

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250

| | |
|--|--------------------|
| Payment Eligibility, Payment Limitation, and Average Adjusted Gross Income 4-PL | Amendment 5 |
|--|--------------------|

Approved by: Deputy Administrator, Farm Programs



Amendment Transmittal

A Reasons for Amendment

Subparagraph 3 O has been added to include the changes made to the payment eligibility, payment limitation, and AGI limitation requirements under the 2008 Farm Bill.

Subparagraph 11 A has been amended to include reference to ECP.

Subparagraph 11 B has been removed because the provision is no longer applicable.

Paragraph 14 as been amended to include ECP and TAAF limitations and provide rules that apply to this handbook.

Subparagraph 33 A has been amended to allow farm loan personnel access to all payment eligibility, payment limitation and average AGI compliance information of program participants.

Subparagraph 117 A has been amended to provide the change from April 1 to June 1 as the date for the determining minor child, effective for 2010 through 2012 crop, program, and FY's.

Subparagraph 119 B has been amended to include the list of States that, because of a population of less than 1.5 million, no limitation will apply to the receipt of 2009 DCP and ACRE payments; an updated list of States that because of a population of less than 1.5 million, **no** limitation will apply to the receipt of 2010 and future years DCP and ACRE payments, or until notified otherwise.

Subparagraph 120 A has been amended to update instructions for CCC-902E, Part L.

Subparagraph 130 A has been amended to update instructions for CCC-902I, Part F, item 1.

Subparagraph 130 B has been amended to provide an example of CCC-902I to reflect the change of the date of April 1 to June 1 for the applying minor child rules.

Amendment Transmittal (Continued)

A Reasons for Amendment (Continued)

Subparagraph 131 B has been amended to provide example of CCC-902I Short Form to reflect the change of the date of April 1 to June 1 for applying minor child rules.

Subparagraph 136 B has been removed because the provision is no longer applicable.

Paragraphs 146 through 149 have been amended and retitled to remove the term, “similar legal entities”.

Subparagraph 146 A has been amended to include changes and clarifications made to the date for determining ownership interest in a legal entity for payment limitation purposes.

Subparagraph 147 A has been amended to include the exception now applicable to a corporation, LLC, LLP, and LP, that all members **must** make certain contributions to the farming operation of the legal entity for payment eligibility purposes.

Subparagraph 156 A has been amended to include the reference to handbook 1-CM for EIN requirements for an estate.

Subparagraph 168 B has been amended to include the reference to handbook 1-CM for EIN requirements for trusts.

Subparagraph 180 A has been amended to include changes and clarifications made to the date for determining ownership interest in a legal entity for payment limitation purposes.

Subparagraph 186 D has been amended to include ECP.

Subparagraph 187 A has been amended to include TAAF Program as subject to the average AGI limitation provisions.

Subparagraph 189 C has been amended to emphasize that AGI certifications are **required** for all members of a joint operation, regardless of the number of members; and for all interest holders of a legal entity down to the 4th level of ownership, **regardless** of the level of interest held.

Subparagraph 189 F has been amended to include the reference to 1-CM for the requirements for using FSA-211.

Subparagraph 191 B has been amended to:

- include a reference to a subchapter S corporation and the applicable line item on the IRS 1120-S for ordinary business income for the determination of AGI
- change the reference to the applicable line item on IRS 1041 for a trust or estate for taxable income from line 17 to line 22 for determining AGI.

Amendment Transmittal (Continued)

A Reasons for Amendment (Continued)

Subparagraph 191 E has been amended to include a reference to a subchapter S corporation and the applicable line item on IRS-1120S to be used for comparison in applying the 66.66 percent test when the average nonfarm AGI exceeds \$1 million.

Paragraph 193 has been amended in anticipation of revised average AGI compliance procedures to be issued in a forthcoming amendment.

Paragraph 195 has been amended to clarify the responsibilities of FSA and NRCS for AGI compliance for participants in programs administered by NRCS.

Paragraphs 199 through 202 have been added for the average AGI verification process; written consents for the disclosure of information from IRS; supplemental information to CCC-926, CCC-927, and CCC-928; instructions for completing CCC-927 and CCC-928; and completed examples of CCC-927 and CCC-928.

Subparagraph 207 C has been amended to be applicable for the 2009 program year **only**.

Subparagraph 207 D has been added to provide an example of completed CCC-903 (dated 12-08-09) as applicable for 2010 and subsequent program years.

Subparagraph 208 E has been added to clarify that an end-of-year review is **required** for the applicable year in which a farming operation received a default determination for applying all payment eligibility and payment limitation provisions.

Part 8 has been added to provide procedures and instructions for end-of-year reviews for 2009 and subsequent year's payment eligibility and payment limitation compliance purposes.

Exhibit 9 has been amended to include ECP for 2008 and subsequent years.

Exhibit 10 has been amended to correct references made to the requirements of CCC-901, CCC-902, and CCC-526C for CRP participants.

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Part 1 Introduction

1 Handbook Purpose and References

A Purpose

This handbook provides instructions and uniform methods to:

- apply direct attribution for payment limitation purposes
- determine payment eligibility for each program participant.

The provisions of this handbook apply to various programs administered by State and County Offices for the 2009 and subsequent crop years, program years, and FY's.

B Related Handbooks

This table lists all handbooks related to payment eligibility and payment limitation.

| IF the questions or concern is about... | THEN see... |
|--|---------------------------|
| acreage compliance determinations | 2-CP. |
| appeals | 1-APP. |
| audits and investigations | 9-AO. |
| claims and withholdings | 58-FI. |
| common land units | 8-CM. |
| common management and operating procedures | 1-CM. |
| cotton price support payments | 7-CN. |
| crop disaster assistance | 5-DAP. |
| CRP | 1-CRP and 2-CRP. |
| DIPP | 3-LD. |
| direct and counter-cyclical payments | 1-DCP and 2-DCP. |
| directives management | 1-AS. |
| ECP | 1-ECP. |
| farm, tract, and crop data | 3-CM. |
| finality rule and equitable relief | 7-CP. |
| grain and oil seeds price support programs | 2-LP Grains and Oilseeds. |

1 Handbook Purpose and References (Continued)

B Related Handbooks (Continued)

| IF the questions or concern is about... | THEN see... |
|--|-------------------|
| honey price support programs | 2-LP Honey. |
| lamb meat adjustment assistance program | 10-LD. |
| livestock assistance programs | *--1-LDAP.--* |
| *--marketing assistance, loan, and LDP programs--* | 8-LP. |
| milk income loss contract programs | 11-LD. |
| noninsured crop disaster assistance | 1-NAP. |
| peanut price support programs | 2-LP Peanuts. |
| person determination for 2008 prior years payment limitation | 1-PL. |
| quality control | 1-COR. |
| record operations | 25-AS. |
| rice price support programs | 2-LP Rice. |
| special programs and trade adjustment assistance | 1-SP and 1-TAP. |
| State and County organization and administration | 16-AO. |
| subsidiary files | 2-PL. |
| *--SURE Program | 1-SURE |
| web-based subsidiary files | 3-PL (Rev. 1).--* |

2 Sources of Authority

A Statutory Reference

Authority for administering payment eligibility and payment limitation provisions is provided by Food Security Act of 1985, Sections 1001, 1001A, 1001B, 1001C, and 1001 D, as amended.

B Regulatory Reference

Authority for administering payment eligibility and payment limitation provisions is provided by 7 CFR Part 1400. References from CFR applicable to each paragraph will be provided and updated through amendments.

3 Legislative History of Payment Eligibility and Payment Limitation Provisions (Continued)

N The Food, Conservation, and Energy Act of 2008 (Continued)

- spouses have separate payment limitations
- program payments issued to a minor child are attributed to the parents
- States, local government, political subdivisions, and agencies thereof, are **no** longer eligible for payments, **except** for direct, counter-cyclical, and ACRE payments earned on State-owned land that is used to support public schools; under this exception, total program payments are limited to \$500,000 annually

Note: If the State has a population of less than 1.5 million, total program payments are **not** limited.

- a program participant may be ineligible for all program payments for up to 5 years if fraud is determined
- for commodity programs (including DCP, price support, NAP, and disaster assistance programs), AGI limitation for eligibility was changed to an average nonfarm AGI of \$500,000 (see Exhibit 9)

Note: If average farm AGI exceeds \$750,000, the participant is **not** eligible for direct payments.

- for conservation programs, an average nonfarm AGI of \$1 million or less applies

Note: If the average nonfarm AGI exceeds \$1 million, the participant may be eligible if at least 66.66 percent of the average AGI is derived from farming, ranching, and forestry operations, as defined; however, the AGI limitation may be waived on a case-by-case basis if the Secretary determines that environmentally sensitive land of special significance would be protected.

- the definition of income from farming, ranching, or forestry operations was expanded to include the following:
 - producing fish and aquaculture for food
 - packing, processing, shedding, storing, and transporting agricultural commodities
 - producing livestock products
 - farm-based production of renewable bio-energy
 - providing operational inputs to farmers, ranchers, and foresters
- the 3-year period for calculating an average AGI is the 3 taxable years preceding the most immediately preceding complete taxable year for which program benefits are requested

3 Legislative History of Payment Eligibility and Payment Limitation Provisions (Continued)

N The Food, Conservation, and Energy Act of 2008 (Continued)

- a \$40,000 limitation per crop year applies to direct payments made, directly or indirectly, to a person or legal entity under 1 or more CCC-509's on covered commodities
- a separate \$40,000 limitation per crop year applies to direct payments for peanuts made, directly or indirectly, to a person or legal entity under 1 or more CCC-509's
- a \$65,000 limitation per crop year applies to counter-cyclical payments made, directly or indirectly, to a person or legal entity under 1 or more CCC-509's on covered commodities
- a separate \$65,000 limitation per crop year applies to counter-cyclical payments made, directly or indirectly, to a person or legal entity under 1 or more CCC-509's on peanuts
- no limitations apply to LDP's or MAL's on loan commodities, including honey, mohair, peanuts, and wool
- a \$100,000 limitation per crop year applies to the total payments made, directly or indirectly, to a person or legal entity under NAP.

*--O The Food, Conservation, and Energy Act of 2008, as Amended for 2010 and Subsequent Crop, Program, and FY's

The Food, Conservation, and Energy Act of 2008, as amended for 2010 and subsequent crop, program, and FY's, provides the following:

- changes to "actively engaged in farming" provisions to allow a legal entity, such as a corporation or limited partnership, to be considered "actively engaged in farming" and fully eligible for payment, if the total of direct DCP payments received both directly and indirectly by the stockholders and members does **not** exceed \$40,000; **and** at least 50 percent of the ownership interest in the legal entity is held by stockholders/members who are collectively providing a significant contribution of active personal labor and/or active personal management to the farming operation
- an average AGI validation process using IRS tax data
- effective for 2010 through 2012 crop, program, and FY's, June 1 of the current year will be used as the date for determining:
 - minor child for applying minor child rules
 - ownership interest in a legal entity for applying direct attribution for payment limitation purposes.--*

4-10 (Reserved)

Part 2 General Provisions

Section 1 Program Availability

11 Applicable Programs

A General Applicability

[7 CFR 1400.1 (a) and (b)] This table provides the rules in this handbook that apply to USDA-administered programs. See Exhibit 9.

| Program or Payment | Applicable Rules | | | | |
|-------------------------------------|-----------------------------|------------------|--------------------|----------------|----------------|
| | Actively Engaged in Farming | Cash-Rent Tenant | Direct Attribution | Foreign Person | AGI |
| Conservation Programs | | | | | |
| AWEP | | | X | | X |
| CBWP | | | X | | X |
| CCPI | | | X | | X |
| CRP | | | X | X | X |
| CSTP | | | X | | X |
| *--ECP | | | X | | X <u>1</u> --* |
| EQIP | | | X | | X |
| FRPP | | | X | | X |
| GRP | | | X | | X |
| WHIP | | | X | | X |
| WRP | | | X | | X |
| DCP/ACRE Payment | X | X | X | X | X |
| Disaster Assistance Programs | | | | | |
| ELAP | | | X | | X |
| LFP | | | X | | X |
| LIP | | | X | | X |
| NAP (2009-12) | | | X | | X |
| SURE | | | X | | X |
| TAP | | | X | | X |
| Price Support Programs | | | | | |
| LDP's | | | | X | X |
| Loans | | | | X | |
| MILC | | | X | X | X |
| MLG's | | | | X | X |
| Other | | | | | |
| AMA | | | X | | X |
| *--TAAF | | | X | | X--* |

Note: Foreign persons are ineligible for payment under certain programs. The procedure for these programs reference the definition of foreign person provided in 4-PL, Part 3. However, the foreign person rule, as provided in Part 3, **only** applies to the programs or payments listed in this table.

--1 Only for certain apportionments that specifically identify AGI as a requirement.--

11 Applicable Programs (Continued)

* * *

12 Specific Rules for MAL's and MLG's

A Foreign Person Requirements

[7 CFR 1400.1 (a) (2)] Regular MAL's are denied if the producer does **not** meet the foreign person requirements in Part 3.

B AGI Provisions

LDP's and MLG's are subject to the AGI provisions of this handbook.

13 Specific Rules for CRP

A Applicability of this Handbook

The provisions in this handbook apply to participants with CRP-1's approved on or after October 1, 2008.

B Applicability of 1-PL

Persons and entities with CRP-1's that are **not** subject to the provisions of this handbook are subject to the provisions of 1-PL.

14 Payment Limits and Rules

A Person or Legal Entity Payment Limitations

[7 CFR 1400.1] This table contains the applicable limitations for a person or legal entity for programs that are subject to provisions of this handbook.

| Program Payment Type | Limitation (in Dollars) | | | |
|--|-------------------------|------|------|------|
| | 2009 | 2010 | 2011 | 2012 |
| Commodity Programs | | | | |
| Counter-cyclical and ACRE payments on covered commodities except peanuts. | 65,000 <u>1/</u> | | | |
| Counter-cyclical and ACRE payments on peanuts. | 65,000 <u>1/</u> | | | |
| Direct payments on covered commodities except peanuts. | 40,000 <u>2/</u> | | | |
| Direct payments on peanuts. | 40,000 <u>2/</u> | | | |
| Conservation Programs | | | | |
| CRP annual rental payment. | 50,000 | | | |
| CSTP (all contracts for FY 2009-2012). | 200,000 | | | |
| *--ECP (per disaster) | 200,000--* | | | |
| EQIP (all contracts for FY 2009-2012). | 300,000 | | | |
| GRP | 50,000 | | | |
| WHIP | 50,000 | | | |
| WRP | 50,000 | | | |
| Disaster Assistance Programs | | | | |
| ELAP, LFP, LIP, and SURE | 100,000 | | | |
| NAP | 100,000 | | | |
| TAP | 100,000 | | | |
| Price Support Programs | | | | |
| LDP, MAL, and MLG | No limits. | | | |
| Other Programs | | | | |
| *--TAAF | 10,000 <u>3/</u> --* | | | |

1/ Under ACRE, this amount will be a combined limitation for counter-cyclical and ACRE payments. If a person or legal entity has a direct or indirect interest in payments earned on a farm participating in ACRE, this limitation will reflect an increase for the amount that the direct payments were reduced.

2/ If the person or legal entity has a direct or indirect interest in payments earned on a farm that is in ACRE, this limitation will reflect a 20 percent reduction in direct payments on each farm that is participating in ACRE.

--3/ TAAF payments and counter-cyclical payments received by a person or legal entity for the same program or FY are limited to combined total of \$65,000 if counter-cyclical payments are received for covered commodities or peanuts; or a total of \$130,000 if counter-cyclical payments are received for both covered commodities and peanuts.--

15-20 (Reserved)

31 Filing Requirements (Continued)

B Required Updates (Continued)

- the contributions of farm inputs of capital, equipment, active personal labor, or active personal management
- the acquisition of farming interests **not** previously disclosed on CCC-902, including the farming interests of a spouse or minor child
- financial status that may affect the 3-year average for the determination of average AGI or other change that affects eligibility under the average adjusted income limitation.

C Documenting Changes

Changes to a farming operation may be documented on 1 of the following, depending upon the nature and extent of the changes:

- a photocopy of the previously filed CCC-902

Note: The producer should initial and date **each** change.

- CCC-902 Continuation

Note: CCC-902 Continuation may be used to document changes affecting owned or leased land in the producer's farming operation.

- a new CCC-902
- a new CCC-901, if membership in an embedded entity changes.

If changes are documented using CCC-902 photocopy or CCC-902 Continuation, the CCC-902 photocopy or CCC-902 Continuation shall **also** be signed and dated by the producer.

Note: If a new CCC-902 is submitted:

- applicable determinations **must** be made and the producer notified according to Part 7
- *--flag the producer as "awaiting determination" according to 3-PL (Rev. 1), subparagraph 26 B until all determinations are finalized.--*

32 Documentation

A Introduction

This paragraph provides guidelines on documentation needed to support COC determination.

B Adequate Documentation

COC shall require adequate documentation to support the applicable CCC-902 and CCC-926.

Definition: Adequate documentation means whatever documentation is required by the reviewing authority to make proper actively engaged in farming, attribution, and average AGI compliance determinations.

C Documentation Not Required

The reviewing authority should avoid requiring documents that are extremely personal if the determination can reasonably be made without the documents. COC may:

- accept documents with redacted information that is **not** relevant to the actively engaged in farming and average AGI determinations
- accept income tax returns to make the determination if **voluntarily** provided by the producer
- request income tax returns to verify compliance with all average AGI limitations.

D Lease Information

It is **not** anticipated that amounts paid for land leases or equipment leases will be needed unless the equipment or land is leased from another member with an interest in the farming operation.

33 FLP Participants

A Information Exchange

--FLM or appropriate farm loan staff shall be provided access to copies of the following-- information on any program participant that is also an FLP borrower:

- submitted CCC-901
- new or updated CCC-902 and supporting documentation submitted
- the resultant CCC-903
- written notice of determination for payment eligibility and payment limitation purposes
- written notice of selection for end of year review for payment eligibility and payment limitation compliance purposes
- written notice of **any** determination that may adversely affect payment eligibility and payment limitation.

Note: This includes all farming interests of the FLP borrower, whether as a person, member, or interest holder in a legal entity or joint operation.

B Discrepancies

If representations made for program payment eligibility/limitation purposes and representations made for FLP purposes are found to be different, **and** have the appearance of adversely affecting payment eligibility or the application of any determination previously made, the discrepancies shall be resolved:

- by the program participant/FLP borrower to the satisfaction of COC and FLP reviewing authority
- **before** any further disbursement of **any** program benefits subject to the regulations at 7 CFR Part 1400 and provisions of this handbook.

34 General Form Requirements

A Availability

All forms required to be filed by a producer are available:

- at the local County Office or Service Center
- online at <http://intra3.fsa.usda.gov/dam/ffasforms/forms.html> or <http://www.sc.egov.usda.gov>
- through the authorized use of FSA’s approved spreadsheet package available at <http://intranet.fsa.usda.gov/dafp>.

B CCC-901 and CCC-902 Requirements

This table provides an overview of CCC-901 and CCC-902 requirements.

| IF the participating producer is... | THEN require... | Paragraph Reference |
|---|--|----------------------------|
| a person | <ul style="list-style-type: none"> • CCC-902I •*--CCC-902I Short Form--* | 130 |
| a general partnership or joint venture | <ul style="list-style-type: none"> • CCC-901 • CCC-902E •*--CCC-902E Continuation--*. | 99 |
| a corporation, LLC, LLP, LP, association, or any other similar legal entity | | 149 |
| an estate | | 158 |
| a trust | | 167 |

C CCC-902 Continuation

CCC-902 Continuation may be used:

- as a continuation sheet for leased or owned land
- to update a previously filed CCC-902 according to paragraph 31
- with CCC-902E and CCC-902I.

Note: A copy of AD-1026A, printed for the producer, may be used to record the land in the farming operation **only** with the addition of information on lease terms, rental rate, and whether the land interest was the same as previous year. Producer **must** sign and date AD-1026A **after** the information is added.

35-40 (Reserved)

117 Minor Children**A Definition of Minor Child**

[7 CFR 1400.101] Minor child means a person that is **not** 18 years of age on or before April 1 of the current year.

--Effective for 2010 through 2012 crop, program, and FY's, June 1 of the current year shall be the date used for the determination of minor child.--

Notes: Court action conferring majority on such person does **not** change this person's status as a minor child.

Person A's payments will continue to be attributed to his/her parent for the applicable crop year, program year, or FY even though the age of majority is reached during the year.

B Payments to a Minor Child

Payments issued to a minor child:

- are attributed to the parent or court-appointed person who is responsible for the child
- that is a beneficiary of a trust or heir of an estate, are attributed to the parent or court-appointed person who is responsible for the child.

Exception: If both parents are receiving program payments, the minor child payments will be attributed to the parent receiving the larger amount in program payments.

If a revocable trust, program payments will be attributed **only** to the grantor of the revocable trust.

117 Minor Children (Continued)

C Exception to Rule

Payments to a minor child will not be attributed to a parent or court-appointed person for payment limitation purposes if **both** of the following requirements are met:

- the minor child is a producer on a farm
- neither the minor child's parents nor court-appointed person has any interest in the minor child's farm or production from that farm.

D Exception Restrictions

Either of the following **must** be met for the minor child to remain under the exception in subparagraph C:

- the minor child meets **all** of the following:
 - has established and maintains a separate household from the parent or court-appointed person
 - personally carries out the farming activities in his or her operation
 - maintains a separate accounting for his or her farming operation
- the minor child meets **all** of the following:
 - does **not** live in the same household as his or her parents
 - is represented by a court-appointed person responsible for the minor child
 - has ownership of the farm vested in him or her.

118 Indian Tribes (Continued)

*--C Applying the Rule

This table provides rules applicable to Indian Tribes and Native Americans.

| IF the farming operation is conducted by... | THEN... |
|---|--|
| the tribe on land the tribe owns, rents, or otherwise acquires | <ul style="list-style-type: none"> • payments are not subject to limitation • AGI limitations do not apply • earnings and payments will not be attributed to each individual member of the tribe. <p>Note: CCC-902E is required to collect land information for the farming operation.</p> |
| individual Native Americans or groups of Native Americans represented by BIA on allotted land | <ul style="list-style-type: none"> • a BIA official must certify that no 1 member, directly or indirectly, will receive more than the limitation in CCC-902E, item 18, "Remarks" or statement attached to CCC-902E • individual members are considered actively engaged in farming because of land ownership • a BIA official must provide a statement to certify that all members are in compliance with AGI limitations. |
| individual Native American | <ul style="list-style-type: none"> • actively engaged in farming requirements, cash-rent tenant rules, and AGI limitations apply • payments are subject to limitation • earnings and payments will be attributed to the individual. |
| a legal entity comprised of members that are Native Americans | <ul style="list-style-type: none"> • actively engaged in farming requirements, cash-rent tenant rules, and AGI limitations apply • payments to the legal entity are subject to limitation • earnings and payments will be attributed to each partner, stockholder, or member with an ownership interest. <p>Note: Not applicable to Alaska Native village or regional corporation established under the Alaska Native Claims Settlement Act.</p> |

--*

119 States, Political Subdivisions, and Agencies**A Rule [7 CFR 1400.102]**

States, including agencies, divisions, or political subdivisions thereof, are ineligible for program payments, **except** as provided in subparagraph B.

B Exceptions to Rule

Exception 1: DCP and ACRE payments issued with respect to land owned by the State and used to support public schools are authorized, but limited to \$500,000 annually.

Note: The term public school includes State universities.

Exception 2: DCP and ACRE payments made to States under Exception 1 are **not** limited if *--State has a population of less than 1.5 million using the most recent U.S. Census Bureau data.

Note: For 2009, States that met the criteria were Alaska, Delaware, Hawaii, Idaho,--* Maine, Montana, North Dakota, New Hampshire, Rhode Island, South Dakota, Vermont, and Wyoming.

--For 2010 and future years, or until further notice, the States that meet the criteria are Alaska, Delaware, Hawaii, Maine, Montana, North Dakota, New Hampshire, Rhode Island, South Dakota, Vermont, and Wyoming.--

C Written Verification

If the requirements in subparagraph B are met and the payments are **not** issued directly to a public school, written verification **must** be obtained from the State Board of Education, or other authorized official, that payments are used solely for the support of public schools.

120 Completing CCC-902E's for Public Schools (Continued)

A Completing CCC-902E's (Continued)

| Item | Instruction |
|---------------|---|
| Part J | |
| 1 | <p>For each member or shareholder of the farming operation in Part A that is contributing active personal management, list the person's name and identify the type of management duties provided to the farming operation in Part A.</p> <p>The duties/activities must be performed on a regular basis, must be identifiable and documentable, and must be separate and distinct from the management activities performed by any other members or shareholders.</p> <p>Note: These specific requirements are not applicable to heirs of estates or to the beneficiaries of trusts.</p> |
| 2 | <p>Enter name of any person, other than a member or shareholder, that will be providing hired management and briefly describe the types of management duties hired for the farming operation in Part A, including management by an administrator or trustee who receives compensation for this service or activity.</p> |
| 3 | <p>Enter name of any person, other than a member or shareholder, that will be providing other management and briefly describe the types of management duties provided for the farming operation in Part A, including management by an administrator or trustee who does not receive compensation for this activity..</p> <p>If entity is an estate or trust, list management provided by the executor, administrator, or trustees. Go to Part K.</p> |
| Part K | <p>Enter any additional and relevant information about this farming operation and/or the members and shareholders that could not be entered in any other part.</p> <p>Include references to any and the number of CCC-902E Continuation pages completed and attached. Go to Part L.</p> |
| Part L | |
| 1 | <p>*--An individual member, or an authorized representative of the legal entity identified in Part A, must sign the certification. If a joint operation, each member of the joint operation indentified in Part A must sign the certification.--*</p> |
| 2 | <p>If the individual members sign the document, this field should be left blank.</p> <p>*--If an authorized representative for the legal entity in Part A signs--* CCC-902E, use this field to show the individual's representative capacity. (For example, "agent" or "attorney-in-fact.")</p> |
| 3 | <p>Enter date CCC-902E was signed.</p> |

*--120 Completing CCC-902E's for Public Schools (Continued)

B Example CCC-902E

Following is an example of CCC-902E completed for a public school.

This form is available electronically. (See Page 5 for Privacy Act Statement.)

| <p>CCC-902E (03-26-09)</p> <p style="text-align: center;">U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation</p> <p style="text-align: center;">FARM OPERATING PLAN FOR AN ENTITY 2009 and Subsequent Program Years</p> <p>For "actively engaged in farming" and other payment eligibility/limitation determinations.</p> | <p>1. County Brazos</p> <p>2. State TX</p> <p>3. Program Year 2009</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|---|---|---|---|--|---|--|---|---------------------------------------|--|---|---|--|--------------------------------------|--|--|----|--|--|--|--|--|----|--|--|--|--|--|----|--|--|--|--|--|----|--|--|--|--|--|----|--|--|--|--|--|----|--|--|------------------|--------------------------------|---|---|--|--|--|--|--|--|--|--|
| <p><i>This form is to be completed for an entity, including a joint operation, that is seeking benefits from the Farm Service Agency (FSA) under one or more programs that are subject to the regulations at 7 CFR Part 1400. This form collects farming and other information about the entity that receives program benefits directly using the tax identification number listed in Part A. This form also collects information about the members of such entity. An individual who receives program benefits directly as an individual must complete a CCC-902I with respect to that individual's operation. Payment eligibility is based upon the contribution of certain inputs to a farming operation such as land, capital, equipment, labor, and management by the entity listed in Part A. The information on this form will be used by FSA to determine payment eligibility and limitation of payments by direct attribution.</i></p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>PART A - ENTITY INFORMATION</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>1. Farming Entity's Name and Address (Include Zip Code) Wixon Valley USD#427 427 Wixon Rd Wixon Valley, TX 78888</p> | <p>2. Tax Identification Number (if the taxpayer identification number is already on file with FSA, only the last 4 digits are required) 2400</p> <p>3. Date of Formation (MM-DD-YYYY) 01-10-1973</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>PART B - TYPE OF OPERATION (Select only one)</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>1. Select appropriate type of operation that defines the entity identified in Part A:</p> <table style="width:100%; border: none;"> <tr> <td><input type="checkbox"/> General Partnership</td> <td><input type="checkbox"/> Limited Partnership</td> <td><input type="checkbox"/> Estate</td> <td><input type="checkbox"/> City, County or State-owned Entity</td> </tr> <tr> <td><input type="checkbox"/> Joint Venture</td> <td><input type="checkbox"/> Limited Liability Company</td> <td><input type="checkbox"/> Charitable/Tax-exempt Organization</td> <td><input type="checkbox"/> Indian Tribe</td> </tr> <tr> <td><input type="checkbox"/> Sole Proprietorship/DBA</td> <td><input type="checkbox"/> Revocable/Living Trust</td> <td><input checked="" type="checkbox"/> Public School</td> <td><input type="checkbox"/> Other:</td> </tr> <tr> <td><input type="checkbox"/> Corporation</td> <td><input type="checkbox"/> Irrevocable Trust</td> <td></td> <td></td> </tr> </table> <p>2. Supporting documentation (such as articles of incorporation, trust papers, partnership agreement, evidence of heirship, and operational authorities of all shareholders, members and owners) is required, except for public schools, States, State entities, cities, and counties, to verify the legal status of the entity and the authority of its shareholders, members or owners to the satisfaction of CCC.</p> | | <input type="checkbox"/> General Partnership | <input type="checkbox"/> Limited Partnership | <input type="checkbox"/> Estate | <input type="checkbox"/> City, County or State-owned Entity | <input type="checkbox"/> Joint Venture | <input type="checkbox"/> Limited Liability Company | <input type="checkbox"/> Charitable/Tax-exempt Organization | <input type="checkbox"/> Indian Tribe | <input type="checkbox"/> Sole Proprietorship/DBA | <input type="checkbox"/> Revocable/Living Trust | <input checked="" type="checkbox"/> Public School | <input type="checkbox"/> Other: | <input type="checkbox"/> Corporation | <input type="checkbox"/> Irrevocable Trust | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <input type="checkbox"/> General Partnership | <input type="checkbox"/> Limited Partnership | <input type="checkbox"/> Estate | <input type="checkbox"/> City, County or State-owned Entity | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <input type="checkbox"/> Joint Venture | <input type="checkbox"/> Limited Liability Company | <input type="checkbox"/> Charitable/Tax-exempt Organization | <input type="checkbox"/> Indian Tribe | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <input type="checkbox"/> Sole Proprietorship/DBA | <input type="checkbox"/> Revocable/Living Trust | <input checked="" type="checkbox"/> Public School | <input type="checkbox"/> Other: | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <input type="checkbox"/> Corporation | <input type="checkbox"/> Irrevocable Trust | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>PART C - MEMBER INFORMATION (Use CCC-902E Continuation if additional space is needed for any information in Part C)</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <p>1. Members - List all members/shareholders of the entity identified in Part A of this form:</p> <table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th style="width:25%;">A. Name</th> <th style="width:20%;">B. Tax ID Number (Last 4 digits if already on file)</th> <th style="width:10%;">C. % Share</th> <th style="width:20%;">D. Position and Salary (If applicable)</th> <th style="width:15%;">E. Family Member Relationship (if applicable)</th> <th style="width:10%;">F. Does this member have signature authority for the legal entity? (Yes or No)</th> </tr> </thead> <tbody> <tr> <td>Public School</td> <td></td> <td></td> <td></td> <td></td> <td><input type="checkbox"/> YES <input type="checkbox"/> NO</td> </tr> <tr> <td>No members</td> <td></td> <td></td> <td>\$</td> <td></td> <td><input type="checkbox"/> YES <input type="checkbox"/> NO</td> </tr> <tr> <td></td> <td></td> <td></td> <td>\$</td> <td></td> <td><input type="checkbox"/> YES <input type="checkbox"/> NO</td> </tr> <tr> <td></td> <td></td> <td></td> <td>\$</td> <td></td> <td><input type="checkbox"/> YES <input type="checkbox"/> NO</td> </tr> <tr> <td></td> <td></td> <td></td> <td>\$</td> <td></td> <td><input type="checkbox"/> YES <input type="checkbox"/> NO</td> </tr> <tr> <td></td> <td></td> <td></td> <td>\$</td> <td></td> <td><input type="checkbox"/> YES <input type="checkbox"/> NO</td> </tr> <tr> <td></td> <td></td> <td></td> <td>\$</td> <td></td> <td><input type="checkbox"/> YES <input type="checkbox"/> NO</td> </tr> </tbody> </table> <p>G. I certify that I have signature authority for the entity identified in Part A and that all information in Part C is true and correct.</p> <p style="text-align: right;">1. Initials DW 2. Date 1/07/2009</p> <p>2. If the entity in Part A is an Estate or Trust, or if any member/shareholder is listed above is an Estate or Trust, list the Executor, Administrator, or Grantor:</p> <p>A. Name of Estate or Trust _____ B. Name of Executor/Administrator/Grantor _____</p> <p>3. Embedded Entities - If any member/shareholder of the entity identified in Part A is an entity, a CCC-901, Member's Information, must also be completed and submitted concurrent with this CCC-902E. Additionally, a CCC-902E must be completed and submitted for each embedded entity.</p> <p><input type="checkbox"/> Check if CCC-901 is attached. <input type="checkbox"/> Check if CCC-902E is attached for an embedded entity.</p> <p>4. Other farming interests: Complete this item for any member/shareholder identified in Part C that has an interest in other farming operations.</p> <table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th style="width:30%;">A. Member's name</th> <th style="width:30%;">B. Name of Farming interest(s)</th> <th style="width:20%;">C. Tax ID Number of farming interest (Last 4 digits if already on file)</th> <th style="width:20%;">D. County(ies) and State(s) where farming interest(s) are located</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> <td> </td> <td> </td> </tr> <tr> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table> | | A. Name | B. Tax ID Number (Last 4 digits if already on file) | C. % Share | D. Position and Salary (If applicable) | E. Family Member Relationship (if applicable) | F. Does this member have signature authority for the legal entity? (Yes or No) | Public School | | | | | <input type="checkbox"/> YES <input type="checkbox"/> NO | No members | | | \$ | | <input type="checkbox"/> YES <input type="checkbox"/> NO | | | | \$ | | <input type="checkbox"/> YES <input type="checkbox"/> NO | | | | \$ | | <input type="checkbox"/> YES <input type="checkbox"/> NO | | | | \$ | | <input type="checkbox"/> YES <input type="checkbox"/> NO | | | | \$ | | <input type="checkbox"/> YES <input type="checkbox"/> NO | | | | \$ | | <input type="checkbox"/> YES <input type="checkbox"/> NO | A. Member's name | B. Name of Farming interest(s) | C. Tax ID Number of farming interest (Last 4 digits if already on file) | D. County(ies) and State(s) where farming interest(s) are located | | | | | | | | |
| A. Name | B. Tax ID Number (Last 4 digits if already on file) | C. % Share | D. Position and Salary (If applicable) | E. Family Member Relationship (if applicable) | F. Does this member have signature authority for the legal entity? (Yes or No) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Public School | | | | | <input type="checkbox"/> YES <input type="checkbox"/> NO | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| No members | | | \$ | | <input type="checkbox"/> YES <input type="checkbox"/> NO | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | \$ | | <input type="checkbox"/> YES <input type="checkbox"/> NO | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | \$ | | <input type="checkbox"/> YES <input type="checkbox"/> NO | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | \$ | | <input type="checkbox"/> YES <input type="checkbox"/> NO | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | \$ | | <input type="checkbox"/> YES <input type="checkbox"/> NO | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | \$ | | <input type="checkbox"/> YES <input type="checkbox"/> NO | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A. Member's name | B. Name of Farming interest(s) | C. Tax ID Number of farming interest (Last 4 digits if already on file) | D. County(ies) and State(s) where farming interest(s) are located | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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| <p><small>The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write to USDA, Director, Office of Civil Rights, 1400 Independence Avenue, SW, Washington, DC 20250-9410, or call (800) 795-3272 (voice) or (202) 720-6332 (TDD). USDA is an equal opportunity provider and employer.</small></p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

