

Appendix A

Usury

Limits on the rate of interest that may be charged by creditors

I. Introduction

Usury laws limit the amount of interest a creditor can charge. These rules are complicated, and the discussion here only addresses a small part of that complexity.¹ Farmers believing that the interest charged by a creditor may be illegally high should contact a lawyer.

In general, Minnesota law sets a very low limit on interest rates that can be charged but also sets out several broad exceptions to the low limit. In fact, the exceptions apply far more often than the general rule. The practical effect of this system is a confusing and inconsistent set of usury laws. This appendix briefly explains the basic interest rate limits in Minnesota and the five exceptions that are likely to be most important for farming operations.

II. General rule — maximum of 6 or 8 percent annual interest

Minnesota law sets a very low interest rate maximum as a general rule. In general, creditors may charge no more than 8 percent interest per year on loans or forbearances.² If there is no written agreement between the debtor and creditor stating the interest rate, interest is set at 6 percent per year.³

III. Exceptions to the general rule

A number of exceptions lessen the practical value of these interest rate limits.⁴ When an exception to the general rule applies, the exception sometimes creates a different, higher interest rate

1 For a general summary, see 48 DUNNELL MINN. DIGEST, *Usury* (4th ed. 2000).

2 Minn. Stat. § 334.01, subd. 1.

3 Minn. Stat. § 334.01, subd. 1.

4 In addition to the exceptions listed in this appendix, there may be exceptions to interest rate limits for certain federal banking institutions, including Farm Credit System banks. See 12 U.S.C. §§ 2016, 2075(c), 2131 (stating that Farm Credit Banks and Production Credit Associations can make loans at any rate authorized by their board of directors, regardless of state limits); John L. Brown, *Federal Pre-emption of the State Regulation of Agricultural Credit*, 7 DRAKE JOURNAL OF AGRICULTURAL LAW 563 (Fall 2002).

maximum. Sometimes, however, the exception creates no other maximum interest rate. If this is the case, there may be no effective limit on the interest rate that can be charged by the creditor.

The following exceptions are most likely to be important for a farming operation.

A. If the borrower is an organization — no effective limit on interest

Loans to organizations are exempt from the general interest rate limits.⁵ Organizations include the government, corporations, trusts and estates, partnerships, joint ventures, cooperatives, limited liability companies, and associations.⁶ The law does not set a higher interest rate limit to take the place of the general limit. As a result, if a farm is incorporated, there may be no effective limit on the interest that a creditor can charge.

B. If the loan is for less than \$100,000 and is for agricultural or business purposes — substitute maximum interest rate

If a loan or forbearance is for less than \$100,000 and is for an agricultural or business purpose, the loan is exempt from the general interest rate limit.⁷ The definition of “agricultural purpose” for this exception includes almost anything normally thought of as farming.⁸ An agricultural and business purpose does not, however, include a loan used to finance the purchase or maintenance of real estate used principally for the borrower’s residence.⁹

Although a loan of under \$100,000 for agricultural or business purposes does not fall under the general interest rate limit, the law does set a different maximum interest rate for these loans. Creditors making loans for agricultural or business purposes may charge a rate of interest of not more than 4.5 percentage points over the Federal Reserve’s discount rate at the time the loan is made.¹⁰ For example, if the discount rate is 6 percent, interest charged for this type of loan may not be more than 10.5 percent per year.

C. If the loan is for \$100,000 or more — no limit on interest if the rate is agreed to in writing

A contract for a loan or forbearance of \$100,000 or more is exempt from the 8 percent interest rate limit.¹¹ If there is no interest rate set in writing, the interest on debt of \$100,000 or more is

5 Minn. Stat. § 334.022; *Velocity Express Corp. v. Bayview Capital Partners, LP*, No. 02-521, (D. Minn. May 9, 2002) (unpublished); *Jones v. Nelson*, 432 N.W.2d 792, 796 (Minn. Ct. App. 1988); *Midwest Fed. Sav. & Loan Ass’n v. West Bend Mut. Ins. Co.*, 407 N.W.2d 690, 695 (Minn. Ct. App. 1987).

6 Minn. Stat. § 334.022.

7 Minn. Stat. § 334.011, subd. 1.

8 Minn. Stat. § 334.011, subd. 1. Agricultural means the “the production, harvest, exhibition, marketing, transportation, processing, or manufacture of agricultural products, including horticultural, viticultural, and dairy products, livestock, wildlife, poultry, bees, forest products, fish and shellfish, and any parts thereof, including processed and manufactured products, and any and all products raised or produced on farms and any processed or manufactured products thereof.” Business means “a commercial or industrial enterprise which is carried on for the purpose of active or passive investment or profit.”

