

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF NEBRASKA
OMAHA DIVISION**

In Re: §
§
Hansen-Mueller Co., § **Case No. 25-81226-TLS**
§
Debtor. § **Chapter 11**
§

**CLAIMANT, USB JOINT VENTURE’S, RESPONSE TO THE DEBTOR’S OMNIBUS
OBJECTION TO CERTAIN CLAIMS FILED PURSUANT TO 11 U.S.C. § 557
PROCEDURES**
[ECF 430]

TO THE HONORABLE THOMAS L. SALADINO, CHIEF U.S. BANKRUPTCY JUDGE,
THE DEBTOR, ALL CREDITORS, AND ALL PARTIES IN INTEREST:

NOW COMES, USB JOINT VENTURE (the “**Claimant**” or “**USB**”), an unpaid agricultural producer of yellow corn delivered to the Debtor, HANSEN-MUELLER CO. (the “**Debtor**” or “**Hansen-Mueller**”), a grain warehouse or contract purchaser, at its locations in the State of Texas, and files this its resistance and response (“**Response**”) to the Debtor’s objections raised against Claimant’s § 557 Grain Claim Form [ECF 373] in Exhibits “**A**,” “**C**,” “**D**,” “**G**,” “**H**,” “**J**,” and “**M**” of the Debtor’s Omnibus Objection To Certain Claims Filed Pursuant To 11 U.S.C. § 557 Procedures (the “**Omnibus Objection**”) [ECF 430], including in the Debtor’s Brief [ECF 441] and its Joinders [ECF 442] and [ECF 443], without waiving its right to file a Response Brief, would respectfully show the Court as follows:

I. JURISDICTION AND VENUE

1. This Court has jurisdiction over this case pursuant to 28 U.S.C. §§ 157 and 1334, and the venue is proper under 28 U.S.C. §§ 1408 and 1409.
2. This is a core proceeding under 28 U.S.C. § 157(b)(2)(A), (B), (K), and (O).

3. Relief is proper under 11 U.S.C. § 557, which mandates expedited resolution of disputes concerning grain and grain proceeds.

II. BACKGROUND

4. Claimant, USB Joint Venture, is an unpaid agricultural producer of yellow corn delivered to the Debtor at its locations in the State of Texas.

5. Claimant sold and delivered 55,069.65 bushels of yellow corn to the Debtor under Purchase Contracts 166149 and 167034, all or part of which was stored at the Debtor's grain storage facility in Texas. The yellow corn was delivered to the Debtor's Houston Texas facility on September 17, 2025. The Claimant is owed an amount of at least **\$253,646.78** (the "**Claim Amount**") for 55,069.65 bushels of yellow corn.

6. The date of last delivery by the Claimant is August 10, 2025.

7. The Debtor filed its voluntary petition under chapter 11 of the United States Bankruptcy Code on November 17, 2025 (the "**Petition Date**").

8. The undersigned firm appeared in the Bankruptcy Case on behalf of Claimant, along with several other Texas agricultural producers, collectively known as the "**Texas Producers.**"

9. On December 5, 2025, the undersigned firm filed a Notice of Perfection of Agricultural Lien (the "**Notice of Perfection**") [ECF 119] on behalf of several qualifying Texas Producers, including the Claimant, pursuant to 11 U.S.C. § 546(b)(1)(A) and (b)(2) which arises under Texas Property Code Chapter 70, Subchapter E, to perfect the Claimant's security interest.

10. On December 6, 2025, the undersigned firm filed an Amended Motion of Texas Producers Under 11 U.S.C. § 557 for Determination of Rights in Grain and Grain Proceeds, and for Segregation and Protection of Proceeds (Texas Agricultural Producers' Lien Determination, Accounting, and Priority Procedure) (the "**§ 557 Motion**") [ECF 122].

11. On January 16, 2026, Claimant filed a proof of claim (“**POC #336**”) in the Bankruptcy Case for delivery of 55,069.65 bushels of yellow corn under Purchase Contracts 166149 and 167034 to Debtor for a total unsecured claim in the amount of \$253,646.78.

12. Claimant’s unpaid Claim Amount of \$253,646.78 is secured per the Notice of Perfection of Agricultural Lien (the “**Notice of Perfection**”) [ECF 119]. Under the Texas Property Code, an agricultural lien was created (§ 70.402) and attached (§ 70.403) on the date of Claimant’s first delivery of the yellow corn to the Debtor’s facility. The lien was deemed perfected at the time of attachment (§ 70.4045) for the duration of the first 90 days of delivery, and it remained perfected beyond the initial 90-day window because Claimant filed a Notice of Perfection [ECF 119] in this Bankruptcy Case pursuant to 11 U.S.C. § 546, a permitted method of perfection under the Bankruptcy Code, on or before the 90th day after the Claimant’s last delivery date. See Tex. Prop. Code Ann. § 70.4045 (West).

13. In case Claimant’s POC #336 is deemed unsecured for any reason, Claimant is entitled to immediate payment of a priority amount of \$8,450 from its POC #336 Claim Amount, representing the maximum priority unsecured amount permitted under 11 U.S.C. § 507(a)(6) in the U.S. Bankruptcy Code.]

14. On January 31, 2026, Claimant filed **POC #495** on behalf of its operating lender, Capital Farm Credit, ACA (“**CFC**” or “**Operating Lender**”) based upon the Claimant’s status as a codebtor with Hansen-Mueller Co., pursuant to Federal Rule of Bankruptcy Procedure 3005, because Hansen-Mueller is holding grain or grain proceeds that are subject to CFC’s perfected security interest.

