

rather to a negotiable instruments law dealing with securities." In general, it covers investment securities like stocks and bonds in both bearer and registered form.

Article 9

This article, dealing with the field of secured transactions, would replace little of the District of Columbia Code while making great advances in that field. In general, it applies to all transactions which are intended to create a security interest in personal property as well as to sales of accounts receivable, contract rights and chattel paper. Although it does not use the terms "mortgage," "conditional sale" and the like, existing security devices are not abolished and may continue to be used. Article 9, however, does abolish formal distinctions between existing security devices and deals with the interests which the secured creditor may obtain under the Code by the same designation, namely, a "security interest" defined (in sec. 1-201 (38)) as "an interest in personal property or fixtures which secures payment or performance of an obligation," which includes "any interest of a buyer of accounts, chattel paper, or contract rights." In general, the term "chattel paper" refers to instruments (like notes and chattel mortgages) used by the owner thereof (like a dealer) to secure his own financing.

The security interest under article 9, to be enforceable, must either be a possessory interest (like a pledge) with the secured party in actual possession or be in a writing referred to in the article as a "security agreement." The only requirements of a security agreement are that it be signed by the debtor and contain (section 9-203 (1)(b)) "a description of the collateral and in addition, when the security interest covers crops or oil, gas or minerals to be extracted or timber to be cut, a description of the land concerned." However, a security agreement may contain the usual provisions now included in existing instruments, like chattel mortgages and chattel deeds of trust, and other agreements of the parties, except a few types of provisions expressly prohibited by the UCC.

With several exceptions (sec. 9-302), in order to "perfect" a security interest that would create a lien effective against third parties, the creditor must have possession of the collateral in case of a possessory interest (like a pledge) or the debtor must, in addition to entering into a security agreement, file a financing statement in the appropriate office, which in the District of Columbia would be the Recorder of Deeds (sec. 9-303). A financing statement may be a very simple document, being legally sufficient (sec. 9-402) "if it is signed by the debtor and the secured party, gives an address of the secured party from which information concerning the security interest may be obtained, gives a mailing address of the debtor and contains a statement indicating the types, or describing the items, of collateral."

Article 10

This article deals briefly with the matter of the construction of UCC with other laws:

Sections 2 to 14 of H.R. 5338 make appropriate changes in existing statutory law to conform it to the UCC.

Section 15 of the bill provides for (a) repeal of superseded statutes and (b) continued validity of transactions entered into prior to the effective date of the bill.

Section 16 states that the bill will become effective January 1, 1965.

Mr. HUDDLESTON. In addition, I would like to submit for the record, without objection, a letter from Mr. Thomas S. Jackson, president of the Bar Association of the District of Columbia, dated March 19, 1963, dealing with this legislation.

(Mr. Jackson's letter follows:)

THE BAR ASSOCIATION OF THE DISTRICT OF COLUMBIA,
Washington, D.C., March 19, 1963.

HON. JOHN L. McMILLAN,
Chairman, Committee on the District of Columbia,
House of Representatives, Washington, D.C.

DEAR MR. McMILLAN: On behalf of the District of Columbia Bar Association, I am enclosing for your consideration a copy of the Uniform Commercial Code as proposed by the bar association for adoption as title 28, subtitle I of the Code of the District of Columbia.

The proposed bill has been prepared under the supervision of the uniform commercial code committee of the bar association, consisting of Mr. George E.