

Secretary of State Announces New Online Filing Service for Uniform Commercial Code Documents

As part of an ongoing effort to make it more convenient and efficient for businesses and other entities to send required documents to the state, the Secretary of State's office will soon allow Uniform Commercial Code (UCC) filings to be handled online.

Secretary of State Tre Hargett said a new online filing system, scheduled for launch July 1, will make it possible for UCC filings to be handled through an automated process.

The system will use the same technology the Secretary of State's Business Services Division has implemented to accept and process online filing for other types of documents. Through the use of that technology, the division has been able within the last couple years to begin accepting online filings for formation documents and annual reports for corporations and limited liability companies as well as workers' compensation exemption registrations. The division is also able to accept and process certificates of existence online.

"In these technology-oriented times in which we are living, it makes sense to automate as much of our department's filing management systems as we can," Secretary Hargett said. "Allowing our customers – who are the citizens of Tennessee – to file documents online is one way that we can provide them with better and faster service."

The computer system the department has been using for UCC filings went into production in 1997 and was last upgraded in 2004. Its programming technology is becoming obsolete and does not allow for online filings.

The new system will allow customers to use a web-based tool to complete the data entry portion of their filings, including the ability to copy and paste descriptions of collateral into the collateral field on the online form. Once customers complete and verify their data entries, they can choose from one of two methods for submitting the filings. The two options are "web-filed" and "web-prepared."

The web-filed method allows customers to pay for the filings using credit or debit cards. A credit card convenience fee, which covers credit card processing costs, is charged if customers choose the web-filed option. The benefit for a web-filed document is the customers will have their liens secured immediately upon completion of the online filing payment process because there is no human intervention required to process web-filed documents. Also, their liens will then be included in real time online search results for records.

The web-prepared method allows customers to do the same data entry and verification as with web-filed documents. However, with web-prepared filings, customers print the forms and then mail them along with checks for payment to the Secretary of State's office. Both the web-filed

and web-prepared methods of payment will significantly decrease the amount of time it takes for secured parties to perfect their liens or obtain search results.

The new system will also modernize the hardware and software used by the office to file UCC financing statements, amendments, and searches. The new system will improve service levels by making staff processing work more efficient.

In the current processing environment, filings may have to be handled as many as 10 times by various departmental employees.

With the new system, if a customer web-files a document, then it is never handled by a staff person. Web-prepared filings minimize staff handling of documents.

“When we automate the process for routine filings, that gives our staff more time to deal with questions or assist customers with filings that are not routine,” Secretary Hargett said. “It is a much more efficient use of our resources.”

In addition to the new UCC filing system, the administrative rules governing those filings are changing as a result of the passage by the Tennessee General Assembly of Public Chapter 708 of the Public Acts of 2012. The legislation was adopted to help Tennessee’s UCC statute conform to the national model statute developed by the National Conference of Commissioners on Uniform State Laws.

The filing forms are also being revised. There are several forms that will change as a result of the new law, including the UCC Financing Statement (UCC1), UCC Financing Statement Addendum (UCC1Ad), UCC Financing Statement Amendment (UCC3), and the UCC Financing Statement Amendment Addendum (UCC3Ad). These forms as well as the UCC Information Statement (UCC5) and the UCC Information Request (UCC11) - which is also known as the UCC search form - are all being updated and will be available when the new system launches.

A web-based training module will allow customers to view how the new online filing process will work. In addition, the Secretary of State’s office will provide periodic updates, publish new rules, and post new forms as they become available in preparation for the launch date of the new system. For more information as it becomes available, please visit the Secretary of State’s Business Services Division home page at: http://www.tn.gov/sos/bus_svc/index.htm