



United States Department of Agriculture

Farm and Foreign Agricultural Services
Risk Management Agency

BULLETIN NO.: MGR-00-019.1

TO: All Reinsured Companies
All Risk Management Agency Field Offices
All Other Interested Parties

FROM: Kenneth D. Ackerman /s/ *Kenneth D. Ackerman* 9/29/2000
Administrator

SUBJECT: Detailed Added Land Operating Procedures and Processing Requirements

BACKGROUND:

The Risk Management Agency (RMA) issued Manager's Bulletin MGR-00-019 announcing added land changes and guidelines for the 2001 crop year indicating detailed procedures would follow. The added land guidelines are applicable to all Category B Actual Production History (APH) crops for the 2001 crop year, except for producers of California sugar beets in counties with an April 30 contract change date where they will be effective beginning with the 2002 crop year. In addition, ALL approved APH yields for added land established for the 2000 crop year using reference unit approved APH yields MUST be recalculated for the 2001 crop year to conform with the procedures in this bulletin (except for California sugar beets which will be restructured for the 2002 crop year).

ACTION:

Detailed operating procedures and processing requirements for implementing the added land guidelines for the 2001 and succeeding crop years are provided in the attachment. Remove page 399 of the 2000 FCIC 18010 Crop Insurance Handbook (CIH) and insert the attached pages (Exhibit 36).

For added land that used reference unit approved APH yields to establish initial databases for the 2000 crop year, restructure all such databases using the attached procedure. Update for the 2001 crop year, only after such databases have been restructured. Restructured reference unit databases for which an RMA Regional Office (RO) underwriting review will be requested must be submitted to the RMA RO by the applicable production reporting date.



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- 1 Added land acreage limitations (50%/640 acres) for restructured databases will be determined as units/farming operations existed for the 2000 crop year. Insurance Providers may use FSA documents, insurance records, lease records, etc., to make acreage limitation determinations.
- 2 Yield limitations DO NOT apply when 2000 crop year added land databases are restructured by replacing initial year reference unit yields with added land “T” Yields or variable “T” Yields as applicable.
 - Ž If the acreage **exceeds** the limitations and an underwriting review is **not** requested, the restructured database will consist of variable transitional (“T”) Yields (see Example 1).
 - Ž If the acreage does **not** exceed the limitations or if an RMA RO underwriting review is requested and the RMA RO approves use of added land “T” Yields, the restructured database will consist of applicable Added Land “T” Yields (see attachment Par. 2B.). Added land “T” Yields will be the simple average of the optional units’ (within the existing basic unit) approved APH yields for the 2000 crop year (see Example 2 and 3).
3. Yield limitations DO APPLY when updating the restructured added land database with the most recent year’s actual/assigned yield for the 2001 crop year (see Example 4).
 - Ž For data processing purposes, Insurance Provider’s must transmit the restructured APH yield as the previous year’s approved yield on the type 15 record.
 - Ž Restructured databases may also have added land for the 2001 crop year. In these cases, the procedures in the attachment are used to calculate the 2001 crop year yield.
- 4 Databases established with variable “T” Yields or that have previously been combined and split out are not restructured.
- 5 Applicable “T” Yields for yield floor purposes include added land “T” Yields established under these procedures. Other “T” Yields which may be used for yield floor purposes include:
 - (a) Added P/T/V “T” Yields,
 - (b) Determined factored irrigated “T” Yields,
 - (c) Simple or weighted average “T” Yields,
 - (d) Personal “T” Yields (Montana Pilot), and
 - (e) “T” Yields assigned by RMA RO’s.

ADDED LAND DATABASE EXAMPLES

Example 1: For the **2000 crop year**, the insured had 3 optional units: 00101 with 200 cropland acres; 00102 with 100 cropland acres; and 00103 with 150 cropland acres (cropland acres determined from **FSA records**). The insured has cash leased two additional farms (150 and 185 cropland acres), which he added as two additional optional units. The added land exceeds 50 percent of the total cropland and the insured does not request an underwriting review. The restructured databases are established using variable “T” Yields (100% variable “T” Yield).

Restructured 2000 Database for Unit 00104	Restructured 2000 Database for Unit 00105
T142	T142
T142	T142
T142	T142
T142	T142
Restructured APH Yield = 142	Restructured APH Yield = 142

Example 2: For the **2000 crop year**, the insured had 3 optional units: 00101 with 150 cropland acres; 00102 with 200 cropland acres; 00103 with 50 cropland acres (planted acres determined from **insurance records**). The insured added an additional 100 cropland acre optional unit. An underwriting review is not required as the additional acres do not exceed the 50 %/640 acre limitation. The added land “T” Yield based on a simple average of the existing units approved APH yield is assigned to the added unit.

2000 Optional Units Approved Yields	Restructured 2000 Database for Unit 00104
00101---150	L149
00102---164	L149
00103---132	L149
Simple Average $446/3 = 149$	L149
	Restructured APH Yield = 149

Example 3: For the **2000 crop year**, the insured had 2 optional units: 00101 with 300 cropland acres; 00102 with 100 cropland acres (as determined from **lease records**). The insured cash leased an additional 250 cropland acres, which he added as an additional optional unit. The added land exceeds 50 percent of the total cropland. The insured requested an underwriting review and the request was approved.

