Corn Stover/Stalks as Alternative Feed Resource
Part 2
Purchase/ Sale Agreement Considerations

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No crop producer should consider that they must sell their stover.
The transaction of selling a crop needs to be agreeable for both the buyer and seller.
All parts of the transaction are open for consideration and should be reviewed by both the buyer and seller to consider impacts on their individual situation.
Economic Considerations

- Any transaction must be a (potential) “win-win” proposition.
- Considerations which are of greatest importance when the contract terms or transaction provisions are designed, agreed upon and executed.

To be a win–win both parties must be able to address and have considerations for their position in this transaction.

Terms should be put on the table for considerations and those that either party feel as important should be part of the written agreement.

GET IT IN A WRITTEN FORMAT to avoid problems later.
Key Functions of a Contract

- Divide Value
- Price is only one element of value.
- Divide Control Rights
- Who has authority to make decisions concerning actions which influence value?
- Divide Risk and Uncertainty
- Who is exposed to the outcome(s) of various adverse events?
Agreement components

- Names of all parties involved.
- What feed/forage is to be purchased
- Who is responsible for harvesting, weighing, testing
- Base price per unit of feed; Specify how prices will be adjusted for quality levels, moisture

**Components of a forage purchase agreement:**

This is not considered as the only considerations and may be more detail than some farms may want to consider in a corn stover purchase agreement.

- Names of all parties involved.
- What feed/forage is to be purchased and delivered. Will this be a set number of tons or based on a set number of acres?
- Who is responsible for harvesting & hauling of the crop?
- Base price per unit of feed at a specified moisture level. For example, "...Back 40 Dairy Farm will pay $17.50 per ton of corn silage at 65% moisture." Price established should have been adjusted for the harvest and transportation costs, quality of feed/forage that is agreed to by both the seller and buyer.
- Specify how prices will be adjusted for varying moisture levels.
- Acceptable quality, moisture range of ___________ harvested. If this is to be considered in any price adjustments under the purchase agreement.
- Specify how prices will be adjusted for varying forage quality levels (how will prices increase or decrease with varying RFV levels in alfalfa?)
- How will the feed be tested for moisture and quality? Who will pull samples? Where will samples be analyzed? Who will pay for the analysis?
Who will be responsible for hauling the crop? Be sure to factor hauling distance into the final price.

Specify use of preservatives applied during harvesting, kinds and who will apply and pay for them.

Determine how and where feed will be weighed. Must every load be weighed, or will every other load or every third load be enough? Who will pay any charges for weighing?

Payment method and interest rates. Will it be cash on delivery or on installments? Will there be a late payment penalty or default interest rate?

An arbitration clause --- in case of a dispute, you may wish to identify impartial third parties who can help resolve the dispute. Will the arbitrator’s decision be binding?

Date and signatures.
For more information

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