

Chapter 30

Presentation on Secured Transactions

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Terminology

- Secured Party: Creditor who has secured interest:seller, lender
- Debtor: Person who owes payment
- Security Interest: Interest in collateral..personal property, or account
- Security Agreement: An agreement that is provide for security interest (UCC 9-102 (a) (73))
- Collateral: Security Interest (UCC 9-102 (a) (12))
- Financial Statement: Referred to as the UCC-1 form is the instrument normally filed to give public notice.

Financial Statement: UCC-1 Form filed normally to give public notice to 3rd Parties

- Perfection of Security of Interest. The security Agreement itself can also be filed to perfect the security interest.
- This is fulfilled by filing financial statement of the appropriate government official.
- The financing statement must provide the names of the debtor and the secured party, & it must indicate the collateral covered by the financing statement.

Where to File?

- In most states, this is filed in the Secretary of State office where the debtor is located.
- Consequences to improper filing renders the secured party's interest unperfected & reduces the secured party's claim in bankruptcy.

3 requirements for a creditor to have secured interest

- Security agreement must be signed, useless if creditor has possession.
- Secured party must have given something of value to debtor.
- The debtor must own the items or have rights to them.

Perfection without Filing

- There are 2 types of situations, security interests can be perfected without filing a financial statement.
- 1. Collateral is transferred into the possession of the secured party.
- 2. It can also occurred when purchase -money security interest in consumer goods.

Perfection by Possession

- Obtaining financing under the common law was to pledge certain collateral as security for the debt and transfer the collateral into the creditor's possession.
- When debt is paid, the collateral was returned to the debtor.