

For: State and County Offices

Revised Uniform Commercial Code (UCC) Provisions

Approved by: Acting Deputy Administrator, Farm Programs



1 Overview

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Background**

Revisions to 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 revision of Article 9
- guidance about actions necessary to implement the revisions for marketing assistance loans.

<p>Disposal Date</p> <p>June 1, 2002</p>	<p>Distribution</p> <p>State Offices; State Offices relay to County Offices</p>
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Notice LP-1801

2 Revised Article 9 of UCC

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Key Provisions

The revised Article 9 will affect the manner in which CCC perfects and liquidates its security interest in commodities securing CCC marketing assistance loans. 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 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
- 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.

Continued on the next page

Notice LP-1801

2 Revised Article 9 of UCC (Continued)

B Additional Sources of Information

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

<http://www.nccusl.org>

http://www.law.upenn.edu/bll/ulc/ulc_frame.htm.

Additional information may be obtained at a State's Secretary of State website and at:

<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 with your Regional Attorney before relying upon information from these internet websites.

Notice LP-1801

3 Action

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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 amendments to instructions and handbooks as necessary according to 1-AS, paragraph 218
 - participate in training if offered by the Regional Attorney
 - conduct training of County Office staff.
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County Office Action

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

- ensure that liens are filed for marketing assistance loans in accordance with any revised State policy beginning July 1, 2001
- file continuation statements before July 1, 2001, for any financing statements that are currently within the 6-month renewal period
- when applicants apply in person, 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-666 and CCC-677-1:

“(Insert State name here) has adopted the 1998 revisions to its Uniform Commercial Code, you no longer have to sign the financing statement which allows CCC to obtain a security interest in the collateral used to secure a marketing assistance 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.”

- when the applicant applies by telephone, read the statement above to the applicant. Document whether the applicant concurs with the statement in the remarks section of CCC-666 or CCC-677-1. The employee taking the application shall initial and date the documentation of applicant concurrence.
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Notice LP-1801

4 New UCC 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
- UCC-11, UCC Information Request
- UCC-1 (TRANS), dated 11/19/98
- UCC-3 (TRANS), dated 11/19/98
- UCC-11, (TRANS), dated 11/19/98.

Note: These forms shall be used unless the Secretary of State requires the use of a different form.