15. Claimant’s Operating Lender, CFC, filed a UCC-1 Financing Statement (UCC Filing #11-0011541367) with the Secretary of State of Texas on April 18, 2011, prior to the BMO Bank’s

filing of its UCC-1 financing statement with the Secretary of State of Nebraska on March 31, 2023 (UCC Filing #2303001309-3).

16. On February 2, 2026, Claimant filed its 11 U.S.C. § 557 Grain Claim Form [ECF 373] in accordance with the Stipulation and Agreed Order Establishing Procedures for Determination of Rights, Ownership Interests, Liens, Security Interests, and All Other Interests In and To Grain and Proceeds of Grain Pursuant To 11 U.S.C. § 557 and for Segregation and Protection of Proceeds (the “§ 557 Procedures Order”) [ECF 262] entered on January 9, 2026 resolving the Texas Producers’ § 557 Motion [ECF 122]. Claimant’s § 557 Grain Claim Form [ECF 373] has amended and replaced the erroneously filed [ECF 352], as noted in the Court’s docket.

III. CLAIMANT’S RESPONSE

17. Claimant generally objects to each of the Objections set forth in the Exhibits to the Omnibus Objection [ECF 430] where Claimant is named, and further specifically objects to each Objection directed against it as set forth below. Claimant expressly objects to Footnote 2 [ECF 430, p. 11] which reads, “[t]o the extent that a claim is inadvertently left off of Exhibits B through K, such inadvertent failure to include such claim does not constitute a waiver of the objection to the claim as set forth in Exhibit A.” Claimant asserts that it is not required to respond to categories of objections in which Claimant is not identified or named.

Claimant’s Response to the Debtor’s Objection Set Forth in Exhibit “A” of Omnibus Objection [ECF 430]

18. Claimant’s § 557 Grain Claim should not be included in Exhibit “A” (List of Objected Claims) of the Omnibus Objection [ECF 430 at 20–35], because the “Basis for Disallowance” provided for the Claimant’s § 557 Grain Claim [ECF 373] in Exhibit “A” (p. 33), consists only of generic boilerplate objections that are contradicted by the legal and factual circumstances specific

to the Claim, and none of the specific objections asserted elsewhere in the Omnibus Objection or its Exhibits apply to Claimant's Claim.

Claimant's Response to the Debtor's Objection Set Forth in Exhibit "C" of Omnibus Objection [ECF 430]

19. The objection set forth in Exhibit "C" of the Omnibus Objection [ECF 430 at 38-41], asserting that Claimant failed to provide sufficient documentation supporting its security interest in the grain is a boilerplate objection and is plainly contrary to the record. As reflected in the § 557 Grain Claim Form and the materials filed in this case, Claimant submitted and expressly identified multiple documents evidencing its security interest in the grain, including the Purchase Contract, Customer Holdings Report, and related transactional documentation. *See* Claimant's § 557 Grain Claim Form [ECF 373]. Where supporting documentation is not attached to the § 557 Grain Claim Form as an exhibit, it is nevertheless referenced in the Form, as permitted under the Court's § 557 Procedures.

20. Moreover, Claimant's claim is not a "storage" claim in the sense of a bailment requiring a warehouse receipt. Rather, it is in the nature of a claim to determine the nature, extent, validity, and priority of a lien against grain and grain proceeds. Under the Court's § 557 Procedures for grain claims, the materials attached to or referenced in Claimant's § 557 Grain Claim Form, including weight tickets, settlement sheets, or customer holdings reports, constitute sufficient "documents" to establish the validity of Claimant's security interest, whether by virtue of the agricultural producer's statutory lien or the security interest held by Claimant's operating lender.

21. In sum, Claimant provided or referenced sufficient documentation in support of its claim, as required by the Court's § 557 Procedures. Notably, the Debtor has not identified any specific document, category of information, or particular deficiency in the materials provided in Claimant's § 557 Grain Claim Form [ECF 373] and thus has provided no basis to allege that any required

submission is missing or inadequate. Accordingly, the objection rests on a mischaracterization of the record and should be overruled.

Claimant's Response to the Debtor's Objection Set Forth in Exhibit "D" of Omnibus Objection [ECF 430]

22. The objection set forth in Exhibit "D" of the Omnibus Objection [ECF 430 at 42-43] alleges that Claimant failed to perfect its security interest because Claimant "failed to timely file a valid financing statement in Nebraska, the location Debtor is incorporated" (p. 42). This objection overlooks both the factual record and the applicable law. Accordingly, as detailed below, this objection is without merit and should be overruled.

A. Claimant's Security Interest Was Deemed Perfected By Statutory Right For the First 90 Days After the Attachment of the Lien

23. Claimant's lien was perfected by statutory right for the 90-day period following the delivery of the agricultural crops to the Debtor. Under the Texas Property Code § 70.403, an agricultural lien attaches on the date on which physical possession of the agricultural crop is delivered or transferred by the agricultural producer to the warehouse or to the contract purchaser or the purchaser's agent, or if there is to be a series of deliveries on the date of the first delivery of the agricultural crop. Tex. Prop. Code § 70.403. An agricultural lien is perfected at the time the lien attaches under Tex. Prop. Code § 70.403. Tex. Prop. Code § 70.4045(a). Under the statute, the lien continues to be perfected if a financing statement covering the agricultural crop is filed on or before the 90th day after the date:

- (1) the physical possession of the crop is delivered or transferred by the agricultural producer to warehouse or the contract purchaser or the purchaser's agent, if there is only one delivery; or
- (2) of the last delivery of the crop to the warehouse or the contract purchaser or the purchaser's agent, if there is a series of deliveries.

