

(8) the protective social services that are available to protect alleged victims from further abuse, to prevent child abuse, and to preserve the family unit; and

(9) the methods by which child protection workers and law enforcement workers cooperate in conducting assessments and investigations in order to avoid duplication of efforts.

Subd. 3. PRIORITY TRAINING. The commissioners of human services and public safety shall provide the program courses described in subdivision 2 at convenient times and locations in the state. The commissioners shall give training priority in the program areas cited in subdivision 2 to persons currently performing assessments and investigations pursuant to section 626.556, subdivisions 10, 10a, and 10b.

Subd. 4. REPORT. By February 1, 1986, the commissioners of human services and public safety shall report to the legislature on the implementation of the joint training program established under subdivision 2. The report may include legislative recommendations on the establishment of a multidisciplinary training program for child abuse services professionals.

Sec. 2. APPROPRIATIONS.

Subdivision 1. COMMISSIONER OF HUMAN SERVICES. \$53,400 is appropriated from the general fund to the commissioner of human services for purposes of section 1 to be available for the fiscal year ending June 30, 1986.

Subd. 2. COMMISSIONER OF PUBLIC SAFETY. \$156,000 is appropriated from the general fund to the commissioner of public safety for purposes of section 1, \$78,000 to be available for the fiscal year ending June 30, 1986, and \$78,000 to be available for the fiscal year ending June 30, 1987.

Sec. 3. EFFECTIVE DATE.

Section 1 is effective July 1, 1985.

Approved May 31, 1985

CHAPTER 276 — H.F.No. 35

An act relating to agriculture; making certain changes in the family farm security program; amending Minnesota Statutes 1984, sections 41.56, subdivisions 3, 4, and 4a; 41.57, subdivisions 2 and 3; 41.59, subdivision 1; and 41.61, subdivision 1; 223A.01; 336.9-307; proposing coding for new law in Minnesota Statutes, chapter 92.

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

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

Section 1. Minnesota Statutes 1984, section 41.56, subdivision 3, is amended to read:

Subd. 3. **DEFAULT, FILING CLAIM.** Within 90 days of a default on a guaranteed family farm security loan, the lender shall send notice to the ~~applicant~~ participant stating that the commissioner must be notified if the default continues for 180 days, and the consequences of that default. The lender and the ~~applicant~~ participant may agree to take any steps reasonable to assure the fulfillment of the loan obligation.

If a participant cannot meet scheduled loan payments because of unique or temporary circumstances and the participant proves sufficiently to the commissioner that the necessary cash flow can be generated in the future, the commissioner may use money in the special account in section 41.61, subdivision 1, to meet the participant's loan obligation for up to two consecutive years. This money must be paid back within eight years with interest at an annual percentage rate four percent below the prevailing Federal Land Bank rate.

A contract for deed participant may enter into an agreement with the commissioner whereby the outstanding principal balance of the loan is reduced by a minimum of ten percent, the loan is re-amortized for the years remaining, and the commissioner agrees that the state shall pay the lender 100 percent of the sum due and payable if a default occurs during the remaining term of the re-amortized loan.

After 180 days from the initial default, if the ~~applicant~~ participant has not made arrangements to meet his obligation, the lender shall file a claim with the commissioner, identifying the loan and the nature of the default, and assigning to the state all of the lender's security and interest in the loan in exchange for payment according to the terms of the family farm security loan guarantee. In the case of a seller-sponsored loan, the seller may elect to pay the commissioner all sums owed the commissioner by the ~~applicant~~ participant and retain title to the property in lieu of payment by the commissioner under the terms of the loan guarantee. If the commissioner determines that the terms of the family farm security loan guarantee have been met, he shall authorize payment of state funds to the lender, and shall notify the defaulting party. The state of Minnesota shall then succeed to the interest of the mortgagee or the vendor of the contract for deed. Taxes shall be levied and paid on the land as though the owner were a natural person and not a political subdivision of the state. The commissioner may, on behalf of the state, commence foreclosure or termination proceedings in the manner provided by law.

