

U.S. DEPARTMENT OF AGRICULTURE
Commodity Credit Corporation (CCC)
Farm Service Agency (FSA)

**APPENDIX TO CCC-862, AGRICULTURE RISK COVERAGE WITH INDIVIDUAL OPTION (ARC-IC)
PROGRAM CONTRACT and CCC-866, PRICE LOSS COVERAGE (PLC) and AGRICULTURE RISK
COVERAGE WITH COUNTY OPTION (ARC-CO) PROGRAM CONTRACT**

1 PURPOSE AND CHANGES IN LAW

This appendix sets forth terms and conditions of the Agriculture Risk Coverage Individual Option (ARC-IC) Program Contract (CCC-862) and Price Loss Coverage (PLC) and Agriculture Risk Coverage County Option (ARC-CO) Program Contract (CCC-866). For the purposes of this appendix, the term “program contract” means either the PLC and ARC-CO Program Contract or ARC-IC Program Contract or both, as may be applicable. A person or legal entity who signs a program contract agrees to follow the terms and conditions contained in this CCC-862 and CCC-866 Appendix and acknowledges the applicability of Federal regulations applicable to the contract including those at 7 CFR Parts 12, 718, 1400, and 1412. It is understood and agreed by the participants signing the program contract to which this appendix is referenced that benefits under the program contract are subject to changes in law and applicable regulations.

It is understood and agreed that producers on a farm may participate in the program only by enrolling in a contract that is consistent with the election previously made for the farm and covered commodities of that farm. Election does not enroll and the election that applies to a farm and the covered commodities of a farm applies without regard to whether or not producers choose to enroll some or all of the covered commodities on the farm. Enrollment is required in order to participate in ARC or PLC each and every contract year.

A farm on which all cropland was planted to grass or pasture, including cropland that was idle or fallow, as determined by FSA, from January 1, 2009, through December 31, 2017, will have base acres and yields maintained for the covered commodities on the farm; however, no ARC or PLC payment will be made with respect to those base acres for the 2019 through 2023 crop years; the producers on a farm for which all of the base acres are maintained are: (i) ineligible to change the election applicable to the producers on the farm, and (ii) not permitted to reconstitute the farm to void or change this treatment of base acres.

A PLC and ARC-CO Contract allows for a PLC payment to eligible participants on a farm with respect to covered commodities for which a PLC election applies and where PLC yield and base acres are established. PLC payments shall be made if the Secretary determines that, for an elected and enrolled covered commodity, when the effective price for the covered commodity in a crop year is less than the effective reference price for the covered commodity for that crop year. The PLC and ARC-CO Contract allows for an ARC-CO payment after the end of the applicable marketing year for the covered commodity to the eligible producers on an enrolled farm for a covered commodity in each crop year if all the following apply: (a) there are covered commodity base acres of the covered commodity, (b) the covered commodity was so elected and farm enrolled, and (c) the enrolled covered commodity ARC-CO actual crop revenue was less than the ARC-CO guarantee for the farm. Payment of PLC or ARC-CO will be as soon as practical, as determined by the Deputy Administrator, after October 1 following the end of the 12-month marketing year for the covered commodity as applicable. The ARC-IC Contract allows for an ARC-IC payment beginning October 1, or as soon as practicable thereafter, after the end of the applicable marketing year for the farm if the farm was so elected and enrolled in ARC-IC and the ARC-IC actual crop revenue for that farm and the producer is less than the ARC-IC guarantee.

The final enrollment date is as announced by FSA. It is the producer’s responsibility to ensure that enrollment occurs by the final enrollment date.

2 DEFINITIONS

A 2014 Farm Bill means the Agricultural Act of 2014 (Pub. L. 113-79), as amended.

B 2019 Farm Structure means the farm as it was constituted as of September 30, 2019.

C Actual average county yield means the crop year production of a covered commodity in the county divided by the total planted acres for that commodity for a crop year in the county, as determined by FSA. For wheat, corn, grain sorghum, barley and oats, planted acres are defined as harvested acres plus unharvested acres. In determining the yield for a county, FSA uses data in order from the following sources: RMA (when available) and yields determined by State committee. Separate irrigated and non-irrigated yields for a covered commodity will be established when the following is available in a county:

- RMA irrigated and non-irrigated data for a covered commodity must be available in 3 of the 5 years between the years 2013 and 2017, or
- Both of the following:
 - FSA irrigated and non-irrigated data for a covered commodity must indicate the county had at least 10% irrigated and 10% non-irrigated acres of the covered commodity in the county between the years 2013 and 2017; and
 - an average of 5,000 acres of the covered commodity was planted in the county every year 2013 through 2017

FSA will reevaluate these counties beginning in 2021 and continue through the end of the farm bill, as determined by FSA. FSA will calculate and use a trend-adjusted yield factor to adjust the yield taking into consideration, but not exceeding, the trend-adjusted yield factor that is used to increase yield history under the endorsement under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.)

D Average historical county yield means the 5-year Olympic average of actual average county yields for the most recent 5 years available, as determined by FSA, (substituting 80 percent of the county transitional yield as defined in this part in each year where the actual average county yield is less than 80 percent of the county transitional yield). Separate irrigated and non-irrigated yields will be established in a county having a sufficient number of farms as outlined in subsection 2 C above. At FSA's discretion, FSA will calculate and use a trend-adjusted yield factor to adjust the yield taking into consideration, but not exceeding, the trend-adjusted yield factor that is used to increase yield history under the endorsement under 7 U.S.C. 1501 et seq.