2000 Optional Units Approved Yield	Restructured 2000 Database for Unit 00103
00101—170	L160
00102—150	L160
Simple Average $320/2=160$	L160
	L160
	Restructured APH Yield = 160

Example 4: For the **2000 crop year**, the insured added a 100 acre optional unit (unit 00104). An underwriting review is not required as the added land is within the 50%/640 acre tolerance. The APH database must be restructured for the 2000 crop year using the higher of the variable “T” Yield or the added land “T” Yield prior to updating for the 2001 crop year. Yield limitations DO NOT apply when database is restructured however, yield limitations DO APPLY when updating with the most recent years actual yield.

2000 Database	Restructured 2000 Database for unit 00104	2001 Database for Unit 00104
L124	L110	L110
L124	L110	L110
L124	L110	L110
L124	L110	A 0
APH=*124	* Restructured APH = 110	APH Prior to Adjustments = 83
*Based on reference unit procedure	*Simple average approved APH yields of optional units 00101, 00102 and 00103.	Cupped Yield: 110 (prior year’s restructured APH) * .90 = 99 Approved APH Yield - 99

Attachment

DISPOSAL:

This bulletin will remain active until incorporated into the CIH. The estimated disposal date is August 31, 2001.

**ADDED LAND AND ADDED PRACTICE/TYPE/VARIETY (P/T/V)
PROCEDURES FOR CATEGORY B APH CROPS**

(2001 Crop Year except 2002 for Sugar Beets with a 4-30 contract change date)

1 Definitions.

Added Land is cropland acreage (irrespective of crop) added for the current crop year to the existing farming operation of the insured person/entity within the insured county [See Exhibit 32 for entity information.]

New Database is an APH database required by procedure that was not previously established for a particular crop, P/T/V, or unit, exclusive of added land, added P/T/V, and new producer procedures.

Added P/T/V is a crop or a P/T/V of the insured crop, as identified on the actuarial document that requires a separate APH yield, administered on a crop/county basis, for which the insured person/entity has NOT been previously actively engaged in farming for a share of the P/T/V's production.

Added Land/P/T/V With Records is added land/P/T/V for which acceptable production reports, based upon the production records obtained from a person sharing in the crop/P/T/V's production for the current crop year, HAVE BEEN filed by the insured by the PRD for the current crop year.

Added Land/P/T/V Without Records is added land/P/T/V for which acceptable production reports, based upon the production records obtained from a person sharing in the crop/P/T/V's production for the current crop year, HAVE NOT been filed by the insured by the PRD for the current crop year.

Cropland Acreage is FSA agricultural use acreage devoted to the production of annual and perennial crops including fallow acreage, NOT just the acreage planted to insured crop(s) or program payment acreage.

Existing Units are units (basic or optional) for the crop that were in the insured entity's farming operation the previous crop year that **remain** in the farming operation for the current crop year. If units that were in the farming operation the previous crop year are divided or combined for the current crop year, existing units are the units as structured for the current crop year. Units that are no longer a part of the policyholder's farming operation for the current crop year (sold, lost the lease, no longer renting, etc.) are not existing units.

Added Land or New Database for a P/T/V "T" Yield is a simple average of all existing optional unit approved APH yields within the same existing basic unit that may be substituted for RMA "T" Yields when calculating approved APH yields for added land ("A" yield indicator) and new databases for P/T/V ("C" yield indicator) .

Variable "T" Yield percentages and yield descriptors are the same as for regular APH procedure.

2 **Yield Determination Procedures For Added Land.** Added land may qualify to use another person’s production history according to regular APH procedures; however, added land with or without records must be included in the total acreage added to the operation for the purpose of determining the 640-acre limitation. For added land, the applicable of the following yield determination methods (by P/T/V) must be used.

2A **Variable “T” Yields.** Variable “T” Yields must be used if the added land is: 1) a separate basic unit, 2) added as a separate optional unit and does not qualify for an added land (AL) “T” yield, 3) added as a separate optional unit and the AL “T” Yield is less than the variable “T” Yield, 4) added to an existing unit and does not qualify for the APH yield of the existing unit, or 5) partially or entirely located in a lower “T” Yield map area than the existing unit if “T” Yield map areas are applicable (not applicable to high-risk “T” Yields provided on a high-risk “T” Yield Map or by written agreement).

A(1) **Establish separate databases** by entering the applicable variable “T” Yield for each of the four most recent crop years.

(1)(a) **Yield descriptors.** Variable “T” Yields for added land are identified by yield descriptors (S,E, N, or T) indicating the number of years used to determine the variable “T” Yield percentage. [See Sec. 6, Par. C(2) and Par. D for additional information.]

(1)(b) **Yield indicators.** When variable “T” Yields are used to establish databases for added land, Insurance Providers must also submit yield indicators for data processing purposes. Yield indicators must be submitted as long as variable “T” Yield(s) are contained in the database. Submit the following yield indicators:

If the added land is:	then use yield indicator
a separate basic unit	C
a separate optional unit and does not qualify for an AL “T” yield	B
a separate optional unit and the AL “T” Yield is less than the variable “T” Yield	C
added to an existing unit and does not qualify for the APH yield of the existing unit	B
physically located in a lower “T” Yield map area	B

A(2) **In subsequent crop years:** Update databases by removing a variable “T” Yield for each actual or assigned yield added. The variable “T” Yield percentage (if less than 100%) will change as actual/assigned yields are added.

EXAMPLE: A separate database is required and records were not provided for the added land; the producer has two years of actual yields for the crop/county (other databases). For each subsequent year, an actual yield is provided. The following chart illustrates replacing variable “T” Yields (based on a 100-bu. “T” Yield) with actual yields. [See Par. 9B for additional examples.]

