

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250

**Farm Reconstitutions
2-CM (Revision 6)**

Amendment 8

Approved by: Acting Deputy Administrator, Farm Programs



Amendment Transmittal

A Background

Policy has been changed to allow combination reconstitutions on farms with base acreage of 10.0 acres or less.

B Reasons for Amendment

Subparagraph 70 C has been amended to remove a note about farms with 10.0 or less total base acres.

Subparagraphs 71 A and 88 B have been amended to remove an exception and note about farms with 10.0 or less total base acres.

Subparagraph 89 C has been removed because it is about farms with 10.0 or less total base acres.

Page Control Chart		
TC	Text	Exhibit
	4-3 through 4-6 5-1 through 5-4	

69 Substantive Change in Farming Operations and Changes to Legal Entities (Continued)

C STC Approval

Unless otherwise approved by STC with the concurrence of DAFP, when COC determines that a corporation, trust, or other legal entity is formed primarily for the purpose of obtaining additional benefits under the commodity programs, the farm shall remain as constituted or shall be reconstituted, as applicable, when the farm is owned and operated by 1 of the following:

- a corporation having more than 50 percent stock owned by members of the same family living in the same household
- corporations having more than 50 percent of the stock owned by stockholders common to more than 1 corporation
- trusts in which the beneficiaries and trustees are family members living in the same household.

70 Who May Initiate

A Who May Initiate a Reconstitution

[7 CFR 718.203] A reconstitution may be initiated by:

- the farm operator with the concurrence of the owner or owners of the farm
- the farm owner
- COC.

B FSA-155 Signatures

Signatures required on FSA-155 vary depending on the:

- type of reconstitution
- method of division, if applicable.

Notes: FSA-155's initiated by COC are not required to have owner or operator signatures. However, the County Office shall use the signature lines provided in item 15 to include a statement that the reconstitution is being initiated by COC. A date shall be included with this statement.

An operator may request a reconstitution without the owner's signature if the reconstitution would be required by COC.

C Annual Review

COC shall:

- annually review appropriate documents to determine that land is properly constituted
- process reconstitution if a farm is improperly constituted.

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71 When to Initiate**A Required Reconstitutions**

[7 CFR 718.201] A reconstitution of a farm either by division or by combination is required and shall be initiated when any of the following occur.

- A change has been made in the operation of the land since the last constitution or reconstitution, and the farm no longer meets the definition of a farm in paragraph 56. As applicable, initiate either of the following:
 - farm combination according to paragraph 88
 - farm division according to paragraph 111.

Note: Restrictions in paragraph 68 apply.

- The farm was not properly constituted under the applicable regulations in effect at the time of the last reconstitution. Make corrections according to paragraph 74.
- COC determines that the farm was reconstituted on a basis of false information provided by the owner or farm operator.
- COC determines that the tracts of land included in a farm are not being operated as a single farm according to paragraph 56.
- An owner requests in writing that the owner's land no longer be included in a farm that is composed of tracts under separate ownership. See paragraph 111 for farm divisions.
- Farms are participating in DCP, have the same owner, are located in the same county, and are operated as 1 farm.

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71 When to Initiate (Continued)

B Timing of Farm Reconstitutions

*-[7 CFR 718.204] To be effective for the current FY, farm combinations and farm divisions--
* must be requested by August 1 of the FY for farms subject to DCP.

Notes: A request for a farm combination or farm division after current FY DCP payments have been made shall be processed in the subsequent FY. However, if the producer requests that the reconstitution not be processed in the subsequent FY, all payments shall be refunded. After the payment is refunded, the reconstitution may be processed.

When money has been received from the producers on the farm or farms to be reconstituted, cancel CCC-509. By canceling CCC-509, the producers who received payments will be listed on the overpayment register. The amounts listed on the overpayment register can then be transferred to CRS so the DCP refund can be processed.

County Offices **shall not** apply DCP payments issued on the resulting farm or farms to repay DCP payments issued on the parent farm or farms.

A reconstitution is considered to be requested when all:

- of the required signatures are on FSA-155
- other applicable documentation, such as proof of ownership, is submitted.

Part 5 Types of Reconstitutions**87 Overview****A Reconstitution Types**

The following are 4 types of reconstitutions:

- farm combinations
- farm divisions
- tract combinations
- tract divisions.

B Definition of Farm Combination

A farm combination is the consolidation of 2 or more farms, having the same operator, into 1 farm.

C Definition of Farm Division

A farm division is the dividing of a farm into 2 or more farms because of a change in ownership or operation.

D Definition of Tract Combination

A tract combination is the optional consolidation of 2 or more tracts because of common ownership unit and contiguous land.

E Definition of Tract Division

A tract division is the dividing of a tract into 2 or more tracts because of a change in ownership or operation. A tract division does not always require a subsequent farm division.

Section 1 Combinations

Subsection 1 Farm Combinations

88 Common Ownership Farm Combinations

A Definition of Common Ownership Unit

A common ownership unit is a distinguishable part of a farm, consisting of 1 or more tracts of land with the same owners, as determined by FSA.

B Required Combinations

Farms shall be combined when:

- both of the following apply:
 - the tracts are under common ownership unit
 - the resulting farm would meet the definition of a farm in paragraph 56

Note: All DCP farms with the same owner, operated as 1 farm, and located in the same county, shall be combined.

- the farm was not properly constituted under the applicable procedure in effect at the time of the last reconstitution
- COC determines that the farm was reconstituted on the basis of false information provided by the owner or farm operator.

Notes: Combinations of CRP land with non-CRP land are not required even though the criteria in this subparagraph may be met.

DCP and non-DCP farms may be combined.

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89 Separate Ownership Farm Combinations

A Basic Rule

Combinations of land under separate ownership:

- are voluntary
- shall not be encouraged.

B Criteria for Combinations

[7 CFR 718.201] Land under separate ownership may be combined if all of the following apply:

- the resulting farm meets the definition of a farm in paragraph 56
- all owners agree in writing
- the land is under a lease agreement of at least 1 year duration.

Exception: All owners who had previously agreed to the combination of land under separate ownership are **not** required to agree again in writing. Only owners contributing new land to the combination must agree in writing.

Note: DCP and non-DCP farms may be combined.

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