



# The ABCs of UCCs

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Make Your Company a Payment Priority



 LinkedIn

# Alec Papesch

[apapesch@ncscredit.com](mailto:apapesch@ncscredit.com)

800.826.5256 x246

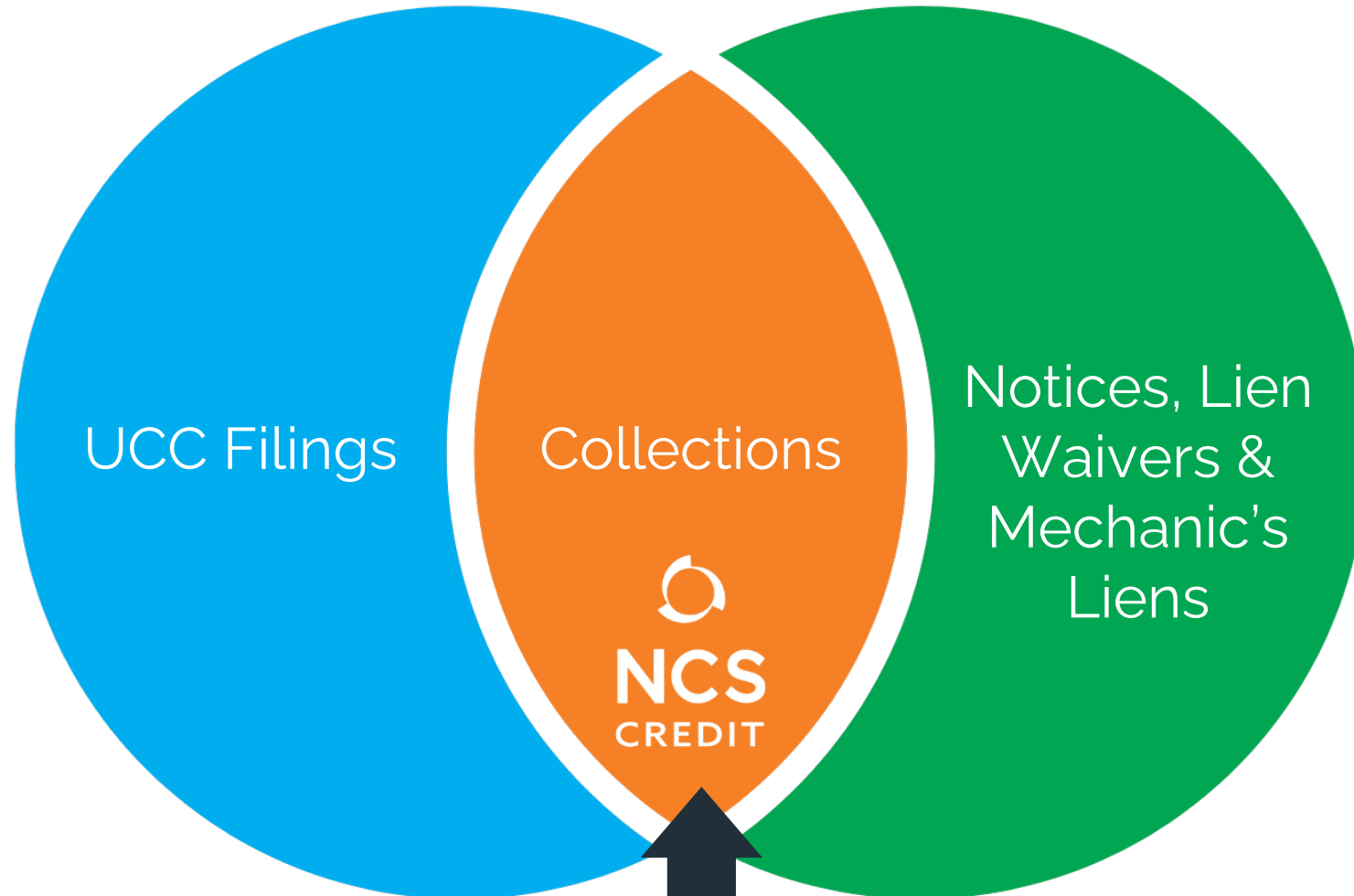
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## Agenda:

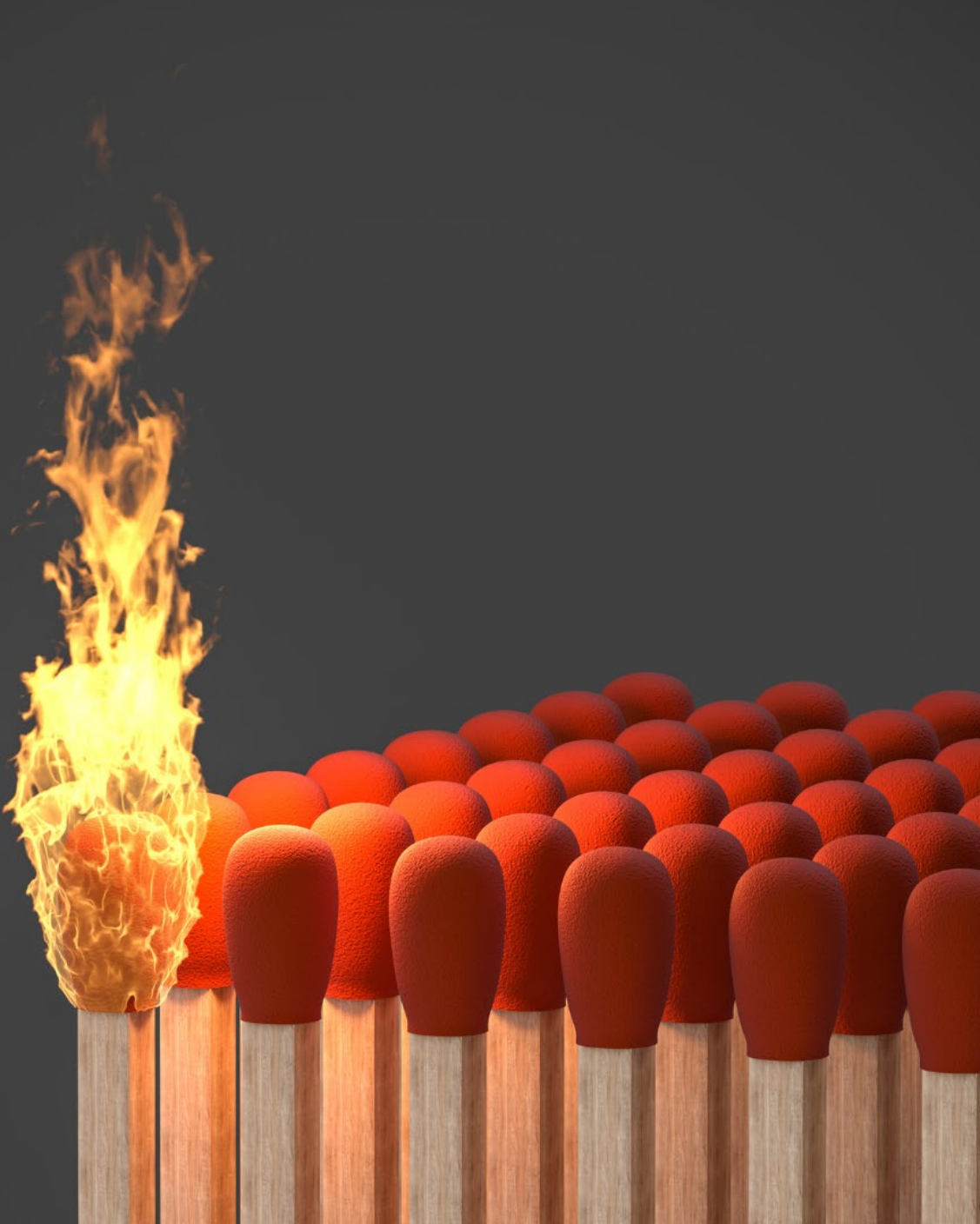
- Secured Transactions
- UCC Technology
- UCCs 101
- Types of filings
- Repossession Scenarios

# Secured Transactions

"We believe everyone deserves to get paid for the work that they do."



Secured Party



Did you know,  
**secured creditors**  
**recovered an**  
**average of 77%**  
**more** than unsecured  
creditors?

# Bankruptcy Petition

**Fill in this information to identify the case:**

Debtor name Zachry Holdings, Inc.  
 United States Bankruptcy Court for the: Southern District of Texas  
 (State)  
 Case number (if known): \_\_\_\_\_

Check if this is an amended filing

**Official Form 204**

**Chapter 11 or Chapter 9 Cases: List of Creditors Who Have the 30 Largest Unsecured Claims and Are Not Insiders**

12/15

A list of creditors holding the 20 largest unsecured claims must be filed in a Chapter 11 or Chapter 9 case. Include claims which the debtor disputes. Do not include claims by any person or entity who is an *insider*, as defined in 11 U.S.C. § 101(31). Also, do not include claims by secured creditors, unless the unsecured claim resulting from inadequate collateral value places the creditor among the holders of the 20 largest unsecured claims.

