

**FSA**  
**HANDBOOK**

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**FAV/WR Payment Reductions  
and Maintenance Reductions**

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**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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**FAV/WR Payment Reductions  
and Maintenance Reductions  
4-CP (Revision 7)**

**Amendment 1**

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**Approved by:** Deputy Administrator, Farm Programs



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**Amendment Transmittal**

**A Reason for Revision**

This handbook has been revised to provide updated policy applicable to the Agricultural Act of 2014.

**B Obsolete Material**

This handbook obsoletes 4-CP (Rev. 5) and (Rev. 6).



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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.

<b>IF the material concerns...</b>	<b>THEN see...</b>
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 listed, as follows, **and** the producer pays a fee to cover the cost of a farm visit to verify that the crop has **not** been harvested as FAV:
  - cover only
  - forage
  - green manure
  - grazing
  - left standing
  - silage.
- 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	<b>IF the farm is enrolled in...</b>	<b>THEN determine the farms nonpayment acres as follows...</b>	
	ARC-CO or PLC	<b>Step</b>	<b>Action</b>
		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.  <b>Note:</b> <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	<b>Step</b>	<b>Action</b>
		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.  <b>Note:</b> <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><b>Important:</b> 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><b>Note:</b> 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 <b>not</b> 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	<b>IF the result of step 2 is...</b>	<b>THEN...</b>
	equal to or less than zero	<ul style="list-style-type: none"> <li>• FAV/WR are <b>not</b> planted on payment acres</li> <li>• acre-for-acre reduction does <b>not</b> apply to the farm.</li> </ul> <p><b>Note:</b> A payment reduction will <b>not</b> 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"> <li>• FAV/WR are planted on payment acres</li> <li>• acre-for-acre reduction applies to the farm based on the result of step 2</li> <li>• apply the acre-for-acre reduction to the farm according to subparagraph 22 A.</li> </ul> <p><b>Note:</b> For:</p> <ul style="list-style-type: none"> <li>• 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</li> <li>• 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.</li> </ul>

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  <b>Note:</b> 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><b>Important:</b> 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><b>Note:</b> 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 <b>not</b> considered an FAV. See 1-ARCPLC, paragraph 290.</p>	-5						
3	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th data-bbox="383 905 613 982">IF the result of step 2 is...</th> <th data-bbox="613 905 1317 982">THEN...</th> </tr> </thead> <tbody> <tr> <td data-bbox="383 982 613 1283">equal to or less than zero</td> <td data-bbox="613 982 1317 1283"> <ul style="list-style-type: none"> <li>• FAV/WR are <b>not</b> planted on payment acres</li> <li>• acre-for-acre reduction does <b>not</b> apply to the farm.</li> </ul> <p><b>Note:</b> A payment reduction will <b>not</b> be applied if the result of step 2 is equal to or less than zero.</p> </td> </tr> <tr> <td data-bbox="383 1283 613 1545">greater than zero</td> <td data-bbox="613 1283 1317 1545"> <ul style="list-style-type: none"> <li>• FAV/WR are planted on payment acres</li> <li>• acre-for-acre reduction applies to the farm based on the result of step 2</li> <li>• apply the acre-for-acre reduction to the farm according to subparagraph 22 A.</li> </ul> </td> </tr> </tbody> </table>	IF the result of step 2 is...	THEN...	equal to or less than zero	<ul style="list-style-type: none"> <li>• FAV/WR are <b>not</b> planted on payment acres</li> <li>• acre-for-acre reduction does <b>not</b> apply to the farm.</li> </ul> <p><b>Note:</b> A payment reduction will <b>not</b> 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"> <li>• FAV/WR are planted on payment acres</li> <li>• acre-for-acre reduction applies to the farm based on the result of step 2</li> <li>• apply the acre-for-acre reduction to the farm according to subparagraph 22 A.</li> </ul>	<div style="background-color: #cccccc; height: 20px; width: 100%;"></div> Payment acres are <b>not</b> required to be reduced.  Not applicable.
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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  <b>Note:</b> 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>150 FAV/WR - 140 nonpayment acres - 10 acres</p> <p><b>Important:</b> 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><b>Note:</b> 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 <b>not</b> considered an FAV. See 1-ARCPLC, paragraph 290.</p>	10						
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IF the result of step 2 is...	THEN...							
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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	<b>IF the farm is enrolled in...</b>	<b>THEN determine the farms nonpayment acres...</b>		
	ACR-IC	<b>Step</b>	<b>Action</b>	
		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  <b>Note:</b> 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><b>Note:</b> Total FAV/WR is calculated using 100 acres of lettuce, 35 acres of peppers, and 10 acres of tomatoes.</p> <p><b>Important:</b> 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><b>Note:</b> 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 <b>not</b> considered an FAV. See 1-ARCPLC, paragraph 290.</p>	7.5						
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IF the result of step 2 is...	THEN...							
equal to or less than zero	<ul style="list-style-type: none"> <li>• FAV/WR are <b>not</b> planted on payment acres</li> <li>• acre-for-acre reduction does <b>not</b> apply to the farm.</li> </ul> <p><b>Note:</b> A payment reduction will <b>not</b> be applied if the result of step 2 is equal to or less than zero.</p>							
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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  <b>Note:</b> 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><b>Note:</b> Operator A would have 100 percent share on the ARC-IC contract because Tenant B’s sugar beets are <b>not</b> a covered commodity.</p> <p><b>Important:</b> 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><b>Note:</b> 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 <b>not</b> 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 1312 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 1312 1318"> <ul style="list-style-type: none"> <li>• FAV/WR are <b>not</b> planted on payment acres</li> <li>• acre-for-acre reduction does <b>not</b> apply to the farm.</li> </ul> <p><b>Note:</b> A payment reduction will <b>not</b> 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 1312 1583"> <ul style="list-style-type: none"> <li>• FAV/WR are planted on payment acres</li> <li>• acre-for-acre reduction applies to the farm based on the result of step 2</li> <li>• apply the acre-for-acre reduction to the farm according to subparagraph 22 A.</li> </ul> </td> </tr> </tbody> </table>	IF the result of step 2 is...	THEN...	equal to or less than zero	<ul style="list-style-type: none"> <li>• FAV/WR are <b>not</b> planted on payment acres</li> <li>• acre-for-acre reduction does <b>not</b> apply to the farm.</li> </ul> <p><b>Note:</b> A payment reduction will <b>not</b> 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"> <li>• FAV/WR are planted on payment acres</li> <li>• acre-for-acre reduction applies to the farm based on the result of step 2</li> <li>• apply the acre-for-acre reduction to the farm according to subparagraph 22 A.</li> </ul>	<div style="background-color: #cccccc; height: 20px; width: 100%;"></div> Not applicable.  ARC-IC payment acres for the farm will be reduced by 30 acres.
IF the result of step 2 is...	THEN...							
equal to or less than zero	<ul style="list-style-type: none"> <li>• FAV/WR are <b>not</b> planted on payment acres</li> <li>• acre-for-acre reduction does <b>not</b> apply to the farm.</li> </ul> <p><b>Note:</b> A payment reduction will <b>not</b> be applied if the result of step 2 is equal to or less than zero.</p>							
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## 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	<p>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.</p> <p><b>Note:</b> Each covered commodity's base acres <b>must</b> 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.</p>
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.  <b>Note:</b> 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 2<sup>nd</sup> and 3<sup>rd</sup> 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 2<sup>nd</sup> 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 3<sup>rd</sup> 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 CRP Maintenance Defaults

