

UNIFORM COMMERCIAL CODE AMENDMENTS

2013 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Lyle W. Hillyard

House Sponsor: V. Lowry Snow

LONG TITLE

General Description:

This bill modifies the Uniform Commercial Code to address secured transactions and repeal outdated language.

Highlighted Provisions:

This bill:

- ▶ modifies definition provisions;
- ▶ addresses control of electronic chattel paper;
- ▶ modifies provision addressing location of debtor;
- ▶ addresses certificate of title;
- ▶ provides for rules that apply when there is a change in governing law;
- ▶ addresses interests that take priority over or take free of security interest or agricultural lien;
- ▶ modifies provisions related to priority of security interests created by new debtor;
- ▶ addresses the application of statute to the sale of a payment intangible or promissory note;
- ▶ modifies provisions related to name of debtor and secured party;
- ▶ addresses effect of certain events on effectiveness of financing statement;
- ▶ clarifies filings by a transmitting utility;
- ▶ modifies provisions related to what constitutes a filing and the effectiveness of a filing;



- 28 ▶ addresses claims concerning inaccurate or wrongfully filed records;
- 29 ▶ updates the reference to revisions incorporated into chapter;
- 30 ▶ addresses collection and enforcement by secured party;
- 31 ▶ enacts transition provisions for 2010 amendments;
- 32 ▶ repeals Chapter 11, Corrected Uniform Commercial Code - Effective Date and
- 33 Transition Provisions; and
- 34 ▶ makes technical and conforming changes.

35 Money Appropriated in this Bill:

36 None

37 Other Special Clauses:

38 This bill takes effect on July 1, 2013.

39 This bill provides revisor instructions.

40 Utah Code Sections Affected:

41 AMENDS:

- 42 **70A-2a-103**, as last amended by Laws of Utah 2007, Chapter 272
- 43 **70A-9a-102**, as last amended by Laws of Utah 2006, Chapter 42
- 44 **70A-9a-105**, as enacted by Laws of Utah 2000, Chapter 252
- 45 **70A-9a-307**, as enacted by Laws of Utah 2000, Chapter 252
- 46 **70A-9a-311**, as enacted by Laws of Utah 2000, Chapter 252
- 47 **70A-9a-316**, as enacted by Laws of Utah 2000, Chapter 252
- 48 **70A-9a-317**, as last amended by Laws of Utah 2006, Chapter 42
- 49 **70A-9a-326**, as enacted by Laws of Utah 2000, Chapter 252
- 50 **70A-9a-406**, as enacted by Laws of Utah 2000, Chapter 252
- 51 **70A-9a-408**, as enacted by Laws of Utah 2000, Chapter 252
- 52 **70A-9a-503**, as enacted by Laws of Utah 2000, Chapter 252
- 53 **70A-9a-507**, as enacted by Laws of Utah 2000, Chapter 252
- 54 **70A-9a-515**, as enacted by Laws of Utah 2000, Chapter 252
- 55 **70A-9a-516**, as enacted by Laws of Utah 2000, Chapter 252
- 56 **70A-9a-518**, as enacted by Laws of Utah 2000, Chapter 252
- 57 **70A-9a-520**, as last amended by Laws of Utah 2002, Chapter 291
- 58 **70A-9a-521**, as enacted by Laws of Utah 2000, Chapter 252

59 **70A-9a-607**, as enacted by Laws of Utah 2000, Chapter 252

60 ENACTS:

61 **70A-9a-801**, Utah Code Annotated 1953

62 **70A-9a-802**, Utah Code Annotated 1953

63 **70A-9a-803**, Utah Code Annotated 1953

64 **70A-9a-804**, Utah Code Annotated 1953

65 **70A-9a-805**, Utah Code Annotated 1953

66 **70A-9a-806**, Utah Code Annotated 1953

67 **70A-9a-807**, Utah Code Annotated 1953

68 **70A-9a-808**, Utah Code Annotated 1953

69 REPEALS:

70 **70A-11-101**, as enacted by Laws of Utah 1977, Chapter 272

71 **70A-11-102**, as enacted by Laws of Utah 1977, Chapter 272

72 **70A-11-103**, as enacted by Laws of Utah 1977, Chapter 272

73 **70A-11-104**, as enacted by Laws of Utah 1977, Chapter 272

74 **70A-11-105**, as last amended by Laws of Utah 2003, Chapter 131

75 **70A-11-106**, as last amended by Laws of Utah 2003, Chapter 131

76 **70A-11-107**, as enacted by Laws of Utah 1977, Chapter 272

77 **70A-11-108**, as enacted by Laws of Utah 1977, Chapter 272



79 *Be it enacted by the Legislature of the state of Utah:*

80 Section 1. Section **70A-2a-103** is amended to read:

81 **70A-2a-103. Definitions -- Index of definitions.**

82 (1) In this chapter, unless the context otherwise requires:

83 (a) "Buyer in ordinary course of business" means a person, who in good faith and
84 without knowledge that the sale to him is in violation of the ownership rights or security
85 interest or leasehold interest of a third party in the goods, buys in ordinary course from a person
86 in the business of selling goods of that kind, but does not include a pawnbroker. "Buying" may
87 be for cash or by exchange of other property or on secured or unsecured credit and includes
88 acquiring goods or documents of title under a preexisting contract for sale, but does not include
89 a transfer in bulk, or as security for, or in total or partial satisfaction of a money debt.

90 (b) "Cancellation" occurs when either party puts an end to the lease contract for default
91 by the other party.

92 (c) "Commercial unit" means a unit of goods which by commercial usage is a single
93 whole for purposes of lease, and the division of which materially impairs its character or value
94 on the market or in use. A commercial unit may be a single article, such as a machine, or a set
95 of articles, such as a suite of furniture or a line of machinery, or a quantity, such as a gross or
96 carload, or any other unit treated in use or in the relevant market as a single whole.

97 (d) "Conforming goods or performance under a lease contract" means goods or
98 performance that are in accordance with the obligations under the lease contract.

99 (e) "Consumer lease" means a lease that a lessor, regularly engaged in the business of
100 leasing or selling, makes to a lessee, who is an individual and who takes under the lease
101 primarily for a personal, family, or household purpose.

102 (f) "Fault" means wrongful act, omission, breach, or default.

103 (g) "Finance lease" means a lease in which:

104 (i) the lessor does not select, manufacture, or supply the goods;

105 (ii) the lessor acquires the goods or the right to possession and use of the goods in
106 connection with the lease; and

107 (iii) one of the following occurs:

108 (A) the lessee receives a copy of the contract by which the lessor acquired the goods or
109 the right to possession and use of the goods before signing the lease contract;

110 (B) the lessee's approval of the contract by which the lessor acquired the goods or the
111 right to possession and use of the goods is a condition to effectiveness of the lease contract;

112 (C) the lessee, before signing the lease contract, receives an accurate and complete
113 statement designating the promises and warranties, and any disclaimers of warranties,
114 limitations, or modifications of remedies, or liquidated damages, including those of a third
115 party, such as the manufacturer of the goods, provided to the lessor by the person supplying the
116 goods in connection with or as part of the contract by which the lessor acquired the goods or
117 the right to possession and use of the goods; or

118 (D) if the lease is not a consumer lease, the lessor, before the lessee signs the lease
119 contract, informs the lessee in writing:

120 (I) of the identity of the person supplying the goods to the lessor, unless the lessee has

121 selected that person and directed the lessor to acquire the goods or the right to possession and
122 use of the goods from that person;

123 (II) that the lessee is entitled under this chapter to the promises and warranties,
124 including those of any third party, provided to the lessor by the person supplying the goods in
125 connection with or as part of the contract by which the lessor acquired the goods or the right to
126 possession and use of the goods; and

127 (III) that the lessee may communicate with the person supplying the goods to the lessor
128 and receive an accurate and complete statement of those promises and warranties, including
129 any disclaimers and limitations of them or of remedies.

130 (h) "Goods" means all things that are movable at the time of identification to the lease
131 contract, or are fixtures. The term does not include money, documents, instruments, accounts,
132 chattel paper, general intangibles, or minerals or the like, including oil and gas, before
133 extraction. The term also includes the unborn young of animals.

134 (i) "Installment lease contract" means a lease contract that authorizes or requires the
135 delivery of goods in separate lots to be separately accepted, even though the lease contract
136 contains a clause stating "each delivery is a separate lease" or its equivalent.

137 (j) "Lease" means a transfer of the right to possession and use of goods for a term, in
138 return for consideration. Unless the context clearly indicates otherwise, the term includes a
139 sublease. But a sale, including a sale on approval or a sale or return, or retention or creation of
140 a security interest is not a lease.

141 (k) "Lease agreement" with respect to the lease, means the bargain of the lessor and the
142 lessee in fact as found in their language or by implication from other circumstances including
143 course of dealing or usage of trade or course of performance as provided in this chapter.
144 Unless the context clearly indicates otherwise, the term includes a sublease agreement.

145 (l) "Lease contract" means the total legal obligation that results from the lease
146 agreement as affected by this chapter and any other applicable rules of law. Unless the context
147 clearly indicates otherwise, the term includes a sublease contract.

148 (m) "Leasehold interest" means the interest of the lessor or the lessee under a lease
149 contract.

150 (n) "Lessee" means a person who acquires the right to possession and use of goods
151 under a lease. Unless the context clearly indicates otherwise, the term includes a sublessee.

152 (o) "Lessee in ordinary course of business" means a person who in good faith and
153 without knowledge that the lease to him is in violation of the ownership rights, security
154 interest, or leasehold interest of a third party in the goods, leases in ordinary course from a
155 person in the business of selling or leasing goods of that kind, but does not include a
156 pawnbroker. "Leasing" may be for cash or by exchange of other property, or on secured or
157 unsecured credit, and includes acquiring goods or documents of title under a preexisting lease
158 contract. "Leasing" does not include a transfer in bulk or as security for or in total or partial
159 satisfaction of a money debt.

160 (p) "Lessor" means a person who transfers the right to possession and use of goods
161 under a lease. Unless the context clearly indicates otherwise, the term includes a sublessor.

162 (q) "Lessor's residual interest" means the lessor's interest in the goods after expiration,
163 termination, or cancellation of the lease contract.

164 (r) "Lien" means a charge against or interest in goods to secure payment of a debt or
165 performance of an obligation, but the term does not include a security interest.

166 (s) "Lot" means a parcel or single article that is the subject matter of a separate lease or
167 delivery, whether or not it is sufficient to perform the lease contract.

168 (t) "Merchant lessee" means a lessee that is a merchant with respect to goods of the
169 kind subject to the lease.

170 (u) "Present value" means the amount as of a date certain of one or more sums payable
171 in the future, discounted to the date certain. The discount is determined by the interest rate
172 specified by the parties if the rate was not manifestly unreasonable at the time the transaction
173 was entered into; otherwise, the discount is determined by a commercially reasonable rate that
174 takes into account the facts and circumstances of each case at the time the transaction was
175 entered into.

