



HOUSE BILL No. 5228

January 19, 2000, Introduced by Rep. Richner and referred to the Committee on Family and Civil Law.

A bill to amend 1962 PA 174, entitled
"Uniform commercial code,"
by amending sections 1105, 1201, 2103, 2210, 2326, 2502, 2716,
2A103, 2A303, 2A307, 2A309, 4210, 7503, 8103, 8106, 8110, 8301,
8302, 8510, 9102, 9103, 9104, 9105, 9106, 9107, 9108, 9109, 9110,
9201, 9202, 9203, 9204, 9205, 9206, 9207, 9208, 9301, 9302, 9303,
9304, 9305, 9306, 9307, 9308, 9309, 9310, 9311, 9312, 9313, 9314,
9315, 9316, 9317, 9318, 9401, 9402, 9403, 9404, 9405, 9406, 9407,
9408, 9409, 9501, 9502, 9503, 9504, 9505, 9506, and 9507
(MCL 440.1105, 440.1201, 440.2103, 440.2210, 440.2326, 440.2502,
440.2716, 440.2803, 440.2903, 440.2907, 440.2909, 440.4210,
440.7503, 440.8103, 440.8106, 440.8110, 440.8301, 440.8302,
440.8510, 440.9102, 440.9103, 440.9104, 440.9105, 440.9106,
440.9107, 440.9108, 440.9109, 440.9110, 440.9201, 440.9202,
440.9203, 440.9204, 440.9205, 440.9206, 440.9207, 440.9208,

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440.9301, 440.9302, 440.9303, 440.9304, 440.9305, 440.9306, 440.9307, 440.9308, 440.9309, 440.9310, 440.9311, 440.9312, 440.9313, 440.9314, 440.9315, 440.9316, 440.9317, 440.9318, 440.9401, 440.9402, 440.9403, 440.9404, 440.9405, 440.9406, 440.9407, 440.9408, 440.9409, 440.9501, 440.9502, 440.9503, 440.9504, 440.9505, 440.9506, and 440.9507), sections 1105, 9203, and 9402 as amended by 1998 PA 489, section 1201 as amended and sections 2A103, 2A303, 2A307, and 2A309 as added by 1992 PA 101, section 2326 as amended by 1982 PA 397, section 4210 as amended by 1993 PA 130, sections 8103, 8106, 8301, 8302, 9301, 9302, 9303, 9306, 9309, and 9312 as amended and sections 8110 and 8510 as added by 1998 PA 278, sections 9103, 9104, 9105, 9106, 9304, and 9305 as amended by 1998 PA 488, section 9307 as amended by 1985 PA 199, section 9313 as amended by 1980 PA 53, section 9401 as amended by 1990 PA 288, sections 9403 and 9404 as amended by 1992 PA 186, sections 9405 and 9407 as amended by 1988 PA 130, and section 9406 as amended by 1989 PA 216, and by adding sections 5118, 9103a, 9209, 9210, 9319, 9320, 9321, 9322, 9323, 9324, 9324a, 9325, 9326, 9327, 9328, 9329, 9330, 9331, 9332, 9333, 9334, 9335, 9336, 9337, 9338, 9339, 9340, 9341, 9342, 9508, 9509, 9510, 9511, 9512, 9513, 9514, 9515, 9516, 9517, 9518, 9519, 9520, 9521, 9522, 9523, 9524, 9525, 9526, 9527, 9601, 9602, 9603, 9604, 9605, 9606, 9607, 9608, 9609, 9610, 9611, 9612, 9613, 9614, 9615, 9616, 9617, 9618, 9619, 9620, 9621, 9622, 9623, 9624, 9625, 9626, 9627, 9628, 9701, 9702, 9703, 9704, 9705, 9706, 9707, and 9708; and to repeal acts and parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 1105. (1) Except as provided in this section, if a
2 transaction bears a reasonable relation to this state and also to
3 another state or nation the parties may agree that the law either
4 of this state or of the other state or nation shall govern their
5 rights and duties. Failing agreement this act applies to trans-
6 actions bearing an appropriate relation to this state.

7 (2) If 1 of the following provisions of this act specifies
8 the applicable law, that provision governs and a contrary agree-
9 ment is effective only to the extent permitted by the law
10 (including the conflict of laws rules) specified:

11 Rights of creditors against sold	
12 goods.	Section 2402.
13 APPLICABILITY OF THE ARTICLE ON	
14 LEASES.	SECTIONS 2A105 AND 2A106.
15 Applicability of the article on	
16 bank deposits and collections.	Section 4102.
17 Governing law in the article on	
18 funds transfers.	Section 4A502 4A507.
19 Letters of credit.	Section 5156 5116.
20 Applicability of the article on	
21 investment securities.	Section 8110.
22 Applicability of the article on	
23 leases.	Sections 2A105 and 2A106.
24 Perfection provisions of the	
25 article on secured transactions.	Section 9103.

1 LAW GOVERNING PERFECTION, THE
2 EFFECT OF PERFECTION OR NONPER-
3 FECTION, AND THE PRIORITY OF
4 SECURITY INTERESTS AND AGRICUL-
5 TURAL LIENS.

SECTIONS 9301 THROUGH
9307.

7 Sec. 1201. Subject to additional definitions contained in
8 the subsequent articles of this act which are applicable to spe-
9 cific articles or parts of this act, and unless the context oth-
10 erwise requires, in this act:

11 (1) "Action" in the sense of a judicial proceeding includes
12 recoupment, counterclaim, setoff, suit in equity, and any other
13 proceedings in which rights are determined.

14 (2) "Aggrieved party" means a party entitled to resort to a
15 remedy.

16 (3) "Agreement" means the bargain of the parties in fact as
17 found in their language or by implication from other circum-
18 stances including course of dealing or usage of trade or course
19 of performance as provided in this act (sections 1205 and 2208).
20 Whether an agreement has legal consequences is determined by the
21 provisions of this act, if applicable; otherwise by the law of
22 contracts (section 1103). (Compare "Contract".)

23 (4) "Bank" means any person engaged in the business of
24 banking.

25 (5) "Bearer" means the person in possession of an instru-
26 ment, document of title, or certificated security payable to
27 bearer or indorsed in blank.

1 (6) "Bill of lading" means a document evidencing the receipt
2 of goods for shipment issued by a person engaged in the business
3 of transporting or forwarding goods, and includes an airbill.

4 "Airbill" means a document serving for air transportation as a
5 bill of lading does for marine or rail transportation, and
6 includes an air consignment note or air waybill.

7 (7) "Branch" includes a separately incorporated foreign
8 branch of a bank.

9 (8) "Burden of establishing a fact" means the burden of per-
10 suading the triers of fact that the existence of the fact is more
11 probable than its nonexistence.

12 (9) "Buyer in ordinary course of business" means a person
13 ~~who in good faith and without knowledge that the sale to him or~~
14 ~~her is in violation of the ownership rights or security interest~~
15 ~~of a third party in the goods buys in ordinary course from a~~
16 ~~person in the business of selling goods of that kind but does not~~
17 ~~include a pawnbroker. All persons who sell minerals or the like,~~
18 ~~including oil and gas, at wellhead or minehead shall be deemed to~~
19 ~~be persons in the business of selling goods of that kind.~~

20 ~~"Buying" may be for cash or by exchange of other property or on~~
21 ~~secured or unsecured credit and includes receiving goods or docu=~~
22 ~~ments of title under a preexisting contract for sale but does not~~
23 ~~include a transfer in bulk or as security for or in total or par-~~
24 ~~tial satisfaction of a money debt. THAT BUYS GOODS IN GOOD~~

25 FAITH, WITHOUT KNOWLEDGE THAT THE SALE VIOLATES THE RIGHTS OF
26 ANOTHER PERSON IN THE GOOD, AND IN THE ORDINARY COURSE FROM A
27 PERSON, OTHER THAN A PAWNBROKER, IN THE BUSINESS OF SELLING GOODS

1 OF THAT KIND. A PERSON BUYS GOODS IN THE ORDINARY COURSE IF THE
2 SALE TO THE PERSON COMPORTS WITH THE USUAL OR CUSTOMARY PRACTICES
3 IN THE KIND OF BUSINESS IN WHICH THE SELLER IS ENGAGED OR WITH
4 THE SELLER'S OWN USUAL OR CUSTOMARY PRACTICES. A PERSON THAT
5 SELLS OIL, GAS, OR OTHER MINERALS AT THE WELLHEAD OR MINEHEAD IS
6 A PERSON IN THE BUSINESS OF SELLING GOODS OF THAT KIND. A BUYER
7 IN ORDINARY COURSE OF BUSINESS MAY BUY FOR CASH, BY EXCHANGE OF
8 OTHER PROPERTY, OR ON SECURED OR UNSECURED CREDIT, AND MAY
9 ACQUIRE GOODS OR DOCUMENTS OF TITLE UNDER A PREEXISTING CONTRACT
10 FOR SALE. ONLY A BUYER THAT TAKES POSSESSION OF THE GOODS OR HAS
11 A RIGHT TO RECOVER THE GOODS FROM THE SELLER UNDER ARTICLE 2 MAY
12 BE A BUYER IN ORDINARY COURSE OF BUSINESS. A PERSON THAT
13 ACQUIRES GOODS IN A TRANSFER IN BULK OR AS SECURITY FOR OR IN
14 TOTAL OR PARTIAL SATISFACTION OF A MONEY DEBT IS NOT A BUYER IN
15 ORDINARY COURSE OF BUSINESS.

16 (10) "Conspicuous": A term or clause is conspicuous when it
17 is so written that a reasonable person against whom it is to
18 operate ought to have noticed it. A printed heading in capitals
19 (as: non-negotiable bill of lading) is conspicuous. Language in
20 the body of a form is "conspicuous" if it is in larger or other
21 contrasting type or color. But in a telegram any stated term is
22 "conspicuous". Whether a term or clause is "conspicuous" or not
23 is for decision by the court.

24 (11) "Contract" means the total legal obligation which
25 results from the parties' agreement as affected by this act and
26 any other applicable rules of law. (Compare "Agreement".)

1 (12) "Creditor" includes a general creditor, a secured
2 creditor, a lien creditor and any representative of creditors,
3 including an assignee for the benefit of creditors, a trustee in
4 bankruptcy, a receiver in equity, and an executor or administra-
5 tor of an insolvent debtor's or assignor's estate.

6 (13) "Defendant" includes a person in the position of
7 defendant in a cross action or counterclaim.

8 (14) "Delivery" with respect to instruments, documents of
9 title, chattel paper, or certificated securities means voluntary
10 transfer of possession.

11 (15) "Document of title" includes bill of lading, dock war-
12 rant, dock receipt, warehouse receipt, or order for the delivery
13 of goods, and also any other document which in the regular course
14 of business or financing is treated as adequately evidencing that
15 the person in possession of it is entitled to receive, hold, and
16 dispose of the document and the goods it covers. To be a docu-
17 ment of title a document must purport to be issued by or
18 addressed to a bailee and purport to cover goods in the bailee's
19 possession which are either identified or are fungible portions
20 of an identified mass.

21 (16) "Fault" means wrongful act, omission, or breach.

22 (17) "Fungible" with respect to goods or securities means
23 goods or securities of which any unit is, by nature or usage of
24 trade, the equivalent of any other like unit. Goods which are
25 not fungible shall be deemed fungible for the purposes of this
26 act to the extent that under a particular agreement or document
27 unlike units are treated as equivalents.

1 (18) "Genuine" means free of forgery or counterfeiting.

2 (19) "Good faith" means honesty in fact in the conduct or
3 transaction concerned.

4 (20) "Holder", with respect to a negotiable instrument,
5 means the person in possession if the instrument is payable to
6 bearer or, in the case of an instrument payable to an identified
7 person, if the identified person is in possession. Holder, with
8 respect to a document of title, means the person in possession if
9 the goods are deliverable to bearer or to the order of the person
10 in possession.

11 (21) To "honor" is to pay or to accept and pay, or where a
12 credit so engages to purchase or discount a draft complying with
13 the terms of the credit.

14 (22) "Insolvency proceedings" includes any assignment for
15 the benefit of creditors or other proceedings intended to liqui-
16 date or rehabilitate the estate of the person involved.

17 (23) A person is "insolvent" who either has ceased to pay
18 his or her debts in the ordinary course of business or cannot pay
19 his or her debts as they become due or is insolvent within the
20 meaning of the federal bankruptcy law.

21 (24) "Money" means a medium of exchange authorized or
22 adopted by a domestic or foreign government and includes a mone-
23 tary unit of account established by an intergovernmental organi-
24 zation or by agreement between 2 or more nations.

25 (25) A person has "notice" of a fact when ~~—(a) He~~ HE or
26 she has actual knowledge of it; ~~or (b) He~~ HE or she has
27 received a notice or notification of it; or ~~—(c) From~~ FROM all

1 the facts and circumstances known to him or her at the time in
2 question he or she has reason to know that it exists. A person
3 "knows" or has "knowledge" of a fact when he or she has actual
4 knowledge of it. "Discover" or "learn" or a word or phrase of
5 similar import refers to knowledge rather than to reason to
6 know. The time and circumstances under which a notice or notifi-
7 cation may cease to be effective are not determined by this act.

8 (26) A person "notifies" or "gives" a notice or notification
9 to another by taking such steps as may be reasonably required to
10 inform the other in ordinary course whether or not such other
11 actually comes to know of it. A person "receives" a notice or
12 notification when 1 OF THE FOLLOWING OCCURS:

13 (a) It comes to his or her attention. ~~— or —~~

14 (b) It is duly delivered at the place of business through
15 which the contract was made or at any other place held out by him
16 or her as the place for receipt of such communications.

17 (27) Notice, knowledge, or a notice or notification received
18 by an organization is effective for a particular transaction from
19 the time when it is brought to the attention of the individual
20 conducting that transaction, and in any event from the time when
21 it would have been brought to the individual's attention if the
22 organization had exercised due diligence. An organization exer-
23 cises due diligence if it maintains reasonable routines for com-
24 municating significant information to the person conducting the
25 transaction and there is reasonable compliance with the
26 routines. Due diligence does not require an individual acting
27 for the organization to communicate information unless such

1 communication is part of his or her regular duties or unless he
2 or she has reason to know of the transaction and that the trans-
3 action would be materially affected by the information.

4 (28) "Organization" includes a corporation, government, or
5 governmental subdivision or agency, business trust, estate,
6 trust, partnership or association, 2 or more persons having a
7 joint or common interest, or any other legal or commercial
8 entity.

9 (29) "Party", as distinct from "third party", means a person
10 who has engaged in a transaction or made an agreement within this
11 act.

12 (30) "Person" includes an individual or an organization (see
13 section 1102).

14 (31) "Presumption" or "presumed" means that the trier of
15 fact must find the existence of the fact presumed unless and
16 until evidence is introduced which would support a finding of its
17 nonexistence.

18 (32) "Purchase" includes taking by sale, discount, negotia-
19 tion, mortgage, pledge, lien, SECURITY INTEREST, issue or reis-
20 sue, gift, or any other voluntary transaction creating an inter-
21 est in property.

22 (33) "Purchaser" means a person who takes by purchase.

23 (34) "Remedy" means any remedial right to which an aggrieved
24 party is entitled with or without resort to a tribunal.

25 (35) "Representative" includes an agent, an officer of a
26 corporation or association, and a trustee, executor, or

1 administrator of an estate, or any other person empowered to act
2 for another.

3 (36) "Rights" includes remedies.

4 (37) "Security interest" means an interest in personal prop-
5 erty or fixtures which secures payment or performance of an
6 obligation. ~~The retention or reservation of title by a seller~~
7 ~~of goods notwithstanding shipment or delivery to the buyer~~
8 ~~(section 2401) is limited in effect to a reservation of a~~
9 ~~"security interest".~~ The term also includes any interest of a
10 CONSIGNOR AND A buyer of ~~accounts or~~ AN ACCOUNT, chattel paper,
11 ~~which~~ A PAYMENT INTANGIBLE, OR A PROMISSORY NOTE IN A TRANSAC-
12 TION THAT is subject to article 9. The special property interest
13 of a buyer of goods on identification of those goods to a con-
14 tract for sale under section 2401 is not a "security interest",
15 but a buyer may also acquire a "security interest" by complying
16 with article 9. ~~Unless a consignment is intended as security,~~
17 ~~reservation of title thereunder is not a "security interest", but~~
18 ~~a consignment in any event is subject to the provisions on con-~~
19 ~~signment sales (section 2326).~~ EXCEPT AS OTHERWISE PROVIDED IN
20 SECTION 2505, THE RIGHT OF A SELLER OR LESSOR OF GOODS UNDER
21 ARTICLE 2 OR 2A TO RETAIN OR ACQUIRE POSSESSION OF THE GOODS IS
22 NOT A "SECURITY INTEREST", BUT A SELLER OR LESSOR MAY ALSO
23 ACQUIRE A "SECURITY INTEREST" BY COMPLYING WITH ARTICLE 9. THE
24 RETENTION OR RESERVATION OF TITLE BY A SELLER OF GOODS NOTWITH-
25 STANDING SHIPMENT OR DELIVERY TO THE BUYER (SECTION 2401) IS
26 LIMITED IN EFFECT TO A RESERVATION OF A "SECURITY INTEREST".
27 Whether a transaction creates a lease or security interest is

1 determined by the facts of each case; however, a transaction
2 creates a security interest if the consideration the lessee is to
3 pay the lessor for the right to possession and use of the goods
4 is an obligation for the term of the lease not subject to termi-
5 nation by the lessee, and any of the following:

6 (a) The original term of the lease is equal to or greater
7 than the remaining economic life of the goods.

8 (b) The lessee is bound to renew the lease for the remaining
9 economic life of the goods or is bound to become the owner of the
10 goods.

11 (c) The lessee has an option to renew the lease for the
12 remaining economic life of the goods for no additional considera-
13 tion or nominal additional consideration upon compliance with the
14 lease agreement.

15 (d) The lessee has an option to become the owner of the
16 goods for no additional consideration or nominal additional con-
17 sideration upon compliance with the lease agreement.

18 A transaction does not create a security interest merely
19 because it provides any of the following:

20 (a) The present value of the consideration the lessee is
21 obligated to pay the lessor for the right to possession and use
22 of the goods is substantially equal to or is greater than the
23 fair market value of the goods at the time the lease is entered
24 into.

25 (b) The lessee assumes risk of loss of the goods, or agrees
26 to pay taxes, insurance, filing, recording, or registration fees,
27 or service or maintenance costs with respect to the goods.

1 (c) The lessee has an option to renew the lease or to become
2 the owner of the goods.

3 (d) The lessee has an option to renew the lease for a fixed
4 rent that is equal to or greater than the reasonably predictable
5 fair market rent for the use of the goods for the term of the
6 renewal at the time the option is to be performed.

7 (e) The lessee has an option to become the owner of the
8 goods for a fixed price that is equal to or greater than the rea-
9 sonably predictable fair market value of the goods at the time
10 the option is to be performed.

11 As used in this subsection:

12 (a) Additional consideration is not nominal if when the
13 option to renew the lease is granted to the lessee the rent is
14 stated to be the fair market rent for the use of the goods for
15 the term of the renewal determined at the time the option is to
16 be performed, or when the option to become the owner of the goods
17 is granted to the lessee, the price is stated to be the fair
18 market value of the goods determined at the time the option is to
19 be performed. Additional consideration is nominal if it is less
20 than the lessee's reasonably predictable cost of performing under
21 the lease agreement if the option is not exercised.

22 (b) "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 speci-
25 fied by the parties if the rate is not manifestly unreasonable at
26 the time the transaction is entered into; otherwise, the discount
27 is determined by a commercially reasonable rate that takes into

1 account the facts and circumstances of each case at the time the
2 transaction was entered into.

3 (c) "Reasonably predictable" and "remaining economic life of
4 the goods" are to be determined with reference to the facts and
5 circumstances at the time the transaction is entered into.

6 (38) "Send" in connection with any writing or notice means
7 to deposit in the mail or deliver for transmission by any other
8 usual means of communication with postage or cost of transmission
9 provided for and properly addressed and in the case of an instru-
10 ment to an address specified thereon or otherwise agreed, or if
11 there be none to any address reasonable under the circumstances.
12 The receipt of any writing or notice within the time at which it
13 would have arrived, if properly sent, has the effect of a proper
14 sending.

15 (39) "Signed" includes any symbol executed or adopted by a
16 party with present intention to authenticate a writing, including
17 a carbon copy of his or her signature.

18 (40) "Surety" includes guarantor.

19 (41) "Telegram" includes a message transmitted by radio,
20 teletype, cable, any mechanical method of transmission, or the
21 like.

22 (42) "Term" means that portion of an agreement which relates
23 to a particular matter.

24 (43) "Unauthorized" signature means one made without actual,
25 implied or apparent authority and includes a forgery.

26 (44) "Value". Except as otherwise provided with respect to
27 negotiable instruments and bank collections (sections 3303, 4208,

1 and 4209) a person gives "value" for rights if the person
2 acquires them:

3 (a) In return for a binding commitment to extend credit or
4 for the extension of immediately available credit whether or not
5 drawn upon and whether or not a charge-back is provided for in
6 the event of difficulties in collection; or

7 (b) As security for or in total or partial satisfaction of a
8 preexisting claim; or

9 (c) By accepting delivery pursuant to a preexisting contract
10 for purchase; or

11 (d) Generally, in return for any consideration sufficient to
12 support a simple contract.

13 (45) "Warehouse receipt" means a receipt issued by a person
14 engaged in the business of storing goods for hire.

15 (46) "Written" or "writing" includes printing, typewriting,
16 or any other intentional reduction to tangible form.

17 Sec. 2103. (1) In this article unless the context otherwise
18 requires:

19 (a) "Buyer" means a person who buys or contracts to buy
20 goods.

21 (b) "Good faith" in the case of a merchant means honesty in
22 fact and the observance of reasonable commercial standards of
23 fair dealing in the trade.

24 (c) "Receipt" of goods means taking physical possession of
25 them.

26 (d) "Seller" means a person who sells or contracts to sell
27 goods.

1 (2) Other definitions applying to this article or to
2 specified parts thereof, and the sections in which they appear
3 are:

4

5	"Acceptance".	Section 2606.
6	"Banker's credit".	Section 2325.
7	"Between merchants".	Section 2104.
8	"Cancellation".	Section 2106(4).
9	"Commercial unit".	Section 2105.
10	"Confirmed credit".	Section 2325.
11	"Conforming to contract".	Section 2106.
12	"Contract for sale".	Section 2106.
13	"Cover".	Section 2712.
14	"Entrusting".	Section 2403.
15	"Financing agency".	Section 2104.
16	"Future goods".	Section 2105.
17	"Goods".	Section 2105.
18	"Identification".	Section 2501.
19	"Installment contract".	Section 2612.
20	"Letter of credit".	Section 2325.
21	"Lot".	Section 2105.
22	"Merchant".	Section 2104.
23	"Overseas".	Section 2323.
24	"Person in position of seller".	Section 2707.
25	"Present sale".	Section 2106.
26	"Sale".	Section 2106.

1 "Sale on approval". Section 2326.

2 "Sale or return". Section 2326.

3 "Termination". Section 2106.

4 (3) The following definitions in other articles apply to
5 this article:

6

7 "Check". Section 3104.

8 "Consignee". Section 7102.

9 "Consignor". Section 7102.

10 "Consumer goods". Section ~~9109~~
11 9102.

12 "Dishonor". Section ~~3507~~
13 3502.

14 "Draft". Section 3104.

15 (4) In addition article 1 contains general definitions and
16 principles of construction and interpretation applicable through-
17 out this article.

18 Sec. 2210. (1) A party may perform ~~his~~ THAT PARTY'S duty
19 through a delegate unless otherwise agreed or unless the other
20 party has a substantial interest in having ~~his~~ THAT OTHER
21 PARTY'S original promisor perform or control the acts required by
22 the contract. No delegation of performance relieves the party
23 delegating of any duty to perform or any liability for breach.

24 (2) Unless otherwise agreed all rights of either seller or
25 buyer can be assigned except where the assignment would materi-
26 ally change the duty of the other party, or increase materially
27 the burden or risk imposed on ~~him~~ THE OTHER PARTY by ~~his~~ THAT

1 OTHER PARTY'S contract, or impair materially ~~his~~ THE OTHER
2 PARTY'S chance of obtaining return performance. A right to dam-
3 ages for breach of the whole contract or a right arising out of
4 the assignor's due performance of his OR HER entire obligation
5 can be assigned despite agreement otherwise.

6 (3) THE CREATION, ATTACHMENT, PERFECTION, OR ENFORCEMENT OF
7 A SECURITY INTEREST IN THE SELLER'S INTEREST UNDER A CONTRACT IS
8 NOT A TRANSFER THAT MATERIALLY CHANGES THE DUTY OF OR INCREASES
9 MATERIALLY THE BURDEN OR RISK IMPOSED ON THE BUYER OR IMPAIRS
10 MATERIALLY THE BUYER'S CHANCE OF OBTAINING RETURN PERFORMANCE
11 WITHIN THE PURVIEW OF SUBSECTION (2) UNLESS, AND THEN ONLY TO THE
12 EXTENT THAT, ENFORCEMENT ACTUALLY RESULTS IN A DELEGATION OF
13 MATERIAL PERFORMANCE OF THE SELLER. EVEN IN THAT EVENT, THE CRE-
14 ATION, ATTACHMENT, PERFECTION, AND ENFORCEMENT OF THE SECURITY
15 INTEREST REMAIN EFFECTIVE, BUT (i) THE SELLER IS LIABLE TO THE
16 BUYER FOR DAMAGES CAUSED BY THE DELEGATION TO THE EXTENT THAT THE
17 DAMAGES COULD NOT REASONABLY BE PREVENTED BY THE BUYER, AND (ii)
18 A COURT HAVING JURISDICTION MAY GRANT OTHER APPROPRIATE RELIEF,
19 INCLUDING CANCELLATION OF THE CONTRACT FOR SALE OR AN INJUNCTION
20 AGAINST ENFORCEMENT OF THE SECURITY INTEREST OR CONSUMMATION OF
21 THE ENFORCEMENT.

22 (4) ~~-(3)-~~ Unless the circumstances indicate the contrary a
23 prohibition of assignment of "the contract" is to be construed as
24 barring only the delegation to the assignee of the assignor's
25 performance.

26 (5) ~~-(4)-~~ An assignment of "the contract" or of "all my
27 rights under the contract" or an assignment in similar general

1 terms is an assignment of rights and unless the language or the
2 circumstances (as in an assignment for security) indicate the
3 contrary, it is a delegation of performance of the duties of the
4 assignor and its acceptance by the assignee constitutes a promise
5 by ~~him~~ THE ASSIGNEE to perform those duties. This promise is
6 enforceable by either the assignor or the other party to the
7 original contract.

8 (6) ~~—(5)—~~ The other party may treat any assignment which
9 delegates performance as creating reasonable grounds for insecurity
10 ity and may without prejudice to ~~his~~ THAT OTHER PARTY'S rights
11 against the assignor demand assurances from the assignee (section
12 2609).

13 Sec. 2326. (1) Unless otherwise agreed, if delivered goods
14 may be returned by the buyer even though they conform to the contract,
15 the transaction is

16 (a) A "sale on approval" if the goods are delivered primarily
17 for use, and

18 (b) A "sale or return" if the goods are delivered primarily
19 for resale.

20 (2) ~~Except as provided in subsection (3), goods~~ GOODS held
21 on approval are not subject to the claims of the buyer's creditors
22 until acceptance; goods held on sale or return are subject
23 to such claims while in the buyer's possession.

24 ~~—(3) Where goods are delivered to a person for sale and such~~
25 ~~person maintains a place of business at which he deals in goods~~
26 ~~of the kind involved, under a name other than the name of the~~
27 ~~person making delivery, then with respect to claims of creditors~~

~~1 of the person conducting the business the goods are deemed to be
2 on sale or return. The provisions of this subsection are appli-
3 cable even though an agreement purports to reserve title to the
4 person making delivery until payment or resale or uses such words
5 as "on consignment" or "on memorandum". However, this subsection
6 is not applicable if the person making delivery~~

~~7 (a) Complies with an applicable law providing for a
8 consignor's interest or the like to be evidenced by a sign; or~~

~~9 (b) Establishes that the person conducting the business is
10 generally known by his creditors to be substantially engaged in
11 selling the goods of others; or~~

~~12 (c) Complies with the filing provisions of the article on
13 secured transactions (article 9).—~~

~~14 (3) —(4)— Any "or return" term of a contract for sale is to
15 be treated as a separate contract for sale within the statute of
16 frauds section of this article (section 2201) and as contradict-
17 ing the sale aspect of the contract within the provisions of this
18 article on parol or extrinsic evidence (section 2202).~~

~~19 (4) —(5)— Whenever a person delivers or causes to be deliv-
20 ered a work of fine art to an art dealer for the purpose of sale,
21 or exhibition and sale, to the public on a commission, the work
22 of fine art is not subject to the claims of the art dealer's
23 creditors. For the purposes of this subsection, the terms "art
24 dealer", "commission", and "fine art" have the meanings ascribed
25 to them in section 1 of ~~Act No. 90 of the Public Acts of 1979,~~
26 ~~being section 442.311 of the Michigan Compiled Laws 1979 PA 90,~~
27 ~~MCL 442.311.~~~~

1 Sec. 2502. (1) Subject to ~~subsection~~ SUBSECTIONS (2) AND
2 (3) and even though the goods have not been shipped a buyer who
3 has paid a part or all of the price of goods in which he OR SHE
4 has a special property under the provisions of the immediately
5 preceding section may on making and keeping good a tender of any
6 unpaid portion of their price recover them from the seller if
7 ~~the seller becomes insolvent within 10 days after receipt of the~~
8 ~~first installment on their price.~~ 1 OF THE FOLLOWING OCCURS:

9 (A) IN THE CASE OF GOODS BOUGHT FOR PERSONAL, FAMILY, OR
10 HOUSEHOLD PURPOSES, THE SELLER REPUDIATES OR FAILS TO DELIVER AS
11 REQUIRED BY THE CONTRACT.

12 (B) IN ALL CASES, THE SELLER BECOMES INSOLVENT WITHIN 10
13 DAYS AFTER RECEIPT OF THE FIRST INSTALLMENT ON THEIR PRICE.

14 (2) THE BUYER'S RIGHT TO RECOVER THE GOODS UNDER SUBSECTION
15 (1)(A) VESTS UPON ACQUISITION OF A SPECIAL PROPERTY, EVEN IF THE
16 SELLER HAD NOT THEN REPUDIATED OR FAILED TO DELIVER.

17 (3) ~~-(2)-~~ If the identification creating his OR HER special
18 property has been made by the buyer he OR SHE acquires the right
19 to recover the goods only if they conform to the contract for
20 sale.

21 Sec. 2716. (1) Specific performance may be decreed where
22 the goods are unique or in other proper circumstances.

23 (2) The decree for specific performance may include such
24 terms and conditions as to payment of the price, damages, or
25 other relief as the court may deem just.

26 (3) The buyer has a right of replevin or recovery in a claim
27 and delivery proceeding for goods identified to the contract if

1 after reasonable effort he OR SHE is unable to effect cover for
2 such goods or the circumstances reasonably indicate that such
3 effort will be unavailing or if the goods have been shipped under
4 reservation and satisfaction of the security interest in them has
5 been made or tendered. IN THE CASE OF GOODS BOUGHT FOR PERSONAL,
6 FAMILY, OR HOUSEHOLD PURPOSES, THE BUYER'S RIGHT OF REPLEVIN
7 VESTS UPON ACQUISITION OF A SPECIAL PROPERTY, EVEN IF THE SELLER
8 HAD NOT THEN REPUDIATED OR FAILED TO DELIVER.

9 Sec. 2A103. (1) In this article unless the context other-
10 wise requires:

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

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

24 (c) "Commercial unit" means such a unit of goods as by com-
25 mercial usage is a single whole for purposes of lease and divi-
26 sion of which materially impairs its character or value on the
27 market or in use. A commercial unit may be a single article, as

1 a machine, or a set of articles, as a suite of furniture or a
2 line of machinery, or a quantity, as a gross or carload, or any
3 other unit treated in use or in the relevant market as a single
4 whole.

5 (d) "Conforming" means goods or performance under a lease
6 contract that are in accordance with the obligations under the
7 lease contract.

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

14 (f) "Fault" means wrongful act, omission, breach, or
15 default.

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

18 (i) The lessor does not select, manufacture, or supply the
19 goods.

20 (ii) The lessor acquires the goods or the right to posses-
21 sion and use of the goods in connection with the lease.

22 (iii) One of the following occurs:

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

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

4 (C) The lessee, before signing the lease contract, receives
5 an accurate and complete statement designating the promises and
6 warranties, and any disclaimers of warranties, limitations or
7 modifications of remedies, or liquidated damages, including those
8 of a third party, such as the manufacturer of the goods, provided
9 to the lessor by the person supplying the goods in connection
10 with or as part of the contract by which the lessor acquired the
11 goods or the right to possession and use of the goods.

12 (D) If the lease is not a consumer lease, the lessor, before
13 the lessee signs the lease contract, informs the lessee in writ-
14 ing of the following:

15 (I) The identity of the person supplying the goods to the
16 lessor, unless the lessee has selected that person and directed
17 the lessor to acquire the goods or the right to possession and
18 use of the goods from that person.

19 (II) The lessee is entitled under this article to the prom-
20 ises and warranties, including those of any third party, provided
21 to the lessor by the person supplying the goods in connection
22 with or as part of the contract by which the lessor acquired the
23 goods or the right to possession and use of the goods.

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

1 (h) "Goods" means all things that are movable at the time of
2 identification to the lease contract, or are fixtures (section
3 2A309), but the term does not include money, documents, instru-
4 ments, accounts, chattel paper, general intangibles, or minerals
5 or the like, including oil and gas, before extraction. The term
6 also includes the unborn young of animals.

7 (i) "Installment lease contract" means a lease contract that
8 authorizes or requires the delivery of goods in separate lots to
9 be separately accepted, even though the lease contract contains a
10 clause "each delivery is a separate lease" or its equivalent.

11 (j) "Lease" means a transfer of the right to possession and
12 use of goods for a term in return for consideration, but a sale,
13 including a sale on approval or a sale or return, or retention or
14 creation of a security interest is not a lease. Unless the con-
15 text clearly indicates otherwise, the term includes a sublease.

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

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

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

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

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

15 (p) "Lessor" means a person who transfers the right to pos-
16 session and use of goods under a lease. Unless the context
17 clearly indicates otherwise, the term includes a sublessor.

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

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

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

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

3 (u) "Present value" means the amount as of a date certain of
4 1 or more sums payable in the future, discounted to the date
5 certain. The discount is determined by the interest rate speci-
6 fied by the parties if the rate was not manifestly unreasonable
7 at the time the transaction was entered into; otherwise, the dis-
8 count is determined by a commercially reasonable rate that takes
9 into account the facts and circumstances of each case at the time
10 the transaction was entered into.

11 (v) "Purchase" includes taking by sale, lease, mortgage,
12 security interest, pledge, gift, or any other voluntary transac-
13 tion creating an interest in goods.

14 (w) "Sublease" means a lease of goods the right to posses-
15 sion and use of which was acquired by the lessor as a lessee
16 under an existing lease.

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

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

21 (z) "Termination" occurs when either party pursuant to a
22 power created by agreement or law puts an end to the lease con-
23 tract otherwise than for default.

24 (2) Other definitions applying to this article and the sec-
25 tions in which they appear are:

26 "Accessions". Section 2A310(1).

1 "Construction mortgage".	Section 2A309(1)(d).
2 "Encumbrance".	Section 2A309(1)(e).
3 "Fixtures".	Section 2A309(1)(a).
4 "Fixture filing".	Section 2A309(1)(b).
5 "Purchase money lease".	Section 2A309(1)(c).
6 (3) The following definitions in other articles apply to	
7 this article:	
8 "Account".	Section 9106 9102(1)(B).
9 "Between merchants".	Section 2104(3).
10 "Buyer".	Section 2103(1)(a).
11 "Chattel paper".	Section 9105(1)(b) 9102(1)(K).
12 "Consumer goods".	Section 9109(1) 9102(1)(W).
13 "Document".	Section 9105(1)(f) 9102(1)(DD).
14 "Entrusting".	Section 2403(3).
15 "General intangibles INTANGIBLE".	Section 9106 9102(1)(PP).
16 "Good faith".	Section 2103(1)(b).
17 "Instrument".	Section 9105(1)(i) 9102(1)(UU).
18 "Merchant".	Section 2104(1).
19 "Mortgage".	Section 9105(1)(j) 9102(1)(CCC).
20 "Pursuant to commitment".	Section 9105(1)(k) 9102(1)(SSS).
21 "Receipt".	Section 2103(1)(c).
22 "Sale".	Section 2106(1).
23 "Sale on approval".	Section 2326(1)(a) 2326.
24 "Sale or return".	Section 2326(1)(b) 2326.
25 "Seller".	Section 2103(1)(d).

1 (4) In addition article 1 contains general definitions and
 2 principles of construction and interpretation applicable
 3 throughout this article.

4 Sec. 2A303. (1) As used in this section, "creation of a
 5 security interest" includes the sale of a lease contract that is
 6 subject to article 9, secured transactions, by reason of section
 7 ~~9102(1)(b)~~ 9109(1)(C).

8 (2) Except as provided in ~~subsections~~ SUBSECTION (3) and
 9 ~~(4)~~ SECTION 9407, a provision in a lease agreement (i) which
 10 prohibits the voluntary or involuntary transfer, including a
 11 transfer by sale, sublease, creation, or enforcement of a secur-
 12 ity interest, or attachment, levy, or other judicial process, of
 13 an interest of a party under the lease contract or of the
 14 lessor's residual interest in the goods, or (ii) makes such a
 15 transfer an event of default, gives rise to the rights and reme-
 16 dies provided in subsection ~~(5)~~ (4), but a transfer that is
 17 prohibited or is an event of default under the lease agreement is
 18 otherwise effective.

19 ~~(3) A provision in a lease agreement which prohibits the~~
 20 ~~creation or enforcement of a security interest in an interest of~~
 21 ~~a party under the lease contract or in the lessor's residual~~
 22 ~~interest in the goods, or makes such a transfer an event of~~
 23 ~~default, is not enforceable unless, and then only to the extent~~
 24 ~~that, there is an actual transfer by the lessee of the lessee's~~
 25 ~~right of possession or use of the goods in violation of the pro-~~
 26 ~~vision or an actual delegation of a material performance of~~
 27 ~~either party to the lease contract in violation of the~~

1 ~~provision. Neither the granting nor the enforcement of a~~
 2 ~~security interest in (i) the lessor's interest under the lease~~
 3 ~~contract or (ii) the lessor's residual interest in the goods is a~~
 4 ~~transfer that materially impairs the prospect of obtaining return~~
 5 ~~performance by, materially changes the duty of, or materially~~
 6 ~~increases the burden or risk imposed on, the lessee within the~~
 7 ~~purview of subsection (5) unless, and then only to the extent~~
 8 ~~that, there is an actual delegation of a material performance of~~
 9 ~~the lessor.~~

10 (3) ~~-(4)-~~ A provision in a lease agreement which (i) prohib-
 11 its a transfer of a right to damages for default with respect to
 12 the whole lease contract or of a right to payment arising out of
 13 the transferor's due performance of the transferor's entire obli-
 14 gation, or (ii) makes such a transfer an event of default, is not
 15 enforceable, and such a transfer is not a transfer that materi-
 16 ally impairs the prospect of obtaining return performance by,
 17 materially changes the duty of, or materially increases the
 18 burden or risk imposed on, the other party to the lease contract
 19 within the purview of subsection ~~-(5)-~~ (4).

20 (4) ~~-(5)-~~ Subject to ~~subsections~~ SUBSECTION (3) and ~~-(4)-~~
 21 SECTION 9407, the following rules apply:

22 (a) If a transfer is made which is made an event of default
 23 under a lease agreement, the party to the lease contract not
 24 making the transfer, unless that party waives the default or oth-
 25 erwise agrees, has the rights and remedies described in section
 26 2A501(2).

1 (b) If subdivision (a) is not applicable and if a transfer
2 is made that (i) is prohibited under a lease agreement or (ii)
3 materially impairs the prospect of obtaining return performance
4 by, materially changes the duty of, or materially increases the
5 burden or risk imposed on, the other party to the lease contract,
6 unless the party not making the transfer agrees at any time to
7 the transfer in the lease contract or otherwise, then, except as
8 limited by contract, the transferor is liable to the party not
9 making the transfer for damages caused by the transfer to the
10 extent that the damages could not reasonably be prevented by the
11 party not making the transfer and a court having jurisdiction may
12 grant other appropriate relief, including cancellation of the
13 lease contract or an injunction against the transfer.

14 (5) ~~-(6)-~~ A transfer of "the lease" or of "all my rights
15 under the lease" or a transfer in similar general terms is a
16 transfer of rights and, unless the language or the circumstances,
17 as in a transfer for security, indicate the contrary, the trans-
18 fer is a delegation of duties by the transferor to the
19 transferee. Acceptance by the transferee constitutes a promise
20 by the transferee to perform those duties. The promise is
21 enforceable by either the transferor or the other party to the
22 lease contract.

23 (6) ~~-(7)-~~ Unless otherwise agreed by the lessor and the
24 lessee, a delegation of performance does not relieve the trans-
25 feror as against the other party of any duty to perform or of any
26 liability for default.

1 (7) ~~(8)~~ In a consumer lease, to prohibit the transfer of
 2 an interest of a party under the lease contract or to make a
 3 transfer an event of default, the language must be specific, by a
 4 writing, and conspicuous.

5 Sec. 2A307. (1) Except as otherwise provided in section
 6 2A306, a creditor of a lessee takes subject to the lease
 7 contract.

8 (2) Except as otherwise provided in ~~subsections~~ SUBSECTION
 9 (3) ~~and (4)~~ and in sections 2A306 and 2A308, a creditor of a
 10 lessor takes subject to the lease contract ~~except as follows:~~
 11 ~~(a) The~~ UNLESS THE creditor holds a lien that attached to the
 12 goods before the lease contract became enforceable.

13 ~~(b) The creditor holds a security interest in the goods and~~
 14 ~~the lessee did not give value and receive delivery of the goods~~
 15 ~~without knowledge of the security interest.~~

16 ~~(c) The creditor holds a security interest in the goods~~
 17 ~~which was perfected (section 9303) before the lease contract~~
 18 ~~became enforceable.~~

19 (3) ~~A lessee in the ordinary course of business takes the~~
 20 ~~leasehold interest free of a security interest in the goods cre-~~
 21 ~~ated by the lessor even though the security interest is perfected~~
 22 ~~(section 9303) and the lessee knows of its existence. EXCEPT AS~~
 23 OTHERWISE PROVIDED IN SECTIONS 9317, 9321, AND 9323, A LESSEE
 24 TAKES A LEASEHOLD INTEREST SUBJECT TO A SECURITY INTEREST HELD BY
 25 A CREDITOR OF THE LESSOR.

26 ~~(4) A lessee other than a lessee in the ordinary course of~~
 27 ~~business takes the leasehold interest free of a security interest~~

1 to the extent that it secures future advances made after the
2 secured party acquires knowledge of the lease or more than 45
3 days after the lease contract becomes enforceable, whichever
4 first occurs, unless the future advances are made pursuant to a
5 commitment entered into without knowledge of the lease and before
6 the expiration of the 45-day period.

7 Sec. 2A309. (1) As used in this section:

8 (a) "Goods" are "fixtures" when they become so related to
9 particular real estate that an interest in them arises under real
10 estate law.

11 (b) A "fixture filing" is the filing, in the office where a
12 RECORD OF A mortgage on the real estate would be filed or
13 recorded, ~~or~~ of a financing statement covering goods that are
14 or are to become fixtures and conforming to the requirements of
15 section ~~9402(5)~~ 9502(1) AND (2).

16 (c) A "lease" is a "purchase money lease" unless the lessee
17 has possession or use of the goods or the right to possession or
18 use of the goods before the lease agreement is enforceable.

19 (d) A "mortgage" is a "construction mortgage" to the extent
20 it secures an obligation incurred for the construction of an
21 improvement on land including the acquisition cost of the land,
22 if the recorded writing so indicates.

23 (e) "Encumbrance" includes real estate mortgages and other
24 liens on real estate and all other rights in real estate that are
25 not ownership interests.

26 (2) Under this article a lease may be of goods that are
27 fixtures or may continue in goods that become fixtures, but no

1 lease exists under this article of ordinary building materials
2 incorporated into an improvement on land.

3 (3) This article does not prevent creation of a lease of
4 fixtures pursuant to real estate law.

5 (4) The perfected interest of a lessor of fixtures has pri-
6 ority over a conflicting interest of an encumbrancer or owner of
7 the real estate if either of the following applies:

8 (a) The lease is a purchase money lease, the conflicting
9 interest of the encumbrancer or owner arises before the goods
10 become fixtures, the interest of the lessor is perfected by a
11 fixture filing before the goods become fixtures or within 10 days
12 thereafter, and the lessee has an interest of record in the real
13 estate or is in possession of the real estate.

14 (b) The interest of the lessor is perfected by a fixture
15 filing before the interest of the encumbrancer or owner is of
16 record, the lessor's interest has priority over any conflicting
17 interest of a predecessor in title of the encumbrancer or owner,
18 and the lessee has an interest of record in the real estate or is
19 in possession of the real estate.

20 (5) The interest of a lessor of fixtures, whether or not
21 perfected, has priority over the conflicting interest of an
22 encumbrancer or owner of the real estate if any of the following
23 apply:

24 (a) The fixtures are readily removable factory or office
25 machines, readily removable equipment that is not primarily used
26 or leased for use in the operation of the real estate, or readily
27 removable replacements of domestic appliances that are goods

1 subject to a consumer lease, and before the goods become
2 fixtures, the lease contract is enforceable.

3 (b) The conflicting interest is a lien on the real estate
4 obtained by legal or equitable proceedings after the lease con-
5 tract is enforceable.

6 (c) The encumbrancer or owner has consented in writing to
7 the lease or has disclaimed an interest in the goods as
8 fixtures.

9 (d) The lessee has a right to remove the goods as against
10 the encumbrancer or owner. If the lessee's right to remove ter-
11 minates, the priority of the interest of the lessor continues for
12 a reasonable time.

13 (6) Notwithstanding subsection (4)(a) but otherwise subject
14 to subsections (4) and (5), the interest of a lessor of fixtures,
15 including the lessor's residual interest, is subordinate to the
16 conflicting interest of an encumbrancer of the real estate under
17 a construction mortgage recorded before the goods become fixtures
18 if the goods become fixtures before the completion of the
19 construction. To the extent given to refinance a construction
20 mortgage, the conflicting interest of an encumbrancer of the real
21 estate under a mortgage has this priority to the same extent as
22 the encumbrancer of the real estate under the construction
23 mortgage.

24 (7) In cases not within the preceding subsections, priority
25 between the interest of a lessor of fixtures, including the
26 lessor's residual interest, and the conflicting interest of an
27 encumbrancer or owner of the real estate who is not the lessee is

1 determined by the priority rules governing conflicting interests
2 in real estate.

3 (8) If the interest of a lessor of fixtures, including the
4 lessor's residual interest, has priority over all conflicting
5 interests of all owners and encumbrancers of the real estate, the
6 lessor or the lessee may (i) on default, expiration, termination,
7 or cancellation of the lease agreement but subject to the lease
8 agreement and this article, or (ii) if necessary to enforce other
9 rights and remedies of the lessor or lessee under this article,
10 remove the goods from the real estate, free and clear of all con-
11 flicting interests of all owners and encumbrancers of the real
12 estate, but the lessor or lessee must reimburse any encumbrancer
13 or owner of the real estate who is not the lessee and who has not
14 otherwise agreed for the cost of repair of any physical injury,
15 but not for any diminution in value of the real estate caused by
16 the absence of the goods removed or by any necessity of replacing
17 them. A person entitled to reimbursement may refuse permission
18 to remove until the party seeking removal gives adequate security
19 for the performance of this obligation.

20 (9) Even though the lease agreement does not create a secur-
21 ity interest, the interest of a lessor of fixtures, including the
22 lessor's residual interest, is perfected by filing a financing
23 statement as a fixture filing for leased goods that are or are to
24 become fixtures in accordance with the relevant provisions of
25 article 9.

1 Sec. 4210. (1) A collecting bank has a security interest in
2 an item and any accompanying documents or the proceeds of any of
3 the following:

4 (a) In case of an item deposited in an account to the extent
5 to which credit given for the item has been withdrawn or
6 applied.

7 (b) In case of an item for which it has given credit avail-
8 able for withdrawal as of right, to the extent of the credit
9 given whether or not the credit is drawn upon and whether or not
10 there is a right of charge-back.

11 (c) If it makes an advance on or against the item.

12 (2) If credit given for several items received at one time
13 or pursuant to a single agreement is withdrawn or applied in part
14 the security interest remains upon all the items, any accompany-
15 ing documents or the proceeds of either. For the purpose of this
16 section, credits first given are first withdrawn.

17 (3) Receipt by a collecting bank of a final settlement for
18 an item is a realization on its security interest in the item,
19 accompanying documents and proceeds. So long as the bank does
20 not receive final settlement for the item or give up possession
21 of the item or accompanying documents for purposes other than
22 collection, the security interest continues to that extent and is
23 subject to article 9 except for the following:

24 (a) No security agreement is necessary to make the security
25 interest enforceable ~~—(subsection (1)(b) of—~~ (section ~~9203—~~
26 9203(2)(C)(i)).

1 (b) No filing is required to perfect the security interest.

2 (c) The security interest has priority over conflicting
3 perfected security interests in the item, accompanying documents
4 or proceeds.

5 SEC. 5118. (1) AN ISSUER OR NOMINATED PERSON HAS A SECURITY
6 INTEREST IN A DOCUMENT PRESENTED UNDER A LETTER OF CREDIT TO THE
7 EXTENT THAT THE ISSUER OR NOMINATED PERSON HONORS OR GIVES VALUE
8 FOR THE PRESENTATION.

9 (2) SO LONG AS AND TO THE EXTENT THAT AN ISSUER OR NOMINATED
10 PERSON HAS NOT BEEN REIMBURSED OR HAS NOT OTHERWISE RECOVERED THE
11 VALUE GIVEN WITH RESPECT TO A SECURITY INTEREST IN A DOCUMENT
12 UNDER SUBSECTION (1), THE SECURITY INTEREST CONTINUES AND IS
13 SUBJECT TO ARTICLE 9, BUT ALL OF THE FOLLOWING APPLY:

14 (A) A SECURITY AGREEMENT IS NOT NECESSARY TO MAKE THE SECUR-
15 ITY INTEREST ENFORCEABLE UNDER SECTION 9203(2)(C).

16 (B) IF THE DOCUMENT IS PRESENTED IN A MEDIUM OTHER THAN A
17 WRITTEN OR OTHER TANGIBLE MEDIUM, THE SECURITY INTEREST IS
18 PERFECTED.

19 (C) IF THE DOCUMENT IS PRESENTED IN A WRITTEN OR OTHER TAN-
20 GIBLE MEDIUM AND IS NOT A CERTIFICATED SECURITY, CHATTEL PAPER, A
21 DOCUMENT OF TITLE, AN INSTRUMENT, OR A LETTER OF CREDIT, THE
22 SECURITY INTEREST IS PERFECTED AND HAS PRIORITY OVER A CONFLICT-
23 ING SECURITY INTEREST IN THE DOCUMENT SO LONG AS THE DEBTOR DOES
24 NOT HAVE POSSESSION OF THE DOCUMENT.

25 Sec. 7503. (1) A document of title confers no right in
26 goods against a person who before issuance of the document had a

1 legal interest or a perfected security interest in them and who
2 DID neither OF THE FOLLOWING:

3 (a) ~~delivered~~ DELIVERED or entrusted them or any document
4 of title covering them to the bailor or his OR HER nominee with
5 actual or apparent authority to ship, store or sell or with power
6 to obtain delivery under this article (section 7403) or with
7 power of disposition under this act (sections 2403 and ~~9307~~
8 9320) or other statute or rule of law. ~~nor~~

9 (b) ~~acquiesced~~ ACQUIESCED in the procurement by the bailor
10 or his OR HER nominee of any document of title.

11 (2) Title to goods based upon an unaccepted delivery order
12 is subject to the rights of anyone to whom a negotiable warehouse
13 receipt or bill of lading covering the goods has been duly
14 negotiated. Such a title may be defeated under the next section
15 to the same extent as the rights of the issuer or a transferee
16 from the issuer.

17 (3) Title to goods based upon a bill of lading issued to a
18 freight forwarder is subject to the rights of anyone to whom a
19 bill issued by the freight forwarder is duly negotiated; but
20 delivery by the carrier in accordance with part 4 of this article
21 pursuant to its own bill of lading discharges the carrier's obli-
22 gation to deliver.

23 Sec. 8103. (1) A share or similar equity interest issued by
24 a corporation, business trust, joint stock company, or similar
25 entity is a security.

26 (2) An investment company security is a security.

27 "Investment company security" means a share or similar equity

1 interest issued by an entity that is registered as an investment
2 company under the federal investment company laws, an interest in
3 a unit investment trust that is so registered, or a face-amount
4 certificate issued by a face-amount certificate company that is
5 so registered. Investment company security does not include an
6 insurance policy or endowment policy or annuity contract issued
7 by an insurance company.

8 (3) An interest in a partnership or limited liability com-
9 pany is not a security unless it is dealt in or traded on securi-
10 ties exchanges or in securities markets, its terms expressly pro-
11 vide that it is a security governed by this article, or it is an
12 investment company security. However, an interest in a partner-
13 ship or limited liability company is a financial asset if it is
14 held in a securities account.

15 (4) A writing that is a security certificate is governed by
16 this article and not by article 3, even though it also meets the
17 requirements of that article. However, a negotiable instrument
18 governed by article 3 is a financial asset if it is held in a
19 securities account.

20 (5) An option or similar obligation issued by a clearing
21 corporation to its participants is not a security, but is a
22 financial asset.

23 (6) A commodity contract, AS DEFINED IN SECTION 9102(1)(O),
24 is not a security or a financial asset.

25 Sec. 8106. (1) A purchaser has "control" of a certificated
26 security in bearer form if the certificated security is delivered
27 to the purchaser.

1 (2) A purchaser has "control" of a certificated security in
2 registered form if the certificated security is delivered to the
3 purchaser and if either of the following applies:

4 (a) The certificate is indorsed to the purchaser or in blank
5 by an effective indorsement.

6 (b) The certificate is registered in the name of the pur-
7 chaser, upon original issue or registration of transfer by the
8 issuer.

9 (3) A purchaser has "control" of an uncertificated security
10 if either of the following applies:

11 (a) The uncertificated security is delivered to the
12 purchaser.

13 (b) The issuer has agreed that it will comply with instruc-
14 tions originated by the purchaser without further consent by the
15 registered owner.

16 (4) A purchaser has "control" of a security entitlement if
17 ~~either~~ 1 of the following applies:

18 (a) The purchaser becomes the entitlement holder.

19 (b) The securities intermediary has agreed that it will
20 comply with entitlement orders originated by the purchaser with-
21 out further consent by the entitlement holder.

22 (C) ANOTHER PERSON HAS CONTROL OF THE SECURITY ENTITLEMENT
23 ON BEHALF OF THE PURCHASER OR, HAVING PREVIOUSLY ACQUIRED CONTROL
24 OF THE SECURITY ENTITLEMENT, ACKNOWLEDGES THAT IT HAS CONTROL ON
25 BEHALF OF THE PURCHASER.

1 (5) If an interest in a security entitlement is granted by
2 the entitlement holder to the entitlement holder's own securities
3 intermediary, the securities intermediary has control.

4 (6) A purchaser who has satisfied the requirements of sub-
5 section (3)(b) or (4)(b) has control even if the registered owner
6 in the case of subsection (3)(b) or the entitlement holder in the
7 case of subsection (4)(b) retains the right to make substitutions
8 for the uncertificated security or security entitlement, to origi-
9 nate instructions or entitlement orders to the issuer or securi-
10 ties intermediary, or otherwise to deal with the uncertificated
11 security or security entitlement.

12 (7) An issuer or a securities intermediary may not enter
13 into an agreement of the kind described in subsection (3)(b) or
14 (4)(b) without the consent of the registered owner or entitlement
15 holder, but an issuer or a securities intermediary is not
16 required to enter into such an agreement even though the regis-
17 tered owner or entitlement holder so directs. An issuer or
18 securities intermediary that has entered into such an agreement
19 is not required to confirm the existence of the agreement to
20 another party unless requested to do so by the registered owner
21 or entitlement holder.

22 Sec. 8110. (1) The law of the issuer's jurisdiction, as
23 specified in subsection (4), governs all of the following:

24 (a) The validity of a security.

25 (b) The rights and duties of the issuer with respect to reg-
26 istration of transfer.

1 (c) The effectiveness of registration of transfer by the
2 issuer.

3 (d) Whether the issuer owes any duties to an adverse claim-
4 ant to a security.

5 (e) Whether an adverse claim can be asserted against a
6 person to whom transfer of a certificated or uncertificated
7 security is registered or a person who obtains control of an
8 uncertificated security.

9 (2) The law of the securities intermediary's jurisdiction,
10 as specified in subsection (5), governs all of the following:

11 (a) Acquisition of a security entitlement from the securi-
12 ties intermediary.

13 (b) The rights and duties of the securities intermediary and
14 entitlement holder arising out of a security entitlement.

15 (c) Whether the securities intermediary owes any duties to
16 an adverse claimant to a security entitlement.

17 (d) Whether an adverse claim can be asserted against a
18 person who acquires a security entitlement from the securities
19 intermediary or a person who purchases a security entitlement or
20 interest therein from an entitlement holder.

21 (3) The law of the jurisdiction in which a security certifi-
22 cate is located at the time of delivery governs whether an
23 adverse claim can be asserted against a person to whom the secur-
24 ity certificate is delivered.

25 (4) "Issuer's jurisdiction" means the jurisdiction under
26 which the issuer of the security is organized or, if permitted by
27 the law of that jurisdiction, the law of another jurisdiction

1 specified by the issuer. An issuer organized under the law of
 2 this state may specify the law of another jurisdiction as the law
 3 governing the matters specified in subsection (1)(b) through
 4 (e).

5 (5) The following rules determine a "securities
 6 intermediary's jurisdiction" for the purposes of this section:

7 (a) If an agreement between the securities intermediary and
 8 its entitlement holder ~~specifies that it is governed by the law~~
 9 ~~of a particular jurisdiction~~ GOVERNING THE SECURITIES ACCOUNT
 10 EXPRESSLY PROVIDES THAT A PARTICULAR JURISDICTION IS THE SECURI-
 11 TIES INTERMEDIARY'S JURISDICTION FOR PURPOSES OF THIS PART, THIS
 12 ARTICLE, OR THIS AMENDATORY ACT, that jurisdiction is the securi-
 13 ties intermediary's jurisdiction.

14 (B) IF SUBDIVISION (A) DOES NOT APPLY AND AN AGREEMENT
 15 BETWEEN THE SECURITIES INTERMEDIARY AND ITS ENTITLEMENT HOLDER
 16 GOVERNING THE SECURITIES ACCOUNT EXPRESSLY PROVIDES THAT THE
 17 AGREEMENT IS GOVERNED BY THE LAW OF A PARTICULAR JURISDICTION,
 18 THAT JURISDICTION IS THE SECURITIES INTERMEDIARY'S JURISDICTION.

19 (C) ~~-(b)-~~ If NEITHER SUBDIVISION (A) NOR SUBDIVISION (B)
 20 APPLIES AND an agreement between the securities intermediary and
 21 its entitlement holder ~~does not specify the governing law as~~
 22 ~~provided in subdivision (a), but~~ GOVERNING THE SECURITIES
 23 ACCOUNT expressly ~~specifies~~ PROVIDES that the securities
 24 account is maintained at an office in a particular jurisdiction,
 25 that jurisdiction is the securities intermediary's jurisdiction.

26 (D) ~~-(c)-~~ If ~~an agreement between the securities~~
 27 ~~intermediary and its entitlement holder does not specify a~~

1 ~~jurisdiction as provided in subdivision (a) or (b)~~ NONE OF THE
2 PRECEDING SUBDIVISIONS APPLY, the securities intermediary's
3 jurisdiction is the jurisdiction in which ~~is located~~ the office
4 identified in an account statement as the office serving the
5 entitlement holder's account IS LOCATED.

6 (E) ~~(d)~~ If ~~an agreement between the securities intermedi-~~
7 ~~ary and its entitlement holder does not specify a jurisdiction as~~
8 ~~provided in subdivision (a) or (b) and an account statement does~~
9 ~~not identify an office serving the entitlement holder's account~~
10 ~~as provided in subdivision (c)~~ NONE OF THE PRECEDING SUBDIVI-
11 SIONS APPLY, the securities intermediary's jurisdiction is the
12 jurisdiction in which ~~is located~~ the chief executive office of
13 the securities intermediary IS LOCATED.

14 (6) A securities intermediary's jurisdiction is not deter-
15 mined by the physical location of certificates representing
16 financial assets, or by the jurisdiction in which is organized
17 the issuer of the financial asset with respect to which an enti-
18 tlement holder has a security entitlement, or by the location of
19 facilities for data processing or other record-keeping concerning
20 the account.

21 Sec. 8301. (1) Delivery of a certificated security to a
22 purchaser occurs when 1 of the following occurs:

23 (a) The purchaser acquires possession of the security
24 certificate.

25 (b) Another person, other than a securities intermediary,
26 either acquires possession of the security certificate on behalf

1 of the purchaser or, having previously acquired possession of the
2 certificate, acknowledges that it holds for the purchaser.

3 (c) A securities intermediary acting on behalf of the pur-
4 chaser acquires possession of the security certificate, only if
5 the certificate is in registered form and ~~has been~~ IS (i) REG-
6 ISTERED IN THE NAME OF THE PURCHASER, (ii) PAYABLE TO THE ORDER
7 OF THE PURCHASER, OR (iii) specially indorsed to the purchaser by
8 an effective indorsement AND HAS NOT BEEN ENDORSED TO THE SECURI-
9 TIES INTERMEDIARY OR IN BLANK.

10 (2) Delivery of an uncertificated security to a purchaser
11 occurs when either of the following occurs:

12 (a) The issuer registers the purchaser as the registered
13 owner, upon original issue or registration of transfer.

14 (b) Another person, other than a securities intermediary,
15 either becomes the registered owner of the uncertificated secur-
16 ity on behalf of the purchaser or, having previously become the
17 registered owner, acknowledges that it holds for the purchaser.

18 Sec. 8302. (1) Except as otherwise provided in subsections
19 (2) and (3), ~~upon delivery~~ A PURCHASER of a certificated or
20 uncertificated security ~~to a purchaser, the purchaser~~ acquires
21 all rights in the security that the transferor had or had power
22 to transfer.

23 (2) A purchaser of a limited interest acquires rights only
24 to the extent of the interest purchased.

25 (3) A purchaser of a certificated security who as a previous
26 holder had notice of an adverse claim does not improve its
27 position by taking from a protected purchaser.

1 Sec. 8510. (1) ~~At~~ IN A CASE NOT COVERED BY THE PRIORITY
2 RULES IN ARTICLE 9 OR THE RULES STATED IN SUBSECTION (3), AN
3 action based on an adverse claim to a financial asset or security
4 entitlement, whether framed in conversion, replevin, constructive
5 trust, equitable lien, or other theory, may not be asserted
6 against a person who purchases a security entitlement, or an
7 interest in a security entitlement, from an entitlement holder if
8 the purchaser gives value, does not have notice of the adverse
9 claim, and obtains control.

10 (2) If an adverse claim could not have been asserted against
11 an entitlement holder under section 8502, the adverse claim
12 cannot be asserted against a person who purchases a security
13 entitlement, or an interest in a security entitlement, from the
14 entitlement holder.

15 (3) In a case not covered by the priority rules in
16 article 9, a purchaser for value of a security entitlement, or an
17 interest in a security entitlement, who obtains control has pri-
18 ority over a purchaser of a security entitlement, or an interest
19 in a security entitlement, who does not obtain control.

20 ~~Purchasers~~ EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (4),
21 PURCHASERS who have control rank ~~equally, except that a~~
22 ACCORDING TO PRIORITY IN TIME OF 1 OF THE FOLLOWING:

23 (A) THE PURCHASER'S BECOMING THE PERSON FOR WHOM THE SECURI-
24 TIES ACCOUNT, IN WHICH THE SECURITY ENTITLEMENT IS CARRIED, IS
25 MAINTAINED, IF THE PURCHASER OBTAINED CONTROL UNDER SECTION
26 8106(4)(A).

