

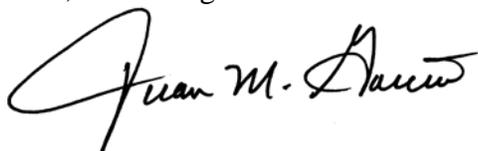
UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250

**Direct and Counter-Cyclical Program and
Average Crop Revenue Election for 2009
and Subsequent Crop Years
1-DCP (Revision 3)**

Amendment 17

Approved by: Deputy Administrator, Farm Programs



Amendment Transmittal

A Reasons for Amendment

Subparagraphs 6 C, 7 D, and 352 K have been amended to remove references to CCC-926, which is obsolete, and provide CCC-931 as the current reference.

Subparagraph 65 B has been added to provide actions to be taken to document a producer's request for base acre reduction.

Subparagraph 188 A has been amended to clarify automated procedure relative to the producer-paid crop insurance premium.

Paragraph 334 has been withdrawn to remove references to base adjustments because of CLU certification. All counties are CLU certified.

Subparagraph 394 C has been amended to provide that only for the 2012 contract year, CCC-509's may be approved any time in the enrollment period once all requirements are determined to be met.

Paragraphs 404 and 405 have been added to include policy on the applicability of relief.

Subparagraphs 445.5 E and F have been amended to provide additional information on responding to offers for enrollment after the end of a contract period.

Subparagraph 470 A has been amended to provide additional intended uses of certain FAV's capable of being destroyed before harvest.

Exhibit 2 has been amended to update the definition of home garden.

Exhibit 4 has been amended to provide the 2012 ACRE Fact Sheet.

Exhibit 5 has been added to provide the 2012 DCP Fact Sheet.

Amendment Transmittal (Continued)

Page Control Chart		
TC	Text	Exhibit
1-4 5	1-7 through 1-10 2-1, 2-2 4-31, 4-32 6-5 through 6-60 6-67, 6-68 6-151, 6-152 6-173 6-174 (add) 6-175 through 6-178 (add) 7-62.7, 7-62.8 (add) 7-63, 7-64 8-3, 8-4	1, pages 1, 2 2, pages 9, 10 4, pages 1-6 5, pages 1, 2 (add) page 3 (add)

Table of Contents

Page No.

Part 1 Basic Information

1	Handbook Coverage.....	1-1
2	Automation	1-3
3	STC Responsibilities.....	1-3
4	SED Responsibilities	1-4
5	DD Responsibilities	1-5
6	COC Responsibilities.....	1-7
7	CED Responsibilities.....	1-9
8	Program Technician Responsibilities	1-10
9	Basic Program Information.....	1-11
10	Payments and Limitations.....	1-14
11	Contract Requirements.....	1-18
12	Eligible Producers	1-19
13	General Signature Requirements	1-20
14	Withdrawing CCC-509's	1-20
15	Terminating DCP or ACRE Program Contracts.....	1-22
16-63	(Reserved)	

Part 2 Base Acres

Section 1 Non-PTPP Base Acre Reductions

64	Definition and Limitation	2-1
65	Base Acreage Reductions	2-1
66	Completing CCC-505	2-3
67	Adjusting Base Acres for CRP-1 Expiration, Voluntary Termination, or Early Release	2-7
68-75	(Reserved)	

Section 2 Planting Transferability Pilot Project

76	General Information.....	2-31
77	Features of PTPP.....	2-32
78	2009 PTPP General Information.....	2-33
79	PTPP Signup.....	2-34
80	Completing CCC-749	2-36
81	Processing PTPP Offers.....	2-39
82	Changes Occurring Following Enrollment and PTPP Offer Approval	2-40
83-99	(Reserved)	

Table of Contents (Continued)

Page No.

Part 3 (Reserved)

100-174 (Reserved)

Part 4 ACRE Program

Section 1 ACRE and Features

175	ACRE Overview	4-1
176	ACRE	4-4.7
177	ACRE Crop	4-9
178-186	(Reserved)	

Section 2 ACRE Program Enrollment and Features

187	ACRE Program Requirements and Features	4-25
188	Per Acre Producer-Paid Crop Insurance Premium	4-31
189-195	(Reserved)	
196	Violations of ACRE Program Contract	4-41
197-206	(Reserved)	

Section 3 ACRE Program Payments

207	Overview	4-61
208-254	(Reserved)	

Part 5 (Reserved)

255-330 (Reserved)

Part 6 Annual Enrollment

Section 1 General Information

331	Annual Enrollment Period	6-1
332	Overview of CCC-509	6-2
333	Enrollment and Election Options of Reconstituted Farms	6-3
334	(Withdrawn--Amend. 17)	
335	Inaccurate Representation and Misrepresentations and Scheme or Device	6-6
336-351	(Reserved)	

Table of Contents (Continued)

Page No.

Part 6 Annual Enrollment (Continued)

Section 2 Division of Payments

352	Eligibility to Receive Payments and Determining Cash or Share Leases	6-61
353	Approving CCC-509	6-69
354	(Reserved)	
355	Division of Payments, Rules, and Examples	6-71
356	Protecting Interests of Tenants, Sharecroppers, and Landowners	6-73
357	Division of Payment Disputes	6-76
358	Division of Payment Dispute Examples	6-80
359-393	(Reserved)	

Section 3 DCP or ACRE Program Contract Requirements

394	CCC-509	6-151
395	10-Acre Rule Exception Signature Requirements	6-154
396	Other Signature Requirements	6-155
397	Missing Signatures	6-156
398	Succession-in-Interest	6-157
399	Succession-in-Interest Examples	6-162
400	Participants Who Are Deceased, Incompetent, or Have Disappeared	6-165
401	Reviewing CCC-509's Modified After June 1	6-166
402	Updating Producer Signature and Enrollment Dates After June 1	6-169
403	Web-Based DCP State Office Administrative Access	6-171
404	Applicability of Finality and Relief	6-173
405	Finality and Types of Relief Applicable to DCP and ACRE	6-175
406-424	(Reserved)	

Part 7 Eligibility and Compliance Rules

Section 1 Farm Eligibility

425	General Information	7-1
426	Eligible and Ineligible Land Uses for Base Acres	7-2
427	Acre Reductions for CRP, GRP, or WRP Enrollment	7-17
428	Protection of Base Acres	7-26
429	Highly Erodible Land Conservation and Wetland Conservation	7-27
430	Planting Flexibility	7-28
431-444	(Reserved)	

Table of Contents (Continued)

Page No.

Part 7 Eligibility and Compliance Rules (Continued)

Section 2 Producer Eligibility

445	General Information.....	7-61
445.5	Enrollment.....	7-62
446	Payment Limitation and AGI.....	7-64
447	Commodities Grown Under Contract on Base Acres	7-64
448	Minor Child.....	7-66
449	Handling Bankruptcy	7-66
450	Federal and State Agencies.....	7-66
451-468	(Reserved)	

Part 8 FAV’s and Wild Rice

469	Basic Information.....	8-1
470	Compliance Determinations.....	8-4
471	Examples of Basic Rule	8-10
472	FAV and Wild Rice Double-Cropping Region Exception	8-19
473	Prevented Planting Provisions for FAV and Wild Rice Double-Cropping Exception	8-22
474	(Reserved)	
475	Examples of Double-Cropping Region Exception	8-25
476	FAV and Wild Rice Farm History Exception.....	8-31
477	Examples of Farm History Exception.....	8-33
478	FAV and Wild Rice Producer History Exception.....	8-38
479	Examples of Establishing Producer History	8-45
480	Examples of Producer History Exception.....	8-50
481-500	(Reserved)	

Part 9 Production Evidence

Section 1 Collecting Production Evidence

501	Production Evidence Overview	9-1
502	Production.....	9-4
503-509	(Reserved)	
510	Establishing Benchmark Farm Yields and FSA-658 Signature Requirements ...	9-11
510.5	Reconstitution of Benchmark Farm Production, Acreage, and Yields.....	9-12.7
510.6	Farm or Tract Combinations.....	9-12.7
510.7	Farm Divisions.....	9-12.10
510.8	Tract Divisions.....	9-12.12
511	Acceptable Production Evidence	9-12.17
511.5	Modifications to Production Certifications.....	9-15

Table of Contents (Continued)

Page No.

