

203C.6 Issuance of license and financial responsibility.

1. The department, upon application to it, may issue to a warehouse operator or to a person about to become a warehouse operator a license for the operation of a warehouse in accordance with [this chapter](#) and the rules adopted by the department under [section 203C.5](#). A single license to operate two or more warehouses located anywhere within the state may be issued.

2. The type of license required shall be determined as follows:

a. A class 1 license is required if the storage capacity of a warehouse is more than one hundred thousand bushels.

b. A class 2 license is required for a warehouse that is not required to have a class 1 license.

3. An application for a warehouse license shall be accompanied by a complete financial statement of the applicant setting forth the assets, liabilities and net worth of the applicant. The financial statement must be prepared according to generally accepted accounting principles. Assets shall be shown at original cost less depreciation. Upon written request, the department may allow asset valuations in accordance with a competent appraisal. Unpriced contracts shall be shown as a liability and valued at the applicable current market price of grain as of the date the financial statement is prepared.

4. In order to receive and retain a class 1 license, the following conditions must be satisfied:

a. The warehouse operator shall have and maintain a net worth of at least twenty-five cents per bushel of warehouse capacity, or maintain a deficiency bond or an irrevocable letter of credit in the amount of two thousand dollars for each one thousand dollars or fraction thereof of net worth deficiency. However, a person shall not be licensed as a class 1 warehouse operator if the person has a net worth of less than twenty-five thousand dollars.

b. The warehouse operator shall submit, as required by the department, a financial statement that is accompanied by an unqualified opinion based upon an audit performed by a certified public accountant licensed in this state. The department shall not require that a warehouse operator submit more than one such unqualified opinion per year. A warehouse operator shall submit financial statements to the department in addition to the financial statement accompanied by an unqualified opinion as required in this paragraph if the department determines that it is necessary to verify the warehouse operator's financial status or compliance with [this section](#).

5. In order to receive and maintain a class 2 license, the following conditions must be satisfied:

a. The warehouse operator shall have and maintain a net worth of at least twenty-five cents per bushel of warehouse capacity, or maintain a deficiency bond or an irrevocable letter of credit in the amount of two thousand dollars for each one thousand dollars or fraction thereof of net worth deficiency. However, a person shall not be licensed as a class 2 warehouse operator if the person has a net worth of less than ten thousand dollars.

b. The warehouse operator shall submit, as required by the department, a financial statement that is accompanied by an unqualified opinion based upon an audit performed by a certified public accountant licensed in this state. The department shall not require that a warehouse operator submit more than one such unqualified opinion per year. A warehouse operator shall submit financial statements to the department in addition to the financial statement accompanied by an unqualified opinion as required in this paragraph if the department determines that it is necessary to verify the warehouse operator's financial status or compliance with [this section](#).

6. The department may adopt rules governing the timing and form of financial statements to be submitted to it. The department may require additional information or verification with respect to the financial resources of the applicant or licensee and the applicant's or licensee's ability to maintain the quantity and quality of stored grain.

7. The department may deny a license to an applicant if the applicant has had a license issued under [chapter 203](#) or [this chapter](#) revoked within the past three years, the applicant has been convicted of a felony involving violations of [chapter 203](#) or [this chapter](#), or the applicant

is owned or controlled by a person who has had a license so revoked or who has been so convicted.

8. The department may deny a license to an applicant if any of the following apply:

a. The applicant has caused liability to the grain depositors and sellers indemnity fund through operations under a license issued under [this chapter](#) or [chapter 203](#), and the liability has not been discharged, settled, or satisfied.

b. The applicant is owned or controlled by a person who has caused liability to the fund through operations under a license issued under [this chapter](#) or [chapter 203](#), and the liability has not been discharged, settled, or satisfied.

9. A deficiency bond or irrevocable letter of credit filed with the department pursuant to [this section](#) shall not be canceled by the issuer on less than one hundred twenty days' notice by certified mail to the department and the principal.

[C24, 27, 31, §9722; C35, §9751-g4; C39, §9751.04; C46, 50, 54, 58, 62, 66, 71, 73, 75, 77, §543.4; C79, 81, §543.6; [81 Acts, ch 180, §21](#)]

[86 Acts, ch 1152, §18, 19](#); [87 Acts, ch 147, §6, 7](#); [88 Acts, ch 1134, §98](#); [89 Acts, ch 143, §303, 304, 702, 801, 802](#); [92 Acts, ch 1239, §69, 70](#)

C93, §203C.6

[2003 Acts, ch 69, §48](#); [2007 Acts, ch 22, §49](#); [2008 Acts, ch 1083, §11, 12](#); [2012 Acts, ch 1095, §102](#); [2023 Acts, ch 154, §10, 19](#); [2025 Acts, ch 105, §8, 9](#)

Referred to in [§203C.1](#), [203C.2](#), [203C.3](#), [203C.4](#), [203C.7](#), [203C.11](#), [203C.36](#), [203C.39](#)

Subsection 4, paragraph b amended

Subsection 5, paragraph b amended