E Actual Crop Revenue means revenue calculated as follows for:

- ARC-CO, for a crop year of a covered commodity: The actual average county yield per planted acre of the covered commodity multiplied by the higher of either the market year average (MYA) price of the covered commodity or the national average loan rate for the covered commodity. If a county has separate irrigated and nonirrigated yields established for a covered commodity, the actual crop revenue calculated for a farm with that covered commodity will be weighted based on the farm's historical irrigated percentage, as determined by FSA.
- ARC-IC, for a producer on each elected and enrolled farm for a crop year, is based on the producer's enrolled share of planted acres of all covered commodities on all farms for which ARC-IC has been elected and enrolled in that year and in which the producer has an interest: the sum of the results of the following calculation for each covered commodity on the farm:
 - (1) The total production of the covered commodity for all enrolled farms in the State in which the producer has an interest; multiplied by
 - (2) The higher of either the MYA price or national loan rate for the covered commodity; divided by
 - (3) The producer's share of the planted acres of the covered commodity in the State.

F Administrative County means the county specified at 7 CFR § 718.8. FSA farm records and PLC yields are based on the administrative county of the farm. ARC-CO assistance will be determined for the enrolled covered commodity base acres based on the physical location of covered commodity base acres on a farm, weighted and summarized to the farm, as determined by FSA.

- G Administrative units** mean for the purposes of ARC-CO, as determined by FSA, for application in no more than 25 counties that are each larger than 1,400 square miles and have more than 190,000 base acres where FSA will divide that county into no more than two administrative units as determined appropriate based on the differences in weather patterns, soil types, and other factors.
- H ARC-CO** means the Agriculture Risk Coverage elected with the county option. For no more than 25 counties that FSA divides into administrative units, each administrative unit will be viewed as a county for ARC-CO purposes. ARC-CO benchmark guarantee and actual revenues are based on physical location of the base acres on the farm as well as the historical irrigated percentage, if applicable, weighted and summarized to the farm level to determine payment eligibility
- I ARC Guarantee** means for a crop year for a covered commodity, 86 percent of the benchmark revenue for ARC-CO and ARC-IC, as is applicable, and as specified in 7 CFR part 1412.
- J ARC-IC** means the Agriculture Risk Coverage elected with the individual option.
- K ARC-IC Farm** means the calculation resulting from the sum of the producer's interests in all of the producer's farms having an ARC-IC election and enrollment in the State for the applicable year.
- L Average historical county yield** means the 5-year Olympic average of actual county yields for the most recent 5 years available, as determined by FSA, (substituting 80 percent of the county transitional yield as defined in this part in each year where the actual county yield is less than 80 percent of the county transitional yield). Separate irrigated and non-irrigated yields will be established in a county having a sufficient number of farms as outlined in subsection 2 C above. FSA will calculate and use a trend-adjusted yield factor to adjust the yield taking into consideration, but not exceeding, the trend-adjusted yield factor that is used to increase yield history under the endorsement under 7 U.S.C. 1501 et seq.
- M Base Acres** means, with respect to a covered commodity on a farm, the number of acres in effect on September 30, 2013, as defined in the regulations in 7 CFR part 1412, subpart B, subject to any reallocation, adjustment, or reduction. The term "base acres" includes any unassigned base acres.
- N Beginning farmer or rancher** means a farmer or rancher as defined in 7 CFR part 718.
- O Benchmark Revenue for ARC-CO** means the result obtained by multiplying the Olympic average historical county yield by the Olympic average MYA price for the most recent 5 crop years available, as determined by FSA, excluding each of the crop years with the highest and lowest prices and substituting the effective reference price in each year where the MYA price is less than the effective reference price. If a county has separate irrigated and nonirrigated yields established for a covered commodity, the benchmark revenue calculated for that farm and covered commodity will be weighted based on the farm's historical irrigated percentage, as determined by FSA.
- P Benchmark Revenue for ARC-IC** means a producer's share of all covered commodities planted on all farms in the State for which individual ARC has been elected and enrolled and in which the producer has an interest. FSA will calculate the benchmark revenue for ARC-IC using the following three steps, based on the producer's planted commodities:
- (1) For each covered commodity for each of the most recent 5 crop years available, as determined by FSA:
 - (a) Yield per planted acre (substituting 80 percent of the county transitional yield in each year where the yield per planted acre is less than 80 percent of the county transitional yield); multiplied by
 - (b) The MYA price (substituting the effective reference price in each year where the MYA price is less than the effective reference price).
 - (2) For each covered commodity, the average of the revenues determined under paragraph (1) of this definition for the most recent 5 crop years available, as determined by FSA, excluding each of the crop years with the highest and lowest revenues; and

(3) For each of the 2019 through 2023 crop years, the benchmark revenue for the ARC-IC farm is the sum of the amounts determined under paragraph (2) of this definition for all covered commodities on such farms, adjusted to reflect the ratio between the total number of P&CP acres on such farms to a covered commodity and the total P&CP acres of all covered commodities on such farms. If a producer has an interest in multiple farms that have enrolled in ARC-IC, the ARC-IC benchmark revenue for that producer is a weighted average of the benchmark revenue for those multiple farms.

