



Ohio Revised Code

Section 926.29 Delayed price agreement.

Effective: September 11, 2008

Legislation: Senate Bill 247 - 127th General Assembly

(A) A delayed price agreement is an executory contract that shall be in such a form and contain such terms as the director of agriculture shall adopt by rule under Chapter 119. of the Revised Code. The agreement shall be executed by and between the licensed handler and the depositor or by their authorized representatives not later than fifteen days after the first delivery of an agricultural commodity is received for delayed pricing under the agreement. The handler shall maintain a file of executed agreements that are available for inspection at any reasonable time by the director or the director's designated representative. The handler also shall keep records and ledgers the director considers necessary to document the handler's obligation to the depositor under a delayed price agreement. The handler also shall provide reports, forms, and other evidence the director shall adopt by rule to document the storage and marketing of commodities under the delayed price agreement.

(B) Subject to the lien that attaches under section 926.021 of the Revised Code and except as otherwise provided in division (C) of this section, a licensed handler who purchases any agricultural commodity under a delayed price agreement at all times shall maintain the commodity, rights in the commodity, proceeds from the sale of the commodity, or a combination of the commodity, rights, and proceeds equal to at least ninety per cent of the value of the handler's obligation for all commodities that the handler has purchased that are not priced under delayed price agreements. The obligation shall be secured or represented by one or more of the following:

- (1) Maintenance of the commodity in storage in the handler's warehouse;
- (2) Rights in commodities as evidenced by a receipt or ticket for storage of the commodities under a bailment agreement in another warehouse approved by the director;
- (3) Proceeds from the sale of commodities as evidenced or represented by one or more of the following:



- (a) Cash on hand or held on account in a state or federally licensed financial institution or a lending agency of the farm credit administration;
 - (b) Short-term investments held in time accounts with state or federally licensed financial institutions or a lending agency of the farm credit administration;
 - (c) Balances in commodity margin accounts;
 - (d) Commodities sold and shipped by the handler under delayed price agreements that have not been priced less any payments or advances that have been received by the handler;
 - (e) Such other evidence of unencumbered assets as may be acceptable to the director, including an irrevocable letter of credit.
- (C) In addition to the lien that attaches under section 926.021 of the Revised Code, a depositor who sells an agricultural commodity to a licensed handler under a delayed price agreement, upon giving notice to the handler either at or prior to the time of delivery, may demand as security for payment for the commodity an amount that, at the time of delivery, is equal to one hundred per cent of the national loan rate value of the commodity under the United States department of agriculture price support program, or seventy-five per cent of the average price being paid for the commodity in the state on the date of demand as published by the market news service of the department of agriculture, whichever is less. The handler shall satisfy a demand for security on a commodity sold under a delayed price agreement at the handler's option by one of the following:
- (1) Payment to the depositor by cash or draft on the account of the handler;
 - (2) Causing an irrevocable letter of credit to be issued to the depositor by a financial institution designated by the handler securing payment in the specified amount. The letter of credit shall be subject to Chapter 1305. of the Revised Code and rules adopted by the director pursuant to Chapter 119. of the Revised Code.