Part 9 Production Evidence (Continued)

Section 1 Collecting Production Evidence (Continued)

512	Commodities Sold, Stored, or Disposed of Commercially Off the Farm	9-16
513	Acceptable Records for Farm-Stored Production or Production Used on the Farm	9-20
514	Acceptable Records When All Acres Are Grazed, Silaged, or Hayed	9-22
515	Acceptable Records When Some Acres Are Grazed, Silaged, or Hayed	9-24
516	Establishing Yields for Farms with Both Irrigated and Nonirrigated Practices ..	9-25
517	Determining Production for Farms Where Production Is Not Available	9-27
518	Using Similar Farms	9-27
519	Hybrid Seed	9-28
520	Commingled Production	9-29
521	Silage Production Evidence	9-35
522	Multiple Producers on a Farm.....	9-36
523-530	(Reserved)	

Section 2 FSA-658's

531	Submitting FSA-658's	9-51
532	Examples of Completed FSA-658's	9-54

Exhibits

1	Reports, Forms, Abbreviations, and Redelegations of Authority	
2	Definitions of Terms Used in This Handbook	
3	(Reserved)	
4	Average Crop Revenue Election (ACRE) Program Fact Sheet and Backgrounder	
5	Direct and Counter-Cyclical Payment Program (DCP) Fact Sheet	
6-8	(Reserved)	
9	Example Notification Letter	
10-13	(Reserved)	
14	CCC-510, DCP or ACRE Program Cash Rent Certification Statement	
15, 16	(Reserved)	
17	CCC-770 DCP, Direct and Counter-Cyclical Program Contract Checklist	
18	(Reserved)	
19	FSA-910, Wetland Reserve Program Projected DCP Base Reduction Worksheet	
20	(Reserved)	
21	List of FAV's	

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, CCC-509's, CCC-509ACRE's, and FSA-658's to CED, in routine cases. Redelegations of authority to sign for COC shall be in writing.

***--Notes:** Routine cases include approval of successor-in-interest cases and CCC-509's late-file enrolled through August 1.--*

* * *

Delegated authority to approve FSA-658's is for the 2009 crop year and all future years.

C Providing Information

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

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

COC shall ensure that DCP and ACRE Program 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-931, 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 Average Crop Revenue Election (ACRE) Program Fact Sheet and Backgrounder *--(Exhibit 4) and the Direct and Counter-Cyclical Payment Program (DCP) Fact Sheet (Exhibit 5) 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-931--*

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.

Part 2 Base Acres

Section 1 Non-PTPP Base Acre Reductions

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.

Notes: Enrollment in State conservation programs has no impact on DCP or ACRE Program payments.

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

65 Base Acreage Reductions

A Voluntary Permanent Base Acres 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 paragraph 66.

65 Base Acreage Reductions (Continued)

A Voluntary Permanent Base Acres Reduction (Continued)

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

Note: Base acres for the farm and crop are 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 acres becomes effective

Note: Reductions of base acres 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.

***--B Producer Requested Base Acres Reduction**

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 (Rev. 1)
- request a refund of any DCP or ACRE 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.--*

188 Per Acre Producer-Paid Crop Insurance Premium

A Requirement for Reporting Per Acre Producer-Paid Crop Insurance Premium

[7 CFR 1412.76] The farm ACRE benchmark revenue for the crop year for a covered commodity or peanuts will equal the sum obtained by adding:

(1) The amount determined by multiplying:

- (i) The average yield per planted acre for the covered commodity or peanuts of the producers on the farm for the most recent 5 crop years, excluding each of the crop years with the highest and lowest yields and
- (ii) The ACRE program guarantee price for the applicable crop year for the covered commodity or peanuts in a State

(2) The amount of the per acre crop insurance premium required to be paid by the producers on the farm for the applicable crop year for the covered commodity or peanuts on the farm.

Producers are **not** required to purchase crop insurance to participate in ACRE; however, if a producer does have crop insurance with a premium-based insurance policy, value is added to the farm ACRE guarantee that increases the likelihood that a farm will trigger.

The farm ACRE guarantee calculation requires that producers report their per acre producer-paid crop insurance premium. Collect this information on CCC-538. The amount of the premium recorded on CCC-538 shall **not** include the State or Federal subsidized portion of the premium.

There is no timeframe for completing CCC-538; however, payments will **not** be calculated until the information is provided to the County Office and CCC-538 is complete.

If a State trigger is **not** met for a specific covered commodity or peanuts, the producer-paid crop insurance premium for that covered commodity or peanuts does not need to be *--entered.

All producers who share in an ACRE crop on FSA-578 **must** have an entry in the crop insurance system **before** an approval date can be entered in that system. The insurance software will default to zero; however, County Offices will need to enter signature types according to 2-DCP.--*

All designated crops must have insurance premium data loaded into the system before an approval date can be entered.

***--188 Per Acre Producer-Paid Crop Insurance Premium (Continued)**

B Completing CCC-538

Complete CCC-538 according to the following table.

Item	Instructions
1A	Enter the County Office name and address.
1B	Enter the County Office telephone number. Note: This is an optional entry.
2	Enter the applicable crop year.
3	Enter the applicable State code.
4	Enter the applicable county code.
5	Enter the applicable farm number.
6	Enter the applicable covered commodity or peanuts and the practice that the producer is reporting the per acre producer-paid crop insurance premium.
7	Enter the producer's name who is reporting the per acre producer-paid crop insurance premium.
8	Enter the producer's premium per acre.
9A	Each producer identified in item 7 shall sign.
9B	If the individual signing in item 9A is signing in a representative capacity for the participant, a title/relationship shall be listed. If the individual in item 9A is the signatory, then no entry is required.
9C	Enter the date the producer or person signing in a representative capacity completes CCC-538.
10A	The County Office employee accepting the completed CCC-538 shall sign. Note: The employee shall not sign until CCC-538 is complete.
10B	Enter the title of the County Office employee accepting the completed CCC-538.
10C	Enter the date the County Office employee accepted the completed CCC-538.

--*

333 Enrollment and Election Options on Reconstituted Farms (Continued)

B Enrollment and Election Eligibility and Options Following Reconstitutions (Continued)

IF...	THEN by the later of June 1 (August 1, 2009, for 2009) of the contract period or 30 calendar days following issuance of the notification of the completion of the reconstitution...
a reconstitution request is filed according to 2-CM by June 1 (August 1, 2009 for 2009) (Continued)	<ul style="list-style-type: none"> • enroll under either a DCP or ACRE Program contract, as applicable. <p>Notes: Notification issued to the operator of record constitutes notice to all producers (operator, owner, and other producers) on the farm regardless of whether copies of the notice are actually sent to all producers.</p> <p>A valid CCC-509ACRE must be effective and apply to a farm before an ACRE Program contract can be enrolled. See subparagraph C.</p>
a reconstitution of a farm or farms enrolled under a DCP or ACRE Program contract and participating in PTPP is performed	resulting farms may, in addition to any and all other options that may apply according to this table, elect to continue PTPP participation on any of the resulting farms for no more than the acres approved for PTPP on CCC-749's before the reconstitution or reconstitutions. Resulting farms may also elect to enroll under a DCP or ACRE Program contract without any reduction for or participation in PTPP. <p>Note: See subparagraph C.</p>

C Evidence of Election (CCC-509ACRE) or PTPP (CCC-749)

If applicable, a copy of the following shall be placed in each resulting farm's reconstitution farm folder:

- evidence of election of parent farm or farms (CCC-509ACRE)
- CCC-749 for parent farm or farms supporting the PTPP for resulting farm or farms.

