

**Uniform Commercial Code Article 9 Note
Secured by an Underlying
Uniform Commercial Code Article 3 Note**

A tour of Two Notes

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UNIFORM COMMERCIAL CODE "NOTE"?



Uniform Commercial Code Article 9
Note
(Intangible)

A Uniform Commercial Code Article 9 Note can be a non-negotiable instrument or a negotiable instrument ...

A tour of Two Notes

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UNIFORM COMMERCIAL CODE "NOTE"?

Transferable Record



Uniform Commercial Code Article 9
Note
(Intangible)

.. and be a transferable record.

A tour of Two Notes

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UNIFORM COMMERCIAL CODE "NOTE"?

It is important that you understand the difference between a negotiable promissory note and a non-negotiable promissory note.

A tour of Two Notes

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UNIFORM COMMERCIAL CODE "NOTE"?

Investopedia Definition of 'Negotiable'

1. Describing the price of a good or security that is not firmly established.
2. Describing a good or security whose ownership is easily transferable from one party to another.

A tour of Two Notes

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UNIFORM COMMERCIAL CODE "NOTE"?

Investopedia explains 'Negotiable'

1. You will often hear the term "negotiable" in reference to the purchase price of a particular good. The term states that the asking price is not set in stone and can be adjusted depending on the circumstance.
2. Most securities are negotiable, which means that they can be easily transferred from one party to the next, provided all proper documentation is included.

An example of a negotiable instrument would be a certificate of deposit. These can be easily bought and sold between different parties.

Also known as "marketable", "transferable" or "un-registered".

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UNIFORM COMMERCIAL CODE "NOTE"?

Investopedia Definition of 'Non-Negotiable'

1. A term relating to the price of a good or security which is firmly established and cannot be adjusted.
2. A term relating to a good or security whose ownership is not easily transferable from one party to another.

A tour of Two Notes

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UNIFORM COMMERCIAL CODE "NOTE"?

Investopedia explains 'Non-Negotiable'

1. When an asking price is considered non-negotiable, it means that you cannot try to change the price as it has been firmly established.
2. Securities and products that are considered non-negotiable cannot be transferred from one party to the next and thus are typically illiquid.

An example of a non-negotiable instrument would be a government savings bond. These can only be redeemed by the owner of the bond and are not allowed to be sold to other parties.

Also known as registered securities, non-marketable or non-transferable securities.

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UNIFORM COMMERCIAL CODE "NOTE"?

Should the security interest collateral for the Uniform Commercial Code Article 9 Note be a "Secured" Uniform Commercial Code Article 3 Note which may be a negotiable instrument

Transferable Record



Uniform Commercial Code Article 9 Note (Intangible)



A tour of Two Notes

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UNIFORM COMMERCIAL CODE "NOTE"?

The terms and conditions contained within the tangible "Security Instrument" for the Uniform Commercial Code Article 3 Note would be subjected to control and ownership of the Intangible Uniform Commercial Code Article 9 Note as a security interest.

Transferable Record



Uniform Commercial Code Article 9 Note (Intangible)



A tour of Two Notes

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UNIFORM COMMERCIAL CODE "NOTE"?

Uniform Commercial Code
Article 3 Note
(Tangible)



Security

Transferable Record



Uniform Commercial Code
Article 9 Note
(Intangible)

Security for the Article 9 Note, Transferable Record

A tour of Two Notes

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UNIFORM COMMERCIAL CODE "NOTE"?



