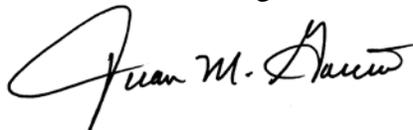


For: State and County Offices

System 36 Joint Operation Software for 2009 and Future Years

Approved by: Acting Deputy Administrator, Farm Programs



1 Overview

A Background

Software modifications have been made to the 2009 and future years System 36 joint operation file to record member contribution determinations.

B Purpose

This notice provides procedure for updating member contribution fields for members of entities embedded within a joint operation for 2009 and future years.

The procedure in this notice will be incorporated into a future 2-PL amendment.

2 System 36 Changes to Joint Operation File

A Introduction

Software currently provides options for 2009 and future year joint operation files to enter the following:

- permitted entity designations (2002 Farm Bill)
- determinations for substantive change according to 4-PL, paragraphs 54 through 58.

Software has been updated to provide options in the 2009 and future year joint operation files to enter determinations for member contribution for members of an entity embedded within a joint operation.

Disposal Date	Distribution
January 1, 2012 7-21-11	State Offices; State Offices relay to County Offices

Notice PL-222

2 System 36 Changes to Joint Operation File (Continued)

A Introduction (Continued)

Changes made to the joint operation file must be uploaded to the Kansas City mainframe before it is available to Web payment processes. Web payment processes will read the joint operation file from the county identified as the multi-county recording county ("Rc St & Cty") on MABDIG. Web payment processes residing on System 36 will continue to read the joint operation file from the local county system.

B Accessing Joint Operation File

Access the joint operation file according to this table.

Step	Action
1	On Menu FAX07001, ENTER "9", "Common Provisions".
2	On Menu MA0000, ENTER "4", "Subsidiary Files Maintenance".
3	On Menu MAD000, ENTER "6", "Joint Operations".
4	On Joint Operation File Menu MAB440A, ENTER "1", "Create/Revise/Delete Joint Operation Record".

When option 1 on Menu MAB440A is selected, Select Joint Operation Year Menu MAB44000 will be displayed.

```
Common Provisions      083-LEFLORE      Selection      MAB44000
Joint Operation Record      Version: AG23  07/07/2011 10:53 Term J2
-----
                S E L E C T   J O I N T   O P E R A T I O N   Y E A R

                1.  2011 Create/Revise/Delete Joint Operation Record
                2.  2011 Update Substantive Change/Member Contribution Flag
                3.  2010 Create/Revise/Delete Joint Operation Record
                4.  2010 Update Substantive Change/Member Contribution Flag
                5.  2009 Create/Revise/Delete Joint Operation Record
                6.  2009 Update Substantive Change/Member Contribution Flag
                7.  2008
                8.  2007

                Enter the number of your selection
                and press the "ENTER" key

Cmd7-End
```

Notice PL-222

2 System 36 Changes to Joint Operation File (Continued)

B Accessing 2009 Joint Operation File (Continued)

Use this table to select the appropriate option on Menu MAB44000.

Option	Description
1	Select this option to: <ul style="list-style-type: none">• create, revise, or delete a 2011 joint operation record• update 2011 “Permitted Entity” flags.
2	Select this option to update 2011: <ul style="list-style-type: none">• “Substantive Change” flags• “Member Contribution” flags.
3	Select this option to: <ul style="list-style-type: none">• create, revise, or delete a 2010 joint operation record• update 2010 “Permitted Entity” flags.
4	Select this option to update 2010: <ul style="list-style-type: none">• “Substantive Change” flags• “Member Contribution” flags.
5	Select this option to: <ul style="list-style-type: none">• create, revise, or delete a 2009 joint operation record• update 2009 “Permitted Entity” flags.
6	Select this option to update 2009: <ul style="list-style-type: none">• “Substantive Change” flags• “Member Contribution” flags.

2 System 36 Changes to Joint Operation File (Continued)

C Updating “Substantive Change” Flags

The “Substantive Change” flag is only provided for members of joint operations loaded in the joint operation file. A joint operation is a general partnership or a joint venture. Update the “Substantive Change” flag to reflect COC determinations made according to 4-PL, paragraphs 54 through 58.

The following are values for the “Substantive Change” flag:

- “U”, when a determination is **not** required

Note: This is the default value.

- “Y”, when COC has determined the producer meets substantive change requirements according to 4-PL, paragraphs 54 through 58
- “N”, when COC has determined the producer does **not** meet substantive change requirements according to 4-PL, paragraphs 54 through 58.

When substantive change is applicable according to 4-PL, paragraphs 54 through 58, and COC has made a determination, the “Substantive Change” flag shall:

- be updated for individuals and entities that are first level (direct) members of a parent joint operation

Exception: If the first level (direct) member of the parent joint operation is another joint operation, then substantive change provisions also apply to members (individuals and entities) of the first level embedded joint operation. Within the embedded joint operation, update the second level members (individuals and entities) of the embedded joint operation.

Note: Continue updating members (individuals and entities) of embedded joint operations until there are no more embedded joint operations. See Exhibit 1 for examples of embedded joint operations.

- **not** be updated for:
 - embedded joint operations
 - members of an entity when the entity is embedded within a joint operation.

Note: Even though “Substantive Change” flags are displayed for members of an entity and embedded joint operations, “Substantive Change” flags are **not** applicable to members of an entity or embedded joint operations and **shall not** be updated.

Notice PL-222

2 System 36 Changes to Joint Operation File (Continued)

C Updating “Substantive Change” Flags (Continued)

When an individual or entity has an interest in more than 1 joint operation and substantive change provisions are applicable to all of the joint operations, separate substantive change determinations must be made for each joint operation. The determination must be recorded separately for each individual or entity. The “Substantive Change” flag recorded in 1 joint operation has **no** association to a “Substantive Change” flag recorded in another joint operation.

Example: Laura is a member of ABC General Partnership and is also a member of XYZ Joint Venture. COC determines that Laura:

- meets substantive change provisions as a member of ABC General Partnership

Note: Access ABC General Partnership and update Laura’s “Substantive Change” flag to “Y”.

- does **not** meet substantive change provisions as a member of XYZ Joint Venture.

Note: Access XYZ Joint Venture and update Laura’s “Substantive Change” flag to “N”.

Note: The “Y” “Substantive Change” flag for Laura as a member of ABC General Partnership has no association to the “N” “Substantive Change” flag for Laura as a member of XYZ Joint Venture.

Changes made to “Substantive Change” flags and updated in the joint operation file must be uploaded to the Kansas City mainframe **before** it is available to Web payment processes. These changes may take up to 2 weeks. Web payment processes will read the joint operation file from the county identified as the multi-county recording county (“Rc St & Cty”) on MABDIG. Web payment processes residing on System 36 will continue to read the joint operation file from the local county system. For producers who are multi-county and participating in programs processed on System 36, all counties (recording and nonrecording) must update “Substantive Change” flags. CCC-527 shall be used to communicate COC determinations between counties.

Notice PL-222

2 System 36 Changes to Joint Operation File (Continued)

C Updating “Substantive Change” Flags (Continued)

Update “Substantive Change” flags for members of joint operations according to the following table. For joint operations with members at multiple levels, print an Entity Ownership Report according to 2-PL, subparagraph 414 L, as a reference tool for updating “Substantive Change” flags.

Note: Exhibit 1 provides an example of the screens displayed when updating “Substantive Change” flags.

