

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250

Payment Eligibility, Payment Limitation, and Average Adjusted Gross Income 4-PL	Amendment 7
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Approved by: Acting Deputy Administrator, Farm Programs



Amendment Transmittal

A Reasons for Amendment

Subparagraph 34 D has been amended to:

- correct forms requirements
- update subsidiary files for conservation, price support, and other programs.

Subparagraph 190 C has been amended to add a note that average AGI provisions are effective for a successor to an approved CRP-1 based on the date of contract succession, not on the original approval date of CRP-1.

Paragraph 200 has been amended to include examples of completed CCC-927 and CCC-928 as revised for inclusion of the 2011 year.

Subparagraph 201 B has been amended to update the Supplemental Information to CCC-926, CCC-927, and CCC-928.

Subparagraph 421 F has been amended to correct and revise CCC-900-3.

Exhibit 10 has been amended to include that average AGI provisions are effective based on the contract approval date for CRP-1's approved on or after October 1, 2008.

Page Control Chart		
TC	Text	Exhibit
	2-33, 2-34	1, pages 1, 2
	2-39 through 2-50	10, pages 1, 2
	6-9, 6-10	
	6-29 through 6-38	
	8-39 through 8-50	

31 Filing Requirements (Continued)

--B Forms and Updates (Continued)--

- the contributions of farm inputs of capital, equipment, active personal labor, or active personal management
- the acquisition of farming interests **not** previously disclosed on CCC-902, including the farming interests of a spouse or minor child
- financial status that may affect the 3-year average for the determination of average AGI or other change that affects eligibility under the average adjusted income limitation.

C Documenting Changes

Changes to a farming operation may be documented on 1 of the following, depending upon the nature and extent of the changes:

- a photocopy of the previously filed CCC-902

Note: The producer should initial and date **each** change.

- CCC-902 Continuation

Note: CCC-902 Continuation may be used to document changes affecting owned or leased land in the producer's farming operation.

- a new CCC-902
- a new CCC-901, if membership in an embedded entity changes.

If changes are documented using CCC-902 photocopy or CCC-902 Continuation, the CCC-902 photocopy or CCC-902 Continuation shall **also** be signed and dated by the producer.

Note: If a new CCC-902 is submitted:

- applicable determinations **must** be made and the producer notified according to Part 7
- flag the producer as "awaiting determination" according to 3-PL (Rev. 1), subparagraph 26 B until all determinations are finalized.

32 Documentation

A Introduction

This paragraph provides guidelines on documentation needed to support COC determination.

B Adequate Documentation

COC shall require adequate documentation to support the applicable CCC-902 and CCC-926.

Definition: Adequate documentation means whatever documentation is required by the reviewing authority to make proper actively engaged in farming, attribution, and average AGI compliance determinations.

C Documentation Not Required

The reviewing authority should avoid requiring documents that are extremely personal if the determination can reasonably be made without the documents. COC may:

- accept documents with redacted information that is **not** relevant to the actively engaged in farming and average AGI determinations
- accept income tax returns to make the determination if **voluntarily** provided by the producer
- request income tax returns to verify compliance with all average AGI limitations.

D Lease Information

It is **not** anticipated that amounts paid for land leases or equipment leases will be needed unless the equipment or land is leased from another member with an interest in the farming operation.

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), CCC-902I Short Form (Parts A, B, and F), or CCC-902E (Parts A, B, C, and L) 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
- *--update subsidiary files according to 3-PL (Rev. 1), Part 3
- record entities and joint operations according to 2-PL.--*

35-40 (Reserved)

190 Rules for Special Cases**A Acceptable Documentation**

For a person or legal entity, including a foreign person or legal entity that does **not** have tax records or is **not** required to file tax returns, acceptable forms of AGI documentation may include, but are **not** limited to, the following:

- annual budgets and statement of operations
- annual public financial disclosures
- financial statements
- other documentation as deemed acceptable by the reviewing authority.

