

CCC-471 NAP BP
(08-11-15)

U.S. DEPARTMENT OF AGRICULTURE
Commodity Credit Cooperation

NONINSURED CROP DISASTER ASSISTANCE
2016 and Subsequent Years
Basic Provisions

This Noninsured Crop Disaster Assistance Program (NAP) Application for Coverage is administered by the Commodity Credit Corporation (CCC) under the provisions of the Federal Agriculture Improvement and Reform Act of 1996 (Pub. L. 104-127), as amended (7 U.S.C. 7333). Provisions of the Application for Coverage and rights and responsibilities of the parties are specifically subject to the authorizing statute and pertinent regulations that appear at 7 CFR Part 1437. The provisions of the Application for Coverage may not be waived or varied in any way by CCC, or any other contractor or employee of ours or any employee of USDA. We will use the procedures (handbooks, manuals, and notices), as issued by USDA and published on the Farm Service Agency (FSA) website at <http://www.fsa.usda.gov> in the administration of the Application for Coverage, including the adjustment of any loss or claim submitted hereunder.

Throughout this document, "you" and "your" refer to the named participant shown on the accepted Application for Coverage and "we," "us," and "our" refer to USDA Commodity Credit Corporation through the Farm Service Agency providing coverage.

TERMS AND CONDITIONS
BASIC PROVISIONS

1. Definitions.

Abandon - To discontinue care for a crop/commodity, or to provide care so insignificant as to provide no benefit to the crop or commodity, or to fail to harvest in a timely manner.

Acreage Report - A report required by section 10 of these Basic Provisions that contains, in addition to other required information, your report of your share of all planted or prevented planted acreage of an eligible crop or commodity in the administrative county.

Acreage Reporting Date - The date as established by FSA by which you are required to submit your acreage report according to section 10.

Acres devoted to the crop - The total P&CP acres of the crop.

Act - Federal Agriculture Improvement and Reform Act of 1996 (Pub. L. 104-127) as amended by the Agricultural Risk Protection Act, 2000 (Act) (7 U.S.C. 1437), the Food, Conservation, and Energy Act, 2008, and the Agricultural Act of 2014.

Actual Production - The total of the eligible crop or commodity unit's harvested production and appraised production, if not accounted for in harvested production.

Actual Production History (APH) - The actual production history of the crop or commodity for the unit used to determine the approved yield for NAP purposes in accordance with 7 CFR 1437.102(e).

Actual Yield - The total amount of harvested and appraised production on a per planted acre or other basis, as applicable.

Actuarial Documents - Information regarding crop insurance in the county.

Added Land - Land which you have not been farming for a share of the crop's or commodity's production on a unit for more than 2 years.

Added Practice, Type, Intended Use, Planting Period, or New Unit - A practice, type, intended use, or planting period of a crop/commodity that requires a separate approved yield. If the new practice, type, intended use, planting period, or new unit of a crop/commodity does not require a separate approved yield, the production from the new practice, type, intended use, planting period, or new unit of

the crop/commodity will be included in the current APH for the crop/commodity.

Administrative County Office - The county FSA office designated to make determinations, handle official records, and issue payments for you in accordance with 7 CFR Part 718.

Agricultural Commodity - Any crop or other commodity produced, regardless of whether or not it is insurable.

Agricultural Experts - Persons who are employed by the National Institute of Food and Agriculture or the agricultural departments of universities, or other persons approved by FSA, whose research or occupation is related to the specific crop/commodity or practice for which such expertise is sought.

Animal Unit (AU) - A standard expression of livestock based on a daily net energy maintenance requirement equal to 13.6 Megacalorie.

Animal-Unit-Day (AUD) - An expression of an expected or actual stocking rate for pasture or forage.

Annual Crop - An agricultural commodity that normally must be planted each year.

Applicable payment limitation - For a NAP covered producer, a single limitation of \$125,000 per person or legal entity (such as a corporation) or various multiples of the single limitation of \$125,000 for legal entities (such as general partnerships) and joint operations based on the number of persons or legal entities as first level members. For example, a general partnership consisting of two individuals has an applicable payment limitation of \$250,000.

Application for Coverage - The form, CCC-471, required to be completed by you and accepted by us before NAP coverage will commence. This form must be completed and filed in your administrative county office not later than the application closing date.

Application Closing Date - The last date, as determined by CCC, you can submit CCC-471 for noninsured crops/commodities for the specified crop year.

Appraised Production - Production determined by FSA or an appraiser acceptable to CCC, that was unharvested but which reflected the crop's or commodity's yield potential at

the time of appraisal. For the purpose of APH, appraised production specifically excludes production lost because of ineligible disaster conditions.

Approved Yield - The APH-calculated yield approved by CCC for making NAP payments. The yield represents a unit's expected production on a per planted acre or other basis, as applicable, according to 7 CFR 1437.102.

Aquaculture Facility - An eligible aquaculture facility is a commercial operation conducted on private property, and in water in a controlled environment according to 7 CFR 1437.303.

Aquacultural Species - Any species of aquatic organism grown as food for human consumption, or fish raised as feed for fish that are consumed by humans or ornamental fish propagated and reared in an aquaculture facility.

Assigned Production - The loss of production not related to natural disaster.

Assigned Yield - A one-time yield assigned for a crop year in the base period according to 7 CFR 1437.102 for which you do not file an acceptable production report by the production reporting date.

AUD Value - The dollar value of a daily energy requirement equivalent of 15.7 pounds of corn determined on the basis of the 5-year national Olympic average price per pound of corn.

Average Market Price - The price or dollar equivalent per bushel, ton, etc., for an eligible crop or commodity. An average market price is:

- (a) Used to calculate NAP payments
- (b) On a harvested basis without the inclusion of transportation, storage, processing, packing, marketing, or other post-harvest expenses
- (c) Based, in part, on historical data.

Base Period - The base period for APH crops is a maximum of ten APH crop years, not calendar years, immediately preceding the crop year for which an approved yield is calculated. For APH database purposes, APH crop year does not include any year that the crop or commodity was any of the following:

- (a) Not planted
- (b) Prevented from being planted
- (c) Not reported as planted or prevented from being planted for any APH crop year after an initial approved yield is calculated.

The base period for apples and peaches is a maximum of 5 years. The base period for lag year crops starts with 2 years preceding the crop year for which an approved yield is calculated.

Basic 50/55 NAP Coverage - NAP coverage at the following levels, as applicable, because of an eligible cause of loss impacting the NAP covered crop during the coverage period at 55 percent of the average market price:

- (a) Prevented planting in excess of 35 percent of the intended acres
- (b) A yield loss in excess of 50 percent of the approved yield
- (c) A value loss in excess of 50 percent
- (d) AUD loss greater than 50 percent of expected AUD.

Beginning farmer - A farmer or rancher, entity or joint operation who has not actively operated and managed a farm or ranch for more than 10 years and materially and substantially participates in the operation. For legal entities

to be considered a beginning farmer or rancher, all members must be related by blood or marriage; and all the members must be beginning farmers or ranchers.

Brownout - A reduction in electric power that affects the unit.

Buffer Zone - A parcel of land designated in an organic system plan that separates agricultural commodities grown under organic practices from agricultural commodities grown under non-organic practices and is used to minimize the possibility of unintended contact by prohibited substances or organisms.

Buy-up NAP Coverage - NAP assistance under this coverage agreement that is available for certain eligible NAP covered crops (all eligible NAP covered crops other than for crops and grasses intended for grazing) at a payment amount that is equal to an indemnity amount calculated for buy-up NAP coverage computed under subsections (c) and (h) of section 508 of the Federal Crop Insurance Act (7 U.S.C. 1508) and equal to the amount that the buy-up NAP coverage level of the approved yield for the crop exceeds the actual yield for the crop.

Bypass Year - A year that you did not pay the service fee and no report of acreage or production was filed.

Carrying Capacity - The stocking rate and the number of days that grazing can normally be sustained without detrimental effects on the land resource excluding any supplemental feedstuff.

Catastrophic Coverage (CAT) - The minimum level of coverage offered by the Federal Crop Insurance Corporation (FCIC) of the Federal Crop Insurance Act (7 U.S.C. 1508).

Catastrophic Loss - The result of an eligible cause of loss and as determined by CCC:

- (a) Prevented planting exceeds 35 percent of the intended acres,
- (b) The yield loss exceeds 50 percent of the approved yield,
- (c) The value loss exceeds 50 percent of the pre-disaster value, or
- (d) AUD loss is greater than 50 percent of the expected AUD.

The quantity will not be reduced for any quality consideration unless a zero value is established.

Certified Organic Acreage - Acreage certified by a certifying agent as conforming to organic standards specified in 7 CFR Part 205.

Certifying Agent - A private or governmental entity accredited by the USDA Secretary for the purpose of certifying a production, processing or handling operation as organic.

Code of Federal Regulations (CFR) - The codification of general and permanent rules published in the Federal Register by the Executive departments and agencies of the Federal Government. Rules published in the Federal Register by FSA are contained in 7 CFR Chapter IV. The full text of the CFR is available in electronic format at <http://www.gpo.gov> or a successor website.

Commodity Credit Corporation (CCC) - A wholly owned Government corporation within USDA. NAP is a CCC program administered by the FSA. At times CCC and FSA will be referred to interchangeably or separately and in

some instances within these provisions are referred to as "us" or "we."

Contract Marketing Percentage (CMP) - The contracted crop production by use divided by the total expected production of the crop for all contract uses multiplied by 100.

Controlled Environment - An environment in which everything that can practicably be controlled with structures, facilities, growing media (including but not limited to water, soil, or nutrients) by you, is in fact controlled by you, as determined by industry standards.

Conventional Farming Practice - A system or process that is necessary to produce an agricultural commodity, excluding organic farming practices.

County Committee (COC) - Farmer elected board responsible for Federal farm program delivery and administration at the local level.

County Expected Yield - The yield for the administrative county that reflects the average production potential of the crop or commodity in the county by practice, and intended use, and organic status.

Cover Crop - A crop or commodity generally recognized by agricultural experts as agronomically sound for the area for erosion control or other purposes related to conservation or soil improvement.

Crop Year - The period within which the eligible crop or commodity is normally grown, regardless of whether or not it is actually grown, and designated by the calendar year in which the majority of the eligible crop or commodity is normally harvested. The specific crop year determined for the NAP covered crop is that which is used in section 13.

Damage - Injury, deterioration, or loss of production of the insured crop or commodity due to eligible and ineligible causes.

Days - Calendar days.

Direct market price - An average market price for crops sold through direct marketing, and used to calculate a NAP payment when the direct market option is elected by a producer according to section 35.

