



CONTENTS

2.4.2 Tangible Personal Property — Goods . . . . . 2-12  
2.4.3 Investment Property-Related Definitions . . . . . 2-13  
2.4.4 Supporting Obligation . . . . . 2-13  
2.4.5 Proceeds . . . . . 2-14  
2.5 Medium Neutral Terms . . . . . 2-14  
2.6 Good Faith . . . . . 2-15  
2.7 Special Consumer Rules . . . . . 2-15

**CHAPTER 3 CREATING A SECURITY INTEREST — ATTACHMENT — MAKING THE SECURED PARTY’S RIGHTS ENFORCEABLE AGAINST THE DEBTOR . . . . . 3-1**

3.1 Elements of Attachment . . . . . 3-1  
3.2 Security Agreement . . . . . 3-2  
3.3 Possession . . . . . 3-3  
3.3.1 Rights in the Collateral . . . . . 3-4  
3.4 Control . . . . . 3-4  
3.5 Attachment to Proceeds and Supporting Obligations . . . . . 3-4  
3.6 Attachment to Securities and Commodity Accounts . . . . . 3-4.1  
3.7 After-Acquired Property . . . . . 3-5  
3.8 Future Advances and Dragnet Clauses . . . . . 3-5  
3.9 Leases of Goods . . . . . 3-6  
3.10 Attachment of Security Interest to Lien Securing Right to Payment . . . . . 3-7

**CHAPTER 4 PERFECTION . . . . . 4-1**

4.1 General Rule: All Security Interests Must Be Perfected by Filing a Financing Statement . . . . . 4-2  
4.2 Exception 1: Filing a Financing Statement Does Not Perfect a Security Interest . . . . . 4-2  
4.3 Exception 2: Filing a Financing Statement Is an Optional Method of Perfection . . . . . 4-2  
4.4 Exception 3: Automatic Perfection . . . . . 4-2  
4.5 Exception 4: Filing a Financing Statement Is Not Required for Security Interests in Property Subject to a Certificate of Title or Other Statute . . . . . 4-3  
4.6 Exception 5: Filing a Financing Statement Is Not Required for Security Interests Perfected by Possession . . . . . 4-4  
4.7 Exception 6: Filing a Financing Statement Is Not Required for Security Interests Perfected by Control . . . . . 4-5  
4.8 Exception 7: Temporary Perfection . . . . . 4-5

**CHAPTER 5 FINANCING STATEMENT MECHANICS . . . . . 5-1**

5.1 What Kinds of Records Are Filed? . . . . . 5-1  
5.2 Where to File? . . . . . 5-1

5.3	Contents of a “Sufficient” Financing Statement . . . . .	5-3
5.3.1	Multiple Secured Parties . . . . .	5-4
5.4	Debtor’s Name Rules . . . . .	5-5
5.4.1	Individual Debtors . . . . .	5-7
5.5	How to Describe Collateral . . . . .	5-8
5.6	When Filing Office Can Reject Filings . . . . .	5-8.1
5.7	Mistakes . . . . .	5-8.3
5.8	Who Can File? . . . . .	5-9
5.8.1	Initial Financing Statements . . . . .	5-9
5.8.2	Amendments . . . . .	5-10
5.9	Amendments . . . . .	5-11
5.10	Duration of Financing Statements . . . . .	5-11
5.11	Continuation Statements . . . . .	5-12
5.12	Termination Statements . . . . .	5-13
5.13	The Filing Office . . . . .	5-13
5.14	Inaccurate or Wrongfully Filed Records . . . . .	5-14
5.15	Filing Office Indexing Errors . . . . .	5-14
5.16	Maintenance and Destruction of Records . . . . .	5-15
5.17	Information from Filing Office . . . . .	5-15
5.18	Fee . . . . .	5-16
5.19	Filing Office Rules . . . . .	5-16
5.20	Wrongfully Filed Termination Statements . . . . .	5-16
5.21	New 9 Searching and Filing Practices . . . . .	5-17
<b>CHAPTER 6 PREVAILING AGAINST OTHERS . . . . .</b>		<b>6-1</b>
6.1	General Rules of Priority among Creditors . . . . .	6-1
6.2	Exceptions to the “First-to-File-or-Perfect” Rule . . . . .	6-2
6.2.1	Control Prevails over Filing . . . . .	6-2
6.2.2	Some Security Interests Perfected by Possession or Control Prevail over Security Interests in Chattel Paper and Instruments Perfected Earlier by Filing . . . . .	6-2
6.2.3	The Purchase-Money Security Interest Super-Priority . . . . .	6-4
6.2.4	Future Advances . . . . .	6-5
6.3	Transferees of Collateral . . . . .	6-6
6.4	Buyers . . . . .	6-6
6.5	Licenses and Lessees in Ordinary Course of Business . . . . .	6-7
6.6	Rights under Articles 3, 7 and 8 . . . . .	6-7
6.7	Possessory Statutory Liens . . . . .	6-8
6.8	Priority of Security Interest in Fixtures . . . . .	6-8
6.8.1	Secured Party versus Secured Party . . . . .	6-8
6.8.2	Secured Party versus Real Estate Claimant . . . . .	6-9
6.8.2.1	Exception 1: Purchase-Money Priority . . . . .	6-9
6.8.2.2	Exception 2: First to Record . . . . .	6-9

