

FSA
HANDBOOK

FAV Payment Reductions

To access the transmittal page click on the short reference

For State and County Offices

SHORT REFERENCE

4-CP
(Revision 7)

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

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Washington, DC 20250

| | |
|---|--------------------|
| FAV Payment Reductions 4-CP (Revision 7) | Amendment 3 |
|---|--------------------|

Approved by: Acting Deputy Administrator, Farm Programs



Amendment Transmittal

A Reasons for Amendment

Subparagraph 21 B has been amended to clarify FAV policy.

Paragraph 34 has been withdrawn because CRP maintenance policy has been provided in 2-CRP.

| Page Control Chart | | |
|---------------------------|---|----------------|
| TC | Text | Exhibit |
| 1, 2 | 2-1, 2-2 3-3, 3-4 3-5, 3-6 (remove) | 1, page 1 |

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Part 1 Basic Provisions

1 Handbook Purpose and Coverage

A Handbook Purpose

This handbook provides procedure for applying reductions to:

- ARC or PLC payments for:
 - acre-for-acre payment reductions
 - maintenance defaults
- CRP payments for maintenance defaults
- CTAP payments for maintenance defaults.

B Handbook Coverage

This handbook covers the following:

- ARC
- CRP
- CTAP
- PLC.

Note: Use program handbooks, as applicable, along with instructions in this handbook.

1 Handbook Purpose and Coverage (Continued)

C Related Handbooks

The handbooks in this table relate to payment reductions and violations.

| IF the material concerns... | THEN see... |
|-------------------------------------|--------------------|
| acreage reports | 2-CP. |
| appeals | 1-APP. |
| ARC | 1-ARCPLC. |
| ARCPLC payments | 1-ARCPLC. |
| conservation compliance violations | 6-CP. |
| CRP | 2-CRP. |
| CTAP | 1-CTAP. |
| information available to the public | 2-INFO. |
| PLC | 1-ARCPLC. |
| supplementation procedures | 1-AS. |

2 Authorities

A Sources of Authority

The sources of authority for payment reduction provisions are the following:

- Agricultural Act of 2014
- 7 CFR Part 1412.

B STC Authority to Supplement This Handbook

Do **not** withdraw any procedure in this handbook.

This handbook may be supplemented with STC policies that have received DAFP authorization. See 1-AS for proper supplementation procedures.

3 Information Accessibility

A Access to Farms and Farm Records

Any authorized representative of the Secretary will have access to farms and farm records to make determinations on eligibility and compliance.

Note: Producers **must** provide any information necessary to establish eligibility for program benefits.

B FOIA

See 2-INFO for records available to the public.

4 Responsibilities

A County Office Responsibilities

COC's will ensure that CED's follow provisions in this handbook.

CED's will inform COC's of policy for proper administration when all program requirements have **not** been met by the producer.

COC will:

- when authorized, make final determinations based on the merits of each case and document the entire case in COC minutes
- send complete, documented cases to STC for determination when COC is **not** authorized to make the final determination.

B State Office Responsibilities

SED's will ensure that County Offices follow provisions in this handbook.

STC's will:

- make determinations for cases that exceed COC authority
- provide DD with a copy of STC or DAFP determinations for appeals or misaction or misinformation cases
- send complete, documented cases to DAFP for determination when STC is **not** authorized to make a determination.

DD's will conduct the followup review to ensure that the County Office has carried out DAFP- or STC-approved action by:

- initialing and dating the County Office case file to signify that the case has been reviewed
- initialing and returning a copy of the STC determination to STC to document that the approved action has been taken.

5-19 (Reserved)

Part 2 FAV/WR Authorized Plantings**20 Overview****A Authorized Plantings**

FAV/WR may be planted on payment acres enrolled in ARC or PLC; however, an acre-for-acre payment reduction will be applied for each acre of FAV/WR, or portion thereof, planted on payment acres.

B Double-Cropping Exception

FAV/WR that is double-cropped with a covered commodity in an established FAV/WR double-cropping region, according to 1-ARCPLC, paragraph 290, is **not** considered an FAV planted on payment acres.

21 Acre-for-Acre Reductions**A Applicability**

Farms with FAV/WR planted on payment acres enrolled in ARC or PLC **must** have ARC or PLC payments reduced for each acre of FAV/WR planted on payment acres, unless the double-cropping exception in subparagraph 20 A applies. Additional FAV exceptions are outlined in subparagraph B.

B Other FAV Exceptions

The following are exceptions to consider a crop as FAV when determining acre-for-acre reductions.

- Nonperennial FAV/WR planted on payment acres enrolled in ARC or PLC that are destroyed before harvest will **not** reduce ARC or PLC payment for the farm, if the provisions in 1-ARCPLC, paragraph 287, are met. A farm visit will be completed and farm visit fee charged for FAV/WR that are destroyed according to 2-CP, paragraph 102.
- FAV's that are designated as, and meet the definition of, a home garden.

21 Acre-for-Acre Reductions (Continued)

B Other FAV Exceptions (Continued)

- *--FAV's **planted and reported** with an intended use as follows, and do **not** have a "Land Use" code of "F" in (2-CP, Exhibit 10.5). All other FAV's are **not** part of this exception:--*

- cover only
- forage
- green manure
- grazing
- left standing
- silage.

- *--Any FAV planted in a mixture to an extent that harvest of FAV as a human food source is impractical, as determined by COC. No field visit is required.--*

- Mung beans and pulse crops.

Note: Pulse crops include:

- dry peas, including:
 - Austrian
 - green
 - Umatilla
 - wrinkled seed
 - yellow
- lentils
- small chickpeas (desi garbanzo beans)
- large chickpeas (kabuli garbanzo beans).

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

- canning
- fresh
- frozen.

21 Acre-for-Acre Reductions (Continued)**B Other FAV Exceptions (Continued)**

Intentions **must** be declared when FSA-578 is filed. Producers **cannot** subsequently change the reported intended use of FAV acreage to avoid an acre-for-acre payment reduction.

C Determining Acres To Be Reduced

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

Note: FAV/WR acres will **always** first be attributed to nonpayment acres.

Important: Payment shares are determined for:

- ARC-CO and PLC based on the individuals or entities who are producers with a crop share interest on base acres, according to 1-ARCPLC, paragraph 116
- ARC-IC based on each producer's share interest in covered commodities planted on the enrolled ARC-IC farms, as reported on FSA-578.

Notes: Producers, including owners that have **no** share interest in the covered commodity planted on enrolled ARC-IC farm, will **not** receive an ARC-IC payment for the ARC-IC farms, according to 1-ARCPLC, paragraph 136.

Final payment shares will be determined by using each producer's share of covered commodities certified on FSA-578 on each ARC-IC elected and enrolled FSN in the State. If multiple covered commodities are planted on the farm, a blended share **must** be computed.

FAV/WR planted on the farm will always first be applied to nonpayment acres regardless of whether or **not** the producer shares in CCC-861 or CCC-862.

21 Acre-for-Acre Reductions (Continued)

C Determining Acres To Be Reduced (Continued)

| Step | Action | | |
|------|--------------------------------------|--|--|
| 1 | IF the farm is enrolled in... | THEN determine the farms nonpayment acres as follows... | |
| | ARC-CO or PLC | Step | Action |
| | | A | Determine effective DCP cropland on the farm. |
| | | B | Determine number of double-cropped acres on farm according to farm records. |
| | | C | Add result of step A and step B. |
| | | D | Determine payment base acres by taking the total base acres for the farm times 85 percent. Note: <u>Total base acres</u> , in this case, mean covered commodity-specific base acres plus any generic base acres that attribute as covered commodities planted on the farm. |
| | | E | Subtract result of step D from the result of step C. |
| | ACR-IC | Step | Action |
| | | A | Determine effective DCP cropland on the farm. |
| | | B | Determine number of double-cropped acres on farm according to farm records. |
| | | C | Add result of step A and step B. |
| | | D | Determine payment base acres by taking the total base acres for the farm times 65 percent. Note: <u>Total base acres</u> , in this case, mean covered commodity-specific base acres plus any generic base acres that attribute as covered commodities planted on the farm. |
| | | E | Subtract result of step D from the result of step C. |
| | 2 | <p>Subtract the result of step 1 (ARC-IC, ARC-CO, or PLC, as applicable) from the total acres of FAV/WR planted on the farm.</p> <p>Important: The total acreage of FAV/WR planted on the farm includes FAV/WR acreage planted by producers with zero or no interest in the farm's CCC-861 or CCC-862.</p> <p>Note: Only count the acreage once when multiple plantings of FAV/WR are planted on the same crop acreage. See 1-ARCPLC, paragraph 288.</p> <p>If FAV/WR is double-cropped with a covered commodity in an established FAV/WR double-cropping region, it is not considered an FAV. See 1-ARCPLC, paragraph 290.</p> | |

21 Acre-for-Acre Reductions (Continued)

C Determining Acres To Be Reduced (Continued)

| Step | Action | |
|------|--------------------------------------|---|
| 3 | IF the result of step 2 is... | THEN... |
| | equal to or less than zero | <ul style="list-style-type: none"> • FAV/WR are not planted on payment acres • acre-for-acre reduction does not apply to the farm. <p>Note: A payment reduction will not be applied if the result of step 2 is equal to or less than zero.</p> |
| | greater than zero | <ul style="list-style-type: none"> • FAV/WR are planted on payment acres • acre-for-acre reduction applies to the farm based on the result of step 2 • apply the acre-for-acre reduction to the farm according to subparagraph 22 A. <p>Note: For:</p> <ul style="list-style-type: none"> • ARC-CO and PLC, the acre-for-acre reduction will be attributed to each of the covered commodities on the farm having payment acres on a pro rata basis to reflect the ratio of the payment acres of the covered commodity on the farm to the total payment acres of all covered commodities on the farm • ARC-IC, the acre-for-acre reduction will be attributed to the total payment acres on the farm as the payment acres are determined solely by multiplying the 65 percent of the base acres, including generic base acres that have been attributed to a covered commodity, of the farm. |

21 Acre-for-Acre Reductions (Continued)

D Example 1

This is an example of determining whether FAV/WR is planted on payment acres enrolled in ARC-CO and PLC for a farm with the following criteria:

