

# MAINE STATE LEGISLATURE

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EIGHTY - SEVENTH LEGISLATURE

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Legislative Document

No. 401

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S. P. 382

In Senate, February 6, 1935.

Referred to Committee on Judiciary and 500 copies ordered printed.  
Sent down for concurrence.

ROYDEN V. BROWN, Secretary.

Presented by Senator Burkett of Cumberland.

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STATE OF MAINE

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IN THE YEAR OF OUR LORD NINETEEN HUNDRED  
THIRTY-FIVE

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**AN ACT Concerning Security for Loans to Farmers and Others by Federal  
Organizations and Fixing Penalties for Violations.**

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**Emergency preamble.** Whereas, the existing laws in this state in regard to chattel mortgages do not fully protect the owner of a mortgage on growing crops and livestock; and

Whereas, various agencies have been organized for making loans to the farmers of this state and taking as security mortgages on crops and livestock and because of said lack of full protection said agencies are hesitant about making further loans; and

Whereas, if such loans are cut off it will make it practically impossible for many farmers to plant their crops this spring and will work a great and irremediable hardship on the farmers of the state; and

Whereas, in the judgment of the 87th legislature these facts create an emergency within the meaning of section 16 of article XXXI of the constitution and require the following legislation as immediately necessary for the preservation of the public peace, health, and safety; now therefore,

Be it enacted by the People of the State of Maine, as follows:

**Sec. 1. Crop mortgage designated.** The security herein provided for shall be known and designated as a crop mortgage.

**Sec. 2. Borrowing from production credit association regulated.** Any person, association, partnership or corporation engaged in the business of farming, crop production or the raising, breeding, fattening, or marketing of livestock may enter into an agreement with and borrow funds from a production credit association organized under the farm credit act of 1933, a regional agricultural credit corporation, a federal intermediate credit bank, or any institution which has made arrangements to discount therewith, or to procure funds therefrom on the security of the obligations of the borrower, the Reconstruction Finance Corporation, or the government of the United States or any department, agency or officer thereof, now or hereafter existing, and may secure the same by crop mortgage upon personal property, crops, whether annual or perennial, and fruits, berries, emblems, nursery stock and industrial growing crops, whether any of such crops are grown or growing, or whether the same are to be grown during the existence of said crop mortgage, and such crop mortgage shall be a lien on said property, which shall be good and valid against the mortgagor, and, when recorded in accordance with the provisions of section 1 of chapter 105 of the revised statutes shall be valid against a trustee in bankruptcy or an assignee in insolvency of the mortgagor, or against an assignee under a general assignment for the benefit of the creditors of the mortgagor, and against all creditors of the mortgagor, and against all subsequent purchasers, transferees, mortgagees, lienors, and encumbrancers of the mortgagor and those claiming under or through him.

**Sec. 3. Assignments.** Where the mortgagor is a tenant for life, for years, at will, by sufferance, or a sharecropper and the landlord or owners of the premises occupied by such tenant or sharecropper shall have any rights or interest in any of the property above described and covered by a crop mortgage given under and pursuant to this act, an assignment of the same filed in the same manner as said crop mortgage shall be good and valid for all purposes as against the assignor, and against all creditors and against all subsequent grantees, purchasers, transferees, mortgagees, lienors and encumbrancers of the assignor and those claiming under or through him from the time of the filing thereof as provided herein.

**Sec. 4. Prior liens; personal property.** An agreement for the subordination of prior liens upon personal property, and any instrument intended to operate as such, or a copy thereof, may be filed in the office where the instrument subordinated is or may be filed or recorded.

**Sec. 5. Prior liens; real property.** An agreement for the subordination of prior liens or encumbrances on real property, and any instrument intended to operate as such or a copy thereof, may be filed in the office where the instrument subordinated is or may be filed or recorded.

**Sec. 6. Prior liens subordinated.** The subordination agreements provided for in the last 2 preceding sections shall be valid and enforceable against all creditors and against all subsequent purchasers, transferees, mortgagees, lienors or encumbrancers of the subordinator and those claiming under or through him from the time of the filing thereof as provided herein.

