

AGRICULTURAL LIENS

1. Introduction

The following is an outline illustrating the basic principles of various statutory liens that are considered “Agricultural Liens” for Revised Article 9 purposes. Revised Article 9 brought a tremendous change to the treatment of statutory liens with respect to their counterpart security interests. Since the Iowa legislature adoption of Revised Article 9, it has become necessary for the assembly to further amend Iowa’s statutory liens in order to preserve intended protections for lien holders.

2. Chapter 570

A. Creation

- The lien is created in all crops grown upon the leased premises, and upon any other personal property which the tenant used or kept on the leased property.
- The lien continues for a period of one year after the year’s rent falls due.

B. Perfection

- Perfects in “Farm Products”
- To perfect the landlord must file a UCC-1
- UCC-1 may be filed when the tenant take possession of the leased premises but no later than twenty (20) days after the tenant takes possession.
- UCC-1 must contain the statement “for the purpose of perfecting a landlord’s lien”.
- Senate File 2212 removes requirement to continue UCC-1 every five (5) years as required by Section 9-515 so long as tenant and landlord do not change.

C. Priority

- Priority over any security interest or agricultural lien perfected prior to or after this lien except the following perfected liens: Chapter 571 Thresher’s or Cornsheller’s Lien; Chapter 572 Mechanics Lien; Chapter 579A Custom Cattle Feedlot Lien; Chapter 579B Commodity Production Contract Lien; and Chapter 581 Veterinarian’s Lien.

D. Enforcement

- The lien may be enforced by the commencement of an action, within one (1) year of when the last rental payment falls due.
- The action may be brought for rent amount due only.

3. Chapter 570A: Agricultural Supply Dealers Liens

A. Creation

- Section 570A.3
- Attaches to crops on land where 1) Chemicals are applied, 2) Petroleum furnished, 3) Seed furnished, or 4) Feed furnished or to livestock which consumed such feed.

- The lien exists for six (6) months following its perfection.
- The lien only attaches to the extent of the debt owed.

B. Perfection

- Section 570A.4
- Must file a “verified lien statement” with the Secretary of State. Pursuant to Section 570A.4(4) a verified lien statement is a UCC-1 document.
- To perfect the lien holder must file either at the time of purchase or before the 31st day after the first payment comes due.
- The UCC-1 Filing Statement must contain the following information
 - The name and address of the agricultural supply dealer claiming the lien. 570A.4(1)(a).
 - An itemized declaration of the nature and retail cost of the agricultural chemical, seed, feed, or petroleum products. 570A.4(1)(b).
 - The last date through which the agricultural supply dealer claiming the lien has agreed to furnish agricultural chemicals, seed feed, or petroleum products. 570A.4(1)(c).
 - The first date on which payment was due. 570A.4(1)(d).
 - The name and address of the farmer for whom the agricultural chemical, seed, feed, or petroleum product was furnished or may be furnished. 570A.4(1)(e).
 - A description of the real property on which the crops to which the lien attaches. 570A.4(1)(f). *Note: Under Revised Article 9 this is not a requirement of Financing Statements associated with Agricultural Liens.*
- The lien holder must request, from the Secretary of State, a list of effective financing statement or lien statement holders. The lien holder must notify each.

C. Priority

- Priority over any security interest or agricultural lien perfected after this lien except for Landlord liens perfected under Chapter 570 and Thresher’s or Cornsheller’s lien perfected under Chapter 571.
- Priority equal to any security interest or agricultural lien perfected prior to this lien except to the extent that an affirmative defense exists pursuant to Section 570A.2(3).

D. Enforcement

- All remedies, rights and duties for the creditor or debtor are outlined in Article 9 Part 5.
- Under Chapter 570A the lien holder is deemed to be the “secured party” while the farmer is deemed to be the “debtor”
- If Revised Article 9 requires specific language to be incorporated for purposes of a security interest, necessity for such language is waived for purposes of this lien.
- Action to enforce the lien may be brought up to one (1) year after the date UCC-1 is filed.

