

Payment Eligibility, Payment Limitation, and Average Adjusted Gross Income

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For State and County Offices

SHORT REFERENCE

4-PL

UNITED STATES DEPARTMENT OF AGRICULTURE Farm Service Agency Washington, DC 20250

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency Washington, DC 20250

Payment Eligibility, Payment Limitation, and
Average Adjusted Gross Income
4-PL
Amendment 15

U. Cenja Taimm

Approved by: Acting Deputy Administrator, Farm Programs

Amendment Transmittal

A Reasons for Amendment

Subparagraph 3 Q has been added to reference the American Taxpayer Relief Act of 2012 as the legislation that extended the payment eligibility and payment limitation provisions of the Food, Conservation, and Energy Act of 2008, to the 2013 crop, program, and FY's.

Subparagraph 11 A has been amended to include that payment eligibility, payment limitation, and average AGI provisions in this handbook are applicable to 2013 NAP.

Subparagraph 14 A has been amended to include that payment limitation provisions in this handbook are applicable to the mentioned commodity, conservation, disaster assistance, and price support programs for 2013.

Subparagraph 117 A has been amended to include that effective for 2010 through 2013 crop, program, and FY's, June 1 of the current year is the date used for the determination of minor child.

Subparagraphs 186 A and B have been amended to include the average AGI provisions in this handbook apply to the 2013 crop, program, and FY's.

Paragraph 189 has been amended and reorganized, as applicable, to provide:

- using CCC-933, "Average Adjusted Gross Income (AGI) Certification and Consent To Disclosure of Tax Information", for the 2013 crop, program, and FY's
- examples of acceptable AGI compliance certification and verification statements from CPA or attorney for persons, legal entities, and for the allocation of incomes for joint tax filers
- the required elements that must be present for a statements from a CPA or attorney to be considered acceptable for AGI compliance certification and verification purposes.

Subparagraph 190 C has been amended to clarify the effective date of contract succession and the correct 3-year period for average AGI certification purposes.

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Amendment Transmittal (Continued)

A Reasons for Amendment (Continued)

Subparagraph 190 E has been amended to include the correct year.

Subparagraph 190 I has been added to provide examples of the applicable AGI years for succession to DCP and CRP contracts.

Paragraph 191 has been amended to illustrate that the applicable years for determining the 2013 average AGI are 2009, 2010, and 2011.

Paragraphs 199 through 203.8 are amended to include:

- that all AGI provisions are applicable to the 2013 crop, program, and FY's
- using CCC-933 for 2013 AGI compliance certification and consent to disclosure.

Subparagraph 200 H has been amended to include reference to Exhibit 13.5 to explain IRS rejection messages and recommend FSA actions.

Subparagraphs 200.5 H through L have been added to provided instructions for the completing and using CCC-931C for successors-in-interest to approved conservation program contracts and agreements **only**, and CCC-933.

Subparagraph 203.7 C has been amended to include that completing an Average AGI Calculation Worksheet is required **only** if necessary to determine compliance and that using Exhibit 21 is optional.

Subparagraph 203.8 D has been removed because the information is now covered in subparagraph 189 D.

Paragraph 204 has been amended to provide updates to the example letters and notifications to include the following:

- 2009 through 2012 program years
- \$1 million AGI limitation applicable to 2012 direct payments.

Paragraph 207 has been amended to include reference to the 2013 program year wherever applicable.

Paragraph 236 has been amended to include reference to the 2013 program year wherever applicable.

Exhibit 10 has been amended to clarify forms requirements for succession to a CRP contract.

Exhibit 13.5 has been added to provide explanation of the IRS Rejection Message, "Not found on master file", and recommended FSA actions.

Amendment Transmittal (Continued)

A Reasons for Amendment (Continued)

Exhibit 21 has been amended to clarify information requirements on the optional AGI Compliance Review Checklists.

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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.

A Introduction

Since their establishment in 1970, the payment limitation provisions have been expanded to:

- apply to more programs
- include provisions for payment eligibility based on whether a person or legal entity is actively engaged in farming, a cash-rent tenant, or a foreign person
- include a limitation on average AGI as a condition of eligibility.

Information on the legislative history of the payment eligibility and payment limitation provisions is provided in subparagraphs B through N.

B Agricultural Act of 1970

The Agricultural Act of 1970:

- established the first payment limitation provisions
- provided that the amount of payments that a person could be entitled to receive under each of the annual programs for the 1971, 1972, or 1973 crop could **not** exceed \$55,000
- required the Secretary to reduce the amount of set-aside acreage required on farms when the total amount of payments that would have been earned would be reduced by the payment limitation
- required the Secretary to issue regulations defining the term "person"
- provided that payment limitation would **not** apply to lands owned by States, political subdivision, or agencies thereof so long as such lands were farmed primarily in the direct furtherance of a public function.

C 7 CFR Part 795

7 CFR Part 795 provided:

- the definition of person
- the provisions for determining whether multiple persons or other entities constitute 1 or separate persons
- the provisions for changes in farming operations
- the provisions for determining whether an agreement is a share lease or a cash lease
- the custom farming rules
- provisions for scheme or device
- computation of reduction in set-aside acreage because of the limitation.

D Agriculture and Consumer Protection Act of 1973

The Agricultural and Consumer Protection Act of 1973 extended and amended the Agricultural Act of 1970, as it relates to payment limitation, to provide that the:

- amount of payments that a person was entitled to receive under each of the annual programs for the 1974 through 1977 crops could **not** exceed \$20,000
- rules for determining whether corporations and their stockholders could be considered separate were to be based on ownership of more than 50 percent of the stock of the corporation.

E Food and Agriculture Act of 1977

The Food and Agricultural Act of 1977 extended and amended the payment limitation provisions to require that the amount of payments that a person could be entitled to receive under the:

- 1978 wheat, feed grains, and upland cotton programs could **not** exceed \$40,000
- 1978 rice programs could **not** exceed \$52,250
- 1979 wheat, feed grains, and upland cotton programs could **not** exceed \$45,000
- 1979 rice program could **not** exceed \$50,000
- 1980 and 1981 wheat, feed grains, upland cotton, and rice programs could **not** exceed \$50,000.

F Agriculture and Food Act of 1981

The Agricultural and Food Act of 1981 extended and amended the payment limitation provisions to require that the:

- amount of payments that a person was entitled to receive under the 1982 through 1985 wheat, feed grains, upland cotton, and rice programs could **not** exceed \$50,000
- total amount of disaster payments that a person was entitled to receive for wheat, feed grains, upland cotton, and rice could **not** exceed \$100,000 for each of the 1982 through 1985 crops.

G Food Security Act of 1985

The Food Security Act of 1985:

- extended and amended the payment limitation provisions
- required that the term payments **not** include the following:
 - MAL's
 - LDP's
 - NL ("Findley") payments.

H Omnibus Budget Reconciliation Act of 1987

The Omnibus Budget Reconciliation Act of 1987 amended the Food Security Act of 1985 to:

- define person
- provide that a State, political subdivision, and agencies thereof were to be considered
 1 person
- provide that a husband and wife could be separate persons if the husband and wife could show that each spouse brought separate farming operations into the marriage and had maintained separate farming operations throughout the marriage
- include cash-rent tenant provisions that combined the cash-rent tenant with the landowner in certain situations
- require that producers be "actively engaged in farming" to be eligible for specific payments
- limit payment to foreign persons
- limit the creation of entities to qualify as separate persons for payments.

I Disaster Assistance Act of 1988

The Disaster Assistance Act of 1988 established payment limitation provisions for LFP.

*--J Pub. L. 101-217

Pub. L. 101-217, dated December 11, 1989, amended the cash-rent tenant provisions of--* the Food Security Act of 1985 for:

- 1989, to provide relief in cases where the cash-rent tenant provisions had been violated and the landowner did **not** consent to or knowingly participate in the cash-rent tenants failure to meet the cash-rent tenant provisions
- 1990, to **no** longer require that the landowner and cash-rent tenant be combined.

Note: Instead, the cash-rent tenant is determined ineligible for payment if the cash-rent tenant provisions are **not** met.

K The Food, Agriculture, Conservation, and Trade Act of 1990

The Food, Agricultural, Conservation, and Trade Act of 1990 extended and amended the provisions of the Omnibus Budget Reconciliation Act of 1987 to provide:

- a total \$75,000 limitation on "Findley" payments, MLG's, and LDP's, excluding honey
- a \$200,000 limitation on honey MLG's and LDP's
- a \$200,000 limitation on honey loan forfeiture
- separate limitations for wool and mohair payments of:
 - \$200,000 for the 1991 marketing year
 - \$175,000 for the 1992 marketing year
 - \$150,000 for the 1993 marketing year
 - \$125,000 for the 1994 and subsequent marketing years
- the Secretary discretionary authority to implement a rule allowing husbands and wives to be considered separate persons if certain requirements were met
- greater scrutiny of irrevocable trusts
- that initial determinations be made by State Offices for farm operations consisting of 6 or more persons.

L The Federal Agriculture Improvement and Reform Act of 1996

The Federal Agriculture Improvement and Reform Act of 1996 amended the provisions of the Food Security Act of 1985 to:

- provide a \$40,000 limitation per FY on the total of SL payments made to a person under 1 or more PFC's
- provide a \$50,000 limitation on the total of NL payments made to a person under 1 or more PFC's (this limitation applied to the 7-year life of PFC)
- provide a \$75,000 limitation on the amount of LDP's and MLG's a person may receive
- apply the payment eligibility and payment limitation requirements and restrictions of the 1985 Act to payments made under LDP's, MLG's, and PFC's.

M The Farm Security and Rural Investment Act of 2002

The Farm Security and Rural Investment Act of 2002 amended the provisions of the Food Security Act of 1985 to provide a:

- \$40,000 limitation per crop year on the total direct payments made to a person under 1 or more CCC-509's on covered commodities other than peanuts
- separate \$40,000 limitation per crop year on the total direct payments for peanuts made to a person under 1 or more CCC-509's
- \$65,000 limitation per crop year on the total counter-cyclical payments made to a person under 1 or more CCC-509's on covered commodities
- separate \$65,000 limitation per crop year on the total counter-cyclical payments for peanuts made to a person under 1 or more CCC-509's

M The Farm Security and Rural Investment Act of 2002 (Continued)

- \$75,000 limitation per crop year on the amount of LDP's and MLG's for loan commodities other than peanuts, wool, mohair, and honey
- separate \$75,000 limitation per crop year on the amount of LDP's and MLG's for peanuts, wool, mohair, and honey
- \$2.5 million average AGI limitation as an eligibility requirement for a person and entity to receive any benefits listed above and benefits from all conservation programs administered by USDA.

N The Food, Conservation, and Energy Act of 2008

The Food, Conservation, and Energy Act of 2008 amended the provisions of the Food Security Act of 1985 and resulted in the following:

- person now means a natural person (individual) and does **not** include a legal entity
- <u>legal entity</u> now means an entity created under Federal or State law that owns land or an agricultural commodity, product, or livestock
- if ownership interest in land or commodity is transferred because of the death of a program participant and the new owner succeeds to the contract of the prior owner, the new owner, if otherwise eligible, may receive payments the previous owner would have been entitled to receive under the contract, even if receiving the payments results in total payments in excess of the applicable limitation
- payments are limited by direct attribution (Exhibit 4) to persons and legal entities
- the permitted entity rule was **repealed**; payments can be received through any number of legal entities with **no** designation required

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

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.

P The Consolidated and Further Continuing Appropriations Act of 2012

The Consolidated and Further Continuing Appropriations Act of 2012 amended the provisions of the Food Security Act of 1985 and the Food, Conservation, and Energy Act of 2008, and provided a \$1,000,000 average AGI limitation that:

- represents the total amount of the average AGI (including all income, both farm and nonfarm) of the person or legal entity
- is based on the same 3-year period as the other average AGI limitations
- applies only to 2012 direct payments under DCP and ACRE
- is in addition to the \$500,000 average nonfarm AGI, the \$750,000 average farm AGI, and the \$1,000,000 average nonfarm AGI limitations.

*--Q The American Taxpayer Relief Act of 2012

The American Taxpayer Relief Act of 2012 amended the Food, Conservation, and Energy Act of 2008 (Pub. L. 110-246) and extended all payment eligibility and payment limitation provisions, including AGI limitations, for the 2013 crop, program, and FY's.--*

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.

	Applicable Rules							
	Actively Engaged	Cash-Rent	Direct	Foreign				
Program or Payment	in Farming	Tenant	Attribution	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 Progr	ams							
ELAP			X		X			
LFP			X		X			
LIP			X		X			
NAP * * *			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 <u>foreign person</u> 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 the provisions of this handbook.

	Limitation (in Dollars)		
Program Payment Type	*2009 Through 2013*		
Commodity Programs			
Counter-cyclical and ACRE payments on covered	65,000 <u>1</u> /		
commodities except peanuts.			
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 and incentive payment.	50,000		
*CSTP (all contracts for FY 2009-2013).	200,000		
ECP (per disaster)	200,000		
EQIP (all contracts for FY 2009-2013)*	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**)

Section 2 General Administration

21 Annual Notice to Producers

A When to Provide Information

Annually advise all producers of the payment eligibility and payment limitation requirements in this paragraph. Use a newsletter and all other practical means available.

Note: It may be appropriate to provide the information in subparagraph B more than once during a calendar year, if there is more than 1 program operating in the county for which the rules in subparagraph B apply (Exhibit 4).

B Information to Provide

Notify producers, at **least** annually, of the following:

- payments and benefits under certain programs are subject to some or all of the following:
 - payment limitation by direct attribution
 - payment limitation amounts for the applicable programs
 - actively engaged in farming requirements
 - cash-rent tenant rule
 - foreign person rule
 - average AGI limitations
- no program benefits subject to limitation will be provided until:
 - all required forms for the specific situation are provided
 - necessary payment eligibility and payment limitation determinations are made

21 Annual Notice to Producers (Continued)

B Information to Provide (Continued)

- payment eligibility and payment limitation determinations may be initiated by COC or requested by the producer
- after 2009, a farm operating plan is **not** required to be filed annually, if the farming operation continues to be conducted as reflected on the farm operating plan and supporting documents are on file in the County Office
- if any changes occur that could affect an actively engaged in farming, cash-rent tenant, foreign person, or average AGI determination, producers **must** timely **not**ify the County Office by filing revised farm operating plans and/or supporting documentation, as applicable

Note: Failure to timely notify the County Office may adversely affect payment eligibility.

- there are statutory provisions that require entities, earning program benefits that are subject to limitation, to provide the names, addresses, and TIN's of the entities' members to COC
- all applicable payment eligibility and payment limitation forms submitted by producers are subject to spot check through the end-of-year review process

Note: Explain what information the producer **must** provide to COC.

- a determination of **not** actively engaged in farming results in the producer being ineligible for any payment or benefit requiring a determination of actively engaged in farming
- noncompliance with AGI provisions, either by exceeding the applicable limitations or by
 failure to submit a certification statement, will result in the determination of ineligibility
 for all program benefits subject to AGI provisions; program benefits shall be reduced in
 an amount that is commensurate with the direct and indirect interest held by an ineligible
 person or legal entity in any legal entity, general partnership, or joint operation that
 receives benefits subject to the average AGI limitations.

22 Public Information and Casual Advice

A Providing Information to the Public

Provide applicable pages from this handbook to any producer who requests information on any program provisions about payment eligibility, payment limitation, and average AGI compliance determinations.

B Casual Advice Rule

Casual advice shall **not** be given on:

- possible determinations
- how to set up a farming operation to obtain additional payments.

23-30 (Reserved)

Section 3 Producer Filing Requirements

31 Filing Requirements

A If 1 or More Producers Fail to File

[7 CFR 1400.2 (e)] If 1 or more producers on a contract or application for benefits fail to *--file the applicable CCC-902, CCC-926 or CCC-931, and related forms, the producers not--* filing the applicable forms will be ineligible to receive program benefits subject to eligibility and limitation applicable to that contract or application.

This failure to file will **not** affect the eligibility of other producers who meet all filing requirements.

Note: Shares **cannot** be adjusted to circumvent the ineligibility of the producer who failed to file the applicable forms and related documentation.

*--B Deadline for Filing CCC-901, CCC-902, CCC-926 or CCC-931, and Related Forms

CCC-901, CCC-902, CCC-926 or CCC-931, and related forms may be filed at any time.--*

Encourage producers to file these forms:

- according to the deadlines established for each applicable program for which payments are requested
- as timely as practicable.

31 Filing Requirements (Continued)

B Forms and Updates

For 2009, **all** participants in programs subject to the provisions of this handbook are required *--to submit a completed CCC-902, CCC-926 or CCC-931, and CCC-901, if applicable, for--* payment eligibility and payment limitation purposes.

A valid CCC-902 and, if applicable, CCC-901 filed by the producer are considered to be continuous certifications used for all payment eligibility and payment limitation determinations applicable for the program benefits requested.

Producers are **not** required to annually submit new CCC-902's or CCC-901's for payment eligibility and payment limitation purposes unless a change in the farming operation occurs that may affect the determination of record.

Producers have the responsibility to:

- •*--ensure that all CCC-902's, CCC-926's or CCC-931's, and related forms on file in the--*
 County Office are correct at all times
- timely notify the County Office of any changes in the farming operation that may affect the determinations of record by filing a new or updated CCC-902 or CCC-901, as applicable.

Changes that may affect the determinations include, but are **not** limited to, a change of:

- shares of a contract, which **may** reflect:
 - a land lease from cash-rent to share-rent
 - a land lease from share-rent to cash-rent

Note: The producer would be subject to the cash-rent tenant rule.

- a modification of a variable/fixed bushel-rent arrangement
- the size of the producer's farming operation by the addition or reduction of cropland that may affect the application of a cropland factor
- the structure of the farming operation, including any change in the member's shares

31 Filing Requirements (Continued)

--B Forms and 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 *--or CCC-931.--*

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.

32 Documentation (Continued)

E Documentation That May Be Used

- *--Supporting documents may include legal documentation such as:
 - articles of incorporation

* * *

- financial agreements, including letters of credit
- land and equipment leases
- land ownership records
- operating agreements
- partnerships agreements
- trusts agreements--*

Note: A copy of the trust agreement **must** be provided by the trust unless the trust is revocable.

• any other information, including income tax returns, needed to apply the payment eligibility and payment limitation rules.

32 Documentation (Continued)

F Scrutiny of Trusts

All trusts that receive payments shall be carefully scrutinized to ensure that the trusts are legitimate legal entities and have **not** been created solely for evading payment limitation provisions.

County Offices shall:

- require trusts to provide a copy of the trust agreement unless the trust is a revocable trust

- determine whether provisions are included in the trust agreement that would require the trust to be considered a revocable trust according to paragraph 166.

G Determination Deadline

Additional information may be requested at COC's option. However, this will **not** extend the 60-calendar day period for making a determination. If the file, as submitted by the producer, does **not** support a favorable finding, COC shall make a determination based on the file as it *--exists. See subparagraph 206 B for the start of the 60 calendar day period to make determinations.--*

H Returning Documentation

Any legal documentation obtained should be returned to the producer as soon as possible. Keep photocopies for the payment limitation file if needed to support COC's determination.

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 * * * or http://www.sc.egov.usda.gov
- through the authorized use of FSA's approved spreadsheet package available at *--http://intranet.sc.egov.usda.gov/DAFP/Default.htm.--*

B CCC-901 and CCC-902 Requirements

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

IE the neuticineting much service	THEN we arrive	Paragraph Reference
IF the participating producer is	THEN require	Reference
a person	• CCC-902I	130
	• CCC-902I Short Form	
	•*Automated CCC-902.	130.5
a general partnership or joint venture	• CCC-901	99
a corporation, LLC, LLP, LP,	 Automated CCC-902 	130.5*
association, or any other similar legal	• CCC-902E	149
entity	• CCC-902E Continuation.	
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 the Producer Farm Data Report (3-CM, paragraph 250) 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 the Producer Farm Data Report **after** the information is added.--*

34 **General Form Requirements (Continued)**

D Forms for Conservation, Price Support, Disaster and Livestock Assistance, TAAF, and Other Program Payment Eligibility and Payment Limitation Purposes

For persons and legal entities who are participants in conservation, price support, disaster assistance, and other programs, CCC-901 and CCC-902 will be used to collect information for the application of the following:

- direct attribution
- minor child rules
- rules for foreign persons.

CCC-901 is required for all legal entities for the application of direct attribution of payments for payment limitation purposes.

--Complete only the applicable parts of CCC-902I, CCC-902I Short Form, or CCC-902E-- for information on minor children and foreign persons who are applicants, or members of applicants, that request program benefits. Do not make a determination of "actively engaged in farming".

Note: If using business file application, it is **not** necessary to complete manual form.

Designate these forms similarly to the following examples:

- "For MAL and LDP purposes only"
- "For Conservation Reserve Program purposes only"
- "For ECP purposes only"
- "For TAAF purposes only".

Note: This requirement only applies to a new program participant who has **not** previously submitted these forms to FSA for participation in other programs.

COC will:

- make the required determinations based on this information
- provide written notification to the participant according to Part 7
- update subsidiary files according to 3-PL (Rev. 1), Part 3
- record entities and joint operations according to 2-PL.

35-40 (Reserved)

		·

41 Custom Services

A Definition of Custom Services

<u>Custom services</u> mean the hiring of a contractor or vendor that is in the business of providing such specialized services or to perform services for the farming operation in exchange for the payment of a fee for such services performed.

B Applicability

If a person, joint operation, or legal entity receives custom services in the farming operation:

- make actively engaged in farming determinations according to Part 4
- the ability to meet the cash-rent tenant provisions may be adversely affected on land that is cash-rented in the farming operation.

Note: The equipment used to perform the custom services **cannot** be considered a significant contribution of equipment toward meeting the actively engaged in farming requirements because the person, joint operation, or legal entity does **not** exercise completed control over the equipment.

*--C Exceptions

The Custom Services provision does not apply to farming operations in which all the--* land is owned.

* * *

Denial of Program Benefits

A Introduction

Detecting schemes, fraudulent representations, and other equally serious actions of persons and legal entities to circumvent payment eligibility and payment limitation provisions is **essential** for producer compliance.

This paragraph provides rules and guidelines for detecting and determining schemes or devices, fraudulent representations, and other actions to circumvent payment eligibility and payment limitation provisions. Determining actions to circumvent payment eligibility and payment limitation provisions by a person or legal entity may result in the person or legal entity being ineligible for program benefits for 2 to 5 years.

B Consequences of Scheme, Device, or Fraud Determination

When the reviewing authority determines that a person or legal entity:

- adopts a scheme or device designed to evade, or has the affect of evading, the payment eligibility and payment limitation provisions, the person or legal entity shall be **ineligible** for the crop year determined and the succeeding crop year for **all** program benefits subject to limitation
- perpetuates or commits fraud, or other equally serious actions, for the benefit of the person or legal entity, or for the benefit of any other person or legal entity, to circumvent any payment eligibility and payment limitation provision, the person or legal entity shall be **ineligible** for **5 years** for **all** program benefits subject to limitation.

C Detecting Schemes, Devices, and Fraudulent Activities

State and County Office personnel shall be aware of their responsibilities in detecting and reviewing suspected schemes or devices or other questionable activities. To assist in detecting, State and County Offices, as appropriate, shall:

- compare automated multi-County producer files with information reported on CCC-902's to identify unreported farming interests
- use other system-generated reports and queries to identify possible schemes or devices
- closely scrutinize joint operations having individual members who are also stockholders, members, etc., of a member entity
- request OIG's assistance through the State Office, as appropriate.

D Schemes or Devices

[7 CFR 1400.5] Acts, such as the following, may be considered a scheme or device:

- concealing information that affects the application of the payment limitation provisions
- submitting false or erroneous information
- creating fictitious entities to conceal interest of a person or legal entity in a farming operation.

Note: Fraudulent intent is **not** required for determining scheme or device.

E COC or STC Scheme or Device Determinations

This table provides required action after COC or STC determination.

IF COC or State Office		
determines	THEN the	
a scheme or device was adopted to evade, or that had	State or County Office, as appropriate, shall:	
the purpose of evading, the provisions of this handbook	obtain DD concurrence of COC's determination	
provisions or only number out	Note: DD shall initial the determination in COC minutes.	
	notify all County Offices in which the scheme or device participants have an interest of the determination	
	notify the scheme or device participants of the determination	
	obtain a refund of all payments received by the scheme or device participants for the year in which the scheme or device was adopted	
	• not make payments to the scheme or device participants in the succeeding year.	
a scheme or device was not	program participants may be eligible to receive program	
adopted to evade, or that had	benefits if all other applicable requirements are met.	
the purpose of evading, the		
provisions of this handbook		

F Fraud or Equally Serious Activities

[7 CFR 1400.5] Acts, such as the following, may be considered fraud or the equivalent:

- knowingly engaged in, or aiding in, creating a fraudulent document
- failure to disclose information relevant to administering the payment eligibility and payment limitation provisions
- other actions of the person or legal entity determined by the Deputy Administrator to circumvent the payment eligibility and payment limitation provisions.

G COC or STC Fraud or Equally Serious Activity Determinations

This table provides the required actions after COC or STC determination.

IF COC or	
STC	
determines	THEN the
a program participant	State or County Office, as appropriate, shall:
committed fraud, perpetuated a	obtain DD concurrence of the COC's determination (DD must initial the COC minutes)
fraud, or initiated or participated in	notify all County Offices in which the participants affected by this determination have an interest
other equally serious actions to circumvent	• issue written notification to all participants affected by the determination and the results of the determination
the payment limitation provisions	obtain a refund of all payments received by the participants affected by this determination for the year or years in which such activities were determined to have been perpetrated, including the pro rata share of program payments issued to the participants through interests held in any other legal entities and joint operations
	• deny any program payments, both directly and indirectly to the participants, under any program subject to the payment limitation provisions for a period of time not to exceed 5 years
	• deny any program payments, subject to the payment limitation provisions, to any person or legal entity that is a cash-rent tenant on land owned or controlled by the participants to which this determination applies for a period of time not to exceed 5 years.
fraud or other	program participants may:
equally serious	
actions were	• not have their payment eligibility adversely affected for a period of
not committed	time in excess of 2 years
to circumvent	
the payment	be eligible for program payments and benefits under programs
limitation	subject to limitation only if all other payment eligibility and
provisions	payment limitation requirements have been met.

43 Joint and Several Liability

A Rule

Any legal entity, including joint ventures and general partnerships, and any member of a legal entity determined to have knowingly participated in a scheme or device, or any such other equally serious actions, to evade, or that has the purpose of evading, the payment limitation provisions shall be jointly and severally liable for amounts as follows:

- determined payable as the result of such actions
- necessary to recover the payments.

B Release

Any person or legal entity that cooperates with the Secretary to enforce the payment eligibility and payment limitation provisions may be partially or fully released from liability, as determined by the Executive Vice President, CCC.

C Other Applicable Statutes

FSA determined liability is in **addition** to any liability that may arise under a criminal or civil statute.

44 Two or More Rules Apply

A Rule

If 2 or more rules seem to be applicable, apply the rule that is **most** restrictive.

45-50 (Reserved)

51 Determining Farming Operations

A Definition of Farming Operation

A <u>farming operation</u> means a business enterprise engaged in producing agricultural products.

B Description of Farming Operation

A person's, legal entity's, or joint operation's farming operation consists of the acreage on all farms in all counties in which the person, legal entity, or joint operation has an interest in the agricultural products or proceeds from the agricultural products produced. This includes all acreage in which the person, entity, or joint operation is a producer, regardless of whether the acreage is:

- rented on a crop-share basis
- rented on a cash-lease basis
- owned by the producer.

Note: Exclude owned acreage that has been cash-rented to a cash-rent tenant, if the landowner has no interest in any crop or crop proceeds from the acreage for the year.

Exception: The farming operation of a landowner includes only the acreage owned by the landowner, if **both** of the following apply:

- land owned by different landowners is combined into 1 farm with other tracts so the claimed share of the crops or crop proceeds is proportionate to size and value of the land and CAB's contributed
- the landowner is **not** also a tenant on the farm.

C Multiple Farming Operations

A person or legal entity may have more than 1 farming operation if the person or legal entity has an interest in 1 or more joint operations. Each interest in a joint operation will be an additional farming operation for the person or legal entity.

D Example 1, Farms Operated

This table shows the **farms operated** by Sam Brown.

Farm 1	Farm 2
Owner-Sam Brown	Owner-Pete Smith
Rental-None	Rental-Crop share
Farm 3	Farm 4
Owner-Henry Black	Owner-Two Buddies Partnership
Rental-Crop share	Partners: • Pete Smith
	Henry Black
	Rental-Crop share

This table **defines** the farming operation of each person involved in this example.

IF the determination is for	THEN the farming operation consists of
Sam Brown	all farms.
Pete Smith	Farm 2.
Henry Black	Farm 3.
Two Buddies Partnership	Farm 4.
	Note: This is a second farming operation for Pete Smith and Henry Black.

Note: None of the persons or legal entities has any other farming interests.

E Example 2, Tracts Operated

This table shows the **tracts operated** by Sam Brown.

Farm 9	Farm 9
Tract 1	Tract 2
Owner-Sam Brown	Owner-Pete Smith
Rental-None	Rental-Cash lease
Farm 9	Farm 9
Tract 3	Tract 4
Owner-Henry Black	Owner-Two Buddies Partnership
Rental-Cash lease	Partners: • Pete Smith
	Henry Black
	Rental-Cash lease

This table **defines** the farming operation of each person involved in this example.

IF the determination is for	THEN the farming operation consists of
Sam Brown	all of the land in Farm 9.
Pete Smith	none of the land in Farm 9.
	Note: Pete Smith has no farming operation.
Henry Black	none of the land in Farm 9.
	Note: Henry Black has no farming operation.
Two Buddies Partnership	none of the land in Farm 9.
	Note: Two Buddies Partnership has no farming
	operation.

Note: None of the persons or legal entities has any other farming interests. All ownership tracts are combined as 1 farm, Farm 9.

F Example 3, Tracts Operated

This table shows the **tracts operated** by Brown and Black Partnership. Both tracts have 100 acres of corn base acres. Sam Brown receives a pro rata crop share regardless of where the crop is planted.

Farm 10	Farm 10
Tract 1	Tract 2
Owner-Sam Brown	Owner-Brown and Black
Rental-Crop Share	Partnership
Operator-Brown and Black	Rental-N/A
Partnership	

This table **defines** the farming operation of each person involved in this example.

IF the determination is for	THEN the farming operation consists of
Sam Brown	the acreage in tract 1 of Farm 10.
Brown and Black Partnership	Farm 10.

Note: None of the persons or legal entities has any other farming interests. Both ownership tracts are combined as 1 farm, Farm 10.

F Example 4, Tracts and Farms Operated or Subleased

This table shows the **tracts and farms operated or subleased** by Sam Brown.

Farm 18	Farm 18
Tract 5	Tract 6
Operator-Sam Brown	Subleased to Bill Jones for cash
Owner-Sam Brown	Owner-Pete Smith
Rental-N/A	Rental-Cash lease to Sam Brown
Farm 18	Farm 19
Tract 7	
Subleased to Richard Alexander for cash	Operator-Sam Brown
Owner-Henry Black	Owner-Two Buddies Partnership
Rental-Cash lease to Sam Brown	Partners: • Pete Smith
	 Henry Black
	Rental-Crop share

This table **defines** the farming operation of each person involved in this example.

IF the determination is for	THEN the farming operation consists of
Sam Brown	the acreage in tract 5 of Farm 18 and all of Farm 19.
Bill Jones	the acreage in tract 6 of Farm 18.
Richard Alexander	the acreage in tract 7 of Farm 18.
Two Buddies Partnership	Farm 19.

Note: None of the persons or legal entities has any other farming interests. Pete Smith and Henry Black have no individual farming operation.

52 Interest in Farming Operations

A Examples of Interest in a Farming Operation

The following are considered interests in a farming operation:

- general partners of LP's when LP is a producer in the farming operation
- grantors of revocable trusts when the trust is a producer in the farming operation.
- landlords, including landowners, have an interest in the farming operation containing the acreage owned or leased, whether or **not** the landlord has an interest in the production or proceeds from the production
- landowners have an interest in the farming operation containing the land owned, whether or **not** the landowner has an interest in the production or proceeds from the production
- members of a joint operation when the joint operation is a producer in the farming operation
- producers who share in the production or proceeds of the production from the farming operation

52 Interest in Farming Operations (Continued)

B Examples of No Interest in a Farming Operation

The following are **not** considered interests in a farming operation:

- beneficiaries of trusts when the trust is a producer in the farming operation
- grantors of irrevocable trusts when the trust is a producer in the farming operation
- heirs to estates when the estate is a producer in the farming operation
- limited partners of LLP when LLP is a producer in the farming operation
- members of associations when the association is a producer in the farming operation
- stockholders in a corporation when the corporation is a producer in the farming operation
- trustees and personal representatives of trusts or estates when the trust or estate, respectively, is a producer in the farming operation.

C Most Restrictive Rule

Applying a more restrictive rule may apply if a person or legal entity has an interest in another person's or legal entity's farming operation.

53 Total Value of a Farming Operation

A Introduction

The total value of a farming operation **must** be computed when determining whether:

- the contributions made by the person or legal entity are significant
- contributions are commensurate with the claimed share of profits or losses from the farming operation.

B Definition

<u>Total value of a farming operation</u> means the total of the costs, excluding the value of active personal labor and active personal management that is contributed by a member of the farming operation, needed to carry out the farming operation for the year for which the determination is made.

C Example 1

The following is the **scenario** for this example.

Partnership ABC has 3 equal partners, A, B, and C. Partnership ABC farms 2,000 acres of cropland growing corn and various vegetables. All of the land that Partnership ABC farms has a rental value equal to \$42 per acre.

Partner A contributes land with a total rental value of \$24,000 to the partnership. Partner A cash-rents this land from a landowner with no interest in Partnership ABC's farming operation. Partner A's contributions to Partnership ABC also include equipment with a rental value of \$12,000 and \$12,000 of capital. None of Partner A's contributions are acquired as the result of a loan.

Partner B contributes land with a total rental value of \$12,000 to the partnership. Partner B cash-rents this land from a landowner with no interest in Partnership ABC's farming operation. Partner B's contributions to Partnership ABC also include equipment with a rental value of \$12,000 and \$24,000 of capital. None of Partner B's contribution are acquired as the result of a loan.

Partner C contributes land with a total rental value of \$12,000 to the partnership. Partner C owns this land. Partner C's contributions to Partnership ABC also include equipment with a rental value of \$12,000 and \$24,000 of capital. None of Partner C's contributions are acquired as the result of a loan.

Partnership ABC rents land from other landowners for a 1/3 share of the crop with a value of \$36,000. Partnership ABC contributes owned equipment with a rental value of \$21,000 and \$99,000 of capital to the farming operation.

Each of the partners share equally in the labor and management of this farming operation and no additional labor or management is hired.

C Example 1 (Continued)

This table shows the **contributions** made by the partners and Partnership ABC and the total value of the farming operation.

	Land	Capital	Equipment	Labor	Management	Total
Partner A	24,000	12,000	12,000	Active	Active	48,000
Partner B	12,000	24,000	12,000	Active	Active	48,000
Partner C	12,000	24,000	12,000	Active	Active	48,000
Partnership ABC		99,000	21,000			120,000
Total	84,000 <u>1</u> /	159,000	57,000	0	0	300,000

1/ Includes the rental value of the land contributed by the share-rent landlord. Crop-share rent for the land is valued at \$36,000.

The total value of the farming operation was **determined** as follows.

The rental value of all the land involved in this farming operation is \$84,000. This rental value is derived by the following inputs:

- Partner A's contribution of cash-rented land with a value of \$24,000
- Partner B's contribution of cash-rented land with a value of \$12,000
- Partner C's contribution of owned land with a rental value of \$12,000
- share-rented land with a value of \$36,000 that is **not** attributed to any 1 partner or to the partnership.

Note: If land is owned, a rental value that is normal for the area **must** be used when determining its value.

C Example 1 (Continued)

The total amount of capital needed by this farming operation is equal to \$159,000. This figure is arrived at by taking the total expenditures necessary to conduct this farming operation and subtracting any equipment and land costs that will be expended by the partnership. The capital is derived by the following inputs:

- Partner A's contribution of \$12,000 of capital
- Partner B's contribution of \$24,000 of capital
- Partner C's contribution of \$24,000 of capital
- Partnership ABC's contribution of \$99,000 of capital.

The rental value of all of the equipment used on this farming operation is \$57,000. This rental value is derived by the following inputs:

- Partner A's contribution of owned equipment with a rental value of \$12,000
- Partner B's contribution of leased equipment with a rental value of \$12,000
- Partner C's contribution of owned equipment with a rental value of \$12,000
- Partnership ABC's contribution of owned equipment with a rental value of \$21,000.

Note: If equipment is owned, a rental value that is normal for the area **must** be used when determining its value.

Each partner is equally providing active personal labor and active personal management; therefore, no value is affixed to these contributions in determining the total value of the farming operation.

The total value of this farming operation is equal to \$300,000.

D Example 2

The following is the **scenario** for this example.

Partnership ABC has 3 equal partners, A, B, and C. Partnership ABC farms 1,500 acres of cropland growing cotton and soybeans.

Partner A contributes land with a total rental value of \$5,000 to the partnership. Partner A cash-rents this land from a landowner with no interest in Partnership ABC's farming operation.

Partner B contributes land with a total rental value of \$5,000 to the partnership. Partner B cash-rents this land from a landowner with no interest is Partnership ABC's farming operation.

Partner C contributes land with a total rental value of \$5,000 to the partnership. Partner C owns this land.

Partnership ABC contributes land with a total rental value of \$69,000 to the farming operation. Partnership ABC owns this land. Partnership ABC contributes owned equipment with a rental value of \$57,000 and \$159,000 of capital to the farming operation. The capital is borrowed from a local bank and is **not** secured by any of the partners individually.

Partnership ABC will hire all of the labor needed to conduct this farming operation. The labor cost for this operation will be \$30,000.

Each of the partners share equally in the management of this operation and no additional management is hired.

D Example 2 (Continued)

This table shows the **contributions** made by the partners and Partnership ABC.

	Land	Capital	Equipment	Labor	Management	Total
Partner A	5,000	0	0		Active	5,000
Partner B	5,000	0	0		Active	5,000
Partner C	5,000	0	0		Active	5,000
Partnership ABC	69,000	159,000	57,000	30,000		315,000
Total	84,000	159,000	57,000	30,000		330,000

The total value of the farming operation was **determined** as follows.

The rental value of all of the land involved in this farming operation is \$84,000. This rental value is derived by the following inputs:

- Partner A's contribution of cash-rented land with a value of \$5,000
- Partner B's contribution of cash-rented land with a value of \$5,000
- Partner C's contribution of owned land with a rental value of \$5,000
- Partnership ABC's contribution of owned land with a rental value of \$69,000.

Note: If land is owned, a rental value that is normal for the area **must** be used when determining its value.

D Example 2 (Continued)

The total amount of capital needed by this farming operation is equal to \$159,000. This figure is arrived at by taking the total expenditures necessary to conduct this operation and subtracting any equipment, land, and labor costs that will be expended by the partnership. The capital for this operation is being provided by Partnership ABC.

The rental value of all of the equipment used on this farming operation is \$57,000. Partnership ABC is contributing owned equipment with a rental value of \$57,000.

Note: If equipment is owned, a rental value that is normal for the area **must** be used when determining its value.

All of the labor for this farming operation is hired by Partnership ABC and will cost \$30,000.

Each partner will equally provide active personal management; therefore, no value is affixed to this contribution in determining the total value of the farming operation.

The total value of this farming operation is equal to \$330,000.

54 Changes in Farming Operations

A Background

The Food Security Act of 1985, as amended by the Food, Conservation, and Energy Act of 2008, requires that the Secretary **not** approve, for purposes of applying payment limitations, any change in a farming operation that will increase the number of persons or legal entities for payment, unless the Secretary determines that the change is bona fide and substantive.

B Rule [7 CFR 1400.104]

COC may **not** approve any change in a farming operation, including, but not limited to, establishing a new farming operation containing any person or legal entity that was a member of the previous year's farming operation, that will otherwise increase the number of persons or legal entities to which payment limitation is applied for the current year, unless a substantive change in the farming operation occurs for the current year.

Note: The comparison for substantive change purposes is between the current year's operation and the previous year's operation.

C Substantive Change Requirements

If bona fide, the following are considered substantive changes.

Change	Requirement
Family Member	*Adding a family member to a farming operation, according to the adult family member provision as specified in paragraph 138, allows recognizing the added family member* ***
Land Rental	For a landowner only , a change from cash-rent to share-rent.

Changes in Farming Operations (Continued)

C Substantive Change Requirements (Continued)

Change	Requirement
Base Acres	An increase through acquiring base acres not previously involved in the
	farming operation. The increase in base acres:
	• must be at least 20 percent or more of the total base acres involved in the farming operation
	• will be applicable for the increase of only 1 person or legal entity to the farming operation.
	A State Office specialist may approve additional persons or legal entities based on the magnitude and complexity of the change in the farming operation represented and if the increase in base acres supports additional
	persons or legal entities to the farming operation. See subparagraph D.
Ownership	A change in ownership by sale or gift of equipment or land from a person or legal entity previously engaged in the farming operation to a person or legal entity who has not been engaged in this operation is considered substantive, only if:
	• the transferred amount is commensurate with the new person's or legal entity's share of the farming operation
	the sale or gift of land or equipment was based on fair market value of the land or equipment
	the former owner has no control over the sold or gifted land or equipment
	• the transaction was not financed by the former owner
	• preference was not given to the former owner to re-purchase the land or equipment at a later date.
Equipment	The addition of equipment not previously involved in the farming
	operation may be considered substantive, if the rental value of the
	additional equipment contributed is commensurate with the new person's or
	legal entity's share of the rental value of all equipment used in the farming operation.
	operation.

Note: Substantive changes **must** be "arms length" business transactions. Documents **must** be provided to support any of the changes in this subparagraph.

Changes in Farming Operations (Continued)

D Increase in Base Acres

If base acres are increased more than 20 percent and the producer requests to add more than 1 additional person or legal entity for payment limitation the:

• producer **must**:

- submit written request for additional persons or legal entities
- include the reasons why additional persons or legal entities for payment limitation purposes are to be recognized
- provide any other relevant documentation to support the request

COC must:

- document the request in the COC minutes
- forward the request with comments or recommendations to the State Office
- include all documentation provided by the producer
- State Office specialist designated to act on these requests **must**:
 - timely review requests and all supporting documentation
 - obtain STC comments, if determined necessary, on the request
 - approve or disapprove the requests
 - record all requests and determinations in the STC minutes
 - notify COC/County Office, in writing, of the determination
 - instruct COC/County Office to provide written notification of the determination to the producer, and include appeal rights if considered adverse.

Changes in Farming Operations (Continued)

E Considerations for Approving or Disapproving an Increase of Additional Persons or Legal Entities for Payment Limitation Purposes

State Office specialists are to consider at least all of the following:

- the amount of the increase in base acres
- the crops grown by the farming operation
- the diversity of the farming operation
- relationship of the existing members to the new members
- the programs for which the operation will be a participants
- other relevant information specific or unique to the request.

F Nonsubstantive Changes

The following are considered nonsubstantive changes:

- a decrease in the amount of land
- the dissolution of a legal entity
- any change **not** considered substantive for which the rules would require a more restrictive application of the payment limitation.

G Example 1 of Nonsubstantive Change

Situation: Three persons each have separate and unrelated farming operations, which if continued unchanged, qualify for 3 limits for payment limitation purposes. The 3 persons propose a farming operation by forming a corporation in which each are equal stockholders in the entity. The entity would lease, for cash, a portion of the cropland previously operated by each of the persons. A total of 4 limits would result for payment limitation purposes.

Determination: Forming this legal entity and leasing the land formerly operated by the persons would **not** constitute a bona fide and substantive change. Continue to recognize the 3 persons as determined previously for payment limitation purposes. The new legal entity would **not** be considered eligible for payment.

Explanation: The same land is farmed by the same equipment and the same persons as the previous year. The stockholders hold total ownership of the legal entity and each stockholder produced agricultural products or participated in programs subject to limitation in the previous year.

H Example 2 of Nonsubstantive Change

Situation: A corporation operates land that it owns. A general partnership, consisting of the stockholders of the corporation, leases land owned by unrelated parties that was previously operated by the corporation. The corporation farm manager and other employees complete the farming activities for both operations with equipment owned by the corporation. Records are kept of time spent by the employees and equipment use for each of the farming operations. The corporation's bookkeeper prepares separate payrolls for the employees that reflect the time for each employee on each farming operation. Invoices prepared on behalf of the corporation are issued to the general partnership for the equipment use and cropping expenses to represent its share of the operating expenses. Separate limitation was requested for the corporation and each of the members of the general partnership.

Determination: Changes in bookkeeping for the manner records are kept does **not** constitute or demonstrate a substantive change. Continue to recognize **only** the corporation for payment limitation purposes.

Explanation: The members of the general partnership, who hold total ownership of the corporation, are farming the same land with the same equipment previously operated by the corporation. Only a single farming operation of the corporation exists even though separate books are kept in an effort to represent a separate farming operation of the general partnership.

*--I If Substantive Change Is Not Met

If there is an increase in the number of persons or legal entities subject to limitation in a farming operation that results in applying the substantive change provisions and a substantive change is **not** met:

- continue to recognize the persons or legal entities for payment limitation purposes that were recognized in the previous year
- consider the new persons or legal entities who did **not** meet the substantive change ineligible for payment.

Note: The eligible person's or legal entities' shares **cannot** be adjusted to circumvent the ineligibility of the new person or legal entity.--*

*--55 Applying the Substantive Change Rule

A Determining Whether Substantive Change Rule Applies

Substantive change rule applies when both are present:

- increase in the number of limitations for payment
- commonality between the new farming operation in the current year and a farming operation in the previous year.

B Commonality Between Farming Operations

Elements of commonality include:

- interest in legal entities
- land
- legal entities
- persons/individuals.--*

C When Substantive Change Rule Applies

This table illustrates when a substantive change is **required**.

Substantive change rule only applies for	if
a new person beginning to	the person was part of a legal entity that farmed in the
farm as an individual or as	previous year and the individual will farm some of the same
a member of a joint	land the entity farmed in the previous year.
operation	
a new joint operation	some, but not all, of the members of the new joint operation
	farmed in the previous year.
an existing joint operation	*1 or more new members of the existing joint operation*
	did not farm in the previous year and there is an overall
	increase in the number of limits.
	Note: If there is no overall increase within the joint
	operation, substantive change is still required if any
	of the departing members continue to farm on the
	same land farmed by the joint operation in the
	previous year.
a new legal entity	1 or more members of the legal entity farmed in the previous
	year and the legal entity will farm some of the land farmed
	by its members in the previous year.

D When Substantive Change Rule Does Not Apply

This table illustrates when substantive change rule does **not** apply.

Substantive change rule does	
not apply for	and
the new person beginning to	the person was not part of any farming operation in the
farm as an individual	previous year.
a new joint operation	none of the members farmed or were associated with any
	farming operation in the previous year.
a new legal entity	none of the shareholders farmed or were associated with
	any farming operation in the previous year.
an existing legal entity	1 or more shareholders were added.
	Note: The legal entity remains restricted to 1 limitation
	regardless of the number of shareholders.
* * *	* * *

^{*--}Note: The substantive change rule does not apply to spouses.--*

A Example 1

Situation: In the previous year, Corporation AB, comprised of Person A and Person B, each with an equal share, produced program crops and participated in program subject to payment limitation.

For the current year, Corporation AB and Person A will each operate part of the land that was in the previous year's farming operation of Corporation AB. Both Corporation AB and Person A will be participating on programs subject to payment limitation in the current year.

Determination: Substantive change will be **required** for the current year because:

- Person A represents an additional payment limitation as compared to the previous year
- Person A has an interest in Corporation AB that produced program crops and participated in programs subject to payment limitation in the previous year
- Person A will operate land that was part of the farming operation if Corporation AB in the previous year.

B Example 2

Same as in Example 1, except Person A, as an individual, will operate all of the land that was farmed by Corporation AB in the previous year. Person A will participate in programs subject to payment limitation. Corporation AB will no longer be farming and has dissolved.

Determination: Substantive change will not be required for the current year because:

- Person A does not represent an additional payment limitation as compared to the previous year
- Corporation AB is no longer farming in the current year.--*

* * *

*--57 Substantive Change Rule for Joint Operations

A Example 1, Joint Operation Existed in the Previous Year

Situation: In the previous year, General Partnership ABC, comprised of Persons A, B, and C, each with an equal share, participated in programs subject to payment limitation. Person D conducted a separate farming operation and participated in programs subject to payment limitation.

For the current year, Person D became a member and the partnership that is now Partnership ABCD; all with equal shares. Partnership ABCD will operate all of the land operated in the previous year by all of the current members. Partnership ABCD will participate in programs subject to payment limitation in the current year.

Determination: Substantive change is **not** required for the current year because:

- Person D participated in programs subject to payment limitation in the previous year
- Person D, by joining the existing partnership, does **not** represent an additional payment limitation for the current year.

B Example 2, Joint Operation Existed in the Previous Year

Situation: Same as Example 1, except Person D did **not** farm and was **not** part of a farming operation in the previous year. Person D became a member of Partnership ABCD, all with equal shares. Partnership ABCD will operate part of all the land operated in the previous year and participated in programs subject to payment limitation in the current year.

Determination: Substantive change is **required** for the current year because:

- Person D represents an additional payment limitation as compared to the previous year
- Person D neither farmed nor was part of a farming operation in the previous year.--*

*--57 Substantive Change Rule for Joint Operations (Continued)

C Example 1, New Joint Operation

Situation:

Situation: In the previous year, Dad participated in programs subject to payment limitation on his own individual farming operation.

In the current year, Dad and adult Son form a 70/30 general partnership named DS Farms. Son did **not** have any farming interest in the previous year. DS Farms will farm all of the land that Dad farmed individually in the previous year and participate in programs subject to payment limitation.

Determination: Substantive change is **required** for the current year because:

- DS Farms is a new farming operation
- DS Farms will operate all of the land farmed by 1 of the members in the previous year
- forming DS Farms represents an increase in the number of limitations from the previous year.

D Example 2, New Joint Operation

Situation: In the previous year, JT Farms Inc., comprised of brothers Jake and Tim with equal shares, conducted a farming operation and participated in programs subject to payment limitation.

In the current year, JT Farms Inc. stopped farming. Jake and Tim formed a 50/50 general partnership named Switch Grass Farms and will lease all the farm equipment need from JT Farms Inc. Switch Grass Farms will operate all of the land farmed in the previous year by JT Farms and will participate in programs subject to payment limitation.

Determination: Substantive change is **required** for the current year because:

- Switch Grass Farms is a new joint operation
- Switch Grass Farms will operate all of the land operated in the previous year by a farming operation in which both members were associated
- forming Switch Grass Farms represents an increase in the number of payment limitations from the previous year.

Note: Substantive change is **required** to recognize an increase in limitations. If substantive change is **not** met, only 1 limitation will be recognized.--*

* * *

*--58 Substantive Change Rule for Legal Entities

A Example 1, New Legal Entity

Situation: In the previous year, Persons A and B participated in programs subject to payment limitation on their respective, individual farming operations. Person C did **not** have any farming interests.

For the current year, Persons A, B, and C formed corporation ABC Inc. ABC Inc. will operate part of the land operated in the previous year by Person A and will participate in programs subject to payment limitation.

Determination: Substantive change is **required** for the current year because:

- ABC Inc. represents an additional payment limitation as compared to the previous year
- Persons A and B, both interest holders in ABC Inc., participated in programs subject to payment limitation in the previous year
- ABC Inc. will operate part of the land farmed by Person A in the previous year.

B Example 2, New Legal Entity

Situation: In the previous year, Persons A and B participated in a programs subject to payment limitation on their respective, individual farming operations. Person C did **not** have any farming interests.

For the current year, Persons A, B, and C form corporation ABC Inc. ABC Inc. will operate only the land operated in the previous year by Person Z and will participate in programs subject to payment limitation. Person Z retired from farming.

Determination: Substantive change is **not** required for the current year because:

- ABC Inc. did **not** participate in programs subject to payment limitation in the previous year
- ABC Inc. will **not** operate any land that was part of the farming operations of Persons A or B in the previous year.--*

*--58 Substantive Change Rule for Legal Entities (Continued)

C Example 3, Existing Legal Entity

Situation: Smith Family Farms Inc., comprised of all family members, participated in programs subject to payment limitation the previous year.

In the current year, 2 additional family members become stockholders in Smith Family Farms Inc. The additional stockholders did **not** have any farming interest in the previous year. Smith Family Farms Inc. will farm all of the land it operated in the previous year and will participate in programs subject to payment limitation.

Determination: Substantive change is **not** required because the addition of 1 or more stockholders to Smith Family Farms Inc. does **not** represent an increase in the number of payment limitations from the previous year.--*

59-60 (**Reserved**)

Section 6 Actively Engaged Determinations

Subsection 1 Actively Engaged Considerations

61 General Considerations

A Introduction

For a person or legal entity to be considered actively engaged in farming, the participant **must** make a significant contribution of certain farming inputs. This paragraph lists and defines significant contributions.

B General Provisions

In general, for a person or legal entity to be considered actively engaged in farming, **all** the requirements of this table **must** be met.

Item	Requirement
1	Significant "left-hand" contributions to the farming operation of 1 or a
	combination of the following:
	• capital
	• equipment
	• land.
	Note: See paragraph 127 for exception.
2	Significant "right-hand" contributions to the farming operation of 1 or a
	combination of the following:
	active personal labor
	active personal management.
	Note: See paragraph 62 for exception.
3	A claimed share of the profits or losses from the farming operation that is
	commensurate with contributions to the farming operation.
4	Contributions that are at risk.

C Definition of Capital

For payment limitation purposes, <u>capital</u> means the funding provided by a person or legal entity to the farming operation for the operation to conduct farming activities.

General Considerations (Continued)

D Definition of Land

For payment limitation purposes, <u>land</u> means farmland consisting of cropland, pastureland, wetland, or rangeland that meets the specific requirements of the applicable program.

E Definition of Equipment

For payment limitation purposes, <u>equipment</u> means the machinery and implements used by the farming operation to conduct activities of the farming operation. This includes:

- machinery and implements for:
 - land preparation, planting, cultivating, or harvesting of the crops involved
 - establishing and maintaining conservation cover crops or conservation use acreages
 - conducting livestock operations
- irrigation equipment that is:
 - **not** of a permanent nature
 - commonly used in the area.

F Definition of Active Personal Labor

<u>Active personal labor</u> means personally providing physical activities necessary in a farming operation. These activities include physical activities:

- involved in land preparation, planting, cultivating, harvesting, and marketing of agricultural commodities
- required to establish and maintain conserving cover crops or conserving use acreages
- required in livestock operations.

General Considerations (Continued)

G Active Personal Management

Active personal management is personally providing:

- the general supervision and direction of activities and labor involved in the farming operation
- services, whether performed on-site or off-site, reasonably related and necessary to the farming operation, including any of the following:
 - supervision of activities necessary in the farming operation
 - business-related actions that include discretionary decision making
 - evaluation of the financial condition and needs of the farming operation
 - assistance in structuring or preparing financial reports or analyses for the farming operation
 - consultations in or structuring of business-related financing arrangements for the farming operation
 - marketing and promoting agricultural commodities produced by the farming operation
 - acquiring technical information used in the farming operation
 - any other management functions necessary to conduct the farming operation and for which the operation would ordinarily be charged a fee.

H Hybrid Seed Producers

The existence of a hybrid seed contract for a producer shall **not** be taken into account when making an actively engaged in farming determination with respect to the producer. However, all other actively engaged in farming provisions shall apply.

A Actively Engaged Rule

A landowner shall be considered actively engaged in farming with respect to the owned land if **all** of the following requirements are met.

Item	Requirement
1	The landowner contributes owned land to the farming operation for which the
	landowner receives rent or income for the use of the land, based on the land's
	production or the operation's operating results.
2	The landowner's share of the profits or losses from the farming operation is
	commensurate with the landowner's contribution to the operation.
3	The landowner's contributions are at risk.

B Applicability of Rule

This rule applies to landowners who:

- are persons
- are persons with a life estate in the land
- are legal entities, such as corporations, trust, or estates
- have an undivided interest in the land

* * *

• are members of a joint operation if the joint operation holds title to the land.

Note: This rule applies to joint operations only if 1 of the following applies:

• the members submit documentation to show the title to the land owned by the joint operation will revert to the individual members after dissolution of the joint operation according to each member's share in the joint operation

Note: This requirement is considered met if the documentation 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.

• if there is no documentation otherwise and 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.

63 Landlord

A Actively Engaged Rule

A landlord who is **not** a landowner shall be considered to be actively engaged in farming under the same rules as any other person or legal entity that is **not** a landowner.

Notes: If the landlord provides leased or rented land to an operation in return for a share of the crop, the land will be considered a contribution. Other contributions, as applicable, are required.

See paragraph 91 for cash-rent tenant requirements.

B Example 1

Situation: Landowner A cash leases land to Person B. Person B subleases the land to Operator C. Person B contributes land and does **not** contribute a significant amount of active personal labor or active personal management to the farming operation.

Determination: Person B is **not** actively engaged in farming. Person B **cannot** be considered to be actively engaged in farming because of the landowner provision, since Person B is a landlord and **not** a landowner. Landowner A is **not** actively engaged on this farming operation since cash-rent is received for using the land. A separate determination will be made for Operator C.

63 Landlord (Continued)

C Example 2

Situation: Person D cash leases land from Landowner E. Person D subleases the land to Producer C on a share-rent basis. Person D contributes the land and active personal management to the farming operation.

Determination: Because Person D cash-rents the land from Landowner E. Person D:

is a cash-rent tenant.

Notes: A cash-rent tenant is eligible to receive program payments on the cash-rented land, if the cash-rent tenant provides a significant contribution of either of the following:

- active personal labor and capital, equipment, or land
- active personal management and equipment.

See paragraph 91 for cash-rent tenant requirements.

• is **not** the landowner and **cannot** be considered actively engaged in farming because of the landowner provision.

Because Person D has provided a significant contribution of land and management, Person D can be considered actively engaged in farming. However, Person D is **ineligible** to receive program payments on the cash-rented land, because the necessary contributions for a cash-rent tenant were **not** made.

A separate determination will be made for Producer C.

Landowner E is **not** considered actively engaged in farming for this farming operation.

Percent of Cropland Factor

A Introduction

In some cases, producers may only be eligible for payment for a portion of the cropland in the farming operation. Therefore, FSA shall determine the percentage of the farming operation that is eligible for payment. This is determined based on the percent of cropland.

B When to Use the Percent of Cropland Factor

Use percent of cropland factor when a producer:

- does **not** provide a significant contribution of active personal labor or active personal management to the entire farming operation
- is actively engaged in farming and eligible for payment on a portion of the land in the farming operation because of the landowner provision
- is a cash-rent tenant and is **ineligible** for payment for the cash-rented land.

Note: The automated system does **not** handle cases where the producer is actively engaged on some, but **not** all farming operations.

C Applying the Percent of Cropland Factor

*--The cropland factor **only** applies to programs subject to the actively engaged in farming requirements and the cash-rent rule.--*

*--D Determining the Factor

Determine a "percent of cropland" factor according to this table.

Step	Action	
1	List the total cropland acres for each farm in the producer's farming operation and	
	total the acres.	
2	List the cropland acres owned by the producer on each of those farms and total the	
	acres.	
	Note: Also include cropland acres that are not cash-rented and for which the producer meets the requirements to be eligible for payment.	
3	Divide the result of step 2 by the result of step 1.	
4	Multiply the factor from step 3 times the producer's payments earned on each	
	farm.	
5	Pay the producer the adjusted payment allowed for each farm as determined by step 4.	
	Note: This adjusted payment may also represent the ownership percentage of the partners, stockholders, or members of a corporation or similar entity, that	
	met the requirements of actively engaged in farming if total contributions	
	of active personal labor and/or active personal management to the farming	
	operation are considered significant.	

__*

E Example 1

In this example, Sam Brown hires all labor and management necessary to conduct the farming operation.

Farm 20	
Tract 1 - 100 acres	
Operator - Sam Brown	
Owner - Sam Brown	
Rental - N/A	
Farm 20	
Tract 2 - 100 acres	
Operator - Sam Brown	
Owner - Pete Smith	
Rental - Cash lease	

Result: The farming operation for Sam Brown is the entire acreage on Farm 20. There is no farming operation for Pete Smith because he does **not** have an interest in any crop or crop proceeds.

Because Sam Brown does **not** provide a significant "right hand" contribution to the farming operation, he may only be considered actively engaged in farming under the landowner exemption for that portion of the farming operation represented by land he owns.

Sam Brown owns 50 percent of the cropland in his farming operation. Therefore, payments to Sam Brown would be subject to a 50 percent of cropland factor.

F Example 2

This example is the same as example 1, **except** the tracts are **not** combined as 1 farm. In this example, Sam Brown hires all labor and management necessary to conduct the farming operation.

Farm 21 100 acres

Operator - Sam Brown Owner - Sam Brown Rental - N/A

Farm 22 100 acres

Operator - Sam Brown Owner - Pete Smith Rental - Cash lease

Result: The farming operation for Sam Brown is the entire acreage on Farm 21 and Farm 22. There is **no** farming operation for Pete Smith because he does **not** have an interest in any crop or crop proceeds.

Because Sam Brown does **not** provide a significant "right hand" contribution to the farming operation, he may only be considered actively engaged in farming under the landowner exemption for that portion of the farming operation represented by land he owns.

Sam Brown owns 50 percent of the cropland in his farming operation. Therefore, payments to Sam Brown would be subject to a 50 percent of cropland factor.

G Example 3

In this example, Sam Brown hires all labor and management necessary to conduct the farming operation.

Farm 23 100 acres

Operator - Sam Brown Owners - Sam Brown and Pete Smith (undivided joint interest) Rental - Cash lease

Result: Because Sam Brown does **not** provide a significant "right hand" contribution to the farming operation, he may only be considered actively engaged in farming under the landowner exemption for that portion of the farming operation represented by land he owns.

Because Sam Brown has an undivided ownership interest in the entire acreage in his farming operation, the percent of cropland owned is 100 percent. Accordingly, Sam Brown is actively engaged in farming on 100 percent of his farming operation and is eligible to receive 100 percent of the payment earned.

H Example 4

In this example, Sam Brown and Pete Smith each have a 50 percent share in the partnership. The partnership and the members do **not** have any other farming interests. Sam Brown shares in the pro rata share of all crops, regardless of where the crops are planted. The partnership agreement stipulates that upon dissolution, the land ownership will revert to the members according to their current shares of the partnership. The partnership hires all labor and management necessary to conduct the farming operation.

Farm 24 Tract 1 - 100 acres

Operator - Brown and Smith, a general partnership Owner - Sam Brown Rental - .3333 crop share

Farm 24 Tract 2 - 100 acres

Owner - Brown and Smith, a general partnership Rental - N/A

Result: The partnership's farming operation is the entire acreage in Farm 24.

Sam Brown's farming operation is the acreage in tract 1.

Because the members of the partnership do **not** provide a significant "right-hand" contribution to the farming operation, the members of the partnership are only considered to be actively engaged in farming under the landowner exemption for that portion of their farming operation represented by owned land. Therefore, a 50 percent of cropland factor of would apply to payments made to the partnership.

A percent of cropland factor of 1.000 would apply to Sam Brown since he is considered to be actively engaged in farming on his entire farming operation.

I Example 5

This example is similar to example 4, **except** the tracts are **not** combined as 1 farm. In this example, Sam Brown and Pete Smith are members of Brown and Smith Partnership. Neither the partnership nor the members have any other farming interests. The partnership agreement stipulates that upon dissolution, the land ownership will revert to the members according to their current shares of the partnership. The partnership hires all labor and management necessary to conduct the farming operation.

Farm 25 100 acres

Operator - Brown and Smith, a general partnership Owner - Sam Brown Rental - .3333 crop share

Farm 26 100 acres

Operator - Brown and Smith, a general partnership Owner - Brown and Smith, a general partnership Rental - N/A

Result: The partnership's farming operation consists of Farm 25 and Farm 26. Sam Brown's farming operation consists of the acreage in Farm 25, **only**. Because neither member of the partnership provides a significant "right hand" contribution to the farming operation, the members of the partnership may **not** be considered actively engaged in farming on the entire farming operation under the person or joint operation provisions. The members of the partnership, as landowners of Farm 26, are considered actively engaged in farming under the landowner exception.

Sam Brown, as individual landowner of Farm 25, is considered actively engaged in farming under the landowner exception. This is 100 percent of Sam Brown's individual farming operation. Sam Brown's interest in the partnership is a separate farming operation.

The partnership owns 50 percent of the cropland in its farming operation. Therefore, the members of the partnership are actively engaged in farming on 50 percent of the partnership's farming operation and are entitled to receive 50 percent of the partnership's earned payment on each farm in the farming operation.

J Example 6

In this example, Brown, Smith, Black, and Jones Partnership is made up of the 4 individual landowners. The partnership and the members of the partnership do **not** have any other farming interests. Each farm is of equal size and value. The contributions of each partner are commensurate and at risk. Each landowner contributes their land to the partnership, so no rent will be paid. All payments go to the partnership.

The partnership hires all labor and management necessary to conduct the farming operation.

Farm 27 100 acres

Operator - Brown, Smith, Black, and Jones, a general partnership Owner - Sam Brown Rental - N/A

Farm 28 100 acres

Operator - Brown, Smith, Black, and Jones, a general partnership Owner - Pete Smith Rental - N/A

Farm 29 100 acres

Operator - Brown, Smith, Black, and Jones, a general partnership Owner - Henry Black Rental - N/A

Farm 30 100 acres

Operator - Brown, Smith, Black, and Jones, a general partnership Owner - Bill Jones Rental - N/A

Result: The farming operation for the partnership consists of all the acreage in Farms 27, 28, 29, and 30. Because the members do **not** provide "right hand" contributions, the members of the partnership are **not** actively engaged in farming under the person or joint operation provisions. However, each person is actively engaged in farming with respect to the actual land owned under the landowner exception.

Because the members of the partnership are **not** actively engaged in farming on the entire farming operation, only that portion earned with respect to the owned land may be paid. The percent of cropland owned by each owner is 25 percent. Accordingly, a 25 percent of cropland factor would be applied to the partnership's payment on each farm.

65-70 (Reserved)

Subsection 2 Specific Rules for Contributions

71 Significant Contribution of Capital, Equipment, and Land

A Introduction

When a significant contribution of capital, equipment, or land is required, use the rule in this paragraph to determine what is considered significant.

B Rules for Significant Contributions

This table shows the general rules for determining when a significant contribution is provided to a farming operation by a person or legal entity.

Item	Rule	
Capital	The capital must have a value equal to at least 50 percent of the	
	person's or legal entity's commensurate share of the total capital	
	necessary to conduct the farming operation, excluding outlays of	
	capital for land or equipment.	
Equipment	The equipment must have a rental value equal to at least	
	50 percent of the person's or legal entity's commensurate share of	
	the total rental value of the equipment necessary to conduct the	
	farming operation.	
Land	The land must have a rental value equal to at least 50 percent of	
	the person's or legal entity's commensurate share of the total rental	
	value of the land necessary to conduct the farming operation.	
	Note: Share-rented land is a contribution of the landlord, not the	
	share-renter.	
Any combination of	The combined contribution of capital, equipment, and land must	
capital, equipment,	have a value equal to 30 percent of the person's or legal entity's	
and land.	commensurate share of the total value of the farming operation.	

72 Specific Rules for Capital

A Introduction

For capital to be a significant contribution to the farming operation, the capital contributed **must** meet the requirements of this paragraph.

B General Rule

The capital **must** be contributed directly to the farming operation from a fund and account separate and distinct from that of any other person or legal entity with an interest in the farming operation.

Capital contributions to a farming operation **do not** include:

- the value of labor or management
- outlays for land or equipment.

C Source of Capital

The capital may be a direct out-of-pocket input of either of the following:

- a specified sum by the person, legal entity, joint operation, members of a joint operation, or combined State producer
- an amount borrowed by the person or legal entity.

Note: Current year advance program payments, such as advance direct payments, are **not** considered a capital contribution for purposes of meeting the requirements of actively engaged in farming. The applicant is **not** eligible to receive advance program payments until **after** the determination of actively engaged in farming is made by COC or reviewing authority.

D Borrowed Capital

Capital used as a significant contribution may be borrowed. The rules in this table apply to borrowed capital.

IF the farming	
operation is	
conducted by either	
of the following	THEN borrowed capital must
 a person a joint operation, *in which the* capital is contributed by a member of the joint operation rather than by 	 be contributed directly to the farming operation by the applicable person or member not have been acquired as a result of a loan made to, guaranteed by, co-signed by, or secured by any other person, legal entity, or joint operation: that has an interest in the farming operation
the joint operation itself	 in whose farming operation this person or joint operation has an interest.
* * * • a legal entity	be contributed directly to the farming operation by the legal entity or joint operation
 a joint operation, *in which the capital is 	• not have been acquired as a result of a loan made to, guaranteed by, co-signed by, or secured by any person, legal entity, or joint operation:
contributed by the joint operation rather than by a member*	 that has an interest in the farming operation, except all members of the joint operation, or all shareholders of the legal entity, to which the loan is made
memoer	 in whose farming operation this legal entity or joint operation has an interest.
	Note: See example in subparagraph 139 C.

73 Specific Rules for Equipment

A Introduction

To be credited as a significant contribution to the farming operation, owned or leased equipment **must** meet the requirements of this paragraph.

B Leased Equipment

The equipment may be leased from any person, legal entity, or joint operation; however, use the following table to determine if restrictions apply.

IF the equipment is leased from	THEN the
another person, legal entity, or joint operation that has an interest in the	producer must :
farming operation a joint operation that has 1 or more members in common with the producer to whom the equipment is leased	be able to prove to COC that the equipment was leased at a fair market value
	make the payment within the time determined by COC to be reasonable and customary for the area, taking into consideration whether the equipment is leased by the hour, day, or acre, or on an annual basis.
a person, legal entity, or joint operation	restrictions provided in this table do not apply.
not otherwise indicated in this table	

C Financing Rules for Equipment

The restrictions on financing for equipment in this table apply to both owned and leased equipment contributed for credit as a significant contribution.

IF the farming operation	
is conducted by either of	
the following	THEN the equipment must
a person	• be contributed directly to the farming operation by the applicable person or member
•*a joint operation, in	
which the equipment* is contributed by a	 not have been acquired as a result of a loan made to, guaranteed by, co-signed by, or secured by any other person, legal entity, or joint operation:
member of the joint operation rather than by	person, legal entity, or joint operation:
the joint operation itself	• that has an interest in the farming operation
	 in whose farming operation this person or joint operation has an interest.
***	• be contributed directly to the farming operation by the legal entity or joint operation
a legal entity	
	• not have been acquired as a result of a loan made to,
•*a joint operation, in which the equipment is	guaranteed by, co-signed by, or secured by any person, legal entity, or joint operation:
contributed by the joint operation rather than by a member*	• that has an interest in the farming operation, except members of the joint operation, or all the shareholders of the legal entity, to which the loan is made
	 in whose farming operation this legal entity or joint operation has an interest.
	Note: See example in subparagraph 139 C.

73 Specific Rules for Equipment (Continued)

D Effects of Borrowed Capital on Equipment Contribution

If any capital was borrowed by the person, legal entity, or joint operation from any other person, legal entity, or joint operation with an interest in the farming operation, the cash-leased equipment will **not** be considered as a significant contribution unless the person, legal entity, or joint operation can prove to COC that sufficient capital was available from another source to pay the cash lease.

E Occasional Exchange of Equipment

The occasional exchange of equipment, including labor, with a neighbor will **not** affect the contribution determination if each person or legal entity has adequate equipment, through ownership or lease, to conduct their farming operation in a manner normally acceptable for the area.

74 Specific Rules for Land

A Introduction

To be considered a significant contribution to the farming operation, owned or cash leased land **must** meet the requirements of this paragraph.

B Leased Land

The land may be leased from any person, legal entity, or joint operation.

If the land is leased from another person, legal entity, or joint operation that has an interest in any crop or crop proceeds in the farming operation, the producer **must**:

- be able to prove to COC that the land was leased at a fair market value
- make the payment within the time determined by COC to be reasonable and customary for the area.

Note: Share-rented land is a contribution of the landlord, **not** the share-renter.

C Financing Rules for Land

The restrictions in this table apply to both owned and leased land contributed for credit as a significant contribution.

IF the farming operation	
is conducted by either of	
the following	THEN the land must
• a person	• be contributed directly to the farming operation by the applicable person or member
•*a joint operation, in which the land is contributed by a member of the joint operation rather than by the joint operation itself	 not have been acquired as a result of a loan (including land acquired by Contract of Deed, Deed of Trust, Land Contract, or other similar arrangement) made to, guaranteed by, co-signed by, or secured by any other person, legal entity, or joint operation: that has an interest in the farming operation
	 in whose farming operation this person or joint operation has an interest.
* * * • a legal entity	be contributed directly to the farming operation by the legal entity or joint operation
•*a joint operation, in which the land is contributed by the joint operation rather than by a member*	• not have been acquired as a result of a loan (including land acquired by Contract of Deed, Deed of Trust, Land Contract, or other similar arrangement) made to, guaranteed by, co-signed by, or secured by any person, legal entity, or joint operation:
man by a member*	• that has an interest in the farming operation, except members of the joint operation, or all the shareholders of the legal entity, to which the loan is made
	 in whose farming operation this legal entity or joint operation has an interest.
	Note: See example in subparagraph 139 C.

74 Specific Rules for Land (Continued)

D Effects of Borrowed Capital on Land Contribution

If any capital was borrowed by a person, legal entity, or joint operation from any other person, legal entity, or joint operation with an interest in the farming operation, cash leased land will **not** be considered a significant contribution **unless** the person, legal entity, or joint operation can prove to COC that sufficient capital was available from another source to pay the cash lease.

E Recording Land Contributions

All land involved in a farming operation is to be recorded in the following:

- CCC-902 Continuation, Part A
- CCC-902E, Part E
- CCC-902I, Part C
- •*--CCC-902I Short Form, Part C.--*

A Introduction

[7 CFR 1400.3] When a significant contribution of active personal labor or active personal management is required, use the rules in this paragraph to determine what is considered significant.

B Rules on Significant Contribution

This table shows the general rules for determining when a significant contribution is provided to a farming operation by a person or legal entity.

Item	Rule
Active personal	The active personal labor must be an amount that is the smaller of:
labor.	
	• 1,000 hours per either FY or crop year
	• 50 percent of the total hours that would be required to conduct a
	farming operation comparable in size to this person's or legal
	entity's commensurate share in the farming operation.
Active personal	The contribution of active personal management must be critical to the
management.	profitability of the farming operation, taking into consideration the
	person's or legal entity's commensurate share in the farming
	operation.
Any	Combined contributions of active personal labor and active personal
combination of	management must have a critical impact on the profitability of the
labor and	farming operation in an amount at least equal to the significant
management.	contribution of either consideration when taken alone.

Note: If a member of a joint operation receives a guaranteed payment for any part of a contribution of labor or management, **exclude** all of the specific type of contribution for which payment is received.

76 Specific Rules for Active Personal Labor or Management

A Introduction

It is difficult to measure a significant management contribution. The required hours of labor will be different in 1 type of farming operation than another. In some cases, it is difficult to distinguish between labor and management.

B Basis for Decisions

Decisions **must** be based on COC's best judgment considering the:

- requirements in this Section
- intent of significant contribution provisions is to provide program benefits to bona fide farmers, personally providing meaningful inputs on the farm.

Note: COC's are given discretion to make the subjective decisions required.

C Requiring Proof

If necessary, COC may require proof of who provides:

• labor equal to 50 percent or more of the person's or legal entity's commensurate share of the labor required

Note: Proof of labor exceeding 1,000 hours is **not** required.

- management input critical to the overall profitability of the farming operation
- a satisfactory contribution of a combination of labor and management.

A Introduction

For a farming input to be considered toward satisfying the requirements of commensurate contributions, the requirements of this paragraph **must** be met.

B Rules for Commensurate Contributions

After the requirements for significant contributions have been met, apply the rules in this table when determining commensurate contributions.

Farming Input	General Rule	Requirements	
 Capital 	Include if	IF the contribution was acquired as a	THEN the
 Equipment 	contributed	result of a loan to the	loan must
• Land	directly to the farming operation by the person or legal entity.	 farming operation in which the person or legal entity has an interest person, legal entity, or farming operation: 	• bear the prevailing interest rate
		 by the farming operation or any of its members, beneficiaries, or related entities 	• have a repayment schedule normal for the area.
		 that was guaranteed or secured by the farming operation or any of its members, beneficiaries, or related entities 	
• Labor	Include all	If a member of a joint operation receives	a guaranteed
Management	contributions of labor and management, including	payment for any part of a labor or manage contribution, exclude all of the specific ty contribution for which payment is received	pe of
	hired labor and hired management.	Note: "Draws" or advances for a member effect on the member's share of the or proceeds of the partnership are a guaranteed payment.	ne partnership

78 Determining Commensurate Contributions

A Introduction

Use the guidelines in this paragraph to determine whether contributions are commensurate with shares.

B General Rule

Total contributions that are "within reason" of being equal to the claimed share of profits and losses shall be considered commensurate.

Note: COC's shall **not** establish a specific tolerance for "within reason."

C Determining Contributions

Use the steps in this table to determine each person's or legal entity's contributions to a farming operation.

Step	Action
1	Determine the total amount of each farming input needed to conduct the farming
	operation.
2	Determine the type and amount of farming inputs provided by the person or legal entity that meet the requirements in paragraph 77.
3	Determine the percentage of each input required to conduct the farming operation provided by the person or legal entity.
4	 Does the person or legal entity provide the same percentage of all inputs required to conduct the farming operation? If yes, consider the person or legal entity as providing that percentage of the farming inputs required to conduct the farming operation. If no, determine the value of the inputs provided by the person or legal entity relative to the total amount of farming inputs required to conduct the farming operation.
5	Determine whether the person's or legal entity's contributions to the farming operation are commensurate with the person's or legal entity's claimed share of the farming operation. See subparagraph D.

78 Determining Commensurate Contributions (Continued)

D Determining Commensurate Shares

Use the steps in this table to determine whether contributions to a farming operation are commensurate with the claimed share of the profits or losses.

*__

Step	Review and Determination
1	Review the person's or legal entity's claimed share of the profits or losses of the
	farming operation.
	For a joint operation, review the member's claimed share of the profits or losses of
2	the farming operation.
2	Are the person's or legal entity's total contributions to the farming operation commensurate with the claimed share of the profits or losses of the farming operation?
	For a joint operation, are the member's total contributions to the farming operation commensurate with the claimed share of the profits or losses of the farming operation? If:
	• yes, go to step 5
	• no, go to step 3.
3	Are the contributions by the person or legal entity that COC considers pertinent to the farming operation commensurate with the claimed share of the profits or losses of the farming operation?
	For a joint operation, are the contributions of the member that COC considers pertinent to the farming operation commensurate with the claimed share of the profits or losses of the farming operation? If:
	• yes, go to step 5
	• no, go to step 4.
4	Determine the person or legal entity to be not actively engaged in farming.
	If a member of a joint operation, then determine the member of the joint operation
	to be not actively engaged in farming.
5	Determine the person or legal entity to be actively engaged in farming if all other
	provisions have been satisfied.
	If a member of a joint operation, then determine the member to be actively
	engaged in farming if all other provisions have been satisfied.

__*

78 Determining Commensurate Contributions (Continued)

E DD Responsibility

DD is responsible for:

- verifying that no "tolerance" for commensurate contributions is established in any county
- maintaining reasonable uniformity between counties
- ensuring that the integrity of the program is maintained.

79 Determining Contributions at Risk

A Introduction

In addition to other requirements for a person or legal entity to be considered actively engaged in farming, the contributions made by the person or legal entity **must** be at risk.