1 (B) THE SECURITIES INTERMEDIARY'S AGREEMENT TO COMPLY WITH
 2 THE PURCHASER'S ENTITLEMENT ORDERS WITH RESPECT TO SECURITY
 3 ENTITLEMENTS CARRIED OR TO BE CARRIED IN THE SECURITIES ACCOUNT
 4 IN WHICH THE SECURITY ENTITLEMENT IS CARRIED, IF THE PURCHASER
 5 OBTAINED CONTROL UNDER SECTION 8106(4)(B).

6 (C) IF THE PURCHASER OBTAINED CONTROL THROUGH ANOTHER PERSON
 7 UNDER SECTION 8106(4)(C), THE TIME ON WHICH PRIORITY WOULD BE
 8 BASED UNDER THIS SUBSECTION IF THE OTHER PERSON WERE THE SECURED
 9 PARTY.

10 (4) A securities intermediary as purchaser has priority over
 11 a conflicting purchaser who has control unless otherwise agreed
 12 by the securities intermediary.

13 ARTICLE 9

14 SECURED TRANSACTIONS ~~AND SALES OF ACCOUNTS, AND CHATTEL PAPER~~

15 PART 1

16 ~~SHORT TITLE, APPLICABILITY, AND DEFINITIONS~~ GENERAL PROVISIONS

17 SUBPART 1. SHORT TITLE, DEFINITIONS, AND GENERAL CONCEPTS

18 Sec. 9102. ~~(1) Except as otherwise provided in section~~

19 ~~9104 on excluded transactions, this article applies;~~

20 (a) ~~To any transaction (regardless of its form) which is~~
 21 ~~intended to create a security interest in personal property or~~
 22 ~~fixtures including goods, documents, instruments, general intan-~~
 23 ~~gibles, chattel paper or accounts; and also~~

24 (b) ~~To any sale of accounts or chattel paper.~~

25 (2) ~~This article applies to security interests created by~~
 26 ~~contract including pledge, assignment, chattel mortgage, chattel~~
 27 ~~trust, trust deed, factor's lien, equipment trust, conditional~~

1 ~~sale, trust receipt, other lien or title retention contract, and~~
2 ~~lease or consignment intended as security. This article does not~~
3 ~~apply to statutory liens except as provided in section 9310.~~

4 ~~(3) The application of this article to a security interest~~
5 ~~in a secured obligation is not affected by the fact that the~~
6 ~~obligation is itself secured by a transaction or interest to~~
7 ~~which this article does not apply.~~

8 (1) AS USED IN THIS ARTICLE:

9 (A) "ACCESSION" MEANS GOODS THAT ARE PHYSICALLY UNITED WITH
10 OTHER GOODS IN SUCH A MANNER THAT THE IDENTITY OF THE ORIGINAL
11 GOODS IS NOT LOST.

12 (B) "ACCOUNT", EXCEPT AS USED IN "ACCOUNT FOR", MEANS A
13 RIGHT TO PAYMENT OF A MONETARY OBLIGATION, WHETHER OR NOT EARNED
14 BY PERFORMANCE, FOR PROPERTY THAT HAS BEEN OR IS TO BE SOLD,
15 LEASED, LICENSED, ASSIGNED, OR OTHERWISE DISPOSED OF, FOR SERV-
16 ICES RENDERED OR TO BE RENDERED, FOR A POLICY OF INSURANCE ISSUED
17 OR TO BE ISSUED, FOR A SECONDARY OBLIGATION INCURRED OR TO BE
18 INCURRED, FOR ENERGY PROVIDED OR TO BE PROVIDED, FOR THE USE OR
19 HIRE OF A VESSEL UNDER A CHARTER OR OTHER CONTRACT, ARISING OUT
20 OF THE USE OF A CREDIT OR CHARGE CARD OR INFORMATION CONTAINED ON
21 OR FOR USE WITH THE CARD, OR AS WINNINGS IN A LOTTERY OR OTHER
22 GAME OF CHANCE OPERATED OR SPONSORED BY A STATE, GOVERNMENTAL
23 UNIT OF A STATE, OR PERSON LICENSED OR AUTHORIZED TO OPERATE THE
24 GAME BY A STATE OR GOVERNMENTAL UNIT OF A STATE. THE TERM
25 INCLUDES HEALTH-CARE-INSURANCE RECEIVABLES. THE TERM DOES NOT
26 INCLUDE RIGHTS TO PAYMENT EVIDENCED BY CHATTEL PAPER OR AN
27 INSTRUMENT, COMMERCIAL TORT CLAIMS, DEPOSIT ACCOUNTS, INVESTMENT

1 PROPERTY, LETTER-OF-CREDIT RIGHTS OR LETTERS OF CREDIT, OR RIGHTS
2 TO PAYMENT FOR MONEY OR FUNDS ADVANCED OR SOLD, OTHER THAN RIGHTS
3 ARISING OUT OF THE USE OF A CREDIT OR CHARGE CARD OR INFORMATION
4 CONTAINED ON OR FOR USE WITH THE CARD.

5 (C) "ACCOUNT DEBTOR" MEANS A PERSON OBLIGATED ON AN ACCOUNT,
6 CHATTEL PAPER, OR GENERAL INTANGIBLE. THE TERM DOES NOT INCLUDE
7 PERSONS OBLIGATED TO PAY A NEGOTIABLE INSTRUMENT, EVEN IF THE
8 INSTRUMENT CONSTITUTES PART OF CHATTEL PAPER.

9 (D) "ACCOUNTING", EXCEPT AS USED IN "ACCOUNTING FOR", MEANS
10 A RECORD THAT MEETS ALL OF THE FOLLOWING REQUIREMENTS:

11 (i) AUTHENTICATED BY A SECURED PARTY.

12 (ii) INDICATING THE AGGREGATE UNPAID SECURED OBLIGATIONS AS
13 OF A DATE NOT MORE THAN 35 DAYS EARLIER OR 35 DAYS LATER THAN THE
14 DATE OF THE RECORD.

15 (iii) IDENTIFYING THE COMPONENTS OF THE OBLIGATIONS IN REA-
16 SONABLE DETAIL.

17 (E) "AGRICULTURAL LIEN" MEANS AN INTEREST, OTHER THAN A
18 SECURITY INTEREST, IN FARM PRODUCTS THAT MEETS ALL OF THE FOLLOW-
19 ING REQUIREMENTS:

20 (i) THE INTEREST SECURES PAYMENT OR PERFORMANCE OF AN OBLI-
21 GATION FOR 1 OR MORE OF THE FOLLOWING:

22 (A) GOODS OR SERVICES FURNISHED IN CONNECTION WITH A
23 DEBTOR'S FARMING OPERATION.

24 (B) RENT ON REAL PROPERTY LEASED BY A DEBTOR IN CONNECTION
25 WITH ITS FARMING OPERATION.

26 (ii) THE INTEREST IS CREATED BY STATUTE IN FAVOR OF A PERSON
27 THAT DID 1 OR MORE OF THE FOLLOWING:

1 (A) IN THE ORDINARY COURSE OF ITS BUSINESS FURNISHED GOODS
2 OR SERVICES TO A DEBTOR IN CONNECTION WITH A DEBTOR'S FARMING
3 OPERATION.

4 (B) LEASED REAL PROPERTY TO A DEBTOR IN CONNECTION WITH THE
5 DEBTOR'S FARMING OPERATION.

6 (iii) THE EFFECTIVENESS OF THE INTEREST DOES NOT DEPEND ON
7 THE PERSON'S POSSESSION OF THE PERSONAL PROPERTY.

8 (F) "AS-EXTRACTED COLLATERAL" MEANS 1 OR MORE OF THE
9 FOLLOWING:

10 (i) OIL, GAS, OR OTHER MINERALS THAT ARE SUBJECT TO A SECUR-
11 ITY INTEREST THAT IS CREATED BY A DEBTOR HAVING AN INTEREST IN
12 THE MINERALS BEFORE EXTRACTION AND ATTACHES TO THE MINERALS AS
13 EXTRACTED.

14 (ii) ACCOUNTS ARISING OUT OF THE SALE AT THE WELLHEAD OR
15 MINEHEAD OF OIL, GAS, OR OTHER MINERALS IN WHICH THE DEBTOR HAD
16 AN INTEREST BEFORE EXTRACTION.

17 (G) "AUTHENTICATE" MEANS 1 OF THE FOLLOWING:

18 (i) TO SIGN.

19 (ii) TO EXECUTE OR OTHERWISE ADOPT A SYMBOL, OR ENCRYPT OR
20 SIMILARLY PROCESS A RECORD IN WHOLE OR IN PART, WITH THE PRESENT
21 INTENT OF THE AUTHENTICATING PERSON TO IDENTIFY THE PERSON AND
22 ADOPT OR ACCEPT A RECORD.

23 (H) "BANK" MEANS AN ORGANIZATION THAT IS ENGAGED IN THE
24 BUSINESS OF BANKING. THE TERM INCLUDES SAVINGS BANKS, SAVINGS
25 AND LOAN ASSOCIATIONS, CREDIT UNIONS, AND TRUST COMPANIES.

26 (I) "CASH PROCEEDS" MEANS PROCEEDS THAT ARE MONEY, CHECKS,
27 DEPOSIT ACCOUNTS, OR THE LIKE.

1 (J) "CERTIFICATE OF TITLE" MEANS A CERTIFICATE OF TITLE WITH
2 RESPECT TO WHICH A STATUTE PROVIDES FOR THE SECURITY INTEREST IN
3 QUESTION TO BE INDICATED ON THE CERTIFICATE AS A CONDITION OR
4 RESULT OF THE SECURITY INTEREST'S OBTAINING PRIORITY OVER THE
5 RIGHTS OF A LIEN CREDITOR WITH RESPECT TO THE COLLATERAL.

6 (K) "CHATTEL PAPER" MEANS A RECORD OR RECORDS THAT EVIDENCE
7 BOTH A MONETARY OBLIGATION AND A SECURITY INTEREST IN SPECIFIC
8 GOODS, A SECURITY INTEREST IN SPECIFIC GOODS AND SOFTWARE USED IN
9 THE GOODS, A SECURITY INTEREST IN SPECIFIC GOODS AND LICENSE OF
10 SOFTWARE USED IN THE GOODS, A LEASE OF SPECIFIC GOODS, OR A LEASE
11 OF SPECIFIC GOODS AND LICENSE OF SOFTWARE USED IN THE GOODS. AS
12 USED IN THIS SUBDIVISION, "MONETARY OBLIGATION" MEANS A MONETARY
13 OBLIGATION SECURED BY THE GOODS OR OWED UNDER A LEASE OF THE
14 GOODS AND INCLUDES A MONETARY OBLIGATION WITH RESPECT TO SOFTWARE
15 USED IN THE GOODS. THE TERM DOES NOT INCLUDE CHARTERS OR OTHER
16 CONTRACTS INVOLVING THE USE OR HIRE OF A VESSEL. IF A TRANSAC-
17 TION IS EVIDENCED BY RECORDS THAT INCLUDE AN INSTRUMENT OR SERIES
18 OF INSTRUMENTS, THE GROUP OF RECORDS TAKEN TOGETHER CONSTITUTES
19 CHATTEL PAPER.

20 (l) "COLLATERAL" MEANS THE PROPERTY SUBJECT TO A SECURITY
21 INTEREST OR AGRICULTURAL LIEN. THE TERM INCLUDES 1 OR MORE OF
22 THE FOLLOWING:

23 (i) PROCEEDS TO WHICH A SECURITY INTEREST ATTACHES.

24 (ii) ACCOUNTS, CHATTEL PAPER, PAYMENT INTANGIBLES, AND PROM-
25 ISSORY NOTES THAT HAVE BEEN SOLD.

26 (iii) GOODS THAT ARE THE SUBJECT OF A CONSIGNMENT.

1 (M) "COMMERCIAL TORT CLAIM" MEANS A CLAIM ARISING IN TORT
2 WITH RESPECT TO WHICH 1 OF THE FOLLOWING APPLIES:

3 (i) THE CLAIMANT IS AN ORGANIZATION.

4 (ii) THE CLAIMANT IS AN INDIVIDUAL AND THE CLAIM AROSE IN
5 THE COURSE OF THE CLAIMANT'S BUSINESS OR PROFESSION AND DOES NOT
6 INCLUDE DAMAGES ARISING OUT OF PERSONAL INJURY TO OR THE DEATH OF
7 AN INDIVIDUAL.

8 (N) "COMMODITY ACCOUNT" MEANS AN ACCOUNT MAINTAINED BY A
9 COMMODITY INTERMEDIARY IN WHICH A COMMODITY CONTRACT IS CARRIED
10 FOR A COMMODITY CUSTOMER.

11 (O) "COMMODITY CONTRACT" MEANS A COMMODITY FUTURES CONTRACT,
12 AN OPTION ON A COMMODITY FUTURES CONTRACT, A COMMODITY OPTION, OR
13 ANOTHER CONTRACT IF THE CONTRACT OR OPTION IS 1 OF THE
14 FOLLOWING:

15 (i) TRADED ON OR SUBJECT TO THE RULES OF A BOARD OF TRADE
16 THAT HAS BEEN DESIGNATED AS A CONTRACT MARKET FOR SUCH A CONTRACT
17 PURSUANT TO FEDERAL COMMODITIES LAWS.

18 (ii) TRADED ON A FOREIGN COMMODITY BOARD OF TRADE, EXCHANGE,
19 OR MARKET, AND IS CARRIED ON THE BOOKS OF A COMMODITY INTERMEDI-
20 ARY FOR A COMMODITY CUSTOMER.

21 (P) "COMMODITY CUSTOMER" MEANS A PERSON FOR WHICH A COMMOD-
22 ITY INTERMEDIARY CARRIES A COMMODITY CONTRACT ON ITS BOOKS.

23 (Q) "COMMODITY INTERMEDIARY" MEANS 1 OF THE FOLLOWING:

24 (i) A PERSON THAT IS REGISTERED AS A FUTURES COMMISSION MER-
25 CHANT UNDER FEDERAL COMMODITIES LAW.

26 (ii) A PERSON THAT IN THE ORDINARY COURSE OF ITS BUSINESS
27 PROVIDES CLEARANCE OR SETTLEMENT SERVICES FOR A BOARD OF TRADE

1 THAT HAS BEEN DESIGNATED AS A CONTRACT MARKET PURSUANT TO FEDERAL
2 COMMODITIES LAW.

3 (R) "COMMUNICATE" MEANS 1 OR MORE OF THE FOLLOWING:

4 (i) TO SEND A WRITTEN OR OTHER TANGIBLE RECORD.

5 (ii) TO TRANSMIT A RECORD BY ANY MEANS AGREED UPON BY THE
6 PERSONS SENDING AND RECEIVING THE RECORD.

7 (iii) IN THE CASE OF TRANSMISSION OF A RECORD TO OR BY A
8 FILING OFFICE, TO TRANSMIT A RECORD BY ANY MEANS PRESCRIBED BY
9 FILING-OFFICE RULE.

10 (S) "CONSIGNEE" MEANS A MERCHANT TO WHICH GOODS ARE DELIV-
11 ERED IN A CONSIGNMENT.

12 (T) "CONSIGNMENT" MEANS A TRANSACTION, REGARDLESS OF ITS
13 FORM, IN WHICH A PERSON DELIVERS GOODS TO A MERCHANT FOR THE PUR-
14 POSE OF SALE AND THAT MEETS ALL OF THE FOLLOWING:

15 (i) THE MERCHANT DEALS IN GOODS OF THAT KIND UNDER A NAME
16 OTHER THAN THE NAME OF THE PERSON MAKING DELIVERY, IS NOT AN AUC-
17 TIONEER, AND IS NOT GENERALLY KNOWN BY ITS CREDITORS TO BE SUB-
18 STANTIALLY ENGAGED IN SELLING THE GOODS OF OTHERS.

19 (ii) WITH RESPECT TO EACH DELIVERY, THE AGGREGATE VALUE OF
20 THE GOODS IS \$1,000.00 OR MORE AT THE TIME OF DELIVERY.

21 (iii) THE GOODS ARE NOT CONSUMER GOODS IMMEDIATELY BEFORE
22 DELIVERY.

23 (iv) THE TRANSACTION DOES NOT CREATE A SECURITY INTEREST
24 THAT SECURES AN OBLIGATION.

25 (U) "CONSIGNOR" MEANS A PERSON THAT DELIVERS GOODS TO A CON-
26 SIGNEE IN A CONSIGNMENT.

1 (V) "CONSUMER DEBTOR" MEANS A DEBTOR IN A CONSUMER
2 TRANSACTION.

3 (W) "CONSUMER GOODS" MEANS GOODS THAT ARE USED OR BOUGHT FOR
4 USE PRIMARILY FOR PERSONAL, FAMILY, OR HOUSEHOLD PURPOSES.

5 (X) "CONSUMER-GOODS TRANSACTION" MEANS A CONSUMER TRANSAC-
6 TION IN WHICH AN INDIVIDUAL INCURS AN OBLIGATION PRIMARILY FOR
7 PERSONAL, FAMILY, OR HOUSEHOLD PURPOSES AND A SECURITY INTEREST
8 IN CONSUMER GOODS SECURES THE OBLIGATION.

9 (Y) "CONSUMER OBLIGOR" MEANS AN OBLIGOR WHO IS AN INDIVIDUAL
10 AND WHO INCURRED THE OBLIGATION AS PART OF A TRANSACTION ENTERED
11 INTO PRIMARILY FOR PERSONAL, FAMILY, OR HOUSEHOLD PURPOSES.

12 (Z) "CONSUMER TRANSACTION" MEANS A TRANSACTION IN WHICH AN
13 INDIVIDUAL INCURS AN OBLIGATION PRIMARILY FOR PERSONAL, FAMILY,
14 OR HOUSEHOLD PURPOSES, A SECURITY INTEREST SECURES THE OBLIGA-
15 TION, AND THE COLLATERAL IS HELD OR ACQUIRED PRIMARILY FOR PER-
16 SONAL, FAMILY, OR HOUSEHOLD PURPOSES. THE TERM INCLUDES
17 CONSUMER-GOODS TRANSACTIONS.

18 (AA) "CONTINUATION STATEMENT" MEANS AN AMENDMENT OF A
19 FINANCING STATEMENT WHICH IDENTIFIES, BY ITS FILE NUMBER, THE
20 INITIAL FINANCING STATEMENT TO WHICH IT RELATES AND INDICATES
21 THAT IT IS A CONTINUATION STATEMENT FOR, OR THAT IT IS FILED TO
22 CONTINUE THE EFFECTIVENESS OF, THE IDENTIFIED FINANCING
23 STATEMENT.

24 (BB) "DEBTOR" MEANS 1 OF THE FOLLOWING:

25 (i) A PERSON HAVING AN INTEREST, OTHER THAN A SECURITY
26 INTEREST OR OTHER LIEN, IN THE COLLATERAL, WHETHER OR NOT THE
27 PERSON IS AN OBLIGOR.

1 (ii) A SELLER OF ACCOUNTS, CHATTEL PAPER, PAYMENT
2 INTANGIBLES, OR PROMISSORY NOTES.

3 (iii) A CONSIGNEE.

4 (CC) "DEPOSIT ACCOUNT" MEANS A DEMAND, TIME, SAVINGS, PASS-
5 BOOK, OR SIMILAR ACCOUNT MAINTAINED WITH A BANK. THE TERM DOES
6 NOT INCLUDE INVESTMENT PROPERTY OR ACCOUNTS EVIDENCED BY AN
7 INSTRUMENT.

8 (DD) "DOCUMENT" MEANS A DOCUMENT OF TITLE OR A RECEIPT OF
9 THE TYPE DESCRIBED IN SECTION 7201(2).

10 (EF) "ELECTRONIC CHATTEL PAPER" MEANS CHATTEL PAPER EVI-
11 DENCED BY A RECORD OR RECORDS CONSISTING OF INFORMATION STORED IN
12 AN ELECTRONIC MEDIUM.

13 (FG) "ENCUMBRANCE" MEANS A RIGHT, OTHER THAN AN OWNERSHIP
14 INTEREST, IN REAL PROPERTY. THE TERM INCLUDES MORTGAGES AND
15 OTHER LIENS ON REAL PROPERTY.

16 (GG) "EQUIPMENT" MEANS GOODS OTHER THAN INVENTORY, FARM PRO-
17 DUCTS, OR CONSUMER GOODS.

18 (HH) "FARM PRODUCTS" MEANS GOODS, OTHER THAN STANDING
19 TIMBER, WITH RESPECT TO WHICH THE DEBTOR IS ENGAGED IN A FARMING
20 OPERATION AND WHICH ARE 1 OF THE FOLLOWING:

21 (i) CROPS GROWN, GROWING, OR TO BE GROWN, INCLUDING CROPS
22 PRODUCED ON TREES, VINES, AND BUSHES, AND AQUATIC GOODS PRODUCED
23 IN AQUACULTURAL OPERATIONS.

24 (ii) LIVESTOCK, BORN OR UNBORN, INCLUDING AQUATIC GOODS
25 PRODUCED IN AQUACULTURAL OPERATIONS.

26 (iii) SUPPLIES USED OR PRODUCED IN A FARMING OPERATION.

1 (iv) PRODUCTS OF CROPS OR LIVESTOCK IN THEIR UNMANUFACTURED
2 STATES.

3 (II) "FARMING OPERATION" MEANS RAISING, CULTIVATING, PROPA-
4 GATING, FATTENING, GRAZING, OR ANY OTHER FARMING, LIVESTOCK, OR
5 AQUACULTURAL OPERATION.

6 (JJ) "FILE NUMBER" MEANS THE NUMBER ASSIGNED TO AN INITIAL
7 FINANCING STATEMENT PURSUANT TO SECTION 9519(1).

8 (KK) "FILING OFFICE" MEANS AN OFFICE DESIGNATED IN SECTION
9 9501 AS THE PLACE TO FILE A FINANCING STATEMENT.

10 (ll) "FILING-OFFICE RULE" MEANS A RULE ADOPTED PURSUANT TO
11 SECTION 9526.

12 (MM) "FINANCING STATEMENT" MEANS A RECORD OR RECORDS COM-
13 POSED OF AN INITIAL FINANCING STATEMENT AND ANY FILED RECORD
14 RELATING TO THE INITIAL FINANCING STATEMENT.

15 (NN) "FIXTURE FILING" MEANS THE FILING OF A FINANCING STATE-
16 MENT COVERING GOODS THAT ARE OR ARE TO BECOME FIXTURES AND SATIS-
17 FYING SECTION 9502(1) AND (2). THE TERM INCLUDES THE FILING OF A
18 FINANCING STATEMENT COVERING GOODS OF A TRANSMITTING UTILITY
19 WHICH ARE OR ARE TO BECOME FIXTURES.

20 (OO) "FIXTURES" MEANS GOODS THAT HAVE BECOME SO RELATED TO
21 PARTICULAR REAL PROPERTY THAT AN INTEREST IN THEM ARISES UNDER
22 REAL PROPERTY LAW.

23 (PP) "GENERAL INTANGIBLE" MEANS ANY PERSONAL PROPERTY,
24 INCLUDING THINGS IN ACTION, OTHER THAN ACCOUNTS, CHATTEL PAPER,
25 COMMERCIAL TORT CLAIMS, DEPOSIT ACCOUNTS, DOCUMENTS, GOODS,
26 INSTRUMENTS, INVESTMENT PROPERTY, LETTER-OF-CREDIT RIGHTS,

1 LETTERS OF CREDIT, MONEY, AND OIL, GAS, OR OTHER MINERALS BEFORE
2 EXTRACTION. THE TERM INCLUDES PAYMENT INTANGIBLES AND SOFTWARE.

3 (QQ) "GOOD FAITH" MEANS HONESTY IN FACT AND THE OBSERVANCE
4 OF REASONABLE COMMERCIAL STANDARDS OF FAIR DEALING.

5 (RR) "GOODS" MEANS ALL THINGS THAT ARE MOVABLE WHEN A SECUR-
6 ITY INTEREST ATTACHES. THE TERM INCLUDES FIXTURES, STANDING
7 TIMBER THAT IS TO BE CUT AND REMOVED UNDER A CONVEYANCE OR CON-
8 TRACT FOR SALE, THE UNBORN YOUNG OF ANIMALS, CROPS GROWN, GROW-
9 ING, OR TO BE GROWN, EVEN IF THE CROPS ARE PRODUCED ON TREES,
10 VINES, OR BUSHES, AND MANUFACTURED HOMES. THE TERM ALSO INCLUDES
11 A COMPUTER PROGRAM EMBEDDED IN GOODS AND ANY SUPPORTING INFORMA-
12 TION PROVIDED IN CONNECTION WITH A TRANSACTION RELATING TO THE
13 PROGRAM IF THE PROGRAM IS ASSOCIATED WITH THE GOODS IN SUCH A
14 MANNER THAT IT CUSTOMARILY IS CONSIDERED PART OF THE GOODS, OR BY
15 BECOMING THE OWNER OF THE GOODS, A PERSON ACQUIRES A RIGHT TO USE
16 THE PROGRAM IN CONNECTION WITH THE GOODS. THE TERM DOES NOT
17 INCLUDE A COMPUTER PROGRAM EMBEDDED IN GOODS THAT CONSIST SOLELY
18 OF THE MEDIUM IN WHICH THE PROGRAM IS EMBEDDED. THE TERM ALSO
19 DOES NOT INCLUDE ACCOUNTS, CHATTEL PAPER, COMMERCIAL TORT CLAIMS,
20 DEPOSIT ACCOUNTS, DOCUMENTS, GENERAL INTANGIBLES, INSTRUMENTS,
21 INVESTMENT PROPERTY, LETTER-OF-CREDIT RIGHTS, LETTERS OF CREDIT,
22 MONEY, OR OIL, GAS, OR OTHER MINERALS BEFORE EXTRACTION.

23 (SS) "GOVERNMENTAL UNIT" MEANS A SUBDIVISION, AGENCY,
24 DEPARTMENT, COUNTY, PARISH, MUNICIPALITY, OR OTHER UNIT OF THE
25 GOVERNMENT OF THE UNITED STATES, A STATE, OR A FOREIGN COUNTRY.
26 THE TERM INCLUDES AN ORGANIZATION HAVING A SEPARATE CORPORATE
27 EXISTENCE IF THE ORGANIZATION IS ELIGIBLE TO ISSUE DEBT ON WHICH

1 INTEREST IS EXEMPT FROM INCOME TAXATION UNDER THE LAWS OF THE
2 UNITED STATES.

3 (TT) "HEALTH-CARE-INSURANCE RECEIVABLE" MEANS AN INTEREST IN
4 OR CLAIM UNDER A POLICY OF INSURANCE WHICH IS A RIGHT TO PAYMENT
5 OF A MONETARY OBLIGATION FOR HEALTH-CARE GOODS OR SERVICES
6 PROVIDED.

7 (UU) "INSTRUMENT" MEANS A NEGOTIABLE INSTRUMENT OR ANY OTHER
8 WRITING THAT EVIDENCES A RIGHT TO THE PAYMENT OF A MONETARY OBLI-
9 GATION, IS NOT ITSELF A SECURITY AGREEMENT OR LEASE, AND IS OF A
10 TYPE THAT IN ORDINARY COURSE OF BUSINESS IS TRANSFERRED BY DELIV-
11 ERY WITH ANY NECESSARY INDORSEMENT OR ASSIGNMENT. THE TERM DOES
12 NOT INCLUDE INVESTMENT PROPERTY, LETTERS OF CREDIT, OR WRITINGS
13 THAT EVIDENCE A RIGHT TO PAYMENT ARISING OUT OF THE USE OF A
14 CREDIT OR CHARGE CARD OR INFORMATION CONTAINED ON OR FOR USE WITH
15 THE CARD.

16 (VV) "INVENTORY" MEANS GOODS, OTHER THAN FARM PRODUCTS, THAT
17 MEET 1 OF THE FOLLOWING:

18 (i) ARE LEASED BY A PERSON AS LESSOR.

19 (ii) ARE HELD BY A PERSON FOR SALE OR LEASE OR TO BE FUR-
20 NISHED UNDER A CONTRACT OF SERVICE.

21 (iii) ARE FURNISHED BY A PERSON UNDER A CONTRACT OF
22 SERVICE.

23 (iv) CONSIST OF RAW MATERIALS, WORK IN PROCESS, OR MATERIALS
24 USED OR CONSUMED IN A BUSINESS.

25 (WW) "INVESTMENT PROPERTY" MEANS A SECURITY, WHETHER CERTIF-
26 ICATED OR UNCERTIFICATED, SECURITY ENTITLEMENT, SECURITIES
27 ACCOUNT, COMMODITY CONTRACT, OR COMMODITY ACCOUNT.

1 (XX) "JURISDICTION OF ORGANIZATION", WITH RESPECT TO A
2 REGISTERED ORGANIZATION, MEANS THE JURISDICTION UNDER WHOSE LAW
3 THE ORGANIZATION IS ORGANIZED.

4 (YY) "LETTER-OF-CREDIT RIGHT" MEANS A RIGHT TO PAYMENT OR
5 PERFORMANCE UNDER A LETTER OF CREDIT, WHETHER OR NOT THE BENEFI-
6 CIARY HAS DEMANDED OR IS AT THE TIME ENTITLED TO DEMAND PAYMENT
7 OR PERFORMANCE. THE TERM DOES NOT INCLUDE THE RIGHT OF A BENEFI-
8 CIARY TO DEMAND PAYMENT OR PERFORMANCE UNDER A LETTER OF CREDIT.

9 (ZZ) "LIEN CREDITOR" MEANS 1 OR MORE OF THE FOLLOWING:

10 (i) A CREDITOR THAT HAS ACQUIRED A LIEN ON THE PROPERTY
11 INVOLVED BY ATTACHMENT, LEVY, OR THE LIKE.

12 (ii) AN ASSIGNEE FOR BENEFIT OF CREDITORS FROM THE TIME OF
13 ASSIGNMENT.

14 (iii) A TRUSTEE IN BANKRUPTCY FROM THE DATE OF THE FILING OF
15 THE PETITION.

16 (iv) A RECEIVER IN EQUITY FROM THE TIME OF APPOINTMENT.

17 (AAA) "MANUFACTURED HOME" MEANS A STRUCTURE, TRANSPORTABLE
18 IN 1 OR MORE SECTIONS, WHICH, IN THE TRAVELING MODE, IS 8 BODY
19 FEET OR MORE IN WIDTH OR 40 BODY FEET OR MORE IN LENGTH, OR WHEN
20 ERECTED ON SITE, IS 320 OR MORE SQUARE FEET, AND WHICH IS BUILT
21 ON A PERMANENT CHASSIS AND DESIGNED TO BE USED AS A DWELLING WITH
22 OR WITHOUT A PERMANENT FOUNDATION WHEN CONNECTED TO THE REQUIRED
23 UTILITIES, AND INCLUDES THE PLUMBING, HEATING, AIR-CONDITIONING,
24 AND ELECTRICAL SYSTEMS CONTAINED THEREIN. THE TERM INCLUDES ANY
25 STRUCTURE THAT MEETS ALL OF THE REQUIREMENTS OF THIS PARAGRAPH
26 EXCEPT THE SIZE REQUIREMENTS AND WITH RESPECT TO WHICH THE
27 MANUFACTURER VOLUNTARILY FILES A CERTIFICATION REQUIRED BY THE

1 SECRETARY OF THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT AND
2 COMPLIES WITH THE STANDARDS ESTABLISHED UNDER TITLE 42 OF THE
3 UNITED STATES CODE.

4 (BBB) "MANUFACTURED-HOME TRANSACTION" MEANS A SECURED TRANS-
5 ACTION THAT CREATES A PURCHASE-MONEY SECURITY INTEREST IN A MANU-
6 FACTURED HOME, OTHER THAN A MANUFACTURED HOME HELD AS INVENTORY,
7 OR IN WHICH A MANUFACTURED HOME, OTHER THAN A MANUFACTURED HOME
8 HELD AS INVENTORY, IS THE PRIMARY COLLATERAL.

9 (CCC) "MORTGAGE" MEANS A CONSENSUAL INTEREST IN REAL PROPER-
10 TY, INCLUDING FIXTURES, WHICH SECURES PAYMENT OR PERFORMANCE OF
11 AN OBLIGATION.

12 (DDD) "NEW DEBTOR" MEANS A PERSON THAT BECOMES BOUND AS
13 DEBTOR UNDER SECTION 9203(4) BY A SECURITY AGREEMENT PREVIOUSLY
14 ENTERED INTO BY ANOTHER PERSON.

15 (EEE) "NEW VALUE" MEANS MONEY, MONEY'S WORTH IN PROPERTY,
16 SERVICES, OR NEW CREDIT, OR RELEASE BY A TRANSFEREE OF AN INTER-
17 EST IN PROPERTY PREVIOUSLY TRANSFERRED TO THE TRANSFEREE. THE
18 TERM DOES NOT INCLUDE AN OBLIGATION SUBSTITUTED FOR ANOTHER
19 OBLIGATION.

20 (FFF) "NONCASH PROCEEDS" MEANS PROCEEDS OTHER THAN CASH
21 PROCEEDS.

22 (GGG) "OBLIGOR" MEANS A PERSON THAT, WITH RESPECT TO AN
23 OBLIGATION SECURED BY A SECURITY INTEREST IN OR AN AGRICULTURAL
24 LIEN ON THE COLLATERAL, OWES PAYMENT OR OTHER PERFORMANCE OF THE
25 OBLIGATION, HAS PROVIDED PROPERTY OTHER THAN THE COLLATERAL TO
26 SECURE PAYMENT OR OTHER PERFORMANCE OF THE OBLIGATION, OR IS
27 OTHERWISE ACCOUNTABLE IN WHOLE OR IN PART FOR PAYMENT OR OTHER

1 PERFORMANCE OF THE OBLIGATION. THE TERM DOES NOT INCLUDE ISSUERS
2 OR NOMINATED PERSONS UNDER A LETTER OF CREDIT.

3 (HHH) "ORIGINAL DEBTOR" MEANS A PERSON THAT, AS DEBTOR,
4 ENTERED INTO A SECURITY AGREEMENT TO WHICH A NEW DEBTOR HAS
5 BECOME BOUND UNDER SECTION 9203(4).

6 (III) "PAYMENT INTANGIBLE" MEANS A GENERAL INTANGIBLE UNDER
7 WHICH THE ACCOUNT DEBTOR'S PRINCIPAL OBLIGATION IS A MONETARY
8 OBLIGATION.

9 (JJJ) "PERSON RELATED TO", WITH RESPECT TO AN INDIVIDUAL,
10 MEANS 1 OR MORE OF THE FOLLOWING:

11 (i) THE SPOUSE OF THE INDIVIDUAL.

12 (ii) A BROTHER, BROTHER-IN-LAW, SISTER, OR SISTER-IN-LAW OF
13 THE INDIVIDUAL.

14 (iii) AN ANCESTOR OR LINEAL DESCENDANT OF THE INDIVIDUAL OR
15 THE INDIVIDUAL'S SPOUSE.

16 (iv) ANY OTHER RELATIVE, BY BLOOD OR MARRIAGE, OF THE INDI-
17 VIDUAL OR THE INDIVIDUAL'S SPOUSE WHO SHARES THE SAME HOME WITH
18 THE INDIVIDUAL.

19 (KKK) "PERSON RELATED TO", WITH RESPECT TO AN ORGANIZATION,
20 MEANS 1 OR MORE OF THE FOLLOWING:

21 (i) A PERSON DIRECTLY OR INDIRECTLY CONTROLLING, CONTROLLED
22 BY, OR UNDER COMMON CONTROL WITH THE ORGANIZATION.

23 (ii) AN OFFICER OR DIRECTOR OF, OR A PERSON PERFORMING SIMI-
24 LAR FUNCTIONS WITH RESPECT TO, THE ORGANIZATION.

25 (iii) AN OFFICER OR DIRECTOR OF, OR A PERSON PERFORMING SIM-
26 ILAR FUNCTIONS WITH RESPECT TO, A PERSON DESCRIBED IN
27 SUBPARAGRAPH (i).

1 (iv) THE SPOUSE OF AN INDIVIDUAL DESCRIBED IN SUBPARAGRAPH
2 (i), (ii), OR (iii).

3 (v) AN INDIVIDUAL WHO IS RELATED BY BLOOD OR MARRIAGE TO AN
4 INDIVIDUAL DESCRIBED IN SUBPARAGRAPH (i), (ii), (iii), OR (iv)
5 AND SHARES THE SAME HOME WITH THE INDIVIDUAL.

6 (lll) "PROCEEDS" MEANS 1 OR MORE OF THE FOLLOWING PROPERTY:

7 (i) WHATEVER IS ACQUIRED UPON THE SALE, LEASE, LICENSE,
8 EXCHANGE, OR OTHER DISPOSITION OF COLLATERAL.

9 (ii) WHATEVER IS COLLECTED ON, OR DISTRIBUTED ON ACCOUNT OF,
10 COLLATERAL.

11 (iii) RIGHTS ARISING OUT OF COLLATERAL.

12 (iv) TO THE EXTENT OF THE VALUE OF COLLATERAL, CLAIMS ARISING
13 OUT OF THE LOSS, NONCONFORMITY, OR INTERFERENCE WITH THE USE
14 OF, DEFECTS OR INFRINGEMENT OF RIGHTS IN, OR DAMAGE TO, THE
15 COLLATERAL.

16 (v) TO THE EXTENT OF THE VALUE OF COLLATERAL AND TO THE
17 EXTENT PAYABLE TO THE DEBTOR OR THE SECURED PARTY, INSURANCE PAY-
18 ABLE BY REASON OF THE LOSS OR NONCONFORMITY OF, DEFECTS OR
19 INFRINGEMENT OF RIGHTS IN, OR DAMAGE TO, THE COLLATERAL.

20 (mmm) "PRODUCTION-MONEY CROPS" MEANS CROPS THAT SECURE A
21 PRODUCTION-MONEY OBLIGATION INCURRED WITH RESPECT TO THE PRODUCTION
22 OF THOSE CROPS.

23 (nnn) "PRODUCTION-MONEY OBLIGATION" MEANS AN OBLIGATION OF
24 AN OBLIGOR INCURRED FOR NEW VALUE GIVEN TO ENABLE THE DEBTOR TO
25 PRODUCE CROPS IF THE VALUE IS IN FACT USED FOR THE PRODUCTION OF
26 THE CROPS.

1 (OOO) "PRODUCTION OF CROPS" INCLUDES TILLING AND OTHERWISE
2 PREPARING LAND FOR GROWING, PLANTING, CULTIVATING, FERTILIZING,
3 IRRIGATING, HARVESTING, AND GATHERING CROPS, AND PROTECTING THEM
4 FROM DAMAGE OR DISEASE.

5 (PPP) "PROMISSORY NOTE" MEANS AN INSTRUMENT THAT EVIDENCES A
6 PROMISE TO PAY A MONETARY OBLIGATION, DOES NOT EVIDENCE AN ORDER
7 TO PAY, AND DOES NOT CONTAIN AN ACKNOWLEDGMENT BY A BANK THAT THE
8 BANK HAS RECEIVED FOR DEPOSIT A SUM OF MONEY OR FUNDS.

9 (QQQ) "PROPOSAL" MEANS A RECORD AUTHENTICATED BY A SECURED
10 PARTY WHICH INCLUDES THE TERMS ON WHICH THE SECURED PARTY IS
11 WILLING TO ACCEPT COLLATERAL IN FULL OR PARTIAL SATISFACTION OF
12 THE OBLIGATION IT SECURES PURSUANT TO SECTIONS 9620, 9621, AND
13 9622.

14 (RRR) "PUBLIC-FINANCE TRANSACTION" MEANS A SECURED TRANSAC-
15 TION IN CONNECTION WITH WHICH ALL OF THE FOLLOWING ARE MET:

16 (i) DEBT SECURITIES ARE ISSUED.

17 (ii) ALL OR A PORTION OF THE SECURITIES ISSUED HAVE AN INI-
18 TIAL STATED MATURITY OF AT LEAST 20 YEARS.

19 (iii) THE DEBTOR, OBLIGOR, SECURED PARTY, ACCOUNT DEBTOR OR
20 OTHER PERSON OBLIGATED ON COLLATERAL, ASSIGNOR OR ASSIGNEE OF A
21 SECURED OBLIGATION, OR ASSIGNOR OR ASSIGNEE OF A SECURITY INTER-
22 EST IS A STATE OR A GOVERNMENTAL UNIT OF A STATE.

23 (SSS) "PURSUANT TO COMMITMENT", WITH RESPECT TO AN ADVANCE
24 MADE OR OTHER VALUE GIVEN BY A SECURED PARTY, MEANS PURSUANT TO
25 THE SECURED PARTY'S OBLIGATION, WHETHER OR NOT A SUBSEQUENT EVENT
26 OF DEFAULT OR OTHER EVENT NOT WITHIN THE SECURED PARTY'S CONTROL

1 HAS RELIEVED OR MAY RELIEVE THE SECURED PARTY FROM ITS
2 OBLIGATION.

3 (TTT) "RECORD", EXCEPT AS USED IN "FOR RECORD", "OF RECORD",
4 "RECORD OR LEGAL TITLE", AND "RECORD OWNER", MEANS INFORMATION
5 THAT IS INSCRIBED ON A TANGIBLE MEDIUM OR WHICH IS STORED IN AN
6 ELECTRONIC OR OTHER MEDIUM AND IS RETRIEVABLE IN PERCEIVABLE
7 FORM.

8 (UUU) "REGISTERED ORGANIZATION" MEANS AN ORGANIZATION ORGA-
9 NIZED SOLELY UNDER THE LAW OF A SINGLE STATE OR THE UNITED STATES
10 AND AS TO WHICH THE STATE OR THE UNITED STATES MUST MAINTAIN A
11 PUBLIC RECORD SHOWING THE ORGANIZATION TO HAVE BEEN ORGANIZED.

12 (VVV) "SECONDARY OBLIGOR" MEANS AN OBLIGOR TO THE EXTENT
13 THAT THE OBLIGOR'S OBLIGATION IS SECONDARY OR THE OBLIGOR HAS A
14 RIGHT OF RECOURSE WITH RESPECT TO AN OBLIGATION SECURED BY COL-
15 LATERAL AGAINST THE DEBTOR, ANOTHER OBLIGOR, OR PROPERTY OF
16 EITHER.

17 (WWW) "SECURED PARTY" MEANS 1 OR MORE OF THE FOLLOWING:

18 (i) A PERSON IN WHOSE FAVOR A SECURITY INTEREST IS CREATED
19 OR PROVIDED FOR UNDER A SECURITY AGREEMENT, WHETHER OR NOT ANY
20 OBLIGATION TO BE SECURED IS OUTSTANDING.

21 (ii) A PERSON THAT HOLDS AN AGRICULTURAL LIEN.

22 (iii) A CONSIGNOR.

23 (iv) A PERSON TO WHICH ACCOUNTS, CHATTEL PAPER, PAYMENT
24 INTANGIBLES, OR PROMISSORY NOTES HAVE BEEN SOLD.

25 (v) A TRUSTEE, INDENTURE TRUSTEE, AGENT, COLLATERAL AGENT,
26 OR OTHER REPRESENTATIVE IN WHOSE FAVOR A SECURITY INTEREST OR
27 AGRICULTURAL LIEN IS CREATED OR PROVIDED FOR.

1 (vi) A PERSON THAT HOLDS A SECURITY INTEREST ARISING UNDER
2 SECTION 2401, 2505, 2711(3), 2A508(5), 4210, OR 5118.

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

5 (YYY) "SEND", IN CONNECTION WITH A RECORD OR NOTIFICATION,
6 MEANS 1 OF THE FOLLOWING:

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

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

14 (ZZZ) "SOFTWARE" MEANS A COMPUTER PROGRAM AND ANY SUPPORTING
15 INFORMATION PROVIDED IN CONNECTION WITH A TRANSACTION RELATING TO
16 THE PROGRAM. THE TERM DOES NOT INCLUDE A COMPUTER PROGRAM THAT
17 IS INCLUDED IN THE DEFINITION OF GOODS.

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

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

1 (CCCC) "TANGIBLE CHATTEL PAPER" MEANS CHATTEL PAPER
 2 EVIDENCED BY A RECORD OR RECORDS CONSISTING OF INFORMATION THAT
 3 IS INSCRIBED ON A TANGIBLE MEDIUM.

4 (DDDD) "TERMINATION STATEMENT" MEANS AN AMENDMENT OF A
 5 FINANCING STATEMENT THAT IDENTIFIES, BY ITS FILE NUMBER, THE INI-
 6 TIAL FINANCING STATEMENT TO WHICH IT RELATES AND INDICATES EITHER
 7 THAT IT IS A TERMINATION STATEMENT OR THAT THE IDENTIFIED FINANC-
 8 ING STATEMENT IS NO LONGER EFFECTIVE.

9 (EEEE) "TRANSMITTING UTILITY" MEANS A PERSON PRIMARILY
 10 ENGAGED IN THE BUSINESS OF 1 OF THE FOLLOWING:

11 (i) OPERATING A RAILROAD, SUBWAY, STREET RAILWAY, OR TROLLEY
 12 BUS.

13 (ii) TRANSMITTING COMMUNICATIONS ELECTRICALLY, ELECTROMAG-
 14 NETICALLY, OR BY LIGHT.

15 (iii) TRANSMITTING GOODS BY PIPELINE OR SEWER.

16 (iv) TRANSMITTING OR PRODUCING AND TRANSMITTING ELECTRICITY,
 17 STEAM, GAS, OR WATER.

18 (2) THE FOLLOWING DEFINITIONS IN OTHER ARTICLES APPLY TO
 19 THIS ARTICLE:

20	"APPLICANT"	SECTION 5102
21	"BENEFICIARY"	SECTION 5102
22	"BROKER"	SECTION 8102
23	"CERTIFICATED SECURITY"	SECTION 8102
24	"CHECK"	SECTION 3104
25	"CLEARING CORPORATION"	SECTION 8102
26	"CONTRACT FOR SALE"	SECTION 2106

1	"CUSTOMER"	SECTION 4104
2	"ENTITLEMENT HOLDER"	SECTION 8102
3	"FINANCIAL ASSET"	SECTION 8102
4	"HOLDER IN DUE COURSE"	SECTION 3302
5	"ISSUER" (WITH RESPECT TO A LETTER	
6	OF CREDIT OR LETTER-OF-CREDIT RIGHT)	SECTION 5102
7	"ISSUER" (WITH RESPECT TO A	
8	SECURITY)	SECTION 8201
9	"LEASE"	SECTION 2A103
10	"LEASE AGREEMENT"	SECTION 2A103
11	"LEASE CONTRACT"	SECTION 2A103
12	"LEASEHOLD INTEREST"	SECTION 2A103
13	"LESSEE"	SECTION 2A103
14	"LESSEE IN ORDINARY COURSE OF	
15	BUSINESS"	SECTION 2A103
16	"LESSOR"	SECTION 2A103
17	"LESSOR'S RESIDUAL INTEREST"	SECTION 2A103
18	"LETTER OF CREDIT"	SECTION 5102
19	"MERCHANT"	SECTION 2104
20	"NEGOTIABLE INSTRUMENT"	SECTION 3104
21	"NOMINATED PERSON"	SECTION 5102
22	"NOTE"	SECTION 3104
23	"PROCEEDS OF A LETTER OF CREDIT"	SECTION 5114
24	"PROVE"	SECTION 3103
25	"SALE"	SECTION 2106
26	"SECURITIES ACCOUNT"	SECTION 8501

1	"SECURITIES INTERMEDIARY"	SECTION 8102
2	"SECURITY"	SECTION 8102
3	"SECURITY CERTIFICATE"	SECTION 8102
4	"SECURITY ENTITLEMENT"	SECTION 8102
5	"UNCERTIFICATED SECURITY"	SECTION 8102.

6 (3) ARTICLE 1 CONTAINS GENERAL DEFINITIONS AND PRINCIPLES OF
 7 CONSTRUCTION AND INTERPRETATION APPLICABLE THROUGHOUT THIS
 8 ARTICLE.

9 Sec. 9103. ~~(1) Documents, instruments, and ordinary~~
 10 ~~goods.~~

11 ~~(a) This subsection applies to documents, instruments,~~
 12 ~~rights to proceeds of written letters of credit, and goods other~~
 13 ~~than those covered by a certificate of title described in subsec-~~
 14 ~~tion (2), mobile goods described in subsection (3), and minerals~~
 15 ~~described in subsection (5).~~

16 ~~(b) Except as otherwise provided in this subsection, perfec-~~
 17 ~~tion and the effect of perfection or nonperfection of a security~~
 18 ~~interest in collateral are governed by the law of the jurisdic-~~
 19 ~~tion where the collateral is when the last event occurs on which~~
 20 ~~is based the assertion that the security interest is perfected or~~
 21 ~~unperfected.~~

22 ~~(c) If the parties to a transaction creating a purchase~~
 23 ~~money security interest in goods in 1 jurisdiction understand at~~
 24 ~~the time that the security interest attaches that the goods will~~
 25 ~~be kept in another jurisdiction, then the law of the other juris-~~
 26 ~~diction governs the perfection and the effect of perfection or~~
 27 ~~nonperfection of the security interest from the time it attaches~~

~~1 until 30 days after the debtor receives possession of the goods
2 and thereafter if the goods are taken to the other jurisdiction
3 before the end of the 30-day period.~~

~~4 (d) When collateral is brought into and kept in this state
5 while subject to a security interest perfected under the law of
6 the jurisdiction from which the collateral was removed, the
7 security interest remains perfected, but if action is required by
8 part 3 of this article to perfect the security interest:~~

~~9 (i) If the action is not taken before the expiration of the
10 period of perfection in the other jurisdiction or the end of 4
11 months after the collateral is brought into this state, whichever
12 period first expires, the security interest becomes unperfected
13 at the end of that period and is thereafter deemed to have been
14 unperfected as against a person who became a purchaser after
15 removal.~~

~~16 (ii) If the action is taken before the expiration of the
17 period specified in subparagraph (i), the security interest con=
18 tinues perfected thereafter.~~

~~19 (iii) For the purpose of priority over a buyer of consumer
20 goods, (section 9307(14)), the period of the effectiveness of a
21 filing in the jurisdiction from which the collateral is removed
22 is governed by the rules relating to perfection in subparagraphs
23 (i) and (ii).~~

~~24 (2) Certificate of title.~~

~~25 (a) This subsection applies to goods covered by a certifi=
26 cate of title issued under a statute of this state or of another
27 jurisdiction under the law of which indication of a security~~

1 ~~interest on the certificate is required as a condition of~~
2 ~~perfection.~~

3 ~~(b) Except as otherwise provided in this subsection, perfec-~~
4 ~~tion and the effect of perfection or nonperfection of the secur-~~
5 ~~ity interest are governed by the law (including the conflict of~~
6 ~~laws rules) of the jurisdiction issuing the certificate until 4~~
7 ~~months after the goods are removed from that jurisdiction and~~
8 ~~thereafter until the goods are registered in another jurisdic-~~
9 ~~tion, but in any event not beyond surrender of the certificate.~~
10 ~~After the expiration of that period, the goods are not covered by~~
11 ~~the certificate of title within the meaning of this section.~~

12 ~~(c) Except with respect to the rights of a buyer described~~
13 ~~in the next paragraph, a security interest, perfected in another~~
14 ~~jurisdiction otherwise than by notation on a certificate of~~
15 ~~title, in goods brought into this state and thereafter covered by~~
16 ~~a certificate of title issued by this state, is subject to the~~
17 ~~rules stated in paragraph (d) of subsection (1).~~

18 ~~(d) If goods are brought into this state while a security~~
19 ~~interest therein is perfected in any manner under the law of the~~
20 ~~jurisdiction from which the goods are removed and a certificate~~
21 ~~of title is issued by the state and the certificate does not show~~
22 ~~that the goods are subject to the security interest or that they~~
23 ~~may be subject to security interests not shown on the certifi-~~
24 ~~cate, the security interest is subordinate to the rights of a~~
25 ~~buyer of the goods who is not in the business of selling goods of~~
26 ~~that kind to the extent that he or she gives value and receives~~

1 ~~delivery of the goods after issuance of the certificate and~~
2 ~~without knowledge of the security interest.~~

3 ~~(3) Accounts, general intangibles, and mobile goods.~~

4 ~~(a) This subsection applies to accounts (other than an~~
5 ~~account described in subsection (5) on minerals) and general~~
6 ~~intangibles (other than uncertificated securities), and to goods~~
7 ~~which are mobile and which are of a type normally used in more~~
8 ~~than 1 jurisdiction, such as motor vehicles, trailers, rolling~~
9 ~~stock, airplanes, shipping containers, road building and con=~~
10 ~~struction machinery, and commercial harvesting machinery and the~~
11 ~~like, if the goods are equipment or are inventory leased or held~~
12 ~~for lease by the debtor to others, and are not covered by a cer=~~
13 ~~tificate of title described in subsection (2).~~

14 ~~(b) The law (including the conflict of laws rules) of the~~
15 ~~jurisdiction in which the debtor is located governs the perfec=~~
16 ~~tion and the effect of perfection or nonperfection of the secur=~~
17 ~~ity interest.~~

18 ~~(c) If, however, the debtor is located in a jurisdiction~~
19 ~~which is not a part of the United States, and which does not pro=~~
20 ~~vide for perfection of the security interest by filing or record=~~
21 ~~ing in that jurisdiction, the law of the jurisdiction in the~~
22 ~~United States in which the debtor has its major executive office~~
23 ~~in the United States governs the perfection and the effect of~~
24 ~~perfection or nonperfection of the security interest through~~
25 ~~filing. In the alternative, if the debtor is located in a juris=~~
26 ~~diction which is not a part of the United States or Canada and~~
27 ~~the collateral is accounts or general intangibles for money due~~

~~1 or to become due, the security interest may be perfected by
2 notification to the account debtor. As used in this paragraph,
3 "United States" includes its territories and possessions and the
4 commonwealth of Puerto Rico.~~

~~5 (d) A debtor shall be deemed located at his or her place of
6 business if he or she has one, at his or her chief executive
7 office if he or she has more than 1 place of business, otherwise
8 at his or her residence. If, however, the debtor is a foreign
9 air carrier under the federal aviation act of 1958, 49
10 U.S.C. 1301, it shall be deemed located at the designated office
11 of the agent upon whom service of process may be made on behalf
12 of the foreign air carrier.~~

~~13 (e) A security interest perfected under the law of the
14 jurisdiction of the location of the debtor is perfected until the
15 expiration of 4 months after a change of the debtor's location to
16 another jurisdiction, or until perfection would have ceased by
17 the law of the first jurisdiction, whichever period first
18 expires. Unless perfected in the new jurisdiction before the end
19 of that period, it becomes unperfected thereafter and is deemed
20 to have been unperfected as against a person who became a pur-
21 chaser after the change.~~

~~22 (4) Chattel paper.~~

~~23 The rules stated for goods in subsection (1) apply to a pos-
24 sessory security interest in chattel paper. The rules stated for
25 accounts in subsection (3) apply to a nonpossessory security
26 interest in chattel paper, but the security interest may not be
27 perfected by notification to the account debtor.~~

~~(5) Minerals.~~

~~Perfection and the effect of perfection or nonperfection of a security interest which is created by a debtor who has an interest in minerals or the like (including oil and gas) before extraction and which attaches thereto as extracted, or which attaches to an account resulting from the sale thereof at the wellhead or minehead are governed by the law (including the conflict of laws rules) of the jurisdiction where the wellhead or minehead is located.~~

~~(6) Investment property.~~

~~(a) This subsection applies to investment property.~~

~~(b) Except as otherwise provided in paragraph (f), during the time that a security certificate is located in a jurisdiction, perfection of a security interest, the effect of perfection or nonperfection, and the priority of a security interest in the certificated security represented thereby are governed by the local law of that jurisdiction.~~

~~(c) Except as otherwise provided in paragraph (f), perfection of a security interest, the effect of perfection or nonperfection, and the priority of a security interest in an uncertificated security are governed by the local law of the issuer's jurisdiction as specified in section 8110(4).~~

~~(d) Except as otherwise provided in paragraph (f), perfection of a security interest, the effect of perfection or nonperfection, and the priority of a security interest in a security entitlement or securities account are governed by the local law~~

1 of the securities intermediary's jurisdiction as specified in
2 section 8110(5).

3 ~~(e) Except as otherwise provided in paragraph (f), perfec-~~
4 ~~tion of a security interest, the effect of perfection or nonper-~~
5 ~~fection, and the priority of a security interest in a commodity~~
6 ~~contract or commodity account are governed by the local law of~~
7 ~~the commodity intermediary's jurisdiction. The following rules~~
8 ~~determine a "commodity intermediary's jurisdiction" for purposes~~
9 ~~of this paragraph:~~

10 ~~(i) If an agreement between the commodity intermediary and~~
11 ~~commodity customer specifies that it is governed by the law of a~~
12 ~~particular jurisdiction, that jurisdiction is the commodity~~
13 ~~intermediary's jurisdiction.~~

14 ~~(ii) If an agreement between the commodity intermediary and~~
15 ~~commodity customer does not specify the governing law as provided~~
16 ~~in subparagraph (i), but expressly specifies that the commodity~~
17 ~~account is maintained at an office in a particular jurisdiction,~~
18 ~~that jurisdiction is the commodity intermediary's jurisdiction.~~

19 ~~(iii) If an agreement between the commodity intermediary and~~
20 ~~commodity customer does not specify a jurisdiction as provided in~~
21 ~~subparagraph (i) or (ii), the commodity intermediary's jurisdic-~~
22 ~~tion is the jurisdiction in which is located the office identi-~~
23 ~~fied in an account statement as the office serving the commodity~~
24 ~~customer's account.~~

25 ~~(iv) If an agreement between the commodity intermediary and~~
26 ~~commodity customer does not specify a jurisdiction as provided in~~
27 ~~subparagraph (i) or (ii) and an account statement does not~~

~~1 identify an office serving the commodity customer's account as
2 provided in subparagraph (iii), the commodity intermediary's
3 jurisdiction is the jurisdiction in which is located the chief
4 executive office of the commodity intermediary.~~

~~5 (f) Perfection of a security interest by filing, automatic
6 perfection of a security interest in investment property granted
7 by a broker or securities intermediary, and automatic perfection
8 of a security interest in a commodity contract or commodity
9 account granted by a commodity intermediary are governed by the
10 local law of the jurisdiction in which the debtor is located.~~

11 (1) AS USED IN THIS SECTION:

12 (A) "PURCHASE-MONEY COLLATERAL" MEANS GOODS OR SOFTWARE THAT
13 SECURES A PURCHASE-MONEY OBLIGATION INCURRED WITH RESPECT TO THAT
14 COLLATERAL.

15 (B) "PURCHASE-MONEY OBLIGATION" MEANS AN OBLIGATION OF AN
16 OBLIGOR INCURRED AS ALL OR PART OF THE PRICE OF THE COLLATERAL OR
17 FOR VALUE GIVEN TO ENABLE THE DEBTOR TO ACQUIRE RIGHTS IN OR THE
18 USE OF THE COLLATERAL IF THE VALUE IS IN FACT SO USED.

19 (2) A SECURITY INTEREST IN GOODS IS A PURCHASE-MONEY SECUR-
20 ITY INTEREST TO THE FOLLOWING EXTENT, AS APPLICABLE:

21 (A) TO THE EXTENT THAT THE GOODS ARE PURCHASE-MONEY COLLAT-
22 ERAL WITH RESPECT TO THAT SECURITY INTEREST.

23 (B) IF THE SECURITY INTEREST IS IN INVENTORY THAT IS OR WAS
24 PURCHASE-MONEY COLLATERAL, ALSO TO THE EXTENT THAT THE SECURITY
25 INTEREST SECURES A PURCHASE-MONEY OBLIGATION INCURRED WITH
26 RESPECT TO OTHER INVENTORY IN WHICH THE SECURED PARTY HOLDS OR
27 HELD A PURCHASE-MONEY SECURITY INTEREST.

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

5 (3) A SECURITY INTEREST IN SOFTWARE IS A PURCHASE-MONEY
6 SECURITY INTEREST TO THE EXTENT THAT THE SECURITY INTEREST ALSO
7 SECURES A PURCHASE-MONEY OBLIGATION INCURRED WITH RESPECT TO
8 GOODS IN WHICH THE SECURED PARTY HOLDS OR HELD A PURCHASE-MONEY
9 SECURITY INTEREST IF THE DEBTOR ACQUIRED ITS INTEREST IN THE
10 SOFTWARE IN AN INTEGRATED TRANSACTION IN WHICH IT ACQUIRED AN
11 INTEREST IN THE GOODS, AND THE DEBTOR ACQUIRED ITS INTEREST IN
12 THE SOFTWARE FOR THE PRINCIPAL PURPOSE OF USING THE SOFTWARE IN
13 THE GOODS.

14 (4) THE SECURITY INTEREST OF A CONSIGNOR IN GOODS THAT ARE
15 THE SUBJECT OF A CONSIGNMENT IS A PURCHASE-MONEY SECURITY INTER-
16 EST IN INVENTORY.

17 (5) IN A TRANSACTION OTHER THAN A CONSUMER-GOODS TRANSAC-
18 TION, IF THE EXTENT TO WHICH A SECURITY INTEREST IS A
19 PURCHASE-MONEY SECURITY INTEREST DEPENDS ON THE APPLICATION OF A
20 PAYMENT TO A PARTICULAR OBLIGATION, THE PAYMENT MUST BE APPLIED
21 IN 1 OF THE FOLLOWING, AS APPLICABLE:

22 (A) IN ACCORDANCE WITH ANY REASONABLE METHOD OF APPLICATION
23 TO WHICH THE PARTIES AGREE.

24 (B) IN THE ABSENCE OF THE PARTIES' AGREEMENT TO A REASONABLE
25 METHOD, IN ACCORDANCE WITH ANY INTENTION OF THE OBLIGOR MANI-
26 FESTED AT OR BEFORE THE TIME OF PAYMENT.

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

4 (i) TO OBLIGATIONS THAT ARE NOT SECURED.

5 (ii) IF MORE THAN 1 OBLIGATION IS SECURED, TO OBLIGATIONS
6 SECURED BY PURCHASE-MONEY SECURITY INTERESTS IN THE ORDER IN
7 WHICH THOSE OBLIGATIONS WERE INCURRED.

8 (6) IN A TRANSACTION OTHER THAN A CONSUMER-GOODS TRANSAC-
9 TION, A PURCHASE-MONEY SECURITY INTEREST DOES NOT LOSE ITS STATUS
10 AS SUCH, EVEN IF THE PURCHASE-MONEY COLLATERAL ALSO SECURES AN
11 OBLIGATION THAT IS NOT A PURCHASE-MONEY OBLIGATION, COLLATERAL
12 THAT IS NOT PURCHASE-MONEY COLLATERAL ALSO SECURES THE
13 PURCHASE-MONEY OBLIGATION, OR THE PURCHASE-MONEY OBLIGATION HAS
14 BEEN RENEWED, REFINANCED, CONSOLIDATED, OR RESTRUCTURED.

15 (7) IN A TRANSACTION OTHER THAN A CONSUMER-GOODS TRANSAC-
16 TION, A SECURED PARTY CLAIMING A PURCHASE-MONEY SECURITY INTEREST
17 HAS THE BURDEN OF ESTABLISHING THE EXTENT TO WHICH THE SECURITY
18 INTEREST IS A PURCHASE-MONEY SECURITY INTEREST.

19 (8) THE LIMITATION OF THE RULES IN SUBSECTIONS (5), (6), AND
20 (7) TO TRANSACTIONS OTHER THAN CONSUMER-GOODS TRANSACTIONS IS
21 INTENDED TO LEAVE TO THE COURT THE DETERMINATION OF THE PROPER
22 RULES IN CONSUMER-GOODS TRANSACTIONS. THE COURT MAY NOT INFER
23 FROM THAT LIMITATION THE NATURE OF THE PROPER RULE IN
24 CONSUMER-GOODS TRANSACTIONS AND MAY CONTINUE TO APPLY ESTABLISHED
25 APPROACHES.

1 SEC. 9103A. (1) A SECURITY INTEREST IN CROPS IS A
2 PRODUCTION-MONEY SECURITY INTEREST TO THE EXTENT THAT THE CROPS
3 ARE PRODUCTION-MONEY CROPS.

