

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency  
Washington, DC 20250

**Payment Limitation, Payment Eligibility,  
and Average Adjusted Gross Income  
6-PL**

**Amendment 2**

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



**Amendment Transmittal**

**A Reason for Amendment**

Subparagraph 1 A has been amended to correct the effective date of this handbook.

Paragraph 23 D has been added to include policy for redelegating authority to CED for approving requests to change recording county for a farming operation.

Subparagraph 144 E has been amended to incorporate an exception for when all members of the joint operation or all shareholders of the legal entity with an interest in the operation make a loan to, guarantee, co-sign, or secure the borrowed capital for the legal entity or joint operation.

Subparagraph 145 D has been amended to incorporate an exception for when all members of the joint operation or all shareholders of the legal entity with an interest in the operation make a loan to, guarantee, co-sign, or secure the financed equipment for the legal entity or joint operation.

Subparagraph 146 C has been amended to correct the sources used to determine a payment date that is reasonable and customary for the area.

Subparagraph 146 D has been amended to incorporate an exception for when all members of the joint operation or all shareholders of the legal entity with an interest in the operation make a loan to, guarantee, co-sign, or secure the financed land for the legal entity or joint operation.

Subparagraphs 259 B, C, D, E, F, and G have been amended to correct a paragraph cross-reference.

Subparagraphs 260 A, B, and C have been amended to correct a paragraph cross-reference.

## Amendment Transmittal

### A Reason for Amendment (Continued)

Subparagraph 486 E has been amended to correct a paragraph cross-reference in Step 1 of the table.

Subparagraphs 488 B and C have been amended to correct spelling errors in the letter.

Subparagraph 489 A has been amended to remove an editing note.

Exhibit 1 has been amended to correct the paragraph reference for redelegations of authority.

| Page Control |   |           |
|--------------|---|-----------|
| TC           | Text  | Exhibit   |
|              | 1-1, 1-2<br>2-9, 2-10<br>4-5 through 4-10<br>5-163 through 5-168<br>8-49, 8-50<br>8-53 through 8-56<br>8-65, 8-66 | 1, page 4 |

## Part 1 Introduction

### 1 Handbook Purpose and References

#### A Purpose

This handbook provides instructions and uniform methods to:

- apply direct attribution for payment limitation purposes
- determine payment eligibility for each program participant.

The provisions of this handbook apply to various programs administered by State and County  
\*--Offices for 2021 and subsequent crop years, program years, and FY's.--\*

#### B Related Handbooks

This table lists handbooks related to payment eligibility and payment limitation.

| IF the questions or concern is about...                                     | THEN see...               |
|---|---------------------------|
| acreage and compliance determinations                                       | 2-CP.                     |
| agriculture risk coverage and price loss coverage                           | 1-ARCPLC.                 |
| audits and investigations   | 9-AO.                     |
| common land units   | 8-CM and 10-CM.           |
| common management and operating provisions                                  | 1-CM and 11-CM.           |
| Common Payment System   | 9-CM.                     |
| Conservation Reserve Program  | 2-CRP, 4-CRP, and 5-CRP.  |
| cotton price support payments   | 7-CN.                     |
| customer data management and Business Partner                               | 11-CM.                    |
| debts, receivables, and claims  | 58-FI.                    |
| directives management   | 1-AS.                     |
| Emergency Assistance for Livestock, Honeybees, and Farm-Raised Fish Program | 1-ELAP.                   |
| Emergency Conservation Program  | 1-ECP.                    |
| Emergency Forest Restoration Program  | 1-EFRP.                   |
| enterprise data warehouse   | 12-CM.                    |
| establishing and reporting receipts and receivables                         | 64-FI.                    |
| farm, tract, and crop data  | 10-CM.                    |
| finality rule and equitable relief  | 7-CP.                     |
| grain and oilseeds price support programs                                   | 2-LP Grains and Oilseeds. |

## 1 Handbook Purpose and References (Continued)

### B Related Handbooks (Continued)

| IF the questions or concern is about...  | THEN see...                 |
|--|-----------------------------|
| livestock disaster assistance programs for 2011 and subsequent years           | 1-LDAP (Rev. 1).            |
| Livestock Forage Program   | 1-LFP.                      |
| Livestock Indemnity Program  | 1-LIP.                      |
| Margin Protection Program for Dairy  | 1-MPP.                      |
| marketing assistance, loan, and loan deficiency payments                       | 8-LP.                       |
| Noninsured Crop Disaster Assistance Program                                    | 1-NAP.                      |
| payment eligibility and payment limitation for 2009 through 2013               | 4-PL.                       |
| payment eligibility and payment limitation for 2014 through 2019               | 5-PL.                       |
| payment eligibility and payment limitation for 2019 until otherwise identified | 6-PL.                       |
| peanut price support programs  | 2-LP Peanuts.               |
| program appeals, mediation, and litigation                                     | 1-APP.                      |
| quality control  | 1-COR.                      |
| record operations  | 32-AS and 32-AS Supplement. |
| reporting payment and financial data to the IRS                                | 62-FI.                      |
| special programs   | 1-SP.                       |
| State and county organization and administration                               | 16-AO.                      |
| Tree Assistance Program  | 1-TAP (Rev. 4).             |
| web-based subsidiary files   | 3-PL (Rev. 2).              |

## 2 Sources of Authority

### A Statutory Reference

Authority for administering payment eligibility and payment limitation provisions is provided by Food Security Act of 1985, Sections 1001, 1001A, 1001B, 1001C, and 1001D, as amended.

### B Regulatory Reference

Authority for administering payment eligibility and payment limitation provisions is provided by 7 CFR Part 1400. References from CFR are provided throughout the handbook.

## 21 Nonrecording County Responsibilities

### A Overview

This paragraph explains the basic responsibilities of a County Office that receives forms and documentation from a multi-county or multi-State producer.

### B Responsibilities

Nonrecording counties receiving forms and documentation, for a multiple county producer, must immediately date stamp, scan, encrypt, and e-mail to the recording county for determinations and subsidiary updates.

### C Determination Deadline

The recording county COC **must** make determinations and notify the producer within 60 calendar days after the producer files a complete CCC-902. The 60-calendar-day period begins on the date a complete CCC-902 is filed, regardless of whether or **not** the County Office receiving the filing is the recording county.