1st YEAR	2nd YEAR	3rd YEAR	4th YEAR
N90	T100	T100	T100
N90	T100	T100	A110
N90	T100	A110	A120
N90	A110	A120	A50

2B **AL “T” Yields**

B(1) **AL “T” Yields may be available** for land added as a separate optional unit if the cropland acres for the optional unit to be added:

- (1)(a) **Do not exceed 50 percent** of the total cropland acres contained in the existing basic unit **and** the total cropland acres to be added (all units) to the existing farm operation do not exceed **640 cropland acres** (without respect to crop), the Insurance Provider will calculate an AL “T” Yield. The approved APH yield will be the higher of the AL “T” Yield or the variable “T” Yield. [See Par. 3 for cropland acreage determinations.]
- (1)(b) **Exceed 50 percent** of the total cropland in the existing basic unit **or** the total cropland acres to be added (for all units) to the existing farm operation exceed **640 cropland acres** (without respect to crop); and the insured requests by the applicable deadline an underwriting review by the RMA RO to determine if an AL “T” Yield may be used. (See Par. 4 for instructions.) If use of an AL “T” Yield is approved, the Insurance Provider will calculate the AL “T” Yield. If use of an AL “T” Yield is not approved by the RMA RO, the Insurance Provider must determine a variable “T” Yield in accordance with Par 2A. Such databases may not be combined with an existing unit in a subsequent crop year, until at least 4-years of actual/assigned yields have been entered in the database.

B(2) **Calculate AL “T” Yields** by determining a simple average of all existing optional unit APPROVED APH yields (by P/T/V and “T” Yield map area, if applicable) within the same existing basic unit. Round the simple average according to Section 4, Par. B(8).

- B(3) **Enter AL “T” Yields.** preceded by “L” yield descriptors, for the four most recent crop years in the added land’s database. Update databases in subsequent years with actual/assigned yields and remove an AL “T” Yield for each actual or assigned yield added. AL “T” Yields are not recalculated (are “set”) as databases are updated in subsequent years, unless a correction or change in the yield for the basic unit originally used to determine the AL “T” Yield is made. Companies must also submit, for data processing purposes, the yield descriptor “A” to identify the yield as an AL “T” Yield.

Example: An initial added land database with an AL “T” Yield based on a simple average of three existing optional units’ approved APH yields $(140 + 100 + 120 \div 3) = 120$ bu.

Year	Prod.	Acres	Yield
XXXX			L120
XXXX			L120
XXXX			L120
20XX			L120

- 2C **Land Added to an Existing Unit.** The added land must be physically located in the same or a higher “T” Yield map area as the existing unit (by crop) if “T” Yield maps are applicable (including high-risk “T” Yield map areas and high-risk “T” Yields assigned by written agreement) to use the approved APH yield for the existing unit. If the cropland acres to be added to an existing basic or optional unit:

- C(1) **Do not exceed 50 percent** of the total cropland acres contained in the existing unit **and** the total cropland acres to be added (for all units) to the existing farm operation do not exceed **640 acres**, (without respect to crop), the APH yield of the existing unit will apply. A yield indicator is not required.
- C(2) **Exceed 50 percent** of the total cropland in the existing unit **or** the total cropland acres to be added (for all units) to the existing farm operation exceed **640 acres:**
- (2)(a) Use regular variable “T” Yield procedure for the added acreage, establish a separate database, and maintain it until “T” Yields are no longer required. [See 2A above for variable “T” Yield instructions.]
- (a)(1) For data processing purposes, enter “B” as the yield indicator.
- (a)(2) If separated from the existing unit in a subsequent crop year, **ONLY** the APH history associated with the added land may be transferred to the new unit’s database. Use variable “T” Yields to complete the four-year database if less than four actual/assigned yields.
- (2)(b) The insured may request by the applicable deadline an underwriting review by the RMA RO to determine if the existing unit’s APH yield may be used. [See Par. 4 for instructions.]

- 3 **Cropland Acreage Determinations.** Cropland acres contained in an existing unit or added land means the cropland acres owned, leased, cash rented, share rented, etc. (as applicable for the unit structure) for the current crop year. To determine the percentage of acreage being added (as a separate optional unit or to an existing unit), divide the cropland acres **contained** in the added land by the cropland acres **contained** in the existing basic unit or optional unit as applicable.

Example 1, Cropland Acres: For the current crop year, the insured's existing 100 percent share basic unit includes land from three FSN's. FSN #1 consists of 300 cropland acres all of which are owned by the insured. FSN #2 consists of 700 cropland acres; however, the insured only cash leased, one tract of the FSN which contains 200 cropland acres. FSN #3 consists of 150 cropland acres all of which are cash leased by the insured. For acreage comparison purposes, the basic unit contains 650 (300 + 200 + 150) cropland acres.

Example 2, Percentage of Cropland Acres Added: Same background information as Example 1, except that for the current crop year, the insured lost the lease to farm FSN #3 and added farm FSN #4 which consists of 310 cropland acres all of which is cash leased by the insured. If the insured wishes to add FSN #4 to the existing unit or as a separate optional unit, the percentage comparison is $310 \div 500 (300 + 200) = .62$ (a 62 percent increase). The percentage increase exceeds the 50 percent limit.

