FSA
HANDBOOK

Milk Income Loss Contract Program

To access the transmittal page click on the short reference.

For State and County Offices

SHORT REFERENCE

11-LD
(Revision 2)

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

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Milk Income Loss Contract Program 11-LD (Revision 2)	Amendment 3

Approved by: Deputy Administrator, Farm Programs

Amendment Transmittal

A Reason for Amendment

Subparagraph 2 D has been amended to update the 4-PL reference for AGI and foreign person provisions.

Paragraph 10 has been amended to do the following:

- remove the provision that States, political subdivisions of a State, or any agency thereof are eligible for MILC
- update and clarify foreign entity policy
- add a subparagraph to provide policy for requesting benefits for nonforeign shares
- add a subparagraph to provide that State, political subdivision of a State, or any agency thereof are **ineligible** for MILC.

Subparagraph 11 A has been amended to:

- update the reference from CCC-902P to CCC-902I

  Note: CCC-902P was never issued.

- add that actively engaged determinations are **not** required for MILC.

Subparagraph 11 E has been amended to update and clarify foreign person eligibility policy.

Subparagraph 12 C has been added to provide AGI policy.

Subparagraph 13 E has been amended to add that payment months with an effective MILC payment rate **cannot** be skipped.

Subparagraph 14 A has been amended to add that milk dumped on the farm by State or health department order or producer will be considered ineligible for the MILC program.

A Reason for Amendment (Continued)

Subparagraph 20 J has been amended to update and clarify eFC Allotment policy.

Subparagraph 20 K has been added to provide:

- eFC allotment policy
- National Office contacts for State Offices to request additional eFC allotments.

Subparagraph 20 L has been added to provide that direct attribution will **not** apply to MILC for FY 2009.

Subparagraph 21 D has been amended to correct the feed cost adjusted payment rate calculation example.

Subparagraph 27 F has been amended to provide an initial signup phase start month selection option table.

Subparagraph 27 H has been added to provide a FY 2009 extended signup start month selection option table.

Subparagraph 27 I has been added to provide erroneous start month selection policy.

Subparagraph 28 A has been amended to add an example for changing the MILC production start month selection.

Subparagraph 28 E has been amended to add a perpetual designation example.

Subparagraph 37 C has been amended to add that if CCC-580 is received by mail, the postmarked date shall be used.

Subparagraph 37 D has been amended to add an example for signature requirements.

Subparagraph 37 E has been amended to update and clarify approving CCC-580 policy.

Subparagraph 37 F has been amended to provide that CCC-926 is **required** for **each** FY to qualify for that FY MILC payment.

Subparagraph 37 H has been amended to add that production evidence **must** be reviewed against data entered in the MILC application and payment processing software.

Subparagraph 38 A has been amended to update and clarify CCC-580 instructions.

Subparagraph 39 A has been amended to add/update instructions and notes to assist with completing CCC-580S.

Subparagraph 39 B has been amended to provide an updated example of CCC-580S.

A Reason for Amendment (Continued)

Subparagraph 41 D has been added to provide policy for production evidence in the name of a spouse.

Subparagraph 41 E has been added to provide policy for production evidence received in a different name.

Paragraph 44 has been amended to update CCC-580M example and instructions.

Subparagraph 45 B has been amended to provide that CCC-770 MILC is a tool to assist with program administration and that **all** program provisions **must** be met, **not** just the items included on CCC-770 MILC.

Subparagraph 45 C has been amended to add that for each applicable month with an effective payment rate County Offices shall use CCC-770 MILC.

Subparagraph 45 D has been amended to update CCC-770 MILC instructions.

Subparagraph 45 E has been amended to provide an updated example of CCC-770 MILC.

Subparagraph 46 A has been amended to update CCC-770 MILC policy for CED spot checks.

Subparagraph 46 B has been amended to update CCC-770 MILC policy for STC or designee spot check requirements.

Subparagraph 46 D has been amended to update the details needed by Service Center for the CCC-770 MILC National Office Report.

Subparagraph 52 E has been amended to provide a note to assist County Offices when determining whether an additional operation or a reconstituted dairy operation is appropriate.

Paragraph 54 has been added to provide temporary combination of dairy operations policy.

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Part 1 Basic MILC Program Provisions

1 Handbook Purpose, Availability, and Restrictions

A Purpose

This handbook provides general instructions for administering the MILC program.

B MILC Program Availability

The MILC program is available to producers on dairy operations throughout the U.S., if the dairy operation produces and commercially markets milk during the period **October 1, 2007**, through **September 30, 2012**.

C Restrictions

STC's, COC's, and representatives and employees thereof, do **not** have the authority to modify or waive any of the provisions of this handbook unless authorized to do so by DAFP.

2 Sources of Authority and Related References

A Legislative History

The sources of authority for the MILC program are the:

- Farm Security and Rural Investment Act of 2002 (Pub. L. 107-171) that authorized CCC to make direct monthly payments to dairy producers in the U.S., during the period of December 1, 2001, through September 30, 2005

- Deficit Reduction Act of 2005 (Pub. L. 109-171), Section 1101 that extended the program from October 1, 2005, through September 30, 2007

- U.S. Troop Readiness, Veterans' Care, Katrina Recovery, and Iraq Accountability Appropriations Act, 2007, (Pub. L. 110-28), Section 9006 that changed the payment rate percentage

- Food, Conservation, and Energy Act of 2008 (Pub. L. 110-246) that authorizes the program through 2012.

B MILC Program Duration

The MILC program is authorized retroactively from December 1, 2007, through September 30, 2012.

C Federal Regulations

Regulations governing the administration of the MILC program are provided in 7 CFR Part 1430, subpart B.

D Related Handbooks

Handbooks related to the MILC program include the following.

IF the area of concern is about…	THEN see…
AGI and foreign person provisions	*--4-PL.--*
appeals	1-APP.
assignments and joint payments	63-FI.
completing CCC-770 Eligibility or web-based eligibility records	3-PL.
HELC and WC provisions	6-CP.
issuing payments	1-FI.
misaction, misinformation, equitable relief, scheme, device, or failure to fully comply	7-CP.
offsets	58-FI.
prompt payment provisions or foreign person tax withholding	61-FI.
reporting to IRS	62-FI.
signatures, estates, trusts, minors, powers of attorney, or controlled substance violations	1-CM.

3 Administration and Responsibilities

A Program Administration

Administered under the general supervision of DAFP through PSD, FSA has the primary responsibility, through STC's and COC's for administering the MILC program.

B STC Responsibilities

STC's shall:

- supervise and monitor the MILC program to ensure that policies and procedures authorized in this handbook are being uniformly followed by County Offices
- take any action required by this handbook that has **not** been taken by COC
- correct, or require COC to correct, any action taken by COC that is **not** authorized according to this handbook.

C COC Responsibilities

COC's shall:

- administer the MILC program at the county level through CED under STC supervision
- inform producers about the eligibility requirements for MILC payments
- complete and review applicable program forms for completeness and accuracy
- approve or disapprove requests for MILC program benefits according to this handbook
- determine whether the submitted production documentation provides the required information needed for the appropriate payments.

Note: Except for CCC-580's and any other program documents that CED has a monetary interest, COC may delegate the authority to approve or disapprove CCC-580's and any other program documents to CED.

3 Administration and Responsibilities (Continued)

D CED Responsibilities

CED's shall:

- carry out the day-to-day operations of the MILC program according to COC's determinations and this handbook

- approve or disapprove CCC-580's, if delegated to do so by COC.

Note: Except for CCC-580's and any other program documents that the Federal and non-Federal County Office employee approving has a monetary interest, CED may delegate the authority to approve or disapprove CCC-580's and any other program documents to Federal and non-Federal County Office employees.

E Nondiscrimination Responsibilities

STC or COC shall **not**, on the basis of race, color, age, sex, national origin, disability, religion, or marital status, bar any producer from participating in, or otherwise subject any producer to discrimination with respect to any benefits resulting from its approval to participate in the MILC program.

F Outreach Responsibilities

STC and COC shall ensure that MILC program information and awareness is communicated to underrepresented individuals, groups, and communities. Underrepresented individuals, groups, and communities, may include, but are **not** limited to minority, Amish, and Mennonite farmers.

4-9 (Reserved)

Part 2 MILC Program Eligibility Requirements

10 Dairy Operation Eligibility

A Eligible Dairy Operation Definition

An eligible dairy operation, for MILC program purposes, is any person or group of persons who, as a single unit as determined by CCC, produce and market milk commercially produced from cows and whose production facilities are located in the U.S.

Note: Each State and County Office shall strictly adhere to and apply this definition to the MILC program in the **exact** same manner applied for the DMLA-III program in your State with **no** variation, according to paragraph 52.

B Dairy Operation Eligibility for Payment

To be eligible to receive MILC payments, a dairy operation **must**:

- have produced milk in the U.S. and commercially marketed the milk produced anytime during the period of October 1, 2007, through September 30, 2012
- enter into CCC-580 with CCC agreeing to the prescribed terms and conditions during the sign-up period
- provide production evidence of monthly milk marketings to the local FSA County Office
- include milk marketings from **all** persons that were involved in the dairy operation during the contract period
- actively be in the business of producing and marketing agricultural products at the time CCC-580 is signed, **except** as provided by subparagraph F
- certify compliance with HELC and WC provisions on AD-1026
- certify compliance with AGI requirements on CCC-926
- for any FY or month for which payment is sought, submit CCC-580 before the end of that FY or month, **except** FY 2009, and according to production start month selection provisions in Part 4
- submit CCC-580 for FY 2009 payments by the month for which payment is first sought, **except** as provided in Part 4.

10 Dairy Operation Eligibility (Continued)

C Eligible Entities

An eligible dairy operation may include any of the following entities that are engaged in an operation that markets milk commercially in the U.S.:

- an individual that has a beneficial interest in a dairy operation, has a financial risk in the dairy operation, and is a citizen of, or legal resident alien in, the U.S.

- a corporation, partnership, joint operation, estate, association, cooperative, other business enterprise, or other legal entity *** * *** whose members are a citizen of, or legal resident alien in, the U.S.

- Indian tribe of the Indian Self-Determination and Education Assistance Act

- Indian organization or entity chartered under the Indian Reorganization Act

- economic enterprise under the Indian Financing Act of 1974.

D Foreign Entities

A corporation or other entity shall be ineligible to receive MILC program benefits if more than 10 percent of the beneficial ownership of the entity is held by persons who are **not**
***--**citizens of the U.S., or lawful resident aliens possessing a valid I-551, unless each foreign individual who is a stockholder or other type of member provides a substantial amount of active personal labor in producing milk in the dairy operation that is owned or operated by such an entity.

The following foreign person/entity provisions apply to MILC program benefits:

- 7 CFR Part 1400, subpart E
- 4-PL, Part 3
- 4-PL, subparagraph 75 B for rules on significant contributions.

Each foreign person who is a stockholder or other type of member in the foreign entity **must** make a significant contribution of active personal labor to be considered eligible for MILC benefits. Foreign stockholders or other types of members in the foreign entity that:

- do **not** contribute active personal labor are **not** eligible to receive MILC benefits

- do contribute active personal labor may receive his or her share of the payment earned by the operation, less the share percentage held by the interest holder that made no active labor contribution

  Note: This share **cannot** be increased because of the ineligibility of another member.**--***

10 Dairy Operation Eligibility (Continued)

D Foreign Entities (Continued)

- ***--**are deemed eligible according to the active personal labor requirement must have a valid U.S. TIN.

  Note: 62-FI, Part 5 provides guidance for tax reporting purposes when program payments are made to producers that are non-resident aliens. County Offices **must** follow 62-FI, Part 5, **before** issuing payments and make withholdings to IRS, if required.

E Requesting Benefits for Nonforeign Shares

Entities that have been determined ineligible for payment, 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 according to 4-PL, paragraph 110.

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.**--***

10 Dairy Operation Eligibility (Continued)

F Eligible New Dairy Operations

County Offices shall determine an eligible new dairy operation as any dairy operation purchased or farmed by a producer **not** affiliated with any dairy operation:

- that received a DMLA-III payment
- with an approved CCC-580 with CCC
- that did **not** participate in the preceding MILC or MILC Extension programs for FY's before FY 2008.

Beginning with FY 2008, any additional dairy operation purchased or farmed by a producer affiliated with a dairy operation that has an approved CCC-580:

- is subject to review by FSA to determine legitimacy
- will exist in the MILC program according to State interpretation of a dairy operation used during the previous DMLA programs in the State where the dairy is located.

Eligible new dairy operations may enter into CCC-580 with CCC anytime during the applicable duration of the MILC program application period.

A dairy operation is **not** considered new if dairy has an existing CCC-580 and does any of the following:

- changes the name of the dairy operation
- changes the ID number of the dairy for tax purposes
- relocates to another State or county
- adds additional shareholders to the dairy operation
- has a spouse, child, or heir take over the dairy operation for a decedent with CCC-580.

G Dairy Operations No Longer Conducting Business

Dairy operations that go out of business after October 1, 2007, may enter into CCC-580 with CCC for payment on the quantity of eligible production commercially marketed by the dairy operation during the months the dairy operation was in business. Dairy operations that go out of business **must** meet dairy operation payment eligibility according to subparagraph B.

*--H States, Political Subdivisions, and Agencies Thereof

Beginning with 2009 program benefits, States, political subdivisions, and agencies thereof, are not eligible for 2009 MILC benefits. These provisions include, but are not limited to, State universities and prisons.**--***

11 Producer Eligibility

A Eligible Producer Definition

An eligible producer, for MILC program purposes, is any individual, group of individuals, partnership, corporation, estate, trust association, cooperative, other legal business enterprise, or other legal entity who is, or whose members:

- are a citizen of, or legal resident alien in the U.S., except as provided in subparagraph E
- directly or indirectly share in the risk of producing milk
- make contributions (including land, labor, management, equipment, or capital) to the dairy farming operation of the individual or entity that are at least commensurate with the share of the individual or entity of the proceeds of the operation.

Note: If producers in a dairy operation are **not** participating in other FSA programs ***--**where an applicable CCC-901, CCC-902E, or CCC-902I is already completed and on file, complete CCC-580S according to paragraph 39. County Offices shall use the data obtained from these forms to enter member information in the entity file and update eligibility records according to 3-PL. Actively engaged determinations are **not** required.**--***

B Estates and Trusts

An eligible producer may be an estate or trust, including any of the following:

- a receiver of an insolvent debtor's estate
- an executor or an administrator of a decedent's estate
- a guardian of any of the following:
  - an estate
  - a ward
  - an incompetent person
- trustees of a trust estate, if their representative authority is legally valid, according to 1-CM.

MILC program documents executed by producers legally authorized to represent estates or trusts will be accepted **only** if such producers furnish evidence of the authority to execute such documents.

11 Producer Eligibility (Continued)

C Minors

A minor may be an eligible producer if any of the requirements in 1-CM are met.

D Hired Hands

Hired hands who work for the dairy operation for a share of the milk proceeds or production may be eligible producers if they meet the definition of an eligible producer as provided in subparagraph A.

***--**Payment for hired hands that provide labor **only** and do **not** directly or indirectly share in the risk of the operation, will go to the eligible producers on the contract with risk in the operation.

E Foreign Person Eligibility

Foreign persons legally admitted in the U.S. with a valid TIN, and in an eligible dairy operation, are eligible to receive MILC benefits, if they are an individual who is providing land capital, a substantial amount of active personal labor on the dairy operation, and meet the requirements of the following:

- 7 CFR Part 1400, subpart E
- 4-PL, Part 3.
- 4-PL, subparagraph 75 B for rules on significant contributions.**--***

See 62-FI, Part 5, for tax reporting guidelines when program payments are made to producers that are nonresident aliens.

F Affiliated MILC Producer

An affiliated MILC producer is a producer who:

- is involved in the dairy operation on a regular basis
- has a direct and significant risk in the operation
- participates in the management of the dairy operation.

G Deceased Producer

CCC-580M, Part D or E, as applicable, shall be completed by the producers' heirs, estate, or successor-in-interest for payments earned **after** the date of death. Payments earned **before** the date of death may be issued using FSA-325, according to 1-CM.

Documents to verify succession-in-interest may be requested, as necessary, to COC's satisfaction.

Note: County Offices shall **not** issue payments to TIN's of deceased producers.

12 Producer Ineligibility

A Ineligibility

Ineligible producers are producers who:

- do **not** meet the definition of an eligible producer, according to subparagraph 11 A
- are **not** a part of an eligible dairy operation, according to paragraph 10
- violate WC and HELC provisions, according to 6-CP
- do **not** meet AGI requirements, according to 4-PL
- are convicted under Federal or State law of a controlled substance violation, according to 1-CM.

Note: See subparagraph 11 G for deceased producers.

B Ineligible Producer Shares

Ineligible producers on CCC-580's with other eligible producers are still required to provide monthly production evidence to the County Office. All production will be counted toward the dairy operations maximum production limit during the producer's period of ineligibility. However, the ineligible producer's share percentage of the dairy operation's total commercially marketed production will be excluded from the total payment to the dairy operation.

Therefore, if a producer becomes eligible after the dairy operation reaches its maximum production limit for the FY, the ineligible producer would **not** receive MILC benefits for the remainder of that FY. When an ineligible producer becomes eligible the producer can only receive benefits for:

- the months the producer meets **all** eligibility requirements
- production that does **not** exceed the maximum production limitation for FY.

*--C AGI

Producers who certify on CCC-926 that their nonfarm average AGI exceeds $500,000 are ineligible for MILC benefits. Producers are **required** to comply with the AGI requirement each applicable FY, according to 4-PL, Part 6.**--***

13 Production Eligibility

A Eligible Production

All milk produced by cows in the U.S., and marketed commercially anytime during the period of October 1, 2007, through September 30, 2012, up to the maximum eligible quantity provided in subparagraph B, is eligible production for MILC program benefits.

Note: Commercially marketed milk production is a marketing of milk for which there is verifiable sales or delivery record of milk marketed for commercial use.

B Maximum Eligible Quantity

The maximum quantity of production per dairy operation eligible for payment per FY, are as follows:

- 2.4 million lbs. for the period beginning October 1, 2007, and ending September 30, 2008
- 2.985 million lbs. for the period beginning October 1, 2008, and ending August 31, 2012
- 2.4 million lbs. for the period beginning September 1, 2012, and thereafter.

Note: Dairy operations that have exceeded 2.4 million lbs. by September 1, 2012, will have met the maximum production quantity for FY 2012, and will **not** be entitled to further payments for additional lbs. of production for the month of September 2012, if there is a payment rate in effect.

Milk production produced during any FY will **not** count towards a dairy operations maximum eligible quantity for months during that FY:

- when there is no payment rate in effect for that month
- that precede the production start month designated on CCC-580 for the applicable FY.

C Production Marketed Outside the U.S.

Dairy operations that produce milk in the U.S., and commercially market the milk production outside the U.S., are eligible to receive program benefits.

13 Production Eligibility (Continued)

D Eligible Dumped Production

Milk delivered to a handler that does **not** contaminate the bulk load that is paid for by the handler and reflected in the milk check, but is ultimately dumped by the handler, is eligible production for the MILC program.

Dumped milk production is typically identified as prenotification milk on the producer's production statement from the milk handler or dairy cooperative.

See paragraph 14 for dumped milk that is considered ineligible production.

E Production Certification

All milk production produced and commercially marketed by the dairy operation for each applicable month **must** be specified and certified on CCC-580 during the contract period, **except for months**:

- when the payment rate is zero
- that follow after the maximum eligible production cap is reached
- when producers in the dairy operation will **not** be paid.

--**Monthly milk production may **not** be apportioned and payment months with an effective MILC payment rate **cannot** be skipped to circumvent the maximum eligible production**-- quantity for the dairy operation.

14 Production Ineligibility

A Ineligible Dumped Milk Production

The following situations are **not** considered commercially marketed milk and are; therefore, ineligible production for the MILC program:

- dumped milk that causes the contamination of a bulk load for which an insurance indemnity is paid to the producer for the contaminated milk

- ***--**milk dumped on the farm by State or health department order or producer**--***

- a loan made from a milk handler to a producer that temporarily compensates the dairy operation for contaminated or dumped milk production.

15 Eligible Program Payments

A Types of MILC Payments

Monthly contract payments are available to eligible dairy operations under the MILC program.

B Contract Period Payment Definition

Contract period payments means all monthly payments made under MILC.

See subparagraph D for contract period payment provisions.

C Payment Eligibility

Eligible producers may only receive MILC benefits for:

- the applicable months a producer meets all eligibility requirements according to Part 2
- production that does **not** exceed the maximum eligible quantity limitation according to subparagraph 13 B.

D MILC Contract Period Payment Provisions

Contract period payments under MILC are issued on a monthly basis, for the period of consecutive months beginning with either of the following:

- production start month selected by the dairy operation
- month CCC-580 is submitted to the County Office.

MILC monthly contract period payments issued during each FY end upon the earlier of the following:

- maximum eligible production cap is reached according to subparagraph 21 F
- end of the applicable FY.

16-19 (Reserved)

Part 3 Computing MILC Payments

20 Program Payments

A National Payment Rate

MILC payments will be issued to eligible dairy operations on a monthly basis when the Boston Class I milk price is below $16.94 per cwt. When this price exceeds $16.94:

- no payments will be made to the dairy operation for that month
- production for that month will **not** count toward the operations maximum eligible production
- production evidence is **not** required from the producer for that month.

Payment rates will be rounded 7 places to the right of the decimal.

B Feed-Cost-Adjusted Payment Rate

The baseline price of $16.94, as specified in subparagraph A, will be increased by 45 percent of the percentage by which the National Average Dairy Feed Ration Cost for the applicable month exceeds:

- $7.35 per cwt, during the period of January 1, 2008, through August 31, 2012
- $9.50 per cwt, during the period of September 1, 2012, and thereafter.

When the Boston Class I price for the month does **not** fall below the feed-cost-adjusted payment rate:

- no payments will be made to the dairy operation for that month
- production for that month will **not** count towards the operations maximum eligible production
- production evidence is **not** required from the producer for that month.

Payment rates will be rounded 7 places to the right of the decimal.

20 Program Payments (Continued)

C How the National Average Dairy Feed Ration Cost is Calculated

The National Average Dairy Feed Ration Cost for each month is calculated from feed ingredient prices published each month by NASS in an Agricultural Prices publication. The calculation is based on the following mixed dairy feed component percentages and conversion factors.

Feed Component	Percentage	Conversion Factor
Corn	51	56 lbs.
Soybeans	8	60 lbs.
Alfalfa	41	2,000 lbs.

Example: The prices used to calculate feed price ratios for the month of May are as follows:

Commodity	Unit	Price
Corn	Bu	$ 5.28
Soybeans	Bu	$ 12.10
Alfalfa	Ton	$177.00

The National Average Dairy Feed Ration Cost for the month is calculated as follows:

- **Corn:** $5.28 ÷ 56 lbs. = 0.0943 x 100 = $9.43 x 51% = **$4.81**
- **Soybeans:** $12.10 ÷ 60 lbs. = 0.2017 x 100 = $20.17 x 8% = **$1.61**
- **Alfalfa:** $177.00 ÷ 2000 lbs. = 0.0885 x 100 = $8.85 x 41% = **$3.63**

Ingredient Price: $4.81 + $1.61 + $3.63 = $10.05

The National Average Dairy Feed Ration Cost for the month of May is **$10.05**.

D Issuing Payments

After CCC-580 is approved by COC or designee, payments will be issued **no later than** 60 calendar days after the production evidence and all supporting documents for the applicable month are received by the FSA County Office, or the entire month National Average Dairy Feed Ration Cost for the month is made available by USDA, as applicable.

20 Program Payments (Continued)

E Prompt Payment Provisions

Prompt payment interest will apply to program payments issued by CCC later than 60 calendar days after:

- all production evidence and supporting documentation for the month is provided to the County FSA Office
- all eligibility requirements are met
- the National Average Dairy Feed Cost for the applicable month is announced.

See 61-FI for prompt payment interest provisions.

F Assignments and Offsets

MILC payments are subject to assignment (see 63-FI) and offset (see 58-FI).

G Advance Payments

Advance payments will **not** be issued for the MILC program.

H Direct Deposit Requirement

The Debt Collection Improvement Act of 1996 requires any recipient of Federal payments who becomes eligible for that payment after July 25, 1996, to receive the payment by electronic funds transfer. All producers receiving benefits under the MILC program **must** file SF-1199A, according to 1-FI, Part 3.

I Accounting Program Codes

Accounting program codes for MILC are provided in the following table.

FY	Program Accounting Code
2008	08MILCII
2009	09MILCII
2010	10MILCII
2011	11MILCII
2012	12MILCII

20 Program Payments (Continued)

J eFC Allotments

The National Office will allot program funds to the State Office level through the eFC system for payment processing. Allocations to the State Office level will be based on funds dispersed by each State during previous FY's of the program. State Offices shall:

- re-allocate funds from the State Office level to the County Office level, as necessary
- determined County Office level allocation amounts from eFC allotments from previous FY's
- contact the National Office to request additional funds over the initial allotment.

Applicable eFC account codes are as follows.

eFC Code	Payment Type
8010	MILC monthly contract payments - Sys36
8011	MILC monthly contract payments – NPS beta
8015	MILC transition period payments – Sys36
8016	MILC transition period payments – NPS beta
8020	MILC – all web-based payments

*--K Requests for eFC Allotments

State Offices shall direct requests for additional funds by e-mail to Stacy Carroll at **stacy.carroll@wdc.usda.gov**, with CC's to the following:

- Dani Cooke at **danielle.cooke@wdc.usda.gov**
- Toni Williams at **toni.williams@wdc.usda.gov**
- Asime Atuboyedia at **asime.atuboyedia@wdc.usda.gov**.

L Direct Attribution

Direct attribution will apply to MILC effective FY 2009, but **not** for payment limitation purposes. MILC program payments will be tracked through 4 levels to individuals and entities in the same manner as other programs.**--***

21 Calculating Program Payments

A Payment Calculation

When the Boston Class I milk price is below $16.94 per cwt, the payment rate is determined for the applicable month by:

- subtracting the Boston Class I milk price per cwt from $16.94
- multiplying the difference by:
  - 34 percent during the period beginning October 1, 2007, and ending September 30, 2008
  - 45 percent during the period beginning October 1, 2008, and ending August 31, 2012
  - 34 percent during the period beginning September 1, 2012, and thereafter.

B MILC Payment Calculation Example

The following is an example of the MILC payment calculation.

The Boston Class I price announced in May 2009 was $14.51.

- $16.94 - $14.51 = $2.43
- $2.43 x 45% = $1.0935.

The payment rate for May 2009 was **$1.0935000**.

21 Calculating Program Payments (Continued)

C Feed-Cost-Adjusted Payment Rate Calculation

When the entire month National Average Dairy Feed Ration Cost for the applicable month exceeds the price per cwt applicable to the period specified in subparagraph 20 B, the payment rate is determined by:

- subtracting the price per cwt applicable to the period specified in subparagraph 20 B from the National Average Dairy Feed Ration Cost for the applicable month
- dividing the difference by the price per cwt applicable to the period specified in subparagraph 20 B
- multiplying the result by $16.94
- adding the result to $16.94.

D Feed-Cost-Adjusted Payment Rate Calculation Example

The following is an example of the feed-cost-adjusted payment rate calculation.

The entire month National Average Dairy Feed Ration Cost announced for the month of May 2008 was $10.05.

- $10.05 - $7.35 = $2.70
- ***--**$2.70 ÷ $7.35 = $0.3673469
- $0.3673469 x 45% = $0.1653061
- $0.1653061 x $16.94 = $2.80**--***
- $16.94 + $2.80 = $19.74

The new MILC baseline trigger for the month of May 2008 is **$19.74**.

If the Boston Class I price for May 2008 was $18 or any amount less than the new MILC baseline trigger for the month, the calculation would be as follows:

- $19.74 - $18 = $1.74
- $1.74 x 34% = $0.5916000

The feed-cost-adjusted payment rate for the month would be $0.5916000.

21 Calculating Program Payments (Continued)

E Measurement Conversion

Payment for each dairy operation will be calculated by converting whole lbs. of milk to cwt and multiplying the payment rate by the quantity of eligible production.

Note: Cwt is 100 lbs.

F Maximum Quantity for Payment

The maximum quantity of eligible production for which dairy operations are eligible for payment per FY, are as follows:

- 2.4 million lbs. for the period of October 1, 2007, through September 30, 2008
- 2.985 million lbs. for the period of October 1, 2008, through August 31, 2012
- 2.4 million lbs. for the period of September 1, 2012, and thereafter.

Note: Monthly milk production may **not** be apportioned to circumvent the maximum quantity for payment.

22 Price Announcements and Postings

A Class I Milk Definition

Class I milk is milk, including milk components, classified as Class I milk under a Federal milk marketing order issued by AMS.

Note: Only the Boston Federal milk marketing order is applicable to the MILC program.

B Boston Class I Price Announcement

Boston Class I milk prices are announced monthly and posted to the:

- AMS web site at
  www.fmmone.com/Northeast_Order_Prices/NE_Prices_main_new.htm#Component

- PSD web site at
  www.fsa.usda.gov/FSA/webapp?area=home&subject=prsu&topic=mpp-mi.

The Boston Class I fluid milk price is announced on the Friday on or before the 23rd of each month.

C National Average Dairy Feed Cost Price Announcement

The entire month National Average Dairy Feed Cost Price is announced at the end of the month following the applicable month. For example, the entire month National Average Dairy Feed Cost price for the month of May is **not** known until June 30.

The National Average Dairy Feed Cost price is obtained from the USDA Agricultural Prices publication released by NASS. The USDA Agricultural Prices publication can be obtained at **http://usda.mannlib.cornell.edu/usda/current/AgriPric**.

Note: Only entire month prices will be used to calculate the feed-cost-adjusted payment rate, **not** preliminary price estimates.

23, 24 (Reserved)

Part 4 MILC Program Administration

25 General Production Start Month Selection Provisions

A Production Start Month Definition

The production start month, selected by the dairy operation and designated on CCC-580, is the month for which CCC will begin payments to the dairy operation starting with the selected month and based on the selected months commercially marketed production.

Actual payments for the month selected **cannot** occur until all production evidence of commercial milk marketings for the month selected by the dairy operation have been received by the County Office to COC's satisfaction.

B Payment Distribution

Beginning with the month selected by the dairy operation, and once required production evidence has been received by the County Office, payments will be issued based on the selected month's production and for each consecutive month's production thereafter, during months with a payment rate in effect, until the earlier of the following:

- the maximum payment quantity is reached according to subparagraph 21 F
- the applicable FY ends.

C Production Start Month Selection Restrictions

A dairy operation **cannot** select a month for payment for which any of the following has occurred:

- has already begun
- has already passed
- no milk production was produced by the dairy operation.

Note: Exceptions to the production start month selection restrictions may apply to FY 2009 **only**. See paragraph 27 for applicable MILC production start month provisions.

25 General Production Start Month Selection Provisions (Continued)

D Producer Agreement of Production Start Month

All producers involved in the dairy operation **must** agree to the month designated. The dairy operation assumes the risk of **not** reaching the maximum payment quantity based on the month selected and agreed to by the producers in the dairy operation.

Note: Payments will **not** be issued for past months for the sole purpose of reaching the maximum payment quantity.

E No Payment Rate in Effect

If there is no payment rate in effect during the production start month selected by the dairy operation and designated on CCC-580, the dairy operations payment will begin with the next consecutive month in which there is a rate in effect that follows the selected production start month.

26 (Reserved)

27 Production Start Month Provisions (Continued)

*--H FY 2009 Extended Signup Start Month Selection Options (Continued)

CCC-580 Submission Date	Available FY 2009 Selection Options	Unavailable FY 2009 Selection Options
April 15 through 30, 2009	April 2009 **Note:** The month CCC-580 is submitted.	N/A **Note:** Any month preceding April 2009 is an unavailable option.
	Any month June 2009 through September 2009 **Note:** The months remaining in FY where selection follows normal start month selection provisions.	May 2009 **Note:** This month is **not** available because it is after the 14th of the preceding month according to normal start month selection provisions.
May 1 through 14, 2009	May 2009 **Note:** The month CCC-580 is submitted.	N/A **Note:** Any month preceding May 2009 is an unavailable option.
	Any month June 2009 through September 2009 **Note:** The months remaining in FY where selection follows normal start month selection provisions.	
May 15 through 29, 2009	May 2009 **Note:** The month CCC-580 is submitted.	N/A **Note:** Any month preceding May 2009 is an unavailable option.
	Any month July 2009 through September 2009 **Note:** The months remaining in FY where selection follows normal start month selection provisions.	June 2009 **Note:** This month is **not** available because it is after the 14th of the preceding month according to normal start month selection provisions.

--*

27 Production Start Month Provisions (Continued)

*--H FY 2009 Extended Signup Start Month Selection Options

CCC-580 Submission Date	Available FY 2009 Selection Options	Unavailable FY 2009 Selection Options
June 1 through 12, 2009	June 2009 **Note:** The month CCC-580 is submitted.	N/A **Note:** Any month preceding June 2009 is an unavailable option.
	Any month July 2009 through September 2009 **Note:** The months remaining in FY where selection follows normal start month selection provisions.	
June 15 through 30, 2009	June 2009 **Note:** The month CCC-580 is submitted.	N/A **Note:** Any month preceding June 2009 is an unavailable option.
	Any month August 2009 through September 2009 **Note:** The months remaining in FY where selection follows normal start month selection provisions.	July 2009 **Note:** This month is **not** available because it is after the 14th of the preceding month according to normal start month selection provisions.
July 1 through 14, 2009	July 2009 **Note:** The month CCC-580 is submitted.	N/A **Note:** Any month preceding July 2009 is an unavailable option.
	Any month August 2009 through September 2009 **Note:** The months remaining in FY where selection follows normal start month selection provisions.	