Sec. 2. Minnesota Statutes 1984, section 41.56, subdivision 4, is amended to read:

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Subd. 4. **SALE OF DEFAULTED PROPERTY.** In the event that title to any property is acquired by the state, upon conveyance of title to the state and expiration of the period of redemption, the commissioner shall, ~~within 15 days of the expiration of the period of redemption,~~ undertake to sell the property by publishing a notice of the impending sale at least once each week for four successive weeks in a legal newspaper and also in a newspaper of general distribution in the county in which the property to be sold is situated. The notice must describe the lots or tracts to be offered and the terms of sale. Except as further provided, the terms and method of sale shall be determined by the commissioner.

The commissioner shall first attempt to sell the property to a person who is eligible for a family farm security loan. If the commissioner is unable to effect a sale to an eligible person, the commissioner shall attempt to sell the property for cash as provided in subdivision 4a. If the commissioner is unable to effect a sale to an eligible person or for cash, or if the commissioner finds that sale to an eligible person or for cash would not best protect the interests of the state, the commissioner may sell the property on terms which the commissioner finds will best protect the interests of the state. The commissioner may lease any real property which he is unable to sell with reasonable promptness. In any event, any acquired farm property must be sold within ~~two~~ three years after the conveyance of title to the state or after the expiration of the period of redemption. The commissioner may contract for the services of a licensed real estate agent or broker to assist in selling any property acquired under this section and may pay for the services from the proceeds of the sale before proceeds are distributed under subdivision 4b.

Sec. 3. Minnesota Statutes 1984, section 41.56, subdivision 4a, is amended to read:

Subd. 4a. **SALE FOR CASH.** When the commissioner sells any farm property for cash, he shall follow the procedures provided in this subdivision. ~~If the sale will be completed more than 15 days after the last published notice of sale as provided in subdivision 4, the commissioner shall publish another notice as provided in that subdivision.~~ The commissioner shall may sell the property to the highest bidder by taking sealed bids ~~or,~~ by bids at public auction, or through negotiation. The commissioner may refuse to accept any or all bids. ~~If a bid is accepted, the successful bidder shall be selected within 15 days of the date of the last published notice of sale.~~ The successful bidder shall submit bid security in the form of a certified check ~~or bid bond,~~ money order, or bank draft in the amount of ~~two~~ five percent of the bid price on the day of selection and shall remit the balance of the purchase price within 90 days of the date of sale. Upon remittance by the purchaser of the balance within 90 days of the date of sale, the commissioner shall transfer title to the property, including any acquired mineral rights, to the purchaser by quitclaim deed. In the event that the purchaser fails to remit all of the balance within 90 days of the date of sale, the purchaser

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forfeits all rights to the property and any money paid for the property and the commissioner shall recommence the sale process specified in this subdivision.

Sec. 4. Minnesota Statutes 1984, section 41.57, subdivision 2, is amended to read:

Subd. 2. **PAYMENT ADJUSTMENT.** To be eligible for payment adjustment a family farm security loan shall have a maximum term of 20 years and shall provide for payments at least annually so that the loan shall be amortized over its term with equal annual payments of principal and interest, adjusted for variable interest rates, except that a loan to be amortized over a term of ten years or less need not provide for equal annual payments of principal and interest. During the first ten years of a family farm security loan, the commissioner shall annually pay to the lender four percent of the outstanding balance due at the beginning of that year and the applicant participant shall pay the remainder of the payment due. After the tenth year, the applicant participant shall make payments according to the stated interest rate. The applicant participant may petition the commissioner for one ten year renewal of the payment adjustment. If a renewal is granted, in the 21st year the applicant participant shall reimburse the commissioner for the sums paid on the applicant's participant's behalf under this subdivision. If no renewal is granted, the applicant participant shall reimburse the commissioner in the 11th year for the sums paid on the applicant's participant's behalf under this subdivision. The obligation to repay the payment adjustment is a lien against the property. If the applicant participant does not reimburse the state within the required time period, the commissioner may charge interest at the rate of two percent above the prevailing rate charged by the Federal Land Bank of St. Paul on the net amount owed for the period of delinquency. To recover the adjustment payment due in delinquency cases, the commissioner may proceed to foreclose by advertisement on the lien as if it were a real estate mortgage following the procedures in chapter 580.

