

UNDERWRITING BULLETIN TO LOUISIANA AGENTS

From: Stephen G. Sklamba, State Underwriting Counsel

Dated: December 30, 2014

Bulletin No: La14-03

Name: **Recordation of Assignment of Leases and Rents after January 1, 2015**

The pledge articles in the Civil Code and Title 9 were amended by the Louisiana Legislature in its 2014 session. An assignment of leases and rents is a pledge under Louisiana law.

- **Effective January 1, 2015, all assignments of leases and rents must be filed in the mortgage records. They are no longer filed in the conveyance records.**
- **After January 1, 2015, all reinscriptions, releases and instruments amending or modifying an assignment of leases and rents (including one previously filed in the conveyance records) are without effect as to third parties until filed in the mortgage records.**
- After January 1, 2015, filing an assignment of leases and rents in the conveyance records will **not** be deemed effective as to third parties.
- The assignment of leases and rents must state the amount of the obligation it secures or the maximum amount of secured obligations that may be outstanding from time to time.
- **DURATION: GENERAL RULE** – An assignment of leases and rents filed after January 1, 2015 is effective for 10 years. It must be reinscribed before the expiration of 10 years from its date in order to maintain its ranking. If reinscribed after 10 years, it will only be effective from date of reinscription.

- EXCEPTION 1- If an assignment of leases and rents is included in an act of mortgage, it is effective for so long as the mortgage remains effective and is extinguished when the mortgage is extinguished.
- EXCEPTION 2 – If an assignment of leases and rents describes the maturity of the secured obligation and the maturity date is 9 years or more from its date, the effect of recordation of the assignment of leases and rents ceases 6 years after the maturity date of the secured obligation. This exception will not apply to assignments of leases and rents previously recorded in the conveyance records. Even if a maturity date is described that would extend the time for reinscription under this rule, in order to preserve its ranking, a reinscription of the assignment of leases and rents is required prior to December 31, 2024.
- On January 1, 2015, all assignments of leases and rents separately and previously filed in the mortgage or conveyance records that have not prescribed will be effective until filing a notice of reinscription is required or until December 31, 2024, whichever occurs first.

Assignments of leases and rents filed prior to August 31, 1990 were not subject to any reinscription requirement in order to remain effective. The new law requires these old inscriptions to be reinscribed prior to December 31, 2024 or they will no longer be effective.

Under existing law, an assignment of leases and rents separately filed in the mortgage records was ineffective. The new law provides that these inscriptions improperly filed within 10 years prior to January 1, 2015 will be deemed effective on January 1, 2015. However, the effect of recordation is not retroactive to the actual date of filing. A reinscription must be filed prior to the expiration of 10 years from date of the assignment of leases and rents.