- 300 acres of effective DCP cropland
- zero double cropped-acres
- 200 base acres
- 125 planted acres of FAV/WR that are **not** double-cropped/**no** FAV exemption.

| Step | Action | | Result | |
|------|--|---|--|-----|
| 1 | IF the farm is enrolled in... ARC-CO or PLC | THEN determine the farms nonpayment acres as follows... | | |
| | | Step | Action | |
| | | A | Determine effective DCP cropland on the farm. | 300 |
| | | B | Determine number of double-cropped acres on farm according to farm records. | 0 |
| | | C | Add result of step A and step B. | 300 |
| | | D | Determine payment acres by taking the total base acres for the farm times 85 percent. 200 total base x 85% = 170 payment acres Note: Total base acres include generic base acres that are attributed as covered commodity base acres based on planting. | 170 |
| E | Subtract result of step D from the result of step C. 300 acres - 170 payment acres = 130 nonpayment acres | 130 | | |

21 Acre-for-Acre Reductions (Continued)

D Example 1 (Continued)

| Step | Action | Result | | | | | | |
|--------------------------------------|--|--|----------------|----------------------------|--|-------------------|---|--|
| 2 | <p>Subtract the result of step 1 from the total acres of FAV/WR planted on the farm.</p> <p style="text-align: center;">125 FAV/WR - 130 nonpayment acres = -5 acres</p> <p>Important: The total acreage of FAV/WR planted on the farm includes FAV/WR acreage planted by producers with zero interest in the farm's CCC-861 or CCC-862.</p> <p>Note: Only count the acreage once when multiple plantings of FAV/WR are planted on the same acreage. See 1-ARCPLC, paragraph 288.</p> <p>If FAV/WR is double-cropped with a covered commodity in an established FAV/WR double-cropping region, it is not considered an FAV. See 1-ARCPLC, paragraph 290.</p> | -5 | | | | | | |
| 3 | <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;">IF the result of step 2 is...</th> <th>THEN...</th> </tr> </thead> <tbody> <tr> <td data-bbox="383 982 610 1283">equal to or less than zero</td> <td data-bbox="610 982 1317 1283"> <ul style="list-style-type: none"> • FAV/WR are not planted on payment acres • acre-for-acre reduction does not apply to the farm. <p>Note: A payment reduction will not be applied if the result of step 2 is equal to or less than zero.</p> </td> </tr> <tr> <td data-bbox="383 1283 610 1545">greater than zero</td> <td data-bbox="610 1283 1317 1545"> <ul style="list-style-type: none"> • FAV/WR are planted on payment acres • acre-for-acre reduction applies to the farm based on the result of step 2 • apply the acre-for-acre reduction to the farm according to subparagraph 22 A. </td> </tr> </tbody> </table> | IF the result of step 2 is... | THEN... | equal to or less than zero | <ul style="list-style-type: none"> • FAV/WR are not planted on payment acres • acre-for-acre reduction does not apply to the farm. <p>Note: A payment reduction will not be applied if the result of step 2 is equal to or less than zero.</p> | greater than zero | <ul style="list-style-type: none"> • FAV/WR are planted on payment acres • acre-for-acre reduction applies to the farm based on the result of step 2 • apply the acre-for-acre reduction to the farm according to subparagraph 22 A. | |
| IF the result of step 2 is... | THEN... | | | | | | | |
| equal to or less than zero | <ul style="list-style-type: none"> • FAV/WR are not planted on payment acres • acre-for-acre reduction does not apply to the farm. <p>Note: A payment reduction will not be applied if the result of step 2 is equal to or less than zero.</p> | | | | | | | |
| greater than zero | <ul style="list-style-type: none"> • FAV/WR are planted on payment acres • acre-for-acre reduction applies to the farm based on the result of step 2 • apply the acre-for-acre reduction to the farm according to subparagraph 22 A. | | | | | | | |
| | | <p>Payment acres are not required to be reduced.</p> <p>Not applicable.</p> | | | | | | |

21 Acre-for-Acre Reductions (Continued)

E Example 2

This example shows how to determine FAV/WR acreage planted on payment acres enrolled in ARC-CO and PLC on a farm with the following criteria:

- 300 acres of effective DCP cropland
- 10 double-cropped acres
- 200 base acres
- 2 producers exist on the farm
- Operator A plants 100 acres to non FAV/WR and plants 145 acres to FAV/WR
- Tenant B plants 50 acres to non FAV/WR and 5 acres to FAV/WR
- 150 planted acres of FAV/WR (includes the 145 acres from Operator A and 5 acres of from Tenant B) that are **not** double-cropped with a covered commodity.

| Step | Action | | Result | |
|------|--|---|--|-----|
| 1 | IF the farm is enrolled in... ARC-CO or PLC | THEN determine the farms nonpayment acres... | | |
| | | Step | Action | |
| | | A | Determine effective DCP cropland on the farm. | 300 |
| | | B | Determine number of double-cropped acres on farm according to farm records. | 10 |
| | | C | Add result of step A and step B. | 310 |
| | | D | Determine payment acres by taking the total base acres for the farm times 85 percent. 200 total base acres x 85% = 170 payment acres Note: Total base acres include generic base acres that have been attributed as covered commodity base acres. | 170 |
| | E | Subtract result of step D from the result of step C. 310 acres - 170 payment acres = 140 nonpayment acres | 140 | |

21 Acre-for-Acre Reductions (Continued)

E Example 2 (Continued)

| Step | Action | Result | | | | | | |
|-------------------------------|--|-------------------------------|---------|----------------------------|--|-------------------|--|---|
| 2 | <p>Subtract the result of step 1 from the total acres of FAV/WR planted on the farm.</p> <p style="text-align: center;">150 FAV/WR - 140 nonpayment acres - 10 acres</p> <p>Important: Operator A and Tenant B share in the ARC-CO and PLC contract.</p> <p>The total acreage of FAV/WR planted on the farm includes FAV/WR acreage planted by producers with zero interest in the farm's CCC-861 or CCC-862.</p> <p>Note: Only count the acreage once when multiple plantings of FAV/WR are planted on the same acreage. See 1-ARCPLC, paragraph 288.</p> <p>If FAV/WR is double-cropped with a covered commodity in an established FAV/WR double-cropping region, it is not considered an FAV. See 1-ARCPLC, paragraph 290.</p> | 10 | | | | | | |
| 3 | <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th data-bbox="383 1026 570 1094">IF the result of step 2 is...</th> <th data-bbox="570 1026 1312 1094">THEN...</th> </tr> </thead> <tbody> <tr> <td data-bbox="383 1094 570 1283">equal to or less than zero</td> <td data-bbox="570 1094 1312 1283"> <ul style="list-style-type: none"> • FAV/WR are not planted on payment acres • acre-for-acre reduction does not apply to the farm. <p>Note: A payment reduction will not be applied if the result of step 2 is equal to or less than zero.</p> </td> </tr> <tr> <td data-bbox="383 1283 570 1730">greater than zero</td> <td data-bbox="570 1283 1312 1730"> <ul style="list-style-type: none"> • FAV/WR are planted on payment acres • acre-for-acre reduction applies to the farm based on the result of step 2 • apply the acre-for-acre reduction to the farm according to subparagraph 22 A • ARC-CO and PLC payment acres for the farm will be reduced by 10 acres, in proportion to the payment acres of each covered commodity with base acres of the farm. </td> </tr> </tbody> </table> | IF the result of step 2 is... | THEN... | equal to or less than zero | <ul style="list-style-type: none"> • FAV/WR are not planted on payment acres • acre-for-acre reduction does not apply to the farm. <p>Note: A payment reduction will not be applied if the result of step 2 is equal to or less than zero.</p> | greater than zero | <ul style="list-style-type: none"> • FAV/WR are planted on payment acres • acre-for-acre reduction applies to the farm based on the result of step 2 • apply the acre-for-acre reduction to the farm according to subparagraph 22 A • ARC-CO and PLC payment acres for the farm will be reduced by 10 acres, in proportion to the payment acres of each covered commodity with base acres of the farm. | <div style="background-color: #cccccc; height: 20px; width: 100%;"></div> Not applicable. 10 payment acres will be reduced on a pro rata share between Operator A and Tenant B. |
| IF the result of step 2 is... | THEN... | | | | | | | |
| equal to or less than zero | <ul style="list-style-type: none"> • FAV/WR are not planted on payment acres • acre-for-acre reduction does not apply to the farm. <p>Note: A payment reduction will not be applied if the result of step 2 is equal to or less than zero.</p> | | | | | | | |
| greater than zero | <ul style="list-style-type: none"> • FAV/WR are planted on payment acres • acre-for-acre reduction applies to the farm based on the result of step 2 • apply the acre-for-acre reduction to the farm according to subparagraph 22 A • ARC-CO and PLC payment acres for the farm will be reduced by 10 acres, in proportion to the payment acres of each covered commodity with base acres of the farm. | | | | | | | |

21 Acre-for-Acre Reductions (Continued)

F Example 3

This example shows how to determine whether FAV/WR is planted on payment acres enrolled in ARC-IC on a farm with the following criteria:

- 300 acres of effective DCP cropland
- zero double-cropped acres
- 250 base acres
- 100 acres of lettuce, 50 acres of peppers, and 85 acres of tomatoes (**not** double-cropped with a covered commodity).