176 (v) "Purchase" includes taking by sale, lease, mortgage, security interest, pledge, gift,
177 or any other voluntary transaction creating an interest in goods.

178 (w) "Sublease" means a lease of goods, the right to possession and use of which was
179 acquired by the lessor as a lessee under an existing lease.

180 (x) "Supplier" means a person from whom a lessor buys or leases goods to be leased
181 under a finance lease.

182 (y) "Supply contract" means a contract under which a lessor buys or leases goods to be

183 leased.

184 (z) "Termination" occurs when either party, pursuant to a power created by agreement
185 or law, puts an end to the lease contract otherwise than for default.

186 (2) Other definitions applying to this chapter and the sections in which they appear are:

187 (a) "Accessions," Section 70A-2a-310.

188 (b) "Construction mortgage," Section 70A-2a-309.

189 (c) "Encumbrance," Section 70A-2a-309.

190 (d) "Fixtures," Section 70A-2a-309.

191 (e) "Fixture filing," Section 70A-2a-309.

192 (f) "Purchase money lease," Section 70A-2a-309.

193 (3) The following definitions in other chapters apply to this chapter:

194 (a) "Account," Subsection 70A-9a-102(2).

195 (b) "Between merchants," Section 70A-2-104.

196 (c) "Buyer," Section 70A-2-103.

197 (d) "Chattel paper," Subsection 70A-9a-102(11).

198 (e) "Consumer goods," Subsection 70A-9a-102(23).

199 (f) "Document," Subsection 70A-9a-102(30).

200 (g) "Entrusting," Section 70A-2-403.

201 (h) "General intangible," Subsection 70A-9a-102(42).

202 (i) "Good faith," Section 70A-2-103[;].

203 (j) "Instrument," Subsection 70A-9a-102[~~(46)~~](47).

204 (k) "Merchant," Section 70A-2-104.

205 (l) "Mortgage," Subsection 70A-9a-102[~~(54)~~](55).

206 (m) "Pursuant to commitment," Subsection 70A-9a-102[~~(67)~~](69).

207 (n) "Receipt," Section 70A-2-103.

208 (o) "Sale," Section 70A-2-106.

209 (p) "Sale on approval," Section 70A-2-326.

210 (q) "Sale or return," Section 70A-2-326.

211 (r) "Seller," Section 70A-2-103.

212 (4) In addition, Title 70A, Chapter 1a, Uniform Commercial Code - General

213 Provisions, contains general definitions and principles of construction and interpretation

214 applicable throughout this chapter.

215 Section 2. Section **70A-9a-102** is amended to read:

216 **70A-9a-102. Definitions and index of definitions.**

217 In this chapter:

218 (1) "Accession" means goods that are physically united with other goods in such a
219 manner that the identity of the original goods is not lost.

220 (2) (a) "Account," except as used in "account for," means a right to payment of a
221 monetary obligation, whether or not earned by performance:

222 (i) for property that has been or is to be sold, leased, licensed, assigned, or otherwise
223 disposed of;

224 (ii) for services rendered or to be rendered;

225 (iii) for a policy of insurance issued or to be issued;

226 (iv) for a secondary obligation incurred or to be incurred;

227 (v) for energy provided or to be provided;

228 (vi) for the use or hire of a vessel under a charter or other contract;

229 (vii) arising out of the use of a credit or charge card or information contained on or for
230 use with the card; or

231 (viii) as winnings in a lottery or other game of chance operated or sponsored by a state,
232 governmental unit of a state, or person licensed or authorized to operate the game by a state or
233 governmental unit of a state.

234 (b) "Account" includes health-care-insurance receivables.

235 (c) "Account" does not include:

236 (i) rights to payment evidenced by chattel paper or an instrument;

237 (ii) commercial tort claims;

238 (iii) deposit accounts;

239 (iv) investment property;

240 (v) letter-of-credit rights or letters of credit; or

241 (vi) rights to payment for money or funds advanced or sold, other than rights arising
242 out of the use of a credit or charge card or information contained on or for use with the card.

243 (3) (a) "Account debtor" means a person obligated on an account, chattel paper, or
244 general intangible.

- 245 (b) "Account debtor" does not include persons obligated to pay a negotiable
246 instrument, even if the instrument constitutes part of chattel paper.
- 247 (4) "Accounting," except as used in "accounting for," means a record:
248 (a) authenticated by a secured party;
249 (b) indicating the aggregate unpaid secured obligations as of a date not more than 35
250 days earlier or 35 days later than the date of the record; and
251 (c) identifying the components of the obligations in reasonable detail.
- 252 (5) "Agricultural lien" means an interest, other than a security interest, in farm
253 products:
254 (a) which secures payment or performance of an obligation for:
255 (i) goods or services furnished in connection with a debtor's farming operation; or
256 (ii) rent on real property leased by a debtor in connection with its farming operation;
257 (b) which is created by statute in favor of a person that:
258 (i) in the ordinary course of its business furnished goods or services to a debtor in
259 connection with a debtor's farming operation; or
260 (ii) leased real property to a debtor in connection with the debtor's farming operation;
261 and
262 (c) whose effectiveness does not depend on the person's possession of the personal
263 property.
- 264 (6) "As-extracted collateral" means:
265 (a) oil, gas, or other minerals that are subject to a security interest that:
266 (i) is created by a debtor having an interest in the minerals before extraction; and
267 (ii) attaches to the minerals as extracted; or
268 (b) accounts arising out of the sale at the wellhead or minehead of oil, gas, or other
269 minerals in which the debtor had an interest before extraction.
- 270 (7) "Authenticate" means:
271 (a) to sign; or
272 ~~[(b) to execute or otherwise adopt a symbol, or encrypt or similarly process a record in~~
273 ~~whole or in part, with the present intent of the authenticating person to identify the person and~~
274 ~~adopt or accept a record.]~~
275 (b) with present intent to adopt or accept a record, to attach to or logically associate

276 with the record an electronic sound, symbol, or process.

277 (8) (a) "Bank" means an organization that is engaged in the business of banking.

278 (b) "Bank" includes:

279 (i) a depository institution as defined in Section 7-1-103; and

280 (ii) a trust company.

281 (9) "Cash proceeds" means proceeds that are money, checks, deposit accounts, or the
282 like.

283 (10) (a) "Certificate of title" means a certificate of title with respect to which a statute
284 provides for the security interest in question to be indicated on the certificate as a condition or
285 result of the security interest's obtaining priority over the rights of a lien creditor with respect to
286 the collateral.

287 (b) "Certificate of title" includes another record maintained as an alternative to a
288 certificate of title by the governmental unit that issues certificates of title if a statute permits the
289 security interest in question to be indicated on the record as a condition or result of the security
290 interest's obtaining priority over the rights of a lien creditor with respect to the collateral.

291 (11) (a) "Chattel paper" means a record or records that evidence both a monetary
292 obligation and a security interest in specific goods, a security interest in specific goods and
293 software used in the goods, a security interest in specific goods and license of software used in
294 the goods, a lease of specific goods, or a lease of specific goods and license of software used in
295 the goods. In this Subsection (11), "monetary obligation" means a monetary obligation secured
296 by the goods or owed under a lease of the goods and includes a monetary obligation with
297 respect to software used in the goods.

298 (b) "Chattel paper" does not include:

299 (i) charters or other contracts involving the use or hire of a vessel; or

300 (ii) records that evidence a right to payment arising out of the use of a credit or charge
301 card or information contained or for use with the card.

302 (c) If a transaction is evidenced by records that include an instrument or series of
303 instruments, the group of records taken together constitutes chattel paper.

304 (12) "Collateral" means the property subject to a security interest or agricultural lien.
305 "Collateral" includes:

306 (a) proceeds to which a security interest attaches;

307 (b) accounts, chattel paper, payment intangibles, and promissory notes that have been
308 sold; and

309 (c) goods that are the subject of a consignment.

310 (13) "Commercial tort claim" means a claim arising in tort with respect to which:

311 (a) the claimant is an organization; or

312 (b) the claimant is an individual and the claim:

313 (i) arose in the course of the claimant's business or profession; and

314 (ii) does not include damages arising out of personal injury to or the death of an
315 individual.

316 (14) "Commodity account" means an account maintained by a commodity intermediary
317 in which a commodity contract is carried for a commodity customer.

318 (15) "Commodity contract" means a commodity futures contract, an option on a
319 commodity futures contract, a commodity option, or another contract if the contract or option
320 is:

321 (a) traded on or subject to the rules of a board of trade that has been designated as a
322 contract market for such a contract pursuant to federal commodities laws; or

323 (b) traded on a foreign commodity board of trade, exchange, or market, and is carried
324 on the books of a commodity intermediary for a commodity customer.

325 (16) "Commodity customer" means a person for which a commodity intermediary
326 carries a commodity contract on its books.

327 (17) "Commodity intermediary" means a person that:

328 (a) is registered as a futures commission merchant under federal commodities law; or

329 (b) in the ordinary course of its business provides clearance or settlement services for a
330 board of trade that has been designated as a contract market pursuant to federal commodities
331 law.

332 (18) "Communicate" means:

333 (a) to send a written or other tangible record;

334 (b) to transmit a record by any means agreed upon by the persons sending and
335 receiving the record; or

336 (c) in the case of transmission of a record to or by a filing office, to transmit a record
337 by any means prescribed by filing-office rule.

338 (19) "Consignee" means a merchant to which goods are delivered in a consignment.

339 (20) "Consignment" means a transaction, regardless of its form, in which a person

340 delivers goods to a merchant for the purpose of sale and:

341 (a) the merchant:

342 (i) deals in goods of that kind under a name other than the name of the person making
343 delivery;

344 (ii) is not an auctioneer; and

345 (iii) is not generally known by its creditors to be substantially engaged in selling the
346 goods of others;

347 (b) with respect to each delivery, the aggregate value of the goods is \$1,000 or more at
348 the time of delivery;

349 (c) the goods are not consumer goods immediately before delivery; and

350 (d) the transaction does not create a security interest that secures an obligation.

351 (21) "Consignor" means a person that delivers goods to a consignee in a consignment.

352 (22) "Consumer debtor" means a debtor in a consumer transaction.

353 (23) "Consumer goods" means goods that are used or bought for use primarily for
354 personal, family, or household purposes.

355 (24) "Consumer-goods transaction" means a consumer transaction in which:

356 (a) an individual incurs an obligation primarily for personal, family, or household
357 purposes; and

358 (b) a security interest in consumer goods secures the obligation.

359 (25) "Consumer obligor" means an obligor who is an individual and who incurred the
360 obligation as part of a transaction entered into primarily for personal, family, or household
361 purposes.

362 (26) (a) "Consumer transaction" means a transaction in which:

363 (i) an individual incurs an obligation primarily for personal, family, or household
364 purposes;

365 (ii) a security interest secures the obligation; and

366 (iii) the collateral is held or acquired primarily for personal, family, or household
367 purposes.

368 (b) "Consumer transaction" includes consumer-goods transactions.

