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CONSIGNMENT CONTRACT FOR SALE OF LIVESTOCK

Accepted by SLA

OPEN FEEDER HEIFERS: Heifers that are sold as "Open Feeder Heifers" must be pregnancy checked by a licensed veterinarian (seller's expense) within 21 days prior to delivery. A veterinarian's certificate must accompany the heifers. No part payment will be paid on "Open Feeder Heifers".

NO. HEAD is the **ACTUAL HEAD COUNT TO BE DELIVERED** on the contract, after sorting. Seller agrees to deliver within 95% of the number of cattle stated in this contract. Buyer, his Agent, SLA or the Marketing Representative shall have the right, at delivery, to sort and reject any stags, crippled, blind, bad eyed, loco, lump-jawed or otherwise unmerchantable cattle, or any other cattle that are not described in this contract, as determined by the Marketing Representative.

FAILURE TO DELIVER WITHIN 95%: In the event Seller fails to deliver within 95% of the cattle sold, Seller will be liable for replacing any cattle not delivered with cattle of equal size and quality or pay the Buyer the difference between the price stipulated in the sales contract and the then prevailing market price on the number of livestock not delivered, based on the average weight of those delivered and/or make the necessary freight adjustment to Buyer at Buyer's option. Replacement of cattle, monetary adjustment and/or freight adjustment shall be at the Seller's expense and Buyer's approval.

LOAD LOTS: Cattle will be sold in load lots, with a maximum of 48,000 pounds per load, unless otherwise stated. Buyer is not required to accept a specific number of cattle sold, if the load(s) exceed 48,000 pounds.

BASE WEIGHT is the estimated average pay weight of the cattle on the day of delivery.

SLIDE: If the average pay weight of the cattle at delivery is in excess of the base weight, the price will be adjusted by the amount stated in this contract, for every pound over that weight, on the total net pounds for the first 50 (fifty) pounds. If the average pay weight of the cattle is 51 pounds over the base weight, the slide will INCREASE 2 cents.

*Example: A lot of feeder steers with a base weight of 700# sell for \$100.00/cwt. At delivery, the steers can weigh up to 700# (average) and the price will remain the same. If the steers weigh 701# (average) with a .4 cent (.04) slide, the price will be adjusted to \$99.96/cwt; 710# - \$99.60/cwt; 715# - \$99.40/cwt; 750# - \$98.00/cwt; if the steers weigh 751# (average) the slide will accelerate 2 cents to a 6 cent (.06) slide for a price of \$96.94/cwt; etc.

WEIGHING CONDITIONS: All cattle will be weighed on a certified scale. GIPSA (Grain Inspection and Packers & Stockyards Administration) requires that all scales used to weigh cattle are certified within (8) eight months of weighing. It is the Seller's responsibility to comply with this Federal regulation. Split weighing is not allowed.

OVERNIGHT DRY STAND: Cattle will be drylotted (no feed or water) the evening prior to delivery.

WARRANTIES: Seller represents and warrants that it has good and marketable title to the livestock and that they will be delivered free of all liens, security interests or encumbrances. If cattle are encumbered by a lien, security interest or chattel mortgage, it is the Seller's responsibility to notify SLA and payment will be issued jointly to Seller and lienholder.

PAYMENT TO OTHERS: If the cattle described in this contract are not encumbered, Seller may authorize SLA to disburse proceeds of the sale to others. If the cattle are encumbered, SLA will not make payment to others without a written release from the secured party.

COMMISSION: Seller agrees to pay SLA a commission of 2% (two percent) of the gross proceeds of the sale (with a minimum of \$8.00 per head) plus \$2.00 per head consignment fee on the number of head delivered.

PART PAYMENT: Upon sale of the livestock, SLA will advance to Seller \$30.00 per head, as part payment, for the livestock described in this contract. In the event that Seller fails to deliver to Buyer the cattle as described in this contract, or at the time of delivery, there are any federal or state regulations prohibiting interstate shipment of said livestock, Seller shall return to SLA all money advanced and this contract will be terminated. Seller acknowledges that SLA will receive \$40.00 per head, as part payment, from Buyer. The \$10.00 per head received from Buyer and not paid to Seller will be held in SLA's Custodial Account for Shippers' Proceeds as a deposit on commission, until delivery, when the actual commission can be determined.

EXCEPTION — NO PART PAYMENT WILL BE PAID ON heifers that are sold open with a vet certificate, any cattle that are not in the continental United States at the time of sale or cattle that are sold for immediate delivery.

FINAL PAYMENT: At delivery, SLA will pay Seller, by check, the balance of the purchase price, less SLA's commission and any lawful charges.

EXPENSES OF SELLER: Seller will be responsible for all expenses subject to federal and state regulations, such as health inspection, brand inspection, beef checkoff, weighing, etc.

NO SALE OR PASS OUT: If Seller elects to decline the highest bid offered at the auction, he/she must do so before the next lot is offered for sale. If Seller declines the highest bid they will be charged \$3.00 per head on the number of head offered with a maximum of \$1,500.00 per consignor per auction. If this no sale/pass out fee is paid prior to the auction the check will not be cashed unless the cattle no sale. If the cattle no sale, the check will be cashed and applied to the no sale fee. If this fee is not paid prior to the auction and the Seller receives a part payment this fee will be deducted from the Seller's part payment. In the event the Seller does not receive a part payment, this fee will immediately become due and payable.

SCRATCH: If for any reason the Seller withdraws said livestock from the auction they will be allowed to re-consign them to one of the next two consecutive auctions. If the Seller withdraws livestock and does not re-consign them there will be a fee of \$3.00 per head on the number of head offered with a maximum of \$1,500.00 per consignor per auction. This fee will be collected in the same manner as the consignment fee as stated above.

AMENDMENTS TO CONTRACT: Seller hereby appoints SLA or the Marketing Representative as Seller's attorney-in-fact to amend, and authorizes SLA to amend the provisions of this Contract at any time prior to sale to accurately describe the livestock covered by this Contract.

ARBITRATION OF DISPUTES: Any controversy or claim arising out of or relating to this Agreement, or the breach thereof, shall be submitted to binding arbitration upon the written demand of any party to this agreement, which demand shall be served on all parties at the addresses set forth herein. The parties shall promptly submit the dispute to the American Arbitration Association (the "AAA") for resolution by a single neutral arbitrator acceptable to both parties, as selected under the rules of the AAA. The dispute shall then be administered according to the AAA's Commercial Arbitration Rules, with the following modifications; (i) the arbitration shall be held in Ft. Worth, Texas; (ii) the arbitrator shall conduct the arbitration as if it were a bench trial and shall use, apply and enforce the Texas Rules of Evidence and Texas Rules of Civil Procedure; (iii) the arbitrator shall have no power or authority to make any award that provides for consequential, punitive or exemplary damages. Judgement on the award rendered by the arbitrator may be entered in any court having jurisdiction over the parties. Each party to the dispute shall bear its own expenses arising out of the arbitration.

DESIGNATION OF AGENT: Seller authorizes SLA to complete and sign a Livestock Contract for the sale of the livestock described in this contract, on behalf of and in the name of the Seller, which will make Seller obligated to all terms and conditions of the Livestock Contract, as if Seller had signed the contract himself. Seller also authorizes SLA to negotiate a satisfactory settlement regarding any discrepancies at delivery.