

State of South Dakota

EIGHTY-SEVENTH SESSION
LEGISLATIVE ASSEMBLY, 2012

625T0096

SENATE ENGROSSED NO. **HB 1059** - 2/23/2012

Introduced by: Representatives Lust, Feinstein, and Gosch and Senators Nygaard and Cutler

1 FOR AN ACT ENTITLED, An Act to revise Article 9 of the Uniform Commercial Code, to
2 make an appropriation, and to declare an emergency.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

4 Section 1. That § 57A-9-102 be amended to read as follows:

5 57A-9-102. (a) In this chapter:

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

8 (2) "Account," except as used in "account for," means a right to payment of a monetary
9 obligation, whether or not earned by performance, (i) for property that has been or
10 is to be sold, leased, licensed, assigned, or otherwise disposed of, (ii) for services
11 rendered or to be rendered, (iii) for a policy of insurance issued or to be issued, (iv)
12 for a secondary obligation incurred or to be incurred, (v) for energy provided or to be
13 provided, (vi) for the use or hire of a vessel under a charter or other contract, (vii)
14 arising out of the use of a credit or charge card or information contained on or for use
15 with the card, or (viii) as winnings in a lottery or other game of chance operated or



1 sponsored by a state, governmental unit of a state, or person licensed or authorized
2 to operate the game by a state or governmental unit of a state. The term includes
3 health-care-insurance receivables. The term does not include (i) rights to payment
4 evidenced by chattel paper or an instrument, (ii) commercial tort claims, (iii) deposit
5 accounts, (iv) investment property, (v) letter-of-credit rights or letters of credit, or
6 (vi) rights to payment for money or funds advanced or sold, other than rights arising
7 out of the use of a credit or charge card or information contained on or for use with
8 the card.

9 (3) "Account debtor" means a person obligated on an account, chattel paper, or general
10 intangible. The term does not include persons obligated to pay a negotiable
11 instrument, even if the instrument constitutes part of chattel paper.

12 (4) "Accounting," except as used in "accounting for," means a record:

13 (A) Authenticated by a secured party;

14 (B) Indicating the aggregate unpaid secured obligations as of a date not more than
15 35 days earlier or 35 days later than the date of the record; and

16 (C) Identifying the components of the obligations in reasonable detail.

17 (5) "Agricultural lien" means an interest, other than a security interest, in farm products:

18 (A) Which secures payment or performance of an obligation for:

19 (i) Goods or services furnished in connection with a debtor's farming
20 operation; or

21 (ii) Rent on real property leased by a debtor in connection with its farming
22 operation;

23 (B) Which is created by statute in favor of a person that:

24 (i) In the ordinary course of its business furnished goods or services to a

1 debtor in connection with a debtor's farming operation; or

2 (ii) Leased real property to a debtor in connection with the debtor's farming
3 operation; and

4 (C) Whose effectiveness does not depend on the person's possession of the
5 personal property.

6 (6) "As-extracted collateral" means:

7 (A) Oil, gas, or other minerals that are subject to a security interest that:

8 (i) Is created by a debtor having an interest in the minerals before
9 extraction; and

10 (ii) Attaches to the minerals as extracted; or

11 (B) Accounts arising out of the sale at the wellhead or minehead of oil, gas, or
12 other minerals in which the debtor had an interest before extraction.

13 (7) "Authenticate" means:

14 (A) To sign; or

15 (B) ~~To execute or otherwise adopt a symbol, or encrypt or similarly process a~~
16 ~~record in whole or in part, with the present intent of the authenticating person~~
17 ~~to identify the person and adopt or accept a record~~ With present intent to adopt
18 or accept a record, to attach to or logically associate with the record an
19 electronic sound, symbol, or process.

20 (8) "Bank" means an organization that is engaged in the business of banking. The term
21 includes savings banks, savings and loan associations, credit unions, and trust
22 companies.

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

1 (10) "Certificate of title" means a certificate of title with respect to which a statute
2 provides for the security interest in question to be indicated on the certificate as a
3 condition or result of the security interest's obtaining priority over the rights of a lien
4 creditor with respect to the collateral. The term includes another record maintained
5 as an alternative to a certificate of title by the governmental unit that issues
6 certificates of title if a statute permits the security interest in question to be indicated
7 on the record as a condition or result of the security interest's obtaining priority over
8 the rights of a lien creditor with respect to the collateral.

9 (11) "Chattel paper" means a record or records that evidence both a monetary obligation
10 and a security interest in specific goods, a security interest in specific goods and
11 software used in the goods, a security interest in specific goods and license of
12 software used in the goods, a lease of specific goods, or a lease of specific goods and
13 license of software used in the goods. In this paragraph, "monetary obligation" means
14 a monetary obligation secured by the goods or owed under a lease of the goods and
15 includes a monetary obligation with respect to software used in the goods. The term
16 does not include (i) charters or other contracts involving the use or hire of a vessel
17 or (ii) records that evidence a right to payment arising out of the use of a credit or
18 charge card or information contained on or for use with the card. If a transaction is
19 evidenced by records that include an instrument or series of instruments, the group
20 of records taken together constitutes chattel paper.

21 (12) "Collateral" means the property subject to a security interest or agricultural lien. The
22 term includes:

- 23 (A) Proceeds to which a security interest attaches;
- 24 (B) Accounts, chattel paper, payment intangibles, and promissory notes that have

1 been sold; and

2 (C) Goods that are the subject of a consignment.

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

4 (A) The claimant is an organization; or

5 (B) The claimant is an individual and the claim:

6 (i) Arose in the course of the claimant's business or profession; and

7 (ii) Does not include damages arising out of personal injury to or the death
8 of an individual.

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

11 (15) "Commodity contract" means a commodity futures contract, an option on a
12 commodity futures contract, a commodity option, or another contract if the contract
13 or option is:

14 (A) Traded on or subject to the rules of a board of trade that has been designated
15 as a contract market for such a contract pursuant to federal commodities laws;
16 or

17 (B) Traded on a foreign commodity board of trade, exchange, or market, and is
18 carried on the books of a commodity intermediary for a commodity customer.

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

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

22 (A) Is registered as a futures commission merchant under federal commodities
23 law; or

24 (B) In the ordinary course of its business provides clearance or settlement services

1 for a board of trade that has been designated as a contract market pursuant to
2 federal commodities law.

3 (18) "Communicate" means:

4 (A) To send a written or other tangible record;

5 (B) To transmit a record by any means agreed upon by the persons sending and
6 receiving the record; or

7 (C) In the case of transmission of a record to or by a filing office, to transmit a
8 record by any means prescribed by filing-office rule.

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

10 (20) "Consignment" means a transaction, regardless of its form, in which a person delivers
11 goods to a merchant for the purpose of sale and:

12 (A) The merchant:

13 (i) Deals in goods of that kind under a name other than the name of the
14 person making delivery;

15 (ii) Is not an auctioneer; and

16 (iii) Is not generally known by its creditors to be substantially engaged in
17 selling the goods of others;

18 (B) With respect to each delivery, the aggregate value of the goods is \$1,000 or
19 more at the time of delivery;

20 (C) The goods are not consumer goods immediately before delivery; and

21 (D) The transaction does not create a security interest that secures an obligation.

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

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

24 (23) "Consumer goods" means goods that are used or bought for use primarily for

1 personal, family, or household purposes.

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

3 (A) An individual incurs an obligation primarily for personal, family, or household
4 purposes; and

5 (B) A security interest in consumer goods secures the obligation.

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

9 (26) "Consumer transaction" means a transaction in which (i) an individual incurs an
10 obligation primarily for personal, family, or household purposes, (ii) a security
11 interest secures the obligation, and (iii) the collateral is held or acquired primarily for
12 personal, family, or household purposes. The term includes consumer-goods
13 transactions.

14 (27) "Continuation statement" means an amendment of a financing statement which:

15 (A) Identifies, by its file number, the initial financing statement to which it relates;
16 and

17 (B) Indicates that it is a continuation statement for, or that it is filed to continue
18 the effectiveness of, the identified financing statement.

19 (28) "Debtor" means:

20 (A) A person having an interest, other than a security interest or other lien, in the
21 collateral, whether or not the person is an obligor;

22 (B) A seller of accounts, chattel paper, payment intangibles, or promissory notes;
23 or

24 (C) A consignee.

- 1 (29) "Deposit account" means a demand, time, savings, passbook, or similar account
2 maintained with a bank. The term does not include investment property or accounts
3 evidenced by an instrument.
- 4 (30) "Document" means a document of title or a receipt of the type described in § 57A-7-
5 201(b).
- 6 (31) "Electronic chattel paper" means chattel paper evidenced by a record or records
7 consisting of information stored in an electronic medium.
- 8 (32) "Encumbrance" means a right, other than an ownership interest, in real property. The
9 term includes mortgages and other liens on real property.
- 10 (33) "Equipment" means goods other than inventory, farm products, or consumer goods.
- 11 (34) "Farm products" means goods, other than standing timber, with respect to which the
12 debtor is engaged in a farming operation and which are:
- 13 (A) Crops grown, growing, or to be grown, including:
- 14 (i) Crops produced on trees, vines, and bushes; and
- 15 (ii) Aquatic goods produced in aquacultural operations;
- 16 (B) Livestock, born or unborn, including aquatic goods produced in aquacultural
17 operations;
- 18 (C) Supplies used or produced in a farming operation; or
- 19 (D) Products of crops or livestock in their unmanufactured states.
- 20 (35) "Farming operation" means raising, cultivating, propagating, fattening, grazing, or
21 any other farming, livestock, or aquacultural operation.
- 22 (36) "File number" means the number assigned to an initial financing statement pursuant
23 to § 57A-9-519(a).
- 24 (37) "Filing office" means an office designated in § 57A-9-501 as the place to file a

1 financing statement.

