

**VISUALIZING SECURED
TRANSACTIONS**
Second Edition

VISUALIZING SECURED TRANSACTIONS

Second Edition

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To Stan, Joanna and Jeremy, whose love sustains me.

LBB

PREFACE

Article 9 of the Uniform Commercial Code was drafted with great care in a way that was designed to provide certainty in the commercial markets. It was not written to provide ease of understanding.

In the course of teaching secured transactions over many years, I have found that students find it easier to grasp the substance of Article 9 if it is organized in a visual way. This is hardly surprising. Many of those who have made a study of learning have concluded that visual tools are useful in organizing ideas in a way that enables students to understand them and remember them. The brain responds to and recalls pictures in a way unrivaled by its response to the written word. When lectures or presentations are supported by visual aids, they are not only more interesting to watch, but the audience is likely to remember more about them.

Law students, perhaps even more than the population at large, seem to be genetically driven to seek structure in learning. Perhaps it is that desire to make sense out of a chaotic world that brings them to law school in the first place. Although I have found them generally averse to anything requiring the use of numbers or math, they blossom when given a flow chart or diagram. Even when I am teaching a statutory course as complex and foreign as secured transactions, if I package the concepts into one-page visual form, complaints about reading the statute disappear because they can see how it fits into a larger picture (quite literally).

With that background, I have prepared this handbook of the many charts I have developed over the years to teach the basic concepts of Article 9 included in a secured transactions course. They are organized in chapters that correspond to the sections of the course I teach, rather than the organization of Article 9 itself. However, I have included visualizations of some material I do not teach in the hope that it may be helpful to others.

In this Second Edition I have incorporated the amendments to Article 9 approved by the National Conference of Commissioners on Uniform State Laws and the American Law Institute in 2010. These amendments were in large part intended to address ambiguities in the text and comments to the 2001 version of Article 9, or to correct errors or make changes necessary to conform the text to recent amendments to other Articles in the Uniform Commercial Code. Although not all states have enacted the 2010 amendments, a significant number have done so and the amendments are pending in many more. The amendments are scheduled to become effective in all enacting states at a uniform date, July 1, 2013. This edition highlights the changes made by the 2010 amendments, so students in non-adopting states are not misled.

Another change to the Second Edition is the elimination of the chapter dealing with the transition rules (Part 7 of Article 9). It is now more than ten years since the 2001 revisions to Article 9 became effective, and more than five years since the so-called “cut-off date” by which the holder of a pre-revision security interest would have had to take action under revised Article 9 to continue the effectiveness of a pre-revision financing statement. It is unlikely that practitioners would have any further need to refer to the transition rules in their practice, and therefore there seems little point in summarizing them for students.

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