4 (2) IF THE EXTENT TO WHICH A SECURITY INTEREST IS A
5 PRODUCTION-MONEY SECURITY INTEREST DEPENDS ON THE APPLICATION OF
6 A PAYMENT TO A PARTICULAR OBLIGATION, THE PAYMENT MUST BE APPLIED
7 IN 1 OF THE FOLLOWING, AS APPLICABLE:

8 (A) IN ACCORDANCE WITH ANY REASONABLE METHOD OF APPLICATION
9 TO WHICH THE PARTIES AGREE.

10 (B) IN THE ABSENCE OF THE PARTIES' AGREEMENT TO A REASONABLE
11 METHOD, IN ACCORDANCE WITH ANY INTENTION OF THE OBLIGOR MANI-
12 FESTED AT OR BEFORE THE TIME OF PAYMENT.

13 (C) IN THE ABSENCE OF AN AGREEMENT TO A REASONABLE METHOD
14 AND A TIMELY MANIFESTATION OF THE OBLIGOR'S INTENTION, IN THE
15 FOLLOWING ORDER:

16 (i) TO OBLIGATIONS THAT ARE NOT SECURED.

17 (ii) IF MORE THAN 1 OBLIGATION IS SECURED, TO OBLIGATIONS
18 SECURED BY PRODUCTION-MONEY SECURITY INTERESTS IN THE ORDER IN
19 WHICH THOSE OBLIGATIONS WERE INCURRED.

20 (3) A PRODUCTION-MONEY SECURITY INTEREST DOES NOT LOSE ITS
21 STATUS AS SUCH, EVEN IF 1 OR MORE OF THE FOLLOWING APPLY:

22 (A) THE PRODUCTION-MONEY CROPS ALSO SECURE AN OBLIGATION
23 THAT IS NOT A PRODUCTION-MONEY OBLIGATION.

24 (B) COLLATERAL THAT IS NOT PRODUCTION-MONEY CROPS ALSO
25 SECURES THE PRODUCTION-MONEY OBLIGATION.

26 (C) THE PRODUCTION-MONEY OBLIGATION HAS BEEN RENEWED,
27 REFINANCED, OR RESTRUCTURED.

(4) A SECURED PARTY CLAIMING A PRODUCTION-MONEY SECURITY INTEREST HAS THE BURDEN OF ESTABLISHING THE EXTENT TO WHICH THE SECURITY INTEREST IS A PRODUCTION-MONEY SECURITY INTEREST.

Sec. 9104. ~~This article does not apply:~~

~~(a) To a security interest subject to any statute of the United States to the extent that such statute governs the rights of parties to and third parties affected by transactions in particular types of property; or~~

~~(b) To a landlord's lien; or~~

~~(c) To a lien given by a statute or other rule of law for services or materials except as provided in section 9310 on priority of such liens; or~~

~~(d) To a transfer of a claim for wages, salary, or other compensation of an employee; or~~

~~(e) To a transfer by a government or governmental subdivision or agency; or~~

~~(f) To a sale of accounts or chattel paper as part of a sale of the business out of which they arose, or an assignment of accounts or chattel paper which is for the purpose of collection only, or a transfer of a right to payment under a contract to an assignee who is also to do the performance under the contract or a transfer of a single account to an assignee in whole or partial satisfaction of a preexisting indebtedness; or~~

~~(g) To a transfer of an interest or claim in or under any policy of insurance except as provided with respect to proceeds (section 9306) and priorities in proceeds (section 9312); or~~

~~(h) To a right represented by a judgment, (other than a judgment taken on a right to payment which was collateral); or~~

~~(i) To any right of setoff; or~~

~~(j) Except to the extent that provision is made for fixtures in section 9313, to the creation or transfer of an interest in or lien on real estate, including a lease or rents thereunder; or~~

~~(k) To a transfer in whole or in part of any claim arising out of tort; or~~

~~(l) To a transfer of an interest in any deposit account (section 9105(1)), except as provided with respect to proceeds (section 9306) and priorities in proceeds (section 9312).~~

~~(m) To a transfer of an interest in a letter of credit other than the rights to proceeds of a written letter of credit.~~

(1) A SECURED PARTY HAS CONTROL OF A DEPOSIT ACCOUNT IF 1 OR MORE OF THE FOLLOWING APPLY:

(A) THE SECURED PARTY IS THE BANK WITH WHICH THE DEPOSIT ACCOUNT IS MAINTAINED.

(B) THE DEBTOR, SECURED PARTY, AND BANK HAVE AGREED IN AN AUTHENTICATED RECORD THAT THE BANK WILL COMPLY WITH INSTRUCTIONS ORIGINATED BY THE SECURED PARTY DIRECTING DISPOSITION OF THE FUNDS IN THE ACCOUNT WITHOUT FURTHER CONSENT BY THE DEBTOR.

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

(2) A SECURED PARTY THAT HAS SATISFIED SUBSECTION (1) HAS CONTROL, EVEN IF THE DEBTOR RETAINS THE RIGHT TO DIRECT THE DISPOSITION OF FUNDS FROM THE DEPOSIT ACCOUNT.

1 Sec. 9105. ~~-(1) As used in this article unless the context~~
2 ~~otherwise requires:~~

3 ~~(a) "Account debtor" means the person who is obligated on an~~
4 ~~account, chattel paper, or general intangible.~~

5 ~~(b) "Chattel paper" means a writing or writings which evi-~~
6 ~~dence both a monetary obligation and a security interest in or a~~
7 ~~lease of specific goods, but a charter or other contract involv-~~
8 ~~ing the use or hire of a vessel is not chattel paper. When a~~
9 ~~transaction is evidenced both by such a security agreement or a~~
10 ~~lease and by an instrument or a series of instruments, the group~~
11 ~~of writings taken together constitutes chattel paper.~~

12 ~~(c) "Collateral" means the property subject to a security~~
13 ~~interest, and includes accounts and chattel paper which have been~~
14 ~~sold.~~

15 ~~(d) "Debtor" means the person who owes payment or other per-~~
16 ~~formance of the obligation secured, whether or not he or she owns~~
17 ~~or has rights in the collateral, and includes the seller of~~
18 ~~accounts or chattel paper. Where the debtor and the owner of the~~
19 ~~collateral are not the same person, the term "debtor" means the~~
20 ~~owner of the collateral in any provision of the article dealing~~
21 ~~with the collateral, the obligor in any provision dealing with~~
22 ~~the obligation, and may include both where the context so~~
23 ~~requires.~~

24 ~~(e) "Deposit account" means a demand, time, savings, pass-~~
25 ~~book, or like account maintained with a bank, savings and loan~~
26 ~~association, credit union, or like organization, other than an~~
27 ~~account evidenced by a certificate of deposit.~~

1 ~~(f) "Document" means document of title as defined in the~~
2 ~~general definitions of article 1, section 1201 and a receipt of~~
3 ~~the kind described in section 7201(2).~~

4 ~~(g) "Encumbrance" includes real estate mortgages and other~~
5 ~~liens on real estate and all other rights in real estate that are~~
6 ~~not ownership interests.~~

7 ~~(h) "Goods" includes all things which are movable at the~~
8 ~~time the security interest attaches or which are fixtures as~~
9 ~~described in section 9313, but does not include money, documents,~~
10 ~~instruments, investment property, accounts, chattel paper, gen-~~
11 ~~eral intangibles, or minerals or the like including, but not~~
12 ~~limited to, oil and gas before extraction. Goods also include~~
13 ~~standing timber which is to be cut and removed under a conveyance~~
14 ~~or contract for sale, the unborn young of animals, and growing~~
15 ~~crops.~~

16 ~~(i) "Instrument" means a negotiable instrument as defined in~~
17 ~~section 3104 or any other writing which evidences a right to the~~
18 ~~payment of money and is not itself a security agreement or lease~~
19 ~~and is of a type which is in ordinary course of business trans-~~
20 ~~ferred by delivery with any necessary indorsement or assignment.~~
21 ~~The term does not include investment property.~~

22 ~~(j) "Mortgage" means a consensual interest created by a real~~
23 ~~estate mortgage, a trust deed on real estate, or the like.~~

24 ~~(k) An advance is made "pursuant to commitment" if the~~
25 ~~secured party has bound himself or herself to make it, whether or~~
26 ~~not a subsequent event of default or other event not within his~~

1 or her control has relieved or may relieve him or her from his or
2 her obligation.

3 ~~(l) "Security agreement" means an agreement which creates or~~
4 ~~provides for a security interest.~~

5 ~~(m) "Secured party" means a lender, seller, or other person~~
6 ~~in whose favor there is a security interest, including a person~~
7 ~~to whom accounts or chattel paper have been sold. When the hold=~~
8 ~~ers of obligations issued under an indenture of trust, equipment~~
9 ~~trust agreement, or the like are represented by a trustee or~~
10 ~~other person, the representative is the secured party.~~

11 ~~(n) "Tax identification number" means a social security~~
12 ~~number or federal employer tax identification number.~~

13 ~~(o) "Transmitting utility" means any person primarily~~
14 ~~engaged in the railroad, street railway, or trolley bus business,~~
15 ~~the electric or electronics communications transmission business,~~
16 ~~the transmission of goods by pipeline, or the transmission or the~~
17 ~~production and transmission of electricity, steam, gas or water,~~
18 ~~or the provision of sewer service.~~

19 ~~(2) Other definitions applying to this article and the sec=~~
20 ~~tions in which they appear are:~~

21 ~~"Account". _____ Section 9106.~~

22 ~~"Attach". _____ Section 9203.~~

23 ~~"Commodity contract". _____ Section 9115.~~

24 ~~"Commodity customer". _____ Section 9115.~~

25 ~~"Commodity intermediary". _____ Section 9115.~~

1	"Construction mortgage".	Section 9313(1).
2	"Consumer goods".	Section 9109(1).
3	"Control".	Section 9115.
4	"Equipment".	Section 9109(2).
5	"Farm products".	Section 9109(3).
6	"Fixture".	Section 9313.
7	"Fixture filing".	Section 9313.
8	"General intangibles".	Section 9106.
9	"Inventory".	Section 9109(4).
10	"Investment property".	Section 9115.
11	"Lien creditor".	Section 9301(3).
12	"Proceeds".	Section 9306(1).
13	"Purchase money security interest".	Section 9107.
14	"United States".	Section 9103.
15	(3) The following definitions in other articles apply to	
16	this article:	
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	"Control".	Section 8102.
23	"Delivery".	Section 8102.
24	"Entitlement holder".	Section 8102.
25	"Financial asset".	Section 8102.

~~"Holder in due course".~~ Section 3302.

~~"Letter of credit".~~ ~~Section 5102.~~

~~"Note".~~ ~~Section 3104.~~

~~"Proceeds of a letter of credit". Section 5114.~~

~~"Sale".~~ ~~Section 2106.~~

~~"Security intermediary". Section 8102.~~

"Security". Section 8102.

~~"Security certificate". Section 8102.~~

~~"Security entitlement".~~ ~~Section 8102.~~

~~"Uncertificated security". Section 8102.~~

~~(4) In addition article 1 contains general definitions and~~

~~principles of construction and interpretation applicable through=~~

~~out this article.~~ A SECURED PARTY HAS CONTROL OF ELECTRONIC

CHATTEL PAPER IF THE RECORD OR RECORDS COMPRISING THE CHATTEL

PAPER ARE CREATED, STORED, AND ASSIGNED IN SUCH A MANNER THAT ALL

OF THE FOLLOWING APPLY:

(A) A SINGLE AUTHORITATIVE COPY OF THE RECORD OR RECORDS

EXISTS WHICH IS UNIQUE, IDENTIFIABLE, AND, EXCEPT AS OTHERWISE

PROVIDED IN SUBDIVISIONS (D), (E), AND (F), UNALTERABLE.

(B) THE AUTHORITATIVE COPY IDENTIFIES THE SECURED PARTY AS

THE ASSIGNEE OF THE RECORD OR RECORDS.

(C) THE AUTHORITATIVE COPY IS COMMUNICATED TO AND MAINTAINED

BY THE SECURED PARTY OR ITS DESIGNATED CUSTODIAN.

(D) COPIES OR REVISIONS THAT ADD OR CHANGE AN IDENTIFIED

ASSIGNEE OF THE AUTHORITATIVE COPY CAN BE MADE ONLY WITH THE PAR-

TICIPATION OF THE SECURED PARTY.

1 (E) EACH COPY OF THE AUTHORITATIVE COPY AND ANY COPY OF A
2 COPY IS READILY IDENTIFIABLE AS A COPY THAT IS NOT THE
3 AUTHORITATIVE COPY.

4 (F) ANY REVISION OF THE AUTHORITATIVE COPY IS READILY IDEN-
5 TIFIABLE AS AN AUTHORIZED OR UNAUTHORIZED REVISION.

6 Sec. 9106. ~~"Account" means any right to payment for goods~~
7 ~~sold or leased or for services rendered which is not evidenced by~~
8 ~~an instrument or chattel paper whether or not it has been earned~~
9 ~~by performance. "General intangibles" means any personal prop-~~
10 ~~erty (including things in action) other than goods, accounts,~~
11 ~~chattel paper, documents, instruments, investment property,~~
12 ~~rights to proceeds of written letters of credit, and money. All~~
13 ~~rights to payment earned or unearned under a charter or other~~
14 ~~contract involving the use or hire of a vessel and all rights~~
15 ~~incident to the charter or contract are accounts.~~

16 (1) A PERSON HAS CONTROL OF A CERTIFICATED SECURITY, UNCER-
17 TIFICATED SECURITY, OR SECURITY ENTITLEMENT AS PROVIDED IN SEC-
18 TION 8106.

19 (2) A SECURED PARTY HAS CONTROL OF A COMMODITY CONTRACT IF
20 EITHER OF THE FOLLOWING IS MET:

21 (A) THE SECURED PARTY IS THE COMMODITY INTERMEDIARY WITH
22 WHICH THE COMMODITY CONTRACT IS CARRIED.

23 (B) THE COMMODITY CUSTOMER, SECURED PARTY, AND COMMODITY
24 INTERMEDIARY HAVE AGREED THAT THE COMMODITY INTERMEDIARY WILL
25 APPLY ANY VALUE DISTRIBUTED ON ACCOUNT OF THE COMMODITY CONTRACT
26 AS DIRECTED BY THE SECURED PARTY WITHOUT FURTHER CONSENT BY THE
27 COMMODITY CUSTOMER.

1 (3) A SECURED PARTY HAVING CONTROL OF ALL SECURITY
2 ENTITLEMENTS OR COMMODITY CONTRACTS CARRIED IN A SECURITIES
3 ACCOUNT OR COMMODITY ACCOUNT HAS CONTROL OVER THE SECURITIES
4 ACCOUNT OR COMMODITY ACCOUNT.

5 Sec. 9107. ~~A security interest is a "purchase money secur-~~
6 ~~ity interest" to the extent that it is~~

7 ~~(a) taken or retained by the seller of the collateral to~~
8 ~~secure all or part of its price; or~~

9 ~~(b) taken by a person who by making advances or incurring an~~
10 ~~obligation gives value to enable the debtor to acquire rights in~~
11 ~~or the use of collateral if such value is in fact so used. A~~
12 SECURED PARTY HAS CONTROL OF A LETTER-OF-CREDIT RIGHT TO THE
13 EXTENT OF ANY RIGHT TO PAYMENT OR PERFORMANCE BY THE ISSUER OR
14 ANY NOMINATED PERSON IF THE ISSUER OR NOMINATED PERSON HAS CON-
15 SENTED TO AN ASSIGNMENT OF PROCEEDS OF THE LETTER OF CREDIT UNDER
16 SECTION 5114(3) OR OTHERWISE APPLICABLE LAW OR PRACTICE.

17 Sec. 9108. ~~Where a secured party makes an advance, incurs~~
18 ~~an obligation, releases a perfected security interest, or other-~~
19 ~~wise gives new value which is to be secured in whole or in part~~
20 ~~by after-acquired property his security interest in the~~
21 ~~after-acquired collateral shall be deemed to be taken for a new~~
22 ~~value and not as security for an antecedent debt if the debtor~~
23 ~~acquires his rights in such collateral either in the ordinary~~
24 ~~course of his business or under a contract of purchase made pur-~~
25 ~~suant to the security agreement within a reasonable time after~~
26 ~~new value is given.~~

1 (1) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTIONS (3), (4),
2 AND (5), A DESCRIPTION OF PERSONAL OR REAL PROPERTY IS
3 SUFFICIENT, WHETHER OR NOT IT IS SPECIFIC, IF IT REASONABLY IDENTIFIES
4 WHAT IS DESCRIBED.

5 (2) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (4), A
6 DESCRIPTION OF COLLATERAL REASONABLY IDENTIFIES THE COLLATERAL IF
7 IT IDENTIFIES THE COLLATERAL BY 1 OR MORE OF THE FOLLOWING:

8 (A) SPECIFIC LISTING.

9 (B) CATEGORY.

10 (C) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (5), A TYPE
11 OF COLLATERAL DEFINED IN THE UNIFORM COMMERCIAL CODE.

12 (D) QUANTITY.

13 (E) COMPUTATIONAL OR ALLOCATIONAL FORMULA OR PROCEDURE.

14 (F) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (3), ANY
15 OTHER METHOD, IF THE IDENTITY OF THE COLLATERAL IS OBJECTIVELY
16 DETERMINABLE.

17 (3) A DESCRIPTION OF COLLATERAL AS "ALL THE DEBTOR'S ASSETS"
18 OR "ALL THE DEBTOR'S PERSONAL PROPERTY" OR USING WORDS OF SIMILAR
19 IMPORT DOES NOT REASONABLY IDENTIFY THE COLLATERAL.

20 (4) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (5), A
21 DESCRIPTION OF A SECURITY ENTITLEMENT, SECURITIES ACCOUNT, OR
22 COMMODITY ACCOUNT IS SUFFICIENT IF IT DESCRIBES 1 OR MORE OF THE
23 FOLLOWING:

24 (A) THE COLLATERAL BY THE TERM SECURITY ENTITLEMENT, SECURITIES
25 ACCOUNT, OR COMMODITY ACCOUNT, OR AS INVESTMENT PROPERTY.

26 (B) THE UNDERLYING FINANCIAL ASSET OR COMMODITY CONTRACT.

1 (5) A DESCRIPTION ONLY BY TYPE OF COLLATERAL DEFINED IN THE
2 UNIFORM COMMERCIAL CODE IS AN INSUFFICIENT DESCRIPTION OF EITHER
3 OF THE FOLLOWING:

4 (A) A COMMERCIAL TORT CLAIM.

5 (B) IN A CONSUMER TRANSACTION, CONSUMER GOODS, A SECURITY
6 ENTITLEMENT, A SECURITIES ACCOUNT, OR A COMMODITY ACCOUNT.

7 SUBPART 2. APPLICABILITY OF ARTICLE

8 Sec. 9109. ~~Goods are~~

9 ~~(1) "consumer goods" if they are used or bought for use pri-~~
10 ~~marily for personal, family or household purposes;~~

11 ~~(2) "equipment" if they are used or bought for use primarily~~
12 ~~in business (including farming or a profession) or by a debtor~~
13 ~~who is a nonprofit organization or a governmental subdivision or~~
14 ~~agency or if the goods are not included in the definitions of~~
15 ~~inventory, farm products or consumer goods;~~

16 ~~(3) "farm products" if they are crops or livestock or sup-~~
17 ~~plies used or produced in farming operations or if they are pro-~~
18 ~~ducts of crops or livestock in their unmanufactured states (such~~
19 ~~as ginned cotton, wool-clip, maple syrup, milk and eggs), and if~~
20 ~~they are in the possession of a debtor engaged in raising, fat-~~
21 ~~tening, grazing or other farming operations. If goods are farm~~
22 ~~products they are neither equipment nor inventory;~~

23 ~~(4) "inventory" if they are held by a person who holds them~~
24 ~~for sale or lease or to be furnished under contracts of service~~
25 ~~or if he has so furnished them, or if they are raw materials,~~
26 ~~work in process or materials used or consumed in a business.~~
27 ~~Inventory of a person is not to be classified as his equipment.~~

1 (1) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTIONS (3) AND (4),
2 THIS ARTICLE APPLIES TO ALL OF THE FOLLOWING:

3 (A) A TRANSACTION, REGARDLESS OF ITS FORM, THAT CREATES A
4 SECURITY INTEREST IN PERSONAL PROPERTY OR FIXTURES BY CONTRACT.

5 (B) AN AGRICULTURAL LIEN.

6 (C) A SALE OF ACCOUNTS, CHATTEL PAPER, PAYMENT INTANGIBLES,
7 OR PROMISSORY NOTES.

8 (D) A CONSIGNMENT.

9 (E) A SECURITY INTEREST ARISING UNDER SECTION 2401, 2505,
10 2711(3), OR 2A508(5), AS PROVIDED IN SECTION 9110.

11 (F) A SECURITY INTEREST ARISING UNDER SECTION 4210 OR 5118.

12 (2) THE APPLICATION OF THIS ARTICLE TO A SECURITY INTEREST
13 IN A SECURED OBLIGATION IS NOT AFFECTED BY THE FACT THAT THE
14 OBLIGATION IS ITSELF SECURED BY A TRANSACTION OR INTEREST TO
15 WHICH THIS ARTICLE DOES NOT APPLY.

16 (3) THIS ARTICLE DOES NOT APPLY TO THE EXTENT THAT 1 OR MORE
17 OF THE FOLLOWING APPLY:

18 (A) A STATUTE, REGULATION, OR TREATY OF THE UNITED STATES
19 PREEMPTS THIS ARTICLE.

20 (B) ANOTHER STATUTE OF THIS STATE EXPRESSLY GOVERNS THE CRE-
21 ATION, PERFECTION, PRIORITY, OR ENFORCEMENT OF A SECURITY INTER-
22 EST CREATED BY THIS STATE OR A GOVERNMENTAL UNIT OF THIS STATE.

23 (C) A STATUTE OF ANOTHER STATE, A FOREIGN COUNTRY, OR A GOV-
24 ERNMENTAL UNIT OF ANOTHER STATE OR FOREIGN COUNTRY, OTHER THAN A
25 STATUTE GENERALLY APPLICABLE TO SECURITY INTERESTS, EXPRESSLY
26 GOVERNS CREATION, PERFECTION, PRIORITY, OR ENFORCEMENT OF A

1 SECURITY INTEREST CREATED BY THAT STATE, COUNTRY, OR GOVERNMENTAL
2 UNIT.

3 (D) THE RIGHTS OF A TRANSFEREE BENEFICIARY OR NOMINATED
4 PERSON UNDER A LETTER OF CREDIT ARE INDEPENDENT AND SUPERIOR
5 UNDER SECTION 5114.

6 (4) THIS ARTICLE DOES NOT APPLY TO ANY OF THE FOLLOWING:

7 (A) A LANDLORD'S LIEN, OTHER THAN AN AGRICULTURAL LIEN.

8 (B) A LIEN, OTHER THAN AN AGRICULTURAL LIEN, GIVEN BY STAT-
9 UTE OR OTHER RULE OF LAW FOR SERVICES OR MATERIALS, BUT SECTION
10 9333 APPLIES WITH RESPECT TO PRIORITY OF THE LIEN.

11 (C) AN ASSIGNMENT OF A CLAIM FOR WAGES, SALARY, OR OTHER
12 COMPENSATION OF AN EMPLOYEE.

13 (D) A SALE OF ACCOUNTS, CHATTEL PAPER, PAYMENT INTANGIBLES,
14 OR PROMISSORY NOTES AS PART OF A SALE OF THE BUSINESS OUT OF
15 WHICH THEY AROSE.

16 (E) AN ASSIGNMENT OF ACCOUNTS, CHATTEL PAPER, PAYMENT INTAN-
17 GIBLES, OR PROMISSORY NOTES THAT IS FOR THE PURPOSE OF COLLECTION
18 ONLY.

19 (F) AN ASSIGNMENT OF A RIGHT TO PAYMENT UNDER A CONTRACT TO
20 AN ASSIGNEE THAT IS ALSO OBLIGATED TO PERFORM UNDER THE
21 CONTRACT.

22 (G) AN ASSIGNMENT OF A SINGLE ACCOUNT, PAYMENT INTANGIBLE,
23 OR PROMISSORY NOTE TO AN ASSIGNEE IN FULL OR PARTIAL SATISFACTION
24 OF A PREEXISTING INDEBTEDNESS.

25 (H) A TRANSFER OF AN INTEREST IN OR AN ASSIGNMENT OF A CLAIM
26 UNDER A POLICY OF INSURANCE, OTHER THAN AN ASSIGNMENT BY OR TO A
27 HEALTH-CARE PROVIDER OF A HEALTH-CARE-INSURANCE RECEIVABLE AND

1 ANY SUBSEQUENT ASSIGNMENT OF THE RIGHT TO PAYMENT, BUT SECTIONS
2 9315 AND 9322 APPLY WITH RESPECT TO PROCEEDS AND PRIORITIES IN
3 PROCEEDS.

4 (I) AN ASSIGNMENT OF A RIGHT REPRESENTED BY A JUDGMENT,
5 OTHER THAN A JUDGMENT TAKEN ON A RIGHT TO PAYMENT THAT WAS
6 COLLATERAL.

7 (J) A RIGHT OF RECOUPMENT OF SET-OFF, BUT SECTION 9340
8 APPLIES WITH RESPECT TO THE EFFECTIVENESS OF RIGHTS OF RECOUPMENT
9 OR SET-OFF AGAINST DEPOSIT ACCOUNTS AND SECTION 9404 APPLIES WITH
10 RESPECT TO DEFENSES OR CLAIMS OF AN ACCOUNT DEBTOR.

11 (K) THE CREATION OR TRANSFER OF AN INTEREST IN OR LIEN ON
12 REAL PROPERTY, INCLUDING A LEASE OR RENTS THEREUNDER, EXCEPT TO
13 THE EXTENT THAT PROVISION IS MADE FOR 1 OR MORE OF THE
14 FOLLOWING:

15 (i) LIENS ON REAL PROPERTY IN SECTIONS 9203 AND 9308.

16 (ii) FIXTURES IN SECTION 9334.

17 (iii) FIXTURE FILINGS IN SECTIONS 9501, 9502, 9512, 9516,
18 AND 9519.

19 (iv) SECURITY AGREEMENTS COVERING PERSONAL AND REAL PROPERTY
20 IN SECTION 9604.

21 (l) AN ASSIGNMENT OF A CLAIM ARISING IN TORT, OTHER THAN A
22 COMMERCIAL TORT CLAIM, BUT SECTIONS 9315 AND 9322 APPLY WITH
23 RESPECT TO PROCEEDS AND PRIORITIES IN PROCEEDS.

24 (M) AN ASSIGNMENT OF A DEPOSIT ACCOUNT IN A CONSUMER TRANS-
25 ACTION, BUT SECTIONS 9315 AND 9322 APPLY WITH RESPECT TO PROCEEDS
26 AND PRIORITIES IN PROCEEDS.

1 Sec. 9110. ~~For the purposes of this article any~~
2 ~~description of personal property or real estate is sufficient~~
3 ~~whether or not it is specific if it reasonably identifies what is~~
4 ~~described.~~ A SECURITY INTEREST ARISING UNDER SECTION 2401, 2505,
5 2711(3), OR 2A508(5) IS SUBJECT TO THIS ARTICLE. HOWEVER, UNTIL
6 THE DEBTOR OBTAINS POSSESSION OF THE GOODS, ALL OF THE FOLLOWING
7 APPLY:

8 (A) THE SECURITY INTEREST IS ENFORCEABLE, EVEN IF SECTION
9 9203(2)(C) HAS NOT BEEN SATISFIED.

10 (B) FILING IS NOT REQUIRED TO PERFECT THE SECURITY
11 INTEREST.

12 (C) THE RIGHTS OF THE SECURED PARTY AFTER DEFAULT BY THE
13 DEBTOR ARE GOVERNED BY ARTICLE 2 OR 2A.

14 (D) THE SECURITY INTEREST HAS PRIORITY OVER A CONFLICTING
15 SECURITY INTEREST CREATED BY THE DEBTOR.

16 PART 2

17 ~~VALIDITY OF SECURITY AGREEMENT AND~~ EFFECTIVENESS OF SECURITY
18 AGREEMENT; ATTACHMENT OF SECURITY INTEREST;
19 RIGHTS OF PARTIES ~~THERE TO~~ TO SECURITY AGREEMENT

20 SUBPART 1. EFFECTIVENESS AND ATTACHMENT

~~Sec. 9201. Except as otherwise provided by this act a security agreement is effective according to its terms between the parties, against purchasers of the collateral and against creditors. Nothing in this article validates any charge or practice illegal under any statute or regulation thereunder governing usury, small loans, retail installment sales, or the like, or~~

~~1 extends the application of any such statute or regulation to any
2 transaction not otherwise subject thereto.~~

3 (1) EXCEPT AS OTHERWISE PROVIDED IN THIS ACT, A SECURITY
4 AGREEMENT IS EFFECTIVE ACCORDING TO ITS TERMS BETWEEN THE PAR-
5 TIES, AGAINST PURCHASERS OF THE COLLATERAL, AND AGAINST
6 CREDITORS.

7 (2) A TRANSACTION SUBJECT TO THIS ARTICLE IS SUBJECT TO ANY
8 APPLICABLE RULE OF LAW THAT ESTABLISHES A DIFFERENT RULE FOR CON-
9 SUMERS AND TO EACH OF THE FOLLOWING, AS APPLICABLE:

10 (A) THE REGULATORY LOAN ACT OF 1963, 1939 PA 21, MCL 493.1
11 TO 493.26.

12 (B) 1939 PA 305, MCL 566.301 TO 566.302.

13 (C) THE MOTOR VEHICLE SALES FINANCE ACT, 1950 (EX SESS)
14 PA 27, MCL 492.101 TO 492.141.

15 (D) THE MOBILE HOME COMMISSION ACT, 1987 PA 96, MCL 125.2301
16 TO 125.2349.

17 (E) THE MICHIGAN VEHICLE CODE, 1949 PA 300, MCL 257.1 TO
18 257.923.

19 (F) 1978 PA 387, MCL 257.931 TO 257.937.

20 (G) 1986 PA 87, MCL 257.1401 TO 257.1410.

21 (H) THE GRAIN DEALERS ACT, 1939 PA 141, MCL 285.61 TO
22 285.82A.

23 (I) THE MICHIGAN FAMILY FARM DEVELOPMENT ACT, 1982 PA 220,
24 MCL 285.251 TO 285.279.

25 (J) THE NATURAL RESOURCES AND ENVIRONMENTAL PROTECTION ACT,
26 1994 PA 451, MCL 324.101 TO 324.90106.

1 (K) 1982 PA 459, MCL 325.851 TO 325.858.

2 (L) 1970 PA 90, MCL 442.311 TO 442.315.

3 (M) 1971 PA 227, MCL 445.111 TO 445.117.

4 (N) THE RETAIL INSTALLMENT SALES ACT, 1966 PA 224,
5 MCL 445.851 TO 445.873.

6 (O) THE MICHIGAN CONSUMER PROTECTION ACT, 1976 PA 331,
7 MCL 445.901 TO 445.922.

8 (P) THE HOME IMPROVEMENT FINANCE ACT, 1965 PA 332,
9 MCL 445.1102 TO 445.1431.

10 (Q) 1941 PA 338, MCL 566.1.

11 (R) THE GARAGE KEEPER'S LIEN ACT, 1915 PA 312, MCL 570.301
12 TO 570.309.

13 (3) IN CASE OF CONFLICT BETWEEN THIS ARTICLE AND A RULE OF
14 LAW, STATUTE, OR REGULATION DESCRIBED IN SUBSECTION (2), THE RULE
15 OF LAW, STATUTE, OR REGULATION CONTROLS. FAILURE TO COMPLY WITH
16 A STATUTE OR REGULATION DESCRIBED IN SUBSECTION (2) HAS ONLY THE
17 EFFECT THE STATUTE OR REGULATION SPECIFIES.

18 (4) THIS ARTICLE DOES NOT VALIDATE ANY RATE, CHARGE, AGREE-
19 MENT, OR PRACTICE THAT VIOLATES A RULE OF LAW, STATUTE, OR REGU-
20 LATION DESCRIBED IN SUBSECTION (2), OR EXTEND THE APPLICATION OF
21 THE RULE OF LAW, STATUTE, OR REGULATION TO A TRANSACTION NOT OTH-
22 ERWISE SUBJECT TO IT.

23 Sec. 9202. ~~Each provision of this article with regard to~~
24 ~~rights, obligations and remedies applies whether title to collat-~~
25 ~~eral is in the secured party or in the debtor.~~ EXCEPT AS OTHER-
26 WISE PROVIDED WITH RESPECT TO CONSIGNMENTS OR SALES OF ACCOUNTS,
27 CHATTEL PAPER, PAYMENT INTANGIBLES, OR PROMISSORY NOTES, THE

1 PROVISIONS OF THIS ARTICLE WITH REGARD TO RIGHTS AND OBLIGATIONS
2 APPLY WHETHER TITLE TO COLLATERAL IS IN THE SECURED PARTY OR THE
3 DEBTOR.

4 Sec. 9203. ~~-(1) Subject to section 4208 on the security~~
5 ~~interest of a collecting bank, sections 9115 and 9116 on security~~
6 ~~interests in investment property, and section 9113 on a security~~
7 ~~interest arising under the article on sales, a security interest~~
8 ~~is not enforceable against the debtor or third parties with~~
9 ~~respect to the collateral and does not attach unless all of the~~
10 ~~following are true:~~

11 ~~(a) The collateral is in the possession of the secured party~~
12 ~~pursuant to agreement, the collateral is investment property and~~
13 ~~the secured party has control pursuant to agreement, or the~~
14 ~~debtor has signed a security agreement that contains a descrip-~~
15 ~~tion of the collateral and in addition, when the security inter-~~
16 ~~est covers timber to be cut, a description of the land~~
17 ~~concerned.~~

18 ~~(b) Value has been given.~~

19 ~~(c) The debtor has rights in the collateral.~~

20 ~~(2) A security interest attaches when it becomes enforceable~~
21 ~~against the debtor with respect to the collateral. Attachment~~
22 ~~occurs as soon as all of the events specified in subsection (1)~~
23 ~~have taken place unless explicit agreement postpones the time of~~
24 ~~attaching.~~

25 ~~(3) Unless otherwise agreed a security agreement gives the~~
26 ~~secured party the rights to proceeds provided by section 9306.~~

1 ~~(4) A transaction, although subject to this article, is also~~
 2 ~~subject to the regulatory loan act of 1963, 1939 PA 21, MCL 493.1~~
 3 ~~to 493.26, 1939 PA 305, MCL 566.301 to 566.302, and the motor~~
 4 ~~vehicle sales finance act, 1950 (Ex Sess) PA 27, MCL 492.101 to~~
 5 ~~492.141. If a conflict arises between this article and another~~
 6 ~~statute, the other statute controls. Failure to comply with any~~
 7 ~~applicable statute has only the effect that is specified in that~~
 8 ~~statute.~~

9 (1) A SECURITY INTEREST ATTACHES TO COLLATERAL WHEN IT
 10 BECOMES ENFORCEABLE AGAINST THE DEBTOR WITH RESPECT TO THE COL-
 11 LATERAL, UNLESS AN AGREEMENT EXPRESSLY POSTPONES THE TIME OF
 12 ATTACHMENT.

13 (2) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTIONS (3) THROUGH
 14 (9), A SECURITY INTEREST IS ENFORCEABLE AGAINST THE DEBTOR AND
 15 THIRD PARTIES WITH RESPECT TO THE COLLATERAL ONLY IF ALL OF THE
 16 FOLLOWING ARE MET:

17 (A) VALUE HAS BEEN GIVEN.

18 (B) THE DEBTOR HAS RIGHTS IN THE COLLATERAL OR THE POWER TO
 19 TRANSFER RIGHTS IN THE COLLATERAL TO A SECURED PARTY.

20 (C) ONE OR MORE OF THE FOLLOWING CONDITIONS ARE MET:

21 (i) THE DEBTOR HAS AUTHENTICATED A SECURITY AGREEMENT THAT
 22 PROVIDES A DESCRIPTION OF THE COLLATERAL AND, IF THE SECURITY
 23 INTEREST COVERS TIMBER TO BE CUT, A DESCRIPTION OF THE LAND
 24 CONCERNED.

25 (ii) THE COLLATERAL IS NOT A CERTIFICATED SECURITY AND IS IN
 26 THE POSSESSION OF THE SECURED PARTY UNDER SECTION 9313 PURSUANT
 27 TO THE DEBTOR'S SECURITY AGREEMENT.

1 (iii) THE COLLATERAL IS A CERTIFICATED SECURITY IN
2 REGISTERED FORM AND THE SECURITY CERTIFICATE HAS BEEN DELIVERED
3 TO THE SECURED PARTY UNDER SECTION 8301 PURSUANT TO THE DEBTOR'S
4 SECURITY AGREEMENT.

5 (iv) THE COLLATERAL IS DEPOSIT ACCOUNTS, ELECTRONIC CHATTEL
6 PAPER, INVESTMENT PROPERTY, OR LETTER-OF-CREDIT RIGHTS, AND THE
7 SECURED PARTY HAS CONTROL UNDER SECTION 9104, 9105, 9106, OR 9107
8 PURSUANT TO THE DEBTOR'S SECURITY AGREEMENT.

9 (3) SUBSECTION (2) IS SUBJECT TO SECTION 4210 ON THE SECUR-
10 ITY INTEREST OF A COLLECTING BANK, SECTION 5118 ON THE SECURITY
11 INTEREST OF A LETTER-OF-CREDIT ISSUER OR NOMINATED PERSON, SEC-
12 TION 9110 ON A SECURITY INTEREST ARISING UNDER ARTICLE 2 OR 2A,
13 AND SECTION 9206 ON SECURITY INTERESTS IN INVESTMENT PROPERTY.

14 (4) A PERSON BECOMES BOUND AS DEBTOR BY A SECURITY AGREEMENT
15 ENTERED INTO BY ANOTHER PERSON IF, BY OPERATION OF LAW OTHER THAN
16 THIS ARTICLE OR BY CONTRACT, EITHER OF THE FOLLOWING OCCURS:

17 (A) THE SECURITY AGREEMENT BECOMES EFFECTIVE TO CREATE A
18 SECURITY INTEREST IN THE PERSON'S PROPERTY.

19 (B) THE PERSON BECOMES GENERALLY OBLIGATED FOR THE OBLIGA-
20 TIONS OF THE OTHER PERSON, INCLUDING THE OBLIGATION SECURED UNDER
21 THE SECURITY AGREEMENT, AND ACQUIRES OR SUCCEEDS TO ALL OR SUB-
22 STANTIAL ALL OF THE ASSETS OF THE OTHER PERSON.

23 (5) IF A NEW DEBTOR BECOMES BOUND AS DEBTOR BY A SECURITY
24 AGREEMENT ENTERED INTO BY ANOTHER PERSON, THE AGREEMENT SATISFIES
25 SUBSECTION (2)(C) WITH RESPECT TO EXISTING OR AFTER-ACQUIRED
26 PROPERTY OF THE NEW DEBTOR TO THE EXTENT THE PROPERTY IS
27 DESCRIBED IN THE AGREEMENT, AND ANOTHER AGREEMENT IS NOT

1 NECESSARY TO MAKE A SECURITY INTEREST IN THE PROPERTY
2 ENFORCEABLE.

3 (6) THE ATTACHMENT OF A SECURITY INTEREST IN COLLATERAL
4 GIVES THE SECURED PARTY THE RIGHTS TO PROCEEDS PROVIDED BY SEC-
5 TION 9315 AND IS ALSO ATTACHMENT OF A SECURITY INTEREST IN A SUP-
6 PORTING OBLIGATION FOR THE COLLATERAL.

7 (7) THE ATTACHMENT OF A SECURITY INTEREST IN A RIGHT TO PAY-
8 MENT OR PERFORMANCE SECURED BY A SECURITY INTEREST OR OTHER LIEN
9 ON PERSONAL OR REAL PROPERTY IS ALSO ATTACHMENT OF A SECURITY
10 INTEREST IN THE SECURITY INTEREST, MORTGAGE, OR OTHER LIEN.

11 (8) THE ATTACHMENT OF A SECURITY INTEREST IN A SECURITIES
12 ACCOUNT IS ALSO ATTACHMENT OF A SECURITY INTEREST IN THE SECURITY
13 ENTITLEMENTS CARRIED IN THE SECURITIES ACCOUNT.

14 (9) THE ATTACHMENT OF A SECURITY INTEREST IN A COMMODITY
15 ACCOUNT IS ALSO ATTACHMENT OF A SECURITY INTEREST IN THE COMMOD-
16 ITY CONTRACTS CARRIED IN THE COMMODITY ACCOUNT.

17 Sec. 9204. ~~-(1) Except as provided in subsection (2), a~~
18 ~~security agreement may provide that any or all obligations cov-~~
19 ~~ered by the security agreement are to be secured by~~
20 ~~after-acquired collateral.~~

21 ~~(2) No security interest attaches under an after-acquired~~
22 ~~property clause to consumer goods other than accessions (section~~
23 ~~9314) when given as additional security unless the debtor~~
24 ~~acquires rights in them within 10 days after the secured party~~
25 ~~gives value.~~

~~1 (3) Obligations covered by a security agreement may include
2 future advances or other value whether or not the advances or
3 value are given pursuant to commitment (section 9105(1)).~~

4 (1) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (2), A SECUR-
5 ITY AGREEMENT MAY CREATE OR PROVIDE FOR A SECURITY INTEREST IN
6 AFTER-ACQUIRED COLLATERAL.

7 (2) A SECURITY INTEREST DOES NOT ATTACH UNDER A TERM CONSTI-
8 Tuting AN AFTER-ACQUIRED PROPERTY CLAUSE TO EITHER OF THE
9 FOLLOWING:

10 (A) CONSUMER GOODS, OTHER THAN AN ACCESSION WHEN GIVEN AS
11 ADDITIONAL SECURITY, UNLESS THE DEBTOR ACQUIRES RIGHTS IN THEM
12 WITHIN 10 DAYS AFTER THE SECURED PARTY GIVES VALUE.

13 (B) A COMMERCIAL TORT CLAIM.

14 (3) A SECURITY AGREEMENT MAY PROVIDE THAT COLLATERAL
15 SECURES, OR THAT ACCOUNTS, CHATTEL PAPER, PAYMENT INTANGIBLES, OR
16 PROMISSORY NOTES ARE SOLD IN CONNECTION WITH, FUTURE ADVANCES OR
17 OTHER VALUE, WHETHER OR NOT THE ADVANCES OR VALUE ARE GIVEN PUR-
18 SUANT TO COMMITMENT.

19 Sec. 9205. ~~A security interest is not invalid or fraudu-~~
20 ~~lent against creditors by reason of liberty in the debtor to use,~~
21 ~~commingle, or dispose of all or part of the collateral,~~
22 ~~(including returned or repossessed goods), or to collect or com-~~
23 ~~promise accounts or chattel paper, or to accept the return of~~
24 ~~goods or make repossessions, or to use, commingle, or dispose of~~
25 ~~proceeds, or by reason of the failure of the secured party to~~
26 ~~require the debtor to account for proceeds or replace~~
27 ~~collateral. This section does not relax the requirements of~~

~~1 possession where perfection of a security interest depends upon
2 possession of the collateral by the secured party or by a
3 bailee.~~

4 (1) A SECURITY INTEREST IS NOT INVALID OR FRAUDULENT AGAINST
5 CREDITORS SOLELY BECAUSE OF EITHER OF THE FOLLOWING:

6 (A) THE DEBTOR HAS THE RIGHT OR ABILITY TO DO 1 OR MORE OF
7 THE FOLLOWING:

8 (i) USE, COMMINGLE, OR DISPOSE OF ALL OR PART OF THE COLLAT-
9 ERAL, INCLUDING RETURNED OR REPOSSESSED GOODS.

10 (ii) COLLECT, COMPROMISE, ENFORCE, OR OTHERWISE DEAL WITH
11 COLLATERAL.

12 (iii) ACCEPT THE RETURN OF COLLATERAL OR MAKE
13 REPOSSESSIONS.

14 (iv) USE, COMMINGLE, OR DISPOSE OF PROCEEDS.

15 (B) THE SECURED PARTY FAILS TO REQUIRE THE DEBTOR TO ACCOUNT
16 FOR PROCEEDS OR REPLACE COLLATERAL.

17 (2) THIS SECTION DOES NOT RELAX THE REQUIREMENTS OF POSSES-
18 SION IF ATTACHMENT, PERFECTION, OR ENFORCEMENT OR A SECURITY
19 INTEREST DEPENDS UPON POSSESSION OF THE COLLATERAL BY THE SECURED
20 PARTY.

21 Sec. 9206. ~~(1) Subject to any statute or decision which
22 establishes a different rule for buyers or lessees of consumer
23 goods, an agreement by a buyer or lessee that he will not assert
24 against an assignee any claim or defense which he may have
25 against the seller or lessor is enforceable by an assignee who
26 takes his assignment for value, in good faith and without notice
27 of a claim or defense, except as to defenses of a type which may~~

~~1 be asserted against a holder in due course of a negotiable
2 instrument under the article on commercial paper (article 3). A
3 buyer who as part of one transaction signs both a negotiable
4 instrument and a security agreement makes such an agreement.~~

~~5 (2) When a seller retains a purchase money security interest
6 in goods the article on sales (article 2) governs the sale and
7 any disclaimer, limitation or modification of the seller's
8 warranties.~~

9 (1) A SECURITY INTEREST IN FAVOR OF A SECURITIES INTERMEDI-
10 ARY ATTACHES TO A PERSON'S SECURITY ENTITLEMENT IF THE PERSON
11 BUYS A FINANCIAL ASSET THROUGH THE SECURITIES INTERMEDIARY IN A
12 TRANSACTION IN WHICH THE PERSON IS OBLIGATED TO PAY THE PURCHASE
13 PRICE TO THE SECURITIES INTERMEDIARY AT THE TIME OF THE PURCHASE,
14 AND THE SECURITIES INTERMEDIARY CREDITS THE FINANCIAL ASSET TO
15 THE BUYER'S SECURITIES ACCOUNT BEFORE THE BUYER PAYS THE SECURI-
16 TIES INTERMEDIARY.

17 (2) THE SECURITY INTEREST DESCRIBED IN SUBSECTION (1)
18 SECURES THE PERSON'S OBLIGATION TO PAY FOR THE FINANCIAL ASSET.

19 (3) A SECURITY INTEREST IN FAVOR OF A PERSON THAT DELIVERS A
20 CERTIFICATED SECURITY OR OTHER FINANCIAL ASSET REPRESENTED BY A
21 WRITING ATTACHES TO THE SECURITY OR OTHER FINANCIAL ASSET IF BOTH
22 OF THE FOLLOWING ARE MET:

23 (A) THE SECURITY OR OTHER FINANCIAL ASSET IN THE ORDINARY
24 COURSE OF BUSINESS IS TRANSFERRED BY DELIVERY WITH ANY NECESSARY
25 INDORSEMENT OR ASSIGNMENT, AND IS DELIVERED UNDER AN AGREEMENT
26 BETWEEN PERSONS IN THE BUSINESS OF DEALING WITH THE SECURITIES OR
27 FINANCIAL ASSETS.

(B) THE AGREEMENT CALLS FOR DELIVERY AGAINST PAYMENT.

(4) THE SECURITY INTEREST DESCRIBED IN SUBSECTION (3)
SECURES THE OBLIGATION TO MAKE PAYMENT FOR THE DELIVERY.

SUBPART 2. RIGHTS AND DUTIES

Sec. 9207. ~~(1) A secured party must use reasonable care in
the custody and preservation of collateral in his possession. In
the case of an instrument or chattel paper reasonable care
includes taking necessary steps to preserve rights against prior
parties unless otherwise agreed.~~

~~(2) Unless otherwise agreed, when collateral is in the
secured party's possession~~

~~(a) reasonable expenses (including the cost of any insurance
and payment of taxes or other charges) incurred in the custody,
preservation, use or operation of the collateral are chargeable
to the debtor and are secured by the collateral;~~

~~(b) the risk of accidental loss or damage is on the debtor
to the extent of any deficiency in any effective insurance cover=
age;~~

~~(c) the secured party may hold as additional security any
increase or profits (except money) received from the collateral,
but money so received, unless remitted to the debtor, shall be
applied in reduction of the secured obligation;~~

~~(d) the secured party must keep the collateral identifiable
but fungible collateral may be commingled;~~

~~(e) the secured party may repledge the collateral upon terms
which do not impair the debtor's right to redeem it.~~

1 ~~(3) A secured party is liable for any loss caused by his~~
2 ~~failure to meet any obligation imposed by the preceding~~
3 ~~subsections but does not lose his security interest.~~

4 ~~(4) A secured party may use or operate the collateral for~~
5 ~~the purpose of preserving the collateral or its value or pursuant~~
6 ~~to the order of a court of appropriate jurisdiction or, except in~~
7 ~~the case of consumer goods, in the manner and to the extent pro-~~
8 ~~vided in the security agreement.~~

9 (1) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (4), A
10 SECURED PARTY SHALL USE REASONABLE CARE IN THE CUSTODY AND PRE-
11 SERVATION OF COLLATERAL IN THE SECURED PARTY'S POSSESSION. IN
12 THE CASE OF CHATTEL PAPER OR AN INSTRUMENT, REASONABLE CARE
13 INCLUDES TAKING NECESSARY STEPS TO PRESERVE RIGHTS AGAINST PRIOR
14 PARTIES UNLESS OTHERWISE AGREED.

15 (2) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (4), IF A
16 SECURED PARTY HAS POSSESSION OF COLLATERAL ALL OF THE FOLLOWING
17 APPLY:

18 (A) REASONABLE EXPENSES, INCLUDING THE COST OF INSURANCE AND
19 PAYMENT OF TAXES OR OTHER CHARGES, INCURRED IN THE CUSTODY, PRE-
20 SERVATION, USE, OR OPERATION OF THE COLLATERAL ARE CHARGEABLE TO
21 THE DEBTOR AND ARE SECURED BY THE COLLATERAL.

22 (B) THE RISK OF ACCIDENTAL LOSS OR DAMAGE IS ON THE DEBTOR
23 TO THE EXTENT OF A DEFICIENCY IN ANY EFFECTIVE INSURANCE
24 COVERAGE.

25 (C) THE SECURED PARTY SHALL KEEP THE COLLATERAL IDENTI-
26 FIABLE, BUT FUNGIBLE COLLATERAL MAY BE COMMINGLED.

1 (D) THE SECURED PARTY MAY USE OR OPERATE THE COLLATERAL FOR
2 THE PURPOSE OF PRESERVING THE COLLATERAL OR ITS VALUE; AS
3 PERMITTED BY AN ORDER OF A COURT HAVING COMPETENT JURISDICTION;
4 OR EXCEPT IN THE CASE OF CONSUMER GOODS, IN THE MANNER AND TO THE
5 EXTENT AGREED BY THE DEBTOR.

6 (3) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (4), A
7 SECURED PARTY HAVING POSSESSION OF COLLATERAL OR CONTROL OF COL-
8 LATERAL UNDER SECTION 9104, 9105, 9106, OR 9107 MAY HOLD AS ADDI-
9 TIONAL SECURITY ANY PROCEEDS, EXCEPT MONEY OR FUNDS, RECEIVED
10 FROM THE COLLATERAL, SHALL APPLY MONEY OR FUNDS RECEIVED FROM THE
11 COLLATERAL TO REDUCE THE SECURED OBLIGATION UNLESS REMITTED TO
12 THE DEBTOR, AND MAY CREATE A SECURITY INTEREST IN THE
13 COLLATERAL.

14 (4) IF THE SECURED PARTY IS A BUYER OF ACCOUNTS, CHATTEL
15 PAPER, PAYMENT INTANGIBLES, OR PROMISSORY NOTES OR A CONSIGNOR,
16 SUBSECTIONS (2) AND (3) DO NOT APPLY, AND SUBSECTION (1) DOES NOT
17 APPLY UNLESS THE SECURED PARTY IS ENTITLED UNDER AN AGREEMENT TO
18 CHARGE BACK UNCOLLECTED COLLATERAL OR OTHERWISE TO FULL OR
19 LIMITED RECOURSE AGAINST THE DEBTOR OR A SECONDARY OBLIGOR BASED
20 ON THE NONPAYMENT OR OTHER DEFAULT OF AN ACCOUNT DEBTOR OR OTHER
21 OBLIGOR ON THE COLLATERAL.

22 Sec. 9208. ~~-(1) A debtor may sign a statement indicating~~
23 ~~what he believes to be the aggregate amount of unpaid indebted-~~
24 ~~ness as of a specified date and may send it to the secured party~~
25 ~~with a request that the statement be approved or corrected and~~
26 ~~returned to the debtor. When the security agreement or any other~~
27 ~~record kept by the secured party identifies the collateral a~~

1 debtor may similarly request the secured party to approve or
2 correct a list of the collateral.

3 ~~(2) The secured party must comply with such a request within~~
4 ~~2 weeks after receipt by sending a written correction or~~
5 ~~approval. If the secured party claims a security interest in all~~
6 ~~of a particular type of collateral owned by the debtor he may~~
7 ~~indicate that fact in his reply and need not approve or correct~~
8 ~~an itemized list of such collateral. If the secured party with-~~
9 ~~out reasonable excuse fails to comply he is liable for any loss~~
10 ~~caused to the debtor thereby; and if the debtor has properly~~
11 ~~included in his request a good faith statement of the obligation~~
12 ~~or a list of the collateral or both the secured party may claim a~~
13 ~~security interest only as shown in the statement against persons~~
14 ~~misled by his failure to comply. If he no longer has an interest~~
15 ~~in the obligation or collateral at the time the request is~~
16 ~~received he must disclose the name and address of any successor~~
17 ~~in interest known to him and he is liable for any loss caused to~~
18 ~~the debtor as a result of failure to disclose. A successor in~~
19 ~~interest is not subject to this section until a request is~~
20 ~~received by him.~~

21 ~~(3) A debtor is entitled to such a statement once every 6~~
22 ~~months without charge. The secured party may require payment of~~
23 ~~a charge not exceeding \$10.00 for each additional statement~~
24 ~~furnished.~~

25 (1) THIS SECTION APPLIES TO CASES IN WHICH THERE IS NO OUT-
26 STANDING SECURED OBLIGATION AND THE SECURED PARTY IS NOT

1 COMMITTED TO MAKE ADVANCES, INCUR OBLIGATIONS, OR OTHERWISE GIVE
2 VALUE.

3 (2) WITHIN 10 DAYS AFTER RECEIVING AN AUTHENTICATED DEMAND
4 BY THE DEBTOR, A SECURED PARTY SHALL DO ALL OF THE FOLLOWING THAT
5 APPLY TO THE SECURED PARTY:

6 (A) A SECURED PARTY HAVING CONTROL OF A DEPOSIT ACCOUNT
7 UNDER SECTION 9104(1)(B) SHALL SEND TO THE BANK WITH WHICH THE
8 DEPOSIT ACCOUNT IS MAINTAINED AN AUTHENTICATED STATEMENT THAT
9 RELEASES THE BANK FROM ANY FURTHER OBLIGATION TO COMPLY WITH
10 INSTRUCTIONS ORIGINATED BY THE SECURED PARTY.

11 (B) A SECURED PARTY HAVING CONTROL OF A DEPOSIT ACCOUNT
12 UNDER SECTION 9104(1)(C) SHALL PAY THE DEBTOR THE BALANCE ON
13 DEPOSIT IN THE DEPOSIT ACCOUNT OR TRANSFER THE BALANCE ON DEPOSIT
14 INTO A DEPOSIT ACCOUNT IN THE DEBTOR'S NAME.

15 (C) A SECURED PARTY, OTHER THAN A BUYER, HAVING CONTROL OF
16 ELECTRONIC CHATTEL PAPER UNDER SECTION 9105 SHALL DO ALL OF THE
17 FOLLOWING:

18 (i) COMMUNICATE THE AUTHORITATIVE COPY OF THE ELECTRONIC
19 CHATTEL PAPER TO THE DEBTOR OR ITS DESIGNATED CUSTODIAN.

20 (ii) IF THE DEBTOR DESIGNATES A CUSTODIAN THAT IS THE DESIG-
21 NATED CUSTODIAN WITH WHICH THE AUTHORITATIVE COPY OF THE ELEC-
22 TRONIC CHATTEL PAPER IS MAINTAINED FOR THE SECURED PARTY, COMMU-
23 NICATE TO THE CUSTODIAN AN AUTHENTICATED RECORD RELEASING THE
24 DESIGNATED CUSTODIAN FROM ANY FURTHER OBLIGATION TO COMPLY WITH
25 INSTRUCTIONS ORIGINATED BY THE SECURED PARTY AND INSTRUCTING THE
26 CUSTODIAN TO COMPLY WITH INSTRUCTIONS ORIGINATED BY THE DEBTOR.

1 (iii) TAKE APPROPRIATE ACTION TO ENABLE THE DEBTOR OR ITS
2 DESIGNATED CUSTODIAN TO MAKE COPIES OF OR REVISIONS TO THE
3 AUTHORITATIVE COPY THAT ADD OR CHANGE AN IDENTIFIED ASSIGNEE OF
4 THE AUTHORITATIVE COPY WITHOUT THE CONSENT OF THE SECURED PARTY.

5 (D) A SECURED PARTY HAVING CONTROL OF INVESTMENT PROPERTY
6 UNDER SECTION 8106(4)(B) OR SECTION 9106(2) SHALL SEND TO THE
7 SECURITIES INTERMEDIARY OR COMMODITY INTERMEDIARY WITH WHICH THE
8 SECURITY ENTITLEMENT OR COMMODITY CONTRACT IS MAINTAINED AN
9 AUTHENTICATED RECORD THAT RELEASES THE SECURITIES INTERMEDIARY OR
10 COMMODITY INTERMEDIARY FROM ANY FURTHER OBLIGATION TO COMPLY WITH
11 ENTITLEMENT ORDERS OR DIRECTIONS ORIGINATED BY THE SECURED
12 PARTY.

13 (E) A SECURED PARTY HAVING CONTROL OF A LETTER-OF-CREDIT
14 RIGHT UNDER SECTION 9107 SHALL SEND TO EACH PERSON HAVING AN
15 UNFULFILLED OBLIGATION TO PAY OR DELIVER PROCEEDS OF THE LETTER
16 OF CREDIT TO THE SECURED PARTY AN AUTHENTICATED RELEASE FROM ANY
17 FURTHER OBLIGATION TO PAY OR DELIVER PROCEEDS OF THE LETTER OF
18 CREDIT TO THE SECURED PARTY.

19 SEC. 9209. (1) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION
20 (3), THIS SECTION APPLIES IF THERE IS NO OUTSTANDING SECURED
21 OBLIGATION AND THE SECURED PARTY IS NOT COMMITTED TO MAKE
22 ADVANCES, INCUR OBLIGATIONS, OR OTHERWISE GIVE VALUE.

23 (2) WITHIN 10 DAYS AFTER RECEIVING AN AUTHENTICATED DEMAND
24 BY THE DEBTOR, A SECURED PARTY SHALL SEND TO AN ACCOUNT DEBTOR
25 THAT HAS RECEIVED NOTIFICATION OF AN ASSIGNMENT TO THE SECURED
26 PARTY AS ASSIGNEE UNDER SECTION 9406(1) AN AUTHENTICATED RECORD

1 THAT RELEASES THE ACCOUNT DEBTOR FROM ANY FURTHER OBLIGATION TO
2 THE SECURED PARTY.

3 (3) THIS SECTION DOES NOT APPLY TO AN ASSIGNMENT CONSTITUT-
4 ING THE SALE OF AN ACCOUNT, CHATTEL PAPER, OR PAYMENT INTANGIBLE.
5 SEC. 9210. (1) AS USED IN THIS SECTION:

6 (A) "REQUEST" MEANS A RECORD OF A TYPE DESCRIBED IN SUBDIVI-
7 SION (B), (C), OR (D).

8 (B) "REQUEST FOR AN ACCOUNTING" MEANS A RECORD AUTHENTICATED
9 BY A DEBTOR REQUESTING THAT THE RECIPIENT PROVIDE AN ACCOUNTING
10 OF THE UNPAID OBLIGATIONS SECURED BY COLLATERAL AND REASONABLY
11 IDENTIFYING THE TRANSACTION OR RELATIONSHIP THAT IS THE SUBJECT
12 OF THE REQUEST.

13 (C) "REQUEST REGARDING A LIST OF COLLATERAL" MEANS A RECORD
14 AUTHENTICATED BY A DEBTOR REQUESTING THAT THE RECIPIENT APPROVE
15 OR CORRECT A LIST OF WHAT THE DEBTOR BELIEVES TO BE THE COLLAT-
16 ERAL SECURING AN OBLIGATION AND REASONABLY IDENTIFYING THE TRANS-
17 ACTION OR RELATIONSHIP THAT IS THE SUBJECT OF THE REQUEST.

18 (D) "REQUEST REGARDING A STATEMENT OF ACCOUNT" MEANS A
19 RECORD AUTHENTICATED BY A DEBTOR REQUESTING THAT THE RECIPIENT
20 APPROVE OR CORRECT A STATEMENT INDICATING WHAT THE DEBTOR
21 BELIEVES TO BE THE AGGREGATE AMOUNT OF UNPAID OBLIGATIONS SECURED
22 BY COLLATERAL AS OF A SPECIFIED DATE AND REASONABLY IDENTIFYING
23 THE TRANSACTION OR RELATIONSHIP THAT IS THE SUBJECT OF THE
24 REQUEST.

25 (2) SUBJECT TO SUBSECTIONS (3), (4), (5), AND (6), A SECURED
26 PARTY, OTHER THAN A BUYER OF ACCOUNTS, CHATTEL PAPER, PAYMENT
27 INTANGIBLES, OR PROMISSORY NOTES OR A CONSIGNOR, SHALL COMPLY

1 WITH A REQUEST IN THE FOLLOWING MANNER WITHIN 14 DAYS AFTER THE
2 RECEIPT OF THE REQUEST:

3 (A) IN THE CASE OF A REQUEST FOR AN ACCOUNTING, BY AUTHENTI-
4 CATING AND SENDING TO THE DEBTOR AN ACCOUNTING.

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

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

13 (4) A PERSON THAT RECEIVES A REQUEST REGARDING A LIST OF
14 COLLATERAL, CLAIMS NO INTEREST IN THE COLLATERAL WHEN IT RECEIVES
15 THE REQUEST, AND CLAIMED AN INTEREST IN THE COLLATERAL AT AN EAR-
16 LIER TIME SHALL COMPLY WITH THE REQUEST WITHIN 14 DAYS AFTER
17 RECEIPT BY SENDING TO THE DEBTOR AN AUTHENTICATED RECORD DIS-
18 CLAIMING ANY INTEREST IN THE COLLATERAL, AND IF KNOWN TO THE
19 RECIPIENT, PROVIDING THE NAME AND MAILING ADDRESS OF ANY ASSIGNEE
20 OF OR SUCCESSOR TO THE RECIPIENT'S INTEREST IN THE COLLATERAL.

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

1 AND MAILING ADDRESS OF ANY ASSIGNEE OF OR SUCCESSOR TO THE
2 RECIPIENT'S INTEREST IN THE OBLIGATIONS.

3 (6) A DEBTOR IS ENTITLED WITHOUT CHARGE TO 1 RESPONSE TO A
4 REQUEST UNDER THIS SECTION DURING ANY 6-MONTH PERIOD. THE
5 SECURED PARTY MAY REQUIRE PAYMENT OF A CHARGE NOT EXCEEDING
6 \$25.00 FOR EACH ADDITIONAL RESPONSE.

