

**PRODUCERS LIVESTOCK MARKETING ASSOCIATION**

**HEDGE CONTRACT NUMBER : 10**

On this date, Wednesday, June 13, 2018, NOW, THEREOF, in consideration of the mutual promises set forth herein, it is agreed between Producers Livestock Marketing Association, 4280 Sergeant Road Suite 240, Sioux City, IA, 51106, hereinafter referred to as MARKETER, and:

**SELLER:** PRODUCERS LIVESTOCK MARKETING  
4280 SERGEANT ROAD SUITE 240  
SIoux CITY IA 51106

**Customer Number:** 44470  
**Phone:** \_\_\_\_\_  
**Bank:** \_\_\_\_\_  
**Comments:** \_\_\_\_\_

hereinafter referred to as SELLER, witnesseth:

**SECTION 1 - MARKETER AGREES TO:**

1. Hedge the risk of an adverse price change for DECEMBER 2018 LIVE CATTLE by selling 40,000 lbs. on the CME.
2. Verify the confirmed futures price of \$115.000 has been transacted.
3. Pay all margin calls and requirements necessary to establish and maintain the commodity futures position
4. Pay the complete commodity brokerage fee on futures trade.
5. Keep well informed on market conditions and maintain regular contract with SELLER throughout the contracted period.

**SECTION 2 - SELLER AGREES TO:**

1. Allow MARKETER to act as the exclusive agent to sell contracted commodity and permit MARKETER to offer contracted commodity for sale to any legitimate buyer, as long as said buyer furnishes MARKETER with satisfactory proof of financial responsibility. Such bids shall be submitted to SELLER for approval, specifying the entire terms of the sale. As exclusive agent to sell contracted commodity, SELLER will pay MARKETER the normal sales commission.
2. Permit MARKETER to invoice and collect all proceeds generated from the sale of the contracted commodity from the buyer and promptly pay SELLER in accordance with U.S.D.A. regulations.
3. Allow title to said commodity to pass to buyer following weighing. The commodity will be weighed at an approved scale. SELLER will bear all expense and risk of loss until title passes.
4. Weigh each price lot separately if multiple prices are accepted on the contract. It is understood that there might be different breeds or types involved in a sale.
5. Accept cash market bid price on delivery weight in excess of contract terms.
6. Pay MARKETER a service fee of \$0.25 /cwt. that will be paid within 7 business days from above contract date.
7. Accept gross proceeds to be calculated by the summation of cash sales (live or carcass) plus or minus futures gain or loss.

**SECTION 3 - IT IS MUTUALLY AGREED:**

1. That SELLER will be responsible for, or entitled to, the net result of the futures position.
2. That SELLER understands MARKETER will hedge its price risk on the above contracted commodity by selling futures contracts on the appropriate Chicago commodity exchange, which will involve financial obligation on MARKETER'S part. If SELLER shall fail to deliver on the agreement as herein set out, it is agreed that SELLER shall promptly pay to MARKETER and be liable to MARKETER for all losses arising from the hedged futures position, in addition to MARKETER'S service fee and sales commission. SELLER shall be liable to MARKETER for expenses arising from any breach on SELLER'S part of this contract, including but not limited to its reasonable expenses in obtaining replacement commodity together with all incidental and consequential damages, and all reasonable attorney fees in the enforcement of this contract.
3. That SELLER warrants and represents that there are no security interest, liens, or encumbrances, on the commodity, except as are disclosed by notation on the top of this contract, and that no such security interest, liens or encumbrances will attach to the commodity without notification to MARKETER. Seller agrees that in the event that SELLER notifies MARKETER of a security interest, lien or encumbrance, or if a creditor claims a lien by giving written notice to MARKETER, or if MARKETER should independently discover a perfected UCC-1 file claiming a lien in the commodity, in any of these cases, that the payment for the commodity (including an adjustment for the hedging profit or loss) will be made jointly to SELLER and any claimed lienholder. SELLER agrees that MARKETER shall have no liability whatsoever for any dispute as to the existence of a lien or lien priority.
4. That SELLER warrants that said contracted commodity is and will remain free of any other contractual marketing agreement during the term of the contract. Contract expiration date shall be Monday, December 31, 2018.
5. That SELLER warrants and represents that all commodity delivered pursuant to this contract shall be in good and marketable condition, suitable and fit for immediate shipment and sale.
6. As this is a true hedging contract, SELLER agrees that the commodity and the futures contract will be liquidated as contemporaneously as possible, and that it will not be possible to liquidate the futures contract prior to the liquidation of the commodity.
7. That this agreement shall be binding upon respective heirs, successors and assigns of each of the parties hereto.
8. That this contract contains the entire agreement between MARKETER and SELLER, and SELLER acknowledges that he has been fully advised and does fully understand the contents of this agreement. The parties agree that no changes can be made to this agreement without the same being reduced to writing and signed by both parties.

**MARKETER** PRODUCERS LIVESTOCK MARKETING ASSOCIATION

**SELLER** PRODUCERS LIVESTOCK MARKETING