

SENATE BILL 980

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8lr3348

By: **Senator Robey**

Introduced and read first time: March 3, 2008

Assigned to: Rules

Re-referred to: Finance, March 10, 2008

Committee Report: Favorable

Senate action: Adopted

Read second time: March 20, 2008

CHAPTER _____

1 AN ACT concerning

2 **Uniform Commercial Code – Financing Statements – Termination by**
3 **Government Employees**

4 FOR the purpose of authorizing certain government employees to file certain
5 termination statements with respect to certain financing statements; providing
6 for the contents of the termination statement; requiring a certain government
7 employee to send a copy of the termination statement to a certain secured party
8 within a certain time after filing the termination statement; providing that a fee
9 may not be charged for the filing of the termination statement; defining a
10 certain term; and generally relating to the termination of financing statements
11 by government employees.

12 BY repealing and reenacting, with amendments,
13 Article – Commercial Law
14 Section 9–513
15 Annotated Code of Maryland
16 (2002 Replacement Volume and 2007 Supplement)

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

19 **Article – Commercial Law**

20 9–513.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike-out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 (a) A secured party shall cause the secured party of record for a financing
2 statement to file a termination statement for the financing statement if the financing
3 statement covers consumer goods and:

4 (1) There is no obligation secured by the collateral covered by the
5 financing statement and no commitment to make an advance, incur an obligation, or
6 otherwise give value; or

7 (2) The debtor did not authorize the filing of the initial financing
8 statement.

9 (b) To comply with subsection (a), a secured party shall cause the secured
10 party of record to file the termination statement:

11 (1) Within 1 month after there is no obligation secured by the
12 collateral covered by the financing statement and no commitment to make an advance,
13 incur an obligation, or otherwise give value; or

14 (2) If earlier, within 20 days after the secured party receives an
15 authenticated demand from a debtor.

16 (c) In cases not governed by subsection (a), within 20 days after a secured
17 party receives an authenticated demand from a debtor, the secured party shall cause
18 the secured party of record for a financing statement to send to the debtor a
19 termination statement for the financing statement or file the termination statement in
20 the filing office if:

21 (1) Except in the case of a financing statement covering accounts or
22 chattel paper that has been sold or goods that are the subject of a consignment, there
23 is no obligation secured by the collateral covered by the financing statement and no
24 commitment to make an advance, incur an obligation, or otherwise give value;

25 (2) The financing statement covers accounts or chattel paper that has
26 been sold but as to which the account debtor or other person obligated has discharged
27 its obligation;

28 (3) The financing statement covers goods that were the subject of a
29 consignment to the debtor but are not in the debtor's possession; or

30 (4) The debtor did not authorize the filing of the initial financing
31 statement.

32 (D) (1) **IN THIS SUBSECTION, "GOVERNMENT EMPLOYEE" MEANS:**

33 (A) **AN ELECTED OR APPOINTED OFFICIAL OF THE STATE**
34 **OR A POLITICAL SUBDIVISION OF THE STATE;**

1 **(B) AN EMPLOYEE OF:**

2 **(I) THE STATE;**

3 **(II) A COUNTY, MUNICIPAL CORPORATION, OR OTHER**
4 **POLITICAL SUBDIVISION OF THE STATE; OR**

5 **(III) A UNIT OF THE STATE GOVERNMENT OR OF A**
6 **POLITICAL SUBDIVISION OF THE STATE; OR**

7 **(C) A MEMBER OF AN AUTHORITY, BOARD, OR COMMISSION**
8 **ESTABLISHED BY THE STATE OR A POLITICAL SUBDIVISION OF THE STATE.**

9 **(2) A GOVERNMENT EMPLOYEE WHO IS LISTED AS A DEBTOR ON A**
10 **FINANCING STATEMENT BECAUSE OF THE OFFICE OR POSITION HELD BY THE**
11 **GOVERNMENT EMPLOYEE, AND WHO DID NOT AUTHORIZE THE FILING OF THE**
12 **FINANCING STATEMENT, MAY FILE A TERMINATION STATEMENT FOR THE**
13 **FINANCING STATEMENT.**

14 **(3) A TERMINATION STATEMENT FILED UNDER THIS SUBSECTION**
15 **SHALL STATE THAT:**

16 **(A) THE GOVERNMENT EMPLOYEE DID NOT AUTHORIZE THE**
17 **FILING OF THE FINANCING STATEMENT; AND**

18 **(B) A COPY OF THE TERMINATION STATEMENT SHALL BE**
19 **SENT BY FIRST-CLASS MAIL TO THE SECURED PARTY OF RECORD FOR THE**
20 **FINANCING STATEMENT.**

21 **(4) WITHIN 3 DAYS AFTER FILING A TERMINATION STATEMENT**
22 **UNDER THIS SUBSECTION, THE GOVERNMENT EMPLOYEE SHALL SEND A COPY**
23 **OF THE TERMINATION STATEMENT BY FIRST-CLASS MAIL TO THE SECURED**
24 **PARTY OF RECORD FOR THE FINANCING STATEMENT.**

25 **(5) ON THE FILING OF A TERMINATION STATEMENT UNDER THIS**
26 **SUBSECTION, THE FINANCING STATEMENT TO WHICH THE TERMINATION**
27 **STATEMENT RELATES CEASES TO BE EFFECTIVE AS TO THE GOVERNMENT**
28 **EMPLOYEE.**

29 **(6) A FEE MAY NOT BE CHARGED FOR A FILING UNDER THIS**
30 **SUBSECTION.**

31 **[(d)] (E) Except as otherwise provided in § 9-510, AND SUBJECT TO**
32 **SUBSECTION (D)(5) OF THIS SECTION, upon the filing of a termination statement**

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1 with the filing office, the financing statement to which the termination statement
2 relates ceases to be effective. Except as otherwise provided in § 9–510, for purposes of
3 §§ 9–519(f), 9–522(a), and 9–523(b), the filing with the filing office of a termination
4 statement relating to a financing statement that indicates that the debtor is a
5 transmitting utility also causes the effectiveness of the financing statement to lapse.

6 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
7 October 1, 2008.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.