Determinations (Continued)

E Destruction of Nonperennial FAV's and Wild Rice Before Harvest

Nonperennial FAV's and wild rice planted on base acres enrolled in DCP that are destroyed without benefit before harvest shall **not** be considered a DCP violation nor shall direct and counter-cyclical payments for the farm be reduced for such plantings, if **all** of the following are met:

- producer notifies COC the commodity has been or will be destroyed without benefit **before** harvest
- COC conducts a paid-for farm visit and verifies that the commodity was destroyed without benefit **before** harvest
- producer revises FSA-578 to record the acres remaining for harvest according to 2-CP.

Unless the destruction of the commodity is verified with a paid-for farm visit, COC shall consider FAV and wild rice harvested for compliance and payment reduction purposes.

Important: Left standing is **not** considered destroyed.

Example 1: FSN 25 has 225 acres of cropland with the following:

- 80 acres of wheat base acres
- 80 acres of corn base acres
- 40 acres of soybean base acres.

Neither the farm nor the producer has a history of planting FAV's or wild rice.

Joe Brown enrolls all 200 base acres in FY 2009 DCP. Mr. Brown plants 198 acres of soybeans and 27 acres of potatoes. Mr. Brown notifies COC that 2 acres of potatoes have been destroyed without benefit before harvest and pays for a COC farm visit to verify the destruction.

COC conducts a paid-for farm visit, and verifies that 2 acres of potatoes were destroyed without benefit before harvest. Mr. Brown revises FSA-578 to indicate 25 acres of potatoes planted.

In this example, there is no DCP violation. The FY 2009 payments for the farm are not affected by the 2 acres of destroyed potatoes on base acres.

470 Compliance Determinations (Continued)

E Destruction of Nonperennial FAV's and Wild Rice Before Harvest (Continued)

Example 2: FSN 365 has 225 acres of cropland with the following:

- 80 acres of wheat base acres
- 80 acres of corn base acres
- 40 acres of soybean base acres.

Neither the farm nor the producer has a history of planting FAV's or wild rice.

Mary White enrolls all 200 acres of base acres in FY 2009 DCP. Mrs. White plants 195 acres of corn and 30 acres of cucumbers. Mrs. White notifies COC that 5 acres of cucumbers have been destroyed before harvest and pays for a COC farm visit to verify destruction.

COC conducts a paid-for farm visit; however, it **cannot** verify that 5 acres of cucumbers were destroyed before harvest. Mrs. White is in violation DCP. COC shall **not** modify FSA-578 for farm 365. COC shall handle the 5-acre FAV violation according to 4-CP.

470 Compliance Determinations (Continued)**F Destruction of Perennial FAV's and Wild Rice Before Harvest**

FAV and wild rice planting violations occur at planting. For compliance determinations, FAV's and wild rice are considered planted for harvest at the time of planting.

The destruction of perennial FAV's or wild rice before harvest does **not** negate the planting violation.

Example: FSN 1101 has 225 acres of cropland with the following:

- 80 acres of wheat base acres
- 80 acres of corn base acres
- 40 acres of soybean base acres.

Neither the farm nor the producer has a history of planting FAV's or wild rice.

Jack Green enrolls all 200 base acres in FY 2010 DCP. Mr. Green plants 195 acres of corn and 30 acres of apple trees. Mr. Green notifies COC that 5 acres of apple trees have been destroyed.

Mr. Green is in violation of the FAV and wild rice prohibitions for the 5 acres of apples in 2010. There is no provision to allow the destruction of perennial FAV's or wild rice planted on base acres to negate the planting violation. COC shall **not** modify FY 2010 FSA-578 for Farm 1101. COC shall handle the 5-acre FAV violation according to 4-CP.

471 Examples of Basic Rule

A Basic Farm Data

The following farm data applies to examples 1 through 6 of the basic rule:

- 300 acres of cropland
- 100 base acres for corn
- 100 base acres for wheat
- base acres are enrolled in DCP
- there is only 1 producer on the farm
- neither the farm nor the producer has a history of planting FAV's or wild rice
- farm is not administratively located in FAV and wild rice double-cropping region.

B Example 1

Corn Base Acre	Wheat Base Acre	Other Cropland
100 acres corn	100 acres wheat	100 acres carrots harvested

There is no FAV or wild rice violation in this example. Any FAV or wild rice may be planted on nonbase acres. The direct and counter-cyclical payments are unaffected.

471 Examples of Basic Rule (Continued)

C Example 2

Corn Base Acre	Wheat Base Acre	Other Cropland
50 acres lentils 50 acres mung beans	50 acres oats 50 acres dry peas	100 acres carrots harvested

Producers may plant mung beans and pulse crops on base acres. Nonbase acres may be planted to carrots (or any fruit, vegetable, or wild rice). There is no FAV or wild rice violation in this example. The direct and counter-cyclical payments are unaffected.

Note: Lentils and dry peas are a pulse crop.

D Example 3

Corn Base Acre	Wheat Base Acre	Other Cropland
100 acres corn	100 acres wheat	50 acres carrots harvested followed by 50 acres lettuce harvested followed by 50 acres watermelons harvested
		50 acres wild rice harvested

There is no FAV or wild rice violation in this example. FAV's and wild rice are permitted on nonbase acres.

In this example, the same 50 acres were planted and harvested 3 times to a fruit or vegetable (carrots, lettuce, and watermelons). For compliance purposes, there are only 100 acres of FAV's and wild rice on the farm in this example.

The direct and counter-cyclical payments are unaffected.

471 Examples of Basic Rule (Continued)

E Example 4

Corn Base Acre	Wheat Base Acre	Other Cropland
100 acres corn	100 acres wheat	<div style="text-align: center;"> 50 acres carrots planted June 15 and harvested July 30 </div> <hr style="border-top: 1px dashed black;"/> <div style="text-align: center;"> 50 acres watermelon planted August 15 and harvested September 30 </div>

There is no FAV or wild rice violation in this example. FAV's and wild rice are permitted on nonbase acres.

In this example, there were never more than 50 acres of fruits or vegetables (carrots and watermelons) on the farm at any given time. However, for compliance purposes, there are 100 acres of FAV's on the farm in this example.

The direct and counter-cyclical payments are unaffected.

471 Examples of Basic Rule (Continued)

F Example 5

Corn Base Acre	Wheat Base Acre	Other Cropland
100 acres wheat	50 acres mung beans	100 acres carrots harvested
	50 acres wild rice harvested	

This is an example of an FAV and wild rice violation. Planting mung beans on base acres is permitted. Planting carrots (or any fruit, vegetable, or wild rice) is permitted on nonbase acres. Because neither the farm nor the producer has a history of FAV or wild rice plantings, the planting of wild rice (or any fruit, vegetable, or wild rice) on base acres enrolled in DCP is prohibited.

A violation, caused by FAV's or wild rice on base acres, may result in penalties ranging from termination of the contract to direct and counter-cyclical payment reductions based on the per acre value of the fruit, vegetable, or wild rice beginning with FAV or wild rice with the highest per acre value.

See 4-CP for payment reductions because of FAV's or wild rice violations on base acres enrolled in DCP.

471 Examples of Basic Rule (Continued)

G Example 6

Corn Base Acre	Wheat Base Acre	Other Cropland
100 acres wheat	98 acres mung beans	100 acres carrots harvested
	2 acres carrots planted, but destroyed before harvest	

There is no FAV or wild rice violation in this example. Planting mung beans on base acres is permitted. Planting carrots (or any fruit, vegetable, or wild rice) is permitted on nonbase acres. Because neither the farm nor the producer has a history of FAV or wild rice plantings, the 2 acres of carrots (or any fruit, vegetable, or wild rice) on base acres enrolled in DCP is prohibited.

However, in this example:

- the producer destroyed the 2 acres of carrots planted on base acres before harvest
- COC conducted a paid-for farm visit and verified the 2 acres of carrots were destroyed before harvest
- FSA-578 was modified to record the 2 acres of carrots destroyed without benefit.

The direct and counter-cyclical payments are unaffected because the FAV planted on base acres enrolled in DCP was destroyed before harvest and verified by a paid-for farm visit.

471 Examples of Basic Rule (Continued)

H Example 7

The following farm data applies to example 7 of the basic rule:

- 300 acres of DCP cropland
- 100 base acres for corn
- 100 base acres for wheat
- base acres are enrolled in DCP
- John Smith is the farm owner and is also the farm operator
- Mr. Smith cash rents 60 acres to Tim Jones (Mr. Jones is listed as another tenant)
- Mr. Smith signs CCC-509 for 100 percent of the DCP payments
- neither the producer nor the farm has a history of planting FAV’s or wild rice
- farm is not administratively located in FAV and wild rice double-cropping region.

Corn Base Acre	Wheat Base Acre	Other DCP Cropland
100 acres corn (Mr. Smith)	75 acres wheat (Mr. Smith)	60 acres soybeans (Mr. Jones)
	25 acres sweet corn (Mr. Smith)	40 acres sweet corn (Mr. Smith)

This is an example of a FAV violation because 25 acres of sweet corn were planted on base acres.

Mr. Smith has 100 percent share of the DCP payments; therefore, although there is another producer on the farm, Mr. Smith has 100 percent of the base acres on the farm. Because Mr. Smith has all of the base acres on the farm, the 60 acres he cash rented to Mr. Jones has to be nonbase acres. Mr. Jones has no interest in or control of any base acres on the farm, is not a signatory to CCC-509, and does not receive any share of DCP payments for the farm.

Important: If the 60 acres rented to Mr. Jones were base acres, Mr. Jones would have been required to sign CCC-509 and receive a share of the DCP payments for the farm. See Parts 6 and 7 for signature and payment eligibility requirements.

Because Mr. Jones planted a commodity other than FAV’s or wild rice on the nonbase acres he cash rents, the amount of nonbase acres available to be planted to FAV’s or wild rice without resulting in a violation for the farm is reduced by 60 acres. Accordingly, there are only 40 acres ($300 - 200 - 60 = 40$) of nonbase acres available to be planted to FAV’s or wild rice in this example.

471 Examples of Basic Rule (Continued)

H Example 7 (Continued)

Planting sweet corn (or any fruit, vegetable, or wild rice) is permitted on nonbase acres. Because neither the producer nor the farm has a history of FAV or wild rice plantings, the planting of sweet corn (or any fruit, vegetable, or wild rice) on base acres enrolled in DCP is prohibited.

A violation, caused by FAV's or wild rice on base acres, may result in penalties ranging from termination of CCC-509 to direct and counter-cyclical payment reductions based on the per acre market value of the fruit, vegetable, or wild rice beginning with FAV or wild rice with the highest per acre value.

See 4-CP for:

- calculating amount of FAV and wild rice plantings on base acres
- determining FAV and wild rice per acre market values to apply
- payment reductions because of FAV's or wild rice planting violations.

I Example 8

The same farm data in example 7 applies to this example, except Mr. Smith rents the 60 acres to Mr. Jones for one-third of the crop produced on the 60 acres.

Corn Base Acre	Wheat Base Acre	Other DCP Cropland
100 acres corn (Mr. Smith)	75 acres wheat (Mr. Smith)	60 acres soybeans (Mr. Jones and Mr. Smith)
	25 acres sweet corn (Mr. Smith)	40 acres sweet corn (Mr. Smith)

This is an example of a FAV and wild rice violation because 25 acres of sweet corn were planted on base acres.

471 Examples of Basic Rule (Continued)

I Example 8 (Continued)

Mr. Smith has 100 percent share of the DCP payments; therefore, although there is another producer on the farm, Mr. Smith has 100 percent of the base acres on the farm. The fact that Mr. Smith shares in the soybeans does not mean the soybeans are on base acres, only that he shares in the crop. Mr. Jones has no interest in or control of any base acres on the farm, is not a signatory to CCC-509, and does not receive any share of DCP payments from the farm.

Important: If the 60 acres rented to Mr. Jones were base acres, Mr. Jones would have been required to sign CCC-509 and receive a share of the DCP payments for the farm. See Parts 6 and 7 for signature and payment eligibility requirements.

Because a commodity other than FAV's or wild rice was planted on the nonbase acres share rented to Mr. Jones, the amount of nonbase acres available to be planted to FAV's or wild rice without resulting in a violation for the farm is reduced by 60 acres. Accordingly, there are only 40 acres ($300 - 200 - 60 = 40$) of nonbase acres available to be planted to FAV's or wild rice in this example.

Planting sweet corn (or any fruit, vegetable, or wild rice) is permitted on nonbase acres. Because neither the producer nor the farm has a history of FAV or wild rice plantings, the planting of sweet corn (or any fruit, vegetable, or wild rice) on base acres enrolled in DCP is prohibited.

A violation, caused by FAV's or wild rice on base acres, may result in penalties ranging from termination of CCC-509 to direct and counter-cyclical payment reductions based on the per acre market value of the fruit, vegetable, or wild rice beginning with FAV or wild rice with the highest per acre value.

See 4-CP for:

- calculating amount of FAV and wild rice plantings on base acres
- determining FAV and wild rice per acre market values to apply
- payment reductions because of FAV's or wild rice planting violations.

471 Examples of Basic Rule (Continued)**J Example 9**

FSN 400 has:

- 100 acres of effective DCP cropland
- 20 acres of double-cropped acres
- 120 acres of DCP base acres including 10 for wheat, 80 for corn, and 30 for soybeans.

Producer A informs the County Office of the intent to plant 10 acres of FAV. None of the FAV exceptions apply to the farm or producer, therefore the producer is required to reduce DCP base acreage before FAV is planted to avoid an FAV planting violation.

FAV's cannot be planted on base acreage unless 1 of the exceptions applies. Therefore in cases where the base acreage exceeds the effective DCP cropland on the farm, the base reduction must include the double-crop acreage and not just the acres being planted to FAV.

In this example, the producer must reduce the DCP base acreage by 30 acres.

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

The first exception to the prohibition of FAV's and wild rice on base acres enrolled in DCP is the double-cropping exception.

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

Note: See subparagraph C for double-cropping regions.

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

For the purpose of determining FAV and wild rice double-cropping regions, double-cropping FAV's or wild rice with covered commodities or peanuts means planting and harvesting of a covered commodity or peanuts **for grain or lint** in cycle with the planting and harvesting of 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 or wild rice may be planted before or after the covered commodity or peanuts to be considered double-cropped.

C Double-Cropping Regions

FAV and wild rice double-cropping regions were established by STC, in consultation with CSREES, 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 peanuts must be customary for the region.

472 FAV and Wild Rice Double-Cropping Region Exception (Continued)

C Double-Cropping Regions (Continued)

Established FAV and wild rice double-cropping regions:

- must be, at a minimum, an entire county
- borders must follow county lines
- were determined on a county-by-county basis
- shall not be an area greater than the entire county.

To be eligible for this exception, the farm must be administratively located in a county established as FAV and wild rice double-cropping region. Do not consider the physical location of the farm in this determination.

D COC Determining FAV and Wild Rice Double-Cropping

COC, in designated FAV and wild rice double-cropping regions, shall, each FY, consider acreage double-cropped for determining FAV/wild rice double-cropped exception if **both** of the following are met:

- a fruit, vegetable, or wild rice is planted in cycle with a covered commodity or peanuts on the same acreage
- both crops were planted with reasonable expectations and realistic possibilities of harvesting each crop in a 12-month period.

Important: For covered commodities, harvesting means **harvested as grain or lint**.

Example 1: Upland cotton is planted, but because of adverse weather, the cotton is abandoned and the acreage is planted to green beans. If this occurs in a designated FAV and wild rice double-cropping region where upland cotton can be planted, harvested for lint, and followed by the planting and harvesting of green beans in a double-cropping situation within a 12-month period, this may be considered double-cropped even though the green beans were planted early.