Note: For 2009, a reconstitution will not allow anyone or any farm to signup for PTPP. For 2009 reconstituted farms, PTPP participation may be continued according to subparagraph B.

334 (Withdrawn--Amend. 17)

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 or the ACRE Program, 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 or ACRE Program 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 or the ACRE Program
- made any fraudulent representation under DCP or the ACRE Program
- misrepresented any fact affecting a DCP or ACRE Program or person determination
- violated or been determined ineligible under 7 CFR 1400.5.

Note: See paragraph 196 for ACRE Program contracts.

335 Inaccurate Representation and Misrepresentations and Scheme or Device (Continued)**B Misrepresentations and Scheme or Device (Continued)**

If COC determines a producer erroneously represented any fact affecting a determination to be made by CCC under this contract, direct, counter-cyclical, and ACRE Program 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 CCC-509, the producer shall forfeit all rights to payments on each farm in which the producer has an interest and shall refund to CCC all payments received by the producer during the period of the violation, plus interest.

All producers sharing in DCP or ACRE Program 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 DCP or ACRE Program payments shall **not** be liable for the repayment of such refund.

336-351 (Reserved)

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

I Lease Expiration and Eligibility

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

If crops are produced on base acres:

- to be eligible to receive payments, persons must have an entitlement to an 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 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 shares on CCC-509, 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:

- signatures from landowners signing to zero shares
- a copy of the cash lease agreement
- CCC-510 from the producer (Exhibit 14).

Reminders: COC's shall **not** approve CCC-509's until the signature from the landowner, a copy of the cash lease, or CCC-510 is received (Exhibit 14).

A valid CCC-509ACRE is required before an ACRE Program contract can be acted on or approved.

***--Note:** See subparagraph 445.5 C for late-file enrollment provisions for 2010 and subsequent crop years.--*

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

The following are required before payments can be issued:

- approved CCC-509
- AD-1026
- CCC-902 determination (**CCC-903**)
- *--CCC-931--*
- 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.

Producers not receiving payments, directly or indirectly, are not required to complete *--CCC-902 or CCC-931.--*

Section 3 DCP or ACRE Program 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 (August 14, 2009, for 2009) 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 base acres with more than a zero share have enrolled. For those producers with an interest but a zero share of base acres, 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 base acres 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 (August 14, 2009, for 2009) 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 in DCP or the ACRE Program, as *--applicable, according to this paragraph or according to subparagraph 445.5 C--*
- 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, but only if **all** of the following apply:
 - a producer is requesting a payment to be made after June 1
 - the farm was cash leased by the producer in the previous FY and the producer was designated to receive payment on CCC-509 for that same year

Exception: This provision is **not** applicable if an ownership change on the farm has occurred since the previous FY.

- *--except for the 2012 contract year, COC shall **not** approve CCC-509 until after June 1. CCC-509's for 2012 may be approved any time in the enrollment period once all requirements are determined to be met.--*

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.

403 Web-Based DCP State Office Administrative Access (Continued)**D Updating Enrollment and Approval Dates on CCC-509**

DCP State Office administrative access users shall update the enrollment and approval date for any reason specified in subparagraph 402 B or if:

- a successor-in-interest CCC-509 was properly executed according to paragraph 398
- a timely requested reconstitution was completed according to paragraph 333
- a late-filed CCC-509 was approved according to paragraph 445.5.

The user updating the enrollment and approval date shall be satisfied that CCC-509 was enrolled within DCP guidelines.

--404 Applicability of Finality and Relief*A Background**

Farm Program delivery must be an equitable application of program provisions to correctly issue payments. Questions have arisen on the applicability of finality and relief that may be requested by COC. This information is being provided to assist the understanding of finality and relief as it relates to DCP and ACRE. This guidance should be used to supplement preparing finality and relief cases according to 7-CP.

Participants have the right to challenge, to FSA or NAD, whether FSA has its facts correct about a given determination, or whether FSA correctly applied the rules of a program. The need to consider relief may occur when there has been some unintended or inequitable result in light of an error or oversight, by the producer or by FSA.--*

--404 Applicability of Finality and Relief (Continued)*B Determining the Need for Relief**

There must be a decision on a program matter or extent of eligibility at issue before considering whether there is cause to consider relief.

Example: If COC wants to seek relief for a late-filed contract, the application or contract must first be completed, signed, and submitted to FSA for action before FSA is compelled to reach a decision. Without the program document, submitted timely or otherwise, there is no FSA decision (or relief consideration) required or due.

FSA does not issue decisions or consider relief for hypothetical situations. See 1-APP, paragraph 10.

Example: A producer visits the County Office in November 2011 asking the status of his or her 2011 direct payments on a farm. PT finds that the producer did not enroll the farm in 2011; therefore, no 2011 direct payments were issued. The producer wants to meet with COC to discuss why he or she should be allowed to enroll in 2011.

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

Results: Unless the producer signs CCC-509 for 2011 (and that CCC-509 would also need to be signed by all others who might share the contract), the producer is not entitled to either a decision on CCC-509 or relief consideration. When a producer submits CCC-509 with all signatures, timely or not, FSA will process that CCC-509 according to this handbook, which may or may not result in consideration of relief.--*

*--405 Finality and Types of Relief Applicable to DCP and ACRE

A Availability

Finality and the following types of relief apply to DCP and ACRE:

- finality
- equitable relief under misinformation/misaction
- equitable relief under failure to fully comply
- program relief
- base restoration.

B Finality

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

Applicability of the finality rule may appear to have the same effect as relief; that is, under the finality rule, a participant may be able to keep payments that were disbursed in error, through no fault of the participant. However, finality is not equitable relief. The key test for application of finality is whether the participant (not FSA) had any reason to know the FSA decision was in error. Additionally, finality applies only to decisions of STC’s and COC’s (and employees of STC’s and COC’s). The finality rule does not apply to decisions by National Office employees, decisions by RMA or reinsured companies, or decisions of SED’s.

C Equitable Relief Under Misinformation/Misaction

Equitable relief under misinformation/misaction is often claimed when producers fail to enroll timely. FSA may only assist participants with enrollment. FSA employees cannot enroll a farm for a participant. Participants are responsible for enrolling their farms as it cannot be done for them. Additionally, the deadline for enrollment is in 7 CFR Part 1412 and in widely publicized public forums, such as newsletters, Internet, press announcements, etc. Therefore, a participant has “reason to know” (the reason is the test, not the participant’s degree of knowledge) of their own actions (or misactions), whether they personally enrolled or not, as well as having access to information about the deadline for enrollment.

Example: A common allegation is, “I asked the FSA employee if there was anything else I needed to sign”, and the employee said “no”.--*

--405 Finality and Types of Relief Applicable to DCP and ACRE (Continued)*C Equitable Relief Under Misinformation/Misaction (Continued)**

While a person may interpret an FSA employee saying “no” to the question on whether there is anything else required as a communication from FSA that the person has already enrolled, the test under misinformation/misaction is whether there was incorrect program information or advice conveyed directly to the participant by FSA and whether the participant had any reason to know that the information was incorrect. In the example, FSA did not say or convey any incorrect information by answering “no”. Additionally, in the example, it appears the participant relied upon the participant’s own understanding of the information conveyed. If the FSA employee had stated that the participant had up to 3 weeks later to sign up, such communication might be considered a basis for a valid misinformation/misaction claim or request, provided the participant had no reason to question that advice or information and acted, to their own detriment and reliance, upon incorrect information (came in before COB within 3 weeks of the deadline).

