

SENATE
STATE OF MINNESOTA
EIGHTY-NINTH SESSION

S.F. No. 1306

(SENATE AUTHORS: SPARKS, Dahms, Weber and Metzen)

DATE	D-PG	OFFICIAL STATUS
03/04/2015	522	Introduction and first reading Referred to Jobs, Agriculture and Rural Development
03/24/2016		Comm report: To pass as amended and re-refer to Finance

A bill for an act
relating to agriculture; farmer-lender mediation; modifying the amount of debt
required for a mediation notice; extending the farmer-lender mediation program
until 2021; amending Minnesota Statutes 2014, sections 336.9-601; 550.365,
subdivision 1; 559.209, subdivision 1; 582.039, subdivision 1; 583.215.
BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Minnesota Statutes 2014, section 336.9-601, is amended to read:

**336.9-601 RIGHTS AFTER DEFAULT; JUDICIAL ENFORCEMENT;
CONSIGNOR OR BUYER OF ACCOUNTS, CHATTEL PAPER, PAYMENT
INTANGIBLES, OR PROMISSORY NOTES.**

(a) Rights of secured party after default. After default, a secured party has the
rights provided in this part and, except as otherwise provided in section 336.9-602, those
provided by agreement of the parties. A secured party:

- (1) may reduce a claim to judgment, foreclose, or otherwise enforce the claim,
security interest, or agricultural lien by any available judicial procedure; and
- (2) if the collateral is documents, may proceed either as to the documents or as
to the goods they cover.

(b) Rights and duties of secured party in possession or control. A secured party
in possession of collateral or control of collateral under section 336.7-106, 336.9-104,
336.9-105, 336.9-106, or 336.9-107 has the rights and duties provided in section 336.9-207.

(c) Rights cumulative; simultaneous exercise. The rights under subsections (a)
and (b) are cumulative and may be exercised simultaneously.

(d) **Rights of debtor and obligor.** Except as otherwise provided in subsection (g) and section 336.9-605, after default, a debtor and an obligor have the rights provided in this part and by agreement of the parties.

(e) **Lien of levy after judgment.** If a secured party has reduced its claim to judgment, the lien of any levy that may be made upon the collateral by virtue of an execution based upon the judgment relates back to the earliest of:

(1) the date of perfection of the security interest or agricultural lien in the collateral;

(2) the date of filing a financing statement covering the collateral; or

(3) any date specified in a statute under which the agricultural lien was created.

(f) **Execution sale.** A sale pursuant to an execution is a foreclosure of the security interest or agricultural lien by judicial procedure within the meaning of this section. A secured party may purchase at the sale and thereafter hold the collateral free of any other requirements of this article.

(g) **Consignor or buyer of certain rights to payment.** Except as otherwise provided in section 336.9-607(c), this part imposes no duties upon a secured party that is a consignor or is a buyer of accounts, chattel paper, payment intangibles, or promissory notes.

(h) **Security interest in collateral that is agricultural property; enforcement.** A person may not begin to enforce a security interest in collateral that is agricultural property subject to sections 583.20 to 583.32 that has secured a debt of more than ~~\$5,000~~ \$75,000 unless: a mediation notice under subsection (i) is served on the debtor after a condition of default has occurred in the security agreement and a copy served on the director of the agricultural extension service; and the debtor and creditor have completed mediation under sections 583.20 to 583.32; or as otherwise allowed under sections 583.20 to 583.32.

(i) **Mediation notice.** A mediation notice under subsection (h) must contain the following notice with the blanks properly filled in.

"TO: ...(Name of Debtor)...

YOU HAVE DEFAULTED ON THE ...(Debt in Default)... SECURED BY AGRICULTURAL PROPERTY DESCRIBED AS ...(Reasonable Description of Agricultural Property Collateral). THE AMOUNT OF THE OUTSTANDING DEBT IS ...(Amount of Debt)...