**Sec. 7. Mortgage may include livestock.** Where a crop mortgage includes livestock such crop mortgage shall be valid and enforceable and the extent of the lien thereof shall not be affected in any way because provision is contained therein that the mortgagor may use and consume the mortgaged property in preserving and preparing for market the livestock covered thereby.

**Sec. 8. After-acquired property.** Provisions contained in such crop mortgage that property of the same class as is covered by the crop mortgage shall be included in the mortgage lien, if acquired by the mortgagor subsequent to the execution of the crop mortgage and prior to its extinguishment shall be valid and binding, and all such after-acquired property shall be covered and secured by such crop mortgage equally and to the same extent as the property originally covered thereby.

**Sec. 9. Mortgage to secure later advances.** Provisions that any such crop mortgage shall secure, in addition to the amount advanced, any further and additional amounts as may be advanced by the mortgagee, at its or his option, to the mortgagor within a period of 1 year from the date of the execution of the crop mortgage, not to exceed in the aggregate an amount stated in the crop mortgage, shall be valid and binding to the same extent as if the advances were obligatory on the part of the mortgagee, and all such further advances shall be covered and secured by such crop mortgage equally and to the same extent as the amount originally advanced under such crop mortgage.

**Sec. 10. Loans not to be assigned.** Funds loaned, advanced or to be advanced hereunder shall not be assigned, and shall be exempt from all claims of creditors, and from execution, levy, judgment or attachment.

**Sec. 11. Sale of mortgaged property; effect of.** Any crop mortgage executed under and pursuant to this act may provide that the mortgagor shall have the right to sell or exchange any of the mortgaged property under the conditions stated in said mortgage, if the proceeds of such sale or exchange are applied upon the mortgage debt or are to be used for the purchase of property to be included in the mortgage lien and such mortgage may provide that proceeds of sale of mortgaged property sold with or without consent of the mortgagee, or the assignee of the crop mortgage, may be permitted to be used for the purpose of paying the expenses of cultivating, harvesting, preparing for market, processing, marketing or otherwise preserving or rendering merchantable, or salable, the remaining property covered by said crop mortgage, and such provision or provisions shall not in any way render invalid the lien of said crop mortgage, or its preference or priority as herein stated. Any such sale or exchange may be made in accordance with such provisions without notice to, or consent of, any person claiming any lien preference or right in or to the mortgaged property or the proceeds of the sale thereof.

**Sec. 12. Right of possession in mortgagee.** Every such crop mortgage shall vest in the mortgagee or owner thereof the right to the possession of the property therein described, and when it is recorded as herein provided no further act of taking possession or otherwise indicating a right of ownership shall be necessary on the part of the mortgagee or owner of said mortgage during the term of said mortgage as against the mortgagor or any 3rd party whatsoever.

**Sec. 13. Lien travels with property.** The lien of such mortgage shall not be affected or impaired by the removal of the mortgaged property from the county in which the mortgage is recorded or by any act hostile to the interests of the owner or holder of the mortgage.

**Sec. 14. Conditional lien.** The mortgagee or any assignee of the mortgage may specifically consent to the extinguishment of the lien as to all or any part of the mortgaged property, and may condition such consent in any manner, which condition shall be binding on any purchaser from the mortgagor.

**Sec. 15. Assignment of crop mortgage.** Any crop mortgage executed under and pursuant to this act may be assigned by an instrument in writing or by endorsement on the crop mortgage signed by the mortgagee or by its or his agent or assignee, and the same, or a copy thereof, may be

recorded in the same office and indexed in the same manner as the original crop mortgage, and such assignment, excepting as to the parties thereto, shall take effect and be valid only from the time of recording the same.

**Sec. 16. Discharge of mortgage.** Any such crop mortgage may be discharged by an instrument in writing signed by an officer or authorized agent of the mortgagee, or its or his assignee. Any such discharge shall be delivered to the mortgagor, and shall be filed by him in the office having on file the instrument affected by the discharge, and when so filed shall be indexed by the clerk or register in the same manner as the mortgage discharged.