## 22 Interaction Between Counties

### A Other County Initial Determination Responsibilities

COC's in nonrecording counties receiving an initial determination notification by the recording county COC for a multiple county producer must respond according to this table.

| IF COC's in nonrecording counties...                                    | THEN the nonrecording county must...   |
|---|--|
| agree with the determination  | notify the recording county of the concurrence <b>using CCC-527, according to 3-PL (Rev. 2).</b>   |
| do <b>not</b> agree with the determination made by the recording county | <ul style="list-style-type: none"> <li>immediately contact the recording county to resolve the differences</li> <li>involve DD's and State Offices if needed to resolve the differences</li> <li>notify the recording county of concurrence, <b>using CCC-527</b>, when the differences have been resolved.</li> </ul> |

**Note:** If the original determination is changed for any reason, the recording county must immediately repeat the procedures in this paragraph.

**23 Delegations of Authority**

**A Redelegation to CED**

COC's authority to make actively engaged in farming and eligibility determinations may be redelegated to CED when the cases delegated are routine.

**Note:** Record all COC determinations in COC minutes, including determinations made by CED for COC.

**B Spot-Checking Redelegated Determinations**

Periodically, COC's and DD's must review a sufficient number of redelegated cases to ensure that proper determinations are being made.

**C AGI**

SED's are delegated authority to make AGI determinations.

**\*--D Approving Changes in Recording County**

COC's may redelegate authority to CED for approving producer requests to change the recording county for a farming operation.--\*

**24-33 (Reserved)**

## 144 Specific Rules for Capital (Continued)

**E Borrowed Capital**

Capital used as a significant contribution may be borrowed. The rules in this table apply to borrowed capital.

| <b>IF the farming operation is conducted by either of the following...</b>  | <b>THEN borrowed capital must...</b>  |
|---|---|
| <ul style="list-style-type: none"> <li>• a person</li> <li>• a joint operation, in which the capital is contributed by a member of the joint operation rather than by the joint operation itself</li> </ul> | <ul style="list-style-type: none"> <li>• be contributed directly to the farming operation by the applicable person or member</li> <li>• <b>not</b> have been acquired as a result of a loan made to, guaranteed by, co-signed by, or secured by any other person, legal entity, or joint operation that has an interest in the farming operation.</li> </ul>  |
| <ul style="list-style-type: none"> <li>• a legal entity</li> <li>• a joint operation, in which the capital is contributed by the joint operation rather than by a member</li> </ul>                         | <ul style="list-style-type: none"> <li>• be contributed directly to the farming operation by the legal entity or joint operation</li> <li>• <b>not</b> have been acquired as a result of a loan made to, guaranteed by, co-signed by, or secured by any person, legal entity, or joint operation that has an interest in the *--farming operation, <b>except</b> all members of the joint operation, or all shareholders of the legal entity to which the loan is made.--*</li> </ul> |

## 145 Specific Rules for Equipment

### A Introduction

To be credited as a significant contribution to the farming operation, owned or leased equipment **must** meet the requirements of this paragraph.

### B Definition of Equipment

For payment limitation purposes, equipment means the machinery and implements used by the farming operation to conduct activities of the farming operation. This includes:

- machinery and implements for:
  - land preparation, planting, cultivating, or harvesting of the crops involved
  - establishing and maintaining conservation cover crops or conservation use acreages
  - conducting livestock operations
- irrigation equipment that is:
  - **not** of a permanent nature
  - commonly used in the area.

Custom Services that include equipment must not be considered towards meeting a significant contribution of equipment except as allowed for rules applicable to cash rent tenant rules found in paragraph 165. See paragraph 143 for information on custom services.

### C Leased Equipment

COC's must annually establish, by February 1<sup>st</sup>, the following for leased equipment.

- Customary rental rates for the area. An example of sources used to determine this cost can be found in local University or Extension Service cost publications or from local equipment dealers.
- Payment date that is reasonable and customary for the area, taking in consideration whether the equipment is leased by the hour, day, or acre, or on an annual basis. An example of sources used to determine this date can be found in local University or Extension Service cost publications or from local equipment dealers.

## 145 Specific Rules for Equipment (Continued)

**C Leased Equipment (Continued)**

The equipment may be leased from any person, legal entity, or joint operation; however, use the following table to determine whether restrictions apply.

| <b>IF the equipment is leased from...</b>  | <b>THEN the...</b>   |
|--|--|
| another person, legal entity, or joint operation that has an interest in the farming operation           | producer <b>must</b> : <ul style="list-style-type: none"> <li>be able to prove to COC that the equipment was leased at a fair market value</li> <li>make the payment within the time determined by COC to be reasonable and customary for the area, taking into consideration whether the equipment is leased by the hour, day, or acre, or on an annual basis.</li> </ul> |
| a joint operation that has 1 or more members in common with the producer to whom the equipment is leased |  |
| a person, legal entity, or joint operation <b>not</b> otherwise indicated in this table                  | restrictions provided in this table do <b>not</b> apply.   |

**D Financing Rules for Equipment**

The restrictions on financing for equipment in this table apply to both owned and leased equipment contributed for credit as a significant contribution.

| <b>IF the farming operation is conducted by either of the following...</b>  | <b>THEN the equipment must...</b>  |
|---|--|
| <ul style="list-style-type: none"> <li>a person</li> <li>a joint operation, in which the equipment is contributed by a member of the joint operation rather than by the joint operation itself</li> </ul> | <ul style="list-style-type: none"> <li>be contributed directly to the farming operation by the applicable person or member</li> <li><b>not have been</b> acquired as a result of a loan made to, guaranteed by, co-signed by, or secured by any other person, legal entity, or joint operation that has an interest in the farming operation.</li> </ul>   |
| <ul style="list-style-type: none"> <li>a legal entity</li> <li>a joint operation, in which the equipment is contributed by the joint operation rather than by a member</li> </ul>                         | <ul style="list-style-type: none"> <li>be contributed directly to the farming operation by the legal entity or joint operation</li> <li><b>not</b> have been acquired as a result of a loan made to, guaranteed by, co-signed by, or secured by any person, legal entity, or joint operation that has an <b>*--</b>interest in the farming operation, <b>except</b> all members of the joint operation, or all shareholders of the legal entity, to which the loan is made.<b>--*</b></li> </ul> |

**145 Specific Rules for Equipment (Continued)****E Effects of Borrowed Capital on Equipment Contribution**

If any capital was borrowed by the person, legal entity, or joint operation from any other person, legal entity, or joint operation with an interest in the farming operation, the cash-leased equipment will **not** be considered as a significant contribution unless the person, legal entity, or joint operation can prove to COC that sufficient capital was available from another source to pay the cash lease.

**F Occasional Exchange of Equipment**

The occasional exchange of equipment, including labor, with a neighbor will **not** affect the contribution determination if each person or legal entity has adequate equipment, through ownership or lease, to conduct their farming operation in a manner normally acceptable for the area.

## 146 Specific Rules for Land

### A Introduction

To be considered a significant contribution to the farming operation, owned or cash-leased land **must** meet the requirements of this paragraph.