- Q Contract Period** means the compliance period specified for the contract for the particular program year, as designated on the program contract. References to the “contract” period refer to the compliance period for the particular program year. The compliance period for each program year is October 1 through September 30. For example, for the 2019 contract (and therefore for the 2019 program), the contract period is the compliance period for the 2019 program year that begins on October 1, 2018 and ends on September 30, 2019.
- R County coverage** means agriculture risk coverage (ARC-CO) elected under 7 CFR subpart D with the county option.
- S Covered commodity** means wheat, oats, and barley (including wheat, oats, and barley used for haying and grazing), corn, grain sorghum, long grain rice, medium grain rice, seed cotton, pulse crops, soybeans, other oilseeds, and peanuts.
- T Covered Commodity base acres** mean base acres of any covered commodity. The term does not include unassigned base acres on the farm.
- U Crop year** means the relevant contract year. For example, the 2019 crop year for corn is the year that runs from October 1, 2018, through September 30, 2019, and payments for that year refer to payments made under contracts with the year that runs during those dates.
- V Deputy Administrator** means the Deputy Administrator for Farm Programs (DAFP), or a designee.
- W Effective price means** the higher of the—
- National average market price received by producers during the 12-month marketing year for the covered commodity (also known as the MYA price), as determined by FSA; or
 - National average loan rate as defined in this part for the covered commodity in effect for the crop year, which is the same as the loan rate for a marketing assistance loan for the commodity for that crop year.
- X Effective reference price** means the lesser of the following:
- (a) an amount equal to 115 percent of the reference price for such covered commodity, or
 - (b) an amount equal to the greater of —
 - (i) the reference price for such covered commodity; or
 - (ii) 85 percent of the average of the marketing year average price of the covered commodity for the most recent 5 crop years as determined by FSA, excluding each of the crop years with the highest and lowest marketing year average price.
- Y Fallow** means any cropland or DCP cropland that is not devoted to any crop or trees.
- Z Farm structure** means the constitution of the farm. References to “farm structure” can be by date or crop year. When references to farm structure are by crop year, that means the farm as was last constituted as specified in 7 CFR part 718 subpart C in that crop year. The constitution of the farm is the farm and tracts and land within that farm and tracts as specified in 7 CFR part 718.
- AA Generic base acres** means the number of base acres for upland cotton in effect on September 30, 2013, as defined in the regulations in 7 CFR part 1412, subpart B, subject to any adjustment or reduction under 7 CFR part 1412. Generic base acres are subject to allocation in §1412.25.

- AB Grass or pasture** means, with regard to crop acreage and land, any cropland or DCP cropland devoted to grass, native grass, mixed forage two or more interseeded grass mix and mixed forage native grass interseeded, as determined by FSA.
- AC Idle** means any cropland or DCP cropland that is not devoted to any crop or trees.
- AD Individual coverage** means ARC (ARC-IC) elected for all covered commodities and the farm with the individual option.
- AE Historical irrigated percentage** means the percentage of the covered commodity that was irrigated (P&CP, including subsequently planted crop acreage) divided by the total acreage of the covered commodity (P&CP, including subsequently planted crop acreage) between the years 2013 through 2017, as determined by FSA.
- AF Limited resource farmer or rancher** means a farmer or rancher as defined in 7 CFR part 718.
- AG Marketing year** means the 12-month period beginning in the calendar year the crop is normally harvested as follows:
- (1) Barley, oats, and wheat: June 1 through May 31;
 - (2) Canola, flax and rapeseed, lentils, and dry edible peas: July 1 through June 30;
 - (3) Peanuts, seed cotton, and rice: August 1 through July 31; and
 - (4) Corn, grain sorghum, soybeans, sunflowers, safflower, mustard, crambe, sesame, and chickpeas: September 1 through August 31.
- AH Market year average (MYA) price** means the national average price received by producers during the 12-month marketing year, as determined by FSA for the relevant crop of the covered commodity.
- AI Medium grain rice** means medium grain rice and includes short grain rice, temperate japonica rice, and sweet rice.
- AJ Most recent 5 crop years** means the 5 years preceding the most immediately preceding crop year, as determined by the Deputy Administrator.
- AK National average loan rate** means the loan rate established for a crop year of the covered commodity as specified in 7 CFR part 1421.
- AL Other oilseed** means a crop of sunflower seed, rapeseed, canola, safflower, flaxseed, mustard seed, crambe, sesame seed, or any oilseed designated by the Secretary.
- AM Owner** means the person or legal entity meeting the definition of owner in 7 CFR part 718 for the applicable contract period for which that person or legal entity is signing any form or performing any action required under 7 CFR part 1412
- AN Payment acres** means:
- (1) For the purpose of ARC-CO and PLC, subject to planting flexibility provisions as specified in §1412.46, the payment acres for each covered commodity on a farm are equal to 85 percent of the covered commodity base acres for the covered commodity on the farm.
 - (2) For the purpose of ARC-IC, subject to planting flexibility provisions as specified in §1412.46, the payment acres for a farm are equal to 65 percent of all the covered commodity base acres on the farm.
- AO Payment yield** means for a covered commodity, the yield established according to 7 CFR part 1412, subpart C.

