



## BUYERS AND SELLERS CONDITIONS

### Feeder Calf Electronic Auction

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#### The Seller

- 1- The seller must be registered with the Producteurs de bovins du Québec (PBQ) prior to putting calves up for electronic auction.
- 2- Any producer wishing to sell a batch of feeder calves must contact the PBQ at least two business days before the planned auction date (Friday 10 a.m.).
- 3- The seller who registers feeder calves for the electronic auction delegates the marketing of his calves to the PBQ. He cannot market them himself before the PBQ notifies him by writing that his calves have not been sold. The PBQs have until 10 a.m. the day after the electronic auction to inform the seller of what happened to their calves.
- 4- If a batch contains calves from multiple producers, this must be indicated when the batch is registered with the PBQ. In such cases, all producers must complete a registration form. If a reserve price is to be used, the same price must appear on all registration forms. The average sale weight will be the one of the lot sold for all the sellers prior to sending the registration form to the PBQ.  
For example: 1A - Farm ABC - 30 castrated males 750 lb.  
                  1B - Farm XYZ - 12 castrated males 815 lb.  
The selling price will be based on 750 lb. The sale price of lot 1B will be directly linked to that of lot 1A by an automatic adjustment entered in both ads.
- 5- The seller must sign the lot registration form.
- 6- If the seller wishes to set a reserve price, this must be indicated on the entry form. The reserve price (minimum price) must be based on the average selling weight of the lot. The seller has until noon on Monday to notify the PBQ of the change in his reserve price. Without a reserve price, the lot will be sold to the last bidder, regardless of the amount of the last bid.
- 7- All batches to be auctioned must contain feeder calves (castrated males or females)
- 8- All announced calves must be dehorned and, in the case of males, castrated.
- 9- A batch of feeder calves for sale may include calves from multiple producers in the same region, as long as each producer provides at least 10 feeder calves of the same sex with similar production characteristics. The weight difference between any two calves may not exceed 200 pounds.
- 10- The seller must provide in advance one or more photos and/or videos of the calves in the batch to be auctioned.

- 11- The announced weight is an estimated average weight of the feeder calves in the lot offered at the time of the auction. It is the seller's responsibility to calculate this estimate.

$$\begin{aligned} & \text{Average weight at time of weighing (lb) +} \\ & \text{Average daily gain } \left( \frac{\text{lb}}{\text{day}} \right) \times \text{Number of days between the weighing and the auction (day)} \\ & \quad - \text{shrink 3 \%} \end{aligned}$$

Example: 700 lb + (2.5 lb/day x 14 days) -3%.

700 lb + 35 lb - 3

735 lbs - 22.05 lbs

713 lb is the average weight to be indicated on the registration form

- 12- The seller must pay \$10 in marketing fees per feeder calf sold. These fees will be deducted from the payment.
- 13- The seller must commit to selling calves in good health that come directly from their farm and that have received their last meal at least 12 hours before the buyer is to take possession of them.
- 14- The seller and buyer must contact each other after the sale to schedule for the calves to be taken in. PBQs must be informed of the time of pick-up.
- 15- The seller must have loading facilities that are appropriate for transporting the animals in a 48-foot trailer. If they lack such facilities, they must commit to delivering their calves to the closest place of loading at their own expense. If the place of loading is a station, the seller may be required to pay fees.
- 16- When loading, the seller undertakes to provide the PBQ and the buyer with all the Attestra identification numbers corresponding to the feeder calves.
- 17- The weighing must be done on the certified scale that is closest to the business where the feeder calves are loaded, unless the seller specifies before the sale that the weighing must take place at a auction market. Since the animals will be weighed by truck, the weight will be determined by the difference between the weight of the truck while full and its weight while empty. For the weighing ticket to be accepted, the following conditions must be met :
- The empty and full truck must be weighed on the same scales;
  - The scale must print a ticket showing the date, time, weights and unit of weight.
- If there is a problem with weighing close to where the feeder calves are picked up, they can be weighed on a legal-for-trade scale located as close as possible to the place of unloading. In this case, there will be no 3% transport charge.
- 18- The seller agrees to pay the weighing fees. The weighing ticket must be forwarded to the PBQ within 24 hours of picking up the feeder calves.
- 19- For the batch of calves to be announced as coming from a company certified to the Verified Beef Production Plus (VBP+) program, the seller must sign and send it to PBQ the Consent form for the communication of information about your business to third parties and submit it to the PBQ.
- 20- For the batch of calves to be announced as coming from a company certified to the VBP+ program, the seller must have declared to Attestra the date of application of the identifier and the actual date of birth for each feeder calf. In case of defect, these penalty fees are cumulative per calf:
- • \$10 is applied for non-declaration of the date of application of the identifier;
  - • \$10 is applied for non-declaration of the actual date of birth.

- 21- The seller agrees to deliver the calves as announced in the sales catalog. If the cleanliness of the calves deteriorates, a penalty fee of \$35 per calf may apply.
- 22- If a delivered feeder calf is deemed non-compliant with the announcement by the PBQ within 96 hours of pick-up, the seller agrees to pay the applicable penalty fees.
- 23- Failure to abide by the sale conditions may result in the producer losing the right to sell in the electronic auction.