B General Rule

For a producer's contribution to be considered at risk, there **must** be a possibility that the producer could suffer loss.

C Specific Rules for At Risk

Apply the rules in this table when determining whether contributions are at risk.

IF producer is a	THEN the
person	person's contributions to the farming operation must be at risk.
joint operation	members' contributions to the farming operation must be at risk.
legal entity	legal entity's contributions to the farming operation must be at risk.

80-90 (**Reserved**)

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Section 7 Cash-Rent Tenant

91 Cash-Rent Tenant Rule

*--A Definition of Cash-Rent Tenant

<u>Cash-rent tenant</u> means a producer who rents land from another producer or landowner under either of the following conditions:

- for a fixed cash amount
- guaranteed crop share as the amount of the commodity to be paid in rent.

B Other Situations of Applicability

Cash-rent tenant provisions also apply to:

- tenants who rent land for zero dollars or farm the land in exchange for compensation other than cash, such as:
 - controlling weeds on land **not** owned
 - barter arrangements
- producers who have use of the land and there is **not** a lease agreement in place, such as:
 - individual operating land owned by his or her revocable trust
 - 1 spouse operating land owned by the other spouse.

Note: In husband and wife operations only, cash-rent tenant provisions will be considered to be met if both benefit from the land.

For these situations:

- record the arrangement in farm records as land leased for cash
- COC must determine whether the cash-rent tenant provisions have been met by the producer.--*

91 Cash-Rent Tenant Rule (Continued)

*--C Payment Eligibility Requirements

[7 CFR 1400.301(a)] In addition to meeting the requirements to be considered actively engaged in farming, a cash-rent tenant will be eligible to receive payments on cash-rented land if the cash-rent tenant makes either of the following:

- a significant contribution of active personal labor to the farming operation
- a significant contribution of equipment **and** a significant contribution of active personal management to the farming operation.

Note: The spousal provision in subparagraph 116 A for determining actively engaged in farming can also be used by spouses in meeting these requirements.

D Partial Eligibility

If a producer meets all requirements to be considered actively engaged in farming, but fails to meet the cash-rent tenant provisions in subparagraph C, the producer will be:

- eligible to receive payments on land in the farming operation that is **not** cash-rented
- subject to a reduction in payments with the application of a cropland factor according to paragraph 64.--*

E Specific Rules for Equipment

Use the rules in this table if a significant contribution of equipment is necessary to meet the requirements of the cash-rent tenant rule.

IF the cash-rent tenant	THEN
provides the harvesting equipment	the rental value of harvesting equipment is included when determining whether a significant contribution of equipment is met.
meets both of the following requirements:	the rental value of harvesting equipment is not included when determining whether a significant contribution of equipment is met.
 custom harvesting is used in the cash-rent tenant's farming operation 	Note: The rental value of harvesting equipment would still be considered in making actively engaged in farming determinations.
the custom harvester has no interest in the farming operation	Example: Person A, a cash-rent tenant, owns or leases all equipment for the farming operation except equipment needed for harvesting. Harvesting is custom hired. The custom harvester has no interest in the farming operation.
	The rental value of harvesting equipment shall not be included in determining the total rental value of equipment needed to conduct the farming operation for cash-rent tenant rule purposes.
leases the equipment from the landlord	the lease and payment must meet the requirements of subparagraph 73 B.
leases the equipment from the landlord, or the same person or legal entity that	 both of the following conditions must be met: contracts for leasing the equipment and the hired labor
is providing hired labor to the farming operation	must be 2 separate contracts that reflect the fair market value of the leased equipment and the hired labor
	• cash-rent tenant must exercise complete control over using a significant amount of the equipment during the current crop year.
	Note: Complete control means exclusive access and use by the tenant.

92 Cash-Rent Tenant Example

A Example 1

Situation: Person A cash leases land from Landowner B. Person A subleases the land to Producer C on a share-rent basis. Person A contributes the land and active personal management to the farming operation.

Determination: Because Person A cash-rents the land from Landowner B. Person A is:

- a cash-rent tenant.
- **not** the landowner and **cannot** be considered actively engaged in farming because of the landowner provision.

Because Person A has provided a significant contribution of land and management, Person A can be considered actively engaged in farming. However, Person A is **ineligible** to receive program payments on the cash-rented land, because the necessary contributions for a cash-rent tenant were **not** made.

A separate determination will be made for Producer C.

Explanation: Landowner B is **not** considered to be actively engaged in farming for this farming operation, but may be considered actively engaged in farming for another farming operation.

B Example 2

Situation: A joint operation consists of Persons A, B, C, and D; all with equal shares. All land is cash-rented by the joint operation. Members A and B provide all of the equipment, Members C and D provide all the capital, all necessary labor is hired by the joint operation, and active personal management is provided equally by the members.

Determination: Only Members A and B meet the cash-rent tenant rule requirements because they provide management and equipment. Therefore, payment to the joint operation is limited to the amount represented by the shares held by Members A and B.

Explanation: Since all labor is hired by the joint operation, significant contributions of both equipment and active personal management are **required**. Members C and D do **not** provide any contributions of equipment and; therefore, do **not** meet the requirements of the cash-rent tenant rule required for payment eligibility.

92 Cash-Rent Tenant Example (Continued)

C Example 3

Situation: Same as subparagraph B, **except** the joint operation provides all capital, equipment, and hired labor. Active personal management is equally provided by the members.

Determination: All members meet the cash-rent tenant rule requirement.

Explanation: Since all labor is hired by the joint operation, significant contributions of **both** equipment and active personal management of the members are required. A significant equipment contribution was provided by the joint operation and active personal management was provided by the members.

D Example 4

Situation: Same as subparagraph C, **except** the joint operation has all of the land custom farmed by unrelated persons and legal entities.

Determination: All members are ineligible for payment on the land cash-rented by the joint operation.

Explanation: Significant active personal labor contributions by the members, or a significant equipment and active personal management contribution, were **not** provided to the operation as required for payment eligibility.

92 Cash-Rent Tenant Example (Continued)

E Example 5

Situation: A local Future Farmers of America chapter requests program payments on land that is cash-rented from an unrelated party. The chapter members are providing active personal labor and active personal management to the farming operation.

Determination: The National Future Farmers of America is a Federally chartered corporation with its purpose to create, foster, and assist subsidiary chapters composed of students enrolled in vocational agriculture in public schools. The corporation may **not** issue stock, or declare or pay any dividend.

All the partners, stockholders, or members with an ownership interest are providing active personal labor, active personal management, or a combination of active personal labor and active personal management (7 CFR 1400.204).

Even though the chapter members may be providing active personal labor and/or active personal management, they do **not** have the **required** ownership interest in the corporation. Consequently, Future Farmers of America chapters **cannot** be considered to have met the cash-rent tenant rule requirements on the rented land.

93-95 (Reserved)

Section 8 Notification of Interests

96 Entity Responsibilities

A Introduction

The Food Security Act of 1985, as amended by the Food, Conservation, and Energy Act of 2008, requires the entity to provide the information in subparagraph B. These requirements (Exhibit 4) ensure that USDA can adequately control payment limitation by direct attribution.

B Responsibility for Providing Information

The legal entity receiving payment is responsible for obtaining the name, address, and TIN of each member, person, and legal entity, including persons and legal entities in each lower level of embedded legal entities.

97 Notification Exceptions

A Introduction

All legal entities receiving payment, including embedded legal entities must submit the documentation required in subparagraph 98 A, **unless** an exception in subparagraph B applies.

B Exception

Notification requirements do **not** apply if the legal entity is tax exempt under Internal *--Revenue Code, Section 501(c).--*

Notes: Approval by IRS shall be indicated by providing COC with a copy of either of the following:

- IRS determination letter notifying the organization or legal entity of approval as a tax exempt entity for the year
- copy of the organization's or legal entity's most recently filed IRS-990.

Documentation **not** effective for the current year may be accepted if COC is satisfied the status for the current year is the same as supported by the documentation.

98 Required Information

--A Rule [7 CFR 1400.107]--

Each legal entity that submits a contract for a program or an application for payment **must** provide COC the name, address, and TIN of each person and embedded legal entity that holds or acquires any interest, directly or indirectly, in the entity earning payment. This information will be recorded on CCC-901 or CCC-902E. See paragraph 99.

B Information Deadline

Provide the information to COC when CCC-902E is filed.

If the required information is **not** filed in the County Office according to paragraph 31, the entity will be **ineligible** to receive program payments.

99 Completing CCC-901's

A Who Must Complete CCC-901's

*--Each legal entity that submits a contract for a program or an application for payment **must--*** provide the member's information required on CCC-901.

Exception: CCC-901 is **not** required if **all** the first level members are persons.

Note: New CCC-901's are **not** required to be filed in subsequent years unless there are changes in the operation.

B Filling Responsibility

The legal entity that is earning payment is responsible for obtaining and providing the required information to COC.

C Deadline for Submitting CCC-901's

The legal entity earning payment shall provide the completed CCC-901 to COC when CCC-902E is filed.

D Filing and Distribution

File the original CCC-901 in the legal entity's payment limitation folder and give a copy to the payment entity.

*--E Completing CCC-901's for 2009 and Subsequent Years

Complete the CCC-901 according to this table.

Item	Instruction
1 and 2	Enter name of the county and State where the farming operation is located. If
	in more than 1 county, enter the name of the county that has been designated as
	the administrative county.
3	Enter current program year, or the year for which this information is applicable.
Part A	Enter name of the legal entity earning the payment.
1	Enter the names of the members making up the legal entity listed in part A; this
	could be a person or a legal entity.
2	Enter TIN's of the members.
3	Enter address of each member of the legal entity.
4	Enter percent share of the legal entity that each member owns.
5	Check:
	"Yes", if member has signature authority for this entity
	• "No", if member does not have signature authority for this entity.
Part B	If any member listed in Part A, item 1 is a legal entity; that is, part of another
	partnership, corporation, etc., enter name of the embedded legal entity. If more
	than 1 member is a legal entity, use a separate, supplemental sheet to provide
	the requested information for each embedded legal entity.
1	Enter names of the members making up the legal entity listed in Part B. (This
	could be a person or a legal entity.)
2	Enter TIN's of the members.
3	Enter address of each member of the entity.
4	Enter percent share of the legal entity that each member owns.
5	CHECK (✓):
	"Yes", if member has signature authority for this entity
	• "No", if member does not have signature authority for this entity.

__*

*--E Completing CCC-901's for 2009 and Subsequent Years (Continued)

Item	Instruction
Part C	If any member listed in Part B, item 1 is a legal entity; that is, part of another
	partnership, corporation, etc., enter name of the embedded legal entity. If more
	than 1 member is a legal entity, use a separate, supplemental sheet to provide
	the requested information for each embedded legal entity.
1	Enter names of the members making up the legal entity listed in Part C; this
	could be a person or legal entity.
2	Enter TIN's of the members.
3	Enter address of each member.
4	Enter percent share of the legal entity that each member owns.
5	Check:
	"Yes", if member has signature authority for this entity
	• "No", if member does not have signature authority for this entity.
Part D	If any member listed in Part C, item 1 is a legal entity; that is, part of another
	partnership, corporation, etc., enter name of the embedded legal entity. If more
	than 1 member is a legal entity, use a separate, supplemental sheet to provide
	the requested information for each embedded legal entity.
1	Enter names of the members making up the legal entity listed in Part D. (This
	could be a person or legal entity.)
2	Enter TIN's of the members.
3	Enter address of each member.
4	Enter percent share of the legal entity that each member owns.
5	Check:
	"Yes", if member has signature authority for this entity
	• "No", if member does not have signature authority for this entity.

__*

*--E Completing CCC-901's for 2009 and Subsequent Years (Continued)

Item	Instruction		
Part E	If none of the members listed Parts A through D is a minor, check "N/A" (not		
	applicable), then go to Part F.		
1	If any member listed in Parts A through D is a minor, provide	the following	
through	information about that member:		
5			
	• minor's name		
	• minor's date of birth		
	• name of the minor's parent or guardian		
	address of the parent or guardian		
	TIN of the parent or guardian.		
	Note: If complete TIN is already on file, only the last 4 d	igits are required.	
6		THEN	
	IF any minor listed in Part E	CHECK (✓)	
(a)	is a producer on a farm and the parent or guardian has no	"Yes".	
	interest		
	a producer on a farm and the parent or guardian has an	"No".	
	interest in the farming operation		
(b)	maintains a separate household from the parent or guardian	"Yes".	
	and personally carries out all farming activities with respect		
	to the minor's own farming operation, including maintaining separate accounting		
	does not maintain a separate household from the parent or	"No".	
	guardian and does not personally carry out all farming	110.	
	activities with respect to the minor's own farming operation,		
	including maintaining separate accounting		
(c)	who is represented by a court-appointed guardian or	"Yes".	
	conservator, lives in a household other than the parents'		
	households, and has a vested ownership in the farm		
	who is represented by a court-appointed guardian or	"No".	
	conservator, does not live in a separate household other than		
	the parents' households, and does not have a vested		
(1)	ownership in the farm	6.1	
(d)	If "Yes" is checked for all items (a) through (c), write the name	e of the minor in	
	the space provided.		

__*

*--E Completing CCC-901's for 2009 and Subsequent Years (Continued)

Item	Instruction
Part F	
1	An individual member, or an authorized representative of the entity in Part A,
	shall sign the certification.
2	If an authorized representative for the entity 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-901 was signed.

--³

99 Completing CCC-901's (Continued)

F Example CCC-901

The following is an example of a completed CCC-901.

×		
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This form is available electronical	ly.				
	EPARTMENT OF AGI ommodity Credit Corpo		1. County Erath		
	MBER'S INFOR 9 and Subseque		2. State TX		
			3. Program Year	009	
(Pub. L 110-246). Additi in determining eligibility i result in a determination result of this form may be information under Sectio This information collectic Energy Act of 2006 (Pub	onally, the authority to for program benefits. I of ineligibility for progr e released to USDA ei n 1619 of the Food, C un is exempted from th . L. 110-246, Title I, S.	uarding the information described on this form or requesting this information is for 7 CFR Part Furnishing the requested information is volunte am benefits and other financial assistance and imployees, USDA contractors, or authorized US onservation and Energy Act or 1974, the E-Go be Paperwork Reduction Act, as it is required for ubtitle F – Administration). The provisions of contractions	1400. The information is now, Failure to furnish the reministered by USDA. The in SDA cooperators who are between the Act of 2002, and or the administration of the infinial and civil fraud, prive	ecessary for CCC equested informa information collec ound to safeguar related authoritie Food, Conservati	C to assist tion will ted as a d the es.
PART A - For each individual or entity and percentage share of ow	who is a member of	TURN THIS COMPLETED FORM TO YOUR Of this entity, list the member's name, social secu- r has both types of identification numbers, list to	rity/employer identification	number, address	i
1. Member's Name	2. SSN or Tax ID Number (Last 4 digits if already on file)	3. Address	4. Percent Share	5. Does this mer signature aut the legal e (Yes or	hority for entity?
Curtis Ludlow	3875	85 Ludlow Lane Glen Rose, TX 74444	45 %	YES	Пио
Christi Ludlow	3877	12716 Main Apt. 47 Dallas, TX 71111	45 %	YES	NO
Charles Ludlow	1532	2342 Burke Rd Glen Rose, TX 74444	9 %	YES	NO
Ludlow Enterprise Co.	4433	2342 Burke Rd Glen Rose, TX 74444	1 %	YES	Мо
			9/	YES	□ NO
each member of such entity entity, provide the requeste	/. If a member has bo	art A, who is an entity, list such embedded ent th types of identification numbers, list both. If nentity on supplemental sheets.			
1. Member's Name	2. SSN or Tax ID Number (Last 4 digits if already on file)	3. Address	4. Percent Share	5. Does this mer signature aut the legal e	hority for entity?
Curtis Ludlow	3875	85 Ludlow Ln Glen Rose, TX 74444	20 %	X YES	Пио
Christi Ludlow	3877	12716 Main Apt. 47 Dallas, TX 71111	20 %	X YES	Пио
Charles Ludlow	1532	2343 Burke Rd Glen Rose, TX 74444	50 %	X YES	□ NO
CH Ludlow LLC	4434	2343 Burke Rd Glen Rose, TX 74444	10 %	YES	№ МО
			%	YES	Пио

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 (Braile Jarge 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.

99 Completing CCC-901's (Continued)

F Example CCC-901 (Continued)

*__

PART C - Embedded Entities: F for each member of suc	or any member listed in the hentity. If a member h		t such embedded entity's name and n numbers, list both. If more than c		
Name of Embedded	CH Ludlov		i silecis.		
1. Member's Name	2. SSN or Tax ID Number. (Last 4 digits if already on file)			4. Percent Share	5. Does this member have signature authority for the legal entity? (Yes or No)
Charles Ludlow	1532	2343 Burke Rd Glen Rose, TX 744	144	100 %	YES NO
				%	YES NO
				%	YES NO
				%	YES NO
ART D - Embedded Entities: F	or any member listed in	n Part C who is an entity list	such embedded entity's name and	% list the inform	YES NO
member of such entity. I	f a member has both ty		s, list both. If more than one membe		
ame of Embedded Legal Entity		T	3.	4	
1. Member's Name	2. SSN or Tax ID Number. (Last 4 digits if already on file)		dress F	4. Percent Share	5. Does this member have signature authority for the legal entity? (Yes or No)
				%	YES NO
				%	YES NO
				%	YES NO
/ = M: M / O				%	YES NO
aπ E. Minor Members or S	2.	ny Member or Shareholder w 3.	ho is a minor, provide the following 4.	: 💹 N/A	5.
Minor's Name	Date of Birth	Parent's or Guardian's Name	Parent's or Guardian's Addres		arent or Guardian's SSN o Tax ID Number Last 4 digits if already on file)
Separate Status of Minors (a) Is any minor a producer or	a farm in which the pa	arent or guardian has no inter	est?	YES [
(b) Does any minor maintain a Activities with respect to the		rom the parent or guardian ar ration, including maintaining		YES	NO
(c) Does any minor who is rep 1) live in a household other		pointed guardian or conserva sehold(s), and 2) have a ve		YES	NO
(d) If any minor with an interes	st in this farming operat	tion can answer "YES" to Iten	ns 6(a)-6(c), list that minor's name:		
I understand that furnishing	e authority for the e incorrect information notification to the F	on will result in forfeiture	und all information entered on i of payments and benefits. mittees for the county and State		
Representative's Signature (By) 2	. Title/Relationship of Individ	ual Signing in the Representative	3. Date	(MM-DD-YYYY)
Representative a dignature (by	´ I		gg		

--*

100 Nondisclosure Results

A COC Responsibilities

If the legal entity fails to provide COC with the name, TIN, and **a**ddress of each applicable person and legal entity, COC shall:

- deny any payment earned by the legal entity
- notify the legal entity of the denied payment and reason for denial
- **not** be responsible for notifying the members
- permit the legal entity to cancel the applicable contract or application according to applicable program procedures.

101-105 (Reserved)

Part 3 Foreign Person Provisions

106 Foreign Person Rule Applicability

A Introduction

Before making **any** actively engaged in farming or other eligibility determinations, it **must** be established whether persons or legal entities, projected to share in applicable program benefits, are foreign persons.

B Program Applicability

Apply the provisions in this part to any type of payment, loan, and benefit made for 1989 and subsequent crop years for the programs listed in paragraph 11.

Note: Unless otherwise specified, **all** other provisions of this handbook are applicable in determining payment eligibility for foreign persons.

C Person Applicability

The provisions in this part are applicable to foreign persons as defined in paragraphs 107 and 108.

Note: The provisions in this part are **not** applicable to a citizen of the U.S., lawful alien, or legal entity that is **not** subject to this part that is:

- in lawful possession, through a lease or otherwise, of a farm owned by a person or legal entity who is subject to this part
- successor-in-interest to a program contract or agreement for a farm owned by a person or legal entity who is subject to this part.

D COC Determination

COC shall make the initial determination of foreign or nonforeign status for persons, legal entities, or other similar entities based on documentation provided.

107 Foreign Person Identification

A Definition

Foreign person means someone who is **not** a:

- citizen of the U.S.
- lawful alien possessing a valid Permanent Resident or Resident Alien Card (I-551).

B Proof of Citizenship

If COC questions the citizenship of a person, acceptable proof of citizenship **must** be provided. Proof of citizenship includes the following:

- birth certificate
- nationalization and citizenship papers
- certificate of citizenship
- verification through the nearest Immigration and Naturalization Service office.

107 Foreign Person Identification (Continued)

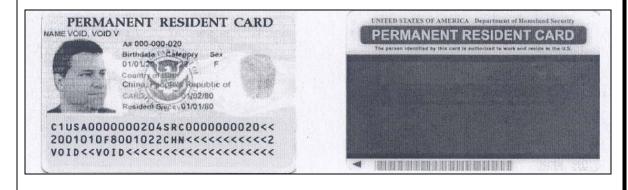
C Forms of Identification

The following are the front and back views of the Permanent Resident and Resident Alien Cards (I-551) currently in use.

- Special attention **must** be taken to ensure that proper identification of lawful aliens is made.
- Note visual inspection of I-551 on CCC-902.
- Request to photocopy I-551 if there is any question of its validity.

The **Permanent Resident Card** (1-551):

- began being issued in November 2004
- displays the seal of the Department of Homeland Security
- contains a detailed hologram on the front of the card
- is personalized with an etching displaying the following:
 - bearer's photo
 - name
 - signature
 - date of birth
 - alien registration number
 - card expiration date
 - card number.



C Forms of Identification (Continued)

The **Resident Alien Card** (I-551) is:

- no longer issued
- valid indefinitely or until the expiration date
- commonly referred to as a "green card"
- is the replacement for the Alien Registration Recipient Card (I-151).

Recipients of the Resident Alien Card (I-551) are lawful permanent residents.



108 Foreign Entity Identification

A Definition

<u>Foreign entity</u> means a corporation, trust, estate, or other similar organization, that has more than 10 percent of its beneficial interest held by persons who are **not**:

- citizens of the U.S.
- lawful aliens possessing valid Permanent Resident or Resident Alien Cards (I-551).

B Determining Beneficial Interest

In determining whether beneficial interest is held, the beneficial ownership shall be based on the higher amount of interest on either of the following dates:

- date applicable program contract or agreement is executed
- beginning harvest date for the commodity as determined by STC.

Note: All interest in an entity, including interest in an embedded entity, shall be taken into account.

C Entity Ownership Share

Use this table to determine a person's or legal entity's ownership interest in a foreign entity.

IF ownership is of	THEN the ownership percentage held by a person or legal entity shall be based on
1 class of stock or	their outstanding share of ownership compared to the total
other similar unit	outstanding unit of ownership.
more than 1 class of	the fair market value of all outstanding stock.
stock or other similar	
unit	Note: To determine the fair market value, follow paragraph 146.

Note: The value of different classes of stock or other unit of ownership can be determined by COC, STC, or DAFP, but shall be determined by the earliest level **before** referring to the next higher level of authority.

D Less Than 10 Percent Interest

DAFP may determine that an ownership interest of 10 percent or less shall be considered beneficial interest.

E Entity's Responsibility

The entity shall inform COC of any increase in ownership by a member that occurs after the beneficial interest has been determined.

Note: If there has been an increase in foreign ownership after a payment, loan, or benefit has been made, the entity **must** refund the payment, loan, or benefit.

109 Foreign Person Payment Eligibility

A Introduction

This paragraph provides the requirements to determine a foreign person eligible to receive payments, loans, or benefits subject to the foreign person rule for the programs listed in paragraph 11.

B Contribution Requirements

--In addition to any other applicable requirements, the following significant contributions-- **must** be provided by a person or legal entity considered to be a foreign person.

Foreign Person	Who Must Make the Contribution	What Significant Contribution Must Be Provided
Person	Person.	 *All of the following:* active personal labor capital land.
Entity	Each foreign person who is a stockholder or other type of member.	Active personal labor.

Note: The eligibility determination will apply to **all** program benefits associated with payments, loans, and benefits subject to the foreign person rule, with respect to any commodity produced, or land set aside from production, for that crop year.

C Active Personal Labor Exception for CRP

Labor that is custom hired may be **excluded** when determining both the amount of labor necessary to conduct the farming operation and whether the foreign person has provided a significant contribution of active personal labor, if **both** of the following apply:

- the foreign person receives **only** CRP payments
- COC determines, and State Office concurs, that such labor is always custom hired in the county.

Note: Exceptions shall be producer specific and documented on CCC-903 or attachment.

110 Requesting Benefits for Nonforeign Shares

A Introduction

Entities that have been determined ineligible for payment, loan, or benefit because of the foreign person rule may receive the amount of payment that represents the percentage interest of the entity that is owned by U.S. citizens or lawful aliens.

Note: This provision is also applicable to foreign stockholders, etc. of an entity if some, but **not** all, of the foreign persons provide a significant contribution of active personal labor.

B Requesting Payment

To receive the eligible portion of payment, loan, or benefit, the entity **must**:

- provide a written request for payment to COC that includes the percentage of foreign ownership (subparagraph C)
- receive an approval determination letter from COC (subparagraph D).

--Note: CCC-902E and CCC-901 are considered acceptable written requests for the eligible portion of payments, loans, or benefits representative of the percentage of interest that is owned by U.S. citizens or lawful aliens.--

110 Requesting Benefits for Nonforeign Shares (Continued)

C Example Letter From Entity

This is an example letter from a foreign entity, with foreign persons holding more than 10 percent, requesting percentage of eligible payments.

То:	County Committee				
From:	Corporation/ Entity				
10 percent	to program provisions dea beneficial ownership of an enefits is made.				
	below are the foreign personent ownership of the entity	_	eneficial in	teres	t that totals more than
Na	me			P	Percent of Ownership
				-	
				-	
				-	
			Tota	al:	
held by U.	nation provided above indic S. citizens and/or lawful al e of benefits that the entity	iens. We forma	ally reques		
Signature		Date			
Title					

110 Requesting Benefits for Nonforeign Shares (Continued)

D Example COC Approval Letter

This is an example letter notifying a foreign entity, with more than 10 percent foreign ownership, of COC approval of request for payment.

Dear Producer:		
The County FSA Committee has reviewed your request for payment of eligible benefits. It is our finding that percent of the beneficial ownership is held by foreign persons and ineligible for payment.		
Based on this determination, percent of payments earned by your entity will be eligible to be paid.		
[Give appeal rights according to 1-APP.]		
This determination has been based on the facts as submitted. Any unrevealed circumstances could require the application of a more restrictive rule.		
Sincerely,		
County Executive Director		

111 Foreign Person Rule Notification Letter Examples

A Introduction

This paragraph provides example notification letters to foreign persons.

B Letters to Eligible Foreign Persons

Insert the following statement in notification letters to foreign persons determined eligible for payments and other benefits:

"Based on the information you (your representative) provided, the _____ County FSA Committee has determined you to be a foreign person eligible to receive certain program benefits."

Note: Insert the statement following the actively engaged in farming and person determinations.

111 Foreign Person Rule Notification Letter Examples (Continued)

C Example Letter to Ineligible Foreign Persons

This is an example notification letter to foreign persons determined ineligible for payments and other benefits.

Dear Producer:		
Based on the information you (your representative) provided, the County FSA Committee has determined you are a foreign person ineligible to receive certain program benefits. These benefits include payments and loans.		
[Give appeal rights according to 1-APP.]		
This determination has been based on the facts as submitted. Any unrevealed circumstances could require the application of a more restrictive rule.		
Sincerely,		
County Executive Director		

D Letter to Ineligible Foreign Entities

Insert the following statement in notification letters to ineligible foreign entities:

"Foreign entities that have been determined ineligible to receive certain benefits may request payment of the percentage of entity ownership held by U.S. citizens and/or lawful aliens. The request **must** be in writing and include the percentage of foreign ownership."

112-115 (Reserved)

Part 4 Eligibility Determinations for Farming Operations

Section 1 General Determinations

116 Spouses

A Actively Engaged in Farming Rule for Spouses

Use this table for actively engaged in farming determinations involving spouses.

IF the spouses are both	THEN
farming together:	if 1 spouse is determined actively engaged in farming, the
	other is credited with significant contributions of active
• in a joint operation	personal labor and active personal management to the same
• as an entity	farming operation. The requirements of significant
	contribution of capital land, or equipment, commensurate
	share and risk remain applicable.
	Note: This also includes the spouse's estate
involved in separate	each spouse must independently meet all applicable
farming operations	requirements to be considered actively engaged in farming.

B Determinations for Spouses Example 1

Situation: Husband A and Wife B have a joint farming operation comprised of 500 acres of rented land. In addition, Wife B has 100 percent interest in Corporation X that is participating in CRP and earning annual payments.

- Husband A and Wife B jointly own all the equipment and provide all the capital for their farming operation.
- Husband A contributes at least 50 percent of the active personal labor and a significant
 contribution of active personal management for the joint farming operation. Wife B does
 not provide active personal labor or active personal management.
- Husband A's and Wife B's share of the profits or losses from the farming operation are commensurate with their contributions and the contributions are at risk.

Determination: Husband A is considered to be actively engaged in farming because he is making both a left hand and right hand contribution. Wife B is also making a left hand contribution, but is not making a right hand contribution. However, by using the actively engaged rule for spouses, Wife B is credited with contributing labor and management; therefore, Wife B is considered to be actively engaged. Husband A and Wife B are each eligible to receive their respective share of the total program payments and benefits received by the joint operation and subject to limitation. Any contributions necessary for payment eligibility credited to Wife B are **only** applicable to the joint operation and do **not** apply to the Corporation X farming operation.

116 Spouses (Continued)

C Determinations for Spouses Example 2

Situation: Husband M and Wife N have a joint farming operation comprised of 700 acres of owned and cash-rented land. Wife N is an heir to the estate of her father who died in the previous year. Wife N is a full-time employee at the local FSA office.

- Husband M and Wife N jointly own all of the equipment and provide all of the capital necessary for the farming operation.
- Husband M contributes the majority of the active personal labor and the active personal management for the farming operation.
- Wife N contributes active personal labor and active personal management, whenever able, to the farming operation, but the amount is **not** commensurate with her share.
- The estate owns land, of which Wife N is an heir, and meets the requirements to be considered actively engaged in farming under the landowner provision.
- Husband M and Wife N's shares of the profits or losses from the farming operation are commensurate with their contributions to the farming operation and the contributions are at risk.

Determination: Husband M, Wife N, and the estate are all considered actively engaged in farming. Through the special provision for spouses, Wife N is credited as making significant contributions of active personal labor and/or active personal management to the farming operation since Husband M is considered to have met the requirement of actively engaged in farming. Both Husband M and Wife N made significant contributions of capital and equipment, and consequently, both met the requirements of the cash-rent tenant rule as well. In addition to her share of the program payments received through this joint farming operation, Wife N will also be attributed payments earned by her father's estate according to her share held as an heir.

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 beginning with the 2010 crop, program, and FY's, June 1 of the applicable-- 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

A Definition

<u>Indian tribe</u> means any Indian tribe, band, nation, pueblo, or other organized group or community, including any Alaska Native village or regional corporation as defined in or established under the Alaska Native Claims Settlement Act, which is recognized as eligible for the special programs and services provided by the U.S. because of their status as Indians.

B Rule

*--Indian tribes are not included under the <u>person</u> or <u>legal entity</u> definitions for applying the payment eligibility and payment limitation provisions. Therefore, no limitations or restrictions are imposed on Federally-recognized Indian tribes for receiving program payments or benefits.

Note: This exemption only applies to Indian tribes.--*

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,	• payments are not subject to limitation		
rents, or otherwise	AGI limitations do not apply		
acquires	AGI mintations do not appry		
	• earnings and payments will not be attributed to each individual member of the tribe.		
	Note: CCC-902E is required to collect land information for the farming operation.		
individual Native	a BIA official must certify that no 1 member, directly or		
Americans or	indirectly, will receive more than the limitation in CCC-902E,		
groups of Native	item 18, "Remarks" or statement attached to CCC-902E		
Americans			
represented by BIA on allotted land	• individual members are considered actively engaged in farming because of land ownership		
on unotice fand	because of failu ownership		
	• a BIA official must provide a statement to certify that all		
	members are in compliance with AGI limitations.		
individual Native	actively engaged in farming requirements, cash-rent tenant		
American	rules, and AGI limitations apply		
	payments are subject to limitation		
	• earnings and payments will be attributed to the individual.		
a legal entity	actively engaged in farming requirements, cash-rent tenant		
comprised of	rules, and AGI limitations apply		
members that are			
Native Americans	payments to the legal entity are subject to limitation		
	• comings and payments will be attributed to each months:		
	 earnings and payments will be attributed to each partner, stockholder, or member with an ownership interest. 		
	stockholder, or member with an ownership interest.		
	Note: Not applicable to Alaska Native village or regional		
	corporation established under the Alaska Native Claims		
	Settlement Act.		

__*

* * *

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.

D Action by Noncontrol County

Noncontrol County Offices shall follow this table for payments authorized according to subparagraph B, Exception 1, to a State producer.

Step	Action
1	Notify State producers before the end of applicable signup that:
	State producers may agree to a method of disbursing program payments
	a drawing will be conducted to select the payment order in which participating eligible State producers will receive program payments, if no alternative payment method is agreed upon by the State producers
	• State producers shall contact the control County Office by the end of signup to give the alternative payment method agreed upon by all affected parties, if applicable
	• the method used for selection will apply for CCC-509's.
2	Send the following to the control County Office for all eligible participating State producers and participating legal entities in which the State producer has an interest:
	• CCC-509's
	• CCC-902E's
	•*CCC-926's or CCC-931's*
3	Notify affected producers of the results of the drawing conducted by the control County Office no later than 1 week after the drawing is held.
	Note: Notify the control County Office of any cancellations.

119 States, Political Subdivisions, and Agencies (Continued)

E Letter to Combined State Producers

Send this letter to State producers subject to subparagraph B, Exception 1, no later than 30 calendar days **before** the end of signup.

Producer's Name Street City, State ZIP Code

Dear Producer:

A State, including all political subdivisions and agencies thereof, is only eligible for payments under DCP or ACRE if the payments are used solely for the support of public schools. Total payments **cannot** exceed \$500,000 annually. To be eligible for payment, **each** legal entity **must** be determined actively engaged in farming and in compliance with highly erodible land conservation and wetland conservation provisions.

Date

If you intend to participate in DCP and/or ACRE, you **must** enroll by [end of signup date]. **No** later than [end of signup date], all State producers should develop a method for disbursing program payments subject to limitation and inform the control County Office [give office name and address]. If no method is given, the control County Office will conduct a drawing, open to the public, on [second Friday after signup] at 10:00 a.m., for selecting the order in which participating State producers will receive payments subject to limitation. These payments are earned on State-owned land and used solely for the support of public schools.

If a drawing is conducted, you will be notified of the results.

Sincerely,

County Executive Director

F State Drawing, Control County

Control County Offices shall use this table if it is necessary to conduct a drawing for State producers. The drawing shall be open to the public and conducted at 10 a.m. on the second Friday **after** the end of signup or such other date is announced.

Step	Action
1	Determine the number of State producers by counting each eligible contract or application subject to the same limitation and assign a number to each.
	Note: Include only timely filed contracts or applications in which the State producer has an interest.
2	Select by drawing the numbers assigned in step 1 until a payment order has been established for all State producers. For CCC-509's, use the calculated direct payment amount to determine when the limitation has been reached for direct payments.
	Note: For both the direct and counter-cyclical payments, allocate the amounts to producers in the same order as determined by the drawing and issue payment when appropriate.
3	Notify the noncontrol County Offices of the results of the drawing.
	Note: Include a list of payment and designation order as determined in step 2 that indicates each producer's earnings subject to the applicable limitation.
4	Update the list in step 3 if any producers cancel their contract or application.
	• Subsequent final payments subject to the applicable limitations shall be made in the order listed.
	• Total payments for direct, counter-cyclical, and ACRE payments shall not exceed \$500,000 for program payment limitation amount.

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

A Completing CCC-902E's

Complete CCC-902E according to this table.

Item	Instruction	
1 – 2	Enter name of the control county and State for this farming operation. The	
	control county most often is the administrative county for the entity's or joint	
	operation's farming operation.	
3	Enter crop year for which this certification applies.	
Part A		
1	Enter name of the general partnership, joint venture, Indian Tribe, corporation,	
	LP, LLC, trust, estate, charitable/tax-exempt organization, public school,	
	city/county/State-owned entity, or other similar entity.	
2	Enter TIN of the entity or joint operation in Item 1.	
	Note: If complete TIN is already on file, only last 4 digits are required .	
3	Enter month and year the entity or joint operation was formed. This is not	
	applicable to public schools, city/county/State-owned entities, or Indian Tribes.	
Part B		
1	CHECK (\checkmark) box that defines the type of entity or joint operation in Part A. If	
	"Other" is checked (✓), specify or describe.	
2	Note: Supporting documentation, such as articles of incorporation, trust papers	
	for an irrevocable trust, partnership agreement, and evidence of heirship,	
	are required for each type of operation represented, except for public	
	schools, States, State entities, and counties.	

A Completing CCC-902E's (Continued)

Item	Instruction		
Part C	If additional space is needed for any information in Part C, complete and attach		
	for CCC-902E Continuation.		
1	Enter the followi	ng for each member of the entity or joint operation.	
A	Member's name.		
В	Last 4 digits of n	nember's TIN.	
		te TIN is already on file, only last 4 digits are required .	
С		or interest in the operation.	
D		on in and salary or bonus from the operation.	
Е	Member's family	relationship to the first member listed in 1A.	
	IF entity is	THEN show	
	an estate	member's relationship to the deceased individual.	
	a trust	beneficiary's relationship to the grantor.	
F	CHECK (✓) eith	er of the following, as applicable:	
	· ·	member has signature authority for entity in Part A	
	• " No ", if the n	nember does not have signature authority for entity in Part A.	
	Note: For joint operations, joint ventures, and general partnerships, each		
	member must initial the response in Column F.		
G	If individual completing CCC-902E has signature authority for entity in Part A,		
1 and 2	and all information in Part C is true and correct, enter initials in item G1 and the		
	date in item G2.		
2		A is an estate or trust, or if any member in Part C is an estate or	
A and B	· ·	ame of estate or trust in item 2A and enter the name of the	
		istrators, or grantors in item 2B. If there is more than	
		nistrator, or grantor, provide the additional information in the	
	space provided or attach additional sheets.		

A Completing CCC-902E's (Continued)

Item	Instruction
3	If any member in item 1A is an entity or joint operation:
	• complete CCC-901 and attach a copy
	• CHECK (✓) box, if CCC-901 has been completed and attached
	• complete CCC-902E for each embedded entity or joint operation
	• CHECK (✓) box if, CCC-902E's are attached for members who are entities and joint operations.
4	If any of the member in Part C has interest in other farming operations conducted
	under a name other than the name listed in Part A, provide the following
	information.
Α	Member's name.
В	Name of farming interests.
С	TIN of the other farming operation.
	Note: If complete TIN is already on file FSA, only last 4 digits are required .
D	County/State where the interest is located.

A Completing CCC-902E's (Continued)

Item	Instruction		
Entity's	Enter name of the entity or joint operation in Part A at the top of the page.		
Name			
5	IF	THEN	
	none of the members listed	CHECK (✓) "N/A" (not applicable), and go to	
	in Part C, item 1, is a minor	item 6.	
	any member listed in Part C,	provide the following information about	that
	item 1, is a minor	member.	
A	Minor's name.		
В	Minor's date of birth.		
C	Name of the minor's parent or		
D	Address of the parent or guard	lian.	
Е	Parent or guardian's TIN.		
	NI 4 IC 1 TOTAL 1	1 61 564 1 1 4 4 1 4	
Г		eady on file FSA, only last 4 digits are red	quired.
F	CHECK (\checkmark) the following, as	applicable.	COLLEGE
			THEN CHECK
	IF any minor in item 54		(√)
1	IF any minor in item 5A	e parent or guardian has no interest	"Yes".
1			"No".
	is a producer on a farm and the parent or guardian has an interest in the farming operation "No".		
2	9 1	d from the parent or guardian and	"Yes".
_	maintains a separate household from the parent or guardian and personally carries out all farming activities with respect to the minor's "Yes".		
	1 -	ling maintaining separate accounting	
		nousehold from the parent or guardian	"No".
		out all farming activities with respect to	
		ation, including maintaining separate	
	accounting		
3	who is represented by a court-appointed guardian or conservator, lives "Yes".		"Yes".
	in a household other than the p	parents' households, and have a vested	
	ownership in the farm		
	who is represented by a court-appointed guardian or conservator, does "No".		
	not live in a separate household other than the parents' household, and		
	does not have a vested owners	-	
4		ns F1 through F3, for the minor that has a	
	in the farming operation of the entity or joint operation in Part A, enter the name		
	of the minor in the space prov	ided.	

A Completing CCC-902E's (Continued)

Item	Instruction	
6A	CHECK (✓) either of the following, as applicable:	
	• "Yes", if all individual members and shareholders in embedded entities and joint operations listed in Part C are U.S. citizens; go to Part D	
	• "No", if any individual members and shareholders in embedded entities and joint operations listed in Part C is not a U.S. citizen; go to 6B.	
6B	For each member or shareholder who is an alien lawfully admitted into the U.S., list that member's name and indicate whether this person possesses a valid I-551.	
ECA Ol	CHECK (✓) "No" for any non-U.S. citizen who does not possess I-551. FSA shall CHECK (✓) "Yes" or "No", indicating that I-551 was presented,	
FSA Only	and initial CCC-902E.	
Part D	If additional space is needed for this Part, complete and attach CCC-902E	
	Continuation.	
1 A through E	Enter percentages of capital (money), land, equipment, hired labor, and hired management that is provided by the joint operation or entity in Part A (not by the members or shareholders directly).	
	If all labor and management is provided by the members and no labor or management is hired, enter "0%".	
2 A through H	If any member provides capital, land, or equipment to the farming operation in Part A, enter the member's name and the percentage contributed.	
	Use Items 2D and 2F to indicate if a member contributes owned land or equipment to the entity or joint operation's farming operation.	
	If any member provides hired labor, labor they do themselves, hired management or management they do themselves, enter the member's name and percentage of each contribution in Items 2G and 2H.	
	CHECK (✓) applicable box, if a member provides 1000 or more hours of active personal labor to the farming operation in Part A.	

A Completing CCC-902E's (Continued)

Item	Instruction	
Entity's	Enter name of the entity or joint operation in Part A at the top of the page.	
Name		
Part E	If additional space is needed for this Part, complete and attach CCC-902E	
	Continuation.	
1	Enter the following information for all land that is operated by the farming	
	operation in Part A.	
Α	Farm number, State, and county where located.	
В	Name of the entity, joint operation or member who contributes the land.	
С	CHECK (✓) applicable box to show whether land is owned, leased to someone,	
	or leased from someone.	
D	Name of the individual, entity, or joint operation to whom or from whom the	
	land is leased.	
Е	Acres owned or rented on the farm.	
F	Per acre amount of cash-rent or percentage of the crop shared with the landlord.	
	Note: If land is cash leased from an:	
	 unrelated individual or entity, enter "cash" 	
	 individual or entity that has an interest in the crop or crop proceeds, include the rental rate in \$ per acre. 	
G	CHECK (✓) box if the farming operation in Part A had this same land interest in	
	the prior crop year.	

A Completing CCC-902E's (Continued)

Item	Instruction		
Part F			
1	CHECK (✓) all sources of capital for the farming operation in I	Part A that apply.	
	If "Other" is checked (✓), specify.		
2		THEN	
	IF farming operation in Part A	CHECK (✓)	
	acquired any contributions of capital, equipment, or land	"Yes" and go to	
	through loans or credit arrangement	item 3.	
	did not acquire any contributions of capital, equipment, or	"No" and go to	
	land through loans or credit arrangement	Part G.	
3	used loans or credit to finance this farming operation, or to	"Yes" and	
	acquire/purchase land or equipment, and such financing was	complete	
	acquired from, guaranteed by, co-signed by, or secured by an	items 3A	
	individual, joint operation, or entity with an interest in the	through 3E.	
	farming operation		
4	used loans or credit to finance this farming operation, or to	"No" and go to	
	acquire/purchase land or equipment, and such financing was	Part G.	
	not acquired from, guaranteed by, co-signed by, or secured by		
	any other individual, joint operation, or entity		

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A Completing CCC-902E's (Continued)

Item	Instruction		
Part G	All percentages are based on annual rental values.		
1	Enter percent of all equipment used in this farming operation that is owned by the entity or joint operation in Part A.		
	If no equipment used in this farming operation is owned by the entity or joint operation in Part A, enter "0%".		
2A through 2C	Enter information for all equipment used in the farming operation that is leased by the joint operation or entity in Part A. For each type of equipment leased, enter the following:		
	A percent of total equipment used in the farming operation B name of the party or entity from whom equipment is leased C type of equipment leased.		
	If leased equipment is not used in this farming operation, enter " 0 %" and go to Part H.		
2D	If joint operation or entity 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" and go to item 3.	
	not leased from an individual or entity that has an interest in the farming operation of the joint operation or entity in Part A	"No" and go to Part H.	
3	If joint operation or entity in Part A leased equipment from an individual or entity that has an interest in the farming operation of the joint operation or entity in Part A, copies of lease agreements may be required for compliance purposes. Go to Part H.		

A Completing CCC-902E's (Continued)

Item	Inst	ruction	
Entity's	Enter name of the entity or joint operation	ion in Part A at the top or	f the page.
Name			
Part H			
1	Using custom services by the farming of	pperation in Part A does	not apply:
	• to services for chemical and fertilize	er application	
	• to harvesting crops		
	• if all the land in the farming operati		
	IF custom farming services will	THEN CHECK (✓)	
	not be used in this operation	"No" and complete all i	tems in Part H.
	be used in the farming operation	"Yes" and complete iter	ms 1A
		through 1D.	
1A	Type of custom service, including but r	0 1	anting,
	cultivating, chemical application, insec-		
1B	Farm numbers the service will be applied		
1C	Total number of acres for which custon		
1D	Name of the custom farming service pr	ovider. Go to Part I.	
Part I			
1	Enter percent or number of hours of act	*	0
	operation in Part A by family members	or neighbors for which j	payment is not
	issued and is not owed.		(DITENI
	IF		THEN CHECK (4)
2A	none of the hired labor for the farming	operation in Dort A	CHECK (✓) "No".
ZA.	originated from the source of leased equ	•	NO .
	any of the hired labor for the farming o		"Yes".
	originated from the source of leased equ		ics .
	originated from the source of reased eq.	urpment in 1 art 0	
	Note: Acceptable documentation of ed	quipment lease and	
	hired labor agreements may be		
	compliance purposes.	•	
2B	none of the hired labor for the farming	operation in Part A was	"No" and go to
	included in the custom services shown	in Part H	Part J.
	any of the hired labor for the farming o		"Yes" and go to
	included in the custom services shown	in Part H	Part J.
	Note: Acceptable documentation of ed	uinment lease and	
	hired labor agreements may be		
	compliance purposes.	q a.i. v a 101	
	l tompromite purposes.		

A Completing CCC-902E's (Continued)

Item	Instruction
Part J	
1	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. 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.
	Note: These specific requirements are not applicable to heirs of estates or to the beneficiaries of trusts.
2	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.
3	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 If entity is an estate or trust, list management provided by the executor, administrator, or trustees. Go to Part K.
Part K	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. Include references to any and the number of CCC-902E Continuation pages completed and attached. Go to Part L.
Part L	
1	*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*
3	If the individual members sign the document, this field should be left blank. *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.") Enter date CCC-902E was signed.
ی	Eliter date CCC-702E was signed.

B Example CCC-902E

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

	cally. PARTMENT OF AGRICUL'			1. Coun	У	e 5 for Privacy Act Statemen 3. Program Year
03-26-09) C	Commodity Credit Corporation	on		Brazos	;	
	RATING PLAN FOR			2. State		2009
2009 and	Subsequent Progra	m Years		TX		
or "actively engaged in farming" a	nd other payment eligibi	lity/limitation det	terminations.			
nis form is to be completed for an at are subject to the regulations a sing the tax identification number enefits directly as an individual mu puts to a farming operation such SA to determine payment eligibilit ART A - ENTITY INFORMAT	at 7 CFR Part 1400. This listed in Part A. This for ust complete a CCC-902 as land, capital, equipm ty and limitation of paym	s form collects farm also collects in also collects in also with respect to ent, labor, and ments by direct at	rming and other in: information about t. o that individual's op nanagement by the	formation a he membe peration. F	bout the entity that receive rs of such entity. An individu Payment eligibility is based i	s program benefits directly ual who receives program upon the contribution of certa
Farming Entity's Name and Add /ixon Valley USD#427 27 Wixon Rd	ress (Include Zip Code)				Tax Identification Numidentification number is only the last 4 digits are	already on file with FSA,
/ixon Valley, TX 78888					3. Date of Formation (MA	I-DD-YYYY)
					01-	10-1973
ART B - TYPE OF OPERATI		<u> </u>				
Select appropriate type of opera		-				
General Partnership Joint Venture	Limited Partners	•	Estate		City, County or Sta	ite-owned Entity
Sole Proprietorship/DBA	Revocable/Living		Charitable/Ta Organization		Indian Tribe	
Corporation	Irrevocable Trust	-	Public School		Other:	
Supporting documentation (such shareholders, members and own						
Members - List all members/sha A. Name	B. Tax ID Number (Last 4 digits if	C. % Share	D. Position and (If applica		E. Family Member Relationship	F. Does this member have signature authority for the
ublic School	already on file)		(ii applica		(if applicable)	legal entity? (Yes or No)
o members			\$			☐ YES ☐ NO
			\$			YES NO
			\$			YES NO
						☐YES ☐NO
			\$			L L
		I				
		_	\$			YES NO
			\$			YES NO
. I certify that I have signature Part C is true and correct.	e authority for the entit	'y identified in I	\$	l informati	on in	YES NO 1. Initials 2. Date
Part C is true and correct. If the entity in Part A is an Estate			\$ Part A and that all r is listed above is a	an Estate o	r Trust, list the Executor, A	YES NO 1. Initials 2. Date D(I) 1/07/26
Part C is true and correct. If the entity in Part A is an Estate			\$ Part A and that all	an Estate o	r Trust, list the Executor, A	YES NO 1. Initials 2. Date D(I) 1/07/26
Part C is true and correct. If the entity in Part A is an Estate. Name of Estate or Trust	e or Trust, or if any mem	nber/shareholder	\$ Part A and that all r is listed above is a B. Name of Exec	an Estate c	r Trust, list the Executor, A nistrator/Grantor	YES NO 1. Initials 2. Date DIU 1/07/20 dministrator, or Grantor:
Part C is true and correct. If the entity in Part A is an Estate Name of Estate or Trust	e or Trust, or if any mem mber/shareholder of the CCC-902E. Additionally	nber/shareholder entity identified i	\$ Part A and that alia r is listed above is a B. Name of Execution Part A is an entitional be completed	an Estate c cutor/Admii y, a CCC-9 and submii	or Trust, list the Executor, A histrator/Grantor	YES NO 1. Initials 2. Date 1/07/20 dministrator, or Grantor:
Part C is true and correct. If the entity in Part A is an Estate. Name of Estate or Trust Embedded Entities – If any men submitted concurrent with this C CC-901 is	e or Trust, or if any mem mber/shareholder of the CCC-902E. Additionally attached.	entity identified i	\$ Part A and that also ris listed above is a B. Name of Execution Part A is an entituust be completed if CCC-902E is at	an Estate ocutor/Admin	or Trust, list the Executor, A histrator/Grantor 101, Member's Information ted for each embedded entan embedded entity.	YES NO 1. Initials 2. Date 1/07/20 dministrator, or Grantor: n, must also be completed an ity.
Part C is true and correct. If the entity in Part A is an Estate Name of Estate or Trust Embedded Entities – If any men submitted concurrent with this 0 Check if CCC-901 is	e or Trust, or if any mem mber/shareholder of the cCC-902E. Additionally attached. ete this item for any mer	entity identified i	\$ Part A and that all r is listed above is a B. Name of Execution Part A is an entituust be completed at CCC-902E is attended in Part	an Estate of cutor/Administration (C that has	or Trust, list the Executor, A histrator/Grantor 101, Member's Information ted for each embedded entan embedded entity.	YES NO 1. Initials 2. Date 1/07/20 dministrator, or Grantor: n, must also be completed an ity.
If the entity in Part A is an Estate. Name of Estate or Trust Embedded Entities – If any men submitted concurrent with this Check if CCC-901 is Other farming interests: Comple	e or Trust, or if any mem mber/shareholder of the cCC-902E. Additionally attached. ete this item for any mer	entity identified i , a CCC-902E m Check mber/shareholde	\$ Part A and that all r is listed above is a B. Name of Execution Part A is an entituust be completed at CCC-902E is attended in Part	an Estate of cutor/Administration (C that has	or Trust, list the Executor, A histrator/Grantor 101, Member's Information ted for each embedded entian embedded entity. an interest in other farming C. Sumber of farming interest	Tyes No 1. Initials 2. Date 1/07/20 dministrator, or Grantor: n. must also be completed an ity. D. County(ies) and State(s where farming interest(s

B Example CCC-902E (Continued)

(1) Is any minor a producer on a farm in which the parent or guardian has no interest?		hareholders –	For any Memb	er or Share	eholder who	is a minor, pro	vide the follow	ing: 🛛 N/	Α		
(2) Does any minor maintain a separate household from the parent or guardian and personally carry out farming YES NO Activities with respect to the minor's farming operation, including maintaining separate accounting? (3) Does any minor who is represented by a court-appointed guardian or conservator responsible for the minor yES NO a) live in a household other than the parents' household(s), and b) have a vested ownership in the farm? (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: 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. 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. 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 - Complete Item 6B Deformed to the shareholder (direct or embedded) who is not a US Citizen, provide the following: Name of Individual (2) This individual has a valid Form I-551 Presented to FSA CCC Initials YES NO YES NO YES NO YES NO YES NO ART D - SUMMARY OF CONTRIBUTIONS TO THE FARMING OPERATION For the farming operation of the entity identified in Part A, what percentages of the overall inputs will be contributed directly by the legal entity, land and and/or cash leaded by the legal entity, land and and equipment owned and you can be accomplications in Items A through E.) Capital B. Land O		ne	Date of	Parent	-	an's Name	Parent's or	D.	iress	Parent or Gua or Tax ID	Number
(1) Is any minor a producer on a farm in which the parent or guardian has no interest? YES											
(1) Is any minor a producer on a farm in which the parent or guardian has no interest? YES	Separate Status of M	linors:									
Activities with respect to the minor's farming operation, including maintaining separate accounting? (3) Does any minor who is represented by a court-appointed guardian or conservator responsible for the minor	•		m in which the	parent or ç	guardian has	s no interest?			YES	NO	
a) live in a household other than the parents' household(s), and b) have a vested ownership in the farm? (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: A. 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 U.S. Citizens - Go to Part D NO, one or more members/shareholders is not a U.S. Citizen - Complete Item 6B 3. For each member or shareholder (direct or embedded) who is not a U.S. Citizen, provide the following: Name of Individual No YES									YES	NO	
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									YES	Пио	
U.S. Citizen? YES, all members/shareholders are US Citizens - Go to Part D	(4) If any minor with	n an interest in t	his farming ope	eration can	ı answer "YE	ES" to Items F(1) through F(3)	, list that minor	's name:		
U.S. Citizen? YES, all members/shareholders are US Citizens - Go to Part D	Citizenshin Status	- Is each Memb	er and Shareh	older of th	e entity or ic	int operation ic	entified in Part	A and any em	hedded er	atity identified i	n Part C a
Name of Individual		- IS CAULT INC	er and Grand	Jidei G	a cinny or je.	Int operano	enuncum r	A, and any o	Deuuca J.	ility identines.	Π Pan ∪ ω
3. For each member or shareholder (direct or embedded) who is not a US Citizen, provide the following: (2) This individual has a valid Form I-551 YES NO YES	TYES, all membe	ers/shareholders	are US Citizer	os - Go to	Part D	NO one or m	ore members/s	hareholders is	not a US (`itizen - Comp	lete Item 6B
(2) This individual has a valid Form I-551								THE CHOICE ST.	not a = _	Mizeri	
Valid Form I-551	. For each member of	Shareiloidei (G	IFECT OF EITIDEG	Jea) wiio.	s not a UU C				-ee co	HAE ANI V	
YES NO) Name of Individual							Form I-551			CC Initials
YES NO						YES	Пио]		CC IIII
ART D - SUMMARY OF CONTRIBUTIONS TO THE FARMING OPERATION 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; and 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.) Capital B. Land C. Equipment D. Hired Labor E. Hired Management 100 % 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 members' funds rather than from the entity, and also rand 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. B. C. D. E. F. G. Labor (%) H. Management (%) Member's Capital Land % of Equipment % of Owned Hired Developed if 1000 Hired Developed in 1000 Hired Developed i									_=		
ART D - SUMMARY OF CONTRIBUTIONS TO THE FARMING OPERATION 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 Members is lead in Part A, what percentages of the following farm inputs will be contributed by the Members is lead in Part A, what percentages of the following farm inputs will be contributed by the Members is lead in Part A, what percentages of the following farm inputs will be contributed by the Members is lead in Part A, what percentages of the following farm inputs will be contributed by the Members is lead in the farming operation of the contribution of the contributions in themselves to the member(s) and contributed to this farming operation without compensation to the member(s), lead and management hired by the members for the entity; and labor and management percentages should reflect any capital originating from members, in the percentages of the following farm inputs will be contributed to this farming operation without compensation to the member(s) for the benefit of the farming operation identified in Part A. (Provide information about these contributions in flems B throught in the percentages of the following									_=		
ART D - SUMMARY OF CONTRIBUTIONS TO THE FARMING OPERATION 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; and 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 members. Capital B. Land C. Equipment D. Hired Labor 6. Hired Management Be. C. D. E. F. G. Labor (%) H. Management (%) Member's Capital Land Wo of Capital Land Owned Hired Devenuel if 1000 Hired Passengle in 1000											
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; and 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 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 member 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. B. C. D. E. F. G. Labor (%) H. Management (%) Check Name (*Curent*) (*C					1		_ ∵		° –	10	
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 alabor and management performed personally by the members) for the benefit of the farming operation identified in Part A. (Provide information about these contributions in Items B through H). A. B. C. D. E. F. G. Labor (%) H. Management (%) Member's Capital Land % of Equipment % of Owned Hired Decrease if 1000 Hired Personal	ART D - SUMMARY	OF CONTRIE	BUTIONS TO	THE FA	RMING OF	PERATION				ctly by the En	tity2 Enter
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 member sor 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. B. C. D. E. F. G. Labor (%) H. Management (%) Member's Capital Land % of Equipment of Council Coun	For the farming operative following information entity; land and equipment	ration of the ention for contribution for contribution of the cont	tity identified i ons to be made ash leased by the	in Part A, e by the en e legal entity ns in Items A	what percentity identified and used in the A through E.)	ntages of the din Part A. The the farming opera	ese percentages ition; labor hired	should reflect the by the legal entity	capital prov ; and mana	vided directly by gement hired by	the legal the legal
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 member(s) 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 flems B through H). A. B. C. D. E. F. Member's Capital Land % of Equipment % of Owned % Owned Hired Description (Current Name) Name (Current Name) Active Theology (Current Name) Name Name Name Name Name Name Name Name	For the farming operative following informatic entity; land and equipment entity. (Provide detailed in	ration of the ention for contribution for contribution to wind and/or contribution about 18. Land	tity identified i ons to be made ash leased by the these contribution	in Part A, e by the en e legal entity ns in Items A	what percentity identified and used in the A through E.)	ntages of the din Part A. The farming opera	ese percentages tion; labor hired D. Hired La	should reflect the by the legal entity abor	capital prov ; and mana	vided directly by gement hired by d Management	the legal the legal
operation identified in Part A. (Provide information about these contributions in Items B through H). A. B. C. D. E. F. G. Labor (%) H. Management (%) Member's Name Capital Land % of Current (Current %) Equipment % of Owned % Owned Hired Owned Hired Owned if 1000 Hired Processed Active Active if 1000 Hired Processed	For the farming operate following information entity; land and equipment entity. (Provide detailed in Capital For the farming operate for the farming operate the far	ration of the ention for contribution to wined and/or cainformation about 18 B. Land %	tity identified i ons to be made ash leased by the these contribution 100 tity identified i	in Part A, e by the en e legal entity ns in Items A	what perceintity identified and used in the Athrough E.) C. Equipment	ntages of the d in Part A. The the farming opera ent which is a second operated to the minutes of the	D. Hired La	should reflect the by the legal entity abor n inputs will be	E. Hired	vided directly by gement hired by d Management 10 ted by the Me	the legal the legal
Member's Capital Land % of Equipment % of Name (Current % Owned % Owned Hired Active if 1000 Hired Possentel	For the farming oper the following informatic entity: land and equipmentity: (Provide detailed i Capital For the farming oper: listed in PART C? Ermembers' funds rather the	ration of the ention for contribution for contribution towned and/or contribution about in the ention of the ention of the ention of the ention of the entity; and from the entity;	tity identified i ons to be made ash leased by the these contribution 100 tity identified i g information fo hand and equipm	in Part A, e by the en e legal entity ns in Items A in Part A, or the continent owned	what percentity identified and used in the Athrough E.) C. Equipment what percentifications to be for obtained by	ntages of the d in Part A. The the farming opera ent when tages of the be made by the y the member(s)	D. Hired Lands of the control of the	should reflect the by the legal entity abor hinputs will be ese percentages o this farming ope	E. Hired contribut should refleed	vided directly by gement hired by dispensed the dispensed dispense	the legal the legal 00 % embers iginating from n to the
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B Example CCC-902E (Continued)

AT SALES	Name of Entity (as	, identilied	in Part A)	. ۷۷	ixon Valley USD#427			Page 3 of 6
ART E - LAND Land: Enter the fol	llowing information for	All land in	the farmin	a operatio	n of the entity identified in Part	A If land is o	ash leased fro	m an individual or
entity that	has an interest in the	e crop or cr	rop procee	eds, inclu	de the rental rate in \$/acre in			
A.	onal space, complete C	T -902 CO	C.	and attacr	D.	E.	F.	G.
Farm No. and	Land Leased or	Che	ck as appli	icable	Name of Person or Entity	Acres	Rental Rate	\$ Check here if
Location (County and State)	Contributed By	Owned	Leased To	Leased From	Whom Land is Leased to and/or From (Includes names landowners and landlords)	Owned or Leased	per Acre/ % or Crop Shar	
m No.: 10	Wixon Valley							
ation:	USD#427			$ \sqcup $	George Jones	15.0	25%	
m No.:	-	+		+				
ation:	4							
m No.:		\perp						
ation:	7			🖰				
m No.:		+		<u> </u>				
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Indicate the source	(s) of all farming capita	I for the enti	ity identifie	ed in Part A	(Check ALL that apply.)			
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B Example CCC-902E (Continued)

Will custom services be utilized by the	ne entity identified in Part A on the farm	s listed in Part E2	
NO. GO TO PART I	YES. Complete Items 1A thro		
A. Type of Services	B. Farm Number(s)	C. Number of Acres	D. Name of Provider
ART I - LABOR NOT PROVIDED	BY MEMBERS/SHAREHOLDER	S IDENTIFIED IN PART C	
or the farms listed in Part E, enter the sted in Part C:	information for contributions of labor to	the farming operation that will not	be provided by the members or shareholders
sed III Part C.	Туре		Amount
Other labor: Enter the percentage	or the number of hours to be donated	by family members or others	O %
for which no paymen	t will be issued or owed.		hrs
. Hired labor:			,
	farming operation identified in Part A or	iginate from the same source as t	he leased equinment in Part G?
			• •
∐ NO ☐ YES If "Y	ES", acceptable documentation to prov	e such relationship may be requir	ed for compliance purposes.
B. Will any of the hired labor for the	farming operation identified in Part A be	e included in the custom services	shown in Part H?
☐ NO ☐ YES If "YE	ES", acceptable documentation to prov	e such relationship may be require	ed for compliance purposes.
ART J - MANAGEMENT			
	ctivities that will be performed personal		r. separate and distinct from the managemen
activities performed by any other			
A.		В.	
Member/Shareholder		Duties/Activities	
or additional space, use and attach	CCC-902E Continuation		
administrator or trustee who receive School Superintendent, Daniel W	ties/activities that will be provided by so s compensation for this service or activ loks, manages the land owned b for all decisions for cropping; ma	ity): y the school district and rent	nareholder (Include management by an ed to George Jones. Daniel Wicks has e of the crops; conducting all business

B Example CCC-902E (Continued)

heck all of the followin	ng that apply:		
CCC-902 Continuatio	on attached for additional information for F	^o art E - Land	
CCC-902E Continuati	tion attached for additional information for	the following Parts:	
Part C – Membe			
Part D – Summa Part F – Capital	ary of Contributions I		
Part G – Equipm			
☐ Falt II = Oustoni	1 Sel Vices		
ART L CERTIFICAT	FIGNE /FOR JOINT VENTURES AND C	SHERAL DARTHERSHIP A SIGNATURE IS DECURRED FO	
	<u> </u>	SENERAL PARTNERSHIP, A SIGNATURE IS REQUIRED FOR A supporting documentation is true and correct. I understand	<u> </u>
formation will result in j	forfeiture of payments and may result in	the assessment of a penalty. I will timely provide written no form of any changes in this farming operation. By signing th	otification to the Farm
		10m of any stranges at any farming of a more 27 - g.m.g.m.	no joi ne a donne
	ntation has been submitted as required nderstand all definitions and requiremen	ts on Page 6 of this form.	
all information will be	considered in effect continuously unless		t limited to: the composition
all information will be it is my responsibility to	considered in effect continuously unless to timely notify FSA in writing of any cho	s changes or revisions are submitted.	
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B Example CCC-902E (Continued)

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DEFINITIONS

The following definitions apply to Form CCC-902E.

- 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.
- 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, 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.

121 Clubs, Societies, and Fraternal and Religious Organizations

A Rule [7 CFR 1400.103]

Charitable organizations, including clubs, societies, fraternal, and religious organizations, shall be considered separate and distinct farming operations from the members of the organization or any other legal entity.

B Exceptions to Rule

If the land operated by the organization, or the production from the operation, may transfer to a legal entity that exercises control over the organization, the payments to the organization shall be attributed to the parent organization.

Note: If parent organization's TIN is used by the organization, the payments to the organization shall be attributed to the parent organization.

Important: The fact that an organization has a separate TIN does **not** mean that it

qualifies for a separate limitation. If there is any indication that 1 organization exercises control over another organization and land or proceeds transfer to the parent organization, the payments shall be attributed to the parent

organization and payments limited accordingly.

Example: If land owned by a church within a diocese would transfer to the diocese upon closure of the church, payments to the church would be attributed to the diocese.

C Example of Determinations for Charitable Organizations

Situation: A charitable organization forms other charitable organizations that are represented to be separate organizations. The other organizations have separate TIN's and each is recognized by IRS as qualifying as a charitable organization. However, there is evidence that the parent organization continues to exercise control over the other organizations, and that the land, or proceeds from the land, may transfer to the parent organization.

Result: All payments will be attributed to the parent organization.

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 completed for a charitable/tax-exempt organization.

CCC-902E U.S. DEPA	ally. ARTMENT O	F AGRICULTURI	.		1. Count		e 5 for Privacy A 3. Program	
		dit Corporation	_		Dallas	•	J. Hogiani	. 541
FARM OPERA	ATING PL	AN FOR AN	ENTITY				_ 2	009
		nt Program Y			2. State			
or "actively engaged in farming" and								
his form is to be completed for an e at are subject to the regulations at sing the tax identification number lis enefits directly as an individual mus puts to a farming operation such as SA to determine payment eligibility	7 CFR Part sted in Part st complete s land, capit	1400. This form A. This form a a CCC-902I will al, equipment,	m collects far Iso collects ir th respect to Iabor, and m	ming and other in: nformation about ti that individual's op anagement by the	formation a he membel peration. F	about the entity that received rs of such entity. An individu Payment eligibility is based u	s program benefi Ial who receives Ipon the contribu	its directly program ition of certa
ART A - ENTITY INFORMATION								
Farming Entity's Name and Addre Pallas Wildlife Preservation 9797 I-20 E						Tax Identification Num identification number is only the last 4 digits are	already on file with required)	er FSA,
allas, TX 75555						3. Date of Formation (MN	5300 1-DD-YYYY) 1 0-1956	
APT B. TVDE OF ODERATIO	NI (Color	t only one)				04-	10-1000	
ART B - TYPE OF OPERATION Select appropriate type of operations			dentified in D	art A:				
General Partnership		nes the entity it d Partnership	Jenuneu III Pi	_		П сіту с ст-	to owned Fatte	
Joint Venture	=	d Parmership d Liability Com	pany	Estate ◯ Charitable/Ta	v-evemnt	City, County or Sta	te-owned Entity	
Sole Proprietorship/DBA	_	able/Living Tru		Organization		Indian Tribe		
Corporation	=	cable Trust		Public School	ol	Other:		
Supporting documentation (such shareholders, members and owners)								
A. Name	(Last	B. D Number 4 digits if	C. % Share	D. Position and (If applica		E. Family Member Relationship (if applicable)	Does this mer signature auth	ority for the
	I airea	dy on file)	l .					
01(c)(3) Tax Exempt Entity		,				(п аррпсаыс)	legal entity? (
		,		\$		(п аррисамс)	YES	□NO
				\$		(п аррисанс)		
						(п аррисамс)	YES	□NO
				\$		(парричани)	YES YES	□ NO
				\$		(парунсанс)	YES YES	NO
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o members I certify that I have signature Part C is true and correct.	authority f	or the entity id		\$ \$ \$ \$ art A and that all		on in	YES YES YES YES YES YES YES YES YES XS	NO NO NO NO NO NO NO NO
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I certify that I have signature Part C is true and correct. If the entity in Part A is an Estate Name of Estate or Trust	authority for	or the entity id	/shareholder	\$ \$ \$ and that all is listed above is a B. Name of Execution 1.	an Estate o	on in or Trust, list the Executor, Adistrator/Grantor	YES YES YES YES YES YES YES YES Aministrator, or Commission	NO NO NO NO NO NO NO Sorantor:
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I certify that I have signature Part C is true and correct. If the entity in Part A is an Estate Name of Estate or Trust Embedded Entities – If any memb submitted concurrent with this C	authority for Trust, or Occ. 902E. /	or the entity id if any member. Ider of the entit Additionally, a G	/shareholder y identified in	\$ \$ \$ and A and that all is listed above is a B. Name of Execute Part A is an entitust be completed if CCC-902E is attentions.	an Estate ocutor/Admin y, a CCC-9 and submit tached for	on in or Trust, list the Executor, Adhistrator/Grantor 101, Member's Information ted for each embedded ent an embedded entity.	YES YES YES YES YES YES YES AMOUNT OF COMMENT OF COMME	NO NO NO NO NO NO NO NO
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B Example CCC-902E (Continued)

Willion Wellibers of C	hareholders –	For any Mem	ber or Sh	areholder who	is a minor, pro	ovide the follow	ing: 🔲 N.	/A		
A. Minor's Nan	ne	B. Date of Birth	Pare	C ent's or Guard	ian's Name	Parent's or	D. Guardian's Ado		E. Parent or Gua or Tax ID (Last 4 digits if a	Number
Separate Status of M (1) Is any minor a pr		m in which the	e parent c	or guardian ha	s no interest?			YES	□ №	
(2) Does any minor Activities with re								YES	NO	
(3) Does any minor a) live in a hous								YES	Пио	
(4) If any minor with	n an interest in t	this farming o	peration o	an answer "Y	ES" to Items F(1) through F(3)	, list that minor	's name:		
A. Citizenship Status U.S. Citizen?	- Is each Memb	er and Share	holder of	the entity or jo	oint operation is	dentified in Part	A, and any em	bedded er	ntity identified i	n Part C a
YES, all membe	rs/shareholders	s are US Citiz	ens - Go t	o Part D	NO, one or m	ore members/s	hareholders is	not a US 0	Citizen - Comp	lete Item 6B
B. For each member o	r shareholder (d	direct or embe	dded) wh	o is not a US	Citizen, provide	the following:				
) Name of Individual						vidual has a rm I-551	Form I-551		USE ONLY	CCC Initials
					YES	Ои	YE	s 🔲	NO	
					YES	□ NO	YE	_=	NO	
					☐ YES	∐ NO	☐ YE	=	NO	
ART D - SUMMARY	OF CONTRI	BUTIONS T	O THE E	A RMING O	∐ YES	∐ NO	∐ YE	:S ∐ I	NO	
For the farming oper the following informati entity; land and equipmentity. (Provide detailed	ation of the en on for contributi nt owned and/or c	itity identified ions to be mai eash leased by t	d in Part and the by the he legal en	A, what perce entity identifie tity and used in	ntages of the d in Part A. <i>Th</i>	ese percentages	should reflect the	capital pro	vided directly by	the legal
Capital	B. Land	100	%	C. Equipme	ent %	D. Hired L	abor %	E. Hired	I Management	
For the farming oper listed in PART C?	nter the followin an from the entity anagement hired b	ng information or, land and equip by the members	for the co ment own for the ent	ontributions to ed or obtained b ity; and labor an	be made by the y the member(s) d management p	e members. The and contributed in	ese percentages o this farming op	should refle	ect any capital or out compensatio	iginating from n to the
members' funds rather the member(s); labor and ma operation identified in Pa	B. Capital	C. Land	D. % of	E. Equipment	F.		G. Labor (%)		H. Manag	ement (%)
member(s); labor and ma operation identified in Pa A.	(Current		Owned Land	%	Owned Equipment	Hired	Active Personal	Check if 1000 Hours	Hired	Active Personal
member(s); labor and ma operation identified in Pa	Year) %	1								
member(s); labor and ma operation identified in Pa A. Member's	Year) %									
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member(s); labor and ma operation identified in Pa A. Member's	Year) %									

B Example CCC-902E (Continued)

ARTE-LAND			_						
entity that	llowing information for Al has an interest in the conal space, complete CC	crop or cn	op procee			icre in co	,		sn."
A. Farm No. and Location (County and State)	B. Land Leased or Contributed By		C. ck as appli	icable	D. Name of Person or Whom Land is Leas and/or From (Includes)	sed to names of	E. Acres Owned or	F. Rental Rate \$ per Acre/ % or Crop Share	G. Check here if same land interest was
rm No.: 589 cation:	Dallas Wildlife Preservation Society		То	From	landowners and land	loras)	400.0	100%	held last year
Illis/TX rm No.: 23 cation:	Dallas Wildlife Preservation						318.9	100%	
nox/TX rm No.:	Society		_	$\mid \Box \mid$					
cation: rm No.:		<u> </u>	<u> </u>	<u> </u>					<u> </u>
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. Indicate the source(Non-borrowed of Commercial loan Will contributions of of YES go to Item 3	ns/credit Other: capital, farming equipments	for the enti	dit [be acquire NO go to I	FSA po ed as a res Part G	rogram payments from t	this crop y	t?		
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Non-borrowed of Commercial loan Commercial loan Commercial loan Will contributions of of Commercial loan Will such loan or credit farming operation ide YES. Complete A Type of Contribution PART G - EQUIPME Owned Equipment Leased Equipment A Percent of Total Equip	(s) of all farming capital for capital Private ins/credit Other: Capital, farming equipments did to be acquired from, guarentified in Part A (Such Items 3(A) through 3(E) Name of Loan of Capital Part Capital Part Capital Items 3(A) through 3(E) Enter the percent of a identified in Part Capital Part Capital Items 3(A) through 3(E) Enter the following in leased equipment is a coment Name	ent or land aranteed b interest m B or Credit S sare bas ALL equip by the entity	be acquire NO go to I NO go to I NO. Go to Source ed on an ment owne y: for ALL lea n this farm ual/Entity	FSA pi ed as a res Part G ed by, or so a landowne o Part G. Gua mual rem ed by the fo	rogram payments from to ult of a loan or credit arrecured by an individual, or or other tenant)? C arantor's Name tal values.) arming operation of the oment to be used in the formatter that the second in the formatter to the second in the formatter that the second in	rangement joint oper Credit S Affiliati Far entity ider	course or Gui	arantor's st in the tition 1	E Percent of Total Capital 9 9 9 ed on the farms 0 % d in Part A. If
Non-borrowed of Commercial loan Commercial loan Commercial loan Will contributions of of YES go to Item 3 Will such loan or crect farming operation ide YES. Complete A Type of Contribution PART G - EQUIPME Owned Equipment Leased Equipment A Percent of Total Equip Jsed in the Farming Op	(s) of all farming capital for capital Private ins/credit Other: Capital, farming equipments did to be acquired from, guarentified in Part A (Such Items 3(A) through 3(E) Name of Loan of Capital Part Capital Part Capital Items 3(A) through 3(E) Enter the percent of a identified in Part Capital Part Capital Items 3(A) through 3(E) Enter the following in leased equipment is a coment Name	ent or land aranteed b interest m B or Credit S S are bas ALL equip by the entity iformation in or used in B. de	be acquire NO go to I NO go to I NO. Go to Source ed on an ment owne y: for ALL lea n this farm ual/Entity	FSA pi ed as a res Part G ed by, or so a landowne o Part G. Gua mual rem ed by the fo	rogram payments from tull of a loan or credit arrecured by an individual, or or other tenant)? C arantor's Name tal values, tal values, tal values, tal values, tal values. C.	rangement joint oper Credit S Affiliati Far entity ider	course or Gui	arantor's st in the tition that will be use the entity identified D. Does the Individual puipment is leased.	E Percent of Total Capital 9 9 9 9 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1
Non-borrowed of Commercial loan Commercial loan Commercial loan Will contributions of of YES go to Item 3 Will such loan or crect farming operation ide YES. Complete A Type of Contribution PART G - EQUIPME Owned Equipment Leased Equipment A Percent of Total Equip Jsed in the Farming Op	(s) of all farming capital frapital Private Ins/credit Other: Capital, farming equipment and instruction of the capital, farming equipment and instruction of the capital, farming equipment and instruction of the capital farming equipment is reported by the capital farming equipment is reported by the capital farming expensive farming	ent or land aranteed b interest m B or Credit S S are bas ALL equip by the entity iformation in or used in B. de	be acquire NO go to I NO go to I NO. Go to Source ed on an ment owne y: for ALL lea n this farm ual/Entity	FSA pi ed as a res Part G ed by, or so a landowne o Part G. Gua mual rem ed by the fo	rogram payments from tull of a loan or credit arrecured by an individual, or or other tenant)? C arantor's Name tal values, tal values, tal values, tal values, tal values. C.	rangement joint oper Credit S Affiliati Far entity ider	course or Gui	arantor's st in the tion to the tath at the tion to the entity identified D. Does the Individual of the property of the tath at the tath	E Percent of Total Capital 9 9 9 ed on the farms 0 % d in Part A. If

B Example CCC-902E (Continued)

□ NO. GO TO PART I	entity identified in Part A on the farms YES. Complete Items 1A through	ugh 1D.		
A. Type of Services	B. Farm Number(s)	C. Number of Acres	Na	D. me of Provider
Mowing established cover - CRP	1589	400.0	Elmo Rice	
Mowing established cover - CRP	623	318.9	Bill Evant	
PART I - LABOR NOT PROVIDED E For the farms listed in Part E, enter the in				the members or shareholders
isted in Part C:	Туре			Amount
. Other labor: Enter the percentage o		by family members or other	s	0 %
for which no payment v				hrs
) Illiand Jahan				
2. Hired labor:				B
A. Will any of the hired labor for the far		-	•	
□ NO □ YES If "YES	S", acceptable documentation to prove	e such relationship may be	required for compliand	e purposes.
B. Will any of the hired labor for the far	ming operation identified in Part A be	included in the custom ser	vices shown in Part H	?
☐ NO ☐ YES If "YES	", acceptable documentation to prove	such relationship may be i	equired for compliance	e purposes.
PART J - MANAGEMENT				
Active personal management: List the specific managerial duties/acti The duties/activities must be performactivities performed by any other me (This requirement is not applicable to the	ned on a regular basis; be identifial ember(s) or shareholder(s).	ble and documentable; a		istinct from the managemen
A		В.		
		Duties/Activities		
Member/Shareholder				
Member/Shareholder	CC-902E Continuation			
	s/activities that will be provided by sor compensation for this service or activit awages the land owned by the S society to conduct all business m	ty): ociety which is particip elated to these farms av	ating in the Conse	vation Reserve Program.

