

HOUSE BILL No. 5083

October 18, 2011, Introduced by Reps. Lipton, Huuki and Cotter and referred to the Committee on Banking and Financial Services.

A bill to amend 1962 PA 174, entitled "Uniform commercial code," by amending sections 2A103, 9102, 9105, 9307, 9311, 9316, 9317, 9326, 9406, 9408, 9502, 9503, 9507, 9515, 9516, 9518, 9521, and 9607 (MCL 440.2803, 440.9102, 440.9105, 440.9307, 440.9311, 440.9316, 440.9317, 440.9326, 440.9406, 440.9408, 440.9502, 440.9503, 440.9507, 440.9515, 440.9516, 440.9518, 440.9521, and 440.9607), sections 2A103, 9102, 9105, 9307, 9316, 9317, 9406, 9408, 9502, 9503, and 9507 as amended and sections 9326, 9518, and 9607 as added by 2000 PA 348, section 9311 as amended by 2005 PA 25, and sections 9515, 9516, and 9521 as amended by 2008 PA 383, and by adding part 8 to article 9; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 2A103. (1) In this article unless the context otherwise
2 requires:

3 (a) "Buyer in ordinary course of business" means a person
4 who in good faith and without knowledge that the sale to him or
5 her is in violation of the ownership rights or security interest
6 or leasehold interest of a third party in the goods buys in
7 ordinary course from a person in the business of selling goods of
8 that kind but does not include a pawnbroker. "Buying" may be for
9 cash or by exchange of other property or on secured or unsecured
10 credit and includes receiving goods or documents of title under a
11 pre-existing contract for sale but does not include a transfer in
12 bulk or as security for or in total or partial satisfaction of a
13 money debt.

14 (b) "Cancellation" occurs when either party puts an end to
15 the lease contract for default by the other party.

16 (c) "Commercial unit" means such a unit of goods as by
17 commercial usage is a single whole for purposes of lease and
18 division of which materially impairs its character or value on
19 the market or in use. A commercial unit may be a single article,
20 as a machine, or a set of articles, as a suite of furniture or a
21 line of machinery, or a quantity, as a gross or carload, or any
22 other unit treated in use or in the relevant market as a single
23 whole.

24 (d) "Conforming" means goods or performance under a lease
25 contract that are in accordance with the obligations under the
26 lease contract.

1 (e) "Consumer lease" means a lease that a lessor regularly
2 engaged in the business of leasing or selling makes to a lessee
3 who is an individual and who takes under the lease primarily for
4 a personal, family, or household purpose, if the total payments
5 to be made under the lease contract, excluding payments for
6 options to renew or buy, do not exceed \$25,000.00.

7 (f) "Fault" means wrongful act, omission, breach, or
8 default.

9 (g) "Finance lease" means a lease with respect to which all
10 of the following apply:

11 (i) The lessor does not select, manufacture, or supply the
12 goods.

13 (ii) The lessor acquires the goods or the right to possession
14 and use of the goods in connection with the lease.

15 (iii) One of the following occurs:

16 (A) The lessee receives a copy of the contract by which the
17 lessor acquired the goods or the right to possession and use of
18 the goods before signing the lease contract.

19 (B) The lessee's approval of the contract by which the
20 lessor acquired the goods or the right to possession and use of
21 the goods is a condition to effectiveness of the lease contract.

22 (C) The lessee, before signing the lease contract, receives
23 an accurate and complete statement designating the promises and
24 warranties, and any disclaimers of warranties, limitations or
25 modifications of remedies, or liquidated damages, including those
26 of a third party, such as the manufacturer of the goods, provided
27 to the lessor by the person supplying the goods in connection

1 with or as part of the contract by which the lessor acquired the
2 goods or the right to possession and use of the goods.

3 (D) If the lease is not a consumer lease, the lessor, before
4 the lessee signs the lease contract, informs the lessee in
5 writing of the following:

6 (I) The identity of the person supplying the goods to the
7 lessor, unless the lessee has selected that person and directed
8 the lessor to acquire the goods or the right to possession and
9 use of the goods from that person.

10 (II) The lessee is entitled under this article to the
11 promises and warranties, including those of any third party,
12 provided to the lessor by the person supplying the goods in
13 connection with or as part of the contract by which the lessor
14 acquired the goods or the right to possession and use of the
15 goods.

16 (III) The lessee may communicate with the person supplying
17 the goods to the lessor and receive an accurate and complete
18 statement of those promises and warranties, including any
19 disclaimers and limitations of them or of remedies.

20 (h) "Goods" means all things that are movable at the time of
21 identification to the lease contract, or are fixtures (section
22 2A309), but the term does not include money, documents,
23 instruments, accounts, chattel paper, general intangibles, or
24 minerals or the like, including oil and gas, before extraction.
25 The term also includes the unborn young of animals.

26 (i) "Installment lease contract" means a lease contract that
27 authorizes or requires the delivery of goods in separate lots to

1 be separately accepted, even though the lease contract contains a
2 clause "each delivery is a separate lease" or its equivalent.

3 (j) "Lease" means a transfer of the right to possession and
4 use of goods for a term in return for consideration, but a sale,
5 including a sale on approval or a sale or return, or retention or
6 creation of a security interest is not a lease. Unless the
7 context clearly indicates otherwise, the term includes a
8 sublease.

9 (k) "Lease agreement" means the bargain, with respect to the
10 lease, of the lessor and the lessee in fact as found in their
11 language or by implication from other circumstances including
12 course of dealing or usage of trade or course of performance as
13 provided in this article. Unless the context clearly indicates
14 otherwise, the term includes a sublease agreement.

15 (l) "Lease contract" means the total legal obligation that
16 results from the lease agreement as affected by this article and
17 any other applicable rules of law. Unless the context clearly
18 indicates otherwise, the term includes a sublease contract.

19 (m) "Leasehold interest" means the interest of the lessor or
20 the lessee under a lease contract.

21 (n) "Lessee" means a person who acquires the right to
22 possession and use of goods under a lease. Unless the context
23 clearly indicates otherwise, the term includes a sublessee.

24 (o) "Lessee in ordinary course of business" means a person
25 who in good faith and without knowledge that the lease to him or
26 her is in violation of the ownership rights or security interest
27 or leasehold interest of a third party in the goods leases in

1 ordinary course from a person in the business of selling or
2 leasing goods of that kind but does not include a pawnbroker.
3 "Leasing" may be for cash or by exchange of other property or on
4 secured or unsecured credit and includes receiving goods or
5 documents of title under a pre-existing lease contract but does
6 not include a transfer in bulk or as security for or in total or
7 partial satisfaction of a money debt.

8 (p) "Lessor" means a person who transfers the right to
9 possession and use of goods under a lease. Unless the context
10 clearly indicates otherwise, the term includes a sublessor.

11 (q) "Lessor's residual interest" means the lessor's interest
12 in the goods after expiration, termination, or cancellation of
13 the lease contract.

14 (r) "Lien" means a charge against or interest in goods to
15 secure payment of a debt or performance of an obligation, but the
16 term does not include a security interest.

17 (s) "Lot" means a parcel or a single article that is the
18 subject matter of a separate lease or delivery, whether or not it
19 is sufficient to perform the lease contract.

20 (t) "Merchant lessee" means a lessee that is a merchant with
21 respect to goods of the kind subject to the lease.

22 (u) "Present value" means the amount as of a date certain of
23 1 or more sums payable in the future, discounted to the date
24 certain. The discount is determined by the interest rate
25 specified by the parties if the rate was not manifestly
26 unreasonable at the time the transaction was entered into;
27 otherwise, the discount is determined by a commercially

1 reasonable rate that takes into account the facts and
 2 circumstances of each case at the time the transaction was
 3 entered into.

4 (v) "Purchase" includes taking by sale, lease, mortgage,
 5 security interest, pledge, gift, or any other voluntary
 6 transaction creating an interest in goods.

7 (w) "Sublease" means a lease of goods the right to
 8 possession and use of which was acquired by the lessor as a
 9 lessee under an existing lease.

10 (x) "Supplier" means a person from whom a lessor buys or
 11 leases goods to be leased under a finance lease.

12 (y) "Supply contract" means a contract under which a lessor
 13 buys or leases goods to be leased.

14 (z) "Termination" occurs when either party pursuant to a
 15 power created by agreement or law puts an end to the lease
 16 contract otherwise than for default.

17 (2) Other definitions applying to this article and the
 18 sections in which they appear are:

19	"Accessions".	Section 2A310(1).
20	"Construction mortgage".	Section 2A309(1)(d).
21	"Encumbrance".	Section 2A309(1)(e).
22	"Fixtures".	Section 2A309(1)(a).
23	"Fixture filing".	Section 2A309(1)(b).
24	"Purchase money lease".	Section 2A309(1)(c).

25 (3) The following definitions in other articles apply to
 26 this article:

1	"Account".	Section 9102(1)(b).
2	"Between merchants".	Section 2104(3).
3	"Buyer".	Section 2103(1)(a).
4	"Chattel paper".	Section 9102(1)(k).
5	"Consumer goods".	Section 9102(1)(w).
6	"Document".	Section 9102(1)(dd).
7	"Entrusting".	Section 2403(3).
8	"General intangible".	Section 9102(1)(pp).
9	"Good faith".	Section 2103(1)(b).
10	"Instrument".	Section 9102(1)(uu).
11	"Merchant".	Section 2104(1).
12	"Mortgage".	Section 9102(1)(ccc).
13	"Pursuant to commitment".	Section 9102(1)(sss) 9102(1)(PPP) .
14	"Receipt".	Section 2103(1)(c).
15	"Sale".	Section 2106(1).
16	"Sale on approval".	Section 2326.
17	"Sale or return".	Section 2326.
18	"Seller".	Section 2103(1)(d).

19 (4) In addition article 1 contains general definitions and
 20 principles of construction and interpretation applicable
 21 throughout this article.

22 Sec. 9102. (1) As used in this article:

23 (a) "Accession" means goods that are physically united with
 24 other goods in such a manner that the identity of the original
 25 goods is not lost.

26 (b) "Account", except as used in "account for", means a
 27 right to payment of a monetary obligation, whether or not earned
 28 by performance, for property that has been or is to be sold,

1 leased, licensed, assigned, or otherwise disposed of, for
2 services rendered or to be rendered, for a policy of insurance
3 issued or to be issued, for a secondary obligation incurred or to
4 be incurred, for energy provided or to be provided, for the use
5 or hire of a vessel under a charter or other contract, arising
6 out of the use of a credit or charge card or information
7 contained on or for use with the card, or as winnings in a
8 lottery or other game of chance operated or sponsored by a state,
9 governmental unit of a state, or person licensed or authorized to
10 operate the game by a state or governmental unit of a state. The
11 term includes health-care-insurance receivables. The term does
12 not include rights to payment evidenced by chattel paper or an
13 instrument, commercial tort claims, deposit accounts, investment
14 property, letter-of-credit rights or letters of credit, or rights
15 to payment for money or funds advanced or sold, other than rights
16 arising out of the use of a credit or charge card or information
17 contained on or for use with the card.

18 (c) "Account debtor" means a person obligated on an account,
19 chattel paper, or general intangible. The term does not include
20 persons obligated to pay a negotiable instrument, even if the
21 instrument constitutes part of chattel paper.

22 (d) "Accounting", except as used in "accounting for", means
23 a record that meets all of the following requirements:

24 (i) Authenticated by a secured party.

25 (ii) Indicating the aggregate unpaid secured obligations as
26 of a date not more than 35 days earlier or 35 days later than the
27 date of the record.

1 (iii) Identifying the components of the obligations in
2 reasonable detail.

3 (e) "Agricultural lien" means an interest, other than a
4 security interest, in farm products that meets all of the
5 following requirements:

6 (i) The interest secures payment or performance of an
7 obligation for 1 or more of the following:

8 (A) Goods or services furnished in connection with a
9 debtor's farming operation.

10 (B) Rent on real property leased by a debtor in connection
11 with its farming operation.

12 (ii) The interest is created by statute in favor of a person
13 that did 1 or more of the following:

14 (A) In the ordinary course of its business furnished goods
15 or services to a debtor in connection with a debtor's farming
16 operation.

17 (B) Leased real property to a debtor in connection with the
18 debtor's farming operation.

19 (iii) The effectiveness of the interest does not depend on the
20 person's possession of the personal property.

21 (f) "As-extracted collateral" means 1 or more of the
22 following:

23 (i) Oil, gas, or other minerals that are subject to a
24 security interest that is created by a debtor having an interest
25 in the minerals before extraction and attaches to the minerals as
26 extracted.

27 (ii) Accounts arising out of the sale at the wellhead or

1 minehead of oil, gas, or other minerals in which the debtor had
2 an interest before extraction.

3 (g) "Authenticate" means ~~1~~**EITHER** of the following:

4 (i) To sign.

5 (ii) ~~To execute or otherwise adopt a symbol, or encrypt or~~
6 ~~similarly process a record in whole or in part, with the present~~
7 ~~intent of the authenticating person to identify the person and~~
8 ~~adopt or accept a record.~~**WITH PRESENT INTENT TO ADOPT OR ACCEPT A**
9 **RECORD, TO ATTACH TO OR LOGICALLY ASSOCIATE WITH THE RECORD AN**
10 **ELECTRONIC SOUND, SYMBOL, OR PROCESS.**

11 (h) "Bank" means an organization that is engaged in the
12 business of banking. The term includes savings banks, savings and
13 loan associations, credit unions, and trust companies.

14 (i) "Cash proceeds" means proceeds that are money, checks,
15 deposit accounts, or the like.

16 (j) "Certificate of title" means a certificate of title with
17 respect to which a statute provides for the security interest in
18 question to be indicated on the certificate as a condition or
19 result of the security interest's obtaining priority over the
20 rights of a lien creditor with respect to the collateral. **THE**
21 **TERM INCLUDES ANOTHER RECORD MAINTAINED AS AN ALTERNATIVE TO A**
22 **CERTIFICATE OF TITLE BY THE GOVERNMENTAL UNIT THAT ISSUES**
23 **CERTIFICATES OF TITLE IF A STATUTE PERMITS THE SECURITY INTEREST**
24 **IN QUESTION TO BE INDICATED ON THE RECORD AS A CONDITION OR**
25 **RESULT OF THE SECURITY INTEREST'S OBTAINING PRIORITY OVER THE**
26 **RIGHTS OF A LIEN CREDITOR WITH RESPECT TO THE COLLATERAL.**

27 (k) "Chattel paper" means a record or records that evidence

1 both a monetary obligation and a security interest in specific
2 goods, a security interest in specific goods and software used in
3 the goods, a security interest in specific goods and license of
4 software used in the goods, a lease of specific goods, or a lease
5 of specific goods and license of software used in the goods. As
6 used in this subdivision, "monetary obligation" means a monetary
7 obligation secured by the goods or owed under a lease of the
8 goods and includes a monetary obligation with respect to software
9 used in the goods. The term does not include charters or other
10 contracts involving the use or hire of a vessel, or records that
11 evidence a right to payment arising out of the use of a credit or
12 charge card or information contained on or for use with the card.
13 If a transaction is evidenced by records that include an
14 instrument or series of instruments, the group of records taken
15 together constitutes chattel paper.

