



# The National Agricultural Law Center

[nationalaglawcenter.org](http://nationalaglawcenter.org) | [nataglaw@uark.edu](mailto:nataglaw@uark.edu) | [@nataglaw](https://twitter.com/nataglaw)

## Requirements for Grain Warehouses:

*New Mexico*



This material is based upon work supported by the National Agricultural Library, Agricultural Research Service, U.S. Department of Agriculture

# A National Agricultural Law Center Research Publication

## Requirements for Grain Warehouses: New Mexico

### Fast Find:

- 1) Licensing: [N.M. Stat. §§ 56-6-2; 4; 7](#)
- 2) Bonding: [N.M. Stat. §§ 56-6-3; 6; 11](#)
- 3) Auditing:
- 4) Indemnity Fund:
- 5) Failure/Liquidation:
- 6) Prompt Payment:
- 7) Penalties: [N.M. Stat. § 56-6-9](#)
- 8) Lien:

### N.M. Stat. Ch. 56, Art. 6

*Current through Chapters 6, 7, 11, 16, 28 and 64 of the 2024 Second Regular Session of the 56th Legislature (2023).*

#### **N.M. Stat. § 56-6-1. Definitions.**

As used in Sections 56-6-1 through 56-6-11 New Mexico Statutes Annotated, 1978 Compilation:

- A. words shall have the same meanings as set forth in the Uniform Commercial Code, Article 7 [55-7-101 to 55-7-807 NMSA 1978];
- B. "warehouse" means any building, structure or other protected enclosure in which any agricultural product is, or may be, stored; and
- C. "agricultural products" includes only those which are produced from the ground.

#### **N.M. Stat. § 56-6-2. License to store agricultural products; issuance upon application; contents; fee.**

No warehouseman shall issue negotiable warehouse receipts for agricultural products as in this act [56-6-1 to 56-6-11 NMSA 1978] defined, unless he shall have obtained from the county clerk of the county in which his warehouse is located a license authorizing him to store such agricultural products. Such license shall be issued by said county clerk upon the written application, under oath, of the warehouseman, setting forth his name and the location of his warehouse or warehouses. At the time of filing such application with the county clerk, the applicant shall be required to pay to the county clerk a filing fee of \$2.50. If the applicant is a partnership, the names of the partners shall be set forth, and if a corporation, then the names of the president, secretary and treasurer



thereof shall be set forth. In the case of a corporate applicant, the application shall be signed and sworn to by its president or secretary. Such application shall be filed and preserved in the county clerk's office.

#### **N.M. Stat. § 56-6-3. Bond; filing; approval; conditions; effect of termination.**

No warehouseman shall issue negotiable warehouse receipts until he has filed, with the county clerk, a surety company bond in the sum of five thousand dollars (\$5,000), payable to the state, and approved by the district attorney of the judicial district within which is located the office of the county clerk, to secure the faithful performance of the warehouseman's obligation under the provisions of Sections 56-6-1 through 56-6-11 New Mexico Statutes Annotated, 1978 Compilation, and under the Uniform Commercial Code, Article 7 [55-7-101 to 55-7-807 NMSA 1978], and of such additional obligations, as a warehouseman, assumed by him under contracts with the depositors of agricultural products in the warehouse. The license shall terminate upon the expiration of the surety bond unless a new bond is filed with the county clerk not less than ten days prior to the expiration date.

#### **N.M. Stat. § 56-6-4. Numbering of licenses; display.**

The county clerk shall number the licenses, issued under this act [56-6-1 to 56-6-11 NMSA 1978], with consecutive numbers following the name of his county, as follows: ". .... County, Number .....". Each warehouseman shall display the number of his license on his warehouse, together with the words "New Mexico Bonded Warehouse, License No....., ..... County."

#### **N.M. Stat. § 56-6-5. Insurance required.**

Each warehouseman shall be required to carry one hundred percent fire, combustion and lightning insurance and fifty percent tornado insurance on the value of the products in storage, under policies issued by insurance companies authorized to do business in New Mexico, payable to the warehouseman and his bondsman as their interests may appear.

#### **N.M. Stat. § 56-6-6. Action for breach of obligation secured by bond.**

Any person injured by the breach of any obligation to secure which a bond is given, under the provisions of Sections 56-6-1 through 56-6-11 New Mexico Statutes Annotated, 1978 Compilation or the Uniform Commercial Code, Article 7 [55-7-101 to 55-7-807 NMSA 1978] shall be entitled to sue on the bond in his own name in any court of competent jurisdiction to recover the damages he may have sustained by such breach.

#### **N.M. Stat. § 56-6-7. Revocation of license; procedure.**

The license gives the applicant authority to conduct the business of a warehouseman and is revocable only by the district court of the county in which the warehouse is located, upon the written petition of any person setting forth the particular violation of Sections 56-6-1 through 56-6-11 New Mexico Statutes Annotated, 1978 Compilation or of Sections 50-8-50 through 50-8-55 New



Mexico Statutes Annotated, 1953 Compilation, or both, and upon proper procedure and proof, as in other civil cases.

**N.M. Stat. § 56-6-8. Negotiable receipts to bear endorsement regarding insurance.**

The negotiable receipts issued by any warehouseman under Sections 56-6-1 through 56-6-11 New Mexico Statutes Annotated, 1978 Compilation, among other requirements provided for in the Uniform Commercial Code, Article 7 [55-7-101 to 55-7-807 NMSA 1978] shall plainly state on the face that the agricultural products for which the receipt is issued are kept fully insured by the warehouseman against loss by fire at the current market value.

**N.M. Stat. § 56-6-9. Issuance of receipts without complying with act; penalty.**

Any warehouseman, or any officer, agent or servant of a warehouseman, who issues or aids in issuing a receipt for such agricultural products without complying with the provisions of this act [56-6-1 to 56-6-11 NMSA 1978] shall be guilty of a felony, and upon conviction shall be punished for each offense by imprisonment not exceeding three years or by a fine not exceeding five thousand dollars [(\$5,000)], or both.

**N.M. Stat. § 56-6-10. Exemption of farmer's marketing associations.**

The provisions of this act [56-6-1 to 56-6-11 NMSA 1978] shall not apply to any farmer's marketing association whose principal business is that of storing and marketing perishable agricultural products.

**N.M. Stat. § 56-6-11. Exemption of warehouseman operating under federal act, or under \$5,000 bond; exception.**

No provision of this act [56-6-1 to 56-6-11 NMSA 1978] shall apply to any warehouseman operating under the provisions of the United States Warehouse Act nor to any warehouseman within the state of New Mexico who is under like bond in the amount of \$5,000.00 or more to any agency of the United States or the state of New Mexico providing that if the warehouseman shall cease to operate under the bond referred to in this section, he shall be governed by the provisions of this act.