Security Instrument
(Tangible)

Security

Uniform Commercial Code
Article 3 Note
(Tangible)

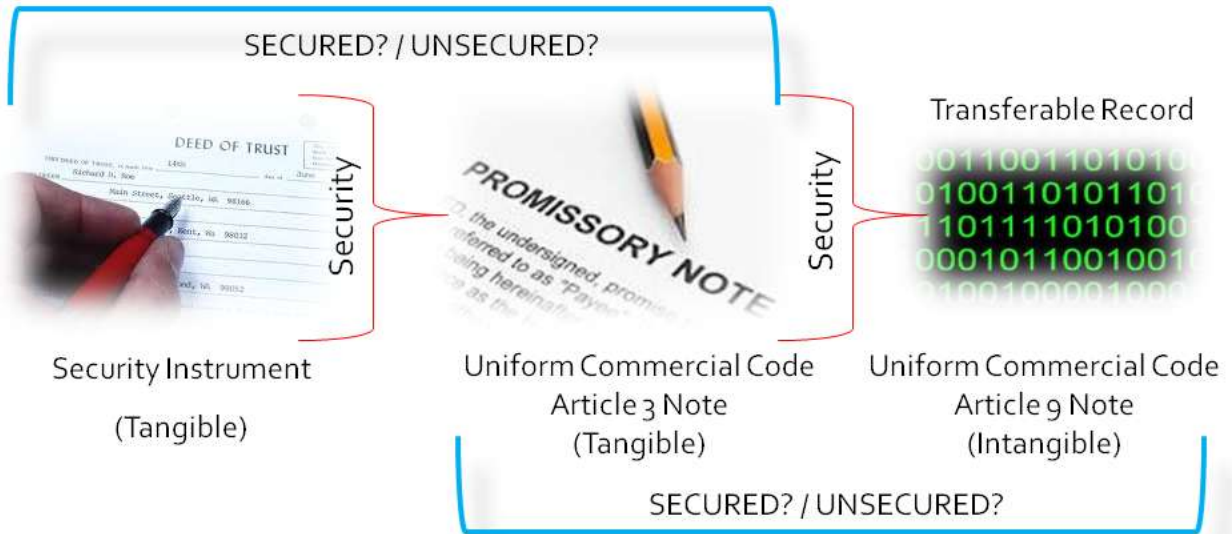


Security for the UCC Article 3 Note

A tour of Two Notes

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UNIFORM COMMERCIAL CODE "NOTE"?



Whether the Uniform Commercial Code's Article 3 Note is a Secured Note or Unsecured Note depends upon the status of the Security Instrument secured to the Uniform Commercial Code Article 3 Note.

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UNIFORM COMMERCIAL CODE "NOTE"?



The security instrument is governed by the security instrument and laws of local jurisdiction where the real property is located.

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RECORDATION



Security

Security Instrument



File / Record
Official public land records

Texas Local Government Code –

Sec. 192.001. GENERAL ITEMS. The county clerk shall record each deed, mortgage, or other instrument that is required or permitted by law to be recorded.

Acts 1987, 70th Leg., ch. 149, Sec. 1, eff. Sept. 1, 1987.

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RECORDATION



Security

Security Instrument



File / Record
Official public land records

Texas Local Government Code –

Sec. 192.007. RECORDS OF RELEASES AND OTHER ACTIONS. (a) To release, transfer, assign, or take another action relating to an instrument that is filed, registered, or recorded in the office of the county clerk, a person must file, register, or record another instrument relating to the action in the same manner as the original instrument was required to be filed, registered, or recorded.

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Subsequent Purchase



SECURITIZATION PROCESS

In most processes.....

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Subsequent Purchase

In most securitization processes, the Uniform Commercial Code Article 9 Note is purchased by a Trust for each "i.e., Pooling and Servicing Agreement".

Transferable Record



Uniform Commercial Code
Article 9 Note
(Intangible)

SEMPER PARVO (Approximate)
subject to approved purchase of prior issues (PAs)

FannieMae
Guaranteed Ginnie Mae Trust Pass-Through Certificates
Fannie Mae Ginnie Mae Trust 2011-12

The Certificates are the only evidence of the trust's ownership of the mortgage loans and the only evidence of the trust's obligation to pay the principal and interest on the mortgage loans.

The Trust will use the Trust's assets to pay the principal and interest on the mortgage loans in accordance with the terms of the Trust Agreement.

