

VeraSun Energy bankruptcy poses perils for farmers and elevators, continued from page 4

require the farmer or elevator to fulfill the contract even if the cost of corn is considerably higher than the farmer or elevator will receive from VeraSun.

Note: Contract holders can seek limit on time for VeraSun to accept or reject contracts.

The bankruptcy code makes provision for those burdened by contracts to request that the Bankruptcy Court enter an order requiring that the Debtors accept or reject the contracts by a date certain. If such a motion were filed and a date was set for VeraSun to accept or reject contracts, VeraSun would be required to determine which contracts to accept or reject. If the contract was rejected, the farmer or elevator would be free to sell the corn to whomever it chose. Farmers and elevators should consider hiring a bankruptcy lawyer to collectively represent them in the VeraSun bankruptcy as their interests appear to be identical. By hiring one attorney, the farmers and elevators can have their interests properly represented when none of them could afford proper representation alone.

Q. What happens if Vera Sun rejects a corn delivery contract?

A. If a corn supply contract is rejected the rejection is treated as if VeraSun rejected the contract on the day before it filed bankruptcy. The farmer or elevator

whose contract is rejected will need to market its corn previously covered by the contract, then it can file a claim in the VeraSun bankruptcy that will be treated as an unsecured claim that can share in the dividend paid to unsecured creditors many months later. There is no guarantee that any payment will be made to unsecured creditors.

Future Developments

On Nov. 14, VeraSun filed a motion to establish a procedure for assumption or rejection of contracts. Unfortunately, it does not set any date certain by which VeraSun would have to assume or reject contracts. Thus, if the court approves VeraSun’s motion, contract suppliers would not be able to invoke the bankruptcy procedure to establish a certain time. Consequently, in order to have input in the process, contract suppliers have until Nov. 21 to file an objection. For corn contracts that have not been rejected, the contracts remain executory. However, for farmers that have not cashed a VeraSun check containing a restrictive endorsement which ties the supplier to market price for future deliveries, it appears that VeraSun must pay the contract price for corn that is delivered.

Information will be posted as it becomes available on the Center for Ag Law and Taxation web site: <http://www.calt.iastate.edu/>



Get the facts on selling and buying manure in Iowa

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Selling and Buying Manure in Iowa, a fact sheet developed by members of the Iowa Manure Management Action Group (IMMAG) is now available. This fact sheet is the tenth fact sheet in the series and is written to assist producers in Iowa who want to sell or buy animal manure. The series of fact sheets, including the newly released Selling and Buying Manure in Iowa, is available at <http://www.agronext.iastate.edu/immag/pubsimms.html>.

“This valuable tool comes at a time when more farmers are considering the application of manure as an alterna-

tive to high priced commercial fertilizers this fall,” said Angela Rieck-Hinz, Iowa State University Extension program specialist. “The fact sheet discusses selling regulated and non-regulated manure sources as well as things to consider when buying manure.”

Because of the many rules associated with manure management, regulated by either the Department of Natural Resources or the Iowa Department of Agriculture and Land Stewardship, IMMAG members identified topics they felt the state’s crop and livestock producers needed as a resource. In addition to buying

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and selling manure, topics have included land application, winter manure application, crop availability of manure nutrients and financial resources for livestock operations.

IMMAG members and contributors to the fact sheet series include the Natural Resources Conservation Service, Iowa Department of Natural Resources, Iowa Pork Producers Association, Iowa Cattlemen's Association, Iowa Turkey Federation, Iowa Poultry Association, Iowa State Dairy Association, Conservation Districts of Iowa, Iowa Corn Growers Association, Iowa Soybean Association, the Coalition to Support Iowa's Farmers, Agribusiness Association of Iowa,

Iowa Commercial Nutrient Applicators Association, Iowa Farm Bureau Federation, Iowa Department of Agriculture and Land Stewardship, Iowa Environmental Council, Iowa Pork Industry Center, Iowa Beef Center, ISU Extension and the ISU College of Agriculture and Life Sciences.

The fact sheets are available through IMMAG's Web site at <http://extension.agron.iastate.edu/immag/pub-simms.html> or through the Ag Decision Maker - Livestock section. IMMAG members also distribute the fact sheets through their respective newsletters, magazines, producer mailings and the media. Copies can be printed from the IMMAG Web site.

Updates, continued from page 1

Internet Updates

The following updates have been added to www.extension.iastate.edu/agdm.

Developing Enterprise Budgets – A1-25 (3 pages)

Current Profitability

The following profitability tools have been updated on www.extension.iastate.edu/agdm to reflect current price data.

Corn Profitability – A1-85

Soybean Profitability – A1-86

Ethanol Profitability – D1-10

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