--*

27 Production Start Month Provisions (Continued)

*--H FY 2009 Extended Signup Start Month Selection Options

CCC-580 Submission Date	Available FY 2009 Selection Options	Unavailable FY 2009 Selection Options
July 15 through 31, 2009	July 2009 **Note:** The month CCC-580 is submitted.	N/A **Note:** Any month preceding July 2009 is an unavailable option.
	September 2009 **Note:** The months remaining in FY where selection follows normal start month selection provisions.	August 2009 **Note:** This month is **not** available because it is after the 14th of the preceding month according to normal start month selection provisions.
August 3 through 14, 2009	August 2009 **Note:** The month CCC-580 is submitted.	N/A **Note:** Any month preceding August 2009 is an unavailable option.
	September 2009 **Note:** The month remaining in FY where selection follows normal start month selection provisions.	
August 17 through 31, 2009	August 2009 **Note:** The month CCC-580 is submitted.	N/A **Note:** Any month preceding August 2009 is an unavailable option.
		September 2009 **Note:** This month is **not** available because it is after the 14th of the preceding month according to normal start month selection provisions.

--*

27 Production Start Month Provisions (Continued)

*--H FY 2009 Extended Signup Start Month Selection Options

CCC-580 Submission Date	Available FY 2009 Selection Options	Unavailable FY 2009 Selection Options
September 1 through 14, 2009	September 2009 **Note:** The month CCC-580 is submitted.	N/A **Note:** Any month preceding September 2009 is an unavailable option.
September 15 through 30, 2009	September 2009 **Note:** The month CCC-580 is submitted.	October 2009. **Notes**: Any month preceding September 2009 is an unavailable option. October 2009 is not available because it starts the beginning of a new FY.

I Erroneous Start Month Selections

If a producer submits CCC-580 with an erroneous production start month selection, meaning the month selected by the producer was **not** an available option based on the date CCC-580 was submitted to the County Office, the County Office **must** immediately notify the producer of the following:

- the correct production start months available based on the original date CCC-580 was submitted to the County Office

- correction to CCC-580 is required and must be made within 10 calendar days of the notification date.

If no correction is made by the producer within the 10-calendar-day period, by default, the production start month will be the month CCC-580 was submitted to the County Office. County Offices shall note in CCC-580, Item 24, “Remarks” that the correction was authorized according to subparagraph I.--*

28 Production Start Month Change Provisions

A Changing the MILC Production Start Month Selection

Changes to the MILC production start month selected by the dairy operation **must** be made on or before the 14th of the month before the:

- month originally selected by the dairy operation as their MILC production start month
- newly selected MILC production start month for the dairy operation.

Changes **must** be made in advance of payment rates being known by the public for both the original production start month that the dairy operation is changing from and the production start month that the dairy operation is changing to. Otherwise, the MILC production start month can **only** be changed for the following FY.

Note: For FY 2008 and during the initial signup phase, no changes may be made to the retroactive production start month selection after payment has been issued for the originally selected production start month.

***--Examples:** Producer A submitted CCC-580 on January 28, 2009, and selected March 2009 as the production start month. Producer A submitted CCC-580M on February 12, and selected April 2009 as the new production start month to receive MILC payments. CCC-580M was considered filed correctly. CCC-580M would be approved, because CCC-580M was submitted **before** the 14th of the preceding month according to normal start month selection provisions.

Producer B submitted CCC-580 on January 28, 2009, and selected March 2009 as the production start month. Producer B submitted CCC-580M on March 16, and selected April 2009 as the new production start month to receive MILC payments. CCC-580M would be **disapproved**, since CCC-580M was **not** submitted before the 14th of the preceding month according to normal start month selection provisions.**--***

B MILC Production Start Month Change Request

MILC program participants may elect to change their production start month for a given FY. A change to a dairy operation's MILC production start month **must**:

- be made according to start month selection provisions provided in paragraphs 27 and 28 and selection rules applicable to MILC

- occur **before** payment has been issued for the previous month selected on CCC-580

- be designated on CCC-580M, Part B, according to instructions provided in paragraph 44.

28 Production Start Month Change Provisions (Continued)

C When the Production Start Month Cannot be Changed

The production start month designated on CCC-580 **cannot** be changed if:

- the new month being selected has done either of the following:
  - already begun
  - already passed
- payment has already been issued for the previously selected month.

D Changing Limitations

There is **no** limit to the number of times the production start month may be changed, as long as the change is made according to applicable Part 4 program provisions.

E Perpetual Designation

If the production start month is never modified by the producers in the dairy operation, the production start month designated on CCC-580 and on file with the County Office will remain the same for succeeding FY's throughout the duration of the MILC program.

--Example:** Producer C submitted CCC-580 on January 28, 2009, and selected January as the production start month for FY 2009. Producer C did **not** designate a production start month for each FY 2010 through 2012 on CCC-580; therefore, by perpetual designation, the same originally selected start month of January will remain the same for succeeding FY's throughout the duration of the MILC Program, **unless** CCC-580M is submitted requesting a change.**--

29-34 (Reserved)

Part 5 MILC Program Signup Requirements

35 MILC Program Signup

A MILC Program Signup Period

The MILC program signup will be conducted in the following 2 phases:

- initial signup, according to subparagraph B
- extended signup, according to subparagraph C.

Eligible producers may file CCC-580's anytime during the established timeframes for each respective signup period. Only one CCC-580 should be submitted for the dairy operation during either signup. Producers shall file CCC-580's in the county where the dairy operation is physically located or in the administrative County Office.

B MILC Program Initial Signup Phase

The initial signup phase for the MILC program will be within 30 calendar days of the beginning of the application signup period. To receive the production start month selection options available under the initial signup phase, a completed CCC-580 **must** be received in the applicable County Office within 30 calendar days of the beginning of the application signup period.

C MILC Program Extended Signup Phase

Extended signup under MILC will begin, the day after the initial signup ends. The extended signup will continue through the duration of the MILC program, ending **September 30, 2012**. To receive the production start month selection options available under the extended signup phase, a completed CCC-580 **must** be received in the applicable County Office by COB **September 30, 2012**.

D MILC Program Signup Deadline

Completed CCC-580's **must** be received in the applicable County Office by COB, **September 30, 2012**, to be considered eligible for MILC benefits.

36 (Reserved)

37 Filing CCC-580's

A Applying for Benefits

A dairy operation shall use CCC-580 to apply for MILC benefits. A separate CCC-580 shall be filed for each dairy operation that produced and commercially marketed milk during the applicable authorized program period. The total lbs. of milk marketed under the dairy operation during each applicable month of FY for all producers receiving a share of the milk marketed **must** be included on one CCC-580 for CCC-580 to be considered complete for approval by CCC. More than one CCC-580 is **not** acceptable for the program benefits, unless the dairy operation has been determined separate and distinct according to the State's interpretation of a separate and distinct operation where the dairy operation is physically located, as provided by paragraph 52.

Example: Dairy Operation 1 consists of 2 persons who jointly share in the operation 50 percent.

Dairy Operation 2 consists of 1 of the persons from Dairy Operation 1, but this person has 100 percent interest in Dairy Operation 2.

There will be two CCC-580's, provided the operations are determined separate according to the State where the dairy operations are physically located, according to paragraph 52. The two CCC-580's would be as follows:

- Dairy Operation 1 files CCC-580 that includes all milk marketed for both persons on Dairy Operation 1 and CCC-580 is shared 50-50 between the 2 persons

- Dairy Operation 2 files CCC-580's for all milk marketed on Dairy Operation 2.

Note: Producers may file CCC-580's in either the county where the dairy operation is physically located or in the producer's administrative county.

37 Filing CCC-580's (Continued)

B Contract Numbers

--**Contract numbers will be assigned through MILC application and payment processing software and **must** be manually transferred to CCC-580 after the County Office has entered the information into the MILC software application.**--

C Obtaining CCC-580's

Eligible dairy operations can obtain CCC-580 to request program benefits from the County Office where the dairy operation is physically located or in the producer's administrative county by any of the following methods:

- electronically from the following web sites:
  - eForms web site at **www.sc.egov.usda.gov**
  - FSA web site at **http://165.221.16.90/dam/ffasforms/forms.html**
  - PSD web site at **www.fsa.usda.gov/FSA/webapp?area=home&subject=prsu&topic=mpp-mi**.
- from any County Office as follows:
  - in person
  - by mail
  - by telephone
  - by FAX.

Note: Regardless of how CCC-580's are obtained, CCC-580 **must** be completed correctly, signed, and returned to the applicable County Office by COB on the deadline date ***--**determined by FSA, to be considered eligible for program benefits. If CCC-580 is received by mail, the postmarked date shall be used.**--***

37 Filing CCC-580's (Continued)

D Signature Requirements

All producers who share in the risk of a dairy operation's total production **must** certify to the information in CCC-580 before CCC-580 will be considered complete or approved by CCC.

County Offices shall follow 1-CM for the following:

- producers' signature and authorization provisions
- persons signing CCC-580 in a representative or fiduciary capacity
- payment of amounts due persons who have died, disappeared, or have been declared incompetent.

Note: If for some extenuating circumstance all signatures **cannot** be obtained, CCC may exercise authority under CCC-580 Appendix, subparagraph 10 B to modify the contract according to the appropriate share percentages if it is determined to the satisfaction of the COC that accepting CCC-580 without such signature is necessary to carry out purposes of the program or to facilitate the programs practical administration. A waiver is **not** necessary; however, applicable circumstances should be noted on CCC-580.

***--Example:** ABC Dairy Operation has 4 partners and:

- does **not** have a signature authority on file in the County Office; therefore, all producers who share in the risk of the dairy operation's total production must certify to the information on CCC-580
- has a signature authority on file the County Office; follow 1-CM.**--***

37 Filing CCC-580's (Continued)

E Approving CCC-580

COC or designee shall:

- be satisfied that all applicable program eligibility requirements of Part 2 have been met before approving the applicable CCC-580

- **not** approve any CCC-580 that was requested or received after COB on the deadline date
--determined by FSA, postmark provisions apply, according to subparagraph C--

- **not** approve CCC-580's for a joint venture or joint operation **unless** all members of the joint venture or joint operation who share in the milk marketed commercially from the
--dairy operation have signed CCC-580; however, a representative can sign for all members of the joint venture according to 1-CM--

- ensure that a completed CCC-580S is on file for every dairy operation **not** participating
--in other FSA programs where an applicable CCC-901, CCC-902E, or CCC-902I is-- already completed and on file, according to paragraph 39

- complete CCC-770 Eligibility, according to 3-PL, for each producer on CCC-580

  Note: Once CCC-770 Eligibility is completed for FY, unless there is a change in operation or eligibility status, it is **not** necessary to complete a new CCC-770 Eligibility.

- complete CCC-770 MILC, according to subparagraph 45, for every dairy operation

- provide CCC-580 Appendix (see Exhibit 5) to contact producer for the dairy operation at the time the dairy operation signs-up for the MILC program

•*--understand that once CCC-580 is submitted, it **cannot** be cancelled.--*

37 Filing CCC-580's (Continued)

F Other Applicable Forms

AD-1026 is required for program benefits. HELC and WC rules **apply**. See 6-CP for guidance on HELC and WC provisions.

--**AGI requirements apply to MILC; therefore, CCC-926 is required to be completed for each FY to qualify for that FY MILC payment. See 4-PL for guidance on AGI provisions.**--

G Delegation of Authority

The authority to approve all CCC-580's, and all other program documents, **must** be re-delegated, **in writing**, to the next authority. Follow this table for exceptions to re-delegate authority for CCC-580 approval.

IF the producer is…	THEN the approval authority shall be…
a State or Federal or non-Federal County Office employee	CED.
COC member	
DD	
SED	
STC member	
CED	COC.

Questionable cases may be referred to the next higher authority for determination.

H Second Party Review

A second party review of eligibility requirements and production evidence shall be performed **before** issuing a monthly contract payment. The reviewer **must** initial CCC-770 MILC, according to subparagraph 45 D, when each payment review is complete.

--Note:** The production evidence **must** be reviewed against data entered in MILC application and payment processing software.**--

38 Completing CCC-580's

A CCC-580 Instructions

Complete CCC-580's according to the following table.

Item	Instructions
1	COC designee shall enter applicable State code.
2	COC designee shall enter applicable county code.
3	COC designee shall enter name and address of dairy operation.
4	COC designee shall enter contract number assigned to CCC-580 from the MILC web-based software.
5	Enter date CCC-580 is submitted by the dairy operation.
6A through 6C	If different from the information in item 3, enter name, address, telephone number, and cell phone number of the contact producer for the operation.
Part A – FY 2009 – FY 2012 MILC Production Start Month	
7, 9, 11, and 13	Dairy operation **must** CHECK (✓) appropriate box to designate which month in each applicable FY the dairy operation would like to begin receiving payments from CCC, based on the selected start months' production. **Note:** CCC-580's submitted **within 30 calendar days** of the time CCC begins accepting CCC-580's, the dairy operation can select any month preceding the month CCC-580 is submitted or any month; ***--**thereafter, on or before the 14th of the month before the month the dairy operation wants to select, as the FY 2009 production start month. The month CCC-580 is submitted is also an option during this period. Dairy operations that submit CCC-580's **30 calendar days after** CCC begins accepting CCC-580's can select either of the following:**--*** • the month CCC-580 is submitted • any month that follows the month CCC-580 is submitted in FY that has **not** begun or has **not** passed. That selection **must** be made on or before the 14th of the month before the month the dairy operation wants to select.
8, 10, 12, and 14	Enter pounds of production for the applicable months for each applicable FY 2009 through 2012 in the appropriate block.

38 Completing CCC-580's (Continued)

A CCC-580 Instructions (Continued)

*--

Item	Instructions
Part B – Participants Signatures	
15 through 19	After thoroughly reading the participation statement in CCC-580, Part B and CCC-580 Appendix, sign, enter the title or relationship of the individual if signing in a representative capacity, provide 9-digit TIN, date, indicate share, as applicable, and CHECK (✓) appropriate box to identify any producer who elects to receive or **not** receive payments under MILC. **All** producers who share in the dairy operation **must** also sign, date, indicate shares, and provide TIN's, as applicable. **Note:** If signature authority is on file for the legal entity or joint operation, only the signature of the person signing in a representative capacity is required.
Part C – Production Evidence	
20A through 20B	CHECK (✓) appropriate box to authorize or **not** authorize the County Office to accept production evidence directly from the milk cooperative or handler for the dairy operation. **Note:** If during the MILC program the operations needs to change the authorization to accept production evidence from the dairy cooperative listed in this item, see subparagraph 41 J. It is the dairy operation's responsibility to contact the dairy cooperative or milk handler to provide their monthly production evidence directly to the County Office. The statement in Part C provides the County Office authorization to receive the information as their official production evidence from the dairy cooperative or milk handler for the dairy operation.
Part D – CCC Acceptance and Approval	
21A through 21C	COC designee shall enter signature of COC designee, title, and date of signature.
22	COC designee shall CHECK (✓) appropriate box to approve or disapprove CCC-580.
23A through 23B	COC designee shall enter name, address, and telephone number of the County Office.
24	Enter any noteworthy remarks or remarks about CCC-580 disapproval.

Note: COC designee may substitute entries in CCC-580, Part A, items 8, 10, 12, and 14 with the production/payment summary reports generated from the MILC software.--*

38 Completing CCC-580's (Continued)

B Example CCC-580

The following is an example of CCC-580.

This form is available electronically.

CCC-580 (12-01-08)	U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation MILK INCOME LOSS CONTRACT (MILC)	1. State Code	2. County Code
(See Privacy Act Statements on Page 2)		86	01

3. Name and Address of Dairy Operation *(Including Zip Code)*	4. Contract Number	5. Date Contract Submitted *(MM-DD-YYYY)*
MilkTime Dairy 101 Dairy Lane, Oakmount, Maryland 22113	01	10/10/2009

6A. Contact Producer's Name and Address *(Including Zip Code) (If different than Item 3)*	6B. Telephone Number *(Including Area Code)*	6C. Cell Telephone Number *(Including Area Code)*
Jacob Farmer	(555) 222-3434	(555) 222-1212

PART A - FY 2009 - 2012 MILC PRODUCTION START MONTH

If this contract is submitted **within 30 days** of the time at which CCC begins accepting contracts, the dairy operation can select any month preceding the month the contract is submitted or any month thereafter, as the FY 2009 production start month, including the month the contract is submitted. A dairy operation that submits this contract **30 days after** CCC begins accepting contracts, may select as their production start month, **either** (1) the month the contract is submitted **OR** (2) any month after the contract is submitted in the fiscal year that has not begun or has not passed, and that selection must be made on or before the 14th of the month before the month the dairy operation wants to select as their production start month.

FY 2009																							
7. Check Start Month	Oct 08		Nov 08		Dec 08		Jan 09		Feb 09		Mar 09		Apr 09		May 09		Jun 09		Jul 09		Aug 09		Sept 09
8. Production																							
FY 2010																							
9. Check Start Month	Oct 09	X	Nov 09		Dec 09		Jan 10		Feb 10		Mar 10		Apr 10		May 10		Jun 10		Jul 10		Aug 10		Sept 10
10. Production																							
FY 2011																							
11. Check Start Month	Oct 10	X	Nov 10		Dec 10		Jan 11		Feb 11		Mar 11		Apr 11		May 11		Jun 11		Jul 11		Aug 11		Sept 11
12. Production																							
FY 2012																							
13. Check Start Month	Oct 11	X	Nov 11		Dec 11		Jan 12		Feb 12		Mar 12		Apr 12		May 12		Jun 12		Jul 12		Aug 12		Sept 12
14. Production																							

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38 Completing CCC-580's (Continued)

B Example CCC-580 (Continued)

CCC-580 (12-01-08) Page 2

PART B - PARTICIPANTS SIGNATURE(S)

This Contract to Participate in the Milk Income Loss Contract Program is entered into between the CCC and the undersigned producers in the dairy operation identified above. The undersigned producer or producers may hereafter collectively be referred to as "the Participant." The Participant agrees to comply with the terms and conditions contained in this Contract including the Appendix to this Contract, CCC-580 Appendix, entitled "Appendix to Form CCC-580 Milk Income Loss Contract " (referred to as "Appendix"). By signing this contract the Participant agrees to participate in the Milk Income Loss Contract program for the stipulated contract period from the date the Contract is executed by the CCC. By signing below, the Participant (1) acknowledges receipt of the CCC-580 Appendix, and agrees to abide by the terms and conditions contained therein; and (2) agrees to comply with the regulations governing the applicable program eligibility and maximum eligible production provisions per dairy operation. This program or activity will be conducted on a nondiscriminatory basis without regard to race, color, religion, national origin, age, sex, marital status, or disability. The terms and conditions of this contract are contained in this form CCC-580 and in the CCC-580 Appendix and any addendum thereto. **BY SIGNING THIS CONTRACT, PRODUCERS ACKNOWLEDGE RECEIPT OF THE FOLLOWING FORM:** CCC-580 Appendix.

15A. Producer's Signature (By)	15B. Title/Relationship of Individual Signing in the Representative Capacity	16. Producer's ID No.	17. Date *(MM-DD-YYYY)*	18. Share %	19. Refuse Payment	
Jacob Farmer	Partner	1122	10/10/2009	100%	☐ YES	☒ NO
					☐ YES	☐ NO
					☐ YES	☐ NO
					☐ YES	☐ NO

PART C - PRODUCTION EVIDENCE

Check the appropriate box to authorize or not authorize FSA County Office to accept production evidence directly from the milk cooperative or handler for the dairy operation.

20A. ☒ **"YES"**, I authorize _____, milk cooperative or handler to release evidence of my monthly milk marketings for the dairy operation identified in Item 3 above, directly to my FSA County Office, for purposes of the MILC program.

20B. ☐ **"NO"**, I do not authorize the release of production evidence from any milk cooperative or handler to my county office. I will provide required production evidence, as applicable to the county office.

PART D - CCC ACCEPTANCE AND APPROVAL

21A. Signature of COC Designee	21B. Title	21C. Date *(MM-DD-YYYY)*
Darren Evans	County Executive Director	10/15/2009

22. Contract Status:	23A. Name and Address of County FSA Office *(Including Zip Code)*	23B. Telephone Number *(Including Area Code)*
☒ Approved ☐ Disapproved	Oakmount County FSA Office 101 Trading Lane Oakmount, Maryland 22113	(555) 222-1212

24. Remarks:

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 and any amendments to such act as may follow). The information requested is necessary for CCC to consider and process the offer to enter into a Milk Income Loss Contract, to assist in determining eligibility, and to determine the correct parties to the contract. Furnishing the requested information is voluntary. Failure to furnish the requested information will result in a determination of ineligibility for certain program benefits and other financial assistance administered by USDA. The information collected as a result of this form may be released to USDA employees, USDA contractors, or authorized USDA cooperators who are bound to safeguard the information under Section 1619 of the Food, Conservation and Energy Act, the Privacy Act of 1974, the E-Government Act of 2002, and related authorities. This information collection is exempted from the Paperwork Reduction Act, as it is required for administration of the Food, Conservation, and Energy Act of 2008 (see Pub. L. 110-246, Title I, Subtitle F - Administration). The provisions of criminal, civil, and privacy statutes may be applicable to the information provided.* ***RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.***

39 Completing CCC-580S's

A Instructions for Completing CCC-580S

Complete CCC-580S according to the following table.

Item	Instructions	
1	COC designee shall enter applicable county code.	
2	COC designee shall enter applicable FY.	
3	COC designee shall enter applicable State code.	
4	COC designee shall enter contract number assigned to CCC-580 from the *** * ***MILC web-based software.	
5A	Enter name and address of the dairy operation.	
5B	Enter name the dairy operation is doing business as, if applicable.	
6	Enter name and address of the contact producer for the operation.	
Part A – Business Type		
7A through 7H	CHECK (✓) appropriate box to indicate citizenship status and designate the type of entity entered in item 5A. **Note:** If the individual checked "**yes**", indicating that they are an alien lawfully admitted to the U.S., proof of I-551 is **required**.	
7I	Enter the applicable business type for the dairy operation, if other than the business types listed in items 7A through 7H, such as LLC, Indian Tribe, public school, or charitable/tax-exempt organization. **Note:** Supporting documentation; such as articles of incorporation, trust papers, partnership agreement, and evidence of heirship; may be required, as necessary, for all entities listed.	
7J	COC designee shall CHECK (✓) appropriate box to indicate if I-551 was shown for verification as required.	
8	If other than an individual, enter date the operation/entity formed.	
Part B – Member Information		
9 through 14	If other than an individual, enter the following for each member of the entity: • member's/heir's/beneficiary's name • member's citizenship status • member's/heir's/beneficiary's TIN • percent share of the entity • member's/heir's/beneficiary's position in the entity •***--**family member relationship, if applicable.	
15	CHECK (✓) appropriate box to indicate if this member has signature authority for the legal entity.	
16A and 16B	**IF…**	**THEN…**
	dairy operation listed in 5A is an estate or trust	enter name of executor, administrator, or grantor.
	more than 1 executor, administrator, or grantor	provide additional information in the space provided or use a separate, supplemental sheet.
17	The member that indicated in item 14 that he/she has signature authority for the legal entity **must** provide initials and date for items 16A and 16B.**--***|	

39 Completing CCC-580S's (Continued)

A Instructions for Completing CCC-580S (Continued)

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Item	Instructions	
Part C – Entity Information		
18A	Enter name of the entity listed in item 9 or the entity earning the payment.	
18B	Enter names of the members that make up the entity listed in item 18A.	
18C	CHECK (✓) appropriate box to indicate citizenship status.	
18D	Enter SSN or EIN of the members; if a member has both SSN and EIN, enter both.	
18E	Enter address of each member of the entity.	
18F	Enter percent share of the entity that each member owns.	
18G	County Offices shall CHECK (✓) applicable box to indicate if I-551 was shown.	
Part D – Embedded Entity Information		
19	**IF…**	**THEN…**
	any member listed in Part C, item 18B is an entity that is part of another partnership, corporation, etc.	list the members of that entity.
	more than 1 member is an entity	use a separate, supplemental sheet to provide the requested information for each embedded entity.
19A	Enter name of the embedded entity that is a member of the entity entered in Part C.	
19B	Enter names of the members that make up the entity listed in Part 19A; this could be an individual or an entity.	
19C	CHECK (✓) appropriate box to indicate citizenship status.	
19D	Enter SSN or EIN of the members; if a member has both SSN and EIN, enter both.	
19E	Enter address of each member of the entity.	
19F	Enter percent share of the entity that each member owns.	
19G	County Offices shall CHECK (✓) applicable box to indicate if I-551 was shown.	
Part E – Embedded Entity Information		
20	**IF…**	**THEN…**
	any member listed in Part D, item 19B is an entity that is part of another partnership, corporation, etc.	list the members of that entity.
	more than 1 member is an entity	use a separate, supplemental sheet to provide the requested information for each embedded entity.
20A	Enter name of the embedded entity that is a member of the entity entered in Part D.	
20B	Enter names of the members making up the entity listed in Part 20A; this could be an individual or an entity.	
20C	CHECK (✓) appropriate box to indicate citizenship status.	
20D	Enter SSN or EIN of the members; if a member has both SSN and EIN, enter both.	
20E	Enter address of each member of the entity.	
20F	Enter percent share of the entity that each member owns.	
20G	County Offices shall CHECK (✓) applicable box to indicate if I-551 was shown.	

Note: For items that require TIN's (11, 18D, 19D, 20D, and 21D), only the last 4 digits are required if SSN or TIN is already on file.--*

39 Completing CCC-580S's (Continued)

A Instructions for Completing CCC-580S (Continued)

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Item	Instructions	
Part F – Embedded Entity Information		
21	**IF…**	**THEN…**
	any member listed in Part E, item 20B is an entity that is part of another partnership, corporation, etc.	list the members of that entity.
	more than 1 member is an entity	use a separate, supplemental sheet to provide the requested information for each embedded entity.
21A	Enter name of embedded entity that is a member of the entity entered in Part E.	
21B	Enter names of the members that make up the entity listed in Part 21A; this could be an individual or an entity.	
21C	CHECK (✓) appropriate box to indicate citizenship status.	
21D	Enter SSN or EIN of the members; if a member has both SSN and EIN, enter both.	
21E	Enter address of each member of the entity.	
21F	Enter percent share of the entity that each member owns.	
21G	County Offices shall CHECK (✓) applicable box to indicate if I-551 was shown.	
Part G – Inputs to the Dairy Operation		
22A through 22F	For each individual, entity or joint operation that provides inputs to the dairying operation shown in item 5A, enter the name and the percentages of capital (money), land, equipment, labor and management that is provided. Attach additional pages, if necessary.	
23	For any of the inputs to the dairy operation listed in item 5 which are shared with any other dairy operation, provide an explanation of those arrangements. Attach additional pages, if necessary.	
Part H – Producers Who Are Minors		
24A through 24C	CHECK (✓) appropriate box to indicate if any heir, beneficiary, or member listed in Parts B through F is under 18 years old, and for each person under 18 years old provide their name, date of birth, parents' or guardians' name and TIN, and address of the parents or guardians.	
Part I - Dairying Interests		
25	If any individual, member, heir, or beneficiary listed in Parts B through H have any interests in a dairy operation that is conducted under any name other than as listed in items 5A or 5B, CHECK (✓) appropriate box then skip to the item listed beside users answer. If there are no other farming interests, go to Part K.	

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39 Completing CCC-580S's (Continued)

A Instructions for Completing CCC-580S (Continued)

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Item	Instructions
Part J – Other Dairy Interests	
26A through 26D	If item 25A question was answered, "**yes**", enter the following for each individual, member, heir, or beneficiary that has other dairying interests: • individual's, member's, heir's, or beneficiary's name • names of other dairying interests • individual's, member's, heir's, or beneficiary's SSN or EIN of the dairying interest • county and State where the other dairying interests are located.
Part K – Certification	
27A through 27C	The person authorized to sign for the payment entity **must** read the certification, sign, enter their title, and date CCC-580. **Note:** All members listed in Part B shall be considered authorized to sign for the entity, **unless** written notification denying a specific member or members the authorization to sign for the entity has been provided to the County Office.

Note: COC approval of CCC-580S is **not** required; however, COC or designee shall ensure that CCC-580S is accurate based on supporting documentation provided to their satisfaction and properly completed before approving CCC-580.--*

39 Completing CCC-580S's (Continued)

B Example CCC-580S

The following is an example CCC-580S, page 1.

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This form is available electronically. *See Privacy Act Statement on Page 5*

CCC-580S (05-11-09) — **U.S. DEPARTMENT OF AGRICULTURE** Commodity Credit Corporation

MILK INCOME LOSS CONTRACT (MILC) SUPPLEMENTAL

1. County Code	3. Fiscal Year
01	2010
2. State Code	**4. MILC Contract Number**
24	01

5A. Name and Physical Address of Dairy Operation	5B. Doing Business As *(If applicable)*	6. Contact Producer's Name and Address
Milk Dairy 101 Dairy Lane Oakmount, MD 22113		Jacob Farmer 100 Prices Fork Road Oakmount, MD 22113

PART A - BUSINESS TYPE

7. Check the applicable business type for the dairy operation, listed in Item 5A:

A. ☐ Individual *(Check one)*: ☐ U.S. Citizen ☐ An alien lawfully admitted to the U.S. and possessing an I-551. ☐ YES ☐ NO *(Continue to Part G)*	B. ☒ General Partnership	F. ☐ Revocable/LivingTrust
	C. ☐ Joint Venture	G. ☐ Irrevocable Trust
	D. ☐ Corporation	H. ☐ Estate
	E. ☐ Limited Partnership	I. ☐ Other:

J. For County Office Use Only (Was an Alien Registration Receipt Card (form I-551) shown?) ☐ YES ☐ NO

8. Date Operation Formed - If the participant listed in Item 5A is other than an individual enter the date operation/entity was formed: 12/31/1991

PART B - MEMBERS – *(If other than an individual, list all members having an interest in the entity.)*

9. Members/Heir/Beneficiaries Name *(If member is a minor child, also complete Part H)*	10. Check Applicable box: A. U.S. Citizen	B. Alien with I-551 YES	B. Alien with I-551 NO	C. Other	11. Tax ID No. *(9 digits) (Last 4 digits if already on file)*	12. % Share	13. Position	14. Family Member Relationship *(If applicable)*	15. Does this member have Signature Authority for the Legal Entity? YES	15. NO
Jacob Farmer	X				1123	50	Member		X	
Spencer Farm Inc.					3456	50	Member			X

16. *I certify that I have signature authority for the entity identified in Part A and that all information in Part B is true and correct.*	A. Initials	B. Date
	JAF	10/10/09

NOTE: If any member entered in Item 9 is an entity, complete Parts C through F, as applicable.

17. For Trusts or Estates, list the name of the Trustee, Executor or Administrator	A. Name	B. Position

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

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39 Completing CCC-580S's (Continued)

B Example CCC-580S (Continued)

The following is an example CCC-580S, page 2.

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CCC-580S (05-11-09) Page 2 of 5

PART C – ENTITY INFORMATION

18. For each individual or entity who is a member of this entity, list the member's name, their social security/employer/taxpayer identification number, address, and percentage share of ownership. If a member has all types of identification numbers, list all. If more than one member, listed in Part B is an entity, provide the requested information for each legal entity on supplemental sheets.

A. Entity Name: Spencer Farm Inc.

B. Members Name	C. Check Applicable box: U.S. Citizen	Alien with I-551: YES	Alien with I-551: NO	Other	D. Tax ID No. (9 digits) (Last 4 digits if already on file)	E. Address	F. Percent Share
Hannah Farmer	X				1523	1100 H Terrace View Road Oakmount, MD 22113	50 %
Jeff Farmer	X				9812	4400 Fox Ridge Ct. Oakmount, MD 22113	50 %
							%

G. For County Office Use Only (Was an Alien Registration Receipt Card (form I-551) shown?) ☐ YES ☐ NO

PART D - EMBEDDED ENTITY INFORMATION

19. For any member listed in Part C, who is an entity, list such embedded entity's name and list the requested information for each member of such entity. If a member has all types of identification numbers, list all. If more than one member, listed in Part C is an entity, provide the requested information for each entity on supplemental sheets:

A. Embedded Entity Name:

B. Members Name	C. Check Applicable box: U.S. Citizen	Alien with I-551: YES	Alien with I-551: NO	Other	D. Tax ID No. (9 digits) (Last 4 digits if already on file)	E. Address	F. Percent Share
							%
							%
							%

G. For County Office Use Only (Was an Alien Registration Receipt Card (form I-551) shown?) ☐ YES ☐ NO

PART E - EMBEDDED ENTITY INFORMATION

20. For any member listed in Part D, who is an entity, list such embedded entity's name and list the requested information for each member of such entity. If a member has all types of identification numbers, list all. If more than one member, listed in Part D is an entity, provide the requested information for each entity on supplemental sheets:

A. Embedded Entity Name:

B. Members Name	C. Check Applicable box: U.S. Citizen	Alien with I-551: YES	Alien with I-551: NO	Other	D. Tax ID No. (9 digits) (Last 4 digits if already on file)	E. Address	F. Percent Share
							%
							%
							%

G. For County Office Use Only (was an Alien Registration Receipt Card (form I-551) shown?) ☐ YES ☐ NO

--*

39 Completing CCC-580S's (Continued)

B Example CCC-580S (Continued)

The following is an example CCC-580S, page 3.