9 Minn. Stat. § 334.011, subd. 1.

10 Minn. Stat. § 334.011, subsd. 1, 3; *In re Donnay*, 184 B.R. 767, 780 (Bankr. D. Minn. 1995).

11 Minn. Stat. § 334.01, subd. 2; *Negaard v. Miller Constr. Co.*, 396 N.W.2d 833 (Minn. Ct. App. 1986); *In re Donnay*, 184 B.R. 767, 781-83 (Bankr. D. Minn. 1995).

still 6 percent per year. As a result, as long as a loan is for \$100,000 or more, there may be no legal limit on the rate of interest, as long as the two parties agree to the interest rate in writing.

Sometimes there may be a question as to whether a loan qualifies for this exception, particularly if the lender makes several separate operating advances with a total value of \$100,000 or more. In these cases, this exemption should apply if there is a contractual agreement to lend a total of \$100,000 or more. If several smaller notes are consolidated into a single note and the total amounts to \$100,000 or more, the new consolidated note should also qualify for the exception.

D. If the lender is a bank or other financial institution — maximum interest rate is much higher

Banks and other financial institutions fall under two special exemptions to the general interest rate limit.¹²

First, Minnesota law allows banks and most other financial institutions to make loans at interest rates of up to 21.75 percent per year.¹³

Second, banks and other financial institutions may also charge an interest rate of up to 4.5 percentage points higher than the federal discount rate charged at the Minneapolis Federal Reserve Bank at the time the loan is made.¹⁴ These two exceptions work together in favor of the bank. For example, if interest rates in general are fairly low, banks can always charge up to 21.75 percent annual interest. If interest rates generally are higher, banks can charge up to 4.5 percentage points over the federal discount rate even if the rate charged is more than 21.75 percent per year.

In addition, banks may take advantage of the other exceptions mentioned above if they apply. For example, if a bank makes a loan to a corporation, or if it makes a loan of \$100,000 or more, there may be no legal limit to the interest rate charged.

12 This exemption applies to banks, savings banks, savings associations, savings and loan associations, and credit unions organized under state law, and national banks or federally chartered savings banks, savings and loan associations, and credit unions. Minn. Stat. § 48.195.

13 Minn. Stat. § 47.59, subd. 3. Interest on open-ended credit extended through a credit card may not be more than 18 percent. An even higher rate of interest may be charged on very small loan amounts.

14 Minn. Stat. § 48.195.

This page intentionally left blank.

Appendix B

Farmers' Legal Action Group, Inc.

Publications

Newsletter

Farmers' Legal Action Report

Published five times each year, *Farmers' Legal Action Report* provides a variety of up-to-date information on agricultural law issues. Each issue includes one or more articles that discuss a current legal topic of particular interest to the farming community. The newsletter also features a number of regular columns designed to provide our readers with the most important information on agricultural law developments: case summaries from some of the most significant agricultural law court cases around the country; a review of the rules recently published in the *Federal Register*; news from and about USDA, and an update about what the attorneys at FLAG are doing. *Farmers' Legal Action Report* is supplemented with occasional in-depth articles (Focus Reports) that provide a detailed analysis of special topics affecting agriculture. Special Farmer Rates: 1 year for \$20.00, 2 years for \$35.00. Regular Rates: 1 year for \$30.00, 2 years for \$54.00.

Books - National

Assessing the Impact of Integrator Practices on Contract Poultry Growers (December 2001)

This report includes an analysis of a survey of broiler growers conducted in 1999, an analysis of the legal implications of provisions in 18 growout contracts, and an analysis of current state and federal laws affecting growout arrangements with recommendations for change. The project was a collaborative effort of FLAG, Dr. Lee Schrader of Purdue University, Dr. John Wilson of Duke

University, the National Contract Poultry Growers Association, Professor Neil Hamilton of Drake University Law School, and Rural Advancement Foundation International-USA (RAFI-USA). (Limited printing; no charge while supplies last. Available online at: <http://www.flaginc.org/pubs/poultry.htm>.)