	Name of creditor and complete mailing address, including zip code	Name, telephone number, and email address of creditor contact	Nature of the claim (for example, trade debts, bank loans, professional services, and government contracts)	Indicate if claim is contingent, unliquidated, or disputed	Amount of unsecured claim		
					Total claim, if partially secured	Deduction for value of collateral or setoff	Unsecured claim
1	SUNBELT RENTALS, INC. 1799 Innovation Pt, Fort Mill, SC 29715	Michael Christian, michael.christian@sunbeltrentals.com, (803) 578-9413	Trade	CUD			\$133,310,610
2	D REYNOLDS COMPANY, LLC 2680 Sylvania Cross Dr, Fort Worth, TX 76137	Scott George, sageorge@reynco.com, (210) 862-1148	Trade	CUD			\$17,576,934
3	BO-MAC CONTRACTORS LTD 1020 Lindbergh Drive Beaumont, TX, 77707	Dan Brown danbrown@bo-mac.com (409) 842-2125	Trade	CUD			\$15,608,639
4	BIGGE CRANE AND RIGGING CO. 2400 Maury Street, Richmond, VA 23224	Eric Jones, ejones@bigge.com, (804) 271-9356	Trade	CUD			\$14,746,479
5	RUSH RESOURCES, LLC 2781 County Road 639 Buna, TX, 77612	John Rush Jr., jrush@rushllc.com, (409) 781-5911	Trade	CUD			\$12,566,163
6	MAMMOET USA, INC. 20525 FM 521, Rosharon, TX 77583	Mike Hamic, mike.hamic@mammoet.com, (281) 369-2200	Trade	CUD			\$10,836,424

# Can We Predict Bankruptcies?

Best answer: sometimes

- Economic tools give us probabilities, but not guarantees
  - Remember what they said in 2022?
- The key? Be proactive!
  - Send notices
  - File mechanic's liens
  - File UCCs



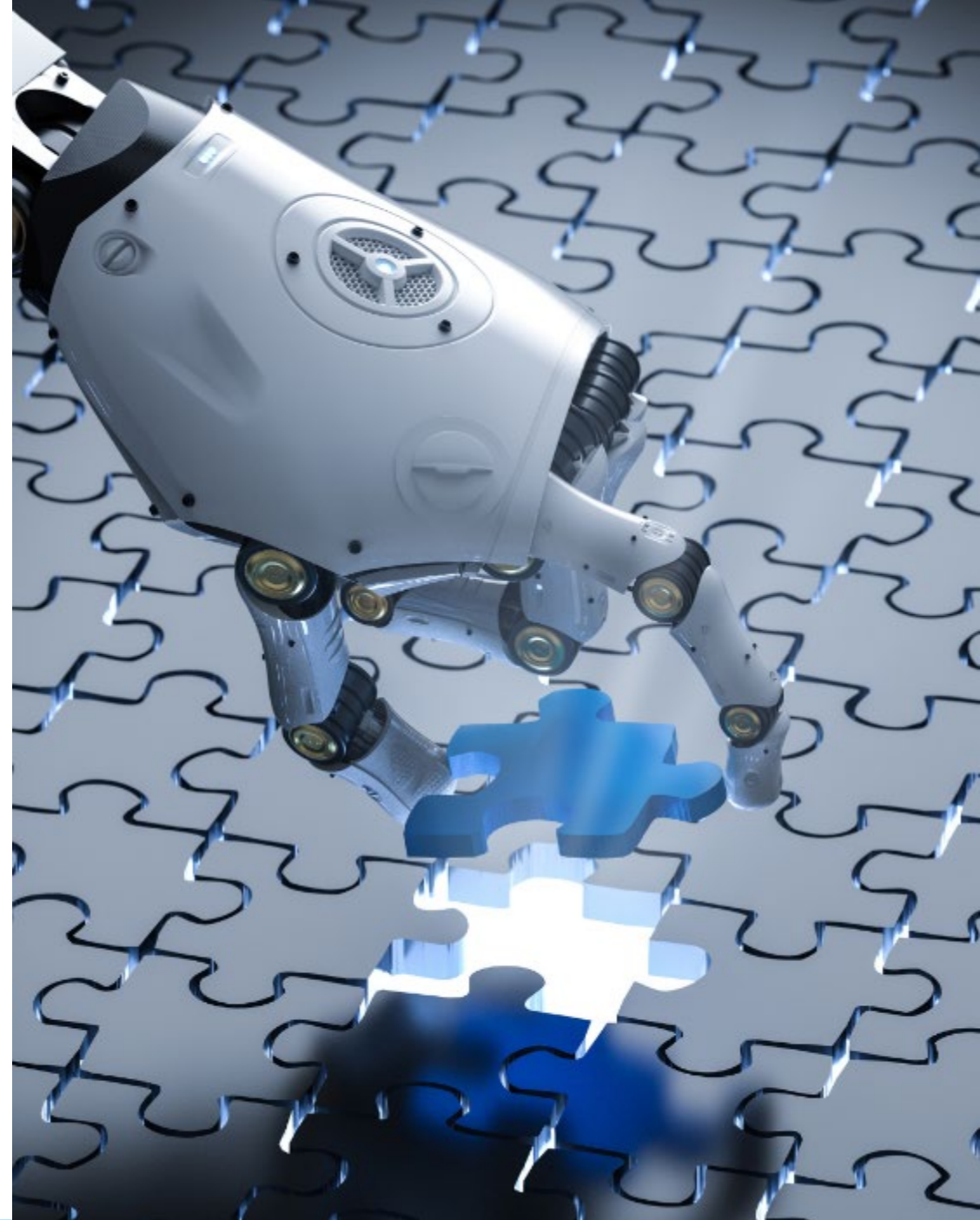


# UCC Technology

# UCC Technology

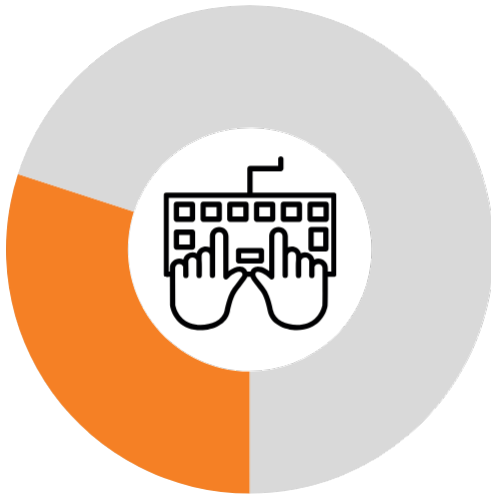
## The Future of the Credit Department

- Credit management is becoming more sophisticated
- Greater access to data
- Better predictive metrics
- Automated decisioning
- AI is here to stay



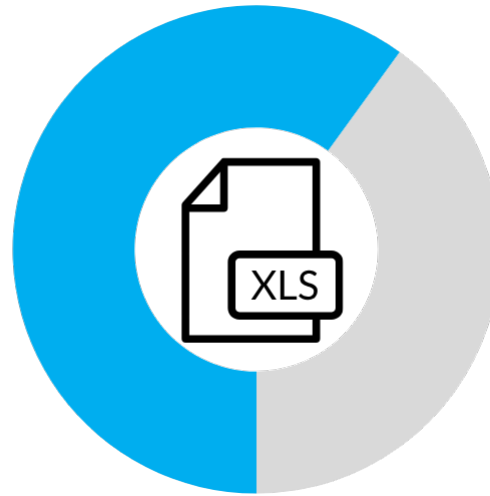
# Empowering through Automation

## NCS Credit UCC Technology Evolution



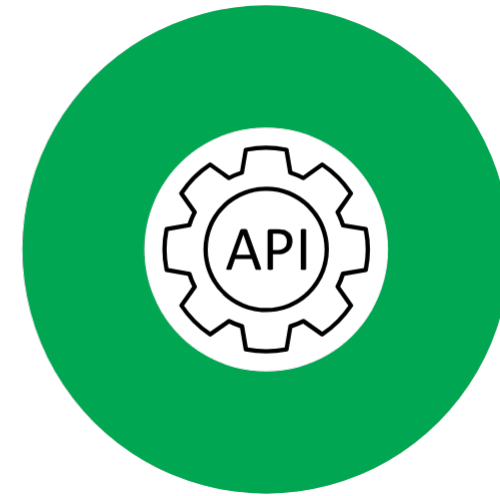
### Manual Entry

*Data Entry via  
UCC Portal*



### Import File

*Export CRM or ERP  
to UCC Portal*



### API

*System to system  
communication*

# UCC Filing 101



# The Uniform Commercial Code

- **Article 1:** General Provisions
- **Article 2:** Sales
- **Article 2A:** Leases
- **Article 3:** Negotiable Instruments
- **Article 4:** Bank Deposits and Collections
- **Article 4A:** Funds Transfer
- **Article 5:** Letters of Credit
- **Article 6:** Bulk Transfers
- **Article 7:** Warehouse Receipts, Bills of Lading
- **Article 8:** Investment Securities
- **Article 9: Secured Transactions**

# Property Covered by Article 9

## Tangible Personal Property

- **Goods**
  - Inventory
  - Consumer goods
  - Farm products
  - Equipment
  - Fixtures

