U.S. DEPARTMENT OF AGRICULTURE
Commodity Credit Corporation

2014 – 2018 CROP YEAR APPENDIX TO CCC-861, PRICE LOSS COVERAGE (PLC) and AGRICULTURE RISK COVERAGE WITH COUNTY OPTION (ARC-CO) PROGRAM CONTRACT AND CCC-862, AGRICULTURE RISK COVERAGE WITH INDIVIDUAL OPTION (ARC-IC) PROGRAM CONTRACT

1 PURPOSE AND CHANGES IN LAW

This appendix sets forth terms and conditions of the Price Loss Coverage (PLC) and Agriculture Risk Coverage County Option (ARC-CO) Program Contract (CCC-861) and Agriculture Risk Coverage Individual Option (ARC-IC) Program Contract (CCC-862). For the purposes of this appendix, the term "program contract" means either the PLC and ARC-CO Program Contract or ARC-IC Program Contract or both, as may be applicable. A person or legal entity who signs a program contract agrees to follow the terms and conditions contained in this CCC-861 and CCC-862 Appendix, and acknowledges the applicability of Federal regulations applicable to the contract including those at 7 CFR Parts 12, 718, 1400, and 1412. It is understood and agreed by the participants signing the program contract to which this appendix is referenced that benefits under the program contract are subject to changes in law and applicable regulations.

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

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

Producers have through the enrollment deadline to timely file a program contract for that program year. The enrollment deadline for both the 2014 and 2015 program years will be determined and announced by FSA. For each of the 2016 through 2018 program years, the enrollment deadline is August 1 of each program year.

2 DEFINITIONS

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

B **2014 Farm Structure** means the farm as it was constituted as of September 30, 2014.

C **Actual average county yield** means the yield calculated as the production of a covered commodity in the county divided by the commodity's total planted acres for a crop year in the county, as determined by FSA. For wheat, corn, grain sorghum, barley and oats, planted acres are defined as harvested acres plus unharvested acres. Separate irrigated and non-irrigated yields are established in a county having a sufficient number of farms with planted and considered planted (P&CP) acreage history of a covered commodity in 2009 through 2012, as determined by FSA. These separate yields will only be established where at least an average of 25 percent of a covered commodity's P&CP acreage was irrigated in 2009 through 2012 and at least an average of 25 percent of the same covered commodity's P&CP acreage in that county was non-irrigated in 2009 through 2012.

D **Actual Crop Revenue** means revenue calculated as follows for:

- ARC-CO, for a crop year of a covered commodity: The actual average county yield per planted acre of the covered commodity times the higher of either the market year average (MYA) price of the covered commodity or the national average loan rate for the covered commodity.

- ARC-IC, for a producer on each elected and enrolled farm for a crop year, is based on the producer's enrolled share of planted acres of all covered commodities on all farms for which ARC-IC has been elected and enrolled in that year and in which the producer has an interest: the sum of the results of the following calculation for each covered commodity on the farm:

  (1) The total production of the covered commodity for all enrolled farms in the State in which the producer has an interest; times

  (2) The higher of either the MYA price or national loan rate for the covered commodity; divided by

  (3) The producer's share of the planted acres of the covered commodity in the State.

E **Administrative County** means the county specified at 7 CFR § 718.8. For ARC and PLC, assistance is based on the administrative county of the farm.

F **ARC-CO** means the Agriculture Risk Coverage elected with the county option.

G **ARC Guarantee** means for a crop year for a covered commodity, 86 percent of the benchmark revenue for ARC-CO and ARC-IC, as is applicable, and as specified in 7 CFR Part 1412.

H **ARC-IC** means the Agriculture Risk Coverage elected with the individual option.

I **ARC-IC Farm** means the calculation resulting from the sum of the producer's interests in all of the producer's farms having an ARC-IC election and enrollment in the State for the applicable year.

J **Average historical county yield** means the 5-year average of actual average county yields for the most recent 5 years, excluding each of the crop years with the highest and lowest yields and substituting 70 percent of the county transitional yield as defined in this part in each year where the actual average county yield is less than 70 percent of the county transitional yield.

K **Base Acres** means, with respect to a covered commodity on a farm, the number of acres in effect on September 30, 2013, as defined in the regulations in 7 CFR Part 1412, subpart B, subject to any reallocation, adjustment, or reduction. Unless specifically stated otherwise, the term “base acres” includes any generic base acres when planted to a covered commodity or any eligible subsequently planted crop acreage.

L **Benchmark Revenue for ARC-CO** means the result of calculating the product obtained by multiplying the average historical county yield times the MYA price for the most recent 5 crop years, excluding each of the crop years with the highest and lowest prices and substituting the reference price in each year where the MYA price is less than the reference price.

