Dairy Cattle Supply Lien Packet
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Prepared by:
Daniel L. Egan, Esq.
Steven J. Williamson, Esq.
Wilke, Fleury, Hoffelt, Gould & Birney, LLP
Sacramento, California
Introduction

The Dairy Cattle Supply Lien law was created in 1987, and revised in 2012, to give feed suppliers enhanced rights to collection of the amounts owed for the feed provided to dairies. The law creates a statutory lien in favor of feed suppliers (called “Lien Claimants”) on the proceeds of the sale of milk or milk products (referred to as “Proceeds”), to secure amounts owed by a dairy (the “Lien Debtor”) for the purchase of feed or materials.

The Lien

The law creates a lien in favor of any person who provides feed or materials to aid the raising or maintaining of dairy cattle or offspring. The term “feed or materials” is defined broadly and includes commercial feed, grain, forage, feed ingredients, mineral feed, drugs, animal health products, customer-formula feed, any constituent nutrients of an animal ration, and generally any other food which is used for the feeding of dairy cattle.

The lien attaches to the proceeds from the sale of milk or milk products produced from dairy cattle consuming the feed provided by the Lien Claimant. Generally the proceeds of the sale of the milk will be owed by the creamery or “handler” to the Lien Debtor. In certain circumstances proceeds payable from the handler that purchases milk from the Lien Debtor will be payable directly to the Lien Debtor’s bank or other lender pursuant to a milk proceeds assignment. In such case, the lien may attach to identifiable proceeds while in the possession of the lender to the extent that the lender is obligated to remit some or all of the proceeds back to the Lien Debtor. The lien on the proceeds terminates when the proceeds are paid to the Lien Debtor and commingled with other funds of the Lien Debtor.

The Dairy Cattle Supply Lien secures the “reasonable or agreed charges for the feed or materials provided,” plus costs of enforcing the lien, up to the charges for feed provided within a 60-day period. However, only two feed suppliers (the first two to perfect their liens, as discussed below) can have an enforceable lien at any one time.

Creation and Perfection of the Lien

A Dairy Cattle Supply Lien arises upon the delivery of feed to a Lien Debtor, but the lien is only perfected, i.e., effective against competing creditors, when a Notice of Claim of Lien has been both filed with the Secretary of State and served on the Lien Debtor and certain other persons. The Notice of Claim of Lien is filed with the Secretary of State on the same form prescribed by the Secretary of State’s office for perfecting a personal property security interest. This form is commonly known as a UCC Financing Statement and can be currently found at http://www.sos.ca.gov/business/ucc/ra_9_ucc-1.pdf. The Dairy Cattle Supply Lien law requires certain additional information to be included in the Notice of Claim of Lien, including the name and address of the Lien Claimant and the Lien Debtor, the location of the dairy receiving the feed or materials, and that the Lien Claimant is claiming a dairy cattle supply lien.
Within 10 days of filing of the Notice of Claim of Lien with the Secretary of State, the Lien Claimant must serve the notice on the Lien Debtor and certain other persons, who are generally other creditors also secured by the milk proceeds. These creditors will generally be conventional production lenders as well as other feed and material suppliers, but may also include judgment creditors as well. To obtain a list of these other secured creditors of the Lien Debtor, the Lien Claimant will need to conduct a lien search of the records of the Secretary of State.

Duration of the Lien

Once a Notice of Claim of Lien is filed, the lien remains in effect as long as the Lien Claimant remains unpaid for the feed supplied or the Lien Claimant is paid, but continues to provide feed or materials to the Lien Debtor on a regular basis. The statute states that “providing feed or materials shall not be deemed to be made on a regular basis if a period of more than 30 days elapses between deliveries.” In general, this means that if a Lien Claimant is paid in full and commences further deliveries to the Lien Debtor after a lapse of 30 days, the Lien Claimant will need to file and serve another Notice of Claim of Lien.

Priorities Among Conflicting Creditors

As noted above, a Lien Debtor may be subject to numerous liens on its milk proceeds. The Dairy Cattle Supply Lien law provides that liens on the milk proceeds, whether created by consensual liens under the Commercial Code, judgment creditor claims, or Dairy Cattle Supply Liens, rank in priority by the time of perfection. Because perfection occurs by filing with the Secretary of State, the priority is essentially determined on a first to file basis.

Enforcement of the Lien

The 2012 revisions to the Dairy Cattle Supply Lien created a new method of enforcing the lien. Prior to the 2012 revisions, a Lien Claimant could enforce the lien only by filing an action against the Lien Debtor in the appropriate state or federal court. Under the 2012 revisions, the right to commence suit continues, but is supplemented by a non-judicial enforcement remedy.

Under the 2012 revisions, upon default by a Lien Debtor, a Lien Claimant may enforce its lien by notifying any “handler” obligated to the Lien Debtor on milk proceeds to pay the proceeds directly to the Lien Claimant. The non-judicial remedy provided by the 2012 revisions does not require commencement of any legal proceedings. Once the notice is provided, the handler is obligated to pay the proceeds to the Lien Claimant and not the Lien Debtor, subject to certain exceptions and limitations.

This non-judicial foreclosure remedy only applies to proceeds in the possession of a “handler”, as that term is defined in Food and Agricultural Code section 61826. It does not apply to the proceeds in the possession of any other persons, such as lenders or other secured parties.
The Lien Claimant may not demand that payment be made prior to 15 days following the date of the notice. This 15-day period presumably provides other parties with an opportunity to intervene if they claim priority in payment over the Lien Claimant.

After receiving an enforcement notice, the handler may continue to honor a prior milk proceeds assignment or to pay any lienholder with a lien prior to the lien asserted by the enforcing Lien Claimant.

Termination of the Lien

Once the amounts secured by the Dairy Cattle Supply Lien have been paid and the lien has terminated, the Lien Debtor is entitled to demand that the Lien Claimant formally terminate the lien. Within 20 days of receipt of such demand, the Lien Claimant is required to either file a termination statement with the Secretary of State, or send a termination statement directly to the Lien Debtor. The form of Termination Statement can currently be obtained at http://www.sos.ca.gov/business/ucc/ra_9_ucc-3.pdf.

Forms and Procedure

This brochure contains a procedural checklist and forms for use in perfecting, enforcing and terminating liens under the Dairy Cattle Supply Lien law. The following documents are contained in this brochure.

