

# Friends of Paplin, Inc.

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## Letter of Understanding Requirements for Consideration and Acceptance of Crop Commodities

Name of Donor: \_\_\_\_\_

Description of Assets Proposed to be Transferred (quantity and type):  
\_\_\_\_\_  
(the "Asset").

### Scope:

This Letter of Understanding defines the terms acceptance of crops raised by cash method sole proprietor farm operators.

The Donor understands and agrees to the following terms and conditions applicable to the donor and his/her transfer of the Assets listed above to the Friends of Paplin, Inc. ("FoP"):

1. FoP must review and approve all transfers to FoP. No transfer is complete until formally accepted by FoP. FoP reserves the right to require the Donor to agree to additional terms of acceptance, if necessary.
2. The Asset once transferred to and accepted by FoP, transfers the property to FoP and cannot be returned to the donor. Once FoP accepts a transfer, it is irrevocable and not refundable.
3. The Donor is the legal owner of the Asset, has the authority to transfer the Asset and/or if applicable, has obtained the requisite consents to transfer the Asset.
4. The Donor is not under any legal obligation to sell the Asset and has no prior pricing commitment regarding the Asset.
5. The Asset should consist of crop inventory from the tax year prior to the year of transfer for maximum tax benefits to the Donor but is not mandatory.
6. The Donor will obtain, and provide FoP with a copy if requested, of all necessary waivers of any liens on the Asset prior to its transfer to FoP's control. Donor will indemnify FoP for any unrelated business income tax which it is required to pay on the proceeds of the sale of the Asset in the event that any necessary lien waiver is not obtained to the extent that such tax exceeds that cash and liquid assets in the Donor Advised Fund established by the Donor at FoP at the time any such tax is due.
7. The Donor will deliver ownership and control of the Asset to FoP either by (i.) physically delivering the Assets to an elevator or bin operator and by directing the elevator or bin operator to transfer the Assets unto the name of FoP and to bill all future costs incurred with the Asset to FoP; or (ii.) to execute a notarized letter of transfer of the Asset to FoP if the asset is stored on Donor's farm assigning all future costs, such as storage and transportation of the Asset, to FoP.
8. FoP will receive the warehouse receipt or the notarized letter of transfer for the Asset, as applicable, and will authorize the sale of the Asset in terms determined by FoP in its sole discretion.

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123 N. 8<sup>th</sup> Street, P.O. Box 53, Loup City, NE 68853

9. FoP will receive the proceeds from the sale of the Asset and will pay the costs (such as storage, transportation and marketing costs) incurred as owner of the Asset after the transfer of the Asset to FoP from the proceeds of the sale and will transfer the net proceeds of the sale into the Donor Advised Fund established by the Donor at FoP.
10. The Donor will include the production expenses of the Asset on his tax return in the year paid, but not the proceeds of the sale of the Asset. The Donor will not claim a charitable contribution deduction for the value of the Asset transferred to FoP.
11. Donor is advised to consult his/her legal/tax advisor regarding the tax effects of the transfer of the Asset. FoP does not provide legal or tax advice.

**Accepted and Agreed:**

**Friends of Paplin, Inc.**

**Donor:** \_\_\_\_\_

**By:** \_\_\_\_\_

**Date:** \_\_\_\_\_

**Title:** \_\_\_\_\_

**Date:** \_\_\_\_\_

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*123 N. 8<sup>th</sup> Street, P.O. Box 53, Loup City, NE 68853*