16 (l) "Collateral" means the property subject to a security
17 interest or agricultural lien. The term includes 1 or more of the
18 following:

19 (i) Proceeds to which a security interest attaches.

20 (ii) Accounts, chattel paper, payment intangibles, and
21 promissory notes that have been sold.

22 (iii) Goods that are the subject of a consignment.

23 (m) "Commercial tort claim" means a claim arising in tort
24 with respect to which 1 of the following applies:

25 (i) The claimant is an organization.

26 (ii) The claimant is an individual and the claim arose in the
27 course of the claimant's business or profession and does not

1 include damages arising out of personal injury to or the death of
2 an individual.

3 (n) "Commodity account" means an account maintained by a
4 commodity intermediary in which a commodity contract is carried
5 for a commodity customer.

6 (o) "Commodity contract" means a commodity futures contract,
7 an option on a commodity futures contract, a commodity option, or
8 another contract if the contract or option is 1 of the following:

9 (i) Traded on or subject to the rules of a board of trade
10 that has been designated as a contract market for such a contract
11 pursuant to federal commodities laws.

12 (ii) Traded on a foreign commodity board of trade, exchange,
13 or market, and is carried on the books of a commodity
14 intermediary for a commodity customer.

15 (p) "Commodity customer" means a person for which a
16 commodity intermediary carries a commodity contract on its books.

17 (q) "Commodity intermediary" means 1 of the following:

18 (i) A person that is registered as a futures commission
19 merchant under federal commodities law.

20 (ii) A person that in the ordinary course of its business
21 provides clearance or settlement services for a board of trade
22 that has been designated as a contract market pursuant to federal
23 commodities law.

24 (r) "Communicate" means 1 or more of the following:

25 (i) To send a written or other tangible record.

26 (ii) To transmit a record by any means agreed upon by the
27 persons sending and receiving the record.

1 (iii) In the case of transmission of a record to or by a
2 filing office, to transmit a record by any means prescribed by
3 filing-office rule.

4 (s) "Consignee" means a merchant to which goods are
5 delivered in a consignment.

6 (t) "Consignment" means a transaction, regardless of its
7 form, in which a person delivers goods to a merchant for the
8 purpose of sale and that meets all of the following:

9 (i) The merchant deals in goods of that kind under a name
10 other than the name of the person making delivery, is not an
11 auctioneer, and is not generally known by its creditors to be
12 substantially engaged in selling the goods of others.

13 (ii) With respect to each delivery, the aggregate value of
14 the goods is \$1,000.00 or more at the time of delivery.

15 (iii) The goods are not consumer goods immediately before
16 delivery.

17 (iv) The transaction does not create a security interest that
18 secures an obligation.

19 (u) "Consignor" means a person that delivers goods to a
20 consignee in a consignment.

21 (v) "Consumer debtor" means a debtor in a consumer
22 transaction.

23 (w) "Consumer goods" means goods that are used or bought for
24 use primarily for personal, family, or household purposes.

25 (x) "Consumer-goods transaction" means a consumer
26 transaction in which an individual incurs an obligation primarily
27 for personal, family, or household purposes and a security

1 interest in consumer goods secures the obligation.

2 (y) "Consumer obligor" means an obligor who is an individual
3 and who incurred the obligation as part of a transaction entered
4 into primarily for personal, family, or household purposes.

5 (z) "Consumer transaction" means a transaction in which an
6 individual incurs an obligation primarily for personal, family,
7 or household purposes, a security interest secures the
8 obligation, and the collateral is held or acquired primarily for
9 personal, family, or household purposes. The term includes
10 consumer-goods transactions.

11 (aa) "Continuation statement" means an amendment of a
12 financing statement which identifies, by its file number, the
13 initial financing statement to which it relates and indicates
14 that it is a continuation statement for, or that it is filed to
15 continue the effectiveness of, the identified financing
16 statement.

17 (bb) "Debtor" means 1 of the following:

18 (i) A person having an interest, other than a security
19 interest or other lien, in the collateral, whether or not the
20 person is an obligor.

21 (ii) A seller of accounts, chattel paper, payment
22 intangibles, or promissory notes.

23 (iii) A consignee.

24 (cc) "Deposit account" means a demand, time, savings,
25 passbook, or similar account maintained with a bank. The term
26 does not include investment property or accounts evidenced by an
27 instrument.

1 (dd) "Document" means a document of title or a receipt of
2 the type described in section 7201(2).

3 (ee) "Electronic chattel paper" means chattel paper
4 evidenced by a record or records consisting of information stored
5 in an electronic medium.

6 (ff) "Encumbrance" means a right, other than an ownership
7 interest, in real property. The term includes mortgages and other
8 liens on real property.

9 (gg) "Equipment" means goods other than inventory, farm
10 products, or consumer goods.

11 (hh) "Farm products" means goods, other than standing
12 timber, with respect to which the debtor is engaged in a farming
13 operation and which are 1 of the following:

14 (i) Crops grown, growing, or to be grown, including crops
15 produced on trees, vines, and bushes, and aquatic goods produced
16 in aquacultural operations.

17 (ii) Livestock, born or unborn, including aquatic goods
18 produced in aquacultural operations.

19 (iii) Supplies used or produced in a farming operation.

20 (iv) Products of crops or livestock in their unmanufactured
21 states.

22 (ii) "Farming operation" means raising, cultivating,
23 propagating, fattening, grazing, or any other farming, livestock,
24 or aquacultural operation.

25 (jj) "File number" means the number assigned to an initial
26 financing statement pursuant to section 9519(1).

27 (kk) "Filing office" means an office designated in section

1 9501 as the place to file a financing statement.

2 (ll) "Filing-office rule" means a rule adopted pursuant to
3 section 9526.

4 (mm) "Financing statement" means a record or records
5 composed of an initial financing statement and any filed record
6 relating to the initial financing statement.

7 (nn) "Fixture filing" means the filing of a financing
8 statement covering goods that are or are to become fixtures and
9 satisfying section 9502(1) and (2). The term includes the filing
10 of a financing statement covering goods of a transmitting utility
11 which are or are to become fixtures.

12 (oo) "Fixtures" means goods that have become so related to
13 particular real property that an interest in them arises under
14 real property law.

15 (pp) "General intangible" means any personal property,
16 including things in action, other than accounts, chattel paper,
17 commercial tort claims, deposit accounts, documents, goods,
18 instruments, investment property, letter-of-credit rights,
19 letters of credit, money, and oil, gas, or other minerals before
20 extraction. The term includes payment intangibles and software.

21 (qq) "Good faith" means honesty in fact and the observance
22 of reasonable commercial standards of fair dealing.

23 (rr) "Goods" means all things that are movable when a
24 security interest attaches. The term includes fixtures, standing
25 timber that is to be cut and removed under a conveyance or
26 contract for sale, the unborn young of animals, crops grown,
27 growing, or to be grown, even if the crops are produced on trees,

1 vines, or bushes, and manufactured homes. The term also includes
2 a computer program embedded in goods and any supporting
3 information provided in connection with a transaction relating to
4 the program if the program is associated with the goods in such a
5 manner that it customarily is considered part of the goods, or by
6 becoming the owner of the goods, a person acquires a right to use
7 the program in connection with the goods. The term does not
8 include a computer program embedded in goods that consist solely
9 of the medium in which the program is embedded. The term also
10 does not include accounts, chattel paper, commercial tort claims,
11 deposit accounts, documents, general intangibles, instruments,
12 investment property, letter-of-credit rights, letters of credit,
13 money, or oil, gas, or other minerals before extraction.

14 (ss) "Governmental unit" means a subdivision, agency,
15 department, county, parish, municipality, or other unit of the
16 government of the United States, a state, or a foreign country.
17 The term includes an organization having a separate corporate
18 existence if the organization is eligible to issue debt on which
19 interest is exempt from income taxation under the laws of the
20 United States.

21 (tt) "Health-care-insurance receivable" means an interest in
22 or claim under a policy of insurance which is a right to payment
23 of a monetary obligation for health-care goods or services
24 provided.

25 (uu) "Instrument" means a negotiable instrument or any other
26 writing that evidences a right to the payment of a monetary
27 obligation, is not itself a security agreement or lease, and is

1 of a type that in ordinary course of business is transferred by
2 delivery with any necessary indorsement or assignment. The term
3 does not include investment property, letters of credit, or
4 writings that evidence a right to payment arising out of the use
5 of a credit or charge card or information contained on or for use
6 with the card.

7 (vv) "Inventory" means goods, other than farm products, that
8 meet 1 of the following:

9 (i) Are leased by a person as lessor.

10 (ii) Are held by a person for sale or lease or to be
11 furnished under a contract of service.

12 (iii) Are furnished by a person under a contract of service.

13 (iv) Consist of raw materials, work in process, or materials
14 used or consumed in a business.

15 (ww) "Investment property" means a security, whether
16 certificated or uncertificated, security entitlement, securities
17 account, commodity contract, or commodity account.

18 (xx) "Jurisdiction of organization", with respect to a
19 registered organization, means the jurisdiction under whose law
20 the organization is **FORMED OR** organized.

21 (yy) "Letter-of-credit right" means a right to payment or
22 performance under a letter of credit, whether or not the
23 beneficiary has demanded or is at the time entitled to demand
24 payment or performance. The term does not include the right of a
25 beneficiary to demand payment or performance under a letter of
26 credit.

27 (zz) "Lien creditor" means 1 or more of the following:

1 (i) A creditor that has acquired a lien on the property
2 involved by attachment, levy, or the like.

3 (ii) An assignee for benefit of creditors from the time of
4 assignment.

5 (iii) A trustee in bankruptcy from the date of the filing of
6 the petition.

7 (iv) A receiver in equity from the time of appointment.

8 (aaa) "Manufactured home" means a structure, transportable
9 in 1 or more sections, which, in the traveling mode, is 8 body
10 feet or more in width or 40 body feet or more in length, or when
11 erected on site, is 320 or more square feet, and which is built
12 on a permanent chassis and designed to be used as a dwelling with
13 or without a permanent foundation when connected to the required
14 utilities, and includes the plumbing, heating, air-conditioning,
15 and electrical systems contained therein. The term includes any
16 structure that meets all of the requirements of this paragraph
17 except the size requirements and with respect to which the
18 manufacturer voluntarily files a certification required by the
19 secretary of the department of housing and urban development and
20 complies with the standards established under title 42 of the
21 United States Code.

22 (bbb) "Manufactured-home transaction" means a secured
23 transaction that creates a purchase-money security interest in a
24 manufactured home, other than a manufactured home held as
25 inventory, or in which a manufactured home, other than a
26 manufactured home held as inventory, is the primary collateral.

27 (ccc) "Mortgage" means a consensual interest in real

1 property, including fixtures, which secures payment or
2 performance of an obligation.

3 (ddd) "New debtor" means a person that becomes bound as
4 debtor under section 9203(4) by a security agreement previously
5 entered into by another person.

6 (eee) "New value" means money, money's worth in property,
7 services, or new credit, or release by a transferee of an
8 interest in property previously transferred to the transferee.
9 The term does not include an obligation substituted for another
10 obligation.

11 (fff) "Noncash proceeds" means proceeds other than cash
12 proceeds.

13 (ggg) "Obligor" means a person that, with respect to an
14 obligation secured by a security interest in or an agricultural
15 lien on the collateral, owes payment or other performance of the
16 obligation, has provided property other than the collateral to
17 secure payment or other performance of the obligation, or is
18 otherwise accountable in whole or in part for payment or other
19 performance of the obligation. The term does not include issuers
20 or nominated persons under a letter of credit.

21 (hhh) "Original debtor" means, except as used in section
22 9310(3), a person that, as debtor, entered into a security
23 agreement to which a new debtor has become bound under section
24 9203(4).

25 (iii) "Payment intangible" means a general intangible under
26 which the account debtor's principal obligation is a monetary
27 obligation.

1 (jjj) "Person related to", with respect to an individual,
2 means 1 or more of the following:

3 (i) The spouse of the individual.

4 (ii) A brother, brother-in-law, sister, or sister-in-law of
5 the individual.

6 (iii) An ancestor or lineal descendant of the individual or
7 the individual's spouse.

8 (iv) Any other relative, by blood or marriage, of the
9 individual or the individual's spouse who shares the same home
10 with the individual.

11 (kkk) "Person related to", with respect to an organization,
12 means 1 or more of the following:

13 (i) A person directly or indirectly controlling, controlled
14 by, or under common control with the organization.

15 (ii) An officer or director of, or a person performing
16 similar functions with respect to, the organization.

17 (iii) An officer or director of, or a person performing
18 similar functions with respect to, a person described in
19 subparagraph (i).

20 (iv) The spouse of an individual described in subparagraph
21 (i), (ii), or (iii).

22 (v) An individual who is related by blood or marriage to an
23 individual described in subparagraph (i), (ii), (iii), or (iv) and
24 shares the same home with the individual.

25 (lll) "Proceeds" means, except as used in section 9609(2), 1
26 or more of the following property:

27 (i) Whatever is acquired upon the sale, lease, license,

1 exchange, or other disposition of collateral.

2 (ii) Whatever is collected on, or distributed on account of,
3 collateral.

4 (iii) Rights arising out of collateral.

5 (iv) To the extent of the value of collateral, claims arising
6 out of the loss, nonconformity, or interference with the use of,
7 defects or infringement of rights in, or damage to, the
8 collateral.

9 (v) To the extent of the value of collateral and to the
10 extent payable to the debtor or the secured party, insurance
11 payable by reason of the loss or nonconformity of, defects or
12 infringement of rights in, or damage to, the collateral.

13 (mmm) "Promissory note" means an instrument that evidences a
14 promise to pay a monetary obligation, does not evidence an order
15 to pay, and does not contain an acknowledgment by a bank that the
16 bank has received for deposit a sum of money or funds.

17 (nnn) "Proposal" means a record authenticated by a secured
18 party which includes the terms on which the secured party is
19 willing to accept collateral in full or partial satisfaction of
20 the obligation it secures pursuant to sections 9620, 9621, and
21 9622.