CONTENTS

6.8.2.3	Exception 3: Removable Goods and Domestic Appliances . . . . .	6-9
6.8.2.4	Exception 4: Judicial Liens . . . . .	6-10
6.8.2.5	Exception 5: Manufactured Homes . . . . .	6-10
6.8.2.6	Subordination of Purchase-Money Security Interest in Fixtures to Construction Mortgage . . . . .	6-10
6.8.2.7	Priority Based on Consent . . . . .	6-10
6.8.3	Crops . . . . .	6-11
6.9	Accessions . . . . .	6-11
6.10	Commingled Goods . . . . .	6-11
6.11	Contractual Subordination . . . . .	6-12
6.12	Federal Tax Lien . . . . .	6-12
6.12.1	Where to Search . . . . .	6-13
6.12.2	Rules for Priority of Security Interests Relating to Certain After-Acquired Property and Future Advances . . . . .	6-13
6.12.2.1	Future Advances . . . . .	6-13
6.12.2.2	After-Acquired Property . . . . .	6-15
6.12.3	Purchase Money Collateral . . . . .	6-16
6.12.4	Inventory . . . . .	6-16
6.12.5	Proceeds . . . . .	6-17
6.12.6	Nonjudicial Foreclosure Sales . . . . .	6-17
6.12.7	<i>Spearing Tool</i> . . . . .	6-18
<b>CHAPTER 7 PARTICULAR TYPES OF COLLATERAL . . . .</b>		<b>7-1</b>
7.1	Investment Property . . . . .	7-1
7.1.1	Stock Options and Warrants . . . . .	7-5
7.2	Deposit Accounts . . . . .	7-5
7.3	Letter-of-Credit Rights . . . . .	7-8
7.4	Commercial Tort Claims . . . . .	7-10
7.5	Agricultural Liens . . . . .	7-10
7.6	Software . . . . .	7-11
7.7	Motor Vehicles . . . . .	7-13
7.8	Electronic Chattel Paper . . . . .	7-15
7.9	Agricultural Collateral . . . . .	7-16
7.9.1	Types of Agricultural Collateral . . . . .	7-17
7.9.2	Financing Statement Filing Location . . . . .	7-18
7.9.3	Priority Issues for Agricultural Collateral . . . . .	7-18
7.10	Electronic Documents . . . . .	7-20
7.11	Patents . . . . .	7-21
7.12	Trademarks and Service Marks . . . . .	7-21
7.13	Copyrights . . . . .	7-22
7.14	Bailed Goods Covered by Documents . . . . .	7-22
7.15	Documents of Title . . . . .	7-23

<b>CHAPTER 8 PROCEEDS</b> .....	<b>8-1</b>
8.1 General Rule — Continuation of Security Interest in Original Collateral and Proceeds .....	8-1
8.2 Twenty-Day Automatic Perfection for Proceeds .....	8-1
8.3 How a Security Interest in Proceeds Remains Perfected for More than 20 Days .....	8-2
8.4 Priority in Proceeds .....	8-3
<b>CHAPTER 9 CHANGES AFTER CLOSING</b> .....	<b>9-1</b>
9.1 Secured Party Changes .....	9-1
9.2 Debtor’s Location Changes .....	9-2
9.3 Collateral Location Changes .....	9-3
9.4 Location of Bank, Issuer, Nominated Person, Securities Intermediary, or Commodity Intermediary Changes .....	9-3
9.5 Financing Statements and Changes .....	9-4
9.5.1 Debtor’s Name Changes .....	9-4
9.5.2 New Debtors .....	9-4
9.6 “Double Debtors” .....	9-5
9.7 Goods Covered by Certificates of Title .....	9-6
<b>CHAPTER 10 THIRD PARTIES — ACCOUNT DEBTORS</b> ..	<b>10-1</b>
10.1 Account Debtors .....	10-1
10.2 Terms Restricting Assignment .....	10-3
10.2.1 Accounts, Chattel Paper, and Security Assignments of Payment Intangibles and Promissory Notes .....	10-3
10.2.2 Health-Care-Insurance Receivables, Certain General Intangibles, Including Contracts, Permits, Licenses and Franchises, and Sales of Payment Intangibles and Promissory Notes ...	10-4
10.2.3 Assignment of Letter-of-Credit Rights .....	10-6
<b>CHAPTER 11 ENFORCEMENT</b> .....	<b>11-1</b>
11.1 Options .....	11-1
11.2 Waiver and Variance of Debtor’s and Obligor’s Rights and Secured Party’s Duties .....	11-2
11.3 Unknown Debtor or Secondary Obligor .....	11-3
11.4 “Commercially Reasonable” .....	11-3
11.5 Fixtures .....	11-4
11.6 Collection and Enforcement of Collateral Consisting of Rights to Payment .....	11-4
11.7 Application of Proceeds of Collection and Enforcement of Collateral Consisting of Rights to Payment .....	11-5
11.8 Repossession .....	11-6
11.9 Disposition of Collateral .....	11-7