Step	Action	Results
1	On Menu MAB44000, enter 1 of the following applicable options: <ul style="list-style-type: none"> • “2”, “2011 Update Substantive Change/Member Contribution Flag” • “4”, “2010 Update Substantive Change/Member Contribution Flag” • “6”, “2009 Update Substantive Change/Member Contribution Flag” 	Select Joint Operation Screen MAD54001 will be displayed.
2	On Screen MAD54001, enter 1 of the following for the joint operation: <ul style="list-style-type: none"> • last 4 of TIN • TIN and TIN type • last name. 	Select Effective Date to Revise Screen MAD54002 will be displayed.
3	Verify the information is correct on Screen MAD54002.	
	IF...	THEN PRESS...
	correct joint operation is displayed	“Enter”.
	correct joint operation is not displayed	“Cmd3”.
		Members of the Joint Operation Screen MAD541J1 will be displayed. Screen MAD54001 will be redisplayed. <ul style="list-style-type: none"> • Select another entity if the entity was not correct. • PRESS “Cmd3” again to display Menu MAB440A.

Notice PL-222

2 System 36 Changes to Joint Operation File (Continued)

C Updating “Substantive Change” Flags (Continued)

Step	Action	Results								
4	<p>Screen MAD541J1 will display the first level members of the joint operation. Verify that the members and actual shares are correct.</p> <table border="1" data-bbox="378 470 1146 1024"> <thead> <tr> <th data-bbox="378 470 630 548">IF the information is...</th> <th data-bbox="630 470 1146 548">THEN...</th> </tr> </thead> <tbody> <tr> <td data-bbox="378 548 630 951">correct</td> <td data-bbox="630 548 1146 951"> <p>in the “Enter # to modify” field, enter the line number of the member to update and PRESS “Enter”.</p> <p>Note: To update “Substantive Change” flags for embedded members of joint operations at the next level, enter the line number for the embedded entity or joint operation and continue with the next step.</p> </td> </tr> <tr> <td data-bbox="378 951 630 1024">not correct</td> <td data-bbox="630 951 1146 1024">exit the application and ENTER “1” on Menu MAB440A.</td> </tr> </tbody> </table>	IF the information is...	THEN...	correct	<p>in the “Enter # to modify” field, enter the line number of the member to update and PRESS “Enter”.</p> <p>Note: To update “Substantive Change” flags for embedded members of joint operations at the next level, enter the line number for the embedded entity or joint operation and continue with the next step.</p>	not correct	exit the application and ENTER “1” on Menu MAB440A.	Member Information Screen MAD543J1 will be displayed for the first level members of the joint operation.		
IF the information is...	THEN...									
correct	<p>in the “Enter # to modify” field, enter the line number of the member to update and PRESS “Enter”.</p> <p>Note: To update “Substantive Change” flags for embedded members of joint operations at the next level, enter the line number for the embedded entity or joint operation and continue with the next step.</p>									
not correct	exit the application and ENTER “1” on Menu MAB440A.									
5	<p>On Screen MAD543J1, the “Substantive Change” flag will default to “U”.</p> <table border="1" data-bbox="378 1100 1146 1810"> <thead> <tr> <th data-bbox="378 1100 630 1178">IF the member is...</th> <th data-bbox="630 1100 1146 1178">THEN...</th> </tr> </thead> <tbody> <tr> <td data-bbox="378 1178 630 1360">an individual</td> <td data-bbox="630 1178 1146 1360"> <ul style="list-style-type: none"> • update the “Substantive Change” flag with “Y” or “N”, as applicable • PRESS “Enter”. </td> </tr> <tr> <td data-bbox="378 1360 630 1543">an entity</td> <td data-bbox="630 1360 1146 1543"> <ul style="list-style-type: none"> • Update the “Substantive Change” flag with “Y” or “N”, as applicable • PRESS “Enter” to display members of the entity. </td> </tr> <tr> <td data-bbox="378 1543 630 1810">a joint operation</td> <td data-bbox="630 1543 1146 1810"> <ul style="list-style-type: none"> • do not update the “Substantive Change” flag for the joint operation (leave the flag set to “U”) • PRESS “Enter” to display the member of the joint operation. </td> </tr> </tbody> </table>	IF the member is...	THEN...	an individual	<ul style="list-style-type: none"> • update the “Substantive Change” flag with “Y” or “N”, as applicable • PRESS “Enter”. 	an entity	<ul style="list-style-type: none"> • Update the “Substantive Change” flag with “Y” or “N”, as applicable • PRESS “Enter” to display members of the entity. 	a joint operation	<ul style="list-style-type: none"> • do not update the “Substantive Change” flag for the joint operation (leave the flag set to “U”) • PRESS “Enter” to display the member of the joint operation. 	<p>Screen MAD541J1 will be redisplayed with the “Substantive Change” flag updated for the selected member.</p> <p>Members of the Embedded Entity Screen MAD544J1 will be displayed. This screen will be displayed for members at the second and subsequent levels of the joint operation.</p>
IF the member is...	THEN...									
an individual	<ul style="list-style-type: none"> • update the “Substantive Change” flag with “Y” or “N”, as applicable • PRESS “Enter”. 									
an entity	<ul style="list-style-type: none"> • Update the “Substantive Change” flag with “Y” or “N”, as applicable • PRESS “Enter” to display members of the entity. 									
a joint operation	<ul style="list-style-type: none"> • do not update the “Substantive Change” flag for the joint operation (leave the flag set to “U”) • PRESS “Enter” to display the member of the joint operation. 									

Notice PL-222

2 System 36 Changes to Joint Operation File (Continued)

C Updating “Substantive Change” Flags (Continued)

Step	Action	Results						
6	<p>If Screen MAD544J1 displays members of an embedded:</p> <ul style="list-style-type: none"> entity, do not update <p>Note: PRESS “Cmd4” to return to Screen MAD541J1. If Screen MAD541J1 is not displayed after pressing “Cmd4” once, continue to press “Cmd4” until screen MAD541J1 is displayed.</p> <ul style="list-style-type: none"> joint operation, continue to step 7. 							
7	On Screen MAD544J1, the “Substantive Change” flag will default to “ U ”.							
	<table border="1"> <thead> <tr> <th>IF the member of the joint operation is...</th> <th>THEN...</th> </tr> </thead> <tbody> <tr> <td>an individual or entity</td> <td> <ul style="list-style-type: none"> update the “Substantive Change” flag with “Y” or “N”, as applicable PRESS “Enter”. </td> </tr> <tr> <td>another joint operation</td> <td> <ul style="list-style-type: none"> do not update the “Substantive Change” flag enter the line number of the joint operation and PRESS “Enter” to display the members of the joint operation. </td> </tr> </tbody> </table>	IF the member of the joint operation is...	THEN...	an individual or entity	<ul style="list-style-type: none"> update the “Substantive Change” flag with “Y” or “N”, as applicable PRESS “Enter”. 	another joint operation	<ul style="list-style-type: none"> do not update the “Substantive Change” flag enter the line number of the joint operation and PRESS “Enter” to display the members of the joint operation. 	Screen MAD541J1 will be redisplayed.
	IF the member of the joint operation is...	THEN...						
an individual or entity	<ul style="list-style-type: none"> update the “Substantive Change” flag with “Y” or “N”, as applicable PRESS “Enter”. 							
another joint operation	<ul style="list-style-type: none"> do not update the “Substantive Change” flag enter the line number of the joint operation and PRESS “Enter” to display the members of the joint operation. 							
<ul style="list-style-type: none"> do not update the “Substantive Change” flag enter the line number of the joint operation and PRESS “Enter” to display the members of the joint operation. 								
8	Repeat step 7 until “Substantive Change” flags have been updated for members of the joint operation until there are no more joint operations.							
9	After “Substantive Change” flags have been updated, ENTER “ U ” and PRESS “ Enter ” on Screen MAD544J1.							
10	On Screen MAD541J1, ENTER “ U ” and PRESS “ Enter ”.	Screen MAD541J1 will be redisplayed with the message, “Joint Operation file has been updated”.						

