

For: State and County Offices

**Handling Situations for Reconstituting Farms With Successions-in-Interest**

Approved by: Deputy Administrator, Farm Programs



**1 Overview**

**A**

**Background**

Notice CM-441:

- advised State and County Offices of the revised policy for processing FY 2002 farm divisions and tract divisions for multiple ownership farms
- reminded State and County Offices of the requirement that **all** PFC payments issued on the farm be refunded before a farm division can be processed.

Notice PF-192 advised State and County Offices that the policy requiring refund of **all** PFC payments on the farm before initiating the farm reconstitution is being waived for those producers who request refunds be set up as a receivable for future offset.

Several County Offices have reported problems with initiating farm divisions for FY 2002 on farms with a PFC succession-in-interest.

**B**

**Purpose**

This notice:

- advises State and County Offices of how the software reads the PFC payment history file to determine if the reconstitution can be initiated
- provides guidance for canceling successions-in-interest before transferring overpayments to CRS
- provides guidance for correcting receivables established for predecessors instead of successors.

<b>Disposal Date</b>	<b>Distribution</b>
June 1, 2003	State Offices; State Offices relay to County Offices

## Notice PF-194

### 2 Handling PFC Refunds for Farms With Successions-in-Interest

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#### A Reading the Payment History File

In 1998, software was developed to implement the policy that restricted reconstitutions on farms that had received PFC payments. The reconstitution could **only** be initiated after the PFC payments were refunded and the net payments on the farm are zero.

In cases of succession-in-interest, the software will **not** allow the reconstitution to be initiated if there is an active succession-in-interest on the farm. This applies even if a receivable was created for the successor and PFC payments have been refunded. Establishment of receivables for successors do not “zero” out PFC payments.

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#### B Handling Successions- in-Interest

Successors can refund PFC payments on behalf of a predecessor or agree to offset future program benefits. If PFC payments issued to a predecessor have **not** been refunded, County Offices shall ensure that a written agreement is obtained from the successor to offset future payments that will be issued to the successor.

**Important:** County Offices shall **not** establish receivables or demand repayment of the predecessor so that a reconstitution can be processed.

In cases where a succession-in-interest occurred and a farm reconstitution has been requested, County Offices shall take the following action.

Step	Action
1	Cancel the succession-in-interest according to 2-PF, Part 12.
2	Cancel CCC-478 according to 1-PF, paragraph 636.
3	Compute overpayments according to 2-PF, paragraph 221. Since the succession-in-interest has been canceled, the predecessor will be listed on the overpayment register instead of the successor.
4	Transfer the overpayment amounts for <b>all</b> producers on the farm to CRS according to 2-PF, paragraph 224.

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Notice PF-194

2 Handling PFC Refunds for Farms With Successions-in-Interest (Continued)

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**C**  
**Correcting**  
**Receivables**  
**Established for**  
**Successors**

In cases where receivables have been established for the successor instead of the predecessor, County Offices shall take the following action.

Step	Action
1	Cancel the overpayment/receivable established for the successor on the farm according to 2-PF, paragraph 229.  <b>Note:</b> If the refund has been applied to the receivable established for the successor, the collection must be deleted before the overpayment can be canceled. See 67-FI, paragraph 498 for procedure to delete a receivable collection.
2	Cancel the succession-in-interest according to 2-PF, Part 12.
3	Compute overpayments according to 2-PF, paragraph 221. Since the succession-in-interest has been canceled, the predecessor will be listed on the overpayment register instead of the successor.
4	Transfer the overpayment amounts for the predecessor on the farm to CRS according to 2-PF, paragraph 224.
5	If a refund has been received, apply the collection to the receivable established for the predecessor.

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