1. Perfection and Enforcement Checklist
2. Lien Perfection and Enforcement Information Sheet
3. UCC-1 Notice of Claim of Lien, with suggested language (for filing with Secretary of State.)
4. Notice of Claim of Lien (for service on Customer, Secured Parties and Other Required Parties.)
5. Notice to Make Payment Directly to Dairy Cattle Supply Lien Claimant
6. UCC-3 Termination Statement
Perfection and Enforcement Checklist

A. At the creation of the relationship, and periodically thereafter
   □ Fill out lien perfection and enforcement information sheet
   □ Obtain other information contained in credit application

B. At the time of providing feed or materials
   □ Obtain the name and address of customer’s registered agent (if customer is an entity.)
   □ Confirm customer’s state of organization (if customer is an entity).
   □ Obtain lien search on customer and identify other secured creditors
   □ File Notice of Claim (UCC-1) with Secretary of State
   □ Serve Notice of Claim of Lien (with UCC-1 attached) on:
     □ Lien Debtor
     □ Other persons claiming interest in milk proceeds
     □ Other secured creditors

C. At the time of Enforcement of the Lien
   □ Serve Notice of Demand Pursuant to Cal. Food and Ag. Code Section 57413 on:
     □ Lien Debtor’s Creamery
     □ Lien Debtor
     □ Other Persons Claiming Interest in Milk Proceeds
     □ Other Secured Creditors
     □ Consider Contacting Counsel to Commence Litigation

D. If the Account Payable is Satisfied in Full and Customer Demands Termination of Lien
   □ File Termination Statement with Secretary of State; or
   □ Send Termination Statement to Lien Debtor
Lien Perfection and Enforcement Information Sheet

At the time of creation of the customer relationship, and periodically thereafter, the following information should be gathered from the feed customer to enable the supplier to properly perfect and enforce a Dairy Cattle Supply Lien. While this information can generally be obtained from other sources, it is often times easiest to gather the information directly from the feed customer at the commencement of the relationship.

Exact Legal Name of Customer: ______________________________________
______________________________________
______________________________________
______________________________________

Billing Address of Customer: ______________________________________
______________________________________
______________________________________
______________________________________

State of Organization of Customer (if Customer is an entity)
______________________________________

Location of Dairy to which feed and materials will be provided:
______________________________________
______________________________________
______________________________________

Address of Registered Agent for Service of Process (If customer is an entity.)
______________________________________
______________________________________
______________________________________

Address at which individual or partnership conducts business (If customer is an individual or partnership.)
______________________________________
______________________________________
______________________________________

Address and contact information of purchasers of customer’s milk and milk products:
______________________________________
______________________________________
Notice of Claim of Lien  
(Dairy Cattle Supply Lien—Cal. Food and Ag Code §§57401, et. seq.)

[Date]

From: [Name of Lien Claimant]:

(“Lien Claimant”)

To: [Name of Lien Debtor]:

___________________________
___________________________
___________________________

(“Lien Debtor”)

Name of Additional Secured Parties (if any)
___________________________
___________________________
___________________________

Location of Dairy to Which Feed and Materials Were Provided.
___________________________
___________________________
___________________________

PLEASE TAKE NOTICE pursuant to California Food and Agricultural Code Section 57402, that the Lien Claimant identified above (“Lien Claimant”) asserts a lien on the proceeds of milk and milk products produced from the Lien Debtor identified above (“Lien Debtor”) for the reasonable or agreed charges for feed or materials provided to Lien Debtor

Lien Claimant asserts a lien in the amount of not less than $____________________. A Notice of Lien has been filed with the Secretary of State for the State of California and is attached hereto.

[Unless otherwise indicated, Lien Debtor is not in default of its payment obligations to Lien Creditor as of the date of this Notice of Lien, and this Notice of Lien is filed and served to preserve Lien Claimant’s rights under California Food and Ag Code sections 57401 et. seq.]
If you have any questions, please contact the Lien Claimant at the address set forth above.

__________________________________
Printed Name: _______________________

Title: ______________________________
Exhibit A—(Notice of Claim of Lien--UCC-1 Financing Statement)

[Attach copy of UCC-1 filed with Secretary of State]
Proof of Service

I, ______________, declare:

At the time of service, I was over 18 years of age. I am employed by ______________ and my business address is ____________________________.

On ________________________, I served a true copy of the following document, a copy of which is attached:

Notice of Claim of Lien (Dairy Cattle Supply Lien—Cal. Food and Ag Code §§57401 et.seq.) dated ________________________.

by mail on the following persons:

[Insert addresses from above]

I enclosed the document identified above in a sealed envelope or package addressed to the persons at the addresses listed below and placed the envelope for collection and mailing, following our ordinary business practices. I am readily familiar with _____________ [Lien Claimant]'s practice for collecting and processing correspondence for mailing. On the same day that the correspondence is placed for collection and mailing, it is deposited in the ordinary course of business with the United States Postal Service, in a sealed envelope with postage fully prepaid.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on ______________, at ______________, California.

Signature: _______________________

Printed Name: ____________________

Title: ___________________________
Instructions for Completion of Form

This form is used to perfect a Dairy Cattle Supply Lien.

Prior to completing this Notice, the Lien Claimant should do the following:

a. If the Lien Debtor is an entity (corporation, limited partnership or limited liability company), identify the registered agent for service of process by conducting a search of the records of the Secretary of State.
b. Complete a lien search on the Lien Debtor with the California Secretary of State.
c. If the Lien Debtor is an entity, complete a lien search with the Secretary of State of the state in which such entity is organized, if different than California.

Completing the Notice

1. Date. The Notice should contain the actual date that the Lien Claimant files the notice.
2. Name of Lien Debtor. The Notice must set forth the exact legal name of the Lien Debtor and its last known address. This information should be set forth on the Lien Perfection and Enforcement Information Sheet.
3. Secured Parties. The Notice should set forth the name and address of other secured creditors claiming a lien or interest in the milk proceeds. These names and secured creditors will be listed on the lien search obtained on the Lien Debtor, as discussed above.
4. Location of Dairy. The Notice must set forth the location of the dairy to which feed or materials were provided. This information may be on the Information Sheet or on applicable transportation documents.
5. Amount. The Notice contains an area for setting forth the amount of the lien. In general, the amount is the lesser of (i) the unpaid amount owed by the Lien Debtor, or (ii) the amount of reasonable or agreed charges for feed for a 60-day period.
6. Signature. The Notice need not be signed, but the form contains a signature line to facilitate communications between the parties.
7. UCC-1 Financing Statement. A copy of the filed Notice of Claim of Lien (the form filed with the Secretary of State) must be attached and served on the parties named in the form.

Serving the Notice and completing the proof of service

8. Proof of Service. A proof of service will constitute evidence that the form was properly served on necessary persons. The proof of service should contain the name and signature of the individual mailing the notice and the names of the parties being served. The original should be retained in the Lien Claimant's files.
9. The Notice of Claim of Lien must be served within 10 days of filing with the Secretary of State on the Lien Debtor, and all persons holding liens on the milk proceeds subject to the lien.
This Notice of Claim of Lien is filed pursuant to the Dairy Cattle Supply Lien created by California Food and Agricultural Code Section 57401 et. seq. The lien claimant identified above as secured party has a dairy cattle supply lien pursuant to Section 57402 of the California Food and Agricultural Code on the proceeds described in Section 57402.

