

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency  
Washington, DC 20250

<b>Payment Eligibility, Payment Limitation, and Average Adjusted Gross Income 4-PL</b>	<b>Amendment 6</b>
--	--------------------

Approved by: Deputy Administrator, Farm Programs



**Amendment Transmittal**

**A Reasons for Amendment**

Subparagraph 31 B has been added to include that the deadline for filing CCC-902, CCC-926, and related forms is established by the applicable program.

Subparagraph 34 D has been added for forms requirements for conservation, price support, and other programs.

Subparagraph 97 B has been amended to correct the reference of the Internal Revenue Code for a tax exempt entity.

Subparagraph 98 A has been amended to correct the regulatory reference for required information for payment eligibility determinations.

Subparagraph 116 A has been amended to add a note that the actively engaged in farming requirements for spouses includes the spouse's estate.

Subparagraph 147 B has been amended to:

- clarify the applicability of the exceptions to the member contribution requirements
- include an exception to the member contribution requirements when a corporation, LLC, LLP, or LP owns all of the land in its farming operation.

Subparagraph 147 H has been added to include that member contributions requirements continue to apply to a corporation, LLC, LLP, or LP when a partner, stockholder, or member is another legal entity.

Subparagraphs 148 D through G have been added to include examples of how member contribution requirements are applied when the partner, stockholder, or member is another legal entity.

## **Amendment Transmittal (Continued)**

### **A Reasons for Amendment (Continued)**

Paragraph 148.5 has been added to explain the determination and calculation of the member contribution share for a legal entity when part of the land is owned by the legal entity.

Paragraph 178 has been amended to clarify the applicability of the inheritance provision.

Subparagraphs 179 C and D have been amended for consistency with the statute and regulation for the correct application of:

- direct attribution through 4 levels of ownership interest in a legal entity
- common attribution for payment limitation.

Paragraph 193 has been amended to include the option of conducting a review of a program participant's average AGI compliance, separate from the average AGI verification process.

Subparagraph 199 C has been amended to include the schedules for 2009 through 2012 AGI compliance activities.

Subparagraph 199 D has been added to include the duties and responsibilities of State and County Offices.

Subparagraph 200 G has been added to include that all incomplete or illegible CCC-927's and CCC-928's will be returned to the producer by IRS with a letter of explanation.

Paragraph 202 has been amended and paragraphs 203, 203.4, 203.5, and 203.6 have been added to include the processes and procedures for the average AGI review and validation process with using IRS data.

Paragraph 203.7 has been added to include the procedures for the review and determination for questionable average AGI certifications identified through using IRS data.

Paragraph 203.8 has been added to include instructions to initiate refunds and collection of program payments and benefits from participants determined ineligible through the average AGI validation process.

Paragraph 204 has been added to provide example notification letters for average AGI compliance activities.

Subparagraph 208 E has been removed since the requirement for an end-of-year review of a farming operation that received a default determination is addressed in subparagraph 402 C.

## Amendment Transmittal (Continued)

### A Reasons for Amendment (Continued)

Paragraph 421 has been amended to provide the following:

- revised instructions and procedures for completing and documenting end-of-year reviews
- using the 5-part CCC-900 package to record all review actions and activities
- online availability of the CCC-900 package
- example of a completed CCC-900 package.

Paragraph 422 has been withdrawn because all information is now included in the CCC-900 package.

Exhibit 11 has been added to provide the schedule for average AGI compliance actions for 2009 and 2010 payment eligibility.

Exhibit 12 has been added to provide the schedule for average AGI compliance actions for 2011 and 2012 payment eligibility.

Exhibit 13 has been added to include an example of an IRS letter of explanation to individuals and legal entities that submit an incomplete or illegible CCC-927 or CCC-928.

Page Control Chart		
TC	Text	Exhibit
3-6 7	2-31, 2-32 2-37 through 2-50 2-181 through 2-184 4-1, 4-2 4-153 through 4-158 4-158.5 through 4-158.10 (add) 5-1 through 5-4 6-17, 6-18 6-29 through 6-36 6-37 6-38 (add) 6-39 through 6-48 (add) 6-49 (add) 7-9 through 7-16 8-33 through 8-80	1, pages 1, 2 page 3 (add) 11, page 1 (add) 12, page 1 (add) 13, page 1 (add)



## Table of Contents (Continued)

### Page No.

#### Part 2 General Provisions (Continued)

##### Section 8 Notification of Interests

96	Entity Responsibilities .....	2-181
97	Notification Exceptions .....	2-182
98	Required Information.....	2-183
99	Completing CCC-901's .....	2-184
100	Nondisclosure Results.....	2-191
101-105	(Reserved)	

#### Part 3 Foreign Person Provisions

106	Foreign Person Rule Applicability.....	3-1
107	Foreign Person Identification.....	3-2
108	Foreign Entity Identification.....	3-5
109	Foreign Person Payment Eligibility .....	3-7
110	Requesting Benefits for Nonforeign Shares .....	3-8
111	Foreign Person Rule Notification Letter Examples .....	3-11
112-115	(Reserved)	

#### Part 4 Eligibility Determinations for Farming Operations

##### Section 1 General Determinations

116	Spouses .....	4-1
117	Minor Children.....	4-3
118	Indian Tribes .....	4-5
119	States, Political Subdivisions, and Agencies .....	4-8
120	Completing CCC-902E's for Public Schools .....	4-12
121	Clubs, Societies, and Fraternal and Religious Organizations .....	4-28
122	Completing CCC-902E's for Charitable/Tax-Exempt Organizations .....	4-29
123-125	(Reserved)	

##### Section 2 Persons

126	Actively Engaged in Farming Determinations .....	4-61
127	Sharecroppers.....	4-62
128	Incapacitated Persons.....	4-63
129	Case Examples .....	4-64
130	Completing CCC-902I's .....	4-65
131	Completing CCC-902I Short Forms .....	4-76
132-135	(Reserved)	

## Table of Contents (Continued)

Page No.

### Part 4 Eligibility Determinations for Farming Operations (Continued)

#### Section 3 Joint Operations

136	Eligibility Determinations.....	4-101
137	Joint Operation Actively Engaged in Farming Determinations.....	4-102
138	Family Members in a Joint Operation .....	4-103
139	Joint Operation Case Examples .....	4-107
140	Completing CCC-902E's for Joint Operations .....	4-108
141	Completing CCC-902E Continuations .....	4-115
142-145	(Reserved)	

#### Section 4 Corporations, LLC's, LLP's, and LP's

146	Corporation, LLC, LLP, and LP Eligibility Determinations .....	4-151
147	Corporation, LLC, LLP, and LP Actively Engaged in Farming Determinations .....	4-153
148	Corporation, LLC, LLP, and LP Case Examples.....	4-157
148.5	Member Contribution Share .....	4-158.8
149	Completing CCC-902E's for Corporations, LLC's, LLP's, and LP's.....	4-159
150-155	(Reserved)	

#### Section 5 Estates

156	Actively Engaged in Farming Determinations .....	4-201
157	Case Examples .....	4-203
158	Completing CCC-902E's for Estates .....	4-205
159-165	(Reserved)	

#### Section 6 Trusts

166	Revocable and Irrevocable Trusts.....	4-251
167	Trust Eligibility Determinations .....	4-252
168	Trust Actively Engaged in Farming Determinations .....	4-253
169	Trust Case Examples.....	4-254
170	Completing CCC-902E's for Trusts .....	4-255
171-175	(Reserved)	

### Part 5 Payment Limitation by Direct Attribution

176	Program Payment and Benefit Limitations.....	5-1
177	Payment Reductions.....	5-1
178	Exceptions for Inheritance and Estates .....	5-1
179	Payment Attribution.....	5-2
180	Ownership Interest for Direct Attribution Purposes .....	5-4
181	Interest Notification .....	5-4
182-185	(Reserved)	

## Table of Contents (Continued)

### Page No.

#### Part 6 Adjusted Gross Income (AGI)

186	Average AGI Limitations .....	6-1
187	Applying Average AGI Limitations .....	6-3
188	AGI Definitions and Determinations .....	6-5
189	Average AGI Certification.....	6-7
190	Rules for Special Cases.....	6-9
191	Determining AGI and Average AGI.....	6-11
192	Average AGI Limitations and Payment Eligibility .....	6-15
193	Average AGI Compliance Reviews.....	6-17
194	Commensurate Reductions .....	6-19
195	Average AGI and NRCS Programs .....	6-20
196	Waiving Average AGI Limitation for Conservation Programs Only .....	6-21
197	Calculating Average AGI for 2009 and Subsequent Years .....	6-23
198	Average AGI Certification.....	6-26
199	Verifying Average AGI Certifications.....	6-29
200	Disclosing Information .....	6-30
201	Supplemental Information to CCC-926, CCC-927, and CCC-928.....	6-37
202	Review and Validation Process .....	6-38
203	Average AGI Compliance Reports .....	6-40
203.4	Reconciliation Process of Participants and CCC-927 and CCC-928.....	6-40
203.5	Average AGI Amounts Are Above Threshold Levels.....	6-41
203.6	Average AGI Amounts at or Below Threshold Levels.....	6-41
203.7	FSA Review and Compliance Determinations .....	6-42
203.8	Payment Refunds and Collections .....	6-43
204	Notification Letters for AGI Compliance .....	6-44
205	(Reserved)	

#### Part 7 Payment Eligibility and Payment Limitation Determinations

##### Section 1 COC Responsibilities

206	COC Determinations.....	7-1
207	Completing CCC-903's .....	7-3
208	COC Requirements to Make Timely Determinations.....	7-9
209-215	(Reserved)	
216	Redelegating Authority .....	7-17
217	Meritorious Relief and Incorrect Determinations .....	7-18
218-225	(Reserved)	

## Table of Contents (Continued)

Page No.

### Part 7      Payment Eligibility and Payment Limitation Determinations (Continued)

#### Section 2      County Office Responsibilities

##### Subsection 1 Multiple State and County Producers

226	Responsibilities of County Office Receiving CCC-902 .....	7-25
227	Control County Responsibilities .....	7-26
228	Interaction Between Counties .....	7-27
229	Producers With Multiple State Interests .....	7-29
230-235	(Reserved)	

##### Subsection 2 State Office Determinations

236	Required State Office Determinations .....	7-41
237	Required Documentation .....	7-44
238-240	(Reserved)	

##### Subsection 3 Notifying Producers of Determinations

241	Notifying Producers of COC Determinations .....	7-51
242	Payment Eligibility and Payment Limitation Determinations .....	7-52
243	Default Determinations .....	7-53
244	Proper Determinations .....	7-54
245	Notification Letters .....	7-56
246-250	(Reserved)	

##### Subsection 4 Filing

251	Filing Payment Limitation Documentation .....	7-65
252-255	(Reserved)	

#### Section 3      DD Responsibilities

256	Monitoring COC Determinations .....	7-71
257	Corrective Actions .....	7-73
258	DD Disagreement With COC Determinations.....	7-74
259, 260	(Reserved)	

#### Section 4      STC Responsibilities

261	STC Authority .....	7-79
262	State Office Specialist Responsibilities .....	7-81
263-265	(Reserved)	

#### Section 5      National Office Responsibilities

266	General Responsibilities .....	7-87
267-400	(Reserved)	

## Table of Contents (Continued)

### Page No.

#### Part 8 End of Year Reviews for 2009 and Subsequent Years

##### Section 1 Selections and Notifications

401	Responsibilities of County Office Receiving CCC-902 .....	8-1
402	Selection Process .....	8-2
403	Producer Notification.....	8-4
404-410	(Reserved)	

##### Section 2 Documentation

411	Required Documentation .....	8-15
412	Failure to Provide Documentation .....	8-18
413, 414	(Reserved)	

##### Section 3 Conducting Reviews

415	Responsibilities .....	8-25
416-420	(Reserved)	
421	Completing and Documenting Reviews .....	8-33
422	(Withdrawn--Amend. 6)	
423-440	(Reserved)	

##### Section 4 CCC-902EYR's

441	County Office Action for Submitting CCC-902EYR.....	8-81
442	State Office Action for Submitting CCC-902EYR.....	8-83

#### Exhibits

1	Reports, Forms, Abbreviations, and Redelegations of Authority	
2	Definitions of Terms Used in This Handbook	
3	(Reserved)	
4	Direct Attribution	
5-8	(Reserved)	
9	Payment Eligibility and Payment Limitations for Disaster Assistance Programs	
10	Impact of Food, Conservation, and Energy Act of 2008 on CRP-1 Payment Eligibility and Payment Limitation	
11	2009 and 2010 Schedule for Average AGI Compliance Actions	
12	2011 and 2012 Schedule for Average AGI Compliance Actions	
13	Example of IRS Letter of Explanation	



**Section 3 Producer Filing Requirements****31 Filing Requirements****A If 1 or More Producers Fail to File**

[7 CFR 1400.2 (e)] If 1 or more producers on a contract or application for benefits fail to file the applicable CCC-902, CCC-926, and related forms, the producers **not** filing the applicable forms will be ineligible to receive program benefits subject to eligibility and \*--limitation applicable to that contract or application.--\*

This failure to file will **not** affect the eligibility of other producers who meet all filing requirements.

**Note:** Shares **cannot** be adjusted to circumvent the ineligibility of the producer who failed to file the applicable forms and related documentation.

**\*--B Deadline for Filing CCC-902, CCC-926, and Related Forms**

Follow the deadlines established for each applicable program for which payments and benefits are requested.--\*

## 31 Filing Requirements (Continued)

### B Forms and Updates

For 2009, **all** participants in programs subject to the provisions of this handbook are required to submit a completed CCC-902, CCC-926, and CCC-901, if applicable, for payment eligibility and payment limitation purposes.

A valid CCC-902 and, if applicable, CCC-901 filed by the producer are considered to be continuous certifications used for all payment eligibility and payment limitation determinations applicable for the program benefits requested.

Producers are **not** required to annually submit new CCC-902's or CCC-901's for payment eligibility and payment limitation purposes unless a change in the farming operation occurs that may affect the determination of record.

Producers have the responsibility to:

- ensure that all CCC-902's, CCC-926's, and related forms on file in the County Office are correct at all times
- timely notify the County Office of any changes in the farming operation that may affect the determinations of record by filing a new or updated CCC-902 or CCC-901, as applicable.

Changes that may affect the determinations include, but are **not** limited to, a change of:

- shares of a contract, which **may** reflect:
  - a land lease from cash-rent to share-rent
  - a land lease from share-rent to cash-rent

**Note:** The producer would be subject to the cash-rent tenant rule.
- a modification of a variable/fixed bushel-rent arrangement
- the size of the producer's farming operation by the addition or reduction of cropland that may affect the application of a cropland factor
- the structure of the farming operation, including any change in the member's shares

### 33 FLP Participants

#### A Information Exchange

\*--FLM or appropriate farm loan staff shall be provided access to copies of the following--\* information on any program participant that is also an FLP borrower:

- submitted CCC-901
- new or updated CCC-902 and supporting documentation submitted
- the resultant CCC-903
- written notice of determination for payment eligibility and payment limitation purposes
- written notice of selection for end of year review for payment eligibility and payment limitation compliance purposes
- written notice of **any** determination that may adversely affect payment eligibility and payment limitation.

**Note:** This includes all farming interests of the FLP borrower, whether as a person, member, or interest holder in a legal entity or joint operation.

#### B Discrepancies

If representations made for program payment eligibility/limitation purposes and representations made for FLP purposes are found to be different, **and** have the appearance of adversely affecting payment eligibility or the application of any determination previously made, the discrepancies shall be resolved:

- by the program participant/FLP borrower to the satisfaction of COC and FLP reviewing authority
- **before** any further disbursement of **any** program benefits subject to the regulations at 7 CFR Part 1400 and provisions of this handbook.

## 34 General Form Requirements

### A Availability

All forms required to be filed by a producer are available:

- at the local County Office or Service Center
- online at <http://intra3.fsa.usda.gov/dam/ffasforms/forms.html> or <http://www.sc.egov.usda.gov>
- through the authorized use of FSA's approved spreadsheet package available at <http://intranet.fsa.usda.gov/dafp>.

### B CCC-901 and CCC-902 Requirements

This table provides an overview of CCC-901 and CCC-902 requirements.

IF the participating producer is...	THEN require...	Paragraph Reference
a person	<ul style="list-style-type: none"> <li>• CCC-902I</li> <li>• CCC-902I Short Form</li> </ul>	130
a general partnership or joint venture	<ul style="list-style-type: none"> <li>• CCC-901</li> <li>• CCC-902E</li> <li>• CCC-902E Continuation.</li> </ul>	99
a corporation, LLC, LLP, LP, association, or any other similar legal entity		149
an estate		158
a trust		167

### C CCC-902 Continuation

CCC-902 Continuation may be used:

- as a continuation sheet for leased or owned land
- to update a previously filed CCC-902 according to paragraph 31
- with CCC-902E and CCC-902I.

**Note:** A copy of AD-1026A, printed for the producer, may be used to record the land in the farming operation **only** with the addition of information on lease terms, rental rate, and whether the land interest was the same as previous year. Producer **must** sign and date AD-1026A **after** the information is added.

**34 General Form Requirements (Continued)****\*--D Forms for Conservation, Price Support, Disaster and Livestock Assistance, TAAF, and Other Program Payment Eligibility and Payment Limitation Purposes**

For persons and legal entities who are participants in conservation, price support, disaster assistance, and other programs, CCC-901 and CCC-902 will be used to collect information for the application of the following:

- direct attribution
- minor child rules
- rules for foreign persons.

CCC-901 is required for all legal entities for the application of direct attribution of payments for payment limitation purposes.

Complete only the parts of CCC-902I (Parts A, B, and I) or CCC-902E (Parts A, B, C, and J) applicable for information on minor children and foreign persons who are applicants, or members of applicants, for program benefits that do **not** require a determination of “actively engaged in farming”. No other parts of CCC-902 must be completed.

Designate these forms similarly to the following examples:

- “For MAL and LDP purposes only”
- “For Conservation Reserve Program purposes only”
- “For ECP purposes only”
- “For TAAF purposes only”.

**Note:** This requirement only applies to a new program participant who has **not** previously submitted these forms to FSA for participation in other programs.

COC will:

- make the required determinations based on this information
- provide written notification to the participant according to Part 7.--\*

**35-40 (Reserved)**



**Section 8 Notification of Interests****96 Entity Responsibilities****A Introduction**

The Food Security Act of 1985, as amended by the Food, Conservation, and Energy Act of 2008, requires the entity to provide the information in subparagraph B. These requirements (Exhibit 4) ensure that USDA can adequately control payment limitation by direct attribution.

**B Responsibility for Providing Information**

The legal entity receiving payment is responsible for obtaining the name, address, and TIN of each member, person, and legal entity, including persons and legal entities in each lower level of embedded legal entities.

**97 Notification Exceptions****A Introduction**

**All** legal entities receiving payment, including embedded legal entities must submit the documentation required in subparagraph 98 A, **unless** an exception in subparagraph B applies.