--*

130 Completing CCC-902I's (Continued)

A Instructions for Completing CCC-902I's (Continued)

| Item | Instruction | |
|-------------------|--|---|
| Individual's Name | Enter name of the individual in Part A at the top of the page. | |
| Part F | | |
| 1 | Using custom services by the individual in Part A does not apply: <ul style="list-style-type: none"> • to services for chemical and fertilizer application • to harvesting crops • if all the land in the farming operation is owned. | |
| | IF custom farming services will... not be used in this operation | THEN CHECK (✓)... *--"No" and go to Part G. |
| | be used in the farming operation | "Yes" and complete items 1A through 1D.--* |
| 1A | Type of custom service, including but not limited to: tillage, planting, cultivating, chemical application, insect/pest scouting, etc. | |
| 1B | Farm numbers the service will be applied. | |
| 1C | Total number of acres for which custom services will be used. | |
| 1D | Name of the custom farming service provider. Go to Part I. | |
| Part I | | |
| 1 | Enter percentage or number of hours of active personal labor donated to the farming operation in Part A by family members or neighbors for which payment is not issued and is not owed. | |
| 2A | IF... none of the hired labor for the farming operation in Part A originated from the source of leased equipment in Part G any of the hired labor for the farming operation in Part A originated from the source of leased equipment in Part G Note: Acceptable documentation of equipment lease and hired labor agreements may be required for compliance purposes. | THEN CHECK (✓)... "No". "Yes". |
| 2B | none of the hired labor for the farming operation in Part A was included in the custom services shown in Part H any of the hired labor for the farming operation in Part A was included in the custom services shown in Part H Note: Acceptable documentation of equipment lease and hired labor agreements may be required for compliance purposes. | "No". "Yes". |

*--130 Completing CCC-902I's (Continued)

A Instructions for Completing CCC-902I's (Continued)

| Item | Instruction | |
|-------------------|---|--------------------------|
| Individual's Name | Enter name of the individual in Part A at the top of the page. | |
| Part G | | |
| 1 | Enter percentage or number of hours of active personal labor the individual in Part A will personally provide to the farming operation of the individual in Part A. If the individual in Part A will provide 1,000 hours or more, enter "1,000" hours. | |
| | IF... | THEN CHECK (✓)... |
| 2A | none of the hired labor for the farming operation in Part A originated from the source of leased equipment in Part E | "No". |
| | any of the hired labor for the farming operation in Part A originated from the source of leased equipment in Part E Note: Acceptable documentation of equipment lease and hired labor agreements may be required for compliance purposes. | "Yes". |
| 2B | none of the hired labor for the farming operation in Part A was included in the custom services shown in Part F | "No" and go to Part H. |
| | any of the hired labor for the farming operation in Part A was included in the custom services shown in Part F Note: Acceptable documentation of equipment lease and hired labor agreements may be required for compliance purposes. | "Yes" and go to Part H. |

--*

*--130 Completing CCC-902I's (Continued)

A Instructions for Completing CCC-902I's (Continued)

| Item | Instruction |
|---------------|--|
| Part H | The total percentage shown in items 1A, 2A, and 3A must equal 100%. |
| 1A | Enter estimated percent of active personal management the individual in Part A personally provides to the farming operation. |
| 1B | Provide a brief description of the type of management duties the individual in Part A performs. |
| 2A | Enter estimated percent of hired management used by the farming operation of the individual in Part A. |
| 2B | Briefly describe the type of management duties someone else is hired to perform for the farming operation of the individual in Part A. |
| 3A | Enter estimated percent of other management used by the farming operation of the individual in Part A. |
| 3B | List any other person providing management without compensation for the farming operation of the individual in Part A. Briefly describe the management provided. |
| Part I | |
| 1 | The individual in Part A, or an authorized representative of the individual in Part A, shall sign the certification. |
| 2 | If individual in Part A signs the document, this field should be left blank. If an authorized representative for the individual in Part A signs this document, use this field to show the individual's representative capacity. (For example, "agent" or "attorney-in-fact.") |
| 3 | Enter date CCC-902I was signed. |

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130 Completing CCC-902I's (Continued)

B Example CCC-902I

Following is an example of a completed CCC-902I.

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| | | | |
|---|--|--|--------------------------------------|
| <p>CCC-902I (02-01-10)</p> <p>U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation</p> <p align="center">FARM OPERATING PLAN FOR AN INDIVIDUAL 2009 and Subsequent Program Years</p> | | <p>1. County Erath</p> | <p>3. Program Year 2010</p> |
| <p>2. State Texas</p> | | | |
| <p>For "actively engaged in farming" and other payment eligibility and limitation determinations. <i>This form is to be completed by, or on behalf of, an individual who is seeking benefits from the Farm Service Agency (FSA) as an individual (and not as part of an entity) under one or more programs that are subject to the regulations at 7 CFR Part 1400. This form collects farming and other information about the individual who receives program benefits directly using the social security number identified in Part A. This form also collects information about entities engaged in farming in which the individual has an interest. Such entities must complete a CCC-902E if they are requesting program benefits. Payment eligibility for the individual is based upon the contribution level of certain inputs to a farming operation such as land, capital, equipment, labor, and management by the individual identified in Part A. The information on this form will be used by FSA to determine payment eligibility and limitation of payments by direct attribution.</i></p> | | | |
| <p>PART A – BASIC INFORMATION</p> | | | |
| <p>1. Individual's Name and Address (Include Zip Code) Dirk Jahr 437 Narrow Lane Stephenville, TX 72222</p> | | <p>2. Social Security Number (If the social security number or taxpayer ID number is on file, only the last 4 digits are required) 1212</p> | |
| <p>PART B - ADDITIONAL INFORMATION</p> | | | |
| <p>1. Is this individual a U.S. citizen? <input checked="" type="checkbox"/> YES. Go to Item 4A <input type="checkbox"/> NO. Go to Item 2</p> | | <p>2. Is this individual an alien lawfully admitted into the U.S.? <input type="checkbox"/> YES, must present a Resident Alien Card (I-551). <input type="checkbox"/> NO</p> | |
| <p>3. FOR COUNTY FSA USE ONLY (Was a Resident Alien Card, I-551 shown?) <input type="checkbox"/> YES <input type="checkbox"/> NO</p> | | | |
| <p>4A. Is this individual under 18 years of age as of June 1 of the program year that is specified in Item 3? <input checked="" type="checkbox"/> NO. Go to Item 7 <input type="checkbox"/> YES, continue with Item 4B</p> | | <p>4B. Enter Date of Birth (MM-DD-YYYY)</p> | |
| <p>5. Enter the name, address, and social security number of parent or guardian:</p> | | | |
| <p>A. Parent's or Guardian's Name</p> | | <p>B. Parent's or Guardian's Address</p> | |
| | | <p>C. Social Security Number of Parent or Guardian (If the social security number or taxpayer ID number is on file, only the last 4 digits are required)</p> | |
| | | | |
| <p>D. Does this individual maintain a separate household from parent or guardian? <input type="checkbox"/> YES <input type="checkbox"/> NO</p> | | | |
| <p>6. List the direct and indirect interests in all farming operations of this individual's parents or guardians:</p> | | | |
| <p>A. Parent's or Guardian's Name</p> | | <p>B. Name of Farming Interest</p> | |
| | | <p>C. Tax ID Number of Farming Interest (If the social security number or taxpayer ID number is on file, only the last 4 digits are required)</p> | |
| | | <p>D. County and State Where Farming Interest is Located</p> | |
| | | | |
| | | | |
| <p>7. Other Farming Interests: Complete this item for all farming entities, including joint operations, in which the individual identified in Part A has an interest, and for any farming interests of a spouse or minor child. <input type="checkbox"/> N/A, Go to Part C.</p> | | | |
| <p>A. Other Farming Interests</p> | | <p>B. Whose Farming Interest?</p> | |
| | | <p>Self Spouse Minor Child</p> | |
| | | <p>C. Tax ID Number of Farming Interest (If the social security number or taxpayer ID number is on file only the last four digits are required)</p> | |
| | | <p>D. County and State Where Farming Interest is Located</p> | |
| | | | |
| | | | |
| <p><small>The U.S. Department of Agriculture (USDA) prohibits discrimination in all of its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, political beliefs, genetic information, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write to USDA, Assistant Secretary for Civil Rights, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, S.W., Stop 9410, Washington, DC 20250-9410, or call toll-free at (866) 632-9992 (English) or (800) 877-8339 (TDD) or (866) 377-8642 (English Federal-relay) or (800) 845-6136 (Spanish Federal-relay). USDA is an equal opportunity provider and employer.</small></p> | | | |

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130 Completing CCC-902I's (Continued)

B Example CCC-902I (Continued)

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CCC-902I (02-01-10) Name of Individual (as identified in Part A): Dirk Jahr Page 2 of 4

INSTRUCTIONS FOR PARTS C THROUGH H. Only include information for the individual identified in Part A. Do not include information for any farming interests listed in Part B, Item 7.

PART C - LAND

1. **Land:** Enter the following information for ALL land farmed by the individual identified in Part A and not as part of an entity. *If land is cash leased from an individual or entity with an interest in the crop or crop proceeds, include the rental rate in \$/acre Column F; otherwise enter "cash."*

| A. Farm No. | B. Location (County and State) | C. Check As Applicable | | | D. Name of Individual or Entity Whom Land is Leased to and/or From (Includes names of landowners and landlords) | E. Acres Owned or Leased | F. Rental Rate \$ per Acre or % of Crop Share | G. Check here if same land interest was held last year |
|----------------|--------------------------------------|-------------------------------------|-------------------------------------|--------------------------|---|--------------------------------|---|--|
| | | Owned | Leased To | Leased From | | | | |
| 1213 | Erath, TX | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Beringer Partners | 507 | 25% | <input checked="" type="checkbox"/> |
| 1214 | Erath, TX | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | Jahr Dairies, Inc. | 250 | \$45/acre | <input checked="" type="checkbox"/> |
| | | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | | | | <input type="checkbox"/> |
| | | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | | | | <input type="checkbox"/> |
| | | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | | | | <input type="checkbox"/> |
| | | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | | | | <input type="checkbox"/> |

For additional space for land, complete CCC-902 Continuation and attach to this form. Check here if attached.

PART D - CAPITAL SOURCES and USES

1. Indicate the source of all farming capital for the individual identified in Part A for the farms listed in Part C. (Check all that apply.)

Non-borrowed capital Private loans/credit FSA program payments
 Commercial loans/credit Other: _____

2. Will contributions of capital, farming equipment or land be acquired as a result of a loan or credit arrangement?

YES go to Item 3 NO go to Part E

3. Will such loan or credit be acquired from, guaranteed by, co-signed by, or secured by another individual or entity that has an interest in the farming operation identified in Part A? (Such interest may be as a landowner or another tenant.)

YES. Complete Items 3A through 3E NO. Go to Part E.

| A. Type of Contribution | B. Name of Loan or Credit Source | C. Guarantor's Name | D. Credit Source or Guarantor's Affiliation or Interest in the Farming Operation | E. Percent of Total Capital |
|----------------------------|-------------------------------------|------------------------|---|-----------------------------------|
| | | | | % |
| | | | | % |

If all land listed in Part C is owned by the individual identified in Part A, then proceed directly to Part I.

PART E - EQUIPMENT (All percentages are based on annual rental values.)

1. **Owned Equipment:** Enter the percent of ALL equipment owned by the individual identified in Part A that will be used on the farms listed in Part C? If the individual specified in Part A does not own any of the equipment used in the farming operation, enter 0%. _____%

2. **Leased Equipment:** Enter the following information for ALL leased equipment to be used by the individual identified in Part A on the farms listed in Part C. If leased equipment is not used in this farming operation, enter 0%.

| A. Percent of Total Equipment Used by the Individual | B. Name of Party/Entity Equipment is Leased From | C. Type of Equipment Leased | D. Does the Party/Entity the equipment is leased from have an interest in this farming operation? | |
|--|--|--------------------------------|---|-----------------------------|
| % | | | <input type="checkbox"/> YES | <input type="checkbox"/> NO |
| % | | | <input type="checkbox"/> YES | <input type="checkbox"/> NO |
| % | | | <input type="checkbox"/> YES | <input type="checkbox"/> NO |

3. **Lease agreements:** If item 2D is "YES," copies of lease agreement and documentation may be required for compliance purposes. GO TO Part F.

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130 Completing CCC-902I's (Continued)

B Example CCC-902I (Continued)

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| | | |
|---|--|-----------------------|
| CCC-902I (02-01-10) Name of Individual (as identified in Part A): <u>Dirk Jahr</u> | | Page 3 of 4 |
| PART F - CUSTOM SERVICES | | |
| 1. Will custom services be utilized by the individual identified in Part A on the farms listed in Part C? <input checked="" type="checkbox"/> NO. Go to Part G <input type="checkbox"/> YES, complete Items 1A through 1D of this Part. | | |
| A. Type of Services | B. Farm Number(s) | C. Number of Acres |
| D. Name of Provider | | |
| | | |
| | | |
| PART G - LABOR | | |
| For the farms listed in Part C, enter the information for contributions of active personal labor which will be provided by the individual identified in Part A, hired laborers; or by others: | | |
| Type | Amount | |
| 1. Active personal labor. Enter the percentage or hours to be provided by the individual identified in Part A. If the individual identified in Part A performs 1,000 or more hours of labor for this farming operation, enter "1,000" hours. | 0 | % |
| | hrs | |
| 2. Hired labor. Enter the percentage or hours of labor that will be hired. | 0 | % |
| | hrs | |
| A. Will any of the hired labor originate from the same source as leased equipment shown in Part E? <input type="checkbox"/> NO <input type="checkbox"/> YES If "YES", acceptable documentation to prove such relationship may be required for compliance purposes. | | |
| B. Will any of the hired labor be included in the custom farming services shown in Part F? <input type="checkbox"/> NO <input type="checkbox"/> YES If "YES", acceptable documentation to prove such relationship may be required for compliance purposes. | | |
| 3. Other labor. Enter the percentage of labor to be donated by family members or others. (No payment will be owed). | 0 | % |
| PART H - MANAGEMENT (The total percentage shown in Items 1 through 3 must equal 100%) | | |
| For the farms listed in Part C, enter the estimated percent of the individual's total management responsibility and the type of managerial duties required which will be provided by the individual identified in Part A, by hired persons or entities, or by others who are not hired. | | |
| 1. Active personal management: | | |
| A. Enter the estimated percent of the active personal management to be provided by the individual identified in Part A: | 100 | % |
| B. List the type of managerial duties/activities to be personally performed by the individual identified in Part A: | | |
| 2. Hired management: | | |
| A. Enter the estimated percent of hired management: | 0 | % |
| B. Describe any paid management services provided by someone other than the individual identified in Part A: | | |
| 3. Other management: | | |
| A. Enter the estimated percent of other management: | 0 | % |
| B. Describe any non-compensated management duties/activities provided by someone other than the individual identified in Part A: | | |
| PART I - CERTIFICATION | | |
| I certify that all the information entered on this document and any supporting documentation is true and correct. I understand furnishing incorrect information will result in forfeiture of payments and may result in the assessment of a penalty. I will timely provide written notification to the Farm Service Agency committees for the county and State listed on this form of any changes in this farming operation. | | |
| By signing this form, I acknowledge that: | | |
| <ul style="list-style-type: none"> • all supporting documentation has been submitted as required. • I have read and understand all definitions and requirements on Page 4. • all information contained on this form will be considered in effect continuously unless changes or revisions are submitted. • it is my responsibility to timely notify FSA in writing of any changes in the farming, ranching or forestry operation, or financial status that may affect these representations. • evidence such as tax records, certified public accountant's certification, or other documentation may be required to validate these representations and that I will take all necessary actions to provide such materials to FSA if requested. | | |
| 1. Signature (By) | 2. Title/Relationship of the Individual Signing in Representative Capacity | 3. Date (MM-DD-YYYY) |
| /s/ Dirk Jahr | | 3/28/2010 |

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130 Completing CCC-902I's (Continued)

B Example CCC-902I (Continued)

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| | | |
|--|---------------------------|--------------------|
| <p>CCC-902I (02-01-10)</p> | <p>DEFINITIONS</p> | <p>Page 4 of 4</p> |
| <p>The following definitions apply to Form CCC-902I.</p> | | |
| <ol style="list-style-type: none"> 1. ACTIVELY ENGAGED IN FARMING – means providing both: 1) significant contributions of capital, equipment, or land, or combination thereof to the farming operation; and 2) significant contributions of active personal labor or active personal management, or a combination thereof, to the farming operation as described. Further, for a person or legal entity to be considered actively engaged in farming for program payment purposes, the contributions of the person or legal entity must be at-risk and commensurate with the person's or legal entity's claimed share of the profit and loss of the farming operation. Failure to meet these requirements will result in the determination of ineligibility for payments under programs specified in 7 CFR Part 1400. 2. INTEREST IN A FARMING OPERATION – a person or legal entity is considered to have an interest in a particular farming operation if the person or legal entity owns or rents land to or from that farming operation; has an interest in the agricultural commodities produced on the operation; or is a member of a joint operation that either owns or rents land to or from the farming operation, or has an interest in the agricultural commodities produced on that operation. 3. JOINT OPERATION - is a general partnership, joint venture, or similar organization. 4. PERSON – is a natural person (an individual) and does not include a legal entity. 5. ACTIVE PERSONAL LABOR – a person is considered to be providing active personal labor with respect to a farming operation if that person is directly and personally providing physical activities necessary to conduct the farming operation, including land preparation, planting, cultivating, harvesting, and marketing of agricultural commodities. Other qualifying physical activities include establishing and maintaining conserving covers and those physical activities necessary for livestock production for the farming operation. 6. ACTIVE PERSONAL MANAGEMENT – a person is considered to be providing active personal management with respect to a farming operation if that person is directly and personally providing the general supervision and direction of activities and labor involved in the farming operation; or providing services (whether performed on-site or off-site) reasonably related and necessary to the farming operation. 7. CAPITAL – with respect to a farming operation is the funding provided by a person or legal entity to the farming operation in order for such operation to conduct farming activities. To be considered a countable contribution for a person or legal entity, the capital must have been derived from a fund or account separate and distinct from that of any other person or entity involved in such operation. Countable capital does not include the value of any labor or management which is contributed to the farming operation. A capital contribution may be a direct non-borrowed (out-of-pocket) input of a specified sum or an amount borrowed by the person or entity. Capital does not include advance program payments. 8. CONTRIBUTION – with respect to a farming operation is the provision of land, capital or equipment assets, and providing active personal labor, or active personal management to the farming operation in exchange for, or the expectation of, deriving benefits based solely on the success of the farming operation. 9. CUSTOM SERVICES – with respect to a farming operation is the hiring of a contractor or vendor that is in the business of providing such specialized services to perform services for the farming operation in exchange for the payment of a fee for such services performed. 10. ENTITY - is a corporation, joint stock company, limited liability company, association, limited partnership, limited liability partnership, irrevocable trust, revocable trust, estate, charitable organization, or other similar organization including any such organization participating in the farming operation as a partner in a general partnership, participant in a joint venture, a grantor of a revocable trust, or as a participant in a similar organization. 11. EQUIPMENT – with respect to a farming operation is the machinery and implements needed to conduct activities of the farming operation including machinery and implements used for land preparation, planting, cultivating, harvesting or marketing crops. Equipment also includes machinery and implements needed to establish and maintain conserving covers. 12. FAMILY MEMBER – a person is considered to be a family member of another person in the farming operation of that person is related to the other as a lineal ancestor, lineal descendant, sibling, spouse, or otherwise by marriage. 13. FARMING OPERATION - is a business enterprise engaged in the production of agricultural products which is operated by a person or a formal or informal entity which is eligible to receive payments, directly or indirectly. 14. LAND – with a respect to a contribution to a farming operation is farmland consisting of cropland, pastureland, wetland, or rangeland which meets the specific requirements of the applicable program for which payments or benefits are sought. 15. SUPPORTING DOCUMENTATION – is any information that supports the relevant representations made such as, but not limited to: articles of incorporation; corporate meeting minutes; stock certificates; organizational papers; trust agreement; last will or testament or a deceased individual; affidavit of heirship approved by Office of General Counsel; partnership agreement; property lease agreement; purchase agreement; land deed; lending security agreement; and financial statement. 16. All other terms utilized in this form shall be defined pursuant to 7 CFR Part 1400. | | |
| <p>NOTE: <i>The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a - as amended). The authority for requesting the information identified on this form is 7 CFR Part 1400, the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.), and the Food, Conservation, and Energy Act of 2008 (Pub. L. 110-246). The information will be used to determine eligibility for program benefits. The information collected on this form may be disclosed to other Federal, State, Local government agencies, Tribal agencies, and nongovernmental entities that have been authorized access to the information by statute or regulation and/or as described in applicable Routine Uses identified in the System of Records Notice for USDA/FSA-2, Farm Records File (Automated). Providing the requested information is voluntary. However, failure to furnish the requested information will result in a determination of ineligibility for program benefits.</i></p> <p><i>This information collection is exempted from the Paperwork Reduction Act, as is required for the administration of the Food, Conservation, and Energy Act of 2008 (Pub. L. 110-246, Title I, Subtitle F – Administration). The provisions of appropriate criminal and civil fraud, privacy, and other statutes may be applicable to the information provided. RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.</i></p> | | |

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***--131 Completing CCC-902I Short Forms**

A Instructions for Completing CCC-902I Short Forms

Complete CCC-902I Short Form according to this table.

| Item | Instruction |
|-------------------------|--|
| 1 | Enter name of the county. If in more than 1 county, enter the name of the county that has been designated the control county. |
| 2 | Enter name of the State. |
| 3 | Enter crop year for which this certification applies. |
| Part A | |
| 1 | Enter name and address, including ZIP Code, of the individual. If the individual conducts business using an assumed name, include the assumed name. (Example: John Doe, dba John Doe Grain Farms) |
| 2 | Enter TIN of the individual. |
| Part B | |
| 1 | CHECK (✓) either of the following, as applicable: <ul style="list-style-type: none"> • “Yes”, if the individual in Part A is a U.S. citizen; go to item 4 • “No”, if the individual in Part A is not a U.S. citizen; go to item 2. |
| 2 | CHECK (✓): <ul style="list-style-type: none"> • “Yes”, if the individual in Part A is an alien lawfully admitted to the U.S.; the individual must present I-551 • “No”, if the individual in Part A is not a U.S. citizen and the individual did not present 1-551. |
| 3 County Only | County Office shall CHECK (✓) “Yes” or “No”, indicating that I-551 was presented. |
| 4 | CHECK (✓): <ul style="list-style-type: none"> • “No”, if the individual in Part A was 18 or older on April 1; go to item 5 • “Yes”, if the individual in Part A was younger than 18 on April 1. <p>Stop. CCC-902I must be completed instead of CCC-902I Short Form.</p> |
| 5 | CHECK (✓): <ul style="list-style-type: none"> • “No”, if the individual in Part A and any minor children of the individual in Part A have no other farming interests; go to Part C • “Yes”, if the individual in Part A and/or if any minor children of the individual in Part A have other farming interests in any joint operation or legal entities. <p>Stop. CCC-902I must be completed instead of CCC-902I Short Form.</p> |

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*--131 Completing CCC-902I Short Forms (Continued)

A Instructions for Completing CCC-902I Short Forms (Continued)

| Item | Instruction | |
|--|--|--------------------------|
| 5 A and B | Of the total equipment to be used in the farming operation of the individual in Part A, enter the following for the individual in Part A: <ul style="list-style-type: none"> • percentage of the equipment that is owned in item A • percentage of the equipment that is leased in item B. | |
| 5C | If individual in Part A leased equipment, indicate whether the equipment was leased from an individual or entity that has an interest in the farming operation of the joint operation or entity in Part A. | |
| | IF the equipment was... | THEN CHECK (✓)... |
| | leased from an individual or entity that has an interest in the farming operation of the joint operation or entity in Part A | "Yes". |
| | not leased from an individual or entity that has an interest in the farming operation of the joint operation or entity | "No". |
| Part D | | |
| 1 | Enter percentage or number of hours of active personal labor the individual in Part A personally provides to the farming operation. | |
| 2 | Enter percentage or number of hours of hired labor used in the farming operation of the individual in Part A. | |
| 3 | IF... | THEN CHECK (✓)... |
| | none of the hired labor for the farming operation in Part A originated from the source of leased equipment in Part E | "No". |
| | any of the hired labor for the farming operation in Part A originated from the source of leased equipment in Part E | "Yes". |
| | Note: Acceptable documentation of equipment lease and hired labor agreements may be required for compliance purposes. | |
| Part E | | |
| The total percentage shown in items 1 and 2 must equal 100 percent. | | |
| 1 | Enter estimated percent of active personal management the individual in Part A personally provides to the farming operation. | |
| 2 | Enter estimated percent of hired management to be used in the farming operation of the individual in Part A. | |
| Part F | | |
| 1 | The individual in Part A, or an authorized representative of the individual in Part A, shall sign the certification. | |
| 2 | If individual in Part A signs the document, this field should be left blank. If an authorized representative for the individual in Part A signs CCC-902I Short Form, use this field to show the individual's representative capacity. (For example, "agent" or "attorney-in-fact.") | |
| 3 | Enter date CCC-902I Short Form was signed. | |

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131 Completing CCC-902I Short Forms (Continued)

B Example CCC-902I Short Form

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This form is available electronically. (See Page 2 for Privacy Act Statement)

CCC-902I Short Form U.S. DEPARTMENT OF AGRICULTURE
 (02-01-10) Commodity Credit Corporation

**FARM OPERATING PLAN FOR AN INDIVIDUAL
 2009 and Subsequent Program Years**

1. County: Johnson
 2. State: Missouri
 3. Program Year: 2010

For "actively engaged in farming" and other payment eligibility and limitation determinations.
 This form is to be completed by, or on behalf of, an individual who is seeking benefits from the Farm Service Agency (FSA) as an individual (and not as part of an entity or joint operation) under one or more programs that are subject to the regulations at 7 CFR Part 1400. This form collects farming and other information about the individual who receives program benefits directly using the social security number identified in Part A. This form also collects information about entities engaged in farming in which the individual has an interest. Such entities must complete a CCC-902E if they are requesting program benefits. Payment eligibility for the individual is based upon the contribution level of certain inputs to a farming operation such as land, capital, equipment, labor, and management by the individual identified in Part A. The information on this form will be used by FSA to determine payment eligibility and limitation of payments by direct attribution.

Part A - Producer Information

1. Individual's Name and Address (Include Zip Code)
 Jason Smith
 123 Backwoods Road
 Someplace, MO 21212

2. Social Security Number (If the social security number or taxpayer ID number is on file, only the last 4 digits are required)
 9798

Part B - Additional Information FOR COUNTY OFFICE USE ONLY

1. Is this individual a U.S. citizen?
 YES. Go to Item 4
 NO. Go to Item 2

2. Is this individual an alien lawfully admitted into the U.S.?
 YES, must present a Resident Alien Card (I-551).
 NO

3. (Was a Resident Alien Card, I-551 shown?)
 YES NO

Minors 4. Is this individual under 18 years of age as of June 1 of the program year that is specified in Item 3?
 NO. Go to Item 5 YES. Stop - Use CCC-902I

Other Farming Interests 5. Does this individual, individual's spouse or minor child have interests in other farming operations including joint operations and entities?
 NO. Go to Part C YES. Stop - Use CCC-902I

Part C - Land, Capital & Equipment (attach form CCC-902 Continuation for additional land interests)

1. Will the contributions of land, capital, or equipment for the farming operation identified in Part A be acquired as the result of a loan or credit arrangement from an individual or entity that has an interest in the farming operation identified in Part A?
 NO. Go to Item 2 YES. Stop - Use CCC-902I

2. Will custom services be utilized in the farming operation identified in Part A?
 NO. Go to Item 3 YES. Stop - Use CCC-902I

3. Enter the following information for ALL land farmed by the individual identified in Part A and not as part of an entity.
 If land is cash leased from an individual or entity with an interest in the crop or crop proceeds, include the rental rate in \$/acre in Column F; otherwise enter "cash."

| A. Farm No. | B. Location (County and State) | C. Check As Applicable | | | D. Name of Individual or Entity Whom Land is Leased to and/or From (Includes names of landowners and landlords) | E. Acres Owned or Leased | F. Rental Rate \$ per Acre/ % of Crop Share | G. Check here if same land interest was held last year |
|----------------|--------------------------------------|-------------------------------------|--------------------------|-------------------------------------|---|-----------------------------------|--|--|
| | | Owned | Leased To | Leased From | | | | |
| 53 | Johnson, MO | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | | 195 | | <input checked="" type="checkbox"/> |
| 129 | Johnson, MO | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | Alice Smith | 60 | 75% | <input checked="" type="checkbox"/> |
| 224 | Johnson, MO | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | Grace Hanson | 55 | cash | <input checked="" type="checkbox"/> |

4. **Capital** - Indicate the source(s) of farming capital for the farming operation identified in Part A. (Check all that apply.)
 Non-borrowed Commercial loans/credit Private loans/credit FSA program payments Other:

5. **Equipment** - Enter the percentages owned and/or leased to be used by the farming operation identified in Part A.
 C. If leased, does the party/entity the equipment is leased from have an interest in the farming operation identified in Part A? YES NO

| | |
|----------|-----------|
| A. Owned | B. Leased |
| 100% | ___% |

PART D - Labor

1. **Active personal labor.** Enter the percentage or hours to be provided by the individual identified in Part A: 100 % ___ hours

2. **Hired labor.** Enter the percentage or hours of labor that will be hired by the individual identified in Part A: 0 % ___ hours

3. Will any of the hired labor originate from the same source as the leased equipment in Part C YES NO.

PART E - Management

1. **Active personal management.** Enter the estimated percent of active personal management to be provided by the individual identified in Part A: 100%

2. **Hired management:** Enter the estimated percent of management hired by the individual identified in Part A: ___%

PART F - Certification

I certify that all the information entered on this document and any supporting documentation is true and correct. I understand furnishing incorrect information will result in forfeiture of payments and may result in the assessment of a penalty. I will timely provide written notification to the Farm Service Agency committees for the county and State listed on this form of any changes in this farming operation.

