

(a) This chapter applies to any interest created after its effective date which complies with this chapter, whether designated as a conservation easement or as a covenant, equitable servitude, restriction, easement, or otherwise.

(b) This chapter applies to any interest created before its effective date if it would have been enforceable had it been created after its effective date unless retroactive application contravenes the constitution or laws of this state or the United States.

(c) This chapter does not invalidate any interest, whether designated as a conservation or preservation easement or as a covenant, equitable servitude, restriction, easement, or otherwise, that is enforceable under other law of this state.

Approved May 24, 1985

CHAPTER 233 — S.F.No. 919

An act relating to commerce; providing for registration of crop and livestock buyers and wholesale produce dealers in licensing application; establishing a registration system for buyers of farm products; describing when farm products are purchased subject to a security interest; requiring financing statements covering crops to designate crop years; providing that secured parties are not liable to debtors for giving notice of liens; providing that buyers shall limit use of lien notices received from secured parties; providing that buyers shall issue joint payments to debtors and secured parties under certain circumstances; appropriating money; amending Minnesota Statutes 1984, sections 17A.04, subdivisions 2, 5, and by adding a subdivision; 27.03; 223.17, by adding a subdivision; 336.9-307; 336.9-402; 336.9-403; 386.42; proposing coding for new law as Minnesota Statutes, chapter 223A; repealing Minnesota Statutes 1984, section 386.43.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Minnesota Statutes 1984, section 17A.04, is amended by adding a subdivision to read:

Subd. 1a. REGISTRATION OF LIVESTOCK BUYERS. The commissioner shall adopt permanent and emergency rules, in conjunction with the license application, to register livestock buyers under section 386.42 in counties where the buyer selects to be registered. The commissioner shall collect a \$10 fee and a \$5 per county registration fee from the buyer, register the buyer, and pay the county registration fee within ten days after the license is issued.

Sec. 2. Minnesota Statutes 1984, section 17A.04, subdivision 2, is amended to read:

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Subd. 2. **APPLICATION.** Any person desiring to carry on the business of a livestock market agency or livestock dealer, or both, or a public stockyard shall make application to the commissioner on a form or forms provided by the commissioner. The form must provide for registration as a livestock buyer under section 386.42.

Sec. 3. Minnesota Statutes 1984, section 17A.04, subdivision 5, is amended to read:

Subd. 5. **LICENSE FEE.** The applicant shall submit to the commissioner the fee for the county registration as a livestock buyer under section 1 and the following applicable fees and penalties for late renewal:

(a) \$150 for each livestock market agency and public stockyard license, penalty \$38;

(b) \$50 for each livestock dealer license, penalty \$13;

(c) \$30 for each agent of a livestock dealer license, penalty \$10;

(d) \$50 for each meat packing company license, penalty \$13;

(e) \$30 for each agent of a meat packing company license, penalty \$10.

Sec. 4. Minnesota Statutes 1984, section 27.03, is amended to read:

27.03 DEALER LICENSED REGULATION.

Subdivision 1. LICENSE. No person except a wool dealer shall engage in, or purport to be engaged in, or hold himself out as being engaged in, the business of a dealer at wholesale, or as being a dealer at wholesale, unless he shall be licensed and bonded to carry on such business by the commissioner.

Subd. 2. REGISTRATION. The commissioner shall adopt permanent and emergency rules in conjunction with the license application to register wholesale produce dealers under section 386.42 in counties where the dealer selects to be registered. The commissioner shall collect a \$10 fee and a \$5 per county registration fee from the dealer, register the dealer, and pay the county registration fee within ten days after the license is issued.

Sec. 5. Minnesota Statutes 1984, section 223.17, is amended by adding a subdivision to read:

Subd. 1a. CROP PRODUCT BUYER REGISTRATION. The commissioner shall adopt permanent and emergency rules, in conjunction with the license application, to register a grain buyer as a crop product buyer under section 386.42 in the counties where the grain buyer desires to be registered. The commissioner shall collect a \$10 fee and a \$5 per county registration fee from the buyer, register the buyer, and pay the county registration fee within ten days after issuing a license.

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Sec. 6. [223A.01] **FARM PRODUCTS THAT ARE BOUGHT SUBJECT TO A SECURITY INTEREST.**

Subdivision 1. REGISTERED BUYER TAKES FREE OF SECURITY INTEREST UNLESS NOTIFIED. A buyer in the ordinary course of business who is a registered buyer in the county of the seller's residence under section 386.42, and who purchases farm products from a person engaged in farming operations takes free of a security interest created by the seller even though the security interest is perfected and the buyer knows of its existence, unless the buyer is notified of the security interest as provided in subdivision 4.