369 (27) "Continuation statement" means an amendment of a financing statement which:
370 (a) identifies, by its file number, the initial financing statement to which it relates; and
371 (b) indicates that it is a continuation statement for, or that it is filed to continue the
372 effectiveness of, the identified financing statement.

373 (28) "Debtor" means:
374 (a) a person having an interest, other than a security interest or other lien, in the
375 collateral, whether or not the person is an obligor;
376 (b) a seller of accounts, chattel paper, payment intangibles, or promissory notes; or
377 (c) a consignee.

378 (29) (a) "Deposit account" means a demand, time, savings, passbook, or similar
379 account maintained with a bank.
380 (b) "Deposit account" does not include investment property or accounts evidenced by
381 an instrument.

382 (30) "Document" means a document of title or a receipt of the type described in
383 Subsection 70A-7a-201(2).

384 (31) "Electronic chattel paper" means chattel paper evidenced by a record or records
385 consisting of information stored in an electronic medium.

386 (32) "Encumbrance" means a right, other than an ownership interest, in real property.
387 "Encumbrance" includes mortgages and other liens on real property.

388 (33) "Equipment" means goods other than inventory, farm products, or consumer
389 goods.

390 (34) "Farm products" means goods, other than standing timber, with respect to which
391 the debtor is engaged in a farming operation and which are:

392 (a) crops grown, growing, or to be grown, including:
393 (i) crops produced on trees, vines, and bushes; and
394 (ii) aquatic goods produced in aquacultural operations;
395 (b) livestock, born or unborn, including aquatic goods produced in aquacultural
396 operations;
397 (c) supplies used or produced in a farming operation; or
398 (d) products of crops or livestock in their unmanufactured states.

399 (35) "Farming operation" means raising, cultivating, propagating, fattening, grazing, or

400 any other farming, livestock, or aquacultural operation.

401 (36) "File number" means the number assigned to an initial financing statement
402 pursuant to Subsection 70A-9a-519(1).

403 (37) "Filing office" means an office designated in Section 70A-9a-501 as the place to
404 file a financing statement.

405 (38) "Filing-office rule" means a rule adopted pursuant to Section 70A-9a-526.

406 (39) "Financing statement" means a record or records composed of an initial financing
407 statement and any filed record relating to the initial financing statement.

408 (40) (a) "Fixture filing" means the filing of a financing statement covering goods that
409 are or are to become fixtures and satisfying Subsections 70A-9a-502(1) and (2).

410 (b) "Fixture filing" includes the filing of a financing statement covering goods of a
411 transmitting utility which are or are to become fixtures.

412 (41) "Fixtures" means goods that have become so related to particular real property that
413 an interest in them arises under real property law.

414 (42) (a) "General intangible" means any personal property, including things in action,
415 other than accounts, chattel paper, commercial tort claims, deposit accounts, documents, goods,
416 instruments, investment property, letter-of-credit rights, letters of credit, money, and oil, gas, or
417 other minerals before extraction.

418 (b) "General intangible" includes payment intangibles and software.

419 (43) "Good faith" means honesty in fact and the observance of reasonable commercial
420 standards of fair dealing.

421 (44) (a) "Goods" means all things that are movable when a security interest attaches.

422 (b) "Goods" includes:

423 (i) fixtures;

424 (ii) standing timber that is to be cut and removed under a conveyance or contract for
425 sale;

426 (iii) the unborn young of animals;

427 (iv) crops grown, growing, or to be grown, even if the crops are produced on trees,
428 vines, or bushes; and

429 (v) manufactured homes.

430 (c) "Goods" also includes a computer program embedded in goods and any supporting

431 information provided in connection with a transaction relating to the program if:

432 (i) the program is associated with the goods in such a manner that it customarily is
433 considered part of the goods; or

434 (ii) by becoming the owner of the goods, a person acquires a right to use the program
435 in connection with the goods.

436 (d) "Goods" does not include a computer program embedded in goods that consist
437 solely of the medium in which the program is embedded.

438 (e) "Goods" also does not include accounts, chattel paper, commercial tort claims,
439 deposit accounts, documents, general intangibles, instruments, investment property,
440 letter-of-credit rights, letters of credit, money, or oil, gas, or other minerals before extraction.

441 (45) (a) "Governmental unit" means a subdivision, agency, department, county, parish,
442 municipality, or other unit of the government of the United States, a state, or a foreign country.

443 (b) "Governmental unit" includes an organization having a separate corporate existence
444 if the organization is eligible to issue debt on which interest is exempt from income taxation
445 under the laws of the United States.

446 (46) "Health-care-insurance receivable" means an interest in or claim under a policy of
447 insurance which is a right to payment of a monetary obligation for health-care goods or
448 services provided.

449 (47) (a) "Instrument" means a negotiable instrument or any other writing that evidences
450 a right to the payment of a monetary obligation, is not itself a security agreement or lease, and
451 is of a type that in ordinary course of business is transferred by delivery with any necessary
452 indorsement or assignment.

453 (b) "Instrument" does not include:

454 (i) investment property;

455 (ii) letters of credit; or

456 (iii) writings that evidence a right to payment arising out of the use of a credit or charge
457 card or information contained on or for use with the card.

458 (48) "Inventory" means goods, other than farm products, which:

459 (a) are leased by a person as lessor;

460 (b) are held by a person for sale or lease or to be furnished under a contract of service;

461 (c) are furnished by a person under a contract of service; or

462 (d) consist of raw materials, work in process, or materials used or consumed in a
463 business.

464 (49) "Investment property" means a security, whether certificated or uncertificated,
465 security entitlement, securities account, commodity contract, or commodity account.

466 (50) "Jurisdiction of organization," with respect to a registered organization, means the
467 jurisdiction under whose law the organization is formed or organized.

468 (51) (a) "Letter-of-credit right" means a right to payment or performance under a letter
469 of credit, whether or not the beneficiary has demanded or is at the time entitled to demand
470 payment or performance.

471 (b) "Letter-of-credit right" does not include the right of a beneficiary to demand
472 payment or performance under a letter of credit.

473 (52) "Lien creditor" means:

474 (a) a creditor that has acquired a lien on the property involved by attachment, levy, or
475 the like;

476 (b) an assignee for benefit of creditors from the time of assignment;

477 (c) a trustee in bankruptcy from the date of the filing of the petition; or

478 (d) a receiver in equity from the time of appointment.

479 (53) (a) "Manufactured home" means a structure, transportable in one or more sections,
480 which, in the traveling mode, is eight body feet or more in width or 40 body feet or more in
481 length, or, when erected on site, is 320 or more square feet, and which is built on a permanent
482 chassis and designed to be used as a dwelling with or without a permanent foundation when
483 connected to the required utilities, and includes the plumbing, heating, air-conditioning, and
484 electrical systems contained therein.

485 (b) "Manufactured home" includes any structure that meets all of the requirements of
486 this Subsection (53) except the size requirements and with respect to which the manufacturer
487 voluntarily files a certification required by the United States Secretary of Housing and Urban
488 Development and complies with the standards established under Title 42 of the United States
489 Code.

490 (54) "Manufactured-home transaction" means a secured transaction:

491 (a) that creates a purchase-money security interest in a manufactured home, other than
492 a manufactured home held as inventory; or

493 (b) in which a manufactured home, other than a manufactured home held as inventory,
494 is the primary collateral.

495 (55) "Mortgage" means a consensual interest in real property, including fixtures, which
496 secures payment or performance of an obligation.

497 (56) "New debtor" means a person that becomes bound as debtor under Subsection
498 70A-9a-203(4) by a security agreement previously entered into by another person.

499 (57) (a) "New value" means:

500 (i) money;

501 (ii) money's worth in property, services, or new credit; or

502 (iii) release by a transferee of an interest in property previously transferred to the
503 transferee.

504 (b) "New value" does not include an obligation substituted for another obligation.

505 (58) "Noncash proceeds" means proceeds other than cash proceeds.

506 (59) (a) "Obligor" means a person that, with respect to an obligation secured by a
507 security interest in or an agricultural lien on the collateral:

508 (i) owes payment or other performance of the obligation;

509 (ii) has provided property other than the collateral to secure payment or other
510 performance of the obligation; or

511 (iii) is otherwise accountable in whole or in part for payment or other performance of
512 the obligation.

513 (b) "Obligor" does not include issuers or nominated persons under a letter of credit.

514 (60) "Original debtor," except as used in Subsection 70A-9a-310(3), means a person
515 that, as debtor, entered into a security agreement to which a new debtor has become bound
516 under Subsection 70A-9a-203(4).

517 (61) "Payment intangible" means a general intangible under which the account debtor's
518 principal obligation is a monetary obligation.

519 (62) "Person related to," with respect to an individual, means:

520 (a) the spouse of the individual;

521 (b) a brother, brother-in-law, sister, or sister-in-law of the individual;

522 (c) an ancestor or lineal descendant of the individual or the individual's spouse; or

523 (d) any other relative, by blood or marriage, of the individual or the individual's spouse

524 who shares the same home with the individual.

525 (63) "Person related to," with respect to an organization, means:

526 (a) a person directly or indirectly controlling, controlled by, or under common control
527 with the organization;

528 (b) an officer or director of, or a person performing similar functions with respect to,
529 the organization;

530 (c) an officer or director of, or a person performing similar functions with respect to, a
531 person described in Subsection (63)(a);

532 (d) the spouse of an individual described in Subsection (63)(a), (b), or (c); or

533 (e) an individual who is related by blood or marriage to an individual described in
534 Subsection (63)(a), (b), (c), or (d) and shares the same home with the individual.

535 (64) "Proceeds," except as used in Subsection 70A-9a-609(2), means the following
536 property:

537 (a) whatever is acquired upon the sale, lease, license, exchange, or other disposition of
538 collateral;

539 (b) whatever is collected on, or distributed on account of, collateral;

540 (c) rights arising out of collateral;

541 (d) to the extent of the value of collateral, claims arising out of the loss,
542 nonconformity, or interference with the use of, defects or infringement of rights in, or damage
543 to, the collateral; or

544 (e) to the extent of the value of collateral and to the extent payable to the debtor or the
545 secured party, insurance payable by reason of the loss or nonconformity of, defects or
546 infringement of rights in, or damage to, the collateral.

547 (65) "Promissory note" means an instrument that evidences a promise to pay a
548 monetary obligation, does not evidence an order to pay, and does not contain an
549 acknowledgment by a bank that the bank has received for deposit a sum of money or funds.

550 (66) "Proposal" means a record authenticated by a secured party which includes the
551 terms on which the secured party is willing to accept collateral in full or partial satisfaction of
552 the obligation it secures pursuant to Sections 70A-9a-620, 70A-9a-621, and 70A-9a-622.

553 (67) "Public-finance transaction" means a secured transaction in connection with
554 which:

555 (a) debt securities are issued;

556 (b) all or a portion of the securities issued have an initial stated maturity of at least 20
557 years; and

558 (c) the debtor, obligor, secured party, account debtor or other person obligated on
559 collateral, assignor or assignee of a secured obligation, or assignor or assignee of a security
560 interest is a state or a governmental unit of a state.