B Churches, Clubs, Fraternal Organizations, Societies, and Similar Associations

Persons who attend a church or belong to a club, fraternal organization, association, or similar type of entity that is requesting payments or benefits:

- do **not** hold an ownership interest in the entity
- are **not** required to submit an AGI certification for the entity to meet AGI provision.

Note: The church, club, etc. are required to provide an AGI certification.

190 Rules for Special Cases (Continued)**C Multi-Year Contracts and Agreements**

For program contracts and agreements that extend more than 1 crop year, program year, or FY, the average AGI determination will:

- be based on the 3 taxable years preceding the most immediately preceding complete taxable year for which the contract or agreement is approved

***--Note:** For a successor to an approved CRP-1, the 3-year period is based on the approval date of succession, **not** on the original approval date of CRP-1. See Exhibit 10.--*

- be made once and apply for the entire term of the contract or agreement.

D Succession-in-Interest

The average AGI limitations, according to this part, do **not** apply to multi-year contracts; such as CRP-1's that were effective **before** October 1, 2008. The average AGI provisions in this part were **not** part of the original contract or agreement when executed.

If succession occurs to a multi-year contract or agreement that was effective:

- **before** FY 2009, the successors **will not** be subject to AGI provisions in this part on the multi-year contract or agreement
- for FY 2009 or subsequent years, the successors **will** be subject to AGI provisions on the multi-year contract or agreement.

E Multi-Year CRP-1 Extensions and Re-Enrollments

See Exhibit 10 for multi-year CRP-1 extensions and re-enrollments.

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 purposes.

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, 2010, and/or 2011--*
- 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, 2010, and/or 2011
- a member of another legal entity that is a program participant.

Note: CCC-927 and CCC-928 must be submitted under the same name and TIN as used for tax filing purposes.

Example: A revocable trust identified by the grantor's Social Security number must submit CCC-927 for an individual with the grantor's name.--*

200 Disclosing Information (Continued)**D Time Period of Consent for Disclosure**

*--Selection of the 2009, 2010, and/or 2011 program year applies to participants:

- in programs subject to 2009, 2010, and/or 2011 average AGI compliance
- who filed CCC-926 or an acceptable statement from CPA or attorney for 2009, 2010, and/or 2011 average AGI compliance.

Note: Participants are to select only the year or years for which program payments are requested and written consent was not previously submitted.--*

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, 2010, and/or 2011 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
- 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, 2010, and/or 2011 crop, program, and FY's
- required to refund **all** 2009, 2010, and/or 2011 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.

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<p>This form is available electronically.</p> <p>CCC-927 U.S. DEPARTMENT OF AGRICULTURE (09-27-10) Commodity Credit Corporation</p> <p align="center">CONSENT TO DISCLOSURE OF TAX INFORMATION - INDIVIDUAL</p>		<p>Mail completed form to:</p> <p align="center">Internal Revenue Service - USDA P.O. Box 24033 Fresno, CA 93779</p>
<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>		
<p>1. Name and Address (Include Zip Code) Jason Smith 123 Backwoods Rd Someplace, MO 21212</p>	<p>2. Taxpayer Identification Number (TIN) <i>(Enter Social Security number or Individual Taxpayer Identification number)</i></p> <p align="center"><u>1</u> <u>X</u> <u>3</u> - <u>4</u> <u>X</u> - <u>6</u> <u>X</u> <u>8</u> <u>X</u></p>	
<p><i>(Use the same name and address as used for the return specified below)</i></p> <p align="center">CONSENT TO DISCLOSURE OF TAX INFORMATION</p> <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>		
<p>3. Check the appropriate year(s) for payment eligibility (You may check one, two, or all three)</p> <p><input type="checkbox"/> For 2009 program payment eligibility: The applicable 3-year period for calculation of the average AGI will be the taxable years of 2007, 2006 and 2005.</p> <p><input checked="" type="checkbox"/> For 2010 program payment eligibility: The applicable 3-year period for calculation of the average AGI will be the taxable years of 2008, 2007 and 2006.</p> <p><input checked="" type="checkbox"/> For 2011 program payment eligibility: The applicable 3-year period for calculation of the average AGI will be the taxable years of 2009, 2008 and 2007.</p>		
<p>- Do not sign this form unless Box 1, 2 and 3 have been completed. - If not signed and dated, this consent to disclosure of tax information will be returned, which may delay the receipt of any program benefits. - 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. - It is my responsibility to timely mail this completed form to the IRS at the address provided.</p>		
<p>4. Signature <i>/s/ Jason Smith</i></p>	<p>5. Date (MM-DD-YYYY) 10-28-2010</p>	
<p><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, audiocassette, 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></p>		

