



Best Practices for Filing Offices that Offer Non-Standard UCC Search Logic

Implemented properly, non-standard UCC Search Logic can be a very useful tool to those that search UCC records. However, it is important that filing offices utilize several practices to make it clear to the person performing the search that a.) non-standard search logic is being used and b.) the filing office makes no representations or warranties regarding the accuracy or completeness of the data included in the results.

Standard search logic is that which is [defined by each filing office consistent to the extent possible] [with IACA] Model Administrative Rule 503.1. While every filing office may not have the same set of rules as described in the MARS, each individual filing office should describe its standard search logic in this rule. Any search logic offered by a filing office that deviates from the rules [that the filing office has] promulgated in Rule 503.1, or its equivalent, would be considered non-standard.

The Secured Transactions Section of the International Association of Commercial Administrators makes the following best practice recommendations for jurisdictions that choose to offer non-standard search logic:

Make Non-Standard Search Logic Only Available on the Public Website

Non-standard search logic should only be available to outside users via the jurisdiction's public website. In-house searches should be limited to standard search logic only.

Non-Standard Search Logic Should Have Its Own Search Page

It is important that a public website user has a clear indication that the search logic being applied is non-standard. As such, redirecting the user to a separate page from the standard search logic page would help alleviate confusion for public website users.

Place a Disclaimer on the Non-Standard Search Page

On the non-standard search page, a disclaimer should be prominently placed to indicate that non-standard search logic is being used.

Example: A search under the correct name of the debtor using the filing office non-standard search logic may reflect financing statements that may be deemed ineffective under Article 9, because such financing statements may not be reflected on a search using the filing office standard search logic. Filing office non-standard search logic may be utilized to discover financing statements recorded under the incorrect name of the debtor and may be utilized to discover [insert other liens such as Federal Liens, etc.] not governed by Article 9.

Printed Results of Non-Standard Searches Should Also Have Disclaimers

Printed results should clearly indicate that the results were retrieved using non-standard search logic. This can be done by using a watermark or a disclaimer.

***Example:** This search was performed using the filing office's non-standard search logic only available to customers via the filing office's website. It is provided for informational purposes only.*

Non-Standard Results Should Not be Certified by the Filing Office

Filing office certifications should only be placed on results from a standard search that is performed using the standard search logic as presented in the Administrative Rules. No non-standard results should be certified, as the filing office cannot guarantee the accuracy or completeness of the data.

Publish List of Non-Standard Search Methodologies Offered and Include in Administrative Rules

Publish a list of the non-standard operators offered (e.g., begins with, contains, exact match, etc.). This list should be available on the filing office's website and in its administrative rules. Model Administrative Rule 503.2 is the appropriate place for such a list. This model rule has a similar disclaimer and clearly states that non-standard search logic is provided for informational purposes only and users rely on the search results at their own risk.

It is recognized that non-standard search logic can be a useful tool for users to discover any UCC financing statements under the incorrect name of the debtor that may not be revealed in response to a search using the filing office's standard search logic. Non-standard search logic is also useful to discover other non-UCC filings and liens that may be effective in accordance with other laws. However, the filing office should ensure that users are aware that the results of a non-standard search are not reliable to determine effectiveness of UCC financing statements under section 9-506(c). The steps above will assist the filing offices with this goal.