If the same situation occurs in a designated double-cropping region where upland cotton cannot be planted, harvested for lint, and followed by the planting and harvesting of green beans in a double-cropping situation within a 12-month period, it is **not** double-cropping.

472 FAV and Wild Rice Double-Cropping Region Exception (Continued)**D COC Determining FAV and Wild Rice Double-Cropping (Continued)**

Example 2: Wheat is planted and taken for hay before disposition. Carrots are then planted on the same base acres. If this occurs in a designated double-cropping region where carrots could have been planted and harvested following the harvest of the wheat for grain, this may be considered double-cropping.

If wheat cannot be carried to harvest as grain followed by the planting and harvesting of carrots on the same acreage in the same 12-month period, it is **not** double-cropping.

Any fruit, vegetable, or wild rice may be double-cropped with any covered commodity or peanuts; however, COC must be satisfied that both crops could be harvested within a 12-month period, and again during the immediately succeeding 12-month period under normal growing conditions for the county. If COC determines both crops could **not** be harvested in a 12-month period double-cropping cycle under normal growing conditions, the crops shall not be considered double-cropped and this exception shall **not** apply.

E FAV and Wild Rice Double-Cropping Flexibility

FAV's or wild rice planted in a double-cropping situation with a covered commodity or peanuts on a farm administratively located in an established FAV and wild rice double-cropping region is not a violation of the FAV and wild rice prohibitions and shall not affect direct and counter-cyclical payments.

Neither the individual farm nor the producer needs to have an established history of double-cropping FAV's or wild rice in cycle with a covered commodity or peanuts to meet the requirements of this exception.

Any farm administratively located in an established FAV and wild rice double-cropping region may double-crop FAV's or wild rice in cycle with a covered commodity or peanuts.

Provisions of this exception are **not** crop specific. Any fruit or vegetable or wild rice may be double-cropped with any covered commodity or peanuts.

473 Prevented Planting Provisions for FAV and Wild Rice Double-Cropping Exception**A Purpose of Prevented Planted Credit**

The purpose of prevented planted credit is to allow a farm to remain eligible for the FAV and wild rice double-cropping exception when a natural disaster or a quarantine imposed by a State or local agency prevents the covered commodity from being planted.

Prevented planting provisions only apply to the covered commodity in a double-cropping practice with FAV or wild rice in an established double-cropping region.

B Definition of Prevented Planting

Prevented planting is the inability to plant crop acreage with proper equipment during the established planting period for the crop. A producer must be able to prove, to COC's satisfaction, that the:

- producer intended to plant the eligible crop acreage
- eligible crop acreage could not be planted because of a natural disaster or a quarantine imposed by a State or local agency.

C Final Planting Dates

The FCIC-established final planting dates shall be used for prevented planting determinations.

Note: Spring wheat does not need to be planted as a replacement for winter wheat when the winter wheat is prevented from planting.

If FCIC-established final planting dates are not available, STC shall establish the final planting date consistent with 1-NAP.

D Applying for Prevented Planting Credit

The producer shall apply for prevented planted credit according to paragraph 474.

474 (Reserved)

475 Examples of Double-Cropping Region Exception**A Basic Farm Data**

The following farm data applies to the double-cropping examples:

- 100 acres of cropland
- 100 base acres for wheat
- base acres are enrolled in DCP
- neither the farm nor producer has a history of FAV or wild rice plantings.

B Example 1

The farm in this example is administratively located in an established FAV and wild rice double-cropping region. COC determined that both commodities (wheat followed by carrots) can be harvested in a double-cropping situation within a 12-month period, and again in the immediately succeeding 12-month period under normal growing conditions.

Wheat Base Acres

100 acres wheat harvested for grain followed by 100 acres carrots harvested

There is no FAV or wild rice violation in this example because all the following are met:

- the farm is administratively located in an established FAV and wild rice double-cropping region
- the carrots were double-cropped with a covered commodity (wheat)
- COC determined both commodities can be harvested in a double-cropping situation within a 12-month period, and again in the immediately succeeding 12-month period under normal growing conditions.

The direct and counter-cyclical payments are not affected.

475 Examples of Double-Cropping Region Exception (Continued)**C Example 2**

The farm in this example is administratively located in an established FAV and wild rice double-cropping region. COC determined that all commodities (lettuce and carrots followed by soybeans and grain sorghum) can be harvested in a double-cropping situation within a 12-month period, and again in the immediately succeeding 12-month period under normal growing conditions.

Wheat Base Acres

50 acres lettuce harvested and 50 acres carrots harvested followed by 75 acres soybeans harvested for grain and 25 acres grain sorghum harvested for grain

There is no FAV or wild rice violation in this example because all the following are met:

- the farm is administratively located in an established FAV and wild rice double-cropping region
- both the lettuce and carrots were double-cropped with a covered commodity (soybeans or grain sorghum)
- COC determined all commodities can be harvested in a double-cropping situation within a 12-month period, and again in the immediately succeeding 12-month period under normal growing conditions.

The direct and counter-cyclical payments are not affected.

475 Examples of Double-Cropping Region Exception (Continued)

D Example 3

The farm in this example is **not** administratively located in an established FAV and wild rice double-cropping region.

Wheat Base Acres

100 acres carrots harvested followed by 100 acres corn harvested for grain
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This is an example of a violation of the FAV and wild rice prohibition. The carrots were harvested in a double-cropping situation with a covered commodity; however, the farm is **not** administratively located in an established FAV and wild rice double-cropping region.

To meet the requirements of this exception, the fruit, vegetable, or wild rice must be double-cropped with a covered commodity or peanuts on a farm administratively located in an established FAV and wild rice double-cropping region.

This violation of FAV and wild rice prohibitions may result in penalties ranging from contract termination to payment reductions based on the per acre value of the fruit, vegetable, or wild rice beginning with the fruit, vegetable, or wild rice with the highest per acre value.

See 4-CP for payment reductions because of FAV's or wild rice violations on base acres enrolled in DCP.

475 Examples of Double-Cropping Region Exception (Continued)

E Example 4

The farm in this example is administratively located in an established FAV and wild rice double-cropping region. COC determined that both commodities (carrots followed by corn) can be harvested in a double-cropping situation within a 12-month period, and again in the immediately succeeding 12-month period under normal growing conditions.

Wheat Base Acres

100 acres carrots harvested followed by 70 acres corn harvested for grain

The farm in this example is located in an established FAV double-cropping region; however, only 70 of the 100 acres of carrots were planted in a double-cropping situation with a covered commodity (corn).

In this example, planting 30 acres of carrots on base acres that is not in a double-cropping situation with a covered commodity or peanuts is a violation of the FAV and wild rice prohibitions. Accordingly, there is an FAV violation on 30 acres in this example.

This violation of FAV and wild rice prohibitions may result in penalties ranging from contract termination to payment reductions based on the per acre value of the fruit, vegetable or wild rice beginning with the fruit, vegetable, or wild rice with the highest per acre value.

See 4-CP for payment reductions because of FAV's or wild rice violations on base acres enrolled in DCP.

475 Examples of Double-Cropping Region Exception (Continued)

F Example 5

The farm in this example is administratively located in an established FAV and wild rice double-cropping region. COC determined that the 2 commodities (upland cotton followed by tomatoes) **cannot** be harvested in a double-cropping situation within a 12-month period, and again in the immediately succeeding 12-month period under normal growing conditions.

Wheat Base Acres

100 acres upland cotton failed followed by 100 acres tomatoes harvested

The farm in this example is located in an established FAV and wild rice double-cropping region. The producer planted 100 acres of upland cotton that failed. After the upland cotton failed, the producer planted and harvested 100 acres of tomatoes on the failed upland cotton acreage.

In this example, there is a violation of the FAV and wild rice prohibition for the 100 acres of tomatoes on base acres because COC determined that upland cotton could not be harvested for lint followed by tomatoes in a double-cropping situation within a 12-month period, and again during the immediately succeeding 12-month period under normal growing conditions.

This violation of FAV and wild rice prohibitions may result in penalties ranging from contract termination to payment reductions based on the per acre value of the fruit, vegetable, or wild rice beginning with the fruit, vegetable, or wild rice with the highest per acre value.

See 4-CP for payment reductions because of FAV's or wild rice violations on base acres enrolled in DCP.

475 Examples of Double-Cropping Region Exception (Continued)

G Example 6

The farm in this example is administratively located in an established FAV and wild rice double-cropping region. COC determined that both commodities (wheat followed by carrots) can be harvested in a double-cropping situation within a 12-month period, and again in the immediately succeeding 12-month period under normal growing conditions.

Wheat Base Acres

100 acres prevented planted wheat followed by 100 acres carrots harvested

In this example, the producer submitted a request for prevented planted acreage credit for 100 acres of wheat according to this paragraph. COC approved CCC-576 for 100 acres of prevented planted wheat, and the farm maintained eligibility for the FAV and wild rice double-cropping exception.

The harvesting of 100 acres of carrots on base acres enrolled in DCP in this example is not a violation of the FAV and wild rice prohibitions because all of the following are met:

- the farm is administratively located in an established FAV and wild rice double-cropping region
- COC approved CCC-576 for prevented planted acreage credit for the farm to maintain eligibility for the FAV and wild rice double-cropping exception
- COC determined that both commodities can be harvested in a double-cropping situation within a 12-month period, and again in the immediately succeeding 12-month period under normal growing conditions.

Note: The direct and counter-cyclical payments are not affected.

476 FAV and Wild Rice Farm History Exception**A Farm History Exception**

The second exception to the prohibition of FAV's and wild rice on base acres enrolled in DCP is the farm history exception.

The farm history exception provides that FAV's and wild rice shall not be limited on a farm with a history of planting fruits, vegetables or wild rice, except that direct and counter-cyclical payments shall be reduced by an acre for each acre of the fruit, vegetable, or wild rice planted on base acres enrolled in DCP.

B Established History of Planting FAV's or Wild Rice for the Farm

For the purposes of this exception, the farm has a history of planting FAV's or wild rice if the farm had a history of such plantings under AMTA or there is a record of such plantings on the farm in at least 1 of the 1998 through 2001 crop years.

FAV and wild rice plantings on a farm after 2001 shall **not** establish a history of such plantings for the provisions of this exception.

Provisions of this exception are **farm** specific. The FAV and wild rice planting history is established for the **farm**, not the producer, county, or area.

Provisions of this exception are **not** crop or acreage specific. The specific type of fruit, vegetable, or wild rice and the number of acres planted are not considered when determining the farm's history nor does it limit the type of FAV's or number of acres that may be planted to FAV's or wild rice on the farm's base acres.

476 FAV and Wild Rice Farm History Exception (Continued)**C FAV and Wild Rice Farm History Flexibility and Payment Reductions**

FAV's or wild rice on base acres of a farm enrolled in DCP that has an established FAV and wild rice planting history:

- is **not** a violation of the FAV and wild rice prohibitions
- shall result in an acre for acre reduction in the direct and counter-cyclical payments.

FAV's and wild rice on base acres enrolled in DCP will be used to calculate direct and counter-cyclical payment reductions only for FY in which they were planted, except for perennials.

Perennial FAV's planted on base acres will be used to calculate direct and counter-cyclical payment reductions beginning FY in which they are planted and each succeeding year they are on base acreage enrolled in DCP.

Provisions of this exception allow planting of any fruit, vegetable, or wild rice on base acres enrolled in DCP with a corresponding reduction in direct and counter-cyclical payments. The farm does not have to be in an established FAV and wild rice double-cropping region nor must the producer on the farm have a history of planting any FAV's or wild rice.

477 Examples of Farm History Exception

A Basic Farm Data

The following farm data applies to the farm history examples:

- 300 acres of cropland
- 100 base acres for wheat
- 100 base acres for soybeans
- base acres are enrolled in DCP
- the farm has a history of planting FAV’s and wild rice based on the 1999 acreage report indicating 2 acres of pumpkins planted for harvest.

B Example 1

The farm in this example is **not** administratively located in an established FAV and wild rice double-cropping region nor does the producer have a history of planting FAV’s or wild rice.

Soybean Base Acres	Wheat Base Acres	Other Cropland
100 acres wheat	50 acres wheat	100 acres carrots harvested
	50 acres carrots harvested	

Because the farm has a history of FAV and wild rice plantings, the 50 acres of carrots on base acres is not a violation of the FAV and wild rice prohibitions. Under the FAV and wild rice farm history exception, an unlimited amount of any fruit, vegetable, or wild rice may be planted on base acres enrolled in DCP regardless of what fruit or vegetable or wild rice was planted to establish the farm’s history.

The direct and counter-cyclical payments shall be reduced by an acre for each acre of the FAV and wild rice (carrots in this example) on base acreage. The payment acreage will be reduced beginning with the covered commodity with the lowest value per acre.

See 4-CP for:

- calculating value per acre
- processing payment reductions because of FAV’s or wild rice on base acreage of a farm enrolled in DCP.

477 Examples of Farm History Exception (Continued)

C Example 2

The farm in this example is **not** administratively located in an established FAV and wild rice double-cropping region nor does the producer have a history of planting FAV's or wild rice.

Soybeans Base Acre	Wheat Base Acre	Other Cropland
20 acres lettuce harvested	20 acres wild rice harvested	100 acres carrots harvested
80 acres corn	80 acres wheat	

Because the farm has a history of FAV and wild rice plantings, the 20 acres of lettuce and 20 acres of wild rice on base acres is not a violation of the FAV and wild rice prohibitions. Under the FAV and wild rice farm history exception, any fruit or vegetable or wild rice may be planted on the base acreage regardless of what fruit, vegetable or wild rice was planted to establish the farm's history.

The direct and counter-cyclical payments will be reduced by an acre for each acre of FAV and wild rice (lettuce and wild rice in this example) on the base acreage. The payment acreage will be reduced beginning with the covered commodity with the lowest value per acre.

See 4-CP for:

- calculating value per acre
- processing payment reductions because of FAV's or wild rice on base acreage of a farm enrolled in DCP.

477 Examples of Farm History Exception (Continued)

D Example 3

The farm in this example is not administratively located in an established FAV and wild rice double-cropping region nor does the producer have a history of planting FAV's.

Soybeans Base Acre	Wheat Base Acre	Other Cropland
100 acres peanuts	100 acres wheat followed by 50 acres watermelons harvested	100 acres carrots harvested

Because the farm has a history of FAV and wild rice plantings, the 50 acres of watermelons on base acres is not a violation of the FAV and wild rice prohibitions.

In this example, double-cropping watermelons with a covered commodity results in an acre-per-acre reduction in direct and counter-cyclical payments because the farm is **not** administratively located in an established FAV and wild rice double-cropping region.

The direct and counter-cyclical payments shall be reduced by an acre for each acre of FAV and wild rice (watermelons in this example) on the base acreage. The payment acreage will be reduced beginning with the covered commodity with the lowest value per acre.

See 4-CP for:

- calculating value per acre
- processing payment reductions because of FAV's or wild rice on base acreage of a farm enrolled in DCP.

477 Examples of Farm History Exception (Continued)

E Example 4

The farm in this example is **not** administratively located in an established FAV and wild rice double-cropping region nor does the producer have a history of planting FAV's or wild rice.

Soybean Base Acres	Wheat Base Acres	Other Cropland
100 acres onions harvested followed by 100 acres squash harvested followed by 50 acres tomatoes harvested	100 acres carrots harvested followed by 100 acres watermelons harvested	100 acres cantaloupes harvested followed by 100 acres lettuce harvested

Because the farm has a history of FAV and wild rice plantings, planting the entire acreage of the farm to FAV's is not a violation of the FAV and wild rice prohibitions.