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200 Disclosing Information (Continued)

I Example of Completed CCC-927 (Continued)

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CCC-927 (09-27-10)	Page 2 of 2
Instructions for CCC-927	Consent to Disclosure of Tax Information - Individual
<p>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.</p> <p>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 <u>not</u> 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.</p> <p>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.</p> <p>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 <u>cannot</u> be used for this form.</p> <p><u>Submit the original of the completed form in hard copy directly to IRS at the address listed on the front of the form.</u></p> <p><i>Do not submit this form to the local USDA Service Center.</i></p> <p><i>If you have any questions, contact your local USDA Service Center. Do not contact the IRS.</i></p> <p>Complete Boxes 1, 2 and 3; Read all acknowledgements; Sign and date in Boxes 4 and 5.</p>	
Field Name / Box No.	Instruction
1 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>
2 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>
3 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.
4 Signature	Read the acknowledgments, responsibilities and authorizations, <i>before</i> affixing your signature. <i>This form must be signed only by the individual identified in Box 1.</i>
5 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>

Incomplete forms will be returned.

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200 Disclosing Information (Continued)

J Example of Completed CCC-928

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

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<p>This form is available electronically.</p> <p>CCC-928 U.S. DEPARTMENT OF AGRICULTURE (09-27-10) Commodity Credit Corporation</p> <p align="center">CONSENT TO DISCLOSURE OF TAX INFORMATION – LEGAL ENTITY</p>		<p>Mail completed form to:</p> <p align="center">Internal Revenue Service - USDA P. O. Box 24033 Fresno, CA 93779</p>
<p><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></p> <p><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></p> <p><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></p>		
<p>1. Name and Address of legal entity (Include Zip Code) Martha Beckham Trust No. 1 4600 Beckham Rd Cleburne, TX 73333</p>	<p>2. Taxpayer Identification Number (TIN) (Enter Employer Identification Number)</p> <p align="center"><u>1</u> <u>X</u> - <u>3</u> <u>X</u> <u>5</u> <u>X</u> <u>7</u> <u>X</u> <u>9</u></p>	
<p><i>(Use the same name and address as used for the return specified below)</i></p> <p align="center">CONSENT TO DISCLOSURE OF TAX INFORMATION</p> <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>		
<p>3. Check the appropriate year(s) for payment eligibility (You may check one, two, or all three)</p> <p><input type="checkbox"/> For 2009 program payment eligibility: The applicable 3-year period for calculation of the average AGI will be the taxable years of 2007, 2006 and 2005.</p> <p><input type="checkbox"/> For 2010 program payment eligibility: The applicable 3-year period for calculation of the average AGI will be the taxable years of 2008, 2007 and 2006.</p> <p><input checked="" type="checkbox"/> For 2011 program payment eligibility: The applicable 3-year period for calculation of the average AGI will be the taxable years of 2009, 2008 and 2007.</p>		
<p>- Do not sign and date unless Box 1, 2 and 3 have been completed. - If not signed and dated, this consent to disclosure of tax information will be returned, which may delay the receipt of program benefits. - 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. - 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. - It is my responsibility to timely mail this completed form to the IRS at the address provided.</p>		
<p>4. Signature (By)</p> <p align="center"><i>/s/ Martha Beckham</i></p>	<p>5. Title/Relationship of the Individual if Signing in a Representative Capacity</p> <p align="center">Trustee</p>	<p>6. Date (MM-DD-YYYY)</p> <p align="center">11-15-2010</p>
<p><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, audiocassette, 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></p>		

