Reporters Prefatory Note

This draft was prepared for a telephonic meeting of the Joint Review Committee for Uniform Commercial Code Article 9. It comprises some of the proposed amendments addressing the name of a debtor under Section 9-503(a). The proposals for the name of an individual debtor appear first, followed by the proposals for the name of a debtor that is a registered organization.

Name of individual debtor

[Sections 9-503, 9-507 & 9-506
Alternative A: Exclusive Name for Individual Debtor]

SECTION 9-503. NAME OF DEBTOR AND SECURED PARTY.

(a) [Sufficiency of debtor’s name.] A financing statement sufficiently provides the name of the debtor:

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(3) * * *

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(B) indicates, in the debtor’s name or otherwise, that the debtor is a trust or is a trustee acting with respect to property held in trust; and

(4) subject to subsection (g), if the debtor is an individual:

(A) to whom this State has issued a [driver’s license] that, at the time the financing statement is filed, appears on its face not to have expired, only if it provides the name of the individual which is indicated on the [driver’s license];

(B) as to whom paragraph (A) does not apply, and to whom this State has issued an [identification card] that, at the time the financing statement is filed, appears on its face not to have expired, only if it provides the name of the individual which is indicated on the
[identification card];

(C) as to whom neither paragraph (A) nor paragraph (B) applies, and to whom the United States has issued a passport that, at the time the financing statement is filed, appears on its face not to have expired, only if it provides the name of the individual which is indicated on the passport; and

(D) as to whom none of the preceding paragraphs applies, only if it provides the surname, first given name, and first initial of the second given name, if any, of the individual; and

(4)(5) in other cases:

(A) if the debtor has a name, only if it provides the individual or organizational name of the debtor; and

(B) if the debtor does not have a name, only if it provides the names of the partners, members, associates, or other persons comprising the debtor.

* * *

(g) [Multiple licenses or cards.] If this State or the United States has issued to an individual more than one [driver’s license], [identification card], or passport of a kind described in the applicable paragraph of subsection (a)(4), the one that was issued most recently is the one to which the paragraph refers.

SECTION 9-507. EFFECT OF CERTAIN EVENTS ON EFFECTIVENESS OF FINANCING STATEMENT.

* * *

(c) [Change in debtor’s name.] If a debtor so changes its name that a filed financing statement becomes seriously misleading under Section 9-506:
(1) the financing statement is effective to perfect a security interest in collateral acquired by the debtor before, or within four months after, the change; and

(2) the financing statement is not effective to perfect a security interest in collateral acquired by the debtor more than four months after the change, unless an amendment to the financing statement which renders the financing statement not seriously misleading is filed within four months after the change.

(d) [Name sufficient under Section 9-503(a)(4).] An individual debtor changes the debtor’s name for purposes of subsection (c) if:

(1) after the filing of a financing statement that provides a name that is sufficient under Section 9-503(a)(4)(A):

(A) the [driver’s license] that indicates the name appears on its face to expire and the name that, immediately upon the expiration, would be sufficient under Section 9-503(a)(4) is different from the name provided; or

(B) this State issues to the debtor a [driver’s license] that indicates a name different from the name provided;

(2) after the filing of a financing statement that provides a name that is sufficient under Section 9-503(a)(4)(B):

(A) the [identification card] that indicates the name appears on its face to expire and the name that, immediately upon the expiration, would be sufficient under Section 9-503(a)(4) is different from the name provided; or

(B) this State issues to the debtor a [driver’s license] or [identification card] that indicates a name different from the name provided; or

(3) after the filing of a financing statement that provides a name that is sufficient
under Section 9-503(a)(4)(C):

   (A) the passport that indicates the name appears on its face to expire and
the name that, immediately upon the expiration, would be sufficient under Section 9-503(a)(4) is
different from the name provided; or

   (B) this State issues to the debtor a [driver’s license] or [identification
card], or the United States issues to the debtor a passport, that indicates a name different from the
name provided.