22 (ooo) "PUBLIC ORGANIC RECORD" MEANS A RECORD THAT IS
23 AVAILABLE TO THE PUBLIC FOR INSPECTION AND IS ANY OF THE
24 FOLLOWING:

25 (i) A RECORD CONSISTING OF THE RECORD INITIALLY FILED WITH OR
26 ISSUED BY A STATE OR THE UNITED STATES TO FORM OR ORGANIZE AN
27 ORGANIZATION AND ANY RECORD FILED WITH OR ISSUED BY THE STATE OR

1 THE UNITED STATES WHICH AMENDS OR RESTATES THE INITIAL RECORD.

2 (ii) AN ORGANIC RECORD OF A BUSINESS TRUST CONSISTING OF THE
3 RECORD INITIALLY FILED WITH A STATE AND ANY RECORD FILED WITH THE
4 STATE WHICH AMENDS OR RESTATES THE INITIAL RECORD, IF A STATUTE
5 OF THE STATE GOVERNING BUSINESS TRUSTS REQUIRES THAT THE RECORD
6 BE FILED WITH THE STATE.

7 (iii) A RECORD CONSISTING OF LEGISLATION ENACTED BY THE
8 LEGISLATURE OF A STATE OR THE CONGRESS OF THE UNITED STATES WHICH
9 FORMS OR ORGANIZES AN ORGANIZATION, ANY RECORD AMENDING THE
10 LEGISLATION, AND ANY RECORD FILED WITH OR ISSUED BY THE STATE OR
11 THE UNITED STATES WHICH AMENDS OR RESTATES THE NAME OF THE
12 ORGANIZATION.

13 (PPP) ~~(ooo)~~ "Pursuant to commitment", with respect to an
14 advance made or other value given by a secured party, means
15 pursuant to the secured party's obligation, whether or not a
16 subsequent event of default or other event not within the secured
17 party's control has relieved or may relieve the secured party
18 from its obligation.

19 (QQQ) ~~(ppp)~~ "Record", except as used in "for record", "of
20 record", "record or legal title", and "record owner", means
21 information that is inscribed on a tangible medium or which is
22 stored in an electronic or other medium and is retrievable in
23 perceivable form.

24 (RRR) ~~(qqq)~~ "Registered organization" means an organization
25 **FORMED OR** organized solely under the law of a single state or the
26 United States ~~and as to which the state or the United States must~~
27 ~~maintain a public record showing the organization to have been~~

1 ~~organized.~~ BY THE FILING OF A PUBLIC ORGANIC RECORD WITH, THE
 2 ISSUANCE OF A PUBLIC ORGANIC RECORD BY, OR THE ENACTMENT OF
 3 LEGISLATION BY THE STATE OR THE UNITED STATES. THE TERM INCLUDES
 4 A BUSINESS TRUST THAT IS FORMED OR ORGANIZED UNDER THE LAW OF A
 5 SINGLE STATE IF A STATUTE OF THE STATE GOVERNING BUSINESS TRUSTS
 6 REQUIRES THAT THE BUSINESS TRUST'S ORGANIC RECORD BE FILED WITH
 7 THE STATE.

8 (SSS) ~~(rrr)~~—"Secondary obligor" means an obligor to the
 9 extent that the obligor's obligation is secondary or the obligor
 10 has a right of recourse with respect to an obligation secured by
 11 collateral against the debtor, another obligor, or property of
 12 either.

13 (TTT) ~~(sss)~~—"Secured party" means 1 or more of the
 14 following:

15 (i) A person in whose favor a security interest is created or
 16 provided for under a security agreement, whether or not any
 17 obligation to be secured is outstanding.

18 (ii) A person that holds an agricultural lien.

19 (iii) A consignor.

20 (iv) A person to which accounts, chattel paper, payment
 21 intangibles, or promissory notes have been sold.

22 (v) A trustee, indenture trustee, agent, collateral agent,
 23 or other representative in whose favor a security interest or
 24 agricultural lien is created or provided for.

25 (vi) A person that holds a security interest arising under
 26 section 2401, 2505, 2711(3), 2A508(5), 4210, or 5118.

27 (UUU) ~~(ttt)~~—"Security agreement" means an agreement that

1 creates or provides for a security interest.

2 **(VVV)** ~~(uuu)~~ "Send", in connection with a record or
3 notification, means 1 of the following:

4 (i) To deposit in the mail, deliver for transmission, or
5 transmit by any other usual means of communication, with postage
6 or cost of transmission provided for, addressed to any address
7 reasonable under the circumstances.

8 (ii) To cause the record or notification to be received
9 within the time that it would have been received if properly sent
10 under subparagraph (i).

11 **(WWW)** ~~(vvv)~~ "Software" means a computer program and any
12 supporting information provided in connection with a transaction
13 relating to the program. The term does not include a computer
14 program that is included in the definition of goods.

15 **(XXX)** ~~(www)~~ "State" means a state of the United States, the
16 District of Columbia, Puerto Rico, the United States Virgin
17 Islands, or any territory or insular possession subject to the
18 jurisdiction of the United States.

19 **(YYY)** ~~(xxx)~~ "Supporting obligation" means a letter-of-credit
20 right or secondary obligation that supports the payment or
21 performance of an account, chattel paper, a document, a general
22 intangible, an instrument, or investment property.

23 **(ZZZ)** ~~(yyy)~~ "Tangible chattel paper" means chattel paper
24 evidenced by a record or records consisting of information that
25 is inscribed on a tangible medium.

26 **(AAAA)** ~~(zzz)~~ "Termination statement" means an amendment of a
27 financing statement that identifies, by its file number, the

1 initial financing statement to which it relates and indicates
 2 either that it is a termination statement or that the identified
 3 financing statement is no longer effective.

4 (BBBB) ~~(aaaa)~~—"Transmitting utility" means a person
 5 primarily engaged in the business of 1 of the following:

6 (i) Operating a railroad, subway, street railway, or trolley
 7 bus.

8 (ii) Transmitting communications electrically,
 9 electromagnetically, or by light.

10 (iii) Transmitting goods by pipeline or sewer.

11 (iv) Transmitting or producing and transmitting electricity,
 12 steam, gas, or water.

13 (2) The following definitions in other articles apply to
 14 this article:

15	"Applicant"	Section 5102
16	"Beneficiary"	Section 5102
17	"Broker"	Section 8102
18	"Certificated security"	Section 8102
19	"Check"	Section 3104
20	"Clearing corporation"	Section 8102
21	"Contract for sale"	Section 2106
22	"Customer"	Section 4104
23	"Entitlement holder"	Section 8102
24	"Financial asset"	Section 8102
25	"Holder in due course"	Section 3302
26	"Issuer" (with respect to a letter	
27	of credit or letter-of-credit right)	Section 5102
28	"Issuer" (with respect to a security)	Section 8201

1	"Lease"	Section 2A103
2	"Lease agreement"	Section 2A103
3	"Lease contract"	Section 2A103
4	"Leasehold interest"	Section 2A103
5	"Lessee"	Section 2A103
6	"Lessee in ordinary course of business"	Section 2A103
7	"Lessor"	Section 2A103
8	"Lessor's residual interest"	Section 2A103
9	"Letter of credit"	Section 5102
10	"Merchant"	Section 2104
11	"Negotiable instrument"	Section 3104
12	"Nominated person"	Section 5102
13	"Note"	Section 3104
14	"Proceeds of a letter of credit"	Section 5114
15	"Prove"	Section 3103
16	"Sale"	Section 2106
17	"Securities account"	Section 8501
18	"Securities intermediary"	Section 8102
19	"Security"	Section 8102
20	"Security certificate"	Section 8102
21	"Security entitlement"	Section 8102
22	"Uncertificated security"	Section 8102.

23 (3) Article 1 contains general definitions and principles of
24 construction and interpretation applicable throughout this
25 article.

26 Sec. 9105. (1) A secured party has control of electronic
27 chattel paper if **A SYSTEM EMPLOYED FOR EVIDENCING THE TRANSFER OF**
28 **INTERESTS IN THE CHATTEL PAPER RELIABLY ESTABLISHES THE SECURED**
29 **PARTY AS THE PERSON TO WHICH THE CHATTEL PAPER WAS ASSIGNED.**

1 (2) **A SYSTEM SATISFIES SUBSECTION (1) IF** the record or
2 records comprising the chattel paper are created, stored, and
3 assigned in such a manner that all of the following apply:

4 (a) A single authoritative copy of the record or records
5 exists which is unique, identifiable, and, except as otherwise
6 provided in subdivisions (d), (e), and (f), unalterable.

7 (b) The authoritative copy identifies the secured party as
8 the assignee of the record or records.

9 (c) The authoritative copy is communicated to and maintained
10 by the secured party or its designated custodian.

11 (d) Copies or ~~revisions~~**AMENDMENTS** that add or change an
12 identified assignee of the authoritative copy can be made only
13 with the ~~participation~~**CONSENT** of the secured party.

14 (e) Each copy of the authoritative copy and any copy of a
15 copy is readily identifiable as a copy that is not the
16 authoritative copy.

17 (f) Any ~~revision~~**AMENDMENT** of the authoritative copy is
18 readily identifiable as ~~an~~authorized or unauthorized. ~~revision~~

19 Sec. 9307. (1) As used in this section, "place of business"
20 means a place where a debtor conducts its affairs.

21 (2) Except as otherwise provided in this section, the
22 following rules determine a debtor's location:

23 (a) A debtor who is an individual is located at the
24 individual's principal residence.

25 (b) A debtor that is an organization and has only 1 place of
26 business is located at its place of business.

27 (c) A debtor that is an organization and has more than 1

1 place of business is located at its chief executive office.

2 (3) Subsection (2) applies only if a debtor's residence,
3 place of business, or chief executive office, as applicable, is
4 located in a jurisdiction whose law generally requires
5 information concerning the existence of a nonpossessory security
6 interest to be made generally available in a filing, recording,
7 or registration system as a condition or result of the security
8 interest's obtaining priority over the rights of a lien creditor
9 with respect to the collateral. If subsection (2) does not apply,
10 the debtor is located in the District of Columbia.

11 (4) A person that ceases to exist, have a residence, or have
12 a place of business continues to be located in the jurisdiction
13 specified by subsections (2) and (3).

14 (5) A registered organization that is organized under the
15 law of a state is located in that state.

16 (6) Except as otherwise provided in subsection (9), a
17 registered organization that is organized under the law of the
18 United States and a branch or agency of a bank that is not
19 organized under the law of the United States or a state are
20 located in 1 of the following:

21 (a) In the state that the law of the United States
22 designates, if the law designates a state of location.

23 (b) In the state that the registered organization, branch,
24 or agency designates, if the law of the United States authorizes
25 the registered organization, branch, or agency to designate its
26 state of location, **INCLUDING BY DESIGNATING ITS MAIN OFFICE, HOME**
27 **OFFICE, OR OTHER COMPARABLE OFFICE.**

1 (c) In the District of Columbia, if neither subdivision (a)
2 nor (b) applies.

3 (7) A registered organization continues to be located in the
4 jurisdiction specified by subsection (5) or (6) notwithstanding
5 the occurrence of 1 of the following:

6 (a) The suspension, revocation, forfeiture, or lapse of the
7 registered organization's status as such in its jurisdiction of
8 organization.

9 (b) The dissolution, winding up, or cancellation of the
10 existence of the registered organization.

11 (8) The United States is located in the District of
12 Columbia.

13 (9) A branch or agency of a bank that is not organized under
14 the law of the United States or a state is located in the state
15 in which the branch or agency is licensed, if all branches and
16 agencies of the bank are licensed in only 1 state.

17 (10) A foreign air carrier is located at the designated
18 office of the agent upon which service of process may be made on
19 behalf of the carrier under section 46103 of title 49 of the
20 United States Code, 49 ~~U.S.C.~~**USC** 46103.

21 (11) This section applies only for purposes of this part.

22 Sec. 9311. (1) Except as otherwise provided in subsection
23 (4), the filing of a financing statement is not necessary or
24 effective to perfect a security interest in property subject to 1
25 or more of the following:

26 (a) A statute, regulation, or treaty of the United States
27 whose requirements for a security interest's obtaining priority

1 over the rights of a lien creditor with respect to the property
2 preempt section 9310(1).

3 (b) The following statutes of this state:

4 (i) Chapter II of the Michigan vehicle code, 1949 PA 300, MCL
5 257.201 to 257.259.

6 (ii) Part 803 of the natural resources and environmental
7 protection act, 1994 PA 451, MCL 324.80301 to 324.80322.

8 (iii) Part 811 of the natural resources and environmental
9 protection act, 1994 PA 451, MCL 324.81101 to 324.81150.

10 (iv) Sections 30 through 30i of the mobile home commission
11 act, 1987 PA 96, MCL 125.2330 to 125.2330i.

12 (c) A ~~certificate of title~~ statute of another jurisdiction
13 that provides for a security interest to be indicated on ~~the~~ **A**
14 certificate **OF TITLE** as a condition or result of the security
15 interest's obtaining priority over the rights of a lien creditor
16 with respect to the property.

17 (2) Compliance with the requirements of a statute,
18 regulation, or treaty described in subsection (1) for obtaining
19 priority over the rights of a lien creditor is equivalent to the
20 filing of a financing statement under this article. Except as
21 otherwise provided in subsection (4) and sections 9313 and
22 9316(4) and (5) for goods covered by a certificate of title, a
23 security interest in property subject to a statute, regulation,
24 or treaty described in subsection (1) may be perfected only by
25 compliance with those requirements, and a security interest so
26 perfected remains perfected notwithstanding a change in the use
27 or transfer of possession of the collateral.

1 (3) Except as otherwise provided in subsection (4) and
2 section 9316(4) and (5), duration and renewal of perfection of a
3 security interest perfected by compliance with the requirements
4 prescribed by a statute, regulation, or treaty described in
5 subsection (1) are governed by the statute, regulation, or
6 treaty. In other respects, the security interest is subject to
7 this article.

8 (4) During any period in which collateral subject to a
9 statute specified in subsection (1)(b) is inventory held for sale
10 or lease by a person or leased by that person as lessor and that
11 person is in the business of selling goods of that kind, this
12 section does not apply to a security interest in that collateral
13 created by that person.

14 Sec. 9316. (1) A security interest perfected pursuant to the
15 law of the jurisdiction designated in section 9301(a) or 9305(3)
16 remains perfected until the earliest of the following:

17 (a) The time perfection would have ceased under the law of
18 that jurisdiction.

19 (b) The expiration of 4 months after a change of the
20 debtor's location to another jurisdiction.