- AP Planted and considered planted (P&CP)** means with respect to an acreage amount, the sum of the planted and prevented planted acres on the farm approved by the FSA county committee for a crop. P&CP is limited to initially planted or prevented planted crop acreage, except for crops planted in an FSA approved double-cropping sequence. Subsequently planted crop acreage and replacement crop acreage are not included as P&CP.
- AQ Price Loss Coverage (or PLC)** means coverage provided under 7 CFR part 1412, subpart D.
- AR Producer** means the person or legal entity meeting the definition of producer in 7 CFR part 718 for the applicable contract period for which person or legal entity is signing any form or performing any action required under 7 CFR part 1412. For example, if a signature of a “producer” is required, the person or legal entity must be a producer for the applicable contract period for which the person or legal entity is signing the form or performing the action required. The person or legal entity must be an owner, operator, landlord, tenant, or sharecropper who is both entitled to share in the crop available for marketing from the farm or would have shared had the crop been produced and who shares in the risk of producing that crop. In determining whether a grower using hybrid seed, under contract, to produce a covered commodity is eligible for a payment to which the contract applies, FSA will not consider the contract with the seed producer and allow the payment to the grower of the hybrid seed. The preceding sentence only applies, however, if the grower of the hybrid seed would, but for the contract, be eligible to be considered a producer of the crop.
- AS Pulse Crop** means dry peas, lentils, small chickpeas, and large chickpeas.
- AT Replacement crop** means the planting or approved prevented planting of any crop for harvest following the failure of planted crop acreage or prevented planted acreage of a covered commodity not in a recognized double-cropping sequence (as specified in this section). Replacement crops cannot generate payments unless the replacement crop acreage meets the definition of eligible subsequently planted crop acreage.
- AU Seed cotton** means ginned upland cotton that includes both lint and seed.
- AV Socially disadvantaged farmer or rancher** means a farmer or rancher as defined in 7 CFR part 718.
- AW Subsequently planted crop acreage** means planted acres of a covered commodity following an initial P&CP covered commodity.
- AX Temperate japonica rice** means rice that is grown in high altitudes or temperate regions of high latitudes with cooler climate conditions, in the Western United States, as determined by CCC, for the purpose of the—
- (1) Reallocation of base acres
 - (2) Establishment of a reference price equal to the reference price of medium grain rice multiplied by the ratio obtained by dividing:
 - (a) the simple average of the marketing year average price of medium grain rice from the 2012 through 2016 crop years; by
 - (b) the simple average of the marketing year average price of all rice from the 2012 through 2016 crop years.
 - (3) Determination of temperate japonica rice’s own effective price; and
 - (4) Determination of the actual crop revenue and ARC guarantee.
- AY Trend adjusted yield** means the yield computed by multiplying the benchmark yield by a factor determined by taking into consideration, but not exceeding, the trend-adjusted yield factor that is used to increase yield history under the endorsement under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) for that crop and county.
- AZ Unassigned base acres** means the number of acres resulting from the allocation of generic base acres where no ARC or PLC payments are generated or earned.

BA Upland cotton means cotton that is produced in the United States from other than pure strain varieties of the Barbados species, any hybrid thereof, or any other variety of cotton in which one or more of these varieties predominate. In other words, it means any cotton that is not extra-long staple cotton.

BB Veteran farmer or rancher means a farmer or rancher as defined in 7 CFR part 718.

3 PROGRAM CONTRACT

Each person or legal entity signing a CCC-862 or CCC-866 has acknowledged receipt of this appendix. Each person and legal entity signing the CCC-862 or CCC-866 understands and agrees that;

- A** Only a “producer,” as defined in part 2 of this appendix, is entitled to earn payments. Shares of PLC and ARC-CO Program Contract are determined based on the shares of the covered commodity base acres entered on the PLC and ARC-CO Program Contract. Shares of ARC-IC Program Contract payments are determined based on the shares recorded on the report of acreage filed as specified in §1412.66. Further, each eligible producer having a share of planted or eligible subsequently planted crop acreage of covered commodities has to do both of the following to be eligible for their share of a payment:
 - (1) Unless otherwise already enrolled on the program contract, sign the program contract during the contract period; and
 - (2) Have the producer's share recorded on the report of acreage filed as required by 7 CFR part 718 and 7 CFR §1412.66.
- B** A farm is limited in the number of payment acres as specified in part 2 of this appendix;
- C** The payment share for a person or legal entity asserting themselves as a producer may not exceed the person's or legal entity's applicable producer interest in a covered commodity or base acres as is applicable under this appendix and 7 CFR part 1412. An eligible producer's valid share of enrolled base acres on a farm are always limited to the producer's share of reported crop acreage on the farm. For example, if a producer enrolled with a 75 percent share of a farm's 1,000 base acres, the producer's enrollment would only be valid if the producer had 100 percent share interest in 750 or more reported crop acres on that farm. Valid claimed shares of base acres must always be supported by reported crop acres on the farm.
- D** Producers have until the enrollment deadline to timely file a program contract for that program year. Annual enrollment is required to earn payments in the applicable year.
- E** Except for enrollments of ARC-IC, eligible producers who choose to enter into a contract with FSA do so on a covered commodity by covered commodity basis. If the decision is made to enroll a covered commodity on a farm, producers having 100 percent of the interest in those base acres must enroll all base acres of the covered commodity on the farm. Enrollment of fewer than all base acres of the covered commodity by all the producers having a share interest in that covered commodity on the farm is not allowed and such covered commodity will not be considered enrolled unless all producers who share in the covered commodity base acres complete enrollment by the end of the enrollment period. CCC and FSA are under no obligation and are not responsible for ensuring that producers enroll.
- F** Producers who have enrolled are required to submit all documents necessary and required in order for FSA to make payment eligibility decisions from which the actual extent of payment eligibility can be determined by March 1 of the second contract year after the end of the contract period. This includes any payment eligibility document required under part 12 or part 1400 of this title. For example, for the 2019 contract year, the final date for submission of documents from which payment eligibility will be determined and apply is March 1, 2021. Payments to any person who fails to submit required forms and documents by this date will not issue to any person or legal entity. Further these payments will not be considered denied as the person or legal entity is presumed to have forfeited their interest in the payment according to §1412.51. This includes any documents related to compliance with §1412.67.
- G** Except as provided in 7 CFR §1412.41 for the 2019 program year only, or as determined necessary by CCC, requests for enrollment received after the end of a contract period will not be acted on or processed by FSA. FSA cannot contract on behalf of CCC after the end of the contract period.

- H** Contracts will not be approved unless all producers sharing in program contract acreage with more than a zero share have timely submitted all applicable signatures on the program contract and documentation necessary for FSA to make such approval, as determined by the Deputy Administrator. When required by FSA and as determined appropriate by FSA, for those producers with an interest but a zero share of program contract acreage (including, but not limited to, an owner cash renting owned land to a tenant), the program contract will not be approved before all producers have signed the program contract or furnished supportive and necessary contractual documents (such as cash leases in lieu of signing for a zero share).