1. Signature of Producer (By)
 /s/ Jason Smith

2. Title/Relationship if Signing as Representative

3. Date (MM-DD-YYYY)
 3/28/2010

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131 Completing CCC-902I Short Forms (Continued)

B Example CCC-902I Short Form

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|--|-------------|
| CCC-902I Short Form (02-01-10) | Page 2 of 2 |
| DEFINITIONS | |
| The following definitions apply to Form CCC-902I Short Form. | |
| <ol style="list-style-type: none"> 1. ACTIVELY ENGAGED IN FARMING – means providing both: 1) significant contributions of capital, equipment, or land, or combination thereof to the farming operation; and 2) significant contributions of active personal labor or active personal management, or a combination thereof, to the farming operation as described. Further, for a person or legal entity to be considered actively engaged in farming for program payment purposes, the contributions of the person or legal entity must be at-risk and commensurate with the person's or legal entity's claimed share of the profit and loss of the farming operation. Failure to meet these requirements will result in the determination of ineligibility for payments under programs specified in 7 CFR Part 1400. 2. INTEREST IN A FARMING OPERATION – a person or legal entity is considered to have an interest in a particular farming operation if the person or legal entity owns or rents land to or from that farming operation; has an interest in the agricultural commodities produced on the operation; or is a member of a joint operation that either owns or rents land to or from the farming operation, or has an interest in the agricultural commodities produced on that operation. 3. JOINT OPERATION - is a general partnership, joint venture, or similar organization. 4. PERSON – is a natural person (an individual) and does not include a legal entity. 5. ACTIVE PERSONAL LABOR – a person is considered to be providing active personal labor with respect to a farming operation if that person is directly and personally providing physical activities necessary to conduct the farming operation, including land preparation, planting, cultivating, harvesting, and marketing of agricultural commodities. Other qualifying physical activities include establishing and maintaining conserving covers and those physical activities necessary for livestock production for the farming operation. 6. ACTIVE PERSONAL MANAGEMENT – a person is considered to be providing active personal management with respect to a farming operation if that person is directly and personally providing the general supervision and direction of activities and labor involved in the farming operation; or providing services (whether performed on-site or off-site) reasonably related and necessary to the farming operation. 7. CAPITAL – with respect to a farming operation is the funding provided by a person or legal entity to the farming operation in order for such operation to conduct farming activities. To be considered a countable contribution for a person or legal entity, the capital must have been derived from a fund or account separate and distinct from that of any other person or entity involved in such operation. Countable capital does not include the value of any labor or management which is contributed to the farming operation. A capital contribution may be a direct non-borrowed (out-of-pocket) input of a specified sum or an amount borrowed by the person or entity. Capital does not include advance program payments. 8. CONTRIBUTION – with respect to a farming operation is the provision of land, capital or equipment assets, and providing active personal labor, or active personal management to the farming operation in exchange for, or the expectation of, deriving benefits based solely on the success of the farming operation. 9. CUSTOM SERVICES – with respect to a farming operation is the hiring of a contractor or vendor that is in the business of providing such specialized services to perform services for the farming operation in exchange for the payment of a fee for such services performed. 10. ENTITY - is a corporation, joint stock company, limited liability company, association, limited partnership, limited liability partnership, irrevocable trust, revocable trust, estate, charitable organization, or other similar organization including any such organization participating in the farming operation as a partner in a general partnership, participant in a joint venture, a grantor of a revocable trust, or as a participant in a similar organization. 11. EQUIPMENT – with respect to a farming operation is the machinery and implements needed to conduct activities of the farming operation including machinery and implements used for land preparation, planting, cultivating, harvesting or marketing crops. Equipment also includes machinery and implements needed to establish and maintain conserving covers. 12. FAMILY MEMBER – a person is considered to be a family member of another person in the farming operation of that person is related to the other as a lineal ancestor, lineal descendant, sibling, spouse, or otherwise by marriage. 13. FARMING OPERATION - is a business enterprise engaged in the production of agricultural products which is operated by a person or a formal or informal entity which is eligible to receive payments, directly or indirectly. 14. LAND – with a respect to a contribution to a farming operation is farmland consisting of cropland, pastureland, wetland, or rangeland which meets the specific requirements of the applicable program for which payments or benefits are sought. 15. SUPPORTING DOCUMENTATION – is any information that supports the relevant representations made such as, but not limited to: articles of incorporation; corporate meeting minutes; stock certificates; organizational papers; trust agreement; last will or testament of a deceased individual; affidavit of heirship approved by Office of General Counsel; partnership agreement; property lease agreement; purchase agreement; land deed; lending security agreement; and financial statement. 16. All other terms utilized in this form shall be defined pursuant to 7 CFR Part 1400. | |
| <p>NOTE: <i>The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a - as amended). The authority for requesting the information identified on this form is 7 CFR Part 1400, the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.), and the Food, Conservation, and Energy Act of 2008 (Pub. L. 110-246). The information will be used to determine eligibility for program benefits. The information collected on this form may be disclosed to other Federal, State, Local government agencies, Tribal agencies, and nongovernmental entities that have been authorized access to the information by statute or regulation and/or as described in applicable Routine Uses identified in the System of Records Notice for USDA/FSA-2, Farm Records File (Automated). Providing the requested information is voluntary. However, failure to furnish the requested information will result in a determination of ineligibility for program benefits.</i></p> <p><i>This information collection is exempted from the Paperwork Reduction Act, as is required for the administration of the Food, Conservation, and Energy Act of 2008 (Pub. L. 110-246, Title I, Subtitle F – Administration). The provisions of appropriate criminal and civil fraud, privacy, and other statutes may be applicable to the information provided. RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.</i></p> | |

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132-135 (Reserved)

Section 3 Joint Operations

136 Eligibility Determinations

A Rule [7 CFR 1400.203]

Each member who shares in the income from a joint operation **must** be determined to be actively engaged in farming for the joint operation to be fully eligible for payment.

* * *

137 Joint Operation Actively Engaged in Farming Determinations

A Rule

Members of a joint operation can be determined actively engaged in farming by meeting **all** of the requirements in this table.

| Item | Requirement |
|------|---|
| 1 | <p>Contributions to the farming operation of both of the following are made:</p> <ul style="list-style-type: none"> • the member or joint operation makes a significant contribution of capital, equipment, or land, or a combination thereof • each member makes a significant contribution of active personal labor or active personal management, or a combination thereof, that are: <ul style="list-style-type: none"> • performed on a regular basis • identifiable and documentable • separate and distinct from contributions of any other member. <p>Note: See subparagraph 116 A for exceptions for spouses.</p> |
| 2 | <p>The member must provide satisfactory evidence that his or her contributions of land, labor, management, equipment, or capital to the joint operation are commensurate with the member’s claimed share of the profits or losses of the joint operation. See subparagraphs 147 D, E, and F for recordkeeping, methods of proof, and verification requirements.</p> |
| 3 | <p>The member’s contributions to the farming operation are at risk.</p> |

B Separate and Distinct Contribution of Labor

If a member provides active personal labor to the joint operation’s farming operation that is performed on a regular basis, and that is identifiable and documentable, the member will be considered to have met the requirement of a separate and distinct contribution of labor to the joint operation’s farming operation.

C Contributions Not Commensurate

For a member of a joint operation whose contributions of inputs are not equal to his or her claimed share:

- if the contribution is less than commensurate, that member is not considered “actively engaged in farming” and ineligible to receive any payment earned by the joint operation
- if the contribution is at least commensurate, that member may receive his or her share of the payment earned by the operation, but this share cannot be increased because of the ineligibility of another member.

Section 4 Corporations, LLC's, LLP's, and LP's * * *

146 Corporation, LLC, LLP, and LP * * * Eligibility Determinations

A Ownership in Legal Entities

*--Ownership interest in a legal entity that receives payment subject to limitation for the program year will be determined according to the following table.

| IF the legal entity... | THEN the date for the determination of ownership interest is.... |
|--|--|
| existed on June 1 of the year for which program benefits were requested | June 1. |
| did not exist on June 1 of the year for which program benefits were requested | the date the legal entity was formed. |

Voluntary acquisition of interest after June 1, or date legal entity was formed, does **not--*** reduce the ownership share of any interest holder for payment limitation purposes.

For interest held in other legal entities that have minor children as heirs, beneficiaries, or members, consider any program payments received by or attributed to that interest of the minor child as being attributed to the minor child's parent or legal guardian.

Note: If the minor child is considered separate for payment limitation purposes according to paragraph 117, program payments received by or attributed to the minor child's interest will **not** be attributed to the parent or legal guardian.

B Stock Classes

For corporations with more than 1 stock class; such as preferred and common, the ownership percentage of stock, or unit of ownership, shall be determined by the fair market value of outstanding stock.

Note: The value can be determined by COC, STC, DAFP, or designee, but should be determined at the earliest level **before** referring to the next higher level of authority.

146 Corporation, LLC, LLP, and LP * * * Eligibility Determinations (Continued)**C Fair Market Value Factors**

To determine the fair market value of stock, or unit ownership, the following available factors shall be considered:

- current market quotations for each stock class
- relevant factors affecting the value of each stock class
- rights and privileges of each stock class
- any other information that would assist in the determination.

D Programs Not Requiring Actively Engaged in Farming Determinations

If a program requires person determinations, but **not** actively engaged in farming determinations, the following are **required** to be eligible for payments or benefits:

- claimed share of the profits or losses of the farming operation **must** be commensurate with the contributions to the farming operation
- contributions **must** be at risk.

147 Corporation, LLC, LLP, and LP * * * Actively Engaged in Farming Determinations

A Rule

[7 CFR 1400.204] A corporation, LLC, LLP, or LP * * * shall be considered to be actively engaged in farming, if **all** of the requirements in this table are met.

| Item | Requirement |
|------|--|
| 1 | The legal entity independently and separately makes a significant contribution of capital, equipment, land, or combination thereof. |
| 2 | <p>Partners, stockholders, or members with an ownership interest in the legal entity make a contribution, whether compensated or not compensated, of active personal labor, active personal management, or a combination of active personal labor and active personal management to the farming operation; that are:</p> <ul style="list-style-type: none"> • performed on a regular basis • identifiable and documentable • separate and distinct from contributions of any other partner, stockholder, or member. <p>Note: If all the partners, stockholders, and members do not meet this requirement, payments subject to the actively engaged in farming determination are reduced by the share held by the that partner, stockholder, or member.</p> |
| 3 | The collective contribution of active personal labor or active personal management by partners, stockholders, or members is a significant contribution to the farming operation. |
| 4 | The legal entity’s share of the profits or losses from the farming operation is commensurate with the contributions to the farming operation. |
| 5 | The legal entity’s contributions are at risk, with the level of risk being commensurate with the legal entity’s claimed share of the farming operation. |

*--**Note:** An exception may apply if **both** of the following are true:

- at least 50 percent of the ownership interest in the legal entity is held by stockholders and members who are collectively providing a significant contribution of active personal labor and/or active personal management to the farming operation
- the total direct DCP payments received annually, both directly and indirectly by the stockholders and members, does **not** exceed the amount of 1 limitation.--*

147 Corporation, LLC, LLP, and LP * * * Actively Engaged in Farming Determinations (Continued)**B Exceptions**

These exceptions are only applicable to a corporation, LLC, LLP, and LP. * * *

Spouses – If both spouses are interest holders in the same legal entity, the contribution of active personal labor and/or active personal management of 1 spouse to the farming operation of the legal entity will also meet the other spouse’s requirement to make a contribution of active personal labor and/or active personal management to the farming operation of the legal entity.

Minor children – If a parent is an interest holder in a legal entity in which his or her minor children are also interest holders, the parent’s contribution of active personal labor and/or active personal management to the legal entity’s farming operation will also meet the requirement that each minor child **must** make a contribution of active personal labor and/or active personal management to the same farming operation.

Spouses and minor children – If both spouses and minor children are in the same legal entity, the contributions of 1 spouse/parent of active personal labor and/or active personal management to the legal entity’s farming operation will meet the requirements that all such interest holders of the legal entity **must** contribute active personal labor and/or active personal management to the legal entity’s farming operation.

Note: Contributors of active personal labor and/or active personal management to a legal entity’s farming operation **must** hold an ownership interest in the legal entity at the time the contributions are made.

C Separate and Distinct Contributions of Labor

If a partner, stockholder, or member provides active personal labor to the entity’s farming operation that is performed on a regular basis, and that is identifiable and documentable; that partner, stockholder, or member will be considered to have met the requirements of a separate and distinct contribution of labor to the entity’s farming operation.

147 Corporation, LLC, LLP, and LP * * * Actively Engaged in Farming Determinations (Continued)**D Burden of Proof Recordkeeping Requirements**

All partners, stockholders and members with an ownership interest must contribute active personal labor and/or active personal management to the entity's farming operation.

Each partner, stockholder, and member must be able to show by reasonable means that such activities:

- are performed on a regular basis throughout the crop year
- are identifiable and documentable as to which partner, stockholder, or member made such contribution
- are separate and distinct from any other partner, stockholder or member with an ownership interest in the farming operation.

E Methods of Proof

Reasonable records may include, but are not limited to, the following:

- appointment books
- calendars
- narrative summaries
- phone logs
- contemporaneous records
- activity logs with date, time, and description of activity performed
- documents for goods and services used by the farming operation signed only by the interest holder.

147 Corporation, LLC, LLP, and LP * * * Actively Engaged in Farming Determinations (Continued)**F Verification of Recorded Activities**

COC may request verification from an interest holder if:

- the records provided for such activities seem unreasonable for the type and size of farming operation
- performance is questionable of such activities as claimed
- the farming operation is selected for an end of year review for payment eligibility and payment limitation compliance purposes.

G Payment Reduction

If any partner, stockholder, or member fails to meet the requirements in subparagraph A, **all** payments to the legal entity subject to the actively engaged determination will be reduced by an amount commensurate with the ownership share held by the partner, stockholder, or member.

148 Corporation, LLC, LLP, and LP * * * Case Examples

A Example 1

Situation: Corporation XYZ rents 3,000 acres of land for 1/3 share of the crop.

- Corporation XYZ contributes a significant amount of capital to the operation.
- Corporation XYZ hires the majority of all labor necessary for the operation.
- All 3 stockholders provide the balance of the labor needed.
- All 3 stockholders regularly during the crop year and all management decisions are made jointly during these meetings.
- Each stockholder has defined responsibilities, such as marketing, field operations and equipment, financing and daily business activities.
- Each stockholder is on-site almost everyday during the crop year.
- The corporation's share of the profits or losses from the farming operation is commensurate with the corporation's contributions and the contributions are at risk for a loss.

Determination: Corporation XYZ is considered actively engaged in farming. Each stockholder contributed active personal labor and active personal management to the farming operation on a regular basis, identifiable and documentable, and each stockholder's contributions were separate and distinct from contributions made by the other stockholders.

148 Corporation, LLC, LLP, and LP * * * Case Examples (Continued)

B Example 2

Situation: Corporation AB consists of Father A and Son B, each having a 50 percent share. Corporation AB cash-rents land.

- Father A is a retired farmer who created the corporation for tax reasons and to aid in the transfer of the farm to Son B.
- The corporation contributes a significant amount of capital and equipment to the farming operation.
- Son B contributes both active personal labor and active personal management to the farming operation.
- Father A lives on the farm and contributes no active personal labor, but periodically advises Son B about farm related matters.

Determination: Because the corporation provides at capital and equipment, and Son B contributes active personal labor and active personal management; Corporation AB is considered to be actively engaged in farming. However, Corporation AB will be subject to payment reduction commensurate with the 50 percent ownership interest held by Father A because COC determined the advice provided by Father A is not considered management.

C Example 3

Situation: Corporation GH consists of Husband G owning 70 percent of the corporate stock and Wife H owning 30 percent of the corporate stock.

- Corporation GH provides all the capital, equipment, and leased land for the farming operation.
- Husband G provide all of the active personal labor and active personal management necessary for the farming operation.

Determination: Corporation GH is actively engaged in farming through the contributions of the corporation and of Husband G. Even though Wife H failed to make any contributions of active personal labor, active personal management, or a combination thereof, the exception applicable to spouses in subparagraph 147 B applies. Corporation GH and **no** payment reduction will be applied to Corporation GH.

149 Completing CCC-902E's for Corporations, LLC's, LLP's, and LP's * * *

A Completing CCC-902E's

For detailed instructions on completing CCC-902E's, see subparagraph 120 A.

B Example CCC-902E

Following is an example of CCC-902E for a corporation.

This form is available electronically. (See Page 5 for Privacy Act Statement)

CCC-902E U.S. DEPARTMENT OF AGRICULTURE
(03-26-09) Commodity Credit Corporation

FARM OPERATING PLAN FOR AN ENTITY
2009 and Subsequent Program Years

1. County **Texas** 3. Program Year **2009**

2. State **OK**

For "actively engaged in farming" and other payment eligibility/limitation determinations.

This form is to be completed for an entity, including a joint operation, that is seeking benefits from the Farm Service Agency (FSA) under one or more programs that are subject to the regulations at 7 CFR Part 1400. This form collects farming and other information about the entity that receives program benefits directly using the tax identification number listed in Part A. This form also collects information about the members of such entity. An individual who receives program benefits directly as an individual must complete a CCC-902I with respect to that individual's operation. Payment eligibility is based upon the contribution of certain inputs to a farming operation such as land, capital, equipment, labor, and management by the entity listed in Part A. The information on this form will be used by FSA to determine payment eligibility and limitation of payments by direct attribution.

PART A - ENTITY INFORMATION

1. Farming Entity's Name and Address (Include Zip Code)
J & J Inc.
N 1020 Rd
Panhandle, OK 73999

2. Tax Identification Number (If the taxpayer identification number is already on file with FSA, only the last 4 digits are required)
3333

3. Date of Formation (MM-DD-YYYY)
1-30-2008

PART B - TYPE OF OPERATION (Select only one)

1. Select appropriate type of operation that defines the entity identified in Part A:

General Partnership Limited Partnership Estate City, County or State-owned Entity
 Joint Venture Limited Liability Company Charitable/Tax-exempt Organization Indian Tribe
 Sole Proprietorship/DBA Revocable/Living Trust Public School Other:
 Corporation Irrevocable Trust

2. Supporting documentation (such as articles of incorporation, trust papers, partnership agreement, evidence of heirship, and operational authorities of all shareholders, members and owners) is required, except for public schools, States, State entities, cities, and counties, to verify the legal status of the entity and the authority of its shareholders, members or owners to the satisfaction of CCC.

PART C - MEMBER INFORMATION (Use CCC-902E Continuation if additional space is needed for any information in Part C)

1. Members - List all members/shareholders of the entity identified in Part A of this form:

| A. Name | B. Tax ID Number (Last 4 digits if already on file) | C. % Share | D. Position and Salary (if applicable) | E. Family Member Relationship (if applicable) | F. Does this member have signature authority for the legal entity? (Yes or No) |
|----------------|---|------------|--|---|--|
| John Hardesty | 8989 | 60 | President \$0 | father | <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO |
| Jimmy Hardesty | 7272 | 40 | V. president \$0 | son | <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO |
| | | | \$ | | <input type="checkbox"/> YES <input type="checkbox"/> NO |
| | | | \$0 | | <input type="checkbox"/> YES <input type="checkbox"/> NO |
| | | | \$ | | <input type="checkbox"/> YES <input type="checkbox"/> NO |
| | | | \$ | | <input type="checkbox"/> YES <input type="checkbox"/> NO |

G. I certify that I have signature authority for the entity identified in Part A and that all information in Part C is true and correct. 1. Initials **JH, JJC** 2. Date **4/16/2009**

2. If the entity in Part A is an Estate or Trust, or if any member/shareholder is listed above is an Estate or Trust, list the Executor, Administrator, or Grantor:

A. Name of Estate or Trust B. Name of Executor/Administrator/Grantor

3. Embedded Entities - If any member/shareholder of the entity identified in Part A is an entity, a CCC-901, Member's Information, must also be completed and submitted concurrent with this CCC-902E. Additionally, a CCC-902E must be completed and submitted for each embedded entity.
 Check if CCC-901 is attached. Check if CCC-902E is attached for an embedded entity.

4. Other farming interests: Complete this item for any member/shareholder identified in Part C that has an interest in other farming operations.

| A. Member's name | B. Name of Farming interest(s) | C. Tax ID Number of farming interest (Last 4 digits if already on file) | D. County(ies) and State(s) where farming interest(s) are located |
|------------------|--------------------------------|---|---|
| | | | |

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write to USDA, Director, Office of Civil Rights, 1400 Independence Avenue, SW, Washington, DC 20250-9410, or call (800) 795-3272 (voice) or (202) 720-6382 (TDD). USDA is an equal opportunity provider and employer.

149 Completing CCC-902E's for Corporations, LLC's, LLP's, and LP's * * * (Continued)

B Example CCC-902E (Continued)

CCC-902E(03-26-09) Name of Entity (as identified in Part A): **J & J Inc.** Page 2 of 6

5. Minor Members or Shareholders – For any Member or Shareholder who is a minor, provide the following: N/A

| A. Minor's Name | B. Date of Birth | C. Parent's or Guardian's Name | D. Parent's or Guardian's Address | E. Parent or Guardian's SSN or Tax ID Number (Last 4 digits if already on file) |
|-----------------|------------------|--------------------------------|-----------------------------------|---|
| | | | | |
| | | | | |

F. Separate Status of Minors:

(1) Is any minor a producer on a farm in which the parent or guardian has no interest? YES NO

(2) Does any minor maintain a separate household from the parent or guardian and personally carry out farming Activities with respect to the minor's farming operation, including maintaining separate accounting? YES NO

(3) Does any minor who is represented by a court-appointed guardian or conservator responsible for the minor a) live in a household other than the parents' household(s), and b) have a vested ownership in the farm? YES NO

(4) If any minor with an interest in this farming operation can answer "YES" to Items F(1) through F(3), list that minor's name:

6A. Citizenship Status - Is each Member and Shareholder of the entity or joint operation identified in Part A, and any embedded entity identified in Part C a U.S. Citizen?

YES, all members/shareholders are US Citizens - Go to Part D NO, one or more members/shareholders is not a US Citizen - Complete Item 6B

6B. For each member or shareholder (direct or embedded) who is not a US Citizen, provide the following:

| (1) Name of Individual | (2) This individual has a valid Form I-551 | FOR FSA USE ONLY | |
|------------------------|--|--|--------------|
| | | Form I-551 Presented to FSA | CCC Initials |
| | <input type="checkbox"/> YES <input type="checkbox"/> NO | <input type="checkbox"/> YES <input type="checkbox"/> NO | |
| | <input type="checkbox"/> YES <input type="checkbox"/> NO | <input type="checkbox"/> YES <input type="checkbox"/> NO | |
| | <input type="checkbox"/> YES <input type="checkbox"/> NO | <input type="checkbox"/> YES <input type="checkbox"/> NO | |
| | <input type="checkbox"/> YES <input type="checkbox"/> NO | <input type="checkbox"/> YES <input type="checkbox"/> NO | |

PART D - SUMMARY OF CONTRIBUTIONS TO THE FARMING OPERATION

1. For the farming operation of the entity identified in Part A, what percentages of the overall inputs will be contributed directly by the Entity? Enter the following information for contributions to be made by the entity identified in Part A. These percentages should reflect the capital provided directly by the legal entity; land and equipment owned and/or cash leased by the legal entity and used in the farming operation; labor hired by the legal entity; and management hired by the legal entity. (Provide detailed information about these contributions in Items A through E.)

| A. Capital | B. Land | C. Equipment | D. Hired Labor | E. Hired Management |
|------------|---------|--------------|----------------|---------------------|
| 100 % | 100 % | 100 % | 80 % | 0 % |

2. For the farming operation of the entity identified in Part A, what percentages of the following farm inputs will be contributed by the Members listed in PART C? Enter the following information for the contributions to be made by the members. These percentages should reflect any capital originating from members' funds rather than from the entity; land and equipment owned or obtained by the member(s) and contributed to this farming operation without compensation to the member(s); labor and management hired by the members for the entity; and labor and management performed personally by the member(s) for the benefit of the farming operation identified in Part A. (Provide information about these contributions in Items B through H.)

| A. Member's Name | B. Capital (Current Year) % | C. Land % | D. % of Owned Land | E. Equipment % | F. % of Owned Equipment | G. Labor (%) | | | H. Management (%) | |
|------------------|-----------------------------|-----------|--------------------|----------------|-------------------------|--------------|-----------------|--------------------------|-------------------|-----------------|
| | | | | | | Hired | Active Personal | Check if 1000 Hours | Hired | Active Personal |
| John Hardesty | | | | | | | 15 | <input type="checkbox"/> | | 60 |
| Jimmy Hardesty | | | | | | | 5 | <input type="checkbox"/> | | 40 |
| | | | | | | | | <input type="checkbox"/> | | |
| | | | | | | | | <input type="checkbox"/> | | |
| | | | | | | | | <input type="checkbox"/> | | |
| | | | | | | | | <input type="checkbox"/> | | |

For additional space, use and attach CCC-902E Continuation

149 Completing CCC-902E's for Corporations, LLC's, LLP's, and LP's * * * (Continued)

B Example CCC-902E (Continued)

CCC-902E (03-26-09) Name of Entity (as identified in Part A): **J & J Inc.** Page 3 of 6

PART E - LAND

1. Land: Enter the following information for ALL land in the farming operation of the entity identified in Part A. *If land is cash leased from an individual or entity that has an interest in the crop or crop proceeds, include the rental rate in \$/acre in Column F; otherwise enter "cash."*
(For additional space, complete CCC-902 Continuation and attach to this form)

| A. Farm No. and Location (County and State) | B. Land Leased or Contributed By | C. Check as applicable | | | D. Name of Person or Entity Whom Land is Leased to and/or From (Includes names of landowners and landlords) | E. Acres Owned or Leased | F. Rental Rate \$ per Acre/ % or Crop Share | G. Check here if same land interest was held last year |
|--|--|---------------------------|--------------------------|-------------------------------------|---|--------------------------------------|--|--|
| | | Owned | Leased To | Leased From | | | | |
| Farm No. 273 Location: Texas/OK | J & J Inc. | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | Guymon Investors Inc. | 1239.0 | cash | <input checked="" type="checkbox"/> |
| Farm No. Location: | | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | | | | <input type="checkbox"/> |
| Farm No. Location: | | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | | | | <input type="checkbox"/> |
| Farm No. Location: | | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | | | | <input type="checkbox"/> |
| Farm No. Location: | | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | | | | <input type="checkbox"/> |

PART F - CAPITAL SOURCES and USES

1. Indicate the source(s) of all farming capital for the entity identified in Part A? (Check ALL that apply.)

Non-borrowed capital Private loans/credit FSA program payments from this crop year
 Commercial loans/credit Other: _____

2. Will contributions of capital, farming equipment or land be acquired as a result of a loan or credit arrangement?
 YES go to Item 3 NO go to Part G

3. Will such loan or credit be acquired from, guaranteed by, co-signed by, or secured by an individual, joint operation or entity that has an interest in the farming operation identified in Part A (Such interest may be as a landowner or other tenant)?
 YES. Complete Items 3(A) through 3(E) NO. Go to Part G.

| A Type of Contribution | B Name of Loan or Credit Source | C Guarantor's Name | D Credit Source or Guarantor's Affiliation or Interest in the Farming Operation | E Percent of Total Capital |
|---------------------------|------------------------------------|-----------------------|--|----------------------------------|
| | | | | % |
| | | | | % |
| | | | | % |

PART G - EQUIPMENT (All percentages are based on annual rental values.)

1. **Owned Equipment:** Enter the percent of ALL equipment owned by the farming operation of the entity identified in Part A that will be used on the farms identified in Part C by the entity: _____ **100** %

2. **Leased Equipment:** Enter the following information for ALL leased equipment to be used in the farming operation of the entity identified in Part A. If leased equipment is not used in this farm operation, enter 0%.

| A. Percent of Total Equipment Used in the Farming Operation | B. Name of Individual/Entity Equipment is Leased From | C. Type of Equipment Leased | D. Does the Individual/Entity the equipment is leased from have an interest in this farming operation? |
|---|---|--------------------------------|---|
| 0 % | | | <input type="checkbox"/> YES <input type="checkbox"/> NO |
| % | | | <input type="checkbox"/> YES <input type="checkbox"/> NO |
| % | | | <input type="checkbox"/> YES <input type="checkbox"/> NO |

3. **Lease Agreements:** If Item 2D is "YES," copies of lease agreement and documentation may be required for compliance purposes. GO TO Part H.

149 Completing CCC-902E's for Corporations, LLC's, LLP's, and LP's * * * (Continued)

B Example CCC-902E (Continued)

| | | |
|---|--|-----------------------|
| CCC-902E (03-26-09) Name of Entity (as identified in Part A): J & J Inc. | | Page 4 of 6 |
| PART H - CUSTOM SERVICES | | |
| 1. Will custom services be utilized by the entity identified in Part A on the farms listed in Part E? <input checked="" type="checkbox"/> NO. GO TO PART I <input type="checkbox"/> YES. Complete Items 1A through 1D. | | |
| A. Type of Services | B. Farm Number(s) | C. Number of Acres |
| D. Name of Provider | | |
| | | |
| | | |
| PART I - LABOR NOT PROVIDED BY MEMBERS/SHAREHOLDERS IDENTIFIED IN PART C | | |
| For the farms listed in Part E, enter the information for contributions of labor to the farming operation that will not be provided by the members or shareholders listed in Part C: | | |
| Type | Amount | |
| 1. Other labor: Enter the percentage or the number of hours to be donated by family members or others for which no payment will be issued or owed. | 0 % | hrs |
| | | |
| 2. Hired labor: | | |
| A. Will any of the hired labor for the farming operation identified in Part A originate from the same source as the leased equipment in Part G? <input type="checkbox"/> NO <input type="checkbox"/> YES <i>If "YES", acceptable documentation to prove such relationship may be required for compliance purposes.</i> | | |
| B. Will any of the hired labor for the farming operation identified in Part A be included in the custom services shown in Part H? <input type="checkbox"/> NO <input type="checkbox"/> YES <i>If "YES", acceptable documentation to prove such relationship may be required for compliance purposes.</i> | | |
| PART J - MANAGEMENT | | |
| Enter all managerial duties and/or activities required for the farming operation identified in Part A which will be provided personally by member(s) or shareholder(s) of the entity or joint operation; or by hired management. | | |
| 1. Active personal management: | | |
| List the specific managerial duties/activities that will be performed personally by each member or shareholder. <i>The duties/activities must be performed on a regular basis; be identifiable and documentable; and be separate and distinct from the management activities performed by any other member(s) or shareholder(s).</i> <i>(This requirement is not applicable to the heirs of Estate or the beneficiaries of Trusts.)</i> | | |
| A. Member/Shareholder | B. Duties/Activities | |
| John Hardesty | Responsible for planting, marketing, financing, FSA business and bookkeeping | |
| Jimmy Hardesty | Responsible for financing, planting, harvesting, equipment and hired labor | |
| | | |
| | | |
| | | |
| For additional space, use and attach CCC-902E Continuation | | |
| 2. Hired management: Describe any hired management duties/activities that will be provided by someone other than a member or shareholder <i>(include management by an administrator or trustee who receives compensation for this service or activity):</i> | | |
| | | |
| 3. Other management: Describe any non-compensated management that will be provided by someone other than a member or shareholder <i>(include management by an administrator or trustee who does not receive compensation for this activity):</i> | | |
| | | |

149 Completing CCC-902E's for Corporations, LLC's, LLP's, and LP's * * * (Continued)

B Example CCC-902E (Continued)

CCC-902 E (03-26-09) Name of Entity (as identified in Part A): **J & J Inc.** Page 5 of 6

PART K - REMARKS

Check all of the following that apply:

CCC-902 Continuation attached for additional information for Part E - Land

CCC-902E Continuation attached for additional information for the following Parts:

Part C – Member information

Part D – Summary of Contributions

Part F – Capital

Part G – Equipment

Part H – Custom Services

PART L - CERTIFICATION - (FOR JOINT VENTURES AND GENERAL PARTNERSHIP, A SIGNATURE IS REQUIRED FOR EACH MEMBER)

I certify that all the information entered on this document and any supporting documentation is true and correct. I understand that furnishing incorrect information will result in forfeiture of payments and may result in the assessment of a penalty. I will timely provide written notification to the Farm Service Agency committees for the county and State listed on this form of any changes in this farming operation. By signing this form I acknowledge that:

- all supporting documentation has been submitted as required
- I have reviewed and understand all definitions and requirements on Page 6 of this form.
- all information will be considered in effect continuously unless changes or revisions are submitted.
- it is my responsibility to timely notify FSA in writing of any changes that may affect these representations, including, but not limited to: the composition of the entity identified in Part A; the farming, ranching or forestry operation of the entity identified in Part A; financial status of the entity identified in Part A.
- evidence such as tax records, certified public accountant's certification, or other documentation may be required to validate these representations and I will take all necessary actions to provide such materials to the applicable State or county committee if requested by FSA..
- it is my responsibility to timely notify FSA in writing of any successors who acquire an interest in this farming operation as the result of the death of a member or shareholder.

| 1. Signature (By) | 2. Title/Relationship of Individual Signing in the Representative Capacity | 3. Date (MM-DD-YYYY) |
|----------------------|---|-------------------------|
| <i>John Hardesty</i> | <i>President, J & J Inc.</i> | <i>4/16/2009</i> |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |

NOTE: The primary authority for requesting and safeguarding the information described on this form is the Food, Conservation, and Energy Act of 2008 (Pub. L 110-246). Additionally, the authority for requesting this information is 7 CFR Part 1400 and 7 CFR Part 1410. The information requested is necessary for CCC to assist in determining eligibility for program benefits. Furnishing the requested information is voluntary. Failure to furnish the requested information will result in a determination of ineligibility for certain program benefits and other financial assistance administered by USDA. The information collected as a result of this form may be released to USDA employees, USDA contractors, or authorized USDA cooperators who are bound to safeguard the information under Section 1619 of the Food, Conservation, and Energy Act, the Privacy Act or 1974, the E-Government Act of 2002, and related authorities.

This information collection is exempted from the Paperwork Reduction Act, as is required for the administration of the Food, Conservation, and Energy Act of 2008 (Pub. L 110-246, Title I, Subtitle F – Administration). The provisions of criminal and civil fraud, privacy, and other statutes may be applicable to the information provided.

RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.