Example 3, Total Cropland Acres Added: For the previous crop year, the insured had one existing 100 percent share basic unit which was divided into two optional units, 00101 contained 400 cropland acres and 00102 contained 600 cropland acres. For the current crop year, the insured continues to operate those farms; however, three additional tracts of land were cash rented, FSN #1 containing 200 cropland acres, FSN #2 containing 300 cropland acres, and FSN #3 containing 180 cropland acres. The insured wishes to add each as a separate optional unit. None of the cropland acres for the added optional units exceed 50 percent of the cropland acres contained in the basic unit; however, the total cropland acres to be added is 680, which exceeds the 640 acre limit.

- 4 **RMA RO Underwriting Reviews.** If either of the acreage guidelines is exceeded and the insured submits a request by the applicable deadline and provides the required documentation, the RMA RO will perform an underwriting review to determine the appropriate yield method, based on productivity, to be used for the added land. The productivity of the added land must equal or exceed 85 percent of the existing unit's yield capability before the use of the AL "T" Yield for a separate optional unit or the use of the existing unit's approved APH yield will be approved. The RMA RO will notify (postmark if mailed) the Insurance Provider of the approved yield determination method(s) no later than 20 days after the receipt of the request and required documentation. Productivity comparisons of the added land to the existing unit will be made using one or more of the following productivity indicators:

- 4A **Program Yields.** The insured crop's program yield (the yield used by the FSA to determine AMTA payments) or for crops that do not have a program yields, the program yield for a reference crop may be used for the productivity comparisons.
- A(1) **Reference Crops.** Wheat may be used as a reference crop for rye, flax or other crops (as designated by the RMA RO) that do not have program yields. Corn may be used as a reference crop for soybeans or other crops (as designated by the RMA RO) that do not have program yields.
- A(2) **Multiple Program Yields.** If the existing unit or the added land contains more than one program yield for the crop (by irrigated and non-irrigated practices if separate program yields available), a simple average program yield for the crop is calculated for the productivity comparison.
- A(3) **Multiple Crops.** The RMA RO will determine if the productivity is similar on a crop basis.
- 4B **The actual production history** by crop by P/T/V (if applicable) of the added land for the previous crop year(s) from the previous operator/tenant and submitted by the insured.
- 4C **Soil survey maps** to determine similar soil types or other climate or elevation data used by the RMA RO to determine similar agronomic conditions.
- 4D **Natural Conservation Service Projected Yields** by soil types.
- 5 **Added P/T/V Yield Instructions.** The following procedures apply when policyholders add a new P/T/V not produced on existing cropland acres (not added land) within the operation.
- 5A **With Records.** Insureds who submit acceptable production reports based on records from another person sharing in the crop will have approved APH yields calculated using standard APH procedures (added P/T/V "T" Yields will not apply).
- 5B **Without Records.** Use variable "T" Yields, or if an irrigated or summerfallow practice use the special procedures for irrigated or summerfallow practices. [See Par. 10 of this Exhibit and Sec. 6, J(13)(h)3.]
- 6 **New Database Instructions** for P/T/V's not produced on added land. If the insured has one or more databases on other units for the P/T/V and "T" Yield map area (including high-risk "T" Yield maps and high-risk written agreements:
- 6A **Determine the P/T/V "T" Yield** by calculating the simple average of all approved APH optional unit yield(s) for the same P/T/V (must be in the same "T" Yield map area) within the same existing basic unit. Round the simple average according to Section 4, Par. B(8). Compare the P/T/V yield to the variable "T" Yield for the P/T/V and use the higher of the two yields.
- 6B **Update databases in subsequent years** by adding actual/assigned yields and removing a P/T/V "T" Yield for each actual/assigned yield added. P/T/V "T" Yields are not recalculated (are "set") in subsequent crop years.

- 6C **The P/T/V “T” Yield** is preceded by the “C” yield descriptor for the four most recent crop years in the database.
- 7 **If P/T/V's are combined or divided** (on the actuarial document) in subsequent (policy) crop years, see Exhibit 35 for instructions.
- 8 **Administration and Responsibilities.**
- 8A **Policyholder Responsibilities.**
- A(1) **Policyholders adding land as a separate optional unit** and using AL “T” Yields must not have previously produced any crop on the added land and certify to such.
- A(2) **Requests for RMA RO Review.** Insureds who wish to add land that exceeds the acreage guidelines as a separate optional unit and use AL “T” Yields or add land to an existing unit and use the existing unit’s approved APH yield must provide the required supporting documentation to the agent, preferably by the PRD. However, acreage obtained after the PRD but by the acreage reporting date is eligible for AL procedure (if acreage limitations are exceeded) with RMA RO approval. Supporting documentation consists of the following:
- (2)(a) A written signed request containing the following statement:
- “I hereby request an RMA RO underwriting review to determine the appropriate APH calculation method(s) to calculate my insurance guarantee for land added to my farming operation. Insured crops for which this request is being made are as follows:
_____.”
- ”I understand that crop(s) not included on the request will use variable “T” Yields for added land unless acceptable acreage and production records are provided.”
- (2)(b) **Acceptable APH forms** for the insured crop(s) filed for the current crop year.
- (2)(c) **Program payment yield(s)** for the insured/reference crop(s) for the added land and existing unit(s).
- (2)(d) **Cropland acres** contained in the added land and existing unit(s) for the current crop year in the farming operation. A copy of applicable FSA-578's or FSA-156EZ for the current or the previous crop year may be used as documentation. If the FSA-578 or FSA 156 EZ is not used, a copy of other documents may be provided that indicate ownership, share, cash rent, lease agreements, insurance records, etc., indicating cropland acres.