Note: Print a MABDIG to verify the “Substantive Change” flags have been updated.

Notice PL-222

2 System 36 Changes to Joint Operation File (Continued)

D Updating “Member Contribution” Flags

The “Member Contribution” flag is provided for members of entities embedded in a joint operation loaded in the 2009 and future year joint operation files. Update the “Member Contribution” flag to reflect COC determinations of:

- active personal labor and/or active personal management according to 4-PL, subparagraph 147 A
- landowner exemption according to 4-PL, paragraph 62.

The “Member Contribution” flag:

- is **not** applicable to the following entities because they are **not** loaded in the entity file and do **not** have members with an ownership interest in the entity:
 - church, charity, or nonprofit organization
 - Indian tribal venture
 - Indians represented by BIA
 - LLC with a Social Security number
 - public school
 - revocable trust with a Social Security number

Note: This is applicable when the entity is a direct payment entity or embedded within another entity or joint operation.

- must be updated for **individuals** at all levels when that individual is a member of an entity embedded within a joint operation
- must be updated for revocable trusts and LLC’s using a Social Security number when the revocable trust or LLC is a member of an entity embedded within a joint operation
- **shall not** be updated for:
 - embedded entities and joint operations at any level within a joint operation or entity.
 - Individuals at any level that are members of joint operations.

Note: There are no validations to prevent entry of a “Member Contribution” flag as stated in this subparagraph; however, County Office users shall only update “Member Contribution” flags for individuals, revocable trusts, or LLC’s with a Social Security number that are members of embedded entities.

Notice PL-222

2 System 36 Changes to Joint Operation File (Continued)

D Updating “Member Contribution” Flags (Continued)

Software has been updated to provide options to designate when member contribution is fully met or when member contribution is not met. An option is required to indicate member contribution is partially met and the percent for which the member meets member contribution provisions. Both of the following may be entered on Screens MAD541E1, MAD543E1, and MAD544E1:

- **“P”** “Member Contribution” flag, when the member does not make contributions according to 4-PL, subparagraph 147 A, but the member qualifies on some of the land under landowner provisions in 4-PL, paragraph 62
- “Member Contribution Share” to reflect the eligible percent for the member.

Notes: The member contribution share is calculated according to 4-PL, paragraph 148.5.

The “Member Contribution” flag and member contribution share will only be displayed on Screen MAD541E1.

The following table provides a description of the “Member Contribution” flags.

Flag	Description		
“Blank”	A determination has not been made. Note: This is the default value.		
“Y”	Shall be entered when either of the following conditions is met.		
	WHEN landowner provision is...	AND...	AND COC determines that the member...
	not applicable	all of the land is either cash-rent or share lease	meets member contribution provisions according to 4-PL, subparagraph 147 A.
	applicable	none of the land is cash-rent or share lease	
		some of the land is cash-rent or share lease	meets member contribution provisions according to 4-PL, subparagraph 147 A.
“N”	Shall be entered when landowner provision is not applicable, all of the land is either cash-rent or share lease, and COC determines that the member does not meet member contribution provisions according to 4-PL, subparagraph 147 A.		
“P”	Shall be entered when landowner provision is applicable, some of the land is either cash-rent or share lease, and COC determines that the member does not meet member contribution provisions according to 4-PL, subparagraph 147 A.		

2 System 36 Changes to Joint Operation File (Continued)

D Updating “Member Contribution” Flags (Continued)

When an individual has an interest in more than 1 entity or joint operation, separate determinations of active personal labor and/or active personal management must be made for each entity or joint operation. Therefore, the determination must be recorded separately for each entity/joint operation. The “Member Contribution” flag recorded in 1 entity/joint operation has no association to a “Member Contribution” flag recorded in another entity/joint operation.

“Member Contribution” flags:

- **are** applicable to an individual who is a member of an entity that is embedded within a joint operation
- **are not** applicable to an individual who is a direct member of a joint operation.

Example: John is a member of ABC Corp and ABC Corp is an embedded member of XYZ Partnership. COC determines that John:

- provides active personal labor and/or active personal management as a member of ABC Corp

Note: Access ABC Corp and update John’s “Member Contribution” flag to “Y”.

- does **not** provide active personal labor and/or active personal management as a member of XYZ Partnership through embedded ABC Corp.

Note: Access XYZ Partnership and embedded entity ABC Corp to update John’s “Member Contribution” flag to “N”.

Note: The “Y” “Member Contribution” flag for John as a member of ABC Corp has **no** association to the “N” “Member Contribution” flag for John as an embedded member of XYZ Partnership.

Note: Changes made to “Member Contribution” flags and updated in the joint operation file **must** be uploaded to the Kansas City mainframe **before** it is available to Web payment processes. These changes may take up to 2 weeks. Web payment processes will read the joint operation file from the county identified as the multi-county recording county (“Rc St & Cty”) on MABDIG. Web payment processes residing on System 36 will continue to read the joint operation file from the local county system, if applicable to the program. For producers who are multi-county and participating in programs processed on System 36, all recording and nonrecording counties **must** update “Member Contribution” flags. CCC-527 shall be used to communicate COC determinations between counties.

Notice PL-222

2 System 36 Changes to Joint Operation File (Continued)

D Updating “Member Contribution” Flags (Continued)

Update “Member Contribution” flags for individuals according to the following table. For entities with members at multiple levels, print an Entity Ownership Report according to 2-PL, subparagraph 414 L, as a reference tool for updating “Member Contribution” flags.

Note: Exhibit 2 provides an example of the screens displayed when updating “Member Contribution” flags within a joint operation.

Step	Action	Result
1	On Menu MAB44000, enter 1 of the following applicable options: <ul style="list-style-type: none"> • “2”, “2011 Update Substantive Change/Member Contribution Flag” • “4”, “2010 Update Substantive Change/Member Contribution Flag” • “6”, “2009 Update Substantive Change/Member Contribution Flag”. 	Select Entity Screen MAD54001 will be displayed.
2	On Screen MAD54001, enter 1 of the following: <ul style="list-style-type: none"> • last 4 of TIN • TIN and TIN type • last name. 	Select Effective Date to Revise Screen MAD54002 will be displayed.
3	Verify the information is correct on Screen MAD54002.	
	IF...	THEN PRESS...
	correct joint operation is displayed	“Enter”.
	correct joint operation is not displayed	“Cmd3”.
		Members of the Entity Screen MAD541E1 will be displayed. <ul style="list-style-type: none"> • Select another entity if the entity was not correct. • PRESS “Cmd3” again to display Menu MAB440B.