A program contract not having all requisite signatures of producers having more than a zero share of contract acreage on or before the enrollment deadline are deemed incomplete and will not be considered submitted to FSA for any purpose and will not be acted on or approved. For ARC-IC Program Contracts there are no exceptions to this provision. Additionally, program contracts enrolled by a producer by the date specified in paragraph (a)(2)(i) of 7 CFR §1412.41 that were not signed by other producers are deemed withdrawn and will not be approved. An exception to this applies to PLC and ARC-CO Program Contract offers of enrollment. In those instances, at the discretion of the Deputy Administrator and where no dispute of shares or other disagreement between producers is evident or suspected, PLC and ARC-CO Program Contract offers of enrollment can be approved for the covered commodity to permit payment only to those eligible producers who did enroll and without regard to program contract shares that do not have signatures. In this instance, the covered commodity on the farm will be viewed as enrolled. This exception will be made only if, in the sole judgment and discretion of FSA, FSA is satisfied that those producers who did sign in accordance with this section ensure compliance with all contract provisions and requirements of this part. Producers have no right to payment on any farm that is not enrolled in the ARC or PLC Program Contract and they are not entitled to a decision to authorize the exception for PLC and ARC-CO Program Contract enrollments as discussed above, as that is discretionary.

- I** Neither CCC nor FSA are responsible for ensuring that producers annually enroll their farm. Producers on a farm are solely responsible for ensuring that enrollment occurs.
- J** Eligible producers who choose to enter into an ARC-IC program contract with FSA enroll all covered commodity base acres on the farm. Enrollment of fewer than all covered commodity base acres on the farm is not allowed for ARC-IC. For PLC or ARC-CO enrollments, eligible producers who choose to enter into a contract with FSA do so on a covered commodity by covered commodity basis. If the decision is made to enroll a covered commodity on a farm, producers having 100 percent of the interest in those covered commodity base acres must enroll all covered commodity base acres of the covered commodity on the farm. Enrollment of fewer than all base acres of the covered commodity by all the producers having a share interest in that covered commodity on the farm is not allowed and such covered commodity will not be considered enrolled unless all producers who share in the base acres complete enrollment by the end of the enrollment period.
- K** If a multiyear contract option is selected by all a farm's producers of covered commodity base acres, the enrollment of any covered commodity on a farm in such year and immediate subsequent crop year will be presumed by CCC and FSA to be the enrollment for following subsequent crop years unless any of the following, as determined by FSA, occur:

- (1) A change to the farm's constitution;
- (2) A change to any of the farm's base acres or PLC yield of any covered commodity;
- (3) A change to any of the producers or producer shares of covered commodities on the farm;
- (4) A change in either election or enrollment of any covered commodity on the farm;
- (5) Any change, including a withdrawal of any enrolled producer, that would require producers on the farm to have to reaffirm enrollment, as determined by FSA.

- J** All contracts expire on September 30 of the fiscal year of the contract unless, before that date in the same program year, the contract is:
- (1) Withdrawn in accordance with 7 CFR §1412.41(b);
 - (2) Terminated in accordance with 7 CFR §§ 1412.41(d) or (e); or
 - (3) Terminated at an earlier date by mutual consent of all parties, including FSA.
- L** A program contract becomes effective when signed by an authorized representative of FSA; however, the contract period is from October 1 through September 30 for each program year irrespective of when the contract is signed by the FSA representative or the person applying for benefits. If a multiyear contract option is selected by all of the producers on a farm, the enrollment of the covered commodities on a farm in such year will have a contract period beginning October 1 of that contract year extending through September 30 of the subsequent crop year by CCC or FSA unless any of the following, as determined by FSA, occur:
- (1) A change to the farm's constitution;
 - (2) A change to any of the farm's base acres or PLC yield of any covered commodity;
 - (3) A change to any of the producers or producer shares of covered commodities on the farm;
 - (4) A change in either election or enrollment of any covered commodity on the farm;
 - (5) Any change, including a withdrawal of any enrolled producer, that would require producers on the farm to have to reaffirm enrollment, as determined by FSA.
- M** At any time through September 30 of a program year, the contract may be terminated upon written agreement of all producers eligible for payment under the contract. For ARC-CO and PLC contracts, at any time through September 30 of a program year, the contract for an enrolled covered commodity may be terminated upon the submission and approval by the County Committee or designee of a signed, written agreement of all producers eligible for payment for the covered commodity under the contract.
- N** An obligation will be terminated for a producer or owner whose interest in the crops or land on the farm is transferred during the contract period and will not be entitled to earn payments with respect to the farm for that contract period. The transferee may assume the obligation of the contract if the transferee is otherwise eligible to participate in the program by entering into a revised contract during the period of time prescribed by FSA. In the event a succession-in-interest occurs, and the contract obligation is not assumed timely for the contract year, the enrolled covered commodities on the farm will not be considered enrolled.
- O** Changes in the farming operation that may affect any program determination after the program contract is signed, including, but not limited to, ownership changes, producer changes, or changes in the crop share arrangements on the farm, must be reported to FSA by all applicable producers signing a revised program contract to reflect the changes no later than September 30 of the contract year. The failure of producers to timely report changes and file a revised program contract may result in the loss of payments for all producers on the farm for the crop year(s) covered by the program contract. In such event, all producers on the program contract must refund to CCC payments received for the crop year(s), plus interest, and the farm is considered not enrolled.