- (2)(e) **APH forms from the previous operator/tenant** for the insured crop(s) for the previous crop year, showing the production history and the approved APH yield(s) for the added land **only if** the insured wishes APH yields to be considered for productivity comparisons.
- (2)(f) **Aerial photo copies and complete legal descriptions** (including tract and field numbers if required by the RMA RO) for the added land and existing units for which the request is being made.

Note: If a timely request for RMA RO review was not submitted the initial year land was added, a request may be submitted the following crop year.

- 8B **Agent/Representative Responsibilities.** For added land/P/T/V without records and a separate APH yield (database) is required [see Par. 2A, 2B(2), and 2C(2)], the agent/representative must complete items 6-14 of the FCIC-19-A (comparable items for other FCIC approved APH forms).
- 8C **Insurance Provider Responsibilities.** Insurance providers must notify insureds of added land procedures prior to the PRD. If added land is indicated on the acreage report that may qualify for the use of AL "T" Yields, the Insurance Provider has the option of contacting the insured and explaining the requirements. If the insured wishes to use the AL "T" Yields or adds land to an existing unit and wishes to use the approved APH yield of the existing unit and provides the required documentation, the Insurance Provider calculates the approved APH yields for units that do not exceed the cropland acreage guidelines.
 - C(1) **For added land when the acreage exceeds the acreage guidelines,** the Insurance Provider will forward the request and documentation to the applicable RMA RO. Requests to the RMA RO must be postmarked within 20 calendar days after the applicable acreage reporting date and received by the RMA RO within 10 calendar days thereafter.
 - C(2) **For policies selected for APH reviews** for added land using AL "T" Yields by P/T/V to establish initial databases, verify that the insured has not previously been actively engaged in farming for a share of any crop/P/T/V's production on the added land.
 - C(3) **Prior to the payment of a claim for indemnity** for added land using AL "T" Yields by P/T/V to establish initial databases, verify **OR** obtain a certification statement that the insured has NOT previously been actively engaged in farming for a share of any crop/P/T/V's production on the added land. If such acreage does not meet the requirements, the APH yield must be recalculated using variable "T" Yields and corrected according to APH review tolerances.

9 **EXAMPLES** of completed databases.

Example 1: ADDED LAND WITH RECORDS COMBINED WITH AN EXISTING UNIT

The following example illustrates combining an existing unit's database and added land with records into a single unit database. Both databases contain actual and/or assigned yields. The insured share-rented another farm (FSA FSN) from the same landlord who was insured the previous (policy) crop year and who has an established database.

Previous (Policy) Crop Year Databases (2000)

ADDED LAND/LANDLORD A			
2000	UNIT 00100	NI FAC	
YEAR	PROD.	ACRES	YIELD
95			N15
96			N15
97	1200	60.0	A20
98		0.0	Z
99	880	40.0	A22

EXISTING UNIT/LANDLORD A			
2000	UNIT 00100	NI FAC	
YEAR	PROD.	ACRES	YIELD
95			
96			T19
97	2880	90.0	A32
98	1680	60.0	A28
99	1920	80.0	A24

Step 1: The 2001 production report indicates for the 2000 crop year: NI FAC with 3000 bu. production, 100.0 actual acres and a 30 bu. average yield.

Step 2: Actual acres and production are combined.

Year	4080	150.0
97	$(1200[\text{Bu}] + 2880[\text{Bu}]) \div (60.0[\text{acres}] + 90.0[\text{acres}]) =$	27
	1680	60.0
98	$(0[\text{Bu}] + 1680[\text{Bu}]) \div (0.0[\text{acres}] + 60.0[\text{acres}]) =$	28
	2800	120.0
99	$(880[\text{Bu}] + 1920[\text{Bu}]) \div (40.0[\text{acres}] + 80.0[\text{acres}]) =$	23

Step 3: Since four years of actual yields are available, variable "T" Yields are not used in the database.

2001 UNIT 00100 NI FAC				
Step	YEAR	PROD.	ACRES	YIELD
Step 2	97	4080	150.0	A27
Step 2	98	1680	60.0	A28
Step 2	99	2800	120.0	A23
Step 1	2000	3000	100.0	A30
Step 4			Total	108/4=27
			APH	27

Step 4: The actual yields are totaled and divided by four to determine the preliminary/approved APH yield.

Example 2: SEPARATE DATABASE REQUIRED

The following example illustrates establishing current databases for a basic unit. The added land did not have records, exceeded acreage limitations, and the RMA RO did not authorize the use of the existing unit's APH yield for the added land.

Current Crop Year Databases (2001)

EXISTING UNIT/100 PERCENT

2001 UNIT 00100			
YEAR	PROD.	ACRES	YIELD
96	2200	55.0	A40
97		0.0	Z
98		40.5	P15
99	2520	60.0	A42
00	1210	50.0	A20
Total			117/4=29
APH			29

ADDED LAND/CASH RENTED

2001 UNIT 00100			
YEAR	PROD.	ACRES	YIELD
96			
97			T17
98			T17
99			T17
00			T17
Total			68/4=17
APH			17

For the subsequent crop year, the insured provides separate production reports and requests separate optional units.