Note: Fifteen acres of the 50 acres of peppers were planted on the lettuce acreage after it was harvested resulting in 35 acres of FAV/WR. In addition, 75 acres of the 85 acres of tomatoes were planted on the lettuce acreage after it was harvested resulting in 10 acres considered FAV/WR.

| Step | Action | | Result | |
|------|--------------------------------------|--|--|-------|
| 1 | IF the farm is enrolled in... | THEN determine the farms nonpayment acres... | | |
| | ACR-IC | Step | Action | |
| | | A | Determine effective DCP cropland on the farm. | 300 |
| | | B | Determine number of double-cropped acres on farm according to farm records. | 0 |
| | | C | Add result of step A and step B. | 300 |
| | | D | Determine payment base acres by taking the total base acres for the farm times 65 percent. 250 total base x 65% = 162.5 payment acres Note: Total base acres include planted covered commodities that have attributed generic base acres. | 162.5 |
| | E | Subtract result of step D from the result of step C. 300 acres - 162.5 payment acres = 137.5 nonpayment acres | 137.5 | |

21 Acre-for-Acre Reductions (Continued)

F Example 3 (Continued)

| Step | Action | Result | | | | | | |
|-------------------------------|---|-------------------------------|---------|----------------------------|--|-------------------|---|---|
| 2 | <p>Subtract the result of step 1 from the total acres of FAV/WR planted on the farm.</p> <p style="text-align: center;">145 acres of FAV/WR - 137.5 nonpayment acres = 7.5 acres</p> <p>Note: Total FAV/WR is calculated using 100 acres of lettuce, 35 acres of peppers, and 10 acres of tomatoes.</p> <p>Important: The total acreage of FAV/WR planted on the farm includes FAV/WR acreage planted by producers with zero interest in the farm’s CCC-861 or CCC-862.</p> <p>Note: Only count the acreage once when multiple plantings of FAV/WR are planted on the same acreage. See 1-ARCPLC, paragraph 288.</p> <p>If FAV/WR is double-cropped with a covered commodity in an established FAV/WR double-cropping region, it is not considered an FAV. See 1-ARCPLC, paragraph 290.</p> | 7.5 | | | | | | |
| 3 | <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th data-bbox="375 1016 578 1094">IF the result of step 2 is...</th> <th data-bbox="578 1016 1312 1094">THEN...</th> </tr> </thead> <tbody> <tr> <td data-bbox="375 1094 578 1283">equal to or less than zero</td> <td data-bbox="578 1094 1312 1283"> <ul style="list-style-type: none"> • FAV/WR are not planted on payment acres • acre-for-acre reduction does not apply to the farm. <p>Note: A payment reduction will not be applied if the result of step 2 is equal to or less than zero.</p> </td> </tr> <tr> <td data-bbox="375 1283 578 1545">greater than zero</td> <td data-bbox="578 1283 1312 1545"> <ul style="list-style-type: none"> • FAV/WR are planted on payment acres • acre-for-acre reduction applies to the farm based on the result of step 2 • apply the acre-for-acre reduction to the farm according to subparagraph 22 A. </td> </tr> </tbody> </table> | IF the result of step 2 is... | THEN... | equal to or less than zero | <ul style="list-style-type: none"> • FAV/WR are not planted on payment acres • acre-for-acre reduction does not apply to the farm. <p>Note: A payment reduction will not be applied if the result of step 2 is equal to or less than zero.</p> | greater than zero | <ul style="list-style-type: none"> • FAV/WR are planted on payment acres • acre-for-acre reduction applies to the farm based on the result of step 2 • apply the acre-for-acre reduction to the farm according to subparagraph 22 A. | <div style="background-color: #cccccc; height: 20px; width: 100%;"></div> Not applicable. ARC-IC payment acres for the farm will be reduced by 7.5 acres. |
| IF the result of step 2 is... | THEN... | | | | | | | |
| equal to or less than zero | <ul style="list-style-type: none"> • FAV/WR are not planted on payment acres • acre-for-acre reduction does not apply to the farm. <p>Note: A payment reduction will not be applied if the result of step 2 is equal to or less than zero.</p> | | | | | | | |
| greater than zero | <ul style="list-style-type: none"> • FAV/WR are planted on payment acres • acre-for-acre reduction applies to the farm based on the result of step 2 • apply the acre-for-acre reduction to the farm according to subparagraph 22 A. | | | | | | | |

21 Acre-for-Acre Reductions (Continued)

G Example 4

This example shows how to determine FAV/WR acreage planted on payment acres enrolled in ARC-IC on a farm with the following criteria:

- 300 acres of effective DCP cropland
- zero double-cropped acres
- 200 base acres
- 2 producers exist on the farm
- Operator A plants 50 acres to covered commodity and plants 195 acres to FAV/WR
- Tenant B plants 50 acres to sugar beets and 5 acres to FAV/WR
- 200 planted acres of FAV/WR (includes the 195 acres from Operator A and 5 acres of from Tenant B) that are **not** double-cropped with a covered commodity.

| Step | Action | | Result | |
|------|---|--|--|-----|
| 1 | IF the farm is enrolled in... | THEN determine the farms nonpayment acres... | | |
| | ACR-IC | Step | Action | |
| | | A | Determine effective DCP cropland on the farm. | 300 |
| | | B | Determine number of double-cropped acres on farm according to farm records. | 0 |
| | | C | Add result of step A and step B. | 300 |
| | | D | Determine payment base acres by taking the total base acres for the farm times 65 percent. 200 total base x 65% = 130 payment acres Note: Total base acres include planted covered commodities that have attributed generic base acres. | 130 |
| E | Subtract result of step D from the result of step C. 300 acres - 130 payment acres = 170 nonpayment acres | 170 | | |

21 Acre-for-Acre Reductions (Continued)

G Example 4 (Continued)

| Step | Action | Result | | | | | | |
|-------------------------------|---|-------------------------------|---------|----------------------------|--|-------------------|---|---|
| 2 | <p>Subtract the result of step 1 from the total acres of FAV/WR planted on the farm.</p> <p style="text-align: center;">200 acres of FAV/WR - 170 nonpayment acres = 30 acres</p> <p>Note: Operator A would have 100 percent share on the ARC-IC contract because Tenant B’s sugar beets are not a covered commodity.</p> <p>Important: The total acreage of FAV/WR planted on the farm includes FAV/WR acreage planted by producers with zero interest in the farm’s CCC-861 or CCC-862.</p> <p>Note: Only count the acreage once when multiple plantings of FAV/WR are planted on the same acreage. See 1-ARCPLC, paragraph 288.</p> <p>If FAV/WR is double-cropped with a covered commodity in an established FAV/WR double-cropping region, it is not considered an FAV. See 1-ARCPLC, paragraph 290.</p> | 30 | | | | | | |
| 3 | <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th data-bbox="383 1062 578 1129">IF the result of step 2 is...</th> <th data-bbox="578 1062 1304 1129">THEN...</th> </tr> </thead> <tbody> <tr> <td data-bbox="383 1129 578 1318">equal to or less than zero</td> <td data-bbox="578 1129 1304 1318"> <ul style="list-style-type: none"> • FAV/WR are not planted on payment acres • acre-for-acre reduction does not apply to the farm. <p>Note: A payment reduction will not be applied if the result of step 2 is equal to or less than zero.</p> </td> </tr> <tr> <td data-bbox="383 1318 578 1583">greater than zero</td> <td data-bbox="578 1318 1304 1583"> <ul style="list-style-type: none"> • FAV/WR are planted on payment acres • acre-for-acre reduction applies to the farm based on the result of step 2 • apply the acre-for-acre reduction to the farm according to subparagraph 22 A. </td> </tr> </tbody> </table> | IF the result of step 2 is... | THEN... | equal to or less than zero | <ul style="list-style-type: none"> • FAV/WR are not planted on payment acres • acre-for-acre reduction does not apply to the farm. <p>Note: A payment reduction will not be applied if the result of step 2 is equal to or less than zero.</p> | greater than zero | <ul style="list-style-type: none"> • FAV/WR are planted on payment acres • acre-for-acre reduction applies to the farm based on the result of step 2 • apply the acre-for-acre reduction to the farm according to subparagraph 22 A. | <div style="background-color: #cccccc; height: 20px; margin-bottom: 5px;"></div> <p>Not applicable.</p> <p>ARC-IC payment acres for the farm will be reduced by 30 acres.</p> |
| IF the result of step 2 is... | THEN... | | | | | | | |
| equal to or less than zero | <ul style="list-style-type: none"> • FAV/WR are not planted on payment acres • acre-for-acre reduction does not apply to the farm. <p>Note: A payment reduction will not be applied if the result of step 2 is equal to or less than zero.</p> | | | | | | | |
| greater than zero | <ul style="list-style-type: none"> • FAV/WR are planted on payment acres • acre-for-acre reduction applies to the farm based on the result of step 2 • apply the acre-for-acre reduction to the farm according to subparagraph 22 A. | | | | | | | |

22 Applying Acre-for-Acre Reductions

A Applicability

For:

- ARC-CO and PLC, the acre-for-acre reduction will be attributed to each of the covered commodities on the farm having payment acres on a pro rata basis to reflect the ratio of the payment acres of the covered commodity on the farm to the total payment acres of all covered commodities on the farm
- ARC-IC, the acre-for-acre reduction will be attributed to the total payment acres on the farm as the payment acres are determined solely by multiplying the 65 percent of the base acres of the farm.

