Second Regular Session

Sixty-second General Assembly

LLS NO. 00-0687.01 Dan Cartin HOUSE BILL 00-1435

STATE OF COLORADO

BY REPRESENTATIVE Kaufman;
also SENATOR Lamborn.

REREVISED

A BILL FOR AN ACT

101 CONCERNING ARTICLE 9 OF THE "UNIFORM COMMERCIAL CODE" ON
102 SECURED TRANSACTIONS.

Bill Summary

(Note: This summary applies to this bill as introduced and does not necessarily reflect any amendments that may be subsequently adopted.)

[Drafting note: This bill repeals and reenacts the "Uniform Commercial Code - Secured Transactions", article 9 of title 4, Colorado Revised Statutes. The repeal and reenactment is based upon the revision of article 9 of the "Uniform Commercial Code" that was completed by the national article 9 drafting committee and approved by the American law institute and the national conference of commissioners on uniform state laws.]

Effective July 1, 2001, repeals and reenacts the "Uniform Commercial Code - Secured Transactions", article 9 of title 4, Colorado Revised Statutes, (article 9).

Generally expands the scope of property and transactions covered by article 9, clarifies the rules for creation, perfection, priority, and enforcement of a security interest, and clarifies the rules that apply to consumer transactions.

Makes various revisions, modifications, and additions to article 9 including, but not limited to, the following:

Scope.

Expands the coverage of article 9 to:

- Computer software, as "goods" subject to article 9;
- Certain payment obligations and credit card receivables, as "accounts" subject to article 9;

SENATE 3rd Reading Unamended May 2, 2000

SENATE Amended 2nd Reading May 1, 2000

HOUSE 3rd Reading Unamended April 18, 2000

HOUSE Amended 2nd Reading April 14, 2000

- The sale of payment intangibles;
- The sale of a promissory note;
- Security interests in deposit accounts;
- Health-care-insurance receivables;
- Commercial tort claims.

Creation of the security interest.

Clarifies that a description of collateral is sufficient for purposes of a security agreement if it is identified as a type of collateral defined under article 9. Expands the definition of proceeds to which a security interest may attach to include rights arising out of the license of property and distributions on stock. Defines "supporting obligation" as a letter-of-credit right or secondary obligation that supports the payment or performance of certain obligations. Makes restrictions in certain obligations ineffective if the restriction would interfere with the creation or perfection of a security interest in the right to payment or with the enforcement of the secured party's security interest in the right to payment.

Perfection of security interest.

Modifies requirements for perfecting a security interest by possession where a third party bailee has possession of the collateral. Clarifies the right of a secured party to exercise control over collateral in order to perfect a security interest under certain security agreements. Provides for automatic perfection of a security interest in certain circumstances, including the sale of payment intangibles and promissory notes.

Modifies the requirements for perfecting a security interest by filing. Expands the kinds of collateral in which a secured party may perfect a security interest by filing a financing statement. Changes the location of filing a financing statement for perfection by requiring filing at the place of the debtor's location. Permits the use of a generic description of collateral in a financing statement under certain circumstances.

Allows a secured party to file a financing statement without the debtor's signature under certain circumstances.

Priority.

Modifies certain non-temporal exceptions to the general rule that the first secured party to file a financing statement or to perfect its security interest has priority. Specifies the priority of security interests where 2 secured parties each have control of investment property. Clarifies that a secured party may obtain a purchase-money security

interest only in goods, subject to an exception for certain security interests in computer software. Allows for collateral to have both purchase-money and non-purchase-money status.

Transfers of collateral.

Modifies certain provisions relating to the continuation of a security interest in collateral that the debtor has transferred.

Enforcement.

Requires that a foreclosure sale must be commercially reasonable. Specifies that a guarantor of an obligation subject to article 9 has a right to the same notices and protections as the debtor and may not waive those rights before a default. Requires a secured party to give enforcement notices to other secured parties as well as the debtor. Where there is a failure to meet the article 9 requirements of notice or commercial reasonableness, reduces the amount of a deficiency a secured party may recover to the extent that the failure to comply affected the price obtained at the foreclosure sale. Establishes rules relating to certain low-priced foreclosure sales and non-cash proceeds received at such a sale. Permits a secured party to retain collateral in satisfaction of a debt where the secured party is not in possession and also where the collateral is intangible. In a non-consumer transaction, allows a secured party and a debtor to agree that the secured party will retain the collateral in partial satisfaction of the debt.

Consumer matters.

Provides special rules for consumer transactions, including, but not limited to, the description of collateral in a security agreement and notices required in connection with the foreclosure of a security interest.

Transition rules.

Specifies the application of the revised article 9 to security interests perfected under the former article 9, a security interest that attached under the former article 9, action taken to perfect a security interest prior to the effective date of the revised article 9, the continuation of a financing statement filed under the former article 9, and the priority of security interests.

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. Article 9 of title 4, Colorado Revised Statutes, is

REPEALED AND REENACTED, WITH AMENDMENTS, to read:

PART 1

GENERAL PROVISIONS

4-9-101. Short title. THIS ARTICLE MAY BE CITED AS THE "UNIFORM COMMERCIAL CODE - SECURED TRANSACTIONS".

4-9-102. Definitions and index of definitions. (a) IN THIS ARTICLE:

(1) "ACCESSION" MEANS GOODS THAT ARE PHYSICALLY UNITED WITH OTHER GOODS IN SUCH A MANNER THAT THE IDENTITY OF THE ORIGINAL GOODS IS NOT LOST.

(2) "ACCOUNT", EXCEPT AS USED IN "ACCOUNT FOR", MEANS A RIGHT TO PAYMENT OF A MONETARY OBLIGATION, WHETHER OR NOT EARNED BY PERFORMANCE, (i) FOR PROPERTY THAT HAS BEEN OR IS TO BE SOLD, LEASED, LICENSED, ASSIGNED, OR OTHERWISE DISPOSED OF, (ii) FOR SERVICES RENDERED OR TO BE RENDERED, (iii) FOR A POLICY OF INSURANCE ISSUED OR TO BE ISSUED, (iv) FOR A SECONDARY OBLIGATION INCURRED OR TO BE INCURRED, (v) FOR ENERGY PROVIDED OR TO BE PROVIDED, (vi) FOR THE USE OR HIRE OF A VESSEL UNDER A CHARTER OR OTHER CONTRACT, (vii) ARISING OUT OF THE USE OF A CREDIT OR CHARGE CARD OR INFORMATION CONTAINED ON OR FOR USE WITH THE CARD, OR (viii) AS WINNINGS IN A LOTTERY OR OTHER GAME OF CHANCE OPERATED OR SPONSORED BY A STATE, GOVERNMENTAL UNIT OF A STATE, OR PERSON LICENSED OR AUTHORIZED TO OPERATE THE GAME BY A STATE OR GOVERNMENTAL UNIT OF A STATE. THE TERM INCLUDES HEALTH-CARE-INSURANCE RECEIVABLES. THE TERM DOES NOT INCLUDE (i) RIGHTS TO PAYMENT EVIDENCED BY CHATTEL PAPER OR AN

INSTRUMENT, (ii) COMMERCIAL TORT CLAIMS, (iii) DEPOSIT ACCOUNTS, (iv) INVESTMENT PROPERTY, (v) LETTER-OF-CREDIT RIGHTS OR LETTERS OF CREDIT, OR (vi) RIGHTS TO PAYMENT FOR MONEY OR FUNDS ADVANCED OR SOLD, OTHER THAN RIGHTS ARISING OUT OF THE USE OF A CREDIT OR CHARGE CARD OR INFORMATION CONTAINED ON OR FOR USE WITH THE CARD.

(3) "ACCOUNT DEBTOR" MEANS A PERSON OBLIGATED ON AN ACCOUNT, CHATTEL PAPER, OR GENERAL INTANGIBLE. THE TERM DOES NOT INCLUDE PERSONS OBLIGATED TO PAY A NEGOTIABLE INSTRUMENT, EVEN IF THE INSTRUMENT CONSTITUTES PART OF CHATTEL PAPER.

(4) "ACCOUNTING", EXCEPT AS USED IN "ACCOUNTING FOR", MEANS A RECORD:

(A) AUTHENTICATED BY A SECURED PARTY;

(B) INDICATING THE AGGREGATE UNPAID SECURED OBLIGATIONS AS OF A DATE NOT MORE THAN THIRTY-FIVE DAYS EARLIER OR THIRTY-FIVE DAYS LATER THAN THE DATE OF THE RECORD; AND

(C) IDENTIFYING THE COMPONENTS OF THE OBLIGATIONS IN REASONABLE DETAIL.

(5) "AGRICULTURAL LIEN" MEANS AN INTEREST, OTHER THAN A SECURITY INTEREST, IN FARM PRODUCTS:

(A) WHICH SECURES PAYMENT OR PERFORMANCE OF AN OBLIGATION FOR:

(i) GOODS OR SERVICES FURNISHED IN CONNECTION WITH A DEBTOR'S FARMING OPERATION; OR

(ii) RENT ON REAL PROPERTY LEASED BY A DEBTOR IN CONNECTION WITH ITS FARMING OPERATION;

(B) WHICH IS CREATED BY STATUTE IN FAVOR OF A PERSON THAT:

(i) IN THE ORDINARY COURSE OF ITS BUSINESS FURNISHED GOODS OR SERVICES TO A DEBTOR IN CONNECTION WITH A DEBTOR'S FARMING OPERATION; OR

(ii) LEASED REAL PROPERTY TO A DEBTOR IN CONNECTION WITH THE DEBTOR'S FARMING OPERATION; AND

(C) WHOSE EFFECTIVENESS DOES NOT DEPEND ON THE PERSON'S POSSESSION OF THE PERSONAL PROPERTY.

(6) "AS-EXTRACTED COLLATERAL" MEANS:

(A) OIL, GAS, OR OTHER MINERALS THAT ARE SUBJECT TO A SECURITY INTEREST THAT:

(i) IS CREATED BY A DEBTOR HAVING AN INTEREST IN THE MINERALS BEFORE EXTRACTION; AND

(ii) ATTACHES TO THE MINERALS AS EXTRACTED; OR

(B) ACCOUNTS ARISING OUT OF THE SALE AT THE WELLHEAD OR MINEHEAD OF OIL, GAS, OR OTHER MINERALS IN WHICH THE DEBTOR HAD AN INTEREST BEFORE EXTRACTION.

(7) "AUTHENTICATE" MEANS:

(A) TO SIGN; OR

(B) TO EXECUTE OR OTHERWISE ADOPT A SYMBOL, OR ENCRYPT OR SIMILARLY PROCESS A RECORD IN WHOLE OR IN PART, WITH THE PRESENT INTENT OF THE AUTHENTICATING PERSON TO IDENTIFY THE PERSON AND ADOPT OR ACCEPT A RECORD.

(8) "BANK" MEANS AN ORGANIZATION THAT IS ENGAGED IN THE BUSINESS OF BANKING. THE TERM INCLUDES SAVINGS BANKS, SAVINGS AND LOAN ASSOCIATIONS, CREDIT UNIONS, AND TRUST COMPANIES.

(9) "CASH PROCEEDS" MEANS PROCEEDS THAT ARE MONEY, CHECKS, DEPOSIT ACCOUNTS, OR THE LIKE.

(10) "CERTIFICATE OF TITLE" MEANS A CERTIFICATE OF TITLE WITH RESPECT TO WHICH A STATUTE PROVIDES FOR THE SECURITY INTEREST IN QUESTION TO BE INDICATED ON THE CERTIFICATE AS A CONDITION OR RESULT OF THE SECURITY INTEREST'S OBTAINING PRIORITY OVER THE RIGHTS OF A LIEN CREDITOR WITH RESPECT TO THE COLLATERAL.

(11) "CHATTEL PAPER" MEANS A RECORD OR RECORDS THAT EVIDENCE BOTH A MONETARY OBLIGATION AND A SECURITY INTEREST IN SPECIFIC GOODS, A SECURITY INTEREST IN SPECIFIC GOODS AND SOFTWARE USED IN THE GOODS, A SECURITY INTEREST IN SPECIFIC GOODS AND LICENSE OF SOFTWARE USED IN THE GOODS, A LEASE OF SPECIFIC GOODS, OR A LEASE OF SPECIFIC GOODS AND LICENSE OF SOFTWARE USED IN THE GOODS. IN THIS PARAGRAPH, "MONETARY OBLIGATION" MEANS A MONETARY OBLIGATION SECURED BY THE GOODS OR OWED UNDER A LEASE OF THE GOODS AND INCLUDES A MONETARY OBLIGATION WITH RESPECT TO SOFTWARE USED IN THE GOODS. THE TERM DOES NOT INCLUDE (i) CHARTERS OR OTHER CONTRACTS INVOLVING THE USE OR HIRE OF A VESSEL OR (ii) RECORDS THAT EVIDENCE A RIGHT TO PAYMENT ARISING OUT OF THE USE OF A CREDIT OR CHARGE CARD OR INFORMATION CONTAINED ON OR FOR USE WITH THE CARD. IF A TRANSACTION IS EVIDENCED BY RECORDS THAT INCLUDE AN INSTRUMENT OR SERIES OF INSTRUMENTS, THE GROUP OF RECORDS TAKEN TOGETHER CONSTITUTES CHATTEL PAPER.

(12) "COLLATERAL" MEANS THE PROPERTY SUBJECT TO A SECURITY INTEREST OR AGRICULTURAL LIEN. THE TERM INCLUDES:

(A) PROCEEDS TO WHICH A SECURITY INTEREST ATTACHES;

(B) ACCOUNTS, CHATTEL PAPER, PAYMENT INTANGIBLES, AND PROMISSORY NOTES THAT HAVE BEEN SOLD; AND

(C) GOODS THAT ARE THE SUBJECT OF A CONSIGNMENT.

(13) "COMMERCIAL TORT CLAIM" MEANS A CLAIM ARISING IN TORT WITH RESPECT TO WHICH:

(A) THE CLAIMANT IS AN ORGANIZATION; OR

(B) THE CLAIMANT IS AN INDIVIDUAL AND THE CLAIM:

(i) AROSE IN THE COURSE OF THE CLAIMANT'S BUSINESS OR PROFESSION; AND

(ii) DOES NOT INCLUDE DAMAGES ARISING OUT OF PERSONAL INJURY TO OR THE DEATH OF AN INDIVIDUAL.

(14) "COMMODITY ACCOUNT" MEANS AN ACCOUNT MAINTAINED BY A COMMODITY INTERMEDIARY IN WHICH A COMMODITY CONTRACT IS CARRIED FOR A COMMODITY CUSTOMER.

(15) "COMMODITY CONTRACT" MEANS A COMMODITY FUTURES CONTRACT, AN OPTION ON A COMMODITY FUTURES CONTRACT, A COMMODITY OPTION, OR ANOTHER CONTRACT IF THE CONTRACT OR OPTION IS:

(A) TRADED ON OR SUBJECT TO THE RULES OF A BOARD OF TRADE THAT HAS BEEN DESIGNATED AS A CONTRACT MARKET FOR SUCH A CONTRACT PURSUANT TO FEDERAL COMMODITIES LAWS; OR

(B) TRADED ON A FOREIGN COMMODITY BOARD OF TRADE, EXCHANGE, OR MARKET, AND IS CARRIED ON THE BOOKS OF A COMMODITY INTERMEDIARY FOR A COMMODITY CUSTOMER.

(16) "COMMODITY CUSTOMER" MEANS A PERSON FOR WHICH A

COMMODITY INTERMEDIARY CARRIES A COMMODITY CONTRACT ON ITS BOOKS.

(17) "COMMODITY INTERMEDIARY" MEANS A PERSON THAT:

(A) IS REGISTERED AS A FUTURES COMMISSION MERCHANT UNDER FEDERAL COMMODITIES LAW; OR

(B) IN THE ORDINARY COURSE OF ITS BUSINESS PROVIDES CLEARANCE OR SETTLEMENT SERVICES FOR A BOARD OF TRADE THAT HAS BEEN DESIGNATED AS A CONTRACT MARKET PURSUANT TO FEDERAL COMMODITIES LAW.

(18) "COMMUNICATE" MEANS:

(A) TO SEND A WRITTEN OR OTHER TANGIBLE RECORD;

(B) TO TRANSMIT A RECORD BY ANY MEANS AGREED UPON BY THE PERSONS SENDING AND RECEIVING THE RECORD; OR

(C) IN THE CASE OF TRANSMISSION OF A RECORD TO OR BY A FILING OFFICE, TO TRANSMIT A RECORD BY ANY MEANS PRESCRIBED BY FILING-OFFICE RULE.

(19) "CONSIGNEE" MEANS A MERCHANT TO WHICH GOODS ARE DELIVERED IN A CONSIGNMENT.

(20) "CONSIGNMENT" MEANS A TRANSACTION, REGARDLESS OF ITS FORM, IN WHICH A PERSON DELIVERS GOODS TO A MERCHANT FOR THE PURPOSE OF SALE AND:

(A) THE MERCHANT:

(i) DEALS IN GOODS OF THAT KIND UNDER A NAME OTHER THAN THE NAME OF THE PERSON MAKING DELIVERY;

(ii) IS NOT AN AUCTIONEER; AND

(iii) IS NOT GENERALLY KNOWN BY ITS CREDITORS TO BE

SUBSTANTIALLY ENGAGED IN SELLING THE GOODS OF OTHERS;

(B) WITH RESPECT TO EACH DELIVERY, THE AGGREGATE VALUE OF THE GOODS IS ONE THOUSAND DOLLARS OR MORE AT THE TIME OF DELIVERY;

(C) THE GOODS ARE NOT CONSUMER GOODS IMMEDIATELY BEFORE DELIVERY; AND

(D) THE TRANSACTION DOES NOT CREATE A SECURITY INTEREST THAT SECURES AN OBLIGATION.

(21) "CONSIGNOR" MEANS A PERSON THAT DELIVERS GOODS TO A CONSIGNEE IN A CONSIGNMENT.

(22) "CONSUMER DEBTOR" MEANS A DEBTOR IN A CONSUMER TRANSACTION.

(23) "CONSUMER GOODS" MEANS GOODS THAT ARE USED OR BOUGHT FOR USE PRIMARILY FOR PERSONAL, FAMILY, OR HOUSEHOLD PURPOSES.

(24) "CONSUMER-GOODS TRANSACTION" MEANS A CONSUMER TRANSACTION IN WHICH:

(A) AN INDIVIDUAL INCURS AN OBLIGATION PRIMARILY FOR PERSONAL, FAMILY, OR HOUSEHOLD PURPOSES; AND

(B) A SECURITY INTEREST IN CONSUMER GOODS SECURES THE OBLIGATION.

(25) "CONSUMER OBLIGOR" MEANS AN OBLIGOR WHO IS AN INDIVIDUAL AND WHO INCURRED THE OBLIGATION AS PART OF A TRANSACTION ENTERED INTO PRIMARILY FOR PERSONAL, FAMILY, OR HOUSEHOLD PURPOSES.

(26) "CONSUMER TRANSACTION" MEANS A TRANSACTION IN WHICH

(i) AN INDIVIDUAL INCURS AN OBLIGATION PRIMARILY FOR PERSONAL, FAMILY, OR HOUSEHOLD PURPOSES, (ii) A SECURITY INTEREST SECURES THE OBLIGATION, (iii) THE COLLATERAL IS HELD OR ACQUIRED PRIMARILY FOR PERSONAL, FAMILY, OR HOUSEHOLD PURPOSES, AND (iv) THE OBLIGATION INCURRED IS FOR AN AMOUNT NOT IN EXCESS OF SEVENTY-FIVE THOUSAND DOLLARS. THE TERM INCLUDES CONSUMER-GOODS TRANSACTIONS.

(27) "CONTINUATION STATEMENT" MEANS AN AMENDMENT OF A FINANCING STATEMENT WHICH:

(A) IDENTIFIES, BY ITS FILE NUMBER, THE INITIAL FINANCING STATEMENT TO WHICH IT RELATES; AND

(B) INDICATES THAT IT IS A CONTINUATION STATEMENT FOR, OR THAT IT IS FILED TO CONTINUE THE EFFECTIVENESS OF, THE IDENTIFIED FINANCING STATEMENT.

(28) "DEBTOR" MEANS:

(A) A PERSON HAVING AN INTEREST, OTHER THAN A SECURITY INTEREST OR OTHER LIEN, IN THE COLLATERAL, WHETHER OR NOT THE PERSON IS AN OBLIGOR;

(B) A SELLER OF ACCOUNTS, CHATTEL PAPER, PAYMENT INTANGIBLES, OR PROMISSORY NOTES; OR

(C) A CONSIGNEE.

(29) "DEPOSIT ACCOUNT" MEANS A DEMAND, TIME, SAVINGS, PASSBOOK, OR SIMILAR ACCOUNT MAINTAINED WITH A BANK. THE TERM DOES NOT INCLUDE INVESTMENT PROPERTY OR ACCOUNTS EVIDENCED BY AN INSTRUMENT.

(30) "DOCUMENT" MEANS A DOCUMENT OF TITLE OR A RECEIPT OF THE TYPE DESCRIBED IN SECTION 4-7-201 (2).

(31) "ELECTRONIC CHATTEL PAPER" MEANS CHATTEL PAPER EVIDENCED BY A RECORD OR RECORDS CONSISTING OF INFORMATION STORED IN AN ELECTRONIC MEDIUM.

(32) "ENCUMBRANCE" MEANS A RIGHT, OTHER THAN AN OWNERSHIP INTEREST, IN REAL PROPERTY. THE TERM INCLUDES MORTGAGES AND OTHER LIENS ON REAL PROPERTY.

(33) "EQUIPMENT" MEANS GOODS OTHER THAN INVENTORY, FARM PRODUCTS, OR CONSUMER GOODS.

(34) "FARM PRODUCTS" MEANS GOODS, OTHER THAN STANDING TIMBER, WITH RESPECT TO WHICH THE DEBTOR IS ENGAGED IN A FARMING OPERATION AND WHICH ARE:

(A) CROPS GROWN, GROWING, OR TO BE GROWN, INCLUDING:

(i) CROPS PRODUCED ON TREES, VINES, AND BUSHES; AND

(ii) AQUATIC GOODS PRODUCED IN AQUACULTURAL OPERATIONS;

(B) LIVESTOCK, BORN OR UNBORN, INCLUDING AQUATIC GOODS PRODUCED IN AQUACULTURAL OPERATIONS;

(C) SUPPLIES USED OR PRODUCED IN A FARMING OPERATION; OR

(D) PRODUCTS OF CROPS OR LIVESTOCK IN THEIR UNMANUFACTURED STATES.

(35) "FARMING OPERATION" MEANS RAISING, CULTIVATING, PROPAGATING, FATTENING, GRAZING, OR ANY OTHER FARMING, LIVESTOCK, OR AQUACULTURAL OPERATION.

(36) "FILE NUMBER" MEANS THE NUMBER ASSIGNED TO AN INITIAL FINANCING STATEMENT PURSUANT TO SECTION 4-9-519 (a).

(37) "FILING OFFICE" MEANS AN OFFICE DESIGNATED IN SECTION 4-9-501 AS THE PLACE TO FILE A FINANCING STATEMENT.

(38) "FILING-OFFICE RULE" MEANS A RULE ADOPTED PURSUANT TO SECTION 4-9-526.

(39) "FINANCING STATEMENT" MEANS A RECORD OR RECORDS COMPOSED OF AN INITIAL FINANCING STATEMENT AND ANY FILED RECORD RELATING TO THE INITIAL FINANCING STATEMENT.

(40) "FIXTURE FILING" MEANS THE FILING OF A FINANCING STATEMENT COVERING GOODS THAT ARE OR ARE TO BECOME FIXTURES AND SATISFYING SECTION 4-9-502 (a) AND (b). THE TERM INCLUDES THE FILING OF A FINANCING STATEMENT COVERING GOODS OF A TRANSMITTING UTILITY WHICH ARE OR ARE TO BECOME FIXTURES.

(41) "FIXTURES" MEANS GOODS THAT HAVE BECOME SO RELATED TO PARTICULAR REAL PROPERTY THAT AN INTEREST IN THEM ARISES UNDER REAL PROPERTY LAW.

(42) "GENERAL INTANGIBLE" MEANS ANY PERSONAL PROPERTY, INCLUDING THINGS IN ACTION, OTHER THAN ACCOUNTS, CHATTEL PAPER, COMMERCIAL TORT CLAIMS, DEPOSIT ACCOUNTS, DOCUMENTS, GOODS, INSTRUMENTS, INVESTMENT PROPERTY, LETTER-OF-CREDIT RIGHTS, LETTERS OF CREDIT, MONEY, AND OIL, GAS, OR OTHER MINERALS BEFORE EXTRACTION. THE TERM INCLUDES PAYMENT INTANGIBLES AND SOFTWARE.

(43) "GOOD FAITH" MEANS HONESTY IN FACT AND THE OBSERVANCE OF REASONABLE COMMERCIAL STANDARDS OF FAIR DEALING.

(44) "GOODS" MEANS ALL THINGS THAT ARE MOVABLE WHEN A SECURITY INTEREST ATTACHES. THE TERM INCLUDES (i) FIXTURES, (ii) STANDING TIMBER THAT IS TO BE CUT AND REMOVED UNDER A CONVEYANCE OR CONTRACT FOR SALE, (iii) THE UNBORN YOUNG OF

ANIMALS, (iv) CROPS GROWN, GROWING, OR TO BE GROWN, EVEN IF THE CROPS ARE PRODUCED ON TREES, VINES, OR BUSHES, AND (v) MANUFACTURED HOMES. THE TERM ALSO INCLUDES A COMPUTER PROGRAM EMBEDDED IN GOODS AND ANY SUPPORTING INFORMATION PROVIDED IN CONNECTION WITH A TRANSACTION RELATING TO THE PROGRAM IF (i) THE PROGRAM IS ASSOCIATED WITH THE GOODS IN SUCH A MANNER THAT IT CUSTOMARILY IS CONSIDERED PART OF THE GOODS, OR (ii) BY BECOMING THE OWNER OF THE GOODS, A PERSON ACQUIRES A RIGHT TO USE THE PROGRAM IN CONNECTION WITH THE GOODS. THE TERM DOES NOT INCLUDE A COMPUTER PROGRAM EMBEDDED IN GOODS THAT CONSIST SOLELY OF THE MEDIUM IN WHICH THE PROGRAM IS EMBEDDED. THE TERM ALSO DOES NOT INCLUDE ACCOUNTS, CHATTEL PAPER, COMMERCIAL TORT CLAIMS, DEPOSIT ACCOUNTS, DOCUMENTS, GENERAL INTANGIBLES, INSTRUMENTS, INVESTMENT PROPERTY, LETTER-OF-CREDIT RIGHTS, LETTERS OF CREDIT, MONEY, OR OIL, GAS, OR OTHER MINERALS BEFORE EXTRACTION.

(45) "GOVERNMENTAL UNIT" MEANS A SUBDIVISION, AGENCY, DEPARTMENT, COUNTY, PARISH, MUNICIPALITY, OR OTHER UNIT OF THE GOVERNMENT OF THE UNITED STATES, A STATE, OR A FOREIGN COUNTRY. THE TERM INCLUDES AN ORGANIZATION HAVING A SEPARATE CORPORATE EXISTENCE IF THE ORGANIZATION IS ELIGIBLE TO ISSUE DEBT ON WHICH INTEREST IS EXEMPT FROM INCOME TAXATION UNDER THE LAWS OF THE UNITED STATES.

(46) "HEALTH-CARE-INSURANCE RECEIVABLE" MEANS AN INTEREST IN OR CLAIM UNDER A POLICY OF INSURANCE WHICH IS A RIGHT TO PAYMENT OF A MONETARY OBLIGATION FOR HEALTH-CARE GOODS OR

SERVICES PROVIDED.

(47) "INSTRUMENT" MEANS A NEGOTIABLE INSTRUMENT OR ANY OTHER WRITING THAT EVIDENCES A RIGHT TO THE PAYMENT OF A MONETARY OBLIGATION, IS NOT ITSELF A SECURITY AGREEMENT OR LEASE, AND IS OF A TYPE THAT IN ORDINARY COURSE OF BUSINESS IS TRANSFERRED BY DELIVERY WITH ANY NECESSARY INDORSEMENT OR ASSIGNMENT. THE TERM DOES NOT INCLUDE (i) INVESTMENT PROPERTY, (ii) LETTERS OF CREDIT, OR (iii) WRITINGS THAT EVIDENCE A RIGHT TO PAYMENT ARISING OUT OF THE USE OF A CREDIT OR CHARGE CARD OR INFORMATION CONTAINED ON OR FOR USE WITH THE CARD.

(48) "INVENTORY" MEANS GOODS, OTHER THAN FARM PRODUCTS, WHICH:

(A) ARE LEASED BY A PERSON AS LESSOR;

(B) ARE HELD BY A PERSON FOR SALE OR LEASE OR TO BE FURNISHED UNDER A CONTRACT OF SERVICE;

(C) ARE FURNISHED BY A PERSON UNDER A CONTRACT OF SERVICE; OR

(D) CONSIST OF RAW MATERIALS, WORK IN PROCESS, OR MATERIALS USED OR CONSUMED IN A BUSINESS.

(49) "INVESTMENT PROPERTY" MEANS A SECURITY, WHETHER CERTIFICATED OR UNCERTIFICATED, SECURITY ENTITLEMENT, SECURITIES ACCOUNT, COMMODITY CONTRACT, OR COMMODITY ACCOUNT.

(50) "JURISDICTION OF ORGANIZATION", WITH RESPECT TO A REGISTERED ORGANIZATION, MEANS THE JURISDICTION UNDER WHOSE LAW THE ORGANIZATION IS ORGANIZED.

(51) "LETTER-OF-CREDIT RIGHT" MEANS A RIGHT TO PAYMENT OR

PERFORMANCE UNDER A LETTER OF CREDIT, WHETHER OR NOT THE BENEFICIARY HAS DEMANDED OR IS AT THE TIME ENTITLED TO DEMAND PAYMENT OR PERFORMANCE. THE TERM DOES NOT INCLUDE THE RIGHT OF A BENEFICIARY TO DEMAND PAYMENT OR PERFORMANCE UNDER A LETTER OF CREDIT.

(52) "LIEN CREDITOR" MEANS:

(A) A CREDITOR THAT HAS ACQUIRED A LIEN ON THE PROPERTY INVOLVED BY ATTACHMENT, LEVY, OR THE LIKE;

(B) AN ASSIGNEE FOR BENEFIT OF CREDITORS FROM THE TIME OF ASSIGNMENT;

(C) A TRUSTEE IN BANKRUPTCY FROM THE DATE OF THE FILING OF THE PETITION; OR

(D) A RECEIVER IN EQUITY FROM THE TIME OF APPOINTMENT.

(53) "MANUFACTURED HOME" MEANS A STRUCTURE, TRANSPORTABLE IN ONE OR MORE SECTIONS, WHICH, IN THE TRAVELING MODE, IS EIGHT BODY FEET OR MORE IN WIDTH OR FORTY BODY FEET OR MORE IN LENGTH, OR, WHEN ERECTED ON SITE, IS THREE HUNDRED TWENTY OR MORE SQUARE FEET, AND WHICH IS BUILT ON A PERMANENT CHASSIS AND DESIGNED TO BE USED AS A DWELLING WITH OR WITHOUT A PERMANENT FOUNDATION WHEN CONNECTED TO THE REQUIRED UTILITIES, AND INCLUDES THE PLUMBING, HEATING, AIR-CONDITIONING, AND ELECTRICAL SYSTEMS CONTAINED THEREIN. THE TERM INCLUDES ANY STRUCTURE THAT MEETS ALL OF THE REQUIREMENTS OF THIS PARAGRAPH EXCEPT THE SIZE REQUIREMENTS AND WITH RESPECT TO WHICH THE MANUFACTURER VOLUNTARILY FILES A CERTIFICATION REQUIRED BY THE UNITED STATES SECRETARY OF HOUSING AND URBAN DEVELOPMENT AND

COMPLIES WITH THE STANDARDS ESTABLISHED UNDER TITLE 42 OF THE UNITED STATES CODE.

(54) "MANUFACTURED-HOME TRANSACTION" MEANS A SECURED TRANSACTION:

(A) THAT CREATES A PURCHASE-MONEY SECURITY INTEREST IN A MANUFACTURED HOME, OTHER THAN A MANUFACTURED HOME HELD AS INVENTORY; OR

(B) IN WHICH A MANUFACTURED HOME, OTHER THAN A MANUFACTURED HOME HELD AS INVENTORY, IS THE PRIMARY COLLATERAL.

(55) "MORTGAGE" MEANS A CONSENSUAL INTEREST IN REAL PROPERTY, INCLUDING FIXTURES, WHICH SECURES PAYMENT OR PERFORMANCE OF AN OBLIGATION.

(56) "NEW DEBTOR" MEANS A PERSON THAT BECOMES BOUND AS DEBTOR UNDER SECTION 4-9-203 (d) BY A SECURITY AGREEMENT PREVIOUSLY ENTERED INTO BY ANOTHER PERSON.

(57) "NEW VALUE" MEANS (i) MONEY, (ii) MONEY'S WORTH IN PROPERTY, SERVICES, OR NEW CREDIT, OR (iii) RELEASE BY A TRANSFEREE OF AN INTEREST IN PROPERTY PREVIOUSLY TRANSFERRED TO THE TRANSFEREE. THE TERM DOES NOT INCLUDE AN OBLIGATION SUBSTITUTED FOR ANOTHER OBLIGATION.

(58) "NONCASH PROCEEDS" MEANS PROCEEDS OTHER THAN CASH PROCEEDS.

(59) "OBLIGOR" MEANS A PERSON THAT, WITH RESPECT TO AN OBLIGATION SECURED BY A SECURITY INTEREST IN OR AN AGRICULTURAL LIEN ON THE COLLATERAL, (i) OWES PAYMENT OR OTHER PERFORMANCE OF

THE OBLIGATION, (ii) HAS PROVIDED PROPERTY OTHER THAN THE COLLATERAL TO SECURE PAYMENT OR OTHER PERFORMANCE OF THE OBLIGATION, OR (iii) IS OTHERWISE ACCOUNTABLE IN WHOLE OR IN PART FOR PAYMENT OR OTHER PERFORMANCE OF THE OBLIGATION. THE TERM DOES NOT INCLUDE ISSUERS OR NOMINATED PERSONS UNDER A LETTER OF CREDIT.

(60) "ORIGINAL DEBTOR," EXCEPT AS USED IN SECTION 4-9-310 (c), MEANS A PERSON THAT, AS DEBTOR, ENTERED INTO A SECURITY AGREEMENT TO WHICH A NEW DEBTOR HAS BECOME BOUND UNDER SECTION 4-9-203 (d).

(61) "PAYMENT INTANGIBLE" MEANS A GENERAL INTANGIBLE UNDER WHICH THE ACCOUNT DEBTOR'S PRINCIPAL OBLIGATION IS A MONETARY OBLIGATION.

(62) "PERSON RELATED TO", WITH RESPECT TO AN INDIVIDUAL, MEANS:

(A) THE SPOUSE OF THE INDIVIDUAL;

(B) A BROTHER, BROTHER-IN-LAW, SISTER, OR SISTER-IN-LAW OF THE INDIVIDUAL;

(C) AN ANCESTOR OR LINEAL DESCENDANT OF THE INDIVIDUAL OR THE INDIVIDUAL'S SPOUSE; OR

(D) ANY OTHER RELATIVE, BY BLOOD OR MARRIAGE, OF THE INDIVIDUAL OR THE INDIVIDUAL'S SPOUSE WHO SHARES THE SAME HOME WITH THE INDIVIDUAL.

(63) "PERSON RELATED TO", WITH RESPECT TO AN ORGANIZATION, MEANS:

(A) A PERSON DIRECTLY OR INDIRECTLY CONTROLLING,

CONTROLLED BY, OR UNDER COMMON CONTROL WITH THE ORGANIZATION;

(B) AN OFFICER OR DIRECTOR OF, OR A PERSON PERFORMING SIMILAR FUNCTIONS WITH RESPECT TO, THE ORGANIZATION;

(C) AN OFFICER OR DIRECTOR OF, OR A PERSON PERFORMING SIMILAR FUNCTIONS WITH RESPECT TO, A PERSON DESCRIBED IN SUBPARAGRAPH (A) OF THIS PARAGRAPH (63);

(D) THE SPOUSE OF AN INDIVIDUAL DESCRIBED IN SUBPARAGRAPH (A), (B), OR (C) OF THIS PARAGRAPH (63); OR

(E) AN INDIVIDUAL WHO IS RELATED BY BLOOD OR MARRIAGE TO AN INDIVIDUAL DESCRIBED IN SUBPARAGRAPH (A), (B), (C), OR (D) OF THIS PARAGRAPH (63) AND SHARES THE SAME HOME WITH THE INDIVIDUAL.

(64) "PROCEEDS," EXCEPT AS USED IN SECTION 4-9-609 (b), MEANS THE FOLLOWING PROPERTY:

(A) WHATEVER IS ACQUIRED UPON THE SALE, LEASE, LICENSE, EXCHANGE, OR OTHER DISPOSITION OF COLLATERAL;

(B) WHATEVER IS COLLECTED ON, OR DISTRIBUTED ON ACCOUNT OF, COLLATERAL;

(C) RIGHTS ARISING OUT OF COLLATERAL;

(D) TO THE EXTENT OF THE VALUE OF COLLATERAL, CLAIMS ARISING OUT OF THE LOSS, NONCONFORMITY, OR INTERFERENCE WITH THE USE OF, DEFECTS OR INFRINGEMENT OF RIGHTS IN, OR DAMAGE TO, THE COLLATERAL; OR

(E) TO THE EXTENT OF THE VALUE OF COLLATERAL AND TO THE EXTENT PAYABLE TO THE DEBTOR OR THE SECURED PARTY, INSURANCE PAYABLE BY REASON OF THE LOSS OR NONCONFORMITY OF, DEFECTS OR INFRINGEMENT OF RIGHTS IN, OR DAMAGE TO, THE COLLATERAL.

(65) "PRODUCTION-MONEY CROPS" MEANS CROPS THAT SECURE A PRODUCTION-MONEY OBLIGATION INCURRED WITH RESPECT TO THE PRODUCTION OF THOSE CROPS.

(66) "PRODUCTION-MONEY OBLIGATION" MEANS AN OBLIGATION OF AN OBLIGOR INCURRED FOR NEW VALUE GIVEN TO ENABLE THE DEBTOR TO PRODUCE CROPS IF THE VALUE IS IN FACT USED FOR THE PRODUCTION OF CROPS.

(67) "PRODUCTION OF CROPS" INCLUDES TILLING AND OTHERWISE PREPARING LAND FOR GROWING, PLANTING, CULTIVATING, FERTILIZING, IRRIGATING, HARVESTING, AND GATHERING CROPS, AND PROTECTING THEM FROM DAMAGE OR DISEASE.

(68) "PROMISSORY NOTE" MEANS AN INSTRUMENT THAT EVIDENCES A PROMISE TO PAY A MONETARY OBLIGATION, DOES NOT EVIDENCE AN ORDER TO PAY, AND DOES NOT CONTAIN AN ACKNOWLEDGMENT BY A BANK THAT THE BANK HAS RECEIVED FOR DEPOSIT A SUM OF MONEY OR FUNDS.

(69) "PROPOSAL" MEANS A RECORD AUTHENTICATED BY A SECURED PARTY WHICH INCLUDES THE TERMS ON WHICH THE SECURED PARTY IS WILLING TO ACCEPT COLLATERAL IN FULL OR PARTIAL SATISFACTION OF THE OBLIGATION IT SECURES PURSUANT TO SECTIONS 4-9-620, 4-9-621, AND 4-9-622.

(70) "PUBLIC-FINANCE TRANSACTION" MEANS A SECURED TRANSACTION IN CONNECTION WITH WHICH:

(A) DEBT SECURITIES ARE ISSUED;

(B) ALL OR A PORTION OF THE SECURITIES ISSUED HAVE AN INITIAL STATED MATURITY OF AT LEAST TWENTY YEARS; AND

(C) THE DEBTOR, OBLIGOR, SECURED PARTY, ACCOUNT DEBTOR OR OTHER PERSON OBLIGATED ON COLLATERAL, ASSIGNOR OR ASSIGNEE OF A SECURED OBLIGATION, OR ASSIGNOR OR ASSIGNEE OF A SECURITY INTEREST IS A STATE OR A GOVERNMENTAL UNIT OF A STATE.

(71) "PURSUANT TO COMMITMENT", WITH RESPECT TO AN ADVANCE MADE OR OTHER VALUE GIVEN BY A SECURED PARTY, MEANS PURSUANT TO THE SECURED PARTY'S OBLIGATION, WHETHER OR NOT A SUBSEQUENT EVENT OF DEFAULT OR OTHER EVENT NOT WITHIN THE SECURED PARTY'S CONTROL HAS RELIEVED OR MAY RELIEVE THE SECURED PARTY FROM ITS OBLIGATION.

(72) "RECORD", EXCEPT AS USED IN "FOR RECORD", "OF RECORD", "RECORD OR LEGAL TITLE", AND "RECORD OWNER", MEANS INFORMATION THAT IS INSCRIBED ON A TANGIBLE MEDIUM OR WHICH IS STORED IN AN ELECTRONIC OR OTHER MEDIUM AND IS RETRIEVABLE IN PERCEIVABLE FORM.

(73) "REGISTERED ORGANIZATION" MEANS AN ORGANIZATION ORGANIZED SOLELY UNDER THE LAW OF A SINGLE STATE OR THE UNITED STATES AND AS TO WHICH THE STATE OR THE UNITED STATES MUST MAINTAIN A PUBLIC RECORD SHOWING THE ORGANIZATION TO HAVE BEEN ORGANIZED.

(74) "SECONDARY OBLIGOR" MEANS AN OBLIGOR TO THE EXTENT THAT:

(A) THE OBLIGOR'S OBLIGATION IS SECONDARY; OR

(B) THE OBLIGOR HAS A RIGHT OF RECOURSE WITH RESPECT TO AN OBLIGATION SECURED BY COLLATERAL AGAINST THE DEBTOR, ANOTHER OBLIGOR, OR PROPERTY OF EITHER.

(75) "SECURED PARTY" MEANS:

(A) A PERSON IN WHOSE FAVOR A SECURITY INTEREST IS CREATED OR PROVIDED FOR UNDER A SECURITY AGREEMENT, WHETHER OR NOT ANY OBLIGATION TO BE SECURED IS OUTSTANDING;

(B) A PERSON THAT HOLDS AN AGRICULTURAL LIEN;

(C) A CONSIGNOR;

(D) A PERSON TO WHICH ACCOUNTS, CHATTEL PAPER, PAYMENT INTANGIBLES, OR PROMISSORY NOTES HAVE BEEN SOLD;

(E) A TRUSTEE, INDENTURE TRUSTEE, AGENT, COLLATERAL AGENT, OR OTHER REPRESENTATIVE IN WHOSE FAVOR A SECURITY INTEREST OR AGRICULTURAL LIEN IS CREATED OR PROVIDED FOR; OR

(F) A PERSON THAT HOLDS A SECURITY INTEREST ARISING UNDER SECTION 4-2-401, 4-2-505, 4-2-711 (3), 4-2.5-508 (5), 4-4-210, OR 4-5-117.5.

(76) "SECURITY AGREEMENT" MEANS AN AGREEMENT THAT CREATES OR PROVIDES FOR A SECURITY INTEREST.

(77) "SEND", IN CONNECTION WITH A RECORD OR NOTIFICATION, MEANS:

(A) TO DEPOSIT IN THE MAIL, DELIVER FOR TRANSMISSION, OR TRANSMIT BY ANY OTHER USUAL MEANS OF COMMUNICATION, WITH POSTAGE OR COST OF TRANSMISSION PROVIDED FOR, ADDRESSED TO ANY ADDRESS REASONABLE UNDER THE CIRCUMSTANCES; OR

(B) TO CAUSE THE RECORD OR NOTIFICATION TO BE RECEIVED WITHIN THE TIME THAT IT WOULD HAVE BEEN RECEIVED IF PROPERLY SENT UNDER SUBPARAGRAPH (A) OF THIS PARAGRAPH (74).

(78) "SOFTWARE" MEANS A COMPUTER PROGRAM AND ANY

SUPPORTING INFORMATION PROVIDED IN CONNECTION WITH A TRANSACTION RELATING TO THE PROGRAM. THE TERM DOES NOT INCLUDE A COMPUTER PROGRAM THAT IS INCLUDED IN THE DEFINITION OF GOODS.

(79) "STATE" MEANS A STATE OF THE UNITED STATES, THE DISTRICT OF COLUMBIA, PUERTO RICO, THE UNITED STATES VIRGIN ISLANDS, OR ANY TERRITORY OR INSULAR POSSESSION SUBJECT TO THE JURISDICTION OF THE UNITED STATES.

(80) "SUPPORTING OBLIGATION" MEANS A LETTER-OF-CREDIT RIGHT OR SECONDARY OBLIGATION THAT SUPPORTS THE PAYMENT OR PERFORMANCE OF AN ACCOUNT, CHATTEL PAPER, A DOCUMENT, A GENERAL INTANGIBLE, AN INSTRUMENT, OR INVESTMENT PROPERTY.

(81) "TANGIBLE CHATTEL PAPER" MEANS CHATTEL PAPER EVIDENCED BY A RECORD OR RECORDS CONSISTING OF INFORMATION THAT IS INSCRIBED ON A TANGIBLE MEDIUM.

(82) "TERMINATION STATEMENT" MEANS AN AMENDMENT OF A FINANCING STATEMENT WHICH:

(A) IDENTIFIES, BY ITS FILE NUMBER, THE INITIAL FINANCING STATEMENT TO WHICH IT RELATES; AND

(B) INDICATES EITHER THAT IT IS A TERMINATION STATEMENT OR THAT THE IDENTIFIED FINANCING STATEMENT IS NO LONGER EFFECTIVE.

(83) "TRANSMITTING UTILITY" MEANS A PERSON PRIMARILY ENGAGED IN THE BUSINESS OF:

(A) OPERATING A RAILROAD, SUBWAY, STREET RAILWAY, OR TROLLEY BUS;

(B) TRANSMITTING COMMUNICATIONS ELECTRICALLY, ELECTROMAGNETICALLY, OR BY LIGHT;

(C) TRANSMITTING GOODS BY PIPELINE OR SEWER; OR

(D) TRANSMITTING OR PRODUCING AND TRANSMITTING ELECTRICITY, STEAM, GAS, OR WATER.

(b) THE FOLLOWING DEFINITIONS IN OTHER ARTICLES APPLY TO THIS ARTICLE:

"APPLICANT"	SECTION 4-5-102.
"BENEFICIARY"	SECTION 4-5-102.
"BROKER"	SECTION 4-8-102.
"CERTIFICATED SECURITY"	SECTION 4-8-102.
"CHECK"	SECTION 4-3-104.
"CLEARING CORPORATION"	SECTION 4-8-102.
"CONTRACT FOR SALE"	SECTION 4-2-106.
"CUSTOMER"	SECTION 4-4-104.
"ENTITLEMENT HOLDER"	SECTION 4-8-102.
"FINANCIAL ASSET"	SECTION 4-8-102.
"HOLDER IN DUE COURSE"	SECTION 4-3-302.
"ISSUER" (WITH RESPECT TO A LETTER OF CREDIT OR LETTER-OF-CREDIT RIGHT)	SECTION 4-5-102.
"ISSUER" (WITH RESPECT TO A SECURITY)	SECTION 4-8-201.
"LEASE"	SECTION 4-2.5-103.
"LEASE AGREEMENT"	SECTION 4-2.5-103.
"LEASE CONTRACT"	SECTION 4-2.5-103.
"LEASEHOLD INTEREST"	SECTION 4-2.5-103.
"LESSEE"	SECTION 4-2.5-103.
"LESSEE IN ORDINARY COURSE OF BUSINESS"	SECTION 4-2.5-103.

"LESSOR"	SECTION 4-2.5-103.
"LESSOR'S RESIDUAL INTEREST"	SECTION 4-2.5-103.
"LETTER OF CREDIT"	SECTION 4-5-102.
"MERCHANT"	SECTION 4-2-104.
"NEGOTIABLE INSTRUMENT"	SECTION 4-3-104.
"NOMINATED PERSON"	SECTION 4-5-102.
"NOTE"	SECTION 4-3-104.
"PROCEEDS OF A LETTER OF CREDIT"	SECTION 4-5-114.
"PROVE"	SECTION 4-3-103.
"SALE"	SECTION 4-2-106.
"SECURITIES ACCOUNT"	SECTION 4-8-501.
"SECURITIES INTERMEDIARY"	SECTION 4-8-102.
"SECURITY"	SECTION 4-8-102.
"SECURITY CERTIFICATE"	SECTION 4-8-102.
"SECURITY ENTITLEMENT"	SECTION 4-8-102.
"UNCERTIFICATED SECURITY"	SECTION 4-8-102.

(c) ARTICLE 1 OF THIS TITLE CONTAINS GENERAL DEFINITIONS AND PRINCIPLES OF CONSTRUCTION AND INTERPRETATION APPLICABLE THROUGHOUT THIS ARTICLE.

4-9-103. Purchase-money security interest - application of payments - burden of establishing - definitions. (a) IN THIS SECTION:

(1) "PURCHASE-MONEY COLLATERAL" MEANS GOODS OR SOFTWARE THAT SECURES A PURCHASE-MONEY OBLIGATION INCURRED WITH RESPECT TO THAT COLLATERAL; AND

(2) "PURCHASE-MONEY OBLIGATION" MEANS AN OBLIGATION OF AN OBLIGOR INCURRED AS ALL OR PART OF THE PRICE OF THE COLLATERAL

OR FOR VALUE GIVEN TO ENABLE THE DEBTOR TO ACQUIRE RIGHTS IN OR THE USE OF THE COLLATERAL IF THE VALUE IS IN FACT SO USED.

(b) A SECURITY INTEREST IN GOODS IS A PURCHASE-MONEY SECURITY INTEREST:

(1) TO THE EXTENT THAT THE GOODS ARE PURCHASE-MONEY COLLATERAL WITH RESPECT TO THAT SECURITY INTEREST;

(2) IF THE SECURITY INTEREST IS IN INVENTORY THAT IS OR WAS PURCHASE-MONEY COLLATERAL, ALSO TO THE EXTENT THAT THE SECURITY INTEREST SECURES A PURCHASE-MONEY OBLIGATION INCURRED WITH RESPECT TO OTHER INVENTORY IN WHICH THE SECURED PARTY HOLDS OR HELD A PURCHASE-MONEY SECURITY INTEREST; AND

(3) ALSO TO THE EXTENT THAT THE SECURITY INTEREST SECURES A PURCHASE-MONEY OBLIGATION INCURRED WITH RESPECT TO SOFTWARE IN WHICH THE SECURED PARTY HOLDS OR HELD A PURCHASE-MONEY SECURITY INTEREST.

(c) A SECURITY INTEREST IN SOFTWARE IS A PURCHASE-MONEY SECURITY INTEREST TO THE EXTENT THAT THE SECURITY INTEREST ALSO SECURES A PURCHASE-MONEY OBLIGATION INCURRED WITH RESPECT TO GOODS IN WHICH THE SECURED PARTY HOLDS OR HELD A PURCHASE-MONEY SECURITY INTEREST IF:

(1) THE DEBTOR ACQUIRED ITS INTEREST IN THE SOFTWARE IN AN INTEGRATED TRANSACTION IN WHICH IT ACQUIRED AN INTEREST IN THE GOODS; AND

(2) THE DEBTOR ACQUIRED ITS INTEREST IN THE SOFTWARE FOR THE PRINCIPAL PURPOSE OF USING THE SOFTWARE IN THE GOODS.

(d) THE SECURITY INTEREST OF A CONSIGNOR IN GOODS THAT ARE

THE SUBJECT OF A CONSIGNMENT IS A PURCHASE-MONEY SECURITY INTEREST IN INVENTORY.

(e) IN A TRANSACTION OTHER THAN A CONSUMER-GOODS TRANSACTION, IF THE EXTENT TO WHICH A SECURITY INTEREST IS A PURCHASE-MONEY SECURITY INTEREST DEPENDS ON THE APPLICATION OF A PAYMENT TO A PARTICULAR OBLIGATION, THE PAYMENT MUST BE APPLIED:

(1) IN ACCORDANCE WITH ANY REASONABLE METHOD OF APPLICATION TO WHICH THE PARTIES AGREE;

(2) IN THE ABSENCE OF THE PARTIES' AGREEMENT TO A REASONABLE METHOD, IN ACCORDANCE WITH ANY INTENTION OF THE OBLIGOR MANIFESTED AT OR BEFORE THE TIME OF PAYMENT; OR

(3) IN THE ABSENCE OF AN AGREEMENT TO A REASONABLE METHOD AND A TIMELY MANIFESTATION OF THE OBLIGOR'S INTENTION, IN THE FOLLOWING ORDER:

(A) TO OBLIGATIONS THAT ARE NOT SECURED; AND

(B) IF MORE THAN ONE OBLIGATION IS SECURED, TO OBLIGATIONS SECURED BY PURCHASE-MONEY SECURITY INTERESTS IN THE ORDER IN WHICH THOSE OBLIGATIONS WERE INCURRED.

(f) IN A TRANSACTION OTHER THAN A CONSUMER-GOODS TRANSACTION, A PURCHASE-MONEY SECURITY INTEREST DOES NOT LOSE ITS STATUS AS SUCH, EVEN IF:

(1) THE PURCHASE-MONEY COLLATERAL ALSO SECURES AN OBLIGATION THAT IS NOT A PURCHASE-MONEY OBLIGATION;

(2) COLLATERAL THAT IS NOT PURCHASE-MONEY COLLATERAL ALSO SECURES THE PURCHASE-MONEY OBLIGATION; OR

(3) THE PURCHASE-MONEY OBLIGATION HAS BEEN RENEWED, REFINANCED, CONSOLIDATED, OR RESTRUCTURED.

(g) IN A TRANSACTION OTHER THAN A CONSUMER-GOODS TRANSACTION, A SECURED PARTY CLAIMING A PURCHASE-MONEY SECURITY INTEREST HAS THE BURDEN OF ESTABLISHING THE EXTENT TO WHICH THE SECURITY INTEREST IS A PURCHASE-MONEY SECURITY INTEREST.

(h) THE LIMITATION OF THE RULES IN SUBSECTIONS (e), (f), AND (g) OF THIS SECTION TO TRANSACTIONS OTHER THAN CONSUMER-GOODS TRANSACTIONS IS INTENDED TO LEAVE TO THE COURT THE DETERMINATION OF THE PROPER RULES IN CONSUMER-GOODS TRANSACTIONS. THE COURT MAY NOT INFER FROM THAT LIMITATION THE NATURE OF THE PROPER RULE IN CONSUMER-GOODS TRANSACTIONS AND MAY CONTINUE TO APPLY ESTABLISHED APPROACHES.

4-9-103.5. "Production-money crops" - "production-money obligation" - production-money security interest - burden of establishing. (a) A SECURITY INTEREST IN CROPS IS A PRODUCTION-MONEY SECURITY INTEREST TO THE EXTENT THAT THE CROPS ARE PRODUCTION-MONEY CROPS.

(b) IF THE EXTENT TO WHICH A SECURITY INTEREST IS A PRODUCTION-MONEY SECURITY INTEREST DEPENDS ON THE APPLICATION OF A PAYMENT TO A PARTICULAR OBLIGATION, THE PAYMENT MUST BE APPLIED:

(1) IN ACCORDANCE WITH ANY REASONABLE METHOD OF APPLICATION TO WHICH THE PARTIES AGREE;

(2) IN THE ABSENCE OF THE PARTIES' AGREEMENT TO A

REASONABLE METHOD, IN ACCORDANCE WITH ANY INTENTION OF THE OBLIGOR MANIFESTED AT OR BEFORE THE TIME OF PAYMENT; OR

(3) IN THE ABSENCE OF AN AGREEMENT TO A REASONABLE METHOD AND A TIMELY MANIFESTATION OF THE OBLIGOR'S INTENTION, IN THE FOLLOWING ORDER:

(A) TO OBLIGATIONS THAT ARE NOT SECURED; AND

(B) IF MORE THAN ONE OBLIGATION IS SECURED, TO OBLIGATIONS SECURED BY PRODUCTION-MONEY SECURITY INTERESTS IN THE ORDER IN WHICH THOSE OBLIGATIONS WERE INCURRED.

(c) A PRODUCTION-MONEY SECURITY INTEREST DOES NOT LOSE ITS STATUS AS SUCH, EVEN IF:

(1) THE PRODUCTION-MONEY CROPS ALSO SECURE AN OBLIGATION THAT IS NOT A PRODUCTION-MONEY OBLIGATION;

(2) COLLATERAL THAT IS NOT PRODUCTION-MONEY CROPS ALSO SECURES THE PRODUCTION-MONEY OBLIGATION; OR

(3) THE PRODUCTION-MONEY OBLIGATION HAS BEEN RENEWED, REFINANCED, OR RESTRUCTURED.

(d) A SECURED PARTY CLAIMING A PRODUCTION-MONEY SECURITY INTEREST HAS THE BURDEN OF ESTABLISHING THE EXTENT TO WHICH THE SECURITY INTEREST IS A PRODUCTION-MONEY SECURITY INTEREST.