### B Definition of Land

For payment eligibility purposes, land means farmland consisting of cropland, pastureland, wetland, or rangeland that meets the specific requirements of the applicable program.

### C Leased Land

COC's must annually establish, by February 1<sup>st</sup>, the following for leased land.

- Customary rental rates for the area. An example of sources used to determine this cost can be found in local University or Extension Service cost publications \* \* \*.
- \*--Payment date that is reasonable and customary for the area, taking into consideration the terms of the lease. An example of sources used to determine this date can be found in local University or Extension Service cost publications.--\*

The land may be leased from any person, legal entity, or joint operation.

If the land is leased from another person, legal entity, or joint operation that has an interest in any crop or crop proceeds in the farming operation, the producer **must**:

- be able to prove to COC that the land was leased at a fair market value
- make the payment within the time determined by COC to be reasonable and customary for the area.

**Note:** Share-rented land is a contribution of the landlord, **not** the share-renter.

## 146 Specific Rules for Land (Continued)

**D Financing Rules for Land**

The restrictions in this table apply to both owned and leased land contributed for credit as a significant contribution.

| <b>IF the farming operation is conducted by either of the following...</b>   | <b>THEN the land must...</b>  |
|--|---|
| <ul style="list-style-type: none"> <li>• a person</li> <li>• a joint operation, in which the land is contributed by a member of the joint operation rather than by the joint operation itself</li> </ul> | <ul style="list-style-type: none"> <li>• be contributed directly to the farming operation by the applicable person or member</li> <li>• <b>not</b> have been acquired as a result of a loan (including land acquired by Contract of Deed, Deed of Trust, Land Contract, or other similar arrangement) made to, guaranteed by, co-signed by, or secured by any other person, legal entity, or joint operation that has an interest in the farming operation.</li> </ul>  |
| <ul style="list-style-type: none"> <li>• a legal entity</li> <li>• a joint operation, in which the land is contributed by the joint operation rather than by a member</li> </ul>                         | <ul style="list-style-type: none"> <li>• be contributed directly to the farming operation by the legal entity or joint operation</li> <li>• <b>not</b> have been acquired as a result of a loan (including land acquired by Contract of Deed, Deed of Trust, Land Contract, or other similar arrangement) made to, guaranteed by, co-signed by, or secured by any person, legal entity, or joint operation that has an interest in the <br/>*--farming operation, <b>except</b> all members of the joint operation, or all shareholders of the legal entity, to which the loan is made.--*</li> </ul> |

**E Effects of Borrowed Capital on Land Contribution**

If any capital was borrowed by a person, legal entity, or joint operation from any other person, legal entity, or joint operation with an interest in the farming operation, cash-leased land will **not** be considered a significant contribution **unless** the person, legal entity, or joint operation can prove to COC that sufficient capital was available from another source to pay the cash lease.

## 259 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:** Corporation AB provides significant contributions of capital and equipment, and Son B makes a significant contribution of active personal labor and active personal management to the farming operation. Corporation AB is considered actively engaged in farming; however, because Father A who holds a 50 percent ownership interest failed to make a contribution of active personal labor and/or active personal management to \*--the farming operation that met the requirement of subparagraph 258 B, Corporation AB--\* will be subject to a 50 percent reduction in program payments received.

**C Example 3**

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

- Corporation GH provides all the capital, equipment, and leased land for the farming operation.
- Spouse 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 Spouse G. Even though Spouse H failed to make any contributions of active personal labor, active personal management, or a combination thereof, the \*--exception applicable to spouses in subparagraph 258 C applies. No payment reduction--\* will be applied to Corporation GH.

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

**D Example 4**

**Situation:** Revocable Trust E is a stockholder in Corporation D with 2 other individuals.

\*--Member contribution requirements of subparagraph 258 B apply to Corporation D.--\*

- 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.

**Determination:** Corporation D is considered actively engaged in farming because of the significant contribution of active personal labor and active personal management to the farming operation by the 2 individuals who are stockholders. However, because the remaining stockholder, Trust E, failed to make a contribution of active personal labor and/or active personal management to the farming operation that met the requirement of

\*--subparagraph 258 B, Corporation D will be subject to a reduction in program payments--\* commensurate with the ownership interest held by Trust E.

If the grantor of Trust E was making contributions of active personal labor and/or active personal management to the farming operation on behalf of Trust E that met the requirement

\*--of subparagraph 258 B, a payment reduction would **not** apply for Corporation D.--\*

**E Example 5**

**Situation:** Irrevocable Trust E is a stockholder in Corporation D with 2 other individuals.

\*--Member contribution requirements of subparagraph 258 B apply to Corporation D.--\*

- 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.

**Determination:** Corporation D is considered actively engaged in farming because of the significant contribution of active personal labor and active personal management to the farming operation by the 2 individuals who are stockholders. However, because the remaining stockholder, Trust E, failed to make a contribution of active personal labor and/or active personal management to the farming operation that met the requirement of

\*--subparagraph 258 B, Corporation D will be subject to a reduction in program payments--\* commensurate with the ownership interest held by Trust E.

If the beneficiaries of Trust E were making collective contributions of active personal labor and/or active personal management to the farming operation on behalf of Trust E that met

\*--the requirement of subparagraph 258 B, a payment reduction would **not** apply for--\* Corporation D.

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

**F Example 6**

**Situation:** Estate E is a stockholder in Corporation D with 2 other individuals. Member  
 \*--contribution requirements of subparagraph 258 B apply to Corporation D.--\*

- 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.

**Determination:** Corporation D is considered actively engaged in farming because of the significant contribution of active personal labor and active personal management to the farming operation by the 2 individuals who are stockholders. However, because the remaining stockholder, Estate E, failed to make a contribution of active personal labor and/or active personal management to the farming operation that met the requirement of  
 \*--subparagraph 258 B, Corporation D will be subject to a reduction in program payments--\* commensurate with the ownership interest held by Estate E.

If the heirs or personal representative of Estate E were making collective contributions of active personal labor and/or active personal management to the farming operation on behalf  
 \*--of Estate E that met the requirement of subparagraph 258 B, a payment reduction would--\*  
**not** apply for Corporation D.

**G Example 7**

**Situation:** LLC E is a stockholder in Corporation D with 2 other individuals. Member  
 \*--contribution requirements of subparagraph 258 B apply to Corporation D.--\*

- 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.

**Determination:** Corporation D is considered actively engaged in farming because of the significant contribution of active personal labor and active personal management to the farming operation by the 2 individuals who are stockholders. However, because the remaining stockholder, LLC E, failed to make a contribution of active personal labor and/or active personal management to the farming operation that met the requirement of  
 \*--subparagraph 258 B, Corporation D will be subject to a reduction in program payments--\* commensurate with the ownership interest held by LLC E.

