

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250

**Margin Protection Program
for Dairy Producers
1-MPP**

Amendment 6

Approved by: Acting Deputy Administrator, Farm Programs



Amendment Transmittal

A Reasons for Amendment

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

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

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

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

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

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

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

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

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

Subparagraph 40 B has been amended to revise the registration and annual coverage election period for 2018.

Amendment Transmittal (Continued)

A Reasons for Amendment (Continued)

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

Subparagraph 41 D has been amended to:

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

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

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

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

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

Subparagraph 49:

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

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

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

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

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

Exhibit 11 has been amended to update instructions for completing and the example of revised CCC-781 Continuation sheet.

Amendment Transmittal (Continued)

A Reasons for Amendment (Continued)

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

Page Control Chart		
TC	Text	Exhibit
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Part 2 Eligibility Requirements**10 Dairy Operation Eligibility****A Eligible Dairy Operation Definition**

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

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

B Dairy Operation Eligibility for Participation

To be eligible to participate in MPP-Dairy a dairy operation **must**:

- have produced milk from cows in the U.S.
- *--be commercially marketing the milk at the time of their initial registration and at the time of their annual coverage election in MPP-Dairy--*
- have a production history approved for the dairy operation on CCC-781
- submit a completed CCC-782, during the applicable registration and coverage election period, agreeing to the terms and conditions prescribed by CCC
- provide, to the local FSA County Office, proof of milk production marketed commercially, by all persons in the dairy operation during the periods relevant to establish production history for the dairy operation
- **not** participate in the LGM-Dairy administered by RMA, except as provided by paragraph 50

10 Dairy Operation Eligibility (Continued)**B Dairy Operation Eligibility for Payment (Continued)**

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

C Eligible Applicants

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

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

D States, Political Subdivisions, and Agencies Thereof

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

E Dairy Operations Under MILC Program

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

10 Dairy Operation Eligibility (Continued)**F Dairy Operations Not Under MILC Program**

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

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

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

G Existing Dairy Operations

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

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

11 New Dairy Operations

A New Dairy Operation

A new dairy operation for MPP-Dairy purposes:

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

B Affiliation Test

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

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

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

C Affiliation Test Example

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

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

22 Establishing Production History for New Dairy Operations (Continued)

G Example of Extrapolation Method for Seasonal Dairy Operation

ABC Dairy Operation begins marketing milk March 2, 2015, and comes in to register for MPP-Dairy on July 10, 2015. ABC Dairy Operation has actual full month marketings for the months of April through June, according to the following table, and intends to operate only 10 months out of a year on an annual basis.

	April	May	June	SUM
Marketings	221,200 lbs.	235,000 lbs.	229,800 lbs.	686,000 lbs.
Index Rate	.0854 Percent	.0883 Percent	.0841 Percent	.2578 Percent
Annual Production History				2,217,481 lbs.

Note: $686,000 \div .2578 = 2,660,978 \text{ lbs.} \div 12 = 221,748 \times 10 = 2,217,481 \text{ lbs.}$

H National Rolling Herd Average Method

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

- announced by USDA each February before the applicable calendar year of coverage
- *--based on annual milk production per cow available from the year preceding the current registration period, **except** for calendar year 2015.--*

Note: Because the registration period for 2014 and 2015 are concurrent, the same national rolling herd average will be used for both years.

22 **Establishing Production History for New Dairy Operations (Continued)**

I National Rolling Herd Averages

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

Calendar Year of Coverage	Lbs. Per Cow
2014	21,822 lbs.
2015	21,822 lbs.
2016	22,258 lbs.
2017	22,393 lbs.
2018	*--22,774 lbs.--*

J National Rolling Herd Average Calculation

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

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

K Example of National Rolling Herd Average Method

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

Note: 150 x 21,822 = 3,273,300 lbs.

23 Annual Production History Increase

A Production History Adjustments

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

- never be reduced because of changes in national milk production
- only increase or “bump” up the established production history of the dairy operation to reflect any increase in the national average milk production, except for an intergenerational transfer according to paragraph 30.

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

B The Bump

The bump adjustment factor will:

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

23 Annual Production History Increase (Continued)

C Determining the Bump

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

- April 2013 through March 2014 milk production and compare to April 2012 through March 2013 milk production to calculate the base factor increase for the 2015 registration and coverage election period
- April 2014 through March 2015 milk production will be compared to April 2013 through March 2014 milk production to calculate the base factor increase for the 2016 registration and coverage election period.

D Bump Factors

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

Calendar Year	Bump Factor
2014	None
2015	1.0087
2016	1.0261
2017	1.0134
2018	*--1.0186--*

E Example of the Bump

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

24 Production History Transfers

A Types of Production History Transfers

CCC-approved production history can be transferred as follows:

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

B Production History Transfer Requests

A production history transfer request **must**:

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

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

- be thoroughly reviewed and approved by COC or designee
- have all associated premiums paid in full for the applicable calendar year of coverage for the transfer to be approved, **except** for relocation transfers.

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

C Non-Transferable Production History

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

*--D Affiliated New Dairy Operation Production History Transfers

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

- inactive from a dissolution, death, or retirement, the production history must be reestablished according to paragraph 32
- active from the previous owner of the dairy operation, the production history must be transferred through an SII according to paragraph 29.--*

25 Production History Relocations

A Relocation Transfers

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

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

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

B Relocation Transfer Example

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

C Relocation and Merger Transfer Example

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

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

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

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

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

28 Production History Transfer Mergers

A Merger Transfers

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

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

B Merger Transfer Example

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

C Merger Effective Date

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

Note: Since the merger date is **not** recognized until January 1, the individual contracts of the merging operations will be recognized through December 31.

29 Succession-In-Interest Production History Transfer

A Succession-In-Interest Transfers for CY 2016 and Subsequent CY's

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

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

B Succession-In-Interest Effective Date

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

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

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

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

C Administrative Fee

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

D Tax ID Changes

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

--30 Intergenerational Production History Transfers*A Intergenerational Transfers**

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

- son
- daughter
- grandchild
- adopted child.

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

B Intergenerational Transfer Production History Calculation

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

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

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

C Intergenerational Transfer Limitations

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

- one-time increase of production history for the term of the program
- maximum increased quantity of up to 4 million pounds
- same elected coverage threshold and coverage percentage in effect for the participating dairy operation at the time the production history increase takes effect.--*

30 Intergenerational Production History Transfers (Continued)

D Intergenerational Transfer Requirements

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

- *--notify FSA according to subparagraph F on CCC-781 Continuation sheet according to--* Exhibit 11
- provide documentation of the following:
 - dairy operation's current annual marketing as of the date of the intergenerational transfer
 - purchase(s) of the dairy cows being added to the dairy operation by the new family member(s)
- certify for each new family member joining the operation that:
 - the dairy operation will be their principal source of non-investment earned income
 - the member is a lineal descendant of a current member of the participating dairy operation
 - there is a significant equity ownership in the dairy operation of at least 10 percent individually or 25 percent collectively for multiple members
 - the member will contribute labor in the dairy operation at a minimum of 35 hours per week or have a plan for transition to full-time.

All documentation and certifications provided by the current members and joining family members of the dairy operation is subject to the review and approval by COC. Documentation must be adequate proof and verifiable to the satisfaction of COC, according to paragraph 53.

E Retroactive Intergenerational Transfers

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

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

Note: Retroactive payments based on the increase to the dairy operations established production history will not be issued.

