



One Hundred First Legislature - Second Session - 2010
Introducer's Statement of Intent
LB 751

Chairperson: Rich Pahls
Committee: Banking, Commerce and Insurance
Date of Hearing: January 19, 2010

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 Uniform Commercial Code (UCC) Section 9-503. UCC Section 9-506(a)(i) 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(a)(iii) 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 the standard search logic of that office, would disclose a financing statement that fails sufficiently to provide the name of the debtor.

Amendments to UCC Section 9-506 adopted by the 2008 legislature would 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.” Implementation of the 2008 amendments to UCC Section 9-506 has been delayed until September 2, 2010. LB 751 would repeal the 2008 amendments to UCC Section 9-506 and reinstate the language of the statute as it existed prior to 2008.

Principal Introducer: _____
Senator Rich Pahls