CONTENTS

11.10	Notices before Disposition .....	11-8
11.11	Forms of Notice .....	11-9
	11.11.1 Non-Consumer-Goods Transactions .....	11-9
	11.11.2 Consumer-Goods Transactions .....	11-10
11.12	Application of Proceeds .....	11-11
11.13	Accounting .....	11-12
11.14	Transferees of Collateral .....	11-12
11.15	Transfers to Secondary Obligors .....	11-13
11.16	Transfer Statement .....	11-13
11.17	Acceptance of Collateral in Full or Partial Satisfaction of Obligation — Strict Foreclosure .....	11-14
11.18	Mandatory Disposition of Consumer Goods .....	11-16
11.19	Right of Redemption .....	11-17
<b>CHAPTER 12 SECURED PARTY'S OBLIGATIONS .....</b>		<b>12-1</b>
12.1	Care of Collateral .....	12-1
12.2	Release Account Debtor .....	12-1
12.3	Duty to Provide Information .....	12-2
12.4	Obligation to Terminate .....	12-3
12.5	Penalties for Failure to Comply with These Obligations ....	12-5
<b>CHAPTER 13 REMEDIES .....</b>		<b>13-1</b>
13.1	Damages .....	13-1
13.2	Rebuttable Presumption Rule .....	13-1
13.3	Insider Dispositions .....	13-2
<b>CHAPTER 14 FORMS .....</b>		<b>14-1</b>
FORM 14-1	New 9 Collateral List for Security Agreement — 9-108 (Commercial Credit) .....	14-1
FORM 14-2	New 9 Collateral List — 9-108 (Consumer Credit) ..	14-2
FORM 14-3	Secured Party's Release of Control over Deposit Account — 9-208(b)(1) .....	14-3
FORM 14-4	Secured Party's Release of Securities Intermediary/Commodity Intermediary — 9-208(b)(4).	14-4
FORM 14-5	Secured Party's Release of Control over Letter-of-Credit Right — 9-208(b)(5) .....	14-5
FORM 14-6	Debtor's Request for an Accounting — 9-210(a)(2) ...	14-6
FORM 14-7	Debtor's Request Regarding a List of Collateral — 9-210(a)(3) .....	14-7
FORM 14-8	Debtor's Request Regarding a Statement of Account — 9-210(a)(4) .....	14-8
FORM 14-9	Secured Party's Accounting — 9-210(b)(1) .....	14-9
FORM 14-10	Secured Party's Response to Debtor's Request Regarding a List of Collateral — 9-210(b)(2) .....	14-10