Under this provision, the number of acres of fruits, vegetables, and wild rice on base acres is not limited.

In this example:

- the entire farm acreage is planted, harvested, replanted and harvested to FAV's
- for compliance purposes, there are only 300 acres of FAV's on the farm
- the entire base acreage being devoted to FAV's results in zero direct and counter-cyclical payments.

See 4-CP for processing payment reductions because of FAV's or wild rice on base acreage of a farm enrolled in DCP.

477 Examples of Farm History Exception (Continued)

F Example 5

The farm in this example is **not** administratively located in an established FAV and wild rice double-cropping region nor does the producer have a history of planting FAV's or wild rice.

Soybean Base Acres	Wheat Base Acres	Other Cropland
100 acres soybeans	98 acres wheat 2 acres watermelons planted but destroyed before harvest	100 acres watermelons harvested

Because the farm has a history of FAV and wild rice plantings, the 2 acres of watermelons on base acres is not a violation of the FAV and wild rice prohibitions.

Any fruit or vegetable or wild rice may be planted on the base acreage regardless of what fruit, vegetable or wild rice was planted to establish the farm's history.

In this example the producer did not want to incur a 2 acre direct and counter-cyclical payment reduction for the 2 acres of watermelons on base acres enrolled in DCP. Therefore, the producer destroyed the 2 acres of watermelons on base acres enrolled in DCP before harvest and paid for a farm visit to verify the destruction.

There is no acre for acre direct and counter-cyclical payment reduction because all of the following are met:

- the producer destroyed the 2 acres of watermelons on base acres before harvest
- COC conducted a paid-for farm visit and verified the 2 acres of watermelons were destroyed before harvest
- FSA-578 was modified to record the 2 acres of watermelons destroyed without benefit.

478 FAV and Wild Rice Producer History Exception**A Producer History Exception**

The third exception to the prohibition of FAV's and wild rice on base acres enrolled in DCP is the producer history exception.

The producer history exception provides that a specific fruit, specific vegetable, or wild rice shall not be limited for a producer with an established planting history of that specific fruit, specific vegetable or wild rice, except that:

- the quantity planted may not exceed the producer's average annual planting history of the specific fruit, specific vegetable or wild rice in the 1991 through 1995 or 1998 through 2001 crop years, as determined by the producer, excluding any crop year with no plantings
- direct and counter-cyclical payments shall be reduced by an acre for each acre of the specific fruit, specific vegetable, or wild rice on base acres enrolled in DCP.

B Basic Information

The **producer history exception is producer, crop, and acreage specific.**

For the purposes of this exception, the producer history is determined based on the producer's average annual plantings of the specific fruit, specific vegetable, or wild rice.

The producer's average annual plantings for each applicable commodity shall be determined using:

- FSA-578 or FCI-19 report of FAV and wild rice plantings
- either of the following time periods, as determined by the producer:
 - 1991 through 1995 crop years
 - 1998 through 2001 crop years.

The producer history is based on the number of acres of a **specific** fruit, vegetable, or wild rice, in which the producer had an interest, which was reported as planted for harvest on a farm in at least 1 of the 1991 through 1995 or 1998 through 2001 crop years.

Important: The producer must elect which crop year period, 1991 through 1995 or 1998 through 2001, to use to calculate the average annual plantings.

478 FAV and Wild Rice Producer History Exception (Continued)**B Basic Information (Continued)**

If a producer elects 1991 through 1995 crop year period, FAV's and wild rice reported as "ghost crops" in 1991 through 1995 shall be included when determining the producer's FAV and wild rice planting history.

The following crop years shall not be used to determine a producer's FAV and wild rice planting history:

- before 1991
- 1996
- 1997
- after 2001.

FAV's and wild rice on base acres enrolled in DCP will be used to calculate direct and counter-cyclical payment reductions only for FY in which they were planted, except for perennials.

Perennial FAV's planted on base acres will be used to calculate direct and counter-cyclical payment reductions beginning FY in which they are planted and each succeeding year they are on base acreage enrolled in DCP.

Provisions of this exception allow a specific amount and type of fruit or vegetable or wild rice on base acres enrolled in DCP with a corresponding acre for acre reduction in direct and counter-cyclical payments. The farm does not have to be in an established FAV and wild rice double-cropping region nor must the farm have an established FAV and wild rice planting history.

Provisions of this exception limit the acreage amount of specific fruits, vegetables, or wild rice on all base acres of all farms enrolled in DCP in which the producer has an interest, excluding farms meeting the double-cropping or farm history exception.

Important: This provision includes all farms enrolled in DCP in other counties in which the producer has an interest.

478 FAV and Wild Rice Producer History Exception (Continued)**B Basic Information (Continued)**

The producer with the specific fruit, vegetable, or wild rice producer history must have an interest in the FAV or wild rice planted on DCP base acres for this exception to apply. Other producers on the farm:

- cannot use a producer's FAV or wild rice producer history
- may have an interest in the FAV or wild rice planted on DCP base acres, and not be in violation, provided the producer with the FAV or wild rice producer history also has an interest in the FAV or wild rice planted acreage.

See paragraph 479, examples 7 through 10, for examples of applying the FAV and wild rice producer history exception when there is more than one producer on the farm.

C When to Calculate Producer History

COC shall manually calculate producer history only when both the following are met:

- producer plants FAV's or wild rice on base acreage enrolled in DCP
- the exceptions in paragraph 473 or 476 do **not** apply.

Examples: A producer plants FAV's on a farm with an FAV and wild rice planting history (paragraph 475). Do not calculate a producer history because the provisions of paragraph 475 apply.

A producer double-crops FAV's with a covered commodity on a farm administratively located in an established FAV and wild rice double-cropping region (paragraph 473). COC determined both crops were planted with reasonable expectations and realistic possibilities of harvesting each crop in a 12-month period. Do not calculate a producer history because the provisions of paragraph 473 apply.

A producer plants FAV's for harvest on base acreage of a farm enrolled in DCP that is not administratively located in an established FAV and wild rice double-cropping region. The farm does not have an FAV and wild rice planting history. COC shall determine if the producer history exception is met before notifying the producer of an FAV violation.

478 FAV and Wild Rice Producer History Exception (Continued)**C When to Calculate Producer History (Continued)**

COC shall:

- calculate producer history according to this paragraph before notifying producers of FAV or wild rice violations
- inform producers, through the county newsletter, to contact the County Office to calculate producer history if they intend to plant fruits, vegetables, or wild rice on base acreage enrolled in DCP and the exceptions in paragraph 473 or 476 do not apply to such plantings.

D How to Calculate Producer History

To determine producer history for a specific fruit, specific vegetable, or wild rice using the 1991 through 1995 crop years:

- review FSA-578's for all farms in which the producer had an interest in any year 1991 through 1995 to determine the specific crops and acreage to attribute to the producer

Note: Include only the producer's share of the acreage planted and ghost acres.

- for each crop, divide the sum of the acreage for all years 1991 through 1995 by the number of years having planted acreage or ghost acreage of the specific FAV or wild rice as applicable

Note: Do **not** include prevented planted acreage or years with zero planted acreage.

- for multi-county producers, contact other counties to determine the producer's reported plantings and producer history for 1991 through 1995 crop years.

478 FAV and Wild Rice Producer History Exception (Continued)**D How to Calculate Producer History (Continued)**

To determine producer history for a specific fruit, specific vegetable or wild rice using the 1998 through 2001 crop years:

- review FSA-578's for all farms in which the producer had an interest in any year 1998 through 2001 to determine the specific crops and acreage to attribute to the producer

Note: Include only the producer's share of the planted acreage.

- for each crop, divide the sum of the acreage for all years 1998 through 2001 by the number of years having planted acreage of the specific FAV or wild rice as applicable

Note: Do **not** include prevented planted acreage or years with zero planted acreage.

- for multi-county producers, contact other counties to determine the producer's reported plantings and producer history for 1998 through 2000 crop years.

County Offices shall not sum the average annual plantings calculated for the commodity using the different crop year periods.

Example: The average annual planting for Mr. White for lettuce using 1991 through 1995 crop years is 18 acres. The average annual planting for Mr. White for lettuce using 1998 through 2001 crop years is 13.8 acres. Mr. White must elect either 18 acres or 13.8 acres as his producer planting history for lettuce.

Note: See paragraph 478 for examples of establishing producer history.

478 FAV and Wild Rice Producer History Exception (Continued)

E Basic Rules for the Producer History Exception

Producer history cannot be sold, transferred, inherited, gifted, or borrowed. No other producer shall use another producer's FAV or wild rice producer history. Producer history is based on the annual average plantings for the **producer**. The producer history remains with the producer until that producer ceases to exist.

The following are examples of the basic rules for producer history exception.

- Example 1:** Producer A has a producer history for 50 acres of tomatoes based on his 1991 through 1995 average annual tomato plantings. Producer A retires from farming. The 50-acre tomato history remains with Producer A. No other producer can use that producer history. When Producer A dies, the producer history no longer exists.
- Example 2:** Corporation A has a producer history of 50 acres of tomatoes based on its 1998 through 2001 average annual tomato plantings. The producer history is established for Corporation A, **not** the members of the corporation. Changes to the corporation, such as adding new members or changing members' shares, shall not affect the producer history. If the corporation dissolves, each member of the corporation **at the time of dissolution**, will receive a producer history for tomatoes based on their member share in the corporation.
- Example 3:** Producer B has a producer history for 50 acres of tomatoes based on his 1998 through 2001 average annual tomato plantings. Producer B forms a partnership with his son called Father & Son Partnership. The partnership operates Farm 1. Producer B acquires 100 percent interest in Farm 2. Neither farm has an FAV and wild rice history nor is either farm administratively located in an FAV and wild rice double-cropping region. Producer B may use his producer history both as an individual and as a member of the partnership; however, the combined tomato plantings on both farms cannot exceed 50 acres. If Producer B leaves the partnership, quits farming, or dies, the producer history can no longer be used by the partnership or the son. The son cannot inherit the producer history nor does it transfer to the partnership.

478 FAV and Wild Rice Producer History Exception (Continued)

E Basic Rules for the Producer History Exception (Continued)

Example 4: Partnership C has a producer history of 50 acres of tomatoes based on its 1991 through 1995 average annual tomato plantings. The producer history is established for Partnership C, **not** the members of the partnership. Changes to the partnership, such as adding new members or changing members' shares, shall not affect the producer history. If the partnership dissolves, each member of the partnership **at the time of dissolution**, will receive a producer history for tomatoes based on their member share in the partnership.

Example 5: Producer D has a producer history of 100 acres of potatoes and Producer E has a producer history of 50 acres of potatoes based on their 1998 through 2001 average annual potato plantings. Producers D and E form Corporation DE for FY 2003. The producer history is established for Producers D and E, not the corporation; therefore, the corporation may **not** use the members' producer history.

Example 6: Producer X has a producer history of 100 acres of potatoes based on her 1991 through 1995 average annual potato plantings. Owner Y has no producer history. Owner Y leased FSN 31 to Producer X for FY 2003 for a one-third share of the potato crop and one-third share of the direct and counter-cyclical payments. Neither producer has an interest in any other farm. The farm does not have FAV and wild rice history nor is the farm located in an FAV and wild rice double-cropping region. Producer X plants 100 acres of potatoes on base acres on FSN 31. Owner Y can share in the potato production on FSN 31 and not be considered in violation of FAV and wild rice planting prohibitions because Producer X's history of 100 acres of potatoes is sufficient to cover all 100 acres that he has an interest in.

However, Owner Y is not allowed to use Producer X's producer potato history on any other acreage on the farm that Producer Y does not share in.

479 Examples of Establishing Producer History

A Basic Data

The following examples provide a summary of FAV and wild rice acreage reported on FSA-578.

Assume in 1992 the producer planted 20 acres of lettuce followed by 20 acres of onions on the same acreage. As shown in the examples, 20 acres of each crop is considered planted in 1992 when determining producer history. Assume in 1991 the producer planted the same 5 acres to lettuce 4 times in the crop year. As shown in the examples, 20 acres of lettuce is considered planted in 1991 when determining producer history.

B Example 1

In the following example, the producer had 100 percent interest in FAV's and wild rice reported planted for harvest on the farm.

Year	Crops			
	Acreage Planted to Lettuce	Acreage Planted to Onions	Acreage Planted to Watermelons	Acreage Planted to Wild Rice
1991	20	10	10	20
1992	20	20	0	20
1993	10	0	0	0
1994	20	10	0	0
1995	20	5	0	35
Total	90	45	10	75
1991 through 1995 Annual Average (Excluding Years With No Plantings)	18 (90 ÷ 5)	11.3 (45 ÷ 4)	10 (10 ÷ 1)	25 (75 ÷ 3)

479 Examples of Establishing Producer History (Continued)

B Example 1 (Continued)

Year	Crops			
	Acreage Planted to Lettuce	Acreage Planted to Onions	Acreage Planted to Carrots	Acreage Planted to Wild Rice
1998	10	20	10	30
1999	30	20	0	10
2000	5	0	0	30
2001	10	0	25	10
Total	55	40	35	80
1998 through 2001 Annual Average (Excluding Years With No Plantings)	13.8 (55 ÷ 4)	20 (40 ÷ 2)	17.5 (35 ÷ 2)	20 (80 ÷ 4)

The producer in this example has the following producer history using:

- 1991 through 1995 crop years:
 - 18 acres of lettuce
 - 11.3 acres of onions
 - 10 acres of watermelons
 - 25 acres of wild rice
- 1998 through 2001 crop years:
 - 13.8 acres of lettuce
 - 20 acres of onions
 - 17.5 acres of carrots
 - 20 acres of wild rice.

The producer must elect which crop year period, 1991 through 1995 or 1998 through 2001, to use to determine the producer history for each crop.

The producer may elect a different crop year period for each crop.

Important: County Offices shall **not** sum the average annual plantings calculated for the different crop year periods to calculate a producer’s history.

479 Examples of Establishing Producer History (Continued)

C Example 2

In the following example, Producers A and B shared an interest in FAV's and wild rice reported planted on the farm. Producer A had 75 percent interest and Producer B had 25 percent interest.

Year	Crops			
	Acreage Planted to Lettuce	Acreage Planted to Onions	Acreage Planted to Watermelons	Acreage Planted to Wild Rice
1991	20	10	10	20
1992	20	20	0	20
1993	10	0	0	0
1994	20	10	0	0
1995	20	5	0	35
Total	90	45	0	75
1991 through 1995 Annual Average (Excluding Years With No Plantings)	18 (90 ÷ 5)	11.3 (45 ÷ 4)	10 (10 ÷ 1)	25 (75 ÷ 3)
Annual Average for Producer A	13.5 (18 x .75)	8.5 (11.3 x .75)	7.5 (10 x .75)	18.8 (25 x .75)
Annual Average for Producer B	4.5 (18 - 13.5)	2.8 (11.3 - 8.5)	2.5 (10 - 7.5)	6.2 (25 - 18.8)

479 Examples of Establishing Producer History (Continued)

C Example 2 (Continued)

Year	Crops			
	Acreage Planted to Lettuce	Acreage Planted to Onions	Acreage Planted to Carrots	Acreage Planted to Wild Rice
1998	20	0	10	20
1999	40	40	20	30
2000	5	0	0	10
2001	20	20	0	0
Total	85	60	30	60
1991 through 1995 Annual Average (Excluding Years With No Plantings)	21.3 (85 ÷ 4)	30 (60 ÷ 2)	15 (30 ÷ 2)	20 (60 ÷ 3)
Annual Average for Producer A	16 (21.3 x .75)	22.5 (30 x .75)	11.3 (15 x .75)	15 (20 x .75)
Annual Average for Producer B	5.3 (21.3 - 16)	7.5 (30 - 22.5)	3.7 (15 - 11.3)	5 (20 - 15)

Producer A, in this example, has the following producer history using:

- 1991 through 1995 crop years:
 - 13.5 acres of lettuce
 - 8.5 acres of onions
 - 7.5 acres of watermelons
 - 18.8 acres of wild rice
- 1998 through 2001 crop years:
 - 16 acres of lettuce
 - 22.5 acres of onions
 - 11.3 acres of carrots
 - 15 acres of wild rice.