7 PART 3

8 ~~RIGHTS OF THIRD PARTIES; PERFECTED AND UNPERFECTED SECURITY~~
9 ~~INTERESTS; RULES OF PERFECT AND PRIORITY~~

10 SUBPART 1. LAW GOVERNING PERFECTION AND PRIORITY

11 Sec. 9301. ~~(1) Except as otherwise provided in subsection~~

12 ~~(2), an unperfected security interest is subordinate to the~~
13 ~~rights of:~~

14 ~~(a) Persons entitled to priority under section 9312;~~

15 ~~(b) A person who becomes a lien creditor before the security~~
16 ~~interest is perfected;~~

17 ~~(c) In the case of goods, instruments, documents, and chat-~~
18 ~~tel paper, a person who is not a secured party and who is a~~
19 ~~transferee in bulk or other buyer not in ordinary course of busi-~~
20 ~~ness, or is a buyer of farm products in the ordinary course of~~
21 ~~business, to the extent that the person gives value and receives~~
22 ~~delivery of the collateral without knowledge of the security~~
23 ~~interest and before it is perfected;~~

24 ~~(d) In the case of accounts, general intangibles, and~~
25 ~~investment property, a person who is not a secured party and who~~
26 ~~is a transferee to the extent that the person gives value without~~
27 ~~knowledge of the security interest and before it is perfected.~~

1 ~~(2) If the secured party files with respect to a purchase~~
2 ~~money security interest before or within 20 days after the debtor~~
3 ~~receives possession of the collateral, the secured party takes~~
4 ~~priority over the rights of a transferee in bulk or of a lien~~
5 ~~creditor which arise between the time the security interest~~
6 ~~attaches and the time of filing.~~

7 ~~(3) A "lien creditor" means a creditor who has acquired a~~
8 ~~lien on the property involved by attachment, levy, or the like~~
9 ~~and includes an assignee for benefit of creditors from the time~~
10 ~~of assignment, and a trustee in bankruptcy from the date of the~~
11 ~~filing of the petition or a receiver in equity from the time of~~
12 ~~appointment.~~

13 ~~(4) A person who becomes a lien creditor while a security~~
14 ~~interest is perfected takes subject to the security interest only~~
15 ~~to the extent that it secures advances made before the person~~
16 ~~becomes a lien creditor or within 45 days thereafter or made~~
17 ~~without knowledge of the lien or pursuant to a commitment entered~~
18 ~~into without knowledge of the lien.~~ EXCEPT AS OTHERWISE PROVIDED
19 IN SECTIONS 9303 THROUGH 9306, THE FOLLOWING RULES DETERMINE THE
20 LAW GOVERNING PERFECTION, THE EFFECT OF PERFECTION OR NONPERFEC-
21 TION, AND THE PRIORITY OF A SECURITY INTEREST IN COLLATERAL:

22 (A) EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, WHILE A
23 DEBTOR IS LOCATED IN A JURISDICTION, THE LOCAL LAW OF THAT JURIS-
24 DICTION GOVERNS PERFECTION, THE EFFECT OF PERFECTION OR NONPER-
25 FECTION, AND THE PRIORITY OF A SECURITY INTEREST IN COLLATERAL.

26 (B) WHILE COLLATERAL IS LOCATED IN A JURISDICTION, THE LOCAL
27 LAW OF THAT JURISDICTION GOVERNS PERFECTION, THE EFFECT OF

1 PERFECTION OR NONPERFECTION, AND THE PRIORITY OF A POSSESSORY
2 SECURITY INTEREST IN THAT COLLATERAL.

3 (C) EXCEPT AS OTHERWISE PROVIDED IN SUBDIVISION (D), WHILE
4 NEGOTIABLE DOCUMENTS, GOODS, INSTRUMENTS, MONEY, OR TANGIBLE
5 CHATTEL PAPER IS LOCATED IN A JURISDICTION, THE LOCAL LAW OF THAT
6 JURISDICTION GOVERNS PERFECTION OF A SECURITY INTEREST IN THE
7 GOODS BY FILING A FIXTURE FILING, PERFECTION OF A SECURITY INTER-
8 EST IN TIMBER TO BE CUT, AND THE EFFECT OF PERFECTION OR NONPER-
9 FECTION AND THE PRIORITY OF A NONPOSSESSORY SECURITY INTEREST IN
10 THE COLLATERAL.

11 (D) THE LOCAL LAW OF THE JURISDICTION IN WHICH THE WELLHEAD
12 OR MINEHEAD IS LOCATED GOVERNS PERFECTION, THE EFFECT OF PERFEC-
13 TION OR NONPERFECTION, AND THE PRIORITY OF A SECURITY INTEREST IN
14 AS-EXTRACTED COLLATERAL.

15 Sec. 9302. ~~-(1) A financing statement must be filed to per-~~
16 ~~fect all security interests except the following:~~

17 ~~(a) A security interest in collateral in possession of the~~
18 ~~secured party under section 9305;~~

19 ~~(b) A security interest temporarily perfected in instru-~~
20 ~~ments, certificated securities, or documents without delivery~~
21 ~~under section 9304 or in proceeds for a 10-day period under sec-~~
22 ~~tion 9306;~~

23 ~~(c) A security interest created by an assignment of a bene-~~
24 ~~ficial interest in a trust or a decedent's estate;~~

25 ~~(d) A purchase money security interest in consumer goods;~~
26 ~~other than a vehicle, mobile home, or watercraft, for which a~~
27 ~~certificate of title is required by the laws of this state, and~~

~~1 fixture filing is required for priority over conflicting
2 interests in fixtures to the extent provided in section 9313;~~

~~3 (e) An assignment of accounts which does not alone or in
4 conjunction with other assignments to the same assignee transfer
5 a significant part of the outstanding accounts of the assignor;~~

~~6 (f) A security interest of a collecting bank (section 4210)
7 or arising under the article on sales (see section 9113) or cov=
8 ered in subsection (3) of this section;~~

~~9 (g) An assignment for the benefit of all the creditors of
10 the transferor, and subsequent transfers by the assignee
11 thereunder.~~

~~12 (h) A security interest in investment property which is per=
13 fected without filing under section 9115 or section 9116.~~

~~14 (2) If a secured party assigns a perfected security inter=
15 est, no filing under this article is required in order to con=
16 tinue the perfected status of the security interest against cred=
17 itors of and transferees from the original debtor.~~

~~18 (3) The filing of a financing statement otherwise required
19 by this article is not necessary or effective to perfect a secur=
20 ity interest in property subject to:~~

~~21 (a) A statute or treaty of the United States which provides
22 for a national or international registration or a national or
23 international certificate of title or which specifies a place of
24 filing different from that specified in this article for filing
25 of the security interest; or~~

~~26 (b) The following statutes of this state: (i) section 216
27 of the Michigan vehicle code, Act No. 300 of the Public Acts of~~

~~1 1949, being section 257.216 of the Michigan Compiled Laws; (ii)
2 section 80320 of part 803 (watercraft transfer and certificate of
3 title) of the natural resources and environmental protection act,
4 Act No. 451 of the Public Acts of 1994, being section 324.80320
5 of the Michigan Compiled Laws; and (iii) section 30 of the mobile
6 home commission act, Act No. 96 of the Public Acts of 1987, being
7 section 125.2330 of the Michigan Compiled Laws; but during any
8 period in which collateral is inventory held for sale by a person
9 who is in the business of selling goods of that kind, the filing
10 provisions of this article (part 4) apply to a security interest
11 in that collateral created by that person as debtor; or~~

~~12 (c) A certificate of title statute of another jurisdiction
13 under the law of which indication of a security interest on the
14 certificate is required as a condition of perfection as provided
15 in section 9103(2).~~

~~16 (4) Compliance with a statute or treaty described in subsec=
17 tion (3)(a) or (3)(c), or in the case of subsection (3)(b)(i),
18 compliance with section 217 or 238 of Act No. 300 of the Public
19 Acts of 1949, being sections 257.217 and 257.238 of the Michigan
20 Compiled Laws, or in the case of subsection (3)(b)(ii), compli=
21 ance with section 80320 of part 803 of Act No. 451 of the Public
22 Acts of 1994, or in the case of subsection (3)(b)(iii), compli=
23 ance with section 30a or 30d of Act No. 96 of the Public Acts of
24 1987, being sections 125.2330a and 125.2330d of the Michigan
25 Compiled Laws, is equivalent to the filing of a financing state=
26 ment under this article, and a security interest in property
27 subject to the statute or treaty can be perfected only by~~

~~1 compliance therewith except as provided in section 9103 on~~
~~2 multiple state transactions. Duration and renewal of perfection~~
~~3 of a security interest perfected by compliance with the statute~~
~~4 or treaty are governed by the provisions of the statute or~~
~~5 treaty. In other respects the security interest is subject to~~
~~6 this article.~~ WHILE FARM PRODUCTS ARE LOCATED IN A JURISDICTION,
~~7 THE LOCAL LAW OF THAT JURISDICTION GOVERNS PERFECTION, THE EFFECT~~
~~8 OF PERFECTION OR NONPERFECTION, AND THE PRIORITY OF AN AGRICUL-~~
~~9 TURAL LIEN ON THE FARM PRODUCTS.~~

10 Sec. 9303. ~~(1) A security interest is perfected when it~~
~~11 has attached and when all of the applicable steps required for~~
~~12 perfection have been taken. Such steps are specified in sections~~
~~13 9115, 9302, 9304, 9305 and 9306. If such steps are taken before~~
~~14 the security interest attaches, it is perfected at the time when~~
~~15 it attaches.~~

16 ~~(2) If a security interest is originally perfected in any~~
~~17 way permitted under this article and is subsequently perfected in~~
~~18 some other way under this article, without an intermediate period~~
~~19 when it was unperfected, the security interest shall be deemed to~~
~~20 be perfected continuously for the purposes of this article.~~

21 (1) THIS SECTION APPLIES TO GOODS COVERED BY A CERTIFICATE
22 OF TITLE, EVEN IF THERE IS NO OTHER RELATIONSHIP BETWEEN THE
23 JURISDICTION UNDER WHOSE CERTIFICATE OF TITLE THE GOODS ARE COV-
24 ERED AND THE GOODS OR THE DEBTOR.

25 (2) GOODS BECOME COVERED BY A CERTIFICATE OF TITLE WHEN A
26 VALID APPLICATION FOR THE CERTIFICATE OF TITLE AND THE APPLICABLE
27 FEE ARE DELIVERED TO THE APPROPRIATE AUTHORITY. GOODS CEASE TO

1 BE COVERED BY A CERTIFICATE OF TITLE AT THE EARLIER OF THE TIME
2 THE CERTIFICATE OF TITLE CEASES TO BE EFFECTIVE UNDER THE LAW OF
3 THE ISSUING JURISDICTION OR THE TIME THE GOODS BECOME COVERED
4 SUBSEQUENTLY BY A CERTIFICATE OF TITLE ISSUED BY ANOTHER
5 JURISDICTION.

6 (3) THE LOCAL LAW OF THE JURISDICTION UNDER WHOSE CERTIFI-
7 CATE OF TITLE THE GOODS ARE COVERED GOVERNS PERFECTION, THE
8 EFFECT OF PERFECTION OR NONPERFECTION, AND THE PRIORITY OF A
9 SECURITY INTEREST IN GOODS COVERED BY A CERTIFICATE OF TITLE FROM
10 THE TIME THE GOODS BECOME COVERED BY THE CERTIFICATE OF TITLE
11 UNTIL THE GOODS CEASE TO BE COVERED BY THE CERTIFICATE OF TITLE.

12 Sec. 9304. ~~(1) A security interest in chattel paper or~~
13 ~~negotiable documents may be perfected by filing. A security~~
14 ~~interest in the rights to proceeds of a written letter of credit~~
15 ~~can be perfected only by the secured party's taking possession of~~
16 ~~the letter of credit. A security interest in money or instru-~~
17 ~~ments, other than instruments which constitute part of chattel~~
18 ~~paper, can be perfected only by the secured party's taking pos-~~
19 ~~session, except as provided in subsections (4) and (5) and sec-~~
20 ~~tion 9306(2) and (3) on proceeds.~~

21 ~~(2) During the period that goods are in the possession of~~
22 ~~the issuer of a negotiable document therefor, a security interest~~
23 ~~in the goods is perfected by perfecting a security interest in~~
24 ~~the document, and a security interest in the goods otherwise per-~~
25 ~~fected during such period is subject thereto.~~

26 ~~(3) A security interest in goods in the possession of a~~
27 ~~bailee other than one who has issued a negotiable document~~

~~1 therefor is perfected by issuance of a document in the name of
2 the security party or by the bailee's receipt of notification of
3 the secured party's interest or by filing as to the goods.~~

~~4 (4) A security interest in instruments, certificated securi=
5 ties, or negotiable documents is perfected without filing or the
6 taking of possession for a period of 21 days from the time it
7 attaches to the extent that it arises for a new value given under
8 a written security agreement.~~

~~9 (5) A security interest remains perfected for a period of 21
10 days without filing where a secured party having a perfected
11 security interest in an instrument, a certificated security, a
12 negotiable document, or goods in possession of a bailee other
13 than one who has issued a negotiable document therefor.~~

~~14 (a) Makes available to the debtor the goods or documents
15 representing the goods for the purpose of ultimate sale or
16 exchange or for the purpose of loading, unloading, storing, ship=
17 ping, transshipping, manufacturing, processing, or otherwise
18 dealing with them in a manner preliminary to their sale or
19 exchange; but priority between conflicting security interests in
20 the goods is subject to section 9312(3); or~~

~~21 (b) Delivers the instrument or certificated security to the
22 debtor for the purpose of ultimate sale or exchange or of presen=
23 tation, collection, renewal, or registration of transfer.~~

~~24 (6) After the 21-day period in subsections (4) and (5), per=
25 fection depends upon compliance with applicable provisions of
26 this article.~~

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

5 (2) THE FOLLOWING RULES DETERMINE A BANK'S JURISDICTION FOR
6 PURPOSES OF THIS PART:

7 (A) IF AN AGREEMENT BETWEEN THE BANK AND THE DEBTOR GOVERN-
8 ING THE DEPOSIT ACCOUNT EXPRESSLY PROVIDES THAT A PARTICULAR
9 JURISDICTION IS THE BANK'S JURISDICTION FOR THE PURPOSE OF THIS
10 PART, THIS ARTICLE, OR THIS ACT, THAT JURISDICTION IS THE BANK'S
11 JURISDICTION.

12 (B) IF SUBDIVISION (A) DOES NOT APPLY AND AN AGREEMENT
13 BETWEEN THE BANK AND ITS CUSTOMER GOVERNING THE DEPOSIT ACCOUNT
14 EXPRESSLY PROVIDES THAT THE AGREEMENT IS GOVERNED BY THE LAW OF A
15 PARTICULAR JURISDICTION, THAT JURISDICTION IS THE BANK'S
16 JURISDICTION.

17 (C) IF NEITHER SUBDIVISION (A) NOR (B) APPLIES AND AN AGREE-
18 MENT BETWEEN THE BANK AND ITS CUSTOMER GOVERNING THE DEPOSIT
19 ACCOUNT EXPRESSLY PROVIDES THAT THE DEPOSIT ACCOUNT IS MAINTAINED
20 AT AN OFFICE IN A PARTICULAR JURISDICTION, THAT JURISDICTION IS
21 THE BANK'S JURISDICTION.

22 (D) IF NONE OF THE PRECEDING SUBDIVISIONS APPLY, THE BANK'S
23 JURISDICTION IS THE JURISDICTION IN WHICH THE OFFICE IDENTIFIED
24 IN AN ACCOUNT STATEMENT AS THE OFFICE SERVING THE CUSTOMER'S
25 ACCOUNT IS LOCATED.

1 (E) IF NONE OF THE PRECEDING SUBDIVISIONS APPLY, THE BANK'S
2 JURISDICTION IS THE JURISDICTION IN WHICH THE CHIEF EXECUTIVE
3 OFFICE OF THE BANK IS LOCATED.

4 Sec. 9305. ~~A security interest in letters of credit and~~
5 ~~advices of credit (section 5116(2)(a)), goods, instruments,~~
6 ~~money, negotiable documents, or chattel paper may be perfected by~~
7 ~~the secured party's taking possession of the collateral. A~~
8 ~~security interest in the rights to proceeds of a written letter~~
9 ~~of credit can be perfected only by the secured party's taking~~
10 ~~possession of the letter of credit. If such collateral other~~
11 ~~than goods covered by a negotiable document is held by a bailee,~~
12 ~~the secured party is deemed to have possession from the time the~~
13 ~~bailee receives notification of the secured party's interest. A~~
14 ~~security interest is perfected by possession from the time pos-~~
15 ~~session is taken without relation back and continues only so long~~
16 ~~as possession is retained, unless otherwise specified in this~~
17 ~~article. The security interest may be otherwise perfected as~~
18 ~~provided in this article before or after the period of possession~~
19 ~~by the secured party.~~

20 (1) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (3), THE FOL-
21 LOWING RULES APPLY:

22 (A) WHILE A SECURITY CERTIFICATE IS LOCATED IN A JURISDIC-
23 TION, THE LOCAL LAW OF THAT JURISDICTION GOVERNS PERFECTION, THE
24 EFFECT OF PERFECTION OR NONPERFECTION, AND THE PRIORITY OF A
25 SECURITY INTEREST IN THE CERTIFICATED SECURITY REPRESENTED
26 THEREBY.

1 (B) THE LOCAL LAW OF THE ISSUER'S JURISDICTION AS SPECIFIED
2 IN SECTION 8110(4) GOVERNS PERFECTION, THE EFFECT OF PERFECTION
3 OR NONPERFECTION, AND THE PRIORITY OF A SECURITY INTEREST IN AN
4 UNCERTIFICATED SECURITY.

5 (C) THE LOCAL LAW OF THE SECURITIES INTERMEDIARY'S JURISDIC-
6 TION AS SPECIFIED IN SECTION 8110(5) GOVERNS PERFECTION, THE
7 EFFECT OF PERFECTION OR NONPERFECTION, AND THE PRIORITY OF A
8 SECURITY INTEREST IN A SECURITY ENTITLEMENT OR SECURITIES
9 ACCOUNT.

10 (D) THE LOCAL LAW OF THE COMMODITY INTERMEDIARY'S JURISDIC-
11 TION GOVERNS PERFECTION, THE EFFECT OF PERFECTION OR NONPERFEC-
12 TION, AND THE PRIORITY OF A SECURITY INTEREST IN A COMMODITY CON-
13 TRACT OR COMMODITY ACCOUNT.

14 (2) THE FOLLOWING RULES DETERMINE A COMMODITY INTERMEDIARY'S
15 JURISDICTION FOR PURPOSES OF THIS PART:

16 (A) IF AN AGREEMENT BETWEEN THE COMMODITY INTERMEDIARY AND
17 COMMODITY CUSTOMER GOVERNING THE COMMODITY ACCOUNT EXPRESSLY PRO-
18 VIDES THAT A PARTICULAR JURISDICTION IS THE COMMODITY
19 INTERMEDIARY'S JURISDICTION FOR PURPOSES OF THIS PART, THIS ARTI-
20 CLE, OR THIS ACT, THAT JURISDICTION IS THE COMMODITY
21 INTERMEDIARY'S JURISDICTION.

22 (B) IF SUBDIVISION (A) DOES NOT APPLY AND AN AGREEMENT
23 BETWEEN THE COMMODITY INTERMEDIARY AND COMMODITY CUSTOMER GOVERN-
24 ING THE COMMODITY ACCOUNT EXPRESSLY PROVIDES THAT THE AGREEMENT
25 IS GOVERNED BY THE LAW OF A PARTICULAR JURISDICTION, THAT JURIS-
26 DICTION IS THE COMMODITY INTERMEDIARY'S JURISDICTION.

1 (C) IF NEITHER SUBDIVISION (A) NOR (B) APPLIES AND AN
2 AGREEMENT BETWEEN THE COMMODITY INTERMEDIARY AND COMMODITY
3 CUSTOMER GOVERNING THE COMMODITY ACCOUNT EXPRESSLY PROVIDES THAT
4 THE COMMODITY ACCOUNT IS MAINTAINED AT AN OFFICE IN A PARTICULAR
5 JURISDICTION, THAT JURISDICTION IS THE COMMODITY INTERMEDIARY'S
6 JURISDICTION.

7 (D) IF NONE OF THE PRECEDING SUBDIVISIONS APPLY, THE COMMOD-
8 ITY INTERMEDIARY'S JURISDICTION IS THE JURISDICTION IN WHICH THE
9 OFFICE IDENTIFIED IN AN ACCOUNT STATEMENT AS THE OFFICE SERVING
10 THE COMMODITY CUSTOMER'S ACCOUNT IS LOCATED.

11 (E) IF NONE OF THE PRECEDING SUBDIVISIONS APPLY, THE COMMOD-
12 ITY INTERMEDIARY'S JURISDICTION IS THE JURISDICTION IN WHICH THE
13 CHIEF EXECUTIVE OFFICE OF THE COMMODITY INTERMEDIARY IS LOCATED.

14 (3) THE LOCAL LAW OF THE JURISDICTION IN WHICH THE DEBTOR IS
15 LOCATED GOVERNS PERFECTION OF A SECURITY INTEREST IN INVESTMENT
16 PROPERTY BY FILING, AUTOMATIC PERFECTION OF A SECURITY INTEREST
17 IN INVESTMENT PROPERTY CREATED BY A BROKER OR SECURITIES INTERME-
18 DIARY, AND AUTOMATIC PERFECTION OF A SECURITY INTEREST IN A COM-
19 MODITY CONTRACT OR COMMODITY ACCOUNT CREATED BY A COMMODITY
20 INTERMEDIARY.

21 Sec. 9306. ~~-(1) "Proceeds" includes whatever is received~~
22 ~~upon the sale, exchange, collection or other disposition of col-~~
23 ~~lateral, or proceeds. Insurance payable by reason of loss or~~
24 ~~damage to the collateral is proceeds, except to the extent that~~
25 ~~it is payable to a person other than a party to the security~~
26 ~~agreement. Any payments or distributions made with respect to~~
27 ~~investment property collateral are proceeds. Money, checks,~~

1 ~~deposit accounts, and the like are "cash proceeds". All other~~
2 ~~proceeds are "noncash proceeds".~~

3 ~~(2) Except where this article otherwise provides, a security~~
4 ~~interest continues in collateral notwithstanding sale, exchange~~
5 ~~or other disposition thereof unless the disposition was autho=~~
6 ~~rized by the secured party in the security agreement or other=~~
7 ~~wise, and also continues in any identifiable proceeds including~~
8 ~~collections received by the debtor.~~

9 ~~(3) The security interest in proceeds is a continuously per=~~
10 ~~fected security interest if the interest in the original collat=~~
11 ~~eral was perfected but it ceases to be a perfected security~~
12 ~~interest and becomes unperfected 10 days after receipt of the~~
13 ~~proceeds by the debtor unless:~~

14 ~~(a) A filed financing statement covers the original collat=~~
15 ~~eral and the proceeds are collateral in which a security interest~~
16 ~~may be perfected by filing in the office or offices where the~~
17 ~~financing statement has been filed and, if the proceeds are~~
18 ~~acquired with cash proceeds, the description of collateral in the~~
19 ~~financing statement indicates the types of property constituting~~
20 ~~the proceeds; or~~

21 ~~(b) A filed financing statement covers the original collat=~~
22 ~~eral and the proceeds are identifiable cash proceeds; or~~

23 ~~(c) The original collateral was investment property and the~~
24 ~~proceeds are identifiable cash proceeds; or~~

25 ~~(d) The security interest in the proceeds is perfected~~
26 ~~before the expiration of the 10-day period. Except as provided~~
27 ~~in this section, a security interest in proceeds can be perfected~~

1 ~~only by the methods or under the circumstances permitted in this~~
2 ~~article for original collateral of the same type.~~

3 ~~(4) In the event of insolvency proceedings instituted by or~~
4 ~~against a debtor, a secured party with a perfected security~~
5 ~~interest in proceeds has a perfected security interest only in~~
6 ~~the following proceeds:~~

7 ~~(a) In identifiable noncash proceeds and in separate deposit~~
8 ~~accounts containing only proceeds;~~

9 ~~(b) In identifiable cash proceeds in the form of money which~~
10 ~~is neither commingled with other money nor deposited in a deposit~~
11 ~~account prior to the insolvency proceedings;~~

12 ~~(c) In identifiable cash proceeds in the form of checks and~~
13 ~~the like which are not deposited in a deposit account prior to~~
14 ~~the insolvency proceedings; and~~

15 ~~(d) In all cash and deposit accounts of the debtor, in which~~
16 ~~proceeds have been commingled with other funds, but the perfected~~
17 ~~security interest under this paragraph (d) is~~

18 ~~(i) Subject to any right of setoff; and~~

19 ~~(ii) Limited to an amount not greater than the amount of any~~
20 ~~cash proceeds received by the debtor within 10 days before the~~
21 ~~institution of the insolvency proceedings less the sum of (i) the~~
22 ~~payments to the secured party on account of cash proceeds~~
23 ~~received by the debtor during such period and (ii) the cash pro-~~
24 ~~ceeds received by the debtor during such period to which the~~
25 ~~secured party is entitled under paragraphs (a) through (c) of~~
26 ~~this subsection.~~

1 ~~(5) If a sale of goods results in an account or chattel~~
2 ~~paper which is transferred by the seller to a secured party, and~~
3 ~~if the goods are returned to or are repossessed by the seller or~~
4 ~~the secured party, the following rules determine priorities:~~

5 ~~(a) If the goods were collateral at the time of sale for an~~
6 ~~indebtedness of the seller which is still unpaid, the original~~
7 ~~security interest attaches again to the goods and continues as a~~
8 ~~perfected security interest if it was perfected at the time when~~
9 ~~the goods were sold. If the security interest was originally~~
10 ~~perfected by a filing which is still effective, nothing further~~
11 ~~is required to continue the perfected status; in any other case,~~
12 ~~the secured party must take possession of the returned or repos=~~
13 ~~sessed goods or must file.~~

14 ~~(b) An unpaid transferee of the chattel paper has a security~~
15 ~~interest in the goods against the transferor. Such security~~
16 ~~interest is prior to a security interest asserted under paragraph~~
17 ~~(a) to the extent that the transferee of the chattel paper was~~
18 ~~entitled to priority under section 9308.~~

19 ~~(c) An unpaid transferee of the account has a security~~
20 ~~interest in the goods against the transferor. Such security~~
21 ~~interest is subordinate to a security interest asserted under~~
22 ~~paragraph (a).~~

23 ~~(d) A security interest of an unpaid transferee asserted~~
24 ~~under paragraph (b) or (c) must be perfected for protection~~
25 ~~against creditors of the transferor and purchasers of the~~
26 ~~returned or repossessed goods.~~

1 (1) SUBJECT TO SUBSECTION (3), THE LOCAL LAW OF THE ISSUER'S
2 JURISDICTION OR A NOMINATED PERSON'S JURISDICTION GOVERNS
3 PERFECTION, THE EFFECT OF PERFECTION OR NONPERFECTION, AND THE
4 PRIORITY OF A SECURITY INTEREST IN A LETTER-OF-CREDIT RIGHT IF
5 THE ISSUER'S JURISDICTION OR NOMINATED PERSON'S JURISDICTION IS A
6 STATE.

7 (2) FOR PURPOSES OF THIS PART, AN ISSUER'S JURISDICTION OR
8 NOMINATED PERSON'S JURISDICTION IS THE JURISDICTION WHOSE LAW
9 GOVERNS THE LIABILITY OF THE ISSUER OR NOMINATED PERSON WITH
10 RESPECT TO THE LETTER-OF-CREDIT RIGHT AS PROVIDED IN SECTION
11 5116.

12 (3) THIS SECTION DOES NOT APPLY TO A SECURITY INTEREST THAT
13 IS PERFECTED ONLY UNDER SECTION 9308(4).

14 Sec. 9307. ~~(1) Except as otherwise provided by subsection~~
15 ~~(10), a buyer in ordinary course of business, as defined in sec-~~
16 ~~tion 1201(9), takes free of a security interest created by his or~~
17 ~~her seller even though the security interest is perfected and~~
18 ~~even though the buyer knows of its existence.~~

19 ~~(2) Subsections (3) to (10) shall apply in the case of a~~
20 ~~person buying farm products from a person engaged in farming~~
21 ~~operations.~~

22 ~~(3) If requested by the secured party, a debtor engaged in~~
23 ~~farming operations who gives a security interest in farm products~~
24 ~~shall provide to the secured party a written list identifying~~
25 ~~potential buyers and points of delivery of the farm products.~~
26 ~~Except as otherwise provided by subsection (4), the number of~~
27 ~~potential buyers for each commodity shall not exceed 5. If a~~

~~1 potential buyer has more than 1 point of delivery, each
2 additional point of delivery shall be counted as a potential
3 buyer.~~

~~4 (4) A debtor engaged in farming operations who provides a
5 written list of potential buyers to a secured party pursuant to
6 subsection (3) shall not sell farm products that secure the debt
7 to a buyer who is not identified on the list without the prior
8 written consent of the secured party. A person who knowingly or
9 intentionally violates this subsection is guilty of a felony,
10 punishable by imprisonment for not more than 3 years or a fine of
11 not more than \$10,000.00, or both. If appropriate given the
12 facts and circumstances of the case, the court shall place the
13 person on probation upon the condition that restitution be made
14 to the secured party. Payment of, or application of the proceeds
15 to, the debt upon which the security interest is based shall be
16 an absolute defense to a prosecution under this subsection if the
17 payment or application is made prior to commencement of
18 prosecution.~~

~~19 (5) A secured party who is provided with a written list of
20 potential buyers pursuant to subsection (3) may notify buyers
21 identified on the list of the security interest as provided in
22 this subsection. A secured party shall not notify a person not
23 identified on the list, except that the secured party may notify
24 a buyer concerning whom the secured party has given prior written
25 consent pursuant to subsection (4) or to whom the secured party
26 has reasonable cause to believe the debtor is about to sell the
27 farm products. A notice provided pursuant to this subsection~~

~~1 shall be in writing, and shall be mailed by certified mail or
2 delivered by another method by which receipt can be verified.
3 The notice may be in a form agreed upon in writing by the buyer
4 and the secured party, but in absence of such an agreement the
5 notice shall be an original financing statement or a carbon, pho=
6 tographic, or other reproduction of an original that is effective
7 under section 9402, or a statement that contains all of the
8 following:~~

~~9 (a) The full name and address of the debtor.~~

~~10 (b) The full name and address of the secured party.~~

~~11 (c) A description of the collateral.~~

~~12 (d) The date and location of the filing of the security
13 interest.~~

~~14 (e) The date and signature of the secured party.~~

~~15 (6) If the debt that is the basis of the security interest
16 is satisfied, the secured party shall notify in writing each
17 potential buyer to whom the secured party sent notice under sub=
18 section (5). The notice may be given within a time period agreed
19 upon in writing by the buyer and the secured party, but in
20 absence of such an agreement the notice shall be given within 11
21 days after the debt is satisfied.~~

~~22 (7) A secured party who does any of the following is guilty
23 of a misdemeanor, punishable by imprisonment for not more than
24 90 days or a fine of not more than \$1,000.00, or both:~~

~~25 (a) Knowingly or intentionally gives false or misleading
26 information in a notice provided pursuant to subsection (5).~~

1 ~~(b) Sends notice to a potential buyer other than as~~
2 ~~permitted in subsection (5).~~

3 ~~(c) Fails to notify a potential buyer of the satisfaction of~~
4 ~~a debt within the time period prescribed by subsection (6).~~

5 ~~(8) A buyer of farm products who receives notice pursuant to~~
6 ~~subsection (5) of a security interest in the farm products shall~~
7 ~~make payment for the farm products by check or other instrument~~
8 ~~made payable to the seller and the secured party jointly, except~~
9 ~~that payment may be made directly to the secured party if autho=~~
10 ~~rized in writing by the seller. This subsection shall not apply~~
11 ~~to any payment or partial payment made before notice under sub=~~
12 ~~section (5) has been received by the buyer. A buyer of farm pro=~~
13 ~~ducts who violates this subsection is guilty of a misdemeanor,~~
14 ~~punishable by imprisonment for not more than 90 days or a fine of~~
15 ~~not more than \$1,000.00, or both. Payment of the debt upon which~~
16 ~~the security interest is based shall be an absolute defense to a~~
17 ~~prosecution under this subsection if payment is made prior to~~
18 ~~commencement of prosecution.~~

19 ~~(9) As used in subsections (2) to (8), "person buying farm~~
20 ~~products" or "buyer" includes a commission merchant or selling~~
21 ~~agent who sells farm products in the ordinary course of business~~
22 ~~for a person engaged in farming operations.~~

23 ~~(10) A buyer in ordinary course of business who receives~~
24 ~~notice pursuant to subsection (5), who buys farm products from a~~
25 ~~person engaged in farming operations, and who withholds all or~~
26 ~~part of the proceeds of the sale from the seller in order to~~
27 ~~satisfy a debt owed by the seller to the buyer, takes subject to~~

~~1 a security interest in those farm products created by the seller,
2 unless the debt owed by the seller to the buyer was secured by a
3 prior perfected security interest. For purposes of this subsec=
4 tion, "debt" does not include the cost of harvesting; processing,
5 including packaging, freezing, canning, and drying; storing; or
6 marketing the farm products, or transporting the farm products to
7 market.~~

~~8 (11) Except as otherwise provided by subsection (12), a com=
9 mission merchant or selling agent who sells farm products, in the
10 ordinary course of business, for a person engaged in farming
11 operations shall not be liable to the holder of a security inter=
12 est in those farm products even though the security interest is
13 perfected and even though the commission merchant or selling
14 agent knows of its existence.~~

~~15 (12) A commission merchant or selling agent who sells farm
16 products, in the ordinary course of business, for a person
17 engaged in farming operations, and who receives notice pursuant
18 to subsection (5), shall not be protected from liability under
19 subsection (11) if the commission merchant or selling agent with=
20 holds from the seller all or part of the proceeds of a sale of
21 the farm products in order to satisfy a debt owed by the seller
22 to the commission merchant or selling agent, unless the debt was
23 secured by a prior perfected security interest. For purposes of
24 this subsection, "debt" does not include the cost of harvesting;
25 processing, including packaging, freezing, canning, and drying;
26 storing; or marketing the farm products, or transporting the farm
27 products to market.~~

1 ~~(13) A prosecution under subsections (8) to (10) shall not~~
2 ~~be commenced after the expiration of 2 years following the date~~
3 ~~the violation occurred.~~

4 ~~(14) In the case of consumer goods, a buyer takes free of a~~
5 ~~security interest even though perfected if the buyer buys without~~
6 ~~knowledge of the security interest, for value and for the buyer's~~
7 ~~own personal, family, or household purposes unless prior to the~~
8 ~~purchase the secured party has filed a financing statement cover-~~
9 ~~ing such goods.~~

10 ~~(15) A buyer other than a buyer in ordinary course of busi-~~
11 ~~ness under subsection (1) takes free of a security interest to~~
12 ~~the extent that it secures future advances made after the secured~~
13 ~~party acquires knowledge of the purchase, or more than 45 days~~
14 ~~after the purchase, whichever first occurs, unless made pursuant~~
15 ~~to a commitment entered into without knowledge of the purchase~~
16 ~~and before the expiration of the 45-day period.~~

17 (1) AS USED IN THIS SECTION, "PLACE OF BUSINESS" MEANS A
18 PLACE WHERE A DEBTOR CONDUCTS ITS AFFAIRS.

19 (2) EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, THE FOL-
20 LOWING RULES DETERMINE A DEBTOR'S LOCATION:

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

23 (B) A DEBTOR THAT IS AN ORGANIZATION AND HAS ONLY 1 PLACE OF
24 BUSINESS IS LOCATED AT ITS PLACE OF BUSINESS.

25 (C) A DEBTOR THAT IS AN ORGANIZATION AND HAS MORE THAN 1
26 PLACE OF BUSINESS IS LOCATED AT ITS CHIEF EXECUTIVE OFFICE.

1 (3) SUBSECTION (2) APPLIES ONLY IF A DEBTOR'S RESIDENCE,
2 PLACE OF BUSINESS, OR CHIEF EXECUTIVE OFFICE, AS APPLICABLE, IS
3 LOCATED IN A JURISDICTION WHOSE LAW GENERALLY REQUIRES INFORMA-
4 TION CONCERNING THE EXISTENCE OF A NONPOSSESSORY SECURITY INTER-
5 EST TO BE MADE GENERALLY AVAILABLE IN A FILING, RECORDING, OR
6 REGISTRATION SYSTEM AS A CONDITION OR RESULT OF THE SECURITY
7 INTEREST'S OBTAINING PRIORITY OVER THE RIGHTS OF A LIEN CREDITOR
8 WITH RESPECT TO THE COLLATERAL. IF SUBSECTION (2) DOES NOT
9 APPLY, THE DEBTOR IS LOCATED IN THE DISTRICT OF COLUMBIA.

10 (4) A PERSON THAT CEASES TO EXIST, HAVE A RESIDENCE, OR HAVE
11 A PLACE OF BUSINESS CONTINUES TO BE LOCATED IN THE JURISDICTION
12 SPECIFIED BY SUBSECTIONS (2) AND (3).

13 (5) A REGISTERED ORGANIZATION THAT IS ORGANIZED UNDER THE
14 LAW OF A STATE IS LOCATED IN THAT STATE.

15 (6) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (9), A REGIS-
16 TERED ORGANIZATION THAT IS ORGANIZED UNDER THE LAW OF THE UNITED
17 STATES AND A BRANCH OR AGENCY OF A BANK THAT IS NOT ORGANIZED
18 UNDER THE LAW OF THE UNITED STATES OR A STATE ARE LOCATED IN 1 OF
19 THE FOLLOWING:

20 (A) IN THE STATE THAT THE LAW OF THE UNITED STATES DESIG-
21 NATES, IF THE LAW DESIGNATES A STATE OF LOCATION.

22 (B) IN THE STATE THAT THE REGISTERED ORGANIZATION, BRANCH,
23 OR AGENCY DESIGNATES, IF THE LAW OF THE UNITED STATES AUTHORIZES
24 THE REGISTERED ORGANIZATION, BRANCH, OR AGENCY TO DESIGNATE ITS
25 STATE OF LOCATION.

26 (C) IN THE DISTRICT OF COLUMBIA, IF NEITHER SUBDIVISION (A)
27 NOR (B) APPLIES.

1 (7) A REGISTERED ORGANIZATION CONTINUES TO BE LOCATED IN THE
 2 JURISDICTION SPECIFIED BY SUBSECTION (5) OR (6) NOTWITHSTANDING
 3 THE OCCURRENCE OF 1 OF THE FOLLOWING:

4 (A) THE SUSPENSION, REVOCATION, FORFEITURE, OR LAPSE OF THE
 5 REGISTERED ORGANIZATION'S STATUS AS SUCH IN ITS JURISDICTION OF
 6 ORGANIZATION.

7 (B) THE DISSOLUTION, WINDING UP, OR CANCELLATION OF THE
 8 EXISTENCE OF THE REGISTERED ORGANIZATION.

9 (8) THE UNITED STATES IS LOCATED IN THE DISTRICT OF
 10 COLUMBIA.

11 (9) A BRANCH OR AGENCY OF A BANK THAT IS NOT ORGANIZED UNDER
 12 THE LAW OF THE UNITED STATES OR A STATE IS LOCATED IN THE STATE
 13 IN WHICH THE BRANCH OR AGENCY IS LICENSED, IF ALL BRANCHES AND
 14 AGENCIES OF THE BANK ARE LICENSED IN ONLY 1 STATE.

15 (10) A FOREIGN AIR CARRIER IS LOCATED AT THE DESIGNATED
 16 OFFICE OF THE AGENT UPON WHICH SERVICE OF PROCESS MAY BE MADE ON
 17 BEHALF OF THE CARRIER UNDER SECTION 46103 OF TITLE 49 OF THE
 18 UNITED STATES CODE, 49 U.S.C. 46103.

19 (11) THIS SECTION APPLIES ONLY FOR PURPOSES OF THIS PART.

20 SUBPART 2. PERFECTION

21 Sec. 9308. ~~A purchaser of chattel paper or an instrument~~
 22 ~~who gives new value and takes possession of it in the ordinary~~
 23 ~~course of his business has priority over a security interest in~~
 24 ~~the chattel paper or instrument.~~

25 ~~(a) Which is perfected under section 9304 (permissive filing~~
 26 ~~and temporary perfection) or under section 9306 (perfection as to~~

1 proceeds) if he acts without knowledge that the specific paper or
2 instrument is subject to a security interest; or

3 ~~(b) Which is claimed merely as proceeds of inventory subject~~
4 ~~to a security interest (section 9306) even though he knows that~~
5 ~~the specific paper or instrument is subject to the security~~
6 ~~interest.~~

7 (1) EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION AND SECTION
8 9309, A SECURITY INTEREST IS PERFECTED IF IT HAS ATTACHED AND ALL
9 OF THE APPLICABLE REQUIREMENTS FOR PERFECTION IN SECTIONS 9310
10 THROUGH 9316 HAVE BEEN SATISFIED. A SECURITY INTEREST IS PERFEC-
11 TED WHEN IT ATTACHES IF THE APPLICABLE REQUIREMENTS ARE SATISFIED
12 BEFORE THE SECURITY INTEREST ATTACHES.

13 (2) AN AGRICULTURAL LIEN IS PERFECTED IF IT HAS BECOME
14 EFFECTIVE AND ALL OF THE APPLICABLE REQUIREMENTS FOR PERFECTION
15 IN SECTION 9310 HAVE BEEN SATISFIED. AN AGRICULTURAL LIEN IS
16 PERFECTED WHEN IT BECOMES EFFECTIVE IF THE APPLICABLE REQUIRE-
17 MENTS ARE SATISFIED BEFORE THE AGRICULTURAL LIEN BECOMES
18 EFFECTIVE.

19 (3) A SECURITY INTEREST OR AGRICULTURAL LIEN IS PERFECTED
20 CONTINUOUSLY IF IT IS ORIGINALLY PERFECTED BY 1 METHOD UNDER THIS
21 ARTICLE AND IS LATER PERFECTED BY ANOTHER METHOD UNDER THIS ARTI-
22 CLE, WITHOUT AN INTERMEDIATE PERIOD WHEN IT WAS UNPERFECTED.

23 (4) PERFECTION OF A SECURITY INTEREST IN COLLATERAL ALSO
24 PERFECTS A SECURITY INTEREST IN A SUPPORTING OBLIGATION FOR THE
25 COLLATERAL.

26 (5) PERFECTION OF A SECURITY INTEREST IN A RIGHT TO PAYMENT
27 OR PERFORMANCE ALSO PERFECTS A SECURITY INTEREST IN A SECURITY

1 INTEREST, MORTGAGE, OR OTHER LIEN ON PERSONAL OR REAL PROPERTY
2 SECURING THE RIGHT.

3 (6) PERFECTION OF A SECURITY INTEREST IN A SECURITIES
4 ACCOUNT ALSO PERFECTS A SECURITY INTEREST IN THE SECURITY ENTI-
5 TLEMENTS CARRIED IN THE SECURITIES ACCOUNT.

6 (7) PERFECTION OF A SECURITY INTEREST IN A COMMODITY ACCOUNT
7 ALSO PERFECTS A SECURITY INTEREST IN THE COMMODITY CONTRACTS CAR-
8 RIED IN THE COMMODITY ACCOUNT.

9 Sec. 9309. ~~Nothing in this article limits the rights of a~~
10 ~~holder in due course of a negotiable instrument (section 3302) or~~
11 ~~a holder to whom a negotiable document of title has been duly~~
12 ~~negotiated (section 7501) or a protected purchaser of a security~~
13 ~~(section 8303) and such holders or purchasers take priority over~~
14 ~~an earlier security interest even though perfected. Filing under~~
15 ~~this article does not constitute notice of the security interest~~
16 ~~to such holders or purchasers.~~ EACH OF THE FOLLOWING SECURITY
17 INTERESTS IS PERFECTED WHEN IT ATTACHES:

18 (A) A PURCHASE-MONEY SECURITY INTEREST IN CONSUMER GOODS,
19 EXCEPT AS OTHERWISE PROVIDED IN SECTION 9311(2) WITH RESPECT TO
20 CONSUMER GOODS THAT ARE SUBJECT TO A STATUTE OR TREATY DESCRIBED
21 IN SECTION 9311(1).

22 (B) AN ASSIGNMENT OF ACCOUNTS OR PAYMENT INTANGIBLES WHICH
23 DOES NOT BY ITSELF OR IN CONJUNCTION WITH OTHER ASSIGNMENTS TO
24 THE SAME ASSIGNEE TRANSFER A SIGNIFICANT PART OF THE ASSIGNOR'S
25 OUTSTANDING ACCOUNTS OR PAYMENT INTANGIBLES.

26 (C) A SALE OF A PAYMENT INTANGIBLE.

(D) A SALE OF A PROMISSORY NOTE.

(E) A SECURITY INTEREST CREATED BY THE ASSIGNMENT OF A HEALTH-CARE-INSURANCE RECEIVABLE TO THE PROVIDER OF THE HEALTH-CARE GOODS OR SERVICES.

(F) A SECURITY INTEREST ARISING UNDER SECTION 2401, 2505, 2711(3), OR 2A508(5), UNTIL THE DEBTOR OBTAINS POSSESSION OF THE COLLATERAL.

(G) A SECURITY INTEREST OF A COLLECTING BANK ARISING UNDER SECTION 4210.

(H) A SECURITY INTEREST OF AN ISSUER OR NOMINATED PERSON ARISING UNDER SECTION 5118.

(I) A SECURITY INTEREST ARISING IN THE DELIVERY OF A FINANCIAL ASSET UNDER SECTION 9206(3).

(J) A SECURITY INTEREST IN INVESTMENT PROPERTY CREATED BY A BROKER OR SECURITIES INTERMEDIARY.

(K) A SECURITY INTEREST IN A COMMODITY CONTRACT OR A COMMODITY ACCOUNT CREATED BY A COMMODITY INTERMEDIARY.

(L) AN ASSIGNMENT FOR THE BENEFIT OF ALL CREDITORS OF THE TRANSFEROR AND SUBSEQUENT TRANSFERS BY THE ASSIGNEE THEREUNDER.

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

Sec. 9310. ~~When a person in the ordinary course of his business furnishes services or materials with respect to goods subject to a security interest, a lien upon goods in the possession of such person given by statute or rule of law for such materials or services takes priority over a perfected security~~

~~1 interest unless the lien is statutory and the statute expressly
2 provides otherwise.~~

3 (1) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (2) AND SEC-
4 TION 9312(2), A FINANCING STATEMENT MUST BE FILED TO PERFECT ALL
5 SECURITY INTERESTS AND AGRICULTURAL LIENS.

6 (2) THE FILING OF A FINANCING STATEMENT IS NOT NECESSARY TO
7 PERFECT 1 OR MORE OF THE FOLLOWING:

8 (A) A SECURITY INTEREST THAT IS PERFECTED UNDER SECTION
9 9308(4), (5), (6), OR (7).

10 (B) A SECURITY INTEREST THAT IS PERFECTED UNDER SECTION 9309
11 WHEN IT ATTACHES.

12 (C) A SECURITY INTEREST IN PROPERTY SUBJECT TO A STATUTE,
13 REGULATION, OR TREATY DESCRIBED IN SECTION 9311(1).

14 (D) A SECURITY INTEREST IN GOODS IN POSSESSION OF A BAILEE
15 THAT IS PERFECTED UNDER SECTION 9312(4)(A) OR (B).

16 (E) A SECURITY INTEREST IN CERTIFICATED SECURITIES, DOCU-
17 MENTS, GOODS, OR INSTRUMENTS THAT IS PERFECTED WITHOUT FILING OR
18 POSSESSION UNDER SECTION 9312(5), (6), OR (7).

19 (F) A SECURITY INTEREST IN COLLATERAL IN THE SECURED PARTY'S
20 POSSESSION UNDER SECTION 9313.

21 (G) A SECURITY INTEREST IN A CERTIFICATED SECURITY THAT IS
22 PERFECTED BY DELIVERY OF THE SECURITY CERTIFICATE TO THE SECURED
23 PARTY UNDER SECTION 9313.

24 (H) A SECURITY INTEREST IN DEPOSIT ACCOUNTS, ELECTRONIC
25 CHATTEL PAPER, INVESTMENT PROPERTY, OR LETTER-OF-CREDIT RIGHTS
26 THAT IS PERFECTED BY CONTROL UNDER SECTION 9314.

1 (I) A SECURITY INTEREST IN PROCEEDS THAT IS PERFECTED UNDER
2 SECTION 9315.

3 (J) A SECURITY INTEREST THAT IS PERFECTED UNDER SECTION
4 9316.

5 (3) IF A SECURED PARTY ASSIGNS A PERFECTED SECURITY INTEREST
6 OR AGRICULTURAL LIEN, A FILING UNDER THIS ARTICLE IS NOT REQUIRED
7 TO CONTINUE THE PERFECTED STATUS OF THE SECURITY INTEREST AGAINST
8 CREDITORS OF AND TRANSFEREES FROM THE ORIGINAL DEBTOR.

9 Sec. 9311. ~~The debtor's rights in collateral may be volun-~~
10 ~~tarily or involuntarily transferred (by way of sale, creation of~~
11 ~~a security interest, attachment, levy, garnishment or other judi-~~
12 ~~cial process) notwithstanding a provision in the security agree-~~
13 ~~ment prohibiting any transfer or making the transfer constitute a~~
14 ~~default.~~

15 (1) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (4), THE
16 FILING OF A FINANCING STATEMENT IS NOT NECESSARY OR EFFECTIVE TO
17 PERFECT A SECURITY INTEREST IN PROPERTY SUBJECT TO 1 OR MORE OF
18 THE FOLLOWING:

19 (A) A STATUTE, REGULATION, OR TREATY OF THE UNITED STATES
20 WHOSE REQUIREMENTS FOR A SECURITY INTEREST'S OBTAINING PRIORITY
21 OVER THE RIGHTS OF A LIEN CREDITOR WITH RESPECT TO THE PROPERTY
22 PREEMPT SECTION 9310(1).

23 (B) THE FOLLOWING STATUTES OF THIS STATE:

24 (i) CHAPTER II OF THE MICHIGAN VEHICLE CODE, 1949 PA 300,
25 MCL 257.201 TO 257.259.

26 (ii) PART 803 OF THE NATURAL RESOURCES AND ENVIRONMENTAL
27 PROTECTION ACT, 1994 PA 451, MCL 324.80301 TO 324.80322.

1 (iii) PART 811 OF THE NATURAL RESOURCES AND ENVIRONMENTAL
2 PROTECTION ACT, 1994 PA 451, MCL 324.81101 TO 324.81150.

3 (iv) SECTIONS 30 THROUGH 30H OF THE MOBILE HOME COMMISSION
4 ACT, 1987 PA 96, MCL 125.2330 TO 125.2330H.

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

10 (2) COMPLIANCE WITH THE REQUIREMENTS OF A STATUTE, REGULA-
11 TION, OR TREATY DESCRIBED IN SUBSECTION (1) FOR OBTAINING PRIOR-
12 ITY OVER THE RIGHTS OF A LIEN CREDITOR IS EQUIVALENT TO THE
13 FILING OF A FINANCING STATEMENT UNDER THIS ARTICLE. EXCEPT AS
14 OTHERWISE PROVIDED IN SUBSECTION (4) AND SECTIONS 9313 AND
15 9316(4) AND (5) FOR GOODS COVERED BY A CERTIFICATE OF TITLE, A
16 SECURITY INTEREST IN PROPERTY SUBJECT TO A STATUTE, REGULATION,
17 OR TREATY DESCRIBED IN SUBSECTION (1) MAY BE PERFECTED ONLY BY
18 COMPLIANCE WITH THOSE REQUIREMENTS, AND A SECURITY INTEREST SO
19 PERFECTED REMAINS PERFECTED NOTWITHSTANDING A CHANGE IN THE USE
20 OR TRANSFER OF POSSESSION OF THE COLLATERAL.

21 (3) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (4) AND SEC-
22 TION 9316(4) AND (5), DURATION AND RENEWAL OF PERFECTION OF A
23 SECURITY INTEREST PERFECTED BY COMPLIANCE WITH THE REQUIREMENTS
24 PRESCRIBED BY A STATUTE, REGULATION, OR TREATY DESCRIBED IN SUB-
25 SECTION (1) ARE GOVERNED BY THE STATUTE, REGULATION, OR TREATY.
26 IN OTHER RESPECTS, THE SECURITY INTEREST IS SUBJECT TO THIS
27 ARTICLE.

1 (4) DURING ANY PERIOD IN WHICH COLLATERAL IS INVENTORY HELD
2 FOR SALE OR LEASE BY A PERSON OR LEASED BY THAT PERSON AS LESSOR
3 AND THAT PERSON IS IN THE BUSINESS OF SELLING OR LEASING GOODS OF
4 THAT KIND, THIS SECTION DOES NOT APPLY TO A SECURITY INTEREST IN
5 THAT COLLATERAL CREATED BY THAT PERSON AS DEBTOR.

6 Sec. 9312. ~~-(1) The rules of priority stated in other sec-~~
7 ~~tions of this part and in the following sections shall govern~~
8 ~~when applicable: section 4210 with respect to the security~~
9 ~~interests of collecting banks in items being collected, accompa-~~
10 ~~nying documents and proceeds; section 9103 on security interests~~
11 ~~related to other jurisdictions; section 9114 on consignments; and~~
12 ~~section 9115 on security interests in investment property.~~

13 ~~(2) A perfected security interest in crops for new value~~
14 ~~given to enable the debtor to produce the crops during the pro-~~
15 ~~duction season and given not more than 3 months before the crops~~
16 ~~become growing crops by planting or otherwise takes priority over~~
17 ~~an earlier perfected security interest to the extent that such~~
18 ~~earlier interest secures obligations due more than 6 months~~
19 ~~before the crops become growing crops by planting or otherwise,~~
20 ~~even though the person giving new value had knowledge of the ear-~~
21 ~~lier security interest.~~

22 ~~(3) Except as provided in subsection (4), a perfected pur-~~
23 ~~chase money security interest in inventory has priority over a~~
24 ~~conflicting security interest in the same inventory and also has~~
25 ~~priority in identifiable cash proceeds received on or before the~~
26 ~~delivery of the inventory to a buyer if:~~

~~(a) The purchase money security interest is perfected at the time the debtor receives possession of the inventory; and~~

~~(b) The purchase money secured party gives notification in writing to the holder of the conflicting security interest if the holder had filed a financing statement covering the same types of inventory; (i) before the date of the filing made by the purchase money secured party; or, (ii) before the beginning of the 21-day period where the purchase money security interest is temporarily perfected without filing or possession (section 9304(5)); and~~

~~(c) The holder of the conflicting security interest receives the notification within 5 years before the debtor receives possession of the inventory; and~~

~~(d) The notification states that the person giving the notice has or expects to acquire a purchase money security interest in inventory of the debtor, describing such inventory by item or type.~~

~~(4) A purchase money security interest in inventory collateral which consists entirely of farm produce as defined in the grain dealers act, Act No. 141 of the Public Acts of 1939, being sections 285.61 to 285.82a of the Michigan Compiled Laws, and which is retained by the producer of the farm produce shall have priority over a conflicting security interest in the same collateral, except for a security interest specified in subsection (2), if the purchase money security interest is perfected at the time the debtor receives possession of the collateral or within 20 days thereafter.~~

1 ~~(5) A purchase money security interest in collateral other~~
2 ~~than inventory has priority over a conflicting security interest~~
3 ~~in the same collateral or its proceeds if the purchase money~~
4 ~~security interest is perfected at the time the debtor receives~~
5 ~~possession of the collateral or within 20 days thereafter.~~

6 ~~(6) In all cases not governed by other rules stated in this~~
7 ~~section, including cases of purchase money security interests~~
8 ~~which do not qualify for the special priorities set forth in sub-~~
9 ~~sections (3), (4), and (5) of this section, priority between con-~~
10 ~~flicting security interests in the same collateral shall be~~
11 ~~determined according to the following rules:~~

12 ~~(a) Conflicting security interests rank according to prior-~~
13 ~~ity in time of filing or perfection. Priority dates from the~~
14 ~~time a filing is first made covering the collateral or the time~~
15 ~~the security interest is first perfected, whichever is earlier,~~
16 ~~provided that there is no period thereafter when there is neither~~
17 ~~filing nor perfection.~~

18 ~~(b) So long as conflicting security interests are unper-~~
19 ~~fected, the first to attach has priority.~~

20 ~~(7) For the purposes of subsection (6) a date of filing or~~
21 ~~perfection as to collateral is also a date of filing or perfec-~~
22 ~~tion as to proceeds.~~

23 ~~(8) If future advances are made while a security interest is~~
24 ~~perfected by filing, the taking of possession, or under section~~
25 ~~9115 or section 9116 on investment property, the security inter-~~
26 ~~est has the same priority for the purposes of subsection (6) or~~
27 ~~section 9115(5) with respect to the future advances as it does~~

~~1 with respect to the first advance. If a commitment is made
2 before or while the security interest is so perfected, the secur=
3 ity interest has the same priority with respect to advances made
4 pursuant thereto. In other cases a perfected security interest
5 has priority from the date the advance is made.~~

6 (1) A SECURITY INTEREST IN CHATTEL PAPER, NEGOTIABLE DOCU-
7 MENTS, INSTRUMENTS, OR INVESTMENT PROPERTY MAY BE PERFECTED BY
8 FILING.

9 (2) EXCEPT AS OTHERWISE PROVIDED IN SECTION 9315(3) AND (4)
10 FOR PROCEEDS, A SECURITY INTEREST IN A DEPOSIT ACCOUNT, A
11 LETTER-OF-CREDIT RIGHT, OR MONEY MAY BE PERFECTED ONLY AS
12 FOLLOWS:

13 (A) A SECURITY INTEREST IN A DEPOSIT ACCOUNT MAY BE PERFEC-
14 TED ONLY BY CONTROL UNDER SECTION 9314.

15 (B) EXCEPT AS OTHERWISE PROVIDED IN SECTION 9308(4), A
16 SECURITY INTEREST IN A LETTER-OF-CREDIT RIGHT MAY BE PERFECTED
17 ONLY BY CONTROL UNDER SECTION 9314.

18 (C) A SECURITY INTEREST IN MONEY MAY BE PERFECTED ONLY BY
19 THE SECURED PARTY'S TAKING POSSESSION UNDER SECTION 9313.

20 (3) WHILE GOODS ARE IN THE POSSESSION OF A BAILEE THAT HAS
21 ISSUED A NEGOTIABLE DOCUMENT COVERING THE GOODS, A SECURITY
22 INTEREST IN THE GOODS MAY BE PERFECTED BY PERFECTING A SECURITY
23 INTEREST IN THE DOCUMENT, AND A SECURITY INTEREST PERFECTED IN
24 THE DOCUMENT HAS PRIORITY OVER ANY SECURITY INTEREST THAT BECOMES
25 PERFECTED IN THE GOODS BY ANOTHER METHOD DURING THAT TIME.

26 (4) WHILE GOODS ARE IN THE POSSESSION OF A BAILEE THAT HAS
27 ISSUED A NONNEGOTIABLE DOCUMENT COVERING THE GOODS, A SECURITY

1 INTEREST IN THE GOODS MAY BE PERFECTED BY 1 OR MORE OF THE
2 FOLLOWING:

3 (A) ISSUANCE OF A DOCUMENT IN THE NAME OF THE SECURED
4 PARTY.

5 (B) THE BAILEE'S RECEIPT OF NOTIFICATION OF THE SECURED
6 PARTY'S INTEREST.

7 (C) FILING AS TO THE GOODS.

8 (5) A SECURITY INTEREST IN CERTIFICATED SECURITIES, NEGOTIA-
9 BLE DOCUMENTS, OR INSTRUMENTS IS PERFECTED WITHOUT FILING OR THE
10 TAKING OF POSSESSION FOR A PERIOD OF 20 DAYS FROM THE TIME IT
11 ATTACHES TO THE EXTENT THAT IT ARISES FOR NEW VALUE GIVEN UNDER
12 AN AUTHENTICATED SECURITY AGREEMENT.

13 (6) A PERFECTED SECURITY INTEREST IN A NEGOTIABLE DOCUMENT
14 OR GOODS IN POSSESSION OF A BAILEE, OTHER THAN ONE THAT HAS
15 ISSUED A NEGOTIABLE DOCUMENT FOR THE GOODS, REMAINS PERFECTED FOR
16 20 DAYS WITHOUT FILING IF THE SECURED PARTY MAKES AVAILABLE TO
17 THE DEBTOR THE GOODS OR DOCUMENTS REPRESENTING THE GOODS FOR THE
18 PURPOSE OF ULTIMATE SALE OR EXCHANGE, OR FOR THE PURPOSE OF LOAD-
19 ING, UNLOADING, STORING, SHIPPING, TRANSSHIPPING, MANUFACTURING,
20 PROCESSING, OR OTHERWISE DEALING WITH THEM IN A MANNER PRELIMI-
21 NARY TO THEIR SALE OR EXCHANGE:

22 (7) A PERFECTED SECURITY INTEREST IN A CERTIFICATED SECURITY
23 OR INSTRUMENT REMAINS PERFECTED FOR 20 DAYS WITHOUT FILING IF THE
24 SECURED PARTY DELIVERS THE SECURITY CERTIFICATE OR INSTRUMENT TO
25 THE DEBTOR FOR THE PURPOSE OF ULTIMATE SALE OR EXCHANGE OR FOR
26 THE PURPOSE OF PRESENTATION, COLLECTION, ENFORCEMENT, RENEWAL, OR
27 REGISTRATION OF TRANSFER.

1 (8) AFTER THE 20-DAY PERIOD SPECIFIED IN SUBSECTION (5),
2 (6), OR (7) EXPIRES, PERFECTION DEPENDS UPON COMPLIANCE WITH THIS
3 ARTICLE.

4 Sec. 9313. ~~-(1) In this section and in the provisions of~~
5 ~~part 4 of this article referring to fixture filing, unless the~~
6 ~~context otherwise requires.~~

7 ~~(a) Goods are "fixtures" when they become so related to par-~~
8 ~~ticular real estate that an interest in them arises under real~~
9 ~~estate law. However, crops growing or to be grown are not~~
10 ~~fixtures.~~

11 ~~(b) A "fixture filing" is the filing in the office where a~~
12 ~~mortgage on the real estate would be filed or recorded of a~~
13 ~~financing statement covering goods which are or are to become~~
14 ~~fixtures.~~

15 ~~(c) A mortgage is a "construction mortgage" to the extent~~
16 ~~that it secures an obligation incurred for the construction of an~~
17 ~~improvement on land which may include the acquisition cost of the~~
18 ~~land, and if the recorded writing so indicates.~~

19 ~~(2) A security interest under this article may be created in~~
20 ~~goods which are fixtures or may continue in goods which becomes~~
21 ~~fixtures, but no security interest exists under this article in~~
22 ~~ordinary building materials incorporated into an improvement on~~
23 ~~land.~~

24 ~~(3) This article does not prevent creation of an encumbrance~~
25 ~~upon fixtures pursuant to real estate law.~~

1 ~~(4) A perfected security interest in fixtures has priority~~
2 ~~over the conflicting interest of an encumbrancer or owner of the~~
3 ~~real estate where:~~

4 ~~(a) The security interest is a purchase money security~~
5 ~~interest, the interest of the encumbrancer or owner arises before~~
6 ~~the goods become fixtures, the security interest is perfected by~~
7 ~~a fixture filing before the goods become fixtures or within 10~~
8 ~~days thereafter, and the debtor has an interest of record in the~~
9 ~~real estate or is in possession of the real estate; or~~

10 ~~(b) The security interest is perfected by a fixture filing~~
11 ~~before the interest of the encumbrancer or owner is of record,~~
12 ~~the security interest has priority over any conflicting interest~~
13 ~~of a predecessor in title of the encumbrancer or owner, and the~~
14 ~~debtor has an interest of record in the real estate or is in pos=~~
15 ~~session of the real estate; or~~

16 ~~(c) The fixtures are readily removable factory or office~~
17 ~~machines or readily removable replacements of domestic appliances~~
18 ~~which are consumer goods, and before the goods become fixtures~~
19 ~~the security interest is perfected by any method permitted by~~
20 ~~this article; or~~

21 ~~(d) The conflicting interest is a lien on the real estate~~
22 ~~obtained by legal or equitable proceedings after the security~~
23 ~~interest was perfected by any method permitted by this article.~~

24 ~~(5) A security interest in fixtures, whether or not perfec=~~
25 ~~ted, has priority over the conflicting interest of an encum=~~
26 ~~brancer or owner of the real estate where:~~

1 ~~(a) The encumbrancer or owner has consented in writing to~~
2 ~~the security interest or has disclaimed an interest in the goods~~
3 ~~as fixtures; or~~

4 ~~(b) The debtor has a right to remove the goods as against~~
5 ~~the encumbrancer or owner. If the debtor's right terminates, the~~
6 ~~priority of the security interest continues for a reasonable~~
7 ~~time.~~

8 ~~(6) Notwithstanding subsection (4)(a) but otherwise subject~~
9 ~~to subsections (4) and (5), a security interest in fixtures is~~
10 ~~subordinate to a construction mortgage recorded before the goods~~
11 ~~become fixtures if the goods become fixtures before the comple-~~
12 ~~tion of the construction. To the extent that it is given to~~
13 ~~refinance a construction mortgage, a mortgage has this priority~~
14 ~~to the same extent as the construction mortgage.~~

15 ~~(7) In cases not within the preceding subsections, a secur-~~
16 ~~ity interest in fixtures is subordinate to the conflicting inter-~~
17 ~~est of an encumbrancer or owner of the related real estate who is~~
18 ~~not the debtor.~~

19 ~~(8) When a secured party has priority over all owners and~~
20 ~~encumbrances of the real estate, he or she may, on default,~~
21 ~~subject to the provisions of part 5 of this article, remove his~~
22 ~~or her collateral from the real estate, but he or she must reim-~~
23 ~~burse any encumbrancer or owner of the real estate who is not the~~
24 ~~debtor and who has not otherwise agreed for the cost of repair of~~
25 ~~any physical injury, but not for any diminution in value of the~~
26 ~~real estate caused by the absence of the goods removed or by any~~
27 ~~necessity for replacing them. A person entitled to reimbursement~~

~~1 may refuse permission to remove until the secured party gives
2 adequate security for the performance of this obligation.~~

3 (1) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (2), A
4 SECURED PARTY MAY PERFECT A SECURITY INTEREST IN NEGOTIABLE DOCU-
5 MENTS, GOODS, INSTRUMENTS, MONEY, OR TANGIBLE CHATTEL PAPER BY
6 TAKING POSSESSION OF THE COLLATERAL. A SECURED PARTY MAY PERFECT
7 A SECURITY INTEREST IN CERTIFICATED SECURITIES BY TAKING DELIVERY
8 OF THE CERTIFICATED SECURITIES UNDER SECTION 8301.

