



**Collateral Disposition Checklist**  
**For Issuance of a UCCPlus Owner's Policy**  
9-620 Acceptance of Collateral in Full or Partial Satisfaction of Obligation

The following checklist lists the items necessary for UCCPlus and its counsel to evaluate collateral dispositions made under Part 6 of Article 9 of the Uniform Commercial Code for the purpose of issuing a UCCPlus Owners Policy. It is intended to provide a general idea of what is required and not to be definitive. UCCPlus reserves the right to require any further documentation it deems necessary.

Although the requirements may vary from transaction to transaction, the following documents generally must be provided to UCCPlus **with reasonable and sufficient time to permit a meaningful and substantive review** before the client requires the results of the UCCPlus decision of whether to issue a UCCPlus Owner's Policy.

Please provide:

- I. **Transaction Description:** A general description and overview of the security interest and underlying real estate related to the contemplated Article 9 remedy, including, but not limited to:
  - a. a description of the real property and its primary use (hotel, multi-family, industrial, etc.);
  - b. all existing financing (mortgage and mezzanine debt);
  - c. a description of the current condition of the property, including if any construction is ongoing;
  - d. a description of current occupancy and rent rolls, if applicable; and
  - e. a description of any pending or threatened litigation.
- II. **Prior UCC Insurance Policy:** A copy of the final UCC Insurance Policy (if such a policy was issued at the time of the original financing, whether issued by UCCPlus or another title company).
- III. **Loan Documents where Equity Pledge was taken:**
  - a. Term sheet, letter, structure chart, or other brief description of the original financing transaction involving a pledge of equity and all events occurring after the original closing;
  - b. Loan agreement, pledge and security agreement, promissory note, all guarantees, letters of credit, all other credit supports, any other documents relevant to the subject security interest and all amendments thereto.
  - c. Evidence of proper and continuing perfection:
    - i. Executed copies of all certificates with their related powers signed in blank representing any pledged equity interest;
    - ii. Evidence of written confirmation by the original Insured or counsel representing the original Insured, of possession of the pledged certificates with their related powers signed in blank; and
    - iii. Copies of all filed financing statement(s) relating to the original mezzanine financing transaction.
  - d. Copies of any correspondence evidencing any forbearance extended by the secured party to the debtor(s).
  - e. Copies of correspondence evidencing proof of i) default under the loan documents, ii) that all notice and cure requirements were met, iii) that the loan was properly accelerated.

- IV. **Organizational Documentation:** For each entity in which an equity interest is to be accepted by secured party:
- a. A complete and current record (dated within 2 months of the closing date) of the applicable formation documentation (e.g., articles of incorporation, articles of organization, certificate of limited partnership (or equivalent)), certified by the jurisdiction of formation;
  - b. A current (dated within 2 months of the closing date) certificate of good standing/existence for any entity formed more than two months prior to closing, certified by the jurisdiction of formation; and
  - c. Copies of the applicable, executed operating documents (e.g., bylaws, limited liability company agreement, or partnership agreement).
- V. **Searches (UCCPlus will order):**
- a. UCC searches from the jurisdiction of formation of the current owner and any prior owner of the interests in any entity in which a membership interest is to be sold;
  - b. UCC searches from the jurisdiction of formation for any entity in which a membership interest is to be sold;
  - c. UCC searches from the jurisdiction where the underlying real estate is located, if deemed necessary by the Company;
  - d. PACER bankruptcy searches; and
  - e. Litigation searches, if deemed necessary by the Company.
- VI. **Documents Relating to 9-620 Remedies Utilized by the Secured Party**
- a. **Full Satisfaction - Active Acceptance**
    - i. Copy of the Notice of Proposal to Accept Collateral which contains the agreement by and between all Debtors and the Secured Party which details the terms of the proposal for the acceptance authenticated after default in full satisfaction of the debt.
    - ii. Proposal in a form acceptable to Company (UCCPlus needs certain language to be present in the proposal/agreement)
    - iii. Affirmation from the Secured Party that it sent the aforementioned Notice to:
      1. any person from which the secured party has received, before the debtor consented to the acceptance, an authenticated notification of a claim or interest in the collateral;
      2. any other secured party or lienholder that, 10 days before the debtor consented to the acceptance, held a security interest in or other lien on the collateral perfected by the filing of a financing statement;
      3. any other secured party that, 10 days before the debtor consented to the acceptance, held a security interest in the collateral perfected by compliance with a statute, regulation, or treaty described in Section 9-311(a)
    - iv. Method and date of delivery of each Notice of Proposal to Accept Collateral, including copies of all receipts from the delivery company or post office.
  - b. **Full Satisfaction- Passive Acceptance**
    - i. Copy of the Notice of Proposal to Accept Collateral which contains the agreement by and between all Debtors and the Secured Party which details the terms of the proposal for the acceptance authenticated after default in full satisfaction of the debt.
    - ii. Proposal in a form acceptable to Company (UCCPlus needs certain language to be present in the proposal/agreement)
    - iii. Affirmation from the Secured Party that it sent the abovementioned Notice to:
      1. any person from which the secured party has received, before the debtor consented to the acceptance, an authenticated notification of a claim or interest in the collateral;