479 Examples of Establishing Producer History (Continued)**C Example 2 (Continued)**

Producer B, in this example, has the following producer history using:

- 1991 through 1995 crop years
 - 4.5 acres of lettuce
 - 2.8 acres of onions
 - 2.5 acres of watermelons
 - 6.2 acres of wild rice

- 1998 through 2001 crop years:
 - 5.3 acres of lettuce
 - 7.5 acres of onions
 - 3.7 acres of carrots
 - 5 acres of wild rice.

Each producer must elect which crop year period, 1991 through 1995 or 1998 through 2001, to use to determine the producer history for each crop.

Each producer may elect a different crop year period for each crop.

Important: County Offices shall **not** sum the average annual plantings calculated for the different crop year periods to calculate a producer's history.

480 Examples of Producer History Exception

A Basic Farm Data

The following farm data applies to the producer history examples 1 through 9:

- 300 acres of cropland
- 100 base acres for wheat
- 100 base acres for corn
- base acres are enrolled in DCP
- is **not** administratively located in an FAV and wild rice double-cropping region
- does **not** have an established FAV and wild rice planting history.

Producer A has a producer history of 50 acres for carrots and 50 acres for lettuce.

B Example 1

Producer A in this example has no interest in any other farm.

Corn Base Acres	Wheat Base Acres	Other Cropland
100 acres wheat	50 acres wheat	100 acres tomatoes harvested
	50 acres carrots harvested	

There is no FAV and wild rice violation in this example. FAV's and wild rice are permitted on nonbase acres (100 acres of tomatoes in this example). The 50 acres of carrots on base acres is **not** a violation because Producer A has a producer history of 50 acres of carrots.

Planting FAV's or wild rice on this farm shall **not** establish an FAV or wild rice planting history for this farm for future years. Planting 100 acres of tomatoes shall **not** establish a producer history for tomatoes for Producer A.

The direct and counter-cyclical payments shall be reduced by an acre for each acre of FAV and wild rice (carrots in this example) on base acres. The payment acreage will be reduced beginning with the covered commodity with the lowest value per acre.

480 Examples of Producer History Exception (Continued)

B Example 1 (Continued)

See 4-CP for:

- calculating value per acre
- processing payment reductions because of FAV’s or wild rice on base acreage on a farm enrolled in DCP.

C Example 2

Producer A in this example has no interest in any other farm.

Corn Base Acres	Wheat Base Acres	Other Cropland
100 acres corn	50 acres lettuce harvested	100 acres carrots harvested
	50 acres carrots harvested	

There is no FAV or wild rice violation in this example. FAV’s and wild rice are permitted on nonbase acres (100 acres of carrots in this example). The 50 acres of carrots and 50 acres of lettuce on base acres is **not** a violation because Producer A has a producer history of 50 acres for each commodity.

Planting FAV’s or wild rice on this farm shall not establish an FAV or wild rice planting history for this farm for future years. Planting 150 acres of carrots shall **not** increase the producer history for carrots for Producer A.

The direct and counter-cyclical payments shall be reduced by an acre for each acre of FAV and wild rice (carrots and lettuce in this example) on the base acreage. The payment acreage will be reduced beginning with the covered commodity with the lowest value per acre.

See 4-CP for:

- calculating value per acre
- processing payment reductions because of FAV’s or wild rice on base acreage on a farm enrolled in DCP.

480 Examples of Producer History Exception (Continued)

D Example 3

Producer A in this example has no interest in any other farm.

Corn Base Acres	Wheat Base Acres	Other Cropland
100 acres corn	40 acres carrots harvested	100 acres carrots harvested
	60 acres lettuce harvested	

Producer A is in violation of FAV and wild rice prohibitions in this example because he planted 60 acres of lettuce on base acreage. His producer history for lettuce is only 50 acres. Producer A violated the FAV and wild rice prohibitions by planting 10 acres more lettuce, on base acres, than the producer’s history allows.

Planting 60 acres of lettuce and 140 acres of carrots shall not establish or increase the producer history for such crops for Producer A.

A violation of FAV and wild rice prohibitions may result in penalties ranging from contract termination to payment reductions based on the per acre value of the fruit, vegetable or wild rice beginning with the fruit, vegetable, or wild rice with the highest per acre value.

The direct and counter-cyclical payments shall be reduced by an acre for each acre of FAV and wild rice (carrots and lettuce in this example) on the base acreage. The payment acreage will be reduced beginning with the covered commodity with the lowest value per acre.

See to 4-CP for:

- calculating value per acre
- processing payment reductions because of FAV’s or wild rice on base acreage of a farm enrolled in DCP.

480 Examples of Producer History Exception (Continued)

E Example 4

Producer A in this example has no interest in any other farm.

Corn Base Acre	Wheat Base Acres	Other Cropland
100 acres corn	51 acres carrots planted but 1 acre destroyed before harvest	100 acres tomatoes harvested
	49 acres lettuce harvested	

There is no FAV or wild rice violation in this example. FAV’s and wild rice are permitted on nonbase acres (100 acres of tomatoes in this example).

Producer A has a producer history of only 50 acres for carrots and only 50 acres for lettuce. Producer A planted 51 acres of carrots on base acres. However, in this example:

- the producer destroyed 1 acre of carrots planted on base acres before harvest
- COC conducted a paid-for farm visit and verified the 1 acre of carrots was destroyed before harvest
- FSA-578 was modified to record the 1 acre of carrots destroyed without benefit.

Therefore, there is no FAV or wild rice violation in this example.

The direct and counter-cyclical payments shall be reduced by an acre for each acre of FAV and wild rice (50 acres of carrots and 49 acres of lettuce in this example) on the base acreage. The payment acreage will be reduced beginning with the covered commodity with the lowest value per acre.

See 4-CP for:

- calculating value per acre
- processing payment reductions because of FAV’s or wild rice on base acreage of a farm enrolled in DCP.

480 Examples of Producer History Exception (Continued)

F Example 5

Producer A in this example has no interest in any other farm.

Corn Base Acre	Wheat Base Acres	Other Cropland
100 acres corn	50 acres tomatoes harvest	100 acres watermelons harvested
	50 acres lettuce harvested	

Producer A is in violation of FAV and wild rice prohibitions in this example because he planted 50 acres of tomatoes on base acreage. Producer A’s producer history is for 50 acres of lettuce and 50 acres of carrots. Producer A is in violation of the FAV and wild rice prohibitions because the producer does not have a producer history for tomatoes and the farm does not have an FAV and wild rice planting history.

Planting FAV’s or wild rice on this farm shall not establish an FAV or wild rice planting history for this farm for future years. Planting 100 acres of watermelons and 50 acres of tomatoes shall **not** establish a producer history for such crops for Producer A.

A violation of FAV and wild rice prohibitions may result in penalties ranging from contract termination to payment reductions based on the per acre value of the fruit, vegetable or wild rice beginning with the fruit, vegetable, or wild rice with the highest per acre value.

The direct and counter-cyclical payments shall be reduced by an acre for each acre of FAV and wild rice (carrots and lettuce in this example) on the base acreage. The payment acreage will be reduced beginning with the covered commodity with the lowest value per acre.

See 4-CP for:

- calculating value per acre
- processing payment reductions because of FAV’s or wild rice on base acreage of a farm enrolled in DCP.

480 Examples of Producer History Exception (Continued)

G Example 6

Assume for this example that Producer A purchased a new farm (Farm 2) and operates it with 100 percent interest.

Farm 1 and 2:

- are **not** administratively located in an FAV and wild rice double-cropping region
- do **not** have an established FAV and wild rice planting history
- are both enrolled in DCP.

Farm 1 data is the same farm data as in Examples 1 through 5.

The following farm data applies to Farm 2:

- 100 acres of cropland
- 100 base acres for soybeans.

Farm 1:

Corn Base Acre	Wheat Base Acre	Other Cropland
100 acres corn	50 acres corn	100 acres carrots harvested
	40 acres carrots harvested	
	10 acres lettuce harvested	

480 Examples of Producer History Exception (Continued)

G Example 6 (Continued)

Farm 2:

Soybean Base Acre
50 acres wheat
40 acres lettuce harvested
10 acres carrots harvested

There is no FAV or wild rice violation in this example.

Producer A harvested a total of 150 acres of carrots (100 acres on nonbase acreage, 40 acres on base acreage of Farm 1, and 10 acres on base acreage of Farm 2) and a total of 50 acres of lettuce (10 acres on base acreage of Farm 1 and 40 acres on base acreage on Farm 2).

The producer history exception allows producers to plant the specific crop on any farm in which the producer has an interest; however, the total base acreage of all farms in which the producer has an interest devoted to the specific crop cannot exceed the producer history for such crop.

480 Examples of Producer History Exception (Continued)**G Example 6 (Continued)**

Planting FAV and wild rice on these farms shall **not** establish an FAV and wild rice planting history for the farms in future years. Planting 150 acres of carrots shall **not** increase the producer history for carrots for Producer A.

The direct and counter-cyclical payments for each farm shall be reduced by an acre for each acre of FAV and wild rice (carrots and lettuce in this example) on the base acreage of the respective farm. The payment acreage will be reduced beginning with the covered commodity with the lowest value per acre.

See 4-CP for:

- calculating value per acre
- processing payment reductions because of FAV's or wild rice on base acreage of a farm enrolled in DCP.

480 Examples of Producer History Exception (Continued)

H Example 7

Assume for this example that both Producer A and Producer B are on the farm. Neither Producer A nor Producer B has an interest in any other farm. Producer A has an FAV producer history of 50 acres of carrots.

Producer B has no FAV producer history.

Producer A and Producer B each:

- have a share in the acreage planted to wheat
- are signatories to CCC-509 and receive a share of DCP payments for the farm.

Producer A has 100 percent interest in the acreage planted to carrots.

Corn Base Acres	Wheat Base Acres	Other Cropland
100 acres wheat	50 acres wheat	100 acres carrots harvested
	50 acres carrots harvested	

There is no FAV and wild rice violation in this example. FAV's and wild rice are permitted on nonbase acres (100 acres of carrots in this example). The 50 acres of carrots on base acres is **not** a violation because Producer A has a producer history of 50 acres of carrots.

The direct and counter-cyclical payments shall be reduced by an acre for each acre of FAV and wild rice (50 acres of carrots in this example) on base acres. The payment acreage will be reduced beginning with the covered commodity with the lowest value per acre.

480 Examples of Producer History Exception (Continued)

I Example 8

Assume for this example that both Producer A and Producer B are on the farm. Neither Producer A nor Producer B has an interest in any other farm. Producer A has an FAV producer history of 50 acres of carrots.

Producer B has no FAV producer history.

Producer A and Producer B each:

- have a share in all acreage on the farm, including the acreage planted to carrots
- are signatories to CCC-509 and receive a share of DCP payments for the farm.

Corn Base Acres	Wheat Base Acres	Other Cropland
100 acres wheat	50 acres wheat	100 acres carrots harvested
	50 acres carrots harvested	

There is no FAV and wild rice violation in this example. FAV's and wild rice are permitted on nonbase acres (100 acres of carrots in this example). The 50 acres of carrots on base acres is **not** a violation because Producer A has a producer history of 50 acres of carrots.

Note: Producer B has no FAV producer history but does have an interest in the carrots harvested on base acres. However, because Producer A's 50 acres of producer history for carrots is applicable to those acres, there is no FAV violation on the farm in this example.

The direct and counter-cyclical payments shall be reduced by an acre for each acre of FAV and wild rice (50 acres of carrots in this example) on base acres. The payment acreage will be reduced beginning with the covered commodity with the lowest value per acre.

480 Examples of Producer History Exception (Continued)

J Example 9

Assume for this example that both Producer A and Producer B are on the farm. Neither Producer A nor Producer B has an interest in any other farm. Producer A has an FAV producer history of 50 acres of carrots.

Producer B has no FAV producer history. Producer B has 100 percent interest in the acreage planted to carrots. Producer A and Producer B each:

- have a share in the acreage planted to wheat
- are signatories to CCC-509 and receive a share of DCP payments for the farm.

Corn Base Acres	Wheat Base Acres	Other Cropland
100 acres wheat	50 acres wheat	100 acres carrots harvested
	50 acres carrots harvested	

There is a 50 acre FAV and wild rice violation on the farm in this example because the producer with the 50 acre producer history for carrots (Producer A) did not have an interest in the acreage planted to carrots.

Note: The producer with the FAV producer history for the FAV planted on base acres must have an interest in the FAV on base acres for the producer history exception to apply to those acres. Other producers on the farm cannot use other producer’s FAV producer history.

A violation of FAV and wild rice prohibitions may result in penalties ranging from contract termination to payment reductions based on the per acre value of the fruit, vegetable or wild rice beginning with the fruit, vegetable, or wild rice with the highest per acre value.

The direct and counter-cyclical payments shall be reduced by an acre for each acre of FAV and wild rice (50 acres of carrots in this example) on base acres. The payment acreage will be reduced beginning with the covered commodity with the lowest value per acre.

See 4-CP for:

- calculating value per acre
- processing payment reductions because of FAV’s or wild rice on base acres of a farm enrolled in DCP.

480 Examples of Producer History Exception (Continued)

K Example 10

The following farm data applies to this producer history example:

- 300 acres of cropland
- 200 base acres for wheat
- 100 base acres for corn
- base acres are enrolled in DCP
- is **not** administratively located in an FAV and wild rice double-cropping region
- does **not** have an established FAV and wild rice planting history.

Producer A has a producer history of 50 acres for carrots and 50 acres for lettuce. Producer B has no FAV producer history. Neither Producer A nor Producer B has an interest in any other farm. Producer A and Producer B each:

- have a share in the acreage planted to wheat
- are signatories to CCC-509 and receive a share of DCP payments for the farm.

Producer A has 100 percent interest in 40 acres planted to carrots. Producer B has 100 percent interest in 10 acres planted to carrots.

Corn Base Acres	Wheat Base Acres	Wheat Base Acres
100 acres wheat	50 acres wheat	100 acres wheat
	50 acres carrots harvested	

There is a 10 acre FAV and wild rice violation on the farm in this example because the producer with the 50 acre producer history for carrots (Producer A) did not have an interest in 10 acres of carrots planted on base acres.

Note: The producer with the FAV producer history for the FAV planted on base acres must have an interest in the FAV on base acres for the producer history exception to apply to those acres. Other producers on the farm cannot use another producer’s FAV producer history.

A violation of FAV and wild rice prohibitions may result in penalties ranging from contract termination to payment reductions based on the per acre value of the fruit, vegetable, or wild rice beginning with the fruit, vegetable, or wild rice with the highest per acre value.

480 Examples of Producer History Exception (Continued)

K Example 10 (Continued)

The direct and counter-cyclical payments shall be reduced by an acre for each acre of FAV and wild rice (50 acres of carrots in this example) on base acres. The payment acreage will be reduced beginning with the covered commodity with the lowest value per acre.

See 4-CP for:

- calculating value per acre
- processing payment reductions because of FAV's or wild rice on base acres of a farm enrolled in DCP.

Reports, Forms, Abbreviations, and Redelegations of Authority

Reports

None

Forms

This table lists all forms referenced in this handbook.