149 **Completing CCC-902E's for Corporations, LLC's, LLP's, and LP's * * * (Continued)**

B Example CCC-902E (Continued)

| | | |
|--|--------------------|-------------|
| CCC-902 E (03-26-09) | DEFINITIONS | Page 6 of 6 |
| <p>The following definitions apply to Form CCC-902E.</p> | | |
| <ol style="list-style-type: none"> 1. ACTIVELY ENGAGED IN FARMING – means providing both: 1) significant contributions of capital, equipment, or land, or combination thereof to the farming operation; and 2) significant contributions of active personal labor or active personal management, or a combination thereof, to the farming operation as described. Further, for a person or legal entity to be considered actively engaged in farming for program payment purposes, the contributions of the person or legal entity must be at-risk and commensurate with the person's or legal entity's claimed share of the profit and loss of the farming operation. Failure to meet these requirements will result in the determination of ineligibility for payments under programs specified in 7 CFR Part 1400. 2. INTEREST IN A FARMING OPERATION – a person or legal entity is considered to have an interest in a particular farming operation if the person or legal entity owns or rents land to or from that farming operation; has an interest in the agricultural commodities produced on the operation; or is a member of a joint operation that either owns or rents land to or from the farming operation, or has an interest in the agricultural commodities produced on that operation. 3. JOINT OPERATION - is a general partnership, joint venture, or similar organization. 4. PERSON – is a natural person (an individual) and does not include a legal entity. 5. ACTIVE PERSONAL LABOR – a person is considered to be providing active personal labor with respect to a farming operation if that person is directly and personally providing physical activities necessary to conduct the farming operation, including land preparation, planting, cultivating, harvesting, and marketing of agricultural commodities in the farming operation. Other qualifying physical activities include establishing and maintaining conserving covers and those physical activities necessary for livestock production for the farming operation. 6. ACTIVE PERSONAL MANAGEMENT – a person is considered to be providing active personal management with respect to a farming operation if that person is directly and personally providing the general supervision and direction of activities and labor involved in the farming operation; or providing services (whether performed on-site or off-site) reasonably related and necessary to the farming operation. 7. CAPITAL – with respect to a farming operation is the funding provided by a person or legal entity to the farming operation in order for such operation to conduct farming activities. To be considered a countable contribution for a person or legal entity, the capital must have been derived from a fund or account separate and distinct from that of any other person or entity involved in such operation. Countable capital does not include the value of any labor or management which is contributed to the farming operation. A capital contribution may be a direct out-of-pocket input of a specified sum or an amount borrowed by the person or entity. Capital does not include advance program payments. 8. CONTRIBUTION – with respect to a farming operation is the provision of land, capital or equipment assets, and providing active personal labor, or active personal management to the farming operation in exchange for, or the expectation of, deriving benefits based solely on the success of the farming operation. 9. CUSTOM SERVICES – with respect to a farming operation is the hiring of a contractor or vendor that is in the business of providing such specialized services to perform services for the farming operation in exchange for the payment of a fee for such services performed. 10. ENTITY - is a corporation, joint stock company, limited liability company, association, limited partnership, limited liability partnership, irrevocable trust, revocable trust, estate, charitable organization, or other similar organization including any such organization participating in the farming operation as a partner in a general partnership, participant in a joint venture, a grantor of a revocable trust, or as a participant in a similar organization. 11. EQUIPMENT – with respect to a farming operation is the machinery and implements needed by the farming operation to conduct activities of the farming operation including machinery and implements involved in land preparation, planting, cultivating, harvesting or marketing of the crops produced by the farming operation. Equipment also includes machinery and implements needed to establish and maintain conserving covers. 12. FAMILY MEMBER – a person is considered to be a family member of another person in the farming operation of that person is related to the other as a lineal ancestor, lineal descendant, sibling, spouse, or otherwise by marriage. 13. FARMING ENTITY – is the entity, including a combination of entities, conducting a farming operation at one or more locations. 14. FARMING OPERATION - is a business enterprise engaged in the production of agricultural products which is operated by a person or formal or informal entity which is eligible to receive payments, directly or indirectly. 15. LAND – with a respect to a contribution to a farming operation is agricultural land consisting of cropland, pastureland, wetland, or rangeland which meets the specific requirements of the applicable program for which payments or benefits are sought. 16. SUPPORTING DOCUMENTATION – is any information that supports the relevant representations made such as, but not limited to: articles of incorporation; corporate meeting minutes; stock certificates; organizational papers; trust agreement; last will or testament or a deceased individual; affidavit of heirship approved by Office of General Counsel; partnership agreement; property lease agreement; purchase agreement; land deed; lending security agreement; and financial statement. 17. All other terms utilized in this form shall be defined pursuant to 7 CFR Part 1400. | | |

150-155 (Reserved)

Section 5 Estates

156 Actively Engaged in Farming Determinations

A General Rule

For 2 program years **after** the program year in which a person dies, the person’s estate shall be considered to be actively engaged in farming if all of the requirements in this table are met.

| Item | Requirement |
|------|---|
| 1 | The estate separately makes a significant contribution of capital, equipment, land, or a combination thereof. |
| 2 | The personal representative (executor, administrator, etc.) or heirs of the estate collectively make a significant contribution of active personal labor, active personal management, or combination thereof, to the farming operation. |
| 3 | The estate’s share of the profits or losses from the farming operation is commensurate with the contribution to the farming operation. |
| 4 | The estate’s contributions are at risk. |

Notes: See paragraph 128 for the incapacitated person rule.

--See 1-CM, paragraph 121 and Exhibit 10 for estate EIN requirements.--

B Rule for Estates in Existence Longer Than 2 Years

Following the period of 2 program years after the program year in which a person dies, the deceased person’s estate shall **not** be considered to be actively engaged in farming **unless**, on a case-by-case basis, COC determines that the estate is still active and is being kept active for reasons other than receiving program payments.

C Required COC Reviews and Determinations

On an annual basis, COC is required to:

- identify all estates requesting program benefits that have been in existence for more than 2 program years after the date of death of the person
- review all supporting documentation provided by an authorized representative on behalf of the estate
- determine if the estate is kept active for reasons other than receiving program benefits and document the decision in COC minutes.

156 Actively Engaged in Farming Determinations (Continued)**C Required COC Reviews and Determinations (Continued)**

Information provided by an authorized representative of the estate for this **required** COC review may include, but is **not** limited to:

- Letter of Testamentary issued by the court within the last 12 months
- prior year tax return; applicable IRS Forms
- written explanation from the executor, administrator, or legal counsel for the estate.

If an identified estate fails to meet these requirements, the estate shall be:

- determined ineligible for current and subsequent years program benefits
- provided written notice of COC's ineligibility determination
- given appeal rights according to 1-APP.

D DD Review of Estates of in Existence Longer Than 2 Years

For estates that have been in existence for more than 2 program years after the date of death of the person, DD **must**:

- review COC findings
- concur with the determination for the estate to be recognized as eligible
- annually provide a report to the State Office of all estates in existence longer than 2 years that have had reviews and determinations made by COC.

E State Office Review of Estates in Existence Longer Than 2 Years

Effective for 2009 and subsequent years, State Offices shall:

- collect reports from all DD's
- consolidate information for future reporting purposes to DAFP, PECD.

168 Trust Actively Engaged in Farming Determinations

A Rule

[7 CFR 1400.205] An irrevocable or revocable trust shall be considered to be actively engaged in farming if **all** of the requirements in this table are met.

| Item | Requirement |
|------|--|
| 1 | The trust separately makes a significant contribution of capital, equipment, land, or a combination thereof. |
| 2 | Income beneficiaries that make contributions of active personal labor or active personal management, have a combined interest of at least 50 percent, and collectively make a significant contribution to the farming operation. |
| 3 | The trust's share of the profits or losses from the farming operation is commensurate with the contribution to the farming operation. |
| 4 | The trust's contributions are at risk. |
| 5 | The trust has provided TIN of the trust, unless the trust is a revocable trust and either of the following applies: <ul style="list-style-type: none"> <li data-bbox="402 848 976 884">• the grantor is the sole income beneficiary <li data-bbox="402 926 1430 1031">• TIN for the trust is TIN for the co-granter and co-income beneficiary and the other grantor and income beneficiary is their spouse who is not requesting benefits under his/her TIN. |
| 6 | The trust has provided a copy of the trust agreement to COC, unless the trust is a revocable trust. |

B TIN's

A single TIN, such as a Social Security number, may **not** be used to pay both a person and a trust in the same year.

***--Note:** See 1-CM, paragraph 121 and Exhibit 10 for EIN requirements for trusts.--*

C Trustee Actions

The personal actions of a trustee, either labor or management, **cannot** be considered as contributions of the trust in meeting the requirement of actively engaged in farming.

Only the income beneficiaries of a trust can provide the required, at-risk contributions of active personal labor, active personal management, or combination thereof, for the trust to be considered actively engaged in farming.

169 Trust Case Examples**A Irrevocable Trust Example 1**

Situation: EF Trust meets the requirements to be considered an irrevocable trust for payment limitation purposes. The trust, with Persons E and F each having a 50 percent interest, contributes a significant amount of capital to the farming operation. Each beneficiary contributes a significant amount of active personal management. All labor is hired. The land and equipment are leased. The trust's share of the profits or losses from the farming operation is commensurate with the trust's contributions to the operation and the contributions are at risk.

Determination: EF Trust is considered to be actively engaged in farming because the trust provides capital and the beneficiaries contribute a significant amount of active personal management.

B Irrevocable Trust Example 2

Situation: The terms of a late husband's will made certain specific bequests of cash and nonfarm property to persons other than his widow. The balance of the estate, including farmland, is distributed to a testamentary trust. The widow has the sole right to the income of the trust during her lifetime. At the time of her death, the trust is to be terminated and the property distributed to her heirs.

Determination: Because the widow has the sole right to income of the trust during her lifetime, the widow is considered the sole beneficiary. The trust is considered actively engaged in farming because of the landowner provision.

179 Payment Attribution (Continued)

C Attribution Levels

Payments attribution to a legal entity will be tracked through 4 levels of ownership in the legal entity according to this table.

| Levels of Ownership | Payment Attribution |
|---------------------|--|
| First | Any payment made to a legal entity that is owned in whole or in part by a person will be attributed to the person in the amount that represents direct ownership in the payment entity. |
| Second | <p>Any payment made to a legal entity that is owned in whole or in part by another legal entity at the second level will be attributed to this entity in the amount that represents the direct ownership in the payment entity.</p> <p>Note: If the second level entity is owned in whole or on part by a person, the amount of payment made to the payment entity will be attributed to the person in the amount that represents the indirect ownership in the payment entity.</p> |
| Third and Fourth | Any payments made to a legal entity at the third and fourth levels of ownership shall be attributed in the same manner as at the first and second levels of ownership. |
| Fourth Only | If any part to the ownership interest at the fourth level is owned by another legal entity, a reduction in payment will be applied to the payment entity in the amount that represents the indirect of the fourth level entity in the payment entity. |

For illustrations of direct attribution, see Exhibit 4.

*--D Common Attribution

Common attribution means crediting payments made to persons or legal entities collectively to 1 limitation, for the applicable program, based on a specific or unique relationship between the persons or legal entities.

Common attribution only applies to the following relationships:

- minor child and parent or legal guardian, or estate of parent/legal guardian
- parent organization and secondary organization with the parent organization exercises complete control over the secondary organization
- revocable trust and the grantor
- 1 limitation recognized according to subparagraph 54 I when substantive change is **not** met
- 1 limitation for public schools in a State that does not meet population exception.--*

180 Ownership Interest for Direct Attribution Purposes

A Determining Ownership Interest

*--Ownership interest that a person or legal entity holds in a legal entity that receives payment subject to limitation for the program year will be determined according to the following table.

| IF the legal entity... | THEN the date for the determination of ownership interest is.... |
|---|---|
| existed on June 1 of the year for which program benefits were requested | June 1. |
| did not exist on June 1 of the year for which program benefits are requested | the date the legal entity was formed. |

B Changes in Ownership Interest

COC may determine that a change in ownership interest after June 1 is considered relevant or effective for the current year if:

- change of ownership interest is because of the death on an interest holder
- the legal entity did **not** exist on June 1 of the applicable year.--*

C Cooperative Associations

Government payments issued to a cooperative association on behalf of eligible producers will be attributed (Exhibit 4) to the members as persons.

181 Interest Notification

A Legal Entity Payment Eligibility Condition

Each legal entity receiving any payments **must** disclose either of the following:

- name and Social Security number of each person
- name and TIN of each legal entity that holds or acquires an ownership interest in the legal entity.

B Person Payment Eligibility Condition

Each person receiving any payment **must** disclose the name and TIN of each legal entity in which the person holds an ownership interest.

182-185 (Reserved)

Part 6 Adjusted Gross Income (AGI)

186 Average AGI Limitations

A Rule

[7 CFR 1400.500] A person or legal entity shall **not** be eligible to receive certain program benefits during the 2009 through 2012 crop, program, or FY if the average AGI exceeds specified amounts.

B Three AGI Limitations

The AGI limitations are as follows. See Exhibit 9.

| IF average adjusted gross... | THEN the person or legal entity is ineligible for... |
|------------------------------------|---|
| nonfarm income exceeds \$500,000 | commodity, price support, and disaster assistance program benefits listed in subparagraph D. Note: A person or legal entity with average adjusted gross nonfarm income that exceeds \$500,000 is not eligible for marketing loan gains and LDP payments. However, the person or entity is eligible for MAL's, but the loans must be repaid at principal plus interest, or commodity certificates may exchanged for the loan collateral. |
| farm income exceeds \$750,000 | DCP direct payments. |
| nonfarm income exceeds \$1 million | conservation program benefits listed in subparagraph D, unless 66.66 percent or more of the average AGI was derived from activities related to farming, ranching, and forestry operations. |

186 Average AGI Limitations (Continued)

C Quick Reference for AGI Amounts

This is a quick reference for determining AGI amounts.

| |
|---|
| <p>Average AGI <i>minus the</i> Average Adjusted Gross Farm Income <i>equals the</i> Average Adjusted Gross Nonfarm Income</p> |
|---|

D Quick Reference for Programs and Applicable AGI Provisions

This is a quick reference for programs and applicable AGI limitations.

| Program | Less Than \$500,000 Nonfarm AGI | Greater Than \$750,000 Farm AGI | Less Than \$1 Million Nonfarm AGI | Greater Than \$1 Million Nonfarm AGI and at Least 66.66 Percent of AGI is Derived From Farming | Greater Than \$1 Million Nonfarm AGI and Less Than 66.66 Percent of AGI is Derived From Farming |
|---------------------------------------|---|---|---|---|--|
| DCP/ACRE | Eligible | | | | |
| Direct Payments | Eligible | Ineligible | | | |
| ELAP, LFP, LIP, NAP, SURE, and TAP | Eligible | | | | |
| CCC-580's, MLG's, and LDP's | Eligible | | | | |
| *--CRP, ECP <u>1</u> /, EQIP, and--* | | | Eligible | Eligible | Ineligible |
| All other. | As determined by regulation for each program. | | | | |

--1/ If applicable, see subparagraph 11 A.--

187 Applying Average AGI Limitations

A Programs and Benefits

[7 CFR 1400.500 (c)] Effective for FY's 2009 through 2012, programs and benefits subject to the average AGI limitation provision include the following:

- ACRE
- DCP
- ELAP
- LDP
- LFP
- LIP
- MAL's
- NAP
- SURE
- *--TAAF--*
- TAP
- conservation programs and EQIP as specified under the following:
 - Food, Conservation, and Energy Act of 2008, Title I
 - Food Security Act of 1985, Title XII.

187 Applying Average AGI Limitations (Continued)**A Programs and Benefits (Continued)**

The average AGI limitation provision includes all benefits, cost-share payments, easements, and rental payments under programs such as:

- AMA
- AWEP
- CBWP
- CCPI
- CRP
- CSTP
- EQIP
- FRPP
- GRP
- WHIP
- WRP
- any other program this provision is made applicable by statute and regulation.

B Average AGI Limitation Provision Exemptions

The following are **exempt** from the average AGI limitation provision:

- States, counties, political subdivisions, and agencies thereof
- Federally recognized Indian Tribes
- CRP-1's and other multi-year agreements approved and effective **before** October 1, 2008
- payments to vendors for technical services or assistance provided along with programs made applicable by statute or regulation
- payments to an escrow agent or other in similar capacity that is maintaining temporary custody with eventual disbursement to the eligible recipient.

189 Average AGI Certification

A Certifying Compliance

To comply with the AGI requirement for the applicable crop year, program, or FY, an individual or entity shall provide **1** of the following:

- statement from a certified public accountant or an attorney that the average AGI does **not** exceed the applicable limitation
- CCC-926 applicable to the year that program benefits are requested.

B Statements From CPA's or Attorneys

Statements from CPA's or attorneys certifying AGI compliance **must** include the following:

- name of the individual or entity to which the certification applies
- program year for which the certification applies
- the 3 years used to calculate average AGI
- AGI limitations with which the individual or entity is in compliance
- that the individual or entity agrees to **all** requirements of information disclosure for AGI verification purposes under 7 CFR Part 1400 regulations
- that FSA will be timely notified, in writing, of **any** changes to the farming, ranching, or forestry operation, or changes in financial status that may affect the certification
- that **all** definitions and requirements of AGI in 7 CFR Part 1400 regulations have been reviewed.

C Required AGI Certifications for Payment Eligibility

AGI compliance certifications are required for payment eligibility for **all**:

- persons
- legal entities
- interest holders in a legal entity, including embedded entities to the fourth level of ownership interest, regardless of the level of interest held
- *--members of a general partnership or joint venture, regardless of the number of members--*
- Indians and Native Americans represented by BIA.

189 Average AGI Certification (Continued)

D Verifying AGI Certifications

COC or reviewing authority may do the following:

- *--question all or part of an AGI certification provided by an individual or entity--*
- request documentation, such as tax records, from the individual or entity
- use requested information to verify certifications made by the individual or entity for AGI certification purposes.

COC or reviewing authority shall record the following in COC or STC minutes:

- individuals and entities reviewed
- findings and results of reviews
- determinations of compliance or non-compliance with each AGI limitation.

COC or reviewing authority shall provide the following:

- written notice to the individuals and entities of results
- appeal rights according to 1-APP, if any determination is considered adverse.

E Deadline for AGI Certifications

AGI certification **must** be submitted:

- according to the deadlines established by the applicable programs
- **before** approving and issuing any program benefit subject to AGI provisions.

F Using FSA-211's

--FSA-211's may be used to complete AGI certifications. See 1-CM, Section 4.--

G Multi-County Producers

Persons or legal entities with multi-county farming interests will submit the required AGI certifications **only** once in the control county.

The control county shall make any AGI compliance determinations, if necessary, and share the information with other counties according to paragraphs 228 and 229.

191 Determining AGI and Average AGI

A Determining Total AGI (Farm and Nonfarm)

Determine AGI according to the following table.

| IF certification is by... | THEN AGI is the... |
|---|--|
| a person filing a separate tax return | amount reported as AGI on the final IRS tax return for the person for the applicable year. |
| a person filing a joint tax return | full amount reported as AGI on the final IRS tax return for the applicable year. Exception: A certification is provided by a certified public accountant or an attorney that specifies what the amounts would have been if separate tax returns would have been filed for the applicable year. |
| an LLC, LLP, LP, or similar type of organization | income from trade or business activities plus the amount of guaranteed payments to the members as reported on the final IRS tax returns for the applicable year. |
| an estate or trust | adjusted total income plus charitable deductions as reported on the final IRS tax return for the applicable year. |
| a corporation, including subchapter S corporation | total taxable income plus the amount of charitable contributions as reported on the final IRS tax return for the applicable year. |
| a tax-exempt or non-profit organization | unrelated business taxable income as reported to IRS less any income that CCC determines to be from noncommercial sources. |

191 Determining AGI and Average AGI (Continued)

B Using IRS Data for AGI Determinations

The following provides guidance on AGI determinations using data reported to IRS.

| IF determining AGI for... | THEN see IRS Form... | AND use the amount entered on... |
|--|-----------------------------|--|
| corporations | 1120 | *--line 30 (total taxable income), or for S corporations line 21 on IRS-1120S (ordinary business income)--* plus line 19 (charitable contributions) for years 2000 through 2008. |
| estates or trusts | 1041 | *--line 22 (taxable income)--* plus line 13 (charitable deductions) for years 2000 through 2008. |
| LLC's, LLP's, LP's, or other similar type organization | 1065 | line 22 (total income from trade or business) plus line 10 (guaranteed payments to partners) for years 2000 through 2008. |
| persons | 1040 | <ul style="list-style-type: none"> • line 37 (AGI) for 2005 through 2008 • line 36 (AGI) for 2004 • line 34 (AGI) for 2003 • line 35 (AGI) for 2002 • line 33 (AGI) for 2001 • line 33 (AGI) for 2000. |
| tax-exempt or charitable organizations | 990-T | line 34 (unrelated business taxable income) minus income that CCC determined to be from non-commercial activity for years 2000 through 2008. |

Note: Variations of the referenced IRS tax forms, or comparable forms, may apply in which the line items for the appropriate income amounts will be different.

C Applicable Years for Determining Average AGI

Use the following table for applicable years to be used for determining average AGI.

| IF crop year is... | THEN Average AGI will be based on the following years... |
|---------------------------|---|
| 2009 | 2005, 2006, 2007 |
| 2010 | 2006, 2007, 2008 |
| 2011 | 2007, 2008, 2009 |
| 2012 | 2008, 2009, 2010 |

191 Determining AGI and Average AGI (Continued)

D Determining Average AGI (Continued)

Determine the average AGI according to the following table.

| IF determination is for a... | THEN average AGI is the average... |
|---|--|
| <ul style="list-style-type: none"> person legal entity in business for all of the applicable 3-year period | of AGI, including losses, for the 3 taxable years preceding the most immediately preceding complete taxable year. Note: This includes legal entities not required to file an IRS tax return or legal entities that did not have taxable income in 1 or more years of the applicable 3-year period. |
| legal entity not in business for all of the applicable 3-year period | AGI, including losses for only the years in the base period that the new legal entity was in business. |

E Average Nonfarm AGI's Exceeding \$1 Million Limitation

When the average nonfarm AGI is greater than \$1 million, a comparison **must** be made to determine if less than 66.66 percent of the average AGI was derived from farming, ranching, forestry operations, and related activities.

| IF... | THEN see IRS Form... |
|---|--|
| corporation | <ul style="list-style-type: none"> 1120; compare the 3-year average of line 10 (other income per Schedule F) with the average AGI determined for the same time period *--1120S; compare the 3-year average of line 5 (other income) with the average AGI determined for the same time period.--* |
| estate or trust | 1041; compare the 3-year average of line 6 (farm income or loss) with the average AGI determined for the same time period. |
| LLC, LLP, LP, or other similar organization | 1065; compare the 3-year average of line 5 (farm income or loss) with average AGI determined for the same time period. |
| person | 1040; compare the 3-year average of line 18 (farm income or loss) with the average AGI determined for the same time period. |
| tax-exempt or charitable organization | 990-T; compare the 3-year average of line 8 (interest, annuities, royalties, and rents per Schedule F) with the average AGI determined for the same time period. |

Note: Exceptions may be applicable to the 3-year base period.

F AGI Compliance Worksheet

For AGI compliance determinations, use worksheet in paragraph 197.

191 Determining AGI and Average AGI (Continued)**G Rule for New Entity**

A new legal entity shall **not** be considered new to the extent that it takes over an existing operation and has any elements of common ownership or interests with the preceding legal entity, or persons and legal entities, with an interest in the old legal entity.

The income of the old legal entity will be averaged with the income of the new legal entity for the base period if any of the elements of commonality are present.

Example for 2009: Twin Falls Corporation is comprised of Joe Plummer (50 percent) and John Plummer (50 percent).

The average AGI from the 3 complete taxable years 2005, 2006, and 2007 for Twin Falls Corporation was \$1.1 million. Less than 66.66 percent was derived from farming, ranching, forestry operations, and related activities. Twin Falls Corporation had \$3 million AGI in 2008.

Twin Falls Corporation exceeded the average \$1 million nonfarm AGI limitation, and; therefore, was determined ineligible for 2009 conservation program benefits.

Example for 2010: Plummer LLC is comprised of Joe Plummer (5 percent), John Plummer (5 percent), and Twin Falls Corporation (90 percent).

Plummer LLC takes over the farming operation previously represented as Twin Falls Corporation.

The average AGI for Plummer LLC for 2010 payment eligibility purposes will be \$1.73 million, the average of AGI of Plummer LLC and Twin Falls Corporation for the years 2006, 2007, and 2008. Plummer LLC is ineligible for 2010 conservation program benefits because of the average \$1 million nonfarm AGI limitation.

193 * * * Average AGI Reviews

A Selecting Cases

--Policies are being amended and will be provided in a forthcoming amendment when available.--

B Verifying Compliance

--Procedures are being amended and will be provided in a forthcoming amendment when available.--

* * *

194 Commensurate Reductions**A Commensurate Payment Reductions**

[7 CFR 1400.503] Any payment and benefit earned by a legal entity or joint operation shall be reduced by an amount that is commensurate with the direct and indirect interest of any member or shareholder who either:

- is determined to have an average AGI in excess of the limitations
- fails to timely submit a certification statement.

Ownership interest in a legal entity shall be reviewed to the fourth level, if applicable, to determine applicable commensurate share reductions.

Note: If the fourth level ownership interest is **not** held by a **person**, that share is **not** eligible for payment or benefits.

B Applying Commensurate Payment Reductions

Commensurate payment and benefit reductions apply to:

- the crop year, program year, or FY
- all program payments and benefits to which average AGI applies.

195 Average AGI and NRCS Programs**A Data-Sharing With NRCS**

NRCS:

- *--administers some programs that are subject to average AGI limitation requirements.--*
- has program coordination and delivery responsibilities.

FSA has the responsibility for * * * determining average AGI compliance for applicable persons and legal entities.

Upon request from NRCS, FSA will supply average AGI compliance data for the persons and legal entities specified in the request.

*--If FSA has records on file for the person or legal entity, FSA will provide NRCS read access to the subsidiary eligibility data through Web service.

B AGI Certification Statements Not on File

If an AGI certification statements is **not** on file for a participant in an NRCS-administered program:

- NRCS will request the AGI certification from the person or legal entity--*
- FSA will make the corresponding average AGI compliance determination
- provide the same information to NRCS as specified in subparagraph A.

198 Average AGI Certification (Continued)

B Example CCC-926

The following is an example of a completed CCC-926.

| | | |
|--|---|--|
| <p>This form is available electronically.</p> | | |
| <p>CCC-926 (11-20-08)</p> | <p>U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation</p> | <p>1. County FSA Office or Service Center Address (Include Zip Code) <i>Erath County FSA Office 1234 Rough Rd Glen Rose TX 74444-4444</i></p> |
| <p>AVERAGE ADJUSTED GROSS INCOME (AGI) STATEMENT</p> | | |
| <p>NOTE: The primary authority for requesting and safeguarding the information described on this form is the Food, Conservation, and Energy Act of 2008 (Pub. L. 110-246). Additionally, the authority for requesting this information is 7 CFR Part 1400 and 7 CFR Part 1410. The information requested is necessary for CCC to assist in determining eligibility for program benefits. Information about the average Adjusted Gross Income limitations can be found in the regulations at 7 CFR Part 1400. Furnishing the requested information is voluntary. Failure to furnish the requested information will result in a determination of ineligibility for certain program benefits and other financial assistance administered by USDA. The information collected as a result of this form may be released to USDA employees, USDA contractors, or authorized USDA cooperators who are bound to safeguard the information under Section 1619 of the Food, Conservation, and Energy Act, the Privacy Act of 1974, the E-Government Act of 2002, and related authorities. This information collection is exempted from the Paperwork Reduction Act, as it is required for the administration of the Food, Conservation, and Energy Act of 2008 (Pub. L. 110-246, Title I, Subtitle F – Administration). The provisions of criminal and civil fraud statutes may be applicable to the information provided. RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.</p> | | |
| <p>2. Name and Address of Person or Legal Entity (Include Zip Code) <i>Ludlow Ltd. 2342 Burke Rd Glen Rose TX 74444-4443</i></p> | <p>3. Identification Number (Last 4 digits of SSN or Tax ID No.) <i>4432</i></p> | |
| <p>NOTE: Please read and complete all items. Definitions of terms such as "nonfarm income" and "farm income" are contained on Page 2.</p> | | |
| <p>CERTIFICATION OF AVERAGE ADJUSTED GROSS INCOME</p> | | |
| <p>4. Select the program year for which program benefits are requested (Check only one).</p> | | |
| <p>A. <input checked="" type="checkbox"/> 2009</p> | <p>The applicable 3-year period for calculation of the average AGI will be the taxable years of 2007, 2006 and 2005.</p> | <p>C. <input type="checkbox"/> 2011</p> <p>The applicable 3-year period for calculation of the average AGI will be the taxable years of 2009, 2008 and 2007.</p> |
| <p>B. <input type="checkbox"/> 2010</p> | <p>The applicable 3-year period for calculation of the average AGI will be the taxable years of 2008, 2007, and 2006.</p> | <p>D. <input type="checkbox"/> 2012</p> <p>The applicable 3-year period for calculation of the average AGI will be the taxable years of 2010, 2009 and 2008.</p> |
| <p>5. Was the average adjusted gross <u>nonfarm income</u> \$500,000 or less for the applicable 3-year period for the program year selected in Item 4?</p> <p>A. <input checked="" type="checkbox"/> YES. B. <input type="checkbox"/> NO</p> | | |
| <p>6. Was the average adjusted gross <u>farm income</u> \$750,000 or less for the applicable 3-year period for the program year selected in Item 4?</p> <p>A. <input checked="" type="checkbox"/> YES. B. <input type="checkbox"/> NO</p> | | |
| <p>7. Was the average adjusted gross <u>nonfarm income</u> \$1,000,000 or less for the applicable 3-year period for the program year selected in Item 4?</p> <p>A. <input checked="" type="checkbox"/> YES. B. <input type="checkbox"/> NO</p> | | |
| <p>8. Was the average adjusted gross farm income for the applicable 3-year period selected in Item 4 at least 66.66 percent of the average adjusted gross income (that is, both farm and nonfarm income)?</p> <p>A. <input checked="" type="checkbox"/> YES. B. <input type="checkbox"/> NO <i>If "Yes" is checked, and if income includes the sale of farm equipment or production inputs and services to farmers, ranchers, foresters, and farm operations, see definition of Farm Income on Page 2.</i></p> | | |
| <p>By signing this form:</p> <ul style="list-style-type: none"> I acknowledge that I have read and reviewed all definitions and requirements on Page 2 of this form; I certify that all information contained within this certification is true and correct; I take responsibility to timely notify FSA in writing of any changes to the farming, ranching, or forestry operation, or a change in financial status that may affect this certification; I certify that my income certifications are consistent with the tax returns filed with the Internal Revenue Service (IRS) and with the definitions specified on Page 2 of this form; I agree that at least every three years beginning no later than for the 2011 program year, or the year this person or legal entity ceases operation if that occurs first, I will submit evidence such as tax records, business documents (for review only, not for retention), or a signed third-party verification deemed acceptable by CCC to verify the average adjusted gross income, average adjusted gross farm income, and average adjusted gross nonfarm income, and that I will take the necessary actions to provide such documents or certification; If requested, I agree to authorize CCC to obtain tax data from the IRS for AGI compliance verification purposes and I will take all necessary actions required by the terms and conditions of the IRS disclosure laws so that CCC can obtain such data. | | |
| <p>9. Signature (By) <i>/s/ Charles Ludlow Ludlow, LTD</i></p> | <p>10. Title/Relationship (Individual Signing in the representative capacity) <i>President, Ludlow Ltd</i></p> | <p>11. Date (MM-DD-YYYY) <i>12-12-2008</i></p> |
| <p><small>The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiocassette, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write to USDA, Director, Office of Civil Rights, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, or call (800) 795-3272 (voice) or (202) 720-6382 (TDD). USDA is an equal opportunity provider and employer.</small></p> | | |

198 Average AGI Certification (Continued)

B Example CCC-926 (Continued)

CCC-926 (11-20-08)

Page 2 of 2

GENERAL INFORMATION ON AVERAGE ADJUSTED GROSS INCOME

Limitations related to income levels are a statutory payment eligibility provision for a number of commodity and conservation programs administered by CCC. This certification is needed to assist in program administration. Except as may be provided in applicable program regulations, any person or legal entity requesting certain program payments, either directly or indirectly, shall be subject to this provision. Any person or legal entity that is determined to have an average adjusted gross income that exceeds specified limits shall be ineligible for the program payment subject to that limit for the applicable crop, fiscal, or program year. Further, any covered benefit issued to a legal entity, general partnership, or joint venture shall be reduced by an amount that is commensurate with the direct or indirect ownership interest in the legal entity, general partnership, or joint venture of each person or legal entity whose relevant average adjusted gross income for the relevant period exceeds the average adjusted gross income limit. These determinations will be made pursuant to, and subject to, regulations issued on behalf of the Secretary. As of the time this form was created, the applicable limits were as follows:

For commodity, price support benefits, disaster assistance programs, and for the Milk Income Loss Compensation Program, if the person or legal entity has:

- average adjusted gross **nonfarm income** greater than \$500,000, the person or legal entity is **not** eligible for payments and benefits from these programs.
- average adjusted gross **farm income** greater than \$750,000, the person or legal entity is **not** eligible for direct payments under the Direct and Counter-cyclical Program.

For new contracts or participation in conservation programs after October 1, 2008, if the person or legal entity has:

- average adjusted gross **nonfarm income** greater than \$1 million, the person or legal entity is **not** eligible, unless 66.66 percent or more of the average adjusted gross income is attributable to activities related to farming defined as "farm income" below.

Please note as indicated above that payments are further limited if persons and legal entities with an interest, either directly or indirectly, in a legal entity or partnership exceeds these same levels. Those persons and legal entities must also submit this form.

DEFINITIONS

Adjusted Gross Income is the individual's or legal entity's IRS-reported adjusted gross income. A three year average of that income will be computed for the three years of the relevant base period. Base periods vary by program year as indicated on the first page of this form.

Adjusted Gross Farm Income is for a year that part of the adjusted gross income that is farm income as defined below. The amount will be computed for each year separately and then averaged.

