

HOUSE No. 00025

The Commonwealth of Massachusetts

PRESENTED BY:

Michael A. Costello

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the passage of the accompanying bill:

An Act making amendments to the uniform commercial code covering general provisions,
documents of title and secured transactions.

PETITION OF:

NAME:

| DISTRICT/ADDRESS:

HOUSE No. 00025

So much of the recommendations of the Commission on Uniform State Laws (House, No. 22) as relates to making amendments to the uniform commercial code covering general provisions, documents of title and secured transactions (House, No. 25). Financial Services.

The Commonwealth of Massachusetts

—————
In the Year Two Thousand Eleven
—————

An Act making amendments to the uniform commercial code covering general provisions, documents of title and secured transactions.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 FIRST SET OF AMENDMENTS

2 (UCC ARTICLES 1 AND 7 REVISIONS AND TECHNICAL AMENDMENTS TO UCC

3 ARTICLE 9)

4 SECTION 1. Section 28 of chapter 10 of the General Laws is hereby amended by striking out

5 “9-405” and by substituting in place thereof “9-406.”

6 SECTION 2. Chapter 106 of the General Laws is hereby amended by striking out article 1, as so

7 appearing, and by substituting in place thereof the following article 1:--

8 ARTICLE 1 – GENERAL PROVISIONS

9 PART 1

10 GENERAL PROVISIONS

11 SECTION 1 101. SHORT TITLES.

12 (a) This chapter may be cited as the Uniform Commercial Code.

13 (b) This article may be cited as Uniform Commercial Code – General Provisions.

14 SECTION 1 102. SCOPE OF ARTICLE. This article applies to a transaction to the extent that
15 it is governed by another article of this chapter.

16 SECTION 1 103. CONSTRUCTION OF THIS CHAPTER TO PROMOTE ITS PURPOSES
17 AND POLICIES; APPLICABILITY OF SUPPLEMENTAL PRINCIPLES OF LAW

18 (a) This chapter must be liberally construed and applied to promote its underlying purposes and
19 policies, which are:

20 (1) to simplify, clarify, and modernize the law governing commercial transactions;

21 (2) to permit the continued expansion of commercial practices through custom, usage, and
22 agreement of the parties; and

23 (3) to make uniform the law among the various jurisdictions.

24 (b) Unless displaced by the particular provisions of this chapter, the principles of law and equity,
25 including the law merchant and the law relative to capacity to contract, principal and agent,
26 estoppel, fraud, misrepresentation, duress, coercion, mistake, bankruptcy, and other validating or
27 invalidating cause supplement its provisions.

28 SECTION 1 104. CONSTRUCTION AGAINST IMPLIED REPEAL. This chapter being a
29 general act intended as a unified coverage of its subject matter, no part of it shall be deemed to
30 be impliedly repealed by subsequent legislation if such construction can reasonably be avoided.

31 SECTION 1 105. SEVERABILITY. If any provision or clause of this chapter or its application
32 to any person or circumstance is held invalid, the invalidity does not affect other provisions or
33 applications of this chapter which can be given effect without the invalid provision or
34 application, and to this end the provisions of this chapter are severable.

35 SECTION 1 106. USE OF SINGULAR AND PLURAL; GENDER. In this chapter, unless the
36 statutory context otherwise requires:

37 (1) words in the singular number include the plural, and those in the plural include the singular;
38 and

39 (2) words of any gender also refer to any other gender.

40 SECTION 1 107. SECTION CAPTIONS. Section captions are part of this chapter. The
41 subsection headings in Article 9 are not part of this chapter.

42 SECTION 1 108. RELATION TO ELECTRONIC SIGNATURES IN GLOBAL AND
43 NATIONAL COMMERCE ACT. This chapter modifies, limits, and supersedes the federal
44 Electronic Signatures in Global and National Commerce Act, (15 U.S.C. Section 7001, et seq.)
45 but does not modify, limit, or supersede Section 101(c) of that act (15. U.S.C. Section 7001(c))
46 or authorize electronic delivery of any of the notices described in Section 103(b) of that act (15
47 U.S.C. Section 7003(b)).

48 PART 2

49 GENERAL DEFINITIONS AND

50 PRINCIPLES OF INTERPRETATION

51 SECTION 1 201. GENERAL DEFINITIONS.

52 (a) Unless the context otherwise requires, words or phrases defined in this section, or in the
53 additional definitions contained in other articles of this chapter that apply to particular articles or
54 parts thereof, have the meanings stated.

55 (b) Subject to definitions contained in other articles of this chapter that apply to particular
56 articles or parts thereof:

57 (1) “Action”, in the sense of a judicial proceeding, includes recoupment, counterclaim, set off,
58 suit in equity, and any other proceeding in which rights are determined.

59 (2) “Aggrieved party” means a party entitled to pursue a remedy.

60 (3) “Agreement”, as distinguished from “contract”, means the bargain of the parties in fact, as
61 found in their language or inferred from other circumstances, including course of performance,
62 course of dealing, or usage of trade as provided in Section 1 303.

63 (4) “Bank” means a person engaged in the business of banking and includes a savings bank,
64 savings and loan association, credit union, and trust company.

65 (5) “Bearer” means a person in control of a negotiable electronic document of title or a person in
66 possession of a negotiable instrument, a negotiable tangible document of title, or certificated
67 security that is payable to bearer or indorsed in blank.

68 (6) “Bill of lading” means a document of title evidencing the receipt of goods for shipment
69 issued by a person engaged in the business of directly or indirectly transporting or forwarding
70 goods. The term does not include a warehouse receipt.

71 (7) “Branch” includes a separately incorporated foreign branch of a bank.

72 (8) “Burden of establishing” a fact means the burden of persuading the trier of fact that the
73 existence of the fact is more probable than its nonexistence.

74 (9) “Buyer in ordinary course of business” means a person that buys goods in good faith,
75 without knowledge that the sale violates the rights of another person in the goods, and in the
76 ordinary course from a person, other than a pawnbroker, in the business of selling goods of that
77 kind. A person buys goods in the ordinary course if the sale to the person comports with the
78 usual or customary practices in the kind of business in which the seller is engaged or with the
79 seller’s own usual or customary practices. A person that sells oil, gas, or other minerals at the
80 wellhead or minehead is a person in the business of selling goods of that kind. A buyer in
81 ordinary course of business may buy for cash, by exchange of other property, or on secured or
82 unsecured credit, and may acquire goods or documents of title under a preexisting contract for
83 sale. Only a buyer that takes possession of the goods or has a right to recover the goods from the
84 seller under Article 2 may be a buyer in ordinary course of business. “Buyer in ordinary course
85 of business” does not include a person that acquires goods in a transfer in bulk or as security for
86 or in total or partial satisfaction of a money debt.

87 (10) “Conspicuous”, with reference to a term, means so written, displayed, or presented that a
88 reasonable person against which it is to operate ought to have noticed it. Whether a term is
89 “conspicuous” or not is a decision for the court. Conspicuous terms include the following:

90 (A) a heading in capitals equal to or greater in size than the surrounding text, or in contrasting
91 type, font, or color to the surrounding text of the same or lesser size; and

92 (B) language in the body of a record or display in larger type than the surrounding text, or in
93 contrasting type, font, or color to the surrounding text of the same size, or set off from
94 surrounding text of the same size by symbols or other marks that call attention to the language.

95 (11) “Consumer” means an individual who enters into a transaction primarily for personal,
96 family, or household purposes

97 (12) “Contract”, as distinguished from “agreement”, means the total legal obligation that results
98 from the parties’ agreement as determined by this chapter as supplemented by any other
99 applicable laws.

100 (13) “Creditor” includes a general creditor, a secured creditor, a lien creditor, and any
101 representative of creditors, including an assignee for the benefit of creditors, a trustee in
102 bankruptcy, a receiver in equity, and an executor or administrator of an insolvent debtor’s or
103 assignor’s estate.

104 (14) “Defendant” includes a person in the position of defendant in a counterclaim, cross-
105 claim, or third-party claim.

106 (15) “Delivery”, with respect to an electronic document of title means voluntary transfer of
107 control and with respect to an instrument, a tangible document of title, or chattel paper, means
108 voluntary transfer of possession.

109 (16) “Document of title” means a record (i) that in the regular course of business or financing is
110 treated as adequately evidencing that the person in possession or control of the record is entitled

111 to receive, control, hold, and dispose of the record and the goods the record covers and (ii) that
112 purports to be issued by or addressed to a bailee and to cover goods in the bailee's possession
113 which are either identified or are fungible portions of an identified mass. The term includes a
114 bill of lading, transport document, dock warrant, dock receipt, warehouse receipt, and order for
115 delivery of goods. An electronic document of title means a document of title evidenced by a
116 record consisting of information stored in an electronic medium. A tangible document of title
117 means a document of title evidenced by a record consisting of information that is inscribed on a
118 tangible medium.

119 (17) "Fault" means a default, breach, or wrongful act or omission.

120 (18) "Fungible goods" means:

121 (A) goods of which any unit, by nature or usage of trade, is the equivalent of any other like unit;
122 or

123 (B) goods that by agreement are treated as equivalent.

124 (19) "Genuine" means free of forgery or counterfeiting.

125 (20) "Good faith," except as otherwise provided in Article 5, means honesty in fact and the
126 observance of reasonable commercial standards of fair dealing.

127 (21) "Holder" means:

128 (A) the person in possession of a negotiable instrument that is payable either to bearer or to an
129 identified person that is the person in possession;

130 (B) the person in possession of a negotiable tangible document of title if the goods are
131 deliverable either to bearer or to the order of the person in possession; or

132 (C) the person in control of a negotiable electronic document of title.

133 (22) “Insolvency proceeding” includes an assignment for the benefit of creditors or other
134 proceeding intended to liquidate or rehabilitate the estate of the person involved.

135 (23) “Insolvent” means:

136 (A) having generally ceased to pay debts in the ordinary course of business other than as a result
137 of bona fide dispute;

138 (B) being unable to pay debts as they become due; or

139 (C) being insolvent within the meaning of federal bankruptcy law.

140 (24) “Money” means a medium of exchange currently authorized or adopted by a domestic or
141 foreign government. The term includes a monetary unit of account established by an
142 intergovernmental organization or by agreement between two or more countries.

143 (25) “Organization” means a person other than an individual.

144 (26) “Party”, as distinguished from “third party”, means a person that has engaged in a
145 transaction or made an agreement subject to this chapter.

146 (27) “Person” means an individual, corporation, business trust, estate, trust, partnership, limited
147 liability company, association, joint venture, government, governmental subdivision, agency, or
148 instrumentality, public corporation, or any other legal or commercial entity.

149 (28) “Present value” means the amount as of a date certain of one or more sums payable in the
150 future, discounted to the date certain by use of either an interest rate specified by the parties if
151 that rate is not manifestly unreasonable at the time the transaction is entered into or, if an interest
152 rate is not so specified, a commercially reasonable rate that takes into account the facts and
153 circumstances at the time the transaction is entered into.

154 (29) “Purchase” means taking by sale, lease, discount, negotiation, mortgage, pledge, lien,
155 security interest, issue or reissue, gift, or any other voluntary transaction creating an interest in
156 property.

157 (30) “Purchaser” means a person that takes by purchase.

158 (31) “Record” means information that is inscribed on a tangible medium or that is stored in an
159 electronic or other medium and is retrievable in perceivable form.

160 (32) “Remedy” means any remedial right to which an aggrieved party is entitled with or without
161 resort to a tribunal.

162 (33) “Representative” means a person empowered to act for another, including an agent, an
163 officer of a corporation or association, and a trustee, executor, or administrator of an estate.

164 (34) “Right” includes remedy.

165 (35) “Security interest” means an interest in personal property or fixtures which secures
166 payment or performance of an obligation. “Security interest” includes any interest of a
167 consignor and a buyer of accounts, chattel paper, a payment intangible, or a promissory note in a
168 transaction that is subject to Article 9. “Security interest” does not include the special property
169 interest of a buyer of goods on identification of those goods to a contract for sale under Section 2

170 401, but a buyer may also acquire a “security interest” by complying with Article 9. Except as
171 otherwise provided in Section 2 505, the right of a seller or lessor of goods under Article 2 or 2A
172 to retain or acquire possession of the goods is not a “security interest”, but a seller or lessor may
173 also acquire a “security interest” by complying with Article 9. The retention or reservation of
174 title by a seller of goods notwithstanding shipment or delivery to the buyer under Section 2 401
175 is limited in effect to a reservation of a “security interest.” Whether a transaction in the form of a
176 lease creates a “security interest” is determined pursuant to Section 1 203.

177 (36) “Send” in connection with a writing, record, or notice means:

178 (A) to deposit in the mail or deliver for transmission by any other usual means of communication
179 with postage or cost of transmission provided for and properly addressed and, in the case of an
180 instrument, to an address specified thereon or otherwise agreed, or if there be none to any
181 address reasonable under the circumstances; or

182 (B) in any other way to cause to be received any writing, record or notice within the time it
183 would have arrived if properly sent.

184 (37) “Signed” includes using any symbol executed or adopted with present intention to adopt or
185 accept a writing.

186 (38) “State” means a State of the United States, the District of Columbia, Puerto Rico, the
187 United States Virgin Islands, or any territory or insular possession subject to the jurisdiction of
188 the United States.

189 (39) “Surety” includes a guarantor or other secondary obligor.

190 (40) “Term” means a portion of an agreement that relates to a particular matter.

191 (41) “Unauthorized signature” means a signature made without actual, implied, or apparent
192 authority. The term includes a forgery.

193 (42) “Warehouse receipt” means a document of title issued by a person engaged in the business
194 of storing goods for hire.

195 (43) “Writing” includes printing, typewriting, or any other intentional reduction to tangible
196 form. “Written” has a corresponding meaning.

197 SECTION 1 202. NOTICE; KNOWLEDGE.

198 (a) Subject to subsection (f), a person has “notice” of a fact if the person:

199 (1) has actual knowledge of it;

200 (2) has received a notice or notification of it; or

201 (3) from all the facts and circumstances known to the person at the time in question, has reason
202 to know that it exists.

203 (b) “Knowledge” means actual knowledge. “Knows” has a corresponding meaning.

204 (c) “Discover”, “learn”, or words of similar import refer to knowledge rather than to reason to
205 know.

206 (d) A person “notifies” or “gives” a notice or notification to another person by taking such steps
207 as may be reasonably required to inform the other person in ordinary course, whether or not the
208 other person actually comes to know of it.

209 (e) Subject to subsection (f), a person “receives” a notice or notification when:

210 (1) it comes to that person's attention; or

211 (2) it is duly delivered in a form reasonable under the circumstances at the place of business

212 through which the contract was made or at another location held out by that person as the place

213 for receipt of such communications.

214 (f) Notice, knowledge, or a notice or notification received by an organization is effective for a

215 particular transaction from the time it is brought to the attention of the individual conducting that

216 transaction and, in any event, from the time it would have been brought to the individual's

217 attention if the organization had exercised due diligence. An organization exercises due

218 diligence if it maintains reasonable routines for communicating significant information to the

219 person conducting the transaction and there is reasonable compliance with the routines. Due

220 diligence does not require an individual acting for the organization to communicate information

221 unless the communication is part of the individual's regular duties or the individual has reason to

222 know of the transaction and that the transaction would be materially affected by the information.

223 SECTION 1 203. LEASE DISTINGUISHED FROM SECURITY INTEREST.

224 (a) Whether a transaction in the form of a lease creates a lease or security interest is determined

225 by the facts of each case.

226 (b) A transaction in the form of a lease creates a security interest if the consideration that the

227 lessee is to pay the lessor for the right to possession and use of the goods is an obligation for the

228 term of the lease and is not subject to termination by the lessee, and:

229 (1) the original term of the lease is equal to or greater than the remaining economic life of the

230 goods;

231 (2) the lessee is bound to renew the lease for the remaining economic life of the goods or is
232 bound to become the owner of the goods;

233 (3) the lessee has an option to renew the lease for the remaining economic life of the goods for
234 no additional consideration or for nominal additional consideration upon compliance with the
235 lease agreement; or

236 (4) the lessee has an option to become the owner of the goods for no additional consideration or
237 for nominal additional consideration upon compliance with the lease agreement.

238 (c) A transaction in the form of a lease does not create a security interest merely because:

239 (1) the present value of the consideration the lessee is obligated to pay the lessor for the right to
240 possession and use of the goods is substantially equal to or is greater than the fair market value
241 of the goods at the time the lease is entered into;

242 (2) the lessee assumes risk of loss of the goods;

243 (3) the lessee agrees to pay, with respect to the goods, taxes, insurance, filing, recording, or
244 registration fees, or service or maintenance costs;

245 (4) the lessee has an option to renew the lease or to become the owner of the goods;

246 (5) the lessee has an option to renew the lease for a fixed rent that is equal to or greater than the
247 reasonably predictable fair market rent for the use of the goods for the term of the renewal at the
248 time the option is to be performed; or

249 (6) the lessee has an option to become the owner of the goods for a fixed price that is equal to or
250 greater than the reasonably predictable fair market value of the goods at the time the option is to
251 be performed.

252 (d) Additional consideration is nominal if it is less than the lessee's reasonably predictable cost
253 of performing under the lease agreement if the option is not exercised. Additional consideration
254 is not nominal if:

255 (1) when the option to renew the lease is granted to the lessee, the rent is stated to be the fair
256 market rent for the use of the goods for the term of the renewal determined at the time the option
257 is to be performed; or

258 (2) when the option to become the owner of the goods is granted to the lessee, the price is stated
259 to be the fair market value of the goods determined at the time the option is to be performed.

260 (e) The "remaining economic life of the goods" and "reasonably predictable" fair market rent,
261 fair market value, or cost of performing under the lease agreement must be determined with
262 reference to the facts and circumstances at the time the transaction is entered into.

263 SECTION 1 204. VALUE. Except as otherwise provided in Articles 3, 4, and 5, a person gives
264 value for rights if the person acquires them:

265 (1) in return for a binding commitment to extend credit or for the extension of immediately
266 available credit, whether or not drawn upon and whether or not a charge back is provided for in
267 the event of difficulties in collection;

268 (2) as security for, or in total or partial satisfaction of, a preexisting claim;

269 (3) by accepting delivery under a preexisting contract for purchase; or

270 (4) in return for any consideration sufficient to support a simple contract.

271 SECTION 1 205. REASONABLE TIME; SEASONABLENESS.

272 (a) Whether a time for taking an action required by this chapter is reasonable depends on the
273 nature, purpose, and circumstances of the action.

274 (b) An action is taken seasonably if it is taken at or within the time agreed or, if no time is
275 agreed, at or within a reasonable time.

276 SECTION 1-206. PRESUMPTIONS. Whenever this chapter creates a “presumption” with
277 respect to a fact, or provides that a fact is “presumed,” the trier of fact must find the existence of
278 the fact unless and until evidence is introduced that supports a finding of its nonexistence.

279 PART 3

280 TERRITORIAL APPLICABILITY AND GENERAL RULES

281 SECTION 1 301. TERRITORIAL APPLICABILITY; PARTIES’ POWER TO CHOOSE
282 APPLICABLE LAW.

283 (a) Except as provided hereafter in this section, when a transaction bears a reasonable relation to
284 this state and also to another state or nation the parties may agree that the law either of this state
285 or of such other state or nation shall govern their rights and duties. Failing such agreement this
286 Act applies to transactions bearing an appropriate relation to this state.

287 (b) To the extent that this chapter governs a transaction, if one of the following provisions of
288 this chapter specifies the applicable law, that provision governs and a contrary agreement is
289 effective only to the extent permitted by the law so specified:

290 (1) Section 2 402;

291 (2) Sections 2A 105 and 2A 106;

292 (3) Section 4 102;

293 (4) Section 4A 507;

294 (5) Section 5 116;

295 (6) Section 8 110;

296 (7) Sections 9 301 through 9 307.

297 SECTION 1 302. VARIATION BY AGREEMENT.

298 (a) Except as otherwise provided in subsection (b) or elsewhere in this chapter, the effect of
299 provisions of this chapter may be varied by agreement.

300 (b) The obligations of good faith, diligence, reasonableness, and care prescribed by this chapter
301 may not be disclaimed by agreement. The parties, by agreement, may determine the standards
302 by which the performance of those obligations is to be measured if those standards are not
303 manifestly unreasonable. Whenever this chapter requires an action to be taken within a
304 reasonable time, a time that is not manifestly unreasonable may be fixed by agreement.

305 (c) The presence in certain provisions of this chapter of the phrase “unless otherwise agreed”, or
306 words of similar import, does not imply that the effect of other provisions may not be varied by
307 agreement under this section.

308 SECTION 1 303. COURSE OF PERFORMANCE, COURSE OF DEALING, AND USAGE
309 OF TRADE.

310 (a) A “course of performance” is a sequence of conduct between the parties to a particular
311 transaction that exists if:

312 (1) the agreement of the parties with respect to the transaction involves repeated occasions for
313 performance by a party; and

314 (2) the other party, with knowledge of the nature of the performance and opportunity for
315 objection to it, accepts the performance or acquiesces in it without objection.

316 (b) A “course of dealing” is a sequence of conduct concerning previous transactions between the
317 parties to a particular transaction that is fairly to be regarded as establishing a common basis of
318 understanding for interpreting their expressions and other conduct.

319 (c) A “usage of trade” is any practice or method of dealing having such regularity of observance
320 in a place, vocation, or trade as to justify an expectation that it will be observed with respect to
321 the transaction in question. The existence and scope of such a usage must be proved as facts. If
322 it is established that such a usage is embodied in a trade code or similar record, the interpretation
323 of the record is a question of law.

324 (d) A course of performance or course of dealing between the parties or usage of trade in the
325 vocation or trade in which they are engaged or of which they are or should be aware is relevant
326 in ascertaining the meaning of the parties’ agreement, may give particular meaning to specific
327 terms of the agreement, and may supplement or qualify the terms of the agreement. A usage of

328 trade applicable in the place in which part of the performance under the agreement is to occur
329 may be so utilized as to that part of the performance.

330 (e) Except as otherwise provided in subsection (f), the express terms of an agreement and any
331 applicable course of performance, course of dealing, or usage of trade must be construed
332 whenever reasonable as consistent with each other. If such a construction is unreasonable:

333 (1) express terms prevail over course of performance, course of dealing, and usage of trade;

334 (2) course of performance prevails over course of dealing and usage of trade; and

335 (3) course of dealing prevails over usage of trade.

336 (f) Subject to Section 2 209, a course of performance is relevant to show a waiver or
337 modification of any term inconsistent with the course of performance.

338 (g) Evidence of a relevant usage of trade offered by one party is not admissible unless that party
339 has given the other party notice that the court finds sufficient to prevent unfair surprise to the
340 other party.

341 SECTION 1 304. OBLIGATION OF GOOD FAITH. Every contract or duty within this chapter
342 imposes an obligation of good faith in its performance and enforcement.

