

21—91.12(203) Requirements for licensees authorized to issue credit-sale contracts.**91.12(1)** *Financial statements—audit or bond or irrevocable letter of credit.*

a. A grain dealer must not purchase grain by a credit-sale contract until the licensee complies with paragraph this subrule. If the grain dealer elects to be authorized to issue credit-sale contracts under paragraph 91.12(1) “*b*,” the grain dealer must also comply with rule 21—91.6(203).

b. Financial statements filed pursuant to this rule must be accompanied by an unqualified opinion based upon an audit performed by a certified public accountant licensed in this state. A sole proprietor who desires to be authorized to issue credit-sale contracts must file a financial statement on the proprietorship business that is accompanied by an unqualified opinion based upon an audit performed by a certified public accountant licensed in this state and must file a personal financial statement that conforms with the provisions of subrule 91.6(2).

91.12(2) *Credit-sale contract net worth requirements.* When the grain dealer’s net worth falls below the amount required by Iowa Code section 203.15(4), the grain dealer must immediately cease purchasing grain by credit-sale contract. Failure to cease purchasing grain by credit-sale contract will result in the suspension of the grain dealer license. Bonds or irrevocable letters of credit filed to correct the deficiency must be on the forms prescribed and furnished by the bureau. The procedure for the filing of a deficiency bond or irrevocable letter of credit will be the same as set forth in Iowa Code section 203.3. Bonds or irrevocable letters of credit must be written so as to provide a source of funds to protect sellers who have sold grain by means of a credit-sale contract to the licensed grain dealer. Advances to sellers on grain purchased by credit-sale contract will be considered when the 50 cents per bushel net worth requirement is calculated. The amount and percentage of advances must be shown on the face of the credit-sale contract or on a listing that identifies the contracts and the amount of the advance.

91.12(3) *Suspension of authorization to issue credit-sale contracts.* Between July 1, 2025, and June 30, 2026, in lieu of suspending the right of a grain dealer to purchase grain by credit-sale contract pursuant to Iowa Code section 203.15(5) “*e*,” the department may allow the grain dealer to issue credit-sale contracts if the grain dealer files a bond with the department in the amount of \$100,000 payable to the department.

a. The bond filed with the department under this paragraph shall be used to indemnify sellers for losses resulting from a breach of a credit-sale contract as provided by rules adopted by the department. The rules shall include but are not limited to procedures and criteria for providing notice, filing claims, valuing losses, and paying claims. The bond provided in this paragraph shall be in addition to any other bond required in this chapter.

b. The bond shall not be canceled by the issuer on less than 90 days’ notice by certified mail to the department and the principal. However, if an adequate replacement bond is filed with the department, the department may authorize the cancellation of the original bond before the end of the 90-day period.

c. If an adequate replacement bond is not received by the department within sixty days of the issuance of the notice of cancellation, the department shall suspend the grain dealer’s license. The department shall cause an inspection of the licensed grain dealer immediately at the end of the 60-day period. If a replacement bond is not filed within another 30 days following the suspension, the department shall revoke the grain dealer’s license.

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