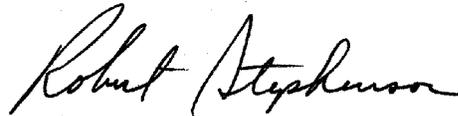


For: State and County Offices

**Revised Uniform Commercial Code Provisions (UCC)
and the Effect on the Farm Storage Facility Loan (FSFL) Program**

Approved by: Acting Deputy Administrator, Farm Programs



1 Overview

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Background

Revisions to the UCC, Article 9, regarding secured transactions were approved by the National Conference of Commissioners on Uniform State Laws and the American Law Institute in 1998. 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 about the key changes made by the revised Article 9
- guidance about actions necessary to implement the revisions for FSFL.

Disposal Date June 1, 2002	Distribution State Offices; State Offices relay to County Offices
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2 Revised Article 9 of UCC

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Key Provisions

The revised Article 9 affects how CCC perfects and liquidates its security interest in collateral securing FSFL. Some of the key changes include the following:

- for those States without a pre-existing centralized filing system, centralizing the filing of most security interests
- providing for electronic filing of financing statements
- abolishing the need to have the debtor 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
- 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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2 Revised Article 9 of UCC (Continued)

B Additional Sources of Information

For internet information available from the Uniform Law Commissioners about the Article 9 revisions, go to:

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

For additional internet information and an example of a State UCC website, go to:

<http://www.intercountyclearance.com/ra9/ra9.html>
<http://www.kssos.org/uccwelc.html>.

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

3 Transition Action

A State Office Action

State Offices shall:

- contact their Regional Attorney to determine whether the Article 9 revisions have been adopted by their State
 - participate in training if offered by the Regional Attorney
 - follow recommendations and instructions provided by the Regional Attorney
 - amend applicable handbooks as necessary according to 1-AS, paragraph 218
 - conduct training of County Office staff.
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3 Transition Action (Continued)

B

County Office Action

County Offices in States that have adopted the Article 9 revisions shall:

- ensure that UCC documents are filed for new FSFL's according to any revised State UCC instructions beginning July 1, 2001
- according to OGC instructions, review every FSFL financing statement of record to determine whether the financing statement is sufficient to continue perfection under revised Article 9

Note: Determinations include, if the current financing statement:

- is filed in the right jurisdiction
 - is filed using the correct or exact name of the debtor
 - contains language adequately describing the collateral under the terms of revised Article 9.
- continue or amend currently filed UCC documents according to OGC instructions
 - until program forms are modified and distributed or an authorization form is created and distributed, enter the following statement in the remarks section of CCC-185:

“(Insert State name here) has adopted the 1998 revisions to its Uniform Commercial Code, and you no longer have to sign the financing statement which allows CCC to obtain a security interest in the collateral used to secure a Farm Storage Facility Loan. If your loan is approved, CCC will file a financing statement at the earliest possible date, before you enter into a security agreement. I give CCC permission to file a financing statement.”

- for loans that have not been disbursed and for all new loans, use a forthcoming revised CCC-186, Promissory Note and Security Agreement. Until the new automated version of CCC-186 is available for use, require applicants to sign the manual version.
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4 New Forms

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Forms Availability

By June 29, 2001, the following new forms, for use by States that have adopted the Article 9 revisions, will be available on the FFAS-Employee Forms website:

- UCC-1, UCC Financing Statement, dated 7/29/98
- UCC-1AD, UCC Financing Statement Addendum, dated 7/29/98
- UCC-3, UCC Financing Statement Amendment, dated 7/29/98
- UCC-3AD, UCC Financing Statement Amendment Addendum, dated 7/29/98
- CCC-186, Promissory Note and Security Agreement
- UCC-1 (TRANS), dated 11/19/98
- UCC-3 (TRANS), dated 11/19/98
- UCC-11 (TRANS), dated 11/19/98.

Note: The UCC forms shall be used by County Offices unless the Secretary of State requires the use of a different form.