2 (38) "Filing-office rule" means a rule adopted pursuant to § 57A-9-526.

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

5 (40) "Fixture filing" means the filing of a financing statement covering goods that are or
6 are to become fixtures and satisfying § 57A-9-502(a) and (b). The term includes the
7 filing of a financing statement covering goods of a transmitting utility which are or
8 are to become fixtures.

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

11 (42) "General intangible" means any personal property, including things in action, other
12 than accounts, chattel paper, commercial tort claims, deposit accounts, documents,
13 goods, instruments, investment property, letter-of-credit rights, letters of credit,
14 money, and oil, gas, or other minerals before extraction. The term includes payment
15 intangibles and software.

16 (43) ~~(Reserved.)~~ "Good faith" means honesty in fact and the observance of reasonable
17 commercial standards of fair dealing.

18 (44) "Goods" means all things that are movable when a security interest attaches. The
19 term includes (i) fixtures, (ii) standing timber that is to be cut and removed under a
20 conveyance or contract for sale, (iii) the unborn young of animals, (iv) crops grown,
21 growing, or to be grown, even if the crops are produced on trees, vines, or bushes,
22 and (v) manufactured homes. The term also includes a computer program embedded
23 in goods and any supporting information provided in connection with a transaction
24 relating to the program if (i) the program is associated with the goods in such a

1 manner that it customarily is considered part of the goods, or (ii) by becoming the
2 owner of the goods, a person acquires a right to use the program in connection with
3 the goods. The term does not include a computer program embedded in goods that
4 consist solely of the medium in which the program is embedded. The term also does
5 not include accounts, chattel paper, commercial tort claims, deposit accounts,
6 documents, general intangibles, instruments, investment property, letter-of-credit
7 rights, letters of credit, money, or oil, gas, or other minerals before extraction.

8 (45) "Governmental unit" means a subdivision, agency, department, county, parish,
9 municipality, or other unit of the government of the United States, a state, or a
10 foreign country. The term includes an organization having a separate corporate
11 existence if the organization is eligible to issue debt on which interest is exempt from
12 income taxation under the laws of the United States.

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

16 (47) "Instrument" means a negotiable instrument or any other writing that evidences a
17 right to the payment of a monetary obligation, is not itself a security agreement or
18 lease, and is of a type that in ordinary course of business is transferred by delivery
19 with any necessary indorsement or assignment. The term does not include (i)
20 investment property, (ii) letters of credit, or (iii) writings that evidence a right to
21 payment arising out of the use of a credit or charge card or information contained on
22 or for use with the card.

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

24 (A) Are leased by a person as lessor;

1 (B) Are held by a person for sale or lease or to be furnished under a contract of
2 service;

3 (C) Are furnished by a person under a contract of service; or

4 (D) Consist of raw materials, work in process, or materials used or consumed in
5 a business.

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

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

10 (51) "Letter-of-credit right" means a right to payment or performance under a letter of
11 credit, whether or not the beneficiary has demanded or is at the time entitled to
12 demand payment or performance. The term does not include the right of a beneficiary
13 to demand payment or performance under a letter of credit.

14 (52) "Lien creditor" means:

15 (A) A creditor that has acquired a lien on the property involved by attachment,
16 levy, or the like;

17 (B) An assignee for benefit of creditors from the time of assignment;

18 (C) A trustee in bankruptcy from the date of the filing of the petition; or

19 (D) A receiver in equity from the time of appointment.

20 (53) "Manufactured home" means a structure, transportable in one or more sections,
21 which, in the traveling mode, is eight body feet or more in width or 40 body feet or
22 more in length, or, when erected on site, is 320 or more square feet, and which is
23 built on a permanent chassis and designed to be used as a dwelling with or without
24 a permanent foundation when connected to the required utilities, and includes the

1 plumbing, heating, air-conditioning, and electrical systems contained therein. The
2 term includes any structure that meets all of the requirements of this paragraph except
3 the size requirements and with respect to which the manufacturer voluntarily files a
4 certification required by the United States Secretary of Housing and Urban
5 Development and complies with the standards established under Title 42 of the
6 United States Code.

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

8 (A) That creates a purchase-money security interest in a manufactured home, other
9 than a manufactured home held as inventory; or

10 (B) In which a manufactured home, other than a manufactured home held as
11 inventory, is the primary collateral.

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

14 (56) "New debtor" means a person that becomes bound as debtor under § 57A-9-203(d)
15 by a security agreement previously entered into by another person.

16 (57) "New value" means (i) money, (ii) money's worth in property, services, or new credit,
17 or (iii) release by a transferee of an interest in property previously transferred to the
18 transferee. The term does not include an obligation substituted for another obligation.

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

20 (59) "Obligor" means a person that, with respect to an obligation secured by a security
21 interest in or an agricultural lien on the collateral, (i) owes payment or other
22 performance of the obligation, (ii) has provided property other than the collateral to
23 secure payment or other performance of the obligation, or (iii) is otherwise
24 accountable in whole or in part for payment or other performance of the obligation.

1 The term does not include issuers or nominated persons under a letter of credit.

2 (60) "Original debtor," except as used in § 57A-9-310(c), means a person that, as debtor,
3 entered into a security agreement to which a new debtor has become bound under
4 § 57A-9-203(d).

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

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

8 (A) The spouse of the individual;

9 (B) A brother, brother-in-law, sister, or sister-in-law of the individual;

10 (C) An ancestor or lineal descendant of the individual or the individual's spouse;
11 or

12 (D) Any other relative, by blood or marriage, of the individual or the individual's
13 spouse who shares the same home with the individual.

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

15 (A) A person directly or indirectly controlling, controlled by, or under common
16 control with the organization;

17 (B) An officer or director of, or a person performing similar functions with respect
18 to, the organization;

19 (C) An officer or director of, or a person performing similar functions with respect
20 to, a person described in subparagraph (A);

21 (D) The spouse of an individual described in subparagraph (A), (B), or (C); or

22 (E) An individual who is related by blood or marriage to an individual described
23 in subparagraph (A), (B), (C), or (D) and shares the same home with the
24 individual.

- 1 (64) "Proceeds," except as used in § 57A-9-609(b), means the following property:
- 2 (A) Whatever is acquired upon the sale, lease, license, exchange, or other
- 3 disposition of collateral;
- 4 (B) Whatever is collected on, or distributed on account of, collateral;
- 5 (C) Rights arising out of collateral;
- 6 (D) To the extent of the value of collateral, claims arising out of the loss,
- 7 nonconformity, or interference with the use of, defects or infringement of
- 8 rights in, or damage to, the collateral; or
- 9 (E) To the extent of the value of collateral and to the extent payable to the debtor
- 10 or the secured party, insurance payable by reason of the loss or nonconformity
- 11 of, defects or infringement of rights in, or damage to, the collateral.
- 12 (65) "Promissory note" means an instrument that evidences a promise to pay a monetary
- 13 obligation, does not evidence an order to pay, and does not contain an
- 14 acknowledgment by a bank that the bank has received for deposit a sum of money or
- 15 funds.
- 16 (66) "Proposal" means a record authenticated by a secured party which includes the terms
- 17 on which the secured party is willing to accept collateral in full or partial satisfaction
- 18 of the obligation it secures pursuant to §§ 57A-9-620, 57A-9-621, and 57A-9-622.
- 19 (67) "Public-finance transaction" means a secured transaction in connection with which:
- 20 (A) Debt or other securities are issued; and
- 21 (B) The debtor, obligor, secured party, account debtor or other person obligated
- 22 on collateral, assignor or assignee of a secured obligation, or assignor or
- 23 assignee of a security interest is a state or a governmental unit of a state.
- 24 (68) "Public organic record" means a record that is available to the public for inspection

1 and is:

2 (A) A record consisting of the record initially filed with or issued by a state or the
3 United States to form or organize an organization and any record filed with or
4 issued by the state or the United States which amends or restates the original
5 record;

6 (B) An organic record of a business trust consisting of the record initially filed
7 with a state and any record filed with the state which amends or restates the
8 initial record, if a statute of the state governing business trusts requires that the
9 record be filed with the state; or

10 (C) A record consisting of legislation enacted by the Legislature of a state or the
11 Congress of the United States which forms or organizes an organization, any
12 record amending the legislation, and any record filed with or issued by the
13 state or the United States which amends or restates the name of the
14 organization.

15 (69) "Pursuant to commitment," with respect to an advance made or other value given by
16 a secured party, means pursuant to the secured party's obligation, whether or not a
17 subsequent event of default or other event not within the secured party's control has
18 relieved or may relieve the secured party from its obligation.

19 ~~(69)~~(70) "Record," except as used in "for record," "of record," "record or legal title,"
20 and "record owner," means information that is inscribed on a tangible medium
21 or which is stored in an electronic or other medium and is retrievable in
22 perceivable form.

23 ~~(70)~~(71) "Registered organization" means an organization organized solely under the
24 law of a single state or the United States ~~and as to which the state or the~~

1 ~~United States must maintain a public record showing the organization to have~~
 2 ~~been organized by the filing of a public organic record with, the issuance of~~
 3 ~~a public organic record by, or the enactment of legislation by the state or the~~
 4 ~~United States. The term includes a business trust that is formed or organized~~
 5 ~~under the law of a single state if a statute of the state governing business trusts~~
 6 ~~requires that the business trust's organic record be filed with the state.~~

7 ~~(71)~~(72) "Secondary obligor" means an obligor to the extent that:

- 8 (A) The obligor's obligation is secondary; or
- 9 (B) The obligor has a right of recourse with respect to an obligation secured by
- 10 collateral against the debtor, another obligor, or property of either.

