

UNOFFICIAL COPY OF SENATE BILL 354
EMERGENCY BILL

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6lr2371
CF 6lr2372

By: **Senator Kelley**

Introduced and read first time: January 30, 2006

Assigned to: Finance

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: February 10, 2006

CHAPTER_____

1 AN ACT concerning

2 **Uniform Commercial Code - Secured Transactions - Continuation**
3 **Statement - Transition Rules**

4 FOR the purpose of confirming the effectiveness of certain continuation statements
5 filed under Title 9 of the Uniform Commercial Code within a certain period to
6 continue in effect financing statements filed before a certain date; making this
7 Act an emergency measure; providing for the application of this Act; and
8 generally relating to the Uniform Commercial Code and filing statements.

9 BY repealing and reenacting, with amendments,
10 Article - Commercial Law
11 Section 9-515
12 Annotated Code of Maryland
13 (2002 Replacement Volume and 2005 Supplement)

14 BY repealing and reenacting, without amendments,
15 Article - Commercial Law
16 Section 9-705(c)
17 Annotated Code of Maryland
18 (2002 Replacement Volume and 2005 Supplement)

19 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
20 MARYLAND, That the Laws of Maryland read as follows:

1

Article - Commercial Law

2 9-515.

3 (a) Except as otherwise provided in subsections (b), (e), (f), and (g), a filed
4 financing statement is effective for a period of five years after the date of filing.

5 (b) Except as otherwise provided in subsections (e), (f), and (g), an initial
6 financing statement filed in connection with a public-finance transaction or
7 manufactured-home transaction is effective for a period of 30 years after the date of
8 filing if it indicates that it is filed in connection with a public-finance transaction or
9 manufactured-home transaction.

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

17 (d) A continuation statement may be filed only within six months before the
18 expiration of the five-year period specified in subsection (a), [or] the 30-year period
19 specified in subsection (b), OR THE DATE THE FINANCING STATEMENT CEASES TO BE
20 EFFECTIVE UNDER § 9-705(C) OF THIS TITLE, whichever is applicable.

21 (e) Except as otherwise provided in § 9-510, upon timely filing of a
22 continuation statement, the effectiveness of the initial financing statement continues
23 for a period of five years commencing on the day on which the financing statement
24 would have become ineffective in the absence of the filing. Upon the expiration of the
25 five-year period, the financing statement lapses in the same manner as provided in
26 subsection (c), unless, before the lapse, another continuation statement is filed
27 pursuant to subsection (d). Succeeding continuation statements may be filed in the
28 same manner to continue the effectiveness of the initial financing statement.

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

31 (g) A record of a mortgage that is effective as a financing statement filed as a
32 fixture filing under § 9-502(c) remains effective as a financing statement filed as a
33 fixture filing until the mortgage is released or satisfied of record or its effectiveness
34 otherwise terminates as to the real property.

35 9-705.

36 (c) This title does not render ineffective an effective financing statement that,
37 before this title takes effect, is filed and satisfies the applicable requirements for
38 perfection under the law of the jurisdiction governing perfection as provided in the
39 prior Code. However, except as otherwise provided in subsections (e) and (f) and §
40 9-706, the financing statement ceases to be effective at the earlier of:

1 (1) The time the financing statement would have ceased to be effective
2 under the law of the jurisdiction in which it is filed; or

3 (2) June 30, 2006.

4 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall be
5 applicable to all continuation statements filed before July 1, 2006.

6 ~~SECTION 2.~~ 3. AND BE IT FURTHER ENACTED, That this Act is an
7 emergency measure, is necessary for the immediate preservation of the public health
8 or safety, has been passed by a ye and nay vote supported by three-fifths of all the
9 members elected to each of the two Houses of the General Assembly, and shall take
10 effect from the date it is enacted.