
By: **Delegate Barve (Commission on Uniform State Laws)**

Introduced and read first time: February 18, 1999

Assigned to: Rules and Executive Nominations

A BILL ENTITLED

1 AN ACT concerning

2 **Uniform Commercial Code - Secured Transactions - Revision**

3 FOR the purpose of revising, correcting, updating, and clarifying Title 9 and
4 associated sections of the Uniform Commercial Code relating generally to
5 secured transactions; revising the law relating to creation and validity of
6 security agreements, rights of parties, perfection of security interests, and
7 procedures for filing and default; providing transition provisions; making
8 stylistic changes; defining and redefining certain terms; making certain
9 conforming changes to certain titles of the Uniform Commercial Code; providing
10 for a delayed effective date; and generally relating to secured transactions.

11 BY repealing

12 Article - Commercial Law
13 Section 9-101 through 9-507, inclusive, and the title "Title 9. Secured
14 Transactions; Sales of Accounts, Contract Rights and Chattel Paper"
15 Annotated Code of Maryland
16 (1997 Replacement Volume and 1998 Supplement)

17 BY adding to

18 Article - Commercial Law
19 Section 5-118; 9-101 through 9-110, inclusive, to be under the new subtitle
20 "Subtitle 1. General Provisions"; 9-201 through 9-210, inclusive, to be
21 under the new subtitle "Subtitle 2. Effectiveness of Security Agreement;
22 Attachment of Security Agreement; Rights of Parties to Security
23 Agreement"; 9-301 through 9-342, inclusive, to be under the new subtitle
24 "Subtitle 3. Perfection and Priority"; 9-401 through 9-409, inclusive, to be
25 under the new subtitle "Subtitle 4. Rights of Third Parties"; 9-501 through
26 9-526, inclusive, to be under the new subtitle "Subtitle 5. Filing"; 9-601
27 through 9-628, inclusive, to be under the new subtitle "Subtitle 6.
28 Default"; and 9-701 through 9-708, inclusive, to be under the new subtitle
29 "Subtitle 7. Transition"; and the new title "Title 9. Secured Transactions"
30 Annotated Code of Maryland
31 (1997 Replacement Volume and 1998 Supplement)

1 BY repealing and reenacting, with amendments,
2 Article - Commercial Law
3 Section 1-105(2), 1-201(9), (32), and (37), 2-103(3), 2-210, 2-326, 2-502, 2-716,
4 2A-103(3), 2A-303, 2A-307, 2A-309(1)(b), 4-210(c), 6-102, 7-503(1),
5 8-103(f), 8-106, 8-110(e), 8-301, 8-302, 8-510, 10-102, 10-103, 10-107,
6 10-109, 10-110, and 10-111
7 Annotated Code of Maryland
8 (1997 Replacement Volume and 1998 Supplement)

9 BY repealing
10 Article - Commercial Law
11 Section 10-101 and 10-105
12 Annotated Code of Maryland
13 (1997 Replacement Volume and 1998 Supplement)

14 BY adding to
15 Article - Commercial Law
16 Section 10-101
17 Annotated Code of Maryland
18 (1997 Replacement Volume and 1998 Supplement)

19 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
20 MARYLAND, That Section(s) 9-101 through 9-507, inclusive, and the title "Title 9.
21 Secured Transactions; Sales of Accounts, Contract Rights and Chattel Paper" of
22 Article - Commercial Law of the Annotated Code of Maryland be repealed.

23 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland
24 read as follows:

25 **Article - Commercial Law**

26 5-118. SECURITY INTEREST OF ISSUER OR NOMINATED PERSON.

27 (A) AN ISSUER OR NOMINATED PERSON HAS A SECURITY INTEREST IN A
28 DOCUMENT PRESENTED UNDER A LETTER OF CREDIT TO THE EXTENT THAT THE
29 ISSUER OR NOMINATED PERSON HONORS OR GIVES VALUE FOR THE PRESENTATION.

30 (B) SO LONG AS AND TO THE EXTENT THAT AN ISSUER OR NOMINATED
31 PERSON HAS NOT BEEN REIMBURSED OR HAS NOT OTHERWISE RECOVERED THE
32 VALUE GIVEN WITH RESPECT TO A SECURITY INTEREST IN A DOCUMENT UNDER
33 SUBSECTION (A), THE SECURITY INTEREST CONTINUES AND IS SUBJECT TO TITLE 9
34 OF THIS ARTICLE, BUT:

35 (1) A SECURITY AGREEMENT IS NOT NECESSARY TO MAKE THE
36 SECURITY INTEREST ENFORCEABLE UNDER § 9-203(B)(3);

1 (2) IF THE DOCUMENT IS PRESENTED IN A MEDIUM OTHER THAN A
2 WRITTEN OR OTHER TANGIBLE MEDIUM, THE SECURITY INTEREST IS PERFECTED;
3 AND

4 (3) IF THE DOCUMENT IS PRESENTED IN A WRITTEN OR OTHER
5 TANGIBLE MEDIUM AND IS NOT A CERTIFICATED SECURITY, CHATTEL PAPER, A
6 DOCUMENT OF TITLE, AN INSTRUMENT, OR A LETTER OF CREDIT, THE SECURITY
7 INTEREST IS PERFECTED AND HAS PRIORITY OVER A CONFLICTING SECURITY
8 INTEREST IN THE DOCUMENT SO LONG AS THE DEBTOR DOES NOT HAVE
9 POSSESSION OF THE DOCUMENT.

10 TITLE 9. SECURED TRANSACTIONS.

11 SUBTITLE 1. GENERAL PROVISIONS.

12 9-101. SHORT TITLE.

13 THIS TITLE MAY BE CITED AS THE MARYLAND UNIFORM COMMERCIAL CODE -
14 SECURED TRANSACTIONS.

15 9-102. DEFINITIONS AND INDEX OF DEFINITIONS.

16 (A) IN THIS TITLE:

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

20 (2) "ACCOUNT", EXCEPT AS USED IN "ACCOUNT FOR", MEANS A RIGHT TO
21 PAYMENT OF A MONETARY OBLIGATION, WHETHER OR NOT EARNED BY
22 PERFORMANCE, (I) FOR PROPERTY THAT HAS BEEN OR IS TO BE SOLD, LEASED,
23 LICENSED, ASSIGNED, OR OTHERWISE DISPOSED OF, (II) FOR SERVICES RENDERED
24 OR TO BE RENDERED, (III) FOR A POLICY OF INSURANCE ISSUED OR TO BE ISSUED,
25 (IV) FOR A SECONDARY OBLIGATION INCURRED OR TO BE INCURRED, (V) FOR ENERGY
26 PROVIDED OR TO BE PROVIDED, (VI) FOR THE USE OR HIRE OF A VESSEL UNDER A
27 CHARTER OR OTHER CONTRACT, (VII) ARISING OUT OF THE USE OF A CREDIT OR
28 CHARGE CARD OR INFORMATION CONTAINED ON OR FOR USE WITH THE CARD, OR
29 (VIII) AS WINNINGS IN A LOTTERY OR OTHER GAME OF CHANCE OPERATED OR
30 SPONSORED BY A STATE, GOVERNMENTAL UNIT OF A STATE, OR PERSON LICENSED
31 OR AUTHORIZED TO OPERATE THE GAME BY A STATE OR GOVERNMENTAL UNIT OF A
32 STATE. THE TERM INCLUDES HEALTH-CARE-INSURANCE RECEIVABLES. THE TERM
33 DOES NOT INCLUDE (I) RIGHTS TO PAYMENT EVIDENCED BY CHATTEL PAPER OR AN
34 INSTRUMENT, (II) COMMERCIAL TORT CLAIMS, (III) DEPOSIT ACCOUNTS, (IV)
35 INVESTMENT PROPERTY, (V) LETTER-OF-CREDIT RIGHTS OR LETTERS OF CREDIT, OR
36 (VI) RIGHTS TO PAYMENT FOR MONEY OR FUNDS ADVANCED OR SOLD, OTHER THAN
37 RIGHTS ARISING OUT OF THE USE OF A CREDIT OR CHARGE CARD OR INFORMATION
38 CONTAINED ON OR FOR USE WITH THE CARD.

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

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

7 (A) AUTHENTICATED BY A SECURED PARTY;

8 (B) INDICATING THE AGGREGATE UNPAID SECURED OBLIGATIONS
9 AS OF A DATE NOT MORE THAN 35 DAYS EARLIER OR 35 DAYS LATER THAN THE DATE
10 OF THE RECORD; AND

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

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

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

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

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

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

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

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

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

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

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

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

34 (II) ATTACHES TO THE MINERALS AS EXTRACTED; OR

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

4 (7) "AUTHENTICATE" MEANS:

5 (A) TO SIGN; OR

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

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

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

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

20 (11) "CHATTEL PAPER" MEANS A RECORD OR RECORDS THAT EVIDENCE
21 BOTH A MONETARY OBLIGATION AND A SECURITY INTEREST IN SPECIFIC GOODS, A
22 SECURITY INTEREST IN SPECIFIC GOODS AND SOFTWARE USED IN THE GOODS, OR A
23 LEASE OF SPECIFIC GOODS. THE TERM DOES NOT INCLUDE CHARTERS OR OTHER
24 CONTRACTS INVOLVING THE USE OR HIRE OF A VESSEL. IF A TRANSACTION IS
25 EVIDENCED BOTH BY A SECURITY AGREEMENT OR LEASE AND BY AN INSTRUMENT
26 OR SERIES OF INSTRUMENTS, THE GROUP OF RECORDS TAKEN TOGETHER
27 CONSTITUTES CHATTEL PAPER.

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

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

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

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

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

36 (A) THE CLAIMANT IS AN ORGANIZATION; OR

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

2 (I) AROSE IN THE COURSE OF THE CLAIMANT'S BUSINESS OR
3 PROFESSION; AND

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

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

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

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

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

18 (16) "COMMODITY CUSTOMER" MEANS A PERSON FOR WHICH A
19 COMMODITY INTERMEDIARY CARRIES A COMMODITY CONTRACT ON ITS BOOKS.

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

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

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

26 (18) "COMMUNICATE" MEANS:

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

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

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

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

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

4 (A) THE MERCHANT:

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

7 (II) IS NOT AN AUCTIONEER; AND

8 (III) IS NOT GENERALLY KNOWN BY ITS CREDITORS TO BE
9 SUBSTANTIALLY ENGAGED IN SELLING THE GOODS OF OTHERS;

10 (B) WITH RESPECT TO EACH DELIVERY, THE AGGREGATE VALUE OF
11 THE GOODS IS \$1,000 OR MORE AT THE TIME OF DELIVERY;

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

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

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

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

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

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

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

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

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

31 (26) "CONSUMER TRANSACTION" MEANS A TRANSACTION IN WHICH (I) AN
32 INDIVIDUAL INCURS AN OBLIGATION PRIMARILY FOR PERSONAL, FAMILY, OR
33 HOUSEHOLD PURPOSES, (II) A SECURITY INTEREST SECURES THE OBLIGATION, AND
34 (III) THE COLLATERAL IS HELD OR ACQUIRED PRIMARILY FOR PERSONAL, FAMILY, OR
35 HOUSEHOLD PURPOSES. THE TERM INCLUDES CONSUMER-GOODS TRANSACTIONS.

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

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

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

8 (28) "DEBTOR" MEANS:

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

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

14 (C) A CONSIGNEE.

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

18 (30) "DOCUMENT" MEANS A DOCUMENT OF TITLE OR A RECEIPT OF THE
19 TYPE DESCRIBED IN § 7-201(2) OF THIS ARTICLE.

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

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

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

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

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

32 (I) CROPS PRODUCED ON TREES, VINES, AND BUSHES; AND

33 (II) AQUATIC GOODS PRODUCED IN AQUACULTURAL
34 OPERATIONS;

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

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

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

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

9 (36) "FILE NUMBER" MEANS THE NUMBER ASSIGNED TO AN INITIAL
10 FINANCING STATEMENT PURSUANT TO § 9-519(A).

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

13 (38) "FILING-OFFICE RULE" MEANS A RULE ADOPTED PURSUANT TO §
14 9-526.

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

18 (40) "FIXTURE FILING" MEANS THE FILING OF A FINANCING STATEMENT
19 COVERING GOODS THAT ARE OR ARE TO BECOME FIXTURES AND SATISFYING §
20 9-502(A) AND (B). THE TERM INCLUDES THE FILING OF A FINANCING STATEMENT
21 COVERING GOODS OF A TRANSMITTING UTILITY WHICH ARE OR ARE TO BECOME
22 FIXTURES.

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

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

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

34 (44) "GOODS" MEANS ALL THINGS THAT ARE MOVABLE WHEN A
35 SECURITY INTEREST ATTACHES. THE TERM INCLUDES (I) FIXTURES, (II) STANDING
36 TIMBER THAT IS TO BE CUT AND REMOVED UNDER A CONVEYANCE OR CONTRACT
37 FOR SALE, (III) THE UNBORN YOUNG OF ANIMALS, (IV) CROPS GROWN, GROWING, OR
38 TO BE GROWN, EVEN IF THE CROPS ARE PRODUCED ON TREES, VINES, OR BUSHES,

1 AND (V) MANUFACTURED HOMES. THE TERM ALSO INCLUDES A COMPUTER
2 PROGRAM EMBEDDED IN GOODS AND ANY SUPPORTING INFORMATION PROVIDED IN
3 CONNECTION WITH A TRANSACTION RELATING TO THE PROGRAM IF (I) THE
4 PROGRAM IS ASSOCIATED WITH THE GOODS IN SUCH A MANNER THAT IT
5 CUSTOMARILY IS CONSIDERED PART OF THE GOODS, OR (II) BY BECOMING THE
6 OWNER OF THE GOODS, A PERSON ACQUIRES A RIGHT TO USE THE PROGRAM IN
7 CONNECTION WITH THE GOODS. THE TERM DOES NOT INCLUDE A COMPUTER
8 PROGRAM EMBEDDED IN GOODS THAT CONSIST SOLELY OF THE MEDIUM WITH
9 WHICH THE PROGRAM IS EMBEDDED. THE TERM ALSO DOES NOT INCLUDE
10 ACCOUNTS, CHATTEL PAPER, COMMERCIAL TORT CLAIMS, DEPOSIT ACCOUNTS,
11 DOCUMENTS, GENERAL INTANGIBLES, INSTRUMENTS, INVESTMENT PROPERTY,
12 LETTER-OF-CREDIT RIGHTS, LETTERS OF CREDIT, MONEY, OR OIL, GAS, OR OTHER
13 MINERALS BEFORE 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. THE TERM
17 INCLUDES AN ORGANIZATION HAVING A SEPARATE CORPORATE EXISTENCE IF THE
18 ORGANIZATION IS ELIGIBLE TO ISSUE DEBT ON WHICH INTEREST IS EXEMPT FROM
19 INCOME TAXATION UNDER THE LAWS OF THE UNITED STATES.

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

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

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

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

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

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

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

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

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

7 (51) "LETTER-OF-CREDIT RIGHT" MEANS A RIGHT TO PAYMENT AND
8 PERFORMANCE UNDER A LETTER OF CREDIT, WHETHER OR NOT THE BENEFICIARY
9 HAS DEMANDED OR IS AT THE TIME ENTITLED TO DEMAND PAYMENT OR
10 PERFORMANCE. THE TERM DOES NOT INCLUDE THE RIGHT OF A BENEFICIARY TO
11 DEMAND PAYMENT OR PERFORMANCE UNDER A LETTER OF CREDIT.

12 (52) "LIEN CREDITOR" MEANS:

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

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

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

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

20 (53) "MANUFACTURED HOME" MEANS A STRUCTURE, TRANSPORTABLE IN
21 ONE OR MORE SECTIONS, WHICH, IN THE TRAVELING MODE, IS EIGHT BODY FEET OR
22 MORE IN WIDTH OR 40 BODY FEET OR MORE IN LENGTH, OR, WHEN ERECTED ON
23 SITE, IS 320 OR MORE SQUARE FEET, AND WHICH IS BUILT ON A PERMANENT CHASSIS
24 AND DESIGNED TO BE USED AS A DWELLING WITH OR WITHOUT A PERMANENT
25 FOUNDATION WHEN CONNECTED TO THE REQUIRED UTILITIES, AND INCLUDES THE
26 PLUMBING, HEATING, AIR-CONDITIONING, AND ELECTRICAL SYSTEMS CONTAINED
27 THEREIN. THE TERM INCLUDES ANY STRUCTURE THAT MEETS ALL OF THE
28 REQUIREMENTS OF THIS PARAGRAPH EXCEPT THE SIZE REQUIREMENTS AND WITH
29 RESPECT TO WHICH THE MANUFACTURER VOLUNTARILY FILES A CERTIFICATION
30 REQUIRED BY THE UNITED STATES SECRETARY OF HOUSING AND URBAN
31 DEVELOPMENT AND COMPLIES WITH THE STANDARDS ESTABLISHED UNDER TITLE
32 42 OF THE UNITED STATES CODE.

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

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

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

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

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

7 (57) "NEW VALUE" MEANS (I) MONEY, (II) MONEY'S WORTH IN PROPERTY,
8 SERVICES, OR NEW CREDIT, OR (III) RELEASE BY A TRANSFEREE OF AN INTEREST IN
9 PROPERTY PREVIOUSLY TRANSFERRED TO THE TRANSFEREE. THE TERM DOES NOT
10 INCLUDE AN OBLIGATION SUBSTITUTED FOR ANOTHER OBLIGATION.

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

13 (59) "OBLIGOR" MEANS A PERSON THAT, WITH RESPECT TO AN
14 OBLIGATION SECURED BY A SECURITY INTEREST IN OR AN AGRICULTURAL LIEN ON
15 THE COLLATERAL, (I) OWES PAYMENT OR OTHER PERFORMANCE OF THE
16 OBLIGATION, (II) HAS PROVIDED PROPERTY OTHER THAN THE COLLATERAL TO
17 SECURE PAYMENT OR OTHER PERFORMANCE OF THE OBLIGATION, OR (III) IS
18 OTHERWISE ACCOUNTABLE IN WHOLE OR IN PART FOR PAYMENT OR OTHER
19 PERFORMANCE OF THE OBLIGATION. THE TERM DOES NOT INCLUDE ISSUERS OR
20 NOMINATED PERSONS UNDER A LETTER OF CREDIT.

21 (60) "ORIGINAL DEBTOR" MEANS A PERSON THAT, AS DEBTOR, ENTERED
22 INTO A SECURITY AGREEMENT TO WHICH A NEW DEBTOR HAS BECOME BOUND
23 UNDER § 9-203(D).

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

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

28 (A) THE SPOUSE OF THE INDIVIDUAL;

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

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

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

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

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

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

5 (C) AN OFFICER OR DIRECTOR OF, OR A PERSON PERFORMING
6 SIMILAR FUNCTIONS WITH RESPECT TO, A PERSON DESCRIBED IN SUBPARAGRAPH
7 (A);

8 (D) THE SPOUSE OF AN INDIVIDUAL DESCRIBED IN
9 SUBPARAGRAPH (A), (B), OR (C); OR

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

13 (64) "PROCEEDS" MEANS THE FOLLOWING PROPERTY:

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

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

18 (C) RIGHTS ARISING OUT OF COLLATERAL;

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

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

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

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

34 (67) "PUBLIC-FINANCE TRANSACTION" MEANS A SECURED TRANSACTION
35 IN CONNECTION WITH WHICH:

36 (A) DEBT SECURITIES ARE ISSUED;

1 (B) ALL OR A PORTION OF THE SECURITIES ISSUED HAVE AN
2 INITIAL STATED MATURITY OF AT LEAST 20 YEARS; AND

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

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

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

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

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

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

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

25 (72) "SECURED PARTY" MEANS:

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

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

30 (C) A CONSIGNOR;

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

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

1 (F) A PERSON THAT HOLDS A SECURITY INTEREST ARISING UNDER
2 § 2-401, § 2-505, § 2-711(3), § 2A-508(5), § 4-210, OR § 5-118 OF THIS ARTICLE.

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

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

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

10 (B) TO CAUSE THE RECORD OR NOTIFICATION TO BE RECEIVED
11 WITHIN THE TIME THAT IT WOULD HAVE BEEN RECEIVED IF PROPERLY SENT UNDER
12 SUBPARAGRAPH (A).

13 (75) (A) "SOFTWARE" MEANS A COMPUTER PROGRAM AND ANY
14 SUPPORTING INFORMATION PROVIDED IN CONNECTION WITH A TRANSACTION
15 RELATING TO THE PROGRAM.

16 (B) THE TERM DOES NOT INCLUDE A COMPUTER PROGRAM THAT IS
17 INCLUDED IN THE DEFINITION OF GOODS.

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

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

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

28 (79) "TERMINATION STATEMENT" MEANS AN AMENDMENT OF A
29 FINANCING STATEMENT WHICH:

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

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

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

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

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

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

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

8 (B) THE FOLLOWING DEFINITIONS IN OTHER TITLES APPLY TO THIS TITLE:

9	"APPLICANT"	§ 5-102.
10	"BENEFICIARY"	§ 5-102.
11	"BROKER"	§ 8-102.
12	"CERTIFICATED SECURITY"	§ 8-102.
13	"CHECK"	§ 3-104.
14	"CLEARING CORPORATION"	§ 8-102.
15	"CONTRACT FOR SALE"	§ 2-106.
16	"CUSTOMER"	§ 4-104.
17	"ENTITLEMENT HOLDER"	§ 8-102.
18	"FINANCIAL ASSET"	§ 8-102.
19	"HOLDER IN DUE COURSE"	§ 3-302.
20	"ISSUER" (WITH RESPECT TO A LETTER OF CREDIT OR	
21	LETTER-OF-CREDIT RIGHT)	§ 5-102.
22	"ISSUER" (WITH RESPECT TO A SECURITY)	§ 8-201.
23	"LEASE"	§ 2A-103.
24	"LEASE AGREEMENT"	§ 2A-103.
25	"LEASE CONTRACT"	§ 2A-103.
26	"LEASEHOLD INTEREST"	§ 2A-103.
27	"LESSEE"	§ 2A-103.
28	"LESSEE IN ORDINARY COURSE OF BUSINESS"	§ 2A-103.

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

17 (C) TITLE 1 CONTAINS GENERAL DEFINITIONS AND PRINCIPLES OF
18 CONSTRUCTION AND INTERPRETATION APPLICABLE TO TITLES 1 THROUGH 10 OF
19 THIS ARTICLE.

20 9-103. PURCHASE-MONEY SECURITY INTEREST; APPLICATION OF PAYMENTS;
21 BURDEN OF ESTABLISHING.

22 (A) IN THIS SECTION:

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

26 (2) "PURCHASE-MONEY OBLIGATION" MEANS AN OBLIGATION OF AN
27 OBLIGOR INCURRED AS ALL OR PART OF THE PRICE OF THE COLLATERAL OR FOR
28 VALUE GIVEN TO ENABLE THE DEBTOR TO ACQUIRE RIGHTS IN OR THE USE OF THE
29 COLLATERAL IF THE VALUE IS IN FACT SO USED.

1 (B) A SECURITY INTEREST IN GOODS IS A PURCHASE-MONEY SECURITY
2 INTEREST:

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

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

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

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

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

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

22 (D) THE SECURITY INTEREST OF A CONSIGNOR IN GOODS THAT ARE THE
23 SUBJECT OF A CONSIGNMENT IS A PURCHASE-MONEY SECURITY INTEREST IN
24 INVENTORY.

25 (E) IF THE EXTENT TO WHICH A SECURITY INTEREST IS A PURCHASE-MONEY
26 SECURITY INTEREST DEPENDS ON THE APPLICATION OF A PAYMENT TO A
27 PARTICULAR OBLIGATION, THE PAYMENT MUST BE APPLIED:

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

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

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

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

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

4 (F) A PURCHASE-MONEY SECURITY INTEREST DOES NOT LOSE ITS STATUS AS
5 SUCH, EVEN IF:

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

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

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

12 (G) A SECURED PARTY CLAIMING A PURCHASE-MONEY SECURITY INTEREST
13 HAS THE BURDEN OF ESTABLISHING THE EXTENT TO WHICH THE SECURITY
14 INTEREST IS A PURCHASE-MONEY SECURITY INTEREST.

15 9-104. CONTROL OF DEPOSIT ACCOUNT.

16 (A) A SECURED PARTY HAS CONTROL OF A DEPOSIT ACCOUNT IF:

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

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

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

25 (B) A SECURED PARTY THAT HAS SATISFIED SUBSECTION (A) HAS CONTROL,
26 EVEN IF THE DEBTOR RETAINS THE RIGHT TO DIRECT THE DISPOSITION OF FUNDS
27 FROM THE DEPOSIT ACCOUNT.

28 9-105. CONTROL OF ELECTRONIC CHATTEL PAPER.

29 A SECURED PARTY HAS CONTROL OF ELECTRONIC CHATTEL PAPER IF THE
30 RECORD OR RECORDS COMPRISING THE CHATTEL PAPER ARE CREATED, STORED,
31 AND ASSIGNED IN SUCH A MANNER THAT:

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

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

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

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

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

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

10 9-106. CONTROL OF INVESTMENT PROPERTY.

11 (A) A PERSON HAS CONTROL OF A CERTIFICATED SECURITY,
12 UNCERTIFICATED SECURITY, OR SECURITY ENTITLEMENT AS PROVIDED IN § 8-106
13 OF THIS ARTICLE.

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

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

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

22 (C) A SECURED PARTY HAVING CONTROL OF ALL SECURITY ENTITLEMENTS
23 OR COMMODITY CONTRACTS CARRIED IN A SECURITIES ACCOUNT OR COMMODITY
24 ACCOUNT HAS CONTROL OVER THE SECURITIES ACCOUNT OR COMMODITY
25 ACCOUNT.

26 9-107. CONTROL OF LETTER-OF-CREDIT RIGHT.

27 A SECURED PARTY HAS CONTROL OF A LETTER-OF-CREDIT RIGHT TO THE
28 EXTENT OF ANY RIGHT TO PAYMENT OR PERFORMANCE BY THE ISSUER OR ANY
29 NOMINATED PERSON IF THE ISSUER OR NOMINATED PERSON HAS CONSENTED TO
30 AN ASSIGNMENT OF PROCEEDS OF THE LETTER OF CREDIT UNDER § 5-114(C) OF THIS
31 ARTICLE OR OTHERWISE APPLICABLE LAW OR PRACTICE.

32 9-108. SUFFICIENCY OF DESCRIPTION.

33 (A) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTIONS (C), (D), AND (E), A
34 DESCRIPTION OF PERSONAL OR REAL PROPERTY IS SUFFICIENT, WHETHER OR NOT
35 IT IS SPECIFIC, IF IT REASONABLY IDENTIFIES WHAT IS DESCRIBED.

1 (B) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (D), A DESCRIPTION OF
2 COLLATERAL REASONABLY IDENTIFIES THE COLLATERAL IF IT IDENTIFIES THE
3 COLLATERAL BY:

4 (1) SPECIFIC LISTING;

5 (2) CATEGORY;

6 (3) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (E), A TYPE OF
7 COLLATERAL DEFINED IN TITLES 1 THROUGH 10 OF THIS ARTICLE;

8 (4) QUANTITY;

9 (5) COMPUTATIONAL OR ALLOCATIONAL FORMULA OR PROCEDURE; OR

10 (6) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (C), ANY OTHER
11 METHOD, IF THE IDENTITY OF THE COLLATERAL IS OBJECTIVELY DETERMINABLE.

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

15 (D) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (E), A DESCRIPTION OF
16 A SECURITY ENTITLEMENT, SECURITIES ACCOUNT, OR COMMODITY ACCOUNT IS
17 SUFFICIENT IF IT DESCRIBES:

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

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

21 (E) A DESCRIPTION ONLY BY TYPE OF COLLATERAL DEFINED IN TITLES 1
22 THROUGH 10 OF THIS ARTICLE IS AN INSUFFICIENT DESCRIPTION OF:

23 (1) A COMMERCIAL TORT CLAIM; OR

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

26 9-109. SCOPE.

27 (A) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTIONS (C) AND (D), THIS
28 TITLE APPLIES TO:

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

31 (2) AN AGRICULTURAL LIEN;

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

1 (4) A CONSIGNMENT;

2 (5) A SECURITY INTEREST ARISING UNDER § 2-401, § 2-505, § 2-711(3), OR
3 § 2A-508(5) OF THIS ARTICLE, AS PROVIDED IN § 9-110; AND

4 (6) A SECURITY INTEREST ARISING UNDER § 4-210 OR § 5-118 OF THIS
5 ARTICLE.

6 (B) THE APPLICATION OF THIS TITLE TO A SECURITY INTEREST IN A SECURED
7 OBLIGATION IS NOT AFFECTED BY THE FACT THAT THE OBLIGATION IS ITSELF
8 SECURED BY A TRANSACTION OR INTEREST TO WHICH THIS TITLE DOES NOT APPLY.

9 (C) THIS TITLE DOES NOT APPLY TO THE EXTENT THAT:

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

12 (2) ANOTHER STATUTE OF THIS STATE EXPRESSLY GOVERNS THE
13 CREATION, PERFECTION, PRIORITY, OR ENFORCEMENT OF A SECURITY INTEREST
14 CREATED BY THIS STATE OR A GOVERNMENTAL UNIT OF THIS STATE;

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

20 (4) THE RIGHTS OF A TRANSFEREE BENEFICIARY OR NOMINATED
21 PERSON UNDER A LETTER OF CREDIT ARE INDEPENDENT AND SUPERIOR UNDER §
22 5-114 OF THIS ARTICLE.

23 (D) THIS TITLE DOES NOT APPLY TO:

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

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

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

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

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

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

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

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

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

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

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

17 (B) § 9-404 APPLIES WITH RESPECT TO DEFENSES OR CLAIMS OF AN
18 ACCOUNT DEBTOR;

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

22 (A) LIENS ON REAL PROPERTY IN §§ 9-203 AND 9-308;

23 (B) FIXTURES IN § 9-334;

24 (C) FIXTURE FILINGS IN §§ 9-501, 9-502, 9-512, 9-516, AND 9-519;
25 AND

26 (D) SECURITY AGREEMENTS COVERING PERSONAL AND REAL
27 PROPERTY IN § 9-604;

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

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

1 9-110. SECURITY INTERESTS ARISING UNDER TITLE 2 OR 2A.

2 A SECURITY INTEREST ARISING UNDER § 2-401, § 2-505, § 2-711(3), OR § 2A-508(5)
3 OF THIS ARTICLE IS SUBJECT TO THIS TITLE. HOWEVER, UNTIL THE DEBTOR
4 OBTAINS POSSESSION OF THE GOODS:

5 (1) THE SECURITY INTEREST IS ENFORCEABLE, EVEN IF § 9-203(B)(3)
6 HAS NOT BEEN SATISFIED;

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

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

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

12 SUBTITLE 2. EFFECTIVENESS OF SECURITY AGREEMENT; ATTACHMENT OF
13 SECURITY AGREEMENT; RIGHTS OF PARTIES TO SECURITY AGREEMENT.

14 9-201. GENERAL EFFECTIVENESS OF SECURITY AGREEMENT.

15 (A) EXCEPT AS OTHERWISE PROVIDED BY TITLES 1 THROUGH 10 OF THIS
16 ARTICLE, A SECURITY AGREEMENT IS EFFECTIVE ACCORDING TO ITS TERMS
17 BETWEEN THE PARTIES, AGAINST PURCHASERS OF THE COLLATERAL, AND AGAINST
18 CREDITORS.

19 (B) A CONSUMER TRANSACTION SUBJECT TO THIS TITLE MAY ALSO BE
20 SUBJECT TO OTHER STATUTES OF THIS STATE THAT ESTABLISH DIFFERENT RULES
21 FOR THE CREATION, PERFECTION, PRIORITY, OR ENFORCEMENT OF SECURITY
22 INTERESTS, INCLUDING SUBTITLES 1, 6, 9, AND 10 OF TITLE 12 OF THIS ARTICLE.

23 (C) (1) THIS TITLE DOES NOT APPLY TO A CONSUMER TRANSACTION
24 SUBJECT TO A STATUTE IDENTIFIED OR DESCRIBED IN SUBSECTION (B) TO THE
25 EXTENT THAT THE STATUTE EXPRESSLY GOVERNS THE CREATION, PERFECTION,
26 PRIORITY, OR ENFORCEMENT OF A SECURITY INTEREST.

27 (2) FAILURE TO COMPLY WITH A STATUTE IDENTIFIED OR DESCRIBED
28 IN SUBSECTION (B) HAS ONLY THE EFFECT THE STATUTE SPECIFIES AND NO
29 RECOVERY FOR SUCH A FAILURE IS PERMITTED UNDER THIS TITLE.

30 (3) WITHOUT LIMITING THE GENERALITY OF PARAGRAPH (1) OR (2) OF
31 THIS SUBSECTION, SUBTITLE 6 OF THIS TITLE DOES NOT IMPOSE ADDITIONAL
32 DUTIES, OBLIGATIONS, OR RESPONSIBILITIES ON SECURED PARTIES SUBJECT TO §
33 12-115, §§ 12-624 THROUGH 12-627, § 12-921, OR § 12-1021 OF THIS ARTICLE AND NO
34 RECOVERY UNDER § 9-625 OF THIS TITLE IS PERMITTED FOR ANY FAILURE TO
35 COMPLY WITH THOSE STATUTES.

36 (D) THIS TITLE DOES NOT:

1 (1) VALIDATE ANY RATE, CHARGE, AGREEMENT, OR PRACTICE THAT
2 VIOLATES A STATUTE IDENTIFIED OR DESCRIBED IN SUBSECTION (B);

3 (2) EXTEND THE APPLICATION OF ANY RULE OF LAW, STATUTE, OR
4 REGULATION TO A TRANSACTION NOT OTHERWISE SUBJECT TO IT; OR

5 (3) AUTHORIZE OR PERMIT THE APPLICATION OF ANY PROVISION OF
6 THIS TITLE WHICH IS APPLICABLE TO A CONSUMER TRANSACTION, OR TO ANY
7 OTHER TRANSACTION WITH A CONSUMER OBLIGOR, TO ANY TRANSACTION OTHER
8 THAN A CONSUMER TRANSACTION.

9 9-202. TITLE TO COLLATERAL IMMATERIAL.

10 EXCEPT AS OTHERWISE PROVIDED WITH RESPECT TO CONSIGNMENTS OR
11 SALES OF ACCOUNTS, CHATTEL PAPER, PAYMENT INTANGIBLES, OR PROMISSORY
12 NOTES, THE PROVISIONS OF THIS TITLE WITH REGARD TO RIGHTS AND OBLIGATIONS
13 APPLY WHETHER TITLE TO COLLATERAL IS IN THE SECURED PARTY OR THE DEBTOR.

14 9-203. ATTACHMENT AND ENFORCEABILITY OF SECURITY INTEREST; PROCEEDS;
15 SUPPORTING OBLIGATIONS; FORMAL REQUISITES.

16 (A) A SECURITY INTEREST ATTACHES TO COLLATERAL WHEN IT BECOMES
17 ENFORCEABLE AGAINST THE DEBTOR WITH RESPECT TO THE COLLATERAL, UNLESS
18 AN AGREEMENT EXPRESSLY POSTPONES THE TIME OF ATTACHMENT.

19 (B) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTIONS (C) THROUGH (I), A
20 SECURITY INTEREST IS ENFORCEABLE AGAINST THE DEBTOR AND THIRD PARTIES
21 WITH RESPECT TO THE COLLATERAL ONLY IF:

22 (1) VALUE HAS BEEN GIVEN;

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

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

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

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

32 (C) THE COLLATERAL IS A CERTIFICATED SECURITY IN
33 REGISTERED FORM AND THE SECURITY CERTIFICATE HAS BEEN DELIVERED TO THE
34 SECURED PARTY UNDER § 8-301 OF THIS ARTICLE PURSUANT TO THE DEBTOR'S
35 SECURITY AGREEMENT; OR

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

5 (C) SUBSECTION (B) IS SUBJECT TO § 4-210 OF THIS ARTICLE ON THE
6 SECURITY INTEREST OF A COLLECTING BANK, § 5-118 OF THIS ARTICLE ON THE
7 SECURITY INTEREST OF A LETTER-OF-CREDIT ISSUER OR NOMINATED PERSON, §
8 9-110 ON A SECURITY INTEREST ARISING UNDER TITLE 2 OR TITLE 2A OF THIS
9 ARTICLE, AND § 9-206 ON SECURITY INTERESTS IN INVESTMENT PROPERTY.

10 (D) A PERSON BECOMES BOUND AS DEBTOR BY A SECURITY AGREEMENT
11 ENTERED INTO BY ANOTHER PERSON IF, BY OPERATION OF LAW OTHER THAN THIS
12 TITLE OR BY CONTRACT:

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

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

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

21 (1) THE AGREEMENT SATISFIES SUBSECTION (B)(3) WITH RESPECT TO
22 EXISTING OR AFTER-ACQUIRED PROPERTY OF THE NEW DEBTOR TO THE EXTENT
23 THE PROPERTY IS DESCRIBED IN THE AGREEMENT; AND

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

26 (F) THE ATTACHMENT OF A SECURITY INTEREST IN COLLATERAL GIVES THE
27 SECURED PARTY THE RIGHTS TO PROCEEDS PROVIDED BY § 9-315 AND IS ALSO
28 ATTACHMENT OF A SECURITY INTEREST IN A SUPPORTING OBLIGATION FOR THE
29 COLLATERAL.

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

34 (H) THE ATTACHMENT OF A SECURITY INTEREST IN A SECURITIES ACCOUNT
35 IS ALSO ATTACHMENT OF A SECURITY INTEREST IN THE SECURITY ENTITLEMENTS
36 CARRIED IN THE SECURITIES ACCOUNT.

37 (I) THE ATTACHMENT OF A SECURITY INTEREST IN A COMMODITY ACCOUNT
38 IS ALSO ATTACHMENT OF A SECURITY INTEREST IN THE COMMODITY CONTRACTS
39 CARRIED IN THE COMMODITY ACCOUNT.

1 9-204. AFTER ACQUIRED PROPERTY; FUTURE ADVANCES.

2 (A) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (B), A SECURITY
3 AGREEMENT MAY CREATE OR PROVIDE FOR A SECURITY INTEREST IN
4 AFTER-ACQUIRED COLLATERAL.

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

7 (1) CONSUMER GOODS, OTHER THAN AN ACCESSION WHEN GIVEN AS
8 ADDITIONAL SECURITY, UNLESS THE DEBTOR ACQUIRES RIGHTS IN THEM WITHIN 10
9 DAYS AFTER THE SECURED PARTY GIVES VALUE; OR

10 (2) A COMMERCIAL TORT CLAIM.

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

15 9-205. USE OR DISPOSITION OF COLLATERAL PERMISSIBLE.

16 (A) A SECURITY INTEREST IS NOT INVALID OR FRAUDULENT AGAINST
17 CREDITORS 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 ACCOUNT
27 FOR PROCEEDS OR REPLACE COLLATERAL.

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

31 9-206. SECURITY INTEREST ARISING IN PURCHASE OR DELIVERY OF FINANCIAL
32 ASSET.

33 (A) A SECURITY INTEREST IN FAVOR OF A SECURITIES INTERMEDIARY
34 ATTACHES TO A PERSON'S SECURITY ENTITLEMENT IF:

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

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

8 (B) THE SECURITY INTEREST DESCRIBED IN SUBSECTION (A) SECURES THE
9 PERSON'S OBLIGATION TO PAY FOR THE FINANCIAL ASSET.

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

13 (1) THE SECURITY OR OTHER FINANCIAL ASSET:

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

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

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

19 (D) THE SECURITY INTEREST DESCRIBED IN SUBSECTION (C) SECURES THE
20 OBLIGATION TO MAKE PAYMENT FOR THE DELIVERY.

21 9-207. RIGHTS AND DUTIES OF SECURED PARTY HAVING POSSESSION OR CONTROL
22 OF COLLATERAL.