11 ~~(72)~~(73) "Secured party" means:

- 12 (A) A person in whose favor a security interest is created or provided for under a
- 13 security agreement, whether or not any obligation to be secured is outstanding;
- 14 (B) A person that holds an agricultural lien;
- 15 (C) A consignor;
- 16 (D) A person to which accounts, chattel paper, payment intangibles, or promissory
- 17 notes have been sold;
- 18 (E) A trustee, indenture trustee, agent, collateral agent, or other representative in
- 19 whose favor a security interest or agricultural lien is created or provided for;
- 20 or
- 21 (F) A person that holds a security interest arising under §§ 57A-2-401, 57A-2-505,
- 22 57A-2-711(3), 57A-2A-508(5), 57A-4-210, or 57A-5-118.

23 ~~(73)~~(74) "Security agreement" means an agreement that creates or provides for a

24 security interest.

- 1 ~~(74)~~(75) "Send," in connection with a record or notification, means:
- 2 (A) To deposit in the mail, deliver for transmission, or transmit by any other usual
- 3 means of communication, with postage or cost of transmission provided for,
- 4 addressed to any address reasonable under the circumstances; or
- 5 (B) To cause the record or notification to be received within the time that it would
- 6 have been received if properly sent under subparagraph (A).
- 7 ~~(75)~~(76) "Software" means a computer program and any supporting information
- 8 provided in connection with a transaction relating to the program. The term
- 9 does not include a computer program that is included in the definition of
- 10 goods.
- 11 ~~(76)~~(77) "State" means a state of the United States, the District of Columbia, Puerto
- 12 Rico, the United States Virgin Islands, or any territory or insular possession
- 13 subject to the jurisdiction of the United States.
- 14 ~~(77)~~(78) "Supporting obligation" means a letter-of-credit right or secondary obligation
- 15 that supports the payment or performance of an account, chattel paper, a
- 16 document, a general intangible, an instrument, or investment property.
- 17 ~~(78)~~(79) "Tangible chattel paper" means chattel paper evidenced by a record or records
- 18 consisting of information that is inscribed on a tangible medium.
- 19 ~~(79)~~(80) "Termination statement" means an amendment of a financing statement which:
- 20 (A) Identifies, by its file number, the initial financing statement to which it relates;
- 21 and
- 22 (B) Indicates either that it is a termination statement or that the identified
- 23 financing statement is no longer effective.
- 24 ~~(80)~~(81) "Transmitting utility" means a person primarily engaged in the business of:

- 1 (A) Operating a railroad, subway, street railway, or trolley bus;
- 2 (B) Transmitting communications electrically, electromagnetically, or by light;
- 3 (C) Transmitting goods by pipeline or sewer; or
- 4 (D) Transmitting or producing and transmitting electricity, steam, gas, or water.

5 (b) The following definitions in other sections apply to this chapter:

6 "Applicant." § 57A-5-102.

7 "Broker." § 57A-8-102.

8 "Certificated security." § 57A-8-102.

9 "Check." § 57A-3-104.

10 "Clearing corporation." § 57A-8-102.

11 "Contract for sale." § 57A-2-106.

12 "Control" (with respect to a document of title) § 57A-7-106.

13 "Customer." § 57A-4-104.

14 "Entitlement holder." § 57A-8-102.

15 "Financial asset." § 57A-8-102.

16 "Holder in due course." § 57A-3-302.

17 "Issuer" (with respect to a letter of credit or letter-of-credit right). § 57A-5-102.

18 "Issuer" (with respect to a security). § 57A-8-201.

19 "Lease." § 57A-2A-103.

20 "Lease agreement." § 57A-2A-103.

21 "Lease contract." § 57A-2A-103.

22 "Leasehold interest." § 57A-2A-103.

23 "Lessee." § 57A-2A-103.

24 "Lessee in ordinary course of business." § 57A-2A-103.

1 "Lessor." § 57A-2A-103.

2 "Lessor's residual interest." § 57A-2A-103.

3 "Letter of credit." § 57A-5-102.

4 "Merchant." § 57A-2-104.

5 "Negotiable instrument." § 57A-3-104.

6 "Nominated person." § 57A-5-102.

7 "Note." § 57A-3-104.

8 "Proceeds of a letter of credit." § 57A-5-114.

9 "Prove." § 57A-3-103.

10 "Sale." § 57A-2-106.

11 "Securities account." § 57A-8-501.

12 "Securities intermediary." § 57A-8-102.

13 "Security." § 57A-8-102.

14 "Security certificate." § 57A-8-102.

15 "Security entitlement." § 57A-8-102.

16 "Uncertificated security." § 57A-8-102.

17 (c) SDCL chapter 57A-1 contains general definitions and principles of construction and
18 interpretation applicable throughout this chapter.

19 Section 2. That § 57A-9-105 be amended to read as follows:

20 57A-9-105. (a) A secured party has control of electronic chattel paper if a system employed
21 for evidencing the transfer of interests in the chattel paper reliably establishes the secured party
22 as the person to which the chattel paper was assigned.

23 (b) A system satisfies subsection (a) and a secured party has control of electronic chattel
24 paper, if the record or records comprising the chattel paper are created, stored, and assigned in

1 such a manner that:

- 2 (1) A single authoritative copy of the record or records exists which is unique,
3 identifiable and, except as otherwise provided in paragraphs (4), (5), and (6),
4 unalterable;
- 5 (2) The authoritative copy identifies the secured party as the assignee of the record or
6 records;
- 7 (3) The authoritative copy is communicated to and maintained by the secured party or
8 its designated custodian;
- 9 (4) Copies or ~~revisions~~ amendments that add or change an identified assignee of the
10 authoritative copy can be made only with the ~~participation~~ consent of the secured
11 party;
- 12 (5) Each copy of the authoritative copy and any copy of a copy is readily identifiable as
13 a copy that is not the authoritative copy; and
- 14 (6) Any ~~revision~~ amendment of the authoritative copy is readily identifiable as ~~an~~
15 authorized or unauthorized ~~revision~~.

16 Section 3. That § 57A-9-307 be amended to read as follows:

17 57A-9-307. (a) In this section, "place of business" means a place where a debtor conducts
18 its affairs.

19 (b) Except as otherwise provided in this section, the following rules determine a debtor's
20 location:

- 21 (1) A debtor who is an individual is located at the individual's principal residence.
- 22 (2) A debtor that is an organization and has only one place of business is located at its
23 place of business.
- 24 (3) A debtor that is an organization and has more than one place of business is located

1 at its chief executive office.

2 (c) Subsection (b) applies only if a debtor's residence, place of business, or chief executive
3 office, as applicable, is located in a jurisdiction whose law generally requires information
4 concerning the existence of a nonpossessory security interest to be made generally available in
5 a filing, recording, or registration system as a condition or result of the security interest's
6 obtaining priority over the rights of a lien creditor with respect to the collateral. If subsection
7 (b) does not apply, the debtor is located in the District of Columbia.

8 (d) A person that ceases to exist, have a residence, or have a place of business continues to
9 be located in the jurisdiction specified by subsections (b) and (c).

10 (e) A registered organization that is organized under the law of a state is located in that state.

11 (f) Except as otherwise provided in subsection (i), a registered organization that is organized
12 under the law of the United States and a branch or agency of a bank that is not organized under
13 the law of the United States or a State are located:

14 (1) In the state that the law of the United States designates, if the law designates a state
15 of location;

16 (2) In the state that the registered organization, branch, or agency designates, if the law
17 of the United States authorizes the registered organization, branch, or agency to
18 designate its state of location, including by designating its main office, home office,
19 or other comparable office; or

20 (3) In the District of Columbia, if neither paragraph (1) nor paragraph (2) applies.

21 (g) A registered organization continues to be located in the jurisdiction specified by
22 subsection (e) or (f) notwithstanding:

23 (1) The suspension, revocation, forfeiture, or lapse of the registered organization's status
24 as such in its jurisdiction of organization; or

1 (2) The dissolution, winding up, or cancellation of the existence of the registered
2 organization.

3 (h) The United States is located in the District of Columbia.

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

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

10 (k) This section applies only for purposes of this part.

11 Section 4. That § 57A-9-311 be amended to read as follows:

12 57A-9-311. (a) Except as otherwise provided in subsection (d), the filing of a financing
13 statement is not necessary or effective to perfect a security interest in property subject to:

14 (1) A statute, regulation, or treaty of the United States whose requirements for a security
15 interest's obtaining priority over the rights of a lien creditor with respect to the
16 property preempt § 57A-9-310(a);

17 (2) A certificate-of-title statute of this state under the law of which indication of a
18 security interest on the certificate of title is required as a condition of perfection; or

19 (3) A ~~certificate-of-title~~ statute of another jurisdiction which provides for a security
20 interest to be indicated on ~~the~~ a certificate of title as a condition or result of the
21 security interest's obtaining priority over the rights of a lien creditor with respect to
22 the property.

23 (b) Compliance with the requirements of a statute, regulation, or treaty described in
24 subsection (a) for obtaining priority over the rights of a lien creditor is equivalent to the filing

1 of a financing statement under this article. Except as otherwise provided in subsection (d) and
2 §§ 57A-9-313 and 57A-9-316(d) and (e) for goods covered by a certificate of title, a security
3 interest in property subject to a statute, regulation, or treaty described in subsection (a) may be
4 perfected only by compliance with those requirements, and a security interest so perfected
5 remains perfected notwithstanding a change in the use or transfer of possession of the collateral.