- P** A completed farm reconstitution which divides or combines farms will result in the termination of the initial program contract and, with respect to the base acreage assigned by the Secretary to the resulting farms of that reconstitution, the farm producers must enroll the base acres by signing a new program contract for the resulting farm(s) by the later of the final signup date, or 30 days after notification of the bases and yields for the resulting farm(s). A program contract not having all requisite signatures of producers on or before the final signup date, or 30 days after notification of the base acres and yields of the resulting farm, will not be considered submitted to FSA for any purpose and will not be acted on or approved. Those program contracts not enrolled by a producer on or before the final signup date, or 30 days after notification of the base acres and yields of the resulting farm will be deemed withdrawn and will not be approved. Producers on a farm are solely responsible for ensuring that enrollment occurs. In addition, after the enrollment deadline, neither the combination of a farm having enrolled covered commodities with any farm having covered commodities not enrolled nor the combination of farms with a conflicting election is allowed. The failure of producers and owners to timely enroll the base acres may result in the loss of payments for all producers on the original or new farm for the crop year. The provisions of this section of the appendix that allow for a new program contract after the normal signup date in the case of a reconstitution only apply to program contracts for the program year in which the reconstitution was requested.
- Q** Each crop year producers are required to timely file in the manner prescribed by FSA with the FSA County Committee the following and agree to meet any other certification or filing requirements, as may be required by FSA, if not already on file:
- (1) A fully reported/fully certified acreage report of all cropland on the farm in accordance with 7 CFR Part 718; and
 - (2) A farm operating plan in accordance with 7 CFR Part 1400; and
 - (3) A certification of compliance with the highly erodible land and wetland conservation provisions set forth in 7 CFR Part 12; and
 - (4) A certification of compliance with the average adjusted gross income provisions in accordance with 7 CFR Part 1400 (together with any waivers as may be deemed needed by FSA to verify income with the Internal Revenue Service); and
 - (5) A report of production on the farm according to 7 CFR §1412.66, if enrolled in ARC-IC.
- R** Violations of the highly erodible land and wetland conservation provisions of 7 CFR Part 12 may result, at FSA's discretion, in termination of the payments with respect to each producer in violation (or considered in violation) or a reduction in the program contract payment. Upon termination, each producer shall forfeit all rights to receive program contract payments on each farm in which the producer has an interest and must refund to CCC all program contract payments received by such producer during the period of violation, plus interest. A producer considered in violation of those provisions may also lose other benefits.
- S** The payment limitation provisions of 7 CFR Part 1400 relating to payment limits and payment eligibility requirements apply to payments under this contract as indicated by relevant regulations. For all covered commodities other than peanuts, the total amount of ARC and PLC payments received, directly or indirectly, by a person or legal entity (except a joint venture or general partnership) for any crop year cannot exceed \$125,000. For peanuts, the total amount of payments received, directly or indirectly, by a person or legal entity (except a joint venture or general partnership) for any crop year cannot exceed \$125,000. Also, as permitted by 7 CFR Part 1403 payments to a producer can be setoff commensurately to the extent that persons with a direct or indirect ownership interest have a past due or collectable obligation to the United States or one of its agencies. Each producer determined by FSA to have adopted a scheme or device designed to evade, or which has the effect of evading such regulations, must refund any contract payment on all farms in which such producer has an interest and shall be ineligible for such payments for the following contract year. Further, no payment may be allowed which is prohibited by any applicable regulation or statute.
- T** The regulations at 7 CFR Parts 12, 718, 1400, and 1412 are incorporated by reference as part of this program contract.

- U** FSA representatives may enter the farm to determine if the producers are in compliance with this contract.

Program contract participants agree to effectively control noxious weeds and otherwise maintain the land on the farm in accordance with sound agricultural practices; and use the land on the farm for an agricultural or conserving use, and not for a nonagricultural commercial, industrial, or residential use.

- V** Payments are subject to the availability of funds, compliance with all applicable laws and statutory changes and to limits on payments as may be provided for in the program regulations. It is specifically understood that any payments under this appendix and the program to which it applies are subject to statutory and regulatory changes including those that occur after the signing of the program contract. Payments may be reduced by a certain percentage due to a sequester order required by Congress and issued pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985. Should a payment reduction be required, FSA will provide notice about the required percent of payment reduction that applies to the payments.
- W** A producer on a farm is not eligible to receive ARC or PLC payments if the sum of the base acres, including any unassigned base acres on the farm is 10 acres or less unless the sum of the base acres on the farm, when combined with the base acres of other farms in which the producer has an enrolled producer share interest greater than zero, is more than 10 acres. This 10-acre limitation will not apply to a socially disadvantaged farmer or rancher, a beginning farmer or rancher, a veteran farmer or rancher, or a limited resource farmer or rancher.
- X** Calculations provided for in this appendix are made by FSA farm serial number, as provided for in the program contract and each FSA farm serial number from which producer(s) seeks payments must have a separate program contract submitted and approved on file. There will only be one program contract from any farm serial number for any program year – that is, all producers on the farm serial number must, for each program year, submit for approval by FSA for CCC a single, new program contract.
- Y** If there is a discrepancy between terms of the program contract, the appendix, or any current or subsequent statutory or regulatory provisions, the statutory or regulatory language will apply.
- Z** Producers are not required to purchase crop insurance or participate in the Noninsured Crop Disaster Assistance Program (NAP) in order to participate in ARC or PLC.
- AA** In a case where a producer has failed to sign a program contract by the enrollment deadline or end of the contract period established for enrollment and participation for the producer's reported share of covered commodities on a farm enrolled as specified in this part, that producer's share will not be considered for payment and will not generate any payment to the producer or to any other producer on the farm.
- AB** If a farm is cash leased, that is the landowner receives a zero share of covered commodities planted on the farm or a zero share of any base acres, then the tenant(s) who enter a producer signature on CCC-862 or CCC-866 is deemed to have satisfied program requirements of landowner(s) signing to a zero share of CCC-862 or CCC-866. This provision is contingent upon FSA being satisfied that the producers signing the contract have the interest alleged on the contract and there are no undisclosed facts or circumstances that would require the application of a more restrictive rule regarding approval of the contract. FSA may require affirmation of the shares entered on a contract if FSA is not satisfied that the shares are as represented. If at any time FSA is not satisfied with shares or if there is any dispute between parties, FSA can elect not to approve the contract or disapprove the already approved contract.
- AC** Persons or legal entities who have signed program forms for which a signature certification is made for any purpose under 7 CFR part 1412 must retain records substantiating the certification or signature for 3 years after effective program year the person or legal entity signed the program document.