23 (A) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (D), A SECURED PARTY
24 SHALL USE REASONABLE CARE IN THE CUSTODY AND PRESERVATION OF
25 COLLATERAL IN THE SECURED PARTY'S POSSESSION. IN THE CASE OF CHATTEL
26 PAPER OR AN INSTRUMENT, REASONABLE CARE INCLUDES TAKING NECESSARY
27 STEPS TO PRESERVE RIGHTS AGAINST PRIOR PARTIES UNLESS OTHERWISE AGREED.

28 (B) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (D), IF A SECURED
29 PARTY HAS POSSESSION OF COLLATERAL:

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

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

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

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

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

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

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

10 (C) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (D), A SECURED PARTY
11 HAVING POSSESSION OF COLLATERAL OR CONTROL OF COLLATERAL UNDER § 9-104,
12 § 9-105, § 9-106, OR § 9-107:

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

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

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

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

20 (1) SUBSECTION (A) DOES NOT APPLY UNLESS THE SECURED PARTY IS
21 ENTITLED UNDER AN AGREEMENT:

22 (A) TO CHARGE BACK UNCOLLECTED COLLATERAL; OR

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

26 (2) SUBSECTIONS (B) AND (C) DO NOT APPLY.

27 9-208. ADDITIONAL DUTIES OF SECURED PARTY HAVING CONTROL OF COLLATERAL.

28 (A) THIS SECTION APPLIES TO CASES IN WHICH THERE IS NO OUTSTANDING
29 SECURED OBLIGATION AND THE SECURED PARTY IS NOT COMMITTED TO MAKE
30 ADVANCES, INCUR OBLIGATIONS, OR OTHERWISE GIVE VALUE.

31 (B) WITHIN 10 DAYS AFTER RECEIVING AN AUTHENTICATED DEMAND BY THE
32 DEBTOR:

33 (1) A SECURED PARTY HAVING CONTROL OF A DEPOSIT ACCOUNT
34 UNDER § 9-104(A)(2) SHALL SEND TO THE BANK WITH WHICH THE DEPOSIT ACCOUNT

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

4 (2) A SECURED PARTY HAVING CONTROL OF A DEPOSIT ACCOUNT
5 UNDER § 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
9 ACCOUNT IN THE DEBTOR'S NAME;

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

12 (A) COMMUNICATE THE AUTHORITATIVE COPY OF THE
13 ELECTRONIC 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 THE
18 DESIGNATED CUSTODIAN FROM ANY FURTHER OBLIGATION TO COMPLY WITH
19 INSTRUCTIONS ORIGINATED BY THE SECURED PARTY AND INSTRUCTING THE
20 CUSTODIAN TO COMPLY WITH INSTRUCTIONS ORIGINATED BY THE DEBTOR; AND

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

25 (4) A SECURED PARTY HAVING CONTROL OF INVESTMENT PROPERTY
26 UNDER § 8-106(D)(2) OF THIS ARTICLE OR § 9-106(B) SHALL SEND TO THE SECURITIES
27 INTERMEDIARY OR COMMODITY INTERMEDIARY WITH WHICH THE SECURITY
28 ENTITLEMENT OR COMMODITY CONTRACT IS MAINTAINED AN AUTHENTICATED
29 RECORD THAT RELEASES THE SECURITIES INTERMEDIARY OR COMMODITY
30 INTERMEDIARY FROM ANY FURTHER OBLIGATION TO COMPLY WITH ENTITLEMENT
31 ORDERS OR DIRECTIONS ORIGINATED BY THE SECURED PARTY; AND

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

1 9-209. DUTIES OF SECURED PARTY IF ACCOUNT DEBTOR HAS BEEN NOTIFIED OF
2 ASSIGNMENT.

3 (A) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (C), THIS SECTION
4 APPLIES IF:

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

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

8 (B) WITHIN 10 DAYS AFTER RECEIVING AN AUTHENTICATED DEMAND BY THE
9 DEBTOR, A SECURED PARTY SHALL SEND TO AN ACCOUNT DEBTOR THAT HAS
10 RECEIVED NOTIFICATION OF AN ASSIGNMENT TO THE SECURED PARTY AS ASSIGNEE
11 UNDER § 9-406(A) AN AUTHENTICATED RECORD THAT RELEASES THE ACCOUNT
12 DEBTOR FROM ANY FURTHER OBLIGATION TO THE SECURED PARTY.

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

15 9-210. REQUEST FOR ACCOUNTING; REQUEST REGARDING LIST OF COLLATERAL OR
16 STATEMENT OF ACCOUNT.

17 (A) IN THIS SECTION:

18 (1) "REQUEST" MEANS A RECORD OF A TYPE DESCRIBED IN PARAGRAPH
19 (2), (3), OR (4).

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

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

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

36 (B) SUBJECT TO SUBSECTIONS (C), (D), (E), AND (F), A SECURED PARTY, OTHER
37 THAN A BUYER OF ACCOUNTS, CHATTEL PAPER, PAYMENT INTANGIBLES, OR

1 PROMISSORY NOTES OR A CONSIGNOR, SHALL COMPLY WITH A REQUEST WITHIN 14
2 DAYS AFTER RECEIPT:

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

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

8 (C) A SECURED PARTY THAT CLAIMS A SECURITY INTEREST IN ALL OF A
9 PARTICULAR TYPE OF COLLATERAL OWNED BY THE DEBTOR MAY COMPLY WITH A
10 REQUEST REGARDING A LIST OF COLLATERAL BY SENDING TO THE DEBTOR AN
11 AUTHENTICATED RECORD INCLUDING A STATEMENT TO THAT EFFECT WITHIN 14
12 DAYS AFTER RECEIPT.

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

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

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

22 (E) A PERSON THAT RECEIVES A REQUEST FOR AN ACCOUNTING OR A
23 REQUEST REGARDING A STATEMENT OF ACCOUNT, CLAIMS NO INTEREST IN THE
24 OBLIGATIONS WHEN IT RECEIVES THE REQUEST, AND CLAIMED AN INTEREST IN THE
25 OBLIGATIONS AT AN EARLIER TIME SHALL COMPLY WITH THE REQUEST WITHIN 14
26 DAYS AFTER RECEIPT BY SENDING TO THE DEBTOR AN AUTHENTICATED RECORD:

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

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

31 (F) A DEBTOR IS ENTITLED WITHOUT CHARGE TO ONE RESPONSE TO A
32 REQUEST UNDER THIS SECTION DURING ANY SIX-MONTH PERIOD. THE SECURED
33 PARTY MAY REQUIRE PAYMENT OF A CHARGE NOT EXCEEDING \$25 FOR EACH
34 ADDITIONAL RESPONSE.

1 SUBTITLE 3. PERFECTION AND PRIORITY.

2 9-301. LAW GOVERNING PERFECTION AND PRIORITY OF SECURITY INTERESTS.

3 EXCEPT AS OTHERWISE PROVIDED IN §§ 9-303 THROUGH 9-306, THE
4 FOLLOWING RULES DETERMINE THE LAW GOVERNING PERFECTION, THE EFFECT OF
5 PERFECTION OR NONPERFECTION, AND THE PRIORITY OF A SECURITY INTEREST IN
6 COLLATERAL:

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

11 (2) WHILE COLLATERAL IS LOCATED IN A JURISDICTION, THE LOCAL
12 LAW OF THAT JURISDICTION GOVERNS PERFECTION, THE EFFECT OF PERFECTION
13 OR NONPERFECTION, AND THE PRIORITY OF A POSSESSORY SECURITY INTEREST IN
14 THAT COLLATERAL.

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

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

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

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

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

29 9-302. LAW GOVERNING PERFECTION AND PRIORITY OF AGRICULTURAL LIENS.

30 WHILE FARM PRODUCTS ARE LOCATED IN A JURISDICTION, THE LOCAL LAW OF
31 THAT JURISDICTION GOVERNS PERFECTION, THE EFFECT OF PERFECTION OR
32 NONPERFECTION, AND THE PRIORITY OF AN AGRICULTURAL LIEN ON THE FARM
33 PRODUCTS.

34 9-303. LAW GOVERNING PERFECTION AND PRIORITY OF SECURITY INTERESTS IN
35 GOODS COVERED BY CERTIFICATE OF TITLE.

36 (A) THIS SECTION APPLIES TO GOODS COVERED BY A CERTIFICATE OF TITLE,
37 EVEN IF THERE IS NO OTHER RELATIONSHIP BETWEEN THE JURISDICTION UNDER

1 WHOSE CERTIFICATE OF TITLE THE GOODS ARE COVERED AND THE GOODS OR THE
2 DEBTOR.

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

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

16 9-304. LAW GOVERNING PERFECTION AND PRIORITY OF SECURITY INTERESTS IN
17 DEPOSIT ACCOUNTS.

18 (A) THE LOCAL LAW OF A BANK'S JURISDICTION GOVERNS PERFECTION, THE
19 EFFECT OF PERFECTION OR NONPERFECTION, AND THE PRIORITY OF A SECURITY
20 INTEREST IN A DEPOSIT ACCOUNT MAINTAINED WITH THAT BANK.

21 (B) THE FOLLOWING RULES DETERMINE A BANK'S JURISDICTION FOR
22 PURPOSES OF THIS SUBTITLE:

23 (1) IF AN AGREEMENT BETWEEN THE BANK AND THE DEBTOR
24 GOVERNING THE DEPOSIT ACCOUNT EXPRESSLY PROVIDES THAT A PARTICULAR
25 JURISDICTION IS THE BANK'S JURISDICTION FOR PURPOSES OF THIS SUBTITLE, THIS
26 TITLE, OR TITLES 1 THROUGH 10 OF THIS ARTICLE, THAT JURISDICTION IS THE
27 BANK'S JURISDICTION.

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

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

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

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

4 9-305. LAW GOVERNING PERFECTION AND PRIORITY OF SECURITY INTERESTS IN
5 INVESTMENT PROPERTY.

6 (A) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (C), THE FOLLOWING
7 RULES APPLY:

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

12 (2) THE LOCAL LAW OF THE ISSUER'S JURISDICTION AS SPECIFIED IN §
13 8-110(D) OF THIS ARTICLE GOVERNS PERFECTION, THE EFFECT OF PERFECTION OR
14 NONPERFECTION, AND THE PRIORITY OF A SECURITY INTEREST IN AN
15 UNCERTIFICATED SECURITY.

16 (3) THE LOCAL LAW OF THE SECURITIES INTERMEDIARY'S
17 JURISDICTION AS SPECIFIED IN § 8-110(E) OF THIS ARTICLE GOVERNS PERFECTION,
18 THE EFFECT OF PERFECTION OR NONPERFECTION, AND THE PRIORITY OF A
19 SECURITY INTEREST IN A SECURITY ENTITLEMENT OR SECURITIES ACCOUNT.

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

24 (B) THE FOLLOWING RULES DETERMINE A COMMODITY INTERMEDIARY'S
25 JURISDICTION FOR PURPOSES OF THIS SUBTITLE:

26 (1) IF AN AGREEMENT BETWEEN THE COMMODITY INTERMEDIARY AND
27 COMMODITY CUSTOMER GOVERNING THE COMMODITY ACCOUNT EXPRESSLY
28 PROVIDES THAT A PARTICULAR JURISDICTION IS THE COMMODITY INTERMEDIARY'S
29 JURISDICTION FOR PURPOSES OF THIS SUBTITLE, THIS TITLE, OR TITLE 1 THROUGH
30 10 OF THIS ARTICLE, THAT JURISDICTION IS THE COMMODITY INTERMEDIARY'S
31 JURISDICTION.

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

37 (3) IF NEITHER PARAGRAPH (1) NOR PARAGRAPH (2) APPLIES AND AN
38 AGREEMENT BETWEEN THE COMMODITY INTERMEDIARY AND COMMODITY
39 CUSTOMER GOVERNING THE COMMODITY ACCOUNT EXPRESSLY PROVIDES THAT
40 THE COMMODITY ACCOUNT IS MAINTAINED AT AN OFFICE IN A PARTICULAR

1 JURISDICTION, THAT JURISDICTION IS THE COMMODITY INTERMEDIARY'S
2 JURISDICTION.

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

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

10 (C) THE LOCAL LAW OF THE JURISDICTION IN WHICH THE DEBTOR IS
11 LOCATED GOVERNS:

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

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

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

19 9-306. LAW GOVERNING PERFECTION AND PRIORITY OF SECURITY INTERESTS IN
20 LETTER-OF-CREDIT RIGHTS.

21 (A) SUBJECT TO SUBSECTION (C), THE LOCAL LAW OF THE ISSUER'S
22 JURISDICTION OR A NOMINATED PERSON'S JURISDICTION GOVERNS PERFECTION,
23 THE EFFECT OF PERFECTION OR NONPERFECTION, AND THE PRIORITY OF A
24 SECURITY INTEREST IN A LETTER-OF-CREDIT RIGHT IF THE ISSUER'S JURISDICTION
25 OR NOMINATED PERSON'S JURISDICTION IS A STATE.

26 (B) FOR PURPOSES OF THIS PART, AN ISSUER'S JURISDICTION OR NOMINATED
27 PERSON'S JURISDICTION IS THE JURISDICTION WHOSE LAW GOVERNS THE LIABILITY
28 OF THE ISSUER OR NOMINATED PERSON WITH RESPECT TO THE LETTER-OF-CREDIT
29 RIGHT AS PROVIDED IN § 5-116 OF THIS ARTICLE.

30 (C) THIS SECTION DOES NOT APPLY TO A SECURITY INTEREST THAT IS
31 PERFECTED ONLY UNDER § 9-308(D).

32 9-307. LOCATION OF DEBTOR.

33 (A) IN THIS SECTION, "PLACE OF BUSINESS" MEANS A PLACE WHERE A
34 DEBTOR CONDUCTS ITS AFFAIRS.

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

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

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

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

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

15 (D) A PERSON THAT CEASES TO EXIST, HAVE A RESIDENCE, OR HAVE A PLACE
16 OF BUSINESS CONTINUES TO BE LOCATED IN THE JURISDICTION SPECIFIED BY
17 SUBSECTIONS (B) AND (C).

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

20 (F) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (I), A REGISTERED
21 ORGANIZATION THAT IS ORGANIZED UNDER THE LAW OF THE UNITED STATES AND A
22 BRANCH OR AGENCY OF A BANK THAT IS NOT ORGANIZED UNDER THE LAW OF THE
23 UNITED STATES OR A STATE ARE LOCATED:

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

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

30 (3) IN THE DISTRICT OF COLUMBIA, IF NEITHER PARAGRAPH (1) NOR
31 PARAGRAPH (2) APPLIES.

32 (G) A REGISTERED ORGANIZATION CONTINUES TO BE LOCATED IN THE
33 JURISDICTION SPECIFIED BY SUBSECTION (E) OR (F) NOTWITHSTANDING:

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

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

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

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

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

9 (K) THIS SECTION APPLIES ONLY FOR PURPOSES OF THIS SUBTITLE.

10 9-308. WHEN SECURITY INTEREST OR AGRICULTURAL LIEN IS PERFECTED;
11 CONTINUITY OF PERFECTION.

12 (A) EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION AND § 9-309, A
13 SECURITY INTEREST IS PERFECTED IF IT HAS ATTACHED AND ALL OF THE
14 APPLICABLE REQUIREMENTS FOR PERFECTION IN §§ 9-310 THROUGH 9-316 HAVE
15 BEEN SATISFIED. A SECURITY INTEREST IS PERFECTED WHEN IT ATTACHES IF THE
16 APPLICABLE REQUIREMENTS ARE SATISFIED BEFORE THE SECURITY INTEREST
17 ATTACHES.

18 (B) AN AGRICULTURAL LIEN IS PERFECTED IF IT HAS BECOME EFFECTIVE
19 AND ALL OF THE APPLICABLE REQUIREMENTS FOR PERFECTION IN § 9-310 HAVE
20 BEEN SATISFIED. AN AGRICULTURAL LIEN IS PERFECTED WHEN IT BECOMES
21 EFFECTIVE IF THE APPLICABLE REQUIREMENTS ARE SATISFIED BEFORE THE
22 AGRICULTURAL LIEN BECOMES EFFECTIVE.

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

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

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

33 (F) PERFECTION OF A SECURITY INTEREST IN A SECURITIES ACCOUNT ALSO
34 PERFECTS A SECURITY INTEREST IN THE SECURITY ENTITLEMENTS CARRIED IN THE
35 SECURITIES ACCOUNT.

36 (G) PERFECTION OF A SECURITY INTEREST IN A COMMODITY ACCOUNT ALSO
37 PERFECTS A SECURITY INTEREST IN THE COMMODITY CONTRACTS CARRIED IN THE
38 COMMODITY ACCOUNT.

1 9-309. SECURITY INTEREST PERFECTED UPON ATTACHMENT.

2 THE FOLLOWING SECURITY INTERESTS ARE PERFECTED WHEN THEY ATTACH:

3 (1) A PURCHASE-MONEY SECURITY INTEREST IN CONSUMER GOODS,
4 EXCEPT AS OTHERWISE PROVIDED IN § 9-311(B) WITH RESPECT TO CONSUMER
5 GOODS THAT ARE SUBJECT TO A STATUTE OR TREATY DESCRIBED IN § 9-311(A);

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

10 (3) A SALE OF A PAYMENT INTANGIBLE;

11 (4) A SALE OF A PROMISSORY NOTE;

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

15 (6) A SECURITY INTEREST ARISING UNDER § 2-401, § 2-505, § 2-711(3), OR
16 § 2A-508(5) OF THIS ARTICLE, UNTIL THE DEBTOR OBTAINS POSSESSION OF THE
17 COLLATERAL;

18 (7) A SECURITY INTEREST OF A COLLECTING BANK ARISING UNDER §
19 4-210 OF THIS ARTICLE;

20 (8) A SECURITY INTEREST OF AN ISSUER OR NOMINATED PERSON
21 ARISING UNDER § 5-118 OF THIS ARTICLE;

22 (9) A SECURITY INTEREST ARISING IN THE DELIVERY OF A FINANCIAL
23 ASSET UNDER § 9-206(C);

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

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

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

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

1 9-310. WHEN FILING REQUIRED TO PERFECT SECURITY INTEREST OR
2 AGRICULTURAL LIEN; SECURITY INTERESTS AND AGRICULTURAL LIENS TO WHICH
3 FILING PROVISIONS DO NOT APPLY.

4 (A) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (B) AND § 9-312(B), A
5 FINANCING STATEMENT MUST BE FILED TO PERFECT ALL SECURITY INTERESTS AND
6 AGRICULTURAL LIENS.

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

9 (1) THAT IS PERFECTED UNDER § 9-308(D), (E), (F), OR (G);

10 (2) THAT IS PERFECTED UNDER § 9-309 WHEN IT ATTACHES;

11 (3) IN PROPERTY SUBJECT TO A STATUTE, REGULATION, OR TREATY
12 DESCRIBED IN § 9-311(A);

13 (4) IN GOODS IN POSSESSION OF A BAILEE WHICH IS PERFECTED UNDER
14 § 9-312(D)(1) OR (2);

15 (5) IN CERTIFICATED SECURITIES, DOCUMENTS, GOODS, OR
16 INSTRUMENTS WHICH IS PERFECTED WITHOUT FILING OR POSSESSION UNDER §
17 9-312(E), (F), OR (G);

18 (6) IN COLLATERAL IN THE SECURED PARTY'S POSSESSION UNDER §
19 9-313;

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

22 (8) IN DEPOSIT ACCOUNTS, ELECTRONIC CHATTEL PAPER, INVESTMENT
23 PROPERTY, OR LETTER-OF-CREDIT RIGHTS WHICH IS PERFECTED BY CONTROL
24 UNDER § 9-314;

25 (9) IN PROCEEDS WHICH IS PERFECTED UNDER § 9-315; OR

26 (10) THAT IS PERFECTED UNDER § 9-316.

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

31 9-311. PERFECTION OF SECURITY INTERESTS IN PROPERTY SUBJECT TO CERTAIN
32 STATUTES, REGULATIONS, AND TREATIES.

33 (A) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (D), THE FILING OF A
34 FINANCING STATEMENT IS NOT NECESSARY OR EFFECTIVE TO PERFECT A SECURITY
35 INTEREST IN PROPERTY SUBJECT TO:

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

5 (2) ANY CERTIFICATE-OF-TITLE STATUTE OF THIS STATE WHICH
6 PROVIDES FOR A SECURITY INTEREST TO BE INDICATED ON THE CERTIFICATE AS A
7 CONDITION OR RESULT OF PERFECTION; OR

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

12 (B) COMPLIANCE WITH THE REQUIREMENTS OF A STATUTE, REGULATION, OR
13 TREATY DESCRIBED IN SUBSECTION (A) FOR OBTAINING PRIORITY OVER THE RIGHTS
14 OF A LIEN CREDITOR IS EQUIVALENT TO THE FILING OF A FINANCING STATEMENT
15 UNDER THIS TITLE, PROVIDED THAT THE TIME FOR PERFECTION WILL BE
16 GOVERNED BY THAT STATUTE, REGULATION, OR TREATY. EXCEPT AS OTHERWISE
17 PROVIDED IN SUBSECTION (D) AND §§ 9-313 AND 9-316(D) AND (E) FOR GOODS
18 COVERED BY A CERTIFICATE OF TITLE, A SECURITY INTEREST IN PROPERTY
19 SUBJECT TO A STATUTE, REGULATION, OR TREATY DESCRIBED IN SUBSECTION (A)
20 MAY BE PERFECTED ONLY BY COMPLIANCE WITH THOSE REQUIREMENTS, AND A
21 SECURITY INTEREST SO PERFECTED REMAINS PERFECTED NOTWITHSTANDING A
22 CHANGE IN THE USE OR TRANSFER OF POSSESSION OF THE COLLATERAL.

23 (C) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (D) AND § 9-316(D) AND
24 (E), DURATION AND RENEWAL OF PERFECTION OF A SECURITY INTEREST
25 PERFECTED BY COMPLIANCE WITH THE REQUIREMENTS PRESCRIBED BY A STATUTE,
26 REGULATION, OR TREATY DESCRIBED IN SUBSECTION (A) ARE GOVERNED BY THE
27 STATUTE, REGULATION, OR TREATY. IN OTHER RESPECTS, THE SECURITY INTEREST
28 IS SUBJECT TO THIS ARTICLE.

29 (D) DURING ANY PERIOD IN WHICH COLLATERAL IS INVENTORY HELD FOR
30 SALE OR LEASE BY A PERSON OR LEASED BY THAT PERSON AS LESSOR AND THAT
31 PERSON IS IN THE BUSINESS OF SELLING OR LEASING GOODS OF THAT KIND, THIS
32 SECTION DOES NOT APPLY TO A SECURITY INTEREST IN THAT COLLATERAL
33 CREATED BY THAT PERSON AS DEBTOR.

34 9-312. PERFECTION OF SECURITY INTERESTS IN CHATTEL PAPER, DEPOSIT
35 ACCOUNTS, DOCUMENTS, GOODS COVERED BY DOCUMENTS, INSTRUMENTS,
36 INVESTMENT PROPERTY, LETTER-OF-CREDIT RIGHTS, AND MONEY; PERFECTION BY
37 PERMISSIVE FILING; TEMPORARY PERFECTION WITHOUT FILING OR TRANSFER OF
38 POSSESSION.

39 (A) A SECURITY INTEREST IN CHATTEL PAPER, NEGOTIABLE DOCUMENTS,
40 INSTRUMENTS, OR INVESTMENT PROPERTY MAY BE PERFECTED BY FILING.

41 (B) EXCEPT AS OTHERWISE PROVIDED IN § 9-315(C) AND (D) FOR PROCEEDS:

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

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

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

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

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

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

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

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

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

21 (3) FILING AS TO THE GOODS.

22 (E) A SECURITY INTEREST IN CERTIFICATED SECURITIES, NEGOTIABLE
23 DOCUMENTS, OR INSTRUMENTS IS PERFECTED WITHOUT FILING OR THE TAKING OF
24 POSSESSION FOR A PERIOD OF 20 DAYS FROM THE TIME IT ATTACHES TO THE
25 EXTENT THAT IT ARISES FOR NEW VALUE GIVEN UNDER AN AUTHENTICATED
26 SECURITY AGREEMENT.

27 (F) A PERFECTED SECURITY INTEREST IN A NEGOTIABLE DOCUMENT OR
28 GOODS IN POSSESSION OF A BAILEE, OTHER THAN ONE THAT HAS ISSUED A
29 NEGOTIABLE DOCUMENT FOR THE GOODS, REMAINS PERFECTED FOR 20 DAYS
30 WITHOUT FILING IF THE SECURED PARTY MAKES AVAILABLE TO THE DEBTOR THE
31 GOODS OR DOCUMENTS REPRESENTING THE GOODS FOR THE PURPOSE OF:

32 (1) ULTIMATE SALE OR EXCHANGE; OR

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

1 (G) A PERFECTED SECURITY INTEREST IN A CERTIFICATED SECURITY OR
2 INSTRUMENT REMAINS PERFECTED FOR 20 DAYS WITHOUT FILING IF THE SECURED
3 PARTY DELIVERS THE SECURITY CERTIFICATE OR INSTRUMENT TO THE DEBTOR FOR
4 THE PURPOSE OF:

5 (1) ULTIMATE SALE OR EXCHANGE; OR

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

8 (H) AFTER THE 20-DAY PERIOD SPECIFIED IN SUBSECTION (E), SUBSECTION
9 (F), OR SUBSECTION (G) EXPIRES, PERFECTION DEPENDS UPON COMPLIANCE WITH
10 THIS TITLE.

11 9-313. WHEN POSSESSION BY OR DELIVERY TO SECURED PARTY PERFECTS
12 SECURITY INTEREST WITHOUT FILING.

13 (A) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (B), A SECURED PARTY
14 MAY PERFECT A SECURITY INTEREST IN NEGOTIABLE DOCUMENTS, GOODS,
15 INSTRUMENTS, MONEY, OR TANGIBLE CHATTEL PAPER BY TAKING POSSESSION OF
16 THE COLLATERAL. A SECURED PARTY MAY PERFECT A SECURITY INTEREST IN
17 CERTIFICATED SECURITIES BY TAKING DELIVERY OF THE CERTIFICATED
18 SECURITIES UNDER § 8-301 OF THIS ARTICLE.

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

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

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

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

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

38 (E) A SECURITY INTEREST IN A CERTIFICATED SECURITY IN REGISTERED
39 FORM IS PERFECTED BY DELIVERY WHEN DELIVERY OF THE CERTIFICATED

1 SECURITY OCCURS UNDER § 8-301 OF THIS ARTICLE AND REMAINS PERFECTED BY
2 DELIVERY UNTIL THE DEBTOR OBTAINS POSSESSION OF THE SECURITY
3 CERTIFICATE.

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

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

8 (1) THE ACKNOWLEDGMENT IS EFFECTIVE UNDER SUBSECTION (C) OR §
9 8-301(A) OF THIS ARTICLE, EVEN IF THE ACKNOWLEDGMENT VIOLATES THE RIGHTS
10 OF A DEBTOR; AND

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

15 (H) A SECURED PARTY HAVING POSSESSION OF COLLATERAL DOES NOT
16 RELINQUISH POSSESSION BY DELIVERING THE COLLATERAL TO A PERSON OTHER
17 THAN THE DEBTOR OR A LESSEE OF THE COLLATERAL FROM THE DEBTOR IN THE
18 ORDINARY COURSE OF THE DEBTOR'S BUSINESS IF THE PERSON WAS INSTRUCTED
19 BEFORE THE DELIVERY OR IS INSTRUCTED CONTEMPORANEOUSLY WITH THE
20 DELIVERY:

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

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

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

30 9-314. PERFECTION BY CONTROL.

31 (A) A SECURITY INTEREST IN INVESTMENT PROPERTY, DEPOSIT ACCOUNTS,
32 LETTER-OF-CREDIT RIGHTS, OR ELECTRONIC CHATTEL PAPER MAY BE PERFECTED
33 BY CONTROL OF THE COLLATERAL UNDER § 9-104, § 9-105, § 9-106, OR § 9-107.

34 (B) A SECURITY INTEREST IN DEPOSIT ACCOUNTS, ELECTRONIC CHATTEL
35 PAPER, OR LETTER-OF-CREDIT RIGHTS IS PERFECTED BY CONTROL UNDER § 9-104, §
36 9-105, OR § 9-107 WHEN THE SECURED PARTY OBTAINS CONTROL AND REMAINS
37 PERFECTED BY CONTROL ONLY WHILE THE SECURED PARTY RETAINS CONTROL.

1 (C) A SECURITY INTEREST IN INVESTMENT PROPERTY IS PERFECTED BY
2 CONTROL UNDER § 9-106 FROM THE TIME THE SECURED PARTY OBTAINS CONTROL
3 AND REMAINS PERFECTED BY CONTROL UNTIL:

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

5 (2) ONE OF THE FOLLOWING OCCURS:

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

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

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

13 9-315. SECURED PARTY'S RIGHTS ON DISPOSITION OF COLLATERAL AND IN
14 PROCEEDS.

15 (A) EXCEPT AS OTHERWISE PROVIDED IN THIS TITLE AND IN § 2-403(2) OF
16 THIS ARTICLE:

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

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

23 (B) PROCEEDS THAT ARE COMMINGLED WITH OTHER PROPERTY ARE
24 IDENTIFIABLE PROCEEDS:

25 (1) IF THE PROCEEDS ARE GOODS, TO THE EXTENT PROVIDED BY § 9-336;
26 AND

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

32 (C) A SECURITY INTEREST IN PROCEEDS IS A PERFECTED SECURITY
33 INTEREST IF THE SECURITY INTEREST IN THE ORIGINAL COLLATERAL WAS
34 PERFECTED.

1 (D) A PERFECTED SECURITY INTEREST IN PROCEEDS BECOMES
2 UNPERFECTED ON THE 21ST DAY AFTER THE SECURITY INTEREST ATTACHES TO THE
3 PROCEEDS UNLESS:

4 (1) THE FOLLOWING CONDITIONS ARE SATISFIED:

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

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

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

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

12 (3) THE SECURITY INTEREST IN THE PROCEEDS IS PERFECTED OTHER
13 THAN UNDER SUBSECTION (C) WHEN THE SECURITY INTEREST ATTACHES TO THE
14 PROCEEDS OR WITHIN 20 DAYS THEREAFTER.

15 (E) IF A FILED FINANCING STATEMENT COVERS THE ORIGINAL COLLATERAL,
16 A SECURITY INTEREST IN PROCEEDS WHICH REMAINS PERFECTED UNDER
17 SUBSECTION (D)(1) BECOMES UNPERFECTED AT THE LATER OF:

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

20 (2) THE 21ST DAY AFTER THE SECURITY INTEREST ATTACHES TO THE
21 PROCEEDS.

22 9-316. CONTINUED PERFECTION OF SECURITY INTEREST FOLLOWING CHANGE IN
23 GOVERNING LAW.

24 (A) A SECURITY INTEREST PERFECTED PURSUANT TO THE LAW OF THE
25 JURISDICTION DESIGNATED IN § 9-301(1) OR § 9-305(C) REMAINS PERFECTED UNTIL
26 THE EARLIEST OF:

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

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

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

34 (4) THE EXPIRATION OF ONE YEAR AFTER A NEW DEBTOR LOCATED IN
35 ANOTHER JURISDICTION BECOMES BOUND UNDER § 9-203(D).

1 (B) IF A SECURITY INTEREST DESCRIBED IN SUBSECTION (A) BECOMES
2 PERFECTED UNDER THE LAW OF THE OTHER JURISDICTION BEFORE THE EARLIEST
3 TIME OR EVENT DESCRIBED IN THAT SUBSECTION, IT REMAINS PERFECTED
4 THEREAFTER. IF THE SECURITY INTEREST DOES NOT BECOME PERFECTED UNDER
5 THE LAW OF THE OTHER JURISDICTION BEFORE THE EARLIEST TIME OR EVENT, IT
6 BECOMES UNPERFECTED AND IS DEEMED NEVER TO HAVE BEEN PERFECTED AS
7 AGAINST A PURCHASER OF THE COLLATERAL FOR VALUE.

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

11 (1) THE COLLATERAL IS LOCATED IN ONE JURISDICTION AND SUBJECT
12 TO A SECURITY INTEREST PERFECTED UNDER THE LAW OF THAT JURISDICTION;

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

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

17 (D) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (E), A SECURITY
18 INTEREST IN GOODS COVERED BY A CERTIFICATE OF TITLE WHICH IS PERFECTED BY
19 ANY METHOD UNDER THE LAW OF ANOTHER JURISDICTION WHEN THE GOODS
20 BECOME COVERED BY A CERTIFICATE OF TITLE FROM THIS STATE REMAINS
21 PERFECTED UNTIL THE SECURITY INTEREST WOULD HAVE BECOME UNPERFECTED
22 UNDER THE LAW OF THE OTHER JURISDICTION HAD THE GOODS NOT BECOME SO
23 COVERED.

24 (E) A SECURITY INTEREST DESCRIBED IN SUBSECTION (D) BECOMES
25 UNPERFECTED AS AGAINST A PURCHASER OF THE GOODS FOR VALUE AND IS
26 DEEMED NEVER TO HAVE BEEN PERFECTED AS AGAINST A PURCHASER OF THE
27 GOODS FOR VALUE IF THE APPLICABLE REQUIREMENTS FOR PERFECTION UNDER §
28 9-311(B) OR § 9-313 ARE NOT SATISFIED BEFORE THE EARLIER OF:

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

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

34 (F) A SECURITY INTEREST IN DEPOSIT ACCOUNTS, LETTER-OF-CREDIT
35 RIGHTS, OR INVESTMENT PROPERTY WHICH IS PERFECTED UNDER THE LAW OF THE
36 BANK'S JURISDICTION, THE ISSUER'S JURISDICTION, A NOMINATED PERSON'S
37 JURISDICTION, THE SECURITIES INTERMEDIARY'S JURISDICTION, OR THE
38 COMMODITY INTERMEDIARY'S JURISDICTION, AS APPLICABLE, REMAINS PERFECTED
39 UNTIL THE EARLIER OF:

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

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

5 (G) IF A SECURITY INTEREST DESCRIBED IN SUBSECTION (F) BECOMES
6 PERFECTED UNDER THE LAW OF THE OTHER JURISDICTION BEFORE THE EARLIER
7 OF THE TIME OR THE END OF THE PERIOD DESCRIBED IN THAT SUBSECTION, IT
8 REMAINS PERFECTED THEREAFTER. IF THE SECURITY INTEREST DOES NOT BECOME
9 PERFECTED UNDER THE LAW OF THE OTHER JURISDICTION BEFORE THE EARLIER
10 OF THAT TIME OR THE END OF THAT PERIOD, IT BECOMES UNPERFECTED AND IS
11 DEEMED NEVER TO HAVE BEEN PERFECTED AS AGAINST A PURCHASER OF THE
12 COLLATERAL FOR VALUE.

13 9-317. INTERESTS THAT TAKE PRIORITY OVER OR TAKE FREE OF UNPERFECTED
14 SECURITY INTEREST OR AGRICULTURAL LIEN.

15 (A) AN UNPERFECTED SECURITY INTEREST OR AGRICULTURAL LIEN IS
16 SUBORDINATE TO THE RIGHTS OF:

17 (1) A PERSON ENTITLED TO PRIORITY UNDER § 9-322; AND

18 (2) A PERSON THAT BECOMES A LIEN CREDITOR BEFORE THE EARLIER
19 OF THE TIME THE SECURITY INTEREST OR AGRICULTURAL LIEN IS PERFECTED OR A
20 FINANCING STATEMENT COVERING THE COLLATERAL IS FILED.

21 (B) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (E), A BUYER, OTHER
22 THAN A SECURED PARTY, OF TANGIBLE CHATTEL PAPER, DOCUMENTS, GOODS,
23 INSTRUMENTS, OR A SECURITY CERTIFICATE TAKES FREE OF A SECURITY INTEREST
24 OR AGRICULTURAL LIEN IF THE BUYER GIVES VALUE AND RECEIVES DELIVERY OF
25 THE COLLATERAL WITHOUT KNOWLEDGE OF THE SECURITY INTEREST OR
26 AGRICULTURAL LIEN AND BEFORE IT IS PERFECTED.

27 (C) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (E), A LESSEE OF
28 GOODS TAKES FREE OF A SECURITY INTEREST OR AGRICULTURAL LIEN IF THE
29 LESSEE GIVES VALUE AND RECEIVES DELIVERY OF THE COLLATERAL WITHOUT
30 KNOWLEDGE OF THE SECURITY INTEREST OR AGRICULTURAL LIEN AND BEFORE IT
31 IS PERFECTED.

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

37 (E) EXCEPT AS OTHERWISE PROVIDED IN §§ 9-320 AND 9-321, IF A PERSON
38 FILES A FINANCING STATEMENT WITH RESPECT TO A PURCHASE-MONEY SECURITY
39 INTEREST BEFORE OR WITHIN 20 DAYS AFTER THE DEBTOR RECEIVES DELIVERY OF
40 THE COLLATERAL, THE SECURITY INTEREST TAKES PRIORITY OVER THE RIGHTS OF

1 A BUYER, LESSEE, OR LIEN CREDITOR WHICH ARISE BETWEEN THE TIME THE
2 SECURITY INTEREST ATTACHES AND THE TIME OF FILING.

3 9-318. NO INTEREST RETAINED IN RIGHT TO PAYMENT THAT IS SOLD; RIGHTS AND
4 TITLE OF SELLER OF ACCOUNT OR CHATTEL PAPER WITH RESPECT TO CREDITORS
5 AND PURCHASERS.

6 (A) A DEBTOR THAT HAS SOLD AN ACCOUNT, CHATTEL PAPER, PAYMENT
7 INTANGIBLE, OR PROMISSORY NOTE DOES NOT RETAIN A LEGAL OR EQUITABLE
8 INTEREST IN THE COLLATERAL SOLD.

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

14 9-319. RIGHTS AND TITLE OF CONSIGNEE WITH RESPECT TO CREDITORS AND
15 PURCHASERS.

16 (A) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (B), FOR PURPOSES OF
17 DETERMINING THE RIGHTS OF CREDITORS OF, AND PURCHASERS FOR VALUE OF
18 GOODS FROM, A CONSIGNEE, WHILE THE GOODS ARE IN THE POSSESSION OF THE
19 CONSIGNEE, THE CONSIGNEE HAS RIGHTS AND TITLE TO THE GOODS IDENTICAL TO
20 THOSE THE CONSIGNOR HAD OR HAD POWER TO TRANSFER.

21 (B) FOR PURPOSES OF DETERMINING THE RIGHTS OF A CREDITOR OF A
22 CONSIGNEE, LAW OTHER THAN THIS TITLE DETERMINES THE RIGHTS AND TITLE OF
23 A CONSIGNEE WHILE GOODS ARE IN THE CONSIGNEE'S POSSESSION IF, UNDER THIS
24 SUBTITLE, A PERFECTED SECURITY INTEREST HELD BY THE CONSIGNOR WOULD
25 HAVE PRIORITY OVER THE RIGHTS OF THE CREDITOR.

26 9-320. BUYER OF GOODS.

27 (A) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (E), A BUYER IN
28 ORDINARY COURSE OF BUSINESS, OTHER THAN A PERSON BUYING FARM PRODUCTS
29 FROM A PERSON ENGAGED IN FARMING OPERATIONS, TAKES FREE OF A SECURITY
30 INTEREST CREATED BY THE BUYER'S SELLER, EVEN IF THE SECURITY INTEREST IS
31 PERFECTED AND THE BUYER KNOWS OF ITS EXISTENCE.