Section 57402 provides, in part, that "[a] person who provides feed or materials to aid the raising or maintaining of dairy cattle or offspring thereof has a lien upon the proceeds of the milk or milk products produced from the dairy cattle, for the reasonable or agreed charges for the feed or materials provided and for the costs of enforcing the lien." The location of the dairy to which the feed and materials were provided is ____________________________.
UCC FINANCING STATEMENT ADDENDUM

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

9. NAME OF FIRST DEBTOR (1a or 1b) ON RELATED FINANCING STATEMENT

9a. ORGANIZATION NAME

OR

9b. INDIVIDUAL'S LAST NAME  FIRST NAME  MIDDLE NAME  SUFFIX

10. MISCELLANEOUS:

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

11. ADDITIONAL DEBtor'S EXACT FULL LEGAL NAME – Insert only one name (11a or 11b) – do not abbreviate or combine names

11a. ORGANIZATION'S NAME

OR

11b. INDIVIDUAL'S LAST NAME  FIRST NAME  MIDDLE NAME  SUFFIX

11c. MAILING ADDRESS  CITY  STATE  POSTAL CODE  COUNTRY

ADDITIONAL INFO RE ORGANIZATION:  

11e. TYPE OF ORGANIZATION  

11f. JURISDICTION OF ORGANIZATION  

11g. ORGANIZATIONAL ID#, if any  

NONE

12. ADDITIONAL SECURED PARTY'S or ASSIGNOR S/P'S NAME – Insert only one name (12a or 12b)

12a. ORGANIZATION'S NAME

OR

12b. INDIVIDUAL'S LAST NAME  FIRST NAME  MIDDLE NAME  SUFFIX

12c. MAILING ADDRESS  CITY  STATE  POSTAL CODE  COUNTRY

13. This FINANCING STATEMENT covers ☐ timber to be cut or ☐ as-extracted collateral, or is filed as a ☐ future filing.

14. Description of real estate:

16. Additional collateral description:

15. Name and address of a RECORD OWNER of above-described real estate (if Debtor does not have a record interest):

17. Check only if applicable and check only one box.

Debtor is a ☐ Trust or ☐ Trustee acting with respect to property held in trust or ☐ Decedent's Estate

18. Check only if applicable and check only one box.

☐ Debtor is a TRANSMITTING UTILITY

☐ Filed in connection with a Manufactured-Home Transaction – effective 30 years

☐ Filed in connection with a Public-Finance Transaction – effective 30 years

FILING OFFICE COPY – NATIONAL UCC FINANCING STATEMENT ADDENDUM (FORM UCC1Ad) – CALIFORNIA (REV. 01/01/06)
January 4, 2010

REDACTION OF SOCIAL SECURITY NUMBERS

In order to protect personal privacy and in compliance with California Uniform Commercial Code (UCC) section 9526.5, the Secretary of State’s office (SOS) has removed (“redacted”) social security numbers, if provided, from all UCC records filed prior to December 31, 2007. In addition, the SOS commenced redacting any social security number provided on a record filed on paper after January 1, 2008.

For each UCC record that is redacted, the SOS maintains the original un-redacted official filing image and creates a redacted public filing image, which is available for UCC information requests. The un-redacted official filing image only is available to the public pursuant to a subpoena or an order from a court of competent jurisdiction.

In the event that the SOS misses redacting a social security number from a UCC record, any person may notify the SOS and specify the file or document number of the record and the location of the social security number within the record, and the SOS will create a redacted public filing image of the record within 10 business days from the date of notification.

In addition, the SOS has made a filing form available pursuant to UCC section 9521 that removes the space identified for the disclosure of the social security number of an individual. These UCC filing forms can be obtained by visiting the California Business Portal at www.sos.ca.gov and clicking on the Forms & Fees link.

**UCC filings are public records. Please do not put people at risk of identity theft by including social security numbers on any documents for filing with the Secretary of State.**

For more information on identity theft, you may want to visit the California Office of Privacy Protection’s website at www.privacy.ca.gov or review its consumer information on social security number privacy available at http://www.privacy.ca.gov/ssn.htm.

SSN Notice (rev. 01/2010)
Instructions for National UCC Financing Statement (Form UCC1)

Please type or laser-print this form. Be sure it is completely legible. Read all Instructions, especially Instruction 1; correct Debtor name is crucial. Follow instructions completely.

Fill in form very carefully; mistakes may have important legal consequences. If you have questions, consult your attorney. The filing office cannot give legal advice.

Do not insert anything in the open space in the upper portion of this form; it is reserved for filing office use. When properly completed, send Filing Office Copy, with required fee, to filing office. If you want an acknowledgment, complete item B and, if filing in a filing office that returns an acknowledgment copy furnished by filer, you may also send Acknowledgment Copy; otherwise detach. If you want to make a search request, complete item 7 (after reading Instruction 7 below) and send Search Report Copy, otherwise detach. Always detach Debtor and Secured Party Copies.

If you need to use attachments, use 8-1/2 x 11 inch sheets and put at the top of each sheet the name of the first Debtor, formatted exactly as it appears in item 1 of this form; you are encouraged to use Addendum (Form UCC1Ad).

A. To assist filing offices that might wish to communicate with filer, filer may provide information in item A. This item is optional.

B. Complete item B if you want an acknowledgment sent to you. If filing in a filing office that returns an acknowledgment copy furnished by filer, present simultaneously with this form a carbon or other copy of this form for use as an acknowledgment copy.

1. Debtor name: Enter only one Debtor name in item 1, an organization's name (1a) or an individual's name (1b). Enter Debtor's exact full legal name. Don't abbreviate.

1a. Organization Debtor. "Organization" means an entity having a legal identity separate from its owner. A partnership is an organization; a sole proprietorship is not an organization, even if it does business under a trade name. If Debtor is a partnership, enter exact full legal name of partnership; you need not enter names of partners as additional Debtors. If Debtor is a registered organization (e.g., corporation, limited partnership, limited liability company), it is advisable to examine Debtor's current filed charter documents to determine Debtor's correct name, organization type, and jurisdiction of organization.

1b. Individual Debtor. "Individual" means a natural person; this includes a sole proprietorship, whether or not operating under a trade name. Don't use prefixes (Mr., Mrs., Ms.). Use suffix box only for titles of lineage (Jr., Sr., III) and not for other suffixes or titles (e.g., M.D.). Use married woman's personal name (Mary Smith, not Mrs. John Smith). Enter Individual Debtor's family name (surname) in Last Name box, first given name in First Name box, and all additional given names in Middle Name box.

For both organization and individual Debtors: Don't use Debtor's trade name, DBA, AKA, KFA, Division name, etc. in place of or combined with Debtor's legal name; you may add such other names as additional Debtors if you wish (but this is neither required nor recommended).