Number	Title	Display Reference	Reference
AD-1026	Highly Erodible Land Conservation (HELIC) and Wetland Conservation (WC) Certification		6, 352, 429, Ex. 4
AD-1153	Application for Long-Term Contracted Assistance Through the _____ Program		427
CCC-505 (02-05-09)	Voluntary Permanent Direct and Counter-Cyclical Program (DCP) Base Acreage Reduction	66	Text, Ex. 19
CCC-509	_____ Direct and Counter-Cyclical Program Contract	332	Text, Ex. 4, 14, 17
CCC-509 Appendix (11-14-08)	Appendix to Form CCC-509, Direct and Counter-Cyclical Program Contract		Text
CCC-510 (02-05-09)	Direct and Counter-Cyclical (DCP) Cash Rent Certification Statement	Ex. 14	394
CCC-517	Direct and Counter-Cyclical Program (DCP) Tract Redistribution Form		334
CCC-770 DCP	Direct and Counter-Cyclical Program Contract Checklist	Ex. 17	353
CCC-770 Eligibility	Eligibility Checklist		Ex. 17
CCC-576	Notice of Loss and Application for Payment Noninsured Crop Disaster Assistance Program		474

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

Forms (Continued)

Number	Title	Display Reference	Reference
CCC-902 Continuation	Continuation Sheet for Leased or Owned Land		6, 7, 352, Ex. 4
CCC-902E	Farm Operating Plan for Entity 2009 and Subsequent Program Years		6, 7, 352, Ex. 4
CCC-902I	Farm Operating Plan for Individual 2009 and Subsequent Program Years		6, 7, 352, Ex. 4
CCC-920	Grassland Reserve Program Contract		66, 427
CCC-926	Average Adjusted Gross Income (AGI) Statement		6, 7, 352, 473, 474
CRP-1	Conservation Reserve Program Contract		Text, Ex. 2
CRP-2	Conservation Reserve Program Worksheet		427
CRP-2C	Conservation Reserve Program Worksheet (For Continuous Signup)		427
CRP-15	Agreement for Reduction of Bases, Allotments and Quotas		67, 331, 425
FCI-19	Crop Insurance Acreage Report		477
FSA-156-EZ	Abbreviated 156 Farm Record and Tract Listing		426, 427, Ex. 19
FSA-325	Application for Payment of Amounts Due Persons Who Have Died, Disappeared, or Have Been Declared Incompetent		400
FSA-578	Report of Acreage		Text, Ex. 17
FSA-910	Wetland Reserve Program Projected DCP Base Reduction Worksheet	Ex. 19	426

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

Abbreviations Not Listed in 1-CM

The following abbreviations are not listed in 1-CM.

Approved Abbreviations	Term	Reference
ACRE	Average Crop Revenue Election	Text
CAB	crop acreage base	67
CLU	common land unit	334
GRP	Grassland Reserve Program	64, 66, 426, 427
MPL	marginal pasture land	718

Redelegations of Authority

COC may redelegate authority to approve CCC-505's and CCC-509's to CED for routine cases. Redlegation shall be documented in COC minutes.

Definitions of Terms Used in This Handbook

Agricultural Use Land

Agricultural use land is land for which either of the following apply:

- the land met the definition of cropland at the time it was enrolled in PFC and the land is currently being used for an agricultural or related activity
- the land met the definition of cropland on or after April 4, 1996, and the land continues to be devoted to an agricultural or related activity.

Approved Status

Approved status is a contract with:

- enrolled shares totaling 100 percent
- producer signatures for all shares
- an enrollment date entered in the system
- a COC approval date entered in the system.

Average Crop Revenue Election (ACRE)

The Average Crop Revenue Election program is authorized by the Food, Conservation, and Energy act of 2008, Section 1105 (7 U.S.C. 8715) according to 7 CFR Part 1412, Subpart G and participation requires the following 2-step process by the producer:

- an election according to 7 CFR Part 1412, Subpart G
- enrollment.

Base Acres

Base acres are the number of acres established with respect to a covered commodity and peanuts on a farm according to the Farm Security and Rural Investment Act of 2002, Sections 1101 and 1302 (7 U.S.C. 7911) as in effect on September 30, 2007, subject to any adjustment according to 7 CFR Part 1412, Subpart B.

Commercial Agricultural Production

Commercial agricultural production is the propagation and raising of agricultural products for commercial sale or barter having gross receipts or sales annually in excess of \$1,000. This includes pastures and land devoted to approved conserving uses.

Considered Planted

Considered planted is acreage approved as prevented planted according to 7 CFR 718.103 or the acreage considered planted to a covered commodity according to 7 CFR 1412.48.

Definitions of Terms Used in This Handbook (Continued)**Contract**

Contracts are CCC-approved standard, uniform forms and appendixes specified by CCC that constitute the agreement for participation in the DCP or ACRE program, as applicable.

Contract Year

Contract year is the particular year of the particular contract based on the compliance period for the contract. The compliance year will run from October 1 to the following September 30 and will have the same name as the corresponding FY.

Example: The 2009 contract years will be October 1, 2008, through September 30, 2009, and that year will be considered the 2009 crop year. The contract for the 2009 crop year will be considered the contract for the 2009 crop. The same references will apply to all other years.

Corn

Corn means field corn or sterile high-sugar corn. Popcorn, corn nuts, blue corn, sweet corn, and corn varieties grown for decoration uses are not corn.

Counter-Cyclical Payment

Counter-cyclical payment is a payment made to eligible producers on a farm according to 7 CFR Part 1412, Subpart E for covered commodities and peanuts.

Covered Commodity

A covered commodity is wheat, corn, grain sorghum, barley, oats, upland cotton, long grain rice, medium grain rice, soybeans, sunflower seed, rapeseed, canola, safflower, flaxseed, mustard seed, crambe, sesame seed, pulse crops, and other oilseeds as determined by the Secretary.

Definitions of Terms Used in This Handbook (Continued)

Cropland

Cropland is land that COC determines meets 1 of the following conditions:

- currently being tilled for the production of a crop for harvest
- Note:** Land that is seeded by drilling broadcast or other no-till planting practices shall be considered tilled.
- not currently tilled, but it can be established that this land has been tilled in a prior year and is suitable for crop production
 - currently devoted to a 1-row or 2-row shelter belt planting, orchard, or vineyard
 - in terraces that, were cropped in the past, even though they are no longer capable of being cropped
 - in sod waterways or filter strips planted to a perennial cover or is preserved as cropland according to 7 CFR Part 1410
 - land that has newly been broken out for purposes of being planted to a crop that the producer intends to, and is capable of, carrying through to harvest, using tillage and cultural practice that are consistent with normal practice in the area; provided further that, in the event that these practices are not used other than for reasons beyond the producer's control, the cropland determination shall be void retroactive to the time at which the land was broken out.

Crop Year

Crop year is the relevant contract year unless the context suggests otherwise, as determined by FSA.

Example: The 2009 crop year is the year that runs from October 1, 2008, through September 30, 2009, and references to payments for that year refer to payments made under contracts with the compliance year that runs during those dates.

CRP Contract Expiration

CRP contract expiration is land that is no longer enrolled in CRP under the applicable contract because the CRP contract period has expired.

Definitions of Terms Used in This Handbook (Continued)

DCP Cropland

DCP cropland is DCP cropland as defined according to 7 CFR Part 718.

Deputy Administrator

Deputy Administrator is the Deputy Administrator for Farm Programs, FSA.

Developed

Developed means:

- land that has been approved by the local government for uses other than commercial agricultural uses
- construction activity that has begun to install any aspect of the development, such as utilities or roadways.

Direct Payment

Direct payment is a payment made to eligible producers on a farm for peanuts and covered commodities according to 7 CFR Part 1412, Subpart E.

Dry Peas

Dry peas are Austrian, wrinkled seed, yellow, Umatilla, and green, excluding peas grown for fresh, canning, or frozen market.

Effective Price

Effective price is the price calculated by the Secretary according to 7 CFR 1412.53 for covered commodities and peanuts to determine whether counter-cyclical payments are required to be made under 7 CFR Part 1412 for a crop year.

Definitions of Terms Used in This Handbook (Continued)**Enrolled Status**

Enrolled status is a contract with **all** of the following:

- shares with producer signatures totaling 100 percent
- an enrollment date entered in the system
- **no** COC approval date entered in the system.

Extra Long Staple Cotton

Extra long staple cotton is cotton that is produced from pure strain varieties of the Barbados species or any hybrid thereof, or other similar types of extra long staple cotton, designated by the Secretary, having characteristics needed for various end uses for which United States upland cotton is not suitable and grown in irrigated cotton-growing regions of the United States designated by the Secretary or other areas designated by the Secretary as suitable for the production of the varieties or types; and is ginned on a roller-type gin or, if authorized by the Secretary, ginned on another type gin for experimental purposes.

Excess Base Acres

Excess base acres are the number of base acres of covered commodities and peanuts on the farm that exceed the farm's total DCP cropland.

Farm

Farm is a tract, or tracts, of land that are considered to be a separate operation with the same operator and owner.

Definitions of Terms Used in This Handbook (Continued)

Harvested

Harvested means the producer has removed the crop from the field by hand, mechanically, or by grazing of livestock. The crop is considered harvested once it is removed from the field and placed in or on a truck or other conveyance or is consumed by livestock through the act of grazing. Crop normally placed in a truck or other conveyance and taken off the crop acreage, such as hay, are considered harvested when in the bale, whether removed from the field or not.

Home Garden

Home garden is an area of fruits or vegetables on a farm of 2 acres or less and is planted for the consumption and home use of a producer. Home gardens are excluded from acreage considered as FAV. If the total garden acreage on a farm is greater than 2 acres, the entire garden acreage will be considered as FAV.

Initiated Status

Initiated status is a contract that has been started in the automated system but does **not** have either of the following:

- shares with producer signatures totaling 100 percent
- an enrollment date entered in the system.

Landlord

A landlord is someone who rents or leases farmland to another.

Limited Resource Farmer or Rancher

A limited resource farmer or rancher is a farmer or rancher who meets **both** of the following:

- directly or indirectly has gross farm sales not more than \$100,000 in both of the previous 2 years

Note: The limit is increased annually beginning in 2004 to adjust for inflation using the “Prices Paid by Farm Index” compiled by NASS.

- a total household income at or below the national poverty level for a family of 4, or less than 50 percent of county median household income in **both** of the previous 2 years, to be determined annually using Department of Commerce data.

Note: Limited resource producer status can be determined in an automated system using the USDA Limited Resource Farmer and Rancher Online Self Determination Tool at <http://www.lrftool.sc.egov.usda.gov/tool.asp>. The automated system calculates and displays the adjusted gross farm sales per year and the higher of the national poverty level or county median household income.

Definitions of Terms Used in This Handbook (Continued)**Loan Commodity**

Loan commodity means wheat, corn, grain sorghum, barley, oats, upland cotton, extra long staple cotton, rice, soybeans, other oilseeds, wool, mohair, honey, dry peas, lentils, and small chickpeas.

Marketing Year

A marketing year is the 12-month period beginning the calendar year the crop is normally harvested as follows:

- barley, oats, and wheat - June 1 through May 31
- canola, dry edible peas, flaxseed, lentils, and rapeseed - July 1 through June 30
- upland cotton, peanuts, and rice - August 1 through July 31
- corn, crambe, grain sorghum, mustard, safflower, sesame, soybeans, sunflowers, and chickpeas - September 1 through August 31.

Nonagricultural Commercial or Industrial Use

Nonagricultural commercial or industrial use is land that is no longer suitable for producing annual or perennial crops, including conserving uses, or forestry products.

Nonbase Acres

Nonbase acres are the number of DCP cropland acres on the farm minus the total number of base acres on the farm.

Normal Planting Period

Normal planting period is a period during which the crop is normally planted in the area with the expectation of producing a normal crop.

Oilseeds

Oilseeds is acreage of soybeans, sunflower seed, rapeseed, canola, crambe, safflower, flaxseed, mustard seed, sesame, or other oilseeds designated by CCC.

Operator

An operator is an individual, entity, or joint operation in general control of the farming operations on the farm during the current year as determined by COC.

Definitions of Terms Used in This Handbook (Continued)**Other Oilseeds**

Other oilseeds is a crop of sunflower seed (oil and confectionary), rapeseed, canola, crambe, safflower, flaxseed, mustard seed, sesame, or, if designated by the Secretary, another oilseed.

Owner

An owner is 1 who has legal ownership of farmland.

Participant

A participant is someone who participates in, or receives payments or benefits in any program.

Pasture

Pasture is land that is used to, or has the potential to, produce food for grazing animals.

Payment Acres

Payment acres are:

- 85 percent of the base acres of a covered commodity or peanuts on a farm according to 7 CFR 1412.71 or 7 CFR Part 1412, Subpart B, as applicable, for which direct or counter-cyclical or ACRE payments are made
- for each of the 2009 through 2011 crop years, 83.3 percent of the base acres for a covered commodity or peanuts on a farm according to 7 CFR 1412.71 or 7 CFR Part 1412, Subpart B, as applicable, for which direct or ACRE payments are made.

Payment Yield

The payment yield for:

- peanuts, is the yield established according to the Farm Security and Rural Investment Act of 2002, Section 1302 (7 U.S.C. 7911) as in effect on September 30, 2007
- covered commodities, is the yield established according to 7 CFR Part 1412, Subpart C, for a farm for a covered commodity
- designated oilseeds or pulse crops, is the yield established according to 7 CFR Part 1412, Subpart C, for a farm for a crop of a designated oilseed and pulse crop.

Definitions of Terms Used in This Handbook (Continued)**Prevented Planting**

Prevented planting is the inability to plant crop acreage with proper equipment during the established planting period for the crop.

Processing

Processing is with respect to uses of a crop, nonfresh intended uses of crops enrolled in the project referred to in 7 CFR 1412.48 for crops being grown according to a contract for canning, pickling, frozen, juice, dry edible bean, or pea, or such other uses deemed by CCC not to be fresh intended uses of crops mentioned in 7 CFR 1412.48.

Producer

Producer is an owner, operator, landlord, tenant, or sharecropper who 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. A producer includes a grower of hybrid seed.

Pulse Crops

Pulse crops are dry peas, lentils, small chickpeas, and large chickpeas. Pulse crop bases will **not** generate direct payments and may only create counter-cyclical payments for the 2009 and subsequent crop years.

Rice

Rice is rice excluding sweet, glutinous, or candy rice, such as Mochi Gomi.

Sharecropper

Sharecropper is an individual who performs work in connection with the production of a crop under the supervision of the operator and who receives a share for his or her labor.

Definitions of Terms Used in This Handbook (Continued)**Skip-Row or Strip-Crop Planting**

Skip-row or strip-crop planting is a cultural practice in which strips or rows of the crop are alternated with strips or rows of idle land or another crop.

Socially Disadvantaged Farmer or Rancher

A socially disadvantaged farmer or rancher is a farmer or rancher who is a member of a group whose members have been subjected to racial, ethnic, or gender prejudice because of their identity as members of a group without regard to their individual qualities.

State Conservation Acres

State conservation acres are cropland acres on the farm enrolled in a conservation program for which payments are made in exchange for not producing an agricultural commodity on the land.

Supportive and Necessary Contractual Documents

Supportive and necessary contractual documents are those documents including, but not limited to those items substantiating the DCP contract, such as leases, deeds, signatures of contract participants, owners, operators, and other tenant signatures when and where applicable.

Target Price

Target price means for peanuts, the price per ton; and for covered commodities, the price per bushel (or other appropriate unit in the case of upland cotton, rice, and other oilseeds) used to determine the payment rate for counter-cyclical payments.