--30 Intergenerational Production History Transfers (Continued)*J Approving Intergenerational Transfers**

COC or designee shall:

- be satisfied that all requirements in subparagraph D have been met before approving CCC-781 Continuation Sheet for an intergenerational transfer
- compare CCC-781 Continuation Sheet entries for intergenerational transfers with applicable verifiable documentation
- review calculations to ensure they are computed correctly according to subparagraphs B and I
- **not** approve CCC-781 Continuation Sheet for an intergenerational transfer not made timely according to subparagraph F
- **not** approve CCC-781 Continuation Sheet for an intergenerational transfer when the participating dairy operation's current annual production and the increase in herd size by the new family member(s) is less than the dairy operation's established production history according to subparagraph I
- notify participants of the adverse decision according to 1-APP
- forward approved CCC-781 Continuation Sheets and all supporting documentation to the State Office MPP-Dairy specialist.

K Updating Production History for Intergenerational Transfers

MPP-Dairy automated software does not include an option for intergenerational transfers. As a result, manual adjustment of the established production history is required by the National Office. Therefore, to have the established production history adjusted, State Offices **must** submit the COC approved CCC-781 Continuation Sheet request for intergenerational transfers to the MPP-Dairy Application and Payment Problems SharePoint web site located at [https://sharepoint.fsa.usda.net/mgr/dafp/PECD/Payment Issues/default.aspx](https://sharepoint.fsa.usda.net/mgr/dafp/PECD/Payment%20Issues/default.aspx)--*

31 Establishing Farm and Tract Numbers**A Farm and Tract Numbers**

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

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

* * *

32 Reestablishing Production History

A Reestablishing Production History

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

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

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

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

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

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

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

B Reestablishing Production History for Affiliated Producer Example

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

32 Reestablishing Production History (Continued)**C Reestablishing Production History for Non-Affiliated Producer Example**

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

D Determining Affiliation

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

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

33-34 (Reserved)

Part 4 MPP-Dairy Registration Requirements

40 Registering for MPP-Dairy

A Registration and Annual Coverage Election

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

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

B Registration and Annual Coverage Election Periods

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

Year	Registration and Coverage Election Period
2014	September 2 through December 5, 2014, extended through December 19, 2014
2015	September 2 through December 5, 2014, extended through December 19, 2014
2016	July 1 through September 30, 2015, extended through November 20, 2015
2017	July 1 through December 16, 2016
2018	*--September 1 through December 15, 2017--*

C Initial Registration

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

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

Note: Participation in MPP-Dairy for the duration of MPP-Dairy **cannot** be cancelled after registration has been finalized on COB on the last day of the registration and coverage election period.

40 Registering for MPP-Dairy (Continued)**D Registering a New Dairy Operation**

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

- submit CCC-782 within the first 90 calendar days from the date on which the dairy operation first commercially markets milk
- *--elect coverage that begins the next consecutive 2-month period following the submission date of the registration and coverage election, if approved.--*

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

E Registering Multiple Dairy Operations

To receive margin coverage under MPP-Dairy, separate registrations are required for each separately constituted dairy operation. If a dairy producer operates more than 1 separate and distinct dairy operation, the producer **must** register each operation on CCC-782 for each operation to be eligible for coverage according to paragraph 50.

41 Electing Coverage

A Coverage Elections

During the initial registration and annual coverage election period, a participating dairy operation **must** elect on CCC-782, for the applicable calendar year of coverage, the following:

- coverage level threshold (margin trigger)
 - CAT level coverage (\$4 per cwt.)
 - buy-up coverage (\$4.50 to \$8 per cwt.)
- coverage percentage (25 to 90 percent), if buy-up is elected.

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

B Changing Coverage Elections

Coverage elections made by a participating dairy operation:

- become final on the last day of the registration and annual coverage election period
- can **only** be changed **before** the end of a registration and annual coverage election period
- **cannot** be changed for a current calendar year of coverage
- **must** be indicated on a new CCC-782 and signed by all producers in the dairy operation
- may generate a refund if the premium is paid and the change occurs before the end of the registration and annual coverage election period.

Note: After the close of the registration and annual coverage election period, the coverage elections made by the dairy operation **cannot** be changed until the next calendar year during the next registration and annual coverage election period.

41 Electing Coverage (Continued)**C Coverage Period**

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

- for 2014, September through December 2014
- for 2015 and subsequent calendar years, the calendar year beginning January 1 and ending December 31 following the applicable registration and coverage election period.

D Annual Coverage Election

Each calendar year subsequent to the initial registration of the participating dairy operation, the operation is required to update their coverage elections during the annual coverage election period. If the operation fails to file an update of its election during the annual coverage election period, the coverage level will result in loss of coverage for the relevant calendar year of coverage.

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

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

- not complete CCC-782 for the applicable coverage year
- complete CCC-783 to dissolve the dairy operation and document circumstance in item 13
- re-establish production history according to paragraph 32 if the dairy operation resumes producing and commercially marketing milk.--*

E Coverage Election Reminder

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

- letter to remind participants to make coverage elections for the next calendar year of coverage by end of the forthcoming annual coverage election period
- CCC-782 to make new coverage elections for the applicable calendar year of coverage.

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

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

41 Electing Coverage (Continued)

E Coverage Election Reminder (Continue)

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

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

F Continuous Coverage

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

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

G Decision Tool

A web-based Decision tool has been developed that will allow dairy farmers to quickly and easily calculate their coverage needs under MPP-Dairy. The Decision tool can be securely accessed by computer, Smartphone, tablet, or any other platform, 24-hours a day, 7 days a week, and can be found at www.fsa.usda.gov/mpptool.

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

H Regaining Coverage

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

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

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

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

42 Coverage Level Threshold

A Margin Triggers

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

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

B Margin Trigger Elections

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

46 Annual Administrative Fees

A Administrative Fee

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

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

B Administrative Fee Due Date

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

C Failure to Pay Administrative Fee

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

IF participant fails to timely pay...	THEN the following will result...
initial administrative fee	disapproval of CCC-782.
annual administrative fee	<ul style="list-style-type: none"> •*--disapproval of CCC-782 on or after November 1 of the applicable year of coverage if the administrative fee remains unpaid on November 1--* • loss of coverage under MPP-Dairy for the applicable calendar year of coverage • establishment of a receivable in NRRS on or after November 1 of the applicable calendar year of coverage. <p>Note: Coverage lost under MPP-Dairy for failure to pay the administrative fee can only be regained according to subparagraph 41 H.</p>

46 Annual Administrative Fees (Continued)

D Collecting Administrative Fees

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

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

47 Premium Fees for Buy-Up Coverage

A Premium Fee Due Date

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

Calendar Year of Coverage	Premium Fee Due Date
2014	100 percent due by COB December 5, 2014.
2015	Either of the following: <ul style="list-style-type: none"> • 100 percent of the total premium before the end of the registration and coverage election period for the applicable calendar year of coverage • at least 25 percent of the total premium by COB February 1 of the applicable calendar year of coverage and the balance due June 1. <p>Note: Premiums are calculated to the whole dollar according to normal rules of rounding.</p>
2016 through 2018	100 percent due by September 1 of the applicable calendar year of coverage.

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

B Premium Balances Due Date

All remaining premium balances for an applicable calendar year of coverage are due no later than **COB September 1** of the applicable calendar year of coverage. See subparagraph 49 E for required County Office action. Premium balances outstanding:

- before September 1 will not be deducted from any MPP-Dairy payment triggered during the applicable calendar year of coverage
- 30 calendar days after September 1, see subparagraph 49 C for effects of failure to pay fees.

48 Premium Fees Calculations (Continued)

D Prorated Premium Calculation

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

- calculating the total actual premium
- determining the remaining 2-month periods (1 through 6) in the applicable calendar year of coverage according to subparagraph 60 B
- dividing the calculated premium by 6
- multiplying the result by the determined number of remaining 2-month periods.