Subd. 2. BUYERS THAT PURCHASE SUBJECT TO A SECURITY INTEREST. A buyer in the ordinary course of business that is registered under section 386.42 in the seller's county of residence who is notified by a secured party as provided under subdivision 3, purchases farm products from a person engaged in farming operations subject to the perfected security interest. A buyer who is not registered under section 386.42 in the seller's county of residence purchases farm products from a person engaged in farming operations subject to perfected security interests.

A buyer who purchases farm products subject to a security interest under this section shall include the name of the secured party as joint payee on any check or other instrument issued in payment for the farm products, unless the secured party gives the buyer written notice of waiver of this requirement. Issuance of joint payment as herein required relieves the buyer of any further liability to the secured party.

Subd. 3. NOTIFICATION OF SECURITY INTEREST. A secured party may, by certified mail or another method by which receipt can be verified, notify a buyer that a debtor has farm products subject to a security interest.

The notification is effective upon receipt until September 1 after the notification is made; or for a notification made after August 20 but before September 1, the notification is effective for one year beginning September 1. A buyer who receives notification from a secured party under this subdivision shall not publicly post or disseminate to any person, other than its agents and employees who reasonably require the information for purposes related to this act, any information contained in the notification.

A secured party that furnishes to a buyer a list of debtors who have farm products subject to a security interest is not liable to a debtor whose name is on the list for furnishing the list.

Sec. 7. Minnesota Statutes 1984, section 336.9-307, is amended to read:
336.9-307 PROTECTION OF BUYERS OF GOODS.

(1) A buyer in ordinary course of business (subsection (9) of section 336.1-201) other than a person buying farm products from a person engaged in

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farming operations takes free of a security interest created by his seller even though the security interest is perfected and even though the buyer knows of its existence, except that a buyer in the ordinary course of business who purchases farm products from a person engaged in farming operations is subject to section 386.42.

(2) In the case of consumer goods, a buyer takes free of a security interest even though perfected if he buys without knowledge of the security interest, for value and for his own personal, family or household purposes unless prior to the purchase the secured party has filed a financing statement covering such goods.

(3) A buyer other than a buyer in ordinary course of business (subsection (1) of this section) takes free of a security interest to the extent that it secures future advances made after the secured party acquires knowledge of the purchase, or more than 45 days after the purchase, whichever first occurs, unless made pursuant to a commitment entered into without knowledge of the purchase and before the expiration of the 45 day period.

Sec. 8. Minnesota Statutes 1984, section 336.9-402, is amended to read:

**336.9-402 FORMAL REQUISITES OF FINANCING STATEMENT;
AMENDMENTS; MORTGAGE AS FINANCING STATEMENT.**

(1) A financing statement is sufficient if it gives the name of the debtor and the secured party, is signed by the debtor, gives an address of the secured party from which information concerning the security interest may be obtained, gives a mailing address of the debtor and contains a statement indicating the types or describing the items, of collateral. A financing statement may be filed before a security agreement is made or a security interest otherwise attaches. When the financing statement covers crops growing or to be grown, the statement must also contain a description of the real estate concerned and the name of the record owner thereof and the crop years which are covered by the financing statement. When the financing statement covers timber to be cut or covers minerals or the like (including oil and gas) or accounts subject to subsection (5) of section 336.9-103, or when the financing statement is filed as a fixture filing (section 336.9-313) and the collateral is goods which are or are to become fixtures, the statement must also comply with subsection (5). A copy of the security agreement is sufficient as a financing statement if it contains the above information and is signed by the debtor. A carbon, photographic or other reproduction of a security agreement or a financing statement is sufficient as a financing statement if the security agreement so provides or if the original has been filed in this state.

(2) A financing statement which otherwise complies with subsection (1) is sufficient when it is signed by the secured party instead of the debtor when it is filed to perfect a security interest in

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(a) collateral already subject to a security interest in another jurisdiction when it is brought into this state, or when the debtor's location is changed to this state. Such a financing statement must state that the collateral was brought into this state or that the debtor's location was changed to this state under such circumstances; or

(b) proceeds under section 336.9-306 if the security interest in the original collateral was perfected. Such a financing statement must describe the original collateral; or

(c) collateral as to which the filing has lapsed within one year; or

(d) collateral acquired after a change of name, identity or corporate structure of the debtor (subsection (7)); or

(e) a lien filed pursuant to Minnesota Statutes, chapter 514; or

(f) collateral which is subject to a filed judgment.