4 PLANTING FLEXIBILITY

- A** Any crop may be planted and harvested on base acres except as set out below. Any crop may be planted on cropland in excess of the base acres on a farm.
- B** Base acres may be hayed or grazed at any time.

- C** Except as specified below in paragraph D below, the planting or harvesting of perennial or harvesting of non-perennial fruits, vegetables (except mung beans and covered commodities), or wild rice, as determined by CCC, results in an acre for acre payment reduction when such crop or crops are planted and or harvested, as applicable, on more than:
- (1) 15 percent of the base acres of a farm enrolled in PLC or ARC using county coverage plus any unassigned base acres; or
 - (2) 35 percent of the base acres of a farm enrolled in ARC using individual coverage, plus any unassigned base acres.
- D** Notwithstanding the provisions of paragraph C above, perennial fruits, vegetables, and wild rice may be planted or harvested on base acres of a farm and non-perennial fruits, vegetables, and wild rice may be harvested on base acres of a farm if a producer double-crops fruits, vegetables, or wild rice with a covered commodity in any region described in paragraph E below, in which case payment acres will not be reduced for the planting or harvesting of the fruit, vegetable, or wild rice.
- E** Double-cropping for purposes of this section means planting for harvest non-perennial fruits, vegetables, or wild rice on the same acres in cycle with a planted covered commodity harvested for grain in a 12-month period under normal growing conditions for the region and being able to repeat the same cycle in the following 12-month period. The counties listed in 7 CFR §1412.46(e) have been determined to be regions having a history of double-cropping covered commodities or peanuts with fruits, vegetables, or wild rice.

5 **PLC PAYMENTS**

- A** Provided all provisions of the PLC and ARC-CO Contract and 7 CFR part 1412 including but not limited to election have been satisfied for each of the 2019 through 2023 contract years, a PLC payment will be made to eligible participants on a farm enrolled in PLC with respect to covered commodities for which a PLC yield and base acres are established:
- (1) When the effective price for a covered commodity in a crop year is less than the effective reference price for the PLC enrolled covered commodity for that crop year as specified in this part; and
 - (2) As soon as practical, as determined by the Deputy Administrator, after October 1 following the end of the 12-month marketing year for the covered commodity as applicable.
- B** The effective price for a covered commodity is defined in section 2 W above.
- C** The payment rate used to calculate PLC payments with respect to a covered commodity for which PLC yields and base acres are attributed to the covered commodity on a farm enrolled in a PLC and ARC-CO contract is the effective reference price of the covered commodity minus the effective price of the covered commodity for the applicable crop year
- D** When PLC payments are triggered in accordance with section 5 A of this appendix, subject to the limitation in 7 CFR §1412.51 and in 7 CFR part 1400, the PLC payment to be paid to producers on a farm and covered commodity enrolled in a contract with respect to a covered commodity for which a PLC yield and base acres are attributed is equal to the product of:
- (1) The payment rate determined in accordance with paragraph C of this section of the appendix, multiplied by
 - (2) The relevant payment acres of the covered commodity, as applicable, minus any payment acre reduction in accordance with part 4 of this appendix, multiplied by
 - (3) The PLC payment yield for the covered commodity on the farm enrolled in a PLC contract as determined in accordance with 7 CFR §1412.31, minus
 - (4) Any reduction calculated in accordance with 7 CFR part 1412, subpart F.

- E** A producer must refund to CCC any payment which exceeds the amount actually earned under the PLC and ARC-CO Contract, including the refund of unearned payments for a crop year resulting from another owner or producer assuming an interest in the base acres for the crop year. Interest on such refunds will be assessed in accordance with 7-CFR Part 1403 and will accrue from the date of disbursement.

6 ARC PAYMENTS

- A** Provided all provisions of program contract and 7 CFR part 1412 have been satisfied for each of the 2019 through 2023 contract years, FSA will issue, as applicable and consistent with the election and enrollment:
 - (1) An ARC-CO payment beginning October 1, or as soon as practicable thereafter, after the end of the applicable marketing year for the covered commodity to the producers on a farm for a covered commodity in each crop year if the covered commodity was enrolled in ARC-CO and the ARC-CO actual crop revenue was less than the ARC-CO guarantee.
 - (2) The payment is equal to the result of multiplying the payment acres for the covered commodity times the difference between the actual crop revenue and the ARC-CO guarantee not to exceed 10 percent of the ARC-CO benchmark revenue.
- B** Provided all provisions of the ARC-IC Program Contract and 7 CFR part 1412 have been satisfied for each of the 2019 through 2023 contract years, FSA will issue, as applicable and consistent with the election and enrollment:
 - (1) An ARC-IC payment beginning October 1, or as soon as practicable thereafter, after the end of the applicable marketing year for the farm if the farm was enrolled in ARC-IC and the ARC-IC actual crop revenue for that farm is less than the ARC-IC guarantee.
 - (2) Payment is equal to the result of multiplying the payment acres for the covered commodities times the difference between actual crop revenue and the ARC-IC guarantee, not to exceed 10 percent of benchmark revenue for ARC-IC.
- C** If a producer has an interest in multiple farms in the state that have enrolled under an ARC-IC Program Contract, the ARC-IC benchmark revenue for that producer used in the payment calculation is a weighted average of the benchmark revenue for those multiple farms.
- D** The effective price and guarantee for temperate japonica rice is based on the price that all medium and short grain (including glutinous) rice receives in California. The effective price and guarantee for medium grain rice outside California is based on the price that all medium and short grain rice receives outside California.

