

Developments In Electronic
Chattel Paper: New Standard
For Electronic Motor Vehicle
Retail Sale And Lease
Contracts

Introduction To Auto Finance

- Motor Vehicle Dealership Financing Industry
- What is Chattel Paper?
- What is Electronic Chattel Paper?

Requirements For “Control” Under §9-105

- “Control” Of Electronic Chattel Paper Under UCC Article 9
 1. A single authoritative copy of the record or records exists which is unique, identifiable, and, except as otherwise provided in requirements 4), 5), and 6) below, unalterable.
 2. The authoritative copy identifies the secured party as the assignee of the record or records.
 3. The authoritative copy is communicated to and maintained by the secured party or its designated custodian.

Requirements For “Control” Under §9-105

- Continued:
 4. “Copies or revisions that add or change an identified assignee of the authoritative copy can be made only with the participation of the secured party.
 5. Each copy of the authoritative copy is readily identifiable as a non-authoritative copy.
 6. Any revision of the authoritative copy is readily identifiable as an authorized or unauthorized revision.
- Requirements for “control” are comparable to the safe-harbor requirements for “Transferable Records” under UETA and ESIGN. (See UETA §16 and ESIGN §201.)

Approved Auto Finance Standards

- Standard Scope Limitations:
 - Purchaser-arranged financing with other parties
 - Dealership-retained contracts
 - No perfection or perfection by filing
 - Electronic contract, disclosures, signatures, privacy requirements, and ancillary documents

Standard Highlights

- Conversion from Tangible Chattel Paper to Electronic
- Non- Authoritative Copies
- Modifications, Addendums, and Corrections
- Disaster Recovery