Adjusted Gross Nonfarm Income is the difference for the year between the filer's adjusted gross income and the filer's adjusted gross farm income. The difference shall be computed for each year of the base period, and then averaged.

Farm income means income related to the following: production of crops, livestock, fish and aquaculture for food; the feeding and rearing of livestock; products produced or derived from livestock; production of specialty crops and unfinished raw forestry products; processing, packing, storing and transporting farm, ranch and forestry commodities including renewable energy; production of farm-based renewable energy; the sale of land used for agriculture; sale of land or sale of easements and development rights to agricultural land, water and hunting rights, and environmental benefits; rental or lease of land or equipment used in farming, ranching, forestry operations; payments and benefits from risk management practices, crop insurance indemnities, catastrophic risk protection plans, conservation programs and government farm program payments. Proceeds from the sale of farm equipment and from production inputs to farmers and ranchers are generally considered nonfarm income. However, if for a year not less than 66.66 percent of the average adjusted gross income of the person or legal entity is derived from farming, ranching, or forestry operations, the person's or legal entity's farm income shall also include the sale of equipment to conduct farm, ranch, or forestry operations, and the production inputs and services to farmers, ranchers, foresters, and farm operations.

Legal Entity is a corporation, joint stock company, association, limited partnership, charitable organization, or similar entity, including any such entity or organization participating in the operation as a partner in a general partnership, a participant in a joint venture, a grantor in a revocable trust, or as a participant in a similar entity, including joint ventures and general partnerships as determined by the Secretary.

Program year means the relevant program year as determined by CCC, for which a specific benefit is made available under a program authorized by legislation such as the Direct and Counter-cyclical Program, Milk Income Loss Contract Program, Conservation Reserve Program, Noninsured Crop Disaster Assistance Program, Supplemental Revenue Assistance Program. FSA may require additional information as necessary to make the relevant program payments.

Third-party verification means a signed statement from a certified public accountant (CPA) or an attorney that the person or legal entity meets the applicable AGI provisions for payment eligibility.

HOW TO DETERMINE ADJUSTED GROSS INCOME

Person. For persons that file the IRS Form 1040, specific lines on that form represent the adjusted gross income and the income from farming, ranching or forestry operations.

Trust or Estate. For a trust or estate, the adjusted gross income is the total income and charitable contributions reported to IRS.

Corporation. For a corporation, the adjusted gross income is the total of the final taxable income and any charitable contributions reported to IRS.

Limited Partnership (LP), Limited Liability Company (LLC), Limited Liability Partnership (LLP) or Similar Entity. For an LP, LLC or LLP, the adjusted gross income is the total income from trade or business activities plus guaranteed payments to the members as reported to the IRS.

Tax-exempt Organization. For a tax-exempt organization, the adjusted gross income is the unrelated business taxable income excluding any income from non-commercial activities as reported to the IRS.

***--199 Verifying Average AGI Certifications**

A Required Verification of Average AGI

The review and verification of average AGI compliance certifications submitted by program participants is required to:

- ensure the accuracy of payments
- maintain the integrity of programs subject to average AGI limitations
- prevent issuing program payments to persons and legal entities that are not in compliance with the average AGI limitations.

B Data Exchanged Between FSA and IRS

FSA and IRS have finalized a data-sharing process for average AGI compliance and verification. IRS will report the results of this process to FSA on a regular basis. FSA will use this information to determine the following:

- whether a program participant complies with the average AGI limitations
- if further review is required.

C Written Consent

The average AGI verification process begins with the participants providing written consent to IRS to:

- use tax information
- disclose information to FSA for AGI compliance purposes.--*

***--200 Disclosing Information**

A Consent to Disclose Information From IRS

CCC-927 and CCC-928 authorize:

- CCC/FSA to share program participant information with IRS
- IRS to use and disclose certain tax information to CCC/FSA for AGI compliance verification purposes.

B Consent From Individuals

CCC-927 is to be used by an individual with a Social Security number that is either of the following:

- a program participant in 2009 and/or 2010
- a member of a legal entity that is a program participant.

C Consent From Legal Entities

CCC-928 is to be used by a legal entity with EIN that is either of the following:

- a program participant in 2009 and/or 2010
- a member of another legal entity that is a program participant.--*

--200 Disclosing Information (Continued)*D Time Period of Consent for Disclosure**

Selection of 2009 applies to participants in programs:

- subject to 2009 AGI compliance
- such as EQIP and CRP, that only require an AGI compliance determination at the time of contract approval, if a contract was approved for 2009.

Example: NRCS-administered EQIP contract approved for the program year 2009.

Selection of 2010 applies to participants:

- in programs subject to 2010 AGI compliance
- that are new participants or did **not** participate in 2009
- in programs such as EQIP and CRP, that only require an AGI compliance determination at the time of contract approval, if such a contract was approved for 2010.

Example: NRCS-administered EQIP contract approved for the program year 2010.

Selection of both 2009 and 2010 applies to participants:

- in programs subject to 2009 and 2010 AGI compliance
- that filed a CCC-926 for 2009 and for 2010.--*

--201 Supplemental Information to the CCC-926, CCC-927, and CCC-928*A Explanation of Average AGI Verification Process**

The Supplemental Information to the CCC-926, CCC-927, and CCC-928 sheet:

- shall be provided with CCC-926's, CCC-927's, and CCC-928's
- serves to inform all program participants about the average AGI verification process.

B Example Supplemental Information to the CCC-926, CCC-927, and CCC-928

The following is an example of the Supplemental Information to the CCC-926, CCC-927, and CCC-928 sheet.

| <i>Supplemental Information to the CCC-926, CCC-927 and CCC-928</i> | |
|---|---|
| Average Adjusted Gross Income (AGI) Verification Process | |
| <ul style="list-style-type: none"> • Why is it necessary to verify average AGI? | <p>The Food, Conservation, and Energy Act of 2008 (the 2008 Farm Bill) provides that individuals and legal entities with average AGI in excess of a specified average AGI limitation are ineligible for payments subject to that limitation. In general, the limitations are: \$500,000 average nonfarm AGI for commodity programs; \$750,000 average farm AGI for direct payments under the Direct and Counter-cyclical Program or ACRE program; and \$1 million average nonfarm AGI for conservation programs.</p> <p>All direct and indirect recipients of commodity or conservation program payments are required to complete the CCC-926, Average Adjusted Gross Income (AGI) Statement. However, the U.S. Government Accountability Office (GAO) concluded in a recent report that, without an adequate verification process, USDA could not ensure payments were only being made to eligible recipients.</p> |
| <ul style="list-style-type: none"> • What process has been developed to verify average AGI? | <p>USDA has worked with the Internal Revenue Service to develop an electronic information exchange process strictly for the purposes of average AGI verification. This process electronically looks at certain line items on tax returns filed for the applicable three-year period; performs a series of calculations to arrive at the average amounts; and then compares these values to the average AGI limitations. USDA receives the results of these comparisons with indicators of whether the participant appears to exceed or not exceed the average AGI limitation amounts. No actual tax data will be included. USDA county office personnel will not view tax return information at any time during this process.</p> |
| <ul style="list-style-type: none"> • Will there be an opportunity to provide additional information or possible explanation and appeal if the results show that it appears one or more of the average AGI limitations have been exceeded? | <p>As part of the review and evaluation process, participants will be afforded the opportunity to provide tax returns and other information in explanation of the AGI certification. All written notifications of AGI compliance determinations will include explanations and the appropriate appeal rights. If necessary, the cases that appear to exceed the average AGI limitations will be reviewed and evaluated by FSA state office and/or headquarters personnel. The cases will not be reviewed by personnel from the local FSA office.</p> |
| <ul style="list-style-type: none"> • What is required for USDA to verify average AGI? | <p>IRS requires written consent from the individual or legal entity to provide USDA verification of the average AGI for that individual or legal entity. This written consent is provided by using the forms CCC-927, Consent to Disclosure of Tax Information – Individual; or if a legal entity, the CCC-928, Consent to Disclosure of Tax Information – Legal Entity. The CCC-927 and CCC-928 forms allow the selection of just 2009 or 2010 or both years. Selection of "2009" on the form authorizes IRS to perform the average AGI calculations for the 2005, 2006 and 2007 tax years. Selection of "2010" on the form authorizes IRS to perform the average AGI calculations for the 2006, 2007 and 2008 tax years. The CCC-927 or CCC-928, as applicable, must be completed for the same year(s) an individual or legal entity was required to complete the CCC-926, Average Adjusted Gross Income (AGI).</p> |
| <ul style="list-style-type: none"> • When must the applicable consent form be completed and where does it go? | <p>Timeliness is essential in order to avoid any delays in the issuance of 2010 program payments and the possibility of refunding 2009 program payments. The consent forms should be mailed directly to IRS at the address given on the form no later than June 15, 2010. Do not return the completed and signed forms to the FSA office.</p> |
| <ul style="list-style-type: none"> • What if the consent form is not completed and mailed to IRS? | <p>Failure to provide the written consent may require refund of applicable payments received from FSA and NRCS for the years 2009 and 2010.</p> |
| <ul style="list-style-type: none"> • Why can't the completed consent forms be provided to the local FSA office like any other program related documents? | <p>The consent forms are for IRS, not FSA, and contain Personally Identifiable Information (PII). To afford maximum protection of PII, the completed forms must be sent directly to the IRS.</p> |
| <ul style="list-style-type: none"> • Will any other USDA agency other than FSA be provided knowledge of this information returned from the IRS? | <p>NRCS will be the only other USDA agency that will have knowledge of this information since conservation programs administered by NRCS are subject to the \$1 million average nonfarm AGI for conservation programs.</p> |
| <ul style="list-style-type: none"> • Will IRS be able to utilize the information for any other purposes and can it be disclosed to any persons or organizations outside of the government? | <p>IRS will only use this information and data for this specified purpose. The data and information utilized for AGI compliance and verification purposes is not subject to disclosure under the Freedom of Information Act (FOIA).</p> |
| <i>October 2009</i> | |

--*

--202 Privacy and Confidentiality of Information*A Privacy and Confidentiality Safeguards**

To safeguard the privacy of all program participants, and confidentiality of the information, the program participants are **required** to:

- complete CCC-927 (subparagraph D) and CCC-928 (subparagraph E)
- mail completed CCC-927's and CCC-928's directly to IRS at the address specified on CCC-927 and CCC-928
- mail completed CCC-927's and CCC-928's to IRS within 120 calendar days of the signature date.

Note: Completed CCC-927's and CCC-928's shall **not** be accepted or retained in **any** FSA or USDA Service Center.

B Availability of CCC-927's and CCC-928's, and Supplemental Information to the CCC-926, CCC-927, and CCC-928 Sheet

Blank CCC-927's, CCC-928's, and the Supplemental Information to the CCC-926, CCC-927, and CCC-928 sheet will be available:

- to all participants of 2009 and/or 2010 programs subject to AGI compliance
- at each FSA Service Center
- online at <http://intra3.fsa.usda.gov/dam/ffasforms/forms.html> or www.sc/egov.usda.gov
- through the authorized use of FSA's approved spreadsheet package available at <http://intranet.fsa.usda.gov/dafp>.

C Failure to Submit Completed CCC-927's or CCC-928's to IRS

Participants that choose **not** to submit a completed CCC-927 or CCC-928, as applicable, to IRS will be:

- determined noncompliant with the AGI limitations for the 2009 and 2010 crop, program, and FY's
- required to refund **all** 2009 and 2010 payments received under the programs subject to the average AGI limitations.--*

*--202 Privacy and Confidentiality of Information (Continued)

D Example of CCC-927

The following is an example of a completed CCC-927.

| | | |
|---|--|--|
| <p>This form is available electronically.</p> <p>CCC-927 (03-12-10)</p> <p>U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation</p> <p>2009 and/or 2010 CONSENT TO DISCLOSURE OF TAX INFORMATION - INDIVIDUAL</p> | | <p>Mail completed form to:</p> <p>Internal Revenue Service - USDA P.O. Box 24033 Fresno, CA 93779</p> |
| <p><i>The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a - as amended): The authority for requesting the information identified on this form is 7 CFR Part 1400, Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.), and the Food, Conservation, and Energy Act of 2008 (Pub. L. 110-246). The information will be used to determine eligibility for program benefits. The information collected on this form may be disclosed to other Federal, State, Local government agencies, Tribal agencies, and nongovernmental entities that have been authorized access to the information by statute or regulation and/or as described in applicable Routine Uses identified in the System of Records Notice for USDA/FSA-2, Farm Records File (Automated). Providing the requested information is voluntary. However, failure to furnish the requested information will result in a determination of ineligibility for program benefits.</i></p> <p><i>This information collection is exempted from the Paperwork Reduction Act as it is required for the administration of the Food, Conservation, and Energy Act of 2008 (see Pub. L. 110-246, Title I, Subtitle F-Administration).</i></p> <p><i>The provisions of criminal and civil fraud, privacy and other statutes may be applicable to the information provided. PLEASE MAIL COMPLETED FORM TO THE IRS AT THE ADDRESS PROVIDED ABOVE.</i></p> | | |
| <p>1. Name and Address (Include Zip Code)</p> <p>Jason Smith 123 Backwoods Road Someplace, MO 21212</p> | <p>2. Taxpayer Identification Number (TIN) (Enter Social Security number or Individual Taxpayer Identification number)</p> <p><u>1</u> <u>2</u> <u>3</u> - <u>4</u> <u>5</u> - <u>6</u> <u>7</u> <u>8</u> <u>9</u></p> | |
| <p><i>(Use the same name and address as used for the return specified below)</i></p> <p align="center">CONSENT TO DISCLOSURE OF TAX INFORMATION</p> <p>Pursuant to 26 U.S.C. § 6103, I hereby authorize the Internal Revenue Service (IRS) to review the following items of "return information" (as defined in 26 U.S.C. § 6103(b)(2)) from my income tax returns for the taxable years indicated below in box 3:</p> <p><u>Form 1040 and 1040NR filers:</u> farm income or loss; adjusted gross income <u>Form 1041 filers:</u> farm income or loss, charitable contributions, income distribution deductions, exemptions, adjusted total income; total income</p> <p>I understand the IRS will review these items of return information in order to perform calculations, the results of which I authorize to be disclosed to officers and employees of the United States Department of Agriculture (USDA) for their use in determining my eligibility for specified payments for various commodity and conservation programs. The calculations performed by the IRS use a methodology prescribed by the USDA. In addition, I am aware that the USDA may use the information received for compliance purposes related to this eligibility determination, including referrals to the Department of Justice.</p> <p>Specifically, the IRS will disclose to the USDA my name and TIN, and inform the USDA if, pursuant to its calculations, the average Adjusted Gross Income (AGI) is above or below eligibility requirements as prescribed by the Food, Conservation and Energy Act of 2008. The IRS will also disclose to the USDA the type of return from which the information used for the calculations was obtained.</p> <p>If the IRS is unable to locate the specified return that matches the taxpayer identity information provided above, or if IRS records indicate that no return has been filed, for any of the taxable years listed below, the IRS may disclose that it was unable to locate a return, or that a return was not filed, for those years, whichever is applicable.</p> | | |
| <p>3. Check the appropriate box(es) (You may check one or both boxes)</p> <p><input checked="" type="checkbox"/> For 2009 program payment eligibility: The applicable 3-year period for calculation of the average AGI will be the taxable years of 2007, 2006 and 2005.</p> <p><input checked="" type="checkbox"/> For 2010 program payment eligibility: The applicable 3-year period for calculation of the average AGI will be the taxable years of 2008, 2007 and 2006.</p> | | |
| <p>- Do not sign this form unless all applicable boxes have been completed. - If not signed and dated, this consent to disclosure of tax information will be returned, which may delay the receipt of any program benefits. - I am aware that without this signed and dated consent to disclosure, my returns and return information are confidential and are protected by law under the Internal Revenue Code. - It is my responsibility to timely mail this completed form to the IRS at the address provided.</p> | | |
| <p>4. Signature</p> <p>/s/ John Smith</p> | <p>5. Date (MM-DD-YYYY)</p> <p>3/28/2010</p> | |
| <p><small>The U.S. Department of Agriculture (USDA) prohibits discrimination in all of its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, political beliefs, genetic information, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write to USDA, Assistant Secretary for Civil Rights, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, S.W., Stop 9410, Washington, DC 20250-9410, or call toll-free at (866) 632-9992 (English) or (800) 877-8339 (TDD) or (866) 377-8642 (English Federal-relay) or (800) 845-6136 (Spanish Federal-relay). USDA is an equal opportunity provider and employer.</small></p> | | |

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*--202 Privacy and Confidentiality of Information (Continued)

D Example of CCC-927 (Continued)

CCC-927 (03-12-10)

Page 2 of 2

Instructions for CCC-927 2009 and 2010 Consent to Disclosure of Tax Information - Individual

This consent form allows the IRS's access to, and use of, certain items of return information to perform calculations, using a methodology prescribed by the USDA, that will assist the USDA in its verification of a program participant's compliance with the adjusted gross income (AGI) limitations necessary for participation in and receipt of commodity, conservation, price support or disaster program benefits. This form also permits the USDA to receive certain items of return information for its eligibility determination. See page 2 of the form CCC-926, Average Adjusted Gross Income Statement, for definitions, eligibility requirements, and examples.

This disclosure consent authorizes the disclosure of tax information for only the time period specified. Each item of information requested on this form is needed for the IRS to: (1) locate, and verify, your tax information; (2) perform the requisite Average AGI calculations; and (3) provide the USDA with your name and TIN, the type of return from which the specified items were located for use in the calculation, and whether or not the average AGI is above or below eligibility requirements. The IRS will not provide the USDA with any of the items of return information specified on this consent form that it uses to perform the calculations or the average AGI figure.

Be sure to: (1) type or print legibly; (2) complete all applicable boxes; and (3) SIGN AND DATE the form. The IRS must receive this form within 120 days of your signature. If this form is not signed and dated, or is otherwise incomplete, this consent will not be accepted by the IRS and will be returned to you. This may result in a delay in your receiving any program payments and benefits that you have requested.

The customer submitting this form is the only person authorized to sign this consent. An approved Power of Attorney (Form FSA-211) on file with USDA to sign for other customers for program transactions cannot be used for this form.

Submit the original of the completed form in hard copy directly to IRS at the address listed on the front of the form.

Do not submit this form to the local USDA Service Center.

If you have any questions, contact your local USDA Service Center. Do not contact the IRS.

Complete Boxes 1, 2 and 3; Read all acknowledgements; Sign and date in Boxes 4 and 5.

| Field Name / Box No. | Instruction |
|-------------------------------------|---|
| 1 Person's Name and Address | Enter the person's name and address for commodity, conservation, price support, or disaster program benefits. <i>Please enter the name and address as it appears on the specified returns filed for the taxable years listed in Box 3.</i> |
| 2 Taxpayer Identification Number | In the format provided, enter the complete taxpayer identification number of the person identified in Box 1. <i>This will be either a Social Security Number or an Individual Taxpayer Identification Number.</i> |
| 3 Tax Years | Check the appropriate box(es) to indicate the 3-year period(s) used for the determination of the average adjusted gross income for payment eligibility. This also indicates the years for which this consent allows access to tax information. |
| 4 Signature | Read the acknowledgments, responsibilities and authorizations, before affixing your signature. <i>This form must be signed only by the individual identified in Box 1.</i> |
| 5 Date | Enter the signature date in month, day and year. <i>In order for the IRS to provide USDA with the information described in this consent form, the IRS must receive this form within 120 days of your signature.</i> |

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*--202 Privacy and Confidentiality of Information (Continued)

E Example of CCC-928

The following is an example of a completed CCC-928.

| | | |
|--|---|---|
| <p>This form is available electronically. CCC-928 U.S. DEPARTMENT OF AGRICULTURE (03-12-10) Commodity Credit Corporation</p> | | <p>Mail completed form to: Internal Revenue Service - USDA P. O. Box 24033 Fresno, CA 93779</p> |
| <p>2009 and/or 2010 CONSENT TO DISCLOSURE OF TAX INFORMATION – LEGAL ENTITY</p> | | |
| <p><small>The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a - as amended). The authority for requesting the information identified on this form is 7 CFR Part 1400, Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.), and the Food, Conservation, and Energy Act of 2008 (Pub. L. 110-246). The information will be used to determine eligibility for program benefits. The information collected on this form may be disclosed to other Federal, State, Local government agencies, Tribal agencies, and nongovernmental entities that have been authorized access to the information by statute or regulation and/or as described in applicable Routine Uses identified in the System of Records Notice for USDA/FSA-2, Farm Records File (Automated). Providing the requested information is voluntary. However, failure to furnish the requested information will result in a determination of ineligibility for program benefits.</small></p> <p><small>This information collection is exempted from the Paperwork Reduction Act as it is required for the administration of the Food, Conservation, and Energy Act of 2008 (see Pub. L. 110-246, Title I, Subtitle F-Administration).</small></p> <p><small>The provisions of criminal and civil fraud, privacy and other statutes may be applicable to the information provided. PLEASE MAIL COMPLETED FORM TO THE IRS AT THE ADDRESS PROVIDED ABOVE.</small></p> | | |
| <p>1. Name and Address of legal entity (Include Zip Code) Martha Beckham Trust No. 1 4600 Beckham Rd Cleburne, TX 73333</p> <p><i>(Use the same name and address as used for the return specified below)</i></p> | <p>2. Taxpayer Identification Number (TIN) (Enter Employer Identification Number)</p> <p style="font-size: 1.2em; text-align: center;"><u>1</u> <u>2</u> - <u>3</u> <u>5</u> <u>7</u> <u>6</u> <u>5</u> <u>4</u> <u>9</u></p> | |
| <p>CONSENT TO DISCLOSURE OF TAX INFORMATION</p> | | |
| <p>Pursuant to 26 U.S.C. § 6103, I hereby authorize the Internal Revenue Service (IRS) to review the following items of "return information" (as defined in 26 U.S.C § 6103(b)(2)) from the returns (as specified below) of the legal entity identified in Box 1 for the taxable years indicated below in Box 3:</p> <p><u>Form 1041 filers:</u> farm income or loss, charitable contributions, income distribution deductions, exemptions, adjusted total income; total income <u>Form 1065 filers:</u> guaranteed payments to partners, ordinary business income <u>Form 1120, 1120A, 1120C filers:</u> charitable contributions, taxable income <u>Form 1120S filers:</u> ordinary business income <u>Form 990T:</u> unrelated business taxable income</p> <p>I understand the IRS will review these items of return information in order to perform calculations, the results of which I authorize to be disclosed to officers and employees of the United States Department of Agriculture (USDA) for use in determining the legal entity's eligibility for specified payments for various commodity and conservation programs. The calculations performed by the IRS use a methodology prescribed by the USDA. In addition, I am aware that the USDA may use the information received for compliance purposes related to this eligibility determination, including referrals to the Department of Justice.</p> <p>Specifically, the IRS will disclose to the USDA the legal entity's name and TIN, and inform the USDA if, pursuant to its calculations, the average Adjusted Gross Income (AGI) is above or below eligibility requirements as prescribed by the Food, Conservation and Energy Act of 2008. The IRS will also disclose to the USDA the type of return from which the information used for the calculations was obtained.</p> <p>If the IRS is unable to locate a return that matches the taxpayer identity information provided above, or if IRS records indicate that the specified return has not been filed, for any of the taxable years listed below, the IRS may disclose that it was unable to locate a return, or that a return was not filed, for those years, whichever is applicable.</p> | | |
| <p>3. Check the appropriate box(es) (You may check one or both boxes)</p> <p><input checked="" type="checkbox"/> For 2009 program payment eligibility: The applicable 3-year period for calculation of the average AGI will be the taxable years of 2007, 2006 and 2005.</p> <p><input checked="" type="checkbox"/> For 2010 program payment eligibility: The applicable 3-year period for calculation of the average AGI will be the taxable years of 2008, 2007 and 2006.</p> <p>- Do not sign and date unless all boxes have been completed. - If not signed and dated, this consent to disclosure of tax information will be returned, which may delay the receipt of program benefits. - I am aware that without this consent to disclosure, the returns and return information of the legal entity identified in Box 1 are confidential and are protected by law under the Internal Revenue Code. - By my signature below, I certify that I am authorized under applicable state law to execute this consent on behalf of the legal entity identified in Box 1. - It is my responsibility to timely mail this completed form to the IRS at the address provided.</p> | | |
| <p>4. Signature (By) /s/ Martha Beckham</p> | <p>5. Title/Relationship of the Individual if Signing in a Representative Capacity Trustee</p> | <p>6. Date (MM-DD-YYYY) 3/27/2010</p> |
| <p><small>The U.S. Department of Agriculture (USDA) prohibits discrimination in all of its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, political beliefs, genetic information, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of discrimination, write to USDA, Assistant Secretary for Civil Rights, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, S.W., Stop 9410, Washington, DC 20250-9410, or call toll-free at (866) 632-9992 (English) or (800) 877-8339 (TDD) or (866) 377-8642 (English Federal-relay) or (800) 845-6136 (Spanish Federal-relay). USDA is an equal opportunity provider and employer.</small></p> | | |

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*--202 Privacy and Confidentiality of Information (Continued)

E Example of CCC-928 (Continued)

| | |
|---|---|
| CCC-928 (03-12-10) | Page 2 of 2 |
| Instructions for CCC-928 2009 and 2010 Consent to Disclosure of Tax Information – Legal Entity | |
| <p>This consent form allows IRS’s access to, and use of, certain items of return information to perform calculations, using a methodology prescribed by the USDA, that will assist USDA in its verification of a program participant’s compliance with the adjusted gross income (AGI) limitations necessary for participation in, and receipt of, commodity, conservation, price support or disaster program benefits. This form also permits the USDA to receive certain items of return information for its eligibility determination. See page 2 of the form CCC-926, Average Adjusted Gross Income Statement, for definitions, eligibility requirements and examples.</p> <p>This consent form authorizes the disclosure of these items of return information for only the time period specified. Each item of information requested on this form is needed for the IRS to (1) locate, and verify, your tax information; (2) perform the requisite Average AGI calculations; and (3) provide the USDA with the legal entity’s name and Taxpayer Identification Number (TIN), the type of return from which the specified items were located for use in the calculation, and whether or not the average AGI is above or below eligibility requirements. The IRS will <u>not</u> provide the USDA with any of the items specified on this consent form that it uses to perform the calculations or the average AGI figure.</p> <p>Be sure to: (1) type or print legibly; (2) complete all applicable boxes; and (3) SIGN AND DATE the form. The IRS must receive this form within 120 days of your signature. If this form is not signed and dated, or is otherwise incomplete, this consent will not be accepted by the IRS and will be returned to you. This may result in a delay in your receiving any program payments and benefits that you have requested.</p> <p>This form can only be signed by the person authorized under state law to sign this consent for the legal entity identified in box 1. An approved Power of Attorney (Form FSA-211) on file with USDA to sign for other customers for program transactions <u>cannot</u> be used for this form.</p> <p><u>Submit the original of the completed form in hard copy directly to the IRS at this address listed on the form.</u></p> <p><i>Do not submit this form to the local USDA Service Center.</i></p> <p><i>If you have any questions, contact your local USDA Service Center. Do not contact the IRS.</i></p> <p>Complete Boxes 1, 2, and 3 ; Read all acknowledgements; Sign, complete, and date Boxes 4 through 6.</p> | |
| Field Name / Box No. | Instruction |
| 1 Legal entity’s Name and Address | Enter the legal entity’s name and address for commodity, conservation and price support program benefits. <i>Please enter the same name and address as it appears on the returns filed for the taxable years checked in Box 3.</i> |
| 2 Taxpayer Identification Number | In the format provided, enter the complete tax identification number of the legal entity identified in Box 1. <i>This will be an Employer Identification Number.</i> |
| 3 Tax Years | Check the appropriate box(es) to indicate the 3-year period(s) used for the determination of the average adjusted gross income for payment eligibility. This also indicates the years for which this consent allows access to tax information. |
| 4 Signature | Read the acknowledgments, responsibilities and authorizations, <i>before</i> affixing signature. <i>This form must be signed only by the individual authorized under State law to represent the legal entity identified in Box 1.</i> |
| 5 Title | Enter title or relationship to the legal entity identified in Box 1. |
| 6 Date | Enter the signature date in month, day and year. <i>In order for the IRS to provide USDA with the information described in the consent form, the IRS must receive this form within 120 days of your signature.</i> |

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203-205 (Reserved)

Part 7 Payment Eligibility and Payment Limitation Determinations

Section 1 COC Responsibilities

206 COC Determinations

A Introduction

COC shall make the initial actively engaged in farming and eligibility reviews and determinations.

B Determination Deadlines

Payment eligibility determinations **must** be made within 60 calendar days after the required *--CCC-902, related forms, and supporting documentation needed in making payment eligibility determinations, are received in the County Office.--*

This table provides requirement deadlines for COC to make eligibility and actively engaged in farming determinations and producer notification.

| IF CCC-902 is filed for programs... | THEN make eligibility... |
|--|---|
| not requiring actively engaged in farming determinations | determinations and notify producers within 60 calendar days of the date the complete CCC-902 was filed. |
| requiring actively engaged in farming determinations | and actively engaged in farming determinations and notify producers within 60 calendar days of the date the complete CCC-902 was filed. |

206 COC Determinations (Continued)

C Insufficient Information

If the file does **not** contain adequate information for COC to make determinations, COC shall request additional information. This does **not** extend COC's 60 calendar day time limit to make initial determinations.

Note: If the file does **not** contain sufficient information for a favorable determination, COC shall make the determination, based on the file as it exists, to avoid a default determination.

D Determination Appeals

COC shall hear appeals by applicants of the initial COC determinations of actively engaged in farming and eligibility.

207 **Completing CCC-903's**

A Introduction

COC shall use CCC-903 to document determinations for payment eligibility and payment limitation purposes.

B Documenting Determinations

Record the factors on CCC-903 that COC used to make the actively engaged in farming and eligibility determinations. Significant contributions **must** be identified and recorded. Include how the cash-rent tenant and substantive change rules were met, when applicable.