Sec. 5. Minnesota Statutes 1984, section 41.57, subdivision 3, is amended to read:

Subd. 3. **ANNUAL REVIEW OF NET WORTH.** The applicant participant, his dependents and spouse shall annually submit to the commissioner a statement of their net worth. If their net worth in any year exceeds the sum of \$135,000, the applicant participant shall be ineligible for a payment adjustment in that year.

Sec. 6. Minnesota Statutes 1984, section 41.59, subdivision 1, is amended to read:

Subdivision 1. **IMMEDIATE REPAYMENT OF LOAN.** Any applicant participant who sells or conveys the property for which a family farm security loan was issued shall immediately retire the entire indebtedness still owed to the lender and the commissioner. The new owner may negotiate a family

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farm security loan in his own right, but under no circumstances may the original loan be assumed by the new owner. If the new owner is granted a family farm security loan, the new owner may agree to assume the original applicant's participant's responsibility to reimburse the commissioner for a payment adjustment received, as a portion of the total purchase price. That portion of the purchase price may not be included under the guarantee or considered when calculating the payment adjustment for the new owner. This subdivision is not intended to prohibit the applicant participant from granting a security interest in the property for the purposes of securing an additional loan.

Any applicant participant who fails to personally maintain the land covered by a family farm security loan in active agricultural production for a period of time longer than one year is in default. The default may be waived by the commissioner in the event of a physical disability or other extenuating circumstances.

Sec. 7. Minnesota Statutes 1984, section 41.61, subdivision 1, is amended to read:

Subdivision 1. **SPECIAL ACCOUNT; STANDING APPROPRIATION.** There is created a special account in the state treasury for the purposes of financing the family farm security program.

The amount needed from time to time to pay lenders for defaulted loans and make other payments authorized by this chapter including insurance premiums and, taxes, repairs and maintenance costs, advertising, and other sales expenses on defaulted farms is appropriated from the special account to the commissioner. Money is also appropriated to the commissioner from the special account so that the commissioner may purchase the rights of first lienholders at mortgage foreclosure sales and satisfy certain fixture loans. The sum of all outstanding family farm security loans guaranteed by the commissioner at any time may not exceed \$100,000,000.

Sec. 8. **[92.501] LEASING OF PEAT LANDS FOR WILD RICE FARMING.**

Subdivision 1. AUTHORITY TO LEASE. The commissioner of natural resources may, at a public or private lease sale and at the prices and under the terms and conditions the commissioner may prescribe, lease any state-owned lands under the commissioner's jurisdiction and control for the purpose of farming of wild rice. The term of a lease under this section shall be offered for a minimum of 20 years but may be for a shorter period at the option of the lessee. The lease rate shall be adjusted every five years to reflect market values. The money received from the leases under this section shall be credited to the account that receives the proceeds of a sale of the land.

Subd. 2. WILD RICE LAND DESIGNATION AND DEVELOPMENT. The commissioner of natural resources shall prepare a plan including an

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inventory of the number of acres of land appropriate and suitable for wild rice development and leasing in each county.

Subd. 3. RULES. The commissioner of natural resources may adopt rules to implement this section.

Sec. 9. Minnesota Statutes 1984, section 223A.01, as added by S.F. No. 919, section 6, if enacted by the 1985 regular session, is amended to read:

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 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 ~~section~~ 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 ~~act~~ section, any information contained in the notification.

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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.

Sec. 10. Minnesota Statutes 1984, section 336.9-307, as amended by S.F. No. 919, section 7, if enacted by the 1985 regular session, 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) 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 223A.01.

(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. 11. EFFECTIVE DATE.

This act is effective the day following final enactment.

Approved May 31, 1985

CHAPTER 277 — H.F.No. 78

An act relating to crimes; defining the crime of owning or operating a disorderly house; requiring a mandatory fine for a person owning or operating a disorderly house; amending Minnesota Statutes 1984, section 609.33.

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