## Intangible Property Rights

- **Payment Rights**
  - Accounts
  - Health insurance receivables
  - Chattel paper
- **Instruments**
  - Promissory notes
  - Commercial tort claims
  - Deposit accounts
  - Letter of credit rights
- **General Intangibles**
  - Payment intangibles
  - Software

## Other Rights

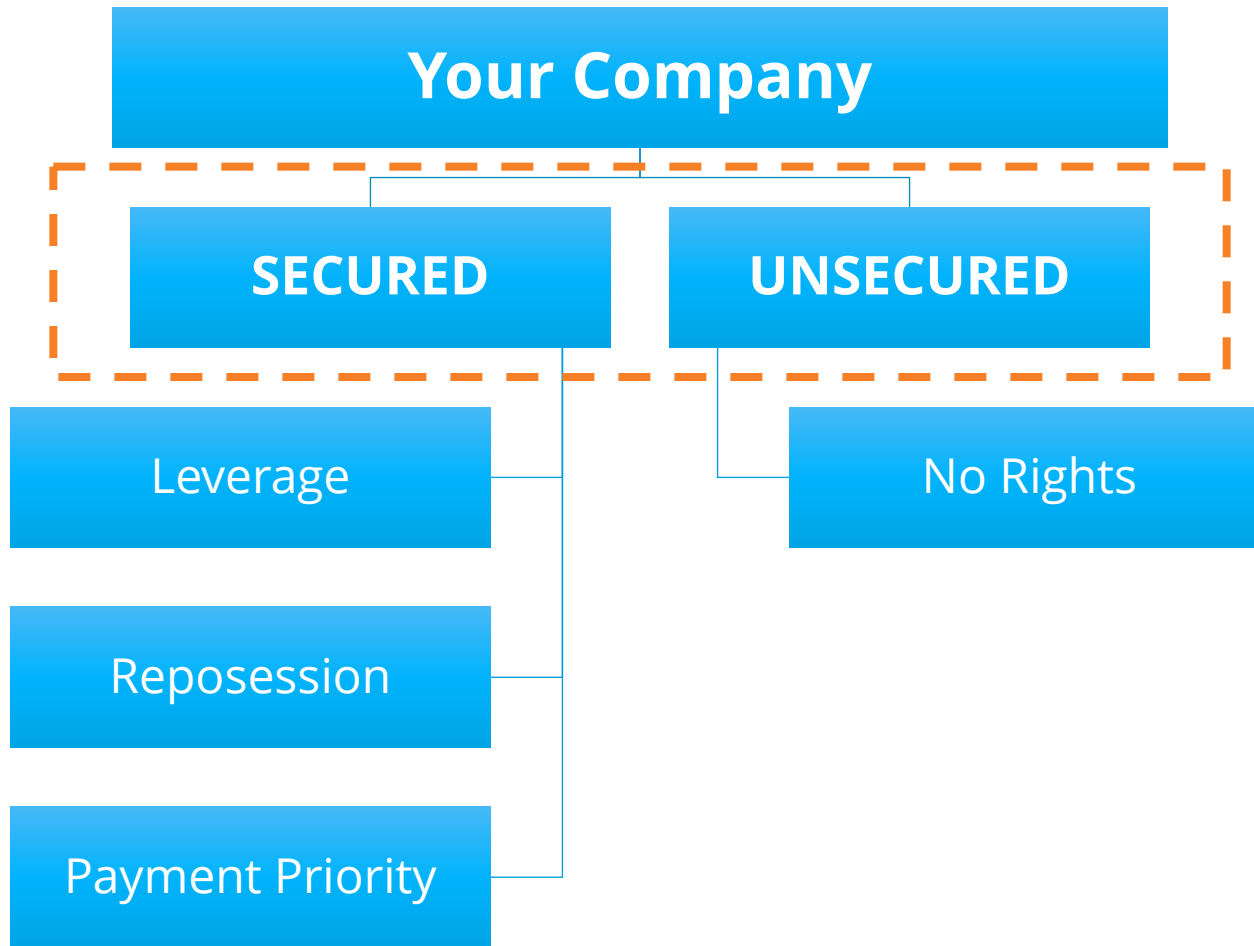
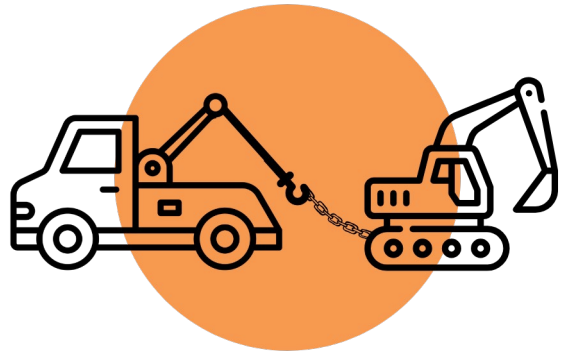
- Investment property
- Documents
- Money

# The Expanding Code



# Collateral

Foundation of UCC filings



# The Value of Money

Margin %	Write Off	Sales to Recover
25%	\$50,000	\$200,000
20%	\$50,000	\$250,000
15%	\$50,000	\$333,333
10%	\$50,000	\$500,000
5%	\$50,000	\$1,000,000

# Benefits of UCCs

## How Can UCCs Help YOUR Business



Super priority  
and Right of  
Repossession  
(PMSI)



Secured  
creditor status  
in Chapter 7  
Part of secured  
creditor team  
in Chapter 11



Generally  
protected from  
preferential  
payment suits



Public record  
of debt in case  
business is  
sold



Public record  
of ownership  
of assets

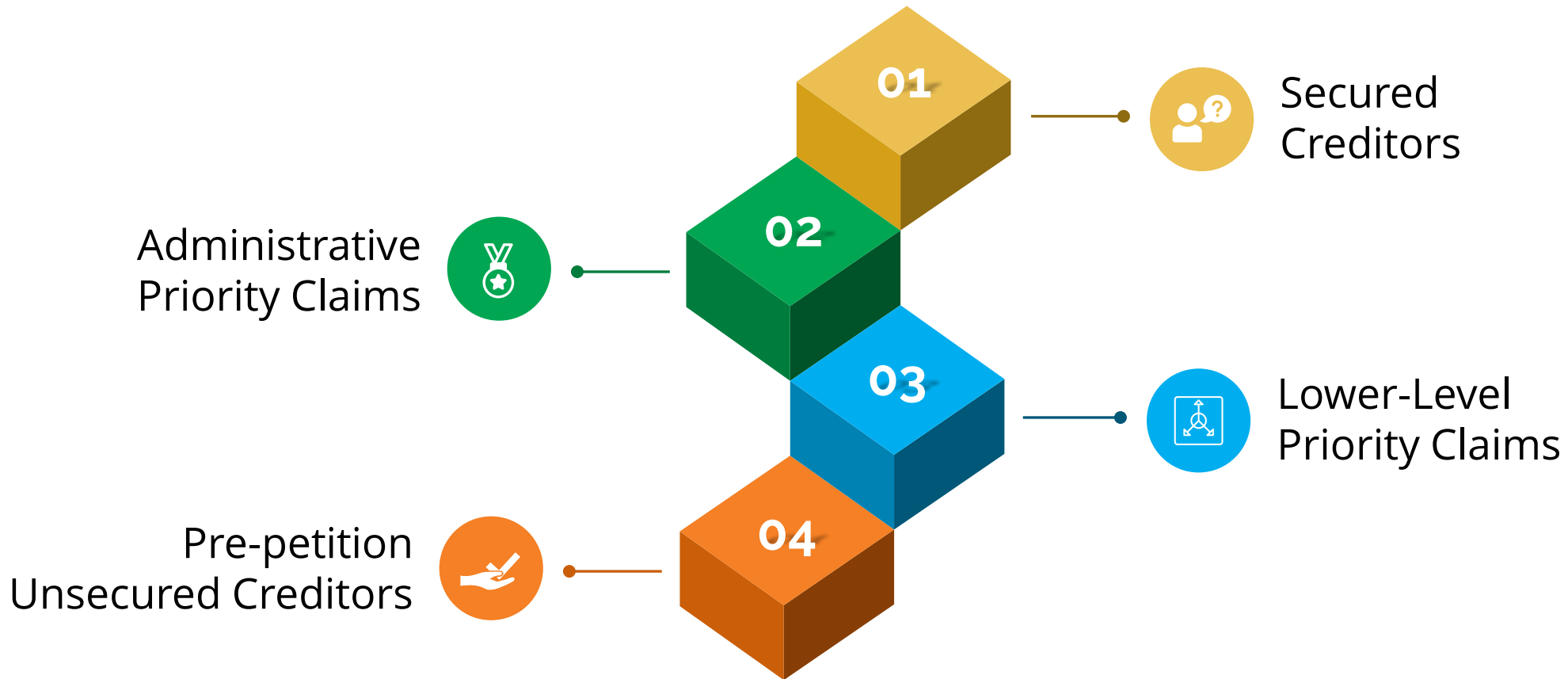
# Secured vs. Insured

## Why Not Both?

	UCC Filings	Credit Insurance	UCC Filings & Credit Insurance
<b>Fixed Cost:</b> regardless of your customer's financial profile	✓		✓
<b>Mitigates Risk:</b> reduces bad debt write-offs and improves DSO	✓	✓	✓
<b>Security Interest:</b> grants you rights to the collateral used to secure the line of credit	✓		✓
<b>Payment Priority:</b> secures your spot in the payment line if your customer defaults or files for bankruptcy	✓		✓
<b>Identifies Risks:</b> actuaries provide analysis to identify potential losses		✓	✓
<b>Transfers Risk:</b> risk is transferred to the insurer's balance sheet		✓	✓
<b>Public Record:</b> establishes a public acknowledgement of the financial agreement	✓		✓

