

**FINANCING STATEMENTS:
NOTIFICATION BY SOS**

House Bill 5148
Sponsor: Rep. Scott Shackleton
Committee: Government Operations

Complete to 1-15-04

A SUMMARY OF HOUSE BILL 5148 AS INTRODUCED 10-9-03

Article 9 of the Uniform Commercial Code specifies how enforceable security interests are to be created, perfected, and enforced, and who has the first rights in the collateral when competing creditors have legally enforceable interests. Perfection of a security interest occurs when a creditor establishes priority over other creditors for the same collateral, and usually results from the filing of a financing statement in the appropriate public record, such as the office of the secretary of state.

Under the bill, the office of the secretary of state, after receiving a financing statement for filing, would have to provide written notice of the filing to each debtor named in the statement. The bill also would prohibit an individual from filing a false or fraudulent financing statement with the secretary of state. A violation would be a misdemeanor, punishable by imprisonment for not more than 93 days and/or a fine not exceeding \$500, in addition to any other penalty provided by law. Further, the court could find the fraudulent statement ineffective and order the secretary of state to terminate the statement.

MCL 440.9501

House Bill 5148 (1-15-04)

Analyst: M. Wolf

■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.