

**Graze-Out Program****Overview**

The Farm Security and Rural Investment Act of 2002 (2002 Farm Bill) provides for GRAZE-OUT payments for 2002 through 2007 crop years to eligible producers who elect to use their acreage planted to wheat, barley, oats, or triticale for grazing by livestock and agree to forgo any other harvesting of the commodity on such acreage during the applicable crop year.

Payment Eligibility Requirements

GRAZE-OUT payments are subject to the same basic eligibility requirements as commodity loans and loan deficiency payments (LDPs) including, but not limited to:

- payment limitation,
- person determination,
- beneficial interest,
- misaction or misinformation,
- offset, or
- adjusted gross income.

Application Period

The application period for GRAZE-OUT begins on the first day the crop is normally, mechanically harvested as determined by the county office committee (COC), and ends on March 31 of the calendar year following the year the crop is normally harvested.

Producers may file an application for GRAZE-OUT anytime during this application period, and applications may not be cancelled or withdrawn once submitted.

Eligible producers must request GRAZE-OUT payments at the local Farm Service Agency (FSA) county office.

Eligible Producer

An eligible producer for GRAZE-OUT purposes is any producer who is considered an eligible producer for a marketing assistance loan and who meets all of the following requirements:

- requests GRAZE-OUT payments on loan deficiency payment certification and application (Form CCC-633 GRAZING) before March 31 of the calendar year following the year the crop is normally harvested;
- agrees to forgo any other harvesting of the commodity on the acreage planted for grazing by livestock;
- retains beneficial interest through the date the crop is grazed out.

Eligible Acreage

Eligible acreage for GRAZE-OUT purposes is any acreage of wheat, barley, oats, or triticale that is not harvested by any means other than grazing.

Note: Crop acreage requested for GRAZE-OUT is not eligible for:

- any other marketing assistance loan or LDP,
- a crop insurance indemnity, or
- Noninsured Crop Disaster Assistance Program or Crop Disaster Program.

Eligibility and Ineligibility for Grazing Leases

Producers who lease cropland to a second party for grazing on a gain or per head basis are:

- not considered to have lost beneficial interest, and
- eligible for GRAZE-OUT payments on the eligible commodity if all other eligibility requirements are met.

Producers are not eligible for GRAZE-OUT payments if any of the following occur:

- grazing occurred on nurse crops that would not have met the definition of the crop if harvested as grain;
- beneficial interest is lost and later regained;
- the crop is leased to a third party for grazing on a flat per acre rate;
- no grazing occurred; or
- mechanical harvest occurred.

**Filing Grazing Application Form
CCC-633 GRAZING**

The application form CCC-633 GRAZING may be obtained in person, by mail or fax from the local county FSA office, or through the following Web site: <http://www.fsa.usda.gov/dafp/psd/> under "FORMS."

Producers must use the farm serial number (FSN) when requesting GRAZE-OUT payments on the application form CCC-633 GRAZING.

If multiple producers share in the acreage, the shared acreage must equal 100 percent of the grazed acreage and all signatures must be obtained before the request is considered complete.

To be considered eligible for GRAZE OUT, all applications, including applications received in person, by mail, fax, or downloaded from the Internet, must be completed correctly, signed, and returned to the local FSA county office on or before the final loan availability date, which is March 31 of the calendar year following the year the crop is normally harvested.

Eligible producers must request the GRAZE-OUT Application Form CCC-633 GRAZING:

- after the date COC determines that wheat, barley, oats, or triticale is normally, mechanically harvested for the crop year for that applicable county; and
- no later than March 31 of the calendar year following the year the crop is normally harvested.

Producer Certification

Eligible producers must show on their application form CCC-633 GRAZING the actual tract and field location for acres grazed or to be grazed. In addition, the acreage and intended use must be certified on FSA-578 (Report of Acreage).

Note: Producers must indicate "grazing" as the intended use. Because the producer certifies that this information is correct, no additional documentation is requested from the producer at time of the request.

GRAZE-OUT Payment Rate and Calculations

GRAZE-OUT payment rates are calculated by multiplying the actual grazed acreage requested times the applicable yield times the payment rate. For triticale, the payment rate is calculated based on the predominant class of wheat in the county where the producer's farm is located.

The GRAZE-OUT payment rate is determined by the amount that the applicable commodity loan rate exceeds the CCC-determined value for the county where the acreage is grazed.

The GRAZE-OUT payment rate is the rate in effect on the day the request is completed.

The request date is the day the local FSA county office receives a signed and completed CCC-633 GRAZING application form from all applicable producers on the farm. All entries on Form CCC-633 GRAZING must be completed when

the application is submitted.

Applicable Payment Yield

For GRAZE-OUT, applicable payment yields are defined as the yield in effect for the calculation of the direct payments according to 7 CFR, Part 1412.

In the case of a farm for which a direct payment yield under the Direct and Counter-cyclical Program (DCP) yield is unavailable for a covered commodity, an appropriated payment yield for the covered commodity on the farm will be established, taking into consideration the direct payment yields for three similar farms.

For triticale, the payment yield shall be established using the yield for the predominant class of wheat in that county associated with the producer's farm.

Records

Producers requesting GRAZE-OUT payment shall maintain records for a period of 3 years after the date of the payment to document that eligibility.

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