FORM 14-11	Secured Party’s Response to Debtor’s Request Regarding a Statement of Account — 9-210(b)(2) . . .	14-11
FORM 14-12	Secured Party’s Response to Debtor’s Request Regarding a List of Collateral when Secured Party Claims an Interest in All of a Particular Type of Collateral Owned by the Debtor — 9-210(c) . . . . .	14-12
FORM 14-13	Notice of Exclusive Control of Securities Account . .	14-13
FORM 14-14	Notice of Disposition of Consumer-Goods — 9-614 . . . . .	14-14
FORM 14-15	Notice of Disposition of Non-Consumer-Goods — 9-613 . . . . .	14-16
FORM 14-16	Secured Party’s Request for Consent of Issuer or Nominated Person to Assignment of Letter-of-Credit Proceeds and Issuer or Nominated Person’s Consent — 9-107 . . . . .	14-17
FORM 14-17	Exclusion of Warranties by Secured Party Selling Collateral — 9-610(e) . . . . .	14-18
FORM 14-18	Notice of Purchase-Money Security Interest in Inventory — 9-324(b) . . . . .	14-18
FORM 14-19	Notice to Bailee in Possession of Goods Who Has Issued a Non-Negotiable Document Covering the Goods — 9-312(d) . . . . .	14-19
FORM 14-20	Consent of Owner of Real Property to Creation of Security Interest in Fixtures — 9-334(f) . . . . .	14-20
FORM 14-21	Notice from Consignor to Secured Party — 9-324(b) . .	14-21
FORM 14-22	Waiver of Disposition Notification — 9-602(7), 9-611, 9-624(a) . . . . .	14-22
FORM 14-23	Mandatory Disposition of Consumer-Goods — Agreement of Debtor and Secondary Obligor to Longer Period of Time — 9-620(e) and (f) . . . . .	14-23
FORM 14-24	Description of Commercial Tort Claim for Purposes of Security Agreement and Financing Statement — 9-108, 9-504, 9-203(b)(3)(A) . . . . .	14-24
FORM 14-24A	Assignment and Security Agreement — Lawsuit Proceeds . . . . .	14-24
FORM 14-25	Grant of Security Interest in Deposit Account to Depository Bank to Include in Deposit Account Signature Card — 9-203(b)(3)(D) . . . . .	14-24.3
FORM 14-26	Secured Party’s Proposal to Accept Collateral in Full Satisfaction of Debt — 9-620 . . . . .	14-25
FORM 14-27	Secured Party’s Proposal to Accept Collateral in Partial Satisfaction of Debt — 9-620 . . . . .	14-26
FORM 14-28	Secured Party’s Subsequent Notice That Strict Foreclosure Has Occurred . . . . .	14-27

CONTENTS

FORM 14-29	Secured Party's (Subsequent) Notice That Partial Strict Foreclosure Has Occurred . . . . .	14-28
FORM 14-30	Governing Law Choices . . . . .	14-28
FORM 14-31	Application of Payments . . . . .	14-29
FORM 14-32	Bailee Acknowledgment That It Holds Possession of Collateral for Secured Party's Benefit — 9-313(c) . .	14-29
FORM 14-33	Notice of Assignment to Include on Chattel Paper or an Instrument — 9-330(a)(2) . . . . .	14-30
FORM 14-34	Notice to Include on Chattel Paper Financing Statement That Purchase of Chattel Paper from Debtor Would Violate the Rights of the Secured Party — 9-330(b) . . . . .	14-30
FORM 14-35	Notice to Account Debtor of Assignment of Account — 9-406 . . . . .	14-31
FORM 14-35A	Notice of Assignment to Government Account Debtor . . . . .	14-32
FORM 14-36	Agreement of Account Debtor Not to Assert Claims and Defenses Against Assignee of Account — 9-403(b) . . .	14-32.1
FORM 14-36A	No Offset Agreement (for Account Debtors) . . . . .	14-32.1
FORM 14-37	Secured Party's Release of Account Debtor — 9-209(b) . . . . .	14-32.3
FORM 14-38	Proof Offered by Assignee That Account Has Been Assigned — 9-406(c) . . . . .	14-33
FORM 14-39	Secured Party Affidavit in Recordable Form Regarding Default — 9-607(b) . . . . .	14-33
FORM 14-40	Instruction by Secured Party to Bank to Pay out Deposit Account Collateral after Default — 9-607(a)(5) . . . .	14-35
FORM 14-41	Transfer Statement — 9-619 . . . . .	14-36
FORM 14-42	Notice to Secured Party of a Claim or Interest in the Collateral — 9-611(c)(3)(A) . . . . .	14-37
FORM 14-43	Demand by Subordinate Secured Party for Proceeds — 9-608(a)(1)(C), 9-615(a)(3)(A) . . . . .	14-37
FORM 14-44	Demand by Secured Party of Proof of Subordinate Interest — 9-608(a)(2), 9-615(b) . . . . .	14-38
FORM 14-45	Federal Trade Commission Holder-in-Due-Course Notice . . . . .	14-39
FORM 14-46	Deficiency/Surplus Explanation — 9-616 . . . . .	14-39
FORM 14-47	Security Agreement (Consumer) . . . . .	14-41
FORM 14-48	Security Agreement (Corporate Debtor) . . . . .	14-51
FORM 14-49	Pledge Agreement (Certificated Security) . . . . .	14-82
FORM 14-50	Guaranty Security Agreement (Corporate Guarantor) . .	14-89
FORM 14-51	Investment Property Control Agreement (Joint Control, no withdrawals or distributions of dividends) . . . . .	14-120