Notice PL-222

2 System 36 Changes to Joint Operation File (Continued)

D Updating “Member Contribution” Flags (Continued)

Step	Action		Result
4	Screen MAD541J1 will display the first level members of the joint operation. Verify that the members and actual shares are correct.		
	IF the information is...	THEN...	Member Information Screen MAD543E1 will be displayed.
	correct	ENTER “M” in the “Enter # to modify” field, enter the line number of the embedded entity to update, and PRESS “Enter”. Note: To update “Member Contribution” flags for individuals at the next level, enter the line number for the embedded entity and continue with the next step.	
not correct	exit the application and ENTER “1” on Menu MAB440B.		
5	On Screen MAD543E1, the “Member Contribution” flag will default to “Blank”.		
	IF the member is an...	THEN...	Screen MAD543E1 will be redisplayed.
	individual or joint operation	<ul style="list-style-type: none"> • do not update the “Member Contribution” flag with “Y”, “P”, or “N”, as applicable • PRESS “Cmd4”. 	
entity	<ul style="list-style-type: none"> • do not update the “Member Contribution” flag (leave the flag blank) • PRESS “Enter” to display the members of the entity. 		Members of the Embedded Entity Screen MAD544E1 will display the members of the embedded entity.

Notice PL-222

2 System 36 Changes to Joint Operation File (Continued)

D Updating “Member Contribution” Flags (Continued)

Step	Action	Result		
6	On Screen MAD544E1, the “Member Contribution” flag will default to “Blank”.			
	<table border="1"> <tr> <td data-bbox="378 432 602 512">IF the member is an...</td> <td data-bbox="602 432 1109 512">THEN...</td> </tr> </table>	IF the member is an...	THEN...	
IF the member is an...	THEN...			
	<table border="1"> <tr> <td data-bbox="378 512 602 919">individual</td> <td data-bbox="602 512 1109 919"> <ul style="list-style-type: none"> • update the “Member Contribution” flag with “Y”, “P”, or “N”, as applicable • ENTER “U” and PRESS “Enter” to retain changes made. <p>Caution: If “U” is not taken after changes are made on each screen, changes will not be retained.</p> </td> </tr> </table>	individual	<ul style="list-style-type: none"> • update the “Member Contribution” flag with “Y”, “P”, or “N”, as applicable • ENTER “U” and PRESS “Enter” to retain changes made. <p>Caution: If “U” is not taken after changes are made on each screen, changes will not be retained.</p>	<p>Either of the following screens will be displayed:</p> <ul style="list-style-type: none"> • MAD541E1 • MAD544E1 for the next highest level within the parent entity.
individual	<ul style="list-style-type: none"> • update the “Member Contribution” flag with “Y”, “P”, or “N”, as applicable • ENTER “U” and PRESS “Enter” to retain changes made. <p>Caution: If “U” is not taken after changes are made on each screen, changes will not be retained.</p>			
	<table border="1"> <tr> <td data-bbox="378 919 602 1327">entity or a joint operation</td> <td data-bbox="602 919 1109 1327"> <ul style="list-style-type: none"> • do not update the “Member Contribution” flag for the entity or joint operation • in the “Enter # to modify” field, enter the line number for the entity or joint operation • PRESS “Enter” to display the members of the entity or joint operation. </td> </tr> </table>	entity or a joint operation	<ul style="list-style-type: none"> • do not update the “Member Contribution” flag for the entity or joint operation • in the “Enter # to modify” field, enter the line number for the entity or joint operation • PRESS “Enter” to display the members of the entity or joint operation. 	<p>Screen MAD544E1 will be redisplayed with the members or the embedded entity for the entity or joint operation selected on the previous screen.</p>
entity or a joint operation	<ul style="list-style-type: none"> • do not update the “Member Contribution” flag for the entity or joint operation • in the “Enter # to modify” field, enter the line number for the entity or joint operation • PRESS “Enter” to display the members of the entity or joint operation. 			
7	Repeat step 6 until “Member Contribution” flags have been updated for individuals at all levels within the embedded entity.			
8	After “Member Contribution” flags have been updated for all individuals at the lowest level within the embedded entity, ENTER “U” and PRESS “Enter” on Screen MAD544E1.	Screen MAD541E1 will be redisplayed.		
9	On Screen MAD541E1, ENTER “U” and PRESS “Enter”.	Screen MAD541E1 will be redisplayed with the message, “Joint Operation file has been updated”.		

Note: Currently, the only way to verify that flags have been updated is to access the joint operation file after updating. Plans are being made to update MABDIG to display “Member Contribution” flags.

Notice PL-222

3 Action and Contacts

A State Office Action

State Offices shall ensure that County Offices are immediately informed of the contents of this notice and update joint operations accordingly.

B County Office Action

County Offices shall thoroughly review the provisions in this notice and update all “Member Contribution” flags for joint operations for years 2009 through 2011 before **August 15, 2011**.

C Contacts

State Office shall contact:

- Deb Krusemark, PECD, with questions about software for the “Member Contribution” flag and share by either of the following:
 - e-mail to **debra.krusemark@wdc.usda.gov**
 - telephone at 202-720-3561
- Natalie Plummer, PECD, with questions about software for the “Member Contribution” flag and share by either of the following:
 - e-mail to **natalie.plummer@wdc.usda.gov**
 - telephone at 202-260-8172
- James Baxa, PECD, with questions about the calculation of the member contribution share by either of the following:
 - e-mail to **james.baxa@wdc.usda.gov**
 - telephone at 202-720-4189.

Example of Updating “Substantive Change” Flags in Joint Operations

A Background

This exhibit is an example of recording “Substantive Change” flags for members of the general partnership, “Ima Partnership”. “Substantive Change” flags are applicable to first level members of a joint operation. If the first level member is another joint operation, “Substantive Change” flags are applicable to second level members of the embedded joint operation. Substantive change is applicable to members of joint operations until there are no more members that are joint operations.

Note: Even though “Substantive Change” flags are displayed for members of an entity, “Substantive Change” flags are **not** applicable to members of an entity; therefore, the flag shall remain “U”.

This example illustrates how to update “Substantive Change” flags for members of joint operations at different levels. See 4-PL, paragraphs 54 through 58, for policy to determine substantive change.

B Structure of Payment Entity Ima Partnership

For this example, “Ima Partnership” is the name of the joint operation. Members of Ima Partnership are:

- Any 1 Producer (Individual). Update “Substantive Change” flags.
- Any 2 Producer (Individual). Update “Substantive Change” flags.
- Ima Corporation (Corporation). Update “Substantive Change” flags.
 - Any 5 Producer (Individual). Do not update “Substantive Change” flags.
 - Any 6 Producer (Individual). Do not update “Substantive Change” flags.
- Ima Partnership #2 (General Partnership). Do **not** update “Substantive Change” flags.
 - Any 3 Producer (Individual). Update “Substantive Change” flags.
 - Any 4 Producer (Individual). Update “Substantive Change” flags.

Example of Updating “Substantive Change” Flags in Joint Operations (Continue)

C Example of Screen MAD54002 for Ima Partnership

After selecting the producer on Screen MAD54002, the following screen will be displayed.

```

Common Provisions      083-LEFLORE      Selection      MAD54002
Joint Operation file      Version AA01  07/07/2011 10:54 Term J2
-----
                S E L E C T   E F F E C T I V E   D A T E
                   T O   R E V I S E

ID:   XX-XXXXXXX E   IMA PARTNERSHIP
                        123 NOWHERE STREET
                        ANYWHERE                ST 99999-1234

Joint Operation - Type: Partnership
Effective Year: 11

Effective date from CCC-502 on entity file  01 / 01 / 95

Cmd3-Previous Screen                                     Enter-Continue
    
```

The following are available options:

- PRESS “Enter” to continue to Screen MAD541J1
- PRESS “Cmd3” to return to Screen MAD54001.