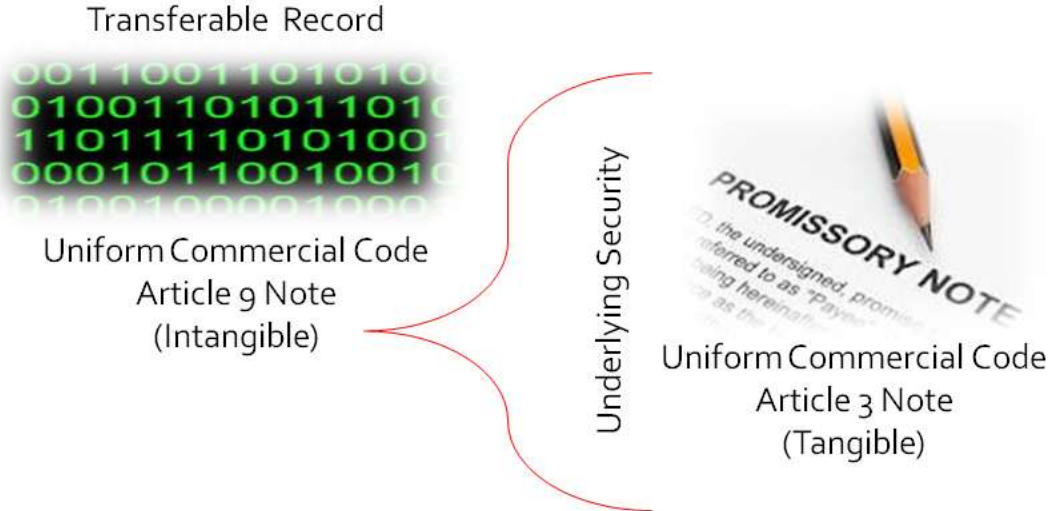
The Trust will use the Trust's assets to pay the principal and interest on the mortgage loans in accordance with the terms of the Trust Agreement.

Original Certificate	Issue	Series	Face Amount	Issue Date	Settlement Date
1	1	1	100,000,000	12/15/11	12/15/11
2	2	2	100,000,000	12/15/11	12/15/11
3	3	3	100,000,000	12/15/11	12/15/11
4	4	4	100,000,000	12/15/11	12/15/11
5	5	5	100,000,000	12/15/11	12/15/11
6	6	6	100,000,000	12/15/11	12/15/11
7	7	7	100,000,000	12/15/11	12/15/11
8	8	8	100,000,000	12/15/11	12/15/11
9	9	9	100,000,000	12/15/11	12/15/11
10	10	10	100,000,000	12/15/11	12/15/11

BoFA Merrill Lynch

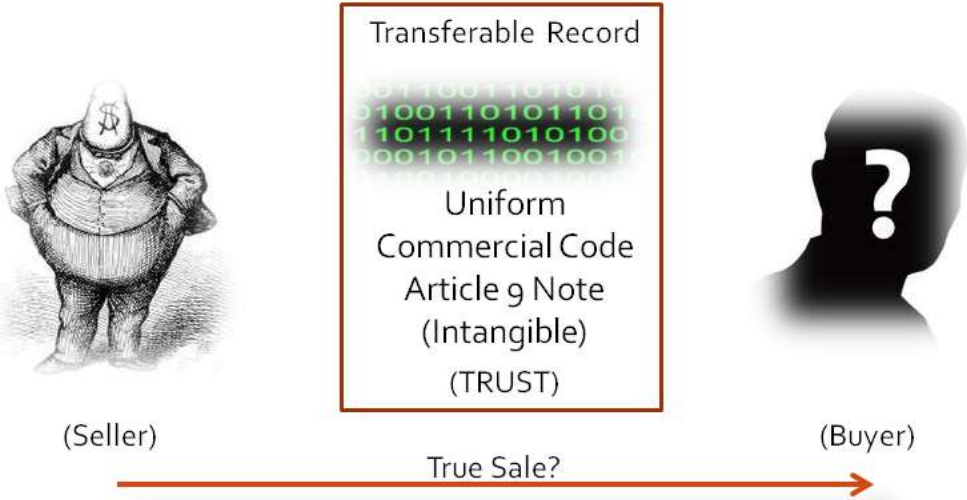
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Subsequent Purchase

