

First Regular Session
Sixty-third General Assembly
STATE OF COLORADO

INTRODUCED

LLS NO. 01-0005.01 Thomas Morris

SENATE BILL 01-053

SENATE SPONSORSHIP

Lamborn

HOUSE SPONSORSHIP

Williams, T.

Senate Committees

Public Policy and Planning

House Committees

A BILL FOR AN ACT

101 CONCERNING ADOPTION OF THE REVISED ARTICLE 9 OF THE MODEL
102 UNIFORM COMMERCIAL CODE GOVERNING SECURED
103 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.]

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
*Capital letters indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.*

Effective July 1, 2002, 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;
- 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.

Makes the secretary of state the central filing officer.

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 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 noncash 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. Requires creditors to contract for repossession of collateral only with bonded repossessors.

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.

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

2 **SECTION 1.** Article 9 of title 4, Colorado Revised Statutes, is
3 REPEALED AND REENACTED, WITH AMENDMENTS, to read:

4 **ARTICLE 9**

5 **Secured Transactions**

6 PART 1

7 GENERAL PROVISIONS

8 **4-9-101. Short title.** THIS ARTICLE MAY BE CITED AS THE
9 "UNIFORM COMMERCIAL CODE - SECURED TRANSACTIONS".

10 **4-9-102. Definitions and index of definitions.** (a) IN THIS
11 ARTICLE:

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

15 (2) "ACCOUNT", EXCEPT AS USED IN "ACCOUNT FOR", MEANS A
16 RIGHT TO PAYMENT OF A MONETARY OBLIGATION, WHETHER OR NOT
17 EARNED BY PERFORMANCE, (i) FOR PROPERTY THAT HAS BEEN OR IS TO BE
18 SOLD, LEASED, LICENSED, ASSIGNED, OR OTHERWISE DISPOSED OF, (ii) FOR
19 SERVICES RENDERED OR TO BE RENDERED, (iii) FOR A POLICY OF
20 INSURANCE ISSUED OR TO BE ISSUED, (iv) FOR A SECONDARY OBLIGATION
21 INCURRED OR TO BE INCURRED, (v) FOR ENERGY PROVIDED OR TO BE
22 PROVIDED, (vi) FOR THE USE OR HIRE OF A VESSEL UNDER A CHARTER OR

1 OTHER CONTRACT, (vii) ARISING OUT OF THE USE OF A CREDIT OR CHARGE
2 CARD OR INFORMATION CONTAINED ON OR FOR USE WITH THE CARD, OR
3 (viii) AS WINNINGS IN A LOTTERY OR OTHER GAME OF CHANCE OPERATED
4 OR SPONSORED BY A STATE, GOVERNMENTAL UNIT OF A STATE, OR PERSON
5 LICENSED OR AUTHORIZED TO OPERATE THE GAME BY A STATE OR
6 GOVERNMENTAL UNIT OF A STATE. THE TERM INCLUDES
7 HEALTH-CARE-INSURANCE RECEIVABLES. THE TERM DOES NOT INCLUDE (i)
8 RIGHTS TO PAYMENT EVIDENCED BY CHATTEL PAPER OR AN INSTRUMENT,
9 (ii) COMMERCIAL TORT CLAIMS, (iii) DEPOSIT ACCOUNTS, (iv) INVESTMENT
10 PROPERTY, (v) LETTER-OF-CREDIT RIGHTS OR LETTERS OF CREDIT, OR (vi)
11 RIGHTS TO PAYMENT FOR MONEY OR FUNDS ADVANCED OR SOLD, OTHER
12 THAN RIGHTS ARISING OUT OF THE USE OF A CREDIT OR CHARGE CARD OR
13 INFORMATION CONTAINED ON OR FOR USE WITH THE CARD.

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

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

20 (A) AUTHENTICATED BY A SECURED PARTY;

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

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

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

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

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

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

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

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

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

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

15 (6) "AS-EXTRACTED COLLATERAL" MEANS:

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

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

20 (ii) ATTACHES TO THE MINERALS AS EXTRACTED; OR

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

24 (7) "AUTHENTICATE" MEANS:

25 (A) TO SIGN; OR

26 (B) TO EXECUTE OR OTHERWISE ADOPT A SYMBOL, OR ENCRYPT OR
27 SIMILARLY PROCESS A RECORD IN WHOLE OR IN PART, WITH THE PRESENT

1 INTENT OF THE AUTHENTICATING PERSON TO IDENTIFY THE PERSON AND
2 ADOPT OR ACCEPT A RECORD.

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

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

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

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

1 RECORDS TAKEN TOGETHER CONSTITUTES CHATTEL PAPER.

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

4 (A) PROCEEDS TO WHICH A SECURITY INTEREST ATTACHES;

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

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

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

10 (A) THE CLAIMANT IS AN ORGANIZATION; OR

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

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

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

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

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

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

26 (B) TRADED ON A FOREIGN COMMODITY BOARD OF TRADE,
27 EXCHANGE, OR MARKET, AND IS CARRIED ON THE BOOKS OF A COMMODITY

1 INTERMEDIARY FOR A COMMODITY CUSTOMER.

2 (16) "COMMODITY CUSTOMER" MEANS A PERSON FOR WHICH A
3 COMMODITY INTERMEDIARY CARRIES A COMMODITY CONTRACT ON ITS
4 BOOKS.

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

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

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

12 (18) "COMMUNICATE" MEANS:

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

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

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

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

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

24 (A) THE MERCHANT:

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

27 (ii) IS NOT AN AUCTIONEER; AND

1 (iii) IS NOT GENERALLY KNOWN BY ITS CREDITORS TO BE
2 SUBSTANTIALLY ENGAGED IN SELLING THE GOODS OF OTHERS;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

14 (28) "DEBTOR" MEANS:

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

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

20 (C) A CONSIGNEE.

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

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

27 (31) "ELECTRONIC CHATTEL PAPER" MEANS CHATTEL PAPER

1 EVIDENCED BY A RECORD OR RECORDS CONSISTING OF INFORMATION
2 STORED IN AN ELECTRONIC MEDIUM.

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

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

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

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

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

13 (ii) AQUATIC GOODS PRODUCED IN AQUACULTURAL OPERATIONS;

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

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

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

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

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

24 (37) "FILING OFFICE" MEANS AN OFFICE DESIGNATED IN SECTION
25 4-9-501 AS THE PLACE TO FILE A FINANCING STATEMENT.

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

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

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

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

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

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

21 (44) "GOODS" MEANS ALL THINGS THAT ARE MOVABLE WHEN A
22 SECURITY INTEREST ATTACHES. THE TERM INCLUDES (i) FIXTURES, (ii)
23 STANDING TIMBER THAT IS TO BE CUT AND REMOVED UNDER A
24 CONVEYANCE OR CONTRACT FOR SALE, (iii) THE UNBORN YOUNG OF
25 ANIMALS, (iv) CROPS GROWN, GROWING, OR TO BE GROWN, EVEN IF THE
26 CROPS ARE PRODUCED ON TREES, VINES, OR BUSHES, AND (v)
27 MANUFACTURED HOMES. THE TERM ALSO INCLUDES A COMPUTER

1 PROGRAM EMBEDDED IN GOODS AND ANY SUPPORTING INFORMATION
2 PROVIDED IN CONNECTION WITH A TRANSACTION RELATING TO THE
3 PROGRAM IF (i) THE PROGRAM IS ASSOCIATED WITH THE GOODS IN SUCH A
4 MANNER THAT IT CUSTOMARILY IS CONSIDERED PART OF THE GOODS, OR (ii)
5 BY BECOMING THE OWNER OF THE GOODS, A PERSON ACQUIRES A RIGHT TO
6 USE THE PROGRAM IN CONNECTION WITH THE GOODS. THE TERM DOES NOT
7 INCLUDE A COMPUTER PROGRAM EMBEDDED IN GOODS THAT CONSIST
8 SOLELY OF THE MEDIUM IN WHICH THE PROGRAM IS EMBEDDED. THE TERM
9 ALSO DOES NOT INCLUDE ACCOUNTS, CHATTEL PAPER, COMMERCIAL TORT
10 CLAIMS, DEPOSIT ACCOUNTS, DOCUMENTS, GENERAL INTANGIBLES,
11 INSTRUMENTS, INVESTMENT PROPERTY, LETTER-OF-CREDIT RIGHTS,
12 LETTERS OF CREDIT, MONEY, OR OIL, GAS, OR OTHER MINERALS BEFORE
13 EXTRACTION.

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

21 (46) "HEALTH-CARE-INSURANCERECEIVABLE" MEANS AN INTEREST
22 IN OR CLAIM UNDER A POLICY OF INSURANCE WHICH IS A RIGHT TO
23 PAYMENT OF A MONETARY OBLIGATION FOR HEALTH-CARE GOODS OR
24 SERVICES PROVIDED.

25 (47) "INSTRUMENT" MEANS A NEGOTIABLE INSTRUMENT OR ANY
26 OTHER WRITING THAT EVIDENCES A RIGHT TO THE PAYMENT OF A
27 MONETARY OBLIGATION, IS NOT ITSELF A SECURITY AGREEMENT OR LEASE,

1 AND IS OF A TYPE THAT IN ORDINARY COURSE OF BUSINESS IS TRANSFERRED
2 BY DELIVERY WITH ANY NECESSARY INDORSEMENT OR ASSIGNMENT. THE
3 TERM DOES NOT INCLUDE (i) INVESTMENT PROPERTY, (ii) LETTERS OF
4 CREDIT, OR (iii) WRITINGS THAT EVIDENCE A RIGHT TO PAYMENT ARISING
5 OUT OF THE USE OF A CREDIT OR CHARGE CARD OR INFORMATION
6 CONTAINED ON OR FOR USE WITH THE CARD.

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

9 (A) ARE LEASED BY A PERSON AS LESSOR;

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

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

13 OR

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

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

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

22 (51) "LETTER-OF-CREDIT RIGHT" MEANS A RIGHT TO PAYMENT OR
23 PERFORMANCE UNDER A LETTER OF CREDIT, WHETHER OR NOT THE
24 BENEFICIARY HAS DEMANDED OR IS AT THE TIME ENTITLED TO DEMAND
25 PAYMENT OR PERFORMANCE. THE TERM DOES NOT INCLUDE THE RIGHT OF
26 A BENEFICIARY TO DEMAND PAYMENT OR PERFORMANCE UNDER A LETTER
27 OF CREDIT.

1 (52) "LIEN CREDITOR" MEANS:

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

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

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

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

9 (53) "MANUFACTURED HOME" MEANS A STRUCTURE,
10 TRANSPORTABLE IN ONE OR MORE SECTIONS, WHICH, IN THE TRAVELING
11 MODE, IS EIGHT BODY FEET OR MORE IN WIDTH OR FORTY BODY FEET OR
12 MORE IN LENGTH, OR, WHEN ERECTED ON SITE, IS THREE HUNDRED TWENTY
13 OR MORE SQUARE FEET, AND WHICH IS BUILT ON A PERMANENT CHASSIS
14 AND DESIGNED TO BE USED AS A DWELLING WITH OR WITHOUT A
15 PERMANENT FOUNDATION WHEN CONNECTED TO THE REQUIRED UTILITIES,
16 AND INCLUDES THE PLUMBING, HEATING, AIR-CONDITIONING, AND
17 ELECTRICAL SYSTEMS CONTAINED THEREIN. THE TERM INCLUDES ANY
18 STRUCTURE THAT MEETS ALL OF THE REQUIREMENTS OF THIS PARAGRAPH
19 (53) EXCEPT THE SIZE REQUIREMENTS AND WITH RESPECT TO WHICH THE
20 MANUFACTURER VOLUNTARILY FILES A CERTIFICATION REQUIRED BY THE
21 UNITED STATES SECRETARY OF HOUSING AND URBAN DEVELOPMENT AND
22 COMPLIES WITH THE STANDARDS ESTABLISHED UNDER TITLE 42 OF THE
23 UNITED STATES CODE.

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

26 (A) THAT CREATES A PURCHASE-MONEY SECURITY INTEREST IN A
27 MANUFACTURED HOME, OTHER THAN A MANUFACTURED HOME HELD AS

1 INVENTORY; OR

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

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

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

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

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

17 (59) "OBLIGOR" MEANS A PERSON THAT, WITH RESPECT TO AN
18 OBLIGATION SECURED BY A SECURITY INTEREST IN OR AN AGRICULTURAL
19 LIEN ON THE COLLATERAL, (i) OWES PAYMENT OR OTHER PERFORMANCE OF
20 THE OBLIGATION, (ii) HAS PROVIDED PROPERTY OTHER THAN THE
21 COLLATERAL TO SECURE PAYMENT OR OTHER PERFORMANCE OF THE
22 OBLIGATION, OR (iii) IS OTHERWISE ACCOUNTABLE IN WHOLE OR IN PART
23 FOR PAYMENT OR OTHER PERFORMANCE OF THE OBLIGATION. THE TERM
24 DOES NOT INCLUDE ISSUERS OR NOMINATED PERSONS UNDER A LETTER OF
25 CREDIT.

26 (60) "ORIGINAL DEBTOR", EXCEPT AS USED IN SECTION 4-9-310 (c),
27 MEANS A PERSON THAT, AS DEBTOR, ENTERED INTO A SECURITY

1 AGREEMENT TO WHICH A NEW DEBTOR HAS BECOME BOUND UNDER
2 SECTION 4-9-203 (d).

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

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

8 (A) THE SPOUSE OF THE INDIVIDUAL;

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

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

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

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

18 (A) A PERSON DIRECTLY OR INDIRECTLY CONTROLLING,
19 CONTROLLED BY, OR UNDER COMMON CONTROL WITH THE ORGANIZATION;

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

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

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

27 (E) AN INDIVIDUAL WHO IS RELATED BY BLOOD OR MARRIAGE TO

1 AN INDIVIDUAL DESCRIBED IN SUBPARAGRAPH (A), (B), (C), OR (D) OF THIS
2 PARAGRAPH (63) AND SHARES THE SAME HOME WITH THE INDIVIDUAL.

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

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

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

9 (C) RIGHTS ARISING OUT OF COLLATERAL;

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

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

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

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

27 (67) "PUBLIC-FINANCE TRANSACTION" MEANS A SECURED

1 TRANSACTION IN CONNECTION WITH WHICH:

2 (A) DEBT SECURITIES ARE ISSUED;

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

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

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

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

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

25 (71) "SECONDARY OBLIGOR" MEANS AN OBLIGOR TO THE EXTENT
26 THAT:

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

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

4 (72) "SECURED PARTY" MEANS:

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

8 (B) A PERSON THAT HOLDS AN AGRICULTURAL LIEN;

9 (C) A CONSIGNOR;

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

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

15 (F) A PERSON THAT HOLDS A SECURITY INTEREST ARISING UNDER
16 SECTION 4-2-401, 4-2-505, 4-2-711 (3), 4-2.5-508 (5), 4-4-210, OR
17 4-5-117.5.

18 (73) "SECURITY AGREEMENT" MEANS AN AGREEMENT THAT
19 CREATES OR PROVIDES FOR A SECURITY INTEREST.

20 (74) "SEND", IN CONNECTION WITH A RECORD OR NOTIFICATION,
21 MEANS:

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

26 (B) TO CAUSE THE RECORD OR NOTIFICATION TO BE RECEIVED
27 WITHIN THE TIME THAT IT WOULD HAVE BEEN RECEIVED IF PROPERLY SENT

1 UNDER SUBPARAGRAPH (A) OF THIS PARAGRAPH (74).

2 (75) "SOFTWARE" MEANS A COMPUTER PROGRAM AND ANY
3 SUPPORTING INFORMATION PROVIDED IN CONNECTION WITH A
4 TRANSACTION RELATING TO THE PROGRAM. THE TERM DOES NOT INCLUDE
5 A COMPUTER PROGRAM THAT IS INCLUDED IN THE DEFINITION OF GOODS.

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

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

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

17 (79) "TERMINATION STATEMENT" MEANS AN AMENDMENT OF A
18 FINANCING STATEMENT WHICH:

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

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

23 (80) "TRANSMITTING UTILITY" MEANS A PERSON PRIMARILY
24 ENGAGED IN THE BUSINESS OF:

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

27 (B) TRANSMITTING COMMUNICATIONS ELECTRICALLY,

1 ELECTROMAGNETICALLY, OR BY LIGHT;

2 (C) TRANSMITTING GOODS BY PIPELINE OR SEWER; OR

3 (D) TRANSMITTING OR PRODUCING AND TRANSMITTING

4 ELECTRICITY, STEAM, GAS, OR WATER.

5 (b) THE FOLLOWING DEFINITIONS IN OTHER ARTICLES APPLY TO

6 THIS ARTICLE:

7 "APPLICANT" SECTION 4-5-102.

8 "BENEFICIARY" SECTION 4-5-102.

9 "BROKER" SECTION 4-8-102.

10 "CERTIFICATED SECURITY" SECTION 4-8-102.

11 "CHECK" SECTION 4-3-104.

12 "CLEARING CORPORATION" SECTION 4-8-102.

13 "CONTRACT FOR SALE" SECTION 4-2-106.

14 "CUSTOMER" SECTION 4-4-104.

15 "ENTITLEMENT HOLDER" SECTION 4-8-102.

16 "FINANCIAL ASSET" SECTION 4-8-102.

17 "HOLDER IN DUE COURSE" SECTION 4-3-302.

18 "ISSUER" (WITH RESPECT TO A LETTER

19 OF CREDIT OR LETTER-OF-CREDIT RIGHT) SECTION 4-5-102.

20 "ISSUER" (WITH RESPECT TO A SECURITY) SECTION 4-8-201.

21 "LEASE" SECTION 4-2.5-103.

22 "LEASE AGREEMENT" SECTION 4-2.5-103.

23 "LEASE CONTRACT" SECTION 4-2.5-103.

24 "LEASEHOLD INTEREST" SECTION 4-2.5-103.

25 "LESSEE" SECTION 4-2.5-103.

26 "LESSEE IN ORDINARY COURSE

27 OF BUSINESS" SECTION 4-2.5-103.

1	"LESSOR"	SECTION 4-2.5-103.
2	"LESSOR'S RESIDUAL INTEREST"	SECTION 4-2.5-103.
3	"LETTER OF CREDIT"	SECTION 4-5-102.
4	"MERCHANT"	SECTION 4-2-104.
5	"NEGOTIABLE INSTRUMENT"	SECTION 4-3-104.
6	"NOMINATED PERSON"	SECTION 4-5-102.
7	"NOTE"	SECTION 4-3-104.
8	"PROCEEDS OF A LETTER OF CREDIT"	SECTION 4-5-114.
9	"PROVE"	SECTION 4-3-103.
10	"SALE"	SECTION 4-2-106.
11	"SECURITIES ACCOUNT"	SECTION 4-8-501.
12	"SECURITIES INTERMEDIARY"	SECTION 4-8-102.
13	"SECURITY"	SECTION 4-8-102.
14	"SECURITY CERTIFICATE"	SECTION 4-8-102.
15	"SECURITY ENTITLEMENT"	SECTION 4-8-102.
16	"UNCERTIFICATED SECURITY"	SECTION 4-8-102.

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

20 **4-9-103. Purchase-money security interest - application of**
21 **payments - burden of establishing - definitions.** (a) IN THIS SECTION:

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

25 (2) "PURCHASE-MONEY OBLIGATION" MEANS AN OBLIGATION OF AN
26 OBLIGOR INCURRED AS ALL OR PART OF THE PRICE OF THE COLLATERAL OR
27 FOR VALUE GIVEN TO ENABLE THE DEBTOR TO ACQUIRE RIGHTS IN OR THE

1 USE OF THE COLLATERAL IF THE VALUE IS IN FACT SO USED.

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

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

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

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

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

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

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

25 (d) THE SECURITY INTEREST OF A CONSIGNOR IN GOODS THAT ARE
26 THE SUBJECT OF A CONSIGNMENT IS A PURCHASE-MONEY SECURITY
27 INTEREST IN INVENTORY.

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

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

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

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

14 (A) TO OBLIGATIONS THAT ARE NOT SECURED; AND

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

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

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

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

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

27 (g) IN A TRANSACTION OTHER THAN A CONSUMER-GOODS

1 TRANSACTION, A SECURED PARTY CLAIMING A PURCHASE-MONEY SECURITY
2 INTEREST HAS THE BURDEN OF ESTABLISHING THE EXTENT TO WHICH THE
3 SECURITY INTEREST IS A PURCHASE-MONEY SECURITY INTEREST.

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

11 **4-9-104. Control of deposit account.** (a) A SECURED PARTY HAS
12 CONTROL OF A DEPOSIT ACCOUNT IF:

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

15 (2) THE DEBTOR, SECURED PARTY, AND BANK HAVE AGREED IN AN
16 AUTHENTICATED RECORD THAT THE BANK WILL COMPLY WITH
17 INSTRUCTIONS ORIGINATED BY THE SECURED PARTY DIRECTING
18 DISPOSITION OF THE FUNDS IN THE DEPOSIT ACCOUNT WITHOUT FURTHER
19 CONSENT BY THE DEBTOR; OR

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

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

25 **4-9-105. Control of electronic chattel paper.** A SECURED PARTY
26 HAS CONTROL OF ELECTRONIC CHATTEL PAPER IF THE RECORD OR RECORDS
27 COMPRISING THE CHATTEL PAPER ARE CREATED, STORED, AND ASSIGNED IN

1 SUCH A MANNER THAT:

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

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

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

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

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

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

18 **4-9-106. Control of investment property.** (a) A PERSON HAS
19 CONTROL OF A CERTIFICATED SECURITY, UNCERTIFICATED SECURITY, OR
20 SECURITY ENTITLEMENT AS PROVIDED IN SECTION 4-8-106.

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

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

25 (2) THE COMMODITY CUSTOMER, SECURED PARTY, AND
26 COMMODITY INTERMEDIARY HAVE AGREED THAT THE COMMODITY
27 INTERMEDIARY WILL APPLY ANY VALUE DISTRIBUTED ON ACCOUNT OF THE

1 COMMODITY CONTRACT AS DIRECTED BY THE SECURED PARTY WITHOUT
2 FURTHER CONSENT BY THE COMMODITY CUSTOMER.

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

7 **4-9-107. Control of letter-of-credit right.** A SECURED PARTY HAS
8 CONTROL OF A LETTER-OF-CREDIT RIGHT TO THE EXTENT OF ANY RIGHT TO
9 PAYMENT OR PERFORMANCE BY THE ISSUER OR ANY NOMINATED PERSON
10 IF THE ISSUER OR NOMINATED PERSON HAS CONSENTED TO AN ASSIGNMENT
11 OF PROCEEDS OF THE LETTER OF CREDIT UNDER SECTION 4-5-114 (c) OR
12 OTHERWISE APPLICABLE LAW OR PRACTICE.

13 **4-9-108. Sufficiency of description.** (a) EXCEPT AS OTHERWISE
14 PROVIDED IN SUBSECTIONS (c), (d), AND (e) OF THIS SECTION, A
15 DESCRIPTION OF PERSONAL OR REAL PROPERTY IS SUFFICIENT, WHETHER OR
16 NOT IT IS SPECIFIC, IF IT REASONABLY IDENTIFIES WHAT IS DESCRIBED.

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

- 20 (1) SPECIFIC LISTING;
21 (2) CATEGORY;
22 (3) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (e) OF THIS
23 SECTION, A TYPE OF COLLATERAL DEFINED IN THIS TITLE;
24 (4) QUANTITY;
25 (5) COMPUTATIONAL OR ALLOCATIONAL FORMULA OR PROCEDURE;
26 OR
27 (6) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (c) OF THIS

1 SECTION, ANY OTHER METHOD, IF THE IDENTITY OF THE COLLATERAL IS
2 OBJECTIVELY DETERMINABLE.

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

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

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

11 (2) THE UNDERLYING FINANCIAL ASSET OR COMMODITY CONTRACT.

12 (e) A DESCRIPTION ONLY BY TYPE OF COLLATERAL DEFINED IN THIS
13 TITLE IS AN INSUFFICIENT DESCRIPTION OF:

14 (1) A COMMERCIAL TORT CLAIM; OR

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

17 **4-9-109. Scope.** (a) EXCEPT AS OTHERWISE PROVIDED IN
18 SUBSECTIONS (c) AND (d) OF THIS SECTION, THIS ARTICLE APPLIES TO:

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

21 (2) AN AGRICULTURAL LIEN;

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

24 (4) A CONSIGNMENT;

25 (5) A SECURITY INTEREST ARISING UNDER SECTION 4-2-401,
26 4-2-505, 4-2-711 (3), OR 4-2.5-508 (5), AS PROVIDED IN SECTION 4-9-110;

27 AND

1 (6) A SECURITY INTEREST ARISING UNDER SECTION 4-4-210 OR
2 4-5-117.5.

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

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

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

10 (2) A STATUTE OF THIS STATE GOVERNS OR A CONSTITUTIONAL
11 PROVISION PROVIDES AUTHORITY FOR THE CREATION, PERFECTION,
12 PRIORITY, OR ENFORCEMENT OF TAX LIENS;

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

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

22 (d) THIS ARTICLE DOES NOT APPLY TO:

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

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

27 (3) AN ASSIGNMENT OF A CLAIM FOR WAGES, SALARY, OR OTHER

- 1 COMPENSATION OF AN EMPLOYEE;
- 2 (4) A SALE OF ACCOUNTS, CHATTEL PAPER, PAYMENT INTANGIBLES,
3 OR PROMISSORY NOTES AS PART OF A SALE OF THE BUSINESS OUT OF WHICH
4 THEY AROSE;
- 5 (5) AN ASSIGNMENT OF ACCOUNTS, CHATTEL PAPER, PAYMENT
6 INTANGIBLES, OR PROMISSORY NOTES WHICH IS FOR THE PURPOSE OF
7 COLLECTION ONLY;
- 8 (6) AN ASSIGNMENT OF A RIGHT TO PAYMENT UNDER A CONTRACT
9 TO AN ASSIGNEE THAT IS ALSO OBLIGATED TO PERFORM UNDER THE
10 CONTRACT;
- 11 (7) AN ASSIGNMENT OF A SINGLE ACCOUNT, PAYMENT INTANGIBLE,
12 OR PROMISSORY NOTE TO AN ASSIGNEE IN FULL OR PARTIAL SATISFACTION
13 OF A PREEXISTING INDEBTEDNESS;
- 14 (8) A TRANSFER OF AN INTEREST IN OR AN ASSIGNMENT OF A CLAIM
15 UNDER A POLICY OF INSURANCE, OTHER THAN AN ASSIGNMENT BY OR TO A
16 HEALTH-CARE PROVIDER OF A HEALTH-CARE-INSURANCE RECEIVABLE AND
17 ANY SUBSEQUENT ASSIGNMENT OF THE RIGHT TO PAYMENT, BUT SECTIONS
18 4-9-315 AND 4-9-322 APPLY WITH RESPECT TO PROCEEDS AND PRIORITIES
19 IN PROCEEDS;
- 20 (9) AN ASSIGNMENT OF A RIGHT REPRESENTED BY A JUDGMENT,
21 OTHER THAN A JUDGMENT TAKEN ON A RIGHT TO PAYMENT THAT WAS
22 COLLATERAL;
- 23 (10) A RIGHT OF RECOUPMENT OR SET-OFF, BUT:
- 24 (A) SECTION 4-9-340 APPLIES WITH RESPECT TO THE
25 EFFECTIVENESS OF RIGHTS OF RECOUPMENT OR SET-OFF AGAINST DEPOSIT
26 ACCOUNTS; AND
- 27 (B) SECTION 4-9-404 APPLIES WITH RESPECT TO DEFENSES OR

1 CLAIMS OF AN ACCOUNT DEBTOR;

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

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

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

7 (C) FIXTURE FILINGS IN SECTIONS 4-9-501, 4-9-502, 4-9-512,
8 4-9-516, AND 4-9-519; AND

9 (D) SECURITY AGREEMENTS COVERING PERSONAL AND REAL
10 PROPERTY IN SECTION 4-9-604;

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

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

17 (e) THE CREATION, PERFECTION, PRIORITY, AND ENFORCEMENT OF
18 A SECURITY INTEREST, LIEN, OR PLEDGE CREATED BY THIS STATE OR A
19 GOVERNMENTAL UNIT OF THIS STATE SHALL BE GOVERNED BY SECTION
20 11-57-208 (2), C.R.S., AND THIS ARTICLE SHALL NOT APPLY TO SUCH A
21 SECURITY INTEREST, LIEN, OR PLEDGE REGARDLESS OF WHETHER,
22 PURSUANT TO SECTION 11-57-204 (1), C.R.S., THE STATE OR SUCH
23 GOVERNMENTAL UNIT ELECTED TO APPLY PART 2 OF ARTICLE 57 OF TITLE
24 11, C.R.S., TO SUCH A SECURITY INTEREST, LIEN, OR PLEDGE.

25 **4-9-110. Security interests arising under article 2 or 2.5.** A
26 SECURITY INTEREST ARISING UNDER SECTION 4-2-401, 4-2-505, 4-2-711
27 (3), OR 4-2.5-508 (5) IS SUBJECT TO THIS ARTICLE. HOWEVER, UNTIL THE

1 DEBTOR OBTAINS POSSESSION OF THE GOODS:

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

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

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

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

9 PART 2

10 EFFECTIVENESS OF SECURITY AGREEMENT;

11 ATTACHMENT OF SECURITY INTEREST;

12 RIGHTS OF PARTIES TO SECURITY AGREEMENT

13 **4-9-201. General effectiveness of security agreement.**

14 (a) EXCEPT AS OTHERWISE PROVIDED BY THIS TITLE, A SECURITY
15 AGREEMENT IS EFFECTIVE ACCORDING TO ITS TERMS BETWEEN THE
16 PARTIES, AGAINST PURCHASERS OF THE COLLATERAL, AND AGAINST
17 CREDITORS.

18 (b) A TRANSACTION SUBJECT TO THIS ARTICLE IS SUBJECT TO ANY
19 OTHER STATUTE OR REGULATION OF THIS STATE THAT REGULATES THE
20 RATES, CHARGES, AGREEMENTS, AND PRACTICES FOR LOANS, CREDIT SALES,
21 OR OTHER EXTENSIONS OF CREDIT AND ANY CONSUMER PROTECTION
22 STATUTE OR REGULATION OF THIS STATE, SUCH AS THE "UNIFORM
23 CONSUMER CREDIT CODE", ARTICLES 1 TO 9 OF TITLE 5, C.R.S., THE
24 "COLORADO CONSUMER PROTECTION ACT", ARTICLE 1 OF TITLE 6, C.R.S.,
25 AND ARTICLE 9 OF TITLE 8, C.R.S.

26 (c) IN CASE OF CONFLICT BETWEEN THIS ARTICLE AND A STATUTE
27 OR REGULATION DESCRIBED IN SUBSECTION (b) OF THIS SECTION, THE

1 STATUTE OR REGULATION CONTROLS. FAILURE TO COMPLY WITH A
2 STATUTE OR REGULATION DESCRIBED IN SUBSECTION (b) OF THIS SECTION
3 HAS ONLY THE EFFECT THE STATUTE OR REGULATION SPECIFIES.

4 (d) THIS ARTICLE DOES NOT:

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

8 (2) EXTEND THE APPLICATION OF THE RULE OF LAW, STATUTE, OR
9 REGULATION TO A TRANSACTION NOT OTHERWISE SUBJECT TO IT.

10 **4-9-202. Title to collateral immaterial.** EXCEPT AS OTHERWISE
11 PROVIDED WITH RESPECT TO CONSIGNMENTS OR SALES OF ACCOUNTS,
12 CHATTEL PAPER, PAYMENT INTANGIBLES, OR PROMISSORY NOTES, THE
13 PROVISIONS OF THIS ARTICLE WITH REGARD TO RIGHTS AND OBLIGATIONS
14 APPLY WHETHER TITLE TO COLLATERAL IS IN THE SECURED PARTY OR THE
15 DEBTOR.

16 **4-9-203. Attachment and enforceability of security interest;
17 proceeds; supporting obligations; formal requisites.** (a) A SECURITY
18 INTEREST ATTACHES TO COLLATERAL WHEN IT BECOMES ENFORCEABLE
19 AGAINST THE DEBTOR WITH RESPECT TO THE COLLATERAL, UNLESS AN
20 AGREEMENT EXPRESSLY POSTPONES THE TIME OF ATTACHMENT.

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

24 (1) VALUE HAS BEEN GIVEN;

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

27 (3) ONE OF THE FOLLOWING CONDITIONS IS MET:

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

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

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

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

16 (c) SUBSECTION (b) OF THIS SECTION IS SUBJECT TO SECTION
17 4-4-210 ON THE SECURITY INTEREST OF A COLLECTING BANK, SECTION
18 4-5-117.5 ON THE SECURITY INTEREST OF A LETTER-OF-CREDIT ISSUER OR
19 NOMINATED PERSON, SECTION 4-9-110 ON A SECURITY INTEREST ARISING
20 UNDER ARTICLE 2 OR 2.5 OF THIS TITLE, AND SECTION 4-9-206 ON SECURITY
21 INTERESTS IN INVESTMENT PROPERTY.

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

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

27 (2) THE PERSON BECOMES GENERALLY OBLIGATED FOR THE

1 OBLIGATIONS OF THE OTHER PERSON, INCLUDING THE OBLIGATION SECURED
2 UNDER THE SECURITY AGREEMENT, AND ACQUIRES OR SUCCEEDS TO ALL OR
3 SUBSTANTIALLY ALL OF THE ASSETS OF THE OTHER PERSON.

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

6 (1) THE AGREEMENT SATISFIES PARAGRAPH (3) OF SUBSECTION (b)
7 OF THIS SECTION WITH RESPECT TO EXISTING OR AFTER-ACQUIRED
8 PROPERTY OF THE NEW DEBTOR TO THE EXTENT THE PROPERTY IS
9 DESCRIBED IN THE AGREEMENT; AND

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

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

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

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

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

27 **4-9-204. After-acquired property - future advances.**

1 (a) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (b) OF THIS SECTION,
2 A SECURITY AGREEMENT MAY CREATE OR PROVIDE FOR A SECURITY
3 INTEREST IN AFTER-ACQUIRED COLLATERAL.

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

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

9 (2) A COMMERCIAL TORT CLAIM.

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

15 **4-9-205. Use or disposition of collateral permissible.** (a) A
16 SECURITY INTEREST IS NOT INVALID OR FRAUDULENT AGAINST CREDITORS
17 SOLELY BECAUSE:

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

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

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

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

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

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

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

5 **4-9-206. Security interest arising in purchase or delivery of**
6 **financial asset.** (a) A SECURITY INTEREST IN FAVOR OF A SECURITIES
7 INTERMEDIARY ATTACHES TO A PERSON'S SECURITY ENTITLEMENT IF:

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

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

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

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

21 (1) THE SECURITY OR OTHER FINANCIAL ASSET:

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

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

26 (2) THE AGREEMENT CALLS FOR DELIVERY AGAINST PAYMENT.

27 (d) THE SECURITY INTEREST DESCRIBED IN SUBSECTION (c) OF THIS

1 SECTION SECURES THE OBLIGATION TO MAKE PAYMENT FOR THE DELIVERY.

2 **4-9-207. Rights and duties of secured party having possession**

3 **or control of collateral.** (a) EXCEPT AS OTHERWISE PROVIDED IN

4 SUBSECTION (d) OF THIS SECTION, A SECURED PARTY SHALL USE

5 REASONABLE CARE IN THE CUSTODY AND PRESERVATION OF COLLATERAL

6 IN THE SECURED PARTY'S POSSESSION. IN THE CASE OF CHATTEL PAPER OR

7 AN INSTRUMENT, REASONABLE CARE INCLUDES TAKING NECESSARY STEPS

8 TO PRESERVE RIGHTS AGAINST PRIOR PARTIES UNLESS OTHERWISE AGREED.

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

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

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

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

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

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

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

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

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

1 CONTROL OF COLLATERAL UNDER SECTION 4-9-104, 4-9-105, 4-9-106, OR
2 4-9-107:

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

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

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

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

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

13 (A) TO CHARGE BACK UNCOLLECTED COLLATERAL; OR

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

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

19 **4-9-208. Additional duties of secured party having control of**
20 **collateral.** (a) THIS SECTION APPLIES TO CASES IN WHICH THERE IS NO
21 OUTSTANDING SECURED OBLIGATION AND THE SECURED PARTY IS NOT
22 COMMITTED TO MAKE ADVANCES, INCUR OBLIGATIONS, OR OTHERWISE
23 GIVE VALUE.

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

26 (1) A SECURED PARTY HAVING CONTROL OF A DEPOSIT ACCOUNT
27 UNDER SECTION 4-9-104 (a) (2) SHALL SEND TO THE BANK WITH WHICH THE

1 DEPOSIT ACCOUNT IS MAINTAINED AN AUTHENTICATED STATEMENT THAT
2 RELEASES THE BANK FROM ANY FURTHER OBLIGATION TO COMPLY WITH
3 INSTRUCTIONS ORIGINATED BY THE SECURED PARTY;

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

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

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

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

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

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

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

26 (4) A SECURED PARTY HAVING CONTROL OF INVESTMENT PROPERTY
27 UNDER SECTION 4-8-106 (d) (2) OR 4-9-106 (b) SHALL SEND TO THE

1 SECURITIES INTERMEDIARY OR COMMODITY INTERMEDIARY WITH WHICH
2 THE SECURITY ENTITLEMENT OR COMMODITY CONTRACT IS MAINTAINED AN
3 AUTHENTICATED RECORD THAT RELEASES THE SECURITIES INTERMEDIARY
4 OR COMMODITY INTERMEDIARY FROM ANY FURTHER OBLIGATION TO
5 COMPLY WITH ENTITLEMENT ORDERS OR DIRECTIONS ORIGINATED BY THE
6 SECURED PARTY; AND

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

13 **4-9-209. Duties of secured party if account debtor has been**
14 **notified of assignment.** (a) EXCEPT AS OTHERWISE PROVIDED IN
15 SUBSECTION (c) OF THIS SECTION, THIS SECTION APPLIES IF:

16 (1) THERE IS NO OUTSTANDING SECURED OBLIGATION; AND

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

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

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

1 **4-9-210. Request for accounting - request regarding list of**
2 **collateral or statement of account - definitions.** (a) IN THIS SECTION:

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

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

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

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

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

27 (1) IN THE CASE OF A REQUEST FOR AN ACCOUNTING, BY

1 AUTHENTICATING AND SENDING TO THE DEBTOR AN ACCOUNTING; AND

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

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

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

16 (1) DISCLAIMING ANY INTEREST IN THE COLLATERAL; AND

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

20 (e) A PERSON THAT RECEIVES A REQUEST FOR AN ACCOUNTING OR
21 A REQUEST REGARDING A STATEMENT OF ACCOUNT, CLAIMS NO INTEREST
22 IN THE OBLIGATIONS WHEN IT RECEIVES THE REQUEST, AND THAT CLAIMED
23 AN INTEREST IN THE OBLIGATIONS AT AN EARLIER TIME SHALL COMPLY
24 WITH THE REQUEST WITHIN FOURTEEN DAYS AFTER RECEIPT BY SENDING TO
25 THE DEBTOR AN AUTHENTICATED RECORD:

26 (1) DISCLAIMING ANY INTEREST IN THE OBLIGATIONS; AND

27 (2) IF KNOWN TO THE RECIPIENT, PROVIDING THE NAME AND

1 MAILING ADDRESS OF ANY ASSIGNEE OF OR SUCCESSOR TO THE RECIPIENT'S
2 INTEREST IN THE OBLIGATIONS.

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

7 PART 3

8 PERFECTION AND PRIORITY

9 **4-9-301. Law governing perfection and priority of security**
10 **interests.** EXCEPT AS OTHERWISE PROVIDED IN SECTIONS 4-9-303 TO
11 4-9-306, THE FOLLOWING RULES DETERMINE THE LAW GOVERNING
12 PERFECTION, THE EFFECT OF PERFECTION OR NONPERFECTION, AND THE
13 PRIORITY OF A SECURITY INTEREST IN COLLATERAL:

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

19 (2) WHILE COLLATERAL IS LOCATED IN A JURISDICTION, THE LOCAL
20 LAW OF THAT JURISDICTION GOVERNS PERFECTION, THE EFFECT OF
21 PERFECTION OR NONPERFECTION, AND THE PRIORITY OF A POSSESSORY
22 SECURITY INTEREST IN THAT COLLATERAL.

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

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

1 A FIXTURE FILING;

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

3 AND

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

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

10 **4-9-302. Law governing perfection and priority of agricultural**
11 **liens.** WHILE FARM PRODUCTS ARE LOCATED IN A JURISDICTION, THE
12 LOCAL LAW OF THAT JURISDICTION GOVERNS PERFECTION, THE EFFECT OF
13 PERFECTION OR NONPERFECTION, AND THE PRIORITY OF AN AGRICULTURAL
14 LIEN ON THE FARM PRODUCTS.

15 **4-9-303. Law governing perfection and priority of security**
16 **interests in goods covered by a certificate of title.** (a) THIS SECTION
17 APPLIES TO GOODS COVERED BY A CERTIFICATE OF TITLE, EVEN IF THERE IS
18 NO OTHER RELATIONSHIP BETWEEN THE JURISDICTION UNDER WHOSE
19 CERTIFICATE OF TITLE THE GOODS ARE COVERED AND THE GOODS OR THE
20 DEBTOR.

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

1 JURISDICTION.

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

8 **4-9-304. Law governing perfection and priority of security**
9 **interests in deposit accounts.** (a) THE LOCAL LAW OF A BANK'S
10 JURISDICTION GOVERNS PERFECTION, THE EFFECT OF PERFECTION OR
11 NONPERFECTION, AND THE PRIORITY OF A SECURITY INTEREST IN A DEPOSIT
12 ACCOUNT MAINTAINED WITH THAT BANK.

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

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

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

25 (3) IF NEITHER PARAGRAPH (1) NOR PARAGRAPH (2) OF THIS
26 SUBSECTION (b) APPLIES AND AN AGREEMENT BETWEEN THE BANK AND ITS
27 CUSTOMER GOVERNING THE DEPOSIT ACCOUNT EXPRESSLY PROVIDES THAT

1 THE DEPOSIT ACCOUNT IS MAINTAINED AT AN OFFICE IN A PARTICULAR
2 JURISDICTION, THAT JURISDICTION IS THE BANK'S JURISDICTION.

3 (4) IF NONE OF PARAGRAPHS (1), (2), AND (3) OF THIS SUBSECTION
4 (b) APPLIES, THE BANK'S JURISDICTION IS THE JURISDICTION IN WHICH THE
5 OFFICE IDENTIFIED IN AN ACCOUNT STATEMENT AS THE OFFICE SERVING THE
6 CUSTOMER'S ACCOUNT IS LOCATED.

7 (5) IF NONE OF PARAGRAPHS (1), (2), (3), AND (4) OF THIS
8 SUBSECTION (b) APPLIES, THE BANK'S JURISDICTION IS THE JURISDICTION
9 IN WHICH THE CHIEF EXECUTIVE OFFICE OF THE BANK IS LOCATED.

10 **4-9-305. Law governing perfection and priority of security**
11 **interests in investment property.** (a) EXCEPT AS OTHERWISE PROVIDED
12 IN SUBSECTION (c) OF THIS SECTION, THE FOLLOWING RULES APPLY:

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

17 (2) THE LOCAL LAW OF THE ISSUER'S JURISDICTION AS SPECIFIED IN
18 SECTION 4-8-110 (d) GOVERNS PERFECTION, THE EFFECT OF PERFECTION OR
19 NONPERFECTION, AND THE PRIORITY OF A SECURITY INTEREST IN AN
20 UNCERTIFICATED SECURITY.

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

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

1 COMMODITY CONTRACT OR COMMODITY ACCOUNT.

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

4 (1) IF AN AGREEMENT BETWEEN THE COMMODITY INTERMEDIARY
5 AND COMMODITY CUSTOMER GOVERNING THE COMMODITY ACCOUNT
6 EXPRESSLY PROVIDES THAT A PARTICULAR JURISDICTION IS THE
7 COMMODITY INTERMEDIARY'S JURISDICTION FOR PURPOSES OF THIS PART
8 3, THIS ARTICLE, OR THIS TITLE, THAT JURISDICTION IS THE COMMODITY
9 INTERMEDIARY'S JURISDICTION.

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

16 (3) IF NEITHER PARAGRAPH (1) NOR PARAGRAPH (2) OF THIS
17 SUBSECTION (b) APPLIES AND AN AGREEMENT BETWEEN THE COMMODITY
18 INTERMEDIARY AND COMMODITY CUSTOMER GOVERNING THE COMMODITY
19 ACCOUNT EXPRESSLY PROVIDES THAT THE COMMODITY ACCOUNT IS
20 MAINTAINED AT AN OFFICE IN A PARTICULAR JURISDICTION, THAT
21 JURISDICTION IS THE COMMODITY INTERMEDIARY'S JURISDICTION.

