

COURT OF APPEALS OF IOWA

Farmers Feed & Grain Company, Inc. v. Wayne Mlady

No. 25-0376 (Iowa Ct. App. Feb. 25, 2026) · No. 25-0376 · Decided February 25, 2026

SUMMARY

The Iowa Court of Appeals affirmed a judgment involving Farmers Feed & Grain Company’s collection of an open crop-input account and Wayne Mlady’s counterclaim concerning fixed-basis grain contracts. The court held that the finance charges were supported by evidence and permissible under Iowa law, regulatory violations under Iowa Code chapter 203 did not invalidate the contracts, and UCC principles supported ratification through Mlady’s conduct. The court also declined to consider Mlady’s challenge to the timeliness of the ratification defense because it was raised for the first time in his reply brief.

CASE DETAILS

COURT	Court of Appeals of Iowa
WRITING FOR THE COURT	Buller, J.; Ahlers, P.J.; Doyle, S.J.
JURISDICTION	Iowa Court of Appeals
DECIDED	February 25, 2026
DOCKET	25-0376
DISPOSITION	affirmed
PROCEDURAL POSTURE	Appeal from a bench-trial judgment in favor of Farmers Feed & Grain Company, Inc. on its claim to collect an open-account balance, including finance charges, and against Wayne Mlady on his counterclaim for breach of contract and unjust enrichment concerning grain-sale contracts.
STANDARD OF REVIEW	Because the case was tried at law, review is for correction of errors at law. The district court's factual findings are binding if supported by substantial evidence, and deference is given to credibility determinations.
PRECEDENTIAL VALUE	Published Iowa Court of Appeals opinion
PARTIES	Wayne Mlady v. Farmers Feed & Grain Company, Inc.

TOPICS

breach of contract

uniform commercial code

commercial litigation

standard of review

appellate procedure

PRACTICE AREAS

Contracts

Uniform Commercial Code

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Appellate procedure

QUESTIONS PRESENTED

1. Whether Farmers Feed & Grain presented sufficient evidence that Mlady received notice of the finance charges required by Iowa Code section 535.11(1).
2. Whether the parties' course of dealing waived or precluded Farmers Feed & Grain from collecting finance charges.
3. Whether alleged violations of Iowa Code chapter 203 and related administrative regulations invalidated the grain-sale contracts.
4. Whether the Iowa Uniform Commercial Code governed the grain-sale contracts and permitted ratification through the parties' conduct.
5. Whether substantial evidence supported the district court's finding that Mlady authorized or ratified the continued rolling of the grain contracts.
6. Whether Farmers Feed & Grain's ratification defense was waived because it was not timely pleaded.

HOLDINGS

1. Farmers Feed & Grain proved the required notice of finance charges through testimony that invoices containing the notices were mailed as a standard business practice and that an invoice was hand-delivered to Mlady.
2. Farmers Feed & Grain was not barred from collecting finance charges merely because it had voluntarily waived them when Mlady previously settled his account.
3. A mere regulatory violation of Iowa Code chapter 203 or the related administrative regulations does not, without more, invalidate private grain-sale contracts.
4. Grain-sale contracts are generally governed by the Iowa Uniform Commercial Code even when separately regulated by other Iowa statutes and regulations.
5. Under the UCC and Iowa ratification law, a party may ratify a contract through conduct, and substantial evidence supported the finding that Mlady authorized or ratified Farmers Feed & Grain's continued rolling of the contracts.
6. The court did not reach the merits of Mlady's challenge to the timeliness of the ratification defense because he raised the issue for the first time in his reply brief.

KEY QUOTATIONS

“Notably absent from this list is any authority for IDALS or the courts to invalidate existing contracts between private parties for violation of the regulatory framework by a licensed grain dealer.” (at 7-8)

“The UCC recognizes that agreements may be ratified through conduct.” (at 9)

“We conclude substantial evidence—including Eastman’s testimony, which the district court credited—supports the finding that Mlady’s statements and conduct were sufficient to ratify or otherwise authorize FFG continuing to roll the contracts.” (at 10)

FACTUAL BACKGROUND

Mlady sold approximately 402,000 bushels of corn and 114,000 bushels of soybeans to Farmers Feed & Grain under twelve fixed-basis credit-sale contracts. The contracts were repeatedly rolled forward from 2014 through 2020, while Mlady received approximately \$2.4 million in cash advances and did not request that the account be cashed out. Farmers Feed & Grain's grain-dealer license was suspended in December 2019 after its debt-to-asset ratio exceeded the regulatory limit, after which it attempted to settle Mlady's account. Separately, Farmers Feed & Grain sold crop inputs to Mlady and imposed finance charges on his unpaid account; Mlady disputed both the charges and the validity of the grain-contract arrangements.

PROCEDURAL HISTORY

Farmers Feed & Grain sued in December 2021 to collect the balance of Mlady's crop-input account. Mlady counterclaimed for breach of contract and unjust enrichment relating to his grain account. After a three-day bench trial in fall 2024, the Iowa District Court for Howard County found for Farmers Feed & Grain, included accrued finance charges in the judgment, and denied Mlady's counterclaim in full. Mlady appealed, challenging the finance charges, the validity and legal treatment of the grain contracts, ratification, and the timeliness of the ratification defense.

DISPOSITION

affirmed

CASES CITED

- Carroll Airport Comm’n v. Danner, 927 N.W.2d 635, 642 (Iowa 2019)
- Dolly Invs., LLC v. MMG Sioux City, LLC, 984 N.W.2d 168, 173 (Iowa 2023)
- State v. Bower, 725 N.W.2d 435, 440 (Iowa 2006)
- Mincks Agri Center, Inc. v. Bell Farms, Inc., 611 N.W.2d 270, 278-80 (Iowa 2000)
- Bartlett Grain Co. v. Sheeder, 829 N.W.2d 18, 23 (Iowa 2013)
- St. Ansgar Mills, Inc. v. Streit, 613 N.W.2d 289, 293-94 (Iowa 2000)
- S & S, Inc. v. Meyer, 478 N.W.2d 857, 860 (Iowa Ct. App. 1991)
- GreatAm. Fin. Servs. Corp. v. Natalya Rodionova Med. Care, P.C., 956 N.W.2d 148, 154 (Iowa 2021)
- Blomgren v. City of Ottumwa, 227 N.W. 823, 824 (Iowa 1929)