

Contract No. \_\_\_\_\_

## Sample Grain Purchase Contract

This is an agreement that the Seller \_\_\_\_\_  
(Seller's Name)

of \_\_\_\_\_  
(Address, City, State, Zip)

on \_\_\_\_\_ has sold and agreed to deliver to the Buyer \_\_\_\_\_  
(Date) (Company Name)

at \_\_\_\_\_  
(Address, City, State, Zip)

a net quantity of \_\_\_\_\_ (bushels or cwt.) of U.S. \_\_\_\_\_ of \_\_\_\_\_  
(Circle One) (Grade and Kind) (Commodity)

at \_\_\_\_\_ at \_\_\_\_\_ for delivery \_\_\_\_\_  
(% Moisture) (Delivery Location) (Specify Time Period for Delivery)

at the purchase price of \$ \_\_\_\_\_ per (bushel or cwt.) under the following terms and conditions:  
(Circle One)

### Terms and Conditions

**Grade and Quality Specifications:** The quality of grain delivered under this contract shall be determined at the place and time of delivery. Buyer's weights and grades to govern. All deliveries made under this contract shall be of the grade and quality specified herein. Buyer reserves the right to reject individual shipments not complying with this provision. Refusal by the buyer to accept delivery of grain for this reason shall not release the seller from this contract.

**Merchantable Quality:** All grain delivered under this contract shall be of merchantable quality, unadulterated, and unrestricted from movement in interstate commerce within the meaning of the federal Food, Drug and Cosmetic Act, Environmental Protection Agency tolerances, the U.S. Grain Standards Act and applicable state law.

**Liens:** If any security interests in the grain arise and are made known to the buyer through notification prior to delivery of the grain, acceptance of the grain in fulfillment of this contract shall be at the option of the buyer. Any lien notification(s) received by the buyer prior to delivery of, or payment for, the grain may be honored by the buyer.

**Premiums and Discounts to Apply:** Acceptance of deliveries not meeting the contract grade and quality shall be at the option of the buyer. If the buyer elects to accept such deliveries not meeting the contract grade and quality, market scale discounts and premiums at the time of delivery will apply, unless otherwise specified in writing.

The following premiums and discounts will apply to grain delivered pursuant to this contract:

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(Over)

**Settlement for Underdeliveries:** All deliveries made under this contract shall be for the quality specified herein. If the seller finds he will not be able to complete delivery of the contracted quality, it shall be the duty of the seller to advise the buyer at once. The buyer, when so notified, shall by the close of the next market day elect either to: a) agree with the seller upon an extension of the time for delivery; or b) after having given notice to the seller to complete the contract, the buyer, by the exercise of due diligence, will buy-in for the account of the seller the defaulted portion of the contract; or c) after having given notice to the seller to complete the contract, the buyer will cancel the defaulted portion of the contract at the difference between the contract price and the replacement cost based on the close of the market the next business day when trades can be made.

If the seller fails to notify the buyer of his inability to complete the contracted delivery as specified previously, the liability of the seller shall continue until the buyer, by the exercise of due diligence, can determine whether the seller defaulted. If such default is determined by the buyer, the buyer shall immediately: a) agree with the seller upon an extension of the time for delivery to cover the default; or b) after having given notice to the seller to complete the contract, the buyer, by the exercise of due diligence, will buy-in for the account of the seller the defaulted portion of the contract; or c) after having given notice to the seller to complete the contract, the buyer will cancel the defaulted portion of the contract at the difference between the contract price and the replacement cost based on the close of the market the next market day when trades can be made.

**Delivery Location and Method:** All deliveries made pursuant to this contract shall be at the location appearing in the contract.

**Payment Terms Applicable to this Contract:** Payment will be made as follows: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Buyer's Right to Delay Delivery Period:** The buyer has the right, without penalty, to delay the time for accepting delivery and making payment under this contract if such delay is caused by government regulation or action, labor strikes, riots, insurrection, freight embargoes or transportation delays. It shall be the duty of the buyer to accept delivery and make payment under this contract as soon as practicable after the cause for delay has ceased.