561 (68) "Public organic record" means a record that is available to the public for
562 inspection and is:

563 (a) a record consisting of the record initially filed with or issued by a state or the
564 United States to form or organize an organization and any record filed with or issued by the
565 state or the United States that amends or restates the initial record;

566 (b) an organic record of a business trust consisting of the record initially filed with a
567 state and any record filed with the state that amends or restates the initial record, if a statute of
568 the state governing business trusts requires that the record be filed with the state; or

569 (c) a record consisting of legislation enacted by the legislature of a state or the
570 Congress of the United States that forms or organizes an organization, any record amending the
571 legislation, and any record filed with or issued by the state or the United States that amends or
572 restates the name of the organization.

573 [(68)] (69) "Pursuant to commitment," with respect to an advance made or other value
574 given by a secured party, means pursuant to the secured party's obligation, whether or not a
575 subsequent event of default or other event not within the secured party's control has relieved or
576 may relieve the secured party from its obligation.

577 [(69)] (70) "Record," except as used in "for record," "of record," "record or legal title,"
578 and "record owner," means information that is inscribed on a tangible medium or which is
579 stored in an electronic or other medium and is retrievable in perceivable form.

580 [(70)] (71) (a) "Registered organization" means an organization formed or organized
581 solely under the law of a single state or the United States [and as to which the state or the
582 United States must maintain a public record showing the organization to have been organized:]
583 by the filing of a public organic record with, the issuance of a public organic record by, or the
584 enactment of legislation by the state or the United States.

585 (b) "Registered organization" includes a business trust that is formed or organized

586 under the law of a single state if a statute of the state governing business trusts requires that the
587 business trust's organic record be filed with the state.

588 [~~71~~] (72) "Secondary obligor" means an obligor to the extent that:

589 (a) the obligor's obligation is secondary; or

590 (b) the obligor has a right of recourse with respect to an obligation secured by collateral
591 against the debtor, another obligor, or property of either.

592 [~~72~~] (73) "Secured party" means:

593 (a) a person in whose favor a security interest is created or provided for under a
594 security agreement, whether or not any obligation to be secured is outstanding;

595 (b) a person that holds an agricultural lien;

596 (c) a consignor;

597 (d) a person to which accounts, chattel paper, payment intangibles, or promissory notes
598 have been sold;

599 (e) a trustee, indenture trustee, agent, collateral agent, or other representative in whose
600 favor a security interest or agricultural lien is created or provided for; or

601 (f) a person that holds a security interest arising under Section 70A-2-401, 70A-2-505,
602 70A-4-210, or 70A-5-118 or Subsection 70A-2-711(3) or 70A-2a-508(5).

603 [~~73~~] (74) "Security agreement" means an agreement that creates or provides for a
604 security interest.

605 [~~74~~] (75) "Send," in connection with a record or notification, means:

606 (a) to deposit in the mail, deliver for transmission, or transmit by any other usual
607 means of communication, with postage or cost of transmission provided for, addressed to any
608 address reasonable under the circumstances; or

609 (b) to cause the record or notification to be received within the time that it would have
610 been received if properly sent under Subsection [~~74~~] (75)(a).

611 [~~75~~] (76) (a) "Software" means a computer program and any supporting information
612 provided in connection with a transaction relating to the program.

613 (b) "Software" does not include a computer program that is included in the definition
614 of goods.

615 [~~76~~] (77) "State" means a state of the United States, the District of Columbia, Puerto
616 Rico, the United States Virgin Islands, or any territory or insular possession subject to the

617 jurisdiction of the United States.

618 ~~[(77)]~~ (78) "Supporting obligation" means a letter-of-credit right or secondary
619 obligation that supports the payment or performance of an account, chattel paper, a document,
620 a general intangible, an instrument, or investment property.

621 ~~[(78)]~~ (79) "Tangible chattel paper" means chattel paper evidenced by a record or
622 records consisting of information that is inscribed on a tangible medium.

623 ~~[(79)]~~ (80) "Termination statement" means an amendment of a financing statement
624 which:

625 (a) identifies, by its file number, the initial financing statement to which it relates; and
626 (b) indicates either that it is a termination statement or that the identified financing
627 statement is no longer effective.

628 ~~[(80)]~~ (81) "Transmitting utility" means a person primarily engaged in the business of:

629 (a) operating a railroad, subway, street railway, or trolley bus;
630 (b) transmitting communications electrically, electromagnetically, or by light;
631 (c) transmitting goods by pipeline or sewer; or
632 (d) transmitting or producing and transmitting electricity, steam, gas, or water.

633 Section 3. Section **70A-9a-105** is amended to read:

634 **70A-9a-105. Control of electronic chattel paper.**

635 (1) A secured party has control of electronic chattel paper if a system employed by
636 evidencing the transfer of interests in the chattel paper reliably establishes the secured party as
637 the person to whom the chattel paper was assigned.

638 (2) A system satisfies Subsection (1) if the record or records comprising the chattel
639 paper are created, stored, and assigned in such a manner that:

640 ~~[(1)]~~ (a) a single authoritative copy of the record or records exists which is unique,
641 identifiable and, except as otherwise provided in Subsections ~~[(4), (5), and (6)]~~ (2)(d), (e), and
642 (f), unalterable;

643 ~~[(2)]~~ (b) the authoritative copy identifies the secured party as the assignee of the record
644 or records;

645 ~~[(3)]~~ (c) the authoritative copy is communicated to and maintained by the secured party
646 or its designated custodian;

647 ~~[(4)]~~ (d) copies or ~~[revisions]~~ amendments that add or change an identified assignee of

648 the authoritative copy can be made only with the [~~participation~~] consent of the secured party;

649 [~~(5)~~] (e) each copy of the authoritative copy and any copy of a copy is readily

650 identifiable as a copy that is not the authoritative copy; and

651 [~~(6)~~] (f) any [~~revision~~] amendment of the authoritative copy is readily identifiable as

652 [~~an~~] authorized or unauthorized [~~revision~~].

653 Section 4. Section **70A-9a-307** is amended to read:

654 **70A-9a-307. Location of debtor.**

655 (1) In this section, "place of business" means a place where a debtor conducts its

656 affairs.

657 (2) Except as otherwise provided in this section, the following rules determine a

658 debtor's location:

659 (a) A debtor who is an individual is located at the individual's principal residence.

660 (b) A debtor that is an organization and has only one place of business is located at its

661 place of business.

662 (c) A debtor that is an organization and has more than one place of business is located

663 at its chief executive office.

664 (3) Subsection (2) applies only if a debtor's residence, place of business, or chief

665 executive office, as applicable, is located in a jurisdiction whose law generally requires

666 information concerning the existence of a nonpossessory security interest to be made generally

667 available in a filing, recording, or registration system as a condition or result of the security

668 interest's obtaining priority over the rights of a lien creditor with respect to the collateral. If

669 Subsection (2) does not apply, the debtor is located in the District of Columbia.

670 (4) A person that ceases to exist, have a residence, or have a place of business

671 continues to be located in the jurisdiction specified by Subsections (2) and (3).

672 (5) A registered organization that is organized under the law of a state is located in that

673 state.

674 (6) Except as otherwise provided in Subsection (9), a registered organization that is

675 organized under the law of the United States and a branch or agency of a bank that is not

676 organized under the law of the United States or a state are located:

677 (a) in the state that the law of the United States designates, if the law designates a state

678 of location;

679 (b) in the state that the registered organization, branch, or agency designates, if the law
680 of the United States authorizes the registered organization, branch, or agency to designate its
681 state of location, including by designating its main office, home office, or other comparable
682 office; or

683 (c) in the District of Columbia, if neither Subsection (6)(a) nor Subsection (6)(b)
684 applies.

685 (7) A registered organization continues to be located in the jurisdiction specified by
686 Subsection (5) or (6) notwithstanding:

687 (a) the suspension, revocation, forfeiture, or lapse of the registered organization's status
688 as such in its jurisdiction of organization; or

689 (b) the dissolution, winding up, or cancellation of the existence of the registered
690 organization.

691 (8) The United States is located in the District of Columbia.

692 (9) A branch or agency of a bank that is not organized under the law of the United
693 States or a state is located in the state in which the branch or agency is licensed, if all branches
694 and agencies of the bank are licensed in only one state.

695 (10) A foreign air carrier under the Federal Aviation Act of 1958, as amended, is
696 located at the designated office of the agent upon which service of process may be made on
697 behalf of the carrier.

698 (11) This section applies only for purposes of this part.

699 Section 5. Section **70A-9a-311** is amended to read:

700 **70A-9a-311. Perfection of security interests in property subject to certain**
701 **statutes, regulations, and treaties.**

702 (1) Except as otherwise provided in Subsection (4), the filing of a financing statement
703 is not necessary or effective to perfect a security interest in property subject to:

704 (a) a statute, regulation, or treaty of the United States whose requirements for a security
705 interest's obtaining priority over the rights of a lien creditor with respect to the property
706 preempt Subsection 70A-9a-310(1);

707 (b) Section 41-1a-601; or

708 (c) a [~~certificate of title~~] statute of another jurisdiction which provides for a security
709 interest to be indicated on [~~the~~] a certificate of title as a condition or result of the security

710 interest's obtaining priority over the rights of a lien creditor with respect to the property.

711 (2) Compliance with the requirements of a statute, regulation, or treaty described in
712 Subsection (1) for obtaining priority over the rights of a lien creditor is equivalent to the filing
713 of a financing statement under this chapter. Except as otherwise provided in Subsection (4),
714 Section 70A-9a-313, and Subsections 70A-9a-316(4) and (5) for goods covered by a certificate
715 of title, a security interest in property subject to a statute, regulation, or treaty described in
716 Subsection (1) may be perfected only by compliance with those requirements, and a security
717 interest so perfected remains perfected notwithstanding a change in the use or transfer of
718 possession of the collateral.

719 (3) Except as otherwise provided in Subsection (4) and Subsections 70A-9a-316(4) and
720 (5), duration and renewal of perfection of a security interest perfected by compliance with the
721 requirements prescribed by a statute, regulation, or treaty described in Subsection (1) are
722 governed by the statute, regulation, or treaty. In other respects, the security interest is subject
723 to this chapter.

724 (4) During any period in which collateral subject to a statute specified in Subsection
725 (1)(b) is inventory held for sale or lease by a person or leased by that person as lessor and that
726 person is in the business of selling goods of that kind, this section does not apply to a security
727 interest in that collateral created by that person.

728 Section 6. Section **70A-9a-316** is amended to read:

729 **70A-9a-316. Effect of change in governing law.**

730 (1) A security interest perfected pursuant to the law of the jurisdiction designated in
731 Subsection 70A-9a-301(1) or 70A-9a-305(3) remains perfected until the earliest of:

- 732 (a) the time perfection would have ceased under the law of that jurisdiction;
733 (b) the expiration of four months after a change of the debtor's location to another
734 jurisdiction; or
735 (c) the expiration of one year after a transfer of collateral to a person that thereby
736 becomes a debtor and is located in another jurisdiction.

