



TO: Joint Review Committee on UCC Article 9

FROM: Kelly Kopyt, International Association of Commercial Administrators

RE: UCC Article 9 Revised Forms

DATE: March 2, 2009

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In response to the Joint Review Committee's request at the February 6-8, 2009, meeting, the International Association of Commercial Administrators' (IACA) would like to propose the attached revisions to the National Forms, UCC1 and UCC3, as specified in 9-521. The IACA Secured Transaction Section's UCC Forms Committee initially planned to focus its recommendations on the concerns relayed to the Joint Review Committee on February 2, 2009. However, as our efforts progressed, the Committee took additional suggestions under advisement. IACA's new proposal, submitted herein to the Joint Review Committee for comment, intends to streamline the filing process, provide improved instructions that are more comprehensible for submitters and enhance the reliability of search results. These revisions aim to simplify the form, encourage ease of use and promote greater longevity of the revised forms. IACA's revised forms UCC1, UCC1Ad and UCC3 are attached for the Joint Review Committee's reference and comment. Additional form UCC1Ad is relevant to the revisions made to form UCC1.

IACA has also included a revised Form UCC5, the statement of claim concerning an inaccurate or wrongfully filed record for the Joint Review Committee's comment in conjunction with the 9-518 revisions.

**A. Form UCC1, UCC Financing Statement:**

- i.** Box 1d, requesting a tax identification, social security or employer identification number, is eliminated. This will accommodate the majority of filing offices enduring significant pressure to remove SSNs from the public record. Only North and South Dakota still require this number be set forth on a form promulgated by the Secretary of State. Their state form acts as a UCC1 financing statement and a Food Security Act notice, therefore a change to the national form will not have an additional affect the filing requirements in those states.
- ii.** The organizational identification number in box 1g is removed because it is inapplicable in many states. Additionally, IACA trusts that the information requested of an organizational debtor in boxes 1e and 1f is redundant. The filing office implicitly identifies the type of entity in other manners. Elimination of these fields would require corresponding amendments to Article 9; therefore if the Joint Review Committee decides to undertake the statutory revision, IACA would subsequently recommend the removal of boxes 1e, 1f, and 1g from the UCC1.
- iii.** IACA proposed a new box 1d to allow the debtor to be identified as a trust, trustee or decedent's estate. These check boxes were relocated from the addendum form based

- upon their relevance to the debtor information on the face of the UCC1. In turn, this reduces the need for the addendum form, Form UCC1Ad.
- iv. In turn, one of the most common uses of the addendum form, Form UCC1Ad, is to identify a debtor as a transmitting utility or its connection with a manufactured home transaction or a public finance transaction. IACA recommends the relocation of the addendum form box 18 to the UCC1 to encourage more one page filings.
  - v. IACA recommends that box 6, regarding real estate records, be moved to the addendum because it is more relevantly related to the additional information required on the addendum form.
  - vi. Box 7, the search report request check box, was eliminated because in many cases, it is not correctly accommodated by the filing office. Searchers were impartial to the search request on the UCC1; as a matter of fact, many searchers prefer to submit a separate Form UCC11 information request because it serves to double-check the filing office's data entry of the debtor name submitted on the UCC1.
  - vii. Finally, IACA recommends that the alternative designations for an agricultural lien or a non-UCC filing, as previously set forth in the alternative designation field, be relocated to the new box 5. These check boxes indicate whether the filing is a transmitting utility or filed in connection with a manufactured home transaction, public finance transaction, an agricultural lien or a non-UCC filing. IACA is of the opinion all the "filed in connection with" designations are more appropriately identified in the new box 5. Subsequently, the new box 6 identifies a lease, consignment, bailment or sale.

**B. Form UCC3, UCC Financing Statement Amendment:**

- i. A great deal of confusion surrounds the instructions on the face of Form UCC3 in boxes 5, 6 and 7. In box 5, IACA proposed to amend the check boxes as follows:
  - a) IACA recommends that "change" be replaced with "amend" in boxes 5 and 7. Changes imply that the filing office will replace old information with the new information. Some database information may be updated, however, the filing offices acts as an "open-drawer" with regard to filed records in which it adds new information and retains all of the old information.
  - b) An additional check box was added to identify a name amendment separate from an address amendment. Subsequently, the directions on the face of the form have been revised to indicate the required fields for each amendment.

**C. Form UCC5, UCC Statement of Claim Concerning Inaccurate or Wrongfully Filed Record:**

- i. In order to clarify effectiveness of the filing, IACA recommends adding the comment at the top providing that the filing of the statement does not affect the effectiveness of an initial financing statement or other filed record, as stated in 9-518(c).
- ii. The name of the form has been changed to "Statement of Claim Concerning Inaccurate or Wrongfully Filed Record." Subsequently, each occurrence of the former "correction statement" throughout the form has been replaced with "statement of claim."
- iii. Finally, IACA recommends that the initial financing statement file number be moved to box 1a in order to maintain consistency with the other UCC forms.

- iv.** In turn, box 1b shall request the record information to which this statement of claim relates so that submitters may indicate the record number as well as type of record or filing date of the record. If the submitter is able to provide the record number, it will serve to be more valuable than an indication of the type of record.