22 (4) IF NONE OF PARAGRAPHS (1), (2), AND (3) OF THIS SUBSECTION
23 (b) APPLIES, THE COMMODITY INTERMEDIARY'S JURISDICTION IS THE
24 JURISDICTION IN WHICH THE OFFICE IDENTIFIED IN AN ACCOUNT STATEMENT
25 AS THE OFFICE SERVING THE COMMODITY CUSTOMER'S ACCOUNT IS
26 LOCATED.

27 (5) IF NONE OF PARAGRAPHS (1), (2), (3), AND (4) OF THIS

1 SUBSECTION (b) APPLIES, THE COMMODITY INTERMEDIARY'S JURISDICTION
2 IS THE JURISDICTION IN WHICH THE CHIEF EXECUTIVE OFFICE OF THE
3 COMMODITY INTERMEDIARY IS LOCATED.

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

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

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

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

14 **4-9-306. Law governing perfection and priority of security**
15 **interests in letter-of-credit rights.** (a) SUBJECT TO SUBSECTION (c) OF
16 THIS SECTION, THE LOCAL LAW OF THE ISSUER'S JURISDICTION OR A
17 NOMINATED PERSON'S JURISDICTION GOVERNS PERFECTION, THE EFFECT OF
18 PERFECTION OR NONPERFECTION, AND THE PRIORITY OF A SECURITY
19 INTEREST IN A LETTER-OF-CREDIT RIGHT IF THE ISSUER'S JURISDICTION OR
20 NOMINATED PERSON'S JURISDICTION IS A STATE.

21 (b) FOR PURPOSES OF THIS PART 3, AN ISSUER'S JURISDICTION OR
22 NOMINATED PERSON'S JURISDICTION IS THE JURISDICTION WHOSE LAW
23 GOVERNS THE LIABILITY OF THE ISSUER OR NOMINATED PERSON WITH
24 RESPECT TO THE LETTER-OF-CREDIT RIGHT AS PROVIDED IN SECTION
25 4-5-116.

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

1 **4-9-307. Location of debtor.** (a) IN THIS SECTION, "PLACE OF
2 BUSINESS" MEANS A PLACE WHERE A DEBTOR CONDUCTS ITS AFFAIRS.

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

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

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

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

11 (c) SUBSECTION (b) OF THIS SECTION APPLIES ONLY IF A DEBTOR'S
12 RESIDENCE, PLACE OF BUSINESS, OR CHIEF EXECUTIVE OFFICE, AS
13 APPLICABLE, IS LOCATED IN A JURISDICTION WHOSE LAW GENERALLY
14 REQUIRES INFORMATION CONCERNING THE EXISTENCE OF A
15 NONPOSSESSORY SECURITY INTEREST TO BE MADE GENERALLY AVAILABLE
16 IN A FILING, RECORDING, OR REGISTRATION SYSTEM AS A CONDITION OR
17 RESULT OF THE SECURITY INTEREST'S OBTAINING PRIORITY OVER THE
18 RIGHTS OF A LIEN CREDITOR WITH RESPECT TO THE COLLATERAL. IF
19 SUBSECTION (b) OF THIS SECTION DOES NOT APPLY, THE DEBTOR IS
20 LOCATED IN THE DISTRICT OF COLUMBIA.

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

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

26 (f) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (i) OF THIS
27 SECTION, A REGISTERED ORGANIZATION THAT IS ORGANIZED UNDER THE

1 LAW OF THE UNITED STATES AND A BRANCH OR AGENCY OF A BANK THAT
2 IS NOT ORGANIZED UNDER THE LAW OF THE UNITED STATES OR A STATE ARE
3 LOCATED:

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

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

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

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

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

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

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

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

26 (j) A FOREIGN AIR CARRIER UNDER THE "FEDERAL AVIATION ACT
27 OF 1958", AS AMENDED, IS LOCATED AT THE DESIGNATED OFFICE OF THE

1 AGENT UPON WHICH SERVICE OF PROCESS MAY BE MADE ON BEHALF OF THE
2 CARRIER.

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

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

11 (b) AN AGRICULTURAL LIEN IS PERFECTED IF IT HAS BECOME
12 EFFECTIVE AND ALL OF THE APPLICABLE REQUIREMENTS FOR PERFECTION
13 IN SECTION 4-9-310 HAVE BEEN SATISFIED. AN AGRICULTURAL LIEN IS
14 PERFECTED WHEN IT BECOMES EFFECTIVE IF THE APPLICABLE
15 REQUIREMENTS ARE SATISFIED BEFORE THE AGRICULTURAL LIEN BECOMES
16 EFFECTIVE.

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

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

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

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

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

7 **4-9-309. Security interest perfected upon attachment.** THE
8 FOLLOWING SECURITY INTERESTS ARE PERFECTED WHEN THEY ATTACH:

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

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

17 (3) A SALE OF A PAYMENT INTANGIBLE;

18 (4) A SALE OF A PROMISSORY NOTE;

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

22 (6) A SECURITY INTEREST ARISING UNDER SECTION 4-2-401,
23 4-2-505, 4-2-711 (3), OR 4-2.5-508 (5), UNTIL THE DEBTOR OBTAINS
24 POSSESSION OF THE COLLATERAL;

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

27 (8) A SECURITY INTEREST OF AN ISSUER OR NOMINATED PERSON

1 ARISING UNDER SECTION 4-5-117.5;

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

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

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

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

10 AND

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

13 **4-9-310. When filing required to perfect security interest or**
14 **agricultural lien - security interests and agricultural liens to which**
15 **filing provisions do not apply.** (a) EXCEPT AS OTHERWISE PROVIDED IN
16 SUBSECTION (b) OF THIS SECTION AND SECTION 4-9-312 (b), A FINANCING
17 STATEMENT MUST BE FILED TO PERFECT ALL SECURITY INTERESTS AND
18 AGRICULTURAL LIENS.

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

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

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

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

27 (4) IN GOODS IN POSSESSION OF A BAILEE WHICH IS PERFECTED

1 UNDER SECTION 4-9-312 (d) (1) OR (2);

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

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

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

10 (8) IN DEPOSIT ACCOUNTS, ELECTRONIC CHATTEL PAPER,
11 INVESTMENT PROPERTY, OR LETTER-OF-CREDIT RIGHTS WHICH IS
12 PERFECTED BY CONTROL UNDER SECTION 4-9-314;

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

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

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

19 **4-9-311. Perfection of security interests in property subject to**
20 **certain statutes, regulations, and treaties.** (a) EXCEPT AS OTHERWISE
21 PROVIDED IN SUBSECTION (d) OF THIS SECTION, THE FILING OF A FINANCING
22 STATEMENT IS NOT NECESSARY OR EFFECTIVE TO PERFECT A SECURITY
23 INTEREST IN PROPERTY SUBJECT TO:

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

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

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

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

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

1 INTEREST IS SUBJECT TO THIS ARTICLE.

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

8 **4-9-312. Perfection of security interests in chattel paper,**
9 **deposit accounts, documents, goods covered by documents,**
10 **instruments, investment property, letter-of-credit rights, and money**
11 **- perfection by permissive filing - temporary perfection without filing**
12 **or transfer of possession.** (a) A SECURITY INTEREST IN CHATTEL PAPER,
13 NEGOTIABLE DOCUMENTS, INSTRUMENTS, OR INVESTMENT PROPERTY MAY
14 BE PERFECTED BY FILING.

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

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

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

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

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

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

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

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

7 (1) ISSUANCE OF A DOCUMENT IN THE NAME OF THE SECURED
8 PARTY;

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

11 (3) FILING AS TO THE GOODS.

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

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

23 (1) ULTIMATE SALE OR EXCHANGE; OR

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

27 (g) A PERFECTED SECURITY INTEREST IN A CERTIFICATED SECURITY

1 OR INSTRUMENT REMAINS PERFECTED FOR TWENTY DAYS WITHOUT FILING
2 IF THE SECURED PARTY DELIVERS THE SECURITY CERTIFICATE OR
3 INSTRUMENT TO THE DEBTOR FOR THE PURPOSE OF:

4 (1) ULTIMATE SALE OR EXCHANGE; OR

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

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

10 **4-9-313. When possession by or delivery to secured party**
11 **perfects security interest without filing.** (a) EXCEPT AS OTHERWISE
12 PROVIDED IN SUBSECTION (b) OF THIS SECTION, A SECURED PARTY MAY
13 PERFECT A SECURITY INTEREST IN NEGOTIABLE DOCUMENTS, GOODS,
14 INSTRUMENTS, MONEY, OR TANGIBLE CHATTEL PAPER BY TAKING
15 POSSESSION OF THE COLLATERAL. A SECURED PARTY MAY PERFECT A
16 SECURITY INTEREST IN CERTIFICATED SECURITIES BY TAKING DELIVERY OF
17 THE CERTIFICATED SECURITIES UNDER SECTION 4-8-301.

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

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

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

4 (2) THE PERSON TAKES POSSESSION OF THE COLLATERAL AFTER
5 HAVING AUTHENTICATED A RECORD ACKNOWLEDGING THAT IT WILL HOLD
6 POSSESSION OF COLLATERAL FOR THE SECURED PARTY'S BENEFIT.

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

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

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

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

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

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

1 ACKNOWLEDGMENT TO ANOTHER PERSON.

2 (h) A SECURED PARTY HAVING POSSESSION OF COLLATERAL DOES
3 NOT RELINQUISH POSSESSION BY DELIVERING THE COLLATERAL TO A
4 PERSON OTHER THAN THE DEBTOR OR A LESSEE OF THE COLLATERAL FROM
5 THE DEBTOR IN THE ORDINARY COURSE OF THE DEBTOR'S BUSINESS IF THE
6 PERSON WAS INSTRUCTED BEFORE THE DELIVERY OR IS INSTRUCTED
7 CONTEMPORANEOUSLY WITH THE DELIVERY:

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

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

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

18 **4-9-314. Perfection by control.** (a) A SECURITY INTEREST IN
19 INVESTMENT PROPERTY, DEPOSIT ACCOUNTS, LETTER-OF-CREDIT RIGHTS,
20 OR ELECTRONIC CHATTEL PAPER MAY BE PERFECTED BY CONTROL OF THE
21 COLLATERAL UNDER SECTION 4-9-104, 4-9-105, 4-9-106, OR 4-9-107.

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

27 (c) A SECURITY INTEREST IN INVESTMENT PROPERTY IS PERFECTED

1 BY CONTROL UNDER SECTION 4-9-106 FROM THE TIME THE SECURED PARTY
2 OBTAINS CONTROL AND REMAINS PERFECTED BY CONTROL UNTIL:

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

4 (2) ONE OF THE FOLLOWING OCCURS:

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

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

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

12 **4-9-315. Secured party's rights on disposition of collateral and**
13 **in proceeds.** (a) EXCEPT AS OTHERWISE PROVIDED IN THIS ARTICLE AND
14 IN SECTION 4-2-403 (2):

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

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

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

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

26 (2) IF THE PROCEEDS ARE NOT GOODS, TO THE EXTENT THAT THE
27 SECURED PARTY IDENTIFIES THE PROCEEDS BY A METHOD OF TRACING,

1 INCLUDING APPLICATION OF EQUITABLE PRINCIPLES, THAT IS PERMITTED
2 UNDER LAW OTHER THAN THIS ARTICLE WITH RESPECT TO COMMINGLED
3 PROPERTY OF THE TYPE INVOLVED.

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

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

10 (1) THE FOLLOWING CONDITIONS ARE SATISFIED:

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

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

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

17 (2) THE PROCEEDS ARE IDENTIFIABLE CASH PROCEEDS; OR

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

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

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

1 SECTION 4-9-513; OR

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

4 **4-9-316. Continued perfection of security interest following**
5 **change in governing law.** (a) A SECURITY INTEREST PERFECTED
6 PURSUANT TO THE LAW OF THE JURISDICTION DESIGNATED IN SECTION
7 4-9-301 (1) OR 4-9-305 (c) REMAINS PERFECTED UNTIL THE EARLIEST OF:

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

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

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

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

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

27 (1) THE COLLATERAL IS LOCATED IN ONE JURISDICTION AND

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

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

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

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

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

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

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

26 (f) A SECURITY INTEREST IN DEPOSIT ACCOUNTS, LETTER-OF-CREDIT
27 RIGHTS, OR INVESTMENT PROPERTY WHICH IS PERFECTED UNDER THE LAW

1 OF THE BANK'S JURISDICTION, THE ISSUER'S JURISDICTION, A NOMINATED
2 PERSON'S JURISDICTION, THE SECURITIES INTERMEDIARY'S JURISDICTION,
3 OR THE COMMODITY INTERMEDIARY'S JURISDICTION, AS APPLICABLE,
4 REMAINS PERFECTED UNTIL THE EARLIER OF:

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

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

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

18 **4-9-317. Interests that take priority over or take free of**
19 **security interest or agricultural lien.** (a) A SECURITY INTEREST OR
20 AGRICULTURAL LIEN IS SUBORDINATE TO THE RIGHTS OF:

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

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

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

26 OR

27 (B) ONE OF THE CONDITIONS SPECIFIED IN SECTION 4-9-203 (b) (3)

1 IS MET AND A FINANCING STATEMENT COVERING THE COLLATERAL IS FILED.

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

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

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

20 (e) EXCEPT AS OTHERWISE PROVIDED IN SECTIONS 4-9-320 AND
21 4-9-321, IF A PERSON FILES A FINANCING STATEMENT WITH RESPECT TO A
22 PURCHASE-MONEY SECURITY INTEREST BEFORE OR WITHIN TWENTY DAYS
23 AFTER THE DEBTOR RECEIVES DELIVERY OF THE COLLATERAL, THE
24 SECURITY INTEREST TAKES PRIORITY OVER THE RIGHTS OF A BUYER,
25 LESSEE, OR LIEN CREDITOR WHICH ARISE BETWEEN THE TIME THE SECURITY
26 INTEREST ATTACHES AND THE TIME OF FILING.

27 **4-9-318. No interest retained in right to payment that is sold -**

1 **rights and title of seller of account or chattel paper with respect to**
2 **creditors and purchasers.** (a) A DEBTOR THAT HAS SOLD AN ACCOUNT,
3 CHATTEL PAPER, PAYMENT INTANGIBLE, OR PROMISSORY NOTE DOES NOT
4 RETAIN A LEGAL OR EQUITABLE INTEREST IN THE COLLATERAL SOLD.

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

11 **4-9-319. Rights and title of consignee with respect to creditors**
12 **and purchasers.** (a) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (b)
13 OF THIS SECTION, FOR PURPOSES OF DETERMINING THE RIGHTS OF
14 CREDITORS OF, AND PURCHASERS FOR VALUE OF GOODS FROM, A
15 CONSIGNEE, WHILE THE GOODS ARE IN THE POSSESSION OF THE CONSIGNEE,
16 THE CONSIGNEE IS DEEMED TO HAVE RIGHTS AND TITLE TO THE GOODS
17 IDENTICAL TO THOSE THE CONSIGNOR HAD OR HAD POWER TO TRANSFER.

18 (b) FOR PURPOSES OF DETERMINING THE RIGHTS OF A CREDITOR OF
19 A CONSIGNEE, LAW OTHER THAN THIS ARTICLE DETERMINES THE RIGHTS
20 AND TITLE OF A CONSIGNEE WHILE GOODS ARE IN THE CONSIGNEE'S
21 POSSESSION IF, UNDER THIS PART 3, A PERFECTED SECURITY INTEREST HELD
22 BY THE CONSIGNOR WOULD HAVE PRIORITY OVER THE RIGHTS OF THE
23 CREDITOR.

24 **4-9-320. Buyer of goods.** (a) EXCEPT AS OTHERWISE PROVIDED
25 IN SUBSECTION (e) OF THIS SECTION, A BUYER IN ORDINARY COURSE OF
26 BUSINESS, OTHER THAN A PERSON BUYING FARM PRODUCTS FROM A PERSON
27 ENGAGED IN FARMING OPERATIONS, TAKES FREE OF A SECURITY INTEREST

1 CREATED BY THE BUYER'S SELLER, EVEN IF THE SECURITY INTEREST IS
2 PERFECTED AND THE BUYER KNOWS OF ITS EXISTENCE.

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

8 (1) WITHOUT KNOWLEDGE OF THE SECURITY INTEREST;

9 (2) FOR VALUE;

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

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

14 (c) TO THE EXTENT THAT IT AFFECTS THE PRIORITY OF A SECURITY
15 INTEREST OVER A BUYER OF GOODS UNDER SUBSECTION (b) OF THIS
16 SECTION, THE PERIOD OF EFFECTIVENESS OF A FILING MADE IN THE
17 JURISDICTION IN WHICH THE SELLER IS LOCATED IS GOVERNED BY SECTION
18 4-9-316 (a) AND (b).

19 (d) A BUYER IN ORDINARY COURSE OF BUSINESS BUYING OIL, GAS,
20 OR OTHER MINERALS AT THE WELLHEAD OR MINEHEAD OR AFTER
21 EXTRACTION TAKES FREE OF AN INTEREST ARISING OUT OF AN
22 ENCUMBRANCE.

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

26 **4-9-321. Licensee of general intangible and lessee of goods in**
27 **ordinary course of business.** (a) IN THIS SECTION, "LICENSEE IN

1 ORDINARY COURSE OF BUSINESS" MEANS A PERSON THAT BECOMES A
2 LICENSEE OF A GENERAL INTANGIBLE IN GOOD FAITH, WITHOUT
3 KNOWLEDGE THAT THE LICENSE VIOLATES THE RIGHTS OF ANOTHER PERSON
4 IN THE GENERAL INTANGIBLE, AND IN THE ORDINARY COURSE FROM A
5 PERSON IN THE BUSINESS OF LICENSING GENERAL INTANGIBLES OF THAT
6 KIND. A PERSON BECOMES A LICENSEE IN THE ORDINARY COURSE IF THE
7 LICENSE TO THE PERSON COMPORTS WITH THE USUAL OR CUSTOMARY
8 PRACTICES IN THE KIND OF BUSINESS IN WHICH THE LICENSOR IS ENGAGED
9 OR WITH THE LICENSOR'S OWN USUAL OR CUSTOMARY PRACTICES.

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

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

19 **4-9-322. Priorities among conflicting security interests in and**
20 **agricultural liens on same collateral.** (a) EXCEPT AS OTHERWISE
21 PROVIDED IN THIS SECTION, PRIORITY AMONG CONFLICTING SECURITY
22 INTERESTS AND AGRICULTURAL LIENS IN THE SAME COLLATERAL IS
23 DETERMINED ACCORDING TO THE FOLLOWING RULES:

24 (1) CONFLICTING PERFECTED SECURITY INTERESTS AND
25 AGRICULTURAL LIENS RANK ACCORDING TO PRIORITY IN TIME OF FILING OR
26 PERFECTION. PRIORITY DATES FROM THE EARLIER OF THE TIME A FILING
27 COVERING THE COLLATERAL IS FIRST MADE OR THE SECURITY INTEREST OR

1 AGRICULTURAL LIEN IS FIRST PERFECTED, IF THERE IS NO PERIOD
2 THEREAFTER WHEN THERE IS NEITHER FILING NOR PERFECTION.

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

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

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

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

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

18 (c) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (f) OF THIS
19 SECTION, A SECURITY INTEREST IN COLLATERAL WHICH QUALIFIES FOR
20 PRIORITY OVER A CONFLICTING SECURITY INTEREST UNDER SECTION
21 4-9-327, 4-9-328, 4-9-329, 4-9-330, OR 4-9-331 ALSO HAS PRIORITY OVER
22 A CONFLICTING SECURITY INTEREST IN:

23 (1) ANY SUPPORTING OBLIGATION FOR THE COLLATERAL; AND

24 (2) PROCEEDS OF THE COLLATERAL IF:

25 (A) THE SECURITY INTEREST IN PROCEEDS IS PERFECTED;

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

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

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

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

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

17 (1) SUBSECTION (g) OF THIS SECTION AND THE OTHER PROVISIONS
18 OF THIS PART 3;

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

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

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

25 (g) A PERFECTED AGRICULTURAL LIEN ON COLLATERAL HAS
26 PRIORITY OVER A CONFLICTING SECURITY INTEREST IN OR AGRICULTURAL
27 LIEN ON THE SAME COLLATERAL IF THE STATUTE CREATING THE

1 AGRICULTURAL LIEN SO PROVIDES.

2 **4-9-323. Future advances.** (a) EXCEPT AS OTHERWISE PROVIDED
3 IN SUBSECTION (c) OF THIS SECTION, FOR PURPOSES OF DETERMINING THE
4 PRIORITY OF A PERFECTED SECURITY INTEREST UNDER SECTION 4-9-322 (a)
5 (1), PERFECTION OF THE SECURITY INTEREST DATES FROM THE TIME AN
6 ADVANCE IS MADE TO THE EXTENT THAT THE SECURITY INTEREST SECURES
7 AN ADVANCE THAT:

8 (1) IS MADE WHILE THE SECURITY INTEREST IS PERFECTED ONLY:
9 (A) UNDER SECTION 4-9-309 WHEN IT ATTACHES; OR
10 (B) TEMPORARILY UNDER SECTION 4-9-312 (e), (f), OR (g); AND
11 (2) IS NOT MADE PURSUANT TO A COMMITMENT ENTERED INTO
12 BEFORE OR WHILE THE SECURITY INTEREST IS PERFECTED BY A METHOD
13 OTHER THAN UNDER SECTION 4-9-309 OR 4-9-312 (e), (f), OR (g).

14 (b) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (c) OF THIS
15 SECTION, A SECURITY INTEREST IS SUBORDINATE TO THE RIGHTS OF A
16 PERSON THAT BECOMES A LIEN CREDITOR TO THE EXTENT THAT THE
17 SECURITY INTEREST SECURES AN ADVANCE MADE MORE THAN FORTY-FIVE
18 DAYS AFTER THE PERSON BECOMES A LIEN CREDITOR UNLESS THE ADVANCE
19 IS MADE:

20 (1) WITHOUT KNOWLEDGE OF THE LIEN; OR
21 (2) PURSUANT TO A COMMITMENT ENTERED INTO WITHOUT
22 KNOWLEDGE OF THE LIEN.

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

27 (d) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (e) OF THIS

1 SECTION, A BUYER OF GOODS OTHER THAN A BUYER IN ORDINARY COURSE
2 OF BUSINESS TAKES FREE OF A SECURITY INTEREST TO THE EXTENT THAT IT
3 SECURES ADVANCES MADE AFTER THE EARLIER OF:

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

6 (2) FORTY-FIVE DAYS AFTER THE PURCHASE.

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

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

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

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

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

24 **4-9-324. Priority of purchase-money security interests.**

25 (a) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (g) OF THIS SECTION,
26 A PERFECTED PURCHASE-MONEY SECURITY INTEREST IN GOODS OTHER
27 THAN INVENTORY OR LIVESTOCK HAS PRIORITY OVER A CONFLICTING

1 SECURITY INTEREST IN THE SAME GOODS, AND, EXCEPT AS OTHERWISE
2 PROVIDED IN SECTION 4-9-327, A PERFECTED SECURITY INTEREST IN ITS
3 IDENTIFIABLE PROCEEDS ALSO HAS PRIORITY, IF THE PURCHASE-MONEY
4 SECURITY INTEREST IS PERFECTED WHEN THE DEBTOR RECEIVES
5 POSSESSION OF THE COLLATERAL OR WITHIN TWENTY DAYS THEREAFTER.

6 (b) SUBJECT TO SUBSECTION (c) OF THIS SECTION AND EXCEPT AS
7 OTHERWISE PROVIDED IN SUBSECTION (g) OF THIS SECTION, A PERFECTED
8 PURCHASE-MONEY SECURITY INTEREST IN INVENTORY HAS PRIORITY OVER
9 A CONFLICTING SECURITY INTEREST IN THE SAME INVENTORY, HAS
10 PRIORITY OVER A CONFLICTING SECURITY INTEREST IN CHATTEL PAPER OR
11 AN INSTRUMENT CONSTITUTING PROCEEDS OF THE INVENTORY AND IN
12 PROCEEDS OF THE CHATTEL PAPER, IF SO PROVIDED IN SECTION 4-9-330,
13 AND, EXCEPT AS OTHERWISE PROVIDED IN SECTION 4-9-327, ALSO HAS
14 PRIORITY IN IDENTIFIABLE CASH PROCEEDS OF THE INVENTORY TO THE
15 EXTENT THE IDENTIFIABLE CASH PROCEEDS ARE RECEIVED ON OR BEFORE
16 THE DELIVERY OF THE INVENTORY TO A BUYER, IF:

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

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

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

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

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

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

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

9 (d) SUBJECT TO SUBSECTION (e) OF THIS SECTION AND EXCEPT AS
10 OTHERWISE PROVIDED IN SUBSECTION (g) OF THIS SECTION, A PERFECTED
11 PURCHASE-MONEY SECURITY INTEREST IN LIVESTOCK THAT ARE FARM
12 PRODUCTS HAS PRIORITY OVER A CONFLICTING SECURITY INTEREST IN THE
13 SAME LIVESTOCK, AND, EXCEPT AS OTHERWISE PROVIDED IN SECTION
14 4-9-327, A PERFECTED SECURITY INTEREST IN THEIR IDENTIFIABLE
15 PROCEEDS AND IDENTIFIABLE PRODUCTS IN THEIR UNMANUFACTURED
16 STATES ALSO HAS PRIORITY, IF:

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

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

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

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

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

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

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

9 (f) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (g) OF THIS
10 SECTION, A PERFECTED PURCHASE-MONEY SECURITY INTEREST IN
11 SOFTWARE HAS PRIORITY OVER A CONFLICTING SECURITY INTEREST IN THE
12 SAME COLLATERAL, AND, EXCEPT AS OTHERWISE PROVIDED IN SECTION
13 4-9-327, A PERFECTED SECURITY INTEREST IN ITS IDENTIFIABLE PROCEEDS
14 ALSO HAS PRIORITY, TO THE EXTENT THAT THE PURCHASE-MONEY SECURITY
15 INTEREST IN THE GOODS IN WHICH THE SOFTWARE WAS ACQUIRED FOR USE
16 HAS PRIORITY IN THE GOODS AND PROCEEDS OF THE GOODS UNDER THIS
17 SECTION.

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

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

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

1 **4-9-325. Priority of security interests in transferred collateral.**

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

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

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

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

12 (b) SUBSECTION (a) OF THIS SECTION SUBORDINATES A SECURITY
13 INTEREST ONLY IF THE SECURITY INTEREST:

14 (1) OTHERWISE WOULD HAVE PRIORITY SOLELY UNDER SECTION
15 4-9-322 (a) OR 4-9-324; OR

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

17 **4-9-326. Priority of security interests created by new debtor.**

18 (a) SUBJECT TO SUBSECTION (b) OF THIS SECTION, A SECURITY INTEREST
19 CREATED BY A NEW DEBTOR WHICH IS PERFECTED BY A FILED FINANCING
20 STATEMENT THAT IS EFFECTIVE SOLELY UNDER SECTION 4-9-508 IN
21 COLLATERAL IN WHICH A NEW DEBTOR HAS OR ACQUIRES RIGHTS IS
22 SUBORDINATE TO A SECURITY INTEREST IN THE SAME COLLATERAL WHICH
23 IS PERFECTED OTHER THAN BY A FILED FINANCING STATEMENT THAT IS
24 EFFECTIVE SOLELY UNDER SECTION 4-9-508.

25 (b) THE OTHER PROVISIONS OF THIS PART 3 DETERMINE THE
26 PRIORITY AMONG CONFLICTING SECURITY INTERESTS IN THE SAME
27 COLLATERAL PERFECTED BY FILED FINANCING STATEMENTS THAT ARE

1 EFFECTIVE SOLELY UNDER SECTION 4-9-508. HOWEVER, IF THE SECURITY
2 AGREEMENTS TO WHICH A NEW DEBTOR BECAME BOUND AS DEBTOR WERE
3 NOT ENTERED INTO BY THE SAME ORIGINAL DEBTOR, THE CONFLICTING
4 SECURITY INTERESTS RANK ACCORDING TO PRIORITY IN TIME OF THE NEW
5 DEBTOR'S HAVING BECOME BOUND.

6 **4-9-327. Priority of security interests in deposit account.** THE
7 FOLLOWING RULES GOVERN PRIORITY AMONG CONFLICTING SECURITY
8 INTERESTS IN THE SAME DEPOSIT ACCOUNT:

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

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

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

21 (4) A SECURITY INTEREST PERFECTED BY CONTROL UNDER SECTION
22 4-9-104 (a) (3) HAS PRIORITY OVER A SECURITY INTEREST HELD BY THE
23 BANK WITH WHICH THE DEPOSIT ACCOUNT IS MAINTAINED.

24 **4-9-328. Priority of security interests in investment property.**
25 THE FOLLOWING RULES GOVERN PRIORITY AMONG CONFLICTING SECURITY
26 INTERESTS IN THE SAME INVESTMENT PROPERTY:

27 (1) A SECURITY INTEREST HELD BY A SECURED PARTY HAVING

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

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

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

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

11 (i) IF THE SECURED PARTY OBTAINED CONTROL UNDER SECTION
12 4-8-106 (d) (1), THE SECURED PARTY'S BECOMING THE PERSON FOR WHICH
13 THE SECURITIES ACCOUNT IS MAINTAINED;

14 (ii) IF THE SECURED PARTY OBTAINED CONTROL UNDER SECTION
15 4-8-106 (d) (2), THE SECURITIES INTERMEDIARY'S AGREEMENT TO COMPLY
16 WITH THE SECURED PARTY'S ENTITLEMENT ORDERS WITH RESPECT TO
17 SECURITY ENTITLEMENTS CARRIED OR TO BE CARRIED IN THE SECURITIES
18 ACCOUNT; OR

19 (iii) IF THE SECURED PARTY OBTAINED CONTROL THROUGH
20 ANOTHER PERSON UNDER SECTION 4-8-106 (d) (3), THE TIME ON WHICH
21 PRIORITY WOULD BE BASED UNDER THIS PARAGRAPH (2) IF THE OTHER
22 PERSON WERE THE SECURED PARTY; OR

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

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

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

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

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

17 (7) IN ALL OTHER CASES, PRIORITY AMONG CONFLICTING SECURITY
18 INTERESTS IN INVESTMENT PROPERTY IS GOVERNED BY SECTIONS 4-9-322
19 AND 4-9-323.

20 **4-9-329. Priority of security interests in letter-of-credit right.**

21 THE FOLLOWING RULES GOVERN PRIORITY AMONG CONFLICTING SECURITY
22 INTERESTS IN THE SAME LETTER-OF-CREDIT RIGHT:

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

27 (2) SECURITY INTERESTS PERFECTED BY CONTROL UNDER SECTION

1 4-9-314 RANK ACCORDING TO PRIORITY IN TIME OF OBTAINING CONTROL.

2 **4-9-330. Priority of purchaser of chattel paper or instrument.**

3 (a) A PURCHASER OF CHATTEL PAPER HAS PRIORITY OVER A SECURITY
4 INTEREST IN THE CHATTEL PAPER WHICH IS CLAIMED MERELY AS PROCEEDS
5 OF INVENTORY SUBJECT TO A SECURITY INTEREST IF:

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

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

12 (b) A PURCHASER OF CHATTEL PAPER HAS PRIORITY OVER A
13 SECURITY INTEREST IN THE CHATTEL PAPER WHICH IS CLAIMED OTHER THAN
14 MERELY AS PROCEEDS OF INVENTORY SUBJECT TO A SECURITY INTEREST IF
15 THE PURCHASER GIVES NEW VALUE AND TAKES POSSESSION OF THE
16 CHATTEL PAPER OR OBTAINS CONTROL OF THE CHATTEL PAPER UNDER
17 SECTION 4-9-105 IN GOOD FAITH, IN THE ORDINARY COURSE OF THE
18 PURCHASER'S BUSINESS, AND WITHOUT KNOWLEDGE THAT THE PURCHASE
19 VIOLATES THE RIGHTS OF THE SECURED PARTY.

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

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

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

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

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

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

16 **4-9-331. Priority of rights of purchasers of instruments,**
17 **documents, and securities under other articles - priority of interests in**
18 **financial assets and security entitlements under article 8.** (a) THIS
19 ARTICLE DOES NOT LIMIT THE RIGHTS OF A HOLDER IN DUE COURSE OF A
20 NEGOTIABLE INSTRUMENT, A HOLDER TO WHICH A NEGOTIABLE DOCUMENT
21 OF TITLE HAS BEEN DULY NEGOTIATED, OR A PROTECTED PURCHASER OF A
22 SECURITY. THESE HOLDERS OR PURCHASERS TAKE PRIORITY OVER AN
23 EARLIER SECURITY INTEREST, EVEN IF PERFECTED, TO THE EXTENT
24 PROVIDED IN ARTICLES 3, 7, AND 8 OF THIS TITLE.

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

1 TITLE.

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

5 **4-9-332. Transfer of money - transfer of funds from deposit**

6 **account.** (a) A TRANSFEREE OF MONEY TAKES THE MONEY FREE OF A
7 SECURITY INTEREST UNLESS THE TRANSFEREE ACTS IN COLLUSION WITH THE
8 DEBTOR IN VIOLATING THE RIGHTS OF THE SECURED PARTY.

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

13 **4-9-333. Priority of certain liens arising by operation of law.**

14 (a) IN THIS SECTION, "POSSESSORY LIEN" MEANS AN INTEREST, OTHER
15 THAN A SECURITY INTEREST OR AN AGRICULTURAL LIEN:

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

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

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

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

26 **4-9-334. Priority of security interests in fixtures and crops.**

27 (a) A SECURITY INTEREST UNDER THIS ARTICLE MAY BE CREATED IN GOODS

1 THAT ARE FIXTURES OR MAY CONTINUE IN GOODS THAT BECOME FIXTURES.
2 A SECURITY INTEREST DOES NOT EXIST UNDER THIS ARTICLE IN ORDINARY
3 BUILDING MATERIALS INCORPORATED INTO AN IMPROVEMENT ON LAND.

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

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

10 (d) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (h) OF THIS
11 SECTION, A PERFECTED SECURITY INTEREST IN FIXTURES HAS PRIORITY
12 OVER A CONFLICTING INTEREST OF AN ENCUMBRANCER OR OWNER OF THE
13 REAL PROPERTY IF THE DEBTOR HAS AN INTEREST OF RECORD IN OR IS IN
14 POSSESSION OF THE REAL PROPERTY AND:

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

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

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

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

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

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

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

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

8 (A) FACTORY OR OFFICE MACHINES;

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

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

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

17 (4) THE SECURITY INTEREST IS:

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

20 (B) PERFECTED PURSUANT TO A STATUTE DESCRIBED IN SECTION
21 4-9-311 (a) (2).

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

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

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

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

7 (h) A MORTGAGE IS A CONSTRUCTION MORTGAGE TO THE EXTENT
8 THAT IT SECURES AN OBLIGATION INCURRED FOR THE CONSTRUCTION OF AN
9 IMPROVEMENT ON LAND, INCLUDING THE ACQUISITION COST OF THE LAND,
10 IF A RECORDED RECORD OF THE MORTGAGE SO INDICATES. EXCEPT AS
11 OTHERWISE PROVIDED IN SUBSECTIONS (e) AND (f) OF THIS SECTION, A
12 SECURITY INTEREST IN FIXTURES IS SUBORDINATE TO A CONSTRUCTION
13 MORTGAGE IF A RECORD OF THE MORTGAGE IS RECORDED BEFORE THE
14 GOODS BECOME FIXTURES AND THE GOODS BECOME FIXTURES BEFORE THE
15 COMPLETION OF THE CONSTRUCTION. A MORTGAGE HAS THIS PRIORITY TO
16 THE SAME EXTENT AS A CONSTRUCTION MORTGAGE TO THE EXTENT THAT
17 IT IS GIVEN TO REFINANCE A CONSTRUCTION MORTGAGE.

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

22 **4-9-335. Accessions.** (a) A SECURITY INTEREST MAY BE CREATED
23 IN AN ACCESSION AND CONTINUES IN COLLATERAL THAT BECOMES AN
24 ACCESSION.

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

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

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

8 (e) AFTER DEFAULT, SUBJECT TO PART 6 OF THIS ARTICLE, A
9 SECURED PARTY MAY REMOVE AN ACCESSION FROM OTHER GOODS IF THE
10 SECURITY INTEREST IN THE ACCESSION HAS PRIORITY OVER THE CLAIMS OF
11 EVERY PERSON HAVING AN INTEREST IN THE WHOLE.

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

24 **4-9-336. Commingled goods.** (a) IN THIS SECTION, "COMMINGLED
25 GOODS" MEANS GOODS THAT ARE PHYSICALLY UNITED WITH OTHER GOODS
26 IN SUCH A MANNER THAT THEIR IDENTITY IS LOST IN A PRODUCT OR MASS.

27 (b) A SECURITY INTEREST DOES NOT EXIST IN COMMINGLED GOODS

1 AS SUCH. HOWEVER, A SECURITY INTEREST MAY ATTACH TO A PRODUCT OR
2 MASS THAT RESULTS WHEN GOODS BECOME COMMINGLED GOODS.

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

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

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

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

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

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

24 **4-9-337. Priority of security interests in goods covered by**
25 **certificate of title.** IF, WHILE A SECURITY INTEREST IN GOODS IS
26 PERFECTED BY ANY METHOD UNDER THE LAW OF ANOTHER JURISDICTION,
27 THIS STATE ISSUES A CERTIFICATE OF TITLE THAT DOES NOT SHOW THAT THE

1 GOODS ARE SUBJECT TO THE SECURITY INTEREST OR CONTAIN A STATEMENT
2 THAT THEY MAY BE SUBJECT TO SECURITY INTERESTS NOT SHOWN ON THE
3 CERTIFICATE:

4 (1) A BUYER OF THE GOODS, OTHER THAN A PERSON IN THE
5 BUSINESS OF SELLING GOODS OF THAT KIND, TAKES FREE OF THE SECURITY
6 INTEREST IF THE BUYER GIVES VALUE AND RECEIVES DELIVERY OF THE
7 GOODS AFTER ISSUANCE OF THE CERTIFICATE AND WITHOUT KNOWLEDGE
8 OF THE SECURITY INTEREST; AND

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

14 **4-9-338. Priority of security interest or agricultural lien**
15 **perfected by filed financing statement providing certain incorrect**
16 **information.** IF A SECURITY INTEREST OR AGRICULTURAL LIEN IS
17 PERFECTED BY A FILED FINANCING STATEMENT PROVIDING INFORMATION
18 DESCRIBED IN SECTION 4-9-516 (b) (5) WHICH IS INCORRECT AT THE TIME
19 THE FINANCING STATEMENT IS FILED:

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

25 (2) A PURCHASER, OTHER THAN A SECURED PARTY, OF THE
26 COLLATERAL TAKES FREE OF THE SECURITY INTEREST OR AGRICULTURAL
27 LIEN TO THE EXTENT THAT, IN REASONABLE RELIANCE UPON THE

1 INCORRECT INFORMATION, THE PURCHASER GIVES VALUE AND, IN THE CASE
2 OF CHATTEL PAPER, DOCUMENTS, GOODS, INSTRUMENTS, OR A SECURITY
3 CERTIFICATE, RECEIVES DELIVERY OF THE COLLATERAL.

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

7 **4-9-340. Effectiveness of right of recoupment or set-off against**
8 **deposit account.** (a) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (c)
9 OF THIS SECTION, A BANK WITH WHICH A DEPOSIT ACCOUNT IS MAINTAINED
10 MAY EXERCISE ANY RIGHT OF RECOUPMENT OR SET-OFF AGAINST A
11 SECURED PARTY THAT HOLDS A SECURITY INTEREST IN THE DEPOSIT
12 ACCOUNT.

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

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

23 **4-9-341. Bank's rights and duties with respect to deposit**
24 **account.** EXCEPT AS OTHERWISE PROVIDED IN SECTION 4-9-340 (c), AND
25 UNLESS THE BANK OTHERWISE AGREES IN AN AUTHENTICATED RECORD, A
26 BANK'S RIGHTS AND DUTIES WITH RESPECT TO A DEPOSIT ACCOUNT
27 MAINTAINED WITH THE BANK ARE NOT TERMINATED, SUSPENDED, OR

1 MODIFIED BY:

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

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

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

7 **4-9-342. Bank's right to refuse to enter into or disclose**
8 **existence of control agreement.** THIS ARTICLE DOES NOT REQUIRE A
9 BANK TO ENTER INTO AN AGREEMENT OF THE KIND DESCRIBED IN SECTION
10 4-9-104 (a) (2), EVEN IF ITS CUSTOMER SO REQUESTS OR DIRECTS. A BANK
11 THAT HAS ENTERED INTO SUCH AN AGREEMENT IS NOT REQUIRED TO
12 CONFIRM THE EXISTENCE OF THE AGREEMENT TO ANOTHER PERSON UNLESS
13 REQUESTED TO DO SO BY ITS CUSTOMER.

14 PART 4

15 RIGHTS OF THIRD PARTIES

16 **4-9-401. Alienability of debtor's rights.** (a) EXCEPT AS
17 OTHERWISE PROVIDED IN SUBSECTION (b) OF THIS SECTION AND SECTIONS
18 4-9-406, 4-9-407, 4-9-408, AND 4-9-409, WHETHER A DEBTOR'S RIGHTS IN
19 COLLATERAL MAY BE VOLUNTARILY OR INVOLUNTARILY TRANSFERRED IS
20 GOVERNED BY LAW OTHER THAN THIS ARTICLE.

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

25 **4-9-402. Secured party not obligated on contract of debtor or**
26 **in tort.** THE EXISTENCE OF A SECURITY INTEREST, AGRICULTURAL LIEN, OR
27 AUTHORITY GIVEN TO A DEBTOR TO DISPOSE OF OR USE COLLATERAL,

1 WITHOUT MORE, DOES NOT SUBJECT A SECURED PARTY TO LIABILITY IN
2 CONTRACT OR TORT FOR THE DEBTOR'S ACTS OR OMISSIONS.

3 **4-9-403. Agreement not to assert defenses against assignee.**

4 (a) IN THIS SECTION, "VALUE" HAS THE MEANING PROVIDED IN SECTION
5 4-3-303 (a).

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

11 (1) FOR VALUE;

12 (2) IN GOOD FAITH;

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

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

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

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

27 (1) THE RECORD HAS THE SAME EFFECT AS IF THE RECORD

1 INCLUDED SUCH A STATEMENT; AND

2 (2) THE ACCOUNT DEBTOR MAY ASSERT AGAINST AN ASSIGNEE
3 THOSE CLAIMS AND DEFENSES THAT WOULD HAVE BEEN AVAILABLE IF THE
4 RECORD INCLUDED SUCH A STATEMENT.

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

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

13 **4-9-404. Rights acquired by assignee; claims and defenses**
14 **against assignee.** (a) UNLESS AN ACCOUNT DEBTOR HAS MADE AN
15 ENFORCEABLE AGREEMENT NOT TO ASSERT DEFENSES OR CLAIMS, AND
16 SUBJECT TO SUBSECTIONS (b) TO (e) OF THIS SECTION, THE RIGHTS OF AN
17 ASSIGNEE ARE SUBJECT TO:

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

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

25 (b) SUBJECT TO SUBSECTION (c) OF THIS SECTION AND EXCEPT AS
26 OTHERWISE PROVIDED IN SUBSECTION (d) OF THIS SECTION, THE CLAIM OF
27 AN ACCOUNT DEBTOR AGAINST AN ASSIGNOR MAY BE ASSERTED AGAINST

1 AN ASSIGNEE UNDER SUBSECTION (a) OF THIS SECTION ONLY TO REDUCE
2 THE AMOUNT THE ACCOUNT DEBTOR OWES.

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

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

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

19 **4-9-405. Modification of assigned contract.** (a) A MODIFICATION
20 OF OR SUBSTITUTION FOR AN ASSIGNED CONTRACT IS EFFECTIVE AGAINST
21 AN ASSIGNEE IF MADE IN GOOD FAITH. THE ASSIGNEE ACQUIRES
22 CORRESPONDING RIGHTS UNDER THE MODIFIED OR SUBSTITUTED
23 CONTRACT. THE ASSIGNMENT MAY PROVIDE THAT THE MODIFICATION OR
24 SUBSTITUTION IS A BREACH OF CONTRACT BY THE ASSIGNOR. THIS
25 SUBSECTION (a) IS SUBJECT TO SUBSECTIONS (b) TO (d) OF THIS SECTION.