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200 Disclosing Information (Continued)

J Example of Completed CCC-928 (Continued)

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CCC-928 (09-27-10)	Page 2 of 2
Instructions for CCC-928 Consent to Disclosure of Tax Information – Legal Entity	
<p>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.</p> <p>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 <u>not</u> 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.</p> <p>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.</p> <p>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 <u>cannot</u> be used for this form.</p> <p>Submit the original of the completed form in hard copy directly to the IRS at this address listed on the form.</p> <p><i>Do not submit this form to the local USDA Service Center.</i></p> <p><i>If you have any questions, contact your local USDA Service Center. Do not contact the IRS.</i></p> <p>Complete Boxes 1, 2, and 3; Read all acknowledgements; Sign, complete, and date Boxes 4 through 6.</p>	
Field Name / Box No.	Instruction
1 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>
2 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>
3 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.
4 Signature	Read the acknowledgments, responsibilities and authorizations, <i>before</i> affixing signature. <i>This form must be signed only by the individual authorized under State law to represent the legal entity identified in Box 1.</i>
5 Title	Enter title or relationship to the legal entity identified in Box 1.
6 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 120 days of your signature.</i>

Incomplete forms will be returned.

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

A Explanation of Average AGI Verification Process

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

- 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 CCC-926, CCC-927, and CCC-928

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

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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 2009, 2010, and/or 2011. 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. Selection of “2011” on the form authorizes IRS to perform the average AGI calculations for the 2007, 2008 and 2009 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 program payments and the possibility of refunding program payments. The consent forms should be mailed directly to IRS at the address given on the form as soon as possible. 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.
- **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).

September 2010

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--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.--*

421 Completing and Documenting Reviews (Continued)

F Example of Completed CCC-900 Package (Continued)

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This form is available electronically. CCC-900-3 U.S. DEPARTMENT OF AGRICULTURE (09-27-10) Commodity Credit Corporation PAYMENT ELIGIBILITY/LIMITATION CONTRIBUTION WORKSHEET						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
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.						
<small>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.</small>						

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421 Completing and Documenting Reviews (Continued)

F Example of Completed CCC-900 Package (Continued)

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CCC-900-3 (09-27-10)		Page 2 of 11		
		Producer Name: Beringer Partners		
PART B - CAPITAL CONTRIBUTION				
Complete Part B to determine whether capital qualified as a significant contribution.				
		YES	NO	N/A
Was capital used as a significant contribution? If "YES", complete this Part B. If "NO", go to Part C.		x		
Step	Action			
1	Determine how the capital used as a significant contribution was acquired. Note: Check the appropriate item or items, and go to the corresponding step of Part B. <input type="checkbox"/> A. Direct out-of-pocket input by individual, entity, joint operation, or members of joint operation. Go to step 2. <input checked="" type="checkbox"/> B. Capital borrowed by individual, entity, joint operation, or member of joint operation. Go to step 3.			
2	Determinations if direct out-of-pocket capital input. 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: 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. 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: 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. Was capital borrowed? If "YES", go to step 3. If "NO", go to step 4.			
3	Determination if capital was borrowed. If the capital contribution was borrowed: A. Interview the producer to determine from whom the capital was borrowed, and annotate the lender's name: First Commercial National Bank and Trust B. Indicate the percentage of capital contribution that was borrowed: <u>70%</u> C. Review accounting records to determine whether the capital was contributed directly to the farming operation. D. Arrange with the producer to contact the lender and review the loan file. 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.		x	

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421 Completing and Documenting Reviews (Continued)

F Example of Completed CCC-900 Package (Continued)

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CCC-900-3 (09-27-10)		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 not 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 C. 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>			
PART C – EQUIPMENT CONTRIBUTION				
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>Note: 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 all of the equipment used in the farming operation?</p> <p>Note: 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		

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421 Completing and Documenting Reviews (Continued)