If the interest holders of LLC E were making contributions of active personal labor and/or active personal management to the farming operation on behalf of LLC E that met the  
 \*--requirement of subparagraph 258 B, a payment reduction would **not** apply for--\* Corporation D.

## 260 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 to subparagraph 258 B.~~\*

### 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 258 B.~~\*

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.

## 260 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 according to subparagraph 258 B 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 according to subparagraph 258 B.~~---~~\*

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 94 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 flag will be set to “P” and the member contribution factor of .5000 will be entered.

## 261 Completing CCC-902E's for Corporations, LLC's, LLP's, and LP's

## A Completing CCC-902E's

For detailed instructions on completing CCC-902E's, see paragraph 311.

## B Example of CCC-902E

Following is an example of CCC-902E completed for a corporation.

|   |   |   |   |   |  |
|---|---|---|---|---|--|
| This form is available electronically.  |   | (See Page 5 for Privacy Act and Paperwork Reduction Act Statements)   |   |   |  |
| <b>CCC-902E</b><br>(09-28-20)   | <b>U.S. DEPARTMENT OF AGRICULTURE</b><br>Commodity Credit Corporation | 1. County<br>Texas  | 3. Program Year<br>2020                   |   |  |
| FARM OPERATING PLAN FOR AN ENTITY   |   | 2. State<br>OK  |   |   |  |
| For "actively engaged in farming" and other payment eligibility/limitation determinations.  |   |   |   |   |  |
| This form is to be completed for a legal entity, including a joint operation, that is seeking benefits from the Farm Service Agency (FSA) under one or more programs that are subject to the regulations at 7 CFR Part 1400. This form collects farming and other information about the entity that receives program benefits directly using the tax identification number listed in Part A. This form also collects information about the members of such entity. A person who receives program benefits directly as an individual must complete a CCC-902I with respect to that person's operation. Payment eligibility is based upon the contribution of certain inputs to a farming operation such as land, capital, equipment, labor, and management by the entity listed in Part A. The information on this form will be used by FSA to determine payment eligibility and limitation of payments by direct attribution.   |   |   |   |   |  |
| PART A - ENTITY INFORMATION   |   |   |   |   |  |
| 1. Farming Entity's Name and Address (Include Zip Code)<br>J&J Farm and Ranch LLC<br>N 10500 Rd<br>Panhandle, OK XXXXX-XXXX   |   | 2. Tax Identification Number (If the taxpayer identification Number is already on file with FSA, only the last 4 digits are required)<br>XXXX |   |   |  |
|   |   | 3. Date of Formation (MM-DD-YYYY)<br>01-10-2014   |   |   |  |
| PART B - TYPE OF OPERATION (Select only one)  |   |   |   |   |  |
| 1. Select appropriate type of operation that defines the entity identified in Part A:   |   |   |   |   |  |
| <div style="display: flex; flex-wrap: wrap;"> <div style="width: 50%;"><input type="checkbox"/> General Partnership</div> <div style="width: 50%;"><input type="checkbox"/> Limited Partnership</div> <div style="width: 50%;"><input type="checkbox"/> Estate</div> <div style="width: 50%;"><input type="checkbox"/> Indian Tribe</div> <div style="width: 50%;"><input type="checkbox"/> Joint Venture</div> <div style="width: 50%;"><input checked="" type="checkbox"/> Limited Liability Company</div> <div style="width: 50%;"><input type="checkbox"/> Charitable/Tax-exempt Organization</div> <div style="width: 50%;"><input type="checkbox"/> Sole Proprietorship/DBA</div> <div style="width: 50%;"><input type="checkbox"/> Revocable/Living Trust</div> <div style="width: 50%;"><input type="checkbox"/> Public School</div> <div style="width: 50%;"><input type="checkbox"/> Other: _____</div> <div style="width: 50%;"><input type="checkbox"/> Corporation</div> <div style="width: 50%;"><input type="checkbox"/> Irrevocable Trust</div> <div style="width: 50%;"><input type="checkbox"/> City, County or State-owned Entity</div> </div> |   |   |   |   |  |
| 2. Trust documents for an Irrevocable Trust are required to be provided. Other supporting documentation (such as articles of incorporation, partnership agreement, evidence of heirship, and operational authorities of all shareholders, members and owners) may be required, except for public schools, States, State entities, cities, and counties, to verify the legal status of the entity and the authority of its shareholders, members or owners to the satisfaction of CCC.   |   |   |   |   |  |
| PART C - MEMBER INFORMATION (Use CCC-902E Continuation if additional space is needed for any information in Part C)   |   |   |   |   |  |
| 1. Members - List all members/shareholders/beneficiaries/heirs/partners of the entity identified in Part A of this form:  |   |   |   |   |  |
| A. Name   | B. Tax ID Number<br>(Last 4 digits if already on file)                | C. % Share  | D. Position and Salary<br>(If applicable) | E. Family Member Relationship*<br>(If applicable) | F. Does this member have signature authority for the legal entity? (Yes or No) |
| Jane Hardesty   | XXXX  | 50  | Interest Holder<br>\$ 0                   | Parent  | <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO            |
| June Hardesty   | XXXX  | 50  | Interest Holder<br>\$ 0                   | Child   | <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO            |
|   |   |   | \$  |   | <input type="checkbox"/> YES <input type="checkbox"/> NO                       |
|   |   |   | \$  |   | <input type="checkbox"/> YES <input type="checkbox"/> NO                       |
|   |   |   | \$  |   | <input type="checkbox"/> YES <input type="checkbox"/> NO                       |
|   |   |   | \$  |   | <input type="checkbox"/> YES <input type="checkbox"/> NO                       |
| * Family member means great grandparent, grandparent, parent, spouse, child (including legally adopted children and stepchildren), grandchild, great grandchild, sibling, 1 <sup>st</sup> cousin, niece, nephew, aunt, uncle of family member in the farming operation (see definition on page 6).  |   |   |   |   |  |
| 2. If the entity in Part A is an Estate or Trust, or if any member/shareholder is listed above is an Estate or Trust, list the Executor, Administrator, or Grantor:   |   |   |   |   |  |
| A. Name of Estate or Trust  |   |   | B. Name of Executor/Administrator/Grantor |   |  |
|   |   |   |   |   |  |
| 3. Embedded Entities – If any member/shareholder of the entity identified in Part A is an entity, a CCC-901, Member's Information, must also be completed and submitted concurrent with this CCC-902E. Additionally, a CCC-902E must be completed and submitted for each embedded entity.   |   |   |   |   |  |
| <input type="checkbox"/> Check if CCC-901 is attached. <input type="checkbox"/> Check if CCC-902E is attached for an embedded entity.   |   |   |   |   |  |

**486 Average AGI Compliance Review Process (Continued)****C Reviewing Documentation Provided Under Appeal**

A review of average AGI compliance requires the following actions:

- collecting the copy of average AGI certification (CCC-941, or acceptable statement from CPA or attorney) submitted by the person or legal entity for the applicable year
- reviewing the complete tax returns for each of the 3-year qualification period; or acceptable financial documents if filing tax returns is not required; or an acceptable statement from CPA or attorney with all required items that illustrate and document income levels and average AGI compliance for the person or legal entity for the applicable year
- comparing both sets of information to the rules and regulations governing average AGI for payment eligibility for the applicable year subject to review
- verify the following:
  - subsidiary flags are accurately set to reflect the certification of record
  - there is a valid CCC-941 on file supporting record certification.