# Priority in UCC Filings

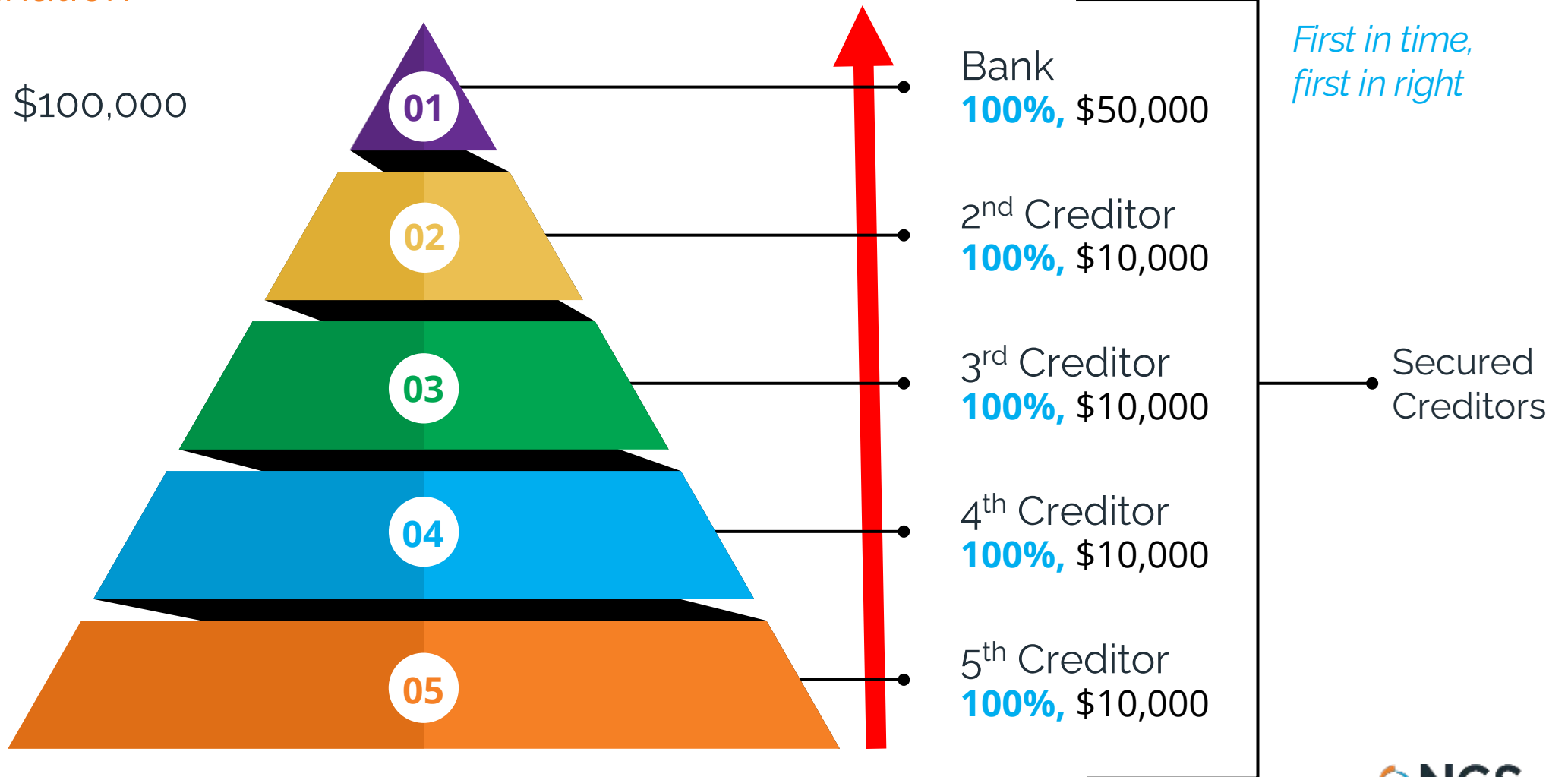
Claims are paid based on where they are situated on the claims priority ladder



# Priority in UCC Filings

## Subordination

Debtor: \$100,000



\$10,000 100 unsecured creditors .01 cent on the dollar

# UCC: Two Required Elements

## SECURITY AGREEMENT

This Security Agreement, made and entered in this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and between **SECURED PARTY NAME**, located at **SECURED PARTY ADDRESS**, (hereinafter "Secured Party") and **DEBTOR NAME**, with chief offices located at **DEBTOR ADDRESS**, and if registered, incorporated in the state of **STATE**.

### I CREATION OF SECURITY INTEREST

In consideration for the extension of credit, Debtor hereby grants a security interest in and assigns to the Secured Party the Collateral described in paragraph II below to secure payment and performance of all debts, liabilities and obligations of Debtor of any kind whenever and however incurred to Secured Party.

### II COLLATERAL

To secure payment for all purchases from Secured Party, now and in the future, Debtor hereby grants Secured Party a continuing purchase money security interest in all of Debtor's presently owned or hereafter acquired (a) goods, (b) instruments, (c) promissory notes (d) Chattel paper including electronic chattel paper and tangible chattel paper, (e) documents, (f) accounts, (g) accounts receivable, (h) equipment see attached Exhibit "A" for equipment description (i) commercial tort claims (j) general intangibles, (k) payment intangibles and (l) software, together with all proceeds including insurance proceeds or any other property resulting in the sale, lease, or other disposition of such equipment and all support obligations thereof in which the debtor now or hereafter has rights or the power to transfer rights. Secured Party's purchase money security interest is explicitly limited to outstanding obligations between Secured Party and Debtor.

The term "Obligations" as used in this Agreement shall mean and include all indebtedness, liabilities and obligations, liabilities and obligations of any nature, however arising whether monetary or otherwise, now existing or hereafter arising in favor of Secured Party, including any attorney's fees and expenses to which Secured Party may be entitled as further provided in this Agreement.

### III DEBTOR'S OBLIGATIONS

A. Debtor warrants and covenants: That the Collateral will be held for use, sale or lease in and for Debtor's business and will be kept only at the principal place of business set forth herein (and Debtor's additional address(es) set forth with its signature, if any); Debtor will notify Secured Party in writing fifteen (15) days prior to any of the following:

- (1) Change(s) or additions to location of any material or substantial portion of the Collateral,
- (2) Change(s) in location of chief executive offices (if an unregistered entity),
- (3) Change(s) in state/province of Incorporation (if a registered entity),
- (4) Change(s) in state/province of residence (if an individual),
- (5) Change(s) in state/province of residence or name change on unexpired driver's license (if individual).

B. Debtor will notify Secured Party in writing 30 days prior of: its opening of any new places of business, or the closing of any existing places of business, or the change of name or nature of the entity including changes to state/province of incorporation or state/province of chief executive offices.

### IV DEFAULT

As success stated in the Credit Application and/or Terms and Conditions and/or Guarantee along with the following shall constitute default under this Security Agreement: Failure to pay the principal or any installment of principal or of interest on the debt secured hereunder. In addition, Debtor shall be in default if Debtor improperly files an amendment, modification, or statement related to a filed financing statement evidencing Secured Party's security interest in the Collateral, or if insolvency proceedings are instituted by or against the Debtor or if Debtor is a party to any proceedings of creditors.

or misstatement in connection with, noncompliance with or nonperformance of any obligation of Debtor under paragraphs III and VII shall constitute default under this Security Agreement.

### V SECURED PARTY'S RIGHTS AND REMEDIES

A. Secured Party may assign this security agreement, and...

- (1) If Secured Party does assign this security agreement, the assignee shall be entitled, upon notifying the Debtor, to performance of all Debtor's obligations and agreements under paragraphs III and VII, and assignee shall be entitled to all of the rights and remedies of Secured Party under this paragraph V, and...