8 OTHER PAYMENT PROVISIONS

- A** A producer who declines to receive payments by indicating such on the program contract may subsequently decide to receive payments, provided that the producer signs a revised program contract or otherwise notifies the FSA County Committee in writing by the end of the contract period for that same contract and program year.
- B** Payments will not be earned by any producer on a program contract, unless payment shares are properly designated and all producers sign the program contract in accordance with 7 CFR part 1412. In cases where a payment share dispute exists, payments will not be earned by producers involved in the dispute on the farm unless the payment share in dispute is resolved by agreement of the parties and documented in writing to the satisfaction of the FSA County Committee by the end of the contract period for the program year, and the agreed upon payment shares are compliant with program regulations and provisions.
- C** Any payment or portion thereof due any producer is made by CCC without regard to any question of title under State law, and without regard to any claim or lien against the crop, or proceeds there from, which may be asserted by a creditor, except agencies of the U.S. Government. Offsets for debts owed to agencies of the U.S. Government shall be made prior to making any payments to producers or their assignees.

- D** Payments can be denied to any signatory who FSA determines has violated State law provisions that affect a tenant's right to lease agricultural land, or any person (including a subsequent tenant) who would profit by such a violation.
- E** Interest on any refund due CCC accrues from the date of disbursement by CCC.
- F** All payments are subject to the limits in this appendix or elsewhere that may apply and all payments are subject to changes in statutory and regulatory provisions (including any and all new statutory or regulatory provisions) irrespective of whether those amendments and provisions or changes occurred after the signing of this contract.
- G** A person or legal entity is ineligible for payments if the person's or legal entity's adjusted gross income (AGI) for the applicable compliance program year is in excess of \$900,000. If a person with an indirect interest in a legal entity has AGI in excess of \$900,000, the payments subject to AGI compliance provisions to the legal entity will be reduced as calculated based on the percent interest of the person in the legal entity receiving the payment. AGI is calculated based on the average income for the 3 taxable years preceding the most immediately preceding complete taxable year for which benefits are requested. For example, the relevant years used to calculate AGI for 2019 are the 2015, 2016, and 2017 tax years. For 2020, the relevant years are the 2016, 2017, and 2018 tax years.

9 LOSS OF BENEFITS

- A** If FSA determines a person or legal entity erroneously represented any fact affecting a determination made by FSA under this program contract, payments will not be allowed on the farm with respect to the payment shares of that person or legal entity. If FSA determines that the misrepresentation was intentional or fraudulent, or if the person or legal entity knowingly adopted any scheme or device which tends to defeat the purposes of the program contract, the person or legal entity forfeits all rights to payments on each farm in which the person or legal entity has an interest and must refund to FSA all payments received by the person or legal entity during the period of the violation, plus interest. Schemes and devices and other actions to evade payment limitations can lead to ineligibility for payments, under the provisions of 7 U.S.C. 1308-2. Also, under those same statutory provisions, the filing of false documents or, to the extent provided by regulation, other serious actions can lead to a five year disqualification for payments. In addition, any scheme or device to increase the amount of the payment under a program contract will, irrespective of whether it is related to a maximum payment limitation or not, be grounds for denying payment under the program contract involved or for demanding repayment if payment has already been made.
- B** All producers sharing in program contract payments are jointly and severally liable for any refunds determined pursuant to section 9 A of this appendix and FSA will establish claims for the full amount of the refund against each producer in accordance with 7 CFR Part 1403 and this appendix. A signatory to the contract who does not receive any share of the contract payments will not be liable for the repayment of such refund.
- C** The provisions of this section are in addition to any liability which may be incurred under various criminal and civil statutes, including, but not limited to, 7 U.S.C. 1308-2, 15 U.S.C. 714m, 18 U.S.C. 286, 287, 371, 641, 1001; and 31 U.S.C. 3729.

10 MODIFICATIONS

FSA reserves the right to correct all errors in entering data on a program contract and the results of computations made pursuant thereto and to modify this agreement and appendix to reflect statutory and regulatory changes (including new statutory and regulatory provisions) in the program, including changes in program payments and program eligibilities. In the event of such modifications, producers are allowed to withdraw from the program contract, in which case all payments received under the program contract, if made, must be refunded with interest from the date the funds were disbursed. FSA also reserves the right to require refunds of payments as the result of determinations made in accordance with the maximum payment limitations in the regulations at 7 CFR Part 1400.

11 REFERENCE PRICES

The reference price is as follows for the following covered commodities:

- (A) Wheat, \$5.50 per bushel;
- (B) Corn, \$3.70 per bushel;
- (C) Grain sorghum, \$3.95 per bushel;
- (D) Barley, \$4.95 per bushel;
- (E) Oats, \$2.40 per bushel;
- (F) Long grain rice, \$14.00 per hundredweight;
- (G) Medium grain rice, \$14.00 per hundredweight;
- (H) Soybeans, \$8.40 per bushel;
- (I) Other oilseeds, \$20.15 per hundredweight;
- (J) Peanuts, \$535.00 per ton;
- (K) Dry peas, \$11.00 per hundredweight;
- (L) Lentils, \$19.97 per hundredweight;
- (M) Small chickpeas, \$19.04 per hundredweight;
- (N) Large chickpeas, \$21.54 per hundredweight;
- (O) Seed cotton, \$0.367 per pound;
- (P) Temperate Japonica Rice, \$17.30 per hundredweight.

12 PROJECTED PRICES AND OTHER RELEVANT MATERIAL

Additional information referenced by this appendix regarding the programs, including, but not limited to average and projected prices and market year average prices and national loan rates can be found at:

<http://www.fsa.usda.gov/arc-plc>

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