(2a) Except for documents filed under clauses (e) and (f), the reason for the omission of the debtor signature must be stated on the front of the financing statement.

(3) A form substantially as follows is sufficient to comply with subsection (1):

Name of debtor (or assignor)

.....

Address

.....

Name of secured party (or assignee)

.....

Address

.....

1. This financing statement covers the following types (or items) of property:

(Describe)

.....

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2. (If collateral is crops) The above described crops are growing or are to be grown on:

(Describe real estate and the name of the record owner thereof)
.....

3. (If applicable) The above goods are to become fixtures on

(Describe real estate)..... and this financing statement is to be filed for record in the real estate records. (If the debtor does not have an interest of record) The name of a record owner is

4. (If products of collateral are claimed)

Products of the collateral are also covered.

Use whichever signature line is applicable.

Signature of debtor (or assignor)
.....

Signature of secured party (or assignee)
.....

(4) A financing statement may be amended by filing a writing signed by both the debtor and the secured party. If the sole purpose of the amendment is to change the name or address of the secured party, only the secured party need sign the amendment. A writing is sufficient if it sets forth the name and address of the debtor and secured party as those items appear on the original financing statement or the most recently filed amendment, the file number and date of filing of the financing statement. An amendment does not extend the period of effectiveness of a financing statement. If any amendment adds collateral, it is effective as to the added collateral only from the filing date of the amendment. In this article, unless the context otherwise requires, the term "financing statement" means the original financing statement and any amendments.

(5) A financing statement covering timber to be cut or covering minerals or the like (including oil and gas) or accounts subject to subsection (5) of section 336.9-103, or a financing statement filed as a fixture filing (section 336.9-313) where the debtor is not a transmitting utility, must show that it covers this type of collateral, must recite that it is to be filed for record in the real estate records, and the financing statement must contain a description of the real estate sufficient if it were contained in a mortgage of the real estate to give constructive notice of the mortgage under the law of this state. If the debtor does not have an interest of record in the real estate, the financing statement must show the name of a record owner. No description of the real estate or the name of the record owner thereof is required for a fixture filing where the debtor is a transmitting utility. Notwithstanding the foregoing a general description of the real estate is sufficient

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for a fixture filing where a railroad is the record owner of the real estate on which the fixtures are or are to be located; and for the purposes of this subsection, the requirement of a general description is satisfied if the fixture filing (1) identifies the section, township and range numbers of the county in which the land is located; (2) identifies the quarter-quarter of the section that the land is located in; (3) indicates the name of the record owner of the real estate; and (4) states the street address of the real estate if one exists.

(6) A mortgage is effective as a financing statement filed as a fixture filing from the date of its recording if (a) the goods are described in the mortgage by item or type, (b) the goods are or are to become fixtures related to the real estate described in the mortgage, (c) the mortgage complies with the requirements for a financing statement in this section other than a recital that it is to be filed in the real estate records, and (d) the mortgage is duly recorded. No fee with reference to the financing statement is required other than the regular recording and satisfaction fees with respect to the mortgage.

(7) A financing statement sufficiently shows the name of the debtor if it gives the individual, partnership or corporate name of the debtor, whether or not it adds other trade names or the names of partners. Where the debtor so changes his name or in the case of an organization its name, identity or corporate structure that a filed financing statement becomes seriously misleading, the filing is not effective to perfect a security interest in collateral acquired by the debtor more than four months after the change, unless a new appropriate financing statement is filed before the expiration of that time. A filed financing statement remains effective with respect to collateral transferred by the debtor even though the secured party knows of or consents to the transfer.

(8) A financing statement, amendment, continuation, assignment, release, or termination substantially complying with the requirements of this section is effective even though it contains minor errors which are not seriously misleading.

Sec. 9. Minnesota Statutes 1984, section 336.9-403, is amended to read:

336.9-403 WHAT CONSTITUTES FILING; DURATION OF FILING; EFFECT OF LAPSED FILING; DUTIES OF FILING OFFICER.

(1) Presentation for filing of a financing statement and tender of the filing fee or acceptance of the statement by the filing officer constitutes filing under this article.