Tenant

Tenant is someone other than a sharecropper, who does either of the following:

- rents land from another in consideration of the payment of a specified amount of cash or amount of a commodity
- rents land from another in consideration of the payment of a share of the crops or proceeds there from.

Definitions of Terms Used in This Handbook (Continued)**Tract**

Tract is a unit of contiguous land under 1 ownership, which is operated as a farm, or part of a farm.

Turn-Area

Turn-area is the area across the ends of crop rows which is used for operating equipment necessary to the production of a row crop. It is also known as turn row, headland, or end row.

Upland Cotton

Upland cotton is planted and stub cotton that is produced from other than pure strain varieties of the Barbadians species, any hybrid thereof, or any other variety of cotton in which 1 or more of these varieties predominate. For program purposes, brown lint cotton is considered upland cotton.

Voluntarily Terminated

Voluntarily terminated is the termination of CRP-1 when either of the following apply:

- request for termination by applicable participants
- death of CRP participants with no succession to CRP-1.

Important: Termination of CRP-1 for any other reason, including the following, is **not** a voluntary termination:

- violation of CRP-1
- sale of land enrolled in CRP.

WRP Acres

WRP acres are cropland acres on the farm enrolled in a Wetlands Reserve Program administered by NRCS according to 16 U.S.C. 3837, et. seq.

2008 Direct and Counter-Cyclical Program Information Fact Sheet



FACT SHEET

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY

December 2008

Direct and Counter-cyclical Payment (DCP) Program

Background

The Direct and Counter-cyclical Payment Program (DCP) provides payments to eligible producers on farms enrolled for the 2008 through 2012 crop years. There are two types of DCP payments -- direct payments and counter-cyclical payments. Both are calculated using the base acres and payment yields established for the farm. DCP is authorized by the Food, Conservation, and Energy Act of 2008 (2008 Farm Bill) and is administered by the U.S. Department of Agriculture's Farm Service Agency (FSA). Regulations covering the 2008 Farm Bill provisions have been published and are located at 7 CFR 1412.

Eligible Producers

To be eligible for DCP payments, owners, operators, landlords, tenants, or sharecroppers must:

- share in the risk of producing a crop on base acres on a farm enrolled in DCP, and be entitled to share in the crop available for marketing from the base acres or would have shared had a crop been produced;
- annually report the use of the farm's cropland acreage;
- comply with conservation and wetland protection requirements on all of their land;

- comply with planting flexibility requirements;
- use the base acres for agricultural or related activities; and
- protect all base acres from erosion, including providing sufficient cover as determined necessary by the county FSA committee, and controlling weeds.

Eligible Commodities

Base acres and payment yields are established for the following commodities:

- wheat;
- corn;
- grain sorghum, including dual purpose varieties that can be harvested as grain;
- barley;
- oats;
- upland cotton;
- long grain rice and medium grain rice (which includes short grain rice), excluding wild rice;
- soybeans;
- canola, crambe, flaxseed, mustard seed, rapeseed, safflower, sesame seed and sunflower seed, including oil and non-oil varieties, or any oilseed designated by the USDA Secretary;
- peanuts; and
- dry peas, lentils, small chickpeas (Garbanzo bean, Desi), and large chickpeas (Garbanzo bean, Kabuli).

Under provisions of the 2008 Farm Bill, farms with 10 base acres or less were made ineligible for the DCP. However,

P.L. 110-398 made that provision inapplicable to the 2008 crop only. For 2009, the rule still applies. Reconstitutions of farms with 10 base acres or less are now allowed.

Direct Payments

The 2008 Farm Bill continues the direct payments that began under the Farm Security and Rural Investment Act of 2002. Direct payment rates for the eligible DCP commodities are as follows:

- Wheat: \$0.52 per bushel
- Corn: \$0.28 per bushel
- Grain sorghum: \$0.35 per bushel
- Barley: \$0.24 per bushel
- Oats: \$0.024 per bushel
- Upland cotton: \$0.0667 per pound
- Rice, long grain: \$2.35 per hundredweight
- Rice, medium/short grain: \$2.35 per hundredweight
- Soybeans: \$0.44 per bushel
- Other oilseeds: \$0.80 per hundredweight
- Peanuts: \$36 per ton

For each commodity, the total direct payment for the 2009 crop year for producers on a farm is determined by multiplying 83.3 percent of the farm's base acreage times the farm's direct payment yield

times the direct payment rate. For 2012, the payment percentage changes from 83.3 to

2008 Direct and Counter-Cyclical Program Information Fact Sheet (Continued)

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Direct and Counter-cyclical Payment (DCP) Program			December 2008																																																																
<p>85 percent of the farm's base acreage.</p> <p>The following is an example for 2009 corn:</p> <p>Base acres planted to corn: 100 acres x 83.3% 83.3 acres payment acres x 110 bushels direct payment yield x \$0.28 per bushel direct payment rate \$2566 direct payment</p> <p>Direct payments are not based on producers' current production choices, but instead are tied to established base acres and yields.</p> <p>Counter-cyclical Payments</p> <p>In addition to direct payments, the 2008 Farm Bill authorizes counter-cyclical payments, which provide support counter to the cycle of market prices as part of a "safety net" in the event of low crop prices.</p>	<p>Counter-cyclical payments for a commodity are only issued if the effective price for a commodity is below the target price for the commodity. Target prices, as provided by the 2008 Farm Bill, for each commodity are as follows:</p> <p>The counter-cyclical payment rate is the amount by which the target price of each commodity exceeds its effective price. The effective price for each commodity equals the direct payment rate plus the higher of:</p> <ul style="list-style-type: none"> ■ the national average market price received by producers during the marketing year as determined by the USDA Secretary (see Example A); or ■ the national loan rate for the commodity (see Example B). <p>Example A: If the 2009 national average</p>	<p>market price for soybeans is \$5.10 per bushel: \$0.44 direct payment rate + \$5.10 average market price* \$5.54 effective price (*Average market price is used since it is higher than the 2009 national loan rate) \$5.80 target price -\$5.54 effective price \$0.26 counter-cyclical payment rate</p> <p>Example B:</p> <p>If the 2010 national average market price for soybeans is \$4.90 per bushel: \$0.44 direct payment rate +\$5.00 national loan rate* \$5.44 effective price (*National loan rate is used since it is higher than the average market price) \$5.80 target price -\$5.44 effective price \$0.36 counter-cyclical payment rate For each commodity, the total counter-cyclical pay-</p>																																																																	
<table border="1"> <thead> <tr> <th>Crop</th> <th>2008</th> <th>2009</th> <th>2010 through 2012</th> </tr> </thead> <tbody> <tr> <td>Barley</td> <td>\$2.24/bu</td> <td>\$2.24/bu</td> <td>\$2.63/bu</td> </tr> <tr> <td>Chickpeas, large (Garbanzo bean, Kabuli)</td> <td>Not Available</td> <td>\$12.81/cwt</td> <td>\$12.81/cwt</td> </tr> <tr> <td>Chickpeas, small (Garbanzo bean, Desi)</td> <td>Not available</td> <td>\$10.36/cwt</td> <td>\$10.36/cwt</td> </tr> <tr> <td>Corn</td> <td>\$2.63/bu</td> <td>\$2.63/bu</td> <td>\$2.63/bu</td> </tr> <tr> <td>Dry peas</td> <td>Not available</td> <td>\$8.32/cwt</td> <td>\$8.32/cwt</td> </tr> <tr> <td>Grain Sorghum</td> <td>\$2.57/bu</td> <td>\$2.57/bu</td> <td>\$2.63/bu</td> </tr> <tr> <td>Lentils</td> <td>Not available</td> <td>\$12.81/cwt</td> <td>\$12.81/cwt</td> </tr> <tr> <td>Oats</td> <td>\$1.44/bu</td> <td>\$1.44/bu</td> <td>\$1.79/bu</td> </tr> <tr> <td>Other oilseeds</td> <td>\$10.10/cwt</td> <td>\$10.10/cwt</td> <td>\$12.68/cwt</td> </tr> <tr> <td>Peanuts</td> <td>\$495/ton</td> <td>\$495/ton</td> <td>\$495/ton</td> </tr> <tr> <td>Rice, long grain</td> <td>\$10.50/cwt</td> <td>\$10.50/cwt</td> <td>\$10.50/cwt</td> </tr> <tr> <td>Rice, medium/short grain</td> <td>\$10.50/cwt</td> <td>\$10.50/cwt</td> <td>\$10.50/cwt</td> </tr> <tr> <td>Soybeans</td> <td>\$5.80/bu</td> <td>\$5.80/bu</td> <td>\$6.00/bu</td> </tr> <tr> <td>Upland Cotton</td> <td>\$0.7125/lb</td> <td>\$0.7125/lb</td> <td>\$0.7125/lb</td> </tr> <tr> <td>Wheat</td> <td>\$3.92/bu</td> <td>\$3.92/bu</td> <td>\$4.17/bu</td> </tr> </tbody> </table>	Crop	2008	2009	2010 through 2012	Barley	\$2.24/bu	\$2.24/bu	\$2.63/bu	Chickpeas, large (Garbanzo bean, Kabuli)	Not Available	\$12.81/cwt	\$12.81/cwt	Chickpeas, small (Garbanzo bean, Desi)	Not available	\$10.36/cwt	\$10.36/cwt	Corn	\$2.63/bu	\$2.63/bu	\$2.63/bu	Dry peas	Not available	\$8.32/cwt	\$8.32/cwt	Grain Sorghum	\$2.57/bu	\$2.57/bu	\$2.63/bu	Lentils	Not available	\$12.81/cwt	\$12.81/cwt	Oats	\$1.44/bu	\$1.44/bu	\$1.79/bu	Other oilseeds	\$10.10/cwt	\$10.10/cwt	\$12.68/cwt	Peanuts	\$495/ton	\$495/ton	\$495/ton	Rice, long grain	\$10.50/cwt	\$10.50/cwt	\$10.50/cwt	Rice, medium/short grain	\$10.50/cwt	\$10.50/cwt	\$10.50/cwt	Soybeans	\$5.80/bu	\$5.80/bu	\$6.00/bu	Upland Cotton	\$0.7125/lb	\$0.7125/lb	\$0.7125/lb	Wheat	\$3.92/bu	\$3.92/bu	\$4.17/bu			
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2008 Direct and Counter-Cyclical Program Information Fact Sheet (Continued)

FACT SHEET

Direct and Counter-cyclical Payment (DCP) Program

December 2008

ment for producers on a farm is determined by multiplying 85 percent of the farm's base acres times the farm's counter-cyclical payment yield times the counter-cyclical payment rate.

An example for 2009 soybeans (using the counter-cyclical payment rate of \$0.26) is:
 100 acres base acres planted to soybeans
 85 acres, payment acres
 x 30 bushels per acre counter-cyclical payment yield
 x \$0.26 per bushel counter-cyclical payment rate
 \$663.00 counter-cyclical payment

For 2009 crops, counter cyclical payments are not available for "other oilseeds" (sunflower seed, rapeseed, canola, safflower, flaxseed, mustard seed, crambe, and sesame seed) because the sum of their national loan rate and direct payment

rate is equal to or greater than their target price. For 2010 through 2012, counter-cyclical payments are available for "other oilseeds" due to an increase in their target price.

The DCP payment schedules for 2009 crop years are in the following tables.

1\ Producers must request advance counter-cyclical payments no later than 60 days prior to the end of the marketing year for that covered commodity.

2\ For upland cotton, the final marketing year average price estimate will be published by the National Agricultural Statistics Service (NASS) in a notice between October 9, 2009 and October 12, 2009—coincident with the October Crop Production report. Final counter-cyclical payments for upland cotton will be available

soon after this date.

1\ Producers must request advance counter-cyclical payments no later than 60 days prior to the end of the marketing year for that covered commodity.

2\ Final counter-cyclical payments for upland cotton are available after the NASS October Crop Production Report containing the marketing year average price for upland cotton is published. The Crop Production Report will be published between October 9, 2010 and October 12, 2010.

Timing of Payments

For crop years 2009 through 2011, producers may elect to receive their direct payments in two installments:

The first advance payment for

2008 Scheduled Timetable for DCP Payments				
Commodity				
Month/Year	Barley, Oats, and Wheat	Peanuts, Rice, and Upland Cotton	Corn, Sorghum, and Soybeans	"Other" Oilseeds
Marketing Year	June 1 - May 31	August 1 - July 31	September 1 - August 31	September 1 - August 31
Enrollment to September 2008	Advance Direct	Advance Direct	Advance Direct	Advance Direct
Beginning October 2008	Final Direct	Final Direct	Final Direct	Final Direct
Beginning December 2008	Partial CC 1\			
Beginning February 2009		Partial CC 1\		
Beginning March 2009			Partial CC 1\	
Beginning October 2009	Final CC	Final CC for Peanuts & Upland Cotton 2\		
Beginning February 2010		Final CC for Rice		

2008 Direct and Counter-Cyclical Program Information Fact Sheet (Continued)

FACT SHEET

Direct and Counter-cyclical Payment (DCP) Program

December 2008

up to 22 percent of the total payment is provided by statute to be made available.

For crop years beginning 2009 through 2011, beginning in December of the calendar year prior to the harvest year.

The balance of the total direct payment is available in October of the crop year. Producers who do not elect to take the first direct payment will receive the entire direct payment that October.

For 2012, there is no advanced direct payment.

For crop years 2009 through 2010, producers may elect to receive two counter-cyclical payments per year:

- A partial payment will be available after completion of 180 days of the marketing year for the crop. These payments cannot exceed 40 percent of the total projected payment.
- Final payments are made beginning October 1, or as soon as practicable thereafter, after the end of the marketing year for the crop. Producers who do not elect to take the partial payment will receive the entire counter-cyclical payment at this time.

For fiscal years 2011 and 2012, there is no partial counter-cyclical payments. Final payments are made beginning October 1, or as soon as practicable thereafter, after the end

of the marketing year for the crop.

Producers must refund to FSA counter-cyclical payments that exceed the final and total counter-cyclical payment for each respective crop. This situation may occur when actual market prices exceed the projected market prices used in determining the partial counter-cyclical payment rates.

Sign-up Period

The DCP sign-up period for the 2009 crop began Dec. 22, 2008 and ends June 1, 2009. Annual sign-ups for the 2010-2012 crops will begin Oct. 1 of the applicable contract

2009 Scheduled Timetable for DCP Payments

Commodity						
Month/Year	Barley, Oats and Wheat	Dry Peas and Lentils	Peanuts, Rice and Upland Cotton	Corn, Sorghum and Soybeans	"Other" Oilseeds	Large and Small Chickpeas
Marketing Year	June 1 - May 31	July 1 - June 30	August 1 - July 31	September 1 - August 31	September 1 - August 31	September 1 - August 31
Dec. 22, 2008 to Sept. 31, 2009	Advance Direct		Advance Direct	Advance Direct	Advance Direct	
Beginning October 2009	Final Direct		Final Direct	Final Direct	Final Direct	
Beginning December 2009	Partial CC 1\					
Beginning January 2010		Partial CC 1\				
Beginning February 2010			Partial CC 1\			
Beginning March 2010				Partial CC 1\		Partial CC 1\
Beginning October 2010	Final CC	Final CC	Final CC for Peanuts & Upland Cotton 2\	Final CC		Final CC
Beginning February 2011			Final CC for Rice			

Page 4

2008 Direct and Counter-Cyclical Program Information Fact Sheet (Continued)

FACT SHEET

Direct and Counter-cyclical Payment (DCP) Program

December 2008

year and end June 1 of that contract year, set in accordance with DCP regulations. The CCC-509 sign-up form, "Direct and Counter-cyclical Program Contract," includes base acres, payment acres, payment yields, producer payment shares, advance direct and counter-cyclical payment selections, and signatures of the producer and county office representative.