In this example, the user shall PRESS “Enter” to continue.

Example of Updating “Substantive Change” Flags in Joint Operations (Continued)

D Example of Screen MAD541J1 for Ima Partnership

Screen MAD541J1 will display the first level members of Ima Partnership. “Substantive Change” flags are defaulted to “U”.

Common Provisions		083-LEFLORE		Update		MAD541J1	
Joint Operation Update				Version AA01 07/07/11 11:05 Term J2			

MEMBERS OF THE JOINT OPERATION							
Name: IMA PARTNERSHIP							
Type: Partnership				ID: XXXXXXXXX E			
				Effective Date: 01/01/95		Year: 11	
Sub						Shares	
#	Chng	Member Name	ID Number	Entity	Actual		
001	U	ANY 1 PRODUCER	XXX-XX-XXXX	S 01	0.2500		
002	U	ANY 2 PRODUCER	XXX-XX-XXXX	S 01	0.2500		
003	U	IMA CORPORATION	XX-XXXXXXX	E 04	0.2500		
004	U	IMA PARTNERSHIP #2	XX-XXXXXXX	E 02	0.2500		
					Total: 1.0000		
					Enter # to modify: 4		
Cmd7=End Cmd4=Previous Screen				(M)ember Contribution or (U)pdate			

The following are available options:

- enter the line number of the first level member and PRESS “Enter” to access:
 - the “Substantive Change” flag for first level members
 - embedded members when the first level member is a joint operation
- ENTER “U” and PRESS “Enter” to update
- PRESS “Cmd4”, to return to Menu MAB44000
- PRESS “Cmd7”, to end and return to Menu MAB440A.

In this example, the user shall ENTER “4” and PRESS “Enter” to access second level members within general partnership Ima Partnership #2.

Example of Updating “Substantive Change” Flags in Joint Operations (Continued)

E Example of Screen MAD543J1 for Ima Partnership #2

Screen MAD543J1 will display for Ima Partnership #2.

```

Common Provisions      083-LEFLORE      Update      MAD543J1
Entity Update          Version AA01  07/07/11 11:35 Term J2
-----
                                M E M B E R      I N F O R M A T I O N
Name: IMA PARTNERSHIP
Type: Partnership          ID: XX-XXXXXXX E      Share: 1.0000
                                Effective Date: 01/01/95      Year: 11

MEMBER  ID and Type:      XX-XXXXXXX E
        Entity Type:      Partnership
        Name & Address:    IMA PARTNERSHIP #2
                                234 NOWHERE STREET
                                ANYWHERE          ST 99999-1234

MEMBER  Actual Share:      .2500

        Substantive Chg:  U

Cmd4-Previous Screen          Press Enter to continue
    
```

Because this is a joint operation, the “Substantive Change” flag shall remain “U”. PRESS “Enter” to display the embedded members of Ima Partnership #2.

Example of Updating “Substantive Change” Flags in Joint Operations (Continued)

F Example of Screen MAD544J1 for Ima Partnership #2

Screen MAD544J1 will display the second level members of Ima Partnership within joint operation Ima Partnership #2.

Common Provisions	083-LEFLORE	Modify	MAD544J1
Joint Operations Update		Version AA01	07/07/11 12:54 Term J2

MEMBERS OF THE EMBEDDED ENTITY			
Name:	IMA PARTNERSHIP #2	ID:	XX-XXXXXXX E Share: 0.2500
Type:	Partnership	Effective Date:	01/01/95 Year: 11
Sbsnt			
#	Chnge	Name	ID Number Entity Share
003	N	ANY 3 PRODUCER	XXX-XX-XXXX S 01 0.1250
004	Y	ANY 4 PRODUCER	XXX-XX-XXXX S 01 0.1250
			Total: 0.2500
Cmd4=Previous Screen		Roll UP/DN	Enter # of Entity to Process or (U) pdate to record changes U

In this example, COC has determined that:

- substantive change provisions apply
- Any 3 Producer does **not** meet substantive change provisions
- Any 4 Producer does meet substantive change provisions.

To record the determination:

- the “Substantive Change” flag was updated to “N” for Any 3 Producer and to “Y” for Any 4 Producer
- ENTER “U” and PRESS “Enter” to update and save the flags entered on this screen.

Note: “Substantive Change” flags updated for members of embedded joint operations will only display on this screen.

Example of Updating “Substantive Change” Flags in Joint Operations (Continued)

G Example of Screen MAD541J1 for Ima Partnership After Updating Second Level Members

After updating the record for second level members of Ima Partnership embedded within joint operation Ima Partnership #2, the system will return to Screen MAD541J1.

Note: The “Substantive Change” flag for Ima Partnership #2 is “U”. This flag is **not** updated by the system and the user shall **not** update this flag because the member is a joint operation. The flags updated for second level members Any 3 Producer and Any 4 Producer will only display on Screen MAD544J1 for members of embedded entity Ima Partnership #2.

Common Provisions		083-LEFLORE		Update		MAD541J1	
Joint Operation Update				Version AA01 07/07/11 11:05 Term J2			

MEMBERS OF THE JOINT OPERATION							
Name: IMA PARTNERSHIP							
Type: Partnership ID: XXXXXXXXX E							
Effective Date: 01/01/95 Year: 11							
Sub						Shares	
#	Chng	Member Name	ID Number	Entity	Actual		
001	U	ANY 1 PRODUCER	XXX-XX-XXXX	S 01	0.2500		
002	U	ANY 2 PRODUCER	XXX-XX-XXXX	S 01	0.2500		
003	U	IMA CORPORATION	XX-XXXXXXX	E 04	0.2500		
004	U	IMA PARTNERSHIP #2	XX-XXXXXXX	E 02	0.2500		
					Total: 1.0000		
					Enter # to modify: 1		
Cmd7=End Cmd4=Previous Screen				(M)ember Contribution or (U)pdate			

In this example, the user shall ENTER “1” and PRESS “Enter” to access the “Substantive Change” flag for first level member Any 1 Producer.

Example of Updating “Substantive Change” Flags in Joint Operations (Continued)

H Example of Screen MAD543J1 for Any 1 Producer

Screen MAD543J1 will display for Any 1 Producer.

```

Common Provisions      083-LEFLORE      Update      MAD543J1
Entity Update          Version AA01  07/07/11 13:39 Term J2
-----
                M E M B E R      I N F O R M A T I O N
Name: IMA PARTNERSHIP
Type: Partnership          ID: XX-XXXXXXX E      Share: 1.0000
                Effective Date: 01/01/95      Year: 11

MEMBER  ID and Type:      XXX-XX-XXXX S
        Entity Type:      Individual
        Name & Address:    ANY 1 PRODUCER
                        345 NOWHERE STREET
                        ANYWHERE          ST 99999-1234

MEMBER  Actual Share:      .2500

        Substantive Chg:  Y

Cmd4-Previous Screen          Press Enter to continue
    
```

COC has determined that:

- substantive change provisions apply
- Any 1 Producer meets substantive change provisions.

To record the determination:

- the “Substantive Change” flag was updated to “Y” for Any 1 Producer
- ENTER “U” and PRESS “Enter” to update and save the flags entered on this screen.