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

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

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

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

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

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

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

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

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

49 Effects of Failure to Pay Applicable Fees

A Legal Obligation

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

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

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

B Failure to Pay Administrative Fee

See subparagraph 46 C.

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

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

- coverage reduction to CAT level for the remainder of the applicable calendar year of coverage
- loss of MPP-Dairy payments triggered at the buy-up level beginning with any payments for coverage calculated on or after October 1 of the applicable calendar year of coverage
- loss of eligibility for buy-up coverage for the next calendar year, if still in arrears after September 30
- *--establishment of a receivable for the amount due on October 1 of the applicable coverage year, unless otherwise notified by the National Office.--*

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

49 Effects of Failure to Pay Applicable Fees (Continued)

D Regaining Coverage

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

Eligibility for buy-up coverage may be reinstated for the next coverage year if the premium is paid in full by the close of the coverage election period for that coverage year.

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

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

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

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

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

E Premium Due Reminder Letter

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

Reminder letters will be distributed according to the following:

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

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

F SDA Farmers and Ranchers

Provisions to waive administrative and/or premium fees due by SDA farmers and ranchers under MPP-Dairy **do not** apply.

49 Effects of Failure to Pay Applicable Fees (Continued)

G Dishonored Checks

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

*--H Promissory Notes

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

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

50 LGM-Dairy Transition Process

A Duplicate Benefits

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

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

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

B LGM-Dairy to MPP-Dairy Transition Period

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

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

50 LGM-Dairy Transition Process (Continued)**C LGM-Dairy to MPP-Dairy Transition Examples**

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

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

D LGM-Dairy to MPP-Dairy Registration

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

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

***--E Coverage Year 2018 Opt Out**

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

50 LGM-Dairy Transition Process (Continued)

E LGM-Dairy Participant Verification

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

- checking the LGM-Dairy listing provided by the National Office to determine if any producer on the list is a part of a registering dairy operation
- requiring proof, to the satisfaction of COC, of the completion of target marketing months under LGM-Dairy for any producer:
 - found on the LGM-Dairy listing
 - indicated on CCC-782, item 11.

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

54 Conversion Factors (Continued)**C Conversion from Gallons to Fluid Milk Gallons**

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

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

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

D Conversion From Gallons to Eligible Lbs. of Production

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

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

Using the example in subparagraph C, after the 100 gallons of half and half are converted to 180 gallons of milk, multiply the 180 gallons times 8.6 to get a total of 1,548 lbs. of eligible production.

55 Death, Retirements, Dissolutions, and Leased Operation Relocations

A Notifying FSA of Death, Retirement or Dissolution

Producers in a participating dairy operation or decedent's estate must notify FSA immediately of their intention to no longer produce and commercially market milk because of death, retirement, permanent dissolution of the operation, or if a leased dairy is relocating on CCC-783 (Exhibit 17). CCC-783 will be considered notification to FSA of the death, retirement, dissolution or relocation of a leased dairy operation and identify the producers or decedent's estate intention to resolve contract coverage for the remainder of the coverage year following death, retirement, dissolution or lease relocation of the dairy operation.

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

B Options for Lease Relocation, Deceased or Retiring Producer and Dissolving Operation with CAT Coverage

A decedent's estate or retiring producer that is dissolving the dairy operation or a dairy operation that goes out of business or is relocating a leased dairy operation that has CAT level coverage has the following options:

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

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

C Options for Lease Relocation, Deceased or Retiring Producer and Dissolving Operation with Premium Coverage

A decedent's estate or retiring producer that is dissolving the dairy operation or a dairy operation that goes out of business or is relocating to leased dairy operation that has premium buy-up level coverage can elect either of the following options:

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

Note: All premium fees must be current by September 1 to continue coverage for the remainder of the coverage year following retirement or dissolution.

62 MPP-Dairy Payment, Collection, and Refund Provisions

A Prompt Payment Provisions

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

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

See 61-FI for prompt payment interest provisions.

B Assignments, Joint Payments and Offsets

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

C Accounting Program Code

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

D Program Codes for Recording Receipts in NRRS

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

Program	Code
MPP-Dairy Administrative Fee for 2014	14MPPDADMFEED
MPP-Dairy Administrative Fee for 2015	15MPPDADMFEED
MPP-Dairy Premium Collection for 2014	14MPPDPREMFEE
MPP-Dairy Premium Collection for 2015	15MPPDPREMFEE

See 64-FI for additional guidance.

62 MPP-Dairy Payment, Collection, and Refund Provisions (Continued)

E Advance Payments

Advance payments will **not** be issued for MPP-Dairy.

F Direct Deposit Requirement

DCIA requires any recipient of Federal payments who becomes eligible for that payment after July 25, 1996, to receive the payment by EFT. All producers receiving benefits under the MILC Program **must** file SF-1199A according to 1-FI, Part 3.

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

G Sequestration

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

Sequester rate for 2015 MPP-Dairy payments is 7.3 percent.

Sequester rate for 2016 MPP-Dairy payments is 6.8 percent.

*--Sequester rate for 2017 MPP-Dairy payments is 6.9 percent.

Sequester rate for 2018 MPP-Dairy payments is 6.6 percent.--*

H Refunding Payments to CCC

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

I Program Codes for Establishing Receivables in NRRS

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

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

Year	Fee	Code
2016	Administrative	16MPPDADMFE
2016	Premium	16MPPDPREMFEE
2017	Administrative	17MPPDADMFE
2017	Premium	17MPPDPREMFEE

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

A Completing CCC-781 Continuation Sheet (Continued)

Item	Instructions
Part CCC-781R Re-Establishment	
4A	FSA representative shall enter applicable Farm number.
4B	FSA representative shall enter applicable Tract number.
6A	Dairy operation shall enter name.
--6C	FSA representative shall enter effective date of the production history reestablishment.--
9	Dairy operation shall enter month, day, and year the operation again began to market milk.
21-22	Dairy operation must check the appropriate box to select the desired option of either: (1) *--a new dairy operation or a registered MPP-Dairy participant that has purchased/acquired a new dairy operation that is re-establishing the inactive production history previously assigned to and established by the dairy--* operation that previously occupied the dairy operation facility associated with the farm tract location in items 4A and 4B; or (2) re-establishing the production history at the farm tract location in items 4A and 4B because the producer was previously affiliated with the dairy operation that established the production history at this farm tract location.
Part D – Dairy Operation’s Established Production History and Certification	
15	FSA representative shall enter the new established production history for the dairy operation.
16A through 16C	Dairy operation shall enter signature of authorized representative, title, and the date of signature. Notes: If signature authority is on file for the legal entity, only the signature of the person signing in a representative capacity is required according to 1-CM. If Part CCC-781S is completed, then signatures from both the original owner and the successor are required.
17A	Enter signature of COC or designee.
17B	COC or designee shall “CHECK (X)” appropriate box to recommend approval or not recommend approval.
17C	COC or designee shall enter the date of signature and recommendation from items 17A and 17B.
18	COC or designee shall enter any noteworthy remarks.