6 (c) Except as otherwise provided in subsection (d) and § 57A-9-316(d) and (e), duration and
7 renewal of perfection of a security interest perfected by compliance with the requirements
8 prescribed by a statute, regulation, or treaty described in subsection (a) are governed by the
9 statute, regulation, or treaty. In other respects, the security interest is subject to this article.

10 (d) During any period in which collateral subject to a statute specified in subsection (a)(2)
11 is inventory held for sale or lease by a person or leased by that person as lessor and that person
12 is in the business of selling goods of that kind, this section does not apply to a security interest
13 in that collateral created by that person.

14 Section 5. That § 57A-9-316 be amended to read as follows:

15 57A-9-316. (a) A security interest perfected pursuant to the law of the jurisdiction
16 designated in § 57A-9-301(1) or 57A-9-305(c) remains perfected until the earliest of:

- 17 (1) The time perfection would have ceased under the law of that jurisdiction;
- 18 (2) The expiration of four months after a change of the debtor's location to another
19 jurisdiction; or
- 20 (3) The expiration of one year after a transfer of collateral to a person that thereby
21 becomes a debtor and is located in another jurisdiction.

22 (b) If a security interest described in subsection (a) becomes perfected under the law of the
23 other jurisdiction before the earliest time or event described in that subsection, it remains
24 perfected thereafter. If the security interest does not become perfected under the law of the other

1 jurisdiction before the earliest time or event, it becomes unperfected and is deemed never to
2 have been perfected as against a purchaser of the collateral for value.

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

5 (1) The collateral is located in one jurisdiction and subject to a security interest perfected
6 under the law of that jurisdiction;

7 (2) Thereafter the collateral is brought into another jurisdiction; and

8 (3) Upon entry into the other jurisdiction, the security interest is perfected under the law
9 of the other jurisdiction.

10 (d) Except as otherwise provided in subsection (e), a security interest in goods covered by
11 a certificate of title which is perfected by any method under the law of another jurisdiction when
12 the goods become covered by a certificate of title from this State remains perfected until the
13 security interest would have become unperfected under the law of the other jurisdiction had the
14 goods not become so covered.

15 (e) A security interest described in subsection (d) becomes unperfected as against a
16 purchaser of the goods for value and is deemed never to have been perfected as against a
17 purchaser of the goods for value if the applicable requirements for perfection under § 57A-9-
18 311(b) or 57A-9-313 are not satisfied before the earlier of:

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

22 (2) The expiration of four months after the goods had become so covered.

23 (f) A security interest in deposit accounts, letter-of-credit rights, or investment property
24 which is perfected under the law of the bank's jurisdiction, the issuer's jurisdiction, a nominated

1 person's jurisdiction, the securities intermediary's jurisdiction, or the commodity intermediary's
2 jurisdiction, as applicable, remains perfected until the earlier of:

- 3 (1) The time the security interest would have become unperfected under the law of that
4 jurisdiction; or
- 5 (2) The expiration of four months after a change of the applicable jurisdiction to another
6 jurisdiction.

7 (g) If a security interest described in subsection (f) becomes perfected under the law of the
8 other jurisdiction before the earlier of the time or the end of the period described in that
9 subsection, it remains perfected thereafter. If the security interest does not become perfected
10 under the law of the other jurisdiction before the earlier of that time or the end of that period,
11 it becomes unperfected and is deemed never to have been perfected as against a purchaser of the
12 collateral for value.

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

- 15 (1) A financing statement filed before the change pursuant to the law of the jurisdiction
16 designated in § 57A-9-301(1) or 57A-9-305(c) is effective to perfect a security
17 interest in the collateral if the financing statement would have been effective to
18 perfect a security interest in the collateral had the debtor not changed its location;
- 19 (2) If a security interest perfected by a financing statement that is effective under
20 paragraph (1) becomes perfected under the law of the other jurisdiction before the
21 earlier of the time the financing statement would have become ineffective under the
22 law of the jurisdiction designated in § 57A-9-301(1) or 57A-9-305(c) or the
23 expiration of the four-month period, it remains perfected thereafter. If the security
24 interest does not become perfected under the law of the other jurisdiction before the

1 earlier time or event, it becomes unperfected and is deemed never to have been
2 perfected as against a purchaser of the collateral for value.

3 (i) If a financing statement naming an original debtor is filed pursuant to the law of the
4 jurisdiction designated in § 57A-9-301(1) or 57A-9-305(c) and the new debtor is located in
5 another jurisdiction, the following rules apply:

6 (1) The financing statement is effective to perfect a security interest in collateral in
7 which the new debtor has or acquires rights before or within four months after the
8 new debtor becomes bound under § 57A-9-203(d), if the financing statement would
9 have been effective to perfect a security interest in the collateral if the collateral been
10 acquired by the original debtor.

11 (2) A security interest perfected by the financing statement and which becomes perfected
12 under the law of the other jurisdiction before the earlier of the expiration of the four-
13 month period or the time the financing statement would have become ineffective
14 under the law of the jurisdiction designated in § 57A-9-301(1) or 57A-9-305(c)
15 remains perfected thereafter. A security interest that is perfected by the financing
16 statement but which does not become perfected under the law of the other
17 jurisdiction before the earlier time or event becomes unperfected and is deemed never
18 to have been perfected as against a purchaser of the collateral for value.

19 Section 6. That § 57A-9-317 be amended to read as follows:

20 57A-9-317. (a) A security interest or agricultural lien is subordinate to the rights of:

21 (1) A person entitled to priority under § 57A-9-322; and

22 (2) Except as otherwise provided in subsection (e), a person that becomes a lien creditor
23 before the earlier of the time:

24 (A) The security interest or agricultural lien is perfected; or

1 (B) One of the conditions specified in § 57A-9-203(b)(3) is met and a financing
2 statement covering the collateral is filed.

3 (b) Except as otherwise provided in subsection (e), a buyer, other than a secured party, of
4 tangible chattel paper, tangible documents, goods, instruments, or a certified security ~~certificate~~
5 takes free of a security interest or agricultural lien if the buyer gives value and receives delivery
6 of the collateral without knowledge of the security interest or agricultural lien and before it is
7 perfected.

8 (c) Except as otherwise provided in subsection (e), a lessee of goods takes free of a security
9 interest or agricultural lien if the lessee gives value and receives delivery of the collateral
10 without knowledge of the security interest or agricultural lien and before it is perfected.

11 (d) A licensee of a general intangible or a buyer, other than a secured party, of ~~accounts,~~
12 ~~electronic chattel paper, electronic documents, general intangibles, or investment property~~
13 collateral other than tangible chattel paper, tangible documents, goods, instruments, or a
14 certificated security takes free of a security interest if the licensee or buyer gives value without
15 knowledge of the security interest and before it is perfected.

16 (e) Except as otherwise provided in § 57A-9-320 and 57A-9-321, if a person files a
17 financing statement with respect to a purchase-money security interest before or within 20 days
18 after the debtor receives delivery of the collateral, the security interest takes priority over the
19 rights of a buyer, lessee, or lien creditor which arise between the time the security interest
20 attaches and the time of filing.

21 Section 7. That § 57A-9-326 be amended to read as follows:

22 57A-9-326. (a) Subject to subsection (b), a security interest that is created by a new debtor
23 ~~which is~~ in collateral in which the new debtor has or acquires rights and is perfected by a filed
24 financing statement that ~~is effective solely under § 57A-9-508 in collateral in which a new~~

1 ~~debtor has or acquires rights~~ would be ineffective to perfect the security interest but for the
2 application of § 57A-9-508 or §§ 57A-9-508 and 57A-9-316(i)(1) is subordinate to a security
3 interest in the same collateral which is perfected other than by a filed financing statement that
4 is effective solely under § 57A-9-508.

5 (b) The other provisions of this part determine the priority among conflicting security
6 interests in the same collateral perfected by filed financing statements ~~that are effective solely~~
7 ~~under § 57A-9-508~~ described in subsection (a). However, if the security agreements to which
8 a new debtor became bound as debtor were not entered into by the same original debtor, the
9 conflicting security interests rank according to priority in time of the new debtor's having
10 become bound.

11 Section 8. That § 57A-9-406 be amended to read as follows:

12 57A-9-406. (a) Subject to subsections (b) through (i), an account debtor on an account,
13 chattel paper, or a payment intangible may discharge its obligation by paying the assignor until,
14 but not after, the account debtor receives a notification, authenticated by the assignor or the
15 assignee, that the amount due or to become due has been assigned and that payment is to be
16 made to the assignee. After receipt of the notification, the account debtor may discharge its
17 obligation by paying the assignee and may not discharge the obligation by paying the assignor.

18 (b) Subject to subsection (h), notification is ineffective under subsection (a):

- 19 (1) If it does not reasonably identify the rights assigned;
- 20 (2) To the extent that an agreement between an account debtor and a seller of a payment
21 intangible limits the account debtor's duty to pay a person other than the seller and
22 the limitation is effective under law other than this article; or
- 23 (3) At the option of an account debtor, if the notification notifies the account debtor to
24 make less than the full amount of any installment or other periodic payment to the

1 assignee, even if:

2 (A) Only a portion of the account, chattel paper, or payment intangible has been

3 assigned to that assignee;

4 (B) A portion has been assigned to another assignee; or

5 (C) The account debtor knows that the assignment to that assignee is limited.

6 (c) Subject to subsection (h), if requested by the account debtor, an assignee shall seasonably
7 furnish reasonable proof that the assignment has been made. Unless the assignee complies, the
8 account debtor may discharge its obligation by paying the assignor, even if the account debtor
9 has received a notification under subsection (a).