B ARC-CO and PLC Acre-for-Acre Payment Reduction

The following table provides the steps in applying the acre-for-acre payment reduction for farms with crops enrolled in ARC-CO or PLC. See subparagraph D for an example of applying an acre-for-acre reduction to a farm enrolled on ARC-CO and PLC.

| Step | Action |
|------|---|
| 1 | Determine the number of FAV/WR acres planted on payment acres enrolled in ARC-CO or PLC according to subparagraph 21 C. |
| 2 | Multiply each covered commodity's base acres times 85 percent to determine each crop's payment acres. Ensure that covered commodities planted on generic base acres are included in this calculation, if applicable. Note: Each covered commodity's base acres must include the base acres of the covered commodity plus any planted acres of the covered commodity that attributes generic base acres to the covered commodity. |
| 3 | Total the number of payment acres for each farm. |
| 4 | For each covered commodity, divide step 2 by step 3 to determine each covered commodity's percent of payment acres. |
| 5 | For each covered commodity, multiply step 4 times step 1 to determine the amount of payment acres to reduce for each covered commodity. The result can never be less than zero. |

22 Applying Acre-for-Acre Reductions (Continued)

C ARC-IC Acre-for-Acre Payment Reduction

The following table provides the steps in applying the acre-for-acre payment reduction for farms with crops enrolled in ARC-IC. See subparagraph E for an example of applying an acre-for-acre reduction to a farm enrolled on ARC-IC.

| Step | Action |
|------|---|
| 1 | Determine the number of FAV/WR acres planted on payment acres enrolled in ARC-IC according to subparagraph 21 C. |
| 2 | Multiply the total base acres of all covered commodities times 65 percent to determine the payment acres for the farm. Ensure that covered commodities planted on generic base acres are included in this calculation, if applicable. Note: Total base acres include base acres of each covered commodity plus planted covered commodities that attribute generic base acres. |
| 3 | Subtract step 1 from step 2. This number can never be less than zero. The remaining amount is the number of payment acres for the applicable farm. |

D Example of Calculation for ARC-CO and PLC

This example applies the acre-for-acre reduction to the applicable covered commodities on a farm enrolled in ARC-CO and PLC with 100 acres of FAV/WR planted on payment acres.

| Crop | Base Acres | Payment Acres | Percent of Payment Acres | Payment Acres Reduced | Final Payment Acres |
|-------|------------|---------------|--------------------------|-----------------------|---------------------|
| Com | 75.00 | 63.75 | 0.3659 | 36.59 | 27.16 |
| Oats | 30.00 | 25.50 | 0.1463 | 14.63 | 10.87 |
| Wheat | 100.00 | 85.00 | 0.4878 | 48.78 | 36.22 |
| Total | 205.00 | 174.25 | 1.0000 | 100.00 | 74.25 |

E Example of Calculation for ARC-IC

This example applies the acre-for-acre reduction to the applicable farm enrolled in ARC-IC with 100 acres of FAV/WR planted on payment acres.

| Crop | Base Acres | Payment Acres | Payment Acres Reduced | Final Payment Acres |
|-------|------------|---------------|-----------------------|---------------------|
| Com | 75.00 | 48.75 | | |
| Oats | 30.00 | 19.50 | | |
| Wheat | 100.00 | 65.00 | | |
| Total | 205.00 | 133.25 | 100.00 | 33.25 |

22 Applying Acre-for-Acre Reductions (Continued)

F Payment Limitation

Apply acre-for-acre reduction to ARC or PLC payments **before** applying payment limitation.

G Adjustments

There are **no** adjustments for acre-for-acre reductions.

23-32 (Reserved)

Part 3 Maintenance**33 ARC, CTAP, or PLC Acreage Maintenance****A Maintenance Requirements**

Producers will protect all acreage (cropland and noncropland) on a farm enrolled in ARC, CTAP, or PLC from:

- wind and water erosion
- noxious weeds.

Note: See 1-ARCPLC, paragraph 284.

B Establishing Rates

COC will establish rates for calculating maintenance default payment reductions if the maintenance requirements provided in subparagraph A are **not** met. Except for 2014 and 2015, the rates **must** be established by January 1 of each respective program year and will represent the normal cost per acre necessary to correct the default. These established rates will **not** be adjusted for individual producers.

C Calculating Maintenance Payment Reductions

If a maintenance default is determined according to this paragraph, a payment reduction is calculated by multiplying:

- acres in default, times
- COC established maintenance rate, times
- 1.5 for both a 2nd and 3rd default, as applicable.

33 ARC, CTAP, or PLC Acreage Maintenance (Continued)

D First Default

All producers sharing in ARC, CTAP, or PLC payments on the farm are entitled to 1 warning letter for the first maintenance default.

The warning letter will include the following:

- type of default
- date default was discovered
- number of acres in default
- action that is required to avoid a payment reduction
- when required action **must** be completed.

Note: Anyone who shares in a potential payment reduction will be noticed on the default.

E Example of Warning Letter for Noncontrol of Weeds

This is a sample letter that may be used for the first weed control default.

[Name]County FSA Committee
 [Address, City, State, and ZIP Code]

[Date]

Dear [Producer's Name]:

A maintenance spot check conducted on [date] on FSN [Number] revealed that weeds were **not** being controlled on 25.0 acres of land. Controlling noxious weeds on farms enrolled in or subject to an application under [ARC, CTAP, or PLC, as applicable] is a condition of eligibility as outlined in the governing regulations.

You have 15 calendar days to control the weeds in a manner that will ensure that the weed will **not** spread to other acreage. After 15 calendar days, a[Name] County Office representative will inspect the acreage in question and, if the necessary action has **not** being taken, [ARC, CTAP, or PLC, as applicable] payments on this farm will be reduced.

If you have any questions regarding this manner, please contact this office.

Note: Producers may request an extension of time to address the default, if circumstances beyond their control prevent them from taking the necessary action in a timely manner.

33 ARC, CTAP, or PLC Acreage Maintenance (Continued)**F 2nd Default**

County Office will notify producers that have previously received a warning letter that a maintenance default payment reduction will be applied to their ARC, CTAP, or PLC payment, **not** to exceed 50 percent of the farm's total ARC, CTAP, or PLC payment. The amount of the payment reduction will be:

- acres in default, times
- COC established maintenance rate, times
- 1.5.

Corrective action **must** be taken within 15 calendar days from the notification letter.

G 3rd Default

County Office will notify producers that have previously received both a warning letter and 2nd default letter that a maintenance default payment reduction will be applied to their ARC, CTAP, or PLC payment, **not** to exceed the farm's total ARC, CTAP, or PLC payment. The amount of the payment reduction will be:

- acres in default, times
- COC established maintenance rate, times
- 1.5.

Note: The 3rd default payment reduction, in addition to the 2nd default payment reduction, when applicable, would result in the total farm reduction being 3 times the COC-established maintenance rate.

H Subsequent Defaults

If producers fail to take necessary action to correct a maintenance default after receiving notification of a 3rd default, **no** further notification letters will be issued or payment reductions assessed. COC's, however, may elect to terminate the ARC, CTAP, or PLC contract for the respective program year, taking into consideration factors in paragraph 35.

34 (Withdrawn--Amend. 3)

35 Making Determinations

A Considerations Before Making Determinations

The reviewing authority will consider these guidelines when determining whether CCC-861 or CCC-862 should be terminated, considering the following questions.

- What was the degree of the violation?
- How many acres were in default?
- Should the producer have been reasonably expected to know there was a violation?
- Did the producer control, or could the producer have controlled, the factors contributing to the violation?
- Did the violation occur because of:
 - carelessness by the producer?
 - part of a scheme or device to avoid compliance?
- Were there extenuating circumstances that caused or contributed to the violation?

35 Making Determinations (Continued)**B Authority for Maintenance Violation Determinations**

COC has the authority to determine, with STC concurrence, if CCC-861, CCC-862, or CCC-957 should be terminated when ARC, CTAP, or PLC maintenance default occurs.

C STC Authority

STC **must** concur with COC determinations made according to subparagraph B for the PLC, ARC, or CTAP contract to be terminated.

D Employees and Committee Members

When STC's, COC's, or employees, including spouses and minor children, have an interest in a farm that is in violation, the next highest reviewing authority **must** determine whether CCC-861, CCC-862, or CCC-957 should be terminated.

E Documenting Determinations

All COC or STC decisions, and reasons for those decisions, **must** be documented in the applicable minutes.

F Producer Notification

In cases where it is determined that the degree of maintenance default warrants terminating CCC-861, CCC-862, or CCC-957, all affected producers will be notified by letter of the following:

- CCC-861, CCC-862, or CCC-957 is in violation and has been terminated
- reason for violation (type of maintenance default)
- appeal rights according to 1-APP.

--Part 4 FPR's*50 FPR Process****A Introduction**

The FPR process:

- calculates ARC/PLC payment reductions for the following:
 - acre-for-acre reductions
 - inaccurate acreage reporting for FAV/WR
- adjusts payment reductions
- provides notification letters to producers of payment reduction amounts
- summarizes payment reductions for each producer by farm.

B Accessing FPR Process

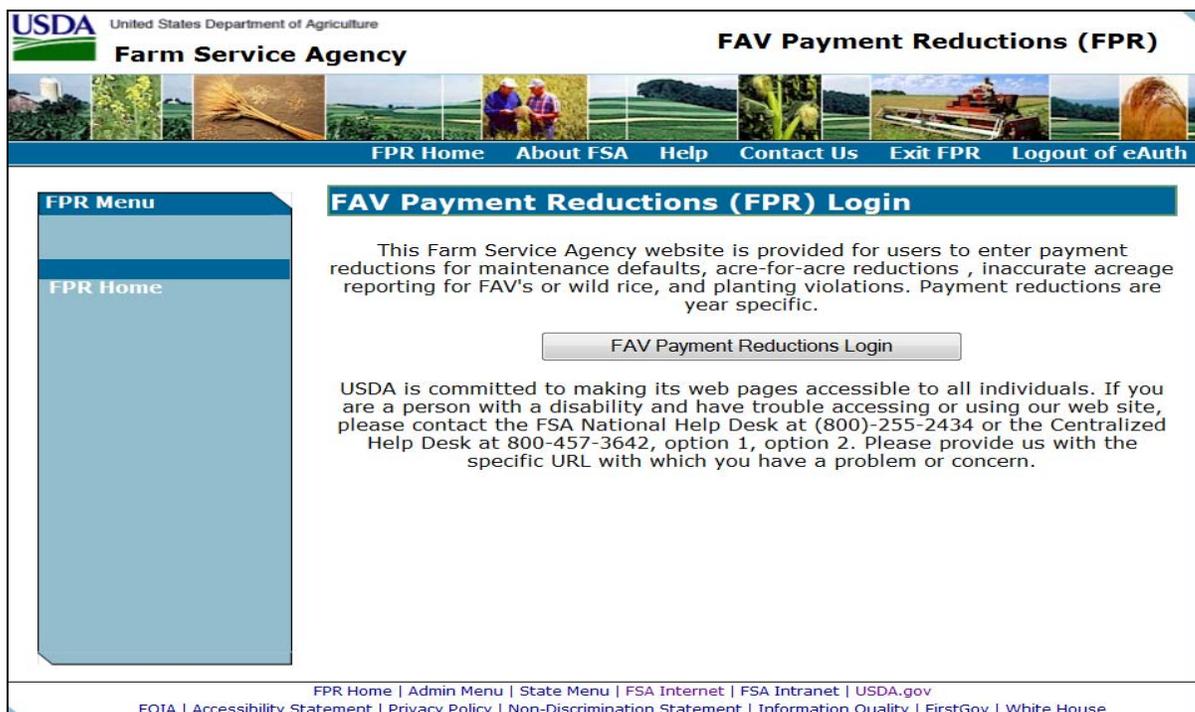
The FPR Home Page may be accessed from the FSA Intranet web site at **<http://fsaintranet.sc.egov.usda.gov/fsa/applications.asp>**.

