



Hundredth Legislature - Second Session - 2008
Introducer's Statement of Intent
LB 716

Chairperson: Rich Pahls
Committee: Banking, Commerce and Insurance
Date of Hearing: January 22, 2008

The following constitutes the reasons for this bill and the purposes which are sought to be accomplished thereby:

Under current law, a financing statement filed by a secured party to perfect a security interest must “sufficiently provide the name of the debtor,” pursuant to the provisions of UCC Section 9-503. UCC Section 9-506(a) provides that a financing statement substantially satisfying the requirements of Part V, Article 9 of the UCC is effective, even if it contains minor errors or omissions, unless the errors or omissions make the financing statement “seriously misleading.”

Pursuant to UCC Section 9-506(b) a financing statement failing to “sufficiently provide the name of the debtor” as required by UCC Section 9-503(a) is “seriously misleading,” unless a search of the records of the Secretary of State, using that offices standard search logic, would disclose a financing statement that fails sufficiently to provide the name of the debtor.

LB 716 would amend UCC Section 9-506(c) to require a record search, in the case of a debtor who is an individual, to utilize the debtor’s correct **last** name, in determining if the name provided on a financing statement renders the financing statement “seriously misleading.”

Principal Introducer: _____
Senator Rich Pahls