10 (d) Except as otherwise provided in subsection (e) and §§ 57A-2A-303 and 57A-9-407, and
11 subject to subsection (h), a term in an agreement between an account debtor and an assignor or
12 in a promissory note is ineffective to the extent that it:

13 (1) Prohibits, restricts, or requires the consent of the account debtor or person obligated
14 on the promissory note to the assignment or transfer of, or the creation, attachment,
15 perfection, or enforcement of a security interest in, the account, chattel paper,
16 payment intangible, or promissory note; or

17 (2) Provides that the assignment or transfer or the creation, attachment, perfection, or
18 enforcement of the security interest may give rise to a default, breach, right of
19 recoupment, claim, defense, termination, right of termination, or remedy under the
20 account, chattel paper, payment intangible, or promissory note.

21 (e) Subsection (d) does not apply to the sale of a payment intangible or promissory note
22 other than a sale pursuant to a disposition under § 57A-9-610 or an acceptance of collateral
23 under § 57A-9-620.

24 (f) Except as otherwise provided in §§ 57A-2A-303 and 57A-9-407 and subject to

1 subsections (h) and (i), a rule of law, statute, or regulation that prohibits, restricts, or requires
2 the consent of a government, governmental body or official, or account debtor to the assignment
3 or transfer of, or creation of a security interest in, an account or chattel paper is ineffective to
4 the extent that the rule of law, statute, or regulation:

5 (1) Prohibits, restricts, or requires the consent of the government, governmental body or
6 official, or account debtor to the assignment or transfer of, or the creation,
7 attachment, perfection, or enforcement of a security interest in the account or chattel
8 paper; or

9 (2) Provides that the assignment or transfer or the creation, attachment, perfection, or
10 enforcement of the security interest may give rise to a default, breach, right of
11 recoupment, claim, defense, termination, right of termination, or remedy under the
12 account or chattel paper.

13 (g) Subject to subsection (h), an account debtor may not waive or vary its option under
14 subsection (b)(3).

15 (h) This section is subject to law other than this article which establishes a different rule for
16 an account debtor who is an individual and who incurred the obligation primarily for personal,
17 family, or household purposes.

18 (i) This section does not apply to an assignment of a health-care-insurance receivable.

19 (j) This section prevails over any inconsistent statute.

20 Section 9. That § 57A-9-408 be amended to read as follows:

21 57A-9-408. (a) Except as otherwise provided in subsection (b), a term in a promissory note
22 or in an agreement between an account debtor and a debtor which relates to a
23 health-care-insurance receivable or a general intangible, including a contract, permit, license,
24 or franchise, and which term prohibits, restricts, or requires the consent of the person obligated

1 on the promissory note or the account debtor to, the assignment or transfer of, or creation,
2 attachment, or perfection of a security interest in, the promissory note, health-care-insurance
3 receivable, or general intangible, is ineffective to the extent that the term:

4 (1) Would impair the creation, attachment, or perfection of a security interest; or

5 (2) Provides that the assignment or transfer or the creation, attachment, or perfection of
6 the security interest may give rise to a default, breach, right of recoupment, claim,
7 defense, termination, right of termination, or remedy under the promissory note,
8 health-care-insurance receivable, or general intangible.

9 (b) Subsection (a) applies to a security interest in a payment intangible or promissory note
10 only if the security interest arises out of a sale of the payment intangible or promissory note,
11 other than a sale pursuant to a disposition under § 57A-9-610 or an acceptance of collateral
12 under § 57A-9-620.

13 (c) A rule of law, statute, or regulation that prohibits, restricts, or requires the consent of a
14 government, governmental body or official, person obligated on a promissory note, or account
15 debtor to the assignment or transfer of, or creation of a security interest in, a promissory note,
16 health-care-insurance receivable, or general intangible, including a contract, permit, license, or
17 franchise between an account debtor and a debtor, is ineffective to the extent that the rule of
18 law, statute, or regulation:

19 (1) Would impair the creation, attachment, or perfection of a security interest; or

20 (2) Provides that the assignment or transfer or the creation, attachment, or perfection of
21 the security interest may give rise to a default, breach, right of recoupment, claim,
22 defense, termination, right of termination, or remedy under the promissory note,
23 health-care-insurance receivable, or general intangible.

24 (d) To the extent that a term in a promissory note or in an agreement between an account

1 debtor and a debtor which relates to a health-care-insurance receivable or general intangible or
2 a rule of law, statute, or regulation described in subsection (c) would be effective under law
3 other than this article but is ineffective under subsection (a) or (c), the creation, attachment, or
4 perfection of a security interest in the promissory note, health-care-insurance receivable, or
5 general intangible:

6 (1) Is not enforceable against the person obligated on the promissory note or the account
7 debtor;

8 (2) Does not impose a duty or obligation on the person obligated on the promissory note
9 or the account debtor;

10 (3) Does not require the person obligated on the promissory note or the account debtor
11 to recognize the security interest, pay or render performance to the secured party, or
12 accept payment or performance from the secured party;

13 (4) Does not entitle the secured party to use or assign the debtor's rights under the
14 promissory note, health-care-insurance receivable, or general intangible, including
15 any related information or materials furnished to the debtor in the transaction giving
16 rise to the promissory note, health-care-insurance receivable, or general intangible;

17 (5) Does not entitle the secured party to use, assign, possess, or have access to any trade
18 secrets or confidential information of the person obligated on the promissory note or
19 the account debtor; and

20 (6) Does not entitle the secured party to enforce the security interest in the promissory
21 note, health-care-insurance receivable, or general intangible.

22 (e) This section prevails over any inconsistent statute.

23 Section 10. That § 57A-9-502 be amended to read as follows:

24 57A-9-502. (a) Subject to subsection (b), a financing statement is sufficient only if it:

1 (1) Provides the name of the debtor and either the social security number or the internal
2 revenue service taxpayer identification number of the debtor;

3 (2) Provides the name of the secured party or a representative of the secured party; and

4 (3) Indicates the collateral covered by the financing statement.

5 (b) Except as otherwise provided in § 57A-9-501(b), to be sufficient, a financing statement
6 that covers as-extracted collateral or timber to be cut, or which is filed as a fixture filing and
7 covers goods that are or are to become fixtures, must satisfy subsection (a) and also:

8 (1) Indicate that it covers this type of collateral;

9 (2) Indicate that it is to be filed for record in the real property records;

10 (3) Provide a description of the real property to which the collateral is related sufficient
11 to give constructive notice of a mortgage under the law of this State if the description
12 were contained in a record of the mortgage of the real property. A financing
13 statement covering timber to be cut or covering minerals or the like (including oil and
14 gas) or accounts subject to § 57A-9-301, or a financing statement filed as a fixture
15 filing where the debtor is not a transmitting utility, must show that it covers this type
16 of collateral, must recite that it is to be filed for record in the real estate records, and
17 the financing statement must contain a description of the real estate sufficient if it
18 were contained in a mortgage of the real estate to give constructive notice of the
19 mortgage under the law of this state. If the debtor does not have an interest of record
20 in the real estate, the financing statement must show the name of a record owner. No
21 description of the real estate or the name of the record owner thereof is required for
22 a fixture filing where the debtor is a transmitting utility; and

23 (4) If the debtor does not have an interest of record in the real property, provide the name
24 of a record owner.

1 (c) A record of a mortgage is effective, from the date of recording, as a financing statement
2 filed as a fixture filing or as a financing statement covering as-extracted collateral or timber to
3 be cut only if:

4 (1) The record indicates the goods or accounts that it covers;

5 (2) The goods are or are to become fixtures related to the real property described in the
6 record or the collateral is related to the real property described in the record and is
7 as-extracted collateral or timber to be cut;

8 (3) The record satisfies the requirements for a financing statement in this section ~~other~~
9 ~~than an indication, but:~~

10 (A) The record need not indicate that it is to be filed in the real property records;
11 and

12 (B) The record sufficiently provides the name of a debtor who is an individual if
13 it provides the individual name of the debtor or the surname and first personal
14 name of the debtor, even if the debtor is an individual to whom § 57A-9-
15 503(a)(4) applies; and

16 (4) The record is recorded.

17 (d) A financing statement may be filed before a security agreement is made or a security
18 interest otherwise attaches.

19 Section 11. That § 57A-9-503 be amended to read as follows:

20 57A-9-503. (a) A financing statement sufficiently provides the name of the debtor:

21 (1) ~~If~~ Except as otherwise provided in paragraph (3), if the debtor is a registered
22 organization or the collateral is held in a trust that is a registered organization, only
23 if the financing statement provides the name ~~of the debtor indicated~~ that is stated to
24 be the registered organization's name on the public organic record of most recently

1 filed with or issued or enacted by the debtor's registered organization's jurisdiction
 2 of organization which shows the debtor to have been organized purports to state,
 3 amend, or restate the registered organization's name;

4 (2) If Subject to subsection (f), if the debtor is a decedent's estate collateral is being
 5 administered by the personal representative of a decedent, only if the financing
 6 statement provides, as the name of the debtor, the name of the decedent and, in a
 7 separate part of the financing statement, indicates that the debtor is an estate
 8 collateral is being administered by a personal representative;

9 (3) If the debtor is a trust or a trustee acting with respect to property held in trust, only
 10 if the financing statement:

11 ~~(A) Provides the name specified for the trust in its organic documents or, if no~~
 12 ~~name is specified, provides the name of the settlor and additional information~~
 13 ~~sufficient to distinguish the debtor from other trusts having one or more of the~~
 14 ~~same settlors; and~~

15 ~~(B) Indicates, in the debtor's name or otherwise, that the debtor is a trust or is a~~
 16 ~~trustee acting with respect to property held in trust collateral is held in a trust~~
 17 ~~that is not a registered organization, only if the financing statement:~~

18 (A) Provides, as the name of the debtor:

19 (i) If the organic record of the trust specifies a name for the trust, the name
 20 so specified; or

21 (ii) If the organic record of the trust does not specify a name for the trust,
 22 the name of the settlor or testator; and

23 (B) In a separate part of the financing statement:

24 (i) If the name is provided in accordance with subparagraph (A)(i),

1 indicates that the collateral is held in a trust; or

2 (ii) If the name is provided in accordance with subparagraph (A)(ii),
3 provides additional information sufficient to distinguish the trust from
4 other trusts having one or more of the same settlors or the same testator
5 and indicates that the collateral is held in a trust, unless the additional
6 information so indicates;

7 (4) Subject to subsection (g), if the debtor is an individual to whom this state has issued
8 a driver license that has not expired, only if it provides the name of the individual
9 which is indicated on the driver license;

10 (5) If the debtor is an individual to whom paragraph (4) does not apply, only if it
11 provides the individual name of the debtor or the surname and first personal name of
12 the debtor; and

13 ~~(4)~~ (6) In other cases:

14 (A) If the debtor has a name, only if provides the ~~individual~~ or organizational
15 name of the debtor; and

16 (B) If the debtor does not have a name, only if it provides the names of the
17 partners, members, associates, or other persons comprising the debtor in a
18 manner that each name provided would be sufficient if the person named were
19 the debtor.