M **Benchmark Revenue for ARC-IC** means a producer's share of all covered commodities planted on all farms in the State for which individual ARC has been elected and enrolled and in which the producer has an interest. FSA will calculate the benchmark revenue for ARC-IC using the following three steps, based on the producer's planted commodities:

(1) For each covered commodity for each of the most recent 5 crop years:

  (a) Yield per planted acre (substituting 70 percent of the county transitional yield in each year where the yield per planted acre is less than 70 percent of the county transitional yield); times

  (b) The MYA price (substituting the reference price in each year where the MYA price is less than the reference price).

(2) For each covered commodity, the average of the revenues determined under paragraph (1) of this definition for the most recent 5 crop years, excluding each of the crop years with the highest and lowest revenues; and

(3) For each of the 2014 through 2018 crop years, the benchmark revenue for the ARC-IC farm is the sum of the amounts determined under paragraph (2) of this definition for all covered commodities on such farms, adjusted to reflect the ratio between the total number of planted acres on such farms to a covered commodity and the total planted acres of all covered commodities planted on such farms. If a producer has an interest in multiple farms that have enrolled in ARC-IC, the ARC-IC benchmark revenue for that producer is a weighted average of the benchmark revenue for those multiple farms. For the purposes of this subparagraph, the term "planted" does not include eligible subsequently planted crop acreage.

N **Contract Period** means the compliance period specified for the contract for the particular program year, as designated on the program contract. References to the "contract" period refer to the compliance period for the particular program year. The compliance period for the each program year is October 1 through September 30. For example, for the 2014 contract (and therefore for the 2014 program), the contract period is the compliance period for the 2014 program year that begins on October 1, 2013 and ends on September 30, 2014.

O **County coverage** means agriculture risk coverage (ARC-CO) elected with the county option.

P **Covered Commodity** means wheat, oats, and barley (including wheat, oats, and barley used for haying and grazing), corn, grain sorghum, long grain rice, medium grain rice, pulse crops, soybeans, other oilseeds, and peanuts.

Q **Crop year** means the relevant contract year. For example, the 2014 crop year for corn is the year that runs from October 1, 2013, through September 30, 2014, and payments for that year refer to payments made under contracts with the year that runs during those dates.

R **Current owner** means the person or legal entity meeting the definition of owner in 7 CFR Part 718 on the day that person or legal entity is signing any form or performing any action required under 7 CFR Part 1412. For example, if a signature of a "current owner" is required, the person or legal entity must be an owner on the day the person or legal entity is signing the form or performing the action required.

S **Current producer** means the person or legal entity meeting the definition of producer in 7 CFR Part 718 on the day that person or legal entity is signing any form or performing any action required under 7 CFR Part 1412. For example, if a signature of a "current producer" is required, the person or legal entity must be a producer on the day the person or legal entity is signing the form or performing the action required.

T **Deputy Administrator** means the Deputy Administrator for Farm Programs (DAFP), or a designee.

U **Double-cropping** means for covered commodities, notwithstanding the meaning in 7 CFR Part 1412, subparts D and E for fruits and vegetables, the planting of a covered commodity for harvest in a crop year, in cycle with another covered commodity on the same acres for harvest in the same crop year in counties that have been determined to be areas where there is determined to be substantial, successful, and long-term double cropping of the crop and where the producer has followed customary production techniques and planting deadlines as determined by CCC (that is, using techniques and deadlines used by the majority of farmers in the region to double crop the particular crops involved). In a county determined capable of supporting such double-cropping of the covered commodities, as determined by CCC, both an initial crop and a subsequent crop will be considered planted or prevented planted acres for the purpose of this part. Notwithstanding any of the provisions of 7 CFR Part 718, in those instances where the subsequently planted or approved prevented planted covered commodity cannot be recognized as double-cropped acreage under this definition, the subsequently planted crop acreage will not be considered planted or prevented planted unless the subsequently planted crop acreage is planted as a replacement crop after the prevented planted acreage of a covered commodity**.**

V **Effective price means** the higher of the—

- National average market price received by producers during the 12-month marketing year for the covered commodity (also known as the MYA price), as determined by FSA; or

- National average loan rate as defined in this part for the covered commodity in effect for the crop year, which is the same as the loan rate for a marketing assistance loan for the commodity for that crop year.

W **Eligible subsequently planted crop acreage** means planted acres of a covered commodity that are a replacement crop to any crop other than a planted covered commodity. Eligible subsequently planted crop acreage is included as payment acres if the subsequently planted crop acreage is planted to a covered commodity as a replacement crop after the failure or prevented planting of any crop that is not a covered commodity or is planted after the approved prevented planting of a covered commodity. Eligible subsequently planted crop acreage is used only with respect to generic base acres for the purposes of determining payment acres and attribution of generic base acres.

