

SOUTHWEST SCALE OF GRAIN DISCOUNTS
GRAIN SORGHUM
Effective Date – October 1, 2013

Trading Basis No. 2 Grain Sorghum per Hundredweight

Discounts

Moisture -----	Moisture deductions are by weight equal to 1.5 times percentage moisture above 14.0%. Deductions for moisture shall be taken from the net weight before other discounts are applied. <u>Buyer's option to reject above 16.0% moisture.</u>	
Test Weight -----	4 cents for each 1 lb. or fraction thereof from 54.9 lbs. to 53.0 lbs.; 8 cents for each 1 lb. or fraction thereof from 52.9 lbs. to 51.0 lbs. <u>Buyer's option to reject below 55.0 lbs. test weight.</u>	
Broken Kernel & Foreign Material -----	8 cents for each 1% or fraction thereof from 7.1% to 13.0%. <u>Buyer's option to reject above 7.0% B.K. & F.M.</u>	
Heat-Damage -----	2 cents for each 0.1% above 0.5%.	
Total Damage -----	4 cents for 1% or fraction thereof from 5.1% to 7.0%; 8 cents for 1% or fraction thereof from 7.1% to 15.0%. <u>Buyer's option to reject above 7.0% T.D.</u>	
Heating* -----	20 cents	Infested* ----- 20 cents
Musty* -----	20 cents	DLQ* ¹ ----- 20 cents
Sour* -----	20 cents	COFO* ² ----- 20 cents

*If grain is heating, musty, sour, infested, DLQ, COFO, or grades "sample grade", buyer has the option of applying discounts or returning grain to seller at seller's expense.

*All line items (heating, musty, sour, infested, DLQ or COFO) are only discounted if the item appears on the FGIS³ and submits grade certificate.

If discounts exceed ranges in the scale – as defined by official U.S. Grain Standards – buyer has option, upon notifying seller, of negotiating additional discounts or returning grain at seller's expense.

Example

Purchase 50,000 lbs. of No. 2 grain sorghum at \$11.00/cwt with the Southwest Scale of Grain Discounts to apply.

<u>Factor</u>	<u>Sample Report</u>	<u>Adjustment</u>	<u>Discount</u>
Moisture -----	16.1%	over 2.1%	(See below)
Test Weight -----	54.3 lbs.	under 0.7 lbs.	4 cents
Broken Kernel & Foreign Material -----	8.5%	over 1.5%	16 cents
Heat Damage -----	0.6%	over 0.1%	2 cents
Total Damage -----	7.2%	over 2.2%	<u>16 cents</u>
		Total	<u>38 cents</u>

Calculations

Moisture Discount -----	2.1% x 1.5 = 3.15%
Moisture Deduction -----	50,000 lbs. x 3.15% = 1,575 lbs.
Pay Weight -----	50,000 lbs. - 1,575 lbs. = 48,425 lbs.
Pay Price -----	\$11.00 - \$0.38 = \$10.62
PAYMENT -----	48,425 lbs. x \$10.62/cwt. = \$5,142.74

¹DLQ = Distinctly Low Quality – i.e. rocks or stones

²COFO = Commercially Objectionable Foreign Odor – i.e. smut odor

³FGIS = Federal Grain Inspection Service

SOUTHWEST SCALE OF CORN DISCOUNTS
CORN
Effective Date – October 1, 2013

Trading Basis No. 2 Corn per Hundredweight

Discounts

Moisture -----	Moisture deductions are by weight equal to 1.5 times percentage moisture above 15.5%. Deductions for moisture shall be taken from the net weight before other discounts are applied. <u>Buyer's option to reject above 17.0% moisture.</u>	
Test Weight -----	4 cents for each 1 lb. or fraction thereof from 53.9 lbs. to 53.0 lbs.; 8 cents for each 1 lb. or fraction thereof from 52.9 lbs. to 46.0 lbs. <u>Buyer's option to reject below 54.0 lbs. test weight.</u>	
Broken Kernel & Foreign Material -----	8 cents for each 1% or fraction thereof from 5.1% to 10.0%. <u>Buyer's option to reject above 7.0% B.K. & F.M.</u>	
Heat-Damage -----	2 cents for each 0.1% above 0.2%.	
Total Damage -----	4 cents for 1% or fraction thereof from 5.1% to 7.0%; 8 cents for 1% or fraction thereof from 7.1% to 10.0%; 12 cents for each 1% or fraction thereof from 10.1% to 20.0%. <u>Buyer's option to reject above 7.0% T.D.</u>	
Heating* -----	20 cents	Infested* ----- 20 cents
Musty* -----	20 cents	DLQ* ¹ ----- 20 cents
Sour* -----	20 cents	COFO* ² ----- 20 cents

*If grain is heating, musty, sour, infested, DLQ, COFO, or grades "sample grade", buyer has the option of applying discounts or returning grain to seller at seller's expense.

*All line items (heating, musty, sour, infested, DLQ or COFO) are only discounted if the item appears on the FGIS³ and submit grade certificate.