* * *

207 Completing CCC-903's (Continued)

*--C Example CCC-903 for 2009 Program Year

The following is an example of a completed CCC-903 for the 2009 program year.--*

| | | | | |
|---|--|---|----|-----|
| This form is available electronically. CCC-903 (04-07-09) U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation | | 1. NAME Beringer Partners | | |
| WORKSHEET FOR PAYMENT ELIGIBILITY AND PAYMENT LIMITATION DETERMINATIONS | | 2. COUNTY AND STATE Johnson, TX | | |
| | | 3. PROGRAM YEAR 2009 | | |
| PART A – Type of operation | | | | |
| 4. The operation reviewed is a: | | | | |
| <input type="checkbox"/> Person <input type="checkbox"/> Sole Proprietor/Small Business <input checked="" type="checkbox"/> General Partnership <input type="checkbox"/> Limited Partnership <input type="checkbox"/> Estate <input type="checkbox"/> City, County or State-owned Entity <input type="checkbox"/> Joint Venture <input type="checkbox"/> Limited Liability Company <input type="checkbox"/> Charitable/Non-Profit <input type="checkbox"/> Indians rep. by BIA <input type="checkbox"/> Revocable Trust <input type="checkbox"/> Other: _____ <input type="checkbox"/> Corporation <input type="checkbox"/> Irrevocable Trust <input type="checkbox"/> Public School | | | | |
| PART B - Review of Eligibility Requirements and Contributions | | | | |
| Answer the following questions by checking "YES", "NO" or "N/A". | | | | |
| | | YES | NO | N/A |
| 1 | Are the Name and SSN (or EIN) provided for the person, legal entity and each member or interest holder? | X | | |
| 2 | If participant is an Estate, has a tax identification number (EIN) been provided for the estate? | | | X |
| 3 | If participant or any interest holder is a trust, has an EIN been provided for the trust, unless the trust is revocable trust and the grantor is the sole income beneficiary? | | | X |
| 4 | Is the person a US Citizen or a holder of a valid form I-551 (Alien Registration Receipt Card)? If the participant is a legal entity, are all interest holders US Citizens or holders of valid form I-551s? | X | | |
| 5 | If this person or any interest holder in this legal entity is under 18-years-old, has the MINOR qualified to receive payment separate from the parent or guardian? (If "NO", Common Attribution is shown in Remarks.) | | | X |
| 6 | Does this person or legal entity meet ALL of the following with regard to the farming operation: <ul style="list-style-type: none"> • has a separate and distinct interest in the land, crops, and livestock • demonstrates separate responsibility for the interest in land, crops and livestock • maintains funds and accounts separate from all other farming operations. | X | | |
| 7 | Are cash rent tenant provisions met with significant contributions of either of the following: <ul style="list-style-type: none"> • active personal labor, or • active personal management and equipment (NOTE: If participant is a joint operation, each member must meet cash rent tenant provisions.) | X | | |
| 8 | If equipment or land is leased from a person or legal entity with interest in this farming operation, are rates and repayment terms reasonable and customary for the area? (If "NO", the input is not a significant contribution.) | X | | |
| 9 | If hired labor and leased equipment originate from the same source, are separate contracts provided for the labor and for the equipment? (If "NO", equipment is not a significant contribution.) | | | X |
| 10 | For limited partnerships, LLPs, LLCs, corporations and other similar legal entities, are all partners, members or stockholders providing active personal labor and/or active personal management? | | | X |
| 11 | If participant or any interest holder is an estate that has been in existence for over 2 years, has required documentation been provided and determination made according to 4-PL? | | | X |
| 12 | If a trust, does the trust provide for modification or interest by the grantor, or provide for transfer to the remainder beneficiary in less than 20 years from the date the trust is established? | | | X |
| 13 | If an irrevocable trust, has trust documentation been provided and is such documentation on file? | | | X |
| 14 | For a State, political subdivision, or an agency thereof, is the land owned by the entity and used solely for the support of public schools? | | | X |
| 15 | If a charitable organization, does the land or proceeds from the farming operation transfer to an entity that exercises control over the organization? (If "YES", Common Attribution is shown in Remarks) | | | X |
| 16 | Substantive change rules were met by (check each applicable substantive change): | | | |
| | <input checked="" type="checkbox"/> Addition of <u>2</u> (number) adult family member(s) | X | | |
| | <input type="checkbox"/> For a landowner only, a change from cash rent to share rent | | | X |
| | <input type="checkbox"/> A 20% increase in base acres, allowing recognition of one person or legal entity for payment | | | X |
| | <input type="checkbox"/> A qualifying change in ownership of equipment | | | X |
| | <input type="checkbox"/> A qualifying change in ownership of land | | | X |

207 Completing CCC-903's (Continued)

--C Example CCC-903 for 2009 Program Year (Continued)--

| | | |
|---|---|---|
| CCC-903 (04-07-09) | | Page 2 of 2 |
| Participant's Name: Beringer Partners | | Crop Year: 2009 |
| PART C – DETERMINATIONS OF THE REVIEWING AUTHORITY | | |
| Based on the information provided, COC determined the following: (Or, for joint operations with 6 or more members, the State Office determined): | | YES NO |
| 1 | LANDOWNER PROVISIONS apply to this participant. | <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO |
| 2A | The person's or entity's contributions are SIGNIFICANT, COMMENSURATE and AT RISK; <u>And</u> the person or entity is ACTIVELY ENGAGED IN FARMING. (If "NO", explanation is in REMARKS) | <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO |
| 2B | For JOINT OPERATIONS ONLY, each member's contributions are SIGNIFICANT, COMMENSURATE and AT RISK; <u>And</u> EACH MEMBER is ACTIVELY ENGAGED IN FARMING. (If "NO", explanation is in REMARKS) | <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO |
| 3 | COMMON ATTRIBUTION rules apply (Persons and Entities with common attribution are listed in Remarks) | <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO |
| 4 | A CROPLAND FACTOR applies because CASH RENT TENANT rules are not met by the person, the entity, or by one or more members of the joint operation (If "YES", explanation is in Remarks) | <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO |
| CONTRIBUTIONS were determined as follows: Complete Item 5A if the participant is a PERSON or ENTITY. Complete Item 5B if the participant is a JOINT OPERATION. Complete Item 5C if the participant is either an ENTITY or JOINT OPERATION. | | |
| 5A | The PERSON or ENTITY is determined to make the following CONTRIBUTIONS: | <input type="checkbox"/> ACTIVE PERSONAL LABOR <input type="checkbox"/> ACTIVE PERSONAL MANAGEMENT <input type="checkbox"/> LAND <input type="checkbox"/> CAPITAL <input type="checkbox"/> EQUIPMENT |
| 5B | The JOINT OPERATION is determined to make the following CONTRIBUTION(S): | <input type="checkbox"/> LAND <input checked="" type="checkbox"/> CAPITAL <input checked="" type="checkbox"/> EQUIPMENT |
| MEMBERS of the JOINT OPERATION are determined to make the following CONTRIBUTIONS: | | |
| Member(s) Name(s): Jack Beringer, Bobby Beringer | | <input checked="" type="checkbox"/> ACTIVE PERSONAL LABOR <input checked="" type="checkbox"/> ACTIVE PERSONAL MANAGEMENT <input type="checkbox"/> LAND <input type="checkbox"/> CAPITAL <input type="checkbox"/> EQUIPMENT |
| Member(s) Name(s): Ana Beringer, Ida Beringer | | <input checked="" type="checkbox"/> ACTIVE PERSONAL LABOR <input checked="" type="checkbox"/> ACTIVE PERSONAL MANAGEMENT <input type="checkbox"/> LAND <input type="checkbox"/> CAPITAL <input type="checkbox"/> EQUIPMENT |
| Member(s) Name(s): | | <input type="checkbox"/> ACTIVE PERSONAL LABOR <input type="checkbox"/> ACTIVE PERSONAL MANAGEMENT <input type="checkbox"/> LAND <input type="checkbox"/> CAPITAL <input type="checkbox"/> EQUIPMENT |
| Member(s) Name(s): | | <input type="checkbox"/> ACTIVE PERSONAL LABOR <input type="checkbox"/> ACTIVE PERSONAL MANAGEMENT <input type="checkbox"/> LAND <input type="checkbox"/> CAPITAL <input type="checkbox"/> EQUIPMENT |
| <input type="checkbox"/> Additional Pages are attached to show significant contributions of additional members. | | |
| <input type="checkbox"/> Special rules for SPOUSES are used to credit a spouse with a significant contribution of active personal labor or active personal management in this farming operation. | | |
| 5C | Did all partners, stockholders, or members with an ownership interest represent a contribution of active personal labor and/or active personal management to the farming operation that meets all of the following: 1) performed on a regular basis; 2) identifiable and documentable; and 3) separate distinct from that of any other partner, stockholder, or member with an ownership interest in the farming operation? <input checked="" type="checkbox"/> YES <input type="checkbox"/> NO | |
| 6. List in REMARKS all partners, stockholders, or members and their ownership shares that did not meet requirements in Item 5C. | | |
| 7. COMMON ATTRIBUTION applies to: | | |
| 8. Ineligible FOREIGN PERSONS are: | | |
| PART D - REMARKS | | |
| PART E – SIGNATURE OF REVIEWING AUTHORITY | | |
| 1. COC or STO Representative Signature <i>Roger Johnson</i> | 2. Title <i>Chairperson, COC</i> | 3. Date <i>4/12/2009</i> |
| <small>The U.S. Department of Agriculture (USDA) prohibits discrimination in all its program and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, genetic information, political beliefs, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD). To file a complaint of Discrimination, write to USDA, Director, Office of Civil Rights, 1400 Independence Avenue, SW., Washington, DC 20250-9410, or call (800) 795-3272 (voice) or (202) 720-6382 (TDD). USDA is an equal opportunity provider and employer.</small> | | |

207 Completing CCC-903's (Continued)

*--D Example CCC-903 for 2010 Program Year

This form is available electronically.

| | |
|--|--|
| <p>CCC-903 (12-08-09)</p> <p style="text-align: center;">U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation</p> <p style="text-align: center;">WORKSHEET FOR PAYMENT ELIGIBILITY AND PAYMENT LIMITATION DETERMINATIONS</p> | <p>1. NAME Beringer Partners II</p> <hr/> <p>2. COUNTY AND STATE Johnson, TX</p> <hr/> <p>3. PROGRAM YEAR (select one) <input checked="" type="checkbox"/> 2010 <input type="checkbox"/> 2011 <input type="checkbox"/> 2012</p> |
|--|--|

PART A - TYPE OF OPERATION

4. The operation reviewed is a:

| | | | |
|--|---|---|--|
| <input type="checkbox"/> Person | <input type="checkbox"/> Sole Proprietor/Small Business | <input checked="" type="checkbox"/> General Partnership | <input type="checkbox"/> Limited Partnership |
| <input type="checkbox"/> Estate | <input type="checkbox"/> City, County or State-owned Entity | <input type="checkbox"/> Joint Venture | <input type="checkbox"/> Limited Liability Company |
| <input type="checkbox"/> Charitable/Non-Profit | <input type="checkbox"/> Indians rep. by BIA | <input type="checkbox"/> Revocable Trust | <input type="checkbox"/> Other: _____ |
| <input type="checkbox"/> Corporation | <input type="checkbox"/> Irrevocable Trust | <input type="checkbox"/> Public School | |

PART B - REVIEW OF ELIGIBILITY REQUIREMENTS AND CONTRIBUTIONS

Answer the following questions by checking "YES", "NO" or "N/A".

| | | YES | NO | N/A |
|----|--|-----|----|-----|
| 1 | Are the Name and SSN (or EIN) provided for the person, legal entity and each member or interest holder? [1-CM (Rev 3) Part 6] | x | | |
| 2 | If participant is an Estate, has a tax identification number (EIN) been provided for the estate? [1-CM (Rev 3) Part 6] | | | x |
| 3 | If participant or any interest holder is a trust, has an EIN been provided for the trust, unless the trust is revocable trust and the grantor is the sole income beneficiary? [1-CM (Rev 3) Part 6] | | | x |
| 4 | Is the person a US Citizen or a holder of a valid form I-551 (Alien Registration Receipt Card)? If the participant is a legal entity, are all interest holders US Citizens or holders of valid form I-551s? [4-PL Part 3] | x | | |
| 5 | If this person or any interest holder in this legal entity is under 18-years-old, has the MINOR qualified to receive payment separate from the parent or guardian? (If "NO", See Common Attribution, Part D, Item 5.) [4-PL Part 4] | | | x |
| 6 | Does this person or legal entity meet ALL of the following with regard to the farming operation: <ul style="list-style-type: none"> • has a separate and distinct interest in the land, crops, and livestock • demonstrates separate responsibility for the interest in land, crops and livestock • maintain funds and accounts separate from all other farming operations. [4-PL Part 2, Section 6] | x | | |
| 7 | Are cash rent tenant provisions met with significant contributions of either of the following: (check as applicable) <input checked="" type="checkbox"/> active personal labor, or <input type="checkbox"/> active personal management and equipment (NOTE: If participant is a joint operation, each member must meet cash rent tenant provisions.) [4-PL Part 2, Section 7] | x | | |
| 8 | If equipment or land is leased from a person or legal entity with interest in this farming operation, are rates and repayment terms reasonable and customary for the area? (If "NO", the input is not a significant contribution.) | x | | |
| 9 | If hired labor and leased equipment originate from the same source, are separate contracts provided for the labor and for the equipment? (If "NO", equipment is not a significant contribution.) [4-PL Part 2, Section 6, Subsection 2] | | | x |
| 10 | For limited partnerships, LLPs, LLCs, corporations and similar legal entities, do the partners, members or stockholders providing active personal labor and/or active personal management collectively hold at least 50 percent interest in the legal entity? [4-PL Part 4, Section 4] | | | x |
| 11 | If participant or any interest holder is an estate that has been in existence for over 2 years, has required documentation been provided and determination made according to 4-PL? [4-PL Part 4, Section 5] | | | x |
| 12 | If a trust, does the trust provide for modification or interest by the grantor, or provide for transfer to the remainder beneficiary in less than 20 years from the date the trust is established? [4-PL Part 4, Section 6] | | | x |
| 13 | If an irrevocable trust, has trust documentation been provided and is such documentation on file? [4-PL Part 4, Section 6] | | | x |
| 14 | For a State, political subdivision, or an agency thereof, is the land owned by the entity and used solely for the support of public schools? [4-PL Part 4, Section 1] | | | x |
| 15 | If a charitable organization, does the land or proceeds from the farming operation transfer to an entity that exercises control over the organization? (If "YES", See Common Attribution in Part D, Item 5) [4-PL Part 4, Section 1] | | | x |
| 16 | Substantive change rules were met by (check each applicable substantive change): [4-PL Part 2, Section 5] | | | |
| | <input checked="" type="checkbox"/> Addition of 1 (number) adult family member(s) | x | | |
| | <input type="checkbox"/> For a landowner only, a change from cash rent to share rent | | | x |
| | <input type="checkbox"/> A 20% increase in base acres, allowing recognition of one person or legal entity for payment | | | x |
| | <input type="checkbox"/> A qualifying change in ownership of equipment | | | x |
| | <input checked="" type="checkbox"/> A qualifying change in ownership of land | x | | |
| | <input type="checkbox"/> Addition of equipment not previously involved in the farming operation | | | x |

--*

207 Completing CCC-903's (Continued)

*--D Example CCC-903 for 2010 Program Year (Continued)

| | | |
|--|---|---|
| CCC-903 (12-08-09) | | Page 2 of 3 |
| Participant's Name: <u>Beringer Partners II</u> | | Crop Year: <u>2010</u> |
| PART C – FINDINGS OF THE REVIEWING AUTHORITY | | |
| <p>CONTRIBUTIONS were determined as follows: Complete Item 1 if the participant is a PERSON or LEGAL ENTITY. Complete Item 2 if the participant is a JOINT OPERATION. Complete Items 3 through 5 if the participant is a LEGAL ENTITY.</p> | | |
| 1 | The PERSON or LEGAL ENTITY is determined to make the following CONTRIBUTIONS: | <input type="checkbox"/> ACTIVE PERSONAL LABOR <input type="checkbox"/> ACTIVE PERSONAL MANAGEMENT <input type="checkbox"/> LAND <input type="checkbox"/> CAPITAL <input type="checkbox"/> EQUIPMENT |
| 2 | The JOINT OPERATION is determined to make the following CONTRIBUTION(S). | <input checked="" type="checkbox"/> LAND <input checked="" type="checkbox"/> CAPITAL <input checked="" type="checkbox"/> EQUIPMENT |
| MEMBERS of the JOINT OPERATION are determined to make the following CONTRIBUTIONS: | | |
| Member(s) Name(s): Jack Beringer | | <input checked="" type="checkbox"/> ACTIVE PERSONAL LABOR <input checked="" type="checkbox"/> ACTIVE PERSONAL MANAGEMENT <input type="checkbox"/> LAND <input type="checkbox"/> CAPITAL <input type="checkbox"/> EQUIPMENT |
| Member(s) Name(s): Bobby Beringer | | <input checked="" type="checkbox"/> ACTIVE PERSONAL LABOR <input checked="" type="checkbox"/> ACTIVE PERSONAL MANAGEMENT <input type="checkbox"/> LAND <input type="checkbox"/> CAPITAL <input type="checkbox"/> EQUIPMENT |
| Member(s) Name(s): Ana Beringer | | <input checked="" type="checkbox"/> ACTIVE PERSONAL LABOR <input checked="" type="checkbox"/> ACTIVE PERSONAL MANAGEMENT <input type="checkbox"/> LAND <input type="checkbox"/> CAPITAL <input type="checkbox"/> EQUIPMENT |
| Member(s) Name(s): Ida Beringer | | <input checked="" type="checkbox"/> ACTIVE PERSONAL LABOR <input checked="" type="checkbox"/> ACTIVE PERSONAL MANAGEMENT <input type="checkbox"/> LAND <input type="checkbox"/> CAPITAL <input type="checkbox"/> EQUIPMENT |
| Member(s) Name(s): Jason Beringer | | <input checked="" type="checkbox"/> ACTIVE PERSONAL LABOR <input checked="" type="checkbox"/> ACTIVE PERSONAL MANAGEMENT <input type="checkbox"/> LAND <input type="checkbox"/> CAPITAL <input type="checkbox"/> EQUIPMENT |
| Member(s) Name(s): | | <input type="checkbox"/> ACTIVE PERSONAL LABOR <input type="checkbox"/> ACTIVE PERSONAL MANAGEMENT <input type="checkbox"/> LAND <input type="checkbox"/> CAPITAL <input type="checkbox"/> EQUIPMENT |
| Member(s) Name(s): | | <input type="checkbox"/> ACTIVE PERSONAL LABOR <input type="checkbox"/> ACTIVE PERSONAL MANAGEMENT <input type="checkbox"/> LAND <input type="checkbox"/> CAPITAL <input type="checkbox"/> EQUIPMENT |
| Member(s) Name(s): | | <input type="checkbox"/> ACTIVE PERSONAL LABOR <input type="checkbox"/> ACTIVE PERSONAL MANAGEMENT <input type="checkbox"/> LAND <input type="checkbox"/> CAPITAL <input type="checkbox"/> EQUIPMENT |
| <input type="checkbox"/> Additional Pages are attached to show significant contributions of additional members. | | |
| <input checked="" type="checkbox"/> Special rules for SPOUSES or MINOR CHILDREN are used to credit a spouse with a significant contribution of active personal labor or active personal management in this farming operation. [4-PL Paragraph 116 and 147B] | | |
| 3 | For an LP, LLP, LLC, corporation or similar legal entity, did all partners, stockholders, or members with an ownership interest represent a contribution of active personal labor and/or active personal management to the farming operation that meets all of the following: 1) performed on a regular basis; 2) identifiable and documentable; and 3) separate and distinct from that of any other partner, stockholder, or member with an ownership interest in the farming operation? | <input type="checkbox"/> YES <input type="checkbox"/> NO [4-PL Paragraph 147] |
| 4 | For any partner, stockholder or member that failed to meet the requirement in Item 3, are both of the following requirements met for an exception? | |
| <p>- Total DCP direct payments received collectively by all partners, stockholders, and members directly and indirectly, does not exceed \$40,000 (Attach documentation of projected DCP/ACRE direct payments). AND</p> <p>- At least 50 percent of the ownership interest in the legal entity is held by partners, stockholders, or members that are actively providing labor and management to the farming operation of the legal entity. <input type="checkbox"/> YES <input type="checkbox"/> NO [4-PL Paragraph 147]</p> | | |
| 5 | List all partners, stockholders, or members that do not meet requirements in Item 3 and to whom the exception in Item 4 is not applicable. | |

--*

207 Completing CCC-903's (Continued)

*--D Example CCC-903 for 2010 Program Year (Continued)

| | | |
|---|---|----------------------------|
| CCC-903 (12-08-09) | | Page 3 of 3 |
| Participant's Name: <u>Beringer Partners II</u> | | Crop Year: <u>2010</u> |
| PART D – DETERMINATIONS OF THE REVIEWING AUTHORITY | | |
| Based on the information provided, COC determined the following: (Or, for joint operations with 6 or more members, the State Office determined): | | YES NO |
| 1 | The farming operation is NOT ELIGIBLE for payment because the NAME and SSN or EIN of each member or interest holder were not provided. [1-CM (Rev 3) Part 6] | X |
| 2 | LANDOWNER PROVISIONS apply to all or part of this participant's farming operation. [4-PL Paragraph 62] | X |
| 3A | For PERSONS or LEGAL ENTITIES: The person's or entity's contributions are SIGNIFICANT, COMMENSURATE and AT RISK; <u>And</u> the person or entity is ACTIVELY ENGAGED IN FARMING. (If "NO", explain in REMARKS) [4-PL Paragraphs 126-131; 146-170] | X |
| 3B | For JOINT OPERATIONS ONLY, each member's contributions are SIGNIFICANT, COMMENSURATE and AT RISK; <u>And</u> EACH MEMBER is ACTIVELY ENGAGED IN FARMING. (If "NO", explain in REMARKS) [4-PL Paragraphs 136-141] | X |
| 4 | A CROPLAND FACTOR applies because CASH RENT TENANT rules are not met by the person, the entity, or by one or more members of the joint operation; or because the participant is only partially actively engaged in farming (If "YES", explain in Remarks) [4-PL Paragraphs 64; 91 and 92] | X |
| 5 | A PAYMENT REDUCTION applies because all partners, stockholders, or members failed to make requisite contributions of active personal labor and/or active personal management to the farming operation that meets all of the following: 1) performed on a regular basis; 2) identifiable and documentable; and 3) separate and distinct from that of any other partner, stockholder, or member with an ownership interest in the farming operation. [4-PL Paragraphs 64; 137 and 147] | X |
| 6 | COMMON ATTRIBUTION applies to the following: | |
| 7 | Ineligible FOREIGN PERSONS are: | |
| 8 | Ineligible ESTATES OVER 2 YEARS OLD are: | |
| 9 | SUBSTANTIVE CHANGE was required, but NOT MET by: | |
| PART E – REMARKS | | |
| | | |
| PART F – SIGNATURE OF REVIEWING AUTHORITY | | |
| 1. COC or STO Representative Signature <i>Roger Johnson</i> | 2. Title <i>Chairman CPE</i> | 3. Date <i>12/22/09</i> |
| PART G – ACTIONS COMPLETED | | |
| | Action | Date |
| 1 | Written NOTICE OF DETERMINATION issued to all parties. [4-PL Part 7] | 12/23/09 |
| 2 | Determinations recorded in the WEB ELIGIBILITY files. [3-PL (Rev. 1) Paragraphs 24-31] | 12/23/09 |
| 3 | For Entities and Joint Operations: Subsidiary files were verified or updated to reflect correct: - members - shares - member contributions - substantive change status | 12/23/09 |
| 4 | As applicable, a CROPLAND FACTOR was computed and recorded in web eligibility files. | |
| 5 | If the participant has interests in MULTIPLE COUNTIES, other counties were notified of the determinations. [4-PL Paragraphs 226-229] | |
| <small>The U.S. Department of Agriculture (USDA) prohibits discrimination in all of its programs and activities on the basis of race, color, national origin, age, disability, and where applicable, sex, marital status, familial status, parental status, religion, sexual orientation, political beliefs, genetic information, reprisal, or because all or part of an individual's income is derived from any public assistance program. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at (202) 720-2600 (voice and TDD).</small> | | |
| <small>To file a complaint of discrimination, write to USDA, Assistant Secretary for Civil Rights, Office of the Assistant Secretary for Civil Rights, 1400 Independence Avenue, S.W., Stop 9410, Washington, DC 20250-9410, or call toll-free at (866) 632-9992 (English) or (800) 877-8339 (TDD) or (866) 377-8642 (English Federal-relay) or (800) 845-6136 (Spanish Federal-relay). USDA is an equal opportunity provider and employer.</small> | | |

--*

208 COC Requirements to Make Timely Determinations**A Overview**

COC shall make the initial actively engaged in farming and eligibility determinations within the deadlines established in paragraph 206.

Note: See paragraph 236 for required State Office determinations.

B Definition

Default determination means all persons or legal entities are considered to be actively engaged in farming.

C Rule

If COC does **not** make the initial determinations within the 60 calendar day time limit, the applicant shall receive a default determination. COC **must** still make actively engaged in farming and eligibility determinations. If the correct determination is different:

- FSA will honor the default determination for the current year, if the farm operation plan is followed **exactly**
- the proper determination will apply, if the farm operation plan is **not** followed exactly
- the proper determination will apply the following year, if the operation is **exactly** the same.

D Notification to Producer

See paragraphs 243 and 244 for notification requirements of both the default and correct determination letters to the producer.

***--E Required Reviews**

An end of year review is required for each farming operation that receives a default determination.--*

209-215 (Reserved)

228 Interaction Between Counties**A Overview**

Counties with multiple county producers shall remain in close contact. This paragraph provides the interaction that **must** take place between counties.

B Control County Responsibilities

The control county shall:

- notify the producer of the determination within 60 calendar days of the producer filing date

Note: The control county shall **not** delay notification to the producer to obtain the concurrence of other COC's.

- notify COC's involved with the multiple county producer of the determinations
- upon receiving concurrence from other COC's, update eligibility flags according to *-3-PL (Rev. 1).-*

228 Interaction Between Counties (Continued)

C Other County Initial Determination Responsibilities

COC's in noncontrol counties receiving an initial determination notification by the control county COC for a multiple county producer shall respond according to this table.

| IF COC's in noncontrol counties... | THEN the noncontrol county shall... |
|---|---|
| agree with the determination | notify the control county of the concurrence in writing . |
| do not agree with the determination made by the control county | <ul style="list-style-type: none"> • immediately contact the control county to resolve the differences • involve DD's and State Offices if needed to resolve the differences • notify the control county of concurrence, in writing, when the differences have been resolved. |

Note: If the original determination is changed for any reason, the control county shall immediately repeat the procedures in this paragraph.

D Other County Updated Determination Responsibilities

COC's in noncontrol counties receiving an updated determination notification by the control county COC for a multiple county producer shall take the following action.

| IF COC's in noncontrol counties... | THEN that county... |
|--|--|
| agree with the determination that is being updated | is not required to respond when the letter sent by the control county indicates that an agreeing response is not needed. |
| do not agree with the updated determination | shall follow the instructions in subparagraph C when a noncontrol county does not agree. |

245 Notification Letters (Continued)

D Letter for a Joint Operation, Eligible for Payment

*--

(Date)

PRODUCER NAME
ADDRESS1
ADDRESS2

Dear JOINT OPERATION NAME:

The COUNTY NAME County FSA Committee has completed its review of the YEAR farm operating plan and supporting documentation for JOINT OPERATION NAME, a joint operation. The County Committee did not consider any other farming operations in which the joint operation is involved as a member of an entity or a member of another joint operation because these determinations will be made with respect to the Farm Operating Plans filed by such entities or joint operations.

Based on the information submitted, the County Committee determined that the following members of JOINT OPERATION NAME, a joint operation, are eligible for payments subject to the payment eligibility and payment limitation provisions:

| Member Name | Percent Share |
|---------------|---------------|
| (MEMBER NAME) | XX |

The COUNTY NAME County Committee determined each member:

- is actively engaged in farming
- *(only include this statement if it applies)* meets cash rent tenant rules
- is restricted to one limitation for payment purposes and payments will be attributed to each member in accordance with their ownership share. Payments to members who are entities will be attributed to members based on their ownership shares to the 4th level of ownership.

(Only include this statement if it applies) Payments will be restricted as indicated:

- MEMBER NAME, a minor child, will have payments attributed to PARENT'S NAME
- MEMBER NAME, a revocable trust, will have payments attributed to GRANTOR'S NAME

These determinations will remain in effect for the current and subsequent years. A new farm operating plan will not be required unless a change occurs that would affect the determinations.

These determinations are based on the facts as submitted. You are responsible for promptly notifying the COUNTY NAME County Office in writing of any change which would affect these determinations. Any unrevealed circumstances could require the application of a more restrictive rule.

Sincerely,

CED NAME
County Executive Director
COUNTY NAME FSA Office

--*

245 Notification Letters (Continued)

E Letter for a Joint Operation, Ineligible for Payment

*--

(Date)

PRODUCER NAME
ADDRESS1
ADDRESS2

Dear JOINT OPERATION NAME:

The COUNTY NAME County FSA Committee has completed its review of the YEAR farm operating plan and supporting documentation for JOINT OPERATION NAME, a joint operation. The County Committee did not consider any other farming operations in which the joint operation is involved as a member of an entity or a member of another joint operation because these determinations will be made with respect to the Farm Operating Plans filed by such entities or joint operations.

Based on the information submitted, the County Committee determined that the following members of JOINT OPERATION NAME, a joint operation, are eligible for payments subject to the payment eligibility and payment limitation provisions:

| Member Name | Percent Share |
|---------------|---------------|
| (MEMBER NAME) | XX |
| (MEMBER NAME) | XX |

The COUNTY NAME County Committee determined each of these members:

- is actively engaged in farming
- *(only include this statement if it applies)* meets cash rent tenant rules
- is restricted to one limitation for payment purposes and payments will be attributed to each member in accordance with their ownership share. Payments to members who are entities will be attributed to members based on their ownership shares to the 4th level of ownership.

(Only include this statement if it applies) Payments will be restricted as indicated:

- MEMBER NAME, a minor child, will have payments attributed to PARENT'S NAME
- MEMBER NAME, a revocable trust, will have payments attributed to GRANTOR'S NAME

The County Committee further determined that the following members are NOT ELIGIBLE for payment for the following reasons:

| Member Name | Percent Share | Reason for Ineligibility <i>(describe as applicable)</i> |
|---------------|---------------|---|
| (MEMBER NAME) | XX | <i>(for example: This member is not actively engaged in farming. The member does not make a significant contribution of active personal labor or active personal management.)</i> |
| (MEMBER NAME) | XX | <i>(for example: This member does not meet cash rent tenant rules. A significant contribution of equipment is provided by the joint operation, but this member does not make a significant contribution of active personal labor or active personal management)</i> |
| (MEMBER NAME) | XX | <i>(for example: This member is a foreign person who does not meet foreign person rules. Capital and land are provided, but a significant contribution of active personal labor is not provided.)</i> |

These determinations will remain in effect for the current and subsequent years. A new farm operating plan will not be required unless a change occurs that would affect the determinations.

These determinations are based on the facts as submitted. You are responsible for promptly notifying the COUNTY NAME County Office in writing of any change which would affect these determinations. Any unrevealed circumstances could require the application of a more restrictive rule.

[Provide appeal rights according to 1-APP Rev. 2)]

Sincerely,
CED NAME
County Executive Director
COUNTY NAME FSA Office

--*

246-250 (Reserved)

3-17-10

4-PL Amend. 5

Page 7-60
(through 7-64)

Section 6 National Office Responsibilities

266 General Responsibilities

A General Supervision

[7 CFR 1400.2] The provisions of this handbook shall be administered under the general supervision and direction of the Executive Vice President, CCC and the Administrator, FSA.

B DAFP Authority

[7 CFR 1400.2 (d)] DAFP may take any action authorized or required to be taken by either COC or STC that is **not** taken by COC or STC. DAFP may also:

- correct or require COC or STC to correct any action taken by COC or STC that is **not** according to the provisions of this handbook
- require COC or STC to withhold taking any action that is **not** in keeping with provisions of this handbook.

267-400 (Reserved)

***--Part 8 End of Year Reviews for 2009 and Subsequent Years**

Section 1 Selections and Notifications

401 Overview

A Introduction

The determinations required by this handbook are made by the reviewing authority based on the producer's certification of the farming operation as represented on CCC-902's and supporting documents.

To maintain the integrity of payment limitation and payment eligibility provisions, end-of-year reviews are conducted to determine that farming operations were carried out as represented when initial determinations were made.

B Purpose

This section provides instructions for selecting and notifying producers of the end-of-year review.--*

--402 Selection Process*A Introduction**

Producers selected for an end-of-year review may be chosen for the following reasons:

- a judgmental selection by DAFP
- a required spot check
- an additional case selected for review by the reviewing authority.

B Judgmental Selection

A judgmental selection is performed on a nationwide basis to select producers for review using criteria including, but not limited to:

- the restructure of a farming operation in the past year by the addition of a new partner, deletion of a partner, change in stockholders, etc.
- the formation of a new farming operation in the past year
- a comparison of farming operations to determine whether an individual or legal entity is involved in more than 1 operation
- farming operations earning more than a specified dollar amount.

C Required Spot Checks

A default determination made according to paragraph 243 must be selected as an end-of-year review if the proper determination made according to paragraph 244 differed from the default determination.

Note: Determinations involving FSA employees are required to be selected for review only if selected according to this paragraph.--*

--402 Selection Process (Continued)*D Additional Cases**

In addition to cases that are judgmentally selected, or otherwise required to be selected, the following cases will also be selected for end-of-year review:

- any case which the reviewing authority has reason to believe the farm operating plan was not followed as represented
- any cases considered necessary by a State Office representative to maintain program integrity.

E Timing End-of-Year Reviews

Complete end-of-year reviews by the date established by STC, according to paragraph 261.

F Waiver Authority for State Offices

State Offices may waive judgmentally selected end-of-year reviews under the following circumstances:

- farming operations involving **only** a husband and wife
- farming operation was previously reviewed in the last 3 years, did **not** receive an adverse determination, **and** the reviewing authority has determined that there have been no changes that affect the original determinations
- farming operations with **all** land meeting the landowner exemption
- farming operation did not participate in any program in the year selected.

Notes: State Offices shall include the number of any waived judgmentally selected reviews in the remarks sections of the final CCC-902EYR.

Any waiver request not within State Offices' approval authority may be sent to DAFP, along with adequate justification to support the request.--*

--403 Producer Notification*A Overview**

After being notified, the producer is responsible for providing requested documents in a timely manner. This paragraph contains information to be included in the producer notification letter and explains what the producer must do after receiving the notification letter.

B Producer Notification

Producers who are required to submit documents shall be notified about their selection for end-of-year review no later than 90 calendar days before the end-of-year review completion date established by STC according to paragraph 261.

The notification letter shall contain the following:

- purpose of the end-of-year review
- documents required to be submitted
- the requirement to submit documents to the County Office within 30 calendar days
- actions that will be taken if documents are not submitted
- notification that the producer will receive results of the end-of-year review when completed.

C Producer Responsibility

It is the responsibility of the producer to submit requested documents within 30 calendar days from the date requested.

Note: It is recognized that some requested documents, such as crop sales documents, may not be available when the producer submits other documentation. The producer must submit all documents that are available at the time. The reviewing authority shall schedule followup action to obtain additional information if necessary.--*

*--403 Producer Notification (Continued)

D Sample Notification Letter

This is an example of a letter notifying a producer of being selected for an **end-of-year review**.

| | |
|--|--|
| [Letterhead] | <i>Any County FSA Office 502 Spotcheck Ave Some City US 55555-1234</i> |
| <p>Date <i>Wandering Brook, Inc. Fred Friendly, President 777 Lucky Day Rd Some City US 55555-1234</i></p> | |
| <p>Dear <i>Mr. Friendly</i>:</p> | |
| <p>Your farming operation has been selected for a 20XX payment limitation and payment eligibility end-of-year review.</p> | |
| <p>End of year reviews are conducted annually on a number of farming operations and producers that are participants in various FSA administered programs. Initial payment eligibility and payment limitation determinations are made based on the producer's certification of how the farming operation will be conducted for the year.</p> | |
| <p>To ensure overall program integrity, it is necessary that the producer's farming operation be reviewed and documented. Accordingly, your farming operation will be reviewed to determine whether the operation was conducted in 20XX as represented on CCC-902, Farm Operating Plan, on which the initial payment eligibility and payment limitation determinations were based.</p> | |
| <p><i>[Delete the following paragraphs that are not applicable to the producer.]</i></p> | |
| <p>To verify capital contributions, documents and information are required as follows:</p> | |
| <ul style="list-style-type: none"> • operating loan documents • income and expense ledgers • canceled checks for expenditures, such as: <ul style="list-style-type: none"> • fertilizer • seed • fuel • equipment leases and purchases • land leases and purchases • hired labor and management • any other farming operation expenditures. | |

--*

--403 Producer Notification (Continued)*D Sample Notification Letter (Continued)**

To verify land contributions, documents and information are required as follows:

- lease agreements
- sales contracts
- property tax statements
- canceled checks associated with land.

To verify equipment contributions, documents and information are required as follows:

- equipment listings
- lease agreements
- purchase contracts
- canceled checks associated with equipment.