**B Exception**

Notification requirements do **not** apply if the legal entity is tax exempt under Internal ~~Revenue Code, Section 501(c).~~\*

**Notes:** Approval by IRS shall be indicated by providing COC with a copy of either of the following:

- IRS determination letter notifying the organization or legal entity of approval as a tax exempt entity for the year
- copy of the organization's or legal entity's most recently filed IRS-990.

Documentation **not** effective for the current year may be accepted if COC is satisfied the status for the current year is the same as supported by the documentation.

**98 Required Information****\*--A Rule [7 CFR 1400.107]--\***

Each legal entity that submits a contract for a program or an application for payment **must** provide COC the name, address, and TIN of each person and embedded legal entity that holds or acquires any interest, directly or indirectly, in the entity earning payment. This information will be recorded on CCC-901 or CCC-902E. See paragraph 99.

**B Information Deadline**

Provide the information to COC when CCC-902E is filed.

If the required information is **not** filed in the County Office according to paragraph 31, the entity will be **ineligible** to receive program payments.

## 99 Completing CCC-901's

### A Who Must Complete CCC-901's

**\*--Each legal entity that submits a contract for a program or an application for payment **must--\*** provide the member's information required on CCC-901.**

**Exception:** CCC-901 is **not** required if **all** the first level members are persons.

**Note:** New CCC-901's are **not** required to be filed in subsequent years unless there are changes in the operation.

### B Filling Responsibility

The legal entity that is earning payment is responsible for obtaining and providing the required information to COC.

### C Deadline for Submitting CCC-901's

The legal entity earning payment shall provide the completed CCC-901 to COC when CCC-902E is filed.

### D Filing and Distribution

File the original CCC-901 in the legal entity's payment limitation folder and give a copy to the payment entity.

## Part 4 Eligibility Determinations for Farming Operations

### Section 1 General Determinations

#### 116 Spouses

##### A Actively Engaged in Farming Rule for Spouses

Use this table for actively engaged in farming determinations involving spouses.

IF the spouses are both...	THEN...
farming together: <ul style="list-style-type: none"> <li>• in a joint operation</li> <li>• as an entity</li> </ul>	if 1 spouse is determined actively engaged in farming, the other is credited with significant contributions of active personal labor and active personal management to the same farming operation. The requirements of significant contribution of capital land, or equipment, commensurate share and risk remain applicable.  <b>*--Note:</b> This also includes the spouse's estate.--*
involved in separate farming operations	<b>each</b> spouse <b>must</b> independently meet all applicable requirements to be considered actively engaged in farming.

##### B Determinations for Spouses Example 1

**Situation:** Husband A and Wife B have a joint farming operation comprised of 500 acres of rented land. In addition, Wife B has 100 percent interest in Corporation X that is participating in CRP and earning annual payments.

- Husband A and Wife B jointly own all the equipment and provide all the capital for their farming operation.
- Husband A contributes at least 50 percent of the active personal labor and a significant contribution of active personal management for the joint farming operation. Wife B does not provide active personal labor or active personal management.
- Husband A's and Wife B's share of the profits or losses from the farming operation are commensurate with their contributions and the contributions are at risk.

**Determination:** Husband A is considered to be actively engaged in farming because he is making both a left hand and right hand contribution. Wife B is also making a left hand contribution, but is not making a right hand contribution. However, by using the actively engaged rule for spouses, Wife B is credited with contributing labor and management; therefore, Wife B is considered to be actively engaged. Husband A and Wife B are each eligible to receive their respective share of the total program payments and benefits received by the joint operation and subject to limitation. Any contributions necessary for payment eligibility credited to Wife B are **only** applicable to the joint operation and do **not** apply to the Corporation X farming operation.

## 116 Spouses (Continued)

**C Determinations for Spouses Example 2**

**Situation:** Husband M and Wife N have a joint farming operation comprised of 700 acres of owned and cash-rented land. Wife N is an heir to the estate of her father who died in the previous year. Wife N is a full-time employee at the local FSA office.

- Husband M and Wife N jointly own all of the equipment and provide all of the capital necessary for the farming operation.
- Husband M contributes the majority of the active personal labor and the active personal management for the farming operation.
- Wife N contributes active personal labor and active personal management, whenever able, to the farming operation, but the amount is **not** commensurate with her share.
- The estate owns land, of which Wife N is an heir, and meets the requirements to be considered actively engaged in farming under the landowner provision.
- Husband M and Wife N's shares of the profits or losses from the farming operation are commensurate with their contributions to the farming operation and the contributions are at risk.

**Determination:** Husband M, Wife N, and the estate are all considered actively engaged in farming. Through the special provision for spouses, Wife N is credited as making significant contributions of active personal labor and/or active personal management to the farming operation since Husband M is considered to have met the requirement of actively engaged in farming. Both Husband M and Wife N made significant contributions of capital and equipment, and consequently, both met the requirements of the cash-rent tenant rule as well. In addition to her share of the program payments received through this joint farming operation, Wife N will also be attributed payments earned by her father's estate according to her share held as an heir.

## 147 Corporation, LLC, LLP, and LP Actively Engaged in Farming Determinations

## A Rule

[7 CFR 1400.204] A corporation, LLC, LLP, or LP shall be considered to be actively engaged in farming, if **all** of the requirements in this table are met.

Item	Requirement
1	The legal entity independently and separately makes a significant contribution of capital, equipment, land, or combination thereof.
2	<p>Partners, stockholders, or members with an ownership interest in the legal entity make contributions, whether compensated or <b>not</b> compensated, of active personal labor, active personal management, or a combination of active personal labor and active personal management to the farming operation; that are:</p> <ul style="list-style-type: none"> <li>• performed on a regular basis</li> <li>• identifiable and documentable</li> <li>• separate and distinct from contributions of any other partner, stockholder, or member.</li> </ul> <p><b>Note:</b> If all the partners, stockholders, and members do <b>not</b> meet this requirement, payments subject to the actively engaged in farming determination are reduced by the share held by that partner, stockholder, or member.</p>
3	The collective contribution of active personal labor or active personal management by partners, stockholders, or members is a significant contribution to the farming operation.
4	The legal entity's share of the profits or losses from the farming operation is commensurate with the contributions to the farming operation.
5	The legal entity's contributions are at risk, with the level of risk being commensurate with the legal entity's claimed share of the farming operation.

\* \* \*

# 147 Corporation, LLC, LLP, and LP Actively Engaged in Farming Determinations (Continued)

## B Exceptions

\*--The following are exceptions to the requirements of subparagraph A, item 2.

**Payments less than 1 limitation** – If the total of direct payments under DCP received, both directly and indirectly, for the program year by the partners, stockholders, and members does **not** exceed \$40,000, the requirement of a significant contribution of active personal labor or active personal management may be met by partners, stockholders, or members who collectively hold at least 50 percent of the ownership interest in the legal entity.--\*

**Spouses** – If both spouses are interest holders in the same legal entity, the contribution of active personal labor and/or active personal management of 1 spouse to the farming operation of the legal entity will also meet the other spouse's requirement to make a contribution of active personal labor and/or active personal management to the farming operation of the legal entity.

**Minor children** – If a parent is an interest holder in a legal entity in which his or her minor children are also interest holders, the parent's contribution of active personal labor and/or active personal management to the legal entity's farming operation will also meet the requirement that each minor child **must** make a contribution of active personal labor and/or active personal management to the same farming operation.

**Spouses and minor children** – If both spouses and minor children are in the same legal entity, the contributions of 1 spouse/parent of active personal labor and/or active personal management to the legal entity's farming operation will meet the requirements that all such interest holders of the legal entity **must** contribute active personal labor and/or active personal management to the legal entity's farming operation.

**Note:** Contributors of active personal labor and/or active personal management to a legal entity's farming operation **must** hold an ownership interest in the legal entity at the time the contributions are made.

\*--**Landowner** – If all land in the legal entity's farming operation is owned by the legal entity, the requirements of subparagraph A do **not** apply to the interest holders of the legal entity.--\*

## C Separate and Distinct Contributions of Labor

If a partner, stockholder, or member provides active personal labor to the entity's farming operation that is performed on a regular basis, and that is identifiable and documentable, that partner, stockholder, or member will be considered to have met the requirements of a separate and distinct contribution of labor to the entity's farming operation.

**147 Corporation, LLC, LLP, and LP \* \* \* Actively Engaged in Farming Determinations (Continued)****D Burden of Proof Recordkeeping Requirements**

All partners, stockholders and members with an ownership interest must contribute active personal labor and/or active personal management to the entity's farming operation.

Each partner, stockholder, and member must be able to show by reasonable means that such activities:

- are performed on a regular basis throughout the crop year
- are identifiable and documentable as to which partner, stockholder, or member made such contribution
- are separate and distinct from any other partner, stockholder or member with an ownership interest in the farming operation.

**E Methods of Proof**

Reasonable records may include, but are not limited to, the following:

- appointment books
- calendars
- narrative summaries
- phone logs
- contemporaneous records
- activity logs with date, time, and description of activity performed
- documents for goods and services used by the farming operation signed only by the interest holder.

# 147 Corporation, LLC, LLP, and LP Actively Engaged in Farming Determinations (Continued)

## F Verification of Recorded Activities

COC may request verification from an interest holder if:

- the records provided for these activities seem unreasonable for the type and size of farming operation
- \*--performance of these activities is questionable as claimed--\*
- the farming operation is selected for an end-of-year review for payment eligibility and payment limitation compliance purposes.

## G Payment Reduction

If any partner, stockholder, or member fails to meet the requirements in subparagraph A, **all** payments to the legal entity subject to the actively engaged determination will be reduced by an amount commensurate with the ownership share held by the partner, stockholder, or member.

## \*--H Partners, Stockholders, or Members Are Other Legal Entities

If a partner, stockholder, or member of a corporation, LLC, LLP, or LP is another legal entity, apply the rule applicable to that type of legal entity in determining whether or not the requirements of subparagraph A are met.

**Note:** The requirements of subparagraph A do **not** apply to trusts or estates. See examples 4 through 6 in subparagraphs 148 D through F.--\*

## 148 Corporation, LLC, LLP, and LP Case Examples

## A Example 1

**Situation:** Corporation XYZ rents 3,000 acres of land for 1/3 share of the crop.

- Corporation XYZ contributes a significant amount of capital to the operation.
- Corporation XYZ hires the majority of all labor necessary for the operation.
- All 3 stockholders provide the balance of the labor needed.
- \*--All 3 stockholders meet regularly during the crop year and all management decisions--\* are made jointly during these meetings.
- Each stockholder has defined responsibilities, such as marketing, field operations and equipment, financing and daily business activities.
- Each stockholder is on-site almost everyday during the crop year.
- The corporation's share of the profits or losses from the farming operation is commensurate with the corporation's contributions and the contributions are at risk for a loss.

**Determination:** Corporation XYZ is considered actively engaged in farming. Each stockholder contributed active personal labor and active personal management to the farming operation on a regular basis, identifiable and documentable, and each stockholder's contributions were separate and distinct from contributions made by the other stockholders.

## 148 Corporation, LLC, LLP, and LP Case Examples (Continued)

**B Example 2**

**Situation:** Corporation AB consists of Father A and Son B, each having a 50 percent share. Corporation AB cash-rents land.

- Father A is a retired farmer who created the corporation for tax reasons and to aid in the transfer of the farm to Son B.
- The corporation contributes a significant amount of capital and equipment to the farming operation.
- Son B contributes both active personal labor and active personal management to the farming operation.
- Father A lives on the farm and contributes no active personal labor, but periodically advises Son B about farm related matters.

**Determination:** Because the corporation provides capital and equipment, and Son B contributes active personal labor and active personal management, Corporation AB is considered to be actively engaged in farming. However, Corporation AB will be subject to payment reduction commensurate with the 50 percent ownership interest held by Father A because COC determined the advice provided by Father A is not considered management.

**C Example 3**

**Situation:** Corporation GH consists of Husband G owning 70 percent of the corporate stock and Wife H owning 30 percent of the corporate stock.

- Corporation GH provides all the capital, equipment, and leased land for the farming operation.
- Husband G provides all of the active personal labor and active personal management necessary for the farming operation.

**Determination:** Corporation GH is actively engaged in farming through the contributions of the corporation and of Husband G. Even though Wife H failed to make any contributions of active personal labor, active personal management, or a combination thereof, the exception applicable to spouses in subparagraph 147 B applies. \* \* \* **No** payment reduction will be applied to Corporation GH.

## 148 Corporation, LLC, LLP, and LP Case Examples (Continued)

**\*--D Example 4**

**Situation:** A revocable trust is a stockholder in a corporation with 2 other individuals. Member contribution requirements of subparagraph 147 A apply.

- The 2 individuals provide significant contributions of active personal labor and/or active personal management to qualify the corporation as actively engaged in farming.
- The revocable trust's grantor makes no contributions.

**Specific Rules for Revocable Trusts:** A revocable trust carried under the taxpayer ID number of the grantor and operating rented land will be considered actively engaged in farming if the grantor makes significant contributions of active personal labor and/or active personal management to the farming operation of the trust. If the grantor makes no such contributions, the revocable trust will **not** be actively engaged in farming. Landowner exemption applies.

**Determination:** Applying the rules for trusts will result in the share held by the revocable trust in the corporation to be considered ineligible. The payments to the corporation will be reduced by the ownership share held by the revocable trust. There could be a partial reduction if the corporation owns part of the land that is being operated.

If the revocable trust's grantor is making significant contributions of active personal labor and/or active personal management that would qualify the revocable trust on its own, the same would hold true if the revocable trust was a member of a legal entity. The requirements of subparagraph 147 A would be met and there would be no reduction in payments to the legal entity.

**E Example 5**

**Situation:** An irrevocable trust is a stockholder in a corporation with 2 other individuals. Member contribution requirements of subparagraph 147 A apply.

- The 2 individuals provide significant contributions of active personal labor and/or active personal management to qualify the corporation as actively engaged in farming.
- The irrevocable trust's beneficiaries make no contributions.

**Specific Rules for Irrevocable Trusts:** An irrevocable trust that operates all rented land will be considered actively engaged in farming only if the beneficiaries that hold at least 50 percent interest in the trust make significant contributions of active personal labor and/or active personal management to the farming operation of the trust. If the beneficiaries make no such contributions, or if the beneficiaries making contributions of active personal labor and/or active personal management hold less than 50 percent interest, the irrevocable trust will **not** be determined actively engaged in farming. Landowner exemption applies.--\*

## 148 Corporation, LLC, LLP, and LP Case Examples (Continued)

**\*--E Example 5 (Continued)**

**Determination:** Applying the rules for trusts will result in the share held by the irrevocable trust in the corporation to be considered ineligible. The payments to the corporation will be reduced by the ownership share held by the irrevocable trust. There could be a partial reduction if the corporation owns part of the land that is being operated.

If the irrevocable trust's beneficiaries were making significant contributions of active personal labor and/or active personal management that would qualify the irrevocable trust on its own, the same would hold true if the irrevocable trust was a member of a legal entity. The requirements of subparagraph 147 A would be met and there would be no reduction in payments to the legal entity.

**F Example 6**

**Situation:** An estate is a stockholder in a corporation with 2 other individuals. Member contribution requirements of subparagraph 147 A apply.

- The 2 individuals provide significant contributions of active personal labor and/or active personal management to qualify the corporation as actively engaged in farming.
- The estate's representative or heirs make no contributions.

**Specific Rules for Estates:** An estate that operates all rented land will be considered actively engaged in farming only if the personal representative or heirs of the estate collectively make significant contributions of active personal labor and/or active personal management to the farming operation of the estate. If the personal representative or heirs make no such contributions, the estate will **not** be determined actively engaged in farming. Landowner exemption applies.

**Determination:** Applying the rules for estates will result in the share held by the estate in the corporation to be considered ineligible. The payments to the corporation will be reduced by the ownership share held by the estate. There could be a partial reduction if the corporation owns part of the land that is being operated.

If the estate's representative or heirs were collectively making significant contributions of active personal labor and/or active personal management that would qualify the estate on its own, the same would hold true if the estate was a member of a legal entity. The requirements of subparagraph 147 A would be met and there would be no reduction in payments to the legal entity.--\*

## 148 Corporation, LLC, LLP, and LP Case Examples (Continued)

**\*--G Example 7**

**Situation:** This LLC is a stockholder in a corporation with 2 other individuals. Member contribution requirements of subparagraph 147 A apply.

- The 2 individuals provide significant contributions of active personal labor and/or active personal management to qualify the corporation (payment entity) as actively engaged in farming.
- LLC's interest holders make no contributions.

**Specific Rules for LLC's:** LLC that operates all rented land will be considered actively engaged in farming only if interest holders make significant contributions of active personal labor and/or active personal management to the farming operation of LLC. If the interest holders fail to make such contributions, LLC will **not** be determined actively engaged in farming. Landowner exemption applies.

**Determination:** Applying the rules for legal entities will result in the share held by LLC in the corporation (payment entity) to be considered ineligible. The payments to the corporation (payment entity) will be reduced by the ownership share held by LLC. There could be a partial reduction if the corporation (payment entity) owns part of the land that is being operated.

If LLC's interest holders were collectively making significant contributions of active personal labor and/or active personal management that would qualify LLC on its own, the same would hold true if LLC was a member of a legal entity requesting payment. The requirements of subparagraph 147 A would be met and there would be no reduction in payments to the legal entity requesting payment.--\*

**\*--148.5 Member Contribution Share****A Determining Member Contribution Share**

A member contribution share for a member of a legal entity is necessary only when **both** of the following apply:

- part of the land in the farming operation is owned by the legal entity
- member fails to make contributions according the subparagraph 147 A.

**B Calculating Member Contribution Share**

Calculate the member contribution share as follows:

- total acres of cropland owned by the legal entity, **divided by**
- total acres of cropland operated/included in the legal entity's farming operation.

**Example:** Big Farms LLC has 2 interest holders, Jed and Jared. Neither make any contributions to the farming operation according to subparagraph 147 A.

Big Farms LLC operates a total of 500 acres. Of that total, 100 acres are owned by Big Farms LLC.

100 acres owned divided by 500 acres total in the farming operation equals a member contribution share of .2000 for Jed and Jared.

**C Calculating Member Contribution Share When a Cropland Factor Is Applicable to the Payment Entity**

Calculate the member contribution share when a cropland factor is involved as follows:

- total cropland owned by the legal entity, **divided by**
- total acres of cropland operated **less** the acres of cropland responsible for the cropland factor applied to the payment entity.--\*

**\*--148.5 Member Contribution Share (Continued)****C Calculating Member Contribution Share When a Cropland Factor Is Applicable to the Payment Entity (Continued)**

**Example:** Hawkeye Ag LLC has 2 interest holders, John and Jake, with equal shares. Hawkeye Ag LLC operates a total of 1,500 acres of land comprised of 500 acres owned, 500 acres share-rented, and 500 acres cash-rented.

John meets member contribution provisions. Jake does **not** meet member contribution provisions and is only eligible for share of payments on the owned land.