B Example CCC-902E (Continued)

heck all of the followin CCC-902 Continuatio	ng that apply: on attached for additional information for	Part E - Land	
CCC-902E Continuati	ion attached for additional information fo	or the following Parts:	
Part C – Member			
Part D – Summa Part F – Capital	ary of Contributions		
Part G – Equipm Part H – Custom			
_			
ART L - CERTIFICAT	TION - (FOR JOINT VENTURES AND C	GENERAL PARTNERSHIP, A SIGNATURE IS REQUIRED FO	R EACH MEMBER)
		sy supporting documentation is true and correct. I understand n the assessment of a penalty. I will timely provide written no.	
		form of any changes in this farming operation. By signing th	
	ntation has been submitted as required		
all information will be	nderstand all definitions and requirement considered in effect continuously unles	ss changes or revisions are submitted.	
		anges that may affect these representations, including, but not stry operation of the entity identified in Part A; financial state.	
PartA.		tification, or other documentation may be required to validate	
will take all necessary of	actions to provide such materials to the	applicable State or county committee if requested by FSA. ccessors who acquire an interest in this farming operation as	-
Il to my responsioning	U timely notify I was in thing of war, our		
member or shareholder	r.		
		2. Title/Relationship of Individual Signing in the Representative Capacity	3. Date (MM-DD-YYYY)
s	r. 1.	2. Title/Relationship of Individual Signing in the	3.
s	r. 1.	2. Title/Relationship of Individual Signing in the Representative Capacity	3. Date (MM-DD-YYYY)
s	r. 1.	2. Title/Relationship of Individual Signing in the Representative Capacity	3. Date (MM-DD-YYYY)
s	r. 1.	2. Title/Relationship of Individual Signing in the Representative Capacity	3. Date (MM-DD-YYYY)
s	r. 1.	2. Title/Relationship of Individual Signing in the Representative Capacity	3. Date (MM-DD-YYYY)
s	r. 1.	2. Title/Relationship of Individual Signing in the Representative Capacity	3. Date (MM-DD-YYYY)
s X avier Salas	r. 1. Signature (By)	2. Title/Relationship of Individual Signing in the Representative Capacity Executive Director	3. Date (MM-DD-YYYY) 4 09 2009
Xavier Salas OTE: The primary author Additionally, the au	r. 1. Signature (By) write for requesting and safeguarding the informuthority for requesting this information is 7 CFF	2. Title/Relationship of Individual Signing in the Representative Capacity Executive Director nation described on this form is the Food, Conservation, and Energy Act R Part 1400 and 7 CFR Part 1410. The information requested is necess	3. Date (MM-DD-YYYY) 4/09/2009 of 2008 (Pub. L 110-246), any for CCC to assist in
OTE: The primary author Additionally, the au determining eligibili in eligibility for certe	r. 1. Signature (By) writy for requesting and safeguarding the inform ultrority for requesting this information is 7 CFF litty for program benefits. Furnishing the reque ain program benefits and other financial assist	2. Title/Relationship of Individual Signing in the Representative Capacity Executive Director Partion described on this form is the Food, Conservation, and Energy Act R Part 1400 and 7 CFR Part 1410. The information requested is necess sated information is voluntary. Failure to furnish the requested information and administratory by USDA. The information collected as a result of this	3. Date (MM-DD-YYYY) 4 09 2009 4 09 2009 of 2008 (Pub. L 110-246). ary for CCC to assist in a determination of som may be released to USDA
OTE: The primary authon Additionally, the au determining eligibili ineligibility for certe employees, USDA Act, the Privacy Ac	r. 1. Signature (By) writy for requesting and safeguarding the inform uthority for requesting this information is 7 CFF littly for program benefits. Furnishing the requesing program benefits and other financial assist contractors, or authorized USDA cooperators of or 1974, the E-Government Act of 2002, and	2. Title/Relationship of Individual Signing in the Representative Capacity Executive Director Particle Processing Action 1. The Information requested is necess sated information is voluntary. Failure to furnish the requested informatic sance administered by USDA. The information collected as a result of this who are bound to safeguard the information under Section 1619 of the delated authorities.	3. Date (MM-DD-YYYY) 4/09/2009 of 2008 (Pub. L 110-246). ary for CCC to assist in a determination of sform may be released to USDA Food, Conservation, and Energy
IOTE: The primary authon Additionally, the au determining eligibil ineligibility for cent employees, USDA Act, the Privacy Ac This information cc L. 110-246, Tâle I, 3	r. 1. Signature (By) writy for requesting and safeguarding the inform uthority for requesting this information is 7 CFI litly for program benefits. Furnishing the reque ain program benefits and other financial assist a contractors, or authorized USDA cooperators of or 10 contractors, or authorized USDA cooperators of or 10 contractors. According to 10 contractors, or authorized USDA cooperators of or 10 contractors. According to 10 contractors, or authorized USDA cooperators of or 10 contractors. According to 10 contractors, or 20 contra	2. Title/Relationship of Individual Signing in the Representative Capacity Executive Director Prince Director Institute Dir	3. Date (MM-DD-YYYY) 4/09/2009 4/09/2009 of 2008 (Pub. L 110-246). ary for CCC to assist in no will result in a determination of s form may be released to USDA Food, Conservation, and Energy n, and Energy Act of 2008 (Pub.
IOTE: The primary authon Additionally, the au determining eligibil ineligibility for cent employees, USDA Act, the Privacy Ac This information to L.110-246, Title I, 3	r. 1. Signature (By) orly for requesting and safeguarding the inform uthority for requesting this information is 7 CHI (Big Yor program benefits. Furnishing the requesting program benefits and other financial assist contractors, or authorized USDA cooperators or 1974, the E-Government Act of 2002, and of 1974, the E-Government Act of 2002, and of 1974, the S-Government Act of 2002, and of 2002, an	2. Title/Relationship of Individual Signing in the Representative Capacity Executive Director Prince Director Institute Dir	3. Date (MM-DD-YYYY) 4/09/2009 4/09/2009 of 2008 (Pub. L 110-246). ary for CCC to assist in no will result in a determination of s form may be released to USDA Food, Conservation, and Energy n, and Energy Act of 2008 (Pub.

B Example CCC-902E (Continued)

CCC-902 E (03-26-09) Page 6 of 6

DEFINITIONS

The following definitions apply to Form CCC-902E.

- 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.
- 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.
- 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, 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.

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Section 2 Persons

126 Actively Engaged in Farming Determinations

A Rule [7 CFR 1400.201]

A person shall be considered to be actively engaged in farming if **all** of the requirements in this table are met.

Item	Requirement	
1	The person makes a significant contribution to the farming operation of both of the	
	following:	
	• capital, equipment, land, or a combination thereof	
	• active personal labor, active personal management, or a combination thereof.	
2	The person's share of the profits or losses from the farming operation is	
	commensurate with the person's contribution to the farming operation.	
3	The person's contributions are at risk.	

B Other Participants That Use This Rule

This rule also applies to a person who is a:

- partner in a general partnership
- participant in a joint venture.

C Military Personnel

[7 CFR 1400.213] COC may determine a person who is called to active duty in the military during the program year actively engaged in farming according to this table.

IF the person is called to active	
duty in the military	THEN COC
before the determination is made	must determine that the person was making a conscious
	effort to be, and would have been determined to be,
	actively engaged in farming if not for being called to
	active duty in the military.
after the determination is made	shall allow the determination to be in effect for the
	program year.

127 Sharecroppers

A Rule [7 CFR 1400.209]

A sharecropper shall be considered actively engaged in farming if **all** of the requirements in this table are met.

Item	Requirement
1	The sharecropper makes a significant contribution of active personal labor to the
	farming operation for which the sharecropper receives a specified share of the
	crop produced on the farm.
2	The sharecropper's share of the profits or losses from the farming operation is
	commensurate with the contribution to the operation.
3	The sharecropper's contributions are at risk.

Note: To be considered actively engaged in farming under this provision, the person may:

- **not** receive wages for labor and be considered a sharecropper for this purpose
- be provided housing and "draw" cash advances to be deducted later from proceeds of the crop.

B Example

Situation: Person Y provides labor for Landowner Z on 500 acres of rice in exchange for a share of the crop. Person Y **only** contributes active personal labor to the farming operation and receives a cash advance that will be set off from the proceeds of the crop after harvest. Landowner Z provides Person Y with housing.

Determination: Person Y is considered to be actively engaged in farming since Person Y is a sharecropper and the requirements in subparagraph A are met. Landowner Z is considered to be actively engaged in farming since Landowner Z is a landowner.

128 Incapacitated Persons

A Introduction

This paragraph describes the requirements for a person who dies or becomes incapacitated during the program year to be determined actively engaged in farming,

B Rule [7 CFR 1400.210]

COC may determine a person who dies or becomes incapacitated during the program year actively engaged in farming according to this table.

IF the person dies or	
becomes incapacitated	THEN COC
before the determination is	must determine that the person would have been determined
made	to be, actively engaged in farming, if not for the person's
	death or incapacitation.
after the determination is	shall allow the determination to be in effect for the program
made	year.

Notes: This rule is also applicable to an entity if COC determines that the person who died or who became incapacitated would have qualified the legal entity as actively engaged in farming,

The following year, the person, the person's estate, or the legal entity, as applicable, **must** meet all of the necessary requirements to be actively engaged in farming for that year.

129 Case Examples

A Example 1

Situation: Person Z rents 1,500 acres of land on a share-rent basis. Person Z owns the equipment and contributes at least 50 percent of the commensurate share of active personal labor and contributes 100 percent of the farming operation's management. In this situation, Person Z's share of the profits or losses from the farming operation is commensurate with Person Z's contributions to the operation and the contributions are at risk.

Determination: Person A is considered to be actively engaged in farming,

B Example 2

Situation: Person A rents land on a share-rent basis. Person A contributes a significant amount of leased equipment and a significant amount of active personal management to the farming operation. Capital is borrowed from another producer on the farm at the prevailing interest rate. The labor needed for Person Z's farming operation is hired. Person A's share of the profits or losses from the farming operation is commensurate with person A's contribution to the operation and the contributions are at risk.

Determination: Person A is considered to be actively engaged in farming since Person A contributes a significant amount of both equipment and active personal management. A contribution of capital, equipment, or land is used to meet the significant contribution.

A Instructions for Completing CCC-902I--*

Complete CCC-902I according to this table.

Item	Instru	ction				
1	Enter name of the control county for the in	ndividual.				
2	Enter name of the State where this individ	lual conducts	their farming operation.			
3	Enter program/crop year for which the inf	formation for	this farming operation is			
	being provided. Go to Part A.					
Part A						
1	Enter name and address, including ZIP Code, of the individual.					
	If the individual conducts business using a	an assumed na	ame, include the assumed			
	name. (Example: John Doe, dba John Do	e Grain Farm	ns.)			
2	Enter TIN of the individual. Go to Part B	•				
	Note: If complete TIN is on file, only the	e last 4 digits	are required .			
Part B						
1	IF the individual in Part A is		THEN CHECK (✓)			
	a U.S. citizen		"Yes" and go to item 4A.			
	not a U.S. citizen		"No" and go to item 2.			
2	an alien lawfully admitted to the U.S. and	I-551 was	"Yes".			
	presented					
	not a U.S. citizen and 1-551 was not prese		"No".			
FSA	FSA shall CHECK (✓) "Yes" or "No", in	dicating that	I-551 was presented.			
Only						
	Note: If the individual in Part A in not a					
	presented, the individual will be co		oreign person for payment			
	eligibility and payment limitation					
4A		THEN CHE				
		"No" and go				
		"Yes" and go				
4B	If individual in Part A was younger than 1	8 years of ag	e on June 1 of the*			
	program year, enter date of birth.					

Item	Instruction					
5	If individual in Part A was a minor, provide the following in	nformation about				
	the individual's parent or legal guardian.					
A	Parent's or guardian's name.					
В	Parent's or guardian's address.					
C	Last 4 digits of the parent's or guardian's TIN.					
	Note: If complete TIN is on file, only the last 4 digits are required .					
	Note: If complete TIN is on file, only the last 4 digits are required . If individual in Part A is a minor, CHECK (✓) "Yes" or "No" to indicate					
D						
	whether the individual in Part A maintains a separate household from their					
6 A	parent or guardian.	amotion about the				
through D	If individual in Part A is a minor, provide the following information parent or guardian's interest in farming operations:	ormanon about the				
unough D	parent of guardian's interest in farming operations.					
	A parent's or guardian's name					
	Francis of Summers and					
	B name of parent's or guardian's farming interest					
	C last 4 digits of the parent's or guardian's TIN					
	NI-4 If any late TINI is an City and the last A distance					
	Note: If complete TIN is on file, only the last 4 digits a	ire requirea .				
	D county/State where the farming interest is located.					
7	IF	THEN				
	neither the individual in Part A, the individual's spouse, or	CHECK (✓)				
	the individual's minor children have interest in a farming	"N/A" and go to				
	operation conducted under another name	Part C.				
	individual in Part A, the individual's spouse, or the	provide the				
	individual's minor children have interest in a farming	following				
	operation conducted under a name other than the name	information.				
	listed in Part A					
A	Name of the farming interest.	41				
В	Indicate if the interest is the individual, the individual's spo	use or the				
С	individual's minor children. Last 4 digits of the parent's or guardian's TIN					
	Last 4 digits of the parent's of guardian's Thy					
	Note: If complete TIN is on file, only the last 4 digits are 1	eauired.				
D	County/State where the farming interest is located; go to Pa					
	,	·				

Item	Instruction					
Individual's	Enter name of the individual in Part A at the top of the page.					
Name						
Part C						
1	Enter the following information for all land that is operated by Part A.	the individual in				
A	Farm number.					
В	State and county where located.					
С	CHECK (✓) applicable box to show whether land is owned, leased to someone, or leased from someone.					
D	Name of the individual, entity, or joint operation to whom or from whom the land is leased.					
Е	Acres owned or rented on the farm.					
F	If the land is:					
	•*share leased, enter "share" (optional to enter the percentage the share of the individual identified in Part A) • cash leased, enter the following:	e that represents				
	• cash leased, enter the following:					
	"cash" if the land is cash leased from an unrelated indi	vidual or entity				
	 the rental rate in \$ per acre if the land is cash leased from or entity that has an interest in the crop or crop proceed 					
G	CHECK (✓) box if same land interest was held last year.					
Part D	If individual in Part A owns all of the land in this farming open Part C, then proceed directly to Part I.	ration as listed in				
1	CHECK (\checkmark) all sources of capital for the individual in Part A "Other" is checked (\checkmark), specify.	that apply. If				
2		THEN				
	IF individual in Part A	CHECK (✓)				
	acquired any contributions of capital, equipment, or land	"Yes" and go to				
	through loans or credit arrangement	item 3.				
	did not acquire any contributions of capital, equipment, or	"No" and go to				
	land through loans or credit arrangement	Part E.				
3	used loans or credit to finance this farming operation, or to	"Yes" and				
	acquire/purchase land or equipment, and such financing was	complete				
	acquired from, guaranteed by, co-signed by, or secured by an	items 3A through				
	individual, joint operation, or entity with an interest in the	3E.				
	farming operation					
4	used loans or credit to finance this farming operation, or to	"No" and go to				
	acquire/purchase land or equipment, and such financing was	Part E.				
	not acquired from, guaranteed by, co-signed by, or secured					
	by any other individual, joint operation, or entity					

Item	Instruction					
Part E	All percentages are based on annual rental values.					
1	Enter percent of all equipment used in this farming operatindividual in Part A.	tion that is owned by the				
	If no equipment used in this farming operation is owned by the entity or joint operation in Part A, enter "0%".					
2A	Enter information for all equipment used in the farming operation that is leased					
through 2C	· ·					
	A percent of total equipment used in the farming operation B name of the party or entity from whom equipment is be type of equipment leased.					
	If leased equipment is not used in this farming operation, Part F.	enter "0%" and go to				
2D	If individual in Part A leased equipment, indicate whether leased from an individual or entity that has an interest in 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" and go to item 3.				
	not leased from an individual or entity that has an interest in the farming operation of the joint operation or entity in Part A	"No" and go to Part F.				
3	If individual in Part A leased equipment from an individual interest in the farming operation of the individual in Part A agreements may be required for compliance purposes. Go	A, copies of lease				

Item	Inst	truction				
Individual's	Enter name of the individual in Part	A at the top of the page				
Name						
Part F						
1	Using custom services by the individ	lual in Part A does not	apply:			
	to services for chemical and fertilizer application to hervesting grops					
	• to harvesting crops • if all the land in the forming apprecian is asymptotically the land in the forming appreciant is asymptotic to the forming appreciant in the forming appreciant is asymptotic to the forming appreciant in the forming appreciant is asymptotic to the forming appreciant in the forming					
	• if all the land in the farming operation is owned.					
	IF custom farming services will THEN CHECK (✓)					
	not be used in this operation	*"No" and go to Par				
	be used in the farming operation	"Yes" and complete it through 1D*	ems 1A			
1A	Type of custom service, including bu cultivating, chemical application, ins		, planting,			
1B	Farm numbers the service will be ap					
1C	Total number of acres for which cust	tom services will be use	ed.			
1D	Name of the custom farming service	provider. Go to Part I.				
Part I						
1	Enter percentage or number of hours	of active personal labo	r donated to the			
	farming operation in Part A by famil	•	s for which			
	payment is not issued and is not owe	ed.	1			
2A			THEN			
	IF		CHECK (✓)			
	none of the hired labor for the farming	0 1	"No".			
	originated from the source of leased		// T 7 ••			
	any of the hired labor for the farming		"Yes".			
	originated from the source of leased	equipment in Part G				
	Note: Acceptable documentation of	Facuinment lease and				
	hired labor agreements may b	* *				
	compliance purposes.	oc required for				
2B	none of the hired labor for the farming	ng operation in Part A	"No".			
	was included in the custom services	C I	110.			
	any of the hired labor for the farming		"Yes".			
	was included in the custom services					
	Note: Acceptable documentation of	equipment lease and				
	hired labor agreements may b					
	compliance purposes.					

Item	Instruction	
Individual's	Enter name of the individual in Part A at the top of the page	
Name		
Part G		
1	Enter percentage or number of hours of active personal labo in Part A will personally provide to the farming operation of Part A. If the individual in Part A will provide 1,000 hours "1,000" hours.	f the individual in
	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	"Yes".
	Note: Acceptable documentation of equipment lease and hired labor agreements may be required for compliance purposes.	
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	"Yes" and go to Part H.
	Note: Acceptable documentation of equipment lease and hired labor agreements may be required for compliance purposes.	

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.
3В	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.

--130 Completing CCC-902I (Continued)--

B Example CCC-902I

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

CC		PARTMENT (1. County	(000 / age 4 /	or Privacy Act Statemer 3. Program Year
(02-0		mmodity Cred					Coahoma		
	FARM OPERA 2009 and					AL	2. State Mississippi		2011
This one of direct entities operation	actively engaged in farming" form is to be completed by, or on or more programs that are subjec tity using the social security num as must complete a CCC-902E if ation such as land, capital, equip illity and limitation of payments by	behalf of, an in to the regulat ber identified in they are reque ment, labor, an	ndividual who ions at 7 CFI n Part A. Thi esting progra d manageme	o is seeking R Part 1400 s form also m benefits.	benefits fro This form collects info Payment e	m the Farm Servic collects farming an ormation about enti ligibility for the indi	d other information ab ties engaged in farmin vidual is based upon ti	out the individual who i g in which the individua he contribution level of	receives program benefits al has an interest. Such certain inputs to a farming
PAI	RT A - BASIC INFOR	MATION							
Ima 437	ndividual's Name and Addres Farmer Levee Lane phenville, MS 7222		ip Code)					security number	Number (If the social or or taxpayer ID numbe he last 4 digits are
									1X1X
PΔF	RT B - ADDITIONAL INF	ORMATION							
	this individual a U.S. citizen		Is this indi			lly admitted into dent Alien Card (FSA USE ONLY (Was n Card, I-551 shown?)
	4A. Is this individual under	•	_				cified in Item 3?	4B. Enter Date of	Birth (MM-DD-YYYY)
		Go to Item 7		-	ntinue with				
	Enter the name, address A.	s, and social	security nu	ımber of p	arent or g	uardian: B.		I	C.
	Parent's or Guardian's	s Name		Pa	rent's or G	uardian's Addre	ss	Guardian (If the s taxpayer ID numb	Number of Parent or ocial security number of er is on file, only the last are required)
38									
MINORS	D. Does this individual ma					-	YES	NO	
É	6. List the direct and indire	ect interests i		g operatio B.	ns of this i	individual's parer	nts or guardians:		D.
	Parent's or Guardian's Na	me f	lame of Fa		rest	Farmir (If the social s taxpayer ID r only the la	Number of ng Interest ecurity number or number is on file, ast 4 digits are quired)		tate Where Farming st is Located
7.	Other Farming Interests: Co and for any farming interests					ding joint operati A, Go to Part C.	ons, in which the in	dividual identified in	Part A has an interest,
	A. Other Farming Interests	<u> </u>	B. Farming Int			C. ID Number of Fa	rmina Interest	County and S	D. tate Where Farming
	Carol 1 drining Hitcicolo	Self	Spouse	Minor Child	(/ taxµ	of the social secu cayer ID number a last four digits	rity number or is on file only		st is Located
	S. Department of Agriculture (US parital status, familial status, pare								
om a nforma issista	ny public assistance program. (N ation (Braille, large print, audiota) ant Secretary for Civil Rights, Off.	lot all prohibite be, etc.) should ice of the Assis	d bases app I contact USI stant Secreta	ly to all prog DA's TARGI ry for Civil F	grams.) Per ET Center a Rights, 1400	rsons with disabilitie at (202) 720-2600 (v Independence Ave	es who require alterna voice and TDD). To fil enue, S.W., Stop 9410	tive means for commu le a complaint of discrii), Washington, DC 202	nication of program mination, write to USDA, 250-9410, or call toll-free a
	632-9992 (English) or (800) 877-8	339 (TDD) or	(866) 377-86	42 (English	Federal-rel	lay) or (800) 845-6:	136 (Spanish Federal-	relay). USDA is an eqi	ual opportunity provider an

--130 Completing CCC-902I (Continued)--

B Example CCC-902I (Continued)

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If	nter the following i	nformatior sed from a	n for Al an indi	vidual	or ent	d by the individual identified in Part tity with an interest in the crop or			
A. Farm No.	B. Location (County and S		Check	C. As App	licable	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
1147	Coahoma, MS		\square	То			304.2	Silare	last year
4213	Coahoma, MS						166.2		
3975	Coahoma, MS					Farmer Trust	60.0	share	
4212	Coahoma, MS					Ima Farmer Sr.	33.0	cash	
or additiona	l space for land, com	plete CCC-	-902 Co	ntinuatio	on and	attach to this form. Check here	if attached.		
Will contribu	utions of capital, farn	ning equipm	nent or I	and be a	acquire	d as a result of a loan or credit arranger	ment?		
	utions of capital, farm	ning equipm	nent or I			d as a result of a loan or credit arranger	ment?		
YES Will such lo identified in	go to Item 3 an or credit be acqu Part A? (Such inte	red from, g	uarante e as a la	ed by, c	O got o-signe	o Part E ed by, or secured by another individual o other tenant.)		n interest in the	farming operation
YES Will such lo identified in	go to Item 3 an or credit be acqu Part A? (Such inte	red from, g rest may be through 3E	uarante e as a la	ed by, c	O goto o-signe r or and O. Go	o Part E ed by, or secured by another individual o	or entity that has a D. Credit Source or Affiliation or Int	· Guarantor's erest in the	farming operation E. Percent of Total Capital
YES Will such lo identified in YES.	go to Item 3 an or credit be acqu Part A? (Such inte	red from, g rest may be through 3E	uarante e as a la	ed by, c	O goto o-signe r or and O. Go	o Part E ed by, or secured by another individual o other tenant.) to Part E.	or entity that has a D Credit Source or	· Guarantor's erest in the	E. Percent of Total Capital
YES Will such lo identified in YES.	go to Item 3 an or credit be acqu Part A? (Such inte	red from, g rest may be through 3E	uarante e as a la	ed by, c	O goto o-signe r or and O. Go	o Part E ed by, or secured by another individual o other tenant.) to Part E.	or entity that has a D. Credit Source or Affiliation or Int	· Guarantor's erest in the	E. Percent of Total Capital
☐ YES Will such loo identified in ☐ YES. A. Type of Cor	go to Item 3 pan or credit be acqu Part A? (Such inte Complete Items 3A	red from, g rest may be through 3E me of Loan	uarante e as a la E B. or Cred	⊠ N ed by, c indowne ⊠ N dit Sourc	O go to	o Part E ed by, or secured by another individual o other tenant.) to Part E.	or entity that has a D. Credit Source or Affiliation or Int Farming Op	· Guarantor's erest in the	E. Percent of Total Capital
☐ YES Will such lo identified in ☐ YES. A. Type of Cor	go to Item 3 an or credit be acqu Part A? (Such inte Complete Items 3A antribution Na ted in Part C is own	red from, g rest may be through 3E me of Loan	uarante e as a la E B. or Cred	⊠ N ed by, c endowne ⊠ N dit Source	O go to o-signer or and o. Go	o Part E ed by, or secured by another individual o other tenant.) to Part E. C. Guarantor's Name	or entity that has a D. Credit Source or Affiliation or Int Farming Op	· Guarantor's erest in the	E. Percent of Total Capital
☐ YES Will such lo identified in ☐ YES. A. Type of Cor	go to Item 3 pan or credit be acqu part A? (Such inte Complete Items 3A partribution Na partri	red from, g rest may be through 3E me of Loan red by the i	uarante e as a la B or Crec individu es are ALL eque	ed by, condowned No. 10	O go to o-signer or and O. Go	o Part E ed by, or secured by another individual cother tenant.) to Part E. C. Guarantor's Name	Or entity that has a D Credit Source or Affiliation or Int Farming Or **I.** **I.** **I.** **I.** **I.** **I.** **It will be used on t	Guarantor's erest in the peration	E. Percent of Total Capital
☐ YES. Will such lo identified in ☐ YES. A. Type of Cor	go to Item 3 pan or credit be acquipant A? (Such interpretation) Complete Items 3A netribution Na ted in Part C is own QUIPMENT (All population) Indicated in Interpretation quipment: Enter the	red from, g rest may be through 3E me of Loan red by the i ercentage percent of hart C? If the n, enter 0%. following ir	uarantee as a la B. or Crec individu es are ALL eque indiv	Ned by, condowned Notes	O got o-signee or or and occurred the signed of the signed	o Part E ed by, or secured by another individual of other tenant.) to Part E. C. Guarantor's Name In Part A, then proceed directly to Partual rental values.) by the individual identified in Part A tha	Or entity that has a Oredit Source or Affiliation or Int Farming Or t I. t will be used on toment used in the	r Guarantor's erest in the peration	E. Percent of Total Capital
☐ YES Will such lo identified in ☐ YES. A Type of Cor If all land list ART E - EC Owned Eq Leased Eq	go to Item 3 an or credit be acqu Part A? (Such inte Complete Items 3A antribution Na ted in Part C is own QUIPMENT (All p quipment: Enter the listed in I operation quipment: Enter the If leased at all Equipment Nai	red from, g rest may be through 3E me of Loan red by the in ercentage percent of. Part C? If th th, enter 0%. following ir equipment me of Party,	uuarantee e as a la E B. or Crect iindividu ass are ALL eque individu formatiis not u B.		O go t o-signe r or and O. Go O. Go On and owned ecified it. LL leass is farm	o Part E ed by, or secured by another individual of other tenant.) to Part E. C. Guarantor's Name In Part A, then proceed directly to Part of the individual identified in Part A that in Part A does not own any of the equipment to be used by the individual identified in Part A that in Part A does not own any of the equipment to be used by the individual identified in Part A that in Part A does not own any of the equipment to be used by the individual identified in Part A that in Part A does not own any of the equipment to be used by the individual identified in Part A that in Part A does not own any of the equipment to be used by the individual identified in Part A that in Part A does not own any of the equipment to be used by the individual identified in Part A that in Part A does not own any of the equipment to be used by the individual identified in Part A that in Part A th	Credit Source or Affiliation or Int Farming Or It I. t will be used on to ment used in the ual identified in Pa	r Guarantor's erest in the peration he farms farming art A on the farm	E. Percent of Total Capital 9 9 9 100 9 s listed in Part C.
YES. Will such lo identified in YES. A. Type of Cor If all land list ART E - EC Owned Eq Leased Ec	go to Item 3 an or credit be acqu Part A? (Such inte Complete Items 3A antribution Na ted in Part C is own QUIPMENT (All p quipment: Enter the listed in I operation quipment: Enter the If leased at all Equipment Nai	red from, g rest may be through 3E me of Loan red by the in ercentage percent of. Part C? If th th, enter 0%. following ir equipment me of Party,	uarantete e as a la e as a la e as a la e as a la e e as a la e e e e e e e e e e e e e e e e e		O go t o-signe r or and O. Go O. Go On and owned ecified it. LL leass is farm	o Part E ed by, or secured by another individual of other tenant.) to Part E. C. Guarantor's Name In Part A, then proceed directly to Part nual rental values.) by the individual identified in Part A that in Part A does not own any of the equipment to be used by the individual ing operation, enter 0%. C.	Credit Source or Affiliation or Int Farming Or It I. t will be used on to ment used in the ual identified in Pa	r Guarantor's erest in the peration he farms farming art A on the farm	E. Percent of Total Capital 9 9 100 9 s listed in Part C.
YES. Will such lo identified in YES. A. Type of Cor If all land list ART E - EC Owned Eq Leased Ec	go to Item 3 an or credit be acqui Part A? (Such inte Complete Items 3A antribution Na ted in Part C is own QUIPMENT (All p quipment: Enter the listed in I operation quipment: Enter the If leased at al Equipment Individual	red from, g rest may be through 3E me of Loan red by the in ercentage percent of. Part C? If th th, enter 0%. following ir equipment me of Party,	uarantete e as a la e as a la e as a la e as a la e e as a la e e e e e e e e e e e e e e e e e		O go t o-signe r or and O. Go O. Go On and owned ecified it. LL leass is farm	o Part E ed by, or secured by another individual of other tenant.) to Part E. C. Guarantor's Name In Part A, then proceed directly to Part nual rental values.) by the individual identified in Part A that in Part A does not own any of the equipment to be used by the individual ing operation, enter 0%. C.	Credit Source or Affiliation or Int Farming Or It I. t will be used on to ment used in the ual identified in Pa	he farms farming art A on the farm D, ty/Entity the equiniterest in this farming	E. Percent of Total Capital 9 9 100 9 s listed in Part C.
YES. Will such lo identified in YES. A. Type of Cor If all land list ART E - EC Owned Eq Leased Ec	go to Item 3 an or credit be acqu Part A? (Such inte Complete Items 3A antribution Na ted in Part C is own QUIPMENT (All p quipment: Enter the listed in I operation quipment: Enter the If leased tal Equipment Naie	red from, g rest may be through 3E me of Loan red by the in ercentage percent of. Part C? If th th, enter 0%. following ir equipment me of Party,	uarantete e as a la e as a la e as a la e as a la e e as a la e e e e e e e e e e e e e e e e e		O go t o-signe r or and O. Go O. Go On and owned ecified it. LL leass is farm	o Part E ed by, or secured by another individual of other tenant.) to Part E. C. Guarantor's Name In Part A, then proceed directly to Part nual rental values.) by the individual identified in Part A that in Part A does not own any of the equipment to be used by the individual ing operation, enter 0%. C.	Credit Source or Affiliation or Int Farming Or It I. t will be used on to ment used in the ual identified in Pa	Guarantor's erest in the peration The farms farming art A on the farm D. tty/Entity the equiliterest in this farming	E. Percent of Total Capital 9 100 9 s listed in Part C.

--130 Completing CCC-902I (Continued)--

B Example CCC-902I (Continued)

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Α.	В.	C.	D.	
Type of Services	Farm Number(s)	Number of Acres	Name of F	Provider
PART G – LABOR				
FART G – LABOR For the farms listed in Part C, enter the inflaborers; or by others:	ormation for contributions of active p	personal labor which will be provided by	the individual iden	tified in Part A, hired
	Туре			Amount
 Active personal labor. Enter the per identified in Part A performs 1,000 or 		the individual identified in Part A. If the	individual	100 %
Hired labor. Enter the percentage or	-	operation, enter 1,000 nours.		hrs
A. Will any of the hired labor originate		quipment shown in Part E?		hrs
■ NO ■ YES If "YES", a B. Will any of the hired labor be included.		such relationship may be required for con	mpliance purposes	5.
		nown in Part F? such relationship may be required for co	mpliance purposes	S.
3. Other labor. Enter the percentage of	labor to be donated by family memb	pers or others. (No payment will be owe	d)	0%
			- /·	
For the farms listed in Part C, enter the es will be provided by the individual identified 1. Active personal management: A. Enter the estimated percent of the a B. List the type of managerial duties/ar	timated percent of the individual's to in Part A, by hired persons or entiti- active personal management to be p ctivities to be personally performed t	otal management responsibility and the tes, or by others who are not hired. Trovided by the individual identified in Paroly the individual identified in Part A:	ype of managerial	·
For the farms listed in Part C, enter the es will be provided by the individual identified 1. Active personal management: A. Enter the estimated percent of the a B. List the type of managerial duties/ac Make all planting, harvesting	timated percent of the individual's to in Part A, by hired persons or entition active personal management to be p stivities to be personally performed that ing, marketing, business d management:	otal management responsibility and the tes, or by others who are not hired. It is not been so the set of the	ype of managerial	·
For the farms listed in Part C, enter the es will be provided by the individual identified 1. Active personal management: A. Enter the estimated percent of the a B. List the type of managerial duties/ad Make all planting, harvestir 2. Hired management: A. Enter the estimated percent of hire B. Describe any paid management se 3. Other management: A. Enter the estimated percent of othe	timated percent of the individual's to in Part A, by hired persons or entitivative personal management to be potivities to be personally performed by marketing, business dispersional management: rvices provided by someone other the provided by someone other the management:	otal management responsibility and the tes, or by others who are not hired. It is not been so the set of the	ype of managerial	100 9
For the farms listed in Part C, enter the es will be provided by the individual identified 1. Active personal management: A. Enter the estimated percent of the a B. List the type of managerial duties/a Make all planting, harvestin 2. Hired management: A. Enter the estimated percent of hire B. Describe any paid management se 3. Other management: A. Enter the estimated percent of othe B. Describe any non-compensated management and the process of the percent of the B. Describe any non-compensated management.	timated percent of the individual's to in Part A, by hired persons or entition active personal management to be positivities to be personally performed the ing, marketing, business and distribution of the control of	otal management responsibility and the tes, or by others who are not hired. I rovided by the individual identified in Part A: and financial decisions. In the individual identified in Part A: and the individual identified in Part A: and the individual identified in Part A:	ype of managerial rt A:	
B. List the type of managerial duties/at Make all planting, harvesting. 2. Hired management: A. Enter the estimated percent of hire B. Describe any paid management se 3. Other management: A. Enter the estimated percent of othe	timated percent of the individual's to in Part A, by hired persons or entition active personal management to be postivities to be personally performed by the personal management to be postivities to be personally performed by the personal management to be postivities and the personal management to the personal management to the personal management to the personal management duties/activities provided to this document and any supporting the personal management and may result in the assess of and State listed on this form of any and state listed on this form of any this document and the personal management to the personal management and may result in the assess of and State listed on this form of any this document and the personal management to be personal management.	otal management responsibility and the tes, or by others who are not hired. Trovided by the individual identified in Part A: and financial decisions. The individual identified in Part A: and financial decisions. The individual identified in Part A: and identified in Par	ype of managerial It A: Jentified in Part A: understand furnis	100 9
For the farms listed in Part C, enter the es will be provided by the individual identified 1. Active personal management: A. Enter the estimated percent of the a B. List the type of managerial duties/ac Make all planting, harvesting 1. Hired management: A. Enter the estimated percent of hire B. Describe any paid management se 1. Describe any paid management of the B. Describe any non-compensated management information will result in forfeiture of pays Service Agency committees for the county By signing this form, I acknowledge that: all supporting documentation has been 1 have read and understand all definiting all information on this form	timated percent of the individual's to in Part A, by hired persons or entition Part A, by hired persons or entition active personal management to be petivities to be personally performed by the personal performed by the personal performed by the personal performed by the personal p	tal management responsibility and the tes, or by others who are not hired. To vided by the individual identified in Part A: and financial decisions. The individual identified in Part A: and financial decisions. The individual identified in Part A: and financial decisions. The individual identified in Part A: and the in	ype of managerial rt A: dentified in Part A: understand furnis e written notificati submitted. ion, or financial	100 s
For the farms listed in Part C, enter the es will be provided by the individual identified 1. Active personal management: A. Enter the estimated percent of the a B. List the type of managerial duties/ac Make all planting, harvesting 1. Hired management: A. Enter the estimated percent of hire B. Describe any paid management se B. Describe any paid management of the B. Describe any non-compensated management and the information will result in forfeiture of payservice Agency committees for the county By signing this form, I acknowledge that: all supporting documentation has been in the read and understand all definitional information contained on this form it is my responsibility to timely notify I status that may affect these representation and I will take all necessary action and that I will take all necessary action.	timated percent of the individual's to in Part A, by hired persons or entition in Part A, by hired persons or entition in Part A, by hired persons or entition in Part A, by hired personal or entition in Part A, by hired personal performed by the personal performed by the personal performed by the personal pe	otal management responsibility and the test, or by others who are not hired. To vided by the individual identified in Part A: and financial decisions. The individual identified in Part A: and financial decisions. The individual identified in Part A: and financial decisions. The individual identified in Part A: and the	ype of managerial It A: dentified in Part A: understand furnis e written notificati submitted. ion, or financial I to validate these	hing incorrect on to the Farm
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B Example CCC-902I (Continued)

CCC-902l (02-01-10) Page 4 of 4

DEFINITIONS

The following definitions apply to Form CCC-902I.

- 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.
- 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.
- 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.

NOTE: 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.

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.

*--130.5 Business File Equivalent of CCC-902I

A Business File Data Entry Process

For the automated CCC-902, load information about a producer's farming operation in the web-based system according to 3-PL (Rev. 1), Part 10.

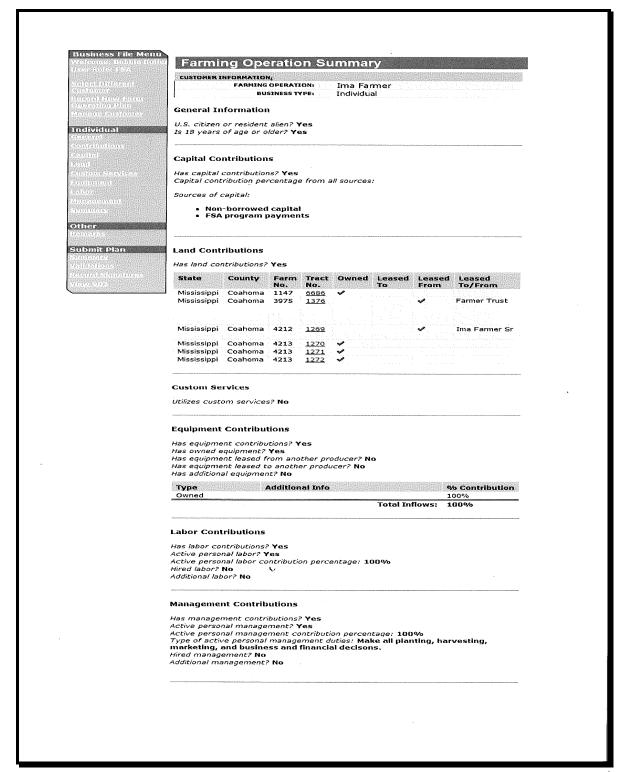
The following table illustrates the data entry process for the information on the manual CCC-902I example in subparagraph 130 B.

Web Page	Data Recorded in System
Contributions	Capital – Yes
	• Land – Yes
	Equipment – Yes
	• Labor – Yes
	Management – Yes
	• Custom Services – No.
Land	Recorded the following leases:
	• FSN 3975 – tract 1376 share (75%) lease from owner
	(percentage of division not needed)
	• FSN 4212 – tract 1269 - cash lease from owner.
	Note: Did not record lease on FSN 1147 and 4213. This producer is the owner and owner-operator on these farms and the example presumes there are no leases on these farms. But these leases are listed in the "owned" section of the automated form.
Equipment	Owned – Yes
	• Leased From – No
	• Leased To – No
	• Other – No.
Owned Equipment	• 100 percent
	No additional information recorded.
Labor Types	Active Personal – Yes
	• Hired – No
	• Other – No.
Labor Contributions	100 percent active personal management.
Management Types	Active Personal – Yes
	• Hired – No
	• Other – No.
Management	100 percent active personal management
Contributions	No duties performed were specified.

__*

B Farming Operation Summary Page

Following is an example of a Business File farming operation summary.



C Example of Automated CCC-902

Following is an example of the automated CCC-902.

This for (FSA) t individu about t	FARM OPE					CULTURE		Pro	gram Year			
This for (FSA) t individu about t		DATING	. DI A.	•	Credit Corpora		.					
This for (FSA) t individu about t	2					GIBILITY			20)11		
This for (FSA) t individu about t			-	uent Progr								
(FSA) เ individu about t	or "actively engage rm is to be completed							ekina	benefits from the F	arm Servi	ce Aaenc	v
attribut	ual or legal entity the he members of leg nent, labor, and ma	nat receives al entities. F	program be Payment elig	nefits directly u iibility is based ι	sing the tax ide pon the contrib	ntification num ution level of c	ber identif. ertain inpu	fied in uts to	arming and other in Part A. This form a a farming operatior ligibility and limitation	also collec n such as	ts informa land, capi	ation ital,
	A - General Fa	rming Op	eration I	nformation								
	ucer's Name		Tax	(ID Number		e (last 4 dig	ıits) I	Busi	iness Type			
	MA FARMER		11-4-	. D	XXXX S				Indiv neral partnerships	/idual		
	B - Capital Info cable for all busin			. Do not includ	е сарнаї сопі	ributea by <i>m</i> e	embers o	or ge	nerai parmersnip	s or joint	ventures	5.
Does	the producer p	rovide ca	oital to thi	s farming op	eration?						Yes	
	percent of cap							all s	ources?			%
Indica	ate the source o				·		_					
	■ Non-borro	wed capi	tal	☐ Cor	mmercial loa	ns/credit		□ C	ther/Additional			
	X FSA prog	ram paym	nents	☐ Priv	ate Loans/c	redit						
Part (C - Land Inform	nation (a	oplicable fo	or all business	types)							
	the producer c				eration?						Yes	
Does	this farming op	eration o	wn ANY I		Tue -4	Familian	0	المسا	Camalan - 1 A	la	Yes	
State	Adminis	trative Cou	ntv	Farm Serial Number	Tract Number	Farmland Acres	Cropla Acres		Farmland Acres Not Leased	s Is any land leas another produ		
MS	Co	oahoma	•	1147	6686	320.0	304.2	_	320.0	No		
MS		oahoma		4213	1270	59.0	49.2	_	59.0		No	
MS MS		oahoma oahoma			1271 1272	58.0 78.0	53.0 64.0		58.0 78.0		No No	
	this farming op		ase land	rom another		70.0	04.0		70.0		Yes	
	Administrative	Farm Serial Number	Tract Number	Name of Pe	rson Land is	Leased Acres	Type o		Type of Lease	Crop Share	Intere the La same a	nd is as las
State	County					60.0	Cropla	nd	Share		Ye	
State MS	County	3975	1376		TDLICT							
MS	Coahoma			FARMER IMA FAR		33.0			Cash			
MS MS		4212	1269	IMA FAF	RMER SR	33.0	Cropla		Cash		Ye No	
MS MS Does Part I	Coahoma Coahoma this farming op	4212 peration le rvices (ar	1269 ase land oplicable fo	IMA FAR to another pr or all business	RMER SR oducer? types)		Cropla	ind			Ye	
MS MS Does Part I Will c	Coahoma Coahoma this farming op Coustom Se	4212 peration le rvices (ar	1269 ase land oplicable fo	IMA FAR to another pr or all business	RMER SR oducer? types)		Cropla	ind			Ye	
MS MS Does Part I Will c farmir	Coahoma Coahoma this farming op Coustom Seustom services g operation?	4212 peration le rvices (ar , such as	1269 ase land oplicable fo harvestin	IMA FAR to another pr or all business g, spraying, t	RMER SR oducer? types) 'ertilization, t	illage, seed	Cropla ing, etc.,	, be	utilized for this	ships or	No No	s
MS Does Part I Will c farmir Part I (applic	Coahoma Coahoma this farming op Coustom Sevices To operation? Could be serviced Coul	4212 peration le rvices (ag , such as Informat ness types)	1269 ase land oplicable for harvestin	IMA FAR to another pr or all business g, spraying, f : Do not includ	RMER SR oducer? types) fertilization, t e equipment o	illage, seed	Cropla ing, etc.,	, be		ships or j	No No oint vent	s
MS MS Does Part I Will c farmir Part I (applic	Coahoma Coahoma this farming op Custom Se ustom services g operation? E - Equipment able for all busing the producer p	4212 peration le rvices (ag , such as Informat ness types) rovide eq	1269 ase land policable for harvestin ion Note uipment to	IMA FAR to another pr or all business g, spraying, t : Do not include to this farming	RMER SR oducer? types) fertilization, the equipment of government of government of the second control of the s	illage, seed	Cropla ing, etc.,	, be	utilized for this	ships or j	No No oint vent	es tures
MS MS Does Part I Will c farmir Part I (applic Does What	Coahoma Coahoma this farming op Custom Se ustom services ng operation? E - Equipment able for all busir the producer p percent of the	4212 peration le rvices (ap , such as Informat less types) rovide eq equipmen	1269 ase land oplicable for harvestin ion Note uipment to	IMA FAR to another pr or all business g, spraying, t : Do not include to this farming producer co	RMER SR oducer? types) fertilization, t le equipment of goperation? ontribute to the	illage, seed contributed b	Cropla ing, etc., y member	, be	utilized for this	ships or j	No No No oint vent Yes 100	S
MS Does Part I Will c farmin Part I (applic Does What Does	Coahoma Coahoma this farming op Custom Se ustom services ng operation? E - Equipment cable for all busir the producer p percent of the the producer of	4212 peration le rvices (ar , such as Informat ness types) rovide eq equipmen wn any ec	1269 ase land oplicable for harvestin ion Note uipment to t does the quipment	IMA FAR to another pr or all business g, spraying, t Do not include to this farming producer oc contributed t	RMER SR oducer? types) fertilization, the equipment of operation? ontribute to the third farming	illage, seed contributed b nis farming g operation	Cropla ing, etc., y member operatio	, be ers o	utilized for this	ships or j	No No oint vent	tures
MS Does Part I Will c farmin Part I (applic Does What Does	Coahoma Coahoma this farming op Custom Se ustom services ng operation? E - Equipment able for all busir the producer p percent of the	4212 peration le rvices (ar , such as Informat ness types) rovide eq equipmen wn any ec	1269 ase land oplicable for harvestin ion Note uipment to t does the quipment	IMA FAR to another pr or all business g, spraying, t Do not include this farming per producer co contributed to does the producers	RMER SR oducer? types) fertilization, the equipment of operation? ontribute to the third farming	illage, seed contributed b nis farming g operation ute to this fa	Cropla ing, etc., y member operatio ? arming c	, be ers o	utilized for this	ships or j	No No oint vent Yes 100 Yes	tures
MS Does Part I Will c farmin Part I (applic Does What Does	Coahoma Coahoma this farming op Custom Se ustom services ng operation? E - Equipment cable for all busir the producer p percent of the the producer of	4212 peration le rvices (ar , such as Informat ness types) rovide eq equipmen wn any ec	1269 ase land oplicable for harvestin ion Note uipment to t does the quipment	IMA FAR to another pr or all business g, spraying, t Do not include this farming per producer co contributed to does the producers	RMER SR oducer? types) fertilization, t le equipment of g operation? portribute to tle to this farming ducer contrib	illage, seed contributed b nis farming g operation ute to this fa	Cropla ing, etc., y member operatio ? arming c	, be ers o	utilized for this	ships or j	No No oint vent Yes 100 Yes	tures
MS MS Does Part I Will c farmir Part I (applic Does What Does What	Coahoma Coahoma this farming op Coustom Se ustom services ng operation? E - Equipment Lable for all busin the producer p percent of the the producer of percentage of	4212 peration le rvices (ar , such as Informat ness types) rovide eq equipmen wn any ec owned eq	ase land oplicable for harvestin ion Note uipment to does the quipment open to the property of	IMA FAF to another pr or all business g, spraying, t Do not include to this farming producer of contributed t does the proc Additional I	RMER SR oducer? types) fertilization, t fe equipment of g operation? or this farming fucer contribute to th of this farming to this farming to this farming	contributed be a selected by the selected because t	Cropla ing, etc., y member operatio ? arming c ipment	, be ers o	utilized for this f general partners ation? er producer?	ships or j	No No No No oint vent Yes 100 Yes 100 No	tures
MS MS Does Part I Will c farmin Part I (applic Does What Does What Does Is any	Coahoma Coahoma this farming op Custom Se ustom services g operation? E - Equipment cable for all busin the producer p percent of the the producer of	4212 peration le rvices (ar , such as Informat less types) rovide eq equipmen wn any ec owned eq ease any e ent contril	ase land oplicable for harvestin ion Note uipment to to does the uipment outpment ou	IMA FAF to another pr or all business g, spraying, t Do not include to this farming pe producer of contributed t does the prof Additional l t contributed his farming o	RMER SR oducer? types) retrilization, t e equipment of g operation? ontribute to to to this farming ucer contrib nformation for to this farmin peration lease	contributed be a contributed by a contributed be a contributed by a contri	Cropla ing, etc., y member operatio ? arming c ipment	, be ers o	utilized for this f general partners ation? er producer?	ships or j	No No No loint vent Yes 100 Yes 100	es tures

C Example of Automated CCC-902 (Continued)

CCC-902 (Page 2) Producer Name IMA FARMER	Date Submitted: 07/19/201	11 Version Number:
Part F - Labor Information (applicable for all	, , , , , , , , , , , , , , , , , , ,	
Does the producer provide labor to this farm	<u> </u>	Yes
Does the producer contribute active persona		Yes
What is the estimated percentage of act		100 %
Is any of the labor contributed to the farming	•	No
Is there any additional labor contributed to the		No
Part G - Management Information (applicable)		
Does the producer provide management to t	<u> </u>	Yes
Does the producer contribute active persona	<u> </u>	Yes
What is the estimated percent of active operation?	personal management contributed to the farming	100 %
	Types of Management Duties Performed	
Make all planting, r	arvesting, marketing, and business and financial decis	ons.
Is any of the management contributed to the	farming operation hired?	No
Is there any additional management duties/a	ctivities contributed to the farming operation?	No
Part H - Minor Information (only applicable for	or individuals)	
Will the producer be 18 years of age by June	e 1 of the current program year?	Yes
Part I - Citizenship Information (only applica	able for individuals)	
Is the producer a United States citizen or an	alien lawfully admitted into the United States?	Yes
Part J - Remarks		
Part K - Certification (applicable for individual		
, , ,	s and enuties) cument and any supporting documentation is true and o	correct Lundorstand furnishing
	ments and may result in the assessment of a penalty. I	
	ees of any changes in this farming operation. By signin	
 all supporting documentation has been submitted. I have read and understand all definitions and read and understand all definitions. 		
	equirements nsidered in effect continuously unless changes or revisi	sions are submitted
	ing of any changes in the farming, ranching or forestry	
	ccountant's certification, or other documentation may be	e required to validate these
	y actions to provide such materials to FSA if requested.	
·	Title/Relationship of the Individual	
Signature of Producer (by)	Signing in Representative Capacity Da	ate (MM-DD-YYYY)

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.), the Food Security Act of 1985 (Pub. L. 99-198 - as amended), 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.

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.

D Comparison of Manual CCC-902I and Automated CCC-902

The following table compares the parts and features of the manual CCC-902I and automated CCC-902.

Item or		Automated	
Contribution	CCC-902I	CCC-902	Explanation of Differences
Name, Address, TIN	Part A	Part A	CCC-902I - manual entries.
Citizenship status	Part B	Part I	
Minor child status	Part B	Part H	Automated CCC-902 - SCIMS records.
Other farming	Part B		CCC-902I - manual entries.
interests			
			Automated CCC-902 - this information
			will not be recorded in the collection
			process.
Land	Part C	Part C	CCC-902I - manual entries by farm
			number, cropland acres only.
			1.000.00
			Automated CCC-902 - sourced from
			farm records; entries by farm number,
			tract number, cropland and farmland
			acres; percentage of division not
G : 1	D (D	D . D	needed for share leases.
Capital	Part D	Part B	Both forms - manual entries.
			A4
			Automated CCC-902 - entry for
F	Part E	Part E	percentage of total contribution. Both forms - manual entries.
Equipment	Part E	Part E	Both forms - manual entries.
			Automated CCC 002 antry about
			Automated CCC-902 - entry about leasing to another producer.
Labor	Part G	Part F	Both forms - entries for percentage
Labor	Pall G	Fait	contribution.
			Contribution.
			Automated CCC-902 - no entry for
			hours provided.
Management	Part H	Part G	Both forms - entries for percentage
Ivianagement	1 411 11	Tait	contribution.
Custom Services	Part F	Part D	Both forms - same or similar entries.
Certification	Part K	Part K	Both forms - same entries and
Commeanon	1 ait ix	1 att ix	requirements.
			requirements.

__*

*--131 Completing CCC-902I Short Form

A Instructions for Completing CCC-902I Short Form--*

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:
	• "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 (✓):
	(\$\forall 7 1' \ 1 \ 1' \ 1 \ 1 \ 1 \ 1 \ 1 \ 1 \ 1
	• "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 Office shall CHECK (✓) "Yes" or "No", indicating that I-551 was
County Only	presented.
4	CHECK (✓):
•	CHECK ().
	•*"No", if the individual in Part A was 18 or older on June 1; go to item 5
	,
	• "Yes", if the individual in Part A was younger than 18 on June 1; Stop*
	CCC-902I must be completed instead of CCC-902I Short Form.
5	CHECK (✓):
	• "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; Stop . CCC-902I must be completed instead of CCC-902I
	Short Form.

Item	Instruction
Part C	
1	CHECK (✓):
	• "No", if the contributions of land, capital or equipment of the individual in Part A will be not acquired as the result of a loan or credit arrangement from an individual or entity with an interest in the farming operation; go to item 2.
	• "Yes", if the contributions of land, capital, and equipment of the individual in Part A will be acquired as the result of a loan or credit arrangement from an individual or entity with an interest in the farming operation.
	Stop. CCC-902I must be completed instead of CCC-902I Short Form.
2	Using custom services by the farming operation in Part A does not apply:
	 to services for chemical and fertilizer application to the harvesting of crops if all the land in the farming operation is owned.
	CHECK (✓):
	• "No", if custom services will not be used by the farming operation in Part A; go to item 3
	• "Yes", if custom services will be used by the farming operation in Part A.
	Stop. CCC-902I must be completed instead of CCC-902I Short Form.

131 Completing CCC-902I Short Form (Continued)

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

Item	Instruction
3	Enter the following information for all land that is operated by the individual in
	Part A.
Α	Farm number.
В	State and county where located.
С	CHECK (✓) applicable box to show whether land is owned, leased to someone, or
	leased from someone.
D	Name of the individual, entity, or joint operation to whom or from whom the land is
	leased.
E	Acres owned or rented on the farm.
F	If the land is:
	•*share leased, enter "share" (optional to enter the percentage that represents the share of the individual identified in Part A)
	• cash leased, enter the following:
	"cash" if the land is cash leased from an unrelated individual or entity
	• the rental rate in \$ per acre if the land is cash leased from an individual or
	entity that has an interest in the crop or crop proceeds (optional)*
G	CHECK (✓) box if same land interest was held last year.
	If additional space is needed for land, complete and attach form
	CCC-902 Continuation
4	CHECK (\checkmark) all sources of capital for the individual in Part A that apply. If "Other" is checked (\checkmark), specify.

Item	Instruction						
5 A	Of the total equipment to be used in the farming operation of	the indi	vidual in Part A,				
and	enter the following for the individual in Part A:		,				
В	C						
	• 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 or entity in Part A.	•	J				
	IF the equipment was	THEN	CHECK (✓)				
	leased from an individual or entity that has an interest in the	"Yes".					
	farming operation of the joint operation or entity in Part A						
	not leased from an individual or entity that has an interest in	"No".					
	the farming operation of the joint operation or entity						
Part D							
1	Enter percentage or number of hours of active personal labor	the indi	vidual in Part A				
	personally provides to the farming operation.						
2	Enter percentage or number of hours of hired labor used in the	e farmin	ng operation of				
	the individual in Part A.						
3			THEN				
	IF		CHECK (✓)				
	none of the hired labor for the farming operation in Part A		"No".				
	originated from the source of leased equipment in Part E						
	any of the hired labor for the farming operation in Part A orig	inated	"Yes".				
	from the source of leased equipment in Part E						
	Note: Acceptable documentation of equipment lease and hir						
	labor agreements may be required for compliance pu	_					
Part E	The total percentage shown in items 1 and 2 must equal 100 p						
1	Enter estimated percent of active personal management the in	dividua	l in Part A				
_	personally provides to the farming operation.						
2	Enter estimated percent of hired management to be used in the	e farmin	ng operation of				
	the individual in Part A.						
Part F							
1	The individual in Part A, or an authorized representative of th	e indivi	dual in Part A,				
_	shall sign the certification.						
2	If individual in Part A signs the document, this field should be	e left bla	ank.				
		666	1.0021				
	If an authorized representative for the individual in Part A sig						
	Short Form, use this field to show the individual's representat	ive capa	acity. (For				
2	example, "agent" or "attorney-in-fact.")						
3	Enter date CCC-902I Short Form was signed.						

--131 Completing CCC-902I Short Form (Continued)--

B Example CCC-902I Short Form

*__

02-01-10)	hort Form			RTMENT OF AG	G 1		;	3. Program Yea
			C	Commodity Cred	it Corporation	d		
	FARM OPERATING F 2009 and Subse				2. Sta Missi	e ssippi		2011
or "actively en	gaged in farming" and other	payment elic	ibility and	limitation dete	rminations.			
This form is to be or joint operation) ndividual who rec arming in which to ased upon the con The information of the information of the the information of the the information of the the the the the the the the the the the the the the the the the	completed by, or on behalf of, ar under one or more programs the veives program benefits directly he individual has an interest. Suc ontribution level of certain inputs in this form will be used by FSA to ucer Information	n individual what are subject to using the soci to a farming of	no is seeking to the regula al security n st complete peration suc	g benefits from th htions at 7 CFR F humber identified a CCC-902E if th has land, capite	e Farm Service Agency (Part 1400. This form collec in Part A. This form also ney are requesting progra al, equipment, labor, and i	ets farming an collects inform in benefits. P management i	d other information nation about entiti ayment eligibility f	n about the ies engaged in for the individual is
	Name and Address (Include	Zip Code)			2. Social Security Nui	nber (If the	social security n	number or
Ima Farmer 437 Levee I	ane				taxpayer ID numbe	r is on file, o	only the last 4 di	gits are require
	le, MS 72222					1X	1X	
	tional Information flual a U.S. citizen? 2. ls	this individ	ual an alier	n lawfully admi	tted into the U.S.?		OUNTY OFFIC esident Alien Card	
YES. G	o to Item 4	_		-	en Card (I-551).	YES		
Minors				ther Farming				
	ual under 18 years of age as r that is specified in Item 3?	of June 1 o	the 5		ividual, individual's spo operations including j			
NO. Go t	o Item 5 🔲 YES. Stop - L			No. G	o to Part C	YES. Stop -	Use CCC-902I	
Will the cont	, Capital & Equipment ributions of land, capital, or et arrangement from an indivi	equipment fo dual or entity	r the farmi y that has a	ng operation ic an interest in th	lentified in Part A be a	cquired as tl	ne result of a	
	services be utilized in the far		op - Use C ion identifie		NO Go to Itam 3	□ veq q	Stop - Use CCC	-902ī
	sh leased from an individu otherwise enter "cash." B. Location (County and State)	Check As	C. S Applicable	e Name of Whom Lan	D. Individual or Entity d is Leased to and/or	E. Acres Owned or	F. Rental Rate \$ per Acre/ %	G. Check here i same land
		Owned	To From		les names of landowners nd landlords)	Leased	or Crop Share	interest was he last year
147	Coahoma, MS			Farmer Ll	LC	304.2	25%	
	Coahama, MS			Farmer Fa	arms	49.2	cash	
213			$\square \mid \square$			117.0		
	Coahama, MS							
213 . Capital - Ind	licate the source(s) of farmin	g capital for					pply.)	
213 . Capital - Ind	□ licate the source(s) of farmin owed □ Commercial loans/	g capital for credit	rivate loan	s/credit 🗌 FS	A program payments			R Lossod
213 . Capital - Ind ⊠ Non-borro . Equipment identified in	licate the source(s) of farmin owed Commercial loans/ - Enter the percentages own Part A.	g capital for credit P	rivate loan eased to be	s/credit FS e used by the f	A program payments arming operation		A. Owned	B. Leased
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213 Capital - Ind Non-borro Equipment identified in C. If lease operatio PART D- La Active peratic Hired labor. Will any of the	iciate the source(s) of farmin owed ☐ Commercial loans/ - Enter the percentages own Part A. d, does the party/entity the e on identified in Part A? ☐ Dor onal labor. Enter the percel Enter the percentage or ho he hired labor originate from	g capital for credit Ped and/or lest property Ped and/or lest property Ped	rivate loanseased to be leased from NO	s/credit	A program payments arming operation erest in the farming ndividual identified in Pidividual Identified Ide	Other: Other: Part A: 0 art A: 0 %	A. Owned	
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Description of the Farm Ser of the September of the Farm Ser of the U.S. Department of the September of the September of the September of the September of the U.S. Department of the September	iciate the source(s) of farmin owed Commercial loans/ - Enter the percentages own Part A. d, does the party/entity the e on identified in Part A? bor conal labor. Enter the percentage or no he hired labor originate from an agement sonal management. Enter the estimate entification the information entered on mattion will result in forfeiturvice Agency committees for	g capital for credit Pred and/or les equipment is YES Intage or hou urs of labor 1 the same so the estimate ed percent of this documer of payment the county of the coun	rivate loan: assed to be leased froi NO ris to be prithat will be urce as the d percent of f management and any ints and ma and State I 2. T	s/credit FS e used by the firm have an interpretation ovided by the interpretation of the properties	A program payments arming operation erest in the farming ndividual identified in I idividual identified in Perent in Part C main management to be the individual identified assessment of a penatorm of any changes in in if Signing as Represented to the passes of race, color, national part of the passes of race, color, national managements.	Other: Part A: oart A: oart A: % YES provided by in Part A: oard correct. Ity. I will tin this farming entative	% hours hours NO. I the individual i well provide with goperation. 3. Date (MM-D 4/2)	dentified in furnishing ritten notification 00-YYYY) 6/2011 plicable, sex, marital

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B Example CCC-902I Short Form

CCC-902I Short Form (02-01-10)

Page 2 of 2 DEFINITIONS

The following definitions apply to Form CCC-902I Short Form.

- 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.
- 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.
- NOTE: 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.

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.

*--132 Business File Equivalent of CCC-902I Short Form

A Business File Data Entry Process

For the automated CCC-902, load information about a producer's farming operation in the web-based system according to instructions in 3-PL (Rev. 1) Part 10, Business File Web-based Application.

The following table illustrates the data entry process for the information contained on the manual CCC-902I Short Form shown in subparagraph 131 B.

Web Page	Data Recorded in System
Contributions	Capital – Yes
	• Land – Yes
	• Equipment – No
	• Labor – No
	Management – Yes
	• Custom Services – No.
Capital	Selected "Non-borrowed capital".
Land	Recorded the following leases:
	 FSN 1147 – tract 6686 share (25 percent) lease to operator (percentage of division not needed for share leases) FSN 4213 – tract 1270 - cash lease to other tenant. Note: Did not record lease on FSN 4213 for tracts 1271 and
	1272. This producer is the owner-operator on that farm and the example presumes there are no leases on those tracts. But they are listed in the owned section of the automated form.
Management Types	Active Personal – Yes
	Hired – No
	• Other – No.
Management	100 percent active personal management
Contributions	No duties performed were specified.

__*

B Farming Operation Summary Page

Following is an example of a Business File farming operation summary.

	General In U.S. citizen Is 18 years Capital Col Has capital cont Sources of c	or resident or resident of age or o ntribution contribution ribution per	operations in the state of the	rpe: 'es	Ima Far Individu				
Operating Plan Manage Customer Individual General Contributions Custom Custom Services Equipment Labor Management	U.S. citizen Is 18 years Capital Con Has capital cont Sources of c	or resident of age or o ntribution contribution per	alien? Ye Ider? Ye Is Is -		***************************************				
Individual General Contributions Capital Land Custom Services Fauloment Labor Management Summary Other	Is 18 years Capital Col Has capital cont Capital cont	of age or o ntribution contribution ribution per	ilder? Ye						
General Contributions Cholled Land Custom Services Equipment Labor Management Summary Other	Capital Con Has capital cont Capital cont Sources of c	ntribution contribution ribution per	s - 15? Ye s	:5	***************************************				
Caellal Land Custom Services Equipment Labor Management Summary Other	Has capital of Capital cont	contribution ribution per	- 15? Yes						
Custom Services Equipment Labor Management Summary Other	Capital cont	ribution per							
Labor Management Summary Other	Sources of c								
Summary Other		zapican:	cencage	e from a	il sources	•			
Other		-borrowed	capital	ı					
				•					

Submit Plan Summary	Land Conti								
Validations	Has land cor	County	Yes Farm	Tract	Owned	Leased	Leased	Leased	
	Mississippi		No.	No. 6686	✓ White	To	From	To/From Farmer LLC	
	Mississippi			1270	~	,		Farmer Farms	
	Mississippi Mississippi			1271 1272	*				
	Custom Services Utilizes custom services? No								
•									
	Equipment	quipment Contributions							
,	Has equipment contributions? No								
	Labor Cont	tributions							
	Has labor co	ntributionsi	? No						
	Manageme	nt Contrib	outions		0.000				
	Has management contributions? Yes Active personal management? Yes Active personal management contribution percentage: 100% Type of active personal management duties: Hired management? No Additional management? No								

C Example of Automated CCC-902

Following is an example of the automated CCC-902.

	-902		U.S. E	EPARTMEN	T OF AGRI		ıbmitted:	gram Year		
(5-16-2				Commodity C				<u> </u>		
	FARM OPE	RATING	BLAN	FOR PAY	MENTEL	GIBII ITY	.			
				uent Progra		OIDILII I		20	111	
				•						
	or "actively engage							p benefits from the Fa	arm Sanvi	ce Agency
(FSA) น individu about ti	under one or more ual or legal entity the he members of leg uent, labor, and ma	programs that receives al entities. F	at are subje program be Payment elig	ect to the regulat nefits directly us ibility is based u	ions at 7 CFR F sing the tax ide pon the contrib	Part 1400. This ntification num ution level of c	form collects ber identified i ertain inputs to	n Part A. This form a n Part A. This form a o a farming operation eligibility and limitatio	formation Iso collec such as	about the ts information land, capital,
00000000000000	ان. A - General Fa	rmina Or	eration I	nformation						
	ıcer's Name	iiiiiig Op		(ID Number	and ID Tvp	e (last 4 dic	its) Bus	siness Type		
	1A FARMER				xxxx s	- (,,		ridual	
Part E	3 - Capital Info			: Do not includ	e capital cont	ributed by me	embers of ge	eneral partnerships	s or joint	ventures.
	able for all busir					000000000000000000000000000000000000000		000000000000000000000000000000000000000	I	
	the producer p					nina a ('	an fra:!!	20112000		Yes
	percent of cap							sources?		%
muica	te the source of		• .	•	•		_			
	X Non-borro	owed capi	tal	☐ Con	nmercial loa	ns/credit		Other/Additional		
	☐ FSA prog	ram payn	nents	☐ Priv	ate Loans/c	redit				
Part C	C - Land Inform	nation (a	oplicable fo	or all business	tvpes)					
	the producer c						****	······································	*******************************	Yes
	this farming op									Yes
				Farm Serial	Tract	Farmland	Cropland	Farmland Acres	Is any	land leased to
State		trative Cou	inty	Number	Number	Acres	Acres	Not Leased	another producer	
MS MS		oahoma oahoma		1147 4213	6686 1270	320.0 59.0	304.2 49.2	15.8 9.8	Yes	
MS		oanoma oahoma		4213	1270	59.0	53.0	9.8 58.0		Yes No
MS		oahoma			1272	78.0	64.0	78.0	No	
	this farming op		ase land	from another						No
	this farming op									Yes
State	Administrative County	Farm Serial Number	Tract Number	Name of Per		Leased Acres	Type of Acres	Type of Lease	Crop	Interest in the Land is same as las
MS	County	1147	6686	FARME		304.2	Cropland	Share	Share 25%	year? Yes
				FARMER					2070	
MS	Coahoma	4213	1270			49.2	Cropland	Cash		Yes
) - Custom Se						00000000000000000000000000000000000000		00000000000000000000000000000000000000	
		, such as	harvestin	g, spraying, f	ertilization, t	illage, seed	ing, etc., be	utilized for this		No
	ng operation?			. D						
	= - Equipment able for all busir			. Do not includ	e equipment i	contributed b	y members	of general partners	silips of J	om ventures
	the producer p			o this farming	operation?					No
	- Labor Infor									
Does	the producer p	rovide lab	or to this	farming oper	ation?			- MANAGE - M		No
	G - Manageme		•••••	•						
	the producer p									Yes
	the producer of									Yes
	Vhat is the esting	mated pei	cent of a	ctive persona	I manageme	ent contribut	ed to the fa	rming		100 %
0	peration?			Types of	Management	Duties Perfo	rmed		L	
				i ypes or i	Management	Dunes FeiTO	iiileu			
lo co::	of the mans	omort o-	tribute of t	o the fermin -	oporeties !-	irad2			I	NIO
	of the manage re any addition						na operation	2		No No
is their	e arry addition	ai manag	ement au	nes/activities	Contributed	to the larmii	ng operation	H.f.		No
	Department of Agriculture	(LISDA) nmhih	ite discrimination	a in all its programs ar	nd activities on the h	asis of race color i	national origin, age	, disability, and where appli	cable, sex, n	narital status. familia
status, pare pases appl	ental status, religion, sex	cual orientation,	political beliefs,	genetic information, re	eprisal, or because a	all or part of an indiv	ridual's income is d	erived from any public assis audiotape, etc.) should cor	stance progra	am. (Not all prohibite

C Example of Automated CCC-902 (Continued)

Part H - Minor Information (only applicable for individuals) Will the producer be 18 years of age by June 1 of the current program year? Yes Part I - Citizenship Information (only applicable for individuals) Is the producer a United States citizen or an alien lawfully admitted into the United States? Yes Part J - Remarks Part K - Certification (applicable for individuals and entities) Lerify that all the information entered on this document and any supporting documentation is true and correct. Lunderstand furnis incorrect information will result in forfeiture of payments and may result in the assessment of a penalty. I will timely provide written incorrect information will result in forfeiture of payments and may result in the assessment of a penalty. I will timely provide written incorrect information will result in forfeiture of payments and may result in the assessment of a penalty. I will timely provide written incorrect information will result in forfeiture of payments and may result in the assessment of a penalty. I will timely provide written incorrect information will result in forfeiture of payments and may result in the assessment of a penalty. I will timely provide written incorrect information will time the formation of the formation of provide written incorrect information in the farming, renching or forestry operation, or incinacial stall may affect these representations. It is my responsibility to timely notify FSA in writing of any changes in the farming, renching or forestry operation, or financial stall may affect these representations. It is my responsibility to timely notify FSA in writing of any changes in the farming, renching or forestry operation, or financial stall may be required to wail take all necessary actions to provide such materials to FSA if requested. Signature of Producer (by) In fallowing take the providence of the providence of the providence of the providence of the individuals and providence of the providence of the providence of the providence of the providen	H - Minor Information (only applicable for in the producer be 18 years of age by June 1 I - Citizenship Information (only applicable producer a United States citizen or an ali J - Remarks K - Certification (applicable for individuals a fity that all the information entered on this docurrect information will result in forfeiture of payme cation to the Farm Service Agency Committees	of the current program year? e for individuals) en lawfully admitted into the United States? ind entities) ment and any supporting documentation is true a		
Will the producer be 18 years of age by June 1 of the current program year? Part I - Citizenship Information (only applicable for individuals) Is the producer a United States citizen or an alien lawfully admitted into the United States? Yes Part J - Remarks Part K - Certification (applicable for individuals and entities) I certify that all the information entered on this document and any supporting documentation is true and correct. I understand furnisincorrect 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 of any changes in this farming operation. By signing this form, I acknowledge all supporting documentation has been submitted as required I have read and understand all definitions and requirements 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 stating affect these representations. • evidence such as tax records, certified public accountant's certification, or other documentation may be required to validate thes representations and that I will take all necessary actions to provide such materials to FSA if requested. Title/Relationship of the Individual Signature of Producer (by) 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 may be discutive Federal, State, Local government agencies, Tribal agencies, and nongovernmental entities that have been authorized access to the information by statute or requested in oncluntary. However, failure to furnish the requested information of ineligibility for program benefits. This information collection is exempted from the Paperwork Reduction Act, as is required for the administration of the Food, Conserv	the producer be 18 years of age by June 1 I - Citizenship Information (only applicable producer a United States citizen or an ali J - Remarks K - Certification (applicable for individuals a fit that all the information entered on this docurrect information will result in forfeiture of payme cation to the Farm Service Agency Committees	of the current program year? e for individuals) en lawfully admitted into the United States? ind entities) ment and any supporting documentation is true a		
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D Comparison of Manual CCC-902I Short Form and Automated CCC-902

This table compares the parts and features of the manual CCC-902I Short Form and the automated CCC-902.

Item or Contribution	CCC-902I Short Form	CCC-902 Automated	Explanation of Differences
Name, Address, TIN	Part A	Part A	CCC-902I Short Form - manual entries.
Citizenship status	Part B	Part I	— Automated CCC-902 - SCIMS
Minor child status	Part B	Part H	records.
Other farming interests	Part B		CCC-902I Short Form - manual entries. Automated CCC-902 - this
			information will not be recorded in the collection process.
Land	Part C	Part C	CCC-902I Short Form - manual entries by farm number, cropland acres only.
			Automated CCC-902 - information sourced from farm records; entries by farm number, tract number, cropland and farmland acres; percentage of division not needed for share leases.
Capital	Part C	Part B	Both forms - manual entries. Automated CCC-902 - entry for
Eminment	Part C	Part E	percentage of total contribution. Both forms - manual entries.
Equipment	Part C	Part E	Automated CCC-902 - entry about leasing to another producer.
Labor	Part D	Part F	Both forms - entries for percentage contribution. Automated CCC-902 - no entry for
Managament	Dort E	Don't C	hours provided.
Management	Part E	Part G	Both forms - entries for percentage contribution.
Custom Services	Part C	Part D	Both forms - same or similar entries.
Certification	Part F	Part K	Both forms - same entries and requirements.

__*

Section 3 Joint Operations

*--136 General Partnerships, Joint Operations, and Joint Ventures

A Definition of General Partnership

General partnership means:

- comprised of 2 or more persons or legal entities
- formed under State law
- subject to the terms of a formalized agreement
- identified with EIN.

In a general partnership:

- the members combine assets or the partnership may acquire property and assets
- single or multiple business enterprises are conducted by the partnership that are separate and apart from any business enterprises of the individual members
- all members are held jointly and severally liable for obligations incurred by the partnership
- each member shares in the profits and losses.

B Definition of Joint Operation [7 CFR 1400.3]

<u>Joint operation</u> means a general partnership or joint venture, whose members are jointly and severally liable for the obligations of the organization, in which 2 or more individuals or entities pool their resources, such as land, labor, capital, management, and equipment, to conduct the farming operation for a common purpose, sharing the profits and losses.

C Definition of Joint Venture

<u>Joint venture</u> means a short-term association of persons or legal entities, where the association exists without an actual partnership or corporate designation.

In a joint venture:

- the members combine their property, money, effects, skills, and knowledge
- a single business enterprise is conducted
- each member intends to derive a share or benefit
- each member sustains a mutual responsibility.--*

D Comparison of General Partnerships and Joint Ventures

The following table provides a comparison of general partnerships and joint ventures.

Inputs and Characteristics	General Partnership	Joint Venture
Capital	Contributed by the	Contributed by each member.
Land	partnership.	
Equipment		
Labor (Both active personal	Contributed by the members	
and hired labor.)	or the partnership.	
Management	Contributed by the members.	
EIN	Yes.	Optional.
Separate Bank Account	Yes.	No.
Risk and Liability	Joint and several liability.	Joint and several liability.
Members Share in the Profits	Yes.	Yes.
and Losses		
Longevity	Long term.	Short term.
Written Agreement	Yes.	Optional.
Business Activities	Wide range of projects and	Limited to a specific project
	purposes with a common goal	or purpose and common goal
	of the members.	of the members.

--*

E Examples of Individual Operations and Joint Operations

Example 1: Tom cash leases 400 acres and his brother John has all of the equipment used in the operation. Tom pays the cash lease, but they share in all other input costs. The crop is shared 60/40 percent. Both have a risk and share in the profits and losses in the farming operation.

The joint venture of Tom and John is recorded on CCC-902E.

Example 2: Jill cash leases 160 acres and plants the crop. Her brother Jack does all the spraying and harvesting in exchange for planting and trucking that Jill performs on land that Jack owns. Jack has no investment, interest, or risk in the growing crop and will **not** share in the profits or losses on the 160 acres that Jill leases.

Jack and Jill each have their own separate farming operations. Jack and Jill each complete CCC-902I.

Example 3: AB Corporation and CD Corporation cash rent 500 acres of land. AB Inc. pays the rent on 200 acres (40 percent of the land) and CD Inc. pays the rent on the balance (60 percent or 300 acres). Each corporation has separate financing and a separate line of equipment. Each corporation keeps track of the equipment use and the expenses on this property. The crop production from the 500 acres is shared 60/40 percent. Both corporations are at risk and share in the profits and losses from the operation of this rented land.

The joint venture of these 2 corporations is recorded on CCC-902E.

Example 4: Larry and Daryl each have their own farming operations and occasionally perform field work for the other. Although they also own a tractor and cotton stripper together, each has their own accounts, equipment, and financing. Each is at risk, but crops and expenses are **not** shared on any land operated by either of them.

Larry and Daryl each have their own separate farming operations. Larry and Daryl each complete CCC-902I.

Example 5: Joe is the tenant on Dave's farm with each sharing in the crop production. Joe provides the equipment, performs all of the labor and fieldwork necessary, and delivers Dave's share of the crop production to a local grain elevator. Dave's share of the crop is in exchange for the rent of the land. While Joe and Dave share in the crop production and each has a risk, their risk is **not** mutually shared.

Joe and Dave each have their own separate farming operations. Joe completes CCC-902I and Dave completes CCC-902I Short Form.--*

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.--*

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

Item	Requirement			
1	Contributions to the farming operation of both of the following are made:			
	• 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:			
	performed on a regular basis			
	identifiable and documentable			
	separate and distinct from contributions of any other member.			
	Note: See subparagraph 116 A for exceptions for spouses.			
2	The member must provide satisfactory evidence that the 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 E, F, and G for recordkeeping, methods of proof, and verification			
	requirements.			
3	The member's contributions to the farming operation are at risk.			