X **Farm structure** means the constitution of the farm. References to "farm structure" can be by date or crop year. When references to farm structure are by crop year, that means the farm as was last constituted as specified in 7 CFR Part 718 subpart C in that crop year. The constitution of the farm is the farm and tracts and land within that farm and tracts as specified in 7 CFR Part 718.

Y **Generic base acres** means the number of base acres for upland cotton in effect on September 30, 2013, as defined in the regulations in 7 CFR Part 1412, subpart B, subject to any adjustment or reduction under 7 CFR Part 1412. Generic base acres are always the same amount as upland cotton base acres.

Z **Individual coverage** means ARC (ARC-IC) elected for all covered commodities and the farm with the individual option.

AA **Limited resource farmer or rancher** means a farmer or rancher who is both of the following:

(1) A person whose direct or indirect gross farm sales do not exceed $176,800 (2014 program year) in each of the 2 calendar years that precede the most immediately preceding complete taxable year before the relevant program year that corresponds to the relevant program year (for example, for the 2014 program year, the two years would be 2011 and 2012), adjusted upwards in later years for any general inflation; and

(2) A person whose total household income was at or below the national poverty level for a family of four in each of the same two previous years referenced in paragraph (1) of this definition. (Limited resource farmer or rancher status can be determined using a Web site available through the Limited Resource Farmer and Rancher Online Self Determination Tool through National Resource and Conservation Service at http://www.lrftool.sc.egov.usda.gov.)

AB **Marketing year** means the 12-month period beginning in the calendar year the crop is normally harvested as follows:

(1) Barley, oats, and wheat: June 1 through May 31;

(2) Canola, flax and rapeseed, lentils, and dry edible peas: July 1 through June 30;

(3) Peanuts and rice: August 1 through July 31; and

(4) Corn, grain sorghum, soybeans, sunflowers, safflower, mustard, crambe, sesame, and chickpeas: September 1 through August 31.

AC **Market year average (MYA) price** means the national average price received by producers during the 12-month marketing year, as determined by FSA for the relevant crop of the covered commodity.

AD **Medium grain rice** means medium grain rice and includes short grain rice, temperate japonica rice, and sweet rice.

AE **National average loan rate** means the loan rate established for a crop year of the covered commodity as specified in 7 CFR Part 1421.

AF **Other oilseed** means a crop of sunflower seed, rapeseed, canola, safflower, flaxseed, mustard seed, crambe, sesame seed, or any oilseed designated by the Secretary.

AG **Owner** means one who has legal ownership of farmland, including:

(1) Any agency of the Federal Government, however, such agency shall not be eligible to receive any payment pursuant to such contract;

(2) One who is buying farmland under a contract for deed;

(3) One who has a life-estate in the property; or

(4) For purposes of enrolling a farm:

(a) One who has purchased a farm in a foreclosure proceeding; and

(i) The redemption period has not passed; and

(ii) The original owner has not redeemed the property.

(b) One who meets the provisions of this definition is entitled to receive benefits in accordance with an agency program to the extent the owner complies with all program requirements.

(5) One who is an heir to property but cannot provide legal documentation to confirm ownership of the property, if such heir certifies to the ownership of the property and the certification is considered acceptable, as determined by the Deputy Administrator. Upon a false or inaccurate certification the Deputy Administrator may impose liability on the certifying party for additional cost that results—however such a certification may be taken by the Deputy Administrator as a bar to other claims where there has been a failure of other persons claiming an interest in the property to act promptly to protect or declare their interest or where the current public records do not accurately set out the current ownership of the farm.

AH **Payment acres** mean**:**

(1) For the purpose of ARC-CO and PLC, subject to planting flexibility provisions as specified in §1412.46, the payment acres for each covered commodity on a farm are equal to 85 percent of the base acres for the covered commodity on the farm.

(2) For the purpose of ARC-IC, subject to planting flexibility provisions as specified in §1412.46, the payment acres for a farm are equal to 65 percent of the base acres for all of the covered commodities on the farm.

AI **Payment yield** means for a covered commodity, the yield established according to 7 CFR Part 1412, subpart C.

AJ **Planted and considered planted (P&CP)** means with respect to an acreage amount, the sum of the planted and prevented planted acres on the farm approved by the FSA county committee for a crop. P&CP is limited to initially planted or prevented planted crop acreage, except for crops planted in an FSA approved double-cropping sequence. Subsequently planted crop acreage and replacement crop acreage are not included as P&CP.