1c. An address is always required for the Debtor named in 1a or 1b.

1d. This field has been removed pursuant to California Uniform Commercial Code, Section 9526.5.

1e. f.g.: "Additional information re organization Debtor" is always required. Type of organization and jurisdiction of organization as well as Debtor's exact legal name can be determined from Debtor's current filed charter document. Organizational ID #, if any, is assigned by the agency where the charter document was filed; this is different from tax ID #; this should be entered preceded by the 2-character U.S. Postal identification of state of organization if one of the United States (e.g., CA12345, for a California corporation whose organizational ID # is 12345); if agency does not assign organizational ID #, check box in item 1g indicating "none."

Note: If Debtor is a trust or a trustee acting with respect to property held in trust, enter Debtor's name in item 1 and attach Addendum (Form UCC1Ad) and check appropriate box in item 17. If Debtor is a decedent's estate, enter name of deceased individual in item 1b and attach Addendum (Form UCC1Ad) and check appropriate box in item 17. If Debtor is a transmitting utility or this Financing Statement is filed in connection with a Manufactured-Home Transaction or a Public-Finance Transaction as defined in applicable Commercial Code, attach Addendum (Form UCC1Ad) and check appropriate box in item 18.

2. If an additional Debtor is included, complete item 2, determined and formatted per Instruction 1. To include further additional Debtors, or one or more additional Secured Parties, attach either Addendum (Form UCC1Ad) or other additional page(s), using correct name format. Follow Instruction 1 for determining and formatting additional names.

3. Enter information for Secured Party or Total Assignee, determined and formatted per Instruction 1. If there is more than one Secured Party, see Instruction 2. If there has been a total assignment of the Secured Party's interest prior to filing this form, you may either (1) enter Assignor S/P's name and address in item 3 and file an Amendment (Form UCC3) [see item 5 of that form]; or (2) enter Total Assignee's name and address in item 3 and, if you wish, also attaching Addendum (Form UCC1Ad) giving Assignor S/P's name and address in item 12.

4. Use item 4 to indicate the collateral covered by this Financing Statement. If space in item 4 is insufficient, put the entire collateral description or continuation of the collateral description on either Addendum (Form UCC1Ad) or other attached additional page(s).

5. If filer desires (at filer's option) to use titles of lessee and lessor, or consignee and consignor, or seller and buyer (in the case of accounts or chattel paper), or bailee and bailor instead of Debtor and Secured Party, check the appropriate box in item 5. If this is an agricultural lien (as defined in applicable Commercial Code) filing or is otherwise not a UCC security interest filing (e.g., a tax lien, judgment lien, etc.), check the appropriate box in item 5, complete items 1-7 as applicable and attach any other items required under other law.

6. If this Financing Statement is filed as a fixture filing or if the collateral consists of timber to be cut or as-extracted collateral, complete items 1-5, check the box in item 6, and complete the required information (items 13, 14 and/or 15) on Addendum (Form UCC1Ad).

7. This item is optional. Check appropriate box in item 7 to request Search Report(s) on all or some of the Debtors named in this Financing Statement. The Report will list all Financing Statements on file against the designated Debtor on the date of the Report, including this Financing Statement. There is an additional fee for each Report. If you have checked a box in item 7, file Search Report Copy together with Filing Officer Copy (and Acknowledgment Copy). Note: Not all states do searches and not all states will honor a search request made via this form; some states require a separate request form.

8. This item is optional and is for filer's use only. For filer's convenience of reference, filer may enter in item 8 any identifying information (e.g., Secured Party's loan number, law firm file number, Debtor's name or other identification, state in which form is being filed, etc.) that filer may find useful.
9. Insert name of first Debtor shown on Financing Statement to which this Addendum is related, exactly as shown in item 1 of Financing Statement.

10. Miscellaneous: Under certain circumstances, additional information not provided on Financing Statement may be required. Also, some states have non-uniform requirements. Use this space to provide such additional information or to comply with such requirements; otherwise, leave blank.

11. If this Addendum adds an additional Debtor, complete item 11 in accordance with Instruction 1 on Financing Statement. To add more than one additional Debtor, either use an additional Addendum form for each additional Debtor or replicate for each additional Debtor the formatting of Financing Statement item 1 on an 8-1/2 X 11 inch sheet (showing at the top of the sheet the name of the first Debtor shown on the Financing Statement), and in either case give complete information for each additional Debtor in accordance with Instruction 1 on Financing Statement. All additional Debtor information, especially the name, must be presented in proper format exactly identical to the format of item 1 of Financing Statement.

12. If this Addendum adds an additional Secured Party, complete item 12 in accordance with Instruction 3 on Financing Statement. In the case of a total assignment of the Secured Party’s interest before the filing of this Financing Statement, if filer has given the name and address of the Total Assignee in item 3 of the Financing Statement, filer may give the Assignor S/P’s name and address in item 12.

13-15. If collateral is timber to be cut or as-extracted collateral, or if this Financing Statement is filed as a fixture filing, check appropriate box in item 13; provide description of real estate in item 14; and, if Debtor is not a record owner of the described real estate, also provide, in item 15, the name and address of a record owner. Also provide collateral description in item 4 of Financing Statement. Also check box 6 on Financing Statement. Description of real estate must be sufficient under the applicable law of the jurisdiction where the real estate is located.

16. Use this space to provide continued description of collateral, if you cannot complete description in item 4 of Financing Statement.

17. If Debtor is a trust or a trustee acting with respect to property held in trust or is a decedent’s estate, check the appropriate box.

18. If Debtor is a transmitting utility or if the Financing Statement relates to a Manufactured-Home Transaction or a Public-Finance Transaction as defined in the applicable Commercial Code, check the appropriate box.
Notice to Make Payment Directly to Dairy Cattle Supply
Lien Claimant
(Cal. Food and Ag. Code Section 57413)

To: [Creamery]

____________________
____________________
____________________

Lien Debtor:

____________________
____________________
____________________

Secured Parties:

____________________   ____________________
____________________   ____________________
____________________   ____________________

Please Take Notice that ___________________ ("Lien Claimant") asserts a lien pursuant to the Dairy Cattle Supply Lien law (Cal. Food & Agricultural Code section 57401 et. seq.) on proceeds of milk and milk products owed to the Lien Debtor identified above. The lien secures a claim in the amount of $_________________. Lien Debtor is in default of his/her/its obligations to Lien Claimant, and Lien Claimant is entitled to exercise all rights and remedies provided by the Dairy Cattle Supply Lien law.