20 (b) A financing statement that provides the name of the debtor in accordance with subsection

21 (a) is not rendered ineffective by the absence of:

22 (1) A trade name or other name of the debtor; or

23 (2) Unless required under subsection ~~(a)(4)(B)~~ (a)(6)(B), names of partners, members,
24 associates, or other persons comprising the debtor.

1 (c) A financing statement that provides only the debtor's trade name does not sufficiently
2 provide the name of the debtor.

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

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

7 (f) The name of the decedent indicated on the order appointing the personal representative
8 of the decedent issued by the court having jurisdiction over the collateral is sufficient as the
9 "name of the decedent" under subsection (a)(2).

10 (g) If this state has issued to an individual more than one driver license of a kind described
11 in subsection (a)(4), the one that was issued most recently is the one to which subsection (a)(4)
12 refers.

13 (h) In this section, the "name of the settlor or testator" means:

14 (1) If the settlor is a registered organization, the name of the registered organization
15 indicated on the public organic record filed with or enacted by the registered
16 organization; or

17 (2) In other cases, the name of the settlor or testator indicated in the trust's organic
18 record.

19 Section 12. That § 57A-9-507 be amended to read as follows:

20 57A-9-507. (a) A filed financing statement remains effective with respect to collateral that
21 is sold, exchanged, leased, licensed, or otherwise disposed of and in which a security interest
22 or agricultural lien continues, even if the secured party knows of or consents to the disposition.

23 (b) Except as otherwise provided in subsection (c) and § 57A-9-508, a financing statement
24 is not rendered ineffective if, after the financing statement is filed, the information provided in

1 the financing statement becomes seriously misleading under § 57A-9-506.

2 (c) If a ~~debtor so changes its~~ the name that a filed financing statement provides for a debtor
3 becomes insufficient as the name of the debtor under § 57A-9-503(a) so that the financing
4 statement becomes seriously misleading under § 57A-9-506:

5 (1) The financing statement is effective to perfect a security interest in collateral acquired
6 by the debtor before, or within four months after, the ~~change~~ filed financing
7 statement becomes seriously misleading; and

8 (2) The financing statement is not effective to perfect a security interest in collateral
9 acquired by the debtor more than four months after the ~~change~~ filed financing
10 statement becomes seriously misleading, unless an amendment to the financing
11 statement which renders the financing statement not seriously misleading is filed
12 within four months after ~~the change~~ that event.

13 Section 13. That § 57A-9-515 be amended to read as follows:

14 57A-9-515. (a) Except as otherwise provided in subsections (b), (e), (f), and (g), a filed
15 financing statement is effective for a period of five years after the date of filing. Financing
16 statements filed before July 1, 1997, are effective for a period of five years from the date of
17 filing and thereafter for a period of sixty days.

18 The expiration date established by a financing statement filed prior to July 1, 1997, whether
19 or not continued by a continuation statement shall remain in full force and effect and is not
20 diminished by any subsequent amendments to this chapter.

21 (b) Except as otherwise provided in subsections (e), (f), and (g), an initial financing
22 statement filed in connection with a manufactured-home transaction is effective for a period of
23 thirty years after the date of filing if it indicates that it is filed in connection with a
24 manufactured-home transaction.

1 (c) The effectiveness of a filed financing statement lapses on the expiration of the period of
2 its effectiveness unless before the lapse a continuation statement is filed pursuant to subsection
3 (d). Upon lapse, a financing statement ceases to be effective and any security interest or
4 agricultural lien that was perfected by the financing statement becomes unperfected, unless the
5 security interest is perfected otherwise. If the security interest or agricultural lien becomes
6 unperfected upon lapse, it is deemed never to have been perfected as against a purchaser of the
7 collateral for value.

8 (d) A continuation statement may be filed only within six months before the expiration of
9 the five-year period specified in subsection (a) or the thirty-year period specified in subsection
10 (b), whichever is applicable.

11 However, for financing statements filed before July 1, 1997, a continuation statement may
12 be filed within six months before and sixty days after the expiration of the five-year period.

13 (e) Except as otherwise provided in § 57A-9-510, upon timely filing of a continuation
14 statement, the effectiveness of the initial financing statement continues for a period of five years
15 and, for initial financing statements filed before July 1, 1997, the effectiveness of the initial
16 financing statement continues for a period of five years and sixty days, commencing on the day
17 on which the financing statement would have become ineffective in the absence of the filing.
18 Upon the expiration of the five-year period, the financing statement lapses in the same manner
19 as provided in subsection (c), unless, before the lapse, another continuation statement is filed
20 pursuant to subsection (d). Succeeding continuation statements may be filed in the same manner
21 to continue the effectiveness of the initial financing statement.

22 (f) If a debtor is a transmitting utility and a filed initial financing statement so indicates, the
23 financing statement is effective until a termination statement is filed.

24 (g) A record of a mortgage that is effective as a financing statement filed as a fixture filing

1 under § 57A-9-502(c) remains effective as a financing statement filed as a fixture filing until
2 the mortgage is released or satisfied of record or its effectiveness otherwise terminates as to the
3 real property.

4 Section 14. That § 57A-9-516 be amended to read as follows:

5 57A-9-516. (a) Except as otherwise provided in subsection (b), communication of a record
6 to a filing office and tender of the filing fee or acceptance of the record by the filing office
7 constitutes filing.

8 (b) Filing does not occur with respect to a record that a filing office refuses to accept
9 because:

10 (1) The record is not communicated by a method or medium of communication
11 authorized by the filing office;

12 (2) An amount equal to or greater than the applicable filing fee is not tendered;

13 (3) The filing office is unable to index the record because:

14 (A) In the case of an initial financing statement, the record does not provide a
15 name for the debtor;

16 (B) In the case of an amendment or ~~correction~~ information statement, the record:

17 (i) Does not identify the initial financing statement as required by § 57A-9-
18 512 or 57A-9-518, as applicable; or

19 (ii) Identifies an initial financing statement whose effectiveness has lapsed
20 under § 57A-9-515;

21 (C) In the case of an initial financing statement that provides the name of a debtor
22 identified as an individual or an amendment that provides a name of a debtor
23 identified as an individual which was not previously provided in the financing
24 statement to which the record relates, the record does not identify the debtor's

1 ~~last name~~ surname; or

2 (D) In the case of a record filed or recorded in the filing office described in § 57A-
3 9-501(a)(1), the record does not provide a sufficient description of the real
4 property to which it relates;

5 (4) In the case of an initial financing statement or an amendment that adds a secured
6 party of record, the record does not provide a name and mailing address for the
7 secured party of record;

8 (5) In the case of an initial financing statement or an amendment that provides a name
9 of a debtor which was not previously provided in the financing statement to which
10 the amendment relates, the record does not:

11 (A) Provide a mailing address for the debtor; or

12 (B) Indicate whether the name provided as the name of the debtor is the name of
13 an individual or an organization; ~~or~~

14 ~~(C) If the financing statement indicates that the debtor is an organization, provide:~~

15 ~~(i) A type of organization for the debtor;~~

16 ~~(ii) A jurisdiction of organization for the debtor; or~~

17 ~~(iii) An organizational identification number for the debtor or indicate that~~
18 ~~the debtor has none;~~

19 (6) In the case of an assignment reflected in an initial financing statement under § 57A-9-
20 514(a) or an amendment filed under § 57A-9-514(b), the record does not provide a
21 name and mailing address for the assignee; or

22 (7) In the case of a continuation statement, the record is not filed within the six-month
23 period prescribed by § 57A-9-515(d).

24 (c) For purposes of subsection (b):

1 (1) A record does not provide information if the filing office is unable to read or decipher
2 the information; and

3 (2) A record that does not indicate that it is an amendment or identify an initial financing
4 statement to which it relates, as required by § 57A-9-512, 57A-9-514, or 57A-9-518,
5 is an initial financing statement.

6 (d) A record that is communicated to the filing office with tender of the filing fee, but which
7 the filing office refuses to accept for a reason other than one set forth in subsection (b), is
8 effective as a filed record except as against a purchaser of the collateral which gives value in
9 reasonable reliance upon the absence of the record from the files.

10 Section 15. That § 57A-9-518 be amended to read as follows:

11 57A-9-518. (a) A person may file in the filing office ~~a correction~~ an information statement
12 with respect to a record indexed there under the person's name if the person believes that the
13 record is inaccurate or was wrongfully filed.

