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## **Requirements for Grain Dealers**

### **State of Alabama**

*Bonding*

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## Requirements for Grain Dealers

### STATE OF ALABAMA

*Current through Act 2014-457 of the 2014 Regular Session*

#### **Ala.Code 1975 § 2-31-4**

#### **§ 2-31-4. Surety bond; requirements; waiver of bond requirements.**

Every person licensed as a grain dealer shall have filed with the department a surety bond for each separate location signed by the dealer as principal and by a responsible company authorized to execute surety bonds within the State of Alabama. Such bond shall be in the principal amount to the nearest \$1,000.00 equal to ten percent of the aggregate dollar amount paid by the dealer to producers for grain purchased from them during the 12 month period ending no more than 30 days prior to the time the dealer files to be licensed under this article. Persons who have been in the business of a grain dealer for less than one year are required to only meet minimum bond requirements their first year. Provided, that in any case the amount of the bond shall not be less than \$25,000.00 or more than \$100,000.00 for each separate location. Provided further, these bond requirements will be waived upon proof to the commissioner that such person is licensed under the United States Department of Agriculture Warehouse Act.

#### **Ala.Code 1975 § 2-31-5**

#### **§ 2-31-5. Bond payable to state with commissioner as trustee; beneficiary of bond; cancellation; trust fund agreement in lieu of bond requirements.**

Such bond shall be made payable to the State of Alabama as obligee, with the commissioner as trustee, and shall be conditioned on the grain dealer and his compliance with this article, and shall be for the use and benefit of the producer from whom the grain dealer may purchase grain and who is not paid by such grain dealer, and shall not be cancelled during the period for which the license is issued, except upon at least 60 days notice in writing to the commissioner. In no such event shall the total aggregate liability of surety exceed the face amount of its bond.

In lieu of the above bond requirements a grain dealer may file and maintain a bond equivalent in the form of a trust fund agreement based upon cash, or fully negotiable bonds of the United States government or of the State of Alabama. All other provisions of the above bond requirements shall be applicable to trust fund agreements.

**Ala.Code 1975 § 2-31-8**  
**§ 2-31-8. Action by commissioner upon default.**

When the commissioner has determined that a grain dealer has defaulted in payment for grain which he has purchased, the commissioner shall determine through appropriate procedures the producers and the amount of defaulted payment and as trustee of the bond shall immediately after such determination to those who should receive the benefits. Should the defaulted amount be less than the principal amount of the bond or bonds then the surety shall be obligated to pay only the amount of the default.