

## UCC Financing Statement

Also known as a UCC-1 Form, this is a standardized form that a lender files with the state to secure their interest in collateral from a borrower.

When a lender lends money to a borrower, they often ask for collateral to secure the loan. Should the borrower default, or fail to pay back the loan, the lender is then entitled to take the collateral in place of the loan repayment. However, often it is not practicable for the lender to take physical possession of the collateral.

The lender files a UCC Financing Statement with the state to announce their claim to the collateral. If the borrower takes a second loan from a second lender using the same collateral, and then defaults, the lender who filed the UCC Financing Statement will have a greater claim and will take the collateral.