SECTION 9-506. EFFECT OF ERRORS OR OMISSIONS.

* * *

c) [Financing statement not seriously misleading.] If a search of the records of the
filing office under the debtor’s correct name, using the filing office’s standard search logic, if
any, would disclose a financing statement that fails sufficiently to provide the name of the debtor
in accordance with Section 9-503(a), the name provided does not make the financing statement
seriously misleading.

d) [“Debtor’s correct name.”] For purposes of Section 9-508(b), the “debtor’s correct
name” in subsection (c) means the correct name of the new debtor.

e) [Individual “debtor’s correct name.”] If a debtor who is an individual changes the
debtor’s name by virtue of Section 9-507(d), the “debtor’s correct name” in subsection (c)
means:

   (1) in the case of a change under Section 9-507(d)(1)(A), 9-507(d)(2)(A), or 9-
507(d)(3)(C), the name of the debtor that would be sufficient under Section 9-504(a)(4)
immediately after the apparent expiration; and

   (2) in the case of a change under Section 9-507(d)(1)(B), 9-507(d)(2)(B), or 9-
507(d)(3)(B), the name of the debtor indicated on the [driver’s license], [identification card], or 
passport, as the case may be, that indicates a name different from the name provided on the 
financing statement.

[Sections 9-503 & 9-506

Alternative B: Optional Name for Individual Debtor]

SECTION 9-503. NAME OF DEBTOR AND SECURED PARTY.

(a) [Sufficiency of debtor’s name.] A financing statement sufficiently provides the 
name of the debtor:

* * *

(4) in other cases:

(A) except as provided in subsection (g), if the debtor has a name, only if it 
provides the individual or organizational name of the debtor; and

(B) if the debtor does not have a name, only if it provides the names of the 
partners, members, associates, or other persons comprising the debtor.

* * *

(g) [Exception for individual debtor’s name.] Subject to subsection (h), a financing 
statement that does not provide the individual name of the debtor nevertheless sufficiently 
provides the name of a debtor who is an individual if it provides the name of the individual 
which is indicated on a [driver’s license] or [identification card] that was issued to the individual 
by this State, if at the time the financing statement is filed the [driver’s license] or [identification 
card] appears on its face not to have expired.

(h) [Multiple licenses or cards.] If this State has issued to an individual more than one 
[driver’s license] or [identification card] of a kind described in subsection (g), the one that was
issued most recently is the one to which the subsection refers.

SECTION 9-507. EFFECT OF CERTAIN EVENTS ON EFFECTIVENESS OF FINANCING STATEMENT.

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(c) [Change in debtor’s name.] If a debtor so changes its name that a filed financing statement becomes seriously misleading under Section 9-506:

(1) the financing statement is effective to perfect a security interest in collateral acquired by the debtor before, or within four months after, the change; and

(2) the financing statement is not effective to perfect a security interest in collateral acquired by the debtor more than four months after the change, unless an amendment to the financing statement which renders the financing statement not seriously misleading is filed within four months after the change.

(d) [Name sufficient solely under Section 9-503(g).] An individual debtor changes the debtor’s name for purposes of subsection (c) if, after the filing of a financing statement that provides a name that is sufficient solely under Section 9-503(g):

(1) the [driver’s license] or [identification card] that indicates the name appears on its face to expire and the name that, immediately upon the expiration, would be sufficient under Section 9-503(a)(4) is different from the name provided; or

(2) this State issues to the debtor a [driver’s license] or [identification card] that indicates a name different from the name provided and from the name that, immediately upon the issuance, would be sufficient under Section 9-503(a)(4).

SECTION 9-506. EFFECT OF ERRORS OR OMISSIONS.

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(b) **Financing statement seriously misleading.** Except as otherwise provided in subsection (c), a financing statement that fails sufficiently to provide the name of the debtor in accordance with Section 9-503(a) or (g) is seriously misleading.