737 (2) If a security interest described in Subsection (1) becomes perfected under the law of
738 the other jurisdiction before the earliest time or event described in that subsection, it remains
739 perfected thereafter. If the security interest does not become perfected under the law of the
740 other jurisdiction before the earliest time or event, it becomes unperfected and is deemed never

741 to have been perfected as against a purchaser of the collateral for value.

742 (3) A possessory security interest in collateral, other than goods covered by a certificate
743 of title and as-extracted collateral consisting of goods, remains continuously perfected if:

744 (a) the collateral is located in one jurisdiction and subject to a security interest

745 perfected under the law of that jurisdiction;

746 (b) thereafter the collateral is brought into another jurisdiction; and

747 (c) upon entry into the other jurisdiction, the security interest is perfected under the law
748 of the other jurisdiction.

749 (4) Except as otherwise provided in Subsection (5), a security interest in goods covered
750 by a certificate of title which is perfected by any method under the law of another jurisdiction
751 when the goods become covered by a certificate of title from this state remains perfected until
752 the security interest would have become unperfected under the law of the other jurisdiction had
753 the goods not become so covered.

754 (5) A security interest described in Subsection (4) becomes unperfected as against a
755 purchaser of the goods for value and is deemed never to have been perfected as against a
756 purchaser of the goods for value if the applicable requirements for perfection under Subsection
757 70A-9a-311(2) or Section 70A-9a-313 are not satisfied before the earlier of:

758 (a) the time the security interest would have become unperfected under the law of the
759 other jurisdiction had the goods not become covered by a certificate of title from this state; or

760 (b) the expiration of four months after the goods had become so covered.

761 (6) A security interest in deposit accounts, letter-of-credit rights, or investment
762 property which is perfected under the law of the bank's jurisdiction, the issuer's jurisdiction, a
763 nominated person's jurisdiction, the securities intermediary's jurisdiction, or the commodity
764 intermediary's jurisdiction, as applicable, remains perfected until the earlier of:

765 (a) the time the security interest would have become unperfected under the law of that
766 jurisdiction; or

767 (b) the expiration of four months after a change of the applicable jurisdiction to another
768 jurisdiction.

769 (7) If a security interest described in Subsection (6) becomes perfected under the law of
770 the other jurisdiction before the earlier of the time or the end of the period described in that
771 subsection, it remains perfected thereafter. If the security interest does not become perfected

772 under the law of the other jurisdiction before the earlier of that time or the end of that period, it
773 becomes unperfected and is deemed never to have been perfected as against a purchaser of the
774 collateral for value.

775 (8) The following rules apply to collateral to which a security interest attaches within
776 four months after the debtor changes its location to another jurisdiction:

777 (a) A financing statement filed before the change pursuant to the law of the jurisdiction
778 designated in Subsection 70A-9a-301(1) or 70A-9a-305(3) is effective to perfect a security
779 interest in the collateral if the financing statement would have been effective to perfect a
780 security interest in the collateral had the debtor not changed its location.

781 (b) If a security interest perfected by a financing statement that is effective under
782 Subsection (8)(a) becomes perfected under the law of the other jurisdiction before the earlier of
783 the time the financing statement would have been ineffective under the law of the jurisdiction
784 designated in Subsection 70A-9a-301(1) or 70A-9a-305(3) or the expiration of the four-month
785 period, it remains perfected thereafter. If the security interest does not become perfected under
786 the law of the other jurisdiction before the earlier time or event, it becomes unperfected and is
787 deemed never to have been perfected as against a purchaser of the collateral for value.

788 (9) If a financing statement naming an original debtor is filed pursuant to the law of the
789 jurisdiction designated in Subsection 70A-9a-301(1) or 70A-9a-305(3) and the new debtor is
790 located in another jurisdiction, the following rules apply:

791 (a) The financing statement is effective to perfect a security interest in collateral
792 acquired by the new debtor before, and within four months after, the new debtor becomes
793 bound under Subsection 70A-9a-203(4), if the financing statement would have been effective
794 to perfect a security interest in the collateral had the collateral been acquired by the original
795 debtor.

796 (b) A security interest perfected by the financing statement and that becomes perfected
797 under the law of the other jurisdiction before the earlier of the time the financing statement
798 would have been ineffective under the law of the jurisdiction designated in Subsection
799 70A-9a-301(1) or 70A-9a-305(3) or the expiration of the four-month period remains perfected
800 thereafter. A security interest that is perfected by the financing statement but that does not
801 become perfected under the law of the other jurisdiction before the earlier time or event
802 becomes unperfected and is deemed never to have been perfected as against a purchaser of the

803 collateral for value.

804 Section 7. Section **70A-9a-317** is amended to read:

805 **70A-9a-317. Interests that take priority over or take free of security interest or**
806 **agricultural lien.**

807 (1) A security interest or agricultural lien is subordinate to the rights of:

808 (a) a person entitled to priority under Section 70A-9a-322; and

809 (b) except as otherwise provided in Subsection (5), a person that becomes a lien
810 creditor before the earlier of the time:

811 (i) the security interest or agricultural lien is perfected; or

812 (ii) one of the conditions specified in Subsection 70A-9a-203(2)(c) is met and a
813 financing statement covering the collateral is filed.

814 (2) Except as otherwise provided in Subsection (5), a buyer, other than a secured party,
815 of tangible chattel paper, tangible documents, goods, instruments, or a ~~[security certificate]~~
816 certificated security takes free of a security interest or agricultural lien if the buyer gives value
817 and receives delivery of the collateral without knowledge of the security interest or agricultural
818 lien and before it is perfected.

819 (3) Except as otherwise provided in Subsection (5), a lessee of goods takes free of a
820 security interest or agricultural lien if the lessee gives value and receives delivery of the
821 collateral without knowledge of the security interest or agricultural lien and before it is
822 perfected.

823 (4) A licensee of a general intangible or a buyer, other than a secured party, of
824 ~~[accounts, electronic chattel paper, electronic documents, general intangibles, or investment~~
825 ~~property other than]~~ collateral other than tangible chattel paper, tangible documents, goods,
826 instruments, or a certificated security takes free of a security interest if the licensee or buyer
827 gives value without knowledge of the security interest and before it is perfected.

828 (5) Except as otherwise provided in Sections 70A-9a-320 and 70A-9a-321, if a person
829 files a financing statement with respect to a purchase-money security interest before or within
830 20 days after the debtor receives delivery of the collateral, the security interest takes priority
831 over the rights of a buyer, lessee, or lien creditor which arise between the time the security
832 interest attaches and the time of filing.

833 Section 8. Section **70A-9a-326** is amended to read:

834 **70A-9a-326. Priority of security interests created by new debtor.**

835 (1) Subject to Subsection (2), a security interest that is created by a new debtor [which
836 is perfected] in collateral in which the new debtor has or acquires rights and is perfected solely
837 by a filed financing statement that [is effective solely under Section 70A-9a-508 in collateral in
838 which a new debtor has or acquires rights] would be ineffective to perfect the security interest
839 but for the application of Subsection 70A-9a-316(9)(a) or Section 70A-9a-508 is subordinate to
840 a security interest in the same collateral which is perfected other than by such a filed financing
841 statement [~~that is effective solely under Section 70A-9a-508~~].

842 (2) The other provisions of this part determine the priority among conflicting security
843 interests in the same collateral perfected by filed financing statements [~~that are effective solely~~
844 ~~under Section 70A-9a-508~~] described in Subsection (1). However, if the security agreements
845 to which a new debtor became bound as debtor were not entered into by the same original
846 debtor, the conflicting security interests rank according to priority in time of the new debtor's
847 having become bound.

848 Section 9. Section **70A-9a-406** is amended to read:

849 **70A-9a-406. Discharge of account debtor -- Notification of assignment --**
850 **Identification and proof of assignment -- Restrictions on assignment of accounts, chattel**
851 **paper, payment intangibles, and promissory notes ineffective.**

852 (1) Subject to Subsections (2) through (9), an account debtor on an account, chattel
853 paper, or a payment intangible may discharge its obligation by paying the assignor until, but not
854 after, the account debtor receives a notification, authenticated by the assignor or the assignee,
855 that the amount due or to become due has been assigned and that payment is to be made to the
856 assignee. After receipt of the notification, the account debtor may discharge its obligation by
857 paying the assignee and may not discharge the obligation by paying the assignor.

858 (2) Subject to Subsection (8), notification is ineffective under Subsection (1):

859 (a) if it does not reasonably identify the rights assigned;

860 (b) to the extent that an agreement between an account debtor and a seller of a payment
861 intangible limits the account debtor's duty to pay a person other than the seller and the
862 limitation is effective under law other than this chapter; or

863 (c) at the option of an account debtor, if the notification notifies the account debtor to
864 make less than the full amount of any installment or other periodic payment to the assignee,

865 even if:

866 (i) only a portion of the account, chattel paper, or payment intangible has been assigned
867 to that assignee;

868 (ii) a portion has been assigned to another assignee; or

869 (iii) the account debtor knows that the assignment to that assignee is limited.

870 (3) Subject to Subsection (8), if requested by the account debtor, an assignee shall
871 seasonably furnish reasonable proof that the assignment has been made. Unless the assignee
872 complies, the account debtor may discharge its obligation by paying the assignor, even if the
873 account debtor has received a notification under Subsection (1).

874 (4) Except as otherwise provided in Subsection (5) and Sections 70A-2a-303 and
875 70A-9a-407, and subject to Subsection (8), a term in an agreement between an account debtor
876 and an assignor or in a promissory note is ineffective to the extent that it:

877 (a) prohibits, restricts, or requires the consent of the account debtor or person obligated
878 on the promissory note to the assignment or transfer of, or the creation, attachment, perfection,
879 or enforcement of a security interest in, the account, chattel paper, payment intangible, or
880 promissory note; or

881 (b) provides that the assignment or transfer or the creation, attachment, perfection, or
882 enforcement of the security interest may give rise to a default, breach, right of recoupment,
883 claim, defense, termination, right of termination, or remedy under the account, chattel paper,
884 payment intangible, or promissory note.

885 (5) Subsection (4) does not apply to the sale of a payment intangible or promissory
886 note, other than a sale pursuant to a disposition under Section 70A-9a-610 or an acceptance of
887 collateral under Section 70A-9a-620.

888 (6) Except as otherwise provided in Sections 70A-2a-303 and 70A-9a-407 and subject
889 to Subsections (8) and (9), a rule of law, statute, or regulation that prohibits, restricts, or
890 requires the consent of a government, governmental body or official, or account debtor to the
891 assignment or transfer of, or creation of a security interest in, an account or chattel paper is
892 ineffective to the extent that the rule of law, statute, or regulation:

893 (a) prohibits, restricts, or requires the consent of the government, governmental body or
894 official, or account debtor to the assignment or transfer of, or the creation, attachment,
895 perfection, or enforcement of a security interest in the account or chattel paper; or

896 (b) provides that the assignment or transfer or the creation, attachment, perfection, or
897 enforcement of the security interest may give rise to a default, breach, right of recoupment,
898 claim, defense, termination, right of termination, or remedy under the account or chattel paper.