Direct Marketing - Sale of a crop directly to consumers without the intervention of an intermediary such as a registered handler, wholesaler, retailer, packer, processor, shipper, or buyer.

Direct Marketing Percentage (DMP) - The crop production by intended use that is sold through direct marketing divided by the total production of the crop of the same intended use multiplied by 100.

Delinquent Debt - A debt owed to an agency of the U.S. Government.

Double Crop - Producing two or more annual crops or commodities for harvest on the same acreage in the same crop year.

Eligible Crops - Any commercial agricultural crop or commodity (excluding livestock and their by-products), grown for food or fiber for which CAT is not available in accordance with 7 CFR 1437.4 (see section 5).

Eligible Loss - Damage for which coverage is provided under the terms of your Application for Coverage, and for which you accept a NAP payment.

Eligible Producer - According to 7 CFR 718.2 is an owner, landlord, tenant, or sharecropper who:

(a) Shares in the risk of producing the crop or commodity.

(b) Is entitled to share in the crop or commodity available for marketing from the farm or would have shared had the crop or commodity been produced.

(c) Meets the average adjusted gross income provisions in 7 CFR Part 1400.

Expected Production - The smaller of the unit's reported or determined acreage for the crop/commodity multiplied by the eligible crop/commodity unit's approved yield.

Feedstock - A crop including, but not limited to, grasses or legumes, algae, cotton, peanuts, coarse grains, small grains, oil seeds, or short rotation woody crops, that is grown expressly for the purpose of producing a biobased material or product, and does not include residues and by-products of crops grown for any other purpose.

Fiber - A slender and greatly elongated natural plant filament, such as cotton, flax, etc., used in manufacturing.

Final Planting Date - The last date upon which a normal yield can reasonably be expected or as specified by the County Committee for the covered crop/commodity by which the crop/commodity must initially be planted in order to be covered for NAP.

Final Use - The actual usage for which the crop/commodity was grown and produced.

Floriculture - Cut flowers or similar products of annual and perennial flowering plants grown under glass, fiberglass, and other rigid plastics, film plastic, shade cloth, natural shade, other shade, and outdoors in a container or controlled environment for commercial sale.

Food - A material consisting essentially of protein, carbohydrates, and fat used in the body to sustain growth, repair, and vital processes including the crops/commodities used for the preparation of food.

Forage Eligible for NAP coverage - Vegetation consisting of annual, biennial, and perennial grasses, legumes, small grains, etc. produced in a commercial operation for animal consumption or for seed for the propagation of forage for animal consumption.

FSA - The Farm Service Agency, an agency of the USDA, or a successor agency.

FSA Farm Serial Number (FSN) - The number assigned to the farm by the local FSA office.

Generally Recognized - When agricultural experts or organic agricultural experts, as applicable, are aware of the production method or practice and there is no genuine dispute regarding whether the production method or practice allows the crop/commodity to make normal progress toward maturity and produce at least the yield used to determine the expected production.

Good Farming Practices - The cultural practices generally recognized as compatible with agronomic and weather conditions and used for the crop to make normal progress toward maturity and produce at least the individual unit approved yield, as determined by FSA.

These practices are:

(a) For conventional farming practices, those generally recognized by agricultural experts for the area, which could include one or more counties; or

(b) For organic farming practices, those generally recognized by the organic agricultural experts for the area or contained in the organic system plan that is in accordance with the National Organic Program according to 7 CFR Part 205.

Guarantee - The level of coverage provided based on the application for coverage and buy-up NAP coverage elected under these provisions.

Harvested - A crop/commodity is considered harvested when it is removed from the acreage by hand, mechanically, or by grazing of livestock.

Harvested Production - All production of the eligible crop/commodity from the unit that can be supported by an acceptable record, including, but not limited to production harvested by hand, mechanically, or by grazing of livestock.

Historical Marketing Percentage (HMP) - The actual crop production from the 1 to 3 previous consecutive crop years that has been marketed to each actual use (fresh, processed, juice) divided by total production of all uses multiplied by 100

Industrial Crop - A commercial crop, or other agricultural commodity used in manufacturing. Industrial crops/commodities include castor beans, chia, crambe, crotalaria, cuphea, guar, guayule, hesperaloe, kenaf, lequerella, meadowfoam, milkweed, plantago, ovato, sesame and other crops/commodities specifically designated by CCC.

Insured Crop - The crop/commodity in the county for which FCIC provides at least CAT coverage.

Intended Use - The expected use of the crop/commodity being grown and produced at the beginning of the coverage period.

Interplanted - Acreage on which two or more crops/commodities are planted in a manner that does not permit separate agronomic maintenance or harvest of the eligible crop.

Irrigated Practice - A method of producing a crop/commodity by which water is artificially applied during the growing season by appropriate systems and at the proper times, with the intention of providing the quantity of water needed to produce at least the yield used to establish the irrigated expected production or amount of coverage on the irrigated acreage planted to the eligible crop/commodity.

Late Planted - Acreage initially planted to the covered crop after the final planting date.

Late Planting Period - The period that begins the day after the final planting date for the eligible crop/commodity and ends 25 days after the final planting date.

Legal Entity - Means an entity created under Federal or State law and that:

- (a) Owns land or an agricultural commodity, product, or livestock; or
- (b) Produces an agricultural commodity, product or livestock. (7 CFR Part 1400.3)

Limited Resource Farmer - A farmer or rancher who is both the following:

- (a) A person whose direct or indirect gross farm sales do not exceed \$176,800 (2014 program year) in each of the 2 calendar years that precede the complete taxable year that precedes the calendar year that corresponds to the relevant program year (for example, for the 2014 program year, the two years would be 2012 and 2011), adjusted upwards in later years for any general inflation, and
- (b) A person whose total household income was at or below the national poverty level for a family of four in

each of the same two previous years referenced in (a). (Limited resource farmer or rancher status can be determined using a website available through NRCS at <http://www.lrftool.sc.egov.usda.gov>).

For legal entities requesting to be considered Limited Resource Farmer or Rancher, the sum of the gross sales and household income must be considered for all members.

Loss of Production - The unit's expected production minus net production.

Maximum dollar value for coverage sought - The total dollar amount elected by the NAP covered participant for which assistance may be considered for value loss crop loss payment purpose in a coverage period.

Misrepresentation, Scheme, or Device - Includes, but is not limited to:

- (a) Concealing any information having a bearing on the application of any of the rules governing NAP
- (b) Submitting false information to a CCC representative, including, but not limited to, COC, STC, or authorized agent or employee thereof
- (c) Creating fictitious entities for the purpose of concealing the interest of a person in a farming operation.

Multiple Harvested Crop - A crop/commodity that is harvested more than once during the same crop year from the same plant, e.g. alfalfa hay that is cut several times during the crop year.

Multiple Planted Crop - A crop/commodity planted or prevented from being planted in more than 1 approved planting period in a crop year on different acreage, e.g. snap beans.

Native Forage - Grass or other vegetation (forage) not meeting the definition of seeded forage.

Native Sod - Land on which the natural plant cover before tilling was composed principally of native grasses, grass-like plants, forbs, or shrubs suitable for grazing and browsing and is land that has never been tilled (determined in accordance with information collected and maintained by an agency of the USDA or other verifiable records that are provided by a producer and acceptable to FSA) for the production of an annual crop through February 7, 2014.

Native Sod Provision - A NAP covered crop planted on native sod will have service fee, premium, and an approved yield calculated in accordance with 7 CFR 1437.4

Natural Disaster - Damaging weather, an adverse natural occurrence, or related condition such as insect or plant disease infestation.

Negligence - The failure to use such care as a reasonably prudent and careful person would use under similar circumstances.

Net Production - All harvested, appraised, and assigned production for the unit, also known as the production to count.

New Producer - If you have not been engaged in farming for a share of the production of the crop/commodity for more than 2 crop years.

Normal Harvest Date - The date harvest of the crop/commodity is normally completed in the administrative county.

Offset - The deduction of a delinquent debt that is made prior to making any payments to you or your assignees.

Operator - An individual, entity, or joint operation that is in general control of the farming operation on the farm during the crop year.

Organic Agricultural Experts - Persons who are employed by the following organizations: Appropriate Technology Transfer for Rural Areas, Sustainable Agriculture Research and Education or the National Institute of Food and Agriculture, the agricultural departments of universities, or other persons approved by CCC, whose research or occupation is related to the specific practice for which such expertise is sought.

Organic Crop - An agricultural commodity that is organically produced consistent with section 2103 of the Organic Foods Production Act of 1990 (7 U.S.C. 6502).

Organic Farming Practice - A system of plant production practices used to produce an organic crop that is approved by a certifying agent in accordance with 7 CFR Part 205.

Organic Standards - Standards in accordance with the Organic Foods Production Act of 1990 (7 U.S.C.6501-6523) and 7 CFR Part 205.

Organic System Plan - A plan of management of an organic production or handling operation that has been agreed to by the producer or handler and the certifying agent and that includes written plans concerning all aspects of agricultural production or handling described in the Organic Foods Production Act and the regulations in 7 CFR Part 205, subpart C.

Perennial Crop - A plant, bush, tree or vine crop that has a life span of more than one year.

Person - An individual, natural person not including a legal entity. (7 CFR 1400.3).

Planted Acreage - Land in which seed, plants, or trees have been placed, appropriate for the covered crop/commodity and planting method, at the correct depth, into a seedbed that has been properly prepared for the planting method and production practice.

Planted and considered planted (P&CP) - With respect to an acreage amount, the sum of the planted and prevented planted acres approved by the FSA county committee for a crop. P&CP is limited to initially planted or prevented planted crop acreage, except for crops planted in an approved double-cropping sequence. Replacement crop acreage is not included as P&CP.

Practical to Replant - As determined by CCC, replanting the covered crop/commodity will allow the crop/commodity to attain maturity prior to the calendar date for the end of the coverage period.

Premium - The amount due CCC for buy-up NAP coverage as described in section 33.

Prevented Planting - According to 7 CFR 718.201, 202 is the inability to plant an eligible crop/commodity with proper equipment by the final planting date for the crop/commodity because of a natural disaster as determined by CCC (see section 18).

Production Report - A written record showing your annual production of a specific crop/commodity and used by us to determine your yield for NAP purposes (see section 8). The report contains yield information for previous years, including planted acreage and harvested production. This report must be supported by written verifiable records from a warehouseman or buyer of the eligible crop/commodity or by measurement of farm-stored production, or by other

records of production approved by us on an individual case basis.

Repeat Crop - More than one planting of a crop/commodity planted on the same acreage after the harvesting of the same crop/commodity in the same crop year; e.g. radishes.