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CCC-580S (05-11-09) Page 3 of 5

PART F - EMBEDDED ENTITY INFORMATION

21. For any member listed in Part E, who is an entity, list such embedded entity's name and list the requested information for each member of such entity. If a member has all types of identification numbers, list all. If more than one member, listed in Part E is an entity, provide: the requested information for each entity on supplemental sheets:

A. Embedded Entity Name:

B. Members Name	C. Check Applicable box				D. Tax ID No. *(9 digits) (Last 4 digits if already on file)*	E. Address	F. Percent Share
	U.S. Citizen	Alien with I-551 YES	Alien with I-551 NO	Other			
							%
							%
							%

G. For County Office Use Only (Was an Alien Registration Receipt Card (form I-551) shown?) ☐ YES ☐ NO

PART G – INPUTS TO THE DAIRY OPERATION

22. For each individual, entity or joint operation that provides inputs to the dairying operation shown in Item 5A, enter the name and the percentage of each input provided. Attach additional pages if necessary.

A. Name of individual, entity or joint operation providing the input	B. Land	C. Capital	D. Equipment	E. Labor	F. Management
Jacob Farmer	100 %	75 %	75 %	25 %	25 %
Spencer Farm Inc.	0 %	25 %	25 %	75 %	75 %
	%	%	%	%	%
	%	%	%	%	%

23. For any of the following inputs to the Dairy Operation listed in Item 5 which are shared with any other Dairy Operation, please provide an explanation of those arrangements:

A. INPUT	B. EXPLANATION
(1) CAPITAL: Including bank accounts, vendor accounts, veterinary or other expenses, dairy herd animals, milk marketings.	
(2) EQUIPMENT: Including facilities, barns, milk tanks, milking equipment, or other equipment used in the operation.	
(3) LAND: Including land where barns and turn-out pastures are located.	

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39 Completing CCC-580S's (Continued)

B Example CCC-580S (Continued)

The following is an example CCC-580S, page 4.

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CCC-580S (05-11-09) Page 4 of 5

PART H – PRODUCERS WHO ARE MINORS

24. Is any heir, beneficiary, or member who is listed in Parts B through F under 18 years of age? ☐ YES ☐ NO *(For each person under 18, provide the following information.)*

A. Individual, Members, Heirs, or Beneficiaries Name and Date of Birth		B. Parents' or Guardians' Name and Tax ID Number *(9 digits) (Last 4 digits if already on file)*		C. Parents or Guardians Address

PART I – DAIRYING INTERESTS

25. Do any of the individuals, members, heirs or beneficiaries listed in Parts B through H have any interest in a dairy operation which is conducted under any name other than as listed in Items 5A or 5B.

A. ☐ "YES," I or one or more members, heirs or beneficiaries, have other dairying interests *(Complete Part J).*

B. ☐ "NO," no individual, member, heir or beneficiary has any other dairying interests.

PART J – OTHER DAIRY INTERESTS

26. Enter the following information for all interest you have in any other dairy operation, or if other than an individual, for all interests each member, heir or beneficiary have in any other dairy operation.

A. Name of Individual, Member, Heir, or Beneficiary	B. Name of Other Dairying Interest(s)	C. Tax ID No. *(9 digits) (Last 4 digits if already on file)* of Other Dairying Interest	D. County(ies) and State(s) Where Dairying Interest(s) are Located

PART K - CERTIFICATION

I certify that all information entered on this document and any supporting documentation is true and correct. I understand furnishing incorrect information will result in forfeiture of payments and the assessment of a penalty. I will timely provide written notification to the Farm Service Agency committees for the county and State listed on this form of any changes in the information provided. By signing this form I acknowledge that evidence such as tax records, certified public accountant certification, or other documentation may be required to validate these representations.

27A. Representative's Signature of Payment Entity (By)	27B. Title/Relationship of the Individual Signing in the Representative Capacity	27C. Date *(MM-DD-YYYY)*
	Partner	10-10-2009

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39 Completing CCC-580S's (Continued)

B Example CCC-580S (Continued)

The following is an example CCC-580S, page 5.

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CCC-580S (05-11-09) Page 5 of 5

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 and any amendments to such act as may follow). The information requested is necessary for CCC to consider and process the offer to enter into a Milk Income Loss Contract, to assist in determining eligibility, and to determine the correct parties to the contract. Furnishing the requested information is voluntary. Failure to furnish the requested information will result in a determination of ineligibility for certain program benefits and other financial assistance administered by USDA. The information collected as a result of this form may be released to USDA employees, USDA contractors, or authorized USDA cooperators who are bound to safeguard the information under Section 1619 of the Food, Conservation and Energy Act, the Privacy Act of 1974, the E-Government Act of 2002, and related authorities.

This information collection is exempted from the Paperwork Reduction Act, as it is required for administration of the Food, Conservation, and Energy Act of 2008 (see 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.**

--*

40 (Reserved)

41 Supporting Documentation

A Production Evidence

Dairy operations entering into CCC-580 with CCC **must** provide verifiable production evidence of the operation's eligible marketings during the months of each FY designated in CCC-580 during the specified contract period.

The production evidence **must** be provided to the County Office with any supporting documentation available to assist in verifying the operation's eligible production and commercial milk marketings beginning with the starting month designated in CCC-580 and the subsequent months of production thereafter.

County Offices have 60 calendar days to issue payment to the dairy operation from the later of the following:

- receipt of the required production evidence to issue payment to the dairy operation

- the date the entire month National Average Dairy Feed Ration Cost for the applicable month is known.

Note: Any dairy operation that **cannot** timely provide the required documentation will be ineligible for benefits.

B Verifiable Production Records

Verifiable production evidence **must** be provided to the County Office **before** any payment will be issued to a dairy operation. Verifiable production records are evidence that is used to substantiate the amount of production reported that can be verified by CCC through an independent source.

C Acceptable Documentation

Verifiable production evidence includes, but is **not** limited to, the following:

- milk marketing payment stubs
- tank records
- milk handler records
- daily milk marketings
- copies of any payments received as compensation from other sources.

Note: See subparagraph 13 E for when production evidence is **not** required.

41 Supporting Documentation (Continued)

C Acceptable Documentation (Continued)

Production evidence and other supporting documentation may be received through any of the following:

- mail
- FAX
- in person at the County Office
- electronic mail.

*--D Production Evidence in the Name of a Spouse

Production evidence received in the name of a spouse may be accepted in the County Office for dairy operations in which either spouse has an interest, **unless** written notification denying this authority has been provided to the County Office. In addition, both husband and wife **must**:

- be included on CCC-580
- meet eligibility requirements of Part 2.

Share percentages may be assigned as determined and agreed to by each spouse. See 1-CM, subparagraph 707 C, for signature authority for spouses.

E Production Evidence in a Different Name

Production evidence submitted with a person/entity name different than the name of the dairy operation shall be thoroughly reviewed by the COC to determine:

- a legitimate interest in the dairy operation
- affiliation to the producer and dairy operation
- if person/entity is listed as a member on CCC-580S
- if eligibility is being circumvented in an effort to earn a payment.

If all have been established and confirmed, to the satisfaction of COC, the production evidence may be accepted, **unless** written notification is provided denying this authorization.

Note: Production evidence submitted in the name of the "doing business as" name indicated in CCC-580S, item 5B, may also be accepted, if in compliance with applicable State laws that regulate doing business in a name other than the name of the producer indicated on CCC-580.--*

41 Supporting Documentation (Continued)

F Reviewing Documentation

When the supporting documentation is received in the County Office:

- in person or by mail, make a copy, date stamp the copy, and return the originals to the contact producer

  Note: If duplicate originals are provided to the County Office the original **must** be date stamped, but it is **not** necessary to return the original to the producer.

- review to verify that during the applicable months specified in CCC-580:

  - there was milk marketed commercially

  - all persons involved in the dairy operation have provided milk marketing documentation

- ensure that the eligible lbs. of milk marketings during the applicable months correspond to the months of production:

  - indicated in CCC-580

  --**entered in MILC web-based software.**--

Attach **all** supporting documentation to CCC-580.

41 Supporting Documentation (Continued)

G Production Discrepancies

All production discrepancies **must** be resolved to the satisfaction of COC **before** payments will be issued to the dairy operation. COC **must** review and determine any of the following:

- good faith
- misrepresentation, scheme, or device.

If COC:

- determines good faith, **no further action is necessary**

- **cannot** determine good faith and determines that misrepresentation, scheme, or device occurred, the dairy operation is **not** eligible for benefits and the entire payment **must** be refunded; see Part 8 for additional remedies.

COC's shall use their judgment when determining good faith to ensure that the dairy operation did **not** intentionally certify incorrectly.

H Suspected Cases of Program Abuse

When it appears that a producer or operation has provided false or erroneous data, or intentionally misrepresented a material fact in an attempt to enhance potential program payments, further action is necessary. This does **not** include unintentional reporting or certification errors, unless the errors are so great they impact program integrity. See Part 8 for additional remedies for cases of suspected program abuse.

41 Supporting Documentation (Continued)

I Refunding Payments

For dairy operations that **must** refund payments because the dairy operation has been determined out of compliance, interest will accrue at the CCC borrowing interest rate from the date of payment through the date the refund is received. Inform the producer of any amounts due according to 58-FI. If refunds are **not** paid by the due date, establish a claim according to 58-FI.

J Production Evidence Submitted by Cooperatives

County Offices may accept monthly production evidence from dairy cooperatives or handlers provided the producers of the eligible dairy operation select the appropriate authorization statement in CCC-580, Part D, authorizing the County Office to receive the production evidence directly from the dairy marketing cooperative or handler.

Production evidence received from the dairy cooperative or handler is subject to further verification, if necessary, and may be provided to the County Office by the following:

- FAX transmission
- electronic mail
- mail delivery.

The authorization will remain in effect until either of the following:

- end of the contract period
- authorization is terminated, in writing, by the producer.

If during the MILC program the operation needs to change the authorization to accept production evidence from the dairy cooperative listed in CCC-580, the producer **must** submit a written statement to the County Office, terminating the authorization for the cooperative listed in CCC-580, item 20A, and indicate the new cooperative for which the new authorization is being provided.

When a dairy cooperative is being changed, COC designee shall:

- line through the previously authorized cooperative listed in CCC-580, item 20A
- write-in the newly authorized cooperative in CCC-580, item 20A, initial, and date
- enter in CCC-580, item 24 that a new authorization is attached.

K Production Evidence Deadlines

Final production evidence for program payments **must** be received in the applicable County Office by COB, November 1, 2012.

42 Conversion Factors

A Dairy Product Conversion Factors

Producers **must** report the dairy operations eligible production during each applicable month in lbs. Use the weight measurement indicated on the production evidence as the same unit of measure (lbs., gallons, etc.) in the conversion. Lbs. will be converted to fluid milk lbs. according to subparagraph B and gallons will be converted to gallons in the same manner. Convert dairy products according to the following table.

Dairy Product (1 Unit of Measure)	Conversion Factor (Equals x Unit of Measure of Milk)
Cheese	10
Butter	8.4
Non-Fat Dry Milk (NDM)	7.3
Light Cream	2.5
Half and Half	1.8
Ice Cream	1.9
Yogurt	0.9
Heavy Cream (Whipping Cream)	4.2

B Conversion from Lbs. to Fluid Milk Lbs.

To convert lbs. of a dairy product to the equivalent fluid milk lbs., multiply the lbs. of the dairy product reported by the conversion factor for the applicable dairy product provided in subparagraph A.

Example: A dairy operation provides the County Office with production evidence of 300 lbs. of commercially marketed cheese during any given month. Multiply 300 by 10 to get a total of 3,000 lbs. of eligible production for that applicable month.

42 Conversion Factors (Continued)

C Conversion from Gallons to Gallons

To convert gallons of a dairy product to the equivalent fluid milk gallons, multiply the gallons of the dairy product reported by the conversion factor for the applicable dairy product provided in subparagraph A.

Example: A dairy operation provides the County Office with production evidence of 100 gallons of commercially marketed half and half during any given month. Multiply 100 by 1.8 to get a total of 180 gallons of milk.

Conversions from gallons to gallons **must** be further converted to lbs. of eligible production according to subparagraph D.

D Conversion From Gallons to Eligible Lbs. of Production

Production evidence received from producers that indicate gallons **must** be converted to lbs. A conversion rate of 8.6 lbs. is equivalent to 1 gallon of milk.

After applying the conversion factor for gallons according to subparagraph C, multiply the converted gallons by 8.6 to get the total lbs. of eligible production.

Using the example in subparagraph C, after the 100 gallons of half and half are converted to 180 gallons of milk, multiply the 180 gallons times 8.6 to get a total of 1,548 lbs. of eligible production.

43 Using CCC-580M's

A Allowable Changes to CCC-580

Producers of a dairy operation who have an approved CCC-580 on file with the County Office may make the following types of changes to CCC-580 using CCC-580M:

- adding a new producer or shareholder
- removing a producer or shareholder that no longer participates or shares in the risk of production
- changing the share percentages of any producer
- replacing a deceased producer with a spouse or child
- changing the MILC production start month selected by the dairy operation
- transferring CCC-580 to another State and county when a dairy operation relocates
- modifying producer/shareholder information when either:
  - adding a producer
  - removing a producer
  - changing a producers share percentage
- modify the organizational structure, including the tax ID number and name of the dairy operation, when applicable.

Note: County Offices **must** notify the producers in the dairy operation of the requirement to notify the County Office if there is any change to the daily operation at the time of signup.

43 Using CCC-580M's (Continued)

B Modifying CCC-580's

Producers of a dairy operation **must** make changes or modifications to an existing CCC-580 by completing and filing CCC-580M with their County Office.

Producers **must** file a separate CCC-580M for each CCC-580 being modified. See paragraph 44 for instructions on completing CCC-580M.

C Obtaining CCC-580M's

CCC-580M's are available by any of the following methods:

- electronically from the following web sites:
  - eForms web site at **www.sc.egov.usda.gov**
  - FSA web site at **http://165.221.16.90/dam/ffasforms/forms.html**
  - PSD web site at **www.fsa.usda.gov/FSA/webapp?area=home&subject=prsu&topic=mpp-mi**
- from any County Office as follows:
  - in person
  - by mail
  - by telephone
  - by FAX.

43 Using CCC-580M's (Continued)

D Submitting CCC-580M's

CCC-580M may be returned to the County Office where CCC-580 is being maintained as follows:

- in person
- by mail
- by FAX.

E Signature Requirement

If authorized by the dairy operation, the contact producer or other person authorized under the general rules of signature authority provided in 1-CM may sign and date CCC-580M, as applicable.

Exception: When producer/shareholder information is modified in CCC-580M, Part D, each producer/shareholder **must** sign, as applicable.

F Unobtainable Signatures

If for some extenuating circumstance all signatures **cannot** be obtained, CCC may exercise authority under CCC-580 Appendix to modify CCC-580 and CCC-580M according to the appropriate share percentages, if it is determined to the satisfaction of COC that accepting CCC-580 and CCC-580M without signature is necessary to carry out purposes of the program or to facilitate the programs practical administration.

If a producer is no longer available or refuses to sign CCC-580 or CCC-580M:

- include their corresponding information on CCC-580 or CCC-580M

- indicate on CCC-580, by checking the appropriate box, that their share percentage was refused

- note the reason for **not** obtaining the signatures of all members of the dairy operation in CCC-580 and CCC-580M, Remarks Section.

43 Using CCC-580M's (Continued)

G Multiple Modifications

Producers **must** file a separate CCC-580M each time MILC for the dairy operation is modified.

H Approving CCC-580M

COC, or designee, may approve a completed CCC-580M after all necessary signatures have been obtained, as applicable. The dairy operation will receive MILC payments based on CCC-580M changes immediately, beginning with the dairy operation's next MILC payment issued after approval of CCC-580M, or according to the MILC production start month change.

I When to File CCC-580M

If there has been a change in an existing CCC-580, **before** issuing a payment:

- CCC-580M **must** be filed with the local County Office
- all required signatures **must** be obtained, according to subparagraph E.

Note: If CCC-580M is **not** filed **before** issuing a payment, but after a change has been made in the dairy operation, COC may make a determination according to Part 8.

44 Completing CCC-580M's

A Instructions for Completing CCC-580M

County Offices shall provide a copy of CCC-580M and instructions upon request. Complete CCC-580M according to the following table.

Item	Instruction
PART A – GENERAL INFORMATION	
1	Enter name and address of the dairy operation. **Note:** A separate CCC-580M **must** be completed for each CCC-580 being modified.
2	Enter State code.
3	Enter county code.
4	Enter contract number assigned to CCC-580.
5A	Enter name and address, including ZIP code, of the contact person for the operation identified in item 1A. **Note:** The person entered in this item should be someone who has general knowledge of the production, operation, and marketings for the operation.
5B	Enter telephone number for the person identified in item 5A.
6A	Enter name and address of the County Office, including ZIP code.
6B	Enter telephone number for the County Office, including area code.
PART B – CHANGE OF MILC PRODUCTION START MONTH	
7	CHECK (✓) appropriate box to indicate which FY the change to the MILC production start month is applicable.
8	Enter current production start month selected on CCC-580 for which CCC was supposed to begin issuing payments to the dairy operation.
9	Enter new production start month selected for which the dairy operation would like to begin receiving payments from CCC, based on the selected month's production.
10A through 10B	Enter signature of the person authorized to sign on behalf of the dairy operation, and their title or relationship. **Note:** Contact producer may sign this item on behalf of the dairy operation, if authorized.
11	Enter date CCC-580M is signed by the authorized person for the dairy operation.
PART C – DAIRY OPERATION RELOCATION AND CONTRACT TRANSFER	
12A	Enter State from which the dairy operation is relocating.
12B	Enter county from which the dairy operation is relocating.
13A	Enter State to which the dairy operation is relocating.
13B	Enter county to which the dairy operation is relocating.
14	Enter effective date of the relocation.
15	Enter new address of the relocated dairy operation.
16A through 16B	Enter signature of the person authorized to sign on behalf of the dairy operation and their title or relationship, if signing in a representative capacity.
17	Enter date CCC-580M is signed by the authorized person for the dairy operation.

44 Completing CCC-580M's (Continued)

A Instructions for Completing CCC-580M (Continued)

Item	Instruction
PART D – MODIFIED PRODUCER/SHAREHOLDER INFORMATION	
18	CHECK (✓) appropriate "**Yes**" or "**No**" box to indicate whether or **not** the producer identified in item 19 is to remain on CCC-580.
19	Enter printed name of each producer or shareholder of the dairy operation identified in item 1, for which a modification is being requested.
20	Enter corresponding producer ID number for each producer.
21A	CHECK (✓) this box to indicate if a producer or shareholder is being added to the dairy operation.
21B	CHECK (✓) this box to indicate if a producer or shareholder is being removed from the dairy operation.
21C	CHECK (✓) this box to indicate if a producer or shareholder is changing their share percentage in the dairy operation.
22A	In the line corresponding to their printed name, enter the share percentage for each producer identified in item 21C, as their share percentages are currently reflected on CCC-580, from which the producer is changing.
22B	In the line corresponding to their printed name, enter the new share percentage for each producer identified in item 21A or 21C.
23	Each producer identified in item 19 **must** enter their signature in the line corresponding to their printed name, and their title and relationship if signing in a representative capacity.
24	Enter date CCC-580M is signed by the producer identified in item 19.
PART E – ORGANIZATIONAL MODIFICATIONS	
25A-25E	CHECK (✓) appropriate box to indicate the organizational structure from which the dairy operation is changing.
26A-26E	CHECK (✓) appropriate box to indicate the organizational structure to which the dairy operation is changing.
27	CHECK (✓) appropriate box to indicate whether or **not** the dairy operation has a new TIN because of the organizational change in items 25 and 26.
28	If item 27 is marked, "**Yes**", enter the new TIN for the dairy operation.
29	CHECK (✓) appropriate box to indicate whether or **not** the name of the dairy operation changed because of the organizational change identified items 25 and 26.
30	If item 29 is marked, "**Yes**", enter the new name of the dairy operation.
31	CHECK (✓) appropriate box to indicate if the organizational modification is a reconstitution. If the organizational modification is a reconstitution complete Part F.
32A through 32B	Enter signature of the person authorized to sign on behalf of the dairy operation, and their title and relationship if signing in a representative capacity.
32C	Enter date CCC-580M is signed by the authorized person for the dairy operation.

44 Completing CCC-580M's (Continued)

A Instructions for Completing CCC-580M (Continued)

Item	Instruction
PART F – RECONSTITUTIONS AND MERGERS	
33	If item 31 was checked, "**yes**", enter effective date of the reconstitution, merger, or formation of the new dairy operation.
34	County Office shall enter date they were notified of the reconstitution, merger, or formation of the new dairy operation.
***--**35A	CHECK (✓) appropriate "**Yes**" or "**No**" box to indicate whether or **not** a new operation is being formed with a dairy operation that has an approved CCC-580 on file, or are you forming a new or additional dairy operation.
35B	CHECK (✓) appropriate "**Yes**" or "**No**" box to indicate whether or **not** another dairy operation is being formed or purchased in addition to an existing dairy operation that has an approved CCC-580 on file**.--***.
36A through 36E	If Item 35 is checked, "**Yes**", enter the following information for each operation with an approved CCC-580 that is involved in the merger or reconstitution: • State • county • name of operation • MILC contract number • name of producer.
PART G – CCC ACCEPTANCE AND APPROVAL	
37	CHECK (✓) appropriate box to indicate approval/disapproval of the modification being requested.
38	Enter any information that may be pertinent to this MILC modification and that was **not** entered or could **not** be entered in any of the previous fields.
39A	Enter signature of COC designee approving CCC-580M.
39B	Enter title of the approval/disapproval official.
39C	Enter date of approval/disapproval, which is the date the official signs CCC-580M, item 35A.
PART H – MANUAL PRODUCTION TRACKER (for CCC use only)	
40	Enter total pounds of combined production from the dairy operation identified in item 1 and all operations listed in item 36, as of the date of the reconstitution effective date entered in item 33.
40A	Enter applicable contract period month.
40B	Enter total pounds of commercially marketed production produced by the new operation identified in item 30.
40C	Enter the share percentage of the dairy operation entered in Item 1 in the new operation identified in item 30.
40D	Prorate the production entered in item 40B by the share percentage entered in item 40C and enter the result in this item.
40E	Add the prorated share of production entered in item 40D to item 40 for each month entered in item 40A and enter the result in this item.

44 Completing CCC-580M's (Continued)

B Example CCC-580M

The following is an example of CCC-580M, page 1.

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This form is available electronically.

CCC-580M
(05-12-09)

U.S. DEPARTMENT OF AGRICULTURE
Commodity Credit Corporation

MILK INCOME LOSS CONTRACT (MILC) MODIFICATION

PART A - GENERAL INFORMATION *(If modifying more than one MILC, a separate CCC-580M must be completed for each MILC)*

1. Name and Address of Dairy Operation	2. State Code	3. County Code	4. Contract Number *(Assigned to CCC-580)*
Milktime Dairy 101 Dairy Lane Oakmount, Maryland 22113	24	01	01

5A. Contact Producer's Name and Address *(Including Zip Code) (if different than Item 1)*	6A. Name and Address of County FSA Office *(Including Zip Code)*
Jacob Farmer	Oakmount County FSA Office 100 Trading Lane Oakmount, Maryland 22113
5B. Telephone Number *(Including Area Code)*: 555-222-3434	6B. Telephone Number *(Including Area Code)*: 555-222-4545

PART B - CHANGE OF MILC PRODUCTION START MONTH

7. Fiscal Year (Check one) :	8. Current Month Selected *(CCC-580)*	9. New Month Selected
☐ 2009 ☐ 2010 ☒ 2011 ☐ 2012	January	May

10A. Authorized Signature for the Dairy Operation (By)	10B Title/Relationship of the Individual Signing in Representative Capacity	11. Date Signed *(MM-DD-YYYY)*
	Partner	10/5/2010

PART C - DAIRY OPERATION RELOCATION AND CONTRACT TRANSFER

12. Relocation From:		13. Relocation To:		14. Effective Date *(MM-DD-YYYY)*
A. State	B. County	A. State	B. County	
Maryland	Alleganey	Maryland	Frederick	

15. New Address of Relocated Dairy	16A. Producers Signature (By)	16B. Title/Relationship of the Individual Signing in Representative Capacity	17. Date *(MM-DD-YYYY)*
1234 Main Street Columbia, MD 20134		Partner	

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 and any amendments to such act as may follow). The information requested is necessary for CCC to consider and process the offer to enter into a Milk Income Loss Contract, to assist in determining eligibility, and to determine the correct parties to the contract. Furnishing the requested information is voluntary. Failure to furnish the requested information will result in a determination of ineligibility for certain program benefits and other financial assistance administered by USDA. The information collected as a result of this form may be released to USDA employees, USDA contractors, or authorized USDA cooperators who are bound to safeguard the information under Section 1619 of the Food, Conservation and Energy Act, the Privacy Act of 1974, the E-Government Act of 2002, and related authorities.*

This information collection is exempted from the Paperwork Reduction Act, as it is required for administration of the Food, Conservation, and Energy Act of 2008 ***(See 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.***

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

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44 Completing CCC-580M's (Continued)

B Example CCC-580M (Continued)

The following is an example of CCC-580M, page 2.

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CCC-580M (05-12-09) Page 2 of 3

PART D - MODIFIED PRODUCER/SHAREHOLDER INFORMATION *(Producers in a dairy operation must complete this part if modifications need to be made on CCC-580)*

18. Remain on Contract		19. Producer Name	20. Producer ID No. *(Last 4 digits) (9 digits if new producer)*	21. Modification Request *(Check all that apply)*			22. Share %		23. Signature (By) and Title/Relationship of the Individual Signing in Representative Capacity	24. Date *(MM-DD-YYYY)*
YES	NO			A. Add Producer/Shareholder	B. Remove Producer/Shareholder	C. Change in Share %	A. From	B. To		
X		John Farmer	1122		X		50	25		1/2/2011
X		Spencer Farmer	1123		X		50	25		1/2/2011
		Lilly Farmer	1124	X			0	50		1/2/2011

PART E - ORGANIZATIONAL MODIFICATIONS

25. Organizational Change From:		26. Organizational Change To:		27. Tax ID Change:		29. Dairy Operation Name Change:	
	A. Individual		A. Individual	X	YES *(If you check this box, enter the new 9 digit Tax ID No. in Item 28.)*	X	YES *(If you check this box enter, new name of Dairy Operation in Item 30.)*
	B. Partnership		B. Partnership		NO		NO
	C. LLC		C. LLC	28. 9 digits of Tax ID Number 222-22-8787		30. Name of Dairy Operation Milkshake Dairy	
	D. Corporation		D. Corporation				
	E. Other:		E. Other:			31. Was this a reconstitution? *(If "YES", complete Part F)* ☒ YES ☐ NO	

32A. Authorized Signature for the Dairy Operation (By)	32B. Title/Relationship of the Individual Signing in Representative Capacity	32C Date *(MM-DD-YYYY)*
	Partner	1/2/2011

PART F - RECONSTITUTIONS AND MERGERS

33. Effective date of reconstitution, merger, or formation of new dairy operation 1/1/2011

34. Date of County Office Notification 1/2/2011

35A. Are you forming a new operation with a dairy operation that has an approved CCC-580 on file? ☒ YES ☐ NO

35B. Are you forming or purchasing a dairy operation in addition to an existing operation that has an approved CCC-580 on file? ☐ YES ☒ NO

36. If "YES" to Items 35A or 35B, enter the requested information below, for each operation with an approved CCC-580 that is in addition to the operation purchased or formed or that is involved in the merger or reconstitution.

A. State	B. County	C. Name of Operation	D. MILC Contract Number	E. Name of Producer
Maryland	Howard	Lilly Dairy	03	Lily Farmer

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44 Completing CCC-580M's (Continued)

B Example CCC-580M (Continued)

The following is an example of CCC-580M, page 3.

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CCC-580M (05-12-09) Page 3 of 3

PART G - CCC ACCEPTANCE AND APPROVAL

37. Modification Changes *(Check appropriate box)*: ☒ APPROVED ☐ DISAPPROVED

38 Remarks
Lily Farmer joined the partnership Milktime Dairy with father and brother. The new dairy operation is called Milkshake Dairy. Production from Milktime Dairy for FY 2011 for Oct, Nov, and Dec., totals 590,000 lbs. Production from Lilly Dairy for FY 2011 for Oct, Nov, and Dec., was 300,000 lbs. The total production for the combining entities is 890,000 lbs.

39A. Signature of COC Or Designee	39B. Title	39C. Date *(MM-DD-YYYY)*
	County Executive Director	1/5/2011

PART H - MANUAL PRODUCTION TRACKER *(FOR CCC USE ONLY)*

40. Total pounds of combined production paid to the dairy operation identified in Item 1 and all operations listed in Item 36, from their original contracts, as of the effective date in Item 33?: 890,000

A. Month	B. Total Pounds of Marketed Production in New Operation	C. Share in % in New Operation	D. Prorated Share of Production in New Operation	E. Total *(Add Items 40 plus 40B, and 40B plus previous 40E thereafter)*
Jan				No payment rate
Feb	296,000	33%	97,680	1,186,000
Mar	301,000	33%	99,330	1,285,330

--*

45 Using CCC-770 MILC's

A Background

The Improper Payments Information Act of 2002 required each agency to:

- identify programs and activities susceptible to significant improper payments
- report to Congress an estimate of the annual amount of improper payments made
- report actions taken to reduce improper payments, including possible causes and a description of the steps in place to ensure accountability for reducing improper payments.

Because of the Improper Payments Information Act of 2002 mandate, CCC-770 MILC will be used as a tool to help minimize the number of improper payments.

B General Information

It is **not** the intent for CCC-770 MILC to supersede or replace procedure. County Offices shall use CCC-770 MILC as a reminder of the most frequently "erred" actions when issuing MILC payments.

County Offices should recognize that the questions asked on CCC-770 MILC are very general in nature. For CCC-770 MILC to address every conceivable situation as it pertains to ***--**eligibility would **not** be practical. CCC-770 MILC is a tool to assist with program administration. All program provisions **must** be met, **not** just the items included on CCC-770 MILC.**--***

C Using CCC-770 MILC

CCC-770 MILC, developed by the National Office, is the **only** authorized checklist for the MILC program. County Offices shall **not** use State or locally generated checklists for the MILC program.

County Offices shall:

- complete one CCC-770 MILC for each dairy operation with CCC-580 per FY
- record each monthly contract payment issued to the dairy operation during a FY on the same CCC-770 MILC
- see subparagraph D for instructions on completing CCC-770 MILC
- maintain CCC-770 MILC with each CCC-580.

--Note:** Using CCC-770 MILC **before** issuing payments to producers in a dairy operation, for each applicable month with an effective payment rate, is **mandatory**.**--

45 Using CCC-770 MILC's (Continued)

D CCC-770 MILC Instructions

Complete CCC-770 MILC according to the following table.

Item	Instructions
1	COC designee shall enter name of the dairy operation.
2	COC designee shall enter applicable FY.
3	COC designee shall enter date CCC-580 was submitted to the County Office.
4	COC designee shall enter contract number assigned to CCC-580 for the dairy operation from eMILC.
5	COC designee shall enter name of the County Office completing CCC-770 MILC.
6	COC designee shall enter State where the dairy operation is located.
7A through 7C	COC designee **must** CHECK (✓) the appropriate box to designate "Yes", "No", or "NA", as it relates to the questions about the dairy operation.
8A through 8G	COC designee **must** CHECK (✓) the appropriate box to designate "Yes", "No", or "NA", as it relates to the questions about CCC-580 requirements for the dairy operation.
9A through ***--**9G**--***	For each applicable month a contract payment is issued, COC designee **must** CHECK (✓) the appropriate box to designate either "Yes" or "No" to the question about production evidence and payment processing. The County Office employee that prepares CCC-770 MILC shall initial in the place provided for **each** applicable month and indicate the date the task item was completed. **Note:** Item 9C **must** be completed and dated when the payment is issued. ***--Exception:** Items 9F and 9G **must** be completed by the second party**--*** reviewer upon completion.
10	COC designee, CED designee, or STC designee shall enter any notable remarks about any CCC-770 MILC review item.
11A through 11B	COC designee that completed CCC-770 MILC, items 1 through 9E, shall sign as preparer and indicate date signed.
12A through 12 C	As applicable, CED designee **must** CHECK (✓) appropriate box, enter signature, and indicate date to certify that they "Concur" or "Do **Not** Concur" that CCC-770 MILC items have been appropriately verified and updated.
13A through 13C	As applicable, the STC designee **must** CHECK (✓) appropriate box, enter signature, and indicate date to certify that they "Concur" or "Do **Not** Concur" that CCC-770 MILC items have been appropriately verified and updated.

