



1997 ASSEMBLY BILL 843

March 2, 1998 - Introduced by Representatives AINSWORTH, ALBERS, BRANDEMUEHL, FREESE, GOETSCH, GRONEMUS, GROTHMAN, HAHN, HUTCHISON, KLUSMAN, MUSSER, NASS, OLSEN, OTT, OWENS, PLOUFF, SPRINGER and SYKORA, cosponsored by Senators FARROW and BRESKE. Referred to Committee on Agriculture.

- 1 **AN ACT to amend** 409.203 (1) (a), 409.402 (1) (b) and 409.402 (3) of the statutes;
2 **relating to:** security interests in growing crops.

Analysis by the Legislative Reference Bureau

This bill modifies the requirements relating to security interests in growing crops. Under the state's uniform commercial code, a security interest in goods is generally not enforceable against the debtor giving the security interest or against 3rd parties, unless the collateral pledged as security is in the possession of the secured party or the debtor has a signed security agreement containing a description of the collateral. With respect to growing crops, the written security agreement must include a description of the land on which the crops are growing in order for the security interest to be enforceable. This bill eliminates the requirement that the security agreement describe the land on which the crops are growing, as long as the security agreement describes the collateral.

Current law also provides for perfection of a security interest in growing crops by filing a financing statement with the register of deeds. Among other things, the financing statement must include the names and addresses of the debtor and the secured party and a statement indicating the types or describing the items, of collateral. In the case of growing crops, current law requires the financing statement to include a description of the land on which the crops are growing. This bill eliminates the requirement that a financing statement for a security interest in growing crops include a description of the land on which the crops are growing.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

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The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 409.203 (1) (a) of the statutes is amended to read:

2 409.203 (1) (a) The collateral is in the possession of the secured party pursuant
3 to agreement, or the debtor has signed a security agreement which contains a
4 description of the collateral and in addition, when the security interest covers crops
5 ~~growing or to be grown~~ or timber to be cut, a description of the land concerned;

6 **SECTION 2.** 409.402 (1) (b) of the statutes is amended to read:

7 409.402 (1) (b) ~~When the financing statement covers crops growing or to be~~
8 ~~grown, the statement must also contain a description of the real estate concerned.~~
9 When the financing statement covers timber to be cut or covers minerals or the like
10 (including oil and gas) or accounts subject to s. 409.103 (5), or when the financing
11 statement is filed as a fixture filing (s. 409.313) and the collateral is goods which are
12 or are to become fixtures, the statement must also comply with sub. (5). In each
13 county, the register of deeds shall enter evidence of financing statements covering
14 fixtures on all indices kept by the register of deeds regarding the transfer of real
15 estate. A copy of the security agreement is sufficient as a financing statement if it
16 contains the above information and is signed by the debtor. An accurate reproduction
17 of the security agreement or the financing statement, certified to be a true copy by
18 the secured party, public officer or notary public, or a carbon copy bearing signatures
19 appearing by carbon impression, may be filed.

20 **SECTION 3.** 409.402 (3) of the statutes is amended to read:

21 409.402 (3) A form substantially as follows is sufficient to comply with sub. (1):

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1 Name of debtor (or assignor)

2 Address

3 Name of secured party (or assignee)

4 Address

5 1. This financing statement covers the following types (or items) of property:

6 (Describe)

7 ~~2. (If collateral is crops) The above described crops are growing or are to be~~
8 ~~grown on:~~

9 ~~(Enter Description of Real Estate)~~

10 ~~3. 2.~~ The above goods are to become fixtures on (Legal Description of Real
11 Estate) and this financing statement is to be filed in the real estate records.

12 ~~4. 3.~~ (If products of collateral are claimed) Products of the collateral are also
13 covered.

14 Signature of Debtor (or Assignor)

15 Signature of Secured Party (or Assignee)

16 (use whichever is applicable)

17 **SECTION 4. Initial applicability.**

18 (1) SECURITY AGREEMENTS. The treatment of section 409.203 (1) (a) of the
19 statutes first applies to agreements entered into, extended or renewed after the
20 effective date of this subsection.

21 (2) FINANCING STATEMENTS. The treatment of section 409.402 (1) (b) of the
22 statutes first applies to financing statements filed on the effective date of this
23 subsection.

24 (END)