

21—91.7(203) Bonds and irrevocable letters of credit. Bonds filed with the bureau must be on forms prescribed by the bureau. Irrevocable letters of credit issued to the bureau must be on the form prescribed by the bureau. Bonds and irrevocable letters of credit must be written so as to provide funds to protect producers who have sold grain to the licensed grain dealer.

91.7(1) *Deficiency bond or irrevocable letter of credit.* When the net worth or current ratio of a licensee is less than that required by Iowa Code section 203.3, the grain dealer may file a bond or an irrevocable letter of credit with the bureau to cover the deficiency as provided by and within the time prescribed in Iowa Code section 203.3. Bonds filed with the bureau must be on the form prescribed and furnished by the bureau. Irrevocable letters of credit must be on the form prescribed by the bureau. Bonds or irrevocable letters of credit must be written so as to provide a source of funds to protect producers who have sold grain to the licensed grain dealer. Unless the licensee files the bond or irrevocable letter of credit within the prescribed time period, the grain dealer license will be suspended. The licensee's failure to provide the bond or irrevocable letter of credit within ten days of suspension shall cause the license to be revoked.

91.7(2) *Time period to correct deficiency.* If a grain dealer has current assets equal to less than 50 percent of current liabilities and files a deficiency bond or irrevocable letter of credit as provided in Iowa Code section 203.3(5) within the 30-day period after the notice by the bureau, the grain dealer must correct the deficiency other than by the use of a deficiency bond or irrevocable letter of credit within 30 days after the filing of the deficiency bond or irrevocable letter of credit. Failure to cure the deficiency other than by the use of a deficiency bond or irrevocable letter of credit within the 30 days will cause the license to be suspended.

91.7(3) *Replacement bond or irrevocable letter of credit.* The bureau will send written notice to the licensee notifying the licensee that the bond or irrevocable letter of credit will be canceled on the date specified by the surety or issuer in its notice to the bureau. The bureau will send a written notice and information and forms for filing the required replacement bond or irrevocable letter of credit. Replacement bond or irrevocable letter of credit must be on file with the bureau prior to the time of cancellation of the bond or irrevocable letter of credit. The department will suspend any grain dealer license from the time the grain dealer's bond or irrevocable letter of credit is canceled until the replacement bond or irrevocable letter of credit is on file with the department. Unless the bond or irrevocable letter of credit is no longer necessary, the department will revoke the grain dealer's license if a replacement bond or irrevocable letter of credit is not received from the licensee within 30 days of suspension of the license.

91.7(4) *Cancellation of the bond or irrevocable letter of credit.* The issuer must send a cancellation notice to the bureau by ordinary or certified mail. The notice must be in accordance with the provisions stated in the bond or irrevocable letter of credit. The time period for notice of cancellation stated in the bond or irrevocable letter of credit commences on the date when the bureau receives the notice. The bureau will send written acknowledgment of notice of the cancellation of the bond or irrevocable letter of credit to the issuer and the principal.

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