4-9-104. Control of deposit account. (a) A SECURED PARTY HAS CONTROL OF A DEPOSIT ACCOUNT IF:

(1) THE SECURED PARTY IS THE BANK WITH WHICH THE DEPOSIT ACCOUNT IS MAINTAINED;

(2) THE DEBTOR, SECURED PARTY, AND BANK HAVE AGREED IN AN AUTHENTICATED RECORD THAT THE BANK WILL COMPLY WITH

INSTRUCTIONS ORIGINATED BY THE SECURED PARTY DIRECTING DISPOSITION OF THE FUNDS IN THE DEPOSIT ACCOUNT WITHOUT FURTHER CONSENT BY THE DEBTOR; OR

(3) THE SECURED PARTY BECOMES THE BANK'S CUSTOMER WITH RESPECT TO THE DEPOSIT ACCOUNT.

(b) A SECURED PARTY THAT HAS SATISFIED SUBSECTION (a) OF THIS SECTION HAS CONTROL, EVEN IF THE DEBTOR RETAINS THE RIGHT TO DIRECT THE DISPOSITION OF FUNDS FROM THE DEPOSIT ACCOUNT.

4-9-105. Control of electronic chattel paper. A SECURED PARTY HAS CONTROL OF ELECTRONIC CHATTEL PAPER IF THE RECORD OR RECORDS COMPRISING THE CHATTEL PAPER ARE CREATED, STORED, AND ASSIGNED IN SUCH A MANNER THAT:

(1) A SINGLE AUTHORITATIVE COPY OF THE RECORD OR RECORDS EXISTS WHICH IS UNIQUE, IDENTIFIABLE AND, EXCEPT AS OTHERWISE PROVIDED IN PARAGRAPHS (4), (5), AND (6) OF THIS SECTION, UNALTERABLE;

(2) THE AUTHORITATIVE COPY IDENTIFIES THE SECURED PARTY AS THE ASSIGNEE OF THE RECORD OR RECORDS;

(3) THE AUTHORITATIVE COPY IS COMMUNICATED TO AND MAINTAINED BY THE SECURED PARTY OR ITS DESIGNATED CUSTODIAN;

(4) COPIES OR REVISIONS THAT ADD OR CHANGE AN IDENTIFIED ASSIGNEE OF THE AUTHORITATIVE COPY CAN BE MADE ONLY WITH THE PARTICIPATION OF THE SECURED PARTY;

(5) EACH COPY OF THE AUTHORITATIVE COPY AND ANY COPY OF A COPY IS READILY IDENTIFIABLE AS A COPY THAT IS NOT THE AUTHORITATIVE COPY; AND

(6) ANY REVISION OF THE AUTHORITATIVE COPY IS READILY IDENTIFIABLE AS AN AUTHORIZED OR UNAUTHORIZED REVISION.

4-9-106. Control of investment property. (a) A PERSON HAS CONTROL OF A CERTIFICATED SECURITY, UNCERTIFICATED SECURITY, OR SECURITY ENTITLEMENT AS PROVIDED IN SECTION 4-8-106.

(b) A SECURED PARTY HAS CONTROL OF A COMMODITY CONTRACT IF:

(1) THE SECURED PARTY IS THE COMMODITY INTERMEDIARY WITH WHICH THE COMMODITY CONTRACT IS CARRIED; OR

(2) THE COMMODITY CUSTOMER, SECURED PARTY, AND COMMODITY INTERMEDIARY HAVE AGREED THAT THE COMMODITY INTERMEDIARY WILL APPLY ANY VALUE DISTRIBUTED ON ACCOUNT OF THE COMMODITY CONTRACT AS DIRECTED BY THE SECURED PARTY WITHOUT FURTHER CONSENT BY THE COMMODITY CUSTOMER.

(c) A SECURED PARTY HAVING CONTROL OF ALL SECURITY ENTITLEMENTS OR COMMODITY CONTRACTS CARRIED IN A SECURITIES ACCOUNT OR COMMODITY ACCOUNT HAS CONTROL OVER THE SECURITIES ACCOUNT OR COMMODITY ACCOUNT.

4-9-107. Control of letter-of-credit right. A SECURED PARTY HAS CONTROL OF A LETTER-OF-CREDIT RIGHT TO THE EXTENT OF ANY RIGHT TO PAYMENT OR PERFORMANCE BY THE ISSUER OR ANY NOMINATED PERSON IF THE ISSUER OR NOMINATED PERSON HAS CONSENTED TO AN ASSIGNMENT OF PROCEEDS OF THE LETTER OF CREDIT UNDER SECTION 4-5-114 (c) OR OTHERWISE APPLICABLE LAW OR PRACTICE.

4-9-108. Sufficiency of description. (a) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTIONS (c), (d), AND (e) OF THIS SECTION, A

DESCRIPTION OF PERSONAL OR REAL PROPERTY IS SUFFICIENT, WHETHER OR NOT IT IS SPECIFIC, IF IT REASONABLY IDENTIFIES WHAT IS DESCRIBED.

(b) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (d) OF THIS SECTION, A DESCRIPTION OF COLLATERAL REASONABLY IDENTIFIES THE COLLATERAL IF IT IDENTIFIES THE COLLATERAL BY:

(1) SPECIFIC LISTING;

(2) CATEGORY;

(3) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (e) OF THIS SECTION, A TYPE OF COLLATERAL DEFINED IN THIS TITLE;

(4) QUANTITY;

(5) COMPUTATIONAL OR ALLOCATIONAL FORMULA OR PROCEDURE; OR

(6) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (c) OF THIS SECTION, ANY OTHER METHOD, IF THE IDENTITY OF THE COLLATERAL IS OBJECTIVELY DETERMINABLE.

(c) A DESCRIPTION OF COLLATERAL AS "ALL THE DEBTOR'S ASSETS" OR "ALL THE DEBTOR'S PERSONAL PROPERTY" OR USING WORDS OF SIMILAR IMPORT DOES NOT REASONABLY IDENTIFY THE COLLATERAL.

(d) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (e) OF THIS SECTION, A DESCRIPTION OF A SECURITY ENTITLEMENT, SECURITIES ACCOUNT, OR COMMODITY ACCOUNT IS SUFFICIENT IF IT DESCRIBES:

(1) THE COLLATERAL BY THOSE TERMS OR AS INVESTMENT PROPERTY; OR

(2) THE UNDERLYING FINANCIAL ASSET OR COMMODITY CONTRACT.

(e) A DESCRIPTION ONLY BY TYPE OF COLLATERAL DEFINED IN THIS

TITLE IS AN INSUFFICIENT DESCRIPTION OF:

(1) A COMMERCIAL TORT CLAIM; OR

(2) IN A CONSUMER TRANSACTION, CONSUMER GOODS, A SECURITY ENTITLEMENT, A SECURITIES ACCOUNT, OR A COMMODITY ACCOUNT.

4-9-109. Scope. (a) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTIONS (c) AND (d) OF THIS SECTION, THIS ARTICLE APPLIES TO:

(1) A TRANSACTION, REGARDLESS OF ITS FORM, THAT CREATES A SECURITY INTEREST IN PERSONAL PROPERTY OR FIXTURES BY CONTRACT;

(2) AN AGRICULTURAL LIEN;

(3) A SALE OF ACCOUNTS, CHATTEL PAPER, PAYMENT INTANGIBLES, OR PROMISSORY NOTES;

(4) A CONSIGNMENT;

(5) A SECURITY INTEREST ARISING UNDER SECTION 4-2-401, 4-2-505, 4-2-711 (3), OR 4-2.5-508 (5), AS PROVIDED IN SECTION 4-9-110; AND

(6) A SECURITY INTEREST ARISING UNDER SECTION 4-4-210 OR 4-5-117.5.

(b) THE APPLICATION OF THIS ARTICLE TO A SECURITY INTEREST IN A SECURED OBLIGATION IS NOT AFFECTED BY THE FACT THAT THE OBLIGATION IS ITSELF SECURED BY A TRANSACTION OR INTEREST TO WHICH THIS ARTICLE DOES NOT APPLY.

(c) THIS ARTICLE DOES NOT APPLY TO THE EXTENT THAT:

(1) A STATUTE, REGULATION, OR TREATY OF THE UNITED STATES PREEMPTS THIS ARTICLE;

(2) A STATUTE OF THIS STATE GOVERNS OR A CONSTITUTIONAL PROVISION PROVIDES AUTHORITY FOR THE CREATION, PERFECTION,

PRIORITY, OR ENFORCEMENT OF TAX LIENS;

(3) A STATUTE OF ANOTHER STATE, A FOREIGN COUNTRY, OR A GOVERNMENTAL UNIT OF ANOTHER STATE OR A FOREIGN COUNTRY, OTHER THAN A STATUTE GENERALLY APPLICABLE TO SECURITY INTERESTS, EXPRESSLY GOVERNS CREATION, PERFECTION, PRIORITY, OR ENFORCEMENT OF A SECURITY INTEREST CREATED BY THE STATE, COUNTRY, OR GOVERNMENTAL UNIT; OR

(4) THE RIGHTS OF A TRANSFEREE BENEFICIARY OR NOMINATED PERSON UNDER A LETTER OF CREDIT ARE INDEPENDENT AND SUPERIOR UNDER SECTION 4-5-114.

(d) THIS ARTICLE DOES NOT APPLY TO:

(1) A LANDLORD'S LIEN, OTHER THAN AN AGRICULTURAL LIEN;

(2) A LIEN, OTHER THAN AN AGRICULTURAL LIEN, GIVEN BY STATUTE OR OTHER RULE OF LAW FOR SERVICES OR MATERIALS, BUT SECTION 4-9-333 APPLIES WITH RESPECT TO PRIORITY OF THE LIEN;

(3) AN ASSIGNMENT OF A CLAIM FOR WAGES, SALARY, OR OTHER COMPENSATION OF AN EMPLOYEE;

(4) A SALE OF ACCOUNTS, CHATTEL PAPER, PAYMENT INTANGIBLES, OR PROMISSORY NOTES AS PART OF A SALE OF THE BUSINESS OUT OF WHICH THEY AROSE;

(5) AN ASSIGNMENT OF ACCOUNTS, CHATTEL PAPER, PAYMENT INTANGIBLES, OR PROMISSORY NOTES WHICH IS FOR THE PURPOSE OF COLLECTION ONLY;

(6) AN ASSIGNMENT OF A RIGHT TO PAYMENT UNDER A CONTRACT TO AN ASSIGNEE THAT IS ALSO OBLIGATED TO PERFORM UNDER THE CONTRACT;

(7) AN ASSIGNMENT OF A SINGLE ACCOUNT, PAYMENT INTANGIBLE, OR PROMISSORY NOTE TO AN ASSIGNEE IN FULL OR PARTIAL SATISFACTION OF A PREEXISTING INDEBTEDNESS;

(8) A TRANSFER OF AN INTEREST IN OR AN ASSIGNMENT OF A CLAIM UNDER A POLICY OF INSURANCE, OTHER THAN AN ASSIGNMENT BY OR TO A HEALTH-CARE PROVIDER OF A HEALTH-CARE-INSURANCE RECEIVABLE AND ANY SUBSEQUENT ASSIGNMENT OF THE RIGHT TO PAYMENT, BUT SECTIONS 4-9-315 AND 4-9-322 APPLY WITH RESPECT TO PROCEEDS AND PRIORITIES IN PROCEEDS;

(9) AN ASSIGNMENT OF A RIGHT REPRESENTED BY A JUDGMENT, OTHER THAN A JUDGMENT TAKEN ON A RIGHT TO PAYMENT THAT WAS COLLATERAL;

(10) A RIGHT OF RECOUPMENT OR SET-OFF, BUT:

(A) SECTION 4-9-340 APPLIES WITH RESPECT TO THE EFFECTIVENESS OF RIGHTS OF RECOUPMENT OR SET-OFF AGAINST DEPOSIT ACCOUNTS; AND

(B) SECTION 4-9-404 APPLIES WITH RESPECT TO DEFENSES OR CLAIMS OF AN ACCOUNT DEBTOR;

(11) THE CREATION OR TRANSFER OF AN INTEREST IN OR LIEN ON REAL PROPERTY, INCLUDING A LEASE OR RENTS THEREUNDER, EXCEPT TO THE EXTENT THAT PROVISION IS MADE FOR:

(A) LIENS ON REAL PROPERTY IN SECTIONS 4-9-203 AND 4-9-308;

(B) FIXTURES IN SECTION 4-9-334;

(C) FIXTURE FILINGS IN SECTIONS 4-9-501, 4-9-502, 4-9-512, 4-9-516, AND 4-9-519; AND

(D) SECURITY AGREEMENTS COVERING PERSONAL AND REAL

PROPERTY IN SECTION 4-9-604;

(12) AN ASSIGNMENT OF A CLAIM ARISING IN TORT, OTHER THAN A COMMERCIAL TORT CLAIM, BUT SECTIONS 4-9-315 AND 4-9-322 APPLY WITH RESPECT TO PROCEEDS AND PRIORITIES IN PROCEEDS; OR

(13) AN ASSIGNMENT OF A DEPOSIT ACCOUNT IN A CONSUMER TRANSACTION, BUT SECTIONS 4-9-315 AND 4-9-322 APPLY WITH RESPECT TO PROCEEDS AND PRIORITIES IN PROCEEDS.

(e) THE CREATION, PERFECTION, PRIORITY, AND ENFORCEMENT OF A SECURITY INTEREST, LIEN, OR PLEDGE CREATED BY THIS STATE OR A GOVERNMENTAL UNIT OF THIS STATE SHALL BE GOVERNED BY SECTION 11-57-208 (2), C.R.S., AND THIS ARTICLE SHALL NOT APPLY TO SUCH A SECURITY INTEREST, LIEN, OR PLEDGE REGARDLESS OF WHETHER, PURSUANT TO SECTION 11-57-204 (1), C.R.S., THE STATE OR SUCH GOVERNMENTAL UNIT ELECTED TO APPLY PART 2 OF ARTICLE 57 OF TITLE 11, C.R.S., TO SUCH A SECURITY INTEREST, LIEN, OR PLEDGE.

4-9-110. Security interests arising under article 2 or 2.5. A SECURITY INTEREST ARISING UNDER SECTION 4-2-401, 4-2-505, 4-2-711 (3), OR 4-2.5-508 (5) IS SUBJECT TO THIS ARTICLE. HOWEVER, UNTIL THE DEBTOR OBTAINS POSSESSION OF THE GOODS:

(1) THE SECURITY INTEREST IS ENFORCEABLE, EVEN IF SECTION 4-9-203 (b) (3) HAS NOT BEEN SATISFIED;

(2) FILING IS NOT REQUIRED TO PERFECT THE SECURITY INTEREST;

(3) THE RIGHTS OF THE SECURED PARTY AFTER DEFAULT BY THE DEBTOR ARE GOVERNED BY ARTICLE 2 OR 2.5 OF THIS TITLE; AND

(4) THE SECURITY INTEREST HAS PRIORITY OVER A CONFLICTING SECURITY INTEREST CREATED BY THE DEBTOR.

PART 2

EFFECTIVENESS OF SECURITY AGREEMENT;

ATTACHMENT OF SECURITY INTEREST;

RIGHTS OF PARTIES TO SECURITY AGREEMENT

4-9-201. General effectiveness of security agreement. (a) EXCEPT AS OTHERWISE PROVIDED BY THIS TITLE, A SECURITY AGREEMENT IS EFFECTIVE ACCORDING TO ITS TERMS BETWEEN THE PARTIES, AGAINST PURCHASERS OF THE COLLATERAL, AND AGAINST CREDITORS.

(b) A TRANSACTION SUBJECT TO THIS ARTICLE IS SUBJECT TO ANY OTHER STATUTE OR REGULATION OF THIS STATE THAT REGULATES THE RATES, CHARGES, AGREEMENTS, AND PRACTICES FOR LOANS, CREDIT SALES, OR OTHER EXTENSIONS OF CREDIT AND ANY CONSUMER-PROTECTION STATUTE OR REGULATION OF THIS STATE, SUCH AS THE "UNIFORM CONSUMER CREDIT CODE", THE "COLORADO CONSUMER PROTECTION ACT", AND ARTICLE 9 OF TITLE 8, C.R.S.

(c) IN CASE OF CONFLICT BETWEEN THIS ARTICLE AND A STATUTE OR REGULATION DESCRIBED IN SUBSECTION (b) OF THIS SECTION, THE STATUTE OR REGULATION CONTROLS. FAILURE TO COMPLY WITH A STATUTE OR REGULATION DESCRIBED IN SUBSECTION (b) OF THIS SECTION HAS ONLY THE EFFECT THE STATUTE OR REGULATION SPECIFIES.

(d) THIS ARTICLE DOES NOT:

(1) VALIDATE ANY RATE, CHARGE, AGREEMENT, OR PRACTICE THAT VIOLATES A RULE OF LAW, STATUTE, OR REGULATION DESCRIBED IN SUBSECTION (b) OF THIS SECTION; OR

(2) EXTEND THE APPLICATION OF THE RULE OF LAW, STATUTE, OR

REGULATION TO A TRANSACTION NOT OTHERWISE SUBJECT TO IT.

4-9-202. Title to collateral immaterial. EXCEPT AS OTHERWISE PROVIDED WITH RESPECT TO CONSIGNMENTS OR SALES OF ACCOUNTS, CHATTEL PAPER, PAYMENT INTANGIBLES, OR PROMISSORY NOTES, THE PROVISIONS OF THIS ARTICLE WITH REGARD TO RIGHTS AND OBLIGATIONS APPLY WHETHER TITLE TO COLLATERAL IS IN THE SECURED PARTY OR THE DEBTOR.

4-9-203. Attachment and enforceability of security interest; proceeds; supporting obligations; formal requisites. (a) A SECURITY INTEREST ATTACHES TO COLLATERAL WHEN IT BECOMES ENFORCEABLE AGAINST THE DEBTOR WITH RESPECT TO THE COLLATERAL, UNLESS AN AGREEMENT EXPRESSLY POSTPONES THE TIME OF ATTACHMENT.

(b) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTIONS (c) TO (i) OF THIS SECTION, A SECURITY INTEREST IS ENFORCEABLE AGAINST THE DEBTOR AND THIRD PARTIES WITH RESPECT TO THE COLLATERAL ONLY IF:

(1) VALUE HAS BEEN GIVEN;

(2) THE DEBTOR HAS RIGHTS IN THE COLLATERAL OR THE POWER TO TRANSFER RIGHTS IN THE COLLATERAL TO A SECURED PARTY; AND

(3) ONE OF THE FOLLOWING CONDITIONS IS MET:

(A) THE DEBTOR HAS AUTHENTICATED A SECURITY AGREEMENT THAT PROVIDES A DESCRIPTION OF THE COLLATERAL AND, IF THE SECURITY INTEREST COVERS TIMBER TO BE CUT, A DESCRIPTION OF THE LAND CONCERNED;

(B) THE COLLATERAL IS NOT A CERTIFICATED SECURITY AND IS IN THE POSSESSION OF THE SECURED PARTY UNDER SECTION 4-9-313 PURSUANT TO THE DEBTOR'S SECURITY AGREEMENT;

(C) THE COLLATERAL IS A CERTIFICATED SECURITY IN REGISTERED FORM AND THE SECURITY CERTIFICATE HAS BEEN DELIVERED TO THE SECURED PARTY UNDER SECTION 4-8-301 PURSUANT TO THE DEBTOR'S SECURITY AGREEMENT; OR

(D) THE COLLATERAL IS DEPOSIT ACCOUNTS, ELECTRONIC CHATTEL PAPER, INVESTMENT PROPERTY, OR LETTER-OF-CREDIT RIGHTS, AND THE SECURED PARTY HAS CONTROL UNDER SECTION 4-9-104, 4-9-105, 4-9-106, OR 4-9-107 PURSUANT TO THE DEBTOR'S SECURITY AGREEMENT.

(c) SUBSECTION (b) OF THIS SECTION IS SUBJECT TO SECTION 4-4-210 ON THE SECURITY INTEREST OF A COLLECTING BANK, SECTION 4-5-117.5 ON THE SECURITY INTEREST OF A LETTER-OF-CREDIT ISSUER OR NOMINATED PERSON, SECTION 4-9-110 ON A SECURITY INTEREST ARISING UNDER ARTICLE 2 OR 2.5 OF THIS TITLE, AND SECTION 4-9-206 ON SECURITY INTERESTS IN INVESTMENT PROPERTY.

(d) A PERSON BECOMES BOUND AS DEBTOR BY A SECURITY AGREEMENT ENTERED INTO BY ANOTHER PERSON IF, BY OPERATION OF LAW OTHER THAN THIS ARTICLE OR BY CONTRACT:

(1) THE SECURITY AGREEMENT BECOMES EFFECTIVE TO CREATE A SECURITY INTEREST IN THE PERSON'S PROPERTY; OR

(2) THE PERSON BECOMES GENERALLY OBLIGATED FOR THE OBLIGATIONS OF THE OTHER PERSON, INCLUDING THE OBLIGATION SECURED UNDER THE SECURITY AGREEMENT, AND ACQUIRES OR SUCCEEDS TO ALL OR SUBSTANTIALLY ALL OF THE ASSETS OF THE OTHER PERSON.

(e) IF A NEW DEBTOR BECOMES BOUND AS DEBTOR BY A SECURITY AGREEMENT ENTERED INTO BY ANOTHER PERSON:

(1) THE AGREEMENT SATISFIES PARAGRAPH (3) OF SUBSECTION (b)

OF THIS SECTION WITH RESPECT TO EXISTING OR AFTER-ACQUIRED PROPERTY OF THE NEW DEBTOR TO THE EXTENT THE PROPERTY IS DESCRIBED IN THE AGREEMENT; AND

(2) ANOTHER AGREEMENT IS NOT NECESSARY TO MAKE A SECURITY INTEREST IN THE PROPERTY ENFORCEABLE.

(f) THE ATTACHMENT OF A SECURITY INTEREST IN COLLATERAL GIVES THE SECURED PARTY THE RIGHTS TO PROCEEDS PROVIDED BY SECTION 4-9-315 AND IS ALSO ATTACHMENT OF A SECURITY INTEREST IN A SUPPORTING OBLIGATION FOR THE COLLATERAL.

(g) THE ATTACHMENT OF A SECURITY INTEREST IN A RIGHT TO PAYMENT OR PERFORMANCE SECURED BY A SECURITY INTEREST OR OTHER LIEN ON PERSONAL OR REAL PROPERTY IS ALSO ATTACHMENT OF A SECURITY INTEREST IN THE SECURITY INTEREST, MORTGAGE, OR OTHER LIEN.

(h) THE ATTACHMENT OF A SECURITY INTEREST IN A SECURITIES ACCOUNT IS ALSO ATTACHMENT OF A SECURITY INTEREST IN THE SECURITY ENTITLEMENTS CARRIED IN THE SECURITIES ACCOUNT.

(i) THE ATTACHMENT OF A SECURITY INTEREST IN A COMMODITY ACCOUNT IS ALSO ATTACHMENT OF A SECURITY INTEREST IN THE COMMODITY CONTRACTS CARRIED IN THE COMMODITY ACCOUNT.

4-9-204. After-acquired property - future advances. (a) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (b) OF THIS SECTION, A SECURITY AGREEMENT MAY CREATE OR PROVIDE FOR A SECURITY INTEREST IN AFTER-ACQUIRED COLLATERAL.

(b) A SECURITY INTEREST DOES NOT ATTACH UNDER A TERM CONSTITUTING AN AFTER-ACQUIRED PROPERTY CLAUSE TO:

(1) CONSUMER GOODS, OTHER THAN AN ACCESSION WHEN GIVEN AS ADDITIONAL SECURITY, UNLESS THE DEBTOR ACQUIRES RIGHTS IN THEM WITHIN TEN DAYS AFTER THE SECURED PARTY GIVES VALUE; OR

(2) A COMMERCIAL TORT CLAIM.

(c) A SECURITY AGREEMENT MAY PROVIDE THAT COLLATERAL SECURES, OR THAT ACCOUNTS, CHATTEL PAPER, PAYMENT INTANGIBLES, OR PROMISSORY NOTES ARE SOLD IN CONNECTION WITH, FUTURE ADVANCES OR OTHER VALUE, WHETHER OR NOT THE ADVANCES OR VALUE ARE GIVEN PURSUANT TO COMMITMENT.

4-9-205. Use or disposition of collateral permissible. (a) A SECURITY INTEREST IS NOT INVALID OR FRAUDULENT AGAINST CREDITORS SOLELY BECAUSE:

(1) THE DEBTOR HAS THE RIGHT OR ABILITY TO:

(A) USE, COMMINGLE, OR DISPOSE OF ALL OR PART OF THE COLLATERAL, INCLUDING RETURNED OR REPOSSESSED GOODS;

(B) COLLECT, COMPROMISE, ENFORCE, OR OTHERWISE DEAL WITH COLLATERAL;

(C) ACCEPT THE RETURN OF COLLATERAL OR MAKE REPOSSESSIONS; OR

(D) USE, COMMINGLE, OR DISPOSE OF PROCEEDS; OR

(2) THE SECURED PARTY FAILS TO REQUIRE THE DEBTOR TO ACCOUNT FOR PROCEEDS OR REPLACE COLLATERAL.

(b) THIS SECTION DOES NOT RELAX THE REQUIREMENTS OF POSSESSION IF ATTACHMENT, PERFECTION, OR ENFORCEMENT OF A SECURITY INTEREST DEPENDS UPON POSSESSION OF THE COLLATERAL BY THE SECURED PARTY.

4-9-206. Security interest arising in purchase or delivery of financial asset. (a) A SECURITY INTEREST IN FAVOR OF A SECURITIES INTERMEDIARY ATTACHES TO A PERSON'S SECURITY ENTITLEMENT IF:

(1) THE PERSON BUYS A FINANCIAL ASSET THROUGH THE SECURITIES INTERMEDIARY IN A TRANSACTION IN WHICH THE PERSON IS OBLIGATED TO PAY THE PURCHASE PRICE TO THE SECURITIES INTERMEDIARY AT THE TIME OF THE PURCHASE; AND

(2) THE SECURITIES INTERMEDIARY CREDITS THE FINANCIAL ASSET TO THE BUYER'S SECURITIES ACCOUNT BEFORE THE BUYER PAYS THE SECURITIES INTERMEDIARY.

(b) THE SECURITY INTEREST DESCRIBED IN SUBSECTION (a) OF THIS SECTION SECURES THE PERSON'S OBLIGATION TO PAY FOR THE FINANCIAL ASSET.

(c) A SECURITY INTEREST IN FAVOR OF A PERSON THAT DELIVERS A CERTIFICATED SECURITY OR OTHER FINANCIAL ASSET REPRESENTED BY A WRITING ATTACHES TO THE SECURITY OR OTHER FINANCIAL ASSET IF:

(1) THE SECURITY OR OTHER FINANCIAL ASSET:

(A) IN THE ORDINARY COURSE OF BUSINESS IS TRANSFERRED BY DELIVERY WITH ANY NECESSARY INDORSEMENT OR ASSIGNMENT; AND

(B) IS DELIVERED UNDER AN AGREEMENT BETWEEN PERSONS IN THE BUSINESS OF DEALING WITH SUCH SECURITIES OR FINANCIAL ASSETS; AND

(2) THE AGREEMENT CALLS FOR DELIVERY AGAINST PAYMENT.

(d) THE SECURITY INTEREST DESCRIBED IN SUBSECTION (c) OF THIS SECTION SECURES THE OBLIGATION TO MAKE PAYMENT FOR THE DELIVERY.

4-9-207. Rights and duties of secured party having possession

or control of collateral. (a) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (d) OF THIS SECTION, A SECURED PARTY SHALL USE REASONABLE CARE IN THE CUSTODY AND PRESERVATION OF COLLATERAL IN THE SECURED PARTY'S POSSESSION. IN THE CASE OF CHATTEL PAPER OR AN INSTRUMENT, REASONABLE CARE INCLUDES TAKING NECESSARY STEPS TO PRESERVE RIGHTS AGAINST PRIOR PARTIES UNLESS OTHERWISE AGREED.

(b) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (d) OF THIS SECTION, IF A SECURED PARTY HAS POSSESSION OF COLLATERAL:

(1) REASONABLE EXPENSES, INCLUDING THE COST OF INSURANCE AND PAYMENT OF TAXES OR OTHER CHARGES, INCURRED IN THE CUSTODY, PRESERVATION, USE, OR OPERATION OF THE COLLATERAL ARE CHARGEABLE TO THE DEBTOR AND ARE SECURED BY THE COLLATERAL;

(2) THE RISK OF ACCIDENTAL LOSS OR DAMAGE IS ON THE DEBTOR TO THE EXTENT OF A DEFICIENCY IN ANY EFFECTIVE INSURANCE COVERAGE;

(3) THE SECURED PARTY SHALL KEEP THE COLLATERAL IDENTIFIABLE, BUT FUNGIBLE COLLATERAL MAY BE COMMINGLED; AND

(4) THE SECURED PARTY MAY USE OR OPERATE THE COLLATERAL:

(A) FOR THE PURPOSE OF PRESERVING THE COLLATERAL OR ITS VALUE;

(B) AS PERMITTED BY AN ORDER OF A COURT HAVING COMPETENT JURISDICTION; OR

(C) EXCEPT IN THE CASE OF CONSUMER GOODS, IN THE MANNER AND TO THE EXTENT AGREED BY THE DEBTOR.

(c) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (d) OF THIS SECTION, A SECURED PARTY HAVING POSSESSION OF COLLATERAL OR

CONTROL OF COLLATERAL UNDER SECTION 4-9-104, 4-9-105, 4-9-106, OR 4-9-107:

(1) MAY HOLD AS ADDITIONAL SECURITY ANY PROCEEDS, EXCEPT MONEY OR FUNDS, RECEIVED FROM THE COLLATERAL;

(2) SHALL APPLY MONEY OR FUNDS RECEIVED FROM THE COLLATERAL TO REDUCE THE SECURED OBLIGATION, UNLESS REMITTED TO THE DEBTOR; AND

(3) MAY CREATE A SECURITY INTEREST IN THE COLLATERAL.

(d) IF THE SECURED PARTY IS A BUYER OF ACCOUNTS, CHATTEL PAPER, PAYMENT INTANGIBLES, OR PROMISSORY NOTES OR A CONSIGNOR:

(1) SUBSECTION (a) OF THIS SECTION DOES NOT APPLY UNLESS THE SECURED PARTY IS ENTITLED UNDER AN AGREEMENT:

(A) TO CHARGE BACK UNCOLLECTED COLLATERAL; OR

(B) OTHERWISE TO FULL OR LIMITED RECOURSE AGAINST THE DEBTOR OR A SECONDARY OBLIGOR BASED ON THE NONPAYMENT OR OTHER DEFAULT OF AN ACCOUNT DEBTOR OR OTHER OBLIGOR ON THE COLLATERAL; AND

(2) SUBSECTIONS (b) AND (c) OF THIS SECTION DO NOT APPLY.

4-9-208. Additional duties of secured party having control of collateral. (a) THIS SECTION APPLIES TO CASES IN WHICH THERE IS NO OUTSTANDING SECURED OBLIGATION AND THE SECURED PARTY IS NOT COMMITTED TO MAKE ADVANCES, INCUR OBLIGATIONS, OR OTHERWISE GIVE VALUE.

(b) WITHIN TEN DAYS AFTER RECEIVING AN AUTHENTICATED DEMAND BY THE DEBTOR:

(1) A SECURED PARTY HAVING CONTROL OF A DEPOSIT ACCOUNT

UNDER SECTION 4-9-104 (a) (2) SHALL SEND TO THE BANK WITH WHICH THE DEPOSIT ACCOUNT IS MAINTAINED AN AUTHENTICATED STATEMENT THAT RELEASES THE BANK FROM ANY FURTHER OBLIGATION TO COMPLY WITH INSTRUCTIONS ORIGINATED BY THE SECURED PARTY;

(2) A SECURED PARTY HAVING CONTROL OF A DEPOSIT ACCOUNT UNDER SECTION 4-9-104 (a) (3) SHALL:

(A) PAY THE DEBTOR THE BALANCE ON DEPOSIT IN THE DEPOSIT ACCOUNT; OR

(B) TRANSFER THE BALANCE ON DEPOSIT INTO A DEPOSIT ACCOUNT IN THE DEBTOR'S NAME;

(3) A SECURED PARTY, OTHER THAN A BUYER, HAVING CONTROL OF ELECTRONIC CHATTEL PAPER UNDER SECTION 4-9-105 SHALL:

(A) COMMUNICATE THE AUTHORITATIVE COPY OF THE ELECTRONIC CHATTEL PAPER TO THE DEBTOR OR ITS DESIGNATED CUSTODIAN;

(B) IF THE DEBTOR DESIGNATES A CUSTODIAN THAT IS THE DESIGNATED CUSTODIAN WITH WHICH THE AUTHORITATIVE COPY OF THE ELECTRONIC CHATTEL PAPER IS MAINTAINED FOR THE SECURED PARTY, COMMUNICATE TO THE CUSTODIAN AN AUTHENTICATED RECORD RELEASING THE DESIGNATED CUSTODIAN FROM ANY FURTHER OBLIGATION TO COMPLY WITH INSTRUCTIONS ORIGINATED BY THE SECURED PARTY AND INSTRUCTING THE CUSTODIAN TO COMPLY WITH INSTRUCTIONS ORIGINATED BY THE DEBTOR; AND

(C) TAKE APPROPRIATE ACTION TO ENABLE THE DEBTOR OR ITS DESIGNATED CUSTODIAN TO MAKE COPIES OF OR REVISIONS TO THE AUTHORITATIVE COPY WHICH ADD OR CHANGE AN IDENTIFIED ASSIGNEE OF THE AUTHORITATIVE COPY WITHOUT THE CONSENT OF THE SECURED

PARTY;

(4) A SECURED PARTY HAVING CONTROL OF INVESTMENT PROPERTY UNDER SECTION 4-8-106 (d) (2) OR 4-9-106 (b) SHALL SEND TO THE SECURITIES INTERMEDIARY OR COMMODITY INTERMEDIARY WITH WHICH THE SECURITY ENTITLEMENT OR COMMODITY CONTRACT IS MAINTAINED AN AUTHENTICATED RECORD THAT RELEASES THE SECURITIES INTERMEDIARY OR COMMODITY INTERMEDIARY FROM ANY FURTHER OBLIGATION TO COMPLY WITH ENTITLEMENT ORDERS OR DIRECTIONS ORIGINATED BY THE SECURED PARTY; AND

(5) A SECURED PARTY HAVING CONTROL OF A LETTER-OF-CREDIT RIGHT UNDER SECTION 4-9-107 SHALL SEND TO EACH PERSON HAVING AN UNFULFILLED OBLIGATION TO PAY OR DELIVER PROCEEDS OF THE LETTER OF CREDIT TO THE SECURED PARTY AN AUTHENTICATED RELEASE FROM ANY FURTHER OBLIGATION TO PAY OR DELIVER PROCEEDS OF THE LETTER OF CREDIT TO THE SECURED PARTY.

4-9-209. Duties of secured party if account debtor has been notified of assignment. (a) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (c), THIS SECTION APPLIES IF:

(1) THERE IS NO OUTSTANDING SECURED OBLIGATION; AND

(2) THE SECURED PARTY IS NOT COMMITTED TO MAKE ADVANCES, INCUR OBLIGATIONS, OR OTHERWISE GIVE VALUE.

(b) WITHIN TEN DAYS AFTER RECEIVING AN AUTHENTICATED DEMAND BY THE DEBTOR, A SECURED PARTY SHALL SEND TO AN ACCOUNT DEBTOR THAT HAS RECEIVED NOTIFICATION OF AN ASSIGNMENT TO THE SECURED PARTY AS ASSIGNEE UNDER SECTION 4-9-406 (a) AN AUTHENTICATED RECORD THAT RELEASES THE ACCOUNT DEBTOR FROM

ANY FURTHER OBLIGATION TO THE SECURED PARTY.

(c) THIS SECTION DOES NOT APPLY TO AN ASSIGNMENT CONSTITUTING THE SALE OF AN ACCOUNT, CHATTEL PAPER, OR PAYMENT INTANGIBLE.

4-9-210. Request for accounting - request regarding list of collateral or statement of account - definitions. (a) IN THIS SECTION:

(1) "REQUEST" MEANS A RECORD OF A TYPE DESCRIBED IN PARAGRAPH (2), (3), OR (4) OF THIS SUBSECTION (a).

(2) "REQUEST FOR AN ACCOUNTING" MEANS A RECORD AUTHENTICATED BY A DEBTOR REQUESTING THAT THE RECIPIENT PROVIDE AN ACCOUNTING OF THE UNPAID OBLIGATIONS SECURED BY COLLATERAL AND REASONABLY IDENTIFYING THE TRANSACTION OR RELATIONSHIP THAT IS THE SUBJECT OF THE REQUEST.

(3) "REQUEST REGARDING A LIST OF COLLATERAL" MEANS A RECORD AUTHENTICATED BY A DEBTOR REQUESTING THAT THE RECIPIENT APPROVE OR CORRECT A LIST OF WHAT THE DEBTOR BELIEVES TO BE THE COLLATERAL SECURING AN OBLIGATION AND REASONABLY IDENTIFYING THE TRANSACTION OR RELATIONSHIP THAT IS THE SUBJECT OF THE REQUEST.

(4) "REQUEST REGARDING A STATEMENT OF ACCOUNT" MEANS A RECORD AUTHENTICATED BY A DEBTOR REQUESTING THAT THE RECIPIENT APPROVE OR CORRECT A STATEMENT INDICATING WHAT THE DEBTOR BELIEVES TO BE THE AGGREGATE AMOUNT OF UNPAID OBLIGATIONS SECURED BY COLLATERAL AS OF A SPECIFIED DATE AND REASONABLY IDENTIFYING THE TRANSACTION OR RELATIONSHIP THAT IS THE SUBJECT OF THE REQUEST.

(b) SUBJECT TO SUBSECTIONS (c), (d), (e), AND (f) OF THIS SECTION, A SECURED PARTY, OTHER THAN A BUYER OF ACCOUNTS, CHATTEL PAPER, PAYMENT INTANGIBLES, OR PROMISSORY NOTES OR A CONSIGNOR, SHALL COMPLY WITH A REQUEST WITHIN FOURTEEN DAYS AFTER RECEIPT:

(1) IN THE CASE OF A REQUEST FOR AN ACCOUNTING, BY AUTHENTICATING AND SENDING TO THE DEBTOR AN ACCOUNTING; AND

(2) IN THE CASE OF A REQUEST REGARDING A LIST OF COLLATERAL OR A REQUEST REGARDING A STATEMENT OF ACCOUNT, BY AUTHENTICATING AND SENDING TO THE DEBTOR AN APPROVAL OR CORRECTION.

(c) A SECURED PARTY THAT CLAIMS A SECURITY INTEREST IN ALL OF A PARTICULAR TYPE OF COLLATERAL OWNED BY THE DEBTOR MAY COMPLY WITH A REQUEST REGARDING A LIST OF COLLATERAL BY SENDING TO THE DEBTOR AN AUTHENTICATED RECORD INCLUDING A STATEMENT TO THAT EFFECT WITHIN FOURTEEN DAYS AFTER RECEIPT.

(d) A PERSON THAT RECEIVES A REQUEST REGARDING A LIST OF COLLATERAL, CLAIMS NO INTEREST IN THE COLLATERAL WHEN IT RECEIVES THE REQUEST, AND THAT CLAIMED AN INTEREST IN THE COLLATERAL AT AN EARLIER TIME SHALL COMPLY WITH THE REQUEST WITHIN FOURTEEN DAYS AFTER RECEIPT BY SENDING TO THE DEBTOR AN AUTHENTICATED RECORD:

(1) DISCLAIMING ANY INTEREST IN THE COLLATERAL; AND

(2) IF KNOWN TO THE RECIPIENT, PROVIDING THE NAME AND MAILING ADDRESS OF ANY ASSIGNEE OF OR SUCCESSOR TO THE RECIPIENT'S INTEREST IN THE COLLATERAL.

(e) A PERSON THAT RECEIVES A REQUEST FOR AN ACCOUNTING OR A REQUEST REGARDING A STATEMENT OF ACCOUNT, CLAIMS NO INTEREST

IN THE OBLIGATIONS WHEN IT RECEIVES THE REQUEST, AND THAT CLAIMED AN INTEREST IN THE OBLIGATIONS AT AN EARLIER TIME SHALL COMPLY WITH THE REQUEST WITHIN FOURTEEN DAYS AFTER RECEIPT BY SENDING TO THE DEBTOR AN AUTHENTICATED RECORD:

(1) DISCLAIMING ANY INTEREST IN THE OBLIGATIONS; AND

(2) IF KNOWN TO THE RECIPIENT, PROVIDING THE NAME AND MAILING ADDRESS OF ANY ASSIGNEE OF OR SUCCESSOR TO THE RECIPIENT'S INTEREST IN THE OBLIGATIONS.

(f) A DEBTOR IS ENTITLED WITHOUT CHARGE TO ONE RESPONSE TO A REQUEST UNDER THIS SECTION DURING ANY SIX-MONTH PERIOD. THE SECURED PARTY MAY REQUIRE PAYMENT OF A CHARGE NOT EXCEEDING TWENTY-FIVE DOLLARS FOR EACH ADDITIONAL RESPONSE.

PART 3

PERFECTION AND PRIORITY

4-9-301. Law governing perfection and priority of security interests. EXCEPT AS OTHERWISE PROVIDED IN SECTIONS 4-9-303 TO 4-9-306, THE FOLLOWING RULES DETERMINE THE LAW GOVERNING PERFECTION, THE EFFECT OF PERFECTION OR NONPERFECTION, AND THE PRIORITY OF A SECURITY INTEREST IN COLLATERAL:

(1) EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, WHILE A DEBTOR IS LOCATED IN A JURISDICTION, THE LOCAL LAW OF THAT JURISDICTION GOVERNS PERFECTION, THE EFFECT OF PERFECTION OR NONPERFECTION, AND THE PRIORITY OF A SECURITY INTEREST IN COLLATERAL.

(2) WHILE COLLATERAL IS LOCATED IN A JURISDICTION, THE LOCAL LAW OF THAT JURISDICTION GOVERNS PERFECTION, THE EFFECT OF

PERFECTION OR NONPERFECTION, AND THE PRIORITY OF A POSSESSORY SECURITY INTEREST IN THAT COLLATERAL.

(3) EXCEPT AS OTHERWISE PROVIDED IN PARAGRAPH (4) OF THIS SECTION, WHILE NEGOTIABLE DOCUMENTS, GOODS, INSTRUMENTS, MONEY, OR TANGIBLE CHATTEL PAPER IS LOCATED IN A JURISDICTION, THE LOCAL LAW OF THAT JURISDICTION GOVERNS:

(A) PERFECTION OF A SECURITY INTEREST IN THE GOODS BY FILING A FIXTURE FILING;

(B) PERFECTION OF A SECURITY INTEREST IN TIMBER TO BE CUT; AND

(C) THE EFFECT OF PERFECTION OR NONPERFECTION AND THE PRIORITY OF A NONPOSSESSORY SECURITY INTEREST IN THE COLLATERAL.

(4) THE LOCAL LAW OF THE JURISDICTION IN WHICH THE WELLHEAD OR MINEHEAD IS LOCATED GOVERNS PERFECTION, THE EFFECT OF PERFECTION OR NONPERFECTION, AND THE PRIORITY OF A SECURITY INTEREST IN AS-EXTRACTED COLLATERAL.

4-9-302. Law governing perfection and priority of agricultural liens. WHILE FARM PRODUCTS ARE LOCATED IN A JURISDICTION, THE LOCAL LAW OF THAT JURISDICTION GOVERNS PERFECTION, THE EFFECT OF PERFECTION OR NONPERFECTION, AND THE PRIORITY OF AN AGRICULTURAL LIEN ON THE FARM PRODUCTS.

4-9-303. Law governing perfection and priority of security interests in goods covered by a certificate of title. (a) THIS SECTION APPLIES TO GOODS COVERED BY A CERTIFICATE OF TITLE, EVEN IF THERE IS NO OTHER RELATIONSHIP BETWEEN THE JURISDICTION UNDER WHOSE CERTIFICATE OF TITLE THE GOODS ARE COVERED AND THE GOODS OR THE

DEBTOR.

(b) GOODS BECOME COVERED BY A CERTIFICATE OF TITLE WHEN A VALID APPLICATION FOR THE CERTIFICATE OF TITLE AND THE APPLICABLE FEE ARE DELIVERED TO THE APPROPRIATE AUTHORITY. GOODS CEASE TO BE COVERED BY A CERTIFICATE OF TITLE AT THE EARLIER OF THE TIME THE CERTIFICATE OF TITLE CEASES TO BE EFFECTIVE UNDER THE LAW OF THE ISSUING JURISDICTION OR THE TIME THE GOODS BECOME COVERED SUBSEQUENTLY BY A CERTIFICATE OF TITLE ISSUED BY ANOTHER JURISDICTION.

(c) THE LOCAL LAW OF THE JURISDICTION UNDER WHOSE CERTIFICATE OF TITLE THE GOODS ARE COVERED GOVERNS PERFECTION, THE EFFECT OF PERFECTION OR NONPERFECTION, AND THE PRIORITY OF A SECURITY INTEREST IN GOODS COVERED BY A CERTIFICATE OF TITLE FROM THE TIME THE GOODS BECOME COVERED BY THE CERTIFICATE OF TITLE UNTIL THE GOODS CEASE TO BE COVERED BY THE CERTIFICATE OF TITLE.

4-9-304. Law governing perfection and priority of security interests in deposit accounts. (a) THE LOCAL LAW OF A BANK'S JURISDICTION GOVERNS PERFECTION, THE EFFECT OF PERFECTION OR NONPERFECTION, AND THE PRIORITY OF A SECURITY INTEREST IN A DEPOSIT ACCOUNT MAINTAINED WITH THAT BANK.

(b) THE FOLLOWING RULES DETERMINE A BANK'S JURISDICTION FOR PURPOSES OF THIS PART 3:

(1) IF AN AGREEMENT BETWEEN THE BANK AND THE DEBTOR GOVERNING THE DEPOSIT ACCOUNT EXPRESSLY PROVIDES THAT A PARTICULAR JURISDICTION IS THE BANK'S JURISDICTION FOR PURPOSES OF THIS PART 3, THIS ARTICLE, OR THIS TITLE, THAT JURISDICTION IS THE

BANK'S JURISDICTION.

(2) IF PARAGRAPH (1) OF THIS SUBSECTION (b) DOES NOT APPLY AND AN AGREEMENT BETWEEN THE BANK AND ITS CUSTOMER GOVERNING THE DEPOSIT ACCOUNT EXPRESSLY PROVIDES THAT THE AGREEMENT IS GOVERNED BY THE LAW OF A PARTICULAR JURISDICTION, THAT JURISDICTION IS THE BANK'S JURISDICTION.

(3) IF NEITHER PARAGRAPH (1) NOR PARAGRAPH (2) OF THIS SUBSECTION (b) APPLIES AND AN AGREEMENT BETWEEN THE BANK AND ITS CUSTOMER GOVERNING THE DEPOSIT ACCOUNT EXPRESSLY PROVIDES THAT THE DEPOSIT ACCOUNT IS MAINTAINED AT AN OFFICE IN A PARTICULAR JURISDICTION, THAT JURISDICTION IS THE BANK'S JURISDICTION.

(4) IF NONE OF THE PRECEDING PARAGRAPHS APPLIES, THE BANK'S JURISDICTION IS THE JURISDICTION IN WHICH THE OFFICE IDENTIFIED IN AN ACCOUNT STATEMENT AS THE OFFICE SERVING THE CUSTOMER'S ACCOUNT IS LOCATED.

(5) IF NONE OF THE PRECEDING PARAGRAPHS APPLIES, THE BANK'S JURISDICTION IS THE JURISDICTION IN WHICH THE CHIEF EXECUTIVE OFFICE OF THE BANK IS LOCATED.

4-9-305. Law governing perfection and priority of security interests in investment property. (a) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (c) OF THIS SECTION, THE FOLLOWING RULES APPLY:

(1) WHILE A SECURITY CERTIFICATE IS LOCATED IN A JURISDICTION, THE LOCAL LAW OF THAT JURISDICTION GOVERNS PERFECTION, THE EFFECT OF PERFECTION OR NONPERFECTION, AND THE PRIORITY OF A SECURITY INTEREST IN THE CERTIFICATED SECURITY REPRESENTED THEREBY.

(2) THE LOCAL LAW OF THE ISSUER'S JURISDICTION AS SPECIFIED

IN SECTION 4-8-110(d) GOVERNS PERFECTION, THE EFFECT OF PERFECTION OR NONPERFECTION, AND THE PRIORITY OF A SECURITY INTEREST IN AN UNCERTIFICATED SECURITY.

(3) THE LOCAL LAW OF THE SECURITIES INTERMEDIARY'S JURISDICTION AS SPECIFIED IN SECTION 4-8-110(e) GOVERNS PERFECTION, THE EFFECT OF PERFECTION OR NONPERFECTION, AND THE PRIORITY OF A SECURITY INTEREST IN A SECURITY ENTITLEMENT OR SECURITIES ACCOUNT.

(4) THE LOCAL LAW OF THE COMMODITY INTERMEDIARY'S JURISDICTION GOVERNS PERFECTION, THE EFFECT OF PERFECTION OR NONPERFECTION, AND THE PRIORITY OF A SECURITY INTEREST IN A COMMODITY CONTRACT OR COMMODITY ACCOUNT.

(b) THE FOLLOWING RULES DETERMINE A COMMODITY INTERMEDIARY'S JURISDICTION FOR PURPOSES OF THIS PART 3:

(1) IF AN AGREEMENT BETWEEN THE COMMODITY INTERMEDIARY AND COMMODITY CUSTOMER GOVERNING THE COMMODITY ACCOUNT EXPRESSLY PROVIDES THAT A PARTICULAR JURISDICTION IS THE COMMODITY INTERMEDIARY'S JURISDICTION FOR PURPOSES OF THIS PART 3, THIS ARTICLE, OR THIS TITLE, THAT JURISDICTION IS THE COMMODITY INTERMEDIARY'S JURISDICTION.

(2) IF PARAGRAPH (1) OF THIS SUBSECTION (b) DOES NOT APPLY AND AN AGREEMENT BETWEEN THE COMMODITY INTERMEDIARY AND COMMODITY CUSTOMER GOVERNING THE COMMODITY ACCOUNT EXPRESSLY PROVIDES THAT THE AGREEMENT IS GOVERNED BY THE LAW OF A PARTICULAR JURISDICTION, THAT JURISDICTION IS THE COMMODITY INTERMEDIARY'S JURISDICTION.

(3) IF NEITHER PARAGRAPH (1) NOR PARAGRAPH (2) OF THIS

SUBSECTION (b) APPLIES AND AN AGREEMENT BETWEEN THE COMMODITY INTERMEDIARY AND COMMODITY CUSTOMER GOVERNING THE COMMODITY ACCOUNT EXPRESSLY PROVIDES THAT THE COMMODITY ACCOUNT IS MAINTAINED AT AN OFFICE IN A PARTICULAR JURISDICTION, THAT JURISDICTION IS THE COMMODITY INTERMEDIARY'S JURISDICTION.

(4) IF NONE OF THE PRECEDING PARAGRAPHS APPLIES, THE COMMODITY INTERMEDIARY'S JURISDICTION IS THE JURISDICTION IN WHICH THE OFFICE IDENTIFIED IN AN ACCOUNT STATEMENT AS THE OFFICE SERVING THE COMMODITY CUSTOMER'S ACCOUNT IS LOCATED.

(5) IF NONE OF THE PRECEDING PARAGRAPHS APPLIES, THE COMMODITY INTERMEDIARY'S JURISDICTION IS THE JURISDICTION IN WHICH THE CHIEF EXECUTIVE OFFICE OF THE COMMODITY INTERMEDIARY IS LOCATED.

(c) THE LOCAL LAW OF THE JURISDICTION IN WHICH THE DEBTOR IS LOCATED GOVERNS:

(1) PERFECTION OF A SECURITY INTEREST IN INVESTMENT PROPERTY BY FILING;

(2) AUTOMATIC PERFECTION OF A SECURITY INTEREST IN INVESTMENT PROPERTY CREATED BY A BROKER OR SECURITIES INTERMEDIARY; AND

(3) AUTOMATIC PERFECTION OF A SECURITY INTEREST IN A COMMODITY CONTRACT OR COMMODITY ACCOUNT CREATED BY A COMMODITY INTERMEDIARY.

4-9-306. Law governing perfection and priority of security interests in letter-of-credit rights. (a) SUBJECT TO SUBSECTION (c) OF THIS SECTION, THE LOCAL LAW OF THE ISSUER'S JURISDICTION OR A

NOMINATED PERSON'S JURISDICTION GOVERNS PERFECTION, THE EFFECT OF PERFECTION OR NONPERFECTION, AND THE PRIORITY OF A SECURITY INTEREST IN A LETTER-OF-CREDIT RIGHT IF THE ISSUER'S JURISDICTION OR NOMINATED PERSON'S JURISDICTION IS A STATE.

(b) FOR PURPOSES OF THIS PART 3, AN ISSUER'S JURISDICTION OR NOMINATED PERSON'S JURISDICTION IS THE JURISDICTION WHOSE LAW GOVERNS THE LIABILITY OF THE ISSUER OR NOMINATED PERSON WITH RESPECT TO THE LETTER-OF-CREDIT RIGHT AS PROVIDED IN SECTION 4-5-116.

(c) THIS SECTION DOES NOT APPLY TO A SECURITY INTEREST THAT IS PERFECTED ONLY UNDER SECTION 4-9-308 (d).

4-9-307. Location of debtor. (a) IN THIS SECTION, "PLACE OF BUSINESS" MEANS A PLACE WHERE A DEBTOR CONDUCTS ITS AFFAIRS.

(b) EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, THE FOLLOWING RULES DETERMINE A DEBTOR'S LOCATION:

(1) A DEBTOR WHO IS AN INDIVIDUAL IS LOCATED AT THE INDIVIDUAL'S PRINCIPAL RESIDENCE.

(2) A DEBTOR THAT IS AN ORGANIZATION AND HAS ONLY ONE PLACE OF BUSINESS IS LOCATED AT ITS PLACE OF BUSINESS.

(3) A DEBTOR THAT IS AN ORGANIZATION AND HAS MORE THAN ONE PLACE OF BUSINESS IS LOCATED AT ITS CHIEF EXECUTIVE OFFICE.

(c) SUBSECTION (b) OF THIS SECTION APPLIES ONLY IF A DEBTOR'S RESIDENCE, PLACE OF BUSINESS, OR CHIEF EXECUTIVE OFFICE, AS APPLICABLE, IS LOCATED IN A JURISDICTION WHOSE LAW GENERALLY REQUIRES INFORMATION CONCERNING THE EXISTENCE OF A NONPOSSESSORY SECURITY INTEREST TO BE MADE GENERALLY AVAILABLE

IN A FILING, RECORDING, OR REGISTRATION SYSTEM AS A CONDITION OR RESULT OF THE SECURITY INTEREST'S OBTAINING PRIORITY OVER THE RIGHTS OF A LIEN CREDITOR WITH RESPECT TO THE COLLATERAL. IF SUBSECTION (b) OF THIS SECTION DOES NOT APPLY, THE DEBTOR IS LOCATED IN THE DISTRICT OF COLUMBIA.

(d) A PERSON THAT CEASES TO EXIST, HAVE A RESIDENCE, OR HAVE A PLACE OF BUSINESS CONTINUES TO BE LOCATED IN THE JURISDICTION SPECIFIED BY SUBSECTIONS (b) AND (c) OF THIS SECTION.

(e) A REGISTERED ORGANIZATION THAT IS ORGANIZED UNDER THE LAW OF A STATE IS LOCATED IN THAT STATE.

(f) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (i) OF THIS SECTION, A REGISTERED ORGANIZATION THAT IS ORGANIZED UNDER THE LAW OF THE UNITED STATES AND A BRANCH OR AGENCY OF A BANK THAT IS NOT ORGANIZED UNDER THE LAW OF THE UNITED STATES OR A STATE ARE LOCATED:

(1) IN THE STATE THAT THE LAW OF THE UNITED STATES DESIGNATES, IF THE LAW DESIGNATES A STATE OF LOCATION;

(2) IN THE STATE THAT THE REGISTERED ORGANIZATION, BRANCH, OR AGENCY DESIGNATES, IF THE LAW OF THE UNITED STATES AUTHORIZES THE REGISTERED ORGANIZATION, BRANCH, OR AGENCY TO DESIGNATE ITS STATE OF LOCATION; OR

(3) IN THE DISTRICT OF COLUMBIA, IF NEITHER PARAGRAPH (1) NOR PARAGRAPH (2) OF THIS SUBSECTION (f) APPLIES.

(g) A REGISTERED ORGANIZATION CONTINUES TO BE LOCATED IN THE JURISDICTION SPECIFIED BY SUBSECTION (e) OR (f) OF THIS SECTION NOTWITHSTANDING:

(1) THE SUSPENSION, REVOCATION, FORFEITURE, OR LAPSE OF THE REGISTERED ORGANIZATION'S STATUS AS SUCH IN ITS JURISDICTION OF ORGANIZATION; OR

(2) THE DISSOLUTION, WINDING UP, OR CANCELLATION OF THE EXISTENCE OF THE REGISTERED ORGANIZATION.

(h) THE UNITED STATES IS LOCATED IN THE DISTRICT OF COLUMBIA.

(i) A BRANCH OR AGENCY OF A BANK THAT IS NOT ORGANIZED UNDER THE LAW OF THE UNITED STATES OR A STATE IS LOCATED IN THE STATE IN WHICH THE BRANCH OR AGENCY IS LICENSED, IF ALL BRANCHES AND AGENCIES OF THE BANK ARE LICENSED IN ONLY ONE STATE.