Replacement Yield - A yield equal to 65 percent of the T-yield that will replace an actual or appraised yield any year in the base period when the actual or appraised yield is less than 65 percent of the T-yield because of a natural disaster.

Representative Sample - Portions of the eligible crop/commodity that must remain in the field for examination and review by our loss adjuster when making a crop appraisal. In certain instances, we may allow you to harvest the crop/commodity and require only that samples of the crop/commodity residue be left in the field.

Salvage Value - The dollar amount or equivalent received by or available to you for the quantity of the crop/commodity that cannot be marketed or sold in any market for which a price or yield is established by CCC. The loss of quality resulting in a crop/commodity becoming salvage must be because of natural disaster.

Seed Crop - Propagation stock commercially produced for sale as seed stock for eligible crops/commodities.

Service Fee - An amount you must pay for an eligible crop/commodity for the crop year or planting period to receive Noninsured Crop Disaster Assistance coverage.

Share - Your percentage of interest in the eligible crop/commodity as an owner, operator, or tenant at the time of planting or the beginning of the crop year when coverage attaches. However, only for the purpose of determining eligibility for NAP payments, your share will not exceed your share at the earlier of the time of loss or the beginning of harvest.

Small Grain Forage - A stand of pure small grain commodity (wheat, barley, oats, triticale, or rye) intended as forage for animal consumption.

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

- (a) American Indians or Alaskan Natives
- (b) Asians or Asian-Americans
- (c) Blacks or African-Americans
- (d) Hispanics or Hispanic-Americans
- (e) Native Hawaiians or other Pacific Islanders
- (f) Women.

For legal entities requesting to be considered Socially Disadvantaged, the majority interest must be held by socially disadvantaged individuals.

State Committee (STC) - Appointed members of the FSA responsible for administering USDA programs and establishing state wide policies to address statewide agribusiness concerns and economic conditions.

Stocking Rate - The number of animal units grazing or utilizing specific crop/commodity acreage for a specific number of days, expressed as animal unit days (AUDs).

Substitute Yield - If you previously participated in NAP before the Agricultural Act of 2014 and reported acreage

but no production, you may choose to substitute an assigned or zero credited yield with 65 percent of the T-yield 1 time for all assigned or zero credited yields in the APH database for 2014 and prior years.

Sustainable Farming Practice - A system or process for producing an agricultural crop/commodity, excluding organic farming practices, that is necessary to produce the crop/commodity and is generally recognized by agricultural experts for the area to conserve or enhance natural resources and the environment.

Transitional Yield (T-yield) - The yield which is based on the county expected yield of the crop/commodity for the crop year and is used on an adjusted or unadjusted basis to calculate the approved yield for crops/commodities covered under the NAP when less than four years of actual, assigned, or appraised yields are available in the APH database.

Tenant - A person who rents land from another person for a share of the crop or a share of the proceeds of the crop/commodity.

Timely Planted - Planted on or before the final planting date.

Transitional Acreage - Acreage on which organic farming practices are being followed that does not yet qualify to be designated as organic acreage.

Tropical Region - The land south of the Tropic of Cancer (23.5 degrees north latitude) and, for the purposes of NAP, includes Hawaii, Puerto Rico, American Samoa, Guam, the U.S. Virgin Islands, and the former Trust Territory of the Pacific Islands (the Commonwealth of Northern Mariana Islands, the Republic of the Marshall Islands, the Federated States of Micronesia, and the Republic of Palau according to 7 CFR 1437.501).

Type or Variety of a Crop - A scientifically recognized subspecies of a crop or commodity having a particular characteristic or set of characteristics.

Unit - All eligible acreage of the eligible crop/commodity in the administrative county on the date coverage begins for the crop year based on the unique relationship of the owner to one or more operators (see section 6).

USDA - United States Department of Agriculture.

Value Loss Crop - Ornamental nursery, Christmas trees, aquaculture, or other crops/commodities determined by CCC that because of their unique nature do not lend themselves to yield calculations. Eligibility for a crop/commodity categorized a value loss will be determined based on a loss of dollar value at the time of the disaster, as determined by FSA.

Void - When the Application for Coverage is considered not to have existed for a crop year as a result of concealment, fraud or misrepresentation (see section 32).

Zero Credited Yield - A yield of zero will be assigned:

- (a) For a crop year in the base period according to 7 CFR 1437.102 for which you provide an acceptable acreage report and do not file an acceptable production report by the production reporting date and the APH database already contains an assigned yield (see section 9).
- (b) When acreage increased by more than 100 percent over any year in the preceding 7 crop years.

2. Life of Application for Coverage, Cancellation, and Termination.

- (a) This is a continuous Application for Coverage and will remain in effect for each crop year following the acceptance of the original Application for Coverage if the nonrefundable service fee is submitted by the application closing date.
- (b) You must have made application for NAP on or before the application closing date for the crop/commodity in the county.
- (c) You must be a person or legal entity as defined by FSA to be eligible for NAP coverage.
- (d) After acceptance of the Application for Coverage, you may not cancel this coverage for the initial crop year. Thereafter, the Application for Coverage will continue in force for each succeeding crop year with timely payment of the applicable service fee and/or CCC-860.
- (e) Either you or we may cancel this Application for Coverage after the initial crop year if either of the following occurs:
 - (1) By providing written justification explaining to the State Office why the cancellation needs to occur, on or before the application closing date, or
 - (2) The service fee (or CCC-860) is not paid (submitted) and received by FSA by the application closing date.
- (f) If you die, disappear, or are judicially declared incompetent, or if you are an entity other than an individual and such entity is dissolved before coverage begins, the Application for Coverage will terminate as of the date of death, judicial declaration, or dissolution. If such event occurs after coverage begins for any crop year, the Application for Coverage will continue in force through the crop year and will terminate at the end of the NAP coverage period. Death of a partner in a partnership will dissolve the partnership unless the partnership agreement provides otherwise. If two or more persons having a joint interest are covered jointly, death of one of the persons will dissolve the joint entity. Any NAP payment will be paid to the person or persons determined to be beneficially entitled to the NAP payment.
- (g) When obtaining NAP coverage, you must provide information regarding NAP coverage on any crop previously obtained at any other local FSA office, including the date such coverage was obtained and the amount of the service fee
- (h) Any person may sign any document relative to NAP coverage on behalf of any other person covered by such an Application for Coverage, provided that the person has a properly executed power of attorney or such other legally sufficient document authorizing such person to sign on file in the county office before accepting a NAP Application for Coverage or other related documents according to 7 CFR 718.9. You are still responsible for the accuracy of all information provided on your behalf and may be subject to the consequences in section 32, and any other applicable consequences.
- (i) If cancellation or termination of NAP coverage occurs for any reason including, but not limited to indebtedness, suspension, debarment,

disqualification, cancellation by you or us or violation of the controlled substance provisions of the Food Security Act of 1985, a new Application for Coverage must be filed for the crop. NAP coverage will not be provided if you are ineligible under the contract or under any Federal statute or regulation.

3. Coverage Levels and Prices for Determining NAP Payments.

- (a) NAP is intended to reduce financial losses that occur when natural disasters cause a catastrophic or other covered loss of your eligible crops/commodities.
- (b) Basic 50/55 NAP coverage will be equal to 50 percent of the level specified in (d) at 55 percent of the average market price as established by CCC.
- (c) Producers of certain eligible NAP crops (other than crops and grasses intended for grazing) may elect buy-up NAP coverage that is equivalent to buy-up coverage provided under subsections (c) and (h) of the Federal Crop Insurance Act (7 U.S.C. 1508). The NAP covered participant may elect incremental increases in amount of coverage from 50 percent of approved yield up to as much as 65 percent of approved yield, in five percent increments, each at 100 percent of the average market price. Premiums associated with the elected level of coverage are in addition to the service fee.
- (d) Except as provided in paragraph (c), to be eligible for a NAP payment you must have suffered a yield or inventory value loss greater than 50 percent as the result of an eligible cause of loss as follows:
 - (1) For yield-based crops/commodities, the loss is calculated based on a yield loss in excess of 50 percent of your approved yield;
 - (2) For value loss crops/commodities, the loss is calculated based on the loss of value in excess of 50 percent of the total value at the time of disaster;
 - (3) For crop acreage intended to be grazed, the loss of AUD in excess of 50 percent of your expected AUD determined on the basis of acreage, carrying capacity, and grazing period;
 - (4) For prevent planted acres in excess of 35 percent of the intended acres to be planted (see section 18).

4. Service Fees.

- (a) The nonrefundable service fee must be paid to FSA by the established application closing date.
- (b) The administrative fee is \$250 per crop/commodity per administrative county; \$750 for you per administrative county, not to exceed a total of \$1875 for you. The service fee is based on:
 - (1) FSA administrative counties
 - (2) Each tax identification number
 - (3) Crop/commodity definition according to pay crop/pay type
 - (4) Planting periods.
- (c) The administrative fee provisions of paragraph (b) of this section do not apply if you meet the definition of a beginning farmer, limited resource farmer, or socially disadvantaged farmer or rancher (see section 1).

5. Eligible NAP Crops.

- (a) Eligible crops/commodities are any commercial agricultural crop/commodity (excluding livestock and their by-products), or acreage of a commodity grown for food or fiber for which Area Risk Protection or individual insurance coverage, excluding pilot policies or similar pilot plans of insurance, is not available.
- (b) NAP assistance will be made available for any commercially produced:
 - (1) Crop/commodity grown for food
 - (2) Crop/commodity planted and grown for livestock consumption, including, but not limited to, grain and seeded and native forage crops
 - (3) Crop/commodity grown for fiber, excluding trees grown for lumber or paper products
 - (4) Aquacultural species, including ornamental fish
 - (5) Floriculture crops/commodities
 - (6) Ornamental nursery
 - (7) Christmas tree crops/commodities
 - (8) Turf grass sod
 - (9) Sea oats and sea grass
 - (10) Sweet sorghum, biomass sorghum, and industrial crops (including those grown expressly for the purpose of producing a feedstock for renewable biofuel, renewable electricity, or biobased products)
 - (11) Seed crops/commodities where the propagation stock is commercially produced for sale as seed stock for other eligible NAP crop production.

6. Units.

- (a) For NAP coverage, a unit is all eligible acreage of the eligible crop in the administrative county on the date coverage begins for the crop year:
 - (1) In which you have 100 percent crop share; or
 - (2) Which is owned by one person and operated by another person on a crop/commodity share basis. (Example: If, in addition to the land you own, you rent land from five landlords, three on a crop/commodity share basis and two on a cash basis, you would be entitled to four units; one for each crop/commodity share lease and one that combines the 2 cash leases and the land you own.); or
 - (3) Which is owned by one person and operated by another person on a crop/commodity share basis in an inverse relationship
- (b) Further division of the units is not allowed under NAP provisions.