Federal Disaster Assistance for Farmers (2000 Edition with 2001 supplement)

(Known in previous editions as *Farmers' Guide to Disaster Assistance*.) Our 2000 edition is published by Lexis Publishing and is accompanied by a 2001 supplement. Contains detailed information on:

- Federal Emergency Management Agency (FEMA) Individual and Family Grants
- FEMA Temporary Housing Assistance
- FEMA Disaster Unemployment Assistance
- Federal Crop Insurance
- Non-Insured Crop Disaster Assistance Program (NAP) (Farm Service Agency)
- Emergency Conservation Program (Farm Service Agency)
- Disaster Assistance for Livestock Producers
- Farm Service Agency (FSA) Emergency (EM) Loans
- Farm Service Agency (FSA) Disaster Set-Aside
- Small Business Administration (SBA) Disaster Loans

To order a copy, call Lexis Customer Service at 1-800-542-0957, and refer to product num-

ber 37595-10. Or order it online at Lexis.com. The book costs \$40 (\$38 if you order by credit card).

Farmers' Guide to FmHA
(Fourth Edition, March 1990)

A guide that explains in lay terms the rights of farmers and ranchers who borrow from FmHA. Contains detailed explanations of many topics that were not covered in the first three editions, such as guaranteed loans, conversion, and the classification and sale of inventory property. Contains extensive footnotes to the FmHA regulations and is suitable for use by attorneys, legal assistants, farmers and ranchers, and advocates. Approximately 440 pages. (Note that this was published in 1990, and while it is useful for explaining farmers' rights as of that time, much of the material is now out of date.) Rate: \$26.00.

Books - Minnesota

Farm to Market: Legal Issues for Minnesota Farmers Starting a Processing or Marketing Business
(2001)

A series of booklets discussing some of the most important legal issues that arise for Minnesota farmers seeking to develop an agricultural processing or marketing business. Booklets include: (1) Introductory Issues, (2) Choice of Business Entity, (3) Cooperatives, (4) Corporations, (5) Partnerships, (6) Limited Liability Companies, (7) Owner Agreements, (8) Employment (not yet available), and (9) Minnesota Financial and Technical Resources. Rate: \$39.00 for the set.

Farmers' Guide to Minnesota Lending Law
(Second Edition, June 2003)

An aid for Minnesota farmers who need information about Minnesota state law regarding mortgages and contracts for deed, operating and equipment loans, secured creditors, repossession, unsecured credit and judgments, lease agreements, farmer-lender mediation, bankruptcy, and alternative dispute resolution. Rates: Financially distressed Minnesota family farmers, no charge; all others, \$20.00.

Mediation From the Farmer's Perspective
(January 1988)

Explains the rights and obligations of the farmer and the lender under the Minnesota farmer-lender mediation law. Provides general advice for planning and participating in the mediation process. For Minnesota residents only; no charge.

To order any of these publications,
use the order form on page 241,
or call FLAG at 651-223-5400 or
toll-free inside Minnesota: 1-800-233-4534.

Farmers' Legal Action Group, Inc.
 46 4th Street East, Suite 1301
 St. Paul, MN 55101
 Phone: 651-223-5400
 Toll-free (MN only): 1-800-233-4534
 Fax: 651-223-5335
 www.flaginc.org

Order Form

Publication Title	Quantity	Price Per Copy	Total
Farmers' Legal Action Report <i>(see publications list for prices)</i>			
Assessing the Impact of Integrator Practices on Contract Poultry Growers (also available online at: http://www.flaginc.org/pubs/poultry.htm)		No Charge	
Farmers' Guide to FmHA		26.00	
Farm to Market: Legal Issues for Minnesota Farmers Starting a Processing or Marketing Business		39.00	
Farmers' Guide to Minnesota Lending Law <i>(see publications list for prices)</i>			
Mediation From the Farmers' Perspective (MINNESOTA RESIDENTS ONLY)		No Charge	
Subtotal			
MINNESOTA RESIDENTS: add 6.5% sales tax			
ORDER TOTAL			

Prices are subject to change without notice. All prices include shipping and handling.

Name _____

Address: _____

City _____ State _____ Zip _____

Phone:(_____) _____

Method of Payment:

My check is enclosed made payable to Farmers' Legal Action Group, Inc.

Bill my credit card: Visa Mastercard

Credit Card Number: _____

Expiration Date (month/year): _____

Signature _____

How to order:

BY PHONE: 651-223-5400 (credit card orders only)

BY FAX: 651-223-5335 (credit card orders only)

BY MAIL: FLAG, Inc. / 46 East 4th Street, Suite 1301 / St. Paul, MN 55101

This page intentionally left blank.

Glossary of Important Minnesota Lending Law Terms

Accelerate. A creditor's action to immediately claim the total outstanding balance of an installment debt.