(j) A FOREIGN AIR CARRIER UNDER THE "FEDERAL AVIATION ACT OF 1958", AS AMENDED, IS LOCATED AT THE DESIGNATED OFFICE OF THE AGENT UPON WHICH SERVICE OF PROCESS MAY BE MADE ON BEHALF OF THE CARRIER.

(k) THIS SECTION APPLIES ONLY FOR PURPOSES OF THIS PART 3.

4-9-308. When security interest or agricultural lien is perfected - continuity of perfection. (a) EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION AND SECTION 4-9-309, A SECURITY INTEREST IS PERFECTED IF IT HAS ATTACHED AND ALL OF THE APPLICABLE REQUIREMENTS FOR PERFECTION IN SECTIONS 4-9-310 TO 4-9-316 HAVE BEEN SATISFIED. A SECURITY INTEREST IS PERFECTED WHEN IT ATTACHES IF THE APPLICABLE REQUIREMENTS ARE SATISFIED BEFORE THE SECURITY INTEREST ATTACHES.

(b) AN AGRICULTURAL LIEN IS PERFECTED IF IT HAS BECOME EFFECTIVE AND ALL OF THE APPLICABLE REQUIREMENTS FOR PERFECTION

IN SECTION 4-9-310 HAVE BEEN SATISFIED. AN AGRICULTURAL LIEN IS PERFECTED WHEN IT BECOMES EFFECTIVE IF THE APPLICABLE REQUIREMENTS ARE SATISFIED BEFORE THE AGRICULTURAL LIEN BECOMES EFFECTIVE.

(c) A SECURITY INTEREST OR AGRICULTURAL LIEN IS PERFECTED CONTINUOUSLY IF IT IS ORIGINALLY PERFECTED BY ONE METHOD UNDER THIS ARTICLE AND IS LATER PERFECTED BY ANOTHER METHOD UNDER THIS ARTICLE, WITHOUT AN INTERMEDIATE PERIOD WHEN IT WAS UNPERFECTED.

(d) PERFECTION OF A SECURITY INTEREST IN COLLATERAL ALSO PERFECTS A SECURITY INTEREST IN A SUPPORTING OBLIGATION FOR THE COLLATERAL.

(e) PERFECTION OF A SECURITY INTEREST IN A RIGHT TO PAYMENT OR PERFORMANCE ALSO PERFECTS A SECURITY INTEREST IN A SECURITY INTEREST, MORTGAGE, OR OTHER LIEN ON PERSONAL OR REAL PROPERTY SECURING THE RIGHT.

(f) PERFECTION OF A SECURITY INTEREST IN A SECURITIES ACCOUNT ALSO PERFECTS A SECURITY INTEREST IN THE SECURITY ENTITLEMENTS CARRIED IN THE SECURITIES ACCOUNT.

(g) PERFECTION OF A SECURITY INTEREST IN A COMMODITY ACCOUNT ALSO PERFECTS A SECURITY INTEREST IN THE COMMODITY CONTRACTS CARRIED IN THE COMMODITY ACCOUNT.

4-9-309. Security interest perfected upon attachment. THE FOLLOWING SECURITY INTERESTS ARE PERFECTED WHEN THEY ATTACH:

(1) A PURCHASE-MONEY SECURITY INTEREST IN CONSUMER GOODS, EXCEPT AS OTHERWISE PROVIDED IN SECTION 4-9-311 (b) WITH RESPECT TO CONSUMER GOODS THAT ARE SUBJECT TO A STATUTE OR TREATY

DESCRIBED IN SECTION 4-9-311 (a);

(2) AN ASSIGNMENT OF ACCOUNTS OR PAYMENT INTANGIBLES WHICH DOES NOT BY ITSELF OR IN CONJUNCTION WITH OTHER ASSIGNMENTS TO THE SAME ASSIGNEE TRANSFER A SIGNIFICANT PART OF THE ASSIGNOR'S OUTSTANDING ACCOUNTS OR PAYMENT INTANGIBLES;

(3) A SALE OF A PAYMENT INTANGIBLE;

(4) A SALE OF A PROMISSORY NOTE;

(5) A SECURITY INTEREST CREATED BY THE ASSIGNMENT OF A HEALTH-CARE-INSURANCE RECEIVABLE TO THE PROVIDER OF THE HEALTH-CARE GOODS OR SERVICES;

(6) A SECURITY INTEREST ARISING UNDER SECTION 4-2-401, 4-2-505, 4-2-711 (3), OR 4-2.5-508 (5), UNTIL THE DEBTOR OBTAINS POSSESSION OF THE COLLATERAL;

(7) A SECURITY INTEREST OF A COLLECTING BANK ARISING UNDER SECTION 4-4-210;

(8) A SECURITY INTEREST OF AN ISSUER OR NOMINATED PERSON ARISING UNDER SECTION 4-5-117.5;

(9) A SECURITY INTEREST ARISING IN THE DELIVERY OF A FINANCIAL ASSET UNDER SECTION 4-9-206 (c);

(10) A SECURITY INTEREST IN INVESTMENT PROPERTY CREATED BY A BROKER OR SECURITIES INTERMEDIARY;

(11) A SECURITY INTEREST IN A COMMODITY CONTRACT OR A COMMODITY ACCOUNT CREATED BY A COMMODITY INTERMEDIARY;

(12) AN ASSIGNMENT FOR THE BENEFIT OF ALL CREDITORS OF THE TRANSFEROR AND SUBSEQUENT TRANSFERS BY THE ASSIGNEE THEREUNDER; AND

(13) A SECURITY INTEREST CREATED BY AN ASSIGNMENT OF A BENEFICIAL INTEREST IN A DECEDENT'S ESTATE.

4-9-310. When filing required to perfect security interest or agricultural lien - security interests and agricultural liens to which filing provisions do not apply. (a) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (b) OF THIS SECTION AND SECTION 4-9-312 (b), A FINANCING STATEMENT MUST BE FILED TO PERFECT ALL SECURITY INTERESTS AND AGRICULTURAL LIENS.

(b) THE FILING OF A FINANCING STATEMENT IS NOT NECESSARY TO PERFECT A SECURITY INTEREST:

(1) THAT IS PERFECTED UNDER SECTION 4-9-308 (d), (e), (f), OR (g);

(2) THAT IS PERFECTED UNDER SECTION 4-9-309 WHEN IT ATTACHES;

(3) IN PROPERTY SUBJECT TO A STATUTE, REGULATION, OR TREATY DESCRIBED IN SECTION 4-9-311 (a);

(4) IN GOODS IN POSSESSION OF A BAILEE WHICH IS PERFECTED UNDER SECTION 4-9-312 (d) (1) OR (2);

(5) IN CERTIFICATED SECURITIES, DOCUMENTS, GOODS, OR INSTRUMENTS WHICH IS PERFECTED WITHOUT FILING OR POSSESSION UNDER SECTION 4-9-312 (e), (f), OR (g);

(6) IN COLLATERAL IN THE SECURED PARTY'S POSSESSION UNDER SECTION 4-9-313;

(7) IN A CERTIFICATED SECURITY WHICH IS PERFECTED BY DELIVERY OF THE SECURITY CERTIFICATE TO THE SECURED PARTY UNDER SECTION 4-9-313;

(8) IN DEPOSIT ACCOUNTS, ELECTRONIC CHATTEL PAPER,

INVESTMENT PROPERTY, OR LETTER-OF-CREDIT RIGHTS WHICH IS PERFECTED BY CONTROL UNDER SECTION 4-9-314;

(9) IN PROCEEDS WHICH IS PERFECTED UNDER SECTION 4-9-315; OR

(10) THAT IS PERFECTED UNDER SECTION 4-9-316.

(c) IF A SECURED PARTY ASSIGNS A PERFECTED SECURITY INTEREST OR AGRICULTURAL LIEN, A FILING UNDER THIS ARTICLE IS NOT REQUIRED TO CONTINUE THE PERFECTED STATUS OF THE SECURITY INTEREST AGAINST CREDITORS OF AND TRANSFEREES FROM THE ORIGINAL DEBTOR.

4-9-311. Perfection of security interests in property subject to certain statutes, regulations, and treaties. (a) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (d) OF THIS SECTION, THE FILING OF A FINANCING STATEMENT IS NOT NECESSARY OR EFFECTIVE TO PERFECT A SECURITY INTEREST IN PROPERTY SUBJECT TO:

(1) A STATUTE, REGULATION, OR TREATY OF THE UNITED STATES WHOSE REQUIREMENTS FOR A SECURITY INTEREST'S OBTAINING PRIORITY OVER THE RIGHTS OF A LIEN CREDITOR WITH RESPECT TO THE PROPERTY PREEMPT SECTION 4-9-310 (a);

(2) A CERTIFICATE-OF-TITLE STATUTE OF THIS STATE COVERING AUTOMOBILES OR OTHER GOODS, WHICH PROVIDES FOR A SECURITY INTEREST TO BE INDICATED ON THE CERTIFICATE AS A CONDITION OR RESULT OF PERFECTION OF THE SECURITY INTEREST; OR

(3) A CERTIFICATE-OF-TITLE STATUTE OF ANOTHER JURISDICTION WHICH PROVIDES FOR A SECURITY INTEREST TO BE INDICATED ON THE CERTIFICATE AS A CONDITION OR RESULT OF THE SECURITY INTEREST'S OBTAINING PRIORITY OVER THE RIGHTS OF A LIEN CREDITOR WITH RESPECT TO THE PROPERTY.

(b) COMPLIANCE WITH THE REQUIREMENTS OF A STATUTE, REGULATION, OR TREATY DESCRIBED IN SUBSECTION (a) OF THIS SECTION FOR OBTAINING PRIORITY OVER THE RIGHTS OF A LIEN CREDITOR IS EQUIVALENT TO THE FILING OF A FINANCING STATEMENT UNDER THIS ARTICLE. EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (d) OF THIS SECTION AND SECTIONS 4-9-313 AND 4-9-316 (d) AND (e) FOR GOODS COVERED BY A CERTIFICATE OF TITLE, A SECURITY INTEREST IN PROPERTY SUBJECT TO A STATUTE, REGULATION, OR TREATY DESCRIBED IN SUBSECTION (a) OF THIS SECTION MAY BE PERFECTED ONLY BY COMPLIANCE WITH THOSE REQUIREMENTS, AND A SECURITY INTEREST SO PERFECTED REMAINS PERFECTED NOTWITHSTANDING A CHANGE IN THE USE OR TRANSFER OF POSSESSION OF THE COLLATERAL.

(c) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (d) OF THIS SECTION AND SECTION 4-9-316 (d) AND (e), DURATION AND RENEWAL OF PERFECTION OF A SECURITY INTEREST PERFECTED BY COMPLIANCE WITH THE REQUIREMENTS PRESCRIBED BY A STATUTE, REGULATION, OR TREATY DESCRIBED IN SUBSECTION (a) OF THIS SECTION ARE GOVERNED BY THE STATUTE, REGULATION, OR TREATY. IN OTHER RESPECTS, THE SECURITY INTEREST IS SUBJECT TO THIS ARTICLE.

(d) DURING ANY PERIOD IN WHICH COLLATERAL SUBJECT TO A STATUTE SPECIFIED IN PARAGRAPH (2) OF SUBSECTION (a) OF THIS SECTION IS INVENTORY HELD FOR SALE OR LEASE BY A PERSON OR LEASED BY THAT PERSON AS LESSOR AND THAT PERSON IS IN THE BUSINESS OF SELLING GOODS OF THAT KIND, THIS SECTION DOES NOT APPLY TO A SECURITY INTEREST IN THAT COLLATERAL CREATED BY THAT PERSON.

4-9-312. Perfection of security interests in chattel paper,

deposit accounts, documents, goods covered by documents, instruments, investment property, letter-of-credit rights, and money - perfection by permissive filing - temporary perfection without filing or transfer of possession. (a) A SECURITY INTEREST IN CHATTEL PAPER, NEGOTIABLE DOCUMENTS, INSTRUMENTS, OR INVESTMENT PROPERTY MAY BE PERFECTED BY FILING.

(b) EXCEPT AS OTHERWISE PROVIDED IN SECTION 4-9-315 (c) AND (d) FOR PROCEEDS:

(1) A SECURITY INTEREST IN A DEPOSIT ACCOUNT MAY BE PERFECTED ONLY BY CONTROL UNDER SECTION 4-9-314;

(2) AND EXCEPT AS OTHERWISE PROVIDED IN SECTION 4-9-308 (d), A SECURITY INTEREST IN A LETTER-OF-CREDIT RIGHT MAY BE PERFECTED ONLY BY CONTROL UNDER SECTION 4-9-314; AND

(3) A SECURITY INTEREST IN MONEY MAY BE PERFECTED ONLY BY THE SECURED PARTY'S TAKING POSSESSION UNDER SECTION 4-9-313.

(c) WHILE GOODS ARE IN THE POSSESSION OF A BAILEE THAT HAS ISSUED A NEGOTIABLE DOCUMENT COVERING THE GOODS:

(1) A SECURITY INTEREST IN THE GOODS MAY BE PERFECTED BY PERFECTING A SECURITY INTEREST IN THE DOCUMENT; AND

(2) A SECURITY INTEREST PERFECTED IN THE DOCUMENT HAS PRIORITY OVER ANY SECURITY INTEREST THAT BECOMES PERFECTED IN THE GOODS BY ANOTHER METHOD DURING THAT TIME.

(d) WHILE GOODS ARE IN THE POSSESSION OF A BAILEE THAT HAS ISSUED A NONNEGOTIABLE DOCUMENT COVERING THE GOODS, A SECURITY INTEREST IN THE GOODS MAY BE PERFECTED BY:

(1) ISSUANCE OF A DOCUMENT IN THE NAME OF THE SECURED

PARTY;

(2) THE BAILEE'S RECEIPT OF NOTIFICATION OF THE SECURED PARTY'S INTEREST; OR

(3) FILING AS TO THE GOODS.

(e) A SECURITY INTEREST IN CERTIFICATED SECURITIES, NEGOTIABLE DOCUMENTS, OR INSTRUMENTS IS PERFECTED WITHOUT FILING OR THE TAKING OF POSSESSION FOR A PERIOD OF TWENTY DAYS FROM THE TIME IT ATTACHES TO THE EXTENT THAT IT ARISES FOR NEW VALUE GIVEN UNDER AN AUTHENTICATED SECURITY AGREEMENT.

(f) A PERFECTED SECURITY INTEREST IN A NEGOTIABLE DOCUMENT OR GOODS IN POSSESSION OF A BAILEE, OTHER THAN ONE THAT HAS ISSUED A NEGOTIABLE DOCUMENT FOR THE GOODS, REMAINS PERFECTED FOR TWENTY DAYS WITHOUT FILING IF THE SECURED PARTY MAKES AVAILABLE TO THE DEBTOR THE GOODS OR DOCUMENTS REPRESENTING THE GOODS FOR THE PURPOSE OF:

(1) ULTIMATE SALE OR EXCHANGE; OR

(2) LOADING, UNLOADING, STORING, SHIPPING, TRANSSHIPPING, MANUFACTURING, PROCESSING, OR OTHERWISE DEALING WITH THEM IN A MANNER PRELIMINARY TO THEIR SALE OR EXCHANGE.

(g) A PERFECTED SECURITY INTEREST IN A CERTIFICATED SECURITY OR INSTRUMENT REMAINS PERFECTED FOR TWENTY DAYS WITHOUT FILING IF THE SECURED PARTY DELIVERS THE SECURITY CERTIFICATE OR INSTRUMENT TO THE DEBTOR FOR THE PURPOSE OF:

(1) ULTIMATE SALE OR EXCHANGE; OR

(2) PRESENTATION, COLLECTION, ENFORCEMENT, RENEWAL, OR REGISTRATION OF TRANSFER.

(h) AFTER THE TWENTY-DAY PERIOD SPECIFIED IN SUBSECTION (e), (f), OR (g) OF THIS SECTION EXPIRES, PERFECTION DEPENDS UPON COMPLIANCE WITH THIS ARTICLE.

4-9-313. When possession by or delivery to secured party perfects security interest without filing. (a) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (b) OF THIS SECTION, A SECURED PARTY MAY PERFECT A SECURITY INTEREST IN NEGOTIABLE DOCUMENTS, GOODS, INSTRUMENTS, MONEY, OR TANGIBLE CHATTEL PAPER BY TAKING POSSESSION OF THE COLLATERAL. A SECURED PARTY MAY PERFECT A SECURITY INTEREST IN CERTIFICATED SECURITIES BY TAKING DELIVERY OF THE CERTIFICATED SECURITIES UNDER SECTION 4-8-301.

(b) WITH RESPECT TO GOODS COVERED BY A CERTIFICATE OF TITLE ISSUED BY THIS STATE, A SECURED PARTY MAY PERFECT A SECURITY INTEREST IN THE GOODS BY TAKING POSSESSION OF THE GOODS ONLY IN THE CIRCUMSTANCES DESCRIBED IN SECTION 4-9-316 (d).

(c) WITH RESPECT TO COLLATERAL OTHER THAN CERTIFICATED SECURITIES AND GOODS COVERED BY A DOCUMENT, A SECURED PARTY TAKES POSSESSION OF COLLATERAL IN THE POSSESSION OF A PERSON OTHER THAN THE DEBTOR, THE SECURED PARTY, OR A LESSEE OF THE COLLATERAL FROM THE DEBTOR IN THE ORDINARY COURSE OF THE DEBTOR'S BUSINESS, WHEN:

(1) THE PERSON IN POSSESSION AUTHENTICATES A RECORD ACKNOWLEDGING THAT IT HOLDS POSSESSION OF THE COLLATERAL FOR THE SECURED PARTY'S BENEFIT; OR

(2) THE PERSON TAKES POSSESSION OF THE COLLATERAL AFTER HAVING AUTHENTICATED A RECORD ACKNOWLEDGING THAT IT WILL HOLD

POSSESSION OF COLLATERAL FOR THE SECURED PARTY'S BENEFIT.

(d) IF PERFECTION OF A SECURITY INTEREST DEPENDS UPON POSSESSION OF THE COLLATERAL BY A SECURED PARTY, PERFECTION OCCURS NO EARLIER THAN THE TIME THE SECURED PARTY TAKES POSSESSION AND CONTINUES ONLY WHILE THE SECURED PARTY RETAINS POSSESSION.

(e) A SECURITY INTEREST IN A CERTIFICATED SECURITY IN REGISTERED FORM IS PERFECTED BY DELIVERY WHEN DELIVERY OF THE CERTIFICATED SECURITY OCCURS UNDER SECTION 4-8-301 AND REMAINS PERFECTED BY DELIVERY UNTIL THE DEBTOR OBTAINS POSSESSION OF THE SECURITY CERTIFICATE.

(f) A PERSON IN POSSESSION OF COLLATERAL IS NOT REQUIRED TO ACKNOWLEDGE THAT IT HOLDS POSSESSION FOR A SECURED PARTY'S BENEFIT.

(g) IF A PERSON ACKNOWLEDGES THAT IT HOLDS POSSESSION FOR THE SECURED PARTY'S BENEFIT:

(1) THE ACKNOWLEDGMENT IS EFFECTIVE UNDER SUBSECTION (c) OF THIS SECTION OR SECTION 4-8-301 (a), EVEN IF THE ACKNOWLEDGMENT VIOLATES THE RIGHTS OF A DEBTOR; AND

(2) UNLESS THE PERSON OTHERWISE AGREES OR LAW OTHER THAN THIS ARTICLE OTHERWISE PROVIDES, THE PERSON DOES NOT OWE ANY DUTY TO THE SECURED PARTY AND IS NOT REQUIRED TO CONFIRM THE ACKNOWLEDGMENT TO ANOTHER PERSON.

(h) A SECURED PARTY HAVING POSSESSION OF COLLATERAL DOES NOT RELINQUISH POSSESSION BY DELIVERING THE COLLATERAL TO A PERSON OTHER THAN THE DEBTOR OR A LESSEE OF THE COLLATERAL FROM

THE DEBTOR IN THE ORDINARY COURSE OF THE DEBTOR'S BUSINESS IF THE PERSON WAS INSTRUCTED BEFORE THE DELIVERY OR IS INSTRUCTED CONTEMPORANEOUSLY WITH THE DELIVERY:

(1) TO HOLD POSSESSION OF THE COLLATERAL FOR THE SECURED PARTY'S BENEFIT; OR

(2) TO REDELIVER THE COLLATERAL TO THE SECURED PARTY.

(i) A SECURED PARTY DOES NOT RELINQUISH POSSESSION, EVEN IF A DELIVERY UNDER SUBSECTION (h) OF THIS SECTION VIOLATES THE RIGHTS OF A DEBTOR. A PERSON TO WHICH COLLATERAL IS DELIVERED UNDER SUBSECTION (h) OF THIS SECTION DOES NOT OWE ANY DUTY TO THE SECURED PARTY AND IS NOT REQUIRED TO CONFIRM THE DELIVERY TO ANOTHER PERSON UNLESS THE PERSON OTHERWISE AGREES OR LAW OTHER THAN THIS ARTICLE OTHERWISE PROVIDES.

4-9-314. Perfection by control. (a) A SECURITY INTEREST IN INVESTMENT PROPERTY, DEPOSIT ACCOUNTS, LETTER-OF-CREDIT RIGHTS, OR ELECTRONIC CHATTEL PAPER MAY BE PERFECTED BY CONTROL OF THE COLLATERAL UNDER SECTION 4-9-104, 4-9-105, 4-9-106, OR 4-9-107.

(b) A SECURITY INTEREST IN DEPOSIT ACCOUNTS, ELECTRONIC CHATTEL PAPER, OR LETTER-OF-CREDIT RIGHTS IS PERFECTED BY CONTROL UNDER SECTION 4-9-104, 4-9-105, OR 4-9-107 WHEN THE SECURED PARTY OBTAINS CONTROL AND REMAINS PERFECTED BY CONTROL ONLY WHILE THE SECURED PARTY RETAINS CONTROL.

(c) A SECURITY INTEREST IN INVESTMENT PROPERTY IS PERFECTED BY CONTROL UNDER SECTION 4-9-106 FROM THE TIME THE SECURED PARTY OBTAINS CONTROL AND REMAINS PERFECTED BY CONTROL UNTIL:

(1) THE SECURED PARTY DOES NOT HAVE CONTROL; AND

(2) ONE OF THE FOLLOWING OCCURS:

(A) IF THE COLLATERAL IS A CERTIFICATED SECURITY, THE DEBTOR HAS OR ACQUIRES POSSESSION OF THE SECURITY CERTIFICATE;

(B) IF THE COLLATERAL IS AN UNCERTIFICATED SECURITY, THE ISSUER HAS REGISTERED OR REGISTERS THE DEBTOR AS THE REGISTERED OWNER; OR

(C) IF THE COLLATERAL IS A SECURITY ENTITLEMENT, THE DEBTOR IS OR BECOMES THE ENTITLEMENT HOLDER.

4-9-315. Secured party's rights on disposition of collateral and in proceeds. (a) EXCEPT AS OTHERWISE PROVIDED IN THIS ARTICLE AND IN SECTION 4-2-403 (2):

(1) A SECURITY INTEREST OR AGRICULTURAL LIEN CONTINUES IN COLLATERAL NOTWITHSTANDING SALE, LEASE, LICENSE, EXCHANGE, OR OTHER DISPOSITION THEREOF UNLESS THE SECURED PARTY AUTHORIZED THE DISPOSITION FREE OF THE SECURITY INTEREST OR AGRICULTURAL LIEN; AND

(2) A SECURITY INTEREST ATTACHES TO ANY IDENTIFIABLE PROCEEDS OF COLLATERAL.

(b) PROCEEDS THAT ARE COMMINGLED WITH OTHER PROPERTY ARE IDENTIFIABLE PROCEEDS:

(1) IF THE PROCEEDS ARE GOODS, TO THE EXTENT PROVIDED BY SECTION 4-9-336; AND

(2) IF THE PROCEEDS ARE NOT GOODS, TO THE EXTENT THAT THE SECURED PARTY IDENTIFIES THE PROCEEDS BY A METHOD OF TRACING, INCLUDING APPLICATION OF EQUITABLE PRINCIPLES, THAT IS PERMITTED UNDER LAW OTHER THAN THIS ARTICLE WITH RESPECT TO COMMINGLED

PROPERTY OF THE TYPE INVOLVED.

(c) A SECURITY INTEREST IN PROCEEDS IS A PERFECTED SECURITY INTEREST IF THE SECURITY INTEREST IN THE ORIGINAL COLLATERAL WAS PERFECTED.

(d) A PERFECTED SECURITY INTEREST IN PROCEEDS BECOMES UNPERFECTED ON THE TWENTY-FIRST DAY AFTER THE SECURITY INTEREST ATTACHES TO THE PROCEEDS UNLESS:

(1) THE FOLLOWING CONDITIONS ARE SATISFIED:

(A) A FILED FINANCING STATEMENT COVERS THE ORIGINAL COLLATERAL;

(B) THE PROCEEDS ARE COLLATERAL IN WHICH A SECURITY INTEREST MAY BE PERFECTED BY FILING IN THE OFFICE IN WHICH THE FINANCING STATEMENT HAS BEEN FILED; AND

(C) THE PROCEEDS ARE NOT ACQUIRED WITH CASH PROCEEDS;

(2) THE PROCEEDS ARE IDENTIFIABLE CASH PROCEEDS; OR

(3) THE SECURITY INTEREST IN THE PROCEEDS IS PERFECTED OTHER THAN UNDER SUBSECTION (c) OF THIS SECTION WHEN THE SECURITY INTEREST ATTACHES TO THE PROCEEDS OR WITHIN TWENTY DAYS THEREAFTER.

(e) IF A FILED FINANCING STATEMENT COVERS THE ORIGINAL COLLATERAL, A SECURITY INTEREST IN PROCEEDS WHICH REMAINS PERFECTED UNDER PARAGRAPH (1) OF SUBSECTION (d) OF THIS SECTION BECOMES UNPERFECTED AT THE LATER OF:

(1) WHEN THE EFFECTIVENESS OF THE FILED FINANCING STATEMENT LAPSES UNDER SECTION 4-9-515 OR IS TERMINATED UNDER SECTION 4-9-513; OR

(2) THE TWENTY-FIRST DAY AFTER THE SECURITY INTEREST ATTACHES TO THE PROCEEDS.

4-9-316. Continued perfection of security interest following change in governing law. (a) A SECURITY INTEREST PERFECTED PURSUANT TO THE LAW OF THE JURISDICTION DESIGNATED IN SECTION 4-9-301 (1) OR 4-9-305 (c) REMAINS PERFECTED UNTIL THE EARLIEST OF:

(1) THE TIME PERFECTION WOULD HAVE CEASED UNDER THE LAW OF THAT JURISDICTION;

(2) THE EXPIRATION OF FOUR MONTHS AFTER A CHANGE OF THE DEBTOR'S LOCATION TO ANOTHER JURISDICTION; OR

(3) THE EXPIRATION OF ONE YEAR AFTER A TRANSFER OF COLLATERAL TO A PERSON THAT THEREBY BECOMES A DEBTOR AND IS LOCATED IN ANOTHER JURISDICTION.

(b) IF A SECURITY INTEREST DESCRIBED IN SUBSECTION (a) OF THIS SECTION BECOMES PERFECTED UNDER THE LAW OF THE OTHER JURISDICTION BEFORE THE EARLIEST TIME OR EVENT DESCRIBED IN THAT SUBSECTION, IT REMAINS PERFECTED THEREAFTER. IF THE SECURITY INTEREST DOES NOT BECOME PERFECTED UNDER THE LAW OF THE OTHER JURISDICTION BEFORE THE EARLIEST TIME OR EVENT, IT BECOMES UNPERFECTED AND IS DEEMED NEVER TO HAVE BEEN PERFECTED AS AGAINST A PURCHASER OF THE COLLATERAL FOR VALUE.

(c) A POSSESSORY SECURITY INTEREST IN COLLATERAL, OTHER THAN GOODS COVERED BY A CERTIFICATE OF TITLE AND AS-EXTRACTED COLLATERAL CONSISTING OF GOODS, REMAINS CONTINUOUSLY PERFECTED IF:

(1) THE COLLATERAL IS LOCATED IN ONE JURISDICTION AND

SUBJECT TO A SECURITY INTEREST PERFECTED UNDER THE LAW OF THAT JURISDICTION;

(2) THEREAFTER THE COLLATERAL IS BROUGHT INTO ANOTHER JURISDICTION; AND

(3) UPON ENTRY INTO THE OTHER JURISDICTION, THE SECURITY INTEREST IS PERFECTED UNDER THE LAW OF THE OTHER JURISDICTION.

(d) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (e) OF THIS SECTION, A SECURITY INTEREST IN GOODS COVERED BY A CERTIFICATE OF TITLE WHICH IS PERFECTED BY ANY METHOD UNDER THE LAW OF ANOTHER JURISDICTION WHEN THE GOODS BECOME COVERED BY A CERTIFICATE OF TITLE FROM THIS STATE REMAINS PERFECTED UNTIL THE SECURITY INTEREST WOULD HAVE BECOME UNPERFECTED UNDER THE LAW OF THE OTHER JURISDICTION HAD THE GOODS NOT BECOME SO COVERED.

(e) A SECURITY INTEREST DESCRIBED IN SUBSECTION (d) OF THIS SECTION BECOMES UNPERFECTED AS AGAINST A PURCHASER OF THE GOODS FOR VALUE AND IS DEEMED NEVER TO HAVE BEEN PERFECTED AS AGAINST A PURCHASER OF THE GOODS FOR VALUE IF THE APPLICABLE REQUIREMENTS FOR PERFECTION UNDER SECTION 4-9-311 (b) OR 4-9-313 ARE NOT SATISFIED BEFORE THE EARLIER OF:

(1) THE TIME THE SECURITY INTEREST WOULD HAVE BECOME UNPERFECTED UNDER THE LAW OF THE OTHER JURISDICTION HAD THE GOODS NOT BECOME COVERED BY A CERTIFICATE OF TITLE FROM THIS STATE; OR

(2) THE EXPIRATION OF FOUR MONTHS AFTER THE GOODS HAD BECOME SO COVERED.

(f) A SECURITY INTEREST IN DEPOSIT ACCOUNTS,

LETTER-OF-CREDIT RIGHTS, OR INVESTMENT PROPERTY WHICH IS PERFECTED UNDER THE LAW OF THE BANK'S JURISDICTION, THE ISSUER'S JURISDICTION, A NOMINATED PERSON'S JURISDICTION, THE SECURITIES INTERMEDIARY'S JURISDICTION, OR THE COMMODITY INTERMEDIARY'S JURISDICTION, AS APPLICABLE, REMAINS PERFECTED UNTIL THE EARLIER OF:

(1) THE TIME THE SECURITY INTEREST WOULD HAVE BECOME UNPERFECTED UNDER THE LAW OF THAT JURISDICTION; OR

(2) THE EXPIRATION OF FOUR MONTHS AFTER A CHANGE OF THE APPLICABLE JURISDICTION TO ANOTHER JURISDICTION.

(g) IF A SECURITY INTEREST DESCRIBED IN SUBSECTION (f) OF THIS SECTION BECOMES PERFECTED UNDER THE LAW OF THE OTHER JURISDICTION BEFORE THE EARLIER OF THE TIME OR THE END OF THE PERIOD DESCRIBED IN THAT SUBSECTION, IT REMAINS PERFECTED THEREAFTER. IF THE SECURITY INTEREST DOES NOT BECOME PERFECTED UNDER THE LAW OF THE OTHER JURISDICTION BEFORE THE EARLIER OF THAT TIME OR THE END OF THAT PERIOD, IT BECOMES UNPERFECTED AND IS DEEMED NEVER TO HAVE BEEN PERFECTED AS AGAINST A PURCHASER OF THE COLLATERAL FOR VALUE.

4-9-317. Interests that take priority over or take free of security interest or agricultural lien. (a) A SECURITY INTEREST OR AGRICULTURAL LIEN IS SUBORDINATE TO THE RIGHTS OF:

(1) A PERSON ENTITLED TO PRIORITY UNDER SECTION 4-9-322; AND

(2) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (e) OF THIS SECTION, A PERSON THAT BECOMES A LIEN CREDITOR BEFORE THE EARLIER OF THE TIME:

(A) THE SECURITY INTEREST OR AGRICULTURAL LIEN IS PERFECTED; OR

(B) ONE OF THE CONDITIONS SPECIFIED IN SECTION 4-9-203 (b) (3) IS MET AND A FINANCING STATEMENT COVERING THE COLLATERAL IS FILED.

(b) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (e) OF THIS SECTION, A BUYER, OTHER THAN A SECURED PARTY, OF TANGIBLE CHATTEL PAPER, DOCUMENTS, GOODS, INSTRUMENTS, OR A SECURITY CERTIFICATE TAKES FREE OF A SECURITY INTEREST OR AGRICULTURAL LIEN IF THE BUYER GIVES VALUE AND RECEIVES DELIVERY OF THE COLLATERAL WITHOUT KNOWLEDGE OF THE SECURITY INTEREST OR AGRICULTURAL LIEN AND BEFORE IT IS PERFECTED.

(c) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (e) OF THIS SECTION, A LESSEE OF GOODS TAKES FREE OF A SECURITY INTEREST OR AGRICULTURAL LIEN IF THE LESSEE GIVES VALUE AND RECEIVES DELIVERY OF THE COLLATERAL WITHOUT KNOWLEDGE OF THE SECURITY INTEREST OR AGRICULTURAL LIEN AND BEFORE IT IS PERFECTED.

(d) A LICENSEE OF A GENERAL INTANGIBLE OR A BUYER, OTHER THAN A SECURED PARTY, OF ACCOUNTS, ELECTRONIC CHATTEL PAPER, GENERAL INTANGIBLES, OR INVESTMENT PROPERTY OTHER THAN A CERTIFICATED SECURITY TAKES FREE OF A SECURITY INTEREST IF THE LICENSEE OR BUYER GIVES VALUE WITHOUT KNOWLEDGE OF THE SECURITY INTEREST AND BEFORE IT IS PERFECTED.

(e) EXCEPT AS OTHERWISE PROVIDED IN SECTIONS 4-9-320 AND 4-9-321, IF A PERSON FILES A FINANCING STATEMENT WITH RESPECT TO A PURCHASE-MONEY SECURITY INTEREST BEFORE OR WITHIN TWENTY DAYS

AFTER THE DEBTOR RECEIVES DELIVERY OF THE COLLATERAL, THE SECURITY INTEREST TAKES PRIORITY OVER THE RIGHTS OF A BUYER, LESSEE, OR LIEN CREDITOR WHICH ARISE BETWEEN THE TIME THE SECURITY INTEREST ATTACHES AND THE TIME OF FILING.

4-9-318. No interest retained in right to payment that is sold - rights and title of seller of account or chattel paper with respect to creditors and purchasers. (a) A DEBTOR THAT HAS SOLD AN ACCOUNT, CHATTEL PAPER, PAYMENT INTANGIBLE, OR PROMISSORY NOTE DOES NOT RETAIN A LEGAL OR EQUITABLE INTEREST IN THE COLLATERAL SOLD.

(b) FOR PURPOSES OF DETERMINING THE RIGHTS OF CREDITORS OF, AND PURCHASERS FOR VALUE OF AN ACCOUNT OR CHATTEL PAPER FROM, A DEBTOR THAT HAS SOLD AN ACCOUNT OR CHATTEL PAPER, WHILE THE BUYER'S SECURITY INTEREST IS UNPERFECTED, THE DEBTOR IS DEEMED TO HAVE RIGHTS AND TITLE TO THE ACCOUNT OR CHATTEL PAPER IDENTICAL TO THOSE THE DEBTOR SOLD.

4-9-319. Rights and title of consignee with respect to creditors and purchasers. (a) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (b) OF THIS SECTION, FOR PURPOSES OF DETERMINING THE RIGHTS OF CREDITORS OF, AND PURCHASERS FOR VALUE OF GOODS FROM, A CONSIGNEE, WHILE THE GOODS ARE IN THE POSSESSION OF THE CONSIGNEE, THE CONSIGNEE IS DEEMED TO HAVE RIGHTS AND TITLE TO THE GOODS IDENTICAL TO THOSE THE CONSIGNOR HAD OR HAD POWER TO TRANSFER.

(b) FOR PURPOSES OF DETERMINING THE RIGHTS OF A CREDITOR OF A CONSIGNEE, LAW OTHER THAN THIS ARTICLE DETERMINES THE RIGHTS AND TITLE OF A CONSIGNEE WHILE GOODS ARE IN THE CONSIGNEE'S POSSESSION IF, UNDER THIS PART 3, A PERFECTED SECURITY INTEREST HELD

BY THE CONSIGNOR WOULD HAVE PRIORITY OVER THE RIGHTS OF THE CREDITOR.

4-9-320. Buyer of goods. (a) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (e) OF THIS SECTION, A BUYER IN ORDINARY COURSE OF BUSINESS, OTHER THAN A PERSON BUYING FARM PRODUCTS FROM A PERSON ENGAGED IN FARMING OPERATIONS, TAKES FREE OF A SECURITY INTEREST CREATED BY THE BUYER'S SELLER, EVEN IF THE SECURITY INTEREST IS PERFECTED AND THE BUYER KNOWS OF ITS EXISTENCE.

(b) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (e) OF THIS SECTION, A BUYER OF GOODS FROM A PERSON WHO USED OR BOUGHT THE GOODS FOR USE PRIMARILY FOR PERSONAL, FAMILY, OR HOUSEHOLD PURPOSES TAKES FREE OF A SECURITY INTEREST, EVEN IF PERFECTED, IF THE BUYER BUYS:

(1) WITHOUT KNOWLEDGE OF THE SECURITY INTEREST;

(2) FOR VALUE;

(3) PRIMARILY FOR THE BUYER'S PERSONAL, FAMILY, OR HOUSEHOLD PURPOSES; AND

(4) BEFORE THE FILING OF A FINANCING STATEMENT COVERING THE GOODS.

(c) TO THE EXTENT THAT IT AFFECTS THE PRIORITY OF A SECURITY INTEREST OVER A BUYER OF GOODS UNDER SUBSECTION (b) OF THIS SECTION, THE PERIOD OF EFFECTIVENESS OF A FILING MADE IN THE JURISDICTION IN WHICH THE SELLER IS LOCATED IS GOVERNED BY SECTION 4-9-316 (a) AND (b).

(d) A BUYER IN ORDINARY COURSE OF BUSINESS BUYING OIL, GAS, OR OTHER MINERALS AT THE WELLHEAD OR MINEHEAD OR AFTER

EXTRACTION TAKES FREE OF AN INTEREST ARISING OUT OF AN ENCUMBRANCE.

(e) SUBSECTIONS (a) AND (b) OF THIS SECTION DO NOT AFFECT A SECURITY INTEREST IN GOODS IN THE POSSESSION OF THE SECURED PARTY UNDER SECTION 4-9-313.

4-9-321. Licensee of general intangible and lessee of goods in ordinary course of business. (a) IN THIS SECTION, "LICENSEE IN ORDINARY COURSE OF BUSINESS" MEANS A PERSON THAT BECOMES A LICENSEE OF A GENERAL INTANGIBLE IN GOOD FAITH, WITHOUT KNOWLEDGE THAT THE LICENSE VIOLATES THE RIGHTS OF ANOTHER PERSON IN THE GENERAL INTANGIBLE, AND IN THE ORDINARY COURSE FROM A PERSON IN THE BUSINESS OF LICENSING GENERAL INTANGIBLES OF THAT KIND. A PERSON BECOMES A LICENSEE IN THE ORDINARY COURSE IF THE LICENSE TO THE PERSON COMPORTS WITH THE USUAL OR CUSTOMARY PRACTICES IN THE KIND OF BUSINESS IN WHICH THE LICENSOR IS ENGAGED OR WITH THE LICENSOR'S OWN USUAL OR CUSTOMARY PRACTICES.

(b) A LICENSEE IN ORDINARY COURSE OF BUSINESS TAKES ITS RIGHTS UNDER A NONEXCLUSIVE LICENSE FREE OF A SECURITY INTEREST IN THE GENERAL INTANGIBLE CREATED BY THE LICENSOR, EVEN IF THE SECURITY INTEREST IS PERFECTED AND THE LICENSEE KNOWS OF ITS EXISTENCE.

(c) A LESSEE IN ORDINARY COURSE OF BUSINESS TAKES ITS LEASEHOLD INTEREST FREE OF A SECURITY INTEREST IN THE GOODS CREATED BY THE LESSOR, EVEN IF THE SECURITY INTEREST IS PERFECTED AND THE LESSEE KNOWS OF ITS EXISTENCE.

4-9-322. Priorities among conflicting security interests in and

agricultural liens on same collateral. (a) EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, PRIORITY AMONG CONFLICTING SECURITY INTERESTS AND AGRICULTURAL LIENS IN THE SAME COLLATERAL IS DETERMINED ACCORDING TO THE FOLLOWING RULES:

(1) CONFLICTING PERFECTED SECURITY INTERESTS AND AGRICULTURAL LIENS RANK ACCORDING TO PRIORITY IN TIME OF FILING OR PERFECTION. PRIORITY DATES FROM THE EARLIER OF THE TIME A FILING COVERING THE COLLATERAL IS FIRST MADE OR THE SECURITY INTEREST OR AGRICULTURAL LIEN IS FIRST PERFECTED, IF THERE IS NO PERIOD THEREAFTER WHEN THERE IS NEITHER FILING NOR PERFECTION.

(2) A PERFECTED SECURITY INTEREST OR AGRICULTURAL LIEN HAS PRIORITY OVER A CONFLICTING UNPERFECTED SECURITY INTEREST OR AGRICULTURAL LIEN.

(3) THE FIRST SECURITY INTEREST OR AGRICULTURAL LIEN TO ATTACH OR BECOME EFFECTIVE HAS PRIORITY IF CONFLICTING SECURITY INTERESTS AND AGRICULTURAL LIENS ARE UNPERFECTED.

(b) FOR THE PURPOSES OF PARAGRAPH (1) OF SUBSECTION (a) OF THIS SECTION:

(1) THE TIME OF FILING OR PERFECTION AS TO A SECURITY INTEREST IN COLLATERAL IS ALSO THE TIME OF FILING OR PERFECTION AS TO A SECURITY INTEREST IN PROCEEDS; AND

(2) THE TIME OF FILING OR PERFECTION AS TO A SECURITY INTEREST IN COLLATERAL SUPPORTED BY A SUPPORTING OBLIGATION IS ALSO THE TIME OF FILING OR PERFECTION AS TO A SECURITY INTEREST IN THE SUPPORTING OBLIGATION.

(c) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (f) OF THIS

SECTION, A SECURITY INTEREST IN COLLATERAL WHICH QUALIFIES FOR PRIORITY OVER A CONFLICTING SECURITY INTEREST UNDER SECTION 4-9-327, 4-9-328, 4-9-329, 4-9-330, OR 4-9-331 ALSO HAS PRIORITY OVER A CONFLICTING SECURITY INTEREST IN:

(1) ANY SUPPORTING OBLIGATION FOR THE COLLATERAL; AND

(2) PROCEEDS OF THE COLLATERAL IF:

(A) THE SECURITY INTEREST IN PROCEEDS IS PERFECTED;

(B) THE PROCEEDS ARE CASH PROCEEDS OR OF THE SAME TYPE AS THE COLLATERAL; AND

(C) IN THE CASE OF PROCEEDS THAT ARE PROCEEDS OF PROCEEDS, ALL INTERVENING PROCEEDS ARE CASH PROCEEDS, PROCEEDS OF THE SAME TYPE AS THE COLLATERAL, OR AN ACCOUNT RELATING TO THE COLLATERAL.

(d) SUBJECT TO SUBSECTION (e) OF THIS SECTION AND EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (f) OF THIS SECTION, IF A SECURITY INTEREST IN CHATTEL PAPER, DEPOSIT ACCOUNTS, NEGOTIABLE DOCUMENTS, INSTRUMENTS, INVESTMENT PROPERTY, OR LETTER-OF-CREDIT RIGHTS IS PERFECTED BY A METHOD OTHER THAN FILING, CONFLICTING PERFECTED SECURITY INTERESTS IN PROCEEDS OF THE COLLATERAL RANK ACCORDING TO PRIORITY IN TIME OF FILING.

(e) SUBSECTION (d) OF THIS SECTION APPLIES ONLY IF THE PROCEEDS OF THE COLLATERAL ARE NOT CASH PROCEEDS, CHATTEL PAPER, NEGOTIABLE DOCUMENTS, INSTRUMENTS, INVESTMENT PROPERTY, OR LETTER-OF-CREDIT RIGHTS.

(f) SUBSECTIONS (a) TO (e) OF THIS SECTION ARE SUBJECT TO:

(1) SUBSECTION (g) OF THIS SECTION AND THE OTHER PROVISIONS

OF THIS PART 3;

(2) SECTION 4-4-210 WITH RESPECT TO A SECURITY INTEREST OF A COLLECTING BANK;

(3) SECTION 4-5-117.5 WITH RESPECT TO A SECURITY INTEREST OF AN ISSUER OR NOMINATED PERSON; AND

(4) SECTION 4-9-110 WITH RESPECT TO A SECURITY INTEREST ARISING UNDER ARTICLE 2 OR 2.5 OF THIS TITLE.

(g) A PERFECTED AGRICULTURAL LIEN ON COLLATERAL HAS PRIORITY OVER A CONFLICTING SECURITY INTEREST IN OR AGRICULTURAL LIEN ON THE SAME COLLATERAL IF THE STATUTE CREATING THE AGRICULTURAL LIEN SO PROVIDES.

4-9-323. Future advances. (a) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (c) OF THIS SECTION, FOR PURPOSES OF DETERMINING THE PRIORITY OF A PERFECTED SECURITY INTEREST UNDER SECTION 4-9-322 (a) (1), PERFECTION OF THE SECURITY INTEREST DATES FROM THE TIME AN ADVANCE IS MADE TO THE EXTENT THAT THE SECURITY INTEREST SECURES AN ADVANCE THAT:

(1) IS MADE WHILE THE SECURITY INTEREST IS PERFECTED ONLY:

(A) UNDER SECTION 4-9-309 WHEN IT ATTACHES; OR

(B) TEMPORARILY UNDER SECTION 4-9-312 (e), (f), OR (g); AND

(2) IS NOT MADE PURSUANT TO A COMMITMENT ENTERED INTO BEFORE OR WHILE THE SECURITY INTEREST IS PERFECTED BY A METHOD OTHER THAN UNDER SECTION 4-9-309 OR 4-9-312 (e), (f), OR (g).

(b) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (c) OF THIS SECTION, A SECURITY INTEREST IS SUBORDINATE TO THE RIGHTS OF A PERSON THAT BECOMES A LIEN CREDITOR TO THE EXTENT THAT THE

SECURITY INTEREST SECURES AN ADVANCE MADE MORE THAN FORTY-FIVE DAYS AFTER THE PERSON BECOMES A LIEN CREDITOR UNLESS THE ADVANCE IS MADE:

(1) WITHOUT KNOWLEDGE OF THE LIEN; OR

(2) PURSUANT TO A COMMITMENT ENTERED INTO WITHOUT KNOWLEDGE OF THE LIEN.

(c) SUBSECTIONS (a) AND (b) OF THIS SECTION DO NOT APPLY TO A SECURITY INTEREST HELD BY A SECURED PARTY THAT IS A BUYER OF ACCOUNTS, CHATTEL PAPER, PAYMENT INTANGIBLES, OR PROMISSORY NOTES OR A CONSIGNOR.

(d) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (e) OF THIS SECTION, A BUYER OF GOODS OTHER THAN A BUYER IN ORDINARY COURSE OF BUSINESS TAKES FREE OF A SECURITY INTEREST TO THE EXTENT THAT IT SECURES ADVANCES MADE AFTER THE EARLIER OF:

(1) THE TIME THE SECURED PARTY ACQUIRES KNOWLEDGE OF THE BUYER'S PURCHASE; OR

(2) FORTY-FIVE DAYS AFTER THE PURCHASE.

(e) SUBSECTION (d) OF THIS SECTION DOES NOT APPLY IF THE ADVANCE IS MADE PURSUANT TO A COMMITMENT ENTERED INTO WITHOUT KNOWLEDGE OF THE BUYER'S PURCHASE AND BEFORE THE EXPIRATION OF THE FORTY-FIVE-DAY PERIOD.

(f) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (g) OF THIS SECTION, A LESSEE OF GOODS, OTHER THAN A LESSEE IN ORDINARY COURSE OF BUSINESS, TAKES THE LEASEHOLD INTEREST FREE OF A SECURITY INTEREST TO THE EXTENT THAT IT SECURES ADVANCES MADE AFTER THE EARLIER OF:

(1) THE TIME THE SECURED PARTY ACQUIRES KNOWLEDGE OF THE LEASE; OR

(2) FORTY-FIVE DAYS AFTER THE LEASE CONTRACT BECOMES ENFORCEABLE.

(g) SUBSECTION (f) OF THIS SECTION DOES NOT APPLY IF THE ADVANCE IS MADE PURSUANT TO A COMMITMENT ENTERED INTO WITHOUT KNOWLEDGE OF THE LEASE AND BEFORE THE EXPIRATION OF THE FORTY-FIVE-DAY PERIOD.

4-9-324. Priority of purchase-money security interests. (a) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (g) OF THIS SECTION, A PERFECTED PURCHASE-MONEY SECURITY INTEREST IN GOODS OTHER THAN INVENTORY OR LIVESTOCK HAS PRIORITY OVER A CONFLICTING SECURITY INTEREST IN THE SAME GOODS, AND, EXCEPT AS OTHERWISE PROVIDED IN SECTION 4-9-327, A PERFECTED SECURITY INTEREST IN ITS IDENTIFIABLE PROCEEDS ALSO HAS PRIORITY, IF THE PURCHASE-MONEY SECURITY INTEREST IS PERFECTED WHEN THE DEBTOR RECEIVES POSSESSION OF THE COLLATERAL OR WITHIN TWENTY DAYS THEREAFTER.

(b) SUBJECT TO SUBSECTION (c) OF THIS SECTION AND EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (g) OF THIS SECTION, A PERFECTED PURCHASE-MONEY SECURITY INTEREST IN INVENTORY HAS PRIORITY OVER A CONFLICTING SECURITY INTEREST IN THE SAME INVENTORY, HAS PRIORITY OVER A CONFLICTING SECURITY INTEREST IN CHATTEL PAPER OR AN INSTRUMENT CONSTITUTING PROCEEDS OF THE INVENTORY AND IN PROCEEDS OF THE CHATTEL PAPER, IF SO PROVIDED IN SECTION 4-9-330, AND, EXCEPT AS OTHERWISE PROVIDED IN SECTION 4-9-327, ALSO HAS PRIORITY IN IDENTIFIABLE CASH PROCEEDS OF THE INVENTORY TO THE

EXTENT THE IDENTIFIABLE CASH PROCEEDS ARE RECEIVED ON OR BEFORE THE DELIVERY OF THE INVENTORY TO A BUYER, IF:

(1) THE PURCHASE-MONEY SECURITY INTEREST IS PERFECTED WHEN THE DEBTOR RECEIVES POSSESSION OF THE INVENTORY;

(2) THE PURCHASE-MONEY SECURED PARTY SENDS AN AUTHENTICATED NOTIFICATION TO THE HOLDER OF THE CONFLICTING SECURITY INTEREST;

(3) THE HOLDER OF THE CONFLICTING SECURITY INTEREST RECEIVES THE NOTIFICATION WITHIN FIVE YEARS BEFORE THE DEBTOR RECEIVES POSSESSION OF THE INVENTORY; AND

(4) THE NOTIFICATION STATES THAT THE PERSON SENDING THE NOTIFICATION HAS OR EXPECTS TO ACQUIRE A PURCHASE-MONEY SECURITY INTEREST IN INVENTORY OF THE DEBTOR AND DESCRIBES THE INVENTORY.

(c) PARAGRAPHS (2) TO (4) OF SUBSECTION (b) OF THIS SECTION APPLY ONLY IF THE HOLDER OF THE CONFLICTING SECURITY INTEREST HAD FILED A FINANCING STATEMENT COVERING THE SAME TYPES OF INVENTORY:

(1) IF THE PURCHASE-MONEY SECURITY INTEREST IS PERFECTED BY FILING, BEFORE THE DATE OF THE FILING; OR

(2) IF THE PURCHASE-MONEY SECURITY INTEREST IS TEMPORARILY PERFECTED WITHOUT FILING OR POSSESSION UNDER SECTION 4-9-312 (f), BEFORE THE BEGINNING OF THE TWENTY-DAY PERIOD THEREUNDER.

(d) SUBJECT TO SUBSECTION (e) OF THIS SECTION AND EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (g) OF THIS SECTION, A PERFECTED PURCHASE-MONEY SECURITY INTEREST IN LIVESTOCK THAT ARE FARM PRODUCTS HAS PRIORITY OVER A CONFLICTING SECURITY INTEREST IN THE

SAME LIVESTOCK, AND, EXCEPT AS OTHERWISE PROVIDED IN SECTION 4-9-327, A PERFECTED SECURITY INTEREST IN THEIR IDENTIFIABLE PROCEEDS AND IDENTIFIABLE PRODUCTS IN THEIR UNMANUFACTURED STATES ALSO HAS PRIORITY, IF:

(1) THE PURCHASE-MONEY SECURITY INTEREST IS PERFECTED WHEN THE DEBTOR RECEIVES POSSESSION OF THE LIVESTOCK;

(2) THE PURCHASE-MONEY SECURED PARTY SENDS AN AUTHENTICATED NOTIFICATION TO THE HOLDER OF THE CONFLICTING SECURITY INTEREST;

(3) THE HOLDER OF THE CONFLICTING SECURITY INTEREST RECEIVES THE NOTIFICATION WITHIN SIX MONTHS BEFORE THE DEBTOR RECEIVES POSSESSION OF THE LIVESTOCK; AND

(4) THE NOTIFICATION STATES THAT THE PERSON SENDING THE NOTIFICATION HAS OR EXPECTS TO ACQUIRE A PURCHASE-MONEY SECURITY INTEREST IN LIVESTOCK OF THE DEBTOR AND DESCRIBES THE LIVESTOCK.

(e) PARAGRAPHS (2) TO (4) OF SUBSECTION (d) OF THIS SECTION APPLY ONLY IF THE HOLDER OF THE CONFLICTING SECURITY INTEREST HAD FILED A FINANCING STATEMENT COVERING THE SAME TYPES OF LIVESTOCK:

(1) IF THE PURCHASE-MONEY SECURITY INTEREST IS PERFECTED BY FILING, BEFORE THE DATE OF THE FILING; OR

(2) IF THE PURCHASE-MONEY SECURITY INTEREST IS TEMPORARILY PERFECTED WITHOUT FILING OR POSSESSION UNDER SECTION 4-9-312 (f), BEFORE THE BEGINNING OF THE TWENTY-DAY PERIOD THEREUNDER.

(f) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (g) OF THIS SECTION, A PERFECTED PURCHASE-MONEY SECURITY INTEREST IN SOFTWARE HAS PRIORITY OVER A CONFLICTING SECURITY INTEREST IN THE

SAME COLLATERAL, AND, EXCEPT AS OTHERWISE PROVIDED IN SECTION 4-9-327, A PERFECTED SECURITY INTEREST IN ITS IDENTIFIABLE PROCEEDS ALSO HAS PRIORITY, TO THE EXTENT THAT THE PURCHASE-MONEY SECURITY INTEREST IN THE GOODS IN WHICH THE SOFTWARE WAS ACQUIRED FOR USE HAS PRIORITY IN THE GOODS AND PROCEEDS OF THE GOODS UNDER THIS SECTION.

(g) IF MORE THAN ONE SECURITY INTEREST QUALIFIES FOR PRIORITY IN THE SAME COLLATERAL UNDER SUBSECTION (a), (b), (d), OR (f) OF THIS SECTION:

(1) A SECURITY INTEREST SECURING AN OBLIGATION INCURRED AS ALL OR PART OF THE PRICE OF THE COLLATERAL HAS PRIORITY OVER A SECURITY INTEREST SECURING AN OBLIGATION INCURRED FOR VALUE GIVEN TO ENABLE THE DEBTOR TO ACQUIRE RIGHTS IN OR THE USE OF COLLATERAL; AND

(2) IN ALL OTHER CASES, SECTION 4-9-322 (a) APPLIES TO THE QUALIFYING SECURITY INTERESTS.

4-9-324.5. Priority of production-money security interests and agricultural liens. (a) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTIONS (c), (d), AND (e) OF THIS SECTION, IF THE REQUIREMENTS OF SUBSECTION (b) OF THIS SECTION ARE SATISFIED, A PERFECTED PRODUCTION-MONEY SECURITY INTEREST IN PRODUCTION-MONEY CROPS HAS PRIORITY OVER A CONFLICTING SECURITY INTEREST IN THE SAME CROPS AND, EXCEPT AS OTHERWISE PROVIDED IN SECTION 4-9-327, ALSO HAS PRIORITY IN THEIR IDENTIFIABLE PROCEEDS.