14 (b) ~~A correction~~ An information statement under subsection (a) must:

15 (1) Identify the record to which it relates by:

16 (A) The file number assigned to the initial financing statement to which the record
17 relates; and

18 (B) If the ~~correction~~ information statement relates to a record filed or recorded in
19 a filing office described in § 57A-9-501(a)(1), the date and time that the initial
20 financing statement was filed or recorded and the information specified in
21 § 57A-9-502(b);

22 (2) Indicate that it is ~~a correction~~ an information statement; and

23 (3) Provide the basis for the person's belief that the record is inaccurate and indicate the
24 manner in which the person believes the record should be amended to cure any

1 inaccuracy or provide the basis for the person's belief that the record was wrongfully
2 filed.

3 (c) A person may file in the filing office an information statement with respect to a record
4 filed there if the person is a secured party of record with respect to the financing statement to
5 which the record relates and believes that the person that filed the record was not entitled to do
6 so under § 57A-9-509(d).

7 (d) An information statement under subsection (c) must:

8 (1) Identify the record to which it relates by:

9 (a) The file number assigned to the initial financing statement to which the record
10 relates; and

11 (b) If the statement relates to a record filed or recorded in a filing office described
12 in § 57A-9-501(a)(1), the date and time that the initial financing statement was
13 filed or recorded and the information specified in § 57A-9-502(b);

14 (2) Indicate that it is an information statement; and

15 (3) Provide the basis for the person's belief that the person that filed the record was not
16 entitled to do so under § 57A-9-509(d).

17 (e) The filing of a ~~correction~~ an information statement does not affect the effectiveness of
18 an initial financing statement or other filed record.

19 Section 16. That § 57A-9-521 be amended to read as follows:

20 57A-9-521. (a) A filing office that accepts written records may not refuse to accept a written
21 initial financing statement in the following form and format except for a reason set forth in
22 § 57A-9-516(b).

1

UCC FINANCING STATEMENT ADDENDUM

FOLLOW INSTRUCTIONS

9. NAME OF FIRST DEBTOR: Same as line 1a or 1b on Financing Statement; if line 1b was left blank because individual Debtor name did not fit, check here

OR	9a. ORGANIZATION'S NAME
	9b. INDIVIDUAL'S SURNAME
	FIRST PERSONAL NAME
	ADDITIONAL NAME(S)/INITIAL(S) SUFFIX

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

10. DEBTOR'S NAME: Provide (10a or 10b) only one additional Debtor name or Debtor name that did not fit in line 1b or 2b of the Financing Statement (Form UCC1) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name) and enter the mailing address in line 10c.

OR	10a. ORGANIZATION'S NAME
	10b. INDIVIDUAL'S SURNAME
	INDIVIDUAL'S FIRST PERSONAL NAME
	INDIVIDUAL'S ADDITIONAL NAME(S)/INITIAL(S) SUFFIX

10c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
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11. ADDITIONAL SECURED PARTY'S NAME or ASSIGNOR SECURED PARTY'S NAME: Provide only one name (11a or 11b)

OR	11a. ORGANIZATION'S NAME			
	11b. INDIVIDUAL'S SURNAME			
	FIRST PERSONAL NAME			
	ADDITIONAL NAME(S)/INITIAL(S) SUFFIX			
11c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY

12. ADDITIONAL SPACE FOR ITEM 4 (Collateral):

13. This FINANCING STATEMENT is to be filed (for record) (or recorded) in the REAL ESTATE RECORDS (if applicable).
15. Name and address of a RECORD OWNER of real estate described in Item 16 (if Debtor does not have a record interest):

14. This FINANCING STATEMENT:
 covers trailer to be cut covers as-extracted collateral is filed as a fixture filing
16. Description of real estate:

17. MISCELLANEOUS:

2

- 1 (b) A filing office that accepts written records may not refuse to accept a written record in
- 2 the following form and format except for a reason set forth in § 57A-9-516(b).

UCC FINANCING STATEMENT AMENDMENT
FOLLOW INSTRUCTIONS

A. NAME & PHONE OF CONTACT AT FILER (optional)

B. E-MAIL CONTACT AT FILER (optional)

C. SEND ACKNOWLEDGMENT TO: (Name and Address)

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1a. INITIAL FINANCING STATEMENT FILE NUMBER

1b. This FINANCING STATEMENT AMENDMENT is to be filed (for record) (or recorded) in the REAL ESTATE RECORDS Filer - State Amendment A-State in Form UCC-3A-1 and provide Debtor's name in item 1a

2. **TERMINATION:** Effectiveness of the Financing Statement identified above is terminated with respect to the security interest(s) of Secured Party authorizing this Termination Statement

3. **ASSIGNMENT** (full or partial): Provide name of Assignee in item 7a or 7b, add address of Assignee in item 7c and name of Assignor in item 9. For partial assignment, complete items 7 and 9 and also indicate affected collateral in item 8

4. **CONTINUATION:** Effectiveness of the Financing Statement identified above with respect to the security interest(s) of Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law

5. **PARTY INFORMATION CHANGE:**
Check one of these two boxes: Debtor or Secured Party of record **AND** Check one of these three boxes to: CHANGE name and/or address: Complete item 6a or 6b, and item 7a or 7b, and item 7c ADD name: Complete item 7a or 7b, and item 7c DELETE name: Give record name to be deleted in item 6a or 6b

6. **CURRENT RECORD INFORMATION:** Complete for Party Information Change - provide only one name (6a or 6b)

6a ORGANIZATION'S NAME

OR 6b INDIVIDUAL'S SURNAME FIRST PERSONAL NAME ADDITIONAL NAME(S) INITIAL(S) SUFFIX

7. **CHANGED OR ADDED INFORMATION:** Complete for Assignment or Party Information Change - provide only one name (7a or 7b) (use exact, full name, do not omit, modify, or abbreviate any part of the Debtor's name)

7a ORGANIZATION'S NAME

OR 7b INDIVIDUAL'S SURNAME INDIVIDUAL'S FIRST PERSONAL NAME INDIVIDUAL'S ADDITIONAL NAME(S) INITIAL(S) SUFFIX

7c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY

8. **COLLATERAL CHANGE:** Also check one of these four boxes: ADD collateral DELETE collateral RESTATE covered collateral ASSIGN collateral. Indicate collateral:

9. **NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT:** Provide only one name (9a or 9b) (name of Assignor, if this is an Assignment). If this is an Amendment authorized by a DEBTOR, check here and provide name of authorizing Debtor

9a ORGANIZATION'S NAME

OR 9b INDIVIDUAL'S SURNAME FIRST PERSONAL NAME ADDITIONAL NAME(S) INITIAL(S) SUFFIX

10. **OPTIONAL FILER REFERENCE DATA:**

1

UCC FINANCING STATEMENT AMENDMENT ADDENDUM

FOLLOW INSTRUCTIONS

11. INITIAL FINANCING STATEMENT FILE NUMBER: Same as item 1a on Amendment form

12. NAME OF PARTY AUTHORIZING THIS AMENDMENT: Same as item 9 on Amendment form

12a. ORGANIZATION'S NAME
OR
12b. INDIVIDUAL'S SURNAME
FIRST PERSONAL NAME
ADDITIONAL NAME(S)INITIAL(S)
SUFFIX

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

13. Name of DEBTOR on related financing statement (Name of a current Debtor of record required for indexing purposes only in some filing offices - see instruction item 13) Provide only one Debtor name (13a or 13b) (use exact, full name, do not omit, modify, or abbreviate any part of the Debtor's name); see instructions if name does not fit

13a. ORGANIZATION'S NAME
OR
13b. INDIVIDUAL'S SURNAME
FIRST PERSONAL NAME
ADDITIONAL NAME(S)INITIAL(S)
SUFFIX

14. ADDITIONAL SPACE FOR ITEM 9 (Collateral)

<p>16. This FINANCING STATEMENT AMENDMENT</p> <p><input type="checkbox"/> covers timber to be cut <input type="checkbox"/> covers as-extracted collateral <input type="checkbox"/> is filed as a future filing</p> <p>16. Name and address of a RECORD OWNER of real estate described in item 17 (if Debtor does not have a record interest)</p>	<p>17. Description of real estate.</p>
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18. MISCELLANEOUS:

2
3
4
5
6
7

Section 17. That § 57A-9-607 be amended to read as follows:

57A-9-607. (a) If so agreed, and in any event after default, a secured party:

- (1) May notify an account debtor or other person obligated on collateral to make payment or otherwise render performance to or for the benefit of the secured party;
- (2) May take any proceeds to which the secured party is entitled under § 57A-9-315;
- (3) May enforce the obligations of an account debtor or other person obligated on

1 collateral and exercise the rights of the debtor with respect to the obligation of the
2 account debtor or other person obligated on collateral to make payment or otherwise
3 render performance to the debtor, and with respect to any property that secures the
4 obligations of the account debtor or other person obligated on the collateral;

5 (4) If it holds a security interest in a deposit account perfected by control under § 57A-9-
6 104(a)(1), may apply the balance of the deposit account to the obligation secured by
7 the deposit account; and

8 (5) If it holds a security interest in a deposit account perfected by control under § 57A-9-
9 104(a)(2) or (3), may instruct the bank to pay the balance of the deposit account to
10 or for the benefit of the secured party.

11 (b) If necessary to enable a secured party to exercise under subsection (a)(3) the right of a
12 debtor to enforce a mortgage nonjudicially, the secured party may record in the office in which
13 a record of the mortgage is recorded:

14 (1) A copy of the security agreement that creates or provides for a security interest in the
15 obligation secured by the mortgage; and

16 (2) The secured party's sworn affidavit in recordable form stating that:

17 (A) A default has occurred with respect to the obligation secured by the mortgage;
18 and

19 (B) The secured party is entitled to enforce the mortgage nonjudicially.

