

BINDING CONTRACTS AND LEGAL AGREEMENTS

Thanks for joining us today.
The presentation will begin shortly.

Everyone will be muted for the first portion of the presentation and you will be able to unmute yourself for the question/answer period.

You can type comments or questions into the CHAT feature at any time.



Funding Provided by:
USDA Agricultural Marketing Service:
Acer Development Grant

BINDING CONTRACTS AND LEGAL AGREEMENTS

SEPTEMBER - 2021

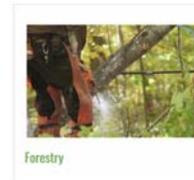
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MAPLE EDUCATION RESOURCES

www.maplemanager.org



* Coming Soon *

Sap Purchase and Sale Agreement

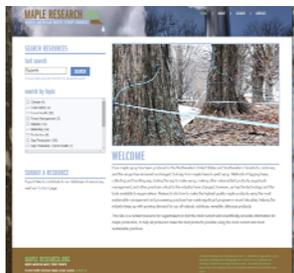
Syrup Purchase and Sale Agreement



Visit the [Upcoming Events](#) page to register for upcoming webinars

Date	Time	Topic
Wednesday, July 21 st	7 pm EST	Total Yields from Red Maple
Wednesday, July 28 th	7 pm EST	Maple Start-Up Profiles and Financial Benchmarks
Wednesday, August 11 th	7 pm EST	Best Practices for Birch Syrup Flavor
Wednesday, August 25 th	7 pm EST	Sugarbush Inventory Methods
Wednesday, September 15 th	7 pm EST	Sap-Only Enterprises
Wednesday, September 29 th	7 pm EST	Binding Contracts and Legal Agreements
Wednesday, October 13 th	7 pm EST	Maple Forests and Carbon
Wednesday, October 27 th	7 pm EST	Northeast Forest Land Taxes and Programs

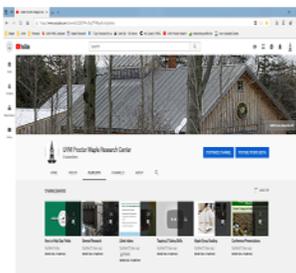




www.mapleresearch.org

Recent maple resources

Papers (Maple Syrup Digest, Maple News, etc)



UVM Proctor Maple YouTube Channel

Videos on production techniques, grading, research, etc.



UVM Extension Maple Program

CONTRACTS IN EVERYDAY LIFE

We are less concerned about the ones that get fulfilled.

Our attention is needed on the agreements that could create major consequences if they are not completed.



REASONS TO PREPARE A CONTRACT



- Failure to remember the agreed upon terms
- Balance risk appropriately between buyer-seller parties
- Agree to and/or Identify the remedies if contract is breached or broken.

DUE DILIGENCE- RELATIONSHIP FORMATION

Familiarity with Buyer – Seller

- ✓ Revenue Problems
- ✓ Credit Problems
- ✓ Reliability...ask around

Leverage

- ✓ Identify who has the power or options
- ✓ Identify who bears the consequences if the contract is unmet

BACKGROUND

“Statute of Frauds”

- The sale of goods over \$500 must be in writing to be enforceable. Not in writing... it may not be enforceable.

- Real estate sales

- Contracts that require more than 1 year

Uniform Commercial Code

Perishable Agricultural Commodities Act

- “Maple Sap” is not on the list



THE REALITY FOR YOU

- Handshake deals and verbal agreements are commonplace

- Determine how much risk you face and how much you can you tolerate

- Risk-sharing and risk-shifting considerations



5 ESSENTIAL ELEMENTS OF A CONTRACT

1. All parties have mental capacity to enter into contracts.
2. All parties have idea of the nature or purpose of the contract (ie. the product).
3. An offer to enter a contract exists.
4. An acceptance of the offer
5. "Consideration": the promise to do or exchange



DIFFERENT LEGAL AGREEMENTS

Purchase – Sale Agreement

- Maple Sap

Production Contract

- Producer may have no legal title to the crop. It's considered a "bailment" relationship



