

- The Noninsured Crop Disaster Assistance
 Program (NAP) provides financial assistance
 to producers of noninsurable crops to protect
 against natural disasters that result in lower
 yields or crop losses, or prevented planting of
 a crop.
- The 2014 Farm Bill expanded NAP to include buy-up provisions.



Eligible NAP Producer

- Landowner, tenant, or sharecropper who shares in the risk of producing an eligible crop and is entitled to an ownership share of that crop
- Individual or entity whose average adjusted gross income (AGI) does not exceed \$900,000
- Community Supported Agriculture (CSA) operations

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Eligible NAP Crops

- Crops grown for food
- Crops planted and grown for livestock consumption
- Crops grown for fiber (except trees)
- Crops grown in a controlled environment

*In Montana, grass for hay and grazing are the largest NAP crops.

*In FY'13, FSA paid out more than \$12.7 million in NAP benefits.

United States Department of Agriculture

Eligible NAP Crops (Continued)

- Crops grown in a controlled environment
- Honey
- · Sweet sorghum and biomass sorghum
- Industrial crops

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Eligible NAP Crops (Continued)

- Value loss crops
- Seed crops where the propagation stock is produced for sale as seed stock for other eligible NAP crop production



Eligible NAP Crops (Continued)

Producers should contact:

- Crop insurance agent for questions regarding insurability of a crop in their county.
- FSA for further information on whether a crop is eligible for NAP coverage



Applying for Coverage

- File form CCC-471, "Application for Coverage"
- Pay the applicable service fee at the FSA office where farm records are maintained.



NAP Coverage Levels

NAP provides a catastrophic level (CAT) coverage based on the amount of loss that exceeds 50% of the expected production at 55% of the average market price for the crop.

Under the 2014 Farm Bill, NAP now offers buy-up coverage for the 2015 through 2018 crop years in addition to the basic CAT-level coverage.

 Note: Crops and grasses intended for grazing are excluded from buy-up coverage.



Buy-Up Coverage

For value loss crops, buy-up coverage will be based on the maximum dollar value for which the producer requests coverage

Note: Currently Montana does not have any value loss policies. Producers interested in purchasing NAP on value loss crops should contact their local FSA office for more information.



Service Fee & Premium

For all coverage levels, the NAP service fee is the lesser of \$250 per crop or \$750 per producer per administrative county, not to exceed a total of \$1,875 for a producer with farming interests in multiple counties.

11



Service Fee & Premium

FSA will waive NAP service fees and reduce buy-up premiums by 50% for:

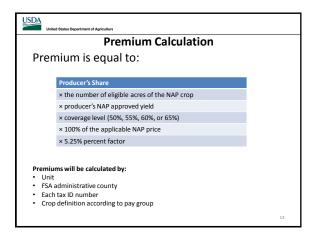
- Beginning farmers (BF) Has not operated a farm or ranch for more than 10 years, and
- Limited Resource Farmers (LR)
- Targeted Underserved: Members of underserved groups, specifically American Indians and other minorities and women.



In addition to the service fee, producers who elect buy-up coverage must pay a premium equal to the lesser of:

- 5.25% of the guarantee
- · 5.25% of the payment limit

13



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Calculating Premium Example Yield Based Crop

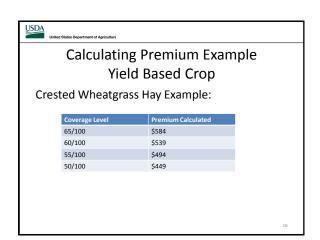
Crested Wheatgrass Hay Example:

· 100 acres certified

· Current approved yield: 1.50 tons/acre

NAP Price: \$114/tonCoverage Level: 50-65%Producer Share: 100%

15





Example: NAP Premium Billing

2016 Grass Hay:

• Purchased NAP Buy-Up: 9/1/2015

Application Closing Date (ACD): *9/30/2015

• Bill Date: 8/1/2016

- 60 days prior to subsequent year *ACD

Premium due: 9/1/2016 (30 days)

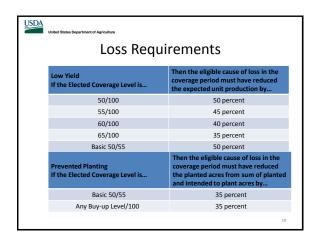
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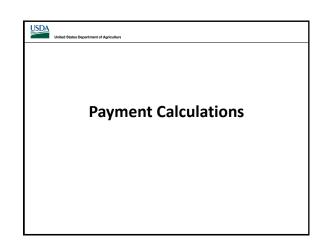
Premium Payment Options

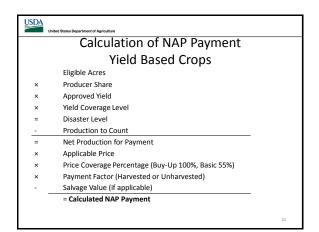
- Billing for premiums will be generated through automated software applications
- Payments are due 30 days from the date of billing.