7. Replanting Payment.

No replanting payment will be paid whether or not replanting of the crop/commodity is required.

8. Report of Production.

- (a) You must report production to us by the later of the following:
 - (1) The subsequent year's acreage reporting date for the crop in the administrative county
 - (2) 60 calendar days after the normal harvest date for the crop in the administrative county.
- (b) If you do not provide the required production report, we will assign a yield for the previous crop year. The yield

assigned by us will not be more than 75 percent of the yield used by us to determine your coverage for the previous crop year. The production report or assigned yield will be used to compute your approved yield for the purpose of determining your coverage for the current crop year.

- (c) If you have filed a NAP application for payment for any crop year, the documents signed by you which state the amount of production used to complete the application for payment will be the production report for that year unless otherwise specified by CCC.
- (d) Appraisals obtained from only a portion of the acreage in a field that remains unharvested after the remainder of the crop/commodity within the field has been destroyed or put to another use will not be used to establish your actual yield unless representative samples are required to be left by you.
- (e) It is your responsibility to accurately report all information that is used to determine your approved yield. You must certify to the accuracy of this information on your production report.
 - (1) If you do not have written verifiable records to support the information on your production report, you will receive an assigned or zero credited yield in accordance with section 9 and according to 7 CFR 1437.102 for those crop years for which you do not have such records.
 - (2) If you misreport any material information used to determine your approved yield you will be subject to the provisions regarding misreporting contained in section 32, unless we correct the information because the incorrect information was the result of our error or the error of someone from USDA.
- (f) If you elected the HMP option, you must maintain production records separately by acreage for each intended use. This will allow your HMP to be applied to the intended use with the highest value.

9. Approved Yields.

Absent the native sod provision applying, the following applies to approved yields:

- (a) Approved yields will be determined using Actual Production History (APH) of not less than 4 previous consecutive crop years and not more than 10 consecutive crop years, which is considered the database. Apples and peaches have a maximum of 5 years in a database.
- (b) You do not have the option of having an approved yield calculated based on a T-yield (the county expected yield) or records of production for previous crop years. The approved yield will be calculated based on records if acceptable records for the crop are available. Once acreage and production are certified, they are used for approved yield purposes.
- (c) Approved yields can include the following on a per acre or other basis:
 - (1) Actual yields
 - (2) Replacement yields
 - (3) Assigned yield –The yield is equal to 75 percent of the approved yield established for the year of

assignment. You can have only 1 assigned yield in an APH base period

- (4) Zero credited yields
- (5) Substitute yields
- (6) T-yields.
- (d) An assigned, zero credited, or substitute yield will not be considered derived from your production records for the purpose of attaining a higher percentage of T-yield.
- (e) Approved yields may not decrease by more than 10 percent compared to the approved yield for the previous year.
- (f) The basic formula for calculating approved yields is according to this table:

| IF... | THEN the current year approved yield will be calculated based on the simple average of... |
|--|--|
| You certify production, or have any combination of actual, replacement, zero credited, substitute, or assigned yields for 4 – 10 years | Those yield years. |
| You certify production records for 3 years and there are no zero credited, substitute, or assigned yields in the APH database | The 3 yield years plus 100 percent of the applicable T-yield for the missing year. |
| You certify production records for 2 years and there are no zero credited, substitute, or assigned yields in the APH data base | The 2 yield years plus 90 percent of the applicable T-yield for the 2 missing years. |
| You certify production records for 1 year and there are no zero credited, substitute, or assigned yields in the APH database | The 1 yield year plus 80 percent of the applicable T-yield for the 3 missing years. |
| There has not previously been an approved yield calculated and there are no production records | 65 percent of the applicable T-yield for each of the missing years. Note: 100 percent of the applicable T-yield for each of the missing years if you are a new producer. |

10. Report of Acreage.

- (a) An annual acreage report must be submitted for each covered crop in the administrative county on or before the acreage reporting date as determined by FSA. Contact your local county office for a list of applicable dates for your area.
- (b) If a covered crop was not grown in the county for the crop year, you must submit an acreage report, on or before the acreage reporting date, so indicating.
- (c) Your acreage report must accurately include the following information, if applicable:
 - (1) All planted or prevented planted acreage of the crop in the unit (eligible acres and ineligible acres) in which you have a share;
 - (2) Your share at the time coverage begins;
 - (3) The crop, type, intended use, practice;
 - (4) The date the eligible crop/commodity was planted;
 - (5) Acreage designated as organic or transitional based on certifying agent documentation;

- (6) Physical location of the acreage on which the facility resides;
- (7) For honey:
 - (i) Number of colonies of bees belonging to the unit,
 - (ii) The names of counties to which colonies of bees are moved, and
 - (iii) The number of colonies from which expected production will be calculated.
- (8) For Christmas trees:
 - (i) The dates of planting of all trees,
 - (ii) The number of trees by date of planting, and
 - (iii) The removal or loss of any trees after the filing of the acreage report within 15 calendar days of the removal or loss.
- (9) For turf-grass sod:
 - (i) Date of each planting of turf-grass sod, and
 - (ii) Average number of expected square yards per acre.
- (10) For maple sap:
 - (i) The total number of eligible trees on the unit,
 - (ii) Average size of producing trees,
 - (iii) Average age of producing trees, and
 - (iv) The total number of taps placed or anticipated for the tapping season.
- (d) An acreage report can be revised if all of the following apply:
 - (1) The acreage has not already been determined by FSA;
 - (2) Physical evidence is present in the field;
 - (3) You were in compliance with all other program requirements at the reporting date. A revised acreage report submitted after the crop/commodity reporting deadline will be treated as a late-filed acreage report.
- (e) Late-filed acreage reports must:
 - (1) Be at such time as permit FSA the opportunity to verify the report by examination of physical existence of the late-filed crop/commodity or crop/commodity residue for the crop year being reported at the time of report;
 - (2) Not be used to modify or change FSA determined acreage when FSA determined acres exist in accordance with FSA's determined acreage procedure or policy;
 - (3) Be accompanied by your payment of a fee in the amount of the cost of a farm inspection to verify the late-filed acreage report unless FSA determines that failure to report timely was beyond your control. The fee is not payment for a measurement service and the fee in no way obligates FSA to be able to determine acreage for any purpose other than verifying whether the late filed report is accurate. The fee will not be returned or refunded if FSA cannot verify the late filed acreage report. The fee does not guarantee the late-filed report of acreage will be used as determined acreage.
- (f) Prevented planting acreage must be reported within 15 days after the final planting date, and you must complete CCC-576, part B to establish to the satisfaction of the COC all of the following:
 - (1) There was intent to plant the acreage as evidenced by your providing documentation of field preparation, seed purchase, and any other information that shows the acreage could and would have been planted and harvested absent the eligible cause of loss preventing planting; and
 - (2) The acreage was prevented from being planted as a direct result of an eligible cause of loss as specified in regulations and these provisions.
- (g) If there is a difference between reported and determined crop/commodity acreage, FSA will use:
 - (1) The smaller of the reported or determined acreage to calculate the unit's:
 - (i) Expected level of production, and
 - (ii) Total planted and prevented planted acreage, or
 - (2) Determined acreage for APH and premium calculation.
 - (3) Acreage variance is the number of acres that the reported acreage may differ from the determined acreage without either of the following:
 - (i) The total loss of benefits, or
 - (ii) The overall accuracy of the acreage report being questioned.
 - (4) The rule for acreage variance is the larger of 1 acre or 5 percent of the reported acreage, not to exceed 50 acres.
- (h) If the acreage report has been revised in accordance with section 10(d) (1), (2), or (3), the information on the initial acreage report will not be considered misreported for the purposes of section 32.
- (i) We may elect to determine NAP production and program benefits based on the information you submit on the acreage report or upon the factual circumstances we determine to have existed, subject to the provisions contained in section 9.
- (j) If you do not submit an acreage report by the acreage reporting date, or if you fail to report all units, we may elect to determine by unit the covered crop/ commodity acreage, share, type and practice, or to deny coverage on such units. If we deny coverage for the unreported units, your share of any production from the unreported units will be allocated, for loss purposes only, as production to count to the reported units in proportion to the liability on each reported unit. However, such production will not be allocated to prevented planting acreage or otherwise affect any prevented planting payment.
- (k) You must provide all required reports and you are responsible for the accuracy of all information contained in those reports. You should verify the information is complete and accurate on all such reports prior to submitting them to us. If you submit information that is incomplete or inaccurate this could result in one or all of the following:
 - (1) An application for payment being disapproved;
 - (2) You could be determined ineligible for NAP assistance on all units or farms;
 - (3) You may become liable for fraud or misrepresentation (see section 32).

- (l) Errors in reporting units may be corrected by us at the time of adjusting a loss to reduce our liability and to conform to applicable unit division guidelines.

11. Eligible Acreage.

- (a) Acreage planted to the eligible crop/commodity in which you have a share is covered except acreage on which the eligible crop/commodity is damaged and the COC determines it is practical to replant the covered crop/commodity, but the eligible crop is not replanted;
- (b) If NAP coverage is provided for an irrigated practice, you must report as irrigated only that acreage for which you have adequate facilities and adequate water, or the reasonable expectation of receiving adequate water at the time coverage begins, to carry out a good irrigation practice. If you knew or had reason to know that your water may be reduced before coverage begins, the crop cannot be reported as irrigated.
- (c) We may restrict the amount of acreage that we will cover to the amount allowed under any acreage limitation program established by the United States Department of Agriculture if we notify you of that restriction prior to the application closing date.
- (d) Replacement crop acreage planted after approved prevented planted or failed crop acreage, in the same crop year, is not considered acres devoted to the eligible crop and is not eligible for NAP.

12. Share Covered.

Coverage will only be provided to the person completing the Application for Coverage and only for your share of the crop/commodity and will not extend to any other person having a share in the crop/commodity.