(c) **Financing statement not seriously misleading.** If a search of the records of the filing office under the debtor’s correct name, using the filing office’s standard search logic, if any, would disclose a financing statement that fails sufficiently to provide the name of the debtor in accordance with Section 9-503(a) or (g), the name provided does not make the financing statement seriously misleading.

(d) **“Debtor’s correct name.”** For purposes of Section 9-508(b), the “debtor’s correct name” in subsection (c) means the correct name of the new debtor.

(e) **Individual “debtor’s correct name.”** If a debtor who is an individual changes the debtor’s name by virtue of Section 9-507(d), the “debtor’s correct name” in subsection (c) means the name of the debtor which, immediately after the change, would be sufficient under Section 9-504(a)(4) or (g).

**Reporter’s Note**

1. Alternative A would provide an exclusive means for determining the name of an individual debtor which is sufficient for a financing statement. It adopts the cascading approach suggested by the Committee at its March, 2009, meeting. The first three steps of the cascade are the debtor’s driver’s license, identification card, and U.S. passport, in that order. Because States use different terms for the driver’s licenses and identification cards they issue, the words “driver’s license” and “identification card” appear in brackets. If a debtor has been issued more than one identity document (i.e., license, identification card, or passport) described in the applicable paragraph of Section 9-503(a)(4), the document that was issued most recently would be the one that indicates the debtor’s name for purposes of that paragraph.

   The last step in the cascade (draft Section 9-503(a)(4)(D)) is based upon the approach taken by the filing-office regulations of some Canadian provinces. It is independent from the remainder of Alternative A and can be deleted or revised without affecting the remaining provisions. If the Joint Review Committee wishes to retain this approach, it may wish to consider whether paragraph (D) is too limiting. For example, should it be expanded to include debtors whose names do not include both a surname and a first given name?
Draft Section 9-507(d) specifies two events that would constitute a change of the debtor’s name. First, an individual debtor would change his name upon the apparent expiration of the identity document indicating the name provided in the financing statement, if, immediately following the apparent expiration, the debtor’s name under Section 9-503(a)(4) is different from the name provided. Second, an individual debtor would change his name when a new identity document is issued that is on a higher step than, or superseding, the one indicating the name provided in the financing statement, if the new document indicates a name different from the one provided on the financing statement. An individual whose name is determined under Section 9-503(a)(4)(D) would change his name as under current law.

Even if the debtor’s name changes, the filed financing statement does not become seriously misleading if it can be found by searching under the debtor’s “correct” name, using the filing office’s standard search logic. Draft Section 9-506(e) explains what is meant by the debtor’s “correct name” when the debtor’s name changes under Section 9-507(d). If the name change results from the expiration of the identity document, the correct name is the name that Section 9-503(a)(4) would yield after the expiration. If the name change results from the issuance of a new identity document, the correct name is the name that is indicated on the new document (which, of course, is the name that Section 9-503(a)(4) would yield after the issuance of the new document).

2. Under Alternative B, a financing statement providing the name on the debtor’s driver’s license or identification card would be sufficient, if the license or card appears on its face not to have expired. However, a financing statement that provides the debtor’s actual name would also be sufficient, even if that name does not appear on the license or card. If the State of the debtor’s principal residence (“this State”) has issued more than one such document, the name that is sufficient is the one indicated on the most recent document.

Draft Section 9-507(d) specifies two events that would constitute a change of the debtor’s name. First, an individual debtor would change his name upon the apparent expiration of the identity document indicating the name provided in the financing statement, if, immediately following the apparent expiration, the debtor’s name under Section 9-503(a)(4) is different from the name provided. Second, an individual debtor would change his name when the State of the debtor’s principal residence issues a license or card that indicates a name different from the one provided on the financing statement. An individual whose name is determined under Section 9-503(a)(4) would change his name as under current law.