21 (c) The expiration of 1 year after a transfer of collateral
22 to a person that thereby becomes a debtor and is located in
23 another jurisdiction.

24 (2) If a security interest described in subsection (1)
25 becomes perfected under the law of the other jurisdiction before
26 the earliest time or event described in that subsection, it
27 remains perfected thereafter. If the security interest does not

1 become perfected under the law of the other jurisdiction before
2 the earliest time or event, it becomes unperfected and is deemed
3 never to have been perfected as against a purchaser of the
4 collateral for value.

5 (3) A possessory security interest in collateral, other than
6 goods covered by a certificate of title and as-extracted
7 collateral consisting of goods, remains continuously perfected if
8 all of the following are met:

9 (a) The collateral is located in 1 jurisdiction and subject
10 to a security interest perfected under the law of that
11 jurisdiction.

12 (b) Thereafter, the collateral is brought into another
13 jurisdiction.

14 (c) Upon entry of the collateral into the other
15 jurisdiction, the security interest is perfected under the law of
16 the other jurisdiction.

17 (4) Except as otherwise provided in subsection (5), a
18 security interest in goods covered by a certificate of title that
19 is perfected by any method under the law of another jurisdiction
20 when the goods become covered by a certificate of title from this
21 state remains perfected until the security interest would have
22 become unperfected under the law of the other jurisdiction had
23 the goods not become so covered.

24 (5) A security interest described in subsection (4) 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

1 under section 9311(2) or 9313 are not satisfied before the
2 earlier of the following:

3 (a) The time the security interest would have become
4 unperfected under the law of the other jurisdiction had the goods
5 not become covered by a certificate of title from this state.

6 (b) The expiration of 4 months after the goods had become so
7 covered.

8 (6) A security interest in deposit accounts, letter-of-
9 credit rights, or investment property that is perfected under the
10 law of the bank's jurisdiction, the issuer's jurisdiction, a
11 nominated person's jurisdiction, the securities intermediary's
12 jurisdiction, or the commodity intermediary's jurisdiction, as
13 applicable, remains perfected until the earlier of the following:

14 (a) The time the security interest would have become
15 unperfected under the law of that jurisdiction.

16 (b) The expiration of 4 months after a change of the
17 applicable jurisdiction to another jurisdiction.

18 (7) If a security interest described in subsection (6)
19 becomes perfected under the law of the other jurisdiction before
20 the earlier of the time or the end of the period described in
21 that subsection, it remains perfected thereafter. If the security
22 interest does not become perfected under the law of the other
23 jurisdiction before the earlier of that time or the end of that
24 period, it becomes unperfected and is deemed never to have been
25 perfected as against a purchaser of the collateral for value.

26 **(8) THE FOLLOWING RULES APPLY TO COLLATERAL TO WHICH A**
27 **SECURITY INTEREST ATTACHES WITHIN 4 MONTHS AFTER THE DEBTOR**

1 CHANGES ITS LOCATION TO ANOTHER JURISDICTION:

2 (A) A FINANCING STATEMENT FILED BEFORE THE CHANGE PURSUANT
3 TO THE LAW OF THE JURISDICTION DESIGNATED IN SECTION 9301(A) OR
4 9305(3) IS EFFECTIVE TO PERFECT A SECURITY INTEREST IN THE
5 COLLATERAL IF THE FINANCING STATEMENT WOULD HAVE BEEN EFFECTIVE
6 TO PERFECT A SECURITY INTEREST IN THE COLLATERAL HAD THE DEBTOR
7 NOT CHANGED ITS LOCATION.

8 (B) IF A SECURITY INTEREST PERFECTED BY A FINANCING
9 STATEMENT THAT IS EFFECTIVE UNDER SUBDIVISION (A) BECOMES
10 PERFECTED UNDER THE LAW OF THE OTHER JURISDICTION BEFORE THE
11 EARLIER OF THE TIME THE FINANCING STATEMENT WOULD HAVE BECOME
12 INEFFECTIVE UNDER THE LAW OF THE JURISDICTION DESIGNATED IN
13 SECTION 9301(A) OR 9305(3) OR THE EXPIRATION OF THE 4-MONTH
14 PERIOD, IT REMAINS PERFECTED THEREAFTER. IF THE SECURITY INTEREST
15 DOES NOT BECOME PERFECTED UNDER THE LAW OF THE OTHER JURISDICTION
16 BEFORE THE EARLIER TIME OR EVENT, IT BECOMES UNPERFECTED AND IS
17 DEEMED NEVER TO HAVE BEEN PERFECTED AS AGAINST A PURCHASER OF THE
18 COLLATERAL FOR VALUE.

19 (9) IF A FINANCING STATEMENT NAMING AN ORIGINAL DEBTOR IS
20 FILED PURSUANT TO THE LAW OF THE JURISDICTION DESIGNATED IN
21 SECTION 9301(A) OR 9305(3) AND THE NEW DEBTOR IS LOCATED IN
22 ANOTHER JURISDICTION, THE FOLLOWING RULES APPLY:

23 (A) THE FINANCING STATEMENT IS EFFECTIVE TO PERFECT A
24 SECURITY INTEREST IN COLLATERAL ACQUIRED BY THE NEW DEBTOR
25 BEFORE, AND WITHIN 4 MONTHS AFTER, THE NEW DEBTOR BECOMES BOUND
26 UNDER SECTION 9203(4), IF THE FINANCING STATEMENT WOULD HAVE BEEN
27 EFFECTIVE TO PERFECT A SECURITY INTEREST IN THE COLLATERAL HAD

1 THE COLLATERAL BEEN ACQUIRED BY THE ORIGINAL DEBTOR.

2 (B) A SECURITY INTEREST PERFECTED BY THE FINANCING STATEMENT
3 AND WHICH BECOMES PERFECTED UNDER THE LAW OF THE OTHER
4 JURISDICTION BEFORE THE EARLIER OF THE TIME THE FINANCING
5 STATEMENT WOULD HAVE BECOME INEFFECTIVE UNDER THE LAW OF THE
6 JURISDICTION DESIGNATED IN SECTION 9301(A) OR 9305(3) OR THE
7 EXPIRATION OF THE 4-MONTH PERIOD REMAINS PERFECTED THEREAFTER. A
8 SECURITY INTEREST THAT IS PERFECTED BY THE FINANCING STATEMENT
9 BUT WHICH DOES NOT BECOME PERFECTED UNDER THE LAW OF THE OTHER
10 JURISDICTION BEFORE THE EARLIER TIME OR EVENT BECOMES UNPERFECTED
11 AND IS DEEMED NEVER TO HAVE BEEN PERFECTED AS AGAINST A PURCHASER
12 OF THE COLLATERAL FOR VALUE.

13 Sec. 9317. (1) A security interest or agricultural lien is
14 subordinate to the rights of 1 or more of the following:

15 (a) A person entitled to priority under section 9322.

16 (b) Except as otherwise provided in subsection (5), a person
17 that becomes a lien creditor before the earlier of the following:

18 (i) The time the security interest or agricultural lien is
19 perfected.

20 (ii) The time 1 of the conditions specified in section
21 9203(2)(c) is met and a financing statement covering the
22 collateral is filed.

23 (2) Except as otherwise provided in subsection (5), a buyer,
24 other than a secured party, of tangible chattel paper, documents,
25 goods, instruments, or a **CERTIFICATED** security ~~certificate~~ takes
26 free of a security interest or agricultural lien if the buyer
27 gives value and receives delivery of the collateral without

1 knowledge of the security interest or agricultural lien and
2 before it is perfected.

3 (3) Except as otherwise provided in subsection (5), a lessee
4 of goods takes free of a security interest or agricultural lien
5 if the lessee gives value and receives delivery of the collateral
6 without knowledge of the security interest or agricultural lien
7 and before it is perfected.

8 (4) A licensee of a general intangible or a buyer, other
9 than a secured party, of ~~accounts, electronic chattel paper,~~
10 ~~general intangibles, or investment property other than~~ **COLLATERAL**
11 **OTHER THAN TANGIBLE CHATTEL PAPER, TANGIBLE DOCUMENTS, GOODS,**
12 **INSTRUMENTS, OR** a certificated security takes free of a security
13 interest if the licensee or buyer gives value without knowledge
14 of the security interest and before it is perfected.

15 (5) Except as otherwise provided in sections 9320 and 9321,
16 if a person files a financing statement with respect to a
17 purchase-money security interest before or within 20 days after
18 the debtor receives delivery of the collateral, the security
19 interest takes priority over the rights of a buyer, lessee, or
20 lien creditor that arise between the time the security interest
21 attaches and the time of filing.

22 Sec. 9326. (1) Subject to subsection (2), a security
23 interest **THAT IS** created by a new debtor ~~that is~~ **IN COLLATERAL IN**
24 **WHICH THE NEW DEBTOR HAS OR ACQUIRES RIGHTS AND IS** perfected
25 **SOLELY** by a filed financing statement that ~~is effective solely~~
26 ~~under section 9508 in collateral in that a new debtor has or~~
27 ~~acquires rights~~ **WOULD BE INEFFECTIVE TO PERFECT THE SECURITY**

1 **INTEREST BUT FOR THE APPLICATION OF SECTION 9316(9)(A) OR 9508** is
2 subordinate to a security interest in the same collateral that is
3 perfected other than by **SUCH** a filed financing statement. ~~that is~~
4 ~~effective solely under section 9508.~~

5 (2) The other provisions of this part determine the priority
6 among conflicting security interests in the same collateral
7 perfected by filed financing statements ~~that are effective solely~~
8 ~~under section 9508.~~ **DESCRIBED IN SUBSECTION (1)**. However, if the
9 security agreements to which a new debtor became bound as debtor
10 were not entered into by the same original debtor, the
11 conflicting security interests rank according to priority in time
12 of the new debtor's having become bound.

13 Sec. 9406. (1) Subject to subsections (2) through (9), an
14 account debtor on an account, chattel paper, or a payment
15 intangible may discharge its obligation by paying the assignor
16 until, but not after, the account debtor receives a notification,
17 authenticated by the assignor or the assignee, that the amount
18 due or to become due has been assigned and that payment is to be
19 made to the assignee. After receipt of the notification, the
20 account debtor may discharge its obligation by paying the
21 assignee and may not discharge the obligation by paying the
22 assignor.

23 (2) Subject to subsection (8), notification is ineffective
24 under subsection (1) if 1 or more of the following apply:

25 (a) If notification does not reasonably identify the rights
26 assigned.

27 (b) To the extent that an agreement between an account

1 debtor and a seller of a payment intangible limits the account
2 debtor's duty to pay a person other than the seller and the
3 limitation is effective under law other than this article.

4 (c) At the option of an account debtor, if the notification
5 notifies the account debtor to make less than the full amount of
6 any installment or other periodic payment to the assignee, even
7 if 1 or more of the following occur:

8 (i) Only a portion of the account, chattel paper, or payment
9 intangible has been assigned to that assignee.

10 (ii) A portion has been assigned to another assignee.

11 (iii) The account debtor knows that the assignment to that
12 assignee is limited.

13 (3) Subject to subsection (8), if requested by the account
14 debtor, an assignee shall seasonably furnish reasonable proof
15 that the assignment has been made. Unless the assignee complies,
16 the account debtor may discharge its obligation by paying the
17 assignor, even if the account debtor has received a notification
18 under subsection (1).

19 (4) Except as otherwise provided in subsection (5) and
20 sections 2A303 and 9407, and subject to subsection (8), a term in
21 an agreement between an account debtor and an assignor or in a
22 promissory note is ineffective to the extent that it does 1 or
23 more of the following:

24 (a) Prohibits, restricts, or requires the consent of the
25 account debtor or person obligated on the promissory note to the
26 assignment or transfer of, or the creation, attachment,
27 perfection, or enforcement of a security interest in, the

1 account, chattel paper, payment intangible, or promissory note.

2 (b) Provides that the assignment or transfer or the
3 creation, attachment, perfection, or enforcement of the security
4 interest may give rise to a default, breach, right of recoupment,
5 claim, defense, termination, right of termination, or remedy
6 under the account, chattel paper, payment intangible, or
7 promissory note.

8 (5) Subsection (4) does not apply to the following:

9 (a) A claim or right to receive an amount that would be
10 excluded from gross income under section 104(a)(1) or (2) of the
11 internal revenue code, ~~of 1986, 26 U.S.C.—USC~~ 104.

12 (b) A claim or right to receive benefits from a special
13 needs trust. For purposes of this subdivision, a "special needs
14 trust" is a trust described in section 1917(d)(4)(A), (B), or (C)
15 of title XIX of the social security act, 42 ~~U.S.C.—USC~~ 1396p.

16 (c) The sale of a payment intangible or promissory note,
17 **OTHER THAN A SALE PURSUANT TO A DISPOSITION UNDER SECTION 9610 OR**
18 **AN ACCEPTANCE OF COLLATERAL UNDER SECTION 9620.**

19 (6) Except as otherwise provided in sections 2A303 and 9407
20 and subject to subsections (8) and (9), a rule of law, statute,
21 or regulation, that prohibits, restricts, or requires the consent
22 of a government, governmental body or official, or account debtor
23 to the assignment or transfer of, or creation of a security
24 interest in, an account or chattel paper is ineffective to the
25 extent that the rule of law, statute, or regulation does 1 or
26 more of the following:

27 (a) Prohibits, restricts, or requires the consent of the

1 government, governmental body or official, or account debtor to
2 the assignment or transfer of, or the creation, attachment,
3 perfection, or enforcement of a security interest in, the account
4 or chattel paper.

5 (b) Provides that the assignment or transfer or the
6 creation, attachment, perfection, or enforcement of the security
7 interest may give rise to a default, breach, right of recoupment,
8 claim, defense, termination, right of termination, or remedy
9 under the account or chattel paper.

10 (7) Subject to subsection (8), an account debtor may not
11 waive or vary its option under subsection (2)(c).

12 (8) This section is subject to law other than this article
13 that establishes a different rule for an account debtor who is an
14 individual and who incurred the obligation primarily for
15 personal, family, or household purposes.

16 (9) This section does not apply to an assignment of a
17 health-care-insurance receivable.

18 Sec. 9408. (1) Except as otherwise provided in subsection
19 (2) or (4), a term in a promissory note or in an agreement
20 between an account debtor and a debtor that relates to a health-
21 care-insurance receivable or a general intangible, including a
22 contract, permit, license, or franchise, and which term
23 prohibits, restricts, or requires the consent of the person
24 obligated on the promissory note or the account debtor to, the
25 assignment or transfer of, or creation, attachment, or perfection
26 of a security interest in, the promissory note, health-care-
27 insurance receivable, or general intangible, is ineffective to

1 the extent that the term does 1 or more of the following:

2 (a) Would impair the creation, attachment, or perfection of
3 a security interest.

