

What's a UCC-3?

...and Why Would You File One?



But first... What's a UCC-1, UCC-5, and UCC-11?

1

A UCC-1 is the initial Financing Statement and is filed to provide notice to other creditors of your security interest.

UCC-1

Typically, when we talk about perfecting your security interest or filing a UCC, we are referring to a UCC-1 or your initial filing.

It's important to note, this filing does not amend any information. You need to file the UCC-3 if you need to amend info.

11

A UCC-11 is an information request.

UCC-11

This report identifies other secured parties, whether specific collateral is already secured by a UCC, and helps determine a creditor's priority.

5

A UCC-5 is an information statement you file when you believe an existing record is inaccurate or was wrongfully filed.

UCC-5

Many Hats

A UCC-3 can wear many hats!

It can be used to **continue, amend, or terminate** your UCC filing.

It can also be used to **assign** your interest to another secured party.



Continuation

A UCC is effective (*i.e., active*) for 5 years. **If you need to extend the filing, you will file a UCC-3 Continuation** within 6 months before the expiration date of the existing filing.

Once the continuation has been filed, your UCC is effective for another 5 years.

If you don't file your continuation timely, your UCC will expire and **you'll lose your security.**

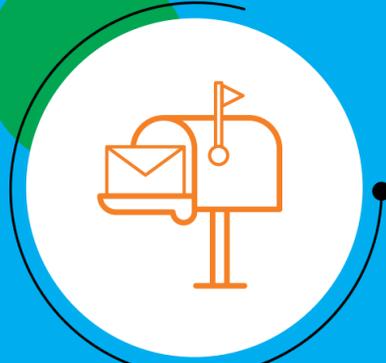


Amendment

Why would you need to amend your UCC?

The most common reasons to amend a filing:

- a change in your customer's name or address,
- a change in your company's name or address, or
- a change in the collateral.



The most common (and most critical) reason to amend your UCC is if your customer's name or address changes.

Article §9-507(c) clearly states you have a 4-month window to amend your filing for a debtor name change to maintain your priority.

If you fail to timely amend your filing, your filing will be considered seriously misleading, and your security interest will be unperfected.



Assignment

If you need to assign or **transfer** all or some of your rights to the collateral to another secured party, you will file an Assignment.

Assignments occur frequently with banks, as one bank transfers its security to another bank.



Termination

The filing of a termination ceases the effectiveness of the original UCC.

Typically, terminations are filed at the end of the relationship when monies have been paid and/or collateral returned.

As an example, your bank filed a UCC when you signed for your car loan; once your car loan is paid off, the bank terminates their UCC, which frees up the collateral (*i.e., your car*).



Use caution when terminating filings because you can't *un-terminate* them.

Need help managing your UCC filings, the legal paperwork, and monitoring the filing status?

NCS Credit has you covered!

From protection to collection, NCS Credit experts are ready. **Contact us today!**