Note: Multiple CCC-770 MILC, page 1's may be used, as necessary, when dairy operations and CCC-580 requirements change.

45 Using CCC-770 MILC's (Continued)

E Example CCC-770 MILC

The following is an example of CCC-770 MILC, page 1.

This form is available electronically.

CCC-770 MILC (12-01-08) U.S. DEPARTMENT OF AGRICULTURE Commodity Credit Corporation	1. Name of Dairy Operation: Milktime Dairy	2. Fiscal Year: 2010
MILK INCOME LOSS CONTRACT PROGRAM (MILC) CHECKLIST	3. Date of Contract (MM-DD-YYYY): 11/1/2009	4. Contract Number: 01
	5. County Office: Howard	6. State: Texas

7. DAIRY OPERATION:	Handbook or Other Applicable References	YES	NO	N/A	Date Completed
A. Was checklist CCC-770 Eligibility completed and eligibility verified for each producer receiving a payment?	*3-PL, paragraph 3*	X			9/10/2009
B. Does the dairy operation meet the definition of an eligible dairy operation in accordance with your State's interpretation of a dairy operation under DMLA-III?	*11-LD, paragraph 10*	X			11/3/2009
C. If this is a new dairy operation, do they meet the requirements of a new dairy operation?	*11-LD, paragraph 10*			X	11/3/2009
8. CONTRACT REQUIREMENTS:					
A. Do all producers in the dairy operation meet the definition of an eligible producer as found in procedure?	*11-LD, paragraph 11*	X			11/3/2009
B. Has signature authority been verified for all signatures on the CCC-580?	*1-CM, Part 25*				11/3/2009
C. Have all producers who share in the risk of the dairy operation's total production signed, dated, indicated shares, and provided ID numbers on CCC-580?	*11-LD, paragraph 38*	X			11/3/2009
D. Was the CCC-580 approved by COC or designee that has been granted authority to approve CCC-580's on their behalf?	*11-LD, sub-paragraph 37G*	X			11/14/2009
E. Has the County Office made producers aware of the requirement to notify the County Office if there is any change to the dairy operation?	*11-LD, sub-paragraph 43A*	X			11/3/2009
F. If a change has been made to the operation or the start month, was a CCC-580M properly completed, signed by the producer and approved by the COC or designee?	*11-LD, paragraph 44*			X	11/3/2009
G. Has CCC-580 Appendix, been provided to applicant?	*11-LD, subparagraph 37E*	X			11/1/2009

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45 Using CCC-770 MILC's (Continued)

E Example CCC-770 MILC (Continued)

The following is an example of CCC-770 MILC, page 2.

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CCC-770 MILC (12-01-08) Page 2

INSTRUCTIONS: For each Production Evidence and Payment Processing Item, check "**YES**", or "**NO**", as it applies for the applicable month.

9. PRODUCTION EVIDENCE AND PAYMENT PROCESSING:	Handbook or Other Applicable References		Oct.	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
A. Does the production evidence meet the requirements found in procedure?	*11-LD, paragraphs 13 and 41*	YES												
		NO												
B. Were the submitted supporting documents date-stamped?	*11-LD, subparagraph 41D*	YES												
		NO												
C. Were payments issued within 60 days of receiving required production evidence; required documentation, or the posting of the MILC feed-cost-adjusted payment rate?	*11-LD, subparagraph 20E*	YES												
		NO												
D. Was production evidence reviewed against data entered in eMILC software?	*11-LD subparagraph 37H*	YES												
		NO												
E. Preparer.	*11-LD subparagraph 45D*	Initial												
		DATE COMPLETED												
F. Was a second party review completed before payment was signed in NPS?	*11-LD subparagraph 37H*	YES												
		NO												
G. Second party reviewer.	*11-LD subparagraph 45D*	Initial												
		DATE COMPLETED												

10. Remarks:

11A. Signature of Preparer: Elise Miner

11B. Date *(MM-DD-YYYY)*: 11/3/2009

12. ***CED Signature and Certification of concurrence/non-concurrence that the above items have been verified and updated accordingly.***

12A. Concurrence Status: ☐ Concur ☐ Do not concur

12B. Signature for Spot Check (CED)

12C. Date Signed

13. ***DD Signature or STC Designee Certification of concurrence/non-concurrence that the above items have been verified and updated accordingly.***

13A. Concurrence Status: ☐ Concur ☐ Do not concur

13B. Signature for Spot Check (DD or STC)

13C. Date Signed

--*

46 CCC-770 MILC Spot Checks

A CED Spot Checks

CCC-770 MILC's certified by a preparer **must** be spot checked by CED or their designated representative on a FY basis. CED or designee shall:

•***--**use the MILC Payment Activity Report to select spot checks specific to each FY

- spot check, at a minimum, the first 5 preparer certified CCC-770 MILC's **before** payment disbursement every FY in each Service Center

- randomly spot check a minimum of five CCC-770 MILC's for each FSA employee participating in the MILC program, including STC's and COC's, for each FY in each**--***
  Service Center

  Note: Spot checks of STC, COC, and/or employees are in addition to the minimum 5 required for each FY.

- certify spot check on CCC-770 MILC, item 12, according to instructions provided in subparagraph 45 D

- report to COC and STC representative any CCC-770 MILC that is checked, "Do **not** concur"

- **not** spot check every CCC-770 MILC completed in their county.

--Note:** CED's shall copy and file, by program and FY, **all** CCC-770 MILC's that they spot-check.**--

46 CCC-770 MILC Spot Checks (Continued)

B STC or Designee Spot Check Requirements

CCC-770 MILC's certified by a preparer **must** be spot checked by STC or their designated representative on a FY basis. STC or designee shall:

- ***--**select a minimum of 5, **not** to exceed 10, CCC-770 MILC's, including the producer's CCC-770 Eligibility, to spot check every FY in each Service Center

- make their selection from CCC-770 MILC's that were spot checked by CED**--***according to subparagraph A

*** * ***

- certify completed spot checks on CCC-770 MILC, item 13, according to the instructions provided in subparagraph 45 D

- submit the results of the spot check to SED.

*** * ***

46 CCC-770 MILC Spot Checks (Continued)

C Other Spot Check Requirements

The following are other spot check requirements.

- SED's may require additional spot check reviews at their discretion provided SED determines that there are apparent internal control deficiencies.

- If STC or designee has completed five CCC-770 MILC's in a FY, no additional spot checks are required for that FY.

D National Office Report

At the end of the FY, State Offices shall compile a report of spot check results for submission to the National Office. Each report **must** be categorized by the following:

*** * ***

•*****--number of CCC-580's received each Service Center--*****

- number of CCC-770 MILC:

  - selected for spot check by CED or designee
  - selected for spot check by STC or designee
  - **not** concurred by CED or designee
  - **not** concurred by STC or designee.

Reports of results are due to PSD **no later than October 31** each year. Reports **must** be submitted to the attention of MILC by either of the following:

- e-mail to **toni.williams@wdc.usda.gov**
- FAX to 202-690-1536.

47-49 (Reserved)

Part 6 Dairy Operation Provisions

50 Dairy Operation Relocations

A Notifying the County Office of Intention to Relocate

Dairy operations **must** immediately notify their local County Office of intentions to relocate their dairy operations to another State and/or county in CCC-580M, Part C. When CCC-580M is received for a relocation modification, County Offices shall:

- process the CCC-580 transfer in the eMILC web-based system
- transfer dairy operation records according to subparagraph B.

B Transferring Dairy Operations Records

After CCC-580M is received from a relocating dairy operation, County Offices shall:

- photocopy **all** pertinent records about program eligibility and production evidence, including CCC-580

- maintain photocopies in office files

- transfer originals to new State and/or county of the relocating dairy operation.

51 Miscellaneous Dairy Operation Changes

A Modification of Producer/Shareholder Information

To modify the producer/shareholder information on CCC-580, producers in a dairy operation **must** complete and submit CCC-580M, Part D, which will allow CCC-580 to be modified when the following occurs:

- a new producer or shareholder is added to CCC-580
- a producer or shareholder no longer participates or shares in the risk of production on an approved CCC-580, and **must** be removed
- there is a change in the percentage of shares of any producer on an approved CCC-580
- a spouse or child of a deceased producer replaces the deceased producer on CCC-580.

B Organizational Modifications

Various circumstances may cause a dairy operation to change the organization of the operation. Producers and shareholders in the operation may remain the same; however, the following may change:

- business structure of the operation
- taxpayer ID number
- name of the dairy operation.

Changes to CCC-580, because of an organization modification to the dairy operation, **must** be recorded by the dairy operation using CCC-580M, Part E, according to instructions provided in paragraph 44.

C Processing Dairy Operation Modifications in eMILC

MILC modifications to dairy operation information **must** be processed in eMILC and payment processing software according to applicable directives.

52 Dairy Operation Interpretation

A Dairy Operation Definition

A dairy operation is any person or group of persons who, as a single unit as determined by CCC, produce and market milk commercially produced from cows, and whose production and facilities are located in the U.S.

Note: This definition is the same definition used for both DMLA-III and MILC programs.

Each State and County Office shall strictly adhere to and apply this definition to the MILC program in the exact same manner applied for the DMLA-III program in their State.

B State Interpretation

SED's and STC's shall issue a Statewide directive to County Offices, based on the States interpretation of a dairy operation used in DMLA-III, setting forth the criteria required to establish separate and distinct dairy operations for MILC program purposes within the respective State. The established criteria shall be used as a guideline for STC and COC to use when making separate and distinct dairy operation determinations. COC shall use their best judgment and knowledge of the dairy operation when determining an operation is separate from another operation.

Note: Any questionable cases shall be forwarded to STC, through the State Office specialist for review and concurrence.

52 Dairy Operation Interpretation (Continued)

C Operation Business Rules

County Offices **must** apply the same standards that were applied in implementing DMLA-III, as instructed by the Food, Conservation, and Energy Act of 2008. Therefore, County Offices shall:

- identify dairy operations that received a payment under DMLA-III to determine how the operation will exist in the MILC program

- based on the State where the dairy operation is located, apply that State's interpretation of a dairy operation used in previous DMLA programs to determine how the operation will exist in the MILC program

- determine eligible new operations according to subparagraph D, applying the State's interpretation of a dairy operation used in DMLA-III, and the State criteria established according to subparagraph B, to determine how the operation will exist in the MILC program

- apply business rules according to this subparagraph, for producers affiliated with dairy operations that:

  - received a payment under DMLA-III
  - received a payment under MILC
  - have/had an approved CCC-580 in effect with CCC
  - reconstitute the dairy operation after October 1, 2007.

52 Dairy Operation Interpretation (Continued)

D New Operations

County Offices shall determine an eligible new dairy operation as any dairy operation purchased or formed by a producer **not** affiliated with any dairy operation:

- that received a DMLA-III payment
- that received a MILC payment
- with an approved CCC-580 with CCC.

Eligible new dairy operations may enter into CCC-580 with CCC anytime during the duration of the MILC program application period.

E Additional Dairy Operations

Beginning with FY 2008, any additional dairy operation purchased or formed, because of the dissolution or expansion of a dairy operation that participated in the MILC program, by a producer affiliated with a dairy operation that has an approved CCC-580:

- is subject to review by FSA to determine legitimacy

- will exist in the MILC program according to State interpretation of a dairy operation used during the previous DMLA programs and criteria established according to subparagraph B in the State where the dairy operation is located.

If after FSA review the additional dairy is determined to be a legitimate acquisition, the additional dairy purchased may be considered an eligible new dairy operation.

--Note:** If the expansion of an operation did not involve purchasing new cows, but rather the transfer of cows from an existing operation participating in the MILC program, this reorganization or restructure would be considered a reconstituted dairy operation, according to program 53.**--

53 Dairy Operation Reconstitutions

A Reconstituted Dairy Operations

A dairy operation that reorganizes or restructures the constitution or makeup of their operation into another organizational framework **must**:

- **not** reorganize for the sole purpose of receiving multiple payments
- notify the County Office immediately of the reconstitution on CCC-580M, Parts E and F.

Changes to a dairy operation that result in the reconstitution of the dairy operation are subject to review by FSA to determine legitimacy if reorganized after:

- receiving a DMLA-III payment
- MILC payment
- October 1, 2007.

Producers will remain on their original CCC-580 until the new CCC-580 becomes effective the following FY, when the following occurs:

- producer exits an existing operation to form a new operation because of a reconstitution of a dairy operation

- producer forms a new operation with another producer with an approved CCC-580.

Note: Payments will continue to be issued to all producers on the original CCC-580 subject to the applicable maximum production limitation for the operation for that FY. Shares may be adjusted, as appropriate. County Offices **must** manually track production limitation on CCC-580M, Part H, based on the combined production paid a MILC benefit from each operation with CCC-580 on file. The new operation **must** complete a new CCC-580, subject to approval, and will begin to receive payments on October 1 of the following FY.

B Reconstitution Effective Date

Producers on eligible dairy operations participating in the MILC program **must** notify FSA immediately of **any** changes that may affect their CCC-580. If during the contract period a reconstitution occurs, the modification to CCC-580 will **not** take effect until the first day of the FY following the month the County Office received notification of the changes.

However, changes resulting in the reduction of shareholders or producers and their corresponding share amounts in the dairy operation will take effect **immediately** upon notification to CCC on CCC-580M.

53 Dairy Operation Reconstitutions (Continued)

C Reconstitution Example

Operation A milks 300 cows; Operation B milks 200 cows. Both dairy operations currently participate in the MILC program and have CCC-580's on file. On May 1, both dairy operations decide to reconstitute their operations by merging their herds into 1 operation to ***--**form ABC, LLC. Operation A and Operation B **must** each complete CCC-580M, Parts E--***** and F and submit to the County Office to notify CCC of the reconstitution.

Before the reconstitution, Operation A produced and was paid MILC benefits on 1 million lbs. of production, and Operation B produced and was paid MILC benefits on 800,000 lbs. of production. The production from both operations **must** be combined and manually tracked with production from the newly reconstituted dairy operation, ABC LLC. The producer from Operation A has a 60 percent share in ABC LLC and the producer from Operation B has a 40 percent share in ABC, LLC. Since Operation A and Operation B **must** remain on their original CCC-580 until the next FY, the County Office **must** manually track, on CCC-580M, Part H commercially marketed production that is paid a MILC benefit to ensure that neither Operation A or Operation B collectively exceed the maximum production limit for the applicable FY.

Example: The combined production from Operation A and Operation B totals 1,800,000 lbs. ABC, LLC's commercially marketed production in May was 750,000 lbs, which is added to the combined total of 1,800,000 lbs from both operations, for a total of 2,550,000 lbs. Payments will be issued according to the appropriate share percentages. The County Office **must** manually add production from ABC, LLC for each month's production that received MILC benefits to the combined balance of production from both Operation A and Operation B until the production limit is met for FY.

53 Dairy Operation Reconstitutions (Continued)

C Reconstitution Example (Continued)

The tables below continue the example through the end of the FY for each operation.

Entity	Production Paid a MILC Benefit
Operation A	1,000,000 lbs.
Operation B	800,000 lbs.
Total for ABC, LLC	1,800,000 lbs.

Tracking MILC Production for ABC, LLC		
Month	**Marketed Production**	**Cumulative Total**
Before Merger	1,800,000 lbs.	1,800,000 lbs.
May	750,000 lbs.	2,550,000 lbs.
June	790,000 lbs. - 355,000 lbs. over limit 435,000 lbs. eligible	3,340,000 lbs. -2,985,000 lbs. limit 355,000 lbs. over limit
July	805,000 lbs.	0
August	795,000 lbs.	0
September	775,000 lbs.	0

Note: ABC, LLC exceeded the production limitation of 2,985,000 lbs. in the applicable FY; therefore, the operation's production eligible for payment for June will be limited to 435,000 lbs., according to the appropriate share percentages.

*--54 Temporary Combination of Dairy Operations

A Combining Dairy Operations Because of Unforeseen Circumstances

In the event of an unforeseen circumstance; such as, natural disaster, barn fire, etc., that temporarily causes a disruption of dairying operations requiring an operation to temporarily combine with another dairy operation participating in the MILC program, the County Office may:

- temporarily consider the dairy operations as separate and distinct
- continue to pay the dairy operations on their respective separate CCC-580's
- determine production according to a reasonable division of pounds for each month of the temporary combination.

B Temporary Dairy Combinations

A temporary combination is considered a combination of 2 or more dairy operations for a period **not** to exceed 90 calendar days, from the date of the unforeseen circumstance. Based on the circumstance, and on a case by case basis, COC's may grant extensions of the temporary combination in 30-calendar-day increments, if such an extension is requested in writing from the dairy operation, and a reasonable justification is provided, to the satisfaction of COC.

Any combination of dairy operations that exceeds 90-calendar days, without any COC-granted extensions may be considered a reconstitution or merger, for which CCC-580M is required, **unless** otherwise considered separate and distinct according to the applicable State interpretation.**--***

*--54 Temporary Combination of Dairy Operations (Continued)

C Requesting a Temporary Combination

A temporary combination **must** be requested, in writing, from the dairy operation and **must** include the following:

- date of unforeseen circumstance
- description of the unforeseen circumstance that caused the temporary combination and explanation why the temporary combination is required
- dairy operation with which the dairy operation will be temporarily combining
- expected timeframe for the temporary combination.

COC shall note approval or disapproval of the temporary combination request because of unforeseen circumstance in the COC executive minutes.

D Documenting a Temporary Combination

CCC-580M's are **not** required for a temporary combination of dairy operations because of unforeseen circumstances. However, the County Office **must**:

- document the temporary combination in the CCC-580 Remarks Section, including the corresponding timeframe for the combination, and any COC-approved extension
- attach a copy of the written request for temporary combination because of unforeseen circumstances to CCC-580.**--***

55-59 (Reserved)

Part 7 MILC Agent Provisions

60 General Eligibility

A MILC Agent Eligibility

Qualified persons representing a dairy marketing cooperative or milk handling organization **must**:

- obtain FSA-211 from **each** producer for which the MILC agent will act
- complete CCC-582 and submit to the appropriate County Office
- execute CCC-36, according to 63-FI, to assign the dairy producer's MILC program payments to the MILC agent
- be approved by CCC.

B Approved MILC Agents

MILC agents approved by CCC will be required to disburse payments obtained from CCC to the dairy operations through the producer's monthly milk check issued by either of the following:

- dairy cooperative
- milk handling organization.

60 General Eligibility (Continued)

C Alternative Disbursement Methods

Alternative methods of disbursing payments to producers in a dairy operation **must** be requested, in writing, and approved by CCC if the MILC agent is unable to disburse the producer's payment through their monthly milk check.

D Power of Attorney

MILC agents **must** obtain FSA-211 for **each** producer of the dairy operation authorizing the agent to act on its behalf and enter into CCC-580 with CCC. MILC agents **must** be granted power of attorney on FSA-211 completed by the producers of the dairy operation and submitted to the County Office where the dairy operation is located. County Offices shall follow 1-CM policy for powers of attorney.

E MILC Agent Application

To become an approved MILC agent for the MILC program, qualified persons **must**:

- complete CCC-582
- agree to prescribed terms and conditions
- submit for approval by CCC.

61 Filing CCC-582's

A Completing CCC-582's

To become an approved MILC agent for the MILC program, qualified persons **must** complete CCC-582. If a person requests CCC-582, County Offices shall:

- **not** complete Part B, item (b), until the completed CCC-582 has been submitted to the County Office
- provide the following instructions to the MILC agent to complete CCC-582 according to this table.

Item	Instructions
1	Enter date of application.
2	Enter name of the person applying to become an authorized MILC agent.
3	Enter business address and telephone number of applicant.
4	Enter name, address, and telephone number of the dairy marketing cooperative or milk handler organization the applicant is representing. **Note:** **Not** required, if the same as item 3.
5	Enter name of the dairy operation the applicant will be representing.
6	Enter name of the County Office where the dairy operation is located and farm records are maintained.
7	Enter name and tax ID number of each producer involved in the dairy operation the applicant is representing.
8	Enter response to the question, "Has the applicant obtained a Power of Attorney (FSA-211) giving authorization to the applicant to enter into a Milk Income Loss Contract, CCC-580, on behalf of each producer identified in item 7 above?" **Note:** CCC-582 will **not** be approved until FSA-211 has been obtained for **each** producer involved in the dairy operation.
9	Enter response to the question, "Does the applicant agree to disburse the MILC program benefits obtained from CCC to the producers in the dairy operation in their monthly milk check?"
10	Enter applicant's signature and date.
11	Enter any additional comments or notations.

61 Filing CCC-582's (Continued)

A Completing CCC-582's (Continued)

Item	Instructions
PART B - AGREEMENT	
(1)	Enter day of the month the applicant is entering into agreement with CCC to become a MILC agent.
(2)	Enter month the applicant is entering into agreement with CCC to become a MILC agent.
(3)	Enter last 2 digits of the year the applicant is entering into agreement with CCC to become a MILC agent.
(4)	Enter applicant's name in legible print.
(a)	Enter applicant's signature and date.
(b)	enter COC designee's signature and date, and CHECK (✓) the appropriate box to indicate if the application status is approved or disapproved.

61 Filing CCC-582's (Continued)

B Example CCC-582

The following is an example CCC-582, page 1.

This form is available electronically.

CCC-582
(12-01-08)

U.S. DEPARTMENT OF AGRICULTURE
Commodity Credit Corporation

MILK INCOME LOSS CONTRACT (MILC) AGENT APPLICATION AGREEMENT

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 and any amendments to such act as may follow). The information requested is necessary for CCC to consider and process the offer to enter into a Milk Income Loss Contract, to assist in determining eligibility, and to determine the correct parties to the contract. Furnishing the requested information is voluntary. Failure to furnish the requested information will result in a determination of ineligibility for certain program benefits and other financial assistance administered by USDA. The information collected as a result of this form may be released to USDA employees, USDA contractors, or authorized USDA cooperators who are bound to safeguard the information under Section 1619 of the Food, Conservation and Energy Act, the Privacy Act of 1974, the E-Government Act of 2002, and related authorities. This information collection is exempted from the Paperwork Reduction Act, as it is required for administration of the Food, Conservation, and Energy Act of 2008 (see Pub. L. 110-246, Title I, Subtitle F - Administration). The provisions of criminal, civil, and privacy statutes may be applicable to the information provided.* ***RETURN THIS COMPLETED FORM TO YOUR COUNTY FSA OFFICE.***

PART A - APPLICATION

The undersigned person, hereby makes application to be a MILC agent under the Milk Income Loss Contract Program in order to enter into a Milk Income Loss Contract with the Commodity Credit Corporation to obtain MILC program benefits for producers of special religious groups involved in a dairy operation affiliated with the MILC Agent's dairy cooperative or milk handling organization.

1. DATE OF APPLICATION *(MM-DD-YYYY)* 10/1/2009	2. NAME OF AUTHORIZED MILC AGENT Fred Hoffbrow
3. MILC AGENT'S BUSINESS ADDRESS *(Including Zip Code)* 142 Pioneer Plaza Lane Dallas, TX 22334 TELEPHONE NUMBER *(Including Area Code)*:	4. NAME AND ADDRESS *(Including Zip Code)* OF DAIRY COOPERATIVE / HANDLER THE APPLICANT IS REPRESENTING 15 State Fair Ct. Dallas, TX 11223 TELEPHONE NUMBER *(Including Area Code)*:
5. NAME AND ADDRESS *(Including Zip Code)* OF THE DAIRY OPERATION THE APPLICANT WILL ACT ON BEHALF Big Tex Dairy 4092 Independence Lane Winchester, TX 22334 TELEPHONE NUMBER *(Including Area Code)*: (555) 222-1212	6. NAME AND ADDRESS *(Including Zip Code)* OF THE COUNTY FSA OFFICE WHERE THE DAIRY OPERATION IS LOCATED AND FARM RECORDS ARE MAINTAINED Bravos County FSA Office 703 Union Street Winchester, TX 22334 TELEPHONE NUMBER *(Including Area Code)*:

7. EACH PRODUCER INVOLVED IN THE ABOVE LISTED OPERATION THAT THE APPLICANT WILL REPRESENT ARE AS FOLLOWS:

A. NAME OF PRODUCER	B. PRODUCER'S TAX IDENTIFICATION NUMBER *(Last 4 digits)*
(1) Eddie M. Harris	(1) 222-22-3344
(2)	(2)
(3)	(3)
(4)	(4)
(5)	(5)

8. Has the applicant obtained a Power of Attorney *(FSA-211)* giving authorization to the applicant to enter into a Milk Income Loss Contract *(CCC-580)* on behalf of each producer identified in Item 7 above. [X] YES [ ] NO

9. Does the applicant agree to disburse the MILC program benefits obtained from CCC to the producers in the dairy operation in their monthly milk check? [X] YES [ ] NO

10A. SIGNATURE OF APPLICANT *(BY)*	10B. TITLE/RELATIONSHIP OF THE INDIVIDUAL SIGNING IN A REPRESANTATIVE CAPACITY	10C. DATE *(MM-DD-YYYY)*
Eddie M. Harris	Partner	10/1/2009

11. REMARKS

61 Filing CCC-582's (Continued)

B Example CCC-582 (Continued)

The following is an example CCC-582, page 2.

CCC-582 (12-01-08) Page 2 of 3

PART B - AGREEMENT

THIS AGREEMENT made and entered into this *(1)* 1st day of *(2)* October, *(3)* 20 09, by and between Commodity Credit Corporation (CCC) and *(4)* Fred Hoffbrow (*Name of MILC Agent*),

WITNESSETH:

WHEREAS, CCC desires that qualified persons act as MILC agents to assist producers of special religious groups in obtaining MILC payments under the MILC program of CCC, and the person named above desires to be approved as a MILC Agent under such program:

NOW, THEREFORE, CCC does hereby approve the person named above, as a MILC Agent under the MILC program, and in consideration of the premises and other considerations contained herein, the parties hereto agree to the duties of the MILC agent as follows:

1. MILC Agent shall be familiar with the provisions of the Milk Income Loss Contract program contained in applicable directives issued by FSA, regulations at 7 CFR Part 1430 (the regulations), the forms, addendums, and appendixes prescribed by CCC, and perform duties according to such procedures outlined and issued by the Deputy Administrator for Farm Programs.

2. Subject to other provisions of this Agreement, the MILC Agent shall obtain an acceptable power of attorney or acceptable equivalent for the producers of the dairy operation of a special religious group that authorizes the agent to enter into a MILC contract.

3. MILC Agent shall provide the dairy operation's monthly production evidence to the appropriate FSA Office indicated in Item 6 of Part A of this application.

4. MILC Agent shall inform the dairy operation of all MILC program eligibility requirements, the producer's responsibility to meet those eligibility requirements, and provide the producers in the operation with the necessary forms to complete such requirements.

5. MILC Agent shall facilitate communication between CCC and the producers of the dairy operation.

6. MILC Agent shall disburse payments to the dairy operation in the producer's monthly milk check or in an otherwise approved manner.

7. The FSA County Committee shall provide supervision for the MILC Agent as it deems appropriate.

8. Each MILC Agent is subject to audit and shall maintain and retain records of the operation of their dairy cooperative or milk handling organization and make such records and facilities available to FSA representatives.

9. CCC may require proof that the appropriate MILC program benefits were disbursed to the producers in the dairy operation in their milk check and any determination by CCC that such funds were not disbursed to the producers in Item 7 of Part A of this application shall result in CCC immediately terminating this Agreement.

10. The MILC Agent will not adopt any scheme or device to circumvent the purpose of the MILC program regulations of this Agreement.

11. This Agreement may be terminated by either party or by the producers involved in the dairy operation indicated in Item 5 of Part A of this application at any time upon 30 days notice to the County FSA Office indicated in Item 6 of Part A of this application.

12. The MILC Agent shall hold CCC harmless from any claim made against CCC in connection with any MILC payment or other activity carried out by the MILC Agent which is not in accordance with the terms and conditions of this Agreement as they correspond to the dairy operation indicated in Item 5 of Part A of this application.

13. CCC may terminate this Agreement without providing 30 days notice if CCC determines that the MILC Agent failed to meet the terms and conditions of this Agreement.

14. The MILC Agent shall furnish all necessary program documentation requested by the FSA including verified adjusted gross income documentation for the producers.

61 Filing CCC-582's (Continued)

B Example CCC-582 (Continued)

The following is an example CCC-582, page 3.

CCC-582 (12-01-08) Page 3 of 3

IT IS FURTHER AGREED that this Agreement and approval as a MILC Agent does not make the MILC Agent a Federal employee or an agent of CCC or the United States Government. It is agreed that this Agreement and the approval as a MILC Agent shall remain effective until terminated at any time by CCC or the MILC Agent or the producers of the dairy operation for whom the MILC Agent is acting. The MILC Agent shall cease obtaining or disbursing MILC benefits upon receiving from CCC a notice of termination.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed on the date set forth above.

(a) Signature of MILC Agent Fred Hoffbrow 10/1/2009
(Date (MM-DD-YYYY))

(b) For Commodity Credit Corporation BY Darren Evans 10/1/2009
(Date (MM-DD-YYYY))

(Signature of CCC Designee)

[X] APPROVED [ ] DISAPPROVED

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

62 Responsibilities

A MILC Agent Responsibilities

Approved MILC agents are responsible for the following:

- completing CCC-580 on behalf of the producers in the dairy operation they are representing
- submitting completed CCC-580 to the appropriate County Office for approval
- providing to the appropriate County Office for processing the dairy operations:
  - monthly production evidence
  - other documentation or forms completed by the producer, as required by CCC
- facilitating communication of program requirements between CCC and producers in the dairy operation
- familiarizing themselves with MILC program policy and procedures as outlined in any program regulations, handbooks, amendments, notices, or instructions issued by DAFP
- receiving dairy operations MILC payment from CCC
- disbursing MILC payments to the dairy operation in the producer's monthly milk check or an otherwise approved manner.

Note: Alternate methods of disbursing payments to producers, other than through the dairy operation's monthly milk check, **must** be requested, in writing, to the appropriate County Office and approved **before** using the alternative method.

62 Responsibilities (Continued)

B Producer Responsibilities

Dairy producers who authorize a MILC agent to act on their behalf are responsible for fulfilling **all** program eligibility requirements provided in the following:

- regulations in 7 CFR Part 1430
- directives issued by DAFP.

The producer, **not** the MILC agent, is responsible for certifying compliance with HELC and WC provisions on AD-1026.

C County Office Responsibilities

County Offices are responsible for the following:

- communicating to the MILC agent program requirements
- ensuring that MILC agent has been granted power of attorney on FSA-211 for all producers in the operation
- obtaining approval or disapproval of CCC-582 from COC or designee
- providing necessary supervision for the MILC agent
- assigning producer payments to MILC agents **after** a completed CCC-36 is received in the County Office
- issuing program payments to the MILC agent
- obtaining approval of alternative methods of disbursing payments to producers from the National Office through the State Office.

62 Responsibilities (Continued)

D State Office Responsibility

State Offices are responsible for the following:

- uniformly applying MILC agent policies by County Offices
- forwarding recommendations or requests of alternative methods of disbursing payments to producers to the National Office for approval or disapproval.

E Terminating MILC Agent Agreements

MILC agent agreements may be terminated at any time upon 30 calendar days notice, in writing, to the County Office by **any** of the following:

- CCC
- MILC agent
- dairy operation.

63-69 (Reserved)

Part 8 Violations

70 Program Violations

A Violating Terms and Conditions

When signing CCC-580, MILC program participants are agreeing to CCC-580 Appendix terms and conditions. If it is determined that a producer or operation has violated any MILC program terms and conditions, COC may initiate any of the following actions:

- terminate CCC-580 for the remainder of FY in which the violation occurs and allow the producer or operation to retain any payments received under the program

  Note: If CCC-580 is terminated the participant forfeits **all** rights to further program benefits.

- allow CCC-580 to remain in effect and require the producer or operation to repay a portion of the payments received commensurate with the violations severity.

In either case as appropriate, and in addition to other administrative actions that may apply, it may be determined by COC to collect back all payments disbursed to the producer or dairy operation in whole or in part.

Note: COC shall document program violation cases in the COC minutes.

70 Program Violations (Continued)

B Non-Severe MILC Violations

Non-severe violations include, but are **not** limited to the following:

- failure to comply with CCC-580 terms and conditions of the and any applicable addendum
- illegitimate reconstitutions determined by COC
- reconstitutions of the dairy operation for the sole purpose of receiving multiple program benefits
- failure to comply with HELC and/or WC provisions
- failure to comply with controlled-substances provisions
- failure to meet the definition of a dairy operation according to paragraph 10
- any action that tends to defeat the purpose of the MILC program, as determined by CCC.

Note: Any non-severe violation may be determined severe by COC depending on the extent of the occurrence.

70 Program Violations (Continued)

C Severe Violations

Severe violations include, but are **not** limited to the following:

- falsifying production evidence
- adulterating production
- misrepresentation, scheme, or device
- any other cases that involve illegal activity, such as fraud.

D Other Administrative Actions

Funds disbursed to producers or operations engaged in a program violation, as determined by CCC, may in addition to the remedies described in this paragraph be subject to the following:

- refund to CCC
- civil remedies
- criminal remedies
- administrative remedies.

E Scheme or Device

State and County Offices shall see 1-PL, paragraph 71, for guidelines and rules for determining and detecting a scheme or device.