D Equitable Relief Under Failure to Fully Comply

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

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

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

--405 Finality and Types of Relief Applicable to DCP and ACRE (Continued)*E Program Relief**

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

Example: An individual was involved in an automobile accident and suffered short-term memory loss that was documented by a physician. When COC disapproved CCC-509 as being late-filed, COC recognized what it believed were extenuating circumstances and recommended that relief be granted to approve the late-filed enrollment. In turn, STC referred the case to DAFP for consideration.

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

Example: FSA learns of a producer who had an interest in base acres on a farm but did not sign the DCP contract and did not receive a share of DCP payments.

Result: Depending on when the error was first discovered and why, and assuming no other factors such as misinformation or misaction on the part of FSA, DAFP may, at its discretion, grant program relief to producers on CCC-509 as follows.

- Allow timely entered signatures of producers to retain and continue to receive payments based on corrected shares if it can be determined that those who did timely sign did not intentionally misrepresent themselves. FSA will not authorize and not issue payments to the shares not represented by a timely signature, if the share is represented by either a missing signature or a signature for the producer share in discrepancy is entered after the contract period elapsed (September 30).

Note: In instances where a person or legal entity has not signed CCC-509, that person or legal entity is not entitled to any sort of agency decision, eligibility decision, or relief decision, and that person or legal entity has no standing to contest or challenge any decision of FSA because the person or legal entity has made no application or requested a decision from FSA. See 1-APP, paragraph 10.

- If it can be determined that there was no intentional misrepresentation by any of the producers, provided there was a timely submitted CCC-509, allow producers to sign a corrected CCC-509 by the end of the contract period with correct shares and have payments recomputed.--*

--405 Finality and Types of Relief Applicable to DCP and ACRE (Continued)*F Base Restoration**

Base restorations, except for statutory restorations, are limited to the adjustments shown in this subparagraph. Base adjustments needed during CLU certification are no longer authorized as all CLU's have been certified.

Statutory allowed base adjustments are:

- CRP entered into Section 1231 of the Food Security Act of 1985 with respect to the farm expires or is voluntarily terminated, or was terminated or expired during the period beginning on October 1, 2007, and ending on the date of enactment of the Food Security Act of 1985
- cropland is released from coverage under a conservation reserve contract by the Secretary, or was released during the period beginning on October 1, 2007, and ending on the date of enactment of the Food Security Act of 1985
- eligible pulse crop acreage
- eligible oilseed acreage, if the Secretary designates additional oilseeds.

Example: A County Office employee realized an improper base reduction was entered into the Farm Records Management System.

Result: DAFP may authorize restoration of the base acres as a result of the documentation submitted.--*

406-424 (Reserved)

445.5 Enrollment (Continued)

E Prohibition on Enrollments Following Conclusion of the Contract Year

The contract period for CCC-509's ends on September 30. No offer or enrollment attempt *--after September 30 of a contract year will be considered by COC or STC. COC is not authorized to enter into contracts after a contract period has already passed. Producers are **not** entitled to any sort of decision, relief, or other consideration on any request to enroll after the contract period has passed. Accordingly, FSA offices and committees shall **not** take any of the following action:--*

- consider or render any sort of adverse decision or relief decision on CCC-509's signed by anyone after the contract year has passed, **regardless** of the reason the individual or entity did not enroll before the contract period passed
- forward any recommendation of approval or relief for anyone who offered to enroll a contract after the contract period passed
- provide any right of appeal or appealability to anyone making an inquiry about enrollment after the contract period passed.

Note: Producers have a right of review or appeal **only** on adverse decisions and **only** where there are legitimate disputes of fact. See 1-APP.

Actions permitted when CCC-509's are received after September 30 of the contract year include the following:

- filing the original CCC-509 with producer's signature in the farm file
- not acting on, approving, or disapproving CCC-509's for the previous contract year
- *--sending a letter advising those submitting CCC-509 after the end of the contract period that CCC-509 will not be processed by FSA; see subparagraph F.

Notes: County Offices will **not** discourage any producer from signing CCC-509's at any time. FSA is **not** required to issue a determination on CCC-509's submitted after--* the contract year ends. COC's and STC's will follow this subparagraph for all CCC-509's submitted after the contract year expires.

No letter of determination will be issued to producers who choose to submit CCC-509's after the end of a contract year.

445.5 Enrollment (Continued)***--F Communication to Those Submitting Offers of Enrollment After the Contract Period Ends**

FSA will follow subparagraph E in acknowledging offers to enroll in a contract after the end of the contract period. FSA will acknowledge receipt of CCC-509's submitted after the end of the contract period with a communication stating the following.

Dear [*Enter names of all those signing CCC-509 submitted after September 30 of a contract period.*]

This letter acknowledges receipt of an offer to enter into a contract with the Commodity Credit Corporation under a form CCC-509, Direct And Counter-Cyclical Program (DCP) Contract And Average Crop Revenue Election (ACRE) Contract. You submitted the request to enroll after the end of the contract period.

7 CFR § 1412.41(a)(2)(ii) specifies that enrollment is not allowed after September 30 of the fiscal year in which the DCP or ACRE program payments are requested.

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

Thank you again for your interest.

Sincerely,

County Executive Director

Note: FSA's stating that the offer of enrollment cannot be processed is not a program decision.--*

G Effective on ACRE Election

The policy included in this paragraph is for DCP and ACRE enrollment only. The deadline to complete ACRE election is in subparagraph 176 C. There are **no** provisions for late-filed ACRE elections.

446 Payment Limitation and AGI

A Payment Limitations

See subparagraph 10 I for payment limitations.

B AGI

See 4-PL for AGI provisions.

447 Commodities Grown Under Contract on Base Acres

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 Payments

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

IF the grower has...	THEN, if otherwise eligible, the grower is...
a share of the crop and has all or some of the risk in producing the crop or crops grown on base acres	eligible to receive all of a DCP or ACRE 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 base acres	not eligible to receive a DCP or ACRE 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 base acres	<ul style="list-style-type: none"> • eligible to receive a portion of a DCP or ACRE payment if all other requirements are met • not eligible to receive the entire DCP or ACRE payment for those acres.

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

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 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	Determine number of double-cropped acres on farm.	
3	Add result of step 1 and step 2.	
4	Total the base acres for all covered commodities and peanuts for the farm.	
5	Subtract the result of step 4 from the result of step 3.	
6	<p>If the result of step 5 is...</p>	<p>THEN...</p>
	equal to zero or negative	<p>there are not any available free acres on the farm for FAV planting. Producers who elect to reduce base acres to plant FAV must reduce the base acres by the following:</p> <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 payments on acres that are planted to FAV.</p>
	greater than zero	<p>the result is the number of available acres for FAV planting without a violation or acre-for-acre payment reduction. A base acre reduction is required if the total intended FAV acres exceeds the available acres determined in step 5.</p>

--*

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 or the ACRE Program 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 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:
 - cover only
 - foraging
 - green manure
 - grazing
 - left standing
 - silage--*
- 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 or the ACRE Program is a violation of the FAV prohibition unless 1 of the 3 exemptions in paragraph 469 applies.