899 (7) Subject to Subsection (8), an account debtor may not waive or vary its option under
900 Subsection (2)(c).

901 (8) This section is subject to law other than this chapter which establishes a different
902 rule for an account debtor who is an individual and who incurred the obligation primarily for
903 personal, family, or household purposes.

904 (9) This section does not apply to an assignment of a health-care-insurance receivable.
905 Section 10. Section **70A-9a-408** is amended to read:

906 **70A-9a-408. Restrictions on assignment of promissory notes,**
907 **health-care-insurance receivables, and certain general intangibles ineffective.**

908 (1) Except as otherwise provided in Subsection (2), a term in a promissory note or in
909 an agreement between an account debtor and a debtor which relates to a health-care-insurance
910 receivable or a general intangible, including a contract, permit, license, or franchise, and which
911 term prohibits, restricts, or requires the consent of the person obligated on the promissory note
912 or the account debtor to, the assignment or transfer of, or creation, attachment, or perfection of
913 a security interest in, the promissory note, health-care-insurance receivable, or general
914 intangible, is ineffective to the extent that the term:

915 (a) would impair the creation, attachment, or perfection of a security interest; or

916 (b) provides that the assignment or transfer or the creation, attachment, or perfection of
917 the security interest may give rise to a default, breach, right of recoupment, claim, defense,
918 termination, right of termination, or remedy under the promissory note, health-care-insurance
919 receivable, or general intangible.

920 (2) Subsection (1) applies to a security interest in a payment intangible or promissory
921 note only if the security interest arises out of a sale of the payment intangible or promissory
922 note, other than a sale pursuant to a disposition under Section 70A-9a-610 or an acceptance of
923 collateral under Section 70A-9a-620.

924 (3) A rule of law, statute, or regulation that prohibits, restricts, or requires the consent
925 of a government, governmental body or official, person obligated on a promissory note, or
926 account debtor to the assignment or transfer of, or creation of a security interest in, a

927 promissory note, health-care-insurance receivable, or general intangible, including a contract,
928 permit, license, or franchise between an account debtor and a debtor, is ineffective to the extent
929 that the rule of law, statute, or regulation:

930 (a) would impair the creation, attachment, or perfection of a security interest; or

931 (b) provides that the assignment or transfer or the creation, attachment, or perfection of
932 the security interest may give rise to a default, breach, right of recoupment, claim, defense,
933 termination, right of termination, or remedy under the promissory note, health-care-insurance
934 receivable, or general intangible.

935 (4) To the extent that a term in a promissory note or in an agreement between an
936 account debtor and a debtor which relates to a health-care-insurance receivable or general
937 intangible or a rule of law, statute, or regulation described in Subsection (3) would be effective
938 under law other than this chapter but is ineffective under Subsection (1) or (3), the creation,
939 attachment, or perfection of a security interest in the promissory note, health-care-insurance
940 receivable, or general intangible:

941 (a) is not enforceable against the person obligated on the promissory note or the
942 account debtor;

943 (b) does not impose a duty or obligation on the person obligated on the promissory
944 note or the account debtor;

945 (c) does not require the person obligated on the promissory note or the account debtor
946 to recognize the security interest, pay or render performance to the secured party, or accept
947 payment or performance from the secured party;

948 (d) does not entitle the secured party to use or assign the debtor's rights under the
949 promissory note, health-care-insurance receivable, or general intangible, including any related
950 information or materials furnished to the debtor in the transaction giving rise to the promissory
951 note, health-care-insurance receivable, or general intangible;

952 (e) does not entitle the secured party to use, assign, possess, or have access to any trade
953 secrets or confidential information of the person obligated on the promissory note or the
954 account debtor; and

955 (f) does not entitle the secured party to enforce the security interest in the promissory
956 note, health-care-insurance receivable, or general intangible.

957 Section 11. Section **70A-9a-503** is amended to read:

958 **70A-9a-503. Name of debtor and secured party.**

959 (1) A financing statement sufficiently provides the name of the debtor:

960 (a) except as otherwise provided in Subsection (1)(c), if the debtor is a registered
961 organization or the collateral is held in a trust that is a registered organization, only if the
962 financing statement provides the name ~~[of the debtor indicated on the public record of the~~
963 ~~debtor's]~~ that is stated to be the registered organization's name on the public organic record
964 most recently filed with or issued or enacted by the registered organization's jurisdiction of
965 organization [which shows the debtor to have been organized] that purports to state, amend, or
966 restate the registered organization's name;967 (b) ~~[if the debtor is a decedent's estate]~~ subject to Subsection (6), if the collateral is
968 being administered by the personal representative of a decedent, only if the financing statement
969 provides, as the name of the debtor, the name of the decedent and, in a separate part of the
970 financing statement, indicates that the ~~[debtor is an estate]~~ collateral is being administered by a
971 personal representative;972 ~~[(c) if the debtor is a trust or a trustee acting with respect to property held in trust, only~~
973 ~~if the financing statement:]~~974 ~~[(i) provides the name specified for the trust in its organic documents or, if no name is~~
975 ~~specified, provides the name of the settlor and additional information sufficient to distinguish~~
976 ~~the debtor from other trusts having one or more of the same settlors; and]~~977 ~~[(ii) indicates, in the debtor's name or otherwise, that the debtor is a trust or is a trustee~~
978 ~~acting with respect to property held in trust; and]~~979 (c) if the collateral is held in a trust that is not a registered organization, only if the
980 financing statement:981 (i) provides, as the name of the debtor:982 (A) if the organic record of the trust specifies a name for the trust, the name specified;983 or984 (B) if the organic record of the trust does not specify a name for the trust, the name of
985 the settlor or testator; and986 (ii) in a separate part of the financing statement:987 (A) if the name provided in accordance with Subsection (1)(c)(i)(A), indicates the
988 collateral is held in a trust; or

989 (B) if the name is provided in accordance with Subsection (1)(c)(i)(B), provides
990 additional information sufficient to distinguish the trust from other trusts having one or more of
991 the same settlors or the same testator and indicates that the collateral is held in a trust, unless
992 the additional information so indicates:

993 (d) if the debtor is an individual, only if the financing statement:

994 (i) provides the individual name of the debtor;

995 (ii) provides the surname and first personal name of the debtor; or

996 (iii) subject to Subsection (7), provides the name of the individual who is indicated on
997 a driver license or identification card that this state has issued to the individual and that has not
998 expired; and

999 ~~(d)~~ (e) in other cases:

1000 (i) if the debtor has a name, only if ~~[it]~~ the financing statement provides the ~~[individual~~
1001 ~~or]~~ organizational name of the debtor; and

1002 (ii) if the debtor does not have a name, only if ~~[it]~~ the financing statement provides the
1003 names of the partners, members, associates, or other persons comprising the debtor, in a
1004 manner that each name provided would be sufficient if the person named were the debtor.

1005 (2) A financing statement that provides the name of the debtor in accordance with
1006 Subsection (1) is not rendered ineffective by the absence of:

1007 (a) a trade name or other name of the debtor; or

1008 (b) unless required under Subsection (1)~~(d)~~(e)(ii), names of partners, members,
1009 associates, or other persons comprising the debtor.

1010 (3) A financing statement that provides only the debtor's trade name does not
1011 sufficiently provide the name of the debtor.

1012 (4) Failure to indicate the representative capacity of a secured party or representative of
1013 a secured party does not affect the sufficiency of a financing statement.

1014 (5) A financing statement may provide the name of more than one debtor and the name
1015 of more than one secured party.

1016 (6) The name of the decedent indicated on the order appointing the personal
1017 representative of the decedent issued by the court having jurisdiction over the collateral is
1018 sufficient as the "name of the decedent" under Subsection (1)(b).

1019 (7) If this state has issued to an individual more than one driver license or identification

1020 card of a kind described in Subsection (1)(d)(iii), the one that was issued most recently is the
1021 one to which Subsection (1)(d)(iii) refers.

1022 (8) In this section, the "name of the settlor or testator" means:

1023 (a) if the settlor is a registered organization, the name that is stated to be the settlor's
1024 name on the public organic record most recently filed with or issued or enacted by the settlor's
1025 jurisdiction of organization that purports to state, amend, or restate the settlor's name; or

1026 (b) in the other cases, the name of the settlor or testator indicated in the trust's organic
1027 record.

1028 Section 12. Section **70A-9a-507** is amended to read:

1029 **70A-9a-507. Effect of certain events on effectiveness of financing statement.**

1030 (1) A filed financing statement remains effective with respect to collateral that is sold,
1031 exchanged, leased, licensed, or otherwise disposed of and in which a security interest or
1032 agricultural lien continues, even if the secured party knows of or consents to the disposition.

1033 (2) Except as otherwise provided in Subsection (3) and Section 70A-9a-508, a
1034 financing statement is not rendered ineffective if, after the financing statement is filed, the
1035 information provided in the financing statement becomes seriously misleading under Section
1036 70A-9a-506.

1037 (3) If [~~a debtor so changes its~~] the name that a filed financing statement [~~becomes~~]
1038 provides for a debtor becomes insufficient as the name of the debtor under Subsection
1039 70A-9a-503(1) so that the financing statement becomes seriously misleading under Section
1040 70A-9a-506:

1041 (a) the financing statement is effective to perfect a security interest in collateral
1042 acquired by the debtor before, or within four months after, the [~~change~~] filed financing
1043 statement becomes seriously misleading; and

1044 (b) the financing statement is not effective to perfect a security interest in collateral
1045 acquired by the debtor more than four months after the [~~change~~] filed financing statement
1046 becomes seriously misleading, unless an amendment to the financing statement which renders
1047 the financing statement not seriously misleading is filed within four months after the [~~change~~]
1048 financing statement became seriously misleading.

1049 Section 13. Section **70A-9a-515** is amended to read:

1050 **70A-9a-515. Duration and effectiveness of financing statement -- Effect of lapsed**

1051 **financing statement.**

1052 (1) Except as otherwise provided in Subsections (2), (5), (6), and (7), a filed financing
1053 statement is effective for a period of five years after the date of filing.

1054 (2) Except as otherwise provided in Subsections (5), (6), and (7), an initial financing
1055 statement filed in connection with a public-finance transaction or manufactured-home
1056 transaction is effective for a period of 30 years after the date of filing if it indicates that it is
1057 filed in connection with a public-finance transaction or manufactured-home transaction.

1058 (3) The effectiveness of a filed financing statement lapses on the expiration of the
1059 period of its effectiveness unless before the lapse a continuation statement is filed pursuant to
1060 Subsection (4). Upon lapse, a financing statement ceases to be effective and any security
1061 interest or agricultural lien that was perfected by the financing statement becomes unperfected,
1062 unless the security interest is perfected otherwise. If the security interest or agricultural lien
1063 becomes unperfected upon lapse, it is deemed never to have been perfected as against a
1064 purchaser of the collateral for value.