F Example of Completed CCC-900 Package (Continued)

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CCC-900-3 (09-27-10)		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"> If "NO", equipment may be used as a significant contribution. 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. 		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>Note: 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>Note: 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		

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421 Completing and Documenting Reviews (Continued)

F Example of Completed CCC-900 Package (Continued)

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CCC-900-3 (09-27-10)		Page 5 of 11		
Producer Name: Beringer Partners				
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.			
PART D – LAND CONTRIBUTION				
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.		x		
Step	Action	YES	NO	N/A
1	Determine how the land used as a significant contribution was acquired. Note: 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. Note: 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? Note: 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. Note: 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? Note: 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? Note: 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.			

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421 Completing and Documenting Reviews (Continued)

F Example of Completed CCC-900 Package (Continued)

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CCC-900-3 (09-27-10)		Page 6 of 11		
		Producer Name: Beringer Partners		
Step	Action	YES	NO	N/A
3	<p>Determination if land is owned and contributed by member or members of joint operation.</p> <ul style="list-style-type: none"> Obtain and review the deed or other title documents for the land. <p>Note: If not available from the County Office, this information should be filed with the appropriate county court.</p> <p>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."</p>			
	<ul style="list-style-type: none"> 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. <p>Note: This is considered to be acquired as a result of a loan.</p> <p>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?</p> <p>If "NO", go to step 4.</p> <p>If "YES", the land cannot qualify as a contribution to the farming operation. Document and copy appropriate information.</p>			
4	<p>Determinations if land is crop-share leased.</p> <ul style="list-style-type: none"> Obtain and review the lease agreements between the farming operation and the landowner. <p>A. Does the lease agreement require a minimum cash payment? If "YES", determine if it is a cash or share lease.</p>		X	
	<ul style="list-style-type: none"> 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. <p>B. Was the landowner's share of the production the same as reported to FSA?</p> <p>If "NO", discuss this with the producer to determine why the landowner's share was different than that reported.</p>	X		
	<p>C. Was the land leased from someone with an interest in the farming operation other than as a landlord? If "YES", explain.</p>		X	

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421 Completing and Documenting Reviews (Continued)

F Example of Completed CCC-900 Package (Continued)

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CCC-900-3 (09-27-10)		Page 7 of 11		
		Producer Name: Beringer Partners		
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"> Review CCC-902 and cash-lease agreements. Determine who the land was leased from and if they had an interest in the farming operation. 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. <p>Note: 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>Note: 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"> 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. <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>Note: 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>			

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421 Completing and Documenting Reviews (Continued)

F Example of Completed CCC-900 Package (Continued)

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CCC-900-3 (09-27-10)		Page 8 of 11		
Producer Name: Beringer Partners				
PART E – CASH-RENT TENANT				
Complete Part E to determine whether the producer meets the cash-rent tenant rule.				
		YES	NO	N/A
Step	Action			
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"> • If "YES", complete Part G to determine if the contribution of active personal labor was significant. • If "NO", complete Part C and Part H to determine if the producer provided a combination of significant contributions of equipment and management. 		X	
2	<p>Upon completion of Parts C and H, does the producer meet the cash-rent tenant rules of 4-PL paragraphs 91 and 92.</p> <ul style="list-style-type: none"> • If "YES", complete step 3 and go to CCC-900-5. • If "NO", determine the producer ineligible for payment on the cash-rent land. Complete step 3 and go to worksheet CCC-900-5. 	X		
3	<p>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.</p>			
PART F – COMBINATION OF CAPITAL, EQUIPMENT, AND LAND CONTRIBUTION				
Complete Part E determine whether a combination of capital, equipment, and land qualified as a significant contribution.				
		YES	NO	N/A
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.			X	
Step	Action			
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"> • 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"> <input type="checkbox"/> A. Capital (go to Part B) <input type="checkbox"/> B. Equipment (go to Part C) <input type="checkbox"/> C. Land (go to Part H) <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"> • If "YES", the requirements for significant "left-hand" contribution have been met. • If "NO", the requirements to be "actively engaged in farming" have not been met unless exception applies. <p>Check the appropriate exception if applicable:</p> <ul style="list-style-type: none"> <input type="checkbox"/> A. Family member provision (joint operation only) <input type="checkbox"/> B. Sharecropper 	YES	NO	N/A
3	<p>Summarize the facts involved in this determination, develop findings as appropriate, and go to Part G.</p>			