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

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

1 ASSIGNED CONTRACT HAS NOT BEEN FULLY EARNED BY PERFORMANCE; OR

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

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

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

11 **4-9-406. Discharge of account debtor - notification of**
12 **assignment - identification and proof of assignment - restrictions on**
13 **assignment of accounts, chattel paper, payment intangibles, and**
14 **promissory notes ineffective.** (a) SUBJECT TO SUBSECTIONS (b) TO (i) OF
15 THIS SECTION, AN ACCOUNT DEBTOR ON AN ACCOUNT, CHATTEL PAPER, OR
16 A PAYMENT INTANGIBLE MAY DISCHARGE ITS OBLIGATION BY PAYING THE
17 ASSIGNOR UNTIL, BUT NOT AFTER, THE ACCOUNT DEBTOR RECEIVES A
18 NOTIFICATION, AUTHENTICATED BY THE ASSIGNOR OR THE ASSIGNEE, THAT
19 THE AMOUNT DUE OR TO BECOME DUE HAS BEEN ASSIGNED AND THAT
20 PAYMENT IS TO BE MADE TO THE ASSIGNEE. AFTER RECEIPT OF THE
21 NOTIFICATION, THE ACCOUNT DEBTOR MAY DISCHARGE ITS OBLIGATION BY
22 PAYING THE ASSIGNEE AND MAY NOT DISCHARGE THE OBLIGATION BY
23 PAYING THE ASSIGNOR.

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

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

27 (2) TO THE EXTENT THAT AN AGREEMENT BETWEEN AN ACCOUNT

1 DEBTOR AND A SELLER OF A PAYMENT INTANGIBLE LIMITS THE ACCOUNT
2 DEBTOR'S DUTY TO PAY A PERSON OTHER THAN THE SELLER AND THE
3 LIMITATION IS EFFECTIVE UNDER LAW OTHER THAN THIS ARTICLE; OR

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

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

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

11 (C) THE ACCOUNT DEBTOR KNOWS THAT THE ASSIGNMENT TO THAT
12 ASSIGNEE IS LIMITED.

13 (c) SUBJECT TO SUBSECTION (h) OF THIS SECTION, IF REQUESTED BY
14 THE ACCOUNT DEBTOR, AN ASSIGNEE SHALL SEASONABLY FURNISH
15 REASONABLE PROOF THAT THE ASSIGNMENT HAS BEEN MADE. UNLESS THE
16 ASSIGNEE COMPLIES, THE ACCOUNT DEBTOR MAY DISCHARGE ITS
17 OBLIGATION BY PAYING THE ASSIGNOR, EVEN IF THE ACCOUNT DEBTOR HAS
18 RECEIVED A NOTIFICATION UNDER SUBSECTION (a) OF THIS SECTION.

19 (d) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTIONS (e) AND (k)
20 OF THIS SECTION AND SECTIONS 4-2.5-303, 4-9-407, 8-80-103, 8-42-124,
21 13-64-210, AND 24-4.1-114, C.R.S., AND SUBJECT TO SUBSECTION (h) OF
22 THIS SECTION, A TERM IN AN AGREEMENT BETWEEN AN ACCOUNT DEBTOR
23 AND AN ASSIGNOR OR IN A PROMISSORY NOTE IS INEFFECTIVE TO THE
24 EXTENT THAT IT:

25 (1) PROHIBITS, RESTRICTS, OR REQUIRES THE CONSENT OF THE
26 ACCOUNT DEBTOR OR PERSON OBLIGATED ON THE PROMISSORY NOTE TO
27 THE ASSIGNMENT OR TRANSFER OF, OR THE CREATION, ATTACHMENT,

1 PERFECTION, OR ENFORCEMENT OF A SECURITY INTEREST IN, THE ACCOUNT,
2 CHATTEL PAPER, PAYMENT INTANGIBLE, OR PROMISSORY NOTE; OR

3 (2) PROVIDES THAT THE ASSIGNMENT OR TRANSFER OR THE
4 CREATION, ATTACHMENT, PERFECTION, OR ENFORCEMENT OF THE SECURITY
5 INTEREST MAY GIVE RISE TO A DEFAULT, BREACH, RIGHT OF RECOUPMENT,
6 CLAIM, DEFENSE, TERMINATION, RIGHT OF TERMINATION, OR REMEDY
7 UNDER THE ACCOUNT, CHATTEL PAPER, PAYMENT INTANGIBLE, OR
8 PROMISSORY NOTE.

9 (e) SUBSECTION (d) OF THIS SECTION DOES NOT APPLY TO THE SALE
10 OF A PAYMENT INTANGIBLE OR PROMISSORY NOTE.

11 (f) EXCEPT AS OTHERWISE PROVIDED IN SECTIONS 4-2.5-303,
12 4-9-407, 8-80-103, 8-42-124, 13-64-210, AND 24-4.1-114, C.R.S., AND
13 SUBJECT TO SUBSECTIONS (h) AND (i) OF THIS SECTION, A RULE OF LAW,
14 STATUTE, OR REGULATION THAT PROHIBITS, RESTRICTS, OR REQUIRES THE
15 CONSENT OF A GOVERNMENT, GOVERNMENTAL BODY OR OFFICIAL, OR
16 ACCOUNT DEBTOR TO THE ASSIGNMENT OR TRANSFER OF, OR CREATION OF
17 A SECURITY INTEREST IN, AN ACCOUNT OR CHATTEL PAPER IS INEFFECTIVE
18 TO THE EXTENT THAT THE RULE OF LAW, STATUTE, OR REGULATION:

19 (1) PROHIBITS, RESTRICTS, OR REQUIRES THE CONSENT OF THE
20 GOVERNMENT, GOVERNMENTAL BODY OR OFFICIAL, OR ACCOUNT DEBTOR
21 TO THE ASSIGNMENT OR TRANSFER OF, OR THE CREATION, ATTACHMENT,
22 PERFECTION, OR ENFORCEMENT OF A SECURITY INTEREST IN THE ACCOUNT
23 OR CHATTEL PAPER; OR

24 (2) PROVIDES THAT THE ASSIGNMENT OR TRANSFER OR THE
25 CREATION, ATTACHMENT, PERFECTION, OR ENFORCEMENT OF THE SECURITY
26 INTEREST MAY GIVE RISE TO A DEFAULT, BREACH, RIGHT OF RECOUPMENT,
27 CLAIM, DEFENSE, TERMINATION, RIGHT OF TERMINATION, OR REMEDY

1 UNDER THE ACCOUNT OR CHATTEL PAPER.

2 (g) SUBJECT TO SUBSECTION (h) OF THIS SECTION, AN ACCOUNT
3 DEBTOR MAY NOT WAIVE OR VARY ITS OPTION UNDER PARAGRAPH (3) OF
4 SUBSECTION (b) OF THIS SECTION.

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

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

11 (j) THIS SECTION PREVAILS OVER ANY INCONSISTENT PROVISION OF
12 AN EXISTING OR FUTURE STATUTE, RULE OR REGULATION OF THIS STATE
13 UNLESS THE PROVISION IS CONTAINED IN A STATUTE OF THIS STATE, REFERS
14 EXPRESSLY TO THIS SECTION AND STATES THAT THE PROVISION PREVAILS
15 OVER THIS SECTION.

16 (k) SUBSECTION (d) OF THIS SECTION DOES NOT APPLY TO THE
17 ASSIGNMENT, TRANSFER, OR CREATION OF A SECURITY INTEREST IN:

18 (1) A CLAIM OR RIGHT TO RECEIVE COMPENSATION FOR INJURIES OR
19 SICKNESS AS DESCRIBED IN 26 U.S.C. SEC. 104 (a) (1) OR (2), AS AMENDED;
20 OR

21 (2) A CLAIM OR RIGHT TO RECEIVE BENEFITS UNDER A SPECIAL
22 NEEDS TRUST AS DESCRIBED IN 42 U.S.C. SEC. 1396p (d) (4), AS AMENDED.

23 **4-9-407. Restrictions on creation or enforcement of security**
24 **interest in leasehold interest or in lessor's residual interest.**

25 (a) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (b) OF THIS SECTION,
26 A TERM IN A LEASE AGREEMENT IS INEFFECTIVE TO THE EXTENT THAT IT:

27 (1) PROHIBITS, RESTRICTS, OR REQUIRES THE CONSENT OF A PARTY

1 TO THE LEASE TO THE ASSIGNMENT OR TRANSFER OF, OR THE CREATION,
2 ATTACHMENT, PERFECTION, OR ENFORCEMENT OF A SECURITY INTEREST IN,
3 AN INTEREST OF A PARTY UNDER THE LEASE CONTRACT OR IN THE LESSOR'S
4 RESIDUAL INTEREST IN THE GOODS; OR

5 (2) PROVIDES THAT THE ASSIGNMENT OR TRANSFER OR THE
6 CREATION, ATTACHMENT, PERFECTION, OR ENFORCEMENT OF THE SECURITY
7 INTEREST MAY GIVE RISE TO A DEFAULT, BREACH, RIGHT OF RECOUPMENT,
8 CLAIM, DEFENSE, TERMINATION, RIGHT OF TERMINATION, OR REMEDY
9 UNDER THE LEASE.

10 (b) EXCEPT AS OTHERWISE PROVIDED IN SECTION 4-2.5-303 (7), A
11 TERM DESCRIBED IN PARAGRAPH (2) OF SUBSECTION (a) OF THIS SECTION
12 IS EFFECTIVE TO THE EXTENT THAT THERE IS:

13 (1) A TRANSFER BY THE LESSEE OF THE LESSEE'S RIGHT OF
14 POSSESSION OR USE OF THE GOODS IN VIOLATION OF THE TERM; OR

15 (2) A DELEGATION OF A MATERIAL PERFORMANCE OF EITHER PARTY
16 TO THE LEASE CONTRACT IN VIOLATION OF THE TERM.

17 (c) THE CREATION, ATTACHMENT, PERFECTION, OR ENFORCEMENT
18 OF A SECURITY INTEREST IN THE LESSOR'S INTEREST UNDER THE LEASE
19 CONTRACT OR THE LESSOR'S RESIDUAL INTEREST IN THE GOODS IS NOT A
20 TRANSFER THAT MATERIALLY IMPAIRS THE LESSEE'S PROSPECT OF
21 OBTAINING RETURN PERFORMANCE OR MATERIALLY CHANGES THE DUTY OF
22 OR MATERIALLY INCREASES THE BURDEN OR RISK IMPOSED ON THE LESSEE
23 WITHIN THE PURVIEW OF SECTION 4-2.5-303 (4) UNLESS, AND THEN ONLY
24 TO THE EXTENT THAT, ENFORCEMENT ACTUALLY RESULTS IN A DELEGATION
25 OF MATERIAL PERFORMANCE OF THE LESSOR.

26 **4-9-408. Restrictions on assignment of promissory notes,**
27 **health-care-insurance receivables, and certain general intangibles**

1 **ineffective.** (a) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (b) OF
2 THIS SECTION, A TERM IN A PROMISSORY NOTE OR IN AN AGREEMENT
3 BETWEEN AN ACCOUNT DEBTOR AND A DEBTOR WHICH RELATES TO A
4 HEALTH-CARE-INSURANCE RECEIVABLE OR A GENERAL INTANGIBLE,
5 INCLUDING A CONTRACT, PERMIT, LICENSE, OR FRANCHISE, AND WHICH
6 TERM PROHIBITS, RESTRICTS, OR REQUIRES THE CONSENT OF THE PERSON
7 OBLIGATED ON THE PROMISSORY NOTE OR THE ACCOUNT DEBTOR TO, THE
8 ASSIGNMENT OR TRANSFER OF, OR CREATION, ATTACHMENT, OR
9 PERFECTION OF A SECURITY INTEREST IN, THE PROMISSORY NOTE,
10 HEALTH-CARE-INSURANCE RECEIVABLE, OR GENERAL INTANGIBLE, IS
11 INEFFECTIVE TO THE EXTENT THAT THE TERM:

12 (1) WOULD IMPAIR THE CREATION, ATTACHMENT, OR PERFECTION
13 OF A SECURITY INTEREST; OR

14 (2) PROVIDES THAT THE ASSIGNMENT OR TRANSFER OR THE
15 CREATION, ATTACHMENT, OR PERFECTION OF THE SECURITY INTEREST MAY
16 GIVE RISE TO A DEFAULT, BREACH, RIGHT OF RECOUPMENT, CLAIM,
17 DEFENSE, TERMINATION, RIGHT OF TERMINATION, OR REMEDY UNDER THE
18 PROMISSORY NOTE, HEALTH-CARE-INSURANCE RECEIVABLE, OR GENERAL
19 INTANGIBLE.

20 (b) SUBSECTION (a) OF THIS SECTION APPLIES TO A SECURITY
21 INTEREST IN A PAYMENT INTANGIBLE OR PROMISSORY NOTE ONLY IF THE
22 SECURITY INTEREST ARISES OUT OF A SALE OF THE PAYMENT INTANGIBLE
23 OR PROMISSORY NOTE.

24 (c) EXCEPT AS PROVIDED IN SECTIONS 8-80-103 AND 8-42-124,
25 C.R.S., A RULE OF LAW, STATUTE, OR REGULATION THAT PROHIBITS,
26 RESTRICTS, OR REQUIRES THE CONSENT OF A GOVERNMENT,
27 GOVERNMENTAL BODY OR OFFICIAL, PERSON OBLIGATED ON A PROMISSORY

1 NOTE, OR ACCOUNT DEBTOR TO THE ASSIGNMENT OR TRANSFER OF, OR
2 CREATION OF A SECURITY INTEREST IN, A PROMISSORY NOTE,
3 HEALTH-CARE-INSURANCE RECEIVABLE, OR GENERAL INTANGIBLE,
4 INCLUDING A CONTRACT, PERMIT, LICENSE, OR FRANCHISE BETWEEN AN
5 ACCOUNT DEBTOR AND A DEBTOR, IS INEFFECTIVE TO THE EXTENT THAT
6 THE RULE OF LAW, STATUTE, OR REGULATION:

7 (1) WOULD IMPAIR THE CREATION, ATTACHMENT, OR PERFECTION
8 OF A SECURITY INTEREST; OR

9 (2) PROVIDES THAT THE ASSIGNMENT OR TRANSFER OR THE
10 CREATION, ATTACHMENT, OR PERFECTION OF THE SECURITY INTEREST MAY
11 GIVE RISE TO A DEFAULT, BREACH, RIGHT OF RECOUPMENT, CLAIM,
12 DEFENSE, TERMINATION, RIGHT OF TERMINATION, OR REMEDY UNDER THE
13 PROMISSORY NOTE, HEALTH-CARE-INSURANCE RECEIVABLE, OR GENERAL
14 INTANGIBLE.

15 (d) TO THE EXTENT THAT A TERM IN A PROMISSORY NOTE OR IN AN
16 AGREEMENT BETWEEN AN ACCOUNT DEBTOR AND A DEBTOR WHICH
17 RELATES TO A HEALTH-CARE-INSURANCE RECEIVABLE OR GENERAL
18 INTANGIBLE OR A RULE OF LAW, STATUTE, OR REGULATION DESCRIBED IN
19 SUBSECTION (c) OF THIS SECTION WOULD BE EFFECTIVE UNDER LAW OTHER
20 THAN THIS ARTICLE BUT IS INEFFECTIVE UNDER SUBSECTION (a) OR (c) OF
21 THIS SECTION, THE CREATION, ATTACHMENT, OR PERFECTION OF A
22 SECURITY INTEREST IN THE PROMISSORY NOTE, HEALTH-CARE-INSURANCE
23 RECEIVABLE, OR GENERAL INTANGIBLE:

24 (1) IS NOT ENFORCEABLE AGAINST THE PERSON OBLIGATED ON THE
25 PROMISSORY NOTE OR THE ACCOUNT DEBTOR;

26 (2) DOES NOT IMPOSE A DUTY OR OBLIGATION ON THE PERSON
27 OBLIGATED ON THE PROMISSORY NOTE OR THE ACCOUNT DEBTOR;

1 (3) DOES NOT REQUIRE THE PERSON OBLIGATED ON THE
2 PROMISSORY NOTE OR THE ACCOUNT DEBTOR TO RECOGNIZE THE SECURITY
3 INTEREST, PAY OR RENDER PERFORMANCE TO THE SECURED PARTY, OR
4 ACCEPT PAYMENT OR PERFORMANCE FROM THE SECURED PARTY;

5 (4) DOES NOT ENTITLE THE SECURED PARTY TO USE OR ASSIGN THE
6 DEBTOR'S RIGHTS UNDER THE PROMISSORY NOTE,
7 HEALTH-CARE-INSURANCE RECEIVABLE, OR GENERAL INTANGIBLE,
8 INCLUDING ANY RELATED INFORMATION OR MATERIALS FURNISHED TO THE
9 DEBTOR IN THE TRANSACTION GIVING RISE TO THE PROMISSORY NOTE,
10 HEALTH-CARE-INSURANCE RECEIVABLE, OR GENERAL INTANGIBLE;

11 (5) DOES NOT ENTITLE THE SECURED PARTY TO USE, ASSIGN,
12 POSSESS, OR HAVE ACCESS TO ANY TRADE SECRETS OR CONFIDENTIAL
13 INFORMATION OF THE PERSON OBLIGATED ON THE PROMISSORY NOTE OR
14 THE ACCOUNT DEBTOR; AND

15 (6) DOES NOT ENTITLE THE SECURED PARTY TO ENFORCE THE
16 SECURITY INTEREST IN THE PROMISSORY NOTE, HEALTH-CARE-INSURANCE
17 RECEIVABLE, OR GENERAL INTANGIBLE.

18 (e) THIS SECTION PREVAILS OVER ANY INCONSISTENT PROVISION OF
19 AN EXISTING OR FUTURE STATUTE, RULE OR REGULATION OF THIS STATE
20 UNLESS THE PROVISION IS CONTAINED IN A STATUTE OF THIS STATE, REFERS
21 EXPRESSLY TO THIS SECTION AND STATES THAT THE PROVISION PREVAILS
22 OVER THIS SECTION.

23 (f) SUBSECTIONS (a) AND (c) OF THIS SECTION DO NOT APPLY TO
24 THE ASSIGNMENT, TRANSFER, OR CREATION OF A SECURITY INTEREST IN:

25 (1) A CLAIM OR RIGHT TO RECEIVE COMPENSATION FOR INJURIES OR
26 SICKNESS AS DESCRIBED IN 26 U.S.C. SEC. 104 (a) (1) OR (2), AS AMENDED;
27 OR

1 (2) A CLAIM OR RIGHT TO RECEIVE BENEFITS UNDER A SPECIAL
2 NEEDS TRUST AS DESCRIBED IN 42 U.S.C. SEC. 1396p (d) (4), AS AMENDED.

3 **4-9-409. Restrictions on assignment of letter-of-credit rights**
4 **ineffective.** (a) A TERM IN A LETTER OF CREDIT OR A RULE OF LAW,
5 STATUTE, REGULATION, CUSTOM, OR PRACTICE APPLICABLE TO THE LETTER
6 OF CREDIT WHICH PROHIBITS, RESTRICTS, OR REQUIRES THE CONSENT OF AN
7 APPLICANT, ISSUER, OR NOMINATED PERSON TO A BENEFICIARY'S
8 ASSIGNMENT OF OR CREATION OF A SECURITY INTEREST IN A
9 LETTER-OF-CREDIT RIGHT IS INEFFECTIVE TO THE EXTENT THAT THE TERM
10 OR RULE OF LAW, STATUTE, REGULATION, CUSTOM, OR PRACTICE:

11 (1) WOULD IMPAIR THE CREATION, ATTACHMENT, OR PERFECTION
12 OF A SECURITY INTEREST IN THE LETTER-OF-CREDIT RIGHT; OR

13 (2) PROVIDES THAT THE ASSIGNMENT OR THE CREATION,
14 ATTACHMENT, OR PERFECTION OF THE SECURITY INTEREST MAY GIVE RISE
15 TO A DEFAULT, BREACH, RIGHT OF RECOUPMENT, CLAIM, DEFENSE,
16 TERMINATION, RIGHT OF TERMINATION, OR REMEDY UNDER THE
17 LETTER-OF-CREDIT RIGHT.

18 (b) TO THE EXTENT THAT A TERM IN A LETTER OF CREDIT IS
19 INEFFECTIVE UNDER SUBSECTION (a) OF THIS SECTION BUT WOULD BE
20 EFFECTIVE UNDER LAW OTHER THAN THIS ARTICLE OR A CUSTOM OR
21 PRACTICE APPLICABLE TO THE LETTER OF CREDIT, TO THE TRANSFER OF A
22 RIGHT TO DRAW OR OTHERWISE DEMAND PERFORMANCE UNDER THE
23 LETTER OF CREDIT, OR TO THE ASSIGNMENT OF A RIGHT TO PROCEEDS OF
24 THE LETTER OF CREDIT, THE CREATION, ATTACHMENT, OR PERFECTION OF
25 A SECURITY INTEREST IN THE LETTER-OF-CREDIT RIGHT:

26 (1) IS NOT ENFORCEABLE AGAINST THE APPLICANT, ISSUER,
27 NOMINATED PERSON, OR TRANSFEREE BENEFICIARY;

1 COLLATERAL INDICATED IN THE FINANCING STATEMENT WHICH IS OR IS TO
2 BECOME FIXTURES.

3 (c) THE OFFICE IN WHICH TO FILE AN EFFECTIVE FINANCING
4 STATEMENT PURSUANT TO ARTICLE 9.5 OF THIS TITLE IS THE OFFICE OF THE
5 SECRETARY OF STATE. IN ADDITION TO THE POWERS AND DUTIES OF THE
6 SECRETARY OF STATE UNDER THIS PART 5, THE SECRETARY OF STATE SHALL
7 PERFORM THE FUNCTIONS OF THE CENTRAL FILING OFFICER UNDER
8 ARTICLES 9.3 AND 9.5 OF THIS TITLE.

9 (d) ON JULY 1, 2002, ALL EMPLOYEES OF THE CENTRAL FILING
10 OFFICE WHOSE PRINCIPAL DUTIES ARE CONCERNED WITH THE DUTIES AND
11 FUNCTIONS TO BE PERFORMED BY THE SECRETARY OF STATE AND WHOSE
12 EMPLOYMENT BY THE SECRETARY OF STATE IS DEEMED NECESSARY BY THE
13 SECRETARY OF STATE TO CARRY OUT THE PURPOSES OF THIS PART 5 AND OF
14 ARTICLES 9.3 AND 9.5 OF THIS TITLE SHALL BE TRANSFERRED TO THE
15 SECRETARY OF STATE AND SHALL BECOME EMPLOYEES THEREOF. SUCH
16 EMPLOYEES SHALL RETAIN ALL RIGHTS TO THE STATE PERSONNEL SYSTEM
17 AND RETIREMENT BENEFITS UNDER THE LAWS OF THIS STATE, AND THEIR
18 SERVICES SHALL BE DEEMED TO HAVE BEEN CONTINUOUS. ALL TRANSFERS
19 AND ANY ABOLISHMENT OF POSITIONS IN THE STATE PERSONNEL SYSTEM
20 SHALL BE MADE AND PROCESSED IN ACCORDANCE WITH STATE PERSONNEL
21 SYSTEM LAWS AND RULES.

22 (e) ON JULY 1, 2002, ALL ITEMS OF PROPERTY, REAL AND
23 PERSONAL, INCLUDING OFFICE FURNITURE AND FIXTURES, BOOKS,
24 DOCUMENTS, AND RECORDS OF THE CENTRAL FILING OFFICER PERTAINING
25 TO THE DUTIES AND FUNCTIONS TRANSFERRED TO THE SECRETARY OF
26 STATE, SHALL BE TRANSFERRED TO THE SECRETARY OF STATE AND SHALL
27 BECOME THE PROPERTY THEREOF.

1 (f) ON OR AFTER JULY 1, 2002, WHENEVER THE CENTRAL FILING
2 OFFICER IS REFERRED TO OR DESIGNATED BY ANY CONTRACT OR OTHER
3 DOCUMENT ENTERED INTO PRIOR TO JULY 1, 2002, TO WHICH THE CENTRAL
4 FILING OFFICER IS A PARTY IN CONNECTION WITH THE DUTIES AND
5 FUNCTIONS TO BE PERFORMED BY THE SECRETARY OF STATE UNDER THIS
6 TITLE, SUCH REFERENCE OR DESIGNATION SHALL BE DEEMED TO REFER TO
7 OR DESIGNATE THE SECRETARY OF STATE. ALL CONTRACTS ENTERED INTO
8 BY THE CENTRAL FILING OFFICER PRIOR TO JULY 1, 2002, IN CONNECTION
9 WITH THE DUTIES AND FUNCTIONS TO BE PERFORMED BY THE SECRETARY
10 OF STATE UNDER THIS TITLE ARE HEREBY VALIDATED, WITH THE
11 SECRETARY OF STATE SUCCEEDING TO ALL THE RIGHTS AND OBLIGATIONS
12 OF SUCH CONTRACTS. ANY APPROPRIATIONS OF FUNDS FROM PRIOR FISCAL
13 YEARS OPEN TO SATISFY OBLIGATIONS INCURRED UNDER SUCH CONTRACTS
14 ARE HEREBY TRANSFERRED AND APPROPRIATED TO THE BOARD FOR THE
15 PAYMENT OF SUCH OBLIGATIONS.

16 **4-9-502. Contents of financing statement - record of mortgage**
17 **as financing statement - time of filing financing statement.**

18 (a) SUBJECT TO SUBSECTION (b) OF THIS SECTION, A FINANCING
19 STATEMENT IS SUFFICIENT ONLY IF IT:

- 20 (1) PROVIDES THE NAME OF THE DEBTOR;
- 21 (2) PROVIDES THE NAME OF THE SECURED PARTY OR A
22 REPRESENTATIVE OF THE SECURED PARTY; AND
- 23 (3) INDICATES THE COLLATERAL COVERED BY THE FINANCING
24 STATEMENT.

25 (b) EXCEPT AS OTHERWISE PROVIDED IN SECTION 4-9-501 (b), TO
26 BE SUFFICIENT, A FINANCING STATEMENT THAT COVERS AS-EXTRACTED
27 COLLATERAL OR TIMBER TO BE CUT, OR WHICH IS FILED AS A FIXTURE

1 FILING AND COVERS GOODS THAT ARE OR ARE TO BECOME FIXTURES, MUST
2 SATISFY SUBSECTION (a) OF THIS SECTION AND ALSO:

3 (1) INDICATE THAT IT COVERS THIS TYPE OF COLLATERAL;

4 (2) INDICATE THAT IT IS TO BE FILED FOR RECORD IN THE REAL
5 PROPERTY RECORDS;

6 (3) PROVIDE A DESCRIPTION OF THE REAL PROPERTY TO WHICH THE
7 COLLATERAL IS RELATED SUFFICIENT TO GIVE CONSTRUCTIVE NOTICE OF A
8 MORTGAGE UNDER THE LAW OF THIS STATE IF THE DESCRIPTION WERE
9 CONTAINED IN A RECORD OF THE MORTGAGE OF THE REAL PROPERTY; AND

10 (4) IF THE DEBTOR DOES NOT HAVE AN INTEREST OF RECORD IN THE
11 REAL PROPERTY, PROVIDE THE NAME OF A RECORD OWNER.

12 (c) A RECORD OF A MORTGAGE IS EFFECTIVE, FROM THE DATE OF
13 RECORDING, AS A FINANCING STATEMENT FILED AS A FIXTURE FILING OR AS
14 A FINANCING STATEMENT COVERING AS-EXTRACTED COLLATERAL OR
15 TIMBER TO BE CUT ONLY IF:

16 (1) THE RECORD INDICATES THE GOODS OR ACCOUNTS THAT IT
17 COVERS;

18 (2) THE GOODS ARE OR ARE TO BECOME FIXTURES RELATED TO THE
19 REAL PROPERTY DESCRIBED IN THE RECORD OR THE COLLATERAL IS
20 RELATED TO THE REAL PROPERTY DESCRIBED IN THE RECORD AND IS
21 AS-EXTRACTED COLLATERAL OR TIMBER TO BE CUT;

22 (3) THE RECORD SATISFIES THE REQUIREMENTS FOR A FINANCING
23 STATEMENT IN THIS SECTION OTHER THAN AN INDICATION THAT IT IS TO BE
24 FILED IN THE REAL PROPERTY RECORDS; AND

25 (4) THE RECORD IS DULY RECORDED.

26 (d) A FINANCING STATEMENT MAY BE FILED BEFORE A SECURITY
27 AGREEMENT IS MADE OR A SECURITY INTEREST OTHERWISE ATTACHES.

1 **4-9-503. Name of debtor and secured party.** (a) A FINANCING
2 STATEMENT SUFFICIENTLY PROVIDES THE NAME OF THE DEBTOR:

3 (1) IF THE DEBTOR IS A REGISTERED ORGANIZATION, ONLY IF THE
4 FINANCING STATEMENT PROVIDES THE NAME OF THE DEBTOR INDICATED ON
5 THE PUBLIC RECORD OF THE DEBTOR'S JURISDICTION OF ORGANIZATION
6 WHICH SHOWS THE DEBTOR TO HAVE BEEN ORGANIZED;

7 (2) IF THE DEBTOR IS A DECEDENT'S ESTATE, ONLY IF THE
8 FINANCING STATEMENT PROVIDES THE NAME OF THE DECEDENT AND
9 INDICATES THAT THE DEBTOR IS AN ESTATE;

10 (3) IF THE DEBTOR IS A TRUST OR A TRUSTEE ACTING WITH RESPECT
11 TO PROPERTY HELD IN TRUST, ONLY IF THE FINANCING STATEMENT:

12 (A) PROVIDES THE NAME SPECIFIED FOR THE TRUST IN ITS ORGANIC
13 DOCUMENTS OR, IF NO NAME IS SPECIFIED, PROVIDES THE NAME OF THE
14 SETTLOR AND ADDITIONAL INFORMATION SUFFICIENT TO DISTINGUISH THE
15 DEBTOR FROM OTHER TRUSTS HAVING ONE OR MORE OF THE SAME
16 SETTLORS; AND

17 (B) INDICATES, IN THE DEBTOR'S NAME OR OTHERWISE, THAT THE
18 DEBTOR IS A TRUST OR IS A TRUSTEE ACTING WITH RESPECT TO PROPERTY
19 HELD IN TRUST; AND

20 (4) IN OTHER CASES:

21 (A) IF THE DEBTOR HAS A NAME, ONLY IF IT PROVIDES THE
22 INDIVIDUAL OR ORGANIZATIONAL NAME OF THE DEBTOR; AND

23 (B) IF THE DEBTOR DOES NOT HAVE A NAME, ONLY IF IT PROVIDES
24 THE NAMES OF THE PARTNERS, MEMBERS, ASSOCIATES, OR OTHER PERSONS
25 COMPRISING THE DEBTOR.

26 (b) A FINANCING STATEMENT THAT PROVIDES THE NAME OF THE
27 DEBTOR IN ACCORDANCE WITH SUBSECTION (a) IS NOT RENDERED

1 INEFFECTIVE BY THE ABSENCE OF:

2 (1) A TRADE NAME OR OTHER NAME OF THE DEBTOR; OR

3 (2) UNLESS REQUIRED UNDER SUBPARAGRAPH (B) OF PARAGRAPH
4 (4) OF SUBSECTION (a) OF THIS SECTION, NAMES OF PARTNERS, MEMBERS,
5 ASSOCIATES, OR OTHER PERSONS COMPRISING THE DEBTOR.

6 (c) A FINANCING STATEMENT THAT PROVIDES ONLY THE DEBTOR'S
7 TRADE NAME DOES NOT SUFFICIENTLY PROVIDE THE NAME OF THE DEBTOR.

8 (d) FAILURE TO INDICATE THE REPRESENTATIVE CAPACITY OF A
9 SECURED PARTY OR REPRESENTATIVE OF A SECURED PARTY DOES NOT
10 AFFECT THE SUFFICIENCY OF A FINANCING STATEMENT.

11 (e) A FINANCING STATEMENT MAY PROVIDE THE NAME OF MORE
12 THAN ONE DEBTOR AND THE NAME OF MORE THAN ONE SECURED PARTY.

13 **4-9-504. Indication of collateral.** A FINANCING STATEMENT
14 SUFFICIENTLY INDICATES THE COLLATERAL THAT IT COVERS IF THE
15 FINANCING STATEMENT PROVIDES:

16 (1) A DESCRIPTION OF THE COLLATERAL PURSUANT TO SECTION
17 4-9-108; OR

18 (2) AN INDICATION THAT THE FINANCING STATEMENT COVERS ALL
19 ASSETS OR ALL PERSONAL PROPERTY.

20 **4-9-505. Filing and compliance with other statutes and treaties**
21 **for consignments, leases, other bailments, and other transactions.**

22 (a) A CONSIGNOR, LESSOR, OR OTHER BAILOR OF GOODS, A LICENSOR, OR
23 A BUYER OF A PAYMENT INTANGIBLE OR PROMISSORY NOTE MAY FILE A
24 FINANCING STATEMENT, OR MAY COMPLY WITH A STATUTE OR TREATY
25 DESCRIBED IN SECTION 4-9-311 (a), USING THE TERMS "CONSIGNOR",
26 "CONSIGNEE", "LESSOR", "LESSEE", "BAILOR", "BAILEE", "LICENSOR",
27 "LICENSEE", "OWNER", "REGISTERED OWNER", "BUYER", "SELLER", OR

1 WORDS OF SIMILAR IMPORT, INSTEAD OF THE TERMS "SECURED PARTY" AND
2 "DEBTOR".

3 (b) THIS PART 5 APPLIES TO THE FILING OF A FINANCING STATEMENT
4 UNDER SUBSECTION (a) OF THIS SECTION AND, AS APPROPRIATE, TO
5 COMPLIANCE THAT IS EQUIVALENT TO FILING A FINANCING STATEMENT
6 UNDER SECTION 4-9-311 (b), BUT THE FILING OR COMPLIANCE IS NOT OF
7 ITSELF A FACTOR IN DETERMINING WHETHER THE COLLATERAL SECURES AN
8 OBLIGATION. IF IT IS DETERMINED FOR ANOTHER REASON THAT THE
9 COLLATERAL SECURES AN OBLIGATION, A SECURITY INTEREST HELD BY THE
10 CONSIGNOR, LESSOR, BAILOR, LICENSOR, OWNER, OR BUYER WHICH
11 ATTACHES TO THE COLLATERAL IS PERFECTED BY THE FILING OR
12 COMPLIANCE.

13 **4-9-506. Effect of errors or omissions.** (a) A FINANCING
14 STATEMENT SUBSTANTIALLY SATISFYING THE REQUIREMENTS OF THIS PART
15 5 IS EFFECTIVE, EVEN IF IT HAS MINOR ERRORS OR OMISSIONS, UNLESS THE
16 ERRORS OR OMISSIONS MAKE THE FINANCING STATEMENT SERIOUSLY
17 MISLEADING.

18 (b) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (c) OF THIS
19 SECTION, A FINANCING STATEMENT THAT FAILS SUFFICIENTLY TO PROVIDE
20 THE NAME OF THE DEBTOR IN ACCORDANCE WITH SECTION 4-9-503 (a) IS
21 SERIOUSLY MISLEADING.

22 (c) IF A SEARCH OF THE RECORDS OF THE FILING OFFICE UNDER THE
23 DEBTOR'S CORRECT NAME, USING THE FILING OFFICE'S STANDARD SEARCH
24 LOGIC, IF ANY, WOULD DISCLOSE A FINANCING STATEMENT THAT FAILS
25 SUFFICIENTLY TO PROVIDE THE NAME OF THE DEBTOR IN ACCORDANCE
26 WITH SECTION 4-9-503 (a), THE NAME PROVIDED DOES NOT MAKE THE
27 FINANCING STATEMENT SERIOUSLY MISLEADING.

1 (d) FOR PURPOSES OF SECTION 4-9-508 (b), THE "DEBTOR'S
2 CORRECT NAME" IN SUBSECTION (c) OF THIS SECTION MEANS THE CORRECT
3 NAME OF THE NEW DEBTOR.

4 **4-9-507. Effect of certain events on effectiveness of financing**
5 **statement.** (a) A FILED FINANCING STATEMENT REMAINS EFFECTIVE WITH
6 RESPECT TO COLLATERAL THAT IS SOLD, EXCHANGED, LEASED, LICENSED,
7 OR OTHERWISE DISPOSED OF AND IN WHICH A SECURITY INTEREST OR
8 AGRICULTURAL LIEN CONTINUES, EVEN IF THE SECURED PARTY KNOWS OF
9 OR CONSENTS TO THE DISPOSITION.

10 (b) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (c) OF THIS
11 SECTION AND SECTION 4-9-508, A FINANCING STATEMENT IS NOT RENDERED
12 INEFFECTIVE IF, AFTER THE FINANCING STATEMENT IS FILED, THE
13 INFORMATION PROVIDED IN THE FINANCING STATEMENT BECOMES
14 SERIOUSLY MISLEADING UNDER SECTION 4-9-506.

15 (c) IF A DEBTOR SO CHANGES ITS NAME THAT A FILED FINANCING
16 STATEMENT BECOMES SERIOUSLY MISLEADING UNDER SECTION 4-9-506:

17 (1) THE FINANCING STATEMENT IS EFFECTIVE TO PERFECT A
18 SECURITY INTEREST IN COLLATERAL ACQUIRED BY THE DEBTOR BEFORE, OR
19 WITHIN FOUR MONTHS AFTER, THE CHANGE; AND

20 (2) THE FINANCING STATEMENT IS NOT EFFECTIVE TO PERFECT A
21 SECURITY INTEREST IN COLLATERAL ACQUIRED BY THE DEBTOR MORE THAN
22 FOUR MONTHS AFTER THE CHANGE, UNLESS AN AMENDMENT TO THE
23 FINANCING STATEMENT WHICH RENDERS THE FINANCING STATEMENT NOT
24 SERIOUSLY MISLEADING IS FILED WITHIN FOUR MONTHS AFTER THE
25 CHANGE.

26 **4-9-508. Effectiveness of financing statement if new debtor**
27 **becomes bound by security agreement.** (a) EXCEPT AS OTHERWISE

1 PROVIDED IN THIS SECTION, A FILED FINANCING STATEMENT NAMING AN
2 ORIGINAL DEBTOR IS EFFECTIVE TO PERFECT A SECURITY INTEREST IN
3 COLLATERAL IN WHICH A NEW DEBTOR HAS OR ACQUIRES RIGHTS TO THE
4 EXTENT THAT THE FINANCING STATEMENT WOULD HAVE BEEN EFFECTIVE
5 HAD THE ORIGINAL DEBTOR ACQUIRED RIGHTS IN THE COLLATERAL.

6 (b) IF THE DIFFERENCE BETWEEN THE NAME OF THE ORIGINAL
7 DEBTOR AND THAT OF THE NEW DEBTOR CAUSES A FILED FINANCING
8 STATEMENT THAT IS EFFECTIVE UNDER SUBSECTION (a) OF THIS SECTION TO
9 BE SERIOUSLY MISLEADING UNDER SECTION 4-9-506:

10 (1) THE FINANCING STATEMENT IS EFFECTIVE TO PERFECT A
11 SECURITY INTEREST IN COLLATERAL ACQUIRED BY THE NEW DEBTOR
12 BEFORE, AND WITHIN FOUR MONTHS AFTER, THE NEW DEBTOR BECOMES
13 BOUND UNDER SECTION 4-9-203 (d); AND

14 (2) THE FINANCING STATEMENT IS NOT EFFECTIVE TO PERFECT A
15 SECURITY INTEREST IN COLLATERAL ACQUIRED BY THE NEW DEBTOR MORE
16 THAN FOUR MONTHS AFTER THE NEW DEBTOR BECOMES BOUND UNDER
17 SECTION 4-9-203 (d) UNLESS AN INITIAL FINANCING STATEMENT PROVIDING
18 THE NAME OF THE NEW DEBTOR IS FILED BEFORE THE EXPIRATION OF THAT
19 TIME.

20 (c) THIS SECTION DOES NOT APPLY TO COLLATERAL AS TO WHICH
21 A FILED FINANCING STATEMENT REMAINS EFFECTIVE AGAINST THE NEW
22 DEBTOR UNDER SECTION 4-9-507 (a).

23 **4-9-509. Persons entitled to file a record.** (a) A PERSON MAY
24 FILE AN INITIAL FINANCING STATEMENT, AMENDMENT THAT ADDS
25 COLLATERAL COVERED BY A FINANCING STATEMENT, OR AMENDMENT THAT
26 ADDS A DEBTOR TO A FINANCING STATEMENT ONLY IF:

27 (1) THE DEBTOR AUTHORIZES THE FILING IN AN AUTHENTICATED

1 RECORD OR PURSUANT TO SUBSECTION (b) OR (c) OF THIS SECTION; OR

2 (2) THE PERSON HOLDS AN AGRICULTURAL LIEN THAT HAS BECOME
3 EFFECTIVE AT THE TIME OF FILING AND THE FINANCING STATEMENT COVERS
4 ONLY COLLATERAL IN WHICH THE PERSON HOLDS AN AGRICULTURAL LIEN.

5 (b) BY AUTHENTICATING OR BECOMING BOUND AS DEBTOR BY A
6 SECURITY AGREEMENT, A DEBTOR OR NEW DEBTOR AUTHORIZES THE FILING
7 OF AN INITIAL FINANCING STATEMENT, AND AN AMENDMENT, COVERING:

8 (1) THE COLLATERAL DESCRIBED IN THE SECURITY AGREEMENT;
9 AND

10 (2) PROPERTY THAT BECOMES COLLATERAL UNDER SECTION
11 4-9-315 (a) (2), WHETHER OR NOT THE SECURITY AGREEMENT EXPRESSLY
12 COVERS PROCEEDS.

13 (c) BY ACQUIRING COLLATERAL IN WHICH A SECURITY INTEREST OR
14 AGRICULTURAL LIEN CONTINUES UNDER SECTION 4-9-315 (a) (1), A DEBTOR
15 AUTHORIZES THE FILING OF AN INITIAL FINANCING STATEMENT, AND AN
16 AMENDMENT, COVERING THE COLLATERAL AND PROPERTY THAT BECOMES
17 COLLATERAL UNDER SECTION 4-9-315 (a) (2).

18 (d) A PERSON MAY FILE AN AMENDMENT OTHER THAN AN
19 AMENDMENT THAT ADDS COLLATERAL COVERED BY A FINANCING
20 STATEMENT OR AN AMENDMENT THAT ADDS A DEBTOR TO A FINANCING
21 STATEMENT ONLY IF:

22 (1) THE SECURED PARTY OF RECORD AUTHORIZES THE FILING; OR

23 (2) THE AMENDMENT IS A TERMINATION STATEMENT FOR A
24 FINANCING STATEMENT AS TO WHICH THE SECURED PARTY OF RECORD HAS
25 FAILED TO FILE OR SEND A TERMINATION STATEMENT AS REQUIRED BY
26 SECTION 4-9-513 (a) OR (c), THE DEBTOR AUTHORIZES THE FILING, AND THE
27 TERMINATION STATEMENT INDICATES THAT THE DEBTOR AUTHORIZED IT TO

1 BE FILED.

2 (e) IF THERE IS MORE THAN ONE SECURED PARTY OF RECORD FOR A
3 FINANCING STATEMENT, EACH SECURED PARTY OF RECORD MAY AUTHORIZE
4 THE FILING OF AN AMENDMENT UNDER SUBSECTION (d) OF THIS SECTION.

5 **4-9-510. Effectiveness of filed record.** (a) A FILED RECORD IS
6 EFFECTIVE ONLY TO THE EXTENT THAT IT WAS FILED BY A PERSON THAT
7 MAY FILE IT UNDER SECTION 4-9-509.

8 (b) A RECORD AUTHORIZED BY ONE SECURED PARTY OF RECORD
9 DOES NOT AFFECT THE FINANCING STATEMENT WITH RESPECT TO ANOTHER
10 SECURED PARTY OF RECORD.

11 (c) SUBJECT TO SECTION 4-9-528 AND SUBSECTION (d) OF THIS
12 SECTION, A CONTINUATION STATEMENT THAT IS NOT FILED WITHIN THE
13 SIX-MONTH PERIOD PRESCRIBED BY SECTION 4-9-515 (d) IS INEFFECTIVE.