1065 (4) A continuation statement may be filed only within six months before the expiration
1066 of the five-year period specified in Subsection (1) or the 30-year period specified in Subsection
1067 (2), whichever is applicable.

1068 (5) Except as otherwise provided in Section 70A-9a-510, upon timely filing of a
1069 continuation statement, the effectiveness of the initial financing statement continues for a
1070 period of five years commencing on the day on which the financing statement would have
1071 become ineffective in the absence of the filing. Upon the expiration of the five-year period, the
1072 financing statement lapses in the same manner as provided in Subsection (3), unless, before the
1073 lapse, another continuation statement is filed pursuant to Subsection (4). Succeeding
1074 continuation statements may be filed in the same manner to continue the effectiveness of the
1075 initial financing statement.

1076 (6) If a debtor is a transmitting utility and a filed initial financing statement so
1077 indicates, the financing statement is effective until a termination statement is filed.

1078 (7) A record of a mortgage that is effective as a financing statement filed as a fixture
1079 filing under Subsection 70A-9a-502(3) remains effective as a financing statement filed as a
1080 fixture filing until the mortgage is released or satisfied of record or its effectiveness otherwise
1081 terminates as to the real property.

1082 Section 14. Section **70A-9a-516** is amended to read:

1083 **70A-9a-516. What constitutes filing -- Effectiveness of filing.**

1084 (1) Except as otherwise provided in Subsection (2) or (4), communication of a record
1085 to a filing office and tender of the filing fee or acceptance of the record by the filing office
1086 constitutes filing.

1087 (2) Filing does not occur with respect to a record that a filing office refuses to accept
1088 because:

1089 (a) the record is not communicated by a method or medium of communication
1090 authorized by the filing office;

1091 (b) an amount equal to or greater than the applicable filing fee is not tendered;

1092 (c) the filing office is unable to index the record because:

1093 (i) in the case of an initial financing statement, the record does not provide a name for
1094 the debtor;

1095 (ii) in the case of an amendment or [~~correction~~] information statement, the record:

1096 (A) does not identify the initial financing statement as required by Section 70A-9a-512
1097 or 70A-9a-518, as applicable; or

1098 (B) identifies an initial financing statement whose effectiveness has lapsed under
1099 Section 70A-9a-515;

1100 (iii) in the case of an initial financing statement that provides the name of a debtor
1101 identified as an individual or an amendment that provides a name of a debtor identified as an
1102 individual which was not previously provided in the financing statement to which the record
1103 relates, the record does not identify the debtor's [~~last name~~] surname; or

1104 (iv) in the case of a record filed or recorded in the filing office described in Subsection
1105 70A-9a-501(1)(a), the record does not provide a sufficient description of the real property to
1106 which it relates;

1107 (d) in the case of an initial financing statement or an amendment that adds a secured
1108 party of record, the record does not provide a name and mailing address for the secured party of
1109 record;

1110 (e) in the case of an initial financing statement or an amendment that provides a name
1111 of a debtor which was not previously provided in the financing statement to which the
1112 amendment relates, the record does not:

- 1113 (i) provide a mailing address for the debtor; or
- 1114 (ii) indicate whether the name provided as the name of the debtor is the name of an
- 1115 individual or an organization; [or]
- 1116 [(iii) if the financing statement indicates that the debtor is an organization, provide:]
- 1117 [(A) a type of organization for the debtor;]
- 1118 [(B) a jurisdiction of organization for the debtor; or]
- 1119 [(C) an organizational identification number for the debtor or indicate that the debtor
- 1120 has none;]
- 1121 (f) in the case of an assignment reflected in an initial financing statement under
- 1122 Subsection 70A-9a-514(1) or an amendment filed under Subsection 70A-9a-514(2), the record
- 1123 does not provide a name and mailing address for the assignee; or
- 1124 (g) in the case of a continuation statement, the record is not filed within the six-month
- 1125 period prescribed by Subsection 70A-9a-515(4).
- 1126 (3) For purposes of Subsection (2):
- 1127 (a) a record does not provide information if the filing office is unable to read or
- 1128 decipher the information; and
- 1129 (b) a record that does not indicate that it is an amendment or identify an initial
- 1130 financing statement to which it relates, as required by Section 70A-9a-512, 70A-9a-514, or
- 1131 70A-9a-518, is an initial financing statement.
- 1132 (4) A filing office may refuse to accept a record for filing, and if it does so, filing does
- 1133 not occur with respect to the record, because:
- 1134 (a) the debtor is an individual and the debtor's name contains unusually placed and
- 1135 apparently unnecessary punctuation, symbols, or other nonalphabetic characters;
- 1136 (b) the record, in the collateral description or elsewhere, including an attachment,
- 1137 discloses personally identifying information such as a Social Security number, driver license
- 1138 number, bank account number, credit or debit card account number, date of birth, or place of
- 1139 birth; or
- 1140 (c) the debtor is an individual and the record indicates that the debtor is a transmitting
- 1141 utility.
- 1142 ~~[(4)]~~ (5) A record that is communicated to the filing office with tender of the filing fee,
- 1143 but which the filing office refuses to accept for a reason other than one set forth in Subsection

1144 (2) or (4), is effective as a filed record except as against a purchaser of the collateral which
1145 gives value in reasonable reliance upon the absence of the record from the files.

1146 Section 15. Section **70A-9a-518** is amended to read:

1147 **70A-9a-518. Claim concerning inaccurate or wrongfully filed record.**

1148 (1) A person may file in the filing office [~~a correction~~] an information statement with
1149 respect to a record indexed there under the person's name if the person believes that the record
1150 is inaccurate or was wrongfully filed.

1151 (2) [~~A correction~~] An information statement under Subsection (1) must:

1152 (a) identify the record to which it relates by[~~:(i)~~] the file number assigned to the initial
1153 financing statement to which the record relates; [~~and~~]

1154 [~~(ii) if the correction statement relates to a record filed or recorded in a filing office~~
1155 ~~described in Subsection 70A-9a-501(1)(a):]~~

1156 [~~(A) (i) the entry number of the initial financing statement; or]~~

1157 [~~(ii) the book and page where that the initial financing statement was filed or recorded;~~
1158 ~~and]~~

1159 [~~(B) the information specified in Subsection 70A-9a-502(2);]~~

1160 [~~(b) indicate that it is a correction statement; and]~~

1161 (b) indicate that it is an information statement; and

1162 (c) provide the basis for the person's belief that the record is inaccurate and indicate the
1163 manner in which the person believes the record should be amended to cure any inaccuracy or
1164 provide the basis for the person's belief that the record was wrongfully filed.

1165 (3) A person may file in the filing office an information statement with respect to a
1166 record filed there if the person is a secured party of record with respect to the financing
1167 statement to which the record relates and believes that the person that filed the record was not
1168 entitled to do so under Subsection 70A-9a-509(4).

1169 (4) An information statement under Subsection (3) must:

1170 (a) identify the record to which it relates by the file number assigned to the initial
1171 financing statement to which the record relates;

1172 (b) indicate that it is an information statement; and

1173 (c) provide the basis for the person's belief that the person that filed the record was not
1174 entitled to do so under Subsection 70A-9a-509(4).

1175 [~~(3)~~] (5) The filing of [~~a correction~~] an information statement does not affect the
1176 effectiveness of an initial financing statement or other filed record.

1177 Section 16. Section **70A-9a-520** is amended to read:

1178 **70A-9a-520. Acceptance and refusal to accept record.**

1179 (1) A filing office shall refuse to accept a record for filing for a reason set forth in
1180 Subsection 70A-9a-516(2) or (4) and may refuse to accept a record for filing only for a reason
1181 set forth in Subsection 70A-9a-516(2).

1182 (2) If a filing office refuses to accept a record for filing, it shall communicate to the
1183 person that presented the record the fact of and reason for the refusal and the date and time the
1184 record would have been filed had the filing office accepted it. The communication must be
1185 made at the time and in the manner prescribed by filing-office rule but, in the case of a filing
1186 office described in Subsection 70A-9a-501(1)(b), in no event more than two business days after
1187 the filing office receives the record.

1188 (3) A filed financing statement satisfying Subsections 70A-9a-502(1) and (2) is
1189 effective, even if the filing office is required to refuse to accept it for filing under Subsection
1190 (1). However, Section 70A-9a-338 applies to a filed financing statement providing information
1191 described in Subsection 70A-9a-516(2)(e) which is incorrect at the time the financing
1192 statement is filed.

1193 (4) If a record communicated to a filing office provides information that relates to more
1194 than one debtor, this part applies as to each debtor separately.

1195 (5) This section does not apply to a filing office described in Subsection
1196 70A-9a-501(1)(a).

1197 Section 17. Section **70A-9a-521** is amended to read:

1198 **70A-9a-521. Uniform form of written financing statement and amendment.**

1199 (1) A filing office that accepts written records may not refuse to accept a written initial
1200 financing statement in the form and format set forth in the final official text of the [~~1999~~] 2010
1201 revisions to Article 9 of the Uniform Commercial Code promulgated by The American Law
1202 Institute and the National Conference of Commissioners on Uniform State Laws, except for a
1203 reason set forth in Subsection 70A-9a-516(2) or (4).

1204 (2) A filing office that accepts written records may not refuse to accept a written record
1205 in the form and format set forth in the final official text of the [~~1999~~] 2010 revisions to Article

1206 9 of the Uniform Commercial Code promulgated by The American Law Institute and the
1207 National Conference of Commissioners on Uniform State Laws, except for a reason set forth in
1208 Subsection 70A-9a-516(2) or (4).

1209 Section 18. Section **70A-9a-607** is amended to read:

1210 **70A-9a-607. Collection and enforcement by secured party.**

1211 (1) If so agreed, and in any event after default, a secured party:

1212 (a) may notify an account debtor or other person obligated on collateral to make
1213 payment or otherwise render performance to or for the benefit of the secured party;

1214 (b) may take any proceeds to which the secured party is entitled under Section
1215 70A-9a-315;

1216 (c) may enforce the obligations of an account debtor or other person obligated on
1217 collateral and exercise the rights of the debtor with respect to the obligation of the account
1218 debtor or other person obligated on collateral to make payment or otherwise render
1219 performance to the debtor, and with respect to any property that secures the obligations of the
1220 account debtor or other person obligated on the collateral;

1221 (d) if it holds a security interest in a deposit account perfected by control under
1222 Subsection 70A-9a-104(1)(a), may apply the balance of the deposit account to the obligation
1223 secured by the deposit account; and

1224 (e) if it holds a security interest in a deposit account perfected by control under
1225 Subsection 70A-9a-104(1)(b) or (c), may instruct the bank to pay the balance of the deposit
1226 account to or for the benefit of the secured party.