343 SECTION 1 305. REMEDIES TO BE LIBERALLY ADMINISTERED.

344 (a) The remedies provided by this chapter must be liberally administered to the end that the
345 aggrieved party may be put in as good a position as if the other party had fully performed but
346 neither consequential or special damages nor penal damages may be had except as specifically
347 provided in this chapter or by other rule of law.

348 (b) Any right or obligation declared by this chapter is enforceable by action unless the provision
349 declaring it specifies a different and limited effect.

350 SECTION 1 306. WAIVER OR RENUNCIATION OF CLAIM OR RIGHT AFTER BREACH.

351 A claim or right arising out of an alleged breach may be discharged in whole or in part without
352 consideration by agreement of the aggrieved party in an authenticated record. For purposes of
353 this section, a party may “authenticate” a record by (i) signing a record that is a writing or (ii)
354 attaching to or logically associating with a record that is not a writing an electronic sound,
355 symbol or process with the present intent to adopt or accept the record. See Sections 1-
356 201(b)(37) and 9-102(a)(7).

357 SECTION 1 307. PRIMA FACIE EVIDENCE BY THIRD-PARTY DOCUMENTS. A

358 document in due form purporting to be a bill of lading, policy or certificate of insurance, official
359 weigher’s or inspector’s certificate, consular invoice, or any other document authorized or
360 required by the contract to be issued by a third party is prima facie evidence of its own
361 authenticity and genuineness and of the facts stated in the document by the third party.

362 SECTION 1 308. PERFORMANCE OR ACCEPTANCE UNDER RESERVATION OF
363 RIGHTS.

364 (a) A party that with explicit reservation of rights performs or promises performance or assents
365 to performance in a manner demanded or offered by the other party does not thereby prejudice
366 the rights reserved. Such words as “without prejudice,” “under protest,” or the like are
367 sufficient.

368 (b) Subsection (a) does not apply to an accord and satisfaction.

369 SECTION 1 309. OPTION TO ACCELERATE AT WILL. A term providing that one party or
370 that party's successor in interest may accelerate payment or performance or require collateral or
371 additional collateral "at will" or when the party "deems itself insecure," or words of similar
372 import, means that the party has power to do so only if that party in good faith believes that the
373 prospect of payment or performance is impaired. The burden of establishing lack of good faith is
374 on the party against which the power has been exercised.

375 SECTION 1 310. SUBORDINATED OBLIGATIONS. An obligation may be issued as
376 subordinated to performance of another obligation of the person obligated, or a creditor may
377 subordinate its right to performance of an obligation by agreement with either the person
378 obligated or another creditor of the person obligated. Subordination does not create a security
379 interest as against either the common debtor or a subordinated creditor.

380 SECTION 3. Subsection 2-103(1)(b) of said chapter 106 is hereby amended by striking out the
381 words ""Good faith" in the case of a merchant means honesty in fact and the observance of
382 reasonable commercial standards of fair dealing in the trade." and by substituting in place thereof
383 the following word:-- "[Reserved]".

384 SECTION 4. Subsection 2-103(3) of said chapter 106 is hereby amended by inserting, after the
385 words ""Consumer Goods'. Section 9-102", the words ""Control'. Section 7-106."

386 SECTION 5. Subsection 2-104(2) of said chapter 106 is hereby amended by inserting in the first
387 sentence of said Subsection, after the words "whether or not documents of title accompany", the
388 words "or are associated with".

389 SECTION 6. Section 202 of said chapter 106 is hereby amended by striking out Subsection 2-
390 202(a) and by substituting in place thereof the following Subsection 2-202(a):--

391 (a) by course of performance, course of dealing, or usage of trade (Section 1-303); and

392 SECTION 7. Section 2-208 of said chapter 106 is hereby repealed.

393 SECTION 8. Subsection 2-210(2) of said chapter 106 is hereby amended by striking out “9-

394 405” and by substituting “9-406.”

395 SECTION 9. Section 2-310 of said chapter 106 is hereby amended by striking out Subsection 2-

396 310(c) and substituting in place thereof the following Subsection 2-310(c):--

397 (c) if delivery is authorized and made by way of documents of title otherwise than by

398 subsection (b) then payment is due regardless of where the goods are to be received (i) at the

399 time and place at which the buyer is to receive delivery of the tangible documents or (ii) at the

400 time the buyer is to receive delivery of the electronic documents and at the seller’s place of

401 business or if none, the seller’s residence; and

402 SECTION 10. Subsection 2-323(2) of said chapter 106 is hereby amended by inserting in the

403 first sentence of said Subsection after the words “in a case within subsection (1) a ”, the word

404 “tangible”.

405 SECTION 11. Section 2-401 of said chapter 106 is hereby amended by striking out Subsection

406 2-401(3) and substituting in place thereof the following Subsection 2-401(3):--

407 (3) Unless otherwise explicitly agreed where delivery is to be made without moving the

408 goods,

409 (a) if the seller is to deliver a tangible document of title, title passes at the time when and

410 the place where he delivers such documents and if the seller is to deliver an electronic document

411 of title, title passes when the seller delivers the document; or

412 (b) if the goods are at the time of contracting already identified and no documents of title
413 are to be delivered, title passes at the time and place of contracting.

414 SECTION 12. Subsection 2-503(4)(b) of said chapter 106 is hereby amended by striking out the
415 words “written direction to” and by substituting in place thereof the words “record directing”.

416 SECTION 13. Subsection 2-503(4)(b) of said chapter 106 is hereby further amended by
417 inserting, after the words “buyer seasonably objects, and”, the words “except as otherwise
418 provided in Article 9”.

419 SECTION 14. Subsection 2-503(5)(b) of said chapter 106 is hereby amended by inserting, after
420 the words “dishonor of a draft accompanying”, the words “or associated with”.

421 SECTION 15. Subsection 2-505(1)(b) of said chapter 106 is hereby amended by inserting, after
422 the words “even though the seller retains possession”, the words “or control”.

423 SECTION 16. Subsection 2-505(2) of said chapter 106 is hereby amended by inserting, at the
424 end of said Subsection after the words “negotiable document”, the words “of title”.

425 SECTION 17. Section 2-506 of said chapter 106 is hereby amended by inserting, at the end of
426 said Section after the words “which was apparently regular”, the words “on its face”.

427 SECTION 18. Subsection 2-509(2)(a) of said chapter 106 is hereby amended by inserting ,after
428 the words “on his receipt of”, the words “possession or control of”.

429 SECTION 19. Subsection 2-509(2)(c) of said chapter 106 is hereby amended by inserting, after
430 the words “on his receipt of”, the words “possession or control of”.

431 SECTION 20. Subsection 2-509(2)(c) of said chapter 106 is hereby amended further by striking
432 the words “written direction to deliver” and by substituting in place thereof the words “direction
433 to deliver in a record”.

434 SECTION 21. Subsection 2-605(2) of said chapter 106 is hereby amended by striking the words
435 “on the face of” and by substituting in place thereof the word “in”.

436 SECTION 22. Subsection 2-705(2)(c) of said chapter 106 is hereby amended by striking the
437 word “warehouseman” and by substituting in place thereof the words “a warehouse”.

438 SECTION 23. Subsection 2-705(3)(c) of said chapter 106 is hereby amended by inserting, after
439 the words “stop until surrender”, the words “of possession or control”.

440 SECTION 24. Subsection 2A-103(1)(a) of said chapter 106 is hereby amended by striking in the
441 last sentence the word “receiving” and by substituting in place thereof the word “acquiring”.

442 SECTION 25. Subsection 2A-103(1)(o) of said chapter 106 is hereby amended by striking in the
443 last sentence the word “receiving” and by substituting in place thereof the word “acquiring”.

444 SECTION 26. Subsection 2A-103(3) of said chapter 106 is hereby amended by striking out the
445 words ““Good faith”. Section 2-103(1)(b).”

446 SECTION 27. Section 2A-207 of said chapter 106 is hereby repealed.

447 SECTION 28. Subsection 2A-303(2) of said chapter 106 is hereby amended by striking out “9-
448 406” and by substituting in place thereof “9-407.”

449 SECTION 29. Subsection 2A-303(4) of said chapter 106 is hereby amended by striking out “9-
450 406” and by substituting in place thereof “9-407.”

451 SECTION 30. Subsection 2A-501(4) of said chapter 106 is hereby amended by striking out “1-
452 106(1)” and by substituting in place thereof “1-305(a)”.

453 SECTION 31. Subsection 2A-514(2) of said chapter 106 is hereby amended by striking the
454 words “on the face of” and by substituting in place thereof the word “in”.

455 SECTION 32. Subsection 2A-518(2) of said chapter 106 is hereby amended by striking out “1-
456 102(3)” and by inserting in place thereof “1-302”.

457 SECTION 33. Subsection 2A-519(1) of said chapter 106 is hereby amended by striking out “1-
458 102(3)” and by inserting in place thereof “1-302”.

459 SECTION 34. Subsection 2A-526(2)(c) of said chapter 106 is hereby amended by striking out
460 the word “warehouseman” and by substituting in place thereof the words “a warehouse”.

461 SECTION 35. Subsection 2A-527(2) of said chapter 106 is hereby amended by striking out “1-
462 102(3)” and by inserting in place thereof “1-302”.

463 SECTION 36. Subsection 2A-528(1) of said chapter 106 is hereby amended by striking out “1-
464 102(3)” and by inserting in place thereof “1-302”.

465 SECTION 37. The definition of “Prove” in Subsection 3-103(a) of said chapter 106 is hereby
466 amended by striking out “1-201(8)” and by inserting in place thereof “1-201(b)(8)”.

467 SECTION 38. Section 4-104 of said chapter 106 is hereby amended by inserting, after the words
468 “‘Check’. Section 3-104”, the words “‘Control’. Section 7-106.”

469 SECTION 39. Subsection 4-210(c) of said chapter 106 is hereby amended by inserting, after the
470 words “give up possession of the item or”, the words “possession or control of the”.

471 SECTION 40. The definition of “Prove” in said Section 4A-105(a) is hereby amended by
472 striking out “1-201(8)” and by substituting in place thereof “1-201(b)(8)”.

473 SECTION 41. Subsection 4A-106(a) of said chapter 106 is hereby amended by striking out “1-
474 201(27)” and by substituting in place thereof “1-202”.

475 SECTION 42. Subsection 4A-204(b) of said chapter 106 is hereby amended by striking out “1-
476 204(1)” and by substituting in place thereof “1-302(b)”.

477 SECTION 43. Subsection 5-103(c) of said chapter 106 is hereby amended by striking out “1-
478 203(3)” and by substituting in place thereof “1-302”.

479 SECTION 44. Chapter 106 of the General Laws is hereby further amended by striking out
480 article 7, as so appearing, and by substituting in place thereof the following article 7:--

481 ARTICLE 7—DOCUMENTS OF TITLE

482 PART 1 GENERAL

483 SECTION 7-101. SHORT TITLE. This article may be cited as Uniform Commercial
484 Code-Documents of Title.

485 SECTION 7-102. DEFINITIONS AND INDEX OF DEFINITIONS.

486 (a) In this article, unless the context otherwise requires:

487 (1) "Bailee" means a person that by a warehouse receipt, bill of lading, or other
488 document of title acknowledges possession of goods and contracts to deliver them.

489 (2) “Carrier” means a person that issues a bill of lading.

490 (3) "Consignee" means a person named in a bill of lading to which or to whose
491 order the bill promises delivery.

492 (4) "Consignor" means a person named in a bill of lading as the person from
493 which the goods have been received for shipment.

494 (5) "Delivery order" means a record that contains an order to deliver goods
495 directed to a warehouse, carrier, or other person that in the ordinary course of business issues
496 warehouse receipts or bills of lading.

497 (6) [Reserved]

498 (7) "Goods" means all things that are treated as movable for the purposes of a
499 contract for storage or transportation.

500 (8) "Issuer" means a bailee that issues a document of title or, in the case of an
501 unaccepted delivery order, the person that orders the possessor of goods to deliver. The term
502 includes a person for which an agent or employee purports to act in issuing a document if the
503 agent or employee has real or apparent authority to issue documents, even if the issuer did not
504 receive any goods, the goods were misdescribed, or in any other respect the agent or employee
505 violated the issuer's instructions.

506 (9) "Person entitled under the document" means the holder, in the case of a
507 negotiable document of title, or the person to which delivery of the goods is to be made by the
508 terms of, or pursuant to instructions in a record under, a nonnegotiable document of title.

509 (10) [Reserved]

510 (11) "Sign" means, with present intent to authenticate or adopt a record:

511 (A) to execute or adopt a tangible symbol; or

512 (B) to attach to or logically associate with the record an electronic sound,

513 symbol, or process.

514 For purposes of this subsection, a person may “authenticate” a record by (i) signing a record that

515 is a writing or (ii) attaching to or logically associating with a record that is not a writing an

516 electronic sound, symbol or process with the present intent to adopt or accept the record. See

517 Sections 1-201(b)(37) and 9-102(a)(7).

518 (12) “Shipper” means a person that enters into a contract of transportation with a

519 carrier.

520 (13) "Warehouse" means a person engaged in the business of storing goods for

521 hire.

522 (b) Definitions in other articles applying to this article and the sections in which they

523 appear are:

524 (1) “Contract for sale”. Section 2-106.

525 (2) “Lessee in the ordinary course of business”. Section 2A-103.

526 (3) “Receipt” of goods. Section 2-103.

527 (c) In addition, Article 1 contains general definitions and principles of construction and

528 interpretation applicable throughout this article.

529 SECTION 7-103. RELATION OF ARTICLE TO TREATY OR STATUTE.

530 (a) This article is subject to any treaty or statute of the United States or regulatory statute
531 of this state to the extent the treaty, statute, or regulatory statute is applicable.

532 (b) This article does not modify or repeal any law prescribing the form or content of a
533 document of title or the services or facilities to be afforded by a bailee, or otherwise regulating a
534 bailee's business in respects not specifically treated in this article. However, violation of such a
535 law does not affect the status of a document of title that otherwise is within the definition of a
536 document of title.

537 (c) This article modifies, limits, and supersedes the federal Electronic Signatures in
538 Global and National Commerce Act (15 U.S.C. Section 7001, et. seq.) but does not modify,
539 limit, or supersede Section 101(c) of that act (15 U.S.C. Section 7001(c)) or authorize electronic
540 delivery of any of the notices described in Section 103(b) of that act (15 U.S.C. Section 7003(b)).

541 (d) To the extent there is a conflict between the Uniform Electronic Transactions Act
542 (chapter 110G, sections 1 through 18) and this article, this article governs.

543 SECTION 7-104. NEGOTIABLE AND NONNEGOTIABLE DOCUMENT OF TITLE.

544 (a) Except as otherwise provided in subsection (c), a document of title is negotiable if by
545 its terms the goods are to be delivered to bearer or to the order of a named person.

546 (b) A document of title other than one described in subsection (a) is nonnegotiable. A
547 bill of lading that states that the goods are consigned to a named person is not made negotiable
548 by a provision that the goods are to be delivered only against an order in a record signed by the
549 same or another named person.

550 (c) A document of title is nonnegotiable if, at the time it is issued, the document has a
551 conspicuous legend, however expressed, that it is nonnegotiable.

552 SECTION 7-105. REISSUANCE IN ALTERNATIVE MEDIUM.

553 (a) Upon request of a person entitled under an electronic document of title, the issuer of
554 the electronic document may issue a tangible document of title as a substitute for the electronic
555 document if:

556 (1) the person entitled under the electronic document surrenders control of the
557 document to the issuer; and

558 (2) the tangible document when issued contains a statement that it is issued in
559 substitution for the electronic document.

560 (b) Upon issuance of a tangible document of title in substitution for an electronic
561 document of title in accordance with subsection (a):

562 (1) the electronic document ceases to have any effect or validity; and

563 (2) the person that procured issuance of the tangible document warrants to all
564 subsequent persons entitled under the tangible document that the warrantor was a person entitled
565 under the electronic document when the warrantor surrendered control of the electronic
566 document to the issuer.

567 (c) Upon request of a person entitled under a tangible document of title, the issuer of the
568 tangible document may issue an electronic document of title as a substitute for the tangible
569 document if:

570 (1) the person entitled under the tangible document surrenders possession of the
571 document to the issuer; and

572 (2) the electronic document when issued contains a statement that it is issued in
573 substitution for the tangible document.

574 (d) Upon issuance of an electronic document of title in substitution for a tangible
575 document of title in accordance with subsection (c):

576 (1) the tangible document ceases to have any effect or validity; and

577 (2) the person that procured issuance of the electronic document warrants to all
578 subsequent persons entitled under the electronic document that the warrantor was a person
579 entitled under the tangible document when the warrantor surrendered possession of the tangible
580 document to the issuer.

581 SECTION 7-106. CONTROL OF ELECTRONIC DOCUMENT OF TITLE.

582 (a) A person has control of an electronic document of title if a system employed for
583 evidencing the transfer of interests in the electronic document reliably establishes that person as
584 the person to which the electronic document was issued or transferred.

585 (b) A system satisfies subsection (a), and a person is deemed to have control of an
586 electronic document of title, if the document is created, stored, and assigned in such a manner
587 that:

588 (1) a single authoritative copy of the document exists which is unique,
589 identifiable, and, except as otherwise provided in paragraphs (4), (5), and (6), unalterable;

- 590 (2) the authoritative copy identifies the person asserting control as:
- 591 (A) the person to which the document was issued; or
- 592 (B) if the authoritative copy indicates that the document has been
- 593 transferred, the person to which the document was most recently transferred;
- 594 (3) the authoritative copy is communicated to and maintained by the person
- 595 asserting control or its designated custodian;
- 596 (4) copies or amendments that add or change an identified assignee of the
- 597 authoritative copy can be made only with the consent of the person asserting control;
- 598 (5) each copy of the authoritative copy and any copy of a copy is readily
- 599 identifiable as a copy that is not the authoritative copy; and
- 600 (6) any amendment of the authoritative copy is readily identifiable as authorized
- 601 or unauthorized.

602 PART 2 WAREHOUSE RECEIPTS: SPECIAL PROVISIONS

603 SECTION 7-201. PERSON THAT MAY ISSUE A WAREHOUSE RECEIPT;

604 STORAGE UNDER BOND.

- 605 (a) A warehouse receipt may be issued by any warehouse.
- 606 (b) If goods, including distilled spirits and agricultural commodities, are stored under a
- 607 statute requiring a bond against withdrawal or a license for the issuance of receipts in the nature
- 608 of warehouse receipts, a receipt issued for the goods is deemed to be a warehouse receipt even if
- 609 issued by a person that is the owner of the goods and is not a warehouse.

610 SECTION 7-202. FORM OF WAREHOUSE RECEIPT; EFFECT OF OMISSION.

611 (a) A warehouse receipt need not be in any particular form.

612 (b) Unless a warehouse receipt provides for each of the following, the warehouse is liable
613 for damages caused to a person injured by its omission:

614 (1) a statement of the location of the warehouse facility where the goods are
615 stored;

616 (2) the date of issue of the receipt;

617 (3) the unique identification code of the receipt;

618 (4) a statement whether the goods received will be delivered to the bearer, to a
619 named person, or to a named person or its order;

620 (5) the rate of storage and handling charges, unless goods are stored under a field
621 warehousing arrangement, in which case a statement of that fact is sufficient on a nonnegotiable
622 receipt;

623 (6) a description of the goods or the packages containing them;

624 (7) the signature of the warehouse or its agent;

625 (8) if the receipt is issued for goods that the warehouse owns, either solely,
626 jointly, or in common with others, a statement of the fact of that ownership; and

627 (9) a statement of the amount of advances made and of liabilities incurred for
628 which the warehouse claims a lien or security interest, unless the precise amount of advances

629 made or liabilities incurred, at the time of the issue of the receipt, is unknown to the warehouse
630 or to its agent that issued the receipt, in which case a statement of the fact that advances have
631 been made or liabilities incurred and the purpose of the advances or liabilities is sufficient.

632 (c) A warehouse may insert in its receipt any terms that are not contrary to this chapter
633 and do not impair its obligation of delivery under Section 7-403 or its duty of care under Section
634 7-204. Any contrary provision is ineffective.

635 SECTION 7-203. LIABILITY FOR NONRECEIPT OR MISDESCRIPTION. A party
636 to or purchaser for value in good faith of a document of title, other than a bill of lading, that
637 relies upon the description of the goods in the document may recover from the issuer damages
638 caused by the nonreceipt or misdescription of the goods, except to the extent that:

639 (1) the document conspicuously indicates that the issuer does not know whether all or
640 part of the goods in fact were received or conform to the description, such as a case in which the
641 description is in terms of marks or labels or kind, quantity, or condition, or the receipt or
642 description is qualified by "contents, condition, and quality unknown", "said to contain", or
643 words of similar import, if the indication is true; or

644 (2) the party or purchaser otherwise has notice of the nonreceipt or misdescription.

645 SECTION 7-204. DUTY OF CARE; CONTRACTUAL LIMITATION OF
646 WAREHOUSE'S LIABILITY.

647 (a) A warehouse is liable for damages for loss of or injury to the goods caused by its
648 failure to exercise care with regard to the goods that a reasonably careful person would exercise

649 under similar circumstances. Unless otherwise agreed, the warehouse is not liable for damages
650 that could not have been avoided by the exercise of that care.

651 (b) Damages may be limited by a term in the warehouse receipt or storage agreement
652 limiting the amount of liability in case of loss or damage beyond which the warehouse is not
653 liable. Such a limitation is not effective with respect to the warehouse's liability for conversion
654 to its own use. On request of the bailor in a record at the time of signing the storage agreement
655 or within a reasonable time after receipt of the warehouse receipt, the warehouse's liability may
656 be increased on part or all of the goods covered by the storage agreement or the warehouse
657 receipt. In this event, increased rates may be charged based on an increased valuation of the
658 goods.

659 (c) Reasonable provisions as to the time and manner of presenting claims and
660 commencing actions based on the bailment may be included in the warehouse receipt or storage
661 agreement.

662 SECTION 7-205. TITLE UNDER WAREHOUSE RECEIPT DEFEATED IN
663 CERTAIN CASES. A buyer in ordinary course of business of fungible goods sold and delivered
664 by a warehouse that is also in the business of buying and selling such goods takes the goods free
665 of any claim under a warehouse receipt even if the receipt is negotiable and has been duly
666 negotiated.

667 SECTION 7-206. TERMINATION OF STORAGE AT WAREHOUSE'S OPTION.

668 (a) A warehouse, by giving notice to the person on whose account the goods are held and
669 any other person known to claim an interest in the goods, may require payment of any charges
670 and removal of the goods from the warehouse at the termination of the period of storage fixed by

671 the document of title or, if a period is not fixed, within a stated period not less than 30 days after
672 the warehouse gives notice. If the goods are not removed before the date specified in the notice,
673 the warehouse may sell them pursuant to Section 7-210.