9 (2) WITH RESPECT TO GOODS COVERED BY A CERTIFICATE OF TITLE
10 ISSUED BY THIS STATE, A SECURED PARTY MAY PERFECT A SECURITY
11 INTEREST IN THE GOODS BY TAKING POSSESSION OF THE GOODS ONLY IN
12 THE CIRCUMSTANCES DESCRIBED IN SECTION 9316(4).

13 (3) WITH RESPECT TO COLLATERAL OTHER THAN CERTIFICATED
14 SECURITIES AND GOODS COVERED BY A DOCUMENT, A SECURED PARTY TAKES
15 POSSESSION OF COLLATERAL IN THE POSSESSION OF A PERSON OTHER THAN
16 THE DEBTOR, THE SECURED PARTY, OR A LESSEE OF THE COLLATERAL FROM
17 THE DEBTOR IN THE ORDINARY COURSE OF THE DEBTOR'S BUSINESS, WHEN
18 THE PERSON IN POSSESSION AUTHENTICATES A RECORD ACKNOWLEDGING
19 THAT IT HOLDS POSSESSION OF THE COLLATERAL FOR THE SECURED
20 PARTY'S BENEFIT, OR THE PERSON TAKES POSSESSION OF THE COLLATERAL
21 AFTER HAVING AUTHENTICATED A RECORD ACKNOWLEDGING THAT IT WILL
22 HOLD POSSESSION OF COLLATERAL FOR THE SECURED PARTY'S BENEFIT.

23 (4) IF THE PERFECTION OF A SECURITY INTEREST DEPENDS UPON
24 POSSESSION OF THE COLLATERAL BY A SECURED PARTY, PERFECTION
25 OCCURS NO EARLIER THAN THE TIME THE SECURED PARTY TAKES POSSES-
26 SION AND CONTINUES ONLY WHILE THE SECURED PARTY RETAINS
27 POSSESSION.

1 (5) A SECURITY INTEREST IN A CERTIFICATED SECURITY IN
2 REGISTERED FORM IS PERFECTED BY DELIVERY WHEN DELIVERY OF THE
3 CERTIFICATED SECURITY OCCURS UNDER SECTION 8301 AND REMAINS PER-
4 FECTED BY DELIVERY UNTIL THE DEBTOR OBTAINS POSSESSION OF THE
5 SECURITY CERTIFICATE.

6 (6) A PERSON IN POSSESSION OF COLLATERAL IS NOT REQUIRED TO
7 ACKNOWLEDGE THAT IT HOLDS POSSESSION FOR A SECURED PARTY'S
8 BENEFIT.

9 (7) IF A PERSON ACKNOWLEDGES THAT IT HOLDS POSSESSION FOR
10 THE SECURED PARTY'S BENEFIT, THE ACKNOWLEDGMENT IS EFFECTIVE
11 UNDER SUBSECTION (3) OR SECTION 8301(1), EVEN IF THE ACKNOWLEDG-
12 MENT VIOLATES THE RIGHTS OF A DEBTOR, AND UNLESS THE PERSON OTH-
13 ERWISE AGREES OR LAW OTHER THAN THIS ARTICLE OTHERWISE PROVIDES,
14 THE PERSON DOES NOT OWE ANY DUTY TO THE SECURED PARTY AND IS NOT
15 REQUIRED TO CONFIRM THE ACKNOWLEDGMENT TO ANOTHER PERSON.

16 (8) A SECURED PARTY HAVING POSSESSION OF COLLATERAL DOES NOT
17 RELINQUISH POSSESSION BY DELIVERING THE COLLATERAL TO A PERSON
18 OTHER THAN THE DEBTOR OR A LESSEE OF THE COLLATERAL FROM THE
19 DEBTOR IN THE ORDINARY COURSE OF THE DEBTOR'S BUSINESS IF THE
20 PERSON WAS INSTRUCTED BEFORE THE DELIVERY OR IS INSTRUCTED CON-
21 TEMPORANEOUSLY WITH THE DELIVERY TO HOLD POSSESSION OF THE COL-
22 LATERAL FOR THE SECURED PARTY'S BENEFIT, OR TO REDELIVER THE COL-
23 LATERAL TO THE SECURED PARTY.

24 (9) A SECURED PARTY DOES NOT RELINQUISH POSSESSION, EVEN IF
25 A DELIVERY UNDER SUBSECTION (8) VIOLATES THE RIGHTS OF A DEBTOR.
26 A PERSON TO WHICH COLLATERAL IS DELIVERED UNDER SUBSECTION (8)
27 DOES NOT OWE ANY DUTY TO THE SECURED PARTY AND IS NOT REQUIRED TO

1 CONFIRM THE DELIVERY TO ANOTHER PERSON UNLESS THE PERSON
2 OTHERWISE AGREES OR LAW OTHER THAN THIS ARTICLE OTHERWISE
3 PROVIDES.

4 Sec. 9314. ~~(1) A security interest in goods which attaches~~
5 ~~before they are installed in or affixed to other goods takes pri-~~
6 ~~ority as to the goods installed or affixed (called in this sec-~~
7 ~~tion "accessions") over the claims of all persons to the whole~~
8 ~~except as stated in subsection (3) and subject to section~~
9 ~~9315(1).~~

10 ~~(2) A security interest which attaches to goods after they~~
11 ~~become part of a whole is valid against all persons subsequently~~
12 ~~acquiring interests in the whole except as stated in subsection~~
13 ~~(3) but is invalid against any person with an interest in the~~
14 ~~whole at the time the security interest attaches to the goods who~~
15 ~~has not in writing consented to the security interest or dis-~~
16 ~~claimed an interest in the goods as part of the whole.~~

17 ~~(3) The security interests described in subsections (1) and~~
18 ~~(2) do not take priority over~~

19 ~~(a) a subsequent purchaser for value of any interest in the~~
20 ~~whole; or~~

21 ~~(b) a creditor with a lien on the whole subsequently~~
22 ~~obtained by judicial proceedings; or~~

23 ~~(c) a creditor with a prior perfected security interest in~~
24 ~~the whole to the extent that he makes subsequent advances~~
25 ~~if the subsequent purchase is made, the lien by judicial proceed-~~
26 ~~ings obtained or the subsequent advance under the prior perfected~~
27 ~~security interest is made or contracted for without knowledge of~~

~~1 the security interest and before it is perfected. A purchaser of
2 the whole at a foreclosure sale other than the holder of a per=
3 fected security interest purchasing at his own foreclosure sale
4 is a subsequent purchaser within this section.~~

~~5 (4) When under subsections (1) or (2) and (3) a secured
6 party has an interest in accessions which has priority over the
7 claims of all persons who have interests in the whole, he may on
8 default subject to the provisions of part 5 remove his collateral
9 from the whole but he must reimburse any encumbrancer or owner of
10 the whole who is not the debtor and who has not otherwise agreed
11 for the cost of repair of any physical injury but not for any
12 diminution in value of the whole caused by the absence of the
13 goods removed or by any necessity for replacing them. A person
14 entitled to reimbursement may refuse permission to remove until
15 the secured party gives adequate security for the performance of
16 this obligation.~~

17 (1) A SECURITY INTEREST IN INVESTMENT PROPERTY, DEPOSIT
18 ACCOUNTS, LETTER-OF-CREDIT RIGHTS, OR ELECTRONIC CHATTEL PAPER
19 MAY BE PERFECTED BY CONTROL OF THE COLLATERAL UNDER SECTION 9104,
20 9105, 9106, OR 9107.

21 (2) A SECURITY INTEREST IN DEPOSIT ACCOUNTS, ELECTRONIC
22 CHATTEL PAPER, OR LETTER-OF-CREDIT RIGHTS IS PERFECTED BY CONTROL
23 UNDER SECTION 9104, 9105, OR 9107 WHEN THE SECURED PARTY OBTAINS
24 CONTROL AND REMAINS PERFECTED BY CONTROL ONLY WHILE THE SECURED
25 PARTY RETAINS CONTROL.

26 (3) A SECURITY INTEREST IN INVESTMENT PROPERTY IS PERFECTED
27 BY CONTROL UNDER SECTION 9106 FROM THE TIME THE SECURED PARTY

1 OBTAINS CONTROL AND REMAINS PERFECTED BY CONTROL UNTIL BOTH OF
2 THE FOLLOWING OCCUR:

3 (A) THE SECURED PARTY DOES NOT HAVE CONTROL.

4 (B) ONE OF THE FOLLOWING OCCURS:

5 (i) IF THE COLLATERAL IS A CERTIFICATED SECURITY, THE DEBTOR
6 HAS OR ACQUIRES POSSESSION OF THE SECURITY CERTIFICATE.

7 (ii) IF THE COLLATERAL IS AN UNCERTIFICATED SECURITY, THE
8 ISSUER HAS REGISTERED OR REGISTERS THE DEBTOR AS THE REGISTERED
9 OWNER.

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

12 Sec. 9315. ~~(1) If a security interest in goods was perfec-~~
13 ~~ted and subsequently the goods or a part thereof have become part~~
14 ~~of a product or mass, the security interest continues in the pro-~~
15 ~~duct or mass if~~

16 ~~(a) the goods are so manufactured, processed, assembled or~~
17 ~~commingled that their identity is lost in the product or mass; or~~

18 ~~(b) a financing statement covering the original goods also~~
19 ~~covers the product into which the goods have been manufactured,~~
20 ~~processed or assembled.~~

21 ~~In a case to which paragraph (b) applies, no separate secur-~~
22 ~~ity interest in that part of the original goods which has been~~
23 ~~manufactured, processed or assembled into the product may be~~
24 ~~claimed under section 9314.~~

25 ~~(2) When under subsection (1) more than one security inter-~~
26 ~~est attaches to the product or mass, they rank equally according~~
27 ~~to the ratio that the cost of the goods to which each interest~~

1 ~~originally attached bears to the cost of the total product or~~
2 ~~mass.~~

3 (1) EXCEPT AS OTHERWISE PROVIDED IN THIS ARTICLE AND IN SEC-
4 TION 2403(2), BOTH OF THE FOLLOWING APPLY:

5 (A) A SECURITY INTEREST OR AGRICULTURAL LIEN CONTINUES IN
6 COLLATERAL NOTWITHSTANDING SALE, LEASE, LICENSE, EXCHANGE, OR
7 OTHER DISPOSITION THEREOF UNLESS THE SECURED PARTY AUTHORIZED THE
8 DISPOSITION FREE OF THE SECURITY INTEREST OR AGRICULTURAL LIEN.

9 (B) A SECURITY INTEREST ATTACHES TO ANY IDENTIFIABLE PRO-
10 CEEDS OF COLLATERAL.

11 (2) PROCEEDS THAT ARE COMMINGLED WITH OTHER PROPERTY ARE
12 IDENTIFIABLE PROCEEDS TO 1 OF THE FOLLOWING EXTENTS:

13 (A) IF THE PROCEEDS ARE GOODS, TO THE EXTENT PROVIDED BY
14 SECTION 9336.

15 (B) IF THE PROCEEDS ARE NOT GOODS, TO THE EXTENT THAT THE
16 SECURED PARTY IDENTIFIES THE PROCEEDS BY A METHOD OF TRACING,
17 INCLUDING APPLICATION OF EQUITABLE PRINCIPLES, THAT IS PERMITTED
18 UNDER LAW OTHER THAN THIS ARTICLE WITH RESPECT TO COMMINGLED
19 PROPERTY OF THE TYPE INVOLVED.

20 (3) A SECURITY INTEREST IN PROCEEDS IS A PERFECTED SECURITY
21 INTEREST IF THE SECURITY INTEREST IN THE ORIGINAL COLLATERAL WAS
22 PERFECTED.

23 (4) A PERFECTED SECURITY INTEREST IN PROCEEDS BECOMES UNPER-
24 FECTED ON THE TWENTY-FIRST DAY AFTER THE SECURITY INTEREST
25 ATTACHES TO THE PROCEEDS UNLESS 1 OF THE FOLLOWING IS MET:

26 (A) ALL OF THE FOLLOWING CONDITIONS ARE SATISFIED:

1 (i) A FILED FINANCING STATEMENT COVERS THE ORIGINAL
2 COLLATERAL.

3 (ii) THE PROCEEDS ARE COLLATERAL IN WHICH A SECURITY INTER-
4 EST MAY BE PERFECTED BY FILING IN THE OFFICE IN WHICH THE FINANC-
5 ING STATEMENT HAS BEEN FILED.

6 (iii) THE PROCEEDS ARE NOT ACQUIRED WITH CASH PROCEEDS.

7 (B) THE PROCEEDS ARE IDENTIFIABLE CASH PROCEEDS.

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

11 (5) IF A FILED FINANCING STATEMENT COVERS THE ORIGINAL COL-
12 LATERAL, A SECURITY INTEREST IN PROCEEDS WHICH REMAINS PERFECTED
13 UNDER SUBSECTION (4)(A) BECOMES UNPERFECTED AT THE LATER OF WHEN
14 THE EFFECTIVENESS OF THE FILED FINANCING STATEMENT LAPSES UNDER
15 SECTION 9515 OR IS TERMINATED UNDER SECTION 9513, OR THE
16 TWENTY-FIRST DAY AFTER THE SECURITY INTEREST ATTACHES TO THE
17 PROCEEDS.

18 Sec. 9316. ~~Nothing in this article prevents subordination~~
19 ~~by agreement by any person entitled to priority.~~

20 (1) A SECURITY INTEREST PERFECTED PURSUANT TO THE LAW OF THE
21 JURISDICTION DESIGNATED IN SECTION 9301(A) OR 9305(3) REMAINS
22 PERFECTED UNTIL THE EARLIEST OF THE FOLLOWING:

23 (A) THE TIME PERFECTION WOULD HAVE CEASED UNDER THE LAW OF
24 THAT JURISDICTION.

25 (B) THE EXPIRATION OF 4 MONTHS AFTER A CHANGE OF THE
26 DEBTOR'S LOCATION TO ANOTHER JURISDICTION.

1 (C) THE EXPIRATION OF 1 YEAR AFTER A TRANSFER OF COLLATERAL
2 TO A PERSON THAT THEREBY BECOMES A DEBTOR AND IS LOCATED IN
3 ANOTHER JURISDICTION.

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

12 (3) A POSSESSORY SECURITY INTEREST IN COLLATERAL, OTHER THAN
13 GOODS COVERED BY A CERTIFICATE OF TITLE AND AS-EXTRACTED COLLAT-
14 ERAL CONSISTING OF GOODS, REMAINS CONTINUOUSLY PERFECTED IF ALL
15 OF THE FOLLOWING ARE MET:

16 (A) THE COLLATERAL IS LOCATED IN 1 JURISDICTION AND SUBJECT
17 TO A SECURITY INTEREST PERFECTED UNDER THE LAW OF THAT
18 JURISDICTION.

19 (B) THEREAFTER, THE COLLATERAL IS BROUGHT INTO ANOTHER
20 JURISDICTION.

21 (C) UPON ENTRY OF THE COLLATERAL INTO THE OTHER JURISDIC-
22 TION, THE SECURITY INTEREST IS PERFECTED UNDER THE LAW OF THE
23 OTHER JURISDICTION.

24 (4) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (5), A SECUR-
25 ITY INTEREST IN GOODS COVERED BY A CERTIFICATE OF TITLE THAT IS
26 PERFECTED BY ANY METHOD UNDER THE LAW OF ANOTHER JURISDICTION
27 WHEN THE GOODS BECOME COVERED BY A CERTIFICATE OF TITLE FROM THIS

1 STATE REMAINS PERFECTED UNTIL THE SECURITY INTEREST WOULD HAVE
2 BECOME UNPERFECTED UNDER THE LAW OF THE OTHER JURISDICTION HAD
3 THE GOODS NOT BECOME SO COVERED.

4 (5) A SECURITY INTEREST DESCRIBED IN SUBSECTION (4) BECOMES
5 UNPERFECTED AS AGAINST A PURCHASER OF THE GOODS FOR VALUE AND IS
6 DEEMED NEVER TO HAVE BEEN PERFECTED AS AGAINST A PURCHASER OF THE
7 GOODS FOR VALUE IF THE APPLICABLE REQUIREMENTS FOR PERFECTION
8 UNDER SECTION 9311(2) OR 9313 ARE NOT SATISFIED BEFORE THE EAR-
9 LIER OF THE FOLLOWING:

10 (A) THE TIME THE SECURITY INTEREST WOULD HAVE BECOME UNPER-
11 FECTED UNDER THE LAW OF THE OTHER JURISDICTION HAD THE GOODS NOT
12 BECOME COVERED BY A CERTIFICATE OF TITLE FROM THIS STATE.

13 (B) THE EXPIRATION OF 4 MONTHS AFTER THE GOODS HAD BECOME SO
14 COVERED.

15 (6) A SECURITY INTEREST IN DEPOSIT ACCOUNTS,
16 LETTER-OF-CREDIT RIGHTS, OR INVESTMENT PROPERTY THAT IS PERFECTED
17 UNDER THE LAW OF THE BANK'S JURISDICTION, THE ISSUER'S JURISDIC-
18 TION, A NOMINATED PERSON'S JURISDICTION, THE SECURITIES
19 INTERMEDIARY'S JURISDICTION, OR THE COMMODITY INTERMEDIARY'S
20 JURISDICTION, AS APPLICABLE, REMAINS PERFECTED UNTIL THE EARLIER
21 OF THE FOLLOWING:

22 (A) THE TIME THE SECURITY INTEREST WOULD HAVE BECOME UNPER-
23 FECTED UNDER THE LAW OF THAT JURISDICTION.

24 (B) THE EXPIRATION OF 4 MONTHS AFTER A CHANGE OF THE APPLI-
25 CABLE JURISDICTION TO ANOTHER JURISDICTION.

26 (7) IF A SECURITY INTEREST DESCRIBED IN SUBSECTION (6)
27 BECOMES PERFECTED UNDER THE LAW OF THE OTHER JURISDICTION BEFORE

1 THE EARLIER OF THE TIME OR THE END OF THE PERIOD DESCRIBED IN
2 THAT SUBSECTION, IT REMAINS PERFECTED THEREAFTER. IF THE SECUR-
3 ITY INTEREST DOES NOT BECOME PERFECTED UNDER THE LAW OF THE OTHER
4 JURISDICTION BEFORE THE EARLIER OF THAT TIME OR THE END OF THAT
5 PERIOD, IT BECOMES UNPERFECTED AND IS DEEMED NEVER TO HAVE BEEN
6 PERFECTED AS AGAINST A PURCHASER OF THE COLLATERAL FOR VALUE.

7 SUBPART 3. PRIORITY

8 Sec. 9317. ~~The mere existence of a security interest or~~
9 ~~authority given to the debtor to dispose of or use collateral~~
10 ~~does not impose contract or tort liability upon the secured party~~
11 ~~for the debtor's acts or omissions.~~

12 (1) A SECURITY INTEREST OR AGRICULTURAL LIEN IS SUBORDINATE
13 TO THE RIGHTS OF 1 OR MORE OF THE FOLLOWING:

14 (A) A PERSON ENTITLED TO PRIORITY UNDER SECTION 9322.

15 (B) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (5), A PERSON
16 THAT BECOMES A LIEN CREDITOR BEFORE THE EARLIER OF THE TIME THE
17 SECURITY INTEREST OR AGRICULTURAL LIEN IS PERFECTED OR A FINANC-
18 ING STATEMENT COVERING THE COLLATERAL IS FILED.

19 (2) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (5), A BUYER,
20 OTHER THAN A SECURED PARTY, OF TANGIBLE CHATTEL PAPER, DOCUMENTS,
21 GOODS, INSTRUMENTS, OR A SECURITY CERTIFICATE TAKES FREE OF A
22 SECURITY INTEREST OR AGRICULTURAL LIEN IF THE BUYER GIVES VALUE
23 AND RECEIVES DELIVERY OF THE COLLATERAL WITHOUT KNOWLEDGE OF THE
24 SECURITY INTEREST OR AGRICULTURAL LIEN AND BEFORE IT IS
25 PERFECTED.

26 (3) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (5), A LESSEE
27 OF GOODS TAKES FREE OF A SECURITY INTEREST OR AGRICULTURAL LIEN

1 IF THE LESSEE GIVES VALUE AND RECEIVES DELIVERY OF THE COLLATERAL
2 WITHOUT KNOWLEDGE OF THE SECURITY INTEREST OR AGRICULTURAL LIEN
3 AND BEFORE IT IS PERFECTED.

4 (4) A LICENSEE OF A GENERAL INTANGIBLE OR A BUYER, OTHER
5 THAN A SECURED PARTY, OF ACCOUNTS, ELECTRONIC CHATTEL PAPER, GEN-
6 ERAL INTANGIBLES, OR INVESTMENT PROPERTY OTHER THAN A CERTIFI-
7 CATED SECURITY TAKES FREE OF A SECURITY INTEREST IF THE LICENSEE
8 OR BUYER GIVES VALUE WITHOUT KNOWLEDGE OF THE SECURITY INTEREST
9 AND BEFORE IT IS PERFECTED.

10 (5) EXCEPT AS OTHERWISE PROVIDED IN SECTIONS 9320 AND 9321,
11 IF A PERSON FILES A FINANCING STATEMENT WITH RESPECT TO A
12 PURCHASE-MONEY SECURITY INTEREST BEFORE OR WITHIN 20 DAYS AFTER
13 THE DEBTOR RECEIVES DELIVERY OF THE COLLATERAL, THE SECURITY
14 INTEREST TAKES PRIORITY OVER THE RIGHTS OF A BUYER, LESSEE, OR
15 LIEN CREDITOR THAT ARISE BETWEEN THE TIME THE SECURITY INTEREST
16 ATTACHES AND THE TIME OF FILING.

17 Sec. 9318. ~~(1) Unless an account debtor has made an~~
18 ~~enforceable agreement not to assert defenses or claims arising~~
19 ~~out of a sale as provided in section 9206 the rights of an~~
20 ~~assignee are subject to:~~

21 ~~(a) All the terms of the contract between the account debtor~~
22 ~~and assignor and any defense or claim arising therefrom; and~~

23 ~~(b) Any other defense or claim of the account debtor against~~
24 ~~the assignor which accrues before the account debtor receives~~
25 ~~notification of the assignment.~~

26 ~~(2) So far as the right to payment or a part thereof under~~
27 ~~an assigned contract has not been fully earned by performance,~~

~~1 and notwithstanding notification of the assignment, any
2 modification of or substitution for the contract made in good
3 faith and in accordance with reasonable commercial standards is
4 effective against an assignee unless the account debtor has oth-
5 erwise agreed but the assignee acquires corresponding rights
6 under the modified or substituted contract. The assignment may
7 provide that such modification or substitution is a breach by the
8 assignor.~~

~~9 (3) The account debtor is authorized to pay the assignor
10 until the account debtor receives notification that the amount
11 due or to become due has been assigned and that payment is to be
12 made to the assignee. A notification which does not reasonably
13 identify the rights assigned is ineffective. If requested by the
14 account debtor, the assignee must seasonably furnish reasonable
15 proof that the assignment has been made and unless he does so the
16 account debtor may pay the assignor.~~

~~17 (4) A term in any contract between an account debtor and an
18 assignor is ineffective if it prohibits assignment of an account
19 or prohibits creation of a security interest in a general intan-
20 gible for money due or to become due or requires the account
21 debtor's consent to such assignment or security interest.~~

~~22 (1) A DEBTOR THAT HAS SOLD AN ACCOUNT, CHATTEL PAPER, PAY-
23 MENT INTANGIBLES, OR PROMISSORY NOTE DOES NOT RETAIN A LEGAL OR
24 EQUITABLE INTEREST IN THE COLLATERAL SOLD.~~

~~25 (2) FOR PURPOSES OF DETERMINING THE RIGHTS OF CREDITORS OF,
26 AND PURCHASERS FOR VALUE OF AN ACCOUNT OR CHATTEL PAPER FROM, A
27 DEBTOR THAT HAS SOLD AN ACCOUNT OR CHATTEL PAPER, WHILE THE~~

1 BUYER'S SECURITY INTEREST IS UNPERFECTED, THE DEBTOR IS DEEMED TO
2 HAVE RIGHTS AND TITLE TO THE ACCOUNT OR CHATTEL PAPER IDENTICAL
3 TO THOSE THE DEBTOR SOLD.

4 SEC. 9319. (1) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION
5 (2), FOR PURPOSES OF DETERMINING THE RIGHTS OF CREDITORS OF, AND
6 PURCHASERS FOR VALUE OF GOODS FROM, A CONSIGNEE, WHILE THE GOODS
7 ARE IN THE POSSESSION OF THE CONSIGNEE, THE CONSIGNEE IS DEEMED
8 TO HAVE RIGHTS AND TITLE TO THE GOODS IDENTICAL TO THOSE THE CON-
9 SIGNOR HAD OR HAD POWER TO TRANSFER.

10 (2) FOR PURPOSES OF DETERMINING THE RIGHTS OF A CREDITOR OF
11 A CONSIGNEE, LAW OTHER THAN THIS ARTICLE DETERMINES THE RIGHTS
12 AND TITLE OF A CONSIGNEE WHILE GOODS ARE IN THE CONSIGNEE'S POS-
13 SESSION IF, UNDER THIS PART, A PERFECTED SECURITY INTEREST HELD
14 BY THE CONSIGNOR WOULD HAVE PRIORITY OVER THE RIGHTS OF THE
15 CREDITOR.

16 SEC. 9320. (1) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION
17 (5), A BUYER IN ORDINARY COURSE OF BUSINESS, OTHER THAN A PERSON
18 BUYING FARM PRODUCTS FROM A PERSON ENGAGED IN FARMING OPERATIONS,
19 TAKES FREE OF A SECURITY INTEREST CREATED BY THE BUYER'S SELLER,
20 EVEN IF THE SECURITY INTEREST IS PERFECTED AND THE BUYER KNOWS OF
21 ITS EXISTENCE.

22 (2) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (5), A BUYER
23 OF GOODS FROM A PERSON WHO USED OR BOUGHT THE GOODS FOR USE PRI-
24 MARILY FOR PERSONAL, FAMILY, OR HOUSEHOLD PURPOSES TAKES FREE OF
25 A SECURITY INTEREST, EVEN IF PERFECTED, IF THE BUYER BUYS WITHOUT
26 KNOWLEDGE OF THE SECURITY INTEREST, FOR VALUE, PRIMARILY FOR THE

1 BUYER'S PERSONAL, FAMILY, OR HOUSEHOLD PURPOSES, AND BEFORE THE
2 FILING OF A FINANCING STATEMENT COVERING THE GOODS.

3 (3) TO THE EXTENT THAT IT AFFECTS THE PRIORITY OF A SECURITY
4 INTEREST OVER A BUYER OF GOODS UNDER SUBSECTION (2), THE PERIOD
5 OF EFFECTIVENESS OF A FILING MADE IN THE JURISDICTION IN WHICH
6 THE SELLER IS LOCATED IS GOVERNED BY SECTION 9316(1) AND (2).

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

10 (5) SUBSECTIONS (1) AND (2) DO NOT AFFECT A SECURITY INTER-
11 EST IN GOODS IN THE POSSESSION OF THE SECURED PARTY UNDER SECTION
12 9313.

13 (6) SUBSECTIONS (7) TO (14) SHALL APPLY IN THE CASE OF A
14 PERSON BUYING FARM PRODUCTS FROM A PERSON ENGAGED IN FARMING
15 OPERATIONS.

16 (7) IF REQUESTED BY THE SECURED PARTY, A DEBTOR ENGAGED IN
17 FARMING OPERATIONS WHO GIVES A SECURITY INTEREST IN FARM PRODUCTS
18 SHALL PROVIDE TO THE SECURED PARTY A WRITTEN LIST IDENTIFYING
19 POTENTIAL BUYERS AND POINTS OF DELIVERY OF THE FARM PRODUCTS.
20 EXCEPT AS OTHERWISE PROVIDED BY SUBSECTION (8), THE NUMBER OF
21 POTENTIAL BUYERS FOR EACH COMMODITY SHALL NOT EXCEED 5. IF A
22 POTENTIAL BUYER HAS MORE THAN 1 POINT OF DELIVERY, EACH ADDI-
23 TIONAL POINT OF DELIVERY SHALL BE COUNTED AS A POTENTIAL BUYER.

24 (8) A DEBTOR ENGAGED IN FARMING OPERATIONS WHO PROVIDES A
25 WRITTEN LIST OF POTENTIAL BUYERS TO A SECURED PARTY PURSUANT TO
26 SUBSECTION (7) SHALL NOT SELL FARM PRODUCTS THAT SECURE THE DEBT
27 TO A BUYER WHO IS NOT IDENTIFIED ON THE LIST WITHOUT THE PRIOR

1 WRITTEN CONSENT OF THE SECURED PARTY. A PERSON WHO KNOWINGLY OR
2 INTENTIONALLY VIOLATES THIS SUBSECTION IS GUILTY OF A FELONY,
3 PUNISHABLE BY IMPRISONMENT FOR NOT MORE THAN 3 YEARS OR A FINE OF
4 NOT MORE THAN \$10,000.00, OR BOTH. IF APPROPRIATE GIVEN THE
5 FACTS AND CIRCUMSTANCES OF THE CASE, THE COURT SHALL PLACE THE
6 PERSON ON PROBATION UPON THE CONDITION THAT RESTITUTION BE MADE
7 TO THE SECURED PARTY. PAYMENT OF, OR APPLICATION OF THE PROCEEDS
8 TO, THE DEBT UPON WHICH THE SECURITY INTEREST IS BASED IS AN
9 ABSOLUTE DEFENSE TO A PROSECUTION UNDER THIS SUBSECTION IF THE
10 PAYMENT OR APPLICATION IS MADE PRIOR TO COMMENCEMENT OF
11 PROSECUTION.

12 (9) A SECURED PARTY WHO IS PROVIDED WITH A WRITTEN LIST OF
13 POTENTIAL BUYERS PURSUANT TO SUBSECTION (7) MAY NOTIFY BUYERS
14 IDENTIFIED ON THE LIST OF THE SECURITY INTEREST AS PROVIDED IN
15 THIS SUBSECTION. A SECURED PARTY SHALL NOT NOTIFY A PERSON NOT
16 IDENTIFIED ON THE LIST, EXCEPT THAT THE SECURED PARTY MAY NOTIFY
17 A BUYER CONCERNING WHOM THE SECURED PARTY HAS GIVEN PRIOR WRITTEN
18 CONSENT PURSUANT TO SUBSECTION (8) OR TO WHOM THE SECURED PARTY
19 HAS REASONABLE CAUSE TO BELIEVE THE DEBTOR IS ABOUT TO SELL THE
20 FARM PRODUCTS. A NOTICE PROVIDED PURSUANT TO THIS SUBSECTION
21 SHALL BE IN WRITING AND SHALL BE MAILED BY CERTIFIED MAIL OR
22 DELIVERED BY ANOTHER METHOD BY WHICH RECEIPT CAN BE VERIFIED.
23 THE NOTICE MAY BE IN A FORM AGREED UPON IN WRITING BY THE BUYER
24 AND THE SECURED PARTY, BUT IN ABSENCE OF SUCH AN AGREEMENT THE
25 NOTICE SHALL BE AN ORIGINAL FINANCING STATEMENT OR A CARBON, PHO-
26 TOGRAPHIC, OR OTHER REPRODUCTION OF AN ORIGINAL OR A STATEMENT
27 THAT CONTAINS ALL OF THE FOLLOWING:

1 (A) THE FULL NAME AND ADDRESS OF THE DEBTOR.

2 (B) THE FULL NAME AND ADDRESS OF THE SECURED PARTY.

3 (C) A DESCRIPTION OF THE COLLATERAL.

4 (D) THE DATE AND LOCATION OF THE FILING OF THE SECURITY
5 INTEREST.

6 (E) THE DATE AND SIGNATURE OF THE SECURED PARTY.

7 (10) IF THE DEBT THAT IS THE BASIS OF THE SECURITY INTEREST
8 IS SATISFIED, THE SECURED PARTY SHALL NOTIFY IN WRITING EACH
9 POTENTIAL BUYER TO WHOM THE SECURED PARTY SENT NOTICE UNDER SUB-
10 SECTION (9). THE NOTICE MAY BE GIVEN WITHIN A TIME PERIOD AGREED
11 UPON IN WRITING BY THE BUYER AND THE SECURED PARTY, BUT IN
12 ABSENCE OF SUCH AN AGREEMENT THE NOTICE SHALL BE GIVEN WITHIN 11
13 DAYS AFTER THE DEBT IS SATISFIED.

14 (11) A SECURED PARTY WHO DOES ANY OF THE FOLLOWING IS GUILTY
15 OF A MISDEMEANOR, PUNISHABLE BY IMPRISONMENT FOR NOT MORE THAN 90
16 DAYS OR A FINE OF NOT MORE THAN \$1,000.00, OR BOTH:

17 (A) KNOWINGLY OR INTENTIONALLY GIVES FALSE OR MISLEADING
18 INFORMATION IN A NOTICE PROVIDED PURSUANT TO SUBSECTION (9).

19 (B) SENDS NOTICE TO A POTENTIAL BUYER OTHER THAN AS PERMIT-
20 TED IN SUBSECTION (9).

21 (C) FAILS TO NOTIFY A POTENTIAL BUYER OF THE SATISFACTION OF
22 A DEBT WITHIN THE TIME PERIOD PRESCRIBED BY SUBSECTION (10).

23 (12) A BUYER OF FARM PRODUCTS WHO RECEIVES NOTICE PURSUANT
24 TO SUBSECTION (9) OF A SECURITY INTEREST IN THE FARM PRODUCTS
25 SHALL MAKE PAYMENT FOR THE FARM PRODUCTS BY CHECK OR OTHER
26 INSTRUMENT MADE PAYABLE TO THE SELLER AND THE SECURED PARTY
27 JOINTLY, EXCEPT THAT PAYMENT MAY BE MADE DIRECTLY TO THE SECURED

1 PARTY IF AUTHORIZED IN WRITING BY THE SELLER. THIS SUBSECTION
2 DOES NOT APPLY TO ANY PAYMENT OR PARTIAL PAYMENT MADE BEFORE
3 NOTICE UNDER SUBSECTION (9) HAS BEEN RECEIVED BY THE BUYER. A
4 BUYER OF FARM PRODUCTS WHO VIOLATES THIS SUBSECTION IS GUILTY OF
5 A MISDEMEANOR, PUNISHABLE BY IMPRISONMENT FOR NOT MORE THAN 90
6 DAYS OR A FINE OF NOT MORE THAN \$1,000.00, OR BOTH. PAYMENT OF
7 THE DEBT UPON WHICH THE SECURITY INTEREST IS BASED IS AN ABSOLUTE
8 DEFENSE TO A PROSECUTION UNDER THIS SUBSECTION IF PAYMENT IS MADE
9 PRIOR TO COMMENCEMENT OF PROSECUTION.

10 (13) AS USED IN SUBSECTIONS (6) TO (12), "PERSON BUYING FARM
11 PRODUCTS" OR "BUYER" INCLUDES A COMMISSION MERCHANT OR SELLING
12 AGENT WHO SELLS FARM PRODUCTS IN THE ORDINARY COURSE OF BUSINESS
13 FOR A PERSON ENGAGED IN FARMING OPERATIONS.

14 (14) A BUYER IN ORDINARY COURSE OF BUSINESS WHO RECEIVES
15 NOTICE PURSUANT TO SUBSECTION (9), WHO BUYS FARM PRODUCTS FROM A
16 PERSON ENGAGED IN FARMING OPERATIONS, AND WHO WITHHOLDS ALL OR
17 PART OF THE PROCEEDS OF THE SALE FROM THE SELLER IN ORDER TO SAT-
18 ISFY A DEBT OWED BY THE SELLER TO THE BUYER, TAKES SUBJECT TO A
19 SECURITY INTEREST IN THOSE FARM PRODUCTS CREATED BY THE SELLER,
20 UNLESS THE DEBT OWED BY THE SELLER TO THE BUYER WAS SECURED BY A
21 PRIOR PERFECTED SECURITY INTEREST. FOR PURPOSES OF THIS SUBSEC-
22 TION, "DEBT" DOES NOT INCLUDE THE COST OF HARVESTING; PROCESSING,
23 INCLUDING PACKAGING, FREEZING, CANNING, AND DRYING; STORING; MAR-
24 KETING; OR TRANSPORTING FARM PRODUCTS TO MARKET.

25 (15) EXCEPT AS OTHERWISE PROVIDED BY SUBSECTION (16), A COM-
26 MISSION MERCHANT OR SELLING AGENT WHO SELLS FARM PRODUCTS, IN THE
27 ORDINARY COURSE OF BUSINESS, FOR A PERSON ENGAGED IN FARMING

1 OPERATIONS IS NOT LIABLE TO THE HOLDER OF A SECURITY INTEREST IN
2 THOSE FARM PRODUCTS EVEN THOUGH THE SECURITY INTEREST IS PERFEC-
3 TED AND EVEN THOUGH THE COMMISSION MERCHANT OR SELLING AGENT
4 KNOWS OF ITS EXISTENCE.

5 (16) A COMMISSION MERCHANT OR SELLING AGENT WHO SELLS FARM
6 PRODUCTS, IN THE ORDINARY COURSE OF BUSINESS, FOR A PERSON
7 ENGAGED IN FARMING OPERATIONS, AND WHO RECEIVES NOTICE PURSUANT
8 TO SUBSECTION (9), SHALL NOT BE PROTECTED FROM LIABILITY UNDER
9 SUBSECTION (15) IF THE COMMISSION MERCHANT OR SELLING AGENT WITH-
10 HOLDS FROM THE SELLER ALL OR PART OF THE PROCEEDS OF A SALE OF
11 THE FARM PRODUCTS IN ORDER TO SATISFY A DEBT OWED BY THE SELLER
12 TO THE COMMISSION MERCHANT OR SELLING AGENT, UNLESS THE DEBT WAS
13 SECURED BY A PRIOR PERFECTED SECURITY INTEREST. FOR PURPOSES OF
14 THIS SUBSECTION, "DEBT" DOES NOT INCLUDE THE COST OF HARVESTING;
15 PROCESSING, INCLUDING PACKAGING, FREEZING, CANNING, AND DRYING;
16 STORING; MARKETING; OR TRANSPORTING FARM PRODUCTS TO MARKET.

17 (17) A PROSECUTION UNDER SUBSECTIONS (12) TO (14) SHALL NOT
18 BE COMMENCED AFTER THE EXPIRATION OF 2 YEARS FOLLOWING THE DATE
19 THE VIOLATION OCCURRED.

20 SEC. 9321. (1) AS USED IN THIS SECTION, "LICENSEE IN ORDI-
21 NARY COURSE OF BUSINESS" MEANS A PERSON THAT BECOMES A LICENSEE
22 OF A GENERAL INTANGIBLE IN GOOD FAITH, WITHOUT KNOWLEDGE THAT THE
23 LICENSE VIOLATES THE RIGHTS OF ANOTHER PERSON IN THE GENERAL
24 INTANGIBLE, AND IN THE ORDINARY COURSE FROM A PERSON IN THE BUSI-
25 NESS OF LICENSING GENERAL INTANGIBLES OF THAT KIND. A PERSON
26 BECOMES A LICENSEE IN THE ORDINARY COURSE IF THE LICENSE TO THE
27 PERSON COMPORTS WITH THE USUAL OR CUSTOMARY PRACTICES IN THE KIND

1 OF BUSINESS IN WHICH THE LICENSOR IS ENGAGED OR WITH THE
2 LICENSOR'S OWN USUAL OR CUSTOMARY PRACTICES.

3 (2) A LICENSEE IN ORDINARY COURSE OF BUSINESS TAKES ITS
4 RIGHTS UNDER A NONEXCLUSIVE LICENSE FREE OF A SECURITY INTEREST
5 IN THE GENERAL INTANGIBLE CREATED BY THE LICENSOR, EVEN IF THE
6 SECURITY INTEREST IS PERFECTED AND THE LICENSEE KNOWS OF ITS
7 EXISTENCE.

8 (3) A LESSEE IN ORDINARY COURSE OF BUSINESS TAKES ITS LEASE-
9 HOLD INTEREST FREE OF A SECURITY INTEREST IN THE GOODS CREATED BY
10 THE LESSOR, EVEN IF THE SECURITY INTEREST IS PERFECTED AND THE
11 LESSEE KNOWS OF ITS EXISTENCE.

12 SEC. 9322. (1) EXCEPT AS OTHERWISE PROVIDED IN THIS SEC-
13 TION, PRIORITY AMONG CONFLICTING SECURITY INTERESTS AND AGRICUL-
14 TURAL LIENS IN THE SAME COLLATERAL IS DETERMINED ACCORDING TO THE
15 FOLLOWING RULES:

16 (A) CONFLICTING PERFECTED SECURITY INTERESTS AND AGRICUL-
17 TURAL LIENS RANK ACCORDING TO PRIORITY IN TIME OF FILING OR
18 PERFECTION. PRIORITY DATES FROM THE EARLIER OF THE TIME A FILING
19 COVERING THE COLLATERAL IS FIRST MADE OR THE SECURITY INTEREST OR
20 AGRICULTURAL LIEN IS FIRST PERFECTED, IF THERE IS NO PERIOD
21 THEREAFTER WHEN THERE IS NEITHER FILING NOR PERFECTION.

22 (B) A PERFECTED SECURITY INTEREST OR AGRICULTURAL LIEN HAS
23 PRIORITY OVER A CONFLICTING UNPERFECTED SECURITY INTEREST OR
24 AGRICULTURAL LIEN.

25 (C) THE FIRST SECURITY INTEREST OR AGRICULTURAL LIEN TO
26 ATTACH OR BECOME EFFECTIVE HAS PRIORITY IF CONFLICTING SECURITY
27 INTERESTS AND AGRICULTURAL LIENS ARE UNPERFECTED.

1 (2) FOR THE PURPOSES OF SUBSECTION (1)(A), BOTH OF THE
2 FOLLOWING APPLY:

3 (A) THE TIME OF FILING OR PERFECTION AS TO A SECURITY INTER-
4 EST IN COLLATERAL IS ALSO THE TIME OF FILING OR PERFECTION AS TO
5 A SECURITY INTEREST IN PROCEEDS.

6 (B) THE TIME OF FILING OF PERFECTION AS TO A SECURITY INTER-
7 EST IN COLLATERAL SUPPORTED BY A SUPPORTING OBLIGATION IS ALSO
8 THE TIME OF FILING OR PERFECTION AS TO A SECURITY INTEREST IN THE
9 SUPPORTING OBLIGATION.

10 (3) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (6), A SECUR-
11 ITY INTEREST IN COLLATERAL THAT QUALIFIES FOR PRIORITY OVER A
12 CONFLICTING SECURITY INTEREST UNDER SECTION 9327, 9328, 9329,
13 9330, OR 9331 ALSO HAS PRIORITY OVER A CONFLICTING SECURITY
14 INTEREST IN 1 OR MORE OF THE FOLLOWING:

15 (A) ANY SUPPORTING OBLIGATION FOR THE COLLATERAL.

16 (B) PROCEEDS OF THE COLLATERAL IF ALL OF THE FOLLOWING ARE
17 MET:

18 (i) THE SECURITY INTEREST IN PROCEEDS IS PERFECTED.

19 (ii) THE PROCEEDS ARE CASH PROCEEDS OR OF THE SAME TYPE AS
20 THE COLLATERAL.

21 (iii) IN THE CASE OF PROCEEDS THAT ARE PROCEEDS OF PROCEEDS,
22 ALL INTERVENING PROCEEDS ARE CASH PROCEEDS, PROCEEDS OF THE SAME
23 TYPE AS THE COLLATERAL, OR AN ACCOUNT RELATING TO THE
24 COLLATERAL.

25 (4) SUBJECT TO SUBSECTION (5) AND EXCEPT AS OTHERWISE PRO-
26 VIDED IN SUBSECTION (6), IF A SECURITY INTEREST IN CHATTEL PAPER,
27 DEPOSIT ACCOUNTS, NEGOTIABLE DOCUMENTS, INSTRUMENTS, INVESTMENT

1 PROPERTY, OR LETTER-OF-CREDIT RIGHTS IS PERFECTED BY A METHOD
2 OTHER THAN FILING, CONFLICTING PERFECTED SECURITY INTERESTS IN
3 PROCEEDS OF THE COLLATERAL RANK ACCORDING TO PRIORITY IN TIME OF
4 FILING.

5 (5) SUBSECTION (4) APPLIES ONLY IF THE PROCEEDS OF THE COL-
6 LATERAL ARE NOT CASH PROCEEDS, CHATTEL PAPER, NEGOTIABLE DOCU-
7 MENTS, INSTRUMENTS, INVESTMENT PROPERTY, OR LETTER-OF-CREDIT
8 RIGHTS.

9 (6) SUBSECTIONS (1) THROUGH (5) ARE SUBJECT TO ALL OF THE
10 FOLLOWING:

11 (A) SUBSECTION (7) AND THE OTHER PROVISIONS OF THIS PART.

12 (B) SECTION 4210 WITH RESPECT TO A SECURITY INTEREST OF A
13 COLLECTING BANK.

14 (C) SECTION 5118 WITH RESPECT TO A SECURITY INTEREST OF AN
15 ISSUER OR NOMINATED PERSON.

16 (D) SECTION 9110 WITH RESPECT TO A SECURITY INTEREST ARISING
17 UNDER ARTICLE 2 OR 2A.

18 (7) A PERFECTED AGRICULTURAL LIEN ON COLLATERAL HAS PRIORITY
19 OVER A CONFLICTING SECURITY INTEREST IN OR AGRICULTURAL LIEN ON
20 THE SAME COLLATERAL IF THE STATUTE CREATING THE AGRICULTURAL LIEN
21 SO PROVIDES.

22 SEC. 9323. (1) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION
23 (3), FOR PURPOSES OF DETERMINING THE PRIORITY OF A PERFECTED
24 SECURITY INTEREST UNDER SECTION 9322(1)(A), PERFECTION OF THE
25 SECURITY INTEREST DATES FROM THE TIME AN ADVANCE IS MADE TO THE
26 EXTENT THAT THE SECURITY INTEREST SECURES AN ADVANCE THAT MEETS
27 BOTH OF THE FOLLOWING:

1 (A) IS MADE WHILE THE SECURITY INTEREST IS PERFECTED ONLY
2 UNDER 1 OF THE FOLLOWING:

3 (i) UNDER SECTION 9309 WHEN IT ATTACHES.

4 (ii) TEMPORARILY UNDER SECTION 9312(5), (6), OR (7).

5 (B) IS NOT MADE PURSUANT TO A COMMITMENT ENTERED INTO BEFORE
6 OR WHILE THE SECURITY INTEREST IS PERFECTED BY A METHOD OTHER
7 THAN UNDER SECTION 9309 OR 9312(5), (6), OR (7).

8 (2) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (3), A SECUR-
9 ITY INTEREST IS SUBORDINATE TO THE RIGHTS OF A PERSON THAT
10 BECOMES A LIEN CREDITOR TO THE EXTENT THAT THE SECURITY INTEREST
11 SECURES AN ADVANCE MADE MORE THAN 45 DAYS AFTER THE PERSON
12 BECOMES A LIEN CREDITOR UNLESS THE ADVANCE IS MADE WITHOUT KNOWL-
13 EDGE OF THE LIEN, OR PURSUANT TO A COMMITMENT ENTERED INTO WITH-
14 OUT KNOWLEDGE OF THE LIEN.

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

19 (4) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (5), A BUYER
20 OF GOODS OTHER THAN A BUYER IN ORDINARY COURSE OF BUSINESS TAKES
21 FREE OF A SECURITY INTEREST TO THE EXTENT THAT IT SECURES
22 ADVANCES MADE AFTER THE EARLIER OF THE FOLLOWING:

23 (A) THE TIME THE SECURED PARTY ACQUIRES KNOWLEDGE OF THE
24 BUYER'S PURCHASE.

25 (B) FORTY-FIVE DAYS AFTER THE PURCHASE.

1 (5) SUBSECTION (4) DOES NOT APPLY IF THE ADVANCE IS MADE
2 PURSUANT TO A COMMITMENT ENTERED INTO WITHOUT KNOWLEDGE OF THE
3 BUYER'S PURCHASE AND BEFORE THE EXPIRATION OF THE 45-DAY PERIOD.

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

9 (A) THE TIME THE SECURED PARTY ACQUIRES KNOWLEDGE OF THE
10 LEASE.

11 (B) FORTY-FIVE DAYS AFTER THE LEASE CONTRACT BECOMES
12 ENFORCEABLE.

13 (7) SUBSECTION (6) DOES NOT APPLY IF THE ADVANCE IS MADE
14 PURSUANT TO A COMMITMENT ENTERED INTO WITHOUT KNOWLEDGE OF THE
15 LEASE AND BEFORE THE EXPIRATION OF THE 45-DAY PERIOD.

16 SEC. 9324. (1) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION
17 (7), A PERFECTED PURCHASE-MONEY SECURITY INTEREST IN GOODS OTHER
18 THAN INVENTORY OR LIVESTOCK HAS PRIORITY OVER A CONFLICTING
19 SECURITY INTEREST IN THE SAME GOODS, AND, EXCEPT AS OTHERWISE
20 PROVIDED IN SECTION 9327, A PERFECTED SECURITY INTEREST IN ITS
21 IDENTIFIABLE PROCEEDS ALSO HAS PRIORITY, IF THE PURCHASE-MONEY
22 SECURITY INTEREST IS PERFECTED WHEN THE DEBTOR RECEIVES POSSES-
23 SION OF THE COLLATERAL OR WITHIN 20 DAYS THEREAFTER.

24 (2) SUBJECT TO SUBSECTION (3) AND EXCEPT AS OTHERWISE PRO-
25 VIDED IN SUBSECTIONS (7) AND (8), A PERFECTED PURCHASE-MONEY
26 SECURITY INTEREST IN INVENTORY HAS PRIORITY OVER A CONFLICTING
27 SECURITY INTEREST IN THE SAME INVENTORY, HAS PRIORITY OVER A

1 CONFLICTING SECURITY INTEREST IN CHATTEL PAPER OR AN INSTRUMENT
2 CONSTITUTING PROCEEDS OF THE INVENTORY AND IN PROCEEDS OF THE
3 CHATTEL PAPER, IF SO PROVIDED IN SECTION 9330, AND, EXCEPT AS
4 OTHERWISE PROVIDED IN SECTION 9327, ALSO HAS PRIORITY IN IDENTIFI-
5 FIABLE CASH PROCEEDS OF THE INVENTORY TO THE EXTENT THE IDENTIFI-
6 FIABLE CASH PROCEEDS ARE RECEIVED ON OR BEFORE THE DELIVERY OF
7 THE INVENTORY TO A BUYER, IF ALL OF THE FOLLOWING ARE MET:

8 (A) THE PURCHASE-MONEY SECURITY INTEREST IS PERFECTED WHEN
9 THE DEBTOR RECEIVES POSSESSION OF THE INVENTORY.

10 (B) THE PURCHASE-MONEY SECURED PARTY SENDS AN AUTHENTICATED
11 NOTIFICATION TO THE HOLDER OF THE CONFLICTING SECURITY INTEREST.

12 (C) THE HOLDER OF THE CONFLICTING SECURITY INTEREST RECEIVES
13 THE NOTIFICATION WITHIN 5 YEARS BEFORE THE DEBTOR RECEIVES POS-
14 SESSION OF THE INVENTORY.

15 (D) THE NOTIFICATION STATES THAT THE PERSON SENDING THE
16 NOTIFICATION HAS OR EXPECTS TO ACQUIRE A PURCHASE-MONEY SECURITY
17 INTEREST IN INVENTORY OF THE DEBTOR AND DESCRIBES THE INVENTORY.

18 (3) SUBSECTION (2)(B) THROUGH (D) APPLY ONLY IF THE HOLDER
19 OF THE CONFLICTING SECURITY INTEREST HAD FILED A FINANCING STATE-
20 MENT COVERING THE SAME TYPES OF INVENTORY BEFORE 1 OF THE
21 FOLLOWING:

22 (A) IF THE PURCHASE-MONEY SECURITY INTEREST IS PERFECTED BY
23 FILING, BEFORE THE DATE OF THE FILING.

24 (B) IF THE PURCHASE-MONEY SECURITY INTEREST IS TEMPORARILY
25 PERFECTED WITHOUT FILING OR POSSESSION UNDER SECTION 9312(6),
26 BEFORE THE BEGINNING OF THE 20-DAY PERIOD THEREUNDER.

1 (4) SUBJECT TO SUBSECTION (5) AND EXCEPT AS OTHERWISE
2 PROVIDED IN SUBSECTION (7), A PERFECTED PURCHASE-MONEY SECURITY
3 INTEREST IN LIVESTOCK THAT ARE FARM PRODUCTS HAS PRIORITY OVER A
4 CONFLICTING SECURITY INTEREST IN THE SAME LIVESTOCK, AND, EXCEPT
5 AS OTHERWISE PROVIDED IN SECTION 9327, A PERFECTED SECURITY
6 INTEREST IN THEIR IDENTIFIABLE PROCEEDS AND IDENTIFIABLE PRODUCTS
7 IN THEIR UNMANUFACTURED STATES ALSO HAS PRIORITY, IF ALL OF THE
8 FOLLOWING ARE MET:

9 (A) THE PURCHASE-MONEY SECURITY INTEREST IS PERFECTED WHEN
10 THE DEBTOR RECEIVES POSSESSION OF THE LIVESTOCK.

11 (B) THE PURCHASE-MONEY SECURED PARTY SENDS AN AUTHENTICATED
12 NOTIFICATION TO THE HOLDER OF THE CONFLICTING SECURITY INTEREST.

13 (C) THE HOLDER OF THE CONFLICTING SECURITY INTEREST RECEIVES
14 THE NOTIFICATION WITHIN 6 MONTHS BEFORE THE DEBTOR RECEIVES POS-
15 SESSION OF THE LIVESTOCK.

16 (D) THE NOTIFICATION STATES THAT THE PERSON SENDING THE
17 NOTIFICATION HAS OR EXPECTS TO ACQUIRE A PURCHASE-MONEY SECURITY
18 INTEREST IN LIVESTOCK OF THE DEBTOR AND DESCRIBES THE LIVESTOCK.

19 (5) SUBSECTION (4)(B) THROUGH (D) APPLY ONLY IF THE HOLDER
20 OF THE CONFLICTING SECURITY INTEREST HAD FILED A FINANCING STATE-
21 MENT COVERING THE SAME TYPES OF LIVESTOCK BEFORE 1 OF THE
22 FOLLOWING:

23 (A) IF THE PURCHASE-MONEY SECURITY INTEREST IS PERFECTED BY
24 FILING, BEFORE THE DATE OF THE FILING.

25 (B) IF THE PURCHASE-MONEY SECURITY INTEREST IS TEMPORARILY
26 PERFECTED WITHOUT FILING OR POSSESSION UNDER SECTION 9312(6),
27 BEFORE THE BEGINNING OF THE 20-DAY PERIOD THEREUNDER.

1 (6) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (7), A
2 PERFECTED PURCHASE-MONEY SECURITY INTEREST IN SOFTWARE HAS PRIOR-
3 ITY OVER A CONFLICTING SECURITY INTEREST IN THE SAME COLLATERAL,
4 AND, EXCEPT AS OTHERWISE PROVIDED IN SECTION 9327, A PERFECTED
5 SECURITY INTEREST IN ITS IDENTIFIABLE PROCEEDS ALSO HAS PRIORITY,
6 TO THE EXTENT THAT THE PURCHASE-MONEY SECURITY INTEREST IN THE
7 GOODS IN WHICH THE SOFTWARE WAS ACQUIRED FOR USE HAS PRIORITY IN
8 THE GOODS AND PROCEEDS OF THE GOODS UNDER THIS SECTION.

9 (7) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (8), IF MORE
10 THAN 1 SECURITY INTEREST QUALIFIES FOR PRIORITY IN THE SAME COL-
11 LATERAL UNDER SUBSECTION (1), (2), (4), OR (6), 1 OF THE FOLLOW-
12 ING APPLIES:

13 (A) A SECURITY INTEREST SECURING AN OBLIGATION INCURRED AS
14 ALL OR PART OF THE PRICE OF THE COLLATERAL HAS PRIORITY OVER A
15 SECURITY INTEREST SECURING AN OBLIGATION INCURRED FOR VALUE GIVEN
16 TO ENABLE THE DEBTOR TO ACQUIRE RIGHTS IN OR THE USE OF
17 COLLATERAL.

18 (B) IN ALL OTHER CASES, SECTION 9322(1) APPLIES TO THE QUAL-
19 IFYING SECURITY INTEREST.

20 (8) A PURCHASE-MONEY SECURITY INTEREST IN INVENTORY COLLAT-
21 ERAL THAT CONSISTS ENTIRELY OF FARM PRODUCE AS DEFINED IN THE
22 GRAIN DEALERS ACT, 1939 PA 141, MCL 285.61 TO 285.82A, AND THAT
23 IS RETAINED BY THE PRODUCER OF THE FARM PRODUCE HAS PRIORITY OVER
24 A CONFLICTING SECURITY INTEREST IN THE SAME COLLATERAL, EXCEPT
25 FOR A SECURITY INTEREST SPECIFIED IN SECTION 9324A, IF THE
26 PURCHASE-MONEY SECURITY INTEREST IS PERFECTED AT THE TIME THE

1 DEBTOR RECEIVES POSSESSION OF THE COLLATERAL OR WITHIN 20 DAYS
2 THEREAFTER.

3 SEC. 9324A. (1) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTIONS
4 (3), (4), AND (5), IF THE REQUIREMENTS OF SUBSECTION (2) ARE SAT-
5 ISFIED, A PERFECTED PRODUCTION-MONEY SECURITY INTEREST IN
6 PRODUCTION-MONEY CROPS HAS PRIORITY OVER A CONFLICTING SECURITY
7 INTEREST IN THE SAME CROPS AND, EXCEPT AS OTHERWISE PROVIDED IN
8 SECTION 9327, ALSO HAS PRIORITY IN THEIR IDENTIFIABLE PROCEEDS.

9 (2) A PRODUCTION-MONEY SECURITY INTEREST HAS PRIORITY UNDER
10 SUBSECTION (1) IF ALL OF THE FOLLOWING ARE MET:

11 (A) THE PRODUCTION-MONEY SECURITY INTEREST IS PERFECTED BY
12 FILING WHEN THE PRODUCTION-MONEY SECURED PARTY FIRST GIVES NEW
13 VALUE TO ENABLE THE DEBTOR TO PRODUCE THE CROPS.

14 (B) THE PRODUCTION-MONEY SECURED PARTY SENDS AN AUTHENTI-
15 CATED NOTIFICATION TO THE HOLDER OF THE CONFLICTING SECURITY
16 INTEREST NOT LESS THAN 10 OR MORE THAN 30 DAYS BEFORE THE
17 PRODUCTION-MONEY SECURED PARTY FIRST GIVES NEW VALUE TO ENABLE
18 THE DEBTOR TO PRODUCE THE CROPS IF THE HOLDER HAD FILED A FINANC-
19 ING STATEMENT COVERING THE CROPS BEFORE THE DATE OF THE FILING
20 MADE BY THE PRODUCTION-MONEY SECURED PARTY.

21 (C) THE NOTIFICATION STATES THAT THE PRODUCTION-MONEY
22 SECURED PARTY HAS OR EXPECTS TO ACQUIRE A PRODUCTION-MONEY SECUR-
23 ITY INTEREST IN THE DEBTOR'S CROPS AND PROVIDES A DESCRIPTION OF
24 THE CROPS.

25 (3) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (4) OR (5),
26 IF MORE THAN 1 SECURITY INTEREST QUALIFIES FOR PRIORITY IN THE

1 SAME COLLATERAL UNDER SUBSECTION (1), THE SECURITY INTERESTS RANK
2 ACCORDING TO PRIORITY IN TIME OF FILING UNDER SECTION 9322(1).

3 (4) TO THE EXTENT THAT A PERSON HOLDING A PERFECTED SECURITY
4 INTEREST IN PRODUCTION-MONEY CROPS THAT ARE THE SUBJECT OF A
5 PRODUCTION-MONEY SECURITY INTEREST GIVES NEW VALUE TO ENABLE THE
6 DEBTOR TO PRODUCE THE PRODUCTION-MONEY CROPS AND THE VALUE IS IN
7 FACT USED FOR THE PRODUCTION OF THE PRODUCTION-MONEY CROPS, THE
8 SECURITY INTERESTS RANK ACCORDING TO PRIORITY IN TIME OF FILING
9 UNDER SECTION 9322(1).

10 (5) TO THE EXTENT THAT A PERSON HOLDS BOTH AN AGRICULTURAL
11 LIEN AND A PRODUCTION-MONEY SECURITY INTEREST IN THE SAME COLLAT-
12 ERAL SECURING THE SAME OBLIGATIONS, THE RULES OF PRIORITY APPLI-
13 CABLE TO AGRICULTURAL LIENS GOVERN PRIORITY.

14 SEC. 9325. (1) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION
15 (2), A SECURITY INTEREST CREATED BY A DEBTOR IS SUBORDINATE TO A
16 SECURITY INTEREST IN THE SAME COLLATERAL CREATED BY ANOTHER
17 PERSON IF ALL OF THE FOLLOWING ARE MET:

18 (A) THE DEBTOR ACQUIRED THE COLLATERAL SUBJECT TO THE SECUR-
19 ITY INTEREST CREATED BY THE OTHER PERSON.

20 (B) THE SECURITY INTEREST CREATED BY THE OTHER PERSON WAS
21 PERFECTED WHEN THE DEBTOR ACQUIRED THE COLLATERAL.

22 (C) THERE IS NO PERIOD THEREAFTER WHEN THE SECURITY INTEREST
23 IS UNPERFECTED.

24 (2) SUBSECTION (1) SUBORDINATES A SECURITY INTEREST ONLY IF
25 THE SECURITY INTEREST OTHERWISE WOULD HAVE PRIORITY SOLELY UNDER
26 SECTION 9322(1) OR 9324, OR AROSE SOLELY UNDER SECTION 2711(3) OR
27 2A508(5).

1 SEC. 9326. (1) SUBJECT TO SUBSECTION (2), A SECURITY
2 INTEREST CREATED BY A NEW DEBTOR THAT IS PERFECTED BY A FILED
3 FINANCING STATEMENT THAT IS EFFECTIVE SOLELY UNDER SECTION 9508
4 IN COLLATERAL IN THAT A NEW DEBTOR HAS OR ACQUIRES RIGHTS IS SUB-
5 ORDINATE TO A SECURITY INTEREST IN THE SAME COLLATERAL THAT IS
6 PERFECTED OTHER THAN BY A FILED FINANCING STATEMENT THAT IS
7 EFFECTIVE SOLELY UNDER SECTION 9508.