**D Results and Findings**

The results and findings of the review and evaluation are the basis to determine whether person or legal entity meets or exceeds the average AGI limitation.

Notify the producer of the appeal determination and afford applicable appeal rights.

## 486 Average AGI Compliance Review Process (Continued)

**E Worksheet for Calculating Average \$900,000 AGI for the Applicable Year Based on the Submission of Tax Returns**

Use the following worksheet to calculate the average AGI for a person or legal entity based on the submission of tax returns.

| Step  | Action  | Result   |        |  |       |          |       |       |       |       |       |       |       |  |
|-------|---|----------|--------|--|-------|----------|-------|-------|-------|-------|-------|-------|-------|--|
| 1     | <p>Enter the total AGI for the 3 complete taxable years preceding the most immediately preceding complete taxable year of the year for which program benefits are requested.</p> <p style="text-align: right;">Specify From Where Information Was Obtained (for example, IRS Form 1040, Line 37)</p> <table> <thead> <tr> <th>Year</th><th>Amount</th><th></th></tr> </thead> <tbody> <tr> <td>_____</td><td>\$ _____</td><td>_____</td></tr> <tr> <td>_____</td><td>_____</td><td>_____</td></tr> <tr> <td>_____</td><td>_____</td><td>_____</td></tr> </tbody> </table> <p><b>*--Note:</b> See paragraph 472 for guidance.--*</p> | Year     | Amount |  | _____ | \$ _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ |  |
| Year  | Amount  |          |        |  |       |          |       |       |       |       |       |       |       |  |
| _____ | \$ _____  | _____    |        |  |       |          |       |       |       |       |       |       |       |  |
| _____ | _____   | _____    |        |  |       |          |       |       |       |       |       |       |       |  |
| _____ | _____   | _____    |        |  |       |          |       |       |       |       |       |       |       |  |
| 2     | Total the dollar amounts in step 1.   | \$ _____ |        |  |       |          |       |       |       |       |       |       |       |  |
| 3     | Calculate the <b>average AGI</b> by dividing the result of step 2 by the number of years in step 1.   | \$ _____ |        |  |       |          |       |       |       |       |       |       |       |  |

**F Admissions**

If a person or legal entity submits a revised CCC-941, or certification is received that the person or legal entity exceeds any of the average AGI limitations for any program, do the following:

- accept the written material and keep with the file
- consider the AGI compliance review complete
- reset the applicable coverage AGI values to “producer not met” in the web-based eligibility files. See 3-PL (Rev. 2).

## 488 Example Letters for AGI Compliance

### A Example Letters

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

### B Example of Letter When CCC-941 Is Required

The following is an example of a notification letter for a person or legal entity when CCC-941 is needed.

\*--

(Date)

Person or legal entity

Address 1

Address 2

Dear Person or Legal entity:

The Agricultural Act of 2014 (2014 Farm Bill) and Agriculture Improvement Act of 2018 (2018 Farm Bill) provides an average adjusted gross income (AGI) limitation of \$900,000 for participants in farm and conservation programs administered by the Farm Service Agency and the Natural Resources Conservation Service. This limitation applies to individuals, legal entities, as well as to members of legal entities, that receive payments from farm and conservation programs that include the following.

**For October 1, 2011, and subsequent years:**

- Emergency Assistance for Livestock, Honey Bees, and Farm-Raised Fish (ELAP)
- Livestock Forage Assistance Program (LFP)
- Livestock Indemnity Program (LIP)
- Tree Assistance Program (TAP).

**For 2014-2015 only:**

- Transition Assistance for Producers of Upland Cotton (CTAP).

**For 2014 and subsequent years:**

- Price Loss Coverage (PRC)
- Agricultural Risk Coverage (ARC)
- Noninsured Crop Disaster Assistance Program (NAP)
- Price Support including Market Loan Gain (MLG) and Loan Deficiency Payment (LDP)
- Agricultural Marketing Assistance (AMA).

**For 2015 and subsequent years:**

- Conservation Reserve Program (CRP)
- Environmental Quality Incentive Program (EQIP)
- Conservation Stewardship Program (CSP)
- Agricultural Conservation Easement Program (ACEP)
- Conservation of Private Grazing Land Program
- Farmable Wetland Program
- Grassroots Source Water Protection Program
- Regional Conservation Partnership Program (RCPP) and other conservation programs.

Completing form CCC-941, Average Adjusted Gross Income (AGI) Certification and Consent to Disclosure of Tax Information, allows the IRS to average your AGI for the three applicable tax years to provide FSA information on whether your average appears to meet or exceed the AGI limitation amount. Individuals, legal entities, and all members of legal entities must complete form CCC-941.

--\*

## 488 Example Letters for AGI Compliance (Continued)

## B Example of Letter When CCC-941 Is Required (Continued)

«Name»

Page 2

As of the date of this letter, the records indicate that you have not submitted the **required** form CCC-941. Accordingly, you are determined ineligible for *[insert applicable program year]* farm and/or conservation program benefits. A refund is required of *[insert applicable program year]* farm and/or conservation program payment benefits received. You and/or any legal entity you may have indirect payment interest in will be notified by separate letters from the administrative Agencies of FSA and NRCS, as appropriate, of refund amounts required.

If you believe that FSA has not properly determined the facts of this case regarding your **AGI ineligibility**, you may appeal this determination to the FSA County Committee by filing a written request no later than 30 calendar days after you receive this notice in accordance with the FSA appeal procedures found at 7 CFR Part 780. If you choose, your appeal can include submission of a completed CCC-941. If you appeal to the FSA County Committee, you have the right to an informal hearing which you or your representative may attend either personally or by telephone. If you appeal this determination to the FSA County Committee, you may later appeal an adverse determination of the FSA County Committee to the FSA State Committee or the National Appeals Division. To appeal, write to the FSA County Committee at the following address and explain why you believe this determination is erroneous.

