

COMMERCE

FILED JAN 31 2002

SENATE FILE 2096
BY ZIEMAN

(COMPANION TO LSB
5795HH BY SIEVERS)

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

A BILL FOR

1 An Act relating to secured transactions, by providing for
2 landlord liens and their priority.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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SS 2096
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, ~~i~~; 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; ~~i~~ 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 PARAGRAPH. c. An agricultural lien perfected as
19 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. ~~In order to perfect a~~ The landlord's lien in farm
32 products as defined in section 554.9102, ~~which is created~~
33 ~~under this section,~~ is an agricultural lien as provided in
34 section 554.9302. In order to perfect the agricultural lien,
35 the landlord must file a financing statement as required by

1 section 554.9308, subsection 2. Except as provided in
2 chapters 571, 572, 579A, 579B, and 581, a perfected lien in
3 the farm products ~~has~~ is superior to and shall have priority
4 over a conflicting security interest or lien in the farm
5 products, including a security interest or lien that was
6 perfected prior to the creation of the lien under this
7 section, if the lien created in this section is perfected on
8 either of the following dates:

9 a. Prior to July 1, 2001.

10 b. When the debtor takes possession of the leased premises
11 or within twenty days after the debtor takes possession of the
12 leased premises.

13 3. A financing statement filed to perfect a lien in the
14 farm products must include a statement that it is filed for
15 the purpose of perfecting a landlord's lien.

16 4. a. A lien that is perfected in farm products as
17 provided in this section is extinguished one year from the
18 date that year's rent falls due under the lease, or one year
19 from the date that the rent for a shorter period falls due
20 under the lease. However, a lien that is perfected in farm
21 products shall continue as if the landlord had filed a
22 continuation statement pursuant to section 554.9515, if the
23 lease is renewed and the parties to the lease and leased
24 premises are the same.

25 b. Within twenty days after a landlord who has filed a
26 financing statement receives a written demand, authenticated
27 as provided in article 9 of chapter 554, from a tenant, the
28 landlord shall file a termination statement, if the lien in
29 the farm products has expired or if the tenant is no longer in
30 possession of the leased premises and has performed all
31 obligations under the lease.

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

33 EXPLANATION

34 This bill amends provisions in Code chapter 554 (article 9
35 of the revised uniform commercial code) and Code chapter 570

1 providing for landlord's liens. The purpose of Code chapter
2 570 is to protect the credit interests of landlords who lease
3 their premises to farmers, by providing landlords a lien for
4 the rent upon crops grown on the leased and other personal
5 property of the tenant.

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

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

29 Prior to the revision of article 9, liens created in
30 statutes outside Code chapter 554 were not affected by its
31 provisions. These liens include types of statutory liens such
32 as the landlord's lien created in Code chapter 570. Revised
33 article 9 provides filing requirements for perfecting
34 statutory liens referred to as "agricultural liens" and
35 therefore may control issues relating to priority of

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

13 The bill expressly amends provisions in both Code chapters
14 554 and 570 to provide that a landlord's lien in farm products
15 as created in Code section 570.1 is an agricultural lien. It
16 amends provisions in Code chapter 554 referring to security
17 interests and agricultural liens by specifically referencing
18 super-priority liens such as the landlord's lien.

19 For purposes of readability, the bill moves and rewords
20 provisions from Code section 570.2 that provides that the
21 landlord's lien is extinguished one year from the date that a
22 year's rent falls due under the lease, or one year from the
23 date that the rent for a shorter period falls due under the
24 lease (but must terminate six months after the date that the
25 term of the lease expires). The bill then repeals Code
26 section 570.2.

27 The bill provides that a lien that is perfected in farm
28 products continues as if the landlord had filed a continuation
29 statement pursuant to Code section 554.9515, if the lease is
30 renewed and the parties to the lease and leased premises are
31 the same.

32 The bill keeps provisions from the 2000 amendments that
33 maintain the super-priority status of the landlord's lien with
34 the limited exceptions for the other super-priority liens that
35 are perfected in accordance with the revised article 9 or

1 their respective chapters.

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