674 (b) If a warehouse in good faith believes that goods are about to deteriorate or decline in
675 value to less than the amount of its lien within the time provided in subsection (a) and Section 7-
676 210, the warehouse may specify in the notice given under subsection (a) any reasonable shorter
677 time for removal of the goods and, if the goods are not removed, may sell them at public sale
678 held not less than one week after a single advertisement or posting.

679 (c) If, as a result of a quality or condition of the goods of which the warehouse did not
680 have notice at the time of deposit, the goods are a hazard to other property, the warehouse
681 facilities, or other persons, the warehouse may sell the goods at public or private sale without
682 advertisement or posting on reasonable notification to all persons known to claim an interest in
683 the goods. If the warehouse, after a reasonable effort, is unable to sell the goods, it may dispose
684 of them in any lawful manner and does not incur liability by reason of that disposition.

685 (d) A warehouse shall deliver the goods to any person entitled to them under this article
686 upon due demand made at any time before sale or other disposition under this section.

687 (e) A warehouse may satisfy its lien from the proceeds of any sale or disposition under
688 this section but shall hold the balance for delivery on the demand of any person to which the
689 warehouse would have been bound to deliver the goods.

690 SECTION 7-207. GOODS MUST BE KEPT SEPARATE; FUNGIBLE GOODS.

691 (a) Unless the warehouse receipt provides otherwise, a warehouse shall keep separate the
692 goods covered by each receipt so as to permit at all times identification and delivery of those
693 goods. However, different lots of fungible goods may be commingled.

694 (b) If different lots of fungible goods are commingled, the goods are owned in common
695 by the persons entitled thereto and the warehouse is severally liable to each owner for that
696 owner's share. If, because of overissue, a mass of fungible goods is insufficient to meet all the
697 receipts the warehouse has issued against it, the persons entitled include all holders to which
698 overissued receipts have been duly negotiated.

699 SECTION 7-208. ALTERED WAREHOUSE RECEIPTS. If a blank in a negotiable
700 tangible warehouse receipt has been filled in without authority, a good-faith purchaser for value
701 and without notice of the lack of authority may treat the insertion as authorized. Any other
702 unauthorized alteration leaves any tangible or electronic warehouse receipt enforceable against
703 the issuer according to its original tenor.

704 SECTION 7-209. LIEN OF WAREHOUSE.

705 (a) A warehouse has a lien against the bailor on the goods covered by a warehouse receipt
706 or storage agreement or on the proceeds thereof in its possession for charges for storage or
707 transportation, including demurrage and terminal charges, insurance, labor, or other charges,
708 present or future, in relation to the goods, and for expenses necessary for preservation of the
709 goods or reasonably incurred in their sale pursuant to law. If the person on whose account the
710 goods are held is liable for similar charges or expenses in relation to other goods whenever
711 deposited and it is stated in the warehouse receipt or storage agreement that a lien is claimed for
712 charges and expenses in relation to other goods, the warehouse also has a lien against the goods

713 covered by the warehouse receipt or storage agreement or on the proceeds thereof in its
714 possession for those charges and expenses, whether or not the other goods have been delivered
715 by the warehouse. However, as against a person to which a negotiable warehouse receipt is duly
716 negotiated, a warehouse's lien is limited to charges in an amount or at a rate specified in the
717 warehouse receipt or, if no charges are so specified, to a reasonable charge for storage of the
718 specific goods covered by the receipt subsequent to the date of the receipt.

719 (b) A warehouse may also reserve a security interest against the bailor for the maximum
720 amount specified on the receipt for charges other than those specified in subsection (a), such as
721 for money advanced and interest. The security interest is governed by Article 9.

722 (c) A warehouse's lien for charges and expenses under subsection (a) or a security
723 interest under subsection (b) is also effective against any person that so entrusted the bailor with
724 possession of the goods that a pledge of them by the bailor to a good-faith purchaser for value
725 would have been valid. However, the lien or security interest is not effective against a person
726 that before issuance of a document of title had a legal interest or a perfected security interest in
727 the goods and that did not:

728 (1) deliver or entrust the goods or any document of title covering the goods to the
729 bailor or the bailor's nominee with:

730 (A) actual or apparent authority to ship, store, or sell;

731 (B) power to obtain delivery under Section 7-403; or

732 (C) power of disposition under Sections 2-403, 2A-304(2), 2A-305(2), 9-
733 320, or 9-321(c) or other statute or rule of law; or

734 (2) acquiesce in the procurement by the bailor or its nominee of any document.

735 (d) A warehouse's lien on household goods for charges and expenses in relation to the
736 goods under subsection (a) is also effective against all persons if the depositor was the legal
737 possessor of the goods at the time of deposit. In this subsection, "household goods" means
738 furniture, furnishings, or personal effects used by the depositor in a dwelling.

739 (e) A warehouse loses its lien on any goods that it voluntarily delivers or unjustifiably
740 refuses to deliver.

741 SECTION 7-210. ENFORCEMENT OF WAREHOUSE'S LIEN.

742 (a) Except as otherwise provided in subsection (b), a warehouse's lien may be enforced
743 by public or private sale of the goods, in bulk or in packages, at any time or place and on any
744 terms that are commercially reasonable, after notifying all persons known to claim an interest in
745 the goods. The notification must include a statement of the amount due, the nature of the
746 proposed sale, and the time and place of any public sale. The fact that a better price could have
747 been obtained by a sale at a different time or in a method different from that selected by the
748 warehouse is not of itself sufficient to establish that the sale was not made in a commercially
749 reasonable manner. The warehouse sells in a commercially reasonable manner if the warehouse
750 sells the goods in the usual manner in any recognized market therefore, sells at the price current
751 in that market at the time of the sale, or otherwise sells in conformity with commercially
752 reasonable practices among dealers in the type of goods sold. A sale of more goods than
753 apparently necessary to be offered to ensure satisfaction of the obligation is not commercially
754 reasonable, except in cases covered by the preceding sentence.

755 (b) A warehouse may enforce its lien on goods, other than goods stored by a merchant in
756 the course of its business, only if the following requirements are satisfied:

757 (1) All persons known to claim an interest in the goods must be notified.

758 (2) The notification must include an itemized statement of the claim, a description
759 of the goods subject to the lien, a demand for payment within a specified time not less than 10
760 days after receipt of the notification, and a conspicuous statement that unless the claim is paid
761 within that time the goods will be advertised for sale and sold by auction at a specified time and
762 place.

763 (3) The sale must conform to the terms of the notification.

764 (4) The sale must be held at the nearest suitable place to where the goods are held
765 or stored.

766 (5) After the expiration of the time given in the notification, an advertisement of
767 the sale must be published once a week for two weeks consecutively in a newspaper of general
768 circulation where the sale is to be held. The advertisement must include a description of the
769 goods, the name of the person on whose account the goods are being held, and the time and place
770 of the sale. The sale must take place at least 15 days after the first publication. If there is no
771 newspaper of general circulation where the sale is to be held, the advertisement must be posted at
772 least 10 days before the sale in not fewer than six conspicuous places in the neighborhood of the
773 proposed sale.

774 (c) Before any sale pursuant to this section, any person claiming a right in the goods may
775 pay the amount necessary to satisfy the lien and the reasonable expenses incurred in complying

776 with this section. In that event, the goods may not be sold but must be retained by the warehouse
777 subject to the terms of the receipt and this article.

778 (d) A warehouse may buy at any public sale held pursuant to this section.

779 (e) A purchaser in good faith of goods sold to enforce a warehouse's lien takes the goods
780 free of any rights of persons against which the lien was valid, despite the warehouse's
781 noncompliance with this section.

782 (f) A warehouse may satisfy its lien from the proceeds of any sale pursuant to this section
783 but shall hold the balance, if any, for delivery on demand to any person to which the warehouse
784 would have been bound to deliver the goods.

785 (g) The rights provided by this section are in addition to all other rights allowed by law to
786 a creditor against a debtor.

787 (h) If a lien is on goods stored by a merchant in the course of its business, the lien may be
788 enforced in accordance with subsection (a) or (b).

789 (i) A warehouse is liable for damages caused by failure to comply with the requirements
790 for sale under this section and, in case of willful violation, is liable for conversion.

791 PART 3 BILLS OF LADING: SPECIAL PROVISIONS

792 SECTION 7-301. LIABILITY FOR NONRECEIPT OR MISDESCRIPTION; "SAID
793 TO CONTAIN"; "SHIPPER'S WEIGHT, LOAD, AND COUNT"; IMPROPER HANDLING.

794 (a) A consignee of a nonnegotiable bill of lading which has given value in good faith, or a
795 holder to which a negotiable bill has been duly negotiated, relying upon the description of the

796 goods in the bill or upon the date shown in the bill, may recover from the issuer damages caused
797 by the misdating of the bill or the nonreceipt or misdescription of the goods, except to the extent
798 that the bill indicates that the issuer does not know whether any part or all of the goods in fact
799 were received or conform to the description, such as in a case in which the description is in terms
800 of marks or labels or kind, quantity, or condition or the receipt or description is qualified by
801 "contents or condition of contents of packages unknown", "said to contain", "shipper's weight,
802 load, and count," or words of similar import, if that indication is true.

803 (b) If goods are loaded by the issuer of a bill of lading;

804 (1) the issuer shall count the packages of goods if shipped in packages and
805 ascertain the kind and quantity if shipped in bulk; and

806 (2) words such as "shipper's weight, load, and count," or words of similar import
807 indicating that the description was made by the shipper are ineffective except as to goods
808 concealed in packages.

809 (c) If bulk goods are loaded by a shipper that makes available to the issuer of a bill of
810 lading adequate facilities for weighing those goods, the issuer shall ascertain the kind and
811 quantity within a reasonable time after receiving the shipper's request in a record to do so. In
812 that case, "shipper's weight" or words of similar import are ineffective.

813 (d) The issuer of a bill of lading, by including in the bill the words "shipper's weight,
814 load, and count," or words of similar import, may indicate that the goods were loaded by the
815 shipper, and, if that statement is true, the issuer is not liable for damages caused by the improper
816 loading. However, omission of such words does not imply liability for damages caused by
817 improper loading.

818 (e) A shipper guarantees to an issuer the accuracy at the time of shipment of the
819 description, marks, labels, number, kind, quantity, condition, and weight, as furnished by the
820 shipper, and the shipper shall indemnify the issuer against damage caused by inaccuracies in
821 those particulars. This right of indemnity does not limit the issuer's responsibility or liability
822 under the contract of carriage to any person other than the shipper.

823 SECTION 7-302. THROUGH BILLS OF LADING AND SIMILAR DOCUMENTS OF
824 TITLE.

825 (a) The issuer of a through bill of lading, or other document of title embodying an
826 undertaking to be performed in part by a person acting as its agent or by a performing carrier, is
827 liable to any person entitled to recover on the bill or other document for any breach by the other
828 person or the performing carrier of its obligation under the bill or other document. However, to
829 the extent that the bill or other document covers an undertaking to be performed overseas or in
830 territory not contiguous to the continental United States or an undertaking including matters
831 other than transportation, this liability for breach by the other person or the performing carrier
832 may be varied by agreement of the parties.

833 (b) If goods covered by a through bill of lading or other document of title embodying an
834 undertaking to be performed in part by a person other than the issuer are received by that person,
835 the person is subject, with respect to its own performance while the goods are in its possession,
836 to the obligation of the issuer. The person's obligation is discharged by delivery of the goods to
837 another person pursuant to the bill or other document and does not include liability for breach by
838 any other person or by the issuer.

839 (c) The issuer of a through bill of lading or other document of title described in
840 subsection (a) is entitled to recover from the performing carrier, or other person in possession of
841 the goods when the breach of the obligation under the bill or other document occurred:

842 (1) the amount it may be required to pay to any person entitled to recover on the
843 bill or other document for the breach, as may be evidenced by any receipt, judgment, or
844 transcript of judgment; and

845 (2) the amount of any expense reasonably incurred by the issuer in defending any
846 action commenced by any person entitled to recover on the bill or other document for the breach.

847 SECTION 7-303. DIVERSION; RECONSIGNMENT; CHANGE OF
848 INSTRUCTIONS.

849 (a) Unless the bill of lading otherwise provides, a carrier may deliver the goods to a
850 person or destination other than that stated in the bill or may otherwise dispose of the goods,
851 without liability for misdelivery, on instructions from:

852 (1) the holder of a negotiable bill;

853 (2) the consignor on a nonnegotiable bill, even if the consignee has given contrary
854 instructions;

855 (3) the consignee on a nonnegotiable bill in the absence of contrary instructions
856 from the consignor, if the goods have arrived at the billed destination or if the consignee is in
857 possession of the tangible bill or in control of the electronic bill; or

858 (4) the consignee on a nonnegotiable bill, if the consignee is entitled as against the
859 consignor to dispose of the goods.

860 (b) Unless instructions described in subsection (a) are included in a negotiable bill of
861 lading, a person to which the bill is duly negotiated may hold the bailee according to the original
862 terms.

863 SECTION 7-304. TANGIBLE BILLS OF LADING IN A SET.

864 (a) Except as customary in international transportation, a tangible bill of lading may not
865 be issued in a set of parts. The issuer is liable for damages caused by violation of this
866 subsection.

867 (b) If a tangible bill of lading is lawfully issued in a set of parts, each of which contains
868 an identification code and is expressed to be valid only if the goods have not been delivered
869 against any other part, the whole of the parts constitutes one bill.

870 (c) If a tangible negotiable bill of lading is lawfully issued in a set of parts and different
871 parts are negotiated to different persons, the title of the holder to which the first due negotiation
872 is made prevails as to both the document of title and the goods even if any later holder may have
873 received the goods from the carrier in good faith and discharged the carrier's obligation by
874 surrendering its part.

875 (d) A person that negotiates or transfers a single part of a tangible bill of lading issued in
876 a set is liable to holders of that part as if it were the whole set.

877 (e) The bailee shall deliver in accordance with Part 4 against the first presented part of a
878 tangible bill of lading lawfully issued in a set. Delivery in this manner discharges the bailee's
879 obligation on the whole bill.

880 SECTION 7-305. DESTINATION BILLS.

881 (a) Instead of issuing a bill of lading to the consignor at the place of shipment, a carrier,
882 at the request of the consignor, may procure the bill to be issued at destination or at any other
883 place designated in the request.

884 (b) Upon request of any person entitled as against a carrier to control the goods while in
885 transit and on surrender of possession or control of any outstanding bill of lading or other receipt
886 covering the goods, the issuer, subject to Section 7-105, may procure a substitute bill to be issued
887 at any place designated in the request.

888 SECTION 7-306. ALTERED BILLS OF LADING. An unauthorized alteration or filling
889 in of a blank in a bill of lading leaves the bill enforceable according to its original tenor.

890 SECTION 7-307. LIEN OF CARRIER.

891 (a) A carrier has a lien on the goods covered by a bill of lading or on the proceeds thereof
892 in its possession for charges after the date of the carrier's receipt of the goods for storage or
893 transportation, including demurrage and terminal charges, and for expenses necessary for
894 preservation of the goods incident to their transportation or reasonably incurred in their sale
895 pursuant to law. However, against a purchaser for value of a negotiable bill of lading, a carrier's
896 lien is limited to charges stated in the bill or the applicable tariffs or, if no charges are stated, a
897 reasonable charge.

898 (b) A lien for charges and expenses under subsection (a) on goods that the carrier was
899 required by law to receive for transportation is effective against the consignor or any person
900 entitled to the goods unless the carrier had notice that the consignor lacked authority to subject
901 the goods to those charges and expenses. Any other lien under subsection (a) is effective against

902 the consignor and any person that permitted the bailor to have control or possession of the goods
903 unless the carrier had notice that the bailor lacked authority.

904 (c) A carrier loses its lien on any goods that it voluntarily delivers or unjustifiably refuses
905 to deliver.

906

907 SECTION 7-308. ENFORCEMENT OF CARRIER'S LIEN.

908 (a) A carrier's lien on goods may be enforced by public or private sale of the goods, in
909 bulk or in packages, at any time or place and on any terms that are commercially reasonable,
910 after notifying all persons known to claim an interest in the goods. The notification must include
911 a statement of the amount due, the nature of the proposed sale, and the time and place of any
912 public sale. The fact that a better price could have been obtained by a sale at a different time or
913 in a method different from that selected by the carrier is not of itself sufficient to establish that
914 the sale was not made in a commercially reasonable manner. The carrier sells goods in a
915 commercially reasonable manner if the carrier sells the goods in the usual manner in any
916 recognized market therefor, sells at the price current in that market at the time of the sale, or
917 otherwise sells in conformity with commercially reasonable practices among dealers in the type
918 of goods sold. A sale of more goods than apparently necessary to be offered to ensure
919 satisfaction of the obligation is not commercially reasonable, except in cases covered by the
920 preceding sentence.

921 (b) Before any sale pursuant to this section, any person claiming a right in the goods may
922 pay the amount necessary to satisfy the lien and the reasonable expenses incurred in complying

923 with this section. In that event, the goods may not be sold but must be retained by the carrier,
924 subject to the terms of the bill of lading and this article.

925 (c) A carrier may buy at any public sale pursuant to this section.

926 (d) A purchaser in good faith of goods sold to enforce a carrier's lien takes the goods free
927 of any rights of persons against which the lien was valid, despite the carrier's noncompliance
928 with this section.

929 (e) A carrier may satisfy its lien from the proceeds of any sale pursuant to this section but
930 shall hold the balance, if any, for delivery on demand to any person to which the carrier would
931 have been bound to deliver the goods.

932 (f) The rights provided by this section are in addition to all other rights allowed by law to
933 a creditor against a debtor.

934 (g) A carrier's lien may be enforced pursuant to either subsection (a) or the procedure set
935 forth in Section 7-210(b).

936 (h) A carrier is liable for damages caused by failure to comply with the requirements for
937 sale under this section and, in case of willful violation, is liable for conversion.

938

939 SECTION 7-309. DUTY OF CARE; CONTRACTUAL LIMITATION OF CARRIER'S
940 LIABILITY.

941 (a) A carrier that issues a bill of lading, whether negotiable or nonnegotiable, shall
942 exercise the degree of care in relation to the goods which a reasonably careful person would

943 exercise under similar circumstances. This subsection does not affect any statute, regulation, or
944 rule of law that imposes liability upon a common carrier for damages not caused by its
945 negligence.

946 (b) Damages may be limited by a term in the bill of lading or in a transportation
947 agreement that the carrier's liability may not exceed a value stated in the bill or transportation
948 agreement if the carrier's rates are dependent upon value and the consignor is afforded an
949 opportunity to declare a higher value and the consignor is advised of the opportunity. However,
950 such a limitation is not effective with respect to the carrier's liability for conversion to its own
951 use.

952 (c) Reasonable provisions as to the time and manner of presenting claims and
953 commencing actions based on the shipment may be included in a bill of lading or a transportation
954 agreement.

955 PART 4 WAREHOUSE RECEIPTS AND BILLS OF LADING: GENERAL OBLIGATIONS

956 SECTION 7-401. IRREGULARITIES IN ISSUE OF RECEIPT OR BILL OR
957 CONDUCT OF ISSUER The obligations imposed by this article on an issuer apply to a
958 document of title even if:

959 (1) the document does not comply with the requirements of this article or of any other
960 statute, rule, or regulation regarding its issuance, form, or content;

961 (2) the issuer violated laws regulating the conduct of its business;

962 (3) the goods covered by the document were owned by the bailee when the document was
963 issued; or

964 (4) the person issuing the document is not a warehouse but the document purports to be a
965 warehouse receipt.

966

967 SECTION 7-402. DUPLICATE DOCUMENT OF TITLE; OVERISSUE. A duplicate
968 or any other document of title purporting to cover goods already represented by an outstanding
969 document of the same issuer does not confer any right in the goods, except as provided in the
970 case of tangible bills of lading in a set of parts, overissue of documents for fungible goods,
971 substitutes for lost, stolen, or destroyed documents, or substitute documents issued pursuant to
972 Section 7-105. The issuer is liable for damages caused by its overissue or failure to identify a
973 duplicate document by a conspicuous notation.

974 SECTION 7-403. OBLIGATION OF BAILEE TO DELIVER; EXCUSE.

975 (a) A bailee shall deliver the goods to a person entitled under a document of title
976 if the person complies with subsections (b) and (c), unless and to the extent that the bailee
977 establishes any of the following:

978 (1) delivery of the goods to a person whose receipt was rightful as against the
979 claimant;

980 (2) damage to or delay, loss, or destruction of the goods for which the bailee is not
981 liable;

982 (3) previous sale or other disposition of the goods in lawful enforcement of a lien
983 or on a warehouse's lawful termination of storage;

984 (4) the exercise by a seller of its right to stop delivery pursuant to Section 2-705
985 or by a lessor of its right to stop delivery pursuant to Section 2A-526;

986 (5) a diversion, reconsignment, or other disposition pursuant to Section 7-303;

987 (6) release, satisfaction, or any other personal defense against the claimant; or

988 (7) any other lawful excuse.

989 (b) A person claiming goods covered by a document of title shall satisfy the bailee's lien
990 if the bailee so requests or if the bailee is prohibited by law from delivering the goods until the
991 charges are paid.

992 (c) Unless a person claiming the goods is a person against which the document of title
993 does not confer a right under Section 7-503(a):

994 (1) the person claiming under a document shall surrender possession or control of
995 any outstanding negotiable document covering the goods for cancellation or indication of partial
996 deliveries; and

997 (2) the bailee shall cancel the document or conspicuously indicate in the
998 document the partial delivery or the bailee is liable to any person to which the document is duly
999 negotiated.

1000 SECTION 7-404. NO LIABILITY FOR GOOD-FAITH DELIVERY PURSUANT TO
1001 DOCUMENT OF TITLE. A bailee that in good faith has received goods and delivered or
1002 otherwise disposed of the goods according to the terms of a document of title or pursuant to this
1003 article is not liable for the goods even if:

1004 (1) the person from which the bailee received the goods did not have authority to procure
1005 the document or to dispose of the goods; or

1006 (2) the person to which the bailee delivered the goods did not have authority to receive
1007 the goods.

1008 PART 5 WAREHOUSE RECEIPTS AND BILLS OF LADING: NEGOTIATION AND
1009 TRANSFER

1010 SECTION 7-501. FORM OF NEGOTIATION AND REQUIREMENTS OF DUE
1011 NEGOTIATION.

1012 (a) The following rules apply to a negotiable tangible document of title:

1013 (1) If the document's original terms run to the order of a named person, the
1014 document is negotiated by the named person's indorsement and delivery. After the named
1015 person's indorsement in blank or to bearer, any person may negotiate the document by delivery
1016 alone.

1017 (2) If the document's original terms run to bearer, it is negotiated by delivery
1018 alone.

1019 (3) If the document's original terms run to the order of a named person and it is
1020 delivered to the named person, the effect is the same as if the document had been negotiated.

1021 (4) Negotiation of the document after it has been indorsed to a named person
1022 requires indorsement by the named person and delivery.

