



State of Minnesota

OFFICE OF THE SECRETARY OF STATE

St. Paul 55155

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STATE OF MINNESOTA
COUNTY OF RAMSEY

In the Matter of the Proposed Adoption
of Rules of the Office of the Secretary
of State Governing Uniform Commercial
Code Forms

STATEMENT OF NEED AND REASONABLENESS

The need to adopt the above-captioned rules arises from (1) Minn. Stat. 336.9-403, subd. 5 (1982), which requires the Secretary of State to prescribe uniform forms for all statements dealing with the perfection of security agreements by public filing, and (2) Minn. Stat. 14.06 (1982), which requires adoption of rules to the extent that changes in procedures affect the rights of or procedures available to the public. Adoption of a rule governing dissemination of financing statements information or copies and Tax Lien information or copies is necessary to carry out Minn. Stat. 336.9-407, which provides for the issuance of a certificate by the filing officer.

Minn. Stat. 336.9-403, subd. 5 (1982), requires the Secretary of State to prescribe uniform forms for statements filed pursuant to the Uniform Commercial Code - Secured Transactions, Minn. Stat. 336.9-101 et seq. (1982).

1. Financing Statement and Fixture/Real Estate Forms

The proposed rule insures that all necessary information required by Minn. Stat. 336.9-402 is provided. The proposed form can be used at both County and Secretary of State Filing Offices. The rule provides standards for determining what constitutes the standard form prescribed by the Secretary of State, enabling users to avoid the higher fee imposed for using a non-standard form.

2. Statements of Continuation, Assignment, Amendment, Termination and Release

The following Minnesota Statutes (1982) provide for the described statements:

- (a) 336.9-404 providing for a termination statement;
- (b) 336.9-405 providing for a statement of assignment;
- (c) 336.9-406 providing for a statement of release;
- (d) 336.9-403, subd. 3, providing for a continuation statement; and
- (e) 336.9-402, subd. 4, providing for a statement of amendment.

The proposed rule insures that all necessary information required by the above mentioned Minnesota Statutes is provided. Also, the form can be used at both the County and Secretary of State Filing Offices. All potential changes on, or additions to, a financing statement are included on this one form. The proposed rule sets down the standard for determining what constitutes a standard Minnesota form to enable users to avoid the higher fee imposed for using a non-standard form.

3. Financing Statement and Tax Lien Information or Copies

Minn. Stat. 336.9-407, (1982), requires the filing officer to provide a certificate containing certain information and photocopies of original documents on file to any person who requests them. Adoption of a rule governing dissemination of such information and photocopies is necessary to implement the statute.

4. Consideration of Small Business Needs

The Office of the Secretary of State has considered the requirements of Minn. Stat. 14,115 subd. 2, and has determined that no authority has been granted to the Agency to modify the reporting requirements of the Uniform Commercial Code, and that exemption of small businesses from requirements of the rule would be contrary to the statutory objectives that are the basis of the proposed rulemaking. In fact, these rules reduce the impact on a small business by providing that if the small business files the information in substantially the form set out in the rule, a lesser fee will be charged.

To comply with Minn. Stat. 14.115, subd. 4, the Agency published in the State Register a Notice to Solicit Outside Opinion on how the rules will affect small businesses on November 5, 1984. In its Notice of Intent To Adopt Rules Without a Public Hearing, the Agency gave notice that the proposed rule will affect small businesses, and discussed the probable quantitative and qualitative impact of rule in compliance with Minn. Stat. 14.115, subd. 4 (a).



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The proposed rule insures that all necessary information required by the above mentioned Minnesota Statutes is provided. Also, the form can be used at both the County and Secretary of State Filing Offices. All potential changes on, or additions to, a Financing Statement are included on this one form. The proposed rule sets down the standard for determining what constitutes a standard Minnesota form to enable users to avoid the higher fee imposed for using a non-standard form.

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4. Consideration of Small Business Needs

The Office of the Secretary of State has considered the requirements of M.S. 14.115 Subd 2 and has determined that no authority has been granted to the Agency to modify the reporting requirements of the Uniform Commercial Code; therefore they are unable to make any of the changes suggested by that section.

Pursuant to M.S. 14.115 Subd 4(c) the Agency mailed notice of the proposed rules to the first 200 small businesses that filed Uniform Commercial Code documents with it after June 6, 1984.