

# SENATE BILL 62

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SB 980/08 – FIN

(PRE-FILED)

By: **Chair, Finance Committee (By Request – Departmental – Assessments and Taxation)**

Requested: September 30, 2008

Introduced and read first time: January 14, 2009

Assigned to: Finance

## A BILL ENTITLED

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 2008 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.

21 (a) A secured party shall cause the secured party of record for a financing  
22 statement to file a termination statement for the financing statement if the financing  
23 statement covers consumer goods and:

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

4           (2)    The debtor did not authorize the filing of the initial financing  
5 statement.

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

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

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

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

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

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

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

27          (4)    The debtor did not authorize the filing of the initial financing  
28 statement.

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

30                   **(A)    AN ELECTED OR APPOINTED OFFICIAL OF THE STATE**  
31 **OR A POLITICAL SUBDIVISION OF THE STATE;**

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

33                           **(I)    THE STATE;**

1 (II) A COUNTY, MUNICIPAL CORPORATION, OR OTHER  
2 POLITICAL SUBDIVISION OF THE STATE; OR

3 (III) A UNIT OF THE STATE GOVERNMENT OR OF A  
4 POLITICAL SUBDIVISION OF THE STATE; OR

5 (C) A MEMBER OF AN AUTHORITY, BOARD, OR COMMISSION  
6 ESTABLISHED BY THE STATE OR A POLITICAL SUBDIVISION OF THE STATE.

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

12 (3) A TERMINATION STATEMENT FILED UNDER THIS SUBSECTION  
13 SHALL STATE THAT:

14 (A) THE GOVERNMENT EMPLOYEE DID NOT AUTHORIZE THE  
15 FILING OF THE FINANCING STATEMENT; AND

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

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

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

27 (6) A FEE MAY NOT BE CHARGED FOR A FILING UNDER THIS  
28 SUBSECTION.

29 [(d)] (E) Except as otherwise provided in § 9-510, AND SUBJECT TO  
30 SUBSECTION (D)(5) OF THIS SECTION, upon the filing of a termination statement  
31 with the filing office, the financing statement to which the termination statement  
32 relates ceases to be effective. Except as otherwise provided in § 9-510, for purposes of  
33 §§ 9-519(f), 9-522(a), and 9-523(b), the filing with the filing office of a termination

1 statement relating to a financing statement that indicates that the debtor is a  
2 transmitting utility also causes the effectiveness of the financing statement to lapse.

3 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
4 October 1, 2009.