Subsequent Crop Year Databases (2002)

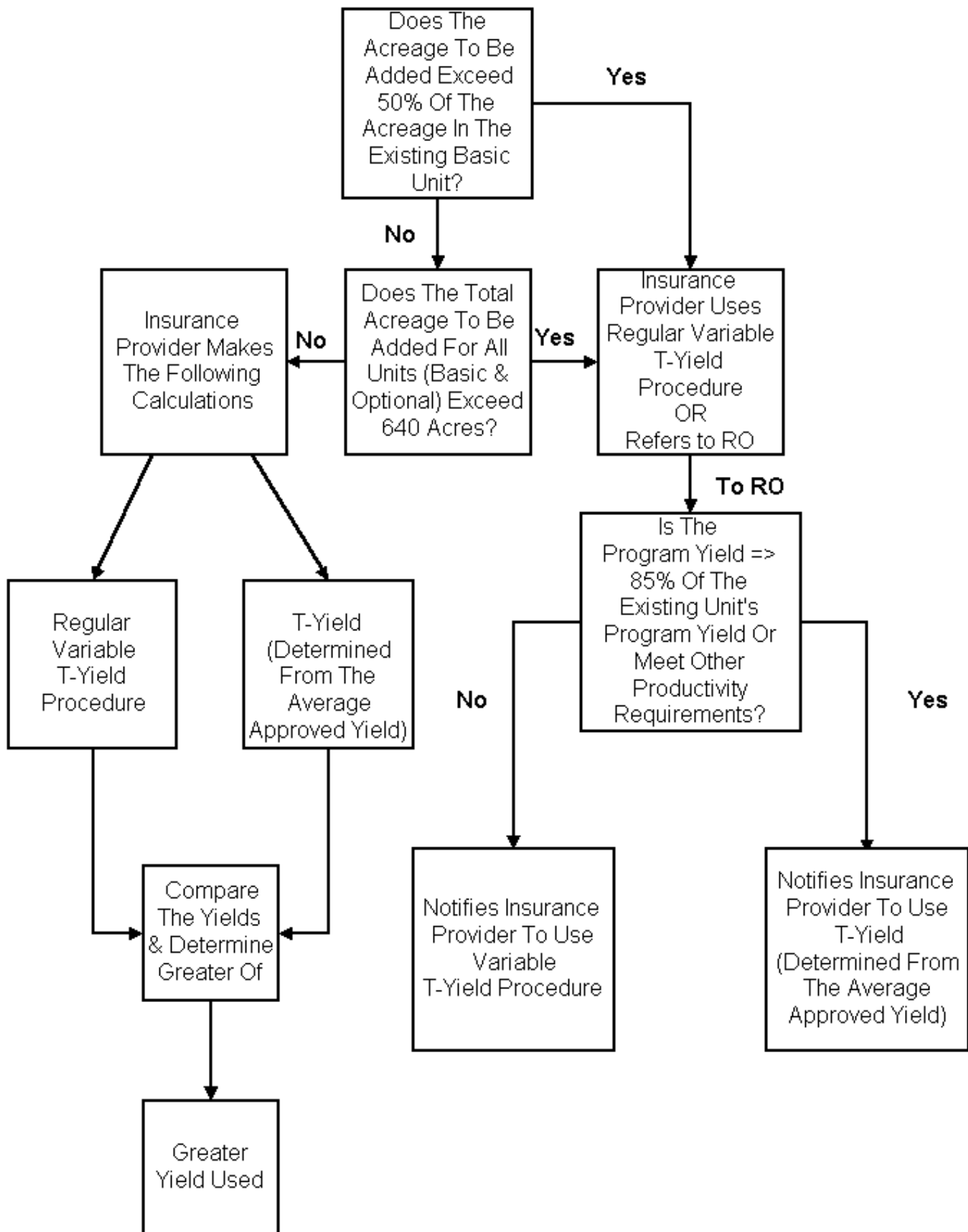
EXISTING UNIT/100 PERCENT

2001 UNIT 00101			
YEAR	PROD.	ACRES	YIELD
96	2200	55.0	A40
97		0.0	Z
98		40.5	P15
99	2520	60.0	A42
00	1210	50.0	A20
01	1280	40.0	32
Total			149/5=30
APH			30