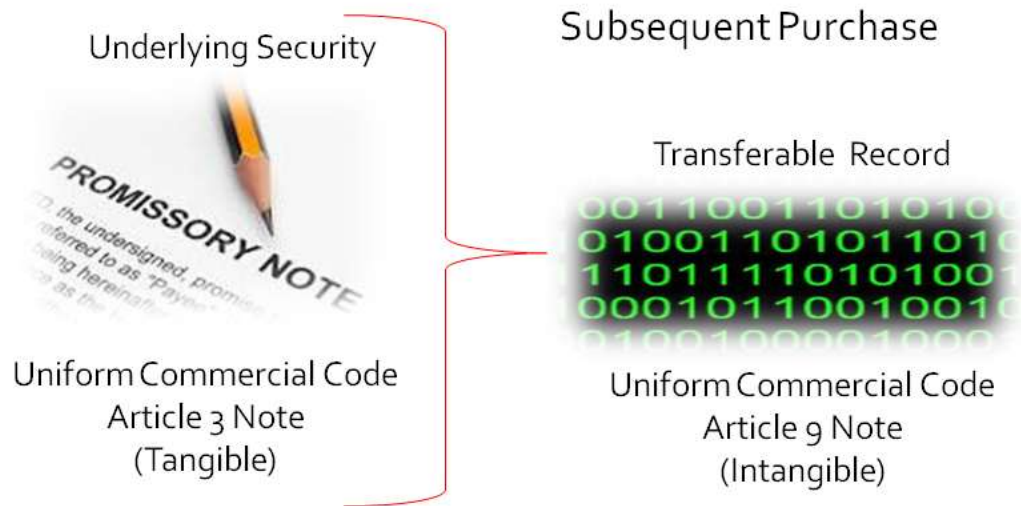


The underlying security for the Uniform Commercial Code’s Article 9 Note (Intangible) is the Uniform Commercial Code’s Article 3 Note (Tangible)

Subsequent Purchase



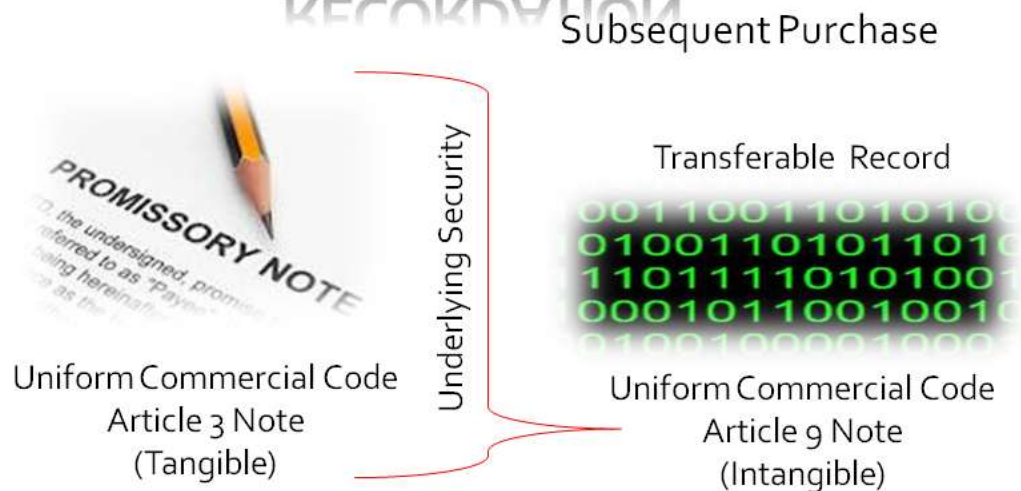
For each of those same trust documents the Uniform Commercial Code Article 3 Note is sold as a true sale to the purchaser of the transferable record.



