

CHAPTER 223A

FARM PRODUCTS SUBJECT TO
SECURITY INTEREST

223A.01 Farm products that are bought subject to a security interest.

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 3.

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 subdivision 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 section, 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.

Subd. 4. Commission merchant. Notwithstanding section 336.1-201, subsection (9), a commission merchant or selling agent who sells farm products for another for a fee, that is a registered buyer under section 386.42, is a buyer in the ordinary course of business under this chapter and section 336.9-307, subsection (1), for transactions involving farm products.

Subd. 5. Definitions. The definitions in chapter 336 apply to this section.

History: 1985 c 233 s 6; 1985 c 276 s 9; 1985 c 306 s 22; 1Sp1985 c 18 s 2