

HOUSE RESEARCH

Bill Summary

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Subject: Farmer-lender mediation

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Overview

Under current law, the Farmer-Lender Mediation Act will expire on June 30, 2016. This bill would extend the expiration date five years, to June 30, 2021. It also would increase the minimum amount of debt subject to the Act from more than \$5,000 to more than \$75,000.

First enacted in 1986 in response to a severe farm credit crisis, the Farmer-Lender Mediation Act requires a bank or other creditor to offer mediation to a farmer before enforcing a debt against agricultural property such as land, livestock, or crops. Specifically, the law applies to foreclosure, repossession, cancellation of a contract for deed, and execution of a court order or judgment.

To qualify for mediation, the farmer's debt must exceed \$5,000. This \$5,000 threshold dates to the law's enactment in 1986. If the farmer owns or leases less than 60 acres, the farmer must have sold at least \$20,000 of agricultural products in the previous year.

By law, University of Minnesota Extension coordinates the mediation process.

Section

- 1 Rights after default; judicial enforcement; consignor or buyer of accounts, chattel paper, payment intangibles, or promissory notes.** Increases the threshold for Uniform Commercial Code foreclosures, repossessions, and court judgments from \$5,000 to \$75,000.
- 2 Requirement.** Increases the threshold for court judgments from \$5,000 to \$75,000.

Section

- 3** **Requirement.** Increases the threshold for contracts for deed from \$5,000 to \$75,000.
- 4** **Requirement.** Increases the threshold for foreclosures from \$5,000 to \$75,000.
- 5** **Expiration.** Extends the Farmer-Lender Mediation Act for five years.