

**11-14-501 Creation and perfection of government security interests.**

(1) As used in this section:

- (a) "Bonds" means any bond, note, lease, or other obligation of a governmental unit.
- (b) "Governmental unit" has the meaning assigned in Section 70A-9a-102.
- (c) "Pledge" means the creation of a security interest of any kind.
- (d) "Property" means any property or interests in property, other than real property.
- (e) "Security agreement" means any resolution, ordinance, indenture, document, or other agreement or instrument under which the revenues, fees, rents, charges, taxes, or other property are pledged to secure the bonds.

(2) This section expressly governs the creation, perfection, priority, and enforcement of a security interest created by the state or a governmental unit of the state, notwithstanding anything in Title 70A, Chapter 9a, Uniform Commercial Code - Secured Transactions, to the contrary.

(3)

- (a) The revenues, fees, rents, charges, taxes, or other property pledged by a governmental unit for the purpose of securing its bonds are immediately subject to the lien of the pledge.
- (b)
  - (i) The lien is a perfected lien upon the effective date of the security agreement.
  - (ii) The physical delivery, filing, or recording of a security agreement or financing statement under the Uniform Commercial Code or otherwise, or any other similar act, is not necessary to perfect the lien.
- (c) The lien of any pledge is valid, binding, perfected, and enforceable from the time the pledge is made.
- (d) The lien of the pledge has priority:
  - (i) based on the time of the creation of the pledge unless otherwise provided in the security agreement; and
  - (ii) as against all parties having claims of any kind in tort, contract, or otherwise against the governmental unit, regardless of whether or not the parties have notice of the lien.
- (e) Each pledge and security agreement made for the benefit or security of any of the bonds shall continue to be effective until:
  - (i) the principal, interest, and premium, if any, on the bonds have been fully paid;
  - (ii) provision for payment has been made; or
  - (iii) the lien created by the security agreement has been released by agreement of the parties in interest or as provided by the security agreement that created the lien.

Amended by Chapter 272, 2007 General Session