32 (B) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (E), A BUYER OF
33 GOODS FROM A PERSON WHO USED OR BOUGHT THE GOODS FOR USE PRIMARILY
34 FOR PERSONAL, FAMILY, OR HOUSEHOLD PURPOSES TAKES FREE OF A SECURITY
35 INTEREST, EVEN IF PERFECTED, IF THE BUYER BUYS:

36 (1) WITHOUT KNOWLEDGE OF THE SECURITY INTEREST;

37 (2) FOR VALUE;

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

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

5 (C) TO THE EXTENT THAT IT AFFECTS THE PRIORITY OF A SECURITY
6 INTEREST OVER A BUYER OF GOODS UNDER SUBSECTION (B), THE PERIOD OF
7 EFFECTIVENESS OF A FILING MADE IN THE JURISDICTION IN WHICH THE SELLER IS
8 LOCATED IS GOVERNED BY § 9-316(A) AND (B).

9 (D) A BUYER IN ORDINARY COURSE OF BUSINESS BUYING OIL, GAS, OR OTHER
10 MINERALS AT THE WELLHEAD OR MINEHEAD OR AFTER EXTRACTION TAKES FREE
11 OF AN INTEREST ARISING OUT OF AN ENCUMBRANCE.

12 (E) SUBSECTIONS (A) AND (B) DO NOT AFFECT A SECURITY INTEREST IN
13 GOODS IN THE POSSESSION OF THE SECURED PARTY UNDER § 9-313.

14 9-321. LICENSEE OF GENERAL INTANGIBLE AND LESSEE OF GOODS IN ORDINARY
15 COURSE OF BUSINESS.

16 (A) IN THIS SECTION, "LICENSEE IN ORDINARY COURSE OF BUSINESS" MEANS
17 A PERSON THAT BECOMES A LICENSEE OF A GENERAL INTANGIBLE IN GOOD FAITH,
18 WITHOUT KNOWLEDGE THAT THE LICENSE VIOLATES THE RIGHTS OF ANOTHER
19 PERSON IN THE GENERAL INTANGIBLE, AND IN THE ORDINARY COURSE FROM A
20 PERSON IN THE BUSINESS OF LICENSING GENERAL INTANGIBLES OF THAT KIND. A
21 PERSON BECOMES A LICENSEE IN THE ORDINARY COURSE IF THE LICENSE TO THE
22 PERSON COMPORTS WITH THE USUAL OR CUSTOMARY PRACTICES IN THE KIND OF
23 BUSINESS IN WHICH THE LICENSOR IS ENGAGED OR WITH THE LICENSOR'S OWN
24 USUAL OR CUSTOMARY PRACTICES.

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

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

33 9-322. PRIORITIES AMONG CONFLICTING SECURITY INTERESTS IN AND
34 AGRICULTURAL LIENS ON SAME COLLATERAL.

35 (A) EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, PRIORITY AMONG
36 CONFLICTING SECURITY INTERESTS AND AGRICULTURAL LIENS IN THE SAME
37 COLLATERAL IS DETERMINED ACCORDING TO THE FOLLOWING RULES:

38 (1) CONFLICTING PERFECTED SECURITY INTERESTS AND
39 AGRICULTURAL LIENS RANK ACCORDING TO PRIORITY IN TIME OF FILING OR

1 PERFECTION. PRIORITY DATES FROM THE EARLIER OF THE TIME A FILING
2 COVERING THE COLLATERAL IS FIRST MADE OR THE SECURITY INTEREST OR
3 AGRICULTURAL LIEN IS FIRST PERFECTED, IF THERE IS NO PERIOD THEREAFTER
4 WHEN THERE IS NEITHER FILING NOR PERFECTION.

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

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

11 (B) FOR THE PURPOSES SUBSECTION (A)(1):

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

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

19 (C) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (F), A SECURITY
20 INTEREST IN COLLATERAL WHICH QUALIFIES FOR PRIORITY OVER A CONFLICTING
21 SECURITY INTEREST UNDER § 9-327, § 9-328, § 9-329, § 9-330, OR § 9-331 ALSO HAS
22 PRIORITY OVER 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

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

31 (D) SUBJECT TO SUBSECTION (E) AND EXCEPT AS OTHERWISE PROVIDED IN
32 SUBSECTION (F), IF A SECURITY INTEREST IN CHATTEL PAPER, DEPOSIT ACCOUNTS,
33 NEGOTIABLE DOCUMENTS, INSTRUMENTS, INVESTMENT PROPERTY, OR
34 LETTER-OF-CREDIT RIGHTS IS PERFECTED BY A METHOD OTHER THAN FILING,
35 CONFLICTING PERFECTED SECURITY INTERESTS IN PROCEEDS OF THE COLLATERAL
36 RANK ACCORDING TO PRIORITY IN TIME OF FILING.

1 (E) SUBSECTION (D) APPLIES ONLY IF THE PROCEEDS OF THE COLLATERAL
2 ARE NOT CASH PROCEEDS, CHATTEL PAPER, NEGOTIABLE DOCUMENTS,
3 INSTRUMENTS, INVESTMENT PROPERTY, OR LETTER-OF-CREDIT RIGHTS.

4 (F) SUBSECTIONS (A) THROUGH (E) ARE SUBJECT TO:

5 (1) SUBSECTION (G) AND THE OTHER PROVISIONS OF THIS SUBTITLE;

6 (2) § 4-210 OF THIS ARTICLE WITH RESPECT TO A SECURITY INTEREST
7 OF A COLLECTING BANK;

8 (3) § 5-118 OF THIS ARTICLE WITH RESPECT TO A SECURITY INTEREST
9 OF AN ISSUER OR NOMINATED PERSON; AND

10 (4) § 9-110 WITH RESPECT TO A SECURITY INTEREST ARISING UNDER
11 TITLE 2 OR TITLE 2A OF THIS ARTICLE.

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

15 9-323. FUTURE ADVANCES.

16 (A) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (C), FOR PURPOSES OF
17 DETERMINING THE PRIORITY OF A PERFECTED SECURITY INTEREST UNDER §
18 9-322(A)(1), PERFECTION OF THE SECURITY INTEREST DATES FROM THE TIME AN
19 ADVANCE IS MADE TO THE EXTENT THAT THE SECURITY INTEREST SECURES AN
20 ADVANCE THAT:

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

22 (A) UNDER § 9-309 WHEN IT ATTACHES; OR

23 (B) TEMPORARILY UNDER § 9-312(E), (F), OR (G); AND

24 (2) IS NOT MADE PURSUANT TO A COMMITMENT ENTERED INTO BEFORE
25 OR WHILE THE SECURITY INTEREST IS PERFECTED BY A METHOD OTHER THAN
26 UNDER § 9-309 OR § 9-312(E), (F), OR (G).

27 (B) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (C), A SECURITY
28 INTEREST IS SUBORDINATE TO THE RIGHTS OF A PERSON THAT BECOMES A LIEN
29 CREDITOR WHILE THE SECURITY INTEREST IS PERFECTED ONLY TO THE EXTENT
30 THAT IT SECURES ADVANCES MADE MORE THAN 45 DAYS AFTER THE PERSON
31 BECOMES A LIEN CREDITOR UNLESS THE ADVANCE IS MADE:

32 (1) WITHOUT KNOWLEDGE OF THE LIEN; OR

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

1 (C) SUBSECTIONS (A) AND (B) DO NOT APPLY TO A SECURITY INTEREST HELD
2 BY A SECURED PARTY THAT IS A BUYER OF ACCOUNTS, CHATTEL PAPER, PAYMENT
3 INTANGIBLES, OR PROMISSORY NOTES OR A CONSIGNOR.

4 (D) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (E), A BUYER OF
5 GOODS OTHER THAN A BUYER IN ORDINARY COURSE OF BUSINESS TAKES FREE OF A
6 SECURITY INTEREST TO THE EXTENT THAT IT SECURES ADVANCES MADE AFTER
7 THE EARLIER OF:

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

10 (2) 45 DAYS AFTER THE PURCHASE.

11 (E) SUBSECTION (D) DOES NOT APPLY IF THE ADVANCE IS MADE PURSUANT
12 TO A COMMITMENT ENTERED INTO WITHOUT KNOWLEDGE OF THE BUYER'S
13 PURCHASE AND BEFORE THE EXPIRATION OF THE 45-DAY PERIOD.

14 (F) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (G), A LESSEE OF
15 GOODS, OTHER THAN A LESSEE IN ORDINARY COURSE OF BUSINESS, TAKES THE
16 LEASEHOLD INTEREST FREE OF A SECURITY INTEREST TO THE EXTENT THAT IT
17 SECURES ADVANCES MADE AFTER THE EARLIER OF:

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

20 (2) 45 DAYS AFTER THE LEASE CONTRACT BECOMES ENFORCEABLE.

21 (G) SUBSECTION (F) DOES NOT APPLY IF THE ADVANCE IS MADE PURSUANT
22 TO A COMMITMENT ENTERED INTO WITHOUT KNOWLEDGE OF THE LEASE AND
23 BEFORE THE EXPIRATION OF THE 45-DAY PERIOD.

24 9-324. PRIORITY OF PURCHASE-MONEY SECURITY INTERESTS.

25 (A) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (G), A PERFECTED
26 PURCHASE-MONEY SECURITY INTEREST IN GOODS OTHER THAN INVENTORY OR
27 LIVESTOCK HAS PRIORITY OVER A CONFLICTING SECURITY INTEREST IN THE SAME
28 GOODS, AND, EXCEPT AS OTHERWISE PROVIDED IN § 9-327, A PERFECTED SECURITY
29 INTEREST IN ITS IDENTIFIABLE PROCEEDS ALSO HAS PRIORITY, IF THE
30 PURCHASE-MONEY SECURITY INTEREST IS PERFECTED WHEN THE DEBTOR
31 RECEIVES POSSESSION OF THE COLLATERAL OR WITHIN 20 DAYS THEREAFTER.

32 (B) SUBJECT TO SUBSECTION (C) AND EXCEPT AS OTHERWISE PROVIDED IN
33 SUBSECTION (G), A PERFECTED PURCHASE-MONEY SECURITY INTEREST IN
34 INVENTORY HAS PRIORITY OVER A CONFLICTING SECURITY INTEREST IN THE SAME
35 INVENTORY, HAS PRIORITY OVER A CONFLICTING SECURITY INTEREST IN CHATTEL
36 PAPER OR AN INSTRUMENT CONSTITUTING PROCEEDS OF THE INVENTORY AND IN
37 PROCEEDS OF THE CHATTEL PAPER, IF SO PROVIDED IN § 9-330, AND, EXCEPT AS
38 OTHERWISE PROVIDED IN § 9-327, ALSO HAS PRIORITY IN IDENTIFIABLE CASH

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

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

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

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

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

14 (C) SUBSECTION (B)(2) THROUGH (4) APPLIES ONLY IF THE HOLDER OF THE
15 CONFLICTING SECURITY INTEREST HAD FILED A FINANCING STATEMENT COVERING
16 THE SAME TYPES OF INVENTORY:

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

19 (2) IF THE PURCHASE-MONEY SECURITY INTEREST IS TEMPORARILY
20 PERFECTED WITHOUT FILING OR POSSESSION UNDER § 9-312(F), BEFORE THE
21 BEGINNING OF THE 20-DAY PERIOD THEREUNDER.

22 (D) SUBJECT TO SUBSECTION (E) AND EXCEPT AS OTHERWISE PROVIDED IN
23 SUBSECTION (G), A PERFECTED PURCHASE-MONEY SECURITY INTEREST IN
24 LIVESTOCK THAT ARE FARM PRODUCTS HAS PRIORITY OVER A CONFLICTING
25 SECURITY INTEREST IN THE SAME LIVESTOCK, AND, EXCEPT AS OTHERWISE
26 PROVIDED IN § 9-327, A PERFECTED SECURITY INTEREST IN THEIR IDENTIFIABLE
27 PROCEEDS AND IDENTIFIABLE PRODUCTS IN THEIR UNMANUFACTURED STATES
28 ALSO HAS PRIORITY, IF:

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

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

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

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

4 (E) SUBSECTION (D)(2) THROUGH (4) APPLIES ONLY IF THE HOLDER OF THE
5 CONFLICTING SECURITY INTEREST HAD FILED A FINANCING STATEMENT COVERING
6 THE SAME TYPES OF LIVESTOCK:

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

9 (2) IF THE PURCHASE-MONEY SECURITY INTEREST IS TEMPORARILY
10 PERFECTED WITHOUT FILING OR POSSESSION UNDER § 9-312(F), BEFORE THE
11 BEGINNING OF THE 20-DAY PERIOD THEREUNDER.

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

20 (G) IF MORE THAN ONE SECURITY INTEREST QUALIFIES FOR PRIORITY IN THE
21 SAME COLLATERAL UNDER SUBSECTION (A), SUBSECTION (B), SUBSECTION (D), OR
22 SUBSECTION (F):

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

27 (2) IN ALL OTHER CASES, § 9-322(A) APPLIES TO THE QUALIFYING
28 SECURITY INTERESTS.

29 9-325. PRIORITY OF SECURITY INTERESTS IN TRANSFERRED COLLATERAL.

30 (A) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (B), A SECURITY
31 INTEREST CREATED BY A DEBTOR IS SUBORDINATE TO A SECURITY INTEREST IN THE
32 SAME COLLATERAL CREATED BY ANOTHER PERSON IF:

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

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

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

1 (B) SUBSECTION (A) SUBORDINATES A SECURITY INTEREST ONLY IF THE
2 SECURITY INTEREST:

3 (1) OTHERWISE WOULD HAVE PRIORITY SOLELY UNDER § 9-322(A) OR §
4 9-324; OR

5 (2) AROSE SOLELY UNDER § 2-711(3) OR § 2A-508(5) OF THIS ARTICLE.

6 9-326. PRIORITY OF SECURITY INTERESTS CREATED BY NEW DEBTOR.

7 (A) SUBJECT TO SUBSECTION (B), A SECURITY INTEREST CREATED BY A NEW
8 DEBTOR WHICH IS PERFECTED BY A FILED FINANCING STATEMENT THAT IS
9 EFFECTIVE SOLELY UNDER § 9-508 IN COLLATERAL IN WHICH A NEW DEBTOR HAS
10 OR ACQUIRES RIGHTS IS SUBORDINATE TO A SECURITY INTEREST IN THE SAME
11 COLLATERAL WHICH IS PERFECTED BY ANOTHER METHOD.

12 (B) IF MORE THAN ONE SECURITY INTEREST IN THE SAME COLLATERAL IS
13 SUBORDINATE UNDER SUBSECTION (A), THE OTHER PROVISIONS OF THIS SUBTITLE
14 DETERMINE THE PRIORITY AMONG THE SUBORDINATED SECURITY INTERESTS.

15 9-327. PRIORITY OF SECURITY INTERESTS IN DEPOSIT ACCOUNT.

16 THE FOLLOWING RULES GOVERN PRIORITY AMONG CONFLICTING SECURITY
17 INTERESTS IN THE SAME DEPOSIT ACCOUNT:

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

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

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

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

32 9-328. PRIORITY OF SECURITY INTERESTS IN INVESTMENT PROPERTY.

33 THE FOLLOWING RULES GOVERN PRIORITY AMONG CONFLICTING SECURITY
34 INTERESTS IN THE SAME INVESTMENT PROPERTY:

35 (1) A SECURITY INTEREST HELD BY A SECURED PARTY HAVING
36 CONTROL OF INVESTMENT PROPERTY UNDER § 9-106 HAS PRIORITY OVER A

1 SECURITY INTEREST HELD BY A SECURED PARTY THAT DOES NOT HAVE CONTROL OF
2 THE INVESTMENT PROPERTY.

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

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

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

9 (I) IF THE SECURED PARTY OBTAINED CONTROL UNDER §
10 8-106(D)(1) OF THIS ARTICLE, THE SECURED PARTY'S BECOMING THE PERSON FOR
11 WHICH THE SECURITIES ACCOUNT IS MAINTAINED;

12 (II) IF THE SECURED PARTY OBTAINED CONTROL UNDER §
13 8-106(D)(2) OF THIS ARTICLE, THE SECURITIES INTERMEDIARY'S AGREEMENT TO
14 COMPLY WITH THE SECURED PARTY'S ENTITLEMENT ORDERS WITH RESPECT TO
15 SECURITY ENTITLEMENTS CARRIED OR TO BE CARRIED IN THE SECURITIES
16 ACCOUNT; OR

17 (III) IF THE SECURED PARTY OBTAINED CONTROL THROUGH
18 ANOTHER PERSON UNDER § 8-106(D)(3) OF THIS ARTICLE, THE TIME ON WHICH
19 PRIORITY WOULD BE BASED UNDER THIS PARAGRAPH IF THE OTHER PERSON WERE
20 THE SECURED PARTY; OR

21 (C) IF THE COLLATERAL IS A COMMODITY CONTRACT CARRIED
22 WITH A COMMODITY INTERMEDIARY, THE SATISFACTION OF THE REQUIREMENT FOR
23 CONTROL SPECIFIED IN § 9-106(B)(2) WITH RESPECT TO COMMODITY CONTRACTS
24 CARRIED OR TO BE CARRIED WITH THE COMMODITY INTERMEDIARY.

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

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

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

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

1 (7) IN ALL OTHER CASES, PRIORITY AMONG CONFLICTING SECURITY
2 INTERESTS IN INVESTMENT PROPERTY IS GOVERNED BY §§ 9-322 AND 9-323.

3 9-329. PRIORITY OF SECURITY INTERESTS IN LETTER-OF-CREDIT.

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

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

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

12 9-330. PRIORITY OF PURCHASER OF CHATTEL PAPER OR INSTRUMENT.

13 (A) A PURCHASER OF CHATTEL PAPER HAS PRIORITY OVER A SECURITY
14 INTEREST IN THE CHATTEL PAPER WHICH IS CLAIMED MERELY AS PROCEEDS OF
15 INVENTORY SUBJECT TO A SECURITY INTEREST IF:

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

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

22 (B) A PURCHASER OF CHATTEL PAPER HAS PRIORITY OVER A SECURITY
23 INTEREST IN THE CHATTEL PAPER WHICH IS CLAIMED OTHER THAN MERELY AS
24 PROCEEDS OF INVENTORY SUBJECT TO A SECURITY INTEREST IF THE PURCHASER
25 GIVES NEW VALUE AND TAKES POSSESSION OF THE CHATTEL PAPER OR OBTAINS
26 CONTROL OF THE CHATTEL PAPER UNDER § 9-105 IN GOOD FAITH, IN THE ORDINARY
27 COURSE OF THE PURCHASER'S BUSINESS, AND WITHOUT KNOWLEDGE THAT THE
28 PURCHASE VIOLATES THE RIGHTS OF THE SECURED PARTY.

29 (C) EXCEPT AS OTHERWISE PROVIDED IN § 9-327, A PURCHASER HAVING
30 PRIORITY IN CHATTEL PAPER UNDER SUBSECTION (A) OR (B) ALSO HAS PRIORITY IN
31 PROCEEDS OF THE CHATTEL PAPER TO THE EXTENT THAT:

32 (1) § 9-322 PROVIDES FOR PRIORITY IN THE PROCEEDS; OR

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

36 (D) EXCEPT AS OTHERWISE PROVIDED IN § 9-331(A), A PURCHASER OF AN
37 INSTRUMENT HAS PRIORITY OVER A SECURITY INTEREST IN THE INSTRUMENT

1 PERFECTED BY A METHOD OTHER THAN POSSESSION IF THE PURCHASER GIVES
2 VALUE AND TAKES POSSESSION OF THE INSTRUMENT IN GOOD FAITH AND WITHOUT
3 KNOWLEDGE THAT THE PURCHASE VIOLATES THE RIGHTS OF THE SECURED PARTY.

4 (E) FOR PURPOSES OF SUBSECTIONS (A) AND (B), THE HOLDER OF A
5 PURCHASE-MONEY SECURITY INTEREST IN INVENTORY GIVES NEW VALUE FOR
6 CHATTEL PAPER CONSTITUTING PROCEEDS OF THE INVENTORY.

7 (F) FOR PURPOSES OF SUBSECTIONS (B) AND (D), IF CHATTEL PAPER OR AN
8 INSTRUMENT INDICATES THAT IT HAS BEEN ASSIGNED TO AN IDENTIFIED SECURED
9 PARTY OTHER THAN THE PURCHASER, A PURCHASER OF THE CHATTEL PAPER OR
10 INSTRUMENT HAS KNOWLEDGE THAT THE PURCHASE VIOLATES THE RIGHTS OF THE
11 SECURED PARTY.

12 9-331. PRIORITY OF RIGHTS OF PURCHASERS OF INSTRUMENTS, DOCUMENTS, AND
13 SECURITIES UNDER OTHER ARTICLES; PRIORITY OF INTERESTS IN FINANCIAL
14 ASSETS AND SECURITY ENTITLEMENTS UNDER TITLE 8.

15 (A) THIS TITLE DOES NOT LIMIT THE RIGHTS OF A HOLDER IN DUE COURSE
16 OF A NEGOTIABLE INSTRUMENT, A HOLDER TO WHICH A NEGOTIABLE DOCUMENT
17 OF TITLE HAS BEEN DULY NEGOTIATED, OR A PROTECTED PURCHASER OF A
18 SECURITY. THESE HOLDERS OR PURCHASERS TAKE PRIORITY OVER AN EARLIER
19 SECURITY INTEREST, EVEN IF PERFECTED, TO THE EXTENT PROVIDED IN TITLES 3, 7,
20 AND 8 OF THIS ARTICLE.

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

24 (C) FILING UNDER THIS TITLE DOES NOT CONSTITUTE NOTICE OF A CLAIM OR
25 DEFENSE TO THE HOLDERS, OR PURCHASERS, OR PERSONS DESCRIBED IN
26 SUBSECTIONS (A) AND (B).

27 9-332. TRANSFER OF MONEY; TRANSFER OF FUNDS FROM DEPOSIT ACCOUNT.

28 (A) A TRANSFEREE OF MONEY TAKES THE MONEY FREE OF A SECURITY
29 INTEREST UNLESS THE TRANSFEREE ACTS IN COLLUSION WITH THE DEBTOR IN
30 VIOLATING THE RIGHTS OF THE SECURED PARTY.

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

35 9-333. PRIORITY OF CERTAIN LIENS ARISING BY OPERATION OF LAW.

36 (A) IN THIS SECTION, "POSSESSORY LIEN" MEANS AN INTEREST, OTHER THAN
37 A SECURITY INTEREST OR AN AGRICULTURAL LIEN:

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

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

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

8 (B) A POSSESSORY LIEN ON GOODS HAS PRIORITY OVER A SECURITY
9 INTEREST IN THE GOODS UNLESS THE LIEN IS CREATED BY A STATUTE THAT
10 EXPRESSLY PROVIDES OTHERWISE.

11 9-334. PRIORITY OF SECURITY INTERESTS IN FIXTURES AND CROPS.

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

16 (B) THIS TITLE DOES NOT PREVENT CREATION OF AN ENCUMBRANCE UPON
17 FIXTURES UNDER REAL PROPERTY LAW.

18 (C) IN CASES NOT GOVERNED BY SUBSECTIONS (D) THROUGH (H), A SECURITY
19 INTEREST IN FIXTURES IS SUBORDINATE TO A CONFLICTING INTEREST OF AN
20 ENCUMBRANCER OR OWNER OF THE RELATED REAL PROPERTY OTHER THAN THE
21 DEBTOR.

22 (D) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (H), A PERFECTED
23 SECURITY INTEREST IN FIXTURES HAS PRIORITY OVER A CONFLICTING INTEREST OF
24 AN ENCUMBRANCER OR OWNER OF THE REAL PROPERTY IF THE DEBTOR HAS AN
25 INTEREST OF RECORD IN OR IS IN POSSESSION OF THE REAL PROPERTY AND:

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

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

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

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

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

1 (A) IS PERFECTED BY A FIXTURE FILING BEFORE THE INTEREST
2 OF 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 IS
6 PERFECTED BY ANY METHOD PERMITTED BY THIS TITLE AND THE FIXTURES ARE
7 READILY REMOVABLE:

8 (A) FACTORY OR OFFICE MACHINES;

9 (B) EQUIPMENT THAT IS NOT PRIMARILY USED OR LEASED FOR
10 USE 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 INTEREST
15 WAS PERFECTED BY ANY METHOD PERMITTED BY THIS ARTICLE; OR

16 (4) THE SECURITY INTEREST IS:

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

19 (B) PERFECTED PURSUANT TO A STATUTE DESCRIBED IN §
20 9-311(A)(2).

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

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

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

29 (G) THE PRIORITY OF THE SECURITY INTEREST UNDER SUBSECTION (F)
30 CONTINUES FOR A REASONABLE TIME IF THE DEBTOR'S RIGHT TO REMOVE THE
31 GOODS AS AGAINST THE ENCUMBRANCER OR OWNER TERMINATES.

32 (H) A MORTGAGE IS A CONSTRUCTION MORTGAGE TO THE EXTENT THAT IT
33 SECURES AN OBLIGATION INCURRED FOR THE CONSTRUCTION OF AN
34 IMPROVEMENT ON LAND, INCLUDING THE ACQUISITION COST OF THE LAND, IF A
35 RECORDED RECORD OF THE MORTGAGE SO INDICATES. EXCEPT AS OTHERWISE
36 PROVIDED IN SUBSECTIONS (E) AND (F), A SECURITY INTEREST IN FIXTURES IS

1 SUBORDINATE TO A CONSTRUCTION MORTGAGE IF A RECORD OF THE MORTGAGE IS
2 RECORDED BEFORE THE GOODS BECOME FIXTURES AND THE GOODS BECOME
3 FIXTURES BEFORE THE COMPLETION OF THE CONSTRUCTION. A MORTGAGE HAS
4 THIS PRIORITY TO THE SAME EXTENT AS A CONSTRUCTION MORTGAGE TO THE
5 EXTENT THAT IT IS GIVEN TO REFINANCE A CONSTRUCTION MORTGAGE.

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

10 (J) SUBSECTION (I) PREVAILS OVER ANY INCONSISTENT STATUTES OF THIS
11 STATE.

12 9-335. ACCESSIONS.

13 (A) A SECURITY INTEREST MAY BE CREATED IN AN ACCESSION AND
14 CONTINUES IN COLLATERAL THAT BECOMES AN ACCESSION.

15 (B) IF A SECURITY INTEREST IS PERFECTED WHEN THE COLLATERAL
16 BECOMES AN ACCESSION, THE SECURITY INTEREST REMAINS PERFECTED IN THE
17 COLLATERAL.

18 (C) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (D), THE OTHER
19 PROVISIONS OF THIS PART DETERMINE THE PRIORITY OF A SECURITY INTEREST IN
20 AN ACCESSION.

21 (D) A SECURITY INTEREST IN AN ACCESSION IS SUBORDINATE TO A SECURITY
22 INTEREST IN THE WHOLE WHICH IS PERFECTED BY COMPLIANCE WITH THE
23 REQUIREMENTS OF A CERTIFICATE-OF-TITLE STATUTE UNDER § 9-311(B).

24 (E) AFTER DEFAULT, SUBJECT TO SUBTITLE 6, A SECURED PARTY MAY
25 REMOVE AN ACCESSION FROM OTHER GOODS IF THE SECURITY INTEREST IN THE
26 ACCESSION HAS PRIORITY OVER THE CLAIMS OF EVERY PERSON HAVING AN
27 INTEREST IN THE WHOLE.

28 (F) A SECURED PARTY THAT REMOVES AN ACCESSION FROM OTHER GOODS
29 UNDER SUBSECTION (E) SHALL PROMPTLY REIMBURSE ANY ENCUMBRANCER OR
30 OWNER OF THE WHOLE OR OF THE OTHER GOODS, OTHER THAN THE DEBTOR, FOR
31 THE COST OF REPAIR OF ANY PHYSICAL INJURY TO THE WHOLE OR THE OTHER
32 GOODS. THE SECURED PARTY NEED NOT REIMBURSE THE ENCUMBRANCER OR
33 OWNER FOR ANY DIMINUTION IN VALUE OF THE WHOLE OR THE OTHER GOODS
34 CAUSED BY THE ABSENCE OF THE ACCESSION REMOVED OR BY ANY NECESSITY FOR
35 REPLACING IT. A PERSON ENTITLED TO REIMBURSEMENT MAY REFUSE PERMISSION
36 TO REMOVE UNTIL THE SECURED PARTY GIVES ADEQUATE ASSURANCE FOR THE
37 PERFORMANCE OF THE OBLIGATION TO REIMBURSE.

1 9-336. COMMINGLED GOODS.

2 (A) IN THIS SECTION, "COMMINGLED GOODS" MEANS GOODS THAT ARE
3 PHYSICALLY UNITED WITH OTHER GOODS IN SUCH A MANNER THAT THEIR IDENTITY
4 IS LOST IN A PRODUCT OR MASS.

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

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

10 (D) IF A SECURITY INTEREST IN COLLATERAL IS PERFECTED BEFORE THE
11 COLLATERAL BECOMES COMMINGLED GOODS, THE SECURITY INTEREST THAT
12 ATTACHES TO THE PRODUCT OR MASS UNDER SUBSECTION (C) IS PERFECTED.

13 (E) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (F), THE OTHER
14 PROVISIONS OF THIS PART DETERMINE THE PRIORITY OF A SECURITY INTEREST
15 THAT ATTACHES TO THE PRODUCT OR MASS UNDER SUBSECTION (C).

16 (F) IF MORE THAN ONE SECURITY INTEREST ATTACHES TO THE PRODUCT OR
17 MASS UNDER SUBSECTION (C), THE FOLLOWING RULES DETERMINE PRIORITY:

18 (1) A SECURITY INTEREST THAT IS PERFECTED UNDER SUBSECTION (D)
19 HAS PRIORITY OVER A SECURITY INTEREST THAT IS UNPERFECTED AT THE TIME
20 THE COLLATERAL BECOMES COMMINGLED GOODS.

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

24 9-337. PRIORITY OF SECURITY INTERESTS IN GOODS COVERED BY CERTIFICATE OF
25 TITLE.

26 IF, WHILE A SECURITY INTEREST IN GOODS IS PERFECTED BY ANY METHOD
27 UNDER THE LAW OF ANOTHER JURISDICTION, THIS STATE ISSUES A CERTIFICATE OF
28 TITLE THAT DOES NOT SHOW THAT THE GOODS ARE SUBJECT TO THE SECURITY
29 INTEREST OR CONTAIN A STATEMENT THAT THEY MAY BE SUBJECT TO SECURITY
30 INTERESTS NOT SHOWN ON THE CERTIFICATE:

31 (1) A BUYER OF THE GOODS, OTHER THAN A PERSON IN THE BUSINESS
32 OF SELLING GOODS OF THAT KIND, TAKES FREE OF THE SECURITY INTEREST IF THE
33 BUYER GIVES VALUE AND RECEIVES DELIVERY OF THE GOODS AFTER ISSUANCE OF
34 THE CERTIFICATE AND WITHOUT KNOWLEDGE OF THE SECURITY INTEREST; AND

35 (2) THE SECURITY INTEREST IS SUBORDINATE TO A CONFLICTING
36 SECURITY INTEREST IN THE GOODS THAT ATTACHES, AND IS PERFECTED UNDER §
37 9-311(B), AFTER ISSUANCE OF THE CERTIFICATE AND WITHOUT THE CONFLICTING
38 SECURED PARTY'S KNOWLEDGE OF THE SECURITY INTEREST.

1 9-338. PRIORITY OF SECURITY INTEREST OR AGRICULTURAL LIEN PERFECTED BY
2 FILED FINANCING STATEMENT PROVIDING CERTAIN INCORRECT INFORMATION.

3 IF A SECURITY INTEREST OR AGRICULTURAL LIEN IS PERFECTED BY A FILED
4 FINANCING STATEMENT PROVIDING INFORMATION DESCRIBED IN § 9-516(B)(5)
5 WHICH IS INCORRECT AT THE TIME THE FINANCING STATEMENT IS FILED:

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

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

16 9-339. PRIORITY SUBJECT TO SUBORDINATION.

17 THIS TITLE DOES NOT PRECLUDE SUBORDINATION BY AGREEMENT BY A
18 PERSON ENTITLED TO PRIORITY.

19 9-340. EFFECTIVENESS OF RIGHT OF RECOUPMENT OR SET-OFF AGAINST DEPOSIT
20 ACCOUNT.

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

25 (B) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (C), THE APPLICATION
26 OF THIS ARTICLE TO A SECURITY INTEREST IN A DEPOSIT ACCOUNT DOES NOT
27 AFFECT A RIGHT OF RECOUPMENT OR SET-OFF OF THE SECURED PARTY AS TO A
28 DEPOSIT ACCOUNT MAINTAINED WITH THE SECURED PARTY.

29 (C) THE EXERCISE BY A BANK OF A SET-OFF AGAINST A DEPOSIT ACCOUNT IS
30 INEFFECTIVE AGAINST A SECURED PARTY THAT HOLDS A SECURITY INTEREST IN
31 THE DEPOSIT ACCOUNT WHICH IS PERFECTED BY CONTROL UNDER § 9-104(A)(3), IF
32 THE SET-OFF IS BASED ON A CLAIM AGAINST THE DEBTOR.

33 9-341. BANK'S RIGHTS AND DUTIES WITH RESPECT TO DEPOSIT ACCOUNT.

34 EXCEPT AS OTHERWISE PROVIDED IN § 9-340(C), AND UNLESS THE BANK
35 OTHERWISE AGREES IN AN AUTHENTICATED RECORD, A BANK'S RIGHTS AND DUTIES
36 WITH RESPECT TO A DEPOSIT ACCOUNT MAINTAINED WITH THE BANK ARE NOT
37 TERMINATED, SUSPENDED, OR MODIFIED BY:

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

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

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

5 9-342. BANK'S RIGHT TO REFUSE TO ENTER INTO OR DISCLOSE EXISTENCE OF
6 CONTROL AGREEMENT.

7 THIS TITLE DOES NOT REQUIRE A BANK TO ENTER INTO AN AGREEMENT OF
8 THE KIND DESCRIBED IN § 9-104(A)(2), EVEN IF ITS CUSTOMER SO REQUESTS OR
9 DIRECTS. A BANK THAT HAS ENTERED INTO SUCH AN AGREEMENT IS NOT REQUIRED
10 TO CONFIRM THE EXISTENCE OF THE AGREEMENT TO ANOTHER PERSON UNLESS
11 REQUESTED TO DO SO BY ITS CUSTOMER.

12 SUBTITLE 4. RIGHTS OF THIRD PARTIES.

13 9-401. ALIENABILITY OF DEBTOR'S RIGHTS.

14 (A) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (B) AND §§ 9-406, 9-407,
15 9-408, AND 9-409, WHETHER A DEBTOR'S RIGHTS IN COLLATERAL MAY BE
16 VOLUNTARILY OR INVOLUNTARILY TRANSFERRED IS GOVERNED BY LAW OTHER
17 THAN THIS TITLE.

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

21 9-402. SECURED PARTY NOT OBLIGATED ON CONTRACT OF DEBTOR OR IN TORT.

22 THE EXISTENCE OF A SECURITY INTEREST, AGRICULTURAL LIEN, OR
23 AUTHORITY GIVEN TO A DEBTOR TO DISPOSE OF OR USE COLLATERAL, WITHOUT
24 MORE, DOES NOT SUBJECT A SECURED PARTY TO LIABILITY IN CONTRACT OR TORT
25 FOR THE DEBTOR'S ACTS OR OMISSIONS.

26 9-403. AGREEMENT NOT TO ASSERT DEFENSES AGAINST ASSIGNEE.

27 (A) IN THIS SECTION, "VALUE" HAS THE MEANING PROVIDED IN § 3-303(A) OF
28 THIS ARTICLE.

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

34 (1) FOR VALUE;

35 (2) IN GOOD FAITH;

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

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

6 (C) SUBSECTION (B) DOES NOT APPLY TO DEFENSES OF A TYPE THAT MAY BE
7 ASSERTED AGAINST A HOLDER IN DUE COURSE OF A NEGOTIABLE INSTRUMENT
8 UNDER § 3-305(B) OF THIS ARTICLE.

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

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

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

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

24 (F) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (D), THIS SECTION
25 DOES NOT DISPLACE LAW OTHER THAN THIS TITLE WHICH GIVES EFFECT TO AN
26 AGREEMENT BY AN ACCOUNT DEBTOR NOT TO ASSERT A CLAIM OR DEFENSE
27 AGAINST AN ASSIGNEE.

28 9-404. RIGHTS ACQUIRED BY ASSIGNEE; CLAIMS AND DEFENSES AGAINST
29 ASSIGNEE.

30 (A) UNLESS AN ACCOUNT DEBTOR HAS MADE AN ENFORCEABLE AGREEMENT
31 NOT TO ASSERT DEFENSES OR CLAIMS, AND SUBJECT TO SUBSECTIONS (B) THROUGH
32 (E), THE RIGHTS OF AN ASSIGNEE ARE SUBJECT TO:

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

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

1 (B) SUBJECT TO SUBSECTION (C) AND EXCEPT AS OTHERWISE PROVIDED IN
2 SUBSECTION (D), THE CLAIM OF AN ACCOUNT DEBTOR AGAINST AN ASSIGNOR MAY
3 BE ASSERTED AGAINST AN ASSIGNEE UNDER SUBSECTION (A) ONLY TO REDUCE THE
4 AMOUNT THE ACCOUNT DEBTOR OWES.

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

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

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

20 9-405. MODIFICATION OF ASSIGNED CONTRACT.

21 (A) A MODIFICATION OF OR SUBSTITUTION FOR AN ASSIGNED CONTRACT IS
22 EFFECTIVE AGAINST AN ASSIGNEE IF MADE IN GOOD FAITH. THE ASSIGNEE
23 ACQUIRES CORRESPONDING RIGHTS UNDER THE MODIFIED OR SUBSTITUTED
24 CONTRACT. THE ASSIGNMENT MAY PROVIDE THAT THE MODIFICATION OR
25 SUBSTITUTION IS A BREACH OF CONTRACT BY THE ASSIGNOR. THIS SUBSECTION IS
26 SUBJECT TO SUBSECTIONS (B) THROUGH (D).

27 (B) SUBSECTION (A) APPLIES TO THE EXTENT THAT:

28 (1) THE RIGHT TO PAYMENT OR A PART THEREOF UNDER AN ASSIGNED
29 CONTRACT HAS NOT BEEN FULLY EARNED BY PERFORMANCE; OR

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

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

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

1 9-406. DISCHARGE OF ACCOUNT DEBTOR; NOTIFICATION OF ASSIGNMENT;
2 IDENTIFICATION AND PROOF OF ASSIGNMENT; TERM PROHIBITING ASSIGNMENT
3 INEFFECTIVE.

4 (A) SUBJECT TO SUBSECTIONS (B) THROUGH (H), AN ACCOUNT DEBTOR ON AN
5 ACCOUNT, CHATTEL PAPER, OR A PAYMENT INTANGIBLE MAY DISCHARGE ITS
6 OBLIGATION BY PAYING THE ASSIGNOR UNTIL, BUT NOT AFTER, THE ACCOUNT
7 DEBTOR RECEIVES A NOTIFICATION, AUTHENTICATED BY THE ASSIGNOR OR THE
8 ASSIGNEE, THAT THE AMOUNT DUE OR TO BECOME DUE HAS BEEN ASSIGNED AND
9 THAT PAYMENT IS TO BE MADE TO THE ASSIGNEE. AFTER RECEIPT OF THE
10 NOTIFICATION, THE ACCOUNT DEBTOR MAY DISCHARGE ITS OBLIGATION BY PAYING
11 THE ASSIGNEE AND MAY NOT DISCHARGE THE OBLIGATION BY PAYING THE
12 ASSIGNOR.

13 (B) SUBJECT TO SUBSECTION (G), NOTIFICATION IS INEFFECTIVE UNDER
14 SUBSECTION (A):

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

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

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

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

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

26 (C) THE ACCOUNT DEBTOR KNOWS THAT THE ASSIGNMENT TO
27 THAT ASSIGNEE IS LIMITED.