4 (b) Provides that the assignment or transfer or the
5 creation, attachment, or perfection of the security interest may
6 give rise to a default, breach, right of recoupment, claim,
7 defense, termination, right of termination, or remedy under the
8 promissory note, health-care-insurance receivable, or general
9 intangible.

10 (2) Subsection (1) applies to a security interest in a
11 payment intangible or promissory note only if the security
12 interest arises out of a sale of the payment intangible or
13 promissory note, **OTHER THAN A SALE PURSUANT TO A DISPOSITION**
14 **UNDER SECTION 9610 OR AN ACCEPTANCE OF COLLATERAL UNDER SECTION**
15 **9620.**

16 (3) Except as otherwise provided in subsection (4), a rule
17 of law, statute, or regulation that prohibits, restricts, or
18 requires the consent of a government, governmental body or
19 official, person obligated on a promissory note, or account
20 debtor to the assignment or transfer of, or creation of a
21 security interest in, a promissory note, health-care-insurance
22 receivable, or general intangible, including a contract, permit,
23 license, or franchise between an account debtor and a debtor, is
24 ineffective to the extent that the rule of law, statute, or
25 regulation does 1 or more of the following:

26 (a) Would impair the creation, attachment, or perfection of
27 a security interest.

1 (b) Provides that the assignment or transfer or the
2 creation, attachment, or perfection of the security interest may
3 give rise to a default, breach, right of recoupment, claim,
4 defense, termination, right of termination, or remedy under the
5 promissory note, health-care-insurance receivable, or general
6 intangible.

7 (4) To the extent that a term in a promissory note or in an
8 agreement between an account debtor and a debtor that relates to
9 a health-care-insurance receivable or general intangible or a
10 rule of law, statute, or regulation described in subsection (3)
11 would be effective under law other than this article but is
12 ineffective under subsection (1) or (3), the creation,
13 attachment, or perfection of a security interest in the
14 promissory note, health-care-insurance receivable, or general
15 intangible is not or does not do all of the following:

16 (a) Is not enforceable against the person obligated on the
17 promissory note or the account debtor.

18 (b) Does not impose a duty or obligation on the person
19 obligated on the promissory note or the account debtor.

20 (c) Does not require the person obligated on the promissory
21 note or the account debtor to recognize the security interest,
22 pay or render performance to the secured party, or accept payment
23 or performance from the secured party.

24 (d) 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
27 information or materials furnished to the debtor in the

1 transaction giving rise to the promissory note, health-care-
2 insurance receivable, or general intangible.

3 (e) Does not entitle the secured party to use, assign,
4 possess, or have access to any trade secrets or confidential
5 information of the person obligated on the promissory note or the
6 account debtor.

7 (f) Does not entitle the secured party to enforce the
8 security interest in the promissory note, health-care-insurance
9 receivable, or general intangible.

10 (5) Subsections (1) and (3) do not apply to either of the
11 following:

12 (a) A claim or right to receive an amount that would be
13 excluded from gross income under section 104(a)(1) or (2) of the
14 internal revenue code, ~~of 1986, 26 U.S.C.~~ **USC** 104.

15 (b) A claim or right to receive benefits from a special
16 needs trust. For purposes of this subdivision, a "special needs
17 trust" is a trust described in section 1917(d)(4)(A), (B), or (C)
18 of title XIX of the social security act, ~~42 U.S.C.~~ **USC** 1396p.

19 Sec. 9502. (1) Subject to subsection (2), a financing
20 statement is sufficient only if it does all of the following:

21 (a) Provides the name of the debtor.

22 (b) Provides the name of the secured party or a
23 representative of the secured party.

24 (c) Indicates the collateral covered by the financing
25 statement.

26 (2) Except as otherwise provided in section 9501(2), to be
27 sufficient, a financing statement that covers as-extracted

1 collateral or timber to be cut, or that is filed as a fixture
2 filing and covers goods that are or are to become fixtures, must
3 satisfy subsection (1) and also do all of the following:

4 (a) Indicate that it covers this type of collateral.

5 (b) Indicate that it is to be recorded in the real property
6 records.

7 (c) Provide a description of the real property to which the
8 collateral is related sufficient to give constructive notice of a
9 mortgage under the law of this state if the description were
10 contained in a record of the mortgage of the real property.

11 (d) If the debtor does not have an interest of record in the
12 real property, provide the name of a record owner.

13 (3) A record of a mortgage is effective, from the date of
14 recording, as a financing statement filed as a fixture filing or
15 as a financing statement covering as-extracted collateral or
16 timber to be cut only if all of the following apply:

17 (a) The record indicates the goods or accounts that it
18 covers.

19 (b) The goods are or are to become fixtures related to the
20 real property described in the record or the collateral is
21 related to the real property described in the record and is as-
22 extracted collateral or timber to be cut.

23 (c) The record satisfies the requirements for a financing
24 statement in this section, ~~other than an indication~~ **SUBJECT TO**
25 **THE FOLLOWING:**

26 (i) **THE RECORD NEED NOT INDICATE** that it is to be filed in
27 the real property records.

1 (ii) THE RECORD SUFFICIENTLY PROVIDES THE NAME OF A DEBTOR
 2 WHO IS AN INDIVIDUAL IF IT PROVIDES THE INDIVIDUAL NAME OF THE
 3 DEBTOR OR THE SURNAME AND FIRST PERSONAL NAME OF THE DEBTOR, EVEN
 4 IF THE DEBTOR IS AN INDIVIDUAL TO WHOM SECTION 9503(1)(D)
 5 APPLIES.

6 (d) The record is duly recorded.

7 (4) A financing statement may be filed before a security
 8 agreement is made or a security interest otherwise attaches.

9 Sec. 9503. (1) A financing statement sufficiently provides
 10 the name of the debtor if it meets all of the following that
 11 apply to the debtor:

12 (a) ~~If~~ EXCEPT AS OTHERWISE PROVIDED IN SUBDIVISION (C), IF
 13 the debtor is a registered organization OR THE COLLATERAL IS HELD
 14 IN A TRUST THAT IS A REGISTERED ORGANIZATION, only if the
 15 financing statement provides the name of the debtor indicated on
 16 the public record of the debtor's jurisdiction of organization
 17 which shows the debtor to have been organized. THAT IS STATED TO
 18 BE THE REGISTERED ORGANIZATION'S NAME ON THE PUBLIC ORGANIC
 19 RECORD MOST RECENTLY FILED WITH OR ISSUED OR ENACTED BY THE
 20 REGISTERED ORGANIZATION'S JURISDICTION OF ORGANIZATION WHICH
 21 PURPORTS TO STATE, AMEND, OR RESTATE THE REGISTERED
 22 ORGANIZATION'S NAME.

23 (b) ~~If the debtor is a decedent's estate, only if the~~
 24 ~~financing statement provides the name of the decedent and~~
 25 ~~indicates that the debtor is an estate.~~ SUBJECT TO SUBSECTION (6),
 26 IF THE COLLATERAL IS BEING ADMINISTERED BY THE PERSONAL
 27 REPRESENTATIVE OF A DECEDENT, ONLY IF THE FINANCING STATEMENT

1 PROVIDES, AS THE NAME OF THE DEBTOR, THE NAME OF THE DECEDENT
 2 AND, IN A SEPARATE PART OF THE FINANCING STATEMENT, INDICATES
 3 THAT THE COLLATERAL IS BEING ADMINISTERED BY A PERSONAL
 4 REPRESENTATIVE.

5 ~~(c) If the debtor is a trust or a trustee acting with~~
 6 ~~respect to property held in trust, COLLATERAL IS HELD IN A TRUST~~
 7 ~~THAT IS NOT A REGISTERED ORGANIZATION,~~ only if the financing
 8 statement does both of the following:

9 ~~(i) Provides the name specified for the trust in its organic~~
 10 ~~documents or, if no name is specified, provides the name of the~~
 11 ~~settlor and additional information sufficient to distinguish the~~
 12 ~~debtor from other trusts having 1 or more of the same settlors.~~
 13 **OF THE FOLLOWING AS THE NAME OF THE DEBTOR:**

14 **(A) IF THE ORGANIC RECORD OF THE TRUST SPECIFIES A NAME FOR**
 15 **THE TRUST, THE NAME SPECIFIED.**

16 **(B) IF THE ORGANIC RECORD OF THE TRUST DOES NOT SPECIFY A**
 17 **NAME FOR THE TRUST, THE NAME OF THE SETTLOR OR TESTATOR.**

18 ~~(ii) Indicates, in the debtor's name or otherwise, that the~~
 19 ~~debtor is a trust or is a trustee acting with respect to property~~
 20 ~~held in trust. MEETS 1 OF THE FOLLOWING IN A SEPARATE PART OF THE~~
 21 **FINANCING STATEMENT:**

22 **(A) IF THE NAME IS PROVIDED IN ACCORDANCE WITH SUBPARAGRAPH**
 23 **(i) (A), INDICATES THAT THE COLLATERAL IS HELD IN A TRUST.**

24 **(B) IF THE NAME IS PROVIDED IN ACCORDANCE WITH SUBPARAGRAPH**
 25 **(i) (B), PROVIDES ADDITIONAL INFORMATION SUFFICIENT TO DISTINGUISH**
 26 **THE TRUST FROM OTHER TRUSTS HAVING 1 OR MORE OF THE SAME SETTLORS**
 27 **OR THE SAME TESTATOR AND INDICATES THAT THE COLLATERAL IS HELD IN**

1 A TRUST, UNLESS THE ADDITIONAL INFORMATION SO INDICATES.

2 (D) SUBJECT TO SUBSECTION (7), IF THE DEBTOR IS AN
3 INDIVIDUAL TO WHOM THIS STATE HAS ISSUED A DRIVER LICENSE OR
4 STATE PERSONAL IDENTIFICATION CARD THAT HAS NOT EXPIRED, ONLY IF
5 THE FINANCING STATEMENT PROVIDES THE NAME OF THE INDIVIDUAL WHICH
6 IS INDICATED ON THE DRIVER LICENSE OR STATE PERSONAL
7 IDENTIFICATION CARD.

8 (E) IF THE DEBTOR IS AN INDIVIDUAL TO WHOM SUBDIVISION (D)
9 DOES NOT APPLY, ONLY IF THE FINANCING STATEMENT PROVIDES THE
10 INDIVIDUAL NAME OF THE DEBTOR OR THE SURNAME AND FIRST PERSONAL
11 NAME OF THE DEBTOR.

12 (F) ~~(d)~~—In other cases, satisfies 1 of the following:

13 (i) If the debtor has a name, only if ~~it~~ **THE FINANCING**
14 **STATEMENT** provides the ~~individual or~~ organizational name of the
15 debtor.

16 (ii) If the debtor does not have a name, only if it provides
17 the names of the partners, members, associates, or other persons
18 comprising the debtor, **IN A MANNER THAT EACH NAME PROVIDED WOULD**
19 **BE SUFFICIENT IF THE PERSON NAMED WERE THE DEBTOR.**

20 (2) A financing statement that provides the name of the
21 debtor in accordance with subsection (1) is not rendered
22 ineffective by the absence of 1 or more of the following:

23 (a) A trade name or other name of the debtor.

24 (b) Unless required under subsection ~~(1) (d) (ii)~~, **(1) (F) (ii)**,
25 names of partners, members, associates, or other persons
26 comprising the debtor.

27 (3) A financing statement that provides only the debtor's

1 trade name does not sufficiently provide the name of the debtor.

2 (4) Failure to indicate the representative capacity of a
3 secured party or representative of a secured party does not
4 affect the sufficiency of a financing statement.

5 (5) A financing statement may provide the name of more than
6 1 debtor and the name of more than 1 secured party.

7 (6) THE NAME OF THE DECEDENT INDICATED ON THE ORDER
8 APPOINTING THE PERSONAL REPRESENTATIVE OF A DECEDENT ISSUED BY
9 THE COURT THAT HAS JURISDICTION OVER THE COLLATERAL IS SUFFICIENT
10 AS THE "NAME OF THE DECEDENT" UNDER SUBSECTION (1) (B) .

11 (7) IF THIS STATE HAS ISSUED TO AN INDIVIDUAL MORE THAN 1
12 DRIVER LICENSE OR STATE PERSONAL IDENTIFICATION CARD OF A KIND
13 DESCRIBED IN SUBSECTION (1) (D) , THE ONE THAT WAS ISSUED MOST
14 RECENTLY IS THE ONE TO WHICH SUBSECTION (1) (D) REFERS .

15 (8) AS USED IN THIS SECTION, THE "NAME OF THE SETTLOR OR
16 TESTATOR" MEANS ANY OF THE FOLLOWING:

17 (A) IF THE SETTLOR IS A REGISTERED ORGANIZATION, THE NAME
18 THAT IS STATED TO BE THE SETTLOR'S NAME ON THE PUBLIC ORGANIC
19 RECORD MOST RECENTLY FILED WITH OR ISSUED OR ENACTED BY THE
20 SETTLOR'S JURISDICTION OF ORGANIZATION WHICH PURPORTS TO STATE,
21 AMEND, OR RESTATE THE SETTLOR'S NAME.

22 (B) IN OTHER CASES, THE NAME OF THE SETTLOR OR TESTATOR
23 INDICATED IN THE TRUST'S ORGANIC RECORD.

24 Sec. 9507. (1) A filed financing statement remains effective
25 with respect to collateral that is sold, exchanged, leased,
26 licensed, or otherwise disposed of and in which a security
27 interest or agricultural lien continues, even if the secured

1 party knows of or consents to the disposition.

2 (2) Except as otherwise provided in subsection (3) and
3 section 9508, a financing statement is not rendered ineffective
4 if, after the financing statement is filed, the information
5 provided in the financing statement becomes seriously misleading
6 under section 9506.

7 (3) If ~~a debtor so changes its~~ **THE** name that a filed
8 financing statement **PROVIDES FOR A DEBTOR BECOMES INSUFFICIENT AS**
9 **THE NAME OF THE DEBTOR UNDER SECTION 9503(1) SO THAT THE**
10 **FINANCING STATEMENT** becomes seriously misleading under section
11 9506, both of the following apply:

12 (a) The financing statement is effective to perfect a
13 security interest in collateral acquired by the debtor before, or
14 within 4 months after, the ~~change-~~ **FILED FINANCING STATEMENT**
15 **BECOMES SERIOUSLY MISLEADING.**

16 (b) The financing statement is not effective to perfect a
17 security interest in collateral acquired by the debtor more than
18 4 months after the ~~change-~~ **FILED FINANCING STATEMENT BECOMES**
19 **SERIOUSLY MISLEADING**, unless an amendment to the financing
20 statement that renders the financing statement not seriously
21 misleading is filed within 4 months after the ~~change-~~ **THE**
22 **FINANCING STATEMENT BECAME SERIOUSLY MISLEADING.**

23 Sec. 9515. (1) Except as otherwise provided in subsections
24 (2), (5), (6), and (7), a filed financing statement is effective
25 for a period of 5 years after the date of filing.