To verify labor contributions, documents and information are required as follows:

- documentation of who provided actual labor contributions and type of labor
- employee time sheets or books, if applicable
- canceled checks for hired labor, if applicable.

To verify management contributions, documents and information are required as follows:

- documentation of who provided actual management contributions and specific duties
- canceled checks for hired management
- documents showing signature of individual involved in management, such as:
 - canceled checks for significant purchases
 - loan documents
 - lease and purchase agreements
 - sales documents.

Other documents and information necessary to make a complete review includes, but is not limited to, the following:

- crop sales documents
- warehouse ledgers
- gin ledgers
- corporation papers, including documentation of share ownership

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*--403 Producer Notification (Continued)

D Sample Notification Letter (Continued)

- partnership agreements or articles of partnership
- trust agreements
- legal documents and contracts
- accounting records
- court records
- crop insurance documents.

Please provide the requested information to this office within 30 calendar days of the date of this letter. We will photocopy and return the documents and written information you submit. Copies of the documents and information will be forwarded to the individual(s) who will be conducting the actual review and documenting their findings. The *(Any County FSA Committee or State FSA Office, as applicable)* will then make determinations based on findings supported by the documents and information you provide. Therefore, it is important that you provide complete and accurate documentation.

You may also be contacted for an interview to obtain additional information and clarification concerning contributions to the farming operation and transactions about the farming operation. During the interview, you may be requested to provide access to additional records.

Upon completion of the review, you will be notified of the results of the review and any further action required.

If, within 30 calendar days of the date of this letter, you have **not** provided adequate documentation for the reviewing authority to make its findings and determinations, you will be:

- determined ineligible for the 20XX crop, program or fiscal year benefits
- notified of the revised determination, and given appeal rights
- required to refund payments earned as a result of the previous payment eligibility and payment limitation determination.

Thank you for your cooperation. If you have any questions, please contact this office.

Sincerely,

James E. Cricket
County Executive Director

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404-410 (Reserved)

--Section 2 Documentation*411 Required Documentation****A Overview**

Producers selected for an end-of-year review must provide adequate documents for the reviewing authority to determine that the farming operation was carried out as represented when initial determinations were made.

This paragraph contains instructions for obtaining documents to verify the entries made on CCC-902 and related forms.

B What to Verify

The reviewing authority must obtain adequate documents to verify that:

- inputs used to determine significant contributions to the farming operation were significant
- contributions were commensurate with claimed shares of the farming operation
- contributions were at risk
- land ownership has been accurately reported when the landowner rules were used in the original determination
- any other pertinent factors used in making the original determination are substantiated.

C Filing Evidence

County Office personnel shall photocopy documents obtained during the end-of-year review process. File the photocopies with other payment limitation documents. A sufficient number of documents used to make the determination must be filed to support the determination made by the reviewing authority.--*

*--411 Required Documentation (Continued)

D Examples of Required Documents

Adequate documentation is required to verify whether contributions are commensurate and significant. This table lists examples of documents used to verify these contributions.

| Contribution | Examples of Documents |
|---------------------|--|
| Capital | <ul style="list-style-type: none"> • Operating loan documents. • Income and expense ledgers. • Canceled checks for expenditures, such as: <ul style="list-style-type: none"> • fertilizer • seed • chemicals • fuel • equipment leases and purchases • land leases and purchases • hired labor or management • other farming operation expenditures. |
| Land | <ul style="list-style-type: none"> • Lease agreements. • Sales contracts. • Property tax statements. • Canceled checks associated with land. |
| Equipment | <ul style="list-style-type: none"> • Lease agreements. • Purchase contracts. • Equipment listings. • Canceled checks associated with equipment. |
| Labor | <ul style="list-style-type: none"> • Employee time sheets or books. • Canceled checks for hired labor. |
| Management | <ul style="list-style-type: none"> • Canceled checks for hired management. • Documents showing signature of person involved in management. <p>Examples: Canceled checks for significant purchases. Loan documents. Lease and purchase agreements. Sales documents.</p> |

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***--411 Required Documentation (Continued)**

E Examples of Other Documents Needed

Other documents that may be needed to make a complete review could include, but are not limited to, the following:

- crop sales documents
- warehouse ledgers
- gin ledgers
- corporation papers, including documentation of share ownership
- partnership agreements or articles of partnership
- trust agreements
- legal documents and contracts
- accounting records
- court records
- crop insurance documents.--*

***--412 Failure to Provide Documentation**

A Introduction

Producers selected for an end-of-year review must provide the reviewing authority with requested documents. This paragraph explains the adverse actions that will be taken if a producer does not comply with this requirement.

B Documentation Not Provided

A producer’s failure to submit end-of-year review documentation shall result in the following actions.

| IF the producer... | THEN the producer shall be... |
|--|---|
| <ul style="list-style-type: none"> • refuses to provide the requested information • does not provide information within 30 calendar days | <ul style="list-style-type: none"> • determined not “actively engaged in farming” and ineligible for the year of the review and all later years until eligibility can be reestablished • notified of the revised determination, and given appeal rights • required to refund payments earned as a result of the previous “actively engaged in farming” and eligibility determinations, according to the applicable program handbook. <p>Note: Follow 58-FI for issuing the initial notification letter.</p> <p>Note: This determination does not require COC action.</p> |

Note: The reviewing authority may extend the deadline to provide information if merited by unusual circumstances.

C County Office Action

After a producer is determined ineligible for payment be, County Offices shall update the eligibility records through the eligibility or entity file.--*

412-414 (Reserved)

--Section 3 Conducting Reviews*415 Responsibilities****A Overview**

This section provides the required action and worksheets to be used to conduct end-of-year reviews.

This paragraph provides guidelines for required action for conducting end-of-year reviews.

B Review Teams

Members of the review team, established according to paragraph 262, shall:

- complete the review for all cases according to paragraph 402
- obtain additional documentation directly from producers whenever it is needed to determine that actual farming operations are or are not in compliance with approved farm operating plans
- document end-of-year review conclusions and make recommendations for action by the initial review authority.

C Determinations by Initial Reviewing Authority

The reviewing authority that made the initial determination for the producer selected for end-of-year review shall:

- thoroughly review conclusions and recommendations submitted by the review team
- collect any additional information needed to make an informed determination.

Note: If the State Office made the initial determination for the producer, the State Office shall make end-of-year review determination.--*

***--415 Responsibilities (Continued)**

D Required Action and Responsibility

Follow this table to determine required action and responsibility.

| Step | Action | Responsibility |
|-------------|--|--|
| 1 | Producer selection. | <ul style="list-style-type: none"> • Judgmental selection, DAFP. • All other cases, initial reviewing authority. |
| 2 | Producer notification. | Initial reviewing authority |
| 3 | Accumulation of requested information. Note: Documents shall be copied and returned to the producer. | Producer’s designated control County Office. |
| 4 | Assigning and coordinating reviews. | State Office specialist. |
| 5 | Reviewing documents and fact findings. | Review team member or members under the supervision of the State Office specialist. |
| 6 | Determination and producer notification. | Initial reviewing authority. |
| 7 | End-of-year reports. | <ul style="list-style-type: none"> • Designated control County Office. • State Office. |

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***--415 Responsibilities (Continued)**

E Discrepancies

Follow this table if discrepancies with the farm operating plan are discovered.

| IF a discrepancy is discovered that... | THEN notify the producer of the... |
|---|---|
| does not affect the original determination | discrepancy and confirm the original determination. |
| affects the original determination | <ul style="list-style-type: none"> • not “actively engaged in farming” determination or other revised determination • amount of payments to refund, if applicable <p style="margin-left: 40px;">Note: See 58-FI.</p> <ul style="list-style-type: none"> • producer’s appeal rights. |

416-420 (Reserved)

*--421 Checklists

A Checklist of Documents Received

Use this checklist to indicate the documents submitted by the producer and initial and date.

If a contribution or determination is not applicable, ENTER “✓” beside “N/A”.

Name: _____ TIN: _____

| Contribution or Determination | Documentation Required | Initials and Date |
|-------------------------------|--|------------------------------|
| Capital | <ul style="list-style-type: none"> • <input type="checkbox"/> Operating loan documents. • <input type="checkbox"/> Income and expense ledgers. • <input type="checkbox"/> Canceled checks for expenditures, such as: <ul style="list-style-type: none"> • <input type="checkbox"/> fertilizer • <input type="checkbox"/> seed • <input type="checkbox"/> chemicals • <input type="checkbox"/> fuel • <input type="checkbox"/> equipment leases and purchases • <input type="checkbox"/> land leases and purchases • <input type="checkbox"/> livestock and livestock related purchases • <input type="checkbox"/> hired labor or management • <input type="checkbox"/> other farming operation expenditures. specify: _____ | <input type="checkbox"/> N/A |
| Land | <ul style="list-style-type: none"> • <input type="checkbox"/> Lease agreements. • <input type="checkbox"/> Sales contracts. • <input type="checkbox"/> Property tax statements. • <input type="checkbox"/> Canceled checks associated with land. • <input type="checkbox"/> Other. specify: _____ | <input type="checkbox"/> N/A |
| Equipment | <ul style="list-style-type: none"> • <input type="checkbox"/> Lease agreements. • <input type="checkbox"/> Purchase contracts. • <input type="checkbox"/> Equipment listings. • <input type="checkbox"/> Canceled checks associated with equipment. • <input type="checkbox"/> Other. specify: _____ | <input type="checkbox"/> N/A |
| Labor | <ul style="list-style-type: none"> • <input type="checkbox"/> Employee time sheets or books. • <input type="checkbox"/> Canceled checks for hired labor. • <input type="checkbox"/> Other. specify: _____ | <input type="checkbox"/> N/A |

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*--421 Checklists (Continued)

A Checklist of Documents Received (Continued)

| Contribution or Determination | Documentation Required | Initials and Date |
|-------------------------------|---|-------------------------------------|
| Management | <ul style="list-style-type: none"> • <input type="checkbox"/> Canceled checks for hired management. • <input type="checkbox"/> Loan documents. • <input type="checkbox"/> Lease and purchase agreements. • <input type="checkbox"/> Sales documents • <input type="checkbox"/> Other. specify: _____ | <p><input type="checkbox"/> N/A</p> |
| Commensurate | <ul style="list-style-type: none"> • <input type="checkbox"/> Program documents. specify: _____ • <input type="checkbox"/> Crop sales documents. • <input type="checkbox"/> Warehouse ledgers. • <input type="checkbox"/> Gin ledgers. • <input type="checkbox"/> Corporation papers, including ownership share. • <input type="checkbox"/> Partnership agreements. • <input type="checkbox"/> Trust agreements. • <input type="checkbox"/> Legal documents and contracts. • <input type="checkbox"/> Accounting records. • <input type="checkbox"/> Court records. • <input type="checkbox"/> Crop insurance documents. • <input type="checkbox"/> Other. specify: _____ | |

--*

*--421 Checklists (Continued)

B Review Checklist

Follow the steps in this table to conduct end-of-year reviews. Attach documents and additional information as appropriate.

Name: _____ TIN: _____

| Step | Process | Action | Initials and Date |
|------|--------------------------------|---|-------------------|
| 1 | Producer selection. | Indicate how the case was selected: <ul style="list-style-type: none"> • __ judgmental selection by DAFP • __ required spot check • __ other case required by the reviewing authority. | |
| 2 | Producer notification. | Date of letter notifying producer of selection: _____. Note: The requested documents and information were provided by the producer on _____. | |
| 3 | Initial review of information. | Review documents and information initially provided by the producer to determine whether an interview with the producer is required. Note: Producers shall be interviewed before making end-of-year review determinations unless the reason for not interviewing the producer is obvious and adequately justified in writing. Is interview with producer required? __Yes __No <ul style="list-style-type: none"> • If yes: <ul style="list-style-type: none"> • date the producer was notified _____ • go to step 4. • If no: <ul style="list-style-type: none"> • give justification for not interviewing the producer • go to step 5. _____ _____ _____ _____ | |

--*

*--421 Checklists (Continued)

B Review Checklist (Continued)

| Step | Process | Action | Initials and Date |
|------|-------------------|---|-------------------|
| 4 | Producer contact. | <p>Interview the producer(s) or representative of the selected case and obtain details of the farming operation and the method of operation for the crop year.</p> <p>Note: Consider interviewing separately (without farm manager or principal spokesperson) those producers that are suspected of knowing nothing about the farming operation.</p> <p>Date of producer interview _____.</p> <p>General interview information.</p> <ul style="list-style-type: none"> In discussing the farming operation, does the producer's(s') description of the operation differ with other available information? __Yes __No <p>Note: If yes, explain.</p> <p>_____</p> <p>_____</p> <p>_____</p> <ul style="list-style-type: none"> If applicable, advise the producer(s) that accounting records will need to be reviewed and the lending agency of the producer(s) may need to be contacted to verify financing information. | |

--*

*--421 Checklists (Continued)

B Review Checklist (Continued)

| Step | Process | Action | Initials and Date |
|------|---------------------------------------|--|-------------------|
| 5 | Determine value of farming operation. | Was the total value of farming operation determined? __Yes __No • If yes, how was the value computed? _____ _____ • If no, how were significant contributions determined? _____ _____ | |
| 6 | Determine significant contributions. | Determine whether all producers of the selected case made the significant “left-hand” and/or “right-hand” contribution as determined by the reviewing authority when making the initial determination. Notes: Complete worksheets, as applicable (paragraph 422). If the producer does not meet the requirements for the factors listed by COC, determine whether other factors would qualify the producer. | |

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*--421 Checklists (Continued)

B Review Checklist (Continued)

| Step | Process | Action | Initials and Date | | | | | | | | | | | | | | |
|---|---|--|---|--|-------------------------------|--------------------|-------------------|-----------------------|--------------------|----------------|----------------|-----------------------------|-------------|----------------|------------------|-----------------------|--|
| 7 | Determine commensurate and at risk contributions. | <p>Review documentation provided by the producer to support contributions. Determine whether the producer’s contributions are commensurate with the claimed share of profits or losses from the farming operation and at risk. See paragraphs 78 through 79.</p> <p>Note: If provided, review the producer’s tax return to determine whether income or loss was distributed according to the claimed interest in the farming operation.</p> <p>Are the producer’s contributions commensurate with the claimed share of the profits or losses from the farming operation? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <ul style="list-style-type: none"> • If yes, explain and justify. • If no, explain and justify. <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> | | | | | | | | | | | | | | | |
| 8 | Determine “Actively engaged in farming”. | <p>Based on the information reviewed, determine whether the “Actively engaged in farming” and other determinations were correct.</p> <p>Complete additional worksheets, as applicable (paragraph 422).</p> | | | | | | | | | | | | | | | |
| 9 | Determine applicability of other rules. | <table border="1"> <tr> <td colspan="2" data-bbox="605 1388 1338 1465">Determine whether cash-rent tenant, foreign person, scheme or device, or other rules apply.</td> </tr> <tr> <td data-bbox="605 1465 930 1503">IF rules needed for...</td> <td data-bbox="930 1465 1338 1503">THEN see...</td> </tr> <tr> <td data-bbox="605 1503 930 1541">cash-rent tenants</td> <td data-bbox="930 1503 1338 1541">paragraphs 91 and 92.</td> </tr> <tr> <td data-bbox="605 1541 930 1579">common attribution</td> <td data-bbox="930 1541 1338 1579">paragraph 179.</td> </tr> <tr> <td data-bbox="605 1579 930 1617">foreign person</td> <td data-bbox="930 1579 1338 1617">paragraphs 106 through 111.</td> </tr> <tr> <td data-bbox="605 1617 930 1654">minor child</td> <td data-bbox="930 1617 1338 1654">paragraph 117.</td> </tr> <tr> <td data-bbox="605 1654 930 1696">scheme or device</td> <td data-bbox="930 1654 1338 1696">paragraphs 42 and 43.</td> </tr> </table> | Determine whether cash-rent tenant, foreign person, scheme or device, or other rules apply. | | IF rules needed for... | THEN see... | cash-rent tenants | paragraphs 91 and 92. | common attribution | paragraph 179. | foreign person | paragraphs 106 through 111. | minor child | paragraph 117. | scheme or device | paragraphs 42 and 43. | |
| Determine whether cash-rent tenant, foreign person, scheme or device, or other rules apply. | | | | | | | | | | | | | | | | | |
| IF rules needed for... | THEN see... | | | | | | | | | | | | | | | | |
| cash-rent tenants | paragraphs 91 and 92. | | | | | | | | | | | | | | | | |
| common attribution | paragraph 179. | | | | | | | | | | | | | | | | |
| foreign person | paragraphs 106 through 111. | | | | | | | | | | | | | | | | |
| minor child | paragraph 117. | | | | | | | | | | | | | | | | |
| scheme or device | paragraphs 42 and 43. | | | | | | | | | | | | | | | | |
| 10 | Summary of findings. | Summarize findings on worksheet 12, and forward documents and findings to initial reviewing authority. | | | | | | | | | | | | | | | |

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*--422 Worksheets

A Worksheet 1, Capital Contribution

Use this worksheet to determine whether capital qualified as a significant contribution.

Name: _____ **TIN:** _____

Was capital used as a significant contribution? Yes No

- If yes, complete this worksheet.
- If no, go to worksheet 2.

| Step | Action | | | | |
|---|--|---|--|---------------|---------------|
| 1 | <p>Determine how the capital used as a significant contribution was acquired.</p> <p>Note: Check the appropriate block or blocks, and go to the corresponding step of this worksheet.</p> | | | | |
| | <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; border: none; vertical-align: top;"> <p><input type="checkbox"/> Direct out-of-pocket input by individual, entity, joint operation, or members of joint operation.</p> </td> <td style="width: 50%; border: none; vertical-align: top;"> <p><input type="checkbox"/> Capital borrowed by individual, entity, joint operation, or member of joint operation.</p> </td> </tr> <tr> <td style="border: none;">Go to step 2.</td> <td style="border: none;">Go to step 3.</td> </tr> </table> | <p><input type="checkbox"/> Direct out-of-pocket input by individual, entity, joint operation, or members of joint operation.</p> | <p><input type="checkbox"/> Capital borrowed by individual, entity, joint operation, or member of joint operation.</p> | Go to step 2. | Go to step 3. |
| <p><input type="checkbox"/> Direct out-of-pocket input by individual, entity, joint operation, or members of joint operation.</p> | <p><input type="checkbox"/> Capital borrowed by individual, entity, joint operation, or member of joint operation.</p> | | | | |
| Go to step 2. | Go to step 3. | | | | |

--*

*--422 Worksheets (Continued)

A Worksheet 1, Capital Contribution (Continued)

| Step | Action |
|------|--|
| 2 | <p>Determinations if direct out-of-pocket capital input.</p> <ul style="list-style-type: none"> • If the capital was funded by an individual, entity, or member of the joint operation, were these contributions made directly to the farming operation? <input type="checkbox"/> Yes <input type="checkbox"/> No <p>Note: If no, explain. _____ _____</p> <ul style="list-style-type: none"> • If a joint operation in which the capital is contributed by a member or members of the joint operation rather than the joint operation itself, review member accounting records, checks, and loan documents to determine amounts invested. • Was each member’s contribution of capital commensurate with their share of the operation? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <p>Note: If no, other contributions may justify the claimed share of the operation. _____ _____</p> <ul style="list-style-type: none"> • Interview the individual, entity representative, or member of the joint operation to ensure that capital contributions were out of pocket if not adequately established by documentation. Determine whether they borrowed the capital to provide their contribution. <p>Was capital borrowed? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <ul style="list-style-type: none"> • If yes, go to step 3. • If no, go to step 4. |

--*

*--422 Worksheets (Continued)

A Worksheet 1, Capital Contribution (Continued)

| Step | Action |
|------|---|
| 3 | <p>Determination if capital was borrowed.</p> <p>If the capital contribution was borrowed:</p> <ul style="list-style-type: none"> • interview the producer to determine from whom the capital was borrowed, and annotate the lender's name <hr/> <hr/> • indicate the percentage of capital contribution that was borrowed _____ • review accounting records to determine whether the capital was contributed directly to the farming operation • arrange with the producer to contact the lender and review the loan file, if determined necessary to verify information • was the loan acquired as a result of a loan being made to, guaranteed by, or secured by an individual, entity, member of a joint operation or any other joint operation with an interest in the farming operation? __Yes __No <p>Note: If yes, the capital contribution may not qualify as a significant contribution. <hr/> <hr/></p> |

--*

*--422 Worksheets (Continued)

A Worksheet 1, Capital Contribution (Continued)

| Step | Action |
|------|---|
| 4 | <p>Determination of significant contribution.</p> <p>Did the producer provide the initial reviewing authority an estimated expense report for the year? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <ul style="list-style-type: none"> • If yes, verify that the contribution equals at least 50 percent of the estimated expenses. • If no, how did the reviewing authority determine that the individual's or entity's contribution was equal to 50 percent of the total capital necessary to conduct the farming operation? <hr/> <hr/> <p>Based on the review of the capital represented by the farming operation as qualifying, did the farming operation or individuals meet the requirements for a significant contribution of capital? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <ul style="list-style-type: none"> • If yes, the farming operation has met its significant "left-hand" contribution. • If no: <ul style="list-style-type: none"> • the farming operation has not met the requirements for significant "left-hand" contributions without additional "left-hand" contributions • go to step 5. |
| 5 | <p>Summarize the facts involved in this determination, develop findings as appropriate, and go to worksheet 2.</p> <hr/> <hr/> <hr/> <hr/> |

--*

*--422 Worksheets (Continued)

B Worksheet 2, Equipment Contribution

Use this worksheet to determine whether equipment qualified as a significant contribution.

Name: _____ TIN: _____

Was equipment used as a significant contribution? Yes No

- If yes, complete this worksheet.
- If no, go to worksheet 3.

| Step | Action | |
|------|---|--|
| 1 | Determine how the equipment used as a significant contribution was acquired. Note: Check the appropriate block or blocks, and go to the corresponding step of this worksheet. | |
| | <input type="checkbox"/> Owned by an operation or its members. Go to step 2. | <input type="checkbox"/> Leased by an operation or its members. Go to step 3. |

--*

*--422 Worksheets (Continued)

B Worksheet 2, Equipment Contribution (Continued)

| Step | Action |
|------|--|
| 2 | <p>Equipment owned and contributed by individual, entity, or joint operation.</p> <ul style="list-style-type: none"> • Did the farming operation or its members own all of the equipment used in the farming operation? <input type="checkbox"/> Yes <input type="checkbox"/> No <p>Note: Review accounting or tax depreciating records, if provided, and other information to confirm ownership of the equipment by the individual, entity, or joint operation.</p> <p>If no, did the producer own a sufficient amount of equipment to conduct the farming operation and to meet the significant contribution requirement? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <ul style="list-style-type: none"> • If the farming operation is conducted by an individual, entity, or joint operation, was the equipment contributed directly to the farming operation by the individual, entity, or joint operation? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A <p>If no, use of the equipment to qualify as a significant contribution is questionable. Explain fully how the individual, entity, joint operation, or member of the joint operation contributed the equipment.</p> <hr/> <hr/> <hr/> <hr/> |

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*--422 Worksheets (Continued)

B Worksheet 2, Equipment Contribution (Continued)

| Step | Action |
|---------------------|--|
| <p>2 (Cntd)</p> | <p>Equipment owned and contributed by individual, entity, or joint operation. (Continued)</p> <ul style="list-style-type: none"> • For equipment contributed to the farming operation, determine whether this equipment was acquired as a result of a loan. If the equipment was acquired as a result of a loan, was the loan made to, guaranteed by, or secured by any individual, joint operation, entity, or member of a joint operation that has an interest in the farming operation? <input type="checkbox"/> Yes <input type="checkbox"/> No • If no, equipment may be used as a significant contribution. • If yes, obtain and copy information about the loan, and discuss with both the producer and County Office to determine whether significant contribution requirements were violated. |
| <p>3</p> | <p>Equipment leased and contributed by individual, entity, or joint operation.</p> <p>Determine what equipment was leased and from whom the equipment was leased. Obtain copies of relevant lease documents and equipment listings.</p> <p>Was the equipment leased from someone with an interest in the farming operation? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <ul style="list-style-type: none"> • If no, leased equipment may qualify as a significant contribution to the farming operation. |

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*--422 Worksheets (Continued)

B Worksheet 2, Equipment Contribution (Continued)

| Step | Action |
|---------------------|---|
| <p>3 (Cntd)</p> | <p>Equipment leased and contributed by individual, entity, or joint operation. (Continued)</p> <ul style="list-style-type: none"> • If yes: <ul style="list-style-type: none"> • is the leased equipment necessary for a significant contribution of equipment? __Yes __No <p>Note: If no, explain fully and go to step 4.</p> <hr/> <hr/> • explain fully the interest of the lessor in the farming operation <hr/> <hr/> <hr/> • determine and explain how payments were made for the equipment <hr/> <hr/> <hr/> <p>Note: If the equipment was leased by the hour, day, or acre, payment basis must be made in a timely manner. Review accounting records, checks, and billing invoices.</p> |

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*--422 Worksheets (Continued)

B Worksheet 2, Equipment Contribution (Continued)

| Step | Action |
|---------------------|--|
| <p>3 (Cntd)</p> | <p>Equipment leased and contributed by individual, entity, or joint operation. (Continued)</p> <ul style="list-style-type: none"> • were equipment lease payments timely paid? __Yes __No • If no, go to step 4. • If yes, was capital borrowed by the individual, entity, or joint operation from any other individual, entity, or joint operation with an interest in the farming operation? __Yes __No <p>Note: If yes, explain how the farming operation paid for the cash-leased equipment. Obtain and copy necessary documents to support the finding.</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>If no, interview the producer and determine why lease agreements were not paid in a timely manner.</p> <p>_____</p> <p>_____</p> <p>_____</p> <p>_____</p> |

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*--422 Worksheets (Continued)

B Worksheet 2, Equipment Contribution (Continued)

| Step | Action |
|------|--|
| 4 | <p>Determination of significant contribution.</p> <p>How did the initial reviewing authority determine the total rental value of the equipment?</p> <hr/> <hr/> <p>Based on the review of the equipment used in the farming operation, did the equipment qualify as a significant contribution? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <ul style="list-style-type: none"> • If yes, the individual, entity, or joint operation has met the “left-hand” contribution requirement. • If no, go to step 5. |
| 5 | <p>Summarize the facts involved in this determination, develop findings as appropriate, and go to worksheet 3.</p> <hr/> <hr/> <hr/> <hr/> |

--*

*--422 Worksheets (Continued)

C Worksheet 3, Land Contribution

Use this worksheet to determine whether the land qualified as a significant contribution.

Name: _____ TIN: _____

Was land used as a significant contribution? Yes No

- If yes, complete this worksheet.
- If no, go to worksheet 4.

| Step | Action | | |
|------|--|---|---|
| 1 | Determine how the land used as a significant contribution was acquired. Note: Check the appropriate block or blocks, and go to the corresponding step of this worksheet. | | |
| | <input type="checkbox"/> Landowner: individual, entity, or joint operation. Go to step 2. | <input type="checkbox"/> Landowner: owned and contributed by members of joint operation. Go to step 3. | <input type="checkbox"/> Crop-share lease: individual, entity, or joint operation. Go to step 4. |
| | <input type="checkbox"/> Cash-leased: individual, entity, or joint operation. Go to step 5. | <input type="checkbox"/> Land contributed by combination of methods. Go to applicable steps 2 through 5. | |

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C Worksheet 3, Land Contribution (Continued)

| Step | Action |
|-------------|--|
| 2 | <p>Determinations if land is owned by individual, entity, or joint operation.</p> <p>Obtain and review documents supporting ownership of land, such as deeds or other title documents.</p> <p>Note: If not available from the County Office, this information should be filed with the appropriate county court.</p> <ul style="list-style-type: none"> • Was ownership of the land established by the beginning of the applicable crop, program, or FY? __Yes __No <p>Note: If no, the individual, entity, or joint operation cannot qualify under the landowner provisions as “actively engaged in farming.”</p> <ul style="list-style-type: none"> • During the review of the deed and/or title documents, determine whether the land was acquired by “Contract of Deed,” “Deed of Trust,” “Land Contract,” or other similar arrangement. <p>Note: This is considered to be acquired as a result of a loan.</p> |

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*--422 Worksheets (Continued)

C Worksheet 3, Land Contribution (Continued)

| Step | Action |
|-------------|---|
| 2 (Cntd) | <p data-bbox="407 327 1474 394">Determinations if land is owned by individual, entity, or joint operation. (Continued)</p> <ul data-bbox="407 436 1474 546" style="list-style-type: none"> <li data-bbox="407 436 1474 546">• Was this land acquisition guaranteed by, or secured by an individual, entity, or other joint operation, including members, that have an interest in the farming operation? __Yes __No <p data-bbox="456 583 1474 655">Note: If yes, the land cannot qualify as a significant contribution to the farming operation. Document and copy appropriate information.</p> <p data-bbox="553 680 1474 800">_____</p> <p data-bbox="553 716 1474 751">_____</p> <p data-bbox="553 751 1474 787">_____</p> <p data-bbox="553 787 1474 823">_____</p> <ul data-bbox="407 842 1474 913" style="list-style-type: none"> <li data-bbox="407 842 1474 913">• If the landowner provision is used by a joint operation holding title to the land, review the joint operation agreement for dissolution of the operation. <p data-bbox="456 951 1474 1060">Does this agreement provide that, upon dissolution, the title to the land owned or proceeds from the sale of the land will revert to the individual members according to their respective shares? __Yes __No</p> <p data-bbox="456 1098 1474 1266">Note: If no, the landowner provisions cannot be used unless the regional attorney advises that state law provides that, upon dissolution of the joint operation, the land will be sold and the proceeds divided according to each member’s share in the joint operation and there is no documentation otherwise.</p> |

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C Worksheet 3, Land Contribution (Continued)

| Step | Action |
|------|--|
| 3 | <p>Determinations if land is owned and contributed by member or members of joint operation.</p> <ul style="list-style-type: none"> • Obtain and review the deed or other title documents for the land. <p>Note: If not available from the County Office, this information should be filed with the appropriate county court.</p> <p>Was ownership of the land established by the beginning of the applicable crop, program, or FY? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>Note: If no, the individual, entity, or joint operation cannot qualify under the landowner provisions as “actively engaged in farming.”</p> <p>_____</p> <p>_____</p> <ul style="list-style-type: none"> • During the review of the deed and/or title documents, determine whether the land was acquired by “Contract of Deed,” “Deed of Trust,” “Land Contract,” or other similar arrangement. <p>Note: This is considered to be acquired as a result of a loan.</p> <ul style="list-style-type: none"> • Was this land acquisition guaranteed by, or secured by an individual, entity, or other joint operation, including members, that have an interest in the farming operation? <input type="checkbox"/> Yes <input type="checkbox"/> No <ul style="list-style-type: none"> • If no, go to step 4. • If yes, the land cannot qualify as a contribution to the farming operation. Document and copy appropriate information. <p>_____</p> <p>_____</p> <p>_____</p> |

--*

C Worksheet 3, Land Contribution (Continued)

| Step | Action |
|------|--|
| 4 | <p>Determinations if land is crop-share leased.</p> <ul style="list-style-type: none"> • Obtain and review the lease agreements between the farming operation and the landowner. <p>Does the lease agreement require a minimum cash payment? __Yes __No</p> <p>Note: If yes, determine if it is a cash or share lease.</p> <p>_____</p> <p>_____</p> <ul style="list-style-type: none"> • Review the accounting records, crop settlement sheets, or other records and compare the percentage division of proceeds to the percentage of division on applicable contracts and applications. <ul style="list-style-type: none"> • Was the landowner’s share of the production the same as reported to FSA? __Yes __No <p>Note: If no, discuss this with the producer to determine why the landowner’s share was different than that reported.</p> <p>_____</p> <p>_____</p> <ul style="list-style-type: none"> • Was the land leased from someone with an interest in the farming operation other than as a landlord? __Yes __No <p>Note: If yes, explain.</p> <p>_____</p> <p>_____</p> <p>_____</p> |

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C Worksheet 3, Land Contribution (Continued)

| Step | Action |
|------|---|
| 5 | <p>Determinations if land is considered cash-leased by individual, entity, or joint operation.</p> <ul style="list-style-type: none"> • Review CCC-902 and cash-lease agreements. Determine who the land was leased from and if they had an interest in the farming operation. <p>Was the land leased from someone with an interest in any crop or crop proceeds in the farming operation? __Yes __No</p> <ul style="list-style-type: none"> • If the cash-leased land is owned and contributed by someone with an interest in the farming operation, determine by interviewing the member or their representative and by reviewing documents, if the land is mortgaged and if the loan to acquire the land was made by, guaranteed by, or secured by, anyone having an interest in the farming operation. <p>Note: A “Contract of Deed,” “Deed of Trust,” “Land Contract,” or other similar arrangement is considered to be acquired as the result of a loan.</p> <p>_____</p> <p>_____</p> <p>_____</p> |
| 6 | <p>Determination of significant contribution.</p> <p>How did the reviewing authority determine total rental value of the land?</p> <p>Note: Rental value will not be listed on CCC-902 unless the land is leased from someone with an interest in the operation.</p> <p>_____</p> <p>_____</p> <p>_____</p> |

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*--422 Worksheets (Continued)

C Worksheet 3, Land Contribution (Continued)

| Step | Action |
|---------------------|--|
| <p>6 (Cntd)</p> | <p>Determination of significant contribution. (Continued)</p> <ul style="list-style-type: none"> • Compare the land owned and leased by the farming operation and used to determine the producer “actively engaged in farming” with all land operated by the farming operation. Use producer’s CCC-902 and obtain other County Office records, such as the producer farm index and producer payment record, to identify all farms operated. <p>Did the producer operate more land than was initially used by COC to make the “actively engaged in farming” determination? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <ul style="list-style-type: none"> • If yes, determine and explain how the contribution was found to equal 50 percent of the individual’s or entity’s commensurate share. <hr/> <hr/> • Based upon this comparison of the land operated by the producer to the land initially used by COC in making determinations, does the land owned and/or leased by the farm operation qualify for inclusion as a significant contribution and have a value equal to at least 50 percent of the individual’s, entity’s, or joint operation’s commensurate share of the total rental value of the land? <input type="checkbox"/> Yes <input type="checkbox"/> No <p>Note: If no, the individual, entity, or joint operation cannot qualify as “actively engaged in farming” using land as its significant contribution.</p> |
| <p>7</p> | <p>Summarize the facts involved in this determination, develop findings as appropriate, and go to worksheet 4.</p> <hr/> <hr/> <hr/> |

*--422 Worksheets (Continued)

D Worksheet 4, Cash-Rent Tenant

Use this worksheet to determine whether the producer meets the cash-rent tenant rule.

| Step | Action |
|------|--|
| 1 | <p>If the producer is a cash-rent tenant, did the producer provide a contribution of active personal labor to the farming operation? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <ul style="list-style-type: none"> • If yes, complete worksheet 6 to determine if the contribution of active personal labor was significant. • If no, complete worksheet 2 and worksheet 7 to determine if the producer provided a combination of significant contributions of equipment and management. |
| 2 | <p>Upon completion of the applicable contribution worksheets, does the producer meet the cash-rent tenant rules of paragraphs 91 and 92? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <ul style="list-style-type: none"> • If yes, complete step 3 and go to worksheet 5. • If no, determine the producer ineligible for payment on the cash-rented land. Complete step 3 and go to worksheet 5. |
| 3 | <p>Summarize the facts involved in this determination, develop findings as appropriate, and go to worksheet 5.</p> <hr/> <hr/> <hr/> |

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*--422 Worksheets (Continued)

E Worksheet 5, Combination of Capital, Equipment, and Land Contributions

Use this worksheet to determine whether a combination of capital, equipment, and land qualified as a significant contribution.