8 (2) THE OTHER PROVISIONS OF THIS PART DETERMINE THE PRIORITY
9 AMONG CONFLICTING SECURITY INTERESTS IN THE SAME COLLATERAL PER-
10 FECTED BY FILED FINANCING STATEMENTS THAT ARE EFFECTIVE SOLELY
11 UNDER SECTION 9508. HOWEVER, IF THE SECURITY AGREEMENTS TO WHICH
12 A NEW DEBTOR BECAME BOUND AS DEBTOR WERE NOT ENTERED INTO BY THE
13 SAME ORIGINAL DEBTOR, THE CONFLICTING SECURITY INTERESTS RANK
14 ACCORDING TO PRIORITY IN TIME OF THE NEW DEBTOR'S HAVING BECOME
15 BOUND.

16 SEC. 9327. THE FOLLOWING RULES GOVERN PRIORITY AMONG CON-
17 FFLICTING SECURITY INTERESTS IN THE SAME DEPOSIT ACCOUNT:

18 (A) A SECURITY INTEREST HELD BY A SECURED PARTY HAVING CON-
19 TROL OF THE DEPOSIT ACCOUNT UNDER SECTION 9104 HAS PRIORITY OVER
20 A CONFLICTING SECURITY INTEREST HELD BY A SECURED PARTY THAT DOES
21 NOT HAVE CONTROL.

22 (B) EXCEPT AS OTHERWISE PROVIDED IN SUBDIVISIONS (C) AND
23 (D), SECURITY INTERESTS PERFECTED BY CONTROL UNDER SECTION 9314
24 RANK ACCORDING TO PRIORITY IN TIME OF OBTAINING CONTROL.

25 (C) EXCEPT AS OTHERWISE PROVIDED IN SUBDIVISION (D), A
26 SECURITY INTEREST HELD BY THE BANK WITH WHICH THE DEPOSIT ACCOUNT

1 IS MAINTAINED HAS PRIORITY OVER A CONFLICTING SECURITY INTEREST
2 HELD BY ANOTHER SECURED PARTY.

3 (D) A SECURITY INTEREST PERFECTED BY CONTROL UNDER SECTION
4 9104(1)(C) HAS PRIORITY OVER A SECURITY INTEREST HELD BY THE BANK
5 WITH WHICH THE DEPOSIT ACCOUNT IS MAINTAINED.

6 SEC. 9328. THE FOLLOWING RULES GOVERN PRIORITY AMONG CON-
7 FFLICTING SECURITY INTERESTS IN THE SAME INVESTMENT PROPERTY:

8 (A) A SECURITY INTEREST HELD BY A SECURED PARTY HAVING CON-
9 TROL OF INVESTMENT PROPERTY UNDER SECTION 9106 HAS PRIORITY OVER
10 A SECURITY INTEREST HELD BY A SECURED PARTY THAT DOES NOT HAVE
11 CONTROL OF THE INVESTMENT PROPERTY.

12 (B) EXCEPT AS OTHERWISE PROVIDED IN SUBDIVISIONS (C) AND
13 (D), CONFLICTING SECURITY INTERESTS HELD BY SECURED PARTIES EACH
14 OF WHICH HAS CONTROL UNDER SECTION 9106 RANK ACCORDING TO PRIOR-
15 ITY IN TIME OF 1 OF THE FOLLOWING:

16 (i) IF THE COLLATERAL IS A SECURITY, OBTAINING CONTROL.

17 (ii) IF THE COLLATERAL IS A SECURITY ENTITLEMENT CARRIED IN
18 A SECURITIES ACCOUNT, ACCORDING TO 1 OF THE FOLLOWING:

19 (A) IF THE SECURED PARTY OBTAINED CONTROL UNDER SECTION
20 8106(4)(A), THE SECURED PARTY'S BECOMING THE PERSON FOR WHICH THE
21 SECURITIES ACCOUNT IS MAINTAINED.

22 (B) IF THE SECURED PARTY OBTAINED CONTROL UNDER SECTION
23 8106(4)(B), THE SECURITIES INTERMEDIARY'S AGREEMENT TO COMPLY
24 WITH THE SECURED PARTY'S ENTITLEMENT ORDERS WITH RESPECT TO
25 SECURITY ENTITLEMENTS CARRIED OR TO BE CARRIED IN THE SECURITIES
26 ACCOUNT.

1 (C) IF THE SECURED PARTY OBTAINED CONTROL THROUGH ANOTHER
2 PERSON UNDER SECTION 8106(4)(C), THE TIME ON WHICH PRIORITY WOULD
3 BE BASED UNDER THIS PARAGRAPH IF THE OTHER PERSON WERE THE
4 SECURED PARTY.

5 (iii) IF THE COLLATERAL IS A COMMODITY CONTRACT CARRIED WITH
6 A COMMODITY INTERMEDIARY, THE SATISFACTION OF THE REQUIREMENT FOR
7 CONTROL SPECIFIED IN SECTION 9106(2)(B) WITH RESPECT TO COMMODITY
8 CONTRACTS CARRIED OR TO BE CARRIED WITH THE COMMODITY
9 INTERMEDIARY.

10 (C) A SECURITY INTEREST HELD BY A SECURITIES INTERMEDIARY IN
11 A SECURITY ENTITLEMENT OR A SECURITIES ACCOUNT MAINTAINED WITH
12 THE SECURITIES INTERMEDIARY HAS PRIORITY OVER A CONFLICTING
13 SECURITY INTEREST HELD BY ANOTHER SECURED PARTY.

14 (D) A SECURITY INTEREST HELD BY A COMMODITY INTERMEDIARY IN
15 A COMMODITY CONTRACT OR A COMMODITY ACCOUNT MAINTAINED WITH THE
16 COMMODITY INTERMEDIARY HAS PRIORITY OVER A CONFLICTING SECURITY
17 INTEREST HELD BY ANOTHER SECURED PARTY.

18 (E) A SECURITY INTEREST IN A CERTIFICATED SECURITY IN REGIS-
19 TERED FORM THAT IS PERFECTED BY TAKING DELIVERY UNDER SECTION
20 9313(1) AND NOT BY CONTROL UNDER SECTION 9314 HAS PRIORITY OVER A
21 CONFLICTING SECURITY INTEREST PERFECTED BY A METHOD OTHER THAN
22 CONTROL.

23 (F) CONFLICTING SECURITY INTERESTS CREATED BY A BROKER,
24 SECURITIES INTERMEDIARY, OR COMMODITY INTERMEDIARY THAT ARE PER-
25 FECTED WITHOUT CONTROL UNDER SECTION 9106 RANK EQUALLY.

1 (G) IN ALL OTHER CASES, PRIORITY AMONG CONFLICTING SECURITY
2 INTERESTS IN INVESTMENT PROPERTY IS GOVERNED BY SECTIONS 9322 AND
3 9323.

4 SEC. 9329. THE FOLLOWING RULES GOVERN PRIORITY AMONG CON-
5 FFLICTING SECURITY INTERESTS IN THE SAME LETTER-OF-CREDIT RIGHT:

6 (A) A SECURITY INTEREST HELD BY A SECURED PARTY HAVING CON-
7 TROL OF THE LETTER-OF-CREDIT RIGHT UNDER SECTION 9107 HAS PRIOR-
8 ITY TO THE EXTENT OF ITS CONTROL OVER A CONFLICTING SECURITY
9 INTEREST HELD BY A SECURED PARTY THAT DOES NOT HAVE CONTROL.

10 (B) SECURITY INTERESTS PERFECTED BY CONTROL UNDER SECTION
11 9314 RANK ACCORDING TO PRIORITY IN TIME OF OBTAINING CONTROL.

12 SEC. 9330. (1) A PURCHASER OF CHATTEL PAPER HAS PRIORITY
13 OVER A SECURITY INTEREST IN THE CHATTEL PAPER THAT IS CLAIMED
14 MERELY AS PROCEEDS OF INVENTORY SUBJECT TO A SECURITY INTEREST IF
15 BOTH OF THE FOLLOWING ARE MET:

16 (A) IN GOOD FAITH AND IN THE ORDINARY COURSE OF THE
17 PURCHASER'S BUSINESS, THE PURCHASER GIVES NEW VALUE AND TAKES
18 POSSESSION OF THE CHATTEL PAPER OR OBTAINS CONTROL OF THE CHATTEL
19 PAPER UNDER SECTION 9105.

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

22 (2) A PURCHASER OF CHATTEL PAPER HAS PRIORITY OVER A SECUR-
23 ITY INTEREST IN THE CHATTEL PAPER THAT IS CLAIMED OTHER THAN
24 MERELY AS PROCEEDS OF INVENTORY SUBJECT TO A SECURITY INTEREST IF
25 THE PURCHASER GIVES NEW VALUE AND TAKES POSSESSION OF THE CHATTEL
26 PAPER OR OBTAINS CONTROL OF THE CHATTEL PAPER UNDER SECTION 9105
27 IN GOOD FAITH, IN THE ORDINARY COURSE OF THE PURCHASER'S

1 BUSINESS, AND WITHOUT KNOWLEDGE THAT THE PURCHASE VIOLATES THE
2 RIGHTS OF THE SECURED PARTY.

3 (3) EXCEPT AS OTHERWISE PROVIDED IN SECTION 9327, A PUR-
4 CHASER HAVING PRIORITY IN CHATTEL PAPER UNDER SUBSECTION (1) OR
5 (2) ALSO HAS PRIORITY IN PROCEEDS OF THE CHATTEL PAPER TO THE
6 EXTENT THAT SECTION 9322 PROVIDES FOR PRIORITY IN THE PROCEEDS,
7 OR THE PROCEEDS CONSIST OF THE SPECIFIC GOODS COVERED BY THE
8 CHATTEL PAPER OR CASH PROCEEDS OF THE SPECIFIC GOODS, EVEN IF THE
9 PURCHASER'S SECURITY INTEREST IN THE PROCEEDS IS UNPERFECTED.

10 (4) EXCEPT AS OTHERWISE PROVIDED IN SECTION 9331(1), A PUR-
11 CHASER OF AN INSTRUMENT HAS PRIORITY OVER A SECURITY INTEREST IN
12 THE INSTRUMENT PERFECTED BY A METHOD OTHER THAN POSSESSION IF THE
13 PURCHASER GIVES VALUE AND TAKES POSSESSION OF THE INSTRUMENT IN
14 GOOD FAITH AND WITHOUT KNOWLEDGE THAT THE PURCHASE VIOLATES THE
15 RIGHTS OF THE SECURED PARTY.

16 (5) FOR PURPOSES OF SUBSECTIONS (1) AND (2), THE HOLDER OF A
17 PURCHASE-MONEY SECURITY INTEREST IN INVENTORY GIVES NEW VALUE FOR
18 CHATTEL PAPER CONSTITUTING PROCEEDS OF THE INVENTORY.

19 (6) FOR PURPOSES OF SUBSECTIONS (2) AND (4), IF CHATTEL
20 PAPER OR AN INSTRUMENT INDICATES THAT IT HAS BEEN ASSIGNED TO AN
21 IDENTIFIED SECURED PARTY OTHER THAN THE PURCHASER, A PURCHASER OF
22 THE CHATTEL PAPER OR INSTRUMENT HAS KNOWLEDGE THAT THE PURCHASE
23 VIOLATES THE RIGHTS OF THE SECURED PARTY.

24 SEC. 9331. (1) THIS ARTICLE DOES NOT LIMIT THE RIGHTS OF A
25 HOLDER IN DUE COURSE OF A NEGOTIABLE INSTRUMENT, A HOLDER TO
26 WHICH A NEGOTIABLE DOCUMENT OF TITLE HAS BEEN DULY NEGOTIATED, OR
27 A PROTECTED PURCHASER OF A SECURITY. THESE HOLDERS OR PURCHASERS

1 TAKE PRIORITY OVER AN EARLIER SECURITY INTEREST, EVEN IF
2 PERFECTED, TO THE EXTENT PROVIDED IN ARTICLES 3, 7, AND 8.

3 (2) THIS ARTICLE DOES NOT LIMIT THE RIGHTS OF OR IMPOSE
4 LIABILITY ON A PERSON TO THE EXTENT THAT THE PERSON IS PROTECTED
5 AGAINST THE ASSERTION OF AN ADVERSE CLAIM UNDER ARTICLE 8.

6 (3) FILING UNDER THIS ARTICLE DOES NOT CONSTITUTE NOTICE OF
7 A CLAIM OR DEFENSE TO THE HOLDERS, OR PURCHASERS, OR PERSONS
8 DESCRIBED IN SUBSECTIONS (1) AND (2).

9 SEC. 9332. (1) A TRANSFEREE OF MONEY TAKES THE MONEY FREE
10 OF A SECURITY INTEREST UNLESS THE TRANSFEREE ACTS IN COLLUSION
11 WITH THE DEBTOR IN VIOLATING THE RIGHTS OF THE SECURED PARTY.

12 (2) A TRANSFEREE OF FUNDS FROM A DEPOSIT ACCOUNT TAKES THE
13 FUNDS FREE OF A SECURITY INTEREST IN THE DEPOSIT ACCOUNT UNLESS
14 THE TRANSFEREE ACTS IN COLLUSION WITH THE DEBTOR IN VIOLATING THE
15 RIGHTS OF THE SECURED PARTY.

16 SEC. 9333. (1) AS USED IN THIS SECTION, "POSSESSORY LIEN"
17 MEANS AN INTEREST, OTHER THAN A SECURITY INTEREST OR AN AGRICUL-
18 TURAL LIEN, THAT MEETS ALL OF THE FOLLOWING:

19 (A) IT SECURES PAYMENT OR PERFORMANCE OF AN OBLIGATION FOR
20 SERVICES OR MATERIALS FURNISHED WITH RESPECT TO GOODS BY A PERSON
21 IN THE ORDINARY COURSE OF THE PERSON'S BUSINESS.

22 (B) IT IS CREATED BY STATUTE OR RULE OF LAW IN FAVOR OF THE
23 PERSON.

24 (C) ITS EFFECTIVENESS DEPENDS ON THE PERSON'S POSSESSION OF
25 THE GOODS.

1 (2) A POSSESSORY LIEN ON GOODS HAS PRIORITY OVER A SECURITY
2 INTEREST IN THE GOODS UNLESS THE LIEN IS CREATED BY A STATUTE
3 THAT EXPRESSLY PROVIDES OTHERWISE.

4 SEC. 9334. (1) A SECURITY INTEREST UNDER THIS ARTICLE MAY
5 BE CREATED IN GOODS THAT ARE FIXTURES OR MAY CONTINUE IN GOODS
6 THAT BECOME FIXTURES. A SECURITY INTEREST DOES NOT EXIST UNDER
7 THIS ARTICLE IN ORDINARY BUILDING MATERIALS INCORPORATED INTO AN
8 IMPROVEMENT ON LAND.

9 (2) THIS ARTICLE DOES NOT PREVENT CREATION OF AN ENCUMBRANCE
10 UPON FIXTURES UNDER REAL PROPERTY LAW.

11 (3) IN CASES NOT GOVERNED BY SUBSECTIONS (4) THROUGH (8), A
12 SECURITY INTEREST IN FIXTURES IS SUBORDINATE TO A CONFLICTING
13 INTEREST OF AN ENCUMBRANCER OR OWNER OF THE RELATED REAL PROPERTY
14 OTHER THAN THE DEBTOR.

15 (4) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (8), A PER-
16 FECTED SECURITY INTEREST IN FIXTURES HAS PRIORITY OVER A CON-
17 FLECTING INTEREST OF AN ENCUMBRANCER OR OWNER OF THE REAL PROP-
18 ERTY IF THE DEBTOR HAS AN INTEREST OF RECORD IN OR IS IN POSSES-
19 SION OF THE REAL PROPERTY AND ALL OF THE FOLLOWING ARE MET:

20 (A) THE SECURITY INTEREST IS A PURCHASE-MONEY SECURITY
21 INTEREST.

22 (B) THE INTEREST OF THE ENCUMBRANCER OR OWNER ARISES BEFORE
23 THE GOODS BECOME FIXTURES.

24 (C) THE SECURITY INTEREST IS PERFECTED BY A FIXTURE FILING
25 BEFORE THE GOODS BECOME FIXTURES OR WITHIN 20 DAYS THEREAFTER.

1 (5) A PERFECTED SECURITY INTEREST IN FIXTURES HAS PRIORITY
2 OVER A CONFLICTING INTEREST OF AN ENCUMBRANCER OR OWNER OF THE
3 REAL PROPERTY IN EACH OF THE FOLLOWING CIRCUMSTANCES:

4 (A) IF THE DEBTOR HAS AN INTEREST OF RECORD IN THE REAL
5 PROPERTY OR IS IN POSSESSION OF THE REAL PROPERTY, AND THE SECUR-
6 ITY INTEREST IS PERFECTED BY A FIXTURE FILING BEFORE THE INTEREST
7 OF THE ENCUMBRANCER OR OWNER IS OF RECORD AND HAS PRIORITY OVER
8 ANY CONFLICTING INTEREST OF A PREDECESSOR IN TITLE OF THE ENCUM-
9 BRANCER OR OWNER.

10 (B) IF BEFORE THE GOODS BECOME FIXTURES, THE SECURITY INTER-
11 EST IS PERFECTED BY ANY METHOD PERMITTED BY THIS ARTICLE AND THE
12 FIXTURES ARE READILY REMOVABLE FACTORY OR OFFICE MACHINES,
13 READILY REMOVABLE EQUIPMENT THAT IS NOT PRIMARILY USED OR LEASED
14 FOR USE IN THE OPERATION OF THE REAL PROPERTY, OR READILY REMOV-
15 ABLE REPLACEMENTS OF DOMESTIC APPLIANCES THAT ARE CONSUMER
16 GOODS.

17 (C) IF THE CONFLICTING INTEREST IS A LIEN ON THE REAL PROP-
18 ERTY OBTAINED BY LEGAL OR EQUITABLE PROCEEDINGS AFTER THE SECUR-
19 ITY INTEREST WAS PERFECTED BY ANY METHOD PERMITTED BY THIS
20 ARTICLE.

21 (D) IF THE SECURITY INTEREST IS CREATED IN A MANUFACTURED
22 HOME IN A MANUFACTURED-HOME TRANSACTION AND PERFECTED PURSUANT TO
23 A STATUTE DESCRIBED IN SECTION 9311(1)(B).

24 (6) A SECURITY INTEREST IN FIXTURES, WHETHER OR NOT PERFEC-
25 TED, HAS PRIORITY OVER A CONFLICTING INTEREST OF AN ENCUMBRANCER
26 OR OWNER OF THE REAL PROPERTY IF EITHER OF THE FOLLOWING IS MET:

1 (A) THE ENCUMBRANCER OR OWNER HAS, IN AN AUTHENTICATED
2 RECORD, CONSENTED TO THE SECURITY INTEREST OR DISCLAIMED AN
3 INTEREST IN THE GOODS AS FIXTURES.

4 (B) THE DEBTOR HAS A RIGHT TO REMOVE THE GOODS AS AGAINST
5 THE ENCUMBRANCER OR OWNER.

6 (7) THE PRIORITY OF THE SECURITY INTEREST UNDER SUBSECTION
7 (6)(B) CONTINUES FOR A REASONABLE TIME IF THE DEBTOR'S RIGHT TO
8 REMOVE THE GOODS AS AGAINST THE ENCUMBRANCER OR OWNER
9 TERMINATES.

10 (8) A MORTGAGE IS A CONSTRUCTION MORTGAGE TO THE EXTENT THAT
11 IT SECURES AN OBLIGATION INCURRED FOR THE CONSTRUCTION OF AN
12 IMPROVEMENT ON LAND, INCLUDING THE ACQUISITION COST OF THE LAND,
13 IF A RECORDED RECORD OF THE MORTGAGE SO INDICATES. EXCEPT AS
14 OTHERWISE PROVIDED IN SUBSECTIONS (5) AND (6), A SECURITY INTER-
15 EST IN FIXTURES IS SUBORDINATE TO A CONSTRUCTION MORTGAGE IF A
16 RECORD OF THE MORTGAGE IS RECORDED BEFORE THE GOODS BECOME FIX-
17 TURES AND THE GOODS BECOME FIXTURES BEFORE THE COMPLETION OF THE
18 CONSTRUCTION. A MORTGAGE HAS THIS PRIORITY TO THE SAME EXTENT AS
19 A CONSTRUCTION MORTGAGE TO THE EXTENT THAT IT IS GIVEN TO REFI-
20 NANCE A CONSTRUCTION MORTGAGE.

21 (9) A PERFECTED SECURITY INTEREST IN CROPS GROWING ON REAL
22 PROPERTY HAS PRIORITY OVER A CONFLICTING INTEREST OF AN ENCUM-
23 BRANCER OR OWNER OF THE REAL PROPERTY IF THE DEBTOR HAS AN INTER-
24 EST OR RECORD IN OR IS IN POSSESSION OF THE REAL PROPERTY.

25 SEC. 9335. (1) A SECURITY INTEREST MAY BE CREATED IN AN
26 ACCESSION AND CONTINUES IN COLLATERAL THAT BECOMES AN ACCESSION.

1 (2) IF A SECURITY INTEREST IS PERFECTED WHEN THE COLLATERAL
2 BECOMES AN ACCESSION, THE SECURITY INTEREST REMAINS PERFECTED IN
3 THE COLLATERAL.

4 (3) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (4), THE
5 OTHER PROVISIONS OF THIS PART DETERMINE THE PRIORITY OF A SECUR-
6 ITY INTEREST IN AN ACCESSION.

7 (4) A SECURITY INTEREST IN AN ACCESSION IS SUBORDINATE TO A
8 SECURITY INTEREST IN THE WHOLE WHICH IS PERFECTED BY COMPLIANCE
9 WITH THE REQUIREMENTS OF A CERTIFICATE-OF-TITLE STATUTE UNDER
10 SECTION 9311(2).

11 (5) AFTER DEFAULT, SUBJECT TO PART 6 OF THIS ARTICLE, A
12 SECURED PARTY MAY REMOVE AN ACCESSION FROM OTHER GOODS IF THE
13 SECURITY INTEREST IN THE ACCESSION HAS PRIORITY OVER THE CLAIMS
14 OF EVERY PERSON HAVING AN INTEREST IN THE WHOLE.

15 (6) A SECURED PARTY THAT REMOVES AN ACCESSION FROM OTHER
16 GOODS UNDER SUBSECTION (5) SHALL PROMPTLY REIMBURSE ANY HOLDER OF
17 A SECURITY INTEREST OR OTHER LIEN ON, OR OWNER OF, THE WHOLE OR
18 OF THE OTHER GOODS, OTHER THAN THE DEBTOR, FOR THE COST OF REPAIR
19 OF ANY PHYSICAL INJURY TO THE WHOLE OR THE OTHER GOODS. THE
20 SECURED PARTY NEED NOT REIMBURSE THE HOLDER OR OWNER FOR ANY DIM-
21 INUTION IN VALUE OF THE WHOLE OR THE OTHER GOODS CAUSED BY THE
22 ABSENCE OF THE ACCESSION REMOVED OR BY ANY NECESSITY FOR REPLAC-
23 ING IT. A PERSON ENTITLED TO REIMBURSEMENT MAY REFUSE PERMISSION
24 TO REMOVE UNTIL THE SECURED PARTY GIVES ADEQUATE ASSURANCE FOR
25 THE PERFORMANCE OF THE OBLIGATION TO REIMBURSE.

1 SEC. 9336. (1) AS USED IN THIS SECTION, "COMMINGLED GOODS"
2 MEANS GOODS THAT ARE PHYSICALLY UNITED WITH OTHER GOODS IN SUCH A
3 MANNER THAT THEIR IDENTITY IS LOST IN A PRODUCT OR MASS.

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

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

9 (4) IF A SECURITY INTEREST IN COLLATERAL IS PERFECTED BEFORE
10 THE COLLATERAL BECOMES COMMINGLED GOODS, THE SECURITY INTEREST
11 THAT ATTACHES TO THE PRODUCT OR MASS UNDER SUBSECTION (3) IS
12 PERFECTED.

13 (5) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (6), THE
14 OTHER PROVISIONS OF THIS PART DETERMINE THE PRIORITY OF A SECUR-
15 ITY INTEREST THAT ATTACHES TO THE PRODUCT OR MASS UNDER SUBSEC-
16 TION (3).

17 (6) IF MORE THAN 1 SECURITY INTEREST ATTACHES TO THE PRODUCT
18 OR MASS UNDER SUBSECTION (3), THE FOLLOWING RULES DETERMINE
19 PRIORITY:

20 (A) A SECURITY INTEREST THAT IS PERFECTED UNDER SUBSECTION
21 (4) HAS PRIORITY OVER A SECURITY INTEREST THAT IS UNPERFECTED AT
22 THE TIME THE COLLATERAL BECOMES COMMINGLED GOODS.

23 (B) IF MORE THAN 1 SECURITY INTEREST IS PERFECTED UNDER SUB-
24 SECTION (4), THE SECURITY INTERESTS RANK EQUALLY IN PROPORTION TO
25 VALUE OF THE COLLATERAL AT THE TIME IT BECAME COMMINGLED GOODS.

26 SEC. 9337. IF, WHILE A SECURITY INTEREST IN GOODS IS
27 PERFECTED BY ANY METHOD UNDER THE LAW OF ANOTHER JURISDICTION,

1 THIS STATE ISSUES A CERTIFICATE OF TITLE THAT DOES NOT SHOW THAT
2 THE GOODS ARE SUBJECT TO THE SECURITY INTEREST OR CONTAIN A
3 STATEMENT THAT THEY MAY BE SUBJECT TO SECURITY INTERESTS NOT
4 SHOWN ON THE CERTIFICATE, BOTH OF THE FOLLOWING APPLY:

5 (A) A BUYER OF THE GOODS, OTHER THAN A PERSON IN THE BUSI-
6 NESS OF SELLING GOODS OF THAT KIND, TAKES FREE OF THE SECURITY
7 INTEREST IF THE BUYER GIVES VALUE AND RECEIVES DELIVERY OF THE
8 GOODS AFTER ISSUANCE OF THE CERTIFICATE AND WITHOUT KNOWLEDGE OF
9 THE SECURITY INTEREST.

10 (B) THE SECURITY INTEREST IS SUBORDINATE TO A CONFLICTING
11 SECURITY INTEREST IN THE GOODS THAT ATTACHES, AND IS PERFECTED
12 UNDER SECTION 9311(2), AFTER ISSUANCE OF THE CERTIFICATE AND
13 WITHOUT THE CONFLICTING SECURED PARTY'S KNOWLEDGE OF THE SECURITY
14 INTERESTS.

15 SEC. 9338. IF A SECURITY INTEREST OR AGRICULTURAL LIEN IS
16 PERFECTED BY A FILED FINANCING STATEMENT PROVIDING INFORMATION
17 DESCRIBED IN SECTION 9516(2)(E) THAT IS INCORRECT AT THE TIME THE
18 FINANCING STATEMENT IS FILED, ALL OF THE FOLLOWING APPLY:

19 (A) THE SECURITY INTEREST OR AGRICULTURAL LIEN IS SUBORDI-
20 NATE TO A CONFLICTING PERFECTED SECURITY INTEREST IN THE COLLAT-
21 ERAL TO THE EXTENT THAT THE HOLDER OF THE CONFLICTING SECURITY
22 INTEREST GIVES VALUE IN REASONABLE RELIANCE UPON THE INCORRECT
23 INFORMATION.

24 (B) A PURCHASER, OTHER THAN A SECURED PARTY, OF THE COLLAT-
25 ERAL TAKES FREE OF THE SECURITY INTEREST OR AGRICULTURAL LIEN TO
26 THE EXTENT THAT, IN REASONABLE RELIANCE UPON THE INCORRECT
27 INFORMATION, THE PURCHASER GIVES VALUE AND, IN THE CASE OF

1 CHATTEL PAPER, DOCUMENTS, GOODS, INSTRUMENTS, OR A SECURITY
2 CERTIFICATE, RECEIVES DELIVERY OF THE COLLATERAL.

3 SEC. 9339. THIS ARTICLE DOES NOT PRECLUDE SUBORDINATION BY
4 AGREEMENT BY A PERSON ENTITLED TO PRIORITY.

5 SUBPART 4. RIGHTS OF BANK

6 SEC. 9340. (1) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION
7 (3), A BANK WITH WHICH A DEPOSIT ACCOUNT IS MAINTAINED MAY EXER-
8 CISE ANY RIGHT OF RECOUPMENT OR SETOFF AGAINST A SECURED PARTY
9 THAT HOLDS A SECURITY INTEREST IN THE DEPOSIT ACCOUNT.

10 (2) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (3), THE
11 APPLICATION OF THIS ARTICLE TO A SECURITY INTEREST IN A DEPOSIT
12 ACCOUNT DOES NOT AFFECT A RIGHT OF RECOUPMENT OR SETOFF OF THE
13 SECURED PARTY AS TO A DEPOSIT ACCOUNT MAINTAINED WITH THE SECURED
14 PARTY.

15 (3) THE EXERCISE BY A BANK OF A SETOFF AGAINST A DEPOSIT
16 ACCOUNT IS INEFFECTIVE AGAINST A SECURED PARTY THAT HOLDS A
17 SECURITY INTEREST IN THE DEPOSIT ACCOUNT THAT IS PERFECTED BY
18 CONTROL UNDER SECTION 9104(1)(C), IF THE SETOFF IS BASED ON A
19 CLAIM AGAINST THE DEBTOR.

20 SEC. 9341. EXCEPT AS OTHERWISE PROVIDED IN SECTION 9340(3),
21 AND UNLESS THE BANK OTHERWISE AGREES IN AN AUTHENTICATED RECORD,
22 A BANK'S RIGHTS AND DUTIES WITH RESPECT TO A DEPOSIT ACCOUNT
23 MAINTAINED WITH THE BANK ARE NOT TERMINATED, SUSPENDED, OR MODI-
24 FIED BY 1 OR MORE OF THE FOLLOWING:

25 (A) THE CREATION, ATTACHMENT, OR PERFECTION OF A SECURITY
26 INTEREST IN THE DEPOSIT ACCOUNT.

(B) THE BANK'S KNOWLEDGE OF THE SECURITY INTEREST.

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

SEC. 9342. THIS ARTICLE DOES NOT REQUIRE A BANK TO ENTER INTO AN AGREEMENT OF THE KIND DESCRIBED IN SECTION 9104(1)(B), EVEN IF ITS CUSTOMER SO REQUESTS OR DIRECTS. A BANK THAT HAS ENTERED INTO SUCH AN AGREEMENT IS NOT REQUIRED TO CONFIRM THE EXISTENCE OF THE AGREEMENT TO ANOTHER PERSON UNLESS REQUESTED TO DO SO BY ITS CUSTOMER.

PART 4

~~FILING~~ RIGHTS OF THIRD PARTIES

Sec. 9401. ~~(1) The proper place to file in order to perfect a security interest is as follows:~~

~~(a) When the collateral is equipment used in farming operations, or farm products, or accounts or general intangibles arising from or relating to the sale of farm products by a farmer, or consumer goods, then in the office of the register of deeds in the county of the debtor's residence, or if the debtor is not a resident of this state, then in the office of the register of deeds in the county where the goods are kept, and, in addition, when the collateral is crops, growing or to be grown, in the office of the register of deeds in the county where the land is located, but shall not be recorded in the real estate records of the county.~~

~~(b) When the collateral is timber to be cut or is minerals or the like (including oil and gas), or accounts subject to section 9103(5), or when the financing statement is filed as a~~

~~1 fixture filing under section 9313 and the collateral is goods
2 which are or are to become fixtures, then in the office where a
3 mortgage on the real estate would be filed or recorded.~~

~~4 (c) In all other cases, in the office of the secretary of
5 state.~~

~~6 (2) A filing which is made in good faith in an improper
7 place or not in all of the places required by this section is
8 nevertheless effective with regard to any collateral as to which
9 the filing complied with the requirements of this article and is
10 also effective with regard to collateral covered by the financing
11 statement against any person who has knowledge of the contents of
12 such financing statement.~~

~~13 (3) A filing which is made in the proper place in this state
14 continues effective even though the debtor's residence or place
15 of business or the location of the collateral or its use, which
16 ever controlled the original filing, is thereafter changed.~~

~~17 (4) The rules stated in section 9103 determine whether
18 filing is necessary in this state.~~

~~19 (5) Notwithstanding the preceding subsections, and subject
20 to section 9302(3), the proper place to file in order to perfect
21 a security interest in collateral, including fixtures, of a
22 transmitting utility is the office of the secretary of state.
23 This filing constitutes a fixture filing (section 9313) as to the
24 collateral described therein which is or is to become fixtures.~~

~~25 (6) For the purposes of this section, the residence of an
26 organization is its place of business if it has one or its chief
27 executive office if it has more than 1 place of business.~~

1 (1) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (2) AND
2 SECTIONS 9406, 9407, 9408, AND 9409, WHETHER A DEBTOR'S RIGHTS IN
3 COLLATERAL MAY BE VOLUNTARILY OR INVOLUNTARILY TRANSFERRED IS
4 GOVERNED BY LAW OTHER THAN THIS ARTICLE.

5 (2) AN AGREEMENT BETWEEN THE DEBTOR AND SECURED PARTY THAT
6 PROHIBITS A TRANSFER OF THE DEBTOR'S RIGHTS IN COLLATERAL OR
7 MAKES THE TRANSFER A DEFAULT DOES NOT PREVENT THE TRANSFER FROM
8 TAKING EFFECT.

9 Sec. 9402. ~~(1) A financing statement is sufficient if it~~
10 ~~gives the names of the debtor and the secured party, in printed~~
11 ~~or typewritten form, is signed by the debtor, gives an address of~~
12 ~~the secured party from which information concerning the security~~
13 ~~interest may be obtained, gives a mailing address of the debtor,~~
14 ~~and contains a statement indicating the types or describing the~~
15 ~~items of collateral. A financing statement may be filed before a~~
16 ~~security agreement is made or a security interest otherwise~~
17 ~~attaches. If the financing statement covers timber to be cut,~~
18 ~~covers minerals or similar substances, including oil and gas, or~~
19 ~~accounts subject to section 9103(5), or if the financing state=~~
20 ~~ment is filed as a fixture filing under section 9313 and the col=~~
21 ~~lateral is goods that are or are to become fixtures, the state=~~
22 ~~ment shall also comply with subsection (5). A copy of the secur=~~
23 ~~ity agreement is sufficient as a financing statement if it con=~~
24 ~~tains the above information and is signed by the debtor. A legi=~~
25 ~~ble carbon, photographic, or other reproduction of a security~~
26 ~~agreement or a financing statement is sufficient as a financing~~

1 ~~statement if the security agreement so provides or if the~~
 2 ~~original has been filed in this state.~~

3 ~~(2) A financing statement that otherwise complies with sub-~~
 4 ~~section (1) is sufficient if it is signed by the secured party~~
 5 ~~instead of the debtor if it is filed to perfect a security inter-~~
 6 ~~est in any of the following:~~

7 ~~(a) Collateral already subject to a security interest in~~
 8 ~~another jurisdiction when it is brought into this state, or when~~
 9 ~~the debtor's location is changed to this state. The financing~~
 10 ~~statement shall state that the collateral was brought into this~~
 11 ~~state or that the debtor's location was changed to this state~~
 12 ~~under those circumstances.~~

13 ~~(b) Proceeds under section 9306 if the security interest in~~
 14 ~~the original collateral was perfected. The financing statement~~
 15 ~~shall describe the original collateral.~~

16 ~~(c) Collateral as to which the filing has lapsed.~~

17 ~~(d) Collateral acquired after a change of name, identity, or~~
 18 ~~corporate structure of the debtor as provided in subsection (7).~~

19 ~~(3) A form substantially as follows is sufficient to comply~~
 20 ~~with subsection (1):~~

21 ~~(PRINT OR TYPE)~~

22 ~~Name of debtor (or assignor).....~~

23 ~~Address.....~~

24 ~~Name of secured party (or assignee).....~~

~~1 Social security number or federal employer tax identification number~~
~~2 of debtor (when required).....~~
~~3 Address.....~~
~~4 1. This financing statement covers the following types or items~~
~~5 of property:~~
~~6 (Describe).....~~
~~7 2. (If applicable check box below)~~
~~8 a. The goods are to become fixtures on _____ []~~
~~9 b. The above described timber is standing on _____ []~~
~~10 c. The above described minerals or the like (including~~
~~11 oil and gas) are to be extracted from the wellhead~~
~~12 or minehead of the well or mine located on _____ []~~
~~13 d. The above described accounts include accounts~~
~~14 resulting from the sale of minerals or the like~~
~~15 (including oil and gas) to be extracted from the~~
~~16 wellhead or minehead of the well or mine located on _____ []~~
~~17 (Describe real estate).....~~
~~18 If 1 of the above boxes is checked, this financing statement is to~~
~~be~~
~~19 recorded in the real estate records. If the debtor does not have an~~
~~20 interest of record, the name of the record owner is.....~~
~~21 3. (If products of collateral are claimed) Products of the col=~~
~~22 lateral are also covered.~~
~~23 (Use whichever is applicable)~~
~~24 Signature of debtor (or assignor).....~~
~~25 Signature of secured party (or assignee).....~~
~~26 (4) A financing statement may be amended by filing a writing~~
~~27 signed by both the debtor and the secured party that identifies~~

~~1 the original filing by file number and, if applicable, by liber
2 and page. An amendment also may, but is not required to, include
3 the debtor's tax identification number. An amendment does not
4 extend the period of effectiveness of a financing statement. If
5 any amendment adds collateral, it is effective as to the added
6 collateral only from the filing date of the amendment. As used
7 in this article, unless the context otherwise requires,
8 "financing statement" means the original financing statement and
9 any amendments.~~

~~10 (5) A financing statement covering timber to be cut, cover=
11 ing minerals or similar substances, including oil and gas, or
12 accounts subject to section 9103(5), or a financing statement
13 filed as a fixture filing under section 9313 if the debtor is not
14 a transmitting utility, shall show that it covers this type of
15 collateral, recite that it is to be recorded in the real estate
16 records, and contain a description of the real estate sufficient
17 if it were contained in a mortgage of the real estate to give
18 constructive notice of the mortgage under the law of this state.
19 If the debtor does not have an interest of record in the real
20 estate, the financing statement shall show the name of a record
21 owner.~~

~~22 (6) A mortgage is effective as a financing statement filed
23 as a fixture filing from the date of its recording if all of the
24 following apply:~~

~~25 (a) The goods are described in the mortgage by item or
26 type.~~

1 ~~(b) The goods are or are to become fixtures related to the~~
2 ~~real estate described in the mortgage.~~

3 ~~(c) The mortgage complies with the requirements for a~~
4 ~~financing statement in this section other than a recital that it~~
5 ~~is to be recorded in the real estate records.~~

6 ~~(d) The mortgage is duly recorded. Other than the regular~~
7 ~~recording and satisfaction fees for the mortgage, a fee for the~~
8 ~~financing statement is not required.~~

9 ~~(7) A financing statement sufficiently shows the name of the~~
10 ~~debtor if it includes the individual, partnership, or corporate~~
11 ~~name of the debtor, whether or not it adds other trade names or~~
12 ~~the names of partners. If the debtor changes his or her name, or~~
13 ~~in the case of an organization, its name, identity, or corporate~~
14 ~~structure, so that a filed financing statement becomes seriously~~
15 ~~misleading, the filing is not effective to perfect a security~~
16 ~~interest in collateral acquired by the debtor more than 4 months~~
17 ~~after the debtor notifies the secured party in writing of the~~
18 ~~change, unless a new appropriate financing statement is filed~~
19 ~~before the expiration of that time. A filed financing statement~~
20 ~~remains effective for collateral transferred by the debtor even~~
21 ~~though the secured party knows of or consents to the transfer.~~

22 ~~(8) A financing statement substantially complying with the~~
23 ~~requirements of this section is effective even though it contains~~
24 ~~minor errors that are not seriously misleading.~~

25 ~~(9) Any financing statement, indicating that it is to be~~
26 ~~recorded in the real estate records, as provided in subsections~~
27 ~~(3) and (5), and any continuation statement, termination~~

~~1 statement, amendment, or assignment relating to the statement and
2 meeting the formal requisites of this section, section 9404, and
3 section 9405, shall be recorded by the register of deeds of the
4 county in which the real property described in the financing
5 statement is located, notwithstanding the provisions for witness=
6 ing and acknowledging instruments to be recorded in the real
7 property records contained in section 47 of 1846 RS 65,
8 MCL 565.47.~~

~~9 (10) Each register of deeds shall certify on every financing
10 statement indicating that it is to be recorded in the real estate
11 records, as provided in subsections (3) and (5), and any continu=
12 ation statement, termination statement, amendment, or assignment
13 relating to the statement and meeting the formal requisites of
14 this section, section 9404, and section 9405, the date and time
15 when it was received for record, and a reference to the liber and
16 page where it is recorded.~~

~~17 (11) Each register of deeds shall enter any financing state=
18 ment indicating that it is to be recorded in the real estate
19 records, as provided in subsections (3) and (5), and any continu=
20 ation statement, termination statement, amendment, or assignment
21 relating to the statement and meeting the formal requisites of
22 this section, section 9404, and section 9405, in an entry book
23 where a real estate mortgage would be entered, noting in the
24 entry book the day, hour, and minute of reception, and other par=
25 ticulars in the order in which the financing statements, continu=
26 ation statements, termination statements, amendments, and~~

1 ~~assignments are respectively received, and each instrument shall~~
2 ~~be considered recorded at the time so noted.~~

3 ~~(12) Each register of deeds shall index each financing~~
4 ~~statement, continuation statement, termination statement, amend-~~
5 ~~ment, or assignment, recorded under subsection (11), in a book or~~
6 ~~card index under the name of the debtor, and, if applicable,~~
7 ~~under the name of the record owner of the real estate, in the~~
8 ~~same manner as recordings of real estate mortgages are indexed.~~

9 ~~(13) Beginning April 1, 1990 all original filings of a~~
10 ~~security agreement or a financing statement tendered to the sec-~~
11 ~~retary of state shall contain the tax identification number of~~
12 ~~each debtor except for the following:~~

13 ~~(a) A reproduction of a security agreement or of a financing~~
14 ~~statement filed under the last sentence of subsection (1) if the~~
15 ~~security agreement was entered into or the financing statement~~
16 ~~was filed before April 1, 1990.~~

17 ~~(b) A financing statement filed under subsection (2).~~

18 ~~(c) A financing statement that is accompanied by a certifi-~~
19 ~~cate prescribed by the secretary of state and is signed by the~~
20 ~~debtor stating that the debtor does not have a tax identification~~
21 ~~number.~~

22 ~~(14) If an original filing of a security agreement or a~~
23 ~~financing statement fails to contain the tax identification~~
24 ~~number of each debtor and is not exempted under subsection (13),~~
25 ~~the secretary of state shall not accept it for filing and shall~~
26 ~~return it to the secured party or other person who submitted it.~~
27 ~~If the records of the secretary of state indicate that a debtor's~~

~~1 tax identification number contained on a financing statement
2 received for filing is or may be incorrect, the secretary of
3 state shall nevertheless accept and file the financing
4 statement. The secretary of state may request the secured party
5 or other person who submitted the financing statement to file an
6 amendment to the statement giving the debtor's correct tax iden=
7 tification number. The signature of the debtor shall not be
8 required on an amendment that changes only the debtor's tax iden=
9 tification number.~~

~~10 (15) Notwithstanding subsections (13) and (14), if the sec=
11 retary of state files a financing statement that does not con=
12 tain, or that incorrectly states, the debtor's tax identification
13 number and if the financing statement otherwise complies with
14 applicable requirements, the financing statement shall be consid=
15 ered sufficient, valid, and effective.~~

~~16 (16) The secretary of state shall adopt and utilize computer
17 assisted search procedures to enable the secretary of state to
18 provide information to a person making a request under
19 section 9407(2). The secretary of state shall provide the infor=
20 mation requested by a person under section 9407(2) as accurate
21 and complete as the information the person would have received if
22 the same request had been processed under the search procedures
23 followed by the secretary of state immediately before the imple=
24 mentation of computer assisted searches. THE EXISTENCE OF A
25 SECURITY INTEREST, AGRICULTURAL LIEN, OR AUTHORITY GIVEN TO A
26 DEBTOR TO DISPOSE OF OR USE COLLATERAL, WITHOUT MORE, DOES NOT~~

1 SUBJECT A SECURED PARTY TO LIABILITY IN CONTRACT OR TORT FOR THE
2 DEBTOR'S ACTS OR OMISSIONS.

3 Sec. 9403. ~~(1) Presentation for filing of a financing~~
4 ~~statement and tender of the filing fee or acceptance of the~~
5 ~~statement by the filing officer constitutes filing under this~~
6 ~~article.~~

7 ~~(2) Except as provided in subsection (7), a filed financing~~
8 ~~statement is effective for a period of 5 years after the date of~~
9 ~~filing. The effectiveness of a filed financing statement lapses~~
10 ~~on the expiration of the 5-year period, unless a continuation~~
11 ~~statement is filed within 6 months before the lapse. If a secur-~~
12 ~~ity interest perfected by filing exists at the time insolvency~~
13 ~~proceedings are commenced by or against the debtor, the security~~
14 ~~interest remains perfected until termination of the insolvency~~
15 ~~proceedings and thereafter for a period of 60 days or until expi-~~
16 ~~ration of the 5-year period, whichever occurs later. Upon lapse,~~
17 ~~the security interest becomes unperfected, unless it is perfected~~
18 ~~without filing. If the security interest becomes unperfected~~
19 ~~upon lapse, it is considered to have been unperfected as against~~
20 ~~a person who became a purchaser or lien creditor before the~~
21 ~~lapse.~~

22 ~~(3) A continuation statement may be filed or recorded by the~~
23 ~~secured party within 6 months before the expiration of the 5-year~~
24 ~~period specified in subsection (2). A continuation statement~~
25 ~~shall be signed by the secured party, identify the original~~
26 ~~statement by file number and, if the original financing statement~~
27 ~~describes real property, by the liber and page where the property~~

~~1 is recorded, and state that the original statement is still
2 effective. A continuation statement also may, but is not
3 required to, include the debtor's tax identification number. A
4 continuation statement signed by a person other than the secured
5 party of record shall be accompanied by a separate written state=
6 ment of assignment that is signed by the secured party of record
7 and that complies with section 9405(2), including payment of the
8 required fee. Upon timely filing of the continuation statement,
9 the effectiveness of the financing statement is continued for 5
10 years after the last date to which the filing was effective
11 whereupon it lapses in the same manner as provided in subsection
12 (2) unless another continuation statement is filed before the
13 lapse. Succeeding continuation statements may be filed in the
14 same manner to continue the effectiveness of the financing
15 statement. Unless a statute on disposition of public records
16 provides otherwise, the filing officer may remove a lapsed state=
17 ment from the files and destroy it immediately if he or she has
18 retained a reproduction pursuant to the records media act, or in
19 other cases after 1 year after the lapse. The filing officer
20 shall so arrange matters by physical annexation of financing
21 statements to continuation statements or other related filings,
22 or by other means, that if he or she physically destroys the
23 financing statements of a period more than 5 years past, those
24 which have been continued by a continuation statement or which
25 are still effective under subsection (7) shall be retained.~~

~~26 (4) Except as provided in subsection (8), a filing officer
27 shall mark a statement with a file number and with the date and~~

~~1 hour of filing and shall hold the statement or a reproduction of
2 the statement pursuant to the records media act for public
3 inspection. In addition, the filing officer shall index the
4 statements according to the name of the debtor and shall note in
5 the index the file number and the address of the debtor given in
6 the statement.~~

~~7 (5) The uniform fee for filing and indexing and for stamping
8 a copy furnished by the secured party to show the date and place
9 of filing for an original financing statement, for a continuation
10 statement, for an amendment of a financing statement, or for an
11 assignment shall be as follows:~~

~~12 (a) For a filing with the secretary of state or the register
13 of deeds, \$3.00 if the statement includes the information
14 required under this act for the filing, and is in the standard
15 form prescribed by the secretary of state. For a statement not
16 complying with these requirements, the fee is \$6.00.~~

~~17 (b) For a filing with a register of deeds, if the financing
18 statement, continuation statement, assignment, or amendment indi=
19 cates that it is to be recorded in the real estate records, as
20 provided in sections 9402(3) and 9402(5), \$5.00 for the first
21 page and \$2.00 for each additional page.~~

~~22 (6) The uniform fee for each name more than 1 required to be
23 indexed is \$3.00. The secured party may, at his or her option,
24 show a trade name for a person, and an extra uniform indexing fee
25 of \$3.00 shall be paid with respect to that name.~~

~~26 (7) If the debtor is a transmitting utility under section
27 9401(5) and a filed financing statement so states, it is~~

~~1 effective until a termination statement is filed. A real estate
2 mortgage that is effective as a fixture filing under section
3 9402(6) remains effective as a fixture filing until the mortgage
4 is released or satisfied of record or its effectiveness otherwise
5 terminates as to the real estate.~~

~~6 (8) If a financing statement covers timber to be cut, covers
7 minerals or the like including oil and gas, or accounts subject
8 to section 9103(5), or is filed as a fixture filing, it shall be
9 recorded, and the filing officer shall index it under the names
10 of the debtor and any owner of record shown on the financing
11 statement in the same fashion as if they were the mortgagors in a
12 mortgage of the real estate described, and, to the extent that
13 the law of this state provides for indexing of mortgages under
14 the name of the mortgagee, under the name of the secured party as
15 if he or she were the mortgagee of the mortgage, or where index=
16 ing is by description, in the same fashion as if the financing
17 statement were a mortgage of the real estate described.~~

~~18 (1) AS USED IN THIS SECTION, "VALUE" HAS THE MEANING PRO-
19 VIDED IN SECTION 3303(1).~~

~~20 (2) EXCEPT AS OTHERWISE PROVIDED IN THIS SECTION, AN AGREE-
21 MENT BETWEEN AN ACCOUNT DEBTOR AND AN ASSIGNOR NOT TO ASSERT
22 AGAINST AN ASSIGNEE ANY CLAIM OR DEFENSE THAT THE ACCOUNT DEBTOR
23 MAY HAVE AGAINST THE ASSIGNOR IS ENFORCEABLE BY AN ASSIGNEE THAT
24 TAKES AN ASSIGNMENT FOR VALUE, IN GOOD FAITH, WITHOUT NOTICE OF A
25 CLAIM OF A PROPERTY OR POSSESSORY RIGHT TO THE PROPERTY ASSIGNED,
26 AND WITHOUT NOTICE OF A DEFENSE OR CLAIM IN RECOUPMENT OF THE~~

1 TYPE THAT MAY BE ASSERTED AGAINST A PERSON ENTITLED TO ENFORCE A
2 NEGOTIABLE INSTRUMENT UNDER SECTION 3305(1).

3 (3) SUBSECTION (2) DOES NOT APPLY TO DEFENSES OF A TYPE THAT
4 MAY BE ASSERTED AGAINST A HOLDER IN DUE COURSE OF A NEGOTIABLE
5 INSTRUMENT UNDER SECTION 3305(2).

6 (4) IN A CONSUMER TRANSACTION, IF A RECORD EVIDENCES THE
7 ACCOUNT DEBTOR'S OBLIGATION, LAW OTHER THAN THIS ARTICLE REQUIRES
8 THAT THE RECORD INCLUDE A STATEMENT TO THE EFFECT THAT THE RIGHTS
9 OF AN ASSIGNEE ARE SUBJECT TO CLAIMS OR DEFENSES THAT THE ACCOUNT
10 DEBTOR COULD ASSERT AGAINST THE ORIGINAL OBLIGEE, AND THE RECORD
11 DOES NOT INCLUDE SUCH A STATEMENT, ALL OF THE FOLLOWING APPLY:

12 (A) THE RECORD HAS THE SAME EFFECT AS IF THE RECORD INCLUDED
13 SUCH A STATEMENT.

14 (B) THE ACCOUNT DEBTOR MAY ASSERT AGAINST AN ASSIGNEE THOSE
15 CLAIMS AND DEFENSES THAT WOULD HAVE BEEN AVAILABLE IF THE RECORD
16 INCLUDED SUCH A STATEMENT.

17 (5) THIS SECTION IS SUBJECT TO LAW OTHER THAN THIS ARTICLE
18 THAT ESTABLISHES A DIFFERENT RULE FOR AN ACCOUNT DEBTOR WHO IS AN
19 INDIVIDUAL AND WHO INCURRED THE OBLIGATION PRIMARILY FOR PERSON-
20 AL, FAMILY, OR HOUSEHOLD PURPOSES.

21 (6) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (4), THIS
22 SECTION DOES NOT DISPLACE LAW OTHER THAN THIS ARTICLE THAT GIVES
23 EFFECT TO AN AGREEMENT BY AN ACCOUNT DEBTOR NOT TO ASSERT A CLAIM
24 OR DEFENSE AGAINST AN ASSIGNEE.

25 Sec. 9404. ~~-(1) If a financing statement covering consumer~~
26 ~~goods is filed on or after January 1, 1979, then within 1 month~~
27 ~~or within 10 days following written demand by the debtor,~~

~~1 whichever occurs first, after there is no outstanding secured
2 obligation and no commitment to make advances, incur obligations,
3 or otherwise give value, and the secured party does not in good
4 faith expect to make optional future advances, the secured party
5 shall file with each filing officer with whom the financing
6 statement was filed a termination statement to the effect that he
7 or she no longer claims a security interest under the financing
8 statement, which shall be identified by file number, and if the
9 original financing statement describes real property, by liber
10 and page of recording of the financing statement. In other
11 cases, if there is no outstanding secured obligation and no com=
12 mitment to make advances, incur obligations, or otherwise give
13 value and the secured party does not in good faith expect to make
14 future optional advances, the secured party shall, on written
15 demand of the debtor, send for each filing officer with whom the
16 financing statement was filed a termination statement to the
17 effect that he or she no longer claims a security interest under
18 the financing statement, which shall be identified by file
19 number. With respect to original financing statements filed
20 before July 1, 1976 with a filing officer other than the secre=
21 tary of state, the secured party may elect to send the statement
22 directly to the debtor instead of the filing officer. A termina=
23 tion statement may, but is not required to, include the debtor's
24 tax identification number. A termination statement signed by a
25 person other than the secured party of record shall be accom=
26 panied by a separate written statement of assignment signed by
27 the secured party of record complying with section 9405(2),~~

~~1 including payment of the required fee. If the affected secured
2 party fails to file such a termination statement as required by
3 this subsection, or to send such a termination statement within
4 the required period, he or she is liable to the debtor for any
5 loss caused to the debtor by that failure. In addition, the
6 secured party is liable to the debtor for \$100.00 if he or she
7 fails to file the termination statement within 20 days after
8 written demand for the termination statement by the debtor.~~

~~9 (2) On presentation to the filing officer of a termination
10 statement, the filing officer shall note it in the index. If the
11 filing officer has received the termination statement in dupli-
12 cate, he or she shall return 1 copy of the termination statement
13 to the secured party stamped to show the time of receipt of the
14 termination statement. If the filing officer has a reproduction
15 of the financing statement pursuant to the records media act, and
16 of any related continuation statement, statement of assignment,
17 and statement of release, he or she may remove the originals from
18 the files at any time after receipt of the termination statement,
19 or if the filing officer has no such record, he or she may remove
20 them from the files at any time after 1 year after receipt of the
21 termination statement.~~

~~22 (3) If the termination statement is in the standard form
23 prescribed by the secretary of state, the uniform fee for filing
24 and indexing a termination statement is \$1.00, and otherwise is
25 \$1.00, plus, in each case an additional fee of \$1.00 for each
26 additional name against which the termination statement is
27 required to be indexed, except that a fee shall not be charged~~

~~1 for the filing and indexing of a termination statement with
2 respect to an original financing statement filed after June 30,
3 1976, unless the filing was made with the register of deeds as
4 provided in sections 9402(3) and 9402(5), and in that event the
5 fee is the same as that required to file a discharge of a real
6 estate mortgage.~~

7 (1) UNLESS AN ACCOUNT DEBTOR HAS MADE AN ENFORCEABLE AGREE-
8 MENT NOT TO ASSERT DEFENSES OR CLAIMS, AND SUBJECT TO SUBSECTIONS
9 (2) THROUGH (5), THE RIGHTS OF AN ASSIGNEE ARE SUBJECT TO ALL OF
10 THE FOLLOWING:

11 (A) ALL TERMS OF THE AGREEMENT BETWEEN THE ACCOUNT DEBTOR
12 AND ASSIGNOR AND ANY DEFENSE OR CLAIM IN RECOUPMENT ARISING FROM
13 THE TRANSACTION THAT GAVE RISE TO THE CONTRACT.

14 (B) ANY OTHER DEFENSE OR CLAIM OF THE ACCOUNT DEBTOR AGAINST
15 THE ASSIGNOR THAT ACCRUES BEFORE THE ACCOUNT DEBTOR RECEIVES A
16 NOTIFICATION OF THE ASSIGNMENT AUTHENTICATED BY THE ASSIGNOR OR
17 THE ASSIGNEE.

18 (2) SUBJECT TO SUBSECTION (3) AND EXCEPT AS OTHERWISE PRO-
19 VIDED IN SUBSECTION (4), THE CLAIM OF AN ACCOUNT DEBTOR AGAINST
20 AN ASSIGNOR MAY BE ASSERTED AGAINST AN ASSIGNEE UNDER SUBSECTION
21 (1) ONLY TO REDUCE THE AMOUNT THE ACCOUNT DEBTOR OWES.

22 (3) THIS SECTION IS SUBJECT TO LAW OTHER THAN THIS ARTICLE
23 THAT ESTABLISHES A DIFFERENT RULE FOR AN ACCOUNT DEBTOR WHO IS AN
24 INDIVIDUAL AND WHO INCURRED THE OBLIGATION PRIMARILY FOR PERSON-
25 AL, FAMILY, OR HOUSEHOLD PURPOSES.

26 (4) IN A CONSUMER TRANSACTION, IF A RECORD EVIDENCES THE
27 ACCOUNT DEBTOR'S OBLIGATION, LAW OTHER THAN THIS ARTICLE REQUIRES

1 THAT THE RECORD INCLUDE A STATEMENT TO THE EFFECT THAT THE
2 ACCOUNT DEBTOR'S RECOVERY AGAINST AN ASSIGNEE WITH RESPECT TO
3 CLAIMS AND DEFENSES AGAINST THE ASSIGNOR MAY NOT EXCEED AMOUNTS
4 PAID BY THE ACCOUNT DEBTOR UNDER THE RECORD, AND THE RECORD DOES
5 NOT INCLUDE SUCH A STATEMENT, THE EXTENT TO WHICH A CLAIM OF AN
6 ACCOUNT DEBTOR AGAINST THE ASSIGNOR MAY BE ASSERTED AGAINST AN
7 ASSIGNEE IS DETERMINED AS IF THE RECORD INCLUDED SUCH A
8 STATEMENT.

9 (5) THIS SECTION DOES NOT APPLY TO AN ASSIGNMENT OF A
10 HEALTH-CARE-INSURANCE RECEIVABLE.

11 Sec. 9405. ~~(1) A financing statement may disclose an~~
12 ~~assignment of a security interest in the collateral described in~~
13 ~~the financing statement by indication in the financing statement~~
14 ~~of the name and address of the assignee, or by an assignment~~
15 ~~itself or a copy of the assignment on the face or back of the~~
16 ~~statement. On presentation to the filing officer of the financ-~~
17 ~~ing statement, the filing officer shall mark the same as provided~~
18 ~~in section 9403(4). The uniform fee for filing, indexing, and~~
19 ~~furnishing filing data for a financing statement indicating an~~
20 ~~assignment is \$3.00, if the statement is in the standard form~~
21 ~~prescribed by the secretary of state. For statements not comply-~~
22 ~~ing with these requirements, the fee is \$6.00, plus an additional~~
23 ~~fee of \$3.00 for each name more than 1 against which the financ-~~
24 ~~ing statement is required to be indexed.~~

25 ~~(2) A secured party may assign of record all or a part of~~
26 ~~his or her rights under a financing statement by filing, in the~~
27 ~~place where the original financing statement was filed, a~~

~~1 separate written statement of assignment signed by the secured
2 party of record and setting forth the name of the secured party
3 of record and the debtor, the file number, and if the original
4 financing statement describes real property, by the liber and
5 page where the property is recorded, the date of filing of the
6 financing statement, the name and address of the assignee and a
7 description of the collateral assigned. A copy of the assignment
8 is sufficient as a separate statement if it complies with the
9 preceding sentence. An assignment also may, but is not required
10 to, include the debtor's tax identification number. On presenta=
11 tion to the filing officer of a separate statement, the filing
12 officer shall mark the separate statement with the date and hour
13 of the filing. The filing officer shall note the assignment on
14 the index of the financing statement, or for a fixture filing, a
15 filing covering timber to be cut, or covering minerals or the
16 like including oil and gas, or accounts subject to section
17 9103(5), he or she shall index the assignment under the name of
18 the assignor as grantor and, to the extent that the law of this
19 state provides for indexing the assignment of a mortgage under
20 the name of the assignee, he or she shall index the assignment of
21 the financing statement under the name of the assignee. The uni=
22 form fee for filing, indexing, and furnishing filing data about a
23 separate statement of assignment is \$3.00, if the statement is in
24 the standard form prescribed by the secretary of state. For
25 statements not complying with these requirements, the fee is
26 \$6.00, plus an additional fee of \$3.00 for each name more than 1
27 against which the statement of assignment is required to be~~

~~1 indexed. Notwithstanding the provisions of this subsection, an~~
~~2 assignment of record of a security interest in a fixture con=~~
~~3 tained in a mortgage effective as a fixture filing under section~~
~~4 9402(6) may be made only by an assignment of the mortgage in the~~
~~5 manner provided by the law of this state other than this act.~~

~~6 (3) After the disclosure or filing of an assignment under~~
~~7 this section, the assignee is the secured party of record.~~

8 (1) A MODIFICATION OF OR SUBSTITUTION FOR AN ASSIGNED CON-
9 TRACT IS EFFECTIVE AGAINST AN ASSIGNEE IF MADE IN GOOD FAITH.
10 THE ASSIGNEE ACQUIRES CORRESPONDING RIGHTS UNDER THE MODIFIED OR
11 SUBSTITUTED CONTRACT. THE ASSIGNMENT MAY PROVIDE THAT THE MODI-
12 FICATION OR SUBSTITUTION IS A BREACH OF CONTRACT BY THE
13 ASSIGNOR. THIS SUBSECTION IS SUBJECT TO SUBSECTIONS (2) THROUGH
14 (4).

15 (2) SUBSECTION (1) APPLIES TO THE EXTENT THAT THE RIGHT TO
16 PAYMENT OR A PART THEREOF UNDER AN ASSIGNED CONTRACT HAS NOT BEEN
17 FULLY EARNED BY PERFORMANCE, OR TO THE EXTENT THAT THE RIGHT TO
18 PAYMENT OR A PART THEREOF HAS BEEN FULLY EARNED BY PERFORMANCE
19 AND THE ACCOUNT DEBTOR HAS NOT RECEIVED NOTIFICATION OF THE
20 ASSIGNMENT UNDER SECTION 9406(1).

21 (3) THIS SECTION IS SUBJECT TO LAW OTHER THAN THIS ARTICLE
22 THAT ESTABLISHES A DIFFERENT RULE FOR AN ACCOUNT DEBTOR WHO IS AN
23 INDIVIDUAL AND WHO INCURRED THE OBLIGATION PRIMARILY FOR PERSON-
24 AL, FAMILY, OR HOUSEHOLD PURPOSES.

25 (4) THIS SECTION DOES NOT APPLY TO AN ASSIGNMENT OF A
26 HEALTH-CARE-INSURANCE RECEIVABLE.