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.

138 Family Members in a Joint Operation

A Definition [7 CFR 1400.3]

<u>Family member</u> means a person to whom another member in the farming operation is related as lineal ancestor, lineal descendant, sibling, spouse, or otherwise by marriage.

The term family member shall include:

- great grandparent
- grandparent
- parent
- child, including legally adopted children and stepchildren
- grandchild
- great grandchild
- sibling of the family members in the farming operation
- spouse of family members.

B Making Determinations

In making determinations, COC shall consider the makeup of the operation at the time the determinations are made.

C Rule [7 CFR 1400.208]

A person who is an adult family member shall be considered actively engaged in farming for a joint operation composed of a majority of whom are family members, if **all** of the requirements in this table are met.

Item	Requirement
1	The family member makes a significant contribution of active personal
	management or active personal labor, or combination thereof, to the farming
	operation.
2	The family member's share of the profits or losses from the farming operation is
	commensurate with the family member's contribution to the operation.
3	The family member's contributions are at risk.

D Example 1

Situation: In 2008, Partnership AB consists of Person A and Person B, 2 unrelated person members. In 2009, Person C, an adult son of Person A, will join the partnership.

- Persons A and B will **each** provide a significant contribution of active personal labor and active personal management.
- Person C will provide a significant contribution of active personal labor.
- The partnership will provide all of the capital and equipment. The land is share leased by the partnership from 5 different landowners.

Determination: A majority of the persons of the joint operation are family members. Based on the contributions of each member, Persons A, B, and C are **each** considered to be actively engaged in farming, if COC determines the contributions are at risk and claimed shares are commensurate with the contributions of each member.

Person C is actively engaged in farming because of the family member provision, since the joint operation consists of 3 persons, a majority of whom are persons that are family members.

E Example 2

Situation: Father A has been farming owned land and rented land for many years. Son B, an adult, is starting to farm with his father. Son B contributes a significant amount of active personal labor. Father A contributes all of the farming operation's capital, equipment, and active personal management.

Determination: Father A and Son B are both considered to be actively engaged in farming, if COC determines the contributions are at risk and claimed shares are commensurate with the contributions of each member.

138 Family Members in a Joint Operation (Continued)

F Example 3

Situation: In 2008, Partnership CD consisted of Person C and Grandfather D. In 2009, Grandson E is brought into the farming operation.

- Person C contributes all the capital and a significant amount of active personal management.
- Grandfather D contributes the use of a significant amount of equipment, owned land, and active personal management.
- Grandson E will provide all the active personal labor.

Determination: Person C, Grandfather D, and Grandson E will each be considered to be actively engaged in farming, if COC determines the claimed shares are at risk and commensurate with each partner's contribution to the farming operation.

G Example 4

Situation: ABC Partnership is a family held partnership consisting of Father A, Son B, and Daughter C. In 2009, Father A brings Son-in-law D into the farming operation.

- Daughter C, who is married to Son-in-law D, does **not** provide a significant amount of active personal labor or active personal management to the farming operation.
- Son B contributes a significant amount of capital, active personal labor, and active personal management.
- Father A originally contributed his owned equipment to the partnership and contributes some capital and a significant amount of active personal management.
- Son-in-law D contributes a significant amount of both active personal labor and active personal management to the farming operation.

Determination: Father A, Son B, and Son-in-law D are considered to be actively engaged in farming, if COC determines the claimed shares are at risk and commensurate with each partner's contribution to the farming operation. Daughter C is considered to be actively engaged in farming, if the requirements of paragraph 116 apply. Son-in-law D was brought into the farming operation using the family member provision.

138 Family Members in a Joint Operation (Continued)

H Example 5

Situation: Mother A, Daughter B, and Son C are partners in a family partnership. Son D, a minor child, becomes a partner in 2009.

- Mother A contributes a significant amount of both capital and active personal management.
- Daughter B contributes a significant amount of both capital and active personal management.
- Son C contributes a significant amount of equipment, active personal labor, and active personal management.
- Son D contributes a significant amount of active personal labor.

Determination: Mother A, Daughter B, and Son C are considered to be actively engaged in farming. However, Son D is **not** considered to be actively engaged in farming because of the family member provision because he is **not** an adult family member.

A Example 1

Situation: Partnership AB farms 2,000 acres of land. The partnership owns the equipment and the partners provide at least 50 percent of their commensurate share of active personal labor and a significant amount of active personal management. Each partner's share of the profits or losses from the farming operation is commensurate with the partner's contribution to the operation and each partner's contributions are at risk.

Determination: Partners A and B are considered to be actively engaged in farming and each have a separate payment limitation.

B Example 2

Situation: Partnership CD farms 2,000 acres of land. Each partner contributes a significant amount of both capital and active personal management to the farming operation. Labor is hired. Equipment and land are rented from third parties. Each partner's share of the profits or losses from the farming operation is commensurate with the partner's contribution to the operation and each partner's contributions are at risk.

Determination: Partners C and D are considered to be actively engaged in farming and each have their own respective payment limitation.

C Example 3

Situation: Partnership EFG farms 2,000 acres of land. The contributions of capital, land, and equipment are acquired from loans from a banking institution. The bank requires that all partners sign to guarantee the loan. The partners provide at least 50 percent of their commensurate share of active personal labor and a significant amount of active personal management. Each partner's share of the profits or losses from the farming operation is commensurate with the partner's contributions to the operation and each partner's contributions are at risk. None of the partners have any other farming interests.

Determination: Partners E, F, and G are considered to be actively engaged in farming. The fact that the contributions of capital, land, and equipment are guaranteed by the members does **not** prevent the contributions from being considered for a significant contribution. See subparagraphs 72 C, 72 D, and 73 C.

140 Completing CCC-902E's for Joint Operations

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 joint operation.

*__

This form is available electronica	llv.				(See Page	5 for Privacy Act State	ement)
CCC-902E U.S. DEPA	RTMENT OF AGRICULTUR	E		1. Coun	ty	3. Program Year	
(03-26-09) Cor	nmodity Credit Corporation			Johns	on		
FARM OPERA	TING PLAN FOR AN	FNTITY				2009	
	ubsequent Program '			2. State			
For "actively engaged in farming" and	· •		erminations.	TX			
This form is to be completed for an e	ntity, including a joint ope	ration, that is	seeking benefits t	rom the Fa	arm Service Agency (FSA) un	der one or more progra	ams
that are subject to the regulations at using the tax identification number lis benefits directly as an individual mus inputs to a farming operation such as FSA to determine payment eligibility	ted in Part A. This form a t complete a CCC-902I w land, capital, equipment, and limitation of payment.	ilso collects i ith respect to labor, and n	information about to that individual's o nanagement by the	he membe peration. I	rs of such entity. An individue Payment eligibility is based u	I who receives program oon the contribution of	m certain
PART A - ENTITY INFORMATION							
Farming Entity's Name and Addre	ss (Include Zip Code)				Tax Identification Numbidentification number is a:		
Beringer Partners					only the last 4 digits are re		
205 Southland Rd Claburne, TX 73333					1	263	
Claburne, 1X 73333					3. Date of Formation (MM-		
					10-3	0-2008	
PART B - TYPE OF OPERATION	N (Select only one)						
Select appropriate type of operation		dentified in F	art A:				
General Partnership	Limited Partnership		_		City County or 04-4	awad Entity	
Joint Venture	Limited Liability Con	nnany	Estate		City, County or State	-ownea Entity	
l =	=		Charitable/Ta Organization		Indian Tribe		
Sole Proprietorship/DBA	Revocable/Living Tr	u st	Public School		Other:		
Corporation 2. Supporting documentation (such a	Irrevocable Trust	trust nanch	_			tional authorities of all	
shareholders, members and owner							
entity and the authority of its share	holders, members or ow	ners to the sa	atisfaction of CCC.		· · · · · ·	_	
PART C - MEMBER INFORMAT	TION (Use CCC-902E	Continuat	ion if additiona	l space is	s needed for any informa	tion in Part C)	
1. Members - List all members/share	eholders of the entity iden	tified in Part	A of this form:				
A.	B.	C.	D.		E.	F.	
Name	Tax ID Number	% Share	Position and	Salary	Family Member	Does this member ha	
	(Last 4 digits if already on file)		(If applica		Relationship (if applicable)	signature authority fo legal entity? (Yes or I	
look Beringer		25	partner				
Jack Beringer	0457	25	\$0		self	¥ YES ∐	NO
Ana Beringer	8328	25	partner \$0		Wife of Jack	∑ YES ☐	NO
Bobby Beringer	6101	25	partner \$0		Brother to Jack	∑ YES ☐	NO
Ida Beringer	4377	25	partner		Wife of Bobby	X YES	NO
g			\$0		,		
			\$		-	YES	NO
			"			□YES □	NO
			\$				
G. I certify that I have signature	uithority for the entity io	lentified in I	Part A and that all	l informati		1. Initials 2. Dat	te 5 /2009
Part C is true and correct.	-				BB; IB	1270000	
If the entity in Part A is an Estate Name of Estate or Trust	or irust, or it any member	/snareholder				ministrator, or Grantor:	
A. Name of Estate or Trust			B. Name of Exe	cutor/Admi	nistrator/Grantor		
Embedded Entities – If any members							ed and
submitted concurrent with this Co	-					y.	
Check if CCC-901 is at	tached.	L Check	ıt CCC-902E is at	tached for	an embedded entity.		
4. Other farming interests: Complete	this item for any membe	r/shareholde	r identified in Part	C that has	an interest in other farming of	perations.	
<u> </u>						D.	
Α.		В.		Tay ID I	C. Number of farming interest	County(ies) and Sta	
Member's name	Name	of Farming	interest(s)		4 digits if already on file)	where farming inter	rest(s)
				 	- * *	are located	
The U.S. Department of American (USC)			the beside of second			and the state of t	
The U.S. Department of Agriculture (USDA) prohit parental status, religion, sexual orientation, genetic	information, political beliefs, repr	isal, or because a	all or part of an individual	l's income is d	erived from any public assistance prog.	ram. (Not all prohibited bases	apply to
all programs.) Persons with disabilities who require and TDD). To file a complaint of discrimination, w.	ite to USDA, Director, Office of Ci	auon of program vil Rights, 1400 (mmrmation (Braille, larg- ndependence Avenue, S	e print, audiote W., Washingto	ape, etc.) should contact USDA's TARC on, DC 20250-9410, or call (800) 795-3	∍⊑ i ∵enter at (202) 720-2600 272 (voice) or (202) 720-6382	(voice 2 (TDD).
USDA is an equal opportunity provider and employ	er.			-			

SB. For each member or shareholder (direct or embedded) who is not a US Citizen, provide the following: 1) Name of Individual	6. Minor Members or S	hareholders –	For any Mem	ber or Sh	areholder who	is a minor, pro	vide the follow	ing: 🛛 N	/A		
(1) Is any minor a producer on a farm in which the parent or guardian has no interest? (2) Does any minor maintain a separate household from the parent or guardian and personally carry out farming		ne	Date of	Pare	_	an's Name	Parent's or			Parent or Gua or Tax ID	Number
(1) Is any minor a producer on a farm in which the parent or guardian has no interest? (2) Does any minor maintain a separate household from the parent or guardian and personally carry out farming											
(1) Is any minor a producer on a farm in which the parent or guardian has no interest? (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? (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? (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: (5) A. 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? (6) YES, all members/shareholders are US Citizens - Go to Part D NO, one or more members/shareholders is not a US Citizen - Complete Item 68 (7) B. For each member or shareholder (direct or embedded) who is not a US Citizen, provide the following: (8) This individual has a valid Form I-551 (9 YES NO) YES NO (9 YES NO) (9 YES	•		m in which the	e parent c	or guardian has	s no interest?			YES	□ №	
a) live in a household other than the parents' household(s), and b) have a vested ownership in the farm? (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: (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: (5) 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: (6) 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: (7) Items F(1) through F(3), list that minor's name: (8) Items F(1) through F(3), list that minor's name: (9) YES, all members/shareholder are US Citizen - Go to Part D									YES	NO	
A. 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									YES	Пио	
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 For each member or shareholder (direct or embedded) who is not a US Citizen, provide the following: 1) Name of Individual	(4) If any minor with	h an interest in	this farming o	peration o	an answer "YE	ES" to Items F(1) through F(3)	, list that minor	's name:		
YES, all members/shareholders are US Citizens - Go to Part D		- Is each Memb	er and Share	holder of	the entity or jo	int operation id	entified in Part	A, and any em	bedded er	ntity identified	n Part C a
Second member or shareholder (direct or embedded) who is not a US Citizen, provide the following: 1	U.S. Citizen?										
(2) This individual has a valid Form I-551 YES	YES, all member	rs/shareholders	s are US Citize	ens - Go t	o Part D	NO, one or mo	ore members/s	hareholders is	not a US (Citizen - Comp	lete Item 6B
(2) This individual has a valid Form I-551 YES	B. For each member o	r shareholder (d	firect or embe	dded) wh	o is not a US (Citizen, provide	the following:				
Valid Form I-551 Form I-551 From I-551					1				EOR ES	LISE ONLY	
YES NO	Name of Individual							Form I-551			CC Initials
YES NO						YES	□ ио	☐ YE	s 🗌	NO	
PART D - SUMMARY OF CONTRIBUTIONS TO THE FARMING OPERATION 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.) Capital B. Land 90 % C. Equipment 100 % D. Hired Labor E. Hired Management O % Islated 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 information about these contributions in Items B through H). A. B. C. apital A. B. C. apital A. B. C. D. D. E. F. G. Labor (%) H. Management (%) Member's Name (Current % Owned Land Year) % of Owned Equipment A clive Personal Hired Active Indoor Hired Active Personal 10						YES	□ NO	YE	s 🗌	NO	
ART D - SUMMARY OF CONTRIBUTIONS TO THE FARMING OPERATION 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, fand 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, cand management hired by the elegal entity, cand management hired by the legal entity, cand management hired by the elegal entity, cand management hired by the elegal entity, cand management and management hired by the entity is entity in the entity is entity in the entity is entity in 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 members. These percentages should reflect any capital originating from members funds rather than from the entity, land and equipment owned or obtained 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 members. These percentages should reflect any capital originating from members funds rather than from the entity, land and equipment owned or obtained 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 members. These percentages should reflect any capital originating from members funds rather than from the entity, land and equipment owned or obtained by the m						YES	□ NO	☐ YE	s 🔲	NO	
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; and management 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 90 % C. Equipment 100 % D. Hired Labor 70 % E. Hired Management 0 % 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 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 members' indoor 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. B. C. D. E. F. G. Labor (%) H. Management (%) Member's Capital Land % of Equipment Year) % of Equipment Year) % of Equipment Provide Member's fit flood Hours Hired Active Personal Fit flood Hours Hired Hired Active Personal Fit flood Hours Hired Hi						YES	☐ NO	□ YE	s 🔲	NO	
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, and 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 in the entity in the legal entity in the legal entity in the legal entity in the legal entity in th	PART D - SUMMARY	OF CONTRI	BUTIONS T	O THE F	ARMING OF	PERATION					
B. Land 90 % C. Equipment 100 % D. Hired Labor 70 % E. Hired Management 0 % C. Equipment 100 % D. Hired Labor 70 % E. Hired Management 0 % E. Hired Management 0 % E. Hired Management 100 % D. Hired Labor 100 % E. Hired Management 100 % 100 % 100 % 100 % 100 % 100 % 100 % 100 % 100 % E. Hired Management 100 % 100	the following informati entity; land and equipmen	on for contributi	ions to be mad ash leased by t	de by the he legal en	entity identified tity and used in t	d in Part A. <i>The</i>	ese percentages	should reflect the	capital pro	vided directly by	the legal
For the farming operation of the entity identified in Part A, what percentages of the following farm inputs will be contributed by the Members Ilsted 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 to 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. B. C. D. E. F. G. Labor (%) H. Management (%) Member's Name (Current Year) % Owned Land Sequipment Personal Hired Active Personal Capital Land Servinger Active Personal Hired Active Personal 10 25 Ana Beringer 10 25						nt	D. Hired L	abor	E. Hired	d Management	
Set of the part of 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. B. C. D. E. F. G. Labor (%) H. Management (%) Member's Capital Current % Owned Capital (Current Year) % I And Beringer 10					A subat paras				o oontribu	tad by the Me	- 10
A Member's Name B. Capital (Current Year) % C. D. Wind Land E. Equipment % F. G. Labor (%) H. Management (%) Jack Beringer 10 10 25 Ana Beringer 10 10 25 Jack Beringer 25 25	members' funds rather the member(s); labor and me	nter the followin an from the entity anagement hired t	g information ; land and equip by the members	for the co ment own for the ent	ontributions to l ed or obtained by ity; and labor and	be made by the y the member(s) of d management pe	members. The	ese percentages o this farming op	should refle eration with	ect any capital oi out compensatio	iginating from n to the
Member's Name Capital (Current Year) % Of Owned Land % Of Owned Land When Searinger								G. Labor (%)		H. Manag	ement (%)
10		(Current		Owned		Owned		Active	if 1000	_	Active
30bby Beringer 10 25	ack Beringer							10			25
10 L 25								5			25
1								10			25
								5			25
	Bobby Beringer										
	Bobby Beringer								Ц		

B Example CCC-902E (Continued)

	Name of Entity (as							
PART E - LAND	lauring information for	All landin	the formi	a an arati	on of the entity identified in Part A	If land is a	and langed for	om on individual a
entity that		crop or ci	rop proce	eds, inclu	ide the rental rate in \$/acre in C			
A. Farm No. and	B. Land Leased or	Che	C. ck as app	licable	D. Name of Person or Entity	E. Acres	F. Rental Rate	G. S Check here i
Location	Contributed By	Cite	ck as app	licable	Whom Land is Leased to	Owned	per Acre/ %	6 same land
(County and State)		Owned	Leased To	Leased From	and/or From (Includes names of landowners and landlords)	or Leased	or Crop Sha	re interest was held last yea
arm No.: 2	Beringer				Bala Baaldaan Estata	204.0	750/	57
ocation: ohnson/TX	Partners		╽┖		Rob Beckham Estate	364.0	75%	
arm No.: 37	Beringer					4=0.0		N7
ocation: ohnson/TX	Partners	⊔	⊔		Thomas Heirs	173.0	cash	
rm No.:	Beringer	† <u> </u>						_
213 cation:	Partners				Dirk Jahr	507.3	75%	
rath/TX arm No.:		+						
3 ocation:	Beringer Partners				Ludlow Ltd.	685.8	75%	
rath/TX	Turtiers							
arm No.:	Beringer	\perp	Ιп		Jackson Ranch	15,000	cash	
cation: lesquite/TX	Partners					,		
PART F - CAPITAL S	SOURCES and USE	-5						
Non-borrowed of Commercial loar Will contributions of commercial commercial loar	capital Priva	te loans/cre	edit	⊠ FSA	program payments from this crop			
Non-borrowed of Commercial loan Will contributions of of YES go to Item 3 Will such loan or cred farming operation ide YES. Complete	capital Priva	te loans/cre r: nent or land uaranteed b h interest m E)	be acquir NO go to	FSA red as a re	sult of a loan or credit arrangeme secured by an individual, joint ope er or other tenant)?	nt? eration or enti	ty that has an i	
Non-borrowed of Commercial loar Will contributions of of YES go to Item 3 Will such loan or crec farming operation ide	capital Priva ns/credit Othe ns/credit Othe papital, farming equipm dit be acquired from, g ntified in Part A (Suc Items 3(A) through 3(B)	te loans/cre r: nent or land uaranteed b th interest m E)	be acquir NO go to by, co-sign nay be as NO. Go to	ed as a re Part G red by, or a landown to Part G.	sult of a loan or credit arrangeme secured by an individual, joint ope er or other tenant)? C arantor's Name Credit Affilia	nt? Pration or enti D Source or Gutton or Intere	arantor's	E Percent of Total Capital
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Non-borrowed of Commercial loar Will contributions of Commercial Commercial loar Will sontributions of Commercial Comme	capital Priva ns/credit Othe ns/credit Othe papital, farming equipm dit be acquired from, g ntified in Part A (Suc Items 3(A) through 3(B)	te loans/cre r: nent or land uaranteed b th interest m E)	be acquir NO go to by, co-sign nay be as NO. Go to	ed as a re Part G red by, or a landown to Part G.	sult of a loan or credit arrangeme secured by an individual, joint ope er or other tenant)? C arantor's Name Credit Affilia	nt? Pration or enti D Source or Gutton or Intere	arantor's	E Percent of Total Capital
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Non-borrowed of Commercial loar Will contributions of Commercial Commercial loar Will sontributions of Commercial Comme	papital Priva passociated Priv	te loans/cre r:	be acquir NO go to by, co-sign ay be as NO. Go to Source	ed as a re Part G led by, or a landown to Part G. Gu	sult of a loan or credit arrangeme secured by an individual, joint ope er or other tenant)? C arantor's Name Credit Affilia F:	eration or enti D Source or Gu tion or Interearming Opera	arantor's st in the tition	E Percent of Total Capital
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Non-borrowed of Commercial loar Will contributions of of YES go to Item 3. Will such loan or creo farming operation ide YES. Complete A Type of Contribution PART G - EQUIPME Owned Equipment	papital Priva passive Priva pa	te loans/cre r:	be acquir NO go to Dy, co-sign Day be as NO. Go to Source Source for ALL le In this farn Uual/Entity	ed as a re Part G led by, or a landown to Part G. Gu	sult of a loan or credit arrangeme secured by an individual, joint oper or other tenant)? C Carantor's Name Credit Affilia Fi	D Source or Guttion or Interestming Opera	arantor's st in the stition tt A that will be ne entity identif	E Percent of Total Capital used on the farms
Non-borrowed of Commercial loar Will contributions of of YES go to Item 3. Will such loan or cred farming operation ide YES. Complete A Type of Contribution PART G - EQUIPME Owned Equipment Leased Equipment A Percent of Total Equip load in the Farming Operation Idea.	papital Priva passive Priva pa	te loans/cre r:	be acquir NO go to by, co-sign nay be as NO. Go to Source Seed on an oment own by: for ALL le n this farn lual/Entity ased From	ed as a re Part G led by, or a landown to Part G. Gu	sult of a loan or credit arrangeme secured by an individual, joint oper or other tenant)? C arantor's Name Credit Affilia Files Affilia Files Carantor of the entity identity in the farming operation of the entity identity ident	D Source or Guttion or Interestming Opera	arantor's st in the tition It A that will be ne entity identif Does the India quipment is leaterest in this fe	E Percent of Total Capital used on the farms 90 9
Non-borrowed of Commercial loar Commercial loar Will contributions of of YES go to Item 3 Will such loan or cred farming operation ide YES. Complete A Type of Contribution PART G - EQUIPME Owned Equipment Leased Equipment A. Percent of Total Equiples of Item 19 percent	capital Priva ns/credit Othe ns/credit Othe papital, farming equipm dit be acquired from, g ntified in Part A (Suc litems 3(A) through 3(B Name of Loan Name of Loan Name of Loan Enter the percent of identified in Part C Enter the following leased equipment i ment Equipment Name	te loans/cre r:	be acquir NO go to by, co-sign nay be as NO. Go to Source Seed on an oment own by: for ALL le n this farn lual/Entity ased From	ed as a re Part G led by, or a landown to Part G. Gu	sult of a loan or credit arrangeme secured by an individual, joint oper or other tenant)? C Carantor's Name Credit Affilia Finantial values.) farming operation of the entity identification of the secured by an individual, joint operation of the entity identification of the entity identification of the entity identification of the entity identification of the farming on the entity identification of the entity identific	D Source or Guttion or Interestming Opera	arantor's st in the tition It A that will be ne entity identif Does the India quipment is leaterest in this fe	E Percent of Total Capital used on the farms 90 % fied in Part A. If D. vidual/Entity the used from have an arming operation?
Non-borrowed of Commercial loar Commercial loar Will contributions of of YES go to Item 3 Will such loan or cred farming operation ide YES. Complete A Type of Contribution PART G - EQUIPME Owned Equipment Leased Equipment A. Percent of Total Equiples of Item 19 percent	privation of the private p	te loans/cre r:	be acquir NO go to by, co-sign nay be as NO. Go to Source Seed on an oment own by: for ALL le n this farn lual/Entity ased From	ed as a re Part G led by, or a landown to Part G. Gu	sult of a loan or credit arrangeme secured by an individual, joint oper or other tenant)? C Carantor's Name Credit Affilia Finantial values.) farming operation of the entity identification of the secured by an individual, joint operation of the entity identification of the entity identification of the entity identification of the entity identification of the farming on the entity identification of the entity identific	D Source or Guttion or Interestming Opera	t A that will be tended to the control of the cont	E Percent of Total Capital used on the farms 90 9 fied in Part A. If D. vidual/Entity the seed from have an arming operation? NO NO

__*

B Example CCC-902E (Continued)

	ERVICES e utilized by the enti	ty identified in Part A on the farn	ns listed in Part E?	
NO. GO TO PAR		YES. Complete Items 1A thre	ough 1D.	
A. Type of Sen	vices	B. Farm Number(s)	C. Number of Acres	D. Name of Provider
ABT L LABOR NOT	DROVIDED BY	// //EMBERS/SHAREHOLDER	PS IDENTIFIED IN BART C	
or the farms listed in Par				ot be provided by the members or shareholders
isted in Part C:		Туре		Amount
. Other labor: Enter th	ne percentage or the	number of hours to be donated	by family members or others	0 %
for whice	ch no payment will b	e issued or owed.		hrs
. Hired labor:				
A. Will any of the hired	labor for the farming	g operation identified in Part A o	riginate from the same source as	the leased equipment in Part G?
⋈ NO	YES If "YES", a	cceptable documentation to pro	ve such relationship may be requ	uired for compliance purposes.
B. Will any of the hired	labor for the farming	g operation identified in Part A b	e included in the custom service	s shown in Part H?
□ NO □	YES If "YES", ac	cceptable documentation to prov	e such relationship may be requ	ired for compliance purposes.
PART J - MANAGEME	ENT			
shareholder(s) of the entit	y or joint operation;		indentified in Part A which will b	e provided personally by member(s) or
. Active personal man	agement:			
List the specific manag	gerial duties/activities	s that will be performed persona	lly by each member or sharehold	ler.
		on a regular basis; be identifi er(s) or shareholder(s).	able and documentable; and b	e separate and distinct from the managemen
(This requirement is no	t applicable to the h			
(This requirement is no	<u>гаррисавие го плети</u>	eirs of Estate or the beneficiaries	s of Trusts.)	
A.	t applicable to the ric	eirs of Estate or the beneficiarie:	B.	
A. Member/Shareholder		eirs of Estate or the beneficiaries	B. Duties/Activities	
A. Member/Shareholder Jack Beringer	Crops, equ		B. Duties/Activities g, pasture cattle	
A. Member/Shareholder Jack Beringer Ana Beringer	Crops, equ	ipment, irrigation, financin	B. Duties/Activities g, pasture cattle SA business	
A. Member/Shareholder Jack Beringer Ana Beringer	Crops, equ Bookkeepir Crops, feed	ipment, irrigation, financin ng, financing, marketing, F	B. Duties/Activities g, pasture cattle SA business ng, hired labor	
A. Member/Shareholder Jack Beringer Ana Beringer Bobby Beringer	Crops, equ Bookkeepir Crops, feed	ipment, irrigation, financin ng, financing, marketing, F ler cattle/feedyard, financii	B. Duties/Activities g, pasture cattle SA business ng, hired labor	
A. Member/Shareholder Jack Beringer Ana Beringer Bobby Beringer da Beringer	Crops, equ Bookkeepir Crops, feed Financing,	ipment, irrigation, financin ng, financing, marketing, F ler cattle/feedyard, financin marketing of commodities	B. Duties/Activities g, pasture cattle SA business ng, hired labor	
A. Member/Shareholder Jack Beringer Ana Beringer Bobby Beringer da Beringer For additional space, us Hired management:	Crops, equ Bookkeepir Crops, feed Financing ,	ipment, irrigation, financin ng, financing, marketing, F ler cattle/feedyard, financin marketing of commodities	B. Duties/Activities g, pasture cattle SA business ng, hired labor and livestock	
A. Member/Shareholder Jack Beringer Ana Beringer Bobby Beringer da Beringer For additional space, us 2. Hired management: Describe any hired ma	Crops, equ Bookkeepin Crops, feed Financing ,	ipment, irrigation, financin ng, financing, marketing, F ler cattle/feedyard, financin marketing of commodities	B. Duties/Activities g, pasture cattle SA business ng, hired labor and livestock	shareholder (Include management by an
A. Member/Shareholder Jack Beringer Ana Beringer Bobby Beringer da Beringer For additional space, us 2. Hired management: Describe any hired ma	Crops, equ Bookkeepin Crops, feed Financing ,	ipment, irrigation, financinng, financing, marketing, Fler cattle/feedyard, financing marketing of commodities 902E Continuation	B. Duties/Activities g, pasture cattle SA business ng, hired labor and livestock	shareholder (Include management by an
A. Member/Shareholder Jack Beringer Ana Beringer Bobby Beringer da Beringer For additional space, us Describe any hired ma	Crops, equ Bookkeepin Crops, feed Financing ,	ipment, irrigation, financinng, financing, marketing, Fler cattle/feedyard, financing marketing of commodities 902E Continuation	B. Duties/Activities g, pasture cattle SA business ng, hired labor and livestock	shareholder <i>(include management by an</i>

--*

heck all of the following that apply: CCC-902 Continuation attached for additional inform		
CCC-902 Continuation attached for additional inform		
CCC-902 Continuation attached for additional inform		
_ _		
_	ation for Part E - Land	
CCC-902E Continuation attached for additional inform	mation for the following Parts:	
Part C – Member information		
Part D – Summary of Contributions Part F – Capital		
Part G – Equipment		
Part H – Custom Services		
ART L - CERTIFICATION - (FOR JOINT VENTURE	S AND GENERAL PARTNERSHIP, A SIGNATURE IS REQUIRED FO	OR EACH MEMBER)
•	nt and any supporting documentation is true and correct. I understand	· · · · · · · · · · · · · · · · · · ·
	y result in the assessment of a penalty. I will timely provide written no ed on this form of any changes in this farming operation. By signing th	
		us jorm 1 acknowieuge inai.
all supporting documentation has been submitted as re I have reviewed and understand all definitions and re-		
all information will be considered in effect continuou	usly unless changes or revisions are submitted.	
	of any changes that may affect these representations, including, but no g or forestry operation of the entity identified in Part 4; financial stat	
Part A.		
	tant's certification, or other documentation may be required to validat als to the applicable State or county committee if requested by FSA	e these representations and I
it is my responsibility to timely notify FSA in writing of	of any successors who acquire an interest in this farming operation a	s the result of the death of a
member or shareholder.	2.	3.
Signature (By)	Title/Relationship of Individual Signing in the Representative Capacity	Date (MM-DD-YYYY)
uck Beringer Ena-Boringer	Partner	4/15/2004
	Fartner	4/15/2009
Bobby Beringer	Partner	4/15/2009
da Beringer	Partner	4/15/2009
	the information described on this form is the Food, Conservation, and Energy Act	
determining eligibility for program benefits. Furnishing	on is 7 CFR Part 1400 and 7 CFR Part 1410. The information requested is neces: If the requested information is voluntary. Failure to furnish the requested informati	ion will result in a determination of
employees, USDA contractors, or authorized USDA co	ncial assistance administered by USDA. The information collected as a result of the poperators who are bound to safeguard the information under Section 1619 of the	
Act, the Privacy Act or 1974, the E-Government Act of		
	rwork Reduction Act, as is required for the administration of the Food, Conservation ovisions of criminal and civil fraud, privacy, and other statutes may be applicable to the statutes may be applicable to the control of the contro	
L.110-246, I file I, Subtile F – Administration). The pr RETURN THIS COMPLETED FORM TO YOUR COU.	NTY FSA OFFICE.	
	NTY FSA OFFICE.	
	NTY FSA OFFICE.	

B Example CCC-902E (Continued)

CCC-902 E (03-26-09) Page 6 of 6

DEFINITIONS

The following definitions apply to Form CCC-902E.

- 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.
- 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, 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.

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C Example CCC-902 Continuation

Following is an example CCC-902 Continuation.

CCC-902 C (12-22-08)	ontinuation		U.S. DEP/		OF AGRICULTURE ty Credit Corporation	1. CC Johns 2. ST			
CONT	INUATION SHEET	FOR LE	EASED	OR OV	VNED LAND	Texas			
							ROGRAM YEAR 109	?	
	ATTACH TO FORM	1 CCC-90	2l	CCC90	2E ⊠		ARTICIPANT'S I	NAME	
Ad property of the free PART A - Enter the far	he primary authority for reque- dditionally, the authority for re- orgram benefits. Furnishing It space and contractors, or authorize 1974, the E-Government Ac- e administration of the Food, aud statutes may be applicab LAND Illowing information for m number. County an for a joint operation, in	equesting this the requested ancial assistant ad USDA coop t of 2002, and Conservation de to the inform ALL land y d State, ch	information information noce adminis perators who related auth related auth related auth mation provi	is for 7 CFF is voluntary tered by US o are bound horities. Th y Act of 200 ded. RETU nd/or lea ned," and	R Part 1410. The informative. - Failure to furnish the reg DA. The information collect to safeguard the informatic is information collection is: 66 (Pub. L. 110-246, Title I, IRN THIS COMPLETED Formation is: 58. If ALL land in this benter the cropland a	on is necouested in cted as a con under exempted Subtitle of ORM TO	essary for CCC to a formation will result result or this form in Section 1619 of the from the Paperwoin F – Administration). YOUR COUNTY FS on g operation is a f this CCC-902	ssist in determining eligin a determination of in nay be released to USD Food, Conservation and k Reduction Act, as it is The provisions of crim GA OFFICE. Downed and operate Continuation is att	ibility for eligibility for A employees, d Energy Act s required for inal and civil ed by you,
1. FARM	2. COUNTY(IES)		CHECK OF		4. NAME OF PERSON	, ,	5. ACRES	6. RENTAL RATE(S)	7. CHECK IF
NO.	333111((E3)	OWNED	LEASED TO	LEASED FROM	LEGAL ENTITY WHOM IS LEASED TO AND FROM	LAND	Nonzo	\$ PER ACRE OR % CROP SHARE	YOU HAD THE SAMI LAND INTEREST LAST YEA
53	Johnson			\boxtimes	JLB Enterprises		160	\$60/acre	\boxtimes
79	Johnson			\boxtimes	L & J LLC		80	\$60/acre	\boxtimes
		$\perp \square$							
		$\perp \sqsubseteq$							
		$\perp \square$							
		$\perp \Box$							
		\perp							
		$+ \vdash$							
							1		

Complete the CCC-902E Continuation according the following table.

Attach CCC-902E Continuation pages, as needed, to CCC-902E that was completed for the farming operation. Submit the completed CCC-902E's and CCC-902E Continuation pages in hard copy or FAX to the appropriate USDA servicing office.

Note: CCC-902E Continuation pages completed and attached will be under the same signatures and certifications contained in CCC-902E, Part L.

Item		Instruction						
1 and 2	Enter name of the control county and State for this farming operation. The							
	control county most often is the administrative county for the entity's or joint							
	operation's farmi	peration's farming operation.						
3	Enter crop year for which this certification applies.							
	In the space prov	In the space provided on the top of each page, enter the following:						
	• name of the l	egal entity filing CCC-902E						
	 number of ad 	ditional CCC-902E Continuation pages completed.						
Part C								
1	Enter the followi	ng for each member of the entity or joint operation.						
A	Member's name.							
В	Last 4 digits of member's TIN.							
	Note: If comple	te TIN is already on file, only last 4 digits are required .						
С		or interest in the operation.						
D		on in and salary or bonus from the operation.						
Е	Member's family	relationship to the first member listed in 1A.						
	IF entity is	THEN show						
	an estate	member's relationship to the deceased individual.						
	a trust	beneficiary's relationship to the grantor.						
F	CHECK (✓) eith	er of the following, as applicable:						
	• "Yes", if the	member has signature authority for entity in Part A						
	• " No ", if the n	nember does not have signature authority for entity in Part A.						
	Note: For joint	operations, joint ventures, and general partnerships, each						
	•	must initial the response in Column F.						

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Item	Instruction
2 A and	If entity in Part A is an estate or trust, or if any member in Part C is an estate or
В	trust, enter name of the executors, administrators, or grantors. If there is more
	than 1 executor, administrator, or grantor, provide the additional information in
	the space provided or attach additional sheets.
3	If any member in item 1A is an entity or joint operation, complete CCC-901 and attach a copy.
4	If any of the members in Part C has interest in other farming operations
	conducted under a name other than the name listed in Part A, provide the
	following information.
A	Member's name.
В	Name of farming interests.
C	TIN of the other farming operation.
	Note: If complete TIN is already on file FSA, only last 4 digits are required .
D	County/State where the interest is located.
Part D	
1 A	If any member provides capital, land or equipment to the farming operation in
through	Part A, enter the member's name and the percentage contributed.
Н	
	Use columns D and F to indicate if a member contributes owned land or
	equipment to the entity or joint operation's farming operation.
	If any member provides hired labor, labor they do themselves, hired management
	or management they do themselves, enter the member's name and percentage of each contribution in columns G and H.
	each contribution in columns G and H.
	Check the applicable box if a member provides 1000 or more hours of active
	personal labor to the farming operation in Part A.
Part F	personal actor to the farming operation in Fart 11.
1	If loans or credit used to finance the farming operation in Part A, or to
_	acquire/purchase land or equipment, and such financing was acquired from,
	guaranteed by, co-signed by, or secured by an individual, joint operation or entity
	with an interest in the farming operation in Part A, complete Items 1 A through E.

__*

Item	Instruction						
Part G							
1 A – C	Enter information for all equipment used in the farming operation which is leased by the joint operation or entity in Part A. For each type of equipment leased, enter the following:						
	 A Percent of total equipment used in the farming operation B name of the party or entity from whom equipment is leased C type of equipment leased. 						
1 D	If joint operation or entity in Part A leased equipment, indicate equipment was leased from an individual or entity that has an i farming operation of the joint operation or entity in Part A.	nterest in the					
	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 not leased from an individual or entity that has an interest in	"Yes" and go to item 3. "No" and go to					
	the farming operation of the joint operation or entity in Part A	Part H.					
2	If 1D is "Yes", copies of lease agreements may be required for purposes.	compliance					
Part H	purposes.						
1A	Enter type of custom service, including but not limited to, tillacultivating, chemical application, insect/pest scouting, etc.	ge, planting,					
1B	Enter farm numbers the service will be applied.						
1C	Enter total number of acres for which custom services will be u	ised.					
1D	Enter name of the custom farming service provider.						
Part J							
1	For each member or shareholder of the farming operation in Pacontributing active personal management, list the person's name type of management duties provided to the farming operation is duties/activities must be:	ne and identify the					
	• performed on a regular basis						
	• identifiable and documentable						
	• separate and distinct from the management activities performembers or shareholders.	rmed by any other					
	These specific requirements are not applicable to heirs of estate beneficiaries of trusts.	es or to the					

Item	Instruct	tion	
Part C			
5	IF	THEN	
	none of the members listed in Part C,	CHECK (✓) "N/A"	(not applicable).
	item 1, is a minor	, ,	
	any member listed in Part C, item 1, is a	provide the following	g information
	minor	about that member.	
A	Minor's name.		
В	Minor's date of birth.		
C	Name of the minor's parent or guardian.		
D	Address of the parent or guardian.		
Е	Parent or guardian's TIN.		
	Note: If complete TIN is already on file F	SA, only last 4 digits	are required .
F	CHECK (\checkmark) the following, as applicable.		
			THEN
	IF any minor in item 5A		CHECK (✓)
1	is a producer on a farm and the parent or gu	ıardian has no	"Yes".
	interest		// > 7 ••
	is a producer on a farm and the parent or gu	iardian has an	"No".
	interest in the farming operation	1' 1	44 % 7 22
2	maintains a separate household from the pa		"Yes".
	personally carries out all farming activities		
	minor's own farming operation, including raccounting	namtanning separate	
	does not maintain a separate household from	m the perent or	"No".
	guardian and does not personally carry out		110 .
	with respect to the minor's own farming op		
	maintaining separate accounting	cration, meraamg	
3	who is represented by a court-appointed guarantee	ardian or	"Yes".
	conservator, lives in a household other than		
	households, and have a vested ownership in	-	
	who is represented by a court-appointed gu		"No".
	conservator, does not live in a separate hou		
	the parents' household, and does not have a	a vested ownership	
	in the farm		
4	If "Yes" is checked for all items F1 through	F3, for the minor that	at has an interest
	in the farming operation of the entity or join	nt operation in Part A	, enter the name
	of the minor in the space provided.		

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Item	Instruction
6	CHECK (✓) either of the following, as applicable:
	• "Yes", if all individual members and shareholders in embedded entities and joint operations listed in Part C are U.S. citizens
	• "No", if any individual members and shareholders in embedded entities and joint operations listed in Part C is not a U.S. citizen.
6A	For each member or shareholder who is an alien lawfully admitted into the U.S., list that member's name and indicate whether this person possesses a valid I-551.
	CHECK (✓) "No" for any non-U.S. citizen who does not possess I-551.
FSA	FSA shall CHECK (✓) "Yes" or "No", indicating that I-551 was presented, and
Only	initial CCC-902E Continuation.

__*

B Example CCC-902E Continuation

Following is an example CCC-902E Continuation.

For "actively engaged in farming" and other This form is to be completed for an entity, it that are subject to the regulations at 7 CFA using the tax identification number listed in benefits directly as an individual must comp inputs to a farming operation such as land, FSA to determine payment eligibility and lin This form provides additional space fo	equent Program r payment eligibility including a joint ope R Part 1400. This for Part A. This form ip plete a CCC-902! w capital, equipment	PLAN FO Years //imitation de	terminations.	2. State New Mexico	2009
2009 and Subset For "actively engaged in farming" and other This form is to be completed for an entity, it that are subject to the regulations at 7 CFF using the tax identification number listed in benefits directly as an individual must compinputs to a farming operation such as land, FSA to determine payment eligibility and lin. This form provides additional space for	equent Program r payment eligibility including a joint ope R Part 1400. This for Part A. This form ip plete a CCC-902! w capital, equipment	Years //imitation de eration, that is rm collects fa	terminations.		2009
This form is to be completed for an entity, is that are subject to the regulations at 7 CFF using the tax identification number listed in benefits directly as an individual must compute to a farming operation such as land, FSA to determine payment eligibility and lint in form provides additional space for	including a joint ope R Part 1400. This fo Part A. This form plete a CCC-902! w capital, equipment	eration, that is rm collects fa		MEN MEXICO	
that are subject to the regulations at 7 CFF using the tax identification number listed in benefits directly as an individual must comy inputs to a farming operation such as land, FSA to determine payment eligibility and lin This form provides additional space fo	R Part 1400. This for Part A. This form plete a CCC-902l w capital, equipment	rm collects fa			
<u> </u>	mitation of payment	ith respect to labor, and i	arming and other info information about th o that individual's op management by the	ormation about the entity that re e members of such entity. An ii eration. Payment eligibility is b	eceives program benefits directly ndividual who receives program ased upon the contribution of certa
	or specific items o	n the CCC-	902E.		
Name of Legal Entity filing CCC-902 4 # Additional CCC-902E Continuations	•				
PART C - MEMBER/SHAREHOLDEI			•	(E)	
Members - List all Members/Sharehold					
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 signatu authority for the legal entity? (Yes or No)
June Parker	2351	5	\$	sister	YES NO
Jeb Parker	2352	5	\$	brother	☐ YES 🛛 NO
Jason Parker	2353	5	\$	brother	☐ YES 🔲 NO
John Parker Jr.	2355	5	\$	uncle	YES NO
			\$		YES NO
			\$		YES NO
			\$		YES NO
			\$		YES NO
			\$		YES NO
			\$		YES NO
			\$		YES NO
			\$		☐ YES ☐ NO
			\$	-	☐ YES ☐ NO
			\$		☐ YES ☐ NO
			\$		YES NO
The M.C. Department of Amin Name (MCCA)	L. W. W		\$	-	☐ YES ☐ NO
The U.S. Department of Agriculture (USDA) pro sex, marital status, familial status, pareital status from any public assistance program. (Not all pn information (Braille, large print, audiotape, etc.) Director, Office of Adjudication and Compliance, an equal opportunity provider and employer.	us, religion, sexual orie ohibited bases apply t should contact USDA	entation, genet o all programs I's TARGET C	ic information, political .) Persons with disabili enter at (202) 720-2600	beliefs, reprisal, or because all or pa ties who require alternative means :) (voice and TDD). To file a compla	art of an individual's income is derived for communication of program int of Discrimination, write to USDA,

B Example CCC-902E Continuation (Continued)

Name of Legal Entity filing C	CC-002E	· Park	er Organia	e Inc							
4 # Additional CCC-902E					formation	for this entity					
PART C - MEMBER/SHA	REHOLD	DER IN	IFORMATI	ON (Contir	nued fron	1 CCC-902E)					
If any member listed abo											
<u> </u>	me of Est						me of Exe	ecutor/Adm	inistrator/	Grantor(s)
 Embedded Entities - if ar concurrent with this CCC- 									iust also be	complete	d and submitte
Check if CCC-90						or embedded entities					
4. Other Farming Interests	- Member	s of the	entity show	n in Part A ha	ave interes	t in the following far	ming opera	ations condu	cted under		es.
Α.				В.			D.	1-4	Cou	D. nt(ies) and	I State(s)
Member Name		- 1	Name of Far	ming Interest	t(s)	Tax ID Number o (Last 4 digits if			where	Farming are Loca	
June Parker		Parke	er Enterpri	ises		37	777		Yuma, Co		
Jason Parker		Parke	er Holding	Co.		42	221		Denver, 0	Colorado	
John Parker Jr.		Parke	er Enterpri	ises		37	777		Yuma, Co	olorado	
PART D - SUMMARY OF N	/IEMBER	/SHAR	EHOLDER	CONTRIBU	TIONS TO	THE FARMING O	PERATION	ON (Contin	ued from	CCC-9021	≣)
1. What contributions to the	e farming	operat	ion identifi	ed in Part A	will be ma	de by the Members	s listed in	PART I?			
Enter the following informa	tion for the				e members E.					1	
		B. C. D.				F.		G. Labor (%	5)	H. Ma	nagement (%
A. Member's Name	Cap	ital	Land	% of	Equipme				Chock		
	Cap (Curr	ital rent		% of Owned		Owned	Hired	Active Personal	Check if 1000	Hired	Active Personal
Member's Name	Cap	ital rent	Land	% of	Equipme			Personal		Hired	Personal
Member's Name June Parker	Cap (Curr	ital rent	Land	% of Owned	Equipme	Owned		Personal 5	if 1000	Hired	Personal 5
Member's Name June Parker Jeb Parker	Cap (Curr	ital rent	Land	% of Owned	Equipme	Owned		Personal 5 5	if 1000 Hours	Hired	Personal 5 5
Member's Name June Parker Jeb Parker Jason Parker	Cap (Curr	ital rent	Land	% of Owned	Equipme	Owned		Personal 5 5 5	if 1000 Hours	Hired	Personal 5 5 5
Member's Name June Parker Jeb Parker	Cap (Curr	ital rent	Land	% of Owned	Equipme	Owned		Personal 5 5	if 1000 Hours	Hired	Personal 5 5
Member's Name June Parker Jeb Parker Jason Parker	Cap (Curr	ital rent	Land	% of Owned	Equipme	Owned		Personal 5 5 5	if 1000 Hours	Hired	Personal 5 5 5
Member's Name June Parker Jeb Parker Jason Parker	Cap (Curr	ital rent	Land	% of Owned	Equipme	Owned		Personal 5 5 5	if 1000 Hours	Hired	Personal 5 5 5
Member's Name June Parker Jeb Parker Jason Parker	Cap (Curr	ital rent	Land	% of Owned	Equipme	Owned		Personal 5 5 5	if 1000 Hours	Hired	Personal 5 5 5
Member's Name June Parker Jeb Parker Jason Parker	Cap (Curr	ital rent	Land	% of Owned	Equipme	Owned		Personal 5 5 5	if 1000 Hours	Hired	Personal 5 5 5
Member's Name June Parker Jeb Parker Jason Parker	Cap (Curr	ital rent	Land	% of Owned	Equipme	Owned		Personal 5 5 5	if 1000 Hours	Hired	Personal 5 5 5
Member's Name June Parker Jeb Parker Jason Parker	Cap (Curr	ital rent	Land	% of Owned	Equipme	Owned		Personal 5 5 5	if 1000 Hours	Hired	Personal 5 5 5

B Example CCC-902E Continuation (Continued)

_	tinuations are used to record all ir S and USES <i>(Continued from C</i>		his entity				
Α.	<u> </u>						
Type of Capital Contribution	В.		C.		D.	E. % of	
	Name of Loan or Credit Source	Guara	Guarantor's Name		Credit Source or Guarantor's Affiliation or Interest in the Farming Operation		
		 					
PART G - LEASED FOUIPME	ENT (All percentages are base	d on annual r	ental values)	(C	ontinued from C	CC-902E)	
	following information for ALL leased			·			
A. Percent of Total Equipment Used in the Farming Operation	B. Name of Individual/Ent Equipment is Leased Fr		C. Type of Equipm	nent Leased	Does Individu equipment is leas interest in this far	ual/Entity the sed from have an	
10%	Southwestern Implement Inc.		peanut harveste	peanut harvester		⊠No	
%					□Yes	□No	
%					□Yes	□No	
%					□Yes	□No	
%					□Yes	□No	
%					□Yes	□No	
%					□Yes	□No	
	ES" acceptable documentation for the	•	may be required for co	empliance purpos	es.		
	S (Continued from CCC-902E)						
Custom Services to be used A.	B.		C.	<u> </u>	D.		
Type of Service(s)	Farm Number(s)	Nu	mber of Acres		Name of Provid	er	
nsect scouting	580, 692, 1559		528	Field Pest	Control Services	Inc.	
Weed removal	322 and 756		1200	Weeders In	ic.		
		-					
				_			
		-					

--*

B Example CCC-902E Continuation (Continued)

CCC-902E Continuatio	n (03-26-09)										Page 4
Name of Legal Entity filing Co			informa	ation fo	r this	entity					
PART J – MANAGEMENT (Continued from	CCC-902E)									
Enter the managerial duties operation identified in Part /		farming operation	n which	are pr	ovide	d persona	lly by mem	nber(s) or	shareholde	ers of the	entity or joint
Active personal managen	nent:										
List the managerial duties/a The duties/activities must member(s) or shareholder	be performed on	a regular basis; ide	entifiab	le and (docun	nentable; a	nd separat		inct from th	at of any o	ther
A. Member/Shareholder						B Duties/A					
June Parker	Promo	tion and Marketir	ng			Baticon	CHVICO				
Jeb Parker	Promo	tion and Marketir	ng								
Jason Parker		on, field operatio		l mark	eting						
John Parker Jr.		keeping, promot				es of com	modities				
		, ,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,									
DART C INFORMATION	AROUT MINOR	S (Continued fro	m CCC	20025							
PART C - INFORMATION											
 Minor Members or Interes A. 	t Holders – For an B.	y Member or Interes	st Holde	r who is	mino	, provide th	e following:	M N/	١		E.
Minor's Name	Date of Birth	Parent of Guard	lian's Na	ame		Parent	or Guardia	n's Addres	s	SSN or T (Last 4 d	or Guardian's ax ID Number igits if already on file)
F. Separate Status of Minors:		-h-th	aatta o to							YES	□ NO
(1) Is any minor a produce						roonelli . r -	mi aut far	ing orthogr	ac with	_	
(2) Does any minor mainta respect to the minor's t							rry out tarm	ing activiti	es with	YES	□ NO
(3) Does any minor who is household other than to								or, a) live ii	n a	YES	NO
(4) If any minor with interes	t in this farming op	eration can answer	"YES" to	o Items	F(1) th	rough F(3)	list that mi	nor's name	:: ::		
PART C - INFORMATION	ABOUT CITIZE	NSHIP (Continue	d from	CCC-	902E)						
6. Ci <u>tizenship Status</u> – Is ead	h member and int	erest holder of the e	ntity ide	ntified i	Part.	A, and any	embedded	entity iden	ified in Item	I, a US Citi	zen?
YES, all members/into			_					Citizen - C	omplete Iten	1 2A	
A. For each member or interest	holder (direct or e	mbedded) who is no	ot a US	Citizen	provid	e the follow	ng:				
I. Name of Individual			2. Th		idual h m I-55	as a valid I	Form I-5		OR FSA USI nted to FS		C Initia <u>ls</u>
			Г	TYES	Г	Тио	Г	YES	Пио		
				YES] NO		YES	□ NO		
				=			┝		=	_	
				YES	L	NO	LL	YES	NO		

__*

B Example CCC-902E Continuation (Continued)

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 14100 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.

--146 Determination of Ownership Interest--

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	June 1.
benefits were requested did not exist on June 1 of the year for which	the date the legal entity was formed.
program benefits were requested	

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.

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.

* * *

A Actively Engaged in Farming--*

[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 the following table are met.

Item	Requirement
1	The legal entity independently and separately makes a significant contribution of
	capital, equipment, land, or combination thereof.
2	Partners, stockholders, or members with an ownership interest in the legal entity make contributions, 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. ***
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.

*--B Member Contribution Requirements

In addition to the requirements of actively engaged in farming, all partners, stockholders, or members with an ownership interest in the legal entity **must** make contributions of active personal labor and/or active personal management to the farming operation of the legal entity that are:

- performed on a regular basis
- identifiable and documentable
- separate and distinct from contributions of any other partner, stockholder, or member.

Note: If a partner, stockholder, member fails to meet this requirement, payments subject to the actively engaged in farming determination will be reduced by the share held by that partner, stock, or member.--*

C Exceptions to Member Contribution Requirements

The following are exceptions to the requirements of subparagraph B.--*

Payments less than 1 limitation – If the total of direct payments under DCP received, both directly and indirectly, for the program year by the partners, stockholders, and members does **not** exceed \$40,000, the requirement of a significant contribution of active personal labor or active personal management may be met by partners, stockholders, or members who collectively hold at least 50 percent of the ownership interest in the legal entity.

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.

Landowner – If all land in the legal entity's farming operation is owned by the legal entity, the requirements of subparagraph A do **not** apply to the interest holders of the legal entity.

D 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.

E 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.

F 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 Eligibility Determinations (Continued)--

G Verification of Recorded Activities

COC may request verification from an interest holder if:

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

H 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.

*--I Member Contribution Requirements and Joint Operations

The following table provides guidance for the applicability of member contribution requirements when the payment entity is a joint operation.

IF the member is	THEN the member contribution provisions
individual	do not apply, unless the individual is a member of an
	embedded entity in the organizational structure.
legal entity without members	are not applied.
revocable trust	do not apply, unless the trust/estate is a member of an
irrevocable trust	embedded entity in the organizational structure.
estate	
LLC using a Social Security	do not apply, unless the LLC is a member of an embedded
number	entity in the organizational structure.
legal entity including:	apply to any members of the legal entity that are:
 corporation 	• individuals down to the lowest level member
	revocable trusts
 limited partnership 	irrevocable trusts
	• estates.
 individual operating as a 	
small business	Exception: Member contribution provisions do not apply
	to individual members of an embedded trust or
 LLC using an employer 	estate.
identification number	

__*

I Member Contribution Requirements and Joint Operations (Continued)

IF the member is	THEN the member contribution provisions
joint operation	do not apply to any members unless 1 of the members is a legal entity.
	If 1 member of the embedded joint operation is a legal entity, follow the provision for the members that are legal entities.

J Member Contribution Requirements for Estates and Trusts

Member contribution requirements do not apply to an estate, revocable trust, or irrevocable trust, unless the estate/trust is a member of a legal entity with members such as:

- corporation
- limited partnership
- individual operating as a small business
- LLC using an employer identification number.

The following table provides guidance for the applicability of member contribution requirements for estates and trusts.

		THEN member contribution
IF the payment entity is	AND the member is	requirements
 revocable trust 		do not apply to any member of
 irrevocable trust 		the organizational structure.
• estate		
a legal entity with members,	revocable trust	• apply to the trust/estate
including:	irrevocable trust	
 corporation limited partnership individual operating as small business 	estate	do not apply to the individual members of the embedded trust/estate.
 LLC using an employer identification number 		
a joint operation		see subparagraph I.

--*

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 meet 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 every day 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 made a significant contribution of capital. All 3 stockholders collectively made a significant contribution of active personal management to the farming operation. Corporation XYZ is; therefore, 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 contribution was separate and distinct from contributions made by the other stockholder. No payment reduction will be applied to the program payments received by Corporation XYZ.--*

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: Corporation AB provides significant contribution of capital and equipment, and Son B makes a significant contribution of active personal labor and active personal management to the farming operation. Corporation AB is considered actively engaged in farming; however, because Father A who holds a 50 percent ownership interest failed to make a contribution of active personal labor and/or active personal management to the farming operation that met the requirement of subparagraph 147 B, Corporation AB will be subject to a 50 percent reduction in program payments received.--*

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 provides 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 C applies. **No** payment reduction will be--* applied to Corporation GH.

D Example 4

- *--Situation: Revocable Trust E is a stockholder in Corporation D with 2 other individuals. Member contribution requirements of subparagraph 147 B apply to Corporation D.--*
 - The 2 individuals provide significant contributions of active personal labor and/or active personal management to qualify the corporation as actively engaged in farming.
 - The revocable trust's grantor makes no contributions.

* * *

*--Determination: Corporation D is considered actively engaged in farming because of the significant contribution of active personal labor and active personal management to the farming operation by the 2 individuals who are stockholders. However, because the remaining stockholder, Trust E, failed to make a contribution of active personal labor and/or active personal management to the farming operation that met the requirement of subparagraph 147 B, Corporation D will be subject to a reduction in program payments receive commensurate with the ownership interest held by Trust E.

If the grantor of Trust E were making contributions of active personal labor and/or active personal management to the farming operation on behalf of Trust E that met the requirement of subparagraph 147 B, a payment reduction would **not** apply for Corporation D.

E Example 5

Situation: Irrevocable Trust E is a stockholder in Corporation D with 2 other individuals. Member contribution requirements of subparagraph 147 B apply to Corporation D.--*

- The 2 individuals provide significant contributions of active personal labor and/or active personal management to qualify the corporation as actively engaged in farming.
- The irrevocable trust's beneficiaries make no contributions.

* * *

E Example 5 (Continued)

*--Determination: Corporation D is considered actively engaged in farming because of the significant contribution of active personal labor and active personal management to the farming operation by the 2 individuals who are stockholders. However, because the remaining stockholder, Trust E, failed to make a contribution of active personal labor and/or active personal management to the farming operation that met the requirement of subparagraph 147 B, Corporation D will be subject to a reduction in program payments receive commensurate with the ownership interest held by Trust E.

If the beneficiaries of Trust E were making collective contributions of active personal labor and/or active personal management to the farming operation on behalf of Trust E that met the requirement of subparagraph 147 B, a payment reduction would **not** apply for Corporation D.

F Example 6

Situation: Estate E is a stockholder in Corporation D with 2 other individuals. Member contribution requirements of subparagraph 147 B apply to Corporation D.--*

- The 2 individuals provide significant contributions of active personal labor and/or active personal management to qualify the corporation as actively engaged in farming.
- The estate's representative or heirs make no contributions.

* * *

*--Determination: Corporation D is considered actively engaged in farming because of the significant contribution of active personal labor and active personal management to the farming operation by the 2 individuals who are stockholders. However, because the remaining stockholder, Estate E, failed to make a contribution of active personal labor and/or active personal management to the farming operation that met the requirement of subparagraph 147 B, Corporation D will be subject to a reduction in program payments receive commensurate with the ownership interest held by Estate E.

If the heirs or personal representative of Estate E were making collective contributions of active personal labor and/or active personal management to the farming operation on behalf of Estate E that met the requirement of subparagraph 147 B, a payment reduction would **not** apply for Corporation D.--*

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

G Example 7

- *--Situation: LLC E is a stockholder in Corporation D with 2 other individuals. Member contribution requirements of subparagraph 147 B apply to Corporation D.--*
 - The 2 individuals provide significant contributions of active personal labor and/or active personal management to qualify the corporation (payment entity) as actively engaged in farming.
 - LLC's interest holders make no contributions.

* * *

*--Determination: Corporation D is considered actively engaged in farming because of the significant contribution of active personal labor and active personal management to the farming operation by the 2 individuals who are stockholders. However, because the remaining stockholder, LLC E, failed to make a contribution of active personal labor and/or active personal management to the farming operation that met the requirement of subparagraph 147 B, Corporation D will be subject to a reduction in program payments receive commensurate with the ownership interest held by LLC E.

If the interest holders of LLC E were making contributions of active personal labor and/or active personal management to the farming operation on behalf of LLC E that met the requirement of subparagraph 147 B, a payment reduction would **not** apply for Corporation D.--*

148.5 Member Contribution Share

A Determining Member Contribution Share

A member contribution share for a member of a legal entity is necessary only when **both** of the following apply:

- part of the land in the farming operation is owned by the legal entity
- •*--member fails to make contributions according to subparagraph 147 B.--*

B Calculating Member Contribution Share

Calculate the member contribution share as follows:

- total acres of cropland owned by the legal entity, **divided by**
- total acres of cropland operated/included in the legal entity's farming operation.

Example: Big Farms LLC has 2 interest holders, Jed and Jared. Neither make any *--contributions to the farming operation according to subparagraph 147 B.--*

Big Farms LLC operates a total of 500 acres. Of that total, 100 acres are owned by Big Farms LLC.

100 acres owned divided by 500 acres total in the farming operation equals a member contribution share of .2000 for Jed and Jared.

C Calculating Member Contribution Share When a Cropland Factor Is Applicable to the Payment Entity

Calculate the member contribution share when a cropland factor is involved as follows:

- total cropland owned by the legal entity, divided by
- total acres of cropland operated **less** the acres of cropland responsible for the cropland factor applied to the payment entity.

C Calculating Member Contribution Share When a Cropland Factor Is Applicable to the Payment Entity (Continued)

Example: Hawkeye Ag LLC has 2 interest holders, John and Jake, with equal shares. Hawkeye Ag LLC operates a total of 1,500 acres of land comprised of 500 acres owned, 500 acres share-rented, and 500 acres cash-rented.

John meets member contribution provisions. Jake does **not** meet member *--contribution provisions according to subparagraph 147 B and is only eligible for share of payments on the owned land.

Hawkeye Ag LLC earned \$30,000, but failed to meet the cash-rent tenant provisions according to subparagraph 147 B.--*

Both a cropland factor for Hawkeye Ag LLC and a member contribution share for Jake must be calculated and applied.

Calculate the cropland factor according to subparagraph 64 D as follows:

- total cropland acres owned plus acres not cash-rented, divided by
- total cropland acres in the farming operation.

500 acres owned plus 500 acres share-rented divided by 1,500 acres in the farming operation of Hawkeye Ag LLC equals a factor of .6666. This factor will be applied to the total payments earned of \$30,000 for a payment reduction of $$10,000 (30,000 \times .6666 = 20,000; 30,000 - 20,000 = 10,000)$.

The failure of Hawkeye Ag LLC in meeting the cash-rent tenant provision will result in a payment reduction of \$10,000 applied to the entity.

The acres of cropland responsible for the cropland factor applied at the entity level will not be included in the calculation of the member contribution share.

Calculate the member share contribution for Jake as follows: 500 acres owned by Hawkeye Ag divided by 1,000 acres (1,500 acres total minus 500 acres cash-rented) equals a member contribution share of .5000.

- For John, the member contribution flag will be set to "Y".
- •*--For Jake, the member contribution flag will be set to "P" and the member--* contribution factor of .5000 will be entered.

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.

	ically.					e 5 for Privacy Act Statemen
	EPARTMENT OF AGRICULTUI	RE	\neg	1. County		Program Year
03-20-09)	Commodity Credit Corporation			Texas		
	RATING PLAN FOR AN		-	2. State		2009
2009 and	l Subsequent Program	Years		OK		
or "actively engaged in farming"	and other payment eligibility	//limitation det	erminations.			
his form is to be completed for a						
nat are subject to the regulations sing the tax identification number						
enefits directly as an individual m						
iputs to a farming operation such SA to determine payment eligibil				entity listed	in Part A. The information	n on this form will be used by
PART A - ENTITY INFORMAT		is by uncer an	indution.			
. Farming Entity's Name and Ad					2. Tax Identification Num	ber (If the taxpayer
& J Inc.					identification number is a only the last 4 digits are i	
1020 Rd						3333
anhandle, OK 73999					3. Date of Formation (MM	
					1-3	0-2008
ART B - TYPE OF OPERAT	ION (Select only one)					
Select appropriate type of oper	ation that defines the entity	identified in P	art A:			
General Partnership	Limited Partnership)	Estate		City, County or Stat	te-owned Entity
Joint Venture	Limited Liability Co		Charitable/Tax	-exempt	Indian Tribe	
Sole Proprietorship/DBA	Revocable/Living T	rust	Organization		Other:	
Corporation	Irrevocable Trust	- 1	Public School			
 Supporting documentation (suc shareholders, members and ov 	n as articles of incorporation	n, trust papers or public schoo	s, partnersnip agree dis. States. State en	ment, evia tities, cities	ence of neirsnip, and opera . and counties, to verify the	ational authorities of all e legal status of the
entity and the authority of its sh				titics, citics	, and counties, to verify the	c regar states or the
ART C - MEMBER INFORM	IATION <i>(Use CCC-902)</i>	E Continuat	ion if additional	space is	needed for any inform	ation in Part C)
Members - List all members/sh	nareholders of the entity ide	ntified in Part	A of this form:			
A.	B.	C.	D.		E	F
Name	Tax ID Number (Last 4 digits if	% Share	Position and S		Family Member Relationship	Does this member have signature authority for the
	already on file)		(If applicab	ie)	(if applicable)	legal entity? (Yes or No)
ohn Hardesty	8989	60	President \$0		father	YES NO
immy Hardesty	7272	40	V. president		son	YES NO
		+	\$0			
			\$			☐ YES ☐ NO
			\$0			YES NO
			\$0			
			\$0			YES NO
: I certify that I have signatu	re authority for the entity i	dentified in F	\$	informatio	n in	YES NO YES NO 1. Initials 2. Date
Part C is true and correct.			\$ \$ \$art A and that all i			YES NO YES NO 1. Initials 2. Date 14/16/200
Part C is true and correct. If the entity in Part A is an Esta			\$ \$ art A and that all is listed above is all	n Estate or	Trust, list the Executor, Ac	YES NO YES NO 1. Initials 2. Date 14/16/200
Part C is true and correct. If the entity in Part A is an Esta			\$ \$ \$art A and that all i	n Estate or	Trust, list the Executor, Ac	YES NO YES NO 1. Initials 2. Date 14/16/200
Part C is true and correct. If the entity in Part A is an Esta Name of Estate or Trust	ite or Trust, or if any membe	er/shareholder	\$ Part A and that all is listed above is all B. Name of Execut	n Estate or utor/Admini	Trust, list the Executor, Ac strator/Grantor	YES NO YES NO 1. Initials 2. Date 4/46/200 Iministrator, or Grantor:
Part C is true and correct. If the entity in Part A is an Esta Name of Estate or Trust Embedded Entities – If any me	ite or Trust, or if any membe	er/shareholder tity identified in	\$ and that all is listed above is at B. Name of Execu	n Estate or utor/Admini	Trust, list the Executor, Ac strator/Grantor 1, Member's Information	YES NO YES NO 1. Initials 2. Date H; JH 4/16/200 ministrator, or Grantor:
Part C is true and correct. If the entity in Part A is an Esta Name of Estate or Trust Embedded Entities – If any me submitted concurrent with this	te or Trust, or if any members and the entire entir	er/shareholder tity identified in a CCC-902E m	\$ Part A and that all is listed above is at B. Name of Execution Part A is an entity ust be completed a	n Estate or utor/Admini , a CCC-90 nd submitte	Trust, list the Executor, Ac strator/Grantor 1, Member's Information ed for each embedded enti	YES NO YES NO 1. Initials 2. Date H; JH 4/16/200 ministrator, or Grantor:
Part C is true and correct. If the entity in Part A is an Esta Name of Estate or Trust Embedded Entities – If any me submitted concurrent with this Check if CCC-901 is	te or Trust, or if any member mber/shareholder of the end CCC-902E. Additionally, a s attached.	er/shareholder tity identified in a CCC-902E m	\$ art A and that all is listed above is at B. Name of Exect has an entity ust be completed a if CCC-902E is atte	n Estate or utor/Admini , a CCC-90 nd submitte ached for ar	Trust, list the Executor, Ac strator/Grantor 1, Member's Information and for each embedded enti- n embedded entity.	YES NO YES NO 1. Initials 2. Date 1. Initials 4/16/200 Iministrator, or Grantor: Iministrator, or Grantor: Iministrator, or Grantor:
. If the entity in Part A is an Esta . Name of Estate or Trust . Embedded Entities – If any me subm <u>itte</u> d concurrent with this	te or Trust, or if any member mber/shareholder of the end CCC-902E. Additionally, a s attached.	er/shareholder tity identified in a CCC-902E m	\$ art A and that all is listed above is at B. Name of Exect has an entity ust be completed a if CCC-902E is atte	n Estate or utor/Admini , a CCC-90 nd submitte ached for ar	Trust, list the Executor, Ac strator/Grantor 1, Member's Information and for each embedded enti- n embedded entity.	YES NO YES NO 1. Initials 2. Date H; JGf 4/16/200 Iministrator, or Grantor: must also be completed an ty.
Part C is true and correct. If the entity in Part A is an Esta Name of Estate or Trust Embedded Entities – If any me submitted concurrent with this Check if CCC-901 is Other farming interests: Comp	te or Trust, or if any member mber/shareholder of the end CCC-902E. Additionally, a s attached.	er/shareholder tity identified in a CCC-902E m Check er/shareholder	\$ art A and that all is listed above is at B. Name of Exect has an entity ust be completed a if CCC-902E is atte	n Estate or utor/Admini , a CCC-90 nd submitte ached for ar	Trust, list the Executor, Ac strator/Grantor 1, Member's Information and for each embedded enti- n embedded entity.	YES NO YES NO 1. Initials 2. Date 14/16/200 Iministrator, or Grantor: must also be completed an ty. Operations. D.
Part C is true and correct. If the entity in Part A is an Esta Name of Estate or Trust Embedded Entities – If any me submitted concurrent with this Check if CCC-901 is	mber/shareholder of the eni CCC-902E. Additionally, a s attached.	er/shareholder tity identified in a CCC-902E m	\$ and that all is listed above is an B. Name of Exect an Part A is an entity ust be completed a if CCC-902E is attar identified in Part C	n Estate or utor/Admini , a CCC-90 nd submitte uched for an	Trust, list the Executor, Acstrator/Grantor 1, Member's Information and for each embedded entity an interest in other farming C. umber of farming interest	YES NO YES NO 1. Initials 2. Date H; JGf 4/16/200 Iministrator, or Grantor: must also be completed an ty.
Part C is true and correct. If the entity in Part A is an Esta. Name of Estate or Trust Embedded Entities – If any me submitted concurrent with this Check if CCC-901 is Other farming interests: Comp	mber/shareholder of the eni CCC-902E. Additionally, a s attached.	er/shareholder tity identified in CCC-902E m Check er/shareholder	\$ and that all is listed above is an B. Name of Exect an Part A is an entity ust be completed a if CCC-902E is attar identified in Part C	n Estate or utor/Admini , a CCC-90 nd submitte uched for an	Trust, list the Executor, Ac strator/Grantor 1, Member's Information ad for each embedded enti- n embedded entity. In interest in other farming C.	YES NO YES NO I Initials 2. Date H; JH 4/46/200 Iministrator, or Grantor: must also be completed an ty. D. County(ies) and State(s
Part C is true and correct. If the entity in Part A is an Esta Name of Estate or Trust Embedded Entitities – If any me submitted concurrent with this Check if CCC-901 is Other farming interests: Comp	mber/shareholder of the eni CCC-902E. Additionally, a s attached.	er/shareholder tity identified in CCC-902E m Check er/shareholder	\$ and that all is listed above is an B. Name of Exect an Part A is an entity ust be completed a if CCC-902E is attar identified in Part C	n Estate or utor/Admini , a CCC-90 nd submitte uched for an	Trust, list the Executor, Acstrator/Grantor 1, Member's Information and for each embedded entity. In interest in other farming C. Interest in other farming interest	YES NO YES NO 1. Initials 2. Date H; JGf 4/16/200 Iministrator, or Grantor: must also be completed an ty. D. County(ies) and State(s where farming interest(s
Part C is true and correct. If the entity in Part A is an Esta Name of Estate or Trust Embedded Entitities – If any me submitted concurrent with this Check if CCC-901 is Other farming interests: Comp	mber/shareholder of the eni CCC-902E. Additionally, a s attached.	er/shareholder tity identified in CCC-902E m Check er/shareholder	\$ and that all is listed above is an B. Name of Exect an Part A is an entity ust be completed a if CCC-902E is attar identified in Part C	n Estate or utor/Admini , a CCC-90 nd submitte uched for an	Trust, list the Executor, Acstrator/Grantor 1, Member's Information and for each embedded entity. In interest in other farming C. Interest in other farming interest	YES NO YES NO 1. Initials 2. Date H; JGf 4/16/200 Iministrator, or Grantor: must also be completed an ty. D. County(ies) and State(s where farming interest(s
Part C is true and correct. If the entity in Part A is an Esta. Name of Estate or Trust Embedded Entities – If any me submitted concurrent with this Check if CCC-901 is Other farming interests: Comp	mber/shareholder of the eni CCC-902E. Additionally, a s attached.	tity identified it a CCC-902E m Check er/shareholder B.	\$ Part A and that all the state of the state	n Estate or utor/Admini a CCC-90 nd submitte iched for an that has a Tax ID Nu (Last 4	Trust, list the Executor, Adstrator/Grantor 1. Member's Information and for each embedded entity. In interest in other farming C. Interest in the company of the company o	YES NO YES NO I Initials 2. Date Y/16/200 Iministrator, or Grantor: must also be completed an ty. County(ies) and State(s where farming interest(s are located

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

. Minor Members or S	hareholders -	- For any Me	ember or Sh	areholder who	is a minor, pro	vide the follow	ing: 🛛 N	/A		
A. Minor's Nam	e	B. Date o Birth	of Pare	C ent's or Guardi	an's Name	Parent's or	D. Guardian's Ad		E Parent or Gua or Tax ID (Last 4 digits if a	ardian's SSN Number
. Separate Status of Mi	nors:									
(1) Is any minor a pro	oducer on a fai		•	_			[YES	NO	
(2) Does any minor n Activities with res								YES	□ NO	
(3) Does any minor v a) live in a house								YES	□ NO	
(4) If any minor with										
6A. Citizenship Status U.S. Citizen?	- Is each Memi	ber and Sha	areholder of	the entity or joi	nt operation id	entified in Part	A, and any en	nbedded er	ntity identified	in Part Ca
YES, all member							hareholders is	not a US	Citizen - Comp	lete Item 6B
B. For each member or	shareholder (direct or em	bedded) wh	o is not a US C	Citizen, provide	the following:				
1) Name of Individual					(2) This indiv		Form I-551		to FSA	CCC Initials
					YES	Пио		s 🗌	NO	
					☐ YES	∐ NO		_=	NO	
					YES YES	□ NO	☐ YE		NO NO	
PART D - SUMMARY	OF CONTRI	BUTIONS	TO THE F	ARMING OF	ERATION					
the following information entity; land and equipment entity; (Provide detailed in	on for contribut towned and/or o	tions to be m	nade by the by the legal en	entity identified tity and used in t	lin Part A. <i>The</i>	ese percentages	should reflect th	e capital pro	vided directly by	the legal
A. Capital	B. Land	d 10	00 %	C. Equipmer	nt 100 %	D. Hired La	abor 80 %	E. Hired	d Managemen	t 0 %
2. For the farming opera listed in PART C? En members' funds rather the member(s); labor and mai operation identified in Pan	iter the followir an from the entity nagement hired i	ng information y; land and eq by the membe	on for the co quipment own ers for the ent	ontributions to be ed or obtained by ity; and labor and	ne made by the the member(s) of I management pe	members. The	ese percentages o this farming op	should refle eration with	ect any capital o out compensatio	riginating from on to the
A. Member's	B. Capital	C.	D.	E.	F. % of		G. Labor (%)		H. Manag	jement (%)
Name	(Current Year) %	Land %	% of Owned Land	Equipment %	Owned Equipment	Hired	Active Personal	Check if 1000 Hours	Hired	Active Personal
John Hardesty							15			60
							5			40
Jimmy Hardesty										
Jimmy Hardesty		1 1								
Jimmy Hardesty		+			1					
Jimmy Hardesty								╁╬		

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

PART E - LAND									
		crop or cr	op proce	eds, inclu	de the rental rate in \$/a				
A. Farm No. and Location (County and State)	B. Land Leased or Contributed By	Che	C. ck as app	Leased	D. Name of Person or Whom Land is Lea and/or From (Includes landowners and land	sed to names of	E. Acres Owned or	F. Rental Rate S per Acre/ % or Crop Share	same land interest was
arm No.:	J & J Inc.	П	To	From	Guymon Investors	,	1239.0	cash	held last year
exas/OK				ļ —	-				
ocation:									
arm No.:									
arm No.:		П							
ocation: arm No.:									
ocation:									
PART F - CAPITAL SC	URCES and USES								
Commercial loans/Will contributions of capYES go to Item 3		_	be acquir		sult of a loan or credit ar	rrangemen	it?		
Will contributions of cap YES go to Item 3 Will such loan or credit farming operation ident	be acquired from, gua	aranteed b	NO go to y, co-sigr	Part G ed by, or s	ecured by an individual,			y that has an in	terest in the
Will contributions of cap YES go to Item 3 Will such loan or credit farming operation ident	be acquired from, gua ified in Part A (Such ems 3(A) through 3(E)	aranteed binterest m	NO go to y, co-sign eay be as NO. Go	Part G ed by, or s a landowne to Part G.	ecured by an individual,	, joint oper	D Source or Gui	arantor's	terest in the E Percent of Total Capital
2. Will contributions of cap XYES go to Item 3 3. Will such loan or credit farming operation ident YES. Complete Ite A	be acquired from, gua ified in Part A (Such ems 3(A) through 3(E)	aranteed binterest m	NO go to y, co-sign eay be as NO. Go	Part G ed by, or s a landowne to Part G.	ecured by an individual, er or other tenant)?	, joint oper	ration or entit D Source or Gui	arantor's	E Percent of
2. Will contributions of cap XYES go to Item 3 3. Will such loan or credit farming operation ident YES. Complete Ite A	be acquired from, gua ified in Part A (Such ems 3(A) through 3(E)	aranteed binterest m	NO go to y, co-sign eay be as NO. Go	Part G ed by, or s a landowne to Part G.	ecured by an individual, er or other tenant)?	, joint oper	D Source or Gui	arantor's	E Percent of Total Capital
Will contributions of cap XYES go to Item 3 Will such loan or credit farming operation ident YES. Complete Ite A Type of Contribution	be acquired from, gua ified in Part A (Such ems 3(A) through 3(E)	interest m	NO go to y, co-sign y be as NO. Go	Part G ned by, or s a landowne to Part G. Gui	ecured by an individual, er or other tenant)? C arantor's Name	, joint oper	D Source or Gui	arantor's	E Percent of Total Capital
2. Will contributions of cap XYES go to Item 3 3. Will such loan or credit farming operation ident YES. Complete Ite A	be acquired from, gua ified in Part A (Such ems 3(A) through 3(E) Name of Loan of	aranteed b interest m 3 3 or Credit S are bas ALL equip	NO go to y, co-sigr yay be as NO. Go Source	Part G led by, or s a landowne to Part G. Gui	ecured by an individual, er or other tenant)? C arantor's Name	Credit S Affiliat Fa	D Source or Gui ion or Interes rming Opera	arantor's it in the dion	E Percent of Total Capital
2. Will contributions of cap X YES go to Item 3 3. Will such loan or credit farming operation ident YES. Complete Ite A Type of Contribution PART G - EQUIPMEN 1. Owned Equipment:	be acquired from, gua ified in Part A (Such ems 3(A) through 3(E) Name of Loan of T (All percentages Enter the percent of identified in Part C b	aranteed b interest m	NO go to vy, co-sigray be as NO. Go Source	Part G led by, or s a landowne to Part G. Gui	ecured by an individual, er or other tenant)? C arantor's Name tal values.) farming operation of the oment to be used in the , enter 0%.	Credit S Affiliati Fa	D Source or Gui ion or Interes rming Opera	arantor's it in the lition A that will be use entity identified.	E Percent of Total Capital sed on the farms 100 %
2. Will contributions of cap XYES go to Item 3 3. Will such loan or credit farming operation ident YES. Complete Ite A Type of Contribution PART G - EQUIPMEN 1. Owned Equipment:	be acquired from, gualified in Part A (Such ems 3(A) through 3(E) Name of Loan of the such ems 3(A) through 3(E) T (All percentages enter the percent of identified in Part C b Enter the following in leased equipment is identified.	aranteed b interest m	NO go to vy, co-sigriay be as NO. Go Source ed on an imment own y: for ALL len this farm	Part G led by, or s a landowne to Part G. Gui finual ren led by the financed equipment operation	ecured by an individual, er or other tenant)? C arantor's Name tal values.) ferming operation of the	Credit S Affiliati Fa	D Source or Gui ion or Interes rming Opera	arantor's it in the tion A that will be use entity identifies Does the Indivi	E Percent of Total Capital sed on the farms 100 % d in Part A. If
2. Will contributions of cap XYES go to Item 3 3. Will such loan or credit farming operation ident YES. Complete Ite A Type of Contribution PART G - EQUIPMEN 1. Owned Equipment: A. Percent of Total Equipment	be acquired from, gua ified in Part A (Such ems 3(A) through 3(E) Name of Loan of the such ems 3(A) through 3(E) T (All percentages enter the percent of identified in Part C b Enter the following in leased equipment is a lent enter the Equipment is a lent equipment is a lent enter the Equipment is a lent equipment equipme	aranteed b interest m Baranteed base are base ALL equip y the entity formation not used in B. of Individual and a second	NO go to vy, co-sigriay be as NO. Go Source ed on an imment own y: for ALL len this farm	Part G led by, or s a landowne to Part G. Gui finual ren led by the financed equipment operation	cecured by an individual, er or other tenant)? C arantor's Name tal values.) farming operation of the oment to be used in the , enter 0%.	Credit S Affiliati Fa	D Source or Gui ion or Interes rming Opera	arantor's it in the tion A that will be use entity identifies Does the Indivi	E Percent of Total Capital sed on the farms 100 % d in Part A. If dual/Entity the ed from have an
2. Will contributions of cap XYES go to Item 3 3. Will such loan or credit farming operation ident YES. Complete Ite A Type of Contribution PART G - EQUIPMEN 1. Owned Equipment: A. Percent of Total Equipm Jsed in the Farming Operation	be acquired from, gua ified in Part A (Such ms 3(A) through 3(E) Name of Loan of the procentages Enter the percent of identified in Part C b Enter the following in leased equipment is a lent of the percent of the	aranteed b interest m	NO go to vy, co-sigriay be as NO. Go Source ed on an imment own y: for ALL len this farm	Part G led by, or s a landowne to Part G. Gui finual ren led by the financed equipment operation	cecured by an individual, er or other tenant)? C arantor's Name tal values.) farming operation of the oment to be used in the , enter 0%.	Credit S Affiliati Fa	D Source or Gui ion or Interes rming Opera	arantor's t in the tion A that will be u e entity identifie Does the Indivi juipment is leas terest in this far	E Percent of Total Capital sed on the farms 100 % d in Part A. If dual/Entity the ed from have an ming operation?