AS A SECURED PARTY, ...(Name of Secured Party)... INTENDS TO ENFORCE THE SECURITY AGREEMENT AGAINST THE AGRICULTURAL PROPERTY DESCRIBED ABOVE BY REPOSSESSING, FORECLOSING ON, OR OBTAINING A COURT JUDGMENT AGAINST THE PROPERTY.

YOU HAVE THE RIGHT TO HAVE THE DEBT REVIEWED FOR MEDIATION. IF YOU REQUEST MEDIATION, A DEBT THAT IS IN DEFAULT WILL BE

MEDIATED ONLY ONCE. IF YOU DO NOT REQUEST MEDIATION, THIS DEBT WILL NOT BE SUBJECT TO FUTURE MEDIATION IF THE SECURED PARTY ENFORCES THE DEBT.

IF YOU PARTICIPATE IN MEDIATION, THE DIRECTOR OF THE AGRICULTURAL EXTENSION SERVICE WILL PROVIDE AN ORIENTATION MEETING AND A FINANCIAL ANALYST TO HELP YOU TO PREPARE FINANCIAL INFORMATION. IF YOU DECIDE TO PARTICIPATE IN MEDIATION, IT WILL BE TO YOUR ADVANTAGE TO ASSEMBLE YOUR FARM FINANCE AND OPERATION RECORDS AND TO CONTACT A COUNTY EXTENSION OFFICE AS SOON AS POSSIBLE. MEDIATION WILL ATTEMPT TO ARRIVE AT AN AGREEMENT FOR HANDLING FUTURE FINANCIAL RELATIONS.

TO HAVE THE DEBT REVIEWED FOR MEDIATION YOU MUST FILE A MEDIATION REQUEST WITH THE DIRECTOR WITHIN 14 DAYS AFTER YOU RECEIVE THIS NOTICE. THE MEDIATION REQUEST FORM IS AVAILABLE AT ANY COUNTY RECORDER'S OR COUNTY EXTENSION OFFICE.

FROM: ...(Name and Address of Secured Party)..."

Sec. 2. Minnesota Statutes 2014, section 550.365, subdivision 1, is amended to read:

Subdivision 1. **Requirement.** A person may not attach, execute on, levy on, or seize agricultural property subject to sections 583.20 to 583.32 that has secured a debt of more than ~~\$5,000~~ \$75,000 unless: (1) a mediation notice is served on the judgment debtor and a copy served on the director and the debtor and creditor have completed mediation under sections 583.20 to 583.32; or (2) as otherwise allowed under sections 583.20 to 583.32.

Sec. 3. Minnesota Statutes 2014, section 559.209, subdivision 1, is amended to read:

Subdivision 1. **Requirement.** A person may not begin to terminate a contract for deed under section 559.21 to purchase agricultural property subject to sections 583.20 to 583.32 for a remaining balance on the contract of more than ~~\$5,000~~ \$75,000 unless: (1) a mediation notice is served on the contract for deed purchaser after a default has occurred under the contract and a copy served on the director and the contract for deed vendor and purchaser have completed mediation under sections 583.20 to 583.32; or (2) as otherwise allowed under sections 583.20 to 583.32.

Sec. 4. Minnesota Statutes 2014, section 582.039, subdivision 1, is amended to read:

Subdivision 1. **Requirement.** A person may not begin a proceeding under this chapter or chapter 580 to foreclose a mortgage on agricultural property subject to sections

4.1 583.20 to 583.32 that has a secured debt of more than ~~\$5,000~~ \$75,000 unless: (1) a
4.2 mediation notice is served on the mortgagor after a default has occurred in the mortgage
4.3 and a copy is served on the director and the mortgagor and mortgagee have completed
4.4 mediation under sections 583.20 to 583.32; or (2) as otherwise allowed under sections
4.5 583.20 to 583.32.

4.6 Sec. 5. Minnesota Statutes 2014, section 583.215, is amended to read:

4.7 **583.215 EXPIRATION.**

4.8 Sections 336.9-601, subsections (h) and (i); 550.365; 559.209; 582.039; and 583.20
4.9 to 583.32, expire June 30, ~~2016~~ 2021.