13. Coverage Period.

- (a) Coverage periods are always prospective from the actual date of filing of a valid Application for Coverage. In the event that an Application for Coverage is filed within 30 days of the end of a coverage period, the Application for Coverage is invalid and will not be processed by CCC. No refund of service fee will occur. For the purpose of determining the coverage period, the date we accept your NAP application for coverage is the date that you submit a properly executed NAP Application for Coverage in accordance with section 2 and pay the service fee (or submit CCC-860) according to section 4. The service fee (or CCC-860) must be paid (submitted) before coverage will attach.
- (b) For **annual crops/commodities**, coverage:
 - (1) Begins the later of:
 - (i) 30 days after the date we accept your NAP Application for Coverage;
 - (ii) The date the crop/commodity is planted, not to exceed the late planting period.
 - (2) Ends at the earliest of:
 - (i) The date harvest is complete
 - (ii) The normal harvest date in the area
 - (iii) Abandonment of the crop/commodity
 - (iv) Total destruction of the crop/commodity.
- (c) For **multiple planted crops/commodities**, coverage:
 - (1) Begins the later of:

- (i) 30 days after the date we accept your NAP Application for Coverage
- (ii) The date the crop/commodity is planted within the specific planting period
- (2) Ends for the specific planting period, the earliest of:
 - (i) The date harvest is complete
 - (ii) The latest normal harvest date (Note: this date must correlate with the number of days necessary for the crop/commodity to mature
 - (iii) Abandonment of the crop/commodity
 - (iv) Destruction of the crop/commodity.
- (d) For **biennial and perennial crops/commodities** (other than those intended as forage), coverage:
 - (1) Begins the later of:
 - (i) 30 days after the application closing date
 - (ii) 30 days after we accept your NAP Application for Coverage
 - (2) Ends the earliest of:
 - (i) 10 months from the application closing date
 - (ii) The date harvest is complete
 - (iii) The normal harvest date
 - (iv) Abandonment of the crop/commodity
 - (v) Total destruction of the crop/commodity.
- (e) For **value loss crops/commodities or controlled environment crops/commodities**, except ornamental nursery, including, aquaculture, Christmas trees, ginseng, floriculture, mushrooms, and turf grass sod, coverage begins October 1 and ends September 30. Coverage for ornamental nursery begins June 1 and ends May 31.
- (f) For **honey and tropical region crops/commodities**, coverage begins January 1 and ends December 31.
- (g) For **maple sap**, coverage:
 - (1) Begins the later of:
 - (i) 30 days after the application closing date
 - (ii) 30 days after we accept your NAP Application for Coverage
 - (iii) The date the crop/commodity comes out of dormancy
 - (2) Ends on the earliest of:
 - (i) The date harvest is complete
 - (ii) Normal harvest date
 - (iii) Date the trees are abandoned.
- (h) For **biennial and perennial forage crops/commodities**, coverage:
 - (1) Begins the later of:
 - (i) 30 days after the application closing date
 - (ii) 30 days after the NAP Application for Coverage is filed
 - (iii) The date following the normal harvest date of previous crop year.
 - (2) Ends the earlier of:
 - (i) The normal harvest date
 - (ii) The date the crop/commodity is abandoned or destroyed
 - (3) For grazed forage designated as warm and cool season, the coverage period ends the earlier of:
 - (i) End of the designated grazing period established by the STC

- (ii) Date the crop/commodity is abandoned or destroyed.

14. Cause of Loss.

To qualify for assistance under NAP, production losses or prevented planting must have occurred as a result of an eligible cause of loss in the coverage period. Not all causes of loss are eligible causes of loss for all crops/commodities.

- (a) An eligible cause of loss is:
 - (1) Damaging weather, including, but not limited to:
 - (i) Drought
 - (ii) Hail
 - (iii) Excessive moisture
 - (iv) Freeze
 - (v) Tornado
 - (vi) Hurricane
 - (vii) Excessive wind
 - (viii) Insufficient chill hours only if approved by FSA in advance of the coverage period
 - (ix) Any combination thereof
 - (2) Adverse natural occurrence, including but not limited to:
 - (i) Earthquake
 - (ii) Flood
 - (iii) Volcanic eruption
 - (3) A condition related to an eligible cause of loss in paragraphs (a)(1) or (2) of this section, (in this context, the related condition must result from the damaging weather or adverse natural occurrence in (a)(1) and (2); it is not eligible if it occurred on its own) including, but not limited to:
 - (i) Heat
 - (ii) Insect infestation
 - (iii) Disease
 - (iv) Insufficient chill hours
 - (v) Any combination thereof.
- (b) The damaging weather, adverse natural occurrence, or related condition as specified in paragraph (a) of this section must occur before or during harvest and directly cause, accelerate, or exacerbate destruction or deterioration of the eligible crop/commodity as determined by COC.
- (c) NAP Coverage is provided against only eligible causes of loss. All specified causes of loss must be due to a naturally occurring event. All other causes of loss, including but not limited to the following, are not covered:
 - (1) Negligence, mismanagement, or wrongdoing by you, any member of your family or household, your tenants, or employees;
 - (2) Failure to follow recognized good farming practices for the eligible crop/commodity;
 - (3) Water contained or released by any governmental, public, or private dam or reservoir project, in an easement exists on the acreage affected for the containment or release of the water;
 - (4) Failure or breakdown of the irrigation equipment facilities, unless the failure or breakdown is due to an eligible cause of loss. (If damage is due to an eligible cause of loss, you must make all reasonable efforts to restore the equipment or facilities to proper working order within a

reasonable amount of time unless we determine it is not practical to do so. Cost will not be considered when determining whether it is practical to restore the equipment or facilities);

- (5) Failure to carry out a good irrigation practice for the covered crop/commodity, if applicable;
- (6) Any cause of loss that results in damage that is not evident or would not have been evident during the NAP coverage period. Even though we may not inspect the damaged crop/commodity until after the end of the NAP coverage period, only damage due to eligible causes that would have been evident during the NAP coverage period will be covered;
- (7) Variance of temperatures from average normal temperatures including but not limited to cyclic yield variations that occur for a crop or commodity that are not specifically the result of paragraphs (a)(1) or (2) of this section;
- (8) Any managerial decision to attempt to grow or produce a crop in an area that is not suited for successful commercial production of the eligible NAP crop as determined by us;
- (9) Failure of the producer to reseed to the same crop during the same planting period in those areas and under such circumstances where it is customary to do so;
- (10) Except for tree crops and perennials and as provided for in 7 CFR 1437.201, inadequate irrigation resources at time of planting;
- (11) Except as specified in 7 CFR 1437.303, a loss of inventory or yield of aquaculture (including ornamental fish), floriculture, or ornamental nursery stemming from drought or any failure to provide water, soil, or growing media to such crop for any reason;
- (12) Any failure to provide a controlled environment or exercise good nursery practices when such controlled environment or practices are a condition of eligibility under this part;
- (13) Except as provided for mollusks in 7 CFR 1437.303, any alleged or actual loss of inventory or missing noncontainerized inventory resulting from a managerial decision not to seed or raise the eligible NAP crop in containers, net pens, or wire baskets, on ropes, or using similar devices;
- (14) For crops grown using organic farming practices, failure to comply with organic standards;
- (15) Contamination by application or drift of prohibited substances onto land on which crops are grown using organic farming practices; or
- (16) Weeds.

15. Duties in the Event of Damage, Loss, Abandonment, Destruction, or Alternative Use of Crop or Acreage.

Your Duties, (a) – (h):

- (a) In case of damage to any NAP covered crop or commodity, at least one producer having a share in the unit must:
 - (1) For hand-harvested crops or other crops as determined by us, notify FSA of the damage or

- loss within 72 hours of the date damage or loss on the unit first becomes apparent in addition to action required in paragraph (a)(2) of this section;
- (2) File a written notice of loss on CCC-576 to CCC in the administrative FSA county office:
- (i) For prevented planting claims, within 15 days after the final planting date
 - (ii) For low yield claims and allowable value loss, the earlier of:
 - (A) 15 days after the disaster occurrence, or date of loss or damage to the crop or commodity becomes apparent
 - (B) 15 days after the normal harvest date.
- (b) The notice of loss specified in paragraph (a) of this section must be filed for each crop/commodity and include:
- (1) The cause of crop/commodity damage
 - (2) Date the disaster occurred and when the damage or loss became apparent
 - (3) A copy of the contract or agreement if a contract or agreement of a guaranteed payment for planted acreage exists.
 - (4) Type of loss that occurred, e.g. prevented planting or low yield
 - (5) Practices used, e.g. irrigated or non-irrigated
 - (6) For prevented planting:
 - (i) Total acreage you intended to plant on the unit
 - (ii) Total acreage you planted on the unit
 - (iii) Whether seed, chemicals, fertilizer, etc. was purchased, delivered, or an arrangement for purchase or delivery was made for the intended crop/commodity
 - (iv) What and when land preparation measures were completed, and
 - (v) What has been done or will be done with the acreage, e.g. abandoned, replanted, etc.
 - (7) For low yield:
 - (i) Total acreage of the crop/commodity you planted in the unit
 - (ii) Total acreage of the crop/commodity affected
 - (iii) What and when land preparation measures and practices were completed before and after the loss, and
 - (iv) What will be done with the affected crop acreage, e.g., harvested, destroyed, replanted to a different crop/commodity, abandoned, etc.
 - (8) Any other information requested by a CCC authorized representative
- (c) The crop/commodity acreage that will not be harvested, i.e., abandoned, destroyed, or in the case of forage acreage intended for mechanical harvesting but grazed, must be left intact and you must request a crop appraisal and release of crop/commodity acreage by a CCC-approved loss adjuster:
- (i) Prior to destruction or abandonment of the crop/commodity acreage; or
 - (ii) No later than the normal harvest date, as determined by the CCC.
- (d) A written notice of loss or 72 hour notification filed beyond the time specified in paragraph (a) of this section may satisfy the requirements of these provisions, if, at the discretion of CCC, the notice is filed by you at such time that permits:
- (1) An authorized CCC representative to verify information on the notice of loss by inspecting the affected acreage or the crop/commodity involved
 - (2) COC or an authorized CCC representative the opportunity to determine that eligible disaster conditions caused the damage or loss.
- (e) You must:
- (1) Provide a complete harvesting and marketing record of each eligible crop/commodity by unit, including separate records showing the same information for production from any acreage not eligible.
 - (2) Upon our request, or that of any USDA employee authorized to conduct investigations of the NAP program, submit to an examination under oath.
- (f) You must establish the total production or value received for the covered crop/commodity on the unit, that any loss of production or value occurred during the NAP coverage period, and that the loss of production or value was directly caused by one or more of the covered causes of loss.
- (g) All notices required in this section must be received by your local FSA office within 15 days.
- (h) It is your duty to prove you have complied with all provisions of the Application for Coverage, these basic provisions and pertinent regulations.
- (1) Failure to comply with the all the requirements of this section (Your Duties) will result in disapproval of your application for payment or prevented planting for the acreage for which the failure occurred. Failure to comply with all other requirements of this section will result in disapproval of your application for payment or prevented planting or for which the failure occurred, unless we still have the ability to accurately adjust the loss
 - (2) Failure to comply with other sections of the Application for Coverage will subject you to the consequences specified in those sections.
- Our Duties, (i) – (I):**
- (i) If you have complied with all the requirements of regulations and these basic provisions of your Application for Coverage, we will pay your loss within 30 days after the later of:
- (1) The COC approval of the application for payment signifying an acceptable notice of loss caused by a natural disaster, and that you have provided all requisite forms, evidence and information to make such a determination;
 - (2) Completion of arbitration, reconsideration of determinations regarding good farming practices or any other appeal that results in an award in your favor, unless we exercise our right to appeal such decision;
 - (3) Completion of any investigation by USDA, if applicable, of your current or any past application for payment if no evidence of wrongdoing has

been found (If any evidence of wrongdoing has been discovered, the amount of any payment, as a result of such wrongdoing may be offset from any payment owed to you); or

- (4) The entry of a final judgment by a court of competent jurisdiction.
- (j) In the event we are unable to pay your loss within 30 days, prompt payment interest will begin to accrue from the date payment was due.
- (k) We may defer the adjustment of a loss until the amount of loss can be accurately determined. We will not pay for additional damage resulting from your failure to provide sufficient care for the crop/commodity during the deferral period.
- (l) We recognize and apply the loss adjustment procedures established or approved by FCIC.