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421 Completing and Documenting Reviews (Continued)

F Example of Completed CCC-900 Package (Continued)

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CCC-900-3 (09-27-10)		Page 9 of 11				
Producer Name:						
PART G – ACTIVE PERSONAL LABOR CONTRIBUTION						
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 G. If "NO", go to Part J.				YES	NO	N/A
Step	Action					
1	<ul style="list-style-type: none"> • Review CCC-902 and interview the individual or individuals contributing active personal labor. • 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. • Is there any record of hours worked by the contributing individual or individuals? If "YES", review and obtain copies to document the determination? 					
2	Is this producer a joint operation? <ul style="list-style-type: none"> • If "YES", determine whether labor performed by a member of a joint operation, was excluded as a contribution. Note: If a member of joint operation is paid for any part of the contribution, the contribution cannot be counted. • Review accounting records and determine whether salaries were paid by the joint operation to any member. • If "NO", go to step 3. 					
3	Determine whether the individual could have provided the labor reported on CCC-902. <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>Note: 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	Review the payroll and accounting records. <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	Determine: <ul style="list-style-type: none"> • How "draws" on capital accounts were considered at the end of the year when the profit or loss was disbursed • For joint operations, if commensurate shares were maintained for the members. 					

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421 Completing and Documenting Reviews (Continued)

F Example of Completed CCC-900 Package (Continued)

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CCC-900-3 (09-27-10)		Producer Name: Beringer Partners			Page 10 of 11	
PART H – ACTIVE PERSONAL MANAGEMENT CONTRIBUTION						
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	N/A
				X		
Step	Action					
1	Review the description of management shown on CCC-902.					
2	Is this a joint operation? <ul style="list-style-type: none"> If "YES", determine whether management performed by a member of a joint operation, was excluded as a contribution. Note: If a member of joint operation is paid for any part of the contribution, the contribution cannot be counted. Review accounting records and determine whether salaries were paid by the joint operation to any member. If "NO", go to step 3. 					
3	If documentation does not adequately establish management contributions, interview the individual(s) and discuss management. <ul style="list-style-type: none"> Does the individual(s) have knowledge of the farming operation commensurate with their claimed contribution of management? Ask the individual(s) how the management duties performed contribute to the profitability of the farming operation. Compare the written description of management on CCC-902 with the individual's comments. Note: Consider interview with the individual (without manager or principal present), if information indicates that it is doubtful the individual provided active personal management. 					
4	Has the individual(s) prepared written management reports during the year? If "NO", go to step 5. If "YES", review and obtain copies.					
5	Compare all the individual's residences with the farm location. <p>Was onsite management provided?</p> <ul style="list-style-type: none"> If "YES", how often? <p>On a daily basis</p> If "NO", how are management duties performed? 					
6	Determine: <ul style="list-style-type: none"> How "draws" upon capital accounts were considered at the end of the year when the profit or loss was disbursed. For joint operations, if commensurate shares were maintained for the members. No draws were made by any of the members during the year.					
7	Compare the reported management contribution to the operation with the review results, and determine whether there is a significant difference. <p>There were no significant differences found or noted.</p>					
8	Summarize the facts involved in this determination, develop findings as appropriate, and go to Part I. <p>The documentation and personal interviews supported the members' representations of their management duties and responsibilities.</p>					

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421 Completing and Documenting Reviews (Continued)

F Example of Completed CCC-900 Package (Continued)