1 Sec. 9406. ~~A secured party of record may by his or her~~
2 ~~signed statement release all or a part of any collateral~~
3 ~~described in a filed financing statement. The statement of~~
4 ~~release is sufficient if it contains a description of the collat-~~
5 ~~eral being released, the name and address of the debtor, the name~~
6 ~~and address of the secured party, and the file number of the~~
7 ~~financing statement. A statement of release may, but is not~~
8 ~~required to, include the debtor's tax identification number. A~~
9 ~~statement of release signed by a person other than the secured~~
10 ~~party of record shall be accompanied by a separate written state-~~
11 ~~ment of assignment signed by the secured party of record and com-~~
12 ~~plying with section 9405(2), including payment of the required~~
13 ~~fee. Upon presentation of the statement of release to the filing~~
14 ~~officer, he or she shall mark the statement with the hour and~~
15 ~~date of filing and shall also note this information on the margin~~
16 ~~of the index of the filing of the financing statement. The uni-~~
17 ~~form fee for filing and noting a statement of release is \$3.00 if~~
18 ~~the statement is in the standard form prescribed by the secretary~~
19 ~~of state. For financing statements not complying with the~~
20 ~~requirements of this section as to form, the fee is \$6.00, plus~~
21 ~~an additional fee of \$3.00 for each name more than 1 against~~
22 ~~which the statement of release is required to be indexed.~~

23 (1) SUBJECT TO SUBSECTIONS (2) THROUGH (9), AN ACCOUNT
24 DEBTOR ON AN ACCOUNT, CHATTEL PAPER, OR A PAYMENT INTANGIBLE MAY
25 DISCHARGE ITS OBLIGATION BY PAYING THE ASSIGNOR UNTIL, BUT NOT
26 AFTER, THE ACCOUNT DEBTOR RECEIVES A NOTIFICATION, AUTHENTICATED
27 BY THE ASSIGNOR OR THE ASSIGNEE, THAT THE AMOUNT DUE OR TO BECOME

1 DUE HAS BEEN ASSIGNED AND THAT PAYMENT IS TO BE MADE TO THE
2 ASSIGNEE. AFTER RECEIPT OF THE NOTIFICATION, THE ACCOUNT DEBTOR
3 MAY DISCHARGE ITS OBLIGATION BY PAYING THE ASSIGNEE AND MAY NOT
4 DISCHARGE THE OBLIGATION BY PAYING THE ASSIGNOR.

5 (2) SUBJECT TO SUBSECTION (8), NOTIFICATION IS INEFFECTIVE
6 UNDER SUBSECTION (1) IF 1 OR MORE OF THE FOLLOWING APPLY:

7 (A) IF NOTIFICATION DOES NOT REASONABLY IDENTIFY THE RIGHTS
8 ASSIGNED.

9 (B) TO THE EXTENT THAT AN AGREEMENT BETWEEN AN ACCOUNT
10 DEBTOR AND A SELLER OF A PAYMENT INTANGIBLE LIMITS THE ACCOUNT
11 DEBTOR'S DUTY TO PAY A PERSON OTHER THAN THE SELLER AND THE LIM-
12 TATION IS EFFECTIVE UNDER LAW OTHER THAN THIS ARTICLE.

13 (C) AT THE OPTION OF AN ACCOUNT DEBTOR, IF THE NOTIFICATION
14 NOTIFIES THE ACCOUNT DEBTOR TO MAKE LESS THAN THE FULL AMOUNT OF
15 ANY INSTALLMENT OR OTHER PERIODIC PAYMENT TO THE ASSIGNEE, EVEN
16 IF 1 OR MORE OF THE FOLLOWING OCCUR:

17 (i) ONLY A PORTION OF THE ACCOUNT, CHATTEL PAPER, OR GENERAL
18 INTANGIBLE HAS BEEN ASSIGNED TO THAT ASSIGNEE.

19 (ii) A PORTION HAS BEEN ASSIGNED TO ANOTHER ASSIGNEE.

20 (iii) THE ACCOUNT DEBTOR KNOWS THAT THE ASSIGNMENT TO THAT
21 ASSIGNEE IS LIMITED.

22 (3) SUBJECT TO SUBSECTION (8), IF REQUESTED BY THE ACCOUNT
23 DEBTOR, AN ASSIGNEE SHALL SEASONABLY FURNISH REASONABLE PROOF
24 THAT THE ASSIGNMENT HAS BEEN MADE. UNLESS THE ASSIGNEE COMPLIES,
25 THE ACCOUNT DEBTOR MAY DISCHARGE ITS OBLIGATION BY PAYING THE
26 ASSIGNOR, EVEN IF THE ACCOUNT DEBTOR HAS RECEIVED A NOTIFICATION
27 UNDER SUBSECTION (1).

1 (4) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (5) AND
2 SECTIONS 2A303 AND 9407, AND SUBJECT TO SUBSECTION (8), A TERM IN
3 AN AGREEMENT BETWEEN AN ACCOUNT DEBTOR AND AN ASSIGNOR OR IN A
4 PROMISSORY NOTE IS INEFFECTIVE TO THE EXTENT THAT IT DOES 1 OR
5 MORE OF THE FOLLOWING:

6 (A) PROHIBITS, RESTRICTS, OR REQUIRES THE CONSENT OF THE
7 ACCOUNT DEBTOR OR PERSON OBLIGATED ON THE PROMISSORY NOTE TO THE
8 ASSIGNMENT OR TRANSFER OF, OR THE CREATION, ATTACHMENT, PERFEC-
9 TION, OR ENFORCEMENT OF A SECURITY INTEREST IN, THE ACCOUNT,
10 CHATTEL PAPER, PAYMENT INTANGIBLE, OR PROMISSORY NOTE.

11 (B) PROVIDES THAT THE ASSIGNMENT OR TRANSFER OR THE CRE-
12 ATION, ATTACHMENT, PERFECTION, OR ENFORCEMENT OF THE SECURITY
13 INTEREST MAY GIVE RISE TO A DEFAULT, BREACH, RIGHT OF RECOUPMENT,
14 CLAIM, DEFENSE, TERMINATION, RIGHT OF TERMINATION, OR REMEDY
15 UNDER THE ACCOUNT, CHATTEL PAPER, PAYMENT INTANGIBLE, OR PROMIS-
16 SORY NOTE.

17 (5) SUBSECTION (4) DOES NOT APPLY TO THE SALE OF A PAYMENT
18 INTANGIBLE OR PROMISSORY NOTE.

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:

1 (A) PROHIBITS, RESTRICTS, OR REQUIRES THE CONSENT OF THE
2 GOVERNMENT, GOVERNMENTAL BODY OR OFFICIAL, OR ACCOUNT DEBTOR TO
3 THE ASSIGNMENT OR TRANSFER OF, OR THE CREATION, ATTACHMENT, PER-
4 FECTION, OR ENFORCEMENT OF A SECURITY INTEREST IN, THE ACCOUNT OR
5 CHATTEL PAPER.

6 (B) PROVIDES THAT THE ASSIGNMENT OR TRANSFER OR THE CRE-
7 ATION, ATTACHMENT, PERFECTION, OR ENFORCEMENT OF THE SECURITY
8 INTEREST MAY GIVE RISE TO A DEFAULT, BREACH, RIGHT OF RECOUPMENT,
9 CLAIM, DEFENSE, TERMINATION, RIGHT OF TERMINATION, OR REMEDY
10 UNDER THE ACCOUNT OR CHATTEL PAPER.

11 (7) SUBJECT TO SUBSECTION (8), AN ACCOUNT DEBTOR MAY NOT
12 WAIVE OR VARY ITS OPTION UNDER SUBSECTION (2)(C).

13 (8) THIS SECTION IS SUBJECT TO LAW OTHER THAN THIS ARTICLE
14 THAT ESTABLISHES A DIFFERENT RULE FOR AN ACCOUNT DEBTOR WHO IS AN
15 INDIVIDUAL AND WHO INCURRED THE OBLIGATION PRIMARILY FOR PERSON-
16 AL, FAMILY, OR HOUSEHOLD PURPOSES.

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

19 Sec. 9407. ~~-(1) If the person filing a financing statement,~~
20 ~~termination statement, statement of assignment, or statement of~~
21 ~~release furnishes the filing officer a copy of the statement, the~~
22 ~~filing officer shall upon request note upon the copy the file~~
23 ~~number and date and hour of the filing of the original and~~
24 ~~deliver or send the copy to the person.~~

25 ~~-(2) Upon request of any person, the filing officer shall~~
26 ~~issue a certificate showing whether there is on file, on the date~~
27 ~~and hour stated on the certificate, any presently effective~~

~~1 financing statement naming a particular debtor and any statement
2 of assignment and if there is, giving the date and hour of filing
3 of each statement and the names and addresses of each secured
4 party in the statement. The uniform fee for a certificate is
5 \$3.00 if the request for the certificate is in the standard form
6 prescribed by the secretary of state and, for certificates which
7 concern financing statements filed beginning September 1, 1988,
8 includes the social security number of the debtor or the debtor's
9 federal employer tax identification number. If the request does
10 not comply with these requirements, the fee is \$6.00. Upon
11 request, the filing officer shall furnish a copy of a filed
12 financing statement or statement of assignment for a uniform fee
13 of \$1.00 per page. The secretary of state shall charge an addi=
14 tional fee of \$25.00 if a person requests expediting of the regu=
15 lar search process. The secretary of state shall promulgate
16 rules under the administrative procedures act of 1969, Act
17 No. 306 of the Public Acts of 1969, being sections 24.201 to
18 24.328 of the Michigan Compiled Laws, to define what constitutes
19 expediting of the regular search process.~~

20 (1) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (2), A TERM
21 IN A LEASE AGREEMENT IS INEFFECTIVE TO THE EXTENT THAT IT DOES 1
22 OR MORE OF THE FOLLOWING:

23 (A) PROHIBITS, RESTRICTS, OR REQUIRES THE CONSENT OF A PARTY
24 TO THE LEASE TO THE ASSIGNMENT OR TRANSFER OF, OR THE CREATION,
25 ATTACHMENT, PERFECTION, OR ENFORCEMENT OF A SECURITY INTEREST IN,
26 AN INTEREST OF A PARTY UNDER THE LEASE CONTRACT OR IN THE
27 LESSOR'S RESIDUAL INTEREST IN THE GOODS.

1 (B) PROVIDES THAT THE ASSIGNMENT OR TRANSFER OR THE
2 CREATION, ATTACHMENT, PERFECTION, OR ENFORCEMENT OF THE SECURITY
3 INTEREST MAY GIVE RISE TO A DEFAULT, BREACH, RIGHT OF RECOUPMENT,
4 CLAIM, DEFENSE, TERMINATION, RIGHT OF TERMINATION, OR REMEDY
5 UNDER THE LEASE.

6 (2) EXCEPT AS OTHERWISE PROVIDED IN SECTION 2A303(7), A TERM
7 DESCRIBED IN SUBSECTION (1)(B) IS EFFECTIVE TO THE EXTENT THAT
8 THERE IS 1 OR MORE OF THE FOLLOWING:

9 (A) A TRANSFER BY THE LESSEE OF THE LESSEE'S RIGHT OF POS-
10 SESSION OR USE OF THE GOODS IN VIOLATION OF THE TERM.

11 (B) A DELEGATION OF A MATERIAL PERFORMANCE OF EITHER PARTY
12 TO THE LEASE CONTRACT IN VIOLATION OF THE TERM.

13 (3) THE CREATION, ATTACHMENT, PERFECTION, OR ENFORCEMENT OF
14 A SECURITY INTEREST IN THE LESSOR'S INTEREST UNDER THE LEASE CON-
15 TRACT OR THE LESSOR'S RESIDUAL INTEREST IN THE GOODS IS NOT A
16 TRANSFER THAT MATERIALLY IMPAIRS THE LESSEE'S PROSPECT OF OBTAIN-
17 ING RETURN PERFORMANCE OR MATERIALLY CHANGES THE DUTY OF OR MATE-
18 Rially INCREASES THE BURDEN OR RISK IMPOSED ON THE LESSEE WITHIN
19 THE PURVIEW OF SECTION 2A303(4) UNLESS, AND THEN ONLY TO THE
20 EXTENT THAT, ENFORCEMENT ACTUALLY RESULTS IN A DELEGATION OF
21 MATERIAL PERFORMANCE OF THE LESSOR.

22 Sec. 9408. ~~Registers of deeds need not accept at standard~~
23 ~~rates after January 1, 1964 chattel instruments or financing~~
24 ~~statements for filing unless prepared on paper 8 1/2x13 inches in~~
25 ~~size, with a 1/2 inch in length and width allowed for tolerance~~
26 ~~before such papers shall be deemed nonstandard, and of not less~~
27 ~~than 16 pound weight. Nonstandard chattel papers in size or~~

1 ~~weight may be filed by paying 50 cents extra for each paper so~~
2 ~~filed.~~

3 (1) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (2), A TERM
4 IN A PROMISSORY NOTE OR IN AN AGREEMENT BETWEEN AN ACCOUNT DEBTOR
5 AND A DEBTOR THAT RELATES TO A HEALTH-CARE-INSURANCE RECEIVABLE
6 OR A GENERAL INTANGIBLE, INCLUDING A CONTRACT, PERMIT, LICENSE,
7 OR FRANCHISE, AND WHICH TERM PROHIBITS, RESTRICTS, OR REQUIRES
8 THE CONSENT OF THE PERSON OBLIGATED ON THE PROMISSORY NOTE OR THE
9 ACCOUNT DEBTOR TO, THE ASSIGNMENT OR TRANSFER OF, OR CREATION,
10 ATTACHMENT, OR PERFECTION OF A SECURITY INTEREST IN, THE PROMIS-
11 SORY NOTE, HEALTH-CARE-INSURANCE RECEIVABLE, OR GENERAL INTANGI-
12 BLE, IS INEFFECTIVE TO THE EXTENT THAT THE TERM DOES 1 OR MORE OF
13 THE FOLLOWING:

14 (A) WOULD IMPAIR THE CREATION, ATTACHMENT, OR PERFECTION OF
15 A SECURITY INTEREST.

16 (B) PROVIDES THAT THE ASSIGNMENT OR TRANSFER OR THE CRE-
17 ATION, ATTACHMENT, OR PERFECTION OF THE SECURITY INTEREST MAY
18 GIVE RISE TO A DEFAULT, BREACH, RIGHT OF RECOUPMENT, CLAIM,
19 DEFENSE, TERMINATION, RIGHT OF TERMINATION, OR REMEDY UNDER THE
20 PROMISSORY NOTE, HEALTH-CARE-INSURANCE RECEIVABLE, OR GENERAL
21 INTANGIBLE.

22 (2) SUBSECTION (1) APPLIES TO A SECURITY INTEREST IN A PAY-
23 MENT INTANGIBLE OR PROMISSORY NOTE ONLY IF THE SECURITY INTEREST
24 ARISES OUT OF A SALE OF THE PAYMENT INTANGIBLE OR PROMISSORY
25 NOTE.

26 (3) A RULE OF LAW, STATUTE, OR REGULATION THAT PROHIBITS,
27 RESTRICTS, OR REQUIRES THE CONSENT OF A GOVERNMENT, GOVERNMENTAL

1 BODY OR OFFICIAL, PERSON OBLIGATED ON A PROMISSORY NOTE, OR
2 ACCOUNT DEBTOR TO THE ASSIGNMENT OR TRANSFER OF, OR CREATION OF A
3 SECURITY INTEREST IN, A PROMISSORY NOTE, HEALTH-CARE-INSURANCE
4 RECEIVABLE, OR GENERAL INTANGIBLE, INCLUDING A CONTRACT, PERMIT,
5 LICENSE, OR FRANCHISE BETWEEN AN ACCOUNT DEBTOR AND A DEBTOR, IS
6 INEFFECTIVE TO THE EXTENT THAT THE RULE OF LAW, STATUTE, OR REGU-
7 LATION DOES 1 OR MORE OF THE FOLLOWING:

8 (A) WOULD IMPAIR THE CREATION, ATTACHMENT, OR PERFECTION OF
9 A SECURITY INTEREST.

10 (B) PROVIDES THAT THE ASSIGNMENT OR TRANSFER OR THE CRE-
11 ATION, ATTACHMENT, OR PERFECTION OF THE SECURITY INTEREST MAY
12 GIVE RISE TO A DEFAULT, BREACH, RIGHT OF RECOUPMENT, CLAIM,
13 DEFENSE, TERMINATION, RIGHT OF TERMINATION, OR REMEDY UNDER THE
14 PROMISSORY NOTE, HEALTH-CARE-INSURANCE RECEIVABLE, OR GENERAL
15 INTANGIBLE.

16 (4) TO THE EXTENT THAT A TERM IN A PROMISSORY NOTE OR IN AN
17 AGREEMENT BETWEEN AN ACCOUNT DEBTOR AND A DEBTOR THAT RELATES TO
18 A HEALTH-CARE-INSURANCE RECEIVABLE OR GENERAL INTANGIBLE OR A
19 RULE OF LAW, STATUTE, OR REGULATION DESCRIBED IN SUBSECTION (3)
20 WOULD BE EFFECTIVE UNDER LAW OTHER THAN THIS ARTICLE BUT IS INEF-
21 FECTIVE UNDER SUBSECTION (1) OR (3), THE CREATION, ATTACHMENT, OR
22 PERFECTION OF A SECURITY INTEREST IN THE PROMISSORY NOTE,
23 HEALTH-CARE-INSURANCE RECEIVABLE, OR GENERAL INTANGIBLE IS NOT OR
24 DOES NOT DO ALL OF THE FOLLOWING:

25 (A) IS NOT ENFORCEABLE AGAINST THE PERSON OBLIGATED ON THE
26 PROMISSORY NOTE OR THE ACCOUNT DEBTOR.

1 (B) DOES NOT IMPOSE A DUTY OR OBLIGATION ON THE PERSON
2 OBLIGATED ON THE PROMISSORY NOTE OR THE ACCOUNT DEBTOR.

3 (C) DOES NOT REQUIRE THE PERSON OBLIGATED ON THE PROMISSORY
4 NOTE OR THE ACCOUNT DEBTOR TO RECOGNIZE THE SECURITY INTEREST,
5 PAY OR RENDER PERFORMANCE TO THE SECURED PARTY, OR ACCEPT PAYMENT
6 OR PERFORMANCE FROM THE SECURED PARTY.

7 (D) DOES NOT ENTITLE THE SECURED PARTY TO USE OR ASSIGN THE
8 DEBTOR'S RIGHTS UNDER THE PROMISSORY NOTE, HEALTH-CARE-INSURANCE
9 RECEIVABLE, OR GENERAL INTANGIBLE, INCLUDING ANY RELATED INFORMA-
10 TION OR MATERIALS FURNISHED TO THE DEBTOR IN THE TRANSACTION
11 GIVING RISE TO THE PROMISSORY NOTE, HEALTH-CARE-INSURANCE RECEIV-
12 ABLE, OR GENERAL INTANGIBLE.

13 (E) DOES NOT ENTITLE THE SECURED PARTY TO USE, ASSIGN, POS-
14 SESS, OR HAVE ACCESS TO ANY TRADE SECRETS OR CONFIDENTIAL INFOR-
15 MATION OF THE PERSON OBLIGATED ON THE PROMISSORY NOTE OR THE
16 ACCOUNT DEBTOR.

17 (F) DOES NOT ENTITLE THE SECURED PARTY TO ENFORCE THE SECUR-
18 ITY INTEREST IN THE PROMISSORY NOTE, HEALTH-CARE-INSURANCE
19 RECEIVABLE, OR GENERAL INTANGIBLE.

20 Sec. 9409. ~~The fees collected by the secretary of state~~
21 ~~under this act shall be deposited in the general fund and are~~
22 ~~appropriated to the department of state to cover the secretary of~~
23 ~~state's expenses of administering this act, including the cost of~~
24 ~~converting secretary of state uniform commercial code records~~
25 ~~from a manual to an electronic data processing record-keeping~~
26 ~~system. Any unexpended and unencumbered balance remaining at the~~
27 ~~close of each fiscal year shall revert to the general fund.~~

1 (1) A TERM IN A LETTER OF CREDIT OR A RULE OF LAW, STATUTE,
2 REGULATION, CUSTOM, OR PRACTICE APPLICABLE TO THE LETTER OF
3 CREDIT THAT PROHIBITS, RESTRICTS, OR REQUIRES THE CONSENT OF AN
4 APPLICANT, ISSUER, OR NOMINATED PERSON TO A BENEFICIARY'S ASSIGN-
5 MENT OF OR CREATION OF A SECURITY INTEREST IN A LETTER-OF-CREDIT
6 RIGHT IS INEFFECTIVE TO THE EXTENT THAT THE TERM OR RULE OF LAW,
7 STATUTE, REGULATION, CUSTOM, OR PRACTICE DOES 1 OR MORE OF THE
8 FOLLOWING:

9 (A) WOULD IMPAIR THE CREATION, ATTACHMENT, OR PERFECTION OF
10 A SECURITY INTEREST IN THE LETTER-OF-CREDIT RIGHT.

11 (B) PROVIDES THAT THE ASSIGNMENT OR THE CREATION, ATTACH-
12 MENT, OR PERFECTION OF THE SECURITY INTEREST MAY GIVE RISE TO A
13 DEFAULT, BREACH, RIGHT OF RECOUPMENT, CLAIM, DEFENSE, TERMINA-
14 TION, RIGHT OF TERMINATION, OR REMEDY UNDER THE LETTER-OF-CREDIT
15 RIGHT.

16 (2) TO THE EXTENT THAT A TERM IN A LETTER OF CREDIT IS INEF-
17 FECTIVE UNDER SUBSECTION (1) BUT WOULD BE EFFECTIVE UNDER LAW
18 OTHER THAN THIS ARTICLE OR A CUSTOM OR PRACTICE APPLICABLE TO THE
19 LETTER OF CREDIT, TO THE TRANSFER OF A RIGHT TO DRAW OR OTHERWISE
20 DEMAND PERFORMANCE UNDER THE LETTER OF CREDIT, OR TO THE ASSIGN-
21 MENT OF A RIGHT TO PROCEEDS OF THE LETTER OF CREDIT, THE CRE-
22 ATION, ATTACHMENT, OR PERFECTION OF A SECURITY INTEREST IN THE
23 LETTER-OF-CREDIT RIGHT, THE TERM IS NOT ENFORCEABLE AGAINST THE
24 APPLICANT, ISSUER, NOMINATED PERSON, OR TRANSFEREE BENEFICIARY,
25 IMPOSES NO DUTIES OR OBLIGATIONS ON THE APPLICANT, ISSUER, NOMI-
26 NATED PERSON, OR TRANSFEREE BENEFICIARY, AND DOES NOT REQUIRE THE
27 APPLICANT, ISSUER, NOMINATED PERSON, OR TRANSFEREE BENEFICIARY TO

1 RECOGNIZE THE SECURITY INTEREST, PAY OR RENDER PERFORMANCE TO THE
2 SECURED PARTY, OR ACCEPT PAYMENT OR OTHER PERFORMANCE FROM THE
3 SECURED PARTY.

4 PART 5

5 ~~DEFAULT~~ FILING

6 SUBPART 1. FILING OFFICE; CONTENTS AND EFFECTIVENESS OF
7 FINANCING STATEMENT

8 Sec. 9501. ~~(1) When a debtor is in default under a secur-~~
9 ~~ity agreement, a secured party has the rights and remedies pro-~~
10 ~~vided in this part and except as limited by subsection (3) those~~
11 ~~provided in the security agreement. He may reduce his claim to~~
12 ~~judgment, foreclose, or otherwise enforce the security interest~~
13 ~~by any available judicial procedure. If the collateral is docu-~~
14 ~~ments the secured party may proceed either as to the documents,~~
15 ~~or as to the goods covered thereby. A secured party in posses-~~
16 ~~sion has the rights, remedies, and duties provided in section~~
17 ~~9207. The rights and remedies referred to in this subsection are~~
18 ~~cumulative.~~

19 ~~(2) After default, the debtor has the rights and remedies~~
20 ~~provided in this part, those provided in the security agreement,~~
21 ~~and those provided in section 9207.~~

22 ~~(3) To the extent that they give rights to the debtor and~~
23 ~~impose duties on the secured party, the rules stated in the sub-~~
24 ~~sections referred to below may not be waived or varied except as~~
25 ~~provided with respect to compulsory disposition of collateral~~
26 ~~(section 9504(3) and section 9505) and with respect to redemption~~
27 ~~of collateral (section 9506) but the parties may by agreement~~

1 ~~determine the standards by which the fulfillment of these rights~~
2 ~~and duties is to be measured if such standards are not manifestly~~
3 ~~unreasonable.~~

4 ~~(a) subsection (2) of section 9502 and subsection (2) of~~
5 ~~section 9504 insofar as they require accounting for surplus pro-~~
6 ~~ceeds of collateral.~~

7 ~~(b) subsection (3) of section 9504 and subsection (1) of~~
8 ~~section 9505 which deal with disposition of collateral.~~

9 ~~(c) subsection (2) of section 9505 which deals with accep-~~
10 ~~tance of collateral as discharge of obligation.~~

11 ~~(d) section 9506 which deals with redemption of collateral.~~
12 ~~and~~

13 ~~(e) subsection (1) of section 9507 which deals with the~~
14 ~~secured party's liability for failure to comply with this part.~~

15 ~~(4) If the security agreement covers both real and personal~~
16 ~~property, the secured party may proceed under this part as to the~~
17 ~~personal property or he may proceed as to both the real and the~~
18 ~~personal property in accordance with his rights and remedies in~~
19 ~~respect of the real property in which case the provisions of this~~
20 ~~part do not apply.~~

21 ~~(5) When a secured party has reduced his claim to judgment~~
22 ~~the lien of any levy which may be made upon his collateral by~~
23 ~~virtue of any execution based upon the judgment shall relate back~~
24 ~~to the date of the perfection of the security interest in such~~
25 ~~collateral. A judicial sale, pursuant to such execution, is a~~
26 ~~foreclosure of the security interest by judicial procedure within~~
27 ~~the meaning of this section, and the secured party may purchase~~

1 ~~at the sale and thereafter hold the collateral free of any other~~
2 ~~requirements of this article.~~

3 (1) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (2), THE
4 OFFICE IN WHICH TO FILE A FINANCING STATEMENT TO PERFECT THE
5 SECURITY INTEREST OR AGRICULTURAL LIEN IS 1 OF THE FOLLOWING:

6 (A) THE OFFICE DESIGNATED FOR THE FILING OR RECORDING OF A
7 RECORD OF A MORTGAGE ON THE RELATED REAL PROPERTY, IF THE COLLAT-
8 ERAL IS AS-EXTRACTED COLLATERAL OR TIMBER TO BE CUT, OR THE
9 FINANCING STATEMENT IS FILED AS A FIXTURE FILING AND THE COLLAT-
10 ERAL IS GOODS THAT ARE OR ARE TO BECOME FIXTURES.

11 (B) THE OFFICE OF SECRETARY OF STATE IN ALL OTHER CASES,
12 INCLUDING A CASE IN WHICH THE COLLATERAL IS GOODS THAT ARE OR ARE
13 TO BECOME FIXTURES AND THE FINANCING STATEMENT IS NOT FILED AS A
14 FIXTURE FILING.

15 (2) THE OFFICE IN WHICH TO FILE A FINANCING STATEMENT TO
16 PERFECT A SECURITY INTEREST IN COLLATERAL, INCLUDING FIXTURES, OF
17 A TRANSMITTING UTILITY IS THE OFFICE OF THE SECRETARY OF STATE.
18 THE FINANCING STATEMENT ALSO CONSTITUTES A FIXTURE FILING AS TO
19 THE COLLATERAL INDICATED IN THE FINANCING STATEMENT WHICH IS OR
20 IS TO BECOME FIXTURES.

21 (3) ANY FINANCING STATEMENT FILED UNDER SUBSECTION (1)(A)
22 WITH A REGISTER OF DEEDS AND ANY CONTINUATION STATEMENT, TERMINA-
23 TION STATEMENT, AMENDMENT, OR ASSIGNMENT RELATING TO THE FINANC-
24 ING STATEMENT AND MEETING THE FORMAL REQUISITES OF THIS PART
25 SHALL BE RECORDED BY THE REGISTER OF DEEDS, NOTWITHSTANDING THE
26 PROVISIONS FOR WITNESSING AND ACKNOWLEDGING INSTRUMENTS TO BE

1 RECORDED IN THE REAL PROPERTY RECORDS CONTAINED IN SECTION 47 OF
2 1846 RS 65, MCL 565.47.

3 Sec. 9502. ~~-(1) When so agreed and in any event on default~~
4 ~~the secured party is entitled to notify an account debtor or the~~
5 ~~obligor on an instrument to make payment to him whether or not~~
6 ~~the assignor was theretofore making collections on the collater-~~
7 ~~al, and also to take control of any proceeds to which he is enti-~~
8 ~~tled under section 9306.~~

9 ~~(2) A secured party who by agreement is entitled to charge~~
10 ~~back uncollected collateral or otherwise to full or limited~~
11 ~~recourse against the debtor and who undertakes to collect from~~
12 ~~the account debtors or obligors must proceed in a commercially~~
13 ~~reasonable manner and may deduct his reasonable expenses of real-~~
14 ~~ization from the collections. If the security agreement secures~~
15 ~~an indebtedness, the secured party must account to the debtor for~~
16 ~~any surplus, and unless otherwise agreed, the debtor is liable~~
17 ~~for any deficiency. But, if the underlying transaction was a~~
18 ~~sale of accounts or chattel paper, the debtor is entitled to any~~
19 ~~surplus or is liable for any deficiency only if the security~~
20 ~~agreement so provides.~~

21 (1) SUBJECT TO SUBSECTION (2), A FINANCING STATEMENT IS SUF-
22 FICIENT ONLY IF IT DOES ALL OF THE FOLLOWING:

23 (A) PROVIDES THE NAME OF THE DEBTOR.

24 (B) PROVIDES THE NAME OF THE SECURED PARTY OR A REPRESENTA-
25 TIVE OF THE SECURED PARTY.

26 (C) INDICATES THE COLLATERAL COVERED BY THE FINANCING
27 STATEMENT.

1 (2) EXCEPT AS OTHERWISE PROVIDED IN SECTION 9501(2), TO BE
2 SUFFICIENT, A FINANCING STATEMENT THAT COVERS AS-EXTRACTED COL-
3 LATERAL OR TIMBER TO BE CUT, OR THAT IS FILED AS A FIXTURE FILING
4 AND COVERS GOODS THAT ARE OR ARE TO BECOME FIXTURES, MUST SATISFY
5 SUBSECTION (1) AND ALSO DO ALL OF THE FOLLOWING:

6 (A) INDICATE THAT IT COVERS THIS TYPE OF COLLATERAL.

7 (B) INDICATE THAT IT IS TO BE RECORDED IN THE REAL PROPERTY
8 RECORDS.

9 (C) PROVIDE A DESCRIPTION OF THE REAL PROPERTY TO WHICH THE
10 COLLATERAL IS RELATED SUFFICIENT TO GIVE CONSTRUCTIVE NOTICE OF A
11 MORTGAGE UNDER THE LAW OF THIS STATE IF THE DESCRIPTION WERE CON-
12 TAINED IN A RECORD OF THE MORTGAGE OF THE REAL PROPERTY.

13 (D) IF THE DEBTOR DOES NOT HAVE AN INTEREST OF RECORD IN THE
14 REAL PROPERTY, PROVIDE THE NAME OF A RECORD OWNER.

15 (3) A RECORD OF A MORTGAGE IS EFFECTIVE, FROM THE DATE OF
16 RECORDING, AS A FINANCING STATEMENT FILED AS A FIXTURE FILING OR
17 AS A FINANCING STATEMENT COVERING AS-EXTRACTED COLLATERAL OR
18 TIMBER TO BE CUT ONLY IF ALL OF THE FOLLOWING APPLY:

19 (A) THE RECORD INDICATES THE GOODS OR ACCOUNTS THAT IT
20 COVERS.

21 (B) THE GOODS ARE OR ARE TO BECOME FIXTURES RELATED TO THE
22 REAL PROPERTY DESCRIBED IN THE RECORD OR THE COLLATERAL IS
23 RELATED TO THE REAL PROPERTY DESCRIBED IN THE RECORD AND IS
24 AS-EXTRACTED COLLATERAL OR TIMBER TO BE CUT.

25 (C) THE RECORD SATISFIES THE REQUIREMENTS FOR A FINANCING
26 STATEMENT IN THIS SECTION OTHER THAN AN INDICATION THAT IT IS TO
27 BE FILED IN THE REAL PROPERTY RECORDS.

(D) THE RECORD IS DULY RECORDED.

(4) A FINANCING STATEMENT MAY BE FILED BEFORE A SECURITY AGREEMENT IS MADE OR A SECURITY INTEREST OTHERWISE ATTACHES.

Sec. 9503. ~~Unless otherwise agreed a secured party has on default the right to take possession of the collateral. In taking possession a secured party may proceed without judicial process if this can be done without breach of the peace or may proceed by action. If the security agreement so provides the secured party may require the debtor to assemble the collateral and make it available to the secured party at a place to be designated by the secured party which is reasonably convenient to both parties. Without removal a secured party may render equipment unusable, and may dispose of collateral on the debtor's premises under section 9504.~~

(1) A FINANCING STATEMENT SUFFICIENTLY PROVIDES THE NAME OF THE DEBTOR IF IT MEETS ALL OF THE FOLLOWING THAT APPLY TO THE DEBTOR:

(A) IF THE DEBTOR IS A REGISTERED ORGANIZATION, ONLY IF THE FINANCING STATEMENT PROVIDES THE NAME OF THE DEBTOR INDICATED ON THE PUBLIC RECORD OF THE DEBTOR'S JURISDICTION OF ORGANIZATION WHICH SHOWS THE DEBTOR TO HAVE BEEN ORGANIZED.

(B) IF THE DEBTOR IS A DECEDENT'S ESTATE, ONLY IF THE FINANCING STATEMENT PROVIDES THE NAME OF THE DECEDENT AND INDICATES THAT THE DEBTOR IS AN ESTATE.

(C) IF THE DEBTOR IS A TRUST OR A TRUSTEE ACTING WITH RESPECT TO PROPERTY HELD IN TRUST, ONLY IF THE FINANCING STATEMENT DOES BOTH OF THE FOLLOWING:

1 (i) PROVIDES THE NAME SPECIFIED FOR THE TRUST IN ITS ORGANIC
2 DOCUMENTS OR, IF NO NAME IS SPECIFIED, PROVIDES THE NAME OF THE
3 SETTLOR AND ADDITIONAL INFORMATION SUFFICIENT TO DISTINGUISH THE
4 DEBTOR FROM OTHER TRUSTS HAVING 1 OR MORE OF THE SAME SETTLORS.

5 (ii) INDICATES, IN THE DEBTOR'S NAME OR OTHERWISE, THAT THE
6 DEBTOR IS A TRUST OR IS A TRUSTEE ACTING WITH RESPECT TO PROPERTY
7 HELD IN TRUST.

8 (D) IN OTHER CASES, SATISFIES 1 OF THE FOLLOWING:

9 (i) IF THE DEBTOR HAS A NAME, ONLY IF IT PROVIDES THE INDI-
10 VIDUAL OR ORGANIZATIONAL NAME OF THE DEBTOR.

11 (ii) IF THE DEBTOR DOES NOT HAVE A NAME, ONLY IF IT PROVIDES
12 THE NAMES OF THE PARTNERS, MEMBERS, ASSOCIATES, OR OTHER PERSONS
13 COMPRISING THE DEBTOR.

14 (2) A FINANCING STATEMENT THAT PROVIDES THE NAME OF THE
15 DEBTOR IN ACCORDANCE WITH SUBSECTION (1) IS NOT RENDERED INEFFECTIVE
16 BY THE ABSENCE OF 1 OR MORE OF THE FOLLOWING:

17 (A) A TRADE NAME OR OTHER NAME OF THE DEBTOR.

18 (B) UNLESS REQUIRED UNDER SUBSECTION (1)(D)(ii), NAMES OF
19 PARTNERS, MEMBERS, ASSOCIATES, OR OTHER PERSONS COMPRISING THE
20 DEBTOR.

21 (3) A FINANCING STATEMENT THAT PROVIDES ONLY THE DEBTOR'S
22 TRADE NAME DOES NOT SUFFICIENTLY PROVIDE THE NAME OF THE DEBTOR.

23 (4) FAILURE TO INDICATE THE REPRESENTATIVE CAPACITY OF A
24 SECURED PARTY OR REPRESENTATIVE OF A SECURED PARTY DOES NOT
25 AFFECT THE SUFFICIENCY OF A FINANCING STATEMENT.

26 (5) A FINANCING STATEMENT MAY PROVIDE THE NAME OF MORE THAN
27 1 DEBTOR AND THE NAME OF MORE THAN 1 SECURED PARTY.

1 Sec. 9504. ~~-(1) A secured party after default may sell,~~
2 ~~lease, or otherwise dispose of any or all of the collateral in~~
3 ~~its then condition or following any commercially reasonable prep-~~
4 ~~aration or processing. Any sale of goods is subject to the arti-~~
5 ~~cle on sales (article 2). The proceeds of disposition shall be~~
6 ~~applied in the order following to:~~

7 ~~(a) The reasonable expenses of retaking, holding, preparing~~
8 ~~for sale or lease, selling, leasing, and the like and, to the~~
9 ~~extent provided for in the agreement and not prohibited by law,~~
10 ~~the reasonable attorneys' fees and legal expenses incurred by the~~
11 ~~secured party;~~

12 ~~(b) The satisfaction of indebtedness secured by the security~~
13 ~~interest under which the disposition is made;~~

14 ~~(c) The satisfaction of indebtedness secured by any subordi-~~
15 ~~nate security interest in the collateral if written notification~~
16 ~~of demand therefor is received before distribution of the pro-~~
17 ~~ceeds is completed. If requested by the secured party, the~~
18 ~~holder of a subordinate security interest must seasonably furnish~~
19 ~~reasonable proof of his interest, and unless he does so, the~~
20 ~~secured party need not comply with his demand.~~

21 ~~(2) If the security interest secures an indebtedness, the~~
22 ~~secured party must account to the debtor for any surplus, and,~~
23 ~~unless otherwise agreed, the debtor is liable for any~~
24 ~~deficiency. But if the underlying transaction was a sale of~~
25 ~~accounts or chattel paper, the debtor is entitled to any surplus~~
26 ~~or is liable for any deficiency only if the security agreement so~~
27 ~~provides.~~

1 ~~(3) Disposition of the collateral may be by public or~~
2 ~~private proceedings and may be made by way of 1 or more~~
3 ~~contracts. Sale or other disposition may be as a unit or in par-~~
4 ~~cels and at any time and place and on any terms but every aspect~~
5 ~~of the disposition including the method, manner, time, place, and~~
6 ~~terms must be commercially reasonable. Unless collateral is per-~~
7 ~~ishable or threatens to decline speedily in value or is of a type~~
8 ~~customarily sold on a recognized market, reasonable notification~~
9 ~~of the time and place of any public sale or reasonable notifica-~~
10 ~~tion of the time after which any private sale or other intended~~
11 ~~disposition is to be made shall be sent by the secured party to~~
12 ~~the debtor, if he has not signed after default a statement~~
13 ~~renouncing or modifying his right to notification of sale. In~~
14 ~~the case of consumer goods no other notification need be sent.~~
15 ~~In other cases notification shall be sent to any other secured~~
16 ~~party from whom the secured party has received (before sending~~
17 ~~his notification to the debtor or before the debtor's renuncia-~~
18 ~~tion of his rights) written notice of a claim of an interest in~~
19 ~~the collateral. The secured party may buy at any public sale and~~
20 ~~if the collateral is of a type customarily sold in a recognized~~
21 ~~market or is of a type which is the subject of widely distributed~~
22 ~~standard price quotations he may buy at private sale.~~

23 ~~(4) When collateral is disposed of by a secured party after~~
24 ~~default, the disposition transfers to a purchaser for value all~~
25 ~~of the debtor's rights therein, discharges the security interest~~
26 ~~under which it is made and any security interest or lien~~
27 ~~subordinate thereto. The purchaser takes free of all such rights~~

~~1 and interests even though the secured party fails to comply with
2 the requirements of this part or of any judicial proceedings:~~

~~3 (a) In the case of a public sale, if the purchaser has no
4 knowledge of any defects in the sale and if he does not buy in
5 collusion with the secured party, other bidders or the person
6 conducting the sale; or~~

~~7 (b) In any other case, if the purchaser acts in good faith.~~

~~8 (5) A person who is liable to a secured party under a guar-
9 anty, indorsement, repurchase agreement, or the like and who
10 receives a transfer of collateral from the secured party or is
11 subrogated to his rights has thereafter the rights and duties of
12 the secured party. Such a transfer of collateral is not a sale
13 or disposition of the collateral under this article. A FINANCING
14 STATEMENT SUFFICIENTLY INDICATES THE COLLATERAL THAT IT COVERS IF
15 THE FINANCING STATEMENT PROVIDES 1 OF THE FOLLOWING:~~

~~16 (A) A DESCRIPTION OF THE COLLATERAL PURSUANT TO SECTION
17 9108.~~

~~18 (B) AN INDICATION THAT THE FINANCING STATEMENT COVERS ALL
19 ASSETS OR ALL PERSONAL PROPERTY.~~

~~20 Sec. 9505. (1) If the debtor has paid 60% of the cash
21 price in the case of a purchase money security interest in con-
22 sumer goods or 60% of the loan in the case of another security
23 interest in consumer goods, and has not signed after default a
24 statement renouncing or modifying his rights under this part a
25 secured party who has taken possession of collateral must dispose
26 of it under section 9504, and if he fails to do so within 90 days
27 after he takes possession the debtor at his option may recover in~~

1 ~~conversion or under section 9507(1) on secured party's~~
 2 ~~liability.~~

3 ~~(2) In any other case involving consumer goods or any other~~
 4 ~~collateral a secured party in possession may, after default, pro-~~
 5 ~~pose to retain the collateral in satisfaction of the obligation.~~
 6 ~~Written notice of such proposal shall be sent to the debtor if he~~
 7 ~~has not signed after default a statement renouncing or modifying~~
 8 ~~his rights under this subsection. In the case of consumer goods~~
 9 ~~no other notice need be given. In other cases notice shall be~~
 10 ~~sent to any other secured party from whom the secured party has~~
 11 ~~received (before sending his notice to the debtor or before the~~
 12 ~~debtor's renunciation of his rights) written notice of a claim of~~
 13 ~~an interest in the collateral. If the secured party receives~~
 14 ~~objection in writing from a person entitled to receive notifica-~~
 15 ~~tion within 21 days after the notice was sent, the secured party~~
 16 ~~must dispose of the collateral under section 9504. In the~~
 17 ~~absence of such written objection the secured party may retain~~
 18 ~~the collateral in satisfaction of the debtor's obligation.~~

19 (1) A CONSIGNOR, LESSOR, OR OTHER BAILOR OF GOODS, A LICEN-
 20 SOR, OR A BUYER OF A PAYMENT INTANGIBLE OR PROMISSORY NOTE MAY
 21 FILE A FINANCING STATEMENT, OR MAY COMPLY WITH A STATUTE OR
 22 TREATY DESCRIBED IN SECTION 9311(1), USING THE TERMS "CONSIGNOR",
 23 "CONSIGNEE", "LESSOR", "LESSEE", "BAILOR", "BAILEE", "LICENSOR",
 24 "LICENSEE", "OWNER", "REGISTERED OWNER", "BUYER", "SELLER", OR
 25 WORDS OF SIMILAR IMPORT, INSTEAD OF THE TERMS "SECURED PARTY" AND
 26 "DEBTOR".

1 (2) THIS PART APPLIES TO THE FILING OF A FINANCING STATEMENT
2 UNDER SUBSECTION (1) AND, AS APPROPRIATE, TO COMPLIANCE THAT IS
3 EQUIVALENT TO FILING A FINANCING STATEMENT UNDER SECTION 9311(2),
4 BUT THE FILING OR COMPLIANCE IS NOT OF ITSELF A FACTOR IN DETER-
5 MINING WHETHER THE COLLATERAL SECURES AN OBLIGATION. IF IT IS
6 DETERMINED FOR ANOTHER REASON THAT THE COLLATERAL SECURES AN
7 OBLIGATION, A SECURITY INTEREST HELD BY THE CONSIGNOR, LESSOR,
8 BAILOR, LICENSOR, OWNER, OR BUYER WHICH ATTACHES TO THE COLLAT-
9 ERAL IS PERFECTED BY THE FILING OR COMPLIANCE.

10 Sec. 9506. ~~At any time before the secured party has dis-~~
11 ~~posed of collateral or entered into a contract for its disposi-~~
12 ~~tion under section 9504 or before the obligation has been dis-~~
13 ~~charged under section 9505(2) the debtor or any other secured~~
14 ~~party may unless otherwise agreed in writing after default redeem~~
15 ~~the collateral by tendering fulfillment of all obligations~~
16 ~~secured by the collateral as well as the expenses reasonably~~
17 ~~incurred by the secured party in retaking, holding and preparing~~
18 ~~the collateral for disposition, in arranging for the sale, and to~~
19 ~~the extent provided in the agreement and not prohibited by law,~~
20 ~~his reasonable attorney's fees and legal expenses.~~

21 (1) A FINANCING STATEMENT SUBSTANTIALLY SATISFYING THE
22 REQUIREMENTS OF THIS PART IS EFFECTIVE, EVEN IF IT HAS MINOR
23 ERRORS OR OMISSIONS, UNLESS THE ERRORS OR OMISSIONS MAKE THE
24 FINANCING STATEMENT SERIOUSLY MISLEADING.

25 (2) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (3), A
26 FINANCING STATEMENT THAT FAILS SUFFICIENTLY TO PROVIDE THE NAME

1 OF THE DEBTOR IN ACCORDANCE WITH SECTION 9503(1) IS SERIOUSLY
2 MISLEADING.

3 (3) IF A SEARCH OF THE RECORDS OF THE FILING OFFICE UNDER
4 THE DEBTOR'S CORRECT NAME, USING THE FILING OFFICE'S STANDARD
5 SEARCH LOGIC, IF ANY, WOULD DISCLOSE A FINANCING STATEMENT THAT
6 FAILS SUFFICIENTLY TO PROVIDE THE NAME OF THE DEBTOR IN ACCORD-
7 ANCE WITH SECTION 9503(1), THE NAME PROVIDED DOES NOT MAKE THE
8 FINANCING STATEMENT SERIOUSLY MISLEADING.

9 (4) FOR PURPOSES OF SECTION 9508(2), THE "DEBTOR'S CORRECT
10 NAME" IN SUBSECTION (3) MEANS THE CORRECT NAME OF THE NEW DEBTOR.

11 Sec. 9507. ~~-(1) If it is established that the secured party~~
12 ~~is not proceeding in accordance with the provisions of this part~~
13 ~~disposition may be ordered or restrained on appropriate terms and~~
14 ~~conditions. If the disposition has occurred the debtor or any~~
15 ~~person entitled to notification or whose security interest has~~
16 ~~been made known to the secured party prior to the disposition has~~
17 ~~a right to recover from the secured party any loss caused by a~~
18 ~~failure to comply with the provisions of this part. If the col-~~
19 ~~lateral is consumer goods, the debtor has a right to recover in~~
20 ~~any event an amount not less than the credit service charge plus~~
21 ~~10% of the principal amount of the debt or the time price differ-~~
22 ~~ential plus 10% of the cash price.~~

23 ~~(2) The fact that a better price could have been obtained by~~
24 ~~a sale at a different time or in a different method from that~~
25 ~~selected by the secured party is not of itself sufficient to~~
26 ~~establish that the sale was not made in a commercially reasonable~~
27 ~~manner. If the secured party either sells the collateral in the~~

~~1 usual manner in any recognized market therefor or if he sells at
2 the price current in such market at the time of his sale or if he
3 has otherwise sold in conformity with reasonable commercial prac=
4 tices among dealers in the type of property sold he has sold in a
5 commercially reasonable manner. The principles stated in the 2
6 preceding sentences with respect to sales also apply as may be
7 appropriate to other types of disposition. A disposition which
8 has been approved in any judicial proceeding or by any bona fide
9 creditors' committee or representative of creditors shall conclu=
10 sively be deemed to be commercially reasonable, but this sentence
11 does not indicate that any such approval must be obtained in any
12 case nor does it indicate that any disposition not so approved is
13 not commercially reasonable.~~

14 (1) A FILED FINANCING STATEMENT REMAINS EFFECTIVE WITH
15 RESPECT TO COLLATERAL THAT IS SOLD, EXCHANGED, LEASED, LICENSED,
16 OR OTHERWISE DISPOSED OF AND IN WHICH A SECURITY INTEREST OR
17 AGRICULTURAL LIEN CONTINUES, EVEN IF THE SECURED PARTY KNOWS OF
18 OR CONSENTS TO THE DISPOSITION.

19 (2) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (3) AND SEC=
20 TION 9508, A FINANCING STATEMENT IS NOT RENDERED INEFFECTIVE IF,
21 AFTER THE FINANCING STATEMENT IS FILED, THE INFORMATION PROVIDED
22 IN THE FINANCING STATEMENT BECOMES SERIOUSLY MISLEADING UNDER
23 SECTION 9506.

24 (3) IF A DEBTOR SO CHANGES ITS NAME THAT A FILED FINANCING
25 STATEMENT BECOMES SERIOUSLY MISLEADING UNDER SECTION 9506, BOTH
26 OF THE FOLLOWING APPLY:

1 (A) THE FINANCING STATEMENT IS EFFECTIVE TO PERFECT A
2 SECURITY INTEREST IN COLLATERAL ACQUIRED BY THE DEBTOR BEFORE, OR
3 WITHIN 4 MONTHS AFTER, THE CHANGE.

4 (B) THE FINANCING STATEMENT IS NOT EFFECTIVE TO PERFECT A
5 SECURITY INTEREST IN COLLATERAL ACQUIRED BY THE DEBTOR MORE THAN
6 4 MONTHS AFTER THE CHANGE, UNLESS AN AMENDMENT TO THE FINANCING
7 STATEMENT THAT RENDERS THE FINANCING STATEMENT NOT SERIOUSLY MIS-
8 LEADING IS FILED WITHIN 4 MONTHS AFTER THE CHANGE.

9 SEC. 9508. (1) EXCEPT AS OTHERWISE PROVIDED IN THIS SEC-
10 TION, A FILED FINANCING STATEMENT NAMING AN ORIGINAL DEBTOR IS
11 EFFECTIVE TO PERFECT A SECURITY INTEREST IN COLLATERAL IN WHICH A
12 NEW DEBTOR HAS OR ACQUIRES RIGHTS TO THE EXTENT THAT THE FINANC-
13 ING STATEMENT WOULD HAVE BEEN EFFECTIVE HAD THE ORIGINAL DEBTOR
14 ACQUIRED RIGHTS IN THE COLLATERAL.

15 (2) IF THE DIFFERENCE BETWEEN THE NAME OF THE ORIGINAL
16 DEBTOR AND THAT OF THE NEW DEBTOR CAUSES A FILED FINANCING STATE-
17 MENT THAT IS EFFECTIVE UNDER SUBSECTION (1) TO BE SERIOUSLY MIS-
18 LEADING UNDER SECTION 9506, BOTH OF THE FOLLOWING APPLY:

19 (A) THE FINANCING STATEMENT IS EFFECTIVE TO PERFECT A SECUR-
20 ITY INTEREST IN COLLATERAL ACQUIRED BY THE NEW DEBTOR BEFORE, AND
21 WITHIN 4 MONTHS AFTER, THE NEW DEBTOR BECOMES BOUND UNDER SECTION
22 9203(4).

23 (B) THE FINANCING STATEMENT IS NOT EFFECTIVE TO PERFECT A
24 SECURITY INTEREST IN COLLATERAL ACQUIRED BY THE NEW DEBTOR MORE
25 THAN 4 MONTHS AFTER THE NEW DEBTOR BECOMES BOUND UNDER SECTION
26 9203(4) UNLESS AN INITIAL FINANCING STATEMENT PROVIDING THE NAME
27 OF THE NEW DEBTOR IS FILED BEFORE THE EXPIRATION OF THAT TIME.

1 (3) THIS SECTION DOES NOT APPLY TO COLLATERAL AS TO WHICH A
2 FILED FINANCING STATEMENT REMAINS EFFECTIVE AGAINST THE NEW
3 DEBTOR UNDER SECTION 9507(1).

4 SEC. 9509. (1) A PERSON MAY FILE AN INITIAL FINANCING
5 STATEMENT, AMENDMENT THAT ADDS COLLATERAL COVERED BY A FINANCING
6 STATEMENT, OR AMENDMENT THAT ADDS A DEBTOR TO A FINANCING STATE-
7 MENT ONLY IF THE DEBTOR AUTHORIZES THE FILING IN AN AUTHENTICATED
8 RECORD, OR THE PERSON HOLDS AN AGRICULTURAL LIEN THAT HAS BECOME
9 EFFECTIVE AT TIME OF FILING AND THE FINANCING STATEMENT COVERS
10 ONLY COLLATERAL IN WHICH THE PERSON HOLDS AN AGRICULTURAL LIEN.

11 (2) BY AUTHENTICATING OR BECOMING BOUND AS DEBTOR BY A
12 SECURITY AGREEMENT, A DEBTOR OR NEW DEBTOR AUTHORIZES THE FILING
13 OF AN INITIAL FINANCING STATEMENT, AND AN AMENDMENT, COVERING
14 BOTH OF THE FOLLOWING:

15 (A) THE COLLATERAL DESCRIBED IN THE SECURITY AGREEMENT.

16 (B) PROPERTY THAT BECOMES COLLATERAL UNDER SECTION
17 9315(1)(B), WHETHER OR NOT THE SECURITY AGREEMENT EXPRESSLY
18 COVERS PROCEEDS.

19 (3) BY ACQUIRING COLLATERAL IN WHICH A SECURITY INTEREST OR
20 AGRICULTURAL LIEN CONTINUES UNDER SECTION 9315(1)(A), A DEBTOR
21 AUTHORIZES THE FILING OF AN INITIAL FINANCING STATEMENT, AND AN
22 AMENDMENT, COVERING THE COLLATERAL AND PROPERTY THAT BECOMES COL-
23 LATERAL UNDER SECTION 9315(1)(B).

24 (4) A PERSON MAY FILE AN AMENDMENT OTHER THAN AN AMENDMENT
25 THAT ADDS COLLATERAL COVERED BY A FINANCING STATEMENT OR AN
26 AMENDMENT THAT ADDS A DEBTOR TO A FINANCING STATEMENT ONLY IF 1
27 OF THE FOLLOWING APPLIES:

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

2 (B) THE AMENDMENT IS A TERMINATION STATEMENT FOR A FINANCING
3 STATEMENT AS TO WHICH THE SECURED PARTY OF RECORD HAS FAILED TO
4 FILE OR SEND A TERMINATION STATEMENT AS REQUIRED BY SECTION
5 9513(1) OR (3), THE DEBTOR AUTHORIZES THE FILING, AND THE TERMI-
6 NATION STATEMENT INDICATES THAT THE DEBTOR AUTHORIZED IT TO BE
7 FILED.

8 (5) IF THERE IS MORE THAN 1 SECURED PARTY OF RECORD FOR A
9 FINANCING STATEMENT, EACH SECURED PARTY OF RECORD MAY AUTHORIZE
10 THE FILING OF AN AMENDMENT UNDER SUBSECTION (4).

11 SEC. 9510. (1) A FILED RECORD IS EFFECTIVE ONLY TO THE
12 EXTENT THAT IT WAS FILED BY A PERSON THAT MAY FILE IT UNDER SEC-
13 TION 9509.

14 (2) A RECORD AUTHORIZED BY 1 SECURED PARTY OF RECORD DOES
15 NOT AFFECT THE FINANCING STATEMENT WITH RESPECT TO ANOTHER
16 SECURED PARTY OF RECORD.

17 (3) A CONTINUATION STATEMENT THAT IS NOT FILED WITHIN THE
18 6-MONTH PERIOD PRESCRIBED BY SECTION 9515(4) IS INEFFECTIVE.

19 SEC. 9511. (1) A SECURED PARTY OF RECORD WITH RESPECT TO A
20 FINANCING STATEMENT IS A PERSON WHOSE NAME IS PROVIDED AS THE
21 NAME OF THE SECURED PARTY OR A REPRESENTATIVE OF THE SECURED
22 PARTY IN AN INITIAL FINANCING STATEMENT THAT HAS BEEN FILED. IF
23 AN INITIAL FINANCING STATEMENT IS FILED UNDER SECTION 9514(1),
24 THE ASSIGNEE NAMED IN THE INITIAL FINANCING STATEMENT IS THE
25 SECURED PARTY OF RECORD WITH RESPECT TO THE FINANCING STATEMENT.

26 (2) IF AN AMENDMENT OF A FINANCING STATEMENT THAT PROVIDES
27 THE NAME OF A PERSON AS A SECURED PARTY OR A REPRESENTATIVE OF A

1 SECURED PARTY IS FILED, THE PERSON NAMED IN THE AMENDMENT IS A
2 SECURED PARTY OF RECORD. IF AN AMENDMENT IS FILED UNDER SECTION
3 9514(2), THE ASSIGNEE NAMED IN THE AMENDMENT IS A SECURED PARTY
4 OF RECORD.

5 (3) A PERSON REMAINS A SECURED PARTY OF RECORD UNTIL THE
6 FILING OF AN AMENDMENT OF THE FINANCING STATEMENT THAT DELETES
7 THE PERSON.

8 SEC. 9512. (1) SUBJECT TO SECTION 9509, A PERSON MAY ADD OR
9 DELETE COLLATERAL COVERED BY, CONTINUE OR TERMINATE THE EFFEC-
10 TIVENESS OF, OR, SUBJECT TO SUBSECTION (5), OTHERWISE AMEND THE
11 INFORMATION PROVIDED IN, A FINANCING STATEMENT BY FILING AN
12 AMENDMENT THAT DOES BOTH OF THE FOLLOWING:

13 (A) IDENTIFIES, BY ITS FILE NUMBER, AND, IF APPLICABLE, BY
14 LIBER AND PAGE, THE INITIAL FINANCING STATEMENT TO WHICH THE
15 AMENDMENT RELATES.

16 (B) IF THE AMENDMENT RELATES TO AN INITIAL FINANCING STATE-
17 MENT FILED OR RECORDED IN A FILING OFFICE DESCRIBED IN SECTION
18 9501(1)(A), PROVIDES THE DATE THAT THE INITIAL FINANCING STATE-
19 MENT WAS FILED OR RECORDED AND THE INFORMATION SPECIFIED IN SEC-
20 TION 9502(2).

21 (2) EXCEPT AS OTHERWISE PROVIDED IN SECTION 9515, THE FILING
22 OF AN AMENDMENT DOES NOT EXTEND THE PERIOD OF EFFECTIVENESS OF
23 THE FINANCING STATEMENT.

24 (3) A FINANCING STATEMENT THAT IS AMENDED BY AN AMENDMENT
25 THAT ADDS COLLATERAL IS EFFECTIVE AS TO THE ADDED COLLATERAL ONLY
26 FROM THE DATE OF THE FILING OF THE AMENDMENT.

1 (4) A FINANCING STATEMENT THAT IS AMENDED BY AN AMENDMENT
2 THAT ADDS A DEBTOR IS EFFECTIVE AS TO THE ADDED DEBTOR ONLY FROM
3 THE DATE OF THE FILING OF THE AMENDMENT.

4 (5) AN AMENDMENT IS INEFFECTIVE TO THE EXTENT 1 OR MORE OF
5 THE FOLLOWING APPLY TO IT:

6 (A) IT PURPORTS TO DELETE ALL DEBTORS AND FAILS TO PROVIDE
7 THE NAME OF A DEBTOR TO BE COVERED BY THE FINANCING STATEMENT.

8 (B) IT PURPORTS TO DELETE ALL SECURED PARTIES OF RECORD AND
9 FAILS TO PROVIDE THE NAME OF A NEW SECURED PARTY OF RECORD.

10 SEC. 9513. (1) A SECURED PARTY SHALL CAUSE THE SECURED
11 PARTY OF RECORD FOR A FINANCING STATEMENT TO FILE A TERMINATION
12 STATEMENT FOR THE FINANCING STATEMENT IF THE FINANCING STATEMENT
13 COVERS CONSUMER GOODS AND 1 OR MORE OF THE FOLLOWING APPLY:

14 (A) THERE IS NO OBLIGATION SECURED BY THE COLLATERAL COVERED
15 BY THE FINANCING STATEMENT AND NO COMMITMENT TO MAKE AN ADVANCE,
16 INCUR AN OBLIGATION, OR OTHERWISE GIVE VALUE.

17 (B) THE DEBTOR DID NOT AUTHORIZE THE FILING OF THE INITIAL
18 FINANCING STATEMENT.

19 (2) TO COMPLY WITH SUBSECTION (1), A SECURED PARTY SHALL
20 CAUSE THE SECURED PARTY OF RECORD TO FILE THE TERMINATION STATE-
21 MENT WITHIN 1 OF THE FOLLOWING PERIODS:

22 (A) WITHIN 1 MONTH AFTER THERE IS NO OBLIGATION SECURED BY
23 THE COLLATERAL COVERED BY THE FINANCING STATEMENT AND NO COMMIT-
24 MENT TO MAKE AN ADVANCE, INCUR AN OBLIGATION, OR OTHERWISE GIVE
25 VALUE.

26 (B) IF EARLIER, WITHIN 20 DAYS AFTER THE SECURED PARTY
27 RECEIVES AN AUTHENTICATED DEMAND FROM A DEBTOR.

1 (3) IN CASES NOT GOVERNED BY SUBSECTION (1), WITHIN 20 DAYS
2 AFTER A SECURED PARTY RECEIVES AN AUTHENTICATED DEMAND FROM A
3 DEBTOR, THE SECURED PARTY SHALL CAUSE THE SECURED PARTY OF RECORD
4 FOR A FINANCING STATEMENT TO SEND TO THE DEBTOR A TERMINATION
5 STATEMENT FOR THE FINANCING STATEMENT OR FILE THE TERMINATION
6 STATEMENT IN THE FILING OFFICE IF 1 OR MORE OF THE FOLLOWING
7 APPLY:

8 (A) EXCEPT IN THE CASE OF A FINANCING STATEMENT COVERING
9 ACCOUNTS OR CHATTEL PAPER THAT HAS BEEN SOLD OR GOODS THAT ARE
10 THE SUBJECT OF A CONSIGNMENT, THERE IS NO OBLIGATION SECURED BY
11 THE COLLATERAL COVERED BY THE FINANCING STATEMENT AND NO COMMIT-
12 MENT TO MAKE AN ADVANCE, INCUR AN OBLIGATION, OR OTHERWISE GIVE
13 VALUE.

14 (B) THE FINANCING STATEMENT COVERS ACCOUNTS OR CHATTEL PAPER
15 THAT HAS BEEN SOLD BUT AS TO WHICH THE ACCOUNT DEBTOR OR OTHER
16 PERSON OBLIGATED HAS DISCHARGED ITS OBLIGATION.

17 (C) THE FINANCING STATEMENT COVERS GOODS THAT WERE THE
18 SUBJECT OF A CONSIGNMENT TO THE DEBTOR BUT ARE NOT IN THE
19 DEBTOR'S POSSESSION.

20 (D) THE DEBTOR DID NOT AUTHORIZE THE FILING OF THE INITIAL
21 FINANCING STATEMENT.

22 (4) EXCEPT AS OTHERWISE PROVIDED IN SECTION 9510, UPON THE
23 FILING OF A TERMINATION STATEMENT WITH THE FILING OFFICE, THE
24 FINANCING STATEMENT TO WHICH THE TERMINATION STATEMENT RELATES
25 CEASES TO BE EFFECTIVE.

26 SEC. 9514. (1) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION
27 (3), AN INITIAL FINANCING STATEMENT MAY REFLECT AN ASSIGNMENT OF

1 ALL OF THE SECURED PARTY'S POWER TO AUTHORIZE AN AMENDMENT TO THE
2 FINANCING STATEMENT PROVIDING THE NAME AND MAILING ADDRESS OF THE
3 ASSIGNEE AS THE NAME AND ADDRESS OF THE SECURED PARTY.

4 (2) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (3), A
5 SECURED PARTY OF RECORD MAY ASSIGN OF RECORD ALL OR PART OF ITS
6 POWER TO AUTHORIZE AN AMENDMENT TO A FINANCING STATEMENT BY
7 FILING IN THE FILING OFFICE AN AMENDMENT OF THE FINANCING STATE-
8 MENT THAT DOES ALL OF THE FOLLOWING:

9 (A) IDENTIFIES, BY ITS FILE NUMBER, THE INITIAL FINANCING
10 STATEMENT TO WHICH IT RELATES.

11 (B) PROVIDES THE NAME OF THE ASSIGNOR.

12 (C) PROVIDES THE NAME AND MAILING ADDRESS OF THE ASSIGNEE.