16. Production Included in Determining a Payment and Payment Reductions.

The following will be included as production to count in determining assistance:

- (a) Actual production
- (b) Assigned production
- (c) Appraised production will be used if you are not going to harvest your acreage. If you harvest the crop/commodity after the crop/commodity has been appraised:
 - (1) You must provide us with the amount of harvested production; and
 - (2) If the harvested production exceeds the appraised production, claims will be adjusted using the harvested production; or
 - (3) If the harvested production is less than the appraised production, and:
 - (i) You harvest after the end of the coverage period, your appraised production will be used to adjust the loss unless you can prove that no additional causes of loss or deterioration of the crop occurred after the end of the coverage period; or
 - (ii) You harvest before the end of the coverage period, your harvested production will be used to adjust the loss.

17. Late Planting.

Late planting provisions provide reduced coverage for eligible crop/commodity acreage planted during the applicable late planting period.

- (a) Late planting provisions do not apply to crops/commodities having multiple planting periods unless allowable according to paragraph (e) of this section, value loss crops, and tropical region crops/commodities.
- (b) Crops/commodities not planted by the STC-established final planting date because of a natural disaster but planted during the late planting period will not be eligible for prevented planting payments.
- (c) If you are unable to plant the crop/commodity by the STC-established final planting date because of natural disaster, you must provide a notice of loss within 15 days of the final planting date to maintain eligibility for prevented planting benefits.

- (d) Production will be assigned for late planted acres based upon the date the crop/commodity was planted. See the table below for the level of assigned production. Note: These reductions will not apply to the approved yield.

| If the crop days to maturity are... | AND if the crop/commodity is planted after the STC-established final planting date by... | THEN assign production equal to... |
|-------------------------------------|--|---|
| 61-120 days | 1-5 days | 5% of expected production regardless of the day planted |
| | 6-20 days | 5% of expected production plus an additional 1% for each day 6 through 20 |
| | 21 or more days | the full applicable coverage guarantee |
| 121 days or more | 1-5 days | 5% of expected production regardless of the day planted |
| | 6-25 days | 5% of expected production plus an additional 1% for each day 6 through 25 |
| | 26 or more days | the full applicable coverage guarantee |

- (e) Late planted acreage of crops/commodities having multiple planting periods may be considered eligible if:
 - (1) The late planting is for the last planting period for the crop, or
 - (2) Multiple planting periods having a defined gap of 60 days or more between the harvest date of the previous planting period and the beginning of the immediately following planting period.

18. Prevented Planting.

Prevented planting is the inability to plant an eligible crop/commodity with proper equipment during the planting period as a result of an eligible cause of loss, as determined by CCC.

- (a) A prevented planting payment may be made to you for eligible acres if:
 - (1) You were prevented from planting more than 35 percent of the total eligible acreage intended for planting to the eligible crop/commodity as a result of a natural disaster, as determined by COC, and
 - (2) The acreage was reported within 15 days after the final planting date, and
 - (3) Similarly affected producers in the area have been impacted.
- (b) To be approved for prevented planting, you must show the COC there was an intent to plant the acreage by providing documentation of field preparation, seed purchase, and any other information that shows the

acreage could have been planted and harvested under normal weather conditions.

- (c) Eligible prevented planting acreage will be determined on the basis of your intent to plant the crop/commodity acreage and possession of, or access to, resources to plant, grow, and harvest the crop/commodity, as applicable.
- (d) Prevented planting credit on acreage that had either a previous or subsequent crop/commodity planted on the acreage in the same crop year may be given if all the following conditions are met:
 - (1) There is an established practice of planting two or more crops/commodities for harvest on the same acreage in the same crop year;
 - (2) Both crops/commodities could have reached maturity and would have been harvested;
 - (3) Both the initial and subsequent planted crops/commodities were planted or prevented-planted within the normal planting period for that crop/commodity; and
 - (4) Both the initial and subsequent planted crops/commodities meet all other eligibility provisions of this part including good farming practices.
- (e) Prevented planting credit will be given to crops/commodities where the prevented-planting acreage was affected by drought if all the following conditions are met:
 - (1) On the final planting date for non-irrigated acreage, the area that is prevented from being planted has insufficient soil moisture for seed germination and progress toward crop/commodity maturity because of a prolonged period of dry weather; and
 - (2) Prolonged precipitation deficiencies exceeded the D2, D3, or D4 level as determined using the U.S. Drought Monitor; and
 - (3) Verifiable information is collected from sources whose business or purpose it is to record weather conditions, as determined by CCC, and including but not limited to the local weather reporting stations of the U.S. National Weather Service, Bureau of Reclamation, U.S. Army Corps of Engineers, the National Institute of Food and Agriculture, or NRCS.
- (f) Prevented planting credit will apply to irrigated crops where the acreage was prevented from being planted due to a lack of water resulting from natural disaster conditions or contamination by saltwater intrusion of an irrigation supply resulting from natural disaster conditions if there was not a reasonable probability of having adequate water to carry out an irrigation practice.
- (g) Acreage ineligible for prevented planting coverage includes, but is not limited to acreage:
 - (1) Value Loss crops, including, but not limited to, Christmas trees, aquaculture, and ornamental nursery;
 - (2) Tree crops/commodities and other perennials, unless:
 - (i) You can prove resources unique to the planting of tree crops/commodities and other

perennials were available to plant, grow, and harvest the crop/commodity as determined by CCC; and

- (ii) CCC has approved the planting period for the crop/commodity;
- (3) On which a crop/commodity was harvested, hayed, or grazed during the crop year;
- (4) Which planting history or conservation plans indicate would remain fallow for crop/commodity rotation purposes;
- (5) Used for conservation purposes or intended to be or considered to have been left unplanted under any program administered by USDA, including the Conservation Reserve and Wetland Reserve Programs; and
- (6) Not planted because of a management decision;
- (7) Which you or any other person received a prevented planting payment for any crop/commodity for the same acreage, excluding share arrangements; and
- (8) Planted during the late-planting period.
- (h) An eligible prevented planting payment is calculated according to the following table (Note: separate calculations are completed for each crop/commodity type and intended use in your unit.)

| Step | Action |
|------|---|
| 1 | Add the total planted and prevented-planted acres. |
| 2 | Multiply the result of step 1 by 0.35. |
| 3 | Subtract the result of step 2 from the total prevented planted acres. |
| 4 | Multiply your share by the approved yield by the positive result of step 3. |
| 5 | Multiply the result of step 4 by the final payment price (average market price times 0.55 for basic 50/55 NAP coverage or 1.00 for buy-up NAP coverage, times prevented planting factor). |

19. Determining Payments for Low Yield

- (a) Except to the extent that the loss calculation provisions of other subparts of 7 CFR Part 1437 apply, and subject to limitations set out elsewhere, and the availability of funds, payments under this part will be made on eligible crops with eligible losses by:
 - (1) Multiplying the total acres devoted to the eligible crop by the producers share,
 - (2) Multiplying the product of paragraph (a)(1) of this section by 50, 55, 60, or 65 percent, as elected by the producer as specified in 7 CFR 1437.5; of the approved yield per acre for the commodity for the producer.
 - (3) Multiplying the net production of the total eligible acreage by the producer's share;
 - (4) Subtracting the product of paragraph (a)(3) of this section from the product of paragraph (a)(2) of this section;
 - (5) Multiplying the amount calculated as specified in paragraph (a)(4) of this section by 55 or 100 percent (elected by the producer as specified in 7 CFR 1437.5) of the final payment price calculated as specified in 7 CFR 1437.12; and

- (6) Adding the producer's share of any salvage value and secondary use and subtracting the result from the result of paragraph (a)(5) of this section.
- (b) Further adjustments may be made as needed to accomplish the purposes and goals of the program.
- (c) The crops and locations eligible for quality adjustments will be determined by the Deputy Administrator in advance of the coverage period, only if supporting documentation of industry standards for quality adjustments are available. For specific crops and locations determined by the Deputy Administrator for which buy-up coverage under 7 CFR 1437.5(d) is elected and for which adjustments to net production based on quality losses will be authorized for a coverage period in accordance with this paragraph, producers may opt for an adjustment of net production of a covered crop as specified in paragraph (a)(3) of this section based on a specific measure of quality against a set of standards that are acceptable to FSA. The standards and permissible adjustments to net production based on alleged quality losses stemming from eligible causes of loss in a coverage period will be based on FSA's review of sufficient documentation and are subject to FSA acceptance and State committee recommendation to the Deputy Administrator. The crops and locations where quality adjustments will be permitted will be as specified on a list maintained by FSA.
- (d) Production will not be adjusted under this section unless all other provisions of this section are met and the crop and location are included on a list of approved crops and locations before the beginning of the coverage period for the crop.
- (e) A producer of a NAP covered crop in a location and coverage period approved by FSA as specified in paragraphs (c) and (d) of this section who opts for the quality loss adjustment option must submit verifiable records obtained by testing or analysis of the specific crop's production and the alleged loss of quality stemming from an eligible cause of loss in the coverage period. Records must meet requirements of 7 CFR 1437.8(a)(3).
- (f) If a quality adjustment option is sought by a producer and approved for a crop year, FSA will enter the adjusted value of net production into the producer's actual production history yield database for the loss year. The lower actual yield that results from the quality adjustment will be used for future approved yield calculations.