Acceleration clause. A provision in a mortgage or other credit agreement making the total balance of an installment debt due immediately after a default by the debtor. The payment schedule for the individual installments is "accelerated."

Affidavit. A written statement or declaration, sworn before a person having authority to administer an oath, often a notary public.

After-acquired property. Property of the debtor acquired after a security agreement has been entered into.

Agricultural lien. A lien against agricultural property to secure payment for agricultural products, financing, or services.

Answer. In a lawsuit, a statement that must be filed by a party who has been served with a summons and complaint by a plaintiff. There are short time deadlines to file an answer with the court. If a party fails to file an answer, a default judgment will likely be entered by the court.

Attachment. A legal process through which a creditor who has started a lawsuit seeking a judgment against a debtor can get a court order to seize or "attach" the debtor's property.

Automatic stay. Immediately upon a debtor filing a bankruptcy petition, the debtor's creditors are prohibited from beginning new debt collection activities or continuing collection activities that have already been started.

Bankruptcy. A legal process that allows debtors to address insurmountable debt through a set of procedures while receiving temporary protection from collection activity.

Collateral. Debtor's property identified in an agreement that is pledged to the creditor if the debtor does not repay the debt.

Complaint. The first document or "pleading" filed with a court that begins a lawsuit.

Consumer transaction. A transaction in which: (1) the debt is taken primarily for personal, family, or household purposes; and (2) the collateral is primarily for personal, family, or household use.

Contract. A written or oral agreement between two or more parties that is enforceable by law.

Contract for deed. An agreement by a seller to deliver a deed to a buyer when specified conditions have been met, usually completion of payments to the seller.

Creditor. A person or business entity to whom a debt is owed.

Cross-collateralization. The use of collateral given for one secured debt to provide additional security for all other debts from the same lender. The lender thus retains a security interest in all collateral until all of the debts are paid in full rather than releasing specific items of collateral as each individual debt is paid.

Damages. The monetary value a person is entitled to recover by law for injuries suffered.

Debtor. A person who owes money. This book assumes that the farmer is the debtor.

Deed in lieu of foreclosure. A procedure through which a borrower/mortgagor voluntarily gives the lender/mortgagee the deed to the property named in a mortgage in order to prevent a foreclosure on the property. A deed in lieu of foreclosure, therefore, is a substitute for a foreclosure.

Default. Failing to meet the requirements of an agreement, often a loan or credit agreement. Most defaults involve being late with payments. However, there are other types of defaults, including being late with a property tax payment, failure to maintain enough insurance, or failure to maintain collateral. The loan agreement or contract for deed will usually provide a long list of actions by the borrower or buyer that will be considered a default.

Default judgment. A court judgment entered against a party who fails to respond to a complaint or otherwise defend against a lawsuit in accordance with procedural requirements, typically resulting from a party's failure to file an answer to a complaint by the required deadline.

Deficiency judgment. A judgment against a debtor representing the difference between the amount of debt owed and the amount a creditor has received in proceeds from the sale of the debtor's property, whether through a foreclosure sale or repossession of personal property.

Deposit account. Checking, savings, and similar accounts and certain certificates of deposit maintained with a bank or other financial institution.

Discharge (of a debt). An agreement or court order that terminates a debtor's obligation to pay a debt. For example, one outcome of a bankruptcy is the discharge of certain debts, typically unsecured debts.

Discovery. The process during a lawsuit by which the parties obtain information from each other and documents related to the case.

"Dragnet" clause. A provision in a loan agreement giving the lender the right to take the collateral that secures one loan as security for the borrower's other outstanding loans with that lender.

Due on sale clause. A clause in a mortgage loan giving the lender the power to accelerate the debt if the borrower sells or transfers part or all of the mortgaged land without the lender's permission.

Enforceable. A contract provision is enforceable if one party to the contract could go to court to force the other party to fulfill the agreement.

Equity. The value of a property remaining after subtracting mortgages, liens, and other debts against it.

Eviction. A legal process terminating a person's right to occupy a home or business property, most commonly the removal of a tenant.

Execution. To carry out the actions authorized in a legal document. For example, execution of a judgment lien involves seizing and selling the property subject to the judgment lien. Also, to formally enter into a written agreement, usually requiring signatures and dates.

Exempt property. Property that state or federal law allows debtors to keep when faced with collection of an unsecured debt. In bankruptcy proceedings, exempt property is protected from being sold to pay claims of creditors.

File (documents). To deliver documents, often court pleadings or real estate certificates, to the custody of a court or public office.

