



AGRICULTURAL
TRANSACTIONS: HOW TO
PROTECT YOURSELF

Room 201ABC

Speaker:

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TSCRA Ranching 101

Agricultural Transactions:
How to Protect Yourself

TOPICS

- What is a contract?
- How to protect yourself when buying or selling.
- Avoiding litigation and disputes.

CONTRACT

- Offer – someone wants to buy/sell
- Subject Matter – hay, livestock, real estate
- Consideration – cost of the subject matter
- Acceptance
- Capacity

EXAMPLE

“I, Chad Lee, agree to sell my ranch in DeLeon, Texas to John Doe for \$500.”

- Binding contract? Maybe, but probably not.
- Leaves too much left to guesswork

ORAL CONTRACTS

- Enforceable? – under certain circumstances
- Terms – who decides?
- Statute of Frauds
- Should you use them?
 - depends on the situation and the lessee/lessor

BASIC RULE OF ORAL CONTRACTS

- Valid IF:
 - performed in less than one year
 - goods sold are worth less than \$500

TEXAS STATUTE OF FRAUDS

- Chapter 26, Business and Commerce Code:
- Sec. 26.01. PROMISE OR AGREEMENT MUST BE IN WRITING. (a) A promise or agreement described in Subsection (b) of this section is not enforceable unless the promise or agreement, or a memorandum of it, is
 - (1) in writing; and
 - (2) signed by the person to be charged with the promise or agreement or by someone lawfully authorized to sign for him.
- (b) Subsection (a) of this section applies to:
 - (1) a promise by an executor or administrator to answer out of his own estate for any debt or damage due from his testator or intestate;
 - (2) a promise by one person to answer for the debt, default, or miscarriage of another person;
 - (3) an agreement made on consideration of marriage or on consideration of nonmarital conjugal cohabitation;
 - (4) a contract for the sale of real estate;
 - (5) a lease of real estate for a term longer than one year;
 - (6) an agreement which is not to be performed within one year from the date of making the agreement;
 - (7) a promise or agreement to pay a commission for the sale or purchase of:
 - (A) an oil or gas mining lease;
 - (B) an oil or gas royalty;
 - (C) minerals; or
 - (D) a mineral interest;

EXAMPLES

- A verbal agreement to lease land that begins on January 1 and ends on December 31.
- A verbal agreement to gather and ship cattle in the spring of a certain year
- A verbal agreement for a season long hunting lease

RULES FOR WRITTEN CONTRACTS

- Who are the buyer and the seller?
- What are you selling?
- What is the price?
- When does the buyer/seller have to perform?

EXAMPLES

2-22-13

4 skinny, brown cows - 4800

2 black cows - 2400

3 black baldy calves - 2100

\$9300

3-21-13

6 black cows - 7200

5 skinny brown cows - 6000

4 calves - 2100

\$15,300

Signed,

John Doe Joe Smith

GOLDEN RULE!

“Good contracts make for better friends.”

LITIGATION AND DISPUTES:

HOW TO AVOID THEM

THIS CONTRACT made this _____ day of _____, 20____, by and between
 hereinafter referred to as SELLER, and _____ of _____
 hereinafter referred to as BUYER, covers the sale of the following described cattle, for the consideration of a down
 payment in the sum of \$ _____, the receipt of which is hereby acknowledged by SELLER; balance of
 purchase price to be paid upon delivery of the cattle and completion of this contract.

NUMBER AND DESCRIPTION OF CATTLE TO BE SOLD:

These cattle are now located _____ and will remain at this location unless otherwise
 stipulated in the REMARKS. Delivery of the cattle to be made on the following date(s):

SALE PRICE: _____
 SLIDE: _____
 SHRINK: _____
 WEIGHING LOCATION AND CONDITIONS: _____

All cattle are to be sound and in merchantable condition, and free of any contagious disease. Cattle that are blind, crippled,
 loosed, lump-jawed, or otherwise deformed and unmerchantable may be rejected by BUYER.
 Upon delivery of the cattle and completion of this contract, BUYER will make final payment to SELLER in the form of

All cattle are to be delivered with a clear title, or if encumbered, with payment made jointly to SELLER and the lien holder,

REMARKS and/or SPECIAL CONDITIONS: _____

 SELLER

 BUYER

Standard Hay Contract

Buyer	Seller
Name _____	Name _____
Address _____	Address _____
City/State _____	City/State _____
Phone _____	Phone _____

TERMS:
 Total Bales: _____ Approximate Tons: _____
 Price per ton: _____ FOB _____ Delivered _____
 Cutting _____ Test results: Protein _____ ADF _____ TDN _____

WEIGHTS: Hay shall be weighed at _____
 PAYMENT: Cash _____ Check _____ Other _____
 Due on or before: _____
 INSURANCE: Carried by: Buyer _____ Seller _____ None _____