AK **Price Loss Coverage (or PLC)** means coverage provided under 7 CFR Part 1412, subpart D.

AL **Producer** means an owner, operator, landlord, tenant, or sharecropper who is both entitled to share in the crop available for marketing from the farm or would have shared had the crop been produced and who shares in the risk of producing that crop. In determining whether a grower using hybrid seed, under contract, to produce a covered commodity is eligible for a payment to which the contract applies, FSA will not consider the contract with the seed producer and allow the payment to the grower of the hybrid seed. The preceding sentence only applies, however, if the grower of the hybrid seed would, but for the contract, be eligible to be considered a producer of the crop.

AM **Pulse Crop** means dry peas, lentils, small chickpeas, and large chickpeas.

AN **Replacement crop** means the planting or approved prevented planting of any crop for harvest following the failure of planted crop acreage of a covered commodity not in a recognized double-cropping sequence (as specified in this section). Replacement crops cannot generate payments unless the replacement crop acreage meets the definition of eligible subsequently planted crop acreage.

AO **Socially disadvantaged farmer or rancher** means a farmer or rancher who is a member of a socially disadvantaged group whose members have been subjected to racial, ethnic, or gender prejudice because of their identity as members of a group without regard to their individual qualities. Socially disadvantaged groups include the following and no others unless approved in writing by the Deputy Administrator:

(1) American Indians or Alaskan Natives,

(2) Asians or Asian-Americans,

(3) Blacks or African-Americans,

(4) Hispanics or Hispanic-Americans,

(5) Native Hawaiians or other Pacific Islanders, and

(6) Women.

AP **Subsequently planted crop acreage** means planted acres of a covered commodity following an initial P&CP covered commodity. Subsequently planted crop acreage can be used for base reallocation for A RC and PLC under subpart B

AQ **Temperate japonica rice** means rice that is grown in high altitudes or temperate regions of high latitudes with cooler climate conditions, in the Western United States, as determined by CCC, for the purpose of the—

(1) Reallocation of base acres

(2) Establishment of a reference price of 115 percent times the established reference price of medium grain rice and determining temperate japonica rice's own effective price; and

(3) Determination of the actual crop revenue and ARC guarantee.

3 PROGRAM CONTRACT

Each person or legal entity signing a CCC-861 or CCC-862 has acknowledged receipt of this appendix. Each person and legal entity signing the CCC-861 or CCC-862 understands and agrees that;

A Only a "producer", as defined in part 2 of this appendix, is entitled to earn payments. Shares of planted or eligible subsequently planted crop acreage of covered commodities on generic base acres is determined based on the attribution in 7 CFR §1412.45 and shares recorded on the report of acreage filed in accordance with §1412.66. Shares of PLC and ARC-CO Program Contract are determined based on the shares of the covered commodity base acres entered on the PLC and ARC-CO Program Contract. Shares of ARC-IC Program Contract payments are determined based on the shares recorded on the report of acreage filed as specified in §1412.66. Further, each eligible producer having a share of planted or eligible subsequently planted crop acreage of covered commodities on a farm enrolled under a program contract to which this appendix applies has to do both of the following to be eligible for their share of a payment:

(1) Unless otherwise already enrolled on the program contract, sign the program contract during the contract period; and

(2) Have the producer's share recorded on the report of acreage filed as required by 7 CFR Part 718 and 7 CFR §1412.66.

B A farm is limited in the number of payment acres as specified in part 2 of this appendix;

C The payment share for a person or legal entity asserting themselves as a producer may not exceed the person's or legal entity's applicable producer interest in a covered commodity or base acres as is applicable under this appendix and 7 CFR Part 1412.

D Producers have through the enrollment deadline to timely file a program contract for that program year. The enrollment deadline for both the 2014 and 2015 program years will be determined and announced by FSA . For each of the 2016 through 2018 program years, the enrollment deadline is August 1 of each program year. Annual enrollment is required to earn payments in the applicable year.

E Except as provided in 7 CFR §1412.41 for the 2014 and 2015 program years only, requests for enrollment received after the end of a contract period will not be acted on or processed by FSA. FSA cannot contract on behalf of CCC after the end of the contract period.

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

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

G Neither CCC nor FSA are responsible for ensuring that producers annually enroll their farm. Producers on a farm are solely responsible for ensuring that enrollment occurs.

H Eligible producers who choose to enter into a program contract with FSA must enroll all base acres on the farm. Enrollment of fewer than all base acres on the farm is not allowed.

