

2001 DRAFTING REQUEST

Assembly Amendment (AA-AB111)

Received: 03/07/2001

Received By: dykmapj

Wanted: Today

Identical to LRB:

For: Suzanne Jeskewitz (608) 266-3796

By/Representing: her

This file may be shown to any legislator: NO

Drafter: dykmapj

May Contact:

Addl. Drafters:

Subject: Fin. Inst. - UCC

Extra Copies:

Pre Topic:

No specific pre topic given

Topic:

appendix II final

Instructions:

See Attached

Drafting History:

| <u>Vers.</u> | <u>Drafted</u> | <u>Reviewed</u> | <u>Typed</u> | <u>Proofed</u> | <u>Submitted</u> | <u>Jacketed</u> | <u>Required</u> |
|--------------|-----------------------|-----------------------|-----------------------|----------------|----------------------------|----------------------------|-----------------|
| /? | dykmapj 03/07/2001 | gilfokm 03/07/2001 | | | | | |
| /1 | | | kfollet 03/07/2001 | | lrb docadmin 03/07/2001 | lrb docadmin 03/07/2001 | |

FE Sent For:

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| 1? | dykmapj | 1-3/king 7-01 | 10/1 3/7 | 10/1/09 0.3/7 | | | |

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a0312/1

ASSEMBLY AMENDMENT,

ASSEMBLY BILL 111

Identical
Drafts, Except
headers

a0312/1
a0313/1

today
they
editting
830 am
Thursday

1 At the locations indicated, amend the bill as follows:

2 1. Page 41, line 4: after that line insert:

3 "(pu) "Production-money crops" means crops that secure a production-money
4 obligation incurred with respect to the production of those crops.

5 (pv) "Production-money obligation" means an obligation of an obligor incurred
6 for new value given to enable the debtor to produce crops if the value is in fact used
7 for the production of the crops.

8 (pw) "Production of crops" means the use of seed, fertilizer, or chemicals for
9 growing crops or protecting them from damage or disease."

10 2. Page 48, line 2: after that line insert:

11 "409.1035 Production-money crops; production-money obligation;
12 production-money security interest; burden of establishing. (1) A security

1 interest in crops is a production-money security interest to the extent that the crops
2 are production-money crops.

3 (2) If the extent to which a security interest is a production-money security
4 interest depends on the application of a payment to a particular obligation, the
5 payment must be applied in the following order until fully applied:

6 (a) First, to all production-money obligations secured by production-money
7 crops, in the order in which those obligations were incurred;

8 (b) Second, to all obligations secured by ~~competing~~ security interests in the
9 production-money crops referred to in par. (a), in the order in which those obligations
10 were incurred; and

conflicting

11 (c) Third, to all unsecured obligations of the debtor making the payment, in the
12 order in which those obligations were incurred.

13 (3) A production-money security interest does not lose its status as such, even
14 if:

15 (a) The production-money crops also secure an obligation that is not a
16 production-money obligation;

17 (b) Collateral that is not production-money crops also secures the
18 production-money obligation; or

19 (c) The production-money obligation has been renewed, refinanced, or
20 restructured.

21 (4) A secured party claiming a production-money security interest has the
22 burden of establishing the extent to which the security interest is a
23 production-money security interest. *De*

24 **3.** Page 95, line 21: after that line insert:

Ins.
2-29

1 **“409.3245 Priority of production–money security interests and**
2 **agricultural liens.** (1) Except as otherwise provided in subs. (3), (4), and (5), if the
3 requirements of sub. (2) are satisfied, a perfected production–money security
4 interest in production–money crops has priority over a conflicting security interest
5 in the same crops to the extent of the production–money obligation secured by the
6 production–money security interest and, except as otherwise provided in s. 409.327,
7 also has priority in their identifiable proceeds.

8 (2) A production–money security interest has priority under sub. (1) if:

9 (a) The production–money security interest is perfected by filing when the
10 production–money secured party first gives new value to enable the debtor to
11 produce the crops;

12 (b) The production–money secured party sends an authenticated notification
13 by certified mail to the holder of the conflicting security interest not less than 20 or
14 more than 30 days before the production–money secured party first gives new value
15 to enable the debtor to produce the crops if the holder had filed a financing statement
16 covering the crops before the date of the filing made by the production–money
17 secured party; and

18 (c) The notification states that the production–money secured party has or
19 expects to acquire a production–money security interest in the debtor’s crops and
20 provides a description of the crops, the name and mailing address of the
21 production–money secured party giving the notice, the name and mailing address of
22 the debtor, the name and mailing address of the lender to whom notice is being sent,
23 the date on which the transaction would take place, and the maximum amount of
24 new value to be provided.

text: treat

2-27

(5) This section does not affect any right to proceeds under P. 409.315.

text: treat

(6) A person may not claim a purchase ^{hyphen} money security ~~inter~~ interest in crops grown, growing, ^{or} or to be grown."

End