Example of Updating “Substantive Change” Flags in Joint Operations (Continued)

I Example of Screen MAD541J1 Ima Partnership After Updating Flag for Any 1 Producer

Screen MAD541J1 will display reflecting the updated substantive change “Y” flag for Any 1 Producer. This flag is brought forward because Any 1 Producer is a first level member of Ima Partnership.

Common Provisions		083-LEFLORE		Update		MAD541J1	
Joint Operation Update				Version AA01 07/07/11 15:26 Term J2			

MEMBERS OF THE JOINT OPERATION							
Name: IMA PARTNERSHIP							
Type: Partnership ID: XXXXXXXXX E							
Effective Date: 01/01/95 Year: 11							
Sub							Shares
#	Chng	Member Name	ID Number	Entity	Actual		
001	Y	ANY 1 PRODUCER	XXX-XX-XXXX	S 01	0.2500		
002	U	ANY 2 PRODUCER	XXX-XX-XXXX	S 01	0.2500		
003	U	IMA CORPORATION	XX-XXXXXXX	E 04	0.2500		
004	U	IMA PARTNERSHIP #2	XX-XXXXXXX	E 02	0.2500		
					Total: 1.0000		
					Enter # to modify: 2		
Cmd7=End Cmd4=Previous Screen				(M)ember Contribution or (U)pdate			

In this example, the user shall ENTER “2” and PRESS “Enter” to access the “Substantive Change” flag for first level member Any 2 Producer.

Example of Updating “Substantive Change” Flags in Joint Operations (Continued)

J Example of Screen MAD543J1 for Any 2 Producer

Screen MAD543J1 will display for Any 2 Producer.

```

Common Provisions      083-LEFLORE      Update      MAD543J1
Entity Update          Version AA01  07/07/11 15:27 Term J2
-----
                M E M B E R      I N F O R M A T I O N
Name: IMA PARTNERSHIP
Type: Partnership          ID: XX-XXXXXXX E      Share: 1.0000
                Effective Date: 01/01/95      Year: 11

MEMBER  ID and Type:      XXX-XX-XXXX S
        Entity Type:      Individual
        Name & Address:  ANY 2 PRODUCER
                        456 NOWHERE STREET
                        ANYWHERE          ST 99999-1234

MEMBER  Actual Share:      .2500

        Substantive Chg:  Y

Cmd4-Previous Screen          Press Enter to continue
    
```

COC has determined that:

- substantive change provisions apply
- Any 2 Producer meets substantive change provisions.

To record the determination:

- the “Substantive Change” flag was updated to “Y” for Any 2 Producer
- ENTER “U” and PRESS “Enter” to update and save the flags entered on this screen.

Example of Updating “Substantive Change” Flags in Joint Operations (Continued)

K Example of Screen MAD541J1 for Ima Partnership After Updating Flag for Any 2 Producer

Screen MAD541J1 will display reflecting the updated substantive change “Y” flag for Any 2 Producer. This flag is brought forward because Any 2 Producer is a first level member of Ima Partnership.

Common Provisions		083-LEFLORE		Update		MAD541J1	
Joint Operation Update				Version AA01 07/07/11 15:28 Term J2			

MEMBERS OF THE JOINT OPERATION							
Name: IMA PARTNERSHIP							
Type: Partnership							
ID: XXXXXXXXXE							
Effective Date: 01/01/95							
Year: 11							
Sub						Shares	
#	Chng	Member Name	ID Number	Entity	Actual		
001	Y	ANY 1 PRODUCER	XXX-XX-XXXX	S 01	0.2500		
002	Y	ANY 2 PRODUCER	XXX-XX-XXXX	S 01	0.2500		
003	U	IMA CORPORATION	XX-XXXXXXX	E 04	0.2500		
004	U	IMA PARTNERSHIP #2	XX-XXXXXXX	E 02	0.2500		
						Total: 1.0000	
						Enter # to modify: 3	
Cmd7=End Cmd4=Previous Screen				(M)ember Contribution or (U)pdate			

In this example, the user shall ENTER “3” and PRESS “Enter” to access the “Substantive Change” flag for first level member Ima Corporation.

Example of Updating “Substantive Change” Flags in Joint Operations (Continued)

L Example of Screen MAD543J1 for Ima Corporation

Screen MAD543J1 will display for Ima Corporation.

```

Common Provisions      083-LEFLORE      Update      MAD543J1
Entity Update          Version AA01  07/07/11 15:29 Term J2
-----
                                M E M B E R      I N F O R M A T I O N
Name: IMA PARTNERSHIP
Type: Partnership          ID: XX-XXXXXXX E      Share: 1.0000
                                Effective Date: 01/01/95      Year: 11

MEMBER  ID and Type:      XX-XXXXXXX E
        Entity Type:      Corporation
        Name & Address:  IMA CORPORATION
                                567 NOWHERE STREET
                                ANYWHERE          ST 99999-1234

MEMBER  Actual Share:      .2500

        Substantive Chg:  Y,

Cmd4-Previous Screen          Press Enter to continue
    
```

COC has determined that:

- substantive change provisions apply
- Ima Corporation meets substantive change provisions.

To record the determination:

- the “Substantive Change” flag was updated to “Y” for Ima Corporation.
- PRESS “Enter” to display Screen MAD544J1 for Ima Corporation.

Example of Updating “Substantive Change” Flags in Joint Operations (Continued)

M Example of Screen MAD544J1 for Ima Corporation

Because Ima Corporation is an embedded entity, Screen MAD544J1 will display the members of Ima Corporation; however, the “Substantive Change” flags for members of an entity **shall not** be updated.

Common Provisions	083-LEFLORE	Modify	MAD544J1
Joint Operations Update		Version AA01	07/07/11 15:30 Term J2

MEMBERS OF THE EMBEDDED ENTITY			
Name:	IMA CORPORATION	ID:	XX-XXXXXXX E Share: 0.0000
Type:	Corporation	Effective Date:	01/01/95 Year: 11
Sbsnt			
#	Chnge	Name	ID Number Entity Share
001	U	ANY 5 PRODUCER	XXX-XX-XXXX S 01 0.1250
002	U	ANY 6 PRODUCER	XXX-XX-XXXX S 01 0.1250
			Total: 0.2500
Cmd4=Previous Screen		Roll UP/DN	Enter # of Entity to Process or (U) pdate to record changes ..

Take either of the following actions to return to Screen MAD541J1:

- PRESS “Cmd4”
- ENTER “U” and PRESS “Enter”.

Example of Updating “Substantive Change” Flags in Joint Operations (Continued)

N Example of Screen MAD541J1 for Ima Partnership With Updated Flag for Ima Corporation

Screen MAD541J1 will display reflecting the updated substantive change “Y” flag for Ima Corporation. This flag is brought forward because Ima Corporation is a first level member of Ima Partnership.