Hawkeye Ag LLC earned \$30,000, but failed to meet the cash-rent tenant provisions.

Both a cropland factor for Hawkeye Ag LLC and a member contribution share for Jake must be calculated and applied.

Calculate the cropland factor according to subparagraph 64 D as follows:

- total cropland acres owned plus acres not cash-rented, divided by
- total cropland acres in the farming operation.

500 acres owned plus 500 acres share-rented divided by 1,500 acres in the farming operation of Hawkeye Ag LLC equals a factor of .6666. This factor will be applied to the total payments earned of \$30,000 for a payment reduction of \$10,000 ( $30,000 \times .6666 = 20,000$ ;  $30,000 - 20,000 = 10,000$ ).

The failure of Hawkeye Ag LLC in meeting the cash-rent tenant provision will result in a payment reduction of \$10,000 applied to the entity.

**The acres of cropland responsible for the cropland factor applied at the entity level will not be included in the calculation of the member contribution share.**

Calculate the member share contribution for Jake as follows: 500 acres owned by Hawkeye Ag divided by 1,000 acres (1,500 acres total minus 500 acres cash-rented) equals a member contribution share of .5000.

- For John, the member contribution flag will be set to “Y”.
- For Jake, the member contribution factor of .5000 will be entered.--\*



## Part 5 Payment Limitation by Direct Attribution

### 176 Program Payment and Benefit Limitations

#### A Person or Legal Entity

Program payments and benefits specified in paragraphs 11 and 14 are limited to:

- person
- legal entity.

#### B Joint Operation

Program payments and benefits to a joint operation are limited by the total number of persons and legal entities that are members multiplied times the dollar amount of the limitation of the program specified in paragraph 14.

### 177 Payment Reductions

#### A Proportionate Reductions

Payments made to a legal entity will be reduced proportionately by an amount that represents the direct or indirect ownership of a person or legal entity that has otherwise reached the applicable maximum payment limitation.

### 178 Exceptions for Inheritance and Estates

#### A Inheritance

Payments received directly or indirectly by a person may exceed the applicable limitation if **all** of the following apply:

- ownership interest in the land or commodity was transferred because of death
- the new owner succeeds to contract
- the new owner meets all other eligibility requirements.

\*--The new owner determined eligible **cannot** exceed the amount the previous owner was entitled to receive under the applicable program contracts at the time of death. If the new owner meets **all** program and payment eligibility requirements, this provision will apply as follows:

- for DCP and ACRE, 1 program year

**Note:** The year of contract succession is the 1 program year.

- for CRP and multi-year agreements and contracts, the term of the contract or agreement including extension periods.--\*

**178 Exceptions for Inheritance and Estates (Continued)****B Estates**

Payments received by an estate will be:

- restricted by the amount applicable to any other legal entity
- attributed to the heirs.

Heirs of an estate will **not** be restricted to the applicable limitation if the estate succeeds to a contract of the deceased individual. If the estate meets **all** program and payment eligibility requirements, this provision will apply as follows:

- for DCP and ACRE, 1 program year
- for CRP and multi-year agreements and contracts, the term of the contract or agreement  
\*--including extension periods.

**Note:** Estate heirs who succeed to the estate's contract may also exceed the applicable limitation if **all** program and payment eligibility requirements are met. If the first program year has already passed, heirs **cannot** exceed the DCP and ACRE limitation for an additional year.--\*

**179 Payment Attribution****A Payments to a Person**

Program payments made, directly or indirectly to a person, are combined with the pro rata interest held in any other legal entity that received payments, **unless** the payments to the legal entity were reduced by the pro rata share of the person.

**B Payments to a Legal Entity**

Program payments made directly to a legal entity are attributed to those persons that have a direct and indirect interest in the legal entity (Exhibit 4), **unless** the payments to the legal entity have been reduced by the pro rata share of the person.

## 179 Payment Attribution (Continued)

**C Attribution Levels**

Payment attribution to a legal entity will be tracked through 4 levels of ownership in the legal entity according to this table.

<b>Levels of Ownership</b>	<b>Payment Attribution</b>
First	Any payment made to a legal entity that is owned in whole or in part by a person will be *--attributed to the person in the amount that represents direct ownership interest in the payment entity.
Second	Any payment made to a legal entity that is owned in whole or in part by another legal entity at the second level will be attributed to this entity in the amount that represents the direct ownership interest in the payment entity.  <b>Note:</b> If the second level entity is owned in whole or on part by a person, the amount of payment made to the payment entity will be attributed to the person in the amount that represents the indirect ownership interest in the payment entity.--*
Third and Fourth	Any payments made to a legal entity at the third and fourth levels of ownership shall be attributed in the same manner as at the first and second levels of ownership.
Fourth <b>Only</b>	If any part to the ownership interest at the fourth level is owned by another legal entity, a reduction in payment will be applied to the payment entity in the amount that represents the *--indirect ownership interest of the fourth level entity in the payment entity.--*

For illustrations of direct attribution, see Exhibit 4.

**D Common Attribution**

Common attribution means crediting payments made to persons or legal entities collectively to 1 limitation, for the applicable program, based on a specific or unique relationship between the persons or legal entities.

Common attribution only applies to the following relationships:

- \*--minor child and living parent or legal guardian (paragraph 117)
- revocable trust using Social Security number of grantor where grantor is the parent of a minor child (paragraph 167)
- individual person and another individual person when substantive change is **not** met (paragraph 55)
- parent organization and secondary organization with the parent organization exercises complete control over the secondary organization (paragraph 121)
- public schools in a State that does **not** meet population exception (paragraph 119)
- LLC using Social Security number when the sole interest holder is the parent of a minor child (paragraph 117).--\*

**180 Ownership Interest for Direct Attribution Purposes****A Determining Ownership Interest**

\*--Ownership interest that a person or legal entity holds in a legal entity that receives payment subject to limitation for the program year will be determined according to the following table.

<b>IF the legal entity...</b>	<b>THEN the date for the determination of ownership interest is....</b>
existed on June 1 of the year for which program benefits were requested	June 1.
did <b>not</b> exist on June 1 of the year for which program benefits are requested	the date the legal entity was formed.

**B Changes in Ownership Interest**

COC may determine that a change in ownership interest after June 1 is considered relevant or effective for the current year if:

- change of ownership interest is because of the death on an interest holder
- the legal entity did **not** exist on June 1 of the applicable year.--\*

**C Cooperative Associations**

Government payments issued to a cooperative association on behalf of eligible producers will be attributed (Exhibit 4) to the members as persons.

**181 Interest Notification****A Legal Entity Payment Eligibility Condition**

Each legal entity receiving any payments **must** disclose either of the following:

- name and Social Security number of each person
- name and TIN of each legal entity that holds or acquires an ownership interest in the legal entity.

**B Person Payment Eligibility Condition**

Each person receiving any payment **must** disclose the name and TIN of each legal entity in which the person holds an ownership interest.

**182-185 (Reserved)**

**\*--193 Average AGI Compliance Reviews****A Selecting Cases**

Reviews for compliance with average AGI provisions may be:

- initiated by a COC or STC representative
- selected on a nationwide basis by DAFP.

**B Verifying Compliance**

Information necessary to verify compliance with the average AGI provisions includes, but is not limited to, the following:

- balance sheets
- financial statements
- information prepared for a private lender
- Federal and State income tax returns
- reports prepared for other Government agencies
- other credible information of income for the qualification period
- statement prepared by a certified public accountant or an attorney on behalf of the individual or legal entity that verifies compliance of the individual or legal entity with average AGI provisions for the applicable qualification period.

**Note:** Federal and State income tax information may be requested by the reviewing authority if that is the only means to establish compliance with the average AGI provisions.

The reviewing authority must safeguard the confidentiality of the information provided.

**Note:** Information provided by program participants to verify compliance with average AGI provisions under this part shall **not** be subject to any requests submitted under FOIA.--\*

**\*--193 Average AGI Compliance Reviews (Continued)****C Notification**

Program participants selected for review shall be notified in writing of the following:

- nature and reason for the review
- suggested sources and types of information most descriptive and illustrative
- established deadline to provide the information to the reviewing authority
- identity of the reviewing authority
- mailing address of the reviewing authority
- consequences of the failure to timely provide the requesting information.

**D Failure to Provide Information**

Failure to timely provide correct and accurate information to establish compliance with the average AGI provisions will result in any or all of the following:

- ineligibility for all program payments and benefits subject to the average AGI requirements for the applicable years
- required refund of these program payments and program benefits
- possible prosecution under civil or criminal statutes.

**E Written Notice of Ineligibility**

If requested information is **not** timely provided to the reviewing authority:

- notify the program participant of their ineligibility for payments and benefits from the applicable programs

**Note:** See example notification letters in paragraph 204.

- include appeal rights according to 1-APP.--\*

**199 Verifying Average AGI Certifications****A Required Verification of Average AGI**

The review and verification of average AGI compliance certifications submitted by program participants is required to:

- ensure the accuracy of payments
- maintain the integrity of programs subject to average AGI limitations
- prevent issuing program payments to persons and legal entities that are not in compliance with the average AGI limitations.

**B Data Exchanged Between FSA and IRS**

FSA and IRS have finalized a data-sharing process for average AGI compliance and verification. IRS will report the results of this process to FSA on a regular basis. FSA will use this information to determine the following:

- whether a program participant complies with the average AGI limitations
- if further review is required.

**\*--C Schedules for Average AGI Compliance Activities**

See:

- Exhibit 11 for the schedule for average AGI compliance actions for 2009 and 2010 crop, program, and FY
- Exhibit 12 for the schedule for average AGI compliance actions for 2011 and 2012 crop, program, and FY.

**D State and County Office Duties and Responsibilities**

State and County Office duties and responsibilities include the following:

- publicize average AGI limitation provisions
- provide all program participants copies of CCC-927 and CCC-928
- provide all program participants copies of the supplemental information to CCC-926, CCC-927, and CCC-928
- make available the fact sheets on the average AGI provisions and the AGI verification process
- emphasize the importance that all program participants timely complete and submit CCC-927 or CCC-928 to IRS.--\*

## 200 Disclosing Information

### \*--A Written Consent for IRS to Disclose Information

The average AGI verification process begins with participants providing written consent to IRS to:

- use tax information on file
- disclose certain tax-related information to CCC/FSA for AGI compliance verification--\*

### B Consent From an Individual

CCC-927 is to be used by an individual with a Social Security number that is either of the following:

- a program participant in 2009 and/or 2010
- a member of a legal entity that is a program participant.

### C Consent From a Legal Entity

CCC-928 is to be used by a legal entity with EIN that is either of the following:

- a program participant in 2009 and/or 2010
- a member of another legal entity that is a program participant.

## 200 Disclosing Information (Continued)

**D Time Period of Consent for Disclosure**

\*--Selection of the 2009 program year applies to participants in programs:--\*

- subject to 2009 AGI compliance
- such as EQIP and CRP, that only require an AGI compliance determination at the time of contract approval, if a contract was approved for 2009.

**Example:** NRCS-administered EQIP contract approved for the program year 2009.

\*--Selection of the 2010 program year applies to participants:--\*

- in programs subject to 2010 AGI compliance
- that are new participants or did **not** participate in 2009
- in programs such as EQIP and CRP, that only require and AGI compliance determination at the time of contract approval, if such a contract was approved for 2010.

**Example:** NRCS-administered EQIP contract approved for the program year 2010.

Selection of both 2009 and 2010 applies to participants:

- in programs subject to 2009 and 2010 AGI compliance
- that filed a CCC-926 for 2009 and for 2010.

**E Privacy and Confidentiality Safeguards**

To safeguard the privacy of all program participants, and confidentiality of the information, the program participants are **required** to:

- \*--complete CCC-927 (subparagraph I) and CCC-928 (subparagraph J)--\*
- mail completed CCC-927's and CCC-928's directly to IRS at the address specified on CCC-927 and CCC-928
- mail completed CCC-927's and CCC-928's to IRS within 120 calendar days of the signature date.

**Note:** Completed CCC-927's and CCC-928's shall **not** be accepted or retained in **any** FSA or USDA Service Center.

**200 Disclosing Information (Continued)****F Availability of CCC-927's and CCC-928's, and Supplemental Information to the CCC-926, CCC-927, and CCC-928 Sheet**

Blank CCC-927's, CCC-928's, and the Supplemental Information to the CCC-926, CCC-927, and CCC-928 sheet will be available:

- to all participants of 2009 and/or 2010 programs subject to AGI compliance
- at each FSA Service Center
- online at <http://intra3.fsa.usda.gov/dam/ffasforms/forms.html> or [www.sc/egov.usda.gov](http://www.sc/egov.usda.gov)
- through the authorized use of FSA's approved spreadsheet package available at <http://intranet.fsa.usda.gov/dafp>.

**\*--G Incomplete or Illegible CCC-927's and CCC-928's**

All CCC-927's and CCC-928's received by IRS with incomplete entries or considered illegible by IRS will:

- be returned to the producer
- include a letter of explanation
- include the requirement to submit a new, completed CCC-927 or CCC-928.

**Note:** See Exhibit 13 for the IRS letter of explanation.--\*

**H Failure to Submit Completed CCC-927's or CCC-928's to IRS**

Participants that choose **not** to submit a completed CCC-927 or CCC-928, as applicable, to IRS will be:

- determined noncompliant with the AGI limitations for the 2009 and 2010 crop, program, and FY's
- required to refund **all** 2009 and 2010 payments received under the programs subject to the average AGI limitations.

## 200 Disclosing Information (Continued)

## I Example of Completed CCC-927

\*--The following is an example of a completed CCC-927 for an individual.--\*

<b>This form is available electronically.</b> <b>CCC-927</b> (03-12-10)		U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation	Mail completed form to:  <b>Internal Revenue Service - USDA</b> <b>P.O. Box 24033</b> <b>Fresno, CA 93779</b>
<b>2009 and/or 2010</b> <b>CONSENT TO DISCLOSURE OF</b> <b>TAX INFORMATION - INDIVIDUAL</b>			
<p><i>The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a - as amended): The authority for requesting the information identified on this form is 7 CFR Part 1400, Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.), and the Food, Conservation, and Energy Act of 2008 (Pub. L. 110-246). The information will be used to determine eligibility for program benefits. The information collected on this form may be disclosed to other Federal, State, Local government agencies, Tribal agencies, and nongovernmental entities that have been authorized access to the information by statute or regulation and/or as described in applicable Routine Uses identified in the System of Records Notice for USDA/FSA-2, Farm Records File (Automated). Providing the requested information is voluntary. However, failure to furnish the requested information will result in a determination of ineligibility for program benefits.</i></p> <p><i>This information collection is exempted from the Paperwork Reduction Act as it is required for the administration of the Food, Conservation, and Energy Act of 2008 (see Pub. L. 110-246, Title I, Subtitle F-Administration).</i></p> <p><i>The provisions of criminal and civil fraud, privacy and other statutes may be applicable to the information provided. PLEASE MAIL COMPLETED FORM TO THE IRS AT THE ADDRESS PROVIDED ABOVE.</i></p>			
<b>1. Name and Address (Include Zip Code)</b> Jason Smith 123 Backwoods Road Someplace, MO 21212		<b>2. Taxpayer Identification Number (TIN)</b> <i>(Enter Social Security number or Individual Taxpayer Identification number)</i>  <u>1</u> <u>2</u> <u>3</u> - <u>4</u> <u>5</u> - <u>6</u> <u>7</u> <u>8</u> <u>9</u>	
<i>(Use the same name and address as used for the return specified below)</i>			
<b>CONSENT TO DISCLOSURE OF TAX INFORMATION</b>			
<p>Pursuant to 26 U.S.C. § 6103, I hereby authorize the Internal Revenue Service (IRS) to review the following items of "return information" (as defined in 26 U.S.C. § 6103(b)(2)) from my income tax returns for the taxable years indicated below in box 3:</p> <p><u>Form 1040 and 1040NR filers:</u> farm income or loss; adjusted gross income  <u>Form 1041 filers:</u> farm income or loss, charitable contributions, income distribution deductions, exemptions, adjusted total income; total income</p> <p>I understand the IRS will review these items of return information in order to perform calculations, the results of which I authorize to be disclosed to officers and employees of the United States Department of Agriculture (USDA) for their use in determining my eligibility for specified payments for various commodity and conservation programs. The calculations performed by the IRS use a methodology prescribed by the USDA. In addition, I am aware that the USDA may use the information received for compliance purposes related to this eligibility determination, including referrals to the Department of Justice.</p> <p>Specifically, the IRS will disclose to the USDA my name and TIN, and inform the USDA if, pursuant to its calculations, the average Adjusted Gross Income (AGI) is above or below eligibility requirements as prescribed by the Food, Conservation and Energy Act of 2008. The IRS will also disclose to the USDA the type of return from which the information used for the calculations was obtained.</p> <p>If the IRS is unable to locate the specified return that matches the taxpayer identity information provided above, or if IRS records indicate that no return has been filed, for any of the taxable years listed below, the IRS may disclose that it was unable to locate a return, or that a return was not filed, for those years, whichever is applicable.</p>			
<b>3. Check the appropriate box(es) (You may check one or both boxes)</b>			
<input checked="" type="checkbox"/> <b>For 2009 program payment eligibility:</b> The applicable 3-year period for calculation of the average AGI will be the taxable years of 2007, 2006 and 2005.			
<input checked="" type="checkbox"/> <b>For 2010 program payment eligibility:</b> The applicable 3-year period for calculation of the average AGI will be the taxable years of 2008, 2007 and 2006.			
<p>- Do not sign this form unless all applicable boxes have been completed.</p> <p>- If not signed and dated, this consent to disclosure of tax information will be returned, which may delay the receipt of any program benefits.</p> <p>- I am aware that without this signed and dated consent to disclosure, my returns and return information are confidential and are protected by law under the Internal Revenue Code.</p> <p>- It is my responsibility to timely mail this completed form to the IRS at the address provided.</p>			
<b>4. Signature</b>  /s/ John Smith		<b>5. Date (MM-DD-YYYY)</b>  3/28/2010	
<small>The U.S. Department of Agriculture (USDA) prohibits discrimination in all of its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, political beliefs, genetic information, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write to USDA, Assistant Secretary for Civil Rights, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, S.W., Stop 9410, Washington, DC 20250-9410, or call toll-free at (866) 632-9992 (English) or (800) 877-8339 (TDD) or (866) 377-8642 (English Federal-relay) or (800) 845-6136 (Spanish Federal-relay). USDA is an equal opportunity provider and employer.</small>			

## 200 Disclosing Information (Continued)

## I Example of Completed CCC-927 (Continued)

CCC-927 (03-12-10)

Page 2 of 2

## Instructions for CCC-927

## 2009 and 2010 Consent to Disclosure of Tax Information - Individual

This consent form allows the IRS's access to, and use of, certain items of return information to perform calculations, using a methodology prescribed by the USDA, that will assist the USDA in its verification of a program participant's compliance with the adjusted gross income (AGI) limitations necessary for participation in and receipt of commodity, conservation, price support or disaster program benefits. This form also permits the USDA to receive certain items of return information for its eligibility determination. See page 2 of the form CCC-926, Average Adjusted Gross Income Statement, for definitions, eligibility requirements, and examples.