Security Agreement

## UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS

A. NAME & PHONE OF CONTACT AT SUBMITTER (optional)

B. E-MAIL CONTACT AT SUBMITTER (optional)

C. SEND ACKNOWLEDGMENT TO: (Name and Address)

SEE BELOW FOR SECURED PARTY CONTACT INFORMATION

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S NAME: Provide only one Debtor name (1a or 1b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the Individual Debtor's name will not fit in line 1b, leave all of item 1 blank, check here  and provide the Individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

1a. ORGANIZATION'S NAME			
OR 1b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
1c. MAILING ADDRESS	CITY	STATE	POSTAL CODE COUNTRY

2. DEBTOR'S NAME: Provide only one Debtor name (2a or 2b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the Individual Debtor's name will not fit in line 2b, leave all of item 2 blank, check here  and provide the Individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

2a. ORGANIZATION'S NAME			
OR 2b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
2c. MAILING ADDRESS	CITY	STATE	POSTAL CODE COUNTRY

3. SECURED PARTY'S NAME (or NAME OF ASSIGNEE OF ASSIGNOR SECURED PARTY): Provide only one Secured Party name (3a or 3b)

3a. ORGANIZATION'S NAME			
OR 3b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
3c. MAILING ADDRESS	CITY	STATE	POSTAL CODE COUNTRY

4. COLLATERAL: This financing statement covers the following collateral:

5. Check <u>only</u> if applicable and check <u>only</u> one box: Collateral is held in a Trust (see UCC1Ad, item 17 and instructions)		being administered by a Decedent's Personal Representative
6a. Check <u>only</u> if applicable and check <u>only</u> one box: <input type="checkbox"/> Public-Finance Transaction <input type="checkbox"/> Manufactured-Home Transaction <input type="checkbox"/> A Debtor is a Transmitting Utility		6b. Check <u>only</u> if applicable and check <u>only</u> one box: <input type="checkbox"/> Agricultural Lien <input type="checkbox"/> Non-UCC Filing
7. ALTERNATIVE DESIGNATION (if applicable): <input type="checkbox"/> Lessee/Lessor <input type="checkbox"/> Consignee/Consignor <input type="checkbox"/> Seller/Buyer <input type="checkbox"/> Bailee/Bailor <input type="checkbox"/> Licensee/Licensor		
8. OPTIONAL FILER REFERENCE DATA:		

FILING OFFICE COPY — UCC FINANCING STATEMENT (Form UCC1) (Rev. 07/01/23)

International Association of Commercial Administrators (IACA)

UCC-1 Financing Statement

# Security Agreement

Creates a secured interest, spells out terms & conditions, and it can be a stand-alone document or exist in other forms:

- Loan agreement
- Sales agreement
- Consignment agreement
- Promissory note
- Conditional sales contract
- Dealer agreement

## SECURITY AGREEMENT

This Security Agreement, made and entered in this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_, by and between **SECURED PARTY NAME**, located at **SECURED PARTY ADDRESS**, (hereinafter "Secured Party") and **DEBTOR NAME**, with chief offices located at **DEBTOR ADDRESS**, and if registered, incorporated in the state of **STATE**.

### I CREATION OF SECURITY INTEREST

In consideration for the extension of credit, Debtor hereby grants a security interest in and assigns to the Secured Party the Collateral described in paragraph II below to secure payment and performance of all debts, liabilities and obligations of Debtor of any kind whenever and however incurred to Secured Party.

### II COLLATERAL

To secure payment for all purchases from Secured Party, now and in the future, Debtor hereby grants Secured Party a continuing purchase money security interest in all of Debtor's presently owned or hereafter acquired (a) goods, (b) instruments, (c) promissory notes (d) Chattel paper including electronic chattel paper and tangible chattel paper, (e) documents, (f) accounts, (g) accounts receivable, (h) equipment see attached Exhibit "A" for equipment description (i) commercial tort claims (j) general intangibles, (k) payment intangibles and (l) software, together with all proceeds including insurance proceeds or any other property resulting in the sale, lease, or other disposition of such equipment and all support obligations thereof in which the debtor now or hereafter has rights or the power to transfer rights. Secured Party's purchase money security interest is explicitly limited to outstanding obligations between Secured Party and Debtor.

The term "Obligations" as used in this Agreement shall mean and include all indebtedness, liabilities and obligations, liabilities and obligations of any nature, however arising whether monetary or otherwise, now existing or hereafter arising in favor of Secured Party, including any attorney's fees and expenses to which Secured Party may be entitled as further provided in this Agreement.

### III DEBTOR'S OBLIGATIONS

A. Debtor warrants and covenants: That the Collateral will be held for use, sale or lease in and for Debtor's business and will be kept only at the principal place of business set forth herein (and Debtor's additional address(es) set forth with its signature, if any); Debtor will notify Secured Party in writing fifteen (15) days prior to any of the following:

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  - (2) Change(s) in location of chief executive offices (if an unregistered entity),
  - (3) Change(s) in state/province of Incorporation (if a registered entity),
  - (4) Change(s) in state/province of residence (if an individual),
  - (5) Change(s) in state/province of residence or name change on unexpired driver's license (if individual).
- B. Debtor will notify Secured Party in writing 30 days prior of: its opening of any new places of business, or the closing of any existing places of business, or the change of name or nature of the entity including changes to state/province of incorporation or state/province of chief executive offices.

### IV DEFAULT

As expressly stated in the Credit Application and/or Terms and Conditions and/or Guarantee along with the

# Financing Statement

aka UCC-1 / UCC filing

- Records the secured interest and makes it a public record
- In effect for five years, at which time can be continued for another five-year period
- Filed in locations based on your customer's form of business



## UCC FINANCING STATEMENT FOLLOW INSTRUCTIONS

A. NAME & PHONE OF CONTACT AT SUBMITTER (optional)
B. E-MAIL CONTACT AT SUBMITTER (optional)
C. SEND ACKNOWLEDGMENT TO: (Name and Address)
SEE BELOW FOR SECURED PARTY CONTACT INFORMATION

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1. DEBTOR'S NAME: Provide only one Debtor name (1a or 1b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the Individual Debtor's name will not fit in line 1b, leave all of item 1 blank, check here  and provide the Individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

1a. ORGANIZATION'S NAME			
OR	1b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S) SUFFIX
1c. MAILING ADDRESS	CITY	STATE	POSTAL CODE COUNTRY

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3a. ORGANIZATION'S NAME			
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4. COLLATERAL: This financing statement covers the following collateral:

5. Check yes if applicable and check no one box: Collateral is  held in a Trust (see UCC1Ad, item 17 and Instructions)  being administered by a Decedent's Personal Representative

6A. Check yes if applicable and check no one box:  Public-Finance Transaction  Manufactured-Home Transaction  A Debtor is a Transmitting Utility  Agricultural Lien  Non-UCC Filing

7. ALTERNATIVE DESIGNATION (if applicable):  Lessee/Lessor  Consignee/Consignor  Seller/Buyer  Bailee/Bailor  Licensee/Licensor

8. OPTIONAL FILER REFERENCE DATA:

# UCC Filings

## NCS Guarantees



**Prepared in  
correct  
format**



**Debtor  
verification**



**Accurate  
search logic**



**Deadline  
monitoring**



**Subordination  
assistance**

# Hastings State Bank v Stalnaker

Debtor: EDM Corporation

- Three secured creditors: Hastings State Bank, Tier One Bank, Huntington National Bank
- Hastings State Bank filed a Financing Statement listing the debtor's name as "EDM Corporation d/b/a EDM Equipment"

**UCC FINANCING STATEMENT**  
FOLLOW INSTRUCTIONS

A. NAME & PHONE OF CONTACT AT SUBMITTER (optional)

B. E-MAIL CONTACT AT SUBMITTER (optional)

C. SEND ACKNOWLEDGMENT TO: (Name and Address)

SEE BELOW FOR SECURED PARTY CONTACT INFORMATION

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S NAME: Provide only one Debtor name (1a or 1b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the Individual Debtor's name will not fit in line 1b, leave all of item 1 blank, check here  and provide the Individual Debtor information in Item 10 of the Financing Statement Addendum (Form UCC1Ad)

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3b. INDIVIDUAL'S SURNAME			
3c. MAILING ADDRESS	CITY	STATE	POSTAL CODE COUNTRY