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CCC-900-3 (09-27-10)		Page 11 of 11	
Producer Name: Beringer Partners			
PART I – CONTINUATION OF ACTIVE PERSONAL LABOR AND ACTIVE PERSONAL MANAGEMENT CONTRIBUTION			
Complete Part H to determine whether a combination of active personal labor and active personal management qualified as a significant contribution.			
		YES	NO
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"/>
Step	Action		
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.		
PART J – COMMENSURATE AND AT-RISK CONTRIBUTIONS			
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:		YES	NO
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:		YES	NO
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.			
Each member individually signed all financing documents and security agreements as personally responsible for repayment Each member contributed active personal labor and active personal management as represented. The members have no other farming interests. Personal interviews confirmed that this business is their livelihood.			
D. Signature of Reviewing Authority or Review Team Member		E. Date (MM-DD-YYYY)	
/s/ Jack C. Morgan		09-03-2010	

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*--421 Completing and Documenting Reviews (Continued)

F Example of Completed CCC-900 Package (Continued)

This form is available electronically.

<p>CCC-900-4 (08-12-10)</p> <p style="text-align: center;">U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation</p> <p style="text-align: center;">PAYMENT ELIGIBILITY/LIMITATION SUBSTANTIVE CHANGE AND OTHER DETERMINATIONS WORKSHEET</p>	<p>A. Producer Name Beringer Partners</p> <p>B. State and County Office Name Johnson County FSA Office; TX</p> <p>C. Program Year Reviewed <input checked="" type="checkbox"/> 2009 <input type="checkbox"/> 2010 <input type="checkbox"/> 2011 <input type="checkbox"/> 2012</p>
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PART A – SUBSTANTIVE CHANGE

Complete Part A to determine whether the substantive change requirements were applicable.

	YES	NO
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.		X

Step	Action	Finding
1	Was substantive change required? <input type="checkbox"/> YES <input type="checkbox"/> NO • If "YES", go to step 2. • If "NO", enter the reason in the "Finding" column and go to Part B. Example: The formation of a husband and wife joint venture does not require substantive change.	
2	If substantive change was required, list what COC considered substantive change.	
3	Include the substantive change that occurred. Note: Go to the following step containing the substantive change that occurred.	
A	If addition of adult family member , determine whether the adult family member qualifies according to paragraph 138.	
B	If change in land rental from cash-lease to share-lease, determine whether the change qualifies a landowner only according to paragraphs 54 through 58.	
C	If a 20 percent increase in base acres , determine whether the change qualifies according to paragraphs 54 through 58.	
D	If a change in ownership of equipment or land , determine whether the change qualifies according to paragraphs 54 through 58.	
E	If addition of equipment 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.	

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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 Redelegations 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	Consent to Disclosure of Tax Information - Individual	200	199, 201, 202, 203.4, 204, Ex. 11-13
CCC-928	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
CPA	Certified Public Accountant	189, 200, 204
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

Impact of Food, Conservation, and Energy Act of 2008 on CRP-1 Payment Eligibility and Payment Limitation