This disclosure consent authorizes the disclosure of tax information for only the time period specified. Each item of information requested on this form is needed for the IRS to: (1) locate, and verify, your tax information; (2) perform the requisite Average AGI calculations; and (3) provide the USDA with your name and TIN, the type of return from which the specified items were located for use in the calculation, and whether or not the average AGI is above or below eligibility requirements. The IRS will not provide the USDA with any of the items of return information specified on this consent form that it uses to perform the calculations or the average AGI figure.

Be sure to: (1) type or print legibly; (2) complete all applicable boxes; and (3) SIGN AND DATE the form. The IRS must receive this form within 120 days of your signature. If this form is not signed and dated, or is otherwise incomplete, this consent will not be accepted by the IRS and will be returned to you. This may result in a delay in your receiving any program payments and benefits that you have requested.

The customer submitting this form is the only person authorized to sign this consent. An approved Power of Attorney (Form FSA-211) on file with USDA to sign for other customers for program transactions cannot be used for this form.

Submit the original of the completed form in hard copy directly to IRS at the address listed on the front of the form.

Do not submit this form to the local USDA Service Center.

If you have any questions, contact your local USDA Service Center. Do not contact the IRS.

**Complete Boxes 1, 2 and 3; Read all acknowledgements; Sign and date in Boxes 4 and 5.**

Field Name / Box No.	Instruction
<b>1</b> Person's Name and Address	Enter the person's name and address for commodity, conservation, price support, or disaster program benefits. <i>Please enter the name and address as it appears on the specified returns filed for the taxable years listed in Box 3.</i>
<b>2</b> Taxpayer Identification Number	In the format provided, enter the complete taxpayer identification number of the person identified in Box 1. <i>This will be either a Social Security Number or an Individual Taxpayer Identification Number.</i>
<b>3</b> Tax Years	Check the appropriate box(es) to indicate the 3-year period(s) used for the determination of the average adjusted gross income for payment eligibility. This also indicates the years for which this consent allows access to tax information.
<b>4</b> Signature	<b>Read the acknowledgments, responsibilities and authorizations, <i>before</i> affixing your signature.</b>  <b><i>This form must be signed only by the individual identified in Box 1.</i></b>
<b>5</b> Date	Enter the signature date in month, day and year.  <i>In order for the IRS to provide USDA with the information described in this consent form, the IRS must receive this form within 120 days of your signature.</i>

## 200 Disclosing Information (Continued)

## J Example of Completed CCC-928

\*--The following is an example of a completed CCC-928 for a legal entity.--\*

<b>This form is available electronically.</b> <b>CCC-928</b> U.S. DEPARTMENT OF AGRICULTURE (03-12-10) Commodity Credit Corporation		<b>Mail completed form to:</b>  <b>Internal Revenue Service - USDA</b> <b>P. O. Box 24033</b> <b>Fresno, CA 93779</b>
<b>2009 and/or 2010</b> <b>CONSENT TO DISCLOSURE OF</b> <b>TAX INFORMATION – LEGAL ENTITY</b>		
<small>The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a - as amended). The authority for requesting the information identified on this form is 7 CFR Part 1400, Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.), and the Food, Conservation, and Energy Act of 2008 (Pub. L. 110-246). The information will be used to determine eligibility for program benefits. The information collected on this form may be disclosed to other Federal, State, Local government agencies, Tribal agencies, and nongovernmental entities that have been authorized access to the information by statute or regulation and/or as described in applicable Routine Uses identified in the System of Records Notice for USDA/FSA-2, Farm Records File (Automated). Providing the requested information is voluntary. However, failure to furnish the requested information will result in a determination of ineligibility for program benefits.</small>		
<small>This information collection is exempted from the Paperwork Reduction Act as it is required for the administration of the Food, Conservation, and Energy Act of 2008 (see Pub. L. 110-246, Title I, Subtitle F-Administration).</small>		
<small>The provisions of criminal and civil fraud, privacy and other statutes may be applicable to the information provided. PLEASE MAIL COMPLETED FORM TO THE IRS AT THE ADDRESS PROVIDED ABOVE.</small>		
<b>1. Name and Address of legal entity (Include Zip Code)</b> Martha Beckham Trust No. 1 4600 Beckham Rd Cleburne, TX 73333  <small>(Use the same name and address as used for the return specified below)</small>	<b>2. Taxpayer Identification Number (TIN)</b> <small>(Enter Employer Identification Number)</small>  <div style="font-size: 1.2em; font-weight: bold;">1 2 - 3 5 7 6 5 4 9</div>	
<b>CONSENT TO DISCLOSURE OF TAX INFORMATION</b>		
<p>Pursuant to 26 U.S.C. § 6103, I hereby authorize the Internal Revenue Service (IRS) to review the following items of "return information" (as defined in 26 U.S.C § 6103(b)(2)) from the returns (as specified below) of the legal entity identified in Box 1 for the taxable years indicated below in Box 3:</p> <p><u>Form 1041 filers:</u> farm income or loss, charitable contributions, income distribution deductions, exemptions, adjusted total income; total income  <u>Form 1065 filers:</u> guaranteed payments to partners, ordinary business income  <u>Form 1120, 1120A, 1120C filers:</u> charitable contributions, taxable income  <u>Form 1120S filers:</u> ordinary business income  <u>Form 990T:</u> unrelated business taxable income</p> <p>I understand the IRS will review these items of return information in order to perform calculations, the results of which I authorize to be disclosed to officers and employees of the United States Department of Agriculture (USDA) for use in determining the legal entity's eligibility for specified payments for various commodity and conservation programs. The calculations performed by the IRS use a methodology prescribed by the USDA. In addition, I am aware that the USDA may use the information received for compliance purposes related to this eligibility determination, including referrals to the Department of Justice.</p> <p>Specifically, the IRS will disclose to the USDA the legal entity's name and TIN, and inform the USDA if, pursuant to its calculations, the average Adjusted Gross Income (AGI) is above or below eligibility requirements as prescribed by the Food, Conservation and Energy Act of 2008. The IRS will also disclose to the USDA the type of return from which the information used for the calculations was obtained.</p> <p>If the IRS is unable to locate a return that matches the taxpayer identity information provided above, or if IRS records indicate that the specified return has not been filed, for any of the taxable years listed below, the IRS may disclose that it was unable to locate a return, or that a return was not filed, for those years, whichever is applicable.</p>		
<b>3. Check the appropriate box(es) (You may check one or both boxes)</b>		
<input checked="" type="checkbox"/> <b>For 2009 program payment eligibility:</b> The applicable 3-year period for calculation of the average AGI will be the taxable years of 2007, 2006 and 2005.		
<input checked="" type="checkbox"/> <b>For 2010 program payment eligibility:</b> The applicable 3-year period for calculation of the average AGI will be the taxable years of 2008, 2007 and 2006.		
<ul style="list-style-type: none"> <li>- Do not sign and date unless all boxes have been completed.</li> <li>- If not signed and dated, this consent to disclosure of tax information will be returned, which may delay the receipt of program benefits.</li> <li>- I am aware that without this consent to disclosure, the returns and return information of the legal entity identified in Box 1 are confidential and are protected by law under the Internal Revenue Code.</li> <li>- By my signature below, I certify that I am authorized under applicable state law to execute this consent on behalf of the legal entity identified in Box 1.</li> <li>- It is my responsibility to timely mail this completed form to the IRS at the address provided.</li> </ul>		
<b>4. Signature (By)</b>  /s/ Martha Beckham	<b>5. Title/Relationship of the Individual if Signing in a Representative Capacity</b>  Trustee	<b>6. Date (MM-DD-YYYY)</b>  3/27/2010
<small>The U.S. Department of Agriculture (USDA) prohibits discrimination in all of its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, political beliefs, genetic information, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write to USDA, Assistant Secretary for Civil Rights, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, S.W., Stop 9410, Washington, DC 20250-9410, or call toll-free at (866) 632-9992 (English) or (800) 877-8339 (TDD) or (866) 377-8642 (English Federal-relay) or (800) 845-6136 (Spanish Federal-relay). USDA is an equal opportunity provider and employer.</small>		

## 200 Disclosing Information (Continued)

## J Example of Completed CCC-928 (Continued)

CCC-928 (03-12-10)

Page 2 of 2

## Instructions for CCC-928

## 2009 and 2010 Consent to Disclosure of Tax Information – Legal Entity

This consent form allows IRS's access to, and use of, certain items of return information to perform calculations, using a methodology prescribed by the USDA, that will assist USDA in its verification of a program participant's compliance with the adjusted gross income (AGI) limitations necessary for participation in, and receipt of, commodity, conservation, price support or disaster program benefits. This form also permits the USDA to receive certain items of return information for its eligibility determination. See page 2 of the form CCC-926, Average Adjusted Gross Income Statement, for definitions, eligibility requirements and examples.

This consent form authorizes the disclosure of these items of return information for only the time period specified. Each item of information requested on this form is needed for the IRS to (1) locate, and verify, your tax information; (2) perform the requisite Average AGI calculations; and (3) provide the USDA with the legal entity's name and Taxpayer Identification Number (TIN), the type of return from which the specified items were located for use in the calculation, and whether or not the average AGI is above or below eligibility requirements. The IRS will not provide the USDA with any of the items specified on this consent form that it uses to perform the calculations or the average AGI figure.

Be sure to: (1) type or print legibly; (2) complete all applicable boxes; and (3) SIGN AND DATE the form. The IRS must receive this form within 120 days of your signature. If this form is not signed and dated, or is otherwise incomplete, this consent will not be accepted by the IRS and will be returned to you. This may result in a delay in your receiving any program payments and benefits that you have requested.

This form can only be signed by the person authorized under state law to sign this consent for the legal entity identified in box 1. An approved Power of Attorney (Form FSA-211) on file with USDA to sign for other customers for program transactions cannot be used for this form.

Submit the original of the completed form in hard copy directly to the IRS at this address listed on the form.

Do not submit this form to the local USDA Service Center.

If you have any questions, contact your local USDA Service Center. Do not contact the IRS.

**Complete Boxes 1, 2, and 3 ; Read all acknowledgements; Sign, complete, and date Boxes 4 through 6.**

Field Name / Box No.	Instruction
<b>1</b> Legal entity's Name and Address	Enter the legal entity's name and address for commodity, conservation and price support program benefits. <i>Please enter the same name and address as it appears on the returns filed for the taxable years checked in Box 3.</i>
<b>2</b> Taxpayer Identification Number	In the format provided, enter the complete tax identification number of the legal entity identified in Box 1. <i>This will be an Employer Identification Number.</i>
<b>3</b> Tax Years	Check the appropriate box(es) to indicate the 3-year period(s) used for the determination of the average adjusted gross income for payment eligibility. This also indicates the years for which this consent allows access to tax information.
<b>4</b> Signature	Read the acknowledgments, responsibilities and authorizations, <b>before</b> affixing signature.  <i><b>This form must be signed only by the individual authorized under State law to represent the legal entity identified in Box 1.</b></i>
<b>5</b> Title	Enter title or relationship to the legal entity identified in Box 1.
<b>6</b> Date	Enter the signature date in month, day and year.  <i>In order for the IRS to provide USDA with the information described in the consent form, the IRS must receive this form within <b>120 days</b> of your signature.</i>

## 201 Supplemental Information to CCC-926, CCC-927, and CCC-928

### A Explanation of Average AGI Verification Process

The Supplemental Information to the CCC-926, CCC-927, and CCC-928 sheet:

- shall be provided with CCC-926's, CCC-927's, and CCC-928's
- serves to inform all program participants about the average AGI verification process.

### B Example Supplemental Information to the CCC-926, CCC-927, and CCC-928

The following is an example of the Supplemental Information to the CCC-926, CCC-927, and CCC-928 sheet.

#### *Supplemental Information to the CCC-926, CCC-927 and CCC-928*

##### **Average Adjusted Gross Income (AGI) Verification Process**

###### • Why is it necessary to verify average AGI?

The Food, Conservation, and Energy Act of 2008 (the 2008 Farm Bill) provides that individuals and legal entities with average AGI in excess of a specified average AGI limitation are ineligible for payments subject to that limitation. In general, the limitations are: \$500,000 average nonfarm AGI for commodity programs; \$750,000 average farm AGI for direct payments under the Direct and Counter-cyclical Program or ACRE program; and \$1 million average nonfarm AGI for conservation programs.

All direct and indirect recipients of commodity or conservation program payments are required to complete the CCC-926, Average Adjusted Gross Income (AGI) Statement. However, the U.S. Government Accountability Office (GAO) concluded in a recent report that, without an adequate verification process, USDA could not ensure payments were only being made to eligible recipients.

###### • What process has been developed to verify average AGI?

USDA has worked with the Internal Revenue Service to develop an electronic information exchange process strictly for the purposes of average AGI verification. This process electronically looks at certain line items on tax returns filed for the applicable three-year period; performs a series of calculations to arrive at the average amounts; and then compares these values to the average AGI limitations. USDA receives the results of these comparisons with indicators of whether the participant appears to exceed or not exceed the average AGI limitation amounts. No actual tax data will be included. USDA county office personnel will not view tax return information at any time during this process.

###### • Will there be an opportunity to provide additional information or possible explanation and appeal if the results show that it appears one or more of the average AGI limitations have been exceeded?

As part of the review and evaluation process, participants will be afforded the opportunity to provide tax returns and other information in explanation of the AGI certification. All written notifications of AGI compliance determinations will include explanations and the appropriate appeal rights. If necessary, the cases that appear to exceed the average AGI limitations will be reviewed and evaluated by FSA state office and/or headquarters personnel. The cases will not be reviewed by personnel from the local FSA office.

###### • What is required for USDA to verify average AGI?

IRS requires written consent from the individual or legal entity to provide USDA verification of the average AGI for that individual or legal entity. This written consent is provided by using the forms CCC-927, Consent to Disclosure of Tax Information – Individual; or if a legal entity, the CCC-928, Consent to Disclosure of Tax Information – Legal Entity. The CCC-927 and CCC-928 forms allow the selection of just 2009 or 2010 or both years. Selection of "2009" on the form authorizes IRS to perform the average AGI calculations for the 2005, 2006 and 2007 tax years. Selection of "2010" on the form authorizes IRS to perform the average AGI calculations for the 2006, 2007 and 2008 tax years. The CCC-927 or CCC-928, as applicable, must be completed for the same year(s) an individual or legal entity was required to complete the CCC-926, Average Adjusted Gross Income (AGI).

###### • When must the applicable consent form be completed and where does it go?

Timeliness is essential in order to avoid any delays in the issuance of 2010 program payments and the possibility of refunding 2009 program payments. The consent forms should be mailed directly to IRS at the address given on the form no later than June 15, 2010. Do not return the completed and signed forms to the FSA office.

###### • What if the consent form is not completed and mailed to IRS?

Failure to provide the written consent may require refund of applicable payments received from FSA and NRCS for the years 2009 and 2010.

###### • Why can't the completed consent forms be provided to the local FSA office like any other program related documents?

The consent forms are for IRS, not FSA, and contain Personally Identifiable Information (PII). To afford maximum protection of PII, the completed forms must be sent directly to the IRS.

###### • Will any other USDA agency other than FSA be provided knowledge of this information returned from the IRS?

NRCS will be the only other USDA agency that will have knowledge of this information since conservation programs administered by NRCS are subject to the \$1 million average nonfarm AGI for conservation programs.

###### • Will IRS be able to utilize the information for any other purposes and can it be disclosed to any persons or organizations outside of the government?

IRS will only use this information and data for this specified purpose. The data and information utilized for AGI compliance and verification purposes is not subject to disclosure under the Freedom of Information Act (FOIA).

October 2009

**\*--202 Review and Validation Process****A IRS Calculations and Comparisons**

For each participant who submits a completed CCC-927 or CCC-928, IRS will:

- match participant's supplied information with IRS tax records and filings
- perform a series of calculations to determine AGI and average AGI amounts for the applicable 3-year periods
- compare calculated amounts to established average AGI limitation amounts
- report the results of the data-matching and calculations to FSA on a regular basis.

**B IRS Results Reported to FSA**

IRS provides results to FSA indicating the following information:

- whether or not the participant appears to meet 1 or more of the average AGI limitations
- number of years in the applicable 3-year period that tax data was available for the participant and used in the calculations
- IRS forms series on file and used in the data comparison for each participant.

IRS does **not** provide to FSA the following:

- dollar amounts representing the participant's farm or nonfarm income
- AGI or average AGI amounts calculated and used in the comparisons
- a determination whether or not the participant is eligible or ineligible for payments under program that are subject to average AGI compliance.

**C Receipt and Storage of Data From IRS**

The information transferred from IRS to FSA is:

- received and stored in a secure database
- only accessible by authorized personnel
- used only in the AGI verification process
- **not** releasable under FOIA
- **not** available for any other purposes or uses.--\*

**\*--202 Review and Validation Process (Continued)****D Using Data Received From IRS**

The data received from IRS will be:

- validated with SCIMS and producer eligibility records
- the foundation of reports to be used for AGI compliance verification purposes.

**E No Information Returned From IRS for a Producer**

IRS will **not** provide any information on a producer when CCC-927 or CCC-928 was:

- **not** filed or timely filed
- filed but rejected by IRS because CCC-927 or CCC-928 was incomplete or unsigned.

**F Rejected CCC-927's or CCC-928's**

IRS returns all rejected and unprocessed CCC-927's or CCC-928's to the sender with the following:

- letter of explanation (Exhibit 13)
- recommendation to resubmit a correctly completed CCC-927 or CCC-928.--\*

**\*--203 Average AGI Compliance Reports****A Reports**

The average AGI compliance reports will identify program participants with the following:

- no data return from IRS
- average AGI amounts that exceed the threshold levels
- average AGI amounts at or below the threshold levels
- no matching records on file with IRS.

**B Responsibility for Reports and Associated Mailings of Notifications**

All AGI compliance reports and associated mailings of notifications to affected producers will be completed by National and Kansas City Offices.

State Offices and NRCS will be provided a copy of the list of producers:

- identified on the applicable report
- sent the appropriate written notification for any required follow-up actions.

**203.4 Reconciliation Process of Participants and CCC-927 and CCC-928****A Reconciliation Report**

A report will be completed to identify program participants who have received current and/or prior year program payments, and:

- no data has been received from IRS
- no matching records are found on file with IRS.

**B Producers Identified**

Persons and legal entities identified on this report will receive written notice:

- on where and how to obtain CCC-927 and CCC-928
- of the requirement to timely complete and submit the appropriate CCC-927 or CCC-928 to ensure that program payments will **not** be interrupted
- that refund of program payments will be initiated if no data is returned from IRS within 30 calendar days.