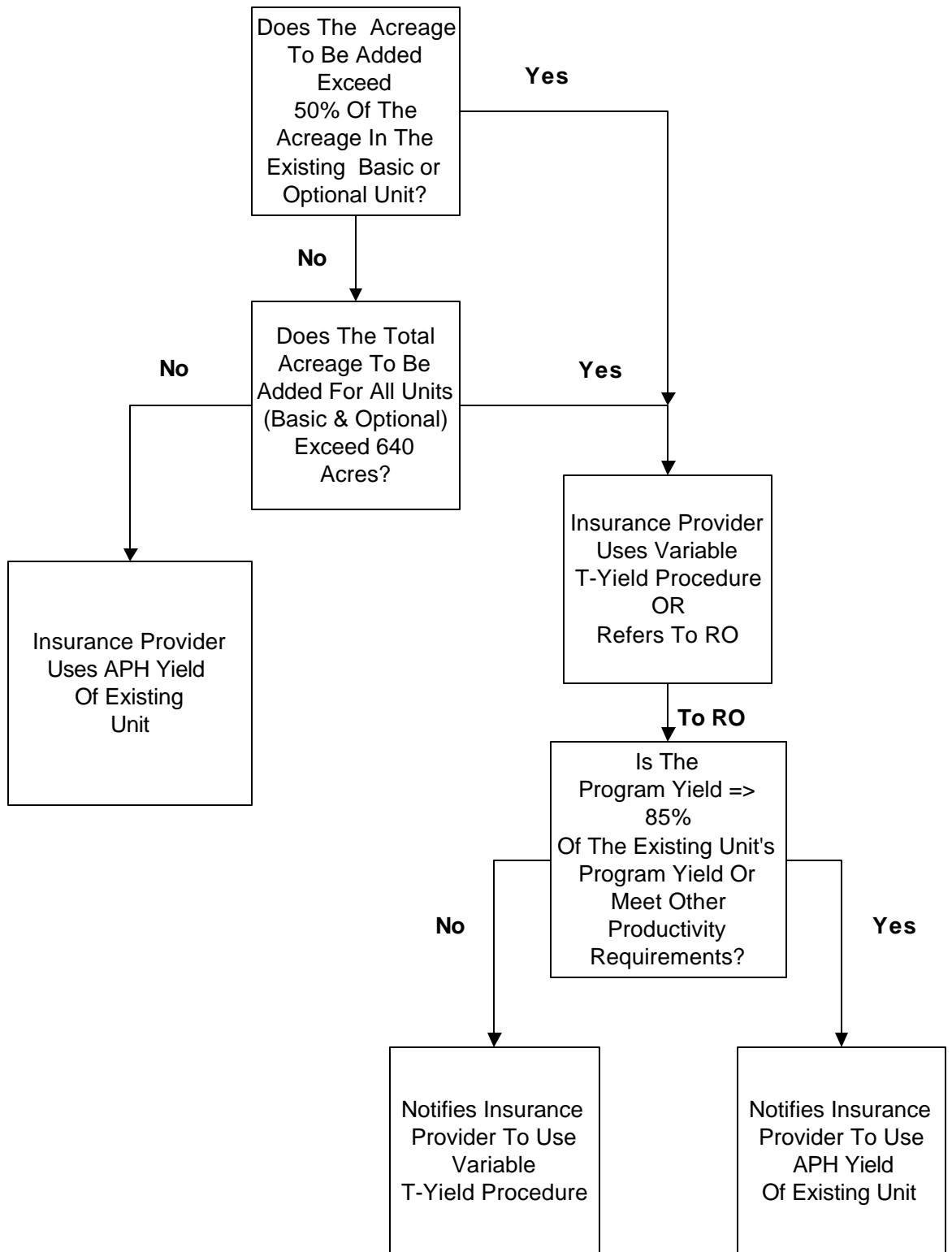
ADDED LAND/CASH RENTED

2001 UNIT 00102			
YEAR	PROD.	ACRES	YIELD
96			
97			
98			LT17
99			LT17
00			LT17
01	3300	150.0	A22
Total			73/4=18
APH			18

LAND ADDED AS A SEPARATE OPTIONAL UNIT



LAND ADDED TO AN EXISTING OPTIONAL OR BASIC UNIT



10 UNDERWRITING GUIDELINES FOR DETERMINED IRRIGATED YIELDS

Not applicable to acreage assigned high-risk "T" Yields **or if carried out on added land** unless acceptable production reports are filed based on records from another person sharing in the crop.

10A Qualifying for Determined Irrigated (IRR) Yields

The RMA RO/Insurance Provider may approve a determined yield for an irrigated practice the **FIRST TIME** the irrigated practice qualifies as an added practice ON A UNIT provided:

- A(1) **A Non-Irrigated (NI) practice** has been carried out on the crop and acceptable production reports have been provided for the NI practice;
- A(2) **The NI practice for the same unit/location** (farm/legal description/location if the Irrigated unit is a separate optional unit) has a higher APH yield than the yield available for the IRR practice using Variable "T" Yield procedures that apply for the added IRR practice when no IRR records are available for the unit.

10B Request Requirements

- B(1) **Request Deadlines.** A written request for a determined IRR yield must be received by the verifier no later than 20 calendar days after the PRD.
- B(2) **Records Are Required.** Copies of the production reports for the most recent crop year must be provided to the verifier. Legal descriptions of the unit(s) for which the determined yield for the IRR practice is being requested must also be provided.
- B(3) **Irrigation System Documentation.** Documentation must indicate the facilities and water supply are adequate to meet a good irrigation practice. The water must be artificially applied during the growing season by appropriate systems and at the proper time with the intention of providing the quantity of water needed to produce at least the yield (approved APH) used to establish the irrigated production guarantee on the irrigated acreage planted to the insured crop under the IRR practice.

10C Underwriting Guidelines for Establishing Determined Irrigated Yields

- C(1) **Determine A "T" Yield Reference Factor.** Determine the location where the IRR practice will be carried out. Determine the approved APH yield for the NI practice applicable to the same unit/location. This is the NI reference unit. Compare the NI APH yield for the reference unit to the variable "T" Yield that would apply to the IRR practice. If the NI APH yield for the reference unit is less than the variable "T" Yield for the IRR practice, the unit DOES NOT qualify for the determined Factored "T" Yield. The variable "T" Yield for the IRR practice applies.

If the NI APH yield for the reference unit is greater than the yield available for the IRR practice using variable "T" Yield procedures, identify the reference unit number in the "other " block on the APH form documenting the determined irrigated yield. Divide the approved NI APH yield by the applicable NI "T" Yield and determine a reference factor (to two decimal places).