14 (d) ANY CONTINUATION STATEMENT FILED ON OR AFTER JULY 1,
15 1996, AND BEFORE JANUARY 1, 1998, INCLUDING ONE THAT WAS
16 PERFECTED BY FILING WITH BOTH THE OFFICES OF THE SECRETARY OF
17 STATE AND A COUNTY CLERK AND RECORDER, CONTINUES THE PERFECTION
18 IN ALL OF THE COLLATERAL LISTED ON THE FILING. WITH RESPECT TO
19 CONTINUATION STATEMENTS FILED ON OR AFTER JULY 1, 1996, AND BEFORE
20 JANUARY 1, 1998, THE FILING OF A SINGLE CONTINUATION STATEMENT
21 SHALL MAINTAIN THE EFFECTIVENESS OF FINANCING STATEMENTS THAT
22 NAME IDENTICAL COLLATERAL BUT HAVE BEEN FILED IN MULTIPLE
23 LOCATIONS.

24 (e) NO CONTINUATION STATEMENT FILED ON OR AFTER JULY 1,
25 1995, SHALL BE INEFFECTIVE SOLELY BECAUSE IT FAILED TO INCLUDE A
26 STATEMENT THAT THE ORIGINAL FINANCING STATEMENT IS STILL
27 EFFECTIVE.

1 **4-9-511. Secured party of record.** (a) A SECURED PARTY OF
2 RECORD WITH RESPECT TO A FINANCING STATEMENT IS A PERSON WHOSE
3 NAME IS PROVIDED AS THE NAME OF THE SECURED PARTY OR A
4 REPRESENTATIVE OF THE SECURED PARTY IN AN INITIAL FINANCING
5 STATEMENT THAT HAS BEEN FILED. IF AN INITIAL FINANCING STATEMENT
6 IS FILED UNDER SECTION 4-9-514 (a), THE ASSIGNEE NAMED IN THE INITIAL
7 FINANCING STATEMENT IS THE SECURED PARTY OF RECORD WITH RESPECT
8 TO THE FINANCING STATEMENT.

9 (b) IF AN AMENDMENT OF A FINANCING STATEMENT WHICH
10 PROVIDES THE NAME OF A PERSON AS A SECURED PARTY OR A
11 REPRESENTATIVE OF A SECURED PARTY IS FILED, THE PERSON NAMED IN THE
12 AMENDMENT IS A SECURED PARTY OF RECORD. IF AN AMENDMENT IS FILED
13 UNDER SECTION 4-9-514 (b), THE ASSIGNEE NAMED IN THE AMENDMENT IS
14 A SECURED PARTY OF RECORD.

15 (c) A PERSON REMAINS A SECURED PARTY OF RECORD UNTIL THE
16 FILING OF AN AMENDMENT OF THE FINANCING STATEMENT WHICH DELETES
17 THE PERSON.

18 **4-9-512. Amendment of financing statement.** (a) SUBJECT TO
19 SECTION 4-9-509, A PERSON MAY ADD OR DELETE COLLATERAL COVERED
20 BY, CONTINUE OR TERMINATE THE EFFECTIVENESS OF, OR, SUBJECT TO
21 SUBSECTION (e) OF THIS SECTION, OTHERWISE AMEND THE INFORMATION
22 PROVIDED IN, A FINANCING STATEMENT BY FILING AN AMENDMENT THAT:

23 (1) IDENTIFIES, BY FILE NUMBER, THE INITIAL FINANCING
24 STATEMENT TO WHICH THE AMENDMENT RELATES; AND

25 (2) IF THE AMENDMENT RELATES TO AN INITIAL FINANCING
26 STATEMENT FILED OR RECORDED IN A FILING OFFICE DESCRIBED IN SECTION
27 4-9-501 (a) (1), PROVIDES THE DATE THAT THE INITIAL FINANCING

1 STATEMENT WAS FILED OR RECORDED.

2 (b) EXCEPT AS OTHERWISE PROVIDED IN SECTION 4-9-515, THE
3 FILING OF AN AMENDMENT DOES NOT EXTEND THE PERIOD OF
4 EFFECTIVENESS OF THE FINANCING STATEMENT.

5 (c) A FINANCING STATEMENT THAT IS AMENDED BY AN AMENDMENT
6 THAT ADDS COLLATERAL IS EFFECTIVE AS TO THE ADDED COLLATERAL
7 ONLY FROM THE DATE OF THE FILING OF THE AMENDMENT.

8 (d) A FINANCING STATEMENT THAT IS AMENDED BY AN AMENDMENT
9 THAT ADDS A DEBTOR IS EFFECTIVE AS TO THE ADDED DEBTOR ONLY FROM
10 THE DATE OF THE FILING OF THE AMENDMENT.

11 (e) AN AMENDMENT IS INEFFECTIVE TO THE EXTENT IT:

12 (1) PURPORTS TO DELETE ALL DEBTORS AND FAILS TO PROVIDE THE
13 NAME OF A DEBTOR TO BE COVERED BY THE FINANCING STATEMENT; OR

14 (2) PURPORTS TO DELETE ALL SECURED PARTIES OF RECORD AND
15 FAILS TO PROVIDE THE NAME OF A NEW SECURED PARTY OF RECORD.

16 **4-9-513. Termination statement.** (a) A SECURED PARTY SHALL
17 CAUSE THE SECURED PARTY OF RECORD FOR A FINANCING STATEMENT TO
18 FILE A TERMINATION STATEMENT FOR THE FINANCING STATEMENT IF THE
19 FINANCING STATEMENT COVERS CONSUMER GOODS AND:

20 (1) THERE IS NO OBLIGATION SECURED BY THE COLLATERAL
21 COVERED BY THE FINANCING STATEMENT AND NO COMMITMENT TO MAKE
22 AN ADVANCE, INCUR AN OBLIGATION, OR OTHERWISE GIVE VALUE; OR

23 (2) THE DEBTOR DID NOT AUTHORIZE THE FILING OF THE INITIAL
24 FINANCING STATEMENT.

25 (b) TO COMPLY WITH SUBSECTION (a) OF THIS SECTION, A SECURED
26 PARTY SHALL CAUSE THE SECURED PARTY OF RECORD TO FILE THE
27 TERMINATION STATEMENT:

1 (1) WITHIN ONE MONTH AFTER THERE IS NO OBLIGATION SECURED
2 BY THE COLLATERAL COVERED BY THE FINANCING STATEMENT AND NO
3 COMMITMENT TO MAKE AN ADVANCE, INCUR AN OBLIGATION, OR
4 OTHERWISE GIVE VALUE; OR

5 (2) IF EARLIER, WITHIN TWENTY DAYS AFTER THE SECURED PARTY
6 RECEIVES AN AUTHENTICATED DEMAND FROM A DEBTOR.

7 (c) IN CASES NOT GOVERNED BY SUBSECTION (a) OF THIS SECTION,
8 WITHIN TWENTY DAYS AFTER A SECURED PARTY RECEIVES AN
9 AUTHENTICATED DEMAND FROM A DEBTOR, THE SECURED PARTY SHALL
10 CAUSE THE SECURED PARTY OF RECORD FOR A FINANCING STATEMENT TO
11 SEND TO THE DEBTOR A TERMINATION STATEMENT FOR THE FINANCING
12 STATEMENT OR FILE THE TERMINATION STATEMENT IN THE FILING OFFICE
13 IF:

14 (1) EXCEPT IN THE CASE OF A FINANCING STATEMENT COVERING
15 ACCOUNTS OR CHATTEL PAPER THAT HAS BEEN SOLD OR GOODS THAT ARE
16 THE SUBJECT OF A CONSIGNMENT, THERE IS NO OBLIGATION SECURED BY
17 THE COLLATERAL COVERED BY THE FINANCING STATEMENT AND NO
18 COMMITMENT TO MAKE AN ADVANCE, INCUR AN OBLIGATION, OR
19 OTHERWISE GIVE VALUE;

20 (2) THE FINANCING STATEMENT COVERS ACCOUNTS OR CHATTEL
21 PAPER THAT HAS BEEN SOLD BUT AS TO WHICH THE ACCOUNT DEBTOR OR
22 OTHER PERSON OBLIGATED HAS DISCHARGED ITS OBLIGATION;

23 (3) THE FINANCING STATEMENT COVERS GOODS THAT WERE THE
24 SUBJECT OF A CONSIGNMENT TO THE DEBTOR BUT ARE NOT IN THE
25 DEBTOR'S POSSESSION; OR

26 (4) THE DEBTOR DID NOT AUTHORIZE THE FILING OF THE INITIAL
27 FINANCING STATEMENT.

1 (d) EXCEPT AS OTHERWISE PROVIDED IN SECTION 4-9-510, UPON
2 THE FILING OF A TERMINATION STATEMENT WITH THE FILING OFFICE, THE
3 FINANCING STATEMENT TO WHICH THE TERMINATION STATEMENT RELATES
4 CEASES TO BE EFFECTIVE. EXCEPT AS OTHERWISE PROVIDED IN SECTION
5 4-9-510, FOR PURPOSES OF SECTIONS 4-9-519 (g), 4-9-522 (a), AND
6 4-9-523 (c), THE FILING WITH THE FILING OFFICE OF A TERMINATION
7 STATEMENT RELATING TO A FINANCING STATEMENT THAT INDICATES THAT
8 THE DEBTOR IS A TRANSMITTING UTILITY ALSO CAUSES THE EFFECTIVENESS
9 OF THE FINANCING STATEMENT TO LAPSE.

10 **4-9-514. Assignment of powers of secured party of record.**

11 (a) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (c) OF THIS SECTION,
12 AN INITIAL FINANCING STATEMENT MAY REFLECT AN ASSIGNMENT OF ALL
13 OF THE SECURED PARTY'S POWER TO AUTHORIZE AN AMENDMENT TO THE
14 FINANCING STATEMENT BY PROVIDING THE NAME AND MAILING ADDRESS
15 OF THE ASSIGNEE AS THE NAME AND ADDRESS OF THE SECURED PARTY.

16 (b) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (c) OF THIS
17 SECTION, A SECURED PARTY OF RECORD MAY ASSIGN OF RECORD ALL OR
18 PART OF ITS POWER TO AUTHORIZE AN AMENDMENT TO A FINANCING
19 STATEMENT BY FILING IN THE FILING OFFICE AN AMENDMENT OF THE
20 FINANCING STATEMENT WHICH:

21 (1) IDENTIFIES, BY ITS FILE NUMBER, THE INITIAL FINANCING
22 STATEMENT TO WHICH IT RELATES;

23 (2) PROVIDES THE NAME OF THE ASSIGNOR AND THE NAME OF ONE
24 OF THE DEBTORS; AND

25 (3) PROVIDES THE NAME AND MAILING ADDRESS OF THE ASSIGNEE.

26 (c) AN ASSIGNMENT OF RECORD OF A SECURITY INTEREST IN A
27 FIXTURE COVERED BY A RECORD OF A MORTGAGE WHICH IS EFFECTIVE AS

1 A FINANCING STATEMENT FILED AS A FIXTURE FILING UNDER SECTION
2 4-9-502 (c) MAY BE MADE ONLY BY AN ASSIGNMENT OF RECORD OF THE
3 MORTGAGE IN THE MANNER PROVIDED BY LAW OF THIS STATE OTHER THAN
4 THIS TITLE.

5 **4-9-515. Duration and effectiveness of financing statement -**
6 **effect of lapsed financing statement.** (a) EXCEPT AS OTHERWISE
7 PROVIDED IN SUBSECTIONS (b), (e), (f), AND (g) OF THIS SECTION AND
8 SECTION 4-9-528, A FILED FINANCING STATEMENT IS EFFECTIVE FOR A
9 PERIOD OF TEN YEARS AFTER THE DATE OF FILING.

10 (b) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTIONS (e), (f), AND
11 (g) OF THIS SECTION, AN INITIAL FINANCING STATEMENT FILED IN
12 CONNECTION WITH A PUBLIC-FINANCE TRANSACTION OR
13 MANUFACTURED-HOME TRANSACTION IS EFFECTIVE FOR A PERIOD OF
14 THIRTY YEARS AFTER THE DATE OF FILING IF IT INDICATES THAT IT IS FILED
15 IN CONNECTION WITH A PUBLIC-FINANCE TRANSACTION OR
16 MANUFACTURED-HOME TRANSACTION.

17 (c) THE EFFECTIVENESS OF A FILED FINANCING STATEMENT LAPSES
18 ON THE EXPIRATION OF THE PERIOD OF ITS EFFECTIVENESS UNLESS BEFORE
19 THE LAPSE A CONTINUATION STATEMENT IS FILED PURSUANT TO
20 SUBSECTION (d) OF THIS SECTION. UPON LAPSE, A FINANCING STATEMENT
21 CEASES TO BE EFFECTIVE AND ANY SECURITY INTEREST OR AGRICULTURAL
22 LIEN THAT WAS PERFECTED BY THE FINANCING STATEMENT BECOMES
23 UNPERFECTED, UNLESS THE SECURITY INTEREST IS PERFECTED OTHERWISE.
24 IF THE SECURITY INTEREST OR AGRICULTURAL LIEN BECOMES UNPERFECTED
25 UPON LAPSE, IT IS DEEMED NEVER TO HAVE BEEN PERFECTED AS AGAINST
26 A PURCHASER OF THE COLLATERAL FOR VALUE.

27 (d) A CONTINUATION STATEMENT MAY BE FILED ONLY WITHIN SIX

1 MONTHS BEFORE THE EXPIRATION OF THE TEN-YEAR PERIOD SPECIFIED IN
2 SUBSECTION (a) OF THIS SECTION, THE THIRTY-YEAR PERIOD SPECIFIED IN
3 SUBSECTION (b) OF THIS SECTION, OR THE FIVE-YEAR PERIOD SPECIFIED IN
4 SECTION 4-9-528 (1) (a), WHICHEVER IS APPLICABLE.

5 (e) EXCEPT AS OTHERWISE PROVIDED IN SECTION 4-9-510, UPON
6 TIMELY FILING OF A CONTINUATION STATEMENT, THE EFFECTIVENESS OF
7 THE INITIAL FINANCING STATEMENT CONTINUES FOR A PERIOD OF TEN
8 YEARS COMMENCING ON THE DAY ON WHICH THE FINANCING STATEMENT
9 WOULD HAVE BECOME INEFFECTIVE IN THE ABSENCE OF THE FILING. UPON
10 THE EXPIRATION OF THE TEN-YEAR PERIOD, THE FINANCING STATEMENT
11 LAPSES IN THE SAME MANNER AS PROVIDED IN SUBSECTION (c) OF THIS
12 SECTION, UNLESS, BEFORE THE LAPSE, ANOTHER CONTINUATION
13 STATEMENT IS FILED PURSUANT TO SUBSECTION (d) OF THIS SECTION.
14 SUCCEEDING CONTINUATION STATEMENTS MAY BE FILED IN THE SAME
15 MANNER TO CONTINUE THE EFFECTIVENESS OF THE INITIAL FINANCING
16 STATEMENT.

17 (f) IF A DEBTOR IS A TRANSMITTING UTILITY AND A FILED
18 FINANCING STATEMENT SO INDICATES, THE FINANCING STATEMENT IS
19 EFFECTIVE UNTIL A TERMINATION STATEMENT IS FILED.

20 (g) A RECORD OF A MORTGAGE THAT IS EFFECTIVE AS A FINANCING
21 STATEMENT FILED AS A FIXTURE FILING UNDER SECTION 4-9-502 (c)
22 REMAINS EFFECTIVE AS A FINANCING STATEMENT FILED AS A FIXTURE
23 FILING UNTIL THE MORTGAGE IS RELEASED OR SATISFIED OF RECORD OR ITS
24 EFFECTIVENESS OTHERWISE TERMINATES AS TO THE REAL PROPERTY.

25 (h) THE TEN-YEAR PERIODS OF EFFECTIVENESS PROVIDED FOR IN
26 THIS SECTION APPLY ONLY WITH RESPECT TO FINANCING STATEMENTS FILED
27 ON OR AFTER JULY 1, 2002.

1 **4-9-516. What constitutes filing - effectiveness of filing.**

2 (a) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (b) OF THIS SECTION,
3 COMMUNICATION OF A RECORD TO A FILING OFFICE AND TENDER OF THE
4 FILING FEE OR ACCEPTANCE OF THE RECORD BY THE FILING OFFICE
5 CONSTITUTES FILING.

6 (b) FILING DOES NOT OCCUR WITH RESPECT TO A RECORD THAT A
7 FILING OFFICE REFUSES TO ACCEPT BECAUSE:

8 (1) THE RECORD IS NOT COMMUNICATED BY A METHOD OR MEDIUM
9 OF COMMUNICATION AUTHORIZED BY THE FILING OFFICE;

10 (2) AN AMOUNT EQUAL TO OR GREATER THAN THE APPLICABLE
11 FILING FEE IS NOT TENDERED;

12 (3) THE FILING OFFICE IS UNABLE TO INDEX THE RECORD BECAUSE:

13 (A) IN THE CASE OF AN INITIAL FINANCING STATEMENT, THE
14 RECORD DOES NOT PROVIDE A NAME FOR THE DEBTOR;

15 (B) IN THE CASE OF AN AMENDMENT OR CORRECTION STATEMENT,
16 THE RECORD:

17 (i) DOES NOT IDENTIFY THE INITIAL FINANCING STATEMENT AS
18 REQUIRED BY SECTION 4-9-512 OR 4-9-518, AS APPLICABLE; OR

19 (ii) IDENTIFIES AN INITIAL FINANCING STATEMENT WHOSE
20 EFFECTIVENESS HAS LAPSED UNDER SECTION 4-9-515;

21 (C) IN THE CASE OF AN INITIAL FINANCING STATEMENT THAT
22 PROVIDES THE NAME OF A DEBTOR IDENTIFIED AS AN INDIVIDUAL OR AN
23 AMENDMENT THAT PROVIDES A NAME OF A DEBTOR IDENTIFIED AS AN
24 INDIVIDUAL WHICH WAS NOT PREVIOUSLY PROVIDED IN THE FINANCING
25 STATEMENT TO WHICH THE RECORD RELATES, THE RECORD DOES NOT
26 IDENTIFY THE DEBTOR'S LAST NAME; OR

27 (D) IN THE CASE OF A RECORD FILED OR RECORDED IN THE FILING

1 OFFICE DESCRIBED IN SECTION 4-9-501 (a) (1), THE RECORD DOES NOT
2 PROVIDE A SUFFICIENT DESCRIPTION OF THE REAL PROPERTY TO WHICH IT
3 RELATES;

4 (4) IN THE CASE OF AN INITIAL FINANCING STATEMENT OR AN
5 AMENDMENT THAT ADDS A SECURED PARTY OF RECORD, THE RECORD DOES
6 NOT PROVIDE A NAME AND MAILING ADDRESS FOR THE SECURED PARTY OF
7 RECORD;

8 (5) IN THE CASE OF AN INITIAL FINANCING STATEMENT OR AN
9 AMENDMENT THAT PROVIDES A NAME OF A DEBTOR WHICH WAS NOT
10 PREVIOUSLY PROVIDED IN THE FINANCING STATEMENT TO WHICH THE
11 AMENDMENT RELATES, THE RECORD DOES NOT:

12 (A) PROVIDE A MAILING ADDRESS FOR THE DEBTOR;

13 (B) INDICATE WHETHER THE DEBTOR IS AN INDIVIDUAL OR AN
14 ORGANIZATION; OR

15 (C) IF THE FINANCING STATEMENT INDICATES THAT THE DEBTOR IS
16 AN ORGANIZATION, PROVIDE:

17 (i) A TYPE OF ORGANIZATION FOR THE DEBTOR;

18 (ii) A JURISDICTION OF ORGANIZATION FOR THE DEBTOR; OR

19 (iii) AN ORGANIZATIONAL IDENTIFICATION NUMBER FOR THE
20 DEBTOR OR INDICATE THAT THE DEBTOR HAS NONE;

21 (6) IN THE CASE OF AN ASSIGNMENT REFLECTED IN AN INITIAL
22 FINANCING STATEMENT UNDER SECTION 4-9-514 (a) OR AN AMENDMENT
23 FILED UNDER SECTION 4-9-514 (b), THE RECORD DOES NOT PROVIDE A
24 NAME AND MAILING ADDRESS FOR THE ASSIGNEE; OR

25 (7) IN THE CASE OF A CONTINUATION STATEMENT, THE RECORD IS
26 NOT FILED WITHIN THE SIX-MONTH PERIOD PRESCRIBED BY SECTION
27 4-9-515 (d).

1 (c) FOR PURPOSES OF SUBSECTION (b) OF THIS SECTION:

2 (1) A RECORD DOES NOT PROVIDE INFORMATION IF THE FILING
3 OFFICE IS UNABLE TO READ OR DECIPHER THE INFORMATION; AND

4 (2) A RECORD THAT DOES NOT INDICATE THAT IT IS AN AMENDMENT
5 OR IDENTIFY AN INITIAL FINANCING STATEMENT TO WHICH IT RELATES, AS
6 REQUIRED BY SECTION 4-9-512, 4-9-514, OR 4-9-518, IS AN INITIAL
7 FINANCING STATEMENT.

8 (d) A RECORD THAT IS COMMUNICATED TO THE FILING OFFICE WITH
9 TENDER OF THE FILING FEE, BUT WHICH THE FILING OFFICE REFUSES TO
10 ACCEPT FOR A REASON OTHER THAN ONE SET FORTH IN SUBSECTION (b) OF
11 THIS SECTION, IS EFFECTIVE AS A FILED RECORD EXCEPT AS AGAINST A
12 PURCHASER OF THE COLLATERAL WHICH GIVES VALUE IN REASONABLE
13 RELIANCE UPON THE ABSENCE OF THE RECORD FROM THE FILES.

14 **4-9-517. Effect of indexing errors.** THE FAILURE OF THE FILING
15 OFFICE TO INDEX A RECORD CORRECTLY DOES NOT AFFECT THE
16 EFFECTIVENESS OF THE FILED RECORD.

17 **4-9-518. Claim concerning inaccurate or wrongfully filed**
18 **record.** (a) A PERSON MAY FILE IN THE FILING OFFICE A CORRECTION
19 STATEMENT WITH RESPECT TO A RECORD INDEXED THERE UNDER THE
20 PERSON'S NAME IF THE PERSON BELIEVES THAT THE RECORD IS INACCURATE
21 OR WAS WRONGFULLY FILED.

22 (b) A CORRECTION STATEMENT MUST:

23 (1) IDENTIFY THE RECORD TO WHICH IT RELATES BY:

24 (A) THE FILE NUMBER ASSIGNED TO THE INITIAL FINANCING
25 STATEMENT TO WHICH THE RECORD RELATES; AND

26 (B) IF THE CORRECTION STATEMENT RELATES TO A RECORD FILED
27 OR RECORDED IN A FILING OFFICE DESCRIBED IN SECTION 4-9-501 (a) (1),

1 THE DATE THAT THE INITIAL FINANCING STATEMENT WAS FILED OR
2 RECORDED;

3 (2) INDICATE THAT IT IS A CORRECTION STATEMENT; AND

4 (3) PROVIDE THE BASIS FOR THE PERSON'S BELIEF THAT THE
5 RECORD IS INACCURATE AND INDICATE THE MANNER IN WHICH THE PERSON
6 BELIEVES THE RECORD SHOULD BE AMENDED TO CURE ANY INACCURACY OR
7 PROVIDE THE BASIS FOR THE PERSON'S BELIEF THAT THE RECORD WAS
8 WRONGFULLY FILED.

9 (c) THE FILING OF A CORRECTION STATEMENT DOES NOT AFFECT
10 THE EFFECTIVENESS OF AN INITIAL FINANCING STATEMENT OR OTHER FILED
11 RECORD.

12 **4-9-519. Numbering, maintaining, and indexing records -**
13 **communicating information provided in records.** (a) FOR EACH
14 RECORD FILED IN A FILING OFFICE, THE FILING OFFICE SHALL:

15 (1) ASSIGN A UNIQUE NUMBER TO THE FILED RECORD;

16 (2) CREATE A RECORD THAT BEARS THE NUMBER ASSIGNED TO THE
17 FILED RECORD AND THE DATE AND TIME OF FILING;

18 (3) MAINTAIN THE FILED RECORD FOR PUBLIC INSPECTION; AND

19 (4) INDEX THE FILED RECORD IN ACCORDANCE WITH SUBSECTIONS
20 (c), (d), AND (e) OF THIS SECTION.

21 (b) A FILE NUMBER ASSIGNED AFTER JANUARY 1, 2002, MUST
22 INCLUDE A DIGIT THAT:

23 (1) IS MATHEMATICALLY DERIVED FROM OR RELATED TO THE
24 OTHER DIGITS OF THE FILE NUMBER; AND

25 (2) AIDS THE FILING OFFICE IN DETERMINING WHETHER A NUMBER
26 COMMUNICATED AS THE FILE NUMBER INCLUDES A SINGLE-DIGIT OR
27 TRANSPOSITIONAL ERROR.

1 (c) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTIONS (d) AND (e)
2 OF THIS SECTION, THE FILING OFFICE SHALL:

3 (1) INDEX AN INITIAL FINANCING STATEMENT ACCORDING TO THE
4 NAME OF THE DEBTOR AND INDEX ALL FILED RECORDS RELATING TO THE
5 INITIAL FINANCING STATEMENT IN A MANNER THAT ASSOCIATES WITH ONE
6 ANOTHER AN INITIAL FINANCING STATEMENT AND ALL FILED RECORDS
7 RELATING TO THE INITIAL FINANCING STATEMENT; AND

8 (2) INDEX A RECORD THAT PROVIDES A NAME OF A DEBTOR WHICH
9 WAS NOT PREVIOUSLY PROVIDED IN THE FINANCING STATEMENT TO WHICH
10 THE RECORD RELATES ALSO ACCORDING TO THE NAME THAT WAS NOT
11 PREVIOUSLY PROVIDED.

12 (d) IF A FINANCING STATEMENT IS FILED AS A FIXTURE FILING OR
13 COVERS AS-EXTRACTED COLLATERAL OR TIMBER TO BE CUT, IT MUST BE
14 FILED FOR RECORD AND THE FILING OFFICE SHALL INDEX IT:

15 (1) UNDER THE NAMES OF THE DEBTOR AND OF EACH OWNER OF
16 RECORD SHOWN ON THE FINANCING STATEMENT AS IF THEY WERE THE
17 MORTGAGORS UNDER A MORTGAGE OF THE REAL PROPERTY DESCRIBED;
18 AND

19 (2) TO THE EXTENT THAT THE LAW OF THIS STATE PROVIDES FOR
20 INDEXING OF RECORDS OF MORTGAGES UNDER THE NAME OF THE
21 MORTGAGEE, UNDER THE NAME OF THE SECURED PARTY AS IF THE SECURED
22 PARTY WERE THE MORTGAGEE THEREUNDER, OR, IF INDEXING IS BY
23 DESCRIPTION, AS IF THE FINANCING STATEMENT WERE A RECORD OF A
24 MORTGAGE OF THE REAL PROPERTY DESCRIBED.

25 (e) IF A FINANCING STATEMENT IS FILED AS A FIXTURE FILING OR
26 COVERS AS-EXTRACTED COLLATERAL OR TIMBER TO BE CUT, THE FILING
27 OFFICE SHALL INDEX AN ASSIGNMENT FILED UNDER SECTION 4-9-514 (a) OR

1 AN AMENDMENT FILED UNDER SECTION 4-9-514 (b):

2 (1) UNDER THE NAME OF THE ASSIGNOR AS GRANTOR; AND

3 (2) TO THE EXTENT THAT THE LAW OF THIS STATE PROVIDES FOR
4 INDEXING A RECORD OF THE ASSIGNMENT OF A MORTGAGE UNDER THE
5 NAME OF THE ASSIGNEE, UNDER THE NAME OF THE ASSIGNEE.

6 (f) THE FILING OFFICE SHALL MAINTAIN A CAPABILITY:

7 (1) TO RETRIEVE A RECORD BY THE NAME OF THE DEBTOR AND:

8 (A) IF THE FILING OFFICE IS DESCRIBED IN SECTION 4-9-501 (a) (1),
9 BY THE FILE NUMBER ASSIGNED TO THE INITIAL FINANCING STATEMENT TO
10 WHICH THE RECORD RELATES AND THE DATE THAT THE RECORD WAS FILED
11 OR RECORDED; OR

12 (B) IF THE FILING OFFICE IS DESCRIBED IN SECTION 4-9-501 (a) (2),
13 BY THE FILE NUMBER ASSIGNED TO THE INITIAL FINANCING STATEMENT TO
14 WHICH THE RECORD RELATES; AND

15 (2) TO ASSOCIATE AND RETRIEVE WITH ONE ANOTHER AN INITIAL
16 FINANCING STATEMENT AND EACH FILED RECORD RELATING TO THE INITIAL
17 FINANCING STATEMENT.

18 (g) THE FILING OFFICE MAY NOT REMOVE A DEBTOR'S NAME FROM
19 THE INDEX UNTIL ONE YEAR AFTER THE EFFECTIVENESS OF A FINANCING
20 STATEMENT NAMING THE DEBTOR LAPSES UNDER SECTION 4-9-515 WITH
21 RESPECT TO ALL SECURED PARTIES OF RECORD.

22 (h) THE FILING OFFICE SHALL PERFORM THE ACTS REQUIRED BY
23 SUBSECTIONS (a) TO (e) OF THIS SECTION AT THE TIME AND IN THE MANNER
24 PRESCRIBED BY FILING-OFFICE RULE, BUT NOT LATER THAN TWO BUSINESS
25 DAYS AFTER THE FILING OFFICE RECEIVES THE RECORD IN QUESTION.

26 **4-9-520. Acceptance and refusal to accept record.** (a) A FILING
27 OFFICE SHALL REFUSE TO ACCEPT A RECORD FOR FILING FOR A REASON SET

1 FORTH IN SECTION 4-9-516 (b) AND MAY REFUSE TO ACCEPT A RECORD FOR
2 FILING ONLY FOR A REASON SET FORTH IN SECTION 4-9-516 (b).

3 (b) IF A FILING OFFICE REFUSES TO ACCEPT A RECORD FOR FILING,
4 IT SHALL COMMUNICATE TO THE PERSON THAT PRESENTED THE RECORD THE
5 FACT OF AND REASON FOR THE REFUSAL AND THE DATE AND TIME THE
6 RECORD WOULD HAVE BEEN FILED HAD THE FILING OFFICE ACCEPTED IT.
7 THE COMMUNICATION MUST BE MADE AT THE TIME AND IN THE MANNER
8 PRESCRIBED BY FILING-OFFICE RULE BUT IN NO EVENT MORE THAN TWO
9 BUSINESS DAYS AFTER THE FILING OFFICE RECEIVES THE RECORD.

10 (c) A FILED FINANCING STATEMENT SATISFYING SECTION 4-9-502
11 (a) AND (b) IS EFFECTIVE, EVEN IF THE FILING OFFICE IS REQUIRED TO
12 REFUSE TO ACCEPT IT FOR FILING UNDER SUBSECTION (a) OF THIS SECTION.
13 HOWEVER, SECTION 4-9-338 APPLIES TO A FILED FINANCING STATEMENT
14 PROVIDING INFORMATION DESCRIBED IN SECTION 4-9-516 (b) (5) WHICH IS
15 INCORRECT AT THE TIME THE FINANCING STATEMENT IS FILED.

16 (d) IF A RECORD COMMUNICATED TO A FILING OFFICE PROVIDES
17 INFORMATION THAT RELATES TO MORE THAN ONE DEBTOR, THIS PART 5
18 APPLIES AS TO EACH DEBTOR SEPARATELY.

19 **4-9-521. Uniform form of written financing statement and**
20 **amendment.** (a) A FILING OFFICE THAT ACCEPTS WRITTEN RECORDS MAY
21 NOT REFUSE TO ACCEPT A WRITTEN INITIAL FINANCING STATEMENT IN THE
22 FORM AND FORMAT ADOPTED FROM TIME TO TIME BY THE SECRETARY OF
23 STATE, EXCEPT FOR A REASON SET FORTH IN SECTION 4-9-516 (b).

24 (b) A FILING OFFICE THAT ACCEPTS WRITTEN RECORDS MAY NOT
25 REFUSE TO ACCEPT A WRITTEN RECORD IN THE FORM AND FORMAT
26 ADOPTED FROM TIME TO TIME BY THE SECRETARY OF STATE, EXCEPT FOR
27 A REASON SET FORTH IN SECTION 4-9-516 (b).

1 **4-9-522. Maintenance and destruction of records.** (a) THE
2 FILING OFFICE SHALL MAINTAIN A RECORD OF THE INFORMATION PROVIDED
3 IN A FILED FINANCING STATEMENT FOR AT LEAST ONE YEAR AFTER THE
4 EFFECTIVENESS OF THE FINANCING STATEMENT HAS LAPSED UNDER
5 SECTION 4-9-515 WITH RESPECT TO ALL SECURED PARTIES OF RECORD. THE
6 RECORD MUST BE RETRIEVABLE BY USING THE NAME OF THE DEBTOR AND:

7 (1) IF THE RECORD WAS FILED OR RECORDED IN THE FILING OFFICE
8 DESCRIBED IN SECTION 4-9-501 (a) (1), BY USING THE FILE NUMBER
9 ASSIGNED TO THE INITIAL FINANCING STATEMENT TO WHICH THE RECORD
10 RELATES AND THE DATE THAT THE RECORD WAS FILED OR RECORDED; OR

11 (2) IF THE RECORD WAS FILED IN THE FILING OFFICE DESCRIBED IN
12 SECTION 4-9-501 (a) (2), BY USING THE FILE NUMBER ASSIGNED TO THE
13 INITIAL FINANCING STATEMENT TO WHICH THE RECORD RELATES.

14 (b) EXCEPT TO THE EXTENT THAT A STATUTE GOVERNING
15 DISPOSITION OF PUBLIC RECORDS PROVIDES OTHERWISE, THE FILING OFFICE
16 IMMEDIATELY MAY DESTROY ANY WRITTEN RECORD EVIDENCING A
17 FINANCING STATEMENT. HOWEVER, IF THE FILING OFFICE DESTROYS A
18 WRITTEN RECORD, IT SHALL MAINTAIN ANOTHER RECORD OF THE
19 FINANCING STATEMENT WHICH COMPLIES WITH SUBSECTION (a) OF THIS
20 SECTION.

21 **4-9-523. Information from filing office - sale or license of**
22 **records.** (a) IF A PERSON THAT FILES A WRITTEN RECORD REQUESTS AN
23 ACKNOWLEDGMENT OF THE FILING, THE FILING OFFICE SHALL SEND TO THE
24 PERSON AN IMAGE OF THE RECORD SHOWING THE NUMBER ASSIGNED TO
25 THE RECORD PURSUANT TO SECTION 4-9-519 (a) (1), THE NAME OF THE
26 DEBTOR AND THE DATE AND TIME OF THE FILING OF THE RECORD.
27 HOWEVER, IF THE PERSON FURNISHES A COPY OF THE RECORD TO THE

1 FILING OFFICE, THE FILING OFFICE MAY INSTEAD:

2 (1) NOTE UPON THE COPY THE NUMBER ASSIGNED TO THE RECORD
3 PURSUANT TO SECTION 4-9-519 (a) (1) AND THE DATE AND TIME OF THE
4 FILING OF THE RECORD; AND

5 (2) SEND THE COPY TO THE PERSON.

6 (b) IF A PERSON FILES A RECORD OTHER THAN A WRITTEN RECORD,
7 THE FILING OFFICE SHALL COMMUNICATE TO THE PERSON AN
8 ACKNOWLEDGMENT THAT PROVIDES:

9 (1) THE INFORMATION IN THE RECORD;

10 (2) THE NUMBER ASSIGNED TO THE RECORD PURSUANT TO SECTION
11 4-9-519 (a) (1); AND

12 (3) THE DATE AND TIME OF THE FILING OF THE RECORD.

13 (c) THE FILING OFFICE SHALL COMMUNICATE OR OTHERWISE MAKE
14 AVAILABLE IN A RECORD THE FOLLOWING INFORMATION TO ANY PERSON
15 THAT REQUESTS IT:

16 (1) WHETHER THERE IS ON FILE ON A DATE AND TIME SPECIFIED BY
17 THE FILING OFFICE, BUT NOT A DATE EARLIER THAN THREE BUSINESS DAYS
18 BEFORE THE FILING OFFICE RECEIVES THE REQUEST, ANY FINANCING
19 STATEMENT THAT:

20 (A) DESIGNATES A PARTICULAR DEBTOR;

21 (B) HAS NOT LAPSED UNDER SECTION 4-9-515 WITH RESPECT TO
22 ALL SECURED PARTIES OF RECORD; AND

23 (C) IF THE REQUEST SO STATES, HAS LAPSED UNDER SECTION
24 4-9-515 AND A RECORD OF WHICH IS MAINTAINED BY THE FILING OFFICE
25 UNDER SECTION 4-9-522 (a);

26 (2) THE DATE AND TIME OF FILING OF EACH FINANCING STATEMENT;

27 AND

1 (3) THE INFORMATION PROVIDED IN EACH FINANCING STATEMENT.

2 (d) IN COMPLYING WITH ITS DUTY UNDER SUBSECTION (c) OF THIS
3 SECTION, THE FILING OFFICE MAY COMMUNICATE INFORMATION IN ANY
4 MEDIUM. HOWEVER, IF REQUESTED, THE FILING OFFICE SHALL
5 COMMUNICATE INFORMATION BY ISSUING ITS WRITTEN CERTIFICATE.

6 (e) THE FILING OFFICE SHALL PERFORM THE ACTS REQUIRED BY
7 SUBSECTIONS (a) TO (d) OF THIS SECTION AT THE TIME AND IN THE MANNER
8 PRESCRIBED BY FILING-OFFICE RULE, BUT NOT LATER THAN TWO BUSINESS
9 DAYS AFTER THE FILING OFFICE RECEIVES THE REQUEST.

10 (f) AT LEAST WEEKLY, THE FILING OFFICE SHALL OFFER TO SELL OR
11 LICENSE TO THE PUBLIC ON A NONEXCLUSIVE BASIS, IN BULK, COPIES OF ALL
12 RECORDS FILED IN IT UNDER THIS PART 5, IN SUCH DIGITAL OR ELECTRONIC
13 MEDIUM AS IS FROM TIME TO TIME AVAILABLE TO THE FILING OFFICE.

14 **4-9-524. Delay by filing office.** DELAY BY THE FILING OFFICE
15 BEYOND A TIME LIMIT PRESCRIBED BY THIS PART 5 IS EXCUSED IF:

16 (1) THE DELAY IS CAUSED BY INTERRUPTION OF COMMUNICATION
17 OR COMPUTER FACILITIES, WAR, EMERGENCY CONDITIONS, FAILURE OF
18 EQUIPMENT, OR OTHER CIRCUMSTANCES BEYOND CONTROL OF THE FILING
19 OFFICE; AND

20 (2) THE FILING OFFICE EXERCISES REASONABLE DILIGENCE UNDER
21 THE CIRCUMSTANCES.

22 **4-9-525. Fees.** (a) EXCEPT AS OTHERWISE PROVIDED IN
23 SUBSECTION (f) OF THIS SECTION AND SUBJECT TO SECTION 24-75-402,
24 C.R.S., FEES FOR SERVICES RENDERED BY THE SECRETARY OF STATE UNDER
25 THIS PART 5 MUST BE SET BY RULE ADOPTED BY THE SECRETARY OF STATE,
26 IN ACCORDANCE WITH ARTICLE 4 OF TITLE 24, C.R.S. THE RULE MUST SET
27 THE FEES FOR FILING AND INDEXING A RECORD UNDER THIS PART 5 ON THE

1 FOLLOWING BASIS:

2 (1) IF A RECORD PRESENTED FOR FILING IS COMMUNICATED TO THE
3 FILING OFFICE IN WRITING AND CONSISTS OF MORE THAN TWO PAGES, THE
4 FEE FOR FILING AND INDEXING THE RECORD MUST BE AT LEAST TWICE THE
5 AMOUNT OF THE FEE FOR A RECORD COMMUNICATED IN WRITING THAT
6 CONSISTS OF ONE OR TWO PAGES; AND

7 (2) IF THE RECORD IS COMMUNICATED BY ANOTHER MEDIUM
8 AUTHORIZED BY FILING-OFFICE RULE, THE FEE FOR FILING AND INDEXING
9 THE RECORD MUST BE NO MORE THAN HALF THE AMOUNT OF THE FEE FOR
10 A RECORD COMMUNICATED IN WRITING THAT CONSISTS OF ONE OR TWO
11 PAGES.

12 (b) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (f) OF THIS
13 SECTION, THE FEE FOR FILING AND INDEXING A RECORD UNDER THIS PART
14 5 IN A FILING OFFICE DESCRIBED IN SECTION 4-9-501 (a) (1) SHALL NOT
15 EXCEED:

16 (1) TEN DOLLARS IF THE RECORD IS COMMUNICATED IN WRITING
17 AND CONSISTS OF ONE OR TWO PAGES;

18 (2) FIFTEEN DOLLARS IF THE RECORD IS COMMUNICATED IN
19 WRITING AND CONSISTS OF MORE THAN TWO PAGES; AND

20 (3) FIVE DOLLARS IF THE RECORD IS COMMUNICATED BY ANOTHER
21 MEDIUM AUTHORIZED BY FILING-OFFICE RULE.

22 (c) THE NUMBER OF NAMES REQUIRED TO BE INDEXED DOES NOT
23 AFFECT THE AMOUNT OF THE FEE IN SUBSECTIONS (a) AND (b) OF THIS
24 SECTION.

25 (d) THE RULE ADOPTED PURSUANT TO SUBSECTION (a) OF THIS
26 SECTION MUST SET THE FEE FOR RESPONDING TO A REQUEST FOR
27 INFORMATION FROM THE FILING OFFICE, INCLUDING FOR ISSUING A

1 CERTIFICATE SHOWING WHETHER THERE IS ON FILE ANY FINANCING
2 STATEMENT NAMING A PARTICULAR DEBTOR. IN NO EVENT MAY THE FEE
3 FOR RESPONDING TO A REQUEST FOR INFORMATION FOR A PARTICULAR
4 DEBTOR EXCEED FIVE DOLLARS. A FEE FOR RESPONDING TO A REQUEST
5 COMMUNICATED IN WRITING MUST BE NOT LESS THAN TWICE THE AMOUNT
6 OF THE FEE FOR RESPONDING TO A REQUEST COMMUNICATED BY ANOTHER
7 MEDIUM AUTHORIZED BY FILING-OFFICE RULE. THE RULE ADOPTED
8 PURSUANT TO SUBSECTION (a) OF THIS SECTION NEED NOT SPECIFY A FEE
9 FOR REMOTE ACCESS SEARCHING OF THE FILING OFFICE DATA BASE.

10 (e) THE FEE FOR RESPONDING TO A REQUEST FOR INFORMATION
11 FROM A FILING OFFICE DESCRIBED IN SECTION 4-9-501 (a) (1), INCLUDING
12 FOR ISSUING A CERTIFICATE SHOWING WHETHER THERE IS ON FILE ANY
13 FINANCING STATEMENT NAMING A PARTICULAR DEBTOR, SHALL NOT
14 EXCEED:

15 (1) FIVE DOLLARS IF THE REQUEST IS COMMUNICATED IN WRITING;
16 AND

17 (2) THREE DOLLARS IF THE REQUEST IS COMMUNICATED BY
18 ANOTHER MEDIUM AUTHORIZED BY FILING-OFFICE RULE.

19 (f) THIS SECTION DOES NOT REQUIRE A FEE WITH RESPECT TO A
20 RECORD OF A MORTGAGE WHICH IS EFFECTIVE AS A FINANCING STATEMENT
21 FILED AS A FIXTURE FILING OR AS A FINANCING STATEMENT COVERING
22 AS-EXTRACTED COLLATERAL OR TIMBER TO BE CUT UNDER SECTION
23 4-9-502 (c). HOWEVER, THE RECORDING AND SATISFACTION FEES THAT
24 OTHERWISE WOULD BE APPLICABLE TO THE RECORD OF THE MORTGAGE
25 APPLY.

26 **4-9-526. Filing-office rules.** (a) THE SECRETARY OF STATE SHALL
27 ADOPT AND PUBLISH RULES TO IMPLEMENT THIS ARTICLE. THE

1 FILING-OFFICE RULES MUST BE:

2 (1) CONSISTENT WITH THIS ARTICLE; AND

3 (2) ADOPTED AND PUBLISHED IN ACCORDANCE WITH THE "STATE
4 ADMINISTRATIVE PROCEDURE ACT", ARTICLE 4 OF TITLE 24, C.R.S.