Common Provisions	083-LEFLORE	Update	MAD541J1
Joint Operation Update		Version AA01	07/07/11 15:31 Term J2

MEMBERS OF THE JOINT OPERATION			
Name: IMA PARTNERSHIP			
Type: Partnership		ID: XXXXXXXXXE	
Effective Date: 01/01/95			Year: 11
Sub			Shares
#	Chng	Member Name	ID Number Entity Actual
001	Y	ANY 1 PRODUCER	XXX-XX-XXXX S 01 0.2500
002	Y	ANY 2 PRODUCER	XXX-XX-XXXX S 01 0.2500
003	Y	IMA CORPORATION	XX-XXXXXXX E 04 0.2500
004	U	IMA PARTNERSHIP #2	XX-XXXXXXX E 02 0.2500
			Total: 1.0000
			Enter # to modify: . . .
Cmd7=End		Cmd4=Previous Screen	(M)ember Contribution or (U)pdate U

Now that all “Substantive Change” flags have been updated for first level members of joint operation Ima Partnership and second level members of Ima Partnership within joint operation Ima Partnership #2, ENTER “U” and PRESS “Enter”.

Example of Updating “Substantive Change” Flags in Joint Operations (Continued)

O Example of Screen MAD541J1 for Ima Partnership With Update Message

Screen MAD541J1 will display with the message, “Joint Operation file has been updated.”

```

Common Provisions      083-LEFLORE      Update      MAD541J1
Joint Operation Update      Version AA01  07/07/11 15:31 Term J2
-----
          M E M B E R S   O F   T H E   J O I N T   O P E R A T I O N
Name: IMA PARTNERSHIP
Type: Partnership              ID: XXXXXXXXXX E
          Effective Date: 01/01/95              Year: 11
Sub
#  Chng  Member Name              ID Number  Entity  Actual
001  Y  ANY 1 PRODUCER              XXX-XX-XXXX S   01  0.2500
002  Y  ANY 2 PRODUCER              XXX-XX-XXXX S   01  0.2500
003  Y  IMA CORPORATION              XX-XXXXXXX E   04  0.2500
004  U  IMA PARTNERSHIP #2          XX-XXXXXXX E   02  0.2500

                                          Total: 1.0000
                                          Enter # to modify: . . . .
Cmd7=End  Cmd4=Previous Screen      (M)ember Contribution or (U)pdate . .
Joint Operation file has been updated.
    
```

PRESS “Cmd4” to return to Screen MAB44000.

In this example, substantive change provisions were applicable to Any 3 Producer; however, COC determined she did **not** meet substantive change provisions. As a result, payments to Ima Partnership will be reduced by 12.5 percent if substantive change provisions are applicable to the program.

Example of Updating “Member Contribution” Flags in Joint Operations

A Background

This exhibit is an example of recording “Member Contribution” flags for individuals that are members of an entity embedded in the general partnership, Ima Partnership. “Member Contribution” flags are applicable to individuals that are members of an entity even when that entity is embedded within a joint operation. If the second level member of the embedded entity is another entity, “Member Contribution” flags must be updated for individuals that are members of the second level entity. Member contribution is applicable to all individuals that are members of entities that are embedded within a joint operation regardless of what level the entity is embedded.

Note: Even though “Member Contribution” flags are displayed for **all** levels of embedded members within the joint operation, “Member Contribution” flags are **not** applicable to a joint operation, members of joint operations and an entity; therefore, the flag shall remain “Blank”.

This example illustrates how to update “Member Contribution” flags for individuals that are members of an entity embedded within a joint operation. See 4-PL, subparagraph 147 A, for policy to determine member contribution.

B Structure of Payment Entity Ima Partnership

For this example, “Ima Partnership” is the name of the joint operation. Members of Ima Partnership are:

- Any 1 Producer (Individual). Do **not** update “Member Contribution” flags.
- Any 2 Producer (Individual). Do **not** update “Member Contribution” flags.
- Ima Corporation (Corporation). Do **not** update “Member Contribution” flags.
 - Any 5 Producer (Individual). Update “Member Contribution” flags.
 - Any 6 Producer (Individual). Update “Member Contribution” flags.
- Ima Partnership #2 (General Partnership). Do **not** update “Member Contribution” flags.
 - Any 3 Producer (Individual). Do **not** update “Member Contribution” flags.
 - Any 4 Producer (Individual). Do **not** update “Member Contribution” flags.

Example of Updating “Member Contribution” Flags in Joint Operations (Continued)

C Example of Accessing Member Contribution on Screen MAD541J1

To access member contribution fields for members of embedded entities, ENTER “M” at the bottom of the screen and PRESS “Enter” to continue. Screen MAD541J1 will redisplay with “Mem Contib” field instead of the “Sub Chng” field.

Common Provisions		083-LEFLORE		Update		MAD541J1	
Joint Operation Update				Version AA01 07/08/11 09:02 Term J2			

MEMBERS OF THE JOINT OPERATION							
Name: IMA PARTNERSHIP							
Type: Partnership ID: XXXXXXXXXE							
Effective Date: 01/01/95 Year: 11							
Sub	Member Name		ID Number	Entity	Shares		
#	Chng				Actual		
001	Y	ANY 1 PRODUCER	XXX-XX-XXXX	S 01	0.2500		
002	Y	ANY 2 PRODUCER	XXX-XX-XXXX	S 01	0.2500		
003	Y	IMA CORPORATION	XX-XXXXXXX	E 04	0.2500		
004	U	IMA PARTNERSHIP #2	XX-XXXXXXX	E 02	0.2500		
					Total: 1.0000		
					Enter # to modify:		
Cmd7=End Cmd4=Previous Screen				(M)ember Contribution or (U)pdate M			

The following options are available:

- ENTER “M” and PRESS “Enter” to update “Member Contribution” flags for embedded members of the joint operation
- enter the line number of the first level member that is an entity and PRESS “Enter” to access substantive change for embedded members of the joint operation
- ENTER “U” and PRESS “Enter” to update
- PRESS “Cmd4” to return to Menu MAB44000
- PRESS “Cmd7” to end and return to Menu MAB440A.

In this example, the user shall entered “M” and PRESS “Enter” to access the “Member Contribution” flags for the embedded members of Ima Partnership.

Example of Updating “Member Contribution” Flags in Joint Operations (Continued)

D Example of Screen MAD541E1 for Ima Partnership

After selecting “(M) Member Contribution” on Screen MAD541J1 the system will display MAD541E1 to allow the user to enter “Member Contribution” flags and contribution share. Screen MAD541E1 will display the first level members of Ima Partnership. “Member Contribution” flags are defaulted to “Blank”.

Common Provisions		083-LEFLORE		Update		MAD541E1	
Permitted Entity Update				Version AA01 07/08/11 09:02 Term J2			

M E M B E R S O F T H E E N T I T Y							
Name: IMA PARTNERSHIP				ID: XXXXXXXXX E			
Type: Partnership				Effective Date: 01/01/95		Year: 11	
Cntrb					Shares	Cntrb	
#	Flag	Member Name	ID Number	Entity	Actual	Share	
001		ANY 1 PRODUCER	XXX-XX-XXXX S	01	0.2500		
002		ANY 2 PRODUCER	XXX-XX-XXXX S	01	0.2500		
003		IMA CORPORATION	XX-XXXXXXX E	04	0.2500		
004		IMA PARTNERSHIP #2	XX-XXXXXXX E	02	0.2500		
					Total: 1.0000		
					Enter # to modify: 3 . . .		
Cmd7=End Cmd4=Previous Screen				(S)ubstantive Change or (U)pdate . . .			

In this example, the user shall ENTER “3” and PRESS “Enter” to access the second level members embedded within Ima Corporation.