Tex. Prop. Code Ann. § 70.4045(a).

24. Therefore, Claimant’s lien was perfected for the first 90 days of delivery by statutory right without need for Claimant to take any other action.

25. The statute further provides that, to maintain perfection beyond this initial period, a financing statement must be timely filed. Tex. Prop. Code Ann. § 70.4045. If a financing statement covering the agricultural crop is not timely filed within the 90-day window, the lien is considered unperfected. Tex. Prop. Code Ann. § 70.4045(b). Section 70.4045 of the Texas Property Code is an exception to the application of Article 9 of the UCC, and, pursuant to § 70.404 (Applicability of Other Law; Effect on Other Law), to the extent of conflict, Texas Property Code, Chapter 70, Subchapter E controls:

“(a) Except as provided by Section 70.4045 of this code, Chapter 9, Business & Commerce Code, including applicable filing and perfection requirements, applies to a lien created under this subchapter.

(b) Except as provided by Subsection (c), to the extent of a conflict, this subchapter controls over any other law.

…”

Tex. Prop. Code Ann. § 70.404 (West).

26. In this case, before the 90-day period was over, that is, while Claimant’s security interest remained perfected, the Debtor sold Claimant’s grain, received proceeds, and its inventory lender, the BMO Bank, swept the Debtor’s account in which those proceeds were held. Claimant does not know the exact date of the Debtor’s sale of the grain, however, based on the Debtor’s Grain Report [ECF 426], the sale occurred between May 17, 2025 – November 17, 2025 (Petition Date), which falls within the period following Claimant’s delivery of the grain.

27. In *First National Bank of Denver City v. Brewer*, a Texas appellate court held that when competing secured parties both have perfected security interests at the time collateral is sold and when proceeds are received, their relative priority positions in the proceeds are fixed upon receipt of the proceeds. Accordingly, the party with priority does not lose its superior position due to its

failure to file a continuation statement after corporation's owner filed for bankruptcy. *First Nat. Bank of Denver City v. Brewer*, 775 S.W.2d 51 (Tex. App.—Amarillo 1989). The court explained that “the relative rights of [the parties] to the cash proceeds were fixed upon receipt of the proceeds, and it is of no moment that there is a judicial declaration of those rights at a later date.” *Id.* at 54.

28. Here, because Claimant’s security interest was perfected when the Debtor sold the grain and received the proceeds, Claimant’s superior priority in those proceeds was fixed at that time. Subsequent events, including BMO Bank’s sweep of the account or any later lapse of perfection, do not alter that priority. Accordingly, BMO took the proceeds subject to Claimant’s superior interest. BMO Bank admits that the Debtor had been using over \$11,000,000 of collateral proceeds “to fund Debtor’s operations and professional fees” [ECF 442 at 2, para. 3]. Those collateral proceeds include proceeds from sale of Claimant’s grain, which are subject to Claimant’s superior interest, which was fixed at the time the Debtor sold the grain and received the proceeds.

29. In sum, regardless of whether Claimant filed a financing statement or Notice of Perfection to extend perfection beyond the 90-day period, Claimant’s security interest in the proceeds was fixed at the time of the Debtor’s sale of the grain and receipt of those proceeds.

30. The general rule of priority among conflicting security interests in the same collateral where both interests are perfected by filing is that the secured party who first files a financing statement prevails. Tex. Bus. & Com. Code Ann. § 9.312(e)(1) (Tex. UCC) (West). In this case, however, because Claimant is a grain producer and the collateral consists of agricultural crops, rather than general goods or inventory, Claimant qualifies for the protections under Chapter 70 of the Texas Property Code, which controls over any other law in case of conflict. *See* Tex. Prop. Code Ann. § 70.404.

31. Alternatively, since Claimant's lien is considered perfected immediately upon attachment and remains perfected beyond the initial 90-day period when Claimant took steps necessary to perfect it as described above, and because Claimant timely and properly perfected its security interest by filing its Notice of Perfection [ECF 119], which is an equally acceptable method of perfection under these circumstances, Claimant's statutory agricultural lien remains perfected and continues to hold priority over any conflicting security interest in the crops or their proceeds created by the Debtor in favor of a third-party lender. Texas Property Code § 70.4045(c).

B. Claimant Properly Perfected Its Security Interest Beyond the 90-Day Window By Filing A Notice of Perfection [ECF 119]

32. The Debtor objected to Claimant's § 557 Claim on the grounds that Claimant "failed to timely file a valid financing statement in Nebraska, the location Debtor is incorporated" [ECF 430 at 42].

33. First, under the circumstances, filing a UCC-1 is not the only method to perfect a security interest. In cases where the filing of a bankruptcy petition interrupted the 90-day window for filing a UCC-1 financing statement because filing a UCC-1 would violate the automatic stay under 11 U.S.C. § 362, claimants may perfect their security interests by filing a Notice of Perfection under 11 U.S.C. § 546 within the Bankruptcy Case, which is an equally valid and proper method of perfection permitted by the Bankruptcy Code. The Debtor filed the present bankruptcy case on November 17, 2025, which was before expiration of the 90-day statutory filing period for Claimant. Because the automatic stay in 11 U.S.C. § 362(a)(4) and (a)(5) prohibits the filing of a post-petition financing statement with the Secretary of State, Claimant timely filed a Notice of Perfection of Agricultural Lien [ECF 119] on December 5, 2025 pursuant to 11 U.S.C. § 546(b)(1)(A) and (b)(2) to preserve and continue perfection of its lien.