(2) Except as provided in subsection (6) a filed financing statement is effective for a period of five years from the date of filing. The effectiveness of a filed financing statement lapses on the expiration of the five year period unless a continuation statement is filed prior to the lapse. If a security interest perfected by filing exists at the time insolvency proceedings are commenced by or against the debtor, the security interest remains perfected until termination of the insolvency proceedings and thereafter for a period of 60 days or until expiration

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of the five year period, whichever occurs later regardless of whether the financing statement filed as to that security interest is destroyed by the filing officer pursuant to subsection (3). Upon lapse the security interest becomes unperfected, unless it is perfected without filing. If the security interest becomes unperfected upon lapse, it is deemed to have been unperfected as against a person who became a purchaser or lien creditor before lapse.

(3) A continuation statement may be filed by the secured party within six months prior to the expiration of the five year period specified in subsection (2). Any such continuation statement must be signed by the secured party, set forth the name and address of the debtor and secured party as those items appear on the original financing statement or the most recently filed amendment, identify the original statement by file number and filing date, and state that the original statement is still effective. A continuation statement signed by a person other than the secured party of record must be accompanied by a separate written statement of assignment signed by the secured party of record and complying with subsection (2) of section 336.9-405, including payment of the required fee. Upon timely filing of the continuation statement, the effectiveness of the original statement is continued for five years after the last date to which the filing was effective whereupon it lapses in the same manner as provided in subsection (2) unless another continuation statement is filed prior to such lapse. Succeeding continuation statements may be filed in the same manner to continue the effectiveness of the original statement. Unless a statute on disposition of public records provides otherwise, the filing officer may remove a lapsed statement from the files and destroy it immediately if he has retained a microfilm or other photographic record, or in other cases after one year after the lapse. The filing officer shall so arrange matters by physical annexation of financing statements to continuation statements or other related filings, or by other means, that if he physically destroys the financing statements of a period more than five years past, those which have been continued by a continuation statement or which are still effective under subsection (6) shall be retained. If insolvency proceedings are commenced by or against the debtor, the secured party shall notify the filing officer both upon commencement and termination of the proceedings, and the filing officer shall not destroy any financing statements filed with respect to the debtor until termination of the insolvency proceedings. The security interest remains perfected until termination of the insolvency proceedings and thereafter for a period of 60 days or until expiration of the five year period, whichever occurs later.

(4) Except as provided in subsection (7) a filing officer shall mark each statement with a file number and with the date and hour of filing and shall hold the statement or a microfilm or other photographic copy thereof for public inspection. In addition the filing officer shall index the statements according to the name of the debtor and shall note in the index the file number and the address of the debtor given in the statement.

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(5) The secretary of state shall prescribe uniform forms for statements and samples thereof shall be furnished to all filing officers in the state. The uniform fee for filing and indexing and for stamping a copy furnished by the secured party to show the date and place of filing for an original financing statement or for a continuation statement shall be \$5 if the statement is in the standard form prescribed by the secretary of state and otherwise shall be \$10, plus in each case, if the financing statement is subject to subsection (5) of section 336.9-402, \$5. An additional fee of \$5 shall be collected if more than one name is required to be indexed or if the secured party, at his option, shows a trade name for any debtor listed. There shall be no fee collected for the filing of an amendment to a financing statement if the amendment is in the standard form prescribed by the secretary of state and does not add additional debtor names to the financing statement. The fee for an amendment adding additional debtor names shall be \$5 if the amendment is in the form prescribed by the secretary of state and, if otherwise, \$10. The fee for an amendment which is not in the form prescribed by the secretary of state but which does not add additional names shall be \$5.

The secretary of state shall adopt rules for filing, amendment, continuation, termination, removal, and destruction of financing statements.

(6) If the debtor is a transmitting utility (subsection (5) of section 336.9-401) and a filed financing statement so states, it is effective until a termination statement is filed. A real estate mortgage which is effective as a fixture filing under subsection (6) of section 336.9-402 remains effective as a fixture filing until the mortgage is released or satisfied of record or its effectiveness otherwise terminates as to the real estate.

(7) When a financing statement covers timber to be cut or covers minerals or the like (including oil and gas) or accounts subject to subsection (5) of section 336.9-103, or is filed as a fixture filing, it shall be filed for record and the filing officer shall index it under the names of the debtor and any owner of record shown on the financing statement in the same fashion as if they were the mortgagors in a mortgage of the real estate described, and, to the extent that the law of this state provides for indexing of mortgages under the name of the mortgagee, under the name of the secured party as if he were the mortgagee thereunder, or, for filing offices other than the secretary of state, where indexing is by description in the same fashion as if the financing statement were a mortgage of the real estate described. If requested of the filing officer on the financing statement, a financing statement filed for record as a fixture filing in the same office where nonfixture filings are made is effective, without a dual filing, as to collateral listed thereon for which filing is required in such office pursuant to section 336.9-401 (1) (a); in such case, the filing officer shall also index the recorded statement in accordance with subsection (4) using the recording data in lieu of a file number.