(b) A PRODUCTION-MONEY SECURITY INTEREST HAS PRIORITY UNDER SUBSECTION (a) OF THIS SECTION IF:

(1) THE PRODUCTION-MONEY SECURITY INTEREST IS PERFECTED BY FILING WHEN THE PRODUCTION-MONEY SECURED PARTY FIRST GIVES NEW VALUE TO ENABLE THE DEBTOR TO PRODUCE THE CROPS;

(2) THE PRODUCTION-MONEY SECURED PARTY SENDS AN AUTHENTICATED NOTIFICATION TO THE HOLDER OF THE CONFLICTING SECURITY INTEREST NOT LESS THEN TEN OR MORE THAN THIRTY DAYS BEFORE THE PRODUCTION-MONEY SECURED PARTY FIRST GIVES NEW VALUE TO ENABLE THE DEBTOR TO PRODUCE THE CROPS IF THE HOLDER HAD FILED A FINANCING STATEMENT COVERING THE CROPS BEFORE THE DATE OF THE FILING MADE BY THE PRODUCTION-MONEY SECURED PARTY; AND

(3) THE NOTIFICATION STATES THAT THE PRODUCTION-MONEY SECURED PARTY HAS OR EXPECTS TO ACQUIRE A PRODUCTION-MONEY SECURITY INTEREST IN THE DEBTOR'S CROPS AND PROVIDES A DESCRIPTION OF THE CROPS.

(c) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (d) OR (e) OF THIS SECTION, IF MORE THAN ONE SECURITY INTEREST QUALIFIES FOR PRIORITY IN THE SAME COLLATERAL UNDER SUBSECTION (a) OF THIS SECTION, THE SECURITY INTERESTS RANK ACCORDING TO PRIORITY IN TIME OF FILING UNDER SECTION 4-9-322 (a).

(d) TO THE EXTENT THAT A PERSON HOLDING A PERFECTED SECURITY INTEREST IN PRODUCTION-MONEY CROPS THAT ARE THE SUBJECT OF A PRODUCTION-MONEY SECURITY INTEREST GIVES NEW VALUE TO ENABLE THE DEBTOR TO PRODUCE THE PRODUCTION-MONEY CROPS AND THE VALUE IS IN FACT USED FOR THE PRODUCTION OF THE PRODUCTION-MONEY CROPS, THE SECURITY INTERESTS RANK ACCORDING

TO PRIORITY IN TIME OF FILING UNDER SECTION 4-9-322 (a).

(e) TO THE EXTENT THAT A PERSON HOLDS BOTH AN AGRICULTURAL LIEN AND A PRODUCTION-MONEY SECURITY INTEREST IN THE SAME COLLATERAL SECURING THE SAME OBLIGATIONS, THE RULES OF PRIORITY APPLICABLE TO AGRICULTURAL LIENS GOVERN PRIORITY.

4-9-325. Priority of security interests in transferred collateral.

(a) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (b) OF THIS SECTION, A SECURITY INTEREST CREATED BY A DEBTOR IS SUBORDINATE TO A SECURITY INTEREST IN THE SAME COLLATERAL CREATED BY ANOTHER PERSON IF:

(1) THE DEBTOR ACQUIRED THE COLLATERAL SUBJECT TO THE SECURITY INTEREST CREATED BY THE OTHER PERSON;

(2) THE SECURITY INTEREST CREATED BY THE OTHER PERSON WAS PERFECTED WHEN THE DEBTOR ACQUIRED THE COLLATERAL; AND

(3) THERE IS NO PERIOD THEREAFTER WHEN THE SECURITY INTEREST IS UNPERFECTED.

(b) SUBSECTION (a) SUBORDINATES A SECURITY INTEREST ONLY IF THE SECURITY INTEREST:

(1) OTHERWISE WOULD HAVE PRIORITY SOLELY UNDER SECTION 4-9-322 (a) OR 4-9-324; OR

(2) AROSE SOLELY UNDER SECTION 4-2-711 (3) OR 4-2.5-508 (5).

4-9-326. Priority of security interests created by new debtor.

(a) SUBJECT TO SUBSECTION (b) OF THIS SECTION, A SECURITY INTEREST CREATED BY A NEW DEBTOR WHICH IS PERFECTED BY A FILED FINANCING STATEMENT THAT IS EFFECTIVE SOLELY UNDER SECTION 4-9-508 IN COLLATERAL IN WHICH A NEW DEBTOR HAS OR ACQUIRES RIGHTS IS

SUBORDINATE TO A SECURITY INTEREST IN THE SAME COLLATERAL WHICH IS PERFECTED OTHER THAN BY A FILED FINANCING STATEMENT THAT IS EFFECTIVE SOLELY UNDER SECTION 4-9-508.

(b) THE OTHER PROVISIONS OF THIS PART 3 DETERMINE THE PRIORITY AMONG CONFLICTING SECURITY INTERESTS IN THE SAME COLLATERAL PERFECTED BY FILED FINANCING STATEMENTS THAT ARE EFFECTIVE SOLELY UNDER SECTION 4-9-508. HOWEVER, IF THE SECURITY AGREEMENTS TO WHICH A NEW DEBTOR BECAME BOUND AS DEBTOR WERE NOT ENTERED INTO BY THE SAME ORIGINAL DEBTOR, THE CONFLICTING SECURITY INTERESTS RANK ACCORDING TO PRIORITY IN TIME OF THE NEW DEBTOR'S HAVING BECOME BOUND.

4-9-327. Priority of security interests in deposit account. THE FOLLOWING RULES GOVERN PRIORITY AMONG CONFLICTING SECURITY INTERESTS IN THE SAME DEPOSIT ACCOUNT:

(1) A SECURITY INTEREST HELD BY A SECURED PARTY HAVING CONTROL OF THE DEPOSIT ACCOUNT UNDER SECTION 4-9-104 HAS PRIORITY OVER A CONFLICTING SECURITY INTEREST HELD BY A SECURED PARTY THAT DOES NOT HAVE CONTROL.

(2) EXCEPT AS OTHERWISE PROVIDED IN PARAGRAPHS (3) AND (4) OF THIS SECTION, SECURITY INTERESTS PERFECTED BY CONTROL UNDER SECTION 4-9-314 RANK ACCORDING TO PRIORITY IN TIME OF OBTAINING CONTROL.

(3) EXCEPT AS OTHERWISE PROVIDED IN PARAGRAPH (4) OF THIS SECTION, A SECURITY INTEREST HELD BY THE BANK WITH WHICH THE DEPOSIT ACCOUNT IS MAINTAINED HAS PRIORITY OVER A CONFLICTING SECURITY INTEREST HELD BY ANOTHER SECURED PARTY.

(4) A SECURITY INTEREST PERFECTED BY CONTROL UNDER SECTION 4-9-104 (a) (3) HAS PRIORITY OVER A SECURITY INTEREST HELD BY THE BANK WITH WHICH THE DEPOSIT ACCOUNT IS MAINTAINED.

4-9-328. Priority of security interests in investment property. THE FOLLOWING RULES GOVERN PRIORITY AMONG CONFLICTING SECURITY INTERESTS IN THE SAME INVESTMENT PROPERTY:

(1) A SECURITY INTEREST HELD BY A SECURED PARTY HAVING CONTROL OF INVESTMENT PROPERTY UNDER SECTION 4-9-106 HAS PRIORITY OVER A SECURITY INTEREST HELD BY A SECURED PARTY THAT DOES NOT HAVE CONTROL OF THE INVESTMENT PROPERTY.

(2) EXCEPT AS OTHERWISE PROVIDED IN PARAGRAPHS (3) AND (4) OF THIS SECTION, CONFLICTING SECURITY INTERESTS HELD BY SECURED PARTIES EACH OF WHICH HAS CONTROL UNDER SECTION 4-9-106 RANK ACCORDING TO PRIORITY IN TIME OF:

(A) IF THE COLLATERAL IS A SECURITY, OBTAINING CONTROL;

(B) IF THE COLLATERAL IS A SECURITY ENTITLEMENT CARRIED IN A SECURITIES ACCOUNT AND:

(i) IF THE SECURED PARTY OBTAINED CONTROL UNDER SECTION 4-8-106 (d) (1), THE SECURED PARTY'S BECOMING THE PERSON FOR WHICH THE SECURITIES ACCOUNT IS MAINTAINED;

(ii) IF THE SECURED PARTY OBTAINED CONTROL UNDER SECTION 4-8-106 (d) (2), THE SECURITIES INTERMEDIARY'S AGREEMENT TO COMPLY WITH THE SECURED PARTY'S ENTITLEMENT ORDERS WITH RESPECT TO SECURITY ENTITLEMENTS CARRIED OR TO BE CARRIED IN THE SECURITIES ACCOUNT; OR

(iii) IF THE SECURED PARTY OBTAINED CONTROL THROUGH

ANOTHER PERSON UNDER SECTION 4-8-106 (d) (3), THE TIME ON WHICH PRIORITY WOULD BE BASED UNDER THIS PARAGRAPH IF THE OTHER PERSON WERE THE SECURED PARTY; OR

(C) IF THE COLLATERAL IS A COMMODITY CONTRACT CARRIED WITH A COMMODITY INTERMEDIARY, THE SATISFACTION OF THE REQUIREMENT FOR CONTROL SPECIFIED IN SECTION 4-9-106 (b) (2) WITH RESPECT TO COMMODITY CONTRACTS CARRIED OR TO BE CARRIED WITH THE COMMODITY INTERMEDIARY.

(3) A SECURITY INTEREST HELD BY A SECURITIES INTERMEDIARY IN A SECURITY ENTITLEMENT OR A SECURITIES ACCOUNT MAINTAINED WITH THE SECURITIES INTERMEDIARY HAS PRIORITY OVER A CONFLICTING SECURITY INTEREST HELD BY ANOTHER SECURED PARTY.

(4) A SECURITY INTEREST HELD BY A COMMODITY INTERMEDIARY IN A COMMODITY CONTRACT OR A COMMODITY ACCOUNT MAINTAINED WITH THE COMMODITY INTERMEDIARY HAS PRIORITY OVER A CONFLICTING SECURITY INTEREST HELD BY ANOTHER SECURED PARTY.

(5) A SECURITY INTEREST IN A CERTIFICATED SECURITY IN REGISTERED FORM WHICH IS PERFECTED BY TAKING DELIVERY UNDER SECTION 4-9-313 (a) AND NOT BY CONTROL UNDER SECTION 4-9-314 HAS PRIORITY OVER A CONFLICTING SECURITY INTEREST PERFECTED BY A METHOD OTHER THAN CONTROL.

(6) CONFLICTING SECURITY INTERESTS CREATED BY A BROKER, SECURITIES INTERMEDIARY, OR COMMODITY INTERMEDIARY WHICH ARE PERFECTED WITHOUT CONTROL UNDER SECTION 4-9-106 RANK EQUALLY.

(7) IN ALL OTHER CASES, PRIORITY AMONG CONFLICTING SECURITY INTERESTS IN INVESTMENT PROPERTY IS GOVERNED BY SECTIONS 4-9-322

AND 4-9-323.

4-9-329. Priority of security interests in letter-of-credit right. THE FOLLOWING RULES GOVERN PRIORITY AMONG CONFLICTING SECURITY INTERESTS IN THE SAME LETTER-OF-CREDIT RIGHT:

(1) A SECURITY INTEREST HELD BY A SECURED PARTY HAVING CONTROL OF THE LETTER-OF-CREDIT RIGHT UNDER SECTION 4-9-107 HAS PRIORITY TO THE EXTENT OF ITS CONTROL OVER A CONFLICTING SECURITY INTEREST HELD BY A SECURED PARTY THAT DOES NOT HAVE CONTROL.

(2) SECURITY INTERESTS PERFECTED BY CONTROL UNDER SECTION 4-9-314 RANK ACCORDING TO PRIORITY IN TIME OF OBTAINING CONTROL.

4-9-330. Priority of purchaser of chattel paper or instrument. (a) A PURCHASER OF CHATTEL PAPER HAS PRIORITY OVER A SECURITY INTEREST IN THE CHATTEL PAPER WHICH IS CLAIMED MERELY AS PROCEEDS OF INVENTORY SUBJECT TO A SECURITY INTEREST IF:

(1) IN GOOD FAITH AND IN THE ORDINARY COURSE OF THE PURCHASER'S BUSINESS, THE PURCHASER GIVES NEW VALUE AND TAKES POSSESSION OF THE CHATTEL PAPER OR OBTAINS CONTROL OF THE CHATTEL PAPER UNDER SECTION 4-9-105; AND

(2) THE CHATTEL PAPER DOES NOT INDICATE THAT IT HAS BEEN ASSIGNED TO AN IDENTIFIED ASSIGNEE OTHER THAN THE PURCHASER.

(b) A PURCHASER OF CHATTEL PAPER HAS PRIORITY OVER A SECURITY INTEREST IN THE CHATTEL PAPER WHICH IS CLAIMED OTHER THAN MERELY AS PROCEEDS OF INVENTORY SUBJECT TO A SECURITY INTEREST IF THE PURCHASER GIVES NEW VALUE AND TAKES POSSESSION OF THE CHATTEL PAPER OR OBTAINS CONTROL OF THE CHATTEL PAPER UNDER SECTION 4-9-105 IN GOOD FAITH, IN THE ORDINARY COURSE OF THE

PURCHASER'S BUSINESS, AND WITHOUT KNOWLEDGE THAT THE PURCHASE VIOLATES THE RIGHTS OF THE SECURED PARTY.

(c) EXCEPT AS OTHERWISE PROVIDED IN SECTION 4-9-327, A PURCHASER HAVING PRIORITY IN CHATTEL PAPER UNDER SUBSECTION (a) OR (b) OF THIS SECTION ALSO HAS PRIORITY IN PROCEEDS OF THE CHATTEL PAPER TO THE EXTENT THAT:

(1) SECTION 4-9-322 PROVIDES FOR PRIORITY IN THE PROCEEDS; OR

(2) THE PROCEEDS CONSIST OF THE SPECIFIC GOODS COVERED BY THE CHATTEL PAPER OR CASH PROCEEDS OF THE SPECIFIC GOODS, EVEN IF THE PURCHASER'S SECURITY INTEREST IN THE PROCEEDS IS UNPERFECTED.

(d) EXCEPT AS OTHERWISE PROVIDED IN SECTION 4-9-331 (a), A PURCHASER OF AN INSTRUMENT HAS PRIORITY OVER A SECURITY INTEREST IN THE INSTRUMENT PERFECTED BY A METHOD OTHER THAN POSSESSION IF THE PURCHASER GIVES VALUE AND TAKES POSSESSION OF THE INSTRUMENT IN GOOD FAITH AND WITHOUT KNOWLEDGE THAT THE PURCHASE VIOLATES THE RIGHTS OF THE SECURED PARTY.

(e) FOR PURPOSES OF SUBSECTIONS (a) AND (b) OF THIS SECTION, THE HOLDER OF A PURCHASE-MONEY SECURITY INTEREST IN INVENTORY GIVES NEW VALUE FOR CHATTEL PAPER CONSTITUTING PROCEEDS OF THE INVENTORY.

(f) FOR PURPOSES OF SUBSECTIONS (b) AND (d) OF THIS SECTION, IF CHATTEL PAPER OR AN INSTRUMENT INDICATES THAT IT HAS BEEN ASSIGNED TO AN IDENTIFIED SECURED PARTY OTHER THAN THE PURCHASER, A PURCHASER OF THE CHATTEL PAPER OR INSTRUMENT HAS KNOWLEDGE THAT THE PURCHASE VIOLATES THE RIGHTS OF THE SECURED PARTY.

4-9-331. Priority of rights of purchasers of instruments, documents, and securities under other articles - priority of interests in financial assets and security entitlements under article 8. (a) THIS ARTICLE DOES NOT LIMIT THE RIGHTS OF A HOLDER IN DUE COURSE OF A NEGOTIABLE INSTRUMENT, A HOLDER TO WHICH A NEGOTIABLE DOCUMENT OF TITLE HAS BEEN DULY NEGOTIATED, OR A PROTECTED PURCHASER OF A SECURITY. THESE HOLDERS OR PURCHASERS TAKE PRIORITY OVER AN EARLIER SECURITY INTEREST, EVEN IF PERFECTED, TO THE EXTENT PROVIDED IN ARTICLES 3, 7, AND 8 OF THIS TITLE.

(b) THIS ARTICLE DOES NOT LIMIT THE RIGHTS OF OR IMPOSE LIABILITY ON A PERSON TO THE EXTENT THAT THE PERSON IS PROTECTED AGAINST THE ASSERTION OF AN ADVERSE CLAIM UNDER ARTICLE 8 OF THIS TITLE.

(c) FILING UNDER THIS ARTICLE DOES NOT CONSTITUTE NOTICE OF A CLAIM OR DEFENSE TO THE HOLDERS, OR PURCHASERS, OR PERSONS DESCRIBED IN SUBSECTIONS (a) AND (b) OF THIS SECTION.

4-9-332. Transfer of money - transfer of funds from deposit account. (a) A TRANSFEREE OF MONEY TAKES THE MONEY FREE OF A SECURITY INTEREST UNLESS THE TRANSFEREE ACTS IN COLLUSION WITH THE DEBTOR IN VIOLATING THE RIGHTS OF THE SECURED PARTY.

(b) A TRANSFEREE OF FUNDS FROM A DEPOSIT ACCOUNT TAKES THE FUNDS FREE OF A SECURITY INTEREST IN THE DEPOSIT ACCOUNT UNLESS THE TRANSFEREE ACTS IN COLLUSION WITH THE DEBTOR IN VIOLATING THE RIGHTS OF THE SECURED PARTY.

4-9-333. Priority of certain liens arising by operation of law. (a) IN THIS SECTION, "POSSESSORY LIEN" MEANS AN INTEREST, OTHER

THAN A SECURITY INTEREST OR AN AGRICULTURAL LIEN:

(1) WHICH SECURES PAYMENT OR PERFORMANCE OF AN OBLIGATION FOR SERVICES OR MATERIALS FURNISHED WITH RESPECT TO GOODS BY A PERSON IN THE ORDINARY COURSE OF THE PERSON'S BUSINESS;

(2) WHICH IS CREATED BY STATUTE OR RULE OF LAW IN FAVOR OF THE PERSON; AND

(3) WHOSE EFFECTIVENESS DEPENDS ON THE PERSON'S POSSESSION OF THE GOODS.

(b) A POSSESSORY LIEN ON GOODS HAS PRIORITY OVER A SECURITY INTEREST IN THE GOODS IF THE LIEN IS CREATED BY A STATUTE THAT EXPRESSLY SO PROVIDES.

4-9-334. Priority of security interests in fixtures and crops.

(a) A SECURITY INTEREST UNDER THIS ARTICLE MAY BE CREATED IN GOODS THAT ARE FIXTURES OR MAY CONTINUE IN GOODS THAT BECOME FIXTURES. A SECURITY INTEREST DOES NOT EXIST UNDER THIS ARTICLE IN ORDINARY BUILDING MATERIALS INCORPORATED INTO AN IMPROVEMENT ON LAND.

(b) THIS ARTICLE DOES NOT PREVENT CREATION OF AN ENCUMBRANCE UPON FIXTURES UNDER REAL PROPERTY LAW.

(c) IN CASES NOT GOVERNED BY SUBSECTIONS (d) TO (h) OF THIS SECTION, A SECURITY INTEREST IN FIXTURES IS SUBORDINATE TO A CONFLICTING INTEREST OF AN ENCUMBRANCER OR OWNER OF THE RELATED REAL PROPERTY OTHER THAN THE DEBTOR.

(d) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (h) OF THIS SECTION, A PERFECTED SECURITY INTEREST IN FIXTURES HAS PRIORITY

OVER A CONFLICTING INTEREST OF AN ENCUMBRANCER OR OWNER OF THE REAL PROPERTY IF THE DEBTOR HAS AN INTEREST OF RECORD IN OR IS IN POSSESSION OF THE REAL PROPERTY AND:

(1) THE SECURITY INTEREST IS A PURCHASE-MONEY SECURITY INTEREST;

(2) THE INTEREST OF THE ENCUMBRANCER OR OWNER ARISES BEFORE THE GOODS BECOME FIXTURES; AND

(3) THE SECURITY INTEREST IS PERFECTED BY A FIXTURE FILING BEFORE THE GOODS BECOME FIXTURES OR WITHIN TWENTY DAYS THEREAFTER.

(e) A PERFECTED SECURITY INTEREST IN FIXTURES HAS PRIORITY OVER A CONFLICTING INTEREST OF AN ENCUMBRANCER OR OWNER OF THE REAL PROPERTY IF:

(1) THE DEBTOR HAS AN INTEREST OF RECORD IN THE REAL PROPERTY OR IS IN POSSESSION OF THE REAL PROPERTY AND THE SECURITY INTEREST:

(A) IS PERFECTED BY A FIXTURE FILING BEFORE THE INTEREST OF THE ENCUMBRANCER OR OWNER IS OF RECORD; AND

(B) HAS PRIORITY OVER ANY CONFLICTING INTEREST OF A PREDECESSOR IN TITLE OF THE ENCUMBRANCER OR OWNER;

(2) BEFORE THE GOODS BECOME FIXTURES, THE SECURITY INTEREST IS PERFECTED BY ANY METHOD PERMITTED BY THIS ARTICLE AND THE FIXTURES ARE READILY REMOVABLE:

(A) FACTORY OR OFFICE MACHINES;

(B) EQUIPMENT THAT IS NOT PRIMARILY USED OR LEASED FOR USE IN THE OPERATION OF THE REAL PROPERTY; OR

(C) REPLACEMENTS OF DOMESTIC APPLIANCES THAT ARE CONSUMER GOODS;

(3) THE CONFLICTING INTEREST IS A LIEN ON THE REAL PROPERTY OBTAINED BY LEGAL OR EQUITABLE PROCEEDINGS AFTER THE SECURITY INTEREST WAS PERFECTED BY ANY METHOD PERMITTED BY THIS ARTICLE; OR

(4) THE SECURITY INTEREST IS:

(A) CREATED IN A MANUFACTURED HOME IN A MANUFACTURED-HOME TRANSACTION; AND

(B) PERFECTED PURSUANT TO A STATUTE DESCRIBED IN SECTION 4-9-311 (a) (2).

(f) A SECURITY INTEREST IN FIXTURES, WHETHER OR NOT PERFECTED, HAS PRIORITY OVER A CONFLICTING INTEREST OF AN ENCUMBRANCER OR OWNER OF THE REAL PROPERTY IF:

(1) THE ENCUMBRANCER OR OWNER HAS, IN AN AUTHENTICATED RECORD, CONSENTED TO THE SECURITY INTEREST OR DISCLAIMED AN INTEREST IN THE GOODS AS FIXTURES; OR

(2) THE DEBTOR HAS A RIGHT TO REMOVE THE GOODS AS AGAINST THE ENCUMBRANCER OR OWNER.

(g) THE PRIORITY OF THE SECURITY INTEREST UNDER PARAGRAPH (2) OF SUBSECTION (f) OF THIS SECTION CONTINUES FOR A REASONABLE TIME IF THE DEBTOR'S RIGHT TO REMOVE THE GOODS AS AGAINST THE ENCUMBRANCER OR OWNER TERMINATES.

(h) A MORTGAGE IS A CONSTRUCTION MORTGAGE TO THE EXTENT THAT IT SECURES AN OBLIGATION INCURRED FOR THE CONSTRUCTION OF AN IMPROVEMENT ON LAND, INCLUDING THE ACQUISITION COST OF THE

LAND, IF A RECORDED RECORD OF THE MORTGAGE SO INDICATES. EXCEPT AS OTHERWISE PROVIDED IN SUBSECTIONS (e) AND (f) OF THIS SECTION, A SECURITY INTEREST IN FIXTURES IS SUBORDINATE TO A CONSTRUCTION MORTGAGE IF A RECORD OF THE MORTGAGE IS RECORDED BEFORE THE GOODS BECOME FIXTURES AND THE GOODS BECOME FIXTURES BEFORE THE COMPLETION OF THE CONSTRUCTION. A MORTGAGE HAS THIS PRIORITY TO THE SAME EXTENT AS A CONSTRUCTION MORTGAGE TO THE EXTENT THAT IT IS GIVEN TO REFINANCE A CONSTRUCTION MORTGAGE.

(i) A PERFECTED SECURITY INTEREST IN CROPS GROWING ON REAL PROPERTY HAS PRIORITY OVER A CONFLICTING INTEREST OF AN ENCUMBRANCER OR OWNER OF THE REAL PROPERTY IF THE DEBTOR HAS AN INTEREST OF RECORD IN OR IS IN POSSESSION OF THE REAL PROPERTY.

4-9-335. Accessions. (a) A SECURITY INTEREST MAY BE CREATED IN AN ACCESSION AND CONTINUES IN COLLATERAL THAT BECOMES AN ACCESSION.

(b) IF A SECURITY INTEREST IS PERFECTED WHEN THE COLLATERAL BECOMES AN ACCESSION, THE SECURITY INTEREST REMAINS PERFECTED IN THE COLLATERAL.

(c) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (d) OF THIS SECTION, THE OTHER PROVISIONS OF THIS PART 3 DETERMINE THE PRIORITY OF A SECURITY INTEREST IN AN ACCESSION.

(d) A SECURITY INTEREST IN AN ACCESSION IS SUBORDINATE TO A SECURITY INTEREST IN THE WHOLE WHICH IS PERFECTED BY COMPLIANCE WITH THE REQUIREMENTS OF A CERTIFICATE-OF-TITLE STATUTE UNDER SECTION 4-9-311 (b).

(e) AFTER DEFAULT, SUBJECT TO PART 6 OF THIS ARTICLE, A

SECURED PARTY MAY REMOVE AN ACCESSION FROM OTHER GOODS IF THE SECURITY INTEREST IN THE ACCESSION HAS PRIORITY OVER THE CLAIMS OF EVERY PERSON HAVING AN INTEREST IN THE WHOLE.

(f) A SECURED PARTY THAT REMOVES AN ACCESSION FROM OTHER GOODS UNDER SUBSECTION (e) OF THIS SECTION SHALL PROMPTLY REIMBURSE ANY HOLDER OF A SECURITY INTEREST OR OTHER LIEN ON, OR OWNER OF, THE WHOLE OR OF THE OTHER GOODS, OTHER THAN THE DEBTOR, FOR THE COST OF REPAIR OF ANY PHYSICAL INJURY TO THE WHOLE OR THE OTHER GOODS. THE SECURED PARTY NEED NOT REIMBURSE THE HOLDER OR OWNER FOR ANY DIMINUTION IN VALUE OF THE WHOLE OR THE OTHER GOODS CAUSED BY THE ABSENCE OF THE ACCESSION REMOVED OR BY ANY NECESSITY FOR REPLACING IT. A PERSON ENTITLED TO REIMBURSEMENT MAY REFUSE PERMISSION TO REMOVE UNTIL THE SECURED PARTY GIVES ADEQUATE ASSURANCE FOR THE PERFORMANCE OF THE OBLIGATION TO REIMBURSE.

4-9-336. Commingled goods. (a) IN THIS SECTION, "COMMINGLED GOODS" MEANS GOODS THAT ARE PHYSICALLY UNITED WITH OTHER GOODS IN SUCH A MANNER THAT THEIR IDENTITY IS LOST IN A PRODUCT OR MASS.

(b) A SECURITY INTEREST DOES NOT EXIST IN COMMINGLED GOODS AS SUCH. HOWEVER, A SECURITY INTEREST MAY ATTACH TO A PRODUCT OR MASS THAT RESULTS WHEN GOODS BECOME COMMINGLED GOODS.

(c) IF COLLATERAL BECOMES COMMINGLED GOODS, A SECURITY INTEREST ATTACHES TO THE PRODUCT OR MASS.

(d) IF A SECURITY INTEREST IN COLLATERAL IS PERFECTED BEFORE THE COLLATERAL BECOMES COMMINGLED GOODS, THE SECURITY INTEREST THAT ATTACHES TO THE PRODUCT OR MASS UNDER SUBSECTION (c) OF THIS

SECTION IS PERFECTED.

(e) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (f) OF THIS SECTION, THE OTHER PROVISIONS OF THIS PART 3 DETERMINE THE PRIORITY OF A SECURITY INTEREST THAT ATTACHES TO THE PRODUCT OR MASS UNDER SUBSECTION (c) OF THIS SECTION.

(f) IF MORE THAN ONE SECURITY INTEREST ATTACHES TO THE PRODUCT OR MASS UNDER SUBSECTION (c) OF THIS SECTION, THE FOLLOWING RULES DETERMINE PRIORITY:

(1) A SECURITY INTEREST THAT IS PERFECTED UNDER SUBSECTION (d) OF THIS SECTION HAS PRIORITY OVER A SECURITY INTEREST THAT IS UNPERFECTED AT THE TIME THE COLLATERAL BECOMES COMMINGLED GOODS.

(2) IF MORE THAN ONE SECURITY INTEREST IS PERFECTED UNDER SUBSECTION (d) OF THIS SECTION, THE SECURITY INTERESTS RANK EQUALLY IN PROPORTION TO THE VALUE OF THE COLLATERAL AT THE TIME IT BECAME COMMINGLED GOODS.

4-9-337. Priority of security interests in goods covered by certificate of title. IF, WHILE A SECURITY INTEREST IN GOODS IS PERFECTED BY ANY METHOD UNDER THE LAW OF ANOTHER JURISDICTION, THIS STATE ISSUES A CERTIFICATE OF TITLE THAT DOES NOT SHOW THAT THE GOODS ARE SUBJECT TO THE SECURITY INTEREST OR CONTAIN A STATEMENT THAT THEY MAY BE SUBJECT TO SECURITY INTERESTS NOT SHOWN ON THE CERTIFICATE:

(1) A BUYER OF THE GOODS, OTHER THAN A PERSON IN THE BUSINESS OF SELLING GOODS OF THAT KIND, TAKES FREE OF THE SECURITY INTEREST IF THE BUYER GIVES VALUE AND RECEIVES DELIVERY OF THE

GOODS AFTER ISSUANCE OF THE CERTIFICATE AND WITHOUT KNOWLEDGE OF THE SECURITY INTEREST; AND

(2) THE SECURITY INTEREST IS SUBORDINATE TO A CONFLICTING SECURITY INTEREST IN THE GOODS THAT ATTACHES, AND IS PERFECTED UNDER SECTION 4-9-311 (b), AFTER ISSUANCE OF THE CERTIFICATE AND WITHOUT THE CONFLICTING SECURED PARTY'S KNOWLEDGE OF THE SECURITY INTEREST.

4-9-338. Priority of security interest or agricultural lien perfected by filed financing statement providing certain incorrect information. IF A SECURITY INTEREST OR AGRICULTURAL LIEN IS PERFECTED BY A FILED FINANCING STATEMENT PROVIDING INFORMATION DESCRIBED IN SECTION 4-9-516 (b) (5) WHICH IS INCORRECT AT THE TIME THE FINANCING STATEMENT IS FILED:

(1) THE SECURITY INTEREST OR AGRICULTURAL LIEN IS SUBORDINATE TO A CONFLICTING PERFECTED SECURITY INTEREST IN THE COLLATERAL TO THE EXTENT THAT THE HOLDER OF THE CONFLICTING SECURITY INTEREST GIVES VALUE IN REASONABLE RELIANCE UPON THE INCORRECT INFORMATION; AND

(2) A PURCHASER, OTHER THAN A SECURED PARTY, OF THE COLLATERAL TAKES FREE OF THE SECURITY INTEREST OR AGRICULTURAL LIEN TO THE EXTENT THAT, IN REASONABLE RELIANCE UPON THE INCORRECT INFORMATION, THE PURCHASER GIVES VALUE AND, IN THE CASE OF CHATTEL PAPER, DOCUMENTS, GOODS, INSTRUMENTS, OR A SECURITY CERTIFICATE, RECEIVES DELIVERY OF THE COLLATERAL.

4-9-339. Priority subject to subordination. THIS ARTICLE DOES NOT PRECLUDE SUBORDINATION BY AGREEMENT BY A PERSON ENTITLED TO

PRIORITY.

4-9-340. Effectiveness of right of recoupment or set-off against deposit account.

(a) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (c) OF THIS SECTION, A BANK WITH WHICH A DEPOSIT ACCOUNT IS MAINTAINED MAY EXERCISE ANY RIGHT OF RECOUPMENT OR SET-OFF AGAINST A SECURED PARTY THAT HOLDS A SECURITY INTEREST IN THE DEPOSIT ACCOUNT.

(b) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (c) OF THIS SECTION, THE APPLICATION OF THIS ARTICLE TO A SECURITY INTEREST IN A DEPOSIT ACCOUNT DOES NOT AFFECT A RIGHT OF RECOUPMENT OR SET-OFF OF THE SECURED PARTY AS TO A DEPOSIT ACCOUNT MAINTAINED WITH THE SECURED PARTY.

(c) THE EXERCISE BY A BANK OF A SET-OFF AGAINST A DEPOSIT ACCOUNT IS INEFFECTIVE AGAINST A SECURED PARTY THAT HOLDS A SECURITY INTEREST IN THE DEPOSIT ACCOUNT WHICH IS PERFECTED BY CONTROL UNDER SECTION 4-9-104 (a) (3), IF THE SET-OFF IS BASED ON A CLAIM AGAINST THE DEBTOR.

4-9-341. Bank's rights and duties with respect to deposit account. EXCEPT AS OTHERWISE PROVIDED IN SECTION 4-9-340 (c), AND UNLESS THE BANK OTHERWISE AGREES IN AN AUTHENTICATED RECORD, A BANK'S RIGHTS AND DUTIES WITH RESPECT TO A DEPOSIT ACCOUNT MAINTAINED WITH THE BANK ARE NOT TERMINATED, SUSPENDED, OR MODIFIED BY:

(1) THE CREATION, ATTACHMENT, OR PERFECTION OF A SECURITY INTEREST IN THE DEPOSIT ACCOUNT;

(2) THE BANK'S KNOWLEDGE OF THE SECURITY INTEREST; OR

(3) THE BANK'S RECEIPT OF INSTRUCTIONS FROM THE SECURED PARTY.

4-9-342. Bank's right to refuse to enter into or disclose existence of control agreement. THIS ARTICLE DOES NOT REQUIRE A BANK TO ENTER INTO AN AGREEMENT OF THE KIND DESCRIBED IN SECTION 4-9-104(a)(2), EVEN IF ITS CUSTOMER SO REQUESTS OR DIRECTS. A BANK THAT HAS ENTERED INTO SUCH AN AGREEMENT IS NOT REQUIRED TO CONFIRM THE EXISTENCE OF THE AGREEMENT TO ANOTHER PERSON UNLESS REQUESTED TO DO SO BY ITS CUSTOMER.

PART 4

RIGHTS OF THIRD PARTIES

4-9-401. Alienability of debtor's rights. (a) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (b) OF THIS SECTION AND SECTIONS 4-9-406, 4-9-407, 4-9-408, AND 4-9-409, WHETHER A DEBTOR'S RIGHTS IN COLLATERAL MAY BE VOLUNTARILY OR INVOLUNTARILY TRANSFERRED IS GOVERNED BY LAW OTHER THAN THIS ARTICLE.

(b) AN AGREEMENT BETWEEN THE DEBTOR AND SECURED PARTY WHICH PROHIBITS A TRANSFER OF THE DEBTOR'S RIGHTS IN COLLATERAL OR MAKES THE TRANSFER A DEFAULT DOES NOT PREVENT THE TRANSFER FROM TAKING EFFECT.

4-9-402. Secured party not obligated on contract of debtor or in tort. THE EXISTENCE OF A SECURITY INTEREST, AGRICULTURAL LIEN, OR AUTHORITY GIVEN TO A DEBTOR TO DISPOSE OF OR USE COLLATERAL, WITHOUT MORE, DOES NOT SUBJECT A SECURED PARTY TO LIABILITY IN CONTRACT OR TORT FOR THE DEBTOR'S ACTS OR OMISSIONS.

4-9-403. Agreement not to assert defenses against assignee.

(a) IN THIS SECTION, "VALUE" HAS THE MEANING PROVIDED IN SECTION 4-3-303 (a).

(b) EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, AN AGREEMENT BETWEEN AN ACCOUNT DEBTOR AND AN ASSIGNOR NOT TO ASSERT AGAINST AN ASSIGNEE ANY CLAIM OR DEFENSE THAT THE ACCOUNT DEBTOR MAY HAVE AGAINST THE ASSIGNOR IS ENFORCEABLE BY AN ASSIGNEE THAT TAKES AN ASSIGNMENT:

(1) FOR VALUE;

(2) IN GOOD FAITH;

(3) WITHOUT NOTICE OF A CLAIM OF A PROPERTY OR POSSESSORY RIGHT TO THE PROPERTY ASSIGNED; AND

(4) WITHOUT NOTICE OF A DEFENSE OR CLAIM IN RECOUPMENT OF THE TYPE THAT MAY BE ASSERTED AGAINST A PERSON ENTITLED TO ENFORCE A NEGOTIABLE INSTRUMENT UNDER SECTION 4-3-305 (a).

(c) SUBSECTION (b) OF THIS SECTION DOES NOT APPLY TO DEFENSES OF A TYPE THAT MAY BE ASSERTED AGAINST A HOLDER IN DUE COURSE OF A NEGOTIABLE INSTRUMENT UNDER SECTION 4-3-305 (b).

(d) IN A CONSUMER TRANSACTION, IF A RECORD EVIDENCES THE ACCOUNT DEBTOR'S OBLIGATION, LAW OTHER THAN THIS ARTICLE REQUIRES THAT THE RECORD INCLUDE A STATEMENT TO THE EFFECT THAT THE RIGHTS OF AN ASSIGNEE ARE SUBJECT TO CLAIMS OR DEFENSES THAT THE ACCOUNT DEBTOR COULD ASSERT AGAINST THE ORIGINAL OBLIGEE, AND THE RECORD DOES NOT INCLUDE SUCH A STATEMENT:

(1) THE RECORD HAS THE SAME EFFECT AS IF THE RECORD INCLUDED SUCH A STATEMENT; AND

(2) THE ACCOUNT DEBTOR MAY ASSERT AGAINST AN ASSIGNEE

THOSE CLAIMS AND DEFENSES THAT WOULD HAVE BEEN AVAILABLE IF THE RECORD INCLUDED SUCH A STATEMENT.

(e) THIS SECTION IS SUBJECT TO LAW OTHER THAN THIS ARTICLE WHICH ESTABLISHES A DIFFERENT RULE FOR AN ACCOUNT DEBTOR WHO IS AN INDIVIDUAL AND WHO INCURRED THE OBLIGATION PRIMARILY FOR PERSONAL, FAMILY, OR HOUSEHOLD PURPOSES.

(f) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (d), THIS SECTION DOES NOT DISPLACE LAW OTHER THAN THIS ARTICLE WHICH GIVES EFFECT TO AN AGREEMENT BY AN ACCOUNT DEBTOR NOT TO ASSERT A CLAIM OR DEFENSE AGAINST AN ASSIGNEE.

4-9-404. Rights acquired by assignee; claims and defenses against assignee. (a) UNLESS AN ACCOUNT DEBTOR HAS MADE AN ENFORCEABLE AGREEMENT NOT TO ASSERT DEFENSES OR CLAIMS, AND SUBJECT TO SUBSECTIONS (b) TO (e) OF THIS SECTION, THE RIGHTS OF AN ASSIGNEE ARE SUBJECT TO:

(1) ALL TERMS OF THE AGREEMENT BETWEEN THE ACCOUNT DEBTOR AND ASSIGNOR AND ANY DEFENSE OR CLAIM IN RECOUPMENT ARISING FROM THE TRANSACTION THAT GAVE RISE TO THE CONTRACT; AND

(2) ANY OTHER DEFENSE OR CLAIM OF THE ACCOUNT DEBTOR AGAINST THE ASSIGNOR WHICH ACCRUES BEFORE THE ACCOUNT DEBTOR RECEIVES A NOTIFICATION OF THE ASSIGNMENT AUTHENTICATED BY THE ASSIGNOR OR THE ASSIGNEE.

(b) SUBJECT TO SUBSECTION (c) OF THIS SECTION AND EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (d) OF THIS SECTION, THE CLAIM OF AN ACCOUNT DEBTOR AGAINST AN ASSIGNOR MAY BE ASSERTED AGAINST AN ASSIGNEE UNDER SUBSECTION (a) OF THIS SECTION ONLY TO REDUCE

THE AMOUNT THE ACCOUNT DEBTOR OWES.

(c) THIS SECTION IS SUBJECT TO LAW OTHER THAN THIS ARTICLE WHICH ESTABLISHES A DIFFERENT RULE FOR AN ACCOUNT DEBTOR WHO IS AN INDIVIDUAL AND WHO INCURRED THE OBLIGATION PRIMARILY FOR PERSONAL, FAMILY, OR HOUSEHOLD PURPOSES.

(d) IN A CONSUMER TRANSACTION, IF A RECORD EVIDENCES THE ACCOUNT DEBTOR'S OBLIGATION, LAW OTHER THAN THIS ARTICLE REQUIRES THAT THE RECORD INCLUDE A STATEMENT TO THE EFFECT THAT THE ACCOUNT DEBTOR'S RECOVERY AGAINST AN ASSIGNEE WITH RESPECT TO CLAIMS AND DEFENSES AGAINST THE ASSIGNOR MAY NOT EXCEED AMOUNTS PAID BY THE ACCOUNT DEBTOR UNDER THE RECORD, AND THE RECORD DOES NOT INCLUDE SUCH A STATEMENT, THE EXTENT TO WHICH A CLAIM OF AN ACCOUNT DEBTOR AGAINST THE ASSIGNOR MAY BE ASSERTED AGAINST AN ASSIGNEE IS DETERMINED AS IF THE RECORD INCLUDED SUCH A STATEMENT.

(e) THIS SECTION DOES NOT APPLY TO AN ASSIGNMENT OF A HEALTH-CARE-INSURANCE RECEIVABLE.

4-9-405. Modification of assigned contract. (a) A MODIFICATION OF OR SUBSTITUTION FOR AN ASSIGNED CONTRACT IS EFFECTIVE AGAINST AN ASSIGNEE IF MADE IN GOOD FAITH. THE ASSIGNEE ACQUIRES CORRESPONDING RIGHTS UNDER THE MODIFIED OR SUBSTITUTED CONTRACT. THE ASSIGNMENT MAY PROVIDE THAT THE MODIFICATION OR SUBSTITUTION IS A BREACH OF CONTRACT BY THE ASSIGNOR. THIS SUBSECTION IS SUBJECT TO SUBSECTIONS (b) TO (d) OF THIS SECTION.

(b) SUBSECTION (a) OF THIS SECTION APPLIES TO THE EXTENT THAT:

(1) THE RIGHT TO PAYMENT OR A PART THEREOF UNDER AN

ASSIGNED CONTRACT HAS NOT BEEN FULLY EARNED BY PERFORMANCE; OR

(2) THE RIGHT TO PAYMENT OR A PART THEREOF HAS BEEN FULLY EARNED BY PERFORMANCE AND THE ACCOUNT DEBTOR HAS NOT RECEIVED NOTIFICATION OF THE ASSIGNMENT UNDER SECTION 4-9-406 (a).

(c) THIS SECTION IS SUBJECT TO LAW OTHER THAN THIS ARTICLE WHICH ESTABLISHES A DIFFERENT RULE FOR AN ACCOUNT DEBTOR WHO IS AN INDIVIDUAL AND WHO INCURRED THE OBLIGATION PRIMARILY FOR PERSONAL, FAMILY, OR HOUSEHOLD PURPOSES.

(d) THIS SECTION DOES NOT APPLY TO AN ASSIGNMENT OF A HEALTH-CARE-INSURANCE RECEIVABLE.

4-9-406. Discharge of account debtor - notification of assignment - identification and proof of assignment - restrictions on assignment of accounts, chattel paper, payment intangibles, and promissory notes ineffective. (a) SUBJECT TO SUBSECTIONS (b) TO (i) OF THIS SECTION, AN ACCOUNT DEBTOR ON AN ACCOUNT, CHATTEL PAPER, OR A PAYMENT INTANGIBLE MAY DISCHARGE ITS OBLIGATION BY PAYING THE ASSIGNOR UNTIL, BUT NOT AFTER, THE ACCOUNT DEBTOR RECEIVES A NOTIFICATION, AUTHENTICATED BY THE ASSIGNOR OR THE ASSIGNEE, THAT THE AMOUNT DUE OR TO BECOME DUE HAS BEEN ASSIGNED AND THAT PAYMENT IS TO BE MADE TO THE ASSIGNEE. AFTER RECEIPT OF THE NOTIFICATION, THE ACCOUNT DEBTOR MAY DISCHARGE ITS OBLIGATION BY PAYING THE ASSIGNEE AND MAY NOT DISCHARGE THE OBLIGATION BY PAYING THE ASSIGNOR.

(b) SUBJECT TO SUBSECTION (h) OF THIS SECTION, NOTIFICATION IS INEFFECTIVE UNDER SUBSECTION (a) OF THIS SECTION:

(1) IF IT DOES NOT REASONABLY IDENTIFY THE RIGHTS ASSIGNED;

(2) TO THE EXTENT THAT AN AGREEMENT BETWEEN AN ACCOUNT DEBTOR AND A SELLER OF A PAYMENT INTANGIBLE LIMITS THE ACCOUNT DEBTOR'S DUTY TO PAY A PERSON OTHER THAN THE SELLER AND THE LIMITATION IS EFFECTIVE UNDER LAW OTHER THAN THIS ARTICLE; OR

(3) AT THE OPTION OF AN ACCOUNT DEBTOR, IF THE NOTIFICATION NOTIFIES THE ACCOUNT DEBTOR TO MAKE LESS THAN THE FULL AMOUNT OF ANY INSTALLMENT OR OTHER PERIODIC PAYMENT TO THE ASSIGNEE, EVEN IF:

(A) ONLY A PORTION OF THE ACCOUNT, CHATTEL PAPER, OR PAYMENT INTANGIBLE HAS BEEN ASSIGNED TO THAT ASSIGNEE;

(B) A PORTION HAS BEEN ASSIGNED TO ANOTHER ASSIGNEE; OR

(C) THE ACCOUNT DEBTOR KNOWS THAT THE ASSIGNMENT TO THAT ASSIGNEE IS LIMITED.

(c) SUBJECT TO SUBSECTION (h) OF THIS SECTION, IF REQUESTED BY THE ACCOUNT DEBTOR, AN ASSIGNEE SHALL SEASONABLY FURNISH REASONABLE PROOF THAT THE ASSIGNMENT HAS BEEN MADE. UNLESS THE ASSIGNEE COMPLIES, THE ACCOUNT DEBTOR MAY DISCHARGE ITS OBLIGATION BY PAYING THE ASSIGNOR, EVEN IF THE ACCOUNT DEBTOR HAS RECEIVED A NOTIFICATION UNDER SUBSECTION (a) OF THIS SECTION.

(d) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTIONS (e) AND (k) OF THIS SECTION AND SECTIONS 4-2.5-303, 4-9-407, 8-80-103, 8-42-124, 13-64-210, AND 24-4.1-114, C.R.S., AND SUBJECT TO SUBSECTION (h) OF THIS SECTION, A TERM IN AN AGREEMENT BETWEEN AN ACCOUNT DEBTOR AND AN ASSIGNOR OR IN A PROMISSORY NOTE IS INEFFECTIVE TO THE EXTENT THAT IT:

(1) PROHIBITS, RESTRICTS, OR REQUIRES THE CONSENT OF THE

ACCOUNT DEBTOR OR PERSON OBLIGATED ON THE PROMISSORY NOTE TO THE ASSIGNMENT OR TRANSFER OF, OR THE CREATION, ATTACHMENT, PERFECTION, OR ENFORCEMENT OF A SECURITY INTEREST IN, THE ACCOUNT, CHATTEL PAPER, PAYMENT INTANGIBLE, OR PROMISSORY NOTE; OR

(2) PROVIDES THAT THE ASSIGNMENT OR TRANSFER OR THE CREATION, ATTACHMENT, PERFECTION, OR ENFORCEMENT OF THE SECURITY INTEREST MAY GIVE RISE TO A DEFAULT, BREACH, RIGHT OF RECOUPMENT, CLAIM, DEFENSE, TERMINATION, RIGHT OF TERMINATION, OR REMEDY UNDER THE ACCOUNT, CHATTEL PAPER, PAYMENT INTANGIBLE, OR PROMISSORY NOTE.

(e) SUBSECTION (d) OF THIS SECTION DOES NOT APPLY TO THE SALE OF A PAYMENT INTANGIBLE OR PROMISSORY NOTE.

(f) EXCEPT AS OTHERWISE PROVIDED IN SECTIONS 4-2.5-303, 4-9-407, 8-80-103, 8-42-124, 13-64-210, AND 24-4.1-114, C.R.S., AND SUBJECT TO SUBSECTIONS (h) AND (i) OF THIS SECTION, A RULE OF LAW, STATUTE, OR REGULATION THAT PROHIBITS, RESTRICTS, OR REQUIRES THE CONSENT OF A GOVERNMENT, GOVERNMENTAL BODY OR OFFICIAL, OR ACCOUNT DEBTOR TO THE ASSIGNMENT OR TRANSFER OF, OR CREATION OF A SECURITY INTEREST IN, AN ACCOUNT OR CHATTEL PAPER IS INEFFECTIVE TO THE EXTENT THAT THE RULE OF LAW, STATUTE, OR REGULATION:

(1) PROHIBITS, RESTRICTS, OR REQUIRES THE CONSENT OF THE GOVERNMENT, GOVERNMENTAL BODY OR OFFICIAL, OR ACCOUNT DEBTOR TO THE ASSIGNMENT OR TRANSFER OF, OR THE CREATION, ATTACHMENT, PERFECTION, OR ENFORCEMENT OF A SECURITY INTEREST IN THE ACCOUNT OR CHATTEL PAPER; OR

(2) PROVIDES THAT THE ASSIGNMENT OR TRANSFER OR THE CREATION, ATTACHMENT, PERFECTION, OR ENFORCEMENT OF THE SECURITY INTEREST MAY GIVE RISE TO A DEFAULT, BREACH, RIGHT OF RECOUPMENT, CLAIM, DEFENSE, TERMINATION, RIGHT OF TERMINATION, OR REMEDY UNDER THE ACCOUNT OR CHATTEL PAPER.

(g) SUBJECT TO SUBSECTION (h) OF THIS SECTION, AN ACCOUNT DEBTOR MAY NOT WAIVE OR VARY ITS OPTION UNDER PARAGRAPH (3) OF SUBSECTION (b) OF THIS SECTION.

(h) THIS SECTION IS SUBJECT TO LAW OTHER THAN THIS ARTICLE WHICH ESTABLISHES A DIFFERENT RULE FOR AN ACCOUNT DEBTOR WHO IS AN INDIVIDUAL AND WHO INCURRED THE OBLIGATION PRIMARILY FOR PERSONAL, FAMILY, OR HOUSEHOLD PURPOSES.

(i) THIS SECTION DOES NOT APPLY TO AN ASSIGNMENT OF A HEALTH-CARE-INSURANCE RECEIVABLE.

(j) THIS SECTION PREVAILS OVER ANY INCONSISTENT PROVISION OF AN EXISTING OR FUTURE STATUE, RULE OR REGULATION OF THIS STATE UNLESS THE PROVISION IS CONTAINED IN A STATUTE OF THIS STATE, REFERS EXPRESSLY TO THIS SECTION AND STATES THAT THE PROVISION PREVAILS OVER THIS SECTION.

(k) SUBSECTION (d) OF THIS SECTION DOES NOT APPLY TO THE ASSIGNMENT, TRANSFER, OR CREATION OF A SECURITY INTEREST IN:

(1) A CLAIM OR RIGHT TO RECEIVE COMPENSATION FOR INJURIES OR SICKNESS AS DESCRIBED IN 26 U.S.C., SEC. 104 (a) (1) OR (2), AS AMENDED; OR

(2) A CLAIM OR RIGHT TO RECEIVE BENEFITS UNDER A SPECIAL NEEDS TRUST AS DESCRIBED IN 42 U.S.C., SEC. 1396p (d) (4), AS

AMENDED.

4-9-407. Restrictions on creation or enforcement of security interest in leasehold interest or in lessor's residual interest. (a) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (b) OF THIS SECTION, A TERM IN A LEASE AGREEMENT IS INEFFECTIVE TO THE EXTENT THAT IT:

(1) PROHIBITS, RESTRICTS, OR REQUIRES THE CONSENT OF A PARTY TO THE LEASE TO THE ASSIGNMENT OR TRANSFER OF, OR THE CREATION, ATTACHMENT, PERFECTION, OR ENFORCEMENT OF A SECURITY INTEREST IN, AN INTEREST OF A PARTY UNDER THE LEASE CONTRACT OR IN THE LESSOR'S RESIDUAL INTEREST IN THE GOODS; OR

(2) PROVIDES THAT THE ASSIGNMENT OR TRANSFER OR THE CREATION, ATTACHMENT, PERFECTION, OR ENFORCEMENT OF THE SECURITY INTEREST MAY GIVE RISE TO A DEFAULT, BREACH, RIGHT OF RECOUPMENT, CLAIM, DEFENSE, TERMINATION, RIGHT OF TERMINATION, OR REMEDY UNDER THE LEASE.

(b) EXCEPT AS OTHERWISE PROVIDED IN SECTION 4-2.5-303 (7), A TERM DESCRIBED IN PARAGRAPH (2) OF SUBSECTION (a) OF THIS SECTION IS EFFECTIVE TO THE EXTENT THAT THERE IS:

(1) A TRANSFER BY THE LESSEE OF THE LESSEE'S RIGHT OF POSSESSION OR USE OF THE GOODS IN VIOLATION OF THE TERM; OR

(2) A DELEGATION OF A MATERIAL PERFORMANCE OF EITHER PARTY TO THE LEASE CONTRACT IN VIOLATION OF THE TERM.

(c) THE CREATION, ATTACHMENT, PERFECTION, OR ENFORCEMENT OF A SECURITY INTEREST IN THE LESSOR'S INTEREST UNDER THE LEASE CONTRACT OR THE LESSOR'S RESIDUAL INTEREST IN THE GOODS IS NOT A TRANSFER THAT MATERIALLY IMPAIRS THE LESSEE'S PROSPECT OF

OBTAINING RETURN PERFORMANCE OR MATERIALLY CHANGES THE DUTY OF OR MATERIALLY INCREASES THE BURDEN OR RISK IMPOSED ON THE LESSEE WITHIN THE PURVIEW OF SECTION 4-2.5-303 (4) UNLESS, AND THEN ONLY TO THE EXTENT THAT, ENFORCEMENT ACTUALLY RESULTS IN A DELEGATION OF MATERIAL PERFORMANCE OF THE LESSOR.

4-9-408. Restrictions on assignment of promissory notes, health-care-insurance receivables, and certain general intangibles ineffective. (a) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (b) OF THIS SECTION, A TERM IN A PROMISSORY NOTE OR IN AN AGREEMENT BETWEEN AN ACCOUNT DEBTOR AND A DEBTOR WHICH RELATES TO A HEALTH-CARE-INSURANCE RECEIVABLE OR A GENERAL INTANGIBLE, INCLUDING A CONTRACT, PERMIT, LICENSE, OR FRANCHISE, AND WHICH TERM PROHIBITS, RESTRICTS, OR REQUIRES THE CONSENT OF THE PERSON OBLIGATED ON THE PROMISSORY NOTE OR THE ACCOUNT DEBTOR TO, THE ASSIGNMENT OR TRANSFER OF, OR CREATION, ATTACHMENT, OR PERFECTION OF A SECURITY INTEREST IN, THE PROMISSORY NOTE, HEALTH-CARE-INSURANCE RECEIVABLE, OR GENERAL INTANGIBLE, IS INEFFECTIVE TO THE EXTENT THAT THE TERM:

(1) WOULD IMPAIR THE CREATION, ATTACHMENT, OR PERFECTION OF A SECURITY INTEREST; OR

(2) PROVIDES THAT THE ASSIGNMENT OR TRANSFER OR THE CREATION, ATTACHMENT, OR PERFECTION OF THE SECURITY INTEREST MAY GIVE RISE TO A DEFAULT, BREACH, RIGHT OF RECOUPMENT, CLAIM, DEFENSE, TERMINATION, RIGHT OF TERMINATION, OR REMEDY UNDER THE PROMISSORY NOTE, HEALTH-CARE-INSURANCE RECEIVABLE, OR GENERAL INTANGIBLE.

(b) SUBSECTION (a) OF THIS SECTION APPLIES TO A SECURITY INTEREST IN A PAYMENT INTANGIBLE OR PROMISSORY NOTE ONLY IF THE SECURITY INTEREST ARISES OUT OF A SALE OF THE PAYMENT INTANGIBLE OR PROMISSORY NOTE.

(c) EXCEPT AS PROVIDED IN SECTIONS 8-80-103 AND 8-42-124, C.R.S., A RULE OF LAW, STATUTE, OR REGULATION THAT PROHIBITS, RESTRICTS, OR REQUIRES THE CONSENT OF A GOVERNMENT, GOVERNMENTAL BODY OR OFFICIAL, PERSON OBLIGATED ON A PROMISSORY NOTE, OR ACCOUNT DEBTOR TO THE ASSIGNMENT OR TRANSFER OF, OR CREATION OF A SECURITY INTEREST IN, A PROMISSORY NOTE, HEALTH-CARE-INSURANCE RECEIVABLE, OR GENERAL INTANGIBLE, INCLUDING A CONTRACT, PERMIT, LICENSE, OR FRANCHISE BETWEEN AN ACCOUNT DEBTOR AND A DEBTOR, IS INEFFECTIVE TO THE EXTENT THAT THE RULE OF LAW, STATUTE, OR REGULATION:

(1) WOULD IMPAIR THE CREATION, ATTACHMENT, OR PERFECTION OF A SECURITY INTEREST; OR

(2) PROVIDES THAT THE ASSIGNMENT OR TRANSFER OR THE CREATION, ATTACHMENT, OR PERFECTION OF THE SECURITY INTEREST MAY GIVE RISE TO A DEFAULT, BREACH, RIGHT OF RECOUPMENT, CLAIM, DEFENSE, TERMINATION, RIGHT OF TERMINATION, OR REMEDY UNDER THE PROMISSORY NOTE, HEALTH-CARE-INSURANCE RECEIVABLE, OR GENERAL INTANGIBLE.