Reports, Forms, Abbreviations, and Delegations 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 (HELC) and Wetland Conservation (WC) Certification		6, 7, 352, 429, Ex. 4
AD-1153	Application for Long-Term Contracted Assistance Through the _____ Program		427
CCC-505	Voluntary Permanent Direct and Counter-Cyclical Program (DCP) Base Acres Reduction	66	Text, Ex. 19
CCC-509 (06-20-08)	Direct and Counter-Cyclical Program (DCP) Contract and Average Crop Revenue Election (ACRE) Contract		Text, Ex. 2
CCC-509 (11-14-08)	Direct and Counter-Cyclical Program (DCP) Contract and Average Crop Revenue Election (ACRE) Contract		Text, Ex. 2
CCC-509 (04-16-09)	Direct and Counter-Cyclical Program (DCP) Contract and Average Crop Revenue Election (ACRE) Contract		Text, Ex. 2
CCC-509 (10-01-09)	Direct and Counter-Cyclical Program (DCP) Contract and Average Crop Revenue Election (ACRE) Contract		Text, Ex. 2
CCC-509 (04-27-10)	Direct and Counter-Cyclical Program (DCP) Contract and Average Crop Revenue Election (ACRE) Contract		Text, Ex. 2
CCC-509 (10-06-10)	Direct and Counter-Cyclical Program (DCP) Contract and Average Crop Revenue Election (ACRE) Contract		Text, Ex. 2
CCC-509 (10-01-11)	Direct and Counter-Cyclical Program (DCP) Contract and Average Crop Revenue Election (ACRE) Contract	332	Text, Ex. 2
CCC-509ACRE	Average Crop Revenue Election (ACRE) Program Irrevocable Election		Text, Ex. 14
CCC-509 Appendix (04-24-09)	Appendix to Form CCC-509, Direct and Counter-Cyclical Program (DCP) Contract and Average Crop Revenue Election (ACRE) Contract		11, 332, 395, 426
CCC-509B ACRE Worksheet	2009-ACRE CCC-509B Worksheet		10

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

Forms (Continued)

Number	Title	Display Reference	Reference
CCC-510	DCP or ACRE Program Cash Rent Certification Statement	Ex. 14	352, 394, 402
CCC-527	Request for Action for Subsidiary/Payment Limitation		10
CCC-528	Designation of Payment Acres for Planted and Considered Planted (P&CP) Crops of Covered Commodities and Peanuts for the Average Crop Revenue Election (ACRE) Program	187	
CCC-529	Program Adjustment to Payment Limitation Because of Participation in ACRE Program	10	
CCC-538	Producer-Paid Crop Insurance Premium	188	
CCC-576	Notice of Loss and Application for Payment Noninsured Crop Disaster Assistance Program		78
CCC-749	Request to Participate in the 20__ Planting Transferability Pilot Project	80	76, 79, 81, 82, 333
CCC-770 DCP	Direct and Counter-Cyclical Program Contract Checklist	Ex. 17	353
CCC-770 Eligibility	Eligibility Checklist		Ex. 17
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-903	Worksheet for Payment Eligibility and Payment Limitation Determinations		352
CCC-920	Grassland Reserve Program Contract		66, 427
CCC-931	Average Adjusted Gross Income (AGI) Certification and Consent to Disclosure of Tax Information		6, 7, 352
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		478

Definitions of Terms Used in This Handbook (Continued)

Farm ACRE Guarantee

Farm ACRE guarantee means for a crop year of a covered commodity or peanuts the per acre producer-paid crop insurance premium (if any) added to the result of multiplying the benchmark farm yield times the ACRE guarantee price. Farm ACRE guarantee is used in determining whether a farm is eligible for ACRE payments for a covered commodity or peanuts.

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.

Harvested Production

Harvested production means all production of the eligible crop from the farm that can be supported by an acceptable record, including, but not limited to, production:

- gathered by hand
- grazed by livestock
- mechanically harvested.

Home Garden

--Home garden is an area of fruits or vegetables on a farm 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 not used for home use of a producer, 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.

Definitions of Terms Used in This Handbook (Continued)

Limited Resource Farmer

Limited resource farmer means a farmer or rancher who meets both of the following criteria:

- the person did not have, counting both direct and indirect interests, total gross farm sales for all farms in which that person has an interest of not more than the triggering level, as defined below, in both of the 2 calendar years that precede the calendar year in which the contract year begins

Note: The triggering level is an indexed number that was originally for other programs, \$100,000. Beginning in October 2004, that number has been adjusted for inflation using the Prices Paid by the Farmer Index compiled by NASS. The triggering level for this contract shall be the indexed number as adjusted for the fiscal year that begins on the first day of the contract period.

- the person's total household income is at or below the national poverty level for a family of 4 or less than 50 percent of county median household income in each of the previous 2 years determined annually using U.S. Commerce Department Data.

For purposes of making these determinations, interested persons are encouraged to use the USDA Limited Resource Farmer and Rancher Only Self Determination Tool at <http://www.lrftool.sc.egov.usda.gov/tool.asp>.

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.

Average Crop Revenue Election (ACRE) Program Fact Sheet and Backgrounder

*--A Average Crop Revenue Election (ACRE) Program Fact Sheet – 2012

The following is an example of the Average Crop Revenue Election (ACRE) Program Fact Sheet - 2012.



FACT SHEET

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY

January 2012

Average Crop Revenue Election (ACRE) Program - 2012

Overview

As authorized by the 2008 Farm Bill (Food, Conservation, and Energy Act of 2008), producers on eligible farms may elect to participate in the Average Crop Revenue Election (ACRE) Program.

Under the ACRE Program, producers may receive revenue-based payments as an alternative to receiving price-based counter-cyclical (CC) payments.

Eligible Farms

Only farms with covered commodity or peanut base acres may participate in the ACRE Program. Farms that are already enrolled in the Direct and Counter-Cyclical Program (DCP) for a crop year may elect to switch to ACRE before the end of signup. As provided by the 2008 Farm Bill, farms with 10 or less base acres are not eligible for DCP or ACRE Program payments, except for farms whose owners are socially disadvantaged or are limited resource farmers or ranchers.

Eligible Commodities

The following planted or considered planted crops may be eligible for ACRE payments:

- wheat, barley and oats
- grain sorghum and corn
- upland cotton
- rice (short/medium and long grain)
- soybeans
- other oilseeds: canola, crambe, flaxseed, mustard seed, rapeseed, safflower, sesame seed and sunflower seed
- peanuts
- dry peas, lentils and small and large chickpeas (garbanzo beans).

ACRE Election and Enrollment

The deadline to elect and enroll in the ACRE Program is June 1 of the program year. If elected in a previous year, producers must enroll the farm in the ACRE Program by June 1 to receive payments. Farms that elect the ACRE Program cannot receive CC payments.

Reporting Requirements

Producers on participating ACRE Program

Payments		DCP	ACRE
Direct	Payment Rate	100 percent of the DCP direct payment rate.	80 percent of the DCP Direct Payment Rate.
	Payment Formula	Uses farm's base acreage.	Uses farm's base acreage.
	Advances	Not available	Not available
Counter-Cyclical (CC)	Payment Formula	Uses farm's base acreage.	
	Trigger	Low National Market Prices.	
	Advances	Not available	
Average Crop Revenue Election (ACRE)	Payment Formula		Uses planted and considered planted (P&CP) acreages of commodity crops and peanuts.
	Triggers		Revenue must be below the historical state average and the farm average.
	Advances		Not available.
Loan Rates		100 percent of the Market Assistance Loan rates.	70 percent of the Market Assistance Loan rates.

farms must annually report acreage and production to FSA. Failure to do so may result in ineligibility. Production reports are due by July 15, 2013.

Payment Limitation

Maximum Payment Amounts

Direct payments are limited to \$40,000 per person or entity minus the 20 percent direct payment reduction for ACRE election, and ACRE payments are limited to \$65,000 plus the 20 percent direct payment reduction amount resulting from ACRE election. The limitation is applied by attributing both the amounts received directly by entities and persons, and indirect amounts received through entities.

Adjusted Gross Income (AGI)

Persons or legal entities whose average nonfarm AGI exceeds \$500,000 are not eligible for direct, CC or ACRE payments.

