

CATTLE CONTRACT

THIS AGREEMENT is made this \_\_\_\_\_ day of \_\_\_\_\_, 19\_\_\_\_, by and between FARMERS COOP SOCIETY of Sioux Center, Iowa, herein referred to as COOP, and \_\_\_\_\_, herein referred to as FEEDER:

WHEREAS, FEEDER desires to contract with COOP to have COOP purchase cattle for FEEDER's benefit and to provide care and feeding for the cattle, with FEEDER irrevocably entitled to all profits and responsible for all losses for the cattle upon the terms and conditions hereinafter set forth;

NOW THEREFORE, in consideration of the mutual covenants contained herein, the parties agree as follows: COOP has purchased, or agrees to purchase;

\_\_\_\_\_ head of feeder cattle described as \_\_\_\_\_

with a current pay weight of \_\_\_\_\_ pounds. Said cattle have an aggregate value, as of the date hereof, of \$ \_\_\_\_\_, will be identified as \_\_\_\_\_,

and will be referred to herein as the "Cattle". The Cattle are or will be located at \_\_\_\_\_

1. Upon delivery of the cattle described above, to the location designated by COOP and presentation to FEEDER a copy of COOP's invoice and Bill of Sale, FEEDER shall pay COOP the sum of \$ \_\_\_\_\_ per head. The amount per head paid to COOP shall constitute a reserve, which reserve shall be held by COOP for as long as the Cattle are being fed by COOP. The reserve shall constitute consideration for the contract rights granted FEEDER pursuant to paragraph 4 below. FEEDER acknowledges that FEEDER has NO right, title or interest to said Cattle beyond said contract rights. This Agreement recognizes that a bona fide and absolute title in the cattle is held by COOP.
2. FEEDER'S interest under this agreement is limited to contract rights to the profits and contractual obligations for any losses as set forth in paragraph 5 below.
3. COOP will process the cattle and determine the ration to be fed to the cattle. COOP shall use its best efforts to properly feed and care for the cattle in its customary manner and shall provide such veterinary and medical care for the cattle as it deems appropriate. In addition during the

feeding period, COOP will consider the following risk management options which may be used to limit potential market losses on the cattle:

- (a) Hedging
- (b) Hedging by put-options
- (c) Forward contracting
- (d) Any combination of (a), (b) or (c)

COOP will use its best efforts to apply the above described methods to limit potential market losses on the cattle, however, FEEDER acknowledges because of the volatility of market conditions that can occur during the feeding period, COOP can not make guarantees limiting potential market losses on the Cattle. FEEDER agrees to hold COOP harmless for any decision made by COOP to risk manage the Cattle during the feeding period. If COOP exercises any of the risk management options above mentioned, COOP will attempt to notify FEEDER of the selection of such options and of the confirmation of the option being put in place.

4. Upon COOP's determination that the Cattle are ready for sale, COOP will attempt to notify FEEDER thereof, and will proceed to sell the Cattle with the proceeds of such sale to be paid directly to COOP.
5. COOP shall retain from the sale proceeds all amounts necessary to reimburse COOP for the following:
  - (a) The initial purchase price to the COOP, less the "reserve" that was paid by FEEDER, as shown in Paragraph 2 above.
  - (b) All feed and care expenses, including but not limited to, yardage charges, veterinary costs and medical care for the cattle during the feeding period, to the extent said expenses have not otherwise been paid by FEEDER.
  - (c) COOP's cost of purchasing options or any other costs directly related to steps taken to by COOP to protect COOP's position.
  - (d) Interest upon all amounts described in clauses (a), (b) and (c) at a variable rate equal to COOP's cost of funds through Co-Bank of Omaha, plus \_\_\_\_\_%. The effective interest rate on the initial date of this contract is \_\_\_\_\_%, and is expected to vary according to the variable rate charged to COOP by Co-Bank.

After COOP has been fully reimbursed as described above, the COOP shall remit all remaining proceeds to FEEDER. If there are not sufficient proceeds from the sale of Cattle and risk management options above described to reimburse COOP as set out above, FEEDER shall pay COOP within ten (10) days for any such deficiency.

6. Upon delivery of the Cattle to a location designated by COOP, risk of loss due to insured perils shall pass to COOP. In the event there is a loss caused by an insured peril, COOP shall have the right to enter into any agreement in adjustment of that loss, and any such proceeds received by COOP shall be included as part of the "cattle sale proceeds" as specified in paragraph 5, above. In the event a loss is sustained due to a peril not covered by insurance, the remaining Cattle, if any, will be sold in COOP's discretion, and if there are not sufficient proceeds from the sale of the remaining cattle, FEEDER shall be responsible for any deficiency, as specified

in paragraph 5, above.