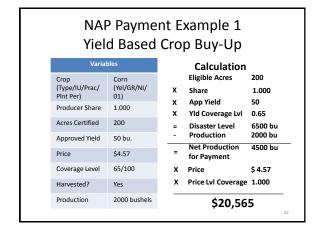
Producer payment options:

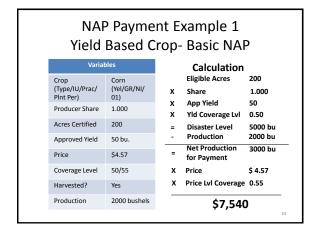
- Pay the premium any time after premium has been calculated...and by the due date
- NAP payments issued prior to billing will be reduced to satisfy premiums

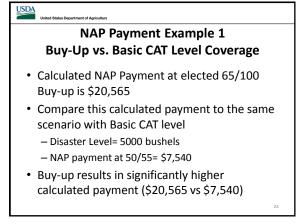




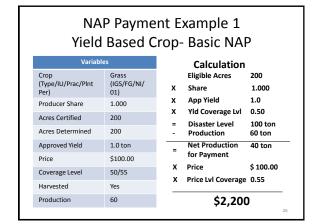








NAP Payment Example 2 Yield Based Crop Buy-Up Calculation **Eligible Acres** 200 Crop Grass (Type/IU/Prac/PintPer) (IGS/FG/ 1.000 NI/01) App Yield 1.0 Producer Share 1.000 Yld Lvl Coverage 0.65 Acres Certified 200 Disaster Level 130 ton Acres Determined 200 Production 60 Approved Yield 1.0 ton **Net Production** 70 ton Price \$100.00 for Payment 65/100 Coverage Level \$100.00 Harvested Yes X Price Lvl Coverage 1.000 Production \$7,000



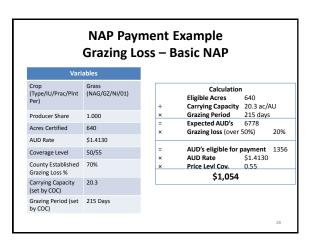
Loss Calculation - Grazing Crop

Grazing crop losses are determined as follows:

Producer Acres (acres x share)

- ÷ Carrying Capacity
- Animal Acres
- X Grazing Days
- = Expected Animal Unit Days (AUDs)
- X Loss Level (Similar Mechanical or STC Approved)
- = AUD loss (for payment)

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Producer Responsibilities

To be eligible for NAP payments, producers must:

- File CCC-471 timely
- Accurately report the acreage and shares for all crops for which CCC-471 is filed
- Certify crop production history for approved yield calculation
- Complete payment eligibility forms (CCC-902, certify AGI, AD-1026, etc.)

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Producer Responsibilities (Cont.)

To be eligible for NAP payments, producers must:

- · Request measurement service, if needed
- File a notice of loss and application for payment timely
- Request a crop appraisal, if applicable
- Inform County Office within 72 hours of completing harvest of hand-harvested crops
- Pay premium, as applicable



2016 NAP Application Closing Dates for Montana

September 1, 2015: Value Loss Crops

September 30, 2015: Annual Fall-Seeded Crops, Perennial Forage & Grazing, Mixed Forage crops, Rye, Speltz, Triticale, Wheat and Garlic

December 1, 2015: Honey

March 15, 2016: All Other NAP Crops

31



Additional Statutory Changes

Native Sod:

- New provisions for annual crops planted on native sod acreage:
 - Apply in Iowa, Minnesota, Montana, Nebraska, North Dakota, and South Dakota
 - Apply during the first 4 years of planting
 - Affect approved yields, service fees, and buy-up premiums

32

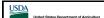


Additional Statutory Changes (Cont.)

Substitute Yields:

- If a producer was a NAP participant before 2015 and production data was not filed in subsequent years, a one-time substitute of 65% of the T-yield will be made for:
 - All historical years for which there is a zero credited yield included in the approved yield database
 - Assigned yield if there is at least one zero-credited yield included in the approved yield database

33



Additional Statutory Changes (Cont.)

Average Market Prices:

- In advance of a coverage period, when data is available, separate average market prices may be established for:
 - Organic crops
 - Crops marketed directly to consumers