From the FSA Intranet Screen, under “FSA Applications”, “Applications Directory”, CLICK “D-F”. The FSA Intranet Screen will be redisplayed with the Applications Directory providing names starting with D to F. CLICK “FPR – FAV Payment Reductions”.--*

*--50 FPR Process (Continued)

C FAV Payment Reductions Login Screen

After users click “FPR – FAV Payment Reductions”, the following FAV Payment Reductions (FPR) Login Screen will be displayed. **CLICK** “FAV Payment Reductions Login” to continue.



After users click “FAV Payment Reductions Login”, the eAuthentication Warning Screen will be displayed. **CLICK** “I Agree”, and the eAuthentication Login Screen will be displayed. Users must:

- enter eAuthentication user ID
- enter eAuthentication password
- **CLICK** “Login”.

The State and County Selection Screen will be displayed.--*

***--51 State and County Selections**

A State & County Selection Screen

Users must select a State, county, and year to process FPR's. This is an example of the State & County Selection Screen.



B Action

Using the drop-down menus, users shall select the applicable:

- State/county
- program year.

CLICK “Submit”, and the FAV Payment Reductions Screen will be displayed.--*

*--52 FAV Payment Reductions

A FAV Payment Reductions Screen

Following is an example of the FAV Payment Reductions Screen.



--*

***--52 FAV Payment Reductions (Continued)**

B Available Options

This following table provides the options available on the FAV Payment Reductions Screen for 2014.

| Option | Result | Option Use |
|---------------------------|---|--|
| Maintenance Default Rates | The Maintenance Default Rates Screen will be displayed (paragraph 54). | Entering maintenance default rates established by COC. |
| Maintenance Default Acres | Either of the following will be displayed: <ul style="list-style-type: none"> • Search Selection Screen (paragraph 53) • Maintenance Default Acres Screen (paragraph 55). | <ul style="list-style-type: none"> • Entering the number of acres in default. • Calculating maintenance default payment reductions. |
| Acre-For-Acre Reductions | Either of the following will be displayed: <ul style="list-style-type: none"> • Search Selection Screen (paragraph 53) • Acre-For-Acre Reductions Screen (paragraph 56). | <ul style="list-style-type: none"> • Entering the number of base acres enrolled in and planted to FAV/WR. • Applying acre-for-acre reduction to the covered commodities on the farm. |

--*

*--52 FAV Payment Reductions (Continued)

B Available Options (Continued)

| Option | Result | Option Use |
|----------------------|---|---|
| Notification Letters | The Notification Letters Screen will be displayed (paragraph 57). | Printing notification letters for acre-for-acre reductions. |
| Reports | The Reports Screen will be displayed (paragraph 58). | Printing: <ul style="list-style-type: none"> • Farm Payment Reduction Report • FAV and WR Planted on Base Acres Report. |
| Cancel Reductions | Either of the following will be displayed: <ul style="list-style-type: none"> • Search Selection Screen (paragraph 53) • Cancel Reductions Screen (paragraph 61). | Cancelling all payment reductions that have been entered for a farm |

--*

***--53 Selecting a Farm**

A Search Selection Screen

A farm must be selected **before** entering any of the following:

- acre-for-acre reductions
- maintenance default acres (2015-2018).

A farm can be selected by either of the following methods:

- from the FAV Payment Reductions Screen, click the desired option (subparagraph 52 A)

Note: If a farm has already been selected, users **must** click “Farm Search” under the FPR Menu, to select a new farm. Clicking the desired option from the FAV Payment Reductions Screen will **not** allow selecting a new farm.

- under FPR Menu, CLICK “Farm Search”.

Following is an example of the Search Selection Screen.

The screenshot shows the USDA Farm Service Agency (FSA) ARC-PLC FAV Payment Reductions (FPR) interface. At the top, it says "United States Department of Agriculture" and "Farm Service Agency". The main heading is "ARC-PLC FAV Payment Reductions (FPR)". Below this is a navigation bar with links: "FPR Home", "About FSA", "Help", "Contact Us", "Exit FPR", and "Logout of eAuth".

On the left side, there is a "FPR Menu" with the following items: "Welcome", "Role: COUNTY", "FPR Home", "Select County", "Farm Search", "Main Menu", "Reductions", "Maintenance Default Rates", "Maintenance Default Acres", and "Acre-for-Acre".

The main content area is titled "Search Selection" and shows the following search criteria: "Year: 2014", "State: Mississippi(28)", and "County: Coahoma(027)". Below this, there is a text prompt: "The farm can be found by searching for the producer on the farm or entering the farm number".

There are two radio button options: "Producer" (which is unselected) and "Farm Number" (which is selected). A text input field is provided for the "Farm Number". At the bottom of the search area, there are "Search" and "Cancel" buttons.

--*

***--53 Selecting a Farm (Continued)**

B Action

Do either of the following:

- CLICK “Producer” and CLICK “Search”
- enter a farm number and CLICK “Search”.

If a farm number is entered, the FAV Payment Reductions Screen will be displayed with the selected farm number.

Note: The selected farm must:

- be active in the selected program year
- have an approved CCC-861 OR CCC-862 in the selected program year.

If users click “Producer”, the SCIMS Customer Search Screen will be displayed. Enter the applicable search criteria and CLICK “Search”. The Farm Search – Farm Selection Screen will be displayed.

C Farm Search – Farm Selection Screen

This is an example of the Farm Search – Farm Selection Screen.



D Action

Click either of the following:

- “Farm Number” option next to the desired farm, and CLICK “Continue”
- “New Search” to return to the Search Selection Screen.--*

***--54 Maintenance Default Rates**

A Maintenance Default Rates Screen

From the FAV Payment Reductions Screen (subparagraph 52 A), if users click “Maintenance Default Rates”, either of the following will be displayed:

- Search Selection Screen (paragraph 53)
- Maintenance Default Rates Screen.

Following is an example of Maintenance Default Rates Screen.

The screenshot shows the 'Maintenance Default Rates' screen for the year 2014 in Coahoma County, Mississippi. The page includes a navigation menu on the left and a main content area with a table of default rates. A message indicates that the rates have been previously loaded and cannot be accessed again.

| Maintenance Default Type | Rate per Acre |
|---|---------------|
| Failure to control wind and water erosion. | \$0.00 |
| Failure to control weeds (including noxious weeds). | \$0.00 |

Maintenance default rates have been previously loaded. This process cannot be accessed again.

Cancel

B Action

The maintenance default rates are established by COC as instructed in paragraph 33. On the Maintenance Default Rates Screen, enter the COC-established maintenance default rates for failure to control wind and water erosion and failure to control weeds, and CLICK “Submit”.

Note: Maintenance default rates for 2014 were entered systematically at \$0.00. Since maintenance default rates have already been loaded for the county, the message, “Maintenance default rates cannot be modified. Please contact your administrator.” will be displayed.--*

***--55 Maintenance Default Acres**

A Maintenance Default Acres Screen

From the FAV Payment Reductions Screen (subparagraph 52 A), after users click “Maintenance Default Acres”, either of the following will be displayed:

- Search Selection Screen (paragraph 53)
- Maintenance Default Acres Screen.

Following is an example of Maintenance Default Acres Screen.

| Default Type | Acreage in Second Default | Acreage in Third Default | Rate per Acre |
|---------------------------|---------------------------|--------------------------|---------------|
| Erosion | <input type="text"/> | <input type="text"/> | \$0.00 |
| Weeds (including noxious) | <input type="text"/> | <input type="text"/> | \$0.00 |

B Action

Users shall not enter Maintenance Default acres for 2014.

On the Maintenance Default Acres Screen, County Offices shall:

- enter the number of acres in second and third default as determined according to paragraph 33

Note: The maintenance default rates per acre entered on the Maintenance Default Rates Screen, according to paragraph 54, will be displayed.

- CLICK “Submit” to create maintenance default payment reductions; the FAV Payment Reductions Screen will be redisplayed with the message, “Maintenance Default Acres Recorded Successfully”.

If users click “Cancel” to cancel maintenance default acre loading, the FAV Payment Reductions Screen will be displayed.--*

***--56 Acre-For-Acre Reductions**

A Acre For Acre Reductions Screen

After users click “Acre-For-Acre Reductions” from the FAV Payment Reductions Screen (subparagraph 52 A), either of the following will be displayed:

- Search Selection Screen (paragraph 53)
- Acre For Acre Reductions Screen.

Following is an example of the Acre For Acre Reductions Screen.

USDA United States Department of Agriculture
Farm Service Agency **ARC-PLC FAV Payment Reductions (FPR)**

FPR Home About FSA Help Contact Us Exit FPR Logout of eAuth

FPR Menu
 Welcome MELISSA HILLHOUSE
 Role: COUNTY

Acre For Acre Reductions
Year: 2014 **State:** Mississippi(28) **County:** Coahoma(027)
Farm Number: 4367

Enter the number of payment acres enrolled in ARC-PLC that were planted to FAV's and wild rice

Submit Cancel

--*

***--56 Acre-For-Acre Reductions (Continued)**

B Action

The number of FAV/WR acres planted on payment acres enrolled in ARC/PLC must be loaded in the FPR software to apply the acre-for-acre reduction to the farm according to paragraph 22.

On the Acre For Acre Reductions Screen, enter the number of FAV/WR acres planted on payment acres enrolled in ARC/PLC for the farm and CLICK "Submit".

The FAV Payment Reductions Screen will be displayed with the message, "Acre for Acre Reduction Recorded Successfully".

The acre-for-acre reduction for each covered commodity on the farm will be calculated according to paragraph 22.--*

*--57 Notification Letters

A Notification Letters Screen

On the FAV Payment Reductions Screen (subparagraph 52 A), CLICK “Notification Letters”. The following Notification Letters Screen will be displayed.