If the reference unit contains more than one NI yield, calculate a reference factor for each NI yield and then determine a simple average reference factor.

The maximum reference factor allowed is determined by the number of years of actual yields provided for the crop/county:

(1)(a) 1.20 if one or two years,

(1)(b) 1.30 if three years, and

(1)(c) 1.40 if four or more years.

Example 1: The reference unit's (00100, N1/2 Sec. 15) NI practice approved APH Yield is 425 lbs. The NI 100 percent "T" Yield is 320 lbs. $425/320 = 1.33$.

Four years of actual yields have been provided for the crop in the county.

- C(2) **Compute The Factored Irrigated "T" Yield.** Multiply the "T" Yield reference factor [determined in C(1) above for the reference unit] times the 100 percent "T" Yield for the IRR practice.

Example 1, continued: An IRR practice is added to N1/2 Sec. 15 (it becomes part of unit 00102) and the 100 percent "T" Yield is 400 lbs. The factored IRR "T" Yield for the IRR practice is 1.33 [determined in C(1) above] x 400 (the 100 percent IRR "T" Yield) = 532 lbs.

- C(3) **Select An Existing Irrigated Yield.** If any IRR records have been provided for any unit for the crop, select the approved APH yield for the unit (basic or optional) containing records for the IRR practice that is physically located nearest to the reference unit. If more than one unit with IRR records are located an equal distance from the reference unit, use the IRR unit with the most years of records.
- C(4) **Assign The Determined Irrigated Yield.** If IRR records have been provided for any unit for the crop, the determined IRR yield is the lesser of the factored IRR "T" Yield for the reference unit or the IRR yield [determined in C(3)]. If NO IRR records have been provided, the determined Irrigated yield is the factored IRR "T" Yield [determined in C(2)].

Example 1, continued: The nearest unit's approved APH yield that has records for the IRR practice is 550 lbs. The Determined IRR Yield is the factored IRR "T" Yield of 532 lbs. [as determined in C(2) above] (it is less than the approved IRR yield for the nearest unit of 550 lbs.) Compare the Determined Irrigated Yield (532 lbs.) to the added practice Variable "T" Yield (400 lbs. 100% of IRR "T" Yield) [calculated according to Par. C(3)] and use whichever is higher.

Example 2: The NI approved APH yield for the reference unit (0100) is 420 lbs. The factored IRR "T" Yield is 480 lbs. $420/320$ (100% NI "T" Yield) = 1.20 (1.31 limited to 1.20 because two years of actual yields were provided) x 400 (100% IRR "T" Yield)].

The factored IRR "T" Yield (480 lbs.) is compared to the approved APH IRR yield (460 lbs.) for the nearest unit (00200) on which irrigated records are available and the added practice Variable "T" Yield (400 lbs.). In this example, the determined IRR Yield is limited by the approved IRR APH yield to 460 lbs.

10D Documenting the Determined Irrigated Yield

Four determined IRR yields are entered in the yield column of the APH form preceded by the yield descriptor "C". For subsequent crop years, the determined IRR "T" Yield is used to complete the 4-year database until four years of actual and/or assigned yields are available. The request for the determined IRR yield, supporting documentation, and determined IRR yield calculations must be retained and provided if the policy is selected for an Insurance Provider APH field review or RMA compliance review.

1 QUALIFYING AS A NEW PRODUCER

PROVISIONS FOR CATEGORY B CROPS

[See Sec. 3 for definition.] Actively engaged in farming for a share of an insured crop's production in the county is hereafter referred to as "produced the crop."

Examples: The insured started farming in 1999 and produced the insured crop in 1999 and 2000. In this instance, the insured qualifies as a New Producer but must provide production reports for the insured crop for the 1999 and 2000 crop years to use the 100 percent "T" Yield in the APH yield calculation. If the insured had produced the insured crop prior to the 1999 crop year, the insured would not qualify as a New Producer.

Insureds who have produced the insured crop for more than two APH crop years in other county(ies) qualify as a New Producer of the insured crop if they have not produced the insured crop in a county for more than two crop years.

1A New Producers who have not produced the insured crop in the county.

- A(1) **Initial Year.** The applicable 100 percent "T" Yield is the approved APH yield the initial year of insurance [see Sec. 6, Par. C(3)(a) and Par. 4 of this exhibit for an example]; or
- A(2) **If sharing in the insured crop** for the current crop year with another person(s), New Producers may file acceptable production reports by the PRD based on acreage and production records obtained from the other person(s). If so, standard APH procedures apply [See Sec. 10, E].

1B New Producers who have produced the insured crop for one or two crop years are required to provide production reports (on land contained in the current farming operation) for such crop years.

- B(1) **When such production reports are filed,** verifiers use a combination of actual yields and 100 percent of the applicable "T" Yield to calculate the approved APH yield until four years of actual and/or assigned yields are provided [see Par. 4].
- B(2) **If the required production reports are not filed,** establish the approved APH yield using:
- (2)(a) **65 percent of the "T" Yield** if no production reports are provided [see Sec. 6, Par. C(1)].
- (2)(b) **one actual yield and three 80 percent "T" Yields** if only the most recent crop year is provided and the insured has produced the insured crop two years [see Sec. 6, Par. C(2)(a)1].
- B(3) **Added land P/T/V.** If new land/P/T/V is added and the insured still qualifies as a New Producer for the crop/county, set up the new database(s) according to:
- (3)(a) New Producer procedures; or
- (3)(b) Added land procedures (See Ex. 36).