34. Federal bankruptcy courts are required under the *Butner* doctrine to recognize state-created property interests, including agricultural liens, unless a compelling federal interest requires a different result. In *Butner v. U.S.*, 440 U.S. 48 (1979), the Supreme Court established that “property interests are created and defined by state law. Unless some federal interest requires a different result, there is no reason why such interests should be analyzed differently simply because an interested party is involved in a bankruptcy proceeding.” *Butner v. United States*, 440 U.S. 48, 55, 99 S. Ct. 914, 918, 59 L. Ed. 2d 136 (1979).

35. This principle applies to security interests:

“The justifications for application of state law are not limited to ownership interests; they apply with equal force to security interests, including the interest of a mortgage in rents earned by mortgaged property.”

Butner, 440 U.S. at 55, 99 S.Ct. 914. Accordingly, this principle directly applies to agricultural liens, which are recognized under both state law and UCC definitions. The bankruptcy estate under 11 U.S.C. § 541 includes all legal and equitable interests of the debtor, but the scope and validity of those interests are determined by state law. In bankruptcy proceedings, state law determines interests in property and the priority of competing liens. *In re Glinz*, 46 B.R. 266, 271 (Bankr. D.N.D. 1984) (citations omitted). Courts particularly look to state statutes when determining the enforceability and priority of interests in crops. *Id.* (citations omitted).

36. In sum, Claimant’s claim is perfected, among other reasons, per the Notice of Perfection of Agricultural Lien [ECF 119] filed on behalf of Claimant in the Bankruptcy Case, on December 5, 2025, pursuant to 11 U.S.C. § 546(b)(1)(A) and (b)(2) which arises under Texas Property Code Chapter 70, Subchapter E.

C. Claimant Was Not Required to File UCC-1 Financing Statement in Nebraska

37. Second, under no circumstances was filing of a UCC-1 in Nebraska required of any Texas Producer who delivered grain to the Debtor’s Texas facilities. Under the applicable UCC

provisions in effect in both Texas and Nebraska, while farm products are located in a jurisdiction, the local law of that jurisdiction governs perfection, the effect of perfection or nonperfection, and the priority of an agricultural lien on those farm products. Tex. Bus. & Com. Code Ann. § 9.302 (West).

38. The Debtor operates under a misguided interpretation of the UCC, believing that once Claimant sold the grain to the Debtor, the grain would change character (from “farm product” to “inventory”) and would impose a different obligation on Claimant (who, by the way, still remained a “grain producer” and did not become a “merchant” by selling his grain to the Debtor), namely, that the specific rule set forth in UCC § 9-302 would cease to apply and the general rule set forth in UCC § 9-301 would instead begin to apply. [ECF 441 at 18]. Claimant’s execution of a Purchase Contract with the Debtor containing boilerplate Terms and Conditions identifying Claimant as a “merchant” and selecting Nebraska law does not affect Claimant’s status as a “grain producer” under the provisions of the UCC (which is identical in Texas and Nebraska), nor does it alter Claimant’s lien priority, which arises by statute, not by contract, and therefore cannot be modified by such provisions.

39. Further, UCC § 9-315(a) (as adopted in Texas and Nebraska), provides that, “[e]xcept as otherwise provided in this article and in section 2-403(2) [in Texas: 2.403(b)],” “a security interest or agricultural lien continues in collateral notwithstanding sale, lease, license, exchange, or other disposition thereof unless the secured party authorized the disposition free of the security interest or agricultural lien;” and “a security interest attaches to any identifiable proceeds of collateral.” Neb.Rev.St. U.C.C. § 9-315(a).

40. In this case, Claimant did not authorize any sale free and clear of its interest; the disposition did not alter the nature of the collateral. Claimant did not become a merchant by selling its grain

to the Debtor, nor did the transaction create a bailment or entrustment. Under Texas law, “an agricultural producer’s agreement with a warehouse or a contract purchaser to waive the producer’s right to seek a remedy provided by this subchapter is void.” Tex. Prop. Code Ann. § 70.410 (West). Therefore, Claimant’s security interest was not extinguished by the sale, but instead continued in the collateral and attached to any identifiable proceeds under UCC § 9-315(a). Accordingly, for purposes of determining priority and perfection of the lien, the location of the farm products at the time of the sale, rather than the location of the Debtor’s headquarters, remains the controlling factor.

41. In sum, the Debtor’s objection set forth in Exhibit “D” of the Omnibus Objection [ECF 430 at 42-43] alleging that Claimant failed to perfect its security interest because Claimant “failed to timely file a valid financing statement in Nebraska, the location Debtor is incorporated” (p. 42) is meritless and should be overruled.

Claimant’s Response to the Debtor’s Objection Set Forth in Exhibit “G” of Omnibus Objection [ECF 430]

42. The objection set forth in Exhibit “G” of the Omnibus Objection, directed against Claimant, alleges that Claimant “lack[s] standing to assert the purported security interests of their alleged secured creditors. A claimant may not assert rights belonging to a third party without proper authorization or assignment.” [ECF 430 at 46].

43. Claimant’s operating lender, Capital Farm Credit, ACA (“CFC”) holds a valid, perfected, and first-priority security interest in Claimant’s crops and the proceeds thereof, including the grain and grain proceeds currently held by the Debtor.

44. 11 U.S.C. § 501(b) provides, “[i]f a creditor does not timely file a proof of such creditor’s claim, an entity that is liable to such creditor with the debtor, or that has secured such creditor, may file a proof of such claim.” 11 U.S.C. § 501(b). As courts explained, “[i]n conjunction with §

501(b), Federal Rule of Bankruptcy Procedure 3005(a) ‘makes clear that any entity that may be liable on a debt of the debtor is authorized to file in the name of the creditor.’ 4 COLLIER ON BANKRUPTCY ¶ 501.03[1] (16th ed. 2019). ‘Although not expressly required by Rule 3005, a codebtor filing under that rule should include sufficient information to establish a right to file and execute the proof of claim.’ *Id.*” *In re Lewis*, 637 B.R. 861, 877 (Bankr. W.D. Ark. 2022).

