

For: State and County Offices

Conducting Lien Searches and UCC Filings for Marketing Assistance Loans (MAL's)

Approved by: Acting Deputy Administrator, Farm Programs



1 Overview

A Background

Notices LP-2027 and LP-2048 provided:

- new lien search and UCC filing policies
- additional guidance and criteria for determining risks for conducting lien searches and UCC filings for MAL's that are less than \$25,000.

Several States requested authority to perfect CCC's security interest in all commodities pledged as collateral for farm-stored commodities regardless of the MAL principal amount. The majority of STC's that requested authority had the concurrence of their Regional Attorney.

OGC has advised FSA to continue to file the applicable UCC documents to perfect CCC's security interest in commodities pledged as collateral for farm-stored loans regardless of the MAL principal amount.

B Purpose

This notice:

- provides revised policies and procedures for performing lien searches and filing UCC documents for perfecting CCC's security interest in commodities pledged as collateral for MAL's
- obsoletes Notices LP-2027 and LP-2048.

C Contact

If there are any questions about this notice, contact Kimberly Graham, PSD, by e-mail to kimberly.graham@wdc.usda.gov or telephone at 202-720-9154.

Disposal Date	Distribution
September 1, 2007	State Offices; State Offices relay to County Offices

Notice LP-2053

2 2006 Crop Year Policies for Conducting Lien Searches and Filing Applicable UCC Documents for MAL's

A Conducting Lien Searches and Filing UCC-1

County Offices shall conduct lien searches and file UCC-1 documents according to this table.

Loan Type/ Loan Amount	Conduct Lien Search		UCC-1 or applicable Financing Statement	
	Yes	No	Yes	No
<\$25,000				
Farm-stored		X	X	
Warehouse-stored		X		X
>\$25,000				
Farm-stored	X		X	
Warehouse-stored	X			X
Note: If conducting the lien search is a free service provided through the State, conduct the lien search on all loans regardless of the dollar amount.				

County Offices, DMA's, and LSA's shall perform lien searches and perfect the security interest, regardless of the loan amount, if 1 of the following applies:

- producer is, at the time of the loan request, either of the following:
 - involved in a bankruptcy
 - under investigation by OIG
- producer committed a MAL/LDP violation in the current or preceding crop year
- CCC is notified by the producer, lending institution, or lien holder that a lien exists on the commodity
- aggregate loan principal for the crop year will exceed \$25,000.

Note: County Offices shall file applicable UCC-1's required by State law to protect CCC's security interest according to 8-LP, paragraph 423 regardless of MAL principal.

B Recording UCC-1 for Chattel Mortgage Filing Date in APSS

APSS was enhanced to **not** require filing dates of UCC-1 for loans less than \$25,000. As of the date of this notice, County Offices are instructed to enter the date UCC-1 was filed in the "UCC-1 or Chattel Mortgage Filing Date" field on Screen PLA13005 for **all** loans.