4. COLLATERAL: This financing statement covers the following collateral:

8. OPTIONAL FILER REFERENCE DATA:

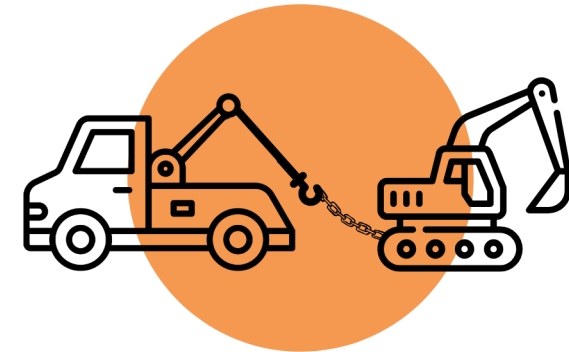
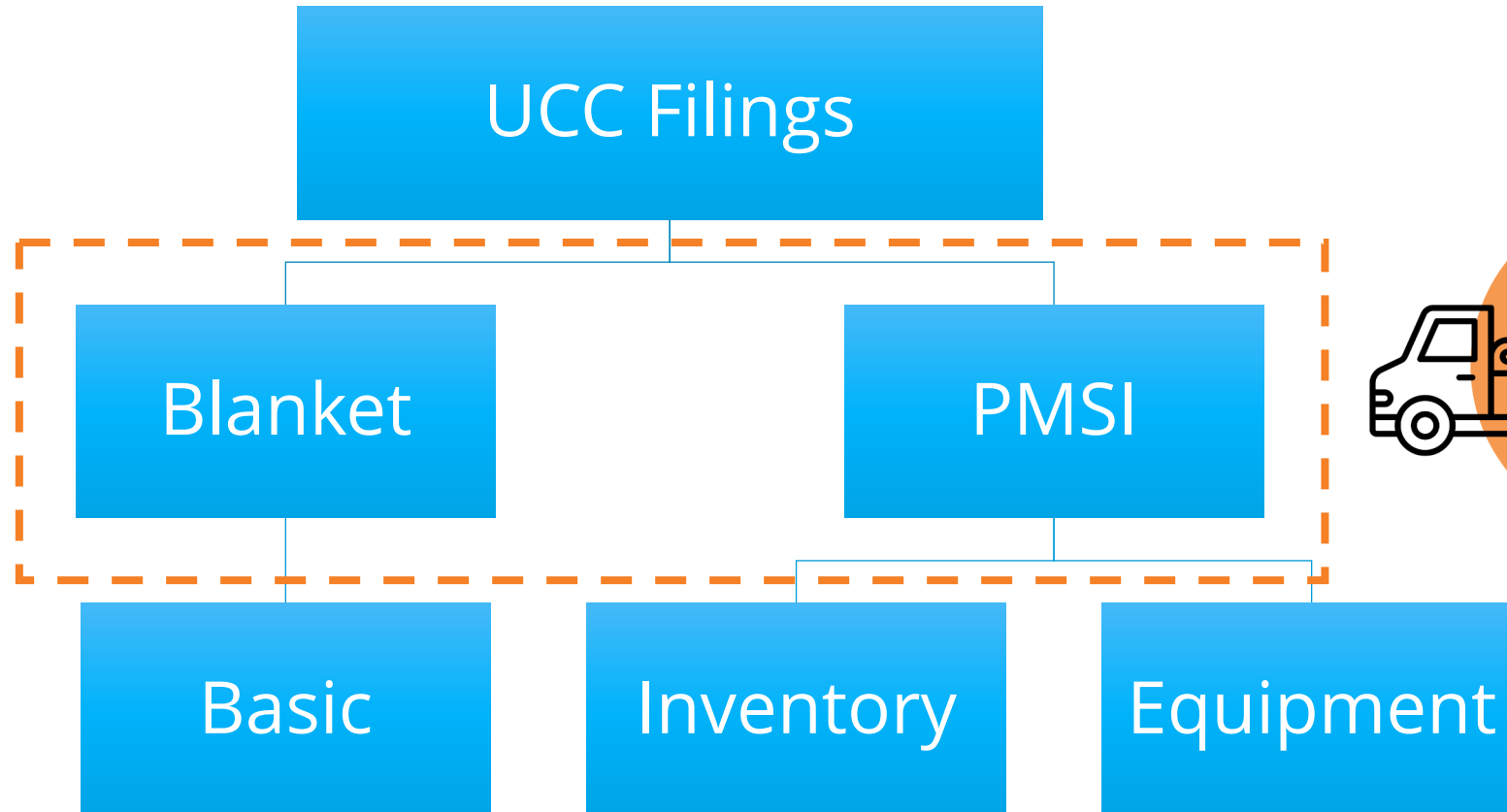
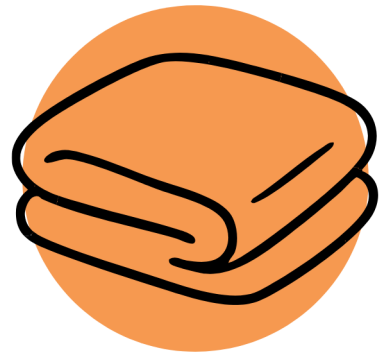
FILING OFFICE COPY — UCC FINANCING STATEMENT (Form UCC 1) (Rev. 07/01/23) International Association of Commercial Administrators (IACA)

1a. ORGANIZATION'S NAME	<del>EDM Corporation d/b/a EDM Equipment</del>			<input checked="" type="checkbox"/> EDM Corporation
OR	1b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
1c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY



# UCC Filing Types

# Two Types of UCC Filings





# Blanket Filings

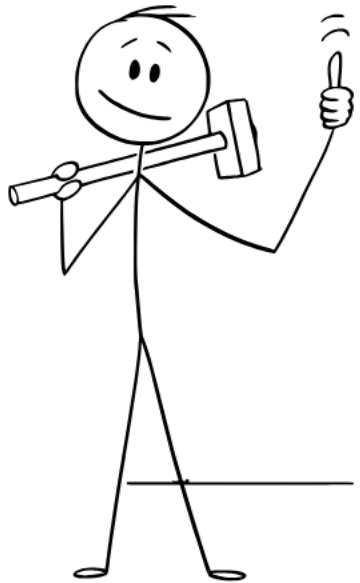
## Who? What? When?

- Blanket filings cover ALL debtor's assets (*just like a blanket!*)
- The priority stacks
- First in time, first in right

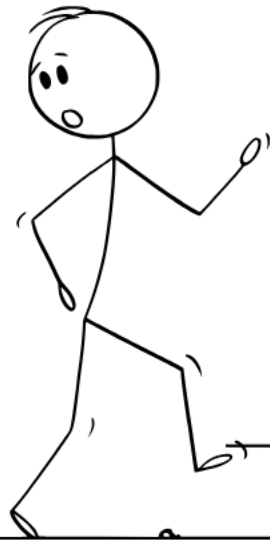
## Frequently used for:

- Professional Services
- Personal Loans

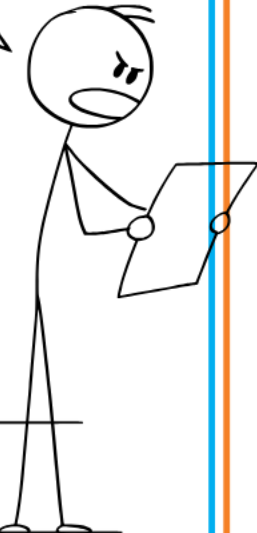
ABC Consulting was hired to perform contract work for a new customer.



Financials showed high-risk and work was approved without filing a UCC.



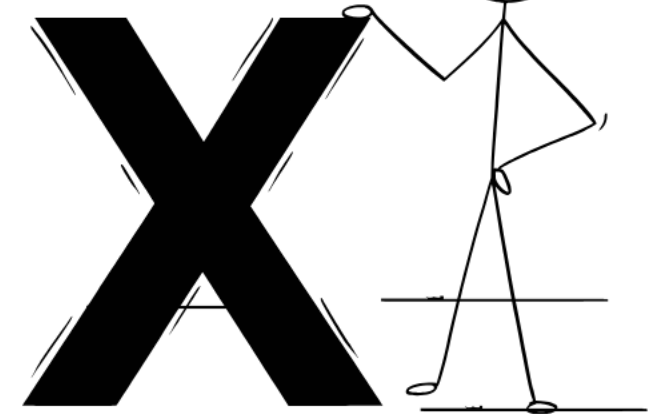
Customer filed for bankruptcy before paying the outstanding invoices.



Without a UCC filing, ABC Consulting is treated as an unsecured creditor.

Unsecured creditors are paid last, if at all.

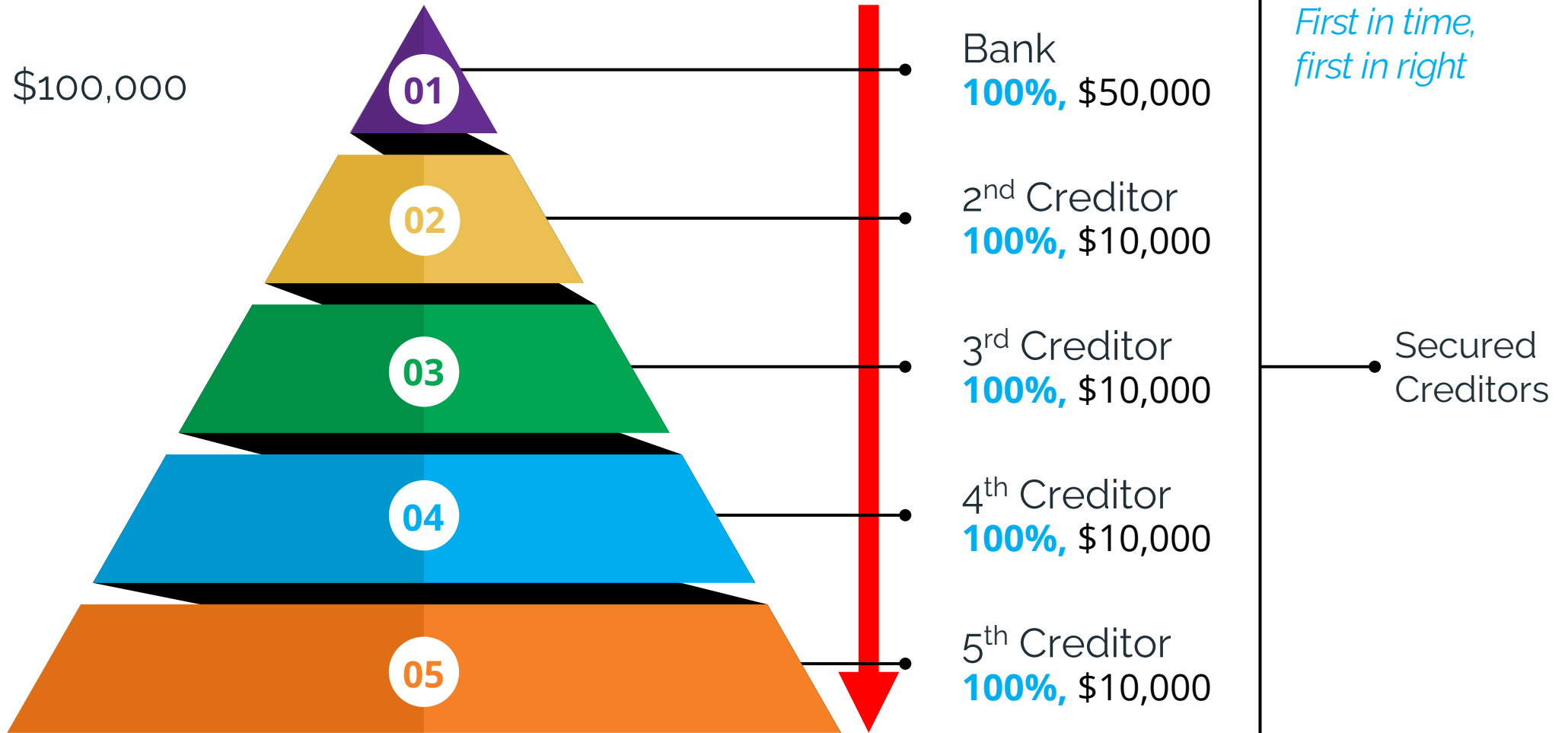
Likelihood of recovery: low.