Financing statement. Often called a UCC-1, serves as public notice that the creditor has a security interest in the debtor's property. If two different creditors ever tried to claim the same item of the debtor's property, the financing statement helps to settle which creditor gets the collateral, usually based on whose financing statement was filed first.

Fixtures. In general, fixtures are property that is attached to land. Storage bins, some silos, and milking equipment are examples of property that might be fixtures. Whether or not property is a fixture can depend on a number of factors, such as the extent to which the property was attached to the land and the intent of the person putting the fixture in place.

Forbearance. When a creditor refrains from enforcing a debt when payment is due.

Foreclosure. A legal process to terminate a person's ownership interest in real estate that has been given as collateral for a debt through a mortgage. In Minnesota, this is done through either a foreclosure by action or foreclosure by advertisement.

Fraudulent transfer. A transfer of property by a debtor, often for little or no benefit in return, for the purpose of keeping the property out of the hands of creditors.

Garnishment. A legal process where a person's money that is under the control of another, such as a bank or employer, is taken for payment of a debt.

Hearing. A court proceeding (though generally not a trial) in which the court hears witnesses and evidence presented.

Homestead exemption. The right to treat a person's residence as exempt property that cannot be sold to satisfy claims of unsecured creditors. It also means the right to make sure the homestead is sold separately by the sheriff during a foreclosure sale so that the homestead may be redeemed separately by the debtor.

Judgment. A determination by a court as to the outcome of a lawsuit, often directing the payment of money.

Judgment lien. A lien that attaches to a debtor's property as the result of a court judgment against the debtor.

Lien. A legal interest of a creditor in a debtor's property to secure repayment of a debt. To distinguish them from security interests, which are given voluntarily by debtors, liens can be

thought of as being given to a creditor by operation of law—that is, without the debtor's consent.

Mortgage. An agreement giving a lender the right to foreclose on real estate if the borrower fails to pay a loan or otherwise violates the terms of the loan.

Mortgagee. A lender who receives the right to foreclose on real estate identified in a mortgage if the borrower defaults on the loan.

Mortgagor. A borrower who gives real estate identified in a mortgage as collateral for a loan.

Notice (public). Informing the entire community of a legal occurrence, most commonly by publishing in a local newspaper of general circulation.

Notice and cure. The lender's or contract-for-deed seller's duty to give notice (information) to the borrower or buyer if there is a default. The lender or seller must then also give the borrower or buyer the right to cure (correct) the default within a reasonable amount of time before taking action to enforce the debt or cancel the contract for deed.

Perfection. In secured credit transactions, the legal process where a security interest is protected against competing claims to the collateral, usually by giving public notice through filing in a government office.

Personal property. Property other than real estate. Personal property is not completely connected to the land, such as tractors, livestock, cars, and household goods.

Power of sale clause. A provision in a mortgage that allows the lender to foreclose by advertisement—that is, without filing a lawsuit.

Proceeds. Whatever is received upon the sale, lease, license, exchange, or other disposition of collateral.

Purchase-money security interest. A security interest in personal property given to the creditor that loaned the money for the purchase of the property. A purchase-money creditor has first priority in the acquired personal property, even if other creditors have already filed valid financing statements giving them an interest in the debtor's property.

Reaffirmation. An agreement between a debtor and a creditor in a bankruptcy process to pay a debt that would otherwise be discharged in bankruptcy.

Real property. Land and anything permanently attached to land such as buildings and fences.

Recording real estate documents. To file real estate documents—such as mortgages and contracts for deed—with the registrar of titles or the recorder of the county in which the real estate is located.

Redeem. To buy back property from a mortgagee or foreclosure-sale purchaser by paying the foreclosure price plus interest and costs.

Redemption. The right of the debtor (or other creditors) to purchase from a forced-sale or foreclosure-sale buyer property of the debtor that was sold to pay a judgment or claim against the debtor.

Rents and profits clause. A provision in a mortgage that gives the mortgage lender the right to claim income from the borrower's property after a foreclosure and before the borrower's right of redemption has expired.

Replevin. The legal process in which a creditor seeks to recover (repossess) personal property in which the creditor claims an interest.

Repossession. When a creditor takes back or seizes collateral after the debtor's default, usually without court permission. Often called "self-help" repossession.

Right of first refusal. The right under Minnesota and federal law for some farmers who lose agricultural land or the farm homestead due to enforcement of a debt to have an opportunity to match any offer made to buy or rent the farm.

Satisfaction. Full payment of a debt. Also, a legal document stating that a debt has been paid in full or that partial payment has been accepted as payment in full.

