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## *Dave Windsor's 'Alaska Real Estate'*

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# Uniform Commercial Code

RE/MAX Dynamic Properties \* 907-727-3300 \* windsor@alaska.net \*

**Dear Dave:** I am buying a business through my Realtor and the contract mentions a U.C.C. search. What is this all about?

**Answer:** When you buy Real Estate, the Title Company searches the records of the Recorder's Office for details of any liens or other attachments to the property. Before transferring title at closing it is essential to clear these liens so that you receive a clear and insured title.

When a Business is sold there is often no real estate involved. I would guess that the business you are buying involves equipment, furniture, office fixtures, inventory and perhaps a vehicle or two. However, 90% of businesses are operating in leased premises and so there is not owned land

and buildings included. You likely just assume the lease of the premises with the purchase of the business.

In other words, no real estate is involved in your transaction, no title insurance is applicable and no title search is performed. However, there may be liens on the equipment and other company assets and the only way to discover these liens is through a UCC (Uniform Commercial Code) search. This search, which your Realtor can arrange, is conducted through your City Recorder's Office, and at a State level through UCC Central.

Be sure to search both the company name and the names of all the individual proprietors. It would be most unfortunate to buy a business, only to have

some third party creditor show up later to remove some of the assets. Never buy a business without conducting a UCC search, especially since it costs less than hundred dollars for this safeguard.

*Dave Windsor*

