

Filing a Lien to Ensure Payment or Preserve your Interest.

If a grower has shipped seed that has not been paid for, the grower has a 180 day lien on the seed inventory of the purchaser and the proceeds received by the purchaser from the sale of the seed. The lien attaches on the date when the seed has been physically transferred to the purchaser for an agreed consideration.

The Lien available to seed growers is the “Grain Producer’s Lien” provided in ORS87.750 to 87.777. This lien applies to unpaid producers of agricultural seed including grass seed. The lien is for the contract price of the seed and if there is no agreed price it is for the reasonable value of the seed.

This lien is superior to all other classes of lien including the security interest of the seed dealer’s creditors in the inventory or proceeds from the sale of the dealer’s inventory regardless of whether the creditors lien or security interest attached to the inventory before or after the agricultural producer’s lien attached.

In the case of a seed dealer default all agricultural producers liens attached to the seed dealers inventory or the proceeds from selling the inventory are of equal priority and payable pro rata in proportion to the size of each lien.

There is no filing necessary to create the initial lien, however the lien expires on the 180th day after the grower actually delivered physical possession of seed to the dealer unless the grower files for an extension with the Oregon Secretary of State, Corporations Division – UCC. The lien can be extended to a full 18 months by filing Form GL-1 “Notice of Filing Extension of Grain Producer’s Lien”. There is a \$15.00 fee for filing the lien extension.

The Grain Producer’s Lien form is available on the Oregon Secretary of State’s Web page in the Uniform Commercial Code Section and can be found at:

<https://sos.oregon.gov/business/Documents/ucc-forms/gl-1.pdf> A copy of the lien form is included here.

Once the grower has filed the GL-1 the grower needs to notify holders of competing security interests. Obtaining a lien search from the Oregon Secretary of State will expedite this process. If the purchaser is an individual, the grower should search in the purchasers’ state of residence. If the purchaser is a corporation the grower should search Oregon as well as their state of incorporation. After identifying creditors with security interest in inventory, proceeds or accounts receivable of the purchaser the grower should send each of them a copy of the grower’s lien notice via certified mail – return receipt requested. Send it to the address on the purchaser’s filed financial statement. This notice should be sent within 20 days of the date the grower filed the lien extension. Failure to provide notice to other creditors may cause the grower’s lien to be subordinated to the liens of those not sent notice. The assistance of your lawyer may be helpful.

If a seed dealer goes into bankruptcy, it is very important that the grower preserve his priority status by providing proper notice to other creditors. It is not necessary for the grower to send a copy of the lien extension to the purchaser of his seed however doing so may lead the dealer/purchaser to pay.

If the seed dealer the grower has a lien against pays the amount due, it is necessary for the grower to file a notice of lien satisfaction, form GL-2, with the Secretary of State's Office, Corporations Division – UCC. The form GL-2 may be found at the following link:

<https://sos.oregon.gov/business/Documents/ucc-forms/gl-2.pdf>

If a grower opens a slow-pay no-pay claim against a seed dealer and has already shipped the seed, the grower should seriously consider filing a lien extension.