*(Insert COC address.)*

If you do not timely file an appeal of this determination, this must be the final administrative determination with respect to this matter in accordance with regulations at 7 CFR Part 780.

Sincerely,

County Executive Director  
FSA County Office

## 488 Example Letters for AGI Compliance (Continued)

**C Example Letter With Attachment for Determining AGI Ineligibility**

The following is an example notification letter for use when IRS indicates the average AGI exceeds the limitation. This example letter includes an attachment.

\*--

[Date]

[Address Block]

Dear [Name]:

The Agricultural Act of 2014 (2014 Farm Bill) and Agriuculture Improvement Act of 2018 (2018 Farm Bill) provides an average adjusted gross income (AGI) limitation for participants who enroll in farm and conservation programs administered by the Farm Service Agency and the Natural Resources Conservation Service. This limitation applies to individuals, legal entities, as well as to members of legal entities, that receive farm and conservation program payments.

The Farm Service Agency (FSA) and Internal Revenue Service (IRS) formed a partnership to ensure that only those participants who comply with AGI requirements receive farm and conservation program benefits. This data-sharing process maintains the confidentiality and privacy of tax return information while providing FSA information necessary to verify your average AGI certification.

You provided written consent allowing the IRS to average your AGI for the applicable tax years and to provide FSA information about whether or not your AGI exceeds the limitation amount.

For the program year identified below, IRS indicates that for program payment eligibility purposes, your average AGI exceeds the \$900,000 total average AGI limitation.

| Program Year  | Tax Years used to Compute Average AGI |
|---------------|---------------------------------------|
| Example: 2018 | Example: 2014-2015-2016               |

Because the IRS has identified that your average AGI exceeds the statutory \$900,000 limitation, the FSA State Executive Director has determined that you are ineligible for benefits and payments from FSA, CCC and NRCS programs that are subject to the average AGI provisions.

You may submit documentation to the SED in support of your average AGI and if it is found that the documentation results in a different finding from that of IRS's indications, it may result in the SED reversing this determination. If you want the SED to review your average AGI, please provide either one of the following in support of this review:

- A signed statement from a CPA or attorney for the program year identified that verifies your average AGI did not exceed the applicable AGI limitation (example statement attached). If a signed statement from a CPA or attorney is provided, the statement must include all of the elements shown in the sample letter and Attachment 1.
- Copies of the complete Federal Tax Returns that were filed with the IRS, or official transcripts from IRS, for the years used to compute the average AGI.

**NOTE:** If your average AGI exceeded the \$900,000 limitation because you filed a joint tax return, and you would have been eligible had you filed taxes separately, you must provide a CPA or Attorney statement certifying that your average AGI, if you had filed separately, would have been at or below the \$900,000 limitation. If a CPA or attorney certification is not provided, the AGI shown on your joint tax return will be considered your AGI for program purposes.

Following a review of either the tax returns or CPA/Attorney certification, FSA will provide written notice of the results of the review.

If you discover that your applicable certification of average AGI may have been in error, you may submit a signed acknowledgment that your income exceeded the average AGI limitation in lieu of tax returns or CPA/Attorney certification statement.

--\*

## 488 Example Letters for AGI Compliance (Continued)

**C Example Letter With Attachment for Determining AGI Ineligibility (Continued)**

\*\_\_

To avoid delay or interruption in program payments or benefits, please provide the documentation to FSA within 30 days of receiving this letter. Information may be mailed to:

Farm Service Agency

-Insert STO address-

Your documentation may also be emailed to:

Failure to provide documentation to support your compliance with the average AGI limitations within 30 days from the date of receipt of this letter will result in the Agency assuming the information received from IRS is correct and this notification will become a final determination based on IRS' indications. As a result, you will be ineligible for program payments or benefits for the applicable program year. A refund of program payments subject to the AGI limitation for which you received directly or indirectly through another entity will be required. A separate letter will be sent with the required refund amount and instructions for submitting the refunds. If you earned benefits indirectly through a legal entity or joint operation, the entity or joint operation will be notified of the amount of refund that is required.

If circumstances prevent you from providing documentation to support your eligibility for this review within the 30-day timeframe, please contact this office to request an extension.

If you believe that FSA has not properly considered the facts related to the determination of your eligibility under the AGI provisions, you have the following options:

(Insert reconsideration, mediation and appeal to NAD according to 1-APP)

Sincerely,

/s/

State Executive Director

\_\_\*

## 489 Determining 75 Percent Average Farm AGI (Continued)

## A Programs Using 75 Percent Farm AGI (Continued)

2018 and 2019 MFP allow an exception to the \$900,000 average AGI limitation if at least 75 percent of the average AGI was derived from farming, ranching, or forestry operations. CCC-942 is used to collect the producer and CPA/Attorney certification statements.