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(8) The fees provided for in this article shall supersede the fees for similar services otherwise provided for by law except in the case of security interests filed in connection with a certificate of title on a motor vehicle.

Sec. 10. Minnesota Statutes 1984, section 386.42, is amended to read:

386.42 ABSTRACT OF MORTGAGES AND LIENS ON GRAIN CROPS FOR ELEVATOR COMPANIES REGISTRATION OF FARM PRODUCT BUYERS.

Any elevator company or grain buyer doing business in this state may annually make written application to the county recorder for an abstract of all designated mortgages and liens upon grains grown during the year filed with the county recorder. The application shall state the name and the post office address of the company and be accompanied by a fee. The fee shall be determined by resolution of the county board upon the recommendation of the county recorder based upon the estimated cost of providing the service.

Subdivision 1. DEFINITIONS. The definitions in chapter 336 apply to this section.

Subd. 2. REGISTRATION SYSTEM FOR BUYERS OF FARM PRODUCTS. The county recorder shall maintain a separate registration system for (1) crop product buyers, (2) livestock buyers, and (3) wholesale produce dealers. The county recorder must provide an alphabetical registration list of the names and mailing addresses of all persons who apply to be registered buyers. A buyer is registered for one year beginning September 1.

Subd. 3. CHANGES ON REGISTRATION LIST. The county recorder must mail a copy of the proposed registration list that will become effective on September 1 to each buyer registered by August 10 if the buyer has included a stamped and addressed envelope with their application. A buyer may change the name or address on the proposed registration list by notifying the county recorder before August 20.

Subd. 4. RECEIVING REGISTRATION LIST. A person may receive a copy of the registration list by paying a fee of \$5. The county recorder must mail a proposed registration list for the year beginning September 1 by August 20 to persons making a request after August 1.

Sec. 11. **APPROPRIATION.**

There is appropriated from the general fund in the state treasury to the commissioner of agriculture \$150,000 for each of the fiscal years ending June 30, 1986 and June 30, 1987, to be used for the purposes of sections 1 to 10.

Sec. 12. **REPEALER.**

Minnesota Statutes 1984, section 386.43, is repealed.

Changes or additions are indicated by underline, deletions by ~~strikeout~~.

Sec. 13. EFFECTIVE DATE.

This act is effective July 1, 1985.

Approved May 24, 1985

CHAPTER 234 — S.F.No. 986

An act relating to workers' compensation; excluding certain injuries from coverage; providing the conditions for organization of certain insurance associations; providing for the workers' compensation benefits; transferring certain duties from the department of commerce to the department of labor and industry; providing for miscellaneous changes; amending Minnesota Statutes 1984, sections 66A.08, subdivision 4; 79.37; 176.021, by adding subdivisions; 176.101, subdivisions 3e, 3i, and 3t; 176.102, subdivisions 3 and 8; 176.103, subdivision 3; 176.136, by adding a subdivision; 176.138; 176.191, subdivisions 3 and 5; 176.511, subdivisions 1 and 2; 176.66, subdivision 10; and 352E.03; proposing coding for new law in Minnesota Statutes, chapter 176; repealing Minnesota Statutes 1984, sections 176.081, subdivision 4; and 176.134.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Minnesota Statutes 1984, section 66A.08, subdivision 4, is amended to read:

Subd. 4. EMPLOYERS' LIABILITY AND WORKERS' COMPENSATION. (1) ORGANIZATION. (a) SUBSCRIBERS AND ARTICLES OF INCORPORATION. Twenty or more persons may form an incorporated mutual employers' liability insurance association for the purpose of insuring themselves and such other persons, firms, or corporations as may become subscribers to the association against liability for compensation payable under the terms of the workers' compensation law and for the purpose of insuring against loss or damage by the sickness, bodily injury, or death by accident of any person employed by the insured or for whose injury or death the insured is responsible.

They shall subscribe and acknowledge a certificate specifying:

(aa) The name, general nature of its business, and the principal place of transacting the same; (such name shall distinguish it from all other corporations, domestic or foreign, authorized to do business in this state and end with "company," "corporation," "association," or the word "incorporated");

(bb) The period of its duration;

(cc) The names and places of residence of the incorporators;

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