20 (c) A secured party shall proceed in a commercially reasonable manner if the secured party:

21 (1) Undertakes to collect from or enforce an obligation of an account debtor or other
22 person obligated on collateral; and

23 (2) Is entitled to charge back uncollected collateral or otherwise to full or limited
24 recourse against the debtor or a secondary obligor.

1 (d) A secured party may deduct from the collections made pursuant to subsection (c)
2 reasonable expenses of collection and enforcement, including reasonable attorney's fees and
3 legal expenses incurred by the secured party.

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

6 Section 18. There is hereby appropriated from the general fund the sum of one hundred sixty
7 thousand dollars (\$160,000), or so much thereof as may be necessary, to the secretary of state
8 for the purpose of complying with the provisions of this Act.

9 Section 19. The secretary of state shall approve vouchers and the state auditor shall draw
10 warrants to pay expenditures authorized in this Act.

11 Section 20. Whereas, section 18 of this Act is necessary for the support of the state
12 government and its existing public institutions, an emergency is hereby declared to exist, and
13 section 18 of this Act shall be in full force and effect from and after its passage and approval.

14 Section 9-801. This Act takes effect on July 1, 2013.

15 Section 9-802. That chapter 57A-9 be amended by adding thereto a NEW SECTION to read
16 as follows:

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

19 (b) This Act does not affect an action, case, or proceeding commenced before July 1, 2013.

20 Section 9-803. That chapter 57A-9 be amended by adding thereto a NEW SECTION to read
21 as follows:

22 (a) A security interest that is a perfected security interest immediately before this Act takes
23 effect is a perfected security interest under chapter 57A-9 as amended by this Act if, when this
24 Act takes effect, the applicable requirements for attachment and perfection under chapter 57A-9

1 as amended by this Act are satisfied without further action.

2 (b) Except as otherwise provided in section 9-805 of this Act, if, immediately before this Act
3 takes effect, a security interest is a perfected security interest, but the applicable requirements
4 for perfection under chapter 57A-9 as amended by this Act are not satisfied when this Act takes
5 effect, the security interest remains perfected thereafter only if the applicable requirements for
6 perfection under chapter 57A-9 as amended by this Act are satisfied within one year after this
7 Act takes effect.

8 Section 9-804. That chapter 57A-9 be amended by adding thereto a NEW SECTION to read
9 as follows:

10 A security interest that is an unperfected security interest immediately before this Act takes
11 effect becomes a perfected security interest:

12 (1) Without further action, when this Act takes effect if the applicable requirements for
13 perfection under chapter-57A-9 as amended by this Act are satisfied before or at that
14 time; or

15 (2) When the applicable requirements for perfection are satisfied if the requirements are
16 satisfied after that time.

17 Section 9-805. That chapter 57A-9 be amended by adding thereto a NEW SECTION to read
18 as follows:

19 (a) The filing of a financing statement before this Act takes effect is effective to perfect a
20 security interest to the extent the filing would satisfy the applicable requirements for perfection
21 under chapter 57A-9 as amended by this Act.

22 (b) This Act does not render ineffective an effective financing statement that, before this Act
23 takes effect, is filed and satisfies the applicable requirements for perfection under the law of the
24 jurisdiction governing perfection as provided in chapter 57A-9 as it existed before the effective

1 date of this Act. However, except as otherwise provided in subsections (c) and (d) and section
2 9-806 of this Act, the financing statement ceases to be effective:

3 (1) If the financing statement is filed in this state, at the time the financing statement
4 would have ceased to be effective had this Act not taken effect; or

5 (2) If the financing statement is filed in another jurisdiction, at the earlier of:

6 (A) The time the financing statement would have ceased to be effective under the
7 law of that jurisdiction; or

8 (B) June 30, 2018.

9 (c) The filing of a continuation statement after this Act takes effect does not continue the
10 effectiveness of a financing statement filed before this Act takes effect. However, upon the
11 timely filing of a continuation statement after this Act takes effect and in accordance with the
12 law of the jurisdiction governing perfection as provided in chapter 57A-9 as amended by this
13 Act, the effectiveness of a financing statement filed in the same office in that jurisdiction before
14 this Act takes effect continues for the period provided by the law of that jurisdiction.

15 (d) Subsection (b)(2)(B) applies to a financing statement that, before this Act takes effect,
16 is filed against a transmitting utility and satisfies the applicable requirements for perfection
17 under the law of the jurisdiction governing perfection as provided in chapter 57A-9 as it existed
18 prior to this Act, only to the extent that chapter 57A-9 as amended by this Act provides that the
19 law of a jurisdiction other than the jurisdiction in which the financing statement is filed governs
20 perfection of a security interest in collateral covered by the financing statement.

21 (e) A financing statement that includes a financing statement filed before this Act takes
22 effect and a continuation statement filed after this Act takes effect is effective only to the extent
23 that it satisfies the requirements of §§ 57A-9-501 to 57A-9-530, inclusive, as amended by this
24 Act for an initial financing statement. A financing statement that indicates that the debtor is a

1 decedent's estate indicates that the collateral is being administered by a personal representative
2 within the meaning of § 57A-9-503(a)(2) as amended by this Act. A financing statement that
3 indicates that the debtor is a trust or is a trustee acting with respect to property held in trust
4 indicates that the collateral is held in a trust within the meaning of § 57A-9-503(a)(3) as
5 amended by this Act.

6 Section 9-806. That chapter 57A-9 be amended by adding thereto a NEW SECTION to read
7 as follows:

8 (a) The filing of an initial financing statement in the office specified in § 57A-9-501
9 continues the effectiveness of a financing statement filed before this Act takes effect if:

- 10 (1) The filing of an initial financing statement in that office would be effective to perfect
11 a security interest under chapter 57A-9 as amended by this Act;
- 12 (2) The pre-effective-date financing statement was filed in an office in another state; and
- 13 (3) The initial financing statement satisfies subsection (c).

14 (b) The filing of an initial financing statement under subsection (a) continues the
15 effectiveness of the pre-effective-date financing statement:

- 16 (1) If the initial financing statement is filed before this Act takes effect, for the period
17 provided in unamended § 57A-9-515 as found prior to July 1, 2015, with respect to
18 an initial financing statement; and
- 19 (2) If the initial financing statement is filed after this Act takes effect, for the period
20 provided in § 57A-9-515 as amended by this Act with respect to an initial financing
21 statement.

22 (c) To be effective for purposes of subsection (a), an initial financing statement must:

- 23 (1) Satisfy the requirements of §§ 57A-9-501 to 57A-9-530, inclusive, as amended by
24 this Act for an initial financing statement;

1 (2) Identify the pre-effective-date financing statement by indicating the office in which
2 the financing statement was filed and providing the dates of filing and file numbers,
3 if any, of the financing statement and of the most recent continuation statement filed
4 with respect to the financing statement; and

5 (3) Indicate that the pre-effective-date financing statement remains effective.

6 Section 9-807. That chapter 57A-9 be amended by adding thereto a NEW SECTION to read
7 as follows:

8 (a) In this section, "pre-effective-date financing statement" means a financing statement filed
9 before this Act takes effect.

10 (b) After this Act takes effect, a person may add or delete collateral covered by, continue or
11 terminate the effectiveness of, or otherwise amend the information provided in, a
12 pre-effective-date financing statement only in accordance with the law of the jurisdiction
13 governing perfection as provided in chapter 57A-9 as amended by this Act. However, the
14 effectiveness of a pre-effective-date financing statement also may be terminated in accordance
15 with the law of the jurisdiction in which the financing statement is filed.

16 (c) Except as otherwise provided in subsection (d), if the law of this state governs perfection
17 of a security interest, the information in a pre-effective-date financing statement may be
18 amended after this Act takes effect only if:

19 (1) The pre-effective-date financing statement and an amendment are filed in the office
20 specified in § 57A-9-501;

21 (2) An amendment is filed in the office specified in § 57A-9-501 concurrently with, or
22 after the filing in that office of, an initial financing statement that satisfies section 9-
23 806(c) of this Act; or

24 (3) An initial financing statement that provides the information as amended and satisfies

1 section 9-806(c) of this Act is filed in the office specified in § 57A-9-501.

2 (d) If the law of this state governs perfection of a security interest, the effectiveness of a
3 pre-effective-date financing statement may be continued only under section 9-805(c) and (e)
4 of this Act or section 9-806 of this Act.

5 (e) Whether or not the law of this state governs perfection of a security interest, the
6 effectiveness of a pre-effective-date financing statement filed in this state may be terminated
7 after this Act takes effect by filing a termination statement in the office in which the
8 pre-effective-date financing statement is filed, unless an initial financing statement that satisfies
9 section 9-806(c) of this Act has been filed in the office specified by the law of the jurisdiction
10 governing perfection as provided in chapter 57A-9 as amended by this Act as the office in which
11 to file a financing statement.

12 Section 9-808. That chapter 57A-9 be amended by adding thereto a NEW SECTION to read
13 as follows:

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

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

17 (2) The filing is necessary under this part:

18 (A) To continue the effectiveness of a financing statement filed before this Act
19 takes effect; or

20 (B) To perfect or continue the perfection of a security interest.

21 Section 9-809. That chapter 57A-9 be amended by adding thereto a NEW SECTION to read
22 as follows:

23 This Act determines the priority of conflicting claims to collateral. However, if the relative
24 priorities of the claims were established before this Act takes effect, chapter 57A-9-as it existed

1 before July 1, 2013 determines priority.