Also, persons or legal entities whose average farm AGI exceeds \$750,000 are not eligible for direct payments under the DCP and the ACRE programs.

In addition, individuals or entities whose total AGI is \$1 million or more, are ineligible for direct payments under the DCP and ACRE programs.

Farm Yields

Yields for ACRE payments are based on an "Olympic" average of a combination of producer yields and average yields for the county for the five most recent crop years. If a producer certifies yield data for a year and it is higher than the county average, that yield will be used to calculate the ACRE farm yield (Benchmark Farm Yield) as long as yields are certified for the subsequent years.

Payments

Producers on participating ACRE Program farms can receive direct and ACRE payments. Payments will be reduced if base acres are enrolled in a federal program which prohibits the production or harvesting of crops, such as the Conservation Reserve Program, Grassland Reserve Program and the Wetlands Reserve Program.

Direct Payments

Direct payments are based on the farm's base acres and program yields for covered commodities and peanuts. The payment rates for direct payments are 20 percent less than the DCP direct payment rates. Similar to DCP, payment amounts are reduced if fruits or vegetables are planted on base acres, or the acres are used for non-agricultural purposes.

Page 1

--*

Average Crop Revenue Election (ACRE) Program Fact Sheet and Backgrounder (Continued)

*--A Average Crop Revenue Election (ACRE) Program Fact Sheet – 2012 (Continued)

FACT SHEET
ACRE - 2012 January 2012

ACRE Payments

ACRE payments are revenue-based payments and are tied to crop production and the National Average Market Price for planted, and considered planted, covered commodity crops or peanuts on the farm. ACRE payments can only be issued for a crop if two triggers are met for the covered commodity crop or peanuts.

State Trigger: for the program year must be less than the State ACRE Guarantee.

Farm Trigger: The participating farm's Actual Farm Revenue for the program year must be less than the Farm ACRE Guarantee.

Payment Acreage Limitation
ACRE payment acreage is limited to the total amount of base acres on the farm, not to exceed 85 percent of the planted and considered planted acreage for each crop. If the planted and considered planted acreage exceeds 118 percent of the base acreage and there is more than one eligible crop, producers must designate payment acreage for each crop by Sept. 30 of the program year.

Triggers: The State and the farm trigger must be met to receive an ACRE payment for the planted or considered planted commodity crop or peanuts.

ACRE State Trigger:

State ACRE Guarantee must exceed the Actual State Revenue

State ACRE Guarantee
(cannot change by more than 10 percent from the previous year's guarantee)

90 percent multiplied by

Benchmark State Yield
(5 year "Olympic" average)

multiplied by

ACRE Guarantee Price
(Previous 2-yr National Average Market Price)

>

Actual State Revenue

Actual State Yield

Multiplied by the ACRE Price:
(higher of the National Average Market Price
Or
70 percent of the National Loan Rate)

ACRE Farm Trigger:

Farm ACRE Guarantee must exceed the Actual Farm Revenue

Farm ACRE Guarantee

Benchmark Farm Yield
(5 year "Olympic" average)

Multiplied by

ACRE Guarantee Price
plus
Crop Insurance Premium per acre paid by producer

>

Actual Farm Revenue

Actual Farm Yield

multiplied by the ACRE Price:
(higher of the National Average Market Price
Or
70 percent of the National Loan Rate)

ACRE Payment Calculation: If both triggers are met for a planted or considered planted commodity crop, then an ACRE payment may be calculated for the eligible crop.

ACRE Payment = P&CP acres multiplied by 85 percent multiplied by

Multipled by

lesser of:

State ACRE Guarantee

Minus

Actual State Revenue

Multipled by

25 percent

Benchmark Farm Yield
Benchmark State Yield
 (Farm Productivity Index Factor)

Page 2

Average Crop Revenue Election (ACRE) Program Fact Sheet and Backgrounder (Continued)

*--A Average Crop Revenue Election (ACRE) Program Fact Sheet – 2012 (Continued)

FACT SHEET
ACRE - 2012

January 2012

Projected Payment Calculations: Use the following tables to calculate projected ACRE program and DCP payments.

Table 1: ACRE and DCP Rates	1. 2010 National Avg. Market Price (NAMP)	2010 - 2012 ACRE		DCP 2010 - 2012		
		2. Direct Rate	3. National Loan Rate	4. Direct Rate	5. National Loan Rate	6. CC Threshold: Payment will be issued if the NAMP is less than...
Wheat (bu)	5.70	0.416	2.06	0.52	2.94	3.65
Barley (bu)	3.22	0.192	1.37	0.24	1.95	2.39
Oats (bu)	2.52	0.0192	0.97	0.024	1.39	1.766
Corn (bu)	5.18	0.224	1.37	0.28	1.95	2.35
Grain Sorghum (bu)	5.02	0.28	1.37	0.35	1.95	2.28
Upland Cotton (lb)	0.815	0.05336	0.3640	0.0667	0.52	6.458
Med/Short Grain Rice (cwt)	18.40	1.88	4.55	2.35	6.50	8.15
Long Grain Rice (cwt)	11.10	1.88	4.55	2.35	6.50	8.15
Soybeans (bu)	11.30	0.352	3.50	0.44	5.00	5.56
Canola (cwt)	19.30	0.64	7.06	0.80	10.09	11.88
Crambe (cwt)	32.80	0.64	7.06	0.80	10.09	11.88
Mustard Seed (cwt)	25.90	0.64	7.06	0.80	10.09	11.88
Rapeseed (cwt)	23.40	0.64	7.06	0.80	10.09	11.88
Safflower (cwt)	17.20	0.64	7.06	0.80	10.09	11.88
Sesame Seed (cwt)	30.60	0.64	7.06	0.80	10.09	11.88
Sunflower Seed (cwt)	23.30	0.64	7.06	0.80	10.09	11.88
Flaxseed (bu)	12.20	0.3584	3.9536	0.4480	5.6504	6.6528
Peanuts (ton)	450.00	28.80	248.50	36.00	355.00	459.00
Dry Peas (cwt)	9.77		3.78		5.40	8.32
Lentils (cwt)	25.70		7.90		11.28	12.81
Sm. Chickpeas (cwt)	20.80		5.20		7.43	10.36
Lg. Chickpeas (cwt)	30.50		7.90		11.28	12.81

Table 2: Hypothetical 2012 State ACRE Guarantee		Ex. Wheat	For Each Planted or Prevented Planted Crop:			
1. Estimated 2012 Benchmark State Yield (Your estimate of the Olympic average of state yields from 2007–2011) *		88 bu/acre				
2. Estimated 2012 ACRE Guarantee Price (Average of 2010 NAMP in Table 1, Item 1 and your projected 2011 NAMP.)		\$ 6.14 per bu				
3. 2012 Calculated Estimated State ACRE Program Guarantee (90 percent x Item 1 x Item 2)		\$486.29				
4. 2011 State ACRE Program Guarantee*		\$439.29				
5. Is Item 3 greater than Item 4? (Yes, No)	If Yes, Go to Item 6 If No, Go to Item 8	Yes				
6. Maximum Estimated State ACRE Program Guarantee (Item 4 times 110 percent)		\$483.22				
7. Hypothetical 2012 State ACRE Program Guarantee (lower of Item 3 and Item 6). <i>Do not continue.</i>		\$483.22				
8. Minimum Estimated State ACRE Program Guarantee (Item 4 times 90 percent)						
9. Hypothetical 2012 State ACRE Program Guarantee (higher of Item 3 and Item 8)						

*Resource Information available at www.fsa.usda.gov/FSA/webapp?area=home&subject=dccp&topic=landing

Page 3

Average Crop Revenue Election (ACRE) Program Fact Sheet and Backgrounder (Continued)

*--A Average Crop Revenue Election (ACRE) Program Fact Sheet – 2012 (Continued)