1023 (5) A document is duly negotiated if it is negotiated in the manner stated in this
1024 subsection to a holder that purchases it in good faith, without notice of any defense against or
1025 claim to it on the part of any person, and for value, unless it is established that the negotiation is
1026 not in the regular course of business or financing or involves receiving the document in
1027 settlement or payment of a monetary obligation.

1028 (b) The following rules apply to a negotiable electronic document of title:

1029 (1) If the document's original terms run to the order of a named person or to
1030 bearer, the document is negotiated by delivery of the document to another person. Indorsement
1031 by the named person is not required to negotiate the document.

1032 (2) If the document's original terms run to the order of a named person and the
1033 named person has control of the document, the effect is the same as if the document had been
1034 negotiated.

1035 (3) A document is duly negotiated if it is negotiated in the manner stated in this
1036 subsection to a holder that purchases it in good faith, without notice of any defense against or
1037 claim to it on the part of any person, and for value, unless it is established that the negotiation is
1038 not in the regular course of business or financing or involves taking delivery of the document in
1039 settlement or payment of a monetary obligation.

1040 (c) Indorsement of a nonnegotiable document of title neither makes it negotiable nor adds
1041 to the transferee's rights.

1042 (d) The naming in a negotiable bill of lading of a person to be notified of the arrival of
1043 the goods does not limit the negotiability of the bill or constitute notice to a purchaser of the bill
1044 of any interest of that person in the goods.

1045 SECTION 7-502. RIGHTS ACQUIRED BY DUE NEGOTIATION.

1046 (a) Subject to Sections 7-205 and 7-503, a holder to which a negotiable document of title
1047 has been duly negotiated acquires thereby:

1048 (1) title to the document;

1049 (2) title to the goods;

1050 (3) all rights accruing under the law of agency or estoppel, including rights to
1051 goods delivered to the bailee after the document was issued; and

1052 (4) the direct obligation of the issuer to hold or deliver the goods according to the
1053 terms of the document free of any defense or claim by the issuer except those arising under the
1054 terms of the document or under this article, but in the case of a delivery order, the bailee's
1055 obligation accrues only upon the bailee's acceptance of the delivery order and the obligation
1056 acquired by the holder is that the issuer and any indorser will procure the acceptance of the
1057 bailee.

1058 (b) Subject to Section 7-503, title and rights acquired by due negotiation are not defeated
1059 by any stoppage of the goods represented by the document of title or by surrender of the goods
1060 by the bailee and are not impaired even if:

1061 (1) the due negotiation or any prior due negotiation constituted a breach of duty;

1062 (2) any person has been deprived of possession of a negotiable tangible document
1063 or control of a negotiable electronic document by misrepresentation, fraud, accident, mistake,
1064 duress, loss, theft, or conversion; or

1065 (3) a previous sale or other transfer of the goods or document has been made to a
1066 third person.

1067 SECTION 7-503. DOCUMENT OF TITLE TO GOODS DEFEATED IN CERTAIN
1068 CASES.

1069 (a) A document of title confers no right in goods against a person that before issuance of
1070 the document had a legal interest or a perfected security interest in the goods and that did not:

1071 (1) deliver or entrust the goods or any document of title covering the goods to the
1072 bailor or the bailor's nominee with:

1073 (A) actual or apparent authority to ship, store, or sell;

1074 (B) power to obtain delivery under Section 7-403; or

1075 (C) power of disposition under Section 2-403, 2A-304(2), 2A-305(2), 9-
1076 320, or 9-321(c) or other statute or rule of law; or

1077 (2) acquiesce in the procurement by the bailor or its nominee of any document.

1078 (b) Title to goods based upon an unaccepted delivery order is subject to the rights of any
1079 person to which a negotiable warehouse receipt or bill of lading covering the goods has been
1080 duly negotiated. That title may be defeated under Section 7-504 to the same extent as the rights
1081 of the issuer or a transferee from the issuer.

1082 (c) Title to goods based upon a bill of lading issued to a freight forwarder is subject to the
1083 rights of any person to which a bill issued by the freight forwarder is duly negotiated. However,
1084 delivery by the carrier in accordance with Part 4 pursuant to its own bill of lading discharges the
1085 carrier's obligation to deliver.

1086 SECTION 7-504. RIGHTS ACQUIRED IN ABSENCE OF DUE NEGOTIATION;
1087 EFFECT OF DIVERSION; STOPPAGE OF DELIVERY.

1088 (a) A transferee of a document of title, whether negotiable or nonnegotiable, to which the
1089 document has been delivered but not duly negotiated, acquires the title and rights that its
1090 transferor had or had actual authority to convey.

1091 (b) In the case of a transfer of a nonnegotiable document of title, until but not after the
1092 bailee receives notice of the transfer, the rights of the transferee may be defeated:

1093 (1) by those creditors of the transferor which could treat the transfer as void under
1094 Section 2-402 or 2A-308 ;

1095 (2) by a buyer from the transferor in ordinary course of business if the bailee has
1096 delivered the goods to the buyer or received notification of the buyer's rights;

1097 (3) by a lessee from the transferor in ordinary course of business if the bailee has
1098 delivered the goods to the lessee or received notification of the lessee's rights; or

1099 (4) as against the bailee, by good-faith dealings of the bailee with the transferor.

1100 (c) A diversion or other change of shipping instructions by the consignor in a
1101 nonnegotiable bill of lading which causes the bailee not to deliver the goods to the consignee
1102 defeats the consignee's title to the goods if the goods have been delivered to a buyer in ordinary

1103 course of business or a lessee in ordinary course of business and, in any event, defeats the
1104 consignee's rights against the bailee.

1105 (d) Delivery of the goods pursuant to a nonnegotiable document of title may be stopped
1106 by a seller under Section 2-705 or a lessor under Section 2A-526, subject to the requirements of
1107 due notification in those sections. A bailee that honors the seller's or lessor's instructions is
1108 entitled to be indemnified by the seller or lessor against any resulting loss or expense.

1109 SECTION 7-505. INDORSER NOT GUARANTOR FOR OTHER PARTIES. The
1110 indorsement of a tangible document of title issued by a bailee does not make the indorser liable
1111 for any default by the bailee or previous indorsers.

1112

1113 SECTION 7-506. DELIVERY WITHOUT INDORSEMENT: RIGHT TO COMPEL
1114 INDORSEMENT. The transferee of a negotiable tangible document of title has a specifically
1115 enforceable right to have its transferor supply any necessary indorsement, but the transfer
1116 becomes a negotiation only as of the time the indorsement is supplied.

1117 SECTION 7-507. WARRANTIES ON NEGOTIATION OR DELIVERY OF
1118 DOCUMENT OF TITLE. If a person negotiates or delivers a document of title for value,
1119 otherwise than as a mere intermediary under Section 7-508, unless otherwise agreed, the
1120 transferor, in addition to any warranty made in selling or leasing the goods, warrants to its
1121 immediate purchaser only that:

1122 (1) the document is genuine;

1123 (2) the transferor does not have knowledge of any fact that would impair the document's
1124 validity or worth; and

1125 (3) the negotiation or delivery is rightful and fully effective with respect to the title to the
1126 document and the goods it represents.

1127 SECTION 7-508. WARRANTIES OF COLLECTING BANK AS TO DOCUMENTS
1128 OF TITLE. A collecting bank or other intermediary known to be entrusted with documents of
1129 title on behalf of another or with collection of a draft or other claim against delivery of
1130 documents warrants by the delivery of the documents only its own good faith and authority even
1131 if the collecting bank or other intermediary has purchased or made advances against the claim or
1132 draft to be collected.

1133 SECTION 7-509. ADEQUATE COMPLIANCE WITH COMMERCIAL CONTRACT.
1134 Whether a document of title is adequate to fulfill the obligations of a contract for sale, a contract
1135 for lease, or the conditions of a letter of credit is determined by Article 2, 2A, or 5.

1136 PART 6 WAREHOUSE RECEIPTS AND BILLS OF LADING: MISCELLANEOUS
1137 PROVISIONS

1138 SECTION 7-601. LOST, STOLEN, OR DESTROYED DOCUMENTS OF TITLE.

1139 (a) If a document of title is lost, stolen, or destroyed, a court may order delivery of the
1140 goods or issuance of a substitute document and the bailee may without liability to any person
1141 comply with the order. If the document was negotiable, a court may not order delivery of the
1142 goods or issuance of a substitute document without the claimant's posting security unless it finds
1143 that any person that may suffer loss as a result of nonsurrender of possession or control of the

1144 document is adequately protected against the loss. If the document was nonnegotiable, the court
1145 may require security. The court may also order payment of the bailee's reasonable costs and
1146 attorney's fees in any action under this subsection.

1147 (b) A bailee that, without a court order, delivers goods to a person claiming under a
1148 missing negotiable document of title is liable to any person injured thereby. If the delivery is
1149 not in good faith, the bailee is liable for conversion. Delivery in good faith is not conversion if
1150 the claimant posts security with the bailee in an amount at least double the value of the goods at
1151 the time of posting to indemnify any person injured by the delivery which files a notice of claim
1152 within one year after the delivery.

1153 SECTION 7-602. JUDICIAL PROCESS AGAINST GOODS COVERED BY
1154 NEGOTIABLE DOCUMENT OF TITLE. Unless a document of title was originally issued upon
1155 delivery of the goods by a person that did not have power to dispose of them, a lien does not
1156 attach by virtue of any judicial process to goods in the possession of a bailee for which a
1157 negotiable document of title is outstanding unless possession or control of the document is first
1158 surrendered to the bailee or the document's negotiation is enjoined. The bailee may not be
1159 compelled to deliver the goods pursuant to process until possession or control of the document is
1160 surrendered to the bailee or to the court. A purchaser of the document for value without notice
1161 of the process or injunction takes free of the lien imposed by judicial process.

1162 SECTION 7-603. CONFLICTING CLAIMS; INTERPLEADER. If more than one
1163 person claims title to or possession of the goods, the bailee is excused from delivery until the
1164 bailee has a reasonable time to ascertain the validity of the adverse claims or to commence an

1165 action for interpleader. The bailee may assert an interpleader either in defending an action for
1166 nondelivery of the goods or by original action.

1167 SECTION 45. Subsection 8-102(a)(10) of said chapter 106 is hereby amended by striking out the
1168 words ““Good faith,” for purposes of the obligation of good faith in the performance or
1169 enforcement of contracts or duties within this Article, means honesty in fact and the observance
1170 of reasonable commercial standards of fair dealing.” and by substituting in place thereof word:--
1171 “[Reserved]”.

1172 SECTION 46. Section 8-103 of said chapter 106 is hereby amended by adding at the end of said
1173 Section the following new Subsection 8-103(g):--

1174 (g) A document of title, as defined in Section 1-201(16), is not a financial asset unless
1175 Section 8-102(a)(9)(iii) applies.

1176 SECTION 47. Subsection 9-102(a)(5) of chapter 106 of the General Laws is hereby amended by
1177 striking out the words “, other than a security interest, ”.

1178 SECTION 48. Subsection 9-102(a)(30) of said chapter 106 is hereby amended by striking out “7-
1179 201(2)” and by inserting in place thereof “7-201(b)”.

1180 SECTION 49. Subsection 9-102(a)(43) of said chapter 106 is hereby amended by striking out the
1181 words ““Good faith” means honesty in fact and the observance of reasonable commercial
1182 standards of fair dealing.” and by inserting in place thereof word “[Reserved]”.

1183 SECTION 50. Subsection 9-102(a)(46) of said chapter 106 is hereby amended by inserting, after
1184 the word “provided”, the words “or to be provided”.

1185 SECTION 51. Subsection 9-102(b) of said chapter 106 is hereby amended by inserting, after the
1186 words “‘Contract for sale’. Section 2-106”, the words “‘Control’ (with respect to a document of
1187 title). Section 7-106.”

1188 SECTION 52. Subsection 9-109(d)(10)(B) of said chapter 106 is hereby amended by striking
1189 out “9-403” and by substituting in place thereof “9-404.”

1190 SECTION 53. Subsection 9-203(b)(3)(D) of said chapter 106 is hereby amended by striking out
1191 the words “or letter-of credit rights,” and by substituting in place thereof the words “letter-of
1192 credit rights, or electronic documents,”.

1193 SECTION 54. Subsection 9-203(b)(3)(D) of said chapter 106 is hereby further amended by
1194 striking out the words “or 9-107,” and by substituting in place thereof the words “9-107, or 7-
1195 106”.

1196 SECTION 55. Subsection 9-207(c) of said chapter 106 is hereby amended by striking out the
1197 words “or 9-107,” and by substituting in place thereof the words “9-107, or 7-106”.

1198 SECTION 56. Section 9-208 of said chapter 106 is hereby amended by striking out the word
1199 “and” at the end of Subsection 9-208(b)(4), by striking out the period and substituting in place
1200 thereof the word “; and” at the end of Subsection 9-208(b)(5) and by adding at the end of said
1201 Section the following the following new Subsection 9-208(b)(6):--

1202 (6) a secured party having control of an electronic document shall:

1203 (A) give control of the electronic document to the debtor or its designated
1204 custodian;

1205 (B) if the debtor designates a custodian that is the designated custodian
1206 with which the authoritative copy of the electronic document is maintained for the secured party,
1207 communicate to the custodian an authenticated record releasing the designated custodian from
1208 any further obligation to comply with instructions originated by the secured party and instructing
1209 the custodian to comply with instructions originated by the debtor; and

1210 (C) take appropriate action to enable the debtor or its designated custodian
1211 to make copies of or revisions to the authoritative copy which add or change an identified
1212 assignee of the authoritative copy without the consent of the secured party.

1213 SECTION 57. Subsection 9-209(b) of said chapter 106 is hereby amended by striking out “9-
1214 405(a)” and by substituting in place thereof “9-406(a).”

1215 SECTION 58. Subsection 9-301(3) of said chapter 106 is hereby amended by inserting, after the
1216 words “provided in paragraph (4), while”, the word “tangible”.

1217 SECTION 59. Subsection 9-304(b)(1) of said chapter 106 is hereby amended by striking out the
1218 words “the debtor” and by substituting in place thereof the words “its customer”.

1219 SECTION 60. Section 9-309 of said chapter 106 is hereby amended by striking out the word
1220 “and” after the word “thereunder;” in Subsection 9-309(12), by striking out the period at the end
1221 of Subsection 9-309(13), by substituting in place thereof the word “; and” and by adding at the
1222 end of said Section 9-309 the following new Subsection 9-309(14):--

1223 (14) a sale by an individual of an account that is a right to payment of winnings in a
1224 lottery or other game of chance.

1225 SECTION 61. Subsection 9-310(b)(5) of said chapter 106 is hereby amended by inserting, after
1226 the words “perfected without filing,”, the word “control,”.

1227 SECTION 62. Subsection 9-310(b)(8) of said chapter 106 is hereby amended by inserting, after
1228 the words “electronic chattel paper,”, the words “electronic documents,”.

1229 SECTION 63. Subsection 9-312(e) of said chapter 106 is hereby amended by inserting, after the
1230 words “taking of possession,”, the words “or control”.

1231 SECTION 64. Subsection 9-313(a) of said chapter 106 is hereby amended by inserting in the
1232 first sentence of said Subsection, after the words “may perfect a security in”, the word
1233 “tangible”.

1234 SECTION 65. Subsection 9-314(a) of said chapter 106 is hereby amended by striking out the
1235 words “or electronic chattel paper,” and by substituting in place thereof the words “electronic
1236 chattel paper, or electronic documents,”.

1237 SECTION 66. Subsection 9-314(a) of said chapter 106 is hereby further amended by striking out
1238 the words “or 9-107,” and by substituting in place thereof the words “9-107, or 7-106”.

1239 SECTION 67. Subsection 9-314(b) of said chapter 106 is hereby amended by striking out the
1240 words “or letter-of-credit rights,” and by substituting in place thereof the words “letter-of-credit
1241 rights, or electronic documents,”.

1242 SECTION 68. Subsection 9-314(b) of said chapter 106 is hereby further amended by striking
1243 out the words “or 9-107,” and by substituting in place thereof the words “9-107, or 7-106”.

1244 SECTION 69. Subsection 9-317(b) of said chapter 106 is hereby amended by inserting, after the
1245 words “tangible chattel paper,”, the word “tangible”.

1246 SECTION 70. Subsection 9-317(d) of said chapter 106 is hereby amended by inserting, after the
1247 words “electronic chattel paper,”, the words “electronic documents,”.

1248 SECTION 71. Subsection 9-338(2) of said chapter 106 is hereby amended by striking the words
1249 “in the case of chattel paper, documents” and by substituting in place thereof the words “in the
1250 case of tangible chattel paper, tangible documents”.

1251 SECTION 72. Part 3 of article 9 of said chapter 106 is hereby further amended by inserting,
1252 immediately after Section 9-341, the following new Section 9-342: --

1253 SECTION 9-342. BANK’S RIGHT TO REFUSE TO ENTER INTO OR DISCLOSE
1254 EXISTENCE OF CONTROL AGREEMENT. This article does not require a bank to enter into
1255 an agreement of the kind described in Section 9-104(a)(2), even if its customer so requests or
1256 directs. A bank that has entered into such an agreement is not required to confirm the existence
1257 of the agreement to another person unless requested to do so by its customer.

1258 SECTION 73. Subsection 9-401(a) of said chapter 106 is hereby amended by striking out the
1259 words “9-405, 9-406, 9-407 and 9-408” and by substituting in place thereof the words “9-406, 9-
1260 407, 9-408 and 9-409.”

1261 SECTION 74. Part 4 of article 9 of said chapter 106 is hereby amended by redesignating
1262 Sections 9-402, 9-403, 9-404, 9-405, 9-406, 9-407 and 9-408 as Sections 9-403, 9-404, 9-405, 9-
1263 406, 9-407, 9-408 and 9-409 respectively and by inserting, immediately after Section 9-401, the
1264 following new Section 9-402:--

1265 SECTION 9 402. SECURED PARTY NOT OBLIGATED ON CONTRACT OF DEBTOR OR
1266 IN TORT. The existence of a security interest, agricultural lien, or authority given to a debtor to

1267 dispose of or use collateral, without more, does not subject a secured party to liability in contract
1268 or tort for the debtor's acts or omissions.

1269 SECTION 75. Subsection 9-404(b)(2), so redesignated as Subsection 9-405(b)(2), of said
1270 chapter 106, is hereby amended by striking out "9-405(a)" and by substituting in place thereof
1271 "9-406(a)."

1272 SECTION 76. Subsection 9-405(d), so redesignated as Subsection 9-406(d), of said chapter 106
1273 is hereby amended by striking out "9-406" and by substituting "9-407."

1274 SECTION 77. Subsection 9-405(f), so redesignated as Subsection 9-406(f), of said chapter 106
1275 is hereby amended by striking out "9-406" and by substituting "9-407."

1276 SECTION 78. Subsection 9-601(b) of said chapter 106 is hereby amended by striking out the
1277 words "or 9-107," and by substituting in place thereof the words "9-107, or 7-106".

1278 SECTION 79. Subsection 9-702(b) of said chapter 106 is hereby amended by striking out the
1279 word "9-708" and by inserting in place thereof the following word:-- "9-709".

1280 SECTION 80. Subsection 9-706(b)(1) of said chapter 106 is hereby amended by striking out "9-
1281 402" and by substituting "9-403."

1282 SECTION 81. Section 47 of chapter 152 of the General Laws is hereby amended by striking out
1283 "9-405 and 9-407" and by substituting "9-406 and 9-408."

1284 SECTION 82. The following transitional provisions apply to the foregoing sections of this Act:

1285 (a) The foregoing sections of this Act apply to a document of title that is issued or a
1286 bailment that arises on or after the effective date of the foregoing sections of this Act. The

1287 foregoing sections of this Act do not apply to a document of title that is issued or a bailment that
1288 arises before the effective date of the foregoing sections of this Act even if the document of title
1289 or bailment would be subject to this Act if the document of title had been issued or bailment had
1290 arisen on or after the effective date of the foregoing sections of this Act.

1291 (b) The foregoing sections of this Act do not apply to a right of action that has
1292 accrued before the effective date of the foregoing sections of this Act.

1293 (c) A document of title issued or a bailment that arises before the effective date of the
1294 foregoing sections of this Act and the rights, obligations, and interests flowing from that
1295 document or bailment are governed by any statute or other rule amended or repealed by the
1296 foregoing sections of this Act as if amendment or repeal had not occurred and may be
1297 terminated, completed, consummated, or enforced under that statute or other rule.

1298 (d) Section 60 of this Act applies to a sale of an account described in Subsection 9-
1299 309(14) of Article 9 of chapter 106 of the General Laws, as amended by Section 60, even if the
1300 sale was entered into before the foregoing sections of this Act take effect. However, if the
1301 relative priorities of conflicting claims to the account were established before the foregoing
1302 sections of this Act take effect, Article 9 of said chapter 106 as in effect immediately prior to the
1303 date on which the foregoing sections of this Act take effect determines priority.

1304 (e) The amendments to said chapter 106 contained in Sections 1, 8, 28, 29, 47, 50, 52,
1305 57, 59, 72, 73, 74, 75, 76, 77, 79, 80 and 81 of this Act are intended to correct technical errors
1306 and, to the extent substantive, are intended to be declarative of existing law.

1307 SECOND SET OF AMENDMENTS

1308 (2010 AMENDMENTS TO UCC ARTICLE 9)

1309 SECTION 83. After making each amendment to said chapter 106 set forth above, each section
1310 of article 9 of said chapter 106 indicated below is hereby further amended by (a) striking the
1311 words indicated by a line struck through the words. (b) striking the forms contained in each of
1312 subsection (a) and subsection (b) of section 9-521 of article 9, and (c) inserting the words
1313 indicated by the words underlined, with there being no amendments in this Section to any section
1314 of article 9 not indicated below:

1315 SECTION 9-102. DEFINITIONS AND INDEX OF DEFINITIONS

1316 (a) Article 9 definitions. In this article:

1317 (1) “Accession” means goods that are physically united with other goods in such
1318 a manner that the identity of the original goods is not lost.

1319 (2) “Account”, except as used in “account for”, means a right to payment of a
1320 monetary obligation, whether or not earned by performance, (i) for property that has been or is to
1321 be sold, leased, licensed, assigned, or otherwise disposed of, (ii) for services rendered or to be
1322 rendered, (iii) for a policy of insurance issued or to be issued, (iv) for a secondary obligation
1323 incurred or to be incurred, (v) for energy provided or to be provided, (vi) for the use or hire of a
1324 vessel under a charter or other contract, (vii) arising out of the use of a credit or charge card or
1325 information contained on or for use with the card, or (viii) as winnings in a lottery or other game
1326 of chance operated or sponsored by a State, governmental unit of a State, or person licensed or
1327 authorized to operate the game by a State or governmental unit of a State. The term includes
1328 health-care-insurance receivables. The term does not include (i) rights to payment evidenced by
1329 chattel paper or an instrument, (ii) commercial tort claims, (iii) deposit accounts, (iv) investment

1330 property, (v) letter-of-credit rights or letters of credit, or (vi) rights to payment for money or
1331 funds advanced or sold, other than rights arising out of the use of a credit or charge card or
1332 information contained on or for use with the card.