26 (2) Except as otherwise provided in subsections (5), (6),
27 and (7), an initial financing statement filed in connection with

1 a manufactured-home transaction is effective for a period of 30
2 years after the date of filing if it indicates that it is filed
3 in connection with a manufactured-home transaction.

4 (3) The effectiveness of a filed financing statement lapses
5 on the expiration of the period of its effectiveness unless
6 before the lapse a continuation statement is filed pursuant to
7 subsection (4). Upon lapse, a financing statement ceases to be
8 effective and any security interest or agricultural lien that was
9 perfected by the financing statement becomes unperfected, unless
10 the security interest is perfected otherwise. If the security
11 interest or agricultural lien becomes unperfected upon lapse, it
12 is deemed never to have been perfected as against a purchaser of
13 the collateral for value.

14 (4) A continuation statement may be filed only within 6
15 months before the expiration of the 5-year period specified in
16 subsection (1) or the 30-year period specified in subsection (2),
17 whichever is applicable.

18 (5) Except as otherwise provided in section 9510, upon
19 timely filing of a continuation statement, the effectiveness of
20 the initial financing statement continues for a period of 5 years
21 commencing on the day on which the financing statement would have
22 become ineffective in the absence of the filing. Upon the
23 expiration of the 5-year period, the financing statement lapses
24 in the same manner as provided in subsection (3), unless, before
25 the lapse, another continuation statement is filed pursuant to
26 subsection (4). Succeeding continuation statements may be filed
27 in the same manner to continue the effectiveness of the initial

1 financing statement.

2 (6) If a debtor is an organization identified as a
3 transmitting utility and a filed initial financing statement so
4 indicates, the financing statement is effective until a
5 termination statement is filed. A financing statement that is
6 filed before ~~the effective date of the amendatory act that added~~
7 ~~this sentence~~ **MARCH 29, 2009** is effective for a period of 5 years
8 after the date of filing and shall not be continued under this
9 section if the financing statement indicates either of the
10 following:

11 (a) That the debtor is an individual purporting to be a
12 transmitting utility.

13 (b) That the debtor is an individual showing his or her name
14 as an organization and purporting to be a transmitting utility.

15 (7) A record of a mortgage that is effective as a financing
16 statement filed as a fixture filing under section 9502(3) remains
17 effective as a financing statement filed as a fixture filing
18 until the mortgage is released or satisfied of record or its
19 effectiveness otherwise terminates as to the real property.

20 Sec. 9516. (1) Except as otherwise provided in subsection
21 (2), communication of a record to a filing office and tender of
22 the filing fee or acceptance of the record by the filing office
23 constitutes filing.

24 (2) Filing does not occur with respect to a record that a
25 filing office refuses to accept because of 1 or more of the
26 following:

27 (a) The record is not communicated by a method or medium of

1 communication authorized by the filing office.

2 (b) An amount equal to or greater than the applicable filing
3 fee is not tendered.

4 (c) The filing office is unable to index the record because
5 of 1 or more of the following:

6 (i) In the case of an initial financing statement, the record
7 does not provide a name for the debtor.

8 (ii) In the case of an amendment or ~~correction~~**INFORMATION**
9 statement, the record does not identify the initial financing
10 statement as required by section 9512 or 9518, as applicable, or
11 identifies an initial financing statement whose effectiveness has
12 lapsed under section 9515.

13 (iii) In the case of an initial financing statement that
14 provides the name of a debtor identified as an individual or an
15 amendment that provides a name of a debtor identified as an
16 individual that was not previously provided in the financing
17 statement to which the record relates, the record does not
18 identify the debtor's ~~last name~~**.SURNAME**.

19 (iv) In the case of a record filed or recorded in the filing
20 office described in section 9501(1)(a), the record does not
21 provide a sufficient description of the real property to which it
22 relates.

23 (d) In the case of an initial financing statement or an
24 amendment that adds a secured party of record, the record does
25 not provide a name and mailing address for the secured party of
26 record.

27 (e) In the case of an initial financing statement or an

1 amendment that provides a name of a debtor which was not
2 previously provided in the financing statement to which the
3 amendment relates, the record does not provide or indicate 1 or
4 more of the following:

5 (i) Provide a mailing address for the debtor.

6 (ii) Indicate whether the ~~debtor is~~ **NAME PROVIDED AS THE NAME**
7 **OF THE DEBTOR IS THE NAME OF** an individual or an organization.

8 ~~—— (iii) If the financing statement indicates that the debtor is~~
9 ~~an organization, provide 1 or more of the following:~~

10 ~~—— (A) A type of organization for the debtor.~~

11 ~~—— (B) A jurisdiction of organization for the debtor.~~

12 ~~—— (C) An organizational identification number for the debtor~~
13 ~~or indicate that the debtor has none.~~

14 (f) In the case of an assignment reflected in an initial
15 financing statement under section 9514(1) or an amendment filed
16 under section 9514(2), the record does not provide a name and
17 mailing address for the assignee.

18 (g) In the case of a continuation statement, the record is
19 not filed within the 6-month period prescribed by section
20 9515(4).

21 (3) For purposes of subsection (2), both of the following
22 apply:

23 (a) A record does not provide information if the filing
24 office is unable to read or decipher the information.

25 (b) A record that does not indicate that it is an amendment
26 or identify an initial financing statement to which it relates,
27 as required by section 9512, 9514, or 9518, is an initial

1 financing statement.

2 (4) A record that is communicated to the filing office with
3 tender of the filing fee, but which the filing office refuses to
4 accept for a reason other than one set forth in subsection (2) or
5 section 9520(5), is effective as a filed record except as against
6 a purchaser of the collateral which gives value in reasonable
7 reliance upon the absence of the record from the files.

8 Sec. 9518. (1) A person may file in the filing office a
9 ~~correction~~**AN INFORMATION** statement with respect to a record
10 indexed there under the person's name if the person believes that
11 the record is inaccurate or was wrongfully filed.

12 (2) A ~~correction~~**AN INFORMATION** statement **UNDER SUBSECTION**
13 **(1)** must do all of the following:

14 (a) Identify the record to which it relates by both of the
15 following:

16 (i) The file number assigned to the initial financing
17 statement to which the record relates.

18 (ii) If the ~~correction~~**INFORMATION** statement relates to a
19 record filed or recorded in a filing office described in section
20 9501(1)(a), the date that the initial financing statement was
21 filed or recorded and the information specified in section
22 9502(2).

23 (b) Indicate that it is a ~~correction~~**AN INFORMATION**
24 statement.

25 (c) Provide the basis for the person's belief that the
26 record is inaccurate and indicate the manner in which the person
27 believes the record should be amended to cure any inaccuracy or

1 provide the basis for the person's belief that the record was
2 wrongfully filed.

3 (3) A PERSON MAY FILE IN THE FILING OFFICE AN INFORMATION
4 STATEMENT WITH RESPECT TO A RECORD FILED THERE IF THE PERSON IS A
5 SECURED PARTY OF RECORD WITH RESPECT TO THE FINANCING STATEMENT
6 TO WHICH THE RECORD RELATES AND BELIEVES THAT THE PERSON THAT
7 FILED THE RECORD WAS NOT ENTITLED TO DO SO UNDER SECTION 9509(4).

8 (4) AN INFORMATION STATEMENT UNDER SUBSECTION (3) MUST DO
9 ALL OF THE FOLLOWING:

10 (A) IDENTIFY THE RECORD TO WHICH IT RELATES BY BOTH OF THE
11 FOLLOWING:

12 (i) THE FILE NUMBER ASSIGNED TO THE INITIAL FINANCING
13 STATEMENT TO WHICH THE RECORD RELATES.

14 (ii) IF THE INFORMATION STATEMENT RELATES TO A RECORD FILED
15 OR RECORDED IN A FILING OFFICE DESCRIBED IN SECTION 9501(1)(A),
16 THE DATE AND TIME THAT THE INITIAL FINANCING STATEMENT WAS FILED
17 OR RECORDED AND THE INFORMATION SPECIFIED IN SECTION 9502(2).

18 (B) INDICATE THAT IT IS AN INFORMATION STATEMENT.

19 (C) PROVIDE THE BASIS FOR THE PERSON'S BELIEF THAT THE
20 PERSON THAT FILED THE RECORD WAS NOT ENTITLED TO DO SO UNDER
21 SECTION 9509(4).

22 (5) ~~(3)~~The filing of a ~~correction~~AN INFORMATION statement
23 does not affect the effectiveness of an initial financing
24 statement or other filed record.

25 Sec. 9521. (1) A filing office that accepts written records
26 for filing shall not refuse to accept a written initial financing
27 statement ~~that conforms to the current format prescribed by the~~

1 ~~national conference of commissioners on uniform state laws, IN~~
2 **THE FOLLOWING FORM AND FORMAT** except for a reason set forth in
3 section 9516(2) or 9520(5): -

4 **UCC FINANCING STATEMENT**

5 **FOLLOW INSTRUCTIONS**

6 **A. NAME & PHONE OF CONTACT AT FILER (OPTIONAL)**

7 _____

8 **B. E-MAIL CONTACT AT FILER (OPTIONAL)**

9 _____

10 **C. SEND ACKNOWLEDGMENT TO: (NAME AND ADDRESS)**

11 _____

12 **THE ABOVE SPACE IS FOR**

13 **FILING OFFICE USE ONLY**

14 **1. DEBTOR'S NAME - PROVIDE ONLY ONE DEBTOR NAME (1A OR 1B)**
15 **(USE EXACT, FULL NAME; DO NOT OMIT, MODIFY, OR ABBREVIATE ANY**
16 **WORD IN THE DEBTOR'S NAME)**

17 **1A. ORGANIZATION'S NAME**

18 _____

19 **OR**

20 **1B. INDIVIDUAL'S SURNAME FIRST PERSONAL NAME**

21 _____

22 **ADDITIONAL NAME(S)/INITIAL(S) THAT ARE PART OF THE NAME**
23 **OF THIS DEBTOR SUFFIX**

24 _____

25 **1C. MAILING ADDRESS**

26 _____

27 **CITY STATE POSTAL CODE COUNTRY**

28 _____

29 **2. DEBTOR'S NAME - PROVIDE ONLY ONE DEBTOR NAME (2A OR 2B)**
30 **(USE EXACT, FULL NAME; DO NOT OMIT, MODIFY, OR ABBREVIATE ANY**
31 **WORD IN THE DEBTOR'S NAME)**

32 **2A. ORGANIZATION'S NAME**

1

2 OR

3 2B. INDIVIDUAL'S SURNAME FIRST PERSONAL NAME

4

5 ADDITIONAL NAME(S)/INITIAL(S) THAT ARE PART OF THE NAME
6 OF THIS DEBTOR SUFFIX

7

8 2C. MAILING ADDRESS

9

10 CITY STATE POSTAL CODE COUNTRY

11

12 3. SECURED PARTY'S NAME (OR NAME OF ASSIGNEE OF ASSIGNOR SECURED
13 PARTY) - PROVIDE ONLY ONE SECURED PARTY NAME (3A OR 3B)

14 3A. ORGANIZATION'S NAME

15

16 OR

17 3B. INDIVIDUAL'S SURNAME FIRST PERSONAL NAME

18

19 ADDITIONAL NAME(S)/INITIAL(S) SUFFIX

20

21 3C. MAILING ADDRESS

22

23 CITY STATE POSTAL CODE COUNTRY

24

25 4. COLLATERAL: THIS FINANCING STATEMENT COVERS THE FOLLOWING
26 COLLATERAL:

27

28 5. CHECK ONLY IF APPLICABLE AND CHECK ONLY ONE BOX:
29 COLLATERAL IS HELD IN A TRUST (SEE INSTRUCTIONS)
30 BEING ADMINISTERED BY A DECEDENT'S PERSONAL
31 REPRESENTATIVE.32 6A. CHECK ONLY IF APPLICABLE AND CHECK ONLY ONE BOX:33 PUBLIC-FINANCE TRANSACTION MANUFACTURED-HOME TRANSACTION
34 A DEBTOR IS A TRANSMITTING UTILITY

1 6B. CHECK ONLY IF APPLICABLE AND CHECK ONLY ONE BOX:

2 [] AGRICULTURAL LIEN [] NON-UCC FILING

3 7. ALTERNATIVE DESIGNATION (IF APPLICABLE):

4 [] LESSEE/LESSOR [] CONSIGNEE/CONSIGNOR [] SELLER/BUYER

5 [] BAILEE/BAILOR [] LICENSEE/LICENSOR

6 8. OPTIONAL FILER REFERENCE DATA

7

8 [UCC FINANCING STATEMENT (FORM UCC1)]

9 UCC FINANCING STATEMENT ADDENDUM

10 FOLLOW INSTRUCTIONS

11 9. NAME OF FIRST DEBTOR (SAME AS ITEM 1A OR 1B ON FINANCING
12 STATEMENT)

13 9A. ORGANIZATION'S NAME

14

15 OR

16 9B. INDIVIDUAL'S SURNAME

17

18 FIRST PERSONAL NAME

19

20 ADDITIONAL NAME(S)/INITIAL(S)

SUFFIX

21

22

THE ABOVE SPACE IS FOR

23

FILING OFFICE USE ONLY

24 10. ADDITIONAL DEBTOR'S NAME - PROVIDE ONLY ONE DEBTOR NAME
25 (10A OR 10B) (USE EXACT, FULL NAME; DO NOT OMIT, MODIFY, OR
26 ABBREVIATE ANY WORD IN THE DEBTOR'S NAME)