Type of Action	Date Action Was Approved		Applicable Payment Eligibility/Limitation Rules	Forms	Example
	10/1/02 Through 9/30/08	10/1/08 or Later			
New CRP-1	✓		Based on original CRP-1 Approval Date: Person, AEIF, Permitted Entity, \$2.5 Million AGI.	CCC-502 CCC-526	COC approves original CRP-1 after October 1, 2002.
Succession-in-Interest (When CRP-1 was not subject to AGI before succession.)	✓	✓	Based on original CRP-1 Effective Date: Person, AEIF, Permitted Entity (AGI Not Applicable).	CCC-502	New producer succeeds to a 1999 CRP-1 approved July 1, 2004. According to 1-PL, AGI rules do not apply for CRP-1 with an effective date before October 1, 2002; therefore, AGI rules will not apply to the successor.
Succession-in-Interest (When CRP-1 was subject to AGI before succession.)	✓	✓	Based on the CRP-1 succession Approval Date: Person, AEIF, Permitted Entity, \$2.5 Million AGI.	CCC-502 CCC-526	New producer succeeds to a 2004 CRP-1, effective August 1, 2009. (1-PL rules apply for life of CRP-1 based on the original October 1, 2003, effective date.)
	Before 12/29/06				
REX Extension (When CRP-1 was not previously subject to AGI.)	✓		Based on CRP-1 Extended Period Start Date: Person, AEIF, Permitted Entity, \$2.5 Million AGI.	CCC-502 CCC-526	COC approves a 3-year extension to a 1997 CRP-1 on November 16, 2006. Effective date of the extension is October 1, 2007. (CRP-1F Addendum activates AGI from the CRP-1 extended period.)
REX Re-Enrollment (Created new CRP-1 subject to AGI.)	✓		Based on the re-enrollment CRP-1 Approval Date: Person, AEIF, Permitted Entity, \$2.5 Million AGI	CCC-502 CCC-526	COC approves a re-enrollment (new CRP-1) for a 2000 CRP-1 on December 5, 2006. Effective date for the re-enrollment is October 1, 2010. (1-PL rules will apply based on the approval date before October 1, 2008.)
New CRP-1		✓	Based on CRP-1 Approval Date: Direct Attribution, \$1 Million AGI.	*--CCC-901 CCC-926	COC approves original CRP-1 after October 1, 2008.
Succession-in-Interest (When CRP-1 was subject to 2008 Act AGI before succession.)		✓	Based on CRP-1 Approval Date: Direct Attribution, \$1 Million AGI.	CCC-901--* CCC-926	New producer succeeds to a 2009 CRP-1, effective August 1, 2011.

Impact of Food, Conservation, and Energy Act of 2008 on CRP-1 Payment Eligibility and Payment Limitation (Continued)

Type of Action	Applicable Payment Eligibility/Limitation Rules	Forms	Example
Action Approved 10/1/02 thru 9/30/08			
New CRP-1	Based on CRP-1 Effective Date: Person, AEIF, Permitted Entity, \$2.5 Million AGI	CCC-502 CCC-526	New CRP-1 is approved September 10, 2008. New producer succeeds to a 1999 CRP-1, effective July 1, 2008.
Succession-in-Interest (When CRP-1 was not subject to AGI before succession.)	Based on the parent CRP-1 Effective Date: Person, AEIF, Permitted Entity (Not \$2.5 Million AGI).		
Succession-in-Interest (When CRP-1 was subject to AGI before succession.)	Based on the parent CRP-1 Effective Date: Person, AEIF, Permitted Entity, \$2.5 Million AGI		
REX Extension (When CRP-1 was not previously subject to AGI.)	Based on the Extended Period Start Date: Person, AEIF, Permitted Entity, \$2.5 Million AGI		
Re-Enrollment (New CRP-1 subject to AGI.)	Based on the re-enrollment CRP-1 Approval Date: Person, AEIF, Permitted Entity, \$2.5 Million AGI.		
Action Approved 10/1/08 or Later			
New CRP-1	*--Based on CRP-1 Approval Date: Direct Attribution, \$1 Million AGI	CCC-901 CCC-926	New CRP-1 is approved on December 12, 2009.
Succession-in-Interest (When CRP-1 was not subject to AGI before succession.)	Based on the original CRP-1 Approval Date: Person, AEIF, Permitted Entity (Not \$2.5 Million AGI).	CCC-502 CCC-526 or CCC-526C	New producer succeeds to a 2001 CRP-1, approved December 10, 2008.
Succession-in-Interest (When CRP-1 was subject to AGI before succession.) REX Extension during the extended period.	Based on CRP-1 Approval Date: --* Person, AEIF, Permitted Entity, \$2.5 Million AGI	CCC-502 CCC-526 or CCC-526C	New producer succeeds to a 2006 CRP-1, approved June 10, 2009.
Succession-in-Interest (When CRP-1 was subject to 2008 Act AGI before succession.)	Based on CRP-1 Approval Date: Direct Attribution, \$1 Million AGI.	CCC-901 CCC-926	New producer succeeds to a 2009 CRP-1 effective August 31, 2010.