45. Claimant has standing under Federal Rule of Bankruptcy Procedure 3005 as a codebtor to assert CFC’s security interest. Rule 3005 provides that “[i]f a creditor fails to file a proof of claim within the time prescribed by Rule 3002(c) or Rule 3003(c), it may be filed by an entity that, along with the debtor, is or may be liable to the creditor or has given security for the creditor's debt. The entity must do so within 30 days after the creditor's time to file expires. (. . .).” Fed. R. Bankr. P. 3005(a).

46. Here, CFC did not file a proof of claim within the time prescribed by the Bankruptcy Rules. Accordingly, on January 31, 2026, Claimant filed a proof of claim [POC #495] on CFC’s behalf. The filing occurred within 30 days after the claims bar date of January 26, 2026. Claimant acted pursuant to Rule 3005 based on its status as a codebtor. In support of POC #495, filed on behalf of CFC, Claimant provided ample documentation detailing the indebtedness and establishing its right to file and execute the proof of claim based on the relationship between the parties and the nature of that relationship.

47. On the Petition Date of November 17, 2025, Hansen-Mueller Co. was indebted to BMO Bank, N.A. (“**BMO Bank**”) in an amount exceeding 50 million dollars. The repayment of such indebtedness is secured by a security interest BMO Bank holds against grain inventory. The Debtor’s Omnibus Objection [ECF 430] and Brief [ECF 441], as well as BMO Bank’s Joinder [ECF 442], have already admitted that the Debtor or BMO Bank is holding grain or grain proceeds

from the sale of Claimant's grain. Although the BMO Bank's security interest is perfected by the filing of a UCC-1 financing statement with the Secretary of State of Nebraska on 3/31/2023 (UCC Filing #2303001309-3), those grain proceeds are subject to CFC's perfected security interest that is superior to BMO Bank's interest by virtue of CFC's security agreement and UCC-1 Financing Statement (UCC Filing #11-0011541367) filed with the Secretary of State of Texas on April 18, 2011, prior to the BMO Bank's filing of its UCC-1 financing statement with the Secretary of State of Nebraska.

48. The supporting documentation attached to POC #495 filed on behalf of CFC made it sufficiently clear that Claimant is indebted to CFC on an outstanding promissory note with a current outstanding balance owing; repayment of this indebtedness is secured by liens against Claimant's crops and crop proceeds, created by a security agreement and perfected by the filing of a UCC-1 financing statement. As provided in Claimant's § 557 Grain Claim Form, Claimant has delivered grain to the Debtor and, as reflected on its POC #336, Claimant is owed proceeds from the sale of such grain. The proceeds of the grain constitute "crop proceeds" and are encumbered by CFC's perfected security interest by virtue of its security agreement and UCC-1 Financing Statement filed with the Secretary of State of Texas prior to the BMO Bank's filing of its UCC-1 Financing Statement with the Secretary of State of Nebraska.

49. The ultimate determinant of priority will be which bank filed their financing statement first or perfected their security interest first under the general rule of UCC Section 9-322(a). In this case, UCC 9-322 (Priorities among conflicting security interests in and agricultural liens on same collateral) is identical under Texas law (Tex. Bus. & Com. Code Ann. § 9.322) and Nebraska law (Neb. Rev. St. U.C.C. § 9-322); therefore, no choice-of-law analysis is needed. *Schneider Nat'l Transport v. Ford Motor Co.*, 280 F.3d 532, 536 (5th Cir. 2002) ("If the laws of the states do not

conflict, then no choice-of-law analysis is necessary.”); *Greenberg Traurig of N.Y., P.C. v. Moody*, 161 S.W.3d 56, 69-70 (Tex. App.—Houston [14th Dist.] 2004, no pet.) (“A court must make a conflicts-of-laws decision only when the case is connected with more than one state and the laws of the states in question differ on one or more points in issue.”).

50. Accordingly, CFC holds a valid, perfected, and first-priority security interest in Claimant’s crops and crop proceeds because CFC’s security interest has priority over BMO Bank’s security interest under the principle of first-in-time, first-in-right, and pursuant to Article 9 of the Uniform Commercial Code.

51. Moreover, BMO’s security interest is in Hansen-Mueller’s inventory. The grain and proceeds at issue are not Hansen-Mueller’s inventory; they are proceeds of Claimant’s crops delivered for sale and subject to CFC’s lien. Under UCC §§ 9-203 and 9-315, a security interest attaches only to collateral in which the debtor has rights, and a perfected security interest in crops continues in identifiable proceeds.

52. Because Hansen-Mueller never obtained unencumbered ownership of the grain free of CFC’s lien, BMO’s inventory lien never attached to the grain or its proceeds. Regardless of priority status, CFC is the only secured party with a valid lien in this specific collateral.