1333 (3) “Account debtor” means a person obligated on an account, chattel paper, or
1334 general intangible. The term does not include persons obligated to pay a negotiable instrument,
1335 even if the instrument constitutes part of chattel paper.

1336 (4) “Accounting”, except as used in “accounting for”, means a record:

1337 (A) authenticated by a secured party;

1338 (B) indicating the aggregate unpaid secured obligations as of a date not
1339 more than 35 days earlier or 35 days later than the date of the record; and

1340 (C) identifying the components of the obligations in reasonable detail.

1341 (5) “Agricultural lien” means an interest in farm products:

1342 (A) which secures payment or performance of an obligation for:

1343 (i) goods or services furnished in connection with a debtor’s
1344 farming operation; or

1345 (ii) rent on real property leased by a debtor in connection with its
1346 farming operation;

1347 (B) which is created by statute in favor of a person that:

1348 (i) in the ordinary course of its business furnished goods or
1349 services to a debtor in connection with a debtor's farming operation; or

1350 (ii) leased real property to a debtor in connection with the debtor's
1351 farming operation; and

1352 (C) whose effectiveness does not depend on the person's possession of the
1353 personal property.

1354 (6) "As-extracted collateral" means:

1355 (A) oil, gas, or other minerals that are subject to a security interest that:

1356 (i) is created by a debtor having an interest in the minerals before
1357 extraction; and

1358 (ii) attaches to the minerals as extracted; or

1359 (B) accounts arising out of the sale at the wellhead or minehead of oil, gas,
1360 or other minerals in which the debtor had an interest before extraction.

1361 (7) "Authenticate" means:

1362 (A) to sign; or

1363 (B) to execute or otherwise adopt a symbol, or encrypt or similarly process
1364 a record in whole or in part, with the present intent of the authenticating person to identify the
1365 person and adopt or accept a record with present intent to adopt or accept a record, to attach to or
1366 logically associate with the record an electronic sound, symbol, or process.

1367 (8) “Bank” means an organization that is engaged in the business of banking.
1368 The term includes savings banks, savings and loan associations, credit unions, and trust
1369 companies.

1370 (9) “Cash proceeds” means proceeds that are money, checks, deposit accounts, or
1371 the like.

1372 (10) “Certificate of title” means a certificate of title with respect to which a
1373 statute provides for the security interest in question to be indicated on the certificate as a
1374 condition or result of the security interest’s obtaining priority over the rights of a lien creditor
1375 with respect to the collateral. The term includes another record maintained as an alternative to a
1376 certificate of title by the governmental unit that issues certificates of title if a statute permits the
1377 security interest in question to be indicated on the record as a condition or result of the security
1378 interest’s obtaining priority over the rights of a lien creditor with respect to the collateral.

1379 (11) “Chattel paper” means a record or records that evidence both a monetary
1380 obligation and a security interest in specific goods, a security interest in specific goods and
1381 software used in the goods, a security interest in specific goods and license of software used in
1382 the goods, a lease of specific goods, or a lease of specific goods and license of software used in
1383 the goods. In this paragraph, “monetary obligation” means a monetary obligation secured by the
1384 goods or owed under a lease of the goods and includes a monetary obligation with respect to
1385 software used in the goods. The term does not include (i) charters or other contracts involving
1386 the use or hire of a vessel or (ii) records that evidence a right to payment arising out of the use of
1387 a credit or charge card or information contained on or for use with the card. If a transaction is

1388 evidenced by records that include an instrument or series of instruments, the group of records
1389 taken together constitutes chattel paper.

1390 (12) “Collateral” means the property subject to a security interest or agricultural
1391 lien. The term includes:

1392 (A) proceeds to which a security interest attaches;

1393 (B) accounts, chattel paper, payment intangibles, and promissory notes
1394 that have been sold; and

1395 (C) goods that are the subject of a consignment.

1396 (13) “Commercial tort claim” means a claim arising in tort with respect to which:

1397 (A) the claimant is an organization; or

1398 (B) the claimant is an individual and the claim:

1399 (i) arose in the course of the claimant’s business or profession; and

1400 (ii) does not include damages arising out of personal injury to or
1401 the death of an individual.

1402 (14) “Commodity account” means an account maintained by a commodity
1403 intermediary in which a commodity contract is carried for a commodity customer.

1404 (15) “Commodity contract” means a commodity futures contract, an option on a
1405 commodity futures contract, a commodity option, or another contract if the contract or option is:

1406 (A) traded on or subject to the rules of a board of trade that has been
1407 designated as a contract market for such a contract pursuant to federal commodities laws; or

1408 (B) traded on a foreign commodity board of trade, exchange, or market,
1409 and is carried on the books of a commodity intermediary for a commodity customer.

1410 (16) “Commodity customer” means a person for which a commodity
1411 intermediary carries a commodity contract on its books.

1412 (17) “Commodity intermediary” means a person that:

1413 (A) is registered as a futures commission merchant under federal
1414 commodities law; or

1415 (B) in the ordinary course of its business provides clearance or settlement
1416 services for a board of trade that has been designated as a contract market pursuant to federal
1417 commodities law.

1418 (18) “Communicate” means:

1419 (A) to send a written or other tangible record;

1420 (B) to transmit a record by any means agreed upon by the persons sending
1421 and receiving the record; or

1422 (C) in the case of transmission of a record to or by a filing office, to
1423 transmit a record by any means prescribed by filing-office rule.

1424 (19) “Consignee” means a merchant to which goods are delivered in a
1425 consignment.

1426 (20) “Consignment” means a transaction, regardless of its form, in which a
1427 person delivers goods to a merchant for the purpose of sale and:

1428 (A) the merchant:

1429 (i) deals in goods of that kind under a name other than the name of
1430 the person making delivery;

1431 (ii) is not an auctioneer; and

1432 (iii) is not generally known by its creditors to be substantially
1433 engaged in selling the goods of others;

1434 (B) with respect to each delivery, the aggregate value of the goods is
1435 \$1,000 or more at the time of delivery;

1436 (C) the goods are not consumer goods immediately before delivery; and

1437 (D) the transaction does not create a security interest that secures an
1438 obligation.

1439 (21) “Consignor” means a person that delivers goods to a consignee in a
1440 consignment.

1441 (22) “Consumer debtor” means a debtor in a consumer transaction.

1442 (23) “Consumer goods” means goods that are used or bought for use primarily
1443 for personal, family, or household purposes.

1444 (24) “Consumer-goods transaction” means a consumer transaction in which:

1445 (A) an individual incurs an obligation primarily for personal, family, or
1446 household purposes; and

1447 (B) a security interest in consumer goods secures the obligation.

1448 (25) “Consumer obligor” means an obligor who is an individual and who
1449 incurred the obligation as part of a transaction entered into primarily for personal, family, or
1450 household purposes.

1451 (26) “Consumer transaction” means a transaction in which (i) an individual
1452 incurs an obligation primarily for personal, family, or household purposes, (ii) a security interest
1453 secures the obligation, and (iii) the collateral is held or acquired primarily for personal, family, or
1454 household purposes. The term includes consumer-goods transactions.

1455 (27) “Continuation statement” means an amendment of a financing statement
1456 which:

1457 (A) identifies, by its file number, the initial financing statement to which it
1458 relates; and

1459 (B) indicates that it is a continuation statement for, or that it is filed to
1460 continue the effectiveness of, the identified financing statement.

1461 (28) “Debtor” means:

1462 (A) a person having an interest, other than a security interest or other lien,
1463 in the collateral, whether or not the person is an obligor;

1464 (B) a seller of accounts, chattel paper, payment intangibles, or promissory
1465 notes; or

1466 (C) a consignee.

1467 (29) “Deposit account” means a demand, time, savings, passbook, or similar
1468 account maintained with a bank. The term does not include investment property or accounts
1469 evidenced by an instrument.

1470 (30) “Document” means a document of title or a receipt of the type described in
1471 Section 7-201(b).

1472 (31) “Electronic chattel paper” means chattel paper evidenced by a record or
1473 records consisting of information stored in an electronic medium.

1474 (32) “Encumbrance” means a right, other than an ownership interest, in real
1475 property. The term includes mortgages and other liens on real property.

1476 (33) “Equipment” means goods other than inventory, farm products, or consumer
1477 goods.

1478 (34) “Farm products” means goods, other than standing timber, with respect to
1479 which the debtor is engaged in a farming operation and which are:

1480 (A) crops grown, growing, or to be grown, including:

1481 (i) crops produced on trees, vines, and bushes; and

1482 (ii) aquatic goods produced in aquacultural operations;

1483 (B) livestock, born or unborn, including aquatic goods produced in
1484 aquacultural operations;

1485 (C) supplies used or produced in a farming operation; or

1486 (D) products of crops or livestock in their unmanufactured states.

1487 (35) "Farming operation" means raising, cultivating, propagating, fattening,
1488 grazing, or any other farming, livestock, or aquacultural operation.

1489 (36) "File number" means the number assigned to an initial financing statement
1490 pursuant to Section 9-519(a).

1491 (37) "Filing office" means an office designated in Section 9-501 as the place to
1492 file a financing statement.

1493 (38) "Filing-office rule" means a rule adopted pursuant to Section 9-526.

1494 (39) "Financing statement" means a record or records composed of an initial
1495 financing statement and any filed record relating to the initial financing statement.

1496 (40) "Fixture filing" means the filing of a financing statement covering goods
1497 that are or are to become fixtures and satisfying Section 9-502(a) and (b). The term includes the
1498 filing of a financing statement covering goods of a transmitting utility which are or are to
1499 become fixtures.

1500 (41) "Fixtures" means goods that have become so related to particular real
1501 property that an interest in them arises under real property law.

1502 (42) “General intangible” means any personal property, including things in
1503 action, other than accounts, chattel paper, commercial tort claims, deposit accounts, documents,
1504 goods, instruments, investment property, letter-of-credit rights, letters of credit, money, and oil,
1505 gas, or other minerals before extraction. The term includes payment intangibles and software.

1506 (43) “Good faith” means honesty in fact and the observance of reasonable
1507 commercial standards of fair dealing.

1508 (44) “Goods” means all things that are movable when a security interest attaches.
1509 The term includes (i) fixtures, (ii) standing timber that is to be cut and removed under a
1510 conveyance or contract for sale, (iii) the unborn young of animals, (iv) crops grown, growing, or
1511 to be grown, even if the crops are produced on trees, vines, or bushes, and (v) manufactured
1512 homes. The term also includes a computer program embedded in goods and any supporting
1513 information provided in connection with a transaction relating to the program if (i) the program
1514 is associated with the goods in such a manner that it customarily is considered part of the goods,
1515 or (ii) by becoming the owner of the goods, a person acquires a right to use the program in
1516 connection with the goods. The term does not include a computer program embedded in goods
1517 that consist solely of the medium in which the program is embedded. The term also does not
1518 include accounts, chattel paper, commercial tort claims, deposit accounts, documents, general
1519 intangibles, instruments, investment property, letter-of-credit rights, letters of credit, money, or
1520 oil, gas, or other minerals before extraction.

1521 (45) “Governmental unit” means a subdivision, agency, department, county,
1522 parish, municipality, or other unit of the government of the United States, a State, or a foreign
1523 country. The term includes an organization having a separate corporate existence if the

1524 organization is eligible to issue debt on which interest is exempt from income taxation under the
1525 laws of the United States.

1526 (46) “Health-care-insurance receivable” means an interest in or claim under a
1527 policy of insurance which is a right to payment of a monetary obligation for health-care goods or
1528 services provided or to be provided.

1529 (47) “Instrument” means a negotiable instrument or any other writing that
1530 evidences a right to the payment of a monetary obligation, is not itself a security agreement or
1531 lease, and is of a type that in ordinary course of business is transferred by delivery with any
1532 necessary indorsement or assignment. The term does not include (i) investment property, (ii)
1533 letters of credit, or (iii) writings that evidence a right to payment arising out of the use of a credit
1534 or charge card or information contained on or for use with the card.

1535 (48) “Inventory” means goods, other than farm products, which:

1536 (A) are leased by a person as lessor;

1537 (B) are held by a person for sale or lease or to be furnished under a
1538 contract of service;

1539 (C) are furnished by a person under a contract of service; or

1540 (D) consist of raw materials, work in process, or materials used or
1541 consumed in a business.

1542 (49) “Investment property” means a security, whether certificated or
1543 uncertificated, security entitlement, securities account, commodity contract, or commodity
1544 account.

1545 (50) “Jurisdiction of organization”, with respect to a registered organization,
1546 means the jurisdiction under whose law the organization is formed or organized.

1547 (51) “Letter-of-credit right” means a right to payment or performance under a
1548 letter of credit, whether or not the beneficiary has demanded or is at the time entitled to demand
1549 payment or performance. The term does not include the right of a beneficiary to demand
1550 payment or performance under a letter of credit.

1551 (52) “Lien creditor” means:

1552 (A) a creditor that has acquired a lien on the property involved by
1553 attachment, levy, or the like;

1554 (B) an assignee for benefit of creditors from the time of assignment;

1555 (C) a trustee in bankruptcy from the date of the filing of the petition; or

1556 (D) a receiver in equity from the time of appointment.

1557 (53) “Manufactured home” means a structure, transportable in one or more
1558 sections, which, in the traveling mode, is eight body feet or more in width or 40 body feet or
1559 more in length, or, when erected on site, is 320 or more square feet, and which is built on a
1560 permanent chassis and designed to be used as a dwelling with or without a permanent foundation
1561 when connected to the required utilities, and includes the plumbing, heating, air-conditioning,
1562 and electrical systems contained therein. The term includes any structure that meets all of the
1563 requirements of this paragraph except the size requirements and with respect to which the
1564 manufacturer voluntarily files a certification required by the United States Secretary of Housing

1565 and Urban Development and complies with the standards established under Title 42 of the
1566 United States Code.

1567 (54) “Manufactured-home transaction” means a secured transaction:

1568 (A) that creates a purchase-money security interest in a manufactured
1569 home, other than a manufactured home held as inventory; or

1570 (B) in which a manufactured home, other than a manufactured home held
1571 as inventory, is the primary collateral.

1572 (55) “Mortgage” means a consensual interest in real property, including fixtures,
1573 which secures payment or performance of an obligation.

1574 (56) “New debtor” means a person that becomes bound as debtor under Section
1575 9-203(d) by a security agreement previously entered into by another person.

1576 (57) “New value” means (i) money, (ii) money’s worth in property, services, or
1577 new credit, or (iii) release by a transferee of an interest in property previously transferred to the
1578 transferee. The term does not include an obligation substituted for another obligation.

1579 (58) “Noncash proceeds” means proceeds other than cash proceeds.

1580 (59) “Obligor” means a person that, with respect to an obligation secured by a
1581 security interest in or an agricultural lien on the collateral, (i) owes payment or other
1582 performance of the obligation, (ii) has provided property other than the collateral to secure
1583 payment or other performance of the obligation, or (iii) is otherwise accountable in whole or in
1584 part for payment or other performance of the obligation. The term does not include issuers or
1585 nominated persons under a letter of credit.

1586 (60) “Original debtor”, except as used in Section 9-310(c), means a person that,
1587 as debtor, entered into a security agreement to which a new debtor has become bound under
1588 Section 9-203(d).

1589 (61) “Payment intangible” means a general intangible under which the account
1590 debtor’s principal obligation is a monetary obligation.

1591 (62) “Person related to”, with respect to an individual, means:

1592 (A) the spouse of the individual;

1593 (B) a brother, brother-in-law, sister, or sister-in-law of the individual;

1594 (C) an ancestor or lineal descendant of the individual or the individual’s
1595 spouse; or

1596 (D) any other relative, by blood or marriage, of the individual or the
1597 individual’s spouse who shares the same home with the individual.

1598 (63) “Person related to”, with respect to an organization, means:

1599 (A) a person directly or indirectly controlling, controlled by, or under
1600 common control with the organization;

1601 (B) an officer or director of, or a person performing similar functions with
1602 respect to, the organization;

1603 (C) an officer or director of, or a person performing similar functions with
1604 respect to, a person described in subparagraph (A);

1605 (D) the spouse of an individual described in subparagraph (A), (B), or (C);

1606 or

1607 (E) an individual who is related by blood or marriage to an individual

1608 described in subparagraph (A), (B), (C), or (D) and shares the same home with the individual.

1609 (64) “Proceeds”, except as used in Section 9-609(b), means the following

1610 property:

1611 (A) whatever is acquired upon the sale, lease, license, exchange, or other

1612 disposition of collateral;

1613 (B) whatever is collected on, or distributed on account of, collateral;

1614 (C) rights arising out of collateral;

1615 (D) to the extent of the value of collateral, claims arising out of the loss,

1616 nonconformity, or interference with the use of, defects or infringement of rights in, or damage to,

1617 the collateral; or

1618 (E) to the extent of the value of collateral and to the extent payable to the

1619 debtor or the secured party, insurance payable by reason of the loss or nonconformity of, defects

1620 or infringement of rights in, or damage to, the collateral.

1621 (65) “Promissory note” means an instrument that evidences a promise to pay a

1622 monetary obligation, does not evidence an order to pay, and does not contain an

1623 acknowledgment by a bank that the bank has received for deposit a sum of money or funds.

1624 (66) “Proposal” means a record authenticated by a secured party which includes
1625 the terms on which the secured party is willing to accept collateral in full or partial satisfaction of
1626 the obligation it secures pursuant to Sections 9-620, 9-621, and 9-622.

1627 (67) “Public-finance transaction” means a secured transaction in connection with
1628 which:

1629 (A) debt securities are issued;

1630 (B) all or a portion of the securities issued have an initial stated maturity
1631 of at least 20 years; and

1632 (C) the debtor, obligor, secured party, account debtor or other person
1633 obligated on collateral, assignor or assignee of a secured obligation, or assignor or assignee of a
1634 security interest is a State or a governmental unit of a State.

1635 (68) “Public organic record” means a record that is available to the public for
1636 inspection and is:

1637 (A) a record consisting of the record initially filed with or issued by a
1638 State or the United States to form or organize an organization and any record filed with or issued
1639 by the State or the United States which amends or restates the initial record;

1640 (B) an organic record of a business trust consisting of the record initially
1641 filed with a State and any record filed with the State which amends or restates the initial record,
1642 if a statute of the State governing business trusts requires that the record be filed with the State;
1643 or

1644 (C) a record consisting of legislation enacted by the legislature of a State
1645 or the Congress of the United States which forms or organizes an organization, any record
1646 amending the legislation, and any record filed with or issued by the State or the United States
1647 which amends or restates the name of the organization.

1648 (68) (69) “Pursuant to commitment”, with respect to an advance made or other
1649 value given by a secured party, means pursuant to the secured party’s obligation, whether or not
1650 a subsequent event of default or other event not within the secured party’s control has relieved or
1651 may relieve the secured party from its obligation.

1652 (69) (70) “Record”, except as used in “for record”, “of record”, “record or legal
1653 title”, and “record owner”, means information that is inscribed on a tangible medium or which is
1654 stored in an electronic or other medium and is retrievable in perceivable form.

1655 (70) (71) “Registered organization” means an organization formed or organized
1656 solely under the law of a single State or the United States and as to which the State or the United
1657 States must maintain a public record showing the organization to have been organized by the
1658 filing of a public organic record with, the issuance of a public organic record by, or the
1659 enactment of legislation by the State or the United States. The term includes a business trust that
1660 is formed or organized under the law of a single State if a statute of the State governing business
1661 trusts requires that the business trust’s organic record be filed with the State.

1662 (71) (72) “Secondary obligor” means an obligor to the extent that:

1663 (A) the obligor’s obligation is secondary; or

1664 (B) the obligor has a right of recourse with respect to an obligation
1665 secured by collateral against the debtor, another obligor, or property of either.

1666 (72) (73) “Secured party” means:

1667 (A) a person in whose favor a security interest is created or provided for
1668 under a security agreement, whether or not any obligation to be secured is outstanding;

1669 (B) a person that holds an agricultural lien;

1670 (C) a consignor;

1671 (D) a person to which accounts, chattel paper, payment intangibles, or
1672 promissory notes have been sold;

1673 (E) a trustee, indenture trustee, agent, collateral agent, or other
1674 representative in whose favor a security interest or agricultural lien is created or provided for; or

1675 (F) a person that holds a security interest arising under Section 2-401, 2-
1676 505, 2-711(3), 2A-508(5), 4-210, or 5-118.

1677 (73) (74) “Security agreement” means an agreement that creates or provides for a
1678 security interest.

1679 (74) (75) “Send”, in connection with a record or notification, means:

1680 (A) to deposit in the mail, deliver for transmission, or transmit by any
1681 other usual means of communication, with postage or cost of transmission provided for,
1682 addressed to any address reasonable under the circumstances; or

1683 (B) to cause the record or notification to be received within the time that it
1684 would have been received if properly sent under subparagraph (A).

1685 (75) (76) “Software” means a computer program and any supporting information
1686 provided in connection with a transaction relating to the program. The term does not include a
1687 computer program that is included in the definition of goods.

1688 (76) (77) “State” means a State of the United States, the District of Columbia,
1689 Puerto Rico, the United States Virgin Islands, or any territory or insular possession subject to the
1690 jurisdiction of the United States.

1691 (77) (78) “Supporting obligation” means a letter-of-credit right or secondary
1692 obligation that supports the payment or performance of an account, chattel paper, a document, a
1693 general intangible, an instrument, or investment property.

1694 (78) (79) “Tangible chattel paper” means chattel paper evidenced by a record or
1695 records consisting of information that is inscribed on a tangible medium.

1696 (79)(80) “Termination statement” means an amendment of a financing statement
1697 which:

1698 (A) identifies, by its file number, the initial financing statement to which it
1699 relates; and

1700 (B) indicates either that it is a termination statement or that the identified
1701 financing statement is no longer effective.

1702 (80) (81) “Transmitting utility” means a person primarily engaged in the business
1703 of:

1704 (A) operating a railroad, subway, street railway, or trolley bus;
1705 (B) transmitting communications electrically, electromagnetically, or by
1706 light;
1707 (C) transmitting goods by pipeline or sewer; or
1708 (D) transmitting or producing and transmitting electricity, steam, gas, or
1709 water.

1710 (b) Definitions in other articles. "Control" as provided in Section 7-106 and the
1711 following definitions in other articles apply to this article:

1712	"Applicant"	Section 5-102.
1713	"Beneficiary"	Section 5-102.
1714	"Broker"	Section 8-102.
1715	"Certificated security"	Section 8-102.
1716	"Check"	Section 3-104.
1717	"Clearing corporation"	Section 8-102.
1718	"Contract for sale"	Section 2-106.
1719	"Customer"	Section 4-104.
1720	"Entitlement holder"	Section 8-102.
1721	"Financial asset"	Section 8-102.