**Note:** County Offices and NRCS will be provided a copy of this list of producers.--\*

**\*--203.5 Average AGI Amounts Are Above Threshold Levels**

**A Average AGI Above Limitations**

A report will list participants with indicators that average AGI amounts exceed the limitations for:

- commodity, price support, and disaster assistance programs
- conservations programs.

**B Producers Identified**

Persons and legal entities identified on this report will be 1 of the following:

- notified in writing by the reviewing authority of the results of the IRS data analysis
- required to provide within 30 calendar days of notification to the reviewing authority:
  - a third party verification from a certified public accountant or an attorney that demonstrates that average AGI does **not** exceed established limits
  - actual tax records for the years in question to demonstrate that average AGI does **not** exceed the established limits.

**203.6 Average AGI Amounts at or Below Threshold Levels**

**A Average AGI Within Limitations**

A report will list participants with indicators that average AGI amounts are within the limitations for all programs.

No further actions will be required of:

- participants identified for the applicable crop, program, and FY
- County Offices in regard to eligibility files of identified participants for the applicable crop, program, and FY.--\*

**\*--203.7 FSA Review and Compliance Determinations**

**A Review of Questionable Average AGI Certifications Identified Through Using IRS Data**

The reviewing authority will:

- **not** be the local FSA office staff or COC
- review tax data or other information supplied by the participant
- if necessary, calculate the average AGI values based on supplied information
- confer with the participant if questions arise in this process
- determine AGI compliance for the participant
- provide results and conclusions of the review to STC.

**B Determination of Participant's Compliance With Average AGI**

STC's will:

- issue written notice of determination, adverse or otherwise, to the participant
- include appeal rights to either STC or NAD.

**Note:** County Offices and NRCS will be informed of the determinations.--\*

**\*--203.8 Payment Refunds and Collections**

**A Participant Fails to Timely Act or Is Determined AGI Noncompliant**

If a person or legal entity fails to timely respond to written notices on AGI compliance requirements, or has been determined noncompliant with the applicable AGI limitations, all payment refund determinations and collection efforts will be initiated by:

- NRCS for all payments under programs it administers subject to this AGI compliance determination
- FSA for all payments under programs it administers subject to this AGI compliance determination.

**B FSA and NRCS Responsibilities**

Each Agency will be responsible for all follow-up actions as required under the following:

- respective program procedures for payment refunds
- DCIA.--\*

**\*--204 Notification Letters for AGI Compliance****A Example Notification Letters**

Use the example notification letters in subparagraphs B through G as guides when notifying individuals and legal entities of average AGI limitation requirements.

**B Example 1 of Notification Letters for an Individual**

The following is an example of a notification letter for an individual when CCC-927 is needed.

<p>(Date)</p> <p>Producer Name Address 1 Address 2</p> <p>Dear Producer:</p> <p>The Farm Service Agency and the IRS are working together to strengthen farm programs and ensure that producers who depend on these programs will have future access to available funding.</p> <p>As part of this effort, all producers who have requested payments from any farm program — directly or indirectly — are required to provide written consent to authorize the IRS to review data and perform calculations to determine if their average adjusted gross income (AGI) exceeds limitation amounts outlined in the 2008 Farm Bill.</p> <p>Initially, when you requested to receive 20XX program benefits from the Farm Service Agency, you completed the “Average Adjusted Gross Income Statement” form, which authorizes the Commodity Credit Corporation (CCC) to verify your AGI with the IRS.</p> <p>An additional form is needed to provide written consent to allow the IRS to average your AGI for the three applicable tax years and provide CCC information about whether or not your AGI exceeds the required limit. Written consent can be provided by completing the attached “Consent to Disclosure of Tax Information-Individual” form. <b><u>The form must be completed and mailed to the IRS no later than Month xx, 20XX.</u></b></p> <p>The AGI provision was implemented to ensure that farm program benefits are issued to producers who meet the income limit. The AGI limits are:</p> <ul style="list-style-type: none"> <li>• \$500,000 nonfarm AGI in order to receive commodity, price support or disaster program benefits;</li> <li>• \$750,000 farm AGI in order to receive direct payments under the direct and counter-cyclical program, or ACRE program; and</li> <li>• \$1 million nonfarm AGI for conservation benefits.</li> </ul> <p>FSA and IRS formed a partnership earlier this year to develop an electronic information exchange process solely for AGI verification. The process maintains the confidentiality and privacy of tax information while providing CCC information needed to verify and validate the average AGI certification.</p> <p>If the results of the process indicate that your AGI exceeds the limit, then FSA will further examine the certification and offer an opportunity for you to provide additional information or explanation to assist in the review.</p> <p>To avoid any delay or interruption in the receipt of program payments and benefits, complete the attached consent and mail it directly to the IRS at the address listed <b><u>no later than Month xx, 20xx.</u></b></p> <p><b><i>DO NOT RETURN THIS COMPLETED FORM TO YOUR LOCAL FSA OFFICE.</i></b></p> <p>Thank you for your cooperation.</p>
---

--\*

**\*--204 Notification Letters for AGI Compliance (Continued)****C Example 2 of Notification Letters for an Individual**

The following is an example of a notification letter for an individual. Indications are average AGI limitations exceeded and additional information is requested for FSA review.

<p>(Date)</p> <p>Producer Name Address 1 Address 2</p> <p>Dear Producer:</p> <p>In an effort to strengthen the integrity and defensibility of USDA Farm Service Agency programs, producers who request payments from any farm program — directly or indirectly — are subject to the adjusted gross income (AGI) provisions, which authorizes the IRS to review data and perform calculations to determine if a producer's average adjusted gross income (AGI) exceeds limitation amounts outlined in the 2008 Farm Bill.</p> <p>Based on our records, you provided written consent allowing the IRS to average your AGI for the three applicable tax years and to provide the Commodity Credit Corporation (CCC) information about whether or not your AGI exceeds limitation amounts.</p> <p>The information received from the IRS indicates that for 2009 program payment eligibility purposes, your average AGI:</p> <p>_____ exceeds the \$500,000 nonfarm AGI limitation for receive commodity, price support or disaster program benefits</p> <p>_____ exceeds the \$750,000 farm AGI limitation for direct payments under the direct and counter-cyclical program, or ACRE program</p> <p>_____ exceeds the \$1 million nonfarm AGI limitation for conservation benefits</p> <p>FSA will continue to examine your AGI certification for eligibility purposes; however, additional information is needed to assist in the review. Please provide one of the following: 1) a signed statement from a CPA or an attorney that verifies that your average AGI did not exceed the applicable AGI limitations; or 2) copies of the complete tax returns that were filed with the IRS for the three years _____, _____, and _____.</p> <p>To avoid any delay or interruption in program payments and benefits, all requested information must be provided to FSA no later than 30 days from the date of this letter. Information should be mailed to:</p> <p>Any State FSA Office c/o Ms. Or Mr. Payment limitation specialist 1111 Main Avenue Big town, ST 20202</p> <p>Failure to respond to this notice will make you ineligible for all 20XX program benefits.</p> <p>Thank you for your cooperation.</p> <p>Ms. or Mr. State Executive Director, or designee</p>
--

--\*

**\*--204 Notification Letters for AGI Compliance (Continued)****D Example 3 of Notification Letters for an Individual**

The following is an example of a notification letter for an individual. An individual is determined noncompliant with average AGI limitations and ineligible for specified payments.

<p>(Date)</p> <p>Producer Name Address 1 Address 2</p> <p>Dear Producer:</p> <p>The Farm Service Agency has completed an examination of your 20XX adjusted gross income (AGI) certification and the additional information submitted.</p> <p>Based on the information received from the IRS as well as the supplemental documents you provided, the <i>Any State FSA Committee</i> has determined that you failed to comply with the \$ <i>amount</i>, <i>farm or nonfarm</i>, <i>AGI limitation(s)</i>.</p> <p>Consequently, you are ineligible for 20XX – <i>specify the program payments affected</i>. A refund of all programs benefits is therefore required.</p> <p>[Provide appeal rights according to 1-APP (Rev. 2)]</p> <p>Signed Ms. or Mr. State Executive Director, or designee</p> <p>cc: NRCS <i>only if producer is participant in any NRCS administered program</i></p>
--

--\*

## \*--204 Notification Letters for AGI Compliance (Continued)

**E Example 1 of Notification Letters for a Legal Entity**

The following is an example of a notification letter for a legal entity when CCC-928 is needed.

<p>(Date)</p> <p>Legal Entity Name</p> <p>Address 1</p> <p>Address 2</p> <p>Dear _____:</p> <p>The Farm Service Agency and the IRS are working together to strengthen farm programs and ensure that those who depend on these programs will have future access to available funding.</p> <p>As part of this effort, all legal entities that have requested payments from any farm program — directly or indirectly — are required to provide written consent to authorize the IRS to review data and perform calculations to determine if the average adjusted gross income (AGI) exceeds limitation amounts outlined in the 2008 Farm Bill.</p> <p>Initially, when payments were requested by [<i>legal entity's name</i>] for 20XX Farm Service Agency program benefits, a representative completed the "Average Adjusted Gross Income Statement" form, which authorized the Commodity Credit Corporation (CCC) to verify the entity's AGI with the IRS.</p> <p>An additional form is needed to provide written consent to allow the IRS to average [<i>legal entity's name</i>] AGI for the three applicable tax years and provide CCC information about whether or not the AGI exceeds the required limit. Written consent can be provided by completing the attached "Consent to Disclosure of Tax Information-Legal Entity" form. <b><u>The form must be completed and mailed to the IRS no later than Month xx, 20XX.</u></b></p> <p>The AGI provision was implemented to ensure that farm program benefits are issued to entities that meet the income limit. The AGI limits are:</p> <ul style="list-style-type: none"> <li>• \$500,000 nonfarm AGI in order to receive commodity, price support or disaster program benefits;</li> <li>• \$750,000 farm AGI in order to receive direct payments under the direct and counter-cyclical program, or ACRE program; and</li> <li>• \$1 million nonfarm AGI for conservation benefits.</li> </ul> <p>FSA and IRS formed a partnership earlier this year to develop an electronic information exchange process solely for AGI verification. The process maintains the confidentiality and privacy of tax information while providing CCC information needed to verify and validate the average AGI certification.</p> <p>If the results of the process indicate that [<i>legal entity's name</i>] AGI exceeds the limit, then FSA will further examine the certification and offer an opportunity for representatives to provide additional information or explanation to assist in the review.</p> <p>To avoid any delay or interruption in the receipt of program payments and benefits, complete the attached consent and mail it directly to the IRS at the address listed <b><u>no later than Month xx, 20xx.</u></b></p> <p><b><i>DO NOT RETURN THIS COMPLETED FORM TO YOUR LOCAL FSA OFFICE.</i></b></p> <p>Thank you for your cooperation.</p>
--

--\*

**\*--204 Notification Letters for AGI Compliance (Continued)****F Example 2 of Notification Letters for a Legal Entity**

The following is an example of a notification letter for a legal entity. Indications are average AGI limitations exceeded and additional information is requested for FSA review.

<p>(Date)</p> <p>Legal Entity Name</p> <p>Address 1</p> <p>Address 2</p> <p>Dear _____:</p> <p>In an effort to strengthen the integrity and defensibility of USDA Farm Service Agency programs, legal entities that request payments from any farm program — directly or indirectly — are subject to the adjusted gross income (AGI) provisions, which authorizes the IRS to review data and perform calculations to determine if the entity's average adjusted gross income (AGI) exceeds limitation amounts outlined in the 2008 Farm Bill.</p> <p>Based on our records, a representative provided written consent allowing the IRS to average [<i>legal entity's name</i>] AGI for the three applicable tax years and to provide the Commodity Credit Corporation (CCC) information about whether or not the AGI exceeds limitation amounts.</p> <p>The information received from the IRS indicates that for 2009 program payment eligibility purposes, [<i>legal entity's name</i>] average AGI:</p> <p>_____ exceeds the \$500,000 nonfarm AGI limitation for receive commodity, price support or disaster program benefits</p> <p>_____ exceeds the \$750,000 farm AGI limitation for direct payments under the direct and counter-cyclical program, or ACRE program</p> <p>_____ exceeds the \$1 million nonfarm AGI limitation for conservation benefits</p> <p>FSA will continue to examine AGI certification for eligibility purposes; however, additional information is needed to assist in the review. Please provide one of the following: 1) a signed statement from a CPA or an attorney that verifies that the average AGI did not exceed the applicable AGI limitations; or 2) copies of the complete tax returns that were filed with the IRS for the three years _____, _____, and _____.</p> <p>To avoid any delay or interruption in program payments and benefits, all requested information must be provided to FSA no later than 30 days from the date of this letter. Information should be mailed to:</p> <p>Any State FSA Office c/o Ms. Or Mr. Payment limitation specialist 1111 Main Avenue Big town, ST 20202</p> <p>Failure to respond to this notice will result in a determination of ineligibility for all 20XX program benefits.</p> <p>Thank you for your cooperation.</p> <p>Ms. or Mr. State Executive Director, or designee</p>
--

--\*

**\*--204 Notification Letters for AGI Compliance (Continued)**

**G Example 3 of Notification Letters for a Legal Entity**

The following is an example of a notification letter for a legal entity. A legal entity is determined noncompliant with average AGI limitations and ineligible for specified payments.

<p>(Date)</p> <p>Legal Entity Name Address 1 Address 2</p> <p>Dear Producer:</p> <p>The Farm Service Agency has completed an examination of <i>[legal entity's name]</i> 20XX adjusted gross income (AGI) certification and the additional information submitted.</p> <p>Based on the information received from the IRS as well as the supplemental documents provided by <i>[legal entity's name]</i> the <i>Any State FSA Committee</i> has determined that <i>[legal entity's name]</i> failed to comply with the \$ <i>amount, farm or nonfarm, AGI limitation(s)</i>.</p> <p>Consequently, <i>[legal entity's name]</i> is ineligible for 20XX – <i>specify the program payments affected</i>. A refund of all programs benefits is therefore required.</p> <p>[Provide appeal rights according to 1-APP (Rev. 2)]</p> <p>Signed Ms. or Mr. State Executive Director, or designee</p> <p>cc: NRCS <i>only if producer is participant in any NRCS administered program</i></p>
--

--\*

**205 (Reserved)**



**208 COC Requirements to Make Timely Determinations****A Overview**

COC shall make the initial actively engaged in farming and eligibility determinations within the deadlines established in paragraph 206.

**Note:** See paragraph 236 for required State Office determinations.

**B Definition**

Default determination means all persons or legal entities are considered to be actively engaged in farming.

**C Rule**

If COC does **not** make the initial determinations within the 60-calendar-day time limit, the applicant shall receive a default determination. COC **must** still make actively engaged in farming and eligibility determinations. If the correct determination is different:

- FSA will honor the default determination for the current year, if the farm operation plan is followed **exactly**
- the proper determination will apply, if the farm operation plan is **not** followed exactly
- the proper determination will apply the following year, if the operation is **exactly** the same.

**D Notification to Producer**

See paragraphs 243 and 244 for notification requirements of both the default and correct determination letters to the producer.

\* \* \*

**209-215 (Reserved)**



**\*--421 Completing and Documenting Reviews****A Information Collection and Comparison**

An end-of-year review requires the following actions:

- collection of copies of all program applications, contracts, payment eligibility documentation, and payment limitation documentation submitted by the producer for the applicable year
- collections of specific business-related documents and related information for the producer's farming operation for the applicable year
- comparison of both sets of information to the rules and regulations governing payment eligibility and payment limitation for the program year subject to review.

**B Results and Findings**

The results and findings of the review are the basis to determine whether the producer is either of the following:

- eligible, either all or in part, for the program payments and benefits received or requested
- ineligible for the program payments and benefits received or requested for the year or years subject to the review.

**C Review Activities**

All review actions and activities are to be recorded with using the 5-part CCC-900 package, which includes the following:

- CCC-900-1
- CCC-900-2
- CCC-900-3
- CCC-900-4
- CCC-900-5.--\*

**\*--421 Completing and Documenting Reviews (Continued)**

**D Review Record**

The 5-part CCC-900 package:

- must be completed for each producer selected for review
- becomes the permanent record of the review
- is the basis for the recommendations to the reviewing authority for subsequent determinations for payment eligibility and payment limitation.

**E Availability and Using CCC-900 Package**

All 5 parts of the CCC-900 package:

- are available online at <http://intra3.fsa.usda.gov/dam/ffasforms/forms.html>
- are online fillable
- may be completed manually.--\*

## \*--421 Completing and Documenting Reviews (Continued)

## F Example of Completed CCC-900 Package

The following is an example of a completed CCC-900 package.

<b>CCC-900-1</b> (08-12-10)		<b>U.S. DEPARTMENT OF AGRICULTURE</b> Commodity Credit Corporation		A. Producer Name Beringer Partners	
<b>PAYMENT ELIGIBILITY/LIMITATION          SELECTION, NOTIFICATION,          AND INFORMATION COLLECTION          CHECKLIST 1</b>		B. State and County Office Name Johnson County FSA Office; TX		C. Program Year Reviewed <input checked="" type="checkbox"/> 2009 <input type="checkbox"/> 2010 <input type="checkbox"/> 2011 <input type="checkbox"/> 2012	
Follow the steps in this table to conduct EYR. Attach documents and additional information as appropriate.					
Step	Process	Action	Initial	Date	
1	Producer Selection 4-PL, Par 402	Indicate how the case was selected: <input checked="" type="checkbox"/> A. Judgmental selection by DAFP. <input type="checkbox"/> B. Required spot check. <input type="checkbox"/> C. Other case required by the reviewing authority.	PT	8-10-2010	
2	Producer Notification 4-PL, Par 403 and 412	Date of letter notifying producer of selection: <u>8-10-2010</u>  <b>Note:</b> The requested documents and information were provided by the producer on: <u>8-26-2010</u>  If producer refused or failed to provide records for EYR, date producer was notified of ineligibility: _____	PT	8-26-2010	
3	Collection of Agency Records	Obtain copies of all forms and related correspondence for producer: <input checked="" type="checkbox"/> A. CCC-901 <input checked="" type="checkbox"/> B. CCC-902 <input checked="" type="checkbox"/> C. CCC-903 <input checked="" type="checkbox"/> D. Notice of determination <input checked="" type="checkbox"/> E. MABDIG for joint operation or legal entity <input checked="" type="checkbox"/> F. Program contracts and applications for year reviewed	PT	8-26-2010	
<b>Steps 4 and 5 will be completed by the Review Team</b>					
4	Review of Initial Information	Review documents and information initially provided by the producer to determine whether an interview with the producer is required.  <b>Note:</b> Producer shall be interviewed unless the reason for not interviewing the producer is obvious and adequately justified in writing.  A. Is interview with producer required? <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO  B. If "YES": (1) date the producer was notified: <u>8-27-2010</u> (2) go to step 5.  C. If "NO": (1) give justification for not interviewing the producer:  (2) go to step 5.	HD	8-27-2010	

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write to USDA, Assistant Secretary for Civil Rights, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, S.W., Stop 9410, Washington, DC 20250-9410, or call toll-free at (866) 632-9992 (English) or (800) 877-8339 (TDD) or (866) 377-8642 (English Federal-relay) or (800) 845-6136 (Spanish Federal-relay). USDA is an equal opportunity provider and employer.