28 (C) SUBJECT TO SUBSECTION (G), IF REQUESTED BY THE ACCOUNT DEBTOR,
29 AN ASSIGNEE SHALL SEASONABLY FURNISH REASONABLE PROOF THAT THE
30 ASSIGNMENT HAS BEEN MADE. UNLESS THE ASSIGNEE COMPLIES, THE ACCOUNT
31 DEBTOR MAY DISCHARGE ITS OBLIGATION BY PAYING THE ASSIGNOR, EVEN IF THE
32 ACCOUNT DEBTOR HAS RECEIVED A NOTIFICATION UNDER SUBSECTION (A).

33 (D) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (E) AND §§ 2A-303 OF
34 THIS ARTICLE AND 9-407, AND SUBJECT TO SUBSECTION (G), A TERM IN AN
35 AGREEMENT BETWEEN AN ACCOUNT DEBTOR AND AN ASSIGNOR OR IN A
36 PROMISSORY NOTE IS INEFFECTIVE TO THE EXTENT THAT IT:

37 (1) PROHIBITS, RESTRICTS, OR REQUIRES THE CONSENT OF THE
38 ACCOUNT DEBTOR OR PERSON OBLIGATED ON THE PROMISSORY NOTE TO THE
39 ASSIGNMENT OR TRANSFER OF, OR THE CREATION, ATTACHMENT, PERFECTION, OR

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

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

8 (E) SUBSECTION (D) DOES NOT APPLY TO THE SALE OF A PAYMENT
9 INTANGIBLE OR PROMISSORY NOTE.

10 (F) SUBJECT TO SUBSECTION (G), AN ACCOUNT DEBTOR MAY NOT WAIVE OR
11 VARY ITS OPTION UNDER SUBSECTION (B)(3).

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

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

18 9-407. RESTRICTIONS ON CREATION OR ENFORCEMENT OF SECURITY INTEREST IN
19 LEASEHOLD INTEREST OR IN LESSOR'S RESIDUAL INTEREST.

20 (A) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (B), A TERM IN A LEASE
21 AGREEMENT IS INEFFECTIVE TO THE EXTENT THAT IT:

22 (1) PROHIBITS, RESTRICTS, OR REQUIRES THE CONSENT OF A PARTY TO
23 THE LEASE TO THE CREATION, ATTACHMENT, PERFECTION, OR ENFORCEMENT OF A
24 SECURITY INTEREST IN AN INTEREST OF A PARTY UNDER THE LEASE CONTRACT OR
25 IN THE LESSOR'S RESIDUAL INTEREST IN THE GOODS; OR

26 (2) PROVIDES THAT THE CREATION, ATTACHMENT, PERFECTION, OR
27 ENFORCEMENT OF THE SECURITY INTEREST MAY GIVE RISE TO A DEFAULT, BREACH,
28 RIGHT OF RECOUPMENT, CLAIM, DEFENSE, TERMINATION, RIGHT OF TERMINATION,
29 OR REMEDY UNDER THE LEASE.

30 (B) EXCEPT AS OTHERWISE PROVIDED IN § 2A-303(7) OF THIS ARTICLE, A
31 TERM DESCRIBED IN SUBSECTION (A)(2) IS EFFECTIVE TO THE EXTENT THAT THERE
32 IS:

33 (1) A TRANSFER BY THE LESSEE OF THE LESSEE'S RIGHT OF
34 POSSESSION OR USE OF THE GOODS IN VIOLATION OF THE TERM; OR

35 (2) A DELEGATION OF A MATERIAL PERFORMANCE OF EITHER PARTY TO
36 THE LEASE CONTRACT IN VIOLATION OF THE TERM.

1 (C) THE CREATION, ATTACHMENT, PERFECTION, OR ENFORCEMENT OF A
2 SECURITY INTEREST IN THE LESSOR'S INTEREST UNDER THE LEASE CONTRACT OR
3 THE LESSOR'S RESIDUAL INTEREST IN THE GOODS IS NOT A TRANSFER THAT
4 MATERIALLY IMPAIRS THE LESSEE'S PROSPECT OF OBTAINING RETURN
5 PERFORMANCE OR MATERIALLY CHANGES THE DUTY OF OR MATERIALLY
6 INCREASES THE BURDEN OR RISK IMPOSED ON THE LESSEE WITHIN THE PURVIEW
7 OF § 2A-303(4) OF THIS ARTICLE UNLESS, AND THEN ONLY TO THE EXTENT THAT,
8 ENFORCEMENT ACTUALLY RESULTS IN A DELEGATION OF MATERIAL PERFORMANCE
9 OF THE SELLER. EVEN IN THAT EVENT, THE CREATION, ATTACHMENT, PERFECTION,
10 AND ENFORCEMENT OF THE SECURITY INTEREST REMAIN EFFECTIVE.

11 9-408. RESTRICTIONS ON ASSIGNMENT OF PROMISSORY NOTES,
12 HEALTH-CARE-INSURANCE RECEIVABLES, AND CERTAIN GENERAL INTANGIBLES
13 INEFFECTIVE.

14 (A) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (B), A TERM IN A
15 PROMISSORY NOTE OR IN AN AGREEMENT BETWEEN AN ACCOUNT DEBTOR AND A
16 DEBTOR WHICH RELATES TO A HEALTH-CARE-INSURANCE RECEIVABLE OR A
17 GENERAL INTANGIBLE, INCLUDING A CONTRACT, PERMIT, LICENSE, OR FRANCHISE,
18 AND WHICH TERM PROHIBITS, RESTRICTS, OR REQUIRES THE CONSENT OF THE
19 PERSON OBLIGATED ON THE PROMISSORY NOTE OR THE ACCOUNT DEBTOR TO, THE
20 ASSIGNMENT OR TRANSFER OF, OR CREATION, ATTACHMENT, OR PERFECTION OF A
21 SECURITY INTEREST IN, THE PROMISSORY NOTE, HEALTH-CARE-INSURANCE
22 RECEIVABLE, OR GENERAL INTANGIBLE, IS INEFFECTIVE TO THE EXTENT THAT THE
23 TERM:

24 (1) WOULD IMPAIR THE CREATION, ATTACHMENT, OR PERFECTION OF A
25 SECURITY INTEREST; OR

26 (2) PROVIDES THAT THE CREATION, ATTACHMENT, OR PERFECTION OF
27 THE SECURITY INTEREST MAY GIVE RISE TO A DEFAULT, BREACH, RIGHT OF
28 RECOUPMENT, CLAIM, DEFENSE, TERMINATION, RIGHT OF TERMINATION, OR
29 REMEDY UNDER THE PROMISSORY NOTE, HEALTH-CARE-INSURANCE RECEIVABLE,
30 OR GENERAL INTANGIBLE.

31 (B) SUBSECTION (A) APPLIES TO A SECURITY INTEREST IN A PAYMENT
32 INTANGIBLE OR PROMISSORY NOTE ONLY IF THE SECURITY INTEREST ARISES OUT
33 OF A SALE OF THE PAYMENT INTANGIBLE OR PROMISSORY NOTE.

34 (C) A RULE OF LAW, STATUTE, OR REGULATION, WHICH PROHIBITS,
35 RESTRICTS, OR REQUIRES THE CONSENT OF A GOVERNMENT, GOVERNMENTAL BODY
36 OR OFFICIAL, PERSON OBLIGATED ON A PROMISSORY NOTE, OR ACCOUNT DEBTOR
37 TO THE ASSIGNMENT OR TRANSFER OF, OR CREATION OF A SECURITY INTEREST IN, A
38 PROMISSORY NOTE, HEALTH-CARE-INSURANCE RECEIVABLE, OR GENERAL
39 INTANGIBLE, INCLUDING A CONTRACT, PERMIT, LICENSE, OR FRANCHISE BETWEEN
40 AN ACCOUNT DEBTOR AND A DEBTOR, IS INEFFECTIVE TO THE EXTENT THAT THE
41 RULE OF LAW, STATUTE, OR REGULATION:

1 (1) WOULD IMPAIR THE CREATION, ATTACHMENT, OR PERFECTION OF A
2 SECURITY INTEREST; OR

3 (2) PROVIDES THAT THE CREATION, ATTACHMENT, OR PERFECTION OF
4 THE SECURITY INTEREST MAY GIVE RISE TO A DEFAULT, BREACH, RIGHT OF
5 RECOUPMENT, CLAIM, DEFENSE, TERMINATION, RIGHT OF TERMINATION, OR
6 REMEDY UNDER THE PROMISSORY NOTE, HEALTH-CARE-INSURANCE RECEIVABLE,
7 OR GENERAL INTANGIBLE.

8 (D) TO THE EXTENT THAT A TERM IN A PROMISSORY NOTE OR IN AN
9 AGREEMENT BETWEEN AN ACCOUNT DEBTOR AND A DEBTOR WHICH RELATES TO A
10 HEALTH-CARE-INSURANCE RECEIVABLE OR GENERAL INTANGIBLE OR A RULE OF
11 LAW, STATUTE, OR REGULATION DESCRIBED IN SUBSECTION (C) WOULD BE
12 EFFECTIVE UNDER LAW OTHER THAN THIS TITLE BUT IS INEFFECTIVE UNDER
13 SUBSECTION (A) OR (C), THE CREATION, ATTACHMENT, OR PERFECTION OF A
14 SECURITY INTEREST IN THE PROMISSORY NOTE, HEALTH-CARE-INSURANCE
15 RECEIVABLE, OR GENERAL INTANGIBLE:

16 (1) IS NOT ENFORCEABLE AGAINST THE PERSON OBLIGATED ON THE
17 PROMISSORY NOTE OR THE ACCOUNT DEBTOR;

18 (2) DOES NOT IMPOSE A DUTY OR OBLIGATION ON THE PERSON
19 OBLIGATED ON THE PROMISSORY NOTE OR THE ACCOUNT DEBTOR;

20 (3) DOES NOT REQUIRE THE PERSON OBLIGATED ON THE PROMISSORY
21 NOTE OR THE ACCOUNT DEBTOR TO RECOGNIZE THE SECURITY INTEREST, PAY OR
22 RENDER PERFORMANCE TO THE SECURED PARTY, OR ACCEPT PAYMENT OR
23 PERFORMANCE FROM THE SECURED PARTY;

24 (4) DOES NOT ENTITLE THE SECURED PARTY TO USE OR ASSIGN THE
25 DEBTOR'S RIGHTS UNDER THE PROMISSORY NOTE, HEALTH-CARE-INSURANCE
26 RECEIVABLE, OR GENERAL INTANGIBLE, INCLUDING ANY RELATED INFORMATION
27 OR MATERIALS FURNISHED TO THE DEBTOR IN THE TRANSACTION GIVING RISE TO
28 THE PROMISSORY NOTE, HEALTH-CARE-INSURANCE RECEIVABLE, OR GENERAL
29 INTANGIBLE;

30 (5) DOES NOT ENTITLE THE SECURED PARTY TO USE, ASSIGN, POSSESS,
31 OR HAVE ACCESS TO ANY TRADE SECRETS OR CONFIDENTIAL INFORMATION OF THE
32 PERSON OBLIGATED ON THE PROMISSORY NOTE OR THE ACCOUNT DEBTOR; AND

33 (6) DOES NOT ENTITLE THE SECURED PARTY TO ENFORCE THE
34 SECURITY INTEREST IN THE PROMISSORY NOTE, HEALTH-CARE-INSURANCE
35 RECEIVABLE, OR GENERAL INTANGIBLE.

36 (E) THIS SECTION PREVAILS OVER ANY INCONSISTENT STATUTE OF THIS
37 STATE.

1 9-409. RESTRICTIONS ON ASSIGNMENT OF LETTER-OF-CREDIT RIGHTS
2 INEFFECTIVE.

3 (A) A TERM IN A LETTER OF CREDIT OR A RULE OF LAW, STATUTE,
4 REGULATION, CUSTOM, OR PRACTICE APPLICABLE TO THE LETTER OF CREDIT
5 WHICH PROHIBITS, RESTRICTS, OR REQUIRES THE CONSENT OF AN APPLICANT,
6 ISSUER, OR NOMINATED PERSON TO A BENEFICIARY'S ASSIGNMENT OF OR CREATION
7 OF A SECURITY INTEREST IN A LETTER-OF-CREDIT RIGHT IS INEFFECTIVE TO THE
8 EXTENT THAT THE TERM OR RULE OF LAW, STATUTE, REGULATION, CUSTOM, OR
9 PRACTICE:

10 (1) WOULD IMPAIR THE CREATION, ATTACHMENT, OR PERFECTION OF A
11 SECURITY INTEREST IN THE LETTER-OF-CREDIT RIGHT; OR

12 (2) PROVIDES THAT THE CREATION, ATTACHMENT, OR PERFECTION OF
13 THE SECURITY INTEREST MAY GIVE RISE TO A DEFAULT, BREACH, RIGHT OF
14 RECOUPMENT, CLAIM, DEFENSE, TERMINATION, RIGHT OF TERMINATION, OR
15 REMEDY UNDER THE LETTER-OF-CREDIT RIGHT.

16 (B) TO THE EXTENT THAT A TERM IN A LETTER OF CREDIT IS INEFFECTIVE
17 UNDER SUBSECTION (A) BUT WOULD BE EFFECTIVE UNDER LAW OTHER THAN THIS
18 TITLE OR A CUSTOM OR PRACTICE APPLICABLE TO THE LETTER OF CREDIT, TO THE
19 TRANSFER OF A RIGHT TO DRAW OR OTHERWISE DEMAND PERFORMANCE UNDER
20 THE LETTER OF CREDIT, OR TO THE ASSIGNMENT OF A RIGHT TO PROCEEDS OF THE
21 LETTER OF CREDIT, THE CREATION, ATTACHMENT, OR PERFECTION OF A SECURITY
22 INTEREST IN THE LETTER-OF-CREDIT RIGHT:

23 (1) IS NOT ENFORCEABLE AGAINST THE APPLICANT, ISSUER,
24 NOMINATED PERSON, OR TRANSFEREE BENEFICIARY;

25 (2) IMPOSES NO DUTIES OR OBLIGATIONS ON THE APPLICANT, ISSUER,
26 NOMINATED PERSON, OR TRANSFEREE BENEFICIARY; AND

27 (3) DOES NOT REQUIRE THE APPLICANT, ISSUER, NOMINATED PERSON,
28 OR TRANSFEREE BENEFICIARY TO RECOGNIZE THE SECURITY INTEREST, PAY OR
29 RENDER PERFORMANCE TO THE SECURED PARTY, OR ACCEPT PAYMENT OR OTHER
30 PERFORMANCE FROM THE SECURED PARTY.

31 SUBTITLE 5. FILING.

32 9-501. FILING OFFICE.

33 (A) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (B), IF THE LOCAL LAW
34 OF THIS STATE GOVERNS PERFECTION OF A SECURITY INTEREST OR AGRICULTURAL
35 LIEN, THE OFFICE IN WHICH TO FILE A FINANCING STATEMENT TO PERFECT THE
36 SECURITY INTEREST OR AGRICULTURAL LIEN IS:

37 (1) THE OFFICE DESIGNATED FOR THE FILING OR RECORDING OF A
38 RECORD OF A MORTGAGE ON THE RELATED REAL PROPERTY, IF:

1 (A) THE COLLATERAL IS AS-EXTRACTED COLLATERAL OR TIMBER
2 TO BE CUT; OR

3 (B) THE FINANCING STATEMENT IS FILED AS A FIXTURE FILING
4 AND THE COLLATERAL IS GOODS THAT ARE OR ARE TO BECOME FIXTURES; OR

5 (2) THE MARYLAND STATE DEPARTMENT OF ASSESSMENTS AND
6 TAXATION ("DEPARTMENT"), IN ALL OTHER CASES, INCLUDING A CASE IN WHICH THE
7 COLLATERAL IS GOODS THAT ARE OR ARE TO BECOME FIXTURES AND THE
8 FINANCING STATEMENT IS NOT FILED AS A FIXTURE FILING.

9 (B) THE OFFICE IN WHICH TO FILE A FINANCING STATEMENT TO PERFECT A
10 SECURITY INTEREST IN COLLATERAL, INCLUDING FIXTURES, OF A TRANSMITTING
11 UTILITY IS THE DEPARTMENT. THE FINANCING STATEMENT ALSO CONSTITUTES A
12 FIXTURE FILING AS TO THE COLLATERAL INDICATED IN THE FINANCING
13 STATEMENT WHICH IS OR IS TO BECOME FIXTURES.

14 9-502. CONTENTS OF FINANCING STATEMENT; RECORD OF MORTGAGE AS
15 FINANCING STATEMENT; TIME OF FILING FINANCING STATEMENT.

16 (A) SUBJECT TO SUBSECTION (B), A FINANCING STATEMENT IS SUFFICIENT
17 ONLY IF IT:

18 (1) PROVIDES THE NAME OF THE DEBTOR;

19 (2) PROVIDES THE NAME OF THE SECURED PARTY OR A
20 REPRESENTATIVE OF THE SECURED PARTY; AND

21 (3) INDICATES THE COLLATERAL COVERED BY THE FINANCING
22 STATEMENT.

23 (B) EXCEPT AS OTHERWISE PROVIDED IN § 9-501(B), TO BE SUFFICIENT, A
24 FINANCING STATEMENT THAT COVERS AS-EXTRACTED COLLATERAL OR TIMBER TO
25 BE CUT, OR WHICH IS FILED AS A FIXTURE FILING AND COVERS GOODS THAT ARE OR
26 ARE TO BECOME FIXTURES, MUST SATISFY SUBSECTION (A) AND ALSO:

27 (1) INDICATE THAT IT COVERS THIS TYPE OF COLLATERAL;

28 (2) INDICATE THAT IT IS TO BE RECORDED IN THE LAND RECORDS;

29 (3) PROVIDE A DESCRIPTION OF THE REAL PROPERTY TO WHICH THE
30 COLLATERAL IS RELATED; AND

31 (4) IF THE DEBTOR DOES NOT HAVE AN INTEREST OF RECORD IN THE
32 REAL PROPERTY, PROVIDE THE NAME OF A RECORD OWNER.

33 (C) A RECORD OF A MORTGAGE IS EFFECTIVE, FROM THE DATE OF
34 RECORDING, AS A FINANCING STATEMENT FILED AS A FIXTURE FILING OR AS A
35 FINANCING STATEMENT COVERING AS-EXTRACTED COLLATERAL OR TIMBER TO BE
36 CUT ONLY IF:

1 (1) THE RECORD INDICATES THE GOODS OR ACCOUNTS THAT IT
2 COVERS;

3 (2) THE GOODS ARE OR ARE TO BECOME FIXTURES RELATED TO THE
4 REAL PROPERTY DESCRIBED IN THE RECORD OR THE COLLATERAL IS RELATED TO
5 THE REAL PROPERTY DESCRIBED IN THE RECORD AND IS AS-EXTRACTED
6 COLLATERAL OR TIMBER TO BE CUT;

7 (3) THE RECORD COMPLIES WITH THE REQUIREMENTS FOR A
8 FINANCING STATEMENT IN THIS SECTION OTHER THAN AN INDICATION THAT IT IS
9 TO BE RECORDED IN THE LAND RECORDS; AND

10 (4) THE RECORD IS DULY RECORDED.

11 (D) A FINANCING STATEMENT MAY BE FILED BEFORE A SECURITY
12 AGREEMENT IS MADE OR A SECURITY INTEREST OTHERWISE ATTACHES.

13 (E) A FINANCING STATEMENT, OR ADDENDUM FILED WITH A FINANCING
14 STATEMENT, SHALL STATE WHETHER THE SECURED TRANSACTION TO BE
15 PERFECTED BY THE FILING IS OR IS NOT SUBJECT TO RECORDATION TAX. IF
16 RECORDATION TAX IS PAYABLE, THE FINANCING STATEMENT SHALL ALSO DISCLOSE
17 THE PRINCIPAL AMOUNT OF DEBT INITIALLY INCURRED AND THE COUNTY IN WHICH
18 THE DEBTOR'S PRINCIPAL PLACE OF BUSINESS IS LOCATED. FAILURE OF A
19 FINANCING STATEMENT SEPARATELY TO DISCLOSE THE COUNTY OF THE DEBTOR'S
20 PRINCIPAL PLACE OF BUSINESS SHALL CONSTITUTE A REPRESENTATION THAT THE
21 FIRST ADDRESS IN THIS STATE CONTAINED IN THE FINANCING STATEMENT IS THE
22 DEBTOR'S PRINCIPAL PLACE OF BUSINESS.

23 9-503. NAME OF DEBTOR AND SECURED PARTY.

24 (A) A FINANCING STATEMENT SUFFICIENTLY PROVIDES THE NAME OF THE
25 DEBTOR:

26 (1) IF THE DEBTOR IS A REGISTERED ORGANIZATION, ONLY IF THE
27 FINANCING STATEMENT PROVIDES THE NAME OF THE DEBTOR INDICATED ON THE
28 PUBLIC RECORD OF THE DEBTOR'S JURISDICTION OF ORGANIZATION WHICH SHOWS
29 THE DEBTOR TO HAVE BEEN ORGANIZED;

30 (2) IF THE DEBTOR IS A DECEDENT'S ESTATE, ONLY IF THE FINANCING
31 STATEMENT PROVIDES THE NAME OF THE DECEDENT AND INDICATES THAT THE
32 DEBTOR IS AN ESTATE;

33 (3) IF THE DEBTOR IS A TRUST OR A TRUSTEE ACTING WITH RESPECT TO
34 PROPERTY HELD IN TRUST, ONLY IF THE FINANCING STATEMENT:

35 (A) PROVIDES THE NAME SPECIFIED FOR THE TRUST IN ITS
36 ORGANIC DOCUMENTS OR, IF NO NAME IS SPECIFIED, PROVIDES THE NAME OF THE
37 SETTLOR AND ADDITIONAL INFORMATION SUFFICIENT TO DISTINGUISH THE
38 DEBTOR FROM OTHER TRUSTS HAVING ONE OR MORE OF THE SAME SETTLORS; AND

1 (B) INDICATES, IN THE DEBTOR'S NAME OR OTHERWISE, THAT THE
2 DEBTOR IS A TRUST OR IS A TRUSTEE ACTING WITH RESPECT TO PROPERTY HELD IN
3 TRUST; AND

4 (4) IN OTHER CASES:

5 (A) IF THE DEBTOR HAS A NAME, ONLY IF IT PROVIDES THE
6 INDIVIDUAL OR ORGANIZATIONAL NAME OF THE DEBTOR; AND

7 (B) IF THE DEBTOR DOES NOT HAVE A NAME, ONLY IF IT PROVIDES
8 THE NAMES OF THE PARTNERS, MEMBERS, ASSOCIATES, OR OTHER PERSONS
9 COMPRISING THE DEBTOR.

10 (B) A FINANCING STATEMENT THAT PROVIDES THE NAME OF THE DEBTOR IN
11 ACCORDANCE WITH SUBSECTION (A) IS NOT RENDERED INEFFECTIVE BY THE
12 ABSENCE OF:

13 (1) A TRADE NAME OR OTHER NAME OF THE DEBTOR; OR

14 (2) UNLESS REQUIRED UNDER SUBSECTION (A)(4)(B), NAMES OF
15 PARTNERS, MEMBERS, ASSOCIATES, OR OTHER PERSONS COMPRISING THE DEBTOR.

16 (C) A FINANCING STATEMENT THAT PROVIDES ONLY THE DEBTOR'S TRADE
17 NAME DOES NOT SUFFICIENTLY PROVIDE THE NAME OF THE DEBTOR.

18 (D) FAILURE TO INDICATE THE REPRESENTATIVE CAPACITY OF A SECURED
19 PARTY OR REPRESENTATIVE OF A SECURED PARTY DOES NOT AFFECT THE
20 SUFFICIENCY OF A FINANCING STATEMENT.

21 (E) A FINANCING STATEMENT MAY PROVIDE THE NAME OF MORE THAN ONE
22 DEBTOR AND THE NAME OF MORE THAN ONE SECURED PARTY.

23 9-504. INDICATION OF COLLATERAL.

24 A FINANCING STATEMENT SUFFICIENTLY INDICATES THE COLLATERAL THAT
25 IT COVERS ONLY IF THE FINANCING STATEMENT PROVIDES:

26 (1) A DESCRIPTION OF THE COLLATERAL PURSUANT TO § 9-108; OR

27 (2) AN INDICATION THAT THE FINANCING STATEMENT COVERS ALL
28 ASSETS OR ALL PERSONAL PROPERTY.

29 9-505. FILING AND COMPLIANCE WITH OTHER STATUTES AND TREATIES FOR
30 CONSIGNMENTS, LEASES, OTHER BAILMENTS, AND OTHER TRANSACTIONS.

31 (A) A CONSIGNOR, LESSOR, OR OTHER BAILOR OF GOODS OR A BUYER OF A
32 PAYMENT INTANGIBLE OR PROMISSORY NOTE MAY FILE A FINANCING STATEMENT,
33 OR MAY COMPLY WITH A STATUTE OR TREATY DESCRIBED IN § 9-311(A), USING THE
34 TERMS "CONSIGNOR", "CONSIGNEE", "LESSOR", "LESSEE", "BAILOR", "BAILEE",
35 "OWNER", "REGISTERED OWNER", "BUYER", "SELLER", OR WORDS OF SIMILAR IMPORT,
36 INSTEAD OF THE TERMS "SECURED PARTY" AND "DEBTOR".

1 (B) THIS SUBTITLE APPLIES TO THE FILING OF A FINANCING STATEMENT
2 UNDER SUBSECTION (A) AND, AS APPROPRIATE, TO COMPLIANCE THAT IS
3 EQUIVALENT TO FILING A FINANCING STATEMENT UNDER § 9-311(B), BUT THE
4 FILING OR COMPLIANCE IS NOT OF ITSELF A FACTOR IN DETERMINING WHETHER
5 THE COLLATERAL SECURES AN OBLIGATION. IF IT IS DETERMINED FOR ANOTHER
6 REASON THAT THE COLLATERAL SECURES AN OBLIGATION, A SECURITY INTEREST
7 HELD BY THE CONSIGNOR, LESSOR, BAILOR, OWNER, OR BUYER WHICH ATTACHES TO
8 THE COLLATERAL IS PERFECTED BY THE FILING OR COMPLIANCE.

9 9-506. FILING AND COMPLIANCE WITH OTHER STATUTES AND TREATIES FOR
10 CONSIGNMENTS, LEASES, OTHER BAILMENTS, AND OTHER TRANSACTIONS.

11 (A) A FINANCING STATEMENT SUBSTANTIALLY SATISFYING THE
12 REQUIREMENTS OF THIS SUBTITLE IS EFFECTIVE, EVEN IF IT HAS MINOR ERRORS OR
13 OMISSIONS, UNLESS THE ERRORS OR OMISSIONS MAKE THE FINANCING STATEMENT
14 SERIOUSLY MISLEADING.

15 (B) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (C), A FINANCING
16 STATEMENT THAT FAILS SUFFICIENTLY TO PROVIDE THE NAME OF THE DEBTOR IN
17 ACCORDANCE WITH § 9-503(A) IS SERIOUSLY MISLEADING.

18 (C) IF A SEARCH OF THE RECORDS OF THE FILING OFFICE UNDER THE
19 DEBTOR'S CORRECT NAME, USING THE FILING OFFICE'S STANDARD SEARCH LOGIC,
20 IF ANY, WOULD DISCLOSE A FINANCING STATEMENT THAT FAILS SUFFICIENTLY TO
21 PROVIDE THE NAME OF THE DEBTOR IN ACCORDANCE WITH § 9-503(A), THE NAME
22 PROVIDED DOES NOT MAKE THE FINANCING STATEMENT SERIOUSLY MISLEADING.

23 (D) FOR PURPOSES OF § 9-508(B), THE "DEBTOR'S CORRECT NAME" IN
24 SUBSECTION (C) MEANS THE CORRECT NAME OF THE NEW DEBTOR.

25 9-507. EFFECT OF CERTAIN EVENTS ON EFFECTIVENESS OF FINANCING
26 STATEMENT.

27 (A) A FILED FINANCING STATEMENT REMAINS EFFECTIVE WITH RESPECT TO
28 COLLATERAL THAT IS SOLD, EXCHANGED, LEASED, LICENSED, OR OTHERWISE
29 DISPOSED OF AND IN WHICH A SECURITY INTEREST OR AGRICULTURAL LIEN
30 CONTINUES, EVEN IF THE SECURED PARTY KNOWS OF OR CONSENTS TO THE
31 DISPOSITION.

32 (B) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (C) AND § 9-508, A
33 FINANCING STATEMENT IS NOT RENDERED INEFFECTIVE IF, AFTER THE FINANCING
34 STATEMENT IS FILED, THE INFORMATION PROVIDED IN THE FINANCING STATEMENT
35 BECOMES SERIOUSLY MISLEADING UNDER § 9-506.

36 (C) IF A DEBTOR SO CHANGES ITS NAME THAT A FILED FINANCING
37 STATEMENT BECOMES SERIOUSLY MISLEADING UNDER § 9-506:

38 (1) THE FINANCING STATEMENT IS EFFECTIVE TO PERFECT A SECURITY
39 INTEREST IN COLLATERAL ACQUIRED BY THE DEBTOR BEFORE, OR WITHIN FOUR
40 MONTHS AFTER, THE CHANGE; AND

1 (2) THE FINANCING STATEMENT IS NOT EFFECTIVE TO PERFECT A
2 SECURITY INTEREST IN COLLATERAL ACQUIRED BY THE DEBTOR MORE THAN FOUR
3 MONTHS AFTER THE CHANGE, UNLESS AN AMENDMENT TO THE FINANCING
4 STATEMENT WHICH RENDERS THE FINANCING STATEMENT NOT SERIOUSLY
5 MISLEADING IS FILED WITHIN FOUR MONTHS AFTER THE CHANGE.

6 9-508. EFFECTIVENESS OF FINANCING STATEMENT IF NEW DEBTOR BECOMES
7 BOUND BY SECURITY AGREEMENT.

8 (A) EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, A FILED FINANCING
9 STATEMENT NAMING AN ORIGINAL DEBTOR IS EFFECTIVE TO PERFECT A SECURITY
10 INTEREST IN COLLATERAL IN WHICH A NEW DEBTOR HAS OR ACQUIRES RIGHTS TO
11 THE EXTENT THAT THE FINANCING STATEMENT WOULD HAVE BEEN EFFECTIVE
12 HAD THE ORIGINAL DEBTOR ACQUIRED RIGHTS IN THE COLLATERAL.

13 (B) IF THE DIFFERENCE BETWEEN THE NAME OF THE ORIGINAL DEBTOR AND
14 THAT OF THE NEW DEBTOR CAUSES A FILED FINANCING STATEMENT THAT IS
15 EFFECTIVE UNDER SUBSECTION (A) TO BE SERIOUSLY MISLEADING UNDER § 9-506:

16 (1) THE FINANCING STATEMENT IS EFFECTIVE TO PERFECT A SECURITY
17 INTEREST IN COLLATERAL ACQUIRED BY THE NEW DEBTOR BEFORE, AND WITHIN
18 FOUR MONTHS AFTER, THE NEW DEBTOR BECOMES BOUND UNDER § 9-203(D); AND

19 (2) THE FINANCING STATEMENT IS NOT EFFECTIVE TO PERFECT A
20 SECURITY INTEREST IN COLLATERAL ACQUIRED BY THE NEW DEBTOR MORE THAN
21 FOUR MONTHS AFTER THE NEW DEBTOR BECOMES BOUND UNDER § 9-203(D) UNLESS
22 AN INITIAL FINANCING STATEMENT PROVIDING THE NAME OF THE NEW DEBTOR IS
23 FILED BEFORE THE EXPIRATION OF THAT TIME.

24 (C) THIS SECTION DOES NOT APPLY TO COLLATERAL AS TO WHICH A FILED
25 FINANCING STATEMENT REMAINS EFFECTIVE AGAINST THE NEW DEBTOR UNDER §
26 9-507(A).

27 9-509. PERSONS ENTITLED TO FILE A RECORD.

28 (A) A PERSON MAY FILE AN INITIAL FINANCING STATEMENT, AMENDMENT
29 THAT ADDS COLLATERAL COVERED BY A FINANCING STATEMENT, OR AMENDMENT
30 THAT ADDS A DEBTOR TO A FINANCING STATEMENT ONLY IF:

31 (1) THE DEBTOR AUTHORIZES THE FILING IN AN AUTHENTICATED
32 RECORD; OR

33 (2) THE PERSON HOLDS AN AGRICULTURAL LIEN THAT HAS BECOME
34 EFFECTIVE AT THE TIME OF FILING AND THE FINANCING STATEMENT COVERS ONLY
35 COLLATERAL IN WHICH THE PERSON HOLDS AN AGRICULTURAL LIEN.

36 (B) BY AUTHENTICATING A SECURITY AGREEMENT, A DEBTOR AUTHORIZES
37 THE FILING OF AN INITIAL FINANCING STATEMENT, AND AN AMENDMENT,
38 COVERING:

1 (1) THE COLLATERAL DESCRIBED IN THE SECURITY AGREEMENT; AND

2 (2) PROPERTY THAT BECOMES COLLATERAL UNDER § 9-315(A)(2),
3 WHETHER OR NOT THE SECURITY AGREEMENT EXPRESSLY COVERS PROCEEDS.

4 (C) A PERSON MAY FILE AN AMENDMENT OTHER THAN AN AMENDMENT THAT
5 ADDS COLLATERAL COVERED BY A FINANCING STATEMENT OR AN AMENDMENT
6 THAT ADDS A DEBTOR TO A FINANCING STATEMENT ONLY IF:

7 (1) THE SECURED PARTY OF RECORD AUTHORIZES THE FILING; OR

8 (2) THE AMENDMENT IS A TERMINATION STATEMENT FOR A FINANCING
9 STATEMENT AS TO WHICH THE SECURED PARTY OF RECORD HAS FAILED TO FILE OR
10 SEND A TERMINATION STATEMENT AS REQUIRED BY § 9-513, THE DEBTOR
11 AUTHORIZES THE FILING, AND THE TERMINATION STATEMENT INDICATES THAT
12 THE DEBTOR AUTHORIZED IT TO BE FILED.

13 (D) IF THERE IS MORE THAN ONE SECURED PARTY OF RECORD FOR A
14 FINANCING STATEMENT, EACH SECURED PARTY OF RECORD MAY AUTHORIZE THE
15 FILING OF AN AMENDMENT UNDER SUBSECTION (C).

16 9-510. EFFECTIVENESS OF FILED RECORD.

17 (A) A FILED RECORD IS EFFECTIVE ONLY TO THE EXTENT THAT IT WAS FILED
18 BY A PERSON THAT MAY FILE IT UNDER § 9-509.

19 (B) A RECORD AUTHORIZED BY ONE SECURED PARTY OF RECORD DOES NOT
20 AFFECT THE FINANCING STATEMENT WITH RESPECT TO ANOTHER SECURED PARTY
21 OF RECORD.

22 (C) A CONTINUATION STATEMENT THAT IS NOT FILED WITHIN THE
23 SIX-MONTH PERIOD PRESCRIBED BY § 9-515(D) IS INEFFECTIVE.

24 9-511. SECURED PARTY OF RECORD.

25 (A) A SECURED PARTY OF RECORD WITH RESPECT TO A FINANCING
26 STATEMENT IS A PERSON WHOSE NAME IS PROVIDED AS THE NAME OF THE
27 SECURED PARTY OR A REPRESENTATIVE OF THE SECURED PARTY IN AN INITIAL
28 FINANCING STATEMENT THAT HAS BEEN FILED. IF AN INITIAL FINANCING
29 STATEMENT IS FILED UNDER § 9-514(A), THE ASSIGNEE NAMED IN THE INITIAL
30 FINANCING STATEMENT IS THE SECURED PARTY OF RECORD WITH RESPECT TO THE
31 FINANCING STATEMENT.

32 (B) IF AN AMENDMENT OF A FINANCING STATEMENT WHICH PROVIDES THE
33 NAME OF A PERSON AS A SECURED PARTY OR A REPRESENTATIVE OF A SECURED
34 PARTY IS FILED, THE PERSON NAMED IN THE AMENDMENT IS A SECURED PARTY OF
35 RECORD. IF AN AMENDMENT IS FILED UNDER § 9-514(B), THE ASSIGNEE NAMED IN
36 THE AMENDMENT IS A SECURED PARTY OF RECORD.

1 (C) A PERSON REMAINS A SECURED PARTY OF RECORD UNTIL THE FILING OF
2 AN AMENDMENT OF THE FINANCING STATEMENT WHICH DELETES THE PERSON.

3 9-512. AMENDMENT OF FINANCING STATEMENT.

4 (A) SUBJECT TO § 9-509, A PERSON MAY ADD OR DELETE COLLATERAL
5 COVERED BY, CONTINUE OR TERMINATE THE EFFECTIVENESS OF, OR, SUBJECT TO
6 SUBSECTION (E), OTHERWISE AMEND THE INFORMATION PROVIDED IN, A
7 FINANCING STATEMENT BY FILING AN AMENDMENT THAT:

8 (1) IDENTIFIES, BY ITS FILE NUMBER, THE INITIAL FINANCING
9 STATEMENT TO WHICH THE AMENDMENT RELATES; AND

10 (2) IF THE AMENDMENT RELATES TO AN INITIAL FINANCING
11 STATEMENT FILED OR RECORDED IN A FILING OFFICE DESCRIBED IN § 9-501(A)(1),
12 PROVIDES THE INFORMATION SPECIFIED IN § 9-502(B).

13 (B) EXCEPT AS OTHERWISE PROVIDED IN § 9-515, THE FILING OF AN
14 AMENDMENT DOES NOT EXTEND THE PERIOD OF EFFECTIVENESS OF THE
15 FINANCING STATEMENT.

16 (C) A FINANCING STATEMENT THAT IS AMENDED BY AN AMENDMENT THAT
17 ADDS COLLATERAL IS EFFECTIVE AS TO THE ADDED COLLATERAL ONLY FROM THE
18 DATE OF THE FILING OF THE AMENDMENT.

19 (D) A FINANCING STATEMENT THAT IS AMENDED BY AN AMENDMENT THAT
20 ADDS A DEBTOR IS EFFECTIVE AS TO THE ADDED DEBTOR ONLY FROM THE DATE OF
21 THE FILING OF THE AMENDMENT.

22 (E) AN AMENDMENT IS INEFFECTIVE TO THE EXTENT IT:

23 (1) PURPORTS TO DELETE ALL DEBTORS AND FAILS TO PROVIDE THE
24 NAME OF A DEBTOR TO BE COVERED BY THE FINANCING STATEMENT; OR

25 (2) PURPORTS TO DELETE ALL SECURED PARTIES OF RECORD AND
26 FAILS TO PROVIDE THE NAME OF A NEW SECURED PARTY OF RECORD.

27 9-513. TERMINATION STATEMENT.

28 (A) WITHIN 20 DAYS AFTER A SECURED PARTY RECEIVES AN AUTHENTICATED
29 DEMAND FROM A DEBTOR, THE SECURED PARTY SHALL CAUSE THE SECURED PARTY
30 OF RECORD FOR A FINANCING STATEMENT TO SEND TO THE DEBTOR A
31 TERMINATION STATEMENT FOR THE FINANCING STATEMENT OR FILE THE
32 TERMINATION STATEMENT IN THE FILING OFFICE IF:

33 (1) EXCEPT IN THE CASE OF A FINANCING STATEMENT COVERING
34 ACCOUNTS OR CHATTEL PAPER THAT HAS BEEN SOLD OR GOODS THAT ARE THE
35 SUBJECT OF A CONSIGNMENT, THERE IS NO OBLIGATION SECURED BY THE
36 COLLATERAL COVERED BY THE FINANCING STATEMENT AND NO COMMITMENT TO
37 MAKE AN ADVANCE, INCUR AN OBLIGATION, OR OTHERWISE GIVE VALUE;

1 (2) THE FINANCING STATEMENT COVERS ACCOUNTS OR CHATTEL
2 PAPER THAT HAS BEEN SOLD BUT AS TO WHICH THE ACCOUNT DEBTOR OR OTHER
3 PERSON OBLIGATED HAS DISCHARGED ITS OBLIGATION;

4 (3) THE FINANCING STATEMENT COVERS GOODS THAT WERE THE
5 SUBJECT OF A CONSIGNMENT TO THE DEBTOR BUT ARE NOT IN THE DEBTOR'S
6 POSSESSION; OR

7 (4) THE DEBTOR DID NOT AUTHORIZE THE FILING OF THE INITIAL
8 FINANCING STATEMENT.

