

**GRADE A MILK LAW OF 2001 (EXCERPT)**  
**Act 266 of 2001**

**288.516 Change in security device; circumstances; decision by department to require modification of security device; notice to producers shipping milk.**

Sec. 46. (1) A milk plant may request a change in its security device at any time. The department shall allow the change in the milk plant's security device if all requirements for the new security device have been met and all producers doing business with the licensee have been notified by the department.

(2) The department may require a milk plant to provide a change or increase in a security device if the department has reason to believe, after reviewing relevant financial information, that 1 or more of the following circumstances exist:

(a) The milk plant no longer meets the minimum liquidity requirement of this act.

(b) The milk plant can no longer make payments in the manner provided for in section 40.

(c) The value of the milk plant's security device falls below the requirements due to depreciation in the value of the security, an increase in the maximum liability to producers, or the cancellation or change of the security device as specified in this act.

(3) The department shall send written notice by certified mail to the milk plant stating the reasons for the demand for change or increase in a security device and setting the date for providing the changed or increased security device.

(4) The department shall notify all producers shipping milk to a milk plant of the decision to require the milk plant to modify or change a security device. The notice required under this subsection shall be provided within 5 days after the department's issuance of the order to require another security device.

**History:** 2001, Act 266, Eff. Feb. 8, 2002.