This underlying true sale of the Uniform Commercial Code Article 3 Note changes the name of the Uniform Commercial Code Article 3 Note to the subsequent purchasers (Secured Creditor?) name.

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RECORDATION



The subsequent creditor whom purchased the transferable record of the Uniform Commercial Code Article 3 Note must also comply with local laws of jurisdiction to remain a Secured Creditor of record for the security attached to Uniform Commercial Code Article 3 Note.

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RECORDATION

Subsequent Purchase



Texas Local Government Code –

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RECORDATION

Subsequent Purchase

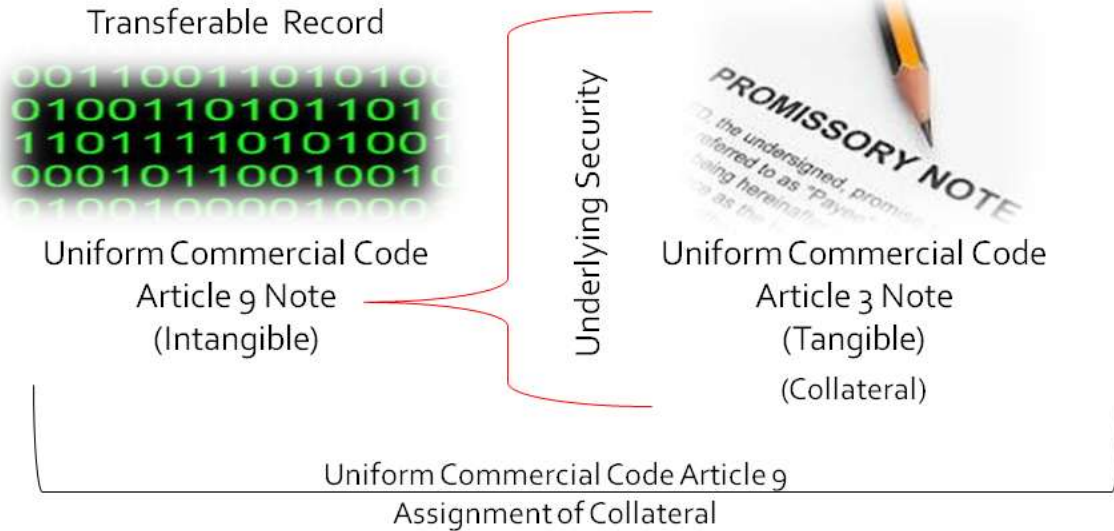


Texas Local Government Code –

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RECORDATION

Subsequent Purchase



Uniform Commercial Code Article 9 provides the law for assigning collateral (Uniform Commercial Code Article 3 Note) to a subsequent purchaser of the Uniform Commercial Code Article 9 Note.

