

SUPREME COURT OF IOWA

Quality Plus Feeds, Inc. v. Compeer Financial, FLCA

984 N.W.2d 636 (Iowa 2023) · No. No. 21–0774 · Decided January 13, 2023

SUMMARY

The Iowa Supreme Court addressed a priority dispute between an agricultural feed supplier and a financial institution holding previously perfected blanket security interests in livestock and milk proceeds. The court held that the feed supplier established a superpriority lien as to proceeds from one dairy operation, while a genuine issue of material fact remained concerning the acquisition price of livestock from another operation. The court vacated the court of appeals decision, affirmed in part and reversed in part the district court judgment, and remanded.

CASE DETAILS

COURT	Supreme Court of Iowa
WRITING FOR THE COURT	Mansfield, J.; Mansfield; May (took no part)
JURISDICTION	Iowa
DECIDED	January 13, 2023
DOCKET	No. 21–0774
DISPOSITION	reversed_and_remanded
PROCEDURAL POSTURE	On review from the Iowa Court of Appeals; Appeal from the Iowa District Court for Monroe County
STANDARD OF REVIEW	We review rulings on statutory interpretation for correction of errors at law. We review a district court ruling on a motion for summary judgment for correction of errors at law.
PRECEDENTIAL VALUE	published_opinion
PARTIES	Compeer Financial, FLCA v. Quality Plus Feeds, Inc.

TOPICS

- secured transactions
- commercial litigation
- bankruptcy
- statutory interpretation
- remedies

PRACTICE AREAS

- commercial litigation
- secured transactions
- bankruptcy
- agricultural law

QUESTIONS PRESENTED

1. Whether Quality Plus established its entitlement to a superpriority agricultural supply lien on the proceeds from the sale of livestock and milk as a matter of law under Iowa Code chapter 570A.
2. Whether the agricultural supply lien extends to proceeds.
3. Whether the lien applies per animal or as a single lien to all livestock consuming the feed.
4. Whether Quality Plus's postpetition perfection of its lien violated the bankruptcy automatic stay.
5. Whether Compeer was entitled to the milk proceeds from the Elmwood farm.

HOLDINGS

1. Quality Plus established a superpriority lien of \$108,868.49 as to the EFI cattle and milk proceeds, as EFI's livestock had an acquisition price of zero and proceeds sufficient to cover the lien were undisputed.
2. Quality Plus did not establish a superpriority lien on the EFF proceeds as a matter of law because the acquisition price of the 677 cattle that consumed Quality Plus feed was not established, making it impossible to determine if the difference between acquisition price and sale price exceeded the lien amount.
3. The agricultural supply lien extends to proceeds of the livestock.
4. The lien is a single lien that attaches to all livestock consuming the supplier's feed, not an animal-by-animal pro rata lien.
5. Quality Plus's postpetition perfection of its agricultural supply lien did not violate the automatic stay.
6. Compeer was entitled to the \$113,553.31 in Elmwood milk proceeds because Quality Plus's EFI lien would be fully satisfied from EFI proceeds, making its claim to Elmwood proceeds moot.

KEY QUOTATIONS

"A lien is a lien; summary judgment is summary judgment. Nothing in chapter 570A indicates that anything other than the customary litigation burdens of proof apply to agricultural lien cases."

"We do not read Iowa Code chapter 570A as incorporating a special standard of proof one way or another. To foreclose its lien as a superpriority, the supplier need only offer proof enabling a fact finder to conclude that the underlying statutory requirements have been met."

FACTUAL BACKGROUND

Quality Plus Feeds supplied feed on credit to two related dairy farms, EFF and EFI, which were part of the Etcher Entities. Compeer Financial had a prior perfected blanket security interest on the Etcher Entities' livestock and proceeds. After the farms closed, proceeds from the sale of cattle and milk were held in escrow. Quality Plus sought to foreclose its statutory agricultural supply lien, claiming priority over Compeer's lien under Iowa Code chapter 570A.

PROCEDURAL HISTORY

The district court granted summary judgment for Quality Plus, enforcing its agricultural supply lien. The Iowa Court of Appeals affirmed in part and reversed in part, remanding for further proceedings. The Iowa Supreme Court granted further review.

DISPOSITION

reversed_and_remanded

REMAND INSTRUCTIONS

Remand for further proceedings consistent with this opinion, specifically to determine whether Quality Plus has a superpriority lien on the EFF proceeds.

CASES CITED

- Garrison v. New Fashion Pork LLP, 977 N.W.2d 67 (Iowa 2022)
- EMC Ins. Grp. v. Shepard, 960 N.W.2d 661 (Iowa 2021)
- Oyens Feed & Supply, Inc. v. Primebank (Oyens I), 808 N.W.2d 188 (Iowa 2011)
- Oyens Feed & Supply, Inc. v. Primebank (Oyens II), 879 N.W.2d 853 (Iowa 2016)
- In re Schley (Schley I), 509 B.R. 901 (Bankr. N.D. Iowa 2014)
- In re Schley (Schley II), 565 B.R. 655 (Bankr. N.D. Iowa 2017)
- Anderson v. Liberty Lobby, Inc., 477 U.S. 242 (1986)
- Citizens Savings Bank v. Miller, 515 N.W.2d 7 (Iowa 1994)
- In re Aznoe Agribiz, Inc., 416 B.R. 755 (Bankr. D. Mont. 2009)