Example of Updating “Member Contribution” Flags in Joint Operations (Continued)

E Example of Screen MAD543E1 for Ima Corporation

Screen MAD543E1 will display for Ima Corporation.

```

Common Provisions      083-LEFLORE      Update      MAD543E1
Entity Update          Version AA01  07/08/11 09:11 Term J2
-----
                M E M B E R      I N F O R M A T I O N
Name: IMA PARTNERSHIP
Type: Partnership                    ID: XXXXXXXXX E      Share: 1.0000
                Effective Date: 01/01/95      Year: 11

MEMBER  ID and Type:      XX-XXXXXXX E
        Entity Type:      Corporation
        Name & Address:    IMA CORPORATION
                           567 NOWHERE STREET
                           ANYWHERE                ST 99999-1234

MEMBER  Actual Share:      .2500

Member Contribution Flag:  ..

Cmd4-Previous Screen          Press Enter to continue  ..
    
```

In this example, the user shall PRESS “Enter” to access the members of Ima Corporation.

Reminder: Do **not** update the “Member Contribution” flag for Ima Corporation. The “Member Contribution” flag is only updated for individuals that are members of entities as only individuals contribute active personal labor and/or active personal management.

Example of Updating “Member Contribution” Flags in Joint Operations (Continued)

F Example of Screen MAD544E1 for Ima Corporation

Screen MAD544E1 will be displayed with members of the embedded entity.

```

Common Provisions      083-LEFLORE          Modify      MAD544E1
Entity Update          Version AA01  07/08/11 09:11 Term J2
-----
                M E M B E R S   O F   T H E   E M B E D D E D   E N T I T Y
Name: IMA CORPORATION          ID: XX-XXXXXXX E      Share: 0.0000
Type: Corporation              Effective Date: 01/01/95      Year: 11
      Cntrb
#  Flag  Name                    ID Number  Entity Share  Cntrb
001 P     ANY 5 PRODUCER          XXX-XX-XXXX S  01  0.1250
002 Y     ANY 6 PRODUCER          XXX-XX-XXXX S  01  0.1250

                                          Total: 0.2500

Enter # of Entity to Process , , , ,
or (U)pdate to record changes , ,

Cmd4=Previous Screen      Roll UP/DN
    
```

In this example, the user entered the following:

- “P” “Member Contribution” flag for Any 5 Producer
- “Y” “Member Contribution” flags for Any 6 Producer
- “U” at the bottom of the screen.

PRESS “Enter” to display the member contribution share field.

Example of Updating “Member Contribution” Flags in Joint Operations (Continued)

G Example of Screen MAD544E1

After updating the “Member Contribution” flags, Screen MAD544E1 will be redisplayed with the member contribution share (“Cntrb Share”) available for the members updated with a “P” “Member Contribution” flag (“Contrb Flag”).

The share entered:

- must be greater than 0 percent and less than 100 percent
- is the percent eligible calculated according to 4-PL, paragraph 148.5.

```

Common Provisions      083-LEFLORE      Modify      MAD544E1
Entity Update          Version AA01  07/08/11 09:11 Term J2
-----
                M E M B E R S   O F   T H E   E M B E D D E D   E N T I T Y
Name: IMA CORPORATION          ID: XX-XXXXXXX E      Share: 0.0000
Type: Corporation             Effective Date: 01/01/95      Year: 11
   Cntrb
   #  Flag  Name                ID Number  Entity Share  Share
001  P     ANY 5 PRODUCER       XXX-XX-XXXX S  01  0.1250  .5067
002  Y     ANY 6 PRODUCER       XXX-XX-XXXX S  01  0.1250
                                           Total: 0.2500
                                           Enter # of Entity to Process
Cmd4=Previous Screen      Roll UP/DN          or (U)pdate to record changes
Member Contribution must be greater than 0 and less than 1
    
```

The user shall:

- enter the member contribution share calculated according to 4-PL, paragraph 148.5.
- ENTER “U” at the bottom of the screen
- PRESS “Enter” to update.

Important: The user **must** use the update option on every screen until the message, “Joint operation file has been updated”, is displayed to update the joint operation file.

Note: The member contribution share is the percent eligible according to member contribution provisions and is **not** the member share.

Example of Updating “Member Contribution” Flags in Joint Operations (Continued)

H Example of Screen MAD541E1 for Ima Partnership After Updating “Member Contribution” Flags and Share

After updating the record for second level members of Ima Partnership embedded within Ima Corporation, the system will return to Screen MAD541E1.

Note: The “Member Contribution” flag for Ima Corporation is blank. This flag is not updated by the system and the user shall not update this flag because this is not an individual embedded within a corporation. The “Member Contribution” flag updated for Any 3 Producer and Any 4 Producer will only display on Screen MAD544E1 for members of the embedded entity Ima Corporation.

Common Provisions		083-LEFLORE		Update		MAD541E1	
Permitted Entity Update				Version AA01 07/08/11 09:16 Term J2			
M E M B E R S O F T H E E N T I T Y							
Name: IMA PARTNERSHIP							
Type: Partnership ID: XXXXXXXXX E							
Effective Date: 01/01/95 Year: 11							
Cntrb	Flag	Member Name	ID Number	Entity	Shares	Cntrb	
#					Actual	Share	
001		ANY 1 PRODUCER	XXX-XX-XXXX S	01	0.2500		
002		ANY 2 PRODUCER	XXX-XX-XXXX S	01	0.2500		
003		IMA CORPORATION	XX-XXXXXXX E	04	0.2500		
004		IMA PARTNERSHIP #2	XX-XXXXXXX E	02	0.2500		
					Total: 1.0000		
					Enter # to modify:		
Cmd7=End Cmd4=Previous Screen				(S)ubstantive Change or (U)pdate U			

Now that “Member Contribution” flags have been updated for all members of embedded entities at all levels within Ima Partnership, ENTER “U” and PRESS “Enter”.

Example of Updating “Member Contribution” Flags in Joint Operations (Continued)

I Example of Screen

Screen MAD541E1 will display with the message, “Joint Operation file has been updated.”

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Common Provisions      083-LEFLORE      Update      MAD541E1
Permitted Entity Update      Version AA01  07/08/11 09:16 Term J2
-----
                M E M B E R S   O F   T H E   E N T I T Y
Name: IMA PARTNERSHIP
Type: Partnership                      ID: XXXXXXXXXX E
Effective Date: 01/01/95                Year: 11
      Cntrb
      #   Flag      Member Name          ID Number      Entity  Shares  Cntrb
      #   Flag      Member Name          ID Number      Entity  Actual  Share
001      ANY 1 PRODUCER      XXX-XX-XXXX S    01    0.2500
002      ANY 2 PRODUCER      XXX-XX-XXXX S    01    0.2500
003      IMA CORPORATION      XX-XXXXXXX E    04    0.2500
004      IMA PARTNERSHIP #2    XX-XXXXXXX E    02    0.2500

                                          Total: 1.0000
                                          Enter # to modify: .....
Cmd7=End  Cmd4=Previous Screen          (S)ubstantive Change or (U)pdate ..
Joint Operation file has been updated.
    
```

PRESS “Cmd4” to return to Screen MAB44000.

In this example, member contribution provisions were applicable to Any 5 Producer and COC determined:

- Any 5 Producer partially met member contribution provisions
- the contribution share is 0.5067.

As a result, payments to Ima Partnership will be reduced by 6.17 percent ($1.0 - .5067 = .4933 \times .1250 = .0616625$) if member contribution provisions are applicable to the program. This is in addition to the substantive change reduction identified in Exhibit 1, if applicable.