5 (b) TO KEEP THE FILING-OFFICE RULES AND PRACTICES OF THE
6 FILING OFFICE IN HARMONY WITH THE RULES AND PRACTICES OF FILING
7 OFFICES IN OTHER JURISDICTIONS THAT ENACT SUBSTANTIALLY THIS PART
8 5, AND TO KEEP THE TECHNOLOGY USED BY THE FILING OFFICE COMPATIBLE
9 WITH THE TECHNOLOGY USED BY FILING OFFICES IN OTHER JURISDICTIONS
10 THAT ENACT SUBSTANTIALLY THIS PART 5, THE SECRETARY OF STATE, SO
11 FAR AS IS CONSISTENT WITH THE PURPOSES, POLICIES, AND PROVISIONS OF
12 THIS ARTICLE, IN ADOPTING, AMENDING, AND REPEALING FILING-OFFICE
13 RULES, SHALL:

14 (1) CONSULT WITH FILING OFFICES IN OTHER JURISDICTIONS THAT
15 ENACT SUBSTANTIALLY THIS PART 5; AND

16 (2) CONSULT THE MOST RECENT VERSION OF THE MODEL RULES
17 PROMULGATED BY THE INTERNATIONAL ASSOCIATION OF CORPORATE
18 ADMINISTRATORS OR ANY SUCCESSOR ORGANIZATION; AND

19 (3) TAKE INTO CONSIDERATION THE RULES AND PRACTICES OF, AND
20 THE TECHNOLOGY USED BY, FILING OFFICES IN OTHER JURISDICTIONS THAT
21 ENACT SUBSTANTIALLY THIS PART 5.

22 **4-9-527. Duty to report.** THE SECRETARY OF STATE SHALL
23 REPORT ANNUALLY ON OR BEFORE JUNE 30 TO THE GOVERNOR AND
24 LEGISLATURE ON THE OPERATION OF THE FILING OFFICE. THE REPORT MUST
25 CONTAIN A STATEMENT OF THE EXTENT TO WHICH:

26 (1) THE FILING-OFFICE RULES ARE NOT IN HARMONY WITH THE
27 RULES OF FILING OFFICES IN OTHER JURISDICTIONS THAT ENACT

1 SUBSTANTIALLY THIS PART 5 AND THE REASONS FOR THESE VARIATIONS;
2 AND

3 (2) THE FILING-OFFICE RULES ARE NOT IN HARMONY WITH THE
4 MOST RECENT VERSION OF THE MODEL RULES PROMULGATED BY THE
5 INTERNATIONAL ASSOCIATION OF CORPORATE ADMINISTRATORS, OR ANY
6 SUCCESSOR ORGANIZATION, AND THE REASONS FOR THESE VARIATIONS.

7 **4-9-528. Refiling required.** (a) (1) THE EFFECTIVENESS OF A
8 FINANCING STATEMENT THAT WAS FILED BEFORE JULY 1, 1996, AND THAT
9 HAS NOT OTHERWISE LAPSED BY DECEMBER 31, 1997, SHALL LAPSE IN THE
10 MANNER PROVIDED IN SECTION 4-9-403 (2) OF FORMER ARTICLE 9 OF THIS
11 TITLE ON DECEMBER 31, 1997, UNLESS A CONTINUATION STATEMENT WAS
12 FILED ON OR AFTER JULY 1, 1996, BUT ON OR BEFORE DECEMBER 31, 1997,
13 THAT IDENTIFIED THE ORIGINAL STATEMENT BY FILING OFFICE, FILE
14 NUMBER, AND DATE OF FILING AND CONTAINS A STATEMENT INDICATING
15 THE TYPES OR DESCRIBING THE ITEMS OF COLLATERAL INDICATED IN THE
16 FINANCING STATEMENT. IF A CONTINUATION STATEMENT WAS FILED IN
17 ACCORDANCE WITH THIS PARAGRAPH (1), THE EFFECTIVENESS OF THE
18 ORIGINAL FINANCING STATEMENT IS CONTINUED FOR FIVE YEARS AFTER THE
19 LAST DATE TO WHICH THE FILING WOULD OTHERWISE HAVE BEEN
20 EFFECTIVE, WHEREUPON IT LAPSES IN THE MANNER PROVIDED IN SECTION
21 4-9-515 UNLESS ANOTHER CONTINUATION STATEMENT IS FILED PURSUANT
22 TO SECTION 4-9-515 PRIOR TO SUCH LAPSE.

23 (2) NO CONTINUATION STATEMENT FILED PURSUANT TO THIS
24 SUBSECTION (a) ON OR AFTER JULY 1, 1996, SHALL BE INEFFECTIVE SOLELY
25 BECAUSE IT:

26 (A) FAILED TO IDENTIFY THE ORIGINAL STATEMENT BY COUNTY, IF
27 THE FILING OFFICE WAS THE OFFICE OF THE SECRETARY OF STATE AND THE

1 STATEMENT SO STATED, OR BY TIME OF FILING;

2 (B) INDICATED THE TYPES OR DESCRIBED THE ITEMS OF THE
3 COLLATERAL INDICATED IN THE FINANCING STATEMENT INSTEAD OF
4 LISTING THE COLLATERAL OF THE ORIGINAL FILING; OR

5 (C) FAILED TO INCLUDE A STATEMENT THAT THE ORIGINAL
6 FINANCING STATEMENT IS STILL EFFECTIVE.

7 (b) FOR PURPOSES OF THE REILING PROVISIONS OF THIS SECTION
8 ONLY, A CONTINUATION STATEMENT DOES NOT HAVE TO BE FILED DURING
9 THE PERIOD BEGINNING JULY 1, 1996, TO DECEMBER 31, 1997, WHEN THE
10 ONLY COLLATERAL ON A FINANCING STATEMENT IS TIMBER TO BE CUT;
11 MINERALS OR OTHER SUBSTANCES OF VALUE WHICH MAY BE EXTRACTED
12 FROM THE EARTH; FIXTURES; A MORTGAGE OR DEED OF TRUST EFFECTIVE
13 AS A FIXTURE FILING; COLLATERAL, INCLUDING FIXTURES, OF A
14 TRANSMITTING UTILITY; OR ACCOUNTS SUBJECT TO SECTION 4-9-103 (5) OF
15 FORMER ARTICLE 9 OF THIS TITLE.

16 (c) REFERENCES IN THIS SECTION TO "FORMER ARTICLE 9 OF THIS
17 TITLE" ARE TO ARTICLE 9 OF THIS TITLE AS IN EFFECT IMMEDIATELY BEFORE
18 JULY 1, 2002.

19 PART 6

20 DEFAULT

21 **4-9-601. Rights after default - judicial enforcement - consignor**
22 **or buyer of accounts, chattel paper, payment intangibles, or**
23 **promissory notes.** (a) AFTER DEFAULT, A SECURED PARTY HAS THE
24 RIGHTS PROVIDED IN THIS PART 6 AND, EXCEPT AS OTHERWISE PROVIDED IN
25 SECTION 4-9-602, THOSE PROVIDED BY AGREEMENT OF THE PARTIES. A
26 SECURED PARTY:

27 (1) MAY REDUCE A CLAIM TO JUDGMENT, FORECLOSE, OR

1 OTHERWISE ENFORCE THE CLAIM, SECURITY INTEREST, OR AGRICULTURAL
2 LIEN BY ANY AVAILABLE JUDICIAL PROCEDURE; AND

3 (2) IF THE COLLATERAL IS DOCUMENTS, MAY PROCEED EITHER AS
4 TO THE DOCUMENTS OR AS TO THE GOODS THEY COVER.

5 (b) A SECURED PARTY IN POSSESSION OF COLLATERAL OR CONTROL
6 OF COLLATERAL UNDER SECTION 4-9-104, 4-9-105, 4-9-106, OR 4-9-107
7 HAS THE RIGHTS AND DUTIES PROVIDED IN SECTION 4-9-207.

8 (c) THE RIGHTS UNDER SUBSECTIONS (a) AND (b) OF THIS SECTION
9 ARE CUMULATIVE AND MAY BE EXERCISED SIMULTANEOUSLY.

10 (d) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (g) OF THIS
11 SECTION AND SECTION 4-9-605, AFTER DEFAULT, A DEBTOR AND AN
12 OBLIGOR HAVE THE RIGHTS PROVIDED IN THIS PART 6 AND BY AGREEMENT
13 OF THE PARTIES.

14 (e) IF A SECURED PARTY HAS REDUCED ITS CLAIM TO JUDGMENT,
15 THE LIEN OF ANY LEVY THAT MAY BE MADE UPON THE COLLATERAL BY
16 VIRTUE OF AN EXECUTION BASED UPON THE JUDGMENT RELATES BACK TO
17 THE EARLIEST OF:

18 (1) THE DATE OF PERFECTION OF THE SECURITY INTEREST OR
19 AGRICULTURAL LIEN IN THE COLLATERAL;

20 (2) THE DATE OF FILING A FINANCING STATEMENT COVERING THE
21 COLLATERAL; OR

22 (3) ANY DATE SPECIFIED IN A STATUTE UNDER WHICH THE
23 AGRICULTURAL LIEN WAS CREATED.

24 (f) A SALE PURSUANT TO AN EXECUTION IS A FORECLOSURE OF THE
25 SECURITY INTEREST OR AGRICULTURAL LIEN BY JUDICIAL PROCEDURE
26 WITHIN THE MEANING OF THIS SECTION. A SECURED PARTY MAY PURCHASE
27 AT THE SALE AND THEREAFTER HOLD THE COLLATERAL FREE OF ANY OTHER

1 REQUIREMENTS OF THIS ARTICLE.

2 (g) EXCEPT AS OTHERWISE PROVIDED IN SECTION 4-9-607 (c), THIS
3 PART 6 IMPOSES NO DUTIES UPON A SECURED PARTY THAT IS A CONSIGNOR
4 OR IS A BUYER OF ACCOUNTS, CHATTEL PAPER, PAYMENT INTANGIBLES, OR
5 PROMISSORY NOTES.

6 **4-9-602. Waiver and variance of rights and duties.** EXCEPT AS
7 OTHERWISE PROVIDED IN SECTION 4-9-624, TO THE EXTENT THAT THEY
8 GIVE RIGHTS TO A DEBTOR OR OBLIGOR AND IMPOSE DUTIES ON A SECURED
9 PARTY, THE DEBTOR OR OBLIGOR MAY NOT WAIVE OR VARY THE RULES
10 STATED IN THE FOLLOWING LISTED SECTIONS:

11 (1) SECTION 4-9-207 (b) (4) (C), WHICH DEALS WITH USE AND
12 OPERATION OF THE COLLATERAL BY THE SECURED PARTY;

13 (2) SECTION 4-9-210, WHICH DEALS WITH REQUESTS FOR AN
14 ACCOUNTING AND REQUESTS CONCERNING A LIST OF COLLATERAL AND
15 STATEMENT OF ACCOUNT;

16 (3) SECTION 4-9-607 (c), WHICH DEALS WITH COLLECTION AND
17 ENFORCEMENT OF COLLATERAL;

18 (4) SECTIONS 4-9-608 (a) AND 4-9-615 (c) TO THE EXTENT THAT
19 THEY DEAL WITH APPLICATION OR PAYMENT OF NONCASH PROCEEDS OF
20 COLLECTION, ENFORCEMENT, OR DISPOSITION;

21 (5) SECTIONS 4-9-608 (a) AND 4-9-615 (d) TO THE EXTENT THAT
22 THEY REQUIRE ACCOUNTING FOR OR PAYMENT OF SURPLUS PROCEEDS OF
23 COLLATERAL;

24 (6) SECTION 4-9-609 TO THE EXTENT THAT IT IMPOSES UPON A
25 SECURED PARTY THAT TAKES POSSESSION OF COLLATERAL WITHOUT
26 JUDICIAL PROCESS THE DUTY TO DO SO WITHOUT BREACH OF THE PEACE;

27 (7) SECTIONS 4-9-610 (b), 4-9-611, 4-9-613, AND 4-9-614, WHICH

1 DEAL WITH DISPOSITION OF COLLATERAL;

2 (8) SECTION 4-9-615 (f), WHICH DEALS WITH CALCULATION OF A
3 DEFICIENCY OR SURPLUS WHEN A DISPOSITION IS MADE TO THE SECURED
4 PARTY, A PERSON RELATED TO THE SECURED PARTY, OR A SECONDARY
5 OBLIGOR;

6 (9) SECTION 4-9-616, WHICH DEALS WITH EXPLANATION OF THE
7 CALCULATION OF A SURPLUS OR DEFICIENCY;

8 (10) SECTIONS 4-9-620, 4-9-621, AND 4-9-622, WHICH DEAL WITH
9 ACCEPTANCE OF COLLATERAL IN SATISFACTION OF OBLIGATION;

10 (11) SECTION 4-9-623, WHICH DEALS WITH REDEMPTION OF
11 COLLATERAL;

12 (12) SECTION 4-9-624, WHICH DEALS WITH PERMISSIBLE WAIVERS;
13 AND

14 (13) SECTIONS 4-9-625 AND 4-9-626, WHICH DEAL WITH THE
15 SECURED PARTY'S LIABILITY FOR FAILURE TO COMPLY WITH THIS ARTICLE.

16 **4-9-603. Agreement on standards concerning rights and duties.**

17 (a) THE PARTIES MAY DETERMINE BY AGREEMENT THE STANDARDS
18 MEASURING THE FULFILLMENT OF THE RIGHTS OF A DEBTOR OR OBLIGOR
19 AND THE DUTIES OF A SECURED PARTY UNDER A RULE STATED IN SECTION
20 4-9-602 IF THE STANDARDS ARE NOT MANIFESTLY UNREASONABLE.

21 (b) SUBSECTION (a) OF THIS SECTION DOES NOT APPLY TO THE DUTY
22 UNDER SECTION 4-9-609 TO REFRAIN FROM BREACHING THE PEACE.

23 **4-9-604. Procedure if security agreement covers real property**
24 **or fixtures.** (a) IF A SECURITY AGREEMENT COVERS BOTH PERSONAL AND
25 REAL PROPERTY, A SECURED PARTY MAY PROCEED:

26 (1) UNDER THIS PART 6 AS TO THE PERSONAL PROPERTY WITHOUT
27 PREJUDICING ANY RIGHTS WITH RESPECT TO THE REAL PROPERTY; OR

1 (2) AS TO BOTH THE PERSONAL PROPERTY AND THE REAL PROPERTY
2 IN ACCORDANCE WITH THE RIGHTS WITH RESPECT TO THE REAL PROPERTY,
3 IN WHICH CASE THE OTHER PROVISIONS OF THIS PART 6 DO NOT APPLY.

4 (b) SUBJECT TO SUBSECTION (c) OF THIS SECTION, IF A SECURITY
5 AGREEMENT COVERS GOODS THAT ARE OR BECOME FIXTURES, A SECURED
6 PARTY MAY PROCEED:

7 (1) UNDER THIS PART 6; OR

8 (2) IN ACCORDANCE WITH THE RIGHTS WITH RESPECT TO REAL
9 PROPERTY, IN WHICH CASE THE OTHER PROVISIONS OF THIS PART 6 DO NOT
10 APPLY.

11 (c) SUBJECT TO THE OTHER PROVISIONS OF THIS PART 6, IF A
12 SECURED PARTY HOLDING A SECURITY INTEREST IN FIXTURES HAS PRIORITY
13 OVER ALL OWNERS AND ENCUMBRANCERS OF THE REAL PROPERTY, THE
14 SECURED PARTY, AFTER DEFAULT, MAY REMOVE THE COLLATERAL FROM
15 THE REAL PROPERTY.

16 (d) A SECURED PARTY THAT REMOVES COLLATERAL SHALL
17 PROMPTLY REIMBURSE ANY ENCUMBRANCER OR OWNER OF THE REAL
18 PROPERTY, OTHER THAN THE DEBTOR, FOR THE COST OF REPAIR OF ANY
19 PHYSICAL INJURY CAUSED BY THE REMOVAL. THE SECURED PARTY NEED
20 NOT REIMBURSE THE ENCUMBRANCER OR OWNER FOR ANY DIMINUTION IN
21 VALUE OF THE REAL PROPERTY CAUSED BY THE ABSENCE OF THE GOODS
22 REMOVED OR BY ANY NECESSITY OF REPLACING THEM. A PERSON ENTITLED
23 TO REIMBURSEMENT MAY REFUSE PERMISSION TO REMOVE UNTIL THE
24 SECURED PARTY GIVES ADEQUATE ASSURANCE FOR THE PERFORMANCE OF
25 THE OBLIGATION TO REIMBURSE.

26 **4-9-605. Unknown debtor or secondary obligor.** A SECURED
27 PARTY DOES NOT OWE A DUTY BASED ON ITS STATUS AS SECURED PARTY:

1 (1) TO A PERSON THAT IS A DEBTOR OR OBLIGOR, UNLESS THE
2 SECURED PARTY KNOWS:

3 (A) THAT THE PERSON IS A DEBTOR OR OBLIGOR;

4 (B) THE IDENTITY OF THE PERSON; AND

5 (C) HOW TO COMMUNICATE WITH THE PERSON; OR

6 (2) TO A SECURED PARTY OR LIENHOLDER THAT HAS FILED A
7 FINANCING STATEMENT AGAINST A PERSON, UNLESS THE SECURED PARTY
8 KNOWS:

9 (A) THAT THE PERSON IS A DEBTOR; AND

10 (B) THE IDENTITY OF THE PERSON.

11 **4-9-606. Time of default for agricultural lien.** FOR PURPOSES OF
12 THIS PART 6, A DEFAULT OCCURS IN CONNECTION WITH AN AGRICULTURAL
13 LIEN AT THE TIME THE SECURED PARTY BECOMES ENTITLED TO ENFORCE
14 THE LIEN IN ACCORDANCE WITH THE STATUTE UNDER WHICH IT WAS
15 CREATED.

16 **4-9-607. Collection and enforcement by secured party.** (a) IF
17 SO AGREED, AND IN ANY EVENT AFTER DEFAULT, A SECURED PARTY:

18 (1) MAY NOTIFY AN ACCOUNT DEBTOR OR OTHER PERSON
19 OBLIGATED ON COLLATERAL TO MAKE PAYMENT OR OTHERWISE RENDER
20 PERFORMANCE TO OR FOR THE BENEFIT OF THE SECURED PARTY;

21 (2) MAY TAKE ANY PROCEEDS TO WHICH THE SECURED PARTY IS
22 ENTITLED UNDER SECTION 4-9-315;

23 (3) MAY ENFORCE THE OBLIGATIONS OF AN ACCOUNT DEBTOR OR
24 OTHER PERSON OBLIGATED ON COLLATERAL AND EXERCISE THE RIGHTS OF
25 THE DEBTOR WITH RESPECT TO THE OBLIGATION OF THE ACCOUNT DEBTOR
26 OR OTHER PERSON OBLIGATED ON COLLATERAL TO MAKE PAYMENT OR
27 OTHERWISE RENDER PERFORMANCE TO THE DEBTOR, AND WITH RESPECT TO

1 ANY PROPERTY THAT SECURES THE OBLIGATIONS OF THE ACCOUNT DEBTOR
2 OR OTHER PERSON OBLIGATED ON THE COLLATERAL;

3 (4) IF IT HOLDS A SECURITY INTEREST IN A DEPOSIT ACCOUNT
4 PERFECTED BY CONTROL UNDER SECTION 4-9-104 (a) (1), MAY APPLY THE
5 BALANCE OF THE DEPOSIT ACCOUNT TO THE OBLIGATION SECURED BY THE
6 DEPOSIT ACCOUNT; AND

7 (5) IF IT HOLDS A SECURITY INTEREST IN A DEPOSIT ACCOUNT
8 PERFECTED BY CONTROL UNDER SECTION 4-9-104 (a) (2) OR (3), MAY
9 INSTRUCT THE BANK TO PAY THE BALANCE OF THE DEPOSIT ACCOUNT TO OR
10 FOR THE BENEFIT OF THE SECURED PARTY.

11 (b) IF NECESSARY TO ENABLE A SECURED PARTY TO EXERCISE
12 UNDER PARAGRAPH (3) OF SUBSECTION (a) OF THIS SECTION THE RIGHT OF
13 A DEBTOR TO ENFORCE A MORTGAGE NONJUDICIALLY, THE SECURED PARTY
14 MAY RECORD IN THE OFFICE IN WHICH A RECORD OF THE MORTGAGE IS
15 RECORDED:

16 (1) A COPY OF THE SECURITY AGREEMENT THAT CREATES OR
17 PROVIDES FOR A SECURITY INTEREST IN THE OBLIGATION SECURED BY THE
18 MORTGAGE; AND

19 (2) THE SECURED PARTY'S SWORN AFFIDAVIT IN RECORDABLE
20 FORM STATING THAT:

21 (A) A DEFAULT HAS OCCURRED; AND

22 (B) THE SECURED PARTY IS ENTITLED TO ENFORCE THE MORTGAGE
23 NONJUDICIALLY.

24 (c) A SECURED PARTY SHALL PROCEED IN A COMMERCIALY
25 REASONABLE MANNER IF THE SECURED PARTY:

26 (1) UNDERTAKES TO COLLECT FROM OR ENFORCE AN OBLIGATION
27 OF AN ACCOUNT DEBTOR OR OTHER PERSON OBLIGATED ON COLLATERAL;

1 AND

2 (2) IS ENTITLED TO CHARGE BACK UNCOLLECTED COLLATERAL OR
3 OTHERWISE TO FULL OR LIMITED RECOURSE AGAINST THE DEBTOR OR A
4 SECONDARY OBLIGOR.

5 (d) A SECURED PARTY MAY DEDUCT FROM THE COLLECTIONS MADE
6 PURSUANT TO SUBSECTION (c) OF THIS SECTION REASONABLE EXPENSES OF
7 COLLECTION AND ENFORCEMENT, INCLUDING REASONABLE ATTORNEY'S
8 FEES AND LEGAL EXPENSES INCURRED BY THE SECURED PARTY.

9 (e) THIS SECTION DOES NOT DETERMINE WHETHER AN ACCOUNT
10 DEBTOR, BANK, OR OTHER PERSON OBLIGATED ON COLLATERAL OWES A
11 DUTY TO A SECURED PARTY.

12 **4-9-608. Application of proceeds of collection or enforcement**

13 **- liability for deficiency and right to surplus.** (a) IF A SECURITY
14 INTEREST OR AGRICULTURAL LIEN SECURES PAYMENT OR PERFORMANCE OF
15 AN OBLIGATION, THE FOLLOWING RULES APPLY:

16 (1) A SECURED PARTY SHALL APPLY OR PAY OVER FOR APPLICATION
17 THE CASH PROCEEDS OF COLLECTION OR ENFORCEMENT UNDER SECTION
18 4-9-607 IN THE FOLLOWING ORDER TO:

19 (A) THE REASONABLE EXPENSES OF COLLECTION AND
20 ENFORCEMENT AND, TO THE EXTENT PROVIDED FOR BY AGREEMENT AND
21 NOT PROHIBITED BY LAW, REASONABLE ATTORNEY'S FEES AND LEGAL
22 EXPENSES INCURRED BY THE SECURED PARTY;

23 (B) THE SATISFACTION OF OBLIGATIONS SECURED BY THE SECURITY
24 INTEREST OR AGRICULTURAL LIEN UNDER WHICH THE COLLECTION OR
25 ENFORCEMENT IS MADE; AND

26 (C) THE SATISFACTION OF OBLIGATIONS SECURED BY ANY
27 SUBORDINATE SECURITY INTEREST IN OR OTHER LIEN ON THE COLLATERAL

1 SUBJECT TO THE SECURITY INTEREST OR AGRICULTURAL LIEN UNDER WHICH
2 THE COLLECTION OR ENFORCEMENT IS MADE IF THE SECURED PARTY
3 RECEIVES AN AUTHENTICATED DEMAND FOR PROCEEDS BEFORE
4 DISTRIBUTION OF THE PROCEEDS IS COMPLETED.

5 (2) IF REQUESTED BY A SECURED PARTY, A HOLDER OF A
6 SUBORDINATE SECURITY INTEREST OR OTHER LIEN SHALL FURNISH
7 REASONABLE PROOF OF THE INTEREST OR LIEN WITHIN A REASONABLE TIME.
8 UNLESS THE HOLDER COMPLIES, THE SECURED PARTY NEED NOT COMPLY
9 WITH THE HOLDER'S DEMAND UNDER SUBPARAGRAPH (C) OF PARAGRAPH
10 (1) OF THIS SUBSECTION (a).

11 (3) A SECURED PARTY NEED NOT APPLY OR PAY OVER FOR
12 APPLICATION NONCASH PROCEEDS OF COLLECTION AND ENFORCEMENT
13 UNDER SECTION 4-9-607 UNLESS THE FAILURE TO DO SO WOULD BE
14 COMMERCIALY UNREASONABLE. A SECURED PARTY THAT APPLIES OR
15 PAYS OVER FOR APPLICATION NONCASH PROCEEDS SHALL DO SO IN A
16 COMMERCIALY REASONABLE MANNER.

17 (4) A SECURED PARTY SHALL ACCOUNT TO AND PAY A DEBTOR FOR
18 ANY SURPLUS, AND THE OBLIGOR IS LIABLE FOR ANY DEFICIENCY.

19 (b) IF THE UNDERLYING TRANSACTION IS A SALE OF ACCOUNTS,
20 CHATTEL PAPER, PAYMENT INTANGIBLES, OR PROMISSORY NOTES, THE
21 DEBTOR IS NOT ENTITLED TO ANY SURPLUS, AND THE OBLIGOR IS NOT
22 LIABLE FOR ANY DEFICIENCY.

23 **4-9-609. Secured party's right to take possession after default.**

24 (a) AFTER DEFAULT, A SECURED PARTY:

25 (1) MAY TAKE POSSESSION OF THE COLLATERAL; AND

26 (2) WITHOUT REMOVAL, MAY RENDER EQUIPMENT UNUSABLE AND
27 DISPOSE OF COLLATERAL ON A DEBTOR'S PREMISES UNDER SECTION

1 4-9-610.

2 (b) A SECURED PARTY MAY PROCEED UNDER SUBSECTION (a) OF
3 THIS SECTION:

4 (1) PURSUANT TO JUDICIAL PROCESS; OR

5 (2) WITHOUT JUDICIAL PROCESS, IF IT PROCEEDS WITHOUT BREACH
6 OF THE PEACE.

7 (c) IF SO AGREED, AND IN ANY EVENT AFTER DEFAULT, A SECURED
8 PARTY MAY REQUIRE THE DEBTOR TO ASSEMBLE THE COLLATERAL AND
9 MAKE IT AVAILABLE TO THE SECURED PARTY AT A PLACE TO BE DESIGNATED
10 BY THE SECURED PARTY WHICH IS REASONABLY CONVENIENT TO BOTH
11 PARTIES.

12 (d) IF THE COLLATERAL IS A MANUFACTURED HOME OR TRAILER
13 COACH, AS DEFINED IN SECTION 42-1-102 (106), C.R.S., AND IS USED AND
14 OCCUPIED BY THE DEBTOR AS A PLACE OF RESIDENCE, THE SECURED PARTY
15 MAY TAKE POSSESSION OF THE COLLATERAL PURSUANT TO THIS SECTION
16 WITHOUT JUDICIAL PROCESS ONLY IF THERE IS CLEAR AND CONVINCING
17 EVIDENCE THAT THE DEBTOR HAS VACATED OR ABANDONED THE
18 COLLATERAL OR THE DEBTOR VOLUNTARILY SURRENDERS THE COLLATERAL
19 TO THE SECURED PARTY.

20 **4-9-610. Disposition of collateral after default.** (a) AFTER
21 DEFAULT, A SECURED PARTY MAY SELL, LEASE, LICENSE, OR OTHERWISE
22 DISPOSE OF ANY OR ALL OF THE COLLATERAL IN ITS PRESENT CONDITION OR
23 FOLLOWING ANY COMMERCIALY REASONABLE PREPARATION OR
24 PROCESSING.

25 (b) EVERY ASPECT OF A DISPOSITION OF COLLATERAL, INCLUDING
26 THE METHOD, MANNER, TIME, PLACE, AND OTHER TERMS, MUST BE
27 COMMERCIALY REASONABLE. IF COMMERCIALY REASONABLE, A

1 SECURED PARTY MAY DISPOSE OF COLLATERAL BY PUBLIC OR PRIVATE
2 PROCEEDINGS, BY ONE OR MORE CONTRACTS, AS A UNIT OR IN PARCELS,
3 AND AT ANY TIME AND PLACE AND ON ANY TERMS.

4 (c) A SECURED PARTY MAY PURCHASE COLLATERAL:

5 (1) AT A PUBLIC DISPOSITION; OR

6 (2) AT A PRIVATE DISPOSITION ONLY IF THE COLLATERAL IS OF A
7 KIND THAT IS CUSTOMARILY SOLD ON A RECOGNIZED MARKET OR THE
8 SUBJECT OF WIDELY DISTRIBUTED STANDARD PRICE QUOTATIONS.

9 (d) A CONTRACT FOR SALE, LEASE, LICENSE, OR OTHER DISPOSITION
10 INCLUDES THE WARRANTIES RELATING TO TITLE, POSSESSION, QUIET
11 ENJOYMENT, AND THE LIKE WHICH BY OPERATION OF LAW ACCOMPANY A
12 VOLUNTARY DISPOSITION OF PROPERTY OF THE KIND SUBJECT TO THE
13 CONTRACT.

14 (e) A SECURED PARTY MAY DISCLAIM OR MODIFY WARRANTIES
15 UNDER SUBSECTION (d) OF THIS SECTION:

16 (1) IN A MANNER THAT WOULD BE EFFECTIVE TO DISCLAIM OR
17 MODIFY THE WARRANTIES IN A VOLUNTARY DISPOSITION OF PROPERTY OF
18 THE KIND SUBJECT TO THE CONTRACT OF DISPOSITION; OR

19 (2) BY COMMUNICATING TO THE PURCHASER A RECORD
20 EVIDENCING THE CONTRACT FOR DISPOSITION AND INCLUDING AN EXPRESS
21 DISCLAIMER OR MODIFICATION OF THE WARRANTIES.

22 (f) A RECORD IS SUFFICIENT TO DISCLAIM WARRANTIES UNDER
23 SUBSECTION (e) OF THIS SECTION IF IT INDICATES "THERE IS NO WARRANTY
24 RELATING TO TITLE, POSSESSION, QUIET ENJOYMENT, OR THE LIKE IN THIS
25 DISPOSITION" OR USES WORDS OF SIMILAR IMPORT.

26 **4-9-611. Notification before disposition of collateral.** (a) IN
27 THIS SECTION, "NOTIFICATION DATE" MEANS THE EARLIER OF THE DATE ON

1 WHICH:

2 (1) A SECURED PARTY SENDS TO THE DEBTOR AND ANY SECONDARY
3 OBLIGOR AN AUTHENTICATED NOTIFICATION OF DISPOSITION; OR

4 (2) THE DEBTOR AND ANY SECONDARY OBLIGOR WAIVE THE RIGHT
5 TO NOTIFICATION.

6 (b) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (d) OF THIS
7 SECTION, A SECURED PARTY THAT DISPOSES OF COLLATERAL UNDER
8 SECTION 4-9-610 SHALL SEND TO THE PERSONS SPECIFIED IN SUBSECTION
9 (c) OF THIS SECTION A REASONABLE AUTHENTICATED NOTIFICATION OF
10 DISPOSITION.

11 (c) TO COMPLY WITH SUBSECTION (b) OF THIS SECTION, THE
12 SECURED PARTY SHALL SEND AN AUTHENTICATED NOTIFICATION OF
13 DISPOSITION TO:

14 (1) THE DEBTOR;

15 (2) ANY SECONDARY OBLIGOR; AND

16 (3) IF THE COLLATERAL IS OTHER THAN CONSUMER GOODS:

17 (A) ANY OTHER PERSON FROM WHICH THE SECURED PARTY HAS
18 RECEIVED, BEFORE THE NOTIFICATION DATE, AN AUTHENTICATED
19 NOTIFICATION OF A CLAIM OF AN INTEREST IN THE COLLATERAL;

20 (B) ANY OTHER SECURED PARTY OR LIENHOLDER THAT, TEN DAYS
21 BEFORE THE NOTIFICATION DATE, HELD A SECURITY INTEREST IN OR OTHER
22 LIEN ON THE COLLATERAL PERFECTED BY THE FILING OF A FINANCING
23 STATEMENT THAT:

24 (i) IDENTIFIED THE COLLATERAL;

25 (ii) WAS INDEXED UNDER THE DEBTOR'S NAME AS OF THAT DATE;

26 AND

27 (iii) WAS FILED IN THE OFFICE IN WHICH TO FILE A FINANCING

1 STATEMENT AGAINST THE DEBTOR COVERING THE COLLATERAL AS OF THAT
2 DATE; AND

3 (C) ANY OTHER SECURED PARTY THAT, TEN DAYS BEFORE THE
4 NOTIFICATION DATE, HELD A SECURITY INTEREST IN THE COLLATERAL
5 PERFECTED BY COMPLIANCE WITH A STATUTE, REGULATION, OR TREATY
6 DESCRIBED IN SECTION 4-9-311 (a).

7 (d) SUBSECTION (b) OF THIS SECTION DOES NOT APPLY IF THE
8 COLLATERAL IS PERISHABLE OR THREATENS TO DECLINE SPEEDILY IN VALUE
9 OR IS OF A TYPE CUSTOMARILY SOLD ON A RECOGNIZED MARKET.

10 (e) A SECURED PARTY COMPLIES WITH THE REQUIREMENT FOR
11 NOTIFICATION PRESCRIBED BY SUBPARAGRAPH (B) OF PARAGRAPH (3) OF
12 SUBSECTION (c) OF THIS SECTION IF:

13 (1) NOT LATER THAN TWENTY DAYS OR EARLIER THAN THIRTY
14 DAYS BEFORE THE NOTIFICATION DATE, THE SECURED PARTY REQUESTS, IN
15 A COMMERCIALY REASONABLE MANNER, INFORMATION CONCERNING
16 FINANCING STATEMENTS INDEXED UNDER THE DEBTOR'S NAME IN THE
17 OFFICE INDICATED IN SUBPARAGRAPH (B) OF PARAGRAPH (3) OF
18 SUBSECTION (c) OF THIS SECTION; AND

19 (2) BEFORE THE NOTIFICATION DATE, THE SECURED PARTY:

20 (A) DID NOT RECEIVE A RESPONSE TO THE REQUEST FOR
21 INFORMATION; OR

22 (B) RECEIVED A RESPONSE TO THE REQUEST FOR INFORMATION AND
23 SENT AN AUTHENTICATED NOTIFICATION OF DISPOSITION TO EACH SECURED
24 PARTY OR OTHER LIENHOLDER NAMED IN THAT RESPONSE WHOSE
25 FINANCING STATEMENT COVERED THE COLLATERAL.

26 **4-9-612. Timeliness of notification before disposition of**
27 **collateral.** (a) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (b) OF

1 THIS SECTION, WHETHER A NOTIFICATION IS SENT WITHIN A REASONABLE
2 TIME IS A QUESTION OF FACT.

3 (b) IN A TRANSACTION OTHER THAN A CONSUMER TRANSACTION, A
4 NOTIFICATION OF DISPOSITION SENT AFTER DEFAULT AND TEN DAYS OR
5 MORE BEFORE THE EARLIEST TIME OF DISPOSITION SET FORTH IN THE
6 NOTIFICATION IS SENT WITHIN A REASONABLE TIME BEFORE THE
7 DISPOSITION.

8 **4-9-613. Contents and form of notification before disposition of**
9 **collateral: general.** (a) EXCEPT IN A CONSUMER-GOODS TRANSACTION,
10 THE FOLLOWING RULES APPLY:

11 (1) THE CONTENTS OF A NOTIFICATION OF DISPOSITION ARE
12 SUFFICIENT IF THE NOTIFICATION:

13 (A) DESCRIBES THE DEBTOR AND THE SECURED PARTY;

14 (B) DESCRIBES THE COLLATERAL THAT IS THE SUBJECT OF THE
15 INTENDED DISPOSITION;

16 (C) STATES THE METHOD OF INTENDED DISPOSITION;

17 (D) STATES THAT THE DEBTOR IS ENTITLED TO AN ACCOUNTING OF
18 THE UNPAID INDEBTEDNESS AND STATES THE CHARGE, IF ANY, FOR AN
19 ACCOUNTING; AND

20 (E) STATES THE TIME AND PLACE OF A PUBLIC DISPOSITION OR THE
21 TIME AFTER WHICH ANY OTHER DISPOSITION IS TO BE MADE.

22 (2) WHETHER THE CONTENTS OF A NOTIFICATION THAT LACKS ANY
23 OF THE INFORMATION SPECIFIED IN PARAGRAPH (1) OF THIS SUBSECTION (a)
24 ARE NEVERTHELESS SUFFICIENT IS A QUESTION OF FACT.

25 (3) THE CONTENTS OF A NOTIFICATION PROVIDING SUBSTANTIALLY
26 THE INFORMATION SPECIFIED IN PARAGRAPH (1) OF THIS SUBSECTION (a)
27 ARE SUFFICIENT, EVEN IF THE NOTIFICATION INCLUDES:

- 1 (A) INFORMATION NOT SPECIFIED BY SAID PARAGRAPH (1); OR
2 (B) MINOR ERRORS THAT ARE NOT SERIOUSLY MISLEADING.
3 (4) A PARTICULAR PHRASING OF THE NOTIFICATION IS NOT
4 REQUIRED.
5 (5) THE FOLLOWING FORM OF NOTIFICATION AND THE FORM
6 APPEARING IN SECTION 4-9-614 (3), WHEN COMPLETED, EACH PROVIDES
7 SUFFICIENT INFORMATION:

8 **NOTIFICATION OF DISPOSITION OF COLLATERAL**

9 TO: *[NAME OF DEBTOR, OBLIGOR, OR OTHER PERSON TO WHICH THE*
10 *NOTIFICATION IS SENT]*

11 FROM: *[NAME, ADDRESS, AND TELEPHONE NUMBER OF*
12 *SECURED PARTY]*

13 NAME OF DEBTOR(S): *[INCLUDE ONLY IF DEBTOR(S) ARE NOT AN*
14 *ADDRESSEE]*

15 *[FOR A PUBLIC DISPOSITION:]*

16 WE WILL SELL [OR LEASE OR LICENSE, AS APPLICABLE] THE
17 *[DESCRIBE COLLATERAL]* [TO THE HIGHEST QUALIFIED BIDDER] IN PUBLIC AS
18 FOLLOWS:

19 DAY AND DATE: _____

20 TIME: _____

21 PLACE: _____

22 *[FOR A PRIVATE DISPOSITION:]*

23 WE WILL SELL [OR LEASE OR LICENSE, AS APPLICABLE] THE
24 *[DESCRIBE COLLATERAL]* PRIVATELY SOMETIME AFTER *[DAY AND DATE]*.

25 YOU ARE ENTITLED TO AN ACCOUNTING OF THE UNPAID
26 INDEBTEDNESS SECURED BY THE PROPERTY THAT WE INTEND TO SELL [OR
27 LEASE OR LICENSE, AS APPLICABLE] [FOR A CHARGE OF \$_____]. YOU

1 MAY REQUEST AN ACCOUNTING BY CALLING US AT [*TELEPHONE NUMBER*].

2 **4-9-614. Contents and form of notification before disposition of**
3 **collateral: consumer-goods transaction.** (a) IN A CONSUMER-GOODS
4 TRANSACTION, THE FOLLOWING RULES APPLY:

5 (1) A NOTIFICATION OF DISPOSITION MUST PROVIDE THE
6 FOLLOWING INFORMATION:

7 (A) THE INFORMATION SPECIFIED IN SECTION 4-9-613 (1);

8 (B) A DESCRIPTION OF ANY LIABILITY FOR A DEFICIENCY OF THE
9 PERSON TO WHICH THE NOTIFICATION IS SENT;

10 (C) A TELEPHONE NUMBER FROM WHICH THE AMOUNT THAT MUST
11 BE PAID TO THE SECURED PARTY TO REDEEM THE COLLATERAL UNDER
12 SECTION 4-9-623 IS AVAILABLE; AND

13 (D) A TELEPHONE NUMBER OR MAILING ADDRESS FROM WHICH
14 ADDITIONAL INFORMATION CONCERNING THE DISPOSITION AND THE
15 OBLIGATION SECURED IS AVAILABLE.

16 (2) A PARTICULAR PHRASING OF THE NOTIFICATION IS NOT
17 REQUIRED.

18 (3) THE FOLLOWING FORM OF NOTIFICATION, WHEN COMPLETED,
19 PROVIDES SUFFICIENT INFORMATION:

20 [*NAME AND ADDRESS OF SECURED PARTY*]

21 [*DATE*]

22 **NOTICE OF OUR PLAN TO SELL PROPERTY**

23 [*NAME AND ADDRESS OF ANY OBLIGOR WHO IS ALSO A DEBTOR*]

24 SUBJECT: [*IDENTIFICATION OF TRANSACTION*]

25 WE HAVE YOUR [*DESCRIBE COLLATERAL*], BECAUSE YOU BROKE
26 PROMISES IN OUR AGREEMENT.

27 [*FOR A PUBLIC DISPOSITION:*]

1 WE WILL SELL [*DESCRIBE COLLATERAL*] AT PUBLIC SALE. A SALE
2 COULD INCLUDE A LEASE OR LICENSE. THE SALE WILL BE HELD AS
3 FOLLOWS:

4 DATE: _____

5 TIME: _____

6 PLACE: _____

7 YOU MAY ATTEND THE SALE AND BRING BIDDERS IF YOU WANT.

8 [*FOR A PRIVATE DISPOSITION:*]

9 WE WILL SELL [*DESCRIBE COLLATERAL*] AT PRIVATE SALE SOMETIME
10 AFTER [*DATE*]. A SALE COULD INCLUDE A LEASE OR LICENSE.

11 THE MONEY THAT WE GET FROM THE SALE (AFTER PAYING OUR
12 COSTS) WILL REDUCE THE AMOUNT YOU OWE. IF WE GET LESS MONEY THAN
13 YOU OWE, YOU [*WILL OR WILL NOT, AS APPLICABLE*] STILL OWE US THE
14 DIFFERENCE. IF WE GET MORE MONEY THAN YOU OWE, YOU WILL GET THE
15 EXTRA MONEY, UNLESS WE MUST PAY IT TO SOMEONE ELSE.

16 YOU CAN GET THE PROPERTY BACK AT ANY TIME BEFORE WE SELL
17 IT BY PAYING US THE FULL AMOUNT YOU OWE (NOT JUST THE PAST DUE
18 PAYMENTS), INCLUDING OUR EXPENSES. TO LEARN THE EXACT AMOUNT
19 YOU MUST PAY, CALL US AT [*TELEPHONE NUMBER*].

20 IF YOU WANT US TO EXPLAIN TO YOU IN WRITING HOW WE HAVE
21 FIGURED THE AMOUNT THAT YOU OWE US, YOU MAY CALL US AT
22 [*TELEPHONE NUMBER*] [OR WRITE US AT [*SECURED PARTY'S ADDRESS*]] AND
23 REQUEST A WRITTEN EXPLANATION. [WE WILL CHARGE YOU \$_____]
24 FOR THE EXPLANATION IF WE SENT YOU ANOTHER WRITTEN EXPLANATION
25 OF THE AMOUNT YOU OWE US WITHIN THE LAST SIX MONTHS.]

26 IF YOU NEED MORE INFORMATION ABOUT THE SALE CALL US AT
27 [*TELEPHONE NUMBER*] [OR WRITE US AT [*SECURED PARTY'S ADDRESS*]].

1 WE ARE SENDING THIS NOTICE TO THE FOLLOWING OTHER PEOPLE
2 WHO HAVE AN INTEREST IN [*DESCRIBE COLLATERAL*] OR WHO OWE MONEY
3 UNDER YOUR AGREEMENT:

4 [*NAMES OF ALL OTHER DEBTORS AND OBLIGORS, IF ANY*]

5 (4) A NOTIFICATION IN THE FORM OF PARAGRAPH (3) OF THIS
6 SUBSECTION (a) IS SUFFICIENT, EVEN IF ADDITIONAL INFORMATION APPEARS
7 AT THE END OF THE FORM.

8 (5) A NOTIFICATION IN THE FORM OF PARAGRAPH (3) OF THIS
9 SUBSECTION (a) IS SUFFICIENT, EVEN IF IT INCLUDES ERRORS IN
10 INFORMATION NOT REQUIRED BY PARAGRAPH (1) OF THIS SUBSECTION (a),
11 UNLESS THE ERROR IS MISLEADING WITH RESPECT TO RIGHTS ARISING
12 UNDER THIS ARTICLE.

13 (6) IF A NOTIFICATION UNDER THIS SECTION IS NOT IN THE FORM OF
14 PARAGRAPH (3) OF THIS SUBSECTION (a), LAW OTHER THAN THIS ARTICLE
15 DETERMINES THE EFFECT OF INCLUDING INFORMATION NOT REQUIRED BY
16 PARAGRAPH (1) OF THIS SECTION.

