

223.177 PURCHASE BY VOLUNTARY EXTENSION OF CREDIT CONTRACTS.

Subdivision 1. **Indication of intention.** Every grain buyer who intends to purchase grain by voluntary extension of credit contracts shall indicate the intention to do so annually to the commissioner on a form provided by the commissioner.

Subd. 2. **Oral contracts.** Any grain buyer entering into a voluntary extension of credit contract orally or by phone shall give or mail to the seller a written confirmation conforming to the requirements of section 223.175 before the close of the next business day.

Subd. 3. **Contracts reduced to writing.** A voluntary extension of credit contract must be reduced to writing by the grain buyer and mailed or given to the seller before the close of the next business day after the contract is entered into or, in the case of an oral or phone contract, after the written confirmation is received by the seller. Provided, however, that if a scale ticket has been received by the seller prior to the completion of the grain shipment, the contract must be reduced to writing within ten days after the sale, but not later than the close of the next business day after the completion of the entire sale. The form of the contract shall comply with the requirements of section 223.175. A grain buyer may use an electronic version of a voluntary extension of credit contract that contains the same information as a written document and that conforms to the requirements of this chapter to which a seller has applied an electronic signature in place of a written document. There must not at any time be an electronic and paper voluntary extension of credit contract representing the same lot of grain.

Subd. 4. **Grain, rights, or proceeds held.** A licensed grain buyer purchasing grain by voluntary extension of credit contracts shall at all times maintain grain, rights in grain, or proceeds from the sale of grain totaling 90 percent of the grain buyer's obligation for grain purchased by voluntary extension of credit contracts. That amount must be evidenced or represented by one or more of the following:

- (1) grain owned and actually held by the grain buyer in a grain warehouse owned or controlled by the grain buyer;
- (2) rights in grain evidenced or represented by warehouse receipts issued by a state or federally licensed grain warehouse;
- (3) cash on hand or cash held on account in federally or state licensed institutions;
- (4) short-term investments held in time accounts with federally or state licensed institutions;
- (5) balances on grain margin accounts;
- (6) voluntary extension of credit contracts for grain shipped to a processor or terminal as purchaser, less any payment or advance that has been received;
- (7) an irrevocable letter of credit, as defined in section 336.5-102; or
- (8) other evidence of proceeds from the sale of grain acceptable to the commissioner.

Subd. 5. **Value of grain.** For the purpose of computing the dollar value of inventories of voluntary extension of credit obligations, the value of grain must be figured at the current market price on the day of delivery.

Subd. 6. **Transfer of title.** The title to grain delivered on a voluntary extension of credit contract transfers to the grain buyer upon delivery.

Subd. 7. **Storage charges prohibited.** No storage charges may be charged with respect to grain purchased on voluntary extension of credit contracts.

Subd. 8. **Records.** A grain buyer shall keep sufficiently detailed books and records of voluntary extension of credit contracts and evidences of grain, rights in grain, and the proceeds from the sale of grain so as to clearly show compliance with this section. The commissioner or the commissioner's authorized agent may inspect these books and records to determine whether grain buyers are complying with the provisions of this chapter, and for this purpose the commissioner may enter upon any public or private premises during regular business hours.

History: 1983 c 374 s 10; 1986 c 444; 1997 c 11 art 2 s 9; 2004 c 254 s 31