(d) TO THE EXTENT THAT A TERM IN A PROMISSORY NOTE OR IN AN AGREEMENT BETWEEN AN ACCOUNT DEBTOR AND A DEBTOR WHICH RELATES TO A HEALTH-CARE-INSURANCE RECEIVABLE OR GENERAL INTANGIBLE OR A RULE OF LAW, STATUTE, OR REGULATION DESCRIBED IN

SUBSECTION (C) OF THIS SECTION WOULD BE EFFECTIVE UNDER LAW OTHER THAN THIS ARTICLE BUT IS INEFFECTIVE UNDER SUBSECTION (A) OR (C) OF THIS SECTION, THE CREATION, ATTACHMENT, OR PERFECTION OF A SECURITY INTEREST IN THE PROMISSORY NOTE, HEALTH-CARE-INSURANCE RECEIVABLE, OR GENERAL INTANGIBLE:

(1) IS NOT ENFORCEABLE AGAINST THE PERSON OBLIGATED ON THE PROMISSORY NOTE OR THE ACCOUNT DEBTOR;

(2) DOES NOT IMPOSE A DUTY OR OBLIGATION ON THE PERSON OBLIGATED ON THE PROMISSORY NOTE OR THE ACCOUNT DEBTOR;

(3) DOES NOT REQUIRE THE PERSON OBLIGATED ON THE PROMISSORY NOTE OR THE ACCOUNT DEBTOR TO RECOGNIZE THE SECURITY INTEREST, PAY OR RENDER PERFORMANCE TO THE SECURED PARTY, OR ACCEPT PAYMENT OR PERFORMANCE FROM THE SECURED PARTY;

(4) DOES NOT ENTITLE THE SECURED PARTY TO USE OR ASSIGN THE DEBTOR'S RIGHTS UNDER THE PROMISSORY NOTE, HEALTH-CARE-INSURANCE RECEIVABLE, OR GENERAL INTANGIBLE, INCLUDING ANY RELATED INFORMATION OR MATERIALS FURNISHED TO THE DEBTOR IN THE TRANSACTION GIVING RISE TO THE PROMISSORY NOTE, HEALTH-CARE-INSURANCE RECEIVABLE, OR GENERAL INTANGIBLE;

(5) DOES NOT ENTITLE THE SECURED PARTY TO USE, ASSIGN, POSSESS, OR HAVE ACCESS TO ANY TRADE SECRETS OR CONFIDENTIAL INFORMATION OF THE PERSON OBLIGATED ON THE PROMISSORY NOTE OR THE ACCOUNT DEBTOR; AND

(6) DOES NOT ENTITLE THE SECURED PARTY TO ENFORCE THE SECURITY INTEREST IN THE PROMISSORY NOTE, HEALTH-CARE-INSURANCE RECEIVABLE, OR GENERAL INTANGIBLE.

(e) THIS SECTION PREVAILS OVER ANY INCONSISTENT PROVISION OF AN EXISTING OR FUTURE STATUE, RULE OR REGULATION OF THIS STATE UNLESS THE PROVISION IS CONTAINED IN A STATUTE OF THIS STATE, REFERS EXPRESSLY TO THIS SECTION AND STATES THAT THE PROVISION PREVAILS OVER THIS SECTION.

(f) SUBSECTIONS (a) AND (c) OF THIS SECTION DO NOT APPLY TO THE ASSIGNMENT, TRANSFER, OR CREATION OF A SECURITY INTEREST IN:

(1) A CLAIM OR RIGHT TO RECEIVE COMPENSATION FOR INJURIES OR SICKNESS AS DESCRIBED IN 26 U.S.C., SEC. 104 (a) (1) OR (2), AS AMENDED; OR

(2) A CLAIM OR RIGHT TO RECEIVE BENEFITS UNDER A SPECIAL NEEDS TRUST AS DESCRIBED IN 42 U.S.C., SEC. 1396p (d) (4), AS AMENDED.

4-9-409. Restrictions on assignment of letter-of-credit rights ineffective. (a) A TERM IN A LETTER OF CREDIT OR A RULE OF LAW, STATUTE, REGULATION, CUSTOM, OR PRACTICE APPLICABLE TO THE LETTER OF CREDIT WHICH PROHIBITS, RESTRICTS, OR REQUIRES THE CONSENT OF AN APPLICANT, ISSUER, OR NOMINATED PERSON TO A BENEFICIARY'S ASSIGNMENT OF OR CREATION OF A SECURITY INTEREST IN A LETTER-OF-CREDIT RIGHT IS INEFFECTIVE TO THE EXTENT THAT THE TERM OR RULE OF LAW, STATUTE, REGULATION, CUSTOM, OR PRACTICE:

(1) WOULD IMPAIR THE CREATION, ATTACHMENT, OR PERFECTION OF A SECURITY INTEREST IN THE LETTER-OF-CREDIT RIGHT; OR

(2) PROVIDES THAT THE ASSIGNMENT OR THE CREATION, ATTACHMENT, OR PERFECTION OF THE SECURITY INTEREST MAY GIVE RISE TO A DEFAULT, BREACH, RIGHT OF RECOUPMENT, CLAIM, DEFENSE,

TERMINATION, RIGHT OF TERMINATION, OR REMEDY UNDER THE LETTER-OF-CREDIT RIGHT.

(b) TO THE EXTENT THAT A TERM IN A LETTER OF CREDIT IS INEFFECTIVE UNDER SUBSECTION (a) OF THIS SECTION BUT WOULD BE EFFECTIVE UNDER LAW OTHER THAN THIS ARTICLE OR A CUSTOM OR PRACTICE APPLICABLE TO THE LETTER OF CREDIT, TO THE TRANSFER OF A RIGHT TO DRAW OR OTHERWISE DEMAND PERFORMANCE UNDER THE LETTER OF CREDIT, OR TO THE ASSIGNMENT OF A RIGHT TO PROCEEDS OF THE LETTER OF CREDIT, THE CREATION, ATTACHMENT, OR PERFECTION OF A SECURITY INTEREST IN THE LETTER-OF-CREDIT RIGHT:

(1) IS NOT ENFORCEABLE AGAINST THE APPLICANT, ISSUER, NOMINATED PERSON, OR TRANSFEREE BENEFICIARY;

(2) IMPOSES NO DUTIES OR OBLIGATIONS ON THE APPLICANT, ISSUER, NOMINATED PERSON, OR TRANSFEREE BENEFICIARY; AND

(3) DOES NOT REQUIRE THE APPLICANT, ISSUER, NOMINATED PERSON, OR TRANSFEREE BENEFICIARY TO RECOGNIZE THE SECURITY INTEREST, PAY OR RENDER PERFORMANCE TO THE SECURED PARTY, OR ACCEPT PAYMENT OR OTHER PERFORMANCE FROM THE SECURED PARTY.

PART 5

FILING

4-9-501. Filing office. (a) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (b) OF THIS SECTION, IF THE LOCAL LAW OF THIS STATE GOVERNS PERFECTION OF A SECURITY INTEREST OR AGRICULTURAL LIEN, THE OFFICE IN WHICH TO FILE A FINANCING STATEMENT TO PERFECT THE SECURITY INTEREST OR AGRICULTURAL LIEN IS:

(1) THE OFFICE DESIGNATED FOR THE FILING OR RECORDING OF A

RECORD OF A MORTGAGE ON THE RELATED REAL PROPERTY, IF:

(A) THE COLLATERAL IS AS-EXTRACTED COLLATERAL OR TIMBER TO BE CUT; OR

(B) THE FINANCING STATEMENT IS FILED AS A FIXTURE FILING AND THE COLLATERAL IS GOODS THAT ARE OR ARE TO BECOME FIXTURES; OR

(2) THE OFFICE OF THE SECRETARY OF STATE, IN ALL OTHER CASES, INCLUDING A CASE IN WHICH THE COLLATERAL IS GOODS THAT ARE OR ARE TO BECOME FIXTURES AND THE FINANCING STATEMENT IS NOT FILED AS A FIXTURE FILING.

(b) THE OFFICE IN WHICH TO FILE A FINANCING STATEMENT TO PERFECT A SECURITY INTEREST IN COLLATERAL, INCLUDING FIXTURES, OF A TRANSMITTING UTILITY IS THE OFFICE OF THE SECRETARY OF STATE. THE FINANCING STATEMENT ALSO CONSTITUTES A FIXTURE FILING AS TO THE COLLATERAL INDICATED IN THE FINANCING STATEMENT WHICH IS OR IS TO BECOME FIXTURES.

(c) THE OFFICE IN WHICH TO FILE AN EFFECTIVE FINANCING STATEMENT PURSUANT TO ARTICLE 9.5 OF THIS TITLE IS THE OFFICE OF THE SECRETARY OF STATE. IN ADDITION TO THE POWERS AND DUTIES OF THE SECRETARY OF STATE UNDER THIS PART 5, THE SECRETARY OF STATE SHALL PERFORM THE FUNCTIONS OF THE CENTRAL FILING OFFICER UNDER ARTICLES 9.3 AND 9.5 OF THIS TITLE.

(d) ON JULY 1, 2001, ALL EMPLOYEES OF THE CENTRAL FILING OFFICE WHOSE PRINCIPAL DUTIES ARE CONCERNED WITH THE DUTIES AND FUNCTIONS TO BE PERFORMED BY THE SECRETARY OF STATE AND WHOSE EMPLOYMENT BY THE SECRETARY OF STATE IS DEEMED NECESSARY BY THE SECRETARY OF STATE TO CARRY OUT THE PURPOSES OF THIS PART 5 AND OF

ARTICLES 9.3 AND 9.5 OF THIS TITLE SHALL BE TRANSFERRED TO THE SECRETARY OF STATE AND SHALL BECOME EMPLOYEES THEREOF. SUCH EMPLOYEES SHALL RETAIN ALL RIGHTS TO THE STATE PERSONNEL SYSTEM AND RETIREMENT BENEFITS UNDER THE LAWS OF THIS STATE, AND THEIR SERVICES SHALL BE DEEMED TO HAVE BEEN CONTINUOUS. ALL TRANSFERS AND ANY ABOLISHMENT OF POSITIONS IN THE STATE PERSONNEL SYSTEM SHALL BE MADE AND PROCESSED IN ACCORDANCE WITH STATE PERSONNEL SYSTEM LAWS AND RULES.

(e) ON JULY 1, 2001, ALL ITEMS OF PROPERTY, REAL AND PERSONAL, INCLUDING OFFICE FURNITURE AND FIXTURES, BOOKS, DOCUMENTS, AND RECORDS OF THE CENTRAL FILING OFFICER PERTAINING TO THE DUTIES AND FUNCTIONS TRANSFERRED TO THE SECRETARY OF STATE, SHALL BE TRANSFERRED TO THE SECRETARY OF STATE AND SHALL BECOME THE PROPERTY THEREOF.

(f) ON OR AFTER JULY 1, 2001, WHENEVER THE CENTRAL FILING OFFICER IS REFERRED TO OR DESIGNATED BY ANY CONTRACT OR OTHER DOCUMENT ENTERED INTO PRIOR TO JULY 1, 2001, TO WHICH THE CENTRAL FILING OFFICER IS A PARTY IN CONNECTION WITH THE DUTIES AND FUNCTIONS TO BE PERFORMED BY THE SECRETARY OF STATE UNDER THIS TITLE, SUCH REFERENCE OR DESIGNATION SHALL BE DEEMED TO REFER TO OR DESIGNATE THE SECRETARY OF STATE. ALL CONTRACTS ENTERED INTO BY THE CENTRAL FILING OFFICER PRIOR TO JULY 1, 2001, IN CONNECTION WITH THE DUTIES AND FUNCTIONS TO BE PERFORMED BY THE SECRETARY OF STATE UNDER THIS TITLE ARE HEREBY VALIDATED, WITH THE SECRETARY OF STATE SUCCEEDING TO ALL THE RIGHTS AND OBLIGATIONS OF SUCH CONTRACTS. ANY APPROPRIATIONS OF FUNDS FROM PRIOR FISCAL

YEARS OPEN TO SATISFY OBLIGATIONS INCURRED UNDER SUCH CONTRACTS ARE HEREBY TRANSFERRED AND APPROPRIATED TO THE BOARD FOR THE PAYMENT OF SUCH OBLIGATIONS.

4-9-502. Contents of financing statement - record of mortgage as financing statement - time of filing financing statement. (a) SUBJECT TO SUBSECTION (b) OF THIS SECTION, A FINANCING STATEMENT IS SUFFICIENT ONLY IF IT:

(1) PROVIDES THE NAME OF THE DEBTOR;

(2) PROVIDES THE NAME OF THE SECURED PARTY OR A REPRESENTATIVE OF THE SECURED PARTY; AND

(3) INDICATES THE COLLATERAL COVERED BY THE FINANCING STATEMENT.

(b) EXCEPT AS OTHERWISE PROVIDED IN SECTION 4-9-501 (b), TO BE SUFFICIENT, A FINANCING STATEMENT THAT COVERS AS-EXTRACTED COLLATERAL OR TIMBER TO BE CUT, OR WHICH IS FILED AS A FIXTURE FILING AND COVERS GOODS THAT ARE OR ARE TO BECOME FIXTURES, MUST SATISFY SUBSECTION (a) OF THIS SECTION AND ALSO:

(1) INDICATE THAT IT COVERS THIS TYPE OF COLLATERAL;

(2) INDICATE THAT IT IS TO BE FILED FOR RECORD IN THE REAL PROPERTY RECORDS;

(3) PROVIDE A DESCRIPTION OF THE REAL PROPERTY TO WHICH THE COLLATERAL IS RELATED SUFFICIENT TO GIVE CONSTRUCTIVE NOTICE OF A MORTGAGE UNDER THE LAW OF THIS STATE IF THE DESCRIPTION WERE CONTAINED IN A RECORD OF THE MORTGAGE OF THE REAL PROPERTY; AND

(4) IF THE DEBTOR DOES NOT HAVE AN INTEREST OF RECORD IN THE REAL PROPERTY, PROVIDE THE NAME OF A RECORD OWNER.

(c) A RECORD OF A MORTGAGE IS EFFECTIVE, FROM THE DATE OF RECORDING, AS A FINANCING STATEMENT FILED AS A FIXTURE FILING OR AS A FINANCING STATEMENT COVERING AS-EXTRACTED COLLATERAL OR TIMBER TO BE CUT ONLY IF:

(1) THE RECORD INDICATES THE GOODS OR ACCOUNTS THAT IT COVERS;

(2) THE GOODS ARE OR ARE TO BECOME FIXTURES RELATED TO THE REAL PROPERTY DESCRIBED IN THE RECORD OR THE COLLATERAL IS RELATED TO THE REAL PROPERTY DESCRIBED IN THE RECORD AND IS AS-EXTRACTED COLLATERAL OR TIMBER TO BE CUT;

(3) THE RECORD SATISFIES THE REQUIREMENTS FOR A FINANCING STATEMENT IN THIS SECTION OTHER THAN AN INDICATION THAT IT IS TO BE FILED IN THE REAL PROPERTY RECORDS; AND

(4) THE RECORD IS DULY RECORDED.

(d) A FINANCING STATEMENT MAY BE FILED BEFORE A SECURITY AGREEMENT IS MADE OR A SECURITY INTEREST OTHERWISE ATTACHES.

4-9-503. Name of debtor and secured party. (a) A FINANCING STATEMENT SUFFICIENTLY PROVIDES THE NAME OF THE DEBTOR:

(1) IF THE DEBTOR IS A REGISTERED ORGANIZATION, ONLY IF THE FINANCING STATEMENT PROVIDES THE NAME OF THE DEBTOR INDICATED ON THE PUBLIC RECORD OF THE DEBTOR'S JURISDICTION OF ORGANIZATION WHICH SHOWS THE DEBTOR TO HAVE BEEN ORGANIZED;

(2) IF THE DEBTOR IS A DECEDENT'S ESTATE, ONLY IF THE FINANCING STATEMENT PROVIDES THE NAME OF THE DECEDENT AND INDICATES THAT THE DEBTOR IS AN ESTATE;

(3) IF THE DEBTOR IS A TRUST OR A TRUSTEE ACTING WITH RESPECT

TO PROPERTY HELD IN TRUST, ONLY IF THE FINANCING STATEMENT:

(A) PROVIDES THE NAME SPECIFIED FOR THE TRUST IN ITS ORGANIC DOCUMENTS OR, IF NO NAME IS SPECIFIED, PROVIDES THE NAME OF THE SETTLOR AND ADDITIONAL INFORMATION SUFFICIENT TO DISTINGUISH THE DEBTOR FROM OTHER TRUSTS HAVING ONE OR MORE OF THE SAME SETTLORS; AND

(B) INDICATES, IN THE DEBTOR'S NAME OR OTHERWISE, THAT THE DEBTOR IS A TRUST OR IS A TRUSTEE ACTING WITH RESPECT TO PROPERTY HELD IN TRUST; AND

(4) IN OTHER CASES:

(A) IF THE DEBTOR HAS A NAME, ONLY IF IT PROVIDES THE INDIVIDUAL OR ORGANIZATIONAL NAME OF THE DEBTOR; AND

(B) IF THE DEBTOR DOES NOT HAVE A NAME, ONLY IF IT PROVIDES THE NAMES OF THE PARTNERS, MEMBERS, ASSOCIATES, OR OTHER PERSONS COMPRISING THE DEBTOR.

(b) A FINANCING STATEMENT THAT PROVIDES THE NAME OF THE DEBTOR IN ACCORDANCE WITH SUBSECTION (a) IS NOT RENDERED INEFFECTIVE BY THE ABSENCE OF:

(1) A TRADE NAME OR OTHER NAME OF THE DEBTOR; OR

(2) UNLESS REQUIRED UNDER SUBPARAGRAPH (B) OF PARAGRAPH (4) OF SUBSECTION (a) OF THIS SECTION, NAMES OF PARTNERS, MEMBERS, ASSOCIATES, OR OTHER PERSONS COMPRISING THE DEBTOR.

(c) A FINANCING STATEMENT THAT PROVIDES ONLY THE DEBTOR'S TRADE NAME DOES NOT SUFFICIENTLY PROVIDE THE NAME OF THE DEBTOR.

(d) FAILURE TO INDICATE THE REPRESENTATIVE CAPACITY OF A SECURED PARTY OR REPRESENTATIVE OF A SECURED PARTY DOES NOT

AFFECT THE SUFFICIENCY OF A FINANCING STATEMENT.

(e) A FINANCING STATEMENT MAY PROVIDE THE NAME OF MORE THAN ONE DEBTOR AND THE NAME OF MORE THAN ONE SECURED PARTY.

4-9-504. Indication of collateral. A FINANCING STATEMENT SUFFICIENTLY INDICATES THE COLLATERAL THAT IT COVERS IF THE FINANCING STATEMENT PROVIDES:

(1) A DESCRIPTION OF THE COLLATERAL PURSUANT TO SECTION 4-9-108; OR

(2) AN INDICATION THAT THE FINANCING STATEMENT COVERS ALL ASSETS OR ALL PERSONAL PROPERTY.

4-9-505. Filing and compliance with other statutes and treaties for consignments, leases, other bailments, and other transactions. (a) A CONSIGNOR, LESSOR, OR OTHER BAILOR OF GOODS, A LICENSOR, OR A BUYER OF A PAYMENT INTANGIBLE OR PROMISSORY NOTE MAY FILE A FINANCING STATEMENT, OR MAY COMPLY WITH A STATUTE OR TREATY DESCRIBED IN SECTION 4-9-311 (a), USING THE TERMS "CONSIGNOR", "CONSIGNEE", "LESSOR", "LESSEE", "BAILOR", "BAILEE", "LICENSOR", "LICENSEE", "OWNER", "REGISTERED OWNER", "BUYER", "SELLER", OR WORDS OF SIMILAR IMPORT, INSTEAD OF THE TERMS "SECURED PARTY" AND "DEBTOR".

(b) THIS PART 5 APPLIES TO THE FILING OF A FINANCING STATEMENT UNDER SUBSECTION (a) OF THIS SECTION AND, AS APPROPRIATE, TO COMPLIANCE THAT IS EQUIVALENT TO FILING A FINANCING STATEMENT UNDER SECTION 4-9-311 (b), BUT THE FILING OR COMPLIANCE IS NOT OF ITSELF A FACTOR IN DETERMINING WHETHER THE COLLATERAL SECURES AN OBLIGATION. IF IT IS DETERMINED FOR ANOTHER

REASON THAT THE COLLATERAL SECURES AN OBLIGATION, A SECURITY INTEREST HELD BY THE CONSIGNOR, LESSOR, BAILOR, LICENSOR, OWNER, OR BUYER WHICH ATTACHES TO THE COLLATERAL IS PERFECTED BY THE FILING OR COMPLIANCE.

4-9-506. Effect of errors or omissions. (a) A FINANCING STATEMENT SUBSTANTIALLY SATISFYING THE REQUIREMENTS OF THIS PART 5 IS EFFECTIVE, EVEN IF IT HAS MINOR ERRORS OR OMISSIONS, UNLESS THE ERRORS OR OMISSIONS MAKE THE FINANCING STATEMENT SERIOUSLY MISLEADING.

(b) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (c) OF THIS SECTION, A FINANCING STATEMENT THAT FAILS SUFFICIENTLY TO PROVIDE THE NAME OF THE DEBTOR IN ACCORDANCE WITH SECTION 4-9-503 (a) IS SERIOUSLY MISLEADING.

(c) IF A SEARCH OF THE RECORDS OF THE FILING OFFICE UNDER THE DEBTOR'S CORRECT NAME, USING THE FILING OFFICE'S STANDARD SEARCH LOGIC, IF ANY, WOULD DISCLOSE A FINANCING STATEMENT THAT FAILS SUFFICIENTLY TO PROVIDE THE NAME OF THE DEBTOR IN ACCORDANCE WITH SECTION 4-9-503 (a), THE NAME PROVIDED DOES NOT MAKE THE FINANCING STATEMENT SERIOUSLY MISLEADING.

(d) FOR PURPOSES OF SECTION 4-9-508 (b), THE "DEBTOR'S CORRECT NAME" IN SUBSECTION (c) OF THIS SECTION MEANS THE CORRECT NAME OF THE NEW DEBTOR.

4-9-507. Effect of certain events on effectiveness of financing statement. (a) A FILED FINANCING STATEMENT REMAINS EFFECTIVE WITH RESPECT TO COLLATERAL THAT IS SOLD, EXCHANGED, LEASED, LICENSED, OR OTHERWISE DISPOSED OF AND IN WHICH A SECURITY INTEREST OR

AGRICULTURAL LIEN CONTINUES, EVEN IF THE SECURED PARTY KNOWS OF OR CONSENTS TO THE DISPOSITION.

(b) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (c) OF THIS SECTION AND SECTION 4-9-508, A FINANCING STATEMENT IS NOT RENDERED INEFFECTIVE IF, AFTER THE FINANCING STATEMENT IS FILED, THE INFORMATION PROVIDED IN THE FINANCING STATEMENT BECOMES SERIOUSLY MISLEADING UNDER SECTION 4-9-506.

(c) IF A DEBTOR SO CHANGES ITS NAME THAT A FILED FINANCING STATEMENT BECOMES SERIOUSLY MISLEADING UNDER SECTION 4-9-506:

(1) THE FINANCING STATEMENT IS EFFECTIVE TO PERFECT A SECURITY INTEREST IN COLLATERAL ACQUIRED BY THE DEBTOR BEFORE, OR WITHIN FOUR MONTHS AFTER, THE CHANGE; AND

(2) THE FINANCING STATEMENT IS NOT EFFECTIVE TO PERFECT A SECURITY INTEREST IN COLLATERAL ACQUIRED BY THE DEBTOR MORE THAN FOUR MONTHS AFTER THE CHANGE, UNLESS AN AMENDMENT TO THE FINANCING STATEMENT WHICH RENDERS THE FINANCING STATEMENT NOT SERIOUSLY MISLEADING IS FILED WITHIN FOUR MONTHS AFTER THE CHANGE.

4-9-508. Effectiveness of financing statement if new debtor becomes bound by security agreement. (a) EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, A FILED FINANCING STATEMENT NAMING AN ORIGINAL DEBTOR IS EFFECTIVE TO PERFECT A SECURITY INTEREST IN COLLATERAL IN WHICH A NEW DEBTOR HAS OR ACQUIRES RIGHTS TO THE EXTENT THAT THE FINANCING STATEMENT WOULD HAVE BEEN EFFECTIVE HAD THE ORIGINAL DEBTOR ACQUIRED RIGHTS IN THE COLLATERAL.

(b) IF THE DIFFERENCE BETWEEN THE NAME OF THE ORIGINAL

DEBTOR AND THAT OF THE NEW DEBTOR CAUSES A FILED FINANCING STATEMENT THAT IS EFFECTIVE UNDER SUBSECTION (a) OF THIS SECTION TO BE SERIOUSLY MISLEADING UNDER SECTION 4-9-506:

(1) THE FINANCING STATEMENT IS EFFECTIVE TO PERFECT A SECURITY INTEREST IN COLLATERAL ACQUIRED BY THE NEW DEBTOR BEFORE, AND WITHIN FOUR MONTHS AFTER, THE NEW DEBTOR BECOMES BOUND UNDER SECTION 4-9-203 (d); AND

(2) THE FINANCING STATEMENT IS NOT EFFECTIVE TO PERFECT A SECURITY INTEREST IN COLLATERAL ACQUIRED BY THE NEW DEBTOR MORE THAN FOUR MONTHS AFTER THE NEW DEBTOR BECOMES BOUND UNDER SECTION 4-9-203 (d) UNLESS AN INITIAL FINANCING STATEMENT PROVIDING THE NAME OF THE NEW DEBTOR IS FILED BEFORE THE EXPIRATION OF THAT TIME.

(c) THIS SECTION DOES NOT APPLY TO COLLATERAL AS TO WHICH A FILED FINANCING STATEMENT REMAINS EFFECTIVE AGAINST THE NEW DEBTOR UNDER SECTION 4-9-507 (a).

4-9-509. Persons entitled to file a record. (a) A PERSON MAY FILE AN INITIAL FINANCING STATEMENT, AMENDMENT THAT ADDS COLLATERAL COVERED BY A FINANCING STATEMENT, OR AMENDMENT THAT ADDS A DEBTOR TO A FINANCING STATEMENT ONLY IF:

(1) THE DEBTOR AUTHORIZES THE FILING IN AN AUTHENTICATED RECORD OR PURSUANT TO SUBSECTION (b) OR (c) OF THIS SECTION; OR

(2) THE PERSON HOLDS AN AGRICULTURAL LIEN THAT HAS BECOME EFFECTIVE AT THE TIME OF FILING AND THE FINANCING STATEMENT COVERS ONLY COLLATERAL IN WHICH THE PERSON HOLDS AN AGRICULTURAL LIEN.

(b) BY AUTHENTICATING OR BECOMING BOUND AS DEBTOR BY A SECURITY AGREEMENT, A DEBTOR OR NEW DEBTOR AUTHORIZES THE FILING OF AN INITIAL FINANCING STATEMENT, AND AN AMENDMENT, COVERING:

(1) THE COLLATERAL DESCRIBED IN THE SECURITY AGREEMENT; AND

(2) PROPERTY THAT BECOMES COLLATERAL UNDER SECTION 4-9-315 (a) (2), WHETHER OR NOT THE SECURITY AGREEMENT EXPRESSLY COVERS PROCEEDS.

(c) BY ACQUIRING COLLATERAL IN WHICH A SECURITY INTEREST OR AGRICULTURAL LIEN CONTINUES UNDER SECTION 4-9-315 (a) (1), A DEBTOR AUTHORIZES THE FILING OF AN INITIAL FINANCING STATEMENT, AND AN AMENDMENT, COVERING THE COLLATERAL AND PROPERTY THAT BECOMES COLLATERAL UNDER SECTION 4-9-315 (a) (2).

(d) A PERSON MAY FILE AN AMENDMENT OTHER THAN AN AMENDMENT THAT ADDS COLLATERAL COVERED BY A FINANCING STATEMENT OR AN AMENDMENT THAT ADDS A DEBTOR TO A FINANCING STATEMENT ONLY IF:

(1) THE SECURED PARTY OF RECORD AUTHORIZES THE FILING; OR

(2) THE AMENDMENT IS A TERMINATION STATEMENT FOR A FINANCING STATEMENT AS TO WHICH THE SECURED PARTY OF RECORD HAS FAILED TO FILE OR SEND A TERMINATION STATEMENT AS REQUIRED BY SECTION 4-9-513 (a) OR (c), THE DEBTOR AUTHORIZES THE FILING, AND THE TERMINATION STATEMENT INDICATES THAT THE DEBTOR AUTHORIZED IT TO BE FILED.

(e) IF THERE IS MORE THAN ONE SECURED PARTY OF RECORD FOR

A FINANCING STATEMENT, EACH SECURED PARTY OF RECORD MAY AUTHORIZE THE FILING OF AN AMENDMENT UNDER SUBSECTION (d) OF THIS SECTION.

4-9-510. Effectiveness of filed record. (a) A FILED RECORD IS EFFECTIVE ONLY TO THE EXTENT THAT IT WAS FILED BY A PERSON THAT MAY FILE IT UNDER SECTION 4-9-509.

(b) A RECORD AUTHORIZED BY ONE SECURED PARTY OF RECORD DOES NOT AFFECT THE FINANCING STATEMENT WITH RESPECT TO ANOTHER SECURED PARTY OF RECORD.

(c) SUBJECT TO SECTION 4-9-528 AND SUBSECTION (d) OF THIS SECTION, A CONTINUATION STATEMENT THAT IS NOT FILED WITHIN THE SIX-MONTH PERIOD PRESCRIBED BY SECTION 4-9-515 (d) IS INEFFECTIVE.

(d) ANY CONTINUATION STATEMENT FILED ON OR AFTER JULY 1, 1996, AND BEFORE JANUARY 1, 1998, INCLUDING ONE THAT WAS PERFECTED BY FILING WITH BOTH THE OFFICES OF THE SECRETARY OF STATE AND A COUNTY CLERK AND RECORDER, CONTINUES THE PERFECTION IN ALL OF THE COLLATERAL LISTED ON THE FILING. WITH RESPECT TO CONTINUATION STATEMENTS FILED ON OR AFTER JULY 1, 1996, AND BEFORE JANUARY 1, 1998, THE FILING OF A SINGLE CONTINUATION STATEMENT SHALL MAINTAIN THE EFFECTIVENESS OF FINANCING STATEMENTS THAT NAME IDENTICAL COLLATERAL BUT HAVE BEEN FILED IN MULTIPLE LOCATIONS.

(e) NO CONTINUATION STATEMENT FILED ON OR AFTER JULY 1, 1995, SHALL BE INEFFECTIVE SOLELY BECAUSE IT FAILED TO INCLUDE A STATEMENT THAT THE ORIGINAL FINANCING STATEMENT IS STILL EFFECTIVE.

4-9-511. Secured party of record. (a) A SECURED PARTY OF RECORD WITH RESPECT TO A FINANCING STATEMENT IS A PERSON WHOSE NAME IS PROVIDED AS THE NAME OF THE SECURED PARTY OR A REPRESENTATIVE OF THE SECURED PARTY IN AN INITIAL FINANCING STATEMENT THAT HAS BEEN FILED. IF AN INITIAL FINANCING STATEMENT IS FILED UNDER SECTION 4-9-514 (a), THE ASSIGNEE NAMED IN THE INITIAL FINANCING STATEMENT IS THE SECURED PARTY OF RECORD WITH RESPECT TO THE FINANCING STATEMENT.

(b) IF AN AMENDMENT OF A FINANCING STATEMENT WHICH PROVIDES THE NAME OF A PERSON AS A SECURED PARTY OR A REPRESENTATIVE OF A SECURED PARTY IS FILED, THE PERSON NAMED IN THE AMENDMENT IS A SECURED PARTY OF RECORD. IF AN AMENDMENT IS FILED UNDER SECTION 4-9-514 (b), THE ASSIGNEE NAMED IN THE AMENDMENT IS A SECURED PARTY OF RECORD.

(c) A PERSON REMAINS A SECURED PARTY OF RECORD UNTIL THE FILING OF AN AMENDMENT OF THE FINANCING STATEMENT WHICH DELETES THE PERSON.

4-9-512. Amendment of financing statement. (a) SUBJECT TO SECTION 4-9-509, A PERSON MAY ADD OR DELETE COLLATERAL COVERED BY, CONTINUE OR TERMINATE THE EFFECTIVENESS OF, OR, SUBJECT TO SUBSECTION (e) OF THIS SECTION, OTHERWISE AMEND THE INFORMATION PROVIDED IN, A FINANCING STATEMENT BY FILING AN AMENDMENT THAT:

(1) IDENTIFIES, BY FILE NUMBER, THE INITIAL FINANCING STATEMENT TO WHICH THE AMENDMENT RELATES; AND

(2) IF THE AMENDMENT RELATES TO AN INITIAL FINANCING STATEMENT FILED OR RECORDED IN A FILING OFFICE DESCRIBED IN SECTION

4-9-501 (a) (1), PROVIDES THE DATE THAT THE INITIAL FINANCING STATEMENT WAS FILED OR RECORDED.

(b) EXCEPT AS OTHERWISE PROVIDED IN SECTION 4-9-515, THE FILING OF AN AMENDMENT DOES NOT EXTEND THE PERIOD OF EFFECTIVENESS OF THE FINANCING STATEMENT.

(c) A FINANCING STATEMENT THAT IS AMENDED BY AN AMENDMENT THAT ADDS COLLATERAL IS EFFECTIVE AS TO THE ADDED COLLATERAL ONLY FROM THE DATE OF THE FILING OF THE AMENDMENT.

(d) A FINANCING STATEMENT THAT IS AMENDED BY AN AMENDMENT THAT ADDS A DEBTOR IS EFFECTIVE AS TO THE ADDED DEBTOR ONLY FROM THE DATE OF THE FILING OF THE AMENDMENT.

(e) AN AMENDMENT IS INEFFECTIVE TO THE EXTENT IT:

(1) PURPORTS TO DELETE ALL DEBTORS AND FAILS TO PROVIDE THE NAME OF A DEBTOR TO BE COVERED BY THE FINANCING STATEMENT; OR

(2) PURPORTS TO DELETE ALL SECURED PARTIES OF RECORD AND FAILS TO PROVIDE THE NAME OF A NEW SECURED PARTY OF RECORD.

4-9-513. Termination statement. (a) A SECURED PARTY SHALL CAUSE THE SECURED PARTY OF RECORD FOR A FINANCING STATEMENT TO FILE A TERMINATION STATEMENT FOR THE FINANCING STATEMENT IF THE FINANCING STATEMENT COVERS CONSUMER GOODS AND:

(1) THERE IS NO OBLIGATION SECURED BY THE COLLATERAL COVERED BY THE FINANCING STATEMENT AND NO COMMITMENT TO MAKE AN ADVANCE, INCUR AN OBLIGATION, OR OTHERWISE GIVE VALUE; OR

(2) THE DEBTOR DID NOT AUTHORIZE THE FILING OF THE INITIAL FINANCING STATEMENT.

(b) TO COMPLY WITH SUBSECTION (a) OF THIS SECTION, A SECURED

PARTY SHALL CAUSE THE SECURED PARTY OF RECORD TO FILE THE TERMINATION STATEMENT:

(1) WITHIN ONE MONTH AFTER THERE IS NO OBLIGATION SECURED BY THE COLLATERAL COVERED BY THE FINANCING STATEMENT AND NO COMMITMENT TO MAKE AN ADVANCE, INCUR AN OBLIGATION, OR OTHERWISE GIVE VALUE; OR

(2) IF EARLIER, WITHIN TWENTY DAYS AFTER THE SECURED PARTY RECEIVES AN AUTHENTICATED DEMAND FROM A DEBTOR.

(c) IN CASES NOT GOVERNED BY SUBSECTION (a) OF THIS SECTION, WITHIN TWENTY DAYS AFTER A SECURED PARTY RECEIVES AN AUTHENTICATED DEMAND FROM A DEBTOR, THE SECURED PARTY SHALL CAUSE THE SECURED PARTY OF RECORD FOR A FINANCING STATEMENT TO SEND TO THE DEBTOR A TERMINATION STATEMENT FOR THE FINANCING STATEMENT OR FILE THE TERMINATION STATEMENT IN THE FILING OFFICE IF:

(1) EXCEPT IN THE CASE OF A FINANCING STATEMENT COVERING ACCOUNTS OR CHATTEL PAPER THAT HAS BEEN SOLD OR GOODS THAT ARE THE SUBJECT OF A CONSIGNMENT, THERE IS NO OBLIGATION SECURED BY THE COLLATERAL COVERED BY THE FINANCING STATEMENT AND NO COMMITMENT TO MAKE AN ADVANCE, INCUR AN OBLIGATION, OR OTHERWISE GIVE VALUE;

(2) THE FINANCING STATEMENT COVERS ACCOUNTS OR CHATTEL PAPER THAT HAS BEEN SOLD BUT AS TO WHICH THE ACCOUNT DEBTOR OR OTHER PERSON OBLIGATED HAS DISCHARGED ITS OBLIGATION;

(3) THE FINANCING STATEMENT COVERS GOODS THAT WERE THE SUBJECT OF A CONSIGNMENT TO THE DEBTOR BUT ARE NOT IN THE

DEBTOR'S POSSESSION; OR

(4) THE DEBTOR DID NOT AUTHORIZE THE FILING OF THE INITIAL FINANCING STATEMENT.

(d) EXCEPT AS OTHERWISE PROVIDED IN SECTION 4-9-510, UPON THE FILING OF A TERMINATION STATEMENT WITH THE FILING OFFICE, THE FINANCING STATEMENT TO WHICH THE TERMINATION STATEMENT RELATES CEASES TO BE EFFECTIVE. EXCEPT AS OTHERWISE PROVIDED IN SECTION 4-9-510, FOR PURPOSES OF SECTIONS 4-9-519 (g), 4-9-522 (a), AND 4-9-523 (c), THE FILING WITH THE FILING OFFICE OF A TERMINATION STATEMENT RELATING TO A FINANCING STATEMENT THAT INDICATES THAT THE DEBTOR IS A TRANSMITTING UTILITY ALSO CAUSES THE EFFECTIVENESS OF THE FINANCING STATEMENT TO LAPSE.

4-9-514. Assignment of powers of secured party of record.

(a) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (c) OF THIS SECTION, AN INITIAL FINANCING STATEMENT MAY REFLECT AN ASSIGNMENT OF ALL OF THE SECURED PARTY'S POWER TO AUTHORIZE AN AMENDMENT TO THE FINANCING STATEMENT BY PROVIDING THE NAME AND MAILING ADDRESS OF THE ASSIGNEE AS THE NAME AND ADDRESS OF THE SECURED PARTY.

(b) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (c) OF THIS SECTION, A SECURED PARTY OF RECORD MAY ASSIGN OF RECORD ALL OR PART OF ITS POWER TO AUTHORIZE AN AMENDMENT TO A FINANCING STATEMENT BY FILING IN THE FILING OFFICE AN AMENDMENT OF THE FINANCING STATEMENT WHICH:

(1) IDENTIFIES, BY ITS FILE NUMBER, THE INITIAL FINANCING STATEMENT TO WHICH IT RELATES;

(2) PROVIDES THE NAME OF THE ASSIGNOR AND THE NAME OF ONE

OF THE DEBTORS; AND

(3) PROVIDES THE NAME AND MAILING ADDRESS OF THE ASSIGNEE.

(c) AN ASSIGNMENT OF RECORD OF A SECURITY INTEREST IN A FIXTURE COVERED BY A RECORD OF A MORTGAGE WHICH IS EFFECTIVE AS A FINANCING STATEMENT FILED AS A FIXTURE FILING UNDER SECTION 4-9-502 (c) MAY BE MADE ONLY BY AN ASSIGNMENT OF RECORD OF THE MORTGAGE IN THE MANNER PROVIDED BY LAW OF THIS STATE OTHER THAN THIS TITLE.

4-9-515. Duration and effectiveness of financing statement - effect of lapsed financing statement. (a) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTIONS (b), (e), (f), AND (g) OF THIS SECTION AND SECTION 4-9-528, A FILED FINANCING STATEMENT IS EFFECTIVE FOR A PERIOD OF TEN YEARS AFTER THE DATE OF FILING.

(b) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTIONS (e), (f), AND (g) OF THIS SECTION, AN INITIAL FINANCING STATEMENT FILED IN CONNECTION WITH A PUBLIC-FINANCE TRANSACTION OR MANUFACTURED-HOME TRANSACTION IS EFFECTIVE FOR A PERIOD OF THIRTY YEARS AFTER THE DATE OF FILING IF IT INDICATES THAT IT IS FILED IN CONNECTION WITH A PUBLIC-FINANCE TRANSACTION OR MANUFACTURED-HOME TRANSACTION.

(c) THE EFFECTIVENESS OF A FILED FINANCING STATEMENT LAPSES ON THE EXPIRATION OF THE PERIOD OF ITS EFFECTIVENESS UNLESS BEFORE THE LAPSE A CONTINUATION STATEMENT IS FILED PURSUANT TO SUBSECTION (d) OF THIS SECTION. UPON LAPSE, A FINANCING STATEMENT CEASES TO BE EFFECTIVE AND ANY SECURITY INTEREST OR AGRICULTURAL LIEN THAT WAS PERFECTED BY THE FINANCING STATEMENT BECOMES

UNPERFECTED, UNLESS THE SECURITY INTEREST IS PERFECTED OTHERWISE. IF THE SECURITY INTEREST OR AGRICULTURAL LIEN BECOMES UNPERFECTED UPON LAPSE, IT IS DEEMED NEVER TO HAVE BEEN PERFECTED AS AGAINST A PURCHASER OF THE COLLATERAL FOR VALUE.

(d) A CONTINUATION STATEMENT MAY BE FILED ONLY WITHIN SIX MONTHS BEFORE THE EXPIRATION OF THE TEN-YEAR PERIOD SPECIFIED IN SUBSECTION (a) OF THIS SECTION, THE THIRTY-YEAR PERIOD SPECIFIED IN SUBSECTION (b) OF THIS SECTION, OR THE FIVE-YEAR PERIOD SPECIFIED IN SECTION 4-9-528 (1) (a), WHICHEVER IS APPLICABLE.

(e) EXCEPT AS OTHERWISE PROVIDED IN SECTION 4-9-510, UPON TIMELY FILING OF A CONTINUATION STATEMENT, THE EFFECTIVENESS OF THE INITIAL FINANCING STATEMENT CONTINUES FOR A PERIOD OF TEN YEARS COMMENCING ON THE DAY ON WHICH THE FINANCING STATEMENT WOULD HAVE BECOME INEFFECTIVE IN THE ABSENCE OF THE FILING. UPON THE EXPIRATION OF THE TEN-YEAR PERIOD, THE FINANCING STATEMENT LAPSES IN THE SAME MANNER AS PROVIDED IN SUBSECTION (c) OF THIS SECTION, UNLESS, BEFORE THE LAPSE, ANOTHER CONTINUATION STATEMENT IS FILED PURSUANT TO SUBSECTION (d) OF THIS SECTION. SUCCEEDING CONTINUATION STATEMENTS MAY BE FILED IN THE SAME MANNER TO CONTINUE THE EFFECTIVENESS OF THE INITIAL FINANCING STATEMENT.

(f) IF A DEBTOR IS A TRANSMITTING UTILITY AND A FILED FINANCING STATEMENT SO INDICATES, THE FINANCING STATEMENT IS EFFECTIVE UNTIL A TERMINATION STATEMENT IS FILED.

(g) A RECORD OF A MORTGAGE THAT IS EFFECTIVE AS A FINANCING STATEMENT FILED AS A FIXTURE FILING UNDER SECTION 4-9-502 (c)

REMAINS EFFECTIVE AS A FINANCING STATEMENT FILED AS A FIXTURE FILING UNTIL THE MORTGAGE IS RELEASED OR SATISFIED OF RECORD OR ITS EFFECTIVENESS OTHERWISE TERMINATES AS TO THE REAL PROPERTY.

(h) THE TEN-YEAR PERIODS OF EFFECTIVENESS PROVIDED FOR IN THIS SECTION APPLY ONLY WITH RESPECT TO FINANCING STATEMENTS FILED ON OR AFTER JULY 1, 2001.

4-9-516. What constitutes filing - effectiveness of filing. (a) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (b) OF THIS SECTION, COMMUNICATION OF A RECORD TO A FILING OFFICE AND TENDER OF THE FILING FEE OR ACCEPTANCE OF THE RECORD BY THE FILING OFFICE CONSTITUTES FILING.

(b) FILING DOES NOT OCCUR WITH RESPECT TO A RECORD THAT A FILING OFFICE REFUSES TO ACCEPT BECAUSE:

(1) THE RECORD IS NOT COMMUNICATED BY A METHOD OR MEDIUM OF COMMUNICATION AUTHORIZED BY THE FILING OFFICE;

(2) AN AMOUNT EQUAL TO OR GREATER THAN THE APPLICABLE FILING FEE IS NOT TENDERED;

(3) THE FILING OFFICE IS UNABLE TO INDEX THE RECORD BECAUSE:

(A) IN THE CASE OF AN INITIAL FINANCING STATEMENT, THE RECORD DOES NOT PROVIDE A NAME FOR THE DEBTOR;

(B) IN THE CASE OF AN AMENDMENT OR CORRECTION STATEMENT, THE RECORD:

(i) DOES NOT IDENTIFY THE INITIAL FINANCING STATEMENT AS REQUIRED BY SECTION 4-9-512 OR 4-9-518, AS APPLICABLE; OR

(ii) IDENTIFIES AN INITIAL FINANCING STATEMENT WHOSE EFFECTIVENESS HAS LAPSED UNDER SECTION 4-9-515;

(C) IN THE CASE OF AN INITIAL FINANCING STATEMENT THAT PROVIDES THE NAME OF A DEBTOR IDENTIFIED AS AN INDIVIDUAL OR AN AMENDMENT THAT PROVIDES A NAME OF A DEBTOR IDENTIFIED AS AN INDIVIDUAL WHICH WAS NOT PREVIOUSLY PROVIDED IN THE FINANCING STATEMENT TO WHICH THE RECORD RELATES, THE RECORD DOES NOT IDENTIFY THE DEBTOR'S LAST NAME; OR

(D) IN THE CASE OF A RECORD FILED OR RECORDED IN THE FILING OFFICE DESCRIBED IN SECTION 4-9-501 (a) (1), THE RECORD DOES NOT PROVIDE A SUFFICIENT DESCRIPTION OF THE REAL PROPERTY TO WHICH IT RELATES;

(4) IN THE CASE OF AN INITIAL FINANCING STATEMENT OR AN AMENDMENT THAT ADDS A SECURED PARTY OF RECORD, THE RECORD DOES NOT PROVIDE A NAME AND MAILING ADDRESS FOR THE SECURED PARTY OF RECORD;

(5) IN THE CASE OF AN INITIAL FINANCING STATEMENT OR AN AMENDMENT THAT PROVIDES A NAME OF A DEBTOR WHICH WAS NOT PREVIOUSLY PROVIDED IN THE FINANCING STATEMENT TO WHICH THE AMENDMENT RELATES, THE RECORD DOES NOT:

(A) PROVIDE A MAILING ADDRESS FOR THE DEBTOR;

(B) INDICATE WHETHER THE DEBTOR IS AN INDIVIDUAL OR AN ORGANIZATION; OR

(C) IF THE FINANCING STATEMENT INDICATES THAT THE DEBTOR IS AN ORGANIZATION, PROVIDE:

(i) A TYPE OF ORGANIZATION FOR THE DEBTOR;

(ii) A JURISDICTION OF ORGANIZATION FOR THE DEBTOR; OR

(iii) AN ORGANIZATIONAL IDENTIFICATION NUMBER FOR THE

DEBTOR OR INDICATE THAT THE DEBTOR HAS NONE;

(6) IN THE CASE OF AN ASSIGNMENT REFLECTED IN AN INITIAL FINANCING STATEMENT UNDER SECTION 4-9-514 (a) OR AN AMENDMENT FILED UNDER SECTION 4-9-514 (b), THE RECORD DOES NOT PROVIDE A NAME AND MAILING ADDRESS FOR THE ASSIGNEE; OR

(7) IN THE CASE OF A CONTINUATION STATEMENT, THE RECORD IS NOT FILED WITHIN THE SIX-MONTH PERIOD PRESCRIBED BY SECTION 4-9-515 (d).

(c) FOR PURPOSES OF SUBSECTION (b) OF THIS SECTION:

(1) A RECORD DOES NOT PROVIDE INFORMATION IF THE FILING OFFICE IS UNABLE TO READ OR DECIPHER THE INFORMATION; AND

(2) A RECORD THAT DOES NOT INDICATE THAT IT IS AN AMENDMENT OR IDENTIFY AN INITIAL FINANCING STATEMENT TO WHICH IT RELATES, AS REQUIRED BY SECTION 4-9-512, 4-9-514, OR 4-9-518, IS AN INITIAL FINANCING STATEMENT.

(d) A RECORD THAT IS COMMUNICATED TO THE FILING OFFICE WITH TENDER OF THE FILING FEE, BUT WHICH THE FILING OFFICE REFUSES TO ACCEPT FOR A REASON OTHER THAN ONE SET FORTH IN SUBSECTION (b) OF THIS SECTION, IS EFFECTIVE AS A FILED RECORD EXCEPT AS AGAINST A PURCHASER OF THE COLLATERAL WHICH GIVES VALUE IN REASONABLE RELIANCE UPON THE ABSENCE OF THE RECORD FROM THE FILES.

4-9-517. Effect of indexing errors. THE FAILURE OF THE FILING OFFICE TO INDEX A RECORD CORRECTLY DOES NOT AFFECT THE EFFECTIVENESS OF THE FILED RECORD.

4-9-518. Claim concerning inaccurate or wrongfully filed record. (a) A PERSON MAY FILE IN THE FILING OFFICE A CORRECTION

STATEMENT WITH RESPECT TO A RECORD INDEXED THERE UNDER THE PERSON'S NAME IF THE PERSON BELIEVES THAT THE RECORD IS INACCURATE OR WAS WRONGFULLY FILED.

(b) A CORRECTION STATEMENT MUST:

(1) IDENTIFY THE RECORD TO WHICH IT RELATES BY:

(A) THE FILE NUMBER ASSIGNED TO THE INITIAL FINANCING STATEMENT TO WHICH THE RECORD RELATES; AND

(B) IF THE CORRECTION STATEMENT RELATES TO A RECORD FILED OR RECORDED IN A FILING OFFICE DESCRIBED IN SECTION 4-9-501 (a) (1), THE DATE THAT THE INITIAL FINANCING STATEMENT WAS FILED OR RECORDED;

(2) INDICATE THAT IT IS A CORRECTION STATEMENT; AND

(3) PROVIDE THE BASIS FOR THE PERSON'S BELIEF THAT THE RECORD IS INACCURATE AND INDICATE THE MANNER IN WHICH THE PERSON BELIEVES THE RECORD SHOULD BE AMENDED TO CURE ANY INACCURACY OR PROVIDE THE BASIS FOR THE PERSON'S BELIEF THAT THE RECORD WAS WRONGFULLY FILED.

(c) THE FILING OF A CORRECTION STATEMENT DOES NOT AFFECT THE EFFECTIVENESS OF AN INITIAL FINANCING STATEMENT OR OTHER FILED RECORD.

4-9-519. Numbering, maintaining, and indexing records - communicating information provided in records. (a) FOR EACH RECORD FILED IN A FILING OFFICE, THE FILING OFFICE SHALL:

(1) ASSIGN A UNIQUE NUMBER TO THE FILED RECORD;

(2) CREATE A RECORD THAT BEARS THE NUMBER ASSIGNED TO THE FILED RECORD AND THE DATE AND TIME OF FILING;

(3) MAINTAIN THE FILED RECORD FOR PUBLIC INSPECTION; AND

(4) INDEX THE FILED RECORD IN ACCORDANCE WITH SUBSECTIONS (c), (d), AND (e) OF THIS SECTION.

(b) A FILE NUMBER ASSIGNED AFTER JANUARY 1, 2002, MUST INCLUDE A DIGIT THAT:

(1) IS MATHEMATICALLY DERIVED FROM OR RELATED TO THE OTHER DIGITS OF THE FILE NUMBER; AND

(2) AIDS THE FILING OFFICE IN DETERMINING WHETHER A NUMBER COMMUNICATED AS THE FILE NUMBER INCLUDES A SINGLE-DIGIT OR TRANSPOSITIONAL ERROR.

(c) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTIONS (d) AND (e) OF THIS SECTION, THE FILING OFFICE SHALL:

(1) INDEX AN INITIAL FINANCING STATEMENT ACCORDING TO THE NAME OF THE DEBTOR AND INDEX ALL FILED RECORDS RELATING TO THE INITIAL FINANCING STATEMENT IN A MANNER THAT ASSOCIATES WITH ONE ANOTHER AN INITIAL FINANCING STATEMENT AND ALL FILED RECORDS RELATING TO THE INITIAL FINANCING STATEMENT; AND

(2) INDEX A RECORD THAT PROVIDES A NAME OF A DEBTOR WHICH WAS NOT PREVIOUSLY PROVIDED IN THE FINANCING STATEMENT TO WHICH THE RECORD RELATES ALSO ACCORDING TO THE NAME THAT WAS NOT PREVIOUSLY PROVIDED.

(d) IF A FINANCING STATEMENT IS FILED AS A FIXTURE FILING OR COVERS AS-EXTRACTED COLLATERAL OR TIMBER TO BE CUT, IT MUST BE FILED FOR RECORD AND THE FILING OFFICE SHALL INDEX IT:

(1) UNDER THE NAMES OF THE DEBTOR AND OF EACH OWNER OF RECORD SHOWN ON THE FINANCING STATEMENT AS IF THEY WERE THE

MORTGAGORS UNDER A MORTGAGE OF THE REAL PROPERTY DESCRIBED; AND

(2) TO THE EXTENT THAT THE LAW OF THIS STATE PROVIDES FOR INDEXING OF RECORDS OF MORTGAGES UNDER THE NAME OF THE MORTGAGEE, UNDER THE NAME OF THE SECURED PARTY AS IF THE SECURED PARTY WERE THE MORTGAGEE THEREUNDER, OR, IF INDEXING IS BY DESCRIPTION, AS IF THE FINANCING STATEMENT WERE A RECORD OF A MORTGAGE OF THE REAL PROPERTY DESCRIBED.

(e) IF A FINANCING STATEMENT IS FILED AS A FIXTURE FILING OR COVERS AS-EXTRACTED COLLATERAL OR TIMBER TO BE CUT, THE FILING OFFICE SHALL INDEX AN ASSIGNMENT FILED UNDER SECTION 4-9-514 (a) OR AN AMENDMENT FILED UNDER SECTION 4-9-514 (b):

(1) UNDER THE NAME OF THE ASSIGNOR AS GRANTOR; AND

(2) TO THE EXTENT THAT THE LAW OF THIS STATE PROVIDES FOR INDEXING A RECORD OF THE ASSIGNMENT OF A MORTGAGE UNDER THE NAME OF THE ASSIGNEE, UNDER THE NAME OF THE ASSIGNEE.

(f) THE FILING OFFICE SHALL MAINTAIN A CAPABILITY:

(1) TO RETRIEVE A RECORD BY THE NAME OF THE DEBTOR AND:

(A) IF THE FILING OFFICE IS DESCRIBED IN SECTION 4-9-501 (a) (1), BY THE FILE NUMBER ASSIGNED TO THE INITIAL FINANCING STATEMENT TO WHICH THE RECORD RELATES AND THE DATE THAT THE RECORD WAS FILED OR RECORDED; OR

(B) IF THE FILING OFFICE IS DESCRIBED IN SECTION 4-9-501 (a) (2), BY THE FILE NUMBER ASSIGNED TO THE INITIAL FINANCING STATEMENT TO WHICH THE RECORD RELATES; AND

(2) TO ASSOCIATE AND RETRIEVE WITH ONE ANOTHER AN INITIAL

FINANCING STATEMENT AND EACH FILED RECORD RELATING TO THE INITIAL FINANCING STATEMENT.

(g) THE FILING OFFICE MAY NOT REMOVE A DEBTOR'S NAME FROM THE INDEX UNTIL ONE YEAR AFTER THE EFFECTIVENESS OF A FINANCING STATEMENT NAMING THE DEBTOR LAPSES UNDER SECTION 4-9-515 WITH RESPECT TO ALL SECURED PARTIES OF RECORD.

(h) THE FILING OFFICE SHALL PERFORM THE ACTS REQUIRED BY SUBSECTIONS (a) TO (e) OF THIS SECTION AT THE TIME AND IN THE MANNER PRESCRIBED BY FILING-OFFICE RULE, BUT NOT LATER THAN TWO BUSINESS DAYS AFTER THE FILING OFFICE RECEIVES THE RECORD IN QUESTION.

4-9-520. Acceptance and refusal to accept record. (a) A FILING OFFICE SHALL REFUSE TO ACCEPT A RECORD FOR FILING FOR A REASON SET FORTH IN SECTION 4-9-516 (b) AND MAY REFUSE TO ACCEPT A RECORD FOR FILING ONLY FOR A REASON SET FORTH IN SECTION 4-9-516 (b).