Please Take Further Notice that, pursuant to Section 57413 of the California Food and Agricultural Code, Lien Claimant demands that, no later than the date payment is otherwise due to Lien Debtor but in no event earlier than 15 days prior to the date of this notice, ___________________ make payment to Lien Claimant in the lesser of (i) amounts owed to Lien Debtor for milk or milk products provided by Lien Debtor or (ii) $_________________ (representing the amount secured by Lien Claimant’s lien.) Payment should be made as follows:

____________________
____________________
If you have any questions, please feel free to contact the undersigned.

__________________________________
Printed Name: _____________________
Title: ___________________________

Proof of Service

I, ______________, declare:

At the time of service, I was over 18 years of age. I am employed by 
_________________________________________________ and my business address is 
__________________________________________________.

On ________________________, I served true copies of the following document, a copy 
of which is attached:

Notice to Make Payment Directly to Dairy Cattle Supply Lien 
Claimant (Cal. Food and Ag. Code Section 57413) dated 
_________________, ________.

on the following persons or entities:

[Insert addresses from above]

I enclosed the document identified above in a sealed envelope or package addressed to 
the persons at the addresses listed below and placed the envelope for collection and mailing, 
following our ordinary business practices. I am readily familiar with _____________ [Lien 
Claimant]’s practice for collecting and processing correspondence for mailing. On the same day 
that the correspondence is placed for collection and mailing, it is deposited in the ordinary course 
of business with the United States Postal Service, in a sealed envelope with postage fully 
prepaid.

I declare under penalty of perjury under the laws of the State of California that the 
foregoing is true and correct.

Executed on ______________, at ______________, California.

Signature: __________________________

Printed Name: _____________________
Title: _____________________________
Instructions for Preparation and Service of Form

This notice is used if the Lien Claimant decides to enforce the Dairy Cattle Supply Lien utilizing the non-judicial remedy of Section 57413(a)(2).

Prior to Preparation and Service of the Notice

a. If the Lien Debtor is an entity (corporation, limited partnership or limited liability company), identify the registered agent for service of process by conducting a search of the records of the Secretary of State.

b. Complete a lien search on the Lien Debtor with the California Secretary of State.

c. If the Lien Debtor is an entity, conduct a lien search with the Secretary of State of the state in which such entity is organized, if different than California.

Preparation of the Notice

1. The Notice should be printed on the Lien Claimant’s letterhead.

2. Date. The Notice should contain the actual date that the Lien Claimant serves the notice.

3. Name of Creamery or Handler. The Notice should be directed to the creamery or handler that owes milk proceeds subject to the Lien Claimant’s lien. This information should be set forth on the Lien Perfection and Enforcement Information Sheet.

4. Name of Lien Debtor. The Notice must set forth the exact legal name of the Lien Debtor and its last known address. This information should be set forth on the Lien Perfection and Enforcement Information Sheet.

5. Secured Parties. The Notice should set forth the name and address of other secured creditors claiming a lien or interest in the milk proceeds. These names and secured creditors will be listed on the lien search obtained on the Lien Debtor, as discussed above.

6. Amount. The Notice contains an area for setting forth the amount of the lien. In general, the amount is the lesser of (i) the unpaid amount owed by the Lien Debtor, or (ii) the amount of reasonable or agreed charges for feed for a 60-day period.

7. Payment Information. The Notice should contain payment directions for the creamery or handler to direct payment.

8. Signature. The Notice should be signed.

9. Proof of Service. A proof of service will constitute evidence that the form was properly served on necessary persons. The proof of service should contain the name and signature of the individual mailing the notice and the names of the parties being served. The original should be retained in the Lien Claimant’s files.
# UCC FINANCING STATEMENT AMENDMENT

**FOLLOW INSTRUCTIONS (front and back) CAREFULLY**

<table>
<thead>
<tr>
<th>A. NAME &amp; PHONE OF CONTACT AT FILER (optional)</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>B. SEND ACKNOWLEDGEMENT TO: (Name and Address)</th>
</tr>
</thead>
</table>

**THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY**

1a. INITIAL FINANCING STATEMENT FILE #

1b. This FINANCING STATEMENT AMENDMENT is to be filed (for record) or recorded in the REAL ESTATE RECORDS.

2. [ ] TERMINATION: Effectiveness of the Financing Statement identified above is terminated with respect to security interest(s) of the Secured Party authorizing this Termination Statement.

3. [ ] CONTINUATION: Effectiveness of the Financing Statement identified above is continued with respect to security interest(s) of the Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law.

4. [ ] ASSIGNMENT (full or partial): Give name of assignee in item 7a or 7b and address of assignee in item 7c, and also give name of assignor in item 9.

5. AMENDMENT (PARTY INFORMATION): This Amendment affects [ ] Debtor or [ ] Secured Party of record. Check only one of these two boxes. Also check one of the following three boxes and provide appropriate information in items 6 and/or 7.

   [ ] CHANGE name and/or address: Give current record name in item 6a or 6b, also give new name (if name change) in item 7a or 7b and/or new address (if address change) in item 7c.

   [ ] DELETE name: Give record name to be deleted in item 6a or 6b.

   [ ] ADD name: Complete item 7a or 7b, and also item 7c, also complete items 7d-7g if applicable.

6. CURRENT RECORD INFORMATION:

<table>
<thead>
<tr>
<th>6a. ORGANIZATION'S NAME</th>
</tr>
</thead>
<tbody>
<tr>
<td>OR</td>
</tr>
<tr>
<td>6b. INDIVIDUAL'S LAST NAME</td>
</tr>
</tbody>
</table>

7. CHANGED (NEW) OR ADDED INFORMATION:

<table>
<thead>
<tr>
<th>7a. ORGANIZATION'S NAME</th>
</tr>
</thead>
<tbody>
<tr>
<td>OR</td>
</tr>
<tr>
<td>7b. INDIVIDUAL'S LAST NAME</td>
</tr>
</tbody>
</table>

7c. MAILING ADDRESS

| CITY | STATE | POSTAL CODE | COUNTRY |

8. AMENDMENT (COLLATERAL CHANGE): check only one box.

Describe collateral [ ] deleted or [ ] added, or give entire[ ] restated collateral description, or describe collateral [ ] assigned.

9. NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT (name of assignor if this is an Assignment). If this is an Amendment authorized by a Debtor which adds collateral or adds the authorizing Debtor, or if this is a Termination authorized by a Debtor, check here [ ] and enter name of DEBTOR authorizing this Amendment.