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

	ICES				
 Will custom services be util NO. GO TO PART I 	lized by the entity	identified in Part A on the farm			
A. Type of Services	6	B. Farm Number(s)	C. Number of Acres	D. Name of Provider	
		EMBERS/SHAREHOLDER tion for contributions of labor to		Ill not be provided by the members or shareholders	
listed in Part C:		Туре		Amount	
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.				_	
				hrs	
2. Hired labor:				'	
A. Will any of the hired labo	or for the farming	operation identified in Part A or	riginate from the same source	e as the leased equipment in Part G?	
□ NO □ YI	ES If "YES", acc	ceptable documentation to prov	e such relationship may be re	equired for compliance purposes.	
B. Will any of the hired labo	or for the farming	operation identified in Part A be	e included in the custom serv	ices shown in Part H?	
Пио Пуі	ES If "YES", acc	eptable documentation to prov	e such relationship may be re	equired for compliance purposes.	
PART J - MANAGEMENT	•	,			
Enter all managerial duties an shareholder(s) of the entity or			indentified in Part A which wil	Il be provided personally by member(s) or	
1. Active personal manage	ment:				
List the specific manageria	I duties/activities	that will be performed personal	ly by each member or shareh	older.	
The duties/activities must activities performed by ar			able and documentable; and	d be separate and distinct from the manageme	
(This requirement is not app	olicable to the hei	rs of Estate or the beneficiaries	of Trusts.)		
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 an 2. Hired management:	id attach CCC-90	02E Continuation			
Describe any hired manage		vities that will be provided by so ensation for this service or activ		or shareholder (Include management by an	

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

B Example CCC-902E (Continued)

		Page 5 of
heck all of the following that apply: CCC-902 Continuation attached for additional info	ormation for Part F - Land	
CCC-902E Continuation attached for additional in		
Part C – Member information	•	
Part D – Summary of Contributions Part F – Capital		
Part G – Equipment Part H – Custom Services		
Fait H - Custoff Services		
ART L - CERTIFICATION - (FOR JOINT VENTU	IRES AND GENERAL PARTNERSHIP, A SIGNATURE IS REQUIRED FO	REACH MEMBER)
	ment and any supporting documentation is true and correct. I understana may result in the assessment of a penalty. I will timely provide written no	
	isted on this form of any changes in this farming operation. By signing th	
all supporting documentation has been submitted a	s required	
I have reviewed and understand all definitions and all information will be considered in effect continu		
it is my responsibility to timely notify FSA in writing	ng of any changes that may affect these representations, including, but no	
of the entity identified in Part 4: the farming rance		
Part A.	hing or forestry operation of the entity identified in Part A; financial stati	us of the entity identified in
Part A. evidence such as tax records, certified public accords	untant's certification, or other documentation may be required to validate	
Part A. evidence such as tax records, certified public accorwill take all necessary actions to provide such mate it is my responsibility to timely notify FSA in writin		e these representations and
Part A. evidence such as tax records, certified public accowill take all necessary actions to provide such mate it is my responsibility to timely notify FSA in writing member or shareholder. 1.	nuntant's certification, or other documentation may be required to validate erials to the applicable State or county committee if requested by FSA ng of any successors who acquire an interest in this farming operation as	these representations and the result of the death of a
Part A. evidence such as tax records, certified public acco- will take all necessary actions to provide such mate it is my responsibility to timely notify FSA in writin member or shareholder. 1. Signature (By)	nuntant's certification, or other documentation may be required to validate erials to the applicable State or county committee if requested by FSA ng of any successors who acquire an interest in this farming operation as 2. Title/Relationship of Individual Signing in the Representative Capacity	these representations and the result of the death of a 3. Date (MM-DD-YYYY)
Part A. evidence such as tax records, certified public acco- will take all necessary actions to provide such mate it is my responsibility to timely notify FSA in writin member or shareholder. 1. Signature (By)	untant's certification, or other documentation may be required to validate erials to the applicable State or county committee if requested by FSA. ng of any successors who acquire an interest in this farming operation as 2. Title/Relationship of Individual Signing in the	these representations and the result of the death of a
Part A. evidence such as tax records, certified public acco- will take all necessary actions to provide such mate it is my responsibility to timely notify FSA in writin member or shareholder. 1. Signature (By)	nuntant's certification, or other documentation may be required to validate erials to the applicable State or county committee if requested by FSA ng of any successors who acquire an interest in this farming operation as 2. Title/Relationship of Individual Signing in the Representative Capacity	these representations and the result of the death of a 3. Date (MM-DD-YYYY)
Part A. evidence such as tax records, certified public acco- will take all necessary actions to provide such mate it is my responsibility to timely notify FSA in writin member or shareholder. 1. Signature (By)	nuntant's certification, or other documentation may be required to validate erials to the applicable State or county committee if requested by FSA ng of any successors who acquire an interest in this farming operation as 2. Title/Relationship of Individual Signing in the Representative Capacity	these representations and the result of the death of a 3. Date (MM-DD-YYYY)
Part A. evidence such as tax records, certified public acco- will take all necessary actions to provide such mate it is my responsibility to timely notify FSA in writin member or shareholder. 1. Signature (By)	nuntant's certification, or other documentation may be required to validate erials to the applicable State or county committee if requested by FSA ng of any successors who acquire an interest in this farming operation as 2. Title/Relationship of Individual Signing in the Representative Capacity	these representations and the result of the death of a 3. Date (MM-DD-YYYY)
Part A. evidence such as tax records, certified public acco- will take all necessary actions to provide such mate it is my responsibility to timely notify FSA in writin member or shareholder. 1. Signature (By)	nuntant's certification, or other documentation may be required to validate erials to the applicable State or county committee if requested by FSA ng of any successors who acquire an interest in this farming operation as 2. Title/Relationship of Individual Signing in the Representative Capacity	these representations and the result of the death of a 3. Date (MM-DD-YYYY)
Part A. evidence such as tax records, certified public acco. will take all necessary actions to provide such mate it is my responsibility to timely notify FSA in writin member or shareholder. 1. Signature (By)	nuntant's certification, or other documentation may be required to validate erials to the applicable State or county committee if requested by FSA ng of any successors who acquire an interest in this farming operation as 2. Title/Relationship of Individual Signing in the Representative Capacity President, J & J Inc.	these representations and the result of the death of a 3. Date (MM-DD-YYYY)
Part A. evidence such as tax records, certified public acco- will take all necessary actions to provide such mate it is my responsibility to timely notify FSA in writin member or shareholder. 1. Signature (By) CLA Hardesty OTE: The primary authority for requesting and safeguare Additionally, the authority for requesting this inform	nuntant's certification, or other documentation may be required to validate erials to the applicable State or county committee if requested by FSA ng of any successors who acquire an interest in this farming operation as 2. Title/Relationship of Individual Signing in the Representative Capacity Pseudent, J V J Inc. ding the information described on this form is the Food, Conservation, and Energy Act nation is 7 CFR Part 1400 and 7 CFR Part 1410. The information requested is necess	e these representations and the result of the death of a 3. Date (MM-DD-YYYY) 4/16/2009 of 2008 (Pub. L 110-246). Pary for CCC to assist in
Part A. evidence such as tax records, certified public acco- will take all necessary actions to provide such mate it is my responsibility to timely notify FSA in writin member or shareholder. 1. Signature (By) Ch. Hadedy OTE: The primary authority for requesting and safeguara Additionally, the authority for requesting this inform determining eligibility for program benefits. Furnisi ineligibility for certain program benefits and other fi	nuntant's certification, or other documentation may be required to validate erials to the applicable State or county committee if requested by FSA ng of any successors who acquire an interest in this farming operation as 2. Title/Relationship of Individual Signing in the Representative Capacity President, J ¥ J Inc. Significant of the information described on this form is the Food, Conservation, and Energy Actuation is 7 CFR Part 1400 and 7 CFR Part 1410. The information requested is necessing the requested information is voluntary. Failure to furnish the requested information in inancial assistance administered by USDA. The information collected as a result of this interest in the requested as a result of this interest in the requested as a result of this interest in the requested as a result of this interest in this farmation collected as a result of this interest.	of 2008 (Pub. L 110-246). ary for CCC to assist in on will result in determination on will result in a determination on will result in a determination on some personal result in a determination of the sort in the sort in a determination of the sor
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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) Page 6 of 6

DEFINITIONS

The following definitions apply to Form CCC-902E.

- 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 lator 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.
- 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.
- 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.
- 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.

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.

^{*--}See 1-CM, paragraph 121 and Exhibit 10 for estate EIN requirements.--*

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.

157 Case Examples

A Example 1

Situation: Estate E is formed upon the death of Person E that occurred less than 2 years ago. Person B is the sole heir of the estate and provides a significant amount of active personal management. Estate E provides equipment and rented land. All labor is hired. All contributions are commensurate and are at risk.

Determination: Estate E is considered to be actively engaged in farming since the heir, Person B, has provided a significant amount of active personal management and the estate has provided equipment and land.

B Example 2

Situation: Estate C is formed upon the death of Person C that occurred less than 2 years ago. The heirs are Persons E, F, and G, each having a 1/3 interest. Person E will serve as executor for the estate.

- **Before** the death of Person C, Person C owned equipment and all of the acreage farmed was cash leased.
- For the current year, Estate C will cash lease land. Estate C will contribute a significant amount of cash-rented land, owned equipment, and capital for the farming operation.
- Person E will provide a significant amount of active personal management with the estate hiring all labor.
- All contributions are commensurate and are at risk.
- COC reviewed the Letter of Testamentary and the prior year tax return, and determined that Estate C is being kept active for reasons other than receiving program benefits.

Determination: Estate C is considered to be actively engaged in farming and eligible for program benefits.

157 Case Examples (Continued)

C Example 3

Situation: Estate Y is formed upon the death of Person Y that occurred less than 2 years ago.

- **Before** death, Person Y had been determined to be actively engaged in farming and had entered into CCC-509 to participate in current year DCP.
- Estate Y will continue to farm the acreage that was leased to Person Y, as a successor-in-interest to the current year CCC-509. Estate Y will hire any labor and management that is needed for the farming operation.

Determination: Estate Y is considered to be actively engaged in farming because Person Y was determined to be actively engaged in farming and had executed CCC-509 to participate in DCP **before** death. However, to continue to be actively engaged in farming for the current year, the heirs or personal representative of the estate will have to provide a significant amount of active personal labor or active personal management, and the estate will have to provide a significant amount of capital, equipment, or land.

158 Completing CCC-902E's for Estates

*--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 an estate.

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at are subject to the regulations a sing the tax identification number nenfits directly as an individual m puts to a farming operation such SA to determine payment eligibilit ART A - ENTITY INFORMAT	listed in Part A ust complete a as land, capita y and limitatio	A. This form ai a CCC-902I wit al, equipment, i an of payments	iso collects in th respect to labor, and m	nformation about to that individual's op anagement by the	he membel peration. F	rs of such entity. An individ Payment eligibility is based d in Part A. The informatio	ual who receives p upon the contributi un on this form will i	rogram on of certa
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leburne, TX 73333						Date of Formation (MI)	1933	
						,	30-2008	
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General Partnership	=	d Partnership		Estate		City, County or Sta	ate-owned Entity	
Joint Venture	_	d Liability Com	-	Charitable/Ta		Indian Tribe		
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B Example CCC-902E (Continued)

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F. Separate Status of M	linors:									
(1) Is any minor a p	roducer on a fari	n in which t	he parent c	or guardian has	no interest?			YES	□ NO	
(2) Does any minor Activities with re								YES	□ NO	
(3) Does any minor a) live in a hous	who is represen sehold other thar							YES	Пио	
(4) If any minor wit	h an interest in t	his farming	operation o	an answer "Y	ES" to Items F(1) through F(3), list that min	or's name:		
6A. Citizenship Status U.S. Citizen?	- Is each Memb	er and Shar	reholder of	the entity or jo	int operation id	dentified in Par	t A, and any e	embedded e	ntity identifie	ed in Part Ca
YES, all member	ers/shareholders	are US Citi	izens - Go t	to Part D	NO, one or m	ore members/	shareholders	is not a US	Citizen - Coi	mplete Item 6B
6B. For each member of	r shareholder (d	irect or emb	edded) wh	o is not a US (Citizen, provide	the following:				
1) Name of Individual						vidual has a rm I-551	Form I-55	FOR FS	A USE ONL d to FSA	Y CCC Initials
					YES	Пио		YES	NO	
					YES YES		- =	===	NO NO	
							=		NO	
					YES	NO	1 11			
PART D - SUMMARY	OF CONTRI	BUTIONS	TO THE F	ARMING OF		□ NO				
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B Example CCC-902E (Continued)

CCC-902E (03-26-09)	Name of Entity (as	aentinea	iii i aic 7 g		ob Beckham Estate			Page 3 of
PART E - LAND								
					n of the entity identified in Pa de the rental rate in \$/acre			
	nal space, complete CC					,		
A.	B.	Ohaa	C.		D.	E.	F.	G.
Farm No. and Location	Land Leased or Contributed By	Chec	ck as appl	icable	Name of Person or Enti Whom Land is Leased		Rental Rate \$ per Acre/ %	Check here same land
(County and State)			Leased	Leased	and/or From (Includes nam		or Crop Share	interest was
arm No.:		Owned	To	From	landowners and landlords	s) Leased		held last yea
12	Rob Beckham				Beringer Partners	364.0	25%	
ocation: Johnson/TX	Estate			🖳	Definiger Farthers	304.0	25/6	
arm No.:								
P		ΙП	ΙП	ΙП				
ocation:		_	-	-				-
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B Example CCC-902E (Continued)

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	S by the entity identified in Part A on the far	ms listed in Part F?	
NO. GO TO PART I	YES. Complete Items 1A th		
A. Type of Services	B. Farm Number(s)	C. Number of Acres	D. Name of Provider
	DED BY MEMBERS/SHAREHOLDE		C vill not be provided by the members or shareholders
ed in Part C:			Amount
Other labor: Enter the percer	Type Itage or the number of hours to be donate	d by family members or other	_
·	ment will be issued or owed.	a by lamily members or other	hrs
Hired labor:			
	the farming operation identified in Dod A	originate from the same saves	a as the leased equipment in Port C2
	the farming operation identified in Part A	_	
☐ NO ☐ YES	If "YES", acceptable documentation to pro	ove such relationship may be	required for compliance purposes.
B. Will any of the hired labor for	the farming operation identified in Part A	be included in the custom ser	vices shown in Part H?
□ NO □ YES	If "YES", acceptable documentation to pro	ve such relationship may be r	equired for compliance purposes.
ART J - MANAGEMENT			
		n indentified in Part A which w	rill be provided personally by member(s) or
Active personal management	operation; or by hired management.		
_		-11	h elder
List the specific managerial duti	es/activities that will be performed person		
List the specific managerial duti The duties/activities must be a activities performed by any of	es/activities that will be performed person	iable and documentable; an	
List the specific managerial duti The duties/activities must be a activities performed by any of (This requirement is not applicated) A.	es/activities that will be performed person performed on a regular basis; be identil ther member(s) or shareholder(s).	riable and documentable; and essentiable and documentable; and essentiable and	
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List the specific managerial duti The duties/activities must be activities performed by any of (This requirement is not applical A. Member/Shareholder or additional space, use and att Hired management: Describe any hired managemen	es/activities that will be performed person- performed on a regular basis; be identified the member(s) or shareholder(s). Die to the heirs of Estate or the beneficiaries tach CCC-902E Continuation at duties/activities that will be provided by second and the	B. Duties/Activities	nd be separate and distinct from the managemen

B Example CCC-902E (Continued)

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eck 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 H - Custom Services RT L - CERTIFICATION - (FOR JOINT VENTURES AND GENERAL PARTNERSHIP, A SIGNATURE IS REQUIRED FOR EACH MEMBER) Partify that all the information entered on this document and any supporting documentation is true and correct. Lunderstand that furnishing incorrect ormation will result in forfeiture of payments and may result in the assessment of a penalty. I will timely provide written notification to the Farm vice 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: It supporting documentation has been submitted as required I have reviewed and understand all definitions and requirements on Page 6 of this form. 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; the farming, ranching or forestry operation of the entity identified in Part A; the farming, ranching or forestry operation of the entity identified in Part A; the farming, ranching or forestry operation of the entity identified in Part A; the farming ranching or forestry operation of the entity identified in Part A; the farming ranching or forestry operation, or other documentation may be required to validate these representations and will take all necessary actions to provide such materials to the applicable State or county committee if required to validate these representations and entity is timely notify FSA in writing of any successors who acquire an interest in this farming operation as	CC-902 E (03-26-09) ART K - REMARKS	Name of Entity (as identified	III Fait A).	Rob Beckham Estate	Page 5 of 6
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Part D - Summary of Contributions Part F - Capital Part G - Equipment Part H - Custom Services RT L - CERTIFICATION - (FOR JOINT VENTURES AND GENERAL PARTNERSHIP, A SIGNATURE IS REQUIRED FOR EACH MEMBER) rifly that all the information entered on this document and any supporting documentation is true and correct. Linderstand that furnishing moorect rimation will result in forfeiture of payments and may result in the assessment of a penalty. I will timely provide written notification to the Farm vice Agency committees for the county and State listed on this form of any changes in this farming operation. By signing this form Lacknowledge that: Ill supporting documentation has been submitted as required have reviewed and understand all definitions and requirements on Page 6 of this form. Ill 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 for art.4. vidence such as tax records, certified public accountant's certification, or other documentation may be required 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 tember or shareholder. Signature (By) Title-Relationship of Individual Signing in the Representative Capacity in the Representative Capacity in the Representative Capacity of the food. Conservation, and Energy Act of 2008 (Pub. L 110-246). Additionally, the authority for requesting the information described on this form is the Food. Conservation, and Energy Act to 100 (Pub. L 110-246). This information collector is exempted from the Paperwork Reduction Act, as is required for the administration. This information under Section 1619 of the Food. Conservation, and Energy Act, the Privacy Act or 1784 the Enformat	_		tion for the follo	wing Parts:	
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B Example CCC-902E (Continued)

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CCC-902 E (03-26-09) Page 6 of 6

DEFINITIONS

The following definitions apply to Form CCC-902E.

- 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.
- 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.
- 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.

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159-165 (Reserved)

Section 6 Trusts

166 Revocable and Irrevocable Trusts

A Types of Trusts

For payment limitation purposes, there are 2 types of trusts, as follows.

Trust Type	Characteristics
Revocable	• Can be modified or terminated by the grantor or the assets revert to the grantor after a specific period of time.
	• Does not meet the criteria for an irrevocable trust.
Irrevocable	May not be modified or terminated by the grantor.
	• The grantor does not have any future, contingent, or remainder interest in the corpus of the trust.
	• For trusts established after January 1, 1987, does not provide for transferring the corpus of the trust to the remainder beneficiary in less than 20 years from the date the trust is established, except in cases where the transfer is contingent upon the remainder beneficiary achieving at least the age of majority or upon the death of the grantor or income beneficiary.
	Note: All trusts not meeting these requirements shall be considered revocable trusts.

B Trust Scrutiny

All trusts that receive payments shall be carefully scrutinized to ensure that the trusts are legitimate legal entities and have **not** been created solely for the purpose of evading payment limitation provisions.

County Offices shall:

 require producers to provide a copy of the trust agreement unless the trust is a revocable trust

* * *

• determine whether provisions are included in the trust that would require the trust to be considered a revocable trust for payment limitation purposes.

167 Trust Eligibility Determinations

A Revocable Trust and Grantor

A revocable trust is the same as the grantor.

B Trusts With Minor Children Beneficiaries

Program payments will be attributed **only** to the grantor of the revocable trust.

For revocable trusts with 1 or more minor children as beneficiaries, payments earned by the minor children's interest will be **not** be attributed to the parent's or court-appointed person's interest, if they are **not** grantors of the trust.

C Programs Not Requiring Actively Engaged in Farming Determinations

If a program requires eligibility 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.

D IRA's and Employee Profit-Sharing Plans

An IRA or employee profit-sharing plan may be considered an eligible program participant, as a trust **only**, if the Regional Attorney determines the account:

- meets the definition of legal entity
- has full function of a trust
- is owner of the land on which program benefits are requested.

* * *

- *--The minimum information submitted for an IRA or Profit Share Plan **must** include documentation that:
 - discloses the full trust agreement, naming the trust and the trustee who will function for the trust regarding all FSA programs
 - proves the land as an asset of the trust and properly deeded to the trust as evidenced by a deed or other document that FSA can review.

Note: Approval from the Regional Attorney is required **before** any eligibility 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:
	 the grantor is the sole income beneficiary 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.

169 Trust Case Examples (Continued)

C Revocable Trust Example 1

Situation: ST Trust is a revocable trust.

- Person U is the grantor and income beneficiary.
- ST Trust contributes a significant amount of both capital and equipment to the farming operation.
- Beneficiary contributes a significant amount of active personal management to the operation.
- All land is leased and all labor is hired.
- The trust's share of the profits or losses from the farming operation is commensurate with its contribution to the operation and the contributions are at risk.

Determination: ST Trust is considered to be actively engaged in farming. For payment limitation purposes, all payments issued to ST Trust will be attributed to Person U as grantor of the trust.

*--170 Completing CCC-902E's for Trusts

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 trust.

This form is available electronica	ally.				(See Page	e 5 for Privacy Act Statement.)
	ARTMENT OF AGRICULTS mmodity Credit Corporation			1. Coun		Program Year
	,			0011113		
	ATING PLAN FOR A Subsequent Program			2. State		2009
For "actively engaged in farming" and	•		terminations	TX		
This form is to be completed for an e		-		rom the Fa	ırm Service Agency (FSA) u	nder one or more programs
that are subject to the regulations at using the tax identification number lis benefits directly as an individual mus inputs to a farming operation such as FSA to determine payment eligibility	sted in Part A. This forn tt complete a CCC-902l s land, capital, equipme and limitation of payme	n also collects : with respect to nt, labor, and n	information about to that individual's of nanagement by the	he membe peration. F	rs of such entity. An individu Payment eligibility is based u	al who receives program pon the contribution of certain
PART A - ENTITY INFORMATION 1. Farming Entity's Name and Addre					2. Tax Identification Num	her (If the taxpayor
Martha Beckham Trust No.					identification number is a	already on file with FSA,
4600 Beckham Rd					only the last 4 digits are i	equired) 5 549
Cleburne, TX 73333					3. Date of Formation (MM	
					1-1	0-2009
PART B - TYPE OF OPERATION	ON (Select only one)					
 Select appropriate type of operati 	on that defines the entit	y identified in F	Part A:		· · · · · · · · · · · · · · · · · · ·	
General Partnership	Limited Partnershi	-	Estate		City, County or State	e-owned Entity
Joint Venture	Limited Liability Co		Charitable/Ta		Indian Tribe	
Sole Proprietorship/DBA	Revocable/Living	Trust	Organization Public School		Other:	
Corporation Supporting documentation (such	Irrevocable Trust	ion trust namer				ational authorities of all
shareholders, members and own	ers) is required, except t	for public school	ols, States, State e			
entity and the authority of its shar				(annaa is		ation in Bort O
PART C - MEMBER INFORMA				space is	s needed for any inform	ation in Part C)
. Members - List all members/shar A.	B.	entified in Part	A of this form:		E.	F.
Name	Tax ID Number	% Share	D. Position and	Salary	Family Member	Does this member have
	(Last 4 digits if already on file)		(If applica		Relationship (if applicable)	signature authority for the legal entity? (Yes or No)
Curtis Ludlow	3875	33	trustee		grandson	YES NO
Christi Ludlow	3877	34	\$0 beneficiary		granddaughter	YES NO
Oboules Ludland In	4424		\$0 beneficiary			
Charles Ludlow Jr.	4434	33	\$0		grandson	YES NO
			\$0		-	YES NO
			6			YES NO
			\$			TYES TINO
T. T. and C. Al. and T. L. and a state of a state of the		. !	\$. ! <i>C</i>		1. Initials 2. Date
G. I certify that I have signature Part C is true and correct.	autnority for the entity	iaentijiea in 1	art A and that au	ınjormatı	on in	CL 4/22/200
?. If the entity in Part A is an Estate	or Trust, or if any memb	er/shareholde	r is listed above is	an Estate o	or Trust, list the Executor, Ad	lministrator, or Grantor:
A. Name of Estate or Trust Martha Beckham Trust No. 1			B. Name of Exec			
. Embedded Entities – If any memb						
submitted concurrent with this concurrent with the concurrent with t						ıy.
Other farming interests: Complet	e this item for any mem	per/shareholde	er identified in Part	C that has	an interest in other farming	operations.
A. Member's name	Nar	B. me of Farming	interest(s)		C. Number of farming interest 4 digits if already on file)	County(ies) and State(s) where farming interest(s) are located
Curtis, Christi, Charles Lud	low Ludlow L	_td.			3876	Johnson, TX
Curtis, Christi, Charles Lud	low Ludlow	Enterprise	Co.		4433	Johnson, TX
he U.S. Department of Agriculture (USDA) prohi arental status, religion, sexual orientation, geneti Il programs.) Persons with disabilities who requi: nd TDD). To tile a complaint of discrimination, w ISDA is an equal opportunity provider and emplo	ic information, political beliefs, re re alternative means for commu rite to USDA, Director, Office of	eprisal, or because i inication of program	all or part of an individual information (Braille, large	"s income is de a print, audiota	erived from any public assistance pro ape, etc.) should contact USDA's TAF	gram. (Not all prohibited bases apply to IGET Center at (202) 720-2600 (voice

B Example CCC-902E (Continued)

	hareholders –	For any Memb	er or Shareholder v	who is a minor, pr	ovide the follow	/ing: 🔲 N//	Α		
A. Minor's Nam	ne	B. Date of Birth		C uardian's Name	Parent's or	D. Guardian's Add		E. Parent or Guar or Tax ID N (Last 4 digits if ali	Number
Separate Status of Mi									
(1) Is any minor a pro-	maintain a sepai	rate household	from the parent or	r guardian and per			YES YES	□ NO	
(3) Does any minor v	who is represent	ited by a court-a	eration, including r appointed guardian lousehold(s), and	n or conservator re	esponsible for th	he minor	YES	□ио	
(4) If any minor with			, , ,	*			's name:		
A. Citizenship Status U.S. Citizen?	- Is each Memb	er and Shareho	older of the entity of	or joint operation is	dentified in Part	A, and any em	bedded er	ntity identified in	Part C a
YES, all membe	rs/shareholders	are US Citizen	is - Go to Part D	NO, one or n	nore members/s	shareholders is	not a US (Citizen - Comple	ete Item 6B
3. For each member or	shareholder (d	lirect or embedo	ded) who is not a l						
) Name of Individual					ividual has a orm I-551	Form I-551 F		AUSEONLY dtoFSA C	CC Initials
				YES	Пио	YE]	NO	
				YES	□ NO	YE	s 🔲	NO	
				YES	□ NO	YE:	s 🔲	NO	
				YES	☐ NO	☐ YE	.s 🔲 1	NO	
ART D - SUMMARY For the farming operative following information and equipment eq	ation of the ent on for contribution on towned and/or ca	tity identified i ons to be made ash leased by the	in Part A, what pe by the entity ident legal entity and used ns in Items A through	ercentages of the utified in Part A. <i>Th</i> d in the farming oper n E.)	hese percentages ration; labor hired	should reflect the by the legal entity;	capital prov ; and manag	vided directly by t gement hired by t	he legal
emity. (Fromde detailed	B. Land		C. Equip	•	D. Hired La	abor 0 %	E. Hired	d Management	0 %
. Capital 0	ation of the ent	tity identified i g information fo	in Part A, what pe or the contributions nent owned or obtains	ercentages of the s to be made by th ed by the member(s) or and management p	following farn e members. The and contributed to	n inputs will be hese percentages to this farming ope	should refle eration witho	ect any capital ori out compensation	mbers gineting from to the
. Capital 0	an from the entity; anagement hired b			ome B through H).		G. Labor (%)		H. Manage	ment (%)
Capital O For the farming oper- listed in PART C? Er members' funds rather th member(s); labor and ma operation identified in Par A.	nan from the entity; nnagement hired by tt A. (Provide info B.	C.	D. E.	F.		G. Labor (70)		Hired	Active Personal
Capital O For the farming oper listed in PART C? Er members' funds rather th member(s); labor and ma operation identified in Par	an from the entity; anagement hired by at A. (Provide info	C. Land %	ese contributions in Ite	F.	Hired	Active Personal	Check if 1000 Hours	 	1
Capital O For the farming oper listed in PART C? Er members' funds rather the member(s); labor and ma operation identified in Part A. Member's	an from the entity; anagement hired by tt A. (Provide info B. Capital (Current	C. Land %	ese contributions in Ite D. E. % of Equipment with the contributions in Ite world ### Equipment ####################################	F. ent % of Owned	Hired	Active	if 1000		
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Capital O For the farming oper listed in PART C? Er members' funds rather the member(s); labor and ma operation identified in Part A. Member's	an from the entity; anagement hired by tt A. (Provide info B. Capital (Current	C. Land %	ese contributions in Ite D. E. % of Equipment with the contributions in Ite world ### Equipment ####################################	F. ent % of Owned	Hired	Active	if 1000		

B Example CCC-902E (Continued)

	Name of Entity (as i	dentined	III Fait A)	. 1712	artha Beckham Trust	NO. 1			Page 3 of 6
entity that ha		crop or cr	op procee	eds, includ	n of the entity identified in Pa de the rental rate in \$/acre of to this form)				
A. Farm No. and Location (County and State)	B. Land Leased or Contributed By		C. ck as appli		D. Name of Person or Entit Whom Land is Leased t and/or From (Includes name landowners and landlords)	o O	E. Acres Owned or eased	F. Rental Rate \$ per Acre/ % or Crop Share	same land
m No.: 145 ation: phnson/TX	Martha Beckham Trust No. 1	×			Charles Ludlow Jr.		60.0	25%	
m No.: ation:									
m No.: ation:									
m No.: ation:									
m No.:									
YES go to Item 3 Will such loan or credit	pital, farming equipments	nt or land	NO go to l	ed as a res Part G ed by, or s	rogram payments from this cut of a loan or credit arrange ecured by an individual, joint	ement?	n or entit	y that has an int	erest in the
Will contributions of cap YES go to Item 3 Will such loan or credit farming operation identi	pital, farming equipment be acquired from, gua tified in Part A (Such ems 3(A) through 3(E)	nt or land aranteed b interest m	be acquire NO go to loy, co-signe nay be as a NO. Go to	ed as a res Part G ed by, or so a landowne o Part G.	ult of a loan or credit arrange ecured by an individual, joint or or other tenant)?	ement? t operation	D ce or Gua	arantor's	E Percent of
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B Example CCC-902E (Continued)

PART H - CUSTOM SERVICES Will custom services be utilized by th NO. GO TO PART I	e entity identified in Part A on the farm VES. Complete Items 1A thro		
A. Type of Services	B. Farm Number(s)	C. Number of Acres	D. Name of Provider
PART I - LABOR NOT PROVIDED For the farms listed in Part E, enter the i isted in Part C:			be provided by the members or shareholder
sted III Falt C.	Туре		Amount
Other labor: Enter the percentage		by family members or others	0 %
for which no payment	will be issued or owed.		hrs
2. Hired labor:			
A. Will any of the hired labor for the fa	arming operation identified in Part A or	iginate from the same source as t	he leased equipment in Part G?
□ NO □ YES If "YE	ES", acceptable documentation to prov	e such relationship may be require	ed for compliance purposes.
	arming operation identified in Part A be		
	S", acceptable documentation to prove		
	5 , acceptable documentation to prove	e such relationship may be require	ed for compliance purposes.
PART J - MANAGEMENT			
Enter all managerial duties and/or activit shareholder(s) of the entity or joint opera		indentified in Part A which will be p	provided personally by member(s) or
. Active personal management:			
List the specific managerial duties/ac	tivities that will be performed personal	y by each member or shareholder	r.
The duties/activities must be performed by any other n		ble and documentable; and be	separate and distinct from the manageme
(This requirement is not applicable to	the heirs of Estate or the beneficiaries	<u> </u>	
A. Member/Shareholder		B. Duties/Activities	
For additional space, use and attach	CCC-902E Continuation		
For additional space, use and attach			
Hired management: Describe any hired management duti			nareholder (Include management by an
Hired management: Describe any hired management duti	es/activities that will be provided by so		nareholder <i>(Include management by an</i>
 Hired management: Describe any hired management duti administrator or trustee who receives 	es/activities that will be provided by so		nareholder <i>(include management by an</i>
Hired management: Describe any hired management duti administrator or trustee who receives Other management: Describe any non-compensated man	es/activities that will be provided by so	ity):	

B Example CCC-902E (Continued)

		A): Martha Beckham Trust No. 1	Page 5 of 6
hack all of the followin	or that anniv		
heck all of the followin CCC-902 Continuatio	ig triat apply: n attached for additional information for Pa	rt E - Land	
CCC-902E Continuati	ion attached for additional information for th	ne following Parts:	
Part C – Membe	r information		
Part D – Summa	ry of Contributions		
Part G - Equipm	ent		
Part H – Custom	Services		
		NERAL PARTNERSHIP, A SIGNATURE IS REQUIRED FO Supporting documentation is true and correct. I understance	
formation will result in j	forfeiture of payments and may result in th	ne assessment of a penalty. I will timely provide written no	otification to the Farm
		rm of any changes in this farming operation. By signing th	us jorm 1 acknowieage inar:
I have reviewed and un	tation has been submitted as required derstand all definitions and requirements		
	considered in effect continuously unless o o timely notify FSA in writing of any chan	hanges or revisions are submitted. ges that may affect these representations, including, but no	ot limited to: the composition
of the entity identified i	TO THE STATE OF TH		
	n Part A; the farming, ranching or forestr	y operation of the entity identified in Part A; financial stat	us of the entity identified in
Part A. evidence such as tax re	cords, certified public accountant's certifi	cation, or other documentation may be required to validat	
Part A. evidence such as tax re will take all necessary o it is my responsibility to	cords, certified public accountant's certifi actions to provide such materials to the ap o timely notify FSA in writing of any succe		e these representations and I
Part A. evidence such as tax re will take all necessary o it is my responsibility to member or shareholder	cords, certified public accountant's certifications to provide such materials to the ap timely notify FSA in writing of any succest:	cation, or other documentation may be required to validat plicable State or county committee if requested by FSA sssors who acquire an interest in this farming operation a. 2.	e these representations and I s the result of the death of a 3.
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B Example CCC-902E (Continued)

CCC-902 E (03-26-09) Page 6 of 6
DEFINITIONS

The following definitions apply to Form CCC-902E.

- 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.
- 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, 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.

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171-175 (Reserved)

Part 5 Payment Limitation by Direct Attribution

176 Program Payment and Benefit Limitations

A Person or Legal Entity

Program payments and benefits specified in paragraphs 11 and 14 are limited to:

- person
- legal entity.

B Joint Operation

Program payments and benefits to a joint operation are limited by the total number of persons and legal entities that are members multiplied times the dollar amount of the limitation of the program specified in paragraph 14.

177 Payment Reductions

A Proportionate Reductions

Payments made to a legal entity will be reduced proportionately by an amount that represents the direct or indirect ownership of a person or legal entity that has otherwise reached the applicable maximum payment limitation.

178 Exceptions for Inheritance and Estates

A Inheritance

Payments received directly or indirectly by a person may exceed the applicable limitation if **all** of the following apply:

- ownership interest in the land or commodity was transferred because of death
- the new owner succeeds to contract
- the new owner meets all other eligibility requirements.

--Note: This provision also applies to an ownership interest in a legal entity received by inheritance if the legal entity was the owner of the land enrolled in an annual or multi-year program contract or agreement at the time of the shareholder's death.--

178 Exceptions for Inheritance and Estates (Continued)

A Inheritance (Continued)

The new owner determined eligible **cannot** exceed the amount the previous owner was entitled to receive under the applicable program contracts at the time of death. If the new owner meets **all** program and payment eligibility requirements, this provision will apply as follows:

• for DCP and ACRE, 1 program year

Note: The year of contract succession is the 1 program year.

• for CRP and multi-year agreements and contracts, the term of the contract or agreement including extension periods.

B Estates

Payments received by an estate will be:

- restricted by the amount applicable to any other legal entity
- attributed to the heirs.

Heirs of an estate will **not** be restricted to the applicable limitation if the estate succeeds to a contract of the deceased individual. If the estate meets **all** program and payment eligibility requirements, this provision will apply as follows:

- for DCP and ACRE, 1 program year
- for CRP and multi-year agreements and contracts, the term of the contract or agreement including extension periods.

Note: Estate heirs who succeed to the estate's contract may also exceed the applicable limitation if **all** program and payment eligibility requirements are met. If the first program year has already passed, heirs **cannot** exceed the DCP and ACRE limitation for an additional year.

179 Payment Attribution

A Payments to a Person

Program payments made, directly or indirectly to a person, are combined with the pro rata interest held in any other legal entity that received payments, **unless** the payments to the legal entity were reduced by the pro rata share of the person.

B Payments to a Legal Entity

Program payments made directly to a legal entity are attributed to those persons that have a direct and indirect interest in the legal entity (Exhibit 4), **unless** the payments to the legal entity have been reduced by the pro rata share of the person.

C Attribution Levels

Payment 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 interest in the payment entity.		
Second	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 interest in the payment entity. 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 interest in the payment entity*		
Third and	Any payments made to a legal entity at the third and fourth levels of ownership shall be		
Fourth	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 ownership interest of the fourth level entity in the payment entity		

For illustrations of direct attribution, see Exhibit 4.

D Common Attribution

<u>Common attribution</u> 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 living parent or legal guardian (paragraph 117)
- revocable trust using Social Security number of grantor where grantor is the parent of a minor child (paragraph 167)
- individual person and another individual person when substantive change is **not** met (paragraph 55)
- parent organization and secondary organization with the parent organization exercises complete control over the secondary organization (paragraph 121)
- public schools in a State that does **not** meet population exception (paragraph 119)
- LLC using Social Security number when the sole interest holder is the parent of a minor child (paragraph 117).--*

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)

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 *** 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	commodity (DCP and ACRE), price support, and disaster		
\$500,000	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's. However, the person or legal entity is eligible for MAL's, but the loans must be repaid at principal plus interest, or commodity certificates may be exchanged for loan collateral.		
farm income exceeds \$750,000	*2009 through 2012 DCP direct payments.		
income (both farm and	2012 direct payments*		
nonfarm) exceeds \$1 million			
nonfarm income exceeds	conservation program benefits listed in subparagraph D,		
\$1 million	unless 66.66 percent or more of the average AGI was		
	derived from activities related to farming, ranching, and		
	forestry operations.		

C Quick Reference for AGI Amounts

This is a quick reference for determining AGI amounts.

Average AGI
minus the
Average Adjusted Gross Farm Income
equals the
Average Adjusted Gross Nonfarm Income

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	Greater Than \$1 Million Total 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
*Commodity	Eligible					
Programs (including						
direct,						
counter-cyclical, and						
ACRE payments)*						
Direct Payments	Eligible	Ineligible	Ineligible			
ELAP, LFP, LIP,	Eligible					
NAP, SURE, and						
TAP						
CCC-580's, MLG's,	Eligible					
and LDP's						
CRP, ECP <u>1</u> /, EQIP,				Eligible	Eligible	Ineligible
and all other						
Conservation						
All other.	As determine	ed by regulat	tion for each j	orogram.		

^{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.

188 AGI Definitions and Determinations

*--A Definition of AGI

[7 CFR 1400.501] AGI means, for a:

- person, the amount reported to IRS on the appropriate tax filing documents as AGI
- legal entity, the comparable measure according to this handbook.

B Definition of Average AGI for a Person or Legal Entity

<u>Average AGI for a person or legal entity</u> means the average AGI, or comparable measure, of the individual or entity over the 3 taxable years preceding the most immediately preceding complete taxable year for which benefits are requested.--*

Note: Exclude any years that the individual or entity did **not** have taxable income.

C Definition of Average Adjusted Gross Farm Income

<u>Average adjusted gross farm income</u> of a person or legal entity means income or benefits derived from the following sources.

Income Related to Livestock and Crops	Other Types of Income		
Production of livestock, including but not limited to:	The sale of land that has been used for agriculture.		
• cattle, sheep, goats, swine	The sale of easements and development rights		
elk, reindeer, bison, deer	to:		
• horses			
• poultry	farmland, ranchland, or forestry land		
• fish and other aquaculture products used for food	water or hunting		
honeybees.	 environmental benefits. 		
The feeding, rearing, or finishing of livestock.	The rental or lease of land or equipment used		
Products produced by or derived from livestock.	for farming, ranching or forestry operations, including water or hunting rights.		
Production of crops, specialty crops, and unfinished	Any payment or benefit, including benefits		
raw forestry products.	from risk management practices, crop		
	insurance indemnities, and catastrophic risk		
	protection plans.		
The processing, packing, storing, shedding, and	Payments and benefits authorized under any		
transporting of farm, ranch, and forestry	program made applicable to payment		
commodities, including renewable energy.	eligibility and payment limitation rules.		
	Production of farm-based renewable energy.		
Any other activity related to farming, ranching, or forestry as determined by the Deputy Administrator.			
Any income reported on IRS Schedule F or other schedule used by the person or legal entity to report			
income from farming, ranching, or forestry operations to IRS.			
The sale of equipment to conduct farm, ranch, or forestry operations and the provision of production			
inputs and services to farmers, ranchers, foresters, and farm operations, if the average adjusted gross			
farm income is at least 66.66 percent of the average AGI.			

Note: Wages earned from farming are not considered farm income.

188 AGI Definitions and Determinations (Continued)

D Definition of Income from Fishing

<u>Income from fishing</u> means income derived from catching, taking, harvesting, cultivating, or farming aquatic resources such as fish, shellfish, crustacea, and other aquatic forms of animal or vegetable life according to IRS Publication 595 or other applicable IRS instructions.

E Sources of Income Data

Income from farming, ranching, forestry operations, and related activities is:

- recorded on the IRS Schedule F, Form 4835, or comparable form
- any other schedule as allowed by applicable IRS tax code to report farming, ranching, forestry operations, and related activity income
- reflected in and attached to IRS Form 1040 or other appropriate IRS income tax return filed by the person or legal entity with the IRS for tax purposes.

Income from fishing is:

- recorded on IRS Schedule C, or Schedule C-EZ, as allowed by applicable IRS tax code
- reflected in and attached to IRS Form 1040 or other appropriate IRS income tax return filed by the person or legal entity for IRS tax purposes.

A Required AGI Compliance Certifications for Payment Eligibility

AGI compliance certifications (CCC-931 or CCC-933, as applicable, items 1 through 4 and 9 through 11) 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.

B Certifying Compliance

To comply with the AGI requirement for the applicable crop, program, or FY, a person or *--legal entity **must** provide the following:

• CCC-931 or CCC-933 applicable to the year that program benefits are requested

Note: In all cases, CCC-931 or CCC-933, as applicable, items 1 through 4 and 9 through 11, must be completed and signed by the person or legal entity subject to AGI compliance for consent to disclosure of tax information. See paragraph 200.

 documentation showing the person or legal entity is in compliance or a statement for CPA or attorney that the average AGI does **not** exceed the applicable limitation and agreement with all requirements of information disclosure.--*

*--189 Average AGI Compliance Certification (Continued)

C Statements From CPA or Attorney

Statements certifying AGI compliance on behalf of a person or legal entity will only be accepted from licensed CPA's or attorneys and **must** include the following:

- CPA's or attorney's license number
- explanation for the reasons for the statement (see subparagraph D)
- acknowledgement of having reviewed and agrees to:
 - average AGI limitations, definitions, programs involved, and compliance requirements in 7 CFR Part 1400 regulations
 - CPA or attorney has made inquiries and understands the tax years used to calculate the average AGI for applicable years
 - the representations made in the statement may be relied on by the Government to allow program benefits to be retained or received and that a false certification can result in sanctions including criminal sanctions for persons associated with the false representations
 - additional information may be requested by USDA, a review may by conducted by USDA, and further inquiry may be made to IRS to assure that all information filed with USDA by all parties is true, correct, and completed
- relevant information on the most recently filed tax returns for the period in question
- if applicable, a detailed explanation of how the applicable average AGI limitations were not exceeded even though the information on the tax returns indicates otherwise.

Note: Statement from an enrolled agent will **not** be accepted.--*

D Example of CPA or Attorney Statement for AGI Compliance

The following is an example of CPA or attorney statement for AGI compliance certification and verification purposes.

[insert name] [insert street and/or mailing address] [insert city, State ZIP Code]

[insert date]

[insert State Office name] [insert street and/or mailing address] [insert city, State ZIP Code]

I, [insert name], am [insert "a certified public accountant (CPA)" or "an attorney" as appropriate] practicing in [insert city, State]. My license identification number is [insert license number] in [State].

I have been asked by [insert name of producer] to certify that [insert name of producer] is in compliance with the average adjusted gross income (AGI) limitations for the following [insert the applicable program year(s) and limitations], pursuant to section 1604 of the Food, Conservation, and Energy Act of 2008, 7 U.S.C. 1308-3a.

I understand that an inquiry by USDA with the Internal Revenue Service (IRS) has indicated that income tax returns filed with the IRS by [insert name of producer] reported income that may exceed the applicable AGI limits. For purposes of this letter and my representations below, my "certification" is limited only to my knowledge of [insert name of producer federal income tax returns based upon either my preparation of such returns or my readings of those returns that I did not prepare. The preparation or review of these returns was based upon the information provided by [insert name of producer]. [insert name of producer] has represented to me that the information supplied to me is, to the best of [his/her] knowledge, true, correct, and complete. In accordance with Treasury Department Circular No. 230, section 10.34 (d), I relied in good faith without verification upon the information provided by [insert name of producer]; however, I did not ignore the implications of information furnished to, or actually known by me, and I made reasonable inquiries if the information as furnished appeared to be incorrect, inconsistent with an important fact or another factual assumption, or was incomplete. This "certification" does not include any representations or assurances as to the accuracy or completeness of the information contained in [insert name of producer] federal income tax returns or imply that I have performed procedures beyond those required under Circular No. 230. In addition, this "certification" does not include any representations or assurances as to the accuracy or completeness of the information contained in [insert name of producer] federal income tax returns that I did not prepare.

I acknowledge that I have read, understand, and agree to, the terms and conditions of the enclosure (AGI enclosure 1) received by [insert name of producer] with the following conditions.

- I am relying on the information made known to me as noted above. I take no responsibility for information
 outside of the tax return preparation process, unless I relied upon outside information as noted in the end of
 this prepared statement or attachment for the purposes of explanation that [insert name of producer]
 complies with the applicable average AGI limitations.
- I have not been engaged to continually monitor the tax law for this client or to continually monitor factors related to the client's AGI or other tax calculations for the relevant years. Therefore, I am not in a position to notify the government of changes to facts or circumstances (whether or not material) that would make this certification no longer accurate.
- Under Internal Revenue Code Section 7216 and other confidentiality standards, I may only provide client information upon specific written authorization from the client to release such information, including tax return information, to a third party.

The following are correct statements:

- Based on a representation provided by [insert name of producer], or the confirmations of [his/her] e-filed federal income tax returns [insert the applicable tax return form number], the [2005, 2006, and 2007 (if for 2009) or 2006, 2007, and 2008 (if for 2010)] federal income tax returns were timely filed.
- I am not aware of subsequently filed federal income tax returns, whether superseding or amended, other
 than those identified above related to the tax years identified above.

D Example of CPA or Attorney Statement for AGI Compliance (Continued)

• I	understand	d that, consistent with the definitions in 7 CFR Part 1400, "farm income" means income or
b	enefits der	rived from or related to sources and activities listed at 7 CFR § 1400.501, and "nonfarm income" adjusted gross income minus the total farm income."
• A	According t	to the most recent returns filed for the years identified above, [insert name of producer]:
C		d average AGI was \$ based on the following amounts from line 37: the amount entered on line 37 for each tax year.] (Example is for the 2011 program year.)
	Total A	Adjusted Gross Income reported on Line 37 in 2007 Adjusted Gross Income reported on Line 37 in 2008 Adjusted Gross Income reported on Line 37 in 2009
C		d farm average AGI was \$ based on the following amounts: ach tax year and farm AGI amounts for each year.]
	Note:	Farm income does not include wages earned from farming, dividends, oil & gas lease, oil & gas royalties or land damages. Report the net farm income and not the gross farm income.
	Examp	Report the net amount shown on line 36 and not the gross amount shown on Schedule F, line 11.
	Farm Ir	ncome reported in 2007
		ncome reported in 2008
	Farm II	ncome reported in 2009
0		d farm average AGI includes amounts identified on the following line(s) and Schedule(s): [List and Schedules where farm income was reported for each tax year.]
	Lines a	and Schedules used to report Farm income in 2007 and Schedules used to report Farm income in 2008 and Schedules used to report Farm income in 2009
C		d nonfarm average AGI was \$ based on the following amounts: ach tax year and nonfarm AGI amounts for each year.]
	Reporte	ed Nonfarm income in 2007 ed Nonfarm income in 2008 ed Nonfarm income in 2009
[Include t	he followin	g, if applicable.]
this le avera docur [<i>his/h</i>	etter exceed ge AGI lim ment. [inse ner] knowle	lculated [insert "average nonfarm AGI" or "average farm AGI", as applicable] indicated in ds the applicable AGI limitation, I believe that [insert name of producer] complies with the nitation requirements for the reasons that are set forth in detail in the space below or the attached ert name of producer] has represented to me that the attached information is, to the best of edge, true, correct, and complete. I am not aware of any discrepancies and do not have any e otherwise.
I declare t	hat the stat	tements made herein, to the best of my knowledge and belief, are true, correct, and complete.

E Option Available for Spouses for Joint Tax Return Filers

In addition to the Average AGI Compliance Certification requirements in subparagraph A, a person who filed joint tax returns may provide a certification statement from by a CPA or an attorney that includes **both** of the following:

- specifies the manner in which income would have been declared and reported had the persons filed 2 separate tax returns
- the total allocations of income are consistent with the information that supports the filed joint tax returns.

F Example of CPA or Attorney Statement for AGI Compliance for Joint Tax Filers

The following is an example of CPA or attorney statement for AGI compliance certification and verification purposes with the allocation of income between the filers of a joint tax return.

[insert name]

[insert street and/or mailing address.]
[insert City, State ZIP Code]

[insert date]

[insert State Office Name] [insert street and/or mailing address] [insert city, State ZIP Code]

I, [insert name], am [insert "a certified public accountant (CPA)" or "an attorney" as appropriate] practicing in [insert city, State]. My license identification number is [insert license number] in [State].

I have been asked by *[insert name of producer]* to certify that *[insert name of producer]* is in compliance with the average adjusted gross income (AGI) limitations for the following *[insert the applicable program year(s) and limitations]*, pursuant to Section 1604 of the Food, Conservation, and Energy Act of 2008, 7 U.S.C. 1308-3a.

I understand that an inquiry by USDA with the Internal Revenue Service (IRS) has indicated that income tax returns filed with the IRS by [insert name of producer] reported income that may exceed the applicable AGI limits. For purposes of this letter and my representations below, my "certification" is limited only to my knowledge of [insert name of producer] federal income tax returns based upon either my preparation of such returns or my readings of those returns that I did not prepare. The preparation or review of these returns was based upon the information provided by [insert name of producer]. [Insert name of producer] has represented to me that the information supplied to me is, to the best of [his/her] knowledge, true, correct, and complete. In accordance with Treasury Department Circular No. 230, Section 10.34 (d). I relied in good faith without verification upon the information provided by [insert name of producer]; however, I did not ignore the implications of information furnished to, or actually known by me, and I made reasonable inquiries if the information as furnished appeared to be incorrect, inconsistent with an important fact or another factual assumption, or was incomplete. This "certification" does not include any representations or assurances as to the accuracy or completeness of the information contained in [insert name of producer] federal income tax returns or imply that I have performed procedures beyond those required under Circular No. 230. In addition, this "certification" does not include any representations or assurances as to the accuracy or completeness of the information contained in [insert name of producer] federal income tax returns that I did not prepare.

I acknowledge that I have read, understand, and agree to, the terms and conditions of the enclosure (AGI enclosure 1) received by [insert name of producer] with the following conditions:

- I am relying on the information made known to me as noted above. I take no responsibility for information outside of the tax
 return preparation process, unless I relied upon outside information as noted in the end of this prepared statement or
 attachment for the purposes of explanation that [insert name of producer] complies with the applicable average AGI
 limitations.
- I have not been engaged to continually monitor the tax law for this client or to continually monitor factors related to the
 client's AGI or other tax calculations for the relevant years. Therefore, I am not in a position to notify the government of
 changes to facts or circumstances (whether or not material) that would make this certification no longer accurate.
- Under Internal Revenue Code Section 7216 and other confidentiality standards, I may only provide client information upon specific written authorization from the client to release such information, including tax return information, to a third party.

F Example of CPA or Attorney Statement for AGI Compliance for Joint Tax Filers (Continued)

20	09 and 20.	ne tax returns [insert the applicable tax return form number], the [2007, 2008, and 2009 (if for 20.10 (if for 2012)] federal income tax returns which are used to compute Adjusted Gross Income elignar [insert the program year] were timely filed.	
		are of subsequently filed federal income tax returns, whether superseding or amended, other than the dot to the tax years identified above.	ose identifie
		are of any adjustments made by the Internal Revenue Service or any state taxing authority to the federal field above.	deral income
or	related to	that, consistent with the definitions in 7 CFR Part 1400, "farm income" means income or benefits sources and activities listed at 7 CFR § 1400.501, and "nonfarm income" is the total adjusted gross tal farm income".	
No		m income does not include wages earned from farming, dividends, oil & gas lease, oil & gas royalt nages.	ties or land
		the most recent joint returns filed for the years identified above, Mr and Mrs. Farmer's s of producers]:	
0		average AGI was \$based on the following amounts from line 37: amount entered on line 37 for each tax year.] (Example is for the 2011 program year)	
	Total Ac	djusted Gross Income reported on Line 37 in 2007 djusted Gross Income reported on Line 37 in 2008 djusted Gross Income reported on Line 37 in 2009	
0		farm average AGI was \$ based on the following amounts: ch tax year and farm AGI amounts for each year.]	
	Note:	Farm income does not include wages earned from farming, dividends, oil & gas lease, oil & gas r land damages. Report the net farm income and not the gross farm income.	oyalties or
	Example	e: Report the net amount shown on line 36 and not the gross amount shown on line 11 of the Sc	hedule F.
	Farm Inc	come reported in 2007	
		come reported in 2008 come reported in 2009	
0		farm average AGI includes amounts identified on the following line(s) and Schedule(s): es and Schedules where farm income was reported for each tax year.]	
		d Schedules used to report Farm income in 2007	
		d Schedules used to report Farm income in 2008 d Schedules used to report Farm income in 2009	
0		nonfarm average AGI was \$based on the following am- ch tax year and nonfarm AGI amounts for each year.]	ounts:
	Reported	d Nonfarm income for 2007 d Nonfarm income for 2008 d Nonfarm income for 2009	

F Example of CPA or Attorney Statement for AGI Compliance for Joint Tax Filers (Continued)

According	tlan fo	
	ine je	ollowing, if applicable]
(ig to 1	the most recent returns filed for the years identified above, Jane Farmer's:
	S	Reported average AGI would have been \$ based on the following amounts had he/she and spouse filed separate tax returns for each of the applicable years: [List the dollar amount of individual's share of total AGI from line 37 of tax return.]
	I	Note: Salaries are not considered separate income in community property states. Individual's Share of AGI reported on Line 37 in 2007 Individual's Share of AGI reported on Line 37 in 2008 Individual's Share of AGI reported on Line 37 in 2009
· ·	1	reported farm average AGI would have been \$based on the following amounts had [he/she and spouse] filed separate tax returns for each of the applicable years: **TList each tax year and farm AGI amounts for each year.]* Note: Farm income does not include wages earned from farming, dividends, oil & gas lease, oil & gas royalties or land damages. Farm Income reported in 2007 Farm Income reported in 2008 Farm Income reported in 2009
C	<i>l</i> I	reported farm average AGI includes amounts represented on the following line(s) and Schedule(s): **CList lines and Schedules where farm income was reported for each tax year.]* **Lines and Schedules used to report Farm income in 2007 **Lines and Schedules used to report Farm income in 2008 **Lines and Schedules used to report Farm income in 2009 **Lines and Schedules used to report Farm income in 2009
(1 / I I	reported nonfarm average AGI was \$ based on the following amounts had he/she and spouse filed separate tax returns for each of the applicable years: *[List each tax year and nonfarm AGI amounts for each year.] Reported Nonfarm income for 2007 Reported Nonfarm income for 2008 Reported Nonfarm income for 2009
I declare	that t	the statements made herein, to the best of my knowledge and belief, are true, correct, and complete.
(Insert ad	dditio	onal comments if needed.)
Signed		
[insert na	ame o	of CPA or attorney, as applicable], [insert title, "CPA" or "Attorney", as applicable]
Dated: [i	inser	t date]
Enclosur		Attach documents or a spread sheet showing the method of how and why the income was divided between the individuals filing the joint return.)

G 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 noncompliance 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.

H Deadline for AGI Certifications and Consents to Disclose

AGI certification and consent to disclose **must** be submitted:

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

I Multi-County Producers

Individuals or legal entities with multi-county farming interests will submit the required AGI certifications and consents to disclosure only in the recording county.

The recording county will do the following:

- make any AGI compliance determinations, if necessary
- set values in the eligibility files reflective of the certification or determination
- share the information with other counties according to paragraphs 228 and 229.

190 Rules for Special Cases

A Acceptable Documentation

For a person or legal entity, including a foreign person or legal entity that does **not** have tax records or is **not** required to file tax returns, acceptable forms of AGI documentation may include, but are **not** limited to, the following:

- annual budgets and statement of operations
- annual public financial disclosures
- financial statements
- other documentation as deemed acceptable by the reviewing authority.

B Churches, Clubs, Fraternal Organizations, Societies, and Similar Associations

Persons who attend a church or belong to a club, fraternal organization, association, or similar type of entity that is requesting payments or benefits:

- do **not** hold an ownership interest in the entity
- are **not** required to submit an AGI certification for the entity to meet AGI provision.

Note: The church, club, etc. are required to provide an AGI certification.

C Multi-Year Contracts and Agreements

For program contracts and agreements that extend more than 1 crop year, program year, or FY, the average AGI determination will:

• be based on the 3 taxable years preceding the most immediately preceding complete taxable year for which the contract or agreement is approved

Note: For a successor to an approved CRP-1, the 3-year period is based on the approval date of succession, **not** on the original approval date of CRP-1. See

- *--subparagraph G. The approval date of succession is the effective date of change in interest in the CRP land according to 2-CRP.--*
- be made once and apply for the entire term of the contract or agreement.

D Succession-in-Interest

The average AGI limitations, according to this part, do **not** apply to multi-year contracts; such as CRP-1's that were effective **before** October 1, 2008. The average AGI provisions in this part were **not** part of the original contract or agreement when executed.

If succession occurs to a multi-year contract or agreement that was effective:

- **before** FY 2009, the successors **will not** be subject to AGI provisions in this part on the multi-year contract or agreement * * *
- for FY 2009 or subsequent years, the successors **will** be subject to AGI provisions on the multi-year contract or agreement.

Note: See Exhibit 10 for the applicable payment eligibility/limitation rules and forms required for CRP.

E Which AGI Rule Applies to CRP Contracts

This table provides guidance on which:

- payment limitation and rules apply to CRP contracts
- AGI certification form should have been filed or must be filed at the time of contract approval.

Note: Follow subparagraph 189 C to determine which business types are required to file AGI certifications.

Original Contact Approved		Before M	ay 13, 2002		On or After May 13, 2002, and Before October 1, 2008	On or After October 1, 2008
Rex Extended	N	0	Yes			
Contract	No	Yes	No	Yes		
Extended in 2009						
AGI Rule	Not	4-PL	1-PL	4-PL	1-PL	4-PL
Required Form	Subject to	* * *	CCC-526 or	* * *	CCC-526 or	* * * CCC-931
	AGI Provisions	CCC-931	CCC-526C	CCC-931	CCC-526C	

--Notes: For CRP continuous contracts approved between May 13, 2002, and September 30, 2002, that were effective for program year 2002, AGI provisions are not applicable. See 2-CRP, subparagraph 131 A for additional information. CCC-926 may have been used and was acceptable before CCC-931 was made available.--

*--F AGI Requirements for Producers Associated With Original Contracts

Follow this table to determine the requirements for filing an AGI certification form for producers.

Note: See the table in subparagraph E to determine which AGI certification form should be filed.

If the producer is an entity or joint operation, all members with an ownership share are required to file the applicable AGI certification if the entity/joint operation is required to file the certification.

IF the producer's share is	AND the producer is	THEN the AGI certification is
0 percent		not required.
greater than 0 percent	an individualentity without members	required for the producer.
	joint operationentity with members	 required for: the producer, except for a joint operation each member with an ownership share greater than 0 percent.

__*

190 Rules for Special Cases (Continued)

*--G Contract Revisions

This table provides guidance for the requirements for filing an AGI certification form for producers and members of entities and joint operations when a contract is revised for either of the following reasons:

- new producer is added to the CRP contract
- new members are added to an entity or joint operation that has an interest in the CRP contract.

Note: See the table in subparagraph E to determine which AGI certification form should be filed.

If the contract is	AND the new		
revised because	producer has	AND the producer is	THEN an AGI certification is
a new producer was	0 percent share		not required.
added to the contact	a share greater	an individual	required for the year the change became
	than 0 percent		effective for the producer.
		 entity without 	
		members	Example: Producer A has CRP
			contract #2117 with an
			effective date of
			October 1, 2010.
			Producer A sells the land to
			Producer B on
			September 20, 2011.
			Producer B informs the
			County Office on
			January 10, 2012, that he
			purchased the land under
			CRP contract #2117.
			Producer B must file AGI
			forms for 2011 (the year the
			change became effective).
		• joint operation	required as follows for the year the
		• entity with members	producer is added to the contract:
			a the mandages are the six int
			• the producer, except for a joint
			operation
			a and mamber with an apparation
			each member with an ownership share greater than 0 percent.
			share greater than 0 percent.
			See exception in subparagraph H.
			see exception in subparagraph ri.

--*

G Contract Revisions (Continued)

If the contract is	AND the new		
revised because	producer has	AND the producer is	THEN an AGI certification is
an existing producer's share		an individual	required for year the producer was originally added to the contract with a
was increased from 0 percent		• entity without members	0 percent share.
		joint operationentity with members	required as follows for the year the producer was originally added to the contract with a 0 percent share: • the producer, except for a joint
			operation each member with an ownership
			share greater than 0 percent.
a new member is added to a joint			required for year the member was added to the operation with an ownership share
operation or an entity with			greater than 0 percent.
members			See exception in subparagraph H.

H Exception to Year AGI Certification Must Be Filed

If a producer or member of an entity or joint operation was previously associated with the CRP contract, then the original AGI certification continues to apply for that producer or member if their role changes.

Example: John Farmer has 100 percent interest in a CRP contract approved in 2010.

Farmers LLC replaces John Farmer as a producer on the CRP contract in 2012. John Farmer is a member of Farmers LLC and has a 100 percent ownership interest in Farmers LLC.

Because John Farmer was already associated with the contract, the 2010 AGI certification continues to be applicable for John. However, an AGI certification **must** be filed for 2012 for Farmers LLC.

*--I Examples of Applicable AGI Years for Succession to DCP and CRP Contracts

In cases where there are questions on DCP/ACRE or CRP contract provisions, contact the appropriate program division. For AGI questions, contact PECD. In all cases, review 1-DCP or 2-CRP, as applicable. The following are examples of applicable AGI years for succession to DCP/ACRE and CRP contracts:

• **DCP/ACRE Rule**. Use the same rule for both original contract holder and successor to determine which AGI years to use. Start with the program year, skip the previous year, and use the 3 years before that, as follows.

The **2011 program year**, signup occurred October 1, 2010, through June 1, 2011. The contract year is the 2011 program year or FY, October 1, 2010, through September 30, 2011.

- Original contract holder signed the contract in December 2010. 2007, 2008, and 2009 are used for **2011** AGI.
- Successor purchased the land August 1, 2011, and notified the County Office September 1, 2011. County Office approved succession on October 1, 2011. Effective date of succession is August 1, 2011. 2007, 2008, and 2009 are used for 2011 AGI.
- **CRP Rule for Original Contract Holders**. For effective date of contract, see 2-CRP. Skip the previous year of the initial contract year and use the 3 years before the initial year of the contract, as follows.
 - Original contract holder's contract was approved by COC on June 1, 2011. Contract is effective October 1, 2011. First payment is October 2012.
 2007, 2008, 2009 are used for 2011 AGI.
 - Original contract holder's contract was approved by COC on June 1, 2011. Contract is effective October 1, **2012**. First payment is October 2013. 2007, 2008, 2009 are used for **2011** AGI.
- **CRP Rule for Successors.** Start with the date that caused the succession (date the land was purchased; date of inheritance), skip the previous year and use the 3 years before that.
 - Successor purchased land June 1, 2012. County Office is notified August 1, 2012.
 COC approved successor on October 1, 2012. Effective date of succession is determined according to 2-CRP as June 1, 2012.
 2008, 2009, and 2010 are used for 2012 AGI.
 - Successor inherited land June 1, 2012. County Office is notified January 12, 2013. COC approved successor on January 19, 2013. Effective date of succession is determined according to 2-CRP as June 1, 2012. 2008, 2009, and 2010 are used for **2012** AGI.--*

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	amount reported as AGI on the final IRS tax return for the			
tax return	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	income from trade or business activities plus the amount of			
similar type of	guaranteed payments to the members as reported on the final			
organization	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 total taxable income plus the amount of charitable contr				
subchapter S corporation as reported on the final IRS tax return for the application				
a tax-exempt or	unrelated business taxable income as reported to IRS less any			
non-profit organization	income that CCC determines to be from noncommercial sources.			

191 Determining AGI and Average AGI (Continued)

B Using IRS Data for AGI Determinations

This table provides guidance on AGI determinations using data reported to IRS.

IF determining	THEN see			
AGI for	IRS Form	AND use the amount entered on		
corporations 1120		*either of the following:		
		• line 30 (total taxable income) plus line 19 (charitable contributions)		
		• for S corporations, use only IRS-1120S, line 21 (ordinary business income)*		
estates or trusts	1041	line 22 (taxable income) plus line 13 (charitable		
		*deductions) for years 2000 through 2011.		
LLC's, LLP's,	LLC's, LLP's, 1065 line 22 (total income from trade or bus			
LP's, or other		(guaranteed payments to partners) for years 2000		
similar type		through 2011.		
organization				
persons	1040	• line 37 (AGI) for 2005 through 2011		
		• 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	990-T	line 34 (unrelated business taxable income) minus income		
charitable		that CCC determined to be from noncommercial activity		
organizations		for years 2000 through 2011*		

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 this 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, and 2007.
2010	2006, 2007, and 2008.
2011	2007, 2008, and 2009.
2012	2008, 2009, and 2010.
2013	2009, 2010, and 2011

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		
• person	of AGI, including losses, for the 3 taxable years		
	preced	ing the most immediately preceding complete	
• legal entity in business for all	taxable	e year.	
of the applicable 3-year period			
	Note: This includes legal entities not required to file		
	an IRS tax return or legal entities that did n		
		have taxable income in 1 or more years of the	
applicable 3-year period.			
legal entity not in business for all	AGI, ii	ncluding losses for only the years in the base	
of the applicable 3-year period	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	 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 203.8.--*

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: Ty

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.

192 Average AGI Limitations and Payment Eligibility

A Applying Average AGI

The following table shows how different average AGI amounts affect payment eligibility for a person or legal entity under different programs.

*__

Programs and Average AGI Limitations				
Program Payments	Average AGI			
and Benefits	Amount	Income	Average AGI	
Commodity (DCP and	\$500,000	Nonfarm	Adjusted gross nonfarm	
ACRE), Price Support,			income.	
and Disaster Assistance				
DCP and ACRE Direct	\$750,000	Farm	Adjusted gross farm income	
Payments			(must also meet both the	
			\$500,000 nonfarm AGI and the	
			\$1 million AGI limitations).	
DCP and ACRE Direct	\$1 million	Total farm	Adjusted gross income (must	
Payments		and nonfarm	also meet both the \$500,000	
			nonfarm and the \$750,000	
			farm AGI limitations).	
Conservation	\$1 million	Nonfarm	Adjusted gross nonfarm	
			income, unless 66.66 percent	
			or more of the average AGI is	
			average adjusted gross farm	
			income.	
			N	
			Note: May be waived on a	
			case-by-case basis if	
			environmentally	
			sensitive land of special	
			significance would be	
			protected.	

--*

B AGI Examples

*--The following table shows how the application of the average AGI limitations affects the payment eligibility of a person or legal entity under different programs.

Application of the Average AGI Limitations					
			Program Benefits		
Example	Average AGI		Commodity, Price Support, and Disaster Assistance	DCP/ACRE Direct Payment	Conservation
1	Farm	\$750,000	Eligible	Not Eligible	Eligible
	Nonfarm	\$500,000			
	Total AGI	\$1.2 million			
2	Farm	\$750,000	Eligible	Eligible	Eligible
	Nonfarm	\$250,000			
	Total AGI	\$1 million			
3	Farm	\$700,000	Not Eligible	Not Eligible	Eligible
	Nonfarm	\$600,000			
	Total AGI	\$1.3 million			
4	Farm	\$800,000	Not Eligible	Not Eligible	Not Eligible
	Nonfarm	\$1.2 million			
	Total AGI	\$2 million			
5	Farm	\$1 million	Eligible	Not Eligible	Eligible
	Nonfarm	\$0			
	Total AGI	\$1 million			

__*

193 Average AGI Compliance Reviews

A Selecting Cases

Reviews for compliance with average AGI provisions may be:

- initiated by a COC or STC representative
- selected on a nationwide basis by DAFP.

B Verifying Compliance

Information necessary to verify compliance with the average AGI provisions includes, but is not limited to, the following:

- balance sheets
- financial statements
- information prepared for a private lender
- Federal and State income tax returns
- reports prepared for other Government agencies
- other credible information of income for the qualification period
- statement prepared by a certified public accountant or an attorney on behalf of the individual or legal entity that verifies compliance of the individual or legal entity with average AGI provisions for the applicable qualification period.

Note: Federal and State income tax information may be requested by the reviewing authority if that is the only means to establish compliance with the average AGI provisions.

The reviewing authority must safeguard the confidentiality of the information provided.

*--Note: Ensure that information provided by program participants to verify compliance with average AGI provisions is **not** released to others or in response to requests under FOIA.--*

*--193 Average AGI Compliance Reviews (Continued)

C Notification

Program participants selected for review shall be notified in writing of the following:

- nature and reason for the review
- suggested sources and types of information most descriptive and illustrative
- established deadline to provide the information to the reviewing authority
- identity of the reviewing authority
- mailing address of the reviewing authority
- consequences of the failure to timely provide the requesting information.

D Failure to Provide Information

Failure to timely provide correct and accurate information to establish compliance with the average AGI provisions will result in any or all of the following:

- ineligibility for all program payments and benefits subject to the average AGI requirements for the applicable years
- required refund of these program payments and program benefits
- possible prosecution under civil or criminal statutes.

E Written Notice of Ineligibility

If requested information is **not** timely provided to the reviewing authority:

 notify the program participant of their ineligibility for payments and benefits from the applicable programs

Note: See example notification letters in paragraph 204.

include appeal rights according to 1-APP.--*

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.

*--C FSA and NRCS Administrative Responsibilities

See Exhibit 14 for the Memorandum of Agreement between NRCS, FSA, and CCC for implementing common provisions, including payment eligibility and payment limitation provisions, through September 30, 2012.--*

196 Waiving Average AGI Limitation for Conservation Programs Only

A Secretary Waiving Conservation Program Average AGI Limitation

The Secretary may waive the AGI limitation applicable to conservation programs:

- on a case-by-case basis
- to protect environmentally sensitive land of special significance.

B Written Requests

Written requests for consideration of Secretarial waiver **must**:

- •*--be submitted to DAFP--*
- document that land, within or adjacent to the producer's agricultural operation, contains critical resources; such as, but **not** limited to the following:
 - critical groundwater recharge areas
 - historical of cultural resources
 - threatened, endangered, or at-risk species
 - unique wetlands
- do either of the following:
 - show that using conservation program funding by 1 producer is critical to the success
 of the project that benefits multiple producers in a community watershed or other
 geographic area
 - achieve enduring conservation treatment through using long-term agreement (greater than 15 years) or deed restriction on the land.

Note: See the Adjusted Gross Income (AGI) Limitation Waiver Request Worksheet for Conservation Reserve Program in 2-CRP, Exhibit 16.

196 Waiving Average AGI Limitation for Conservation Programs Only (Continued)

C Referral and Review

Any written requests received for average AGI limitation waiver consideration will be subject to a joint review completed by the following:

- NRCS State Conservationist and FSA's SED
- Chief, NRCS, and the Administrator, FSA, or their designees

D Determination and Implementation

Determinations for any waiver of average AGI limitation for conservation program requests will be implemented with the coordination of **both** NRCS and FSA officials, as appropriate.

* * *

A Special Rule for Average AGI Determination

If at least 66.66 percent of a person's or legal entity's average AGI is derived from all other sources of farm income, income from the following, if applicable, shall **also** be considered as farm income:

- sale of equipment to conduct farm, ranch, and forestry operations
- •*--compensation for providing inputs and services to farmers, ranchers, foresters, and--* farm operations.

B Applying the Special Rule for Determining the Average AGI

The following are examples of applying the rule in subparagraph B.

Example 1: Jake has requested 2009 DCP benefits. Jake's total average AGI was \$900,000. His farm AGI was \$650,000 from the production of crops and livestock. His nonfarm AGI was comprised of \$150,000 from his aerial spraying service and \$100,000 from oil and gas royalties.

Facts and figures: Over 66.66 percent of Jake's total AGI was from the production of crops (\$650,000 divided by \$900,000 times 100 equals 72.22 percent). Jake also has nonfarm AGI from his aerial spraying; a custom service to farmers and ranchers, that now **must** be considered farm AGI for payment eligibility purposes.

The result: Jake's farm AGI is now \$800,000 (the total of \$650,000 and \$150,000); nonfarm AGI is \$100,000. Jake's farm AGI exceeds \$750,000. Jake is eligible for 2009 DCP benefits, **except** for direct payments.

Example 2: Wanda has requested 2009 DCP, NAP, and EQIP benefits. Wanda's total AGI was \$3 million. Her farm AGI was \$2.25 million from the production of crops and livestock. Her nonfarm AGI was \$750,000; comprised of \$500,000 for livestock equipment sales and \$250,000 from commercial real estate rental.

Facts and figures: Over 66.66 percent of Wanda's total AGI was from the production of crops and livestock (\$2.25 million divided by \$3 million times 100 equals 75 percent). Wanda also has nonfarm AGI of \$500,000 from livestock equipment sales that now **must** be considered average farm AGI for payment eligibility purposes.

The result: Wanda's farm average AGI is now \$2.75 million (\$2.25 million and \$500,000); nonfarm AGI is \$250,000. Wanda's farm AGI still exceeds \$750,000, but her nonfarm AGI is now less than \$500,000. Wanda is eligible for all program benefits requested, **except** for 2009 DCP direct payments.

198 (Withdrawn--Amend. 12)

199 Verifying Average AGI Certifications

A Required Verification of Average AGI

- *--The review and verification of average AGI compliance certifications submitted by persons or legal entities 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 Schedules for Average AGI Compliance Activities

See:

- Exhibit 11 for the schedule for average AGI compliance actions for 2009 and 2010 crop, program, and FY
- Exhibit 12 for the schedule for average AGI compliance actions for 2011 and 2012 crop, program, and FY.