**A Types of Defaults**

The following are types of maintenance defaults that can occur on CRP acreage:

- unauthorized haying or grazing of an eligible cover
- noncontrol of weeds, insects, rodents, or wind or water erosion
- failure to maintain eligible cover.

**Note:** See 2-CRP, subparagraph 295 B for unauthorized planting or harvesting on CRP.

**B Examples of Defaults**

This table provides examples of maintenance defaults.

<b>Default Type</b>	<b>Example</b>
Unauthorized haying or grazing.	Harvesting hay or grazing livestock on CRP any time during the year.  <b>Note:</b> If all applicable forms for emergency haying or grazing are approved before the haying or grazing, then <b>no</b> maintenance default occurred.
<ul style="list-style-type: none"> <li>• Noncontrol of weeds.</li> <li>• Wind or water erosion.</li> <li>• Failure to maintain eligible cover.</li> </ul>	Failure to: <ul style="list-style-type: none"> <li>• adequately control an infestation of weeds, which could spread to nearby land</li> <li>• maintain adequate cover to protect the soil from wind or water erosion.</li> </ul>
Failure to establish required cover.	Failure to establish an annual or perennial cover.

**34 CRP Maintenance Defaults (Continued)****C COC Determinations**

The producer **must** do both of the following **before** COC can make a determination:

- submit an explanation for the default either in writing or in person
- correct the maintenance default as required by COC.

If COC:

- determines that a good faith effort was made to maintain CRP as required, a payment reduction will apply
- does **not** determine that a good faith effort was made, terminate CRP-1. Only the acres in violation will be terminated.

**Notes:** The producer **must** provide a written explanation or request to meet with COC within 15 calendar days of the date of the notification letter.

COC will:

- document the reasons for the determination in the minutes
- inform the producer of the right to appeal any decision made by COC according to 1-APP.

34 CRP Maintenance Defaults (Continued)

**D Calculating Payment Reductions**

Use this table to calculate payment reductions for maintenance defaults on CRP.

IF the default is for...	THEN payment reduction will be calculated...
unauthorized haying or grazing	by: <ul style="list-style-type: none"> <li>• multiplying the value per acre of the hayed or grazed production, as determined by COC, times</li> <li>• the number of acres in violation, times</li> <li>• 2.</li> </ul>
either of the following: <ul style="list-style-type: none"> <li>• noncontrol of weeds, insects, or rodents</li> <li>• wind or water erosion</li> </ul>	as applicable, by multiplying the estimated cost per acre to: <ul style="list-style-type: none"> <li>• carry out satisfactory control measures, times the number of acres in violation, times 2</li> </ul>
failure to maintain or establish an eligible cover	<ul style="list-style-type: none"> <li>• establish cover, times the number of acres, times</li> <li>• 2.</li> </ul>

**Note:** Assess payment reduction according to 2-CRP.



**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.

**Reports, Forms, Abbreviations, and Redelegations of Authority**

**Reports**

None.

**Forms**

This table lists all forms referenced in this handbook.

<b>Number</b>	<b>Title</b>	<b>Display Reference</b>	<b>Reference</b>
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
CRP-1	Conservation Reserve Program Contract		34
FSA-578	Report of Acreage		21

**Abbreviations Not Listed in 1-CM**

The following abbreviations are not listed in 1-CM.

<b>Approved Abbreviation</b>	<b>Term</b>	<b>Reference</b>
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
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.