Unlike years past, participants may NOT enroll a farm in DCP after June 1 of the applicable contract period. There are no late filed provisions for contract years 2009 - 2012.

All owners and operators who will share in the DCP payments on the farm must sign the CCC-509 by June 1 of the contract period.

Farm producers must apply for DCP on an annual basis. The following documents are required and applicable determinations must be made before the county committee can approve a producer's share on the CCC-509 for payment:

- a farm operating plan (CCC-902 and related forms);
- an average adjusted gross income certification (CCC-926);
- a certification of compliance with highly erodible land and wetland conservation provisions (AD-1026).

A certification of the acreage of all cropland on the farm (FSA-578) is needed before final payments can be issued.

Planting Flexibility Provisions

Producers who participate in DCP may plant cropland in excess of the total base acreage on the farm to any commodity. However, producers are subject to certain restrictions on the planting of wild rice, fruits, and vegetables (other than mung beans and pulse crops). Information on wild rice, fruits and vegetable restrictions is contained in the FSA fact sheet "Direct and Counter-cyclical Payment Program: Wild Rice, Fruit, and Vegetable Provisions." A 2009 fact sheet will be available on FSA's Web site at: <http://www.fsa.usda.gov>; click on "find FSA fact sheets."

Planting Transferability Pilot Project

The 2008 Farm Bill provides for the development of a pilot project for certain states to permit the planting of cucumbers, green peas, lima beans, pumpkins, snap beans, sweet corn, and tomatoes grown for processing on base acres during each of the 2009 through 2012 crop years. DCP base acres on a farm for a crop year will be reduced by an acre for each acre planted under the pilot program. This program is dependent on regulations not yet issued which will cover eligibility and the method by which producers can be approved for participation.

The number of base acres eligible during each crop year for the pilot year for the pilot project is:

Illinois: 9,000
 Indiana: 9,000
 Iowa: 1,000
 Michigan: 9,000
 Minnesota: 34,000
 Ohio: 4,000
 Wisconsin: 9,000

For More Information

For more information about FSA and its programs, visit your local FSA service center or online at: <http://www.fsa.usda.gov>.

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CCC-510, Direct and Counter-Cyclical (DCP) Cash Rent Certification Statement

A Introduction

Any document that collects data from a producer, regardless of whether the producer's signature is required, is subject to the Privacy Act and Information Collection Procedures, including clearance of these documents by the following offices:

- National Office program area
- MSD, Forms, Graphics, and Records Section
- OMB.

No State or County Office developed form, worksheet, or other document shall be used to collect information from producers for DCP unless it is approved by the National Office DCP Program Manager **before** use.

B Completing CCC-510

Important: CCC-510 with a form date of “05-10-07” or earlier is invalid for use for 2009 and subsequent crop years.

CCC-510 is valid for only 1 contact year.

Producers that cash rent land can provide County Offices with a cash rent certification statement if the provisions of paragraph 394 about using the cash rent certification statement can be met. A number of State Offices have submitted cash rent certification statements for approval by the National Office, which has resulted in developing CCC-510. County Offices shall:

- **not** use any other locally developed cash rent certification forms
- complete items 1 through 3 and reproduce the cash rent certification statement locally for use by producers
- **not complete items 4 through 12.**

Note: This information must be completed by the producer and shall **not** be filled by County Offices under any circumstance.

CCC-510, Direct and Counter-Cyclical (DCP) Cash Rent Certification Statement (Continued)

B Completing CCC-510 (Continued)

Complete CCC-510 according to the following.

Item	Instruction
	The following items can be pre-filled by the County Office before the form is locally reproduced.
1	Enter the State name where the farm is administratively located.
2	Enter the county name where the farm is administratively located.
3	Enter the applicable DCP contract period.
	The following items shall be completed by the operator or tenant (lessee). County Offices are authorized to provide the producer with the farm number for the applicable farm; however the form shall be completed by the producer.
4	Print name of the operator/tenant (lessee).
5	Print name of the landowner or landlord that is leasing the acreage to the lessee.
6	Enter farm number for the applicable farm.
7	Enter number of acres being leased by the lessee.
8	Enter beginning date for the lease.
9	Enter date that the lease expires.
10	Enter information about the terms (such as cash) of the lease.
11A	Lessee or representative shall sign.
11B	If: <ul style="list-style-type: none"> • the lessee signing is not signing in the representative capacity, leave blank • anyone other than the lessee is signing in a representative capacity, enter the title or relationship to the lessee.
11C	Enter date signed.

C Forms Accepted Before Issuance of CCC-510

If the producer provided a cash rent certification statement before issuance of CCC-510, that statement can be accepted if **all of the following apply**:

- the producer meets the requirements of paragraph 394 about using the cash rent certification statement
- adequate information has been provided on the statement to allow COC to make an informed determination about approving CCC-509
- statement was provided by the lessee.

If a statement was accepted before issuance of CCC-510 that does **not** meet these requirements, CCC-509 shall **not** be approved until all producer signature requirements have been met.

CCC-510, Direct and Counter-Cyclical (DCP) Cash Rent Certification Statement (Continued)

D Example of CCC-510

Following is an example of CCC-510.

<p>This form is available electronically.</p> <p>CCC-510 U.S. DEPARTMENT OF AGRICULTURE (02-05-09) Commodity Credit Corporation</p> <p>DIRECT AND COUNTER-CYCLICAL (DCP) CASH RENT CERTIFICATION STATEMENT</p>				1. State Name
				2. County Office Name
				3. Contract Period
<p>NOTE: <i>The primary authority for requesting and safeguarding the information described on this form is the Food, Conservation, and Energy Act of 2008 (Pub. L. 110-246 and any amendments to such act as may follow). The authority for requesting the following information is the Food, Conservation, and Energy Act of 2008, (Pub. L. 110-627). The information will be used to determine eligibility for program benefits. Furnishing the requested information is voluntary. Failure to furnish the requested information will result in denial of program benefits.</i></p> <p><i>The information collected as a result of this form may be released to USDA employees, USDA contractors, or authorized USDA cooperators who are bound to safeguard the information under Section 1619 of the Food, Conservation, and Energy Act of 2008, the E-Government Act of 2002, and related authorities. The information collection is exempted from the Paperwork Reduction Act, as it is required for administration of the Food, Conservation, and Energy Act of 2008 (see Pub. L. 110-246, Title I, Subtitle F - Administration). The provisions of criminal, civil, and privacy statutes may be applicable to the information provided. RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.</i></p>				
<p>PART A – CASH RENT INFORMATION AND CERTIFICATION STATEMENT</p>				
4. Operator/Tenant (Lessee) (Print):				
5. Landowner/Landlord (Lessor) (Print):				
6. FSA Farm Number		7. Number of Acres Leased	8. Lease Commenced on	9. Lease Expires on
10. Terms of the Lease Agreement				
<p><i>I certify that I have a cash rent agreement, based on the definitions specified below, with the lessor identified above for the specified farm and that all information contained on this certification is true and correct. Further, I understand that if documentation or information is later received that contradicts this certification, the CCC-509 could be subject to termination and any payments issued deemed unearned. Other actions may also apply.</i></p>				
11A. Signature of Lessee (By)		11B. Title/Relationship of the Individual Signing in a Representative Capacity		11C. Date (MM-DD-YYYY)
<p>PART B – LEASE DEFINITIONS FOR DCP PROGRAM PURPOSES</p>				
<p>The terms of the lease agreement between the lessee and the lessor determine whether the lease is considered as a share-rent or cash-rent arrangement for the purposes of participation in DCP. The following definitions are applicable.</p> <p>Cash Lease - A lease will be considered to be a cash lease if the lease provides for only a guaranteed cash payment for a specified amount, or fixed quantity of the crop (for example, cash pounds, or bushels per acre). If a lease provides for the greater of a determinable guaranteed amount or determinable share of the crop or crop proceeds, such agreement will be considered a cash lease. If the lease is a cash lease, the landlord is not eligible for direct, counter-cyclical, or ACRE program payments. The language of grazing or haying privileges is not considered cash leasing.</p> <p>Share Lease A lease will be considered to be a share lease if the lease 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 such producer would have had if the crop had been produced, or combination thereof.</p>				
<p><small>The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write to USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, or call (800) 795-3272 (voice) or (202) 720-6382 (TDD). USDA is an equal opportunity provider and employer.</small></p>				

CCC-770 DCP, Direct and Counter-Cyclical Program Contract Checklist

A Contract Checklist

The concept for CCC-770 DCP dated “02-05-09” is that action required for contract administration and payment processing have been separated. CCC-770 DCP includes action required only during the contract period that is applicable to CCC-509 itself.

Note: See 2-DCP for DCP payment processing provisions.

CCC-770 DCP:

- shall be used for the first five CCC-509’s completed by each employee excluding any CCC-770 DCP completed for any employee, including COC and STC members

Note: CED’s and/or STC representatives may require additional CCC-770 DCP’s if deemed necessary.

- is required for all employees, including COC and STC
- is contract specific, in that separate checklists are **not** required for each producer associated with a CCC-509
- is **mandatory**, beginning with the **2009** contract period

Note: CCC-770 DCP developed by the National Office is the only authorized checklist for DCP. County Offices **shall not** use State- or locally-developed checklists for administration of DCP.

- does not negate STC, SED, State Office, DD, COC, CED, and County Office responsibility for administering all provisions applicable to DCP.

Reminder: County Offices shall ensure that eligibility has been updated according to CCC-770 Eligibility before payments are issued to applicable producers.

B Maintaining CCC-770 DCP

CCC-770 DCP is applicable for the contract period and is separated into 2 parts.

- Part A addresses items that shall be verified before issuing advance DCP direct payments.
- Part B addresses items that shall be verified before issuing final DCP direct and all counter-cyclical payments.

CCC-770 DCP, Direct and Counter-Cyclical Program Contract Checklist (Continued)

B Maintaining CCC-770 DCP (Continued)

Ideally, the checklist should be filed in the contract folder and updated throughout the contract period as required action is completed.

Example: Producer A files CCC-509 and all signatures were obtained in January 2009, however FSA-578 is not completed until June 2009. The questions about enrollment and signatures can be completed when the contract is filed, however the questions about whether FAV's have been planted on the base acreage cannot be completed until a complete acreage report is filed.

C Retention Period

All CCC-770 DCP's shall be retained in the DCP contract folder with CCC-509, according to 25-AS, Exhibit 33.6. If a new CCC-770 DCP is initiated because of a revision to a CCC-509, the original CCC-770 DCP shall be retained, along with the revised CCC-770 DCP.

Destroy CCC-770 DCP when CCC-509 is destroyed.

D County Office Action

County Offices shall check (✓) the "Yes" or "No" column for all questions on CCC-770 DCP, with the following exceptions:

- a response is **not** required for items 14A, 14B, and 14C unless the answer to item 14 is "Yes"
- "N/A" shall be entered in the "No" column for items:
- 14B and 14C if the answer to item 14A is "No"
- 15 if CCC-509 was approved for advance payment processing and there have not been any changes to CCC-509 that COC approved.

The County Office employee that completes each item on CCC-770 DCP:

- is certifying that the applicable program provisions have, or have not, been met
- shall place their initials in the "Initial" column
- shall enter the date the item was reviewed in the "Date" column.

Note: As an alternative, County Offices may opt to review all items after COC has approved CCC-509; however each item must still be initialed and dated verifying that each item has been reviewed.

CCC-770 DCP, Direct and Counter-Cyclical Program Contract Checklist (Continued)

D County Office Action (Continued)

Once all questions in the applicable part of CCC-770 DCP have been answered in a manner that supports the approval of the applicable CCC-509, items:

- 5 through 9, the preparer shall sign item 10
- 13 through 15, the preparer shall sign item 16.

Note: By signing as the preparer, the employee is not certifying that they have reviewed all items in the applicable part of the checklist. Rather, their signature certifies that the item with their initials was reviewed and that the applicable program provisions have, or have not, been met.

Additionally, County Offices shall:

- initiate a CCC-770 DCP if CCC-509 if either of the following apply:
 - CCC-509 is revised at any point during the contract period and CCC-770 DCP was previously completed for the farm
 - revised CCC-509 is 1 of the first five CCC-509's completed by that employee
- **not** enter the COC approval date in the automated system if any item on CCC-770 DCP is answered "No" with the exception of item 14
- ensure that the automated system is updated immediately by entering or removing the COC approval date, as applicable, to ensure that payments are timely and are not issued in error
- refer to the applicable handbook provision(s) as specified for additional information.

Reminder: County Offices cannot rely solely on using CCC-770 DCP for administering DCP. All program provisions must be met, not just the items included on CCC-770 DCP. CCC-770 DCP is a tool to assist with program administration and includes the major areas where deficiencies have been identified, but it is not, nor is it intended to be, inclusive of all DCP program provisions.

CCC-770 DCP, Direct and Counter-Cyclical Program Contract Checklist (Continued)

E CED Action

CED or their designated representative shall spot check:

- **at a minimum**, for each Service Center, beginning with the 2009 contract period, the initial five CCC-770 DCP's each employee completes
- every STC's, COC's, and employee's CCC-770 DCP, in addition to the minimum spot checks listed.

When spot checking information certified on CCC-770 DCP, CED's or their designated representative shall:

- review each part of CCC-770 DCP that has been completed
- indicate whether or not they concur with the certification of items 5 through 9 and/or items 13 through 15, as applicable
- sign and date item 11 and/or 17, as applicable
- report to COC and the STC representative any CCC-770 DCP in which CED does not concur with the preparer's determination.

Example: Producer A is the owner-operator of FSN 1 and there are no other producers associated with the farm. Producer A files CCC-509 for FSN 1 on January 10. The DCP program technician completes items 5 through 9 and the COC approval date is updated in the DCP web-based system. CCC-509 is pulled for spot check on March 15.

Since only items 5 through 9 have been completed on CCC-770 DCP, CED shall review CCC-509 to ensure that all program provisions have been met and that the items on CCC-770 DCP have been completed as indicated. CED shall then indicate whether they concur or do not concur with the preparer, sign in item 11A, and enter the date of their review in item 11B.

CCC-770 DCP, Direct and Counter-Cyclical Program Contract Checklist (Continued)

F STC or Designee Spot Checks

STC or their representative shall select for spot check, **at a minimum**, ten CCC-770 DCP's in each Service Center.

STC or their designee shall submit the results of the spot checks to SED.

When spot checking information certified on CCC-770 DCP, STC or their designee shall:

- review each part of the checklist that has been completed
- indicate whether or not they concur with the certification of items 5 through 9 and/or items 13 through 15, as applicable
- shall sign and date item 12 and/or 18, as applicable.

G National Report

SED's shall report the **total** number of the following to the National Office as of September 30 of each FY:

- number of CCC-770 DCP's completed.
- number of CCC-770 DCP's spot-checked by CED.
- number of CCC-770 DCP's spot-checked by STC or their designee.
- number of "Do Not Concur" signed by CED.
- number of "Do Not Concur" signed STC or designee.

Instructions for submitting the report will be issued by the National Office.

CCC-770 DCP, Direct and Counter-Cyclical Program Contract Checklist (Continued)

H Example of CCC-770 DCP

Following is an example of CCC-770 DCP.

This form is available electronically.