**NGFA Trade Rules to Apply:** Except as otherwise expressly provided herein, this contract shall be subject to the National Grain and Feed Association's Trade Rules applicable on the date this purchase contract is signed. *(NGFA Trade Rules and Arbitration Rules are available upon request)*

**Arbitration:** The parties to this contract agree that the sole remedy for resolution of any and all disagreements or disputes arising under this contract shall be through arbitration proceedings before the National Grain and Feed Association (NGFA) under NGFA Arbitration Rules. The decision and award determined through such arbitration shall be final and binding upon the buyer and seller. Judgment upon the arbitration award may be entered and enforced in any Court having jurisdiction thereof.

**Applicable Law:** This contract shall be governed by, and construed in accordance with, the laws of the State of \_\_\_\_\_ if a matter not addressed by the NGFA's Trade Rules or the Arbitration Rules is at issue.

**Final and Complete Agreement:** This contract shall represent the final, complete and exclusive statement of agreement between the parties and may not be modified, supplemented, or waived, except in writing by both parties.

This contract, and any amendments thereto to agreed to mutually by the seller and buyer, shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, personal representatives and successors of the respective parties. This contract may be assigned, but no assignment shall relieve the buyer and seller from fulfilling their obligations.

In witness whereof, the parties have set their hands this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_\_.

Seller: \_\_\_\_\_  
(Authorized signature)

Buyer: \_\_\_\_\_  
(Authorized signature)

Contract No. \_\_\_\_\_

## Sample Grain Purchase Confirmation Memorandum

Bought From: \_\_\_\_\_ on \_\_\_\_\_  
(Seller's name) (Date)

\_\_\_\_\_  
(Address, City, State, Zip)

Net Bushels	Commodity	Grade Factors	Price	Shipping Period	Place of Delivery

This contract was made at \_\_\_\_\_ at \_\_\_\_\_  
(time) (place)

office, by \_\_\_\_\_  
(Seller or Agent) (Buyer's Representative)

### Previously Agreed Upon Terms and Conditions

The statements above and below are understood to be an accurate statement of the terms and conditions of the agreement between the parties hereto. Failure to advise us immediately of any discrepancies, objections to or disagreement with such terms and conditions shall be construed as acceptance of these terms:

- Grade and quality premiums and discounts to be established at time of delivery by the buyer.
- Buyer's weights and grades to govern.
- The MINIMUM damage chargeable to the seller, in the case of failure to fulfill this contract, will be the difference between the contract price and the fair market value at the time of cancellation.
- All grain delivered under this contract shall be or merchantable quality, unadulterated, and unrestricted from movement in interstate commerce within the meaning of the federal Food, Drug and Cosmetic Act, Environmental Protection Agency tolerances, the U.S. Grain Standards Act and applicable state law.
- If any security interests in the grain arise and are made known to the buyer through notification prior to the delivery of the grain, acceptance of the grain in fulfillment of this contract shall be at the option of the buyer. Any lien notification received by the buyer prior to delivery of, or payment for, the grain may be honored by the buyer.
- The buyer has the right, without penalty, to delay the time for accepting delivery and making payment under this contract if such delay is caused by government regulation or action, labor strikes, riots, insurrection, freight embargoes or transportation delays. It shall be the duty of the buyer to accept delivery and make payment under this contract as soon as practicable after the cause for the delay has ceased.
- Any extension of the delivery time is to be at the buyer's options.
- Except as otherwise provided herein, this contract shall be subject to the Trade Rules of the National Grain and Feed Association (NGFA), which are incorporated herein. *(A copy of the NGFA Trade Rules and Arbitration Rules is available upon request.)*
- The sole remedy for resolution of any and all disagreements or disputes arising under this contract shall be through arbitration proceedings before the NGFA under NGFA's Arbitration Rules. The decision and award determined through such arbitration shall be final and binding upon the buyer and seller. Judgment upon an arbitration award may be entered and enforced in any Court having jurisdiction thereof.
- This contract shall be governed by, and construed in accordance with the laws of the State of \_\_\_\_\_ if a matter not addressed by the NGFA's Trade Rules or the Arbitration Rules is at issue.
- It is agreed that the contract shall be binding on the heirs, personal representatives, successors and assignees of the parties hereto.

We confirm purchase from you as noted above: \_\_\_\_\_  
(Company Name)

By: \_\_\_\_\_  
(Authorized Company Representative)