| Initial adverse decision made by... | You have the right to... |
|-------------------------------------|--|
| County FSA Employee | Appeal to COC |
| COC | Reconsideration, appeal to STC, mediation, and appeal to National Appeals Division (NAD) |
| State Director (SED) | Reconsideration, mediation, and appeal to NAD |
| STC | Reconsideration, mediation, and appeal to NAD |

(b) You may appeal an adverse reconsideration according to the following table:

| Initial adverse decision made by ... | You have the right to... |
|--------------------------------------|--|
| COC | Appeal to STC, mediation, and appeal to NAD. |
| SED | Mediation, and appeal to NAD. |
| STC | |

- (c) If you live in a State without a certified mediation program, mediation is available as part of FSA's informal appeal process. To request mediation, you must write to the FSA SED where the administrative county FSA office is located.
- (d) If you live in a state with a certified mediation program, you will be informed by FSA in writing of the address of the state mediation program where you must submit your written request for mediation. You must also provide a copy of your request for mediation to FSA.
- (e) When requesting mediation, you may be required to pay all or part of the cost of mediation.
- (f) All requests for reconsideration must be made in writing no later than 30 days after you receive notice of a determination.
- (g) If you request mediation, the time frame in which you may file an appeal stops. When mediation closes, the clock restarts and you will have the balance of days remaining in that period to file an appeal.
- (h) If you appeal to NAD, you waive any rights you might have to reconsideration, appeal to FSA, and mediation.
- (i) If you do not timely exercise any of the preceding options, CCC authorized agents will carry out the final decision no later than 30 days after you receive notice of determination.

20. Crops as Payment.

You must not abandon any crop/commodity to us. We will not accept any crop/commodity as compensation for payments due us.

21. Reconsideration, Appeal, Mediation, and National Appeals Division.

- (a) If you disagree with a determination made by an authorized CCC agent or us, you have the right to request reconsideration, appeal, or mediation according to the following table:

22. Records.

- (a) For each harvested crop/commodity for which you file an application for payment in accordance with 7 CFR 1437.11, you must provide documentary evidence acceptable to us of production and the date harvest was completed, including production of crops/commodities planted after the planting period or late planting period. Such documentary evidence must be provided in the administrative county by the later of the following:

- (1) The subsequent year's acreage reporting date for the crop
- (2) 60 calendar days after the normal harvest date for the crop.
- (b) Records of a previous crop year's production for inclusion in the actual production history used to calculate an approved yield for the current year must be certified by you by the later of the dates identified in paragraph (a) of this section. Production data provided after the identified date in the current crop year for the crop may be included in the APH database for the calculation of subsequent approved yield calculations if accompanied by acceptable records of production as determined by CCC.
- (c) If the DMP option is elected, records of marketing history must be submitted by the current year's acreage reporting date.
- (d) During any crop year that a notice of loss is filed according to this part:
 - (1) If you hand-harvest crops/commodities, you must, in addition to providing acceptable production records according to this part, notify the administrative county office that harvest is complete. This notification must be made before deterioration or destruction of the crop/ commodity residue and within 15 days after harvest is completed. If an appraisal of the crop/commodity acreage is determined necessary by CCC, you must not destroy the crop/commodity residue until the crop/commodity acreage is released by a CCC qualified loss adjuster. You may, at your expense, request that an appraisal of hand-harvested crop/commodity acreage be completed during non-loss crop years in order to maintain accurate APH.
 - (2) You must not allow the gathering (gleaning) of any produce left in the field following normal harvest of the crop acreage until the crop/ commodity acreage is released by a qualified CCC loss adjuster, as determined by us. Crop/commodity acreage may be released by an authorized CCC representative for acceptable gleaning operations, as determined by CCC, when you and the gleaners agree to provide acceptable records, as determined by CCC, of the quantity of the crop/commodity gleaned.
- (e) For each crop certified as grown on organic acreage:
 - (1) A written certification in effect from a certifying agency indicating the name of the entity certified, effective date of certification, certificate number, types of commodities certified, and name and address of the certifying agent (a certificate issued to a tenant may be used to qualify a landlord or other similar arrangement); and
 - (2) Records from the certifying agent showing the specific location of certified organic, transitional, and buffer zone acreage, and acreage not subject to organic farming practices according to an organic system plan.
- (f) For each crop certified as grown on transitional acreage being converted to certified organic acreage:

- (1) Written documentation from a certifying agent indicating an organic system plan is in effect for the acreage; and
- (2) Records from the certifying agent showing the specific location of certified organic, transitional, and buffer zone acreage, and acreage not subject to organic farming practices according to an organic system plan.
- (g) For each crop for which the HMP option is applicable, production records must be maintained separately based on the final use market to which the production was sold.
- (h) For each crop for which the DMP option is applicable, production records must be maintained separately based on the final use market to which the production was sold.

23. Access to NAP Covered Crop and Records, and Record Retention.

- (a) We and any employee of USDA authorized to investigate or review any matter relating to NAP coverage, have the right to examine the eligible NAP crop/commodity and all records related to the eligible NAP crop/commodity and any mediation, arbitration or litigation involving the crop/commodity as often as reasonably required during the record retention period.
- (b) You must retain, and provide upon our request, or the request of any employee of USDA authorized to investigate or review any matter relating to NAP coverage:
 - (1) Complete records of the planting, replanting, inputs, production, harvesting, and disposition of the eligible NAP crop/commodity on each unit for three years after the end of the crop year (this requirement also applies to all such records for acreage that is not covered); and
 - (2) All records used to establish the amount of production you certified on your production reports used to compute your approved yield for three years after the end of the crop year for which you initially certified such records, unless such records have already been provided to us (for example, if your approved yield for the 2015 crop year was based on production records you certified for the 2012 through 2014 crop years, you must retain all such records through the 2018 crop year, unless such records have already been provided to us).
- (c) We, or any employee of USDA authorized to investigate or review any matter relating to NAP coverage, may extend the record retention period beyond three years by notifying you of such extension in writing.
- (d) By signing the Application for Coverage authorized under the Act or by continuing NAP coverage for which you have previously applied, you authorize us or USDA, or any person acting for us or USDA, to investigate or review any matter relating to NAP coverage, to obtain records relating to the planting, replanting, inputs, production, harvesting, and disposition of the NAP covered crop/commodity from any person who may have custody of such records, including but not limited to, crop insurance agents,

other FSA offices, banks, warehouses, gins, cooperatives, marketing associations, and accountants. You must assist in obtaining all records we are authorized to investigate or review relating to NAP coverage request from third parties.

- (e) Failure to provide access to the eligible NAP crop/commodity or the farm, authorize access to the records maintained by third parties, or assist in obtaining such records will result in a determination that no NAP payment is due for the crop year in which such failure occurred.
- (f) Failure to maintain or provide records will result in:
 - (1) The imposition of an assigned or zero credited yield in accordance with section 9 for those crop years for which you do not have the required production records to support a certified yield;
 - (2) A determination that no NAP payment is due if you fail to provide records necessary to determine your loss;
 - (3) Assignment of production to the units by us if you fail to maintain separate records for any ineligible acreage; and
 - (4) The imposition of consequences specified in section 32, as applicable.
- (g) If the imposition of an assigned yield under section 23(f) (1) would affect a NAP payment that was paid in a prior crop year, such claim will be adjusted and you will be required to repay any overpaid amounts.

24. Transfer of NAP Coverage.

- (a) You may transfer NAP coverage for a crop/ commodity to another producer before a disaster. Transfer of partial coverage for a crop/commodity is not allowed. Transfer of NAP coverage may be used when there is a:
 - (1) Sale of land
 - (2) Transfer of lease
 - (3) New entity formed
 - (4) Change in entity type
 - (5) Change in operator between husband and wife.
- (b) When transfer of NAP coverage to another producer is initiated, the buyer, new lessee, or new entity becomes responsible for meeting all program requirements including eligible producer requirements. The County Committee will disapprove the request for transfer if the seller, the original lessee, or original entity failed to meet any program requirement.
- (c) The effective date of NAP coverage transfer is the date:
 - (1) Land is sold
 - (2) Lease is signed or transferred
 - (3) New entity is formed
 - (4) Change in entity type occurred
 - (5) Change in operation occurred
 - (6) Death occurred.
- (d) Transfer of NAP coverage can occur before or after the acreage reporting date. A transfer of NAP coverage must not be used:
 - (1) After a disaster has occurred
 - (2) Before the application closing date for the crop/commodity
 - (3) When estates are closed or entities are dissolved

- (4) When partial share transfers occur between two parties
- (5) Involving divorce between husband and wife unless the transfer is 100 percent
- (6) When land is transferred to another administrative county
- (7) When the buyer already has coverage for the crop/commodity (added land provisions apply)
- (8) If the coverage period has not begun.
- (e) Transfers must be initiated after the application closing date and before the earlier of either the disaster event or end of the coverage period. The end of coverage period is determined as:
 - (1) The date harvest is complete
 - (2) The normal harvest date
 - (3) Abandonment of the crop/commodity
 - (4) Total destruction of the crop/commodity.
- (f) If a loss occurs in the year of the transfer, production must be kept separate and the loss is calculated only on the transferred acreage and production.
- (g) If a high percentage of land is purchased or leased by you and the transferee has an Application for Coverage filed for the unit that includes the crop/ commodity, the yield used for determining loss and/or making payments may be adjusted by the COC for that year. The transferee has all rights and responsibilities under the Application for Coverage consistent with the transferee's interest.

25. Miscellaneous Provisions.

- (a) You must comply with the provisions of Highly Erodible Land and Wetland Conservation (HELC and WC), according to 7 CFR Part 12, to be eligible for NAP payment.
- (b) If you are convicted of a controlled substance offense, you will be ineligible for NAP benefits according to 7 CFR 718.6.
- (c) If FCIC has determined that you have willfully and intentionally provided false or inaccurate information to FCIC or any insurer concerning an insurance plan or policy, you are disqualified from purchasing CAT or receiving NAP benefits for a period not to exceed 2 years. The effective date of the FCIC disqualification notice is the beginning date for the period of NAP ineligibility.
- (d) You are not required to obtain insurance on your insurable crops to be eligible for NAP.
- (e) Any application for payment signed by a participant will be considered to be a certification of the NAP covered participant regardless who entered information into or onto the application.
- (f) Any erroneous overpayment stemming from any innocent or knowing incorrect certification on either an application for payment or any other related form containing a certification of the participant will be refunded to CCC with interest from the date of disbursement.

