



UNDERSTANDING LIENS AND LIEN RELEASES

What to Watch Out for When Buying or Selling

Understanding Liens and Lien Releases

Southern Fabrication Machinery Sales performs many types of services for our buyers and sellers of equipment. From consultation on equipment values to engineering solutions, we are more than just machinery “dealers.” We are consultants, engineers, applications specialists, and more. One of the invaluable services we offer is that of lien releases and verification. This whitepaper will assume the reader is unaware of what a lien is, or even the reason behind them and will attempt to inform the reader, whether he be a machine tool buyer, seller, or dealer of the precautions associated with used machinery liens.

What is a Lien?

Also called a UCC (Uniform Commercial Code), a “lien” is a 3rd party’s legal claim to right or ownership in a piece, or multiple pieces, of equipment or property.

Types of Liens

Direct Lien

Typically filed by a finance company or bank (called the “secured party”), when lending funds to purchase that specific piece of equipment.

The Document filed is a “UCC-1.”

Indirect Lien

Often referred to as a “Blanket Lien,” these liens are commonly filed when a customer (or debtor) is securing a line of credit or operating capital from a bank or financial institution (almost every company has these types of liens in place).

One of the benefits in working with a thorough, knowledgeable, and dedicated company like Southern Fabricating Machinery Sales is ensuring that equipment purchases are “free and clear” of any liens or encumbrances (i.e. debts secured by the equipment). We do this by running a “lien search” against the entity (Individual, Corp, LLC, Partnership, etc) who first purchased the machinery.



Sellers

If you're working with us to purchase your equipment, we will ask to see the original invoice to verify whom the original purchase was (Individual, Corp, LLC, Partnership, etc). This allows us to run a search for any liens against that purchaser to see if the equipment is "liened against." If it is, we quickly connect with the lienholder and properly prepare to transfer the machine and title as well as having the lien released from your name or company thus freeing up more borrowing ability for your company and ensuring you don't have old assets remaining listed as debt security. Typically the creditors have no real interest in the machinery itself and are happy to quickly release their interest in the machinery (especially if you are in good standing) as a good partner of yours and of course their ongoing business with you.

Buyer's

If your working with us to purchase a piece of equipment either on a brokerage basis or directly from our inventory, a lien search/release ensures that you are the legitimate owner of the machinery you are paying for and that no other entity can claim ownership and subsequent return of equipment you have purchased. You can request copies of these lien releases at the time of purchase and we will be glad to provide them to you along with any supporting documentation.

When you deal with Southern Fabricating Machinery Sales inc you can be ensured that you're dealing with an honest, integral, and thorough organization that, just like you, does its homework.



SOUTHERN FABRICATING

MACHINERY SALES

About SFMS



With an extensive working knowledge of manufacturing systems, going back over 30 years coupled with real hands-on shop experience, our representatives can best assist you in locating and securing the best machinery for your application. Along with our own inventory, we can choose solutions from a close network of partners. If we don't have the solution you're looking for, we will find it.

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