9 (B) EXCEPT AS OTHERWISE PROVIDED IN § 9-510, UPON THE FILING OF A
10 TERMINATION STATEMENT WITH THE FILING OFFICE, THE FINANCING STATEMENT
11 TO WHICH THE TERMINATION STATEMENT RELATES CEASES TO BE EFFECTIVE.

12 9-514. ASSIGNMENT OF POWERS OF SECURED PARTY OF RECORD.

13 (A) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (C), AN INITIAL
14 FINANCING STATEMENT MAY REFLECT AN ASSIGNMENT OF ALL OF THE SECURED
15 PARTY'S POWER TO AUTHORIZE AN AMENDMENT TO THE FINANCING STATEMENT BY
16 PROVIDING THE NAME AND MAILING ADDRESS OF THE ASSIGNEE AS THE NAME AND
17 ADDRESS OF THE SECURED PARTY.

18 (B) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (C), A SECURED PARTY
19 OF RECORD MAY ASSIGN OF RECORD ALL OR PART OF ITS POWER TO AUTHORIZE AN
20 AMENDMENT TO A FINANCING STATEMENT BY FILING IN THE FILING OFFICE AN
21 AMENDMENT OF THE FINANCING STATEMENT WHICH:

22 (1) IDENTIFIES, BY ITS FILE NUMBER, THE INITIAL FINANCING
23 STATEMENT TO WHICH IT RELATES;

24 (2) PROVIDES THE NAME OF THE ASSIGNOR; AND

25 (3) PROVIDES THE NAME AND MAILING ADDRESS OF THE ASSIGNEE.

26 (C) AN ASSIGNMENT OF RECORD OF A SECURITY INTEREST IN A FIXTURE
27 COVERED BY A RECORD OF A MORTGAGE WHICH IS EFFECTIVE AS A FINANCING
28 STATEMENT FILED AS A FIXTURE FILING UNDER § 9-502(C) MAY BE MADE ONLY BY
29 AN ASSIGNMENT OF RECORD OF THE MORTGAGE IN THE MANNER PROVIDED BY LAW
30 OF THIS STATE OTHER THAN THE COMMERCIAL LAW ARTICLE.

31 9-515. DURATION AND EFFECTIVENESS OF FINANCING STATEMENT; EFFECT OF
32 LAPSED FINANCING STATEMENT.

33 (A) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTIONS (B), (E), (F), AND (G), A
34 FILED FINANCING STATEMENT IS EFFECTIVE FOR A PERIOD OF FIVE YEARS AFTER
35 THE DATE OF FILING.

36 (B) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTIONS (E), (F), AND (G), AN
37 INITIAL FINANCING STATEMENT FILED IN CONNECTION WITH A PUBLIC-FINANCE

1 TRANSACTION OR MANUFACTURED-HOME TRANSACTION IS EFFECTIVE FOR A
2 PERIOD OF 30 YEARS AFTER THE DATE OF FILING IF IT INDICATES THAT IT IS FILED
3 IN CONNECTION WITH A PUBLIC-FINANCE TRANSACTION OR
4 MANUFACTURED-HOME TRANSACTION.

5 (C) THE EFFECTIVENESS OF A FILED FINANCING STATEMENT LAPSES ON THE
6 EXPIRATION OF THE PERIOD OF ITS EFFECTIVENESS UNLESS BEFORE THE LAPSE A
7 CONTINUATION STATEMENT IS FILED PURSUANT TO SUBSECTION (D). UPON LAPSE,
8 A FINANCING STATEMENT CEASES TO BE EFFECTIVE AND ANY SECURITY INTEREST
9 OR AGRICULTURAL LIEN THAT WAS PERFECTED BY THE FINANCING STATEMENT
10 BECOMES UNPERFECTED, UNLESS THE SECURITY INTEREST IS PERFECTED
11 WITHOUT FILING. IF THE SECURITY INTEREST OR AGRICULTURAL LIEN BECOMES
12 UNPERFECTED UPON LAPSE, IT IS DEEMED NEVER TO HAVE BEEN PERFECTED AS
13 AGAINST A PURCHASER OF THE COLLATERAL FOR VALUE.

14 (D) A CONTINUATION STATEMENT MAY BE FILED ONLY WITHIN SIX MONTHS
15 BEFORE THE EXPIRATION OF THE FIVE-YEAR PERIOD SPECIFIED IN SUBSECTION (A)
16 OR THE 30-YEAR PERIOD SPECIFIED IN SUBSECTION (B), WHICHEVER IS APPLICABLE.

17 (E) EXCEPT AS OTHERWISE PROVIDED IN § 9-510, UPON TIMELY FILING OF A
18 CONTINUATION STATEMENT, THE EFFECTIVENESS OF THE INITIAL FINANCING
19 STATEMENT CONTINUES FOR A PERIOD OF FIVE YEARS COMMENCING ON THE DAY
20 ON WHICH THE FINANCING STATEMENT WOULD HAVE BECOME INEFFECTIVE IN
21 THE ABSENCE OF THE FILING. UPON THE EXPIRATION OF THE FIVE-YEAR PERIOD,
22 THE FINANCING STATEMENT LAPSES IN THE SAME MANNER AS PROVIDED IN
23 SUBSECTION (C), UNLESS, BEFORE THE LAPSE, ANOTHER CONTINUATION
24 STATEMENT IS FILED PURSUANT TO SUBSECTION (D). SUCCEEDING CONTINUATION
25 STATEMENTS MAY BE FILED IN THE SAME MANNER TO CONTINUE THE
26 EFFECTIVENESS OF THE INITIAL FINANCING STATEMENT.

27 (F) IF A DEBTOR IS A TRANSMITTING UTILITY AND A FILED FINANCING
28 STATEMENT SO INDICATES, THE FINANCING STATEMENT IS EFFECTIVE UNTIL A
29 TERMINATION STATEMENT IS FILED.

30 (G) A RECORD OF A MORTGAGE THAT IS EFFECTIVE AS A FINANCING
31 STATEMENT FILED AS A FIXTURE FILING UNDER § 9-502(C) REMAINS EFFECTIVE AS A
32 FINANCING STATEMENT FILED AS A FIXTURE FILING UNTIL THE MORTGAGE IS
33 RELEASED OR SATISFIED OF RECORD OR ITS EFFECTIVENESS OTHERWISE
34 TERMINATES AS TO THE REAL PROPERTY.

35 9-516. WHAT CONSTITUTES FILING; EFFECTIVENESS OF FILING.

36 (A) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (B), COMMUNICATION
37 OF A RECORD TO A FILING OFFICE AND TENDER OF THE FILING FEE OR ACCEPTANCE
38 OF THE RECORD BY THE FILING OFFICE CONSTITUTES FILING.

39 (B) FILING DOES NOT OCCUR WITH RESPECT TO A RECORD THAT A FILING
40 OFFICE REFUSES TO ACCEPT BECAUSE:

1 (1) THE RECORD IS NOT COMMUNICATED BY A METHOD OR MEDIUM OF
2 COMMUNICATION AUTHORIZED BY THE FILING OFFICE;

3 (2) AN AMOUNT EQUAL TO OR GREATER THAN THE APPLICABLE FILING
4 FEE IS NOT TENDERED;

5 (3) THE FILING OFFICE IS UNABLE TO INDEX THE RECORD BECAUSE:

6 (A) IN THE CASE OF AN INITIAL FINANCING STATEMENT, THE
7 RECORD DOES NOT PROVIDE A NAME FOR THE DEBTOR;

8 (B) IN THE CASE OF AN AMENDMENT OR CORRECTION
9 STATEMENT, THE RECORD:

10 (I) DOES NOT IDENTIFY THE INITIAL FINANCING
11 STATEMENT AS REQUIRED BY § 9-512 OR § 9-518, AS APPLICABLE; OR

12 (II) IDENTIFIES AN INITIAL FINANCING STATEMENT WHOSE
13 EFFECTIVENESS HAS LAPSED UNDER § 9-515;

14 (C) IN THE CASE OF AN INITIAL FINANCING STATEMENT THAT
15 PROVIDES THE NAME OF A DEBTOR IDENTIFIED AS AN INDIVIDUAL OR AN
16 AMENDMENT THAT PROVIDES A NAME OF A DEBTOR IDENTIFIED AS AN INDIVIDUAL
17 WHICH WAS NOT PREVIOUSLY PROVIDED IN THE FINANCING STATEMENT TO WHICH
18 THE RECORD RELATES, THE RECORD DOES NOT IDENTIFY THE DEBTOR'S LAST
19 NAME; OR

20 (D) IN THE CASE OF A RECORD FILED OR RECORDED IN THE FILING
21 OFFICE DESCRIBED IN § 9-501(A)(1), THE RECORD DOES NOT PROVIDE A SUFFICIENT
22 DESCRIPTION OF THE REAL PROPERTY TO WHICH IT RELATES;

23 (4) IN THE CASE OF AN INITIAL FINANCING STATEMENT OR AN
24 AMENDMENT THAT ADDS A SECURED PARTY OF RECORD, THE RECORD DOES NOT
25 PROVIDE A NAME AND MAILING ADDRESS FOR THE SECURED PARTY OF RECORD;

26 (5) IN THE CASE OF AN INITIAL FINANCING STATEMENT OR AN
27 AMENDMENT THAT PROVIDES A NAME OF A DEBTOR WHICH WAS NOT PREVIOUSLY
28 PROVIDED IN THE FINANCING STATEMENT TO WHICH THE AMENDMENT RELATES,
29 THE RECORD DOES NOT:

30 (A) PROVIDE A MAILING ADDRESS FOR THE DEBTOR;

31 (B) INDICATE WHETHER THE DEBTOR IS AN INDIVIDUAL OR AN
32 ORGANIZATION; OR

33 (C) IF THE FINANCING STATEMENT INDICATES THAT THE DEBTOR
34 IS AN ORGANIZATION, PROVIDE:

35 (I) A TYPE OF ORGANIZATION FOR THE DEBTOR;

36 (II) A JURISDICTION OF ORGANIZATION FOR THE DEBTOR; OR

1 (III) AN ORGANIZATIONAL IDENTIFICATION NUMBER FOR THE
2 DEBTOR OR INDICATE THAT THE DEBTOR HAS NONE;

3 (6) IN THE CASE OF AN ASSIGNMENT REFLECTED IN AN INITIAL
4 FINANCING STATEMENT UNDER § 9-514(A) OR AN AMENDMENT FILED UNDER §
5 9-514(B), THE RECORD DOES NOT PROVIDE A NAME AND MAILING ADDRESS FOR THE
6 ASSIGNEE;

7 (7) IN THE CASE OF A CONTINUATION STATEMENT, THE RECORD IS NOT
8 FILED WITHIN THE SIX-MONTH PERIOD PRESCRIBED BY § 9-515(D); OR

9 (8) THE INFORMATION REQUIRED BY § 9-502(E) IS NOT PROVIDED OR
10 RECORDATION TAX PAYABLE IS NOT TENDERED WITH THE FINANCING STATEMENT.

11 (C) FOR PURPOSES OF SUBSECTION (B):

12 (1) A RECORD DOES NOT PROVIDE INFORMATION IF THE FILING OFFICE
13 IS UNABLE TO READ OR DECIPHER THE INFORMATION; AND

14 (2) A RECORD THAT DOES NOT INDICATE THAT IT IS AN AMENDMENT OR
15 IDENTIFY AN INITIAL FINANCING STATEMENT TO WHICH IT RELATES, AS REQUIRED
16 BY § 9-512, § 9-514, OR § 9-518, IS AN INITIAL FINANCING STATEMENT.

17 (D) A RECORD THAT IS COMMUNICATED TO THE FILING OFFICE WITH TENDER
18 OF THE FILING FEE, BUT WHICH THE FILING OFFICE REFUSES TO ACCEPT FOR A
19 REASON OTHER THAN ONE SET FORTH IN SUBSECTION (B), IS EFFECTIVE AS A FILED
20 RECORD EXCEPT AS AGAINST A PURCHASER OF THE COLLATERAL WHICH GIVES
21 VALUE IN REASONABLE RELIANCE UPON THE ABSENCE OF THE RECORD FROM THE
22 FILES.

23 9-517. EFFECT OF INDEXING ERRORS.

24 THE FAILURE OF THE FILING OFFICE TO INDEX A RECORD CORRECTLY DOES
25 NOT AFFECT THE EFFECTIVENESS OF THE FILED RECORD.

26 9-518. CLAIM CONCERNING INACCURATE OR WRONGFULLY FILED RECORD.

27 (A) A PERSON MAY FILE IN THE FILING OFFICE A CORRECTION STATEMENT
28 WITH RESPECT TO A RECORD INDEXED THERE UNDER THE PERSON'S NAME IF THE
29 PERSON BELIEVES THAT THE RECORD IS INACCURATE OR WAS WRONGFULLY FILED.

30 (B) A CORRECTION STATEMENT MUST:

31 (1) IDENTIFY THE RECORD TO WHICH IT RELATES BY:

32 (A) THE FILE NUMBER ASSIGNED TO THE INITIAL FINANCING
33 STATEMENT TO WHICH THE RECORD RELATES; AND

34 (B) IF THE CORRECTION STATEMENT RELATES TO A RECORD
35 RECORDED IN A FILING OFFICE DESCRIBED IN § 9-501(A)(1), THE DATE AND TIME

1 THAT THE INITIAL FINANCING STATEMENT WAS RECORDED AND THE INFORMATION
2 SPECIFIED IN § 9-502(B);

3 (2) INDICATE THAT IT IS A CORRECTION STATEMENT; AND

4 (3) PROVIDE THE BASIS FOR THE PERSON'S BELIEF THAT THE RECORD
5 IS INACCURATE AND INDICATE THE MANNER IN WHICH THE PERSON BELIEVES THE
6 RECORD SHOULD BE AMENDED TO CURE ANY INACCURACY OR PROVIDE THE BASIS
7 FOR THE PERSON'S BELIEF THAT THE RECORD WAS WRONGFULLY FILED.

8 (C) THE FILING OF A CORRECTION STATEMENT DOES NOT AFFECT THE
9 EFFECTIVENESS OF AN INITIAL FINANCING STATEMENT OR OTHER FILED RECORD.

10 9-519. NUMBERING, MAINTAINING, AND INDEXING RECORDS; COMMUNICATING
11 INFORMATION PROVIDED IN RECORDS.

12 (A) FOR EACH RECORD FILED IN A FILING OFFICE, THE FILING OFFICE
13 SHALL:

14 (1) ASSIGN A UNIQUE NUMBER TO THE FILED RECORD;

15 (2) CREATE A RECORD THAT BEARS THE NUMBER ASSIGNED TO THE
16 FILED RECORD AND THE DATE AND TIME OF FILING;

17 (3) MAINTAIN THE FILED RECORD FOR PUBLIC INSPECTION; AND

18 (4) INDEX THE FILED RECORD IN ACCORDANCE WITH SUBSECTIONS (C),
19 (D), AND (E).

20 (B) A FILE NUMBER MUST INCLUDE A DIGIT THAT:

21 (1) IS MATHEMATICALLY DERIVED FROM OR RELATED TO THE OTHER
22 DIGITS OF THE FILE NUMBER; AND

23 (2) ENABLES THE FILING OFFICE TO DETECT WHETHER A NUMBER
24 COMMUNICATED AS THE FILE NUMBER INCLUDES A SINGLE-DIGIT OR
25 TRANSPOSITIONAL ERROR.

26 (C) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTIONS (D) AND (E), THE
27 FILING OFFICE SHALL:

28 (1) INDEX AN INITIAL FINANCING STATEMENT ACCORDING TO THE
29 NAME OF THE DEBTOR AND INDEX ALL FILED RECORDS RELATING TO THE INITIAL
30 FINANCING STATEMENT IN A MANNER THAT ASSOCIATES WITH ONE ANOTHER AN
31 INITIAL FINANCING STATEMENT AND ALL FILED RECORDS RELATING TO THE
32 INITIAL FINANCING STATEMENT; AND

33 (2) INDEX A RECORD THAT PROVIDES A NAME OF A DEBTOR WHICH WAS
34 NOT PREVIOUSLY PROVIDED IN THE FINANCING STATEMENT TO WHICH THE
35 RECORD RELATES ALSO ACCORDING TO THE NAME THAT WAS NOT PREVIOUSLY
36 PROVIDED.

1 (D) IF A FINANCING STATEMENT IS FILED AS A FIXTURE FILING OR COVERS
2 AS-EXTRACTED COLLATERAL OR TIMBER TO BE CUT, IT MUST BE RECORDED IN THE
3 LAND RECORDS AND THE FILING OFFICE SHALL INDEX IT:

4 (1) UNDER THE NAMES OF THE DEBTOR AND OF EACH OWNER OF
5 RECORD SHOWN ON THE FINANCING STATEMENT AS IF THEY WERE THE
6 MORTGAGORS UNDER A MORTGAGE OF THE REAL PROPERTY DESCRIBED; AND

7 (2) TO THE EXTENT THAT THE LAW OF THIS STATE PROVIDES FOR
8 INDEXING OF RECORDS OF MORTGAGES UNDER THE NAME OF THE MORTGAGEE,
9 UNDER THE NAME OF THE SECURED PARTY AS IF THE SECURED PARTY WERE THE
10 MORTGAGEE THEREUNDER, OR, IF INDEXING IS BY DESCRIPTION, AS IF THE
11 FINANCING STATEMENT WERE A RECORD OF A MORTGAGE OF THE REAL PROPERTY
12 DESCRIBED.

13 (E) IF A FINANCING STATEMENT IS FILED AS A FIXTURE FILING OR COVERS
14 AS-EXTRACTED COLLATERAL OR TIMBER TO BE CUT, THE FILING OFFICE SHALL
15 INDEX AN ASSIGNMENT FILED UNDER § 9-514(A) OR AN AMENDMENT FILED UNDER §
16 9-514(B):

17 (1) UNDER THE NAME OF THE ASSIGNOR AS GRANTOR; AND

18 (2) TO THE EXTENT THAT THE LAW OF THIS STATE PROVIDES FOR
19 INDEXING A RECORD OF THE ASSIGNMENT OF A MORTGAGE UNDER THE NAME OF
20 THE ASSIGNEE, UNDER THE NAME OF THE ASSIGNEE.

21 (F) THE FILING OFFICE SHALL MAINTAIN A CAPABILITY:

22 (1) TO RETRIEVE A RECORD BY THE NAME OF THE DEBTOR AND BY THE
23 FILE NUMBER ASSIGNED TO THE INITIAL FINANCING STATEMENT TO WHICH THE
24 RECORD RELATES; AND

25 (2) TO ASSOCIATE AND RETRIEVE WITH ONE ANOTHER AN INITIAL
26 FINANCING STATEMENT AND EACH FILED RECORD RELATING TO THE INITIAL
27 FINANCING STATEMENT.

28 (G) THE FILING OFFICE MAY NOT REMOVE A DEBTOR'S NAME FROM THE
29 INDEX UNTIL ONE YEAR AFTER THE EFFECTIVENESS OF A FINANCING STATEMENT
30 NAMING THE DEBTOR LAPSES UNDER § 9-515 WITH RESPECT TO ALL SECURED
31 PARTIES OF RECORD.

32 (H) THE FILING OFFICE SHALL PERFORM THE ACTS REQUIRED BY
33 SUBSECTIONS (A) THROUGH (E) AT THE TIME AND IN THE MANNER PRESCRIBED BY
34 FILING-OFFICE RULE.

35 (I) SUBSECTIONS (B) AND (H) DO NOT APPLY TO A FILING OFFICE DESCRIBED
36 IN § 9-501(A)(1).

1 9-520. ACCEPTANCE AND REFUSAL TO ACCEPT RECORD.

2 (A) A FILING OFFICE SHALL REFUSE TO ACCEPT A RECORD FOR FILING FOR A
3 REASON SET FORTH IN § 9-516(B) AND MAY REFUSE TO ACCEPT A RECORD FOR
4 FILING ONLY FOR A REASON SET FORTH IN § 9-516(B).

5 (B) IF A FILING OFFICE REFUSES TO ACCEPT A RECORD FOR FILING, IT SHALL
6 COMMUNICATE TO THE PERSON THAT PRESENTED THE RECORD THE FACT OF AND
7 REASON FOR THE REFUSAL AND THE DATE AND TIME THE RECORD WOULD HAVE
8 BEEN FILED HAD THE FILING OFFICE ACCEPTED IT. THE COMMUNICATION MUST BE
9 MADE AT THE TIME AND IN THE MANNER PRESCRIBED BY FILING-OFFICE RULE
10 DESCRIBED IN § 9-501(A)(2).

11 (C) A FILED FINANCING STATEMENT SATISFYING § 9-502(A) AND (B) IS
12 EFFECTIVE, EVEN IF THE FILING OFFICE IS REQUIRED TO REFUSE TO ACCEPT IT FOR
13 FILING UNDER SUBSECTION (A). HOWEVER, § 9-338 APPLIES TO A FILED FINANCING
14 STATEMENT PROVIDING INFORMATION DESCRIBED IN § 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 APPLIES AS
18 TO EACH DEBTOR SEPARATELY.

19 9-521. UNIFORM FORM OF WRITTEN FINANCING STATEMENT AND AMENDMENT.

20 A FILING OFFICE THAT ACCEPTS WRITTEN RECORDS MAY NOT REFUSE TO
21 ACCEPT A WRITTEN INITIAL FINANCING STATEMENT IN THE FORM AND FORMAT AS
22 PRODUCED FOR NATIONAL USE BY THE NATIONAL CONFERENCE OF
23 COMMISSIONERS ON UNIFORM STATE LAWS EXCEPT FOR A REASON SET FORTH IN §
24 9-516(B).

25 9-522. MAINTENANCE AND DESTRUCTION OF RECORDS.

26 (A) THE FILING OFFICE SHALL MAINTAIN A RECORD OF THE INFORMATION
27 PROVIDED IN A FILED FINANCING STATEMENT FOR AT LEAST ONE YEAR AFTER THE
28 EFFECTIVENESS OF THE FINANCING STATEMENT HAS LAPSED UNDER § 9-515 WITH
29 RESPECT TO ALL SECURED PARTIES OF RECORD. THE RECORD MUST BE
30 RETRIEVABLE BY USING THE NAME OF THE DEBTOR AND BY USING THE FILE
31 NUMBER ASSIGNED TO THE INITIAL FINANCING STATEMENT TO WHICH THE RECORD
32 RELATES.

33 (B) EXCEPT TO THE EXTENT THAT A STATUTE GOVERNING DISPOSITION OF
34 PUBLIC RECORDS PROVIDES OTHERWISE, THE FILING OFFICE IMMEDIATELY MAY
35 DESTROY ANY WRITTEN RECORD EVIDENCING A FINANCING STATEMENT. HOWEVER,
36 IF THE FILING OFFICE DESTROYS A WRITTEN RECORD, IT SHALL MAINTAIN
37 ANOTHER RECORD OF THE FINANCING STATEMENT WHICH COMPLIES WITH
38 SUBSECTION (A).

1 9-523. INFORMATION FROM FILING OFFICE; SALE OR LICENSE OF RECORDS.

2 (A) IF A PERSON THAT FILES A WRITTEN RECORD REQUESTS AN
3 ACKNOWLEDGMENT OF THE FILING, THE FILING OFFICE SHALL SEND TO THE
4 PERSON AN IMAGE OF THE RECORD SHOWING THE NUMBER ASSIGNED TO THE
5 RECORD PURSUANT TO § 9-519(A)(1) AND THE DATE AND TIME OF THE FILING OF THE
6 RECORD. HOWEVER, IF THE PERSON FURNISHES A COPY OF THE RECORD TO THE
7 FILING OFFICE, THE FILING OFFICE MAY INSTEAD:

8 (1) NOTE UPON THE COPY THE NUMBER ASSIGNED TO THE RECORD
9 PURSUANT TO § 9-519(A)(1) AND THE DATE AND TIME OF THE FILING OF THE RECORD;
10 AND

11 (2) SEND THE COPY TO THE PERSON.

12 (B) THE FILING OFFICE SHALL MAKE AVAILABLE TO THE GENERAL PUBLIC
13 RECORDS INDEXED BOTH IN THE NAMES OF DEBTORS AND BY UNIQUE FILE
14 NUMBERS, BASED UPON WHICH COPIES OF FILED RECORDS MAY BE OBTAINED.

15 (C) IN COMPLYING WITH ITS DUTY UNDER SUBSECTION (B), THE FILING
16 OFFICE MAY COMMUNICATE INFORMATION IN ANY MEDIUM.

17 9-524. RESERVED.

18 9-525. FEES.

19 (A) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (C), THE FEE FOR
20 FILING AND INDEXING A RECORD UNDER THIS PART, OTHER THAN AN INITIAL
21 FINANCING STATEMENT OF THE KIND DESCRIBED IN § 9-502(C), IS:

22 (1) \$20 IF THE RECORD IS COMMUNICATED IN WRITING AND CONSISTS
23 OF ONE OR TWO PAGES;

24 (2) \$75 IF THE RECORD IS COMMUNICATED IN WRITING AND CONSISTS
25 OF MORE THAN TWO PAGES; AND

26 (3) \$20 IF THE RECORD IS COMMUNICATED BY ANOTHER MEDIUM
27 AUTHORIZED BY FILING-OFFICE RULE.

28 (B) THE NUMBER OF NAMES REQUIRED TO BE INDEXED DOES NOT AFFECT
29 THE AMOUNT OF THE FEE IN SUBSECTION (A).

30 (C) THIS SECTION DOES NOT REQUIRE A FEE WITH RESPECT TO A RECORD OF
31 A MORTGAGE WHICH IS EFFECTIVE AS A FINANCING STATEMENT FILED AS A
32 FIXTURE FILING OR AS A FINANCING STATEMENT COVERING AS-EXTRACTED
33 COLLATERAL OR TIMBER TO BE CUT UNDER § 9-502(C). HOWEVER, THE RECORDING
34 AND SATISFACTION FEES THAT OTHERWISE WOULD BE APPLICABLE TO THE RECORD
35 OF THE MORTGAGE APPLY.

1 9-526. FILING-OFFICE RULES.

2 (A) THE DEPARTMENT SHALL ADOPT AND PUBLISH RULES TO IMPLEMENT
3 THIS SUBTITLE. THE FILING-OFFICE RULES MUST BE:

4 (1) CONSISTENT WITH THIS SUBTITLE; AND

5 (2) ADOPTED AND PUBLISHED IN ACCORDANCE WITH TITLE 10,
6 SUBTITLE 1 OF THE STATE GOVERNMENT ARTICLE.

7 (B) TO KEEP THE FILING-OFFICE RULES AND PRACTICES OF THE FILING
8 OFFICE IN HARMONY WITH THE RULES AND PRACTICES OF FILING OFFICES IN
9 OTHER JURISDICTIONS THAT ENACT SUBSTANTIALLY THIS SUBTITLE, AND TO KEEP
10 THE TECHNOLOGY USED BY THE FILING OFFICE COMPATIBLE WITH THE
11 TECHNOLOGY USED BY FILING OFFICES IN OTHER JURISDICTIONS THAT ENACT
12 SUBSTANTIALLY THIS SUBTITLE, THE DEPARTMENT, SO FAR AS IS CONSISTENT WITH
13 THE PURPOSES, POLICIES, AND PROVISIONS OF THIS TITLE, IN ADOPTING,
14 AMENDING, AND REPEALING FILING-OFFICE RULES, SHALL:

15 (1) CONSULT WITH FILING OFFICES IN OTHER JURISDICTIONS THAT
16 ENACT SUBSTANTIALLY THIS SUBTITLE;

17 (2) CONSULT THE MOST RECENT VERSION OF THE MODEL RULES
18 PROMULGATED BY THE INTERNATIONAL ASSOCIATION OF CORPORATE
19 ADMINISTRATORS OR ANY SUCCESSOR ORGANIZATION; AND

20 (3) TAKE INTO CONSIDERATION THE RULES AND PRACTICES OF, AND
21 THE TECHNOLOGY USED BY, FILING OFFICES IN OTHER JURISDICTIONS THAT ENACT
22 SUBSTANTIALLY THIS SUBTITLE.

23 SUBTITLE 6. DEFAULT.

24 9-601. RIGHTS AFTER DEFAULT; JUDICIAL ENFORCEMENT; CONSIGNOR OR BUYER
25 OF ACCOUNTS, CHATTEL PAPER, PAYMENT INTANGIBLES, OR PROMISSORY NOTES.

26 (A) AFTER DEFAULT, A SECURED PARTY HAS THE RIGHTS PROVIDED IN THIS
27 SUBTITLE AND, EXCEPT AS OTHERWISE PROVIDED IN § 9-602, THOSE PROVIDED BY
28 AGREEMENT OF THE PARTIES. A SECURED PARTY:

29 (1) MAY REDUCE A CLAIM TO JUDGMENT, FORECLOSE, OR OTHERWISE
30 ENFORCE THE CLAIM, SECURITY INTEREST, OR AGRICULTURAL LIEN BY ANY
31 AVAILABLE JUDICIAL PROCEDURE; AND

32 (2) IF THE COLLATERAL IS DOCUMENTS, MAY PROCEED EITHER AS TO
33 THE DOCUMENTS OR AS TO THE GOODS THEY COVER.

34 (B) A SECURED PARTY IN POSSESSION OF COLLATERAL OR CONTROL OF
35 COLLATERAL UNDER § 9-104, § 9-105, § 9-106, OR § 9-107 HAS THE RIGHTS AND DUTIES
36 PROVIDED IN § 9-207.

1 (C) THE RIGHTS UNDER SUBSECTIONS (A) AND (B) ARE CUMULATIVE AND MAY
2 BE EXERCISED SIMULTANEOUSLY.

3 (D) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (G) AND § 9-605, AFTER
4 DEFAULT, A DEBTOR AND AN OBLIGOR HAVE THE RIGHTS PROVIDED IN THIS
5 SUBTITLE AND BY AGREEMENT OF THE PARTIES.

6 (E) IF A SECURED PARTY HAS REDUCED ITS CLAIM TO JUDGMENT, THE LIEN
7 OF ANY LEVY THAT MAY BE MADE UPON THE COLLATERAL BY VIRTUE OF AN
8 EXECUTION BASED UPON THE JUDGMENT RELATES BACK TO THE EARLIEST OF:

9 (1) THE DATE OF PERFECTION OF THE SECURITY INTEREST OR
10 AGRICULTURAL LIEN IN THE COLLATERAL;

11 (2) THE DATE OF FILING A FINANCING STATEMENT COVERING THE
12 COLLATERAL; OR

13 (3) ANY DATE SPECIFIED IN A STATUTE UNDER WHICH THE
14 AGRICULTURAL LIEN WAS CREATED.

15 (F) A SALE PURSUANT TO AN EXECUTION IS A FORECLOSURE OF THE
16 SECURITY INTEREST OR AGRICULTURAL LIEN BY JUDICIAL PROCEDURE WITHIN THE
17 MEANING OF THIS SECTION. A SECURED PARTY MAY PURCHASE AT THE SALE AND
18 THEREAFTER HOLD THE COLLATERAL FREE OF ANY OTHER REQUIREMENTS OF THIS
19 TITLE.

20 (G) EXCEPT AS OTHERWISE PROVIDED IN § 9-607(C), THIS SUBTITLE IMPOSES
21 NO DUTIES UPON A SECURED PARTY THAT IS A CONSIGNOR OR IS A BUYER OF
22 ACCOUNTS, CHATTEL PAPER, PAYMENT INTANGIBLES, OR PROMISSORY NOTES.

23 9-602. WAIVER AND VARIANCE OF RIGHTS AND DUTIES.

24 EXCEPT AS OTHERWISE PROVIDED IN § 9-624, TO THE EXTENT THAT THEY GIVE
25 RIGHTS TO A DEBTOR OR OBLIGOR AND IMPOSE DUTIES ON A SECURED PARTY, THE
26 DEBTOR OR OBLIGOR MAY NOT WAIVE OR VARY THE RULES STATED IN THE
27 FOLLOWING LISTED SECTIONS:

28 (1) § 9-207(B)(4)(C), WHICH DEALS WITH USE AND OPERATION OF THE
29 COLLATERAL BY THE SECURED PARTY;

30 (2) § 9-210, WHICH DEALS WITH REQUESTS FOR AN ACCOUNTING AND
31 REQUESTS CONCERNING A LIST OF COLLATERAL AND STATEMENT OF ACCOUNT;

32 (3) § 9-607(C), WHICH DEALS WITH COLLECTION AND ENFORCEMENT OF
33 COLLATERAL;

34 (4) §§ 9-608(A) AND 9-615(C) TO THE EXTENT THAT THEY DEAL WITH
35 APPLICATION OR PAYMENT OF NONCASH PROCEEDS OF COLLECTION,
36 ENFORCEMENT, OR DISPOSITION;

1 (5) §§ 9-608(A) AND 9-615(D) TO THE EXTENT THAT THEY REQUIRE
2 ACCOUNTING FOR OR PAYMENT OF SURPLUS PROCEEDS OF COLLATERAL;

3 (6) § 9-609 TO THE EXTENT THAT IT IMPOSES UPON A SECURED PARTY
4 THAT TAKES POSSESSION OF COLLATERAL WITHOUT JUDICIAL PROCESS THE DUTY
5 TO DO SO WITHOUT BREACH OF THE PEACE;

6 (7) §§ 9-610(B), 9-611, 9-613, AND 9-614, WHICH DEAL WITH DISPOSITION
7 OF COLLATERAL;

8 (8) § 9-615(F), WHICH DEALS WITH CALCULATION OF A DEFICIENCY OR
9 SURPLUS WHEN A DISPOSITION IS MADE TO THE SECURED PARTY, A PERSON
10 RELATED TO THE SECURED PARTY, OR A SECONDARY OBLIGOR;

11 (9) § 9-616, WHICH DEALS WITH EXPLANATION OF THE CALCULATION OF
12 A SURPLUS OR DEFICIENCY;

13 (10) §§ 9-620, 9-621, AND 9-622, WHICH DEAL WITH ACCEPTANCE OF
14 COLLATERAL IN SATISFACTION OF OBLIGATION;

15 (11) § 9-623, WHICH DEALS WITH REDEMPTION OF COLLATERAL;

16 (12) § 9-624, WHICH DEALS WITH PERMISSIBLE WAIVERS; AND

17 (13) §§ 9-625 AND 9-626, WHICH DEAL WITH THE SECURED PARTY'S
18 LIABILITY FOR FAILURE TO COMPLY WITH THIS ARTICLE.

19 9-603. AGREEMENT ON STANDARDS CONCERNING RIGHTS AND DUTIES.

20 (A) THE PARTIES MAY DETERMINE BY AGREEMENT THE STANDARDS
21 MEASURING THE FULFILLMENT OF THE RIGHTS OF A DEBTOR OR OBLIGOR AND THE
22 DUTIES OF A SECURED PARTY UNDER A RULE STATED IN § 9-602 IF THE STANDARDS
23 ARE NOT MANIFESTLY UNREASONABLE.

24 (B) SUBSECTION (A) DOES NOT APPLY TO THE DUTY UNDER § 9-609 TO
25 REFRAIN FROM BREACHING THE PEACE.

26 9-604. PROCEDURE IF SECURITY AGREEMENT COVERS REAL PROPERTY OR
27 FIXTURES.

28 (A) IF A SECURITY AGREEMENT COVERS BOTH PERSONAL AND REAL
29 PROPERTY, A SECURED PARTY MAY PROCEED:

30 (1) UNDER THIS SUBTITLE AS TO THE PERSONAL PROPERTY WITHOUT
31 PREJUDICING ANY RIGHTS WITH RESPECT TO THE REAL PROPERTY; OR

32 (2) AS TO BOTH THE PERSONAL PROPERTY AND THE REAL PROPERTY IN
33 ACCORDANCE WITH THE RIGHTS WITH RESPECT TO THE REAL PROPERTY, IN WHICH
34 CASE THE OTHER PROVISIONS OF THIS SUBTITLE DO NOT APPLY.

1 (B) SUBJECT TO SUBSECTION (C), IF A SECURITY AGREEMENT COVERS GOODS
2 THAT ARE OR BECOME FIXTURES, A SECURED PARTY MAY PROCEED:

3 (1) UNDER THIS SUBTITLE; OR

4 (2) IN ACCORDANCE WITH THE RIGHTS WITH RESPECT TO REAL
5 PROPERTY, IN WHICH CASE THE OTHER PROVISIONS OF THIS SUBTITLE DO NOT
6 APPLY.

7 (C) SUBJECT TO THE OTHER PROVISIONS OF THIS SUBTITLE, IF A SECURED
8 PARTY HOLDING A SECURITY INTEREST IN FIXTURES HAS PRIORITY OVER ALL
9 OWNERS AND ENCUMBRANCERS OF THE REAL PROPERTY, THE SECURED PARTY,
10 AFTER DEFAULT, MAY REMOVE THE COLLATERAL FROM THE REAL PROPERTY.

11 (D) A SECURED PARTY THAT REMOVES COLLATERAL SHALL PROMPTLY
12 REIMBURSE ANY ENCUMBRANCER OR OWNER OF THE REAL PROPERTY, OTHER THAN
13 THE DEBTOR, FOR THE COST OF REPAIR OF ANY PHYSICAL INJURY CAUSED BY THE
14 REMOVAL. THE SECURED PARTY NEED NOT REIMBURSE THE ENCUMBRANCER OR
15 OWNER FOR ANY DIMINUTION IN VALUE OF THE REAL PROPERTY CAUSED BY THE
16 ABSENCE OF THE GOODS REMOVED OR BY ANY NECESSITY OF REPLACING THEM. A
17 PERSON ENTITLED TO REIMBURSEMENT MAY REFUSE PERMISSION TO REMOVE
18 UNTIL THE SECURED PARTY GIVES ADEQUATE ASSURANCE FOR THE PERFORMANCE
19 OF THE OBLIGATION TO REIMBURSE.

20 9-605. UNKNOWN DEBTOR OR SECONDARY OBLIGOR.

21 A SECURED PARTY DOES NOT OWE A DUTY BASED ON ITS STATUS AS SECURED
22 PARTY:

23 (1) TO A PERSON THAT IS A DEBTOR OR OBLIGOR, UNLESS THE SECURED
24 PARTY KNOWS:

25 (A) THAT THE PERSON IS A DEBTOR OR OBLIGOR;

26 (B) THE IDENTITY OF THE PERSON; AND

27 (C) HOW TO COMMUNICATE WITH THE PERSON; OR

28 (2) TO A SECURED PARTY OR LIENHOLDER THAT HAS FILED A
29 FINANCING STATEMENT AGAINST A PERSON, UNLESS THE SECURED PARTY KNOWS:

30 (A) THAT THE PERSON IS A DEBTOR; AND

31 (B) THE IDENTITY OF THE PERSON.

32 9-606. TIME OF DEFAULT FOR AGRICULTURAL LIEN.

33 FOR PURPOSES OF THIS SUBTITLE, A DEFAULT OCCURS IN CONNECTION WITH
34 AN AGRICULTURAL LIEN AT THE TIME THE SECURED PARTY BECOMES ENTITLED TO
35 ENFORCE THE LIEN IN ACCORDANCE WITH THE STATUTE UNDER WHICH IT WAS
36 CREATED.

1 9-607. COLLECTION AND ENFORCEMENT BY SECURED PARTY.