I All contracts expire on September 30 of the fiscal year of the contract unless:

(1) Withdrawn in accordance with 7 CFR §1412.41 (b);

(2) Terminated in accordance with 7 CFR §§ 1412.41 (d) or (e); or

(3) Terminated at an earlier date by mutual consent of all parties, including FSA.

J A program contract becomes effective when signed by an authorized representative of FSA; however, the contract period is from October 1 through September 30 for each program year irrespective of when the contract is signed by the FSA representative or the person applying for benefits. Producers signing the program contract are representing compliance with the terms and conditions of the program contract appendix and federal regulations for the entire contract period.

K At any time through September 30 of a program year, the contract may be terminated upon written agreement of all producers eligible for payment under the contract.

L Payments will be terminated for a producer or owner whose interest in the crops or land on the farm is transferred during the contract period, in which case each such producer or owner will repay payments received for the contract year and will not be entitled to earn payments with respect to the farm for that contract period. The transferee may assume the obligation of the contract if the transferee is otherwise eligible to participate in the program by entering into a revised contract during the period of time prescribed by FSA. In the event a succession-in-interest occurs and the contract obligation is not assumed timely for the contract year, all producers on the contract must refund to CCC payments received for the contract year in which the succession occurred, plus interest, and the farm will not be considered enrolled.

M Changes in the farming operation that may affect any program determination after the program contract is signed, including, but not limited to, ownership changes, producer changes, or changes in the crop share arrangements on the farm, or as a result of adding pulse crop bases to the farm, must be reported to FSA by all applicable producers signing a revised program contract to reflect the changes no later than September 30 of the contract year. The failure of producers to timely report changes and file a revised program contract may result in the loss of payments for all producers on the farm for the crop year covered by the program contract. In such event, all producers on the program contract must refund to CCC payments received for the crop year, plus interest, and the farm is considered not enrolled.

N A completed farm reconstitution which divides or combines farms will result in the termination of the initial program contract and, with respect to the base acreage assigned by the Secretary to the resulting farms of that reconstitution, the farm producers must enroll the base acres by signing a new program contract for the resulting farm(s) by the later of the final signup date, or 30 days after notification of the bases and yields for the resulting farm(s). A program contract not having all requisite signatures of producers on or before the final signup date, or 30 days after notification of the base acres and yields of the resulting farm, will not be considered submitted to FSA for any purpose and will not be acted on or approved. Those program contracts not enrolled by a producer on or before the final signup date, or 30 days after notification of the base acres and yields of the resulting farm will be deemed withdrawn and will not be approved. Producers on a farm are solely responsible for ensuring that enrollment occurs. In addition, after the enrollment deadline, neither the combination of an enrolled farm with any farm not enrolled nor the combination of farms with a conflicting election is allowed. The failure of producers and owners to timely enroll the base acres may result in the loss of payments for all producers on the original or new farm for the crop year. The provisions of this section of the appendix that allow for a new program contract after the normal signup date in the case of a reconstitution only apply to program contracts for the program year in which the reconstitution was requested.

O Each crop year producers are required to timely file in the manner prescribed by FSA with the FSA County Committee the following and agree to meet any other certification or filing requirements, as may be required by FSA, if not already on file:

(1) A certification of the acreage of all cropland on the farm in accordance with 7 CFR Part 718; and

(2) A farm operating plan in accordance with 7 CFR Part 1400; and

(3) A certification of compliance with the highly erodible land and wetland conservation provisions set forth in 7 CFR Part 12; and

(4) A certification of compliance with the average adjusted gross income provisions in accordance with 7 CFR Part 1400 (together with any waivers as may be deemed needed by FSA to verify income with the Internal Revenue Service); and

(5) A report of production on the farm according to 7 CFR §1412.66, if enrolled in ARC-IC.

P Violations of the highly erodible land and wetland conservation provisions of 7 CFR Part 12 may result, at FSA's discretion, in termination of the payments with respect to each producer in violation (or considered in violation) or a reduction in the program contract payment. Upon termination, each producer shall forfeit all rights to receive program contract payments on each farm in which the producer has an interest and must refund to CCC all program contract payments received by such producer during the period of violation, plus interest. A producer considered in violation of those provisions may also lose other benefits.