(b) IF A FILING OFFICE REFUSES TO ACCEPT A RECORD FOR FILING, IT SHALL COMMUNICATE TO THE PERSON THAT PRESENTED THE RECORD THE FACT OF AND REASON FOR THE REFUSAL AND THE DATE AND TIME THE RECORD WOULD HAVE BEEN FILED HAD THE FILING OFFICE ACCEPTED IT. THE COMMUNICATION MUST BE MADE AT THE TIME AND IN THE MANNER PRESCRIBED BY FILING-OFFICE RULE BUT IN NO EVENT MORE THAN TWO BUSINESS DAYS AFTER THE FILING OFFICE RECEIVES THE RECORD.

(c) A FILED FINANCING STATEMENT SATISFYING SECTION 4-9-502 (a) AND (b) IS EFFECTIVE, EVEN IF THE FILING OFFICE IS REQUIRED TO REFUSE TO ACCEPT IT FOR FILING UNDER SUBSECTION (a) OF THIS SECTION. HOWEVER, SECTION 4-9-338 APPLIES TO A FILED FINANCING STATEMENT PROVIDING INFORMATION DESCRIBED IN SECTION 4-9-516 (b) (5) WHICH IS

INCORRECT AT THE TIME THE FINANCING STATEMENT IS FILED.

(d) IF A RECORD COMMUNICATED TO A FILING OFFICE PROVIDES INFORMATION THAT RELATES TO MORE THAN ONE DEBTOR, THIS PART 5 APPLIES AS TO EACH DEBTOR SEPARATELY.

4-9-521. Uniform form of written financing statement and amendment. (a) A FILING OFFICE THAT ACCEPTS WRITTEN RECORDS MAY NOT REFUSE TO ACCEPT A WRITTEN INITIAL FINANCING STATEMENT IN THE FORM AND FORMAT ADOPTED FROM TIME TO TIME BY THE SECRETARY OF STATE, EXCEPT FOR A REASON SET FORTH IN SECTION 4-9-516 (b).

(b) A FILING OFFICE THAT ACCEPTS WRITTEN RECORDS MAY NOT REFUSE TO ACCEPT A WRITTEN RECORD IN THE FORM AND FORMAT ADOPTED FROM TIME TO TIME BY THE SECRETARY OF STATE, EXCEPT FOR A REASON SET FORTH IN SECTION 4-9-516 (b).

4-9-522. Maintenance and destruction of records. (a) THE FILING OFFICE SHALL MAINTAIN A RECORD OF THE INFORMATION PROVIDED IN A FILED FINANCING STATEMENT FOR AT LEAST ONE YEAR AFTER THE EFFECTIVENESS OF THE FINANCING STATEMENT HAS LAPSED UNDER SECTION 4-9-515 WITH RESPECT TO ALL SECURED PARTIES OF RECORD. THE RECORD MUST BE RETRIEVABLE BY USING THE NAME OF THE DEBTOR AND:

(1) IF THE RECORD WAS FILED OR RECORDED IN THE FILING OFFICE DESCRIBED IN SECTION 4-9-501 (a) (1), BY USING THE FILE NUMBER ASSIGNED TO THE INITIAL FINANCING STATEMENT TO WHICH THE RECORD RELATES AND THE DATE THAT THE RECORD WAS FILED OR RECORDED; OR

(2) IF THE RECORD WAS FILED IN THE FILING OFFICE DESCRIBED IN SECTION 4-9-501 (a) (2), BY USING THE FILE NUMBER ASSIGNED TO THE

INITIAL FINANCING STATEMENT TO WHICH THE RECORD RELATES.

(b) EXCEPT TO THE EXTENT THAT A STATUTE GOVERNING DISPOSITION OF PUBLIC RECORDS PROVIDES OTHERWISE, THE FILING OFFICE IMMEDIATELY MAY DESTROY ANY WRITTEN RECORD EVIDENCING A FINANCING STATEMENT. HOWEVER, IF THE FILING OFFICE DESTROYS A WRITTEN RECORD, IT SHALL MAINTAIN ANOTHER RECORD OF THE FINANCING STATEMENT WHICH COMPLIES WITH SUBSECTION (a) OF THIS SECTION.

4-9-523. Information from filing office - sale or license of records. (a) IF A PERSON THAT FILES A WRITTEN RECORD REQUESTS AN ACKNOWLEDGMENT OF THE FILING, THE FILING OFFICE SHALL SEND TO THE PERSON AN IMAGE OF THE RECORD SHOWING THE NUMBER ASSIGNED TO THE RECORD PURSUANT TO SECTION 4-9-519 (a) (1), THE NAME OF THE DEBTOR AND THE DATE AND TIME OF THE FILING OF THE RECORD. HOWEVER, IF THE PERSON FURNISHES A COPY OF THE RECORD TO THE FILING OFFICE, THE FILING OFFICE MAY INSTEAD:

(1) NOTE UPON THE COPY THE NUMBER ASSIGNED TO THE RECORD PURSUANT TO SECTION 4-9-519 (a) (1) AND THE DATE AND TIME OF THE FILING OF THE RECORD; AND

(2) SEND THE COPY TO THE PERSON.

(b) IF A PERSON FILES A RECORD OTHER THAN A WRITTEN RECORD, THE FILING OFFICE SHALL COMMUNICATE TO THE PERSON AN ACKNOWLEDGMENT THAT PROVIDES:

(1) THE INFORMATION IN THE RECORD;

(2) THE NUMBER ASSIGNED TO THE RECORD PURSUANT TO SECTION 4-9-519 (a) (1); AND

(3) THE DATE AND TIME OF THE FILING OF THE RECORD.

(c) THE FILING OFFICE SHALL COMMUNICATE OR OTHERWISE MAKE AVAILABLE IN A RECORD THE FOLLOWING INFORMATION TO ANY PERSON THAT REQUESTS IT:

(1) WHETHER THERE IS ON FILE ON A DATE AND TIME SPECIFIED BY THE FILING OFFICE, BUT NOT A DATE EARLIER THAN THREE BUSINESS DAYS BEFORE THE FILING OFFICE RECEIVES THE REQUEST, ANY FINANCING STATEMENT THAT:

(A) DESIGNATES A PARTICULAR DEBTOR;

(B) HAS NOT LAPSED UNDER SECTION 4-9-515 WITH RESPECT TO ALL SECURED PARTIES OF RECORD; AND

(C) IF THE REQUEST SO STATES, HAS LAPSED UNDER SECTION 4-9-515 AND A RECORD OF WHICH IS MAINTAINED BY THE FILING OFFICE UNDER SECTION 4-9-522 (a);

(2) THE DATE AND TIME OF FILING OF EACH FINANCING STATEMENT; AND

(3) THE INFORMATION PROVIDED IN EACH FINANCING STATEMENT.

(d) IN COMPLYING WITH ITS DUTY UNDER SUBSECTION (c) OF THIS SECTION, THE FILING OFFICE MAY COMMUNICATE INFORMATION IN ANY MEDIUM. HOWEVER, IF REQUESTED, THE FILING OFFICE SHALL COMMUNICATE INFORMATION BY ISSUING ITS WRITTEN CERTIFICATE.

(e) THE FILING OFFICE SHALL PERFORM THE ACTS REQUIRED BY SUBSECTIONS (a) TO (d) OF THIS SECTION AT THE TIME AND IN THE MANNER PRESCRIBED BY FILING-OFFICE RULE, BUT NOT LATER THAN TWO BUSINESS DAYS AFTER THE FILING OFFICE RECEIVES THE REQUEST.

(f) AT LEAST WEEKLY, THE FILING OFFICE SHALL OFFER TO SELL OR

LICENSE TO THE PUBLIC ON A NONEXCLUSIVE BASIS, IN BULK, COPIES OF ALL RECORDS FILED IN IT UNDER THIS PART 5, IN SUCH DIGITAL OR ELECTRONIC MEDIUM AS IS FROM TIME TO TIME AVAILABLE TO THE FILING OFFICE.

4-9-524. Delay by filing office. DELAY BY THE FILING OFFICE BEYOND A TIME LIMIT PRESCRIBED BY THIS PART 5 IS EXCUSED IF:

(1) THE DELAY IS CAUSED BY INTERRUPTION OF COMMUNICATION OR COMPUTER FACILITIES, WAR, EMERGENCY CONDITIONS, FAILURE OF EQUIPMENT, OR OTHER CIRCUMSTANCES BEYOND CONTROL OF THE FILING OFFICE; AND

(2) THE FILING OFFICE EXERCISES REASONABLE DILIGENCE UNDER THE CIRCUMSTANCES.

4-9-525. Fees. (a) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (f) OF THIS SECTION AND SUBJECT TO SECTION 24-75-402, C.R.S., FEES FOR SERVICES RENDERED BY THE SECRETARY OF STATE UNDER THIS PART 5 MUST BE SET BY RULE ADOPTED BY THE SECRETARY OF STATE, IN ACCORDANCE WITH ARTICLE 4 OF TITLE 24, C.R.S. THE RULE MUST SET THE FEES FOR FILING AND INDEXING A RECORD UNDER THIS PART 5 ON THE FOLLOWING BASIS:

(1) IF A RECORD PRESENTED FOR FILING IS COMMUNICATED TO THE FILING OFFICE IN WRITING AND CONSISTS OF MORE THAN TWO PAGES, THE FEE FOR FILING AND INDEXING THE RECORD MUST BE AT LEAST TWICE THE AMOUNT OF THE FEE FOR A RECORD COMMUNICATED IN WRITING THAT CONSISTS OF ONE OR TWO PAGES; AND

(2) IF THE RECORD IS COMMUNICATED BY ANOTHER MEDIUM AUTHORIZED BY FILING-OFFICE RULE, THE FEE FOR FILING AND INDEXING

THE RECORD MUST BE NO MORE THAN HALF THE AMOUNT OF THE FEE FOR A RECORD COMMUNICATED IN WRITING THAT CONSISTS OF ONE OR TWO PAGES.

(b) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (f) OF THIS SECTION, THE FEE FOR FILING AND INDEXING A RECORD UNDER THIS PART 5 IN A FILING OFFICE DESCRIBED IN SECTION 4-9-501 (a) (1) SHALL NOT EXCEED:

(1) TEN DOLLARS IF THE RECORD IS COMMUNICATED IN WRITING AND CONSISTS OF ONE OR TWO PAGES;

(2) FIFTEEN DOLLARS IF THE RECORD IS COMMUNICATED IN WRITING AND CONSISTS OF MORE THAN TWO PAGES; AND

(3) FIVE DOLLARS IF THE RECORD IS COMMUNICATED BY ANOTHER MEDIUM AUTHORIZED BY FILING-OFFICE RULE.

(c) THE NUMBER OF NAMES REQUIRED TO BE INDEXED DOES NOT AFFECT THE AMOUNT OF THE FEE IN SUBSECTIONS (a) AND (b) OF THIS SECTION.

(d) THE RULE ADOPTED PURSUANT TO SUBSECTION (a) OF THIS SECTION MUST SET THE FEE FOR RESPONDING TO A REQUEST FOR INFORMATION FROM THE FILING OFFICE, INCLUDING FOR ISSUING A CERTIFICATE SHOWING WHETHER THERE IS ON FILE ANY FINANCING STATEMENT NAMING A PARTICULAR DEBTOR. IN NO EVENT MAY THE FEE FOR RESPONDING TO A REQUEST FOR INFORMATION FOR A PARTICULAR DEBTOR EXCEED FIVE DOLLARS. A FEE FOR RESPONDING TO A REQUEST COMMUNICATED IN WRITING MUST BE NOT LESS THAN TWICE THE AMOUNT OF THE FEE FOR RESPONDING TO A REQUEST COMMUNICATED BY ANOTHER MEDIUM AUTHORIZED BY FILING-OFFICE RULE. THE RULE ADOPTED

PURSUANT TO SUBSECTION (a) OF THIS SECTION NEED NOT SPECIFY A FEE FOR REMOTE ACCESS SEARCHING OF THE FILING OFFICE DATA BASE.

(e) THE FEE FOR RESPONDING TO A REQUEST FOR INFORMATION FROM A FILING OFFICE DESCRIBED IN SECTION 4-9-501 (a) (1), INCLUDING FOR ISSUING A CERTIFICATE SHOWING WHETHER THERE IS ON FILE ANY FINANCING STATEMENT NAMING A PARTICULAR DEBTOR, SHALL NOT EXCEED:

(1) FIVE DOLLARS IF THE REQUEST IS COMMUNICATED IN WRITING; AND

(2) THREE DOLLARS IF THE REQUEST IS COMMUNICATED BY ANOTHER MEDIUM AUTHORIZED BY FILING-OFFICE RULE.

(f) THIS SECTION DOES NOT REQUIRE A FEE WITH RESPECT TO A RECORD OF A MORTGAGE WHICH IS EFFECTIVE AS A FINANCING STATEMENT FILED AS A FIXTURE FILING OR AS A FINANCING STATEMENT COVERING AS-EXTRACTED COLLATERAL OR TIMBER TO BE CUT UNDER SECTION 4-9-502 (c). HOWEVER, THE RECORDING AND SATISFACTION FEES THAT OTHERWISE WOULD BE APPLICABLE TO THE RECORD OF THE MORTGAGE APPLY.

4-9-526. Filing-office rules. (a) THE SECRETARY OF STATE SHALL ADOPT AND PUBLISH RULES TO IMPLEMENT THIS ARTICLE. THE FILING-OFFICE RULES MUST BE:

(1) CONSISTENT WITH THIS ARTICLE; AND

(2) ADOPTED AND PUBLISHED IN ACCORDANCE WITH THE "STATE ADMINISTRATIVE PROCEDURE ACT", ARTICLE 4 OF TITLE 24, C.R.S.

(b) TO KEEP THE FILING-OFFICE RULES AND PRACTICES OF THE FILING OFFICE IN HARMONY WITH THE RULES AND PRACTICES OF FILING

OFFICES IN OTHER JURISDICTIONS THAT ENACT SUBSTANTIALLY THIS PART 5, AND TO KEEP THE TECHNOLOGY USED BY THE FILING OFFICE COMPATIBLE WITH THE TECHNOLOGY USED BY FILING OFFICES IN OTHER JURISDICTIONS THAT ENACT SUBSTANTIALLY THIS PART 5, THE SECRETARY OF STATE, SO FAR AS IS CONSISTENT WITH THE PURPOSES, POLICIES, AND PROVISIONS OF THIS ARTICLE, IN ADOPTING, AMENDING, AND REPEALING FILING-OFFICE RULES, SHALL:

(1) CONSULT WITH FILING OFFICES IN OTHER JURISDICTIONS THAT ENACT SUBSTANTIALLY THIS PART 5; AND

(2) CONSULT THE MOST RECENT VERSION OF THE MODEL RULES PROMULGATED BY THE INTERNATIONAL ASSOCIATION OF CORPORATE ADMINISTRATORS OR ANY SUCCESSOR ORGANIZATION; AND

(3) TAKE INTO CONSIDERATION THE RULES AND PRACTICES OF, AND THE TECHNOLOGY USED BY, FILING OFFICES IN OTHER JURISDICTIONS THAT ENACT SUBSTANTIALLY THIS PART 5.

4-9-527. Duty to report. THE SECRETARY OF STATE SHALL REPORT ANNUALLY ON OR BEFORE JUNE 30 TO THE GOVERNOR AND LEGISLATURE ON THE OPERATION OF THE FILING OFFICE. THE REPORT MUST CONTAIN A STATEMENT OF THE EXTENT TO WHICH:

(1) THE FILING-OFFICE RULES ARE NOT IN HARMONY WITH THE RULES OF FILING OFFICES IN OTHER JURISDICTIONS THAT ENACT SUBSTANTIALLY THIS PART 5 AND THE REASONS FOR THESE VARIATIONS; AND

(2) THE FILING-OFFICE RULES ARE NOT IN HARMONY WITH THE MOST RECENT VERSION OF THE MODEL RULES PROMULGATED BY THE INTERNATIONAL ASSOCIATION OF CORPORATE ADMINISTRATORS, OR ANY

SUCCESSOR ORGANIZATION, AND THE REASONS FOR THESE VARIATIONS.

4-9-528. Refiling required. (1) (a) THE EFFECTIVENESS OF A FINANCING STATEMENT THAT WAS FILED BEFORE JULY 1, 1996, AND THAT HAS NOT OTHERWISE LAPSED BY DECEMBER 31, 1997, SHALL LAPSE IN THE MANNER PROVIDED IN SECTION 4-9-403 (2) OF FORMER ARTICLE 9 ON DECEMBER 31, 1997, UNLESS A CONTINUATION STATEMENT IS FILED ON OR AFTER JULY 1, 1996, BUT ON OR BEFORE DECEMBER 31, 1997, THAT IDENTIFIES THE ORIGINAL STATEMENT BY FILING OFFICE, FILE NUMBER, AND DATE OF FILING AND CONTAINS A STATEMENT INDICATING THE TYPES OR DESCRIBING THE ITEMS OF COLLATERAL INDICATED IN THE FINANCING STATEMENT. UPON THE FILING OF A CONTINUATION STATEMENT PURSUANT TO THIS PARAGRAPH (a), THE EFFECTIVENESS OF THE ORIGINAL FINANCING STATEMENT IS CONTINUED FOR FIVE YEARS AFTER THE LAST DATE TO WHICH THE FILING WOULD OTHERWISE HAVE BEEN EFFECTIVE, WHEREUPON IT LAPSES IN THE MANNER PROVIDED IN SECTION 4-9-515 UNLESS ANOTHER CONTINUATION STATEMENT IS FILED PURSUANT TO SECTION 4-9-515 PRIOR TO SUCH LAPSE.

(b) NO CONTINUATION STATEMENT FILED PURSUANT TO THIS SUBSECTION (1) ON OR AFTER JULY 1, 1996, SHALL BE INEFFECTIVE SOLELY BECAUSE IT:

(I) FAILED TO IDENTIFY THE ORIGINAL STATEMENT BY COUNTY, IF THE FILING OFFICE WAS THE OFFICE OF THE SECRETARY OF STATE AND THE STATEMENT SO STATED, OR BY TIME OF FILING;

(II) INDICATED THE TYPES OR DESCRIBED THE ITEMS OF THE COLLATERAL INDICATED IN THE FINANCING STATEMENT INSTEAD OF LISTING THE COLLATERAL OF THE ORIGINAL FILING; OR

(III) FAILED TO INCLUDE A STATEMENT THAT THE ORIGINAL FINANCING STATEMENT IS STILL EFFECTIVE.

(2) FOR PURPOSES OF THE REFILING PROVISIONS OF THIS SECTION ONLY, A CONTINUATION STATEMENT DOES NOT HAVE TO BE FILED DURING THE PERIOD BEGINNING JULY 1, 1996, TO DECEMBER 31, 1997, WHEN THE ONLY COLLATERAL ON A FINANCING STATEMENT IS TIMBER TO BE CUT; MINERALS OR OTHER SUBSTANCES OF VALUE WHICH MAY BE EXTRACTED FROM THE EARTH; FIXTURES; A MORTGAGE OR DEED OF TRUST EFFECTIVE AS A FIXTURE FILING; COLLATERAL, INCLUDING FIXTURES, OF A TRANSMITTING UTILITY; OR ACCOUNTS SUBJECT TO SECTION 4-4-9-103 (5) OF FORMER ARTICLE 9.

(3) REFERENCES IN THIS SECTION TO "FORMER ARTICLE 9" ARE TO ARTICLE 9 OF THIS TITLE AS IN EFFECT IMMEDIATELY BEFORE THE EFFECTIVE DATE OF THIS ACT.

PART 6

DEFAULT

4-9-601. Rights after default - judicial enforcement - consignor or buyer of accounts, chattel paper, payment intangibles, or promissory notes. (a) AFTER DEFAULT, A SECURED PARTY HAS THE RIGHTS PROVIDED IN THIS PART 6 AND, EXCEPT AS OTHERWISE PROVIDED IN SECTION 4-9-602, THOSE PROVIDED BY AGREEMENT OF THE PARTIES. A SECURED PARTY:

(1) MAY REDUCE A CLAIM TO JUDGMENT, FORECLOSE, OR OTHERWISE ENFORCE THE CLAIM, SECURITY INTEREST, OR AGRICULTURAL LIEN BY ANY AVAILABLE JUDICIAL PROCEDURE; AND

(2) IF THE COLLATERAL IS DOCUMENTS, MAY PROCEED EITHER AS

TO THE DOCUMENTS OR AS TO THE GOODS THEY COVER.

(b) A SECURED PARTY IN POSSESSION OF COLLATERAL OR CONTROL OF COLLATERAL UNDER SECTION 4-9-104, 4-9-105, 4-9-106, OR 4-9-107 HAS THE RIGHTS AND DUTIES PROVIDED IN SECTION 4-9-207.

(c) THE RIGHTS UNDER SUBSECTIONS (a) AND (b) OF THIS SECTION ARE CUMULATIVE AND MAY BE EXERCISED SIMULTANEOUSLY.

(d) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (g) OF THIS SECTION AND SECTION 4-9-605, AFTER DEFAULT, A DEBTOR AND AN OBLIGOR HAVE THE RIGHTS PROVIDED IN THIS PART 6 AND BY AGREEMENT OF THE PARTIES.

(e) IF A SECURED PARTY HAS REDUCED ITS CLAIM TO JUDGMENT, THE LIEN OF ANY LEVY THAT MAY BE MADE UPON THE COLLATERAL BY VIRTUE OF AN EXECUTION BASED UPON THE JUDGMENT RELATES BACK TO THE EARLIEST OF:

(1) THE DATE OF PERFECTION OF THE SECURITY INTEREST OR AGRICULTURAL LIEN IN THE COLLATERAL;

(2) THE DATE OF FILING A FINANCING STATEMENT COVERING THE COLLATERAL; OR

(3) ANY DATE SPECIFIED IN A STATUTE UNDER WHICH THE AGRICULTURAL LIEN WAS CREATED.

(f) A SALE PURSUANT TO AN EXECUTION IS A FORECLOSURE OF THE SECURITY INTEREST OR AGRICULTURAL LIEN BY JUDICIAL PROCEDURE WITHIN THE MEANING OF THIS SECTION. A SECURED PARTY MAY PURCHASE AT THE SALE AND THEREAFTER HOLD THE COLLATERAL FREE OF ANY OTHER REQUIREMENTS OF THIS ARTICLE.

(g) EXCEPT AS OTHERWISE PROVIDED IN SECTION 4-9-607 (c), THIS

PART 6 IMPOSES NO DUTIES UPON A SECURED PARTY THAT IS A CONSIGNOR OR IS A BUYER OF ACCOUNTS, CHATTEL PAPER, PAYMENT INTANGIBLES, OR PROMISSORY NOTES.

4-9-602. Waiver and variance of rights and duties. EXCEPT AS OTHERWISE PROVIDED IN SECTION 4-9-624, TO THE EXTENT THAT THEY GIVE RIGHTS TO A DEBTOR OR OBLIGOR AND IMPOSE DUTIES ON A SECURED PARTY, THE DEBTOR OR OBLIGOR MAY NOT WAIVE OR VARY THE RULES STATED IN THE FOLLOWING LISTED SECTIONS:

(1) SECTION 4-9-207 (b) (4) (C), WHICH DEALS WITH USE AND OPERATION OF THE COLLATERAL BY THE SECURED PARTY;

(2) SECTION 4-9-210, WHICH DEALS WITH REQUESTS FOR AN ACCOUNTING AND REQUESTS CONCERNING A LIST OF COLLATERAL AND STATEMENT OF ACCOUNT;

(3) SECTION 4-9-607 (c), WHICH DEALS WITH COLLECTION AND ENFORCEMENT OF COLLATERAL;

(4) SECTIONS 4-9-608 (a) AND 4-9-615 (c) TO THE EXTENT THAT THEY DEAL WITH APPLICATION OR PAYMENT OF NONCASH PROCEEDS OF COLLECTION, ENFORCEMENT, OR DISPOSITION;

(5) SECTIONS 4-9-608 (a) AND 4-9-615 (d) TO THE EXTENT THAT THEY REQUIRE ACCOUNTING FOR OR PAYMENT OF SURPLUS PROCEEDS OF COLLATERAL;

(6) SECTION 4-9-609 TO THE EXTENT THAT IT IMPOSES UPON A SECURED PARTY THAT TAKES POSSESSION OF COLLATERAL WITHOUT JUDICIAL PROCESS THE DUTY TO DO SO WITHOUT BREACH OF THE PEACE;

(7) SECTIONS 4-9-610 (b), 4-9-611, 4-9-613, AND 4-9-614, WHICH DEAL WITH DISPOSITION OF COLLATERAL;

(8) SECTION 4-9-615 (f), WHICH DEALS WITH CALCULATION OF A DEFICIENCY OR SURPLUS WHEN A DISPOSITION IS MADE TO THE SECURED PARTY, A PERSON RELATED TO THE SECURED PARTY, OR A SECONDARY OBLIGOR;

(9) SECTION 4-9-616, WHICH DEALS WITH EXPLANATION OF THE CALCULATION OF A SURPLUS OR DEFICIENCY;

(10) SECTIONS 4-9-620, 4-9-621, AND 4-9-622, WHICH DEAL WITH ACCEPTANCE OF COLLATERAL IN SATISFACTION OF OBLIGATION;

(11) SECTION 4-9-623, WHICH DEALS WITH REDEMPTION OF COLLATERAL;

(12) SECTION 4-9-624, WHICH DEALS WITH PERMISSIBLE WAIVERS; AND

(13) SECTIONS 4-9-625 AND 4-9-626, WHICH DEAL WITH THE SECURED PARTY'S LIABILITY FOR FAILURE TO COMPLY WITH THIS ARTICLE.

4-9-603. Agreement on standards concerning rights and duties. (a) THE PARTIES MAY DETERMINE BY AGREEMENT THE STANDARDS MEASURING THE FULFILLMENT OF THE RIGHTS OF A DEBTOR OR OBLIGOR AND THE DUTIES OF A SECURED PARTY UNDER A RULE STATED IN SECTION 4-9-602 IF THE STANDARDS ARE NOT MANIFESTLY UNREASONABLE.

(b) SUBSECTION (a) OF THIS SECTION DOES NOT APPLY TO THE DUTY UNDER SECTION 4-9-609 TO REFRAIN FROM BREACHING THE PEACE.

4-9-604. Procedure if security agreement covers real property or fixtures. (a) IF A SECURITY AGREEMENT COVERS BOTH PERSONAL AND REAL PROPERTY, A SECURED PARTY MAY PROCEED:

(1) UNDER THIS PART 6 AS TO THE PERSONAL PROPERTY WITHOUT PREJUDICING ANY RIGHTS WITH RESPECT TO THE REAL PROPERTY; OR

(2) AS TO BOTH THE PERSONAL PROPERTY AND THE REAL PROPERTY IN ACCORDANCE WITH THE RIGHTS WITH RESPECT TO THE REAL PROPERTY, IN WHICH CASE THE OTHER PROVISIONS OF THIS PART 6 DO NOT APPLY.

(b) SUBJECT TO SUBSECTION (c) OF THIS SECTION, IF A SECURITY AGREEMENT COVERS GOODS THAT ARE OR BECOME FIXTURES, A SECURED PARTY MAY PROCEED:

(1) UNDER THIS PART 6; OR

(2) IN ACCORDANCE WITH THE RIGHTS WITH RESPECT TO REAL PROPERTY, IN WHICH CASE THE OTHER PROVISIONS OF THIS PART 6 DO NOT APPLY.

(c) SUBJECT TO THE OTHER PROVISIONS OF THIS PART 6, IF A SECURED PARTY HOLDING A SECURITY INTEREST IN FIXTURES HAS PRIORITY OVER ALL OWNERS AND ENCUMBRANCERS OF THE REAL PROPERTY, THE SECURED PARTY, AFTER DEFAULT, MAY REMOVE THE COLLATERAL FROM THE REAL PROPERTY.

(d) A SECURED PARTY THAT REMOVES COLLATERAL SHALL PROMPTLY REIMBURSE ANY ENCUMBRANCER OR OWNER OF THE REAL PROPERTY, OTHER THAN THE DEBTOR, FOR THE COST OF REPAIR OF ANY PHYSICAL INJURY CAUSED BY THE REMOVAL. THE SECURED PARTY NEED NOT REIMBURSE THE ENCUMBRANCER OR OWNER FOR ANY DIMINUTION IN VALUE OF THE REAL PROPERTY CAUSED BY THE ABSENCE OF THE GOODS REMOVED OR BY ANY NECESSITY OF REPLACING THEM. A PERSON ENTITLED TO REIMBURSEMENT MAY REFUSE PERMISSION TO REMOVE UNTIL THE SECURED PARTY GIVES ADEQUATE ASSURANCE FOR THE PERFORMANCE OF THE OBLIGATION TO REIMBURSE.

4-9-605. Unknown debtor or secondary obligor. A SECURED PARTY DOES NOT OWE A DUTY BASED ON ITS STATUS AS SECURED PARTY:

(1) TO A PERSON THAT IS A DEBTOR OR OBLIGOR, UNLESS THE SECURED PARTY KNOWS:

(A) THAT THE PERSON IS A DEBTOR OR OBLIGOR;

(B) THE IDENTITY OF THE PERSON; AND

(C) HOW TO COMMUNICATE WITH THE PERSON; OR

(2) TO A SECURED PARTY OR LIENHOLDER THAT HAS FILED A FINANCING STATEMENT AGAINST A PERSON, UNLESS THE SECURED PARTY KNOWS:

(A) THAT THE PERSON IS A DEBTOR; AND

(B) THE IDENTITY OF THE PERSON.

4-9-606. Time of default for agricultural lien. FOR PURPOSES OF THIS PART 6, A DEFAULT OCCURS IN CONNECTION WITH AN AGRICULTURAL LIEN AT THE TIME THE SECURED PARTY BECOMES ENTITLED TO ENFORCE THE LIEN IN ACCORDANCE WITH THE STATUTE UNDER WHICH IT WAS CREATED.

4-9-607. Collection and enforcement by secured party. (a) IF SO AGREED, AND IN ANY EVENT AFTER DEFAULT, A SECURED PARTY:

(1) MAY NOTIFY AN ACCOUNT DEBTOR OR OTHER PERSON OBLIGATED ON COLLATERAL TO MAKE PAYMENT OR OTHERWISE RENDER PERFORMANCE TO OR FOR THE BENEFIT OF THE SECURED PARTY;

(2) MAY TAKE ANY PROCEEDS TO WHICH THE SECURED PARTY IS ENTITLED UNDER SECTION 4-9-315;

(3) MAY ENFORCE THE OBLIGATIONS OF AN ACCOUNT DEBTOR OR OTHER PERSON OBLIGATED ON COLLATERAL AND EXERCISE THE RIGHTS OF

THE DEBTOR WITH RESPECT TO THE OBLIGATION OF THE ACCOUNT DEBTOR OR OTHER PERSON OBLIGATED ON COLLATERAL TO MAKE PAYMENT OR OTHERWISE RENDER PERFORMANCE TO THE DEBTOR, AND WITH RESPECT TO ANY PROPERTY THAT SECURES THE OBLIGATIONS OF THE ACCOUNT DEBTOR OR OTHER PERSON OBLIGATED ON THE COLLATERAL;

(4) IF IT HOLDS A SECURITY INTEREST IN A DEPOSIT ACCOUNT PERFECTED BY CONTROL UNDER SECTION 4-9-104 (a) (1), MAY APPLY THE BALANCE OF THE DEPOSIT ACCOUNT TO THE OBLIGATION SECURED BY THE DEPOSIT ACCOUNT; AND

(5) IF IT HOLDS A SECURITY INTEREST IN A DEPOSIT ACCOUNT PERFECTED BY CONTROL UNDER SECTION 4-9-104 (a) (2) OR (3), MAY INSTRUCT THE BANK TO PAY THE BALANCE OF THE DEPOSIT ACCOUNT TO OR FOR THE BENEFIT OF THE SECURED PARTY.

(b) IF NECESSARY TO ENABLE A SECURED PARTY TO EXERCISE UNDER PARAGRAPH (3) OF SUBSECTION (a) OF THIS SECTION THE RIGHT OF A DEBTOR TO ENFORCE A MORTGAGE NONJUDICIALLY, THE SECURED PARTY MAY RECORD IN THE OFFICE IN WHICH A RECORD OF THE MORTGAGE IS RECORDED:

(1) A COPY OF THE SECURITY AGREEMENT THAT CREATES OR PROVIDES FOR A SECURITY INTEREST IN THE OBLIGATION SECURED BY THE MORTGAGE; AND

(2) THE SECURED PARTY'S SWORN AFFIDAVIT IN RECORDABLE FORM STATING THAT:

(A) A DEFAULT HAS OCCURRED; AND

(B) THE SECURED PARTY IS ENTITLED TO ENFORCE THE MORTGAGE NONJUDICIALLY.

(c) A SECURED PARTY SHALL PROCEED IN A COMMERCIALLY REASONABLE MANNER IF THE SECURED PARTY:

(1) UNDERTAKES TO COLLECT FROM OR ENFORCE AN OBLIGATION OF AN ACCOUNT DEBTOR OR OTHER PERSON OBLIGATED ON COLLATERAL; AND

(2) IS ENTITLED TO CHARGE BACK UNCOLLECTED COLLATERAL OR OTHERWISE TO FULL OR LIMITED RECOURSE AGAINST THE DEBTOR OR A SECONDARY OBLIGOR.

(d) A SECURED PARTY MAY DEDUCT FROM THE COLLECTIONS MADE PURSUANT TO SUBSECTION (c) OF THIS SECTION REASONABLE EXPENSES OF COLLECTION AND ENFORCEMENT, INCLUDING REASONABLE ATTORNEY'S FEES AND LEGAL EXPENSES INCURRED BY THE SECURED PARTY.

(e) THIS SECTION DOES NOT DETERMINE WHETHER AN ACCOUNT DEBTOR, BANK, OR OTHER PERSON OBLIGATED ON COLLATERAL OWES A DUTY TO A SECURED PARTY.

4-9-608. Application of proceeds of collection or enforcement - liability for deficiency and right to surplus. (a) IF A SECURITY INTEREST OR AGRICULTURAL LIEN SECURES PAYMENT OR PERFORMANCE OF AN OBLIGATION, THE FOLLOWING RULES APPLY:

(1) A SECURED PARTY SHALL APPLY OR PAY OVER FOR APPLICATION THE CASH PROCEEDS OF COLLECTION OR ENFORCEMENT UNDER SECTION 4-9-607 IN THE FOLLOWING ORDER TO:

(A) THE REASONABLE EXPENSES OF COLLECTION AND ENFORCEMENT AND, TO THE EXTENT PROVIDED FOR BY AGREEMENT AND NOT PROHIBITED BY LAW, REASONABLE ATTORNEY'S FEES AND LEGAL EXPENSES INCURRED BY THE SECURED PARTY;

(B) THE SATISFACTION OF OBLIGATIONS SECURED BY THE SECURITY INTEREST OR AGRICULTURAL LIEN UNDER WHICH THE COLLECTION OR ENFORCEMENT IS MADE; AND

(C) THE SATISFACTION OF OBLIGATIONS SECURED BY ANY SUBORDINATE SECURITY INTEREST IN OR OTHER LIEN ON THE COLLATERAL SUBJECT TO THE SECURITY INTEREST OR AGRICULTURAL LIEN UNDER WHICH THE COLLECTION OR ENFORCEMENT IS MADE IF THE SECURED PARTY RECEIVES AN AUTHENTICATED DEMAND FOR PROCEEDS BEFORE DISTRIBUTION OF THE PROCEEDS IS COMPLETED.

(2) IF REQUESTED BY A SECURED PARTY, A HOLDER OF A SUBORDINATE SECURITY INTEREST OR OTHER LIEN SHALL FURNISH REASONABLE PROOF OF THE INTEREST OR LIEN WITHIN A REASONABLE TIME. UNLESS THE HOLDER COMPLIES, THE SECURED PARTY NEED NOT COMPLY WITH THE HOLDER'S DEMAND UNDER SUBPARAGRAPH (C) OF PARAGRAPH (1) OF THIS SUBSECTION (a).

(3) A SECURED PARTY NEED NOT APPLY OR PAY OVER FOR APPLICATION NONCASH PROCEEDS OF COLLECTION AND ENFORCEMENT UNDER SECTION 4-9-607 UNLESS THE FAILURE TO DO SO WOULD BE COMMERCIALLY UNREASONABLE. A SECURED PARTY THAT APPLIES OR PAYS OVER FOR APPLICATION NONCASH PROCEEDS SHALL DO SO IN A COMMERCIALLY REASONABLE MANNER.

(4) A SECURED PARTY SHALL ACCOUNT TO AND PAY A DEBTOR FOR ANY SURPLUS, AND THE OBLIGOR IS LIABLE FOR ANY DEFICIENCY.

(b) IF THE UNDERLYING TRANSACTION IS A SALE OF ACCOUNTS, CHATTEL PAPER, PAYMENT INTANGIBLES, OR PROMISSORY NOTES, THE DEBTOR IS NOT ENTITLED TO ANY SURPLUS, AND THE OBLIGOR IS NOT

LIABLE FOR ANY DEFICIENCY.

4-9-609. Secured party's right to take possession after default. (a) AFTER DEFAULT, A SECURED PARTY:

(1) MAY TAKE POSSESSION OF THE COLLATERAL; AND

(2) WITHOUT REMOVAL, MAY RENDER EQUIPMENT UNUSABLE AND DISPOSE OF COLLATERAL ON A DEBTOR'S PREMISES UNDER SECTION 4-9-610.

(b) A SECURED PARTY MAY PROCEED UNDER SUBSECTION (a) OF THIS SECTION:

(1) PURSUANT TO JUDICIAL PROCESS; OR

(2) WITHOUT JUDICIAL PROCESS, IF IT PROCEEDS WITHOUT BREACH OF THE PEACE.

(c) IF SO AGREED, AND IN ANY EVENT AFTER DEFAULT, A SECURED PARTY MAY REQUIRE THE DEBTOR TO ASSEMBLE THE COLLATERAL AND MAKE IT AVAILABLE TO THE SECURED PARTY AT A PLACE TO BE DESIGNATED BY THE SECURED PARTY WHICH IS REASONABLY CONVENIENT TO BOTH PARTIES.

(d) IF THE COLLATERAL IS A MANUFACTURED HOME OR TRAILER COACH, AS DEFINED IN SECTION 42-1-102 (106), C.R.S., AND IS USED AND OCCUPIED BY THE DEBTOR AS A PLACE OF RESIDENCE, THE SECURED PARTY MAY TAKE POSSESSION OF THE COLLATERAL PURSUANT TO THIS SECTION WITHOUT JUDICIAL PROCESS ONLY IF THERE IS CLEAR AND CONVINCING EVIDENCE THAT THE DEBTOR HAS VACATED OR ABANDONED THE COLLATERAL OR THE DEBTOR VOLUNTARILY SURRENDERS THE COLLATERAL TO THE SECURED PARTY.

4-9-610. Disposition of collateral after default. (a) AFTER

DEFAULT, A SECURED PARTY MAY SELL, LEASE, LICENSE, OR OTHERWISE DISPOSE OF ANY OR ALL OF THE COLLATERAL IN ITS PRESENT CONDITION OR FOLLOWING ANY COMMERCIALLY REASONABLE PREPARATION OR PROCESSING.

(b) EVERY ASPECT OF A DISPOSITION OF COLLATERAL, INCLUDING THE METHOD, MANNER, TIME, PLACE, AND OTHER TERMS, MUST BE COMMERCIALLY REASONABLE. IF COMMERCIALLY REASONABLE, A SECURED PARTY MAY DISPOSE OF COLLATERAL BY PUBLIC OR PRIVATE PROCEEDINGS, BY ONE OR MORE CONTRACTS, AS A UNIT OR IN PARCELS, AND AT ANY TIME AND PLACE AND ON ANY TERMS.

(c) A SECURED PARTY MAY PURCHASE COLLATERAL:

(1) AT A PUBLIC DISPOSITION; OR

(2) AT A PRIVATE DISPOSITION ONLY IF THE COLLATERAL IS OF A KIND THAT IS CUSTOMARILY SOLD ON A RECOGNIZED MARKET OR THE SUBJECT OF WIDELY DISTRIBUTED STANDARD PRICE QUOTATIONS.

(d) A CONTRACT FOR SALE, LEASE, LICENSE, OR OTHER DISPOSITION INCLUDES THE WARRANTIES RELATING TO TITLE, POSSESSION, QUIET ENJOYMENT, AND THE LIKE WHICH BY OPERATION OF LAW ACCOMPANY A VOLUNTARY DISPOSITION OF PROPERTY OF THE KIND SUBJECT TO THE CONTRACT.

(e) A SECURED PARTY MAY DISCLAIM OR MODIFY WARRANTIES UNDER SUBSECTION (d) OF THIS SECTION:

(1) IN A MANNER THAT WOULD BE EFFECTIVE TO DISCLAIM OR MODIFY THE WARRANTIES IN A VOLUNTARY DISPOSITION OF PROPERTY OF THE KIND SUBJECT TO THE CONTRACT OF DISPOSITION; OR

(2) BY COMMUNICATING TO THE PURCHASER A RECORD

EVIDENCING THE CONTRACT FOR DISPOSITION AND INCLUDING AN EXPRESS DISCLAIMER OR MODIFICATION OF THE WARRANTIES.

(f) A RECORD IS SUFFICIENT TO DISCLAIM WARRANTIES UNDER SUBSECTION (e) OF THIS SECTION IF IT INDICATES "THERE IS NO WARRANTY RELATING TO TITLE, POSSESSION, QUIET ENJOYMENT, OR THE LIKE IN THIS DISPOSITION" OR USES WORDS OF SIMILAR IMPORT.

4-9-611. Notification before disposition of collateral. (a) IN THIS SECTION, "NOTIFICATION DATE" MEANS THE EARLIER OF THE DATE ON WHICH:

(1) A SECURED PARTY SENDS TO THE DEBTOR AND ANY SECONDARY OBLIGOR AN AUTHENTICATED NOTIFICATION OF DISPOSITION; OR

(2) THE DEBTOR AND ANY SECONDARY OBLIGOR WAIVE THE RIGHT TO NOTIFICATION.

(b) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (d) OF THIS SECTION, A SECURED PARTY THAT DISPOSES OF COLLATERAL UNDER SECTION 4-9-610 SHALL SEND TO THE PERSONS SPECIFIED IN SUBSECTION (c) OF THIS SECTION A REASONABLE AUTHENTICATED NOTIFICATION OF DISPOSITION.

(c) TO COMPLY WITH SUBSECTION (b) OF THIS SECTION, THE SECURED PARTY SHALL SEND AN AUTHENTICATED NOTIFICATION OF DISPOSITION TO:

(1) THE DEBTOR;

(2) ANY SECONDARY OBLIGOR; AND

(3) IF THE COLLATERAL IS OTHER THAN CONSUMER GOODS:

(A) ANY OTHER PERSON FROM WHICH THE SECURED PARTY HAS

RECEIVED, BEFORE THE NOTIFICATION DATE, AN AUTHENTICATED NOTIFICATION OF A CLAIM OF AN INTEREST IN THE COLLATERAL;

(B) ANY OTHER SECURED PARTY OR LIENHOLDER THAT, TEN DAYS BEFORE THE NOTIFICATION DATE, HELD A SECURITY INTEREST IN OR OTHER LIEN ON THE COLLATERAL PERFECTED BY THE FILING OF A FINANCING STATEMENT THAT:

(i) IDENTIFIED THE COLLATERAL;

(ii) WAS INDEXED UNDER THE DEBTOR'S NAME AS OF THAT DATE; AND

(iii) WAS FILED IN THE OFFICE IN WHICH TO FILE A FINANCING STATEMENT AGAINST THE DEBTOR COVERING THE COLLATERAL AS OF THAT DATE; AND

(C) ANY OTHER SECURED PARTY THAT, TEN DAYS BEFORE THE NOTIFICATION DATE, HELD A SECURITY INTEREST IN THE COLLATERAL PERFECTED BY COMPLIANCE WITH A STATUTE, REGULATION, OR TREATY DESCRIBED IN SECTION 4-9-311 (a).

(d) SUBSECTION (b) OF THIS SECTION DOES NOT APPLY IF THE COLLATERAL IS PERISHABLE OR THREATENS TO DECLINE SPEEDILY IN VALUE OR IS OF A TYPE CUSTOMARILY SOLD ON A RECOGNIZED MARKET.

(e) A SECURED PARTY COMPLIES WITH THE REQUIREMENT FOR NOTIFICATION PRESCRIBED BY SUBPARAGRAPH (B) OF PARAGRAPH (3) OF SUBSECTION (c) OF THIS SECTION IF:

(1) NOT LATER THAN TWENTY DAYS OR EARLIER THAN THIRTY DAYS BEFORE THE NOTIFICATION DATE, THE SECURED PARTY REQUESTS, IN A COMMERCIALLY REASONABLE MANNER, INFORMATION CONCERNING FINANCING STATEMENTS INDEXED UNDER THE DEBTOR'S NAME IN THE

OFFICE INDICATED IN SUBPARAGRAPH (B) OF PARAGRAPH (3) OF SUBSECTION (c) OF THIS SECTION; AND

(2) BEFORE THE NOTIFICATION DATE, THE SECURED PARTY:

(A) DID NOT RECEIVE A RESPONSE TO THE REQUEST FOR INFORMATION; OR

(B) RECEIVED A RESPONSE TO THE REQUEST FOR INFORMATION AND SENT AN AUTHENTICATED NOTIFICATION OF DISPOSITION TO EACH SECURED PARTY OR OTHER LIENHOLDER NAMED IN THAT RESPONSE WHOSE FINANCING STATEMENT COVERED THE COLLATERAL.

4-9-612. Timeliness of notification before disposition of collateral. (a) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (b) OF THIS SECTION, WHETHER A NOTIFICATION IS SENT WITHIN A REASONABLE TIME IS A QUESTION OF FACT.

(b) IN A TRANSACTION OTHER THAN A CONSUMER TRANSACTION, A NOTIFICATION OF DISPOSITION SENT AFTER DEFAULT AND TEN DAYS OR MORE BEFORE THE EARLIEST TIME OF DISPOSITION SET FORTH IN THE NOTIFICATION IS SENT WITHIN A REASONABLE TIME BEFORE THE DISPOSITION.

4-9-613. Contents and form of notification before disposition of collateral: general. EXCEPT IN A CONSUMER-GOODS TRANSACTION, THE FOLLOWING RULES APPLY:

(1) THE CONTENTS OF A NOTIFICATION OF DISPOSITION ARE SUFFICIENT IF THE NOTIFICATION:

(A) DESCRIBES THE DEBTOR AND THE SECURED PARTY;

(B) DESCRIBES THE COLLATERAL THAT IS THE SUBJECT OF THE INTENDED DISPOSITION;

(C) STATES THE METHOD OF INTENDED DISPOSITION;

(D) STATES THAT THE DEBTOR IS ENTITLED TO AN ACCOUNTING OF THE UNPAID INDEBTEDNESS AND STATES THE CHARGE, IF ANY, FOR AN ACCOUNTING; AND

(E) STATES THE TIME AND PLACE OF A PUBLIC DISPOSITION OR THE TIME AFTER WHICH ANY OTHER DISPOSITION IS TO BE MADE.

(2) WHETHER THE CONTENTS OF A NOTIFICATION THAT LACKS ANY OF THE INFORMATION SPECIFIED IN PARAGRAPH (1) OF THIS SECTION ARE NEVERTHELESS SUFFICIENT IS A QUESTION OF FACT.

(3) THE CONTENTS OF A NOTIFICATION PROVIDING SUBSTANTIALLY THE INFORMATION SPECIFIED IN PARAGRAPH (1) OF THIS SECTION ARE SUFFICIENT, EVEN IF THE NOTIFICATION INCLUDES:

(A) INFORMATION NOT SPECIFIED BY THAT PARAGRAPH; OR

(B) MINOR ERRORS THAT ARE NOT SERIOUSLY MISLEADING.

(4) A PARTICULAR PHRASING OF THE NOTIFICATION IS NOT REQUIRED.

(5) THE FOLLOWING FORM OF NOTIFICATION AND THE FORM APPEARING IN SECTION 4-9-614 (3), WHEN COMPLETED, EACH PROVIDES SUFFICIENT INFORMATION:

NOTIFICATION OF DISPOSITION OF COLLATERAL

TO: [*NAME OF DEBTOR, OBLIGOR, OR OTHER PERSON TO WHICH THE NOTIFICATION IS SENT*]

FROM: [*NAME, ADDRESS, AND TELEPHONE NUMBER OF SECURED PARTY*]

NAME OF DEBTOR(S): [*INCLUDE ONLY IF DEBTOR(S) ARE NOT*

AN ADDRESSEE]

[*FOR A PUBLIC DISPOSITION:*]

WE WILL SELL [OR LEASE OR LICENSE, *AS APPLICABLE*] THE [*DESCRIBE COLLATERAL*] [TO THE HIGHEST QUALIFIED BIDDER] IN PUBLIC AS FOLLOWS:

DAY AND DATE: _____

TIME: _____

PLACE: _____

[*FOR A PRIVATE DISPOSITION:*]

WE WILL SELL [OR LEASE OR LICENSE, *AS APPLICABLE*] THE [*DESCRIBE COLLATERAL*] PRIVATELY SOMETIME AFTER [*DAY AND DATE*].

YOU ARE ENTITLED TO AN ACCOUNTING OF THE UNPAID INDEBTEDNESS SECURED BY THE PROPERTY THAT WE INTEND TO SELL [OR LEASE OR LICENSE, *AS APPLICABLE*] [FOR A CHARGE OF $_____]. YOU MAY REQUEST AN ACCOUNTING BY CALLING US AT [*TELEPHONE NUMBER*].

4-9-614. Contents and form of notification before disposition of collateral: consumer-goods transaction. IN A CONSUMER-GOODS TRANSACTION, THE FOLLOWING RULES APPLY:

(1) A NOTIFICATION OF DISPOSITION MUST PROVIDE THE FOLLOWING INFORMATION:

(A) THE INFORMATION SPECIFIED IN SECTION 4-9-613 (1);

(B) A DESCRIPTION OF ANY LIABILITY FOR A DEFICIENCY OF THE

PERSON TO WHICH THE NOTIFICATION IS SENT;

(C) A TELEPHONE NUMBER FROM WHICH THE AMOUNT THAT MUST BE PAID TO THE SECURED PARTY TO REDEEM THE COLLATERAL UNDER SECTION 4-9-623 IS AVAILABLE; AND

(D) A TELEPHONE NUMBER OR MAILING ADDRESS FROM WHICH ADDITIONAL INFORMATION CONCERNING THE DISPOSITION AND THE OBLIGATION SECURED IS AVAILABLE.

(2) A PARTICULAR PHRASING OF THE NOTIFICATION IS NOT REQUIRED.

(3) THE FOLLOWING FORM OF NOTIFICATION, WHEN COMPLETED, PROVIDES SUFFICIENT INFORMATION:

[*NAME AND ADDRESS OF SECURED PARTY*]

[*DATE*]

NOTICE OF OUR PLAN TO SELL PROPERTY

[*NAME AND ADDRESS OF ANY OBLIGOR WHO IS ALSO A DEBTOR*]

SUBJECT: [*IDENTIFICATION OF TRANSACTION*]

WE HAVE YOUR [*DESCRIBE COLLATERAL*], BECAUSE YOU BROKE PROMISES IN OUR AGREEMENT.

[*FOR A PUBLIC DISPOSITION:*]

WE WILL SELL [*DESCRIBE COLLATERAL*] AT PUBLIC SALE. A SALE COULD INCLUDE A LEASE OR LICENSE. THE SALE WILL BE HELD AS FOLLOWS:

DATE: _____

TIME: _____

PLACE: _____

YOU MAY ATTEND THE SALE AND BRING BIDDERS IF YOU WANT.

[*FOR A PRIVATE DISPOSITION:*]

WE WILL SELL [*DESCRIBE COLLATERAL*] AT PRIVATE SALE SOMETIME AFTER [*DATE*]. A SALE COULD INCLUDE A LEASE OR LICENSE.

THE MONEY THAT WE GET FROM THE SALE (AFTER PAYING OUR COSTS) WILL REDUCE THE AMOUNT YOU OWE. IF WE GET LESS MONEY THAN YOU OWE, YOU [*WILL OR WILL NOT, AS APPLICABLE*] STILL OWE US THE DIFFERENCE. IF WE GET MORE MONEY THAN YOU OWE, YOU WILL GET THE EXTRA MONEY, UNLESS WE MUST PAY IT TO SOMEONE ELSE.

YOU CAN GET THE PROPERTY BACK AT ANY TIME BEFORE WE SELL IT BY PAYING US THE FULL AMOUNT YOU OWE (NOT JUST THE PAST DUE PAYMENTS), INCLUDING OUR EXPENSES. TO LEARN THE EXACT AMOUNT YOU MUST PAY, CALL US AT [*TELEPHONE NUMBER*].

IF YOU WANT US TO EXPLAIN TO YOU IN WRITING HOW WE HAVE FIGURED THE AMOUNT THAT YOU OWE US, YOU MAY CALL US AT [*TELEPHONE NUMBER*] [OR WRITE US AT [*SECURED PARTY'S ADDRESS*]] AND REQUEST A WRITTEN EXPLANATION. [WE WILL CHARGE YOU $_____ FOR THE EXPLANATION IF WE SENT YOU ANOTHER WRITTEN EXPLANATION OF THE AMOUNT YOU OWE US WITHIN THE LAST SIX MONTHS.]

IF YOU NEED MORE INFORMATION ABOUT THE SALE CALL US AT

[*TELEPHONE NUMBER*] [OR WRITE US AT [*SECURED PARTY'S ADDRESS*]].

WE ARE SENDING THIS NOTICE TO THE FOLLOWING OTHER PEOPLE WHO HAVE AN INTEREST IN [*DESCRIBE COLLATERAL*] OR WHO OWE MONEY UNDER YOUR AGREEMENT:

[*NAMES OF ALL OTHER DEBTORS AND OBLIGORS, IF ANY*]

(4) A NOTIFICATION IN THE FORM OF PARAGRAPH (3) OF THIS SECTION IS SUFFICIENT, EVEN IF ADDITIONAL INFORMATION APPEARS AT THE END OF THE FORM.

(5) A NOTIFICATION IN THE FORM OF PARAGRAPH (3) OF THIS SECTION IS SUFFICIENT, EVEN IF IT INCLUDES ERRORS IN INFORMATION NOT REQUIRED BY PARAGRAPH (1) OF THIS SECTION, UNLESS THE ERROR IS MISLEADING WITH RESPECT TO RIGHTS ARISING UNDER THIS ARTICLE.

(6) IF A NOTIFICATION UNDER THIS SECTION IS NOT IN THE FORM OF PARAGRAPH (3) OF THIS SECTION, LAW OTHER THAN THIS ARTICLE DETERMINES THE EFFECT OF INCLUDING INFORMATION NOT REQUIRED BY PARAGRAPH (1) OF THIS SECTION.

4-9-615. Application of proceeds of disposition; liability for deficiency and right to surplus. (a) A SECURED PARTY SHALL APPLY OR PAY OVER FOR APPLICATION THE CASH PROCEEDS OF DISPOSITION UNDER SECTION 4-9-610 IN THE FOLLOWING ORDER TO:

(1) THE REASONABLE EXPENSES OF RETAKING, HOLDING, PREPARING FOR DISPOSITION, PROCESSING, AND DISPOSING, AND, TO THE EXTENT PROVIDED FOR BY AGREEMENT AND NOT PROHIBITED BY LAW, REASONABLE ATTORNEY'S FEES AND LEGAL EXPENSES INCURRED BY THE

SECURED PARTY;

(2) THE SATISFACTION OF OBLIGATIONS SECURED BY THE SECURITY INTEREST OR AGRICULTURAL LIEN UNDER WHICH THE DISPOSITION IS MADE;

(3) THE SATISFACTION OF OBLIGATIONS SECURED BY ANY SUBORDINATE SECURITY INTEREST IN OR OTHER SUBORDINATE LIEN ON THE COLLATERAL IF:

(A) THE SECURED PARTY RECEIVES FROM THE HOLDER OF THE SUBORDINATE SECURITY INTEREST OR OTHER LIEN AN AUTHENTICATED DEMAND FOR PROCEEDS BEFORE DISTRIBUTION OF THE PROCEEDS IS COMPLETED; AND

(B) IN A CASE IN WHICH A CONSIGNOR HAS AN INTEREST IN THE COLLATERAL, THE SUBORDINATE SECURITY INTEREST OR OTHER LIEN IS SENIOR TO THE INTEREST OF THE CONSIGNOR; AND

(4) A SECURED PARTY THAT IS A CONSIGNOR OF THE COLLATERAL IF THE SECURED PARTY RECEIVES FROM THE CONSIGNOR AN AUTHENTICATED DEMAND FOR PROCEEDS BEFORE DISTRIBUTION OF THE PROCEEDS IS COMPLETED.

(b) IF REQUESTED BY A SECURED PARTY, A HOLDER OF A SUBORDINATE SECURITY INTEREST OR OTHER LIEN SHALL FURNISH REASONABLE PROOF OF THE INTEREST OR LIEN WITHIN A REASONABLE TIME. UNLESS THE HOLDER DOES SO, THE SECURED PARTY NEED NOT COMPLY WITH THE HOLDER'S DEMAND UNDER PARAGRAPH (3) OF SUBSECTION (a) OF THIS SECTION.