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

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

B Example of CCC-781 Continuation Sheet

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

CCC-781 Continuation (proposal 1) U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation		For County Office Use Only	
CONTINUATION SHEET FOR MARGIN PROTECTION PROGRAM FOR DAIRY PRODUCERS PRODUCTION HISTORY ESTABLISHMENT ACTION		1. Coverage Year	2. New Dairy Operation Number (if applicable)
(Attach to Form CCC-781)			
PART CCC-781T (Transfer/Relocation)			
6A. Dairy Operation Name		6C. Effective Date of Transfer/Relocation (MM-DD-YYYY)	
7. Original Farm/Tract		8. New Farm/Tract	
A. Administrative State Name:		A. Administrative State Name:	
B. Administrative County Name:		B. Administrative County Name:	
C. Farm Number:		C. Farm Number:	
D. Tract Number:		D. Tract Number:	
I understand that the relocation/reconstitution or farm/tract of my dairy operation and FSA approved production history shall be effective immediately upon FSA approval. I also understand that elected coverage levels in effect for the applicable coverage year will transfer with my dairy operation will remain in effect upon completion of the transfer.			
PART CCC-781M (Mergers)			
6A. Resulting Dairy Operation Name		6C. Effective Date of Merger (MM-DD-YYYY)	
9. Merged Dairy Operations			
A. Dairy Operation Name	B. Dairy Operation Number	C. Established Production History	
I understand that the dairy operations that are included in this merger must all be registered in the MPP-Dairy program during the coverage year prior to the merger. After the merger is approved the combined production history cannot be unmerged, reallocated, or used by another dairy operation while effective under the resulting dairy operation. Upon FSA approval, FSA will recognize the merger effective January 1 following approval of a completed Form CCC-781M, with signatures from authorized producers (not entity members) from all registered MPP-Dairy program participants included in this merger, and CCC-782 for the applicable coverage year. I further understand that individual CCC-782 contracts from the merging dairy operations, corresponding coverages, and any resulting payments will remain in effect through December 31 of the current coverage year, before coverage for the resulting dairy operation begins on January 1.			
PART CCC-781S (Successions-In-Interest)			
6A. Succeeding Dairy Operation Name		6C. Effective Date of Succession-In-Interest (MM-DD-YYYY)	
10. Original Dairy Operation Name		11. Original Dairy Operation Number	
I understand that only MPP-Dairy coverage and the corresponding production history that has been approved as of the effective date of the succession-in-interest is eligible for transfer from an approved MPP-Dairy participant to a successor. The coverage that will transfer through this succession will be the exact same coverage level as previously selected on form CCC-782 by the preceding MPP-Dairy Participant for the remainder of the coverage year of the succession. Both the preceding MPP-Dairy Participant and successor are required to sign CCC-781S, Part D for the transfer of coverage to be approved by FSA. The successor must also complete form CCC-782 agreeing to same coverage levels in effect for the remainder of the coverage year of the successions-in-interest. For a successions-in-interest to become effective immediately upon FSA approval during a current year of coverage, all administrative and premium fees must be paid in full so that any payment triggered will go to the succeeding dairy operation. Otherwise, the successions-in-interest will not become effective until the next coverage year. A successions-in-interest becomes effective immediately for a dairy operation transferring CAT level coverage to a succeeding dairy operation. The effective date in Item 6C is an affirmation by the preceding MPP-Participant and the succeeding dairy operation as to the date the production history and coverage levels are transferred to the succeeding dairy operation. The date entered in Item 6C is subject to review and acceptance by FSA. FSA may at any time it deems appropriate require documentation substantiating the transfer request or any of the information entered or contained on this form.			
PART CCC-781I (Intergenerational Transfers)			
6A. Dairy Operation Name		6C. Effective Date of Intergenerational Transfer	
		<input type="checkbox"/> Next 2-Month Period <input type="checkbox"/> January 1, 20__	
12. Farm Number		13. Tract Number	
14. Are you a family member of an MPP-Dairy participant? If "YES", specify your relationship to the MPP-Dairy participant (i.e., son/daughter, grandchild, etc.): _____		YES	NO
		<input type="checkbox"/>	<input type="checkbox"/>
15. Do you contribute a minimum of 35 labor hours per week to the operation of the dairy?		<input type="checkbox"/>	<input type="checkbox"/>
16. Is the revenue earned from the dairy operation your principal source of non-investment income?		<input type="checkbox"/>	<input type="checkbox"/>

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

B Example of CCC-781 Continuation Sheet (Continued)

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CCC-781 Continuation (proposal 1)		Page 2 of 2
PART CCC-781I (Intergenerational Transfers) (Continuation)		
The annual production history will be based on the additional cows purchased by the joining family member relative to the national rolling herd average data published by USDA.		
17. Enter the current annual marketings for the dairy operation:		
18. Enter the number of cows purchased that are being added to the dairy operation:		
19. National annual milk production per cow applicable to the year of the intergenerational transfer.	For County Office Use Only	lbs.
20. Calculate annual production history by multiplying Items 18 and 19 and enter amount.	For County Office Use Only	lbs.
21. Enter applicable production history established to date, including all bump adjustments, for the dairy operation that the family member is joining.	For County Office Use Only	lbs.
I understand that this intergenerational transfer is limited to one production increase for the term of the dairy operation's contract. I further understand that I must have a share in the profits and losses from the dairy operation that are commensurate with my contributions to the dairy operation and that I must maintain equity ownership in the participating dairy operation of at least 10 percent individually or at least 25 percent collectively if multiple family members are joining the dairy operation. In addition I must provide adequate proof, to the satisfaction of CCC, of the purchase of the additional cows being added to the dairy operation in a time and manner determined by CCC. All information provided is subject to verification and approval by CCC. If the dairy operation does not provide to the satisfaction of CCC documentation requested to substantiate the intergenerational transfer and determination of additional production history, then the intergenerational transfer will not be approved.		
PART CCC-781R (Re-establishment)		
4A. Farm Number	4B. Tract Number	
6A. Dairy Operation Name	6C. Effective Date of Production History Re-establishment	
9. What date did the dairy operation first begin to market milk?		
Please select the desire option below:		
<input type="checkbox"/> 21. I am a registered MPP-Dairy participant that has purchased/acquired a new dairy operation or a new dairy operation that is re-establishing the production history previously assigned to and established by the dairy operation that previously occupied the dairy operation facility associated with this farm and tract location.		
<input type="checkbox"/> 22. I was previously affiliated with the dairy operation that established the production history at this farm/tract location and am re-establishing the production history.		
PART D - DAIRY OPERATION'S ESTABLISHED PRODUCTION HISTORY AND CERTIFICATION (Continuation from CCC-781)		
15A. Established Production History:		
16A. Signature of Producer (By)	16B. Title/Relationship of the Individual Signing in the Representative Capacity	16C. Date (MM-DD-YYYY)
17A. Signature of COC or Designee	17B. Status: <input type="checkbox"/> Approved <input type="checkbox"/> Disapproved	17C. Date (MM-DD-YYYY)
18. Remarks		
<p>NOTE: The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a - as amended). The authority for requesting the information identified on this form is 7 CFR Part 1430, the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.), and the Agricultural Act of 2014 (Pub. L. 113-79). The information will be used to determine eligibility to participate in and receive benefits under the Margin Protection Program for dairy producers. The information collected on this form may be disclosed to other Federal, State, Local government agencies, Tribal agencies, and nongovernmental entities that have been authorized access to the information by statute or regulation and/or as described in applicable Routine Uses identified in the System of Records Notice for USDA/FSA-2, Farm Records File (Automated). Providing the requested information is voluntary. However, failure to furnish the requested information will result in a determination of ineligibility to participate in and receive benefits under the Margin Protection Program for dairy producers.</p> <p>This information collection is exempted from the Paperwork Reduction Act as specified in the Agricultural Act of 2014 (Pub. L. 113-79), Title I, Subtitle F, Administration.</p> <p>The provisions of appropriate criminal and civil fraud, privacy, and other statutes may be applicable to the information provided. RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE</p> <p><small>In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident.</small></p> <p><small>Persons with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audiotape, American Sign Language, etc.) should contact the responsible Agency or USDA's TARGET Center at (202) 720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800) 877-8339. Additionally, program information may be made available in languages other than English.</small></p> <p><small>To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at http://www.ascr.usda.gov/complaint_filing_cust.html and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by: (1) mail, U.S. Department of Agriculture Office of the Assistant Secretary for Civil Rights 1400 Independence Avenue, SW Washington, D.C. 20250-9410, (2) fax: (202) 690-7442; or (3) email: program.intake@usda.gov. USDA is an equal opportunity provider, employer, and lender.</small></p>		

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

The following is an example CCC-782 Appendix.