53. Under Article 9 of the Uniform Commercial Code, a security interest attaches only to collateral in which the debtor has rights. UCC § 9-203(b)(2). Hansen-Mueller did not acquire ownership of the grain free and clear of CFC’s perfected security interest; rather, the grain constituted proceeds of Claimant’s crops that remained encumbered by CFC’s lien at all times. Hansen-Mueller’s possession of the grain for storage, marketing, or sale did not extinguish CFC’s security interest or transform the grain into unencumbered inventory of Hansen-Mueller. Accordingly, BMO Bank’s inventory lien could attach, if at all, only to Hansen-Mueller’s limited

interest and could not defeat CFC's continuing security interest in the proceeds of Claimant's crops. Because a debtor cannot grant a security interest greater than the rights it possesses, Hansen-Mueller could grant BMO Bank a security interest only in whatever limited equity, if any, Hansen-Mueller held in the grain. That equity interest was subordinate to CFC's prior and continuing security interest. Thus, BMO's inventory lien could only attach to Hansen-Mueller's equity, which was subordinate to CFC's lien. Accordingly, BMO Bank's inventory lien could not prime CFC's lien, regardless of the relative timing of the parties' financing statements. A debtor cannot grant a security interest greater than the rights it holds. UCC § 9-203(b)(2).

54. In sum, the objection set forth in Exhibit "G" of the Omnibus Objection [ECF 430 at 46] should be overruled as to Claimant's § 557 Claim [ECF 373], because, as explained above, Claimant has standing to assert FNB's interest in this bankruptcy proceeding.

Claimant's Response to the Debtor's Objection Set Forth in Exhibit "H" of Omnibus Objection [ECF 430]

55. The objection set forth in Exhibit "H" of the Omnibus Objection [ECF 430 at 47], directed against Claimant, alleges that, even if the objection set forth under Exhibit "G" is overruled and Claimant is found to have standing, Claimant's claim still should be disallowed because Claimant's secured lenders failed to "comply with the requirements of the Food Security Act of 1985, 7 U.S.C. § 1631 ("FSA"), by filing an effective financing statement or providing direct notice of their security interests to the Debtor." [ECF 441 at 29]. This objection is invalid and should be overruled because Claimant's operating lender did not need to comply with the FSA under these circumstances, as explained below.

56. Under Texas law, a lien continues to encumber collateral after the collateral is sold to another party. Tex. Bus. & Com. Code § 9.315. Section 9.315 is preempted by the Food Security Act ("FSA") if the sale is made in the ordinary course of business. 7 U.S.C. § 1631(d). Under the

FSA, “a buyer who in the ordinary course of business buys a farm product from a seller engaged in farming operations shall take free of a security interest created by the seller, even though the security interest is perfected; and the buyer knows of the existence of such interest.” 7 U.S.C. § 1631(d).

57. Here, the FSA, 7 U.S.C. § 1631(d), does not preempt UCC § 9-315 because the sale did not occur in the ordinary course of business. Courts have consistently held that where a transaction departs from ordinary commercial practices, the protections of § 1631(d) do not attach, leaving secured creditors free to assert an interest in identifiable proceeds under Article 9. *See e.g., Lone Star State Bank of West Texas v. Rabo Agrifinance, LLC*, 644 B.R. 505 (N.D. Tex. 2022). Here, the Debtor’s purchase of grain from Claimant occurred against the backdrop of an impending bankruptcy and under the direct influence and control of its inventory lender, BMO Bank. As BMO Bank admitted in its Joinder [ECF 442 at 2], the Debtor and the BMO Bank, along with other Prepetition Secured Parties, had already “negotiated and entered into their final Forbearance Agreement in late September 2025 prior to Debtor’s bankruptcy filing.” [ECF 442 at 2]. This occurred certainly within 90 days of Claimant’s delivery of grain and within two months of the Debtor’s filing of bankruptcy.

58. Further, at the time Claimant sold its grain to the Debtor, Claimant was unaware that BMO Bank had already taken affirmative steps to ensure repayment of the Debtor’s indebtedness from the proceeds of that grain. Unlike a routine sale in the ordinary course of business, the transaction was effectively orchestrated in anticipation of insolvency, with BMO Bank imposing conditions on the Debtor and subsequently sweeping the account containing the sale proceeds. These extraordinary and undisclosed circumstances remove the transaction from the ordinary course of

business and render § 1631(d) inapplicable. Accordingly, Article 9 governs, and Claimant retains a valid and enforceable interest in the identifiable proceeds of the grain sale under UCC § 9-315.

59. Here, the FSA, 7 U.S.C. § 1631(d), does not preempt UCC § 9-315 also because the Food Security Act does not affect proceeds; it only protects buyers from taking farm products subject to security interests, but does not eliminate the secured party's lien on identifiable proceeds. *HHH Farms, L.L.C. v. Fannin Bank*, 648 S.W.3d 387, 425 (Tex. App.—Texarkana 2022). Accordingly, Claimant's operating lender's perfected security interest in crops continues in the proceeds of sale. UCC § 9-315.

60. Moreover, Claimant did not become a "merchant" within the meaning of the UCC simply by signing a Purchase Contract with the Debtor that contained a boilerplate Terms and Conditions that said so. Claimant is not asserting contractual rights in this Bankruptcy Case but is rather invoking its security interest arising under the Texas law as well as under the UCC provisions that are identical under Nebraska and the Texas law. Texas law governs this matter according to the applicable Texas and Nebraska UCC choice-of-law rules. Moreover, the Texas Property Code § 70.410 provides that "an agricultural producer's agreement with a warehouse or a contract purchaser to waive the producer's right to seek a remedy provided by this subchapter is void." Tex. Prop. Code Ann. § 70.410 (West).

61. In sum, the objection set forth in Exhibit "H" of the Omnibus Objection [ECF 430 at 47] should be overruled as to Claimant's § 557 Claim [ECF 373], because Claimant's secured lender did not need to comply with the requirements of the Food Security Act of 1985, 7 U.S.C. § 1631; Claimant has standing to bring and prosecute a claim on behalf of its secured lender, CFC, as set forth in POC #495, and the claim is valid.

