

Secure Receivables in the U.S. and Canada!

The U.S.'s Article 9 of the Uniform Commercial Code (UCC) and Canada's Personal Property Security Act (PPSA) are sets of law that govern commercial transactions between states or provinces.

The Forms

First, let's take a look at the specific forms used when filing a UCC or registering a PPSA

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|------------------|---------------------------|---|--|-------------------|
| UCC Forms | UCC1 Financing Statement | ↔ | Financing Statement | PPSA Forms |
| | UCC3 Financing Statement | ↔ | Renewal Change Statement Discharge | |
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UCC and PPSA

In order to create a security interest, you must...

- ✓ Have a signed Security Agreement and the agreement must contain a granting clause & collateral description
- ✓ Record (US) or Register (Canada) the Financing Statement to make the security interest public record
- ✓ Notify the prior secured creditors in order to Establish Priority in Inventory

UCC VS. PPSA

Despite their overall similarities, there are significant differences between the UCC & the PPSA

Under the UCC, verify the individual's name with an unexpired driver's license

Individuals

Under the PPSA, include the individual's birthdate

Under the UCC you must record your filing within 20 days of your customer's receipt of the equipment

Establish Priority in Equipment

Under the PPSA you must register your filing within 10 days of your customer's receipt of the equipment

A UCC for a registered entity is filed in the state of organization and a UCC for an individual is filed in the state of residence

Where to File

A PPSA is registered in the province(s) where the goods are located

In the US, the secured party's filing is good for 5 years (in most states - WY filings are good for 10 years)

Life of Filing

In Canada, the secured party may choose a filing period from 1-25 years or "infinity"

Quebec

Remember Quebec did not adopt the PPSA. They have their own law called the Civil Code of Quebec.

Need assistance with securing receivables through the UCC or PPSA? Contact NCS Credit today!



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