

OPTION AGREEMENT TO PURCHASE

FARM AND TRADE

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Crop Year: _____ Option No.: _____
Grower's Name: _____ Grower's Phone: _____
Grower's Address: _____ FSA Farm No.: _____
FSA Tax ID No: _____ FSA Office: _____

In consideration of mutual promises between the above mentioned Grower (herein called the "Producer") and Farm And Trade, the Producer grants to Farm And Trade (herein called the "Purchaser/Buyer" and exclusive irrevocable option to purchase, without being obligated to purchase, the below described rice crop on the terms and conditions set within.

- 1) **OPTIONED RICE AND OPTION PAYMENT:** The producer agrees to deliver to Buyer at Buyer's option the following quantities of eligible U.S. No. 1 grade medium grain "Calrose" rice from Grower's above mentioned Crop year (herein called the "Optioned Rice").

Total Quantity in cwt: _____ Total Acres (if applicable): _____

Rice available for Redemption from CCC before December 31 of the above mentioned Crop Year: _____

Grower's Initials: _____

- 2) **GRANT OF OPTION:**

- A. Upon the terms and conditions set forth herein Grower grants to Buyer the exclusive, irrevocable option to purchase, without obligation to purchase, the Agreed Upon Rice (the "Optioned Rice"). This option commences on the date above, and terminates in accordance with Section 7 hereof. Grower agrees to execute all necessary documents to grant to Buyer, the exclusive right, at Buyer's option, to redeem the Agreed Upon Optioned Rice from any Commodity Credit Corporation ("CCC") loan if Grower elects to place the Optioned Rice under loan, including, which may include, the power of attorney (FSA form 211 or comparable official FSA form if FSA-211 is discontinued).
- B. Producer may, at his/her sole discretion, elect to participate or not participate in agricultural support program offered by the United States Farms Service Agency ("FSA"). Provided, however, in the event Producer elects to participate in any such program, the Producer agrees to maintain his farming operation in strict compliance with any and all FSA and other rules, regulations, and laws as they may apply to producer and/or the subject rice crop. Producer further agrees that in the event he elects to participate in any FSA program, he may execute a Form FSA-211, Power of Attorney (or comparable official FSA form if FSA-211 is discontinued for any reason), designating Jeremy Zwinger of Farm And Trade or another entity specified by the Buyer, as the said holder of Power of Attorney (the "Agent").

- 3) **CONSIDERATION OF THE OPTION:**

- A. As consideration for this Option, the Buyer shall pay to the grower the following sums.

Medium Grain

Harvest (Total) Premium: _____/Cwt.

An advance payment on the Harvest Premium may be made (certified planting) at the sole discretion of the Buyer.

Advance Payment: _____/Cwt.