D State and County Office Duties and Responsibilities

State and County Office duties and responsibilities include the following:

- publicize average AGI limitation provisions
- •*--provide persons or legal entities copies of CCC-929, CCC-931, and CCC-933
- make available the fact sheets on the average AGI provisions and the AGI verification process
- emphasize the importance that all program participant persons or legal entities timely complete and submit CCC-931 and CCC-933.--*

200 Disclosing Information

A Written Consent for IRS to Disclose Information

- *--The average AGI verification process begins with persons or legal entities providing written consent to IRS to:
 - use tax information on file
 - disclose certain tax-related information to CCC/FSA for AGI compliance verification purposes.

B Consent From an Individual

CCC-931 or CCC-933 is to be used by an individual with a Social Security number that is either of the following:

- a program participant in 2009 and subsequent years
- a member of a legal entity that is a program participant.

C Consent From a Legal Entity

CCC-931 or CCC-933 is to be used by a legal entity with EIN that is either of the following:

- a program participant in 2009 and subsequent years
- a member of another legal entity that is a program participant.

Note: CCC-931 or CCC-933 must be submitted under the same name and TIN as used for tax filing purposes.

Example: A revocable trust identified by the grantor's Social Security number must submit CCC-931 or CCC-933 for an individual with the grantor's name. The name of the revocable trust shall **not** be included on CCC-931 or CCC-933. The County Office shall update the AGI compliance values in the revocable trust's Producer Eligibility file according to the grantor's certifications on CCC-931 or CCC-933.--*

D Time Period of Consent for Disclosure

- *--Selection of the 2009 and subsequent program year applies to persons or legal entities:
 - in programs subject to 2009, 2010, 2011, 2012, or 2013 average AGI compliance
 - who filed CCC-931 or CCC-933 an acceptable statement from CPA or attorney for 2009 and subsequent year average AGI compliance and information disclosure.

Note: Persons or legal entities are to select only the year for which program payments are requested.

E Validity of Written Consent

Consent for the disclosure of tax information is valid only if received by IRS within 120 calendar days of the signature date affixed on CCC-931 or CCC-933.

F Privacy and Confidentiality Safeguards

Follow the actions described in the following table to safeguard the privacy and confidentiality of the information provided by the program participants.

IF the person or legal entity is required to	THEN FSA personnel are required to	
complete CCC-931 or CCC-933, as:	• accept all CCC-931's and CCC-933's	
	for program participants	
• an individual		
	• review CCC-931's and CCC-933's	
a legal entity	for:*	
• a member of a legal entity or joint	complete name	
operation	 correct address 	
	• TIN	
	year selection	
	 signature and related authorities 	
	• signature date.	

F Privacy and Confidentiality Safeguards (Continued)

*__

· ••	
IF the person or legal entity is required	
to	THEN FSA personnel are required to
provide or mail completed CCC-931's and	for all CCC-931's and CCC-933's accepted from
CCC-933's directly to the FSA County Office	participants and determined:
or Service Center at the address specified on	
CCC-931 or CCC-933	• incorrect or incomplete:
	 return CCC-931 or CCC-933 to the participants assist the participants to correctly complete CCC-931 or CCC-933
	• correct:
	date stamp with current receive date
	make and retain a copy of CCC-931's and CCC-933's for producer eligibility files
	collect and bundle in groups of 100 or less all CCC-931's and CCC-933's accepted as correct
	• complete and include 2 copies of IRS-3210
	 send bundles by USPS on a regular basis to IRS at the address specified on IRS-3210
	Notes: If receipts total more than 100 per workweek, group and mail more than once weekly.
	See Exhibit 8 for an example of a completed IRS-3210.
	USPS First-Class mail exception applies.
coordinate the annual filing of CCC-931 and	coordinate the sending of CCC-931's and
CCC-933 with the filing of an application or a	CCC-933's to IRS with the actions of recording the
request for payments and benefits under all	average AGI certification values from the
programs subject to the average AGI	participant's CCC-931's and CCC-933's in the
limitations	web-based eligibility files.

Note: A completed CCC-931 or CCC 933 must be received by IRS within 120 calendar days of the signature date affixed by the person or legal entity for the consent to disclosure of tax information to be considered valid.--*

200 Disclosing Information (Continued)

*--G CCC-929, CCC-931, and CCC-933 Availability

Blank CCC-929, CCC-931, and CCC-933 will be available:

- to all participants of 2009 and subsequent year programs subject to AGI compliance
- at each FSA Service Center
- online at http://intranet.fsa.usda.gov.

H Incomplete or Illegible CCC-931's and CCC-933's

All CCC-931's and CCC-933's received and considered unacceptable by IRS will:

- be returned to the FSA Service Center's address listed on CCC-931 or CCC-933
- include a letter of explanation
- include the requirement to submit a new, completed CCC-931 or CCC-933.

FSA Service Center personnel will contact the person or legal entity to:

- explain the reasons for rejection
- assist the person or legal entity in correctly completing and submitting to FSA a correct CCC-931 or CCC-933.

Note: See Exhibit:

- 13 for the IRS letter of explanation
- 13.5 for explanation of IRS rejection message and recommended FSA actions.

I Failure to Submit Completed CCC-931's or CCC-933's

Persons or legal entities that choose **not** to submit a completed CCC-931 or CCC-933 will be:

- determined noncompliant with the AGI limitations for the 2009 and subsequent year crop, program, and FY's
- determined ineligible for program benefits for the year or years that benefits were requested
- required to refund **all** 2009 and subsequent year payments received under the--* programs, subject to the average AGI limitations.

*--200.5 Average AGI Compliance Certification and Consent to Disclosure of Tax Information

A Acceptance of CCC-931's and CCC-933's

County Offices shall accept **only** complete CCC-931's and CCC-933's. A complete CCC-931 or CCC-933 consists of either of the following:

- CCC-931 or CCC-933 with all items completed
- CCC-931 or CCC-933 with items 1 through 4 completed, Part B signed by the person or legal entity, and a statement from an attorney or CPA that meets the requirements in subparagraph 189 B.

If a person or legal entity chooses to provide an attorney or CPA statement, both the statement and CCC-931 or CCC-933 **must** be submitted to the County Office **before** CCC-931 or CCC-933 is considered complete and AGI compliance values may be updated in the Producer Eligibility file. The County Office shall:

- send the original CCC-931 or CCC-933 to IRS as provided in subparagraph 200 E
- attach the statement to the copy of CCC-931 or CCC-933 retained by FSA.

B FAXed and Scanned CCC-931's or CCC-933's

FAXed and scanned CCC-931's or CCC-933 may be accepted if:

- all requirements of 1-CM, paragraph 680 are met
- these actions do **not** alter the existing fiduciary capacities or approved signature authorities.

C Signature Authority for CCC-931's and CCC-933's

The authority for an individual to complete and sign CCC-931 or CCC-933 on behalf of--* another individual or legal entity:

- **must** be compatible and acceptable to **both** FSA and IRS
- is more restrictive than 1-CM provisions for FSA program purposes.

Note: FSA-211 **cannot** be used as evidence of signature authority.

*--200.5 Average AGI Compliance Certification and Consent to Disclosure of Tax Information (Continued)

C Signature Authority for CCC-931's and CCC-933's (Continued)

The following table provides the authorizations that are compatible and acceptable to **both** FSA and IRS for CCC-931 or CCC-933.

	Acceptable for CCC-931	
Authority/Authorization	or CCC-933	Explanation, Comments, and Restrictions
Individual for a legal	Yes	Relationship to the legal entity must be
entity.		included in the signature block. See 1-CM,
		paragraph 711.
Parent or legal guardian	Yes	Relationship to minor child must be included in
for a minor child.		the signature block. See 1-CM, paragraph 677.
Durable power of attorney.	Yes	FSA accepts a durable power of attorney for
		FSA program-related purposes on review and
		approval of OGC. See 1-CM, paragraphs 728,
		729.4, and 729.6.
		IRS accepts durable powers of attorney for tax filing and related purposes, if the
		attorney-in-fact has full authority to represent
		the grantor in all Federal tax matters. Copies of
		durable powers of attorney must be attached to
		CCC-931's and CCC-933's when submitted to
		IRS.
FSA-211.	No	Not acceptable to IRS.
Living spouses for each	No	Not acceptable to IRS.
other.		77
IRS-2848.	No	Not acceptable to FSA.

D Filing CCC-931's or CCC-933's for Deceased Persons

CCC-931 or CCC-933 for an individual, now deceased, may be filed by any of the--* following:

- surviving spouse
- individual other than surviving spouse who is authorized to represent the deceased individual
- entity responsible for filing, or will cause the filing, of the final Federal tax return for the deceased individual.

*--200.5 Average AGI Compliance Certification and Consent to Disclosure of Tax Information (Continued)

D Filing CCC-931's or CCC-933's for Deceased Persons (Continued)

Proof of authorization **must** be provided by all individuals and entities, **except** the surviving spouse. Proof of authorization includes, but is **not** limited to, the following:

- court order of appointment
- trust agreement
- will.

Proof of authorization to represent the deceased individual **must** be attached to CCC-931 or CCC-933 when referred to the IRS.

Consult with the regional attorney on all questionable cases.

This policy is applicable **only** to CCC-931's and CCC-933's because filing CCC-931's or CCC-933's:

- will ordinarily be a 1-time occurrence
- is compatible with the IRS requirements applied to tax and related forms filed with the IRS on behalf of deceased individuals
- is consistent with the regulation at 7 CFR Part 707 in that the claimant for such payment or benefit earned by the deceased individual when living now has authority to seek or apply for the decedent's payment.

Policy in this subparagraph is for CCC-931's and CCC-933's **only**. Follow 1-CM for--* signature authority and processing all other forms for FSA and CCC program purposes.

--200.5 Average AGI Compliance Certification and Consent to Disclosure of Tax-- Information (Continued)

E Completing CCC-931's for 2009 and Subsequent Years

Complete CCC-931's according to the following table.

Item	Instruction		
1	Enter name and address of the FSA County Office or Service Center of the		
	recording county of the person or legal entity.		
2	Enter the name and address of the person or legal entity that is requesting benefits under any of the commodity, price support, conservation, or disaster assistance programs.		
	Note: Enter the same name and address as used on filed tax returns if the name and address on record at FSA is different.		
3	Enter complete SSN or TIN of the person or legal entity represented in item 2.		
4	Select the year for which program benefits are being requested. Select only 1.		
	Note: The year selected determines the 3-year period that will be used in the calculation of the applicable average AGI for payment eligibility.		
5	Select the response that describes the average AGI (all income from both farm and nonfarm sources) for the applicable 3-year period selected in item 4. Select only 1.		
6	Select the appropriate response that describes whether or not the average adjusted gross farm income for the applicable 3-year period selected in item 4 was at least 66.66 percent of the average AGI, both farm and nonfarm income. This AGI is the amount of AGI reported to IRS.		
	If "YES" is selected, and if income includes the sale of farm equipment or production inputs and services to farmers, ranchers, foresters and farming operations, review the definition of farm income on CCC-931, page 2.		
	Example: Jake has requested 2012 DCP benefits. Jake's average AGI was \$900,000. His farm AGI was \$650,000 from the production of crops and livestock.		
	His nonfarm AGI was comprised of \$150,000 from his aerial spraying service and \$100,000 from oil and gas royalties.		
	Over 66.66 percent of Jake's total AGI was from the production of crops (\$650,000 divided by \$900,000 times 100 equals 72.22 percent). Jake also has nonfarm AGI from his aerial spraying; a custom service to farmers and ranchers, that now must be considered farm AGI for payment eligibility purposes.		
	Jake's farm AGI is now \$800,000 (the total of \$650,000 and \$150,000); nonfarm AGI is \$100,000. Jake's farm AGI exceeds \$750,000. Jake is eligible for 2012 DCP benefits, except for direct payments.		

--200.5 Average AGI Compliance Certification and Consent to Disclosure of Tax-- Information (Continued)

E Completing CCC-931's for 2009 and Subsequent Years (Continued)

Item	Instruction				
7	Select the response that describes the average adjusted gross farm income for the				
	applicable 3-year period for the program year selected in item 4. Adjusted gross				
	farm income is determined separately for each of the 3 years and then averaged to				
	determine the average adjusted gross farm income used on CCC-931.				
	Note: Adjusted gross farm income is not the same as the gross farm income reported to IRS. Adjusted gross farm income for FSA purposes is comparable to the net income from farming and related operations. In many cases, this may be the same as the "Net Farm Profit" or "Loss" determined				
	on Schedule F of IRS-1040. However, FSA's definition of adjusted gross				
	farm income also includes income from the sale of items such as agricultural				
	related land, breeding livestock, and agricultural/conservation easements.				
	Additionally, it is important to consider if income was received from the				
	sale of farm related equipment and/or if income was received from the				
	sale of production inputs and services before answering this question.				
	Usually, income from these items is not considered farm income. However,				
	if the income from farming is at least 66.66 percent of the total AGI from all sources, both farm income and nonfarm income, a special rule applies and income from these items must be included in the adjusted gross farm income. See the definition of farm income on CCC-931, page 2 for full				
0	details of what to include in adjusted gross farm income.				
8	Select the response that describes the average adjusted gross nonfarm income for the applicable 3-year period for the program year selected in item 4. Adjusted gross nonfarm income is determined separately for each of the 3 years and then averaged to determine the average adjusted gross nonfarm income used on CCC-931.				
	Adjusted gross nonfarm income is determined by subtracting the adjusted gross				
	farm income for a tax year from the AGI as reported to IRS for the tax year.				
9	Read the acknowledgments, responsibilities and authorizations, before affixing				
	signature.				
	For all types of entities, CCC-931 must be signed by a duly authorized				
	representative.				
10	Enter the title or relationship if signing in a representative capacity.				
11	Enter the signature date in month, day, and year format.				

F Example of CCC-931

The following is an example of a completed CCC-931.

NOTE: The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a - as amended). The author the Commodity Credit Corporation Charler Act (15 U.S. C. 714 et s.g.), and the Food. Conservation, and Energy Act for program benefits. The information collected on this form may be disclosed to other Federal. State, Local govern authorized access to the information by statute or regulation and/or as described in applicable Fourtine Uses identifies (Automated). Providing the requested information is voluntary. However, failure to furnish the requested information information collection is exempted from the Paperwork Reduction Act as it is required for the administration of the Subtitle F - Administration. The provisions of appropriate criminal and civil fraud, privacy, and other statutes may be FORM TO FSA AT THE ABOVE ADDRESS. 2. Name and Address of Individual or Legal Entity (Including Zip Code) 3. Taxpayer Id	ct of 2008 (Pub. L. 110-246). The information will be used to determine eligit iment agencies, Tribal agencies, and nongovernmental entities that have bee ed in the System of Records Notice for USDA/FSA-2, Farm Records File
AVERAGE ADJUSTED GROSS INCOME (AGI) CERTIFICATION AND CONSENT TO DISCLOSURE OF TAX INFORMATION NOTE: The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a - as amended). The author the Commodity Credit Corporation Charter Act (15 USC. 714 et. seg.), and the Food. Conservation, and Energy Act for program benefits. The information collected on this form may be disclosed to other Federa's, Local govern authorized access to the information by statute or regulation and/or as described in applicable Routine Uses identific (Automated). Providing the requested information is voluntary. However, failure to furnish the requested information information collection is exempted from the Paperwork Reduction Act, as it is required for the administration of the F Subtifies F - Administration.) The provisions of appropriate criminal and civil fraud, privacy, and other statutes may be FORM TO FSA AT THE ABOVE ADDRESS. 2. Name and Address of Individual or Legal Entity (Including Zip Code) 3. Taxpayer Individual;	1234 Dodge Rd. Somewhere, OK XXXXX-XXXX (Name and address of FSA county office or USDA Service Center or type for requesting the information identified on this form is 7.CFR Part 1400 of of 2008 (Pub. L. 110-240). The information will be used to determine eligit ment agencies. Tribal agencies, and nongovernmental entities that have bee ed in the System of Records Kolice for USDAFS-A2-Farm Records File
AND CONSENT TO DISCLOSURE OF TAX INFORMATION NOTE: The following statement is made in accordance with the Privacy Act of 1974 (5 USC 552a - as amended). The author the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et. seq.), and the Food. Conservation, and Energy Act for program benefits: The information collected on this form may be disclosed to other Federal. State, Local govern authorized access to the information by statute or regulation and/or as described in applicable Routine Uses identific (Automated). Providing the requested information is voluntary. However, failure to furnish the requested information information collection is exempted from the Paperwork Reduction Act, as it is required for the administration of the F Subtile F - Administration.) The provisions of appropriate criminal and civil fraud, privacy, and other statutes may be FORM TO FSA AT THE ABOVE ADDRESS. 2. Name and Address of Individual or Legal Entity (Including Zip Code) 3. Taxpayer Individual;	1234 Dodge Rd. Somewhere, OK XXXXX-XXXX (Name and address of FSA county office or USDA Service Center or type for requesting the information identified on this form is 7.CFR Part 1400 of of 2008 (Pub. L. 110-240). The information will be used to determine eligit ment agencies. Tribal agencies, and nongovernmental entities that have bee ed in the System of Records Kolice for USDAFS-A2-Farm Records File
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FORM TO FSA AT THE ABOVE ADDRESS. 2. Name and Address of Individual or Legal Entity (Including Zip Code) Jack State 1. 1. 1. 1. 1. 1. 1. 1	Food, Conservation, and Energy Act of 2008 (Pub. L. 110-246, Title I,
Individual; o	
	dentification Number (TIN) (Social Security Number for or Employer Identification Number for Legal Entity)
Villadat Earla dila Elvottori EEO	o. Improyer ruenament manifest for Ingar India,
9650 Circle Rd.	VV VVVVVVV
Some Town, OK XXXXX-XXXX	XX-XXXXXXX
Enter the same name and address as used for the tay return enceilled in Part P.)	
Enter the same name and address as used for the tax return specified in Part B.) PART A – CERTIFICATION OF AVERAGE ADJUSTED GROSS INCOME	
l. Select the program year for payment eligibility (Check only one)	
The 3-year period for calculation of the average AGI will	The 3-year period for calculation of the average AGI will k
A. 2009 be the taxable years of 2007, 2006 and 2005. C. 201	the taxable years of 2005, 2000 and 2007.
B. 2010 The 3-year period for calculation of the average AGI will be the taxable years of 2008, 2007 and 2006.	The 3-year period for calculation of the average AGI will be the taxable years of 2010, 2009 and 2008.
5. I certify that the average adjusted gross income (both 6. Of the average adjusted gross	s income (both
farm and nonfarm income) of the individual or legal farm and nonfarm income) of the entity in Item 2 (for the year selected in Item 4) was: legal entity in Item 2 (for the year selected in Item 4) was:	the individual or adjusted gross income of the individual or le
Item 4), was at least 66.66 per	
A. X Less than (or equal to) \$1,000,000 farming, ranching or forestry o	operations? of farm equipment or production inputs and
B.	services to farmers, ranchers and foresters NO must be included as farm income.
	2 (fact the management of a placeted in Itams 4) was
	em 2 (for the program year selected in item 4) was.
A. X Less than (or equal to) \$750,000 B. More than \$750,000	
PART B – CONSENT TO DISCLOSURE OF TAX INFORMATION Pursuant to 26 U.S.C. §6103, I hereby authorize the Internal Revenue Service (IRS) to rev defined in 26 U.S.C. §6103(b)(2)) from the returns (as specified below) of the individual o	
indicated in Item 4:	
	A, 1120C filers: charitable contributions, taxable income
Form 1041 filers: farm income or loss, charitable contributions, income distribution deductions, exemptions, adjusted total income; total income Form 1120S filers	s: ordinary business income
Form 1065 filers; guaranteed payments to partners, ordinary business income Form 990T: unrel	lated business taxable income
understand the IRS will review these items of return information in order to perform calculations, the results he United States Department of Agriculture (USDA) for use in determining the individual's or legal entity's el conservation programs. The calculations performed by the IRS use a methodology prescribed by the USDA eceived for compliance purposes related to this eligibility determination, including referrals to the Departmer	ligibility for specified payments for various commodity and A. In addition, I am aware that the USDA may use the information
Specially, the IRS will disclose to the USDA the individual's or legal entity's name and TIN, and inform the Us ncome (AGI) is above or below eligibility requirements as prescribed by the Food, Conservation and Energy eturn from which the information used for the calculations was obtained.	ISDA if, pursuant to its calculations, the average Adjusted Gross y Act of 2008. The IRS will also disclose to the USDA the type of
f the IRS is unable to locate a return that matches the taxpayer identity information provided above, or if IRS of the taxable years indicated, the IRS may disclose that it was unable to locate a return, or that a return was	
An approved Power of Attorney (Form FSA-211) on file with USDA cannot be used as evidence of sig	gnature authority when completing this form.
By signing this form: _ I acknowledge that I have read and reviewed all definitions and requirements on Page 2 of this	s form;
- I certify that all information contained within this certification is true and correct; and is consist	stent with the tax returns filed with the IRS;
I agree to authorize CCC to obtain tax data from the IRS for AGI compliance verification purpor	
 I am aware that without this consent to disclosure, the returns and return information of the in are protected by law under the Internal Revenue Code; 	ndividual or legal entity identified in Item 2 are confidential an
 I certify that I am authorized under applicable state law to execute this consent on behalf of the 	
Signature (By) 10. Title/Relationship of the Indivi Representative Capacity for a	
/s/ William A. Farmer President, Wildcat L	Land and 02-10-2012
Livestock LLC	
The U.S. Department of Agriculture (USDA) prohibits discrimination in all of its programs and activities on th applicable, sex, marital status, familial status, parental status, religion, sexual orientation, political beliefs, ge	

F Example of CCC-931 (Continued)

CCC-931 (12-07-11)

Page 2 of 2

GENERAL INFORMATION ON AVERAGE ADJUSTED GROSS INCOME - PART A

Individuals or legal entities that receive benefits under most commodity and conservation programs administered by CCC cannot have incomes that exceed certain limits set by law. For entities, both the entity itself, and its members cannot exceed the income limitations. If a member, whether an individual or an entity, of an entity exceeds the limitations payments to that entity will be commensurately reduced according to that member's direct or indirect ownership share in the entity. (All members of the entity must also submit this form to verify income limitations are met.)

Adjusted Gross Income is the individual's or legal entity's IRS-reported adjusted gross income consisting of both farm and nonfarm income. A three year average of that income will be computed for the three years of the relevant base period identified on the first page of this form to determine eligibility for the applicable program year. For 2012 only, individuals or legal entities with average adjusted gross income greater than \$1 million shall be ineligible for direct payments under the Direct and Counter-cyclical Program

Adjusted Gross Farm Income is the part of the yearly adjusted gross income that is farm income. The amount is computed separately for each year 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; productor for forestry production of specialty crops and unfinished raw forestry productics; 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 operation; payments and benefits from risk management practices, crop insurance indemnities, catastrophic risk protection plans, consevition program and government farm program payments. Individuals or legal entities with average adjusted gross farm income greater than \$750,000 shall be ineligible for direct payments under the Direct and Counter-cyclical Program

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 is computed separately for each year and then averaged. Individuals or legal entities with average adjusted gross nonfarm income that exceeds \$500,000 shall be ineligible for commodity program payments, price support benefits, diseaster assistance programs, and for the Milk Income Loss Compensation Program. Additionally, individuals or legal entities with average adjusted gross _nonfarm income exceeding \$1 million will be ineligible for new contacts or participation in conservation programs after October 1, 2008, unless at least 66.66% of their total average adjusted gross income (sum of farm and nonfarm income) is generated from activities related to farming.

HOW TO DETERMINE ADJUSTED GROSS INCOME

Individual – Internal Revenue Service (IRS) Form 1040 filers, specific lines on that form represent the adjusted gross income and the income from farming, ranching, or forestry operations.

Trust or Estate - the adjusted gross income is the total income and charitable contributions reported to IRS

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 – 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 – the adjusted gross income is the unrelated business taxable income excluding any income from non-commercial activities as reported to the IRS.

GENERAL INFORMATION ON CONSENT TO DISCLOSURE OF TAX INFORMATION - PART B

This consent 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 consent also permits the USDA to receive certain items of return information for its eligibility determination.

This consent 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 not 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.

This form can only be signed by the person authorized under state law to sign this consent for the legal entity identified in Item 2. <u>An approved Power of Attorney</u> (Form FSA-211) on file with USDA cannot be used as evidence of signature authority when completing this form.

INSTRUCTIONS FOR COMPLETION OF CCC-931

	Item No./Field name	Instruction
1.	Return Completed Form To	Enter the name and address of the FSA county office or USDA service center where the completed CCC-931 will be submitted.
2.	Person or Legal Entity's Name and Address	Enter the person's or legal entity's name and address for commodity, conservation, price support, or disaster program benefits. Enter the name and address as it appeared on the IRS tax returns filed for the taxable years specified in Item 4.
3.	Taxpayer Identification Number	In the format provided, enter the <u>complete</u> taxpayer identification number of the person or legal entity identified in Item 2. This will be either a Social Security Number or Taxpayer Identification Number.
4.	Program Year	Select the year for which program benefits are being requested. The selection indicates the 3-year period used for the determination of the average adjusted gross income for payment eligibility and the years for which this consent allows access to tax information.
5.	Average Adjusted Gross Income	Select the box next to the response that describes the average adjusted gross income for the applicable 3-year period for the program year selected in Item 4. Select only one response.
6.	Average Adjusted Gross Income from Farming, Ranching or Forestry	Select the appropriate response to indicate whether or not at least 66.66 percent of the average adjusted gross income was derived from farming, ranching, or forestry operations during the applicable 3-year period selected in Item 4. Select "YES" or "NO" as applicable.
7.	Average Adjusted Gross Farm Income	Select the box next to the response that describes the average adjusted gross farm income for the applicable 3-year period for the program year selected in Item 4. Select only one response.
8.	Average Adjusted Gross Nonfarm Income	Select the box next to the response that describes the average adjusted gross nonfarm income for the applicable 3-year period for the program year selected in Item 4. Select only one response.
9.	Signature	Read the acknowledgments, responsibilities and authorizations, <i>before</i> affixing your signature.
10.	Title/Relationship	Enter title or relationship to the legal entity identified in Item 2.
11.	Date	Enter the signature date in month, day and year. This form must be returned to FSA within 90 days of the signature date for the consent to be valid.

G Important Elements and References

The following CCC-931 shows important elements and references.

CC-931 2-07-11) U.S. DEPARTMENT OF AGRICULTU Commodity Credit Corporation AVERAGE ADJUSTED GROSS INCOME (AG AND CONSENT TO DISCLOSURE OF TAX OTE: The following statement is made in accordance with the Privacy Act of 197 the Commodity Credit Corporation Charter Act (15 U.S.C. 1714 et seq.): an for program benefits. The information collected on this form may be disclo authorized access to the information by statute or regulation and/or as des (Automated). Providing the requested information is voluntary: Hover, information collection is exempted from the Paperwork Reduction Act, as it Subtitle F- Administration). The provisions of appropriate criminal and civil FORM TO FSA AT THE ABOVE ADDRESS. Name and Address of Individual or Legal Entity (Includin Idame and address used for tax filling	I) CERTIFICATION INFORMATION 4 (5 USC 552a - as amended). The authority of the Food, Conservation, and Energy Ac sed to other Federal, State, Local governiebed in applicable Routine Uses identification to furnish the requested information is required for the administration of the Fill Ifraud, privacy, and other statutes may be the graph of the Conservation of the Fill Ifraud, privacy, and other statutes may be the graph of the Conservation of the Fill Ifraud, privacy, and other statutes may be the graph of the Conservation of the Fill Ifraud, privacy, and other statutes may be the graph of the Conservation of the Fill Ifraud, privacy, and other statutes may be the graph of the Conservation of the Fill Ifraud, privacy, and other statutes may be the conservation of the Fill Ifraud, privacy, and other statutes may be the conservation of the Fill Ifraud, privacy, and other statutes may be the conservation of the Fill Ifraud, privacy, and other statutes may be the conservation of the Fill Ifraud, privacy, and other statutes may be the conservation of the Fill Ifraud, privacy, and other statutes may be the conservation of the Fill Ifraud, privacy, and other statutes may be the conservation of the Fill Ifraud, privacy, and other statutes may be the conservation of the Fill Ifraud, privacy, and other statutes may be the conservation of the Fill Ifraud, privacy, and other statutes may be the conservation of the Fill Ifraud, privacy, and other statutes may be the conservation of the Fill Ifraud, privacy, and other statutes may be the conservation of the Fill Ifraud, privacy, and other statutes may be the conservation of the Fill Ifraud, privacy, and other statutes may be the conservation of the Fill Ifraud, privacy, and other statutes may be the conservation of the Fill Ifraud, privacy, and other statutes may be the conservation of the Fill Ifraud, privacy, and other statutes may be the conservation of the Fill Ifraud, privacy, and other statutes may be the conservation of the Fill Ifraud, privacy, and other statutes ma	t of 2008 (Pub. L. 110-246). The information will be used to diment agencies. Tribbal agencies, and nongovernmental entities to lin the System of Records Notice for USDA/FSA-2. Farm Renormality and elementation of ineligibility for program benefit code, Conservation, and Energy Act of 2008 (Pub. L. 110-246), applicable to the information provided. PLEASE RETURN C	that have been cords File ts. This
AND CONSENT TO DISCLOSURE OF TAX The following statement is made in accordance with the Privacy Act of 197 the Commodity Gredit Corporation Charter Act (15 U.S.C. 744 <u>et 1.502</u>), an for program benefits. The information by statute or regulation and/or as des authorized access to the information by statute or regulation and/or as des (Automated). Providing the requested information in volunlary. However, information collection is exempled from the Paperwork Reduction Act, as i Subtitle F- Administration). The provisions of appropriate criminal and ovin FORM TO FSA AT THE ABOVE ADDRESS. Name and Address of Individual or Legal Entity (Includin	INFORMATION 4 (5 USC 552a - as amended). The author of the Food, Conservation, and Energy A seed to other Federal, State, Local governited in applicable Routine Uses identification for furnish the requested information is required for the administration of the set of the travel, privacy, and other statutes may be agreed to the statute of the administration of the set of the travel, privacy, and other statutes may be agreed to the statute of the set of the s	recording County Office. Name at (subparagraph 189 F) tof 2008 (Pub. L. 110-246). The information will be used to d ment agencies, intolar agencies, and nongovernmental entities of in the System of Records Notice for USDAPSA-2. Farm Re- will result in a determination of ineligibility for program benefit ood, Conservation, and Energy Act of 2008 (Pub. L. 110-246). applicable to the information provided. PLEASE RETURN C	1400; etermine eligibility that have been cords File ts. This
FORM TO FSA AT THE ABOVE ADDRESS. Name and Address of Individual or Legal Entity (Includin	ng Zip Code) 3. Taxpayer Id		IND I;
			OMPLETED
lame and address used for tax filing		entification Number (TIN) (Social Security Nor Employer Identification Number for Legal	
urposes if different than current FSA becords. (subparagraph 200 C)	n Part B.) SS INCOME		
Select the program year for payment eligibility (Check b			
A. 2009 The 3-year period for calculation of the avers be the taxable years of 2007, 2006 and 2005. B. 2010 The 3-year period for calculation of the avers be the taxable years of 2008, 2007 and 2006.	G.	The 3-year period for calculation of the average the taxable years of 2010, 2009 and 2008.	
I certify that the average adjusted gross income (both farm and nonfarm income) of the individual or legal entity in Item 2 (for the year selected in Item 4) was: A. Less than (or equal to) \$1,000,000 B. More than \$1,000,000	Of the average adjusted from and nonfarm inco Select legal entity in Item 2 (from 17), was at least 6 farming, ranching or fo (Subp. A. YES B.	ct only the year for which ram benefits were requested.	he average ual or lega ing or the sale uts and resters
	a la distributa ante est estimate in the	0.6	
I certify that the average adjusted gross <u>farm income</u> of th		m 2 (for the program year selected in Item 4) v	as:
	ore than \$750,000		
I certify that the average adjusted gross nonfarm income	of the individual or legal entity i	n Item 2 (for the program year selected in Item	4) was:
A. Less than (or equal to) \$500,000 B. Mor	e than \$500,000 but less than	(or equal to) \$1,000,000 C. More tha	n \$1,000,000
ART B – CONSENT TO DISCLOSURE OF TAX INFORMATI Irsuant to 28 U.S.C. §6103, I hereby authorize the Internal infined in 26 U.S.C. §6103(b)(2)) from the returns (as specificiated in Item 4:	Revenue Service (IRS) to rev	iew the following items of "return informati r legal entity identified in Item 2 for the tax:	on" <i>(a</i> s able years
rm 1040 and 1040NR filers; farm income or loss; adjusted gross i rm 1041 filers; farm income or loss, charitable contributions, inco stribution deductions, exemptions, adjusted total income; total in rm 1056 filers; guaranteed payments to partners, ordinary busine	ome Form 1120S filers:	<u>, 1120C filers</u> : charitable contributions, taxable ir ; ordinary business income ated business taxable income	come
nderstand the IRS will review these items of return information in order be United States Department of Agriculture (USDA) for use in determining nservation programs. The calculations performed by the IRS use a machine	r to perform calculations, the results ng the individual's or legal entity's el ethodology prescribed by the USDA.	of which I authorize to be disclosed to officers and er igibility for specified payments for various commodity . In addition, I am aware that the USDA may use the	and
ecially, the IRS will disclose to the USDA the individual's or legal entity come (AGI) is above or below eligibility requirements as prescribed by urn from which the information used for the calculations was obtained.	the Food, Conservation and Energy	Act of 2008. The IRS will also disclose to the USDA	the type of
he IRS is unable to locate a return that matches the taxpayer identity in the taxable years indicated, the IRS may disclose that it was unable to	nformation provided above, or if IRS locate a return, or that a return was	records indicate that the specified return has not been not filed, for those years, whichever is applicable.	n filed, for any
approved Power of Attorney (Form FSA-211) on file with USDA c signing this form: I acknowledge that I have read and reviewed all definitions an	d requirements on Deep 2 of this		
Restrictions on signature authorities. (subparagraph are prot/200.5 C)	is true and correct; and is consis	tent with th Signature date and valid ses by filing of consent to disclosure dividual or (subparagraph 200 E)	dity
Signature (By)	Title/Relationship of the Individ Representative Capacity for a	dual if Signing in a 11. Date (MM-D	p-7777)
e U.S. Department of Agriculture (USDA) prohibits discrimination in all	of its programs and activities on the	hasis of race color national adala and dischills	nd usho
plicable, sex, marital status, familial status, parental status, religion, se tome is derived from any public assistance program. (Not all prohibited	xual orientation, political beliefs, ger	netic information, reprisal, or because all or part of an	individual's

H CCC-931C – For Conservation Programs Only

CCC-931C shall be used **only** for **all** of the following:

- persons and legal entities
- successors to a conservation program contract, or an agreement, approved on or after October 1, 2008, and **before** October 1, 2012.

With the exception of the specific purpose, CCC-931C has the same functionality and requirements as CCC-931. Follow all procedures in this part for the acceptance, referral, and handling of CCC-931C as practiced for CCC-931.--*

I Completing CCC-931C's for 2013 and Subsequent Years

Complete CCC-931C's according to this table.

Item	Instruction
1	Enter name and address of the FSA County Office or USDA Service Center of the
	producer.
2	Enter person or legal entity's name and address for commodity, conservation, and
	price support program benefits.
	Note: Use same name and address as used on filed tax returns.
3	Enter complete SSN or TIN of the person or legal entity represented in item 2.
4	Enter program year for which payments and benefits are requested.
	The program year entered determines the 3-year period used for calculating AGI for
	payment eligibility and the years for which this consent allows access of tax
	information for verification purposes.
5	Select box next to the response that describes the average AGI for the applicable
	3-year period that corresponds to the program year entered in item 4. This includes
	all income from both farm and nonfarm sources. Select only 1.
6	Select appropriate response to indicate whether or not at least 66.66 percent of the
	average AGI was derived from farming, ranching, or forestry operations during the
	applicable 3-year period that corresponds to the program year entered in item 4. Select "Yes" or "No", as applicable.
7	Select les of No, as applicable. Select box next to the response that describes the average adjusted gross farm
,	income for the applicable 3-year period that corresponds to the program year entered
	in item 4. Select only 1.
8	Select box next to the response that describes the average adjusted gross nonfarm
	income for the applicable 3-year period that corresponds to the program year entered
	in item 4. Select only 1.
9	Read acknowledgments, responsibilities, and authorizations before affixing
	signature. For all types of legal entities, CCC-931C must be signed by a duly
	authorized representative under applicable State law.
10	If signing in a representative capacity for the individual or legal entity in item 2,
	include the title or relationship.
11	Enter signature date in month, day, and year (MM-DD-YYYY) format.

__*

J Example of CCC-931C

The following is an example of a completed CCC-931C.

CC-931C	e electronically. U.S. DEPARTMENT OF AGRICUI	LTURE		1. Return comp	leted form to):
1-05-12)	Commodity Credit Corporation	on				
	ADJUSTED GROSS INCOME (A			Front County 1234 Dodge R Somewhere,	d.	
For Successors	to Conservation Program Contra	cts and Agreem	ents Only	(Name and address o	f ESA county o	ffice or USDA Service Center)
OTE: The following state Commodity Credit program benefits. authorized access (Automated). Prov collection is exemp	ment is made in accordance with the Privacy Act of 18 Corporation Charter Act (15 U.S. C. 714 <u>et.</u> seq.), and The information collected on this form may be disclose to the information by statute or regulation and/or as de diding the requested information is voluntary. However ted from the Paperwork Reduction Act, as it is require stration). The provisions of appropriate criminal and ci	974 (5 USC 552a - as ame the Food, Conservation, a ed to other Federal, State, esscribed in applicable Roul r, failure to furnish the requ d for the administration of	nded). The authorit nd Energy Act of 20 Local government a tine Uses identified i uested information w the Food. Conserva	y for requesting the informa 08 (Pub. L. 110-246). The i gencies, Tribal agencies, a ill the System of Records Ni ill result in a determination of tion, and Energy Act of 200	tion identified on i information will be nd nongovernmen blice for USDA/FS of ineligibility for p 8 (Pub. L. 110-24	this form is 7 CFR Part 1400, the used to determine eligibility for tale entities that have been SA-2, Farm Records File rogram benefits. This information 6. Title 1.
Name and Addres	s of Individual or Legal Entity (Includ	ing Zip Code)				cial Security Number for nber for Legal Entity)
	and Livestock LLC					
9650 Circle Ro	l .			XX-X	XXXXXX	
Some Town, C	K XXXXX-XXXX					
ART A – CERTIFIC	l address as used for the tax return specified in ATION OF AVERAGE ADJUSTED GRO	SS INCOME				
Enter the progran	n year for contract or agreement succ	ession				
A. 20 13	The period for calculation of the averataxable year for which benefits are recalculation of the average AGI will be	quested. For exar	nple, if the yea	r of succession ent		
farm and nonfarm entity in Item 2 (f	n income) of the individual or legal or the year selected in Item 4) was:	6. Of the average a and nonfarm inc entity in Item 2 (was at least 66.6	come) of the inc for the year sel 66 percent from	lividual or legal ected in Item 4), n farming,	adjusted gross entity is derived forestry operati	ast 66.66 percent of the average income of the individual or legal I from farming, ranching or on, then income from the sale
	nan (or equal to) \$1,000,000 than \$1,000,000	ranching or fore: A. XES	· ·		services to farn	ent or production inputs and ners, ranchers and foresters ed as farm income.
	verage adjusted gross farm income of t	the individual or lead	al antitu in Itam	2 (for the program)	aar aalaatad	in Itam 4) was:
	· · · —	More than \$750,00	•	2 (for the program y	ear selected	n nem 4) was.
I certify that the a	verage adjusted gross nonfarm income	of the individual or	legal entity in I	tem 2 (for the progra	ım year selec	ted in Item 4) was:
A. Less th	nan (or equal to) \$500,000 B. 🔀 🛚 🛭	More than \$500,000) but less than	(or equal to) \$1,000	,000 C. [More than \$1,000,000
ursuant to 26 U.S.C	TO DISCLOSURE OF TAX INFORMAT 5. §6103, I hereby authorize the Interna- 1/(2)) from the returns (as specified bel	al Revenue Service				
orm 1040 and 1040NR	filers; farm income or loss; adjusted gross ncome or loss, charitable contributions, inc	income <u>Fo</u>	rm 1120, 1120A,	1120C filers: charitat	ole contributio	ns, taxable income
stribution deductions	, exemptions, adjusted total income; total in nteed payments to partners, ordinary busin	ncome <u>Fo</u>		ordinary business in- ted business taxable		
nited States Departmer ograms. The calculation	review these items of return information in ord at of Agriculture (USDA) for use in determining ons performed by the IRS use a methodology p ated to this eligibility determination, including re	the individual's or lega prescribed by the USD	ıl entity's eligibility A. In addition, I a	for specified payments	for various co	mmodity and conservation
GI) is above or below 6	close to the USDA the individual's or legal enti eligibility requirements as prescribed by the Food of for the calculations was obtained.	ity's name and TIN, an od, Conservation and I	d inform the USD Energy Act of 200	A if, pursuant to its calc 8. The IRS will also dis	culations, the av sclose to the U	verage Adjusted Gross Income SDA the type of return from
e taxable years indicate	ate a return that matches the taxpayer identity ed, the IRS may disclose that it was unable to l	locate a return, or that	a return was not	filed, for those years, w	hichever is app	licable.
y signing this form: I acknowledge th I certify that all ir I agree to authori I am aware that w protected by law	Attorney (Form FSA-211) on file with USDA at I have read and reviewed all definitions a formation contained within this certificatio ze CCC to obtain tax data from the IRS for vithout this consent to disclosure, the returned of the Internal Revenue Code;	and requirements on n is true and correct; AGI compliance verif ns and return informa	Page 2 of this for and is consiste ication purposes ation of the indiv	rm; nt with the tax returns s by filing this form; ridual or legal entity ic	filed with the	IRS; n 2 are confidential and are
I certify that I am Signature (By)	authorized under applicable state law to ex	recute this consent o			n Item 2 (for le	gal entity only). 11. Date <i>(MM-DD-YYYY)</i>
/s/ William A.	Farmer	Representative	Capacity for a I		LLC	02-14-13
ne U.S. Department of	Agriculture (USDA) prohibits discrimination in a	all of its programs and	activities on the h	asis of race color nation	onal origin age	
plicable, sex, marital s	agriculture (OSDA) promibils discrimination in a latus, familial status, parental status, religion, s ny public assistance program. (Not all prohibit	sexual orientation, polit	tical beliefs, gene	tic information, reprisal,	or because all	or part of an individual's

J Example of CCC-931C (Continued)

CCC-931C (11-05-12)

Page 2 of 2

GENERAL INFORMATION ON AVERAGE ADJUSTED GROSS INCOME - PART A

Individuals or legal entities that receive benefits under most commodity and conservation programs administered by CCC cannot have incomes that exceed certain limits set by law. For entities, both the entity itself, and its members cannot exceed the income limitations. If a member, whether an individual or an entity, of an entity exceeds the limitations, payments to that entity will be commensurately reduced according to that member's direct or indirect ownership share in the entity. (All members of the entity must also submit this form to verify income limitations are met.)

Adjusted Gross Income is the individual's or legal entity's IRS-reported adjusted gross income consisting of both farm and nonfarm income. A three year average of that income will be computed for the three years of the relevant base period identified on the first page of this form to determine eligibility for the applicable program year. Individuals or legal entities with average adjusted gross income greater than \$1 million shall be ineligible for direct payments under the Direct and Counter-cyclical Program

Adjusted Gross Farm Income is the part of the yearly adjusted gross income that is farm income. The amount is computed separately for each year and then averaged. Farm 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 investock; 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 operation; payments and benefits from risk management practices, crop insurance indemnities, catastrophic risk protection plans, conservation program and government farm program payments. Individuals or legal entities with average adjusted gross farm income greater than \$750,000 shall be ineligible for direct payments under the Direct and Counter-cyclical Program

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 is computed separately for each year and then averaged. Individuals or legal entitles with average adjusted gross nonfarm Income that exceeds \$500,000 shall be ineligible for commodity program payments, price support benefits, disaster assistance programs, and for the Milk Income Loss Compensation Program. Additionally, individuals or legal entities with average adjusted gross nonfarm income exceeding \$1 million will be ineligible for new contracts or participation in conservation programs after October 1, 2008, unless at least 66.66% of their total average adjusted gross income (sum of farm and nonfarm income) is generated from activities related to farming.

HOW TO DETERMINE ADJUSTED GROSS INCOME

Individual – Internal Revenue Service (IRS) Form 1040 filers, specific lines on that form represent the adjusted gross income and the income from farming, ranching, or forestry operations.

Trust or Estate - the adjusted gross income is the total income and charitable contributions reported to IRS.

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 – 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 – the adjusted gross income is the unrelated business taxable income excluding any income from non-commercial activities as reported to the IRS.

GENERAL INFORMATION ON CONSENT TO DISCLOSURE OF TAX INFORMATION - PART B

This consent 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 consent also permits the USDA to receive certain items of return information for its eligibility determination.

This consent 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 not 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.

This form can only be signed by the person authorized under state law to sign this consent for the legal entity identified in Item 2. <u>An approved Power of Attorney (Form FSA-211) on file with USDA cannot be used as evidence of signature authority when completing this form.</u>

INSTRUCTIONS FOR COMPLETION OF CCC-931C

	Item No./Field name	Instruction
1.	Return Completed Form To	Enter the name and address of the FSA county office or USDA service center where the completed CCC-931C will be submitted.
2.	Person or Legal Entity's Name and Address	Enter the person's or legal entity's name and address for commodity, conservation, price support, or disaster program benefits. Enter the name and address as it appeared on the IRS tax returns filed for the taxable years specified in Item 4.
3.	Taxpayer Identification Number	In the format provided, enter the <u>complete</u> taxpayer identification number of the person or legal entity identified in Item 2. This will be either a Social Security Number or Taxpayer Identification Number.
4.	Program Year	Enter the year for which program benefits are being requested. The program year entered determines the 3-year period used for the calculation of the average adjusted gross income (AGI) for payment eligibility and the years for which this consent allows access to tax information.
5.	Average Adjusted Gross Income	Select the box next to the response that describes the average adjusted gross income for the applicable 3-year period for the program year entered in Item 4. Select only one response.
6.	Average Adjusted Gross Income from Farming, Ranching or Forestry	Select the appropriate response to indicate whether or not at least 66.66 percent of the average adjusted gross income was derived from farming, ranching, or forestry operations during the applicable 3-year period entered in Item 4. Select "YES" or "NO" as applicable.
7.	Average Adjusted Gross Farm Income	Select the box next to the response that describes the average adjusted gross farm income for the applicable 3-year period for the program year entered in Item 4. Select only one response.
8.	Average Adjusted Gross Nonfarm Income	Select the box next to the response that describes the average adjusted gross nonfarm income for the applicable 3-year period for the program year entered in Item 4. Select only one response.
9.	Signature	Read the acknowledgments, responsibilities and authorizations, before affixing your signature.
10.	Title/Relationship	Enter title or relationship to the legal entity identified in Item 2.
11.	Date	Enter the signature date in month, day and year. This form must be returned to FSA within 90 days of the signature date for the consent to be valid.

K Completing CCC-933's

Complete CCC-933's according to the following table.

Item	Instruction
1	Enter name and address of the FSA County Office or Service Center of the
	recording county of the producer.
2	Enter the name and address of the person or legal entity that is requesting benefits
	under any of the commodity, price support, conservation, or disaster assistance
	programs.
	Note: Enter the same name and address as used on filed tax returns if the name and
	address on record at FSA is different.
3	Enter complete SSN or TIN of the person or legal entity represented in item 2.
4	The year for which program benefits are being requested is 2013 only .
	The state of the s
	Note: The program year determines the 3-year period that will be used for
	calculating the average AGI for payment eligibility.
5	Select the response that describes the average AGI (all income from both farm and
	nonfarm sources) for the applicable 3-year period selected in item 4. Select only 1.
6	Select the appropriate response that describes whether or not the average adjusted
	gross farm income for the applicable 3-year period in item 4 was at least
	66.66 percent of the average AGI, both farm and nonfarm income. This AGI is the
	amount of AGI reported to IRS.
	If "YES" is selected, and if income includes the sale of farm equipment or
	production inputs and services to farmers, ranchers, foresters and farming
	operations, review the definition of farm income on CCC-933, page 2.
	or conserve the decision of the conserve the
	Example: Jake has requested 2013 DCP benefits. Jake's average AGI was
	\$900,000. His farm AGI was \$650,000 from the production of crops and
	livestock.
	His nonfarm AGI was comprised of \$150,000 from his aerial spraying
	service and \$100,000 from oil and gas royalties.
	Over 66.66 percent of Jake's total AGI was from the production of crops
	(\$650,000 divided by \$900,000 times 100 equals 72.22 percent). Jake
	also has nonfarm AGI from his aerial spraying; a custom service to
	farmers and ranchers, that now must be considered farm AGI for
	payment eligibility purposes.
	Jake's farm AGI is now \$800,000 (the total of \$650,000 and \$150,000);
	nonfarm AGI is \$100,000. Jake's farm AGI exceeds \$750,000. Jake is
	eligible for 2013 DCP benefits, except for direct payments.

K Completing CCC-933's (Continued)

Item	Instruction
7	Select the response that describes the average adjusted gross farm income for the applicable 3-year period for the program year selected in item 4. Adjusted gross
	farm income is determined separately for each of the 3 years and then averaged to determine the average adjusted gross farm income used on CCC-933.
	Note: Adjusted gross farm income is not the same as the gross farm income reported to IRS. Adjusted gross farm income for FSA purposes is comparable to the net income from farming and related operations. In many cases, this may be the same as the "Net Farm Profit" or "Loss" determined on Schedule F of IRS-1040. However, FSA's definition of adjusted gross farm income also includes income from the sale of items such as agricultural related land, breeding livestock, and agricultural/conservation easements. Additionally, it is important to consider if income was received from the sale of farm related equipment and/or if income was received from the sale of production inputs and services before answering this question. Usually, income from these items is not considered farm income. However, if the income from farming is at least 66.66 percent of the total AGI from all
	sources, both farm income and nonfarm income, a special rule applies and income from these items must be included in the adjusted gross farm income. See the definition of farm income on CCC-933, page 2 for full details of what to include in adjusted gross farm income.
8	Select the response that describes the average adjusted gross nonfarm income for the applicable 3-year period for the program year in item 4. Adjusted gross nonfarm income is determined separately for each of the 3 years and then averaged to determine the average adjusted gross nonfarm income used on CCC-933. Adjusted gross nonfarm income is determined by subtracting the adjusted gross
	farm income for a tax year from the AGI as reported to IRS for the tax year.
9	Read the acknowledgments, responsibilities and authorizations, before affixing signature.
	For all types of entities, CCC-933 must be signed by a duly authorized representative.
10	Enter title or relationship if signing in a representative capacity.
11	Enter signature date in month, day, and year format.

--*

L Example of CCC-933

The following is an example of a completed CCC-933.

CC-933 U.S. DEPARTMENT OF AGRICUL	TURE	Return completed form t	0:
01-17-13) Commodity Credit Corporation	ļ	Front County FSA	Office
AVERAGE ADJUSTED GROSS INCOME (AC	GI) CERTIFICATION	1234 Dodge Rd.	
AND CONSENT TO DISCLOSURE OF TA		Somewhere, OK XXX	XXX-XXXX
For the 2013 crop, program, and fisca	l vears only	(Name and address of FSA county of	office or USDA Service Center
OTE: The following statement is made in accordance with the Privacy Act of	f 1974 (5 USC 552a - as amended). Th	authority for requesting the information in	lentified on this form is 7 CFR
Part 1400, the Commodity Credit Corporation Charter Act (16 U.S.C.? to determine eligibility for program benefits. The information collected nongovernmental entities that have been authorized access to the info Notice for USDAF-SA-2. Farm Records File (Automated). Providing the determination of ineligibility for program benefits.	on this form may be disclosed to other ormation by statute or regulation and/or	Federal, State, Local government agencie as described in applicable Routine Uses ic	s, Tribal agencies, and lentified in the System of Record
This information collection is exempted from the Paperwork Reduction Title I, Subtitle F – Administration) as amended by the American Taxpa appropriate criminal and civil fraud, privacy, and other statutes may be ADDRESS.	ayer Relief Act of 2012 (see Pub. L. 112	-240, Title VII, Extension of Agricultural P.	ograms.) The provisions of
. Name and Address of Individual or Legal Entity <i>(Including</i>		Identification Number (TIN) (Soll; or Employer Identification Nu	
Wildcat Land and Livestock LLC	maividue		inber for Legal Entity)
9560 Circle Rd.		XX-XXXXXX	
Some Town, OK XXXXX-XXXX			
Use the same name and address as used for the tax return specified in P	Part B)		
ART A – CERTIFICATION OF AVERAGE ADJUSTED GROSS			
. The program year for payment eligibility			
A. 2013 The period for calculation of the average AG taxable year for which benefits are requested years of 2011, 2010 and 2009.			
farm and nonfarm income) of the individual or legal entity in Item 2 (for the year selected in Item 4) was: A. Less than (or equal to) \$1,000,000	Of the average adjusted gross and nonfarm income) of the inc in Item 2 (for the year selected least 66.66 percent from farmir forestry operations?	ividual or legal entity in Item 4), was at g, ranching or arming, ranching or production in	least 66.66 percent of the sted gross income of the legal entity is derived from thing or forestry operation, the the sale of farm equipment or put foresters must be included a.
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	•	n (or equal to) \$1,000,000 C.	More than \$1,000,000
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F Example of CCC-933 (Continued)

CCC-933 (01-17-13) Page 2 of 2

GENERAL INFORMATION ON AVERAGE ADJUSTED GROSS INCOME - PART A

Individuals or legal entities that receive benefits under most commodity and conservation programs administered by CCC cannot have incomes that exceed certain limits set by law. For entities, both the entity itself, and its members cannot exceed the income limitations. If a member, whether an individual or an entity, of an entity exceeds the limitations, payments to that entity will be commensurately reduced according to that member's direct or indirect ownership share in the entity. (All members of the entity must also submit this form to verify income limitations are met.)

Adjusted Gross Income is the individual's or legal entity's IRS-reported adjusted gross income consisting of both farm and nonfarm income. A three year average of that income will be computed for the three years of the relevant base period identified on the first page of this form to determine eligibility for the applicable program year. Individuals or legal entities with average adjusted gross income greater than \$1 million shall be ineligible for direct payments under the Direct and Counter-cyclical Program

Adjusted Gross Farm Income is the part of the yearly adjusted gross income that is farm income. The amount is computed separately for each year and then averaged. Farm income means income related to the following: production of crops, 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 operation; payments and benefits from risk management practices, crop insurance indemnities, catastrophic risk protection plans, conservation program and government farm program payments. Individuals or legal entities with average adjusted gross farm income greater than \$750,000 shall be ineligible for direct payments under the Direct and Counter-cyclical Program

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 is computed separately for each year and then averaged. Individuals or legal entities with average adjusted gross nonfarm income that exceeds \$500,000 shall be ineligible for commodity program payments, price support benefits, disaster assistance programs, and for the Milk Income Loss Compensation Program. Additionally, individuals or legal entities with average adjusted gross nonfarm income exceeding \$1 million will be ineligible for new contracts or participation in conservation programs after October 1, 2008, unless at least 66.66% of their total average adjusted gross income (sum of farm and nonfarm income) is generated from activities related to farming.

HOW TO DETERMINE ADJUSTED GROSS INCOME

Individual – Internal Revenue Service (IRS) Form 1040 filers, specific lines on that form represent the adjusted gross income and the income from farming, ranching, or forestry operations.

Trust or Estate – the adjusted gross income is the total income and charitable contributions reported to IRS.

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 – the adjusted gross income is the total income from trade or business activities plus quaranteed payments to the members as reported to the IRS.

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.

GENERAL INFORMATION ON CONSENT TO DISCLOSURE OF TAX INFORMATION - PART B

This consent 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 consent also permits the USDA to receive certain items of return information for its eligibility determination.

This consent 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 not 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.

This form can only be signed by the person authorized under state law to sign this consent for the legal entity identified in Item 2. An approved Power of Attorney (Form FSA-211) on file with USDA cannot be used as evidence of signature authority when completing this form.

INSTRUCTIONS FOR COMPLETION OF CCC-933

	Item No./Field name	Instruction
1.	Return Completed Form To	Enter the name and address of the FSA county office or USDA service center where the completed CCC-933 will be submitted.
2.	Person or Legal Entity's Name and Address	Enter the person's or legal entity's name and address for commodity, conservation, price support, or disaster program benefits. Enter the name and address as it appeared on the IRS tax returns filed for the taxable years specified in Item 4.
3.	Taxpayer Identification Number	In the format provided, enter the <u>complete</u> taxpayer identification number of the person or legal entity identified in Item 2. This will be either a Social Security Number or Taxpayer Identification Number.
4.	Program Year (2013)	The year for which program benefits are being requested is 2013 only. The program year determines the 3-year period used for the calculation of the average adjusted gross income (AGI) for payment eligibility and the years for which this consent allows access to tax information.
5.	Average Adjusted Gross Income	Select the box next to the response that describes the average adjusted gross income for the applicable 3-year period for the program year entered in Item 4. Select only one response.
6.	Average Adjusted Gross Income from Farming, Ranching or Forestry	Select the appropriate response to indicate whether or not at least 66.66 percent of the average adjusted gross income was derived from farming, ranching, or forestry operations during the applicable 3-year period entered in Item 4. Select "YES" or "NO" as applicable.
7.	Average Adjusted Gross Farm Income	Select the box next to the response that describes the average adjusted gross farm income for the applicable 3-year period for the program year entered in Item 4. Select only one response.
8.	Average Adjusted Gross Nonfarm Income	Select the box next to the response that describes the average adjusted gross nonfarm income for the applicable 3-year period for the program year entered in Item 4. Select only one response.
9.	Signature	Read the acknowledgments, responsibilities and authorizations, <i>before</i> affixing your signature.
10.	Title/Relationship	Enter title or relationship to the legal entity identified in Item 2.
11.	Date	Enter the signature date in month, day and year. This form must be returned to FSA within 90 days of the signature date for the consent to be valid.

201 CCC-929, Average Adjusted Gross Income (AGI) Supplemental

A Explanation of Average AGI Verification Process

CCC-929:

- must be provided with CCC-931's and CCC-933's
- serves to inform all program participants about the average AGI certification and verification process.

B Example of CCC-929

The following is an example of CCC-929.

*_

This form is available electronically.

CCC-929

U.S. DEPARTMENT OF AGRICULTURE

AVERAGE ADJUSTED GROSS INCOME (AGI) SUPPLEMENTAL

- Why is it necessary to certify and verify compliance with the average AGI limitations?

The Food, Conservation, and Energy Act of 2008 (the 2008 Farm Bill), as amended by the American Taxpayer Relief Act of 2012 (Pub L. 112-240), 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. 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; \$1 million average AGI for direct payments under the 2012 and 2013 Direct and Counter-cyclical Program or ACRE program; and \$1 million average nonfarm AGI for conservation programs.

All direct and indirect recipients of commodity or conservation program payments are required to complete the CCC-931 or CCC-933, Average Adjusted Gross Income (AGI) Certification and Consent to Disclosure of Tax Information. The U.S. Government Accountability Office (GAO) concluded in a recent report that, without an adequate verification process, USDA could not ensure program payments and benefits were only being made to eligible recipients.

- What process has been developed to verify average AGI?

USDA has worked with the Internal Revenue Service to develop an electronic information exchange process strictly for the purpose 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.

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?

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.

- What is required for USDA to verify the average AGI certification?

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 form CCC-931 or CCC-933, Average AGIJusted Gross Indicatione (AGI) Certification and Consent to Disclosure of Tax Information. The CCC-931 form allows the selection of 2009, 2010, 2011, or 2012. 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. Selection of "2011" on the form authorizes IRS to perform the average AGI calculations for the 2007, 2008 and 2009 tax years. Selection of "2012" on the form authorizes IRS to perform the average AGI calculations for the 2008, 2009 and 2010 tax years. The CCC-933 is for 2013 only and authorizes the IRS to perform the average AGI calculations for the 2009, 2010 and 2011 tax years. The CCC-931 or the CCC-933 must be completed for the same year an individual or legal entity requested payments or benefits under programs subject to the AGI limitations.

- When must the applicant certification and consent form be completed and where does it go?

Timeliness is essential in order to avoid any delays in the issuance of program payments and the possibility of refunding program payments. It is recommended that the CCC-931 or the CCC-933 be completed at the same time as an application or request for program benefits is submitted. The completed and signed CCC-931 or the CCC-933 should be mailed or returned directly to the local FSA office or USDA Service Center. Authorized FSA personnel will record the average AGI certification and forward the completed CCC-931 and the CCC-933 forms to the IRS for completion of the verification process.

What if the certification and consent form is not completed and returned to FSA?

Failure to provide the certification and consent form may require refund of applicable payments received from FSA and NRCS.

Will any other USDA agency other than FSA be provided knowledge of this information returned from the IRS?

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 limitation for conservation programs.

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?

IRS will only use this information for this specified purpose. The information utilized for AGI compliance and verification purposes is not subject to disclosure under the Freedom of Information Act (FOIA). Furthermore, IRS and USDA are the only Federal, State, Local government agencies, Tribal agencies, or nongovernmental entities allowed by statute, regulation, or Routine Use to gain any measure of access to the information collected by the CCC-931 and CCC-933. And, IRS and USDA access to the information collection is highly limited, extending only to that access required by the specified purpose.

202 Review and Validation Process

A IRS Calculations and Comparisons

- *--For each person or legal entity who submits a completed CCC-931 or CCC-933, IRS will:
 - match person's or legal entity's supplied information with IRS tax records and filings
 - perform a series of calculations to determine AGI and average AGI amounts for the applicable 3-year periods
 - compare calculated amounts to established average AGI limitation amounts
 - report the results of the data-matching and calculations to FSA on a regular basis.

B IRS Results Reported to FSA

IRS provides results to FSA indicating the following information:

- whether or not the person or legal entity appears to meet 1 or more of the average AGI limitations
- number of years in the applicable 3-year period that tax data was available for the person or legal entity and used in the calculations
- IRS forms series on file and used in the data comparison for each person or legal entity.

IRS does **not** provide to FSA the following:

- dollar amounts representing the person's or legal entity's farm or nonfarm income
- AGI or average AGI amounts calculated and used in the comparisons
- a determination whether or not the person or legal entity is eligible or ineligible for--* payments under program that are subject to average AGI compliance.

C Receipt and Storage of Data From IRS

The information transferred from IRS to FSA is:

- received and stored in a secure database
- only accessible by authorized personnel
- used only in the AGI verification process
- **not** releasable under FOIA
- **not** available for any other purposes or uses.

202 Review and Validation Process (Continued)

D Using Data Received From IRS

The data received from IRS will be:

- validated with SCIMS and producer eligibility records
- the foundation of reports to be used for AGI compliance verification purposes.

203 Average AGI Compliance Reports

A Reports

*--The average AGI compliance reports will identify persons or legal entities with the following:

- no data return from IRS
- average AGI amounts that exceed the threshold levels
- average AGI amounts at or below the threshold levels
- no matching records on file with IRS.

B Responsibility for Reports and Associated Mailings of Notifications

All AGI compliance reports and associated mailings of notifications to affected persons or legal entities will be completed by National and Kansas City Offices.

State Offices and NRCS will be provided a copy of the list of persons or legal entities:

- identified on the applicable report
- sent the appropriate written notification for any required follow-up actions.

203.4 Reconciliation Process of Participants and CCC-931 or CCC-933

A Reconciliation Report

A report will be completed to identify persons or legal entities who have received 2009, 2010, 2011, 2012, or 2013 program payments, and:--*

- no data has been received from IRS
- no matching records are found on file with IRS.

Note: County Offices and NRCS will be provided access or a copy of this report.

B Participants Identified

The recording County Office will provide written notice to persons and legal entities identified on the report in subparagraph A that contains the following:

•*--the requirement to timely complete and submit the enclosed CCC-931 or CCC-933 to maintain 2009, 2010, 2011, 2012, and/or 2013 payment eligibility--*

*--203.4 Reconciliation Process of Participants and CCC-931 or CCC-933 (Continued)

B Participants Identified (Continued)

- instruction to select either the 2009, 2010, 2011, 2012, or 2013 program year, as appropriate
- that completed CCC-931's and CCC-933's:
 - are to be mailed to the recording County Office at the return address provided on CCC-931 or CCC-933
 - **must** be mailed within 30 calendar days from the date of receipt of the letter
- where and how to obtain additional CCC-931's or CCC-933's, if needed.

Note: For an example letter, see subparagraph 204 B.

C Persons and Legal Entities Identified for 2012 and Subsequent Years

For 2012 and subsequent crop, program, and FY's, County Offices are instructed to:

- coordinate recording the average AGI certification values for 2012 and 2013 in the web-based eligibility files with the mailing of completed CCC-931's and CCC-933's to IRS
- periodically run the County Eligibility Report for AGI according to 3-PL (Rev. 1), subparagraph 306 I
- select field, "**Not Filed**" to generate a list of every individual and legal entity in the web-based eligibility system, "AGI" section that has not filed CCC-931 for 2012, or CCC-933 or 2013, payment eligibility purposes.

For all persons and legal entities identified through the County Eligibility Report for 2012 or 2013, follow instructions in subparagraph B.

D Notification Exceptions

If CCC-931 or CCC-933 was rejected by the IRS for the selected reason of, "No record found on Master file. No return filed for years checked using this TIN/SSN", then:

- do not send a written notification according to subparagraph B
- consider this individual or legal entity as compliant with the average AGI limitations for the current program year
- retain a copy of the IRS rejection letter with the returned CCC-931 or CCC-933 in the individual's or legal entity's eligibility file.--*

203.5 Average AGI Amounts Are Above Threshold Levels

A Average AGI Above Limitations

A report will list participants with indicators that average AGI amounts exceed the limitations for:

- •*--commodity (including direct, counter-cyclical, and ACRE payments), price support,--* and disaster assistance programs
- conservations programs.

B Producers Identified

Persons and legal entities identified on this report will be: * * *

- notified in writing by the reviewing authority of the results of the IRS data analysis
- required to provide within 30 calendar days of notification to the reviewing authority:
 - a third party verification from a certified public accountant or an attorney that demonstrates that average AGI does **not** exceed established limits
 - actual tax records for the years in question to demonstrate that average AGI does **not** exceed the established limits.

203.6 Average AGI Amounts at or Below Threshold Levels

A Average AGI Within Limitations

A report will list participants with indicators that average AGI amounts are within the limitations for all programs.

No further actions will be required of:

- participants identified for the applicable crop, program, and FY
- County Offices in regard to eligibility files of identified participants for the applicable crop, program, and FY.

^{*--}See paragraphs 203.9 and 204 for procedure and examples of nonresponsible participants.--*

203.7 FSA Review and Compliance Determinations

A Review of Questionable Average AGI Certifications Identified Through Using IRS Data

The reviewing authority will:

- **not** be the local FSA office staff or COC
- be SED
- •*--review tax data or other information supplied by the person or legal entity
- if necessary, calculate the average AGI values based on supplied information
- confer with the person or legal entity if questions arise in this process
- determine AGI compliance for the person or legal entity
- provide results and conclusions of the review.

Note: SED's are delegated authority to act on initial AGI review determinations referenced in subparagraph B, after performing the review actions specified in this subparagraph.

B Determination of Person's or Legal Entity's Compliance With Average AGI

SED's will:

- issue written notice of determination, adverse or otherwise, to the person or legal entity--*
- include right to SED reconsideration, mediation, and appeal right to NAD according to 1-APP
- send a copy of determinations involving NRCS participants to the State Conservationist
- follow subparagraph 204 D for an example notification letter for AGI compliance.

203.7 FSA Review and Compliance Determinations (Continued)

C AGI Compliance Review File for State Office Only

- *--An AGI Compliance Review File created for each person or legal entity and program year reviewed should contain the following after completing the review:
 - all documentation (CPA or attorney statement, or tax information) received from the person or legal entity
 - copy of subsidiary print **before** completing the review
 - copy of the original AGI certification (CCC-926, CCC-931, CCC-933, or CPA or attorney certification)
 - copy of the Average AGI Calculation Worksheet (subparagraph 203.8 C), if necessary to determine compliance
 - copy of subsidiary print **after** the SED determination was updated in the web eligibility file, if applicable
 - copy of the written notice of determination or completion of the review sent to the person or legal entity.--*

Note: See Exhibit 21 for optional AGI Compliance Review Checklists.

203.8 Average AGI Compliance Review Process

A Information Collection and Comparison

A review of average AGI compliance requires the following actions:

- •*--collecting the copy of average AGI certification (CCC-926, CCC-931, CCC-933, or acceptable statement from CPA or attorney) submitted by the person or legal entity for the applicable year
- collecting complete tax returns for each of the 3-years qualification period; or acceptable financial documents if filing tax returns is not required; or an acceptable statement from CPA or attorney with all required items that illustrate and document income levels and average AGI compliance for the person or legal entity for the applicable year
- comparing both sets of information to the rules and regulations governing average AGI for payment eligibility for the applicable year subject to review
- verify the following, as applicable:
 - subsidiary flags are accurately set to reflect the certification of record
 - there is a valid CCC-926/CCC-931/CCC-933 on file supporting record certification
 - the person or legal entity received program payments or benefits either directly or indirectly.

B Results and Findings

The results and findings of the review and evaluation are the basis to determine if person or legal entity meets or exceeds 1 or more of the average AGI limitations.--*

C Worksheet for Calculating Average AGI for 2009 and Subsequent Years Based on the Submission of Tax Returns

Use the following worksheet to calculate the average AGI for a person or legal entity based on the submission of tax returns.

Step	Action				
1	Enter the total AGI (both nonfarm and farm) for the 3 complete taxable years preceding the most immediately preceding complete taxable year of the year for which program benefits are requested.				
	Specify From Where Information Was Obtained (for example, IRS Form 1040, Line 37)				
	Note: See paragraph 191 for guidance.				
2	Total the dollar amounts in step 1.	\$			
3	Calculate the average AGI by dividing the result of step 2 by the number of years in step 1.	\$			

C Worksheet for Calculating Average AGI for 2009 and Subsequent Years Based on the Submission of Tax Returns (Continued)

Enter AGI for the same 3 years in step 1 that was derived from all activities related to farming, ranching, and forestry operations. Specify From Where Information Was Obtained (for example, Year Amount IRS Form 1040, Line 37) Note: See paragraph 191 for guidance. Total the dollar amounts in step 4. Calculate the average adjusted gross farm income by dividing the result of step 5 by the number of years in step 4. Calculate the average adjusted gross nonfarm income by subtracting the result of step 5 from the result of step 1. If the result of step 3 and step 6 is greater than zero and not a negative number, calculate the percentage of the average adjusted gross farm income from the average AGI by dividing the result of step 5 by the result of step 5 a, and multiply by 100. If the result of step 5 by and step of is Sero or a negative number enter zero in step 8* If step 8 is 66.66% or greater, and the person or legal entity is eligible for all commodity (including direct, counter-cyclical, and ACRE payments under DCP and ACRE), MILC, marketing loan gains, LDP payments, disaster assistance, and conservation program benefits. If the result of step 6 is \$750,000 or less, and step 9 is yes, the person or legal entity is eligible for direct payments under DCP and ACRE. No Perfor 2012 and 2013 only, if the results of step 3 is \$1 million or less, step 6 is \$750,000 or less, and step 7 is \$500,000 or less, then the person or legal entity is eligible for all conservation program payments. If the result of step 7 is \$1 million or less, the person or legal entity is eligible for all conservation program payments.	Step	Action	Result
Specify From Where Information Was Obtained (for example, Year Amount IRS Form 1040, Line 37)	4	Enter AGI for the same 3 years in step 1 that was derived from all	
Note: See paragraph 191 for guidance. S		activities related to farming, ranching, and forestry operations.	
Note: See paragraph 191 for guidance. S			
Year			
Note: See paragraph 191 for guidance.			
Solution See paragraph 191 for guidance. Solution		<u>-</u>	
Note: See paragraph 191 for guidance. 5 Total the dollar amounts in step 4. 6 *Calculate the average adjusted gross farm income by dividing the result of step 5 by the number of years in step 4. 7 Calculate the average adjusted gross nonfarm income by subtracting the result of step 6 from the result of step 1. 8 If the result of step 3 and step 6 is greater than zero and not a negative number, calculate the percentage of the average adjusted gross farm income from the average AGI by dividing the result of step 6 by the result of step 3, and multiply by 100. If the result of either step 3 or step 6 is zero or a negative number enter zero in step 8* 8 If step 8 is 66.66% or greater, and the person or legal entity has income for equipment sales or input services, go to step 14; otherwise, go to step 9. 8 Determination 9 If the result of step 7 is \$500,000 or less, the person or legal entity is eligible for all commodity (including direct, counter-cyclical, and ACRE payments under DCP and ACRE), MILC, marketing loan gains, LDP payments, disaster assistance, and conservation program benefits. 10 If the result of step 6 is \$750,000 or less and step 9 is yes, the person or legal entity is eligible for direct payments under DCP and ACRE. 11 *For 2012 and 2013 only, if the results of step 3 is \$1 million or less, step 6 is \$750,000 or less, and step 7 is \$500,000 or less, then the person or legal entity is eligible for 2012 or 2013 direct payments under 2012 or 2013 DCP and ACRE* 12 If the result of step 7 is \$1 million or less, the person or legal entity is eligible for all conservation program payments. 13 If the result of step 7 is \$1 million, but the result of step 8 is at least 66.66%, the person or legal entity is eligible for all conservation.		,	
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S		Note: See paragraph 191 for guidance	
Calculate the average adjusted gross farm income by dividing the result of step 5 by the number of years in step 4. Calculate the average adjusted gross nonfarm income by subtracting the result of step 6 from the result of step 1. If the result of step 3 and step 6 is greater than zero and not a negative number, calculate the percentage of the average adjusted gross farm income from the average AGI by dividing the result of step 6 by the result of step 3, and multiply by 100. If the result of either step 3 or step 6 is zero or a negative number enter zero in step 8 If step 8 is 66.66% or greater, and the person or legal entity has income for equipment sales or input services, go to step 14; otherwise, go to step 9. Determination Petermination Determination This Step Only If the result of step 7 is \$500,000 or less, the person or legal entity is eligible for all commodity (including direct, counter-cyclical, and ACRE payments under DCP and ACRE), MILC, marketing loan gains, LDP payments, disaster assistance, and conservation program benefits. If the result of step 6 is \$750,000 or less and step 9 is yes, the person or legal entity is eligible for direct payments under DCP and ACRE. No *For 2012 and 2013 only, if the results of step 3 is \$1 million or less, step 6 is \$750,000 or less, and step 7 is \$500,000 or less, then the person or legal entity is eligible for 2012 or 2013 direct payments under 2012 or 2013 DCP and ACRE* If the result of step 7 is \$1 million or less, the person or legal entity is eligible for all conservation program payments. If the result of step 7 exceeds \$1 million, but the result of step 8 is at least 66.66%, the person or legal entity is eligible for all conservation No	5		\$
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program payments.			□ No
		program payments.	

C Worksheet for Calculating Average AGI for 2009 and Subsequent Years Based on the Submission of Tax Returns (Continued)

Step	Action	Result
14	If the result of step 8 is 66.66 percent or more, and AGI derived from equipment sales and input services are not already included in steps 4, 5, and 6, enter the total AGI derived from equipment sales and input services for the same 3 years in step 1.	
	Specify From Where Information Was Obtained (for example, IRS Form 1040, Line 37) Suppose the specify From Where Information Was Obtained (for example, IRS Form 1040, Line 37) Note: See paragraph 191 for guidance.	
15	Total the dollar amounts in step 14.	\$
16	Calculate the average AGI from equipment sales and input services by dividing the result of step 15 by the number of years in step 1.	\$
17	If step 6 does not already include AGI derived from equipment sales and input services in steps 4 and 5, calculate the average adjusted gross farm income including equipment sales and input services by adding the result of step 16 to step 6.	\$
18	Calculate the average adjusted gross nonfarm income by subtracting the result of step 17 from the result of step 3.	\$
19	Calculate the percentage of the average adjusted gross farm income from the average AGI by dividing the result of step 18 by the result of step 3, and multiply by 100.	%
* * *	***	* * *

C Worksheet for Calculating Average AGI for 2009 and Subsequent Years Based on the Submission of Tax Returns (Continued)

Step	Action	Result
		Eligible
		Based on
		Determination in
	Determination	This Step Only
*20	If the result of step 18 is \$500,000 or less, the person or legal entity is	□ Yes
	eligible for all commodity (including direct, counter-cyclical, and	□ No
	ACRE payments under DCP and ACRE), MILC, marketing loan gains,	
	LDP payments, disaster assistance, and conservation program benefits.	
21	If the result of step 17 is \$750,000 or less, the person or legal entity is	□ Yes
	eligible for direct payments under DCP and ACRE.	□ No
22	For 2012 only , if the results of step 3 is \$1 million or less, step 17 is	□ Yes
	\$750,000 or less, and step 18 is \$500,000 or less, then the person or	□ No
	legal entity is eligible for 2012 direct payments under 2012 DCP and	
	ACRE.	
23	If the result of step 18 is \$1 million or less, the person or legal entity is	□ Yes
	eligible for all conservation program payments.	□ No
24	If the result of step 18 exceeds \$1 million, but the result of step 19 is*	□ Yes
	at least 66.66 percent, the person or legal entity is eligible for all	□ No
	conservation program payments.	

* * *

D Admissions

- *--If a person or legal entity submits a revised CCC-931 or CCC-933, or certification is received that the person or legal entity exceeds any of the average AGI limitations for any program, do the following:
 - accept the written material and keep with the file
 - consider the AGI compliance review complete
 - reset the applicable coverage AGI values to "producer not met" in the web-based eligibility files. See 3-PL (Rev. 1), paragraph 31.

If a person or legal entity affirms that 1 or more of the average AGI limitations are--* exceeded, FSA is:

- not required to issue a decision on ineligibility
- **not** required to issue an adverse decision on average AGI noncompliance
- required to issue adverse overpayment notifications for all programs that FSA administers.

203.9 Payment Refunds and Collections

A Participant Fails to Timely Act or Is Determined AGI Noncompliant

If a person or legal entity fails to timely respond to written notices on AGI compliance requirements, or has been determined noncompliant with the applicable AGI limitations, all payment refund determinations and collection efforts will be initiated by:

- NRCS for all payments under programs it administers subject to this AGI compliance determination
- FSA for all payments under programs it administers subject to this AGI compliance determination.

See paragraph 204 for example letters for AGI compliance.

B Errors in Recording Either Determinations or Admissions

When errors are discovered in either determinations or in the recording of determinations, take applicable corrective actions that include, but are not limited to the following:

- reset the eligibility AGI values according to 3-PL
- document on the report that AGI values were reset according to this subparagraph.
- Example 1: Participant A certifies compliance with the \$500,000 nonfarm AGI and the \$1 million nonfarm AGI conservation limitations but indicates the farm AGI exceeds \$750,000. When recording those values in web-based eligibility, FSA incorrectly entered all 3 values as "Compliant" resulting in DCP direct payments being inadvertently issued to Participant A.
- **Result 1:** Set correct values and notify the participant of the amount of any overpayment issued. The notification of overpayment (receivable) must later have additional explanation entered into the record of this debt explaining that despite the participant's certification that the participant was not eligible. FSA inadvertently paid the participant and the erroneous payment must be refunded.
- **Example 2:** Participant B completed CCC-926 for program year 2011 as part of an EQIP application. Funds were not approved to fund the application. A review of Participant B's records for 2011 finds that Participant B did not receive any other program payments or benefits either directly or indirectly.
- **Result 2:** Even though Participant B should not become a recipient of an overpayment (receivable) letter because funds were not approved, Participant B could, if Participant B wants to, with CCC-926 and, subsequently, flags could be reset accordingly to avoid having additional AGI compliance communications or notifications sent to Participant B.

C FSA and NRCS Responsibilities

Each Agency will be responsible for all follow-up actions as required under the following:

- respective program procedures for payment refunds
- DCIA.