If discounts exceed ranges in the scale – as defined by official U.S. Grain Standards – buyer has option, upon notifying seller, of negotiating additional discounts or returning grain at seller's expense.

Example

Purchase 61,500 lbs. of No. 2 corn at \$12.00/cwt with the Southwest Scale of Grain Discounts to apply.

<u>Factor</u>	<u>Sample Report</u>	<u>Adjustment</u>	<u>Discount</u>
Moisture -----	16.8%	over 1.3%	(See below)
Test Weight -----	54.0 lbs.	none	0 cents
Broken Kernel & Foreign Material -----	7.0%	over 2.0%	16 cents
Heat Damage -----	0.4%	over 0.2%	4 cents
Total Damage -----	7.2%	over 2.1%	<u>16 cents</u>
		Total	<u>36 cents</u>

Calculations

Moisture Discount -----	1.3% x 1.5 = 1.95%
Moisture Deduction -----	61,500 lbs. x 1.95% = 1,199 lbs.
Pay Weight -----	61,500 lbs. - 1,199 lbs. = 60,301 lbs.
Pay Price -----	\$12.00 - \$0.36 = \$11.64
PAYMENT -----	60,301 lbs. x \$11.64/cwt. = \$7,019.04

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³FGIS = Federal Grain Inspection Service

SOUTHWEST SCALE OF WHEAT DISCOUNTS
WHEAT
Effective Date – October 1, 2013

Trading Basis No. 2 Wheat per Hundredweight

Discounts

Dockage -----	Dockage deductions are by weight equal to percentage dockage. Deductions shall be taken from the net weight before other discounts are applied.
Moisture -----	Moisture deductions are by weight equal to 1.5 times percentage moisture above 13.5%. Deductions for moisture shall be taken from the net weight after dockage discount and before other discounts are applied. <u>Buyer's option to reject above 14.0% moisture.</u>
Test Weight -----	4 cents for each 1 lb. or fraction thereof from 57.9 lbs. to 57.0 lbs.; 8 cents for each 1 lb. or fraction thereof from 56.9 lbs. to 56.0 lbs.; 16 cents for each 1 lb. or fraction thereof below 56.0 lbs. <u>Buyer's option to reject below 58.0 lbs. test weight.</u>
Total Defects -----	4 cents for 1% or fraction thereof from 5.1% to 8.0%; 8 cents for 1% or fraction thereof from 8.1% to 12.0%; 16 cents for each 1% or fraction thereof above 12.0%. <u>Buyer's option to reject above 7.0% T.D.</u>

Heating*-----	20 cents	Infested* -----	20 cents
Musty*-----	20 cents	DLQ* ¹ -----	20 cents
Sour*-----	20 cents	COFO* ² -----	20 cents

*If grain is heating, musty, sour, infested, DLQ, COFO, or grades "sample grade", buyer has the option of applying discounts or returning grain to seller at seller's expense.

*All line items (heating, musty, sour, infested, DLQ or COFO) are only discounted if the item appears on the FGIS³ and submit grade certificate.

If discounts exceed ranges in the scale – as defined by official U.S. Grain Standards – buyer has option, upon notifying seller, of negotiating additional discounts or returning grain at seller's expense.

Example

Purchase 51,700 lbs. of No. 2 wheat at \$13.20/cwt with the Southwest Scale of Grain Discounts to apply.

<u>Factor</u>	<u>Sample Report</u>	<u>Adjustment</u>	<u>Discount</u>
Dockage -----	0.5%	over 0.5%	(See below)
Moisture -----	15.1%	over 1.6%	(See below)
Test Weight -----	54.2 lbs.	under 3.8 lbs.	44 cents
Total Defects -----	7.2%	over 2.2%	<u>12 cents</u>
			Total <u>56 cents</u>

Calculations

Dockage Discount-----	51,700 lbs. x 0.5% = 259 lbs.
Dockage deduction -----	51,700 lbs. – 259 lbs. = 51,441 lbs.
Moisture Discount-----	1.6% x 1.5 = 2.4%
Moisture Deduction -----	51,441 lbs. x 2.4% = 1,235 lbs.
Pay Weight-----	51,441 lbs. – 1,235 lbs. = 50,206 lbs.
Pay Price -----	\$13.20 - \$0.56 = \$12.64
PAYMENT -----	50,206 lbs. x \$12.64/cwt. = \$ 6,346.04

¹DLQ = Distinctly Low Quality – i.e. rocks or stones

²COFO = Commercially Objectionable Foreign Odor – i.e. smut odor

³FGIS = Federal Grain Inspection Service

OFFICIAL GRAIN STANDARDS OF THE UNITED STATES
Grades for Wheat, Grain Sorghums and Corn
Effective October 1, 2013