<table>
<thead>
<tr>
<th>9a. ORGANIZATION'S NAME</th>
</tr>
</thead>
<tbody>
<tr>
<td>OR</td>
</tr>
<tr>
<td>9b. INDIVIDUAL'S LAST NAME</td>
</tr>
</tbody>
</table>

10. OPTIONAL FILER REFERENCE DATA

**FILING OFFICE COPY – NATIONAL UCC FINANCING STATEMENT AMENDMENT (FORM UCC3) – CALIFORNIA (REV. 01/01/08)**
UCC FINANCING STATEMENT AMENDMENT ADDENDUM

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

11. INITIAL FINANCING STATEMENT FILE # (same as item 1a on Amendment form)

12. NAME OF PARTY AUTHORIZING THIS AMENDMENT (same as item 9 on Amendment form)

<table>
<thead>
<tr>
<th>OR</th>
<th>12a. ORGANIZATION'S NAME</th>
</tr>
</thead>
<tbody>
<tr>
<td>12b. INDIVIDUAL'S LAST NAME</td>
<td>FIRST NAME</td>
</tr>
</tbody>
</table>

13. Use this space for additional information

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY
January 4, 2010

REDACTION OF SOCIAL SECURITY NUMBERS

In order to protect personal privacy and in compliance with California Uniform Commercial Code (UCC) section 9526.5, the Secretary of State’s office (SOS) has removed (“redacted”) social security numbers, if provided, from all UCC records filed prior to December 31, 2007. In addition, the SOS commenced redacting any social security number provided on a record filed on paper after January 1, 2008.

For each UCC record that is redacted, the SOS maintains the original un-redacted official filing image and creates a redacted public filing image, which is available for UCC information requests. The un-redacted official filing image only is available to the public pursuant to a subpoena or an order from a court of competent jurisdiction.

In the event that the SOS misses redacting a social security number from a UCC record, any person may notify the SOS and specify the file or document number of the record and the location of the social security number within the record, and the SOS will create a redacted public filing image of the record within 10 business days from the date of notification.

In addition, the SOS has made a filing form available pursuant to UCC section 9521 that removes the space identified for the disclosure of the social security number of an individual. These UCC filing forms can be obtained by visiting the California Business Portal at www.sos.ca.gov and clicking on the Forms & Fees link.

UCC filings are public records. Please do not put people at risk of identity theft by including social security numbers on any documents for filing with the Secretary of State.

For more information on identity theft, you may want to visit the California Office of Privacy Protection’s website at www.privacy.ca.gov/ or review its consumer information on social security number privacy available at http://www.privacy.ca.gov/ssn.htm.
Instructions for National UCC Financing Statement AMENDMENT (Form UCC3)

Please type or laser-print this form. Be sure it is completely legible. Read all Instructions, especially Instruction 1a; correct file number of initial financing statement is crucial. Follow Instructions completely.

Fill in form very carefully; mistakes may have important legal consequences. If you have questions, consult your attorney. The filing office cannot give legal advice.

Do not insert anything in the open space in the upper portion of this form; it is reserved for filing office use. When properly completed, send Filing Office Copy, with required fee, to filing office. If you want an acknowledgment, complete item B and, if filing in a filing office that returns an acknowledgment copy furnished by filer, you may also send Acknowledgment Copy; otherwise detach. Always detach Debtor and Secured Party Copies.

If you need to use attachments, use 8-1/2 X 11 inch sheets and put at the top of each sheet: “AMENDMENT” and the file number of the initial financing statement to which this Amendment relates; you are encouraged to use Amendment Addendum (Form UCC3Ad). Always complete items 1a and 5.

A. To assist filing offices that might wish to communicate with filer, filer may provide information in item A. This item is optional.

B. Complete item B if you want an acknowledgment sent to you. If filing in a filing office that returns an acknowledgment copy furnished by filer, present simultaneously with this form a carbon or other copy of this form for use as an acknowledgment copy.

1a. File number: Enter file number of initial financing statement to which this Amendment relates. Enter only one file number. In some states, the file number is not unique; in those states, also enter in item 1a, after the file number, the date that the initial financing statement was filed.

1b. Only if this Amendment is to be filed or recorded in the real estate records, check box 1b and also, in item 13 of Amendment Addendum, enter Debtor’s name, in proper format exactly identical to the format of item 1 of financing statement, and name of record owner if Debtor does not have a record interest.

Note: Show purpose of this Amendment by checking box 2, 3, 4, 5 (in item 5 you must check two boxes) or 6; also complete items 6, 7 and/or 8 as appropriate. Filer may use this Amendment form to simultaneously accomplish both data changes (items 4, 5, and/or 8) and a Continuation (item 3), although in some states filer may have to pay a separate fee for each purpose.

2. To terminate the effectiveness of the identified financing statement with respect to security interest(s) of authorizing Secured Party, check box 2. See Instruction 9 below.

3. To continue the effectiveness of the identified financing statement with respect to security interest(s) of authorizing Secured Party, check box 3. See Instruction 9 below.

4. To assign: (i) all of assignee’s interest under the identified financing statement, or (ii) a partial interest in the security interest covered by the identified financing statement, or (iii) assignor’s full interest in some (but not all) of the collateral covered by the identified financing statement: Check box in item 4 and enter name of assignee in item 7a if assignee is an organization, or in item 7b, formatted as indicated, if assignee is an individual. Complete 7a or 7b, but not both. Also enter assignee’s address in item 7c. Also enter name of assignor in item 5. If partial Assignment affects only some (but not all) of the collateral covered by the identified financing statement, filer may check appropriate box in item 8 and indicate affected collateral in item 8.

5.6.7. To change the name and/or address of a party: Check box in item 5 to indicate whether this Amendment amends information relating to a Debtor or a Secured Party; also check box in item 5 to indicate that this is a name and address change; also enter name of affected party (current record name, in case of name change) in items 6a or 6b as appropriate; and also give new name (7a or 7b) and/or new address (7c) in item 7.

5.6. To delete a party: Check box in item 5 to indicate whether deleting a Debtor or a Secured Party; also check box in item 5 to indicate that this is a deletion of a party; and also enter name (6a or 6b) of deleted party in item 6.

5.7. To add a party: Check box in item 5 to indicate whether adding a Debtor or Secured Party; also check box in item 5 to indicate that this is an addition of a party; also enter all required information in item 7: name (7a or 7b) and address (7c); also, additional organization Debtor information (7e-g); if added Debtor is an organization. Note: The preferred method for filing against a new Debtor (an individual or organization not previously of record as a Debtor under this file number) is to file a new Financing Statement (UCC1) and not an Amendment (UCC3). (Field 7d has been removed pursuant to California Uniform Commercial Code, Section 9526.5.)

8. Collateral change. To change the collateral covered by the identified financing statement, describe the change in item 8. This may be accomplished either by describing the collateral to be added or deleted, or by setting forth in full the collateral description as it is to be effective after the filing of this Amendment, indicating clearly the method chosen (check the appropriate box). If the space in item 8 is insufficient, use item 13 of Amendment Addendum (Form UCC3Ad).

A partial release of collateral is a deletion. If, due to a full release of all collateral, filer no longer claims a security interest under the identified financing statement, check box 2 (Termination) and not box 8 (Collateral Change). If a partial assignment consists of the assignment of some (but not all) of the collateral covered by the identified financing statement, filer may indicate the assigned collateral in item 8, check the appropriate box in item 8, and also comply with instruction 4 above.