(c) A SECURED PARTY NEED NOT APPLY OR PAY OVER FOR APPLICATION NONCASH PROCEEDS OF DISPOSITION UNDER SECTION 4-9-610

UNLESS THE FAILURE TO DO SO WOULD BE COMMERCIALLY UNREASONABLE. A SECURED PARTY THAT APPLIES OR PAYS OVER FOR APPLICATION NONCASH PROCEEDS SHALL DO SO IN A COMMERCIALLY REASONABLE MANNER.

(d) IF THE SECURITY INTEREST UNDER WHICH A DISPOSITION IS MADE SECURES PAYMENT OR PERFORMANCE OF AN OBLIGATION, AFTER MAKING THE PAYMENTS AND APPLICATIONS REQUIRED BY SUBSECTION (a) OF THIS SECTION AND PERMITTED BY SUBSECTION (c) OF THIS SECTION:

(1) UNLESS PARAGRAPH (4) OF SUBSECTION (a) OF THIS SECTION REQUIRES THE SECURED PARTY TO APPLY OR PAY OVER CASH PROCEEDS TO A CONSIGNOR, THE SECURED PARTY SHALL ACCOUNT TO AND PAY A DEBTOR FOR ANY SURPLUS; AND

(2) THE OBLIGOR IS LIABLE FOR ANY DEFICIENCY.

(e) IF THE UNDERLYING TRANSACTION IS A SALE OF ACCOUNTS, CHATTEL PAPER, PAYMENT INTANGIBLES, OR PROMISSORY NOTES:

(1) THE DEBTOR IS NOT ENTITLED TO ANY SURPLUS; AND

(2) THE OBLIGOR IS NOT LIABLE FOR ANY DEFICIENCY.

(f) THE SURPLUS OR DEFICIENCY FOLLOWING A DISPOSITION IS CALCULATED BASED ON THE AMOUNT OF PROCEEDS THAT WOULD HAVE BEEN REALIZED IN A DISPOSITION COMPLYING WITH THIS PART 6 TO A TRANSFEREE OTHER THAN THE SECURED PARTY, A PERSON RELATED TO THE SECURED PARTY, OR A SECONDARY OBLIGOR IF:

(1) THE TRANSFEREE IN THE DISPOSITION IS THE SECURED PARTY, A PERSON RELATED TO THE SECURED PARTY, OR A SECONDARY OBLIGOR; AND

(2) THE AMOUNT OF PROCEEDS OF THE DISPOSITION IS

SIGNIFICANTLY BELOW THE RANGE OF PROCEEDS THAT A COMPLYING DISPOSITION TO A PERSON OTHER THAN THE SECURED PARTY, A PERSON RELATED TO THE SECURED PARTY, OR A SECONDARY OBLIGOR WOULD HAVE BROUGHT.

(g) A SECURED PARTY THAT RECEIVES CASH PROCEEDS OF A DISPOSITION IN GOOD FAITH AND WITHOUT KNOWLEDGE THAT THE RECEIPT VIOLATES THE RIGHTS OF THE HOLDER OF A SECURITY INTEREST OR OTHER LIEN THAT IS NOT SUBORDINATE TO THE SECURITY INTEREST OR AGRICULTURAL LIEN UNDER WHICH THE DISPOSITION IS MADE:

(1) TAKES THE CASH PROCEEDS FREE OF THE SECURITY INTEREST OR OTHER LIEN;

(2) IS NOT OBLIGATED TO APPLY THE PROCEEDS OF THE DISPOSITION TO THE SATISFACTION OF OBLIGATIONS SECURED BY THE SECURITY INTEREST OR OTHER LIEN; AND

(3) IS NOT OBLIGATED TO ACCOUNT TO OR PAY THE HOLDER OF THE SECURITY INTEREST OR OTHER LIEN FOR ANY SURPLUS.

4-9-616. Explanation of calculation of surplus or deficiency - definitions. (a) IN THIS SECTION:

(1) "EXPLANATION" MEANS A WRITING THAT:

(A) STATES THE AMOUNT OF THE SURPLUS OR DEFICIENCY;

(B) PROVIDES AN EXPLANATION IN ACCORDANCE WITH SUBSECTION (c) OF THIS SECTION OF HOW THE SECURED PARTY CALCULATED THE SURPLUS OR DEFICIENCY;

(C) STATES, IF APPLICABLE, THAT FUTURE DEBITS, CREDITS, CHARGES, INCLUDING ADDITIONAL CREDIT SERVICE CHARGES OR INTEREST, REBATES, AND EXPENSES MAY AFFECT THE AMOUNT OF THE SURPLUS OR

DEFICIENCY; AND

(D) PROVIDES A TELEPHONE NUMBER OR MAILING ADDRESS FROM WHICH ADDITIONAL INFORMATION CONCERNING THE TRANSACTION IS AVAILABLE.

(2) "REQUEST" MEANS A RECORD:

(A) AUTHENTICATED BY A DEBTOR OR CONSUMER OBLIGOR;

(B) REQUESTING THAT THE RECIPIENT PROVIDE AN EXPLANATION; AND

(C) SENT AFTER DISPOSITION OF THE COLLATERAL UNDER SECTION 4-9-610.

(b) IN A CONSUMER-GOODS TRANSACTION IN WHICH THE DEBTOR IS ENTITLED TO A SURPLUS OR A CONSUMER OBLIGOR IS LIABLE FOR A DEFICIENCY UNDER SECTION 4-9-615, THE SECURED PARTY SHALL:

(1) SEND AN EXPLANATION TO THE DEBTOR OR CONSUMER OBLIGOR, AS APPLICABLE, AFTER THE DISPOSITION AND:

(A) BEFORE OR WHEN THE SECURED PARTY ACCOUNTS TO THE DEBTOR AND PAYS ANY SURPLUS OR FIRST MAKES WRITTEN DEMAND ON THE CONSUMER OBLIGOR AFTER THE DISPOSITION FOR PAYMENT OF THE DEFICIENCY; AND

(B) WITHIN FOURTEEN DAYS AFTER RECEIPT OF A REQUEST; OR

(2) IN THE CASE OF A CONSUMER OBLIGOR WHO IS LIABLE FOR A DEFICIENCY, WITHIN FOURTEEN DAYS AFTER RECEIPT OF A REQUEST, SEND TO THE CONSUMER OBLIGOR A RECORD WAIVING THE SECURED PARTY'S RIGHT TO A DEFICIENCY.

(c) TO COMPLY WITH SUBPARAGRAPH (B) OF PARAGRAPH (1) OF SUBSECTION (a) OF THIS SECTION, A WRITING MUST PROVIDE THE

FOLLOWING INFORMATION IN THE FOLLOWING ORDER:

(1) THE AGGREGATE AMOUNT OF OBLIGATIONS SECURED BY THE SECURITY INTEREST UNDER WHICH THE DISPOSITION WAS MADE, AND, IF THE AMOUNT REFLECTS A REBATE OF UNEARNED INTEREST OR CREDIT SERVICE CHARGE, AN INDICATION OF THAT FACT, CALCULATED AS OF A SPECIFIED DATE:

(A) IF THE SECURED PARTY TAKES OR RECEIVES POSSESSION OF THE COLLATERAL AFTER DEFAULT, NOT MORE THAN THIRTY-FIVE DAYS BEFORE THE SECURED PARTY TAKES OR RECEIVES POSSESSION; OR

(B) IF THE SECURED PARTY TAKES OR RECEIVES POSSESSION OF THE COLLATERAL BEFORE DEFAULT OR DOES NOT TAKE POSSESSION OF THE COLLATERAL, NOT MORE THAN THIRTY-FIVE DAYS BEFORE THE DISPOSITION;

(2) THE AMOUNT OF PROCEEDS OF THE DISPOSITION;

(3) THE AGGREGATE AMOUNT OF THE OBLIGATIONS AFTER DEDUCTING THE AMOUNT OF PROCEEDS;

(4) THE AMOUNT, IN THE AGGREGATE OR BY TYPE, AND TYPES OF EXPENSES, INCLUDING EXPENSES OF RETAKING, HOLDING, PREPARING FOR DISPOSITION, PROCESSING, AND DISPOSING OF THE COLLATERAL, AND ATTORNEY'S FEES SECURED BY THE COLLATERAL WHICH ARE KNOWN TO THE SECURED PARTY AND RELATE TO THE CURRENT DISPOSITION;

(5) THE AMOUNT, IN THE AGGREGATE OR BY TYPE, AND TYPES OF CREDITS, INCLUDING REBATES OF INTEREST OR CREDIT SERVICE CHARGES, TO WHICH THE OBLIGOR IS KNOWN TO BE ENTITLED AND WHICH ARE NOT REFLECTED IN THE AMOUNT IN PARAGRAPH (1) OF THIS SUBSECTION (c); AND

(6) THE AMOUNT OF THE SURPLUS OR DEFICIENCY.

(d) A PARTICULAR PHRASING OF THE EXPLANATION IS NOT REQUIRED. AN EXPLANATION COMPLYING SUBSTANTIALLY WITH THE REQUIREMENTS OF SUBSECTION (a) OF THIS SECTION IS SUFFICIENT, EVEN IF IT INCLUDES MINOR ERRORS THAT ARE NOT SERIOUSLY MISLEADING.

(e) A DEBTOR OR CONSUMER OBLIGOR IS ENTITLED WITHOUT CHARGE TO ONE RESPONSE TO A REQUEST UNDER THIS SECTION DURING ANY SIX-MONTH PERIOD IN WHICH THE SECURED PARTY DID NOT SEND TO THE DEBTOR OR CONSUMER OBLIGOR AN EXPLANATION PURSUANT TO PARAGRAPH (1) OF SUBSECTION (b) OF THIS SECTION. THE SECURED PARTY MAY REQUIRE PAYMENT OF A CHARGE NOT EXCEEDING TWENTY-FIVE DOLLARS FOR EACH ADDITIONAL RESPONSE.

4-9-617. Rights of transferee of collateral. (a) A SECURED PARTY'S DISPOSITION OF COLLATERAL AFTER DEFAULT:

(1) TRANSFERS TO A TRANSFEREE FOR VALUE ALL OF THE DEBTOR'S RIGHTS IN THE COLLATERAL;

(2) DISCHARGES THE SECURITY INTEREST UNDER WHICH THE DISPOSITION IS MADE; AND

(3) DISCHARGES ANY SUBORDINATE SECURITY INTEREST OR OTHER SUBORDINATE LIEN.

(b) A TRANSFEREE THAT ACTS IN GOOD FAITH TAKES FREE OF THE RIGHTS AND INTERESTS DESCRIBED IN SUBSECTION (a) OF THIS SECTION, EVEN IF THE SECURED PARTY FAILS TO COMPLY WITH THIS ARTICLE OR THE REQUIREMENTS OF ANY JUDICIAL PROCEEDING.

(c) IF A TRANSFEREE DOES NOT TAKE FREE OF THE RIGHTS AND INTERESTS DESCRIBED IN SUBSECTION (a) OF THIS SECTION, THE

TRANSFEREE TAKES THE COLLATERAL SUBJECT TO:

(1) THE DEBTOR'S RIGHTS IN THE COLLATERAL;

(2) THE SECURITY INTEREST OR AGRICULTURAL LIEN UNDER WHICH THE DISPOSITION IS MADE; AND

(3) ANY OTHER SECURITY INTEREST OR OTHER LIEN.

4-9-618. Rights and duties of certain secondary obligors. (a) A SECONDARY OBLIGOR ACQUIRES THE RIGHTS AND BECOMES OBLIGATED TO PERFORM THE DUTIES OF THE SECURED PARTY AFTER THE SECONDARY OBLIGOR:

(1) RECEIVES AN ASSIGNMENT OF A SECURED OBLIGATION FROM THE SECURED PARTY;

(2) RECEIVES A TRANSFER OF COLLATERAL FROM THE SECURED PARTY AND AGREES TO ACCEPT THE RIGHTS AND ASSUME THE DUTIES OF THE SECURED PARTY; OR

(3) IS SUBROGATED TO THE RIGHTS OF A SECURED PARTY WITH RESPECT TO COLLATERAL.

(b) AN ASSIGNMENT, TRANSFER, OR SUBROGATION DESCRIBED IN SUBSECTION (a) OF THIS SECTION:

(1) IS NOT A DISPOSITION OF COLLATERAL UNDER SECTION 4-9-610; AND

(2) RELIEVES THE SECURED PARTY OF FURTHER DUTIES UNDER THIS ARTICLE.

4-9-619. Transfer of record or legal title. (a) IN THIS SECTION, "TRANSFER STATEMENT" MEANS A RECORD AUTHENTICATED BY A SECURED PARTY STATING:

(1) THAT THE DEBTOR HAS DEFAULTED IN CONNECTION WITH AN

OBLIGATION SECURED BY SPECIFIED COLLATERAL;

(2) THAT THE SECURED PARTY HAS EXERCISED ITS POST-DEFAULT REMEDIES WITH RESPECT TO THE COLLATERAL;

(3) THAT, BY REASON OF THE EXERCISE, A TRANSFEREE HAS ACQUIRED THE RIGHTS OF THE DEBTOR IN THE COLLATERAL; AND

(4) THE NAME AND MAILING ADDRESS OF THE SECURED PARTY, DEBTOR, AND TRANSFEREE.

(b) A TRANSFER STATEMENT ENTITLES THE TRANSFEREE TO THE TRANSFER OF RECORD OF ALL RIGHTS OF THE DEBTOR IN THE COLLATERAL SPECIFIED IN THE STATEMENT IN ANY OFFICIAL FILING, RECORDING, REGISTRATION, OR CERTIFICATE-OF-TITLE SYSTEM COVERING THE COLLATERAL. IF A TRANSFER STATEMENT IS PRESENTED WITH THE APPLICABLE FEE AND REQUEST FORM TO THE OFFICIAL OR OFFICE RESPONSIBLE FOR MAINTAINING THE SYSTEM, THE OFFICIAL OR OFFICE SHALL:

(1) ACCEPT THE TRANSFER STATEMENT;

(2) PROMPTLY AMEND ITS RECORDS TO REFLECT THE TRANSFER; AND

(3) IF APPLICABLE, ISSUE A NEW APPROPRIATE CERTIFICATE OF TITLE IN THE NAME OF THE TRANSFEREE.

(c) A TRANSFER OF THE RECORD OR LEGAL TITLE TO COLLATERAL TO A SECURED PARTY UNDER SUBSECTION (b) OF THIS SECTION OR OTHERWISE IS NOT OF ITSELF A DISPOSITION OF COLLATERAL UNDER THIS ARTICLE AND DOES NOT OF ITSELF RELIEVE THE SECURED PARTY OF ITS DUTIES UNDER THIS ARTICLE.

4-9-620. Acceptance of collateral in full or partial satisfaction

of obligation - compulsory disposition of collateral. (a) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (g) OF THIS SECTION, A SECURED PARTY MAY ACCEPT COLLATERAL IN FULL OR PARTIAL SATISFACTION OF THE OBLIGATION IT SECURES ONLY IF:

(1) THE DEBTOR CONSENTS TO THE ACCEPTANCE UNDER SUBSECTION (c) OF THIS SECTION;

(2) THE SECURED PARTY DOES NOT RECEIVE, WITHIN THE TIME SET FORTH IN SUBSECTION (d) OF THIS SECTION, A NOTIFICATION OF OBJECTION TO THE PROPOSAL AUTHENTICATED BY:

(A) A PERSON TO WHICH THE SECURED PARTY WAS REQUIRED TO SEND A PROPOSAL UNDER SECTION 4-9-621; OR

(B) ANY OTHER PERSON, OTHER THAN THE DEBTOR, HOLDING AN INTEREST IN THE COLLATERAL SUBORDINATE TO THE SECURITY INTEREST THAT IS THE SUBJECT OF THE PROPOSAL;

(3) IF THE COLLATERAL IS CONSUMER GOODS, THE COLLATERAL IS NOT IN THE POSSESSION OF THE DEBTOR WHEN THE DEBTOR CONSENTS TO THE ACCEPTANCE; AND

(4) SUBSECTION (e) OF THIS SECTION DOES NOT REQUIRE THE SECURED PARTY TO DISPOSE OF THE COLLATERAL OR THE DEBTOR WAIVES THE REQUIREMENT PURSUANT TO SECTION 4-9-624.

(b) A PURPORTED OR APPARENT ACCEPTANCE OF COLLATERAL UNDER THIS SECTION IS INEFFECTIVE UNLESS:

(1) THE SECURED PARTY CONSENTS TO THE ACCEPTANCE IN AN AUTHENTICATED RECORD OR SENDS A PROPOSAL TO THE DEBTOR; AND

(2) THE CONDITIONS OF SUBSECTION (a) OF THIS SECTION ARE MET.

(c) FOR PURPOSES OF THIS SECTION:

(1) A DEBTOR CONSENTS TO AN ACCEPTANCE OF COLLATERAL IN PARTIAL SATISFACTION OF THE OBLIGATION IT SECURES ONLY IF THE DEBTOR AGREES TO THE TERMS OF THE ACCEPTANCE IN A RECORD AUTHENTICATED AFTER DEFAULT; AND

(2) A DEBTOR CONSENTS TO AN ACCEPTANCE OF COLLATERAL IN FULL SATISFACTION OF THE OBLIGATION IT SECURES ONLY IF THE DEBTOR AGREES TO THE TERMS OF THE ACCEPTANCE IN A RECORD AUTHENTICATED AFTER DEFAULT OR THE SECURED PARTY:

(A) SENDS TO THE DEBTOR AFTER DEFAULT A PROPOSAL THAT IS UNCONDITIONAL OR SUBJECT ONLY TO A CONDITION THAT COLLATERAL NOT IN THE POSSESSION OF THE SECURED PARTY BE PRESERVED OR MAINTAINED;

(B) IN THE PROPOSAL, PROPOSES TO ACCEPT COLLATERAL IN FULL SATISFACTION OF THE OBLIGATION IT SECURES; AND

(C) DOES NOT RECEIVE A NOTIFICATION OF OBJECTION AUTHENTICATED BY THE DEBTOR WITHIN TWENTY DAYS AFTER THE PROPOSAL IS SENT.

(d) TO BE EFFECTIVE UNDER PARAGRAPH (2) OF SUBSECTION (a) OF THIS SECTION, A NOTIFICATION OF OBJECTION MUST BE RECEIVED BY THE SECURED PARTY:

(1) IN THE CASE OF A PERSON TO WHICH THE PROPOSAL WAS SENT PURSUANT TO SECTION 4-9-621, WITHIN TWENTY DAYS AFTER NOTIFICATION WAS SENT TO THAT PERSON; AND

(2) IN OTHER CASES:

(A) WITHIN TWENTY DAYS AFTER THE LAST NOTIFICATION WAS SENT PURSUANT TO SECTION 4-9-621; OR

(B) IF A NOTIFICATION WAS NOT SENT, BEFORE THE DEBTOR CONSENTS TO THE ACCEPTANCE UNDER SUBSECTION (c) OF THIS SECTION.

(e) A SECURED PARTY THAT HAS TAKEN POSSESSION OF COLLATERAL SHALL DISPOSE OF THE COLLATERAL PURSUANT TO SECTION 4-9-610 WITHIN THE TIME SPECIFIED IN SUBSECTION (f) OF THIS SECTION IF:

(1) SIXTY PERCENT OF THE CASH PRICE HAS BEEN PAID IN THE CASE OF A PURCHASE-MONEY SECURITY INTEREST IN CONSUMER GOODS; OR

(2) SIXTY PERCENT OF THE PRINCIPAL AMOUNT OF THE OBLIGATION SECURED HAS BEEN PAID IN THE CASE OF A NON-PURCHASE-MONEY SECURITY INTEREST IN CONSUMER GOODS.

(f) TO COMPLY WITH SUBSECTION (e) OF THIS SECTION, THE SECURED PARTY SHALL DISPOSE OF THE COLLATERAL:

(1) WITHIN NINETY DAYS AFTER TAKING POSSESSION; OR

(2) WITHIN ANY LONGER PERIOD TO WHICH THE DEBTOR AND ALL SECONDARY OBLIGORS HAVE AGREED IN AN AGREEMENT TO THAT EFFECT ENTERED INTO AND AUTHENTICATED AFTER DEFAULT.

(g) IN A CONSUMER TRANSACTION, A SECURED PARTY MAY NOT ACCEPT COLLATERAL IN PARTIAL SATISFACTION OF THE OBLIGATION IT SECURES.

4-9-621. Notification of proposal to accept collateral. (a) A SECURED PARTY THAT DESIRES TO ACCEPT COLLATERAL IN FULL OR PARTIAL SATISFACTION OF THE OBLIGATION IT SECURES SHALL SEND ITS PROPOSAL TO:

(1) ANY PERSON FROM WHICH THE SECURED PARTY HAS RECEIVED, BEFORE THE DEBTOR CONSENTED TO THE ACCEPTANCE, AN AUTHENTICATED NOTIFICATION OF A CLAIM OF AN INTEREST IN THE

COLLATERAL;

(2) ANY OTHER SECURED PARTY OR LIENHOLDER THAT, TEN DAYS BEFORE THE DEBTOR CONSENTED TO THE ACCEPTANCE, HELD A SECURITY INTEREST IN OR OTHER LIEN ON THE COLLATERAL PERFECTED BY THE FILING OF A FINANCING STATEMENT THAT:

(A) IDENTIFIED THE COLLATERAL;

(B) WAS INDEXED UNDER THE DEBTOR'S NAME AS OF THAT DATE; AND

(C) WAS FILED IN THE OFFICE OR OFFICES IN WHICH TO FILE A FINANCING STATEMENT AGAINST THE DEBTOR COVERING THE COLLATERAL AS OF THAT DATE; AND

(3) ANY OTHER SECURED PARTY THAT, TEN DAYS BEFORE THE DEBTOR CONSENTED TO THE ACCEPTANCE, HELD A SECURITY INTEREST IN THE COLLATERAL PERFECTED BY COMPLIANCE WITH A STATUTE, REGULATION, OR TREATY DESCRIBED IN SECTION 4-9-311 (a).

(b) A SECURED PARTY THAT DESIRES TO ACCEPT COLLATERAL IN PARTIAL SATISFACTION OF THE OBLIGATION IT SECURES SHALL SEND ITS PROPOSAL TO ANY SECONDARY OBLIGOR IN ADDITION TO THE PERSONS DESCRIBED IN SUBSECTION (a) OF THIS SECTION.

4-9-622. Effect of acceptance of collateral. (a) A SECURED PARTY'S ACCEPTANCE OF COLLATERAL IN FULL OR PARTIAL SATISFACTION OF THE OBLIGATION IT SECURES:

(1) DISCHARGES THE OBLIGATION TO THE EXTENT CONSENTED TO BY THE DEBTOR;

(2) TRANSFERS TO THE SECURED PARTY ALL OF A DEBTOR'S RIGHTS IN THE COLLATERAL;

(3) DISCHARGES THE SECURITY INTEREST OR AGRICULTURAL LIEN THAT IS THE SUBJECT OF THE DEBTOR'S CONSENT AND ANY SUBORDINATE SECURITY INTEREST OR OTHER SUBORDINATE LIEN; AND

(4) TERMINATES ANY OTHER SUBORDINATE INTEREST.

(b) A SUBORDINATE INTEREST IS DISCHARGED OR TERMINATED UNDER SUBSECTION (a) OF THIS SECTION, EVEN IF THE SECURED PARTY FAILS TO COMPLY WITH THIS ARTICLE.

4-9-623. Right to redeem collateral. (a) A DEBTOR, ANY SECONDARY OBLIGOR, OR ANY OTHER SECURED PARTY OR LIENHOLDER MAY REDEEM COLLATERAL.

(b) TO REDEEM COLLATERAL, A PERSON SHALL TENDER:

(1) FULFILLMENT OF ALL OBLIGATIONS SECURED BY THE COLLATERAL; AND

(2) THE REASONABLE EXPENSES AND ATTORNEY'S FEES DESCRIBED IN SECTION 4-9-615 (a) (1).

(c) A REDEMPTION MAY OCCUR AT ANY TIME BEFORE A SECURED PARTY:

(1) HAS COLLECTED COLLATERAL UNDER SECTION 4-9-607;

(2) HAS DISPOSED OF COLLATERAL OR ENTERED INTO A CONTRACT FOR ITS DISPOSITION UNDER SECTION 4-9-610; OR

(3) HAS ACCEPTED COLLATERAL IN FULL OR PARTIAL SATISFACTION OF THE OBLIGATION IT SECURES UNDER SECTION 4-9-622.

4-9-624. Waiver. (a) A DEBTOR OR SECONDARY OBLIGOR MAY WAIVE THE RIGHT TO NOTIFICATION OF DISPOSITION OF COLLATERAL UNDER SECTION 4-9-611 ONLY BY AN AGREEMENT TO THAT EFFECT ENTERED INTO AND AUTHENTICATED AFTER DEFAULT.

(b) A DEBTOR MAY WAIVE THE RIGHT TO REQUIRE DISPOSITION OF COLLATERAL UNDER SECTION 4-9-620 (e) ONLY BY AN AGREEMENT TO THAT EFFECT ENTERED INTO AND AUTHENTICATED AFTER DEFAULT.

(c) EXCEPT IN A CONSUMER-GOODS TRANSACTION, A DEBTOR OR SECONDARY OBLIGOR MAY WAIVE THE RIGHT TO REDEEM COLLATERAL UNDER SECTION 4-9-623 ONLY BY AN AGREEMENT TO THAT EFFECT ENTERED INTO AND AUTHENTICATED AFTER DEFAULT.

4-9-625. Remedies for secured party's failure to comply with article. (a) IF IT IS ESTABLISHED THAT A SECURED PARTY IS NOT PROCEEDING IN ACCORDANCE WITH THIS ARTICLE, A COURT MAY ORDER OR RESTRAIN COLLECTION, ENFORCEMENT, OR DISPOSITION OF COLLATERAL ON APPROPRIATE TERMS AND CONDITIONS.

(b) SUBJECT TO SUBSECTIONS (c), (d), AND (f) OF THIS SECTION, A PERSON IS LIABLE FOR DAMAGES IN THE AMOUNT OF ANY LOSS CAUSED BY A FAILURE TO COMPLY WITH THIS ARTICLE. LOSS CAUSED BY A FAILURE TO COMPLY MAY INCLUDE LOSS RESULTING FROM THE DEBTOR'S INABILITY TO OBTAIN, OR INCREASED COSTS OF, ALTERNATIVE FINANCING.

(c) EXCEPT AS OTHERWISE PROVIDED IN SECTION 4-9-628:

(1) A PERSON THAT, AT THE TIME OF THE FAILURE, WAS A DEBTOR, WAS AN OBLIGOR, OR HELD A SECURITY INTEREST IN OR OTHER LIEN ON THE COLLATERAL MAY RECOVER DAMAGES UNDER SUBSECTION (b) OF THIS SECTION FOR ITS LOSS; AND

(2) IF THE COLLATERAL IS CONSUMER GOODS, A PERSON THAT WAS A DEBTOR OR A SECONDARY OBLIGOR AT THE TIME A SECURED PARTY FAILED TO COMPLY WITH THIS PART 6 MAY RECOVER FOR THAT FAILURE IN ANY EVENT AN AMOUNT NOT LESS THAN THE CREDIT SERVICE CHARGE PLUS

TEN PERCENT OF THE PRINCIPAL AMOUNT OF THE OBLIGATION OR THE TIME-PRICE DIFFERENTIAL PLUS TEN PERCENT OF THE CASH PRICE.

(d) A DEBTOR WHOSE DEFICIENCY IS ELIMINATED UNDER SECTION 4-9-626 MAY RECOVER DAMAGES FOR THE LOSS OF ANY SURPLUS. HOWEVER, A DEBTOR OR SECONDARY OBLIGOR WHOSE DEFICIENCY IS ELIMINATED OR REDUCED UNDER SECTION 4-9-626 MAY NOT OTHERWISE RECOVER UNDER SUBSECTION (b) OF THIS SECTION FOR NONCOMPLIANCE WITH THE PROVISIONS OF THIS PART 6 RELATING TO COLLECTION, ENFORCEMENT, DISPOSITION, OR ACCEPTANCE.

(e) IN ADDITION TO ANY DAMAGES RECOVERABLE UNDER SUBSECTION (b) OF THIS SECTION, THE DEBTOR, CONSUMER OBLIGOR, OR PERSON NAMED AS A DEBTOR IN A FILED RECORD, AS APPLICABLE, MAY RECOVER FIVE HUNDRED DOLLARS IN EACH CASE FROM A PERSON THAT:

(1) FAILS TO COMPLY WITH SECTION 4-9-208;

(2) FAILS TO COMPLY WITH SECTION 4-9-209;

(3) FILES A RECORD THAT THE PERSON IS NOT ENTITLED TO FILE UNDER SECTION 4-9-509 (a);

(4) FAILS TO CAUSE THE SECURED PARTY OF RECORD TO FILE OR SEND A TERMINATION STATEMENT AS REQUIRED BY SECTION 4-9-513 (a) OR (c);

(5) FAILS TO COMPLY WITH SECTION 4-9-616 (b) (1) AND WHOSE FAILURE IS PART OF A PATTERN, OR CONSISTENT WITH A PRACTICE, OF NONCOMPLIANCE; OR

(6) FAILS TO COMPLY WITH SECTION 4-9-616 (b) (2).

(f) A DEBTOR OR CONSUMER OBLIGOR MAY RECOVER DAMAGES UNDER SUBSECTION (b) OF THIS SECTION AND, IN ADDITION, FIVE HUNDRED

DOLLARS IN EACH CASE FROM A PERSON THAT, WITHOUT REASONABLE CAUSE, FAILS TO COMPLY WITH A REQUEST UNDER SECTION 4-9-210. A RECIPIENT OF A REQUEST UNDER SECTION 4-9-210 WHICH NEVER CLAIMED AN INTEREST IN THE COLLATERAL OR OBLIGATIONS THAT ARE THE SUBJECT OF A REQUEST UNDER THAT SECTION HAS A REASONABLE EXCUSE FOR FAILURE TO COMPLY WITH THE REQUEST WITHIN THE MEANING OF THIS SUBSECTION.

(g) IF A SECURED PARTY FAILS TO COMPLY WITH A REQUEST REGARDING A LIST OF COLLATERAL OR A STATEMENT OF ACCOUNT UNDER SECTION 4-9-210, THE SECURED PARTY MAY CLAIM A SECURITY INTEREST ONLY AS SHOWN IN THE LIST OR STATEMENT INCLUDED IN THE REQUEST AS AGAINST A PERSON THAT IS REASONABLY MISLED BY THE FAILURE.

4-9-626. Action in which deficiency or surplus is in issue. (a) IN AN ACTION ARISING FROM A TRANSACTION, OTHER THAN A CONSUMER TRANSACTION, IN WHICH THE AMOUNT OF A DEFICIENCY OR SURPLUS IS IN ISSUE, THE FOLLOWING RULES APPLY:

(1) A SECURED PARTY NEED NOT PROVE COMPLIANCE WITH THE PROVISIONS OF THIS PART 6 RELATING TO COLLECTION, ENFORCEMENT, DISPOSITION, OR ACCEPTANCE UNLESS THE DEBTOR OR A SECONDARY OBLIGOR PLACES THE SECURED PARTY'S COMPLIANCE IN ISSUE.

(2) IF THE SECURED PARTY'S COMPLIANCE IS PLACED IN ISSUE, THE SECURED PARTY HAS THE BURDEN OF ESTABLISHING THAT THE COLLECTION, ENFORCEMENT, DISPOSITION, OR ACCEPTANCE WAS CONDUCTED IN ACCORDANCE WITH THIS PART 6.

(3) EXCEPT AS OTHERWISE PROVIDED IN SECTION 4-9-628, IF A SECURED PARTY FAILS TO PROVE THAT THE COLLECTION, ENFORCEMENT,

DISPOSITION, OR ACCEPTANCE WAS CONDUCTED IN ACCORDANCE WITH THE PROVISIONS OF THIS PART 6 RELATING TO COLLECTION, ENFORCEMENT, DISPOSITION, OR ACCEPTANCE, THE LIABILITY OF A DEBTOR OR A SECONDARY OBLIGOR FOR A DEFICIENCY IS LIMITED TO AN AMOUNT BY WHICH THE SUM OF THE SECURED OBLIGATION, EXPENSES, AND ATTORNEY'S FEES EXCEEDS THE GREATER OF:

(A) THE PROCEEDS OF THE COLLECTION, ENFORCEMENT, DISPOSITION, OR ACCEPTANCE; OR

(B) THE AMOUNT OF PROCEEDS THAT WOULD HAVE BEEN REALIZED HAD THE NONCOMPLYING SECURED PARTY PROCEEDED IN ACCORDANCE WITH THE PROVISIONS OF THIS PART 6 RELATING TO COLLECTION, ENFORCEMENT, DISPOSITION, OR ACCEPTANCE.

(4) FOR PURPOSES OF SUBPARAGRAPH (B) OF THIS PARAGRAPH (3), THE AMOUNT OF PROCEEDS THAT WOULD HAVE BEEN REALIZED IS EQUAL TO THE SUM OF THE SECURED OBLIGATION, EXPENSES, AND ATTORNEY'S FEES UNLESS THE SECURED PARTY PROVES THAT THE AMOUNT IS LESS THAN THAT SUM.

(5) IF A DEFICIENCY OR SURPLUS IS CALCULATED UNDER SECTION 4-9-615 (f), THE DEBTOR OR OBLIGOR HAS THE BURDEN OF ESTABLISHING THAT THE AMOUNT OF PROCEEDS OF THE DISPOSITION IS SIGNIFICANTLY BELOW THE RANGE OF PRICES THAT A COMPLYING DISPOSITION TO A PERSON OTHER THAN THE SECURED PARTY, A PERSON RELATED TO THE SECURED PARTY, OR A SECONDARY OBLIGOR WOULD HAVE BROUGHT.

(b) THE LIMITATION OF THE RULES IN SUBSECTION (a) OF THIS SECTION TO TRANSACTIONS OTHER THAN CONSUMER TRANSACTIONS IS INTENDED TO LEAVE TO THE COURT THE DETERMINATION OF THE PROPER

RULES IN CONSUMER TRANSACTIONS. THE COURT MAY NOT INFER FROM THAT LIMITATION THE NATURE OF THE PROPER RULE IN CONSUMER TRANSACTIONS AND MAY CONTINUE TO APPLY ESTABLISHED APPROACHES.

4-9-627. Determination of whether conduct was commercially reasonable. (a) THE FACT THAT A GREATER AMOUNT COULD HAVE BEEN OBTAINED BY A COLLECTION, ENFORCEMENT, DISPOSITION, OR ACCEPTANCE AT A DIFFERENT TIME OR IN A DIFFERENT METHOD FROM THAT SELECTED BY THE SECURED PARTY IS NOT OF ITSELF SUFFICIENT TO PRECLUDE THE SECURED PARTY FROM ESTABLISHING THAT THE COLLECTION, ENFORCEMENT, DISPOSITION, OR ACCEPTANCE WAS MADE IN A COMMERCIALLY REASONABLE MANNER.

(b) A DISPOSITION OF COLLATERAL IS MADE IN A COMMERCIALLY REASONABLE MANNER IF THE DISPOSITION IS MADE:

(1) IN THE USUAL MANNER ON ANY RECOGNIZED MARKET;

(2) AT THE PRICE CURRENT IN ANY RECOGNIZED MARKET AT THE TIME OF THE DISPOSITION; OR

(3) OTHERWISE IN CONFORMITY WITH REASONABLE COMMERCIAL PRACTICES AMONG DEALERS IN THE TYPE OF PROPERTY THAT WAS THE SUBJECT OF THE DISPOSITION.

(c) A COLLECTION, ENFORCEMENT, DISPOSITION, OR ACCEPTANCE IS COMMERCIALLY REASONABLE IF IT HAS BEEN APPROVED:

(1) IN A JUDICIAL PROCEEDING;

(2) BY A BONA FIDE CREDITORS' COMMITTEE;

(3) BY A REPRESENTATIVE OF CREDITORS; OR

(4) BY AN ASSIGNEE FOR THE BENEFIT OF CREDITORS.

(d) APPROVAL UNDER SUBSECTION (c) OF THIS SECTION NEED NOT

BE OBTAINED, AND LACK OF APPROVAL DOES NOT MEAN THAT THE COLLECTION, ENFORCEMENT, DISPOSITION, OR ACCEPTANCE IS NOT COMMERCIALLY REASONABLE.

4-9-628. Nonliability and limitation on liability of secured party - liability of secondary obligor. (a) UNLESS A SECURED PARTY KNOWS THAT A PERSON IS A DEBTOR OR OBLIGOR, KNOWS THE IDENTITY OF THE PERSON, AND KNOWS HOW TO COMMUNICATE WITH THE PERSON:

(1) THE SECURED PARTY IS NOT LIABLE TO THE PERSON, OR TO A SECURED PARTY OR LIENHOLDER THAT HAS FILED A FINANCING STATEMENT AGAINST THE PERSON, FOR FAILURE TO COMPLY WITH THIS ARTICLE; AND

(2) THE SECURED PARTY'S FAILURE TO COMPLY WITH THIS ARTICLE DOES NOT AFFECT THE LIABILITY OF THE PERSON FOR A DEFICIENCY.

(b) A SECURED PARTY IS NOT LIABLE BECAUSE OF ITS STATUS AS SECURED PARTY:

(1) TO A PERSON THAT IS A DEBTOR OR OBLIGOR, UNLESS THE SECURED PARTY KNOWS:

(A) THAT THE PERSON IS A DEBTOR OR OBLIGOR;

(B) THE IDENTITY OF THE PERSON; AND

(C) HOW TO COMMUNICATE WITH THE PERSON; OR

(2) TO A SECURED PARTY OR LIENHOLDER THAT HAS FILED A FINANCING STATEMENT AGAINST A PERSON, UNLESS THE SECURED PARTY KNOWS:

(A) THAT THE PERSON IS A DEBTOR; AND

(B) THE IDENTITY OF THE PERSON.

(c) A SECURED PARTY IS NOT LIABLE TO ANY PERSON, AND A PERSON'S LIABILITY FOR A DEFICIENCY IS NOT AFFECTED, BECAUSE OF ANY

ACT OR OMISSION ARISING OUT OF THE SECURED PARTY'S REASONABLE BELIEF THAT A TRANSACTION IS NOT A CONSUMER-GOODS TRANSACTION OR A CONSUMER TRANSACTION OR THAT GOODS ARE NOT CONSUMER GOODS, IF THE SECURED PARTY'S BELIEF IS BASED ON ITS REASONABLE RELIANCE ON:

(1) A DEBTOR'S REPRESENTATION CONCERNING THE PURPOSE FOR WHICH COLLATERAL WAS TO BE USED, ACQUIRED, OR HELD; OR

(2) AN OBLIGOR'S REPRESENTATION CONCERNING THE PURPOSE FOR WHICH A SECURED OBLIGATION WAS INCURRED.

(d) A SECURED PARTY IS NOT LIABLE TO ANY PERSON UNDER SECTION 4-9-625 (c) (2) FOR ITS FAILURE TO COMPLY WITH SECTION 4-9-616.

(e) A SECURED PARTY IS NOT LIABLE UNDER SECTION 4-9-625 (c) (2) MORE THAN ONCE WITH RESPECT TO ANY ONE SECURED OBLIGATION

4-9-629 Secured party's liability when taking possession after default - legislative declaration - fund. (1) THE GENERAL ASSEMBLY RECOGNIZES THAT IN THE PAST CERTAIN DEBTORS MAY HAVE BEEN DISADVANTAGED BY THE ACTIONS OF REPOSSESSORS AND THAT SUCH DEBTORS WERE THEN UNABLE TO OBTAIN JUST REDRESS FOR THEIR LOSSES IN THE COURTS: THE CREDITOR WHO INITIATED THE ACTION BY EMPLOYING OR CONTRACTING WITH THE REPOSSESSOR WAS SHIELDED FROM LIABILITY BECAUSE THE REPOSSESSOR WAS CATEGORIZED BY THE COURTS AS AN INDEPENDENT CONTRACTOR. THE GENERAL ASSEMBLY WISHES TO ENSURE THAT THE REPOSSESSOR IS BONDED OR THAT THE SECURED PARTY OR ASSIGNEE IS HELD RESPONSIBLE AT LAW AS A PRINCIPAL UNDER THE GENERAL PRINCIPLES OF AGENCY LAW FOR THE

ACTIONS OF A REPOSSESSOR WHO IS ACTING AT THE BEHEST OF THE CREDITOR IN THE EVENT THAT NO BOND HAS BEEN POSTED.

(2) A SECURED PARTY OR SUCH PARTY'S ASSIGNEE WHO WISHES TO CONTRACT WITH A PERSON TO RECOVER OR TAKE POSSESSION OF COLLATERAL UPON DEFAULT, INCLUDING A MOTOR VEHICLE REPOSSESSED PURSUANT TO SECTION 42-6-146, C.R.S., SHALL CONTRACT TO RECOVER OR TAKE POSSESSION OF COLLATERAL ONLY WITH A PERSON WHO IS BONDED FOR PROPERTY DAMAGE TO OR CONVERSION OF SUCH COLLATERAL IN THE AMOUNT OF TWENTY-FIVE THOUSAND DOLLARS. SUCH BOND SHALL BE FILED WITH AND DRAWN IN FAVOR OF THE ATTORNEY GENERAL OF THE STATE OF COLORADO FOR USE OF THE PEOPLE OF THE STATE OF COLORADO AND SHALL BE REVOCABLE ONLY WITH THE WRITTEN CONSENT OF THE ATTORNEY GENERAL PURSUANT TO RULES AND REGULATIONS PROMULGATED BY THE OFFICE OF THE ATTORNEY GENERAL. THE OFFICE OF THE ATTORNEY GENERAL MAY CHARGE A FEE TO BE PAID BY THE PERSON FILING SUCH BOND IN ORDER TO COVER THE DIRECT AND INDIRECT COSTS INCURRED BY SUCH OFFICE IN FULFILLING ITS DUTIES UNDER THE PROVISIONS OF THIS SECTION.

(3) A SECURED PARTY OR SUCH PARTY'S ASSIGNEE WHO EMPLOYS OR CONTRACTS WITH A PERSON WHO HAS NOT COMPLIED WITH THE REQUIREMENTS SPECIFIED IN SUBSECTION (2) OF THIS SECTION SHALL BE LIABLE AS PRINCIPAL FOR THE ACTIONS OF ANY PERSON THE SECURED PARTY OR ASSIGNEE EMPLOYS OR CONTRACTS WITH TO RECOVER OR TAKE POSSESSION OF THE COLLATERAL AFTER DEFAULT AS PROVIDED IN SECTION 4-9-609 IN THE SAME MANNER AS IF SUCH PERSON WERE THE AGENT OF THE SECURED PARTY OR ASSIGNEE, WHETHER OR NOT SUCH PERSON HAS

BEEN OR MAY BE DEEMED TO BE ACTING AS AN INDEPENDENT CONTRACTOR IN LAW.

(4) A REPOSSESSOR SHALL NOT ENGAGE IN REPOSSESSING, RECOVERING, OR REMOVING COLLATERAL OR PERSONAL PROPERTY ON BEHALF OF A SECURED CREDITOR OR ASSIGNEE WITHOUT FIRST DISCLOSING TO SUCH SECURED CREDITOR OR ASSIGNEE WHETHER SUCH REPOSSESSOR IS BONDED PURSUANT TO THIS ARTICLE. ANY PERSON WHO FAILS TO DISCLOSE OR MISREPRESENTS TO A SECURED PARTY SUCH PERSON'S BONDED STATUS OR FAILS TO FILE SUCH BOND WITH THE ATTORNEY GENERAL, SHALL BE IN VIOLATION OF THE "COLORADO CONSUMER PROTECTION ACT", ARTICLE 1 OF TITLE 6, C.R.S., AND SHALL BE SUBJECT TO REMEDIES OR PENALTIES OR BOTH PURSUANT THERETO.

(5) ANY PERSON WHO KNOWINGLY FALSIFIES A REPOSSESSOR BOND APPLICATION OR MISREPRESENTS INFORMATION CONTAINED THEREIN COMMITS A CLASS 1 MISDEMEANOR AND SHALL BE PUNISHED AS PROVIDED IN SECTION 18-1-106, C.R.S.

(6) ALL MONEYS COLLECTED PURSUANT TO THIS SECTION SHALL BE COLLECTED BY THE ATTORNEY GENERAL WHO SHALL TRANSMIT SUCH MONEYS TO THE STATE TREASURER WHO SHALL CREDIT THE SAME TO THE GENERAL FUND.

PART 7

TRANSITION

4-9-701. Effective date. THIS ACT TAKES EFFECT ON JULY 1, 2001. REFERENCES IN THIS PART 7 TO "THIS ACT" REFER TO HOUSE BILL 00-_____, ENACTED AT THE SECOND REGULAR SESSION OF THE SIXTY-SECOND GENERAL ASSEMBLY. REFERENCES IN THIS PART 7 TO

"FORMER ARTICLE 9" ARE TO ARTICLE 9 OF THIS TITLE AS IN EFFECT IMMEDIATELY BEFORE JULY 1, 2001.

4-9-702. Savings clause. (a) EXCEPT AS OTHERWISE PROVIDED IN THIS PART 7, THIS ACT APPLIES TO A TRANSACTION OR LIEN WITHIN ITS SCOPE, EVEN IF THE TRANSACTION OR LIEN WAS ENTERED INTO OR CREATED BEFORE JULY 1, 2001.

(b) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (c) OF THIS SECTION AND SECTIONS 4-9-703 TO 4-9-709:

(1) TRANSACTIONS AND LIENS THAT WERE NOT GOVERNED BY FORMER ARTICLE 9, WERE VALIDLY ENTERED INTO OR CREATED BEFORE JULY 1, 2001, AND WOULD BE SUBJECT TO THIS ACT IF THEY HAD BEEN ENTERED INTO OR CREATED ON OR AFTER JULY 1, 2001, AND THE RIGHTS, DUTIES, AND INTERESTS FLOWING FROM THOSE TRANSACTIONS AND LIENS REMAIN VALID ON OR AFTER JULY 1, 2001; AND

(2) THE TRANSACTIONS AND LIENS MAY BE TERMINATED, COMPLETED, CONSUMMATED, AND ENFORCED AS REQUIRED OR PERMITTED BY THIS ACT OR BY THE LAW THAT OTHERWISE WOULD APPLY IF THIS ACT HAD NOT TAKEN EFFECT.

(c) THIS ACT DOES NOT AFFECT AN ACTION, CASE, OR PROCEEDING COMMENCED BEFORE JULY 1, 2001.

4-9-703. Security interest perfected before effective date. (a) A SECURITY INTEREST THAT IS ENFORCEABLE IMMEDIATELY BEFORE JULY 1, 2001, AND WOULD HAVE PRIORITY OVER THE RIGHTS OF A PERSON THAT BECOMES A LIEN CREDITOR AT THAT TIME IS A PERFECTED SECURITY INTEREST UNDER THIS ACT IF, ON JULY 1, 2001, THE APPLICABLE REQUIREMENTS FOR ENFORCEABILITY AND PERFECTION UNDER THIS ACT

ARE SATISFIED WITHOUT FURTHER ACTION.

(b) EXCEPT AS OTHERWISE PROVIDED IN SECTION 4-9-705, IF, IMMEDIATELY BEFORE JULY 1, 2001, A SECURITY INTEREST IS ENFORCEABLE AND WOULD HAVE PRIORITY OVER THE RIGHTS OF A PERSON THAT BECOMES A LIEN CREDITOR AT THAT TIME, BUT THE APPLICABLE REQUIREMENTS FOR ENFORCEABILITY OR PERFECTION UNDER THIS ACT ARE NOT SATISFIED ON JULY 1, 2001, THE SECURITY INTEREST:

(1) IS A PERFECTED SECURITY INTEREST FOR ONE YEAR AFTER JULY 1, 2001;

(2) REMAINS ENFORCEABLE THEREAFTER ONLY IF THE SECURITY INTEREST BECOMES ENFORCEABLE UNDER SECTION 4-9-203 BEFORE THE YEAR EXPIRES; AND

(3) REMAINS PERFECTED THEREAFTER ONLY IF THE APPLICABLE REQUIREMENTS FOR PERFECTION UNDER THIS ACT ARE SATISFIED BEFORE THE YEAR EXPIRES.

(c) NOTWITHSTANDING SUBSECTIONS (a) AND (b) OF THIS SECTION, A LIEN, PLEDGE, OR SECURITY INTEREST GRANTED BY A GOVERNMENTAL UNIT PRIOR TO JULY 1, 2001, THAT IS ENFORCEABLE IMMEDIATELY BEFORE JULY 1, 2001, AND WOULD HAVE PRIORITY OVER THE RIGHTS OF A PERSON THAT BECOMES A LIEN CREDITOR AT THAT TIME SHALL REMAIN ENFORCEABLE AND CONTINUE TO HAVE SUCH PRIORITY ON OR AFTER JULY 1, 2001.

4-9-704. Security interest unperfected before effective date. A SECURITY INTEREST THAT IS ENFORCEABLE IMMEDIATELY BEFORE THIS ACT TAKES EFFECT BUT WHICH WOULD BE SUBORDINATE TO THE RIGHTS OF A PERSON THAT BECOMES A LIEN CREDITOR AT THAT TIME:

(1) REMAINS AN ENFORCEABLE SECURITY INTEREST FOR ONE YEAR AFTER THIS ACT TAKES EFFECT;

(2) REMAINS ENFORCEABLE THEREAFTER IF THE SECURITY INTEREST BECOMES ENFORCEABLE UNDER SECTION 4-9-203 WHEN THIS ACT TAKES EFFECT OR WITHIN ONE YEAR THEREAFTER; AND

(3) BECOMES PERFECTED:

(A) WITHOUT FURTHER ACTION, WHEN THIS ACT TAKES EFFECT IF THE APPLICABLE REQUIREMENTS FOR PERFECTION UNDER THIS ACT ARE SATISFIED BEFORE OR AT THAT TIME; OR

(B) WHEN THE APPLICABLE REQUIREMENTS FOR PERFECTION ARE SATISFIED IF THE REQUIREMENTS ARE SATISFIED AFTER THAT TIME.

4-9-705. Effectiveness of action taken before effective date.

(a) IF ACTION, OTHER THAN THE FILING OF A FINANCING STATEMENT, IS TAKEN BEFORE THIS ACT TAKES EFFECT AND THE ACTION WOULD HAVE RESULTED IN PRIORITY OF A SECURITY INTEREST OVER THE RIGHTS OF A PERSON THAT BECOMES A LIEN CREDITOR HAD THE SECURITY INTEREST BECOME ENFORCEABLE BEFORE THIS ACT TAKES EFFECT, THE ACTION IS EFFECTIVE TO PERFECT A SECURITY INTEREST THAT ATTACHES UNDER THIS ACT WITHIN ONE YEAR AFTER THIS ACT TAKES EFFECT. AN ATTACHED SECURITY INTEREST BECOMES UNPERFECTED ONE YEAR AFTER THIS ACT TAKES EFFECT UNLESS THE SECURITY INTEREST BECOMES A PERFECTED SECURITY INTEREST UNDER THIS ACT BEFORE THE EXPIRATION OF THAT PERIOD.

(b) THE FILING OF A FINANCING STATEMENT BEFORE THIS ACT TAKES EFFECT IS EFFECTIVE TO PERFECT A SECURITY INTEREST TO THE EXTENT THE FILING WOULD SATISFY THE APPLICABLE REQUIREMENTS FOR

PERFECTION UNDER THIS ACT.

(c) THIS ACT DOES NOT RENDER INEFFECTIVE AN EFFECTIVE FINANCING STATEMENT THAT, BEFORE THIS ACT TAKES EFFECT, IS FILED AND SATISFIES THE APPLICABLE REQUIREMENTS FOR PERFECTION UNDER THE LAW OF THE JURISDICTION GOVERNING PERFECTION AS PROVIDED IN FORMER SECTION 4-9-103. HOWEVER, EXCEPT AS OTHERWISE PROVIDED IN SUBSECTIONS (d) AND (e) OF THIS SECTION AND SECTION 4-9-706, THE FINANCING STATEMENT CEASES TO BE EFFECTIVE AT THE EARLIER OF:

(1) THE TIME THE FINANCING STATEMENT WOULD HAVE CEASED TO BE EFFECTIVE UNDER THE LAW OF THE JURISDICTION IN WHICH IT IS FILED; OR

(2) JUNE 30, 2006.

(d) THE FILING OF A CONTINUATION STATEMENT AFTER THIS ACT TAKES EFFECT DOES NOT CONTINUE THE EFFECTIVENESS OF THE FINANCING STATEMENT FILED BEFORE THIS ACT TAKES EFFECT. HOWEVER, UPON THE TIMELY FILING OF A CONTINUATION STATEMENT AFTER THIS ACT TAKES EFFECT AND IN ACCORDANCE WITH THE LAW OF THE JURISDICTION GOVERNING PERFECTION AS PROVIDED IN PART 3 OF THIS ARTICLE, THE EFFECTIVENESS OF A FINANCING STATEMENT FILED IN THE SAME OFFICE IN THAT JURISDICTION BEFORE THIS ACT TAKES EFFECT CONTINUES FOR THE PERIOD PROVIDED BY THE LAW OF THAT JURISDICTION.

(e) PARAGRAPH (2) OF SUBSECTION (c) OF THIS SECTION APPLIES TO A FINANCING STATEMENT THAT, BEFORE THIS ACT TAKES EFFECT, IS FILED AGAINST A TRANSMITTING UTILITY AND SATISFIES THE APPLICABLE REQUIREMENTS FOR PERFECTION UNDER THE LAW OF THE JURISDICTION GOVERNING PERFECTION AS PROVIDED IN FORMER SECTION 4-9-103 ONLY

TO THE EXTENT THAT PART 3 OF THIS ARTICLE PROVIDES THAT THE LAW OF A JURISDICTION OTHER THAN THE JURISDICTION IN WHICH THE FINANCING STATEMENT IS FILED GOVERNS PERFECTION OF A SECURITY INTEREST IN COLLATERAL COVERED BY THE FINANCING STATEMENT.

(f) A FINANCING STATEMENT THAT INCLUDES A FINANCING STATEMENT FILED BEFORE THIS ACT TAKES EFFECT AND A CONTINUATION STATEMENT FILED AFTER THIS ACT TAKES EFFECT IS EFFECTIVE ONLY TO THE EXTENT THAT IT SATISFIES THE REQUIREMENTS OF PART 5 OF THIS ARTICLE FOR AN INITIAL FINANCING STATEMENT.

4-9-706. When initial financing statement suffices to continue effectiveness of financing statement. (a) THE FILING OF AN INITIAL FINANCING STATEMENT IN THE OFFICE SPECIFIED IN SECTION 4-9-501 CONTINUES THE EFFECTIVENESS OF A FINANCING STATEMENT FILED BEFORE THIS ACT TAKES EFFECT IF:

(1) THE FILING OF AN INITIAL FINANCING STATEMENT IN THAT OFFICE WOULD BE EFFECTIVE TO PERFECT A SECURITY INTEREST UNDER THIS ACT;

(2) THE PRE-EFFECTIVE-DATE FINANCING STATEMENT WAS FILED IN AN OFFICE IN ANOTHER STATE OR ANOTHER OFFICE IN THIS STATE; AND

(3) THE INITIAL FINANCING STATEMENT SATISFIES SUBSECTION (c) OF THIS SECTION.

(b) THE FILING OF AN INITIAL FINANCING STATEMENT UNDER SUBSECTION (a) OF THIS SECTION CONTINUES THE EFFECTIVENESS OF THE PRE-EFFECTIVE-DATE FINANCING STATEMENT:

(1) IF THE INITIAL FINANCING STATEMENT IS FILED BEFORE THIS ACT TAKES EFFECT, FOR THE PERIOD PROVIDED IN FORMER SECTION

4-9-403 WITH RESPECT TO A FINANCING STATEMENT; AND

(2) IF THE INITIAL FINANCING STATEMENT IS FILED AFTER THIS ACT TAKES EFFECT, FOR THE PERIOD PROVIDED IN SECTION 4-9-515 WITH RESPECT TO AN INITIAL FINANCING STATEMENT.

(c) TO BE EFFECTIVE FOR PURPOSES OF SUBSECTION (a) OF THIS SECTION, AN INITIAL FINANCING STATEMENT MUST:

(1) SATISFY THE REQUIREMENTS OF PART 5 OF THIS ARTICLE FOR AN INITIAL FINANCING STATEMENT;

(2) IDENTIFY THE PRE-EFFECTIVE-DATE FINANCING STATEMENT BY INDICATING THE OFFICE IN WHICH THE FINANCING STATEMENT WAS FILED AND PROVIDING THE DATES OF FILING AND FILE NUMBERS, IF ANY, OF THE FINANCING STATEMENT AND OF THE MOST RECENT CONTINUATION STATEMENT FILED WITH RESPECT TO THE FINANCING STATEMENT; AND

(3) INDICATE THAT THE PRE-EFFECTIVE-DATE FINANCING STATEMENT REMAINS EFFECTIVE.

4-9-707. Amendment of pre-effective-date financing statement.

(a) IN THIS SECTION, "PRE-EFFECTIVE-DATE FINANCING STATEMENT" MEANS A FINANCING STATEMENT FILED BEFORE THIS ACT TAKES EFFECT.