Secured creditor. A creditor that has collateral for a debt.

Secured debt. A debt for which the creditor has collateral.

Security agreement. A contract that gives a creditor a security interest in the debtor's property.

Security interest. A legal claim of a creditor allowing the creditor to take possession of the debtor's property or claim proceeds from the sale of the debtor's property if the debtor defaults on the debt. Most commonly, security interests are agreed to by debtors as part of a credit arrangement.

Self-help. Taking an action, such as recovery of property, without going through a judicial process.

Service. The delivery of documents, often related to court action such as a summons and complaint. Service usually involves a verifiable form delivery, either by personally delivering a copy to the recipient or by requiring a signed and dated receipt of delivery.

Statute of frauds. Laws imposing requirements that some agreements, such as sales of real estate and leases for more than one year, must be in writing to be enforceable.

Statute of limitations. A statute stating the period of time in which a claim must be brought before a court.

Subordination agreement. An agreement through which one creditor voluntarily allows another creditor to move ahead in priority with respect to a debtor's collateral.

Summons and complaint. A summons is the legal document that is provided at the beginning of a lawsuit setting out what is requested of the defendant and how the defendant must respond. A complaint is a statement of all the claims raised by the person or company bringing the lawsuit. These documents are served together.

Title insurance. Insurance obtained when purchasing real estate to gain coverage against losses resulting from competing claims to ownership of the property.

Unsecured creditor. A creditor that has no collateral for the debt owed.

Unsecured debt. A debt that does not involve collateral.

Vendee. A person who buys property. This book assumes that the farmer is the vendee.

Vendor. A seller of property.

Void. A document or transaction is void if it is without legal force or effect and nothing can cure the defect.

Voidable. Something that may be avoided or declared void but that is not absolutely void itself. For example, a voidable contract is one where one or more parties have the power to avoid abiding by the contract.

Index

A

Acceleration	40, 91, 107
Advocates	
See Minnesota Farm Advocates	
After-acquired property	98, 129
Agricultural liens	120
Agricultural use.	55
Alternative Dispute Resolution	
completion	230
confidentiality	230
costs	230
Farmer-Lender mediation.	231
foreclosures.	228
generally	227
money judgments	228
replevin	228
selecting neutral	229
selecting process	229
Answer	128
Appraisals	85, 203
Arbitration.	31
Attachment.	143
Farmer-Lender mediation.	190
Attorneys	25
Attorneys' fees	127, 214
Auction.	113

B

Bankruptcy	
automatic stay	220
Chapter 11	219
Chapter 12	219
Chapter 12 sunset	219
Chapter 13	219
Chapter 7	218
constitutional right.	217
discharge unsecured debt.	221
exemptions	221
farmer reorganization	219
Farmer-Lender mediation.	191
generally	217
options with creditors	109
planning.	217
prefiling strategies	218
purpose	217

reaffirmation	222
taxes	222, 226
voluntary payments	222

C

Centralized Filing System	96
Certificate of redemption	58
Collateral	
generally	97
proceeds	98
restrictions	102
Commercially reasonable sales	113
Consumer transactions.	99
Continuation statement	96
Contracts for deed	
acceleration clauses	40
basic terms	37
cancellation.	66
deed in lieu of cancellation	66
default	43
description of the property	38
due on sale clauses	40
Farmer-Lender mediation.	189
fighting the cancellation	72
general restrictions	43
introduction	35
notice and cure.	44
other payments	39
reinstatement	67
seller defaults	74
taxes.	36
transfer statement	35
unjust enrichment	72
Control agreements	101
Conversion	103, 158, 190
Creditor notice.	110
Crop production input lien.	122
Crops	
contract for deed cancellation	73
end of redemption period	62
lease ends	170
personal property	38
security	98
security agreement land descriptions	93
sheriff's levy	135
Cross-collateralization	38

Custom work farm machinery 188

D

Deadlines 199
 Deed in lieu of cancellation 66
 Deed in lieu of foreclosure 45
 Deeds 41
 Default
 leases 179
 lessor defaults 180
 money judgment 128
 mortgage 43
 secured credit 91, 104
 written leases 166
 Deficiency judgment 62
 Demand note 91
 Deposit accounts 98
 Discovering assets 143
 Dragnet clause 38
 Due on sale clauses 40

