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THE UNIFORM COMMERCIAL CODE –RECENT AMENDMENTS TO RA9

By Tim Hall, Managing Attorney, CT Corporation

The Uniform Commercial Code (UCC), a comprehensive code addressing most aspects of commercial law, is viewed as one of the most important developments in American law. Revisions to the UCC are submitted for approval to the National Conference of Commissioners on Uniform State Laws (NCCUSL) in collaboration with the American Law Institute.

Last month, NCCUSL adopted several proposed amendments. Below is a brief summary of what state legislatures will be adopting over the next few years:

"Public Organic Records"

Current Article 9 provides that the correct debtor name when filing a financing statement is the name indicated on the "public record". Due to uncertainty on which records are considered "public records", the amendments now refer to a "Public organic record". This means a record available for public inspection and the record initially filed with or issued by a state to form or organize an organization. It also includes subsequently filed records which amend or restate the initial record and accommodating business trusts and organizations created by legislative acts.

Continued Perfection of Security Interest

"Section 9-316. Effect of Change in Governing Law" addresses the effect on a security interest in after-acquired property should a debtor's location change or if a new debtor becomes bound by the security agreement. It makes it more likely a secured party who filed a financing statement in the debtor's former location or in the original debtor's location will remain secured.

Debtor Name Provisions

Section 9-503 provides direction for determining when a financing statement sufficiently provides the debtor name. The proposed amendments will contain two alternative provisions and each state legislature can choose the alternative that best meets its needs. Under either alternative, a secured party will be able to rely upon the name indicated on an individual's driver license when filing a financing statement.

Debtor Name Changes

Amendments to section 9-507 related to the debtor name changes allows for a four-month grace period where a secured party can amend a filed financing statement.

Organizational Information on a Financing Statement

Section 9-516 (in conjunction with section 9-520) require a financing statement be rejected if the debtor is an organization and fails to provide the type of organization, jurisdiction of organization or organizational ID number of the debtor. While many states did not originally adopt this section entirely, this information is still required in most jurisdictions. The proposed amendments eliminate the need for the filer to include it on the financing statement.

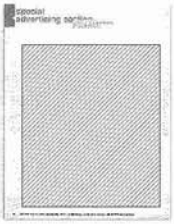
Correction Statement

Current Article 9 allows a debtor to file a UCC-5 Correction Statement under certain conditions. Under the new law, the statute will refer to the record as an "information statement" rather than a "correction statement". In addition, authority to file the record will be extended to the secured party.

National UCC Forms

When Article 9 was revised in 2001 it included of a "national form" as part of the statutory text. The proposed amendments will include new UCC forms designed by the International Association of Commercial Administrators, with consultation from NCCUSL and the lending and legal industries.

Tim Hall is a Managing Attorney with CT Corporation for more than 13 years. He spent his first three years as a Team Leader for a UCC Service team, and has been with the Government Relations Team for the past ten years. He is a graduate of The Ohio State University and the Northern Illinois University College of Law, and is a frequent speaker on Article 9 of the UCC.



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