Q The payment limitation provisions of 7 CFR Part 1400 relating to payment limits and payment eligibility requirements apply to payments under this contract as indicated by relevant regulations. For all covered commodities other than peanuts, the total amount of ARC and PLC payments received, directly or indirectly, by a person or legal entity (except a joint venture or general partnership) for any crop year together with any marketing loan gains or loan deficiency payments for any and all commodities other than peanuts under subtitle B of title I of the 2014 Farm Bill cannot exceed $125,000. For peanuts, the total amount of payments received, directly or indirectly, by a person or legal entity (except a joint venture or general partnership) for any crop year together with any marketing loan gains or loan deficiency payments under subtitle B of title I of the 2014 Farm Bill for peanuts cannot exceed $125,000. Also, as permitted by 7 CFR Part 1403 payments to a producer can be setoff commensurately to the extent that persons with a direct or indirect ownership interest have a past due or collectable obligation to the United States or one of its agencies. Each producer determined by FSA to have adopted a scheme or device designed to evade, or which has the effect of evading such regulations, must refund any contract payment, marketing loan gain, or loan deficiency payment and any other applicable payment received on all farms in which such producer has an interest and shall be ineligible for such payments for the following contract year. Further, no payment may be allowed which is prohibited by any applicable regulation or statute.

R The regulations at 7 CFR Parts 12, 718, 1400, and 1412 are incorporated by reference as part of this program contract.

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

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

U Payments are subject to the availability of funds, compliance with all applicable laws and statutory changes and to limits on payments as may be provided for in the program regulations. It is specifically understood that any payments under this appendix and the program to which it applies are subject to statutory and regulatory changes including those that occur after the signing of the program contract. Payments may be reduced by a certain percentage due to a sequester order required by Congress and issued pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985. Should a payment reduction be required, FSA will provide notice about the required percent of payment reduction that applies to the payments.

V A producer on a farm is not eligible to receive ARC or PLC payments if the sum of the base acres including any generic base acres on the farm is 10 acres or less. The 10-acre limitation does not apply to a socially disadvantaged farmer or rancher or a limited resource farmer or rancher as specified in part 2 of this appendix.

W Calculations provided for in this appendix are made by FSA farm serial number, as provided for in the program contract and each FSA farm serial number from which a producer or producer seeks payments must have a separate program contract submitted and approved on file. There will only be one program contract from any farm serial number for any program year – that is, all producers on the farm serial number must for each program year, submit for approval by FSA for CCC a single, new program contract.

X If there is a discrepancy between terms of the program contract, the appendix, or any current or subsequent statutory or regulatory provisions, the statutory or regulatory language will apply.

Y Producers are not required to purchase crop insurance or participate in the Noninsured Crop Disaster Assistance Program (NAP) in order to participate in ARC or PLC.

Z In a case where a producer has failed to sign a program contract by the enrollment deadline or end of the contract period established for enrollment and participation for the producer's reported share of planted acres or eligible subsequently planted crop acreage of covered commodities on a farm enrolled as specified in this part, that producer's share will not be considered for payment and will not generate any payment to the producer or to any other producer on the farm.

AA If a farm is cash leased, that is the landowner receives a zero share of covered commodities planted on the farm or a zero share of any base acres, and the producers on the farm cash leased the entire farm in the immediately preceding year, then the tenant(s) who enter a producer signature on CCC-861 or CCC-862 is deemed to have satisfied program requirements of landowner(s) signing to a zero share of CCC-861 or CCC-862. The provision of this paragraph of part 3 of this appendix is contingent upon FSA being satisfied that the producers signing the contract have the interest alleged on the contract and there are no undisclosed facts or circumstances that would require the application of a more restrictive rule regarding approval of the contract. FSA may require affirmation of the shares entered on a contract if FSA is not satisfied that the shares are as represented. If at any time FSA is not satisfied with shares or if there is any dispute between parties, FSA can elect not to approve the contract or disapprove the already approved contract.

AB Persons or legal entities who have signed program forms for which a signature certification is made for any purpose under 7 CFR Part 1412 must retain records substantiating the certification or signature for 3 years after effective program year the person or legal entity signed the program document.

4 PLANTING FLEXIBILITY

A Any crop may be planted and harvested on base acres including base acres attributed from generic base acres on a farm, except as set out below. Any crop may be planted on cropland in excess of the base acres on a farm.

B Base acres may be hayed or grazed at any time.

C Except as specified below in paragraph D below, the planting or harvesting of perennial or harvesting of non-perennial fruits, vegetables (except mung beans and covered commodities), or wild rice, as determined by CCC, results in an acre for acre payment reduction when such crop or crops are planted and or harvested, as applicable, on more than:

(1) 15 percent of the base acres of a farm enrolled in ARC or PLC using county coverage; or

(2) 35 percent of the base acres of a farm enrolled in ARC using individual coverage.

D Notwithstanding the provisions of paragraph C above, perennial fruits, vegetables, and wild rice may be planted or harvested on base acres of a farm and non-perennial fruits, vegetables, and wild rice may be harvested on base acres of a farm if a producer double-crops fruits, vegetables, or wild rice with a covered commodity in any region described in paragraph E below, in which case payment acres will not be reduced for the planting or harvesting of the fruit, vegetable, or wild rice.