FACT SHEET
ACRE - 2012

January 2012

Table 3: Hypothetical 2012 ACRE Triggers and Payment Calculation			Ex. Wheat	Enter each crop that is planted or prevented planted:				
State Trigger	ACRE Program Guarantee	1. Estimated Benchmark State Yield (Item 1 from Table 2)	88					
		2. Estimated ACRE Guarantee Price (Item 2 from Table 2)	\$6.14					
		3. Hypothetical State ACRE Program Guarantee (Item 7 or 9 of Table 2)	\$483.22					
	Actual State Revenue	4. Estimated 2012 Actual State Yield	84					
		5. Estimated 2012 National Average Market Price	\$5.50					
		6. ACRE National Loan Rate (Table 1, Item 3)	\$2.06					
		7. ACRE Price (Higher of Item 5 or Item 6)	\$5.50					
	8. Hypothetical Actual State Revenue (Item 4 times Item 7)	\$462.00						
	9. Item 3 greater than Item 8?	If Yes, State trigger has been met. If No, the trigger is not met.		Yes				
Farm Trigger	Farm ACRE Guarantee	10. Benchmark Farm Yield (Your estimate if not determined)	91					
		11. Crop Insurance Premium (per acre paid by producer for the crop)	\$10					
		12. Hypothetical Farm ACRE Guarantee (Item 10 x Item 2) plus Item 11)	\$568.74					
	Actual Farm Revenue	13. Estimated 2012 Actual Farm Yield	83					
		14. Hypothetical Actual Farm Revenue (Item 13 times Item 7)	\$456.20					
15. Item 12 greater than Item 14?	If Yes, Farm trigger has been met. If No, the trigger is not met.		Yes					
ACRE Payment	16. Item 9 and Item 15 are both "Yes"?		If both are "Yes", then the crop is eligible for ACRE payments. Continue to Item 17. If not, the crop is not eligible for ACRE payments. Do not continue.		Yes			
	17. Share of the crop's planted or prevented planted acreage on the farm		100 Pct					
	18. Maximum Acres (Total base acreage on the farm)		125					
	19. Planted and Prev. Planted Acreage of the crop		140					
	20. Payment Acreage (Item 19 times 85 percent). Total Payment Acreage for the farm cannot exceed Item 18		119.0					
	21. Farm Productivity Index Factor (Item 10 divided by Item 1)		1.0341					
	Payment Rate	22. APG minus ASR (Item 3 minus Item 8)		\$21.22				
		23. 25% of APG (Item 3 times 25 percent)		\$120.81				
		24. Payment Rate (Lesser of Item 22 or Item 23)		\$21.22				
	25. Projected Estimated ACRE Payment (Item 17 times Item 20 times Item 21 times Item 24)		\$2,611					

Average Crop Revenue Election (ACRE) Program Fact Sheet and Backgrounder (Continued)

*--A Average Crop Revenue Election (ACRE) Program Fact Sheet – 2012 (Continued)

FACT SHEET

ACRE - 2012

January 2012

Table 4: Projected Payment Comparison		Example:		
Note: Direct and CC Payments are reduced if fruits, vegetables or wild rice are planted on base acreage.		Wheat		
Basic Information	1. Base Acreage for the crop	125		
	2. Direct and Counter-Cyclical Payment Share	100 pct		
	3. Direct Payment Yield	86		
	4. Direct Payment Rate (Table 1, Item 4)	0.52		
	5. Counter-cyclical (CC) Payment Yield	88		
	6. Counter-cyclical Payment Rate (Zero, if negative) _____ minus (higher of _____ or _____) Table 1, Item 6 (CC Threshold) Table 1, Item 5 (DCP Loan Rate) Table 3, Item 5	(3.39 minus 4.60 = neg.) (Zero)		
DCP Payments	Direct	7. Calculation: Item 1 x Item 2 x Item 3 x Item 4 x 0.85	\$ 4,752	
	Counter-Cyclical	8. If Item 6 is zero, enter zero. If Item 6 is greater than zero, calculate the CC payment as follows: Item 1 x Item 2 x Item 5 x Item 6 x 0.85	0	
		9. Total DCP Payments	\$ 4,752	
ACRE Program Payments	Direct	10. Calculation: Item 7 times 80%	\$ 3,802	
	ACRE	11. See Table 3, Item 25	\$ 2,611	
			12. Total ACRE Program Payments	\$ 6,413

Table 5:		2012 Signup: Jan. 23, 2012 - June 1, 2012	
2012 Timetable		ACRE Program ACRE Payments issued if eligible.	DCP Program Counter-Cyclical Payments (CC) issued if authorized
Year	Month or Date		
2011-2012	Varies by county and crop	File 2012 Acreage Report	File 2012 Acreage Report
2012	June 1	Final date to elect and enroll in 2012 ACRE Program.	Final date to enroll in 2012 DCP Program.
	July 15	File 2011 Production Reports and Establish Benchmark Farm Yields.	
	August 1	Final date to request reconstitution of the farm.	Final date to request reconstitution of the farm.
	September 30	Final date to designate payment acreage, if necessary.	
	October	Begin issuing Final Direct Payments	Begin issuing Final Direct Payments
2013	July 15	File 2012 Production Reports and Establish Benchmark Farm Yields.	
2013	October	ACRE payments for all crops (including soybeans) except rice, other oilseeds, and chickpeas.	CC payments for all crops (including soybeans) except rice, other oilseeds, and chickpeas.
	December	ACRE payments for other oilseeds and chickpeas.	CC payments for other oilseeds and chickpeas.
2014	February	ACRE payments for rice.	CC payments for rice.

Page 5

--*

Average Crop Revenue Election (ACRE) Program Fact Sheet and Backgrounder (Continued)

*--A Average Crop Revenue Election (ACRE) Program Fact Sheet – 2012 (Continued)

FACT SHEET

ACRE - 2012

January 2012

Information or Estimations Needed to Project 2012 ACRE Payments

A. Projected National Average Market Price: 1) 2010 _____; 2) 2011 _____; 3) 2012 _____

B. Benchmark Farm Yield: 1) Benchmark Farm Yield _____ OR Farm's Est. Avg 2007 - 2011 _____

C. Benchmark State Yield: 1) Benchmark State Yield _____ OR State's Est. Avg 2007 - 2011 _____

D. Estimated Actual 2012 Yields: 1) State _____; 2) Farm _____

Frequently Asked Questions

Q1: If one producer (owner, tenant, etc) on the farm does not sign the election form, can the farm still participate in the ACRE Program?

No. Without exception, all producers must agree in writing to the ACRE Program election.

Q2: If all producers sign the ACRE Program Election Form, is the farm considered enrolled in the ACRE Program?

No. Producers on the farm must also sign a contract to enroll in ACRE Program by the sign-up deadline.

Q3: Does a producer have to enroll all farms in ACRE?

No. Election and enrollment for the ACRE Program is on a farm by farm basis.

Q4: Can a farm enroll some base acres and not others?

No, the enrollment is for the farm and all of the base acres.

Q5: Can base acres be established to participate in the ACRE Program?

No. There is no authority to establish base acres to participate in the ACRE Program.

Q6: Is crop insurance or NAP required to receive ACRE payments?

No. There are no risk management purchase requirements for the DCP or the ACRE Programs. However, higher levels of insurance due to higher premiums increases the Farm Acre Guarantee and, thus the probability of meeting the "Farm Trigger".

Q7: If both state and farm "triggers" are met, will the ACRE payment calculation provide benefits for prevented planted acres of covered commodity crops or peanuts?

Yes. Prevented planted acres are "considered planted."

Q8: Can ACRE payments be calculated for eligible commodity crops that do not have base acres on the farm?

