

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."

A financing statement may be filed before a security agreement is made (sec. 9-402(1)). The security agreement need not be filed to be effective against third persons. However, a security agreement, if it complies with the requirements of a financing statement, may be filed as a financing statement. Thus, in general, secured financing may be placed on a simplified basis or continued with the same type of existing instruments using the same names and containing only a few modifications to conform to the UCC.

An important exception to the requirement of filing concerns consumer goods, meaning goods for personal, family or household purposes (not including motor vehicles). Filing is not necessary to make effective against third persons a security interest taken or retained by a seller or other person who finances the actual purchase of consumer goods.

The matter of motor vehicle liens would be continued to be handled, as now, under chapter 40 of title 3 of the District of Columbia Code. However, motor vehicles in the hands of a dealer prior to the issuance of a title certificate would be considered as inventory to which the provisions of article 9 would apply.

Part 4 of article 9 provides for the remedies of the creditor upon default, requiring reasonable notification to the debtor and other interested persons of the sale unless the goods are perishable etc., and the return to the debtor of any surplus after payment of the debt and expenses of collection and sale. The debtor is also given the right to redeem before disposition of the collateral.

Article 9 also provides, among other things, for the allowance of broad after acquired property clauses, the validating of security interests in collateral to secure future advances, and for inventory and accounts receivable financing on a sound basis. The doctrine of *Benedict v. Ratner*, 268 U.S. 353 (1925), is repudiated (sec. 9-205).

A fringe benefit of the UCC would be the elimination of the antiquated and useless nuisance requirement that chattel instruments be acknowledged in order to be recorded.

Article 10

This article would provide for the repeal of the superseded legislation. It would also provide for the effective date of the UCC and for protection of the rights under then existing security instruments.

Modifications (13), (14), (15) and (16), relating to article 10, of recommendation I of this report are modeled after the New York Uniform Commercial Code. Modification (13), amending section 10-102(1), provides for specific repeal of the superseded parts of the District of Columbia Code. Modification (14), amending section 10-102(2), is intended primarily to provide for the continued effectiveness under the code of recorded chattel instruments which now become void after seven years pursuant to section 42-104 of the District of Columbia Code. The official text of the Uniform Commercial Code (sec. 10-103) provides for the general repeal of all inconsistent legislation. This committee considers that it would be better to state a rule as to which statute governs, as in modification (15), rather than to repeal outright. In view of the wide coverage of the specific repeal section, there should be relatively few inconsistencies between the commercial Code and existing District of Columbia legislation.

CONCLUSION

As already indicated, the initial decision to be made by this bar association is whether (a) to strive for the enactment as soon as practicable of the UCC modified to conform to the District of Columbia Code, or (b) to conduct a detailed study