STACK COVER:
 _____ Buyer agrees to accept hay as is.
 _____ Buyer _____ Seller agrees to cover stacks with:
 _____ straw _____ tarps _____ other _____
 Buyer agrees to have all hay removed by: _____

REMARKS:

**Any venue shall be in the County of the Hay Products origin. This is the complete agreement between
 the Buyer and Seller and any changes must be in writing and signed by both parties.**

SIGNED:
 Buyer: _____ Date: _____
 Seller: _____ Date: _____

RESOURCES USED

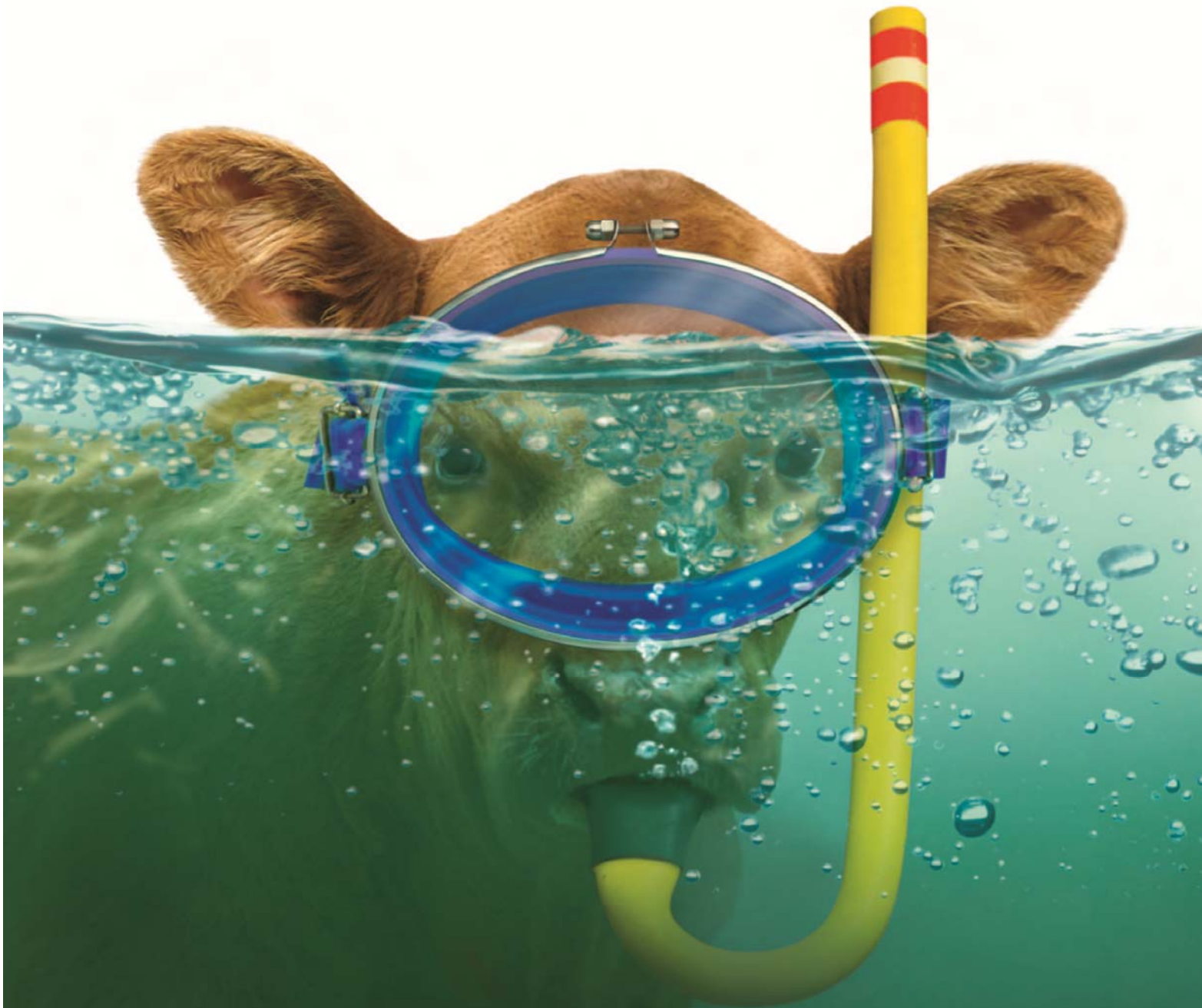
- www.statutes.legis.state.tx.us/
- www.idahohay.com
- www.cattlerange.com

DISCLAIMER

- Any information provided in this presentation is not intended to be legal advice, nor is it intended to be a substitute for legal services from a competent professional.

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