# Blanket Filings

First in Time, First in Right

Debtor: \$100,000



**\$10,000** ABC Consulting and 99 other unsecured creditors receive .01 cent on the dollar

# From Blanket to PMSI

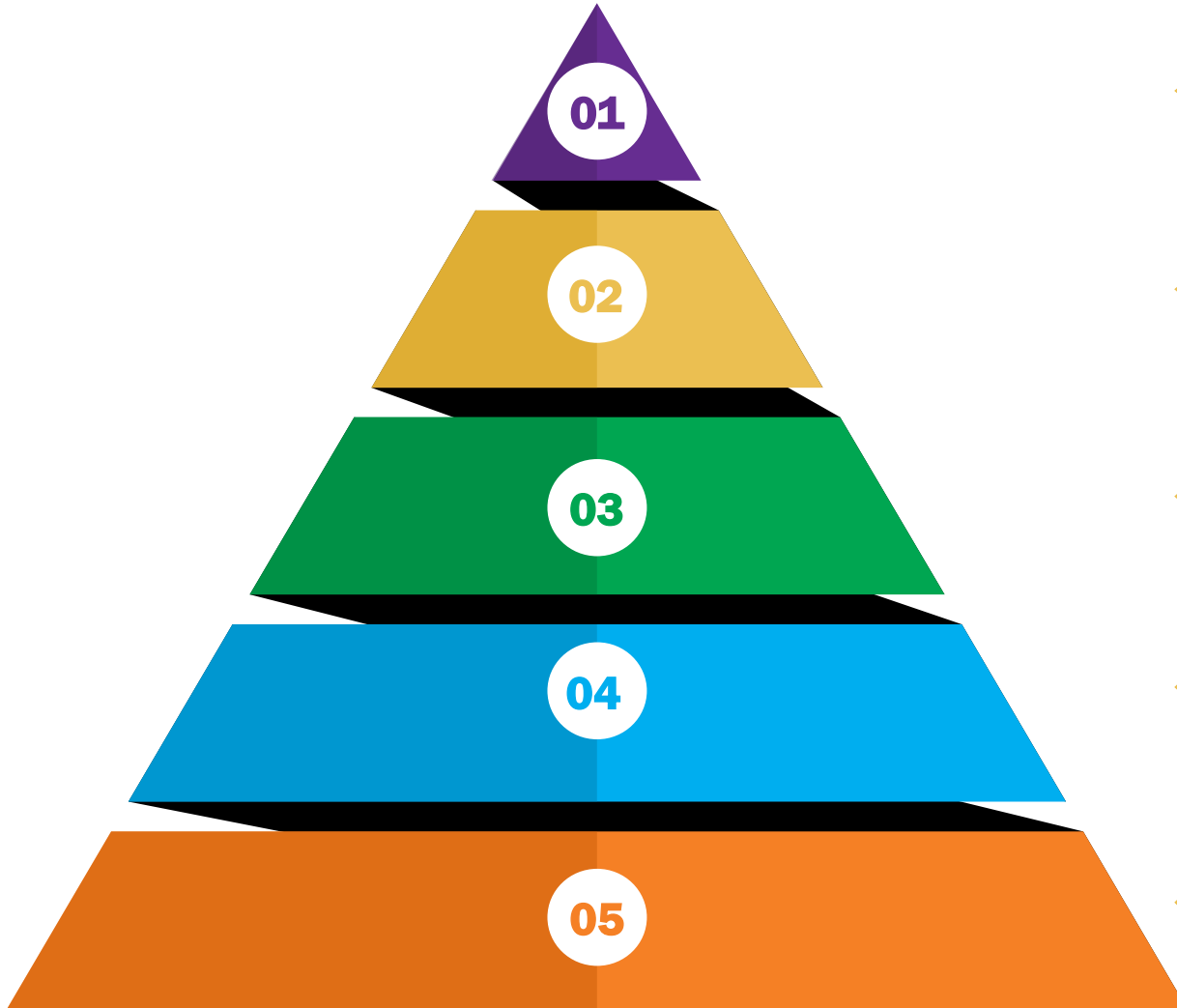
## Blanket

a security interest in ***all*** assets of your customer on a non-priority basis, eliminating potential conflict with your customer's primary lender


## PMSI

same benefits as the blanket filing with the addition of the priority of repossession of **specific identifiable goods**, primarily inventory or equipment

# Search and Notify



# UCC-11 Search



**Frank LaRose**  
Ohio Secretary of State

An official State of Ohio government website. [Here's how you know](#)

Dashboard

Log

Number	Debtors ↑	Secured Party	Filing Type	File Date	Lapse Date	View
OH00209480815	WORTHINGTON INDUSTRIES, INC.	STEEL TECHNOLOGIES LLC	Original	03/29/2017	03/29/2027	<a href="#">View</a>
	WORTHINGTON INDUSTRIES, INC.	DE LAGE LANDEN FINANCIAL SERVICES, INC.	Original	10/11/2018	10/11/2028	<a href="#">View</a>
	WORTHINGTON INDUSTRIES, INC.	Citibank, N.A., its branches, subsidiaries and affiliates	Original	04/02/2019	04/02/2029	<a href="#">View</a>
	WORTHINGTON INDUSTRIES, INC.	Citibank, N.A., its branches, subsidiaries and affiliates	Original	04/02/2019	04/02/2029	<a href="#">View</a>
	WORTHINGTON INDUSTRIES, INC.	Citibank, N.A., its branches, subsidiaries and affiliates	Original	04/02/2019	04/02/2029	<a href="#">View</a>
	WORTHINGTON INDUSTRIES, INC.	COILPLUS-TEXAS, INC. COILPLUS, INC. COILPLUS, INC. COILPLUS HOLDINGS DIVISION OF METAL ONE HOLDINGS AMERICA, INC.	Original	08/27/2007	08/27/2027	<a href="#">View</a>
	WORTHINGTON INDUSTRIES, INC. THE WORTHINGTON STEEL COMPANY	COILPLUS, INC. COILPLUS - OHIO, INC. Coilplus, Inc.	Original	12/07/2007	12/08/2027	<a href="#">View</a>
	Worthington Industries Inc	Bank of America, N. A.	Original	03/23/2018	03/23/2028	<a href="#">View</a>
	Worthington Industries Inc	Bank of America, N.A.	Original	07/29/2023	07/29/2028	<a href="#">View</a>
OH00269021007	Worthington Industries, Inc.	Nucor Corporation	Original	12/05/2022	12/05/2027	<a href="#">View</a>

Number

Debtor

Secured Party

Search By Debtor Name

---

Debtor is a...  Individual  Organization

Organization's Name

City

State

Active Filings  Active Filings plus lapse within a year

Clear

Search

regsys

Items per page: 10    1 - 10 of 10    < >



# Inventory Filings (PMSI)

## Who? What? When?

- Customer resells the goods to another entity
- Search
- Notify

Frequently used for:

- Selling to Distributors
- Selling to Retailers/Resellers



# Perfecting Purchase Money Requirements

## Article 9-324

- The Security Interest is perfected when the debtor receives the inventory
- The Secured Party sends notification to the holder of conflicting security interest
- The holder of the conflicting security interest receives the notification within five years before the debtor receives the inventory