Even if the debtor’s name changes, the filed financing statement does not become seriously misleading if it can be found by searching under the debtor’s “correct” name, using the filing office’s standard search logic. Draft Section 9-506(e) explains what is meant by the debtor’s “correct name” when the debtor’s name changes under Section 9-507(d): The name that Section 9-503(a)(4) or (g) would yield immediately after the debtor's name changes.

3. Still to be decided by the Joint Review Committee are whether, and, if so, how to deal with the situations in which the filing office refuses to accept a financing statement because it cannot index the name specified by Section 9-503(a)(4) (e.g., because its character set does not include a character appearing in the identity document and provided in the name), refuses to
allow searches under the name specified by Section 9-503(a)(4), or indexes the financing 
statement providing the name specified by Section 9-503(a)(4) under a name other than the name 
provided (e.g., by truncating the name) so that the financing statement cannot be found by a 
search under the name specified.

Name of registered-organization debtor

SECTION 9-503. NAME OF DEBTOR AND SECURED PARTY.

(a) [Sufficiency of debtor’s name.] A financing statement sufficiently provides the 
name of the debtor:

(1) subject to subsection (f), if the debtor is a registered organization, only if the 
financing statement provides the name of the debtor indicated on the public organic record of 
filed with or issued or enacted by the debtor’s jurisdiction of organization which shows the 
debtor to have been organized;

* * *

(f) [Name of registered organization.] If the public organic record indicates more than 
one name of the debtor, then, for purposes of subsection (a)(1), “the name of the debtor indicated 
on the public organic record” means:

(1) if the public organic record is composed of a single record that states the name 
of the debtor, the name the name of the debtor which that record states to be the debtor’s name;

(2) if the public organic record is composed of more than one record, the name of 
the debtor which is indicated on the most recently filed, issued, or enacted record that is intended 
to amend or restate the debtor’s name; and

(3) if the most recently filed or issued record of a kind specified in paragraph (2) 
indicates more than one name of the debtor, the name of the debtor which that record states to be 
the debtor’s name.
SECTION 9-102. DEFINITIONS AND INDEX OF DEFINITIONS.

(a) [Article 9 definitions.] In this article:

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(50) “Jurisdiction of organization”, with respect to a registered organization, means the jurisdiction under whose law the organization is formed or organized.

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(67A) “Public organic record” means:

(A) a record or records composed of the record initially filed with a State or the United States to form or organize an organization and any record filed with the State or the United States which effects an amendment or restatement of the initial record, if the record or records are available to the public for inspection;

(B) an organic record or records of a business trust composed of the record initially filed with a State and any record filed with the State which effects an amendment or restatement of the initial record, if a statute of the State governing business trusts requires that the record or records be filed with the State and the record or records are available to the public for inspection;

(C) a record or records composed of a charter, organizational certificate, or similar record that is initially issued by a State or the United States and authorizes the organization to commence business and any record [filed with or] issued by the State or United States which effects an amendment or restatement of the initial record, if the record or records are available to the public for inspection; and

(D) a record or records composed of legislation enacted by the legislature of a State or the Congress of the United States which forms or organizes an organization, any
record amending the enactment, and any record filed with or issued by the State or United States which states the name of the organization, if the record or records are available to the public for inspection.

* * *

(70) “Registered organization” means an organization formed or organized solely under the law of a single State or the United States and as to which the State or the United States must maintain a public record showing the organization to have been organized by the filing of a public organic record with, the issuance of a public organic record by, or the enactment of legislation by the State or United States. The term includes a business trust that is formed or organized under the law of a single State if a statute of the State governing business trusts requires that the business trust’s organic record be filed with the State.

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**Reporter’s Note**

This draft reflects the Joint Review Committee’s discussion at its March, 2009, meeting. The principal substantive change is the expansion of the definition of “public organic record” to include State or federal legislation that forms or organizes an organization. See Section 9-102(a)(67A)(D).