### The Buyer

- 24- The buyer must meet all conditions in the *Règlement sur la garantie de responsabilité financière des acheteurs de veaux d'embouche* to be eligible to bid in electronic auctions.
- 25- The buyer must contact the PBQ two business days prior to the auction date to indicate his intention to buy and obtain an authorization number, if needed, in order to have the right to bid in electronic auctions. The opening or renewal of his bond exemption file must be done every year, at least two weeks before the auction date.
- 26- If the buyer does not have a bond or has not applied for an authorization number, he must have made payment for his feeder calf purchases into the PBQ account at least 48 working hours prior to pick-up.
- 27- The buyer must ensure that he has an Internet connection to access the platform used for PBQ electronic auctions. The creation of the user account and the bidding test period are the responsibility of the buyer.
- 28- The buyer undertakes not to conclude direct sales with the sellers of the electronic auction until 10 a.m. the day following the sale. After this period, buyers registered for the electronic auction can contact sellers and try to conclude a direct sale with them. In these cases, the payment guarantee does not apply and PBQ is not responsible for invoicing or payment.
- 29- The buyer agrees to take possession of the calves within two weeks of the sale or in accordance with the specific conditions of sale specified at the time of the sale. In the case of default, a cumulative charge of \$4/calf will be applied for each additional day.  
  
Example: 20 calves X \$4 = \$80/day
- 30- The buyer must inform the seller at least 48 hours before taking delivery of the feeder calves.
- 31- Feeder calves must be taken in charge at the seller's place of production, and unless a specific mention has been made before the sale, transport costs are to be paid by the buyer.
- 32- Once loaded, feeder calves become the property of the buyer, who assumes responsibility for them.
- 33- The buyer must provide weighing tickets indicating weight, date and time, within 24 hours of the feeder calves being taken charge of.
- 34- Within 7 days of their purchase, the buyer must declare to Attestra the arrival date of the feeder calves, their ID, weight, and place of origin.
- 35- If a buyer believes that a delivered feeder calf does not conform to the announcement, the buyer must provide PBQ with a video demonstrating the calf's non-conformity and its Attestra ID within 96 hours of being in charge.

- 36- The buyer receives financial compensation equivalent to the penalty fees applied for each delivered feeder calf found to be non-conforming to the announcement by the PBQ.
- 37- The buyer must make payment to the PBQ by bank transfer within 24 business hours of receiving the invoice. If payment is made by check, the postmark will serve as proof of meeting the payment deadline. Any amount owed by the buyer will accrue interest at a rate of 0.05% per day of delay, equivalent to 18% per year.
- 38- In the case of non-compliance with the purchasing conditions, the buyer may lose his right of access to the electronic auctions.

### Les PBQ

- 39- The PBQ hold the electronic auctions if they consider the bid sufficient, according to a calendar to be published at least two weeks in advance of the auction date on their website and in a general agricultural newspaper.
- 40- The sales catalog containing a description of all lots for sale is to be published on the PBQ electronic auction website at least two business days before each auction.
- 41- The seller's name will be displayed with each batch of feeder calves to be sold at electronic auction.
- 42- The selling price is based on actual live weight at the time of the auction less 3%.
- 43- The slide up and down will be a weighted average based on the price difference between the different weight and gender categories of the last calendar two weeks of the specialized auction in Quebec and the auctions published by Beef Farmers Ontario before the electronic auction. Automatic price adjustments are updated no later than 1 p.m. the Monday before the sale.
- 44- If the actual weight is less or higher than the announced weight, the slide up and down in the sale catalogue is applied to the selling price obtained from the electronic auctions. If the actual weight is less than the announced weight, the price will be adjusted upwards. If the actual weight is higher than the announced weight, the price will be adjusted downwards. This adjustment considers the difference between the announced weight and the actual weight, less 3%.  
Example:  
Posted weight 750lb slide 0.0035\$/100lb  
  
Scenario 1: delivered at 700lb x 3% (21lb)  
 $750\text{lb} - 679\text{lb} = 71\text{lb}$   
 $0.0035 \times 71\text{lb} = \$0.2485$   
Selling price + \$0.2485  
  
Scenario 2: delivered at 800lb x 3% (24lb)  
 $776\text{lb} - 750\text{lb} = 26\text{lb}$   
 $0.0035 \times 26\text{lb} = \$0.0910$   
Selling price - \$0.0910
- 45- If the lot is not sold during the electronic auction, it is offered by the PBQ at the reserve price to the last bidder. If the bidder refuses, the lot is offered to other bidders registered for the sale.
- 46- No later than 24 hours following the electronic auction, lots sold by the PBQ to bidders registered for the sale will be covered by the payment guarantee. In these cases, PBQ are responsible for invoicing the buyer and paying the seller.

- 47- Penalty fees will be applied to the selling price for each feeder calf delivered that does not conform to the announcement. These fees are cumulative:
- |  |              |
|--|--------------|
| Calf not dehorned or improperly dehorned | -35 \$/calf  |
| Calf improperly castrated                | -140 \$/calf |
| Calf not castrated                       | -100 \$/calf |
| Female calf announced as male            | -105 \$/calf |
- 48- If the majority of calves delivered are poorly or not dehorned, poorly or not castrated as well as females instead of males, a third party will be consulted in order to conclude an agreement between the seller and the buyer. The seller would lose his right to advertise in subsequent electronic auctions.
- 49- The PBQ will send a direct deposit to the seller within 48 business hours (i.e., two business days) after the receipt of the documents and the feeder calves are taken into possession. The seller must sign and send to the PBQ the form with his banking information for direct deposit.

I certify that I have read the above-mentioned conditions.

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**Signature**

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**Date**