|  |                          |  |                       |
|--|--------------------------|--|-----------------------|
| This form is available electronically.   |                          | OMB No. 0560-0292<br>OMB Expiration Date: 04/30/2022   |                       |
| <b>CCC-942</b><br>(07-29-19)<br><br><b>U.S. DEPARTMENT OF AGRICULTURE</b><br>Commodity Credit Corporation<br><br><b>CERTIFICATION OF INCOME FROM FARMING,<br/>RANCHING AND FORESTRY OPERATIONS</b>   |                          | 1. PROGRAM YEAR: _____<br><br>2. Return completed form to (Name and address of FSA county office or USDA Service Center): _____                          |                       |
| <p><b>NOTE:</b> 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 Sec. 5 of the Commodity Credit Corporation Act [15 U.S.C. 714 et seq]. 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 nongovernment 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).</p> <p><b>Paperwork Reduction Act (PRA) Statement:</b> Public reporting burden for this collection is estimated to average 5 minutes per response, including reviewing instructions, gathering and maintaining the data needed, completing (providing the information), and reviewing the collection of information. You are not required to respond to the collection or FSA may not conduct or sponsor a collection of information unless it displays a valid OMB control number. <b>RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.</b></p>  |                          |  |                       |
| 3. Name and Address of Individual or Legal Entity (Including Zip Code)<br>(If general partnership or joint venture, complete only for each member)   |                          | 4. Last (4) Digits - Taxpayer Identification Number (TIN)<br>(Social Security Number for Individual; or Employer Identification Number for Legal Entity) |                       |
| <b>PART A – CERTIFICATION OF FARM INCOME</b><br>5. Individuals and Legal Entities exceeding the \$900,000 AGI limitation may otherwise qualify for certain program benefits, when the program authorizes the individual or legal entity to qualify based on following conditions: <ul style="list-style-type: none"> <li>at least 75 percent of the individual's or legal entity's average adjusted gross income (AGI) for the 3 taxable years preceding the most immediately preceding complete taxable year was derived from farming, ranching or forestry operations. For example, if the program year is 2019, then the 3-year period for the calculation will be the taxable years of 2017, 2016 and 2015.</li> <li>a certification from a licensed CPA or an attorney is submitted to the FSA/USDA Service Center identified in item 2, attesting that at least 75 percent of the individual's or legal entity's average AGI for the 3 taxable years preceding the most immediately preceding complete taxable year was derived from farming, ranching, or forestry operations. The CPA or Attorney may meet this requirement by completing Part B below or providing a similar statement that is acceptable to FSA.</li> </ul>  |                          |  |                       |
| <b>PART B – CERTIFICATION BY INDIVIDUAL OR ENTITY</b><br>By signing this form: <ul style="list-style-type: none"> <li>I acknowledge the average AGI for the applicable program year exceeds the \$900,000 statutory AGI limitation for the individual or legal entity identified in item 3.</li> <li>I acknowledge that I have read and reviewed all definitions and requirements on Page 2 of this form;</li> <li>I certify that all information contained in a certification from a CPA or attorney is true and correct, and is consistent with the tax returns filed with the IRS for myself or the legal entity that is seeking to qualify for program benefits subject to a certification of farm income;</li> <li>I acknowledge that failure to provide the certification referenced in Part A to FSA will result in being ineligible for the applicable program benefit;</li> <li>I certify that I am authorized under applicable state law to sign this certification on behalf of the legal entity identified in Item 3 (for legal entity only).</li> </ul>   |                          |  |                       |
| 6. Signature (By)  |                          | 7. Title/Relationship of the Individual if Signing in a Representative Capacity  | 8. Date (MM-DD-YYYY)  |
| <b>PART C – CERTIFICATION BY CERTIFIED PUBLIC ACCOUNTANT / ATTORNEY</b><br>By signing this form: <ul style="list-style-type: none"> <li>I acknowledge that I have read and reviewed all definitions and requirements on Page 2 of this form;</li> <li>I certify the producer identified in Items 3 and 4 has met the minimum requirements specified in Part A for the program year identified in Item 1.</li> </ul>  |                          |  |                       |
| 9. Signature   | 10. Title (CPA/Attorney) | 11. State/License Number   | 12. Date (MM-DD-YYYY) |
| <small>In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident.</small><br><br><small>Persons with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audiotape, American Sign Language, etc.) should contact the responsible Agency or USDA's TARGET Center at (202) 720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800) 877-8339. Additionally, program information may be made available in languages other than English.</small><br><br><small>To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at <a href="http://www.ascr.usda.gov/complaint_filing_cust.html">http://www.ascr.usda.gov/complaint_filing_cust.html</a> and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by: (1) mail: U.S. Department of Agriculture, Office of the Assistant Secretary for Civil Rights 1400 Independence Avenue, SW Washington, D.C. 20250-9410; (2) fax: (202) 690-7442; or (3) email: <a href="mailto:program.intake@usda.gov">program.intake@usda.gov</a>. USDA is an equal opportunity provider, employer, and lender.</small> |                          |  |                       |

## 489 Determining 75 Percent Average Farm AGI (Continued)

## A Programs Using 75 Percent Farm AGI (Continued)

2018, 2019, and 2020 WHIP+ allows an exception to the \$125,000 payment limitation for WHIP if at least 75 percent of the average AGI was derived from farming, ranching, or forestry operations. FSA-896 is used to collect the producer and CPA/attorney certification statements.

|   |  |
|---|--|
| This form is available electronically. <span style="float: right;">OMB Expiration Date: 03/31/2022</span>   |  |
| <b>FSA-896</b><br>(09-11-19)  | U.S. DEPARTMENT OF AGRICULTURE<br>Farm Service Agency  |
| <b>REQUEST FOR AN EXCEPTION TO THE WHIP+ PAYMENT LIMITATION OF \$125,000</b>  |  |
| <b>1.</b> Return completed form to (Name and address of FSA county office or USDA Service Center)   |  |
| <b>NOTE:</b> 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 760, subpart O; and the Additional Supplemental Appropriations for Disaster Relief Act, 2019 (Disaster Relief Act) (Pub. L. 116-20). 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 nongovernment 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).  |  |
| <b>Public Burden Statement (Paperwork Reduction Act):</b> Public reporting burden for this collection is estimated to average 5 minutes per response, including reviewing instructions, gathering and maintaining the data needed, completing (providing the information), and reviewing the collection of information. You are not required to respond to the collection or FSA may not conduct or sponsor a collection of information unless it displays a valid OMB control number. <b>RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.</b>   |  |
| <b>2.</b> Name and Address of Individual or Legal Entity (Including Zip Code)<br>(If general partnership or joint venture, complete only for each member)   | <b>3.</b> Taxpayer Identification Number (TIN) (Social Security Number for Individual; or Employer Identification Number for Legal Entity) |
| <b>PART A – REQUIREMENTS FOR WHIP PAYMENT LIMITATION EXCEPTION</b>  |  |
| <b>4.</b> WHIP+ payments received directly or indirectly by an individual or a legal entity are subject to a \$125,000 payment limitation for all crop years 2018, 2019 and 2020. An exception to the \$125,000 payment limitation is available in which case WHIP+ payments are subject to a \$250,000 payment limitation per crop year not to exceed \$500,000, but only if both of the following conditions are met: <ul style="list-style-type: none"> <li>• at least 75% of the individual's or legal entity's average adjusted gross income (AGI) for the 3 taxable years 2017, 2016 and 2015 was derived from farming, ranching or forestry operations.</li> <li>• a certification from a licensed CPA or an attorney is submitted to the FSA/USDA Service Center identified in item 1, attesting that at least 75% of the individual's or legal entity's average AGI for the 3 taxable years 2017, 2016 and 2015 was derived from farming, ranching, or forestry operations. The CPA and/or Attorney may meet this requirement by completing Part C below or providing a similar statement that is acceptable to FSA.</li> </ul> <p>Based on the above statements, select the applicable box below:</p> |  |
| <b>4A.</b> <input type="checkbox"/> <b>YES</b> (Requesting \$250,000 Payment Limitation per Crop Year, not to exceed \$500,000) <b>4B.</b> <input type="checkbox"/> <b>NO</b> (Payment limitation is \$125,000 for crop years 2018, 2019 and 2020)  |  |
| <b>PART B – CERTIFICATION BY INDIVIDUAL OR ENTITY</b>   |  |
| By signing this form: <ul style="list-style-type: none"> <li>- I acknowledge that I have read and reviewed all definitions and requirements on Page 2 of this</li> <li>- certify, if required, that all information contained in certification from a CPA or an attorney is true and correct, and is consistent with the tax returns filed with the IRS for myself or the legal entity that is seeking participation in WHIP+;</li> <li>- I acknowledge if required, that failure to provide the certification described in this FSA - 896 to FSA will result in a \$125,000 WHIP + payment limitation</li> <li>- I certify that I am authorized under applicable state law to sign this certification on behalf of the legal entity identified in item 2 (for legal entity only).</li> </ul>   |  |
| <b>5.</b> Signature (By)  | <b>6.</b> Title/Relationship of the Individual if Signing in a Representative Capacity for a Legal Entity                                  |
| <b>7.</b> Date (MM-DD-YYYY)   |  |
| <b>PART C – CERTIFICATION BY CERTIFIED PUBLIC ACCOUNTANT / ATTORNEY</b>   |  |
| By signing this form: <ul style="list-style-type: none"> <li>- I acknowledge that I have read and reviewed all definitions and requirements on Page 2 of this</li> <li>- certify the producer identified in item 2 and TIN in Item 3 has met the minimum requirements to be eligible for \$250,000 Payment Limitation under WHIP+ as specified in Part A above</li> </ul>   |  |
| <b>8.</b> Signature   | <b>9.</b> Title (CPA/Attorney)   |
| <b>10.</b> State/License Number   | <b>11.</b> Date (MM-DD-YYYY)   |
| In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident.   |  |
| Persons with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audiotape, American Sign Language, etc.) should contact the responsible Agency or USDA's TARGET Center at (202) 720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800) 877-8339. Additionally, program information may be made available in languages other than English.  |  |
| To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at <a href="http://www.ascr.usda.gov/complaint_filing_cust.html">http://www.ascr.usda.gov/complaint_filing_cust.html</a> and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866) 632-9992. Submit your completed form or letter to USDA by: (1) mail: U.S. Department of Agriculture Office of the Assistant Secretary for Civil Rights 1400 Independence Avenue, SW Washington, D.C. 20250-9410; (2) fax: (202) 690-7442; or (3) email: <a href="mailto:program.intake@usda.gov">program.intake@usda.gov</a> . USDA is an equal opportunity provider, employer, and lender.  |  |