27 10A. ORGANIZATION'S NAME

28

29 OR

30 10B. INDIVIDUAL'S SURNAME

FIRST PERSONAL NAME

31

32 ADDITIONAL NAME(S)/INITIAL(S) THAT ARE PART OF THE NAME
33 OF THIS DEBTOR

SUFFIX

34

1 10C. MAILING ADDRESS
2 _____
3 CITY STATE POSTAL CODE COUNTRY
4 _____
5 11. ADDITIONAL SECURED PARTY'S NAME OR ASSIGNOR SECURED
6 PARTY'S NAME - PROVIDE ONLY ONE NAME (11A OR 11B)
7 11A. ORGANIZATION'S NAME
8 _____
9 OR
10 11B. INDIVIDUAL'S SURNAME FIRST PERSONAL NAME
11 _____
12 ADDITIONAL NAME(S)/INITIAL(S) SUFFIX
13 _____
14 11C. MAILING ADDRESS
15 _____
16 CITY STATE POSTAL CODE COUNTRY
17 _____
18 12. ADDITIONAL SPACE FOR ITEM 4 (COLLATERAL)
19 _____
20 13. THIS FINANCING STATEMENT IS TO BE FILED [FOR RECORD]
21 (OR RECORDED) IN THE REAL ESTATE RECORDS (IF APPLICABLE)
22 14. THIS FINANCING STATEMENT:
23 COVERS TIMBER TO BE CUT COVERS AS-EXTRACTED COLLATERAL
24 IS FILED AS A FIXTURE FILING
25 15. NAME AND ADDRESS OF A RECORD OWNER OF REAL ESTATE DESCRIBED IN
26 ITEM 16 (IF DEBTOR DOES NOT HAVE A RECORD INTEREST):
27 _____
28 16. DESCRIPTION OF REAL ESTATE:
29 _____
30 17. MISCELLANEOUS:
31 _____
32 [UCC FINANCING STATEMENT ADDENDUM (FORM UCC1AD)]

1 (2) A filing office that accepts written records for filing
 2 shall not refuse to accept a written ~~financing statement~~
 3 ~~amendment on a form that conforms to the current format~~
 4 ~~prescribed by the national conference of commissioners on uniform~~
 5 ~~state laws~~, **RECORD IN THE FOLLOWING FORM AND FORMAT** except for a
 6 reason set forth in section 9516(2) or 9520(5): -

7 **UCC FINANCING STATEMENT AMENDMENT**

8 **FOLLOW INSTRUCTIONS**

9 **A. NAME & PHONE OF CONTACT AT FILER (OPTIONAL)**

10 _____

11 **B. E-MAIL CONTACT AT FILER (OPTIONAL)**

12 _____

13 **C. SEND ACKNOWLEDGMENT TO: (NAME AND ADDRESS)**

14 _____

15 **THE ABOVE SPACE IS FOR**
 16 **FILING OFFICE USE ONLY**

17 **1A. INITIAL FINANCING STATEMENT FILE NUMBER**

18 _____

19 **1B. [] THIS FINANCING STATEMENT AMENDMENT IS TO BE FILED**
 20 **[FOR RECORD] (OR RECORDED) IN THE REAL ESTATE RECORDS.**
 21 **FILER: ATTACH AMENDMENT ADDENDUM (FORM UCC3AD) AND**
 22 **PROVIDE DEBTOR'S NAME IN ITEM 13.**

23 **2. [] TERMINATION: EFFECTIVENESS OF THE FINANCING STATEMENT**
 24 **IDENTIFIED ABOVE IS TERMINATED WITH RESPECT TO SECURITY**
 25 **INTEREST(S) OF SECURED PARTY AUTHORIZING THIS TERMINATION**
 26 **STATEMENT**

27 **3. [] ASSIGNMENT (FULL OR PARTIAL): PROVIDE NAME OF ASSIGNEE IN**
 28 **ITEM 7A OR 7B, AND ADDRESS OF ASSIGNEE IN ITEM 7C AND NAME OF**
 29 **ASSIGNOR IN ITEM 9. FOR PARTIAL ASSIGNMENT, COMPLETE ITEMS**
 30 **7 AND 9 AND ALSO INDICATE AFFECTED COLLATERAL IN ITEM 8**

31 **4. [] CONTINUATION: EFFECTIVENESS OF THE FINANCING STATEMENT**
 32 **IDENTIFIED ABOVE WITH RESPECT TO THE SECURITY INTEREST(S) OF**
 33 **SECURED PARTY AUTHORIZING THIS CONTINUATION STATEMENT IS**
 34 **CONTINUED FOR THE ADDITIONAL PERIOD PROVIDED BY APPLICABLE LAW**

35 **5. [] PARTY INFORMATION CHANGE:**

- 1 CHECK ONE OF THESE TWO BOXES:
 2 THIS CHANGE AFFECTS DEBTOR OR SECURED PARTY OF RECORD.
 3 AND
 4 CHECK ONE OF THESE THREE BOXES TO:
 5 CHANGE NAME AND/OR ADDRESS: COMPLETE ITEM 6A OR 6B,
 6 AND ITEM 7A OR 7B AND ITEM 7C.
 7 ADD NAME: COMPLETE ITEM 7A OR 7B, AND ITEM 7C.
 8 DELETE NAME: GIVE RECORD NAME TO BE DELETED IN ITEM 6A OR 6B.
- 9 6. CURRENT RECORD INFORMATION: COMPLETE FOR PARTY INFORMATION
 10 CHANGE - PROVIDE ONLY ONE NAME (6A OR 6B) (USE EXACT, FULL NAME;
 11 DO NOT OMIT, MODIFY, OR ABBREVIATE ANY WORD IN THE DEBTOR'S NAME)
- 12 6A. ORGANIZATION'S NAME
 13 _____
- 14 OR
- 15 6B. INDIVIDUAL'S SURNAME FIRST PERSONAL NAME
 16 _____
- 17 ADDITIONAL NAME(S)/INITIAL(S) SUFFIX
 18 _____
- 19 7. CHANGED OR ADDED INFORMATION: COMPLETE FOR ASSIGNMENT OR PARTY
 20 INFORMATION CHANGE - PROVIDE ONLY ONE NAME (7A OR 7B) (USE EXACT
 21 FULL NAME; DO NOT OMIT, MODIFY, OR ABBREVIATE ANY WORD IN THE
 22 DEBTOR'S NAME)
- 23 7A. ORGANIZATION'S NAME
 24 _____
- 25 OR
- 26 7B. INDIVIDUAL'S SURNAME FIRST PERSONAL NAME
 27 _____
- 28 ADDITIONAL NAME(S)/INITIAL(S) THAT ARE PART OF THE NAME
 29 OF THIS DEBTOR SUFFIX
 30 _____
- 31 7C. MAILING ADDRESS
 32 _____
- 33 CITY STATE POSTAL CODE COUNTRY
 34 _____
- 35 8. COLLATERAL CHANGE:
 36 ALSO CHECK ONE OF THESE FOUR BOXES:
 37 ADD COLLATERAL DELETE COLLATERAL
 38 RESTATE COVERED COLLATERAL ASSIGN COLLATERAL
 39 INDICATE COLLATERAL:

1 9. NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT -
2 PROVIDE ONLY ONE NAME (9A OR 9B) (NAME OF ASSIGNOR, IF THIS
3 IS AN ASSIGNMENT)
4 IF THIS IS AN AMENDMENT AUTHORIZED BY A DEBTOR, CHECK HERE
5 [] AND PROVIDE NAME OF AUTHORIZING DEBTOR

6 9A. ORGANIZATION'S NAME
7 _____

8 OR

9 9B. INDIVIDUAL'S SURNAME FIRST PERSONAL NAME
10 _____
11 ADDITIONAL NAME(S)/INITIAL(S) SUFFIX
12 _____

13 10. OPTIONAL FILE REFERENCE DATA
14 _____
15 [UCC FINANCING STATEMENT AMENDMENT (FORM UCC3)]

16 UCC FINANCING STATEMENT AMENDMENT ADDENDUM

17 FOLLOW INSTRUCTIONS

18 11. INITIAL FINANCING STATEMENT FILE NUMBER (SAME AS ITEM 1A ON
19 AMENDMENT FORM)
20 _____

21 12. NAME OF PARTY AUTHORIZING THIS AMENDMENT (SAME AS ITEM 9 ON
22 AMENDMENT FORM)
23 12A. ORGANIZATION'S NAME
24 _____

25 OR

26 12B. INDIVIDUAL'S SURNAME FIRST PERSONAL NAME
27 _____
28 ADDITIONAL NAME(S)/INITIAL(S) SUFFIX
29 _____

30 THE ABOVE SPACE IS FOR
31 FILING OFFICE USE ONLY

32 13. NAME OF DEBTOR ON RELATED FINANCING STATEMENT (NAME OF A CURRENT
33 DEBTOR OF RECORD REQUIRED FOR INDEXING PURPOSES ONLY IN SOME
34 FILING OFFICES - SEE INSTRUCTION FOR ITEM 13 - INSERT ONLY ONE
35 DEBTOR NAME (13A OR 13B) (USE EXACT, FULL NAME; DO NOT OMIT,

1 MODIFY, OR ABBREVIATE ANY WORD IN THE DEBTOR'S NAME)

2 13A. ORGANIZATION'S NAME

3 _____

4 OR

5 13B. INDIVIDUAL'S SURNAME FIRST PERSONAL NAME

6 _____

7 ADDITIONAL NAME(S)/INITIAL(S) SUFFIX

8 _____

9 14. ADDITIONAL SPACE FOR ITEM 8 (COLLATERAL)

10 _____

11 15. THIS FINANCING STATEMENT AMENDMENT: [] COVERS TIMBER TO BE CUT
12 [] COVERS AS-EXTRACTED COLLATERAL
13 [] IS FILED AS A FIXTURE FILING

14 16. NAME AND ADDRESS OF A RECORD OWNER OF REAL ESTATE DESCRIBED IN
15 ITEM 17 (IF DEBTOR DOES NOT HAVE A RECORD INTEREST):

16 _____

17 17. DESCRIPTION OF REAL ESTATE

18 _____

19 18. MISCELLANEOUS:

20 _____

21 [UCC FINANCING STATEMENT AMENDMENT ADDENDUM (FORM UCC3AD)]

22 Sec. 9607. (1) If so agreed, and in any event after default,
23 a secured party may do 1 or more of the following:

24 (a) Notify an account debtor or other person obligated on
25 collateral to make payment or otherwise render performance to or
26 for the benefit of the secured party.

27 (b) Take any proceeds to which the secured party is entitled
28 under section 9315.

29 (c) Enforce the obligations of an account debtor or other
30 person obligated on collateral and exercise the rights of the
31 debtor with respect to the obligation of the account debtor or

1 other person obligated on collateral to make payment or otherwise
2 render performance to the debtor, and with respect to any
3 property that secures the obligations of the account debtor or
4 other person obligated on the collateral.

5 (d) If it holds a security interest in a deposit account
6 perfected by control under section 9104(1)(a), apply the balance
7 of the deposit account to the obligation secured by the deposit
8 account.

9 (e) If it holds a security interest in a deposit account
10 perfected by control under section 9104(1)(b) or (c), instruct
11 the bank to pay the balance of the deposit account to or for the
12 benefit of the secured party.

13 (2) If necessary to enable a secured party to exercise under
14 subsection (1)(c) the right of a debtor to enforce a mortgage
15 nonjudicially, the secured party may record both of the following
16 in the office in which a record of the mortgage is recorded:

17 (a) A copy of the security agreement that creates or
18 provides for a security interest in the obligation secured by the
19 mortgage.

20 (b) The secured party's sworn affidavit in recordable form
21 stating ~~that~~ **BOTH OF THE FOLLOWING:**

22 **(i) THAT** a default has occurred ~~and the~~ **WITH RESPECT TO THE**
23 **OBLIGATION SECURED BY THE MORTGAGE.**

24 **(ii) THAT THE** secured party is entitled to enforce the
25 mortgage nonjudicially.

26 (3) A secured party shall proceed in a commercially
27 reasonable manner if the secured party meets both of the

1 following:

2 (a) Undertakes to collect from or enforce an obligation of
3 an account debtor or other person obligated on collateral.

4 (b) Is entitled to charge back uncollected collateral or
5 otherwise to full or limited recourse against the debtor or a
6 secondary obligor.

7 (4) A secured party may deduct from the collections made
8 pursuant to subsection (3) reasonable expenses of collection and
9 enforcement, including reasonable attorney fees and legal
10 expenses incurred by the secured party.

11 (5) This section does not determine whether an account
12 debtor, bank, or other person obligated on collateral owes a duty
13 to a secured party.

14 **PART 8**

15 **TRANSITION PROVISIONS FOR 2010 AMENDMENTS**

16 **SEC. 9801. AS USED IN THIS PART:**

17 (A) "PRE-EFFECTIVE-DATE FINANCING STATEMENT" MEANS A
18 FINANCING STATEMENT FILED BEFORE THE EFFECTIVE DATE OF THIS
19 AMENDATORY ACT.

20 (B) "THIS AMENDATORY ACT" MEANS THE AMENDATORY ACT THAT
21 ADDED THIS PART.

22 (C) "THIS AMENDED ARTICLE" MEANS THIS ARTICLE AS AMENDED BY
23 THIS AMENDATORY ACT.

24 SEC. 9802. (1) EXCEPT AS OTHERWISE PROVIDED IN THIS PART,
25 THIS AMENDATORY ACT APPLIES TO A TRANSACTION OR LIEN WITHIN ITS
26 SCOPE, EVEN IF THE TRANSACTION OR LIEN WAS ENTERED INTO OR
27 CREATED BEFORE THE EFFECTIVE DATE OF THIS AMENDATORY ACT.

1 (2) THIS AMENDATORY ACT DOES NOT AFFECT AN ACTION, CASE, OR
2 PROCEEDING COMMENCED BEFORE THE EFFECTIVE DATE OF THIS AMENDATORY
3 ACT.

4 SEC. 9803. (1) A SECURITY INTEREST THAT IS A PERFECTED
5 SECURITY INTEREST IMMEDIATELY BEFORE THE EFFECTIVE DATE OF THIS
6 AMENDATORY ACT IS A PERFECTED SECURITY INTEREST UNDER THIS
7 AMENDED ARTICLE IF, ON THE EFFECTIVE DATE OF THIS AMENDATORY ACT,
8 THE APPLICABLE REQUIREMENTS FOR ATTACHMENT AND PERFECTION UNDER
9 THIS AMENDED ARTICLE ARE SATISFIED WITHOUT FURTHER ACTION.

10 (2) EXCEPT AS OTHERWISE PROVIDED IN SECTION 9805, IF,
11 IMMEDIATELY BEFORE THE EFFECTIVE DATE OF THIS AMENDATORY ACT, A
12 SECURITY INTEREST IS A PERFECTED SECURITY INTEREST, BUT THE
13 APPLICABLE REQUIREMENTS FOR PERFECTION UNDER THIS AMENDED ARTICLE
14 ARE NOT SATISFIED ON THE EFFECTIVE DATE OF THIS AMENDATORY ACT,
15 THE SECURITY INTEREST REMAINS PERFECTED THEREAFTER ONLY IF THE
16 APPLICABLE REQUIREMENTS FOR PERFECTION UNDER THIS AMENDED ARTICLE
17 ARE SATISFIED WITHIN 1 YEAR AFTER THE EFFECTIVE DATE OF THIS
18 AMENDATORY ACT.