--\*

## \*--421 Completing and Documenting Reviews (Continued)

## F Example of Completed CCC-900 Package (Continued)

CCC-900-1 (08-12-10)		Producer Name: Beringer Partners			Page 2
Step	Process	Action	Initial	Date	
5	Producer Interview	<p>Interview the producer(s) or representative of the selected case and obtain details of the farming operation and the method of operation for the crop year.</p> <p><b>Note:</b> Consider interviewing separately (without farm manager or principal spokesperson) those producers that are suspected of knowing nothing about the farming operation.</p> <p>General interview information:</p> <p>A. In discussing the farming operation, does the producer's(s') description of the operation differ with other available information?</p> <p style="text-align: center;"><input type="checkbox"/> YES    <input checked="" type="checkbox"/> NO</p> <p><b>Note:</b> If "YES", explain:</p> <p>B. If applicable, advise the producer(s) that accounting records will need to be reviewed and the lending agency of the producer(s) may need to be contacted to verify financing information.</p>	HD	9-2-2010	
C. Name of Producer/Member Interviewed		D. Date of Interview			
Jack Beringer		8-31-2010			
Ana Beringer		8-31-2010			
Bobby Beringer		8-31-2010			
Ida Beringer		8-31-2010			
		<p><b>Notes and Comments</b></p> <p>Each member was interviewed individually by the Review Team. All were very knowledgeable of the different aspects of the farming operation. Each member was able to provide details of their respective duties and responsibilities represented. All of the members knew the details of the operation's financing, marketing, crop production, and livestock production activities. All of the members knew what the grain and livestock markets were including LDP rates for the day of the interview.</p>			
D. Signature of Reviewing Authority or Review Team Member			E. Date (MM-DD-YYYY)		
/s/ Helen Dawson			09-02-2010		

--\*

## \*--421 Completing and Documenting Reviews (Continued)

## F Example of Completed CCC-900 Package (Continued)

This form is available electronically.

<b>CCC-900-2</b> (08-12-10)	<b>U.S. DEPARTMENT OF AGRICULTURE</b> Commodity Credit Corporation	A. Producer Name Beringer Partners
<b>PAYMENT ELIGIBILITY/LIMITATION DOCUMENTS RECEIVED FROM PRODUCER CHECKLIST 2</b>		B. State and County Office Name Johnson County FSA Office; TX
		C. Program Year Reviewed <input checked="" type="checkbox"/> 2009 <input type="checkbox"/> 2010 <input type="checkbox"/> 2011 <input type="checkbox"/> 2012

Use this checklist to indicate the documents submitted by the producer and initial and date. If a contribution or determination is not applicable, check "N/A".

Contribution or Determination	Documentation Required	Initial	Date	N/A
1. Capital	<input checked="" type="checkbox"/> A. Operating loan documents. <input checked="" type="checkbox"/> B. Income and expense ledgers. <input checked="" type="checkbox"/> C. Canceled checks for expenditures, such as: <input checked="" type="checkbox"/> (1) fertilizer <input checked="" type="checkbox"/> (2) seed <input checked="" type="checkbox"/> (3) chemicals <input checked="" type="checkbox"/> (4) fuel <input checked="" type="checkbox"/> (5) equipment leases and purchases <input checked="" type="checkbox"/> (6) land leases and purchases <input type="checkbox"/> (7) livestock and livestock related purchases <input checked="" type="checkbox"/> (8) hired labor or management <input type="checkbox"/> (9) other farming operation expenditures. (Specify): _____	HD	9-2-2010	
2. Land	<input checked="" type="checkbox"/> A. Lease agreements. <input type="checkbox"/> B. Sales contracts. <input type="checkbox"/> C. Property tax statements. <input checked="" type="checkbox"/> D. Canceled checks associated with land. <input type="checkbox"/> E. Other: (Specify): _____	HD	9-2-2010	
3. Equipment	<input checked="" type="checkbox"/> A. Lease agreements. <input type="checkbox"/> B. Purchase contracts. <input type="checkbox"/> C. Equipment listings. <input checked="" type="checkbox"/> D. Canceled checks associated with equipment. <input type="checkbox"/> E. Other: (Specify): _____	HD	9-2-2010	
4. Labor	<input checked="" type="checkbox"/> A. Employee time sheets or books. <input checked="" type="checkbox"/> B. Canceled checks for hired labor. <input type="checkbox"/> C. Other: (Specify): _____	HD	9-2-2010	

*The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write to USDA, Assistant Secretary for Civil Rights, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, S.W., Stop 9410, Washington, DC 20250-9410, or call toll-free at (866) 632-9992 (English) or (800) 877-8339 (TDD) or (866) 377-8642 (English Federal-relay) or (800) 845-6136 (Spanish Federal-relay). USDA is an equal opportunity provider and employer.*

--\*

## \*--421 Completing and Documenting Reviews (Continued)

## F Example of Completed CCC-900 Package (Continued)

CCC-900-2 (08-12-10)		Page 2		
Producer Name: Beringer Partners				
Contribution or Determination	Documentation Required	Initial	Date	N/A
5. Management	<input type="checkbox"/> A. Canceled checks for hired management. <input checked="" type="checkbox"/> B. Loan documents. <input checked="" type="checkbox"/> C. Lease and purchase agreements. <input checked="" type="checkbox"/> D. Sales documents. <input checked="" type="checkbox"/> E. Appointment books. <input checked="" type="checkbox"/> F. Calendars. <input type="checkbox"/> G. Narrative summaries. <input type="checkbox"/> H. Phone logs. <input checked="" type="checkbox"/> I. Activity logs. <input type="checkbox"/> J. Other: (Specify): _____	HD	9-2-2010	
6. Commensurate	<input checked="" type="checkbox"/> A. Program documents: (Specify): <u>CCC-509's</u> <input checked="" type="checkbox"/> B. Crop sales documents. <input checked="" type="checkbox"/> C. Warehouse ledgers. <input checked="" type="checkbox"/> D. Gin ledgers. <input type="checkbox"/> E. Corporation papers, including ownership share. <input checked="" type="checkbox"/> F. Partnership agreements. <input type="checkbox"/> G. Trust agreements. <input type="checkbox"/> H. Legal documents and contracts. <input checked="" type="checkbox"/> I. Accounting records. <input type="checkbox"/> J. Court records. <input checked="" type="checkbox"/> K. Crop insurance documents. <input type="checkbox"/> L. Other: (Specify): _____	HD	9-2-2010	
D. Signature of Reviewing Authority or Review Team Member  /s/ Helen Dawson		E. Date (MM-DD-YYYY)  09-02-2010		

--\*

## \*--421 Completing and Documenting Reviews (Continued)

## F Example of Completed CCC-900 Package (Continued)

This form is available electronically.

<b>CCC-900-3</b> (08-12-10)	<b>U.S. DEPARTMENT OF AGRICULTURE</b> Commodity Credit Corporation	A. Producer Name
<b>PAYMENT ELIGIBILITY/LIMITATION CONTRIBUTION WORKSHEET</b>		Beringer Partners
		B. State and County Office Name
		Johnson County FSA Office, TX
		C. Program Year Reviewed
		<input checked="" type="checkbox"/> 2009 <input type="checkbox"/> 2010 <input type="checkbox"/> 2011 <input type="checkbox"/> 2012

**PART A – TOTAL VALUE OF THE FARMING OPERATION**

Complete Part A to determine the total value of the farming operation.

	1. Capital	2. Land	3. Equipment	4. Labor	5. Management	6. Total
Beringer Part	\$2,500,000	\$1,087,450	\$305,700	\$200,000	-	\$4,093,150
Jack	-	-	-	active	active	
Anna	-	-	-	active	active	
Bobby	-	-	-	active	active	
Ida	-	-	-	active	active	
7. TOTAL						\$4,093,150

8. Notes and Remarks

Total value of the farming operation is the total of the annual costs, excluding the value of the active personal labor and active personal management that is contributed by each member, that is needed to conduct the farming operation for the for which the determination is made.

Use information provided by the producer, extension service information, and values considered normal and customary for the area by the county committee.

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, political beliefs, genetic information, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write to USDA, Assistant Secretary for Civil Rights, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, S.W., Stop 9410, Washington, DC 20250-9410, or call toll-free at (866) 632-9992 (English) or (800) 877-8339 (TDD) or (866) 377-8642 (English Federal-relay) or (800) 845-6136 (Spanish Federal-relay). USDA is an equal opportunity provider and employer.

--\*

\*--421 Completing and Documenting Reviews (Continued)

F Example of Completed CCC-900 Package (Continued)

CCC-900-3 (08-12-10)		Page 2 of 11	
Producer Name: Beringer Partners			
<b>PART B - CAPITAL CONTRIBUTION</b>			
Complete Part B to determine whether capital qualified as a significant contribution.			
Was capital used as a significant contribution? If "YES", complete this Part B. If "NO", go to Part C.		YES <b>x</b>	NO 
<b>Step</b>	<b>Action</b>	YES	NO
1	<p>Determine how the capital used as a significant contribution was acquired.</p> <p><b>Note:</b> Check the appropriate item or items, and go to the corresponding step of Part B.</p> <p><input type="checkbox"/> A. Direct out-of-pocket input by individual, entity, joint operation, or members of joint operation. Go to step 2.</p> <p><input checked="" type="checkbox"/> B. Capital borrowed by individual, entity, joint operation, or member of joint operation. Go to step 3.</p>		
2	<p>Determinations if direct out-of-pocket capital input.</p> <p>A. If the capital was funded by an individual, entity, or member of the joint operation, were these contributions made directly to the farming operation? If "NO", explain:</p> <p>B. If a joint operation in which the capital is contributed by a member or members of the joint operation rather than the joint operation itself, review member accounting records, checks, and loan documents to determine amounts invested.</p> <p>C. Was each member's contribution of capital commensurate with their share of the operation? If "NO", other contributions may justify the claimed share of operation:</p> <p>D. Interview the individual, entity representative, or member of the joint operation to ensure that capital contributions were out-of-pocket if not adequately established by documentation. Determine whether they borrowed the capital to provide their contribution.</p> <p>Was capital borrowed? If "YES", go to step 3. If "NO", go to step 4.</p>		
3	<p>Determination if capital was borrowed.</p> <p>If the capital contribution was borrowed:</p> <p>A. Interview the producer to determine from whom the capital was borrowed, and annotate the lender's name:</p> <p style="padding-left: 40px;"><b>First Commercial National Bank and Trust</b></p> <p>B. Indicate the percentage of capital contribution that was borrowed: <u>70%</u></p> <p>C. Review accounting records to determine whether the capital was contributed directly to the farming operation.</p> <p>D. Arrange with the producer to contact the lender and review the loan file.</p> <p>E. Was the loan acquired as a result of a loan being made to, guaranteed by, or secured by an individual, entity, member of a joint operation or any other joint operation with an interest in the farming operation? If "YES", the capital contribution may not qualify as a significant contribution.</p>	<b>x</b>	

--\*

## \*--421 Completing and Documenting Reviews (Continued)

## F Example of Completed CCC-900 Package (Continued)

CCC-900-3 (08-12-10)		Page 3 of 11		
Producer Name: Beringer Partners				
Step	Action	YES	NO	N/A
4	<p>Determination of significant contribution.</p> <p>A. Did the producer provide the initial reviewing authority an estimated expense report for the year?</p> <p>(1) If "YES", verify that the contribution equals as least 50 percent of the estimated expenses.</p> <p>(2) If "NO", how did the reviewing authority determine that the individual's or entity's contribution was equal to 50 percent of the total capital necessary to conduct the farming operation?</p> <p>B. Based on the review of the capital represented by the farming operation as qualifying, did the farming operation or individuals meet the requirements for a significant contribution of capital?</p> <p>(1) If "YES", the farming operation has met its significant "left-hand" contribution.</p> <p>(2) If "NO", the farming operation has <b>not</b> met the requirements for significant "left-hand" contributions without additional "left-hand" contributions. Go to step 5.</p>	X		
5	<p>Summarize the facts involved in this determination, develop findings as appropriate, and go to Part B. The amounts shown on the projected budget and cash flow statements prepared for the lender were considered comparable to the annual capital requirements believed necessary for this farming operation. Information from the county extension service and FLP values were used for comparative purposes.</p>			
<b>PART C – EQUIPMENT CONTRIBUTION</b>				
Complete Part C to determine whether equipment qualified as a significant contribution.				
Was equipment used as a significant contribution? If "YES", complete this Part X. If "NO", go to Part D.		X		
Step	Action	YES	NO	N/A
1	<p>Determine how the equipment used as a significant contribution was acquired.</p> <p><b>Note:</b> Check the appropriate item or items, and go to the corresponding step of this worksheet.</p> <p><input checked="" type="checkbox"/> A. Owned by an operation or its members. Go to step 2.</p> <p><input checked="" type="checkbox"/> B. Leased by an operation or its members. Go to step 3.</p>			
2	<p>Equipment owned and contributed by individual, entity, or joint operation.</p> <p>A. Did the farming operation or its members own <b>all</b> of the equipment used in the farming operation?</p> <p><b>Note:</b> Review accounting or tax depreciating records, if provided, and other information to confirm ownership of the equipment by the individual, entity, or joint operation.</p> <p>(1) If "NO", did the producer own a sufficient amount of equipment to conduct the farming operation and to meet the significant contribution requirement?</p> <p>B. If the farming operation is conducted by an individual, entity, or joint operation, was the equipment contributed directly to the farming operation by the individual, entity, or joint operation?</p> <p>If "NO", use of the equipment to qualify as a significant contribution is questionable. Explain how the individual, entity, joint operation, or member of the joint operation contributed the equipment:</p>		X	
		X		
		X		

--\*

\*--421 Completing and Documenting Reviews (Continued)

F Example of Completed CCC-900 Package (Continued)

CCC-900-3 (08-12-10)		Page 4 of 11		
Producer Name: Beringer Partners				
Step	Action	YES	NO	N/A
2 (cont)	<p>C. For equipment contributed to the farming operation, determine whether this equipment was acquired as a result of a loan. If the equipment was acquired as a result of a loan, was the loan made to, guaranteed by, or secured by any individual, joint operation, entity, or member of a joint operation that has an interest in the farming operation?</p> <ul style="list-style-type: none"> <li>If "NO", equipment may be used as a significant contribution.</li> <li>If "YES", obtain and copy information about the loan, and discuss with both the producer and County Office to determine whether significant contribution requirements were met.</li> </ul>		X	
3	<p>Equipment leased and contributed by individual, entity, or joint operation.</p> <p>Determine what equipment was leased and from whom the equipment was leased. Obtain copies of relevant lease documents and equipment listings.</p> <p>A. Was the equipment leased from someone with an interest in the farming operation?</p> <p>If "NO", leased equipment may qualify as a significant contribution to the farming operation. Go to Step 4.</p> <p>If "YES":</p> <p>(1) Is the leased equipment necessary for a significant contribution of equipment? If "NO", explain fully and go to step 4:</p> <p>(2) Explain fully the interest of the lessor in the farming operation:</p> <p>(3) Determine and explain how payments were made for the equipment:</p> <p><b>Note:</b> If the equipment was leased by the hour, day, or acre basis, payment must be made in a timely manner. Review accounting records, checks, and billing invoices.</p> <p>(4) Were equipment lease payments timely paid?</p> <p>If "YES", was capital borrowed by the individual, entity, or joint operation from any other individual, entity, or joint operation with an interest in the farming operation?</p> <p><b>Note:</b> If "YES", explain how the farming operation paid for the cash-leased equipment. Obtain and copy necessary documents to support the finding:</p> <p>If "NO", interview the producer and determine why lease agreements were not paid in a timely manner, and go to step 4:</p>		X	
4	<p>Determination of significant contribution.</p> <p>A. How did the initial reviewing authority determine the total rental value of the equipment? Information from the county extension service and FLP values were used for comparative purposes.</p> <p>B. Based on the review of the equipment used in the farming operation, did the equipment qualify as a significant contribution?</p> <p>If "YES", the individual, entity, or joint operation has met the "left-hand" contribution requirement.</p>	X		

--\*

## \*--421 Completing and Documenting Reviews (Continued)

## F Example of Completed CCC-900 Package (Continued)

CCC-900-3 (08-12-10)		Producer Name: Beringer Partners			Page 5 of 11
Step	Action	YES	NO	N/A	
5	Summarize the facts involved in this determination, develop findings as appropriate, and go to Part D. The majority of the equipment contributed to the farming operation was owned by partnership.				
<b>PART D – LAND CONTRIBUTION</b>					
Complete Part D to determine whether the land qualified as a significant contribution.					
Was land used as a significant contribution? If "YES", complete this Part D. If "NO", go to Part E.		<b>x</b>			
Step	Action	YES	NO	N/A	
1	Determine how the land used as a significant contribution was acquired.  <b>Note:</b> Check the appropriate block or blocks, and go to the corresponding step of this worksheet.  <input type="checkbox"/> A. Landowner: individual, entity, or joint operation. <i>Go to step 2.</i>  <input type="checkbox"/> B. Landowner: owned and contributed by members of joint operation. <i>Go to step 3.</i>  <input checked="" type="checkbox"/> C. Crop-share lease: individual, entity, or joint operation. <i>Go to step 4.</i>  <input checked="" type="checkbox"/> D. Cash-leased: individual, entity, or joint operation. <i>Go to step 5.</i>  <input type="checkbox"/> E. Land contributed by combination of methods. <i>Go to applicable steps 2 through 5.</i>				
2	Determination if land is owned by individual, entity, or joint operation.  Obtain and review documents supporting ownership of land, such as deeds or other title documents.  <b>Note:</b> If not available from the County Office, this information should be filed with the appropriate county court.  A. Was ownership of the land established for the applicable crop, program, or FY?  <b>Note:</b> If "NO", the individual, entity, or joint operation cannot qualify under the landowner provisions as actively engaged in farming.  B. During the review of the deed and/or title documents, determine whether the land was acquired by "Contract for Deed," "Deed of Trust," "Land Contract," or other similar arrangement.  <b>Note:</b> This is considered to be acquired as a result of a loan.  C. Was this land acquisition guaranteed by, or secured by an individual, entity, or other joint operation, including members, that have an interest in the farming operation?  <b>Note:</b> If "YES", the land cannot qualify as a significant contribution to the farming operation. Document and copy appropriate information:          D. If the landowner provision is used by a joint operation holding title to the land, review the joint operation agreement for dissolution of the operation.  Does this agreement provide that, upon dissolution, the title to the land owned or proceeds from the sale of the land will revert to the individual members according to their respective shares?  <b>Note:</b> If "NO", the landowner provisions cannot be used unless the regional attorney advises that state law provides that, upon dissolution of the joint operation, the land will be sold and the proceeds divided according to each member's share in the joint operation and there is no documentation otherwise.				

