

## COMMODITY PRODUCTION CONTRACT LIEN

### Footnotes

Alternative lien procedure for cattle; see chapter 579A

#### **579B.1 Definitions.**

As used in this chapter, unless the context otherwise requires:

1. "*Commodity*" means livestock, raw milk, or a crop.
2. "*Continuous arrival*" means the arrival of livestock at a contract livestock facility on a monthly basis or more frequently as provided in a production contract.
3. "*Contract crop field*" means farmland where a crop is produced according to a production contract executed pursuant to section 579B.2 by a contract producer who owns or leases the farmland.
4. "*Contract livestock facility*" means an animal feeding operation as defined in section 459.102, in which livestock or raw milk is produced according to a production contract executed pursuant to section 579B.2 by a contract producer who owns or leases the animal feeding operation. "*Contract livestock facility*" includes a confinement feeding operation as defined in section 459.102, an open feedlot, or an area which is used for the raising of crops or other vegetation and upon which livestock is fed for slaughter or is allowed to graze or feed.
5. "*Contract operation*" means a contract livestock facility or contract crop field.
6. "*Contract producer*" means a person who owns or leases a contract operation and who produces a commodity under a production contract executed pursuant to section 579B.2.
7. "*Contractor*" means a person who owns a commodity at the time that the commodity is under the authority of the contract producer as provided in section 579B.3 pursuant to a production contract executed pursuant to section 579B.2.
8. *a. "Crop"* means a plant used for food, animal feed, fiber, or oil, if the plant is classified as a forage or cereal plant, including but not limited to alfalfa, barley, buckwheat, corn, flax, forage, millet, oats, popcorn, rye, sorghum, soybeans, sunflowers, wheat, and grasses used for forage or silage.  
*b. A "crop"* does not include trees or nuts or fruit grown on trees; sod; shrubs; greenhouse plants; or plants or plant parts produced for precommercial, experimental, or research purposes.
9. "*Farmland*" means agricultural land suitable for use in farming as defined in section 9H.1.
10. "*Lien*" means a commodity production contract lien created in section 579B.3.
11. "*Livestock*" means beef cattle, dairy cattle, sheep, or swine.
12. "*Open feedlot*" means the same as defined in section 202.1.
13. "*Personal representative*" means a person who is authorized by a contract producer to act on behalf of the contract producer, including by executing an agreement, managing a contract operation, filing a financing statement perfecting a lien, and enforcing a lien as provided in this chapter.

14. *"Processor"* means a person engaged in the business of manufacturing goods from commodities, including by slaughtering or processing livestock, processing raw milk, or processing crops.

15. *"Produce"* means to do any of the following:

a. Provide feed or services relating to the care and feeding of livestock. If the livestock is dairy cattle, *"produce"* includes milking the dairy cattle and storing raw milk at the contract producer's contract livestock facility.

b. Provide for planting, raising, harvesting, and storing a crop. *"Produce"* includes preparing the soil for planting and nurturing the crop by the application of fertilizers or soil conditioners as defined in section 200.3 or pesticides as defined in section 206.2.

16. *"Production contract"* means an oral or written agreement executed pursuant to section 579B.2 that provides for the production of a commodity by a contract producer.

99 Acts, ch 169, §14, 22, 24; 2001 Acts, ch 25, §6, 7; 2002 Acts, ch 1119, §94

### **579B.2 Lien depends upon production contracts.**

1. A lien established under section 579B.3 depends upon the execution of a production contract that provides for producing a commodity owned by a contractor by a contract producer at the contract producer's contract operation.

2. A production contract is executed when it is signed or orally agreed to by each party to the contract or by a person authorized by a party to act on the party's behalf, including the contract producer's personal representative.

3. This chapter applies to any production contract that is in force on or after May 24, 1999, regardless of the date that the production contract is executed.

99 Acts, ch 169, §15, 22, 24

### **579B.3 Establishment of lien priority.**

1. A commodity production contract lien is created. The lien is an agricultural lien as provided in section 554.9302.

2. A contract producer who is a party to a production contract executed pursuant to section 579B.2 shall have a lien as provided in this section. The contract producer is a secured party and the contractor is a debtor for purposes of chapter 554, article 9. The amount of the lien shall be the amount owed to the contract producer pursuant to the terms of the production contract, which may be enforced as provided in section 579B.5.

3. If the production contract is for the production of livestock or raw milk, all of the following shall apply:

a. For livestock, the lien shall apply to all of the following:

(1) If the livestock is not sold or slaughtered by the contractor, the lien shall be on the livestock.

(2) If the livestock is sold by the contractor, the lien shall be on cash proceeds from the sale. For purposes of this paragraph, cash held by the contractor shall be deemed to be cash proceeds from the sale regardless of whether it is identifiable cash proceeds.

(3) If the livestock is slaughtered by the contractor, the lien shall be on any property of the contractor that may be subject to a security interest as provided in section 554.9109.