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<p>This form is available electronically.</p>	<p>(See CCC-782 for Privacy Act, Paperwork Reduction and Nondiscrimination Statements)</p>
<p>CCC-782 Appendix (09-01-17)</p>	<p>U. S. DEPARTMENT OF AGRICULTURE Commodity Credit Cooperation</p>
<p>MARGIN PROTECTION PROGRAM FOR DAIRY PRODUCERS Terms and Conditions</p>	

The Margin Protection Program for Dairy Producers Program (MPP-Dairy) is administered by the Commodity Credit Corporation (CCC) through the Farm Service Agency (FSA) under secs. 1401-1410 of the Agricultural Act of 2014 (7 U.S.C. 9051-9060, Pub. L. 113-79) (2014 Farm Bill). All provisions of the Margin Protection Program for Dairy Producers (MPP-Dairy) Contract and Annual Coverage Election Application and rights and responsibilities of the parties are specifically subject to the 2014 Farm Bill. We will use the procedures (handbooks, manuals, and notices), as issued by USDA and published on the FSA website at <http://www.fsa.usda.gov> in the administration of the Contract and Annual Coverage Election Application, including provisions regarding the establishment of production history provided hereunder.

TERMS AND CONDITIONS

1. Definitions.

Actual Dairy Production Margin - means the difference between the all-milk price and the average feed cost.

Administrative County Office - means the County Office designated by FSA to make determinations, handle official records, and issue payments to producers.

Administrative Fee - means a non-refundable fee of \$100.00 required to be paid annually through December 31, 2018, by all participating dairy operations to CCC, except that this will not apply for dairy operations that opt out for the 2018 coverage year.

Administrator - means the FSA Administrator.

All-Milk Price - means the average price received, per hundredweight of milk, by all dairy operations for all milk sold to plants and dealers in the United States, as determined by the Secretary.

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

Average Annual Growth - means any increase in US milk production determined annually by FSA that will be applied annually to the established production history of a participating dairy operation.

Average Feed Cost - means the national average cost of feed used by a dairy operation to produce a hundredweight of milk, determined using the sum of the following:
1.0728 multiplied by the monthly price of corn per bushel.
0.00735 multiplied by the monthly price of soybean meal per ton.
0.0137 multiplied by the monthly price of alfalfa hay per ton.

Buy Up Margin Protection - means margin protection coverage for a margin protection level above \$4 per cwt of milk.

CCC - means the Commodity Credit Corporation of the U.S. Department of Agriculture.

Catastrophic Level or CAT - means the lowest level of margin coverage, \$4.00 per cwt on 90% of production history for the annual administrative fee of \$100.

Consecutive 2-Month Period - means a 2-month period consisting of the months of January and February, March and April, May and June, July and August, September and October, or November and December, respectively.

Contract - means the terms and conditions to participate in MPP-Dairy as executed on a form prescribed by CCC and required to be completed by the producers in the dairy operation and accepted by CCC, including any contract modification made in an annual election period before coverage for the applicable calendar year commences.

Contract Period - means a period ending on December 31, 2018, with annual election periods provided for contract modifications, including coverage level changes for the applicable calendar year.

County Committee or COC - means the FSA county committee.

County Office - means the FSA office responsible for administering FSA programs for farms located in a specific area in a State.

Coverage Level Percentage - means the percentage level of coverage elected by the participating dairy operation ranging from 25 percent to 90 percent, in 5 percent increments.

Coverage Level Threshold - means the margin level trigger selected by the participating dairy operation, ranging from \$4.00 to \$8.00, in \$0.50 increments.

Covered Production History - means the production history of the dairy operation multiplied by the coverage percentage selected by the participating dairy operation.

Coverage Period - means a period beginning on January 1 and ending on December 31 for which a participating dairy operation has coverage under the MPP-Dairy program.

Dairy Operation - means a dairy operation as defined pursuant to the criteria and procedures under the Milk Income Loss Contract (MILC) Program or any dairy facility that was part of a single dairy operation that participated in the MILC program as of February 7, 2014, that consists of one or more dairy producers that produce and market milk commercially produced from cows as a single unit in which each dairy producer: (1) is at risk in the production of milk in the dairy operation; (2) contributes land, labor, management, equipment, or capital to the dairy operation which are at least commensurate with the individual or entity's share of the