--\*

### F Example of Completed CCC-900 Package (Continued)

CCC-900-3 (08-12-10)		Page 6 of 11		
		Producer Name: Beringer Partners		
Step	Action	YES	NO	N/A
3	Determination if land is owned and contributed by member or members of joint operation.			
	• Obtain and review the deed or other title documents for the land.			
	<b>Note:</b> If not available from the County Office, this information should be filed with the appropriate county court.			
	A. Was ownership of the land established for the applicable crop, program, or FY? If "NO", the individual, entity, or joint operation cannot qualify under the landowner provisions as "actively engaged in farming."			
	• During the review of the deed and/or title documents, determine whether the land was acquired by "Contract for Deed," "Deed of Trust," or other similar arrangement.			
	<b>Note:</b> This is considered to be acquired as a result of a loan.			
B. Was this land acquisition guaranteed by, or secured by an individual, entity, or other joint operation, including members, that have an interest in the farming operation?	If "NO", go to step 4.			
	If "YES", the land cannot qualify as a contribution to the farming operation. Document and copy appropriate information.			
4	Determinations if land is crop-share leased.			
	• Obtain and review the lease agreements between the farming operation and the landowner.		X	
	A. Does the lease agreement require a minimum cash payment? If "YES", determine if it is a cash or share lease.			
	• Review the accounting records, crop settlement sheets, or other records and compare the percentage division of crop or crop proceeds to the percentage of division on applicable contracts and applications.			
	B. Was the landowner's share of the production the same as reported to FSA?	X		
	If "NO", discuss this with the producer to determine why the landowner's share was different than that reported.			
C. Was the land leased from someone with an interest in the farming operation other than as a landlord? If "YES", explain.		X		

\*--421 Completing and Documenting Reviews (Continued)

F Example of Completed CCC-900 Package (Continued)

CCC-900-3 (08-12-10)		Producer Name: Beringer Partners			Page 7 of 11
Step	Action	YES	NO	N/A	
5	<p>Determinations if land is considered cash-leased by individual, entity, or joint operation.</p> <ul style="list-style-type: none"> <li>Review CCC-902 and cash-lease agreements. Determine who the land was leased from and if they had an interest in the farming operation.</li> <li>If the cash-leased land is owned and contributed by someone with an interest in the farming operation, determine by interviewing the member or their representative and by reviewing documents, if the land is mortgaged and if the loan to acquire the land was made by, guaranteed by, or secured by, anyone having an interest in the farming operation.</li> </ul> <p><b>Note:</b> A "Contract for Deed," "Deed of Trust," "Land Contract," or other similar arrangement is considered to be acquired as the result of a loan.</p>		X		
6	<p>Determination of significant contribution.</p> <p>How did the reviewing authority determine total rental value of the land?</p> <p><b>Note:</b> Rental value will not be listed on CCC-902 unless the land is leased from someone with an interest in the operation.</p> <ul style="list-style-type: none"> <li>Compare the land owned and leased by the farming operation and used to determine the producer "actively engaged in farming" with all land operated by the farming operation. Use producer's CCC-902 and obtain other County Office records, such as the producer payment record, to identify all farms operated.</li> </ul> <p>A. Did the producer operate more land than was initially used by COC to make the "actively engaged in farming" determination? If "YES", determine and explain how the contribution was found to equal 50 percent of the individual's or entity's commensurate share.</p> <p>B. Based upon this comparison of the land operated by the producer to the land initially used by CCC in making determinations, does the land owned and/or leased by the farm operation qualify for inclusion as a significant contribution and have a value equal to at least 50 percent of the individual's, entity's, or joint operation's commensurate share of the total rental value of the land?</p> <p><b>Note:</b> If "NO", the individual, entity, or joint operation cannot qualify as "actively engaged in farming" using land as its significant contribution.</p>		X		
7	<p>Summarize the facts involved in this determination, develop findings as appropriate, and go to Part E.</p> <p>All share rented and cash leased land was acquired by the farming operation at rates considered normal and customary for the area. The crop production from the share rented land was divided according the shares represented and reported. The rent for the cash rented land was paid timely and in accordance with the terms of the lease agreements. No land was rented or leased from any individual or entity that had an interest in the farming operation of the partnership.</p>				

--\*

## \*--421 Completing and Documenting Reviews (Continued)

## F Example of Completed CCC-900 Package (Continued)

<b>CCC-900-3</b> (08-12-10)		Page 8 of 11	
<b>Producer Name:</b> Beringer Partners			
<b>PART E – CASH-RENT TENANT</b>			
Complete Part E to determine whether the producer meets the cash-rent tenant rule.			
<b>Step</b>	<b>Action</b>	<b>YES</b>	<b>NO</b>
1	<p>A. If the producer is a cash-rent tenant, did the producer provide a contribution of active personal labor to the farming operation?</p> <ul style="list-style-type: none"> <li>If "YES", complete Part F to determine if the contribution of active personal labor was significant.</li> <li>If "NO", complete Part B and Part G to determine if the producer provided a combination of significant contributions of equipment and management.</li> </ul>	x	
2	<p>Upon completion of Parts B and G, does the producer meet the cash-rent tenant rules of 4-PL paragraphs 91 and 92.</p> <ul style="list-style-type: none"> <li>If "YES", complete step 3 and go to CCC-900-5.</li> <li>If "NO", determine the producer ineligible for payment on the cash-rent land. Complete step 3 and go to worksheet CCC-900-5.</li> </ul>	x	
3	Summarize the facts involved in this determination, develop findings as appropriate, and go to Part F. Documentation provided clearly illustrated that a significant contribution of equipment was made by the partnership and each of the members made significant contributions of active personal management.		
<b>PART F – COMBINATION OF CAPITAL, EQUIPMENT, AND LAND CONTRIBUTION</b>			
Complete Part E determine whether a combination of capital, equipment, and land qualified as a significant contribution.			
Was any combination of capital, equipment, and land used to qualify as a significant contribution. If "YES", complete Part E. If "NO", go to Part G.		<b>YES</b>	<b>NO</b>
		x	
<b>Step</b>	<b>Action</b>		
1	<p>If the contribution is a combination of the 3 "left-hand" inputs (capital, equipment, and land):</p> <ul style="list-style-type: none"> <li>Check the appropriate item or items and complete the applicable worksheets using the 30 percent contribution requirement to determine whether the rules have been met for the appropriate contributions: <ul style="list-style-type: none"> <li><input type="checkbox"/> A. Capital (go to Part A)</li> <li><input type="checkbox"/> B. Equipment (go to Part B)</li> <li><input type="checkbox"/> C. Land (go to Part C)</li> </ul> </li> </ul> <p>Go to step 2 of Part E after completing the appropriate Parts.</p>		
2	<p>Determinations.</p> <p>How did the reviewing authority determine that the combined contribution of "left-hand" inputs was equal to 30 percent of the individual's or entity's commensurate share of the total value of the farming operation?</p> <p>Does the actual contribution of the inputs equal to 30 percent of the individual's or entity's commensurate share of the total value of the farming operation?</p> <ul style="list-style-type: none"> <li>If "YES", the requirements for significant "left-hand" contribution have been met.</li> <li>If "NO", the requirements to be "actively engaged in farming" have not been met unless exception applies.</li> </ul> <p>Check the appropriate exception if applicable:</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> A. Family member provision (joint operation only)</li> <li><input type="checkbox"/> B. Sharecropper</li> </ul>	<b>YES</b>	<b>NO</b>
3	Summarize the facts involved in this determination, develop findings as appropriate, and go to Part G.		

--\*

\*--421 Completing and Documenting Reviews (Continued)

F Example of Completed CCC-900 Package (Continued)

<b>CCC-900-3</b> (08-12-10)		<b>Producer Name:</b> Beringer Partners		Page 9 of 11
<b>PART G – ACTIVE PERSONAL LABOR CONTRIBUTION</b>				
Complete Part G to determine whether active personal labor qualified as a significant contribution.				
Was active personal labor used as a significant contribution. If "YES", complete Part F. If "NO", go to Part H.		YES	NO	N/A
			X	
<b>Step</b>	<b>Action</b>			
1	<ul style="list-style-type: none"> <li>Review CCC-902 and interview the individual or individuals contributing active personal labor.</li> <li>Determine by interview or documentation if the individual or individuals indicated as contributing labor know how many hours of labor it takes for the farming operation and how many hours they provide.</li> <li>Is there any record of hours worked by the contributing individual or individuals. If "YES", review and obtain copies to document the determination.</li> </ul>			
2	<p>Is this producer a joint operation?</p> <ul style="list-style-type: none"> <li>If "YES", determine whether labor performed by a member of a joint operation, was excluded as a contribution.</li> </ul> <p><b>Note:</b> If a member of joint operation is paid for any part of the contribution, the contribution cannot be counted.</p> <ul style="list-style-type: none"> <li>Review accounting records and determine whether salaries were paid by the joint operation to any member.</li> <li>If "NO", go to step 3.</li> </ul>			
3	<p>Determine whether the individual could have provided the labor reported on CCC-902.</p> <p>A. Was the individual living away from the farm?</p> <p>B. Did the individual correctly report his or her residence to the County Office?</p> <p><b>Note:</b> Consider interview with the individual (without manager or principal present), if information indicates that it is doubtful the individual provided active personal labor to the farming operation.</p>			
4	<p>Review the payroll and accounting records.</p> <p>A. Was the individual paid for labor? If "NO", go to step 5.</p> <p>B. If "YES", how much was the individual paid and who paid the labor cost?</p>			
5	<p>Determine:</p> <ul style="list-style-type: none"> <li>How "draws" on capital accounts were considered at the end of the year when the profit or loss was disbursed</li> <li>For joint operations, if commensurate shares were maintained for the members.</li> </ul>			

--\*

## \*--421 Completing and Documenting Reviews (Continued)

## F Example of Completed CCC-900 Package (Continued)

CCC-900-3 (08-12-10)		Producer Name: Beringer Partners			Page 10 of 11
<b>PART H – ACTIVE PERSONAL MANAGEMENT CONTRIBUTION</b>					
Complete Part H to determine whether active personal management qualified as a significant contribution.					
Was active personal management used as a significant contribution? If "YES", complete Part H. If "NO", go to Part I.				YES	NO
				X	
<b>Step</b>	<b>Action</b>				
1	Review the description of management shown on CCC-902.				
2	<p>Is this a joint operation?</p> <ul style="list-style-type: none"> <li>If "YES", determine whether management performed by a member of a joint operation, was excluded as a contribution.</li> </ul> <p><b>Note:</b> If a member of joint operation is paid for any part of the contribution, the contribution cannot be counted.</p> <ul style="list-style-type: none"> <li>Review accounting records and determine whether salaries were paid by the joint operation to any member.</li> <li>If "NO", go to step 3.</li> </ul>	X			
3	<p>If documentation does not adequately establish management contributions, interview the individual(s) and discuss management.</p> <ul style="list-style-type: none"> <li>Does the individual(s) have knowledge of the farming operation commensurate with their claimed contribution of management?</li> <li>Ask the individual(s) how the management duties performed contribute to the profitability of the farming operation.</li> <li>Compare the written description of management on CCC-902 with the individual's comments.</li> </ul> <p><b>Note:</b> Consider interview with the individual (without manager or principal present), if information indicates that it is doubtful the individual provided active personal management.</p>				
4	<p>Has the individual(s) prepared written management reports during the year?</p> <p>If "NO", go to step 5. If "YES", review and obtain copies.</p>	X			
5	<p>Compare all the individual's residences with the farm location.</p> <p>Was onsite management provided?</p> <ul style="list-style-type: none"> <li>If "YES", how often?</li> </ul> <p>On a daily basis</p> <ul style="list-style-type: none"> <li>If "NO", how are management duties performed?</li> </ul>	X			
6	<p>Determine:</p> <ul style="list-style-type: none"> <li>How "draws" upon capital accounts were considered at the end of the year when the profit or loss was disbursed.</li> <li>For joint operations, if commensurate shares were maintained for the members.</li> </ul> <p>No draws were made by any of the members during the year.</p>				
7	<p>Compare the reported management contribution to the operation with the review results, and determine whether there is a significant difference.</p> <p>There were no significant differences found or noted.</p>				
8	<p>Summarize the facts involved in this determination, develop findings as appropriate, and go to Part I.</p> <p>The documentation and personal interviews supported the members' representations of their management duties and responsibilities.</p>				

--\*

## \*--421 Completing and Documenting Reviews (Continued)

## F Example of Completed CCC-900 Package (Continued)

<b>CCC-900-3</b> (08-12-10)		Page 11 of 11	
<b>Producer Name:</b> Beringer Partners			
<b>PART I – CONTINUATION OF ACTIVE PERSONAL LABOR AND ACTIVE PERSONAL MANAGEMENT CONTRIBUTION</b>			
Complete Part H to determine whether a combination of active personal labor and active personal management qualified as a significant contribution.			
		<b>YES</b>	<b>NO</b>
Was a combination of active personal labor and active personal management used as a significant contribution. If "YES", complete Part I. If "NO", go to Part J.		<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>Step</b>	<b>Action</b>		
1	Review the description of labor and management shown on CCC-902.  Complete Part F and Part G to determine that the combination of active personal labor and active personal management has a critical impact on the profitability of the farming operation in an amount at least equal to the significant contribution of either consideration when taken alone.		
2	Determine how the reviewing authority determined that the contribution would have a critical impact on the profitability of the farming operation.		
3	Summarize the facts involved in this determination, develop findings as appropriate, and go to CCC-900-4.		
<b>PART J – COMMENSURATE AND AT-RISK CONTRIBUTIONS</b>			
Complete Part J to determine if contributions were commensurate and at-risk for a loss.			
Were the contributions of each member commensurate with the claimed share of the profits or losses from the farming operation?			
List each member:		<b>YES</b>	<b>NO</b>
Jack		<input checked="" type="checkbox"/>	<input type="checkbox"/>
Anna		<input checked="" type="checkbox"/>	<input type="checkbox"/>
Bobby		<input checked="" type="checkbox"/>	<input type="checkbox"/>
Ida		<input checked="" type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>
Were the member's contributions at risk for a loss?			
List each member:		<b>YES</b>	<b>NO</b>
Jack		<input checked="" type="checkbox"/>	<input type="checkbox"/>
Anna		<input checked="" type="checkbox"/>	<input type="checkbox"/>
Bobby		<input checked="" type="checkbox"/>	<input type="checkbox"/>
Ida		<input checked="" type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>
Summarize the reasons for the responses.			
<p>Each member individually signed all financing documents and security agreements as personally responsible for repayment</p> <p>Each member contributed active personal labor and active personal management as represented.</p> <p>The members have no other farming interests.</p> <p>Personal interviews confirmed that this business is their livelihood.</p>			
D. Signature of Reviewing Authority or Review Team Member		E. Date (MM-DD-YYYY)	
/s/ Jack C. Morgan		09-03-2010	

--\*

## \*--421 Completing and Documenting Reviews (Continued)

## F Example of Completed CCC-900 Package (Continued)

<b>CCC-900-4</b> <b>U.S. DEPARTMENT OF AGRICULTURE</b> (08-12-10)      Commodity Credit Corporation		A. Producer Name Beringer Partners					
<b>PAYMENT ELIGIBILITY/LIMITATION SUBSTANTIVE CHANGE AND OTHER DETERMINATIONS WORKSHEET</b>		B. State and County Office Name Johnson County FSA Office; TX					
		C. Program Year Reviewed <input checked="" type="checkbox"/> 2009 <input type="checkbox"/> 2010 <input type="checkbox"/> 2011 <input type="checkbox"/> 2012					
<b>PART A – SUBSTANTIVE CHANGE</b>							
Complete Part A to determine whether the substantive change requirements were applicable.							
Was there an increase in the number of limitations for payment in this farming operation from the previous year? If "YES", complete Part A. If "NO", go to Part B.			<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="width: 50%; padding: 2px;">YES</th> <th style="width: 50%; padding: 2px;">NO</th> </tr> <tr> <td style="height: 20px;"></td> <td style="text-align: center; padding: 2px;">X</td> </tr> </table>	YES	NO		X
YES	NO						
	X						
<b>Step</b>	<b>Action</b>	<b>Finding</b>					
1	Was substantive change required? <input type="checkbox"/> YES <input type="checkbox"/> NO  <ul style="list-style-type: none"> <li>If "YES", go to step 2.</li> <li>If "NO", enter the reason in the "Finding" column and go to Part B.</li> </ul> <p><b>Example:</b> The formation of a husband and wife joint venture does not require substantive change.</p>						
2	If substantive change was required, list what COC considered substantive change.						
3	Include the substantive change that occurred.  <b>Note:</b> Go to the following step containing the substantive change that occurred.						
<b>Step</b>	<b>Action</b>						
A	If addition of <b>adult family member</b> , determine whether the adult family member qualifies according to paragraph 138.						
B	If change in <b>land rental</b> from cash-lease to share-lease, determine whether the change qualifies a landowner only according to paragraphs 54 through 58.						
C	If a <b>20 percent increase in base acres</b> , determine whether the change qualifies according to paragraphs 54 through 58.						
D	If a <b>change in ownership of equipment or land</b> , determine whether the change qualifies according to paragraphs 54 through 58.						
E	If <b>addition of equipment</b> not previously involved in the farming operation, determine whether the change qualifies according to paragraphs 54 through 58.						
4	Summarize the facts involved in this determination, develop findings as appropriate, and go to Part B.						

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, political beliefs, genetic information, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write to USDA, Assistant Secretary for Civil Rights, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, S.W., Stop 9410, Washington, DC 20250-9410, or call toll-free at (866) 632-9992 (English) or (800) 877-8339 (TDD) or (866) 377-8642 (English Federal-relay) or (800) 845-6136 (Spanish Federal-relay). USDA is an equal opportunity provider and employer.

