

SUMMARY OF PROVISIONS OF PROPOSED BILL

2003 TECHNICAL REVISIONS TO ARTICLE 9 OF THE UNIFORM COMMERCIAL CODE

SECURED TRANSACTIONS AND RELATED STATUTES

January 17, 2002

The proposed Bill was intended to adopt certain technical corrections noted by the Office of the Legislative Commissioner, as well as to make corrections noted by practicing attorneys resulting from the adoption of Public Act 01-132, adopting Revised Article 9 of the Uniform Commercial Code (the "UCC") in Connecticut. These changes were necessary due to clerical errors in the text of P.A. 01-132, as well as due to the interaction of Revised Article 9 with other provisions of the Connecticut General Statutes that either adopted provisions of Revised Article 9 or which affected the increased scope of the security interests granted under Revised Article 9.

A more detailed description of reasons for the provisions of the proposed Bill are set forth after each section of the proposed text, labeled "Enactment Comment". An overview of the highlights of major provisions of the Bill follows. In general the proposed Bill:

- Makes numerous clerical corrections to the text of P.A. 01-132, as well as corrects two clerical errors in the text of P.A. 02-131 (adopting Article 2A of the UCC), to avoid possible misunderstandings and uncertainty.
- Permits Revised Article 9 to govern transfers and security interests granted by the State or a subdivision of the State, in those instances where the enabling legislation for such public agency or function specifically permits Revised Article 9 to apply. There are a number of instances in which a statute permits a public agency to "opt-in" to Revised Article, however Connecticut's non-uniform amendment to section 9-109 will not permit Article 9 to govern – this change adopts the uniform or "official" text of Revised Article 9 that permits Article 9 to apply in such instances, but leaves the choice in each instance to the General Assembly or to the public agency involved.
- Makes clear that a provision in a security agreement or lease authorizing electronic self help may be included within the body of the security agreement or lease, as long as it is specifically stated. This corrects an uncertainty in the language of P.A. 01-132 as to whether the authorization of electronic self help was required to be in a separately authenticated document – the original intention of the drafters was that the authorization could be contained in the agreement, provided it was expressly and separately stated.
- Conforms the motor vehicle certificate of title law to the provision of Revised Article 9 that permits a security interest in motor vehicles held by a debtor as inventory for

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sale or lease to be perfected by filing a financing statement, rather than by notation on the certificate of title – this cross reference was inadvertently omitted from P.A. 01-132.

- Amends the bank execution statute for judgment debtors that are not natural persons (C.G.S. §52-367a) to require the depository bank to notify any party with a security interest via a control agreement in a commercial (not consumer) deposit account of the levy. It permits a period of 20 days for such secured party to make a motion to the court for a determination of its interest and priority in the account before turning over the funds to the levying officer. If the secured party files such a motion, it also provides authorization for the depository bank to withhold the funds until the court make a determination. This provision is similar to the provision for exemption rights for bank execution against deposit accounts owned by natural persons in C.G.S. §52-367b. The Bill also conforms C.G.S. §52-367b to these provisions.
- Amends C.G.S. §52-355, the statute governing postjudgment liens on personal property, to make clear that a judgment lien creditor is not deprived of an action for conversion for impairment of the judgment lien simply because it only can get possession by an execution or other judicial process. This corrects a recent case holding that a judgment lien creditor has no right of conversion since it has no immediate right of possession absent an execution – and gives effect to the provision of this statute which states that the post judgment lien is effective “in the same manner and to the same extent” as a security interest.