

Article 9-507(c) of the UCC provides the secured party with a four-month window to amend a UCC filing if the debtor's name changes.

As all secured creditors know, maintaining perfection of their security interests under UCC Article 9 is essential to ensuring priority over other claimants. Unfortunately, there is a common event that can quickly eliminate the perfection of a security interest: a debtor name change.

4 Tips for Secured Parties Facing Possible Debtor Name Change

1



Incentivize

Incentivize your debtor to keep you informed. In the security agreement, the debtor should agree to inform you of any planned name changes and/or relocations in advance [specify number of days]. Failure to do so should constitute default, allowing the secured party to call in the debt.

2

Examine Payments



Examine the payments made by the debtor. If the debtor has been sending payment checks that reflect a certain name or address and that information changes, you should immediately contact the debtor for clarification.

3



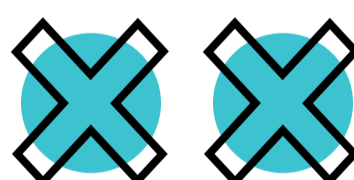
Monitor Corporate Status

Every three months, check the state corporate registry where your debtor is listed. A change of name or status will be indicated on the registry.

4



Stop Credit



Do not advance additional funds to the debtor beyond the original credit limit amount without verifying the debtor's current name, address and business form.

These tips are courtesy of Ms. Mary Cowan, NCS President and Professor Margit Livingston, DePaul University College of Law, and were originally featured in NCS Whitepaper: Debtor Name Changes Under Article 9: The Importance of Keeping Financing Statements Current and Accurate.

It's a Challenge

We recognize that keeping track of debtor name changes can be challenging, but it is worth the effort: loss of a perfected status is a prospect that no secured party wants to face!

Ask NCS how Corporate Monitoring can assist you with maintaining a properly perfected security interest!

 **NCS** CREDIT

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