1227 (2) If necessary to enable a secured party to exercise under Subsection (1)(c) the right
1228 of a debtor to enforce a mortgage nonjudicially, the secured party may record in the office in
1229 which a record of the mortgage is recorded:

1230 (a) a copy of the security agreement that creates or provides for a security interest in the
1231 obligation secured by the mortgage; and

1232 (b) the secured party's sworn affidavit in recordable form stating that:

1233 (i) a default has occurred with respect to the obligation secured by the mortgage; and

1234 (ii) the secured party is entitled to enforce the mortgage nonjudicially.

1235 (3) A secured party shall proceed in a commercially reasonable manner if the secured
1236 party:

1237 (a) undertakes to collect from or enforce an obligation of an account debtor or other
1238 person obligated on collateral; and

1239 (b) is entitled to charge back uncollected collateral or otherwise to full or limited
1240 recourse against the debtor or a secondary obligor.

1241 (4) A secured party may deduct from the collections made pursuant to Subsection (3)
1242 reasonable expenses of collection and enforcement, including reasonable attorney's fees and
1243 legal expenses incurred by the secured party.

1244 (5) This section does not determine whether an account debtor, bank, or other person
1245 obligated on collateral owes a duty to a secured party.

1246 Section 19. Section **70A-9a-801** is enacted to read:

1247 **Part 8. Transition Provisions for 2010 Amendments**

1248 **70A-9a-801. Savings clause.**

1249 (1) Except as otherwise provided in this part, the bill applies to a transaction or lien
1250 within its scope, even if the transaction or lien was entered into or created before July 1, 2013.

1251 (2) This bill does not affect an action, case, or proceeding commenced before July 1,
1252 2013.

1253 Section 20. Section **70A-9a-802** is enacted to read:

1254 **70A-9a-802. Security interest perfected before effective date.**

1255 (1) A security interest that is a perfected security interest immediately before July 1,
1256 2013, is a perfected security interest under this chapter as amended by this bill if, when this bill
1257 takes effect, the applicable requirements for attachment and perfection under this chapter as
1258 amended by this bill are satisfied without further action.

1259 (2) Except as otherwise provided in Section 70A-9a-805, if immediately before July 1,
1260 2013, a security interest is a perfected security interest, but the applicable requirements for
1261 perfection under this chapter as amended by this bill are not satisfied when this bill takes effect,
1262 the security interest remains perfected thereafter only if the applicable requirements for
1263 perfection under this chapter as amended by this bill are satisfied within one year after July 1,
1264 2013.

1265 Section 21. Section **70A-9a-803** is enacted to read:

1266 **70A-9a-803. Security interest unperfected before effective date.**

1267 A security interest that is an unperfected security interest immediately before this bill

1268 takes effect becomes a perfected security interest:

1269 (1) without further action, when this bill takes effect if the applicable requirements for
1270 perfection under this chapter as amended by this bill are satisfied before or at that time; or

1271 (2) when the applicable requirements for perfection are satisfied if the requirements are
1272 satisfied after that time.

1273 Section 22. Section **70A-9a-804** is enacted to read:

1274 **70A-9a-804. Effectiveness of action taken before effective date.**

1275 (1) The filing of a financing statement before this bill takes effect is effective to perfect
1276 a security interest to the extent the filing would satisfy the applicable requirements for
1277 perfection under this chapter as amended by this bill.

1278 (2) This bill does not render ineffective an effective financing statement that, before
1279 this bill takes effect, is filed and satisfies the applicable requirements for perfection under the
1280 law of the jurisdiction governing perfection as provided in this chapter as it existed before
1281 amendment. However, except as otherwise provided in Subsections (3) and (4) and Section
1282 70A-9a-805, the financing statement ceases to be effective:

1283 (a) if the financing statement is filed in this state, at the time the financing statement
1284 would have ceased to be effective had this bill not taken effect; or

1285 (b) if the financing statement is filed in another jurisdiction, at the earlier of:

1286 (i) the time the financing statement would have ceased to be effective under the law of
1287 that jurisdiction; or

1288 (ii) June 30, 2018.

1289 (3) The filing of a continuation statement after this bill takes effect does not continue
1290 the effectiveness of a financing statement filed before this bill takes effect. However, upon the
1291 timely filing of a continuation statement after this bill takes effect and in accordance with the
1292 law of the jurisdiction governing perfection as provided in this chapter as amended by this bill,
1293 the effectiveness of a financing statement filed in the same office in that jurisdiction before this
1294 bill takes effect continues for the period provided by the law of that jurisdiction.

1295 (4) Subsection (2)(b)(ii) applies to a financing statement that, before this bill takes
1296 effect, is filed against a transmitting utility and satisfies the applicable requirements for
1297 perfection under the law of the jurisdiction governing perfection as provided in this chapter as
1298 it existed before amendment, only to the extent that this chapter as amended by this bill

1299 provides that the law of a jurisdiction other than the jurisdiction in which the financing
1300 statement is filed governs perfection of a security interest in collateral covered by the financing
1301 statement.

1302 (5) A financing statement that includes a financing statement filed before this bill takes
1303 effect and a continuation statement filed after this bill takes effect is effective only to the extent
1304 that it satisfies the requirements of Part 5, Filing, as amended by this bill for an initial financing
1305 statement. A financing statement that indicates that the debtor is a decedent's estate indicates
1306 that the collateral is being administered by a personal representative within the meaning of
1307 Subsection 70A-9a-503(1)(b) as amended by this bill. A financing statement that indicates that
1308 the debtor is a trust or is a trustee acting with respect to property held in trust indicates that the
1309 collateral is held in a trust within the meaning of Subsection 70A-9a-503(1)(c) as amended by
1310 this bill.

1311 Section 23. Section **70A-9a-805** is enacted to read:

1312 **70A-9a-805. When initial financing statement suffices to continue effectiveness of**
1313 **financing statement.**

1314 (1) The filing of an initial financing statement in the office specified in Section
1315 70A-9a-501 continues the effectiveness of a financing statement filed before this bill takes
1316 effect if:

1317 (a) the filing of an initial financing statement in that office would be effective to
1318 perfect a security interest under this chapter as amended by this bill;

1319 (b) the pre-effective-date financing statement was filed in an office in another state;
1320 and

1321 (c) the initial financing statement satisfies Subsection (3).

1322 (2) The filing of an initial financing statement under Subsection (1) continues the
1323 effectiveness of the pre-effective-date financing statement:

1324 (a) if the initial financing statement is filed before this bill takes effect, for the period
1325 provided in unamended Section 70A-9a-515 with respect to an initial financing statement; and

1326 (b) if the initial financing statement is filed after this bill takes effect, for the period
1327 provided in Section 70A-9a-515 as amended by this bill with respect to an initial financing
1328 statement.

1329 (3) To be effective for purposes of Subsection (1), an initial financing statement must:

1330 (a) satisfy the requirements of Part 5, Filing, as amended by this bill for an initial
1331 financing statement;

1332 (b) identify the pre-effective-date financing statement by indicating the office in which
1333 the financing statement was filed and providing the dates of filing and file numbers, if any, of
1334 the financing statement and of the most recent continuation statement filed with respect to the
1335 financing statement; and

1336 (c) indicate that the pre-effective-date financing statement remains effective.

1337 Section 24. Section **70A-9a-806** is enacted to read:

1338 **70A-9a-806. Amendment of pre-effective-date financing statement.**

1339 (1) In this section, "pre-effective-date financing statement" means a financing
1340 statement filed before this bill takes effect.

1341 (2) After this bill takes effect, a person may add or delete collateral covered by,
1342 continue or terminate the effectiveness of, or otherwise amend the information provided in, a
1343 pre-effective-date financing statement only in accordance with the law of the jurisdiction
1344 governing perfection as provided in this chapter as amended by this bill. However, the
1345 effectiveness of a pre-effective-date financing statement also may be terminated in accordance
1346 with the law of the jurisdiction in which the financing statement is filed.

1347 (3) Except as otherwise provided in Subsection (4), if the law of this state governs
1348 perfection of a security interest, the information in a pre-effective-date financing statement may
1349 be amended after this bill takes effect only if:

1350 (a) the pre-effective-date financing statement and an amendment are filed in the office
1351 specified in Section 70A-9a-501;

1352 (b) an amendment is filed in the office specified in Section 70A-9a-501 concurrently
1353 with, or after the filing in that office of, an initial financing statement that satisfies Subsection
1354 70A-9a-805(3); or

1355 (c) an initial financing statement that provides the information as amended and satisfies
1356 Subsection 70A-9a-805(3) is filed in the office specified in Section 70A-9a-501.

1357 (4) If the law of this state governs perfection of a security interest, the effectiveness of
1358 a pre-effective-date financing statement may be continued only under Subsections
1359 70A-9a-804(3) and (5) or Section 70A-9a-805.

1360 (5) Whether or not the law of this state governs perfection of a security interest, the

1361 effectiveness of a pre-effective-date financing statement filed in this state may be terminated
1362 after this bill takes effect by filing a termination statement in the office in which the
1363 pre-effective-date financing statement is filed, unless an initial financing statement that
1364 satisfies Subsection 70A-9a-805(3) has been filed in the office specified by the law of the
1365 jurisdiction governing perfection as provided in this chapter as amended by this bill as the
1366 office in which to file a financing statement.

1367 Section 25. Section **70A-9a-807** is enacted to read:

1368 **70A-9a-807. Person entitled to file initial financing statement or continuation**
1369 **statement.**

1370 A person may file an initial financing statement or a continuation statement under this
1371 part if:

1372 (1) the secured party of record authorizes the filing; and

1373 (2) the filing is necessary under this part:

1374 (a) to continue the effectiveness of a financing statement filed before this bill takes
1375 effect; or

1376 (b) to perfect or continue the perfection of a security interest.

1377 Section 26. Section **70A-9a-808** is enacted to read:

1378 **70A-9a-808. Priority.**

1379 This bill determines the priority of conflicting claims to collateral. However, if the
1380 relative priorities of the claims were established before this bill takes effect, this chapter as it
1381 existed before amendment determines priority.

1382 Section 27. **Repealer.**

1383 This bill repeals:

1384 Section **70A-11-101, Effective date.**

1385 Section **70A-11-102, Preservation of old transition provision.**

1386 Section **70A-11-103, Transition to corrected Uniform Commercial Code -- General**
1387 **rule.**

1388 Section **70A-11-104, Transition provision on change of requirement of filing.**

1389 Section **70A-11-105, Transition provision on change of place of filing.**

1390 Section **70A-11-106, Required refilings.**

1391 Section **70A-11-107, Transition provisions as to priorities.**

1392 Section **70A-11-108, Presumption that rule of law continues unchanged.**

1393 Section 28. **Effective date.**

1394 This bill takes effect on July 1, 2013.

1395 Section 29. **Revisor instructions.**

1396 The Legislature intends that the Office of Legislative Research and General Counsel, in
1397 preparing the Utah Code database for publication, replace the language in Sections 70A-9a-801
1398 through 70A-9a-808, from "this bill" with the bill's designated chapter number in the Laws of
1399 Utah.

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as of 12-27-12 9:55 AM

Office of Legislative Research and General Counsel