Q: How can I protect myself?

A: Document the transaction by obtaining evidence of sale. Scale tickets, bills of lading, warehouse receipts, or delivery receipts can be used.

Q: Should I use a contract?

A: Yes, one of the major problems that we incur in trying to settle disputes is trying to determine what the buyer and seller agreed to. Get a contract in writing.

Q: Do I need a fancy contract?

A: No, a plain handwritten contract explaining the terms of sale can be used.

Q: What should I include in the contract?

- Who is the buyer?
- Quantity sold
- Quality agreed upon
- Sale price
- Method of payment
- Use of the farm product
- Where and when does the Title transfer

One of the major problems in trying to settle disputes is trying to determine what was agreed to. Get a contract in writing.
Q: What is the Farm Products Act?
A: The Colorado Farm Products Act is law designed to protect sellers of farm products. It is a system of licensing and bonding to assist the seller in getting paid.

Q: How does it work?
A: The law requires that dealers and brokers license and bond with the Department of Agriculture. When a complaint is filed against a licensee, the Department investigates the complaint, and if the complaint is deemed to be valid, a claim will be made against the licensee’s bond.

Q: Will this insure that I get paid?
A: No, your claim may exceed the amount of the licensee’s bond, and there may be competing claims for the bond. In that event, you will receive a pro-rata share of the bond proceeds. This will not prevent you from seeking relief in the court system.

Q: What is a farm product?
A: A farm product is an unprocessed product of the soil, livestock, milk, honey, and hay. It does not include poultry, nursery stock, timber products, commodities*, or live stock purchased and not resold or processed within 90 days.

*Commodities are grain and dry edible beans.

Q: Are all dealers bonded?
A: No, there are two exceptions: the small volume dealer, and the cash buyer. The Act provides for the licensing of small volume dealers, who purchase less than $20,000 of farm products in any one year, with no one transaction exceeding $2,500.

Q: Who needs to be licensed?
A: Anyone or any company that is purchasing Colorado farm products for the purpose of resale or processing.

Q: What is the Farm Products Act?
A: The Colorado Farm Products Act is law designed to protect sellers of farm products. It is a system of licensing and bonding to assist the seller in getting paid.

Q: How is the Act enforced?
A: A dealer that is operating without a license is committing a class 6 felony, and is subject to prosecution under the criminal statutes.

Q: Are there any exceptions to the requirement to license?
A: Restaurants, retail grocery stores, small feedlots, and any person or company that is purchasing farm products for their own consumption need not license.

Q: Why are commodities excluded from the Act?
A: They are covered under a similar act called the Commodities Act.