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

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<p>CCC-782 Appendix (09-01-17)</p>	<p>Page 2 of 7</p>
<p>proceeds of the operation; and (3) whose production facilities are located in the United States. Operations that are determined to be "new operations" under this program will be subject to an affiliation test under these terms and conditions if the operation elects to participate in MPP-Dairy separately. The Deputy Administrator for FSA or designee will determine additional dairy operations that operate in a manner that is separate and distinct.</p> <p>Deputy Administrator - means the Deputy Administrator for Farm Programs (DAFP) or designee.</p> <p>Farm Service Agency or FSA - means the Farm Service Agency of the U.S. Department of Agriculture and is responsible for administering MPP-Dairy.</p> <p>Full Month of Production - is established when a dairy operation has produced milk each day of the corresponding calendar month.</p> <p>Hundredweight or cwt - means 100 pounds.</p> <p>Intergenerational Transfer - means the one-time establishment of additional production history for a participating dairy operation when a lineal descendant, who is a son, daughter, grandchild, or spouse of a child or grandchild of a current member joins a participating dairy operation.</p> <p>Livestock Gross Margin-Dairy (LGM-Dairy) - means the risk management insurance program for dairy producers offered by the Federal Crop Insurance Corporation.</p> <p>Margin Protection Program for Dairy Producers or MPP-Dairy - means a voluntary risk management program authorized by the Agricultural Act of 2014 offering risk protection against low margins resulting from a combination of low milk prices and high feed costs for participating dairy operations.</p> <p>Marketed Commercially or Commercially Marketed - means selling whole milk to either the market to which the dairy operation normally delivers and receives monetary compensation or other similar markets as determined by the Deputy Administrator.</p> <p>Milk Income Loss Contract or MILC - means the program established under section 1506 of the Food, Conservation, and Energy Act of 2008 (7 U.S.C. 8773) and regulations in 7CFR Part 1430, Subpart B.</p> <p>Milk Marketing - means a sale of milk for which there is a verifiable production record of milk marketed commercially.</p> <p>MPP-Dairy Payment - means a payment made to an eligible participating dairy operation when the national margin falls below the operation's selected margin trigger for a consecutive 2-month period.</p> <p>New Dairy Operation - means any dairy operation that did not commercially market milk at least 12 full months as of February 7, 2014.</p> <p>Open Coverage Election Period - means the period, each calendar year, established by the Deputy Administrator, for a participating dairy operation to either register to participate in the MPP-Dairy program, pay associated administrative fees and applicable premiums, or to make annual coverage elections or change annual coverage elections for an applicable calendar year.</p> <p>Opt Out - means to no longer be contractually obligated to participate and receive coverage and or payment, if triggered, under MPP-Dairy during the 2018 coverage year only.</p> <p>Participating Dairy Operation - means a dairy operation that registers to participate in MPP-Dairy.</p>	<p>Producer - means any individual, group of individuals, partnership, corporation, estate, trust association, cooperative, or other business enterprise or other legal entity who is, or whose members are, a citizen of, or legal resident alien in the United States, and who directly or indirectly, shares in the risk of producing milk, and makes contributions (including land, labor, management, equipment, or capital) to the dairy operation of the individual or entity that are at least commensurate with the share of the individual or entity of the proceeds of this operation as determined by the Deputy Administrator.</p> <p>Production History - means the highest level of annual milk production during the calendar year 2011, 2012 or 2013 determined for a dairy operation when the participating dairy operation registers in MPP-Dairy. For participating dairy operations in operation less than a year, they shall elect one of the following methods to determine production history: (1) The volume of actual milk marketing's for the months in operation extrapolated to a yearly amount; or (2) An estimate of actual milk marketing's of the participating operation based on the operation's herd size relative to the national rolling herd average data. The production history is a term used to define the established annual volume of milk marketing for a participating dairy operation used throughout the duration of the MPP-Dairy to calculate premiums and MPP-Dairy payments. This base is established using the production history of the dairy operation and is determined upon initial application for MPP-Dairy.</p> <p>Retired Dairy Operation - means a dairy producer commercially producing and marketing milk insured under a MPP-Dairy Contract who has ended active participation in the dairy operation.</p> <p>Rolling Herd Average - means the average of the most recent 12 months of "Milk per cow" from the NASS <i>Milk Production</i> report table titled, "Estimated Milk Cows and Production by Month - United States."</p> <p>Secretary - means the Secretary of Agriculture or any other officer or employee who has delegated the authority to act in the Secretary's stead with respect to MPP-Dairy.</p> <p>Seasonal Dairy - means an operation that markets milk on a fixed annual schedule less than 12 months with planned periods of no production.</p> <p>United States - means the 50 States of the United States of America, the District of Columbia, American Samoa, Guam, the Commonwealth of the Northern Mariana Islands, the Commonwealth of Puerto Rico, the Virgin Islands of the United States, and any other territory or possession of the United States.</p> <p>Verifiable production records - mean evidence that is used to substantiate the amount of production marketed and that can be verified by CCC through an independent source.</p> <p>2. Eligibility.</p> <ol style="list-style-type: none"> a) By signing the MPP-Dairy Contract and Annual Coverage Election the participant certifies that such participant produces milk from cows in the United States and is in the business of commercially marketing such production at the time of registration and each annual coverage election. b) The participant agrees to provide evidence of such production commercially marketed by all persons in the participating dairy operation to establish total pounds of

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CCC-782 Appendix, Margin Protection Program for Dairy Producers Terms and Conditions
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<p>production history that will be converted to hundredweight and subsequently used to determine payment eligibility based on the amount of coverage selected by the dairy operation.</p> <p>c) The dairy operation must comply with highly erodible land and wetland conservation provisions set out at 7 CFR Part 12, and all other provisions prescribed in the MPP-Dairy regulations at 7 CFR Part 1430, Subpart A.</p> <p>d) The dairy operation must agree to not participate in the Livestock Gross Margin for Dairy (LGM-Dairy) Program administered by the Risk Management Agency.</p>	<p>b) A dairy operation that begins to produce and market milk after February 7, 2013, and a leased or rented dairy operation that relocates to another location and cannot transfer production history will be considered a new dairy operation and production history for such new dairy operation will be determined by either one of the two following methods, at the election of the dairy operation:</p> <ol style="list-style-type: none"> 1) Extrapolated from actual production data for the first calendar year with at least one full month of production history, adjusted using a national seasonality index to calculate a yearly amount of production; or 2) Estimated based on the herd size of the dairy operation relative to the national rolling herd average production data published by USDA.
<p>3. Restrictions on Payments</p> <p>a) Any producer who enters into a MPP-Dairy contract with CCC or participates in such contract at any time who is not a citizen of the United States or an alien lawfully admitted into the United States for permanent residence under the Immigration and Nationality Act (8 U.S.C. 1101, et seq.) shall be ineligible to receive payments under this contract unless such person meets the requirements of 7 CFR Part 1400 which shall be applicable to this contract. A dairy operation with ineligible foreign persons as members will have any payment reduced by the proportional share of such members.</p> <p>b) Federal agencies and States, including all agencies and political subdivisions of a State, are not eligible for payments under MPP-Dairy.</p>	<p>c) The production history must be established on a form prescribed by CCC. The amount established is assigned to the participating dairy operation, not to an individual producer, and will be adjusted by an annually announced adjustment factor to reflect annual changes in the national average milk production.</p> <p>d) The established production history of a participating dairy operation that sells or changes ownership of the operation will stay with that operation and be assigned to the new owner.</p> <p>e) The established production history of a participating dairy operation that relocates or otherwise moves their operation to another location will transfer to the new location, except that production history established at a leased or rented facility cannot be transferred by the producer leasing or renting the dairy facility. If the new location has existing production history, the production history may be reconstituted combining the production history of the relocated operation and the new location to the new location and becomes available for the next calendar year of coverage.</p>
<p>4. Dairy Operation Determination</p> <p>a) A dairy operation that enters into a MPP-Dairy contract with CCC that was previously part of a single operation that was eligible for and participated in the Milk Income Loss Contract (MILC) program administered FSA as of February 7, 2014, will be classified in the same manner under MPP-Dairy. All other dairy operations must meet the requirements of a separate and distinct dairy operation, as established by FSA State Committee criteria under the MILC program.</p> <p>b) A participating dairy operation that purchases or forms a new dairy operation will be subject to an affiliation rule that restricts the new operation from being determined a separate and distinct dairy operation under MPP-Dairy if producers that collectively own more than 50 percent interest of the new dairy operation also collectively own more than 50 percent interest in another dairy operation registered in MPP-Dairy.</p> <p>c) A single dairy operation operated by more than one dairy producer will be treated as a single dairy operation for MPP-Dairy purposes. A producer who owns more than one eligible dairy operation determined to be separate and distinct by FSA may participate separately for each dairy operation.</p>	<p>f) An increase in established production history is prohibited except in the following instances: 1) As provided in (c); and 2) Intergenerational Transfers as provided in (k).</p> <p>g) Only in cases where a dairy producer purchases a dairy operation with no established production history can a new history be established, subject to the affiliation rule set out in section 4a that prohibits a new dairy operation that is affiliated with a registered dairy operation under MPP-Dairy from being treated as a separate dairy operation under MPP-Dairy.</p> <p>h) Producers of more than one dairy operation that separately participate in MPP-Dairy may transfer the established production histories of these dairy operations into a previously unregistered dairy operation.</p>
<p>5. Establishing Production History Under MPP-Dairy</p> <p>a) A dairy operation in the business of producing and commercially marketing milk as of February 7, 2013, agrees to establish production history based on the annual milk marketing's from the highest of the 2011, 2012, or 2013 milk marketings.</p>	<p>i) FSA may reestablish production history, provided that the production history has not been transferred, in the case of the retirement of a producer in a solely owned dairy operation or the dissolution of a participating dairy operation.</p>

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(Continued)

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- j) All producers in the participating dairy operation are required to provide adequate proof of the dairy operation's quantity of milk commercially marketed, to establish the production history for the dairy operation. All information provided is subject to verification, spot check, and audit by FSA.
- k) Established production history of a participating dairy operation may be adjusted upward once during the term of the contract for an intergenerational transfer based on the purchase of additional cows by the new family member(s). The increase in the established production history of the participating dairy operation will be determined based on the national rolling herd average data for the current year in effect at the time of the intergenerational transfer and the quantity of the production history increase will be limited to an amount not more than 4 million pounds. The additional quantity of production history will receive coverage at the same elected coverage threshold and coverage percentage in effect for the participating dairy operation at the time the production history increase takes effect. Intergenerational transfers will not be allowed if the participating dairy operation's current annual production and the increase in herd size by the new member(s) is less than the operation's established production history. The dairy operation must notify FSA, using the appropriate CCC form(s), of the intergenerational transfer within 60 days of the purchase of the cows, except that for purchases made for intergenerational transfers occurring between January 1, 2016, and June 30, 2016, the dairy operation must notify FSA during the registration and annual coverage election period for coverage year 2017, established by the Deputy Administrator. The operation has the option of the additional production history taking effect beginning either with the consecutive 2-month period following notification, or the following January 1. If the additional production history takes effect between January 1 and August 31, the premium is due September 1, as specified in paragraph 9. If the additional production history takes effect between September 1 and December 31, the premium is due immediately.