19 SEC. 9804. A SECURITY INTEREST THAT IS AN UNPERFECTED
20 SECURITY INTEREST IMMEDIATELY BEFORE THE EFFECTIVE DATE OF THIS
21 AMENDATORY ACT BECOMES A PERFECTED SECURITY INTEREST WHEN EITHER
22 OF THE FOLLOWING OCCURS:

23 (A) WITHOUT FURTHER ACTION, ON THE EFFECTIVE DATE OF THIS
24 AMENDATORY ACT IF THE APPLICABLE REQUIREMENTS FOR PERFECTION
25 UNDER THIS AMENDED ARTICLE ARE SATISFIED BEFORE OR AT THAT TIME.

26 (B) WHEN THE APPLICABLE REQUIREMENTS FOR PERFECTION ARE
27 SATISFIED IF THE REQUIREMENTS ARE SATISFIED AFTER THE EFFECTIVE

1 DATE OF THIS AMENDATORY ACT.

2 SEC. 9805. (1) THE FILING OF A FINANCING STATEMENT BEFORE
3 THE EFFECTIVE DATE OF THIS AMENDATORY ACT IS EFFECTIVE TO PERFECT
4 A SECURITY INTEREST TO THE EXTENT THAT THE FILING WOULD SATISFY
5 THE APPLICABLE REQUIREMENTS FOR PERFECTION UNDER THIS AMENDED
6 ARTICLE.

7 (2) THIS AMENDATORY ACT DOES NOT RENDER INEFFECTIVE AN
8 EFFECTIVE FINANCING STATEMENT THAT IS FILED BEFORE THE EFFECTIVE
9 DATE OF THIS AMENDATORY ACT AND SATISFIES THE APPLICABLE
10 REQUIREMENTS FOR PERFECTION UNDER THE LAW OF THE JURISDICTION
11 GOVERNING PERFECTION AS PROVIDED IN THIS ARTICLE AS IT EXISTED
12 BEFORE THE EFFECTIVE DATE OF THIS AMENDATORY ACT. HOWEVER, EXCEPT
13 AS OTHERWISE PROVIDED IN SUBSECTIONS (3) AND (4) AND SECTION
14 9806, THE FINANCING STATEMENT CEASES TO BE EFFECTIVE AT 1 OF THE
15 FOLLOWING TIMES, AS APPLICABLE:

16 (A) IF THE FINANCING STATEMENT IS FILED IN THIS STATE, AT
17 THE TIME THE FINANCING STATEMENT WOULD HAVE CEASED TO BE
18 EFFECTIVE HAD THIS AMENDATORY ACT NOT TAKEN EFFECT.

19 (B) IF THE FINANCING STATEMENT IS FILED IN ANOTHER
20 JURISDICTION, AT THE EARLIER OF THE FOLLOWING:

21 (i) THE TIME THE FINANCING STATEMENT WOULD HAVE CEASED TO BE
22 EFFECTIVE UNDER THE LAW OF THAT JURISDICTION.

23 (ii) JUNE 30, 2018.

24 (3) THE FILING OF A CONTINUATION STATEMENT AFTER THE
25 EFFECTIVE DATE OF THIS AMENDATORY ACT DOES NOT CONTINUE THE
26 EFFECTIVENESS OF A FINANCING STATEMENT FILED BEFORE THE EFFECTIVE
27 DATE OF THIS AMENDATORY ACT. HOWEVER, UPON THE TIMELY FILING OF A

1 CONTINUATION STATEMENT AFTER THE EFFECTIVE DATE OF THIS
2 AMENDATORY ACT AND IN ACCORDANCE WITH THE LAW OF THE JURISDICTION
3 GOVERNING PERFECTION AS PROVIDED IN THIS AMENDED ARTICLE, THE
4 EFFECTIVENESS OF A FINANCING STATEMENT FILED IN THE SAME OFFICE
5 IN THAT JURISDICTION BEFORE THE EFFECTIVE DATE OF THIS AMENDATORY
6 ACT CONTINUES FOR THE PERIOD PROVIDED BY THE LAW OF THAT
7 JURISDICTION.

8 (4) SUBSECTION (2) (B) (ii) APPLIES TO A FINANCING STATEMENT
9 THAT IS FILED BEFORE THE EFFECTIVE DATE OF THIS AMENDATORY ACT
10 AGAINST A TRANSMITTING UTILITY AND SATISFIES THE APPLICABLE
11 REQUIREMENTS FOR PERFECTION UNDER THE LAW OF THE JURISDICTION
12 GOVERNING PERFECTION AS PROVIDED IN THIS ARTICLE BEFORE THE
13 EFFECTIVE DATE OF THIS AMENDATORY ACT, ONLY TO THE EXTENT THAT
14 THIS AMENDED ARTICLE PROVIDES THAT THE LAW OF A JURISDICTION
15 OTHER THAN THE JURISDICTION IN WHICH THE FINANCING STATEMENT IS
16 FILED GOVERNS PERFECTION OF A SECURITY INTEREST IN COLLATERAL
17 COVERED BY THE FINANCING STATEMENT.

18 (5) A FINANCING STATEMENT THAT INCLUDES A FINANCING
19 STATEMENT FILED BEFORE THE EFFECTIVE DATE OF THIS AMENDATORY ACT
20 AND A CONTINUATION STATEMENT FILED AFTER THE EFFECTIVE DATE OF
21 THIS AMENDATORY ACT IS EFFECTIVE ONLY TO THE EXTENT THAT IT
22 SATISFIES THE REQUIREMENTS OF PART 5 AS AMENDED BY THIS
23 AMENDATORY ACT FOR AN INITIAL FINANCING STATEMENT. A FINANCING
24 STATEMENT THAT INDICATES THAT THE DEBTOR IS A DECEDENT'S ESTATE
25 INDICATES THAT THE COLLATERAL IS BEING ADMINISTERED BY A PERSONAL
26 REPRESENTATIVE WITHIN THE MEANING OF SECTION 9503 (1) (B) AS
27 AMENDED BY THIS AMENDATORY ACT. A FINANCING STATEMENT THAT

1 INDICATES THAT THE DEBTOR IS A TRUST OR IS A TRUSTEE ACTING WITH
2 RESPECT TO PROPERTY HELD IN TRUST INDICATES THAT THE COLLATERAL
3 IS HELD IN A TRUST WITHIN THE MEANING OF SECTION 9503(1)(C) AS
4 AMENDED BY THIS AMENDATORY ACT.

5 SEC. 9806. (1) THE FILING OF AN INITIAL FINANCING STATEMENT
6 IN THE OFFICE SPECIFIED IN SECTION 9501 CONTINUES THE
7 EFFECTIVENESS OF A PRE-EFFECTIVE-DATE FINANCING STATEMENT IF ALL
8 OF THE FOLLOWING ARE MET:

9 (A) THE FILING OF AN INITIAL FINANCING STATEMENT IN THAT
10 OFFICE WOULD BE EFFECTIVE TO PERFECT A SECURITY INTEREST UNDER
11 THIS AMENDED ARTICLE.

12 (B) THE PRE-EFFECTIVE-DATE FINANCING STATEMENT WAS FILED IN
13 AN OFFICE IN ANOTHER STATE.

14 (C) THE INITIAL FINANCING STATEMENT SATISFIES SUBSECTION
15 (3).

16 (2) THE FILING OF AN INITIAL FINANCING STATEMENT UNDER
17 SUBSECTION (1) CONTINUES THE EFFECTIVENESS OF THE
18 PRE-EFFECTIVE-DATE FINANCING STATEMENT FOR 1 OF THE FOLLOWING
19 PERIODS:

20 (A) IF THE INITIAL FINANCING STATEMENT IS FILED BEFORE THE
21 EFFECTIVE DATE OF THIS AMENDATORY ACT, FOR THE PERIOD PROVIDED IN
22 SECTION 9515 AS IT EXISTED BEFORE THE EFFECTIVE DATE OF THIS
23 AMENDATORY ACT WITH RESPECT TO AN INITIAL FINANCING STATEMENT.

24 (B) IF THE INITIAL FINANCING STATEMENT IS FILED AFTER THE
25 EFFECTIVE DATE OF THIS AMENDATORY ACT, FOR THE PERIOD PROVIDED IN
26 SECTION 9515 AS AMENDED BY THIS AMENDATORY ACT WITH RESPECT TO AN
27 INITIAL FINANCING STATEMENT.

1 (3) TO BE EFFECTIVE FOR PURPOSES OF SUBSECTION (1), AN
2 INITIAL FINANCING STATEMENT MUST DO ALL OF THE FOLLOWING:

3 (A) SATISFY THE REQUIREMENTS OF PART 5 AS AMENDED BY THIS
4 AMENDATORY ACT FOR AN INITIAL FINANCING STATEMENT.

5 (B) IDENTIFY THE PRE-EFFECTIVE-DATE FINANCING STATEMENT BY
6 INDICATING THE OFFICE IN WHICH THE FINANCING STATEMENT WAS FILED
7 AND PROVIDING THE DATES OF FILING AND FILE NUMBERS, IF ANY, OF
8 THE FINANCING STATEMENT AND OF THE MOST RECENT CONTINUATION
9 STATEMENT FILED WITH RESPECT TO THE FINANCING STATEMENT.

10 (C) INDICATE THAT THE PRE-EFFECTIVE-DATE FINANCING STATEMENT
11 REMAINS EFFECTIVE.

12 SEC. 9807. (1) AFTER THE EFFECTIVE DATE OF THIS AMENDATORY
13 ACT, A PERSON MAY ADD OR DELETE COLLATERAL COVERED BY, CONTINUE
14 OR TERMINATE THE EFFECTIVENESS OF, OR OTHERWISE AMEND THE
15 INFORMATION PROVIDED IN, A PRE-EFFECTIVE-DATE FINANCING STATEMENT
16 ONLY IN ACCORDANCE WITH THE LAW OF THE JURISDICTION GOVERNING
17 PERFECTION AS PROVIDED IN THIS AMENDED ARTICLE. HOWEVER, THE
18 EFFECTIVENESS OF A PRE-EFFECTIVE-DATE FINANCING STATEMENT ALSO
19 MAY BE TERMINATED IN ACCORDANCE WITH THE LAW OF THE JURISDICTION
20 IN WHICH THE FINANCING STATEMENT IS FILED.

21 (2) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (3), IF THE
22 LAW OF THIS STATE GOVERNS PERFECTION OF A SECURITY INTEREST, THE
23 INFORMATION IN A PRE-EFFECTIVE-DATE FINANCING STATEMENT MAY BE
24 AMENDED AFTER THE EFFECTIVE DATE OF THIS AMENDATORY ACT ONLY IF 1
25 OF THE FOLLOWING IS MET:

26 (A) THE PRE-EFFECTIVE-DATE FINANCING STATEMENT AND AN
27 AMENDMENT ARE FILED IN THE OFFICE SPECIFIED IN SECTION 9501.

1 (B) AN AMENDMENT IS FILED IN THE OFFICE SPECIFIED IN SECTION
2 9501 CONCURRENTLY WITH, OR AFTER THE FILING IN THAT OFFICE OF, AN
3 INITIAL FINANCING STATEMENT THAT SATISFIES SECTION 9806(3).

4 (C) AN INITIAL FINANCING STATEMENT THAT PROVIDES THE
5 INFORMATION AS AMENDED AND SATISFIES SECTION 9806(3) IS FILED IN
6 THE OFFICE SPECIFIED IN SECTION 9501.

7 (3) IF THE LAW OF THIS STATE GOVERNS PERFECTION OF A
8 SECURITY INTEREST, THE EFFECTIVENESS OF A PRE-EFFECTIVE-DATE
9 FINANCING STATEMENT MAY BE CONTINUED ONLY UNDER SECTION 9805(3)
10 AND (5) OR 9806.

11 (4) WHETHER OR NOT THE LAW OF THIS STATE GOVERNS PERFECTION
12 OF A SECURITY INTEREST, THE EFFECTIVENESS OF A PRE-EFFECTIVE-DATE
13 FINANCING STATEMENT FILED IN THIS STATE MAY BE TERMINATED AFTER
14 THE EFFECTIVE DATE OF THIS AMENDATORY ACT BY FILING A TERMINATION
15 STATEMENT IN THE OFFICE IN WHICH THE PRE-EFFECTIVE-DATE FINANCING
16 STATEMENT IS FILED, UNLESS AN INITIAL FINANCING STATEMENT THAT
17 SATISFIES SECTION 9806(3) HAS BEEN FILED IN THE OFFICE SPECIFIED
18 BY THE LAW OF THE JURISDICTION GOVERNING PERFECTION AS PROVIDED
19 IN THIS AMENDED ARTICLE AS THE OFFICE IN WHICH TO FILE A
20 FINANCING STATEMENT.

21 SEC. 9808. A PERSON MAY FILE AN INITIAL FINANCING STATEMENT
22 OR A CONTINUATION STATEMENT UNDER THIS PART IF ALL OF THE
23 FOLLOWING ARE MET:

24 (A) THE SECURED PARTY OF RECORD AUTHORIZES THE FILING.

25 (B) THE FILING IS NECESSARY UNDER THIS PART TO DO ANY OF THE
26 FOLLOWING:

27 (i) TO CONTINUE THE EFFECTIVENESS OF A FINANCING STATEMENT

1 FILED BEFORE THE EFFECTIVE DATE OF THIS AMENDATORY ACT.

2 (ii) TO PERFECT OR CONTINUE THE PERFECTION OF A SECURITY
3 INTEREST.

4 SEC. 9809. THIS AMENDATORY ACT DETERMINES THE PRIORITY OF
5 CONFLICTING CLAIMS TO COLLATERAL. HOWEVER, IF THE RELATIVE
6 PRIORITIES OF THE CLAIMS WERE ESTABLISHED BEFORE THE EFFECTIVE
7 DATE OF THIS AMENDATORY ACT, THIS ARTICLE AS IT EXISTED BEFORE
8 THE EFFECTIVE DATE OF THIS AMENDATORY ACT DETERMINES PRIORITY.

9 Enacting section 1. Article 11 of the uniform commercial
10 code, 1962 PA 174, MCL 440.11101 to 440.11102, is repealed.

11 Enacting section 2. This amendatory act takes effect July 1,
12 2013.