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SENATE FILE 2081
BY KIBBIE

(COMPANION TO LSB
5105HH BY DOLECHECK)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to creditor interests, by providing for landlord
2 liens including the perfection of agricultural liens by
3 landlords and their priority.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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SF 2081
COMMERCE

1 Section 1. Section 554.9109, subsection 4, paragraph a,
2 Code Supplement 2001, is amended to read as follows:

3 a. a landlord's lien, other than an agricultural lien,
4 including but not limited to an agricultural lien provided in
5 chapter 570;

6 Sec. 2. Section 554.9310, subsection 2, paragraphs i and
7 j, Code Supplement 2001, are amended to read as followed:

8 i. in proceeds which is perfected under section 554.9315;
9 or

10 j. that is perfected under section 554.9316; or

11 Sec. 3. Section 554.9310, subsection 2, Code Supplement
12 2001, is amended by adding the following new paragraph:

13 NEW PARAGRAPH. k. that is a landlord's lien which is an
14 agricultural lien effective and perfected as provided in
15 section 570.1.

16 Sec. 4. Section 554.9317, subsection 1, Code Supplement
17 2001, is amended by adding the following new paragraph:

18 NEW UNNUMBERED PARAGRAPH. c. An agricultural lien
19 perfected as provided in chapters 570 and 579A.

20 Sec. 5. Section 570.1, Code Supplement 2001, is amended to
21 read as follows:

22 570.1 LIEN CREATED -- PERFECTION AND PRIORITY --
23 TERMINATION.

24 1. A landlord's lien is established under this chapter. A
25 landlord shall have a lien for the rent upon all crops grown
26 upon the landlord's leased premises, and upon any other
27 personal property of the landlord's tenant which has been used
28 or kept thereon on the leased premises during the term and
29 which of the lease, if the crops or other property is not
30 exempt from execution.

31 2. The landlord's lien is created when the term of the
32 lease commences and is extinguished one year from the date
33 that a year's rent falls due under the lease, or one year from
34 the date that the rent for a shorter period falls due under
35 the lease. However, the landlord's lien shall not continue

1 for more than six months after the date that term of the lease
2 expires.

3 3. In-order-to-perfect-a-lien The landlord's lien in farm
4 products as defined in section 554.9102, ~~which is created~~
5 ~~under this section, a landlord must file a financing statement~~
6 ~~as required by section 554.9308, subsection 2~~ is an
7 agricultural lien as provided in section 554.9302. Except as
8 provided in chapters this subsection, the agricultural lien
9 that is perfected under this section is superior to and shall
10 have priority over a conflicting lien or security interest in
11 the farm products, including a lien or security interest that
12 was perfected prior to the creation of the landlord's lease.
13 However, the agricultural lien shall not be superior to a lien
14 created in chapter 571, 572, 579A, 579B, and or 581, a
15 perfected lien in the farm products has priority over a
16 conflicting security interest or lien, including a security
17 interest or lien that was perfected prior to the creation of
18 the lien under this section, if the lien created in this
19 section is perfected on either of the following dates: that is
20 perfected as required in section 554.9310.

21 a. ~~Prior to July 1, 2001.~~

22 b. ~~When the debtor takes possession of the leased premises~~
23 ~~or within twenty days after the debtor takes possession of the~~
24 ~~leased premises.~~

25 ~~A financing statement filed to perfect a lien in the farm~~
26 ~~products must include a statement that it is filed for the~~
27 ~~purpose of perfecting a landlord's lien. Within twenty days~~
28 ~~after a landlord who has filed a financing statement receives~~
29 ~~a written demand, authenticated as provided in article 9 of~~
30 ~~chapter 554, from a tenant, the landlord shall file a~~
31 ~~termination statement, if the lien in the farm products has~~
32 ~~expired or if the tenant is no longer in possession of the~~
33 ~~leased premises and has performed all obligations under the~~
34 ~~lease.~~

35 Sec. 6. Section 570.2, Code 2001, is repealed.

EXPLANATION

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This bill amends provisions in Code chapter 554 (article 9 of the revised uniform commercial code) and Code chapter 570 providing for landlord's liens. The purpose of Code chapter 570 is to protect the credit interests of landlords who lease their premises to farmers, by providing landlords a lien for the rent upon crops grown on the leased and other personal property of the tenant.

In 2000, the general assembly enacted House File 2513 (2000 Iowa Acts, chapter 1149) adopting revised article 9 of the uniform commercial code as proposed by the American law institute and the national conference of commissioners on uniform state laws, and conforming amendments to a number of articles within that chapter as well as other chapters providing for security interests and liens, including Code chapter 570.

With limited exceptions, revised article 9 governs the creation, priority, and enforcement of creditors' consensual liens, which are defined as security interests in personal property and fixtures. Revised article 9, like its predecessor, provides generally for the effectiveness of security agreements and the rights and duties of creditors (i.e., secured parties), including parties having possession and control of collateral. Much of revised article 9 provides for perfecting a security interest, usually accomplished by filing a financing statement. The revised article provides for the contents of financing statements and the location where such financing statements must be filed (e.g., with the secretary of state). In perfecting a security interest, a debtor is generally assured rights in the collateral superior to a security interest perfected later in time.

Prior to the revision of article 9, liens created in statutes outside Code chapter 554 were not affected by its provisions. These liens include types of statutory liens such as the landlord's lien created in Code chapter 570. Revised

1 article 9 provides filing requirements for perfecting
2 statutory liens referred to as "agricultural liens" and
3 therefore may control issues relating to priority of
4 conflicting security interests and liens. Code chapter 570
5 was amended to require a landlord to file a financing
6 statement in order to perfect a lien in farm products (crops).
7 The amendment to Code chapter 570 provided for the contents of
8 the financing statement, and provided that if perfected it
9 would enjoy priority over conflicting security interests or
10 liens even if they were perfected earlier. The amendments
11 made exceptions for other super-priority liens created in
12 other statutes, including Code chapters 571 (thresher's or
13 cornsheller's lien), 572 (mechanic's lien), 579A (custom
14 cattle feedlot lien), 579B (commodity production contract
15 lien), and 581 (veterinarian's lien).

16 The bill expressly amends provisions in both Code chapters
17 554 and 570 to provide that a landlord's lien in farm products
18 as created in Code section 570.1 is an agricultural lien. It
19 amends provisions in Code chapter 554 referring to security
20 interests and agricultural liens by specifically referencing
21 super-priority liens such as the landlord's lien. The bill
22 eliminates the filing requirement by landlords required to
23 perfect their interest. The bill provides that the landlord's
24 lien is created when the term of the lease commences. For
25 purposes of readability, the bill moves and rewords provisions
26 from Code section 570.2 that provides that the landlord's lien
27 is extinguished one year from the date that a year's rent
28 falls due under the lease, or one year from the date that the
29 rent for a shorter period falls due under the lease (but must
30 terminate six months after the date that term of the lease
31 expires). The bill then repeals Code section 570.2. The bill
32 keeps provisions from the 2000 amendments that maintain the
33 super-priority status of the landlord's lien with the limited
34 exceptions for the other super-priority liens that are
35 perfected in accordance with the revised article 9 or their

1 respective chapters.

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