



Virginia Auto Law

Floor Planners Carjack UCC Revision

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Since the "Secured Transactions" Title of the UCC was revised several years ago, consignments to auto dealers are fraught with peril.

Before entering into a consignment with a dealer, and certainly before a [vehicle](#) is delivered, the consignor must first check for any finance agreements with the proposed consignee-dealer filed (in [Virginia](#), at the [State Corporation Commission](#)) by a [creditor](#). In the case of an auto dealer, there almost certainly will be a finance agreement with a floor planner.

Next, the consignor must give well-advanced notice to any such creditor of the intention to deliver certain, specific vehicles to the dealer, on consignment.

Then, the consignor must file a UCC [Financing Statement](#) of his own, before the delivery of the vehicles to the dealer.

In the absence of following each and every step, in that order, a floor planner may sweep the lot of a defaulting dealer of all vehicles on the dealer lot, even those clearly marked as being on consignment. Although not all creditors may act in this fashion, they often do so because they can!

There are some very limited exceptions, and the floor planner has some obligations, but the playing field for consignments has become a minefield.

What are you doing about consignments in your area?

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