E Double-cropping for purposes of this section means planting for harvest non-perennial fruits, vegetables, or wild rice on the same acres in cycle with a planted covered commodity harvested for grain in a 12-month period under normal growing conditions for the region and being able to repeat the same cycle in the following 12-month period. The counties listed in 7 CFR §1412.46(e) have been determined to be regions having a history of double-cropping covered commodities or peanuts with fruits, vegetables, or wild rice.

5 PLC PAYMENTS

A Provided all provisions of the PLC and ARC-CO Contract and 7 CFR Part 1412 including but not limited to election have been satisfied for each of the 2014 through 2018 contract years, a PLC payment will be made to eligible participants on a farm enrolled in PLC with respect to covered commodities for which a PLC yield and base acres are established:

(1) When the effective price for a covered commodity in a crop year is less than the reference price for the PLC enrolled covered commodity for that crop year as specified in this part; and

(2) As soon as practical, as determined by the Deputy Administrator, after October 1 following the end of the 12-month marketing year for the covered commodity as applicable.

B The effective price for a covered commodity is equal to the higher of the:

(1) MYA price received by producers during the 12-month marketing year for the crop year of the covered commodity, as determined by FSA, or

(2) National loan rate for a marketing assistance loan for the covered commodity for such crop year.

C The payment rate used to calculate PLC payments with respect to a covered commodity for which PLC yields and base acres are attributed to the covered commodity on a farm enrolled in a PLC and ARC-CO Contract is the reference price of the covered commodity minus the effective price of the covered commodity for the applicable crop year

D When PLC payments are triggered in accordance with section 5 A of this appendix, subject to the limitation in 7 CFR §1412.51 and in 7 CFR Part 1400, the PLC payment to be paid to producers on a farm enrolled in a contract with respect to a covered commodity for which a PLC yield and base acres are attributed is equal to the product of:

(1) The payment rate determined in accordance with paragraph C of this section of the appendix, multiplied by

(2) The relevant payment acres of the covered commodity, as applicable, minus any payment acre reduction in accordance with part 4 of this appendix, multiplied by

(3) The PLC payment yield for the covered commodity on the farm enrolled in a PLC contract as determined in accordance with 7 CFR §1412.31, minus

(4) Any reduction calculated in accordance with 7 CFR Part 1412, subpart F.

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

6 ARC PAYMENTS

A Provided all provisions of program contract and 7 CFR Part 1412 have been satisfied for each of the 2014 through 2018 contract years, FSA will issue, as applicable and consistent with the election and enrollment:

(1) An ARC-CO payment beginning October 1, or as soon as practicable thereafter, after the end of the applicable marketing year for the covered commodity to the producers on a farm for a covered commodity in each crop year if the farm was enrolled in ARC-CO and the ARC-CO actual crop revenue was less than the ARC-CO guarantee.

(2) The payment is equal to the result of multiplying the payment acres for the covered commodity times the difference between the actual crop revenue and the ARC-CO guarantee not to exceed 10 percent of the ARC-CO benchmark revenue.

B Provided all provisions of the ARC-IC Program Contract and 7 CFR Part 1412 have been satisfied for each of the 2014 through 2018 contract years, FSA will issue, as applicable and consistent with the election and enrollment:

(1) An ARC-IC payment beginning October 1, or as soon as practicable thereafter, after the end of the applicable marketing year for the farm if the farm was enrolled in ARC-IC and the ARC-IC actual crop revenue for that farm is less than the ARC-IC guarantee.

(2) Payment is equal to the result of multiplying the payment acres for the covered commodities times the difference between actual crop revenue and the ARC-IC guarantee, not to exceed 10 percent of benchmark revenue for ARC-IC.

C If a producer has an interest in multiple farms that have enrolled under an ARC-IC Program Contract, the ARC-IC benchmark revenue for that producer used in the payment calculation is a weighted average of the benchmark revenue for those multiple farms.

D The effective price and guarantee for temperate japonica rice is based on the price that all medium and short grain (including glutinous) rice receives in California. The effective price and guarantee for medium grain rice outside California is based on the price that all medium and short grain rice receives outside California.

8 OTHER PAYMENT PROVISIONS

A A producer who declines to receive payments by indicating such on the program contract may subsequently decide to receive payments, provided that the producer signs a revised program contract or otherwise notifies the FSA County Committee in writing by the end of the contract period for that same contract and program year.