WHEAT

Grade	Minimum test weight per bushel		Maximum limits of –						
								Wheat of other classes ²	
	Hard Red Spring wheat or White Club wheat	All other classes and sub-classes	Heat-damaged kernels	Damaged kernels (total)	Foreign material	Shrunken and Broken Kernels	Defects (total) ¹	Contrasting classes	Wheat of other classes (total) ³
	Pounds	Pounds	Percent	Percent	Percent	Percent	Percent	Percent	Percent
U.S. No. 1	58.0	60.0	0.2	2.0	0.4	3.0	3.0	1.0	3.0
U.S. No. 2	57.0	58.0	0.2	4.0	0.7	5.0	5.0	2.0	5.0
U.S. No. 3	55.0	56.0	0.5	7.0	1.3	8.0	8.0	3.0	10.0
U.S. No. 4	53.0	54.0	1.0	10.0	3.0	12.0	12.0	10.0	10.0
U.S. No. 5	50.0	51.0	3.0	15.0	5.0	20.0	20.0	10.0	10.0

U.S. Sample Grade...U.S. Sample Grade Shall be Wheat that:

- (a) Does not meet the requirements for U.S. Nos. 1, 2, 3, 4 or 5; or
- (b) Has a musty, sour or commercially objectionable foreign odor (except smut or garlic odor); or
- (c) Is heating or of distinctly low quality; or
- (d) Contains 2 or more rodent pellets, bird droppings, or equivalent quantity of other animal filth; or 2 or more castor beans (Ricinus communis L.), 3 or more crotalaria seeds (Crotalaria spp.), 1 or more pieces of glass, 4 or more stones or any number of stones which have an aggregate weight in excess of 0.1 percent of the sample weight, 4 or more particles of an unknown foreign substance(s) or a commonly recognized harmful or toxic foreign combination; or

- (e) 5 total⁴; or
- (f) 32 or more insect-damaged kernels per 100 grams.

¹ Includes damaged kernels (total), foreign material, and shrunken and broken kernels.
² Unclassed wheat of any grade may contain not more than 10.0 percent of wheat of other classes.
³ Includes contrasting classes.
⁴ Includes any combination of animal filth, castor beans, crotalaria seeds, glass, stones or unknown foreign substance.

SORGHUM

Grade ¹	Minimum last weight per bushel	Maximum limits of –			
		Damaged kernels		Broken kernels and foreign material	
		Heat-damaged kernels	Total	Foreign material (part of total)	Total
	Pounds	Percent	Percent	Percent	Percent
U.S. No. 1	57.0	0.2	2.0	1.5	4.0
U.S. No. 2	55.0	0.5	5.0	2.5	7.0
U.S. No. 3	53.0	1.0	10.0	3.5	10.0
U.S. No. 4	51.0	3.0	15.0	4.5	13.0

U.S. Sample Grade... U.S. Sample Grade Shall be Sorghum that:

- (a) Does not meet the requirements for U.S. Nos. 1, 2, 3 or 4; or
- (b) Has a musty, sour or commercially objectionable foreign odor (except smut odor); or
- (c) Is badly weathered, heating or distinctly low quality; or
- (d) Contains 10 or more rodent pellets, bird droppings, or equivalent quantity of other animal filth; or 2 or more castor beans (Ricinus communis L.), 3 or more crotalaria seeds (Crotalaria spp.), 2 or more pieces of glass, 8 or more stones², 4 or more particles of an

unknown foreign substance(s) or a commonly recognized harmful or toxic foreign combination, 8 or more cocklebur (Xanthium spp.).

¹ Sorghum which is distinctly discolored shall not grade higher than U.S. No. 3
² Aggregate weight of stones must also exceed 0.2 percent of the sample weight.
 Sorghum is divided into four classes: Sorghum, Tannin sorghum, White sorghum and Mixed sorghum.

CORN

Grade	Minimum test weight per bushel	Maximum limits of –		
		Damaged kernels		Broken kernels and foreign material
		Heat-damaged kernels	Total	
	Pounds	Percent	Percent	Percent
U.S. No. 1	56.0	0.1	3.0	2.0
U.S. No. 2	54.0	0.2	5.0	3.0
U.S. No. 3	52.0	0.5	7.0	4.0
U.S. No. 4	49.0	1.0	10.0	5.0
U.S. No. 5	46.0	3.0	15.0	7.0

U.S. Sample Grade...U.S. Sample Grade Shall be Corn that:

- (a) Does not meet the requirements for U.S. Nos. 1, 2, 3, 4 or 5; or
- (b) Contains 8 or more stones which have an aggregate weight in excess of 0.2 percent of the sample weight, 2 or more pieces of glass, 3 or more crotalaria seeds (Crotalaria spp.), 2 or more castor beans (Ricinus communis L.), 4 or more particles of an unknown

foreign substance(s) or a commonly recognized harmful or toxic substance(s), 8 or more cocklebur (Xanthium spp.) or similar seeds singly or in combination, or animal filth in excess of 0.2 percent in 1,000 grams; or
 (c) Has musty, sour or commercially objectionable foreign odor; or
 (d) Is heating or otherwise of distinctly low quality.