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

## Forms (Continued)

| Number          | Title   | Display Reference | Reference                                |
|-----------------|---|-------------------|--|
| CCC-933         | Average Adjusted Gross Income (AGI) Certification and Consent to Disclosure of Tax Information (For the 2013 crop, program, and fiscal years only.) |                   | 470, 478, Ex. 16, 19                     |
| CCC-941         | Average Adjusted Gross Income (AGI) Certification and Consent to Disclosure of Tax Information  | 478               | Text, Ex. 16, 19, 20, 22                 |
| CCC-942         | Certification of Income From Farming, Ranching and Forestry Operations  | 489               |  |
| CRP-1           | Conservation Reserve Program Contract   |                   | 35, 468, 469, 470, Ex. 16                |
| CRP-1F Addendum | CRP-1 Modification to Extend the Contract Expiration Date for ____ Years  |                   | Ex. 16                                   |
| FSA-211         | Power of Attorney   |                   | 478                                      |
| FSA-892         | Request for an Exception to the 2017 WHIP Payment Limitation of \$125,000   | 489               |  |
| FSA-896         | Request for an Exception to the WHIP+ Payment Limitation of \$125,000   | 489               |  |
| I-551           | Permanent Resident Card/Resident Alien Card   | 335               | 113, 205, 207, 225, 311, 336, 337, Ex. 2 |
| IRS Form 990    | Return of Organization Exempt From Income Tax   |                   | 112                                      |
| IRS Form 990-T  | Exempt Organization Business Income Tax Return (and proxy tax under section 6033(e))  | Ex. 17            | 472                                      |
| IRS Form 1040   | U.S. Individual Income Tax Return   | Ex. 17, 18        | 467, 468, 472, 486, 488, 489             |
| IRS Form 1041   | U.S. Income Tax Return for Estates and Trusts   | Ex. 17            | 472                                      |
| IRS Form 1065   | U.S. Return of Partnership Income   | Ex. 18            | 472, Ex. 17                              |
| IRS Form 1120   | U.S. Income Tax Return for an S Corporation   | Ex. 17, 18        | 472                                      |
| IRS Form 1120S  | U.S. Income Tax Return for an S Corporation   | Ex. 17, 18        | 472                                      |
| IRS Notice 1398 | UD Department of Agriculture Form CCC-941 Consent to Disclosure of Tax Information - Individual and Legal Entity                                    | Ex. 21            | 477                                      |
| IRS Form 2848   | Power of Attorney and Declaration of Representative   |                   | 478                                      |

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

## Forms (Continued)

| Number        | Title                           | Display Reference | Reference |
|---------------|---------------------------------|-------------------|-----------|
| IRS-3210      | Document Transmittal            | Ex. 20            | 477       |
| IRS Form 4562 | Depreciation and Authorization  | Ex. 18            |           |
| IRS Form 4835 | Farm Rental Income and Expenses |                   | 489       |

## Abbreviations Not Listed in 1-CM

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

| Approved Abbreviation | Term  | Reference                            |
|-----------------------|---|--------------------------------------|
| AMA                   | Agricultural Management Assistance              | 36, 465, 466                         |
| ARC                   | Agricultural Risk Coverage                      | Text                                 |
| AWEP                  | Agricultural Water Enhancement Program          | 466                                  |
| CPA                   | Certified Public Accountant                     | Part 8, Ex. 24                       |
| CSP                   | Conservation Stewardship Program                | 36, 465, 466, 488                    |
| EIN                   | employer identification number                  | 177, 220, 271, 284, 477, Ex. 2       |
| EYR                   | end-of-year review                              | Text, Ex. 2                          |
| EYRT                  | end-of-year review tracking                     | 414, 450-454, Ex. 2                  |
| IC-DISC               | Interest Charge International Sales Corporation | 489                                  |
| IRA                   | individual retirement account                   | 284, 285                             |
| LLP                   | limited liability partnership                   | 3, 63, 92, 258-260, 468, 472, Ex. 17 |
| LP                    | limited partnership                             | 3, 63, 257-260, 311, 472, Ex. 2, 17  |
| MLG                   | marketing loan gain                             | 3, 465, 488                          |
| MFP                   | Market Facilitation Program                     | 465, 489                             |
| PLC                   | Price Loss Coverage                             | Text                                 |

## Redelegations of Authority

This table lists redelegations of authority in this handbook.

| Redelegation                   | Reference |
|--------------------------------|-----------|
| Making Determination Decisions | *--23     |
| Monitoring Determinations      | 23--*     |