9. Always enter name of party of record authorizing this Amendment; in most cases, this will be a Secured Party of record. If more than one authorizing Secured Party, give additional name(s), properly formatted, in item 13 of Amendment Addendum (Form UCC3Ad). If the indicated financing statement refers to the parties as lessee and lessor, or consignee and consignor, or seller and buyer, instead of Debtor and Secured Party, references in this Amendment shall be deemed likewise so to refer to the parties. If this is an assignment, enter assignor’s name. If this is an Amendment authorized by a Debtor that adds collateral or adds a Debtor, or if this is a Termination authorized by a Debtor, check the box in item 9 and enter the name, properly formatted, of the Debtor authorizing this Amendment, and, if this Amendment or Termination is to be filed or recorded in the real estate records, also enter, in item 13 of Amendment Addendum, name of Secured Party of record.

10. This item is optional and is for filer’s use only. For filer’s convenience of reference, filer may enter in item 10 any identifying information (e.g., Secured Party’s loan number, law firm file number, Debtor’s name or other identification, state in which form is being filed, etc.) that filer may find useful.
Instructions for National UCC Financing Statement AMENDMENT Addendum (Form UCC3Ad)

11. Enter information exactly as given in item 1a on Amendment form.

12. Enter information exactly as given in item 9 on Amendment form.

13. If space on Amendment form is insufficient or you must provide additional information, enter additional information in item 13.
§ 57401. Definitions

(a) The definitions in this section govern the construction of this chapter.

(b) “Feed or materials” means commercial feed, grain, forage, feed ingredients, mineral feed, drugs, animal health products, customer-formula feed, any mixture or preparation for feeding animals, any of the constituent nutrients of an animal ration, or any other food which is used for the feeding of dairy cattle.

(c) “Person obligated on any proceeds” means a handler, as defined in Section 61826, who is in possession of proceeds.

(d) “Proceeds” means funds derived from the sale of milk or milk products which are payable to the lien debtor by the possessor of the funds, except for any of the following:

1. Deductions for taxes, fees, and assessments.

2. Funds due or owing milk processing cooperative associations organized and operating pursuant to Chapter 1 (commencing with Section 54001).

3. Funds retained by the cooperative association.

4. Deductions made pursuant to a court order.

5. Deductions due or owing the buyer of the milk for hauling services provided by the buyer pursuant to subdivision (e) of Section 62096 and deductions due or owing the buyer for the testing of milk for purposes of payment pursuant to Section 34231.

(e) “Raising or maintaining of dairy cattle” means feeding, pasturing, caring for, and managing dairy cattle kept or raised for use or profit.

(f) “Reasonable or agreed charges” means the agreed price, if any, for the feed and materials sold to the lien debtor, at the lien debtor's request. If there is no agreed price or a method for determining price which is agreed upon, “reasonable or agreed charges” means the reasonable value of the feed or materials as of the date of delivery.

§ 57402. Lien

A person who provides feed or materials to aid the raising or maintaining of dairy cattle or offspring therefrom has a lien upon the proceeds of the milk or milk products produced from the dairy cattle, for the reasonable or agreed charges for the feed or materials provided and for the costs of enforcing the lien. However, the amount of charges secured by the lien cannot exceed an amount equal to the reasonable or agreed charges for feed or material provided within a 60-day period, and only two providers of feed or materials shall have an enforceable lien at any time according to the priority set forth in Section 57406. Only one lien under this chapter per dairy producer is available per affiliated business supplier.
§ 57403. Proceeds; duration of notice of claim of lien

(a) The lien created pursuant to this chapter attaches to proceeds.

(b) Except as otherwise provided in this chapter, the notice of claim of lien shall remain in effect, and no new notice of claim of lien shall be required in order to maintain the lien, as long as the person who provides feed or materials either (1) remains unpaid for amounts secured by the lien, or (2) continues to provide feed or materials on a regular basis to the lien debtor. For purposes of this section, providing feed or materials shall not be deemed to be made on a regular basis if a period of more than 30 days elapses between deliveries.

§ 57405. Notice of claim; filing; contents; form; termination statement

The lien created by this chapter shall be perfected by the filing of a notice of claim of lien with the Secretary of State and service of the notice of claim of lien pursuant to subdivision (e).

(a) The person who provides feed or materials may, at any time, file in the manner and at the place set forth in this section, the notice of claim of lien.

(b) The notice of claim of lien shall, at a minimum, set forth all of the following information:

1. The name and address of the lien claimant.
2. The last known name and address of the lien debtor.
3. The location of the dairy to which the feed and materials were provided.
4. That the lien claimant has a dairy cattle supply lien pursuant to Section 57402.

(c) The notice of claim of lien shall be filed on a form which is the standard form of original financing statement prescribed by the Secretary of State pursuant to Section 9521 of the Commercial Code. The standard form shall be completed with the following changes:

1. The lien claimant may be identified either as lien claimant or as secured party.
2. In the space for the description of the collateral there shall instead be entered the statement substantially as set forth in paragraphs (3) and (4) of subdivision (b).
3. The notice of claim of lien shall be filed, indexed, and marked in the office of the Secretary of State in the same manner as a financing statement is filed, indexed, and marked pursuant to Section 9519 of the Commercial Code.

(e)(1) The lien claimant shall provide written notice of the claim of lien to the following persons within 10 days of the date of the filing with the office of the Secretary of State:

A. The lien debtor.
B. Any person from which the lien claimant has received, before the lien claimant files the notice, notification of a claim of an interest in the proceeds.
(C) Any other secured party or lienholder that, 10 days before the filing of the notice, held a security interest in or other lien on the proceeds perfected by the filing of a financing statement that satisfied all of the following conditions:

(i) The statement identified the proceeds by referring to all assets, all personal property, goods, farm products, milk, or milk products, or otherwise identified the proceeds by any other description sufficient pursuant to Section 9108 of the Commercial Code.

(ii) The statement was indexed under the debtor's name as of that date.

(iii) The statement was filed against the debtor covering the proceeds as of that date and was filed in the office or offices in which a financing statement may be filed pursuant to Section 9501 of the Commercial Code.

(D) Any other secured party that, 10 days before the filing of the notice, held a security interest in the proceeds perfected by compliance with a statute, regulation, or treaty described in subdivision (a) of Section 9311 of the Commercial Code.

(2) If the lien debtor is an entity, notice shall be given to the lien debtor's registered agent for service of process. If the lien debtor is an individual or general partnership, the notice shall be given at any address at which the individual conducts business.

(3) Notice to be given to a person pursuant to subparagraph (B) of paragraph (1) shall be given to that person at the address set forth in the notification of claim of interest given by that person or, if no address is set forth, to the person's registered agent for service of process if the person is an entity or at any address at which the person does business if the person is an individual or general partnership.