- B. The Harvest (Total) Premium shall be paid within (7) business days after the following conditions have been satisfied: (a) Grower signs and delivers the Options to Purchase Contract to Buyer, (b) Buyer receives the duly executed Power of Attorney (FSA-211), (c-1) the Optioned Rice is placed under loan and the grower has delivered a copy of the warehouse receipt(s), CCC loan documents, and all such other documents as Buyer, in its sole discretion deems necessary to grant to Buyer the exclusive rights to redeem such the agreed upon Optioned Rice on exercise of Option, or (c-2) Grower elects to obtain the Loan Deficiency Payment (“LDP”) and Grower has delivered evidence of Grower’s election of the LDP in form and substance acceptable to Buyer.
- C. The Buyer may pay, at the Buyer sole discretion, an Additional Incentive Payment (“AIP”) to Grower to permit the Grower to enhance overall total returns.
- 4) CCC Loan: At the option of the Grower, the Optioned Rice may be put under CCC loan and the Grower will retain the proceeds of such loan after paying all charges necessary to place and maintain the Optioned Rice under loan (“Net Loan Proceeds”).
- 5) PURCHASE OF CONTRACTED RICE:
- A. At Buyer’s option, the Optioned Rice shall be released to Buyer upon Buyer paying the amount necessary to redeem the Contracted Rice and to pay interest, if any, on the CCC Loan. All Charges to place or maintain the Optioned Rice under CCC Loan prior to exercise of Buyer’s Option are for the account of the Grower.
- B. Should the Grower choose to obtain the LDP rather than put the Optioned Rice under CCC Loan, then at Buyer’s option, the Optioned Rice shall be released to Buyer upon Buyer paying to Grower the equivalent of the Net Loan Proceeds less the LDP at the Buyer’s option.
- 6) EXERCISE OF OPTION: Upon exercise of the option as provided herein, the parties shall perform under the terms and conditions of this contract. The Option may be exercised by notice by Buyer to Grower at any time prior to the expiration of such Option in accordance with the terms hereof.
- 7) EXPIRATION AND TITLE RIGHTS PENDING EXERCISE: Notwithstanding any other provision of this option to purchase title; risk of loss; and beneficial interest in the commodity, as specified in 7 CFR Part 1421, shall remain with the Producer until the Buyer exercises this option to purchase the commodity. This option to purchase shall expire, notwithstanding any action or inaction by either the Producer or the Buyer, at the earliest of (1) the maturity date of any Commodity Credit Corporation (CCC) loan which is secured by such commodity, (2) the date the Commodity Credit Corporation (CCC) claims title to such commodity, or (3) such other date provided in this option.
- 8) LIEN WAIVER: Producer warrants that the crop will be delivered lien free to the Buyer. Upon exercise of the option herein granted, Producer expressly waives and releases any lien, which it would otherwise be entitled to assert, including without limitation any producer’s lien under the California Food and Agriculture Code, including Sections 55631-55638 thereof the payment arrangements herein being satisfactory to Producer. Each party agrees that it will execute and acknowledge such documents reasonably requested by the other to carry out the terms, purposes, and intent of this Option Agreement.
- 9) ARBITRATION: Subject to Section 10 hereof, any claim or controversy arising out of or related to this Option Agreement, or the existence, validity, or breach thereof, shall be finally settled by arbitration in accordance with the rules of the Rice Millers’ Association governing on the effective date hereof. Judgement shall be award rendered by the arbitrators may be entered by any court of competent jurisdiction.
- 10) EQUITABLE REMEDIES: Grower acknowledges and agrees that in the event of any breach of this Option Agreement, the Buyer will be irreparably and immediately harmed and could not be made whole by monetary damages. It is accordingly agreed that notwithstanding section 9 hereof, Buyer, in addition to any other remedy to which it may be entitled

at law or in equity, shall be entitled to an injunction or injunctions to prevent any breach or threatened breach of the provisions of this Option Agreement and/or compel specific performance of this agreement.

11) **GRADE AND GMO CERTIFICATION:** This Option Agreement is for U.S. No. 1 grade rice only. There is no commitment implied or otherwise that Purchaser will take delivery of rice that is not U.S. No 1 grade. Grower certifies the rice produce for delivery under this contract is not of genetically modified origins (GMO) nor does it contain GMO rice.

12) **REFUND:** In the event any of the rice subject to this Optioned Agreement fails for any reason to meet the quality standards set forth herein or in the event the Producer is otherwise in default hereunder, Producer agrees upon demand to refund to Purchaser all optioned payments received hereunder together with any and all costs and expenses incurred by Purchaser in connection with said rice.

13) **PAYMENT PRIOR TO APPRAISAL:** In event that any option payment hereunder are made prior to official, state or federal, appraisal and the official appraisal subsequently confirms a milling yield less than the paid milling yield, Producer will promptly refund to Purchaser a sum equal to any amount paid to Producer in excess of the payments Producer would have been entitled to receive had the official appraisal been used to establish the option payment in the first instance. If the official appraisal is greater than the paid milling yield, Purchaser shall remit to the Producer the difference between the amount due for the official grade and the amount due the paid milling yield.

14) **ASSIGNMENT:** Purchaser shall have the right to assign some or all of its rights and/or obligations under this Option Agreement to one or more third parties.

15) **GOVERNING LAW:** This Option Agreement shall be construed and enforced pursuant to the laws of the State of California and the laws of the United States (including the rules and regulations of CCC and FSA) in effect on the date hereof. If any of the applicable rules and regulations of the FSA or CCC are changed, the parties agree to amend this Agreement in light of the changes as to preserve economic relationship created hereunder. This contract is considered to entered into at the Farm And Trade Inc. office at the 757 Main St. Colusa, California.

16) **ENTIRE AGREEMENT:** This Option Agreement is our entire Agreement with respect to the contracted rice above referenced, superseding any prior negotiation, agreement, representations, or understanding, and may not be modified except in writing by the Purchaser and Producer.

PRODUCER

FARM AND TRADE

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

Your above signature acknowledges that you have read and understand all provisions of the Agreement, including each and every page of this Agreement.