
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?

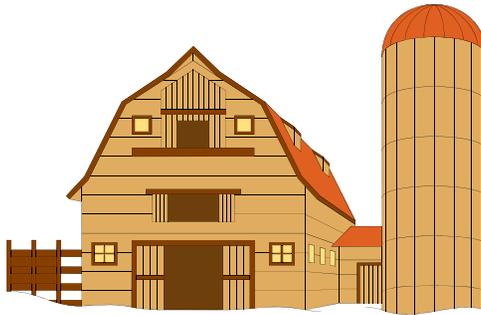
A: No, a plain handwritten contract explaining the terms of sale can be used.

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.**



Division Mission

The Division of Inspection & Consumer Services (ICS) is committed to promoting an honest, equitable marketplace and to encouraging integrity in Agriculture and Industry.

For More Information:

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Farm Product Dealer Licensing Requirements



**Division of
Inspection &
Consumer Services**

www.colorado.gov/ag/ics

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.

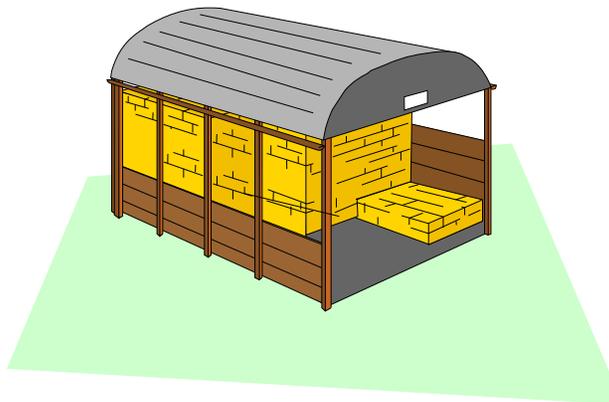
The Colorado Farm Products Act is law designed to protect sellers of farm products.

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 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: 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.