1722	“Holder in due course”	Section 3-302.
1723	“Issuer” (with respect to a letter of credit or letter-of-credit right)	Section 5-102.
1724	“Issuer” (with respect to a security)	Section 8-201.
1725	“Issuer” (with respect to a document of title)	Section 7-102.
1726	“Lease”	Section 2A-
1727	103.	
1728	“Lease agreement”	Section 2A-103.
1729	“Lease contract”	Section 2A-103.
1730	“Leasehold interest”	Section 2A-103.
1731	“Lessee”	Section 2A-103.
1732	“Lessee in ordinary course of business”	Section 2A-
1733	103.	
1734	“Lessor”	Section 2A-103.
1735	“Lessor’s residual interest”	Section 2A-103.
1736	“Letter of credit”	Section 5-102.
1737	“Merchant”	Section 2-104.
1738	“Negotiable instrument”	Section 3-104.
1739	“Nominated person”	Section 5-102.

1740	“Note”	Section 3-104.
1741	“Proceeds of a letter of credit”	Section 5-114.
1742	“Prove”	Section 3-103.
1743	“Sale”	Section 2-106.
1744	“Securities account”	Section 8-501.
1745	“Securities intermediary”	Section 8-102.
1746	“Security”	Section 8-102.
1747	“Security certificate”	Section 8-102.
1748	“Security entitlement”	Section 8-102.
1749	“Uncertificated security”	Section 8-102.

1750 (c) Article 1 definitions and principles. Article 1 contains general definitions and
1751 principles of construction and interpretation applicable throughout this article.

1752 * * *

1753 SECTION 9-105. CONTROL OF ELECTRONIC CHATTEL PAPER

1754 (a) General rule: control of electronic chattel paper. A secured party has control of
1755 electronic chattel paper if a system employed for evidencing the transfer of interests in the
1756 chattel paper reliably establishes the secured party as the person to which the chattel paper was
1757 assigned.

1758 (b) Specific facts giving control. A system satisfies subsection (a) if the record or
1759 records comprising the chattel paper are created, stored, and assigned in such a manner that:

1760 (1) a single authoritative copy of the record or records exists which is unique,
1761 identifiable, and, except as otherwise provided in paragraphs (4), (5), and (6), unalterable;

1762 (2) the authoritative copy identifies the secured party as the assignee of the record
1763 or records;

1764 (3) the authoritative copy is communicated to and maintained by the secured party
1765 or its designated custodian;

1766 (4) copies or revisions amendments that add or change an identified assignee of
1767 the authoritative copy can be made only with the participation consent of the secured party;

1768 (5) each copy of the authoritative copy and any copy of a copy is readily
1769 identifiable as a copy that is not the authoritative copy; and

1770 (6) any revision amendment of the authoritative copy is readily identifiable as an
1771 authorized or unauthorized revision.

1772 * * *

1773 PART 3 PERFECTION AND PRIORITY

1774 SUBPART 1. LAW GOVERNING PERFECTION AND PRIORITY

1775 * * *

1776 SECTION 9-307. LOCATION OF

1777 (a) “Place of business.” In this section, “place of business” means a place where a
1778 debtor conducts its affairs.

1779 (b) Debtor’s location: general rules. Except as otherwise provided in this section, the
1780 following rules determine a debtor’s location:

1781 (1) A debtor who is an individual is located at the individual’s principal
1782 residence.

1783 (2) A debtor that is an organization and has only one place of business is located
1784 at its place of business.

1785 (3) A debtor that is an organization and has more than one place of business is
1786 located at its chief executive office.

1787 (c) Limitation of applicability of subsection (b). Subsection (b) applies only if a debtor’s
1788 residence, place of business, or chief executive office, as applicable, is located in a jurisdiction
1789 whose law generally requires information concerning the existence of a nonpossessory security
1790 interest to be made generally available in a filing, recording, or registration system as a condition
1791 or result of the security interest’s obtaining priority over the rights of a lien creditor with respect
1792 to the collateral. If subsection (b) does not apply, the debtor is located in the District of
1793 Columbia.

1794 (d) Continuation of location: cessation of existence, etc. A person that ceases to exist,
1795 have a residence, or have a place of business continues to be located in the jurisdiction specified
1796 by subsections (b) and (c).

1797 (e) Location of registered organization organized under State law. A registered
1798 organization that is organized under the law of a State is located in that State.

1799 (f) Location of registered organization organized under federal law; bank branches and
1800 agencies. Except as otherwise provided in subsection (i), a registered organization that is
1801 organized under the law of the United States and a branch or agency of a bank that is not
1802 organized under the law of the United States or a State are located:

1803 (1) in the State that the law of the United States designates, if the law designates a
1804 State of location;

1805 (2) in the State that the registered organization, branch, or agency designates, if
1806 the law of the United States authorizes the registered organization, branch, or agency to
1807 designate its State of location, including by designating its main office, home office, or other
1808 comparable office; or

1809 (3) in the District of Columbia, if neither paragraph (1) nor paragraph (2) applies.

1810 (g) Continuation of location: change in status of registered organization. A registered
1811 organization continues to be located in the jurisdiction specified by subsection (e) or (f)
1812 notwithstanding:

1813 (1) the suspension, revocation, forfeiture, or lapse of the registered organization's
1814 status as such in its jurisdiction of organization; or

1815 (2) the dissolution, winding up, or cancellation of the existence of the registered
1816 organization.

1817 (h) Location of United States. The United States is located in the District of Columbia.

1818 (i) Location of foreign bank branch or agency if licensed in only one state. A branch or
1819 agency of a bank that is not organized under the law of the United States or a State is located in
1820 the State in which the branch or agency is licensed, if all branches and agencies of the bank are
1821 licensed in only one State.

1822 (j) Location of foreign air carrier. A foreign air carrier under the Federal Aviation Act of
1823 1958, as amended, is located at the designated office of the agent upon which service of process
1824 may be made on behalf of the carrier.

1825 (k) Section applies only to this part. This section applies only for purposes of this part.

1826 * * *

1827 SUBPART 2. PERFECTION

1828 SECTION 9-311. PERFECTION OF SECURITY INTERESTS IN PROPERTY 1829 SUBJECT TO CERTAIN STATUTES, REGULATIONS, AND TREATIES.

1830 (a) Security interest subject to other law. Except as otherwise provided in subsection (d),
1831 the filing of a financing statement is not necessary or effective to perfect a security interest in
1832 property subject to:

1833 (1) a statute, regulation, or treaty of the United States whose requirements for a
1834 security interest's obtaining priority over the rights of a lien creditor with respect to the property
1835 preempt Section 9-310(a);

1836 (2) chapter 90B or chapter 90D; or

1837 (3) a certificate of title statute of another jurisdiction which provides for a security
1838 interest to be indicated on the a certificate of title as a condition or result of the security interest's
1839 obtaining priority over the rights of a lien creditor with respect to the property.

1840 (b) Compliance with other law. Compliance with the requirements of a statute,
1841 regulation, or treaty described in subsection (a) for obtaining priority over the rights of a lien
1842 creditor is equivalent to the filing of a financing statement under this article. Except as otherwise
1843 provided in subsection (d) and Sections 9-313 and 9-316(d) and (e) for goods covered by a
1844 certificate of title, a security interest in property subject to a statute, regulation, or treaty
1845 described in subsection (a) may be perfected only by compliance with those requirements, and a
1846 security interest so perfected remains perfected notwithstanding a change in the use or transfer of
1847 possession of the collateral.

1848 (c) Duration and renewal of perfection. Except as otherwise provided in subsection (d)
1849 and Section 9-316(d) and (e), duration and renewal of perfection of a security interest perfected
1850 by compliance with the requirements prescribed by a statute, regulation, or treaty described in
1851 subsection (a) are governed by the statute, regulation, or treaty. In other respects, the security
1852 interest is subject to this article.

1853 (d) Inapplicability to certain inventory. During any period in which collateral subject to
1854 a statute specified in subsection (a)(2) is inventory held for sale or lease by a person or leased by
1855 that person as lessor and that person is in the business of selling goods of that kind, this section
1856 does not apply to a security interest in that collateral created by that person.

1857 SECTION 9-316. CONTINUED PERFECTION OF SECURITY INTEREST

1858 FOLLOWING EFFECT OF CHANGE IN GOVERNING LAW.

1859 (a) General rule: effect on perfection of change in governing law. A security interest
1860 perfected pursuant to the law of the jurisdiction designated in Section 9-301(1) or 9-305(c)
1861 remains perfected until the earliest of:

1862 (1) the time perfection would have ceased under the law of that jurisdiction;

1863 (2) the expiration of four months after a change of the debtor's location to another
1864 jurisdiction; or

1865 (3) the expiration of one year after a transfer of collateral to a person that thereby
1866 becomes a debtor and is located in another jurisdiction.

1867 (b) Security interest perfected or unperfected under law of new jurisdiction. If a security
1868 interest described in subsection (a) becomes perfected under the law of the other jurisdiction
1869 before the earliest time or event described in that subsection, it remains perfected thereafter. If
1870 the security interest does not become perfected under the law of the other jurisdiction before the
1871 earliest time or event, it becomes unperfected and is deemed never to have been perfected as
1872 against a purchaser of the collateral for value.

1873 (c) Possessory security interest in collateral moved to new jurisdiction. A possessory
1874 security interest in collateral, other than goods covered by a certificate of title and as-extracted
1875 collateral consisting of goods, remains continuously perfected if:

1876 (1) the collateral is located in one jurisdiction and subject to a security interest
1877 perfected under the law of that jurisdiction;

1878 (2) thereafter the collateral is brought into another jurisdiction; and

1879 (3) upon entry into the other jurisdiction, the security interest is perfected under
1880 the law of the other jurisdiction.

1881 (d) Goods covered by certificate of title from this state. Except as otherwise provided in
1882 subsection (e), a security interest in goods covered by a certificate of title which is perfected by
1883 any method under the law of another jurisdiction when the goods become covered by a
1884 certificate of title from this State remains perfected until the security interest would have become
1885 unperfected under the law of the other jurisdiction had the goods not become so covered.

1886 (e) When subsection (d) security interest becomes unperfected against purchasers. A
1887 security interest described in subsection (d) becomes unperfected as against a purchaser of the
1888 goods for value and is deemed never to have been perfected as against a purchaser of the goods
1889 for value if the applicable requirements for perfection under Section 9-311(b) or 9-313 are not
1890 satisfied before the earlier of:

1891 (1) the time the security interest would have become unperfected under the law of
1892 the other jurisdiction had the goods not become covered by a certificate of title from this State;
1893 or

1894 (2) the expiration of four months after the goods had become so covered.

1895 (f) Change in jurisdiction of bank, issuer, nominated person, securities intermediary, or
1896 commodity intermediary. A security interest in deposit accounts, letter-of-credit rights, or
1897 investment property which is perfected under the law of the bank's jurisdiction, the issuer's
1898 jurisdiction, a nominated person's jurisdiction, the securities intermediary's jurisdiction, or the
1899 commodity intermediary's jurisdiction, as applicable, remains perfected until the earlier of:

1900 (1) the time the security interest would have become unperfected under the law of
1901 that jurisdiction; or

1902 (2) the expiration of four months after a change of the applicable jurisdiction to
1903 another jurisdiction.

1904 (g) Subsection (f) security interest perfected or unperfected under law of new
1905 jurisdiction. If a security interest described in subsection (f) becomes perfected under the law of
1906 the other jurisdiction before the earlier of the time or the end of the period described in that
1907 subsection, it remains perfected thereafter. If the security interest does not become perfected
1908 under the law of the other jurisdiction before the earlier of that time or the end of that period, it
1909 becomes unperfected and is deemed never to have been perfected as against a purchaser of the
1910 collateral for value.

1911 (h) Effect on filed financing statement of change in governing law. The following rules
1912 apply to collateral to which a security interest attaches within four months after the debtor
1913 changes its location to another jurisdiction:

1914 (1) A financing statement filed before the change pursuant to the law of the
1915 jurisdiction designated in Section 9-301(1) or 9-305(c) is effective to perfect a security interest in
1916 the collateral if the financing statement would have been effective to perfect a security interest in
1917 the collateral had the debtor not changed its location.

1918 (2) If a security interest perfected by a financing statement that is effective under
1919 paragraph (1) becomes perfected under the law of the other jurisdiction before the earlier of the
1920 time the financing statement would have become ineffective under the law of the jurisdiction
1921 designated in Section 9-301(1) or 9-305(c) or the expiration of the four-month period, it remains

1922 perfected thereafter. If the security interest does not become perfected under the law of the other
1923 jurisdiction before the earlier time or event, it becomes unperfected and is deemed never to have
1924 been perfected as against a purchaser of the collateral for value.

1925 (i) Effect of change in governing law on financing statement filed against original
1926 debtor. If a financing statement naming an original debtor is filed pursuant to the law of the
1927 jurisdiction designated in Section 9-301(1) or 9-305(c) and the new debtor is located in another
1928 jurisdiction, the following rules apply:

1929 (1) The financing statement is effective to perfect a security interest in collateral
1930 acquired by the new debtor before, and within four months after, the new debtor becomes bound
1931 under Section 9-203(d), if the financing statement would have been effective to perfect a security
1932 interest in the collateral had the collateral been acquired by the original debtor.

1933 (2) A security interest perfected by the financing statement and which becomes
1934 perfected under the law of the other jurisdiction before the earlier of the time the financing
1935 statement would have become ineffective under the law of the jurisdiction designated in Section
1936 9-301(1) or 9-305(c) or the expiration of the four-month period remains perfected thereafter. A
1937 security interest that is perfected by the financing statement but which does not become perfected
1938 under the law of the other jurisdiction before the earlier time or event becomes unperfected and
1939 is deemed never to have been perfected as against a purchaser of the collateral for value.

1940 SUBPART 3. PRIORITY

1941 SECTION 9-317. INTERESTS THAT TAKE PRIORITY OVER OR TAKE FREE OF
1942 SECURITY INTEREST OR AGRICULTURAL LIEN.

1943 (a) Conflicting security interests and rights of lien creditors. A security interest or
1944 agricultural lien is subordinate to the rights of:

1945 (1) a person entitled to priority under Section 9-322; and

1946 (2) except as otherwise provided in subsection (e), a person that becomes a lien
1947 creditor before the earlier of the time:

1948 (A) the security interest or agricultural lien is perfected; or

1949 (B) one of the conditions specified in Section 9-203(b)(3) is met and a
1950 financing statement covering the collateral is filed.

1951 (b) Buyers that receive delivery. Except as otherwise provided in subsection (e), a
1952 buyer, other than a secured party, of tangible chattel paper, tangible documents, goods,
1953 instruments, or a security certificate certificated security takes free of a security interest or
1954 agricultural lien if the buyer gives value and receives delivery of the collateral without
1955 knowledge of the security interest or agricultural lien and before it is perfected.

1956 (c) Lessees that receive delivery. Except as otherwise provided in subsection (e), a
1957 lessee of goods takes free of a security interest or agricultural lien if the lessee gives value and
1958 receives delivery of the collateral without knowledge of the security interest or agricultural lien
1959 and before it is perfected.

1960 (d) Licensees and buyers of certain collateral. A licensee of a general intangible or a
1961 buyer, other than a secured party, of accounts, electronic chattel paper, electronic documents,
1962 general intangibles, or investment property collateral other than tangible chattel paper, tangible
1963 documents, goods, instruments, or a certificated security takes free of a security interest if the

1964 licensee or buyer gives value without knowledge of the security interest and before it is
1965 perfected.

1966 SECTION 9-326. PRIORITY OF SECURITY INTERESTS CREATED BY NEW
1967 DEBTOR.

1968 (a) Subordination of security interest created by new debtor. Subject to subsection (b), a
1969 security interest that is created by a new debtor which is in collateral in which the new debtor has
1970 or acquires rights and is perfected solely by a filed financing statement that is effective solely
1971 under Section 9-508 in collateral in which a new debtor has or acquires rights would be
1972 ineffective to perfect the security interest but for the application of Section 9-316(i)(1) or 9-508
1973 is subordinate to a security interest in the same collateral which is perfected other than by such a
1974 filed financing statement that is effective solely under Section 9-508.

1975 (b) Priority under other provisions; multiple original debtors. The other provisions of
1976 this part determine the priority among conflicting security interests in the same collateral
1977 perfected by filed financing statements that are effective solely under Section 9-508 described in
1978 subsection (a). However, if the security agreements to which a new debtor became bound as
1979 debtor were not entered into by the same original debtor, the conflicting security interests rank
1980 according to priority in time of the new debtor's having become bound.

1981 PART 4 RIGHTS OF THIRD PARTIES

1982 * * *

1983 SECTION 9-406. DISCHARGE OF ACCOUNT DEBTOR; NOTIFICATION OF
1984 ASSIGNMENT; IDENTIFICATION AND PROOF OF ASSIGNMENT; RESTRICTIONS ON

1985 ASSIGNMENT OF ACCOUNTS, CHATTEL PAPER, PAYMENT INTANGIBLES, AND
1986 PROMISSORY NOTES INEFFECTIVE.

1987 (a) Discharge of account debtor; effect of notification. Subject to subsections (b)
1988 through (i), an account debtor on an account, chattel paper, or a payment intangible may
1989 discharge its obligation by paying the assignor until, but not after, the account debtor receives a
1990 notification, authenticated by the assignor or the assignee, that the amount due or to become due
1991 has been assigned and that payment is to be made to the assignee. After receipt of the
1992 notification, the account debtor may discharge its obligation by paying the assignee and may not
1993 discharge the obligation by paying the assignor.

1994 (b) When notification ineffective. Subject to subsection (h), notification is ineffective
1995 under subsection (a):

1996 (1) if it does not reasonably identify the rights assigned;

1997 (2) to the extent that an agreement between an account debtor and a seller of a
1998 payment intangible limits the account debtor's duty to pay a person other than the seller and the
1999 limitation is effective under law other than this article; or

2000 (3) at the option of an account debtor, if the notification notifies the account
2001 debtor to make less than the full amount of any installment or other periodic payment to the
2002 assignee, even if:

2003 (A) only a portion of the account, chattel paper, or payment intangible has
2004 been assigned to that assignee;

2005 (B) a portion has been assigned to another assignee; or

2006 (C) the account debtor knows that the assignment to that assignee is
2007 limited.

2008 (c) Proof of assignment. Subject to subsection (h), if requested by the account debtor, an
2009 assignee shall seasonably furnish reasonable proof that the assignment has been made. Unless
2010 the assignee complies, the account debtor may discharge its obligation by paying the assignor,
2011 even if the account debtor has received a notification under subsection (a).

2012 (d) Term restricting assignment generally ineffective. Except as otherwise provided in
2013 subsection (e) and Sections 2A-303 and 9-407, and subject to subsection (h), a term in an
2014 agreement between an account debtor and an assignor or in a promissory note is ineffective to
2015 the extent that it:

2016 (1) prohibits, restricts, or requires the consent of the account debtor or person
2017 obligated on the promissory note to the assignment or transfer of, or the creation, attachment,
2018 perfection, or enforcement of a security interest in, the account, chattel paper, payment
2019 intangible, or promissory note; or

2020 (2) provides that the assignment or transfer or the creation, attachment, perfection,
2021 or enforcement of the security interest may give rise to a default, breach, right of recoupment,
2022 claim, defense, termination, right of termination, or remedy under the account, chattel paper,
2023 payment intangible, or promissory note.

2024 (e) Inapplicability of subsection (d) to certain sales. Subsection (d) does not apply to the
2025 sale of a payment intangible or promissory note, other than a sale pursuant to a disposition under
2026 Section 9-610 or an acceptance of collateral under Section 9-620.

2027 (f) Legal restrictions on assignment generally ineffective. Except as otherwise provided
2028 in Sections 2A-303 and 9-407 and subject to subsections (h) and (i), a rule of law, statute, or
2029 regulation that prohibits, restricts, or requires the consent of a government, governmental body or
2030 official, or account debtor to the assignment or transfer of, or creation of a security interest in, an
2031 account or chattel paper is ineffective to the extent that the rule of law, statute, or regulation:

2032 (1) prohibits, restricts, or requires the consent of the government, governmental
2033 body or official, or account debtor to the assignment or transfer of, or the creation, attachment,
2034 perfection, or enforcement of a security interest in the account or chattel paper; or

2035 (2) provides that the assignment or transfer or the creation, attachment, perfection,
2036 or enforcement of the security interest may give rise to a default, breach, right of recoupment,
2037 claim, defense, termination, right of termination, or remedy under the account or chattel paper.

2038 (g) Subsection (b)(3) not waivable. Subject to subsection (h), an account debtor may not
2039 waive or vary its option under subsection (b)(3).

2040 (h) Rule for individual under other law. This section is subject to law other than this
2041 article which establishes a different rule for an account debtor who is an individual and who
2042 incurred the obligation primarily for personal, family, or household purposes.

2043 (i) Inapplicability. This section does not apply to:

2044 (1) an assignment of a health-care-insurance receivable, or

2045 (2) an assignment or transfer of or creation of a security interest in:

2046 (A) a claim or right to receive compensation for injuries or sickness as
2047 described in 26 U.S.C. § 104(a)(1) or (2), as amended from time to time, or

2048 (B) a claim or right to receive benefits under a special needs trust as
2049 described in 42 U.S.C. § 1396p(d)(4), as amended from time to time.

2050 (j) Section prevails over inconsistent law. Except as otherwise provided in subsection (i),
2051 this section prevails over any inconsistent provision of an existing or future statute, rule or
2052 regulation of the commonwealth unless the provision is contained in a statute of the
2053 commonwealth, refers expressly to this section and states that the provision prevails over this
2054 section.

2055 SECTION 9-408. RESTRICTIONS ON ASSIGNMENT OF PROMISSORY NOTES,
2056 HEALTH-CARE-INSURANCE RECEIVABLES, AND CERTAIN GENERAL
2057 INTANGIBLES INEFFECTIVE.

2058 (a) Term restricting assignment generally ineffective. Except as otherwise provided in
2059 subsection (b), a term in a promissory note or in an agreement between an account debtor and a
2060 debtor which relates to a health-care-insurance receivable or a general intangible, including a
2061 contract, permit, license, or franchise, and which term prohibits, restricts, or requires the consent
2062 of the person obligated on the promissory note or the account debtor to, the assignment or
2063 transfer of, or creation, attachment, or perfection of a security interest in, the promissory note,
2064 health-care-insurance receivable, or general intangible, is ineffective to the extent that the term:

2065 (1) would impair the creation, attachment, or perfection of a security interest; or

2066 (2) provides that the assignment or transfer or the creation, attachment, or
2067 perfection of the security interest may give rise to a default, breach, right of recoupment, claim,
2068 defense, termination, right of termination, or remedy under the promissory note, health-care-
2069 insurance receivable, or general intangible.