The screenshot displays the USDA Farm Service Agency (FSA) ARC-PLC FAV Payment Reductions (FPR) interface. At the top, the USDA logo and 'United States Department of Agriculture' are visible, along with the text 'Farm Service Agency' and 'ARC-PLC FAV Payment Reductions (FPR)'. A navigation bar includes links for 'FPR Home', 'About FSA', 'Help', 'Contact Us', 'Exit FPR', and 'Logout of eAuth'. On the left, a 'FPR Menu' sidebar lists options like 'Welcome', 'Role: COUNTY', 'FPR Home', 'Select County', 'Farm Search', 'Main Menu', 'Reductions' (with sub-options for 'Maintenance Default Rates', 'Maintenance Default Acres', and 'Acre-for-Acre'), and 'Reports' (with 'Notification Letters' selected). The main content area is titled 'Notification Letters' and shows filters for 'Year: 2014', 'State: Mississippi(28)', and 'County: Coahoma(027)'. Below these are radio buttons for 'All Pending', 'Acre-For-Acre', 'Maintenance Default', and 'All Available For Printing'. A 'Farm Number' input field is present, followed by 'Submit' and 'Main Menu' buttons.

B Action

To print all pending notification letters, click “All Pending”. To print notification letters for a specific farm number:

- enter the farm number in the “Farm Number”box
- click the button next to the applicable type of notification letter

Note: If users click the “All Available For Printing” button, all notification letters applicable to the entered farm will be displayed.

- CLICK “Submit”.

The notification letters will be displayed in a separate window.--*

*--57 Notification Letters (Continued)

C Acre-for-Acre Notification Letter

Following is an example of a producer notification letter for acre-for-acre reductions.

| | |
|--|-----------------|
| UNITED STATES DEPARTMENT OF AGRICULTURE FARM SERVICE AGENCY COAHOMA COUNTY FARM SERVICE AGENCY 2655 NORTH STATE ST CLARKSDALE, MS 38614 PHONE NUMBER: (662)624-8727 | DATE: 11/9/2015 |
| <p style="text-align: center;">Producer Name and Address</p> <p style="text-align: center;"> ANY PRODUCER 123 S MAIN STREET HARRISONBURG, VA 22801 </p> | |
| <p>Dear Producer:</p> <p>This letter is to notify you that, under the terms of the Agricultural Act of 2014, your (Price Loss Coverage or Agricultural Revenue Coverage) payment acres for farm number 4367 will be reduced by 2.00 acres for the required acre-for-acre reduction for fruits, vegetables and wild rice planted on payment acres enrolled in ARC-PLC. The attached report shows the acres to be reduced for each covered commodity on the farm.</p> <p>If you have any questions regarding these reductions, please do not hesitate to contact us.</p> <p>Sincerely,</p> <p>County Executive Director</p> | |

--*

*--57 Notification Letters (Continued)

D Maintenance Default Notification Letter

Following is an example of a producer notification letter for a maintenance defaults.

| | |
|--|-----------------|
| UNITED STATES DEPARTMENT OF AGRICULTURE FARM SERVICE AGENCY COAHOMA COUNTY FARM SERVICE AGENCY 2655 NORTH STATE ST CLARKSDALE, MS 38614 PHONE NUMBER: (662)624-8727 | DATE: 11/9/2015 |
| <p style="text-align: center;">Producer Name and Address</p> <p style="text-align: center;"> ANY PRODUCER 123 S MAIN STREET HARRISONBURG, VA 22801 </p> | |
| <p>Dear Producer:</p> <p>A maintenance spot check conducted on FSN 4367 revealed that wind and water erosion and/or noxious weeds, including noxious weeds, were not being controlled on 4.00 acres on the farm. Therefore, under the terms of the Agricultural Act of 2014, your payments for farm number 4367 are being reduced by a maximum of \$0.00 for maintenance defaults. The attached report provides an explanation and the amount of each contract crop payment reduction. The payment reduction will not exceed 100% of earned ARC-CO, PLC, and ARC-IC payments. If you have any questions regarding these reductions, please do not hesitate to contact us.</p> <p>County Executive Director</p> | |

--*

***--58 Reports**

A Reports Screen

On the FAV Payment Reductions Screen, CLICK “Reports”. The following Reports Screen will be displayed.



B Action

Take the following actions to view the reports:

- enter the farm number in the “Farm Number” box
- click the button next to the applicable report
- CLICK “Submit”.

The selected report will be displayed in a separate window.--*

***--59 Farm Payment Reduction Report**

A Example of Farm Payment Reduction Report

On the Reports Screen, click “Farm Payment Reduction Report” to view and print the Farm Payment Reduction Report.

This is an example of the Farm Payment Reduction Report.

| | | | | |
|--|---------------------------|---|---------------|---|
| State: Mississippi(28) County: Coahoma(027) | | USDA-FSA 2014 ARC/PLC Program Farm Payment Reduction Report | | Prepared: 11-9-2015 8:18 PM Page: 1 |
| FARM NUMBER: 4367 | | | | |
| FAV's/Wild Rice on Payment Acres = 2.00 Acres | | | | |
| Covered Commodity | | Payment Acres | | # of Acres Reduced |
| Wheat | | 10.38 | | 0.29 * |
| Oats | | 0.00 | | 0.00 * |
| Rice - Long Grain | | 0.00 | | 0.00 * |
| Rice - Medium Grain | | 0.00 | | 0.00 * |
| Flax | | 0.00 | | 0.00 * |
| Corn | | 39.95 | | 1.10 * |
| Small Chickpeas | | 0.00 | | 0.00 * |
| Large Chickpeas | | 0.00 | | 0.00 * |
| Grain Sorghum | | 0.00 | | 0.00 * |
| Dry Peas | | 0.00 | | 0.00 * |
| Peanuts | | 0.00 | | 0.00 * |
| Sunflower | | 0.00 | | 0.00 * |
| Safflower | | 0.00 | | 0.00 * |
| Soybeans | | 4.24 | | 0.12 * |
| Barley | | 0.00 | | 0.00 * |
| Rapeseed | | 0.00 | | 0.00 * |
| Mustard | | 0.00 | | 0.00 * |
| Sesame Seed | | 0.00 | | 0.00 * |
| Lentils | | 0.00 | | 0.00 * |
| Canola | | 17.77 | | 0.49 * |
| Crambe | | 0.00 | | 0.00 * |
| TOTAL | | | | 2.00 * |
| Base Acres in Default | | | | |
| Type of Default | Acreage in Second Default | Acreage in Third Default | Rate Per Acre | Total Reduction |
| Erosion | 1.00 | 1.00 | 0.00 | \$0 |
| Weeds | 1.00 | 1.00 | 0.00 | \$0 |
| TOTALS | 2.00 | 2.00 | | \$0 |
| * Acre-for-acre payment reduction amount is not included on this report. However, the farm's ARCPLC payment acres will be reduced by the number of FAV's/Wild Rice planted on payment acres, as shown above. | | | | |

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***--60 FAV and WR Planted on Base Acres Report**

A Example of FAV and WR Planted on Base Acres Report

On the Report Screen, select “FAV and WR Planted on Base Acres Report” to view and print the FAV and WR Planted on Base Acres Report.

Following is an example of the FAV and WR Planted on Base Acres Report.

| State: Mississippi(28) County: Coahoma(027) | | United States Department of Agriculture Farm Service Agency 2014 ARC-PLC FAV Payment Reductions FAV and WR Planted on Payment Acres | | | Farms on Report: 11 |
|--|------------------------|--|-----------------------------|----------------|--------------------------------|
| Farm Number | Effective DCP Cropland | Payment Acreage | Free Acres (Non-Base Acres) | FAV/WR Planted | FAV/WR Planted on Base Acreage |
| 4367 | 85.11 | 72.34 | 12.77 | 25.00 | 12.23 |
| 4230 | 1232.60 | 1038.36 | 194.24 | 12.16 | 0.00 |
| 4130 | 1229.79 | 58.99 | 1170.80 | 160.31 | 0.00 |
| 3097 | 19.36 | 15.30 | 4.06 | 2.16 | 0.00 |
| 2302 | 4536.05 | 3855.64 | 680.41 | 19.00 | 0.00 |
| 2199 | 133.13 | 1.19 | 131.94 | 113.13 | 0.00 |
| 1501 | 1726.82 | 1188.32 | 538.50 | 55.89 | 0.00 |
| 502 | 437.47 | 241.16 | 196.31 | 67.54 | 0.00 |
| 293 | 27.00 | 8.33 | 18.67 | 13.00 | 0.00 |
| 199 | 122.23 | 77.18 | 45.05 | 6.28 | 0.00 |
| 20 | 28.22 | 23.63 | 4.59 | 5.95 | 1.36 |

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***--60 FAV and WR Planted on Base Acres Report (Continued)**

B Fields/Descriptions

This table provides the fields and descriptions provided on the FAV and WR Planted on Base Acres Report.

| Item | Description |
|-----------------------------------|--|
| Farm Number | Selected farm number. |
| Effective DCP Cropland | Effective DCP cropland for the farm. |
| Payment Acreage | 85 percent of base acreage for farms enrolled in ARC-CO or PLC and 65 percent of base acres for farms enrolled in ARC-IC |
| Free Acres (Nonbase Acres) | Effective DCP cropland minus payment acreage. If result is negative, nonbase acreage is equal to zero. |
| FAV/WR Planted Acreage | FAV and WR planted acreage on the farm. |
| FAV/WR Planted on Payment Acreage | FAV/WR planted acreage minus free acres. If result is negative, FAV/WR planted on payment acres will be equal to zero. |