**Sec. 17. Method of recordation.** Every instrument or a copy thereof, required or permitted to be filed under and pursuant to this act, shall be recorded in accordance with the provisions of section 1 of chapter 105 of the revised statutes. Every instrument or copy thereof, required or permitted to be recorded under and pursuant to this act, when received for filing, shall be given a filing number, and the officer recording such instrument shall endorse upon the same the number thereof, and the day, hour, and minute of its receipt by him. Every instrument provided for in this act shall be indexed in a separate book to be designated "crop mortgages index", which shall be provided by the registry officer of the office where recorded. Such crop mortgage index shall be arranged alphabetically, and shall contain the names of the parties executing the instruments, and to whom given, and the filing number of the instrument, the date and time of filing, and the nature of the instrument.

**Sec. 18. Index of assignments.** The assignment provided for by section 3 hereof shall be indexed in the "crop mortgage index."

**Sec. 19. Subordination agreements; how recorded.** When received for recording each instrument of subordination or which affects the priority or the extent of lien of existing chattel mortgages or other chattel liens shall be filed and indexed in the crop mortgage index and a reference to it by its number shall be made on the margin of each record of a chattel mortgage or other personal property lien described in the instrument.

**Sec. 20. Index of subordinating agreements.** When received for recording, each instrument of subordination or which affects the priority or extent of lien of existing real property mortgages shall be indexed in the crop mortgage index and reference to it by its number shall be made on the margin of the record of each real property mortgage described in the instrument.

**Sec. 21. Instruments valid when recorded.** Every instrument recorded pursuant to the provisions of this act shall be valid against the creditors and subsequent purchasers, transferees, mortgagees, lienors, and encumbrancers of the person or persons executing the same from the time of the filing thereof.

**Sec. 22. Lack of form; effect of.** Any instrument provided for herein shall be valid and enforceable and shall be received for recording notwithstanding it be not sealed, witnessed or acknowledged.

**Sec. 23. Recording fees.** The clerks or registers shall receive for services hereunder the following fees: for filing, entering and indexing each instrument or copy, 50c; for issuing a receipt for the same, 10c; for certified copies of each instrument, 50c; if the copy is prepared by the person requesting certification; in other cases, 50c, and in addition 10c for each 100 words copied; for filing a discharge of mortgage, 25c.

**Sec. 24. Recordation conditional upon certificate that instrument secures loan.** Before any crop mortgage shall be accepted by the clerk or register for recording, there shall be endorsed thereon or annexed thereto a certificate to the effect that the same secures a loan or advances made or to be made by an organization or lender described or referred to in this act, which certificate shall be executed by an officer or agent of the organization or lender making such loan and such certificate shall be in lieu of any affidavit, affirmation, or oath as to the consideration and amount of said crop mortgage, the debt secured thereby, or any other matter in connection therewith.

**Sec. 25. Penalty for making false certificate.** Any person intentionally making a false certificate under and pursuant to the last preceding section shall be guilty of a misdemeanor and shall be fined \$20 and costs.

**Sec. 26. Default of mortgagor; procedure.** Upon default by the mortgagor or his assigns in the payment of the debt secured thereby or of any of the conditions, covenants or terms in any crop mortgage given under and pursuant to this act, the said mortgage may be foreclosed by publishing a notice of intention to foreclose once a week, for 3 successive weeks, in a newspaper published wholly or in part in the county where the property is located, or by advertisement by notice signed by the mortgagee or his or its agent and put up in 3 public places in the county where the property described in said crop mortgage is then located, said last publication

or said notice being at least 5 days before the time appointed for selling the same, which advertisement or notice shall contain a description of the property to be sold and a statement of the time and place of sale, and, at the time and place so appointed, exposing the mortgaged property to sale at public vendue and striking it off to the highest bidders.

**Sec. 27. Validity clause.** If any clause, sentence, paragraph, or part of this act shall for any reason be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair or invalidate the remainder of this act, but shall be confined in its operation to the clause, sentence, paragraph, or part thereof directly involved in the controversy in which such judgment is rendered. This act shall be liberally construed to effectuate the purposes hereof.

**Sec. 28. Emergency clause.** In view of the emergency set forth in the preamble this act shall take effect when approved.