Name: _____ **TIN:** _____

Was any combination of capital, equipment, and land used to qualify as a significant contribution? Yes No

- If yes, complete this worksheet.
- If no, go to worksheet 6.

| Step | Action | | |
|------|---|---|------------------------------------|
| 1 | If the contribution is a combination of the 3 “left-hand” inputs (capital, equipment, and land): <ul style="list-style-type: none"> • check the appropriate block or blocks and complete the applicable worksheets using the 30 percent contribution requirement to determine whether any rules have been violated for the appropriate contributions • go to step 2 of this worksheet after completing the appropriate worksheets. _____ _____ _____ | | |
| | ___ Capital Go to worksheet 1. | ___ Equipment Go to worksheet 2. | ___ Land Go to worksheet 3. |

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*--422 Worksheets (Continued)

**E Worksheet 5, Combination of Capital, Equipment, and Land Contributions
(Continued)**

| Step | Action |
|------|---|
| 2 | <p>Determinations.</p> <p>How did the reviewing authority determine that the combined contribution of “left-hand” inputs was equal to 30 percent of the individual’s or entity’s commensurate share of the total value of the farming operation?</p> <hr/> <hr/> <hr/> <p>Does the actual contribution of the inputs equal to 30 percent of the individual’s or entity’s commensurate share of the total value of the farming operation? __Yes __No</p> <ul style="list-style-type: none"> • If yes, the requirements for significant “left-hand” contribution have been met. • If no, the requirements to be “actively engaged in farming” have not been met unless exception applies. |
| 3 | <p>Summarize the facts involved in this determination, develop findings as appropriate, and go to worksheet 6.</p> <hr/> <hr/> <hr/> <hr/> |

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*--422 Worksheets (Continued)

F Worksheet 6, Active Personal Labor Contribution

Use this worksheet to determine whether active personal labor qualified as a significant contribution.

Name: _____ **TIN:** _____

Was active personal labor used as a significant contribution? Yes No

- If yes, complete this worksheet.
- If no, go to worksheet 7.

| Step | Action |
|------|--|
| 1 | <ul style="list-style-type: none"> • Review CCC-902 and interview the individual or individuals contributing active personal labor. • Determine by interview or documentation if the individual or individuals indicated as contributing labor know how many hours of labor it takes for the farming operation and how many hours they provided. • Is there any record of hours worked by the contributing individual or individuals? <input type="checkbox"/> Yes <input type="checkbox"/> No <p>Note: If yes, review and obtain copies to document the determination.</p> <p>_____</p> <p>_____</p> <p>_____</p> |

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*--422 Worksheets (Continued)

F Worksheet 6, Active Personal Labor Contribution (Continued)

| Step | Action |
|------|--|
| 2 | <p>Is this a joint operation? <input type="checkbox"/> Yes <input type="checkbox"/> No</p> <ul style="list-style-type: none"> • If yes: <ul style="list-style-type: none"> • determine whether labor, performed by a member of a joint operation, was excluded as a contribution <p style="margin-left: 40px;">Note: If a member of joint operation is paid for any part of the contribution, the contribution cannot be counted.</p> • review accounting records and determine whether salaries were paid by the joint operation to any members. <ul style="list-style-type: none"> • If no, go to step 3. <hr/> <hr/> <hr/> |

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*--422 Worksheets (Continued)

F Worksheet 6, Active Personal Labor Contribution (Continued)

| Step | Action |
|------|---|
| 3 | <p>Determine whether the individual could have provided the labor reported on CCC-902.</p> <ul style="list-style-type: none"> • Was the individual living away from the farm? __Yes __No • Did the individual correctly report his or her residence to the County Office? __Yes __No <p>Note: Consider interview with the individual (without manager or principal present), if information indicates that it is doubtful the individual provided active personal labor to the farming operation.</p> <p>_____</p> <p>_____</p> <p>_____</p> |
| 4 | <p>Review the payroll and accounting records.</p> <p>Was the individual paid for labor? __Yes __No</p> <ul style="list-style-type: none"> • If no, go to step 5. • If yes, how much was the individual paid and who paid the labor cost? <p>_____</p> <p>_____</p> <p>_____</p> |

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*--422 Worksheets (Continued)

F Worksheet 6, Active Personal Labor Contribution (Continued)

| Step | Action |
|------|--|
| 5 | Determine: <ul style="list-style-type: none"> • how “draws” on capital accounts were considered at the end of the year when the profit or loss was disbursed • for joint operations, if commensurate shares were maintained for the members. <hr/> <hr/> <hr/> |
| 6 | Compare the claimed labor contribution to the operation shown on CCC-902 with the findings of actual contribution, and determine whether there is a significant difference. <hr/> <hr/> |
| 7 | Summarize the facts involved in this determination, develop findings as appropriate, and go to worksheet 7. <hr/> <hr/> <hr/> <hr/> |

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*--422 Worksheets (Continued)

G Worksheet 7, Active Personal Management Contribution

Use this worksheet to determine whether active personal management qualified as a significant contribution.

Name: _____ **TIN:** _____

Was active personal management used as a significant contribution? Yes No

- If yes, complete this worksheet.
- If no, go to worksheet 8.

| Step | Action |
|------|---|
| 1 | Review the description of management shown on CCC-902. <hr/> <hr/> <hr/> |
| 2 | Is this a joint operation? <input type="checkbox"/> Yes <input type="checkbox"/> No <ul style="list-style-type: none"> • If yes: <ul style="list-style-type: none"> • determine whether management, performed by a member of a joint operation, was excluded as a contribution <p style="margin-left: 40px;">Note: If a member of joint operation is paid for any part of the contribution, the contribution cannot be counted.</p> • review accounting records and determine whether salaries were paid by the joint operation to any members. <ul style="list-style-type: none"> • If no, go to step 3. <hr/> <hr/> <hr/> |

--*

G Worksheet 7, Active Personal Management Contribution (Continued)

| Step | Action |
|------|---|
| 3 | <p>If documentation does not adequately establish management contributions, interview the individual(s) and discuss management.</p> <ul style="list-style-type: none"> • Does the individual(s) have knowledge of the farming operation commensurate with claimed contribution of management? __Yes __No <hr/><hr/> • Ask the individual(s) how the management duties performed help the profitability of the farming operation. <hr/><hr/><hr/> • Compare the written description of management on CCC-902 with the individual's comments. <p>Note: Consider interview with individual (without manager or principal present), if information indicates it is doubtful the individual provided active personal management.</p> <hr/><hr/><hr/> |
| 4 | <p>Has the individual(s) prepared written management reports during the year? __Yes __No</p> <ul style="list-style-type: none"> • If no, go to step 5. • If yes, review and obtain copies. <hr/> <hr/> <hr/> |

--*

G Worksheet 7, Active Personal Management Contribution (Continued)

| Step | Action |
|------|--|
| 5 | <p>Compare all the individual's residences with the farm location.</p> <p>Was onsite management provided? __Yes __No</p> <ul style="list-style-type: none"> • If yes, how often? _____ • If no, how are management duties performed? _____ _____ _____ |
| 6 | <p>Determine:</p> <ul style="list-style-type: none"> • how "draws" upon capital accounts were considered at the end of the year when the profit or loss was disbursed • for joint operations, if commensurate shares were maintained for the members. <p>_____ _____ _____</p> |
| 7 | <p>Compare the reported management contribution to the operation with the review results, and determine whether there is a significant difference.</p> |
| 8 | <p>Summarize the facts involved in this determination, develop findings as appropriate, and go to worksheet 8.</p> <p>_____ _____ _____ _____</p> |

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*--422 Worksheets (Continued)

H Worksheet 8, Combination of Active Personal Labor and Active Personal Management Contributions

Use this worksheet to determine whether a combination of active personal labor and active personal management qualified as a significant contribution.

Name: _____ **TIN:** _____

Was a combination of active personal labor and active personal management used to qualify as a significant contribution? Yes No

- If yes, complete this worksheet.
- If no, go to worksheet 9.

| Step | Action |
|------|---|
| 1 | Review the description of labor and management shown on CCC-902. <hr/> <hr/> <hr/> Complete worksheets 6 and 7 to determine that the combination of active personal labor and active personal management has a critical impact on the profitability of the farming operation in an amount at least equal to the significant contribution of either consideration when taken alone. <hr/> <hr/> <hr/> |

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*--422 Worksheets (Continued)

H Worksheet 8, Combination of Active Personal Labor and Active Personal Management Contributions (Continued)

| Step | Action |
|-------------|---|
| 2 | Determine how the reviewing authority determined that the contribution would have a critical impact on the profitability of the farming operation. <hr/> <hr/> <hr/> <hr/> |
| 3 | Summarize the facts involved in this determination, develop findings as appropriate, and go to worksheet 9. <hr/> <hr/> <hr/> <hr/> |

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*--422 Worksheets (Continued)

I Worksheet 9, Substantive Change

Use this worksheet to determine whether the substantive change qualified as a significant contribution.

Name: _____ **TIN:** _____

Did an increase in persons or legal entities for payment occur from the previous year?
 __Yes __No

- If yes, complete this worksheet.
- If no, go to worksheet 10.

| Step | Action | Finding |
|-------------|---|----------------|
| 1 | Was substantive change required? __Yes __No <ul style="list-style-type: none"> • If yes, go to step 2 • If no, write the reason in the “Finding” column and go to worksheet 10. <p>Example: The formation of a husband and wife joint venture does not require substantive change.</p> | |
| 2 | If substantive change was required, list what COC considered substantive change. | |

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*--422 Worksheets (Continued)

I Worksheet 9, Substantive Change (Continued)

| Step | Action | Finding | | | | | | | | | | | | | | |
|------|--|---------|--------|---|---|---|--|---|---|---|--|---|---|---|--|--|
| 3 | Include the substantive change that occurred. Note: Go to the following step containing the substantive change that occurred. | | | | | | | | | | | | | | | |
| | <table border="1"> <thead> <tr> <th data-bbox="391 470 488 506">Step</th> <th data-bbox="488 470 1081 506">Action</th> </tr> </thead> <tbody> <tr> <td data-bbox="391 506 488 617">A</td> <td data-bbox="488 506 1081 617">If addition of adult family member, determine whether the adult family member qualifies according to paragraph 138.</td> </tr> <tr> <td data-bbox="391 617 488 728">B</td> <td data-bbox="488 617 1081 728">If change in land rental from cash-lease to share-lease, determine whether the change qualifies a landowner only.</td> </tr> <tr> <td data-bbox="391 728 488 840">C</td> <td data-bbox="488 728 1081 840">If a 20 percent increase in base acres, determine whether the change qualifies according to paragraphs 54 through 58.</td> </tr> <tr> <td data-bbox="391 840 488 989">D</td> <td data-bbox="488 840 1081 989">If a change in ownership of equipment or land, determine whether the change qualifies according to paragraphs 54 through 58.</td> </tr> <tr> <td data-bbox="391 989 488 1138">E</td> <td data-bbox="488 989 1081 1138">If addition of equipment not previously involved in the farming operation, determine whether the change qualifies according to paragraphs 54 through 58.</td> </tr> <tr> <td data-bbox="391 1138 488 1249">F</td> <td data-bbox="488 1138 1081 1249">If a 20 percent increase in livestock, determine whether the change qualifies according to paragraphs 54 through 58.</td> </tr> </tbody> </table> | Step | Action | A | If addition of adult family member , determine whether the adult family member qualifies according to paragraph 138. | B | If change in land rental from cash-lease to share-lease, determine whether the change qualifies a landowner only. | C | If a 20 percent increase in base acres , determine whether the change qualifies according to paragraphs 54 through 58. | D | If a change in ownership of equipment or land , determine whether the change qualifies according to paragraphs 54 through 58. | E | If addition of equipment not previously involved in the farming operation, determine whether the change qualifies according to paragraphs 54 through 58. | F | If a 20 percent increase in livestock , determine whether the change qualifies according to paragraphs 54 through 58. | |
| Step | Action | | | | | | | | | | | | | | | |
| A | If addition of adult family member , determine whether the adult family member qualifies according to paragraph 138. | | | | | | | | | | | | | | | |
| B | If change in land rental from cash-lease to share-lease, determine whether the change qualifies a landowner only. | | | | | | | | | | | | | | | |
| C | If a 20 percent increase in base acres , determine whether the change qualifies according to paragraphs 54 through 58. | | | | | | | | | | | | | | | |
| D | If a change in ownership of equipment or land , determine whether the change qualifies according to paragraphs 54 through 58. | | | | | | | | | | | | | | | |
| E | If addition of equipment not previously involved in the farming operation, determine whether the change qualifies according to paragraphs 54 through 58. | | | | | | | | | | | | | | | |
| F | If a 20 percent increase in livestock , determine whether the change qualifies according to paragraphs 54 through 58. | | | | | | | | | | | | | | | |
| 4 | Summarize the facts involved in this determination, develop findings as appropriate, and go to worksheet 10. | | | | | | | | | | | | | | | |

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*--422 Worksheets (Continued)

J Worksheet 10, Foreign Persons and Other Determinations

Use this worksheet to determine whether foreign person determinations and other determinations were correctly made.

Name: _____ TIN: _____

| Step | Determination | Action | Finding |
|------|--------------------------|---|---------|
| 1 | Other farming interests. | Did the producer indicate any other farming interests, including interests of spouse and minor children? <ul style="list-style-type: none"> • If yes, verify that all were reported by reviewing system reports. • If no, verify by reviewing system reports, such as the entity interest report. | |
| 2 | Common attribution. | Review the initial determination to determine whether any common attribution rule applies. Is there a reason that common attribution applies? __Yes __No Note: If yes, explain. | |
| 3 | Foreign person. | Do foreign person rules apply? __Yes __No <ul style="list-style-type: none"> • If yes, specify and go to worksheet 12. • If no, go to worksheet 12. | |

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*--422 Worksheets (Continued)

L Worksheet 12, Summary of Findings

Use this worksheet to summarize findings for the initial reviewing authority.

Name: _____ TIN: _____

| Factor | Yes | No | Questioned | N/A | Handbook or Worksheet Reference |
|---|-----|----|------------|-----|---------------------------------|
| CCC-902 followed. | | | | | |
| Significant contribution of land. | | | | | |
| Significant contribution of capital. | | | | | |
| Significant contribution of equipment. | | | | | |
| Significant contribution of “left-hand” combination. | | | | | |
| Significant contribution of active personal labor. | | | | | |
| Significant contribution of active personal management. | | | | | |
| Significant contribution of “right-hand” combination. | | | | | |
| Share of profits and losses commensurate with contributions. | | | | | |
| Contributions at risk. | | | | | |
| Cash-rent tenant rule met. | | | | | |
| Foreign person rule met. | | | | | |
| Substantive change requirements met. | | | | | |
| Spousal provision requirements met. | | | | | |
| Common attribution determination correct. | | | | | |
| Initial “actively engaged in farming” determination correct. | | | | | |
| Minor child determination correct. | | | | | |
| For a legal entity, such as a corporation, LLC, or LLP, were contributions of active personal labor and/or active personal management: <ul style="list-style-type: none"> • performed on a regular basis • identifiable and documentable • separate and distinct from contributions of other partners, stockholders, or members? | | | | | |

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***--Section 4 CCC-902EYR's**

441 County Office Action for Submitting CCC-902EYR

A Overview

This section provides instructions for preparing CCC-902EYR.

This paragraph instructs County Offices to submit CCC-902EYR's to the State Office.

B Submission Date

STC shall establish a date or dates for County Offices to submit CCC-902EYR's to the State Office for review (paragraph 261).

C Submission Format

County Offices shall use CCC-902EYR to report end-of-year reviews to the State Office.

Note: On CCC-902EYR, item 10, "Dollar Amount", record the total actual and projected amount of payments or benefits for which the producer is known to be ineligible as a result of the end-of-year review.

D Attachments and Enclosures

Attach or include the following with CCC-902EYR:

- all EYR worksheets completed
- recommendations to COC
- determinations made by COC
- written notifications issued to the producers.

Note: Do **not** send copies of tax returns.--*

*--441 County Office Action for Submitting CCC-902EYR (Continued)

E Example of CCC-902EYR

Following is an example of CCC-902EYR.

| This form is available electronically. CCC-902EYR U.S. DEPARTMENT OF AGRICULTURE (03-15-10) Commodity Credit Corporation | | 1. Reporting Office (Counties include State) Main County, ST | |
|---|---------------------------------|---|---|
| End-of-Year Report of Payment Limitation Review (RPT-00-PL-10-001-R) | | 2. Reporting Date (MM-DD-YYYY) 02-25-2011 | 3. Year Reported 2009 |
| | | 4. Report Status Progress Report <input type="checkbox"/> Revised Report <input type="checkbox"/> Negative Report <input type="checkbox"/> Final Report <input checked="" type="checkbox"/> | |
| Type of Selection | Number of Reviews | | C. Number of Discrepancies Found <i>(If any, complete Items 8, 9 & 10)</i> |
| | A. Selected | B. Completed | |
| 5. Judgmental (Required by DAFP) | 15 | 15 | 0 |
| 6. Required spot check | 0 | 0 | 0 |
| 7. Additional cases selected by reviewing authority | 5 | 5 | 3 |
| Explanation of Discrepancies - Attach additional sheets if needed. Insert office name on attachments. | | | |
| 8. ID Number <i>(Last 4 Digits)</i> | 9. Discrepancy Found | 10. Action Taken | 11. Dollar Amount |
| 0000 | Not actively engaged in farming | Provided written notice and established receivables | \$ 20,000 |
| 0001 | Not actively engaged in farming | Provided written notice and established receivables | \$ 5,000 |
| 0002 | Not actively engaged in farming | Provided written notice and established receivables | \$ 5,000 |
| | | | \$ |
| | | | \$ |
| | | | \$ |
| | | | \$ |
| 12. Remarks 5 DAFP selections waived - 2 H/W only operations; 3 operations owned all land. EYR Worksheets, recommendations and supporting documentation for all reviews completed are attached as required. | | | |
| 13A. Signature of CED for County Report, SED for State Report /s/John Smith | | 13B. Date (MM-DD-YYYY) 02-25-2011 | |

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***--442 State Office Action for Submitting CCC-902EYR**

A Overview

To assess the overall effectiveness of the end-of-year reviews, one CCC-902EYR summarizing results of County Office reviews conducted is **required**.

B Preparing Summary CCC-902EYR

State Offices shall do the following.

| Step | Action |
|-------------|--|
| 1 | Review County Office CCC-902EYR's. |
| 2 | Use CCC-902EYR to summarize totals of County Office CCC-902EYR, items 4, 5, and 6. |
| 3 | Attach a copy of the County Office CCC-902EYR's to the State Office CCC-902EYR. |
| 4 | <p>Send the State Office CCC-902EYR to PECD.</p> <p>Notes: Include all EYR worksheets, recommendations, and supporting documentation according to subparagraph 441 D for all completed reviews.</p> <p>Negative reports are required.</p> <p>If more than ten reviews, send CCC-902EYR attachments and enclosures by compact disk.</p> |

C Example of CCC-902EYR

See subparagraph 441 E for an example of CCC-902EYR.--*

Reports, Forms, Abbreviations, and Redelegations of Authority

Reports

None.

Forms

This table lists all forms referenced in this handbook.

| Number | Title | Display Reference | Reference |
|-----------------------|--|------------------------------|------------------------------------|
| AD-1026A | Supplemental to AD-1026 | | 34 |
| CCC-502 | Farm Operation Plan for Payment Eligibility Review for _____ | | Ex. 10 |
| CCC-509 | 2009-2012 Direct and Counter-Cyclical Program Contract | | 3, 119, 157 |
| CCC-526 | Payment Eligibility Average Adjusted Gross Income Certification | | Ex. 10 |
| CCC-580 | Milk Income Loss Contract (MILC) | | 186 |
| CCC-901 | Member's Information - 2009 and Subsequent Years | 99 | Text |
| CCC-902 Continuation | Continuation Sheet for Leased or Owned Land (Attach to Form CCC-902I or CCC-902E) | 140 | Text, Ex. 10 |
| CCC-902E | Farm Operating Plan for an Entity - 2009 and Subsequent Program Years | 120, 122, 140, 149, 158, 170 | Text, Ex. 10 |
| CCC-902E Continuation | Continuation Sheet for Farm Operating Plan for an Entity - 2009 and Subsequent Program Years | 141 | 34 |
| CCC-902EYR | End-of-Year Report of payment Limitation Review | 441 | |
| CCC-902I | Farm Operating Plan for an Individual - 2009 and Subsequent Program Years | 130 | Text, Ex. 10 |
| CCC-902I Short Form | Farm Operating Plan for an Individual - 2009 and Subsequent Program Years | 131 | 34, 74 |
| CCC-903 | Worksheet for Payment Eligibility and Payment Limitation Determinations | 207 | 33, 109 |
| CCC-926 | Average Adjusted Gross Income (AGI) Statement | 198 | 31, 32, 119, 189, 200, 201, Ex. 10 |
| CCC-927 | 2009 and/or 2010 Consent to Disclosure of Tax Information - Individual | 202 | 200, 201 |
| CCC-928 | 2009 and/or 2010 Consent to Disclosure of Tax Information - Legal Entity | 202 | 200, 201 |
| CRP-1 | Conservation Reserve Program Contract | | 13, 187, 190, Ex. 10 |

Reports, Forms, Abbreviations, and Delegations of Authority

Forms (Continued)

| Number | Title | Display Reference | Reference |
|------------------|--|-------------------|--------------------|
| FSA-211 | Power of Attorney | | 189 |
| I-151 <u>1</u> / | Alien Registration Receipt Card | | 107 |
| I-551 | Permanent Resident Card/Resident Alien Card | 107 | 108, 120, Ex. 2 |
| IRS-990 | Return of Organizations Exempt From Income Tax | | 97 |
| IRS-1120S | U.S. Income Tax Return for an S Corporation | | 191 |

1/ Form is obsolete.

Abbreviations Not Listed in 1-CM

The following abbreviations are **not** listed in 1-CM.

| Approved Abbreviation | Term | Reference |
|-----------------------|--|----------------------------------|
| AMA | Agriculture Management Assistance | 11, 187 |
| AWEP | Agricultural Water Enhancement Program | 11, 187 |
| CBWP | Chesapeake Bay Watershed Program | 11, 187 |
| CCPI | Cooperative Conservation Partnership Initiative | 11, 187 |
| CSTP | Conservation Stewardship Program | 11, 14, 187 |
| EIN | employer identification number | 156, 168, 200 |
| ELAP | Emergency Assistance Program for Livestock, Honey Bees, and Farm-raised Fish | 11, 14, 186, 187 |
| FRPP | Farm and Ranchland Protection Program | 11, 187 |
| IRA | individual retirement account | 167 |
| LLP | limited liability partnership | 34, 52, 146-149, 191 |
| LP | limited partnership | 34, 52, 120, 146-149, 191, Ex. 2 |
| MLG | marketing loan gain | 3, 11, 12, 14, 186 |
| SURE | Supplemental Revenue Assistance Payments Program | 1, 11, 14, 186, 187 |
| TAAF | Trade Adjustment Assistance for Farmers | 14, 187 |
| WHIP | Wildlife Habitat Incentives Program | 11, 14, 187 |

Delegations of Authority

This table lists delegations of authority in this handbook.

| Delegation | Reference |
|--------------------------------|-----------|
| Making Determination Decisions | 216 |
| Monitoring Determinations | 216 |

Payment Eligibility and Payment Limitations for Disaster Assistance Programs

This is an example of the payment eligibility and payment limitations for Disaster Assistance Programs.

| Program | Years | Payment Eligibility | | Annual Payment Limitation | | Payment Limitation Control | |
|---------------|----------------|---------------------|-------------------------|---------------------------|--|--|--|
| | | Gross Revenue | AGI | Regulation | Amount | Regulation | Method |
| SURE and ELAP | 2008 | | \$2.5 million | 7 CFR Part 1480 | \$100,000 total for SURE, ELAP, LFP, and LIP | 7 CFR Part 1400 | “Person” as defined. |
| | 2009 - 2011 | | \$500,000 Nonfarm AGI | 7 CFR Part 1439 | | 7 CFR Part 1400 as revised for 2009 forward. | Direct attribution to person or legal entity. |
| LFP | 2008 | | \$2.5 million | 7 CFR Part 1439 | | 7 CFR Part 1400 | “Person” as defined. |
| | 2009 - 2011 | | \$500,000 Nonfarm AGI | | | 7 CFR Part 1400 as revised for 2009 forward. | Direct attribution to person or legal entity. |
| LIP | 2008 | | \$2.5 million | | | 7 CFR Part 1400 | “Person” as defined. |
| | 2009 - 2011 | | \$500,000 Nonfarm AGI | | | 7 CFR Part 1400 as revised for 2009 forward. | Direct attribution to person or legal entity. |
| TAP | 2008 | | \$2.5 million | 7 CFR Part 783 | \$100,000 | 7 CFR Part 1400 | “Person” as defined. |
| | 2009 - 2011 | | \$500,000 Nonfarm AGI | | \$100,000 | 7 CFR Part 1400 as revised for 2009 forward. | Direct attribution to person or legal entity. |
| NAP | 2008 | \$2 million | | 7 CFR Part 1437 | \$100,000 | 7 CFR Part 1400 | “Person” as defined. |
| | 2009 - forward | | \$500,000 Nonfarm AGI | | \$100,000 | 7 CFR Part 1400 as revised for 2009 forward. | Direct attribution to person or legal entity. |
| CDP | 2005 - 2007 | | \$2.5 million | 7 CFR Part 760 | \$80,000 total for all 3 years | 7 CFR Part 1400 | “Person” as defined. |
| LCP | 2005 - 2007 | | | | \$80,000 total for all 3 years | | |
| LIP | 2005 - 2007 | | | | \$80,000 total for all 3 years | | |
| *--ECP | 2008 | | \$2.5 million <u>1/</u> | 7 CFR Part 701 | \$200,000 per disaster | 7 CFR Part 1400 | “Person” as defined. |
| | 2009 – forward | | \$1 million nonfarm | | | 7 CFR Part 1400 as revised for 2009 forward. | Direct attribution to person or legal entity.--* |

1/ If applicable, see subparagraph 11 A.

Impact of Food, Conservation, and Energy Act of 2008 on CRP-1 Payment Eligibility and Payment Limitation

| Type of Action | Date Action Was Approved | | Applicable Payment Eligibility/Limitation Rules | Forms | Example |
|--|--------------------------|------------------|--|-----------------------|---|
| | 10/1/02 Through 9/30/08 | 10/1/08 or Later | | | |
| New CRP-1 | ✓ | | Based on original CRP-1 Approval Date: Person, AEIF, Permitted Entity, \$2.5 Million AGI. | CCC-502 CCC-526 | COC approves original CRP-1 after October 1, 2002. |
| Succession-in-Interest (When CRP-1 was not subject to AGI before succession.) | ✓ | ✓ | Based on original CRP-1 Effective Date: Person, AEIF, Permitted Entity (AGI Not Applicable). | CCC-502 | New producer succeeds to a 1999 CRP-1 approved July 1, 2004. According to 1-PL, AGI rules do not apply for CRP-1 with an effective date before October 1, 2002; therefore, AGI rules will not apply to the successor. |
| Succession-in-Interest (When CRP-1 was subject to AGI before succession.) | ✓ | ✓ | Based on the CRP-1 succession Approval Date: Person, AEIF, Permitted Entity, \$2.5 Million AGI. | CCC-502 CCC-526 | New producer succeeds to a 2004 CRP-1, effective August 1, 2009. (1-PL rules apply for life of CRP-1 based on the original October 1, 2003, effective date.) |
| | | | | | |
| | Before 12/29/06 | | | | |
| REX Extension (When CRP-1 was not previously subject to AGI.) | ✓ | | Based on CRP-1 Extended Period Start Date: Person, AEIF, Permitted Entity, \$2.5 Million AGI. | CCC-502 CCC-526 | COC approves a 3-year extension to a 1997 CRP-1 on November 16, 2006. Effective date of the extension is October 1, 2007. (CRP-1F Addendum activates AGI from the CRP-1 extended period.) |
| REX Re-Enrollment (Created new CRP-1 subject to AGI.) | ✓ | | Based on the re-enrollment CRP-1 Approval Date: Person, AEIF, Permitted Entity, \$2.5 Million AGI | CCC-502 CCC-526 | COC approves a re-enrollment (new CRP-1) for a 2000 CRP-1 on December 5, 2006. Effective date for the re-enrollment is October 1, 2010. (1-PL rules will apply based on the approval date before October 1, 2008.) |
| New CRP-1 | | ✓ | Based on CRP-1 Approval Date: Direct Attribution, \$1 Million AGI. | *--CCC-901 CCC-926 | COC approves original CRP-1 after October 1, 2008. |
| Succession-in-Interest (When CRP-1 was subject to 2008 Act AGI before succession.) | | ✓ | Based on CRP-1 Approval Date: Direct Attribution, \$1 Million AGI. | CCC-901--* CCC-926 | New producer succeeds to a 2009 CRP-1, effective August 1, 2011. |

Impact of Food, Conservation, and Energy Act of 2008 on CRP-1 Payment Eligibility and Payment Limitation (Continued)

| Type of Action | Applicable Payment Eligibility/Limitation Rules | Forms | Example | |
|---|--|-----------------------------------|--|---|
| Action Approved 10/1/02 thru 9/30/08 | | | | |
| New CRP-1 | Based on CRP-1 Effective Date: Person, AEIF, Permitted Entity, \$2.5 Million AGI | CCC-502 CCC-526 | New CRP-1 is approved September 10, 2008. New producer succeeds to a 1999 CRP-1, effective July 1, 2008. | |
| Succession-in-Interest (When CRP-1 was not subject to AGI before succession.) | Based on the parent CRP-1 Effective Date: Person, AEIF, Permitted Entity (Not \$2.5 Million AGI). | | | |
| Succession-in-Interest (When CRP-1 was subject to AGI before succession.) | Based on the parent CRP-1 Effective Date: Person, AEIF, Permitted Entity, \$2.5 Million AGI | | | New producer succeeds to a 2004 CRP-1, effective August 1, 2008. |
| REX Extension (When CRP-1 was not previously subject to AGI.) | Based on the Extended Period Start Date: Person, AEIF, Permitted Entity, \$2.5 Million AGI | | | COC approves a 3-year extension to a 2000 CRP-1 on November 16, 2006. Effective date of the extension is October 1, 2010. |
| Re-Enrollment (New CRP-1 subject to AGI.) | Based on the re-enrollment CRP-1 Approval Date: Person, AEIF, Permitted Entity, \$2.5 Million AGI. | | | COC approves a re-enrollment (new CRP-1) on December 5, 2006. Effective date for the re-enrollment is October 1, 2009. |
| Action Approved 10/1/08 or Later | | | | |
| New CRP-1 | Based on CRP-1 Effective Date: Direct Attribution, \$1 Million AGI | *--CCC-901 CCC-926 | New CRP-1 is approved on December 12, 2009. | |
| Succession-in-Interest (When CRP-1 was not subject to AGI before succession.) | Based on the original CRP-1 Effective Date: Person, AEIF, Permitted Entity (Not \$2.5 Million AGI). | CCC-502 CCC-526 or CCC-526C | New producer succeeds to a 2001 CRP-1, approved December 10, 2008. | |
| Succession-in-Interest (When CRP-1 was subject to AGI before succession.) REX Extension during the extended period. | Based on CRP-1 Effective Date: Person, AEIF, Permitted Entity, \$2.5 Million AGI | CCC-502 CCC-526 or CCC-526C | New producer succeeds to a 2006 CRP-1, approved June 10, 2009. | |
| Succession-in-Interest (When CRP-1 was subject to 2008 Act AGI before succession.) | Based on CRP-1 Approval Date: Direct Attribution, \$1 Million AGI. | CCC-901--* CCC-926 | New producer succeeds to a 2009 CRP-1 effective August 31, 2010. | |