

MEMORANDUM

To: Joint Review Committee on UCC Article 9

From: Paul Hodnefield & Jim Prendergast, FOOSL Co-Chairs

Re: Draft Comment for Section 9-503(a)(4)(C) Alternative A1

Date: March 1, 2010

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At the request of Ed Smith, the Joint Task Force on Filing Office Operations & Search Logic formed a working group to draft a proposed comment to explain how the secured party should provide an individual debtor name under the proposed draft of Section 9-503(a)(4)(C) Alternative A1. The following draft comment uses an arithmetical approach to how a financing statement should provide the individual debtor name based on the number of words in the name. This approach eliminates the uncertainties over cultural naming conventions and the various ways a name may appear in potential source documents.

4. Form of Individual Debtor Name. To comply with subsection (a)(4)(C), the financing statement must provide the individual debtor’s surname (usually the last name), first personal or given name and the debtor’s second personal or given name, if any, in the applicable name fields. The financing statement should provide these “first,” “middle” and “last” names in the order normally presented; without regard to which portion is the surname. For purposes of providing a name on the financing statement, an initial is the equivalent of a word and words connected by a hyphen are deemed to be a single word.

Indications of capacity, use of titles or other descriptive information are not part of the debtor’s name and will, in most cases, prevent a search from disclosing the financing statement. Indicators used to distinguish an individual from a family member with an identical name, such as “JR,” Sr.” or “III” should be entered in the “Suffix” field designated for this purpose.

An individual name consisting of only one word must be provided in the Last Name field. An individual name consisting of only two words must be provided in the corresponding First Name and Last Name fields. In both cases, unused name fields must remain blank.

If the individual name consists of more than three words, the secured party must break down the individual debtor’s name into its component words. The component words must be provided with the first sequential word of the individual’s name in the First Name field; the second sequential word of the name in the Middle Name field; and, finally, the last word of the name in the Last Name field.

EXAMPLE 1: The secured party determines that the correct name of the individual debtor is “JANE MARIE DOE SMITH.” In such a case, “JANE” must be provided in the First Name Field. Likewise, “MARIE” must be provided in the Middle Name field. Only the last word, “SMITH” must be provided in the Last Name field. In this example, the word “DOE” would not be provided as part of the debtor name.

EXAMPLE 2: The secured party determines that the correct name of the individual debtor is “JANE M DOE-SMITH.” As with the prior example, “JANE” must be provided in the First Name Field. Only “M” must be provided in the Middle Name field. “DOE-SMITH” must be provided in the Last Name field because hyphenated names are deemed to be one word.

While the foregoing rules can accommodate most individual names, in unusual cases, a filer may wish to file under more than one variation of the name.

Comment Drafting Notes:

1. This draft comment uses the same terms for individual name components, such as “surname” and “personal name,” that are used in the draft of Section 9-503(a)(4)(C) Alternative A1. The FOOSL subgroup recommends that the Joint Review Committee consider changing these terms in the comment and draft statute to be consistent with the labels used for the corresponding fields by the statutory forms.

2. The rules provided in the comment may also be helpful for explaining how the secured party should extract the name component words from a driver’s license or other government-issued document and provide them on the financing statement.

Workgroup members:

Susan E. Collins
Paul Hodnefield
Kelly Kopyt
Darrell Pierce
Norman Powell
James Prendergast