2070 (b) Applicability of subsection (a) to sales of certain rights to payment. Subsection (a)
2071 applies to a security interest in a payment intangible or promissory note only if the security
2072 interest arises out of a sale of the payment intangible or promissory note, other than a sale
2073 pursuant to a disposition under Section 9-610 or an acceptance of collateral under Section 9-620.

2074 (c) Legal restrictions on assignment generally ineffective. A rule of law, statute, or
2075 regulation that prohibits, restricts, or requires the consent of a government, governmental body or
2076 official, person obligated on a promissory note, or account debtor to the assignment or transfer
2077 of, or creation of a security interest in, a promissory note, health-care-insurance receivable, or
2078 general intangible, including a contract, permit, license, or franchise between an account debtor
2079 and a debtor, is ineffective to the extent that the rule of law, statute, or regulation:

2080 (1) would impair the creation, attachment, or perfection of a security interest; or

2081 (2) provides that the assignment or transfer or the creation, attachment, or
2082 perfection of the security interest may give rise to a default, breach, right of recoupment, claim,
2083 defense, termination, right of termination, or remedy under the promissory note, health-care-
2084 insurance receivable, or general intangible.

2085 (d) Limitation on ineffectiveness under subsections (a) and (c). To the extent that a term
2086 in a promissory note or in an agreement between an account debtor and a debtor which relates to
2087 a health-care-insurance receivable or general intangible or a rule of law, statute, or regulation
2088 described in subsection (c) would be effective under law other than this article but is ineffective
2089 under subsection (a) or (c), the creation, attachment, or perfection of a security interest in the
2090 promissory note, health-care-insurance receivable, or general intangible:

2091 (1) is not enforceable against the person obligated on the promissory note or the
2092 account debtor;

2093 (2) does not impose a duty or obligation on the person obligated on the
2094 promissory note or the account debtor;

2095 (3) does not require the person obligated on the promissory note or the account
2096 debtor to recognize the security interest, pay or render performance to the secured party, or
2097 accept payment or performance from the secured party;

2098 (4) does not entitle the secured party to use or assign the debtor's rights under the
2099 promissory note, health-care-insurance receivable, or general intangible, including any related
2100 information or materials furnished to the debtor in the transaction giving rise to the promissory
2101 note, health-care-insurance receivable, or general intangible;

2102 (5) does not entitle the secured party to use, assign, possess, or have access to any
2103 trade secrets or confidential information of the person obligated on the promissory note or the
2104 account debtor; and

2105 (6) does not entitle the secured party to enforce the security interest in the
2106 promissory note, health-care-insurance receivable, or general intangible.

2107 (e) Section prevails over inconsistent law. Except as otherwise provided in subsection (f),
2108 this section prevails over any inconsistent provision of an existing or future statute, rule or
2109 regulation of the commonwealth unless the provision is contained in a statute of the
2110 commonwealth, refers expressly to this section and states that the provision prevails over this
2111 section.

2112 (f) Inapplicability. This section does not apply to an assignment or transfer of or creation
2113 of a security interest in:

2114 (1) a claim or right to receive compensation for injuries or sickness as described
2115 in 26 U.S.C. § 104(a)(1) or (2), as amended from time to time, or

2116 (2) a claim or right to receive benefits under a special needs trust as described in
2117 42 U.S.C. § 1396p(d)(4), as amended from time to time.

2118 PART 5 FILING

2119 SUBPART 1. FILING OFFICE; CONTENTS AND EFFECTIVENESS OF FINANCING 2120 STATEMENT

2121 SECTION 9-502. CONTENTS OF FINANCING STATEMENT; RECORD OF 2122 MORTGAGE AS FINANCING STATEMENT; TIME OF FILING FINANCING 2123 STATEMENT.

2124 (a) Sufficiency of financing statement. Subject to subsection (b), a financing statement
2125 is sufficient only if it:

2126 (1) provides the name of the debtor;

2127 (2) provides the name of the secured party or a representative of the secured party;
2128 and

2129 (3) indicates the collateral covered by the financing statement.

2130 (b) Real-property-related financing statements. Except as otherwise provided in Section
2131 9-501(b), to be sufficient, a financing statement that covers as-extracted collateral or timber to be

2132 cut, or which is filed as a fixture filing and covers goods that are or are to become fixtures, must
2133 satisfy subsection (a) and also:

2134 (1) indicate that it covers this type of collateral;

2135 (2) indicate that it is to be filed in the real property records;

2136 (3) provide a description of the real property to which the collateral is related
2137 sufficient to give constructive notice of a mortgage under the law of this state if the description
2138 were contained in a record of the mortgage of the real property; a reference to book and page
2139 number, in the case of unregistered land under chapter 36, or to the document number, in the
2140 case of registered land governed by chapter 185, by which the record owner acquired title to the
2141 real property shall be sufficient for such purpose; and

2142 (4) if the debtor does not have an interest of record in the real property, provide
2143 the name of a record owner.

2144 (c) Record of mortgage as financing statement. A record of a mortgage is effective, from
2145 the date of recording, as a financing statement filed as a fixture filing or as a financing statement
2146 covering as-extracted collateral or timber to be cut only if:

2147 (1) the record indicates the goods or accounts that it covers;

2148 (2) the goods are or are to become fixtures related to the real property described in
2149 the record or the collateral is related to the real property described in the record and is as-
2150 extracted collateral or timber to be cut;

2151 (3) the record satisfies the requirements for a financing statement in this section,
2152 but:

2153 (A) the record need not indicate other than an indication that it is to be
2154 filed in the real property records; and

2155 (B) the record sufficiently provides the name of a debtor who is an
2156 individual if it provides the individual name of the debtor or the surname and first personal name
2157 of the debtor, even if the debtor is an individual to whom Section 9-503(a)(4) applies; and

2158 (4) the record is duly recorded.

2159 (d) Filing before security agreement or attachment. A financing statement may be filed
2160 before a security agreement is made or a security interest otherwise attaches.

2161 SECTION 9-503. NAME OF DEBTOR AND SECURED PARTY.

2162 (a) Sufficiency of debtor's name. A financing statement sufficiently provides the name
2163 of the debtor:

2164 (1) except as otherwise provided in paragraph (3), if the debtor is a registered
2165 organization or the collateral is held in a trust that is a registered organization, only if the
2166 financing statement provides the name of the debtor indicated that is stated to be the registered
2167 organization's name on the public organic record of most recently filed with or issued or enacted
2168 by the debtor's registered organization's jurisdiction of organization which shows the debtor to
2169 have been organized purports to state, amend, or restate the registered organization's name;

2170 (2) subject to subsection (f), if the debtor is a decedent's estate collateral is being
2171 administered by the personal representative of a decedent, only if the financing statement
2172 provides, as the name of the debtor, the name of the decedent and, in a separate part of the

2173 financing statement, indicates that the debtor is an estate collateral is being administered by a
2174 personal representative;

2175 (3) if the debtor is a trust or a trustee acting with respect to property held in trust,
2176 only if the financing statement:

2177 (A) provides the name specified for the trust in its organic documents or, if
2178 no name is specified, provides the name of the settlor and additional information sufficient to
2179 distinguish the debtor from other trusts having one or more of the same settlors; and

2180 (B) indicates, in the debtor's name or otherwise, that the debtor is a trust
2181 or is a trustee acting with respect to property held in trust; collateral is held in a trust that is not a
2182 registered organization, only if the financing statement:

2183 (A) provides, as the name of the debtor:

2184 (i) if the organic record of the trust specifies a name for the trust,
2185 the name specified; or

2186 (ii) if the organic record of the trust does not specify a name for the
2187 trust, the name of the settlor or testator; and

2188 (B) in a separate part of the financing statement:

2189 (i) if the name is provided in accordance with subparagraph (A)(i),
2190 indicates that the collateral is held in a trust; or

2191 (ii) if the name is provided in accordance with subparagraph
2192 (A)(ii), provides additional information sufficient to distinguish the trust from other trusts having

2193 one or more of the same settlors or the same testator and indicates that the collateral is held in a
2194 trust, unless the additional information so indicates;

2195 (4) subject to subsection (g), if the debtor is an individual to whom this State has
2196 issued a driver's license or Massachusetts identification card that has not expired, only if the
2197 financing statement provides the name of the individual which is indicated on the driver's license
2198 or Massachusetts identification card;

2199 (5) if the debtor is an individual to whom paragraph (4) does not apply, only if the
2200 financing statement provides the individual name of the debtor or the surname and first personal
2201 name of the debtor; and

2202 (4) (6) in other cases:

2203 (A) if the debtor has a name, only if it the financing statement provides the
2204 individual or organizational name of the debtor; and

2205 (B) if the debtor does not have a name, only if it provides the names of the
2206 partners, members, associates, or other persons comprising the debtor, in a manner that each
2207 name provided would be sufficient if the person named were the debtor.

2208 (b) Additional debtor-related information. A financing statement that provides the name
2209 of the debtor in accordance with subsection (a) is not rendered ineffective by the absence of:

2210 (1) a trade name or other name of the debtor; or

2211 (2) unless required under subsection (a)(46)(B), names of partners, members,
2212 associates, or other persons comprising the debtor.

2213 (c) Debtor's trade name insufficient. A financing statement that provides only the
2214 debtor's trade name does not sufficiently provide the name of the debtor.

2215 (d) Representative capacity. Failure to indicate the representative capacity of a secured
2216 party or representative of a secured party does not affect the sufficiency of a financing statement.

2217 (e) Multiple debtors and secured parties. A financing statement may provide the name of
2218 more than one debtor and the name of more than one secured party.

2219 (f) Name of decedent. The name of the decedent indicated on the order appointing the
2220 personal representative of the decedent issued by the court having jurisdiction over the collateral
2221 is sufficient as the "name of the decedent" under subsection (a)(2).

2222 (g) Multiple driver's licenses. If this State has issued to an individual more than one
2223 driver's license or Massachusetts identification card of a kind described in subsection (a)(4), the
2224 one that was issued most recently is the one to which subsection (a)(4) refers.

2225 (h) Definition. In this section, the "name of the settlor or testator" means:

2226 (1) if the settlor is a registered organization, the name that is stated to be the
2227 settlor's name on the public organic record most recently filed with or issued or enacted by the
2228 settlor's jurisdiction of organization which purports to state, amend, or restate the settlor's name;
2229 or

2230 (2) in other cases, the name of the settlor or testator indicated in the trust's organic
2231 record.

2232 SECTION 9-507. EFFECT OF CERTAIN EVENTS ON EFFECTIVENESS OF
2233 FINANCING STATEMENT.

2234 (a) Disposition. A filed financing statement remains effective with respect to collateral
2235 that is sold, exchanged, leased, licensed, or otherwise disposed of and in which a security interest
2236 or agricultural lien continues, even if the secured party knows of or consents to the disposition.

2237 (b) Information becoming seriously misleading Except as otherwise provided in
2238 subsection (c) and Section 9-508, a financing statement is not rendered ineffective if, after the
2239 financing statement is filed, the information provided in the financing statement becomes
2240 seriously misleading under Section 9-506.

2241 (c) Change in debtor's name. If a debtor so changes its the name that a filed financing
2242 statement provides for a debtor becomes insufficient as the name of the debtor under Section 9-
2243 503(a) so that the financing statement becomes seriously misleading under Section 9-506:

2244 (1) the financing statement is effective to perfect a security interest in collateral
2245 acquired by the debtor before, or within four months after, the change filed financing statement
2246 becomes seriously misleading; and

2247 (2) the financing statement is not effective to perfect a security interest in
2248 collateral acquired by the debtor more than four months after the change filed financing
2249 statement becomes seriously misleading, unless an amendment to the financing statement which
2250 renders the financing statement not seriously misleading is filed within four months after the
2251 change the financing statement became seriously misleading.

2252 SECTION 9-515. DURATION AND EFFECTIVENESS OF FINANCING
2253 STATEMENT; EFFECT OF LAPSED FINANCING STATEMENT.

2254 (a) Five-year effectiveness. Except as otherwise provided in subsections (b), (e), (f), and
2255 (g), a filed financing statement is effective for a period of five years after the date of filing.

2256 (b) Public-finance or manufactured-home transaction. Except as otherwise provided in
2257 subsections (e), (f), and (g), an initial financing statement filed in connection with a public-
2258 finance transaction or manufactured-home transaction is effective for a period of 30 years after
2259 the date of filing if it indicates that it is filed in connection with a public-finance transaction or
2260 manufactured-home transaction.

2261 (c) Lapse and continuation of financing statement. The effectiveness of a filed financing
2262 statement lapses on the expiration of the period of its effectiveness unless before the lapse a
2263 continuation statement is filed pursuant to subsection (d). Upon lapse, a financing statement
2264 ceases to be effective and any security interest or agricultural lien that was perfected by the
2265 financing statement becomes unperfected, unless the security interest is perfected otherwise. If
2266 the security interest or agricultural lien becomes unperfected upon lapse, it is deemed never to
2267 have been perfected as against a purchaser of the collateral for value.

2268 (d) When continuation statement may be filed. A continuation statement may be filed
2269 only within six months before the expiration of the five-year period specified in subsection (a) or
2270 the 30-year period specified in subsection (b), whichever is applicable.

2271 (e) Effect of filing continuation statement. Except as otherwise provided in Section 9-
2272 510, upon timely filing of a continuation statement, the effectiveness of the initial financing
2273 statement continues for a period of five years commencing on the day on which the financing
2274 statement would have become ineffective in the absence of the filing. Upon the expiration of the
2275 five-year period, the financing statement lapses in the same manner as provided in subsection (c),

2276 unless, before the lapse, another continuation statement is filed pursuant to subsection (d).

2277 Succeeding continuation statements may be filed in the same manner to continue the

2278 effectiveness of the initial financing statement.

2279 (f) Transmitting utility financing statement. If a debtor is a transmitting utility and a

2280 filed initial financing statement so indicates, the financing statement is effective until a

2281 termination statement is filed.

2282 (g) Record of mortgage as financing statement. A record of a mortgage that is effective

2283 as a financing statement filed as a fixture filing under Section 9-502(c) remains effective as a

2284 financing statement filed as a fixture filing until the mortgage is released or satisfied of record or

2285 its effectiveness otherwise terminates as to the real property.

2286 SECTION 9-516. WHAT CONSTITUTES FILING; EFFECTIVENESS OF FILING.

2287 (a) What constitutes filing. Except as otherwise provided in subsection (b),

2288 communication of a record to a filing office and tender of the filing fee or acceptance of the

2289 record by the filing office constitutes filing.

2290 (b) Refusal to accept record; filing does not occur. Filing does not occur with respect to

2291 a record that a filing office refuses to accept because:

2292 (1) the record is not communicated by a method or medium of communication

2293 authorized by the filing office;

2294 (2) an amount equal to or greater than the applicable filing fee is not tendered;

2295 (3) the filing office is unable to index the record because:

2296 (A) in the case of an initial financing statement, the record does not
2297 provide a name for the debtor;

2298 (B) in the case of an amendment or information statement, the record:

2299 (i) does not identify the initial financing statement as required by
2300 Section 9-512 or 9-518, as applicable; or

2301 (ii) identifies an initial financing statement whose effectiveness has
2302 lapsed under Section 9-515;

2303 (C) in the case of an initial financing statement that provides the name of a
2304 debtor identified as an individual or an amendment that provides a name of a debtor identified as
2305 an individual which was not previously provided in the financing statement to which the record
2306 relates, the record does not identify the debtor's last name surname; or

2307 (D) in the case of a record filed in the filing office described in Section 9-
2308 501(a)(1), the record does not provide a sufficient description of the real property to which it
2309 relates;

2310 (4) in the case of an initial financing statement or an amendment that adds a
2311 secured party of record, the record does not provide a name and mailing address for the secured
2312 party of record;

2313 (5) in the case of an initial financing statement or an amendment that provides a
2314 name of a debtor which was not previously provided in the financing statement to which the
2315 amendment relates, the record does not:

2316 (A) provide a mailing address for the debtor; or

2317 (B) indicate whether the name provided as the name of the debtor is the
2318 name of an individual or an organization; or

2319 (C) if the financing statement indicates that the debtor is an organization,
2320 provide:

2321 (i) a type of organization for the debtor;

2322 (ii) a jurisdiction of organization for the debtor; or

2323 (iii) an organizational identification number for the debtor or
2324 indicate that the debtor has none;

2325 (6) in the case of an assignment reflected in an initial financing statement under
2326 Section 9-514(a) or an amendment filed under Section 9-514(b), the record does not provide a
2327 name and mailing address for the assignee; or

2328 (7) in the case of a continuation statement, the record is not filed within the six-
2329 month period prescribed by Section 9-515(d).

2330 (c) Rules applicable to subsection (b). For purposes of subsection (b):

2331 (1) a record does not provide information if the filing office is unable to read or
2332 decipher the information; and

2333 (2) a record that does not indicate that it is an amendment or identify an initial
2334 financing statement to which it relates, as required by Section 9-512, 9-514, or 9-518, is an initial
2335 financing statement.

2336 (d) Refusal to accept record; record effective as filed record. A record that is
2337 communicated to the filing office with tender of the filing fee, but which the filing office refuses
2338 to accept for a reason other than one set forth in subsection (b), is effective as a filed record
2339 except as against a purchaser of the collateral which gives value in reasonable reliance upon the
2340 absence of the record from the files.

2341 SECTION 9-518. CLAIM CONCERNING INACCURATE OR WRONGFULLY
2342 FILED RECORD.

2343 (a) Who may file Statement with respect to record indexed under person's name. A
2344 person may file in the filing office a correction an information statement with respect to a record
2345 indexed there under the person's name if the person believes that the record is inaccurate or was
2346 wrongfully filed.

2347 (b) Sufficiency Contents of correction statement under subsection (a). A correction An
2348 information statement under subsection (a) must:

2349 (1) identify the record to which it relates by:

2350 (A) the file number assigned to the initial financing statement to which the
2351 record relates; and

2352 (B) if the correction information statement relates to a record filed or
2353 recorded in a filing office described in Section 9-501(a)(1),

2354 (i) the book and page number of the initial financing statement, in
2355 the case of unregistered land governed by chapter 36, or if a book and page number has not yet
2356 been assigned to the initial financing statement, the instrument number of the initial financing

2357 statement and the date on which the initial financing statement was originally filed, and the
2358 document number of the initial financing statement, in the case of registered land governed by
2359 chapter 185; and

2360 (ii) the information specified in Section 9-502(b);

2361 (2) indicate that it is a correction an information statement; and

2362 (3) provide the basis for the person's belief that the record is inaccurate and
2363 indicate the manner in which the person believes the record should be amended to cure any
2364 inaccuracy or provide the basis for the person's belief that the record was wrongfully filed.

2365 (c) Statement by secured party of record. A person may file in the filing office an
2366 information statement with respect to a record filed there if the person is a secured party of
2367 record with respect to the financing statement to which the record relates and believes that the
2368 person that filed the record was not entitled to do so under Section 9-509(d).

2369 (d) Contents of statement under subsection (c). An information statement under
2370 subsection (c) must:

2371 (1) identify the record to which it relates by:

2372 (A) the file number assigned to the initial financing statement to which the
2373 record relates; and

2374 (B) if the information statement relates to a record filed or recorded in a
2375 filing office described in Section 9-501(a)(1),

2376 (i) the book and page number of the initial financing statement, in
2377 the case of unregistered land governed by chapter 36, or if a book and page number has not yet
2378 been assigned to the initial financing statement, the instrument number of the initial financing
2379 statement and the date on which the initial financing statement was originally filed, and the
2380 document number of the initial financing statement, in the case of registered land governed by
2381 chapter 185; and

2382 (ii) the information specified in Section 9-502(b);

2383 (2) indicate that it is an information statement; and

2384 (3) provide the basis for the person's belief that the person that filed the record
2385 was not entitled to do so under Section 9-509(d).

2386 (c) (e) Record not affected by correction information statement. The filing of a
2387 correction an information statement does not affect the effectiveness of an initial

2388 SUBPART 2. DUTIES AND OPERATION OF FILING OFFICE

2389 * * *

2390 SECTION 9-521. UNIFORM FORM OF WRITTEN FINANCING STATEMENT AND
2391 AMENDMENT.

2392 (a) Initial financing statement form. A filing office that accepts written records may not
2393 refuse to accept a written initial financing statement in the following form and format except for
2394 a reason set forth in Section 9-516(b):

2395 UCC FINANCING STATEMENT

2396 FOLLOW INSTRUCTIONS

2397 A. NAME & PHONE OF CONTACT AT FILER (optional)

2398 _____

2399 B. E-MAIL CONTACT AT FILER (optional)

2400 _____

2401 C. SEND ACKNOWLEDGMENT TO: (Name and Address)

2402 _____

2403 THE ABOVE SPACE IS FOR

2404 FILING OFFICE USE ONLY

2405 1. DEBTOR'S NAME - provide only one Debtor name (1a or 1b) (use exact, full name; do

2406 not omit, modify, or abbreviate any word in the Debtor's name)

2407

2408 1a. ORGANIZATION'S NAME

2409 _____

2410 OR

2411 1b. INDIVIDUAL'S SURNAME FIRST PERSONAL NAME

2412 _____

2413 ADDITIONAL NAME(S)/INITIAL(S) THAT ARE PART OF THE NAME OF THIS DEBTOR

2414 SUFFIX

2415 _____

2416 1c. MAILING ADDRESS

2417 _____

2418 CITY STATE POSTAL CODE COUNTRY

2419 _____

2420 2. DEBTOR'S NAME - provide only one Debtor name (2a or 2b) (use exact, full name; do

2421 not omit, modify, or abbreviate any word in the Debtor's name)

2422

2423 2a. ORGANIZATION'S NAME

2424 _____

2425 OR

2426 2b. INDIVIDUAL'S SURNAME FIRST PERSONAL NAME

2427 _____

2428 ADDITIONAL NAME(S)/INITIAL(S) THAT ARE PART OF THE NAME OF THIS

2429 DEBTOR SUFFIX

2430 _____

2431 _____

2432 2c. MAILING ADDRESS

2433 _____

2434 CITY STATE POSTAL CODE COUNTRY

2435 _____

2436 3. SECURED PARTY'S NAME (or NAME of ASSIGNEE of ASSIGNOR SECURED

2437 PARTY) - provide only one Secured Party name (3a or 3b)

2438 3a. ORGANIZATION'S NAME

2439 _____

2440 OR

2441 3b. INDIVIDUAL'S SURNAME FIRST PERSONAL NAME

2442 _____

2443 ADDITIONAL NAME(S)/INITIAL(S)

2444 SUFFIX

2445 _____

2446 _____

2447 3c. MAILING ADDRESS

2448

2449 CITY STATE POSTAL CODE COUNTRY

2450

2451 4. COLLATERAL: This financing statement covers the following collateral:

2452

2453 5. Check only if applicable and check only one box:

2454 Collateral is held in a Trust (see Instructions)

2455 being administered by a Decedent's Personal Representative.