6. Coverage Levels

- a) MPP-Dairy provides catastrophic level coverage at a \$4.00 coverage level threshold on a coverage level percentage of 90 percent of the dairy operations production history for an administrative fee of \$100. Buy-up margin protection is also available for a premium in addition to the administrative fee. Amounts of coverage and premiums vary based on producer selections.
- b) At the time of registration and annually thereafter, producers in a participating dairy operation must select a coverage level threshold between \$4.00 and \$8.00 (in \$.50 increments) and a coverage level percentage of production history from 25 percent to 90 percent (in 5 percent increments).
- c) Only one coverage level threshold and one coverage level percentage of production history can be selected

- per participating dairy operation for a calendar year of coverage.
- d) The coverage levels selected also cannot be split and all producers in a participating dairy operation must agree to the coverage levels selected.
- e) Registered dairy operations may change their levels of coverage annually during the annual coverage election period but cannot drop coverage altogether, except in cases where a producer is retiring, dies, or the operation goes out of business, or the dairy operation opts out for the 2018 coverage year.
- f) Coverage level elections must be submitted on an authorized form by the end of the initial registration or annual coverage election period.
- g) In the event a participating dairy operation fails to make a coverage election, the dairy operation will remain obligated to pay the annual administrative fee through 2018, except if the dairy operation opts out of 2018 coverage.

7. Margin Coverage

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

8. Registration and Coverage Election

- a) Registration of a dairy operation under MPP-Dairy results in a multi-year contract between CCC and the dairy operation.
- b) A dairy operation agrees to pay an administrative fee of \$100 at registration and annually thereafter for the duration of the MPP-Dairy program by the close of each coverage election period. Except, for the 2018 coverage year only, the dairy operation may opt out of participation according to subparagraph 14c, and any dairy operation that chooses to opt out will not be obligated to pay the administrative fee for the 2018 coverage year. Non-payment of the annual administrative fee by the close of the initial registration period is considered an incomplete contract and the participation request for coverage under MPP-Dairy will not be approved.
- c) Once the coverage election period for an applicable calendar year of coverage has ended, a dairy operation's election of coverage becomes final and can only be changed for the next calendar year of coverage during the next coverage election period.
- d) All producers in a dairy operation must agree to register the operation for the program in order for that operation to be eligible for MPP-Dairy coverage.
- e) Dairy operations must agree to carry MPP-Dairy coverage for the duration of the program.
- f) Dairy operations must register and make coverage elections on a CCC prescribed form and submit completed contracts and supporting documentation to the administrative county FSA office during the annual coverage election period established by the Deputy Administrator. Registration requests and coverage

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(Continued)