26. Payment and Income Limitations.

- (a) Payments to a person or legal entity are:
 - (1) Limited to \$125,000 per NAP crop year;
 - (2) By direct attribution; and

- (3) Subject to average adjusted gross income (AGI) provisions at 7 CFR Part 1400.
- (b) CCC will pay, for up to one year, simple interest on payments to you which are delayed. Interest will be paid on the net amount ultimately found to be due, and will begin accruing on the 31st day after the date you sign, date, and submit a properly completed application for payment on the designated form, or the 31st day after a disputed application is adjudicated. Interest will be paid unless the reason for failure to timely pay is because you failed to provide information or other material necessary for the computation of payment, or there was a genuine dispute concerning eligibility for payment.
- (c) Payment limitation rules apply according to 7 CFR Part 1400.

27. Assignment of NAP Payment.

You may assign to another party your right to a NAP payment for an eligible loss for the crop year. The assignment must be on our form and will not be effective until approved in writing by us. You will be responsible for requesting NAP payments no later than the subsequent crop year acreage reporting date for the crop/commodity following the crop year in which the loss occurred.

28. Guaranteed Payments and Salvage Value.

- (a) You must certify whether there has been any arrangement, agreement, or contract for guaranteed payment for production, as opposed to delivery, of any eligible crop/commodity for which you file a notice of loss. Failure to report the existence of any guaranteed payment contract or similar agreement will be considered as providing false information to CCC (see section 32).
- (b) If you have an agreement, as specified in 27(a) to receive a guaranteed payment, your net production will be adjusted upward by the amount of production corresponding to the amount of the contract guarantee.
- (c) Salvage value is the dollar amount or equivalent received by you when a covered crop/commodity cannot be marketed or sold in any market for which a price or yield is established by CCC. The loss of quality resulting in a crop/commodity becoming salvage must be because of natural disaster.
 - (1) The quantity of a crop/commodity that is damaged and has no dollar or equivalent value for any intended use of the crop/commodity for which a price or yield is established by CCC will be treated as salvage and not be considered production of the crop/commodity for any purpose.
 - (2) If the quantity of a crop/commodity qualifying as salvage and not production is marketed, you must provide evidence of this marketing. COC will use the higher of:
 - (i) Any market price available to you for this quantity of the crop/commodity
 - (ii) The dollar amount or equivalent value received for this quantity of the crop/commodity.
 - (3) Salvage value will:

- (i) Be deducted from the NAP payment calculated for the affected crop/commodity
- (ii) Not be considered as any type of production of the crop/commodity for any purpose, including, but not limited to the determination of whether the unit suffered a requisite loss, APH, and approved yield.

29. Applicability of State and Local Statutes.

If the provisions of this document conflict with statutes of the State or locality in which the Application for Coverage is issued, the Application for Coverage provisions will prevail. State and local laws and regulations in conflict with federal statutes, this document, and the applicable regulations, do not apply to the Application for Coverage.

30. Notices, Changes, and Corrections.

- (a) All notices required to be given by you must be in writing and received by your administrative county office within the designated time unless otherwise provided by the notice requirement. Notices required to be given immediately may be by telephone or in person and confirmed in writing. Time of the notice will be determined by the time of our receipt of the written notice. If the date by which you are required to submit a report or notice falls on Saturday, Sunday, or a Federal holiday, or if your administrative office is, for any reason, not open for business on the date you are required to submit such notice or report, such notice or report must be submitted on the next business day.
- (b) All notices and communications required to be sent by us to you will be mailed to the address contained in your records located with your administrative FSA county office. Notice sent to such address will be conclusively presumed to have been received by you. You should advise us immediately of any change of address.
- (c) CCC representatives will notify you in writing of changes to NAP policies and provisions that may materially affect your NAP coverage and/or benefits, such as a crop/commodity becoming ineligible for NAP because the crop/commodity is now eligible for CAT coverage through FCIC.
- (d) CCC reserves the right to correct all errors arising from entering data or computations related to your NAP Application for Coverage, APH, and/or NAP payment(s).
- (e) In the event of a conflict between the regulations at 7 CFR Part 1437 and the terms of these Basic Provisions, the regulations will prevail.

31. Multiple Benefits.

- (a) If you are eligible to receive a NAP payment and benefits under any other program administered by the Secretary for the same crop/commodity loss, then you must choose whether to receive the other program benefits or the NAP payment, but you will not be eligible for both. The limitation on multiple benefits prohibits you from being compensated under NAP and the other program or benefit.
- (b) The limitation on multiple benefits in 7 CFR 1437.14 is inapplicable with respect to:

- (1) The Emergency Loans under subtitle C of the Consolidated Farm and Rural Development Act (7 U.S.C. 1961 et seq).
 - (2) Livestock Forage Disaster Program (LFP) payments
 - (3) Tree Assistance Program (TAP) payments
 - (4) Emergency Assistance for Livestock, Honeybees, and Farm-Raised Fish Program (ELAP) payments.
- (c) The multiple benefit exclusion does not relieve you of the requirement to submit production and acreage reports.
 - (d) If the other USDA program benefits are not available until after an application for payment has been filed under these basic provisions, you may, to avoid this restriction on such other benefits, refund the total amount of the payment to the administrative County Office from which the payment was received.

32. Misrepresentation, Scheme, or Device.

- (a) In addition to any criminal or civil actions or penalties that may apply or in addition to any ramifications resulting from criminal fraud, if CCC representatives determine you have knowingly misrepresented any fact; adopted, participated in, or benefited from any scheme or device that has the effect of defeating, or is designed to defeat the purpose of NAP, your NAP coverage will be terminated and all payments issued are deemed unearned and must be refunded. Scheme and device may include, but is not limited to:
 - (1) Concealing any information from CCC representatives
 - (2) Submitting false information to CCC representatives
 - (3) Creating fictitious entities for the purpose of concealing the interest of a person in the farming operation.
- (b) Sanctions will apply to you and all your other interests as a producer and other entities or joint ventures for all crops/commodities, all units in all administrative counties, and States. Sanctions imposed by CCC representatives include:
 - (1) Ineligibility for a NAP payment for the crop year of the violation plus 2 subsequent years
 - (2) A refund of all amounts paid by CCC to you or your farming interest
 - (3) Assessing liquidated damages of 25 percent of the projected or received NAP payment for the crop/commodity in violation. Liquidated damages are in addition to any refund of program benefits and are not considered a penalty.
- (c) Your liability for any penalty under this part or for any refund to CCC or related charge is in addition to any other liability under any civil or criminal fraud statute or any other provision of the law but not limited to: 18 U.S.C. 286, 287, 371, 641, 651, 1001 and 1014; 15 U.S.C. 714M; and 31 U.S.C. 3729.
- (d) The provisions of this paragraph are in addition to any other provision of these basic provisions.

33. Premium

- (a) If you elected buy-up NAP coverage you must pay a premium, in addition to the service fee, equal to the lesser of:
 - (1) The product obtained by multiplying:
 - (i) A 5.25-percent premium fee; and
 - (ii) The applicable payment limitation; or
 - (2) The sum of the premiums for each eligible crop, with the premium for each eligible crop obtained by multiplying:
 - (i) Your share of the eligible crop;
 - (ii) The number of acres devoted to the eligible crop;
 - (iii) The approved yield;
 - (iv) The coverage level elected by you;
 - (v) The average market price or direct market price based on the DMP; subject to the applicable payment limitation and
 - (vi) A 5.25-percent premium fee.
- (b) For value loss crops, premiums will be calculated based on the maximum dollar value for which coverage is sought by the applicant times the coverage level, subject to applicable payment limitation, times the 5.25 percent premium.
- (c) Premiums will be calculated separately for each crop, type, and intended use as reported or determined on the acreage report.
- (d) Beginning farmers and ranchers, limited resource farmers and ranchers, and socially disadvantaged farmers or ranchers will receive, upon certification, a waiver of the service fee and a 50 percent premium reduction. The certification is required on or before the time the application for coverage is filed using CCC-860.
- (e) Premium will be calculated after acreage is reported according to section 10. Premium will be reduced from any NAP payment issued to you for the crop year, irrespective of whether the payment is issued before or after the premium billing date. Premium calculation will be adjusted by determined acres of the crop.
- (f) You will be billed for premium on January 15 following the crop year for which coverage was obtained.
- (g) Premium payment is due 30 days after billing.
- (h) If premium is not paid within 30 days after billing, the premium due will be considered a debt.
 - (1) The debt will be offset from any other FSA payment earned by you, regardless of the year earned.
 - (2) The debt will be offset from any NAP payment issued to you for the crop year.
 - (3) If you apply for NAP coverage in the succeeding year and there is still prior premium debt, a succeeding year NAP benefit may not be paid until such time as the debt is settled in full. You may not earn a succeeding year NAP payment that could offset your previous year premium debt. After the previous year premium debt is settled in full, you will regain eligibility to receive NAP benefits in the succeeding year for any crop for which the deadline to apply for payment has not passed.

34. Historical and Contract Marketing Percentage Options

HMP and CMP options are only available for crops for which buy-up NAP coverage is elected.

- (a) HMP/CMP will be used to determine payment when the crop is marketed for a use with a lower value than the original use for which the crop was intended.
- (b) If you have elected HMP/CMP, the HMP/CMP will apply when less than 50 percent of the acreage reported with a specific intended use harvested production is marketed for a lower value use. In order to establish the HMP/CMP:
 - (1) You must provide evidence of the actual marketed (final) use of historical production for any year for which the crop was grown from the 1 to 3 previous consecutive crop years immediately preceding the coverage year.
 - (2) We will review the evidence of the final (actual marketed) use in each year and determine a percent of production attributable to each actual use for each year of marketing history.
 - (3) We will average the historical percentage(s) to determine the qualifying HMP.
 - (4) If you have a contract for the coverage year,
 - (i) We will estimate your expected production in comparison to contract expectations for each use and determine a contract marketing percentage, CMP, for each expected use.
 - (ii) Your qualifying HMP/CMP will be the higher of the HMP or CMP calculated according to paragraphs (b)(3) and (4)(i) of this section.

35. Direct Market Percentage Option

The DMP option is only available for crops for which buy-up NAP coverage is elected and FSA has established a separate price for the crop when sold through direct marketing.

- (a) The DMP option will be used to increase potential payment when you have a history of marketing a crop directly to consumers.
- (b) To qualify for the DMP option:
 - (i) You must provide actual marketing records for the immediately preceding 1 to 3 years
 - (ii) We will review the records and establish a direct marketing history percentage.
- (c) The DMP will be used to determine the average market price used in calculating your premium.