

58-242. Agricultural production input lien; notification of lender by supplier; form of lien-notification statement; letter of commitment by lender; priorities. (a) A supplier may notify a lender of a lien by delivering a lien-notification statement to the lender in an envelope marked "IMPORTANT-LEGAL NOTICE," addressed to the lender. Delivery of the statement shall be by certified mail or another method evidencing date of receipt.

(b) The lien-notification statement must be in a form approved by the secretary of state, be signed by the purchaser, and state the following:

- (1) The name and business address of the lender;
- (2) the name and address of the supplier claiming the lien;
- (3) the date or anticipated date or dates of furnishing agricultural production input, a description of the input, and the retail cost, or anticipated retail costs of the agricultural production input;
- (4) the name and residential address of the person to whom the agricultural production input was or is to be furnished;
- (5) for crop production input, the name and residential address of the owner of the crops and a description of the real estate where the crops to which the lien attaches are growing or are to be grown and for livestock production input, a description of the livestock and the location where the livestock will be or are being raised or fed; and
- (6) a statement that the products and proceeds of the crops or livestock are covered by the lien.

(c) Within five business days after receiving a lien-notification statement, the lender must, by certified mail, furnish the supplier with either:

- (1) A letter of commitment to advance part or all of the retail cost stated in the lien-notification statement; or
- (2) a written refusal to furnish such a letter of commitment.

(d) If the lender furnishes a letter of commitment to advance part or all of the retail cost stated in the lien-notification statement, or a written refusal to furnish such a letter of commitment, the lien of the supplier shall not have priority over a previously perfected security interest of the lender.

(e) If the lender does not send the supplier a letter of commitment or a written refusal to furnish a letter of commitment within five business days after receiving the lien-notification statement, the lien for the unpaid retail cost of the agricultural production input stated in the lien-notification statement shall have priority over a perfected security interest of the lender in collateral subject to the lien and proceeds thereof.

(f) Subject to the limitation of subsection (d) liens established under this act have priority over any and all other liens, except those created under K.S.A. 58-207 and 58-220, on the crops or livestock for which input is furnished.

(g) An agricultural production lien statement shall be used only in the manner described in this section and shall not otherwise be used as a substitute for a financing statement filed under part 4 of article 9 of the uniform commercial code.

History: L. 1985, ch. 4, § 2; Sept. 1.