*--204 Example Letters for AGI Compliance

A Example Letters

Use the example letters in subparagraphs B through G as guides when notifying individuals and legal entities of average AGI limitation requirements or determinations.

B Example of Letter When CCC-931 or CCC-933 is Needed

The following is an example of a notification letter for a person or legal entity when CCC-931 or CCC-933 is needed.

(Date)

Person or legal entity

(c/o)

Address 1

Address 2

Dear Person or Legal entity:

As of the date of this letter, you have not submitted the **required** form CCC-931 or CCC-933, "Average Adjusted Gross Income (AGI) Certification and Consent to Disclosure of Tax Information". Accordingly, you are ineligible for [insert 2009, 2010, 2011, 2012, and/or 2013, as appropriate] program benefits. A refund is required of [insert 2009, 2010, 2011, 2012, and/or 2013, as appropriate] program payment benefits received. You and/or any legal entity you may have indirect payment interest in will be notified by separate letter of refund amounts required.

The Food, Conservation, and Energy Act of 2008, commonly referred to as the 2008 Farm Bill, provides average adjusted gross income (AGI) limitations for participants who enroll in certain farm programs. The average AGI limitations are:

- \$500,000 nonfarm average AGI in order to receive commodity, price support or disaster program benefits;
- \$750,000 farm average AGI in order to receive direct payments under the Direct and Counter-Cyclical Program (DCP), or Average Crop Revenue Election Program (ACRE); and
- \$1 million nonfarm average AGI to receive conservation program benefits.
- \$1 million AGI limitation for 2012 and 2013 direct payments.

Completing form CCC-931 or CCC-933 allows the IRS to average your AGI for the three applicable tax years to provide FSA information on whether your average appears to exceed one or more of the applicable limitation amounts. Individuals, legal entities, and all members of legal entities must complete form CCC-931 or CCC-933.

If you believe that FSA has not properly determined the facts of this case regarding your AGI ineligibility, you may appeal this determination to the County Committee by filing a written request no later than 30 calendar days after you receive this notice in accordance with the FSA appeal procedures found at 7 CFR Part 780. If you choose, your appeal can include submission of a completed CCC-931 or CCC-933. If you appeal to the County Committee, you have the right to an informal hearing which you or your representative may attend either personally or by telephone. If you appeal this determination to the County Committee, you may later appeal an adverse determination of the County Committee to the FSA State Committee or the National Appeals Division. To appeal, write to the County Committee at the following address and explain why you believe this determination is erroneous.

(Insert COC address.)

If you do not timely file an appeal of this determination, this shall be the final administrative determination with respect to this matter in accordance with regulations at 7 CFR Part 780.

Sincerely,

County Executive Director

C Example With an Attachment Letter for Requesting Additional Information

The following is an example notification letter where indications are average AGI limitations exceeded and additional information is requested for FSA review. This example letter is followed by an attachment.

[Date]
[Address Block]
Dear [Name]:
The Food, Conservation, and Energy Act of 2008 (2008 Farm Bill) provides average adjusted gross income (AGI) limitations for participants who enroll in certain farm programs. These limitations apply to individuals and legal entities who receive payments, as well as to members of legal entities that receive payments.
The Farm Service Agency (FSA) and Internal Revenue Service (IRS) formed a partnership to ensure that only those participants who comply with AGI requirements receive farm program benefits. This data-sharing process maintains the confidentiality and privacy of tax return information while providing FSA information necessary to verify your average AGI certification.
You provided written consent allowing the IRS to average your AGI for the applicable tax years and to provide FSA information about whether or not your AGI exceeds limitation amounts.
The information received from the IRS indicates that for [insert applicable program year 2009 through 2012] program payment eligibility purposes, your average AGI may exceed the:
\$500,000 nonfarm AGI limitation for commodity program benefits (including direct payments under the Direct and Counter-Cyclical Program (DCP) or Average Crop Revenue Election (ACRE) program), price support or disaster program benefits
\$750,000 farm AGI limitation for direct payments under the DCP or ACRE program
\$1 million nonfarm AGI limitation for conservation benefits.
\$1 million AGI limitation for 2012 direct payments.
Additional information is needed to assist FSA's review. Please provide one of the following:
 a signed statement from a CPA or an attorney that verifies your average AGI did not exceed the applicable AGI limitations; copies of the complete Federal tax returns that were filed with the IRS for the years [insert applicable tax years]; or
 a signed acknowledgement that your income exceeded the limitations, if your [insert applicable program year 2009 through 2012] certification was in error.

--*

C Example With an Attachment Letter for Requesting Additional Information (Continued)

*__

«Name»

Page 2

If copies of Federal tax returns are provided, FSA will evaluate the information and re-calculate the average AGI. FSA will provide written notice of the results of this review.

If your average AGI exceeded the applicable limits because you filed a joint tax return, but you would have been eligible if you had filed separately, you may provide a CPA or attorney statement certifying that your income, if you had filed separately, would have been within the AGI limits. If a CPA or

attorney certification is not provided, the AGI shown on your joint tax return will be considered your AGI for FSA program purposes.

If a signed statement from a CPA or attorney is provided, the statment **must** include all of the items as shown in the sample letter.

A sample letter with instructions are enclosed for your CPA or attorney's reference. [Enclose sample notification letters as shown in subparagraphs 189 D or 189 F, as appropriate.]

To avoid any delay or interruption in program payments and benefits, please provide all requested information to FSA within 30 days of the date of this letter. Information should be mailed to:

[Insert State Office Address.]

Failure to timely respond to this notice will result in a determination of ineligibility for all [insert applicable program year 2009 through 2012] program benefits. Please be assured that all information provided will be held strictly confidential. If you have questions or concerns, please contact [insert State Office contact number for AGI].

Thank you for your cooperation.

Sincerely,

[Name]

State Executive Director

Enclosures

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D Example of Initial Letter Notifying Participant of Ineligibility

The following is an example initial decision letter advising of ineligibility because of average AGI limitations.

[Date]

[Address Block]

Dear [Name of Participant]:

The Farm Service Agency (FSA) recently wrote you requesting additional information so that FSA could complete its review of your payment eligibility under the average adjusted gross income (AGI) provisions. We have not received a response from you regarding our previous inquiries; therefore, FSA has determined that you exceed the AGI limitation for [enter specific AGI limitation exceeded and year].

As a result of this determination, you are ineligible for program payments subject to that limitation. A refund of program payments is, therefore, required. A separate letter will be sent with the required refund amount and instructions for submitting the refund.

If you believe that FSA has not properly considered the facts related to the determination of your eligibility under the AGI provisions, you have the following options:

Reconsideration of the State Executive Director

You may request that I reconsider this determination by filing a written request no later than 30 calendar days after you receive this notice according to FSA's appeal procedures found at 7 CFR Part 780. If you request reconsideration, you have the right to an informal hearing which you or your representative may attend either personally or by telephone. If you choose to seek reconsideration, you may later appeal the determination to the National Appeals Division. To request reconsideration, write to FSA at the following address and explain why you believe this determination is erroneous. The address is:

USDA – Farm Service Agency Attention: AGI Limitation Review

[Enter address of the State Office for SED reconsideration.]

D Example of Initial Letter Notifying Participant of Ineligibility (Continued)

[Name]
Page 2

Mediation

Mediation is available as part of FSA's informal appeal process. Mediation may enable us to narrow the issues and resolve the matter by mutual agreement. You may have to pay all or part of the cost of mediation. If you request mediation, the running of the time frame in which you may file an appeal stops. When mediation closes, the clock restarts and you will have the balance of the days remaining in that period to file an appeal. To request mediation, you must submit your written request no later than 30 calendar days after you receive this notice. To request mediation, write to the FSA State Executive Director at the following address: [Insert SED address or Mediation Program address, as applicable.]

Appeal to the Department of Agriculture National Appeal Division (NAD)

You may appeal this determination to NAD by filing a written request no later than 30 calendar days after you receive this notice in accordance with the NAD Appeal procedures found at 7 CFR Part 11. If you appeal to NAD, you have the right to a hearing which you or your representative may attend. Once a hearing with NAD begins, you waive any rights you might have to reconsideration, appeal to FSA, and mediation. To appeal, you must write to NAD at the following address, explain why you believe this determination is erroneous, and provide a copy to FSA. You must personally sign your written appeal to NAD and include a copy of this letter. [Insert applicable NAD address.]

If you do not timely exercise one of the preceding options, this shall be the final administrative determination with respect to this matter in accordance with the regulations at 7 CFR Part 780 and 7 CFR Part 11.

Sincerely,

[Enter Name]
State Executive Director

--*

E Example of Letter Acknowledging Request for Reconsideration Review

The following is an example letter acknowledging request for reconsideration.

*__

[Date]

[Address Block]

Dear [Name of Participant]:

This letter acknowledges your request for reconsideration of the Farm Service Agency's (FSA's) decision concerning your eligibility under the average adjusted gross income provisions for the [insert the 2009 through 2012 program year(s), as applicable].

A representative of the [enter name] State FSA Office will review your request on [enter date which should be no earlier than 17 days from date of mailing], at [enter time]. The hearing will be in a room to be designated for the purpose of conducting a hearing. You, your authorized representative, or both, are invited to attend the hearing and submit any additional information in support of your request for reconsideration. If you choose to personally appear, please come to:

[Enter State Office address and contact phone number.]

The hearings are informal and verbatim transcripts are not ordinarily made. However, if you want a transcript to be made at your expense, please let us know at least 7 calendar days before the hearing, and we will make the arrangements. Neither FSA nor the Department will reimburse you for any costs you may incur in connection with your request for reconsideration. Please note that a verbatim transcript will only be permitted if you choose to attend the scheduled hearing either in person or via telephone.

Should you prefer to attend the scheduled hearing by telephone, in advance of the hearing date please provide us with a telephone number of where you and your authorized representative can be contacted on the day and time of the scheduled hearing. If you choose not to attend the hearing at all (either in person or via telephone) please let us know. However, whether you choose to attend the hearing or not, you may submit before the date of the scheduled review, any further facts or evidence you wish to have considered. The Deputy Administrator will consider your request and arrive at a decision based on the record and other available information. The review will include all of the information submitted by you, in addition to the complete file pertaining to your case. FSA's review determination will be in writing and sent to you and your representative as soon as possible after conclusion of the scheduled meeting or hearing.

If you have any questions about this matter, you may contact the State FSA Office at [enter complete area code and phone number]. If you telephone us and receive a voice mail recording, please leave your contact information and we will return your call.

Sincerely,

[Name]

State Executive Director

__*

F Example of Letter Granting Reconsideration

The following is an example of a letter approving the participant's eligibility on reconsideration.

[Date]

[Address Block]

Dear [Name of Participant]:

This letter is in further reference to the appeal of the Farm Service Agency's (FSA's) decision concerning your eligibility under the Average Adjusted Gross (average AGI) income provisions for the 2010 program years.

You submitted a form CCC-931, Average Adjusted Gross Income (AGI) Statement for the 2010 program year and affirmed on the form that your nonfarm and farm income, as applicable, for the period of years identified in section 4 of the form, was within the limitations set forth in questions 5 through 7. You also certified that your average adjusted gross farm income was NOT at least 66.66 percent of the average adjusted gross income for the 2008, 2007, and 2006 three year period applicable to 2010.

On May 1, 2011, FSA wrote you advising that information from the U.S. Department of Treasury, Internal Revenue Service (IRS), indicated that your average AGI may exceed the AGI limitations for particular programs. FSA requested additional information to assist in its review. In response, you furnished documents that, when examined without any explanation from you, showed that you exceeded the \$1 million nonfarm AGI limitation for 2010 conservation benefits. Accordingly, you were determined ineligible for program payments subject to that AGI limitation. A letter advising you of this decision was issued on October 27, 2011. Upon receipt of that decision, you subsequently sought reconsideration from FSA.

On December 20, 2011, FSA representatives spoke with you in a telephone hearing. In the hearing you explained that the tax documentation you submitted reflected not only your income, but also income of your spouse. You mentioned having provided additional documentation specifying the manner income of you and your spouse would have been declared and reported if you each had filed two separate returns. In addition, you affirmed that the calculations were consistent with the information supporting the joint return. At the time of the hearing, FSA had received your documentation but did not have a certified statement by a certified public accountant or attorney affirming the calculations on division of the joint return. On December 22, 2011, FSA received a September 19, 2011, letter from an attorney affirming your calculations and certification of not having income in excess of the \$1 million nonfarm AGI limitation for 2010.

__*

F Example of Letter Granting Reconsideration (Continued)

[Name]

Page 2

Based on all the information submitted, including the information submitted on reconsideration, FSA has determined that you do not exceed the \$1 million AGI limitation for 2010 conservation benefits.

This concludes FSA's reconsideration of this matter in accordance with 7 CFR parts 780 and 1400. A copy of this decision will be provided to local FSA offices.

Sincerely,

[Name]

State Executive Director

cc: CED, [Name] County FSA Office

--*

*--204 Example Letters for AGI Compliance (Continued)

G Example Letter for Disapproving Reconsideration

The following is an example of a letter disapproving the participant on reconsideration.

[Date]

[Address Block]

Dear [Name of Participant]:

This letter is in further reference to your appeal of the Farm Service Agency's (FSA's) decision concerning your eligibility under the Average Adjusted Gross Income Limitation Provisions for the 2009 and 2010 program years.

BACKGROUND

You submitted a form CCC-931, Average Adjusted Gross Income (AGI) Statement, for each of the 2009 and 2010 program years and affirmed on each form that your nonfarm and farm income, as applicable, for the period of years identified in section 4 of each form, was within the limitations set forth in questions 5 through 7. You also certified that your average AGI farm income:

- was at least 66.66 percent of the total average AGI for the 2007, 2006, and 2005, three year period applicable to 2009, and
- was **not** at least 66.66 percent of the total average AGI for the 2008, 2007, and 2006, three year period applicable to 2010.

On May 1, 2011, FSA wrote you advising that information from the U.S. Department of Treasury, Internal Revenue Service (IRS), indicated that your average AGI may exceed the average AGI limitations for particular programs. FSA requested additional information from you to assist in its review. In response, you furnished documents affirming that your average AGI exceeded the \$750,000 income limitation applicable to direct payments under the Direct and Counter-Cyclical Program (DCP) or Average Crop Revenue Election Program (ACRE) Program for 2009 and 2010. Consequently, you were determined ineligible for program payments subject to that average AGI limitation. A letter advising you of the decision was issued on October 27, 2011. You subsequently appealed FSA's decision to the State committee.

ISSUE

Does [Name] have average AGI in excess of average AGI limitations for particular programs?

__*

G Example Letter for Disapproving Reconsideration (Continued)

[Name]

Page 2

GENERAL PROGRAM PROVISIONS

The regulations governing average AGI limitations appear at 7 CFR part 1400.

APPELLANT'S POSITION

You assert that FSA's decision is in error because it is based on one-time capital gains in 2006 of more the \$3 million which resulted from a sale of trailer parks. You indicate that income shown on previous and subsequent years was far below average AGI limitations.

FINDINGS OF FACT

- 1. [Name]'s average AGI farm income was not at least 66.66 percent of the average AGI for the 2007, 2006, and 2005 three year period applicable to 2009. (IRS information and copy of May 17, 2011, e-mail correspondence to you from Jason Accountant, CPA).
- 2. The majority of [*Name*]'s average AGI for each three year period applicable to each of the 2009 and 2010 program years, as applicable, was from nonfarm income (sale of trailer parks). (IRS information and copy of May 17, 2011, e-mail correspondence to you from Jason Accountant, CPA).
- 3. [Name]'s average AGI nonfarm income is in excess of the \$500,000 AGI nonfarm limitation for commodity programs (including direct payments under the DCP and ACRE Programs) specified at 7 CFR § 1400.1 for 2009 and 2010. [Name]'s November 15, 2011, letter to FSA with attachments.)

ANALYSIS

A review of the IRS information and copy of May 17, 2011, e-mail correspondence to you from Jason Accountant, CPA, indicate, contrary to your certification, that your average AGI farm income was not at least 66.66 percent of the average AGI for the 2007, 2006, and 2005 three year period applicable to 2009. Rather, the majority of your average AGI for each three year period applicable to each of the 2009 and 2010 program years, as applicable, was from nonfarm income (sale of trailer parks). You confirmed these facts in your correspondence to FSA and in the hearing with the FSA. Accordingly, you are ineligible for payments and benefits under the \$500,000 average AGI nonfarm limitation for commodity programs (including direct payments under the DCP and ACRE Programs) specified at 7 CFR § 1400.1 for 2009 and 2010.

--*

G Example Letter for Disapproving Reconsideration (Continued)

[Name]

Page 3

If you believe that this decision is erroneous, you have the following options:

Mediation

Mediation is available as part of FSA's informal appeal process. Mediation may enable us to narrow the issues and resolve the matter by mutual agreement. You may have to pay all or part of the cost of mediation. If you request mediation, the running of the time frame in which you may file an appeal stops. When mediation closes, the clock restarts and you will have the balance of the days remaining in that period to file an appeal. To request mediation, you must submit your written request no later than 30 calendar days after you receive this notice. To request mediation, write to the FSA State Executive Director at the following address: [Insert SED address or Mediation Program address, as applicable.]

Appeal to the Department of Agriculture National Appeal Division (NAD)

You may appeal this determination to NAD by filing a written request no later than 30 calendar days after you receive this notice in accordance with the NAD Appeal procedures found at 7 CFR Part 11. If you appeal to NAD, you have the right to a hearing which you or your representative may attend. Once a hearing with NAD begins, you waive any rights you might have to reconsideration, appeal to FSA, and mediation. To appeal, you must write to NAD at the following address, explain why you believe this determination is erroneous, and provide a copy to FSA. You must personally sign your written appeal to NAD and include a copy of this letter. [*Insert applicable NAD address*.]

If you do not timely exercise one of the preceding options, this shall be the final administrative determination with respect to this matter in accordance with the regulations at 7 CFR Part 780 and 7 CFR Part 11.

Sincerely,

[Name]

State Executive Director

204 Example Letters for AGI Compliance (Continued)

H Example for the Requesting Information

The following is an example for the request of a response for additional information from the participant previously notified of the AGI compliance review.

*--

[Date]

[Address Block]

Dear [Name]:

The Farm Service Agency (FSA) recently sent you a letter dated [insert date] requesting information so that FSA can complete its review of your average Adjusted Gross Income (AGI) compliance and subsequent eligibility for [insert the appropriate program year 2009 through 2012] program payments and benefits. As of the date of this letter, [insert 1 of the following phrases and modify it to fit the specific instance or situation (these examples are not inclusive and only describe some situations) [we have not received a response from you regarding this matter] OR [we received incomplete sets of tax returns] OR [the statement prepared by John Doe, CPA, fails to provide the required information as specified in the attached example of a CPA statement] OR [the information submitted showing how income would have been reported by spouses had separate returns been filed must be accompanied by a certification of a CPA or attorney] OR [the information submitted appears to be for a person or legal entity that is not the subject of our review], please submit the information for you as the person or legal entity that is subject to these AGI compliance provisions. OR

Therefore, we request that you respond to this second request for additional information within 14 days of the date of this letter in order to to avoid a determination of ineligibility for [insert appropriate program year 2009 through 2012] program benefits. A determination of ineligibility would result in you or any legal entity in which you have an interest being required to refund all [insert appropriate program year 2009 through 2012] program payments and benefits plus interest that you have directly or indirectly received. Please mail your response to:

[State] Farm Service Agency Attn: AGI Compliance Review [mailing address] [city, State ZIP Code]

All information provided in response to this inquiry will be maintained in a system of records and treated by FSA as confidential. If you have questions or concerns, please contact [insert name], Program Specialist, at [insert phone number].

Thank you for your cooperation.

Sincerely,

[Name]

State Executive Director Your State FSA Office

_*

204 Example Letters for AGI Compliance (Continued)

I Example Notification for AGI Compliance Review Completion

The following is an example for the notification of a participant following the completion of the AGI compliance review.

*__

[Date]

[Address Block]

Dear [Name]:

The Farm Service Agency (FSA) has completed an examination of your [insert the appropriate program year 2009 through 2012] average Adjusted Gross Income (AGI) certification and the additional information submitted.

Based on the data available to FSA and the supplemental documents you provided, FSA has determined that you comply with the [insert the following, as applicable: \$500,000 nonfarm AGI limitation for commodity program benefits/\$750,000 farm AGI limitation for direct payments under the DCP or ACRE program/\$1 million nonfarm AGI limitation for conservation benefits; \$1 million AGI limitation for 2012 direct payments].

Consequently, with the regard to the provisions of average AGI compliance, you are eligible for [insert the appropriate program year 2009 through 2012] program payments affected.

The review for [insert the appropriate program year 2009 through 2012] average AGI compliance is now considered complete. We appreciate your cooperation.

Sincerely,

[name]

SED

[State] FSA State Office

cc: County Office

--*

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	determinations and notify producers within
farming determinations	60 calendar days of the date the complete
_	CCC-902 was filed.
requiring actively engaged in farming	and actively engaged in farming determinations
determinations	and notify producers within 60 calendar days of
	the date the complete CCC-902 was filed.

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.

* * *

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

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

(04-07					
	WORKSHEET FOR PAYMENT ELIGIBILITY AND PAYMENT LIMITATION DETERMINATIONS 2. COUNTY AND STATE Johnson, TX				
	3. PROGRAM YEAR 2009				
	T A – Type of operation				
4. Tr	ne operation reviewed is a: Person Sole Proprietor/Small Business General Partnership Limited Partnership Estate City, County or State-owned Entity Joint Venture Limited Liability Company				
E	Charitable/Non-Profit Indians rep. by BIA Revocable Trust Other: Corporation Irrevocable Trust Public School				
PAR'	TB - Review of Eligibility Requirements and Contributions				
Answ	ver the following questions by checking "YES, "NO" or N/A".				
		YES	NO	N/A	
1	Are the Name and SCN (or EIN) provided for the person level entity and each member or interest holder?	х			
2	Are the Name and SSN (or EIN) provided for the person, legal entity and each member or interest holder? If participant is an Estate, has a tax identification number (EIN) been provided for the estate?			Х	
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?			х	
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?	х			
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.)				
6	Does this person or legal entity meet ALL of the following with regard to the farming operation: • 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.				
7	Are cash rent tenant provisions met with significant contributions of either of the following: active personal labor, or active personal management and equipment	х			
	(NOTE: If participant is a joint operation, each member must meet cash rent tenant provisions.)				
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.)	х			
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.)			Х	
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?			Х	
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?			х	
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? If an irrevocable trust, has trust documentation been provided and is such documentation on file?	_		х	
				Х	
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? If a charitable organization, does the land or proceeds from the farming operation transfer to an entity that			Х	
16	exercises control over the organization? (If "YES", Common Attribution is shown in Remarks)			Х	
10	Substantive change rules were met by (check each applicable substantive change):				
	X Addition of 2 (number) adult family member(s)	Х			
	For a landowner only, a change from cash rent to share rent			Х	
	A 20% increase in base acres, allowing recognition of one person or legal entity for payment			Х	
	A qualifying change in ownership of equipment			Х	
	A qualifying change in ownership of land			Х	

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

	cipant's Name: Beringer Partners	Crop Year: 2009	9			
	T C – DETERMINATIONS OF THE REVIEWING	·	2			
Base		the following: (Or, for joint operations with 6 or more members, the	YES	ΝО		
1	LANDOWNER PROVISIONS apply to this parti	icipant.		Х		
2A	The person's or entity's contributions are SIGN ACTIVELY ENGAGED IN FARMING. (If "NO"	IFICANT, COMMENSURATE and AT RISK; And the person or entity is , explanation is in REMARKS)	×			
2B	For JOINT OPERATIONS ONLY, each member's contributions are SIGNIFICANT, COMMENSURATE and AT RISK; And EACH MEMBER is ACTIVELY ENGAGED IN FARMING. (If "NO", explanation is in REMARKS)					
3	COMMON ATTRIBUTION rules apply (Person	s and Entities with common attribution are listed in Remarks)		Х		
4	A CROPLAND FACTOR applies because CAS or more members of the joint operation. (If "YE	H RENT TENANT rules are not met by the person, the entity, or by one S", explanation is in Remarks)		х		
		mplete Item 5A if the participant is a PERSON or ENTITY. Complete Ite 5C if the participant is either an ENTITY or JOINT OPERATION.	m 5B if t	:he		
5A	The PERSON or ENTITY is determined to mak following CONTRIBUTIONS:	e the ACTIVE PERSONAL LABOR ACTIVE PERSONAL MANAG	EMENT			
5B	The JOINT OPERATION is determined to make following CONTRIBUTION(S).	e the LAND CAPITAL EQUIPMENT				
	MEMBERS of the JOINT OPERATION are dete	ermined to make the following CONTRIBUTIONS:				
	Member(s) Name(s): Jack Beringer, Bobby Beringer	ACTIVE PERSONAL LABOR ACTIVE PERSONAL MANAG	EMENT			
	Member(s) Name(s): Ana Beringer, Ida Beringer	ACTIVE PERSONAL LABOR ACTIVE PERSONAL MANAG	EMENT			
	Member(s) Name(s):	ACTIVE PERSONAL LABOR ACTIVE PERSONAL MANAG	EMENT			
	Member(s) Name(s):	ACTIVE PERSONAL LABOR ACTIVE PERSONAL MANAGEMENT LAND CAPITAL EQUIPMENT				
	Additional Pages are attached to show sign	ificant contributions of additional members.				
	Special rules for SPOUSES are used to cre	edit a spouse with a significant contribution of active personal labor or ac ation.	tive			
5C	personal management to the farming operation	an ownership interest represent a contribution of active personal labor a that meets all of the following: 1) performed on a regular basis; 2) ident at of any other partner, stockholder, or member with an ownership intere	ifiable ar	nd		
3. Li	st in REMARKS all partners, stockholders, or me	mbers and their ownership shares that did not meet requirements in Iten	n 5C.			
7. C	OMMON ATTRIBUTION applies to:					
8 In	eligible FOREIGN PERSONS are:					
	T D - REMARKS					
PAR'	T E – SIGNATURE OF REVIEWING AUTHORIT	Υ				
	OC or STO Representative Signature 2. T	Fitle 3. Date				
Rag	er Jahnsan Cha	rispersan, COC 4/12/2009				
	•	n all its program and activities on the basis of race, color, national origin, age, disability, and v	vhere annli	cable		
sex, m	parital status, familial status, parental status, religion, sexual ori	entation, genetic information, political beliefs, reprisal, or because all or part of an individual's s apply to all programs.) Persons with disabilities who require alternative means for commun	income is			
progra	m information (Braille, large print, audiotape, etc.) should cont	s act USDA's TARGET Center at (207 720-2600 (voice and TDD). To file a complaint of Disci p, SW., Washington, DC 20250-9410, or call (800) 795-3272 (voice) or (202) 720-6382 (TDD)	rimination,			

207 Completing CCC-903's (Continued)

*--D Example CCC-903 for 2010 and Subsequent Program Years

CCC	rm is available electronically. -903 U.S. DEPARTMENT OF AGRICULTURE 1. NAME			
(01-2	3-13) Commodity Credit Corporation Beringer Partners	II		
	WORKSHEET FOR PAYMENT ELIGIBILITY AND PAYMENT LIMITATION DETERMINATIONS 2. COUNTY AND STATE Johnson, TX			
	3. PROGRAM YEAR (select one)	2012	× 20	013
	T A – TYPE OF OPERATION			
4. TI	he operation reviewed is a: Person Sole Proprietor/Small Business General Partnership Limited Partnership Estate City, County or State-owned Entity Joint Venture Limited Liability Company			
Ē	Charitable/Non-Profit Indians rep. by BIA Revocable Trust Other:			
	Corporation Irrevocable Trust Public School			
PAR	T B - REVIEW OF ELIGIBILITY REQUIREMENTS AND CONTRIBUTIONS			
Ansv	ver the following questions by checking "YES, "NO" or N/A".			
		YES	NO	N/
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]	Х		
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? [1-CM (Rev 3) Part 6]			Χ
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: 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. [4-PL Part 2, Section 6]	Х		
7	Are cash rent tenant provisions met with significant contributions of either of the following: (check as applicable) active personal labor, or 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]	х		Г
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.)	Х		
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]			>
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]			2
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]			Х
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-P. Part 4, Section 6]			2
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]			2
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]			Х
16	Substantive change rules were met by (check each applicable substantive change): [4-PL Part 2, Section 5] X Addition of 1 (number) adult family member(s)	v		
	· · · · · · · · · · · · · · · · · · ·	X		10
	For a landowner only, a change from cash rent to share rent			X
	A 20% increase in base acres, allowing recognition of one person or legal entity for payment			X
	A qualifying change in ownership of equipment			X
	A qualifying change in ownership of land	X		
				Х

207 Completing CCC-903's (Continued)

*--D Example CCC-903 for 2010 and Subsequent Program Years (Continued)

CON	TC - FINDINGS OF THE REVIEWING AUTHORITY ITRIBUTIONS were determined as follows: Complete tems 3 a JOINT OPERATION. Complete items 3	e Item 1 if the participant is a PERSON or LEGAL ENTITY. Complete Item 2 if			
1	The PERSON or LEGAL ENTITY is determined to make the following CONTRIBUTIONS:	ACTIVE PERSONAL LABOR ACTIVE PERSONAL MANAGEMENT LAND CAPITAL EQUIPMENT			
2	The JOINT OPERATION is determined to make the following CONTRIBUTION(S).	☐ LAND ☐ CAPITAL ☐ EQUIPMENT			
	MEMBERS of the JOINT OPERATION are determined to make the following CONTRIBUTIONS:				
	Member(s) Name(s): Jack Beringer	□ ACTIVE PERSONAL LABOR □ ACTIVE PERSONAL MANAGEMENT □ LAND □ CAPITAL □ EQUIPMENT			
	Member(s) Name(s): Bobby Beringer	□ ACTIVE PERSONAL LABOR			
	Member(s) Name(s): Ana Beringer	□ ACTIVE PERSONAL LABOR □ ACTIVE PERSONAL MANAGEMENT □ LAND □ CAPITAL □ EQUIPMENT			
	Member(s) Name(s): Ida Beringer	□ ACTIVE PERSONAL LABOR □ ACTIVE PERSONAL MANAGEMENT □ LAND □ CAPITAL □ EQUIPMENT			
	Member(s) Name(s): Jason Beringer	□ ACTIVE PERSONAL LABOR			
	Member(s) Name(s):	ACTIVE PERSONAL LABOR ACTIVE PERSONAL MANAGEMENT LAND CAPITAL EQUIPMENT			
	Member(s) Name(s):	ACTIVE PERSONAL LABOR ACTIVE PERSONAL MANAGEMENT LAND CAPITAL EQUIPMENT			
	Member(s) Name(s):	ACTIVE PERSONAL LABOR ACTIVE PERSONAL MANAGEMENT LAND CAPITAL EQUIPMENT			
	Additional Pages are attached to show significant	contributions of additional members.			
	Special rules for SPOUSES or MINOR CHILDREI labor or active personal management in this farm	N are used to credit a spouse with a significant contribution of active personal ing operation. [4-PL Paragraph 116 and 1478]			
3	For an LP, LLP, LLC, corporation or similar legal entit represent a contribution of active personal labor and/	ry, did all partners, stockholders, or members with an ownership interest or active personal management to the farming operation that meets all of the able and documentable; and 3) separate and distinct from that of any other			
4		meet the requirement in Item 3, are both of the following requirements met for			
	- 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), <u>AND</u>				
_	management to the farming operation of the legal entity.	tity is held by partners, stockholders, or members that are actively providing labor and VES NO [4-PL Paragraph 147]			
5	List all partners, stockholders, or members that do no applicable.	t meet requirements in Item 3 <u>and</u> to whom the exception in Item 4 is not			
	1				

*--D Example CCC-903 for 2010 and Subsequent Program Years (Continued)

	icipant's Name: Beringer Partners II		Cr	op Year: 2013		
PAR	T D – DETERMINATIONS OF THE REVIEWING AL	JTHORITY				
	ed on the information provided, COC determined the e Office determined):	following:	(Or, for joint operations with 6 or more mem	nbers, the	YES	NO
1	The farming operation is NOT ELIGIBLE for paym holder were not provided.	ent becaus		per or interest I (Rev 3) Part 6]		Х
2	LANDOWNER PROVISIONS apply to all or part of	f this partic	ipant's farming operation. [4-PI	L Paragraph 62]	Х	
ЗА	For PERSONS or LEGAL ENTITIES: The person's or entity's contributions are SIGNIFICANT, COMMENSURATE and AT RISK; And the person or entity is ACTIVELY ENGAGED IN FARMING. (If "NO", explain in REMARKS) [4-PL Paragraphs 126-131; 146-170]			Х		
3B	For JOINT OPERATIONS ONLY, each member's And EACH MEMBER is ACTIVELY ENGAGED IN		i. (If "NO", explain in REMARKS)	and AT RISK; graphs 136-141]	4.51	
4	A CROPLAND FACTOR applies because CASH F or more members of the joint operation; or becaus "YES", explain in Remarks)		ANT rules are not met by the person, the en	ntity, or by one arming (If		Х
5	A PAYMENT REDUCTION applies because all pa contributions of active personal labor and/or active following: 1) performed on a regular basis; 2) ider any other partner, stockholder, or member with an	personal intifiable and	management to the farming operation that n d documentable; and 3) separate and distinc	neets all of the ct from that of		×
6	COMMON ATTRIBUTION applies to the following					
7	Ineligible FOREIGN PERSONS are:					
8	Ineligible ESTATES OVER 2 YEARS OLD are:					
9 PAR	SUBSTANTIVE CHANGE was required, but NOT TE-REMARKS	MET by:				
		MET by:				
PAR		MET by:				
PAR	TE-REMARKS	MET by:	2. Title Chairperson COC	3. Date 3/15,	/13	
PAR 1. C	T E - REMARKS T F - SIGNATURE OF REVIEWING AUTHORITY OC or STO Representative Signature	MET by:			/13	
PAR 1. C	T E - REMARKS T F - SIGNATURE OF REVIEWING AUTHORITY OC or STO Representative Signature Roger Johnson					
PAR 1. C	T E - REMARKS T F - SIGNATURE OF REVIEWING AUTHORITY OC or STO Representative Signature Roger Johnson T G - ACTIONS COMPLETED	'n		3/15,	e	
PAR 1. C IsI	T E - REMARKS T F - SIGNATURE OF REVIEWING AUTHORITY OC or STO Representative Signature Roger Johnson T G - ACTIONS COMPLETED Actic Written NOTICE OF DETERMINATION issued to	in all parties.	Chairperson COC [4-PL Part 7]	3/15, Dat 3/19,	e /13	
PAR 1. C Isl PAR 1 2	T F - SIGNATURE OF REVIEWING AUTHORITY OC or STO Representative Signature Roger Johnson T G - ACTIONS COMPLETED Action Written NOTICE OF DETERMINATION issued to be compared to be compared to the compared	n all parties. files.	Chairperson COC [4-PL Part 7] [3-PL (Rev. 1) Paragraphs 24-31]	3/15, Dat 3/19,	e /13 /13	
PAR 1. C IsI	T E - REMARKS T F - SIGNATURE OF REVIEWING AUTHORITY OC or STO Representative Signature Roger Johnson T G - ACTIONS COMPLETED Actic Written NOTICE OF DETERMINATION issued to a Determinations recorded in the WEB ELIGIBILITY For Entities and Joint Operations: Subsidiary files	n all parties. files.	Chairperson COC [4-PL Part 7] [3-PL (Rev. 1) Paragraphs 24-31]	3/15, Dat 3/19,	e /13 /13	
PAR 1. C Isl PAR 1 2	T E - REMARKS T F - SIGNATURE OF REVIEWING AUTHORITY OC or STO Representative Signature Roger Johnson T G - ACTIONS COMPLETED Actio Written NOTICE OF DETERMINATION issued to a Determinations recorded in the WEB ELIGIBILITY For Entities and Joint Operations: Subsidiary files - members - shares - member contributions	on all parties. files. were verif	[4-PL Part 7] [3-PL (Rev. 1) Paragraphs 24-31] led or updated to reflect correct: ecorded in web eligibility files.	3/15, Dat 3/19,	e /13 /13	
PAR 1. C Isl PAR 1 2	T E - REMARKS T F - SIGNATURE OF REVIEWING AUTHORITY OC or STO Representative Signature Roger Johnson T G - ACTIONS COMPLETED Actic Written NOTICE OF DETERMINATION issued to a Determinations recorded in the WEB ELIGIBILITY For Entities and Joint Operations: Subsidiary files - members - shares	n all parties. files.	Chairperson COC [4-PL Part 7] [3-PL (Rev. 1) Paragraphs 24-31]	3/15, Dat 3/19,	e /13 /13	

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

<u>Default determination</u> 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.

* * *

209-215 (Reserved)

216 Redelegating Authority

A Introduction

COC may redelegate their authority to CED to make actively engaged in farming and eligibility determinations in certain circumstances.

B Redelegating Circumstances

COC's authority to make actively engaged in farming and eligibility determinations may be redelegated to CED when the cases delegated are routine.

Note: Record all COC determinations in COC minutes, including determinations made by CED for COC.

C Spot-Checking Redelegated Determinations

Periodically, COC's and DD's shall review a sufficient number of redelegated cases to ensure that proper determinations are being made.

*--D AGI

SED's are delegated authority to make AGI determinations.--*

* * * Relief and Incorrect Determinations 217

A Misaction or Misinformation

See 7-CP for cases involving misaction or misinformation.

*--B Incorrect Payment Limitation or Actively Engaged in Farming Determination **Corrective Action**

Use this table if a payment limitation or actively engaged in farming determination is--* found to be in error by any reviewing authority.

IF a determination is	
found to be in error	THEN the
within 60 calendar days of the date the producer filed a complete CCC-902	 producer shall be immediately notified of the corrected determination and advised of the right to appeal according to 1-APP corrected determination shall be applicable for the current year, unless
	COC determines and DD concurs that both of the following apply:
	error was not so great that the producer should have noticed the error
	 producer, relying on the erroneous written determination and acting in good faith:
	materially changed plans because of the erroneous determination
	 was not notified in time to comply with the correct determination without suffering a loss.
but not within 60 calendar days of the date the producer filed a complete CCC-902	 initial determination shall be considered a default determination according to paragraph 208 for the current year and any previous year to which CCC-902 is applicable
	Exception: The correct determination shall apply for the current year if both of the following apply:
	 incorrect determination was made in a previous year and considered to be in effect for subsequent years
	 error was discovered and the producer was notified before a payment.
	 producer shall be notified of the correct determination according to paragraph 244.

^{*--}Note: The provisions of this paragraph are not applicable to average AGI determinations.--*

218-225 (Reserved)

Section 2 County Office Responsibilities

Subsection 1 Multiple State and County Producers

226 Responsibilities of County Office Receiving CCC-902

A Overview

This paragraph explains the basic responsibilities of a County Office that receives CCC-902 from a multiple county producer.

B Responsibilities

Counties receiving CCC-902 for a multiple county producer shall follow this table.

Step	Action
1	Immediately photocopy all forms and supporting documentation submitted.
2	Prepare a letter advising other County Offices involved of:
	• the filing date
	• which county is the control county.
3	Mail the letter with a set of the photocopied documents to each County Office
	where the producer has a farming interest.

C Determination Deadline

COC **must** make determinations and notify the producer within 60 calendar days after the producer files a complete CCC-902. The 60 calendar day period begins on the date a complete CCC-902 is filed, regardless of whether or **not** the County Office receiving the filing is the control county.

A Responsibilities

This table contains a list of responsibilities of control counties in different situations.

IF the multiple county producer	
is involved in	THEN the control County Office shall make
only 1 farming operation	eligibility determinations
	 actively engaged in farming determinations.
multiple farming operations and all	all eligibility determinations
operations are in the control county	• all actively engaged in farming determinations.
multiple farming operations and all	all eligibility determinations
farming operations are not in the	
control county	actively engaged in farming determinations for
	the farming operations located in the control
	county.

B Actively Engaged Determination Exception

The control county is **not** responsible for making the actively engaged determination for a farming operation located entirely in another county.

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).--*

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	 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.

229 Producers With Multiple State Interests

A COC Determinations for Multiple State Producers

Procedure applicable to multicounty producers shall be followed for multiple State producers, according to paragraph 228.

B State Office Concurrence

Counties should communicate directly with and provide notification and determination copies to the State Offices for concurrence.

230-235 (Reserved)

Subsection 2 State Office Determinations

236 Required State Office Determinations

A Rule on Required State Office Determinations

[7 CFR 1400.2] State Office review and determination is:

- **required** in 2009 for initial eligibility and actively engaged in farming determinations for joint operations with 6 or more members
- •*--not required in 2010 through 2013 when both of the following apply:--*
 - State Office made eligibility and actively engaged in farming determinations for the joint operation in a previous year
 - producer certifies minor changes in the farming operation and COC determines that the changes will **not** affect determinations previously made by the State.

Notes: State Offices are **not** required to make initial determinations for Indians receiving payment through affiliation with BIA or on lands owned by or held in trust for an Indian tribal venture.

Complex cases **must** be reviewed by STC.

COC's shall **not** make or recommend a determination.

236 Required State Office Determinations (Continued)

B Related Farming Operations

If State Office is required to make eligibility and actively engaged in farming determinations for a producer and the producer is also involved in another farming operation as an individual or member of a joint operation or entity:

 CCC-902's for the other farming operations are **not** required to be sent to the State Office for determination

Exception: If there is reason to believe the additional CCC-902's would change the determination, the State Office may require CCC-902's for the other

farming operations.

- the applicable control COC for the other farming operations shall:
 - make the required determinations for that farming operation
 - notify the producer.

C Determination Deadlines

This table provides deadlines for the State Office to make eligibility and actively engaged in farming determinations and producer notification (subparagraph 237 B)

IF CCC-902 is filed	THEN make
not requiring an actively engaged in farming determination	an eligibility determination and notify the producer within 60 calendar days of the date the applicable CCC-902 was filed. Note: An actively engaged in farming determination is not required until benefits are requested for a program
not requiring an actively engaged in farming determination, but benefits are later requested for a program requiring an actively engaged in farming determination	 requiring an actively engaged in farming determination. an eligibility determination, and notify the producer within 60 calendar days of the date the applicable CCC-902 was filed an actively engaged in farming determination within 60 calendar days of the later of the following: date the application or contract to participate for the program subject to an actively engaged in farming determination is filed
requiring an actively engaged in farming determination	• date a new or updated CCC-902 is filed, if applicable. eligibility and actively engaged in farming determinations, and notify the producer within 60 calendar days of the date the applicable CCC-902 is filed.

D Default Determinations

If the State Office does **not** make the initial determinations within the 60 calendar day time limit, the applicant shall receive a default determination according to paragraph 208.

237 Required Documentation

A Sending Files to the State Office

If a State Office determination is required according to this paragraph, County Offices shall send, by fastest means possible, new or updated CCC-902's with supporting documentation to State Office no later than 3 workdays following the day CCC-902's were received in the County Office.

Supporting documentation shall include a copy of:

- the requests for program benefits filed by the producer
- CCC-902's for the interests of the producer in other farming operations as an individual or member of a joint operation or entity as required by the State Office.

Supporting documentation may also include:

- copy of cash or share leases
- legal documentation about:
 - corporations
 - land ownership
 - partnerships
 - trusts
- additional documentation, as required by the State Office.

B Notifying Producers of Joint Operations With 6 or More Members

County Offices shall notify applicable producers by letter that:

- CCC-902 and supporting documentation, if applicable, has been sent to the State Office according to the requirement that State Offices make initial eligibility and actively engaged in farming determinations for joint operations with 6 or more members
- determination notifications will be sent from the State Office.

238-240 (Reserved)

Subsection 3 Notifying Producers of Determinations

241 Notifying Producers of COC Determinations

A Introduction

County Offices shall notify producers of COC's payment eligibility and payment limitation determinations as soon as possible after the determinations are made.

B Rule

County Offices shall notify producers of COC's determinations **no** later than 60 calendar days after the date the completed CCC-902 was filed.

C Types of Notifications

County Offices shall mail the following types of notification letters to producers:

- payment approvals to entities with more than 10 percent foreign ownership
- default
- foreign person ineligibility
- payment eligibility and payment limitation
- proper determination after default determination
- payment reductions.

242 Payment Eligibility and Payment Limitation Determinations

A Notification Requirements

Notification letters informing participants of the COC's determinations for payment eligibility and payment limitation purposes must include information on the following:

- actively engaged in farming determination
- if applicable, determinations for cash-rent tenant * * *
- the number of payment limitations applicable
- for a legal entity and joint operation, that payments will also be attributed to each partner, stockholder, or member according to the ownership share represented
- an explanation of any reduction in payment to the legal entity commensurate with the
 ownership interest held by the stockholder, partner, or member that failed to make a
 contribution of active personal labor and/or active personal management to the farming
 operation that are performed on a regular basis; identifiable and documentable; and
 separate and distinct from such contributions of any other partner, stockholder, or
 member of the farming operation
- the statement, "This determination is based on facts as submitted. You are responsible
 for promptly notifying the County Office of any change that would affect these
 determinations. Any unrevealed circumstances could require the application of a more
 restrictive rule."
- these determinations will remain in effect for the current and subsequent years and a new farm operating plan will not be required unless a change occurs in the farming operation that would affect these determinations
- a statement that the determination may be appealed within 30 calendar days of notification, if the determination is adverse.

243 Default Determinations

A Rule

Every participant shall receive a determination **no** later than 60 calendar days after submitting a completed CCC-902. If COC **cannot** make an initial determination within the required 60-calendar-day period, the producer will receive and be notified of a default determination.

B Notification Example

This is an example of a letter notifying the producer of a default determination.

[*Letterhead*]

Riverside County FSA Office Box 123 Anytown CA 92241-0123

Date

Ms. Becky Montana, President Montana Farms, Inc. P O Box 3 Anytown CA 92241-0003

Dear Ms. Montana:

The Orange County FSA Committee did **not** complete its review within 60 calendar days of the date CCC-902 was filed in the County Office. Therefore, you will receive the determination that you sought for [year], provided the information given accurately reflects your farming operation. Montana Farms, Inc., will be considered. [Insert the correct determination response; for example; actively engaged in farming; restricted to one limitation.] Any payments received by this corporation will be attributed to each stockholder listed, based on the ownership shares as represented.

If it is subsequently determined that the farming operation was **not** conducted as indicated on the CCC-902, the determination sought by you will no longer automatically apply, and a more restrictive determination may be applied.

[Give appeal rights according to 1-APP.]

Sincerely,

Tom Jones County Executive Director

244 Proper Determinations

A Rule

A default determination does **not** relieve COC from making a proper determination. If the proper determination is different from the default determination, notify the producer of the following:

- the proper determination
- that FSA will honor the default determination for the current year, if the operating plan is followed **exactly**.

Note: The proper determination will apply for the:

- current year, if it is determined that the farm operating plan is **not** followed **exactly** as presented
- following year, if the operation is **exactly** the same in the following year.

244 Proper Determinations (Continued)

B Example Notification

This is an example letter notifying producers of a proper determination after a default determination.

[Letterhead]			
Orange County FSA Office Box 123			
Anytown CA 92680-0123			
Date			
Ms. Sandra Fields			
P O Box 3 Anytown CA 92680-0003			
Dear Ms. Fields:			
By letter dated, we notified you that is [are] considered to be eligible for [year], separate and distinct from any other individual or entity.			
The Orange County FSA Committee has completed a more thorough review of the farm operation plan for [year] and found the original determination to be incorrect. If there are no changes in your operation for [next year] and subsequent years, this revised determination will be effective for those years.			
Based on the information submitted, the Committee determined that			
Based on these understandings, the Committee determined that			
As stated above, this revised determination does not affect the determination given you earlier for this year. However, the determination will be effective for [year], if no changes are made for that year.			
This determination is based on the facts as submitted. Any unrevealed circumstances could require the application of a more restrictive rule.			
[Give appeal rights according to 1-APP.]			
Sincerely,			
F. Amos County Executive Director			

245 Notification Letters

A Introduction

Use the example notification letters in subparagraphs B and C as guides when notifying participants of payment eligibility and payment limitation determinations.

B Letter for an Individual

This is an example of a letter notifying the producer of COC determination for an individual.

[Letterhead]

Date

Mr. Charles Ludlow 2342 Burke Rd Glen Rose, TX 74444

Dear Mr. Ludlow:

The Erath County FSA Committee has completed its review of your farm operating plan for [year]. Based on the information submitted, the Committee determined the following:

- you are "actively engaged in farming" and eligible for payments and benefits that may be requested under programs subject to the payment eligibility and payment limitation provisions
- you are restricted to one limitation for payment limitation purposes.

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

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

[Provide appeal rights according to 1-APP if determination is adverse.]

Sincerely,

Joe B. Grumpy County Executive Director

C Letter for a Legal Entity

This is an example of a letter notifying the producer of COC determination for a legal entity.

[Letterhead]

Date

Mr. John Hardesty J and J Inc. N 1024 Rd Someplace, OK 98764

Dear Mr. Hardesty:

The Sooner County FSA Committee has completed the review of the farm operating plan and supporting documentation submitted on behalf of J and J Inc. for [year]. The Sooner County FSA Committee understands that J and J Inc. is a properly chartered corporation having 2 stockholders, each owning 50 percent of the stock. Corporate interests are as follows:

<u>Individual/legal entity</u>	Percent Interest
John Hardesty	50
Jimmy Hardesty	50

Based on the information submitted, the Committee determined the following:

- J and J Inc. is "actively engaged in farming" and eligible for payments under programs subject to the payment eligibility and payment limitation provisions
- J and J Inc. is restricted to one limitation for payment limitation purposes and payments will also be attributed to each stockholder in accordance with the ownership share represented.

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

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

[Provide appeal rights according to 1-APP if determination is adverse.]

Sincerely,

Jane C. Doe

County Executive Director

C Letter for a Legal Entity (Continued)

[Letterhead]

Date

Mr. John Smith S & J LLC N Dusty Road Sometown, NE 98764

Dear Mr. Smith:

The Huskers County FSA Committee has completed the review of the farm operating plan and supporting documentation submitted on behalf of J & S LLC for [year]. The Huskers County FSA Committee understands that J & S LLC is a properly organized limited liability company with 2 interest holders, each owning 50 percent of the entity. Entity interests are identified as follows:

Individual/legal entity	Percent Interest
John Smith	50
Jimmy Jones	50

Based on the information submitted, the Committee determined the following:

- J & S LLC is "actively engaged in farming" and eligible for payments under programs subject to the payment eligibility and payment limitation provisions.
- J & S LLC is restricted to one limitation for payment limitation purposes and payments will be attributed to each stockholder in accordance with the ownership share represented.
- Program payments issued to J & S LLC will be reduced by 50 percent, the interest held by Jimmy Jones. All interest holders in an entity are required to make contributions of active personal labor and/or active personal management to the farming operation. Such activities must be contributed to the farming operation on a regular basis throughout the crop year; identifiable and documentable; and separate and distinct from such contributions of any other interest holder. The failure of an interest holder to meet these requirements results in a reduction in payments commensurate with the ownership interest held by such interest holder in the entity. The CCC-902E farm operating plan submitted for J & S LLC revealed that Mr. Jones did not make any contributions to the farming operation.
- These determinations will remain in effect for the current and subsequent years and a new farm operating plan will not be required unless a change occurs in your farming operation that would affect these determinations.

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

[Provide appeal rights according to 1-APP.]

Sincerely,

Jane C. Doe

County Executive Director

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 (describe as applicable)
(MEMBER NAME)	XX	(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.)
(MEMBER NAME)	XX	(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)
(MEMBER NAME)	XX	(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.)

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)

Subsection 4 Filing

251 Filing Payment Limitation Documentation

A Introduction

County Offices shall file applicable payment limitation documentation received from producers and other County Offices.

B How to File

County Offices shall file producer and County Office documentation:

- in separate folders
- alphabetically by producer.

252-255 (Reserved)

Section 3 DD Responsibilities

256 Monitoring COC Determinations

A Introduction

DD's shall monitor COC initial, end-of-year, scheme or device, and default determinations to ensure that proper and timely determinations are made.

B Initial Determinations

DD's shall review initial COC determinations to ensure that COC has timely:

- made determinations that properly considered:
 - cash-rent tenant provisions
 - commensurate contributions
 - significant contributions
 - substantive change rules
- and properly notified producers, in writing, of determinations
- and adequately monitored determinations for multiple county producers.

256 Monitoring COC Determinations (Continued)

C End-of-Year Determinations

DD's shall review a number of cases selected for end-of-year review to ensure that:

- cases for review were properly selected
- correct determinations were made based on documentation provided
- documentation was sufficient to support the determination
- reviews were made in a timely manner.

Note: DD's are encouraged to review documentation **before** COC determination. In all cases, DD's should review **before** producer is notified of the outcome of the review.

D Scheme or Device Determinations

DD's shall:

- provide assistance to COC, as appropriate
- concur with COC's determination of scheme or device **before** the producer is notified of the determination
- initial COC determination in COC minutes.

257 Corrective Actions

A Introduction

If DD's review of COC determinations or County Office determination handling reveals errors or other problems, DD's shall take immediate and appropriate action.

B Guidelines

DD's shall determine the magnitude of the situation when errors or problems are discovered. Based on the magnitude, DD's shall determine how to provide assistance to correct the situation.

DD's shall use this table to decide the best way to handle situations.

IF the error or	
problem is	THEN
isolated to a small	review with COC or County Office the correct procedure and
number of cases	corrective action, if applicable.
widespread	review with COC or County Office the correct procedure and corrective action
	• contact State Office specialist to determine whether additional action, such as training, is necessary.
recurring after DD's	contact State Office specialist for assistance in correcting the
guidance to correct	situation.

C Subsequent Review

After subsequent visits to County Offices, DD's shall review to determine whether:

- errors or problems have been resolved
- COC or County Office is following procedure.

D Report to State Office

DD shall be prepared to report to STC or State Office any errors or problems encountered in the district.

258 DD Disagreement With COC Determinations

A Introduction

DD's do **not** have authority to overrule COC determinations.

B Determination Disagreements

If a disagreement on the determination **cannot** be resolved at the local level, DD shall:

- submit the case with all documentation to STC for a determination
- transmit the file with a memorandum containing a short narrative explaining:
 - why COC determination is believed to be incorrect
 - DD's recommended determination.

259, 260 (Reserved)

Section 4 STC Responsibilities

261 STC Authority

A Introduction

STC's have authority over COC's, County Offices, DD's, and State Office specialists to implement the provisions of this handbook.

B Responsibilities

STC's shall:

- assign a State program specialist the responsibility to carryout provisions of this handbook
- resolve questioned COC determinations
- establish a date by which end-of-year reviews **must** be completed
- establish a date for submitting end-of-year review report
- be responsible for reviewing cases involving initial eligibility determinations for joint operations consisting of 6 or more members.

C Actions

STC's may take any action authorized or required to be taken by COC's that is **not** taken by COC. STC's may also:

- correct, or require COC's to correct, any action taken by COC that is **not** according to the provisions of this handbook
- require COC's to withhold taking any action that is **not** according to this handbook.

261 STC Authority (Continued)

D Assigning Program Specialist

STC shall assign a State program specialist the overall responsibility for the day-to-day administration of payment limitation determinations.

E Questioned COC Determinations

STC's shall:

- resolve determinations that are questioned by DD's
- complete determination resolution responsibilities by reviewing material submitted by DD's according to paragraph 258.

F End-of-Year Reviews

STC shall specify a date by which all end-of-year reviews **must** be completed within the State. STC shall take into consideration the following:

- different dates may be established for specific areas within the State
- an action; such as marketing of a crop, may **not** be completed at the time of the end-of-year review

Note: Do **not** consider the determination incorrect simply because the action is **not** completed by the established end-of-year review date.

• that some factors to be considered may require verification beyond the STC-established end-of-year review date

Note: The end-of-year review should be completed to the extent that followup actions are known and scheduled.

• the date final payments will be made.

Note: This paragraph shall be supplemented by each State Office to specify dates by which end-of-year reviews shall be completed.

262 State Office Specialist Responsibilities

A Introduction

The State Office specialist is assigned the overall responsibility for the day-to-day operation of payment limitation determinations according to this handbook within the State. The State Office specialist shall:

- provide training
- provide technical assistance
- accumulate reports.

B Training

State Office specialists shall provide payment limitation procedure training to COC's, DD's, and County Offices. **Each** year, State Office specialists shall assess training needs within the State and provide training, as necessary.

C Technical Assistance

The State Office specialist shall provide technical assistance to all levels within the State by:

- assisting with reviews of any determination questioned by DD
- obtaining assistance of OIG, if appropriate, for scheme or device determination
- following up on DD reports of improper or insufficient COC determinations
- preparing cases, as necessary, for STC determinations
- selecting a sufficient number of CED's and program assistants to serve as members of district teams to conduct end-of-year reviews.

Notes: Review team members shall **not** participate in the review of producers who operate in the same county that employs the review team member.

The State Office specialist shall oversee progress and adequacy of findings by requiring reports, as appropriate.

262 State Office Specialist Responsibilities (Continued)

D Accumulating Reports

The State Office specialist shall:

- monitor the number of default determinations made by each County Office
- be prepared to provide a cumulative report of the total number of default determinations in the State to DAFP, if requested
- require a report of default determinations end-of-year reviews from each County Office.

E Required Determinations

State Offices shall:

- make initial eligibility and actively engaged in farming determinations for joint operations receiving payment with 6 or more members
- **not** make determinations for all other farming operations in which the producer is involved as an individual or member of a joint operation or entity.

The control County Office shall make all other eligibility determinations according to paragraph 227.

F Determination Priority

Determinations shall be sorted to prioritize determinations involving newly filed CCC-902's, operations with payments exceeding \$40,000, or any other applicable limitation.

If the volume of determinations prevents timely determinations in all cases, producers shall receive a default determination according to paragraph 243.

G Determination Required Action

State Offices shall:

- notify applicable producers of determinations made according to this handbook
- notify designated control county for the producer of determinations
- maintain a record of determinations made by the State Office
- conduct end-of-year reviews for determinations required to be made by State Office.

263-265 (Reserved)

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.--*

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.--*

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]

Any County FSA Office 502 Spotcheck Ave Some City US 55555-1234

Date

Wandering Brook, Inc. Fred Friendly, President 777 Lucky Day Rd Some City US 55555-1234

Dear Mr. Friendly:

Your farming operation has been selected for a 20XX payment limitation and payment eligibility end-of-year review.

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.

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.

[Delete the following paragraphs that are not applicable to the producer.]

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

- operating loan documents
- income and expense ledgers
- canceled checks for expenditures, such as:
 - 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

--*

*--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

--*

404-410 (Reserved)

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	Operating loan documents.		
	 Income and expense ledgers. 		
	• Canceled checks for expenditures, such as:		
	• fertilizer		
	• seed		
	• chemicals		
	• fuel		
	 equipment leases and purchases 		
	 land leases and purchases 		
	 hired labor or management 		
	 other farming operation expenditures. 		
Land	Lease agreements.		
	• Sales contracts.		
	Property tax statements.		
	Canceled checks associated with land.		
Equipment	Lease agreements.		
	Purchase contracts.		
	• Equipment listings.		
	Canceled checks associated with equipment.		
Labor	 Employee time sheets or books. 		
	Canceled checks for hired labor.		
Management	 Canceled checks for hired management. 		
	• Documents showing signature of person involved in management.		
	Examples: Canceled checks for significant purchases.		
	Loan documents.		
	Lease and purchase agreements.		
	Sales documents.		

--*

*--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
refuses to provide the requested information	• determined not "actively engaged in farming" and ineligible for the year of the review and all later years until eligibility can be reestablished
 does not provide information within 30 calendar days 	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.
	Note: Follow 58-FI for issuing the initial notification letter.
	Note: This determination does not require COC action.

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.--*

D Required Action and Responsibility

Follow this table to determine required action and responsibility.

Step	Action	Responsibility
1	Producer selection.	Judgmental selection, DAFP.
		All other cases, initial reviewing
		authority.
2	Producer notification.	Initial reviewing authority
3	Accumulation of requested information.	Producer's designated control County
		Office.
	Note: Documents shall be copied and	
	returned to the producer.	
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.	Designated control County Office.
		State Office.

__*

*--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	• not "actively engaged in farming"
	determination or other revised determination
	• amount of payments to refund, if applicable Note: See 58-FI.
	• producer's appeal rights.

416-420 (Reserved)

*--421 Completing and Documenting Reviews

A Information Collection and Comparison

An end-of-year review requires the following actions:

- collection of copies of all program applications, contracts, payment eligibility documentation, and payment limitation documentation submitted by the producer for the applicable year
- collections of specific business-related documents and related information for the producer's farming operation for the applicable year
- comparison of both sets of information to the rules and regulations governing payment eligibility and payment limitation for the program year subject to review.

B Results and Findings

The results and findings of the review are the basis to determine whether the producer is either of the following:

- eligible, either all or in part, for the program payments and benefits received or requested
- ineligible for the program payments and benefits received or requested for the year or years subject to the review.

C Review Activities

All review actions and activities are to be recorded with using the 5-part CCC-900 package, which includes the following:

- CCC-900-1
- CCC-900-2
- CCC-900-3
- CCC-900-4
- CCC-900-5.--*

D Review Record

The 5-part CCC-900 package:

- must be completed for each producer selected for review
- becomes the permanent record of the review
- is the basis for the recommendations to the reviewing authority for subsequent determinations for payment eligibility and payment limitation.

E Availability and Using CCC-900 Package

All 5 parts of the CCC-900 package:

- are available online at http://intra3.fsa.usda.gov/dam/ffasforms/forms.html
- are online fillable
- may be completed manually.--*

F Example of Completed CCC-900 Package

The following is an example of a completed CCC-900 package.

		NT OF AGRICULTURE edit Corporation	A. Producer Name		
00-12-1	commodity of	edit Corporation	Beringer Partners		
	PAYMENT ELIG	IBILITY/LIMITATION	B. State and County Office	Name	
	SELECTION,	NOTIFICATION, TION COLLECTION	Johnson County FSA O	ffice; TX	
		CKLIST 1	C. Program Year Reviewed		
			☑ 2009 □ 2010	2011	2012
ollow	the steps in this table to conduc	t EYR. Attach documents and additional in	nformation as appropriate.		
Step	Process	Action		Initial	Date
1	Producer Selection	Indicate how the case was selected:			
	4-PL, Par 402	☑ A. Judgmental selection by DAFP.			
		☐ B. Required spot check.		PT	8-10-2010
		☐ C. Other case required by the review	ing authority.		
2	Producer Notification 4-PL, Par 403 and 412	Date of letter notifying producer of select	ion: <u>8-10-2010</u>		
	, , , , , , , , , , , , , , , , , , , ,	Note: The requested documents and inf the producer on: 8-26-2010	ormation were provided by	D.M.	8-26-201
		If producer refused or failed to provide records for EYR, date producer was notified of ineligibility:		PT	0-26-201
3	Collection of Agency Records	Obtain copies of all forms and related co	rrespondence for producer:		
	11000140				
		⊠ B. CCC-902			
		□ C. CCC-903			8-26-2010
		□ D. Notice of determination			
			al entity		
			s for year reviewed		
Steps	4 and 5 will be completed by t	he Review Team			
4	Review of Initial Information	Review documents and information initia to determine whether an interview with the			
		Note: Producer shall be interviewed unleading for not interviewing the producer is justified in writing.			
		A. Is interview with producer required? ⊠ YES ☐ NO			
		B. If "YES":			
		(1) date the producer was notified: 8 (2) go to step 5.	-27-2010	HD	8-27-201
		C. If "NO":			
		(1) give justification for not interviewing	ng the producer:		
		(2) go to step 5.			

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F Example of Completed CCC-900 Package (Continued)

5 F	Producer Interview	Interview the producer(s) or representative of obtain details of the farming operation and the crop year. Note: Consider interviewing separately (with principal spokesperson) those product knowing nothing about the farming operation. General interview information: A. In discussing the farming operation, does description of the operation differ with ottom representation. Note: If "YES", explain:	he method of operation for hout farm manager or cers that are suspected of peration. In the producer's(s') her available information?	Initial	Date
5 F	Producer Interview	obtain details of the farming operation and the crop year. Note: Consider interviewing separately (wit principal spokesperson) those product knowing nothing about the farming operation interview information: A. In discussing the farming operation, does description of the operation differ with ot	he method of operation for hout farm manager or cers that are suspected of peration. In the producer's(s') her available information?		
		principal spokesperson) those productions the farming operation. General interview information: A. In discussing the farming operation, does description of the operation differ with ot	cers that are suspected of peration. s the producer's(s') her available information?		
		A. In discussing the farming operation, does description of the operation differ with ot	her available information?		
		description of the operation differ with ot ☐ YES ☐ NC	her available information?		
		YES 🛭 NC			
		Note: II YES, explain.			
		B. 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.			
С	C. Name of Producer/Men	D. Date of Interview			
J	Jack Beringer		8-31-2010		0.0.0014
A	Ana Beringer		8-31-2010	HD	9-2-2010
В	Bobby Beringer		8-31-2010		
I	Ida Beringer		8-31-2010		
E k m r o	Notes and Comments Each member was interviewed individually by the Review Team. All were very knowledgeable of the different aspects of the farming operation. Each member was able to provide details of their respective duties and responsibilities represented. All of the members knew the details of the operation's financing, marketing, crop production, and livestock production activities. All of the members knew what the grain and livestock markets were including LDP rates for the day of the interview.				
. Signat	ture of Reviewing Authority	y or Review Team Member		E. Date (M.	IM-DD-YYYY)

F Example of Completed CCC-900 Package (Continued)

	00-2 U.S. DEPARTMENT OF AGRICULTURE		A. Producer Name				
(08-12-10) Com	modity Credit Corporation	Beringer Partners					
DAMMENT	DAVMENT ELICIDII ITVI IMITATION		B. State and County Office Name				
	ELIGIBILITY/LIMITATION ECEIVED FROM PRODUCER						
CHECKLIST 2				; TX			
C. Program Year I ☑ 2009 [2011 🗆 2012			
Use this checklist to indicate the		2011	:				
applicable, check "N/A".		ar and date. If a contribution	or determin	TIGUOTI IS TIOL			
Contribution or Determination	on Documentation Re	equired	Initial	Date	N/		
1. Capital							
	□ C. Canceled checks for expenditure						
			HD	9-2-2010			
		nases					
	(7) livestock and livestock relate	ed purchases					
		•					
	(9) other farming operation exp	enditures.					
	(Specify):						
2. Land							
	☐ B. Sales contracts.						
	☐ C. Property tax statements.						
	☑ D. Canceled checks associated with	n land.	HD	9-2-2010			
	☐ E. Other:						
	(Specify):						
3. Equipment							
	☐ B. Purchase contracts.						
	C. Equipment listings.		HD	9-2-2010			
	☑ D. Canceled checks associated with	n equipment.		9 2 2010			
	☐ E. Other:						
	(Specify):						
4. Labor	A. Employee time sheets or books.						
			HD	9-2-2010			
	C. Other:						
	(Specify):						

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F Example of Completed CCC-900 Package (Continued)

Documentation Required			T
	Initial	Date	N/A
☐ A. Canceled checks for hired management.			+
□ C. Lease and purchase agreements.			
☑ D. Sales documents.			
☑ E. Appointment books.			
□ F. Calendars.			
☐ G. Narrative summaries.		0 0 0010	
☐ H. Phone logs.	HD	9-2-2010	
☐ J. Other:			
(Specify):			
· · · · · —			
(Specify):CCC-509's			
□ B. Crop sales documents.			
□ C. Warehouse ledgers.			
☑ D. Gin ledgers.			
☐ E. Corporation papers, including ownership share.			
□ F. Partnership agreements.			
☐ G. Trust agreements.	HD	9-2-2010	
☐ H. Legal documents and contracts.			
-			
—	•		
	F Date (A	M-DD-VVVV	
D. Signature of Reviewing Authority or Review Team Member /s/ Helen Dawson			
-	 ☑ E. Appointment books. ☑ F. Calendars. ☐ G. Narrative summaries. ☐ H. Phone logs. ☑ I. Activity logs. ☐ J. Other: (Specify):	☑ E. Appointment books. ☑ F. Calendars. ☐ G. Narrative summaries. ☐ H. Phone logs. ☑ I. Activity logs. ☐ J. Other: (Specify):	 ☑ E. Appointment books. ☑ F. Calendars. ☐ G. Narrative summaries. ☐ H. Phone logs. ☑ I. Activity logs. ☐ J. Other: (Specify):

F Example of Completed CCC-900 Package (Continued)

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(09-27-10) Co	EPARTMENT OF AGRICUL ommodity Credit Corporation		Bei	Producer Name		
	ENT ELIGIBILITY/LI			State and County	Office Name 'SA Office; TX	
				Program Year Rev	viewed	
PART A – TOTAL VALUE					2010 🗌 2011	□ 2012
Complete Part A to determ	nine the total value of the 1. Capital	farming operation. 2. Land	3. Equipment	4. Labor	5. Management	6. Total
Beringer Part	\$2,500,000	\$1,087,450	\$305,700	\$200,000	-	\$4,093,15
Jack	-	-	-	active	active	, -,,
Anna	_	_	_	active	active	
Bobby		_	_	active	active	
		-	_			
Ida	_	-	_	active	active	
7. TOTAL						\$4,093,15
Total value of the farming management that is contril made.						

F Example of Completed CCC-900 Package (Continued)

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A D.T.	Producer Name: Beringer Partners Producer Name: Beringer Partners			2 of 11
	B - CAPITAL CONTRIBUTION ete Part B to determine whether capital qualified as a significant contribution.			
ompi	ete i art bito determine whether capital qualified as a significant contribution.	YES	NO	N/A
Vas ca	apital used as a significant contribution? If "YES", complete this Part B. If "NO", go to Part C.	х		
Step	Action	1		<u> </u>
1	Determine how the capital used as a significant contribution was acquired.			
	Note: Check the appropriate item or items, and go to the corresponding step of Part B.			
	A. Direct out-of-pocket input by individual, entity, joint operation, or members of joint operation. Go to step 2.			
	B. Capital borrowed by individual, entity, joint operation, or member of joint operation. Go to step 3.			
2	Determinations if direct out-of-pocket capital input.			
	A. If the capital was funded by an individual, entity, or member of the joint operation, were these contributions made directly to the farming operation? If "NO", explain:			
	B. 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.			
	C. Was each member's contribution of capital commensurate with their share of the operation? If "NO", other contributions may justify the claimed share of operation:			
	D. 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. Was capital borrowed? If "YES", go to step 3. If "NO", go to step 4.			
3	Determination if capital was borrowed.			
	If the capital contribution was borrowed:			
	A. Interview the producer to determine from whom the capital was borrowed, and annotate the lender's name:			
	First Commercial National Bank and Trust			
	B. Indicate the percentage of capital contribution that was borrowed: 70%			
	C. Review accounting records to determine whether the capital was contributed directly to the farming operation.			
	D. Arrange with the producer to contact the lender and review the loan file.			
	E. 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? If "YES", the capital contribution may not qualify as a significant contribution.		x	

F Example of Completed CCC-900 Package (Continued)

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CC-90	00-3 (09-27-10)		Page 3	5 OT 11
Step	Producer Name: Beringer Partners Action			
		YES	NO	N/A
4	Determination of significant contribution.			
	A. Did the producer provide the initial reviewing authority an estimated expense report for the year?			
	(1) If "YES", verify that the contribution equals as least 50 percent of the estimated expenses.			
	(2) If "NO", how did the reviewing authority determine that the individual's or entity's contribution was	x		
	equal to 50 percent of the total capital necessary to conduct the farming operation?			
	B. 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?			
	(1) If "YES", the farming operation has met its significant "left-hand" contribution.	x		
	(2) If "NO", the farming operation has not met the requirements for significant "left-hand" contributions without additional "left-hand" contributions. Go to step 5.			
	C – EQUIPMENT CONTRIBUTION			
	C – EQUIPMENT CONTRIBUTION ete Part C to determine whether equipment qualified as a significant contribution.	VES	NO	N//
Comple		YES x	NO	N/A
Comple Vas ed Step	ete Part C to determine whether equipment qualified as a significant contribution. quipment used as a significant contribution? If "YES", complete this Part X. If "NO", go to Part D. Action		NO	N/A
Comple Vas ed	ete Part C to determine whether equipment qualified as a significant contribution.		NO	N/A
Comple Vas ed Step	ete Part C to determine whether equipment qualified as a significant contribution. quipment used as a significant contribution? If "YES", complete this Part X. If "NO", go to Part D. Action		NO	N/A
Comple Vas ed Step	ete Part C to determine whether equipment qualified as a significant contribution. quipment used as a significant contribution? If "YES", complete this Part X. If "NO", go to Part D. Action Determine how the equipment used as a significant contribution was acquired.		NO	N/A
Comple Vas ed Step	pulpment used as a significant contribution? If "YES", complete this Part X. If "NO", go to Part D. Action Determine how the equipment used as a significant contribution was acquired. Note: Check the appropriate item or items, and go to the corresponding step of this worksheet.		NO	N/A
Comple Vas ed Step	pate Part C to determine whether equipment qualified as a significant contribution. quipment used as a significant contribution? If "YES", complete this Part X. If "NO", go to Part D. Action Determine how the equipment used as a significant contribution was acquired. Note: Check the appropriate item or items, and go to the corresponding step of this worksheet. \times A. Owned by an operation or its members. Go to step 2.		NO	N//
Vas ed S tep 1	pulpment used as a significant contribution? If "YES", complete this Part X. If "NO", go to Part D. Action Determine how the equipment used as a significant contribution was acquired. Note: Check the appropriate item or items, and go to the corresponding step of this worksheet. A. Owned by an operation or its members. Go to step 2.			N/A
Vas ed S tep 1	pate Part C to determine whether equipment qualified as a significant contribution. Action		NO X	N/A
Vas ed S tep 1	pate Part C to determine whether equipment qualified as a significant contribution. Action Determine how the equipment used as a significant contribution was acquired. Note: Check the appropriate item or items, and go to the corresponding step of this worksheet. A. Owned by an operation or its members. Go to step 2. B. Leased by an operation or its members. Go to step 3. Equipment owned and contributed by individual, entity, or joint operation. A. Did the farming operation or its members own all of the equipment used in the farming operation? Note: Review accounting or tax depreciating records, if provided, and other information to confirm			N/A
Vas ed Step 1	Action Determine how the equipment used as a significant contribution was acquired. Note: Check the appropriate item or items, and go to the corresponding step of this worksheet. A. Owned by an operation or its members. Go to step 2. B. Leased by an operation or its members. Go to step 3. Equipment owned and contributed by individual, entity, or joint operation. A. Did the farming operation or its members own all of the equipment used in the farming operation? 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. (1) If "NO", did the producer own a sufficient amount of equipment to conduct the farming operation and	x		N/A
Vas ed Step 1	Action Determine how the equipment used as a significant contribution? If "YES", complete this Part X. If "NO", go to Part D. Action Determine how the equipment used as a significant contribution was acquired. Note: Check the appropriate item or items, and go to the corresponding step of this worksheet. A. Owned by an operation or its members. Go to step 2. B. Leased by an operation or its members. Go to step 3. Equipment owned and contributed by individual, entity, or joint operation. A. Did the farming operation or its members own all of the equipment used in the farming operation? 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. (1) If "NO", did the producer own a sufficient amount of equipment to conduct the farming operation and to meet the significant contribution requirement? B. If the farming operation is conducted by an individual, entity, or joint operation, was the equipment	x		NIA
Vas ed S tep 1	pulpment used as a significant contribution? If "YES", complete this Part X. If "NO", go to Part D. Action Determine how the equipment used as a significant contribution was acquired. Note: Check the appropriate item or items, and go to the corresponding step of this worksheet. A. Owned by an operation or its members. Go to step 2. B. Leased by an operation or its members. Go to step 3. Equipment owned and contributed by individual, entity, or joint operation. A. Did the farming operation or its members own all of the equipment used in the farming operation? 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. (1) If "NO", did the producer own a sufficient amount of equipment to conduct the farming operation and to meet the significant contribution requirement? B. 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? If "NO", use of the equipment to qualify as a significant contribution is questionable. Explain how	x		N/A

F Example of Completed CCC-900 Package (Continued)

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CCC-90	00-3 (09-27-10) Producer Name: Beringer Partners		Page 4	of 11
Step	Action			
2 (cont)	C. 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?	YES	NO	N/A
	If "NO", equipment may be used as a significant contribution.		х	
	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 met.			
3	Equipment leased and contributed by individual, entity, or joint operation.			
	Determine what equipment was leased and from whom the equipment was leased. Obtain copies of relevant lease documents and equipment listings.			
	A. Was the equipment leased from someone with an interest in the farming operation?			
	If "NO", leased equipment may qualify as a significant contribution to the farming operation. Go to Step 4.		x	
	If "YES":			
	(1) Is the leased equipment necessary for a significant contribution of equipment? If "NO", explain fully and go to step 4:			
	(2) Explain fully the interest of the lessor in the farming operation:			
	(3) Determine and explain how payments were made for the equipment:			
	Note: If the equipment was leased by the hour, day, or acre basis, payment must be made in a timely manner. Review accounting records, checks, and billing invoices.			
	(4) Were equipment lease payments timely paid?			
	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?			
	Note: If "YES", explain how the farming operation paid for the cash-leased equipment. Obtain and copy necessary documents to support the finding:			
	If "NO", interview the producer and determine why lease agreements were not paid in a timely manner, and go to step 4:			
4	Determination of significant contribution.			
	A. How did the initial reviewing authority determine the total rental value of the equipment?			
	Information from the county extension service and FLP values were used for comparative purposes.			
	B. Based on the review of the equipment used in the farming operation, did the equipment qualify as a significant contribution?	x		
	If "YES", the individual, entity, or joint operation has met the "left-hand" contribution requirement.			

F Example of Completed CCC-900 Package (Continued)

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CC-90	10-3 (09-27-10)		Page	5 of 11
24	Producer Name: Beringer Partners			
Step 5	Action Summarize the facts involved in this determination, develop findings as appropriate, and go to Part D.			
	The majority of the equipment contributed to the farming operation was owned by	partnei	rship.	
ART I	D – LAND CONTRIBUTION			
omple	ete Part D to determine whether the land qualified as a significant contribution.			
Voc lo	nd used as a significant contribution? If "VES" complete this Bort D. If "NO" go to Bort E	YES	NO	N/
Step	nd used as a significant contribution? If "YES", complete this Part D. If "NO", go to Part E. Action	A		
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.			
	A. Landowner: individual, entity, or joint operation. Go to step 2.			
	B. Landowner: owned and contributed by members of joint operation. Go to step 3.			
	☐ C. Crop-share lease: individual, entity, or joint operation. Go to step 4.			
	D. Cash-leased: individual, entity, or joint operation. Go to step 5.			
2	☐ E. Land contributed by combination of methods. Go to applicable steps 2 through 5. Determination if land is owned by individual, entity, or joint operation.			
	Obtain and review documents supporting ownership of land, such as deeds or other title documents.			
	Note: If not available from the County Office, this information should be filed with the appropriate county court.			
	A. Was ownership of the land established for the applicable crop, program, or FY?			
	Note: If "NO", the individual, entity, or joint operation cannot qualify under the landowner provisions as actively engaged in farming.			
	B. During the review of the deed and/or title documents, determine whether the land was acquired by "Contract for Deed," "Deed of Trust," "Land Contract," or other similar arrangement.			
	Note: This is considered to be acquired as a result of a loan.			
	C. 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?			
	Note: If "YES", the land cannot qualify as a significant contribution to the farming operation. Document and copy appropriate information:			
	D. 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.			
	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?			
	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.			