FORM 14-52	Investment Property Control Agreement (Exclusive Creditor Control) . . . . .	14-123
FORM 14-53	Investment Property Security Agreement (Joint Control) . . . . .	14-126
FORM 14-54	Investment Property Security Agreement (Exclusive Creditor Control) . . . . .	14-134
FORM 14-55	Deposit Account Control Agreement (Joint Control) . . . . .	14-142
FORM 14-56	Deposit Account Control Agreement (Exclusive Creditor Control) . . . . .	14-145
FORM 14-57	Guaranty Agreement (Corporate Guarantor) . . . . .	14-148
FORM 14-58	Promissory Note (Commercial) . . . . .	14-165
FORM 14-59	Subordination Agreement (Debt Subordination) . . . . .	14-176
FORM 14-60	Deposit Account Security Agreement and Control Agreement (Short Form, no waiver of setoff by Depository) . . . . .	14-186
FORM 14-61	Loan and Security Agreement (Commercial Loan) . . . . .	14-188
FORM 14-62	Pledge Agreement (Certificates of Deposit that are “instruments”) . . . . .	14-224
FORM 14-63	UCC Financing Statement . . . . .	14-230
FORM 14-64	UCC Financing Statement Addendum . . . . .	14-232
FORM 14-64A	UCC Financing Statement Additional Party . . . . .	14-234
FORM 14-65	UCC Financing Statement Amendment . . . . .	14-236
FORM 14-66	UCC Financing Statement Amendment Addendum . . . . .	14-238
FORM 14-66A	UCC Financing Statement Amendment Additional Party . . . . .	14-240
FORM 14-67	Continuation Financing Statement Legend — 9-706(b) . . . . .	14-242
FORM 14-68	Financing Statement Legend — Disclosing Debtor Agreement Not to Grant Junior Security Interests in Collateral — 9-331 . . . . .	14-243
FORM 14-69	Waiver of Right to Redeem — 9-624(c) . . . . .	14-244
FORM 14-70	Secured Party’s Disclaimer of an Interest in Collateral or Obligations — 9-210(d) and (e) . . . . .	14-244.1
FORM 14-71	New 9 Collateral List for Financing Statement — 9-504 (Commercial Credit) . . . . .	14-244.2
FORM 14-72	Correction Statement — 9-518(b) . . . . .	14-244.4
FORM 14-73	Information Request Form . . . . .	14-244.6
FORM 14-74	SCC’s UCC Filing Rules . . . . .	14-246
FORM 14-75	SCC’s Revised Article 9 Rejection Reasons . . . . .	14-256.1
FORM 14-76	Debtor’s Consent to File Financing Statement . . . . .	14-257
FORM 14-77	Notice of Purchase-Money Security Interest in Livestock — 9-324(b) . . . . .	14-258
FORM 14-78	Subordination Agreement (Lien Priority) . . . . .	14-259
FORM 14-79	Legal Opinion — Attachment and Perfection . . . . .	14-265

CONTENTS

FORM 14-80	Equipment Lease . . . . .	14-272
FORM 14-81	IACA List of Ending Noise Words Pursuant to Rule 503.4 . . . . .	14-283
FORM 14-82	Consignment Agreement . . . . .	14-284
FORM 14-83	Secured Party’s Release of Custodian of Electronic Document of Title — 9-208(b)(6) . . . . .	14-289
FORM 14-84	Patent Collateral Assignment and Security Agreement .	14-290
FORM 14-85	Trademark Collateral Assignment and Security Agreement . . . . .	14-300
FORM 14-86	Copyright Collateral Assignment and Security Agreement . . . . .	14-309
FORM 14-87	Response to Creditor’s Payoff Request . . . . .	14-317
FORM 14-88	Basic Workout Checklists for Auditing Documents . . .	14-318
FORM 14-89	Loan Purchase Agreement (Minimal Warranties) . . .	14-328
FORM 14-90	Methods of Perfection by New 9 Collateral Category . . . . .	14-337
FORM 14-91	Methods of Perfection Chart by Principal Collateral Types . . . . .	14-339
FORM 14-92	Subordination Agreement (Obligations and Collateral) . . . . .	14-344
FORM 14-93	Solvency Certificate (Short Form) . . . . .	14-356
FORM 14-94	Solvency Certificate (Long Form) . . . . .	14-357
<i>Table of Laws</i> . . . . .		INDEX-1
<i>Subject Index</i> . . . . .		INDEX-18
<i>Forms Index</i> . . . . .		INDEX-30
<i>Table of Cases</i> . . . . .		INDEX-34