Yes. ACRE payments are based on planted and considered planted acres of eligible commodity crops, without regard to whether the farm has base acres for that crop. However, the maximum acreage eligible for ACRE payments cannot exceed the total base acres on the farm.

Q9: If the National Average Market Price for a covered commodity crop or peanuts is higher than average, will this result in no ACRE payments?

Not necessarily. Since the ACRE "triggers" are based on revenue (yield and prices) reductions, a significant yield loss for the State could result in ACRE payments.

Q10: If a producer designates payment for a crop, but the crop does not "trigger" payments, are the designated payment acres transferred to another crop?

No. In the event a crop does not trigger the designated payment acres become "unpaid."

The U.S. Department of Agriculture (USDA) prohibits discrimination in all of its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, political beliefs, genetic information, reprisal, or because all of part of an individual's income is derived from any public assistance program. (Not all bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD).

To file a complaint of discrimination, write to USDA, Assistant Secretary for Civil Rights, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, S.W., Stop 9410, Washington, DC 20250-9410, or call toll-free at (866) 632-9992 (English) or (800) 877-8339 (TDD) or (866) 377-8642 (English Federal-relay) or (800) 845-6136 (Spanish Federal-relay). USDA is an equal opportunity provider and employer.

***--Direct and Counter-Cyclical Payment Program (DCP) Fact Sheet**

The following is an example of the Direct and Counter-Cyclical Payment (DCP) Program Fact Sheet - 2012.



FACT SHEET

UNITED STATES DEPARTMENT OF AGRICULTURE
FARM SERVICE AGENCY

January 2012

Direct and Counter-Cyclical Payment Program (DCP) - 2012

Overview

The Direct and Counter-Cyclical Payment Program (DCP) provides payments to eligible producers on farms enrolled for each and any of 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 for DCP appear at 7 CFR Part 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 or less base acres are not eligible for DCP payments, except for farms whose owners are socially disadvantaged or limited resource farmers or ranchers.

Direct Payments

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 2012 crop year for producers on a farm is determined by multiplying 85 percent of the farm's base acreage multiplied by the farm's direct payment yield multiplied by the direct payment rate.

The following is an example for 2012 corn:

Corn base acres:

100 acres x 85 percent
= 85 payment acres
x 110 bushels direct payment yield
x \$0.28 per bushel direct payment rate
= \$2,618 direct payment

Direct payments are not based on producers' current plantings of covered commodities or peanuts, but instead are calculated using the base acres and payment yields established for covered commodities and peanuts on the farm.

Counter-cyclical Payments

In addition to direct payments, the 2008 Farm Bill authorizes counter-cyclical payments, which provide

Page 1

--*

***--Direct and Counter-Cyclical Payment Program (DCP) Fact Sheet (Continued)**

FACT SHEET

Direct and Counter-Cyclical Payments

January 2012

income support as part of a "safety net" in the event of low crop prices. 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:

Crop	2012 Target Price
Barley	\$2.63/bu
Chickpeas, large (Garbanzo bean, Kabuli)	\$12.81/cwt
Chickpeas, small (Garbanzo bean, Desi)	\$10.36/cwt
Corn	\$2.63/bu
Dry Peas	\$8.32/cwt
Grain Sorghum	\$2.63/bu
Lentils	\$12.81/cwt
Oats	\$1.79/bu
Other Oilseeds	\$12.68/cwt
Peanuts	\$495/ton
Rice, long grain	\$10.50/cwt
Rice, medium/short grain	\$10.50/cwt
Soybeans	\$6.00/bu
Upland Cotton	\$0.7125/lb
Wheat	\$4.17/bu

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:

- 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).

Page 2

Example A:

If the 2012 national average market price for soybeans is \$11.21 per bushel:

\$0.44 direct payment rate
+ \$11.21 average market price*
= \$11.65 effective price

(*Average market price is used since it is higher than the 2012 national loan rate of \$5.00/bu)

\$6.00 target price
-\$11.65 effective price
= \$0.00 counter-cyclical payment rate because the effective price is above the target price

Example B:

If the 2012 national average market price for corn is \$1.90 per bushel:

\$0.28 direct payment rate
+\$1.95 national loan rate*
= \$2.23 effective price

(*National loan rate of \$1.95/bu is used since it is higher than the average market price)

\$2.63 target price
\$2.23 effective price
= \$0.40 counter-cyclical payment rate

For each commodity, the total counter-cyclical payment for producers on a farm is determined by multiplying 85 percent of the farm's commodity base acres multiplied by the farm's commodity counter-cyclical payment yield multiplied by the counter-cyclical payment rate.

An example for 2012 soybeans (using the counter-cyclical payment rate of \$0.26) is:

100 base acres of soybeans
85 payment acres
x 30 bushels per acre counter-cyclical payment yield
x \$0.26 per bushel counter-cyclical payment rate
= \$663 counter-cyclical payment

The DCP payment schedule for the 2012 crop year is in the table located on page 3 of this fact sheet.

Timing of Payments

For 2012, no advance direct or advance CC payments are authorized.

Producers will receive the entire 2012 direct payment in October 2012.

Final counter-cyclical payments will be made beginning Oct. 1, 2012, or as soon as practicable thereafter, after the end of the marketing year for the crop.

Sign-Up Period

The DCP sign-up period for the 2012 crop begins Jan. 23, 2012 and ends June 1, 2012. The CCC-509 sign-up form, "Direct and Counter-cyclical Program Contract," includes base acres, payment acres, payment yields, producer payment shares and signatures of the producer and county office representative.

All owners and operators who will share in the DCP payments on the farm must sign form CCC-509 by June 1, 2012.

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:

***--Direct and Counter-Cyclical Payment Program (DCP) Fact Sheet (Continued)**

FACT SHEET

Direct and Counter-Cyclical Payments

January 2012

- A farm operating plan (CCC-902 and related forms);
- An average adjusted gross income certification (CCC-931);
- 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 2012 fact sheet is 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 one acre for each acre planted under the pilot program.

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

The 2008 Farm Bill directed USDA to prepare a report assessing the Planting Transferability Pilot Project, which can be found at: <http://www.fsa.usda.gov/FSA/fbapp?area=home&subject=cmdt&topic=landing>. This url contains additional Congressional reports that may be of interest.

For More Information

Further information on DCP and other FSA programs is available at local FSA offices or on FSA's website at: <http://www.fsa.usda.gov/dep>.

The U.S. Department of Agriculture (USDA) prohibits discrimination in all of its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, political beliefs, genetic information, reprisal, or because all of part of an individual's income is derived from any public assistance program. (Not all bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD).

To file a complaint of discrimination, write to USDA, Assistant Secretary for Civil Rights, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, S.W., Stop 9410, Washington, DC 20250-9410, or call toll-free at (866) 632-9992 (English) or (800) 877-8339 (TDD) or (866) 377-8642 (English Federal-relay) or (800) 845-6136 (Spanish Federal-relay). USDA is an equal opportunity provider and employer.

2012 Scheduled Timetable for DCP Payments						
Month/Year	Commodity					
	Barley Oats Wheat	Dry Peas Lentils	Peanuts Rice Upland Cotton	Corn Sorghum Soybeans	"Other" Oilseeds	Large Chickpeas Small Chickpeas
Marketing Year	June 1 - May 31	July 1 - June 30	August 1 - July 31	September 1 - August 31	Varies by crop	September 1 - August 31
Beginning October 2012	Final Direct		Final Direct	Final Direct	Final Direct	
Beginning October 2013	Final CC	Final CC	Final CC for Peanuts & Upland Cotton	Final CC		
Beginning December 2013					Final CC	Final CC
Beginning February 2014			Final CC for Rice			

1/ By statute, counter-cyclical (CC) payments for crop year 2012 can be made no earlier than October 1, 2012.

