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Before Signing a Production Contract Ask the Right Questions
Bill Wiebold after Constance Cullman Jackson

Contracted terms:

- What is contracted?
- Is the contract for bushels delivered or acres planted?
- Is the contract for crop delivery or producer service?

Production costs:

- Do you know the production cost of the crop?
- Do contract requirements increase the cost above expected estimates?
- If input purchase is required from a specific source, are input prices established?

Facilities and equipment:

- Is special equipment or are special facilities required for this crop?
- If you need to make an investment is there enough gain to make the payments or is the duration of the contract adequate to recover your costs?

Condition of the crop:

- What happens if the crop does not meet minimum contractor standards?
- What are the specific penalties if the quality standards are not met?
- Can the grain be sold as the commodity grain or can it be sold at all?

Production quantity:

- What is the penalty if the delivered bushels fail to meet the quantity requirements?
- Who is responsible for "Acts of God" that destroy the crop?

Crop ownership:

- Who owns the crop?
- When does the crop transfer from producer to contractor?

Payment terms:

- How are you being paid?
- How are premiums calculated, and when is grain priced?
- When are you entitled to receive payment?

Dispute resolution:

How are disagreements resolved between contract parties?

Contract termination and renewal:

What is the contractor's policy on contract renewal?

Are there penalties if the producer terminates the contract?

What happens if the contractor terminates the contract?

Contractor credentials:

What happens if the contractor suffers insolvency/bankruptcy?

Do you still qualify for the Grain Indemnity Fund?

Farm programs:

How does the contract affect participation in federal programs?