(4) Notice given to a secured party pursuant to subparagraph (C) of paragraph (1) shall be given to the secured party at the address set forth in the financing statement on file for the secured party.

(5) Notice to be given to a secured party pursuant to subparagraph (D) of paragraph (1) shall be given to the secured party at the address set forth in the document creating the perfection and compliance or, if no address is set forth, to the secured party's registered agent for service of process if the secured party is an entity or at an address at which the secured party does business if the secured party is an individual or general partnership.

(f) For the purpose of the Secretary of State's index pursuant to Sections 9515, 9516, and 9522 of the Commercial Code and for the purpose of the issuance of a certificate pursuant to Section 9519 or 9528 of the Commercial Code, the Secretary of State shall identify a notice pursuant to this section as a financing statement.

(g) Within 20 days after a lien claimant receives a demand from a lien debtor, the lien claimant shall send to the lien debtor a termination statement for the notice of claim of lien or file the termination statement in the office of the Secretary of State, if the lien perfected by the notice of claim of lien has terminated pursuant to the provisions of Section 57403. Upon the filing
of a termination statement with the office of the Secretary of State, the notice of claim of lien to which the termination statement relates ceases to be effective.

§ 57406. Priority

The priority of conflicting interests, agricultural liens, and the agricultural lien created under this chapter shall be governed by subdivisions (a) to (f), inclusive, of Section 9322 of the Commercial Code.

§ 57407. Secured transactions requirements

Except to the extent specifically set forth in this chapter, the lien created by this chapter shall be subject to Division 9 (commencing with Section 9101) of the Commercial Code.

§ 57408. Certificate of lien information; fee

A member of the public may obtain a certificate identifying whether there is a lien on file and any notice of claim of lien naming a particular debtor, and if so, giving the date and time of filing of each notice, and the names and addresses of each lienholder therein. The fee for the certificate is the same as the fee for a certificate issued pursuant to Section 9525 of the Commercial Code.

§ 57409. Copy of notice of claim; public information; fee

A member of the public may obtain a copy of any notice of claim of lien filed pursuant to this chapter, including notices affecting the notices. The fee for these copies shall be the same as that prescribed in Section 9525 of the Commercial Code.

§ 57410. Regulations

The Secretary of State may adopt any regulations necessary to carry out his or her duties pursuant to this chapter, including prescribing necessary forms.

§ 57411. Assignment or transfer; statement

A lien created pursuant to this chapter is assignable or transferable by the holder of the lien, with full rights of enforcement. A lienholder's statement of assignment or transfer shall be filed with the Secretary of State in the same manner as a secured party's statement of assignment or transfer as prescribed in Section 9514 of the Commercial Code.

§ 57412. Repealed by Stats.2012, c. 309 (S.B.592), § 6
§ 57413. Foreclosure; enforcement of judgment; surplus; attachment or temporary protective order; payments by others; release

(a) After payment default by the lien debtor, the lien claimant may foreclose on a lien created by this chapter in the following manners:

(1) The lien claimant may foreclose in an action to recover the reasonable or agreed charges for feed and materials delivered. In such an action, the final judgment may be enforced pursuant to Title 9 (commencing with Section 680.010) of Part 2 of the Code of Civil Procedure.

(2) Provided that the lien claimant provides concurrent notice to the lien debtor and the parties set forth in subdivision (e) of Section 57405, the lien claimant may notify any person obligated on any proceeds subject to the lien created under this chapter to make payment to, or otherwise render performance to or for the benefit of, the lien claimant, provided that the lien claimant may not demand that payment or performance be made at any time prior to 15 calendar days following the date of notice.

(3) The lien claimant may enforce the obligations of any person obligated on any proceeds subject to the lien created under this chapter and exercise the rights of the lien debtor with respect to the proceeds and any property that secures the right to the proceeds subject to the lien created under this chapter.

(b) A lien claimant that receives proceeds pursuant to a notice provided pursuant to paragraph (2) of subdivision (a) shall account to, and pay the lien debtor for, any surplus, and the lien debtor shall be liable for any deficiency.

(c) Nothing in this chapter shall prohibit a lien claimant from applying pursuant to Title 6.5 (commencing with Section 481.010) of Part 2 of the Code of Civil Procedure for a right to attach order and a writ of attachment, or temporary protective order, by filing an application for the order, writ, or temporary protective order with the court in which the action is brought.

(d) Notwithstanding the receipt of a notice pursuant to paragraph (2) of subdivision (a), a person obligated on any proceeds subject to a lien created under this chapter shall have no liability to a lien claimant for failure to comply with that notice to the extent that the person obligated on the proceeds pays the proceeds subject to the notice as follows:

(1) To a person holding a lien or security interest that is prior to the lien of the lien claimant issuing the notice.

(2) In satisfaction of a contractual assignment or valid notice provided pursuant to Section 9607 of the Commercial Code has been received from the person obligated on the proceeds prior to the receipt of the notice pursuant to paragraph (2) of subdivision (a).

(e) A person obligated on any proceeds subject to the lien created under this chapter and who makes payment pursuant to the notice required by paragraph (2) of subdivision (a) shall not be deemed, to the extent of that payment, to be in violation of the applicable provisions of
law relating to failure to pay the amounts to the lien debtor and shall not be deemed to have engaged in an unlawful trade practice.

(f) A lien debtor may secure a release of a lien created under this chapter by doing one of the following:

(1) Paying the amount secured by the lien.

(2) Depositing with the Secretary of Food and Agriculture a surety bond that is executed by the lien debtor as principal and by a surety company that is qualified and authorized to do business in this state as a surety in an amount that equals the current amount secured by the lien. If the lien debtor fails to pay the claims, up to the amount of the bond, of the lien claimant within 35 days after entry of final judgment in favor of the lien claimant, the surety shall pay all lawful claims that are covered by the amount of the lien, up to the amount of the bond, if an action is filed on the bond.

§ 57414. Termination statement; liability for failure to send statement; filing

(a) When a lien claimant receives payment for amounts secured by the lien and the lien claimant has not been providing feed or materials for a period of 30 consecutive days, the lien claimant shall, on written demand by the debtor, send the debtor a statement that he or she no longer claims a security interest under the statement, which shall be identified by date, names of parties thereto, and file number. If the affected lienholder of record fails to send such a termination statement within 10 days after proper demand therefor, he or she shall be liable to the debtor for all actual damages suffered by the debtor by reason of this failure, and, if the failure is in bad faith, for a penalty of one hundred dollars ($100).

(b) The filing officer shall mark each termination statement with the date and time of filing and shall index the statement under the name of the debtor and under the file number of the original lien. If the filing officer has a microfilm or other photographic record of the lien and related filings, he or she may remove the originals from the files at any time after receipt of the termination statement and destroy them, or if he or she does not have the record, he or she may remove them from those files at any time after one year after receipt of the termination statement and destroy them.