17 **4-9-615. Application of proceeds of disposition; liability for**
18 **deficiency and right to surplus.** (a) A SECURED PARTY SHALL APPLY OR
19 PAY OVER FOR APPLICATION THE CASH PROCEEDS OF DISPOSITION UNDER
20 SECTION 4-9-610 IN THE FOLLOWING ORDER TO:

21 (1) THE REASONABLE EXPENSES OF RETAKING, HOLDING,
22 PREPARING FOR DISPOSITION, PROCESSING, AND DISPOSING, AND, TO THE
23 EXTENT PROVIDED FOR BY AGREEMENT AND NOT PROHIBITED BY LAW,
24 REASONABLE ATTORNEY'S FEES AND LEGAL EXPENSES INCURRED BY THE
25 SECURED PARTY;

26 (2) THE SATISFACTION OF OBLIGATIONS SECURED BY THE SECURITY
27 INTEREST OR AGRICULTURAL LIEN UNDER WHICH THE DISPOSITION IS MADE;

1 (3) THE SATISFACTION OF OBLIGATIONS SECURED BY ANY
2 SUBORDINATE SECURITY INTEREST IN OR OTHER SUBORDINATE LIEN ON THE
3 COLLATERAL IF:

4 (A) THE SECURED PARTY RECEIVES FROM THE HOLDER OF THE
5 SUBORDINATE SECURITY INTEREST OR OTHER LIEN AN AUTHENTICATED
6 DEMAND FOR PROCEEDS BEFORE DISTRIBUTION OF THE PROCEEDS IS
7 COMPLETED; AND

8 (B) IN A CASE IN WHICH A CONSIGNOR HAS AN INTEREST IN THE
9 COLLATERAL, THE SUBORDINATE SECURITY INTEREST OR OTHER LIEN IS
10 SENIOR TO THE INTEREST OF THE CONSIGNOR; AND

11 (4) A SECURED PARTY THAT IS A CONSIGNOR OF THE COLLATERAL
12 IF THE SECURED PARTY RECEIVES FROM THE CONSIGNOR AN
13 AUTHENTICATED DEMAND FOR PROCEEDS BEFORE DISTRIBUTION OF THE
14 PROCEEDS IS COMPLETED.

15 (b) IF REQUESTED BY A SECURED PARTY, A HOLDER OF A
16 SUBORDINATE SECURITY INTEREST OR OTHER LIEN SHALL FURNISH
17 REASONABLE PROOF OF THE INTEREST OR LIEN WITHIN A REASONABLE TIME.
18 UNLESS THE HOLDER DOES SO, THE SECURED PARTY NEED NOT COMPLY
19 WITH THE HOLDER'S DEMAND UNDER PARAGRAPH (3) OF SUBSECTION (a)
20 OF THIS SECTION.

21 (c) A SECURED PARTY NEED NOT APPLY OR PAY OVER FOR
22 APPLICATION NONCASH PROCEEDS OF DISPOSITION UNDER SECTION 4-9-610
23 UNLESS THE FAILURE TO DO SO WOULD BE COMMERCIALY UNREASONABLE.
24 A SECURED PARTY THAT APPLIES OR PAYS OVER FOR APPLICATION
25 NONCASH PROCEEDS SHALL DO SO IN A COMMERCIALY REASONABLE
26 MANNER.

27 (d) IF THE SECURITY INTEREST UNDER WHICH A DISPOSITION IS

1 MADE SECURES PAYMENT OR PERFORMANCE OF AN OBLIGATION, AFTER
2 MAKING THE PAYMENTS AND APPLICATIONS REQUIRED BY SUBSECTION (a)
3 OF THIS SECTION AND PERMITTED BY SUBSECTION (c) OF THIS SECTION:

4 (1) UNLESS PARAGRAPH (4) OF SUBSECTION (a) OF THIS SECTION
5 REQUIRES THE SECURED PARTY TO APPLY OR PAY OVER CASH PROCEEDS TO
6 A CONSIGNOR, THE SECURED PARTY SHALL ACCOUNT TO AND PAY A DEBTOR
7 FOR ANY SURPLUS; AND

8 (2) THE OBLIGOR IS LIABLE FOR ANY DEFICIENCY.

9 (e) IF THE UNDERLYING TRANSACTION IS A SALE OF ACCOUNTS,
10 CHATTEL PAPER, PAYMENT INTANGIBLES, OR PROMISSORY NOTES:

11 (1) THE DEBTOR IS NOT ENTITLED TO ANY SURPLUS; AND

12 (2) THE OBLIGOR IS NOT LIABLE FOR ANY DEFICIENCY.

13 (f) THE SURPLUS OR DEFICIENCY FOLLOWING A DISPOSITION IS
14 CALCULATED BASED ON THE AMOUNT OF PROCEEDS THAT WOULD HAVE
15 BEEN REALIZED IN A DISPOSITION COMPLYING WITH THIS PART 6 TO A
16 TRANSFEREE OTHER THAN THE SECURED PARTY, A PERSON RELATED TO THE
17 SECURED PARTY, OR A SECONDARY OBLIGOR IF:

18 (1) THE TRANSFEREE IN THE DISPOSITION IS THE SECURED PARTY,
19 A PERSON RELATED TO THE SECURED PARTY, OR A SECONDARY OBLIGOR;
20 AND

21 (2) THE AMOUNT OF PROCEEDS OF THE DISPOSITION IS
22 SIGNIFICANTLY BELOW THE RANGE OF PROCEEDS THAT A COMPLYING
23 DISPOSITION TO A PERSON OTHER THAN THE SECURED PARTY, A PERSON
24 RELATED TO THE SECURED PARTY, OR A SECONDARY OBLIGOR WOULD HAVE
25 BROUGHT.

26 (g) A SECURED PARTY THAT RECEIVES CASH PROCEEDS OF A
27 DISPOSITION IN GOOD FAITH AND WITHOUT KNOWLEDGE THAT THE RECEIPT

1 VIOLATES THE RIGHTS OF THE HOLDER OF A SECURITY INTEREST OR OTHER
2 LIEN THAT IS NOT SUBORDINATE TO THE SECURITY INTEREST OR
3 AGRICULTURAL LIEN UNDER WHICH THE DISPOSITION IS MADE:

4 (1) TAKES THE CASH PROCEEDS FREE OF THE SECURITY INTEREST OR
5 OTHER LIEN;

6 (2) IS NOT OBLIGATED TO APPLY THE PROCEEDS OF THE DISPOSITION
7 TO THE SATISFACTION OF OBLIGATIONS SECURED BY THE SECURITY
8 INTEREST OR OTHER LIEN; AND

9 (3) IS NOT OBLIGATED TO ACCOUNT TO OR PAY THE HOLDER OF THE
10 SECURITY INTEREST OR OTHER LIEN FOR ANY SURPLUS.

11 **4-9-616. Explanation of calculation of surplus or deficiency -**
12 **definitions.** (a) IN THIS SECTION:

13 (1) "EXPLANATION" MEANS A WRITING THAT:

14 (A) STATES THE AMOUNT OF THE SURPLUS OR DEFICIENCY;

15 (B) PROVIDES AN EXPLANATION IN ACCORDANCE WITH SUBSECTION
16 (c) OF THIS SECTION OF HOW THE SECURED PARTY CALCULATED THE
17 SURPLUS OR DEFICIENCY;

18 (C) STATES, IF APPLICABLE, THAT FUTURE DEBITS, CREDITS,
19 CHARGES, INCLUDING ADDITIONAL CREDIT SERVICE CHARGES OR INTEREST,
20 REBATES, AND EXPENSES MAY AFFECT THE AMOUNT OF THE SURPLUS OR
21 DEFICIENCY; AND

22 (D) PROVIDES A TELEPHONE NUMBER OR MAILING ADDRESS FROM
23 WHICH ADDITIONAL INFORMATION CONCERNING THE TRANSACTION IS
24 AVAILABLE.

25 (2) "REQUEST" MEANS A RECORD:

26 (A) AUTHENTICATED BY A DEBTOR OR CONSUMER OBLIGOR;

27 (B) REQUESTING THAT THE RECIPIENT PROVIDE AN EXPLANATION;

1 AND

2 (C) SENT AFTER DISPOSITION OF THE COLLATERAL UNDER SECTION
3 4-9-610.

4 (b) IN A CONSUMER-GOODS TRANSACTION IN WHICH THE DEBTOR
5 IS ENTITLED TO A SURPLUS OR A CONSUMER OBLIGOR IS LIABLE FOR A
6 DEFICIENCY UNDER SECTION 4-9-615, THE SECURED PARTY SHALL:

7 (1) SEND AN EXPLANATION TO THE DEBTOR OR CONSUMER
8 OBLIGOR, AS APPLICABLE, AFTER THE DISPOSITION AND:

9 (A) BEFORE OR WHEN THE SECURED PARTY ACCOUNTS TO THE
10 DEBTOR AND PAYS ANY SURPLUS OR FIRST MAKES WRITTEN DEMAND ON
11 THE CONSUMER OBLIGOR AFTER THE DISPOSITION FOR PAYMENT OF THE
12 DEFICIENCY; AND

13 (B) WITHIN FOURTEEN DAYS AFTER RECEIPT OF A REQUEST; OR

14 (2) IN THE CASE OF A CONSUMER OBLIGOR WHO IS LIABLE FOR A
15 DEFICIENCY, WITHIN FOURTEEN DAYS AFTER RECEIPT OF A REQUEST, SEND
16 TO THE CONSUMER OBLIGOR A RECORD WAIVING THE SECURED PARTY'S
17 RIGHT TO A DEFICIENCY.

18 (c) TO COMPLY WITH SUBPARAGRAPH (B) OF PARAGRAPH (1) OF
19 SUBSECTION (a) OF THIS SECTION, A WRITING MUST PROVIDE THE
20 FOLLOWING INFORMATION IN THE FOLLOWING ORDER:

21 (1) THE AGGREGATE AMOUNT OF OBLIGATIONS SECURED BY THE
22 SECURITY INTEREST UNDER WHICH THE DISPOSITION WAS MADE, AND, IF
23 THE AMOUNT REFLECTS A REBATE OF UNEARNED INTEREST OR CREDIT
24 SERVICE CHARGE, AN INDICATION OF THAT FACT, CALCULATED AS OF A
25 SPECIFIED DATE:

26 (A) IF THE SECURED PARTY TAKES OR RECEIVES POSSESSION OF THE
27 COLLATERAL AFTER DEFAULT, NOT MORE THAN THIRTY-FIVE DAYS BEFORE

1 THE SECURED PARTY TAKES OR RECEIVES POSSESSION; OR

2 (B) IF THE SECURED PARTY TAKES OR RECEIVES POSSESSION OF THE
3 COLLATERAL BEFORE DEFAULT OR DOES NOT TAKE POSSESSION OF THE
4 COLLATERAL, NOT MORE THAN THIRTY-FIVE DAYS BEFORE THE
5 DISPOSITION;

6 (2) THE AMOUNT OF PROCEEDS OF THE DISPOSITION;

7 (3) THE AGGREGATE AMOUNT OF THE OBLIGATIONS AFTER
8 DEDUCTING THE AMOUNT OF PROCEEDS;

9 (4) THE AMOUNT, IN THE AGGREGATE OR BY TYPE, AND TYPES OF
10 EXPENSES, INCLUDING EXPENSES OF RETAKING, HOLDING, PREPARING FOR
11 DISPOSITION, PROCESSING, AND DISPOSING OF THE COLLATERAL, AND
12 ATTORNEY'S FEES SECURED BY THE COLLATERAL WHICH ARE KNOWN TO
13 THE SECURED PARTY AND RELATE TO THE CURRENT DISPOSITION;

14 (5) THE AMOUNT, IN THE AGGREGATE OR BY TYPE, AND TYPES OF
15 CREDITS, INCLUDING REBATES OF INTEREST OR CREDIT SERVICE CHARGES,
16 TO WHICH THE OBLIGOR IS KNOWN TO BE ENTITLED AND WHICH ARE NOT
17 REFLECTED IN THE AMOUNT IN PARAGRAPH (1) OF THIS SUBSECTION (c);
18 AND

19 (6) THE AMOUNT OF THE SURPLUS OR DEFICIENCY.

20 (d) A PARTICULAR PHRASING OF THE EXPLANATION IS NOT
21 REQUIRED. AN EXPLANATION COMPLYING SUBSTANTIALLY WITH THE
22 REQUIREMENTS OF SUBSECTION (a) OF THIS SECTION IS SUFFICIENT, EVEN
23 IF IT INCLUDES MINOR ERRORS THAT ARE NOT SERIOUSLY MISLEADING.

24 (e) A DEBTOR OR CONSUMER OBLIGOR IS ENTITLED WITHOUT
25 CHARGE TO ONE RESPONSE TO A REQUEST UNDER THIS SECTION DURING ANY
26 SIX-MONTH PERIOD IN WHICH THE SECURED PARTY DID NOT SEND TO THE
27 DEBTOR OR CONSUMER OBLIGOR AN EXPLANATION PURSUANT TO

1 PARAGRAPH (1) OF SUBSECTION (b) OF THIS SECTION. THE SECURED PARTY
2 MAY REQUIRE PAYMENT OF A CHARGE NOT EXCEEDING TWENTY-FIVE
3 DOLLARS FOR EACH ADDITIONAL RESPONSE.

4 **4-9-617. Rights of transferee of collateral.** (a) A SECURED
5 PARTY'S DISPOSITION OF COLLATERAL AFTER DEFAULT:

6 (1) TRANSFERS TO A TRANSFEREE FOR VALUE ALL OF THE DEBTOR'S
7 RIGHTS IN THE COLLATERAL;

8 (2) DISCHARGES THE SECURITY INTEREST UNDER WHICH THE
9 DISPOSITION IS MADE; AND

10 (3) DISCHARGES ANY SUBORDINATE SECURITY INTEREST OR OTHER
11 SUBORDINATE LIEN.

12 (b) A TRANSFEREE THAT ACTS IN GOOD FAITH TAKES FREE OF THE
13 RIGHTS AND INTERESTS DESCRIBED IN SUBSECTION (a) OF THIS SECTION,
14 EVEN IF THE SECURED PARTY FAILS TO COMPLY WITH THIS ARTICLE OR THE
15 REQUIREMENTS OF ANY JUDICIAL PROCEEDING.

16 (c) IF A TRANSFEREE DOES NOT TAKE FREE OF THE RIGHTS AND
17 INTERESTS DESCRIBED IN SUBSECTION (a) OF THIS SECTION, THE
18 TRANSFEREE TAKES THE COLLATERAL SUBJECT TO:

19 (1) THE DEBTOR'S RIGHTS IN THE COLLATERAL;

20 (2) THE SECURITY INTEREST OR AGRICULTURAL LIEN UNDER WHICH
21 THE DISPOSITION IS MADE; AND

22 (3) ANY OTHER SECURITY INTEREST OR OTHER LIEN.

23 **4-9-618. Rights and duties of certain secondary obligors.** (a) A
24 SECONDARY OBLIGOR ACQUIRES THE RIGHTS AND BECOMES OBLIGATED TO
25 PERFORM THE DUTIES OF THE SECURED PARTY AFTER THE SECONDARY
26 OBLIGOR:

27 (1) RECEIVES AN ASSIGNMENT OF A SECURED OBLIGATION FROM

1 THE SECURED PARTY;

2 (2) RECEIVES A TRANSFER OF COLLATERAL FROM THE SECURED
3 PARTY AND AGREES TO ACCEPT THE RIGHTS AND ASSUME THE DUTIES OF
4 THE SECURED PARTY; OR

5 (3) IS SUBROGATED TO THE RIGHTS OF A SECURED PARTY WITH
6 RESPECT TO COLLATERAL.

7 (b) AN ASSIGNMENT, TRANSFER, OR SUBROGATION DESCRIBED IN
8 SUBSECTION (a) OF THIS SECTION:

9 (1) IS NOT A DISPOSITION OF COLLATERAL UNDER SECTION 4-9-610;
10 AND

11 (2) RELIEVES THE SECURED PARTY OF FURTHER DUTIES UNDER THIS
12 ARTICLE.

13 **4-9-619. Transfer of record or legal title.** (a) IN THIS SECTION,
14 "TRANSFER STATEMENT" MEANS A RECORD AUTHENTICATED BY A SECURED
15 PARTY STATING:

16 (1) THAT THE DEBTOR HAS DEFAULTED IN CONNECTION WITH AN
17 OBLIGATION SECURED BY SPECIFIED COLLATERAL;

18 (2) THAT THE SECURED PARTY HAS EXERCISED ITS POST-DEFAULT
19 REMEDIES WITH RESPECT TO THE COLLATERAL;

20 (3) THAT, BY REASON OF THE EXERCISE, A TRANSFEREE HAS
21 ACQUIRED THE RIGHTS OF THE DEBTOR IN THE COLLATERAL; AND

22 (4) THE NAME AND MAILING ADDRESS OF THE SECURED PARTY,
23 DEBTOR, AND TRANSFEREE.

24 (b) A TRANSFER STATEMENT ENTITLES THE TRANSFEREE TO THE
25 TRANSFER OF RECORD OF ALL RIGHTS OF THE DEBTOR IN THE COLLATERAL
26 SPECIFIED IN THE STATEMENT IN ANY OFFICIAL FILING, RECORDING,
27 REGISTRATION, OR CERTIFICATE-OF-TITLE SYSTEM COVERING THE

1 COLLATERAL. IF A TRANSFER STATEMENT IS PRESENTED WITH THE
2 APPLICABLE FEE AND REQUEST FORM TO THE OFFICIAL OR OFFICE
3 RESPONSIBLE FOR MAINTAINING THE SYSTEM, THE OFFICIAL OR OFFICE
4 SHALL:

5 (1) ACCEPT THE TRANSFER STATEMENT;

6 (2) PROMPTLY AMEND ITS RECORDS TO REFLECT THE TRANSFER;

7 AND

8 (3) IF APPLICABLE, ISSUE A NEW APPROPRIATE CERTIFICATE OF
9 TITLE IN THE NAME OF THE TRANSFEREE.

10 (c) A TRANSFER OF THE RECORD OR LEGAL TITLE TO COLLATERAL
11 TO A SECURED PARTY UNDER SUBSECTION (b) OF THIS SECTION OR
12 OTHERWISE IS NOT OF ITSELF A DISPOSITION OF COLLATERAL UNDER THIS
13 ARTICLE AND DOES NOT OF ITSELF RELIEVE THE SECURED PARTY OF ITS
14 DUTIES UNDER THIS ARTICLE.

15 **4-9-620. Acceptance of collateral in full or partial satisfaction**
16 **of obligation - compulsory disposition of collateral.** (a) EXCEPT AS
17 OTHERWISE PROVIDED IN SUBSECTION (g) OF THIS SECTION, A SECURED
18 PARTY MAY ACCEPT COLLATERAL IN FULL OR PARTIAL SATISFACTION OF
19 THE OBLIGATION IT SECURES ONLY IF:

20 (1) THE DEBTOR CONSENTS TO THE ACCEPTANCE UNDER
21 SUBSECTION (c) OF THIS SECTION;

22 (2) THE SECURED PARTY DOES NOT RECEIVE, WITHIN THE TIME SET
23 FORTH IN SUBSECTION (d) OF THIS SECTION, A NOTIFICATION OF OBJECTION
24 TO THE PROPOSAL AUTHENTICATED BY:

25 (A) A PERSON TO WHICH THE SECURED PARTY WAS REQUIRED TO
26 SEND A PROPOSAL UNDER SECTION 4-9-621; OR

27 (B) ANY OTHER PERSON, OTHER THAN THE DEBTOR, HOLDING AN

1 INTEREST IN THE COLLATERAL SUBORDINATE TO THE SECURITY INTEREST
2 THAT IS THE SUBJECT OF THE PROPOSAL;

3 (3) IF THE COLLATERAL IS CONSUMER GOODS, THE COLLATERAL IS
4 NOT IN THE POSSESSION OF THE DEBTOR WHEN THE DEBTOR CONSENTS TO
5 THE ACCEPTANCE; AND

6 (4) SUBSECTION (e) OF THIS SECTION DOES NOT REQUIRE THE
7 SECURED PARTY TO DISPOSE OF THE COLLATERAL OR THE DEBTOR WAIVES
8 THE REQUIREMENT PURSUANT TO SECTION 4-9-624.

9 (b) A PURPORTED OR APPARENT ACCEPTANCE OF COLLATERAL
10 UNDER THIS SECTION IS INEFFECTIVE UNLESS:

11 (1) THE SECURED PARTY CONSENTS TO THE ACCEPTANCE IN AN
12 AUTHENTICATED RECORD OR SENDS A PROPOSAL TO THE DEBTOR; AND

13 (2) THE CONDITIONS OF SUBSECTION (a) OF THIS SECTION ARE MET.

14 (c) FOR PURPOSES OF THIS SECTION:

15 (1) A DEBTOR CONSENTS TO AN ACCEPTANCE OF COLLATERAL IN
16 PARTIAL SATISFACTION OF THE OBLIGATION IT SECURES ONLY IF THE
17 DEBTOR AGREES TO THE TERMS OF THE ACCEPTANCE IN A RECORD
18 AUTHENTICATED AFTER DEFAULT; AND

19 (2) A DEBTOR CONSENTS TO AN ACCEPTANCE OF COLLATERAL IN
20 FULL SATISFACTION OF THE OBLIGATION IT SECURES ONLY IF THE DEBTOR
21 AGREES TO THE TERMS OF THE ACCEPTANCE IN A RECORD AUTHENTICATED
22 AFTER DEFAULT OR THE SECURED PARTY:

23 (A) SENDS TO THE DEBTOR AFTER DEFAULT A PROPOSAL THAT IS
24 UNCONDITIONAL OR SUBJECT ONLY TO A CONDITION THAT COLLATERAL
25 NOT IN THE POSSESSION OF THE SECURED PARTY BE PRESERVED OR
26 MAINTAINED;

27 (B) IN THE PROPOSAL, PROPOSES TO ACCEPT COLLATERAL IN FULL

1 SATISFACTION OF THE OBLIGATION IT SECURES; AND

2 (C) DOES NOT RECEIVE A NOTIFICATION OF OBJECTION
3 AUTHENTICATED BY THE DEBTOR WITHIN TWENTY DAYS AFTER THE
4 PROPOSAL IS SENT.

5 (d) TO BE EFFECTIVE UNDER PARAGRAPH (2) OF SUBSECTION (a) OF
6 THIS SECTION, A NOTIFICATION OF OBJECTION MUST BE RECEIVED BY THE
7 SECURED PARTY:

8 (1) IN THE CASE OF A PERSON TO WHICH THE PROPOSAL WAS SENT
9 PURSUANT TO SECTION 4-9-621, WITHIN TWENTY DAYS AFTER
10 NOTIFICATION WAS SENT TO THAT PERSON; AND

11 (2) IN OTHER CASES:

12 (A) WITHIN TWENTY DAYS AFTER THE LAST NOTIFICATION WAS
13 SENT PURSUANT TO SECTION 4-9-621; OR

14 (B) IF A NOTIFICATION WAS NOT SENT, BEFORE THE DEBTOR
15 CONSENTS TO THE ACCEPTANCE UNDER SUBSECTION (c) OF THIS SECTION.

16 (e) A SECURED PARTY THAT HAS TAKEN POSSESSION OF
17 COLLATERAL SHALL DISPOSE OF THE COLLATERAL PURSUANT TO SECTION
18 4-9-610 WITHIN THE TIME SPECIFIED IN SUBSECTION (f) OF THIS SECTION IF:

19 (1) SIXTY PERCENT OF THE CASH PRICE HAS BEEN PAID IN THE CASE
20 OF A PURCHASE-MONEY SECURITY INTEREST IN CONSUMER GOODS; OR

21 (2) SIXTY PERCENT OF THE PRINCIPAL AMOUNT OF THE OBLIGATION
22 SECURED HAS BEEN PAID IN THE CASE OF A NON-PURCHASE-MONEY
23 SECURITY INTEREST IN CONSUMER GOODS.

24 (f) TO COMPLY WITH SUBSECTION (e) OF THIS SECTION, THE
25 SECURED PARTY SHALL DISPOSE OF THE COLLATERAL:

26 (1) WITHIN NINETY DAYS AFTER TAKING POSSESSION; OR

27 (2) WITHIN ANY LONGER PERIOD TO WHICH THE DEBTOR AND ALL

1 SECONDARY OBLIGORS HAVE AGREED IN AN AGREEMENT TO THAT EFFECT
2 ENTERED INTO AND AUTHENTICATED AFTER DEFAULT.

3 (g) IN A CONSUMER TRANSACTION, A SECURED PARTY MAY NOT
4 ACCEPT COLLATERAL IN PARTIAL SATISFACTION OF THE OBLIGATION IT
5 SECURES.

6 **4-9-621. Notification of proposal to accept collateral.** (a) A
7 SECURED PARTY THAT DESIRES TO ACCEPT COLLATERAL IN FULL OR
8 PARTIAL SATISFACTION OF THE OBLIGATION IT SECURES SHALL SEND ITS
9 PROPOSAL TO:

10 (1) ANY PERSON FROM WHICH THE SECURED PARTY HAS RECEIVED,
11 BEFORE THE DEBTOR CONSENTED TO THE ACCEPTANCE, AN AUTHENTICATED
12 NOTIFICATION OF A CLAIM OF AN INTEREST IN THE COLLATERAL;

13 (2) ANY OTHER SECURED PARTY OR LIENHOLDER THAT, TEN DAYS
14 BEFORE THE DEBTOR CONSENTED TO THE ACCEPTANCE, HELD A SECURITY
15 INTEREST IN OR OTHER LIEN ON THE COLLATERAL PERFECTED BY THE FILING
16 OF A FINANCING STATEMENT THAT:

17 (A) IDENTIFIED THE COLLATERAL;

18 (B) WAS INDEXED UNDER THE DEBTOR'S NAME AS OF THAT DATE;

19 AND

20 (C) WAS FILED IN THE OFFICE OR OFFICES IN WHICH TO FILE A
21 FINANCING STATEMENT AGAINST THE DEBTOR COVERING THE COLLATERAL
22 AS OF THAT DATE; AND

23 (3) ANY OTHER SECURED PARTY THAT, TEN DAYS BEFORE THE
24 DEBTOR CONSENTED TO THE ACCEPTANCE, HELD A SECURITY INTEREST IN
25 THE COLLATERAL PERFECTED BY COMPLIANCE WITH A STATUTE,
26 REGULATION, OR TREATY DESCRIBED IN SECTION 4-9-311 (a).

27 (b) A SECURED PARTY THAT DESIRES TO ACCEPT COLLATERAL IN

1 PARTIAL SATISFACTION OF THE OBLIGATION IT SECURES SHALL SEND ITS
2 PROPOSAL TO ANY SECONDARY OBLIGOR IN ADDITION TO THE PERSONS
3 DESCRIBED IN SUBSECTION (a) OF THIS SECTION.

4 **4-9-622. Effect of acceptance of collateral.** (a) A SECURED
5 PARTY'S ACCEPTANCE OF COLLATERAL IN FULL OR PARTIAL SATISFACTION
6 OF THE OBLIGATION IT SECURES:

7 (1) DISCHARGES THE OBLIGATION TO THE EXTENT CONSENTED TO
8 BY THE DEBTOR;

9 (2) TRANSFERS TO THE SECURED PARTY ALL OF A DEBTOR'S RIGHTS
10 IN THE COLLATERAL;

11 (3) DISCHARGES THE SECURITY INTEREST OR AGRICULTURAL LIEN
12 THAT IS THE SUBJECT OF THE DEBTOR'S CONSENT AND ANY SUBORDINATE
13 SECURITY INTEREST OR OTHER SUBORDINATE LIEN; AND

14 (4) TERMINATES ANY OTHER SUBORDINATE INTEREST.

15 (b) A SUBORDINATE INTEREST IS DISCHARGED OR TERMINATED
16 UNDER SUBSECTION (a) OF THIS SECTION, EVEN IF THE SECURED PARTY
17 FAILS TO COMPLY WITH THIS ARTICLE.

18 **4-9-623. Right to redeem collateral.** (a) A DEBTOR, ANY
19 SECONDARY OBLIGOR, OR ANY OTHER SECURED PARTY OR LIENHOLDER
20 MAY REDEEM COLLATERAL.

21 (b) TO REDEEM COLLATERAL, A PERSON SHALL TENDER:

22 (1) FULFILLMENT OF ALL OBLIGATIONS SECURED BY THE
23 COLLATERAL; AND

24 (2) THE REASONABLE EXPENSES AND ATTORNEY'S FEES DESCRIBED
25 IN SECTION 4-9-615 (a) (1).

26 (c) A REDEMPTION MAY OCCUR AT ANY TIME BEFORE A SECURED
27 PARTY:

- 1 (1) HAS COLLECTED COLLATERAL UNDER SECTION 4-9-607;
2 (2) HAS DISPOSED OF COLLATERAL OR ENTERED INTO A CONTRACT
3 FOR ITS DISPOSITION UNDER SECTION 4-9-610; OR
4 (3) HAS ACCEPTED COLLATERAL IN FULL OR PARTIAL SATISFACTION
5 OF THE OBLIGATION IT SECURES UNDER SECTION 4-9-622.

6 **4-9-624. Waiver.** (a) A DEBTOR OR SECONDARY OBLIGOR MAY
7 WAIVE THE RIGHT TO NOTIFICATION OF DISPOSITION OF COLLATERAL UNDER
8 SECTION 4-9-611 ONLY BY AN AGREEMENT TO THAT EFFECT ENTERED INTO
9 AND AUTHENTICATED AFTER DEFAULT.

10 (b) A DEBTOR MAY WAIVE THE RIGHT TO REQUIRE DISPOSITION OF
11 COLLATERAL UNDER SECTION 4-9-620 (e) ONLY BY AN AGREEMENT TO
12 THAT EFFECT ENTERED INTO AND AUTHENTICATED AFTER DEFAULT.

13 (c) EXCEPT IN A CONSUMER-GOODS TRANSACTION, A DEBTOR OR
14 SECONDARY OBLIGOR MAY WAIVE THE RIGHT TO REDEEM COLLATERAL
15 UNDER SECTION 4-9-623 ONLY BY AN AGREEMENT TO THAT EFFECT
16 ENTERED INTO AND AUTHENTICATED AFTER DEFAULT.

17 **4-9-625. Remedies for secured party's failure to comply with**
18 **article.** (a) IF IT IS ESTABLISHED THAT A SECURED PARTY IS NOT
19 PROCEEDING IN ACCORDANCE WITH THIS ARTICLE, A COURT MAY ORDER OR
20 RESTRAIN COLLECTION, ENFORCEMENT, OR DISPOSITION OF COLLATERAL
21 ON APPROPRIATE TERMS AND CONDITIONS.

22 (b) SUBJECT TO SUBSECTIONS (c), (d), AND (f) OF THIS SECTION, A
23 PERSON IS LIABLE FOR DAMAGES IN THE AMOUNT OF ANY LOSS CAUSED BY
24 A FAILURE TO COMPLY WITH THIS ARTICLE. LOSS CAUSED BY A FAILURE TO
25 COMPLY MAY INCLUDE LOSS RESULTING FROM THE DEBTOR'S INABILITY TO
26 OBTAIN, OR INCREASED COSTS OF, ALTERNATIVE FINANCING.

27 (c) EXCEPT AS OTHERWISE PROVIDED IN SECTION 4-9-628:

1 (1) A PERSON THAT, AT THE TIME OF THE FAILURE, WAS A DEBTOR,
2 WAS AN OBLIGOR, OR HELD A SECURITY INTEREST IN OR OTHER LIEN ON THE
3 COLLATERAL MAY RECOVER DAMAGES UNDER SUBSECTION (b) OF THIS
4 SECTION FOR ITS LOSS; AND

5 (2) IF THE COLLATERAL IS CONSUMER GOODS, A PERSON THAT WAS
6 A DEBTOR OR A SECONDARY OBLIGOR AT THE TIME A SECURED PARTY
7 FAILED TO COMPLY WITH THIS PART 6 MAY RECOVER FOR THAT FAILURE IN
8 ANY EVENT AN AMOUNT NOT LESS THAN THE CREDIT SERVICE CHARGE PLUS
9 TEN PERCENT OF THE PRINCIPAL AMOUNT OF THE OBLIGATION OR THE
10 TIME-PRICE DIFFERENTIAL PLUS TEN PERCENT OF THE CASH PRICE.

11 (d) A DEBTOR WHOSE DEFICIENCY IS ELIMINATED UNDER SECTION
12 4-9-626 MAY RECOVER DAMAGES FOR THE LOSS OF ANY SURPLUS.
13 HOWEVER, A DEBTOR OR SECONDARY OBLIGOR WHOSE DEFICIENCY IS
14 ELIMINATED OR REDUCED UNDER SECTION 4-9-626 MAY NOT OTHERWISE
15 RECOVER UNDER SUBSECTION (b) OF THIS SECTION FOR NONCOMPLIANCE
16 WITH THE PROVISIONS OF THIS PART 6 RELATING TO COLLECTION,
17 ENFORCEMENT, DISPOSITION, OR ACCEPTANCE.

18 (e) IN ADDITION TO ANY DAMAGES RECOVERABLE UNDER
19 SUBSECTION (b) OF THIS SECTION, THE DEBTOR, CONSUMER OBLIGOR, OR
20 PERSON NAMED AS A DEBTOR IN A FILED RECORD, AS APPLICABLE, MAY
21 RECOVER FIVE HUNDRED DOLLARS IN EACH CASE FROM A PERSON THAT:

22 (1) FAILS TO COMPLY WITH SECTION 4-9-208;

23 (2) FAILS TO COMPLY WITH SECTION 4-9-209;

24 (3) FILES A RECORD THAT THE PERSON IS NOT ENTITLED TO FILE
25 UNDER SECTION 4-9-509 (a);

26 (4) FAILS TO CAUSE THE SECURED PARTY OF RECORD TO FILE OR
27 SEND A TERMINATION STATEMENT AS REQUIRED BY SECTION 4-9-513 (a) OR

1 (c);

2 (5) FAILS TO COMPLY WITH SECTION 4-9-616 (b) (1) AND WHOSE
3 FAILURE IS PART OF A PATTERN, OR CONSISTENT WITH A PRACTICE, OF
4 NONCOMPLIANCE; OR

5 (6) FAILS TO COMPLY WITH SECTION 4-9-616 (b) (2).

6 (f) A DEBTOR OR CONSUMER OBLIGOR MAY RECOVER DAMAGES
7 UNDER SUBSECTION (b) OF THIS SECTION AND, IN ADDITION, FIVE HUNDRED
8 DOLLARS IN EACH CASE FROM A PERSON THAT, WITHOUT REASONABLE
9 CAUSE, FAILS TO COMPLY WITH A REQUEST UNDER SECTION 4-9-210. A
10 RECIPIENT OF A REQUEST UNDER SECTION 4-9-210 WHICH NEVER CLAIMED
11 AN INTEREST IN THE COLLATERAL OR OBLIGATIONS THAT ARE THE SUBJECT
12 OF A REQUEST UNDER THAT SECTION HAS A REASONABLE EXCUSE FOR
13 FAILURE TO COMPLY WITH THE REQUEST WITHIN THE MEANING OF THIS
14 SUBSECTION (f).

15 (g) IF A SECURED PARTY FAILS TO COMPLY WITH A REQUEST
16 REGARDING A LIST OF COLLATERAL OR A STATEMENT OF ACCOUNT UNDER
17 SECTION 4-9-210, THE SECURED PARTY MAY CLAIM A SECURITY INTEREST
18 ONLY AS SHOWN IN THE LIST OR STATEMENT INCLUDED IN THE REQUEST AS
19 AGAINST A PERSON THAT IS REASONABLY MISLED BY THE FAILURE.

20 **4-9-626. Action in which deficiency or surplus is in issue.**

21 (a) IN AN ACTION ARISING FROM A TRANSACTION, OTHER THAN A
22 CONSUMER TRANSACTION, IN WHICH THE AMOUNT OF A DEFICIENCY OR
23 SURPLUS IS IN ISSUE, THE FOLLOWING RULES APPLY:

24 (1) A SECURED PARTY NEED NOT PROVE COMPLIANCE WITH THE
25 PROVISIONS OF THIS PART 6 RELATING TO COLLECTION, ENFORCEMENT,
26 DISPOSITION, OR ACCEPTANCE UNLESS THE DEBTOR OR A SECONDARY
27 OBLIGOR PLACES THE SECURED PARTY'S COMPLIANCE IN ISSUE.

1 (2) IF THE SECURED PARTY'S COMPLIANCE IS PLACED IN ISSUE, THE
2 SECURED PARTY HAS THE BURDEN OF ESTABLISHING THAT THE
3 COLLECTION, ENFORCEMENT, DISPOSITION, OR ACCEPTANCE WAS
4 CONDUCTED IN ACCORDANCE WITH THIS PART 6.

5 (3) EXCEPT AS OTHERWISE PROVIDED IN SECTION 4-9-628, IF A
6 SECURED PARTY FAILS TO PROVE THAT THE COLLECTION, ENFORCEMENT,
7 DISPOSITION, OR ACCEPTANCE WAS CONDUCTED IN ACCORDANCE WITH THE
8 PROVISIONS OF THIS PART 6 RELATING TO COLLECTION, ENFORCEMENT,
9 DISPOSITION, OR ACCEPTANCE, THE LIABILITY OF A DEBTOR OR A
10 SECONDARY OBLIGOR FOR A DEFICIENCY IS LIMITED TO AN AMOUNT BY
11 WHICH THE SUM OF THE SECURED OBLIGATION, EXPENSES, AND
12 ATTORNEY'S FEES EXCEEDS THE GREATER OF:

13 (A) THE PROCEEDS OF THE COLLECTION, ENFORCEMENT,
14 DISPOSITION, OR ACCEPTANCE; OR

15 (B) THE AMOUNT OF PROCEEDS THAT WOULD HAVE BEEN REALIZED
16 HAD THE NONCOMPLYING SECURED PARTY PROCEEDED IN ACCORDANCE
17 WITH THE PROVISIONS OF THIS PART 6 RELATING TO COLLECTION,
18 ENFORCEMENT, DISPOSITION, OR ACCEPTANCE.

19 (4) FOR PURPOSES OF SUBPARAGRAPH (B) OF PARAGRAPH (3) OF
20 THIS SUBSECTION (a), THE AMOUNT OF PROCEEDS THAT WOULD HAVE BEEN
21 REALIZED IS EQUAL TO THE SUM OF THE SECURED OBLIGATION, EXPENSES,
22 AND ATTORNEY'S FEES UNLESS THE SECURED PARTY PROVES THAT THE
23 AMOUNT IS LESS THAN THAT SUM.

24 (5) IF A DEFICIENCY OR SURPLUS IS CALCULATED UNDER SECTION
25 4-9-615 (f), THE DEBTOR OR OBLIGOR HAS THE BURDEN OF ESTABLISHING
26 THAT THE AMOUNT OF PROCEEDS OF THE DISPOSITION IS SIGNIFICANTLY
27 BELOW THE RANGE OF PRICES THAT A COMPLYING DISPOSITION TO A

1 PERSON OTHER THAN THE SECURED PARTY, A PERSON RELATED TO THE
2 SECURED PARTY, OR A SECONDARY OBLIGOR WOULD HAVE BROUGHT.

3 (b) THE LIMITATION OF THE RULES IN SUBSECTION (a) OF THIS
4 SECTION TO TRANSACTIONS OTHER THAN CONSUMER TRANSACTIONS IS
5 INTENDED TO LEAVE TO THE COURT THE DETERMINATION OF THE PROPER
6 RULES IN CONSUMER TRANSACTIONS. THE COURT MAY NOT INFER FROM
7 THAT LIMITATION THE NATURE OF THE PROPER RULE IN CONSUMER
8 TRANSACTIONS AND MAY CONTINUE TO APPLY ESTABLISHED APPROACHES.

9 **4-9-627. Determination of whether conduct was commercially**
10 **reasonable.** (a) THE FACT THAT A GREATER AMOUNT COULD HAVE BEEN
11 OBTAINED BY A COLLECTION, ENFORCEMENT, DISPOSITION, OR ACCEPTANCE
12 AT A DIFFERENT TIME OR IN A DIFFERENT METHOD FROM THAT SELECTED BY
13 THE SECURED PARTY IS NOT OF ITSELF SUFFICIENT TO PRECLUDE THE
14 SECURED PARTY FROM ESTABLISHING THAT THE COLLECTION,
15 ENFORCEMENT, DISPOSITION, OR ACCEPTANCE WAS MADE IN A
16 COMMERCIALY REASONABLE MANNER.

17 (b) A DISPOSITION OF COLLATERAL IS MADE IN A COMMERCIALY
18 REASONABLE MANNER IF THE DISPOSITION IS MADE:

19 (1) IN THE USUAL MANNER ON ANY RECOGNIZED MARKET;

20 (2) AT THE PRICE CURRENT IN ANY RECOGNIZED MARKET AT THE
21 TIME OF THE DISPOSITION; OR

22 (3) OTHERWISE IN CONFORMITY WITH REASONABLE COMMERCIAL
23 PRACTICES AMONG DEALERS IN THE TYPE OF PROPERTY THAT WAS THE
24 SUBJECT OF THE DISPOSITION.

25 (c) A COLLECTION, ENFORCEMENT, DISPOSITION, OR ACCEPTANCE
26 IS COMMERCIALY REASONABLE IF IT HAS BEEN APPROVED:

27 (1) IN A JUDICIAL PROCEEDING;

- 1 (2) BY A BONA FIDE CREDITORS' COMMITTEE;
2 (3) BY A REPRESENTATIVE OF CREDITORS; OR
3 (4) BY AN ASSIGNEE FOR THE BENEFIT OF CREDITORS.
4 (d) APPROVAL UNDER SUBSECTION (c) OF THIS SECTION NEED NOT
5 BE OBTAINED, AND LACK OF APPROVAL DOES NOT MEAN THAT THE
6 COLLECTION, ENFORCEMENT, DISPOSITION, OR ACCEPTANCE IS NOT
7 COMMERCIALY REASONABLE.

8 **4-9-628. Nonliability and limitation on liability of secured party**
9 **- liability of secondary obligor.** (a) UNLESS A SECURED PARTY KNOWS
10 THAT A PERSON IS A DEBTOR OR OBLIGOR, KNOWS THE IDENTITY OF THE
11 PERSON, AND KNOWS HOW TO COMMUNICATE WITH THE PERSON:

12 (1) THE SECURED PARTY IS NOT LIABLE TO THE PERSON, OR TO A
13 SECURED PARTY OR LIENHOLDER THAT HAS FILED A FINANCING STATEMENT
14 AGAINST THE PERSON, FOR FAILURE TO COMPLY WITH THIS ARTICLE; AND

15 (2) THE SECURED PARTY'S FAILURE TO COMPLY WITH THIS ARTICLE
16 DOES NOT AFFECT THE LIABILITY OF THE PERSON FOR A DEFICIENCY.

17 (b) A SECURED PARTY IS NOT LIABLE BECAUSE OF ITS STATUS AS
18 SECURED PARTY:

19 (1) TO A PERSON THAT IS A DEBTOR OR OBLIGOR, UNLESS THE
20 SECURED PARTY KNOWS:

21 (A) THAT THE PERSON IS A DEBTOR OR OBLIGOR;

22 (B) THE IDENTITY OF THE PERSON; AND

23 (C) HOW TO COMMUNICATE WITH THE PERSON; OR

24 (2) TO A SECURED PARTY OR LIENHOLDER THAT HAS FILED A
25 FINANCING STATEMENT AGAINST A PERSON, UNLESS THE SECURED PARTY
26 KNOWS:

27 (A) THAT THE PERSON IS A DEBTOR; AND

1 (B) THE IDENTITY OF THE PERSON.

2 (c) A SECURED PARTY IS NOT LIABLE TO ANY PERSON, AND A
3 PERSON'S LIABILITY FOR A DEFICIENCY IS NOT AFFECTED, BECAUSE OF ANY
4 ACT OR OMISSION ARISING OUT OF THE SECURED PARTY'S REASONABLE
5 BELIEF THAT A TRANSACTION IS NOT A CONSUMER-GOODS TRANSACTION OR
6 A CONSUMER TRANSACTION OR THAT GOODS ARE NOT CONSUMER GOODS,
7 IF THE SECURED PARTY'S BELIEF IS BASED ON ITS REASONABLE RELIANCE
8 ON:

9 (1) A DEBTOR'S REPRESENTATION CONCERNING THE PURPOSE FOR
10 WHICH COLLATERAL WAS TO BE USED, ACQUIRED, OR HELD; OR

11 (2) AN OBLIGOR'S REPRESENTATION CONCERNING THE PURPOSE
12 FOR WHICH A SECURED OBLIGATION WAS INCURRED.