Claimant's Response to the Debtor's Objection Set Forth in Exhibit "J" of Omnibus Objection [ECF 430]

62. The objection set forth in Exhibit "J" of the Omnibus Objection [ECF 430 at 49], directed against Claimant, mistakenly identifies the original [ECF 352] and the amended [ECF 373] versions of Claimant's § 557 Grain Claim Form as "duplicates." Claimant's Amended § 557 Grain Claim Form [ECF 373] fully and completely replaces the initial filing, as indicated in the docket text for ECF 373 entered on 2/2/2026 at 7:12 PM CST and filed on 2/2/2026 ("Amended Response - 11 U.S.C. Section 557 Grain Claim Form Filed by USB Joint Venture (RE: related document(s)[352] Response filed by Creditor USB Joint Venture)'), and is not intended as a duplicate of the earlier filing [ECF 352].

63. Therefore, the objection set forth in Exhibit "J" of the Debtor's Omnibus Objection should be overruled as to Claimant.

Claimant's Response to the Debtor's Objection Set Forth in Exhibit "M" of Omnibus Objection [ECF 430]

64. The objection set forth in Exhibit "M" of the Omnibus Objection [ECF 430 at 52-53], directed against Claimant, alleges that the claim "improperly seek[s] to apply laws from jurisdictions other than Nebraska to claims that are governed by Nebraska law" [ECF 430 at 52] and "attempts to evade the proper application of Nebraska law" [ECF 441 at 34]. This objection is misguided and should be overruled because Claimant is not attempting to evade application of Nebraska law; rather, Nebraska law simply does not apply, and Claimant is correctly invoking Texas law, which governs this matter.

65. For its assertion that Nebraska law governs the validity, perfection, and priority status of Claimant's claim, the Debtor invokes the Purchase Contract Standard Terms and Conditions pre-printed at the back of all of Hansen-Mueller Purchase Contracts, which Claimant has signed. The Debtor's assertion is misguided because Claimant's lien rights are not contractual, but rather,

statutory in nature. By filing its § 557 Grain Claim Form, Claimant is not attempting to enforce a contractual remedy, but rather it is asserting its lien priority deriving from the Texas Property Code Chapter 70, Subchapter E. The choice-of-law principle on this question is clear: While farm products are located in a jurisdiction, the local law of that jurisdiction governs perfection, the effect of perfection or nonperfection, and the priority of an agricultural lien on the farm products. Tex. Bus. & Com. Code Ann. § 9.302 (West). The law governing this question, UCC 9-302 (Law Governing Perfection and Priority of Agricultural Liens), is identical under Texas law (Tex. Bus. & Com. Code Ann. § 9.302) and Nebraska law (Neb. Rev. St. U.C.C. § 9-302). Claimant delivered the grain to Hansen-Mueller’s facility in Texas. Because the farm products were located in Texas at the time the agricultural lien attached and was perfected, Texas law governs issues of perfection and priority. Accordingly, Texas state law applies to Claimant’s agricultural lien on the grain.

66. The federal choice-of-law analysis would ordinarily look to the UCC and the Second Restatement of Conflicts of Law to determine which state has the “most significant relationship” to the case.” *Fishback Nursery, Inc., v. PNC Bank, Nat’l Assoc.*, 920 F.3d 932, 936 (5th Cir. 2019) (citing *In re Mirant Co.*, 675 F.3d 530, 536 (5th Cir. 2012)). The Fifth Circuit determined that “agricultural lien perfection and priority were governed by law of jurisdiction where farm products were located.” *Fishback Nursery*, 920 F.3d at 939.

67. However, the Court need only perform a choice of law analysis if the laws of the states in question conflict on a disputed substantive issue. *Great Am. Ins. Co. v. ACE Am. Ins. Co.*, 325 F. Supp. 3d 719, 725 (N.D. Tex. 2018); *Schneider Nat’l Transport v. Ford Motor Co.*, 280 F.3d 532, 536 (5th Cir. 2002) (“If the laws of the states do not conflict, then no choice-of-law analysis is necessary.”); *Greenberg Traurig of N.Y., P.C. v. Moody*, 161 S.W.3d 56, 69-70 (Tex. App.—Houston [14th Dist.] 2004, no pet.) (“A court must make a conflicts-of-laws decision only when

the case is connected with more than one state and the laws of the states in question differ on one or more points in issue.”).

68. In this case, UCC § 9-302 (Law Governing Perfection and Priority of Agricultural Liens) is identical under Texas law (Tex. Bus. & Com. Code Ann. § 9.302) and Nebraska law (Neb. Rev. St. U.C.C. § 9-302).

69. “The Court need not engage in the Restatement analysis when there is a statutory directive: “A court, subject to constitutional restrictions, will follow a statutory directive of its own state on choice of law.” Restatement (Second) of Conflict of Laws § 6 (1971); accord Restatement § 6(1) cmt. b.” *Goosehead Ins. Agency, LLC v. Williams Ins. & Consulting, Inc.*, 533 F. Supp. 3d 367, 381 (N.D. Tex., Fort Worth, 2020).

70. Texas has a statute which specifically controls the choice of law issue. In Texas, the state conflict of laws statute is Texas UCC § 9.301, therefore, the following general rules determine the law governing perfection, the effect of perfection or nonperfection, and the priority of a security interest in collateral:

(1) Except as otherwise provided in this section, while a debtor is located in a jurisdiction, the local law of that jurisdiction governs perfection, the effect of perfection or nonperfection, and the priority of a security interest in collateral.

(2) While collateral is located in a jurisdiction, the local law of that jurisdiction governs perfection, the effect of perfection or nonperfection, and the priority of a possessory security interest in that collateral.