2. any other secured party or lienholder that, 10 days before the debtor consented to the acceptance, held a security interest in or other lien on the collateral perfected by the filing of a financing statement;
  3. any other secured party that, 10 days before the debtor consented to the acceptance, held a security interest in the collateral perfected by compliance with a statute, regulation, or treaty described in Section 9-311(a) Proof of the method of the delivery of the notice and the date of the delivery of the notice to the Debtor(s).
- iv. Affidavit from the Secured Party, to the satisfaction of the Company that the Secured Party did not receive an objection by a person (as detailed above) to whom the Secured Party was required to send notice within the time period prescribed in 9-620(d).
  - v. Method and date of delivery of each Notice of Proposal to Accept Collateral, including copies of all receipts from the delivery company or post office.

**c. Partial Satisfaction- Active Acceptance**

- i. Copy of the Notice of Proposal to Accept Collateral which contains the agreement by and between all Debtors and the Secured Party which details the terms of the proposal for the acceptance authenticated after default in partial satisfaction of the debt.
- ii. Proposal in a form acceptable to Company (UCCPlus needs certain language to be present in the proposal/agreement)
- iii. Affirmation from the Secured Party that it sent the abovementioned Notice to
  1. any person from which the secured party has received, before the debtor consented to the acceptance, an authenticated notification of a claim or interest in the collateral;
  2. any other secured party or lienholder that, 10 days before the debtor consented to the acceptance, held a security interest in or other lien on the collateral perfected by the filing of a financing statement;
  3. any other secured party that, 10 days before the debtor consented to the acceptance, held a security interest in the collateral perfected by compliance with a statute, regulation, or treaty described in Section 9-311(a)
  4. and under Section 9-621(b) of the UCC, any secondary obligor (any and all guarantors).
- iv. Method and date of delivery of each Notice of Proposal to Accept Collateral, including copies of all receipts from the delivery company or post office.

**VII. Process and Costs - The parties must agree prior to the beginning of work:**

- a. To Pay:
  - i. Any third-party search costs incurred by UCCPlus on behalf of the parties (any searches to be run and estimated costs would be discussed with the parties beforehand);
  - ii. Any outside counsel costs incurred by counsel hired by UCCPlus as part of its evaluation (any engagement and its estimated costs would be discussed with parties beforehand);
  - iii. Premium due for the UCCPlus Owners Policy to be issued by UCCPlus (UCCPlus can provide pricing once it understands the value of the interests to be covered; and
  - iv. Any work charges incurred as part of the UCCPlus evaluation or Policy issuance.
- b. That the results of the UCCPlus evaluation and confirmation of coverage under the UCCPlus Policy will not be released to the parties until the UCCPlus invoice and any outside counsel invoice have been paid in full.