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F Example of Completed CCC-900 Package (Continued)

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Step	Action			
		YES	NO	N/A
3	Determination if land is owned and contributed by member or members of joint operation.			
	Obtain and review the deed or other title documents for the land.			
	Note: If not available from the County Office, this information should be filed with the appropriate county court.			
	A. Was ownership of the land established for the applicable crop, program, or FY? If "NO", the individual, entity, or joint operation cannot qualify under the landowner provisions as "actively engaged in farming."			
	 During the review of the deed and/or title documents, determine whether the land was acquired by "Contract for Deed," "Deed of Trust," or other similar arrangement. 			
	Note: This is considered to be acquired as a result of a loan.			
	B. 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?			
	If "NO", go to step 4.			
	If "YES", the land cannot qualify as a contribution to the farming operation. Document and copy appropriate information.			
4	Determinations if land is crop-share leased.			
	Obtain and review the lease agreements between the farming operation and the landowner.		х	
	A. Does the lease agreement require a minimum cash payment? If "YES", determine if it is a cash or share lease.			
	Review the accounting records, crop settlement sheets, or other records and compare the percentage division of crop or crop proceeds to the percentage of division on applicable contracts and applications.			
	B. Was the landowner's share of the production the same as reported to FSA?	x		
	If "NO", discuss this with the producer to determine why the landowner's share was different than that reported.			
	C. Was the land leased from someone with an interest in the farming operation other than as a landlord? If "YES", explain.		x	

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F Example of Completed CCC-900 Package (Continued)

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CCC-90	10-3 (09-27-10) Producer Name: Beringer Partners		Page	7 of 11
Step	Action			
		YES	NO	N/A
5	Determinations if land is considered cash-leased by individual, entity, or joint operation.			
	Review CCC-902 and cash-lease agreements. Determine who the land was leased from and if they had an interest in the farming operation.		x	
	 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. 			
	Note: A "Contract for Deed," "Deed of Trust," "Land Contract," or other similar arrangement is considered to be acquired as the result of a loan.			
6	Determination of significant contribution.			
	How did the reviewing authority determine total rental value of the land?			
	Note: Rental value will not be listed on CCC-902 unless the land is leased from someone with an interest in the operation.			
	 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 payment record, to identify all farms operated. A. Did the producer operate more land than was initially used by COC to make the "actively engaged in farming" determination? If "YES", determine and explain how the contribution was found to equal 50 percent of the individual's or entity's commensurate share. 		x	
	B. Based upon this comparison of the land operated by the producer to the land initially used by CCC 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?	x		
	Note: If "NO", the individual, entity, or joint operation cannot qualify as "actively engaged in farming" using land as its significant contribution.			
7	Summarize the facts involved in this determination, develop findings as appropriate, and go to Part E. All share rented and cash leased land was acquired by the farming operation at r. normal and customary for the area. The crop production from the share rented lan according the shares represented and reported. The rent for the cash rented lan and in accordance with the terms of the lease agreements. No land was rented or individual or entity that had an interest in the farming operation of the partner	nd was i was <u>r</u> leased	divid paid t	ed imely

F Example of Completed CCC-900 Package (Continued)

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	00-3 (09-27-10) Producer Name: Beringer Partners		Page	0 01 1
ART	E – CASH-RENT TENANT			
omple	ete Part E to determine whether the producer meets the cash-rent tenant rule.			
		YES	NO	N
tep	Action			1000000
1	A. If the producer is a cash-rent tenant, did the producer provide a contribution of active personal labor to the farming operation?			
	If "YES", complete Part G to determine if the contribution of active personal labor was significant. (***********************************		X	
	If "NO", complete Part C and Part H to determine if the producer provided a combination of significant contributions of equipment and management.			
2	Upon completion of Parts C and H, does the producer meet the cash-rent tenant rules of 4-PL paragraphs 91 and 92.			
	If "YES", complete step 3 and go to CCC-900-5.	x		
	If "NO", determine the producer ineligible for payment on the cash-rent land. Complete step 3 and go to worksheet CCC-900-5.			
3	Summarize the facts involved in this determination, develop findings as appropriate, and go to Part F. Documentation provided clearly illustrated that a significant contribution of equivalent by the partnership and each of the members made significant contributions of actimanagement.			
4RT	F – COMBINATION OF CAPITAL, EQUIPMENT, AND LAND CONTRIBUTION			
omple	ete Part E determine whether a combination of capital, equipment, and land qualified as a significant contribution	n.		
ac ar	ny combination of capital, equipment, and land used to qualify as a significant contribution. If "YES", complete	YES	NO 	N
as ai				800000
art E.	If "NO", go to Part G.		Х	
art E.		ontributio		irem
art E. tep	If "NO", go to Part G. Action If the contribution is a combination of the 3 "left-hand" inputs (capital, equipment, and land): Check the appropriate item or items and complete the applicable worksheets using the 30 percent complete the applicable worksheets.	ontributio		irem
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art E. i tep 1	If "NO", go to Part G. Action If the contribution is a combination of the 3 "left-hand" inputs (capital, equipment, and land): Check the appropriate item or items and complete the applicable worksheets using the 30 percent of to determine whether the rules have been met for the appropriate contributions: A. Capital (go to Part B) B. Equipment (go to Part C) C. Land (go to Part H) Go to step 2 of Part E after completing the appropriate Parts. Determinations. How did the reviewing authority determine that the combined contribution of "left-hand" inputs was equal to 30 individual's or entity's commensurate share of the total value of the farming operation? 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?) percen	on requi	
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art E. Step 1	If "NO", go to Part G. Action If the contribution is a combination of the 3 "left-hand" inputs (capital, equipment, and land): Check the appropriate item or items and complete the applicable worksheets using the 30 percent of to determine whether the rules have been met for the appropriate contributions: A. Capital (go to Part B) B. Equipment (go to Part C) C. Land (go to Part H) Go to step 2 of Part E after completing the appropriate Parts. Determinations. How did the reviewing authority determine that the combined contribution of "left-hand" inputs was equal to 30 individual's or entity's commensurate share of the total value of the farming operation? 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? 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.) percen	on requi	N

F Example of Completed CCC-900 Package (Continued)

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	00-3 (09-27-10) Producer Name:		Page	9 of 11
ART (G – ACTIVE PERSONAL LABOR CONTRIBUTION			
	ete Part G to determine whether active personal labor qualified as a significant contribution.			
		YES	NO	N/A
√as ac	ctive personal labor used as a significant contribution. If "YES", complete Part G. If "NO", go to Part J.			
Step	Action			
1	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 may hours of labor it takes for the farming operation and how many hours they provide.			
	 Is there any record of hours worked by the contributing individual or individuals? If "YES", review and obtain copies to document the determination? 			
2	Is this producer a joint operation?			
	If "YES", determine whether labor performed by a member of a joint operation, was excluded as a contribution.			
	Note: If a member of joint operation is paid for any part of the contribution, the contribution cannot be counted.			
	Review accounting records and determine whether salaries were paid by the joint operation to any member.			
	If "NO", go to step 3.			
3	Determine whether the individual could have provided the labor reported on CCC-902.			
	A. Was the individual living away from the farm?			
	B. Did the individual correctly report his or her residence to the County Office?			
	B. Did the individual correctly report his or her residence to the country office:			
	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.			
4	Review the payroll and accounting records.			
	A. Was the individual paid for labor? If "NO", go to step 5.			
	B. If "YES", how much was the individual paid and who paid the labor cost?			
5	Determine:			
	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.			

F Example of Completed CCC-900 Package (Continued)

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CC-90	0-3 (09-27-10) Producer Name: Beringer Partners		Page 1	0 of 11			
PART	H – ACTIVE PERSONAL MANAGEMENT CONTRIBUTION						
Comple	te Part H to determine whether active personal management qualified as a significant contribution.						
Mas an	tive personal management used as a significant contribution? If "YES", complete Part H.	YES	NO	N/A			
	go to Part I.	х					
Step	Action						
1	Review the description of management shown on CCC-902.						
2	Is this a joint operation?						
	If "YES", determine whether management performed by a member of a joint operation, was excluded as a contribution.						
	Note: If a member of joint operation is paid for any part of the contribution, the contribution cannot be counted.	х					
	Review accounting records and determine whether salaries were paid by the joint operation to any member.						
	If "NO", go to step 3.						
3	If documentation does not adequately establish management contributions, interview the individual(s) and discuss management.						
	Does the individual(s) have knowledge of the farming operation commensurate with their claimed contribution of management?						
	 Ask the individual(s) how the management duties performed contribute to the profitability of the farming operation. 			1			
	Compare the written description of management on CCC-902 with the individual's comments. Note: Consider interview with the individual (without manager or principal present), if information indicates that it is doubtful the individual provided active personal management.						
4	Has the individual(s) prepared written management reports during the year?	х					
5	If "NO", go to step 5. If "YES", review and obtain copies. Compare all the individual's residences with the farm location.						
		х					
	Was onsite management provided? • If "YES", how often?						
	On a daily basis						
	If "NO", how are management duties performed?						
6	Determine:						
	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.						
	No draws were made by any of the members during the year.						
7	Compare the reported management contribution to the operation with the review results, and determine whet significant difference.	her there	e is a				
	There were no significant differences found or noted.						
8	Summarize the facts involved in this determination, develop findings as appropriate, and go to Part I.						
	The documentation and personal interviews supported the members' representations management duties and responsibilities.	of th	eir				

F Example of Completed CCC-900 Package (Continued)

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Was a combination of active personal labor and active personal management used as a significant contribution. If xYES', complete Part I. In'NO', go to Part J. Review the description of labor and management shown on CCC-902. Complete Part F and Part G 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. 2 Determine how the reviewing authority determined that the contribution would have a critical impact on the profitability of the farming operation. 3 Summarize the facts involved in this determination, develop findings as appropriate, and go to CCC-900-4. 3 Summarize the facts involved in this determination, develop findings as appropriate, and go to CCC-900-4. PART J - COMMENSURATE AND AT-RISK CONTRIBUTIONS Complete Part J to determine if contributions were commensurate and at-risk for a loss. Were the contributions of each member commensurate with the claimed share of the profits or losses from the farming operation? List each member: Jack Anna Boobby List each member: YES NO N Anna Boobby List each member: YES NO N Anna Boobby List each member: YES NO N Summarize the reasons for the responses. Bach member individually signed all financing documents and security agreements as personally responsible for repayment Each member contributed active personal labor and active personal management as represented.	CCC-900-3 (09-27-10)		Page	11 of 11
Mose a combination of active personal labor and active personal management used as a significant contribution. If YES NO N X			N	
Was a combination of active personal labor and active personal management used as a significant contribution. If x		d active personal management qualified as	a signific	ant
Step	contribution.	YE	s NO	N/A
Review the description of labor and management shown on CCC-902. Complete Part F and Part G 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. 2 Determine how the reviewing authority determined that the contribution would have a critical impact on the profitability of the farming operation. 3 Summarize the facts involved in this determination, develop findings as appropriate, and go to CCC-900-4. 3 Summarize the facts involved in this determination, develop findings as appropriate, and go to CCC-900-4. PPART J - COMMENSURATE AND AT-RISK CONTRIBUTIONS Complete Part J to determine if contributions were commensurate and at-risk for a loss. Were the contributions of each member commensurate with the claimed share of the profits or losses from the farming operation? List each member: Jack Anna X Were the member's contributions at risk for a loss? List each member: Jack Anna X Anna Anna X Anna X Anna Anna X Anna Anna X Anna Anna X Anna Ann		ed as a significant contribution. If	х	
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F Example of Completed CCC-900 Package (Continued)

	10)	U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation	A. Producer Name	
CI.	,	, .	Beringer Partners	
CLI		PAYMENT ELIGIBILITY/LIMITATION	B. State and County Office Nar	me
50	BSTAI	NTIVE CHANGE AND OTHER DETERMINATION WORKSHEET	S Johnson County FSA Office	ce; TX
			C. Program Year Reviewed	
			☑ 2009 □ 2010 □] 2011 🔲 2012
		STANTIVE CHANGE		
ompie	ele Pari	A to determine whether the substantive change requirements	were applicable.	YES NO
		ncrease in the number of limitations for payment in this farmin ete Part A. If "NO", go to Part B.	g operation from the previous year?	X
tep		Action	Finding	
1	Was s	ubstantive change required?		
	•	If "YES", go to step 2.		
	•	If "NO", enter the reason in the "Finding" column and go to Part B.		
	Exam	ple: The formation of a husband and wife joint venture does not require substantive change.		
2		stantive change was required, list what COC ered substantive change.		
3	Includ	e the substantive change that occurred.		
	Note:	Go to the following step containing the substantive change that occurred.		
	Step	Action		
	Α	If addition of adult family member, determine		
		whether the adult family member qualifies		
	В	according to paragraph 138. If change in land rental from cash-lease to share-lease, determine whether the change qualifies a landowner only according to paragraphs 54		
	В	according to paragraph 138. If change in land rental from cash-lease to share-lease, determine whether the change qualifies a landowner only according to paragraphs 54 through 58. If a 20 percent increase in base acres, determine whether the change qualifies according		
		according to paragraph 138. If change in land rental from cash-lease to share-lease, determine whether the change qualifies a landowner only according to paragraphs 54 through 58. If a 20 percent increase in base acres,		
	С	according to paragraph 138. If change in land rental from cash-lease to share-lease, determine whether the change qualifies a landowner only according to paragraphs 54 through 58. If a 20 percent increase in base acres, determine whether the change qualifies according to paragraphs 54 through 58. If a change in ownership of equipment or land, determine whether the change qualifies according		

F Example of Completed CCC-900 Package (Continued)

		SAND OTHER DETERMINATIONS nether foreign person determinations and other determinati	ons were correctly made.
Step	Determination	Action	Finding
1	Other farming interest	Did the producer indicate any other farming interests, including interest of spouse and minor children in accordance with 4-PL Par. 52?	No other farming interests found.
		☐ YES	
		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 in accordance with 4-PL par. 179.	
		Is there a reason that common attribution applies?	
		☐ YES	
		• If "YES", explain.	
3	Foreign person	Do foreign person rules apply in accordance with 4-PL Part. 3?	All members were represented to b U.S. citizens.
		☐ YES 🖾 NO	
		If "YES", specify and go to CCC-900-3.	
		If "NO", go to next item.	
4	Estate	If the producer is an estate in existence for 2 program years after the program year in which the producer died, or if the producer under review is a joint operation or legal entity with an estate as a member, was the estate reviewed in accordance with procedure in 4-PL Par. 156?	Not applicable. No members were represented to be an estate.
		☐ YES ☐ NO	
		 Was the estate kept open for the purpose of receiving program payment and benefits? 	
		☐ YES ☐ NO	
		If "YES", estate is not eligible for the year reviewed.	
5	Deceased Producer	Was the individual producer identified as deceased, or if the producer under review is a joint operation or legal entity, were any members an individual identified as deceased during the year reviewed?	Not applicable. No members were identified as deceased individual in 2009.
		☐ YES	
		If "YES", were reviews completed and appropriate actions taken in accordance with 1-PL Part 8?	
		☐ YES ☐ NO	
		If "NO", document in Findings.	

F Example of Completed CCC-900 Package (Continued)

CCC-90	0-4 (08-12-10)	Deciderary Names - Deciderary	Page 3 of 3
		Producer Name: Beringer	Partners
		S AND OTHER DETERMINATIONS (Continuation)	
6	Required State Office Determinations	Is the producer a joint operation with 6 or more members?	
		☐ YES ☐ NO (go to step 7)	
		If "YES", did the State Office timely make the initial eligibility and actively engaged in farming determinations in accordance with 4-PL Par. 236?	
		☐ YES ☐ NO	
		If "NO", note explanation in Findings.	
7	County Committee Determinations	Did the county committee make all payment eligibility determinations within 60 calendar days after the required forms and supporting documentation needed for the determinations were received in the county office?	
		⊠ YES □ NO	
		If "NO", document in Findings as a default determination in accordance with 4-PL Par. 208.	
			_
D. Sigr	ature of Reviewing Auth	ority or Review Team Member	E. Date (MM-DD-YYYY)
/s/ J	osephine Rodriguez		09-03-2010

F Example of Completed CCC-900 Package (Continued)

This form is available electronically.						
CCC-900-5 (08-12-10) U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation				A. Producer Name		
20-12-10) Commodity Credit Corporation				Beringer Partners		
		B. State and County Office Name				
_	PAYMENT ELIGIBILITY/LIMITATION SUMMARY OF FINDINGS AND RECOMMENDATIONS					SA Office; TX
				C. Program Yea	ar Rev	iewed
				⊠ 2009	□ 2	010 🗌 2011 📗 2012
Complete this form to summarize findings for the	e initial r	eviewir	ng authority.			
Factor	YES	NO	Questio	oned	N/A	Handbook or Worksheet Reference
1. CCC-902 followed.	х					4-PL; Parts 2, 3 and 4
2. Significant contribution of land.	х					4-PL; Pars. 61 and 74
Significant contribution of capital.	х					4-PL; Pars. 61 and 72
Significant contribution of equipmemt.	х					4-PL; Pars. 61 and 73
Significant contribution of "left-hand" combination.	х					4-PL; Pars. 61, 71 and 77
Significant contribution of active personal labor.		х				4-PL; Pars. 61 and 75
Significant contribution of active personal management.	x					4-PL; Pars 61 and 75
Significant contribution of "right-hand" combination.		Х				4-PL; Pars. 61, 71 and 77
Share of profits and losses commensurate with contributions.	х					4-PL; Pars. 61 and 78
10. Contributions at risk.	x					4-PL; Pars. 61 and 79
11. Cash-rent tenant rule met.	х					4-PL; Pars. 91 and 92
12. Foreign person rule met.					x	4-PL; Pars. 106-111
13. Substantive change requirements met.					x	4-PL; Pars. 54-58
14. Spousal provision requirements met.					x	4-PL; Par. 116
15. Common attribution determination correct.					x	4-PL; Par. 179
Initial "actively engaged in farming" determination correct.	х					4-PL; Part 2, Section 6, Subsection 1
17. Minor child determination correct.					x	4-PL; Par. 117
18. For a legal entity, such as a corporation, LLC, or LLP, were contributions of active personal labor and/or active personal management of each partner, stockholder, or member:			If "NO", list the part stockholder, or me to make such contr	mber that failed	х	4-PL; Pars.147 and 148
 Performed on a regular basis Identifiable and documentable Separate and distinct from contributions of other partners, 						
stockholders, or members?						

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 programs 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.

F Example of Completed CCC-900 Package (Continued)

CCC-900-5 (08-12-10)	Page 2 of 2
Producer Name: Beringer Partners	
19. "Actively Engaged in Farming" Findings Each member of Beringer Partners met the requirements to be considered "activel through the Partnership's significant contributions of capital, equipment and I contributions of active personal management by each member of the farming opera completed of the members independently revealed that each were very familiar and knowledge of their duties and responsibilities as represented while at the same of the other daily activities that occurred in the farming operation. All members any borrowing or financing for the partnership. No question that member contricommensurate with claimed shares and at risk. 20. Cash-Rent Tenant Findings The cash rent tenant provisions were met by each of the members through the par contribution of equipment and the significant contributions of active personal the members.	and, and the significant ition. The interviews id had specialized time, were quite aware ers were signatory to butions were
21. Substantive Change and Other Findings No increase in the number of limitations for payment for 2009. Substantive chaapplicable.	nge provisions were not
22. Were the initial determinations correct?	
☐ YES. Go to Item 23.	
□ NO. Provide a detailed explanation of why not.	
23. Recommendations The review team recommends that the determinations of record be affirmed and the remains eligible for all 2009 program payments and benefits subject to limitations.	
D. Signature of Reviewing Authority or Review Team Member	E. Date (MM-DD-YYYY)
/s/ Archie Stanton	09-03-2010
Submitted to the COC or STC for review and determinations.	
F. Date Submitted (MM-DD-YYYY): 09-03-2010	
T. Bate danificat (mm BB 1111).03 03 2010	

4-PL Amend. 6

--;

422 (Withdrawn--Amend. 6)

423-440 (Reserved)

*--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.

CCC-902EYR u.s 03-15-10)	S. DEPARMENT OF AGRICULTU Commodity Credit Corporation	JRE		I. Reporting Office (Countie Main County, ST	.s include State)	
of P	End-of-Year Report ayment Limitation Ro			2. Reporting Date (MM-DD-\ 02-25-2011	YYYY) 3. Year Reported	
(RPT-00-PL-10-001-R)				4. Report Status Progress Report Revised Report Negative Report Final Report		
Туре с	of Selection			of Reviews	C. Number of Discrepancies Found (If any, complete	
. Judgmental (Required by D	DAFP)	15	Selected	B. Completed	Items 8, 9 & 10)	
. Required spot check		0	()	0	
. Additional cases selected b	y reviewing authority	5	Į	5	3	
xplanation of Discrepancie 8. ID Number	es - Attach additional sheets if r		t office name on a	10.	11.	
(Last 4 Digits)	Discrepancy Four Not actively engage farming			Action Taken itten notice and receivables	Dollar Amount \$ 20,00	
001	Not actively engage farming	d in		itten ntoice and receivables	\$ 5,00	
002	Not actively engage farming	d in		itten notice and receivables	\$ 5,00	
					\$	
					\$	
					\$	
					\$	
	raived - 2 H/W only or		_		completed are attached	
				13B. Date (MM-DI	D 10000	

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 5, 6, and 7.
3	Attach a copy of the County Office CCC-902EYR's to the State Office CCC-902EYR.
4	Send the State Office CCC-902EYR to PECD.
	Notes: Include all CCC-900-5's and the notification of determination for all completed reviews
	Negative reports are required.

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.

NT	TDVAL.	Display	D.C.
Number	Title	Reference	Reference
AD-1026	Highly Erodible Land Conservation (HELC) and		Ex. 14
	Wetland Conservation (WC) Certification		7 10
CCC-501A	Member's Information		Ex. 10
CCC-501B	Designation of "Permitted Entities"		Ex. 10
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		190
CCC-526C	Payment Eligibility - Average Adjusted Gross Income Certification For Certain Conservation Reserve Program Contracts Approved Before October 1, 2008		190, Ex. 14
CCC-580	Milk Income Loss Contract (MILC)		186
CCC-900-1	Payment Eligibility/Limitation Selection, Notification, and Information Collection Checklist 1	421	
CCC-900-2	Payment Eligibility/Limitation Documents Received From Producer Checklist 2	421	
CCC-900-3	Payment Eligibility/Limitation Contribution Worksheet	421	
CCC-900-4	Payment Eligibility/Limitation Substantive Change and Other Determinations Worksheet	421	
CCC-900-5	Payment Eligibility/Limitation Summary of Findings and Recommendations	421	442
CCC-901	Member's Information - 2009 and Subsequent Years	99	Text, Ex. 10, 14
CCC-902	Farm Operating Plan for Payment Eligibility - 2009	130.5, 132	Ex. 10, 14
Automated	and Subsequent Program Years		
CCC-902	Continuation Sheet for Leased or Owned Land	140	Text, Ex. 10
Continuation	(Attach to Form CCC-902I or CCC-902E)		
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 Sheet for Farm Operating Plan for an	141	34, 120
Continuation	Entity - 2009 and Subsequent Program Years		,
CCC-902EYR	• • •	441	402, 442

Forms (Continued)

		Display	
Number	Title	Reference	Reference
CCC-902I	Farm Operating Plan for an Individual - 2009 and Subsequent Program Years	130	Text, Ex. 10
CCC-902I	Farm Operating Plan for an Individual - 2009 and	131	34, 74
Short Form	Subsequent Program Years		
CCC-903	Worksheet for Payment Eligibility and Payment Limitation Determinations	207	33, 109
CCC-926 <u>1</u> /	Average Adjusted Gross Income (AGI) Statement		Text, Ex. 10, 14, 21
CCC-927 <u>1</u> /	Consent to Disclosure of Tax Information - Individual		Ex. 11-13
CCC-928 <u>1</u> /	Consent to Disclosure of Tax Information - Legal Entity		Ex. 11-13
CCC-929	Average Adjusted Gross Income (AGI) Supplemental	201	199, 200
CCC-931	Average Adjusted Gross Income (AGI) Certification and Consent to Disclosure of Tax Information	200.5	Text, Ex. 12, 13.5, 21
CCC-931C	Average Adjusted Gross Income (AGI) Certification and Consent to Disclosure of Tax Information For Successors to Conservation Program Contracts and	200.5	Text, Ex. 12, 13.5, 21
	Agreements Only		
CCC-933	Average Adjusted Gross Income (AGI) Certification and Consent to Disclosure of Tax Information	200.5	Text, Ex. 13.5, 21
	For the 2013 crop, program, and fiscal years only.		
CRP-1	Conservation Reserve Program Contract		13, 187, 190, Ex. 10
CRP-1F	CRP-1 Modification to Extend the Contract Expiration		Ex. 10
Addendum	Date for Years		
FSA-211	Power of Attorney		200.5
I-151 <u>1</u> /	Alien Registration Receipt Card		107
I-551	Permanent Resident Card/Resident Alien Card	107	108, 120, 130, 131, 141, Ex. 2
IRS-990	Return of Organizations Exempt From Income Tax		97
IRS-990-T	Exempt Organization Business Income Tax Return (and proxy tax under section 6033(e))		191, Ex. 21
IRS-1040	U.S. Individual Income Tax Return		188, 191, 200.5, 203.8, Ex. 21
IRS-1041	U.S. Income Tax Return for Estates and Trusts		191, Ex. 21
IRS-1065	U.S. Return of Partnership Income		191, Ex. 21
IRS-1120	U.S. Income Tax Return for an S Corporation		191, Ex. 21
IRS-1120S	U.S. Income Tax Return for an S Corporation		191, Ex. 21
IRS-2848	Power of Attorney and Declaration of Representative		200.5
IRS-3210	Document Transmittal	Ex. 8	200

^{1/} Form is obsolete.

Reports, Forms, Abbreviations, and Redelegations of Authority (Continued)

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
CPA	Certified Public Accountant	189, 200, 200.5, 203.7,
		203.8, 204, Ex. 21
CSTP	Conservation Stewardship Program	11, 14, 187
EIN	employer identification number	136, 156, 168, 200, Ex. 2
FRPP	Farm and Ranchland Protection Program	11, 187
IRA	individual retirement account	167
LLP	limited liability partnership	34, 52, 147, 148, 149, 191
LP	limited partnership	34, 52, 120, 147, 148, 149,
		191, Ex. 2
MLG	marketing loan gain	3, 11, 12, 14, 186
TAAF	Trade Adjustment Assistance for Farmers	11, 14, 34, 187
WHIP	Wildlife Habitat Incentives Program	11, 14, 187

Redelegations of Authority

This table lists redelegations of authority in this handbook.

Redelegation	Reference
Making Determination Decisions	216
Monitoring Determinations	216

Active Personal Labor

<u>Active personal labor</u> means personally providing physical activities necessary in a farming operation. These activities include physical activities:

- involved in land preparation, planting, cultivating, harvesting, and marketing of agricultural commodities
- required to establish and maintain conserving cover crops or conserving use acreages
- required in livestock operations.

Active Personal Management

Active personal management means personally providing:

- the general supervision and direction of activities and labor involved in the farming operation
- services, whether performed on-site or off-site, reasonable related and necessary to the farming operation, including any of the following:
 - supervision of activities necessary in the farming operation
 - business-related actions that include discretionary decision making
 - evaluation of the financial condition and needs of the farming operation
 - assistance in structuring or preparing financial reports or analyses for the farming operation
 - consultations in or structuring of business-related financing arrangements for the farming operation
 - marketing and promoting agricultural commodities produced by the farming operation
 - acquiring technical information used in the farming operation
 - any other management function necessary to conduct the farming operation and for which the operation would ordinarily be charged a fee.

Definitions of Terms Used in This Handbook (Continued)

Adequate Documentation

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

Adjusted Gross Income (AGI)

AGI means, for a:

- person, the amount reported to IRS on the appropriate tax filing documents as AGI
- legal entity, the comparable measure according to this handbook.

"Arm's Length" Business Transaction

"Arm's length" business transaction means a transaction between 2 parties, however closely related they may be, conducted as if the parties were strangers, so that no conflict of interest arises.

Attribution

<u>Attribution</u> means crediting payments made to entities, such as corporations, estates, trusts and limited partnerships, to "real persons" based on the share of the entity held by the individual stockholder, heir, beneficiary, etc.

Average Adjusted Gross Farm Income

<u>Average adjusted gross farm income</u> of a person or legal entity means income or benefits derived from the following sources.

Income Related to Livestock and Crops	Other Types of Income				
Production of livestock, including but not	The sale of land that has been used for				
limited to:	agriculture.				
	The sale of easements and development rights				
• cattle, sheep, goats, swine	to:				
• elk, reindeer, bison, deer	farmland, ranchland, or forestry land				
	water or hunting				
• horses	• environmental benefits.				
• poultry					
fish and other aquaculture products					
used for food					
• honeybees.					
The feeding, rearing, or finishing of	The rental or lease of land or equipment used				
livestock.	for farming, ranching or forestry operations,				
Products produced by or derived from	including water or hunting rights.				
livestock.					
Production of crops, specialty crops, and	Any payment or benefit, including benefits				
unfinished raw forestry products.	from risk management practices, crop insurance				
	indemnities, and catastrophic risk protection				
771	plans.				
The processing, packing, storing, shedding,	Payments and benefits authorized under any				
and transporting of farm, ranch, and	program made applicable to payment eligibility				
forestry commodities, including renewable	and payment limitation rules.				
energy.	Production of farm-based renewable energy.				
Any other activity related to farming, ranching	ig, or forestry as determined by the Deputy				
Administrator.					
Any income reported on IRS Schedule F or other schedule used by the person or legal entity					
to report income from farming, ranching, or forestry operations to IRS. The sale of equipment to conduct farm, ranch, or forestry operations and the provision of					
production inputs and services to farmers, ranchers, foresters, and farm operations, if the					
average adjusted gross farm income is at least 66.66 percent of the average AGI.					
average adjusted gross farm income is at least 00.00 percent of the average AGI.					

Definitions of Terms Used in This Handbook (Continued)

Average AGI for a Person or Legal Entity

<u>Average AGI for a person or legal entity</u> means the average AGI, or comparable measure, of the individual or entity over the 3 taxable years preceding the most immediately preceding complete taxable year for which benefits are requested.

Note: Exclude any years that the individual or entity did **not** have income or had AGI considered as zero.

Capital

For payment limitation purposes, <u>capital</u> means the funding provided by a person or legal entity to the farming operation for the operation to conduct farming activities.

Cash-Rent Tenant

- *-- <u>Cash-rent tenant</u> means a producer who rents land from another producer or landowner under either of the following conditions:
 - for a fixed cash amount
 - guaranteed crop share as the amount of the commodity to be paid in rent.--*

Common Attribution

<u>Common attribution</u> 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.

Complete Control

Complete control means exclusive access and use by the tenant.

Corporation

<u>Corporation</u> means an entity recognized by law comprised of 1 or more persons or legal entities, which has certain rights and duties.

Note: For payment limitation purposes, a subchapter S corporation is included in this definition.

Custom Services

<u>Custom services</u> mean the hiring of a contractor or vendor that is in the business of providing such specialized services or to perform services for the farming operation in exchange for the payment of a fee for such services performed.

Default Determination

<u>Default determination</u> means all persons or legal entities are considered actively engaged in farming.

*--Enrolled Agent

<u>Enrolled agent</u> means someone who is authorized to deal with IRS on behalf of another; however, enrolled agent certifications are **not** acceptable for AGI eligibility purposes.--*

Embedded Legal Entity

<u>Embedded legal entity</u> means an entity that has an interest, directly or indirectly, as a stockholder, member, beneficiary, or heir, in another entity that is earning payments.

Equipment

For payment limitation purposes, <u>equipment</u> means the machinery and implements used by the farming operation to conduct activities of the farming operation.

This includes:

- machinery and implements for:
 - land preparation, planting, cultivating, or harvesting of the crops involved
 - establishing and maintaining conservation cover crops or conservation use of acreages
 - conducting livestock operations
- irrigation equipment that is:
 - **not** of a permanent nature
 - commonly used in the area.

Family Member

<u>Family member</u> means a person to whom another member in the farming operation is related as lineal ancestor, lineal descendant, sibling, spouse, or otherwise by marriage.

The term family member shall include:

- great grandparent
- grandparent
- parent
- child, including legally adopted children and stepchildren
- grandchild
- great grandchild
- sibling of the family members in the farming operation
- spouse of family members.

Farming Operation

<u>Farming operation</u> means a business enterprise engaged in production of agricultural products, commodities, or livestock, operated by a person, legal entity, or joint operation that is eligible to receive payments, directly or indirectly, under 1 or more programs specified in § 1400.1. A person or legal entity may have more than 1 farming operation if this person or legal entity is a member of 1 or more joint operations.

Foreign Entity

<u>Foreign entity</u> means a corporation, trust, estate, or other similar organization, that has more than 10 percent of its beneficial interest held by individuals who are **not**:

- citizens of the U.S.
- lawful alien possessing a valid Permanent Resident Card or Resident Alien Card (Form I-551).

Foreign Person

Foreign person means someone who is **not** a:

- citizen of the U.S.
- lawful alien possessing a valid Permanent Resident Card or Resident Alien Card (Form I-551).

Definitions of Terms Used in This Handbook (Continued)

*--General Partnership

General partnership means:

- comprised of 2 or more persons or legal entities
- formed under State law
- subject to the terms of a formalized agreement
- identified with EIN.--*

Income From Farming, Ranching, or Forestry Operations

<u>Income from farming, ranching or forestry operations</u> means income derived from producing crops, livestock, or unfinished raw forestry products.

Indian Tribe

<u>Indian tribe</u> means any Indian tribe, band, nation, pueblo, or other organized group or community, including any Alaska Native village or regional corporation as defined in or established under the Alaska Native Claims Settlement Act, which is recognized as eligible for the special programs and services provided by the U.S. because of their status as Indian.

Joint Operation

*--Joint operation means a general partnership or joint venture, whose members are jointly and severally liable for the obligations of the organization, in which 2 or more individuals or entities pool their resources, such as land, labor, capital, management, and equipment, to conduct the farming operation for a common purpose, sharing the profits and losses.

Joint Venture

<u>Joint venture</u> means a short-term association of persons or legal entities, where the association exists without an actual partnership or corporate designation.--*

Land

For payment limitation purposes, <u>land</u> means farmland consisting of cropland, pastureland, wetland, or rangeland that meets the specific requirements of the applicable program.

"Left-Hand" Contribution

"Left-hand" contribution to the farming operation means 1 or a combination of the following:

- capital
- land
- equipment.

Legal Entity

<u>Legal entity</u> means an entity created under Federal or State law that owns land or an agricultural commodity, product, or livestock.

Limited Partnership (LP)

For payment limitation purposes, <u>LP</u> means LP has both of the following:

- at least 1 general partner entrusted with managing and controlling the partnership's business
- at least 1 limited partner.

Minor Child

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

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

Person

Person means a natural person (individual) and does **not** include a legal entity.

Note: A cooperative association of producers that market commodities shall **not** be considered the person, and payments and benefits thereby limited for the commodities marketed for the producers.

Public School

<u>Public school</u> means a primary, elementary, secondary school, college, or university which is directly administered under the authority of a governmental body or which receives a predominant amount of its financing from public funds.

"Right-Hand" Contribution

"Right-hand" contribution to the farming operation means 1 or a combination of the following:

- active personal labor
- active personal management.

Separate and Distinct Contribution

Separate and distinct contribution is a contribution to the farming operation that is:

- unique and apart from other contributions
- distinguishable from the contributions of other partners, stockholders, or members of the same legal entity or joint operation.

Sharecropper

Sharecropper means an individual who:

- performs work in connection with the production of the crop under the supervision of the operator
- receives a share of the crop in return for the provision of such labor.

Total Value of a Farming Operation

<u>Total value of a farming operation</u> means the total of the costs, excluding the value of active personal labor and active personal management that is contributed by a member of the farming operation, needed to carry out the farming operation for the year for which the determination is made.

Tribal Venture

<u>Tribal venture</u> means a joint operation conducted by members of a Native American or Indian tribe.

Menu and Screen Index

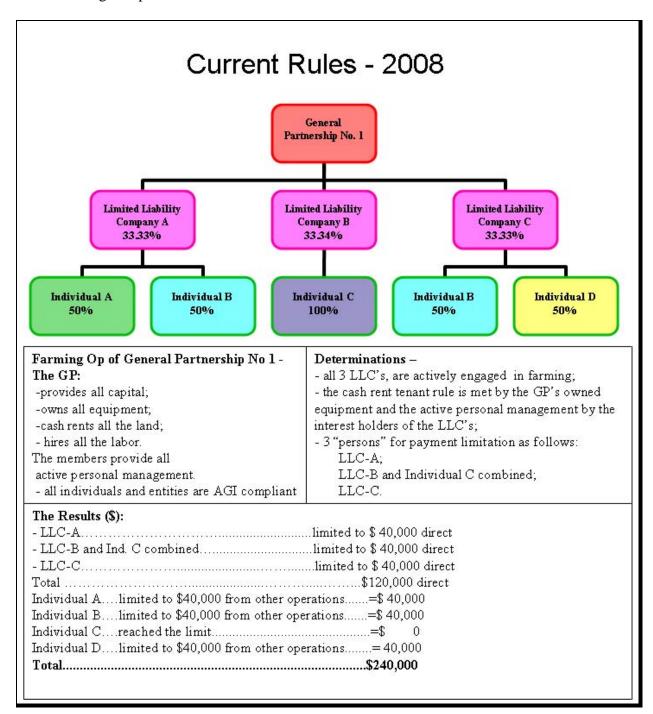
The following table lists the menus and screens displayed in this handbook.

Menu or	77:41	D.C.
Screen	Title	Reference
	Farming Operation Summary Page Screen	130.5
	Farming Operation Summary Page (Short Form) Screen	132

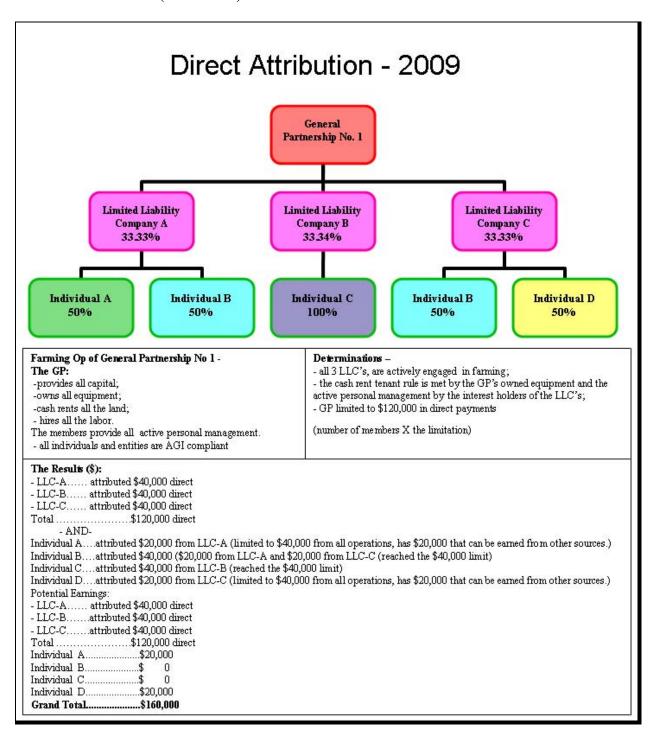
Direct Attribution

A 2008 and 2009 Rules

The following compares rules for 2008 and 2009.



A 2008 and 2009 Rules (Continued)



Direct Attribution (Continued)

B Attribution Examples

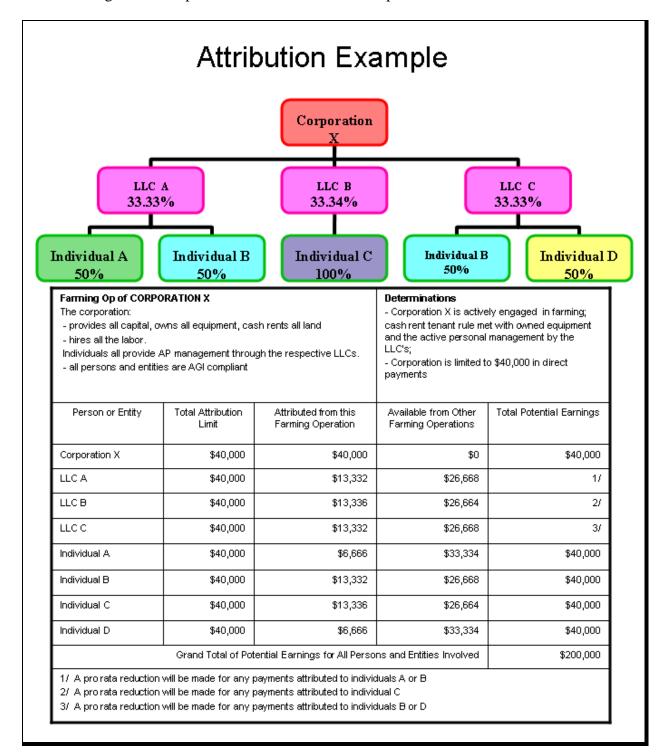
The following show the effect of attribution rules on spouses with multiple interests.

	Description of Farming Operations						
Husband and Wife share 50/50 in a joint operation.	Wife is 100% beneficiary of a trust.	Husband has 25% interest in his father's estate.	Husband has 35% interest in a limited partnership with his brothers	Husband has 50% interest in the corporation that is the general partner of the Limited Partnership.			
Husband//vife Jt Op. H = 50%, W = 50% Earns \$70,000 NAP Earns \$66,000 DCP	Trust W = 100% Earns \$8,000 NAP Earns \$10,000DCP	Estate H = 25% Earns \$12,000 NAP Earns \$9,000 DCP	Bros Cattle LTD H = 35% Earns \$10,000 NAP Earns \$15,000 DCP	Bros Cattle LTD Corp = 1% H = 50% of Corporation LTD earns \$10,000 NAP LTD earns \$15,000 DCP			
	Attribu	ted Amounts from	Each Operation				
From the Jt Op	From the Trust	From the Estate	From his interest in LTD	Embedded interest in Corp			
NAP H = \$35,000 W = \$35,000 Jt Op = \$0 DCP H = \$_33,000 W = \$_33,000 Jt Op = \$_0	NAP H = \$0 W = \$8,000 Estate = \$8,000 DCP H = \$0 W = \$ 7,000 * Trust = \$7,000_	NAP H = \$3,000 W = \$0 Estate = \$12,000 DCP H = \$2,250 W = \$0 Estate = \$_9,000	NAP H = \$3,500 W = \$0 LTD = \$10,000 DCP H = \$_4,750 W = \$_0 LTD = \$_14,425	NAP H = \$50 W = \$0 Corp = \$100 DCP H = \$_0 VV = \$_0 Corp = \$ 75			
	* Wife's DCP payment through the trust is limited because she already received \$33K in the Jt Op.		Husband's DCP earnings from his direct interest in the LTD is limited to his available attribution limit, bringing his total DCP to \$40,000. Amount attributed to the corporation reflects reductions made for the Husband's interests exceeding the direct attribution limit.	Husband's interest in the corporation is not eligible because his available attribution is \$0. His 50% of the corporation's 1% will not be paid.			

Direct Attribution (Continued)

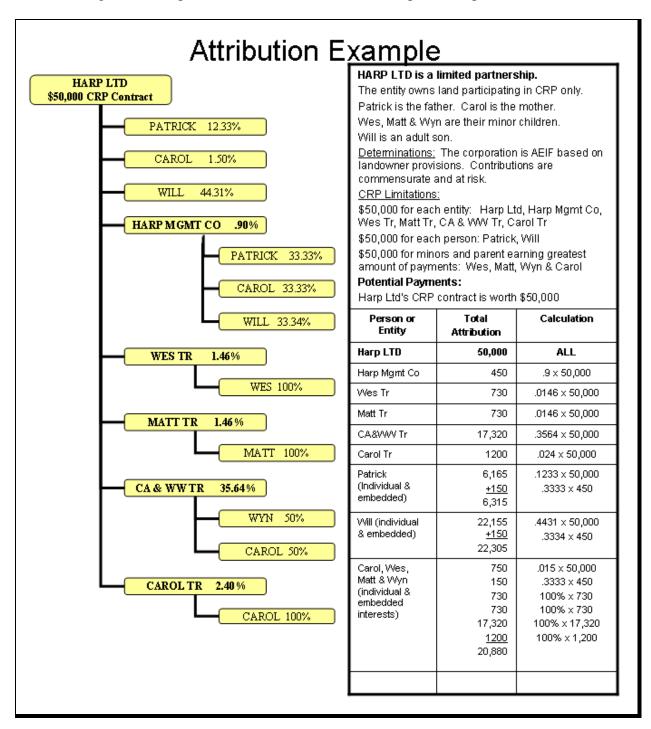
B Attribution Examples (Continued)

The following is an example of attribution rules for a corporation.



B Attribution Examples (Continued)

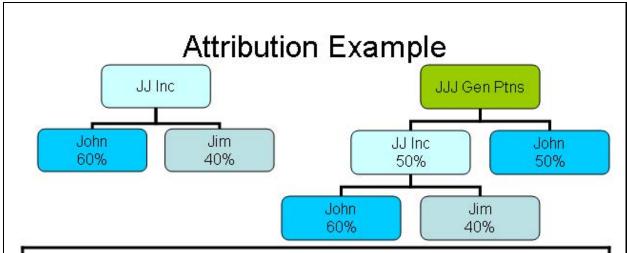
The following is an example of attribution rules for a limited partnership.



Direct Attribution (Continued)

B Attribution Examples (Continued)

The following is an example of attribution rules for a corporation and limited partnership.



JJ Inc is a corporation.

The entity provides all capital & equipment. Land is share rented. John provides significant AP management. <u>Determinations:</u> The corporation is AEIF. Contributions are commensurate.

DCP (DIR) Limitations: \$40,000 for JJ Inc, \$40,000 for John, \$40,000 for Jim

JJJ Gen Ptns is a general partnership made up of JJ Inc (50%) and John (50%).

The joint operation provides all capital and equipment. Land is share rented. John provides significant AP management for his individual interest and for the corporation.

<u>Determinations:</u> The members of the general partnership are AEIF. Contributions are commensurate. <u>DCP (DIR) Limitations:</u> \$40,000 for JJ Inc, \$40,000 for John, \$40,000 for Jim

Potential Payments:

JJ Inc's share of the DCP contract is worth \$40,000 in DCP (DIR) JJJ Gen Ptns' DCP contract is worth \$10,000 in DCP (DIR)

Person or Entity	Total Attribution Limit	Attributed from JJ Inc's farming operation	Attributed from JJJ Gen Ptns' farming operation	Total Attributed Earnings
JJ Inc	\$40,000	\$40,000	\$0 1/	\$40,000
John	\$40,000	\$24,000	\$5,000 1/	\$29,000
Jim	\$40,000	\$16,000	\$0 1/	\$16,000
JJJ Gen Ptns 2/	\$0	\$0	\$0	\$0

^{1/} Because JJ Inc received \$40,000 from its own farming operation, no attribution is available to the corporation through the General partnership

^{2/} Payments are attributed to persons and entities, but not to joint operations.

C Test Questions and Answers

The following are test questions to reinforce direct attribution rules.

Test Questions

Question 1.

John Brown was a participant in a 2009 DCP contract which generates \$10,000 in direct payments. John Brown passed away before any contract payments were issued. John Jr. inherited his father's farm and became the successor to the DCP contract once held by his father. John Jr. has other 2009 DCP contracts with direct payments that total \$35,000. What is the maximum amount of direct payments that John Jr. can receive under the 2009 DCP contracts?

A. \$35,000

B. \$40,000

C. \$45,000

Question 2.

Stooges Incorporated has three equal stockholders, Larry, Curly and Moe. Stooges Inc is a participant with a 100% share in a DCP contract that generated \$21,000 in direct payments. Curly is the only interest holder in Curly LLC., and that entity is also a participant with 100% share in a DCP contract that generates \$1,000 in direct payments. Under direct attribution, how should the Hollywood COF correctly issue the DCP payments?

- A. \$7,000 to Larry; 7,000 to Moe; \$8,000 to Curly
- B. \$21,000 to Stooges Inc.; \$1,000 to Curly LLC.
- C. None of the above.

C Test Questions and Answers (Continued)

Test Questions

Question 3.

Steve has applied for 2009 NAP benefits and is eligible to receive \$20,000. An application was also filed for Steve Inc., of which Steve holds 60% interest and his spouse holds the remainder, and the entity was approved to receive \$20,000. What are the payment limitations for NAP for these individuals and entity?

- A. Steve and Spouse combined for \$100,000; Steve Inc \$100,000
- B. Steve, Spouse, and Steve Inc. combined for \$100,000
- C. Steve \$100,000; Spouse \$100,000; Steve Inc. \$100,000
- D. Steve \$60,000; Spouse \$40,000; Steve Inc. \$0.

Question 4.

John has an average AGI of \$1.1 million and according to his complete tax return, the average of the amounts from the Schedule F's was \$800,000. What program benefits is John eligible for? (66.66% of the \$1.1 million is \$733,260).

- A. Nothing his average AGI is too high
- B. DCP and EQIP
- C. DCP (including direct payments) and LDP's
- D. DCP (excluding direct payments), EQIP and LDP's
- E. LDP's only.

IRS-3210, Document Transmittal

This is an example of IRS-3210 that is available in a fillable format at http://intranet.fsa.usda.gov. CLICK "FFAS Employee Forms/Publications Site" and CLICK "Find Current Forms Using Our Form Number Search". For "Form Number", ENTER "IRS 3210".

*__

DOCUMENT TRANSMITT/		Internal Revenue Service - USDA P.O. Box 24033 Fresno, CA 93779 PAGE	1 OF 1
DOCUMENT IE	DENTIFICATION	REMARKS:	
		Date: 02-03-2012	
QUANTITY	TYPE	Dutc. 02 00 E012	REC'D
100	CCC-931	Average Adjusted Gross Income (AGI) Certification and Consent to Disclosure of Tax Information	
		to biscissife of tax infoliation	
FROM:	1	Releasing Official	
HODA E-	m Contiles 3	Martin S. Jones, County Executive Di	rector
Any Coun	m Service Ag ty FSA Offic		
1010 Gov Town, ST	rernment Way 10101-9999	Originator Telephone Number	
		(111) 222-3333	
		Date Acknowledged	

Payment Eligibility and Payment Limitations for Disaster Assistance Programs

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

				Annua	al Payment			
		Paymen	t Eligibility		nitation	Payment Limit	tation Control	
		Gross		Regula-		_		
Program	Years	Revenue	AGI	tion	Amount	Regulation	Method	
SURE	2008		\$2.5 million	7 CFR	\$100,000 total	7 CFR	"Person" as	
and				Part 1480	for SURE,	Part 1400	defined.	
ELAP	2009 - 2011		\$500,000	7 CFR	ELAP, LFP,	7 CFR	Direct	
			Nonfarm AGI	Part 1439	and LIP	Part 1400 as	attribution to	
						revised for	person or	
						2009 forward.	legal entity.	
LFP	2008		\$2.5 million	7 CFR		7 CFR	"Person" as	
				Part 1439		Part 1400	defined.	
	2009 - 2011		\$500,000			7 CFR	Direct	
			Nonfarm AGI			Part 1400 as	attribution to	
						revised for	person or	
						2009 forward.	legal entity.	
LIP	2008		\$2.5 million			7 CFR	"Person" as	
						Part 1400	defined.	
	2009 - 2011		\$500,000			7 CFR	Direct	
			Nonfarm AGI			Part 1400 as	attribution to	
						revised for	person or	
						2009 forward.	legal entity.	
TAP	2008		\$2.5 million	7 CFR	\$100,000	7 CFR	"Person" as	
				Part 783		Part 1400	defined.	
	2009 - 2011		\$500,000		\$100,000	7 CFR	Direct	
			Nonfarm AGI			Part 1400 as	attribution to	
						revised fro	person or	
NAD	2000	ΦΩ :11:		7 CED	¢100.000	2009 forward.	legal entity. "Person" as	
NAP	2008	\$2 million		7 CFR Part 1437	\$100,000	7 CFR	defined.	
	2009 -		\$500,000	Part 1437	\$100,000	Part 1400 7 CFR	Direct	
	forward		Nonfarm AGI		\$100,000	Part 1400 as	attribution to	
	101 waru		Nomanii AGI			revised for	person or	
						2009 forward.	legal entity.	
CDP	2005 - 2007		\$2.5 million	7 CFR	\$80,000 total	7 CFR	"Person" as	
CDI	2003 2007		Ψ2.3 ππποπ		for all 3 years	Part 1400	defined.	
LCP	2005 - 2007			1 411 700	\$80,000 total	1 411 1 100	defined.	
LCI	2003 2007				for all 3 years			
LIP	2005 - 2007				\$80,000 total			
LII	2003 2007				for all 3 years			
*ECP	2008		\$2.5 million <u>1</u> /	7 CFR	\$200,000 per	7 CFR	"Person" as	
				Part 701	disaster	Part 1400	defined.	
	2009 –		\$1 million			7 CFR	Direct	
	forward		nonfarm			Part 1400 as	attribution to	
						revised for	person or	
						2009 forward.	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

Notes: See subparagraph 190 E for forms required for AGI provisions.

*__

	Date Acti Appro				
Type of Action	10/1/02 Through 9/30/08	10/1/0 8 or Later	Applicable Payment Eligibility/Limitation Rules	Forms	Example
New CRP-1	√		Based on original CRP-1 Approval Date: Person, actively engaged in farming, permitted entity.	CCC-501A CCC-501B CCC-502	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, actively engaged in farming, permitted entity.	CCC-501A CCC-501B 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 Effective Date : Person, actively engaged in farming, permitted entity.	CCC-501A CCC-501B CCC-502	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, actively engaged in farming, permitted entity.	CCC-501A CCC-501B CCC-502	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 reenrollment CRP-1 Approval Date: Person, actively engaged in farming, permitted entity.	CCC-501A CCC-501B CCC-502	COC approves a reenrollment (new CRP-1) for a 2000 CRP-1 on December 5, 2006. Effective date for the reenrollment 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.	CCC-901 CCC-902 <u>1</u> / CCC-931	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.	CCC-901 CCC-902 <u>1</u> / CCC-931	New producer succeeds to a 2009 CRP-1, effective August 1, 2011.

^{1/} CCC-902 parts that are applicable according to subparagraph 34 D.--*

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

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Type of Action	Applicable Payment Eligibility/Limitation Rules	Forms	Example
Type of Action	Action Approved 10/1/02 thr		Example
New CRP-1	Based on CRP-1 Effective Date : Person, actively engaged in farming, permitted entity.	CCC-501A CCC-501B CCC-502	New CRP-1 is approved September 10, 2008. New producer succeeds to a 1999
Succession-in-Interest (When CRP-1 was not subject to AGI before succession.)	Based on the parent CRP-1 Effective Date: Person, actively engaged in farming, permitted entity.		CRP-1, effective July 1, 2008.
Succession-in-Interest (When CRP-1 was subject to AGI before succession.)	Based on the parent CRP-1 Effective Date : Person, actively engaged in farming, permitted entity.		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, actively engaged in farming, permitted entity.		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 reenrollment CRP-1 Approval Date: Person, actively engaged in farming, permitted entity.		COC approves a reenrollment (new CRP-1) on December 5, 2006. Effective date for the reenrollment is October 1, 2009.
	Action Approved 10/1/08 o	r Later	
New CRP-1	Based on CRP-1 Approval Date : Direct Attribution.	CCC-901 CCC-902 <u>1</u> /	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 Approval Date: Person, actively engaged in farming, permitted entity.	CCC-501A CCC-501B CCC-502	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 Approval Date : Person, actively engaged in farming, permitted entity.	CCC-501A CCC-501B CCC-502	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.	CCC-901 CCC-902 <u>1</u> / CCC-931	New producer succeeds to a 2009 CRP-1 effective August 31, 2010.

^{1/} CCC-902 parts that are applicable according to subparagraph 34 D.--*

*--2009 and 2010 Schedule for Average AGI Compliance Actions

Follow this table for the 2009 and 2010 schedule for average AGI compliance actions.

Date	Action	Process
June 15	Deadline for submitting CCC-927 or CCC-928 to IRS.	
To be	Reconciliation of data returned from IRS and 2009/2010	Match by ID number the data returned from IRS with sub-files with "Y" in
determined	payment recipients.	the "Average AGI" field for 2009 and/or 2010. Report only those names and ID numbers that lack a corresponding data return from IRS.
To be	First notice of no data returns from IRS. Provide 30 calendar	Notice generated and mailed from KC.
determined	days to submit CCC-927 or CCC-928 to IRS.	
To be	Second notice of no data returns from IRS. Provide	Match by ID number the data returned from IRS with sub-files with "Y" in
determined	30 calendar days to submit information to correct condition; otherwise, will be determined ineligible for 2009 and/or 2010	the "Average AGI" field for 2009 and/or 2010. Report only those names and ID numbers that lack a corresponding data return from IRS. Notice
	program payments and benefits subject to average AGI compliance.	generated and mailed from KC.
	compnance.	Compare sub-files with "Y" in the "Average AGI" field for 2009 and/or
	First notice of questionable average AGI compliance based on	2010 with the data returned from IRS for the names and ID numbers with
	data returned from IRS. Provide 30 calendar days to submit	indicators of questionable average AGI compliance. Provide results by
	information that demonstrates compliance with the applicable	State and county codes. Once list is provided to each State, notice will be
	average AGI limitations; otherwise, will be determined	issued from State Offices.
	ineligible for 2009 and/or 2010 program payments and benefits subject to average AGI compliance.	
October 1	Final 2010 DCP and ACRE payments.	
October 1	CRP annual rental payments.	
To be	No data returns from IRS or no additional information was	Match by ID number the data returned from IRS with sub-files with "Y" in
determined	timely provided. Send written notice of ineligibility for 2009	the "Average AGI" field for 2009 and/or 2010. Report only those names
	and/or 2010 program payments and benefits because of	and ID numbers that lack a corresponding data return from IRS. Provide
	average AGI noncompliance. Include appeal rights according to 1-APP.	lists to each State Office.
	WITAII.	State Offices issue notice of determination.
To be	Sub-files changed to reflect status of ineligibility for 2009	State Offices notify control/recording County Offices of the
determined	and/or 2010 program payments and benefits because of	determinations. Control/recording County Offices shall take appropriate
	average AGI noncompliance.	actions.

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2011 and 2012 Schedule for Average AGI Compliance Actions

Follow this table for the 2011 and 2012 schedule for average AGI compliance actions.

Date	Action	Process
*To be determined	Deadline for submitting CCC-927, CCC-928, or CCC-931 to IRS.	
To be determined	Reconciliation of data returned from IRS and 2011/2012 payment recipients.	Match by ID number the data returned from IRS with sub-files with "Y" in the "Average AGI" field for 2011 and/or 2012. Report only those names and ID numbers that lack a corresponding data return from IRS.
To be determined	First notice of no data returns from IRS. Provide 30 calendar days to submit CCC-927, CCC-928, or CCC-931 to IRS.	Notice generated and mailed from KC.
To be determined	Second notice of no data returns from IRS. Provide 30 calendar days to submit information to correct condition; otherwise, will be determined ineligible for 2011 and/or 2012 program payments and benefits subject to average AGI compliance. First notice of questionable average AGI compliance based on data returned from IRS. Provide 30 calendar days to submit information that demonstrates compliance with the applicable average AGI limitations; otherwise, will be determined ineligible for 2011 and/or 2012 program payments and benefits subject to average AGI compliance.	Match by ID number the data returned from IRS with sub-files with "Y" in the "Average AGI" field for 2011 and/or 2012. Report only those names and ID numbers that lack a corresponding data return from IRS. Notice generated and mailed from KC. Compare sub-files with "Y" in the "Average AGI" field for 2011 and/or 2012 with the data returned from IRS for the names and ID numbers with indicators of questionable average AGI compliance. Provide results by State and county codes. Once list is provided to each State, notice will be issued from State Offices.
To be determined	No data returns from IRS or no additional information was timely provided. Send written notice of ineligibility for 2011 and/or 2012 program payments and benefits because of average AGI noncompliance. Include appeal rights according to 1-APP.	Match by ID number the data returned from IRS with sub-files with "Y" in the "Average AGI" field for 2011 and/or 2012. Report only those names and ID numbers that lack a corresponding data return from IRS. Provide lists to each State Office. State Offices issue notice of determination.
To be determined*	Sub-files changed to reflect status of ineligibility for 2011 and/or 2012 program payments and benefits because of average AGI noncompliance.	State Offices notify control/recording County Offices of the determinations. Control/recording County Offices shall take appropriate actions.
October 1	Final DCP and ACRE payments.	
October 1	CRP annual rental payments.	

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*--Example of IRS Letter of Explanation

Department of the Treasury Internal Revenue Service

Notice XXX (3-2010)

U.S. Department of Agriculture Forms CCC-927 and CCC-928 Consent To Disclosure of Tax Information – Individual and Legal Entity

Your USDA Form CCC-927 or CCC-928 is being returned to you due to **incomplete entries or illegibility.** The following information is required on all USDA Forms CCC-927 and CCC-928:

Box Number 1: Person's name and address for Form CCC-927 or the Legal entity's name and address for Form CCC-928. (Please enter the name and address as it appears on the returns filed for the taxable years checked in Box 3.

Box Number 2: Enter the complete social security number of the individual identified in Box 1 of Form CCC-927. Enter the complete employer identification number of the legal entity identified in Box 1 of Form CCC-928.

Box Number 3: Check the appropriate box(es) to indicate the 3 year period(s) used for determination of the average adjusted gross income for payment eligibility.

Box Number 4: Signature of the individual identified in Box 1 of Form CCC-927. Signature of the individual authorized under State law to represent the legal entity identified in Box 1 of Form CCC-928.

Box Number 5, Form CCC-928: Enter the title or relationship to the legal entity identified in Box 1.

Box Number 5, CCC-927: Enter the signature date in month, day, and year.

Box Number 6, CCC-928: Enter the signature date in month, day, and year.

Please submit a new completed request to: Internal Revenue Service P.O. Box 24033 Fresno, CA 93779

If you have any questions, contact your local USDA Service Center.

*--Explanation of the IRS Rejection Message, "Not found on master file", and Recommended FSA Actions

If the IRS rejection message, "Not found on master file" is received, follow this table.

IF CCC-931 or CCC-933 filer is	THEN FSA actions are as follows
minor child	• place rejection message and CCC-931 or CCC-933
Native American	in producer's eligibility files
 member of recognized tribe 	
 Alaskan Native 	• consider the producer AGI compliant for the
Pacific Islander	specific program year.
individual with annual income less than	
minimum threshold of required filing	Note: Additional information may be requested
apostolic or religious organization	and/or required by the reviewing authority to
(504c designation by the IRS)	verify tax status or classification.
charitable organization	
nonprofit organization	
(501c designation by the IRS)	
new legal entity	• place rejection message and CCC-931 or CCC-933
	in producer's eligibility files
	• consider the new legal entity AGI compliant for
	the specific program year only
	obtain valid CCC-931's or CCC-933's from all
	• obtain valid CCC-931's or CCC-933's from all interest holders for the specific program year.
individual opposed to filing Federal	determine the producer as AGI noncompliant and
income taxes	ineligible for all payments and benefits under
individual knowingly failed to file Federal	programs subject to the AGI limitations
income taxes in all 3 years of the	programs subject to the 1101 initiations
qualification period	• provide written notice with review rights according
1	to 1-APP
	• if requested, do not issue payments and benefits
	under any program subject to AGI limitations
	• initiate receivables if payments and benefits have
	been issued under any program subject to AGI
	limitations.

--*

*--Memorandum of Agreement

Following is the Memorandum of Agreement between NRCS, FSA, and CCC for implementing common provisions, including payment eligibility and payment limitation provisions through September 30, 2012.

Memorandum of Agreement (MOA)

between

Natural Resources Conservation Service (NRCS),

Farm Service Agency (FSA), and

Commodity Credit Corporation (CCC)

For the Implementation of Common Provisions, Including

Payment Eligibility and Payment Limitation Provisions

Through September 30, 2012

I. PURPOSE

The purpose of this (MOA) is to provide for the implementation, cooperation, expectations and responsibilities between FSA, NRCS, and CCC in administering provisions common to the agencies including all payment eligibility and payment limitation provisions as found in the Food, Security Act of 1985, as amended, and regulations at 7 CFR Part 1400.

II. GENERAL PROVISIONS

FSA and NRCS administer various farm commodity and conservation programs in which participants are subject to payment eligibility and payment limitation requirements in 7 CFR Part 1400. The administration of these programs requires the obtaining of information, determination of eligibility, and maintenance of this data. FSA has the administrative responsibilities for collecting and maintaining data that includes the name and address of the participant (SCIMS and farm records); information about the participant's farming operation (subsidiary files); and information on the participant's annual income (AGI files). FSA uses this information to make determinations of the participant's eligibility for program payments and restrictions on the amount of such payments that can be received by the participant, both directly and indirectly, for direct attribution. FSA has developed custom software applications for both the System 36 and web-based environments to store the eligibility data of all participants. FSA maintains this data and ensures the credibility and accuracy of this data. FSA performs the administrative compliance duties of the payment eligibility requirements and determinations of all participants of record. As such, FSA has also entered into agreements with the IRS and the Social Security Administration to verify and validate the accuracy of the participant information. FSA provides this data and develops common eligibility routines for use by NRCS in the administration of conservation programs for which they have responsibility.

III. AUTHORITY

This MOA is authorized by Title I of the Farm Security and Rural Investment Act of 2002 (2002 Act), Title I of the Food, Conservation, and Energy Act of 2008 (2008 Act), and Title XII of the Food Security Act of 1985 (1985 Act), as amended. Other authorities may also apply.

IV. RESPONSIBILITIES

- A. FSA and CCC responsibilities:
- 1. In consultation with NRCS, develop and maintain rules, regulations, policies, and procedures that govern payment eligibility, payment limitation and average adjusted gross income (AGI) limitation requirements common to multiple programs administered by FSA and NRCS.
- 2. Annually publicize and provide information on all requirements of payment eligibility, payment limitation, and AGI limitations.
- 3. Provide leadership and guidance to all USDA agencies as needed on all payment eligibility, payment limitation and average AGI limitation issues.
- 4. Provide consultation regarding common policies and procedures between FSA and NRCS leadership.
- 5. Develop and maintain information collection processes necessary to obtain program participant information such as name and address; farming operation types and locations; legal entity types; farm and nonfarm income data as reported to the IRS for periods of at least three years (CCC-902; CCC-901; CCC-926; CCC-526C; and, other forms and documents determined applicable).
- 6. Timely make determinations regarding the participant's eligibility for program benefits and the amounts that can be received annually.
- 7. Annually, or as otherwise applicable, obtain an acceptable certification of average AGI from all persons, legal entities, and members of legal entities for the appropriate reporting time period.
- 8. Develop common eligibility routines for use by FSA and NRCS. Significant changes to existing routines, or the addition of new routines, will be planned in conjunction with NRCS and with adequate testing time allowed prior to implementation.

--*

- 9. Record determinations for payment eligibility and payment limitation purposes for immediate use by both FSA and NRCS in payment processing.
- 10. Timely provide written notice to program participants of the determinations made for payment eligibility and payment limitation purposes with rights to appeal if determinations are considered adverse.
- 11. Timely acknowledge appeals and administrative hearing proceedings on all appeals.
- 12. Maintain the administrative case files on appeal hearings with the National Appeals Division (NAD).
- 13. Respond to any further administrative proceedings as necessary with NAD for appeals, reconsiderations and reviews.
- 14. Develop software user requirements and technical specifications, program, test, implement, and maintain common software routines used by all agencies to determine eligibility, payment eligibility, payment limitation, and average AGI limitations. Maintain a software test environment as well as a software production environment.
- 15. Maintain FSA and NRCS customer records for Farm and Tract Eligibility (FTE), and Highly Erodible Land Conservation and Wetland Conservation (AD-1026).
- 16. Make available and allow secure access by NRCS software applications via web-services to the current data on all program participants that includes information recorded in SCIMS, farm tract records, entity files, subsidiary files and eligibility files as developed under regulations pertaining to FSA.
- 17. Make available to program participants the appropriate forms for Consent for IRS to disclose pertinent information to FSA for AGI limitation compliance purposes.
- 18. Process information and data returned from the IRS for participants that previously submitted valid consent forms to the IRS.
- 19. On a regular basis as data is returned from IRS, record and update eligibility files for participants with average AGI amounts below the threshold levels as verified with IRS data.
- 20. Notify participants that appear to have average AGI amounts above the threshold levels of the results of the IRS data analysis, and require all such participants to provide actual tax records or other acceptable documentation. within 30 days to demonstrate that average AGI does not exceeds the established limits.

*--Memorandum of Agreement (Continued)

- 21. Revise business rules to not allow any payment activity or otherwise disable all eligibility files for participants that are notified that average AGI amounts have been determined to be above the applicable thresholds for payment eligibility.
- 22. Review tax data and other information provided by program participants with questionable AGI amounts and conclusively determine AGI compliance.
- 23. Notify participants subject to the AGI review the results of the evaluation and determination of AGI compliance for the applicable year or years reviewed.
- 24. Provide to NRCS a list of participants determined to be non-compliant with the average AGI limitations for appropriate actions.
- 25. Conduct regular reconciliation processes to identify participants that have received current year benefits, but have not been included on any data return from the IRS, which indicates a consent form has not been submitted.
- 26. Provide to NRCS a list of participants identified as current year payment recipients, but have not provided a consent form to the IRS for appropriate follow-up actions.
- 27. Provide to NRCS on a regular basis a list of participants recorded as current year program payment recipients, but also identified as deceased on the most recent Social Security Administration's Death Master File.
- 28. FSA shall timely notify NRCS of the annual cost IRS charges to FSA/CCC for AGI validation and the annual cost to obtain the Death Master File from the Social Security Administration.
- B. NRCS responsibilities:
- 1. Make available to program participants the appropriate forms needed for payment eligibility and payment limitation purposes.
- 2. Make available to program participants the appropriate forms for Consent for IRS to disclose pertinent information to FSA for AGI limitation compliance purposes.

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*--Memorandum of Agreement (Continued)

- 3. Timely deliver to the local FSA office any forms and documentation completed for payment eligibility and payment limitation purposes by participants of NRCS-administered programs.
- 4. Timely reimburse FSA and/or CCC no less than one-third of the annual cost that IRS will charge FSA/CCC for the average AGI validation process. The estimated cost for FY 2010 is

 The estimated cost for FY 2011 and FY 2012 is for each year.
- 5. Reimbursement will not be required for any part of the annual subscription fee of paid by FSA/CCC for the Social Security Administration's Death Master File.

V. MISCELLANEOUS PROVISIONS

- 1. FSA, CCC and NRCS mutually agree to cooperate at all levels to ensure consistent implementation of all payment eligibility and payment limitation requirements applicable to all conservation programs.
- 2. It is mutually agreed that this Agreement is effective when signed by all parties and shall continue in full force and effect through September 30, 2012. This Agreement may be terminated at any time with thirty days notice by one party. Should this Agreement be terminated, billing will be submitted for services rendered prior to the date of termination for which payment has not been received. This Agreement may be modified by amendment duly executed by officials of FSA and NRCS. NRCS and FSA will enter annually into a National Level Reimbursement Agreement (Form AD-672) based on this interagency agreement and any amendments hereto.
- 3. Neither CCC, FSA, nor NRCS, shall assign or transfer any rights or obligations under this Agreement without prior written approval of the other party.
- 4. CCC, FSA and NRCS agree that, to the extent possible under applicable law, each party will be solely responsible for its own acts omissions, and the results thereof, and shall not be responsible for the results thereof caused by the acts or omissions of the other party.
- 5. The Deputy Administrator for Farm Programs, Farm Service Agency or the Deputy Administrator designee or successor, is delegated authority to carry out this Agreement for FSA and CCC, and, with the NRCS Chief, or designee, may further amend this Agreement consistent with the provisions of the 1985 Act, as amended, and the regulations at 7 CFR Part 1400. The provisions of this Agreement may only be modified by written agreement between the parties.

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*--Memorandum of Agreement (Continued)

6. All parties to this MOA will comply fully with the information gathering provisions of section 1619 of the 2008 Act, the Privacy Act, the Freedom of Information Act, and any other related acts concerning privacy and the dissemination of records.

FARM SERVICE AGENCY/
COMMODITY CREDIT CORPORATION

NATURAL RESOURCES CONSERVATION SERVICE

Date

Date

AGI Compliance Review Checklists

A Example of CL-1 Checklist

*__

The following optional checklist may be included in the State Office AGI Compliance Review File created for each participant and program year reviewed.

CL-1	1	AGI Compliance Review Che CPA or Attorney Certification St						
	Producer Year(s) □ 2009 Name: Reviewed: □ 2012							
					Yes	No	N/A	
		articipant submit the required documentation within the umentation received:	required timefra	me?				
	a copy and in question		credentials or st	atus are				
	review?	tatement prepared for the correct participant subject to t	•					
		statement contain all the required elements to be considered a Compliance verification purposes? (Exhibit 1)	ered acceptable	for				
5.								
		verage AGI Calculation Worksheet been completed to	verify correctnes	ss of the				
		by of the AGI certification (CCC-926, CCC-931, CCC-900) been received from the recording county office?	933, or CPA or a	ttorney				
9.	· ·							
	0. If the participant is determined to be <i>not eligible</i> for the year(s) reviewed, has the web eligibility file been updated to reflect the determinations (<i>SED determination field</i>)?							
	1. Has written notice of the determinations been provided to the participant, and if adverse, has the options of reconsideration to the SED, mediation, and appeal rights to NAD been included? Date of the letter:							
		ripants determined <i>not eligible</i> , has a receivable been pror the program benefits received for the applicable year(s		ed in				
AG:	document	nce Review file should contain the following document tation received from the participant; ubsidiary print prior to completing review;	s upon completion	on of the	review	v:		

Name of person completing review: ___

copy of the Average AGI Calculation Worksheet, if necessary to determine compliance;

copy of the written notice of determination sent to participant.

copy of the original AGI certification (CCC-926, CCC-931, CCC-933, or CPA or attorney certification;

copy of subsidiary print after SED determination has been updated in the web eligibility file, (if applicable;

AGI Compliance Review Checklists (Continued)

A Example of CL-1 Checklist (Continued)

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CL-1 AGI Compliance Review Checklist CPA or Attorney Certification Statement

Reference 4-PL, Subparagraphs 203.8 D and 204 C

Certifications will only be accepted from licensed CPA's and attorneys. Statements from enrolled agents will **not** be accepted. If a letter is submitted by CPA or an attorney to certify compliance with an average AGI limitation for which a person or entity received notification of possible noncompliance, the letter **must** include the following elements.

- CPA's or attorney's State license identification number.
- Explanation of the reason for the certification.
- Acknowledgement of having read, understood, and agreement to the terms and conditions of 4-PL subparagraph 203.8, including the following:
 - CPA/attorney acknowledges and agrees to having reviewed and being familiar with the average AGI limitations, definitions, and compliance requirements in 7 CFR Part 1400, with the programs involved, having made such inquiries as are necessary to apprise CPA/attorney of such matters, and understands the tax years used to calculate the average AGI for program years 2009 through 2013.
- Relevant information on the most recently filed tax returns for the period in question, which includes:
 - the correct and applicable 3-year period for qualification;
 - the average AGI limitations to which compliance is verified;
 - the referenced schedules and line items of filed tax returns;
 - the filing date(s) for the referenced tax returns.
- If applicable, a detailed explanation of how the applicable average AGI limitations were **not** exceeded even though the information on tax returns indicates otherwise.

AGI Compliance Review Checklists (Continued)

B Example of CL-2 Checklist

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The following optional checklist may be included in the State Office AGI Compliance Review File created for each participant and program year reviewed.

CL-	-2	AGI Compliance Review Checkl IRS Tax Information - Returns and Sc					
			□ 2009	□ 201		2011	
	Name:		Reviewed:	□ 2012	□ 201		37/4
1	D: 1.1		. 1 0		Yes	No	N/A
1.		participant submit the required documentation within the required tumentation received:	uired timefra	ame?			
2.		tax information provided for the correct participant subject t nce review?	to the AGI				
3.		tax information signed, or otherwise verified as filed with that subject to the AGI compliance review?	e IRS, by th	e			
4.		e sets of tax returns complete as to be considered acceptable nee verification purposes?	for average	AGI			
5.		tax information been evaluated for the following:					
	• the	correct and applicable 3-year period for qualification;					
	• the	average AGI limitations to which compliance is certified;					
	• the	applicable forms, schedules, and line items as needed to iden	itify all farm	and			
	nonfarm income amounts;						
		filing date(s) in comparison to the applicable 3-year period.					
6.		Average AGI Calculation Worksheet been completed to veri	fy correctne	ss of the			
<u> </u>		ant's AGI certification?					
7.		opy of the AGI certification (CCC-926, CCC-931, CCC- 933,	, or CPA or	attorney			
	certification) been received from the recording county office?						
8.							
9.	being reviewed?						
9.	. Was the participants AGI certification correctly recorded in the web eligibility file? (Note: Compare subsidiary print to what was certified on the participant's original AGI						
	certifica		ant s origina	ai AOi			
10	0. If the participant is determined to be <i>not eligible</i> for the year(s) reviewed, has the web						
10.	eligibility file been updated to reflect the determinations (SED determination field)?						
11.	1. Has written notice of the determinations been provided to the participant, and if adverse,						
	has the options of reconsideration to the SED, mediation, and appeal rights to NAD been						
	included? Date of the letter:						
12.		icipants determined not eligible, has a receivable been proper	rly establish	ed in			
	NRRS for the program benefits received for the applicable year(s)?						

AGI Compliance Review file should contain the following documents upon completion of the review:

- all tax documentation received from the participant;
- copy of subsidiary print <u>prior</u> to completing review;
- copy of the original AGI certification (CCC-926, CCC-931, CCC-933, or CPA or attorney certification;
- copy of the Average AGI Calculation Worksheet, if necessary to determine compliance;
- copy of subsidiary print <u>after SED</u> determination has been updated in the web eligibility file (*if applicable*);
- copy of the written notice of determination sent to participant.

Name of person completing review:	
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AGI Compliance Review Checklists (Continued)

B Example of CL-2 Checklist (Continued)

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CL-2 AGI Compliance Review Checklist IRS Tax Information - Returns and Schedules

Reference 4-PL, Paragraph 191

The following provides guidance for the forms used when determining AGI using data reported to IRS.

IF determining total	THEN see	
AGI for	IRS Form	AND use the amount entered on
corporations	1120	either of the following:
		• line 30 (total taxable income), plus line 19 (charitable contributions) for years 2000 through 2011
		• for S corporations, use only on IRS-1120S, line 21 (ordinary business income)
estates or trusts	1041	line 22 (taxable income)
		plus
		line 13 (charitable deductions) for years 2000-2011.
LLC's, LLP's, LP's, or	1065	line 22 (total income from trade or business)
other similar type		plus
organization		line 10 (guaranteed payments to partners) for years 2000-2011.
persons	1040	line 37 (AGI) for 2005-2011.
tax-exempt or	990-T	line 34 (unrelated business taxable income)
charitable organizations		minus
_		income that CCC determined to be from non-commercial activity for years 2000-2011.

The following provides guidance on the supporting schedules and forms that \underline{may} be used when determining \underline{farm} AGI using data reported to IRS.

Schedule/Form	Line Item and Description		
Schedule C	line 31 – Net profit or (loss).		
Schedule D	line 11 – Gains from Form 4797, Part I, long-term gain from Forms 2439		
	and 6252; and long-term gain or (loss) from Forms 4684, 6781, and 8824.		
Schedule E	line 42 – Reconciliation of farming and fishing income.		
Schedule F	line 36 – Net farm profit or (loss).		
Form 4797	line 4 – Section 1231 gain from installment sales from Form 6252, line 26		
	or 37.		
	Note: This amount is carried forward to Schedule D, line 11.		
Form 4835	line 32 – Net farm rental income or (loss).		
	Note: This amount is carried forward to Schedule E, line 40.		
Form 6252	line 24 – Installment sale income.		
	Note: This amount in carried forward to Schedule D, line 11 and to		
	Form 4797, line 4.		