71 CCC Action and Authority

A DAFP Authority

In addition to the actions described in this Part, DAFP may:

- terminate any CCC-580 by mutual agreement upon request of the participant, if DAFP determines that termination is in the best interest of the public

- determine that failure of the dairy operation to perform CCC-580 terms and conditions does **not** warrant termination and may require the participant to do either of the following:

  - refund part of the payments received
  - accept adjustments in the payment as DAFP determines to be appropriate.

B STC Action

STC's shall ensure that COC's remedy violations equitably based on the merits and facts involved in the violation.

C COC Action

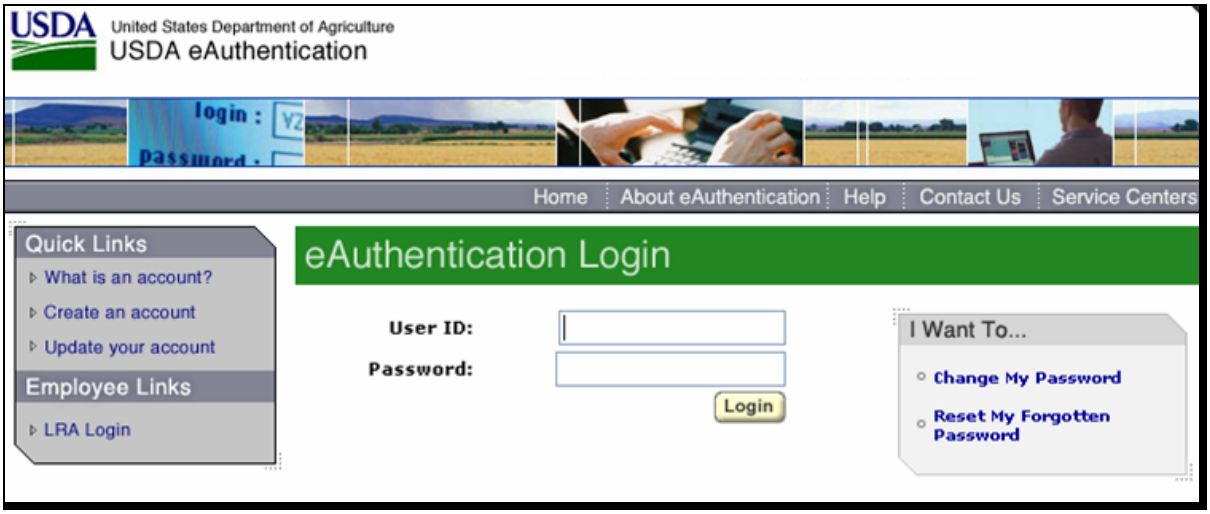
COC's shall use their best judgment when determining the most appropriate and equitable remedy to each occurrence of a violation based on the merits and facts involved in the violation.

72-79 (Reserved)

80 Getting Started

A eAuthentication Login

County Offices shall access MILC functions through the FSA Intranet Home Page at **http://intranet.fsa.usda.gov/fsa**. Under "Links", CLICK "**FSA Applications**". Under "Price Support", CLICK "**MILC - Milk Income Loss Contract**". The eAuthentication Warning Screen will be displayed. CLICK "**Continue**" and the eAuthentication Login Screen will be displayed. The following is an example of the eAuthentication Login Screen.

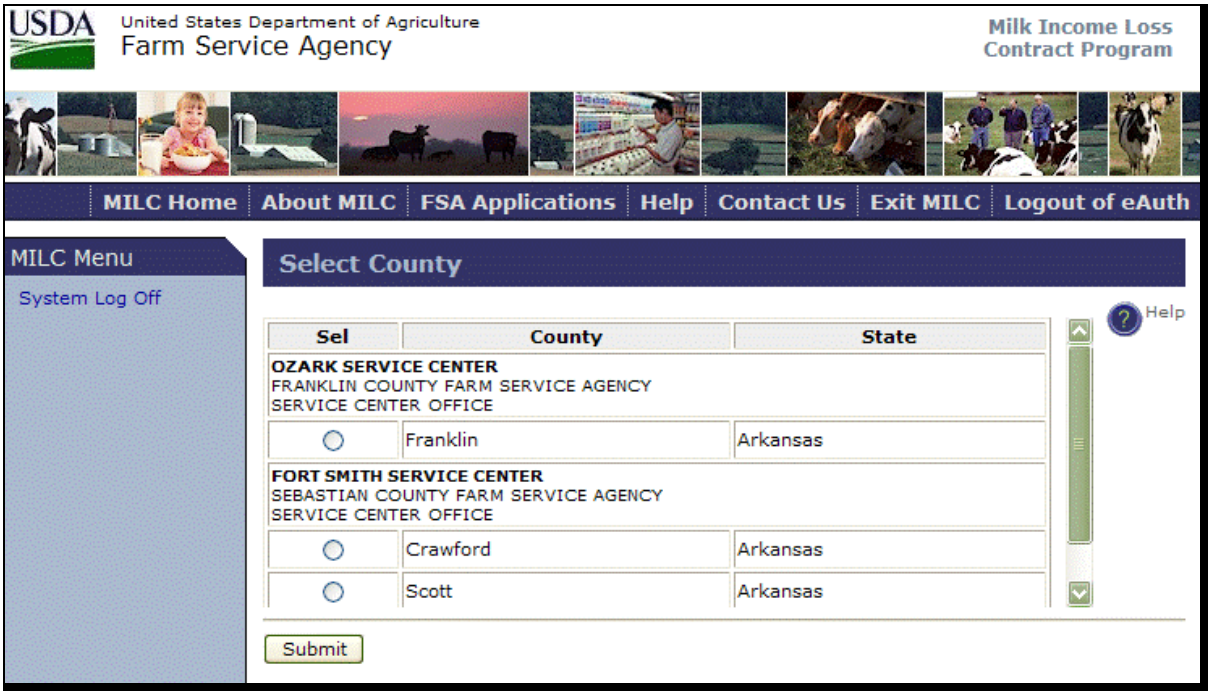


Enter user ID and password, and CLICK "**Login**". The Select County Screen will be displayed.**--***

*--80 Getting Started (Continued)

B Select County Screen

The following is an example of the Select County Screen in a multi-county Service Center.



The Select County Screen lists all counties serviced by the FSA Service Center. After selecting a County Office, CLICK "**Submit**". The MILC Home Page will be displayed.**--***

*--80 Getting Started (Continued)

C MILC Home Page

On the MILC Home Page, under “MILC Menu”, users can update and process the following:

- contracts
- producers
- production
- reports
- other.

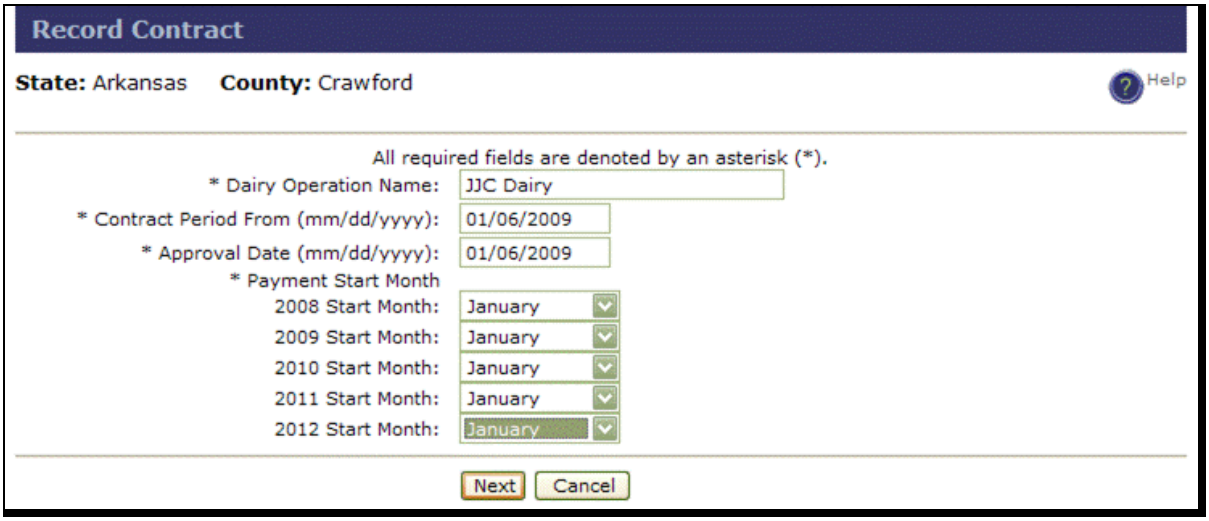
The following is an example of the MILC Home Page.

After successful county selection, the message, “Success” will be displayed.--*

*--81 Contracts

A Recording Contracts

To record a new contract, under “MILC Menu”, “Contracts”, CLICK “**Record a Contract**”. The following is an example of the Record Contract Screen.



On the Record Contract Screen, enter the following information:

- dairy operation name
- contract period “from” date
- approval date
- payment start month, from the drop-down menus.

For definitions and descriptions of data elements, CLICK “**Help**”.

Note: To return to the MILC application from “**Help**”, CLICK any of the following:

- “**red X**” on the browser
- “**Close Help Window**”
- “**Close Window**”.

After all entries have been completed, CLICK “**Next**”. The Record Contract Summary Screen will be displayed**.--***

*--81 Contracts (Continued)

A Recording Contracts (Continued)

The following is an example of the Record Contract Summary Screen.

Record Contract Summary

State: Arkansas **County:** Crawford

Help

Dairy Operation	Contract Period	
JJC Dairy	From: 01/02/2009	To: 09/30/2012

County FSA Office Information

Name and Address of County FSA Office (Including ZIP code)

SEBASTIAN COUNTY FARM SERVICE AGENCY
3913 BROOKEN HILL DR
FORT SMITH , AR 72908-9289

Telephone Number (Including Area Code):

(479)646-8300

Acceptance and Approval

Approval Date:	01/02/2009

Payment Start Month

FY 2008 Payment Start Month	January
FY 2009 Payment Start Month	January
FY 2010 Payment Start Month	January
FY 2011 Payment Start Month	January
FY 2012 Payment Start Month	January

Submit Back Cancel

After verifying the contract information, CLICK "**Submit**" to accept the information.**--***

*--81 Contracts (Continued)

A Recording Contracts (Continued)

The following is an example of the MILC Home Page that will be displayed with the message, “Contract # has been added successfully.”, if a new contract has been added successfully.

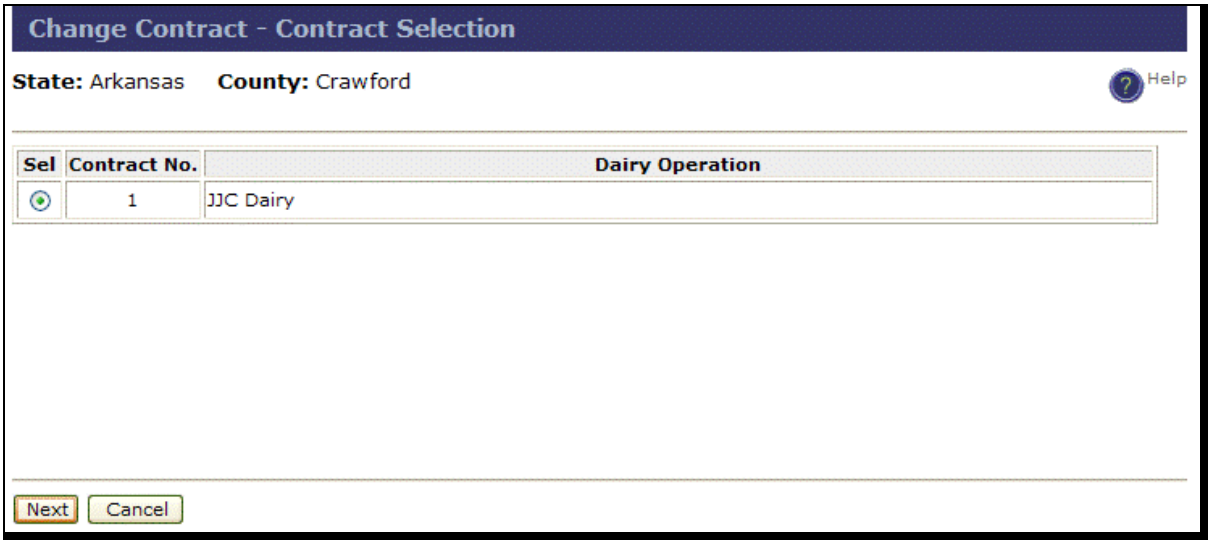
B Changing Contracts

To modify contract information, under “MILC Menu”, “Contracts”, CLICK “**Change a Contract**”. The Change Contract - Contract Selection Screen will be displayed with the dairy operation contract numbers and names for the county.**--***

*--81 Contracts (Continued)

B Changing Contracts (Continued)

The following is an example of the Change Contract – Contract Selection Screen.



Select the dairy operation from the list and CLICK "**Next**".

Note: If users PRESS "**Ctrl**" + "**F**" keys, a "**Find**" dialog box will be displayed. Enter a dairy operation's contract number or name to quickly locate the contract to be changed. To get an **exact** match, especially when entering contract number, CHECK (✓) "**Match whole word only**". This search method may be used in **any** of the software functionality.

The original contract information will be displayed to allow changes to be made to any of the data elements **before** payment is made on the contract. Only the following data elements are available to be modified **after** payment is made:

- dairy operation name
- approval date
- start months for FY's that have **not** had a payment.

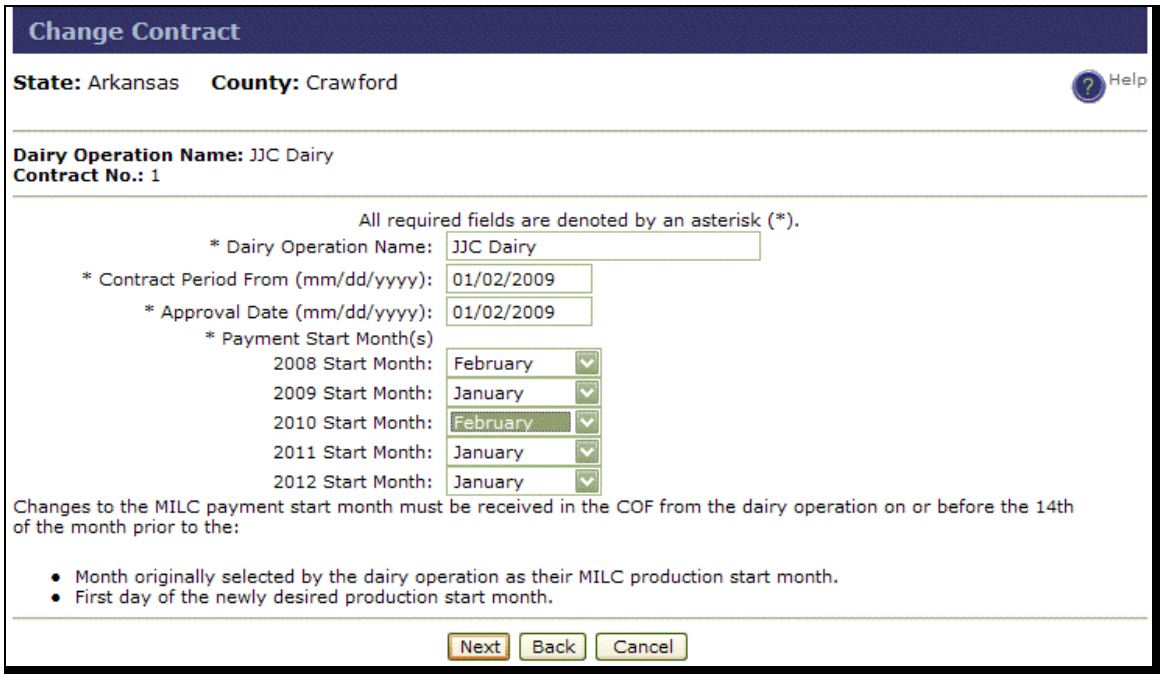
Follow the screen flow to successfully complete the contract change.**--***

*--81 Contracts (Continued)

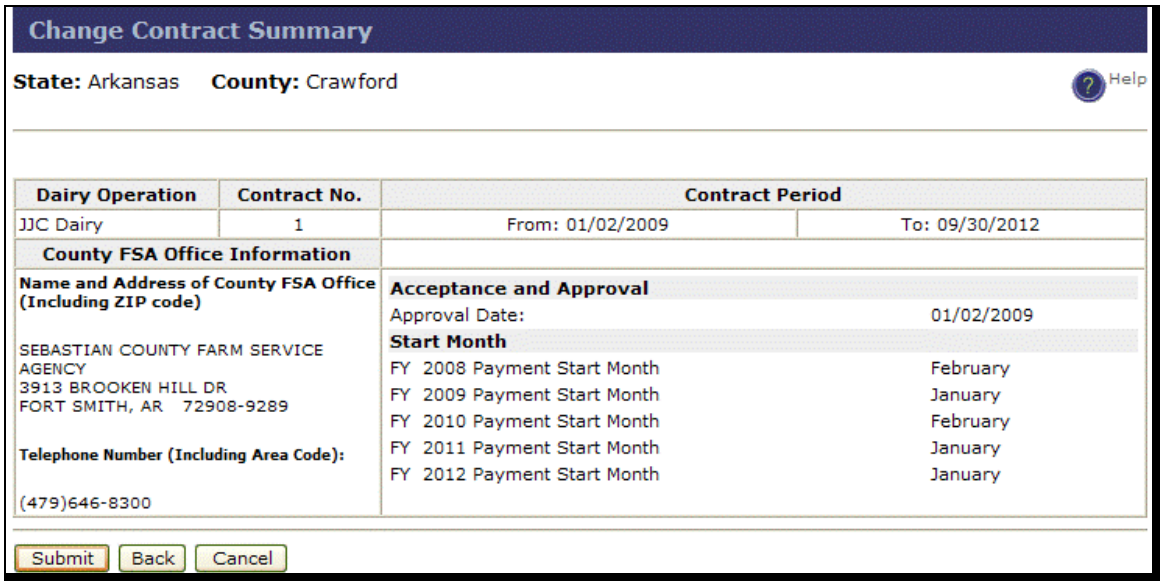
B Changing Contracts (Continued)

The following are examples of the screen flow to successfully change a contract:

- make changes to the data, as needed, and CLICK "**Next**"



- the Change Contract Summary Screen will be displayed, CLICK "**Submit**" to accept the changes



Note: For definitions and descriptions of data elements, CLICK "**Help**".--*

*--81 Contracts (Continued)

B Changing Contracts (Continued)

- the MILC Home Page will be displayed with the message, “Contract # has been changed successfully” will be displayed.

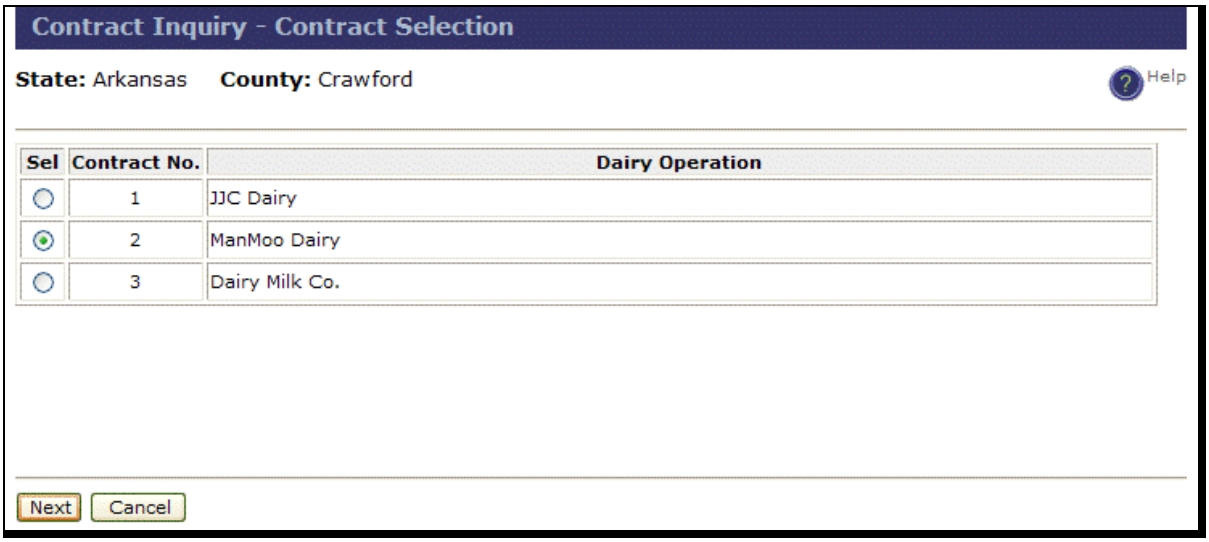
--*

*--81 Contracts (Continued)

C Contract Inquiry

To inquire about a contract, under “MILC Menu”, “Contracts”, CLICK “**Contract Inquiry**”. The Contract Inquiry - Contract Selection Screen will be displayed with the dairy operation contract numbers and names for the selected county.

The following is an example of the Contract Inquiry - Contract Selection Screen.



Select the applicable dairy operation and CLICK “**Next**”. The Contract Inquiry Summary Screen will be displayed.**--***

*--81 Contracts (Continued)

C Contract Inquiry (Continued)

The following is an example of Contract Inquiry Summary Screen.

Contract Inquiry Summary

State: Arkansas **County:** Crawford

Help

Dairy Operation	Contract No.	Contract Period	
ManMoo Dairy	2	From: 01/02/2009	To: 09/30/2012

County FSA Office Information

Name and Address of County FSA Office (Including ZIP code)

SEBASTIAN COUNTY FARM SERVICE AGENCY
3913 BROOKEN HILL DR
FORT SMITH, AR 72908-9289

Telephone Number (Including Area Code):

(479)646-8300

Acceptance and Approval

Approval Date:	01/02/2009

Start Month

FY 2008 Payment Start Month	March
FY 2009 Payment Start Month	March
FY 2010 Payment Start Month	February
FY 2011 Payment Start Month	February
FY 2012 Payment Start Month	February

Back Cancel

D Activating Contracts

An “Activate a Contract” function will be available in a future version release.

E Suspending Contracts

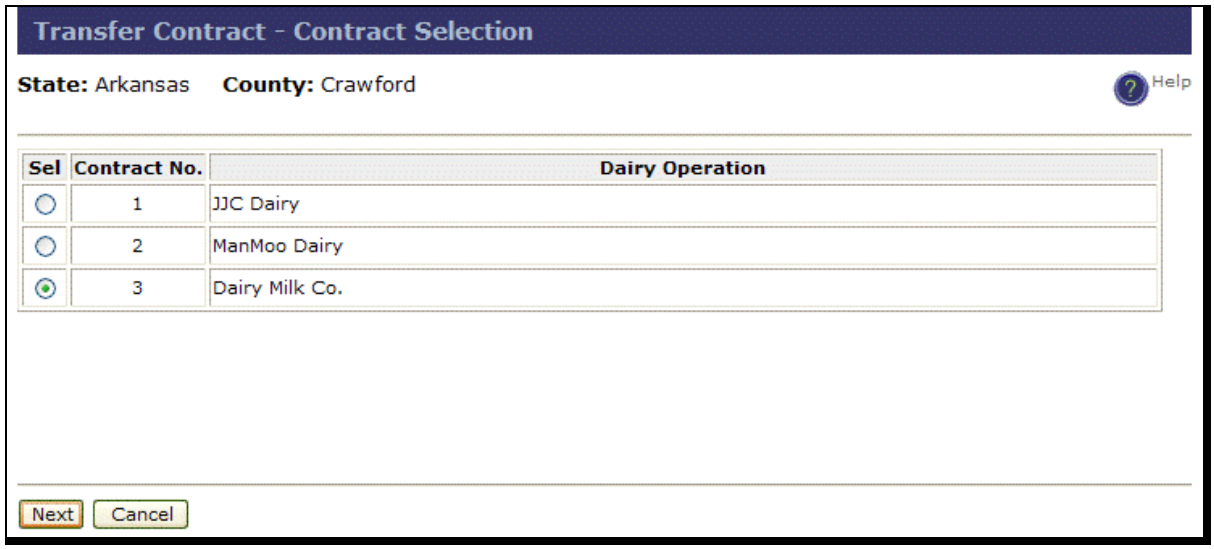
A “Suspend a Contract” function will be available in a future version release.--*

*--81 Contracts (Continued)

F Transferring Contracts

To transfer a contract from 1 county to another, under “MILC Menu”, “Contracts”, CLICK “**Transfer Contract**”. The Transfer Contract – Contract Selection Screen will be displayed with dairy operation contract numbers and names for the selected county.

The following is an example of the Transfer Contract – Contract Selection Screen.



Select the applicable dairy operation and CLICK “**Next**”. The Transfer Contract Summary Screen will be displayed.**--***

*--81 Contracts (Continued)

F Transferring Contracts (Continued)

The following is an example of the Transfer Contract Summary Screen.

Transfer Contract Summary

State: Arkansas **County:** Crawford

Help

All required fields are denoted by an asterisk (*).
*** State and county to receive this contract:**
Select Destination

Dairy Operation	Contract No.	Contract Period	
Dairy Milk Co.	3	From: 01/02/2009	To: 09/30/2012

County FSA Office Information

Name and Address of County FSA Office (Including ZIP code)

SEBASTIAN COUNTY FARM SERVICE AGENCY
3913 BROOKEN HILL DR
FORT SMITH, AR 72908-9289

Telephone Number (Including Area Code):

(479)646-8300

Acceptance and Approval

Approval Date:	01/02/2009

Start Month

FY 2008 Payment Start Month	April
FY 2009 Payment Start Month	April
FY 2010 Payment Start Month	April
FY 2011 Payment Start Month	April
FY 2012 Payment Start Month	April

Submit Back Cancel

Using the State and county to receive the contract drop-down menu, select the State and county to receive the contract and CLICK "**Submit**".**--***

*--81 Contracts (Continued)

F Transferring Contracts (Continued)

The following is an example of the MILC Home Page that will be displayed with the message, “Contract # has been successfully transferred to - county, State (##-###).”, when a contract has been successfully transferred.

Note: After a contract has been successfully transferred, the transferring county may inquire and view the contract, **but** will **not** be able to perform any other function.**--***

*--81 Contracts (Continued)

G Resolving Transfers

To receive a transferred contract from another county, under “MILC Menu”, “Contracts”, CLICK “**Resolve Transfer**”. The Resolve Transfer - Contract Selection Screen will be displayed with the dairy operation contract numbers and names for the selected county.

The following is an example of the Resolve Transfer – Contract Selection Screen.

Select the applicable dairy operation to resolve and CLICK “**Next**”. The Resolve Transfer Summary Screen will be displayed.**--***

*--81 Contracts (Continued)

G Resolving Transfers (Continued)

The following is an example of the Resolve Transfer Summary Screen.

Resolve Transfer Summary

State: Arkansas **County:** Franklin

Help

All required fields are denoted by an asterisk (*).
* **Resolution** (Originating from Crawford, Arkansas):
Accept Reject

Dairy Operation	Contract No.	Contract Period	
ManMoo Dairy	1	From: 01/02/2009	To: 09/30/2012

County FSA Office Information

Name and Address of County FSA Office (Including ZIP code)

FRANKLIN COUNTY FARM SERVICE AGENCY
2720 W COMMERCIAL ST
OZARK, AR 72949-3408

Telephone Number (Including Area Code):

(479)667-8600 x2

Acceptance and Approval

Approval Date:	01/02/2009
Start Month	
FY 2008 Payment Start Month	March
FY 2009 Payment Start Month	March
FY 2010 Payment Start Month	February
FY 2011 Payment Start Month	February
FY 2012 Payment Start Month	February

Submit Back Cancel

After reviewing of the information, click either the Resolution "**Accept**" or "**Reject**" radio button and CLICK "**Submit**". The MILC Home Page will be displayed with the message, "Contract # has been successfully accepted (rejected)."**--***

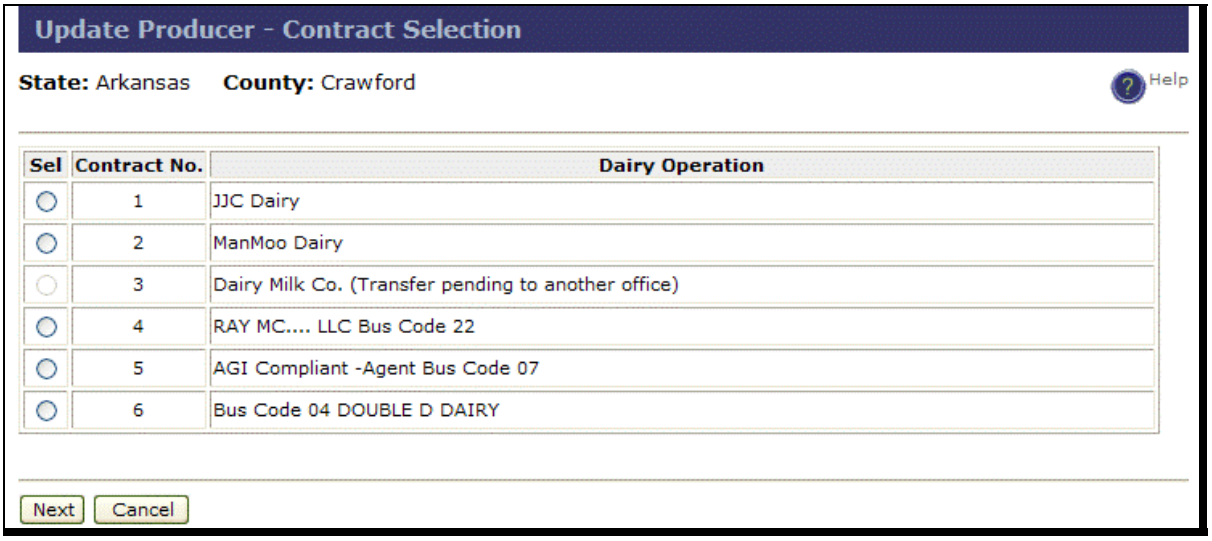
*--82 Producers

A Updating Producers

The Update Producer Screen provides the capability to record the producers for a contract and to modify existing producer records, if a payment has **not** yet been made for the month. Select a FY and month (contract period) to perform any of the following functions as applicable:

- **Copy** – copies all the producer information of an existing contract period (selected record), including share percentage, contract signed date, accept payment indicator, and POC (point of contact) for a new contract period
- **Add** – displays a new page to enter a producer record for the selected contract period
- **Edit** – allows the user to change the contract signed date
- **Remove** – removes the selected producer from the specified contract period.

To update or add a producer, under "MILC Menu", "Producer", CLICK "**Update Producer**". The following is an example of the Update Producer – Contract Selection Screen.

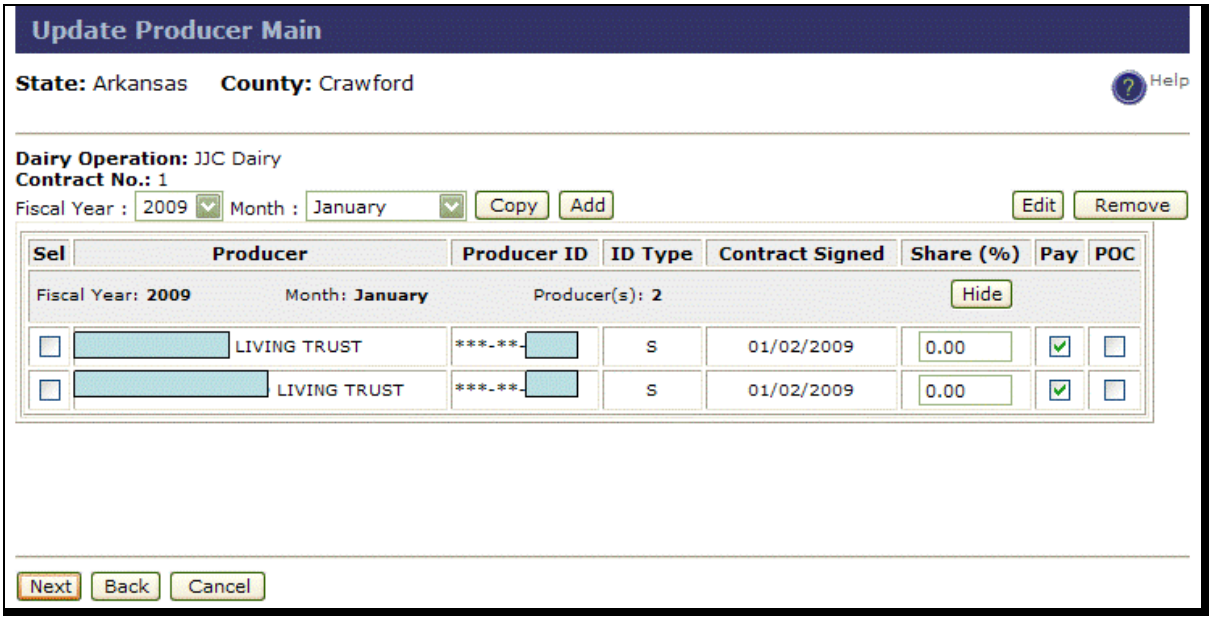


Select the applicable dairy operation to update and CLICK "**Next**".**--***

*--82 Producers (Continued)

A Updating Producers (Continued)

The following is an example of the Update Producer Main Screen. To update or copy an existing producer record, CLICK "**Unhide**", **if necessary**, to display the producer information for the contract period of interest **before** proceeding with **any** function. Select the record to update and CLICK "**Next**".