CCC-770 DCP (02-05-09)		U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation	1. State Name	2. County Name	
DIRECT AND COUNTER-CYCLICAL PROGRAM CONTRACT CHECKLIST			3. Crop Year	4. Farm Number	
County Offices shall ensure that eligibility has been updated according to CCC-770 Eligibility before payments are issued for applicable producers.					
PART A – FOR DCP DIRECT ADVANCE PAYMENTS					
Office Staff Actions:		Handbook or Other Reference	YES	NO	
5. Have all signatures, or other supporting documentation such as a cash lease or cash rent certification statement, been obtained for all tenants and owners associated with the farm?		1-DCP, Revision 2 paragraphs 352-402			
6. Has signature authority been verified for all signatures on the CCC-509?		1-CM, Part 25			
7. Was the contract enrolled by June 1 of the applicable contract period?		1-DCP, Revision 2 paragraph 394			
8. Have the division of payment provisions been satisfied for all producers sharing in the base acres on the CCC-509?		1-DCP, Revision 2 paragraphs 352-358			
9. Is the CCC-509 signed, dated, and approved by the COC or an authorized designee?		1-DCP, Revision 2 paragraph 353			
10A. Signature of Preparer	Date	10B. Signature of Preparer	Date		
10C. Signature of Preparer	Date	10D. Signature of Preparer	Date		
11. I concur/do not concur the above items have been verified and updated accordingly:			<input type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur		
11A. CED Signature for Spot Check			11B. Date		
12. I concur/do not concur the above items have been verified and updated accordingly:			<input type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur		
12A. DD Signature for Spot Check			12B. Date		
PART B – FOR DCP DIRECT FINAL AND COUNTER-CYCLICAL PAYMENTS					
Note: In addition to the items below, the items in Part A must be completed before final direct and any counter-cyclical payments are issued.					
Office Staff Actions:		Handbook or Other Reference	YES	NO	N/A
13. Does each producer sharing in the base acreage control enough effective DCP cropland to support their share of the DCP base acres on the CCC-509?		1-DCP, Revision 2 paragraph 355			
14. Are FAV's planted on the farm?		1-DCP, Revision 2 Part 8 4-CP			
14A. If "YES", are the FAV's planted on DCP base acreage?					
14B. If "YES", do any of the FAV exceptions apply?					
14C. Has the acre-for-acre reduction and FAV violation, as applicable, been recorded in the compliance system?					
15. If not approved for advance payments, is the CCC-509 signed, dated, and approved by the COC or an authorized designee?		1-DCP, Revision 2 paragraph 353			
16A. Signature of Preparer	Date	16B. Signature of Preparer	Date		
16C. Signature of Preparer	Date	16D. Signature of Preparer	Date		
17. I concur/do not concur the above items have been verified and updated accordingly:			<input type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur		
17A. CED Signature for Spot Check			17B. Date		
18. I concur/do not concur the above items have been verified and updated accordingly:			<input type="checkbox"/> Concur <input type="checkbox"/> Do Not Concur		
18A. DD Signature for Spot Check			18B. Date		

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FSA-910, Wetland Reserve Program Projected DCP Base Reduction Worksheet

A Instructions for Completing FSA-910

Landowners shall use FSA-910 to determine whether a DCP base reduction is required based on a proposed number of cropland acres being offered for enrollment in WRP.

Reminder: FSA County Offices shall provide information to landowners with information needed to complete FSA-910. See subparagraph 426 F for additional information.

Landowners should complete FSA-910 according to the following.

Item	Action						
Part A - Information About This Farm							
Note: Landowners should obtain a copy of FSA-156-EZ to assist with completing FSA-910.							
1	Enter “Cropland” acres for the farm from FSA-156-EZ.						
2	Enter “DCP Cropland” acres for the farm from FSA-156-EZ.						
3	Enter “Effective DCP Cropland” for the farm from FSA-156-EZ						
4	Enter “Double Cropped” acres for the farm from FSA-156-EZ.						
5	Enter “Total Base Acres” for the farm from FSA-156-EZ.						
6	Using FSA-156-EZ, determine whether there is more than 1 tract associated with the farm.						
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th data-bbox="342 1031 862 1068">IF there is...</th> <th data-bbox="862 1031 1482 1068">THEN select...</th> </tr> </thead> <tbody> <tr> <td data-bbox="342 1068 862 1106">1 tract on the farm</td> <td data-bbox="862 1068 1482 1106">“No”.</td> </tr> <tr> <td data-bbox="342 1106 862 1144">more than 1 tract on the farm</td> <td data-bbox="862 1106 1482 1144">“Yes”.</td> </tr> </tbody> </table>		IF there is...	THEN select...	1 tract on the farm	“No”.	more than 1 tract on the farm	“Yes”.
IF there is...	THEN select...						
1 tract on the farm	“No”.						
more than 1 tract on the farm	“Yes”.						
7	Determine the available cropland acreage for the farm by subtracting: <ul style="list-style-type: none"> • effective DCP cropland determined in item 3, minus • total DCP base acreage determined in item 5. Note: If the result is negative, enter zero.						
8	Determine the double-cropped acreage included in DCP base acreage by subtracting: <ul style="list-style-type: none"> • total DCP base acreage determined in item 5, minus • effective DCP cropland determined in item 3. 						

FSA-910, Wetland Reserve Program Projected DCP Base Reduction Worksheet (Continued)

A Instructions for Completing FSA-910 (Continued)

Item	Action
Part B – Projected DCP Base Reduction	
9	<p>Enter the total number of proposed cropland acres, excluding CRP acres, that are being offered for WRP enrollment.</p> <p>Note: Do not include non-cropland acres that may also be offered for enrollment in WRP. Also, acreage currently in CRP that will be offered for enrollment for WRP shall be excluded.</p>
10	Enter the available cropland acreage for the farm that was determined in item 7.
11	<p>Determine the initial DCP base reduction for the farm by subtracting:</p> <ul style="list-style-type: none"> • proposed number of acres being offered in WRP entered in item 9, minus • available cropland acreage for the farm entered in item 10. <p>Note: If the result is negative, enter zero.</p>
12	<p>Determine the revised effective DCP cropland by subtracting:</p> <ul style="list-style-type: none"> • effective DCP cropland entered in item 3, minus • initial DCP base reduction determined in item 11.
13	Determine whether the available double-cropped acreage included in DCP base acres is greater than the revised effective DCP cropland.
	IF the double-cropped acreage determine in item 8 is ...
	THEN...
greater than the revised effective DCP cropland determined in item 12	<p>select “Yes”, and subtract:</p> <ul style="list-style-type: none"> • revised effective DCP cropland determined in item 12, minus • available double-cropped acres determined in item 8.
less than the revised effective DCP cropland determined in item 12	select “No” and enter zero.
14	<p>Determine the projected DCP base reduction required for the farm based on the proposed WRP offer by adding:</p> <ul style="list-style-type: none"> • initial DCP base reduction determined in item 11, plus • required reduction of double-cropped acreage determined in item 13.
15	Landowners have the option of voluntarily retiring DCP base acres through WRP easement in addition to any required reduction. If applicable, enter the number of DCP base acres that are voluntarily retired through enrollment in WRP.

FSA-910, Wetland Reserve Program Projected DCP Base Reduction Worksheet (Continued)

A Instructions for Completing FSA-910 (Continued)

Item	Action
16	<p>Determine the total projected DCP base reduction for the farm based on the proposed WRP offer by adding:</p> <ul style="list-style-type: none"> • required DCP base reduction determined in item 11, plus • required reduction of double-cropped acreage determined in item 13. <p>Landowners should use the information determined in this item to complete CCC-505, which is required to be filed when an offer for enrollment in WRP is filed. If the proposed number of acres entered in item 9 for enrollment in WRP is increased or decreased, then landowners should prepare another FSA-910 to ensure the correct amount of DCP base acres are reduced.</p> <p>If “Yes” was selected in item 6 indicating there are multiple tracts on the farm, then landowners may also have the option to redistribute DCP base acres to other tracts on the farm to retain DCP base acres for higher valued crops. Landowners should contact the local FSA County Office to obtain additional information about the potential redistribution of DCP base acres.</p>

FSA-910, Wetland Reserve Program Projected DCP Base Reduction Worksheet (Continued)

B Example of FSA-910

The following is an example of FSA-910.

<p>This form is available electronically.</p> <p>FSA-910 (12-04-06)</p> <p>U.S. DEPARTMENT OF AGRICULTURE Farm Service Agency</p> <p>WETLAND RESERVE PROGRAM PROJECTED DCP BASE REDUCTION WORKSHEET</p> <p>This worksheet has been developed to assist landowners with determining whether a base reduction is required for the Direct and Counter-Cyclical Program due to an offer of acreage for enrollment into the Wetland Reserve Program. The use of this worksheet is voluntarily and is not a requirement to participate in either the Direct and Counter-cyclical Program or the Wetlands Reserve Program.</p>					<p>A. State:</p>
					<p>B. County:</p>
					<p>C. Farm Number:</p>
<p>PART A – INFORMATION ABOUT THIS FARM <i>Determine this information from the FSA-156EZ form obtained from the local FSA Office for the applicable farm.</i></p>					
1. CROPLAND	2. DCP CROPLAND	3. EFFECTIVE DCP CROPLAND	4. DOUBLE-CROPPED ACRES	5. TOTAL DCP BASE ACREAGE	
6. Is there more than one tract associated with this farm? <i>If "YES", see the note in Item 16 if a projected DCP base reduction is required.</i>					<input type="checkbox"/> YES <input type="checkbox"/> NO
7. Available cropland acreage for the farm. <i>Effective DCP cropland in Item 3 minus total DCP base acreage in Item 5. If the result is negative, enter 0.</i>					▶
8. Double-cropped acreage included in total DCP base acres. <i>Item 5 minus Item 3. If the result is negative, enter 0.</i>					▶
<p>PART B – PROJECTED DCP BASE REDUCTION</p>					
9. Proposed total number of cropland acres being offered for WRP enrollment. Note: Acreage offered for enrollment in WRP may be on cropland and/or non-cropland acreage. Landowner(s) should only enter the number of acres that are on cropland in this field. Non-cropland acres should not be included on this worksheet.					
10. Available cropland acreage for the farm determined in Item 7.					
11. Initial DCP base reduction for the farm based on the proposed WRP offer recorded in Item 9. <i>Item 9 minus Item 10. If the result is negative, enter 0.</i>					
12. Revised effective DCP cropland. <i>(Item 3 minus Item 11)</i>					
13. Is the available double-cropped acreage determined in Item 8 greater than the revised effective DCP cropland determined in Item 12? <input type="checkbox"/> YES. Subtract the revised effective DCP cropland determined in Item 12 from the available double-cropped acres for the farm determined in Item 8. Note: Double-cropped acreage cannot be greater than the effective DCP cropland. Therefore then an additional reduction to DCP base acres is required. <input type="checkbox"/> NO. Enter zero.					▶
14. Total projected DCP base reduction required for the farm based on the proposed WRP offer recorded in Item 9. <i>(Item 11 plus Item 13)</i>					▶
15. Number of additional DCP base acres that are voluntarily retired through enrollment in WRP. Note: Landowners may opt to retire DCP base acres over and above the required reduction determined in Item 14. If so, enter the number of DCP base acres being retired through the WRP offer.					▶
16. Total projected DCP base reduction for the farm based on the proposed WRP offer. <i>(Item 14 plus Item 15)</i> Note: The number of acres determined in Item 16 should be used to complete the CCC-505 form, which is required to be filed when an offer for enrollment in WRP is filed. If the proposed number of acres entered in Item 9 for enrollment in WRP is increased or decreased, landowners should prepare another worksheet to ensure the correct number of DCP base acres are reduced. If "YES" was selected in Item 6 indicating there are multiple tracts on the farm, landowners may also have the option of redistributing DCP base acres to other tracts on the farm in order to retain DCP base acres for higher valued crops. Landowners should contact the local FSA county office to obtain additional information regarding the potential redistribution of DCP base acres.					▶
<p>DISCLAIMER: Completion of this worksheet does not obligate the landowner to enroll acreage into WRP and should only be used as a guide to determine whether a DCP base reduction is required based on the proposed number of cropland acres that may be offered for WRP enrollment. If the landowner opts to enroll acreage into WRP, it is recommended that this worksheet be completed by the landowner to determine the number of DCP base acres that are required to be reduced based on the landowner's intentions. If DCP base acres are voluntarily retired through the WRP easement or are required to be reduced based on the acres being enrolled in WRP, landowners must complete a CCC-505, Voluntary Permanent Direct and Counter-Cyclical Program (DCP) Base Acres Reduction, form when the WRP offer is filed. Acres included on the CCC-505 will be reduced from the DCP base acres for the farm when the WRP easement is recorded. This reduction is permanent for the fiscal year in which the WRP offer is recorded and producers are not eligible for DCP payments on the reduced acreage. Reduction of DCP base acres included on a CCC-505 shall not be returned to the farm.</p> <p>Landowners should contact the local FSA County Office to obtain a blank CCC-505 form, a copy of the FSA-156EZ for the farm, and copies of aerial maps associated with the farm or to obtain additional information regarding reductions of DCP base acres. A blank CCC-505 can also be obtained by visiting the following web site - http://forms.sc.egov.usda.gov/forms/mainservevt.</p> <p><small>The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write to USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, or call (800) 795-3272 (voice) or (202) 720-6382 (TDD). USDA is an equal opportunity provider and employer.</small></p>					

List of FAV's

The following crops are FAV's.

Note: The list may **not** be all inclusive.

acerola ("barbados cherry")	cherimoyas ("sugar apples")
antidesma	canary melon
apples	cantaloupes
apricots	cardoon
aragula	casaba melon
aronia (chokeberry)	cassava
artichokes	cherries
asparagus	chinese bitter melon
atemoya ("custard apple")	chinese mustard
avocados	chicory
babaco papayas	chinese cabbage
bananas	chinese water chestnuts
beans (except soybeans, mung, adzuki, faba, and lupin)	chufes
beets (other than sugar)	citron
blackberries	citron melon
black-eyed peas	coffee
blueberries	collards
bok spare choy	cowpeas
boysenberries	crabapples
breadfruit	cranberries
broccoflower	cressie greens
broccolo-cavalo	crenshaw melons
broccoli	cucumbers
brussel sprouts	currants
cabbage	cushaw
cailang	daikon
caimito	dasheen
calabaza	dates
carambola ("star fruit")	dry edible beans
calaboose	dunga
carob	eggplant
carrots	elderberries elut
cascadeberries	endive
cauliflower	escarole
celeriac	etou
celery	feijoas
chayote	figs

List of FAV's (Continued)

gai lien	mongosteen
gailon	moqua
galanga	mulberries
genip	murcotts
gooseberries	mushrooms
grapefruit	mustard greens
grapes	nectarines
guambana	nuts (except peanuts)
guavas	ny Yu
guy choy	okra
honeydew melon	olallieberries
huckleberries	olives
jackfruit	onions
jerusalem artichokes	opo
jicama	oranges
jojoba	papaya
kale	paprika
kenya	parsnip
kiwifruit	passion fruits
kohlrabi	peaches
kumquats	pears
leeks	peas (except green, yellow, wrinkled, umatillia, and Austrian)
lemons	all peppers
lettuce	persimmon
limequats	persian melon
limes	pimentos
lobok	pineapple
loganberries	pistachios
longon	plantain
loquats	plumcots
lotus root	plums
lychee ("litchi")	pomegranates
mandarins	potatoes
mangos	prunes
marionberries	pummelo
mar bub	pumpkins
melongene	quinces
mesple	radiochio
mizuna	radishes

List of FAV's (Continued)

raisins	swiss chard
raisins (distilling)	sweet corn
rambutan	sweet potatoes
rape greens	tangelos
rapini	tangerines
raspberries	tangos
recao	tangors
rhubarb	taniers
rutabaga	taro root
santa claus melon	tau chai
salsify	tindora
saodilla	tomatillos
sapote	tomatoes
savory	turnip greens
scallions	turnips
shallots	watercress
shiso	watermelons
spinach	white sapote
squash	yams
strawberries	yu choy
suk gat	

