

**UNITED STATES DEPARTMENT OF AGRICULTURE**

Farm Service Agency  
Washington, DC 20250

<b>Payment Eligibility, Payment Limitation, and Average Adjusted Gross Income 4-PL</b>	<b>Amendment 4</b>
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**Approved by:** Deputy Administrator, Farm Programs



**Amendment Transmittal**

**A Reasons for Amendment**

Subparagraph 74 C has been amended to correct the reference to land.

Subparagraph 180 A has been amended to clarify the date for determining ownership interest in a legal entity for direct attribution purposes.

<b>Page Control Chart</b>		
<b>TC</b>	<b>Text</b>	<b>Exhibit</b>
	2-147, 2-148 5-3, 5-4	



74 **Specific Rules for Land**

**A Introduction**

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

**B Leased Land**

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

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

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

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

74 Specific Rules for Land (Continued)

C Financing Rules for Land

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

<p><b>IF the farming operation is conducted by either of the following...</b></p>	<p><b>*--THEN the land must...--*</b></p>
<ul style="list-style-type: none"> <li>• a person</li> <li>• a joint operation, but the land is contributed by a member of the joint operation rather than by the joint operation itself</li> </ul>	<ul style="list-style-type: none"> <li>• be contributed directly to the farming operation by the applicable person or member</li> <li>• <b>not</b> have been acquired as a result of a loan (including land acquired by Contract of Deed, Deed of Trust, Land Contract, or other similar arrangement) made to, guaranteed by, co-signed by, or secured by any other person, legal entity, or joint operation:                             <ul style="list-style-type: none"> <li>• that has an interest in the farming operation</li> <li>• in whose farming operation this person or joint operation has an interest.</li> </ul> </li> </ul>
<p>In which the land is contributed by the legal entity or joint operation:</p> <ul style="list-style-type: none"> <li>• a legal entity</li> <li>• a joint operation</li> </ul>	<ul style="list-style-type: none"> <li>• be contributed directly to the farming operation by the legal entity or joint operation</li> <li>• <b>not</b> have been acquired as a result of a loan (including land acquired by Contract of Deed, Deed of Trust, Land Contract, or other similar arrangement) made to, guaranteed by, co-signed by, or secured by any person, legal entity, or joint operation:                             <ul style="list-style-type: none"> <li>• that has an interest in the farming operation, <b>except</b> members of the joint operation, or all the shareholders of the legal entity, to which the loan is made</li> <li>• in whose farming operation this legal entity or joint operation has an interest.</li> </ul> </li> </ul> <p><b>Note:</b> See example in subparagraph 139 C.</p>

179 Payment Attribution (Continued)

C Attribution Levels

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

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

For illustrations of direct attribution, see Exhibit 4.

\*--D Common Attribution

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

Common attribution only applies to the following relationships:

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

**180 Ownership Interest for Direct Attribution Purposes**

**A Determining Ownership Interest**

\*--Ownership interest that a person or legal entity holds in a legal entity will be determined as:

- June 1, if the legal entity existed on June 1 of the year for which program benefits are requested
- the date the legal entity is formed, if the legal entity did not exist on June 1 of the year for which program benefits are requested.--\*

**B Cooperative Associations**

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

**181 Interest Notification**

**A Legal Entity Payment Eligibility Condition**

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

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

**B Person Payment Eligibility Condition**

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

**182-185 (Reserved)**