--\*

## \*--421 Completing and Documenting Reviews (Continued)

## F Example of Completed CCC-900 Package (Continued)

CCC-900-4 (08-12-10)		Producer Name: Beringer Partners	
Page 2 of 3			
PART B – FOREIGN PERSONS AND OTHER DETERMINATIONS			
Complete Part B to determine whether foreign person determinations and other determinations were correctly made.			
Step	Determination	Action	Finding
1	Other farming interest	<p>Did the producer indicate any other farming interests, including interest of spouse and minor children in accordance with 4-PL Par. 52?</p> <p><input type="checkbox"/> YES    <input checked="" type="checkbox"/> NO</p> <ul style="list-style-type: none"> <li>If "YES", verify that all were reported by reviewing system reports.</li> <li>If "NO", verify by reviewing system reports, such as the entity interest report.</li> </ul>	No other farming interests found.
2	Common attribution	<p>Review the initial determination to determine whether any common attribution rule applies in accordance with 4-PL par. 179.</p> <p>Is there a reason that common attribution applies?</p> <p><input type="checkbox"/> YES    <input checked="" type="checkbox"/> NO</p> <ul style="list-style-type: none"> <li>If "YES", explain.</li> </ul>	
3	Foreign person	<p>Do foreign person rules apply in accordance with 4-PL Part. 3?</p> <p><input type="checkbox"/> YES    <input checked="" type="checkbox"/> NO</p> <ul style="list-style-type: none"> <li>If "YES", specify and go to CCC-900-3.</li> <li>If "NO", go to next item.</li> </ul>	All members were represented to be U.S. citizens.
4	Estate	<p>If the producer is an estate in existence for 2 program years after the program year in which the producer died, or if the producer under review is a joint operation or legal entity with an estate as a member, was the estate reviewed in accordance with procedure in 4-PL Par. 156?</p> <p><input type="checkbox"/> YES    <input type="checkbox"/> NO</p> <ul style="list-style-type: none"> <li>Was the estate kept open for the purpose of receiving program payment and benefits?</li> </ul> <p><input type="checkbox"/> YES    <input type="checkbox"/> NO</p> <ul style="list-style-type: none"> <li>If "YES", estate is not eligible for the year reviewed.</li> </ul>	Not applicable. No members were represented to be an estate.
5	Deceased Producer	<p>Was the individual producer identified as deceased, or if the producer under review is a joint operation or legal entity, were any members an individual identified as deceased during the year reviewed?</p> <p><input type="checkbox"/> YES    <input checked="" type="checkbox"/> NO</p> <ul style="list-style-type: none"> <li>If "YES", were reviews completed and appropriate actions taken in accordance with 1-PL Part 8?</li> </ul> <p><input type="checkbox"/> YES    <input type="checkbox"/> NO</p> <ul style="list-style-type: none"> <li>If "NO", document in Findings.</li> </ul>	Not applicable. No members were identified as deceased individuals in 2009.

--\*

\*--421 Completing and Documenting Reviews (Continued)

F Example of Completed CCC-900 Package (Continued)

<b>CCC-900-4</b> (08-12-10)		Producer Name: <i>Beringer Partners</i>		Page 3 of 3
<b>PART B – FOREIGN PERSONS AND OTHER DETERMINATIONS (Continuation)</b>				
6	Required State Office Determinations	Is the producer a joint operation with 6 or more members?  <div style="text-align: center;"> <input type="checkbox"/> YES    <input checked="" type="checkbox"/> NO (<i>go to step 7</i>)         </div> <ul style="list-style-type: none"> <li>If "YES", did the State Office timely make the initial eligibility and actively engaged in farming determinations in accordance with 4-PL Par. 236?</li> </ul> <div style="text-align: center;"> <input type="checkbox"/> YES    <input type="checkbox"/> NO         </div> <ul style="list-style-type: none"> <li>If "NO", note explanation in Findings.</li> </ul>		
7	County Committee Determinations	Did the county committee make all payment eligibility determinations within 60 calendar days after the required forms and supporting documentation needed for the determinations were received in the county office?  <div style="text-align: center;"> <input checked="" type="checkbox"/> YES    <input type="checkbox"/> NO         </div> <ul style="list-style-type: none"> <li>If "NO", document in Findings as a default determination in accordance with 4-PL Par. 208.</li> </ul>		
D. Signature of Reviewing Authority or Review Team Member  <i>/s/ Josephine Rodriguez</i>			E. Date (MM-DD-YYYY)  <b>09-03-2010</b>	

--\*

## \*--421 Completing and Documenting Reviews (Continued)

## F Example of Completed CCC-900 Package (Continued)

This form is available electronically.

<b>CCC-900-5</b> (08-12-10)  <b>PAYMENT ELIGIBILITY/LIMITATION</b> <b>SUMMARY OF FINDINGS AND RECOMMENDATIONS</b>	<b>U.S. DEPARTMENT OF AGRICULTURE</b> Commodity Credit Corporation		A. Producer Name  Beringer Partners	
			B. State and County Office Name  Johnson County FSA Office; TX	
			C. Program Year Reviewed <input checked="" type="checkbox"/> 2009 <input type="checkbox"/> 2010 <input type="checkbox"/> 2011 <input type="checkbox"/> 2012	

Complete this form to summarize findings for the initial reviewing authority.

Factor	YES	NO	Questioned	N/A	Handbook or Worksheet Reference
1. CCC-902 followed.	x				4-PL; Parts 2, 3 and 4
2. Significant contribution of land.	x				4-PL; Pars. 61 and 74
3. Significant contribution of capital.	x				4-PL; Pars. 61 and 72
4. Significant contribution of equipment.	x				4-PL; Pars. 61 and 73
5. Significant contribution of "left-hand" combination.	x				4-PL; Pars. 61, 71 and 77
6. Significant contribution of active personal labor.		x			4-PL; Pars. 61 and 75
7. Significant contribution of active personal management.	x				4-PL; Pars 61 and 75
8. Significant contribution of "right-hand" combination.		x			4-PL; Pars. 61, 71 and 77
9. Share of profits and losses commensurate with contributions.	x				4-PL; Pars. 61 and 78
10. Contributions at risk.	x				4-PL; Pars. 61 and 79
11. Cash-rent tenant rule met.	x				4-PL; Pars. 91 and 92
12. Foreign person rule met.				X	4-PL; Pars. 106-111
13. Substantive change requirements met.				X	4-PL; Pars. 54-58
14. Spousal provision requirements met.				X	4-PL; Par. 116
15. Common attribution determination correct.				X	4-PL; Par. 179
16. Initial "actively engaged in farming" determination correct.	x				4-PL; Part 2, Section 6, Subsection 1
17. Minor child determination correct.				X	4-PL; Par. 117
18. For a legal entity, such as a corporation, LLC, or LLP, were contributions of active personal labor and/or active personal management of each partner, stockholder, or member: <ul style="list-style-type: none"> <li>Performed on a regular basis</li> <li>Identifiable and documentable</li> <li>Separate and distinct from contributions of other partners, stockholders, or members?</li> </ul>			If "NO", list the partner, stockholder, or member that failed to make such contributions.	X	4-PL; Pars. 147 and 148

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write to USDA, Assistant Secretary for Civil Rights, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, S.W., Stop 9410, Washington, DC 20250-9410, or call toll-free at (866) 632-9992 (English) or (800) 877-8339 (TDD) or (866) 377-8642 (English Federal-relay) or (800) 845-6136 (Spanish Federal-relay). USDA is an equal opportunity provider and employer.

--\*

## \*--421 Completing and Documenting Reviews (Continued)

## F Example of Completed CCC-900 Package (Continued)

CCC-900-5 (08-12-10)		Page 2 of 2
Producer Name: <b>Beringer Partners</b>		
<p>19. "Actively Engaged in Farming" Findings</p> <p>Each member of Beringer Partners met the requirements to be considered "actively engaged in farming" through the Partnership's significant contributions of capital, equipment and land, and the significant contributions of active personal management by each member of the farming operation. The interviews completed of the members independently revealed that each were very familiar and had specialized knowledge of their duties and responsibilities as represented while at the same time, were quite aware of the other daily activities that occurred in the farming operation. All members were signatory to any borrowing or financing for the partnership. No question that member contributions were commensurate with claimed shares and at risk.</p>		
<p>20. Cash-Rent Tenant Findings</p> <p>The cash rent tenant provisions were met by each of the members through the partnership's significant contribution of equipment and the significant contributions of active personal management by each of the members.</p>		
<p>21. Substantive Change and Other Findings</p> <p>No increase in the number of limitations for payment for 2009. Substantive change provisions were not applicable.</p>		
<p>22. Were the initial determinations correct?</p> <p><input checked="" type="checkbox"/> YES. Go to Item 23.</p> <p><input type="checkbox"/> NO. Provide a detailed explanation of why not.</p>		
<p>23. Recommendations</p> <p>The review team recommends that the determinations of record be affirmed and the farming operation remains eligible for all 2009 program payments and benefits subject to limitation.</p>		
<p>D. Signature of Reviewing Authority or Review Team Member</p> <p><b>/s/ Archie Stanton</b></p>	<p>E. Date (MM-DD-YYYY)</p> <p><b>09-03-2010</b></p>	
<p><b>Submitted to the COC or STC for review and determinations.</b></p>		
<p>F. Date Submitted (MM-DD-YYYY): <b>09-03-2010</b></p>		

--\*

422 (Withdrawn--Amend. 6)

423-440 (Reserved)

8-18-10

4-PL Amend. 6

Page 8-54  
(through 8-80)

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

### Reports

None.

### Forms

This table lists all forms referenced in this handbook.

Number	Title	Display Reference	Reference
AD-1026A	Supplemental to AD-1026		34
CCC-502	Farm Operation Plan for Payment Eligibility Review for _____		Ex. 10
CCC-509	2009-2012 Direct and Counter-Cyclical Program Contract		3, 119, 157
CCC-526	Payment Eligibility Average Adjusted Gross Income Certification		Ex. 10
CCC-580	Milk Income Loss Contract (MILC)		186
CCC-900-1	Payment Eligibility/Limitation Selection, Notification, and Information Collection Checklist 1	421	
CCC-900-2	Payment Eligibility/Limitation Documents Received From Producer Checklist 2	421	
CCC-900-3	Payment Eligibility/Limitation Contribution Worksheet	421	
CCC-900-4	Payment Eligibility/Limitation Substantive Change and Other Determinations Worksheet	421	
CCC-900-5	Payment Eligibility/Limitation Summary of Findings and Recommendations	421	
CCC-901	Member's Information - 2009 and Subsequent Years	99	Text
CCC-902 Continuation	Continuation Sheet for Leased or Owned Land (Attach to Form CCC-902I or CCC-902E)	140	Text, Ex. 10
CCC-902E	Farm Operating Plan for an Entity - 2009 and Subsequent Program Years	120, 122, 140, 149, 158, 170	Text, Ex. 10
CCC-902E Continuation	Continuation Sheet for Farm Operating Plan for an Entity - 2009 and Subsequent Program Years	141	34
CCC-902EYR	End-of-Year Report of payment Limitation Review	441	
CCC-902I	Farm Operating Plan for an Individual - 2009 and Subsequent Program Years	130	Text, Ex. 10
CCC-902I Short Form	Farm Operating Plan for an Individual - 2009 and Subsequent Program Years	131	34, 74

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

## Forms (Continued)

Number	Title	Display Reference	Reference
CCC-903	Worksheet for Payment Eligibility and Payment Limitation Determinations	207	33, 109
CCC-926	Average Adjusted Gross Income (AGI) Statement	198	31, 32, 119, 189, 199-201, Ex. 10
CCC-927	2009 and/or 2010 Consent to Disclosure of Tax Information - Individual	200	199, 201, 202, 203.4, 204, Ex. 11-13
CCC-928	2009 and/or 2010 Consent to Disclosure of Tax Information - Legal Entity	200	199, 201, 202, 203.4, 204, Ex. 11-13
CRP-1	Conservation Reserve Program Contract		13, 187, 190, Ex. 10
FSA-211	Power of Attorney		189
I-151 <u>1/</u>	Alien Registration Receipt Card		107
I-551	Permanent Resident Card/Resident Alien Card	107	108, 120, Ex. 2
IRS-990	Return of Organizations Exempt From Income Tax		97
IRS-1120S	U.S. Income Tax Return for an S Corporation		191

1/ Form is obsolete.

## Abbreviations Not Listed in 1-CM

The following abbreviations are **not** listed in 1-CM.

Approved Abbreviation	Term	Reference
AMA	Agriculture Management Assistance	11, 187
AWEP	Agricultural Water Enhancement Program	11, 187
CBWP	Chesapeake Bay Watershed Program	11, 187
CCPI	Cooperative Conservation Partnership Initiative	11, 187
CSTP	Conservation Stewardship Program	11, 14, 187
EIN	employer identification number	156, 168, 200
ELAP	Emergency Assistance Program for Livestock, Honey Bees, and Farm-raised Fish	11, 14, 186, 187
FRPP	Farm and Ranchland Protection Program	11, 187

## Reports, Forms, Abbreviations, and Redelegations of Authority (Continued)

## Abbreviations Not Listed in 1-CM (Continued)

Approved Abbreviation	Term	Reference
IRA	individual retirement account	167
LLP	limited liability partnership	34, 52, 146-148, 149, 191
LP	limited partnership	34, 52, 120, 146-148, 149, 191, Ex. 2
MLG	marketing loan gain	3, 11, 12, 14, 186
SURE	Supplemental Revenue Assistance Payments Program	1, 11, 14, 186, 187
TAAF	Trade Adjustment Assistance for Farmers	14, 34, 187
WHIP	Wildlife Habitat Incentives Program	11, 14, 187

## Redelegations of Authority

This table lists redelegations of authority in this handbook.

Redelegation	Reference
Making Determination Decisions	216
Monitoring Determinations	216



**\*--2009 and 2010 Schedule for Average AGI Compliance Actions**

Follow this table for the 2009 and 2010 schedule for average AGI compliance actions.

<b>Date</b>	<b>Action</b>	<b>Process</b>
June 15	Deadline for submitting CCC-927 or CCC-928 to IRS.	
To be determined	Reconciliation of data returned from IRS and 2009/2010 payment recipients.	Match by ID number the data returned from IRS with sub-files with "Y" in the "Average AGI" field for 2009 and/or 2010. Report only those names and ID numbers that lack a corresponding data return from IRS.
To be determined	First notice of no data returns from IRS. Provide 30 calendar days to submit CCC-927 or CCC-928 to IRS.	Notice generated and mailed from KC.
To be determined	Second notice of no data returns from IRS. Provide 30 calendar days to submit information to correct condition; otherwise, will be determined ineligible for 2009 and/or 2010 program payments and benefits subject to average AGI compliance.  First notice of questionable average AGI compliance based on data returned from IRS. Provide 30 calendar days to submit information that demonstrates compliance with the applicable average AGI limitations; otherwise, will be determined ineligible for 2009 and/or 2010 program payments and benefits subject to average AGI compliance.	Match by ID number the data returned from IRS with sub-files with "Y" in the "Average AGI" field for 2009 and/or 2010. Report only those names and ID numbers that lack a corresponding data return from IRS. Notice generated and mailed from KC.  Compare sub-files with "Y" in the "Average AGI" field for 2009 and/or 2010 with the data returned from IRS for the names and ID numbers with indicators of questionable average AGI compliance. Provide results by State and county codes. Once list is provided to each State, notice will be issued from State Offices.
October 1	Final 2010 DCP and ACRE payments.	
October 1	CRP annual rental payments.	
To be determined	No data returns from IRS or no additional information was timely provided. Send written notice of ineligibility for 2009 and/or 2010 program payments and benefits because of average AGI noncompliance. Include appeal rights according to 1-APP.	Match by ID number the data returned from IRS with sub-files with "Y" in the "Average AGI" field for 2009 and/or 2010. Report only those names and ID numbers that lack a corresponding data return from IRS. Provide lists to each State Office.  State Offices issue notice of determination.
To be determined	Sub-files changed to reflect status of ineligibility for 2009 and/or 2010 program payments and benefits because of average AGI noncompliance.	State Offices notify control/recording County Offices of the determinations. Control/recording County Offices shall take appropriate actions.

--\*



**\*--2011 and 2012 Schedule for Average AGI Compliance Actions**

Follow this table for the 2011 and 2012 schedule for average AGI compliance actions.

<b>Date</b>	<b>Action</b>	<b>Process</b>
June 1	Deadline for submitting CCC-927 or CCC-928 to IRS.	
July 1	Reconciliation of data returned from IRS and 2011/2012 payment recipients.	Match by ID number the data returned from IRS with sub-files with "Y" in the "Average AGI" field for 2011 and/or 2012. Report only those names and ID numbers that lack a corresponding data return from IRS.
July 15	First notice of no data returns from IRS. Provide 30 calendar days to submit CCC-927 or CCC-928 to IRS.	Notice generated and mailed from KC.
August 15	Second notice of no data returns from IRS. Provide 30 calendar days to submit information to correct condition; otherwise, will be determined ineligible for 2011 and/or 2012 program payments and benefits subject to average AGI compliance.  First notice of questionable average AGI compliance based on data returned from IRS. Provide 30 calendar days to submit information that demonstrates compliance with the applicable average AGI limitations; otherwise, will be determined ineligible for 2011 and/or 2012 program payments and benefits subject to average AGI compliance.	Match by ID number the data returned from IRS with sub-files with "Y" in the "Average AGI" field for 2011 and/or 2012. Report only those names and ID numbers that lack a corresponding data return from IRS. Notice generated and mailed from KC.  Compare sub-files with "Y" in the "Average AGI" field for 2011 and/or 2012 with the data returned from IRS for the names and ID numbers with indicators of questionable average AGI compliance. Provide results by State and county codes. Once list is provided to each State, notice will be issued from State Offices.
September 15	No data returns from IRS or no additional information was timely provided. Send written notice of ineligibility for 2011 and/or 2012 program payments and benefits because of average AGI noncompliance. Include appeal rights according to 1-APP.	Match by ID number the data returned from IRS with sub-files with "Y" in the "Average AGI" field for 2011 and/or 2012. Report only those names and ID numbers that lack a corresponding data return from IRS. Provide lists to each State Office.  State Offices issue notice of determination.
September 15	Sub-files changed to reflect status of ineligibility for 2011 and/or 2012 program payments and benefits because of average AGI noncompliance.	State Offices notify control/recording County Offices of the determinations. Control/recording County Offices shall take appropriate actions.
October 1	Final DCP and ACRE payments.	
October 1	CRP annual rental payments.	



**\*--Example of IRS Letter of Explanation**

Department of the Treasury  
Internal Revenue Service

**Notice XXX**  
(3-2010)

---

U.S. Department of Agriculture Forms CCC-927 and CCC-928  
Consent To Disclosure of Tax Information – Individual and Legal Entity

---

Your USDA Form CCC-927 or CCC-928 is being returned to you due to **incomplete entries or illegibility**. The following information is required on all USDA Forms CCC-927 and CCC-928:

Box Number 1: Person's name and address for Form CCC-927 or the Legal entity's name and address for Form CCC-928. (Please enter the name and address as it appears on the returns filed for the taxable years checked in Box 3.

Box Number 2: Enter the complete social security number of the individual identified in Box 1 of Form CCC-927. Enter the complete employer identification number of the legal entity identified in Box 1 of Form CCC-928.

Box Number 3: Check the appropriate box(es) to indicate the 3 year period(s) used for determination of the average adjusted gross income for payment eligibility.

Box Number 4: Signature of the individual identified in Box 1 of Form CCC-927. Signature of the individual authorized under State law to represent the legal entity identified in Box 1 of Form CCC-928.

Box Number 5, Form CCC-928: Enter the title or relationship to the legal entity identified in Box 1.

Box Number 5, CCC-927: Enter the signature date in month, day, and year.

Box Number 6, CCC-928: Enter the signature date in month, day, and year.

Please submit a new completed request to:  
Internal Revenue Service  
P.O. Box 24033  
Fresno, CA 93779

If you have any questions, contact your local USDA Service Center.