To copy producers:

- from the Fiscal Year drop-down menu, select FY
- from the Month drop-down menu, select the month
- click the Sel radio button for applicable producers
- CLICK "**Copy**".--*

*--82 Producers (Continued)

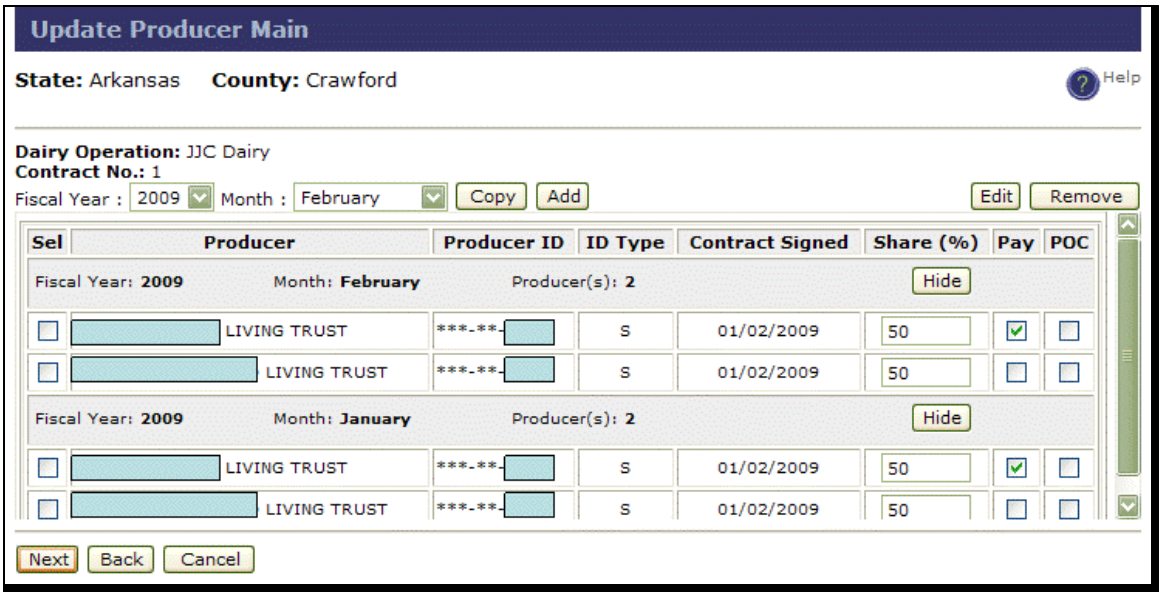
A Updating Producers (Continued)

Click "**Copy**" or "**Edit**" and proceed according to the screen flow to successful completion, as follows:

Note: For each function, the user **must** ensure the following:

- shares are entered correctly and total 100 percent for that month
- "**Pay**" is CHECKed (✓), if the producer is to receive their portion of the payment
- POC (Point of Contact) is CHECKed (✓) for **only 1 producer per contract period month**.

- the following is an example of the Update Producer Main Screen **after** user clicked "**Copy**"

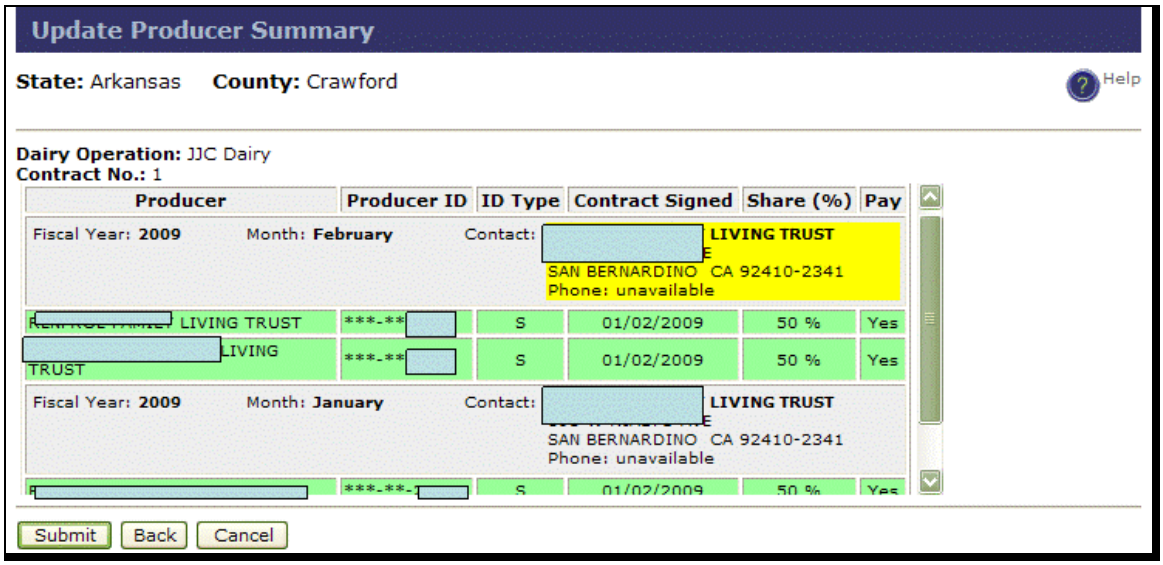


- CLICK "**Next**"; the Update Producer Summary Screen will be displayed--*

*--82 Producers (Continued)

A Updating Producers (Continued)

- the following is an example of the Update Producer Summary Screen, CLICK "**Submit**" to accept updates



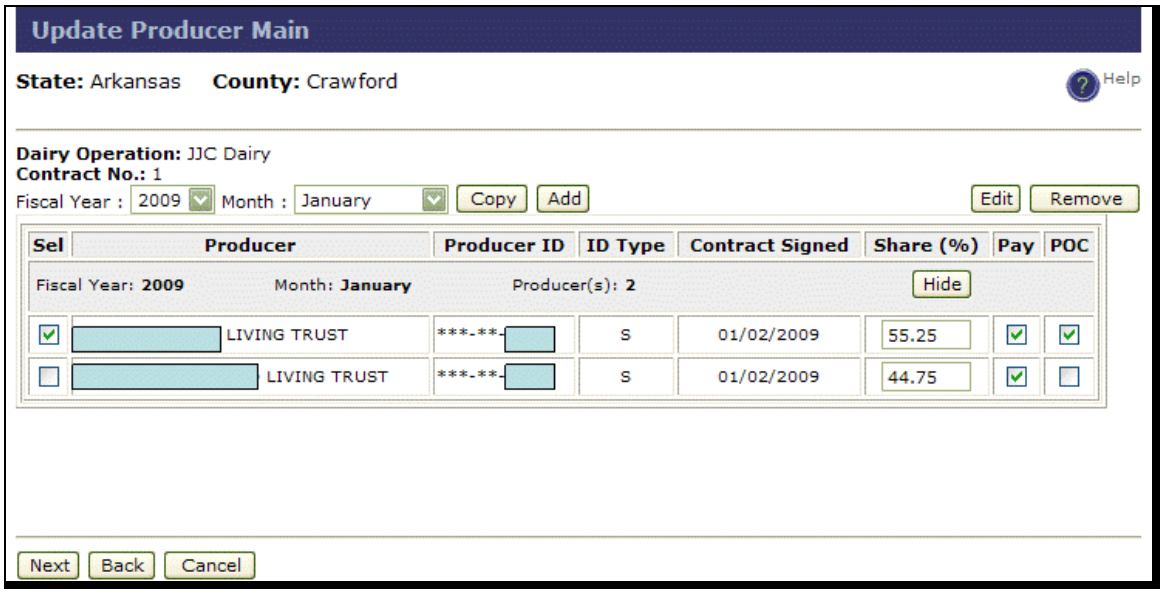
- the MILC Home Page will be displayed with the message, "Successfully updated producers for contract #."

--*

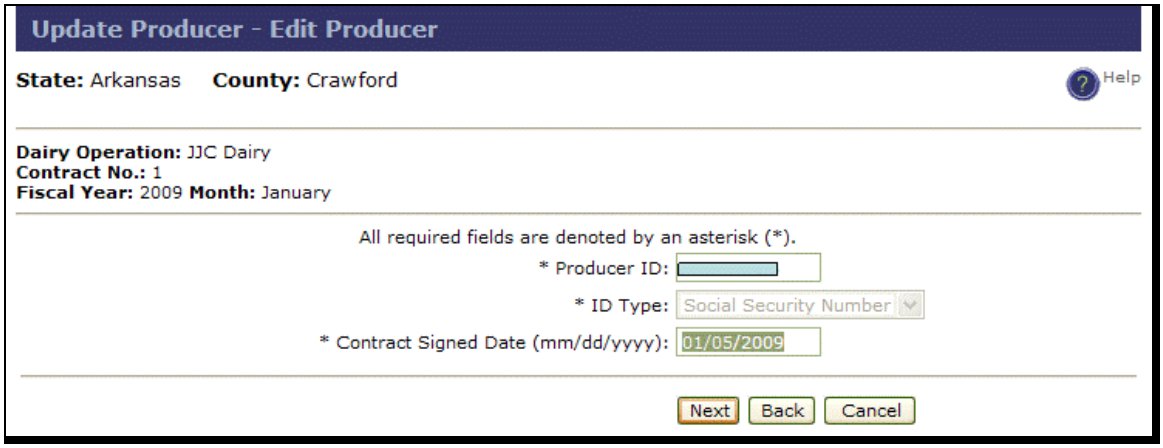
*--82 Producers (Continued)

A Updating Producers (Continued)

- the following is an example of the Update Producer Main Screen; users shall CLICK "**Edit**", select the applicable producer to edit, and CLICK "**Next**"



- the following is an example of the Update Producer - Edit Producer Screen that will be displayed



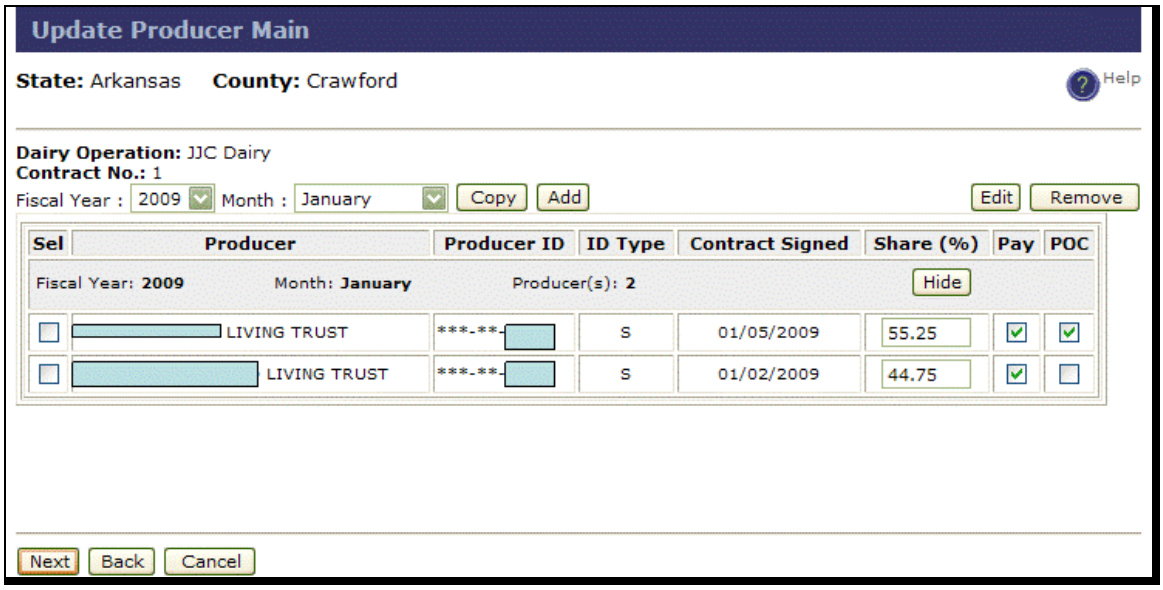
Note: Only the "Contract Signed Date" can be edited.

- CLICK "**Next**" to continue--*

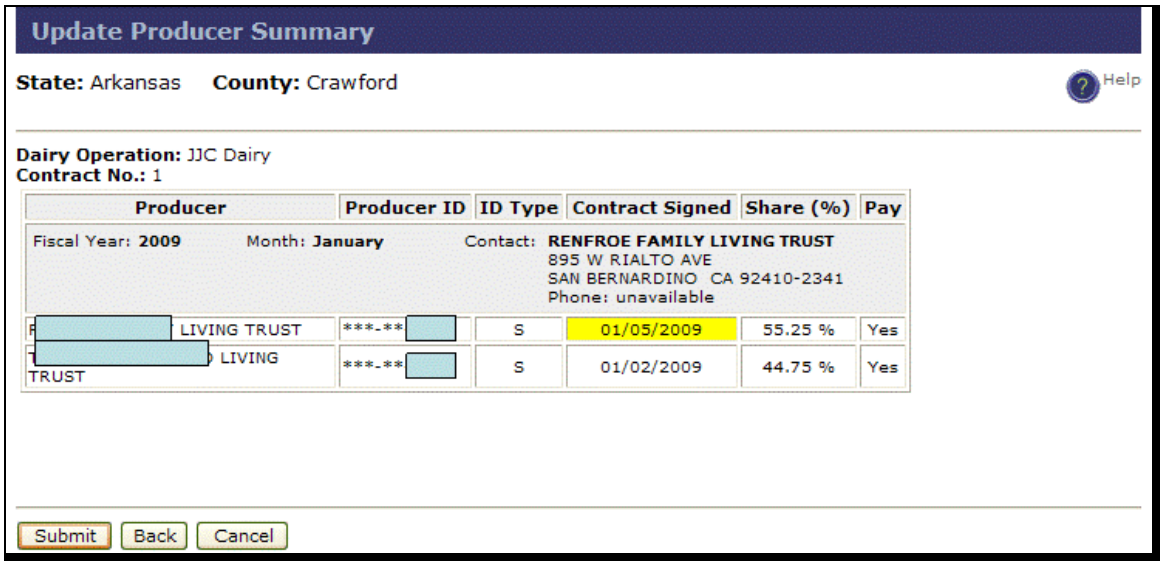
*--82 Producers (Continued)

A Updating Producers (Continued)

- the following is an example of the Update Producer Main Screen that will be displayed with Contract Signed data updated, CLICK "**Next**" to continue



- the following is an example of the Update Producer Summary Screen, CLICK "**Submit**" to accept update



Note: Submitting and updating producer data returns a unique SCIMS core customer ID to the database which is required by NPS to receive a payment.--*

*--82 Producers (Continued)

A Updating Producers (Continued)

- the MILC Home Page will be displayed with the message, “Successfully updated producers for contract #.”

--*

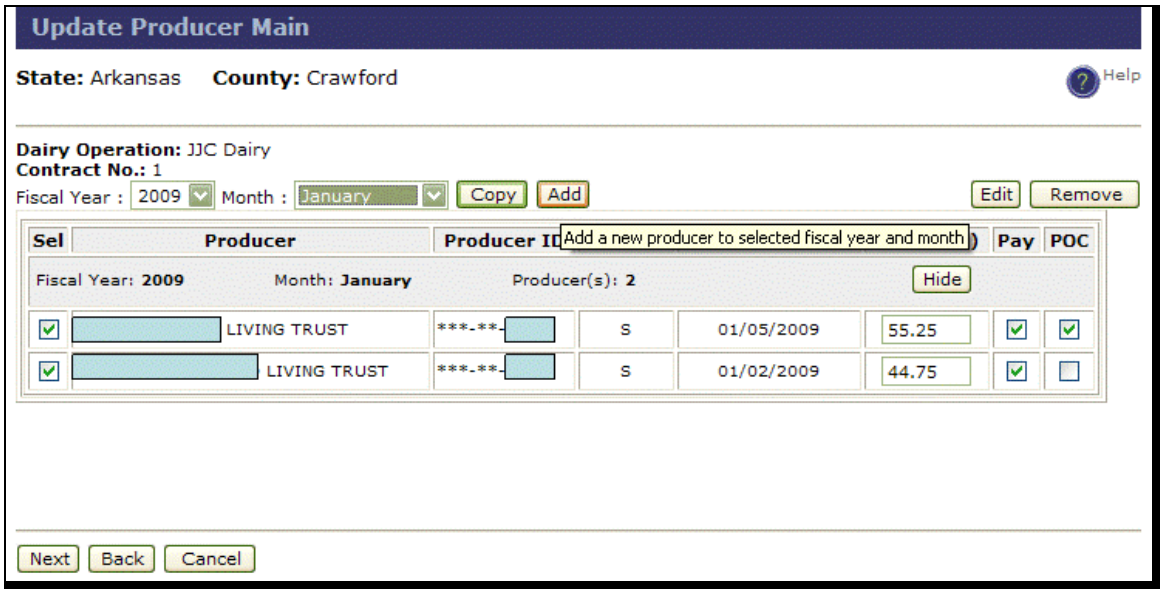
*--82 Producers (Continued)

A Updating Producers (Continued)

The following are examples of screens to **add** a producer:

Note: Click "**Next**" or "**Submit**" to continue the process to a successful completion.

- from the Update Producer Main Screen, from the Fiscal Year drop-down menu, select FY; from the Month drop-down menu, select the and month, and CLICK "**Add**", the Update Producer - Add Producer Screen will be displayed



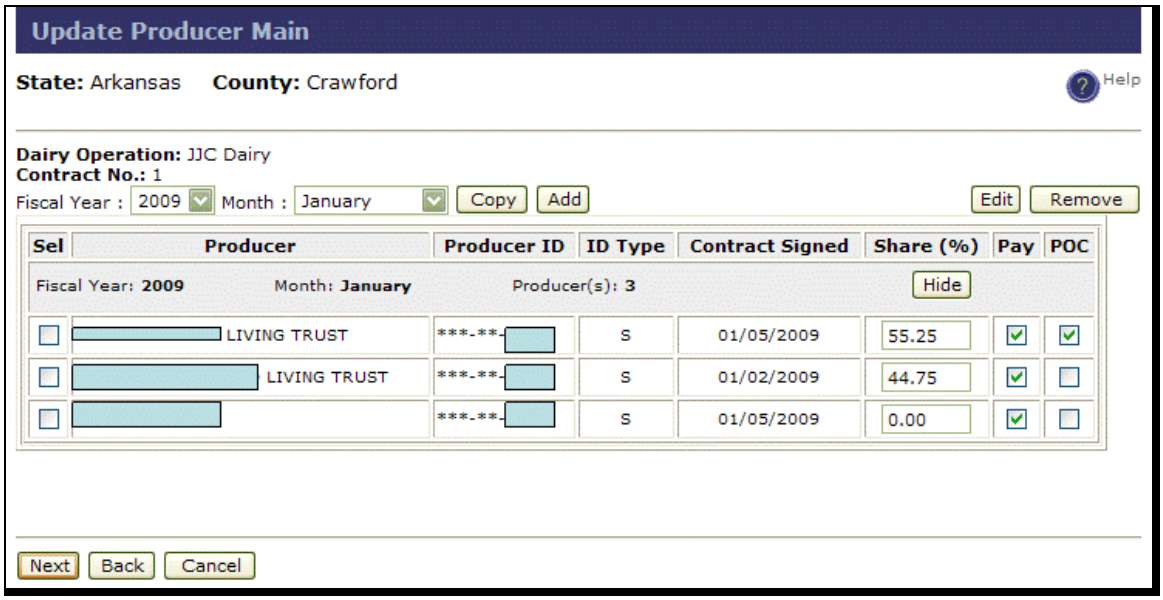
- enter the producer tax ID number; from the ID Type drop-down menu, select ID type; enter contract signed date (mm/dd/yyyy); and CLICK "**Next**"

--*

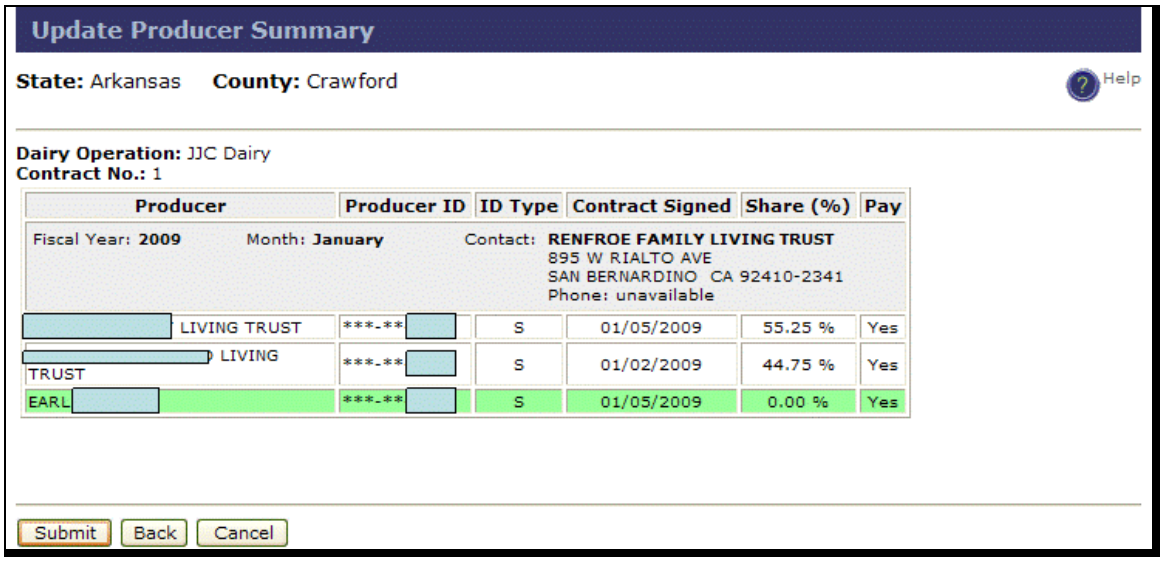
*--82 Producers (Continued)

A Updating Producers (Continued)

- the following is an example of the Update Producer Main Screen with the producer information that will be displayed, CLICK "**Next**" to continue; the Update Producer Summary Screen will be displayed



- on the Update Producer Summary Screen, **after** reviewing the displayed information for accuracy, CLICK "**Submit**"



--*

*--82 Producers (Continued)

A Updating Producers (Continued)

- the MILC Home Page will be displayed with the message, “Successfully updated producers for contract #.”

--*

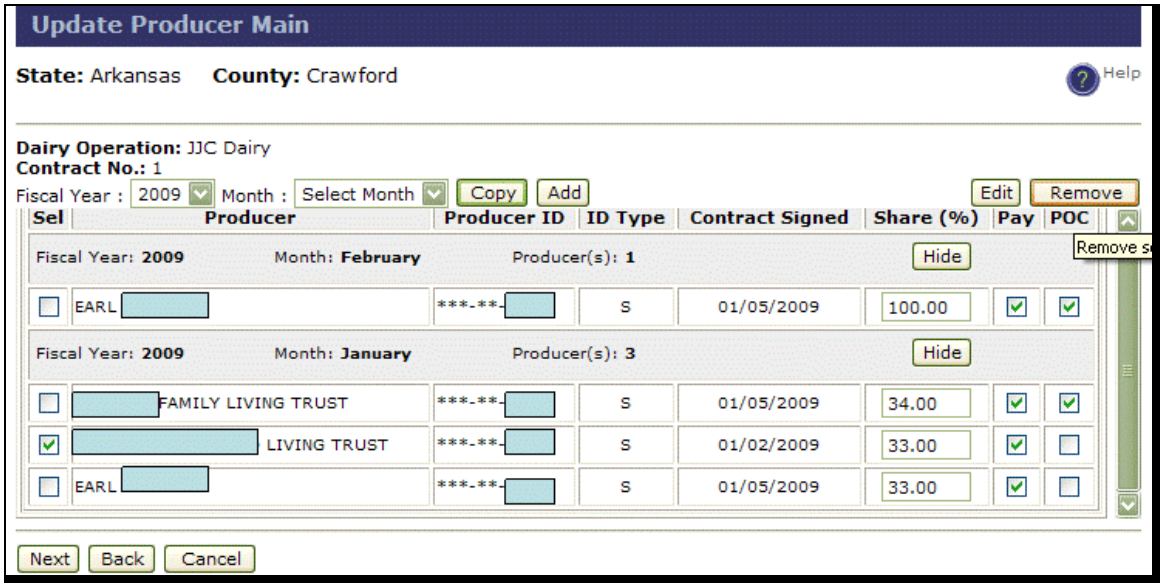
*--82 Producers (Continued)

A Updating Producers (Continued)

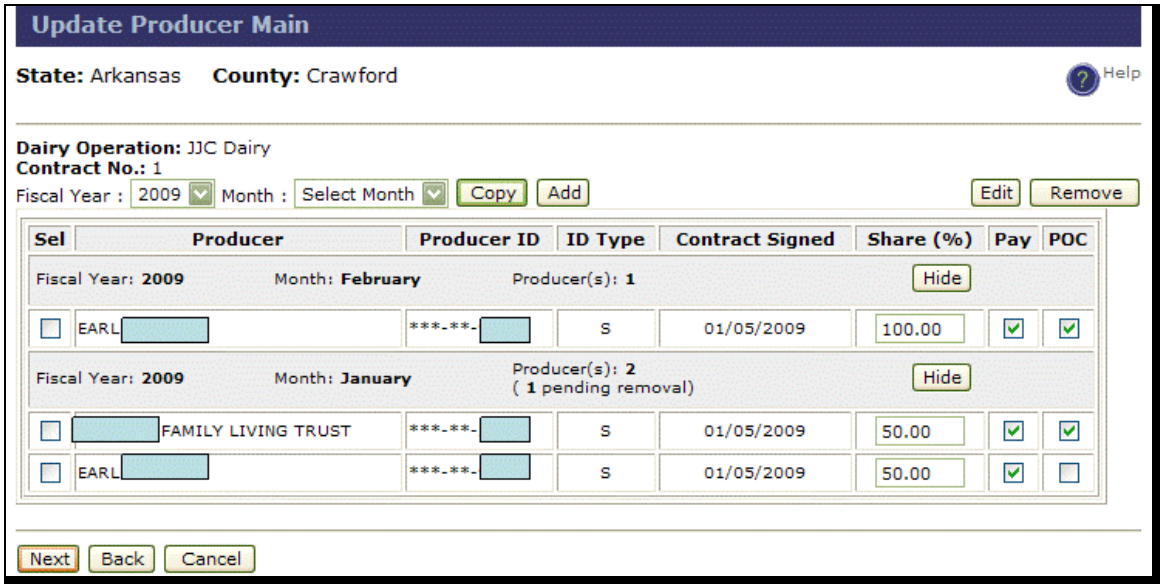
The following are examples of screens to **remove** a producer:

Note: Click "**Next**" or "**Submit**" to continue the process to a successful completion.

- on the Update Producer Main Screen, click the Sel radio button for the producer to be removed, and CLICK "**Remove**"



- the Update Producer Main Screen will be redisplayed with the FY, month, and producers pending removal, CLICK "**Next**" to confirm removal request

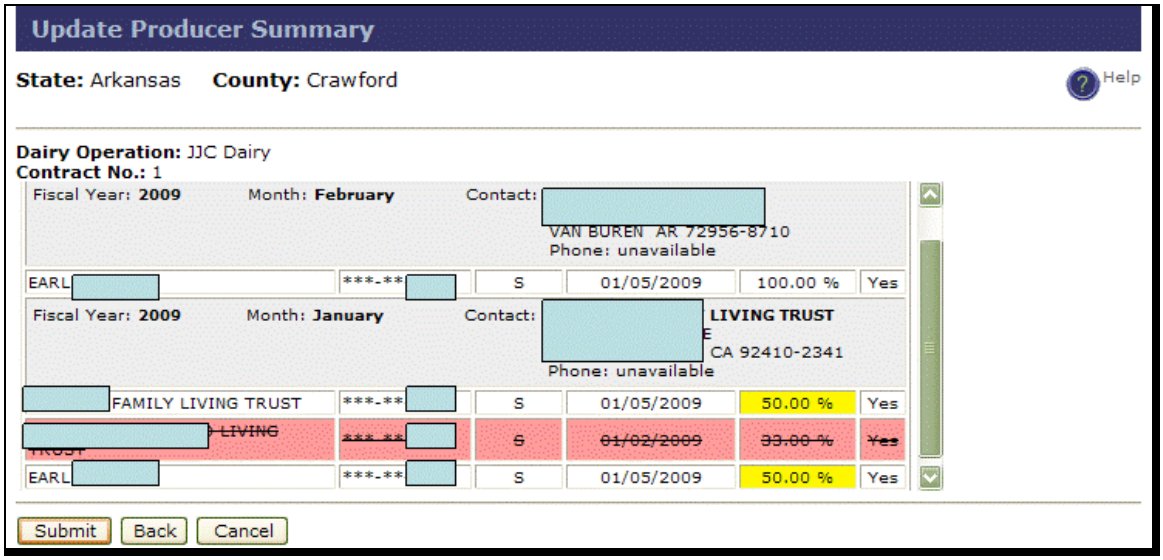


--*

*--82 Producers (Continued)

A Updating Producers (Continued)

- the Update Producer Summary Screen will be displayed, CLICK "**Submit**" to continue



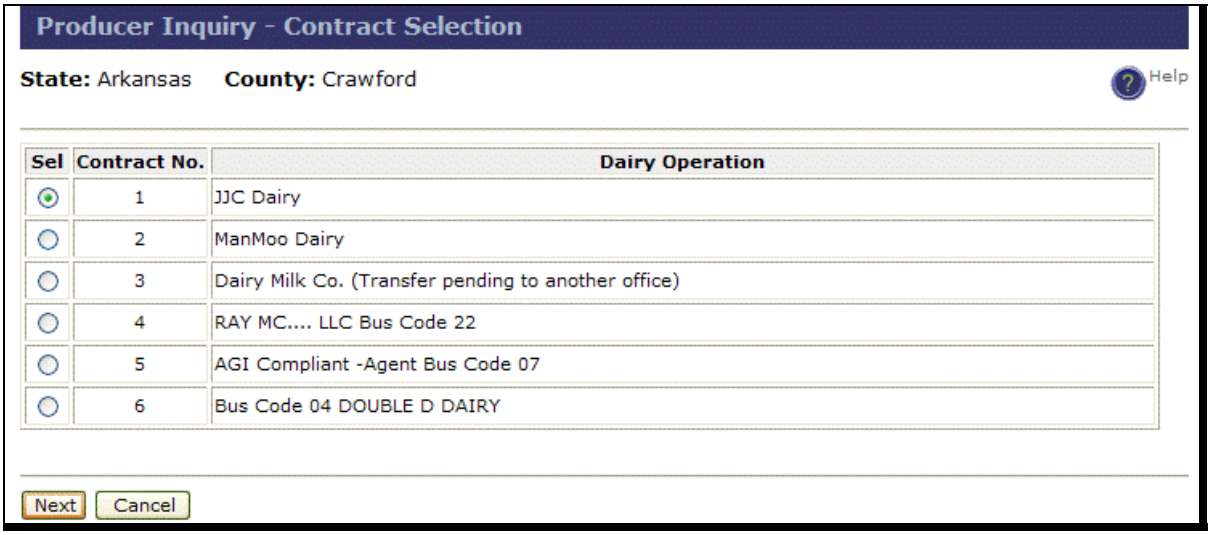
- the MILC Home Page will be displayed with the message, "Successfully updated producers for contract #."

--*

*--82 Producers (Continued)

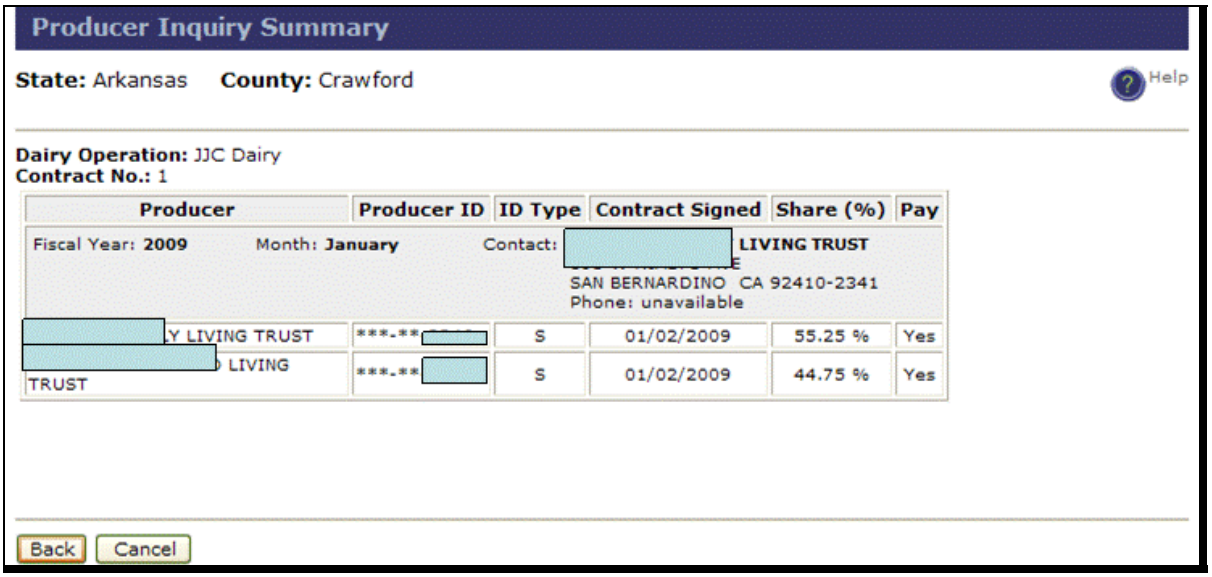
B Producer Inquiry

To inquire about a producer, under “MILC Menu”, “Producer”, CLICK “**Producer Inquiry**”. The following is an example of the Producer Inquiry – Contract Selection Screen.