(b) AFTER THIS ACT TAKES EFFECT, A PERSON MAY ADD OR DELETE COLLATERAL COVERED BY, CONTINUE OR TERMINATE THE EFFECTIVENESS OF, OR OTHERWISE AMEND THE INFORMATION PROVIDED IN, A PRE-EFFECTIVE-DATE FINANCING STATEMENT ONLY IN ACCORDANCE WITH THE LAW OF THE JURISDICTION GOVERNING PERFECTION AS PROVIDED IN PART 3 OF THIS ARTICLE. HOWEVER, THE EFFECTIVENESS OF A PRE-EFFECTIVE-DATE FINANCING STATEMENT ALSO MAY BE TERMINATED IN ACCORDANCE WITH THE LAW OF THE JURISDICTION IN WHICH THE

FINANCING STATEMENT IS FILED.

(c) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (d) OF THIS SECTION, IF THE LAW OF THIS STATE GOVERNS PERFECTION OF A SECURITY INTEREST, THE INFORMATION IN A PRE-EFFECTIVE-DATE FINANCING STATEMENT MAY BE AMENDED AFTER THIS ACT TAKES EFFECT ONLY IF:

(1) THE PRE-EFFECTIVE-DATE FINANCING STATEMENT AND AN AMENDMENT ARE FILED IN THE OFFICE SPECIFIED IN SECTION 4-9-501;

(2) AN AMENDMENT IS FILED IN THE OFFICE SPECIFIED IN SECTION 4-9-501 CONCURRENTLY WITH, OR AFTER THE FILING IN THAT OFFICE OF, AN INITIAL FINANCING STATEMENT THAT SATISFIES SECTION 4-9-706 (c); OR

(3) AN INITIAL FINANCING STATEMENT THAT PROVIDES THE INFORMATION AS AMENDED AND SATISFIES SECTION 4-9-706 (c) IS FILED IN THE OFFICE SPECIFIED IN SECTION 4-9-501.

(d) IF THE LAW OF THIS STATE GOVERNS PERFECTION OF A SECURITY INTEREST, THE EFFECTIVENESS OF A PRE-EFFECTIVE-DATE FINANCING STATEMENT MAY BE CONTINUED ONLY UNDER SECTION 4-9-705 (d) AND (f) OR 4-9-706.

(e) WHETHER OR NOT THE LAW OF THIS STATE GOVERNS PERFECTION OF A SECURITY INTEREST, THE EFFECTIVENESS OF A PRE-EFFECTIVE-DATE FINANCING STATEMENT FILED IN THIS STATE MAY BE TERMINATED AFTER THIS ACT TAKES EFFECT BY FILING A TERMINATION STATEMENT IN THE OFFICE IN WHICH THE PRE-EFFECTIVE DATE FINANCING STATEMENT IS FILED, UNLESS AN INITIAL FINANCING STATEMENT THAT SATISFIES SECTION 4-9-706 (c) HAS BEEN FILED IN THE OFFICE SPECIFIED BY THE LAW OF THE JURISDICTION GOVERNING PERFECTION AS PROVIDED

IN PART 3 OF THIS ARTICLE AS THE OFFICE IN WHICH TO FILE A FINANCING STATEMENT.

4-9-708. Persons entitled to file initial financing statement or continuation statement. A PERSON MAY FILE AN INITIAL FINANCING STATEMENT OR A CONTINUATION STATEMENT UNDER THIS PART 7 IF:

(1) THE SECURED PARTY OF RECORD AUTHORIZES THE FILING; AND

(2) THE FILING IS NECESSARY UNDER THIS PART 7:

(A) TO CONTINUE THE EFFECTIVENESS OF A FINANCING STATEMENT FILED BEFORE THIS ACT TAKES EFFECT; OR

(B) TO PERFECT OR CONTINUE THE PERFECTION OF A SECURITY INTEREST.

4-9-709. Priority. (a) THIS ACT DETERMINES THE PRIORITY OF CONFLICTING CLAIMS TO COLLATERAL. HOWEVER, IF THE RELATIVE PRIORITIES OF THE CLAIMS WERE ESTABLISHED BEFORE THIS ACT TAKES EFFECT, FORMER ARTICLE 9 DETERMINES PRIORITY.

(b) FOR PURPOSES OF SECTION 4-9-322 (a), THE PRIORITY OF A SECURITY INTEREST THAT BECOMES ENFORCEABLE UNDER SECTION 4-9-203 OF THIS ACT DATES FROM THE TIME THIS ACT TAKES EFFECT IF THE SECURITY INTEREST IS PERFECTED UNDER THIS ACT BY THE FILING OF A FINANCING STATEMENT BEFORE THIS ACT TAKES EFFECT WHICH WOULD NOT HAVE BEEN EFFECTIVE TO PERFECT THE SECURITY INTEREST UNDER FORMER ARTICLE 9. THIS SUBSECTION (b) DOES NOT APPLY TO CONFLICTING SECURITY INTERESTS EACH OF WHICH IS PERFECTED BY THE FILING OF SUCH A FINANCING STATEMENT.

SECTION 2. 4-9.3-102 (2), Colorado Revised Statutes, is amended to read:

4-9.3-102. Definitions. As used in this article, unless the context otherwise requires:

(2) "Central filing officer" means the ~~person designated by the board pursuant to section 4-9.3-103~~ SECRETARY OF STATE.

SECTION 3. 4-9.3-103 (3) (a), (3) (b), (3) (e), (3) (f), and (3) (j), Colorado Revised Statutes, are amended to read:

4-9.3-103. Central information system board - director - duties - repeal. (3) In performing its duties pursuant to this article, the board has the power to:

(a) Create and implement the central information system; ~~which shall include the operation and improvement of the central filing system;~~

(b) Adopt, rescind, modify, or amend rules, orders, and resolutions for the exercise of its ~~and the central filing officer's~~ powers and duties;

(e) Monitor program performance and accountability; ~~including the performance of the central filing officer designated pursuant to paragraph (j) of this subsection (3);~~

(f) Hire all necessary personnel and procure all necessary personal services and equipment to ~~assist the central filing officer in exercising the powers and carrying~~ CARRY out the duties set forth in this article and part 4 of article 9 and article 9.5 of this title, including, without limitation, acquiring the capability to receive electronic filings. Whenever practicable, the board shall contract with private entities for the performance of such duties.

(j) ~~On or before November 1, 1999, appoint a person to perform the duties of the central filing officer under this article and part 4 of~~

~~article 9 and article 9.5 of this title. The person so appointed shall exercise such powers as may be delegated by the board or that may be necessary to discharge the duties of the central filing officer, including, without limitation, the implementation of all contracts entered into by the board pertaining to the performance of such duties. The central filing officer shall serve for an indefinite term, at the pleasure of the board.~~

SECTION 4. 4-9.3-105 (3.4) and (4), Colorado Revised Statutes, are amended to read:

4-9.3-105. Central information system cash fund - creation. (3.4) Revenues collected by the board ~~and the central filing officer~~ from ~~their~~ ITS respective operations shall be transmitted to the state treasurer, who shall credit the same to the central information system cash fund, which fund is hereby created in the state treasury. Such revenues shall be subject to annual appropriation by the general assembly to the board for the purposes described in subsection (1) of this section and in section 4-9.3-103. The board may allocate a share of such revenues to the governmental agencies that provide database information to the central information system for public access purposes.

(4) All equipment, software, and other property purchased with moneys from the county clerk's technology fund shall become the property of the respective counties in which such property exists as of December 31, 1999. The board shall determine, and may establish subcommittees to recommend, formulae pursuant to which any unexpended, unencumbered moneys remaining in the county clerk's technology fund as of December 31, 1999, shall be allocated among the county clerks. It is the intent of the general assembly that moneys in the

fund be distributed directly to each county clerk in an amount equal to the allocation determined by the board and that such distribution not be considered a transfer to a county's general fund or subject to appropriation by a county commission. ALL EQUIPMENT, SOFTWARE, AND OTHER PROPERTY THAT IS IN THE POSSESSION OF A COUNTY AND THAT WAS PURCHASED WITH MONEYS FROM THE CENTRAL INFORMATION SYSTEM CASH FUND MAY BE TRANSFERRED TO SUCH COUNTY AND, UPON SUCH TRANSFER, SHALL BECOME THE PROPERTY OF THE COUNTY.

SECTION 5. 4-9.5-103 (2.5), (3), (7) (e), and (7) (j), Colorado Revised Statutes, are amended to read:

4-9.5-103. Definitions. As used in this article, unless the context otherwise requires:

(2.5) "Central filing officer" means the ~~person designated by the board pursuant to section 4-9.3-103~~ SECRETARY OF STATE.

(3) "Central filing system" means a system for filing effective financing statements or notice of such financing statements on a statewide basis and which has been certified by the secretary of the United States department of agriculture pursuant to section 1324 of the "Food Security Act of 1985". It is the intent of the general assembly that, effective January 1, 2000, the filing system established by ~~section 4-9-401~~ SECTION 4-9-501 shall constitute the central filing system.

(7) "Effective financing statement" means a statement that:

(e) Shall be amended in writing within three months after any material change, similarly signed, and filed to reflect material changes. Such amendment and material change shall be signed by the secured party, and if such amendment is filed electronically it shall be signed

electronically, pursuant to ~~section 4-9-413 (2)~~ SECTION 24-71-101, C.R.S. However, if the security interest is terminated as to one or more of the farm products shown on the filed effective financing statement and the effective financing statement is to remain effective as to one or more other farm products, an amendment shall be filed showing such partial termination within thirty days after termination of such security interest, and if the affected secured party fails to file an amendment showing such partial termination within the thirty-day period, he shall be liable to the debtor for one hundred dollars, and, in addition, for any loss caused to the debtor by such failure.

(j) Is accompanied by the requisite filing fee, established pursuant to ~~section 4-11-102~~ SECTION 4-9-525;

SECTION 6. 4-9.5-107 (1) and (2) (a) (I), Colorado Revised Statutes, are amended to read:

4-9.5-107. Notice of termination. (1) Whenever there is no outstanding secured obligation and no commitment to make advances, incur obligations, or otherwise give value, the secured party shall, within thirty days, file with the central filing officer a notice of termination of the effective financing statement and provide notice to the debtor of such filing, unless the debtor otherwise requests. If the affected secured party fails to file a termination statement within the thirty-day period, the secured party shall be liable to the debtor for ~~one~~ FIVE hundred dollars, and, in addition, for any loss caused to the debtor by such failure.

(2) (a) The notice of termination of an effective financing statement shall:

(I) Be signed by the secured party, and if such notice is filed

electronically it shall be signed electronically, pursuant to ~~section 4-9-413 (2)~~ SECTION 24-71-101, C.R.S.;

SECTION 7. 4-9.5-108 (1) and (3), Colorado Revised Statutes, are amended to read:

4-9.5-108. Filings generally. (1) The central filing officer shall accept for filing all filings pursuant to this title during regular business hours. The central filing officer shall record the date and hour of the filing of such statements. In the event of an electronic filing made other than during regular business hours, the central filing officer shall record the date of filing as follows: If an electronic filing is made other than during the regular business hours of the filing office, the date of filing shall be the day on which such office next commences business, and the hour of filing shall be the commencement of business on such day. All filings made pursuant to this title that are filed as paper documents and not electronically shall be filed in duplicate, and one copy of the statement shall be returned to the filing party stamped to show the time of receipt of the filing. All filings shall be submitted for filing on forms prescribed by the board. Nothing in this section shall be construed to require the central filing officer to accept for filing any item the rejection of which is required or permitted under ~~section 4-9-403.5~~ SECTION 4-9-520.

(3) Any termination, amendment, assignment, or release of collateral filing made pursuant to this article shall include the signature of the secured party, and if such filing is made electronically it shall be signed electronically, pursuant to ~~section 4-9-413 (2)~~ SECTION 24-71-101, C.R.S.

SECTION 8. 38-25-102 (2), Colorado Revised Statutes, is amended to read:

38-25-102. Federal liens - places of filing. (2) Notices of federal liens upon personal property, whether tangible or intangible, for obligations payable to the United States and certificates and notices affecting the liens shall be filed as follows:

(a) If the person against whose interest the lien applies is a corporation, partnership, or limited liability company whose chief executive office is in this state, as these entities are defined in the internal revenue laws of the United States, in the office of the ~~central filing officer~~ SECRETARY OF STATE;

(b) If the person against whose interest the lien applies is a trust that is not covered by paragraph (a) of this subsection (2), in the office of the ~~central filing officer~~ SECRETARY OF STATE;

(c) If the person against whose interest the lien applies is the estate of a decedent, in the office of the ~~central filing officer~~ SECRETARY OF STATE;

(d) In all other cases, WHERE THE PERSON AGAINST WHOSE INTEREST THE LIEN APPLIES HAS HIS, HER, OR ITS PRINCIPAL RESIDENCE IN THIS STATE AT THE TIME OF RECORDING OF THE NOTICE OF LIEN, the notice of lien shall be recorded in the office of the ~~county clerk and recorder of the county where the person against whose interest the lien applies resides at the time of recording of the notice of lien~~ SECRETARY OF STATE.

SECTION 9. 38-25-104 (1) (a), the introductory portion to 38-25-104 (2), and 38-25-104 (4), Colorado Revised Statutes, are amended to read:

38-25-104. Duties of filing officer. (1) If a notice of federal lien, a refiling of a notice of federal lien, or a notice of revocation of any certificate described in subsection (2) of this section is presented to a filing officer who is:

(a) The ~~central filing officer~~ SECRETARY OF STATE, then the ~~central filing officer~~ SECRETARY OF STATE shall cause the notice to be marked, held, and indexed in accordance with the provisions of ~~section 4-9-403 (4)~~ SECTION 4-9-519, C.R.S., as if the notice were a financing statement within the meaning of such section; or

(2) If a certificate of release, nonattachment, discharge, or subordination of any lien is presented to the ~~central filing officer~~ SECRETARY OF STATE for filing, the ~~central filing officer~~ SECRETARY OF STATE shall:

(4) Upon request of any person, the filing officer shall issue a certificate showing whether there is on file, or recorded on the date and hour stated therein, any notice of lien or certificate or notice affecting any lien filed under this article, naming a particular person and, if a notice or certificate is on file, giving the date and hour of filing of each notice or certificate. The fee for the issuance of a certificate by the ~~central filing officer~~ SECRETARY OF STATE shall be determined and collected pursuant to section 24-21-104 (3), C.R.S., and the fee for the issuance of a certificate by a county clerk and recorder shall be ~~the same as provided in section 4-11-102 (1) (g) (I), C.R.S.~~ FIVE DOLLARS. Upon request, the filing officer shall furnish a copy of any notice of federal lien or notice or certificate affecting a federal lien. The fee for furnishing and for certifying such copy and affixing the seal thereto shall be determined

and collected pursuant to section 24-21-104 (3), C.R.S., if furnished by the ~~central filing officer~~ SECRETARY OF STATE, and the said fee shall be ~~the same as provided in section 4-11-102 (1) (g) (II), C.R.S.~~ FIVE DOLLARS, if furnished by a county clerk and recorder.

SECTION 10. 38-25-105 (1) (c) and (2), Colorado Revised Statutes, are amended to read:

38-25-105. Fees. (1) (c) When the filing officer is the ~~central filing officer~~ SECRETARY OF STATE, the fees required by this subsection (1) shall be determined and collected pursuant to section 24-21-104 (3), C.R.S.

(2) The FILING officer shall bill the district directors of internal revenue or other appropriate federal officials on a monthly basis for fees for documents filed by them.

SECTION 11. 38-25-106, Colorado Revised Statutes, is amended to read:

38-25-106. Lien not valid until notice filed. Prior to the time of the filing of a notice of lien in the office of the ~~central filing officer~~ SECRETARY OF STATE or the county clerk and recorder, as the case may be, the lien shall not be valid as against any mortgagee, purchaser, or judgment creditor.

SECTION 12. 38-27-102, Colorado Revised Statutes, is amended to read:

38-27-102. Notice of lien. Such lien shall take effect if, prior to any such judgment, settlement, or compromise, a written notice of lien containing the name and address of the injured person, the date of the accident, the name and location of the hospital, and the name of the

person alleged to be liable to the injured person for the injuries received is filed by the hospital in the office of the ~~central filing officer designated pursuant to section 4-9.3-103, C.R.S.~~ SECRETARY OF STATE. Hospital liens properly recorded with the division of insurance prior to July 1, 1994, shall be valid and enforceable without filing with the office of the secretary of state. Within ten days after such filing, the hospital shall mail by certified mail, return receipt requested, a copy of said notice to such injured person at the last address provided to the hospital by such person, to his or her attorney, if known, to the persons alleged to be liable to such injured person for the injuries sustained, if known, and to the insurance carriers, if known, which have insured such persons alleged to be liable against such liability. If an action for damages on account of such injuries or death is pending, the requirements of notice contained in this section shall be satisfied by the filing of the said notice of lien in the pending action, with copies thereof to the attorneys of record for the parties thereto.

SECTION 13. 4-1-105 (2), Colorado Revised Statutes, is amended to read:

4-1-105. Territorial application of title - parties' power to choose applicable law. (2) Where one of the following provisions of this title specifies the applicable law, that provision governs and a contrary agreement is effective only to the extent permitted by the law (including the conflict of laws rules) so specified:

Rights of creditors against sold goods. Section 4-2-402.

Applicability of the article on leases. Sections 4-2.5-105 and 4-2.5-106.

Applicability of the article on bank deposits and collections. Section 4-4-102.

Governing law in the article on funds transfers. Section 4-4.5-507.

Letters of credit. Section 4-5-116.

Applicability of the article on investment securities. Section 4-8-110.

~~Perfection provisions of the article on secured transactions. Section 4-9-103.~~

LAW GOVERNING PERFECTION, THE EFFECT OF PERFECTION OF NONPERFECTION, AND THE PRIORITY OF SECURITY INTERESTS AND AGRICULTURAL LIENS. SECTIONS 4-9-301 TO 4-9-307.

SECTION 14. The introductory portion to 4-1-201 and 4-1-201 (9), (32), and (37), Colorado Revised Statutes, are amended to read:

4-1-201. General definitions. Subject to additional definitions contained in the subsequent articles of this title which are applicable to specific articles or ~~portions~~ PARTS thereof, and unless the context otherwise requires, in this title:

(9) "Buyer in ordinary course of business" means a person ~~who~~ THAT BUYS GOODS in good faith, ~~and~~ without knowledge that the sale ~~to him is in violation of~~ VIOLATES the ~~ownership~~ rights ~~or security interest~~ of ~~a third party~~ ANOTHER PERSON in the goods, AND buys in THE ordinary course from a person, OTHER THAN A PAWNBROKER, in the business of selling goods of that kind. ~~but does not include a pawnbroker. All persons who sell minerals or the like (including oil and gas) at wellhead or minehead shall be deemed persons~~ A PERSON BUYS GOODS IN THE

ORDINARY COURSE IF THE SALE TO THE PERSON COMPORTS WITH THE USUAL OR CUSTOMARY PRACTICES IN THE KIND OF BUSINESS IN WHICH THE SELLER IS ENGAGED OR WITH THE SELLER'S OWN USUAL OR CUSTOMARY PRACTICES. A PERSON THAT SELLS OIL, GAS, OR OTHER MINERALS AT THE WELL HEAD OR MINEHEAD IS A PERSON in the business of selling goods of that kind. ~~"Buying"~~ A BUYER IN ORDINARY COURSE OF BUSINESS may ~~be~~ BUY for cash, ~~or~~ by exchange of other property, or on secured or unsecured credit, and ~~includes receiving~~ MAY ACQUIRE goods or documents of title under a preexisting contract for sale. ~~but does not include a transfer in bulk or as security for or in total or partial satisfaction of a money debt~~ ONLY A BUYER THAT TAKES POSSESSION OF THE GOODS OR HAS A RIGHT TO RECOVER THE GOODS FROM THE SELLER UNDER ARTICLE 2 OF THIS TITLE MAY BE A BUYER IN ORDINARY COURSE OF BUSINESS. A PERSON THAT ACQUIRES GOODS IN A TRANSFER IN BULK OR AS SECURITY FOR OR IN TOTAL OR PARTIAL SATISFACTION OF A MONEY DEBT IS NOT A BUYER IN ORDINARY COURSE OF BUSINESS.

(32) "Purchase" includes taking by sale, discount, negotiation, mortgage, pledge, lien, SECURITY INTEREST, issue or reissue, gift, or any other voluntary transaction creating an interest in property.

(37) "Security interest" means an interest in personal property or fixtures which secures payment or performance of an obligation. ~~The retention or reservation of title by a seller of goods notwithstanding shipment or delivery to the buyer (section 4-2-401) is limited in effect to a reservation of a "security interest".~~ The term also includes any interest of a CONSIGNOR AND A buyer of accounts, ~~or~~ chattel paper, ~~which~~ A PAYMENT INTANGIBLE, OR A PROMISSORY NOTE IN A TRANSACTION THAT

is subject to article 9 of this title. The special property interest of a buyer of goods on identification of such goods to a contract for sale under section 4-2-401 is not a "security interest", but a buyer may also acquire a "security interest" by complying with said article 9. ~~Unless a consignment is intended as security, reservation of title thereunder is not a "security interest", but a consignment is in any event subject to the provisions on consignment sales (section 4-2-326)~~ EXCEPT AS OTHERWISE PROVIDED IN SECTION 4-2-505, THE RIGHT OF A SELLER OR LESSOR OF GOODS UNDER ARTICLE 2 OR 2.5 OF THIS TITLE TO RETAIN OR ACQUIRE POSSESSION OF THE GOODS IS NOT A "SECURITY INTEREST", BUT A SELLER OR LESSOR MAY ALSO ACQUIRE A "SECURITY INTEREST" BY COMPLYING WITH ARTICLE 9 OF THIS TITLE. THE RETENTION OR RESERVATION OF TITLE BY A SELLER OF GOODS NOTWITHSTANDING SHIPMENT OR DELIVERY TO THE BUYER (SECTION 4-2-401) IS LIMITED IN EFFECT TO A RESERVATION OF A "SECURITY INTEREST". Whether a transaction creates a lease or security interest is determined by the facts of each case; however, a transaction creates a security interest if the consideration the lessee is to pay the lessor for the right to possession and use of the goods is an obligation for the term of the lease not subject to termination by the lessee, and

(a) The original term of the lease is equal to or greater than the remaining economic life of the goods,

(b) The lessee is bound to renew the lease for the remaining economic life of the goods or is bound to become the owner of the goods,

(c) The lessee has an option to renew the lease for the remaining economic life of the goods for no additional consideration or nominal

addition consideration upon compliance with the lease agreement, or

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

A transaction does not create a security interest merely because it provides that

(a) The present value of the consideration the lessee is obligated to pay the lessor for the right to possession and use of the goods is substantially equal to or is greater than the fair market value of the goods at the time the lease is entered into,

(b) The lessee assumes risk of loss of the goods, or agrees to pay taxes, insurance, filing, recording, or registration fees, or service or maintenance costs with respect to the goods,

(c) The lessee has an option to renew the lease or to become the owner of the goods,

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

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

For purposes of this subsection (37):

(x) Additional consideration is not nominal if (i) when the option to renew the lease is granted to the lessee the rent is stated to be the fair market rent for the use of the goods for the term of the renewal

determined at the time the option is to be performed, or (ii) when the option to become the owner of the goods is granted to the lessee the price is stated to be the fair market value of the goods determined at the time the option is to be performed. Additional consideration is nominal if it is less than the lessee's reasonably predictable cost of performing under the lease agreement if the option is not exercised;

(y) "Reasonably predictable" and "remaining economic life of goods" are to be determined with reference to the facts and circumstances at the time the transaction is entered into.

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

SECTION 15. 4-2-103 (3), Colorado Revised Statutes, is amended to read:

4-2-103. Definitions and index of definitions. (3) The following definitions in other articles apply to this article:

"Check". Section 4-3-104.

"Consignee". Section 4-7-102.

"Consignor". Section 4-7-102.

"Consumer goods". ~~Section 4-9-109~~ SECTION 4-9-102.

"Dishonor". Section 4-3-502.

"Draft". Section 4-3-104.

SECTION 16. 4-2-210 (2), Colorado Revised Statutes, is amended, and the said 4-2-210 is further amended BY THE ADDITION OF A NEW SUBSECTION, to read:

4-2-210. Delegation of performance - assignment of rights. (2) EXCEPT AS OTHERWISE PROVIDED IN SECTION 4-9-406, unless otherwise agreed, all rights of either seller or buyer can be assigned except where the assignment would materially change the duty of the other party, or increase materially the burden or risk imposed on him by his contract, or impair materially his chance of obtaining return performance. A right to damages for breach of the whole contract or a right arising out of the assignor's due performance of his entire obligation can be assigned despite agreement otherwise.

(2.5) THE CREATION, ATTACHMENT, PERFECTION, OR ENFORCEMENT OF A SECURITY INTEREST IN THE SELLER'S INTEREST UNDER A CONTRACT IS NOT A TRANSFER THAT MATERIALLY CHANGES THE DUTY OF OR INCREASES MATERIALLY THE BURDEN OR RISK IMPOSED ON THE BUYER OR IMPAIRS MATERIALLY THE BUYER'S CHANCE OF OBTAINING RETURN PERFORMANCE WITHIN THE PURVIEW OF SUBSECTION (2) OF THIS SECTION UNLESS, AND THEN ONLY TO THE EXTENT THAT, ENFORCEMENT ACTUALLY RESULTS IN A DELEGATION OF MATERIAL PERFORMANCE OF THE SELLER. EVEN IN THAT EVENT, THE CREATION, ATTACHMENT, PERFECTION, AND ENFORCEMENT OF THE SECURITY INTEREST REMAIN EFFECTIVE, BUT (i) THE SELLER IS LIABLE TO THE BUYER FOR DAMAGES CAUSED BY THE DELEGATION TO THE EXTENT THAT THE DAMAGES COULD NOT REASONABLY BE PREVENTED BY THE BUYER, AND (ii) A COURT HAVING JURISDICTION MAY GRANT OTHER APPROPRIATE RELIEF, INCLUDING

CANCELLATION OF THE CONTRACT FOR SALE OR AN INJUNCTION AGAINST ENFORCEMENT OF THE SECURITY INTEREST OR CONSUMMATION OF THE ENFORCEMENT.

SECTION 17. 4-2-326 (2) and (3), Colorado Revised Statutes, are amended to read:

4-2-326. Sale on approval and sale or return - rights of creditors. (2) ~~Except as provided in subsection (3) of this section,~~ Goods held on approval are not subject to the claims of the buyer's creditors until acceptance; goods held on sale or return are subject to such claims while in the buyer's possession.

(3) ~~Where goods are delivered to a person for sale and such person maintains a place of business at which he deals in goods of the kind involved, under a name other than the name of the person making delivery, then, with respect to claims of creditors of the person conducting the business, the goods are deemed to be on sale or return. The provisions of this subsection are applicable even though an agreement purports to reserve title to the person making delivery until payment or resale or uses such words as "on consignment" or "on memorandum"; however, this subsection is not applicable if the person making delivery:~~

~~(a) Complies with an applicable law providing for a consignor's interest or the like to be evidenced by a sign; or~~

~~(b) Establishes that the person conducting the business is generally known by his creditors to be substantially engaged in selling the goods of others; or~~

~~(c) Complies with the filing provisions of the article on secured~~

~~transactions (article 9 of this title).~~

SECTION 18. 4-2-502, Colorado Revised Statutes, is amended to read:

4-2-502. Buyer's right to goods on seller's insolvency - repudiation - failure to deliver. (1) Subject to ~~subsection (2)~~ SUBSECTIONS (2) AND (3) of this section and even though the goods have not been shipped, a buyer who has paid a part or all of the price of goods in which he has a special property under the provisions of section 4-2-501 may on making and keeping good a tender of any unpaid portion of their price recover them from the seller if:

(a) IN THE CASE OF GOODS BOUGHT FOR PERSONAL, FAMILY, OR HOUSEHOLD PURPOSES, THE SELLER REPUDIATES OR FAILS TO DELIVER AS REQUIRED BY THE CONTRACT; OR

(b) IN ALL CASES, the seller becomes insolvent within ten days after receipt of the first installment on their price.

(2) THE BUYER'S RIGHT TO RECOVER THE GOODS UNDER PARAGRAPH (a) OF SUBSECTION (1) OF THIS SECTION VESTS UPON ACQUISITION OF A SPECIAL PROPERTY, EVEN IF THE SELLER HAD NOT THEN REPUDIATED OR FAILED TO DELIVER.

~~(2)~~ (3) If the identification creating his special property has been made by the buyer, he acquires the right to recover the goods only if they conform to the contract for sale.

SECTION 19. 4-2-716 (3), Colorado Revised Statutes, is amended to read:

4-2-716. Buyer's right to specific performance or replevin. (3) The buyer has a right of replevin for goods identified to the contract

if after reasonable effort he is unable to effect "cover" for such goods or the circumstances reasonably indicate that such effort will be unavailing or if the goods have been shipped under reservation and satisfaction of the security interest in them has been made or tendered. IN THE CASE OF GOODS BOUGHT FOR PERSONAL, FAMILY, OR HOUSEHOLD PURPOSES, THE BUYER'S RIGHT OF REPLEVIN VESTS UPON ACQUISITION OF A SPECIAL PROPERTY, EVEN IF THE SELLER HAD NOT THEN REPUDIATED OR FAILED TO DELIVER.

SECTION 20. 4-2.5-103 (3), Colorado Revised Statutes, is amended to read:

4-2.5-103. Definitions and index of definitions. (3) The following definitions in other articles apply to this article:

"Account".	~~Section 4-9-106~~ SECTION 4-9-102 (a) (2).
"Between merchants".	Section 4-2-104 (3).
"Buyer".	Section 4-2-103 (1) (a).
"Chattel paper".	~~Section 4-9-105 (1) (b)~~ SECTION 4-9-102 (a) (11).
"Consumer goods".	~~Section 4-9-109 (1)~~ SECTION 4-9-102 (a) (23).
"Document".	~~Section 4-9-105 (1) (f)~~ SECTION 4-9-102 (a) (30).
"Entrusting".	Section 4-2-403 (3).
~~"General intangibles".~~	~~Section 4-9-106~~
"GENERAL INTANGIBLE".	SECTION 4-9-102 (a) (42).
"Good faith".	Section 4-2-103 (1) (b).

"Instrument".	~~Section 4-9-105 (1) (i)~~ SECTION 4-9-102 (a) (47).
"Merchant".	Section 4-2-104 (1).
"Mortgage".	~~Section 4-9-105 (1) (j)~~ SECTION 4-9-102 (a) (55).
"Pursuant to commitment".	~~Section 4-9-105 (1) (k)~~ SECTION 4-9-102 (a) (68).
"Receipt".	Section 4-2-103 (1) (c).
"Sale".	Section 4-2-106 (1).
"Sale on approval".	Section 4-2-326.
"Sale or return".	Section 4-2-326.
"Seller".	Section 4-2-103 (1) (d).

SECTION 21. 4-2.5-303, Colorado Revised Statutes, is REPEALED AND REENACTED, WITH AMENDMENTS, to read:

4-2.5-303. Alienability of party's interest under lease contract or of lessor's residual interest in goods; delegation of performance; transfer of rights. (1) AS USED IN THIS SECTION, "CREATION OF A SECURITY INTEREST" INCLUDES THE SALE OF A LEASE CONTRACT THAT IS SUBJECT TO ARTICLE 9 OF THIS TITLE, SECURED TRANSACTIONS, BY REASON OF SECTION 4-9-109 (a) (3).

(2) EXCEPT AS PROVIDED IN SUBSECTION (3) OF THIS SECTION AND SECTION 4-9-407, A PROVISION IN A LEASE AGREEMENT WHICH (i) PROHIBITS THE VOLUNTARY OR INVOLUNTARY TRANSFER, INCLUDING A TRANSFER BY SALE, SUBLEASE, CREATION OR ENFORCEMENT OF A SECURITY INTEREST, OR ATTACHMENT, LEVY, OR OTHER JUDICIAL PROCESS, OF AN INTEREST OF A PARTY UNDER THE LEASE CONTRACT OR OF

THE LESSOR'S RESIDUAL INTEREST IN THE GOODS, OR (ii) MAKES SUCH A TRANSFER AN EVENT OF DEFAULT, GIVES RISE TO THE RIGHTS AND REMEDIES PROVIDED IN SUBSECTION (4) OF THIS SECTION, BUT A TRANSFER THAT IS PROHIBITED OR IS AN EVENT OF DEFAULT UNDER THE LEASE AGREEMENT IS OTHERWISE EFFECTIVE.

(3) A PROVISION IN A LEASE AGREEMENT WHICH (i) PROHIBITS A TRANSFER OF A RIGHT TO DAMAGES FOR DEFAULT WITH RESPECT TO THE WHOLE LEASE CONTRACT OR OF A RIGHT TO PAYMENT ARISING OUT OF THE TRANSFEROR'S DUE PERFORMANCE OF THE TRANSFEROR'S ENTIRE OBLIGATION, OR (ii) MAKES SUCH A TRANSFER AN EVENT OF DEFAULT, IS NOT ENFORCEABLE, AND SUCH A TRANSFER IS NOT A TRANSFER THAT MATERIALLY IMPAIRS THE PROSPECT OF OBTAINING RETURN PERFORMANCE BY, MATERIALLY CHANGES THE DUTY OF, OR MATERIALLY INCREASES THE BURDEN OR RISK IMPOSED ON, THE OTHER PARTY TO THE LEASE CONTRACT WITHIN THE PURVIEW OF SUBSECTION (4) OF THIS SECTION.

(4) SUBJECT TO SUBSECTION (3) OF THIS SECTION AND SECTION 4-9-407:

(a) IF A TRANSFER IS MADE WHICH IS MADE AN EVENT OF DEFAULT UNDER A LEASE AGREEMENT, THE PARTY TO THE LEASE CONTRACT NOT MAKING THE TRANSFER, UNLESS THAT PARTY WAIVES THE DEFAULT OR OTHERWISE AGREES, HAS THE RIGHTS AND REMEDIES DESCRIBED IN SECTION 4-2.5-501 (2);

(b) IF PARAGRAPH (a) OF THIS SUBSECTION (4) IS NOT APPLICABLE AND IF A TRANSFER IS MADE THAT (i) IS PROHIBITED UNDER A LEASE AGREEMENT OR (ii) MATERIALLY IMPAIRS THE PROSPECT OF OBTAINING

RETURN PERFORMANCE BY MATERIALLY CHANGES THE DUTY OF, OR MATERIALLY INCREASES THE BURDEN OR RISK IMPOSED ON, THE OTHER PARTY TO THE LEASE CONTRACT, UNLESS THE PARTY NOT MAKING THE TRANSFER AGREES AT ANY TIME TO THE TRANSFER IN THE LEASE CONTRACT OR OTHERWISE, THEN, EXCEPT AS LIMITED BY CONTRACT, (i) THE TRANSFEROR IS LIABLE TO THE PARTY NOT MAKING THE TRANSFER FOR DAMAGES CAUSED BY THE TRANSFER TO THE EXTENT THAT THE DAMAGES COULD NOT REASONABLY BE PREVENTED BY THE PARTY NOT MAKING THE TRANSFER AND (ii) A COURT HAVING JURISDICTION MAY GRANT OTHER APPROPRIATE RELIEF, INCLUDING CANCELLATION OF THE LEASE CONTRACT OR AN INJUNCTION AGAINST THE TRANSFER.

(5) A TRANSFER OF "THE LEASE" OR OF "ALL MY RIGHTS UNDER THE LEASE", OR A TRANSFER IN SIMILAR GENERAL TERMS, IS A TRANSFER OF RIGHTS AND, UNLESS THE LANGUAGE OR THE CIRCUMSTANCES, AS IN A TRANSFER FOR SECURITY, INDICATE THE CONTRARY, THE TRANSFER IS A DELEGATION OF DUTIES BY THE TRANSFEROR TO THE TRANSFEREE. ACCEPTANCE BY THE TRANSFEREE CONSTITUTES A PROMISE BY THE TRANSFEREE TO PERFORM THOSE DUTIES. THE PROMISE IS ENFORCEABLE BY EITHER THE TRANSFEROR OR THE OTHER PARTY TO THE LEASE CONTRACT.

(6) UNLESS OTHERWISE AGREED BY THE LESSOR AND THE LESSEE, A DELEGATION OF PERFORMANCE DOES NOT RELIEVE THE TRANSFEROR AS AGAINST THE OTHER PARTY OF ANY DUTY TO PERFORM OR OF ANY LIABILITY FOR DEFAULT.

(7) IN A CONSUMER LEASE, TO PROHIBIT THE TRANSFER OF AN INTEREST OF A PARTY UNDER THE LEASE CONTRACT OR TO MAKE A

TRANSFER AN EVENT OF DEFAULT, THE LANGUAGE MUST BE SPECIFIC, BY A WRITING, AND CONSPICUOUS.

SECTION 22. 4-2.5-307, Colorado Revised Statutes, is REPEALED AND REENACTED, WITH AMENDMENTS, to read:

4-2.5-307. Priority of liens arising by attachment or levy on, security interests in, and other claims to goods. (1) EXCEPT AS OTHERWISE PROVIDED IN SECTION 4-2.5-306, A CREDITOR OF A LESSEE TAKES SUBJECT TO THE LEASE CONTRACT.

(2) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (3) OF THIS SECTION AND IN SECTIONS 4-2.5-306 AND 4-2.5-308, A CREDITOR OF A LESSOR TAKES SUBJECT TO THE LEASE CONTRACT UNLESS THE CREDITOR HOLDS A LIEN THAT ATTACHED TO THE GOODS BEFORE THE LEASE CONTRACT BECAME ENFORCEABLE.

(3) EXCEPT AS OTHERWISE PROVIDED IN SECTIONS 4-9-317, 4-9-321, AND 4-9-323, A LESSEE TAKES A LEASEHOLD INTEREST SUBJECT TO A SECURITY INTEREST HELD BY A CREDITOR OF THE LESSOR.

SECTION 23. 4-2.5-309 (1) (b), Colorado Revised Statutes, is amended to read:

4-2.5-309. Lessor's and lessee's rights when goods become fixtures. (1) In this section:

(b) A "fixture filing" is the filing, in the office where a RECORD OF A mortgage on the real estate would be filed or recorded, of a financing statement covering goods that are or are to become fixtures and conforming to the requirements of ~~section 4-9-402 (5)~~ SECTION 4-9-502 (a) AND (b);

SECTION 24. 4-4-210 (c) (1), Colorado Revised Statutes, is

amended to read:

4-4-210. Security interest of collecting bank in items, accompanying documents, and proceeds. (c) Receipt by a collecting bank of a final settlement for an item is a realization on its security interest in the item, accompanying documents, and proceeds. So long as the bank does not receive final settlement for the item or give up possession of the item or accompanying documents for purposes other than collection, the security interest continues to that extent and is subject to article 9 of this title, but:

(1) No security agreement is necessary to make the security interest enforceable (~~section 4-9-203 (1) (a)~~ SECTION 4-9-203 (b) (3) (A));

SECTION 25. Article 5 of title 4, Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW SECTION to read:

4-5-117.5. Security interest of issuer or nominated person. (a) AN ISSUER OR NOMINATED PERSON HAS A SECURITY INTEREST IN A DOCUMENT PRESENTED UNDER A LETTER OF CREDIT TO THE EXTENT THAT THE ISSUER OR NOMINATED PERSON HONORS OR GIVES VALUE FOR THE PRESENTATION.

(b) SO LONG AS AND TO THE EXTENT THAT AN ISSUER OR NOMINATED PERSON HAS NOT BEEN REIMBURSED OR HAS NOT OTHERWISE RECOVERED THE VALUE GIVEN WITH RESPECT TO A SECURITY INTEREST IN A DOCUMENT UNDER SUBSECTION (a) OF THIS SECTION, THE SECURITY INTEREST CONTINUES AND IS SUBJECT TO ARTICLE 9 OF THIS TITLE, BUT:

(1) A SECURITY AGREEMENT IS NOT NECESSARY TO MAKE THE SECURITY INTEREST ENFORCEABLE UNDER SECTION 4-9-203 (b) (3);

(2) IF THE DOCUMENT IS PRESENTED IN A MEDIUM OTHER THAN A

WRITTEN OR OTHER TANGIBLE MEDIUM, THE SECURITY INTEREST IS PERFECTED; AND

(3) IF THE DOCUMENT IS PRESENTED IN A WRITTEN OR OTHER TANGIBLE MEDIUM AND IS NOT A CERTIFICATED SECURITY, CHATTEL PAPER, A DOCUMENT OF TITLE, AN INSTRUMENT, OR A LETTER OF CREDIT, THE SECURITY INTEREST IS PERFECTED AND HAS PRIORITY OVER A CONFLICTING SECURITY INTEREST IN THE DOCUMENT SO LONG AS THE DEBTOR DOES NOT HAVE POSSESSION OF THE DOCUMENT.

SECTION 26. 4-7-503 (1), Colorado Revised Statutes, is amended to read:

4-7-503. Document of title to goods defeated in certain cases. (1) A document of title confers no right in goods against a person who before issuance of the document had a legal interest or a perfected security interest in them and who neither:

(a) Delivered or entrusted them or any document of title covering them to the bailor or his nominee with actual or apparent authority to ship, store, or sell or with power to obtain delivery under this article (section 4-7-403) or with power of disposition under this title (~~sections 4-2-403 and 4-9-307~~ SECTIONS 4-2-403 AND 4-9-320) or other statute or rule of law; nor

(b) Acquiesced in the procurement by the bailor or his nominee of any document of title.

SECTION 27. 4-8-103 (f), Colorado Revised Statutes, is amended to read:

4-8-103. Rules for determining whether certain obligations and interests are securities or financial assets. (f) A commodity

contract, as defined in ~~section 4-9-115~~ SECTION 4-9-102 (a) (15), is not a security or a financial asset.

SECTION 28. 4-8-106 (d) and (f), Colorado Revised Statutes, are amended to read:

4-8-106. Control. (d) A purchaser has "control" of a security entitlement if:

(1) The purchaser becomes the entitlement holder; ~~or~~

(2) The securities intermediary has agreed that it will comply with entitlement orders originated by the purchaser without further consent by the entitlement holder; OR

(3) ANOTHER PERSON HAS CONTROL OF THE SECURITY ENTITLEMENT ON BEHALF OF THE PURCHASER OR, HAVING PREVIOUSLY ACQUIRED CONTROL OF THE SECURITY ENTITLEMENT, ACKNOWLEDGES THAT IT HAS CONTROL ON BEHALF OF THE PURCHASER.

(f) A purchaser who has satisfied the requirements of subsection (c) ~~(2)~~ or (d) ~~(2)~~ of this section has control even if the registered owner in the case of subsection (c) ~~(2)~~ of this section or the entitlement holder in the case of subsection (d) ~~(2)~~ of this section retains the right to make substitutions for the uncertificated security or security entitlement, to originate instructions or entitlement orders to the issuer or securities intermediary, or otherwise to deal with the uncertificated security or security entitlement.

SECTION 29. 4-8-110 (e), Colorado Revised Statutes, is REPEALED AND REENACTED, WITH AMENDMENTS, to read:

4-8-110. Applicability - choice of law. (e) THE FOLLOWING RULES DETERMINE A "SECURITIES INTERMEDIARY'S JURISDICTION" FOR

PURPOSES OF THIS SECTION:

(1) IF AN AGREEMENT BETWEEN THE SECURITIES INTERMEDIARY AND ITS ENTITLEMENT HOLDER GOVERNING THE SECURITIES ACCOUNT EXPRESSLY PROVIDES THAT A PARTICULAR JURISDICTION IS THE SECURITIES INTERMEDIARY'S JURISDICTION FOR PURPOSES OF THIS PART 1, THIS ARTICLE, OR THIS TITLE, THAT JURISDICTION IS THE SECURITIES INTERMEDIARY'S JURISDICTION.

(2) IF PARAGRAPH (1) OF THIS SUBSECTION (e) DOES NOT APPLY AND AN AGREEMENT BETWEEN THE SECURITIES INTERMEDIARY AND ITS ENTITLEMENT HOLDER GOVERNING THE SECURITIES ACCOUNT EXPRESSLY PROVIDES THAT THE AGREEMENT IS GOVERNED BY THE LAW OF A PARTICULAR JURISDICTION, THAT JURISDICTION IS THE SECURITIES INTERMEDIARY'S JURISDICTION.

(3) IF NEITHER PARAGRAPH (1) NOR PARAGRAPH (2) OF THIS SUBSECTION (e) APPLIES AND AN AGREEMENT BETWEEN THE SECURITIES INTERMEDIARY AND ITS ENTITLEMENT HOLDER EXPRESSLY PROVIDES THAT THE SECURITIES ACCOUNT IS MAINTAINED AT AN OFFICE IN A PARTICULAR JURISDICTION, THAT JURISDICTION IS THE SECURITIES INTERMEDIARY'S JURISDICTION.

(4) IF NONE OF THE PRECEDING PARAGRAPHS APPLIES, THE SECURITIES INTERMEDIARY'S JURISDICTION IS THE JURISDICTION IN WHICH THE OFFICE IDENTIFIED IN AN ACCOUNT STATEMENT AS THE OFFICE SERVING THE ENTITLEMENT HOLDER'S ACCOUNT IS LOCATED.

(5) IF NONE OF THE PRECEDING PARAGRAPHS APPLIES, THE SECURITIES INTERMEDIARY'S JURISDICTION IS THE JURISDICTION IN WHICH THE CHIEF EXECUTIVE OFFICE OF THE SECURITIES INTERMEDIARY IS

LOCATED.

SECTION 30. 4-8-301 (a) (3), Colorado Revised Statutes, is amended to read:

4-8-301. Delivery. (a) Delivery of a certificated security to a purchaser occurs when:

(3) A securities intermediary acting on behalf of the purchaser acquires possession of the security certificate, only if the certificate is in registered form and ~~has been~~ IS (i) REGISTERED IN THE NAME OF THE PURCHASER, (ii) PAYABLE TO THE ORDER OF THE PURCHASER, OR (iii) specially indorsed to the purchaser by an effective indorsement AND HAS NOT BEEN INDORSED TO THE SECURITIES INTERMEDIARY OR IN BLANK.

SECTION 31. 4-8-302 (a), Colorado Revised Statutes, is amended to read:

4-8-302. Rights of purchaser. (a) Except as otherwise provided in subsections (b) and (c) of this section, ~~upon delivery~~ A PURCHASER of a certificated or uncertificated security ~~to a purchaser, the purchaser~~ acquires all rights in the security that the transferor had or had power to transfer.

SECTION 32. 4-8-510, Colorado Revised Statutes, is amended to read:

4-8-510. Rights of purchaser of security entitlement from entitlement holder. (a) IN A CASE NOT COVERED BY THE PRIORITY RULES IN ARTICLE 9 OF THIS TITLE OR THE RULES STATED IN SUBSECTION (c) OF THIS SECTION, an action based on an adverse claim to a financial asset or security entitlement, whether framed in conversion, replevin, constructive trust, equitable lien, or other theory, may not be asserted against a person

who purchases a security entitlement, or an interest therein, from an entitlement holder if the purchaser gives value, does not have notice of the adverse claim, and obtains control.

(b) If an adverse claim could not have been asserted against an entitlement holder under section 4-8-502, the adverse claim cannot be asserted against a person who purchases a security entitlement, or an interest therein, from the entitlement holder.

(c) In a case not covered by the priority rules in article 9 of this title, a purchaser for value of a security entitlement, or an interest therein, who obtains control has priority over a purchaser of a security entitlement, or an interest therein, who does not obtain control. EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (d) OF THIS SECTION, purchasers who have control rank ~~equally, except that~~ ACCORDING TO PRIORITY IN TIME OF:

(1) THE PURCHASER'S BECOMING THE PERSON FOR WHOM THE SECURITIES ACCOUNT, IN WHICH THE SECURITY ENTITLEMENT IS CARRIED, IS MAINTAINED, IF THE PURCHASER OBTAINED CONTROL UNDER SECTION 4-8-106 (d) (1);

(2) THE SECURITIES INTERMEDIARY'S AGREEMENT TO COMPLY WITH THE PURCHASER'S ENTITLEMENT ORDERS WITH RESPECT TO SECURITY ENTITLEMENTS CARRIED OR TO BE CARRIED IN THE SECURITIES ACCOUNT IN WHICH THE SECURITY ENTITLEMENT IS CARRIED, IF THE PURCHASER OBTAINED CONTROL UNDER SECTION 4-8-106 (d) (2); OR

(3) IF THE PURCHASER OBTAINED CONTROL THROUGH ANOTHER PERSON UNDER SECTION 4-8-106 (d) (3), THE TIME ON WHICH PRIORITY WOULD BE BASED UNDER THIS SUBSECTION IF THE OTHER PERSON WERE

THE SECURED PARTY.

(d) A securities intermediary as purchaser has priority over a conflicting purchaser who has control unless otherwise agreed by the securities intermediary.

SECTION 33. 5-5-103 (1), (2), and (3), Colorado Revised Statutes, are amended to read:

5-5-103. Restrictions on deficiency judgments in consumer credit sales. (1) This section applies to a consumer credit sale of goods or services. A buyer is not liable for a deficiency unless the seller has disposed of the goods in accordance with the provisions on the disposition of collateral of the "Uniform Commercial Code" ~~(part 5 of article 9 of title 4, C.R.S.)~~ (PART 6 OF ARTICLE 9 OF TITLE 4, C.R.S.).

(2) If the seller repossesses (with or without the aid of judicial process) or voluntarily accepts surrender of goods which were the subject of the sale and in which he has a security interest, the parties obligated are not personally liable to the seller for the unpaid balance of the debt arising from the sale of a commercial unit of goods of which the cash sale price was two thousand one hundred dollars or less, and the seller's duty to dispose of the collateral is governed by the provisions on the disposition of collateral of the "Uniform Commercial Code" ~~(part 5 of article 9 of title 4, C.R.S.)~~ (PART 6 OF ARTICLE 9 OF TITLE 4, C.R.S.).

(3) If the seller repossesses (with or without the aid of judicial process) or voluntarily accepts surrender of goods which were not the subject of the sale but in which he has a security interest to secure a debt arising from a sale of goods or services or a combined sale of goods and services and the cash price of the sale was two thousand one hundred

dollars or less, the parties obligated are not personally liable to the seller for the unpaid balance of the debt arising from the sale, and the seller's duty to dispose of the collateral is governed by the provisions on disposition of collateral of the "Uniform Commercial Code" ~~(part 5 of article 9 of title 4, C.R.S.)~~ (PART 6 OF ARTICLE 9 OF TITLE 4, C.R.S.).

SECTION 34. 6-1-105 (1) (gg), Colorado Revised Statutes, is amended to read:

6-1-105. Deceptive trade practices. (1) A person engages in a deceptive trade practice when, in the course of such person's business, vocation, or occupation, such person:

(gg) Fails to disclose or misrepresents to another person, a secured creditor, or an assignee by whom such person is retained to repossess personal property whether such person is bonded in accordance with ~~section 4-9-503.5~~ SECTION 4-9-629, C.R.S., or fails to file such bond with the attorney general;

SECTION 35. 18-5-502, Colorado Revised Statutes, is amended to read:

18-5-502. Failure to pay over assigned accounts. Where, under the terms of an assignment of an account, as defined in ~~section 4-9-106~~ SECTION 4-9-102 (a) (2), C.R.S., the assignor, being permitted to collect the proceeds from the debtor, is to pay over to the assignee any of such proceeds and, after collection thereof, the assignor willfully and wrongfully fails to pay over to the assignee such proceeds amounting to five hundred dollars or more, the person commits a class 5 felony. Where the amount of such proceeds withheld by the assignor is less than five hundred dollars, the person commits a class 2 misdemeanor.

SECTION 36. 37-60-120 (1), Colorado Revised Statutes, is amended to read:

37-60-120. Control of projects - contractual powers of board. (1) The state of Colorado shall have the ownership and control of such portions of said projects, or shall take a sufficient security interest in property or take such bonds, notes, or other securities evidencing an obligation, as will assure repayment of funds made available by section 37-60-119. Any security interest in property taken under this subsection (1) may be perfected and enforced in the same manner as security interests under article 9 of title 4, C.R.S. ~~notwithstanding any provision of section 4-9-104, C.R.S.~~ The board is empowered to enter into contracts which are, in its opinion, necessary for the maintenance and continued operation of such projects.

SECTION 37. 38-10-114, Colorado Revised Statutes, is amended to read:

38-10-114. No delivery or change of possession - effect. Except as otherwise provided in section 4-2-402 or 4-2.5-308, C.R.S., or except where evidence of the transaction is included in the central registry maintained with respect to transactions relating to title to such goods and chattels, or is duly noted on the certificate of title to such goods and chattels by the authority issuing such certificate, or is included in the records of the proper filing office for a security interest in such goods and chattels under ~~section 4-9-401~~ SECTION 4-9-501, C.R.S., or is a transaction described in ~~section 4-9-302 (1) or (2)~~ SECTION 4-9-309 OR 4-9-310, C.R.S., every sale made by a vendor of goods and chattels in his possession or under his control and every assignment of goods and

chattels, unless each shall be accompanied by an immediate delivery and followed by an actual and continued change of possession of things sold or assigned, shall be presumed to be fraudulent and void as against the creditors of the vendor, or the creditors of the person making such assignment, or subsequent purchasers in good faith, unless the party opposed to the effect of the presumption shall establish that it is more probable than not that such sale or assignment was made by the seller or assignor in good faith and without any actual intent to hinder, delay, or defraud creditors or subsequent purchasers.

SECTION 38. 38-21.5-102, Colorado Revised Statutes, is amended to read:

38-21.5-102. Lien established. Where a rental agreement, as defined in section 38-21.5-101 (6), is entered into between the owner and the occupant, the owner of a self-service storage facility and his heirs, executors, administrators, successors, and assigns have a lien upon all personal property located at the self-service storage facility for rent, labor, or other charges, present or future, in relation to the personal property and for expenses necessary for its preservation or expenses reasonably incurred in its sale or other disposition pursuant to this article. The lien attaches as of the date the personal property is brought to the self-service storage facility and continues so long as the owner retains possession and until the default is corrected, or a sale is conducted, or the property is otherwise disposed of to satisfy the lien. Prior to taking enforcement action pursuant to section 38-21.5-103 (1) (b), the owner shall determine if, in the county where the self-service storage facility is located and in the county of the occupant's last-known address, a

financing statement filed in accordance with ~~part 4~~ PART 5 of article 9 of title 4, C.R.S., has been filed concerning the property to be sold or otherwise disposed of.

SECTION 39. 38-24.5-103 (1), Colorado Revised Statutes, is amended to read:

38-24.5-103. How lien obtained - lien statement. (1) Every person intending to avail himself of the benefits of this article shall serve on the owner by certified or registered mail, return receipt requested, or by personal service, within ten days after completing the harvesting, a notice that, within twenty days, a lien, as specified in section 38-24.5-102, shall be claimed, and, within said twenty days, such person shall file in the same locations for farm products and crops as provided in ~~section 4-9-401~~ SECTION 4-9-501, C.R.S., a statement containing a just and true account of the amount due him for such harvesting, after allowing all just credits and offsets, and containing a correct description of the grain or other crops to be charged with such lien, the price agreed upon for such harvesting, the name of the person, firm, or corporation for whom such harvesting was performed, a legal description of the lands upon which said grain or other crops were raised, a description of the legal subdivision of land upon which said grain or other crops are stored and, if said grain or other crops are stored in a storage facility, the locality of the storage facility, which statement of facts shall be verified by affidavit of the person claiming such lien or his duly authorized agent or attorney having knowledge of the facts, and a copy of the notice of intent to file a lien and an affidavit of service or mailing thereof. Any immaterial error or mistake in the account or description of the grain or

other crops or of the property upon which it was raised shall not invalidate such lien.

SECTION 40. 38-29-125 (2), Colorado Revised Statutes, is amended to read:

38-29-125. Security interests upon manufactured homes. (2) The provisions of this section and section 38-29-128 shall not apply to any mortgage or security interest upon any manufactured home held for sale or lease which constitutes inventory as defined in ~~section 4-9-109~~ SECTION 4-9-102, C.R.S. As to such mortgages or security interests, the provisions of article 9 of title 4, C.R.S., shall apply, and perfection of such mortgages or security interests shall be made pursuant thereto, and the rights of the parties shall be governed and determined thereby.

SECTION 41. 42-6-120 (2), Colorado Revised Statutes, is amended to read:

42-6-120. Security interests upon motor vehicles. (2) The provisions of this section and section 42-6-121 shall not apply to any mortgage or security interest upon any vehicle or motor vehicle held for sale or lease which constitutes inventory as defined in ~~section 4-9-109~~ SECTION 4-9-102, C.R.S. As to such mortgages or security interests, the provisions of article 9 of title 4, C.R.S., shall apply, and perfection of such mortgages or security interests shall be made pursuant thereto, and the rights of the parties shall be governed and determined thereby.

SECTION 42. 42-6-146 (3), Colorado Revised Statutes, is amended to read:

42-6-146. Repossession of motor vehicle - owner must notify law enforcement agency - penalty. (3) If any such motor vehicle being

repossessed is subject to the "Uniform Commercial Code - Secured Transactions", article 9 of title 4, C.R.S., such repossession shall be governed by the provisions of ~~section 4-9-503.5~~ SECTION 4-9-629, C.R.S.

SECTION 43. Repeal. Articles 10 and 11 of title 4, Colorado Revised Statutes, are repealed.

SECTION 44. Effective date. This act shall take effect July 1, 2001, unless a referendum petition is filed during the ninety-day period after final adjournment of the general assembly that is allowed for submitting a referendum petition pursuant to article V, section 1 (3) of the state constitution. If such a referendum petition is filed against this act or an item, section, or part of this act within such period, then the act, item, section, or part, shall take effect on the specified date only if approved by the people.