13 (d) A SECURED PARTY IS NOT LIABLE TO ANY PERSON UNDER
14 SECTION 4-9-625 (c) (2) FOR ITS FAILURE TO COMPLY WITH SECTION
15 4-9-616.

16 (e) A SECURED PARTY IS NOT LIABLE UNDER SECTION 4-9-625 (c)
17 (2) MORE THAN ONCE WITH RESPECT TO ANY ONE SECURED OBLIGATION.

18 **4-9-629. Secured party's liability when taking possession after**
19 **default - legislative declaration - fund.** (a) THE GENERAL ASSEMBLY
20 RECOGNIZES THAT, IN THE PAST, CERTAIN DEBTORS MAY HAVE BEEN
21 DISADVANTAGED BY THE ACTIONS OF REPOSSESSORS AND THAT SUCH
22 DEBTORS WERE THEN UNABLE TO OBTAIN JUST REDRESS FOR THEIR LOSSES
23 IN THE COURTS, ESPECIALLY IN CASES IN WHICH THE CREDITOR WHO
24 INITIATED THE ACTION BY EMPLOYING OR CONTRACTING WITH THE
25 REPOSSESSOR WAS SHIELDED FROM LIABILITY BECAUSE THE REPOSSESSOR
26 WAS CATEGORIZED BY THE COURTS AS AN INDEPENDENT CONTRACTOR.
27 THE GENERAL ASSEMBLY WISHES TO ENSURE THAT THE REPOSSESSOR IS

1 BONDED OR THAT THE SECURED PARTY OR ASSIGNEE IS HELD RESPONSIBLE
2 AT LAW AS A PRINCIPAL UNDER THE GENERAL PRINCIPLES OF AGENCY LAW
3 FOR THE ACTIONS OF A REPOSSESSOR WHO IS ACTING AT THE BEHEST OF THE
4 CREDITOR IN THE EVENT THAT NO BOND HAS BEEN POSTED.

5 (b) A SECURED PARTY OR SUCH PARTY'S ASSIGNEE WHO WISHES TO
6 CONTRACT WITH A PERSON TO RECOVER OR TAKE POSSESSION OF
7 COLLATERAL UPON DEFAULT, INCLUDING A MOTOR VEHICLE REPOSSESSED
8 PURSUANT TO SECTION 42-6-146, C.R.S., SHALL CONTRACT TO RECOVER OR
9 TAKE POSSESSION OF COLLATERAL ONLY WITH A PERSON WHO IS BONDED
10 FOR PROPERTY DAMAGE TO OR CONVERSION OF SUCH COLLATERAL IN THE
11 AMOUNT OF AT LEAST TWENTY-FIVE THOUSAND DOLLARS. SUCH BOND
12 SHALL BE FILED WITH AND DRAWN IN FAVOR OF THE ATTORNEY GENERAL
13 OF THE STATE OF COLORADO FOR USE OF THE PEOPLE OF THE STATE OF
14 COLORADO, AND SHALL BE REVOCABLE ONLY WITH THE WRITTEN CONSENT
15 OF THE ATTORNEY GENERAL PURSUANT TO RULES PROMULGATED BY THE
16 OFFICE OF THE ATTORNEY GENERAL. THE OFFICE OF THE ATTORNEY
17 GENERAL MAY CHARGE A FEE TO BE PAID BY THE PERSON FILING SUCH
18 BOND IN ORDER TO COVER THE DIRECT AND INDIRECT COSTS INCURRED BY
19 SUCH OFFICE IN FULFILLING ITS DUTIES UNDER THE PROVISIONS OF THIS
20 SECTION.

21 (c) A SECURED PARTY OR SECURED PARTY'S ASSIGNEE WHO
22 EMPLOYS OR CONTRACTS WITH A PERSON WHO HAS NOT COMPLIED WITH
23 THE REQUIREMENTS SPECIFIED IN SUBSECTION (b) OF THIS SECTION SHALL
24 BE LIABLE AS PRINCIPAL FOR THE ACTIONS OF ANY PERSON THE SECURED
25 PARTY OR ASSIGNEE EMPLOYS OR CONTRACTS WITH TO RECOVER OR TAKE
26 POSSESSION OF THE COLLATERAL AFTER DEFAULT AS PROVIDED IN SECTION
27 4-9-609 IN THE SAME MANNER AS IF SUCH PERSON WERE THE AGENT OF THE

1 SECURED PARTY OR ASSIGNEE, WHETHER OR NOT SUCH PERSON HAS BEEN
2 OR MAY BE DEEMED TO BE ACTING AS AN INDEPENDENT CONTRACTOR IN
3 LAW.

4 (d) A REPOSSESSOR SHALL NOT ENGAGE IN REPOSSESSING,
5 RECOVERING, OR REMOVING COLLATERAL OR PERSONAL PROPERTY ON
6 BEHALF OF A SECURED CREDITOR OR ASSIGNEE WITHOUT FIRST DISCLOSING
7 TO SUCH SECURED CREDITOR OR ASSIGNEE WHETHER SUCH REPOSSESSOR
8 IS BONDED PURSUANT TO THIS ARTICLE. ANY PERSON WHO FAILS TO
9 DISCLOSE OR MISREPRESENTS TO A SECURED PARTY SUCH PERSON'S
10 BONDED STATUS OR FAILS TO FILE SUCH BOND WITH THE ATTORNEY
11 GENERAL SHALL BE IN VIOLATION OF THE "COLORADO CONSUMER
12 PROTECTION ACT", ARTICLE 1 OF TITLE 6, C.R.S., AND SHALL BE SUBJECT
13 TO REMEDIES OR PENALTIES OR BOTH PURSUANT TO SAID ARTICLE.

14 (e) ANY PERSON WHO KNOWINGLY FALSIFIES A REPOSSESSOR BOND
15 APPLICATION OR MISREPRESENTS INFORMATION CONTAINED THEREIN
16 COMMITS A CLASS 1 MISDEMEANOR AND SHALL BE PUNISHED AS PROVIDED
17 IN SECTION 18-1-106, C.R.S.

18 (f) ALL MONEYS COLLECTED BY THE ATTORNEY GENERAL
19 PURSUANT TO THIS SECTION SHALL BE TRANSMITTED TO THE STATE
20 TREASURER, WHO SHALL CREDIT THE SAME TO THE GENERAL FUND.

21 PART 7

22 TRANSITION

23 **4-9-701. Effective date.** THIS ACT TAKES EFFECT ON JULY 1, 2002.
24 REFERENCES IN THIS PART 7 TO "THIS ACT" REFER TO THE REPEALED AND
25 REENACTED ARTICLE 9 OF THIS TITLE AS CONTAINED IN SENATE BILL
26 01-_____, ENACTED AT THE FIRST REGULAR SESSION OF THE SIXTY-THIRD
27 GENERAL ASSEMBLY. REFERENCES IN THIS PART 7 TO "FORMER ARTICLE 9"

1 ARE TO ARTICLE 9 OF THIS TITLE AS IN EFFECT IMMEDIATELY BEFORE JULY
2 1, 2002.

3 **4-9-702. Savings clause.** (a) EXCEPT AS OTHERWISE PROVIDED IN
4 THIS PART 7, THIS ACT APPLIES TO A TRANSACTION OR LIEN WITHIN ITS
5 SCOPE, EVEN IF THE TRANSACTION OR LIEN WAS ENTERED INTO OR CREATED
6 BEFORE JULY 1, 2002.

7 (b) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (c) OF THIS
8 SECTION AND SECTIONS 4-9-703 TO 4-9-709:

9 (1) TRANSACTIONS AND LIENS THAT WERE NOT GOVERNED BY
10 FORMER ARTICLE 9, WERE VALIDLY ENTERED INTO OR CREATED BEFORE
11 JULY 1, 2002, AND WOULD BE SUBJECT TO THIS ACT IF THEY HAD BEEN
12 ENTERED INTO OR CREATED ON OR AFTER JULY 1, 2002, AND THE RIGHTS,
13 DUTIES, AND INTERESTS FLOWING FROM THOSE TRANSACTIONS AND LIENS
14 REMAIN VALID ON OR AFTER JULY 1, 2002; AND

15 (2) THE TRANSACTIONS AND LIENS MAY BE TERMINATED,
16 COMPLETED, CONSUMMATED, AND ENFORCED AS REQUIRED OR PERMITTED
17 BY THIS ACT OR BY THE LAW THAT OTHERWISE WOULD APPLY IF THIS ACT
18 HAD NOT TAKEN EFFECT.

19 (c) THIS ACT DOES NOT AFFECT AN ACTION, CASE, OR PROCEEDING
20 COMMENCED BEFORE JULY 1, 2002.

21 **4-9-703. Security interest perfected before effective date.** (a) A
22 SECURITY INTEREST THAT IS ENFORCEABLE IMMEDIATELY BEFORE JULY 1,
23 2002, AND WOULD HAVE PRIORITY OVER THE RIGHTS OF A PERSON THAT
24 BECOMES A LIEN CREDITOR AT THAT TIME IS A PERFECTED SECURITY
25 INTEREST UNDER THIS ACT IF, ON JULY 1, 2002, THE APPLICABLE
26 REQUIREMENTS FOR ENFORCEABILITY AND PERFECTION UNDER THIS ACT
27 ARE SATISFIED WITHOUT FURTHER ACTION.

1 (b) EXCEPT AS OTHERWISE PROVIDED IN SECTION 4-9-705, IF,
2 IMMEDIATELY BEFORE JULY 1, 2002, A SECURITY INTEREST IS
3 ENFORCEABLE AND WOULD HAVE PRIORITY OVER THE RIGHTS OF A PERSON
4 THAT BECOMES A LIEN CREDITOR AT THAT TIME, BUT THE APPLICABLE
5 REQUIREMENTS FOR ENFORCEABILITY OR PERFECTION UNDER THIS ACT ARE
6 NOT SATISFIED ON JULY 1, 2002, THE SECURITY INTEREST:

7 (1) IS A PERFECTED SECURITY INTEREST FOR ONE YEAR AFTER JULY
8 1, 2002;

9 (2) REMAINS ENFORCEABLE AFTER JUNE 30, 2003, ONLY IF THE
10 SECURITY INTEREST BECOMES ENFORCEABLE UNDER SECTION 4-9-203
11 BEFORE JULY 1, 2003; AND

12 (3) REMAINS PERFECTED AFTER JUNE 30, 2003, ONLY IF THE
13 APPLICABLE REQUIREMENTS FOR PERFECTION UNDER THIS ACT ARE
14 SATISFIED BEFORE JULY 1, 2003.

15 (c) NOTWITHSTANDING SUBSECTIONS (a) AND (b) OF THIS SECTION,
16 A LIEN, PLEDGE, OR SECURITY INTEREST GRANTED BY A GOVERNMENTAL
17 UNIT PRIOR TO JULY 1, 2002, THAT IS ENFORCEABLE IMMEDIATELY BEFORE
18 JULY 1, 2002, AND THAT WOULD HAVE PRIORITY OVER THE RIGHTS OF A
19 PERSON THAT BECOMES A LIEN CREDITOR AT THAT TIME, SHALL REMAIN
20 ENFORCEABLE AND CONTINUE TO HAVE SUCH PRIORITY ON OR AFTER JULY
21 1, 2002.

22 **4-9-704. Security interest unperfected before effective date.** A
23 SECURITY INTEREST THAT IS ENFORCEABLE IMMEDIATELY BEFORE JULY 1,
24 2002, BUT THAT WOULD BE SUBORDINATE TO THE RIGHTS OF A PERSON
25 THAT BECOMES A LIEN CREDITOR AT THAT TIME:

26 (1) REMAINS AN ENFORCEABLE SECURITY INTEREST FOR ONE YEAR
27 AFTER JULY 1, 2002;

1 (2) REMAINS ENFORCEABLE AFTER JUNE 30, 2003, ONLY IF THE
2 SECURITY INTEREST BECOMES ENFORCEABLE UNDER SECTION 4-9-203 ON
3 OR BEFORE JUNE 30, 2003; AND

4 (3) BECOMES PERFECTED:

5 (A) WITHOUT FURTHER ACTION, ON JULY 1, 2002, IF THE
6 APPLICABLE REQUIREMENTS FOR PERFECTION UNDER THIS ACT ARE
7 SATISFIED ON OR BEFORE JULY 1, 2002; OR

8 (B) WHEN THE APPLICABLE REQUIREMENTS FOR PERFECTION ARE
9 SATISFIED IF THE REQUIREMENTS ARE SATISFIED AFTER JULY 1, 2002.

10 **4-9-705. Effectiveness of action taken before effective date.**

11 (a) IF ACTION, OTHER THAN THE FILING OF A FINANCING STATEMENT, IS
12 TAKEN BEFORE THIS ACT TAKES EFFECT AND THE ACTION WOULD HAVE
13 RESULTED IN PRIORITY OF A SECURITY INTEREST OVER THE RIGHTS OF A
14 PERSON THAT BECOMES A LIEN CREDITOR HAD THE SECURITY INTEREST
15 BECOME ENFORCEABLE BEFORE THIS ACT TAKES EFFECT, THE ACTION IS
16 EFFECTIVE TO PERFECT A SECURITY INTEREST THAT ATTACHES UNDER THIS
17 ACT ON OR BEFORE JUNE 30, 2003. AN ATTACHED SECURITY INTEREST
18 BECOMES UNPERFECTED ON JULY 1, 2003, UNLESS THE SECURITY INTEREST
19 BECOMES A PERFECTED SECURITY INTEREST UNDER THIS ACT ON OR BEFORE
20 JUNE 30, 2003.

21 (b) THE FILING OF A FINANCING STATEMENT BEFORE THIS ACT
22 TAKES EFFECT IS EFFECTIVE TO PERFECT A SECURITY INTEREST TO THE
23 EXTENT THE FILING WOULD SATISFY THE APPLICABLE REQUIREMENTS FOR
24 PERFECTION UNDER THIS ACT.

25 (c) THIS ACT DOES NOT RENDER INEFFECTIVE AN EFFECTIVE
26 FINANCING STATEMENT THAT, BEFORE THIS ACT TAKES EFFECT, IS FILED
27 AND SATISFIES THE APPLICABLE REQUIREMENTS FOR PERFECTION UNDER

1 THE LAW OF THE JURISDICTION GOVERNING PERFECTION AS PROVIDED IN
2 FORMER SECTION 4-9-103. HOWEVER, EXCEPT AS OTHERWISE PROVIDED
3 IN SUBSECTIONS (d) AND (e) OF THIS SECTION AND SECTION 4-9-706, THE
4 FINANCING STATEMENT CEASES TO BE EFFECTIVE AT THE EARLIER OF:

5 (1) THE TIME THE FINANCING STATEMENT WOULD HAVE CEASED TO
6 BE EFFECTIVE UNDER THE LAW OF THE JURISDICTION IN WHICH IT IS FILED;

7 OR

8 (2) JUNE 30, 2007.

9 (d) THE FILING OF A CONTINUATION STATEMENT AFTER THIS ACT
10 TAKES EFFECT DOES NOT CONTINUE THE EFFECTIVENESS OF THE FINANCING
11 STATEMENT FILED BEFORE THIS ACT TAKES EFFECT. HOWEVER, UPON THE
12 TIMELY FILING OF A CONTINUATION STATEMENT AFTER THIS ACT TAKES
13 EFFECT AND IN ACCORDANCE WITH THE LAW OF THE JURISDICTION
14 GOVERNING PERFECTION AS PROVIDED IN PART 3 OF THIS ARTICLE, THE
15 EFFECTIVENESS OF A FINANCING STATEMENT FILED IN THE SAME OFFICE IN
16 THAT JURISDICTION BEFORE THIS ACT TAKES EFFECT CONTINUES FOR THE
17 PERIOD PROVIDED BY THE LAW OF THAT JURISDICTION.

18 (e) PARAGRAPH (2) OF SUBSECTION (c) OF THIS SECTION APPLIES TO
19 A FINANCING STATEMENT THAT, BEFORE THIS ACT TAKES EFFECT, IS FILED
20 AGAINST A TRANSMITTING UTILITY AND SATISFIES THE APPLICABLE
21 REQUIREMENTS FOR PERFECTION UNDER THE LAW OF THE JURISDICTION
22 GOVERNING PERFECTION AS PROVIDED IN FORMER SECTION 4-9-103 ONLY
23 TO THE EXTENT THAT PART 3 OF THIS ARTICLE PROVIDES THAT THE LAW OF
24 A JURISDICTION OTHER THAN THE JURISDICTION IN WHICH THE FINANCING
25 STATEMENT IS FILED GOVERNS PERFECTION OF A SECURITY INTEREST IN
26 COLLATERAL COVERED BY THE FINANCING STATEMENT.

27 (f) A FINANCING STATEMENT THAT INCLUDES A FINANCING

1 STATEMENT FILED BEFORE THIS ACT TAKES EFFECT AND A CONTINUATION
2 STATEMENT FILED AFTER THIS ACT TAKES EFFECT IS EFFECTIVE ONLY TO
3 THE EXTENT THAT IT SATISFIES THE REQUIREMENTS OF PART 5 OF THIS
4 ARTICLE FOR AN INITIAL FINANCING STATEMENT.

5 **4-9-706. When initial financing statement suffices to continue**
6 **effectiveness of financing statement.** (a) THE FILING OF AN INITIAL
7 FINANCING STATEMENT IN THE OFFICE SPECIFIED IN SECTION 4-9-501
8 CONTINUES THE EFFECTIVENESS OF A FINANCING STATEMENT FILED BEFORE
9 THIS ACT TAKES EFFECT IF:

10 (1) THE FILING OF AN INITIAL FINANCING STATEMENT IN THAT
11 OFFICE WOULD BE EFFECTIVE TO PERFECT A SECURITY INTEREST UNDER
12 THIS ACT;

13 (2) THE PRE-EFFECTIVE-DATE FINANCING STATEMENT WAS FILED IN
14 AN OFFICE IN ANOTHER STATE OR ANOTHER OFFICE IN THIS STATE; AND

15 (3) THE INITIAL FINANCING STATEMENT SATISFIES SUBSECTION (c)
16 OF THIS SECTION.

17 (b) THE FILING OF AN INITIAL FINANCING STATEMENT UNDER
18 SUBSECTION (a) OF THIS SECTION CONTINUES THE EFFECTIVENESS OF THE
19 PRE-EFFECTIVE-DATE FINANCING STATEMENT:

20 (1) IF THE INITIAL FINANCING STATEMENT IS FILED BEFORE THIS ACT
21 TAKES EFFECT, FOR THE PERIOD PROVIDED IN FORMER SECTION 4-9-403
22 WITH RESPECT TO A FINANCING STATEMENT; AND

23 (2) IF THE INITIAL FINANCING STATEMENT IS FILED AFTER THIS ACT
24 TAKES EFFECT, FOR THE PERIOD PROVIDED IN SECTION 4-9-515 WITH
25 RESPECT TO AN INITIAL FINANCING STATEMENT.

26 (c) TO BE EFFECTIVE FOR PURPOSES OF SUBSECTION (a) OF THIS
27 SECTION, AN INITIAL FINANCING STATEMENT MUST:

1 (1) SATISFY THE REQUIREMENTS OF PART 5 OF THIS ARTICLE FOR AN
2 INITIAL FINANCING STATEMENT;

3 (2) IDENTIFY THE PRE-EFFECTIVE-DATE FINANCING STATEMENT BY
4 INDICATING THE OFFICE IN WHICH THE FINANCING STATEMENT WAS FILED
5 AND PROVIDING THE DATES OF FILING AND FILE NUMBERS, IF ANY, OF THE
6 FINANCING STATEMENT AND OF THE MOST RECENT CONTINUATION
7 STATEMENT FILED WITH RESPECT TO THE FINANCING STATEMENT; AND

8 (3) INDICATE THAT THE PRE-EFFECTIVE-DATE FINANCING
9 STATEMENT REMAINS EFFECTIVE.

10 **4-9-707. Amendment of pre-effective-date financing statement.**

11 (a) AS USED IN THIS PART 7, "PRE-EFFECTIVE-DATE FINANCING
12 STATEMENT" MEANS A FINANCING STATEMENT FILED BEFORE THIS ACT
13 TAKES EFFECT.

14 (b) AFTER THIS ACT TAKES EFFECT, A PERSON MAY ADD OR DELETE
15 COLLATERAL COVERED BY, CONTINUE OR TERMINATE THE EFFECTIVENESS
16 OF, OR OTHERWISE AMEND THE INFORMATION PROVIDED IN, A
17 PRE-EFFECTIVE-DATE FINANCING STATEMENT ONLY IN ACCORDANCE WITH
18 THE LAW OF THE JURISDICTION GOVERNING PERFECTION AS PROVIDED IN
19 PART 3 OF THIS ARTICLE. HOWEVER, THE EFFECTIVENESS OF A
20 PRE-EFFECTIVE-DATE FINANCING STATEMENT ALSO MAY BE TERMINATED
21 IN ACCORDANCE WITH THE LAW OF THE JURISDICTION IN WHICH THE
22 FINANCING STATEMENT IS FILED.

23 (c) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (d) OF THIS
24 SECTION, IF THE LAW OF THIS STATE GOVERNS PERFECTION OF A SECURITY
25 INTEREST, THE INFORMATION IN A PRE-EFFECTIVE-DATE FINANCING
26 STATEMENT MAY BE AMENDED AFTER THIS ACT TAKES EFFECT ONLY IF:

27 (1) THE PRE-EFFECTIVE-DATE FINANCING STATEMENT AND AN

1 AMENDMENT ARE FILED IN THE OFFICE SPECIFIED IN SECTION 4-9-501;

2 (2) AN AMENDMENT IS FILED IN THE OFFICE SPECIFIED IN SECTION
3 4-9-501 CONCURRENTLY WITH, OR AFTER THE FILING IN THAT OFFICE OF,
4 AN INITIAL FINANCING STATEMENT THAT SATISFIES SECTION 4-9-706 (c); OR

5 (3) AN INITIAL FINANCING STATEMENT THAT PROVIDES THE
6 INFORMATION AS AMENDED AND SATISFIES SECTION 4-9-706 (c) IS FILED IN
7 THE OFFICE SPECIFIED IN SECTION 4-9-501.

8 (d) IF THE LAW OF THIS STATE GOVERNS PERFECTION OF A SECURITY
9 INTEREST, THE EFFECTIVENESS OF A PRE-EFFECTIVE-DATE FINANCING
10 STATEMENT MAY BE CONTINUED ONLY UNDER SECTION 4-9-705 (d) AND (f)
11 OR 4-9-706.

12 (e) WHETHER OR NOT THE LAW OF THIS STATE GOVERNS
13 PERFECTION OF A SECURITY INTEREST, THE EFFECTIVENESS OF A
14 PRE-EFFECTIVE-DATE FINANCING STATEMENT FILED IN THIS STATE MAY BE
15 TERMINATED AFTER THIS ACT TAKES EFFECT BY FILING A TERMINATION
16 STATEMENT IN THE OFFICE IN WHICH THE PRE-EFFECTIVE DATE FINANCING
17 STATEMENT IS FILED, UNLESS AN INITIAL FINANCING STATEMENT THAT
18 SATISFIES SECTION 4-9-706 (c) HAS BEEN FILED IN THE OFFICE SPECIFIED BY
19 THE LAW OF THE JURISDICTION GOVERNING PERFECTION AS PROVIDED IN
20 PART 3 OF THIS ARTICLE AS THE OFFICE IN WHICH TO FILE A FINANCING
21 STATEMENT.

22 **4-9-708. Persons entitled to file initial financing statement or**
23 **continuation statement.** A PERSON MAY FILE AN INITIAL FINANCING
24 STATEMENT OR A CONTINUATION STATEMENT UNDER THIS PART 7 IF:

25 (1) THE SECURED PARTY OF RECORD AUTHORIZES THE FILING; AND

26 (2) THE FILING IS NECESSARY UNDER THIS PART 7:

27 (A) TO CONTINUE THE EFFECTIVENESS OF A FINANCING STATEMENT

1 FILED BEFORE THIS ACT TAKES EFFECT; OR

2 (B) TO PERFECT OR CONTINUE THE PERFECTION OF A SECURITY
3 INTEREST.

4 **4-9-709. Priority.** (a) THIS ACT DETERMINES THE PRIORITY OF
5 CONFLICTING CLAIMS TO COLLATERAL. HOWEVER, IF THE RELATIVE
6 PRIORITIES OF THE CLAIMS WERE ESTABLISHED BEFORE THIS ACT TAKES
7 EFFECT, FORMER ARTICLE 9 DETERMINES PRIORITY.

8 (b) FOR PURPOSES OF SECTION 4-9-322 (a), THE PRIORITY OF A
9 SECURITY INTEREST THAT BECOMES ENFORCEABLE UNDER SECTION 4-9-203
10 OF THIS ACT DATES FROM THE TIME THIS ACT TAKES EFFECT IF THE
11 SECURITY INTEREST IS PERFECTED UNDER THIS ACT BY THE FILING OF A
12 FINANCING STATEMENT BEFORE THIS ACT TAKES EFFECT WHICH WOULD NOT
13 HAVE BEEN EFFECTIVE TO PERFECT THE SECURITY INTEREST UNDER FORMER
14 ARTICLE 9. THIS SUBSECTION (b) DOES NOT APPLY TO CONFLICTING
15 SECURITY INTERESTS EACH OF WHICH IS PERFECTED BY THE FILING OF SUCH
16 A FINANCING STATEMENT.

17 **SECTION 2.** 4-9.3-102 (2), Colorado Revised Statutes, is
18 amended to read:

19 **4-9.3-102. Definitions.** As used in this article, unless the context
20 otherwise requires:

21 (2) "Central filing officer" means the ~~person designated by the~~
22 ~~board pursuant to section 4-9.3-103~~ SECRETARY OF STATE.

23 **SECTION 3.** 4-9.3-103 (3) (a), (3) (b), (3) (e), (3) (f), and (3) (j),
24 Colorado Revised Statutes, are amended to read:

25 **4-9.3-103. Central information system board - director - duties**
26 **- repeal.** (3) In performing its duties pursuant to this article, the board
27 has the power to:

1 (a) Create and implement the central information system; ~~which~~
2 ~~shall include the operation and improvement of the central filing system;~~

3 (b) Adopt, rescind, modify, or amend rules, orders, and resolutions
4 for the exercise of its ~~and the central filing officer's~~ powers and duties;

5 (e) Monitor program performance and accountability; ~~including~~
6 ~~the performance of the central filing officer designated pursuant to~~
7 ~~paragraph (j) of this subsection (3);~~

8 (f) Hire all necessary personnel and procure all necessary personal
9 services and equipment to ~~assist the central filing officer in exercising the~~
10 ~~powers and carrying~~ CARRY out the duties set forth in this article and part
11 4 PART 5 of article 9 and article 9.5 of this title, including, without
12 limitation, acquiring the capability to receive electronic filings. Whenever
13 practicable, the board shall contract with private entities for the
14 performance of such duties.

15 (j) ~~On or before November 1, 1999, appoint a person to perform~~
16 ~~the duties of the central filing officer under this article and part 4 of article~~
17 ~~9 and article 9.5 of this title. The person so appointed shall exercise such~~
18 ~~powers as may be delegated by the board or that may be necessary to~~
19 ~~discharge the duties of the central filing officer, including, without~~
20 ~~limitation, the implementation of all contracts entered into by the board~~
21 ~~pertaining to the performance of such duties. The central filing officer~~
22 ~~shall serve for an indefinite term, at the pleasure of the board.~~

23 **SECTION 4.** 4-9.3-105 (3.4) and (4), Colorado Revised Statutes,
24 are amended to read:

25 **4-9.3-105. Central information system cash fund - creation.**
26 (3.4) Revenues collected by the board ~~and the central filing officer~~ from
27 ~~their~~ ITS respective operations shall be transmitted to the state treasurer,

1 who shall credit the same to the central information system cash fund,
2 which fund is hereby created in the state treasury. Such revenues shall be
3 subject to annual appropriation by the general assembly to the board for
4 the purposes described in subsection (1) of this section and in section
5 4-9.3-103. The board may allocate a share of such revenues to the
6 governmental agencies that provide database information to the central
7 information system for public access purposes.

8 (4) All equipment, software, and other property purchased with
9 moneys from the county clerk's technology fund shall become the property
10 of the respective counties in which such property exists as of December
11 31, 1999. The board shall determine, and may establish subcommittees
12 to recommend, formulae pursuant to which any unexpended,
13 unencumbered moneys remaining in the county clerk's technology fund
14 as of December 31, 1999, shall be allocated among the county clerks. It
15 is the intent of the general assembly that moneys in the fund be distributed
16 directly to each county clerk in an amount equal to the allocation
17 determined by the board and that such distribution not be considered a
18 transfer to a county's general fund or subject to appropriation by a county
19 commission. ALL EQUIPMENT, SOFTWARE, AND OTHER PROPERTY THAT IS
20 IN THE POSSESSION OF A COUNTY AND THAT WAS PURCHASED WITH MONEYS
21 FROM THE CENTRAL INFORMATION SYSTEM CASH FUND MAY BE
22 TRANSFERRED TO SUCH COUNTY AND, UPON SUCH TRANSFER, SHALL
23 BECOME THE PROPERTY OF THE COUNTY.

24 **SECTION 5.** 4-9.5-103 (2.5), (3), (7) (e), and (7) (j), Colorado
25 Revised Statutes, are amended to read:

26 **4-9.5-103. Definitions.** As used in this article, unless the context
27 otherwise requires:

1 (2.5) "Central filing officer" means the ~~person designated by the~~
2 ~~board pursuant to section 4-9.3-103~~ SECRETARY OF STATE.

3 (3) "Central filing system" means a system for filing effective
4 financing statements or notice of such financing statements on a statewide
5 basis and which has been certified by the secretary of the United States
6 department of agriculture pursuant to section 1324 of the "Food Security
7 Act of 1985". It is the intent of the general assembly that, effective
8 January 1, 2000, the filing system established by ~~section 4-9-401~~ SECTION
9 4-9-501 shall constitute the central filing system.

10 (7) "Effective financing statement" means a statement that:

11 (e) Shall be amended in writing within three months after any
12 material change, similarly signed, and filed to reflect material changes.
13 Such amendment and material change shall be signed by the secured
14 party, and if such amendment is filed electronically it shall be signed
15 electronically, pursuant to ~~section 4-9-413 (2)~~ SECTION 24-71-101, C.R.S.
16 However, if the security interest is terminated as to one or more of the
17 farm products shown on the filed effective financing statement and the
18 effective financing statement is to remain effective as to one or more other
19 farm products, an amendment shall be filed showing such partial
20 termination within thirty days after termination of such security interest,
21 and if the affected secured party fails to file an amendment showing such
22 partial termination within the thirty-day period, he shall be liable to the
23 debtor for one hundred dollars, and, in addition, for any loss caused to the
24 debtor by such failure.

25 (j) Is accompanied by the requisite filing fee, established pursuant
26 to ~~section 4-11-102~~ SECTION 4-9-525;

27 **SECTION 6.** 4-9.5-107 (1) and (2) (a) (I), Colorado Revised

1 Statutes, are amended to read:

2 **4-9.5-107. Notice of termination.** (1) Whenever there is no
3 outstanding secured obligation and no commitment to make advances,
4 incur obligations, or otherwise give value, the secured party shall, within
5 thirty days, file with the central filing officer a notice of termination of the
6 effective financing statement and provide notice to the debtor of such
7 filing, unless the debtor otherwise requests. If the affected secured party
8 fails to file a termination statement within the thirty-day period, the
9 secured party shall be liable to the debtor for ~~one~~ FIVE hundred dollars,
10 and, in addition, for any loss caused to the debtor by such failure.

11 (2) (a) The notice of termination of an effective financing
12 statement shall:

13 (I) Be signed by the secured party, and if such notice is filed
14 electronically it shall be signed electronically, pursuant to ~~section 4-9-413~~
15 ~~(2)~~ SECTION 24-71-101, C.R.S.;

16 **SECTION 7.** 4-9.5-108 (1) and (3), Colorado Revised Statutes,
17 are amended to read:

18 **4-9.5-108. Filings generally.** (1) The central filing officer shall
19 accept for filing all filings pursuant to this title during regular business
20 hours. The central filing officer shall record the date and hour of the
21 filing of such statements. In the event of an electronic filing made other
22 than during regular business hours, the central filing officer shall record
23 the date of filing as follows: If an electronic filing is made other than
24 during the regular business hours of the filing office, the date of filing
25 shall be the day on which such office next commences business, and the
26 hour of filing shall be the commencement of business on such day. All
27 filings made pursuant to this title that are filed as paper documents and not

1 electronically shall be filed in duplicate, and one copy of the statement
2 shall be returned to the filing party stamped to show the time of receipt of
3 the filing. All filings shall be submitted for filing on forms prescribed by
4 the board. Nothing in this section shall be construed to require the central
5 filing officer to accept for filing any item the rejection of which is
6 required or permitted under ~~section 4-9-403.5~~ SECTION 4-9-520.

7 (3) Any termination, amendment, assignment, or release of
8 collateral filing made pursuant to this article shall include the signature of
9 the secured party, and if such filing is made electronically it shall be
10 signed electronically, pursuant to ~~section 4-9-413(2)~~ SECTION 24-71-101,
11 C.R.S.

12 **SECTION 8.** 38-25-102 (2) and (2.5), Colorado Revised Statutes,
13 are amended to read:

14 **38-25-102. Federal liens - places of filing.** (2) Notices of federal
15 liens upon personal property, whether tangible or intangible, for
16 obligations payable to the United States and certificates and notices
17 affecting the liens shall be filed as follows:

18 (a) If the person against whose interest the lien applies is a
19 corporation, partnership, or limited liability company whose chief
20 executive office is in this state, as these entities are defined in the internal
21 revenue laws of the United States, in the office of the ~~central filing officer~~
22 SECRETARY OF STATE;

23 (b) If the person against whose interest the lien applies is a trust
24 that is not covered by paragraph (a) of this subsection (2), in the office of
25 the ~~central filing officer~~ SECRETARY OF STATE;

26 (c) If the person against whose interest the lien applies is the estate
27 of a decedent, in the office of the ~~central filing officer~~ SECRETARY OF

1 STATE;

2 (d) In all other cases, WHERE THE PERSON AGAINST WHOSE
3 INTEREST THE LIEN APPLIES HAS HIS, HER, OR ITS PRINCIPAL RESIDENCE IN
4 THIS STATE AT THE TIME OF RECORDING OF THE NOTICE OF LIEN, the notice
5 of lien shall be recorded in the office of the ~~county clerk and recorder of~~
6 ~~the county where the person against whose interest the lien applies resides~~
7 ~~at the time of recording of the notice of lien~~ SECRETARY OF STATE.

8 (2.5) ~~As used in this article, unless the context otherwise requires,~~
9 ~~"central filing officer" means the central filing officer designated pursuant~~
10 ~~to section 4-9.3-103, C.R.S.~~

11 **SECTION 9.** 38-25-104 (1) (a), the introductory portion to
12 38-25-104 (2), and 38-25-104 (4), Colorado Revised Statutes, are
13 amended to read:

14 **38-25-104. Duties of filing officer.** (1) If a notice of federal lien,
15 a refiling of a notice of federal lien, or a notice of revocation of any
16 certificate described in subsection (2) of this section is presented to a
17 filing officer who is:

18 (a) ~~The central filing officer~~ SECRETARY OF STATE, then the ~~central~~
19 ~~filing officer~~ SECRETARY OF STATE shall cause the notice to be marked,
20 held, and indexed in accordance with the provisions of ~~section 4-9-403 (4)~~
21 SECTION 4-9-519, C.R.S., as if the notice were a financing statement
22 within the meaning of such section; or

23 (2) If a certificate of release, nonattachment, discharge, or
24 subordination of any lien is presented to the ~~central filing officer~~
25 SECRETARY OF STATE for filing, the ~~central filing officer~~ SECRETARY OF
26 STATE shall:

27 (4) Upon request of any person, the filing officer shall issue a

1 certificate showing whether there is on file, or recorded on the date and
2 hour stated therein, any notice of lien or certificate or notice affecting any
3 lien filed under this article, naming a particular person and, if a notice or
4 certificate is on file, giving the date and hour of filing of each notice or
5 certificate. The fee for the issuance of a certificate by the ~~central filing~~
6 ~~officer~~ SECRETARY OF STATE shall be determined and collected pursuant
7 to section 24-21-104 (3), C.R.S., and the fee for the issuance of a
8 certificate by a county clerk and recorder shall be ~~the same as provided in~~
9 ~~section 4-11-102 (1) (g) (I), C.R.S.~~ FIVE DOLLARS. Upon request, the
10 filing officer shall furnish a copy of any notice of federal lien or notice or
11 certificate affecting a federal lien. The fee for furnishing and for
12 certifying such copy and affixing the seal thereto shall be determined and
13 collected pursuant to section 24-21-104 (3), C.R.S., if furnished by the
14 ~~central filing officer~~ SECRETARY OF STATE, and the said fee shall be ~~the~~
15 ~~same as provided in section 4-11-102 (1) (g) (II), C.R.S.~~ FIVE DOLLARS,
16 if furnished by a county clerk and recorder.

17 **SECTION 10.** 38-25-105 (1) (c) and (2), Colorado Revised
18 Statutes, are amended to read:

19 **38-25-105. Fees.** (1) (c) When the filing officer is the ~~central~~
20 ~~filing officer~~ SECRETARY OF STATE, the fees required by this subsection (1)
21 shall be determined and collected pursuant to section 24-21-104 (3),
22 C.R.S.

23 (2) The FILING officer shall bill the district directors of internal
24 revenue or other appropriate federal officials on a monthly basis for fees
25 for documents filed by them.

26 **SECTION 11.** 38-25-106, Colorado Revised Statutes, is amended
27 to read:

1 **38-25-106. Lien not valid until notice filed.** Prior to the time of
2 the filing of a notice of lien in the office of the ~~central filing officer~~
3 SECRETARY OF STATE or the county clerk and recorder, as the case may be,
4 the lien shall not be valid as against any mortgagee, purchaser, or
5 judgment creditor.

6 **SECTION 12.** 38-27-102, Colorado Revised Statutes, is amended
7 to read:

8 **38-27-102. Notice of lien.** Such lien shall take effect if, prior to
9 any such judgment, settlement, or compromise, a written notice of lien
10 containing the name and address of the injured person, the date of the
11 accident, the name and location of the hospital, and the name of the
12 person alleged to be liable to the injured person for the injuries received
13 is filed by the hospital in the office of the ~~central filing officer designated~~
14 ~~pursuant to section 4-9.3-103, C.R.S.~~ SECRETARY OF STATE. Hospital
15 liens properly recorded with the division of insurance prior to July 1,
16 1994, shall be valid and enforceable without filing with the office of the
17 secretary of state. Within ten days after such filing, the hospital shall mail
18 by certified mail, return receipt requested, a copy of said notice to such
19 injured person at the last address provided to the hospital by such person,
20 to his or her attorney, if known, to the persons alleged to be liable to such
21 injured person for the injuries sustained, if known, and to the insurance
22 carriers, if known, which have insured such persons alleged to be liable
23 against such liability. If an action for damages on account of such injuries
24 or death is pending, the requirements of notice contained in this section
25 shall be satisfied by the filing of the said notice of lien in the pending
26 action, with copies thereof to the attorneys of record for the parties
27 thereto.

1 **SECTION 13.** 4-1-105 (2), Colorado Revised Statutes, is
2 amended to read:

3 **4-1-105. Territorial application of title - parties' power to**
4 **choose applicable law.** (2) Where one of the following provisions of this
5 title specifies the applicable law, that provision governs and a contrary
6 agreement is effective only to the extent permitted by the law (including
7 the conflict of laws rules) so specified:

8 Rights of creditors against sold goods. Section 4-2-402.

9 Applicability of the article on leases. Sections 4-2.5-105 and
10 4-2.5-106.

11 Applicability of the article on bank deposits and collections.
12 Section 4-4-102.

13 Governing law in the article on funds transfers. Section 4-4.5-507.

14 Letters of credit. Section 4-5-116.

15 Applicability of the article on investment securities. Section
16 4-8-110.

17 ~~Perfection provisions of the article on secured transactions.~~
18 ~~Section 4-9-103.~~

19 LAW GOVERNING PERFECTION, THE EFFECT OF PERFECTION OR
20 NONPERFECTION, AND THE PRIORITY OF SECURITY INTERESTS AND
21 AGRICULTURAL LIENS. SECTIONS 4-9-301 TO 4-9-307.

22 **SECTION 14.** The introductory portion to 4-1-201 and 4-1-201
23 (9), (32), and (37), Colorado Revised Statutes, are amended to read:

24 **4-1-201. General definitions.** Subject to additional definitions
25 contained in the subsequent articles of this title which are applicable to
26 specific articles or ~~portions~~ PARTS thereof, and unless the context
27 otherwise requires, in this title:

1 (9) "Buyer in ordinary course of business" means a person who
2 THAT BUYS GOODS in good faith, and without knowledge that the sale to
3 ~~him is in violation of~~ VIOLATES the ownership rights or security interest
4 of a ~~third party~~ ANOTHER PERSON in the goods, AND buys in THE ordinary
5 course from a person, OTHER THAN A PAWNBROKER, in the business of
6 selling goods of that kind. ~~but does not include a pawnbroker. All~~
7 ~~persons who sell minerals or the like (including oil and gas) at wellhead~~
8 ~~or minehead shall be deemed persons~~ A PERSON BUYS GOODS IN THE
9 ORDINARY COURSE IF THE SALE TO THE PERSON COMPORTS WITH THE USUAL
10 OR CUSTOMARY PRACTICES IN THE KIND OF BUSINESS IN WHICH THE SELLER
11 IS ENGAGED OR WITH THE SELLER'S OWN USUAL OR CUSTOMARY PRACTICES.
12 A PERSON THAT SELLS OIL, GAS, OR OTHER MINERALS AT THE WELL HEAD
13 OR MINEHEAD IS A PERSON in the business of selling goods of that kind.
14 "Buying" A BUYER IN ORDINARY COURSE OF BUSINESS may be BUY for
15 cash, or by exchange of other property, or on secured or unsecured credit,
16 and ~~includes receiving~~ MAY ACQUIRE goods or documents of title under a
17 preexisting contract for sale. ~~but does not include a transfer in bulk or as~~
18 ~~security for or in total or partial satisfaction of a money debt~~ ONLY A
19 BUYER THAT TAKES POSSESSION OF THE GOODS OR HAS A RIGHT TO
20 RECOVER THE GOODS FROM THE SELLER UNDER ARTICLE 2 OF THIS TITLE
21 MAY BE A BUYER IN ORDINARY COURSE OF BUSINESS. A PERSON THAT
22 ACQUIRES GOODS IN A TRANSFER IN BULK OR AS SECURITY FOR OR IN TOTAL
23 OR PARTIAL SATISFACTION OF A MONEY DEBT IS NOT A BUYER IN ORDINARY
24 COURSE OF BUSINESS.

25 (32) "Purchase" includes taking by sale, discount, negotiation,
26 mortgage, pledge, lien, SECURITY INTEREST, issue or reissue, gift, or any
27 other voluntary transaction creating an interest in property.

1 (37) "Security interest" means an interest in personal property or
2 fixtures which secures payment or performance of an obligation. The
3 ~~retention or reservation of title by a seller of goods notwithstanding~~
4 ~~shipment or delivery to the buyer (section 4-2-401) is limited in effect to~~
5 ~~a reservation of a "security interest".~~ The term also includes any interest
6 of a CONSIGNOR AND A buyer of accounts, ~~or~~ chattel paper, ~~which~~ A
7 PAYMENT INTANGIBLE, OR A PROMISSORY NOTE IN A TRANSACTION THAT
8 is subject to article 9 of this title. The special property interest of a buyer
9 of goods on identification of such goods to a contract for sale under
10 section 4-2-401 is not a "security interest", but a buyer may also acquire
11 a "security interest" by complying with said article 9. ~~Unless a~~
12 ~~consignment is intended as security, reservation of title thereunder is not~~
13 ~~a "security interest", but a consignment is in any event subject to the~~
14 ~~provisions on consignment sales (section 4-2-326)~~ EXCEPT AS OTHERWISE
15 PROVIDED IN SECTION 4-2-505, THE RIGHT OF A SELLER OR LESSOR OF
16 GOODS UNDER ARTICLE 2 OR 2.5 OF THIS TITLE TO RETAIN OR ACQUIRE
17 POSSESSION OF THE GOODS IS NOT A "SECURITY INTEREST", BUT A SELLER
18 OR LESSOR MAY ALSO ACQUIRE A "SECURITY INTEREST" BY COMPLYING
19 WITH ARTICLE 9 OF THIS TITLE. THE RETENTION OR RESERVATION OF TITLE
20 BY A SELLER OF GOODS NOTWITHSTANDING SHIPMENT OR DELIVERY TO THE
21 BUYER (SECTION 4-2-401) IS LIMITED IN EFFECT TO A RESERVATION OF A
22 "SECURITY INTEREST". Whether a transaction creates a lease or security
23 interest is determined by the facts of each case; however, a transaction
24 creates a security interest if the consideration the lessee is to pay the
25 lessor for the right to possession and use of the goods is an obligation for
26 the term of the lease not subject to termination by the lessee, and

27 (a) The original term of the lease is equal to or greater than the

1 remaining economic life of the goods,

2 (b) The lessee is bound to renew the lease for the remaining
3 economic life of the goods or is bound to become the owner of the goods,

4 (c) The lessee has an option to renew the lease for the remaining
5 economic life of the goods for no additional consideration or nominal
6 addition consideration upon compliance with the lease agreement, or

7 (d) The lessee has an option to become the owner of the goods for
8 no additional consideration or nominal addition consideration upon
9 compliance with the lease agreement.