*b.* For raw milk, the lien shall apply to all of the following:

(1) If the raw milk is not sold or processed by the contractor, the lien shall be on the raw milk.

(2) If the raw milk is sold by the contractor, the lien shall be on cash proceeds from the sale. For purposes of this paragraph, cash held by the contractor shall be deemed to be cash proceeds from the sale regardless of whether it is identifiable cash proceeds.

(3) If the raw milk is processed by the contractor, the lien shall be on any property of the contractor that may be subject to a security interest as provided in section 554.9109.

4. If the production contract is for the production of crops, all of the following shall apply:

*a.* If the crop is not sold or processed by the contractor, the lien shall be on the crop.

*b.* If the crop is sold by the contractor, the lien shall be on cash proceeds from the sale. For purposes of this paragraph, cash held by the contractor shall be deemed to be cash proceeds from the sale regardless of whether it is identifiable cash proceeds.

*c.* If the crop is processed by the contractor, the lien shall be on any property of the contractor that may be subject to a security interest as provided in section 554.9109.

99 Acts, ch 169, §16, 22, 24; 2000 Acts, ch 1149, §181183, 187; 2001 Acts, ch 25, §810; 2002 Acts, ch 1119, §95

#### **579B.4 Perfecting the lien filing requirements.**

1. A commodity production contract lien becomes effective and is perfected as follows:

*a.* For a lien arising out of producing livestock or raw milk, the lien becomes effective the day that the livestock first arrives at the contract livestock facility. In order to perfect the lien, the contract producer must file a financing statement in the office of the secretary of state as provided in section 554.9308. Unless the production contract provides for continuous arrival, the contract producer must file the financing statement for the livestock within forty-five days after the livestock's arrival. If the production contract provides for continuous arrival, the contract producer must file the financing statement for the livestock within one hundred eighty days after the livestock's arrival. The lien terminates one year after the livestock is no longer under the authority of the contract producer. For purposes of this section, livestock is no longer under the authority of the contract producer when the livestock leaves the contract livestock facility. Section 554.9515 shall not apply to a financing statement perfecting the lien. The lien may be terminated by the contract producer who files a termination statement as provided in chapter 554, article 9.

*b.* For a lien arising out of producing a crop, the lien becomes effective the day that the crop is first planted. In order to perfect the lien, the contract producer must file a financing statement in the office of the secretary of state as provided in section 554.9308. The contract producer must file a financing statement for the crop within forty-five days after the crop is first planted. The lien terminates one year after the crop is no longer under the authority of the contract producer. For purposes of this section, a crop is no longer under the authority of the contract producer when the crop or a warehouse receipt issued by a warehouse operator licensed under chapter 203C for grain from the crop is no longer under the custody or control of the contract producer. The lien may be terminated by the contract producer who files a termination statement as provided in chapter 554, article 9.

2. The financing statement shall substantially meet the requirements of section 554.9502, subsection 1, and include all applicable information described in section 554.9516.

3. Filing a financing statement as provided in this section satisfies all requirements for perfection of an agricultural lien as provided in chapter 554, article 9.

4. *a.* Except as provided in this paragraph, a commodity production contract lien that is perfected under this section is superior to and shall have priority over a conflicting lien or security interest in the commodity, including a lien or security interest that was perfected prior to the perfection of the commodity production contract lien under this chapter. However, a commodity production contract lien shall not be superior to a veterinarian's lien created under chapter 581 that is perfected as an agricultural lien.

*b.* A commodity production contract lien that is effective but not perfected under this section has priority as provided in section 554.9322.

99 Acts, ch 169, §17, 22, 24; 2000 Acts, ch 1154, §35; 2001 Acts, ch 25, §11; 2005 Acts, ch 136, §39; 2005 Acts, ch 179, §75

#### **579B.5 Enforcement.**

Before a commodity leaves the authority of the contract producer as provided in section 579B.3, the contract producer may enforce a lien created in that section in the manner provided for the enforcement of an agricultural lien as provided in chapter 554, article 9, part 6. After the commodity is no longer under the authority of the contract producer, the contract producer may enforce the lien in the manner provided in chapter 554, article 9, part 6.

99 Acts, ch 169, §18, 22, 24; 2000 Acts, ch 1149, §184, 187

#### **579B.6 Waivers unenforceable.**

A waiver of a right created by this chapter, including but not limited to a waiver of the right to file a lien pursuant to this chapter, is void and unenforceable. This section does not affect other provisions of a contract, including a production contract or a related document, policy, or agreement which can be given effect without the voided provision.

99 Acts, ch 169, §19, 22, 24

#### **579B.7 Alternate lien procedure.**

A person who is a custom cattle feedlot operator as defined in section 579A.1 may file and enforce a lien as a contract producer under this chapter or chapter 579A, but not both.

99 Acts, ch 169, §20, 22, 24