Select the applicable dairy operation to inquire and CLICK “**Next**”. The Producer Inquiry Summary Screen will be displayed with the producer’s information.

The following is an example of the Producer Inquiry Summary Screen.



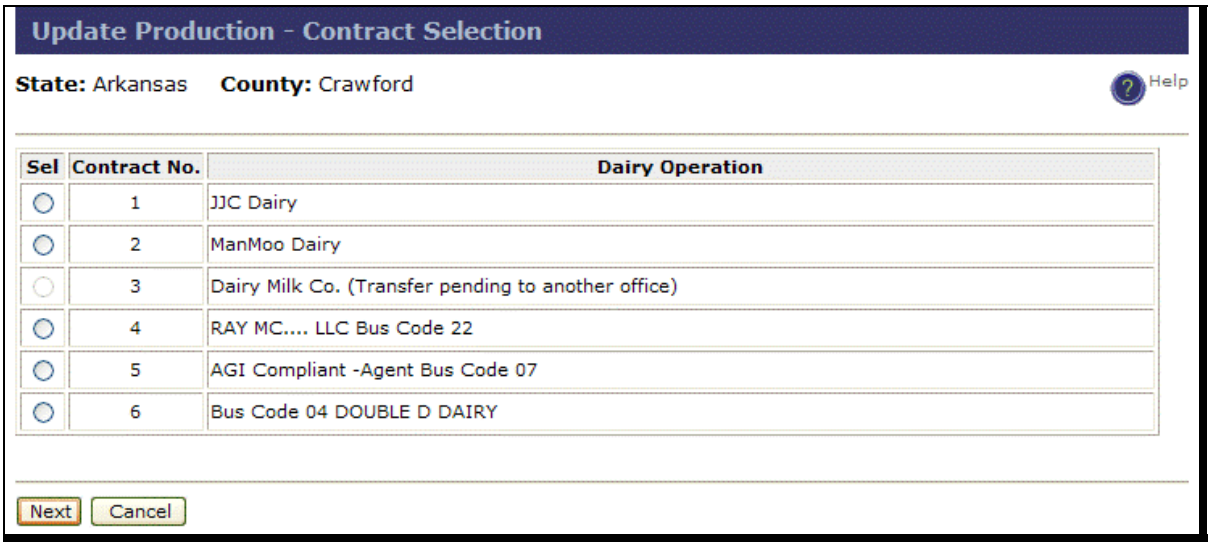
--*

*--83 Production

A Updating Production

After updating the producer information (subparagraph 82 A), update the production for the contract. To update production, under "MILC Menu", "Production", CLICK "**Update Production**". The Update Production – Contract Selection Screen will be displayed.

The following is an example of the Update Production – Contract Selection Screen.



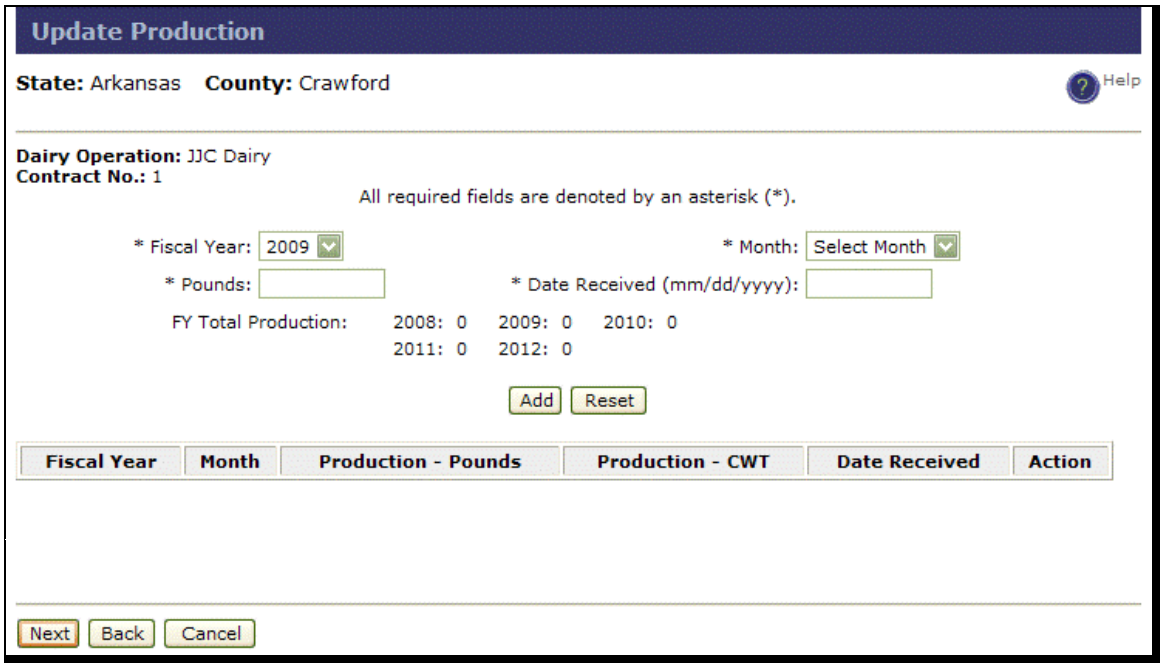
Select the applicable dairy operation and CLICK "**Next**". The Update Production Screen will be displayed.**--***

*--83 Production (Continued)

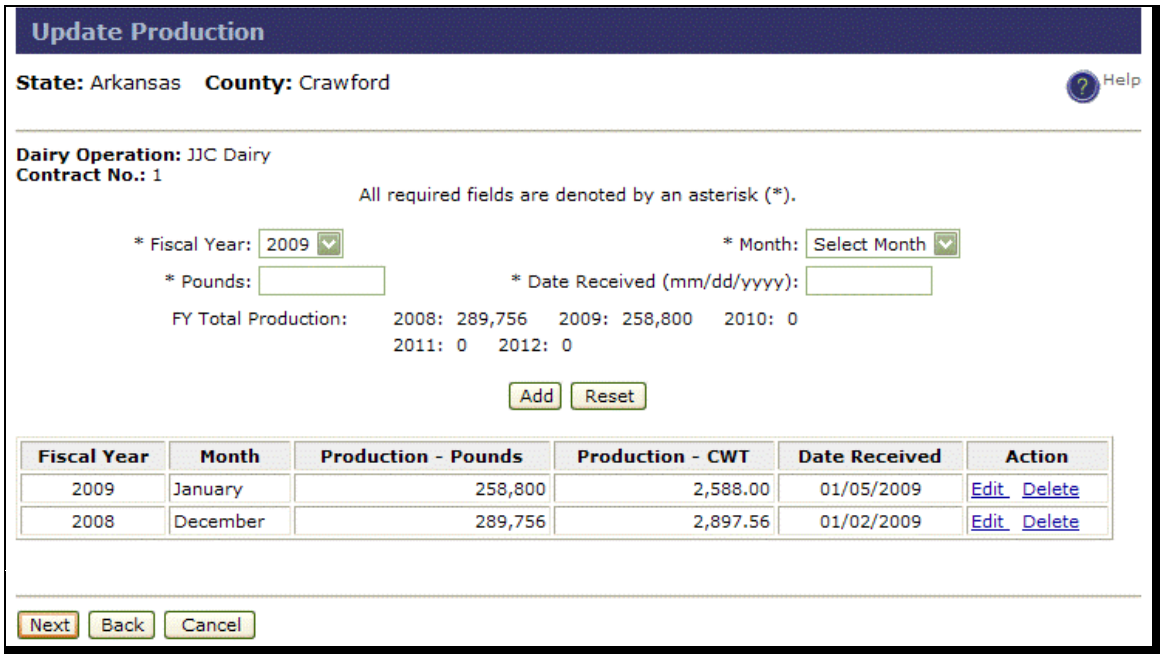
A Updating Production (Continued)

The following are examples of the Update Production Screen:

- unpopulated



- populated.



--*

***--83 Production (Continued)**

A Updating Production (Continued)

On the Update Production Screen:

- from the Fiscal Year drop-down menu, select FY
- from the Month drop-down menu, select the month
- enter production, in pounds
- enter date production evidence was received (mm/dd/yyyy)
- CLICK any of the following:

  - "**Add**" to display this data in the table

  - "**Reset**" to clear the data entry fields

  - "**Edit**" to:

    - change **unpaid** production entries

    - display the data of the selected row in the data entry fields; **only** the pounds and date received may be edited

    Note: When users click "**Edit**", "**Save**" will be displayed. Always **CLICK** "**Save**" **to save updated production information**.

  - "**Delete**" to:

    - remove **unpaid** production entries

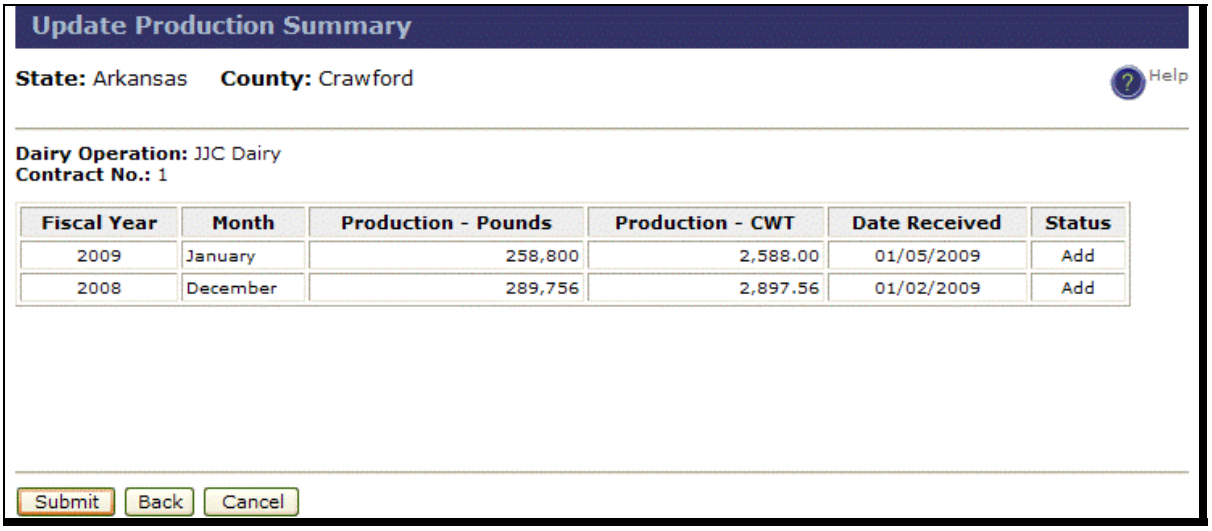
    - display the data of the selected row in the data entry fields; **after** verifying the data to be deleted, CLICK "**Remove**" to confirm the deletion.

After adding, editing, or deleting entries, CLICK "**Next**". The Update Production Summary Screen will be displayed.**--***

*--83 Production (Continued)

A Updating Production (Continued)

The following is an example of the Update Production Summary Screen.



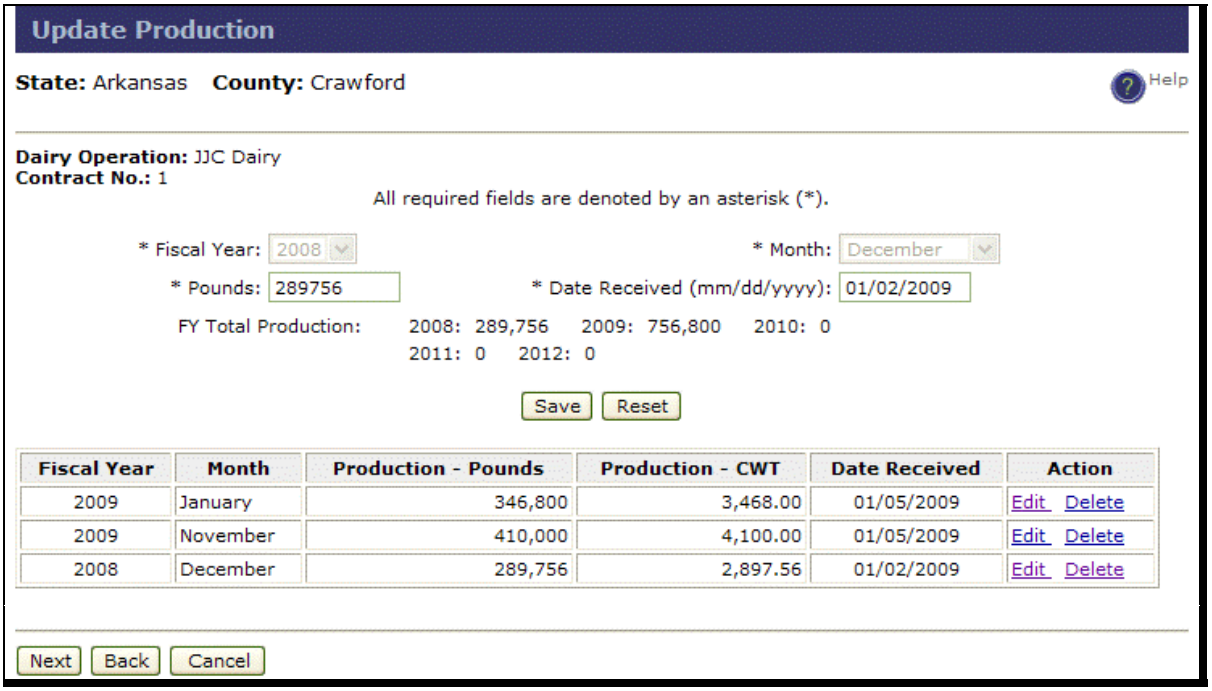
After reviewing and verifying the summary information, CLICK "**Submit**". The MILC Home Page will be displayed with the message, "Successfully updated Production for contract #.", if update was successful.

--*

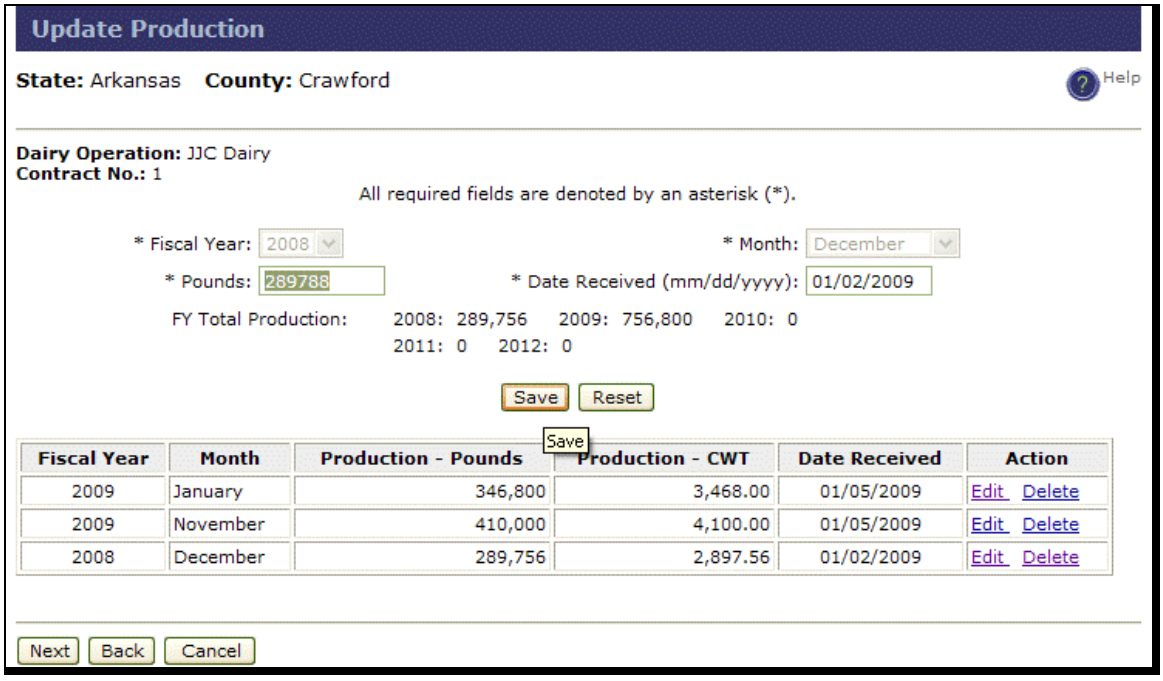
*--83 Production (Continued)

A Updating Production (Continued)

The following is an example of the Update Production Screen, if users CLICK "**Edit**":



- the following is an example of the data fields that can be edited; **after** making changes, CLICK "**Save**", then CLICK "**Next**"

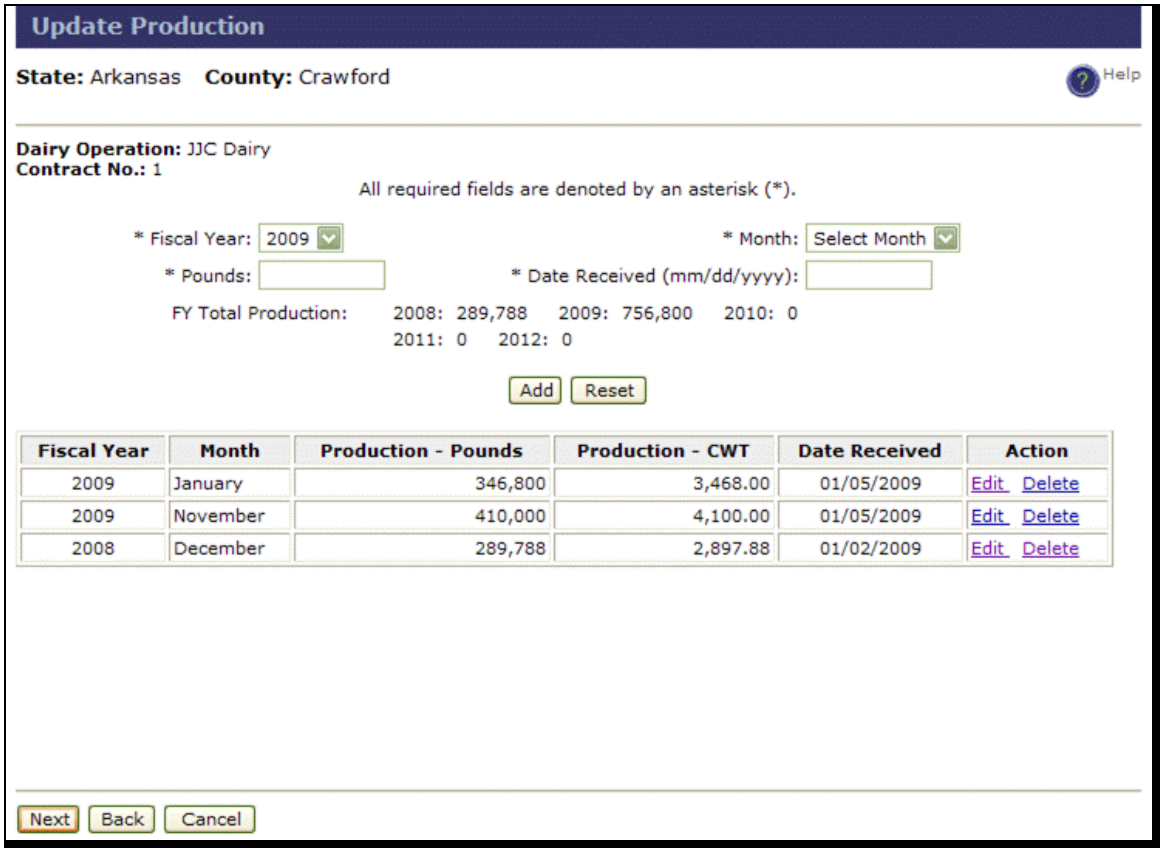


Note: Only the pounds and date received are available to edit.**--***

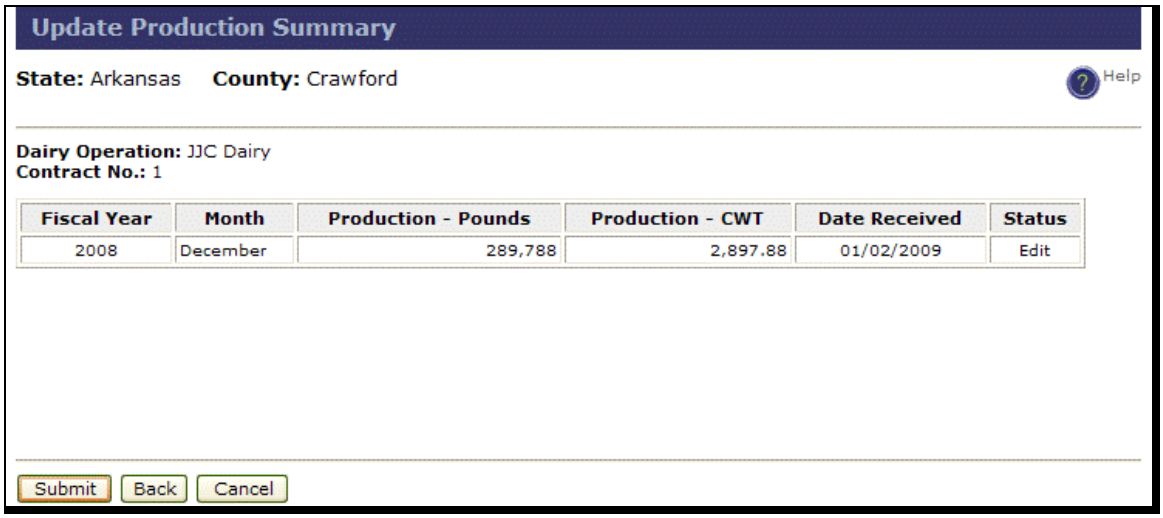
*--83 Production (Continued)

A Updating Production (Continued)

- the edited data will be displayed, CLICK "**Next**" to continue



- the Update Production Summary Screen will be displayed, CLICK "**Submit**" to complete the changes.



--*

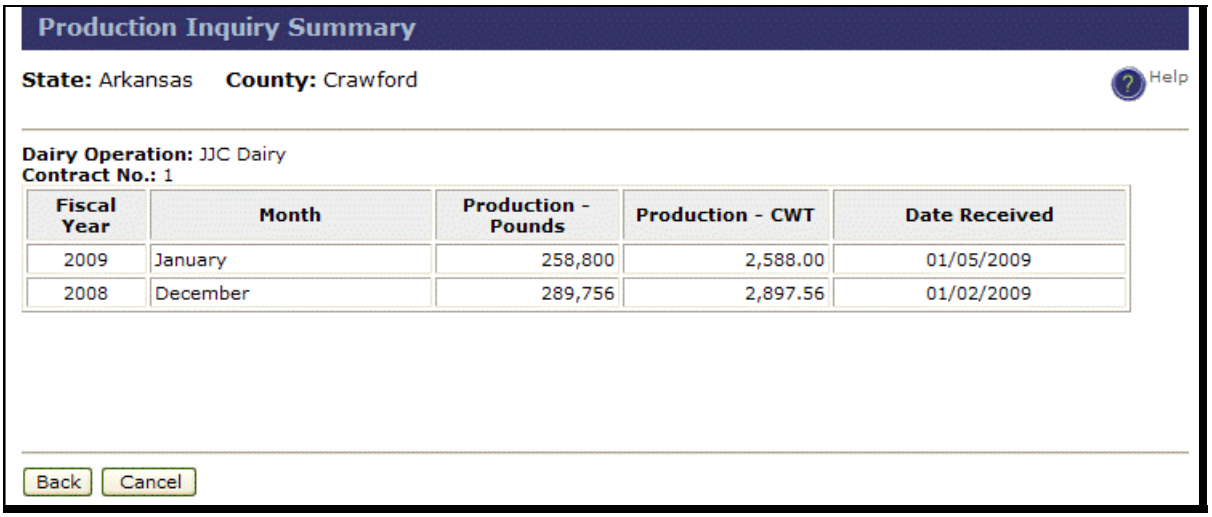
*--83 Production (Continued)

B Production Inquiry

To inquire on production, under “MILC Menu”, “Production”, CLICK “**Production Inquiry**”. Select the applicable dairy operation and CLICK “**Next**” to continue. The Production Inquiry Summary Screen will be displayed with the following information:

- FY
- month
- production in pounds
- production in cwt
- date received.

The following is an example of the Production Inquiry Summary Screen.



Production Inquiry Summary

State: Arkansas **County:** Crawford Help

Dairy Operation: JJC Dairy
Contract No.: 1

Fiscal Year	Month	Production - Pounds	Production - CWT	Date Received
2009	January	258,800	2,588.00	01/05/2009
2008	December	289,756	2,897.56	01/02/2009

Back Cancel

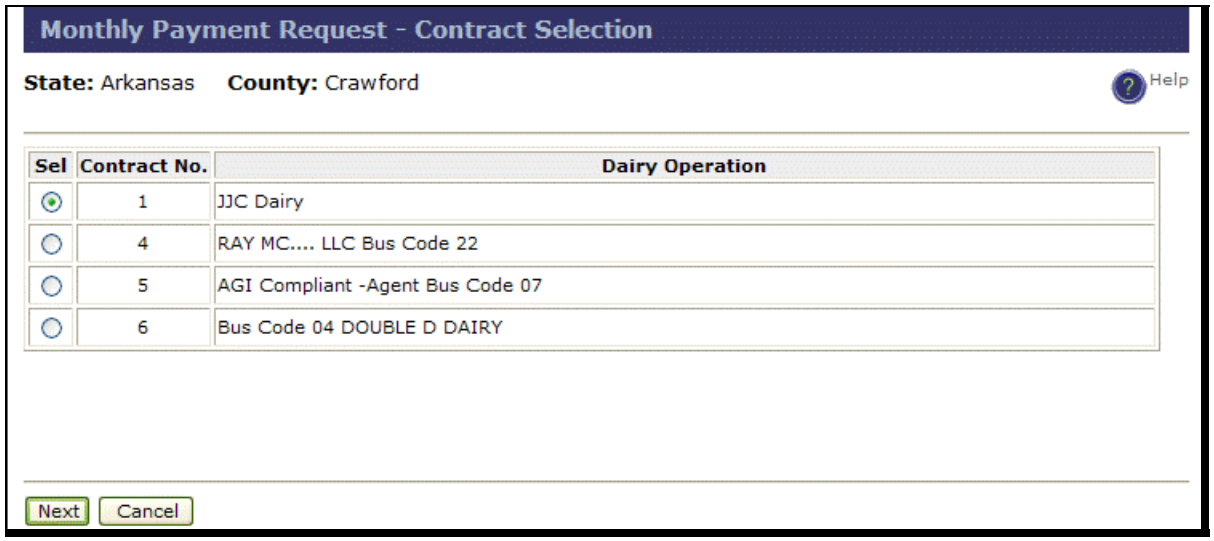
--*

*--84 Payments

A Monthly Payments

To issue monthly payments, under “MILC Menu”, “Payments”, CLICK “**Monthly Payment”**. The Monthly Payment Request – Contract Selection Screen will be displayed listing the dairy operations that have data entered for monthly production.

The following is an example of the Monthly Payment Request – Contract Selection Screen.



Select the applicable dairy operation and CLICK “**Next**”. The Monthly Payment Request Summary Screen will be displayed.**--***

*--84 Payments (Continued)

A Monthly Payments (Continued)

The following is an example of the Monthly Payment Request Summary Screen.

Monthly Payment Request Summary

State: Arkansas **County:** Crawford Help

Dairy Operation - Contract No.			
Sel	Contract Period		Dairy Total Payment ($)
	Producer	Share (%)	Producer Payment ($)
JJC Dairy - 1			
☑	2009, November		$ 15,408.96
	RENFROE FAMILY LIVING TRUST	25.00 %	$ 3,852.24
	EARL DOLLARD	15.00 %	$ 2,311.34
	PIXLEY AND SON DAIRY	60.00 %	$ 9,245.38
	2009, December		$ 10,011.80

Submit Cancel

Select the applicable month or months to be paid and CLICK "**Submit**". The Monthly Payment Request Results Screen will be displayed.

Note: Monthly payments **must** be disbursed consecutively.--*

*--84 Payments (Continued)

A Monthly Payments (Continued)

The following is an example of the Monthly Payment Request Results Screen. In this example, not all payments are successful.

Monthly Payment Request Results

State: Arkansas **County:** Crawford

NOTE: Some of the information displayed below is not stored in the database. Please print this page for your records and further reference.

Dairy Operation - Contract No. & Processed Date	Producer	Contract Period	Period Payment Amount ($)	Monthly Payment Message
JJC Dairy - 1 Tue 03/10/2009 07:16:10 CDT	RENFROE FAMILY LIVING TRUST	2009, November	$ 3,852.24	Successfully processed the monthly payment of $ 3852.24. Member payment breakdown: ***-**-2346S: PAID Amount: $ 3852.24
JJC Dairy - 1 Tue 03/10/2009 07:16:10 CDT	EARL DOLLARD	2009, November	$ 2,311.34	Recorded the $ 0.00 payment. Reason: AD-1026-->Certification-->Not Filed
JJC Dairy - 1 Tue 03/10/2009 07:16:10 CDT	PIXLEY AND SON DAIRY	2009, November	$ 9,245.38	Recorded the $ 0.00 payment. Reason: There are no entities associated with this Tax ID.

Print Home

Important: To ensure that all producers in a dairy operation are paid, the Service Center shall do the following:

- cancel the payments for all producers in the dairy operation for the applicable month using the “Cancel Payment” option (subparagraph B)
- take the applicable corrective action that may include requesting additional eFunds, if so stated as the reason for the failed payment
- re-submit contract for payment.

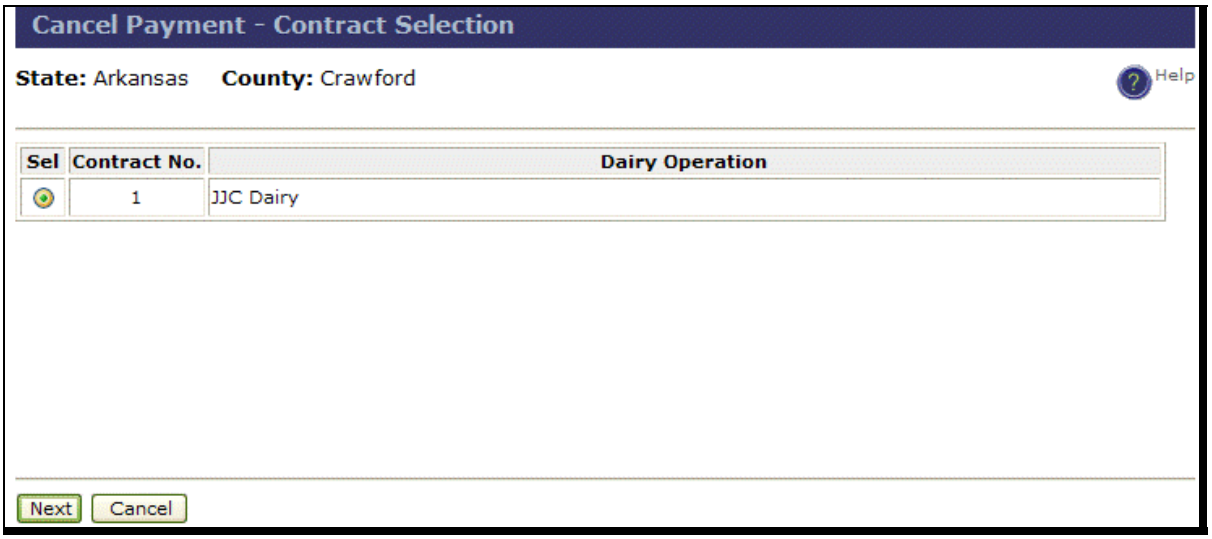
Payments successfully submitted are processed through NPS, a web-based accounting application that interfaces with the MILC web-based application to complete the payment process.--*

*--84 Payments (Continued)

B Canceling Payments

To cancel monthly payments, under “MILC Menu”, “Payments”, CLICK “**Cancel Payment**”. The Cancel Payment - Contract Selection Screen will be displayed listing the dairy operations for which monthly payments are ready to be processed.

The following is an example of the Cancel Payment-Contract Selection Screen.



Select a dairy operation, and CLICK “**Next**”. The Cancel Payment Summary Screen will be displayed.--*

*--84 Payments (Continued)

B Canceling Payments (Continued)

The following is an example of Cancel Payment Summary Screen.

Cancel Payment Summary

State: Arkansas **County:** Crawford Help

Dairy Operation - Contract No.				
Sel	**Contract Payment Amount ($)**	**Amount Paid ($)**	**Fiscal Year**	**Month**
JJC Dairy - 1				
◉	$ 15,408.96	$ 3,852.24	2009	November

Submit Cancel

Select the payment to cancel, and CLICK "**Submit**". The Cancel Monthly Payment Results Screen will be displayed.