4. Chapter 579A: Custom Cattle Feedlot Lien

A. Creation

- Section 579A.2.
- The lien is an agricultural lien for purposes of Revised Article 9.
- The lien becomes effective upon arrival of the cattle at the feedlot.
- Provides for a lien upon the cattle and the identifiable cash proceeds from the sale of the cattle.
- The custom cattle feedlot operator is a secured party and the owner of the cattle is a debtor for purposes of Article 9.

B. Perfection

- The custom cattle feedlot operator must file a financing statement with the Secretary of State.
- The components of the UCC-1 are governed by Revised Article 9, Section 9-502. Section 502 requires that the UCC-1 contain the name of the debtor, the name of the secured party, and description of the collateral.
- Must file the UCC-1 within 20 days after the cattle arrive at the feedlot.
- Section 9-515 does not apply to Custom Cattle Feedlot Liens. Section 9-515 requires that the financing statement be renewed every five (5) years.
- Filing the financing statement satisfies all perfection requirements of Revised Article 9.

C. Priority

- Priority over conflicting lien or security interest with prior perfection except with respect to perfected veterinarian's lien under Chapter 581.
- Unperfected Custom Cattle Feedlot lien are governed by Revised Article 9 Section 9-322. Section 9-322 provides for the first to file rule and provides that perfected security interests or agricultural liens have priority over unperfected security interests or agricultural liens. Furthermore, with respect to unperfected security interests or agricultural liens, the first to become effective or attach has priority over the other.

D. Enforcement

- The lien terminates one year after the cattle have left the feedlot.
- A person who is a custom cattle feedlot operator may enforce a lien as a contract producer.

5. Chapter 579B: Commodity Production Contract Lien

A. Creation

- Requires execution of a production contract whether written or oral.
- Contract may cover crops, livestock, or raw milk.
- Designated as an agricultural lien for Article 9 purposes.
- Designates the contract producer as the secured party. Owner of the commodity as the debtor for purposes of Article 9

B. Perfection

- Adds definition of "continuous arrival" which covers cattle from same owner that arrive at staggered intervals.

- Livestock/raw milk—lien becomes effective when arrive. Must file filing statement with the secretary of state. If not continuous, then must file within 45 days. If continuous, the must file within 180 days. The lien terminates after one-year livestock gone. Section 9-515 does not apply regarding 5-year duration. Terminate lien pursuant to Article 9.
- Crops – Effective day first planted. Secured party must file financing statement to perfect. Must be filed in accordance to Section 9-308. Must perfect within the 45 days. Terminate 1-year after gone from secured party. Crop leaves control upon issuance of crop or warehouse receipt. Section 9-515 does not apply with regard to 5-year duration. Terminate lien pursuant to Article 9.
- Filing statement must comply with 9-502(1)
- Filing statements satisfying 9-502(1) will satisfy perfection requirements of agricultural lien.

C. Priority

- This lien will have priority over other liens or security interests prior perfected in the commodity. Except with respect to perfected veterinarian's lien under Chapter 581.
- Section 9-322 provides for the first to file rule and provides that perfected security interests or agricultural liens have priority over unperfected security interests or agricultural liens. Furthermore, with respect to unperfected security interests or agricultural liens, the first to become effective or attach has priority over the other

D. Enforcement

- Prior to the commodity leaving the contract producer, the producer may foreclose the lien pursuant to Article 9.
- If the commodity has left the contract producer's authority, the producer may enforce pursuant to Article 9.
- Production contracts may not waive the right to this lien
- Feedlot operators may use this Chapter or Chapter 579A.

6. Conclusion

The above represents a basic illustration of creation, perfection, priority, and enforcement of agricultural liens. Below I have provided a reprint of a memorandum that I drafted regarding various issued associated with agricultural liens under Revised Article 9. Please note that the memorandum is based primarily on Chapter 570 Landlord Lien. Nevertheless, each issued address within is applicable to any agricultural lien.