

**LENDER'S AUTHORIZATION FOR
BORROWER TO DISPOSE OF EQUIPMENT**

_____ (“Lender/Secured Party”) hereby authorizes _____ (“Borrower/Customer”) to sell, exchange or otherwise dispose of the following described equipment in which Lender/Secured Party has a security interest:

General Description:

Serial Number(s):

In addition, Lender/Secured Party hereby releases its security interest in the above-described equipment (and none other) so that Borrower/Customer’s disposition of such equipment will be free and clear of Lender/Secured Party’s security interest.

“Lender/Secured Party”

Signature: _____
Printed Name: _____
Title: _____
Date: _____

[Explanation — this form is designed to expedite the trade-in transaction (or in some situations, a sale transaction) with a customer who has given a blanket security interest in his equipment to a bank or other lender. In such a situation, the dealer must get the lender to release its security interest in the customer's equipment prior to the trade. If this is not done, the dealer exposes himself to paying the lender an amount equal to the value of the equipment. This can happen if the customer experiences financial problems and fails to pay-off its debt to lender. This form – if signed by the lender – releases the lender's security interest in the equipment described herein.

The following is a suggested procedure for ensuring that the dealer does not accept a trade-in of (or purchase) equipment which is subject to a lender's security interest: (a) the dealer should perform a UCC search to determine if there is a security interest in the equipment; (b) if there is one, the dealer and the customer should contact the lender by phone or e-mail and request the lender to sign this form; (c) if the lender agrees, the dealer should complete this form and send it to lender for the lender to sign; and (d) the dealer should obtain a signed copy of this form for the dealer's records. If this is done, the dealer will take (and be able to transfer) the equipment free and clear of the lender's security interest and will not be exposed to liability to the lender.

This form was created by attorneys Jack Beal and Jack Selzer and is intended to provide the members of SouthWestern Association with a simple and concise form to use when seeking a release of a security interest in equipment they plan to acquire. However, this form should not be regarded as a substitute for legal advice. If you have a particular legal problem, you should consult with a qualified professional to help you.]