7. FEEDER acknowledges that cattle feeding is a risky venture with many hazards affecting the profitability thereof. FEEDER acknowledges that it is entering into his contract based upon its own judgment and that it is not relying upon any promises, inducements, or representations from COOP or from any other person. No representations, warranties or guaranties as to any loss or profit has been made by COOP. FEEDER also understands that the full amount of the reserve described in Paragraph 1 hereof is at risk and may not cover the full amount of FEEDER'S potential loss under the terms of this contract. In the event of a loss in excess of the reserve FEEDER agrees to promptly reimburse COOP for any such loss.
8. FEEDER acknowledges that COOP is a Cooperative Association organized under Iowa laws and that this Contract constitutes an "exempt security" under section 502.202(13) of the Code of Iowa (1993).
9. By the above terms of this agreement, title to the Cattle is held by COOP and FEEDER has no rights or interest in said Cattle beyond those specified in this agreement. However, in the event any Third Party attempts to claim that title to the cattle is vested in FEEDER and not in COOP, or that the Cattle are the assets of the FEEDER, FEEDER agrees that COOP shall be deemed to have a Purchase Money Security Interest in the Cattle and that COOP, at COOP's discretion, may file a UCC-1 Financing Statement, which will reflect and perfect its interest in the Cattle.
10. This Agreement is the full and final expression of the agreement between the parties concerning the subject matter hereof. The written terms hereof may not be contradicted or varied by evidence of any prior or contemporaneous agreement, practice, or communication between FEEDER and COOP or any Third Parties.
11. This Agreement shall be binding upon the heirs, successors and assigns of the parties hereto, and shall be construed in accordance with the laws of the State of Iowa.
12. COOP will use its best efforts to provide notice as required under this contract. The failure of COOP to provide notice to the FEEDER as required under the terms of this contract shall not constitute a breach of this contract.

Agreement has been executed on the day and year first above written.

FARMERS COOP SOCIETY  
317 Third Street NW  
Sioux Center, IA 51250

By Bernie Punt

FEEDER: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_  
Phone: \_\_\_\_\_

By \_\_\_\_\_



# FARMERS CO-OPERATIVE SOCIETY

317 Third Street N.W.  
Sioux Center, Ia 51250-1897  
712-722-2671

Box 98  
Ireton, Ia 51027-0098  
712-278-2312

Box 103A  
Little Rock, Ia 51243-9713  
712-479-2020

## CREDIT APPLICATION AGRICULTURAL

Full Name \_\_\_\_\_ Corporation or Partnership  Individual   
Current Address \_\_\_\_\_ Home Ph. \_\_\_\_\_  
Street \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_  
Work \_\_\_\_\_  
Social Security # \_\_\_\_\_

### CREDIT INFORMATION

Bank \_\_\_\_\_ Phone \_\_\_\_\_  
Checking \_\_\_\_\_ Savings \_\_\_\_\_  
Loan \_\_\_\_\_

### AGRICULTURE INFORMATION

No. of acres farmed \_\_\_\_\_ No. of acres irrigated \_\_\_\_\_  
No. of acres owned \_\_\_\_\_ No. of acres rented \_\_\_\_\_

### PRODUCTION

#### CROPS: ACRES

Corn \_\_\_\_\_  
Soybeans \_\_\_\_\_  
Alfalfa \_\_\_\_\_  
Other \_\_\_\_\_

#### LIVESTOCK: NUMBER OF HEAD

Dairy \_\_\_\_\_ Cow/Calf \_\_\_\_\_  
Cattle \_\_\_\_\_ Feed Lot \_\_\_\_\_  
Swine \_\_\_\_\_ Farrowing \_\_\_\_\_  
Poultry \_\_\_\_\_ Finishing \_\_\_\_\_  
Other \_\_\_\_\_

Total Credit Needed \$ \_\_\_\_\_

This is not a revolving account.

Everything that I/We have stated in this application is correct to the best of my/our knowledge. I/We understand that the Co-op will retain this application whether or not it is approved. I/ We authorize you to investigate my/our credit and employment history and to answer questions about your credit experience with me/us. I/We understand that if full payment is not made on or before the end of the month following date of the first statement for items purchased, the maximum legal finance charge will be charged on the unpaid balance. I/We understand that if it becomes necessary to take legal action for the collection of an account, reasonable attorney fees and/or court fees will be added to the balance due.

Signature of Applicant \_\_\_\_\_ Date \_\_\_\_\_

Signature of Joint-Applicant \_\_\_\_\_ Date \_\_\_\_\_  
or Signature of Spouse

### FOR CREDIT DEPARTMENT

Name	Type	Reported	Open	High	Balance	Past Due	History	Late
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Checked by \_\_\_\_\_ Date \_\_\_\_\_ Approved \_\_\_\_\_ Refused \_\_\_\_\_ Limit \_\_\_\_\_ Notified \_\_\_\_\_

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