2456 6a. Check only if applicable and check only one box:

2457 Public-Finance Transaction Manufactured-Home Transaction

2458 A Debtor is a Transmitting Utility

2459 6b. Check only if applicable and check only one box:

2460 Agricultural Lien Non-UCC Filing

2461 7. ALTERNATIVE DESIGNATION (if applicable): Lessee/Lessor

2462 Consignee/Consignor Seller/Buyer Bailee/Bailor Licensee/Licensor

2463 8. OPTIONAL FILER REFERENCE DATA

2464

2465 [UCC FINANCING STATEMENT (Form UCC1)]

2466 UCC FINANCING STATEMENT ADDENDUM

2467 FOLLOW INSTRUCTIONS

2468 9. NAME OF FIRST DEBTOR (same as item 1a or 1b on Financing Statement)

2469 9a. ORGANIZATION'S NAME

2470 _____

2471 OR

2472 9b. INDIVIDUAL'S SURNAME

2473 _____

2474 FIRST PERSONAL NAME

2475 _____

2476 ADDITIONAL NAME(S)/INITIAL(S) SUFFIX

2477 _____

2478 _____

2479 THE ABOVE SPACE IS FOR

2480 FILING OFFICE USE ONLY

2481 10. ADDITIONAL DEBTOR'S NAME - provide only one Debtor name (10a or 10b) (use

2482 exact, full name; do not omit, modify, or abbreviate any word in the Debtor's name)

2483

2484 10a. ORGANIZATION'S NAME

2485 _____

2486 OR

2487 10b. INDIVIDUAL'S SURNAME FIRST PERSONAL NAME

2488 _____

2489 ADDITIONAL NAME(S)/INITIAL(S) THAT ARE PART OF THE NAME OF THIS

2490 DEBTOR SUFFIX

2491 _____

2492 _____

2493 10c. MAILING ADDRESS

2494 _____

2495 CITY STATE POSTAL CODE COUNTRY

2496 _____

2497

2498 11. ADDITIONAL SECURED PARTY'S NAME or ASSIGNOR SECURED

2499 PARTY'S NAME - provide only one name (11a or 11b)

2500 11a. ORGANIZATION'S NAME

2501 _____

2502 OR

2503 11b. INDIVIDUAL'S SURNAME FIRST PERSONAL NAME

2504 _____

2505 ADDITIONAL NAME(S)/INITIAL(S) SUFFIX

2506 _____

2507 _____

2508 11c. MAILING ADDRESS

2509 _____

2510 CITY STATE POSTAL CODE COUNTRY

2511 _____

2512 12. ADDITIONAL SPACE FOR ITEM 4 (Collateral)

2513 _____

2514 13. This FINANCING STATEMENT is to be filed [for record] (or recorded) in the REAL

2515 ESTATE RECORDS (if applicable)

2516 14. This FINANCING STATEMENT:

2517 covers timber to be cut covers as-extracted collateral is filed as a fixture filing

2518 15. Name and address of a RECORD OWNER of real estate described in item 16 (if Debtor

2519 does not have a record interest):

2520 _____

2521 16. Description of real estate:

2522 _____

2523 17. MISCELLANEOUS:

2524 _____

2525 [UCC FINANCING STATEMENT ADDENDUM (Form UCC1Ad)]

2526 (b) Amendment form. A filing office that accepts written records may not refuse to
2527 accept a written record in the following form and format except for a reason set forth in Section
2528 9-516(b):

2529 UCC FINANCING STATEMENT AMENDMENT

2530 FOLLOW INSTRUCTIONS

2531 A. NAME & PHONE OF CONTACT AT FILER (optional)

2532 _____

2533 B. E-MAIL CONTACT AT FILER (optional)

2534 _____

2535 C. SEND ACKNOWLEDGMENT TO: (Name and Address)

2536 _____

2537 THE ABOVE SPACE IS FOR

2538

FILING OFFICE USE ONLY

2539 1a. INITIAL FINANCING STATEMENT FILE NUMBER

2540 _____

2541 1b. This FINANCING STATEMENT AMENDMENT is to be filed [for record] (or recorded)
2542 in the REAL ESTATE RECORDS. Filer: attach Amendment Addendum (Form UCC3Ad) and
2543 provide Debtor's name in item 13.

2544 2. TERMINATION: Effectiveness of the Financing Statement identified above is
2545 terminated with respect to the security interest(s) of Secured Party authorizing this Termination
2546 Statement

2547 3. ASSIGNMENT (full or partial): Provide name of Assignee in item 7a or 7b, and
2548 address of Assignee in item 7c and name of Assignor in item 9. For partial assignment, complete
2549 items 7 and 9 and also indicate affected collateral in item 8

2550 4. CONTINUATION: Effectiveness of the Financing Statement identified above with
2551 respect to the security interest(s) of Secured Party authorizing this Continuation Statement is
2552 continued for the additional period provided by applicable law

2553 5. PARTY INFORMATION CHANGE:

2554 Check one of these two boxes:

2555 This Change affects Debtor or Secured Party of record.

2556 AND

2557 Check one of these three boxes to:

2558 CHANGE name and/or address: Complete item 6a or 6b, and item 7a or 7b and item 7c.

2559 ADD name: Complete item 7a or 7b, and item 7c.

2560 DELETE name: Give record name to be deleted in item 6a or 6b.

2561 6. CURRENT RECORD INFORMATION: Complete for Party Information Change -

2562 provide only one name (6a or 6b) (use exact, full name; do not omit, modify, or abbreviate any

2563 word in the Debtor's name)

2564 6a. ORGANIZATION'S NAME

2565 _____

2566 OR

2567 6b. INDIVIDUAL'S SURNAME

FIRST PERSONAL NAME

2568 _____

2569 ADDITIONAL NAME(S)/INITIAL(S)

SUFFIX

2570 _____

2571 _____

2572 7. CHANGED OR ADDED INFORMATION: Complete for Assignment or Party

2573 Information Change - provide only one name (7a or 7b) (use exact full name; do not omit,

2574 modify, or abbreviate any word in the Debtor's name)

2575 7a. ORGANIZATION'S NAME

2576 _____

2577 OR

2578 7b. INDIVIDUAL'S SURNAME FIRST PERSONAL NAME

2579 _____

2580 ADDITIONAL NAME(S)/INITIAL(S) THAT ARE PART OF THE NAME OF THIS

2581 DEBTOR SUFFIX

2582 _____

2583 _____

2584 7c. MAILING ADDRESS

2585 _____

2586 CITY STATE POSTAL CODE COUNTRY

2587 _____

2588 8. COLLATERAL CHANGE:

2589 Also check one of these four boxes:

2590 ADD collateral DELETE collateral RESTATE covered collateral

2591 ASSIGN collateral

2592 Indicate collateral:

2593 9. NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT -

2594 provide only one name (9a or 9b) (name of Assignor, if this is an Assignment)

2595 If this is an Amendment authorized by a DEBTOR, check here and provide name of

2596 authorizing Debtor

2597 9a. ORGANIZATION'S NAME

2598 _____

2599 OR

2600 9b. INDIVIDUAL'S SURNAME FIRST PERSONAL NAME

2601 _____

2602 ADDITIONAL NAME(S)/INITIAL(S) SUFFIX

2603 _____

2604 _____

2605 10. OPTIONAL FILER REFERENCE DATA

2606 _____

2607 [UCC FINANCING STATEMENT AMENDMENT (Form UCC3)]

2608 UCC FINANCING STATEMENT AMENDMENT ADDENDUM

2609 FOLLOW INSTRUCTIONS

2610 11. INITIAL FINANCING STATEMENT FILE NUMBER (same as item 1a on Amendment
2611 form)

2612 _____

2613 12. NAME OF PARTY AUTHORIZING THIS AMENDMENT (same as item 9 on
2614 Amendment form)

2615 12a. ORGANIZATION'S NAME

2616 _____

2617 OR

2618 12b. INDIVIDUAL'S SURNAME FIRST PERSONAL NAME

2619 _____

2620 ADDITIONAL NAME(S)/INITIAL(S) SUFFIX

2621 _____

2622 _____

2623 THE ABOVE SPACE IS FOR

2624 FILING OFFICE USE ONLY

2625 13. Name of DEBTOR on related financing statement (Name of a current Debtor of record
2626 required for indexing purposes only in some filing offices - see Instruction for item 13 - insert
2627 only one Debtor name (13a or 13b) (use, exact, full name; do not omit, modify, or abbreviate
2628 any word in the Debtor's name)

2629 13a. ORGANIZATION'S NAME

2630 _____

2631 OR

2632 13b. INDIVIDUAL'S SURNAME FIRST PERSONAL NAME

2633 _____

2634 ADDITIONAL NAME(S)/INITIAL(S) SUFFIX

2635 _____

2636 14. ADDITIONAL SPACE FOR ITEM 8 (Collateral)

2637 _____

2638 15. This FINANCING STATEMENT AMENDMENT: covers timber to be cut

2639 covers as-extracted collateral is filed as a fixture filing

2640 16. Name and address of a RECORD OWNER of real estate described in item 17 (if Debtor
2641 does not have a record interest):

2642 _____

2643 17. Description of real estate

2644 _____

2645 18. MISCELLANEOUS:

2646 _____

2647 [UCC FINANCING STATEMENT AMENDMENT ADDENDUM (Form UCC3Ad)]

2648 _____

2649 Additional space for item 8

2650 _____

2651 UCC FINANCING STATEMENT AMENDMENT ADDENDUM (Form UCC1)

2652 PART 6 DEFAULT

2653 SUBPART 1. DEFAULT AND ENFORCEMENT OF SECURITY INTEREST

2654 SECTION 9-607. COLLECTION AND ENFORCEMENT BY SECURED PARTY.

2655 (a) Collection and enforcement generally. If so agreed, and in any event after default, a
2656 secured party:

2657 (1) may notify an account debtor or other person obligated on collateral to make
2658 payment or otherwise render performance to or for the benefit of the secured party;

2659 (2) may take any proceeds to which the secured party is entitled under Section 9-
2660 315;

2661 (3) may enforce the obligations of an account debtor or other person obligated on
2662 collateral and exercise the rights of the debtor with respect to the obligation of the account debtor
2663 or other person obligated on collateral to make payment or otherwise render performance to the
2664 debtor, and with respect to any property that secures the obligations of the account debtor or
2665 other person obligated on the collateral;

2666 (4) if it holds a security interest in a deposit account perfected by control under
2667 Section 9-104(a)(1), may apply the balance of the deposit account to the obligation secured by
2668 the deposit account; and

2669 (5) if it holds a security interest in a deposit account perfected by control under
2670 Section 9-104(a)(2) or (3), may instruct the bank to pay the balance of the deposit account to or
2671 for the benefit of the secured party.

2672 (b) Nonjudicial enforcement of mortgage. If necessary to enable a secured party to
2673 exercise under subsection (a)(3) the right of a debtor to enforce a mortgage nonjudicially, the
2674 secured party may record in the office in which a record of the mortgage is recorded:

2675 (1) a copy of the security agreement that creates or provides for a security interest
2676 in the obligation secured by the mortgage; and

2677 (2) the secured party's sworn affidavit in recordable form stating that:

2678 (A) a default has occurred with respect to the obligation secured by the
2679 mortgage; and

2680 (B) the secured party is entitled to enforce the mortgage nonjudicially.

2681 (c) Commercially reasonable collection and enforcement. A secured party shall proceed
2682 in a commercially reasonable manner if the secured party:

2683 (1) undertakes to collect from or enforce an obligation of an account debtor or
2684 other person obligated on collateral; and

2685 (2) is entitled to charge back uncollected collateral or otherwise to full or limited
2686 recourse against the debtor or a secondary obligor.

2687 (d) Expenses of collection and enforcement. A secured party may deduct from the
2688 collections made pursuant to subsection (c) reasonable expenses of collection and enforcement,
2689 including reasonable attorney's fees and legal expenses incurred by the secured party.

2690 (e) Duties to secured party not affected. This section does not determine whether an
2691 account debtor, bank, or other person obligated on collateral owes a duty to a secured party.

2692 SECTION 84. Subsection 2A-103(3) of said chapter 106 is hereby amended by striking out "9-
2693 102(a)(68)" and by substituting in place thereof "9-102(a)(69)".

2694 SECTION 85. The amendments of said chapter 106 contained Sections 83 and 84 and this
2695 Section 85 shall take effect on July 1, 2013. Said chapter 106 is hereby further amended by
2696 adding, following Part 7 of Article 9, the following new Part 8 containing the transition
2697 provisions for Sections 83 and 84:

2698 PART 8 TRANSITION PROVISIONS FOR 2010 AMENDMENTS

2699 SECTION 9-801. EFFECTIVE DATE. This Amendatory Act takes effect on July 1,
2700 2013. References in this Part to this "Amendatory Act" are to those sections of the legislative
2701 enactment by which this Part is added to Article 9 of chapter 106 effective on July 1, 2013 .

2702 SECTION 9-802. SAVINGS CLAUSE.

2703 (a) Pre-effective-date transactions or liens. Except as otherwise provided in this part,
2704 this Amendatory Act applies to a transaction or lien within its scope, even if the transaction or
2705 lien was entered into or created before this Amendatory Act takes effect.

2706 (b) Pre-effective-date proceedings. This Amendatory Act does not affect an action, case,
2707 or proceeding commenced before this Amendatory Act takes effect.

2708 SECTION 9-803. SECURITY INTEREST PERFECTED BEFORE EFFECTIVE
2709 DATE.

2710 (a) Continuing perfection: perfection requirements satisfied. A security interest that is a
2711 perfected security interest immediately before this Amendatory Act takes effect is a perfected
2712 security interest under Article 9 of this chapter as amended by this Amendatory Act if, when this
2713 Amendatory Act takes effect, the applicable requirements for attachment and perfection under
2714 Article 9 of this chapter as amended by this Amendatory Act are satisfied without further action.

2715 (b) Continuing perfection: perfection requirements not satisfied. Except as otherwise
2716 provided in Section 9-805, if, immediately before this Amendatory Act takes effect, a security
2717 interest is a perfected security interest, but the applicable requirements for perfection under
2718 Article 9 of this chapter as amended by this Amendatory Act are not satisfied when this
2719 Amendatory Act takes effect, the security interest remains perfected thereafter only if the
2720 applicable requirements for perfection under Article 9 of this chapter as amended by this
2721 Amendatory Act are satisfied within one year after this Amendatory Act takes effect.

2722 SECTION 9-804. SECURITY INTEREST UNPERFECTED BEFORE EFFECTIVE
2723 DATE. A security interest that is an unperfected security interest immediately before this
2724 Amendatory Act takes effect becomes a perfected security interest:

2725 (1) without further action, when this Amendatory Act takes effect if the applicable
2726 requirements for perfection under Article 9 of this chapter as amended by this Amendatory Act
2727 are satisfied before or at that time; or

2728 (2) when the applicable requirements for perfection are satisfied if the requirements are
2729 satisfied after that time.

2730 SECTION 9-805. EFFECTIVENESS OF ACTION TAKEN BEFORE EFFECTIVE
2731 DATE.

2732 (a) Pre-effective-date filing effective. The filing of a financing statement before this
2733 Amendatory Act takes effect is effective to perfect a security interest to the extent the filing
2734 would satisfy the applicable requirements for perfection under Article 9 of this chapter as
2735 amended by this Amendatory Act.

2736 (b) When pre-effective-date filing becomes ineffective. This Amendatory Act does not
2737 render ineffective an effective financing statement that, before this Amendatory Act takes effect,
2738 is filed and satisfies the applicable requirements for perfection under the law of the jurisdiction
2739 governing perfection as provided in Article 9 of this chapter as it existed before this Amendatory
2740 Act took effect. However, except as otherwise provided in subsections (c) and (d) and Section 9-
2741 806, the financing statement ceases to be effective:

2742 (1) if the financing statement is filed in this State, at the time the financing
2743 statement would have ceased to be effective had this Amendatory Act not taken effect; or

2744 (2) if the financing statement is filed in another jurisdiction, at the earlier of:

2745 (A) the time the financing statement would have ceased to be effective
2746 under the law of that jurisdiction; or

2747 (B) June 30, 2018.

2748 (c) Continuation statement. The filing of a continuation statement after this Amendatory
2749 Act takes effect does not continue the effectiveness of a financing statement filed before this
2750 Amendatory Act takes effect. However, upon the timely filing of a continuation statement after
2751 this Amendatory Act takes effect and in accordance with the law of the jurisdiction governing
2752 perfection as provided in Article 9 of this chapter as amended by this Amendatory Act, the
2753 effectiveness of a financing statement filed in the same office in that jurisdiction before this
2754 Amendatory Act takes effect continues for the period provided by the law of that jurisdiction.

2755 (d) Application of subsection (b)(2)(B) to transmitting utility financing statement.
2756 Subsection (b)(2)(B) applies to a financing statement that, before this Amendatory Act takes
2757 effect, is filed against a transmitting utility and satisfies the applicable requirements for
2758 perfection under the law of the jurisdiction governing perfection as provided in Article 9 of this
2759 chapter as it existed before this Amendatory Act took effect, only to the extent that Article 9 of
2760 this chapter as amended by this Amendatory Act provides that the law of a jurisdiction other than
2761 the jurisdiction in which the financing statement is filed governs perfection of a security interest
2762 in collateral covered by the financing statement.

2763 (e) Application of Part 5. A financing statement that includes a financing statement filed
2764 before this Amendatory Act takes effect and a continuation statement filed after this Amendatory
2765 Act takes effect is effective only to the extent that it satisfies the requirements of Part 5 of Article
2766 9 of this chapter as amended by this Amendatory Act for an initial financing statement. A
2767 financing statement that indicates that the debtor is a decedent's estate indicates that the
2768 collateral is being administered by a personal representative within the meaning of Section 9-
2769 503(a)(2) as amended by this Amendatory Act. A financing statement that indicates that the
2770 debtor is a trust or is a trustee acting with respect to property held in trust indicates that the

2771 collateral is held in a trust within the meaning of Section 9-503(a)(3) as amended by this
2772 Amendatory Act.

2773 SECTION 9-806. WHEN INITIAL FINANCING STATEMENT SUFFICES TO
2774 CONTINUE EFFECTIVENESS OF FINANCING STATEMENT

2775 (a) Initial financing statement in lieu of continuation statement. The filing of an initial
2776 financing statement in the office specified in Section 9-501 continues the effectiveness of a
2777 financing statement filed before this Amendatory Act takes effect if:

2778 (1) the filing of an initial financing statement in that office would be effective to
2779 perfect a security interest under Article 9 of this chapter as amended by this Amendatory Act;

2780 (2) the pre-effective-date financing statement was filed in an office in another
2781 State; and

2782 (3) the initial financing statement satisfies subsection (c).

2783 (b) Period of continued effectiveness. The filing of an initial financing statement under
2784 subsection (a) continues the effectiveness of the pre-effective-date financing statement:

2785 (1) if the initial financing statement is filed before this Amendatory Act takes
2786 effect, for the period provided in Section 9-515 of Article 9 of this chapter before this
2787 Amendatory Act took effect with respect to an initial financing statement; and

2788 (2) if the initial financing statement is filed after this Amendatory Act takes effect,
2789 for the period provided in Section 9-515 of Article 9 of this chapter as amended by this
2790 Amendatory Act with respect to an initial financing statement.

2791 (c) Requirements for initial financing statement under subsection (a). To be effective for
2792 purposes of subsection (a), an initial financing statement must:

2793 (1) satisfy the requirements of Part 5 of Article 9 of this chapter as amended by
2794 this Amendatory Act for an initial financing statement;

2795 (2) identify the pre-effective-date financing statement by indicating the office in
2796 which the financing statement was filed and providing the dates of filing and file numbers, if
2797 any, of the financing statement and of the most recent continuation statement filed with respect
2798 to the financing statement; and

2799 (3) indicate that the pre-effective-date financing statement remains effective.

2800 SECTION 9-807. AMENDMENT OF PRE-EFFECTIVE-DATE FINANCING
2801 STATEMENT.

2802 (a) “Pre-effective-date financing statement”. In this section, “pre-effective-date
2803 financing statement” means a financing statement filed before this Amendatory Act takes effect.

2804 (b) Applicable law. After this Amendatory Act takes effect, a person may add or delete
2805 collateral covered by, continue or terminate the effectiveness of, or otherwise amend the
2806 information provided in, a pre-effective-date financing statement only in accordance with the law
2807 of the jurisdiction governing perfection as provided in Article 9 of this chapter as amended by
2808 this Amendatory Act. However, the effectiveness of a pre-effective-date financing statement
2809 also may be terminated in accordance with the law of the jurisdiction in which the financing
2810 statement is filed.

2811 (c) Method of amending: general rule. Except as otherwise provided in subsection (d), if
2812 the law of this State governs perfection of a security interest, the information in a pre-effective-
2813 date financing statement may be amended after this Amending Act takes effect only if:

2814 (1) the pre-effective-date financing statement and an amendment are filed in the
2815 office specified in Section 9-501;

2816 (2) an amendment is filed in the office specified in Section 9-501 concurrently
2817 with, or after the filing in that office of, an initial financing statement that satisfies Section 9-
2818 806(c); or

2819 (3) an initial financing statement that provides the information as amended and
2820 satisfies Section 9-806(c) is filed in the office specified in Section 9-501.

2821 (d) Method of amending: continuation. If the law of this State governs perfection of a
2822 security interest, the effectiveness of a pre-effective-date financing statement may be continued
2823 only under Section 9-805(c) and (e) or 9-806.

2824 (e) Method of amending: additional termination rule. Whether or not the law of this
2825 State governs perfection of a security interest, the effectiveness of a pre-effective-date financing
2826 statement filed in this State may be terminated after this Amending Act takes effect by filing a
2827 termination statement in the office in which the pre-effective-date financing statement is filed,
2828 unless an initial financing statement that satisfies Section 9-806(c) has been filed in the office
2829 specified by the law of the jurisdiction governing perfection as provided in Article 9 as amended
2830 by this Amending Act as the office in which to file a financing statement.

2831 SECTION 9-808. PERSON ENTITLED TO FILE INITIAL FINANCING
2832 STATEMENT OR CONTINUATION STATEMENT. A person may file an initial financing
2833 statement or a continuation statement under this part if:

2834 (1) the secured party of record authorizes the filing; and

2835 (2) the filing is necessary under this part:

2836 (A) to continue the effectiveness of a financing statement filed before this
2837 Amending Act takes effect; or

2838 (B) to perfect or continue the perfection of a security interest.

2839 SECTION 9-809. PRIORITY. This Amending Act determines the priority of
2840 conflicting claims to collateral. However, if the relative priorities of the claims were established
2841 before this Amending Act takes effect, Article 9 of this chapter as it existed before
2842 Amending Act took effect determines priority.