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<p>elections submitted after the applicable allowed time for submission will not be considered, except following the first 90 calendar days from the date on which a new dairy operation first commercially markets milk, the new dairy operation may register or otherwise wait until the next registration and coverage election period is announced.</p> <p>g) To receive coverage under MPP-Dairy, separate registrations are required for each separately constituted dairy operation. If a dairy producer operates more than one separate and distinct operation, the producer shall register each operation separately for each operation to be eligible for coverage.</p> <p>h) If a participating dairy operation fails to file an update of its coverage election during the annual election coverage period, the coverage level will be reduced to the catastrophic level coverage, but such coverage will only be provided if the participating dairy operation timely pays the annual administrative fee for the relevant calendar year, and submits the appropriate form prescribed by CCC.</p> <p>i) All producers in a participating dairy operation must sign and certify to all submissions made under MPP-Dairy that relate to the registration and level of coverage. All information provided is subject to verification and FSA may require a dairy operation to provide verifiable documentation, to the satisfaction of the FSA county office committee. If the dairy operation does not provide, to the satisfaction of FSA, documentation requested to substantiate the eligibility or registration of the dairy operation, including but not limited to documents pertaining to establishing production history of the dairy operation, then the registration will not be approved.</p> <p>9. Premium or Buy-Up Coverage</p> <p>a) Coverage level thresholds (margin triggers) above \$4.00 require payment of a premium at a rate established by the 2014 Farm Bill that corresponds to coverage level percentage elected by the dairy operation on the first 4 million pounds (40,000 cwt) of covered production history and covered production history above 4 million pounds (40,000 cwt). The premium will be determined based on the dairy operation's election of the coverage level threshold and coverage level percentage.</p> <p>b) Premiums per cwt for the covered production history that is 4 million pounds or less are as follows:</p> <table border="0"> <tr><td>\$4.00.....</td><td>None</td></tr> <tr><td>\$4.50.....</td><td>\$0.010</td></tr> <tr><td>\$5.00.....</td><td>\$0.025</td></tr> <tr><td>\$5.50.....</td><td>\$0.040</td></tr> <tr><td>\$6.00.....</td><td>\$0.055</td></tr> <tr><td>\$6.50.....</td><td>\$0.090</td></tr> <tr><td>\$7.00.....</td><td>\$0.217</td></tr> <tr><td>\$7.50.....</td><td>\$0.300</td></tr> <tr><td>\$8.00.....</td><td>\$0.475</td></tr> </table>	\$4.00.....	None	\$4.50.....	\$0.010	\$5.00.....	\$0.025	\$5.50.....	\$0.040	\$6.00.....	\$0.055	\$6.50.....	\$0.090	\$7.00.....	\$0.217	\$7.50.....	\$0.300	\$8.00.....	\$0.475	<p>c) Premiums per cwt for the part of covered production history that is over 4 million pounds are as follows:</p> <table border="0"> <tr><td>\$4.00.....</td><td>None</td></tr> <tr><td>\$4.50.....</td><td>\$0.020</td></tr> <tr><td>\$5.00.....</td><td>\$0.040</td></tr> <tr><td>\$5.50.....</td><td>\$0.100</td></tr> <tr><td>\$6.00.....</td><td>\$0.155</td></tr> <tr><td>\$6.50.....</td><td>\$0.290</td></tr> <tr><td>\$7.00.....</td><td>\$0.830</td></tr> <tr><td>\$7.50.....</td><td>\$1.060</td></tr> <tr><td>\$8.00.....</td><td>\$1.360</td></tr> </table> <p>d) A new dairy operation that first registers to participate in MPP-Dairy for a calendar year after the start of the calendar year is only required to pay a pro-rated premium for that calendar year that is based on the portion of the calendar year for which the participating dairy operation is eligible and for which it purchases coverage.</p> <p>e) The dairy operation must pay 100 percent of the amount of the total premium no later than September 1 of the applicable calendar year of coverage.</p> <p>f) A participating dairy operation with an unpaid premium balance after September 1 for a calendar year of coverage will have any payments for coverage calculated on or after October 1 of the applicable coverage year reduced to CAT level coverage for the remainder of that year. If the participating dairy operation is still in arrears after September 30 of the calendar year of coverage, the dairy operation will not be eligible for buy-up coverage in the subsequent calendar year. The dairy operation will remain legally obligated to pay the full premium for the program year for which it did not pay the balance of the premium and the annual administrative fee for the duration of the MPP-Dairy program according to paragraphs 12 and 17. After coverage has been reduced to CAT level, eligibility for premium buy-up coverage for a subsequent calendar year of coverage can only be reinstated when the premium is paid in full prior to the end of the applicable subsequent coverage years' registration and coverage election period announced by FSA.</p> <p>g) The Deputy Administrator may waive the obligation to pay the premium, or refund the premium paid, of a participating dairy operation for a calendar year, in cases that include, but are not limited to, as determined by the Deputy Administrator, death, retirement, permanent dissolution of a participating dairy operation, or other circumstances determined by the Deputy Administrator.</p> <p>10. Determining Payment</p> <p>a) MPP-Dairy payments for a dairy operation are based on a coverage level and percentage of coverage annually elected by a participating dairy operation.</p> <p>b) An MPP-Dairy payment will be made to a participating dairy operation for any consecutive 2-month period when the average actual dairy production margin for</p>	\$4.00.....	None	\$4.50.....	\$0.020	\$5.00.....	\$0.040	\$5.50.....	\$0.100	\$6.00.....	\$0.155	\$6.50.....	\$0.290	\$7.00.....	\$0.830	\$7.50.....	\$1.060	\$8.00.....	\$1.360
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CCC-782 Appendix, Margin Protection Program for Dairy Producers Terms and Conditions
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<p>the consecutive 2-month period falls below the coverage level threshold in effect for the participating dairy operation.</p> <p>c) USDA will calculate the actual dairy production margin using the national all-milk price minus the national average feed cost based on prices and feed rations provided in the regulations at 7 CFR 1430.110.</p> <p>d) The MPP-Dairy payment to an eligible dairy operation for the qualifying 2-month period will equal the product obtained by multiplying the amount by which the coverage level in effect for the participating dairy operation exceeds the average actual dairy production margin for the applicable 2-month period by the coverage percentage in effect; and the production history of the dairy operation divided by 6. If the dairy operation purchased buy-up coverage at less than 90 percent and the catastrophic level also triggers then there will be two calculations to determine the payment; first the calculation for the buy-up coverage percentage; and then the calculation for the CAT level percentage, which will be the balance of the established production history up to 90 percent. The result of these calculations will be added together to determine the payment.</p>	<p>b) If a participating dairy operation goes out of business before December 31, 2018, the contract will be terminated immediately, upon notification to FSA on the prescribed form, except with respect to payments accrued to the benefit of the participating dairy operation before such termination or the participating dairy operation has the option to continue contract coverage for the remainder of the coverage years provided all premium fees are current by September 1 of the applicable calendar year of coverage.</p>
<p>11. Coverage Period</p>	<p>13. Contract Modifications</p>
<p>a) Coverage begins on the covered production history on January 1 of the applicable calendar year of coverage and ends on December 31 of that same year for participating dairy operations registering during the preceding registration and annual coverage election period.</p> <p>b) Coverage for new dairy operations registering after a registration and annual coverage election period has ended, but within the first 90 days that the operation begins to produce and commercially market milk will begin with the next consecutive 2-month period.</p> <p>c) Coverage for the month 2-consecutive periods of January and February, March and April, May and June, July and August, September and October, or November and December cannot be split.</p>	<p>a) Producers in a participating dairy operation must notify FSA immediately of any changes that may affect their participation in MPP-Dairy. Changes include, but are not limited to death of a producer on the contract, producer joining the operation, producer exiting the operation, relocation of the dairy operation, transfer of shares by sale or other transfer action, or dairy operation reconstitution.</p> <p>b) Payment of any outstanding premium or administrative fee for a participating dairy operation must be paid in full before a transfer of shares by sale or any other change in producers on the contract originally submitted to FSA may take effect. Otherwise, producer changes will not be recognized until the following annual open coverage election period and only if at that time all associated premiums and administrative fees from any previous calendar year of coverage have been paid in full.</p> <p>c) In the event that a statute is enacted during the duration of this contract which would materially change the terms and conditions of this contract, CCC may require the participants to elect between acceptance of modifications in the contract consistent with the provisions of such statute or termination of this contract.</p> <p>d) CCC may modify a contract under MPP-Dairy if it is determined that such modifications are desirable to carry out purposes of the program or to facilitate the program's practical administration.</p>
<p>12. Duration of Participation</p>	<p>14. Termination of Contract</p>
<p>a) Participating dairy operations registered in MPP-Dairy are enrolled in the program until December 31, 2018. As such, a participating dairy operation is obligated to pay the initial and annual administrative fees and applicable premiums each succeeding calendar year following the date the contract is first entered into through December 31, 2018. However, a participating dairy operation may opt out of MPP-Dairy for the 2018 coverage year and in so doing will not be obligated to pay the administrative fee for coverage year 2018. If a participating dairy operation chooses to opt out of MPP-Dairy participation and not continue coverage for 2018, as provided in subparagraphs 8b and 14c, the dairy operation will not receive any benefits if payments trigger for 2018.</p>	<p>a) If a participating dairy operation fails to carry out the terms and conditions of this contract but CCC determines that such failure does not warrant termination of this contract, CCC may require such operation to refund, with interest, payments received under this contract, or require the operation to accept such adjustments in the subsequent payment as are determined to be appropriate by CCC. Interest shall run on all refunds from the date of CCC disbursement.</p> <p>b) If it is determined by the FSA County Committee that a dairy operation has reorganized for the sole purpose of establishing a new production history or to circumvent applicable premium rates under MPP-Dairy, the operation will be considered in violation of their contract and subject to termination according to this section.</p> <p>c) For the 2018 coverage year only, MPP-Dairy participants may opt out of the program by not making</p>

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a coverage election during the applicable annual coverage election for the 2018 coverage year.

15. Corrections

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

16. Erroneous Representation and Scheme and Device

- a) A participant who is determined to have erroneously represented any fact affecting a determination with respect to this contract and regulations applicable to this contract, adopted any scheme or device which tends to defeat the purposes of this contract, or made any fraudulent representation with respect to this contract will not be entitled to payments or any other benefits made in accordance with this contract and the participant must refund to CCC all payments received by such participant, plus interest with respect to the contract.
- b) Unless CCC regulations provide otherwise, refunds determined to be due and owing to CCC in accordance with this contract will bear interest at the rate which CCC was required to pay for its borrowing from the United States Treasury on the date of disbursement by CCC of the monies to be refunded. Interest will accrue from the date of such disbursement by CCC.
- c) The remedies provided under this section shall be applicable in addition to any remedies under criminal and civil fraud statutes, including 18 U.S.C. 268, 287, 371, 641, 1001; 15 U.S.C. 714m; and 31 U.S.C. 3729, or any other remedy available under law.

17. Failure to Pay Fees

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

18. Regulations to Prevail to the Extent They Are Not Superseded by the Agricultural Act of 2014

The regulations in 7 CFR Part 1430, Subpart A, for MPP-Dairy are incorporated herein. In the event of a conflict between the regulations and the terms of this Appendix, the provisions of the regulations will prevail, provided further that a payment may be made only if allowed by both the contract (including this Appendix) and the program regulations.

19. Sequestration

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