2 (A) IF SO AGREED, AND IN ANY EVENT AFTER DEFAULT, A SECURED PARTY:

3 (1) MAY NOTIFY AN ACCOUNT DEBTOR OR OTHER PERSON OBLIGATED
4 ON COLLATERAL TO MAKE PAYMENT OR OTHERWISE RENDER PERFORMANCE TO OR
5 FOR THE BENEFIT OF THE SECURED PARTY;

6 (2) MAY TAKE ANY PROCEEDS TO WHICH THE SECURED PARTY IS
7 ENTITLED UNDER § 9-315;

8 (3) MAY ENFORCE THE OBLIGATIONS OF AN ACCOUNT DEBTOR OR
9 OTHER PERSON OBLIGATED ON COLLATERAL AND EXERCISE THE RIGHTS OF THE
10 DEBTOR WITH RESPECT TO THE OBLIGATION OF THE ACCOUNT DEBTOR OR OTHER
11 PERSON OBLIGATED ON COLLATERAL TO MAKE PAYMENT OR OTHERWISE RENDER
12 PERFORMANCE TO THE DEBTOR, AND WITH RESPECT TO ANY PROPERTY THAT
13 SECURES THE OBLIGATIONS OF THE ACCOUNT DEBTOR OR OTHER PERSON
14 OBLIGATED ON THE COLLATERAL;

15 (4) IF IT HOLDS A SECURITY INTEREST IN A DEPOSIT ACCOUNT
16 PERFECTED BY CONTROL UNDER § 9-104(A)(1), MAY APPLY THE BALANCE OF THE
17 DEPOSIT ACCOUNT TO THE OBLIGATION SECURED BY THE DEPOSIT ACCOUNT; AND

18 (5) IF IT HOLDS A SECURITY INTEREST IN A DEPOSIT ACCOUNT
19 PERFECTED BY CONTROL UNDER § 9-104(A)(2) OR (3), MAY INSTRUCT THE BANK TO
20 PAY THE BALANCE OF THE DEPOSIT ACCOUNT TO OR FOR THE BENEFIT OF THE
21 SECURED PARTY.

22 (B) IF NECESSARY TO ENABLE A SECURED PARTY TO EXERCISE UNDER
23 SUBSECTION (A)(3) THE RIGHT OF A DEBTOR TO ENFORCE A MORTGAGE
24 NONJUDICIALLY, THE SECURED PARTY MAY RECORD IN THE OFFICE IN WHICH A
25 RECORD OF THE MORTGAGE IS RECORDED:

26 (1) A COPY OF THE SECURITY AGREEMENT THAT CREATES OR PROVIDES
27 FOR A SECURITY INTEREST IN THE OBLIGATION SECURED BY THE MORTGAGE; AND

28 (2) THE SECURED PARTY'S SWORN AFFIDAVIT IN RECORDABLE FORM
29 STATING THAT:

30 (A) A DEFAULT HAS OCCURRED; AND

31 (B) THE SECURED PARTY IS ENTITLED TO ENFORCE THE
32 MORTGAGE NONJUDICIALLY.

33 (C) A SECURED PARTY SHALL PROCEED IN A COMMERCIALY REASONABLE
34 MANNER IF THE SECURED PARTY:

35 (1) UNDERTAKES TO COLLECT FROM OR ENFORCE AN OBLIGATION OF
36 AN ACCOUNT DEBTOR OR OTHER PERSON OBLIGATED ON COLLATERAL; AND

1 (2) IS ENTITLED TO CHARGE BACK UNCOLLECTED COLLATERAL OR
2 OTHERWISE TO FULL OR LIMITED RECOURSE AGAINST THE DEBTOR OR A
3 SECONDARY OBLIGOR.

4 (D) A SECURED PARTY MAY DEDUCT FROM THE COLLECTIONS MADE
5 PURSUANT TO SUBSECTION (C) REASONABLE EXPENSES OF COLLECTION AND
6 ENFORCEMENT, INCLUDING REASONABLE ATTORNEY'S FEES AND LEGAL EXPENSES
7 INCURRED BY THE SECURED PARTY.

8 (E) THIS SECTION DOES NOT DETERMINE WHETHER AN ACCOUNT DEBTOR,
9 BANK, OR OTHER PERSON OBLIGATED ON COLLATERAL OWES A DUTY TO A SECURED
10 PARTY.

11 9-608. APPLICATION OF PROCEEDS OF COLLECTION OR ENFORCEMENT; LIABILITY
12 FOR DEFICIENCY AND RIGHT TO SURPLUS.

13 (A) IF A SECURITY INTEREST OR AGRICULTURAL LIEN SECURES PAYMENT OR
14 PERFORMANCE OF AN OBLIGATION, THE FOLLOWING RULES APPLY:

15 (1) A SECURED PARTY SHALL APPLY OR PAY OVER FOR APPLICATION
16 THE CASH PROCEEDS OF COLLECTION OR ENFORCEMENT UNDER THIS SECTION IN
17 THE FOLLOWING ORDER TO:

18 (A) THE REASONABLE EXPENSES OF COLLECTION AND
19 ENFORCEMENT AND, TO THE EXTENT PROVIDED FOR BY AGREEMENT AND NOT
20 PROHIBITED BY LAW, REASONABLE ATTORNEY'S FEES AND LEGAL EXPENSES
21 INCURRED BY THE SECURED PARTY;

22 (B) THE SATISFACTION OF OBLIGATIONS SECURED BY THE
23 SECURITY INTEREST OR AGRICULTURAL LIEN UNDER WHICH THE COLLECTION OR
24 ENFORCEMENT IS MADE; AND

25 (C) THE SATISFACTION OF OBLIGATIONS SECURED BY ANY
26 SUBORDINATE SECURITY INTEREST IN OR OTHER LIEN ON THE COLLATERAL
27 SUBJECT TO THE SECURITY INTEREST OR AGRICULTURAL LIEN UNDER WHICH THE
28 COLLECTION OR ENFORCEMENT IS MADE IF THE SECURED PARTY RECEIVES AN
29 AUTHENTICATED DEMAND FOR PROCEEDS BEFORE DISTRIBUTION OF THE
30 PROCEEDS IS COMPLETED.

31 (2) IF REQUESTED BY A SECURED PARTY, A HOLDER OF A SUBORDINATE
32 SECURITY INTEREST OR OTHER LIEN SHALL FURNISH REASONABLE PROOF OF THE
33 INTEREST OR LIEN WITHIN A REASONABLE TIME. UNLESS THE HOLDER COMPLIES,
34 THE SECURED PARTY NEED NOT COMPLY WITH THE HOLDER'S DEMAND UNDER
35 PARAGRAPH (1)(C).

36 (3) A SECURED PARTY NEED NOT APPLY OR PAY OVER FOR APPLICATION
37 NONCASH PROCEEDS OF COLLECTION AND ENFORCEMENT UNDER THIS SECTION
38 UNLESS THE FAILURE TO DO SO WOULD BE COMMERCIALY UNREASONABLE. A
39 SECURED PARTY THAT APPLIES OR PAYS OVER FOR APPLICATION NONCASH
40 PROCEEDS SHALL DO SO IN A COMMERCIALY REASONABLE MANNER.

1 (4) A SECURED PARTY SHALL ACCOUNT TO AND PAY A DEBTOR FOR ANY
2 SURPLUS, AND THE OBLIGOR IS LIABLE FOR ANY DEFICIENCY.

3 (B) IF THE UNDERLYING TRANSACTION IS A SALE OF ACCOUNTS, CHATTEL
4 PAPER, PAYMENT INTANGIBLES, OR PROMISSORY NOTES, THE DEBTOR IS NOT
5 ENTITLED TO ANY SURPLUS, AND THE OBLIGOR IS NOT LIABLE FOR ANY
6 DEFICIENCY.

7 9-609. SECURED PARTY'S RIGHT TO TAKE POSSESSION AFTER DEFAULT.

8 (A) AFTER DEFAULT, A SECURED PARTY:

9 (1) MAY TAKE POSSESSION OF THE COLLATERAL; AND

10 (2) WITHOUT REMOVAL, MAY RENDER EQUIPMENT UNUSABLE AND
11 DISPOSE OF COLLATERAL ON A DEBTOR'S PREMISES UNDER § 9-610.

12 (B) A SECURED PARTY MAY PROCEED UNDER SUBSECTION (A):

13 (1) PURSUANT TO JUDICIAL PROCESS; OR

14 (2) WITHOUT JUDICIAL PROCESS, IF IT PROCEEDS WITHOUT BREACH OF
15 THE PEACE.

16 (C) IF SO AGREED, AND IN ANY EVENT AFTER DEFAULT, A SECURED PARTY
17 MAY REQUIRE THE DEBTOR TO ASSEMBLE THE COLLATERAL AND MAKE IT
18 AVAILABLE TO THE SECURED PARTY AT A PLACE TO BE DESIGNATED BY THE
19 SECURED PARTY WHICH IS REASONABLY CONVENIENT TO BOTH PARTIES.

20 9-610. DISPOSITION OF COLLATERAL AFTER DEFAULT.

21 (A) AFTER DEFAULT, A SECURED PARTY MAY SELL, LEASE, LICENSE, OR
22 OTHERWISE DISPOSE OF ANY OR ALL OF THE COLLATERAL IN ITS PRESENT
23 CONDITION OR FOLLOWING ANY COMMERCIALY REASONABLE PREPARATION OR
24 PROCESSING.

25 (B) EVERY ASPECT OF A DISPOSITION OF COLLATERAL, INCLUDING THE
26 METHOD, MANNER, TIME, PLACE, AND OTHER TERMS, MUST BE COMMERCIALY
27 REASONABLE. IF COMMERCIALY REASONABLE, A SECURED PARTY MAY DISPOSE OF
28 COLLATERAL BY PUBLIC OR PRIVATE PROCEEDINGS, BY ONE OR MORE CONTRACTS,
29 AS A UNIT OR IN PARCELS, AND AT ANY TIME AND PLACE AND ON ANY TERMS.

30 (C) A SECURED PARTY MAY PURCHASE COLLATERAL:

31 (1) AT A PUBLIC DISPOSITION; OR

32 (2) AT A PRIVATE DISPOSITION ONLY IF THE COLLATERAL IS OF A KIND
33 THAT IS CUSTOMARILY SOLD ON A RECOGNIZED MARKET OR THE SUBJECT OF
34 WIDELY DISTRIBUTED STANDARD PRICE QUOTATIONS.

1 (D) A CONTRACT FOR SALE, LEASE, LICENSE, OR OTHER DISPOSITION
2 INCLUDES THE WARRANTIES RELATING TO TITLE, POSSESSION, QUIET ENJOYMENT,
3 AND THE LIKE WHICH BY OPERATION OF LAW ACCOMPANY A VOLUNTARY
4 DISPOSITION OF PROPERTY OF THE KIND SUBJECT TO THE CONTRACT.

5 (E) A SECURED PARTY MAY DISCLAIM OR MODIFY WARRANTIES UNDER
6 SUBSECTION (D):

7 (1) IN A MANNER THAT WOULD BE EFFECTIVE TO DISCLAIM OR MODIFY
8 THE WARRANTIES IN A VOLUNTARY DISPOSITION OF PROPERTY OF THE KIND
9 SUBJECT TO THE CONTRACT OF DISPOSITION; OR

10 (2) BY COMMUNICATING TO THE PURCHASER A RECORD EVIDENCING
11 THE CONTRACT FOR DISPOSITION AND INCLUDING AN EXPRESS DISCLAIMER OR
12 MODIFICATION OF THE WARRANTIES.

13 (F) A RECORD IS SUFFICIENT TO DISCLAIM WARRANTIES UNDER SUBSECTION
14 (E) IF IT INDICATES "THERE IS NO WARRANTY RELATING TO TITLE, POSSESSION,
15 QUIET ENJOYMENT, OR THE LIKE IN THIS DISPOSITION" OR USES WORDS OF SIMILAR
16 IMPORT.

17 9-611. NOTIFICATION BEFORE DISPOSITION OF COLLATERAL.

18 (A) IN THIS SECTION, "NOTIFICATION DATE" MEANS THE EARLIER OF THE
19 DATE ON WHICH:

20 (1) A SECURED PARTY SENDS TO THE DEBTOR AND ANY SECONDARY
21 OBLIGOR AN AUTHENTICATED NOTIFICATION OF DISPOSITION; OR

22 (2) THE DEBTOR AND ANY SECONDARY OBLIGOR WAIVE THE RIGHT TO
23 NOTIFICATION.

24 (B) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (D), A SECURED PARTY
25 THAT DISPOSES OF COLLATERAL UNDER § 9-610 SHALL SEND TO THE PERSONS
26 SPECIFIED IN SUBSECTION (C) A REASONABLE AUTHENTICATED NOTIFICATION OF
27 DISPOSITION.

28 (C) TO COMPLY WITH SUBSECTION (B), THE SECURED PARTY SHALL SEND AN
29 AUTHENTICATED NOTIFICATION OF DISPOSITION TO:

30 (1) THE DEBTOR;

31 (2) ANY SECONDARY OBLIGOR; AND

32 (3) IF THE COLLATERAL IS OTHER THAN CONSUMER GOODS:

33 (A) ANY OTHER PERSON FROM WHICH THE SECURED PARTY HAS
34 RECEIVED, BEFORE THE NOTIFICATION DATE, AN AUTHENTICATED NOTIFICATION
35 OF A CLAIM OF AN INTEREST IN THE COLLATERAL;

1 (B) ANY OTHER SECURED PARTY OR LIENHOLDER THAT, 10 DAYS
2 BEFORE THE NOTIFICATION DATE, HELD A SECURITY INTEREST IN OR OTHER LIEN
3 ON THE COLLATERAL PERFECTED BY THE FILING OF A FINANCING STATEMENT
4 THAT:

5 (I) IDENTIFIED THE COLLATERAL;

6 (II) WAS INDEXED UNDER THE DEBTOR'S NAME AS OF THAT
7 DATE; AND

8 (III) WAS FILED IN THE OFFICE IN WHICH TO FILE A
9 FINANCING STATEMENT AGAINST THE DEBTOR COVERING THE COLLATERAL AS OF
10 THAT DATE; AND

11 (C) ANY OTHER SECURED PARTY THAT, 10 DAYS BEFORE THE
12 NOTIFICATION DATE, HELD A SECURITY INTEREST IN THE COLLATERAL PERFECTED
13 BY COMPLIANCE WITH A STATUTE, REGULATION, OR TREATY DESCRIBED IN §
14 9-311(A).

15 (D) SUBSECTION (B) DOES NOT APPLY IF THE COLLATERAL IS PERISHABLE OR
16 THREATENS TO DECLINE SPEEDILY IN VALUE OR IS OF A TYPE CUSTOMARILY SOLD
17 ON A RECOGNIZED MARKET.

18 (E) A SECURED PARTY COMPLIES WITH THE REQUIREMENT FOR
19 NOTIFICATION PRESCRIBED IN SUBSECTION (C)(3)(B) IF:

20 (1) NOT LATER THAN 20 DAYS OR EARLIER THAN 30 DAYS BEFORE THE
21 NOTIFICATION DATE, THE SECURED PARTY REQUESTS, IN A COMMERCIALY
22 REASONABLE MANNER, INFORMATION CONCERNING FINANCING STATEMENTS
23 INDEXED UNDER THE DEBTOR'S NAME IN THE OFFICE INDICATED IN SUBSECTION
24 (C)(3)(B); AND

25 (2) BEFORE THE NOTIFICATION DATE, THE SECURED PARTY:

26 (A) DID NOT RECEIVE A RESPONSE TO THE REQUEST FOR
27 INFORMATION; OR

28 (B) RECEIVED A RESPONSE TO THE REQUEST FOR INFORMATION
29 AND SENT AN AUTHENTICATED NOTIFICATION OF DISPOSITION TO EACH SECURED
30 PARTY NAMED IN THAT RESPONSE WHOSE FINANCING STATEMENT COVERED THE
31 COLLATERAL.

32 9-612. TIMELINESS OF NOTIFICATION BEFORE DISPOSITION OF COLLATERAL.

33 (A) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (B), WHETHER A
34 NOTIFICATION IS SENT WITHIN A REASONABLE TIME IS A QUESTION OF FACT.

35 (B) A NOTIFICATION OF DISPOSITION SENT AFTER DEFAULT AND 10 DAYS OR
36 MORE BEFORE THE EARLIEST TIME OF DISPOSITION SET FORTH IN THE
37 NOTIFICATION IS SENT WITHIN A REASONABLE TIME BEFORE THE DISPOSITION.

1 9-613. CONTENTS AND FORM OF NOTIFICATION BEFORE DISPOSITION OF
2 COLLATERAL: GENERAL.

3 EXCEPT IN A CONSUMER-GOODS TRANSACTION, THE FOLLOWING RULES
4 APPLY:

5 (1) THE CONTENTS OF A NOTIFICATION OF DISPOSITION ARE
6 SUFFICIENT IF THE NOTIFICATION:

7 (A) DESCRIBES THE DEBTOR AND THE SECURED PARTY;

8 (B) DESCRIBES THE COLLATERAL THAT IS THE SUBJECT OF THE
9 INTENDED DISPOSITION;

10 (C) STATES THE METHOD OF INTENDED DISPOSITION;

11 (D) STATES THAT THE DEBTOR IS ENTITLED TO AN ACCOUNTING
12 OF THE UNPAID INDEBTEDNESS AND STATES THE CHARGE, IF ANY, FOR AN
13 ACCOUNTING; AND

14 (E) STATES THE TIME AND PLACE OF A PUBLIC SALE OR THE TIME
15 AFTER WHICH ANY OTHER DISPOSITION IS TO BE MADE.

16 (2) WHETHER THE CONTENTS OF A NOTIFICATION THAT LACKS ANY OF
17 THE INFORMATION SPECIFIED IN PARAGRAPH (1) ARE NEVERTHELESS SUFFICIENT
18 IS A QUESTION OF FACT.

19 (3) THE CONTENTS OF A NOTIFICATION PROVIDING SUBSTANTIALLY
20 THE INFORMATION SPECIFIED IN PARAGRAPH (1) ARE SUFFICIENT, EVEN IF THE
21 NOTIFICATION INCLUDES:

22 (A) INFORMATION NOT SPECIFIED BY THAT PARAGRAPH; OR

23 (B) MINOR ERRORS THAT ARE NOT SERIOUSLY MISLEADING.

24 (4) A PARTICULAR PHRASING OF THE NOTIFICATION IS NOT REQUIRED.

25 (5) THE FOLLOWING FORM OF NOTIFICATION AND THE FORM
26 APPEARING IN § 9-614(3), WHEN COMPLETED, EACH PROVIDES SUFFICIENT
27 INFORMATION:

28 NOTIFICATION OF DISPOSITION OF COLLATERAL

29 TO: (NAME OF DEBTOR, OBLIGOR, OR OTHER PERSON TO WHICH THE
30 NOTIFICATION IS SENT)

31 FROM: (NAME, ADDRESS, AND TELEPHONE NUMBER OF SECURED PARTY)

32 NAME OF DEBTOR(S): (INCLUDE ONLY IF DEBTOR(S) IS NOT AN ADDRESSEE)

33 (FOR A PUBLIC DISPOSITION:)

1 WE WILL SELL (OR LEASE OR LICENSE, AS APPLICABLE) THE (DESCRIBE
2 COLLATERAL) (TO THE HIGHEST QUALIFIED BIDDER) IN PUBLIC AS FOLLOWS:

3 DAY AND DATE:

4 TIME:

5 PLACE:

6 (FOR A PRIVATE DISPOSITION:)

7 WE WILL SELL (OR LEASE OR LICENSE, AS APPLICABLE) THE (DESCRIBE
8 COLLATERAL) PRIVATELY SOME TIME AFTER (DAY AND DATE).

9 YOU ARE ENTITLED TO AN ACCOUNTING OF THE UNPAID INDEBTEDNESS
10 SECURED BY THE PROPERTY THAT WE INTEND TO SELL (OR LEASE OR LICENSE, AS
11 APPLICABLE) (FOR A CHARGE OF \$). YOU MAY REQUEST AN ACCOUNTING BY
12 CALLING US AT (TELEPHONE NUMBER).

13 9-614. CONTENTS AND FORM OF NOTIFICATION BEFORE DISPOSITION OF
14 COLLATERAL: CONSUMER-GOODS TRANSACTION.

15 IN A CONSUMER-GOODS TRANSACTION, THE FOLLOWING RULES APPLY:

16 (1) A NOTIFICATION OF DISPOSITION MUST PROVIDE THE FOLLOWING
17 INFORMATION:

18 (A) THE INFORMATION SPECIFIED IN § 9-613(1);

19 (B) A DESCRIPTION OF ANY LIABILITY FOR A DEFICIENCY OF THE
20 PERSON TO WHICH THE NOTIFICATION IS SENT;

21 (C) A TELEPHONE NUMBER FROM WHICH THE AMOUNT THAT
22 MUST BE PAID TO THE SECURED PARTY TO REDEEM THE COLLATERAL UNDER § 9-623
23 IS AVAILABLE; AND

24 (D) A TELEPHONE NUMBER OR MAILING ADDRESS FROM WHICH
25 ADDITIONAL INFORMATION CONCERNING THE DISPOSITION AND THE OBLIGATION
26 SECURED IS AVAILABLE.

27 (2) A PARTICULAR PHRASING OF THE NOTIFICATION IS NOT REQUIRED.

28 (3) THE FOLLOWING FORM OF NOTIFICATION, WHEN COMPLETED,
29 PROVIDES SUFFICIENT INFORMATION:

30 (NAME AND ADDRESS OF SECURED PARTY)

31 (DATE)

1 NOTICE OF OUR PLAN TO SELL PROPERTY

2 (NAME AND ADDRESS OF ANY OBLIGOR WHO IS ALSO A DEBTOR)

3 SUBJECT: (IDENTIFICATION OF TRANSACTION)

4 WE HAVE YOUR (DESCRIBE COLLATERAL), BECAUSE YOU BROKE PROMISES IN OUR
5 AGREEMENT.

6 (FOR A PUBLIC DISPOSITION:)

7 WE WILL SELL (DESCRIBE COLLATERAL) AT PUBLIC SALE. A SALE COULD INCLUDE
8 A LEASE OR LICENSE. THE SALE WILL BE HELD AS FOLLOWS:

9 DATE:

10 TIME:

11 PLACE:

12 YOU MAY ATTEND THE SALE AND BRING BIDDERS IF YOU WANT.

13 (FOR A PRIVATE DISPOSITION:)

14 WE WILL SELL (DESCRIBE COLLATERAL) AT PRIVATE SALE SOMETIME AFTER
15 (DATE). A SALE COULD INCLUDE A LEASE OR LICENSE.16 THE MONEY THAT WE GET FROM THE SALE (AFTER PAYING OUR COSTS) WILL
17 REDUCE THE AMOUNT YOU OWE. IF WE GET LESS MONEY THAN YOU OWE, YOU (WILL
18 OR WILL NOT, AS APPLICABLE) STILL OWE US THE DIFFERENCE. IF WE GET MORE
19 MONEY THAN YOU OWE, YOU WILL GET THE EXTRA MONEY, UNLESS WE MUST PAY IT
20 TO SOMEONE ELSE.21 YOU CAN GET THE PROPERTY BACK AT ANY TIME BEFORE WE SELL IT BY PAYING US
22 THE FULL AMOUNT YOU OWE (NOT JUST THE PAST DUE PAYMENTS), INCLUDING OUR
23 EXPENSES. TO LEARN THE EXACT AMOUNT YOU MUST PAY, CALL US AT (TELEPHONE
24 NUMBER).25 IF YOU WANT US TO EXPLAIN TO YOU IN WRITING HOW WE HAVE FIGURED THE
26 AMOUNT THAT YOU OWE US, YOU MAY CALL US AT (TELEPHONE NUMBER) OR
27 WRITE US AT (SECURED PARTY'S ADDRESS) AND REQUEST A WRITTEN
28 EXPLANATION. (WE WILL CHARGE YOU \$ FOR THE EXPLANATION IF WE SENT YOU
29 ANOTHER WRITTEN EXPLANATION OF THE AMOUNT YOU OWE US WITHIN THE LAST
30 SIX MONTHS.)31 IF YOU NEED MORE INFORMATION ABOUT THE SALE CALL US AT (TELEPHONE
32 NUMBER) OR WRITE US AT (SECURED PARTY'S ADDRESS).33 WE ARE SENDING THIS NOTICE TO THE FOLLOWING OTHER PEOPLE WHO HAVE AN
34 INTEREST IN (DESCRIBE COLLATERAL) OR WHO OWE MONEY UNDER YOUR
35 AGREEMENT:

1 (NAMES OF ALL OTHER DEBTORS AND OBLIGORS, IF ANY).

2 (4) A NOTIFICATION IN THE FORM OF PARAGRAPH (3) IS SUFFICIENT,
3 EVEN IF ADDITIONAL INFORMATION APPEARS AT THE END OF THE FORM.

4 (5) A NOTIFICATION IN THE FORM OF PARAGRAPH (3) IS SUFFICIENT,
5 EVEN IF IT INCLUDES ERRORS IN INFORMATION NOT REQUIRED BY PARAGRAPH (1),
6 UNLESS THE ERROR IS MISLEADING WITH RESPECT TO RIGHTS ARISING UNDER THIS
7 ARTICLE.

8 (6) IF A NOTIFICATION UNDER THIS SECTION IS NOT IN THE FORM OF
9 PARAGRAPH (3), LAW OTHER THAN THIS ARTICLE DETERMINES THE EFFECT OF
10 INCLUDING INFORMATION NOT REQUIRED BY PARAGRAPH (1).

11 9-615. APPLICATION OF PROCEEDS OF DISPOSITION; LIABILITY FOR DEFICIENCY
12 AND RIGHT TO SURPLUS.

13 (A) A SECURED PARTY SHALL APPLY OR PAY OVER FOR APPLICATION THE
14 CASH PROCEEDS OF DISPOSITION IN THE FOLLOWING ORDER TO:

15 (1) THE REASONABLE EXPENSES OF RETAKING, HOLDING, PREPARING
16 FOR DISPOSITION, PROCESSING, AND DISPOSING, AND, TO THE EXTENT PROVIDED
17 FOR BY AGREEMENT AND NOT PROHIBITED BY LAW, REASONABLE ATTORNEY'S FEES
18 AND LEGAL EXPENSES INCURRED BY THE SECURED PARTY;

19 (2) THE SATISFACTION OF OBLIGATIONS SECURED BY THE SECURITY
20 INTEREST OR AGRICULTURAL LIEN UNDER WHICH THE DISPOSITION IS MADE;

21 (3) THE SATISFACTION OF OBLIGATIONS SECURED BY ANY
22 SUBORDINATE SECURITY INTEREST IN OR OTHER SUBORDINATE LIEN ON THE
23 COLLATERAL IF:

24 (A) THE SECURED PARTY RECEIVES FROM THE HOLDER OF THE
25 SUBORDINATE SECURITY INTEREST OR OTHER LIEN AN AUTHENTICATED DEMAND
26 FOR PROCEEDS BEFORE DISTRIBUTION OF THE PROCEEDS IS COMPLETED; AND

27 (B) IN A CASE IN WHICH A CONSIGNOR HAS AN INTEREST IN THE
28 COLLATERAL, THE SUBORDINATE SECURITY INTEREST OR OTHER LIEN IS SENIOR TO
29 THE INTEREST OF THE CONSIGNOR; AND

30 (4) A SECURED PARTY THAT IS A CONSIGNOR OF THE COLLATERAL IF
31 THE SECURED PARTY RECEIVES FROM THE CONSIGNOR AN AUTHENTICATED
32 DEMAND FOR PROCEEDS BEFORE DISTRIBUTION OF THE PROCEEDS IS COMPLETED.

33 (B) IF REQUESTED BY A SECURED PARTY, A HOLDER OF A SUBORDINATE
34 SECURITY INTEREST OR OTHER LIEN SHALL FURNISH REASONABLE PROOF OF THE
35 INTEREST OR LIEN WITHIN A REASONABLE TIME. UNLESS THE HOLDER DOES SO,
36 THE SECURED PARTY NEED NOT COMPLY WITH THE HOLDER'S DEMAND UNDER
37 SUBSECTION (A)(3).

1 (C) A SECURED PARTY NEED NOT APPLY OR PAY OVER FOR APPLICATION
2 NONCASH PROCEEDS OF DISPOSITION UNDER THIS SECTION UNLESS THE FAILURE
3 TO DO SO WOULD BE COMMERCIALY UNREASONABLE. A SECURED PARTY THAT
4 APPLIES OR PAYS OVER FOR APPLICATION NONCASH PROCEEDS SHALL DO SO IN A
5 COMMERCIALY REASONABLE MANNER.

6 (D) IF THE SECURITY INTEREST UNDER WHICH A DISPOSITION IS MADE
7 SECURES PAYMENT OR PERFORMANCE OF AN OBLIGATION, AFTER MAKING THE
8 PAYMENTS AND APPLICATIONS REQUIRED BY SUBSECTION (A) AND PERMITTED BY
9 SUBSECTION (C):

10 (1) UNLESS SUBSECTION (A)(4) REQUIRES THE SECURED PARTY TO
11 APPLY OR PAY OVER CASH PROCEEDS TO A CONSIGNOR, THE SECURED PARTY SHALL
12 ACCOUNT TO AND PAY A DEBTOR FOR ANY SURPLUS; AND

13 (2) THE OBLIGOR IS LIABLE FOR ANY DEFICIENCY.

14 (E) IF THE UNDERLYING TRANSACTION IS A SALE OF ACCOUNTS, CHATTEL
15 PAPER, PAYMENT INTANGIBLES, OR PROMISSORY NOTES:

16 (1) THE DEBTOR IS NOT ENTITLED TO ANY SURPLUS; AND

17 (2) THE OBLIGOR IS NOT LIABLE FOR ANY DEFICIENCY.

18 (F) THE SURPLUS OR DEFICIENCY FOLLOWING A DISPOSITION IS
19 CALCULATED BASED ON THE AMOUNT OF PROCEEDS THAT WOULD HAVE BEEN
20 REALIZED IN A DISPOSITION COMPLYING WITH THIS PART TO A TRANSFEREE OTHER
21 THAN THE SECURED PARTY, A PERSON RELATED TO THE SECURED PARTY, OR A
22 SECONDARY OBLIGOR IF:

23 (1) THE TRANSFEREE IN THE DISPOSITION IS THE SECURED PARTY, A
24 PERSON RELATED TO THE SECURED PARTY, OR A SECONDARY OBLIGOR; AND

25 (2) THE AMOUNT OF PROCEEDS OF THE DISPOSITION IS SIGNIFICANTLY
26 BELOW THE RANGE OF PROCEEDS THAT A COMPLYING DISPOSITION TO A PERSON
27 OTHER THAN THE SECURED PARTY, A PERSON RELATED TO THE SECURED PARTY, OR
28 A SECONDARY OBLIGOR WOULD HAVE BROUGHT.

29 (G) A SECURED PARTY THAT RECEIVES CASH PROCEEDS OF A DISPOSITION IN
30 GOOD FAITH AND WITHOUT KNOWLEDGE THAT THE RECEIPT VIOLATES THE RIGHTS
31 OF THE HOLDER OF A SECURITY INTEREST OR OTHER LIEN THAT IS NOT
32 SUBORDINATE TO THE SECURITY INTEREST OR AGRICULTURAL LIEN UNDER WHICH
33 THE DISPOSITION IS MADE:

34 (1) TAKES THE CASH PROCEEDS FREE OF THE SECURITY INTEREST OR
35 OTHER LIEN;

36 (2) IS NOT OBLIGATED TO APPLY THE PROCEEDS OF THE DISPOSITION
37 TO THE SATISFACTION OF OBLIGATIONS SECURED BY THE SECURITY INTEREST OR
38 OTHER LIEN; AND

1 (3) IS NOT OBLIGATED TO ACCOUNT TO OR PAY THE HOLDER OF THE
2 SECURITY INTEREST OR OTHER LIEN FOR ANY SURPLUS.

3 9-616. EXPLANATION OF CALCULATION OF SURPLUS OR DEFICIENCY.

4 (A) IN THIS SECTION:

5 (1) "EXPLANATION" MEANS A WRITING THAT:

6 (A) STATES THE AMOUNT OF THE SURPLUS OR DEFICIENCY;

7 (B) PROVIDES AN EXPLANATION IN ACCORDANCE WITH
8 SUBSECTION (C) OF HOW THE SECURED PARTY CALCULATED THE SURPLUS OR
9 DEFICIENCY;

10 (C) STATES, IF APPLICABLE, THAT FUTURE DEBITS, CREDITS,
11 CHARGES, INCLUDING ADDITIONAL CREDIT SERVICE CHARGES OR INTEREST,
12 REBATES, AND EXPENSES MAY AFFECT THE AMOUNT OF THE SURPLUS OR
13 DEFICIENCY; AND

14 (D) PROVIDES A TELEPHONE NUMBER OR MAILING ADDRESS FROM
15 WHICH ADDITIONAL INFORMATION CONCERNING THE TRANSACTION IS AVAILABLE.

16 (2) "REQUEST" MEANS A RECORD:

17 (A) AUTHENTICATED BY A DEBTOR OR CONSUMER OBLIGOR;

18 (B) REQUESTING THAT THE RECIPIENT PROVIDE AN
19 EXPLANATION; AND

20 (C) SENT AFTER DISPOSITION OF THE COLLATERAL UNDER § 9-610.

21 (B) IN A CONSUMER-GOODS TRANSACTION IN WHICH THE DEBTOR IS
22 ENTITLED TO A SURPLUS OR A CONSUMER OBLIGOR IS LIABLE FOR A DEFICIENCY
23 UNDER § 9-615, THE SECURED PARTY SHALL:

24 (1) SEND AN EXPLANATION TO THE DEBTOR OR CONSUMER OBLIGOR, AS
25 APPLICABLE, AFTER THE DISPOSITION AND:

26 (A) BEFORE OR WHEN THE SECURED PARTY ACCOUNTS TO THE
27 DEBTOR AND PAYS ANY SURPLUS OR FIRST MAKES WRITTEN DEMAND ON THE
28 CONSUMER OBLIGOR AFTER THE DISPOSITION FOR PAYMENT OF THE DEFICIENCY;
29 AND

30 (B) WITHIN 14 DAYS AFTER RECEIPT OF A REQUEST; OR

31 (2) IN THE CASE OF A CONSUMER OBLIGOR WHO IS LIABLE FOR A
32 DEFICIENCY, WITHIN 14 DAYS AFTER RECEIPT OF A REQUEST, SEND TO THE
33 CONSUMER OBLIGOR A RECORD WAIVING THE SECURED PARTY'S RIGHT TO A
34 DEFICIENCY.

1 (C) TO COMPLY WITH SUBSECTION (A)(1)(B), A WRITING MUST PROVIDE THE
2 FOLLOWING INFORMATION IN THE FOLLOWING ORDER:

3 (1) THE AGGREGATE AMOUNT OF OBLIGATIONS SECURED BY THE
4 SECURITY INTEREST UNDER WHICH THE DISPOSITION WAS MADE, AND, IF THE
5 AMOUNT REFLECTS A REBATE OF UNEARNED INTEREST OR CREDIT SERVICE
6 CHARGE, AN INDICATION OF THAT FACT, CALCULATED AS OF A SPECIFIED DATE:

7 (A) IF THE SECURED PARTY TAKES OR RECEIVES POSSESSION OF
8 THE COLLATERAL AFTER DEFAULT, NOT MORE THAN 35 DAYS BEFORE THE SECURED
9 PARTY TAKES OR RECEIVES POSSESSION; OR

10 (B) IF THE SECURED PARTY TAKES OR RECEIVES POSSESSION OF
11 THE COLLATERAL BEFORE DEFAULT OR DOES NOT TAKE POSSESSION OF THE
12 COLLATERAL, NOT MORE THAN 35 DAYS BEFORE THE DISPOSITION;

13 (2) THE AMOUNT OF PROCEEDS OF THE DISPOSITION;

14 (3) THE AGGREGATE AMOUNT OF THE OBLIGATIONS AFTER DEDUCTING
15 THE AMOUNT OF PROCEEDS;

16 (4) THE AMOUNT, IN THE AGGREGATE OR BY TYPE, AND TYPES OF
17 EXPENSES, INCLUDING EXPENSES OF RETAKING, HOLDING, PREPARING FOR
18 DISPOSITION, PROCESSING, AND DISPOSING OF THE COLLATERAL, AND ATTORNEY'S
19 FEES SECURED BY THE COLLATERAL WHICH ARE KNOWN TO THE SECURED PARTY
20 AND RELATE TO THE CURRENT DISPOSITION;

21 (5) THE AMOUNT, IN THE AGGREGATE OR BY TYPE, AND TYPES OF
22 CREDITS, INCLUDING REBATES OF INTEREST OR CREDIT SERVICE CHARGES, TO
23 WHICH THE OBLIGOR IS KNOWN TO BE ENTITLED AND WHICH ARE NOT REFLECTED
24 IN THE AMOUNT IN PARAGRAPH (1); AND

25 (6) THE AMOUNT OF THE SURPLUS OR DEFICIENCY.

26 (D) A PARTICULAR PHRASING OF THE EXPLANATION IS NOT REQUIRED. AN
27 EXPLANATION COMPLYING SUBSTANTIALLY WITH THE REQUIREMENTS OF
28 SUBSECTION (A) IS SUFFICIENT, EVEN IF IT INCLUDES MINOR ERRORS THAT ARE NOT
29 SERIOUSLY MISLEADING.

30 (E) A DEBTOR OR CONSUMER OBLIGOR IS ENTITLED WITHOUT CHARGE TO
31 ONE RESPONSE TO A REQUEST UNDER THIS SECTION DURING ANY SIX-MONTH
32 PERIOD IN WHICH THE SECURED PARTY DID NOT SEND TO THE DEBTOR OR
33 CONSUMER OBLIGOR AN EXPLANATION PURSUANT TO SUBSECTION (B)(1). THE
34 SECURED PARTY MAY REQUIRE PAYMENT OF A CHARGE NOT EXCEEDING \$25 FOR
35 EACH ADDITIONAL RESPONSE.

36 9-617. RIGHTS OF TRANSFEREE OF COLLATERAL.

37 (A) A SECURED PARTY'S DISPOSITION OF COLLATERAL AFTER DEFAULT:

1 (1) TRANSFERS TO A TRANSFEREE FOR VALUE ALL OF THE DEBTOR'S
2 RIGHTS IN THE COLLATERAL;

3 (2) DISCHARGES THE SECURITY INTEREST UNDER WHICH THE
4 DISPOSITION IS MADE; AND

5 (3) DISCHARGES ANY SUBORDINATE SECURITY INTEREST OR OTHER
6 SUBORDINATE LIEN.

7 (B) A TRANSFEREE THAT ACTS IN GOOD FAITH TAKES FREE OF THE RIGHTS
8 AND INTERESTS DESCRIBED IN SUBSECTION (A), EVEN IF THE SECURED PARTY FAILS
9 TO COMPLY WITH THIS TITLE OR THE REQUIREMENTS OF ANY JUDICIAL
10 PROCEEDING.

11 (C) IF A TRANSFEREE DOES NOT TAKE FREE OF THE RIGHTS AND INTERESTS
12 DESCRIBED IN SUBSECTION (A), THE TRANSFEREE TAKES THE COLLATERAL
13 SUBJECT TO:

14 (1) THE DEBTOR'S RIGHTS IN THE COLLATERAL;

15 (2) THE SECURITY INTEREST OR AGRICULTURAL LIEN UNDER WHICH
16 THE DISPOSITION IS MADE; AND

17 (3) ANY SECURITY INTEREST OR OTHER LIEN.

18 9-618. RIGHTS AND DUTIES OF CERTAIN SECONDARY OBLIGORS.

19 (A) A SECONDARY OBLIGOR ACQUIRES THE RIGHTS AND BECOMES
20 OBLIGATED TO PERFORM THE DUTIES OF THE SECURED PARTY AFTER THE
21 SECONDARY OBLIGOR:

22 (1) RECEIVES AN ASSIGNMENT OF A SECURED OBLIGATION FROM THE
23 SECURED PARTY;

24 (2) RECEIVES A TRANSFER OF COLLATERAL FROM THE SECURED PARTY
25 AND AGREES TO ACCEPT THE RIGHTS AND ASSUME THE DUTIES OF THE SECURED
26 PARTY; OR

27 (3) IS SUBROGATED TO THE RIGHTS OF A SECURED PARTY WITH
28 RESPECT TO COLLATERAL.