B Payments will not be earned by any producer on a program contract, unless payment shares are properly designated and all producers sign the program contract in accordance with 7 CFR Part 1412. In cases where a payment share dispute exists, payments will not be earned by producers involved in the dispute on the farm unless the payment share in dispute is resolved by agreement of the parties and documented in writing to the satisfaction of the FSA County Committee by the end of the contract period for the program year, and the agreed upon payment shares are compliant with program regulations and provisions.

C Any payment or portion thereof due any producer is made by CCC without regard to any question of title under State law, and without regard to any claim or lien against the crop, or proceeds there from, which may be asserted by a creditor, except agencies of the U.S. Government. Offsets for debts owed to agencies of the U.S. Government shall be made prior to making any payments to producers or their assignees.

D Payments can be denied to any signatory who FSA determines has violated State law provisions that affect a tenant's right to lease agricultural land, or any person (including a subsequent tenant) who would profit by such a violation.

E Interest on any refund due CCC accrues from the date of disbursement by CCC.

F All payments are subject to the limits in this appendix or elsewhere that may apply and all payments are subject to changes in statutory and regulatory provisions (including any and all new statutory or regulatory provisions) irrespective of whether those amendments and provisions or changes occurred after the signing of this contract.

G A person or legal entity is ineligible for payments if the person's or legal entity's adjusted gross income (AGI) for the applicable compliance program year is in excess of $900,000. If a person with an indirect interest in a legal entity has AGI in excess of $900,000, the payments subject to AGI compliance provisions to the legal entity will be reduced as calculated based on the percent interest of the person in the legal entity receiving the payment. AGI is calculated based on the average income for the 3 taxable years preceding the most immediately preceding complete taxable year for which benefits are requested. For example, the relevant years used to calculate AGI for 2014 are the 2010, 2011, and 2012 tax years. For 2015, the relevant years are the 2011, 2012, and 2013 tax years.

9 LOSS OF BENEFITS

A If FSA determines a person or legal entity erroneously represented any fact affecting a determination made by FSA under this program contract, payments will not be allowed on the farm with respect to the payment shares of that person or legal entity. If FSA determines that the misrepresentation was intentional or fraudulent, or if the person or legal entity knowingly adopted any scheme or device which tends to defeat the purposes of the program contract, the person or legal entity forfeits all rights to payments on each farm in which the person or legal entity has an interest and must refund to FSA all payments received by the person or legal entity during the period of the violation, plus interest. Schemes and devices and other actions to evade payment limitations can lead to ineligibility for payments for 2014 as well, under the provisions of 7 U.S.C. 1308-2. Also, under those same statutory provisions, the filing of false documents or, to the extent provided by regulation, other serious actions can lead to a five year disqualification for payments. In addition, any scheme or device to increase the amount of the payment under a program contract will, irrespective of whether it is related to a maximum payment limitation or not, be grounds for denying payment under the program contract involved or for demanding repayment if payment has already been made.

B All producers sharing in program contract payments are jointly and severally liable for any refunds determined pursuant to section 9 A of this appendix and FSA will establish claims for the full amount of the refund against each producer in accordance with 7 CFR Part 1403 and this appendix. A signatory to the contract who does not receive any share of the contract payments will not be liable for the repayment of such refund.

C The provisions of this section are in addition to any liability which may be incurred under various criminal and civil statutes, including, but not limited to, 7 U.S.C. 1308-2, 15 U.S.C. 714m, 18 U.S.C. 286, 287, 371, 641, 1001; and 31 U.S.C. 3729.

10 MODIFICATIONS

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

11 REFERENCE PRICES

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

(A) Wheat, $5.50 per bushel;

(B) Corn, $3.70 per bushel;

(C) Grain sorghum, $3.95 per bushel;

(D) Barley, $4.95 per bushel;

(E) Oats, $2.40 per bushel;

(F) Long grain rice, $14.00 per hundredweight;

(G) Medium grain rice, $14.00 per hundredweight;

(H) Soybeans, $8.40 per bushel;

(I) Other oilseeds, $20.15 per hundredweight;

(J) Peanuts, $535.00 per ton;

(K) Dry peas, $11.00 per hundredweight;

(L) Lentils, $19.97 per hundredweight;

(M) Small chickpeas, $19.04 per hundredweight; and

(N) Large chickpeas, $21.54 per hundredweight.

12 PROJECTED PRICES AND OTHER RELEVANT MATERIAL

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

http://www.fsa.usda.gov/FSA/webapp?area=home&subject=arpl&topic=landing

NOTE: *This information collection is exempted from the Paperwork Reduction Act as specified in the Agricultural Act of 2014 (Pub. L. 113-79, Title I, Subtitle F, Administration). The provisions of appropriate criminal and civil fraud, privacy, and other statutes may be applicable to the information provided.*