--*

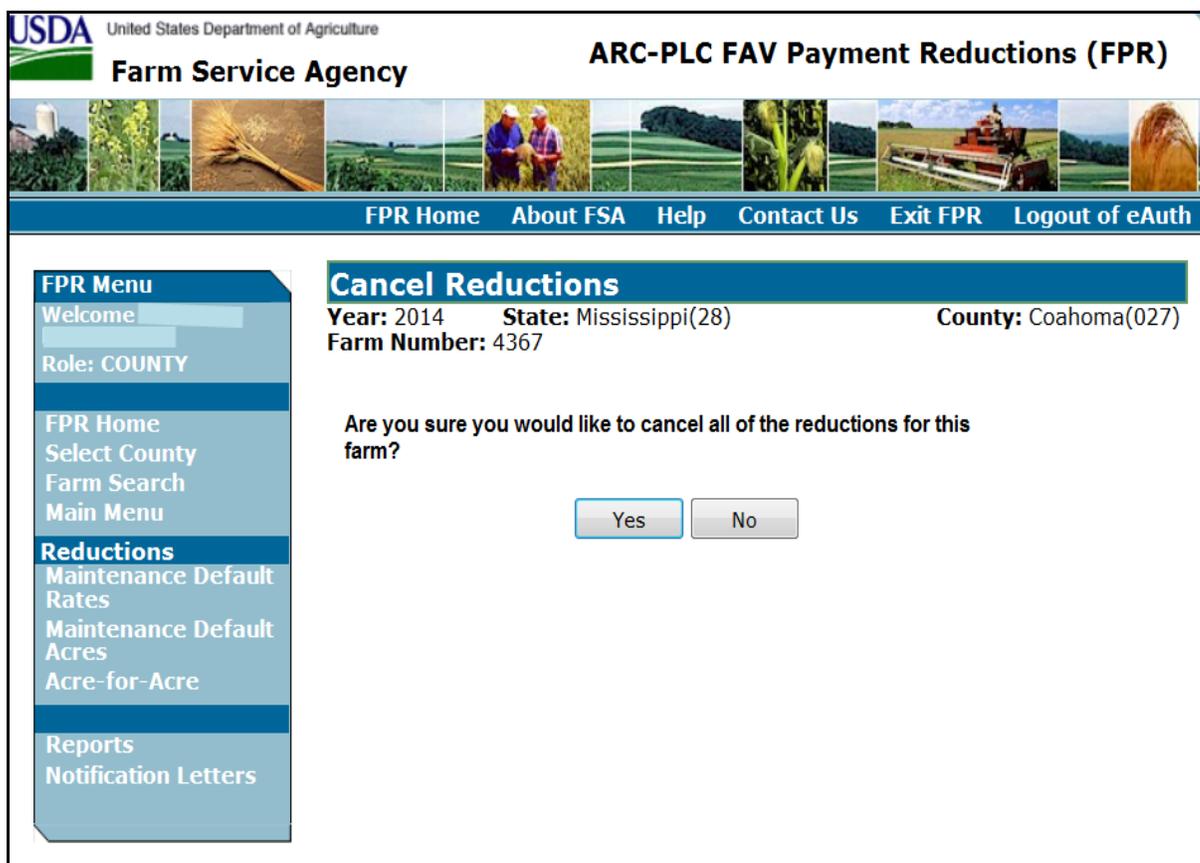
***--61 Cancel Reductions**

A Cancel Reductions Screen

After users click “Cancel Reductions” from the FAV Payment Reductions Screen (subparagraph 52 A), either of the following will be displayed:

- Search Selection Screen (paragraph 53)
- Cancel Reductions Screen.

Following is an example of the Cancel Reductions Screen.



B Action

Select “Yes” to cancel all reductions for the selected farm. The FAV Payment Reductions Screen will be displayed and the reductions will be cancelled for the selected farm.

Select “No” to return to the FAV Payment Reductions Screen without cancelling the reductions for the selected farm.--*

***--62 Automatic Cancellations**

A Overview

FAV payment reduction software reads ARC/PLC contract software to determine base acres, shares, and producers. FAV payment reductions will be automatically cancelled if the ARC/PLC contract is cancelled.

B Action

County Offices shall initiate a new FAV payment reduction record when the ARC/PLC contract is re-enrolled, if applicable.--*

63-74 (Reserved)

--75 State Office Administrative Access*A Overview**

State Office users who are granted administrative access will be able to enter and update FAV payment reductions for all counties within their State.

B Requesting Access

Requests for State Office administrative access shall be made according to the following:

- provide the National Office with all State employees requesting access, and include the following:
 - State name
 - employee's legal first and last name
 - employee's USDA eAuthentication user ID
- FAX information to 202-720-0051, Attn: Neeru Gulati

Note: Include on the FAX that the request is for FPR administrative access.

- contact PECD, Common Provisions Branch at 202-720-3464 with any questions or concerns.

Note: Employees may be added or removed at any time according to the procedure in this subparagraph.

C Accessing the FPR Web Site

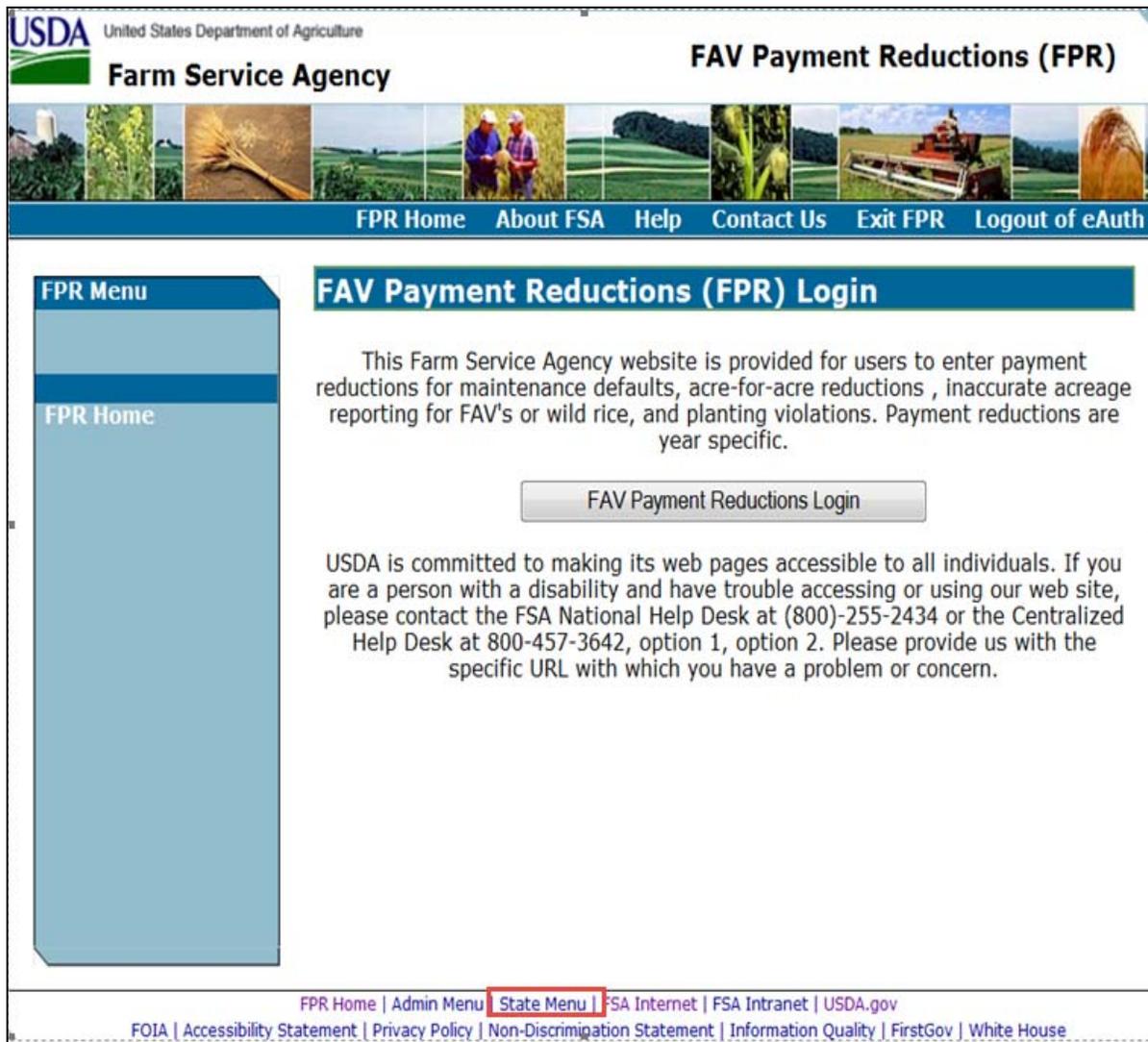
The FPR Home Page may be accessed from FSA's Applications Intranet web site at <http://fsaintranet.sc.egov.usda.gov/fsa/applications.asp>. From the FSA Intranet Screen, under "FSA Applications", "Applications Directory", CLICK "D-F". The FSA Intranet Screen will be redisplayed with the Applications Directory, D to F. CLICK "FPR – FAV Payment Reductions".

Note: Internet Explorer shall be used when accessing the FPR Home Page.--*

*--75 State Office Administrative Access (Continued)

D FPR Home Page

Once a State Office user with State Office administrative access logs into FPR, the following screen will be displayed.