# Equipment Filings (PMSI)

## Who? What? When?

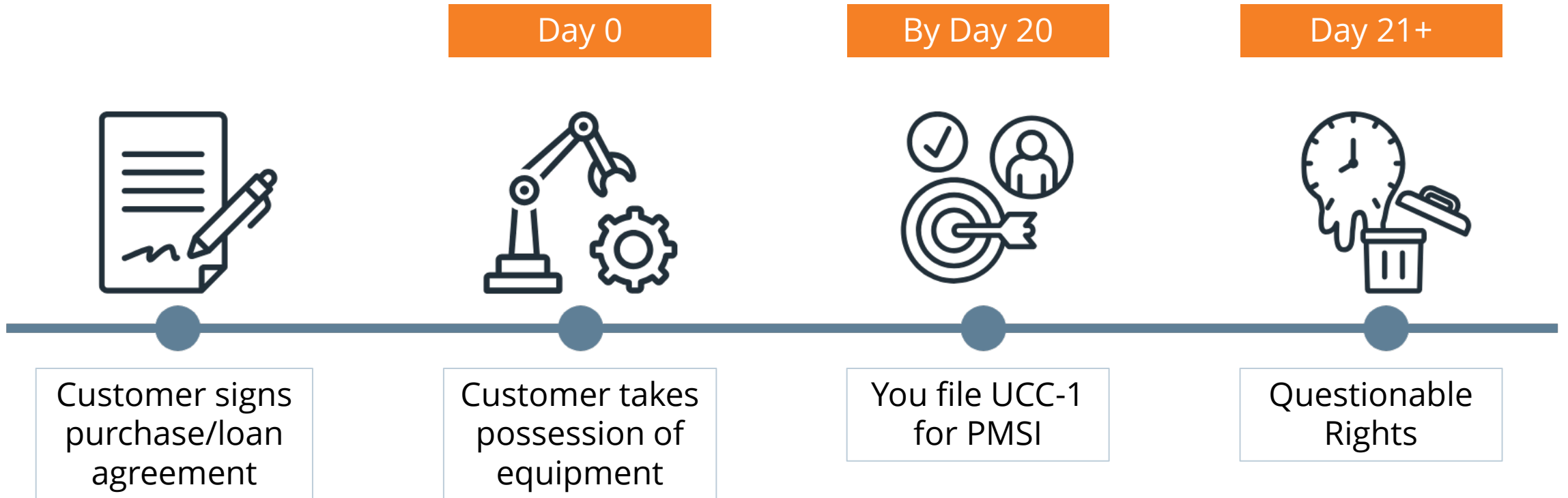
- Customer uses the goods “in the course of” their business
- Contract
- 20-Day Rule

## Frequently used for:

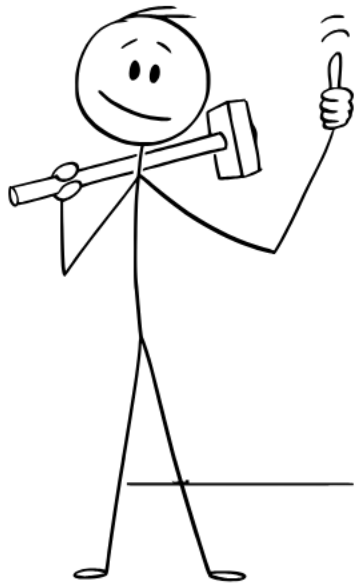
- Leasing
- Financing



# Equipment Filings (PMSI)



ABC Logistics supplied a large shipment of widgets.



Financials showed moderate risk and a UCC was filed before shipment.



Customer filed for bankruptcy before paying the outstanding invoices.



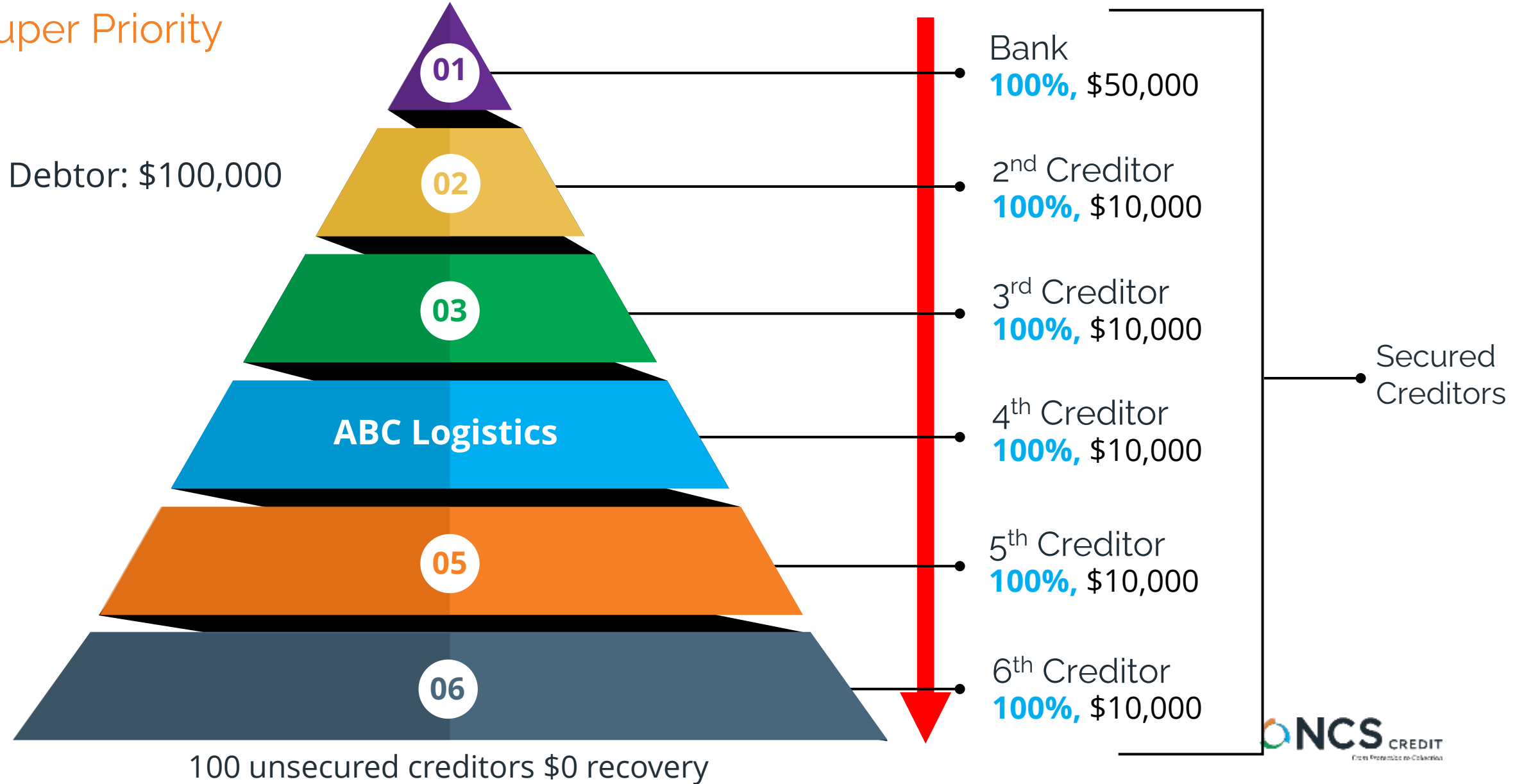
With UCC filing, ABC Logistics is treated as a secured creditor.

Likelihood of recovery: high.



# Inventory & Equipment Filings

Super Priority



# Blanket vs. Inventory vs. Equipment

It depends on what your customer does with the goods you sell to them. Is your customer **reselling** or **using** your products in their business?

## Blanket

Blanket filings cover all debtor's assets

The priority stacks

First in time, first in right

## Inventory

PMSI

Search

Customer resells the goods to another entity

Notify

## Equipment

Contract

Customer uses the goods in the course of their business

20-day rule



# Opportunities to Take Security

- New customers
- Existing customers

Trade Accepted!

Customer Receives

Extended Terms

Increased Credit Line

Restructure Debt

Faster Credit Approval

You Receive

Signed Security Agreement

# Advantage of Being a Secured Creditor

In review of bankruptcies with plans effective 01/01/2023 - 10/01/2024. On average, **secured creditors recovered 95%** of allowed claims and **unsecured creditors recovered 6%** of allowed claims.

Industry	Secured Creditors Recovery	Unsecured Creditors Recovery
Construction Materials	100%	0%
Home Furnishings Stores	100%	0% - 2.5%
Equipment Rental and Leasing	100%	0.3% - 1.1%
Biological Products	100%	1.60%
Eating Places	51%	3%
Sporting and Athletic Goods	100%	3.5% - 20.6%
Fabricated Structural Metal	100%	6% - 8%
Surgical and Medical Instruments	100%	7%
Construction Structural Wood	100%	21.10%

# Recap of Protections Discussed

- UCC Technology
- Benefits of UCCs
- Collateral
- Insured versus Secured
- Types of filings
- Repossession Scenarios





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# Thank You!

Alec Papesch  
[apapesch@ncscredit.com](mailto:apapesch@ncscredit.com)  
800.826.5256 x246



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