

For: State and County Offices

Uniform Commercial Code (UCC) Revisions

Approved by: Deputy Administrator, Farm Loan Programs



1 Overview

A

Background

The Uniform Law Commissioners drafted extensive revisions to Article 9 of UCC concerning secured transactions. The revised Article 9 has been adopted in many States and legislative proposals to adopt the revisions have been initiated in many others. The effective date of the new law, where currently adopted, is July 1, 2001.

B

Purpose

This notice provides:

- information regarding the key changes made by the revised Article 9
- guidance regarding actions necessary to implement the revisions.

C

Contact

Direct questions about this notice to Mike Hinton, LMD, at 202-720-1472.

2 Article 9 Revisions

A

Key Changes

The revised Article 9 will impact the manner in which a creditor perfects and liquidates its security interest in chattels. Some of the key changes include the following:

- centralizing the filing of most security interests (for those States without a pre-existing centralized system)

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Disposal Date	Distribution
July 1, 2002	State Offices; State Offices relay to County Offices

2 Article 9 Revisions (Continued)

A

Key Changes
(Continued)

- providing for electronic filing of financing statements
 - abolishing the need to have the debtor or the secured party sign financing statements
 - establishing a new mandatory financing statement form
 - expanding the scope of Article 9 to include statutory agricultural liens that could have the same status as a security interest in farm products
 - establishing a 30-year perfection period for manufactured homes
 - changing the protection given to most purchase money creditors
 - requiring liquidation notice be given to the debtor and all other lienholders
 - imposing warranties on liquidation sales, unless waived
 - easing the ability to correct erroneous financing statements
 - changing some filing sites.
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B

Additional
Information

Information regarding the Article 9 revisions is available from the Uniform Law Commissioners at the following:

- <http://www.nccusl.org>
- http://www.law.upenn.edu/bll/ulc/ulc_frame.htm.

Additional information may also be obtained at your local Secretary of State's website and at the following:

- <http://www.intercountyclearance.com>
- <http://www.iaca.org>.

Note: These websites contain general UCC information that may or may not be applicable in your State. Consult the Regional Attorney before relying upon information from these websites.

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3 Action

A National Office Action

The National Office shall:

- revise applicable CFR parts, handbooks, and instructions

Note: Revisions will be issued after the July 1, 2001, effective date for the Article 9 revisions.

- issue revised forms according to paragraph 4.
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B State Office Action

State Offices shall:

- contact their Regional Attorney to determine whether the Article 9 revisions have been adopted by their State
- modify State supplements to instructions and handbooks as necessary.

Note: National Office approval of State supplements is required according to 1-AS, paragraph 220.

C Service Center Action

Service Centers in States that have adopted the Article 9 revisions shall:

- ensure that liens are filed according to any revised State supplements beginning July 1, 2001
 - file continuation statements before July 1, 2001, for any financing statements that are currently within the 6-month renewal period.
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4 New and Revised Forms

A

New Forms

Before July 1, 2001, the National Office will issue the following new forms for use by States that have adopted the Article 9 revisions:

- UCC-1, UCC Financing Statement
- UCC-1AD, UCC Financing Statement Addendum
- UCC-3, UCC Financing Statement Amendment
- UCC-3AD, UCC Financing Statement Amendment Addendum
- UCC-11, UCC Information Request.

Note: These forms should be used unless your Secretary of State requires different forms.

B

Revised Forms

The National Office is revising the following forms:

- RD 402-1, Deposit Agreement
- FSA 410-1, Request for Direct Loan Assistance
- FSA-440-4A, Security Agreement (Chattels and Crops)
- CCC-2651, Request for Special Apple Loan Program Assistance
- FSA-2661, Request for Emergency Loan for Seed Producers Program Assistance.

Note: The revised RD 402-1, FSA 410-1, CCC-2651, and FSA-2661 will be used by all States. States that have not adopted the Article 9 revisions will continue to use the existing version of FSA-440-4 and financing statements. The revised FSA-440-4A will only be used by States that have adopted the Article 9 revisions.

C

Distributing New and Revised Forms

The new and revised forms will be made available in a fillable format on the FFAS Employee Forms Online Website at <http://intranet.fsa.usda.gov/dam/ffasforms/forms.html> by June 29, 2001.