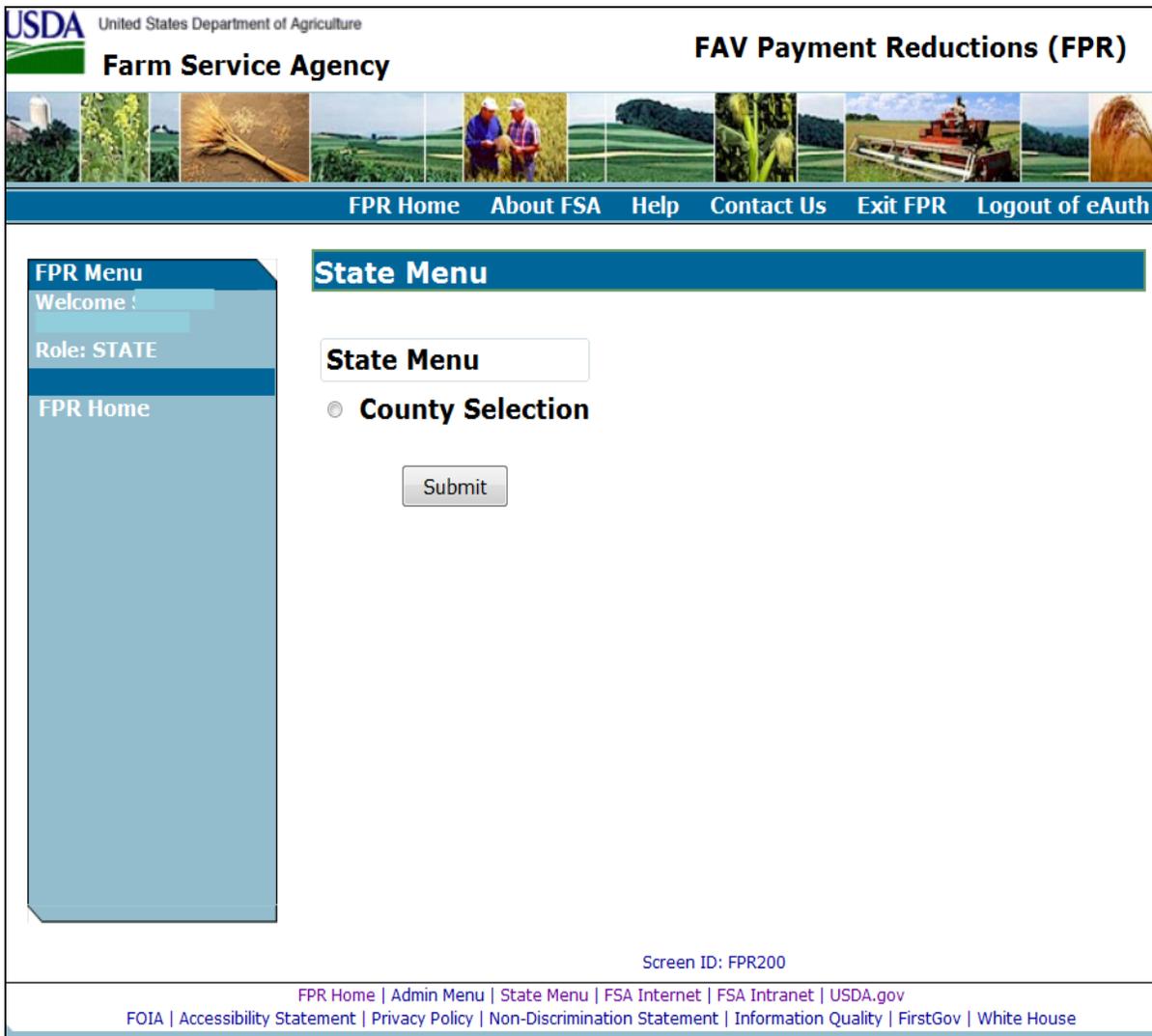
CLICK “State Menu” to enter as a State user.--*

*--75 State Office Administrative Access (Continued)

E State Menu Screen

After users click “State Menu”, the State Menu Screen will be displayed. Following is an example of the State Menu Screen.

On the State Menu Screen, select the “County Selection” option and CLICK “Submit”.



*--75 State Office Administrative Access (Continued)

F Select County Screen

After users select “County Selection” and click “Submit”, the Select County Screen will be displayed. Following is an example of the Select County Screen.

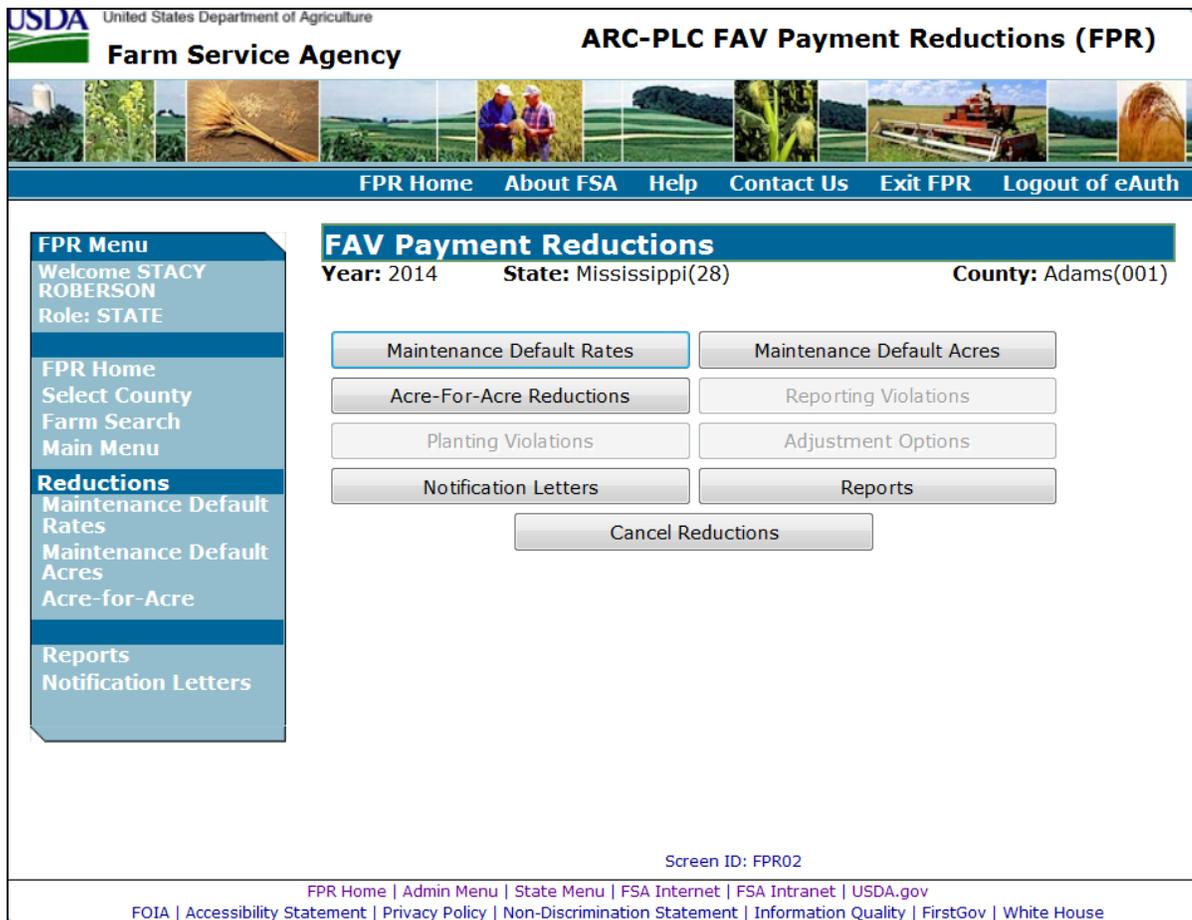
From the drop-down menus, select the State, County, and Program Year.

Note: State Office administrative users will only be able to access counties within the State(s) to which the user is assigned.--*

*--75 State Office Administrative Access (Continued)

G FAV Payment Reductions Screen

After selecting the State, county, and program year, the FAV Payment Reductions Screen will be displayed. Following is an example of the FAV Payment Reductions Screen.



Note: From this point forward, State Office user screens are identical to County Office user screens. Users shall follow procedure in paragraphs 52 through 62 to access the FAV payment reduction software.--*

Reports, Forms, Abbreviations, and Redelegations of Authority

Reports

None.

Forms

This table lists all forms referenced in this handbook.

| Number | Title | Display Reference | Reference |
|---------------|--|--------------------------|------------------|
| CCC-861 | Agricultural Risk Coverage - County Option (ARC-CO) and Price Loss Coverage (PLC) Contract | | 21, 35, Ex. 2 |
| CCC-862 | Agricultural Risk Coverage - Individual Option (ARC-IC) Contract | | 21, 35, Ex. 2 |
| CCC-957 | Cotton Transition Assistance Program (CTAP) Application | | 35 |
| FSA-578 | Report of Acreage | | 21 |

Abbreviations Not Listed in 1-CM

The following abbreviations are not listed in 1-CM.

| Approved Abbreviation | Term | Reference |
|------------------------------|--|------------------|
| ARC | agriculture risk coverage | Text |
| ARC-CO | agriculture risk coverage – county | Text |
| ARC-IC | agriculture risk coverage – individual | Text |
| CTAP | Cotton Transition Assistance Program | Text |
| FAV/WR | FAV and/or wild rice | Text |
| FPR | FAV Payment Reductions | Text |
| PLC | price loss coverage | Text |

Re delegations of Authority

None.

Definitions of Terms Used in This Handbook

Acre-for-Acre Reduction

Acre-for-acre reduction means a reduction of payment acres when FAV/WR are planted on base acreage and payment acres are required to be reduced according to 1-ARCPLC.

Determined Acreage

Determined acreage means acreage determined by an authorized FSA representative.

Maintenance Default

Maintenance default means base acres enrolled in ARCPLC, or subject to a CTAP application, is **not** maintained as required according to 1-ARCPLC or 1-CTAP, or CRP acreage is **not** maintained as required according to 2-CRP.

Nonpayment Acres

Nonpayment acres mean the difference between DCP cropland plus the number of approved double-cropped acres for the farm, as identified in farm records, minus:

- 85 percent of total base acres for the farm if enrolled in PLC and/or ARC-CO
- 65 percent of total base acres for the farm if enrolled in ARC-IC.

Note: Base acres include covered commodity base acres plus any planted covered commodity that attributes generic base acres.

Violation Reduction

Violation reduction means reducing payments when CCC-861 or CCC-862 is in violation, but the reviewing authority determines that the violation does not warrant terminating CCC-861 or CCC-862.

Menu and Screen Index

The following menus and screens are referenced in this handbook.

| Menu or Screen | Title | Reference |
|-----------------------|----------------------------------|------------------|
| | FAV Payment Reductions | 50 |
| | State & County Selection Screen | 51 |
| | FAV Payment Reductions Screen | 52 |
| | Search Selection Screen | 53 |
| | Farm Search - Farm Selection | 53 |
| | Maintenance Default Rates Screen | 54 |
| | Maintenance Default Acres Screen | 55 |
| | Acre For Acre Reductions Screen | 56 |
| | Notification Letters | 57 |
| | Reports | 58 |
| | Cancel Reductions | 61 |
| | State Menu Screen | 75 |
| | Select County Screen | 75 |

