

Secretary of State's Office
Business Programs Division, Uniform Commercial Code Section
Annual Report to the Legislature
January 2008

Pursuant to California Uniform Commercial Code section 9527, the Secretary of State's office hereby submits its annual report to the Legislature regarding the operations of the Uniform Commercial Code (UCC) Section of the Business Programs Division.

The UCC Section has been the central filing office for certain financing statements and other documents provided for under the California Uniform Commercial Code since 1965. The intent with the majority of the filings is to perfect or preserve security interest in named collateral and establish priority in case of debtor default or bankruptcy. Notices of judgment liens, attachment liens, agricultural liens and equipment liens are also filed in the UCC Section, as well as notices of various tax liens submitted by state and federal taxing agencies such as the Franchise Tax Board and the Internal Revenue Service.

In 1999, the Legislature passed and the Governor signed California Senate Bill 45, (Statutes of 1999, chapter 991). This legislation included a comprehensive revision to Article 9 of the Uniform Commercial Code and was part of a national movement to standardize the way in which financing statements relating to commercial transactions were filed. The legislation became effective July 1, 2001. All states have adopted Revised Article 9 (RA9), and, with the exception of four states (Alabama, Connecticut, Florida and Mississippi), the effective date in each state was July 1, 2001.

Statutory provisions specific to California exist. UCC section 9516(b)(5)(C) was modified in Chapter 991 to provide that filing does not occur if the financing statement does not contain any of the listed elements, rather than all of the elements, as provided in the model RA9, when providing information for a debtor who is an organization; namely, the type of organization, the jurisdiction of the organization and the organizational identification number (or an indication that there is none). Senate Bill 2002 (Statutes of 2000, chapter 1003) contained several amendments to the UCC, as enacted by Chapter 991, to clarify applicable fees and to make other technical, conforming and clarifying changes. One of the amendments created Government Code section 12194 to provide for the exclusive use of the national filing forms adopted as part of RA9 (identified in UCC section 9521). Legislation was enacted in 2007 in order to protect personal information in the public record. Assembly Bill 1168 (Statutes of 2007, chapter 627) was adopted, authorizing the Secretary of State to redact social security numbers from UCC records, as well as to create and accept a California version of the filing form removing the space for a social security number.

The filing office rules of the California UCC Section are in harmony with those of other similar filing offices in jurisdictions throughout the country. In order to monitor our consistency, the Secretary of State's staff participates in ongoing communications with the International Association of Commercial Administrators (formerly known as the International Association of Corporate Administrators) or IACA, which is an international organization of filing officers who have similar filing responsibilities. IACA developed Model Administrative Rules, which were all-inclusive with regard to filing office procedures to administer RA9, for each state to use as a starting point for developing the implementation mechanism in their own jurisdictions. Refinement of these rules is an ongoing activity for IACA and updates are presented and adopted at annual conferences. The rules for the California Secretary of State UCC filing office found in Title 2, Chapter 13 of the California Code of Regulations, sections 22600-22601.8, are in harmony with the most recent version of IACA's Model Rules.