E

Earnings 134, 136
 Earnings exemptions 153
 Economic life of goods 175
 Effective financing statements 96
 Environmental contamination 42
 Equity value 147
 Eviction 171
 Alternative Dispute Resolution 228
 Execution
 Farmer-Lender mediation 190
 Exemptions
 bankruptcy 221
 Bible 157
 business property 155
 earnings 153
 employee benefits 157
 failure to claim 158
 farm equipment 155
 federal 221
 general exemptions 153
 homestead exemption 145
 insurance benefits 156
 Minnesota law 145
 minor child 157
 mobile home 156
 motor vehicle 156
 proceeds 157
 public assistance 157

veterans' benefits 157
 waiving 154

F

Farm Credit Services
 foreclosure 45
 right of first refusal 83
 secured credit default 107
 Farm products 96
 Farm Service Agency
 borrowers' rights 88
 debt restructuring rights 107
 Farmer-Lender mediation 184
 foreclosure 45
 security agreement 94
 two-party checks 104
 Farmer-Lender mediation
 acreage requirements 189
 Alternative Dispute Resolution 185, 231
 appraisals 203
 attachment 143, 190
 bankruptcy 191
 canceling mediation 195
 claim forms 211
 contract for deed cancellation 186
 contracts for deed 189
 conversion 190
 court-supervised mediation 198, 215
 custom work farm machinery 188
 deadlines 199
 debt must be \$5,000 189
 eligibility 186
 executing a judgment 186
 execution 190
 failure to request 195
 family farmers 189
 farmer eligibility 188
 financial analysts 202
 generally 183
 good faith 212
 initial meeting 203
 initiating creditor 196
 lack of good faith 212
 leases 172, 188
 length of mediation period 205
 mediator affidavit 213
 mediator duties 200
 mediator removal 201
 mediator selection 196, 199
 meetings 204
 Minnesota Family Farm Law Project 202
 Minnesota Farm Advocates 202

- money judgments 132
 - mortgage foreclosure 186
 - notices 192
 - obligations in meetings 206
 - orientation session 204
 - participation requirements 210
 - preparation 202
 - release of funds 208
 - repossession of agricultural property 186
 - requesting 193
 - sales requirements 189
 - same debt 191
 - seasonal use machinery 191
 - security interests 190
 - sunset date 183
 - suspension of creditor actions 197
 - USDA 184
 - voluntary 184
 - waiver 185
 - withdrawing request 194
 - Feeder's lien 123
 - Financing statements
 - changing 95
 - correcting 95
 - debtor's signature 94
 - generally 94
 - Minnesota filing system 95
 - Secretary of State 95
 - First-in, first-out accounting 139, 154
 - Fixtures 38, 89
 - leases 181
 - Foreclosure
 - Alternative Dispute Resolution. 228
 - confirmation of sale 53
 - deed in lieu of foreclosure 45
 - defending against 50
 - deficiency judgment. 62
 - designating homestead property 50
 - foreclosure by action 47
 - foreclosure by advertisement 48
 - foreclosure sale 52
 - generally 44
 - mistakes 53
 - Foreclosure by action. 47
 - Foreclosure by advertisement. 48
 - Foreclosure sale. 52
- G**
- Garnishee. 136
 - Garnishment
 - bank accounts 140
 - earnings 136
 - employer retaliation 139
 - exemptions 140
 - generally 136
 - money judgments 131
 - other personal property 141
 - prejudgment 142
 - wage exemptions. 138
 - General exemptions. 153
- H**
- Harvester's lien 122
 - Hearing. 47, 111
 - Holdover tenancies 169
 - Homestead exemption 130, 145
 - acreage limit 149
 - claiming 149
 - designating 150
 - designation deadline. 151
 - equity value. 147
 - notice misleading 149
 - prevent sale 146
 - rents and receipts 149
 - requirements 146
 - retroactive applicability 148
 - separate sale and redemption. 146
 - value limit. 147
 - Homestead property 50, 130
 - Hotline for farmers. 27
- I**
- Initiating creditor 196
 - Installment notes 90
 - Interest
 - federal banking institutions. 235
 - generally 235
 - maximum rates. 235
 - money judgments 144
 - mortgage 39
 - secured credit 91
 - written agreements 236
- J**
- Judgment
 - attachment 143
 - foreclosure by action 48
 - judgment lien. 130