10 A transaction does not create a security interest merely because it
11 provides that

12 (a) The present value of the consideration the lessee is obligated
13 to pay the lessor for the right to possession and use of the goods is
14 substantially equal to or is greater than the fair market value of the goods
15 at the time the lease is entered into,

16 (b) The lessee assumes risk of loss of the goods, or agrees to pay
17 taxes, insurance, filing, recording, or registration fees, or service or
18 maintenance costs with respect to the goods,

19 (c) The lessee has an option to renew the lease or to become the
20 owner of the goods,

21 (d) The lessee has an option to renew the lease for a fixed rent that
22 is equal to or greater than the reasonably predictable fair market rent for
23 the use of the goods for the term of the renewal at the time the option is
24 to be performed, or

25 (e) The lessee has an option to become the owner of the goods for
26 a fixed price that is equal to or greater than the reasonably predictable fair
27 market value of the goods at the time the option is to be performed.

1 For purposes of this subsection (37):

2 (x) Additional consideration is not nominal if (i) when the option
3 to renew the lease is granted to the lessee the rent is stated to be the fair
4 market rent for the use of the goods for the term of the renewal
5 determined at the time the option is to be performed, or (ii) when the
6 option to become the owner of the goods is granted to the lessee the price
7 is stated to be the fair market value of the goods determined at the time the
8 option is to be performed. Additional consideration is nominal if it is less
9 than the lessee's reasonably predictable cost of performing under the lease
10 agreement if the option is not exercised;

11 (y) "Reasonably predictable" and "remaining economic life of
12 goods" are to be determined with reference to the facts and circumstances
13 at the time the transaction is entered into.

14 (z) "Present value" means the amount as of a date certain of one
15 or more sums payable in the future, discounted to the date certain. The
16 discount is determined by the interest rate specified by the parties if the
17 rate is not manifestly unreasonable at the time the transaction is entered
18 into; otherwise, the discount is determined by a commercially reasonable
19 rate that takes into account the facts and circumstances of each case at the
20 time the transaction was entered into.

21 **SECTION 15.** 4-2-103 (3), Colorado Revised Statutes, is
22 amended to read:

23 **4-2-103. Definitions and index of definitions.** (3) The following
24 definitions in other articles apply to this article:

25 "Check". Section 4-3-104.

26 "Consignee". Section 4-7-102.

27 "Consignor". Section 4-7-102.

1 "Consumer goods". ~~Section 4-9-109~~ SECTION 4-9-102.

2 "Dishonor". Section 4-3-502.

3 "Draft". Section 4-3-104.

4 **SECTION 16.** 4-2-210 (2), Colorado Revised Statutes, is
5 amended, and the said 4-2-210 is further amended BY THE ADDITION
6 OF A NEW SUBSECTION, to read:

7 **4-2-210. Delegation of performance - assignment of rights.**

8 (2) EXCEPT AS OTHERWISE PROVIDED IN SECTION 4-9-406, unless
9 otherwise agreed, all rights of either seller or buyer can be assigned except
10 where the assignment would materially change the duty of the other party,
11 or increase materially the burden or risk imposed on him OR HER by his OR
12 HER contract, or impair materially his OR HER chance of obtaining return
13 performance. A right to damages for breach of the whole contract or a
14 right arising out of the assignor's due performance of his OR HER entire
15 obligation can be assigned despite agreement otherwise.

16 (2.5) THE CREATION, ATTACHMENT, PERFECTION, OR ENFORCEMENT
17 OF A SECURITY INTEREST IN THE SELLER'S INTEREST UNDER A CONTRACT IS
18 NOT A TRANSFER THAT MATERIALLY CHANGES THE DUTY OF OR INCREASES
19 MATERIALLY THE BURDEN OR RISK IMPOSED ON THE BUYER OR IMPAIRS
20 MATERIALLY THE BUYER'S CHANCE OF OBTAINING RETURN PERFORMANCE
21 WITHIN THE PURVIEW OF SUBSECTION (2) OF THIS SECTION UNLESS, AND
22 THEN ONLY TO THE EXTENT THAT ENFORCEMENT ACTUALLY RESULTS IN A
23 DELEGATION OF MATERIAL PERFORMANCE OF THE SELLER. EVEN IN THAT
24 EVENT, THE CREATION, ATTACHMENT, PERFECTION, AND ENFORCEMENT OF
25 THE SECURITY INTEREST REMAIN EFFECTIVE, BUT (i) THE SELLER IS LIABLE
26 TO THE BUYER FOR DAMAGES CAUSED BY THE DELEGATION TO THE EXTENT
27 THAT THE DAMAGES COULD NOT REASONABLY BE PREVENTED BY THE

1 BUYER, AND (ii) A COURT HAVING JURISDICTION MAY GRANT OTHER
2 APPROPRIATE RELIEF, INCLUDING CANCELLATION OF THE CONTRACT FOR
3 SALE OR AN INJUNCTION AGAINST ENFORCEMENT OF THE SECURITY
4 INTEREST OR CONSUMMATION OF THE ENFORCEMENT.

5 **SECTION 17.** 4-2-326, Colorado Revised Statutes, is amended
6 to read:

7 **4-2-326. Sale on approval and sale or return - rights of**
8 **creditors.** (1) Unless otherwise agreed, if delivered goods may be
9 returned by the buyer even though they conform to the contract, the
10 transaction is:

11 (a) A "sale on approval" if the goods are delivered primarily for
12 use; and

13 (b) A "sale or return" if the goods are delivered primarily for
14 resale.

15 (2) ~~Except as provided in subsection (3) of this section,~~ Goods
16 held on approval are not subject to the claims of the buyer's creditors until
17 acceptance; goods held on sale or return are subject to such claims while
18 in the buyer's possession.

19 ~~(3) Where goods are delivered to a person for sale and such person~~
20 ~~maintains a place of business at which he deals in goods of the kind~~
21 ~~involved, under a name other than the name of the person making~~
22 ~~delivery, then, with respect to claims of creditors of the person conducting~~
23 ~~the business, the goods are deemed to be on sale or return. The provisions~~
24 ~~of this subsection are applicable even though an agreement purports to~~
25 ~~reserve title to the person making delivery until payment or resale or uses~~
26 ~~such words as "on consignment" or "on memorandum"; however, this~~
27 ~~subsection is not applicable if the person making delivery:~~

1 (a) ~~Complies with an applicable law providing for a consignor's~~
2 ~~interest or the like to be evidenced by a sign; or~~

3 (b) ~~Establishes that the person conducting the business is generally~~
4 ~~known by his creditors to be substantially engaged in selling the goods of~~
5 ~~others; or~~

6 (c) ~~Complies with the filing provisions of the article on secured~~
7 ~~transactions (article 9 of this title).~~

8 (4) (3) Any "or return" term of a contract for sale is to be treated
9 as a separate contract for sale within the statute of frauds section of this
10 article (section 4-2-201) and as contradicting the sale aspect of the
11 contract within the provisions of this article on parol or extrinsic evidence
12 (section 4-2-202).

13 (5) (4) The provisions of this section shall not apply to the
14 placement of works of fine art on consignment, which shall be governed
15 by the provisions of article 15 of title 6, C.R.S.

16 **SECTION 18.** 4-2-502, Colorado Revised Statutes, is amended
17 to read:

18 **4-2-502. Buyer's right to goods on seller's insolvency -**
19 **repudiation - failure to deliver.** (1) Subject to ~~subsection (2)~~
20 ~~SUBSECTIONS (2) AND (3)~~ of this section and even though the goods have
21 not been shipped, a buyer who has paid a part or all of the price of goods
22 in which he OR SHE has a special property under the provisions of section
23 4-2-501 may on making and keeping good a tender of any unpaid portion
24 of their price recover them from the seller if:

25 (a) IN THE CASE OF GOODS BOUGHT FOR PERSONAL, FAMILY, OR
26 HOUSEHOLD PURPOSES, THE SELLER REPUDIATES OR FAILS TO DELIVER AS
27 REQUIRED BY THE CONTRACT; OR

1 (b) IN ALL CASES, the seller becomes insolvent within ten days
2 after receipt of the first installment on their price.

3 (2) THE BUYER'S RIGHT TO RECOVER THE GOODS UNDER
4 PARAGRAPH (a) OF SUBSECTION (1) OF THIS SECTION VESTS UPON
5 ACQUISITION OF A SPECIAL PROPERTY, EVEN IF THE SELLER HAD NOT THEN
6 REPUDIATED OR FAILED TO DELIVER.

7 ~~(2)~~(3) If the identification creating his OR HER special property has
8 been made by the buyer, he OR SHE acquires the right to recover the goods
9 only if they conform to the contract for sale.

10 **SECTION 19.** 4-2-716 (3), Colorado Revised Statutes, is
11 amended to read:

12 **4-2-716. Buyer's right to specific performance or replevin.**

13 (3) The buyer has a right of replevin for goods identified to the contract
14 if after reasonable effort he OR SHE is unable to effect "cover" for such
15 goods or the circumstances reasonably indicate that such effort will be
16 unavailing or if the goods have been shipped under reservation and
17 satisfaction of the security interest in them has been made or tendered. IN
18 THE CASE OF GOODS BOUGHT FOR PERSONAL, FAMILY, OR HOUSEHOLD
19 PURPOSES, THE BUYER'S RIGHT OF REPLEVIN VESTS UPON ACQUISITION OF
20 A SPECIAL PROPERTY, EVEN IF THE SELLER HAD NOT THEN REPUDIATED OR
21 FAILED TO DELIVER.

22 **SECTION 20.** 4-2.5-103 (3), Colorado Revised Statutes, is
23 amended to read:

24 **4-2.5-103. Definitions and index of definitions.** (3) The
25 following definitions in other articles apply to this article:

26 "Account". ~~Section 4-9-106~~

27 SECTION 4-9-102 (a) (2).

1	"Between merchants".	Section 4-2-104 (3).
2	"Buyer".	Section 4-2-103 (1) (a).
3	"Chattel paper".	Section 4-9-105 (1) (b)
4		SECTION 4-9-102 (a) (11).
5	"Consumer goods".	Section 4-9-109 (1)
6		SECTION 4-9-102 (a) (23).
7	"Document".	Section 4-9-105 (1) (f)
8		SECTION 4-9-102 (a) (30).
9	"Entrusting".	Section 4-2-403 (3).
10	"General intangibles".	Section 4-9-106
11	"GENERAL INTANGIBLE".	SECTION 4-9-102 (a) (42).
12	"Good faith".	Section 4-2-103 (1) (b).
13	"Instrument".	Section 4-9-105 (1) (i)
14		SECTION 4-9-102 (a) (47).
15	"Merchant".	Section 4-2-104 (1).
16	"Mortgage".	Section 4-9-105 (1) (j)
17		SECTION 4-9-102 (a) (55).
18	"Pursuant to commitment".	Section 4-9-105 (1) (k)
19		SECTION 4-9-102 (a) (68).
20	"Receipt".	Section 4-2-103 (1) (c).
21	"Sale".	Section 4-2-106 (1).
22	"Sale on approval".	Section 4-2-326.
23	"Sale or return".	Section 4-2-326.
24	"Seller".	Section 4-2-103 (1) (d).

25 **SECTION 21.** 4-2.5-303, Colorado Revised Statutes, is
26 REPEALED AND REENACTED, WITH AMENDMENTS, to read:

27 **4-2.5-303. Alienability of party's interest under lease contract**

1 **or of lessor's residual interest in goods; delegation of performance;**
2 **transfer of rights.** (1) AS USED IN THIS SECTION, "CREATION OF A
3 SECURITY INTEREST" INCLUDES THE SALE OF A LEASE CONTRACT THAT IS
4 SUBJECT TO ARTICLE 9 OF THIS TITLE BY REASON OF SECTION 4-9-109 (a)
5 (3).

6 (2) EXCEPT AS PROVIDED IN SUBSECTION (3) OF THIS SECTION AND
7 SECTION 4-9-407, A PROVISION IN A LEASE AGREEMENT WHICH (i)
8 PROHIBITS THE VOLUNTARY OR INVOLUNTARY TRANSFER, INCLUDING A
9 TRANSFER BY SALE, SUBLEASE, CREATION OR ENFORCEMENT OF A SECURITY
10 INTEREST, OR ATTACHMENT, LEVY, OR OTHER JUDICIAL PROCESS, OF AN
11 INTEREST OF A PARTY UNDER THE LEASE CONTRACT OR OF THE LESSOR'S
12 RESIDUAL INTEREST IN THE GOODS, OR (ii) MAKES SUCH A TRANSFER AN
13 EVENT OF DEFAULT, GIVES RISE TO THE RIGHTS AND REMEDIES PROVIDED
14 IN SUBSECTION (4) OF THIS SECTION, BUT A TRANSFER THAT IS PROHIBITED
15 OR IS AN EVENT OF DEFAULT UNDER THE LEASE AGREEMENT IS OTHERWISE
16 EFFECTIVE.

17 (3) A PROVISION IN A LEASE AGREEMENT WHICH (i) PROHIBITS A
18 TRANSFER OF A RIGHT TO DAMAGES FOR DEFAULT WITH RESPECT TO THE
19 WHOLE LEASE CONTRACT OR OF A RIGHT TO PAYMENT ARISING OUT OF THE
20 TRANSFEROR'S DUE PERFORMANCE OF THE TRANSFEROR'S ENTIRE
21 OBLIGATION, OR (ii) MAKES SUCH A TRANSFER AN EVENT OF DEFAULT, IS
22 NOT ENFORCEABLE, AND SUCH A TRANSFER IS NOT A TRANSFER THAT
23 MATERIALLY IMPAIRS THE PROSPECT OF OBTAINING RETURN PERFORMANCE
24 BY, MATERIALLY CHANGES THE DUTY OF, OR MATERIALLY INCREASES THE
25 BURDEN OR RISK IMPOSED ON, THE OTHER PARTY TO THE LEASE CONTRACT
26 WITHIN THE PURVIEW OF SUBSECTION (4) OF THIS SECTION.

27 (4) SUBJECT TO SUBSECTION (3) OF THIS SECTION AND SECTION

1 4-9-407:

2 (a) IF A TRANSFER IS MADE WHICH IS MADE AN EVENT OF DEFAULT
3 UNDER A LEASE AGREEMENT, THE PARTY TO THE LEASE CONTRACT NOT
4 MAKING THE TRANSFER, UNLESS THAT PARTY WAIVES THE DEFAULT OR
5 OTHERWISE AGREES, HAS THE RIGHTS AND REMEDIES DESCRIBED IN
6 SECTION 4-2.5-501 (2);

7 (b) IF PARAGRAPH (a) OF THIS SUBSECTION (4) IS NOT APPLICABLE
8 AND IF A TRANSFER IS MADE THAT (i) IS PROHIBITED UNDER A LEASE
9 AGREEMENT OR (ii) MATERIALLY IMPAIRS THE PROSPECT OF OBTAINING
10 RETURN PERFORMANCE BY, MATERIALLY CHANGES THE DUTY OF, OR
11 MATERIALLY INCREASES THE BURDEN OR RISK IMPOSED ON, THE OTHER
12 PARTY TO THE LEASE CONTRACT, UNLESS THE PARTY NOT MAKING THE
13 TRANSFER AGREES AT ANY TIME TO THE TRANSFER IN THE LEASE CONTRACT
14 OR OTHERWISE, THEN, EXCEPT AS LIMITED BY CONTRACT, (i) THE
15 TRANSFEROR IS LIABLE TO THE PARTY NOT MAKING THE TRANSFER FOR
16 DAMAGES CAUSED BY THE TRANSFER TO THE EXTENT THAT THE DAMAGES
17 COULD NOT REASONABLY BE PREVENTED BY THE PARTY NOT MAKING THE
18 TRANSFER AND (ii) A COURT HAVING JURISDICTION MAY GRANT OTHER
19 APPROPRIATE RELIEF, INCLUDING CANCELLATION OF THE LEASE CONTRACT
20 OR AN INJUNCTION AGAINST THE TRANSFER.

21 (5) A TRANSFER OF "THE LEASE" OR OF "ALL MY RIGHTS UNDER THE
22 LEASE", OR A TRANSFER IN SIMILAR GENERAL TERMS, IS A TRANSFER OF
23 RIGHTS AND, UNLESS THE LANGUAGE OR THE CIRCUMSTANCES, AS IN A
24 TRANSFER FOR SECURITY, INDICATE THE CONTRARY, THE TRANSFER IS A
25 DELEGATION OF DUTIES BY THE TRANSFEROR TO THE TRANSFEREE.
26 ACCEPTANCE BY THE TRANSFEREE CONSTITUTES A PROMISE BY THE
27 TRANSFEREE TO PERFORM THOSE DUTIES. THE PROMISE IS ENFORCEABLE

1 BY EITHER THE TRANSFEROR OR THE OTHER PARTY TO THE LEASE
2 CONTRACT.

3 (6) UNLESS OTHERWISE AGREED BY THE LESSOR AND THE LESSEE,
4 A DELEGATION OF PERFORMANCE DOES NOT RELIEVE THE TRANSFEROR AS
5 AGAINST THE OTHER PARTY OF ANY DUTY TO PERFORM OR OF ANY
6 LIABILITY FOR DEFAULT.

7 (7) IN A CONSUMER LEASE, TO PROHIBIT THE TRANSFER OF AN
8 INTEREST OF A PARTY UNDER THE LEASE CONTRACT OR TO MAKE A
9 TRANSFER AN EVENT OF DEFAULT, THE LANGUAGE MUST BE SPECIFIC, BY A
10 WRITING, AND CONSPICUOUS.

11 **SECTION 22.** 4-2.5-307, Colorado Revised Statutes, is
12 REPEALED AND REENACTED, WITH AMENDMENTS, to read:

13 **4-2.5-307. Priority of liens arising by attachment or levy on,**
14 **security interests in, and other claims to goods.** (1) EXCEPT AS
15 OTHERWISE PROVIDED IN SECTION 4-2.5-306, A CREDITOR OF A LESSEE
16 TAKES SUBJECT TO THE LEASE CONTRACT.

17 (2) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (3) OF THIS
18 SECTION AND IN SECTIONS 4-2.5-306 AND 4-2.5-308, A CREDITOR OF A
19 LESSOR TAKES SUBJECT TO THE LEASE CONTRACT UNLESS THE CREDITOR
20 HOLDS A LIEN THAT ATTACHED TO THE GOODS BEFORE THE LEASE
21 CONTRACT BECAME ENFORCEABLE.

22 (3) EXCEPT AS OTHERWISE PROVIDED IN SECTIONS 4-9-317,
23 4-9-321, AND 4-9-323, A LESSEE TAKES A LEASEHOLD INTEREST SUBJECT TO
24 A SECURITY INTEREST HELD BY A CREDITOR OF THE LESSOR.

25 **SECTION 23.** 4-2.5-309 (1) (b), Colorado Revised Statutes, is
26 amended to read:

27 **4-2.5-309. Lessor's and lessee's rights when goods become**

1 **fixtures.** (1) In this section:

2 (b) A "fixture filing" is the filing, in the office where a RECORD OF
3 A mortgage on the real estate would be filed or recorded, of a financing
4 statement covering goods that are or are to become fixtures and
5 conforming to the requirements of ~~section 4-9-402 (5)~~ SECTION 4-9-502
6 (a) AND (b);

7 **SECTION 24.** 4-4-210 (c) (1), Colorado Revised Statutes, is
8 amended to read:

9 **4-4-210. Security interest of collecting bank in items,**
10 **accompanying documents, and proceeds.** (c) Receipt by a collecting
11 bank of a final settlement for an item is a realization on its security
12 interest in the item, accompanying documents, and proceeds. So long as
13 the bank does not receive final settlement for the item or give up
14 possession of the item or accompanying documents for purposes other
15 than collection, the security interest continues to that extent and is subject
16 to article 9 of this title, but:

17 (1) No security agreement is necessary to make the security
18 interest enforceable (~~section 4-9-203 (1) (a)~~ SECTION 4-9-203 (b) (3) (A));

19 **SECTION 25.** Article 5 of title 4, Colorado Revised Statutes, is
20 amended BY THE ADDITION OF A NEW SECTION to read:

21 **4-5-117.5. Security interest of issuer or nominated person.**

22 (a) AN ISSUER OR NOMINATED PERSON HAS A SECURITY INTEREST IN A
23 DOCUMENT PRESENTED UNDER A LETTER OF CREDIT TO THE EXTENT THAT
24 THE ISSUER OR NOMINATED PERSON HONORS OR GIVES VALUE FOR THE
25 PRESENTATION.

26 (b) SO LONG AS AND TO THE EXTENT THAT AN ISSUER OR
27 NOMINATED PERSON HAS NOT BEEN REIMBURSED OR HAS NOT OTHERWISE

1 RECOVERED THE VALUE GIVEN WITH RESPECT TO A SECURITY INTEREST IN
2 A DOCUMENT UNDER SUBSECTION (a) OF THIS SECTION, THE SECURITY
3 INTEREST CONTINUES AND IS SUBJECT TO ARTICLE 9 OF THIS TITLE, BUT:

4 (1) A SECURITY AGREEMENT IS NOT NECESSARY TO MAKE THE
5 SECURITY INTEREST ENFORCEABLE UNDER SECTION 4-9-203 (b) (3);

6 (2) IF THE DOCUMENT IS PRESENTED IN A MEDIUM OTHER THAN A
7 WRITTEN OR OTHER TANGIBLE MEDIUM, THE SECURITY INTEREST IS
8 PERFECTED; AND

9 (3) IF THE DOCUMENT IS PRESENTED IN A WRITTEN OR OTHER
10 TANGIBLE MEDIUM AND IS NOT A CERTIFICATED SECURITY, CHATTEL PAPER,
11 A DOCUMENT OF TITLE, AN INSTRUMENT, OR A LETTER OF CREDIT, THE
12 SECURITY INTEREST IS PERFECTED AND HAS PRIORITY OVER A CONFLICTING
13 SECURITY INTEREST IN THE DOCUMENT SO LONG AS THE DEBTOR DOES NOT
14 HAVE POSSESSION OF THE DOCUMENT.

15 **SECTION 26.** 4-7-503 (1), Colorado Revised Statutes, is
16 amended to read:

17 **4-7-503. Document of title to goods defeated in certain cases.**

18 (1) A document of title confers no right in goods against a person who
19 before issuance of the document had a legal interest or a perfected
20 security interest in them and who neither:

21 (a) Delivered or entrusted them or any document of title covering
22 them to the bailor or his OR HER nominee with actual or apparent authority
23 to ship, store, or sell or with power to obtain delivery under this article
24 (section 4-7-403) or with power of disposition under this title (~~sections~~
25 ~~4-2-403 and 4-9-307~~ SECTIONS 4-2-403 AND 4-9-320) or other statute or
26 rule of law; nor

27 (b) Acquiesced in the procurement by the bailor or his OR HER

1 nominee of any document of title.

2 **SECTION 27.** 4-8-103 (f), Colorado Revised Statutes, is amended
3 to read:

4 **4-8-103. Rules for determining whether certain obligations and**
5 **interests are securities or financial assets.** (f) A commodity contract,
6 as defined in ~~section 4-9-115~~ SECTION 4-9-102 (a) (15), is not a security
7 or a financial asset.

8 **SECTION 28.** 4-8-106 (d) and (f), Colorado Revised Statutes, are
9 amended to read:

10 **4-8-106. Control.** (d) A purchaser has "control" of a security
11 entitlement if:

12 (1) The purchaser becomes the entitlement holder; ~~or~~

13 (2) The securities intermediary has agreed that it will comply with
14 entitlement orders originated by the purchaser without further consent by
15 the entitlement holder; OR

16 (3) ANOTHER PERSON HAS CONTROL OF THE SECURITY
17 ENTITLEMENT ON BEHALF OF THE PURCHASER OR, HAVING PREVIOUSLY
18 ACQUIRED CONTROL OF THE SECURITY ENTITLEMENT, ACKNOWLEDGES
19 THAT IT HAS CONTROL ON BEHALF OF THE PURCHASER.

20 (f) A purchaser who has satisfied the requirements of subsection
21 (c) ~~(2)~~ or (d) ~~(2)~~ of this section has control even if the registered owner in
22 the case of subsection (c) ~~(2)~~ of this section or the entitlement holder in
23 the case of subsection (d) ~~(2)~~ of this section retains the right to make
24 substitutions for the uncertificated security or security entitlement, to
25 originate instructions or entitlement orders to the issuer or securities
26 intermediary, or otherwise to deal with the uncertificated security or
27 security entitlement.

1 **SECTION 29.** 4-8-110 (e), Colorado Revised Statutes, is
2 REPEALED AND REENACTED, WITH AMENDMENTS, to read:

3 **4-8-110. Applicability - choice of law.** (e) THE FOLLOWING
4 RULES DETERMINE A "SECURITIES INTERMEDIARY'S JURISDICTION" FOR
5 PURPOSES OF THIS SECTION:

6 (1) IF AN AGREEMENT BETWEEN THE SECURITIES INTERMEDIARY
7 AND ITS ENTITLEMENT HOLDER GOVERNING THE SECURITIES ACCOUNT
8 EXPRESSLY PROVIDES THAT A PARTICULAR JURISDICTION IS THE SECURITIES
9 INTERMEDIARY'S JURISDICTION FOR PURPOSES OF THIS PART 1, THIS
10 ARTICLE, OR THIS TITLE, THAT JURISDICTION IS THE SECURITIES
11 INTERMEDIARY'S JURISDICTION.

12 (2) IF PARAGRAPH (1) OF THIS SUBSECTION (e) DOES NOT APPLY
13 AND AN AGREEMENT BETWEEN THE SECURITIES INTERMEDIARY AND ITS
14 ENTITLEMENT HOLDER GOVERNING THE SECURITIES ACCOUNT EXPRESSLY
15 PROVIDES THAT THE AGREEMENT IS GOVERNED BY THE LAW OF A
16 PARTICULAR JURISDICTION, THAT JURISDICTION IS THE SECURITIES
17 INTERMEDIARY'S JURISDICTION.

18 (3) IF NEITHER PARAGRAPH (1) NOR PARAGRAPH (2) OF THIS
19 SUBSECTION (e) APPLIES AND AN AGREEMENT BETWEEN THE SECURITIES
20 INTERMEDIARY AND ITS ENTITLEMENT HOLDER EXPRESSLY PROVIDES THAT
21 THE SECURITIES ACCOUNT IS MAINTAINED AT AN OFFICE IN A PARTICULAR
22 JURISDICTION, THAT JURISDICTION IS THE SECURITIES INTERMEDIARY'S
23 JURISDICTION.

24 (4) IF NONE OF PARAGRAPHS (1), (2), OR (3) OF THIS SUBSECTION (e)
25 APPLIES, THE SECURITIES INTERMEDIARY'S JURISDICTION IS THE
26 JURISDICTION IN WHICH THE OFFICE IDENTIFIED IN AN ACCOUNT STATEMENT
27 AS THE OFFICE SERVING THE ENTITLEMENT HOLDER'S ACCOUNT IS LOCATED.

1 (5) IF NONE OF PARAGRAPHS (1), (2), (3), OR (4) OF THIS
2 SUBSECTION (e) APPLIES, THE SECURITIES INTERMEDIARY'S JURISDICTION
3 IS THE JURISDICTION IN WHICH THE CHIEF EXECUTIVE OFFICE OF THE
4 SECURITIES INTERMEDIARY IS LOCATED.

5 **SECTION 30.** 4-8-301 (a) (3), Colorado Revised Statutes, is
6 amended to read:

7 **4-8-301. Delivery.** (a) Delivery of a certificated security to a
8 purchaser occurs when:

9 (3) A securities intermediary acting on behalf of the purchaser
10 acquires possession of the security certificate, only if the certificate is in
11 registered form and ~~has been~~ IS (i) REGISTERED IN THE NAME OF THE
12 PURCHASER, (ii) PAYABLE TO THE ORDER OF THE PURCHASER, OR (iii)
13 specially indorsed to the purchaser by an effective indorsement AND HAS
14 NOT BEEN INDORSED TO THE SECURITIES INTERMEDIARY OR IN BLANK.

15 **SECTION 31.** 4-8-302 (a), Colorado Revised Statutes, is
16 amended to read:

17 **4-8-302. Rights of purchaser.** (a) Except as otherwise provided
18 in subsections (b) and (c) of this section, ~~upon delivery~~ A PURCHASER OF
19 a certificated or uncertificated security ~~to a purchaser, the purchaser~~
20 acquires all rights in the security that the transferor had or had power to
21 transfer.

22 **SECTION 32.** 4-8-510, Colorado Revised Statutes, is amended
23 to read:

24 **4-8-510. Rights of purchaser of security entitlement from**
25 **entitlement holder.** (a) IN A CASE NOT COVERED BY THE PRIORITY RULES
26 IN ARTICLE 9 OF THIS TITLE OR THE RULES STATED IN SUBSECTION (c) OF
27 THIS SECTION, an action based on an adverse claim to a financial asset or

1 security entitlement, whether framed in conversion, replevin, constructive
2 trust, equitable lien, or other theory, may not be asserted against a person
3 who purchases a security entitlement, or an interest therein, from an
4 entitlement holder if the purchaser gives value, does not have notice of the
5 adverse claim, and obtains control.

6 (b) If an adverse claim could not have been asserted against an
7 entitlement holder under section 4-8-502, the adverse claim cannot be
8 asserted against a person who purchases a security entitlement, or an
9 interest therein, from the entitlement holder.

10 (c) In a case not covered by the priority rules in article 9 of this
11 title, a purchaser for value of a security entitlement, or an interest therein,
12 who obtains control has priority over a purchaser of a security entitlement,
13 or an interest therein, who does not obtain control. EXCEPT AS OTHERWISE
14 PROVIDED IN SUBSECTION (d) OF THIS SECTION, purchasers who have
15 control rank ~~equally, except that~~ ACCORDING TO PRIORITY IN TIME OF:

16 (1) THE PURCHASER'S BECOMING THE PERSON FOR WHOM THE
17 SECURITIES ACCOUNT, IN WHICH THE SECURITY ENTITLEMENT IS CARRIED,
18 IS MAINTAINED, IF THE PURCHASER OBTAINED CONTROL UNDER SECTION
19 4-8-106 (d) (1);

20 (2) THE SECURITIES INTERMEDIARY'S AGREEMENT TO COMPLY WITH
21 THE PURCHASER'S ENTITLEMENT ORDERS WITH RESPECT TO SECURITY
22 ENTITLEMENTS CARRIED OR TO BE CARRIED IN THE SECURITIES ACCOUNT IN
23 WHICH THE SECURITY ENTITLEMENT IS CARRIED, IF THE PURCHASER
24 OBTAINED CONTROL UNDER SECTION 4-8-106 (d) (2); OR

25 (3) IF THE PURCHASER OBTAINED CONTROL THROUGH ANOTHER
26 PERSON UNDER SECTION 4-8-106 (d) (3), THE TIME ON WHICH PRIORITY
27 WOULD BE BASED UNDER THIS SUBSECTION (c) IF THE OTHER PERSON WERE

1 THE SECURED PARTY.

2 (d) A securities intermediary as purchaser has priority over a
3 conflicting purchaser who has control unless otherwise agreed by the
4 securities intermediary.

5 **SECTION 33.** 5-5-103 (1), (2), and (3), Colorado Revised
6 Statutes, are amended to read:

7 **5-5-103. Restrictions on deficiency judgments in consumer**
8 **credit sales.** (1) This section applies to a consumer credit sale of goods
9 or services. A consumer is not liable for a deficiency unless the creditor
10 has disposed of the goods in accordance with the provisions on the
11 disposition of collateral of the "Uniform Commercial Code" contained in
12 part 5 6 of article 9 of title 4, C.R.S.

13 (2) If the creditor repossesses, with or without the aid of judicial
14 process, or voluntarily accepts surrender of goods that were the subject of
15 the sale and in which the creditor has a security interest, the parties
16 obligated are not personally liable to the creditor for the unpaid balance
17 of the debt arising from the sale of a commercial unit of goods of which
18 the cash sale price was three thousand dollars or less, and the creditor's
19 duty to dispose of the collateral is governed by the provisions on the
20 disposition of collateral of the "Uniform Commercial Code" contained in
21 part 5 6 of article 9 of title 4, C.R.S.

22 (3) If the creditor repossesses, with or without the aid of judicial
23 process, or voluntarily accepts surrender of goods that were not the
24 subject of the sale but in which the creditor has a security interest to
25 secure a debt arising from a sale of goods or services or a combined sale
26 of goods and services and the cash price of the sale was two thousand one
27 hundred dollars or less, the parties obligated are not personally liable to

1 the creditor for the unpaid balance of the debt arising from the sale, and
2 the creditor's duty to dispose of the collateral is governed by the
3 provisions on disposition of collateral of the "Uniform Commercial Code"
4 contained in part 5 6 of article 9 of title 4, C.R.S.

5 **SECTION 34.** 6-1-105 (1) (gg), Colorado Revised Statutes, is
6 amended to read:

7 **6-1-105. Deceptive trade practices.** (1) A person engages in a
8 deceptive trade practice when, in the course of such person's business,
9 vocation, or occupation, such person:

10 (gg) Fails to disclose or misrepresents to another person, a secured
11 creditor, or an assignee by whom such person is retained to repossess
12 personal property whether such person is bonded in accordance with
13 ~~section 4-9-503.5~~ SECTION 4-9-629, C.R.S., or fails to file such bond with
14 the attorney general;

15 **SECTION 35.** 14-10-122 (1.5) (c), Colorado Revised Statutes, is
16 amended to read:

17 **14-10-122. Modification and termination of provisions for**
18 **maintenance, support, and property disposition - automatic lien.**

19 (1.5) (c) **Lien on personal property other than wages and moneys held**
20 **by a financial institution as defined by 42 U.S.C. sec. 669 (d) or motor**
21 **vehicles.** (I) To evidence a lien on personal property, other than wages
22 and moneys held by a financial institution as defined in 42 U.S.C. sec.
23 669 (d) or motor vehicles, created pursuant to this subsection (1.5), the
24 state child support enforcement agency shall file a notice of lien with the
25 ~~central filing officer designated pursuant to section 4-9.3-103 (1) (j),~~
26 ~~C.R.S.~~, SECRETARY OF STATE by means of direct electronic data
27 transmission. From the time of filing the notice of lien with the ~~central~~

1 ~~filing officer~~ SECRETARY OF STATE, such lien shall be an encumbrance in
2 favor of the obligee, or the assignee of the obligee, and shall encumber all
3 personal property or any interest of the obligor in any personal property.

4 (II) The lien on personal property created by this section shall
5 remain in effect twelve years or until all past-due amounts are paid,
6 including any accrued interest and costs, without the necessity of renewal.
7 Within twenty calendar days after satisfaction of the debt or debts
8 described in the notice of lien, the state child support enforcement agency
9 shall file a release of lien with the ~~central filing officer~~ SECRETARY OF
10 STATE. The filing of such a release of lien shall be conclusive evidence
11 that the lien is extinguished.

12 (III) The state child support enforcement agency shall be exempt
13 from paying a fee for the filing of notices of liens or releases of liens with
14 the ~~central filing officer~~ SECRETARY OF STATE pursuant to this paragraph
15 (c).

16 (IV) For purposes of this paragraph (c), "personal property" means
17 property that the child support enforcement agency has determined has a
18 net equity value of not less than five thousand dollars at the time of the
19 filing of the notice of lien with the ~~central filing officer~~ SECRETARY OF
20 STATE.

21 **SECTION 36.** 18-5-502, Colorado Revised Statutes, is amended
22 to read:

23 **18-5-502. Failure to pay over assigned accounts.** Where, under
24 the terms of an assignment of an account, as defined in ~~section 4-9-106~~
25 SECTION 4-9-102 (a) (2), C.R.S., the assignor, being permitted to collect
26 the proceeds from the debtor, is to pay over to the assignee any of such
27 proceeds and, after collection thereof, the assignor willfully and

1 wrongfully fails to pay over to the assignee such proceeds amounting to
2 five hundred dollars or more, the person commits a class 5 felony. Where
3 the amount of such proceeds withheld by the assignor is less than five
4 hundred dollars, the person commits a class 2 misdemeanor.

5 **SECTION 37.** 24-21-104 (3) (g), Colorado Revised Statutes, is
6 amended to read:

7 **24-21-104. Fees of secretary of state.** (3) (g) All moneys
8 collected by the office of the secretary of state pursuant to section
9 ~~4-11-102 (1) (a.5) (F)~~, 4-9-525, C.R.S., shall be transferred to the state
10 treasurer and credited to the department of state cash fund pursuant to this
11 subsection (3).

12 **SECTION 38.** 37-60-120 (1), Colorado Revised Statutes, is
13 amended to read:

14 **37-60-120. Control of projects - contractual powers of board.**
15 (1) The state of Colorado shall have the ownership and control of such
16 portions of said projects, or shall take a sufficient security interest in
17 property or take such bonds, notes, or other securities evidencing an
18 obligation, as will assure repayment of funds made available by section
19 37-60-119. Any security interest in property taken under this subsection
20 (1) may be perfected and enforced in the same manner as security interests
21 under article 9 of title 4, C.R.S. ~~notwithstanding any provision of section~~
22 ~~4-9-104, C.R.S.~~ The board is empowered to enter into contracts ~~which~~
23 THAT are, in its opinion, necessary for the maintenance and continued
24 operation of such projects.

25 **SECTION 39.** 38-10-114, Colorado Revised Statutes, is amended
26 to read:

27 **38-10-114. No delivery or change of possession - effect.** Except

1 as otherwise provided in section 4-2-402 or 4-2.5-308, C.R.S., or except
2 where evidence of the transaction is included in the central registry
3 maintained with respect to transactions relating to title to such goods and
4 chattels, or is duly noted on the certificate of title to such goods and
5 chattels by the authority issuing such certificate, or is included in the
6 records of the proper filing office for a security interest in such goods and
7 chattels under ~~section 4-9-401~~ SECTION 4-9-501, C.R.S., or is a transaction
8 described in ~~section 4-9-302 (1) or (2)~~ SECTION 4-9-309 OR 4-9-310,
9 C.R.S., every sale made by a vendor of goods and chattels in his OR HER
10 possession or under his OR HER control and every assignment of goods and
11 chattels, unless each shall be accompanied by an immediate delivery and
12 followed by an actual and continued change of possession of things sold
13 or assigned, shall be presumed to be fraudulent and void as against the
14 creditors of the vendor, or the creditors of the person making such
15 assignment, or subsequent purchasers in good faith, unless the party
16 opposed to the effect of the presumption shall establish that it is more
17 probable than not that such sale or assignment was made by the seller or
18 assignor in good faith and without any actual intent to hinder, delay, or
19 defraud creditors or subsequent purchasers.

20 **SECTION 40.** 38-21.5-102, Colorado Revised Statutes, is
21 amended to read:

22 **38-21.5-102. Lien established.** Where a rental agreement, as
23 defined in section 38-21.5-101 (6), is entered into between the owner and
24 the occupant, the owner of a self-service storage facility and his OR HER
25 heirs, executors, administrators, successors, and assigns have a lien upon
26 all personal property located at the self-service storage facility for rent,
27 labor, or other charges, present or future, in relation to the personal

1 property and for expenses necessary for its preservation or expenses
2 reasonably incurred in its sale or other disposition pursuant to this article.
3 The lien attaches as of the date the personal property is brought to the
4 self-service storage facility and continues so long as the owner retains
5 possession and until the default is corrected, or a sale is conducted, or the
6 property is otherwise disposed of to satisfy the lien. Prior to taking
7 enforcement action pursuant to section 38-21.5-103 (1) (b), the owner
8 shall determine if, in the county where the self-service storage facility is
9 located and in the county of the occupant's last-known address, a
10 financing statement filed in accordance with ~~part 4~~ PART 5 of article 9 of
11 title 4, C.R.S., has been filed concerning the property to be sold or
12 otherwise disposed of.

13 **SECTION 41.** 38-24.5-103 (1), Colorado Revised Statutes, is
14 amended to read:

15 **38-24.5-103. How lien obtained - lien statement.** (1) Every
16 person intending to avail himself OR HERSELF of the benefits of this article
17 shall serve on the owner by certified or registered mail, return receipt
18 requested, or by personal service, within ten days after completing the
19 harvesting, a notice that, within twenty days, a lien, as specified in section
20 38-24.5-102, shall be claimed, and, within said twenty days, such person
21 shall file in the same locations for farm products and crops as provided in
22 ~~section 4-9-401~~ SECTION 4-9-501, C.R.S., a statement containing a just
23 and true account of the amount due him OR HER for such harvesting, after
24 allowing all just credits and offsets, and containing a correct description
25 of the grain or other crops to be charged with such lien, the price agreed
26 upon for such harvesting, the name of the person, firm, or corporation for
27 whom such harvesting was performed, a legal description of the lands

1 upon which said grain or other crops were raised, a description of the
2 legal subdivision of land upon which said grain or other crops are stored
3 and, if said grain or other crops are stored in a storage facility, the locality
4 of the storage facility, which statement of facts shall be verified by
5 affidavit of the person claiming such lien or his OR HER duly authorized
6 agent or attorney having knowledge of the facts, and a copy of the notice
7 of intent to file a lien and an affidavit of service or mailing thereof. Any
8 immaterial error or mistake in the account or description of the grain or
9 other crops or of the property upon which it was raised shall not invalidate
10 such lien.

11 **SECTION 42.** 38-29-125 (2), Colorado Revised Statutes, is
12 amended to read:

13 **38-29-125. Security interests upon manufactured homes.**

14 (2) The provisions of this section and section 38-29-128 shall not apply
15 to any mortgage or security interest upon any manufactured home held for
16 sale or lease which constitutes inventory as defined in ~~section 4-9-109~~
17 SECTION 4-9-102, C.R.S. As to such mortgages or security interests, the
18 provisions of article 9 of title 4, C.R.S., shall apply, and perfection of such
19 mortgages or security interests shall be made pursuant thereto, and the
20 rights of the parties shall be governed and determined thereby.

21 **SECTION 43.** 42-6-120 (2), Colorado Revised Statutes, is
22 amended to read:

23 **42-6-120. Security interests upon motor vehicles.** (2) The

24 provisions of this section and section 42-6-121 shall not apply to any
25 mortgage or security interest upon any vehicle or motor vehicle held for
26 sale or lease which constitutes inventory as defined in ~~section 4-9-109~~
27 SECTION 4-9-102, C.R.S. As to such mortgages or security interests, the

1 provisions of article 9 of title 4, C.R.S., shall apply, and perfection of such
2 mortgages or security interests shall be made pursuant thereto, and the
3 rights of the parties shall be governed and determined thereby.

4 **SECTION 44.** 42-6-146 (3), Colorado Revised Statutes, is
5 amended to read:

6 **42-6-146. Repossession of motor vehicle - owner must notify**
7 **law enforcement agency - penalty.** (3) If any such motor vehicle being
8 repossessed is subject to the "Uniform Commercial Code - Secured
9 Transactions", article 9 of title 4, C.R.S., such repossession shall be
10 governed by the provisions of ~~section 4-9-503.5~~ SECTION 4-9-629, C.R.S.

11 **SECTION 45. Repeal.** Articles 10 and 11 of title 4, Colorado
12 Revised Statutes, are repealed.

13 **SECTION 46. Effective date.** This act shall take effect July 1,
14 2002, unless a referendum petition is filed during the ninety-day period
15 after final adjournment of the general assembly that is allowed for
16 submitting a referendum petition pursuant to article V, section 1 (3) of the
17 state constitution. If such a referendum petition is filed against this act or
18 an item, section, or part of this act within such period, then the act, item,
19 section, or part, shall take effect on the specified date only if approved by
20 the people.