The following is an example of Cancel Monthly Payment Results Screen.

Cancel Monthly Payment Results

State: Arkansas **County:** Crawford Help

NOTE: Some of the information displayed below is not stored in the database. Please print this page for your records and further reference.

Dairy Operation - Contract No. & Processed Date	Producer	Contract Period	Payment Amount ($)	Cancel Payment Message
JJC Dairy -1 Tue 03/10/2009 07:21:37 CDT	RENFROE FAMILY LIVING TRUST	2009, November	$ 3,852.24	Successfully cancelled the payment of $ 3852.24.
JJC Dairy -1 Tue 03/10/2009 07:21:37 CDT	EARL DOLLARD	2009, November	$ 0.00	Successfully cancelled the $ 0.00 Payment.
JJC Dairy -1 Tue 03/10/2009 07:21:37 CDT	PIXLEY AND SON DAIRY	2009, November	$ 0.00	Successfully cancelled the $ 0.00 Payment.

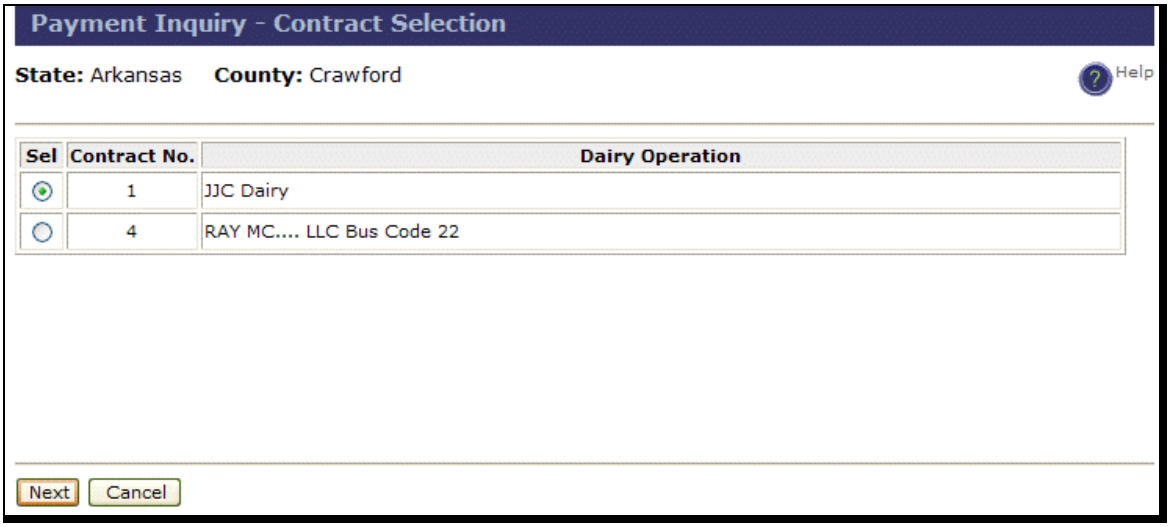
Print Home

To print screen, CLICK "**Print**".**--***

*--84 Payments (Continued)

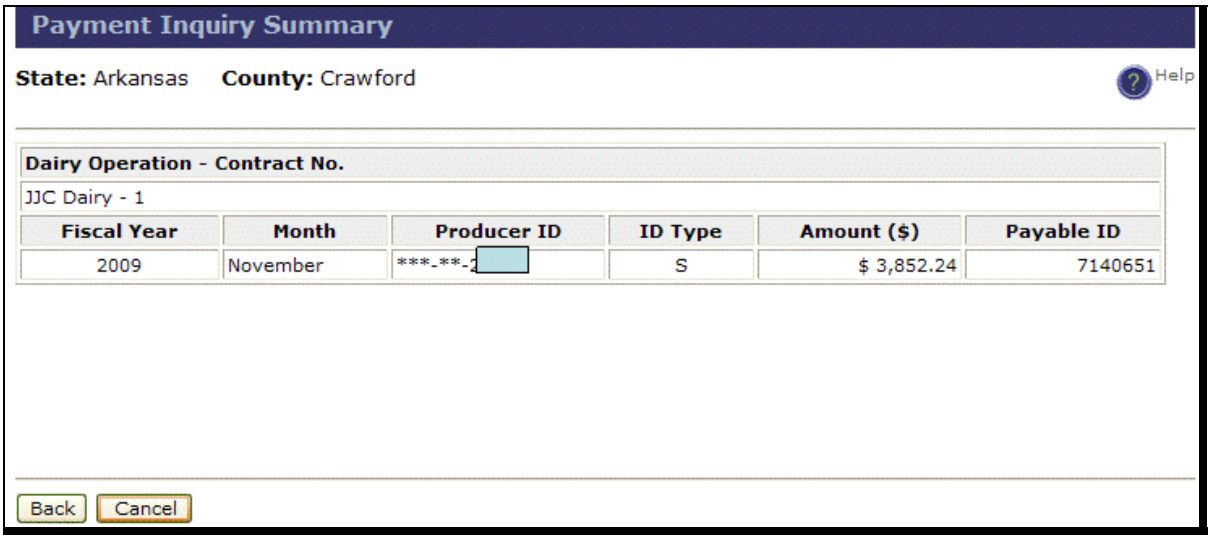
C Payment Inquiry

To make a payment inquiry, under “MILC Menu”, “Payments”, CLICK “**Payment Inquiry**”. The Payment Inquiry - Contract Selection Screen will be displayed listing all dairy operations for which payment requests have been submitted. The following is an example of the Payment Inquiry – Contract Selection Screen.



Select a dairy operation and CLICK “**Next**”. The Payment Inquiry Summary Screen will be displayed.

The following is an example of the Payment Inquiry Summary Screen.



--*

*--85 Reports

A MILC Report Menu

MILC provides the following reports in PDF and Excel formats:

- **Contracts with Maximum Production -** contracts at the maximum **paid** production limit in pounds
- **Payment Activity** – contracts and the associated producers with payment activity for a given period
- **Contract with Zero Payment Activity** – contracts **without** payment activity for a given period
- **Payment Start Month –** designated start months of contracts for the specified FY's
- **Production Summary –** summarizes the production per contract and producer for a given period.

B Generating MILC Reports

To generate any MILC report, under "MILC Menu", "Reports", CLICK "**MILC Report**". The MILC Reports Screen will be displayed. The follow is an example of the MILC Reports Screen.

Under "MILC Report Menu", "Report List", click a report and complete the applicable search criteria.

Note: Only the **Payment Start Month** and **Production Summary Reports** are available for the application phase (Phase 1).--*

*--86 Other Functions

A Changing Counties

To change a county in a multi-county FSA Service Center, under “MILC Menu”, “Other”, CLICK “**Change County**”. The Select County Screen will be displayed.

The following is an example of the Select County Screen.

Click a county and CLICK “**Submit**”.**--***

Reports, Forms, Abbreviations, and Redelegations of Authority

Reports

None.

Forms

This table lists all forms referenced in this handbook.

Number	Title	Display Reference	Reference
AD-1026	Highly Erodible Land Conservation (HELC) and Wetland Conservation (WC) Certification		10, 37, 62
CCC-36	Assignment of Payment		60, 62
CCC-580	Milk Income Loss Contract (MILC)	38	Text
CCC-580 Appendix	Appendix to Form CCC-580, Milk Income Loss Contract	Ex. 5	37, 38, 43, 70
CCC-580M	Milk Income Loss Contract (MILC) Modification	44	11, 28, 43, 50, 51, 53, 54
CCC-580S	Milk Income Loss Contract (MILC) Supplemental	39	11, 37, 39, 41
CCC-582	Milk Income Loss Contract (MILC) Agent Application Agreement	61	60, 62
CCC-770 Eligibility	Eligibility Checklist		2, 37, 46
CCC-770 MILC	Milk Income Loss Contract Program (MILC) Checklist	45	37, 46
CCC-901	Member's Information		11, 37
CCC-902E	Farm Operating Plan for an Entity for 2009 and Subsequent Program Years		11, 37
CCC-902I	Farm Operating Plan for an Individual for 2009 and Subsequent Program Years		11, 37
CCC-926	Eligibility Average Adjusted Gross Income Certification Statement		10, 37
FSA-211	Power of Attorney		60-62
FSA-325	Application for Payment of Amounts Due Persons Who Have Died, Disappeared, or Have Been Declared Incompetent		11
I-551	Alien Registration Receipt Card		10, 39
SF-1199A	Direct Deposit Signup Form		20

Reports, Forms, Abbreviations, and Redelegations of Authority (Continued)

Abbreviations Not in 1-CM

Approved Abbreviation	Term	Reference
AGI	adjusted gross income	2, 10, 12, 37
DMLA	Dairy Marketing Loss Adjustment	10, 52, 53
EIN	employer identification number	39
MILC	Milk Income Loss Contract	Text
NPS	National Payment Service	20, 82, 84

Redelegations of Authority

Redelegation	Reference
Except for CCC-580's and any other program documents that CED has a monetary interest, COC may delegate the authority to approve or disapprove CCC-580's and any other program documents to CED.	3
Except for CCC-580's and any other program documents that the Federal and non-Federal County Office employee approving has a monetary interest, CED may delegate the authority to approve or disapprove CCC-580's and any other program documents to Federal and non-Federal County Office employees.	3

Definitions of Terms Used in This Handbook

Class I Milk

Class I milk is milk, including milk components, classified as Class I milk under a Federal milk marketing order issued by AMS.

Commercially Marketed Milk Production

Commercially marketed milk production is a marketing of milk for which there is verifiable sales or delivery record of milk marketed for commercial use.

Contract Period Payment

Contract period payments means all monthly payments made under MILC.

Dairy Operation

A dairy operation is any person or group of persons who, as a single unit as determined by CCC, produce and market milk commercially produced from cows, and whose production and facilities are located in the U.S.

Eligible Dairy Operation

An eligible dairy operation, for MILC program purposes, is any person or group of persons who, as a single unit as determined by CCC, produce and market milk commercially produced from cows and whose production facilities are located in the U.S.

Eligible New Dairy Operation

An eligible new dairy operation is any dairy operation purchased by a producer not affiliated with any dairy operation:

- that received a DMLA-III payment
- with an approved CCC-580 with CCC.

Definitions of Terms Used in This Handbook (Continued)

Eligible Producer

An eligible producer, for MILC program purposes, is any individual, group of individuals, partnership, corporation, estate, trust association, cooperative, other legal business enterprise, or other legal entity who is, or whose members:

- are a citizen of, or legal resident alien in the U.S., except as provided in subparagraph E
- directly or indirectly share in the risk of producing milk
- make contributions (including land, labor, management, equipment, or capital) to the dairy farming operation of the individual or entity that are at least commensurate with the share of the individual or entity of the proceeds of the operation.

Production Start Month Definition

The production start month, selected by the dairy operation and designated on the CCC-580, is the month for which CCC will begin payments to the dairy operation starting with the selected month and based on the selected months commercially marketed production.

Menu and Screen Index

The following menus and screens are displayed in this handbook.

Menu or Screen	Title	Reference
	Cancel Monthly Payment Results Screen	84
	Cancel Payment Summary Screen	84
	Cancel Payment-Contract Selection Screen	84
	Change Contract – Contract Selection Screen	81
	Change Contract Screen	81
	Change Contract Summary Screen	81
	Contract Inquiry – Contract Selection Screen	81
	Contract Inquiry Summary Screen	81
	eAuthentication Login Screen	80
	MILC Home Page	80, 81, 82, 83
	MILC Reports Screen	85
	Monthly Payment Request – Contract Selection Screen	84
	Monthly Payment Request Results Screen	84
	Monthly Payment Request Summary Screen	84
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	Record Contract Screen	81
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	Resolve Transfer – Contract Selection Screen	81
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	Transfer Contract – Contract Selection Screen	81
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	Update Producer – Add Producer Screen	82
	Update Producer – Contract Selection Screen	82
	Update Producer – Edit Producer Screen	82
	Update Producer Main Screen	82
	Update Producer Summary Screen	82
	Update Production – Contract Selection Screen	83
	Update Production Screen	83
	Update Production Screen	83
	Update Production Summary Screen	83
	Update Production Summary Screen	83

CCC-580 Appendix

The following is an example CCC-580 Appendix.

This form is available electronically. See Page 7 for Privacy Act Statement.

CCC-580 Appendix
(12-01-08)

U.S. DEPARTMENT OF AGRICULTURE
Commodity Credit Corporation

APPENDIX TO FORM CCC-580, MILK INCOME LOSS CONTRACT

1 DEFINITIONS

The following definitions are applicable to the extension of the Milk Income Loss Contract (MILC) Program:

A **Administrator** means the FSA Administrator.

B **Contract application** means Form CCC-580, the Milk Income Loss Contract (MILC).

C **Contract application period** means the date established by the Deputy Administrator for producers to apply for program benefits.

D **CCC** means the Commodity Credit Corporation.

E **Class I Milk** means milk, including milk components, classified as Class I milk under a Federal milk marketing order.

F **County Committee** means the FSA county committee.

G **County Office** means the local FSA office.

H **Dairy Operation** means any person or group of persons who as a single unit as determined by CCC, produce and market milk commercially produced from cows and whose production facilities are located in the United States.

I **Dairy Feed Price Adjustment** – for the period January 1, 2008 through August 31, 2012, if the National Average Dairy Feed Ration Cost for a month during that period is greater than $7.35 per hundredweight, the amount used to determine the payment rate shall be increased by 45 percent of the percentage by which the National Average Dairy Feed Ration Cost exceeds $7.35 per hundredweight. For any month beginning on or after September 1, 2012, if the National Average Dairy Feed Ration Cost for a month during that period is greater than $9.50/cwt, the payment rate will be increased by 45 percent of the percentage by which the National Average Dairy Feed Ration Cost exceeds $9.50/cwt. The National Average Dairy Feed Ration cost will be determined in accordance with the program regulations.

J **Department or USDA** means the United States Department of Agriculture.

K **Deputy Administrator** means the Deputy Administrator for Farm Programs **(DAFP), Farm Service Agency (FSA) or a designee.**

L **Eligible Production** means milk that was produced by cows in the United States and marketed commercially by a producer in a participating State.

M **Farm Service Agency or FSA** means the Farm Service Agency of the Department.

N **Federal Milk Marketing Order** means an order issued under section 8c of the Agricultural Adjustment Act (7 U.S.C. 608c), reenacted with amendments by the Agricultural Marketing Agreement Act of 1937.

O **Fiscal Year** means the year beginning October 1 and ending the following September 30. For example, the 2009 fiscal year begins October 1, 2008, and ends on September 30, 2009.

P **Marketed commercially** means sold to the market to which the dairy operation normally delivers whole milk and receives a monetary amount.

Q **Milk handler** means the marketing agency to or through which the producer commercially markets whole milk.

R **MILC** means the Milk Income Loss Contract.

S **Milk Income Loss Contract or CCC-580** means the program documents including the applicable contract appendix, entered into between CCC and the participant. Such contract shall set forth the terms and conditions for participation in the MILC program and receipt of MILC payments.

CCC-580 Appendix (Continued)

T **Milk Marketing** means a marketing of milk for which there is a verifiable sales or delivery record of milk marketed for commercial use.

U **Participating State** means each of the 50 States in the United States of America, including the District of Columbia, and the Commonwealth of Puerto Rico, or any other territory or possession of the United States *(7 CFR 1430.202)*.

V **Payment Pounds** means the pounds of milk production for which an operation is eligible to be paid up to a maximum of 2.4 million pounds per dairy operation per fiscal year for the 2008 fiscal year and 2,985,000 pounds per fiscal year for the 2009-2012 fiscal years provided further that an operation may receive payment for September 2012 marketings only if pre- September 2012 FY marketings did not exceed 2,400,000 pounds in which case new marketings that would not put the operation's 2012 FY marketings over 2,400,000 pounds will be eligible for payments otherwise permitted under the MILC regulation.

W **Producer** means any individual, group of individuals, partnership, corporation, estate, trust association, cooperative, or other business enterprise or other legal entity who is, or whose members are, a citizen of, or legal resident alien or aliens in the United States, and who directly or indirectly, as determined by the Secretary, shares in the risk of producing milk, and makes contributions (including land, labor, management, equipment, or capital to the dairy farming operation of the individual or entity that are at least commensurate with the share of the individual or entity of the proceeds of this operation.

X **Secretary** means the Secretary of the United States Department of Agriculture or any other officer or employee of the Department who has been delegated the authority to act in the Secretary's stead with respect to the program established in the part.

Y **United States** means the 50 States of the United States of America, the District of Columbia, and the Commonwealth of Puerto Rico, and any other territory or possession of the United States. *(7 CFR 1430.202)*.

Z **Verifiable Production Records** means evidence that is used to substantiate the amount of production reported and that can be verified by CCC through an independent source.

AA All other words and phrases, unless the context of subject matter otherwise requires, shall have the meanings assigned to them in the regulations governing the Milk Income Loss Contract Program which are found at 7 CFR Part 1430.

2 **ELIGIBILITY REQUIREMENTS FOR MILC PROGRAM**

A By signing the MILC, the participant certifies that such participant produced milk commercially in the United States and marketed such production anytime during the period from October 1, 2007, through September 30, 2012. The participant agrees to provide monthly milk production and evidence of such production commercially marketed by all persons in the dairy operation during the program period, to determine the total pounds of milk that will be converted to hundredweight (cwt), and subsequently used for determining payment eligibility. Such production evidence must be provided before CCC will issue a payment to the dairy operation. *(7 CFR 1430.203)*.

B The dairy operation must comply with highly erodible land and wetland conservation provisions set out at 7 CFR Part 12, adjusted gross income provisions at 7 CFR Part 1400, and all other provisions prescribed in the Milk Income Loss Contract program regulations at 7 CFR Part 1430. With respect to adjusted gross income, no person or entity may receive a payment for FY 2009 or subsequent marketings if their adjusted gross nonfarm income for the relevant base period for the marketings as determined under part 1400 is, as determined under that part is over $500,000. Further for entities an otherwise due payment will be reduced commensurately to the extent that any person with an interest in the entity, as determined under AGI regulations, had such income over that limit for the relevant period.

C In order to receive payment the operation must have submitted a contract during the applicable contract period for FYs 2008-2012. The operation must have for any fiscal year for which payments is sought to be paid submitted the FY 2008-2012 contract before the end of that fiscal year. Further, to be eligible for payment, the dairy must not, if it did not participate in the MILC program for fiscal years prior to FY 2008, be affiliated with any other dairy operation.

CCC-580 Appendix (Continued)

3 RESTRICTIONS ON PAYMENTS TO FOREIGN PERSONS

A Any producer who enters a MILC with CCC or participates in such contract at any time who is not a citizen of the United States or an alien lawfully admitted into the United States for permanent residence under the Immigration and Nationality Act (8 U.S.C. 1101, et seq.) shall be ineligible to receive monthly payments under this contract unless such person meets the requirements of 7 CFR Part 1400 which shall be applicable to this contract.

B Persons succeeding to a MILC must notify CCC immediately of succession and the contract must be modified accordingly.

4 SELECTION OF STARTING MONTH PROVISIONS

A A dairy operation that enters into a MILC with CCC, must designate for each fiscal year covered by the contract the starting month for the CCC to consider marketings to be eligible for consideration for payment.

The starting month selected by the dairy operation must be made on or before the 14th of the month before the month for which payment is sought. *(7 CFR 1430.205(a)).*

Beginning with the month selected by the dairy operation, MILC payments for the fiscal year will be issued based on the selected month's production and production for each consecutive month thereafter with a payment rate in effect until the earlier of the following:

(1) the maximum payment quantity for the fiscal year is reached; or
(2) the applicable fiscal year ends.

B Except as provided in subparagraphs F and G of this section, a dairy operation cannot select a month for payment for which the following has occurred:

(1) The month has already begun provided further that a month must be selected by the 14th of the preceding month;
(2) The month has already passed; or
(3) No milk production was produced by the dairy operation.

C Dairy operations cannot change the selected starting month for the fiscal year unless the change is made with CCC on or before the 14th of the month before the month selected. Otherwise, the starting month selected by the dairy operation cannot be changed in the MILC until the next fiscal year. If the starting month selected by the dairy operation is never modified from the initial selection, the selected month will remain the same for each fiscal year throughout the duration of the contract. *(7 CFR 1430.205(e)).* That is, once a month is chosen for a fiscal year, the corresponding month will be the start month for subsequent fiscal years unless affirmatively changed by the operation.

D Payments will be made consecutively to the dairy operation on a monthly basis for the fiscal year after the starting month has been designated in the MILC until the earlier of the following:

(1) The maximum payment quantity for the fiscal year is reached; or
(2) The end of the fiscal year.

E All producers involved in the dairy operation must agree to the month designated in the MILC that CCC will issue payments. The dairy operation assumes the risk of not reaching the maximum payment quantity based on the month selected by the dairy operation. Payments will not be issued for past months for the sole purpose of reaching the maximum payment quantity, when the starting month was erroneously or otherwise selected by the dairy operation.

F For FY 2009, if the contract is submitted within 30 days of the time at which CCC begins accepting contracts for the FYs 2008-2012 program, the dairy operation can select any preceding month as the FY 2009 start month or choose a start month according to the normal standards that apply.

G When the FYs 2008-2012 contract is submitted, the dairy operation may, in lieu of other rules that apply, pick the month in which the contract is submitted as the start month for the fiscal year in which the contract is submitted.

H If there is no payment rate in effect for the MILC production start month selected by the dairy operation, the dairy operations' payment will begin with the production from the next consecutive month in which there is a rate in effect following the selected MILC production start month. Production that does not generate a payment will not count against FY poundage eligibility limits.

5 DAIRY OPERATION PAYMENT QUANTITY

A The applicant's payment quantity of milk will be determined by CCC, based on the quantity of milk that was produced and commercially marketed by each dairy operation each month per FY.

B The maximum quantity of eligible production for which dairy operations are eligible for payment per fiscal year under the Milk Income Loss Contract Program regulations shall be for FYs 2009-2012 - 2,985,000 pounds or 29,850 hundredweight per separate and distinct operation provided further that an operation may receive payment for September 2012 marketings, only if pre-September 2012 FY marketings did not exceed 2,400,000 pounds in which case new marketings that would not put the operation's 2012 FY marketings over 2,400,000 pounds will be eligible for payments otherwise permitted in this rule.

C The Deputy Administrator shall determine what may be considered a separate and distinct operation.

6 PAYMENT RATE AND DAIRY OPERATION PAYMENT

A Payments under the MILC may be made to dairy operations when the Boston Class I milk price for the relevant month under the applicable Federal milk marketing order is below $16.94 per hundredweight. No payments will be made to dairy operations during the months that the Boston Class I milk price under the applicable milk marketing order equals or exceeds $16.94 or a rate adjusted for the National average dairy feed ration cost.

B A per hundredweight (cwt) payment rate will be determined for the applicable month by:

(1) Subtracting from $16.94 the Class I milk price per hundredweight in Boston;
(2) Multiplying the difference by 34 percent during the period beginning on October 1, 2007, and ending on September 30, 2008;
(3) Multiplying the difference by 45 percent during the period beginning on October 1, 2008, and ending on August 31, 2012.
(4) Multiplying the difference by 34 percent for September, 2012.

C The payment rate as calculated in accordance with paragraph B, will be adjusted to compensate for feed prices when the National Average Dairy Feed Ration Cost for a month is greater than the levels set forth below. Generally, the National Average Dairy Feed Ration Cost per cwt., for each month shall as determined under the program regulations be calculated using the same procedures used to calculate the feed components of the estimated price of 16 percent Mixed Dairy Feed per pound as noted in the USDA monthly Agricultural Prices publication of March, 2008. The payment rate adjustment for feed prices will be determined by increasing $16.94 by the percentage which is 45 percent of the percentage by which the National Average Dairy Feed Ration Cost exceeds $7.35 per cwt., ($9.50 per cwt., for MILC marketings in September 2012).

D Each eligible dairy operation payment will be calculated, as determined by CCC, by:

(1) Converting whole pounds of milk to hundredweight (cwt); and
(2) Multiplying the payment rate determined in paragraphs B and C of this section by the quantity of eligible production marketed by the operation during the applicable month as determined.

E Payments under the Milk Income Loss Contract Program regulations may be made to a dairy operation only up to the quantity of eligible production per applicable fiscal year as described in Section 5.

F Participants will receive payments on a monthly basis according to the MILC, not later than 60 days after the production evidence for the applicable month is received or the dairy feed adjusted rate is posted, whichever is later. However, CCC will endeavor to make the payment where possible within 60 days of the end of the month of the marketing.

CCC-580 Appendix (Continued)

7 PROOF OF PRODUCTION

A Dairy operations entering into a MILC with CCC must, in accordance with instructions issued by the Deputy Administrator, provide adequate proof of the dairy operation's eligible production during the applicable months of each fiscal year designated in the contract. The dairy operation must also provide proof that the eligible production was commercially marketed during applicable months beginning October 1, 2007, and ending September 30, 2012. The documentary evidence of milk production claimed for payment shall be reported to CCC together with any supporting documentation to verify claim.

B CCC will issue a payment to the dairy operation no later than 60 days after the last day of the month that the production evidence is provided to the county FSA office or the date the feed rate adjustment is posted, whichever is later. However, CCC will endeavor to make the payment where possible within 60 days of the end of the month of the relevant marketings.

C Dairy operations must provide their final production evidence by November 1, 2012.

8 MILC AGENT PROVISIONS

A Milk Income Loss Contract payments may be disbursed by a cooperative marketing association that serves the Amish community or other special groups. Producers in such groups in a dairy operation may authorize an agent of a cooperative marketing association or milk handler affiliated with a cooperative marketing association to obtain and disburse MILC payments to the operation.

B The authorized Milk Income Loss Contract agent must on behalf of the dairy operation do the following:

(1) Obtain a power of attorney for the producers of the dairy operation that authorizes the agent to enter into a MILC;
(2) File form prescribed by CCC, for approval by CCC, to act as a MILC agent;
(3) Provide the dairy operation's monthly production evidence to the applicable FSA county office;
(4) Disburse payment to the dairy operation in the producers monthly milk check.

9 EFFECTIVE DATE AND CHANGES TO CONTRACT

A The MILC is effective when, as determined by CCC, it has been signed by the participants and an authorized representative of CCC. Except as otherwise determined by CCC, as permitted by regulations or other law, the MILC may not be revoked or revised unless by mutual agreement between parties. If, after the effective date of this contract, CCC determines that certified production was erroneously provided or any provision prescribed in the regulations at 7 CFR Part 1430 was violated, CCC may terminate the contract according to such regulations.

B Except as provided in Section 6, contracts entered into by producers in a dairy operation shall cover eligible production marketed by the producers in a dairy operation during the period beginning with the first day of the month the producers in the dairy operation enter into contract and ending on September 30, 2012.

C In the event that a statute is enacted during the period of this Milk Income Loss Contract which would materially change the terms and conditions of this contract, the CCC may require the participants to elect between acceptance of modifications in the contract consistent with the provisions of such statute or termination of this contract.

10 CONTRACT MODIFICATIONS

A Producers in dairy operations are required to notify their local FSA office immediately of any changes that potentially affect the terms, conditions, or participants under the MILC. Changes include, but are not limited to changes to the starting month to receive payment for the next fiscal year, death of producer on the contract, new member joining the operation, member exiting the operation, transfer of shares by sale or other transfer action, or reconstitutions.

B CCC may modify a MILC if it is determined that such modifications are desirable to carry out purposes of the program or to facilitate the program's practical administration.

C The contact producer as designated to FSA on or for the contract has authority to make authorized changes to applicable Milk Income Loss Contract program forms prescribed by FSA and to bind other producers on the contract to those changes.

CCC-580 Appendix (Continued)

11 NOTIFICATION OF CHANGES TO TERMS AND CONDITIONS OF THE CONTRACT

CCC agrees that, if any changes of any terms and conditions of this contract become necessary prior to the date that this contract is approved on behalf of CCC, CCC will notify the producers signing the MILC of such change and such producer will be given 10 days from the date of notification in which to agree to the revised terms and conditions or to withdraw from the offer. The participant agrees to notify the CCC of an intention to withdraw from the offer within 10 days from the date of the issuance of such notice and further agrees that failure to notify the CCC will constitute agreement to the revised terms and conditions.

12 TERMINATION OF CONTRACT

If a participant fails to carry out the terms and conditions of this contract but CCC determines that such failure does not warrant termination of this contract, CCC may require such participant to refund, with interest, payments received under this contract, or require the participant to accept such adjustments in the subsequent payment as are determined to be appropriate by CCC. Interest shall run on all refunds from the date of CCC disbursement.

13 CORRECTIONS

CCC reserves the right to correct all errors in entering data or the results of computations in the contract.

14 ERRONEOUS REPRESENTATION AND SCHEME AND DEVICE

A A participant who is determined to have erroneously represented any fact affecting a determination with respect to this MILC and regulations applicable to this contract, adopted any scheme or device which tends to defeat the purposes of this contract, or made any fraudulent representation with respect to this contract will not be entitled to payments or any other benefits made in accordance with this MILC and the participant must refund to CCC all payments received by such participant, plus interest with respect to the MILC.

B Unless CCC regulations provide otherwise, refunds determined to be due and owing to CCC in accordance with this MILC will bear interest at the rate which CCC was required to pay for its borrowing from the United States Treasury on the date of disbursement by CCC of the monies to be refunded. Interest will accrue from the date of such disbursement by CCC.

C The remedies provided under Section 14 of this Appendix shall be applicable in addition to any remedies under criminal and civil fraud statues, including 18 U.S.C. 268, 287, 371, 641, 1001; 15 U.S.C. 714m; and 31 U.S.C. 3729, or any other remedy available under law.

15 REGULATIONS TO PREVAIL

The regulations in 7 CFR Part 1430 for the Milk Income Loss Contract Program are incorporated herein. In the event of a conflict between these regulations and the terms of this Appendix, the provisions of the regulations will prevail, provided further that a payment may be made only if allowed by both the contract (including this appendix) and the program regulations.

16 RECONSTITUTIONS

A A dairy operation entering into a MILC shall not after October 1, 2007, reorganize the dairy operation for the sole purpose of receiving more than one payment.

B Dairy operations that reorganize or restructure the operation for legitimate purposes after October 1, 2007, are subject to review by the applicable FSA county committee.

C If it is determined by the FSA County Committee that a dairy operation has reorganized for the sole purpose of receiving additional payments under the Milk Income Loss Contract Program, the operation will be considered in violation of their MILC and subject to termination according to Section 12.

CCC-580 Appendix (Continued)

D If during the contract period a reconstitution occurs, the modification to the MILC will not take effect until the first day of the fiscal year following the month the FSA county office received notification of the changes.

17 AGREEMENT

A The participant agrees:

(1) That the CCC-580 and any addendum thereto shall be considered an offer to enter into the Milk Income Loss Contract Program on the terms specified on Form CCC-580 and any addendum thereto. The offer, until revoked, may be accepted by CCC provided further, that, liquidated damages may apply in the case of a revocation as specified elsewhere in this Appendix;

(2) To provide monthly milk production commercially marketed by all producers in the dairy operation throughout the duration of the program period that payment eligibility calculation can be made;

(3) To submit adequate evidence of production of the dairy operations eligible marketings during the months of each fiscal year designated in the contract;

(4) To have all producers involved in the dairy operation, marketing milk during the period specified in the MILC to sign the contract and indicate shares in the operation;

(5) To designate the start month the dairy operation wants CCC to begin issuing payments to the operation;

(6) To comply with highly erodible land and wetland conservation provisions and complete Form AD-1026 accordingly;

(7) Not to undertake any action which tends to defeat the purposes of this contract, as determined by CCC;

(8) Not to reconstitute the dairy operation for the sole purpose of receiving additional Milk Income Loss Contract payments;

(9) Notify CCC immediately of any changes that affect the organizational structure of the dairy operation.

(10) Any payment or portion thereof due any participant will be made by CCC without regard to any question of title under State law, and without regard to any claim or lien 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 participants or their assigns.

(11) To comply with all terms and conditions contained in this Appendix and the prescribed regulations at 7 CFR Part 1430.

B CCC agrees, subject to the availability of funds, that contract (including this appendix), the regulations and changes in law, to pay to the participant, to the extent required by the applicable authorities, the agreed upon monthly payment, to be made divided based upon the shares to which the parties have agreed as set forth on Form CCC-580.

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 and any amendments to such act as may follow). The information requested is necessary for CCC to consider and process the offer to enter into a Milk Income Loss Contract, to assist in determining eligibility, and to determine the correct parties to the contract. Furnishing the requested information is voluntary. Failure to furnish the requested information will result in a determination of ineligibility for certain program benefits and other financial assistance administered by USDA. The information collected as a result of this form may be released to USDA employees, USDA contractors, or authorized USDA cooperators who are bound to safeguard the information under Section 1619 of the Food, Conservation and Energy Act, the Privacy Act of 1974, the E-Government Act of 2002, and related authorities. This information collection is exempted from the Paperwork Reduction Act, as it is required for administration of the Food, Conservation, and Energy Act of 2008 (see Pub. L. 110-246, Title I, Subtitle F - Administration). The provisions of criminal, civil, and privacy statutes may be applicable to the information provided.*

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