L

Landlord's lien	121
Lawyers	
See Attorneys	
Leases	
agreements	177
canceling written agreement	163
cash lease	164
crop share lease.	165
crops.	170
default	166, 179
description of the land.	164
equipment	172
eviction	171
farm residence	166
Farmer-Lender mediation	172, 188
farming practices.	165
fixtures	181
generally	159
goods	30, 172
holdover tenancies.	169
lessor defaults	180
livestock.	172
modifying written agreement	163
negotiating	163
nonpayment of rent	170
oral agreements	162
real estate	30, 164
renewal	166
repossession	173
security interests	172
statute of frauds	160
tenancy at will	166
tenancy for years.	166
warranties for leased goods.	178
written agreement	159
Legal Referrals	26
Lessee.	159
Lessor.	159
Lien notices	96
Lien rental value machinery during mediation	125
Liens	
breeder's lien	123
crop production input lien	122
disadvantages	119
feeder's lien.	123
filing.	119
harvester's lien	122
landlord's lien	121
livestock production input lien.	124
mechanics' liens	124
Revised Article 9	120

veterinarian's lien	123
Limited warranty deed	41
Lines of credit.	91
Livestock production input lien	124

M

Mechanics' liens	124, 125
Mediators	200
Minnesota Family Farm Law Project	202
Minnesota Farm Advocates	25, 202
Money judgments	
after-acquired property	129
Alternative Dispute Resolution.	228
collection	130
enforceable	128
enforcement.	132
exempt property	130
farm-related debts	129
garnishment	131
generally	127
judgment lien.	130
real property	130
sheriff's levy	132
sheriff's sale.	135
writ of execution	131
Mortgage	
acceleration clauses	40
basic terms	37
default	43
description of the property.	38
due on sale clauses	40
Farmer-Lender mediation.	189
foreclosure	44
general restrictions	43
introduction	33
notice and cure.	44
other payments	39
power of sale clauses	40
promissory note	34
reinstatement	52
satisfaction of mortgage	34
taxes.	36
Mortgage registry tax	39
Mortgagee	33
Mortgagor	33

N

Necessary family living expenses	208
Necessary farm operating expenses.	209
Nominal consideration	175

Nonpayment of rent 170
 Notice 48, 67, 135, 149, 192
 Notice and cure 44

O

Occupation during redemption 59
 Open-ended notes 91
 Oral agreements 31

P

Personal property 37, 130, 187
 Power of sale clauses 40
 Priority rules 117
 Proceeds 98, 148, 157
 Promissory notes 90
 Purchase-money security interests
 generally 117
 livestock 118

Q

Quit claim deed 41

R

Real property 37, 130, 187
 Recognized market 113
 Recording 33
 Redemption
 personal property 116
 real estate 53
 sheriff's sale 144
 Redemption period 53
 Remedies 44
 Rents and profits clauses 40, 60
 Replevin 110
 Alternative Dispute Resolution 228
 Repossession
 breach the peace 109
 leases 173
 secured credit 104
 self-help 109
 Revised Article 9 89, 120
 Right of first refusal
 federal 83
 Minnesota 74

S

Satisfied judgments 144
 Scam artists
 generally 233
 Minnesota Attorney General's Office 234
 Secured agreements
 acceleration 107
 Secured credit 90, 105
 Security agreements 30, 90, 105
 acceleration clauses 91
 after-acquired property clauses 98
 deposit accounts 99
 generally 90, 92
 land descriptions 93
 supergeneric descriptions 93
 Security interests
 conditions creating 174
 creating 92
 creditor keeps the property 115
 creditor sells the property 112
 Farmer-Lender mediation 190
 generally 89
 leases 172
 minimizing creditor's claims 104
 Self-help repossession 109
 Served 128
 Sheriff's levy 132
 Sheriff's sale 135
 Special warranty deed 41
 Statute of limitations 128
 Statutes of frauds 29
 Statutory liens
 generally 118
 Subordination agreement 117
 Summary executions 142
 Summons and complaint 47, 110, 127
 Supergeneric descriptions 93

T

Taxes
 bankruptcy 222, 226
 canceled debt 224
 debt forgiveness 223
 generally 223
 insolvent debtor 224
 more information 226
 qualified farm indebtedness 225
 qualified real property business indebtedness
 225
 Tenancy at will 167

Tenancy for years	167
Termination statement	97
Title insurance	42
Two-party checks	103

U

UCC-1	94
Uniform Commercial Code	89
Unsecured credit	
bankruptcy	221
generally	127
Usury	
banks	237
exceptions	235
generally	235
Minnesota law	235
organizations	236

V

Vendee	35
Vendor	35
Veterinarian's lien	123
Voluntary liquidation	108

W

Wage exemptions	138
Warranties for leased goods	178
Warranties of title	40
Warranty deed	41
Writ of execution	131

Notes

Notes

Notes

Notes