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RECORDATION

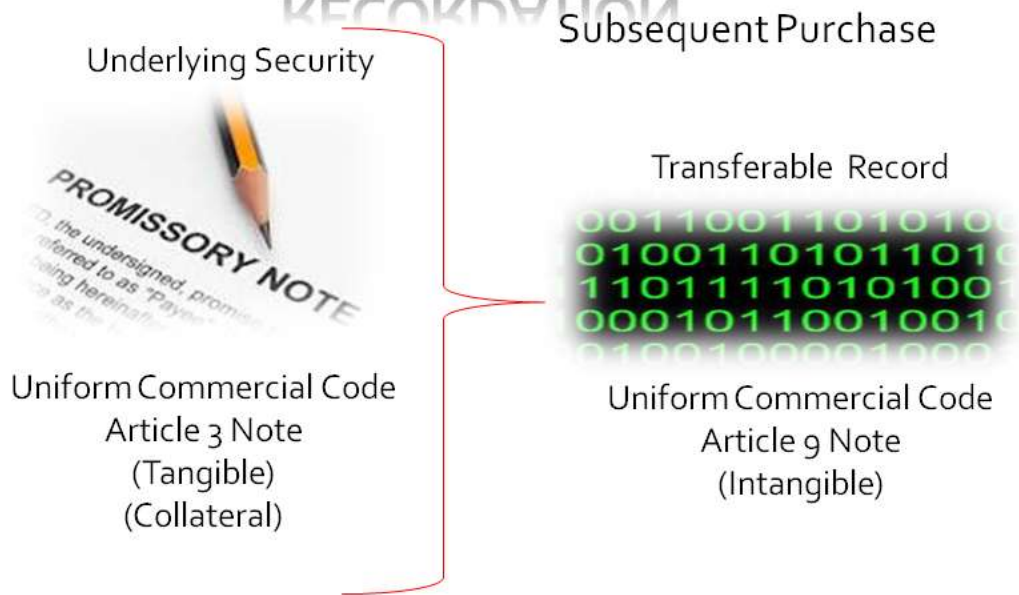
Subsequent Purchase



But local laws of jurisdiction govern the assigning of rights to the security securing the Uniform Commercial Code Article 3 Note.

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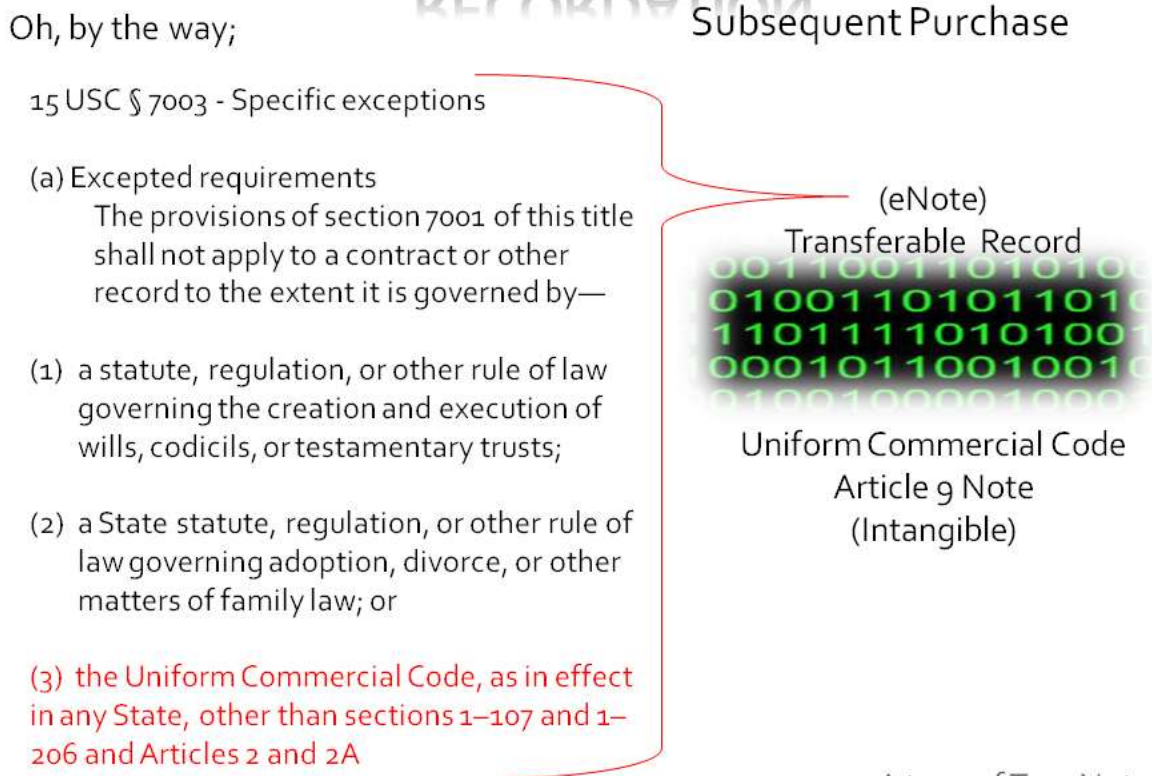
RECORDATION



When a Note becomes security for a Note!!!

A tour of Two Notes

RECORDATION



A tour of Two Notes