

For: State Offices and Service Centers

**2005 Direct Payments with Fruit and Vegetable (FAV) Payment Reductions**

Approved by: Deputy Administrator, Farm Programs



**1 Overview**

**A Background**

The Farm Security and Rural Investment Act of 2002:

- provides direct or CC payments for covered commodities and peanuts
- prohibits, in some situations, planting FAV's and WR on base acres enrolled in DCP.

**Note:** DCP payments can also be subject to payment reductions if FAV planting, reporting, or maintenance default reductions apply to the farm, producer, and crop.

**B Purpose**

This notice informs State and County Offices that:

- software incorporating 2005 FAV payment reductions into 2005 direct payments will be included in County Release No. 565

**Note:** Compliance FAV payment reduction software is also included in County Release No. 565.

<b>Disposal Date</b>	<b>Distribution</b>
February 1, 2006	State Offices; State Offices relay to Service Centers

## Notice DCP-133

### 1 Overview (Continued)

#### B Purpose (Continued)

- FAV payment reductions will be reduced from 2005 direct payments when both of the following apply:
  - County Release No. 565 has been installed
  - FPR rates and/or violations have been entered into the compliance software according to 4-CP.

**Note:** 2005 final direct payments require that FPR rates be present in compliance software. Failure to follow FAV procedure results in Screen MZAAQS03 displaying the message, "Direct payments cannot be issued until all 2005 payment reductions have been computed", when attempting to process 2005 final direct payments.

### 2 Action

#### A State Office Action

State Offices shall ensure that County Offices are immediately informed of this notice.

#### B County Office Actions

County Offices shall:

- ensure that FAV payment reductions are entered according to 4-CP, Part 4 after County Release No. 565 is installed

**Note:** If the county does **not** have DCP payment reductions, County Offices are still required to create the DCP payment reduction file according to 4-CP in order to issue 2005 final direct payments starting October 2005.

- compute and transfer 2005 direct overpayments **after** installing County Release No. 565 and ensuring that FAV payment reductions have been entered according to 4-CP.