Tex. Bus. & Com. Code Ann. § 9.301.

71. Specifically, with regard to farm products, Texas UCC contains a provision, § 9.302 of the Texas Business and Commerce Code, which provides that agricultural lien perfection and priority are governed by the law of the jurisdiction where “farm products are located.” Tex. Bus. & Com. Code § 9.302. Because Texas UCC includes a provision specifically addressing this type of

collateral, which is incidentally, identical under Texas and Nebraska law, courts should apply UCC 9-302 in this instance, rather than UCC 9-301, as the collateral in question is “farm products,” not general goods. Accordingly, courts should find that Texas law governs based on the location of the grain at the time of the transaction. The case law cited in Debtor’s Brief [ECF 441 at 43-44] in support of Exhibit “M” objections, *In re SemCrude, L.P.*, 407 B.R. 112, 137 (Bankr. D. Del. 2009), addresses the application of the UCC’s default choice-of-law rule set forth under UCC § 9-301, and in an entirely different context, which is security interests in oil and gas property, rather than the context of farm products, which are governed by the specific rule set forth under UCC § 9-302.

72. The Debtor, like any corporation, is bound by the long-standing legal principle that business entities cannot claim ignorance of well-established legal requirements in jurisdictions in which they choose to operate. as stated by the Supreme Court of Nebraska in *Refrigeration & Air Conditioning Inst.*, “[w]here a corporation avails itself of the comity of a foreign state to transact business therein it is subject to the responsibilities and burdens which such state imposes. In entering a foreign state to do business therein, a corporation impliedly agrees to become subject to its laws and is deemed to have notice of those laws. Consequently, it cannot exercise powers or do acts contrary to the laws of the state whose comity it thus enjoys, even though such powers or acts may be authorized by its own charter or by the laws of its own state. (internal citations omitted) (. . .) Foreign jurisdictions, indicating the same legal conception, are too numerous to cite.” *Refrigeration & Air Conditioning Inst. v. Hilyard*, 146 Neb. 42, 46, 18 N.W.2d 548, 550 (1945).

73. Since the Debtor failed to present a valid argument as to why Nebraska law, rather than Texas law, should apply, and because the Claimant correctly presented the controlling law on this issue, with which the Debtor is charged with knowledge, the Debtor’s objection to the Claimant’s claim set forth under Exhibit “M” should be overruled in its entirety.

74. In an attempt to characterize Claimant's interest as something other than a lien, the Debtor attempts to draw an unnecessary distinction between the meaning of "lien" as invoked by Claimant under the Texas Property Code and as used under the UCC [ECF 441 at 11, fn. 12]. Under Texas Civil Practice and Remedies Code §12.001(3), "lien" means "a claim in property for the payment of a debt and includes a security interest." Tex. Civ. Prac. & Rem. Code Ann. § 12.001(3) (West). This is a broad conceptual definition describing the idea that one has a legally recognized claim against property to secure payment of an obligation. The lien considered in Texas Property Code §70.4045 and the surrounding sections is simply one specific statutory implementation of that concept. Claimant's substantive rights are determined by the law in effect and not affected by how the Debtor or any other party characterizes Claimant's interests in the collateral.

75. In sum, the Debtor's objection set forth in Exhibit "M" of the Debtor's Omnibus Objection [ECF 430] should be overruled as to Claimant, and the Court should apply Texas law, as opposed to either Nebraska law or the National Grain and Feed Association (NGFA) Grain Trade Rules referenced in the boilerplate language in the Hansen-Mueller Purchase Contract.

IV. REQUEST FOR ATTORNEY'S FEES AND INTEREST

76. Claimant is entitled to recovery of reasonable attorney's fees and costs as well as interest under § 70.409 of the Texas Property Code, which provides that

"An agricultural producer who prevails in an action brought to enforce a lien created under this subchapter is entitled to recover:

- (1) reasonable and necessary attorney's fees and court costs; and
- (2) interest on funds subject to the lien at the judgment interest rate as provided by Chapter 304, Finance Code."

Tex. Prop. Code Ann. § 70.409 (West).

77. Based on the facts and circumstances of this case, BMO Bank or another secured lender appears to hold the grain proceeds subject to Claimant's superior lien, as explained above.

Claimant should prevail in this action to enforce its lien under Texas Property Code Chapter 70, Subchapter E, and recover reasonable attorney's fees and costs, as well as interest, from the party holding the proceeds from the sale of Claimant's grain.

PRAYER

WHEREFORE, PREMISES CONSIDERED, Claimant, USB JOINT VENTURE, respectfully asks the Court to (i) overrule all objections asserted against it in the Debtor's Omnibus Objection [ECF 430], including in the Debtor's Brief [ECF 441] and its Joinders [ECF 442] and [ECF 443]; (ii) allow Claimant's § 557 Grain Claim, as set forth in Claimant's § 557 Grain Claim Form [ECF 373], in its entirety; (iii) award reasonable attorney's fees and court costs under § 70.409 of the Texas Property Code; and (iv) grant such other and further relief as the Court may deem just and proper under the circumstances.

DATED: March 23, 2026.

Respectfully Submitted:

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CERTIFICATE OF SERVICE

I hereby certify that on this 23rd day of March 2026, I caused the above document to be filed in the Bankruptcy Court's CM/ECF system which gave notification electronically upon all parties who filed an appearance or requested notice by electronic filing in this case, and I hereby certify that I have mailed by first class United States Mail, postage prepaid, the document to the following non-CM/ECF participants:

None

/s/ David R. Langston
David R. Langston