29 (B) AN ASSIGNMENT, TRANSFER, OR SUBROGATION DESCRIBED IN
30 SUBSECTION (A):

31 (1) IS NOT A DISPOSITION OF COLLATERAL UNDER § 9-610; AND

32 (2) RELIEVES THE SECURED PARTY OF FURTHER DUTIES UNDER THIS
33 TITLE.

1 9-619. TRANSFER OF RECORD OR LEGAL TITLE.

2 (A) IN THIS SECTION, "TRANSFER STATEMENT" MEANS A RECORD
3 AUTHENTICATED BY A SECURED PARTY STATING:

4 (1) THAT THE DEBTOR HAS DEFAULTED IN CONNECTION WITH AN
5 OBLIGATION SECURED BY SPECIFIED COLLATERAL;

6 (2) THAT THE SECURED PARTY HAS EXERCISED ITS POST-DEFAULT
7 REMEDIES WITH RESPECT TO THE COLLATERAL;

8 (3) THAT, BY REASON OF THE EXERCISE, A TRANSFEREE HAS ACQUIRED
9 THE RIGHTS OF THE DEBTOR IN THE COLLATERAL; AND

10 (4) THE NAME AND MAILING ADDRESS OF THE SECURED PARTY,
11 DEBTOR, AND TRANSFEREE.

12 (B) A TRANSFER STATEMENT ENTITLES THE TRANSFEREE TO THE TRANSFER
13 OF RECORD OF ALL RIGHTS OF THE DEBTOR IN THE COLLATERAL SPECIFIED IN THE
14 STATEMENT IN ANY OFFICIAL FILING, RECORDING, REGISTRATION, OR
15 CERTIFICATE-OF-TITLE SYSTEM COVERING THE COLLATERAL. IF A TRANSFER
16 STATEMENT IS PRESENTED WITH THE APPLICABLE FEE AND REQUEST FORM TO THE
17 OFFICIAL OR OFFICE RESPONSIBLE FOR MAINTAINING THE SYSTEM, THE OFFICIAL
18 OR OFFICE SHALL:

19 (1) ACCEPT THE TRANSFER STATEMENT;

20 (2) PROMPTLY AMEND ITS RECORDS TO REFLECT THE TRANSFER; AND

21 (3) IF APPLICABLE, ISSUE A NEW APPROPRIATE CERTIFICATE OF TITLE
22 IN THE NAME OF TRANSFEREE.

23 (C) A TRANSFER OF THE RECORD OR LEGAL TITLE TO COLLATERAL TO A
24 SECURED PARTY UNDER SUBSECTION (B) OR OTHERWISE IS NOT OF ITSELF A
25 DISPOSITION OF COLLATERAL UNDER THIS TITLE AND DOES NOT OF ITSELF RELIEVE
26 THE SECURED PARTY OF ITS DUTIES UNDER THIS TITLE.

27 9-620. ACCEPTANCE OF COLLATERAL IN FULL OR PARTIAL SATISFACTION OF
28 OBLIGATION; COMPULSORY DISPOSITION OF COLLATERAL.

29 (A) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (G), A SECURED PARTY
30 MAY ACCEPT COLLATERAL IN FULL OR PARTIAL SATISFACTION OF THE OBLIGATION
31 IT SECURES ONLY IF:

32 (1) THE DEBTOR CONSENTS TO THE ACCEPTANCE UNDER SUBSECTION
33 (C);

34 (2) THE SECURED PARTY DOES NOT RECEIVE, WITHIN THE TIME SET
35 FORTH IN SUBSECTION (D), A NOTIFICATION OF OBJECTION TO THE PROPOSAL
36 AUTHENTICATED BY:

1 (A) A PERSON TO WHICH THE SECURED PARTY WAS REQUIRED TO
2 SEND A PROPOSAL UNDER § 9-621; OR

3 (B) ANY OTHER PERSON, OTHER THAN THE DEBTOR, HOLDING AN
4 INTEREST IN THE COLLATERAL SUBORDINATE TO THE SECURITY INTEREST THAT IS
5 THE SUBJECT OF THE PROPOSAL;

6 (3) IF THE COLLATERAL IS CONSUMER GOODS, THE COLLATERAL IS NOT
7 IN THE POSSESSION OF THE DEBTOR WHEN THE DEBTOR CONSENTS TO THE
8 ACCEPTANCE; AND

9 (4) SUBSECTION (E) DOES NOT REQUIRE THE SECURED PARTY TO
10 DISPOSE OF THE COLLATERAL OR THE DEBTOR WAIVES THE REQUIREMENT
11 PURSUANT TO § 9-624.

12 (B) A PURPORTED OR APPARENT ACCEPTANCE OF COLLATERAL UNDER THIS
13 SECTION IS INEFFECTIVE UNLESS:

14 (1) THE SECURED PARTY CONSENTS TO THE ACCEPTANCE IN AN
15 AUTHENTICATED RECORD OR SENDS A PROPOSAL TO THE DEBTOR; AND

16 (2) THE CONDITIONS OF SUBSECTION (A) ARE MET.

17 (C) FOR PURPOSES OF THIS SECTION:

18 (1) A DEBTOR CONSENTS TO AN ACCEPTANCE OF COLLATERAL IN
19 PARTIAL SATISFACTION OF THE OBLIGATION IT SECURES ONLY IF THE DEBTOR
20 AGREES TO THE TERMS OF THE ACCEPTANCE IN A RECORD AUTHENTICATED AFTER
21 DEFAULT; AND

22 (2) A DEBTOR CONSENTS TO AN ACCEPTANCE OF COLLATERAL IN FULL
23 SATISFACTION OF THE OBLIGATION IT SECURES ONLY IF THE DEBTOR AGREES TO
24 THE TERMS OF THE ACCEPTANCE IN A RECORD AUTHENTICATED AFTER DEFAULT
25 OR THE SECURED PARTY:

26 (A) SENDS TO THE DEBTOR AFTER DEFAULT A PROPOSAL THAT IS
27 UNCONDITIONAL OR SUBJECT ONLY TO A CONDITION THAT COLLATERAL NOT IN
28 THE POSSESSION OF THE SECURED PARTY BE PRESERVED OR MAINTAINED;

29 (B) IN THE PROPOSAL, PROPOSES TO ACCEPT COLLATERAL IN FULL
30 SATISFACTION OF THE OBLIGATION IT SECURES; AND

31 (C) DOES NOT RECEIVE A NOTIFICATION OF OBJECTION
32 AUTHENTICATED BY THE DEBTOR WITHIN 20 DAYS AFTER THE PROPOSAL IS SENT.

33 (D) TO BE EFFECTIVE UNDER SUBSECTION (A)(2), A NOTIFICATION OF
34 OBJECTION MUST BE RECEIVED BY THE SECURED PARTY:

1 (1) IN THE CASE OF A PERSON TO WHICH THE PROPOSAL WAS SENT
2 PURSUANT TO § 9-621, WITHIN 20 DAYS AFTER NOTIFICATION WAS SENT TO THAT
3 PERSON; AND

4 (2) IN OTHER CASES:

5 (A) WITHIN 20 DAYS AFTER THE LAST NOTIFICATION WAS SENT
6 PURSUANT TO § 9-621; OR

7 (B) IF A NOTIFICATION WAS NOT SENT, BEFORE THE DEBTOR
8 CONSENTS TO THE ACCEPTANCE UNDER SUBSECTION (C).

9 (E) A SECURED PARTY THAT HAS TAKEN POSSESSION OF COLLATERAL SHALL
10 DISPOSE OF THE COLLATERAL PURSUANT TO § 9-610 WITHIN THE TIME SPECIFIED IN
11 SUBSECTION (F) IF:

12 (1) 60 PERCENT OF THE CASH PRICE HAS BEEN PAID IN THE CASE OF A
13 PURCHASE-MONEY SECURITY INTEREST IN CONSUMER GOODS; OR

14 (2) 60 PERCENT OF THE PRINCIPAL AMOUNT OF THE OBLIGATION
15 SECURED HAS BEEN PAID IN THE CASE OF A NONPURCHASE-MONEY SECURITY
16 INTEREST IN CONSUMER GOODS.

17 (F) TO COMPLY WITH SUBSECTION (E), THE SECURED PARTY SHALL DISPOSE
18 OF THE COLLATERAL:

19 (1) WITHIN 90 DAYS AFTER TAKING POSSESSION; OR

20 (2) WITHIN ANY LONGER PERIOD TO WHICH THE DEBTOR AND ALL
21 SECONDARY OBLIGORS HAVE AGREED IN AN AGREEMENT TO THAT EFFECT
22 ENTERED INTO AND AUTHENTICATED AFTER DEFAULT.

23 (G) IN A CONSUMER TRANSACTION, A SECURED PARTY MAY NOT ACCEPT
24 COLLATERAL IN PARTIAL SATISFACTION OF THE OBLIGATION IT SECURES.

25 9-621. NOTIFICATION OF PROPOSAL TO ACCEPT COLLATERAL.

26 (A) A SECURED PARTY THAT DESIRES TO ACCEPT COLLATERAL IN FULL OR
27 PARTIAL SATISFACTION OF THE OBLIGATION IT SECURES SHALL SEND ITS PROPOSAL
28 TO:

29 (1) ANY PERSON FROM WHICH THE SECURED PARTY HAS RECEIVED,
30 BEFORE THE DEBTOR CONSENTED TO THE ACCEPTANCE, AN AUTHENTICATED
31 NOTIFICATION OF A CLAIM OF AN INTEREST IN THE COLLATERAL;

32 (2) ANY OTHER SECURED PARTY OR LIENHOLDER THAT, 10 DAYS
33 BEFORE THE DEBTOR CONSENTED TO THE ACCEPTANCE, HELD A SECURITY
34 INTEREST IN OR OTHER LIEN ON THE COLLATERAL PERFECTED BY THE FILING OF A
35 FINANCING STATEMENT THAT:

36 (A) IDENTIFIED THE COLLATERAL;

1 (B) WAS INDEXED UNDER THE DEBTOR'S NAME AS OF THAT DATE;
2 AND

3 (C) WAS FILED IN THE OFFICE OR OFFICES IN WHICH TO FILE A
4 FINANCING STATEMENT AGAINST THE DEBTOR COVERING THE COLLATERAL AS OF
5 THAT DATE; AND

6 (3) ANY OTHER SECURED PARTY THAT, 10 DAYS BEFORE THE DEBTOR
7 CONSENTED TO THE ACCEPTANCE, HELD A SECURITY INTEREST IN THE
8 COLLATERAL PERFECTED BY COMPLIANCE WITH A STATUTE, REGULATION, OR
9 TREATY DESCRIBED IN § 9-311(A).

10 (B) A SECURED PARTY THAT DESIRES TO ACCEPT COLLATERAL IN PARTIAL
11 SATISFACTION OF THE OBLIGATION IT SECURES SHALL SEND ITS PROPOSAL TO ANY
12 SECONDARY OBLIGOR IN ADDITION TO THE PERSONS DESCRIBED IN SUBSECTION (A).

13 9-622. EFFECT OF ACCEPTANCE OF COLLATERAL.

14 (A) A SECURED PARTY'S ACCEPTANCE OF COLLATERAL IN FULL OR PARTIAL
15 SATISFACTION OF THE OBLIGATION IT SECURES:

16 (1) DISCHARGES THE OBLIGATION TO THE EXTENT CONSENTED TO BY
17 THE DEBTOR;

18 (2) TRANSFERS TO THE SECURED PARTY ALL OF A DEBTOR'S RIGHTS IN
19 THE COLLATERAL;

20 (3) DISCHARGES THE SECURITY INTEREST OR AGRICULTURAL LIEN
21 THAT IS THE SUBJECT OF THE DEBTOR'S CONSENT AND ANY SUBORDINATE
22 SECURITY INTEREST OR OTHER SUBORDINATE LIEN; AND

23 (4) TERMINATES ANY OTHER SUBORDINATE INTEREST.

24 (B) A SUBORDINATE INTEREST IS DISCHARGED OR TERMINATED UNDER
25 SUBSECTION (A), WHETHER OR NOT THE SECURED PARTY SENDS OR IS REQUIRED TO
26 SEND ITS PROPOSAL TO THE HOLDER OF THE INTEREST. HOWEVER, ANY PERSON TO
27 WHICH THE SECURED PARTY WAS REQUIRED TO SEND, BUT DID NOT SEND, ITS
28 PROPOSAL HAS THE REMEDY PROVIDED BY § 9-625(B).

29 9-623. RIGHT TO REDEEM COLLATERAL.

30 (A) A DEBTOR, ANY SECONDARY OBLIGOR, OR ANY OTHER SECURED PARTY OR
31 LIENHOLDER MAY REDEEM COLLATERAL.

32 (B) TO REDEEM COLLATERAL, A PERSON SHALL TENDER:

33 (1) FULFILLMENT OF ALL OBLIGATIONS SECURED BY THE COLLATERAL;
34 AND

35 (2) THE REASONABLE EXPENSES AND ATTORNEY'S FEES DESCRIBED IN
36 § 9-615(A)(1).

1 (C) A REDEMPTION MAY OCCUR AT ANY TIME BEFORE A SECURED PARTY:

2 (1) HAS COLLECTED COLLATERAL UNDER § 9-607;

3 (2) HAS DISPOSED OF COLLATERAL OR ENTERED INTO A CONTRACT FOR
4 ITS DISPOSITION UNDER § 9-610; OR

5 (3) HAS ACCEPTED COLLATERAL IN FULL OR PARTIAL SATISFACTION OF
6 THE OBLIGATION IT SECURES UNDER § 9-622.

7 9-624. WAIVER.

8 (A) A DEBTOR OR SECONDARY OBLIGOR MAY WAIVE THE RIGHT TO
9 NOTIFICATION OF DISPOSITION OF COLLATERAL UNDER § 9-611 ONLY BY AN
10 AGREEMENT TO THAT EFFECT ENTERED INTO AND AUTHENTICATED AFTER
11 DEFAULT.

12 (B) A DEBTOR MAY WAIVE THE RIGHT TO REQUIRE DISPOSITION OF
13 COLLATERAL UNDER § 9-620(E) ONLY BY AN AGREEMENT TO THAT EFFECT ENTERED
14 INTO AND AUTHENTICATED AFTER DEFAULT.

15 (C) EXCEPT IN A CONSUMER-GOODS TRANSACTION, A DEBTOR OR
16 SECONDARY OBLIGOR MAY WAIVE THE RIGHT TO REDEEM COLLATERAL UNDER §
17 9-623 ONLY BY AN AGREEMENT TO THAT EFFECT ENTERED INTO AND
18 AUTHENTICATED AFTER DEFAULT.

19 9-625. REMEDIES FOR SECURED PARTY'S FAILURE TO COMPLY WITH TITLE.

20 (A) IF IT IS ESTABLISHED THAT A SECURED PARTY IS NOT PROCEEDING IN
21 ACCORDANCE WITH THIS TITLE, A COURT MAY ORDER OR RESTRAIN COLLECTION,
22 ENFORCEMENT, OR DISPOSITION OF COLLATERAL ON APPROPRIATE TERMS AND
23 CONDITIONS.

24 (B) SUBJECT TO SUBSECTIONS (C) AND (D), A SECURED PARTY IS LIABLE FOR
25 DAMAGES IN THE AMOUNT OF ANY LOSS CAUSED BY A FAILURE TO COMPLY WITH
26 THIS TITLE. LOSS CAUSED BY A FAILURE TO COMPLY WITH A REQUEST UNDER § 9-210
27 MAY INCLUDE LOSS RESULTING FROM THE DEBTOR'S INABILITY TO OBTAIN, OR
28 INCREASED COSTS OF, ALTERNATIVE FINANCING.

29 (C) EXCEPT AS OTHERWISE PROVIDED IN § 9-628:

30 (1) A PERSON THAT, AT THE TIME OF THE FAILURE, WAS A DEBTOR, WAS
31 AN OBLIGOR, OR HELD A SECURITY INTEREST IN OR OTHER LIEN ON THE
32 COLLATERAL MAY RECOVER DAMAGES UNDER SUBSECTION (B) FOR ITS LOSS; AND

33 (2) IF THE COLLATERAL IS CONSUMER GOODS, A PERSON THAT WAS A
34 DEBTOR OR A SECONDARY OBLIGOR AT THE TIME A SECURED PARTY FAILED TO
35 COMPLY WITH THIS PART MAY RECOVER FOR THAT FAILURE IN ANY EVENT AN
36 AMOUNT NOT LESS THAN THE CREDIT SERVICE CHARGE PLUS 10 PERCENT OF THE

1 PRINCIPAL AMOUNT OF THE OBLIGATION OR THE TIME-PRICE DIFFERENTIAL PLUS
2 10 PERCENT OF THE CASH PRICE.

3 (D) A DEBTOR WHOSE DEFICIENCY IS ELIMINATED UNDER § 9-626 MAY
4 RECOVER DAMAGES FOR THE LOSS OF ANY SURPLUS. HOWEVER, A DEBTOR OR
5 SECONDARY OBLIGOR WHOSE DEFICIENCY IS ELIMINATED OR REDUCED UNDER §
6 9-626 MAY NOT OTHERWISE RECOVER UNDER SUBSECTION (B) FOR NONCOMPLIANCE
7 WITH THE PROVISIONS OF THIS PART RELATING TO COLLECTION, ENFORCEMENT,
8 DISPOSITION, OR ACCEPTANCE.

9 (E) IF A SECURED PARTY FAILS TO COMPLY WITH A REQUEST REGARDING A
10 LIST OF COLLATERAL OR A STATEMENT OF ACCOUNT UNDER § 9-210, THE SECURED
11 PARTY MAY CLAIM A SECURITY INTEREST ONLY AS SHOWN IN THE STATEMENT
12 INCLUDED IN THE REQUEST AS AGAINST A PERSON THAT IS REASONABLY MISLED BY
13 THE FAILURE.

14 9-626. ACTION IN WHICH DEFICIENCY OR SURPLUS IS IN ISSUE.

15 IN AN ACTION ARISING FROM A TRANSACTION IN WHICH THE AMOUNT OF A
16 DEFICIENCY OR SURPLUS IS IN ISSUE, THE FOLLOWING RULES APPLY:

17 (1) A SECURED PARTY NEED NOT PROVE COMPLIANCE WITH THE
18 PROVISIONS OF THIS SUBTITLE RELATING TO COLLECTION, ENFORCEMENT,
19 DISPOSITION, OR ACCEPTANCE UNLESS THE DEBTOR OR A SECONDARY OBLIGOR
20 PLACES THE SECURED PARTY'S COMPLIANCE IN ISSUE.

21 (2) IF THE SECURED PARTY'S COMPLIANCE IS PLACED IN ISSUE, THE
22 SECURED PARTY HAS THE BURDEN OF ESTABLISHING THAT THE COLLECTION,
23 ENFORCEMENT, DISPOSITION, OR ACCEPTANCE WAS CONDUCTED IN ACCORDANCE
24 WITH THIS SUBTITLE.

25 (3) EXCEPT AS OTHERWISE PROVIDED IN § 9-628, IF A SECURED PARTY
26 FAILS TO PROVE THAT THE COLLECTION, ENFORCEMENT, DISPOSITION, OR
27 ACCEPTANCE WAS CONDUCTED IN ACCORDANCE WITH THE PROVISIONS OF THIS
28 SUBTITLE RELATING TO COLLECTION, ENFORCEMENT, DISPOSITION, OR
29 ACCEPTANCE, THE LIABILITY OF A DEBTOR OR A SECONDARY OBLIGOR FOR A
30 DEFICIENCY IS LIMITED TO AN AMOUNT BY WHICH THE SUM OF THE SECURED
31 OBLIGATION, EXPENSES, AND ATTORNEY'S FEES EXCEEDS THE GREATER OF:

32 (A) THE PROCEEDS OF THE COLLECTION, ENFORCEMENT,
33 DISPOSITION, OR ACCEPTANCE; OR

34 (B) THE AMOUNT OF PROCEEDS THAT WOULD HAVE BEEN
35 REALIZED HAD THE NONCOMPLYING SECURED PARTY PROCEEDED IN ACCORDANCE
36 WITH THE PROVISIONS OF THIS SUBTITLE RELATING TO COLLECTION,
37 ENFORCEMENT, DISPOSITION, OR ACCEPTANCE.

38 (4) FOR PURPOSES OF PARAGRAPH (3)(B), THE AMOUNT OF PROCEEDS
39 THAT WOULD HAVE BEEN REALIZED IS EQUAL TO THE SUM OF THE SECURED

1 OBLIGATION, EXPENSES, AND ATTORNEY'S FEES UNLESS THE SECURED PARTY
2 PROVES THAT THE AMOUNT IS LESS THAN THAT SUM.

3 (5) IF A DEFICIENCY OR SURPLUS IS CALCULATED UNDER § 9-615(F),
4 THE DEBTOR OR OBLIGOR HAS THE BURDEN OF ESTABLISHING THAT THE AMOUNT
5 OF PROCEEDS OF THE DISPOSITION IS SIGNIFICANTLY BELOW THE RANGE OF
6 PRICES THAT A COMPLYING DISPOSITION TO A PERSON OTHER THAN THE SECURED
7 PARTY, A PERSON RELATED TO THE SECURED PARTY, OR A SECONDARY OBLIGOR
8 WOULD HAVE BROUGHT.

9 9-627. DETERMINATION OF WHETHER CONDUCT WAS COMMERCIALY
10 REASONABLE.

11 (A) THE FACT THAT A GREATER AMOUNT COULD HAVE BEEN OBTAINED BY A
12 COLLECTION, ENFORCEMENT, DISPOSITION, OR ACCEPTANCE AT A DIFFERENT TIME
13 OR IN A DIFFERENT METHOD FROM THAT SELECTED BY THE SECURED PARTY IS NOT
14 OF ITSELF SUFFICIENT TO PRECLUDE THE SECURED PARTY FROM ESTABLISHING
15 THAT THE COLLECTION, ENFORCEMENT, DISPOSITION, OR ACCEPTANCE WAS MADE
16 IN A 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 TIME
21 OF THE DISPOSITION; OR

22 (3) OTHERWISE IN CONFORMITY WITH REASONABLE COMMERCIAL
23 PRACTICES AMONG DEALERS IN THE TYPE OF PROPERTY THAT WAS THE SUBJECT OF
24 THE DISPOSITION.

25 (C) A COLLECTION, ENFORCEMENT, DISPOSITION, OR ACCEPTANCE IS
26 COMMERCIALY REASONABLE IF IT HAS BEEN APPROVED:

27 (1) IN A JUDICIAL PROCEEDING;

28 (2) BY A BONA FIDE CREDITORS' COMMITTEE;

29 (3) BY A REPRESENTATIVE OF CREDITORS; OR

30 (4) BY AN ASSIGNEE FOR THE BENEFIT OF CREDITORS.

31 (D) APPROVAL UNDER SUBSECTION (C) NEED NOT BE OBTAINED, AND LACK
32 OF APPROVAL DOES NOT MEAN THAT THE COLLECTION, ENFORCEMENT,
33 DISPOSITION, OR ACCEPTANCE IS NOT COMMERCIALY REASONABLE.

1 9-628. NONLIABILITY AND LIMITATION ON LIABILITY OF SECURED PARTY;
2 LIABILITY OF SECONDARY OBLIGOR.

3 (A) UNLESS A SECURED PARTY KNOWS THAT A PERSON IS A DEBTOR OR
4 OBLIGOR, KNOWS THE IDENTITY OF THE PERSON, AND KNOWS HOW TO
5 COMMUNICATE WITH THE PERSON:

6 (1) THE SECURED PARTY IS NOT LIABLE TO THE PERSON, OR TO A
7 SECURED PARTY OR LIENHOLDER THAT HAS FILED A FINANCING STATEMENT
8 AGAINST THE PERSON, FOR FAILURE TO COMPLY WITH THIS TITLE; AND

9 (2) THE SECURED PARTY'S FAILURE TO COMPLY WITH THIS TITLE DOES
10 NOT AFFECT THE LIABILITY OF THE PERSON FOR A DEFICIENCY.

11 (B) A SECURED PARTY IS NOT LIABLE BECAUSE OF ITS STATUS AS SECURED
12 PARTY:

13 (1) TO A PERSON THAT IS A DEBTOR OR OBLIGOR, UNLESS THE SECURED
14 PARTY KNOWS:

15 (A) THAT THE PERSON IS A DEBTOR OR OBLIGOR;

16 (B) THE IDENTITY OF THE PERSON; AND

17 (C) HOW TO COMMUNICATE WITH THE PERSON; OR

18 (2) TO A SECURED PARTY OR LIENHOLDER THAT HAS FILED A
19 FINANCING STATEMENT AGAINST A PERSON, UNLESS THE SECURED PARTY KNOWS:

20 (A) THAT THE PERSON IS A DEBTOR; AND

21 (B) THE IDENTITY OF THE PERSON.

22 (C) A SECURED PARTY IS NOT LIABLE TO ANY PERSON, AND A PERSON'S
23 LIABILITY FOR A DEFICIENCY IS NOT AFFECTED, BECAUSE OF ANY ACT OR OMISSION
24 ARISING OUT OF THE SECURED PARTY'S REASONABLE BELIEF THAT A TRANSACTION
25 IS NOT A CONSUMER-GOODS TRANSACTION OR A CONSUMER TRANSACTION OR THAT
26 GOODS ARE NOT CONSUMER GOODS, IF THE SECURED PARTY'S BELIEF IS BASED ON
27 ITS REASONABLE RELIANCE ON:

28 (1) A DEBTOR'S REPRESENTATION CONCERNING THE PURPOSE FOR
29 WHICH COLLATERAL WAS TO BE USED, ACQUIRED, OR HELD; OR

30 (2) AN OBLIGOR'S REPRESENTATION CONCERNING THE PURPOSE FOR
31 WHICH A SECURED OBLIGATION WAS INCURRED.

32 (D) A SECURED PARTY IS NOT LIABLE TO ANY PERSON UNDER § 9-625(C)(2) FOR
33 ITS FAILURE TO COMPLY WITH § 9-616.

34 (E) A SECURED PARTY IS NOT LIABLE UNDER § 9-625(C)(2) MORE THAN ONCE
35 WITH RESPECT TO ANY ONE SECURED OBLIGATION.

SUBTITLE 7. TRANSITION.

2 9-701. EFFECTIVE DATE.

3 (A) THIS TITLE TAKES EFFECT AT 12:01 A.M. ON JULY 1, 2001.

4 (B) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS
5 INDICATED.

6 (1) "ORIGINAL CODE" MEANS CHAPTER 538 OF THE ACTS OF 1963, AS THE
7 PROVISIONS OF THAT CHAPTER WERE AMENDED PRIOR TO 12:01 A.M. ON JANUARY 1,
8 1981.

9 (2) "PRIOR CODE" MEANS CHAPTER 824 OF THE ACTS OF 1980, AS THE
10 PROVISIONS OF THAT CHAPTER WERE AMENDED PRIOR TO THE EFFECTIVE DATE OF
11 THIS TITLE.

12 9-702. SAVINGS CLAUSE.

13 (A) EXCEPT AS OTHERWISE PROVIDED IN THIS SUBTITLE, THIS TITLE APPLIES
14 TO A TRANSACTION OR LIEN WITHIN ITS SCOPE, EVEN IF THE TRANSACTION OR LIEN
15 WAS ENTERED INTO OR CREATED BEFORE THIS TITLE TAKES EFFECT.

16 (B) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (C) AND §§ 9-703
17 THROUGH 9-708:

18 (1) TRANSACTIONS AND LIENS THAT WERE NOT GOVERNED BY THE
19 ORIGINAL CODE OR THE PRIOR CODE, WERE VALIDLY ENTERED INTO OR CREATED
20 BEFORE THIS TITLE TAKES EFFECT, AND WOULD BE SUBJECT TO THIS TITLE IF THEY
21 HAD BEEN ENTERED INTO OR CREATED AFTER THIS TITLE TAKES EFFECT, AND THE
22 RIGHTS, DUTIES, AND INTERESTS FLOWING FROM THOSE TRANSACTIONS AND LIENS
23 REMAIN VALID AFTER THIS TITLE TAKES EFFECT; AND

24 (2) THE TRANSACTIONS AND LIENS MAY BE TERMINATED, COMPLETED,
25 CONSUMMATED, AND ENFORCED AS REQUIRED OR PERMITTED BY THIS TITLE OR BY
26 THE LAW THAT OTHERWISE WOULD APPLY IF THIS TITLE HAD NOT TAKEN EFFECT.

27 (C) THIS TITLE DOES NOT AFFECT AN ACTION, CASE, OR PROCEEDING
28 COMMENCED BEFORE THIS TITLE TAKES EFFECT.

29 9-703. SECURITY INTEREST PERFECTED BEFORE EFFECTIVE DATE.

30 (A) A SECURITY INTEREST THAT IS ENFORCEABLE IMMEDIATELY BEFORE
31 THIS TITLE TAKES EFFECT AND WOULD HAVE PRIORITY OVER THE RIGHTS OF A
32 PERSON THAT BECOMES A LIEN CREDITOR AT THAT TIME IS A PERFECTED SECURITY
33 INTEREST UNDER THIS TITLE IF, WHEN THIS TITLE TAKES EFFECT, THE APPLICABLE
34 REQUIREMENTS FOR ENFORCEABILITY AND PERFECTION UNDER THIS TITLE ARE
35 SATISFIED WITHOUT FURTHER ACTION.

1 (B) EXCEPT AS OTHERWISE PROVIDED IN § 9-705, IF, IMMEDIATELY BEFORE
2 THIS TITLE TAKES EFFECT, A SECURITY INTEREST IS ENFORCEABLE AND WOULD
3 HAVE PRIORITY OVER THE RIGHTS OF A PERSON THAT BECOMES A LIEN CREDITOR
4 AT THAT TIME, BUT THE APPLICABLE REQUIREMENTS FOR ENFORCEABILITY OR
5 PERFECTION UNDER THIS TITLE ARE NOT SATISFIED WHEN THIS TITLE TAKES
6 EFFECT, THE SECURITY INTEREST:

7 (1) IS A PERFECTED SECURITY INTEREST FOR ONE YEAR AFTER THIS
8 TITLE TAKES EFFECT;

9 (2) REMAINS ENFORCEABLE THEREAFTER ONLY IF THE SECURITY
10 INTEREST BECOMES ENFORCEABLE UNDER § 9-203 BEFORE THE YEAR EXPIRES; AND

11 (3) REMAINS PERFECTED THEREAFTER ONLY IF THE APPLICABLE
12 REQUIREMENTS FOR PERFECTION UNDER THIS TITLE ARE SATISFIED BEFORE THE
13 YEAR EXPIRES.

14 9-704. SECURITY INTEREST UNPERFECTED BEFORE EFFECTIVE DATE.

15 A SECURITY INTEREST THAT IS ENFORCEABLE IMMEDIATELY BEFORE THIS
16 TITLE TAKES EFFECT BUT WHICH WOULD BE SUBORDINATE TO THE RIGHTS OF A
17 PERSON THAT BECOMES A LIEN CREDITOR AT THAT TIME:

18 (1) REMAINS AN ENFORCEABLE SECURITY INTEREST FOR ONE YEAR
19 AFTER THIS TITLE TAKES EFFECT;

20 (2) REMAINS ENFORCEABLE THEREAFTER IF THE SECURITY INTEREST
21 BECOMES ENFORCEABLE UNDER § 9-203 WHEN THIS TITLE TAKES EFFECT OR
22 WITHIN ONE YEAR THEREAFTER; AND

23 (3) BECOMES PERFECTED:

24 (A) WITHOUT FURTHER ACTION, WHEN THIS TITLE TAKES EFFECT
25 IF THE APPLICABLE REQUIREMENTS FOR PERFECTION UNDER THIS TITLE ARE
26 SATISFIED BEFORE OR AT THAT TIME; OR

27 (B) WHEN THE APPLICABLE REQUIREMENTS FOR PERFECTION ARE
28 SATISFIED IF THE REQUIREMENTS ARE SATISFIED AFTER THAT TIME.

29 9-705. EFFECTIVENESS OF ACTION TAKEN BEFORE EFFECTIVE DATE.

30 (A) IF ACTION, OTHER THAN THE FILING OF A FINANCING STATEMENT, IS
31 TAKEN BEFORE THIS TITLE TAKES EFFECT AND THE ACTION WOULD HAVE
32 RESULTED IN PRIORITY OF A SECURITY INTEREST OVER THE RIGHTS OF A PERSON
33 THAT BECOMES A LIEN CREDITOR HAD THE SECURITY INTEREST BECOME
34 ENFORCEABLE BEFORE THIS TITLE TAKES EFFECT, THE ACTION IS EFFECTIVE TO
35 PERFECT A SECURITY INTEREST THAT ATTACHES UNDER THIS TITLE WITHIN ONE
36 YEAR AFTER THIS TITLE TAKES EFFECT. AN ATTACHED SECURITY INTEREST
37 BECOMES UNPERFECTED ONE YEAR AFTER THIS TITLE TAKES EFFECT UNLESS THE

1 SECURITY INTEREST BECOMES A PERFECTED SECURITY INTEREST UNDER THIS
2 TITLE BEFORE THE EXPIRATION OF THAT PERIOD.

3 (B) THE FILING OF A FINANCING STATEMENT BEFORE THIS TITLE TAKES
4 EFFECT IS EFFECTIVE TO PERFECT A SECURITY INTEREST TO THE EXTENT THE
5 FILING WOULD SATISFY THE APPLICABLE REQUIREMENTS FOR PERFECTION UNDER
6 THIS TITLE.

7 (C) THIS TITLE DOES NOT RENDER INEFFECTIVE AN EFFECTIVE FINANCING
8 STATEMENT THAT IS FILED BEFORE THIS TITLE TAKES EFFECT AND SATISFIED THE
9 APPLICABLE REQUIREMENTS FOR PERFECTION UNDER THE LAW OF THE
10 JURISDICTION GOVERNING PERFECTION AS PROVIDED IN THE PRIOR CODE.
11 HOWEVER, EXCEPT AS OTHERWISE PROVIDED IN SUBSECTIONS (D) AND (E) AND §
12 9-706, THE FINANCING STATEMENT CEASES TO BE EFFECTIVE AT THE EARLIER OF:

13 (1) THE TIME THE FINANCING STATEMENT WOULD HAVE CEASED TO BE
14 EFFECTIVE UNDER THE LAW OF THE JURISDICTION IN WHICH IT IS FILED; OR

15 (2) JUNE 30, 2006.

16 (D) THE FILING OF A CONTINUATION STATEMENT AFTER THIS TITLE TAKES
17 EFFECT DOES NOT CONTINUE THE EFFECTIVENESS OF THE FINANCING STATEMENT
18 FILED BEFORE THIS TITLE TAKES EFFECT. HOWEVER, UPON THE TIMELY FILING OF
19 A CONTINUATION STATEMENT AFTER THIS TITLE TAKES EFFECT AND IN
20 ACCORDANCE WITH THE LAW OF THE JURISDICTION GOVERNING PERFECTION AS
21 PROVIDED IN SUBTITLE 3 OF THIS TITLE, THE EFFECTIVENESS OF A FINANCING
22 STATEMENT FILED IN THE SAME OFFICE IN THAT JURISDICTION BEFORE THIS TITLE
23 TAKES EFFECT CONTINUES FOR THE PERIOD PROVIDED BY THE LAW OF THAT
24 JURISDICTION.

25 (E) SUBSECTION (C)(2) APPLIES TO A FINANCING STATEMENT THAT IS FILED
26 AGAINST A TRANSMITTING UTILITY BEFORE THIS TITLE TAKES EFFECT AND
27 SATISFIED THE APPLICABLE REQUIREMENTS FOR PERFECTION UNDER THE LAW OF
28 THE JURISDICTION GOVERNING PERFECTION AS PROVIDED IN PRIOR CODE § 9-103,
29 ONLY TO THE EXTENT THAT SUBTITLE 3 OF THIS TITLE PROVIDES THAT THE LAW OF
30 A JURISDICTION OTHER THAN JURISDICTION IN WHICH THE FINANCING STATEMENT
31 IS FILED GOVERNS PERFECTION OF A SECURITY INTEREST IN COLLATERAL
32 COVERED BY THE FINANCING STATEMENT.

33 (F) A FINANCING STATEMENT THAT INCLUDES A FINANCING STATEMENT
34 FILED BEFORE THIS TITLE TAKES EFFECT AND A CONTINUATION STATEMENT FILED
35 AFTER THIS TITLE TAKES EFFECT IS EFFECTIVE ONLY TO THE EXTENT THAT IT
36 SATISFIES THE REQUIREMENTS OF SUBTITLE 5 OF THIS TITLE FOR AN INITIAL
37 FINANCING STATEMENT.

38 9-706. WHEN INITIAL FINANCING STATEMENT SUFFICES AS CONTINUATION
39 STATEMENT.

40 (A) THE FILING OF AN INITIAL FINANCING STATEMENT IN THE OFFICE
41 SPECIFIED IN § 9-501 CONTINUES THE EFFECTIVENESS OF A FINANCING STATEMENT

1 FILED BEFORE THIS TITLE TAKES EFFECT FOR THE PERIOD PROVIDED IN § 9-515
2 WITH RESPECT TO AN INITIAL FINANCING STATEMENT IF:

3 (1) THE FILING OF AN INITIAL FINANCING STATEMENT IN THAT OFFICE
4 WOULD BE EFFECTIVE TO PERFECT A SECURITY INTEREST UNDER THIS TITLE;

5 (2) THE PRE-EFFECTIVE-DATE FINANCING STATEMENT WAS FILED IN
6 AN OFFICE IN ANOTHER STATE OR ANOTHER OFFICE IN THIS STATE; AND

7 (3) THE INITIAL FINANCING STATEMENT SATISFIES SUBSECTION (B).

8 (B) TO BE EFFECTIVE FOR PURPOSES OF SUBSECTION (A), AN INITIAL
9 FINANCING STATEMENT MUST:

10 (1) SATISFY THE REQUIREMENTS OF SUBTITLE 5 OF THIS TITLE FOR AN
11 INITIAL FINANCING STATEMENT;

12 (2) IDENTIFY THE PRE-EFFECTIVE-DATE FINANCING STATEMENT BY
13 INDICATING THE OFFICE IN WHICH THE FINANCING STATEMENT WAS FILED AND
14 PROVIDING THE DATES OF FILING AND FILE NUMBERS, IF ANY, OF THE FINANCING
15 STATEMENT AND OF THE MOST RECENT CONTINUATION STATEMENT FILED WITH
16 RESPECT TO THE FINANCING STATEMENT; AND

17 (3) INDICATE THAT THE PRE-EFFECTIVE-DATE FINANCING STATEMENT
18 REMAINS EFFECTIVE.

19 9-707. PERSONS ENTITLED TO FILE INITIAL FINANCING STATEMENT OR
20 CONTINUATION STATEMENT.

21 A PERSON MAY FILE AN INITIAL FINANCING STATEMENT OR A CONTINUATION
22 STATEMENT UNDER THIS PART IF:

23 (1) THE SECURED PARTY OF RECORD AUTHORIZES THE FILING; AND

24 (2) THE FILING IS NECESSARY UNDER THIS SUBTITLE:

25 (A) TO CONTINUE THE EFFECTIVENESS OF A FINANCING
26 STATEMENT FILED BEFORE THIS TITLE TAKES EFFECT; OR

27 (B) TO PERFECT OR CONTINUE THE PERFECTION OF A SECURITY
28 INTEREST.

29 9-708. PRIORITY.

30 (A) THE PRIOR CODE DETERMINES THE PRIORITY OF CONFLICTING CLAIMS
31 TO COLLATERAL IF THE RELATIVE PRIORITIES OF THE PARTIES WERE FIXED BEFORE
32 THIS TITLE TAKES EFFECT. IN OTHER CASES, THIS TITLE DETERMINES PRIORITY.

