

## MEMORANDUM

TO: Uniform Law Commissioners

FROM: Edwin E. Smith, Chair, Joint Review Committee for UCC Article 9  
Steven L. Harris, Reporter, Joint Review Committee for UCC Article 9

RE: Amendments to Uniform Commercial Code Article 9

DATE: June 8, 2010

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The amendments to Uniform Commercial Code Article 9 raise two significant substantive issues.

I. Name of individual debtor on a financing statement

The statutory requirement for providing the name of an individual debtor on a financing statement in order for the debtor's name on the financing statement to be sufficient has consumed much more of the JRC's time and attention than any other issue. During its deliberations, the JRC considered a variety of approaches toward this issue, including the possibility of recommending no change to the statute. In evaluating the approaches, the JRC took into account a number of considerations, including (1) the benefits of predictability as to perfection; (2) the benefits of predictability as to priority; (3) the likely costs that would be imposed on filers; (4) the likely costs that would be imposed on searchers; (5) the costs of transition to a new rule; and (6) the likely legislative outcome if a particular approach were to be adopted. The participants in the drafting project assessed and weighed these factors differently, with the result that the JRC was unable to agree on a single approach. Rather, the JRC decided to offer alternatives to each State. These alternatives appear in Section 9-503(a) and are explained in the draft Official Comment and the Reporter's Note to that section.

II. Effect on security interest in after-acquired property in the event of a change of a debtor's location or a new debtor becoming bound by the security agreement

Also worthy of particular note are new Sections 9-316(h) and (i). These address two narrow situations: (1) collateral acquired by a debtor after the debtor's relocation to another jurisdiction and (2) collateral acquired by a new debtor (i.e., a successor) that is located in a different jurisdiction from the original debtor. The new subsections would increase the likelihood that a secured party who filed a financing statement in the debtor's "old" location or the original debtor's location will be perfected against the collateral in question.

The remaining amendments to the statutory text are largely unremarkable. Most clarify the existing text or conform it to recent amendments to other Articles of the Uniform Commercial Code. A few others correct errors.

E. E. S.  
S. L. H.