DIFFERENT LEGAL AGREEMENTS

Independent Contractor

- Tubing Install
- Other Contract service
- May require performance of special functions or production methods

Personal Service Contract

- Focus on service, less on product outputs



MAPLE SAP PURCHASE – SALE AGREEMENT

Goals: timely payment, performance expectations are met

Identify the Parties (legal entity names)	Price
Define the Product	Data Requirements- Inspection
Contract Type: Will it be a “volume” or “acreage/tap” contract	Terms of Payment
Contract Duration and Terms of Renewal	Legal Details (liens, penalties, disputes)
Performance Criteria	



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MAPLE SAP PURCHASE – SALES AGREEMENT

Define the Product:

- “Raw sap”
- Delivery included (and details)



MAPLE SAP PURCHASE – SALES AGREEMENT

Contract Type:

- Acres or Number of Taps
 - Full Production

- Volume – (*Processor Capacity?*)
 - “x” gallons per day
 - “x” gallons per season (bounds on season?)



MAPLE SAP PURCHASE – SALES AGREEMENT

Performance Criteria – PRODUCT

- Freshness (This is Subjective)
 - Odors, Cloudy, Buddy
 - Absent Contamination

- Measurable (**See Pricing and Data Records*)
 - Temperature upon delivery
 - Brix level
 - Volume of Delivery



MAPLE SAP PURCHASE – SALES AGREEMENT

Performance Criteria – DELIVERY

- Delivery or Pick-up Expectations
- Pumping
- Storage - Tanks



MAPLE SAP PURCHASE – SALES AGREEMENT

Data and Inspection

- Receiving and Inspection Process –
 - Timing of Rejection
- Data and Records
 - Proof of Delivery
 - Date/Time
 - Brix Measure
 - Volume in Tank/Volume via Meter
 - Qualitative Assessment



MAPLE SAP PURCHASE – SALES AGREEMENT

Pricing and Payment

- What is the market price reference?
- Cornell Sap Price Tables – UVM Sap Price Calculators (www.maplemanager.org)
- Percent of Final Syrup Value
 - Regional (50%-70% to sap seller)
- Grade and Price



maple sap pricing guide
60% Gross Value to Sap Seller
Value Per Gallon of Sap

Sap Seller Contract	Bulk Syrup Price (\$/100)											
	'18	'19	'20	'21	'22	'23	'24	'25	'26	'27	'28	'29
1	'14	'15	'16	'17	'18	'19	'20	'21	'22	'23	'24	'25
1.1	'15	'16	'17	'18	'19	'20	'21	'22	'23	'24	'25	'26
1.2	'17	'18	'19	'20	'21	'22	'23	'24	'25	'26	'27	'28
1.3	'18	'19	'20	'21	'22	'23	'24	'25	'26	'27	'28	'29
1.4	'19	'20	'21	'22	'23	'24	'25	'26	'27	'28	'29	'30
1.5	'21	'22	'23	'24	'25	'26	'27	'28	'29	'30	'31	'32
1.6	'22	'23	'24	'25	'26	'27	'28	'29	'30	'31	'32	'33
1.7	'24	'25	'26	'27	'28	'29	'30	'31	'32	'33	'34	'35
1.8	'25	'26	'27	'28	'29	'30	'31	'32	'33	'34	'35	'36
1.9	'26	'27	'28	'29	'30	'31	'32	'33	'34	'35	'36	'37
2	'28	'29	'30	'31	'32	'33	'34	'35	'36	'37	'38	'39
2.1	'29	'30	'31	'32	'33	'34	'35	'36	'37	'38	'39	'40
2.2	'31	'32	'33	'34	'35	'36	'37	'38	'39	'40	'41	'42

MAPLE SAP PURCHASE – SALES AGREEMENT

Timing

- Cash on Delivery ?
- End of Production Season ?
- After Processors Sells Syrup ?



WHAT COULD GO WRONG ?