33 (B) FOR PURPOSES OF § 9-322(A), THE PRIORITY OF A SECURITY INTEREST
34 THAT BECOMES A PERFECTED SECURITY INTEREST UNDER § 9-704 DATES FROM THE
35 TIME THE APPLICABLE REQUIREMENTS FOR PERFECTION ARE SATISFIED. THIS

1 SUBSECTION DOES NOT APPLY TO CONFLICTING SECURITY INTERESTS EACH OF
2 WHICH BECOMES A PERFECTED SECURITY INTEREST UNDER § 9-704.

3 (C) FOR PURPOSES OF § 9-322(A), THE PRIORITY OF A SECURITY INTEREST
4 THAT BECOMES ENFORCEABLE UNDER § 9-203 OF THIS TITLE DATES FROM THE TIME
5 THIS TITLE TAKES EFFECT IF THE SECURITY INTEREST IS PERFECTED UNDER THIS
6 TITLE BY THE FILING OF A FINANCING STATEMENT BEFORE THIS TITLE TAKES
7 EFFECT WHICH WOULD NOT HAVE BEEN EFFECTIVE TO PERFECT THE SECURITY
8 INTEREST UNDER THE PRIOR CODE. THIS SUBSECTION DOES NOT APPLY TO
9 CONFLICTING SECURITY INTERESTS EACH OF WHICH IS PERFECTED BY THE FILING
10 OF SUCH A FINANCING STATEMENT.

11 1-105.

12 (2) Where one of the following provisions of Titles 1 through 10 of this article
13 specifies the applicable law, that provision governs and a contrary agreement is
14 effective only to the extent permitted by the law (including the conflict of laws rules)
15 so specified:

16 Rights of creditors against sold goods. § 2-402.

17 Applicability of the title on leases. §§ 2A-105 and 2A-106.

18 Applicability of the title on bank deposits and collections. § 4-102.

19 Governing law in the title on funds transfers. § 4A-507.

20 Letters of credit. § 5-116.

21 Bulk transfers subject to the title on bulk transfers. [§ 6-102.]§ 6-103.

22 Applicability of the title on investment securities. § 8-110.

23 [Perfection provisions of the title on secured transactions. § 9-103.] LAW
24 GOVERNING PERFECTION, THE EFFECT OF PERFECTION OR NONPERFECTION, AND
25 THE PRIORITY OF SECURITY INTERESTS. §§ 9-301 THROUGH 9-307.

26 1-201.

27 (9) "Buyer in ordinary course of business" means a person [who] THAT BUYS
28 GOODS in good faith [and] without knowledge that the sale [to him is in violation of]
29 VIOLATES the [ownership] rights [or security interest] of [a third party] ANOTHER
30 PERSON in the goods, AND [buys] in THE ordinary course from a person, OTHER
31 THAN A PAWNBROKER, in the business of selling goods of that kind. [but does not
32 include a pawnbroker. All persons who sell minerals or the like (including oil and gas)
33 at wellhead or minehead shall be deemed to be persons] A PERSON BUYS GOODS IN
34 THE ORDINARY COURSE IF THE SALE TO THE PERSON COMPORTS WITH THE USUAL
35 OR CUSTOMARY PRACTICES IN THE KIND OF BUSINESS IN WHICH THE SELLER IS
36 ENGAGED OR WITH THE SELLER'S OWN USUAL OR CUSTOMARY PRACTICES. A
37 PERSON THAT SELLS OIL, GAS, OR OTHER MINERALS AT THE WELLHEAD OR

1 MINEHEAD IS A PERSON in the business of selling goods of that kind. ["Buying"] A
2 BUYER IN ORDINARY COURSE OF BUSINESS may [be] BUY for cash [or], by exchange
3 of other [property] PROPERTY, or on secured or unsecured [credit] CREDIT, and
4 [includes receiving] MAY ACQUIRE goods or documents of title under a preexisting
5 contract for sale [but does not include a transfer in bulk or as security for or in total
6 or partial satisfaction of a money debt]. ONLY A BUYER THAT TAKES POSSESSION OF
7 THE GOODS FROM THE SELLER UNDER TITLE 2 MAY BE A BUYER IN ORDINARY
8 COURSE OF BUSINESS. A PERSON THAT ACQUIRES GOODS IN A TRANSFER IN BULK OR
9 AS SECURITY FOR OR IN TOTAL OR PARTIAL SATISFACTION OF A MONEY DEBT IS NOT
10 A BUYER IN ORDINARY COURSE OF BUSINESS.

11 (32) "Purchase" includes taking by sale, discount, negotiation, mortgage,
12 pledge, lien, SECURITY INTEREST, issue or reissue, gift or any other voluntary
13 transaction creating an interest in property.

14 (37) "Security interest" means an interest in personal property or fixtures
15 which secures payment or performance of an obligation. [The retention or reservation
16 of title by a seller of goods notwithstanding shipment or delivery to the buyer (§
17 2-401) is limited in effect to a reservation of a "security interest."] The term also
18 includes any interest of A COSIGNOR AND a buyer of accounts [or], chattel paper
19 [which], A PAYMENT INTANGIBLE, OR A PROMISSORY NOTE IN A TRANSACTION THAT
20 is subject to Title 9. The special property interest of a buyer of goods on identification
21 of such goods to a contract for sale under § 2-401 is not a "security interest," but a
22 buyer may also acquire a "security interest" by complying with Title 9. [Unless a
23 consignment is intended as security, reservation of title thereunder is not a "security
24 interest" but a consignment is in any event subject to the provisions on consignment
25 sales (§ 2-326).] EXCEPT AS OTHERWISE PROVIDED IN § 2-205, THE RIGHT OF A
26 SELLER OR LESSOR OF GOODS UNDER TITLE 2 OR TITLE 2A TO RETAIN OR ACQUIRE
27 POSSESSION OF GOODS IS NOT A "SECURITY INTEREST," BUT A SELLER OR LESSOR
28 MAY ALSO ACQUIRE A "SECURITY INTEREST" BY COMPLYING WITH TITLE 9. THE
29 RETENTION OR RESERVATION OF TITLE BY A SELLER OF GOODS NOTWITHSTANDING
30 SHIPMENT OR DELIVERY TO THE BUYER (§ 2-401) IS LIMITED IN EFFECT TO A
31 RESERVATION OF A "SECURITY INTEREST."

32 (a) Whether a transaction creates a lease or security interest is
33 determined by the facts of each case; however, a transaction creates a security
34 interest if the consideration the lessee is to pay the lessor for the right to possession
35 and use of the goods is an obligation for the term of the lease not subject to
36 termination by the lessee, and

37 (i) The original term of the lease is equal to or greater than the
38 remaining economic life of the goods,

39 (ii) The lessee is bound to renew the lease for the remaining
40 economic life of the goods or is bound to become the owner of the goods,

41 (iii) The lessee has an option to renew the lease for the remaining
42 economic life of the goods for no additional consideration or nominal additional
43 consideration upon compliance with the lease agreement, or

1 (iv) The lessee has an option to become the owner of the goods for no
2 additional consideration or nominal additional consideration upon compliance with
3 the lease agreement.

4 (b) A transaction does not create a security interest merely because it
5 provides that

6 (i) The present value of the consideration the lessee is obligated to
7 pay the lessor for the right to possession and use of the goods is substantially equal to
8 or is greater than the fair market value of the goods at the time the lease is entered
9 into,

10 (ii) The lessee assumes risk of loss of the goods or agrees to pay
11 taxes, insurance, filing, recording, or registration fees, or service or maintenance
12 costs with respect to the goods,

13 (iii) The lessee has an option to renew the lease or to become the
14 owner of the goods,

15 (iv) The lessee has an option to renew the lease for a fixed rent that
16 is equal to or greater than the reasonably predictable fair market rent for the use of
17 the goods for the term of the renewal at the time the option is to be performed, or

18 (v) The lessee has an option to become the owner of the goods for a
19 fixed price that is equal to or greater than the reasonably predictable fair market
20 value of the goods at the time the option is to be performed.

21 (c) For purposes of this subsection (37):

22 (i) Additional consideration is not nominal if (i) when the option to
23 renew the lease is granted to the lessee the rent is stated to be the fair market rent for
24 the use of the goods for the term of the renewal determined at the time the option is
25 to be performed, or (ii) when the option to become the owner of the goods is granted to
26 the lessee the price is stated to be the fair market value of the goods determined at
27 the time the option is to be performed. Additional consideration is nominal if it is less
28 than the lessee's reasonably predictable cost of performing under the lease agreement
29 if the option is not exercised;

30 (ii) "Reasonably predictable" and "remaining economic life of the
31 goods" are to be determined with reference to the facts and circumstances at the time
32 the transaction is entered into; and

33 (iii) "Present value" means the amount as of a date certain of one or
34 more sums payable in the future, discounted to the date certain. The discount is
35 determined by the interest rate specified by the parties if the rate is not manifestly
36 unreasonable at the time the transaction is entered into; otherwise, the discount is
37 determined by a commercially reasonable rate that takes into account the facts and
38 circumstances of each case at the time the transaction was entered into.

1 2-103.

2 (3) The following definitions in other titles apply to this title:

3 "Check." § 3-104.

4 "Consignee." § 7-102.

5 "Consignor." § 7-102.

6 "Consumer goods." § [9-109.] 9-102.

7 "Dishonor." § 3-502.

8 "Draft." § 3-104.

9 2-210.

10 (1) A party may perform his duty through a delegate unless otherwise agreed
11 or unless the other party has a substantial interest in having his original promisor
12 perform or control the acts required by the contract. No delegation of performance
13 relieves the party delegating of any duty to perform or any liability for breach.

14 (2) Unless otherwise agreed all rights of either seller or buyer can be assigned
15 except where the assignment would materially change the duty of the other party, or
16 increase materially the burden or risk imposed on him by his contract, or impair
17 materially his chance of obtaining return performance. A right to damages for breach
18 of the whole contract or a right arising out of the assignor's due performance of his
19 entire obligation can be assigned despite agreement otherwise.

20 (3) THE CREATION, ATTACHMENT, PERFECTION, OR ENFORCEMENT OF A
21 SECURITY INTEREST IN THE SELLER'S INTEREST UNDER A CONTRACT IS NOT A
22 TRANSFER THAT MATERIALLY CHANGES THE DUTY OF OR INCREASES MATERIALLY
23 THE BURDEN OR RISK IMPOSED ON THE BUYER OR IMPAIRS MATERIALLY THE
24 BUYER'S CHANCE OF OBTAINING RETURN PERFORMANCE WITHIN THE PURVIEW OF
25 SUBSECTION (2) UNLESS, AND THEN ONLY TO THE EXTENT THAT, ENFORCEMENT
26 ACTUALLY RESULTS IN A DELEGATION OF MATERIAL PERFORMANCE OF THE
27 SELLER. EVEN IN THAT EVENT, THE CREATION, ATTACHMENT, PERFECTION, AND
28 ENFORCEMENT OF THE SECURITY INTEREST REMAIN EFFECTIVE, BUT (I) THE
29 SELLER IS LIABLE TO THE BUYER FOR DAMAGES CAUSED BY THE DELEGATION TO
30 THE EXTENT THAT THE DAMAGES COULD NOT REASONABLY BE PREVENTED BY THE
31 BUYER, AND (II) A COURT HAVING JURISDICTION MAY GRANT OTHER APPROPRIATE
32 RELIEF, INCLUDING CANCELLATION OF THE CONTRACT FOR SALE OR AN
33 INJUNCTION AGAINST ENFORCEMENT OF THE SECURITY INTEREST OR
34 CONSUMMATION OF THE ENFORCEMENT.

35 [(3)] (4) Unless the circumstances indicate the contrary a prohibition of
36 assignment of the "contract" is to be construed as barring only the delegation to the
37 assignee of the assignor's performance.

1 [(4)] (5) An assignment of "the contract" or of "all my rights under the
2 contract" or an assignment in similar general terms is an assignment of rights and
3 unless the language or the circumstances (as in an assignment for security) indicate
4 the contrary, it is a delegation of performance of the duties of the assignor and its
5 acceptance by the assignee constitutes a promise by him to perform those duties. This
6 promise is enforceable by either the assignor or the other party to the original
7 contract.

8 [(5)] (6) The other party may treat any assignment which delegates
9 performance as creating reasonable grounds for insecurity and may without prejudice
10 to his rights against the assignor demand assurances from the assignee (§ 2-609).

11 2-326.

12 (1) Unless otherwise agreed, if delivered goods may be returned by the buyer
13 even though they conform to the contract, the transaction is

14 (a) A "sale on approval" if the goods are delivered primarily for use, and

15 (b) A "sale or return" if the goods are delivered primarily for resale.

16 (2) [Except as provided in subsection (3), goods] GOODS held on approval are
17 not subject to the claims of the buyer's creditors until acceptance; goods held on sale
18 or return are subject to such claims while in the buyer's possession.

19 [(3) Where goods are delivered to a person for sale and such person maintains
20 a place of business at which he deals in goods of the kind involved, under a name
21 other than the name of the person making delivery, then with respect to claims of
22 creditors of the person conducting the business the goods are deemed to be on sale or
23 return. The provisions of this subsection are applicable even though an agreement
24 purports to reserve title to the person making delivery until payment or resale or uses
25 such words as "on consignment" or "on memorandum." However, this subsection is not
26 applicable if the person making delivery

27 (a) Complies with an applicable law providing for a consignor's interest
28 or the like to be evidenced by a sign, or

29 (b) Establishes that the person conducting the business is generally
30 known by his creditors to be substantially engaged in selling the goods of others, or

31 (c) Complies with the filing provisions of the title on secured
32 transactions (Title 9).]

33 [(4)] (3) Any "or return" term of a contract for sale is to be treated as a
34 separate contract for sale within the statute of frauds section of this title (§ 2-201)
35 and as contradicting the sale aspect of the contract within the provisions of this title
36 on parole or extrinsic evidence (§ 2-202).

1 2-502.

2 (1) Subject to [subsection] SUBSECTIONS (2) AND (3) and even though the
3 goods have not been shipped a buyer who has paid a part or all of the price of goods in
4 which he has a special property under the provisions of the immediately preceding
5 section may on making and keeping good a tender of any unpaid portions of their
6 price recover them from the seller if:

7 (A) IN THE CASE OF GOODS BOUGHT FOR PERSONAL, FAMILY, OR
8 HOUSEHOLD PURPOSES, THE SELLER REPUDIATES OR FAILS TO DELIVER AS
9 REQUIRED BY THE CONTRACT; OR

10 (B) IN OTHER CASES, the seller becomes insolvent within ten days after a
11 receipt of the first installment on their price.

12 (2) THE BUYER'S RIGHT TO RECOVER THE GOODS UNDER SUBSECTION (1)(A)
13 VESTS UPON ACQUISITION OF A SPECIAL PROPERTY, EVEN IF THE SELLER HAD NOT
14 THEN REPUDIATED OR FAILED TO DELIVER.

15 [(2)] (3) If the identification creating his special property has been made by
16 the buyer he acquires the right to recover the goods only if they conform to the
17 contract for sale.

18 2-716.

19 (1) Specific performance may be decreed where the goods are unique or in
20 other proper circumstances.

21 (2) The decree for specific performance may include such terms and conditions
22 as to payment of the price, damages, or other relief as the court may deem just.

23 (3) The buyer has a right of replevin for goods identified to the contract if after
24 reasonable effort he is unable to effect cover for such goods or the circumstances
25 reasonably indicate that such effort will be unavailing, or if the goods have been
26 shipped under reservation and satisfaction of the security interest in them has been
27 made or tendered. IN THE CASE OF GOODS BOUGHT FOR PERSONAL, FAMILY, OR
28 HOUSEHOLD PURPOSES, THE BUYER'S RIGHT OF REPLEVIN VESTS UPON
29 ACQUISITION OF A SPECIAL PROPERTY, EVEN IF THE SELLER HAD NOT THEN
30 REPUDIATED OR FAILED TO DELIVER.

31 2A-103.

32 (3) The following definitions in other titles apply to this title:

33 "Between merchants." § 2-104(3).

34 "Buyer." § 2-103(1)(a).

35 "Consumer goods." § [9-109(1)] 9-102(A)(23).

36 "Entrusting." § 2-403(3).

1 "Good faith." § 2-103(1)(b).

2 "Merchant." § 2-104(1).

3 "Receipt." § 2-103(1)(c).

4 "Sale." § 2-106(1).

5 "Sale on approval." § 2-326.

6 "Sale or return." § 2-326.

7 "Seller." § 2-103(1)(d).

8 2A-303.

9 (1) As used in this section, "creation of a security interest" includes the sale of
10 a lease contract that is subject to Title 9, Secured Transactions, by reason of §
11 [9-102(1)(b)] 9-109(A)(3).

12 (2) Except as provided in [subsections] SUBSECTION (3) and [(4)] § 9-407, a
13 provision in a lease agreement which (i) prohibits the voluntary or involuntary
14 transfer, including a transfer by sale, sublease, creation or enforcement of a security
15 interest, or attachment, levy, or other judicial process, of an interest of a party under
16 the lease contract or of the lessor's residual interest in the goods, or (ii) makes such a
17 transfer an event of default, gives rise to the rights and remedies provided in
18 subsection [(5)] (4), but a transfer that is prohibited or is an event of default under
19 the lease agreement is otherwise effective.

20 [(3) A provision in a lease agreement which (i) prohibits the creation or
21 enforcement of a security interest in an interest of a party under the lease contract or
22 in the lessor's residual interest in the goods, or (ii) makes such a transfer an event of
23 default, is not enforceable unless, and then only to the extent that, there is an actual
24 transfer by the lessee of the lessee's right of possession or use of the goods in violation
25 of the provision or an actual delegation of a material performance of either party to
26 the lease contract in violation of the provision. Neither the granting nor the
27 enforcement of a security interest in (i) the lessor's interest under the lease contract
28 or (ii) the lessor's residual interest in the goods is a transfer that materially impairs
29 the prospect of obtaining return performance by, materially changes the duty of, or
30 materially increases the burden or risk imposed on, the lessee within the purview of
31 subsection (5) unless, and then only to the extent that, there is an actual delegation of
32 a material performance of the lessor.]

33 [(4)] (3) A provision in a lease agreement which (i) prohibits a transfer of a
34 right to damages for default with respect to the whole lease contract or of a right to
35 payment arising out of the transferor's due performance of the transferor's entire
36 obligation, or (ii) makes such a transfer an event of default, is not enforceable, and
37 such a transfer is not a transfer that materially impairs the prospect of obtaining
38 return performance by, materially changes the duty of, or materially increases the

1 burden or risk imposed on, the other party to the lease contract within the purview of
2 subsection [(5)] (4).

3 [(5)] (4) Subject to [subsections] SUBSECTION (3) and [(4)] § 9-407:

4 (a) If a transfer is made which is made an event of default under a lease
5 agreement, the party to the lease contract not making the transfer, unless that party
6 waives the default or otherwise agrees, has the rights and remedies described in §
7 2A-501(2);

8 (b) If paragraph (a) is not applicable and if a transfer is made that (i) is
9 prohibited under a lease agreement or (ii) materially impairs the prospect of
10 obtaining return performance by, materially changes the duty of, or materially
11 increases the burden or risk imposed on, the other party to the lease contract, unless
12 the party not making the transfer agrees at any time to the transfer in the lease
13 contract or otherwise, then, except as limited by contract, (i) the transferor is liable to
14 the party not making the transfer for damages caused by the transfer to the extent
15 that the damages could not reasonably be prevented by the party not making the
16 transfer and (ii) a court having jurisdiction may grant other appropriate relief,
17 including cancellation of the lease contract or an injunction against the transferor.

18 [(6)] (5) A transfer of "the lease" or of "all my rights under the lease", or a
19 transfer in similar general terms, is a transfer of rights, and, unless the language or
20 the circumstances, as in a transfer for security, indicate the contrary, the transfer is a
21 delegation of duties by the transferor to the transferee. Acceptance by the transferee
22 constitutes a promise by the transferee to perform those duties. The promise is
23 enforceable by either the transferor or the other party to the lease contract.

24 [(7)] (6) Unless otherwise agreed by the lessor and the lessee, a delegation of
25 performance does not relieve the transferor as against the other party of any duty to
26 perform or of any liability for default.

27 [(8)] (7) In a consumer lease, to prohibit the transfer of an interest of a party
28 under the lease contract or to make a transfer an event of default, the language must
29 be specific, by a writing, and conspicuous.

30 2A-307.

31 (1) Except as otherwise provided in § 2A-306, a creditor of a lessee takes
32 subject to the lease contract.

33 (2) Except as otherwise provided in subsection (3) of this section and in §§
34 2A-306 and 2A-308, a creditor of a lessor takes subject to the lease contract[:

35 (a) Unless] UNLESS the creditor holds a lien that attached to the goods
36 before the lease contract became enforceable[;

37 (b) Unless the creditor holds a security interest in the goods and the
38 lessee did not give value and receive delivery of the goods without knowledge of the
39 security interest; or

1 (c) Unless the creditor holds a security interest in the goods that was
2 perfected (§ 9-303) before the lease contract became enforceable.

3 (3) A lessee in the ordinary course of business takes the leasehold interest free
4 of a security interest in the goods created by the lessor even though the security
5 interest is perfected (§ 9-303) and the lessee knows of its existence].

6 (3) EXCEPT AS OTHERWISE PROVIDED IN §§ 9-317, 9-321, AND 9-323, A LESSEE
7 TAKES A LEASEHOLD INTEREST SUBJECT TO A SECURITY INTEREST HELD BY A
8 CREDITOR OF THE LESSOR.

9 2A-309.

10 (1) In this section:

11 (b) A "fixture filing" is the filing, in the office where a RECORD OF A
12 mortgage on the real estate would be filed or recorded, of a financing statement
13 covering goods that are or are to become fixtures and conforming to the requirements
14 of [subsection (5) of § 9-402] § 9-502(A) AND (B);

15 4-210.

16 (c) Receipt by a collecting bank of a final settlement for an item is a
17 realization on its security interest in the item, accompanying documents and
18 proceeds. So long as the bank does not receive final settlement for the item or give up
19 possession of the item or accompanying documents for purposes other than collection,
20 the security interest continues to that extent and is subject to Title 9, but:

21 (1) No security agreement is necessary to make the security interest
22 enforceable (§ [9-203(1)(a)] 9-203(B)(3)(A));

23 (2) No filing is required to perfect the security interest; and

24 (3) The security interest has priority over conflicting perfected security
25 interests in the item, accompanying documents, or proceeds.

26 6-102.

27 (1) A "bulk transfer" is any transfer in bulk and not in the ordinary course of
28 the transferor's business of a major part of the materials, supplies, merchandise or
29 other inventory [(§ 9-109)] (§ 9-102) of an enterprise subject to this title.

30 (2) A transfer of a substantial part of the equipment [(§ 9-109)] (§ 9-102) of
31 such an enterprise is a bulk transfer if it is made in connection with a bulk transfer of
32 inventory, but not otherwise.

33 (3) The enterprises subject to this title are all those whose principal business
34 is the sale of merchandise from stock, including those who manufacture what they
35 sell, restaurants, and all vendors and sellers of alcoholic beverages, regardless of the

1 form in which such beverages are sold, and regardless of whether sold on a wholesale
2 or retail basis.

3 (4) Except as limited by the following section all bulk transfers of goods
4 located within this State are subject to this title.

5 7-503.

6 (1) A document of title confers no rights in goods against a person who before
7 issuance of the document had a legal interest or a perfected security interest in them
8 and who neither

9 (a) Delivered or entrusted them or any document of title covering them
10 to the bailor or his nominee with actual or apparent authority to ship, store or sell or
11 with power to obtain delivery under this title (§ 7-403) or with power of disposition
12 under Titles 2 and 9 of this article (§§ 2-403 and [9-307] 9-320) or other statute or
13 rule of law; nor

14 (b) Acquiesced in the procurement by the bailor or his nominee of any
15 document of title.

16 8-103.

17 (f) A commodity contract, as defined in § [9-115] 9-102(A)(15) of this article, is
18 not a security or a financial asset.

19 8-106.

20 (a) A purchaser has "control" of a certificated security in bearer form if the
21 certificated security is delivered to the purchaser.

22 (b) A purchaser has "control" of a certificated security in registered form if the
23 certificated security is delivered to the purchaser, and:

24 (1) The certificate is indorsed to the purchaser or in blank by an effective
25 indorsement; or

26 (2) The certificate is registered in the name of the purchaser, upon
27 original issue or registration of transfer by the issuer.

28 (c) A purchaser has "control" of an uncertificated security if:

29 (1) The uncertificated security is delivered to the purchaser; or

30 (2) The issuer has agreed that it will comply with instructions originated
31 by the purchaser without further consent by the registered owner.

32 (d) A purchaser has "control" of a security entitlement if:

33 (1) The purchaser becomes the entitlement holder; [or]

1 (2) The securities intermediary has agreed that it will comply with
2 entitlement orders originated by the purchaser without further consent by the
3 entitlement holder; OR

4 (3) ANOTHER PERSON HAS CONTROL OF THE SECURITY ENTITLEMENT
5 ON BEHALF OF THE PURCHASER OR, HAVING PREVIOUSLY ACQUIRED CONTROL OF
6 THE SECURITY ENTITLEMENT, ACKNOWLEDGES THAT IT HAS CONTROL ON BEHALF
7 OF THE PURCHASER.

8 (e) If an interest in a security entitlement is granted by the entitlement holder
9 to the entitlement holder's own securities intermediary, the securities intermediary
10 has control.

11 (f) A purchaser who has satisfied the requirements of subsection (c)[(2)] or
12 (d)[(2)] of this section has control even if the registered owner in the case of
13 subsection (c)[(2)] of this section or the entitlement holder in the case of subsection
14 (d)[(2)] of this section retains the right to make substitutions for the uncertificated
15 security or security entitlement, to originate instructions or entitlement orders to the
16 issuer or securities intermediary, or otherwise to deal with the uncertificated security
17 or security entitlement.

18 (g) (1) An issuer or a securities intermediary may not enter into an
19 agreement of the kind described in subsection (c)(2) or (d)(2) of this section without
20 the consent of the registered owner or entitlement holder, but an issuer or a securities
21 intermediary is not required to enter into such an agreement even though the
22 registered owner or entitlement holder so directs.

23 (2) An issuer or securities intermediary that has entered into such an
24 agreement is not required to confirm the existence of the agreement to another party
25 unless requested to do so by the registered owner or entitlement holder.

26 8-110.

27 (e) The following rules determine a "securities intermediary's jurisdiction" for
28 purposes of this section:

29 (1) If an agreement between the securities intermediary and its
30 entitlement holder [specifies that the agreement is governed by the law of a
31 particular jurisdiction] GOVERNING THE SECURITIES ACCOUNT EXPRESSLY
32 PROVIDES THAT A PARTICULAR JURISDICTION IS THE SECURITIES INTERMEDIARY'S
33 JURISDICTION FOR PURPOSES OF THIS SUBTITLE OR THIS TITLE, that jurisdiction is
34 the securities intermediary's jurisdiction.

35 (2) IF PARAGRAPH (1) DOES NOT APPLY AND AN AGREEMENT BETWEEN
36 THE SECURITIES INTERMEDIARY AND ITS ENTITLEMENT HOLDER EXPRESSLY
37 PROVIDES THAT THE AGREEMENT IS GOVERNED BY THE LAW OF A PARTICULAR
38 JURISDICTION, THAT JURISDICTION IS THE SECURITIES INTERMEDIARY'S
39 JURISDICTION.

1 [(2)] (3) If NEITHER PARAGRAPH (1) NOR PARAGRAPH (2) APPLIES AND
2 an agreement between the securities intermediary and its entitlement holder [does
3 not specify the governing law as provided in paragraph (1) of this subsection, but]
4 GOVERNING THE SECURITIES ACCOUNT expressly [specifies] PROVIDES that the
5 securities account is maintained at an office in a particular jurisdiction, that
6 jurisdiction is the securities intermediary's jurisdiction.

7 [(3)] (4) If [an agreement between the securities intermediary and its
8 entitlement holder does not specify a jurisdiction as provided in paragraph (1) or (2) of
9 this subsection,] NONE OF THE PRECEDING PARAGRAPHS APPLIES, the securities
10 intermediary's jurisdiction is the jurisdiction in which [is located] the office
11 identified in an account statement as the office serving the entitlement holder's
12 account IS LOCATED.

13 [(4)] (5) If [an agreement between the securities intermediary and its
14 entitlement holder does not specify a jurisdiction as provided in paragraph (1) or (2) of
15 this subsection and an account statement does not identify an office serving the
16 entitlement holder's account as provided in paragraph (3) of this subsection,] NONE
17 OF THE PRECEDING PARAGRAPHS APPLIES, the securities intermediary's jurisdiction
18 is the jurisdiction in which [is located] the chief executive office of the securities
19 intermediary IS LOCATED.

20 8-301.

21 (a) Delivery of a certificated security to a purchaser occurs when:

22 (1) The purchaser acquires possession of the security certificate;

23 (2) Another person, other than a securities intermediary, either acquires
24 possession of the security certificate on behalf of the purchaser or, having previously
25 acquired possession of the certificate, acknowledges that it holds for the purchaser; or

26 (3) A securities intermediary acting on behalf of the purchaser acquires
27 possession of the security certificate, only if the certificate is in registered form and
28 [has been] IS (I) REGISTERED IN THE NAME OF THE PURCHASER, (II) PAYABLE TO
29 THE ORDER OF THE PURCHASER, OR (III) specially indorsed to the purchaser by an
30 effective indorsement AND HAS NOT BEEN INDORSED TO THE SECURITIES
31 INTERMEDIARY OR IN BLANK.

32 (b) Delivery of an uncertificated security to a purchaser occurs when:

33 (1) The issuer registers the purchaser as the registered owner, upon
34 original issue or registration of transfer; or

35 (2) Another person, other than a securities intermediary, either becomes
36 the registered owner of the uncertificated security on behalf of the purchaser or,
37 having previously become the registered owner, acknowledges that it holds for the
38 purchaser.

1 8-302.

2 (a) Except as otherwise provided in subsections (b) and (c) of this section, A
3 PURCHASER [upon delivery] of a certificated or uncertificated security [to a
4 purchaser, the purchaser] acquires all rights in the security that the transferor had
5 or had power to transfer.

6 (b) A purchaser of a limited interest acquires rights only to the extent of the
7 interest purchased.

8 (c) A purchaser of a certificated security who as a previous holder had notice
9 of an adverse claim does not improve its position by taking from a protected
10 purchaser.

11 8-510.

12 (a) [An] IN A CASE NOT COVERED BY THE PRIORITY RULES IN TITLE 9 OF
13 THIS ARTICLE OR THE RULES STATED IN SUBSECTION (C) OF THIS SECTION, AN
14 action based on an adverse claim to a financial asset or security entitlement, whether
15 framed in conversion, replevin, constructive trust, equitable lien, or other theory, may
16 not be asserted against a person who purchases a security entitlement, or an interest
17 in a security entitlement, from an entitlement holder if the purchaser gives value,
18 does not have notice of the adverse claim, and obtains control.

19 (b) If an adverse claim could not have been asserted against an entitlement
20 holder under § 8-502 of this subtitle, the adverse claim cannot be asserted against a
21 person who purchases a security entitlement, or an interest in a security entitlement,
22 from the entitlement holder.

23 (c) (1) In a case not covered by the priority rules in Title 9 of this article, a
24 purchaser for value of a security entitlement, or an interest in a security entitlement,
25 who obtains control has priority over a purchaser of a security entitlement, or an
26 interest in a security entitlement, who does not obtain control.

27 (2) [Purchasers] EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (D)
28 OF THIS SECTION, PURCHASERS who have control rank [equally, except that a]
29 ACCORDING TO PRIORITY IN TIME OF:

30 (I) THE PURCHASER'S BECOMING THE PERSON FOR WHOM THE
31 SECURITIES ACCOUNT, IN WHICH THE SECURITY ENTITLEMENT IS CARRIED, IS
32 MAINTAINED, IF THE PURCHASER OBTAINED CONTROL UNDER § 8-106(D)(1);

33 (II) THE SECURITIES INTERMEDIARY'S AGREEMENT TO COMPLY
34 WITH THE PURCHASER'S ENTITLEMENT ORDERS WITH RESPECT TO SECURITY
35 ENTITLEMENTS CARRIED OR TO BE CARRIED IN THE SECURITIES ACCOUNT IN
36 WHICH THE SECURITY ENTITLEMENT IS CARRIED, IF THE PURCHASER OBTAINED
37 CONTROL UNDER § 8-106(D)(2); OR

1 (III) IF THE PURCHASER OBTAINED CONTROL THROUGH ANOTHER
2 PERSON UNDER § 8-106(D)(3), THE TIME ON WHICH PRIORITY WOULD BE BASED
3 UNDER THIS SUBSECTION IF THE OTHER PERSON WERE THE SECURED PARTY.

4 (D) A securities intermediary as purchaser has priority over a conflicting
5 purchaser who has control unless otherwise agreed by the securities intermediary.

6 [10-101.

7 Titles 1 through 10 of this article shall become effective at 12:01 a.m. on
8 February 1, 1964. It applies to transactions entered into and events occurring after
9 that time on that date.]

10 10-101.

11 AS USED IN THIS TITLE:

12 (1) "ORIGINAL CODE" MEANS CHAPTER 538 OF THE ACTS OF 1963, AS THE
13 PROVISIONS OF THAT CHAPTER WERE AMENDED PRIOR TO 12:01 A.M. ON JANUARY 1,
14 1981.

15 (2) "THIS ACT" MEANS CHAPTER 824 OF THE ACTS OF 1980.

16 10-102.

17 (1) Transactions validly entered into before the effective date [specified in §
18 10-101] OF THE ORIGINAL CODE, and the rights, duties and interests flowing from
19 them remain valid thereafter and may be terminated, completed, consummated or
20 enforced as required or permitted by any statute or other law amended or repealed by
21 [Titles 1 through 10 of this article] THE ORIGINAL CODE as though such repeal or
22 amendment had not occurred.

23 (2) Record books, indices, dockets, and any other papers or records permitted
24 or required to be recorded, filed or maintained in the office of the clerk of the circuit
25 court for any county under the provisions of any article, section, or other portion of the
26 Maryland Code repealed by [Ch. 538, Acts of 1963] THE ORIGINAL CODE may be
27 destroyed or otherwise disposed of by said clerk at any time after the expiration of
28 five (5) years and sixty (60) days from the date of the last pertinent date thereon or
29 record entry therein, provided that the requirements of Title 10, Subtitle 6, Part V of
30 the State Government Article have been complied with.

31 10-103.

32 Except as provided in the following section, all laws and parts of laws
33 inconsistent with [Titles 1 through 10 of this article] THE ORIGINAL CODE ON ITS
34 EFFECTIVE DATE are hereby repealed.

1 [10-105.

2 (1) As used in this title, Chapter 538 of the Acts of 1963, as heretofore
3 amended (hereinafter referred to as the "original Code") shall be deemed to mean the
4 provisions of Titles 1 through 10 of this article, as amended, prior to the effective date
5 of this act and this "act" shall be deemed to mean Titles 1 through 10 of this article, as
6 the same shall exist upon and after the effective date of this act.

7 (2) This act shall become effective at 12:01 a.m. on January 1, 1981.]

8 10-105.

9 RESERVED.

10 10-107.

11 Transactions validly entered after 12:01 a.m. on February 1, 1964, and before
12 the effective date of this act, and which were subject to the provisions of the original
13 Code and which would be subject to this act as amended if they had been entered into
14 after the effective date of this act and the rights, duties, and interests flowing from
15 such transactions remain valid after the latter date and may be terminated,
16 completed, consummated, or enforced as required or permitted by this act. Security
17 interests arising out of such transactions which are perfected when this act becomes
18 effective shall remain perfected until they lapse as provided in this act and may be
19 continued as permitted by this act except as stated in § 10-109 OF THE PRIOR CODE.
20 10-109.

21 (1) A financing statement or continuation statement filed prior to the effective
22 date of this act, which shall not have lapsed prior to said effective date shall remain
23 effective for the period provided in the original Code, but not less than that period of
24 time for which the filing was effective pursuant to the original Code in effect upon the
25 date of such prior filing.

26 (2) With respect to any financing statement filed prior to the effective date of
27 this act, any continuation or other statement filed on and after the effective date of
28 this act in relation to such original financing statement shall be filed (i.e., the
29 "transitional filing") in accordance with this act and if this act requires filing in a
30 place where the original financing statement was not filed, then a new financing
31 statement conforming to § 10-110 or the original or photographic or photostatic copy
32 of the original financing statement and a copy of any prior continuation or other
33 statement shall all be filed in the place where filing is required by this act.

34 (3) Nothing in this act shall be deemed to invalidate any action otherwise
35 complying with applicable law taken in good faith until the effective date of this act
36 pursuant to Chapter 240 of the Acts of 1972 (§ 9-401.1); provided, however, that
37 transitional filings made on and after January 1, 1981, BUT BEFORE 12:01 A.M. ON
38 JULY 1, 2001, shall be made pursuant to this act with regard to original filings made
39 pursuant to § 9-401 as it existed prior to July 1, 1971 and as said section was
40 amended effective July 1, 1971 by Chapter 457 of the Acts of 1971.

1 (4) The names and addresses of the debtor and secured party at the time
2 transitional filings are made shall govern the date to be reflected upon statements
3 filed under this act and shall govern place of filing and indexing in the filing records.
4 10-110.

5 (1) If a security interest is perfected or has priority when this act takes effect
6 as to all persons or as to certain persons without any filing or recording, and if the
7 filing of a financing statement would be required for the perfection or priority of the
8 security interest against those persons under this act, the perfection and priority
9 rights of the security interest continue until 3 years after the effective date of this act.
10 The perfection will then lapse unless a financing statement is filed as provided in
11 subsection (4) or unless the security interest is perfected in accordance with the
12 provisions of this act otherwise than by filing.

13 (2) If a security interest is perfected when this act takes effect under a law
14 other than this act which requires no further filing, refiling or recording to continue
15 its perfection, perfection continues until and will lapse 3 years after this act takes
16 effect, unless a financing statement is filed as provided in subsection (4) or unless the
17 security interest is perfected otherwise than by filing, or unless under subsection (3)
18 of § 9-302 OF THE PRIOR CODE the other law continues to govern filing.

19 (3) If a security interest is perfected by a filing, refiling or recording under a
20 law repealed by this [article] ACT which required further filing, refiling or recording
21 to continue its perfection, perfection continues and will lapse on the date provided by
22 the law so repealed for such further filing, refiling or recording unless a financing
23 statement is filed as provided in subsection (4) or unless the security interest is
24 perfected in accordance with the provisions of this act otherwise than by filing.

25 (4) [A] UNDER THE PRIOR CODE, A financing statement may be filed within 6
26 months before the perfection of a security interest would otherwise lapse. Any such
27 financing statement is sufficient if signed by either the debtor or the secured party. It
28 must identify the security agreement, statement or notice (however denominated in
29 any statute or other law repealed or modified by this [article] ACT), state the office
30 where and the date when the last filing, refiling or recording, if any, was made with
31 respect thereto, and the filing number, if any, or book and page, if any, of recording
32 and further state that the security agreement, statement or notice, however
33 denominated, in another filing office under the original Code or under any statute or
34 other law repealed or modified by this act is still effective. Section 9-401 and § 9-103
35 OF THE PRIOR CODE determine the proper place to file such a financing statement.
36 Except as specified in this subsection, the provisions of § 9-403(3) OF THE PRIOR
37 CODE for continuation statements apply to such a financing statement.

38 10-111.

39 Except as otherwise provided in this subtitle, the original Code shall apply to
40 any questions [or] OF priorities if the positions of the parties were fixed prior to the
41 effective date of this act. In other cases, questions of priorities shall be determined by
42 this act FOR PRIORITIES FIXED PRIOR TO 12:01 A.M. ON JULY 1, 2001.

1 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
2 July 1, 2001.