13 (3) AN ASSIGNMENT OF RECORD OF A SECURITY INTEREST IN A FIX-
14 TURE COVERED BY A RECORD OF A MORTGAGE WHICH IS EFFECTIVE AS A
15 FINANCING STATEMENT FILED AS A FIXTURE FILING UNDER SECTION
16 9502(3) MAY BE MADE ONLY BY AN ASSIGNMENT OF RECORD OF THE MORT-
17 GAGE IN THE MANNER PROVIDED BY LAW OF THIS STATE OTHER THAN THIS
18 ACT.

19 SEC. 9515. (1) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTIONS
20 (2), (5), (6), AND (7), A FILED FINANCING STATEMENT IS EFFECTIVE
21 FOR A PERIOD OF 5 YEARS AFTER THE DATE OF FILING.

22 (2) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTIONS (5), (6),
23 AND (7), AN INITIAL FINANCING STATEMENT FILED IN CONNECTION WITH
24 A PUBLIC-FINANCE TRANSACTION OR MANUFACTURED-HOME TRANSACTION IS
25 EFFECTIVE FOR A PERIOD OF 30 YEARS AFTER THE DATE OF FILING IF IT
26 INDICATES THAT IT IS FILED IN CONNECTION WITH A PUBLIC-FINANCE
27 TRANSACTION OR MANUFACTURED-HOME TRANSACTION.

1 (3) THE EFFECTIVENESS OF A FILED FINANCING STATEMENT LAPSES
2 ON THE EXPIRATION OF THE PERIOD OF ITS EFFECTIVENESS UNLESS
3 BEFORE THE LAPSE A CONTINUATION STATEMENT IS FILED PURSUANT TO
4 SUBSECTION (4). UPON LAPSE, A FINANCING STATEMENT CEASES TO BE
5 EFFECTIVE AND ANY SECURITY INTEREST OR AGRICULTURAL LIEN THAT WAS
6 PERFECTED BY THE FINANCING STATEMENT BECOMES UNPERFECTED, UNLESS
7 THE SECURITY INTEREST IS PERFECTED OTHERWISE. IF THE SECURITY
8 INTEREST OR AGRICULTURAL LIEN BECOMES UNPERFECTED UPON LAPSE, IT
9 IS DEEMED NEVER TO HAVE BEEN PERFECTED AS AGAINST A PURCHASER OF
10 THE COLLATERAL FOR VALUE.

11 (4) A CONTINUATION STATEMENT MAY BE FILED ONLY WITHIN 6
12 MONTHS BEFORE THE EXPIRATION OF THE 5-YEAR PERIOD SPECIFIED IN
13 SUBSECTION (1) OR THE 30-YEAR PERIOD SPECIFIED IN SUBSECTION (2),
14 WHICHEVER IS APPLICABLE.

15 (5) EXCEPT AS OTHERWISE PROVIDED IN SECTION 9510, UPON
16 TIMELY FILING OF A CONTINUATION STATEMENT, THE EFFECTIVENESS OF
17 THE INITIAL FINANCING STATEMENT CONTINUES FOR A PERIOD OF 5 YEARS
18 COMMENCING ON THE DAY ON WHICH THE FINANCING STATEMENT WOULD HAVE
19 BECOME INEFFECTIVE IN THE ABSENCE OF THE FILING. UPON THE EXPI-
20 RATION OF THE 5-YEAR PERIOD, THE FINANCING STATEMENT LAPSES IN
21 THE SAME MANNER AS PROVIDED IN SUBSECTION (3), UNLESS, BEFORE THE
22 LAPSE, ANOTHER CONTINUATION STATEMENT IS FILED PURSUANT TO SUB-
23 SECTION (4). SUCCEEDING CONTINUATION STATEMENTS MAY BE FILED IN
24 THE SAME MANNER TO CONTINUE THE EFFECTIVENESS OF THE INITIAL
25 FINANCING STATEMENT.

1 (6) IF A DEBTOR IS A TRANSMITTING UTILITY AND A FILED
2 FINANCING STATEMENT SO INDICATES, THE FINANCING STATEMENT IS
3 EFFECTIVE UNTIL A TERMINATION STATEMENT IS FILED.

4 (7) A RECORD OF A MORTGAGE THAT IS EFFECTIVE AS A FINANCING
5 STATEMENT FILED AS A FIXTURE FILING UNDER SECTION 9502(3) REMAINS
6 EFFECTIVE AS A FINANCING STATEMENT FILED AS A FIXTURE FILING
7 UNTIL THE MORTGAGE IS RELEASED OR SATISFIED OF RECORD OR ITS
8 EFFECTIVENESS OTHERWISE TERMINATES AS TO THE REAL PROPERTY.

9 SEC. 9516. (1) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION
10 (2), COMMUNICATION OF A RECORD TO A FILING OFFICE AND TENDER OF
11 THE FILING FEE OR ACCEPTANCE OF THE RECORD BY THE FILING OFFICE
12 CONSTITUTES FILING.

13 (2) FILING DOES NOT OCCUR WITH RESPECT TO A RECORD THAT A
14 FILING OFFICE REFUSES TO ACCEPT BECAUSE OF 1 OR MORE OF THE
15 FOLLOWING:

16 (A) THE RECORD IS NOT COMMUNICATED BY A METHOD OR MEDIUM OF
17 COMMUNICATION AUTHORIZED BY THE FILING OFFICE.

18 (B) AN AMOUNT EQUAL TO OR GREATER THAN THE APPLICABLE FILING
19 FEE IS NOT TENDERED.

20 (C) THE FILING OFFICE IS UNABLE TO INDEX THE RECORD BECAUSE
21 OF 1 OR MORE OF THE FOLLOWING:

22 (i) IN THE CASE OF AN INITIAL FINANCING STATEMENT, THE
23 RECORD DOES NOT PROVIDE A NAME FOR THE DEBTOR.

24 (ii) IN THE CASE OF AN AMENDMENT OR CORRECTION STATEMENT,
25 THE RECORD DOES NOT IDENTIFY THE INITIAL FINANCING STATEMENT AS
26 REQUIRED BY SECTION 9512 OR 9518, AS APPLICABLE, OR IDENTIFIES AN

1 INITIAL FINANCING STATEMENT WHOSE EFFECTIVENESS HAS LAPSED UNDER
2 SECTION 9515.

3 (iii) IN THE CASE OF AN INITIAL FINANCING STATEMENT THAT
4 PROVIDES THE NAME OF A DEBTOR IDENTIFIED AS AN INDIVIDUAL OR AN
5 AMENDMENT THAT PROVIDES A NAME OF A DEBTOR IDENTIFIED AS AN INDI-
6 VIDUAL THAT WAS NOT PREVIOUSLY PROVIDED IN THE FINANCING STATE-
7 MENT TO WHICH THE RECORD RELATES, THE RECORD DOES NOT IDENTIFY
8 THE DEBTOR'S LAST NAME.

9 (iv) IN THE CASE OF A RECORD FILED OR RECORDED IN THE FILING
10 OFFICE DESCRIBED IN SECTION 9501(1)(A), THE RECORD DOES NOT PRO-
11 VIDE A SUFFICIENT DESCRIPTION OF THE REAL PROPERTY TO WHICH IT
12 RELATES.

13 (D) IN THE CASE OF AN INITIAL FINANCING STATEMENT OR AN
14 AMENDMENT THAT ADDS A SECURED PARTY OF RECORD, THE RECORD DOES
15 NOT PROVIDE A NAME AND MAILING ADDRESS FOR THE SECURED PARTY OF
16 RECORD.

17 (E) IN THE CASE OF AN INITIAL FINANCING STATEMENT OR AN
18 AMENDMENT THAT PROVIDES A NAME OF A DEBTOR WHICH WAS NOT PREVI-
19 OUSLY PROVIDED IN THE FINANCING STATEMENT TO WHICH THE AMENDMENT
20 RELATES, THE RECORD DOES NOT PROVIDE OR INDICATE 1 OR MORE OF THE
21 FOLLOWING:

22 (i) PROVIDE A MAILING ADDRESS FOR THE DEBTOR.

23 (ii) INDICATE WHETHER THE DEBTOR IS AN INDIVIDUAL OR AN
24 ORGANIZATION.

25 (iii) IF THE FINANCING STATEMENT INDICATES THAT THE DEBTOR
26 IS AN ORGANIZATION, PROVIDE 1 OR MORE OF THE FOLLOWING:

1 (A) A TYPE OF ORGANIZATION FOR THE DEBTOR.

2 (B) A JURISDICTION OF ORGANIZATION FOR THE DEBTOR.

3 (C) AN ORGANIZATIONAL IDENTIFICATION NUMBER FOR THE DEBTOR
4 OR INDICATE THAT THE DEBTOR HAS NONE.

5 (F) IN THE CASE OF AN ASSIGNMENT REFLECTED IN AN INITIAL
6 FINANCING STATEMENT UNDER SECTION 9514(1) OR AN AMENDMENT FILED
7 UNDER SECTION 9514(2), THE RECORD DOES NOT PROVIDE A NAME AND
8 MAILING ADDRESS FOR THE ASSIGNEE.

9 (G) IN THE CASE OF A CONTINUATION STATEMENT, THE RECORD IS
10 NOT FILED WITHIN THE 6-MONTH PERIOD PRESCRIBED BY SECTION
11 9515(4).

12 (H) IN THE CASE OF AN INITIAL FINANCING STATEMENT FILED WITH
13 THE SECRETARY OF STATE, THE RECORD DOES NOT CONTAIN THE TAX IDEN-
14 TIFICATION NUMBER OF, OR A CERTIFICATE PRESCRIBED BY THE SECRE-
15 TARY OF STATE AND SIGNED BY A DEBTOR STATING THAT THE DEBTOR DOES
16 NOT HAVE A TAX IDENTIFICATION NUMBER FROM, EACH DEBTOR. IF THE
17 RECORDS OF THE SECRETARY OF STATE INDICATE THAT A DEBTOR'S TAX
18 IDENTIFICATION NUMBER CONTAINED ON A FINANCING STATEMENT RECEIVED
19 FOR FILING IS OR MAY BE INCORRECT, THE SECRETARY OF STATE SHALL
20 NEVERTHELESS ACCEPT AND FILE THE FINANCING STATEMENT. THE SECRE-
21 TARY OF STATE MAY REQUEST THE SECURED PARTY OR OTHER PERSON WHO
22 SUBMITTED THE FINANCING STATEMENT TO FILE AN AMENDMENT TO THE
23 STATEMENT GIVING THE DEBTOR'S CORRECT TAX IDENTIFICATION NUMBER.
24 THE SIGNATURE OF THE DEBTOR IS NOT REQUIRED ON AN AMENDMENT THAT
25 CHANGES ONLY THE DEBTOR'S TAX IDENTIFICATION NUMBER.

26 (3) FOR PURPOSES OF SUBSECTION (2), BOTH OF THE FOLLOWING
27 APPLY:

1 (A) A RECORD DOES NOT PROVIDE INFORMATION IF THE FILING
2 OFFICE IS UNABLE TO READ OR DECIPHER THE INFORMATION.

3 (B) A RECORD THAT DOES NOT INDICATE THAT IT IS AN AMENDMENT
4 OR IDENTIFY AN INITIAL FINANCING STATEMENT TO WHICH IT RELATES,
5 AS REQUIRED BY SECTION 9512, 9514, OR 9518, IS AN INITIAL FINANC-
6 ING STATEMENT.

7 (4) A RECORD THAT IS COMMUNICATED TO THE FILING OFFICE WITH
8 TENDER OF THE FILING FEE, BUT WHICH THE FILING OFFICE REFUSES TO
9 ACCEPT FOR A REASON OTHER THAN ONE SET FORTH IN SUBSECTION (2),
10 IS EFFECTIVE AS A FILED RECORD EXCEPT AS AGAINST A PURCHASER OF
11 THE COLLATERAL WHICH GIVES VALUE IN REASONABLE RELIANCE UPON THE
12 ABSENCE OF THE RECORD FROM THE FILES.

13 SEC. 9517. THE FAILURE OF THE FILING OFFICE TO INDEX A
14 RECORD CORRECTLY DOES NOT AFFECT THE EFFECTIVENESS OF THE FILED
15 RECORD.

16 SEC. 9518. (1) A PERSON MAY FILE IN THE FILING OFFICE A
17 CORRECTION STATEMENT WITH RESPECT TO A RECORD INDEXED THERE UNDER
18 THE PERSON'S NAME IF THE PERSON BELIEVES THAT THE RECORD IS INAC-
19 CURATE OR WAS WRONGFULLY FILED.

20 (2) A CORRECTION STATEMENT MUST DO ALL OF THE FOLLOWING:

21 (A) IDENTIFY THE RECORD TO WHICH IT RELATES BY BOTH OF THE
22 FOLLOWING:

23 (i) THE FILE NUMBER ASSIGNED TO THE INITIAL FINANCING STATE-
24 MENT TO WHICH THE RECORD RELATES.

25 (ii) IF THE CORRECTION STATEMENT RELATES TO A RECORD FILED
26 OR RECORDED IN A FILING OFFICE DESCRIBED IN SECTION 9501(1)(A),

1 THE DATE THAT THE INITIAL FINANCING STATEMENT WAS FILED OR
2 RECORDED AND THE INFORMATION SPECIFIED IN SECTION 9502(2).

3 (B) INDICATE THAT IT IS A CORRECTION STATEMENT.

4 (C) PROVIDE THE BASIS FOR THE PERSON'S BELIEF THAT THE
5 RECORD IS INACCURATE AND INDICATE THE MANNER IN WHICH THE PERSON
6 BELIEVES THE RECORD SHOULD BE AMENDED TO CURE ANY INACCURACY OR
7 PROVIDE THE BASIS FOR THE PERSON'S BELIEF THAT THE RECORD WAS
8 WRONGFULLY FILED.

9 (3) THE FILING OF A CORRECTION STATEMENT DOES NOT AFFECT THE
10 EFFECTIVENESS OF AN INITIAL FINANCING STATEMENT OR OTHER FILED
11 RECORD.

12 SUBPART 2. DUTIES AND OPERATION OF FILING OFFICE

13 SEC. 9519. (1) FOR EACH RECORD FILED IN A FILING OFFICE,
14 THE FILING OFFICE SHALL DO ALL OF THE FOLLOWING:

15 (A) ASSIGN A UNIQUE NUMBER TO THE FILED RECORD.

16 (B) CREATE A RECORD THAT BEARS THE NUMBER ASSIGNED TO THE
17 FILED RECORD AND THE DATE AND TIME OF FILING.

18 (C) MAINTAIN THE FILED RECORD FOR PUBLIC INSPECTION.

19 (D) INDEX THE FILED RECORD IN ACCORDANCE WITH SUBSECTIONS
20 (3), (4), AND (5).

21 (2) A FILE NUMBER ASSIGNED AFTER JANUARY 1, 2002 MUST
22 INCLUDE A DIGIT THAT IS MATHEMATICALLY DERIVED FROM OR RELATED TO
23 THE OTHER DIGITS OF THE FILE NUMBER, AND AIDS THE FILING OFFICE
24 IN DETERMINING WHETHER A NUMBER COMMUNICATED AS THE FILE NUMBER
25 INCLUDES A SINGLE-DIGIT OR TRANSPOSITIONAL ERROR.

26 (3) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTIONS (4) AND (5),
27 THE FILING OFFICE SHALL DO BOTH OF THE FOLLOWING:

1 (A) INDEX AN INITIAL FINANCING STATEMENT ACCORDING TO THE
2 NAME OF THE DEBTOR AND INDEX ALL FILED RECORDS RELATING TO THE
3 INITIAL FINANCING STATEMENT IN A MANNER THAT ASSOCIATES WITH ONE
4 ANOTHER AN INITIAL FINANCING STATEMENT AND ALL FILED RECORDS
5 RELATING TO THE INITIAL FINANCING STATEMENT.

6 (B) INDEX A RECORD THAT PROVIDES A NAME OF A DEBTOR THAT WAS
7 NOT PREVIOUSLY PROVIDED IN THE FINANCING STATEMENT TO WHICH THE
8 RECORD RELATES ALSO ACCORDING TO THE NAME THAT WAS NOT PREVIOUSLY
9 PROVIDED.

10 (4) IF A FINANCING STATEMENT IS FILED AS A FIXTURE FILING OR
11 COVERS AS-EXTRACTED COLLATERAL OR TIMBER TO BE CUT, IT MUST BE
12 FILED FOR RECORD AND THE FILING OFFICE SHALL INDEX IT UNDER BOTH
13 OF THE FOLLOWING:

14 (A) UNDER THE NAMES OF THE DEBTOR AND OF EACH OWNER OF
15 RECORD SHOWN ON THE FINANCING STATEMENT AS IF THEY WERE THE MORT-
16 GAGORS UNDER A MORTGAGE OF THE REAL PROPERTY DESCRIBED.

17 (B) TO THE EXTENT THAT THE LAW OF THIS STATE PROVIDES FOR
18 INDEXING OF RECORDS OF MORTGAGES UNDER THE NAME OF THE MORTGAGEE,
19 UNDER THE NAME OF THE SECURED PARTY AS IF THE SECURED PARTY WERE
20 THE MORTGAGEE THEREUNDER, OR, IF INDEXING IS BY DESCRIPTION, AS
21 IF THE FINANCING STATEMENT WERE A RECORD OF A MORTGAGE OF THE
22 REAL PROPERTY DESCRIBED.

23 (5) IF A FINANCING STATEMENT IS FILED AS A FIXTURE FILING OR
24 COVERS AS-EXTRACTED COLLATERAL OR TIMBER TO BE CUT, THE FILING
25 OFFICE SHALL INDEX AN ASSIGNMENT FILED UNDER SECTION 9514(1) OR
26 AN AMENDMENT FILED UNDER SECTION 9514(2) UNDER BOTH OF THE
27 FOLLOWING:

(A) UNDER THE NAME OF THE ASSIGNOR AS GRANTOR.

(B) TO THE EXTENT THAT THE LAW OF THIS STATE PROVIDES FOR INDEXING A RECORD OF THE ASSIGNMENT OF A MORTGAGE UNDER THE NAME OF THE ASSIGNEE, UNDER THE NAME OF THE ASSIGNEE.

(6) THE FILING OFFICE SHALL MAINTAIN A CAPABILITY TO DO BOTH OF THE FOLLOWING:

(A) TO RETRIEVE A RECORD BY THE NAME OF THE DEBTOR AND BY 1 OF THE FOLLOWING:

(i) IF THE FILING OFFICE IS DESCRIBED IN SECTION 9501(1)(A), BY THE FILE NUMBER ASSIGNED TO THE INITIAL FINANCING STATEMENT TO WHICH THE RECORD RELATES AND THE DATE THAT THE RECORD WAS FILED OR RECORDED.

(ii) IF THE FILING OFFICE IS DESCRIBED IN SECTION 9501(1)(B), BY THE FILE NUMBER ASSIGNED TO THE INITIAL FINANCING STATEMENT TO WHICH THE RECORD RELATES.

(B) TO ASSOCIATE AND RETRIEVE WITH ONE ANOTHER AN INITIAL FINANCING STATEMENT AND EACH FILED RECORD RELATING TO THE INITIAL FINANCING STATEMENT.

(7) THE FILING OFFICE SHALL NOT REMOVE A DEBTOR'S NAME FROM THE INDEX UNTIL 1 YEAR AFTER THE EFFECTIVENESS OF A FINANCING STATEMENT NAMING THE DEBTOR LAPSES UNDER SECTION 9515 WITH RESPECT TO ALL SECURED PARTIES OF RECORD.

(8) THE FILING OFFICE SHALL PERFORM THE ACTS REQUIRED BY SUBSECTIONS (1) THROUGH (5) AT THE TIME AND IN THE MANNER PRESCRIBED BY FILING-OFFICE RULE, BUT NOT LATER THAN 2 BUSINESS DAYS AFTER THE FILING OFFICE RECEIVES THE RECORD IN QUESTION.

1 (9) SUBSECTIONS (2) AND (8) DO NOT APPLY TO A FILING OFFICE
2 DESCRIBED IN SECTION 9501(1)(A).

3 SEC. 9520. (1) A FILING OFFICE SHALL REFUSE TO ACCEPT A
4 RECORD FOR FILING FOR A REASON SET FORTH IN SECTION 9516(2) AND
5 MAY REFUSE TO ACCEPT A RECORD FOR FILING ONLY FOR A REASON SET
6 FORTH IN SECTION 9516(2).

7 (2) IF A FILING OFFICE REFUSES TO ACCEPT A RECORD FOR
8 FILING, IT SHALL COMMUNICATE TO THE PERSON THAT PRESENTED THE
9 RECORD THE FACT OF AND REASON FOR THE REFUSAL AND THE DATE AND
10 TIME THE RECORD WOULD HAVE BEEN FILED HAD THE FILING OFFICE
11 ACCEPTED IT. THE COMMUNICATION MUST BE MADE AT THE TIME AND IN
12 THE MANNER PRESCRIBED BY FILING-OFFICE RULE BUT, IN THE CASE OF A
13 FILING OFFICE DESCRIBED IN SECTION 9501(1)(B), IN NO EVENT MORE
14 THAN 2 BUSINESS DAYS AFTER THE FILING OFFICE RECEIVES THE
15 RECORD.

16 (3) A FILED FINANCING STATEMENT SATISFYING SECTION 9502(1)
17 AND (2) IS EFFECTIVE, EVEN IF THE FILING OFFICE IS REQUIRED TO
18 REFUSE TO ACCEPT IT FOR FILING UNDER SUBSECTION (1). HOWEVER,
19 SECTION 9338 APPLIES TO A FILED FINANCING STATEMENT PROVIDING
20 INFORMATION DESCRIBED IN SECTION 9516(2)(E) THAT IS INCORRECT AT
21 THE TIME THE FINANCING STATEMENT IS FILED.

22 (4) IF A RECORD COMMUNICATED TO A FILING OFFICE PROVIDES
23 INFORMATION THAT RELATES TO MORE THAN 1 DEBTOR, THIS PART APPLIES
24 AS TO EACH DEBTOR SEPARATELY.

25 SEC. 9521. (1) A FILING OFFICE THAT ACCEPTS WRITTEN RECORDS
26 FOR FILING SHALL NOT REFUSE TO ACCEPT A WRITTEN INITIAL FINANCING

1 STATEMENT IN THE FOLLOWING FORM, EXCEPT FOR A REASON SET FORTH IN
2 SECTION 9516(2):

3 UCC FINANCING STATEMENT

4 FOLLOW INSTRUCTIONS (FRONT AND BACK) CAREFULLY

5 A. NAME AND PHONE OF CONTACT AT FILER [OPTIONAL]

6

7 B. SEND ACKNOWLEDGMENT TO: (NAME AND ADDRESS)

8 THE ABOVE SPACE IS FOR

9 FILING OFFICE USE ONLY

10 1. DEBTOR'S EXACT FULL LEGAL NAME - INSERT ONLY 1 DEBTOR NAME

11 (1A OR 1B) - DO NOT ABBREVIATE OR COMBINE NAMES

12 1A. ORGANIZATION'S NAME

13

14 OR 1B. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

15

16 1C. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY

17

18 1D. TAX ID. NO. ADD'L INFO. RE 1E. TYPE OF ORGANIZATION

19 SSN OR EIN ORGANIZATION

20 DEBTOR

21

22 1F. JURISDICTION OF ORGANIZATION 1G. ORGANIZATIONAL ID. NO.,

23 IF ANY

24 [] NONE

25 2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - INSERT ONLY 1

26 DEBTOR NAME (2A OR 2B) - DO NOT ABBREVIATE OR COMBINE NAMES

1 2A. ORGANIZATION'S NAME
 2 _____

3 OR 2B. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX
 4 _____

5 2C. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY
 6 _____

7 2D. TAX ID. NO. ADD'L INFO. RE 2E. TYPE OF ORGANIZATION
 8 SSN OR EIN ORGANIZATION
 9 DEBTOR
 10 _____

11 2F. JURISDICTION OF ORGANIZATION 2G. ORGANIZATIONAL ID. NO.,
 12 IF ANY
 13 _____ [] NONE

14 3. SECURED PARTY'S NAME (OR NAME OF TOTAL ASSIGNEE OF ASSIGNOR
 15 S/P) - INSERT ONLY 1 SECURED PARTY NAME (3A OR 3B)
 16 3A. ORGANIZATION'S NAME
 17 _____

18 OR 3B. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX
 19 _____

20 3C. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY
 21 _____

22 4. THIS FINANCING STATEMENT COVERS THE FOLLOWING COLLATERAL:
 23 _____

24 5. ALTERNATIVE DESIGNATION [IF APPLICABLE]: [] LESSEE/LESSOR
 25 [] CONSIGNEE/CONSIGNOR [] BAILEE/BAILOR [] SELLER/BUYER
 26 [] AG. LIEN [] NON-UCC FILING

1 6. ☐ THIS FINANCING STATEMENT IS TO BE FILED (FOR RECORD)
 2 (OR RECORDED) IN THE REAL ESTATE RECORDS.

3 ATTACH ADDENDUM [IF APPLICABLE]

4 7. CHECK TO REQUEST SEARCH REPORT(S) ON DEBTOR(S)

5 ☐ ALL DEBTORS ☐ DEBTOR 1 ☐ DEBTOR 2

6 [ADDITIONAL FEE] [OPTIONAL]

7 _____

8 8. OPTIONAL FILER REFERENCE DATA

9 _____

10 FILING OFFICE COPY - NATIONAL UCC FILING STATEMENT (FORM UCC 1)
 11 (REV. 07/29/98)

12 [BACK OF FORM]

13 UCC FINANCING STATEMENT ADDENDUM

14 FOLLOW INSTRUCTIONS (FRONT AND BACK) CAREFULLY.

15 9. NAME OF FIRST DEBTOR (1A OR 1B) ON RELATED FINANCING
 16 STATEMENT

17 _____

18 9A. ORGANIZATION'S NAME

19 _____

20 OR 9B. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

21 _____

22 10. MISCELLANEOUS:

23 _____ THE ABOVE SPACE IS FOR

24 _____ FILING OFFICE USE ONLY

25 11. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - INSERT ONLY 1

26 NAME (11A OR 11B) - DO NOT ABBREVIATE OR COMBINE NAMES

1 11A. ORGANIZATION'S NAME
 2 _____
 3 OR 11B. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX
 4 _____
 5 11C. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY
 6 _____
 7 11D. TAX ID. NO. ADD'L INFO. RE 11E. TYPE OF ORGANIZATION
 8 SSN OR EIN ORGANIZATION
 9 DEBTOR
 10 _____
 11 11F. JURISDICTION OF ORGANIZATION 11G. ORGANIZATIONAL
 12 ID. NO., IF ANY
 13 _____ [] NONE
 14 12. [] ADDITIONAL SECURED PARTY'S OR [] ASSIGNOR S/P'S NAME -
 15 INSERT ONLY 1 NAME (12A OR 12B).
 16 12A. ORGANIZATION'S NAME
 17 _____
 18 OR 12B. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX
 19 _____
 20 12C. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY
 21 _____
 22 13. THIS FINANCING STATEMENT COVERS [] TIMBER TO BE CUT OR
 23 [] AS-EXTRACTED COLLATERAL, OR IS FILED AS A [] FIXTURE
 24 FILING.
 25 14. DESCRIPTION OF REAL ESTATE:
 26 _____

1 15. NAME AND ADDRESS OF A RECORD OWNER OF THE ABOVE-DESCRIBED
 2 REAL ESTATE (IF DEBTOR DOES NOT HAVE RECORD INTEREST):

3 16. ADDITIONAL COLLATERAL DESCRIPTION:

4 _____

5 17. CHECK ONLY IF APPLICABLE AND CHECK ONLY 1 BOX:

6 DEBTOR IS A ☐ TRUST OR ☐ TRUSTEE ACTING WITH RESPECT TO
 7 PROPERTY HELD IN TRUST OR ☐ DECEDENT'S ESTATE

8 18. CHECK ONLY IF APPLICABLE AND CHECK ONLY 1 BOX:

9 ☐ DEBTOR IS A TRANSMITTING UTILITY

10 ☐ FILED IN CONNECTION WITH A MANUFACTURED-HOME TRANSACTION
 11 - EFFECTIVE 30 YEARS

12 ☐ FILED IN CONNECTION WITH A PUBLIC-FINANCE TRANSACTION -
 13 EFFECTIVE 30 YEARS

14 FILING OFFICE COPY - NATIONAL UCC FILING STATEMENT
 15 (FORM UCC 1AD) (REV.07/29/98)

16 (2) A FILING OFFICE THAT ACCEPTS WRITTEN RECORDS FOR FILING
 17 SHALL NOT REFUSE TO ACCEPT A WRITTEN FINANCING STATEMENT AMEND-
 18 MENT IN THE FOLLOWING FORM, EXCEPT FOR A REASON SET FORTH IN SEC-
 19 TION 9516(2):

20 UCC FINANCING STATEMENT AMENDMENT

21 FOLLOW INSTRUCTIONS (FRONT AND BACK) CAREFULLY

22 A. NAME AND PHONE OF CONTACT AT FILER [OPTIONAL]

23 _____

24 B. SEND ACKNOWLEDGMENT TO: (NAME AND ADDRESS)

25 _____ THE ABOVE SPACE IS FOR

26 _____ FILING OFFICE USE ONLY

1 1A. INITIAL FINANCING STATEMENT FILE NO.

2 _____

3 1B. ☐ THIS FINANCING STATEMENT AMENDMENT IS TO BE FILED (FOR
4 RECORD) (OR RECORDED) IN THE REAL ESTATE RECORDS.

5 2. ☐ TERMINATION: EFFECTIVENESS OF THE FINANCING STATEMENT
6 IDENTIFIED ABOVE IS TERMINATED WITH RESPECT TO SECURITY
7 INTEREST(S) OF THE SECURED PARTY AUTHORIZING THIS TERMINATION
8 STATEMENT.

9 3. ☐ CONTINUATION: EFFECTIVENESS OF THE FINANCING STATEMENT
10 IDENTIFIED ABOVE WITH RESPECT TO SECURITY INTEREST(S) OF THE
11 SECURED PARTY AUTHORIZING THIS CONTINUATION STATEMENT IS CON-
12 TINUED FOR THE ADDITIONAL PERIOD PROVIDED BY APPLICABLE LAW.

13 4. ☐ ASSIGNMENT (FULL OR PARTIAL): GIVE NAME OF ASSIGNEE IN
14 ITEM 7A OR 7B AND ADDRESS OF ASSIGNEE IN ITEM 7C; AND ALSO
15 GIVE NAME OF ASSIGNOR IN ITEM 9.

16 _____

17 5. AMENDMENT (PARTY INFORMATION): THIS AMENDMENT AFFECTS
18 ☐ DEBTOR OR ☐ SECURED PARTY OF RECORD. CHECK ONLY 1 OF
19 THESE 2 BOXES. ALSO CHECK 1 OF THE FOLLOWING THREE BOXES AND
20 PROVIDE APPROPRIATE INFORMATION IN ITEMS 6 AND/OR 7.

21 ☐ CHANGE NAME AND/OR ADDRESS: GIVE CURRENT RECORD NAME IN
22 ITEM 6A OR 6B; ALSO GIVE NEW NAME (IF NAME CHANGE) IN ITEM 7A
23 OR 7B AND/OR NEW ADDRESS (IF ADDRESS CHANGE) IN ITEM 7C.

24 ☐ DELETE NAME: GIVE RECORD NAME TO BE DELETED IN ITEM 6A
25 OR 6B.

26 ☐ ADD NAME: COMPLETE ITEM 7A OR 7B, AND ALSO ITEM 7C; ALSO
27 COMPLETE ITEMS 7D-7G (IF APPLICABLE).

1 6. CURRENT RECORD INFORMATION:

2 6A. ORGANIZATION'S NAME

3 _____

4 OR 6B. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

5 _____

6 7. CHANGED (NEW) OR ADDED INFORMATION:

7 7A. ORGANIZATION'S NAME

8 _____

9 OR 7B. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

10 _____

11 7C. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY

12 _____

13 7D. TAX ID. NO. ADD'L INFO. RE 7E. TYPE OF ORGANIZATION

14 SSN OR EIN ORGANIZATION

15 DEBTOR

16 _____

17 7F. JURISDICTION OF ORGANIZATION 7G. ORGANIZATIONAL ID. NO.,
18 IF ANY

19 _____[] NONE

20 8. AMENDMENT (COLLATERAL CHANGE): CHECK ONLY 1 BOX

21 DESCRIBE COLLATERAL [] DELETED OR [] ADDED, OR GIVE

22 ENTIRE [] RESTATED COLLATERAL DESCRIPTION, OR DESCRIBE

23 COLLATERAL [] ASSIGNED.

24 _____

25 9. NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT

26 (NAME OF ASSIGNOR, IF THIS IS AN ASSIGNMENT). IF THIS IS AN

27 AMENDMENT AUTHORIZED BY A DEBTOR WHICH ADDS COLLATERAL OR

1 ADDS THE AUTHORIZING DEBTOR, OR IF THIS IS A TERMINATION
 2 AUTHORIZED BY A DEBTOR, CHECK HERE [] AND ENTER NAME OF
 3 DEBTOR AUTHORIZING THIS AMENDMENT.

4 9A. ORGANIZATION'S NAME

5 _____

6 OR 9B. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

7 _____

8 10. OPTIONAL FILE REFERENCE DATA

9 _____

10 FILING OFFICE COPY - NATIONAL UCC FINANCING STATEMENT AMENDMENT
 11 (FORM UCC3) (REV. 07/29/98)

12 [BACK OF FORM]

13 UCC FINANCING STATEMENT AMENDMENT ADDENDUM

14 FOLLOW INSTRUCTIONS (FRONT AND BACK) CAREFULLY

15 11. INITIAL FINANCING STATEMENT FILE NO. (SAME AS ITEM 1A ON
 16 AMENDMENT FORM)

17 _____

18 12. NAME OF PARTY AUTHORIZING THIS AMENDMENT (SAME AS ITEM 9 ON
 19 AMENDMENT FORM)

20 12A. ORGANIZATION'S NAME

21 _____

22 OR 12B. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

23 _____

24 13. USE THIS SPACE FOR ADDITIONAL INFORMATION

25 _____ THIS SPACE IS FOR

26 _____ FILING OFFICE USE ONLY

1 FILING OFFICE COPY - NATIONAL UCC FINANCING STATEMENT AMENDMENT
2 ADDENDUM (FORM UCC3AD) (REV. 07/29/98)

3 (3) A FORM THAT A FILING OFFICE MAY NOT REFUSE TO ACCEPT
4 UNDER SUBSECTION (1) OR (2) MUST CONFORM TO THE FORMAT PRESCRIBED
5 FOR THE FORM BY THE NATIONAL CONFERENCE OF COMMISSIONERS.

6 SEC. 9522. (1) THE FILING OFFICE SHALL MAINTAIN A RECORD OF
7 THE INFORMATION PROVIDED IN A FILED FINANCING STATEMENT FOR AT
8 LEAST 1 YEAR AFTER THE EFFECTIVENESS OF THE FINANCING STATEMENT
9 HAS LAPSED UNDER SECTION 9515 WITH RESPECT TO ALL SECURED PARTIES
10 OF RECORD. THE RECORD MUST BE RETRIEVABLE BY USING THE NAME OF
11 THE DEBTOR AND 1 OF THE FOLLOWING:

12 (A) IF THE RECORD WAS FILED OR RECORDED IN THE FILING OFFICE
13 DESCRIBED IN SECTION 9501(1)(A), BY USING THE FILE NUMBER
14 ASSIGNED TO THE INITIAL FINANCING STATEMENT TO WHICH THE RECORD
15 RELATES AND THE DATE THAT THE RECORD WAS FILED OR RECORDED.

16 (B) IF RECORD WAS FILED IN THE FILING OFFICE DESCRIBED IN
17 SECTION 9501(1)(B), BY USING THE FILE NUMBER ASSIGNED TO THE INI-
18 TIAL FINANCING STATEMENT TO WHICH THE RECORD RELATES.

19 (2) EXCEPT TO THE EXTENT THAT A STATUTE GOVERNING DISPOS-
20 TION OF PUBLIC RECORDS PROVIDES OTHERWISE, THE FILING OFFICE
21 IMMEDIATELY MAY DESTROY ANY WRITTEN RECORD EVIDENCING A FINANCING
22 STATEMENT. HOWEVER, IF THE FILING OFFICE DESTROYS A WRITTEN
23 RECORD, IT SHALL MAINTAIN ANOTHER RECORD OF THE FINANCING STATE-
24 MENT THAT COMPLIES WITH SUBSECTION (1).

25 SEC. 9523. (1) IF A PERSON THAT FILES A WRITTEN RECORD
26 REQUESTS AN ACKNOWLEDGMENT OF THE FILING, THE FILING OFFICE SHALL
27 SEND TO THE PERSON AN IMAGE OF THE RECORD SHOWING THE NUMBER

1 ASSIGNED TO THE RECORD PURSUANT TO SECTION 9519(1)(A) AND THE
2 DATE AND TIME OF THE FILING OF THE RECORD. HOWEVER, IF THE
3 PERSON FURNISHES A COPY OF THE RECORD TO THE FILING OFFICE, THE
4 FILING OFFICE MAY INSTEAD DO BOTH OF THE FOLLOWING:

5 (A) NOTE UPON THE COPY THE NUMBER ASSIGNED TO THE RECORD
6 PURSUANT TO SECTION 9519(1)(A) AND THE DATE AND TIME OF THE
7 FILING OF THE RECORD.

8 (B) SEND THE COPY TO THE PERSON.

9 (2) IF A PERSON FILES A RECORD OTHER THAN A WRITTEN RECORD,
10 THE FILING OFFICE SHALL COMMUNICATE TO THE PERSON AN ACKNOWLEDG-
11 MENT THAT PROVIDES ALL OF THE FOLLOWING:

12 (A) THE INFORMATION IN THE RECORD.

13 (B) THE NUMBER ASSIGNED TO THE RECORD PURSUANT TO SECTION
14 9519(1)(A).

15 (C) THE DATE AND TIME OF THE FILING OF THE RECORD.

16 (3) THE FILING OFFICE SHALL COMMUNICATE OR OTHERWISE MAKE
17 AVAILABLE IN A RECORD 1 OR MORE OF THE FOLLOWING INFORMATION TO
18 ANY PERSON THAT REQUESTS IT:

19 (A) WHETHER THERE IS ON FILE ON A DATE AND TIME SPECIFIED BY
20 THE FILING OFFICE, BUT NOT A DATE EARLIER THAN 3 BUSINESS DAYS
21 BEFORE THE FILING OFFICE RECEIVES THE REQUEST, ANY FINANCING
22 STATEMENT THAT MEETS ALL OF THE FOLLOWING:

23 (i) DESIGNATES A PARTICULAR DEBTOR OR, IF THE REQUEST SO
24 STATES, DESIGNATES A PARTICULAR DEBTOR AT THE ADDRESS SPECIFIED
25 IN THE REQUEST.

26 (ii) HAS NOT LAPSED UNDER SECTION 9515 WITH RESPECT TO ALL
27 SECURED PARTIES OF RECORD.

1 (iii) IF THE REQUEST SO STATES, HAS LAPSED UNDER SECTION
2 9515 AND A RECORD OF WHICH IS MAINTAINED BY THE FILING OFFICE
3 UNDER SECTION 9522(1).

4 (B) THE DATE AND TIME OF FILING OF EACH FINANCING
5 STATEMENT.

6 (C) THE INFORMATION PROVIDED IN EACH FINANCING STATEMENT.

7 (4) IN COMPLYING WITH ITS DUTY UNDER SUBSECTION (3), THE
8 FILING OFFICE MAY COMMUNICATE INFORMATION IN ANY MEDIUM.

9 HOWEVER, IF REQUESTED, THE FILING OFFICE SHALL COMMUNICATE INFOR-
10 MATION BY ISSUING ITS WRITTEN CERTIFICATE OR ANOTHER RECORD THAT
11 CAN BE ADMITTED INTO EVIDENCE IN THE COURTS OF THIS STATE WITHOUT
12 EXTRINSIC EVIDENCE OF ITS AUTHENTICITY.

13 (5) THE FILING OFFICE SHALL PERFORM THE ACTS REQUIRED BY
14 SUBSECTIONS (1) THROUGH (4) AT THE TIME AND IN THE MANNER PRE-
15 SCRIBED BY FILING-OFFICE RULE, BUT, IN THE CASE OF A FILING
16 OFFICE DESCRIBED IN SECTION 9501(1)(B), NOT LATER THAN 2 BUSINESS
17 DAYS AFTER THE FILING OFFICE RECEIVES THE REQUEST.

18 (6) AT LEAST WEEKLY, THE FILING OFFICE SHALL OFFER TO SELL
19 OR LICENSE TO THE PUBLIC ON A NONEXCLUSIVE BASIS, IN BULK, COPIES
20 OF ALL RECORDS FILED IN IT UNDER THIS PART, IN EVERY MEDIUM FROM
21 TIME TO TIME AVAILABLE TO THE FILING OFFICE.

22 (7) UPON REQUEST, THE FILING OFFICE SHALL FURNISH A COPY OF
23 A FILED FINANCING STATEMENT OR STATEMENT OF ASSIGNMENT FOR A UNI-
24 FORM FEE OF \$1.00 PER PAGE. IF THE FILING OFFICE IS THE SECRE-
25 TARY OF STATE, THE SECRETARY OF STATE SHALL CHARGE AN ADDITIONAL
26 FEE OF \$25.00 IF A PERSON REQUESTS EXPEDITING OF THE REGULAR
27 SEARCH PROCESS. THE SECRETARY OF STATE SHALL PROMULGATE RULES

1 UNDER THE ADMINISTRATIVE PROCEDURES ACT OF 1969, 1969 PA 306,
2 MCL 24.201 TO 24.328, TO DEFINE WHAT CONSTITUTES EXPEDITING OF
3 THE REGULAR SEARCH PROCESS.

4 SEC. 9524. DELAY BY THE FILING OFFICE BEYOND A TIME LIMIT
5 PRESCRIBED BY THIS PART IS EXCUSED IF BOTH OF THE FOLLOWING
6 APPLY:

7 (A) THE DELAY IS CAUSED BY INTERRUPTION OF COMMUNICATION OR
8 COMPUTER FACILITIES, WAR, EMERGENCY CONDITIONS, FAILURE OF EQUIP-
9 MENT, OR OTHER CIRCUMSTANCES BEYOND CONTROL OF THE FILING
10 OFFICE.

11 (B) THE FILING OFFICE EXERCISES REASONABLE DILIGENCE UNDER
12 THE CIRCUMSTANCES.

13 SEC. 9525. (1) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION
14 (5), THE FEE FOR FILING AND INDEXING A RECORD UNDER THIS PART,
15 OTHER THAN AN INITIAL FINANCING STATEMENT OF THE KIND DESCRIBED
16 IN SECTION 9502(3), IS THE AMOUNT SPECIFIED IN SUBSECTION (3), IF
17 APPLICABLE, PLUS 1 OF THE FOLLOWING:

18 (A) \$15.00 IF THE RECORD IS COMMUNICATED IN WRITING AND CON-
19 SISTS OF 1 OR 2 PAGES.

20 (B) \$15.00 IF THE RECORD IS COMMUNICATED IN WRITING AND CON-
21 SISTS OF MORE THAN 2 PAGES.

22 (C) \$15.00 IF THE RECORD IS COMMUNICATED BY ANOTHER MEDIUM
23 AUTHORIZED BY FILING-OFFICE RULE.

24 (2) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (5), THE FEE
25 FOR FILING AND INDEXING AN INITIAL FINANCING STATEMENT OF THE
26 KIND DESCRIBED IN SECTION 9502(3) IS THE AMOUNT SPECIFIED IN
27 SUBSECTION (3), IF APPLICABLE, PLUS 1 OF THE FOLLOWING:

1 (A) \$15.00 IF THE FINANCING STATEMENT INDICATES THAT IT IS
2 FILED IN CONNECTION WITH A PUBLIC-FINANCE TRANSACTION.

3 (B) \$15.00 IF THE FINANCING STATEMENT INDICATES THAT IT IS
4 FILED IN CONNECTION WITH A MANUFACTURED-HOME TRANSACTION.

5 (3) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (5), IF A
6 RECORD IS COMMUNICATED IN WRITING, THE FEE FOR EACH NAME MORE
7 THAN 2 REQUIRED TO BE INDEXED IS \$15.00.

8 (4) THE FEE FOR RESPONDING TO A REQUEST FOR INFORMATION FROM
9 THE FILING OFFICE, INCLUDING FOR ISSUING A CERTIFICATE SHOWING OR
10 OTHERWISE COMMUNICATING WHETHER THERE IS ON FILE ANY FINANCING
11 STATEMENT NAMING A PARTICULAR DEBTOR, IS 1 OF THE FOLLOWING:

12 (A) \$15.00 IF THE REQUEST IS COMMUNICATED IN WRITING.

13 (B) \$15.00 IF THE REQUEST IS COMMUNICATED BY ANOTHER MEDIUM
14 AUTHORIZED BY FILING-OFFICE RULE.

15 (5) THIS SECTION DOES NOT REQUIRE A FEE WITH RESPECT TO A
16 RECORD OF A MORTGAGE THAT IS EFFECTIVE AS A FINANCING STATEMENT
17 FILED AS A FIXTURE FILING OR AS A FINANCING STATEMENT COVERING
18 AS-EXTRACTED COLLATERAL OR TIMBER TO BE CUT UNDER SECTION
19 9502(3). HOWEVER, THE RECORDING AND SATISFACTION FEES THAT OTH-
20 ERWISE WOULD BE APPLICABLE TO THE RECORD OF THE MORTGAGE APPLY.

21 SEC. 9526. (1) THE SECRETARY OF STATE SHALL ADOPT AND PUB-
22 LISH RULES TO IMPLEMENT THIS ARTICLE. THE FILING-OFFICE RULES
23 MUST BE CONSISTENT WITH THIS ARTICLE AND ADOPTED AND PUBLISHED IN
24 ACCORDANCE WITH THE ADMINISTRATIVE PROCEDURES ACT OF 1969, 1969
25 PA 306, MCL 24.201 TO 24.328.

26 (2) TO KEEP THE FILING-OFFICE RULES AND PRACTICES OF THE
27 FILING OFFICE IN HARMONY WITH THE RULES AND PRACTICES OF FILING

1 OFFICES IN OTHER JURISDICTIONS THAT ENACT SUBSTANTIALLY THIS
2 PART, AND TO KEEP THE TECHNOLOGY USED BY THE FILING OFFICE COM-
3 PATIBLE WITH THE TECHNOLOGY USED BY FILING OFFICES IN OTHER
4 JURISDICTIONS THAT ENACT SUBSTANTIALLY THIS PART, THE SECRETARY
5 OF STATE, SO FAR AS IS CONSISTENT WITH THE PURPOSES, POLICIES,
6 AND PROVISIONS OF THIS ARTICLE, IN ADOPTING, AMENDING, AND
7 REPEALING FILING-OFFICE RULES, SHALL DO ALL OF THE FOLLOWING:

8 (A) CONSULT WITH FILING OFFICES IN OTHER JURISDICTIONS THAT
9 ENACT SUBSTANTIALLY THIS PART.

10 (B) CONSULT THE MOST RECENT VERSION OF THE MODEL RULES
11 PROMULGATED BY THE INTERNATIONAL ASSOCIATION OF CORPORATE ADMIN-
12 ISTRATORS OR ANY SUCCESSOR ORGANIZATION.

13 (C) TAKE INTO CONSIDERATION THE RULES AND PRACTICES OF, AND
14 THE TECHNOLOGY USED BY, FILING OFFICES IN OTHER JURISDICTIONS
15 THAT ENACT SUBSTANTIALLY THIS PART.

16 SEC. 9527. THE SECRETARY OF STATE SHALL REPORT ANNUALLY TO
17 THE GOVERNOR AND LEGISLATURE ON THE OPERATION OF THE FILING
18 OFFICE. THE REPORT MUST CONTAIN A STATEMENT OF THE EXTENT TO
19 WHICH THE FILING-OFFICE RULES ARE NOT IN HARMONY WITH THE RULES
20 OF FILING OFFICES IN OTHER JURISDICTIONS THAT ENACT SUBSTANTIALLY
21 THIS PART AND THE REASONS FOR THESE VARIATIONS, AND THE
22 FILING-OFFICE RULES ARE NOT IN HARMONY WITH THE MOST RECENT VER-
23 SION OF THE MODEL RULES PROMULGATED BY THE INTERNATIONAL ASSOCIA-
24 TION OF CORPORATE ADMINISTRATORS, OR ANY SUCCESSOR ORGANIZATION,
25 AND THE REASONS FOR THESE VARIATIONS.

PART 6

DEFAULT

SUBPART 1. DEFAULT AND ENFORCEMENT OF SECURITY INTEREST

SEC. 9601. (1) AFTER DEFAULT, A SECURED PARTY HAS THE RIGHTS PROVIDED IN THIS PART AND, EXCEPT AS OTHERWISE PROVIDED IN SECTION 9602, THOSE PROVIDED BY AGREEMENT OF THE PARTIES. A SECURED PARTY MAY DO 1 OR MORE OF THE FOLLOWING:

(A) MAY REDUCE A CLAIM TO JUDGMENT, FORECLOSE, OR OTHERWISE ENFORCE THE CLAIM, SECURITY INTEREST, OR AGRICULTURAL LIEN BY ANY AVAILABLE JUDICIAL PROCEDURE.

(B) IF THE COLLATERAL IS DOCUMENTS, MAY PROCEED EITHER AS TO THE DOCUMENTS OR AS TO THE GOODS THEY COVER.

(2) A SECURED PARTY IN POSSESSION OF COLLATERAL OR CONTROL OF COLLATERAL UNDER SECTION 9104, 9105, 9106, OR 9107 HAS THE RIGHTS AND DUTIES PROVIDED IN SECTION 9207.

(3) THE RIGHTS UNDER SUBSECTIONS (1) AND (2) ARE CUMULATIVE AND MAY BE EXERCISED SIMULTANEOUSLY.

(4) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (7) AND SECTION 9605, AFTER DEFAULT, A DEBTOR AND AN OBLIGOR HAVE THE RIGHTS PROVIDED IN THIS PART AND BY AGREEMENT OF THE PARTIES.

(5) IF A SECURED PARTY HAS REDUCED ITS CLAIM TO JUDGMENT, THE LIEN OF ANY LEVY THAT MAY BE MADE UPON THE COLLATERAL BY VIRTUE OF AN EXECUTION BASED UPON THE JUDGMENT RELATES BACK TO THE EARLIEST OF THE FOLLOWING:

(A) THE DATE OF PERFECTION OF THE SECURITY INTEREST OR AGRICULTURAL LIEN IN THE COLLATERAL.

1 (B) THE DATE OF FILING A FINANCING STATEMENT COVERING THE
2 COLLATERAL.

3 (C) ANY DATE SPECIFIED IN A STATUTE UNDER WHICH THE AGRICUL-
4 TURAL LIEN WAS CREATED.

5 (6) A SALE PURSUANT TO AN EXECUTION IS A FORECLOSURE OF THE
6 SECURITY INTEREST OR AGRICULTURAL LIEN BY JUDICIAL PROCEDURE
7 WITHIN THE MEANING OF THIS SECTION. A SECURED PARTY MAY PURCHASE
8 AT THE SALE AND THEREAFTER HOLD THE COLLATERAL FREE OF ANY OTHER
9 REQUIREMENTS OF THIS ARTICLE.

10 (7) EXCEPT AS OTHERWISE PROVIDED IN SECTION 9607(3), THIS
11 PART IMPOSES NO DUTIES UPON A SECURED PARTY THAT IS A CONSIGNOR
12 OR IS A BUYER OF ACCOUNTS, CHATTEL PAPER, PAYMENT INTANGIBLES, OR
13 PROMISSORY NOTES.

14 SEC. 9602. EXCEPT AS OTHERWISE PROVIDED IN SECTION 9624, TO
15 THE EXTENT THAT THEY GIVE RIGHTS TO A DEBTOR OR OBLIGOR AND
16 IMPOSE DUTIES ON A SECURED PARTY, THE DEBTOR OR OBLIGOR MAY NOT
17 WAIVE OR VARY THE RULES STATED IN THE FOLLOWING LISTED SECTIONS:

18 (A) SECTION 9207(2)(D)(iii), WHICH DEALS WITH USE AND OPERA-
19 TION OF THE COLLATERAL BY THE SECURED PARTY.

20 (B) SECTION 9210, WHICH DEALS WITH REQUESTS FOR AN ACCOUNT-
21 ING AND REQUESTS CONCERNING A LIST OF COLLATERAL AND STATEMENT OF
22 ACCOUNT.

23 (C) SECTION 9607(3), WHICH DEALS WITH COLLECTION AND
24 ENFORCEMENT OF COLLATERAL.

25 (D) SECTIONS 9608(1) AND 9615(3) TO THE EXTENT THAT THEY
26 DEAL WITH APPLICATION OR PAYMENT OF NONCASH PROCEEDS OF
27 COLLECTION, ENFORCEMENT, OR DISPOSITION.

1 (E) SECTIONS 9608(1) AND 9615(4) TO THE EXTENT THAT THEY
2 REQUIRE ACCOUNTING FOR OR PAYMENT OF SURPLUS PROCEEDS OF
3 COLLATERAL.

4 (F) SECTION 9609 TO THE EXTENT THAT IT IMPOSES UPON A
5 SECURED PARTY THAT TAKES POSSESSION OF COLLATERAL WITHOUT JUDI-
6 CIAL PROCESS THE DUTY TO DO SO WITHOUT BREACH OF THE PEACE.

7 (G) SECTIONS 9610(2), 9611, 9613, AND 9614, WHICH DEAL WITH
8 DISPOSITION OF COLLATERAL.

9 (H) SECTION 9615(6), WHICH DEALS WITH CALCULATION OF A DEFICI-
10 CIENCY OR SURPLUS WHEN A DISPOSITION IS MADE TO THE SECURED
11 PARTY, A PERSON RELATED TO THE SECURED PARTY, OR A SECONDARY
12 OBLIGOR.

13 (I) SECTION 9616, WHICH DEALS WITH EXPLANATION OF THE CALCU-
14 LATION OF A SURPLUS OR DEFICIENCY.

15 (J) SECTIONS 9620, 9621, AND 9622, WHICH DEAL WITH ACCEP-
16 TANCE OF COLLATERAL IN SATISFACTION OF OBLIGATION.

17 (K) SECTION 9623, WHICH DEALS WITH REDEMPTION OF
18 COLLATERAL.

19 (L) SECTION 9624, WHICH DEALS WITH PERMISSIBLE WAIVERS.

20 (M) SECTIONS 9625 AND 9626, WHICH DEAL WITH THE SECURED
21 PARTY'S LIABILITY FOR FAILURE TO COMPLY WITH THIS ARTICLE.

22 SEC. 9603. (1) THE PARTIES MAY DETERMINE BY AGREEMENT THE
23 STANDARDS MEASURING THE FULFILLMENT OF THE RIGHTS OF A DEBTOR OR
24 OBLIGOR AND THE DUTIES OF A SECURED PARTY UNDER A RULE STATED IN
25 SECTION 9602 IF THE STANDARDS ARE NOT MANIFESTLY UNREASONABLE.

26 (2) SUBSECTION (1) DOES NOT APPLY TO THE DUTY UNDER SECTION
27 9609 TO REFRAIN FROM BREACHING THE PEACE.

1 SEC. 9604. (1) IF A SECURITY AGREEMENT COVERS BOTH PERSONAL
2 AND REAL PROPERTY, A SECURED PARTY MAY DO EITHER OF THE
3 FOLLOWING:

4 (A) PROCEED UNDER THIS PART AS TO THE PERSONAL PROPERTY
5 WITHOUT PREJUDICING ANY RIGHTS WITH RESPECT TO THE REAL
6 PROPERTY.

7 (B) PROCEED AS TO BOTH THE PERSONAL PROPERTY AND THE REAL
8 PROPERTY IN ACCORDANCE WITH THE RIGHTS WITH RESPECT TO THE REAL
9 PROPERTY, IN WHICH CASE THE OTHER PROVISIONS OF THIS PART DO NOT
10 APPLY.

11 (2) SUBJECT TO SUBSECTION (3), IF A SECURITY AGREEMENT
12 COVERS GOODS THAT ARE OR BECOME FIXTURES, A SECURED PARTY MAY DO
13 EITHER OF THE FOLLOWING:

14 (A) PROCEED UNDER THIS PART.

15 (B) PROCEED IN ACCORDANCE WITH THE RIGHTS WITH RESPECT TO
16 REAL PROPERTY, IN WHICH CASE THE OTHER PROVISIONS OF THIS PART DO
17 NOT APPLY.

18 (3) SUBJECT TO THE OTHER PROVISIONS OF THIS PART, IF A
19 SECURED PARTY HOLDING A SECURITY INTEREST IN FIXTURES HAS PRIOR-
20 ITY OVER ALL OWNERS AND ENCUMBRANCERS OF THE REAL PROPERTY, THE
21 SECURED PARTY, AFTER DEFAULT, MAY REMOVE THE COLLATERAL FROM THE
22 REAL PROPERTY.

23 (4) A SECURED PARTY THAT REMOVES COLLATERAL SHALL PROMPTLY
24 REIMBURSE ANY ENCUMBRANCER OR OWNER OF THE REAL PROPERTY, OTHER
25 THAN THE DEBTOR, FOR THE COST OF REPAIR OF ANY PHYSICAL INJURY
26 CAUSED BY THE REMOVAL. THE SECURED PARTY NEED NOT REIMBURSE THE
27 ENCUMBRANCER OR OWNER FOR ANY DIMINUTION IN VALUE OF THE REAL

1 PROPERTY CAUSED BY THE ABSENCE OF THE GOODS REMOVED OR BY ANY
2 NECESSITY OF REPLACING THEM. A PERSON ENTITLED TO REIMBURSEMENT
3 MAY REFUSE PERMISSION TO REMOVE UNTIL THE SECURED PARTY GIVES
4 ADEQUATE ASSURANCE FOR THE PERFORMANCE OF THE OBLIGATION TO
5 REIMBURSE.

6 SEC. 9605. A SECURED PARTY DOES NOT OWE A DUTY BASED ON ITS
7 STATUS AS SECURED PARTY TO EITHER OF THE FOLLOWING:

8 (A) TO A PERSON THAT IS A DEBTOR OR OBLIGOR, UNLESS THE
9 SECURED PARTY KNOWS ALL OF THE FOLLOWING:

10 (i) THAT THE PERSON IS A DEBTOR OR OBLIGOR.

11 (ii) THE IDENTITY OF THE PERSON.

12 (iii) HOW TO COMMUNICATE WITH THE PERSON.

13 (B) TO A SECURED PARTY OR LIENHOLDER THAT HAS FILED A
14 FINANCING STATEMENT AGAINST A PERSON, UNLESS THE SECURED PARTY
15 KNOWS BOTH OF THE FOLLOWING:

16 (i) THAT THE PERSON IS A DEBTOR.

17 (ii) THE IDENTITY OF THE PERSON.

18 SEC. 9606. FOR PURPOSES OF THIS PART, A DEFAULT OCCURS IN
19 CONNECTION WITH AN AGRICULTURAL LIEN AT THE TIME THE SECURED
20 PARTY BECOMES ENTITLED TO ENFORCE THE LIEN IN ACCORDANCE WITH THE
21 STATUTE UNDER WHICH IT WAS CREATED.

22 SEC. 9607. (1) IF SO AGREED, AND IN ANY EVENT AFTER
23 DEFAULT, 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.

1 (B) TAKE ANY PROCEEDS TO WHICH THE SECURED PARTY IS ENTITLED
2 UNDER SECTION 9315.

3 (C) ENFORCE THE OBLIGATIONS OF AN ACCOUNT DEBTOR OR OTHER
4 PERSON OBLIGATED ON COLLATERAL AND EXERCISE THE RIGHTS OF THE
5 DEBTOR WITH RESPECT TO THE OBLIGATION OF THE ACCOUNT DEBTOR OR
6 OTHER PERSON OBLIGATED ON COLLATERAL TO MAKE PAYMENT OR OTHERWISE
7 RENDER PERFORMANCE TO THE DEBTOR, AND WITH RESPECT TO ANY PROP-
8 ERTY THAT SECURES THE OBLIGATIONS OF THE ACCOUNT DEBTOR OR OTHER
9 PERSON OBLIGATED ON THE COLLATERAL.

10 (D) IF IT HOLDS A SECURITY INTEREST IN A DEPOSIT ACCOUNT
11 PERFECTED BY CONTROL UNDER SECTION 9104(1)(A), APPLY THE BALANCE
12 OF THE DEPOSIT ACCOUNT TO THE OBLIGATION SECURED BY THE DEPOSIT
13 ACCOUNT.

14 (E) IF IT HOLDS A SECURITY INTEREST IN A DEPOSIT ACCOUNT
15 PERFECTED BY CONTROL UNDER SECTION 9104(1)(B) OR (C), INSTRUCT
16 THE BANK TO PAY THE BALANCE OF THE DEPOSIT ACCOUNT TO OR FOR THE
17 BENEFIT OF THE SECURED PARTY.

18 (2) IF NECESSARY TO ENABLE A SECURED PARTY TO EXERCISE UNDER
19 SUBSECTION (1)(C) THE RIGHT OF A DEBTOR TO ENFORCE A MORTGAGE
20 NONJUDICIALLY, THE SECURED PARTY MAY RECORD BOTH OF THE FOLLOWING
21 IN THE OFFICE IN WHICH A RECORD OF THE MORTGAGE IS RECORDED:

22 (A) A COPY OF THE SECURITY AGREEMENT THAT CREATES OR PRO-
23 VIDES FOR A SECURITY INTEREST IN THE OBLIGATION SECURED BY THE
24 MORTGAGE.

25 (B) THE SECURED PARTY'S SWORN AFFIDAVIT IN RECORDABLE FORM
26 STATING THAT A DEFAULT HAS OCCURRED AND THE SECURED PARTY IS
27 ENTITLED TO ENFORCE THE MORTGAGE NONJUDICIALLY.

1 (3) A SECURED PARTY SHALL PROCEED IN A COMMERCIALY
2 REASONABLE MANNER IF THE SECURED PARTY MEETS BOTH OF THE
3 FOLLOWING:

4 (A) UNDERTAKES TO COLLECT FROM OR ENFORCE AN OBLIGATION OF
5 AN ACCOUNT DEBTOR OR OTHER PERSON OBLIGATED ON COLLATERAL.

6 (B) IS ENTITLED TO CHARGE BACK UNCOLLECTED COLLATERAL OR
7 OTHERWISE TO FULL OR LIMITED RECOURSE AGAINST THE DEBTOR OR A
8 SECONDARY OBLIGOR.

9 (4) A SECURED PARTY MAY DEDUCT FROM THE COLLECTIONS MADE
10 PURSUANT TO SUBSECTION (3) REASONABLE EXPENSES OF COLLECTION AND
11 ENFORCEMENT, INCLUDING REASONABLE ATTORNEY FEES AND LEGAL
12 EXPENSES INCURRED BY THE SECURED PARTY.

13 (5) THIS SECTION DOES NOT DETERMINE WHETHER AN ACCOUNT
14 DEBTOR, BANK, OR OTHER PERSON OBLIGATED ON COLLATERAL OWES A DUTY
15 TO A SECURED PARTY.

16 SEC. 9608. (1) IF A SECURITY INTEREST OR AGRICULTURAL LIEN
17 SECURES PAYMENT OR PERFORMANCE OF AN OBLIGATION, THE FOLLOWING
18 RULES APPLY:

19 (A) A SECURED PARTY SHALL APPLY OR PAY OVER FOR APPLICATION
20 THE CASH PROCEEDS OF COLLECTION OR ENFORCEMENT UNDER THIS SECTION
21 IN THE FOLLOWING ORDER TO:

22 (i) THE REASONABLE EXPENSES OF COLLECTION AND ENFORCEMENT
23 AND, TO THE EXTENT PROVIDED FOR BY AGREEMENT AND NOT PROHIBITED
24 BY LAW, REASONABLE ATTORNEY FEES AND LEGAL EXPENSES INCURRED BY
25 THE SECURED PARTY.

1 (ii) THE SATISFACTION OF OBLIGATIONS SECURED BY THE SECURITY
2 INTEREST OR AGRICULTURAL LIEN UNDER WHICH THE COLLECTION OR
3 ENFORCEMENT IS MADE.

4 (iii) THE SATISFACTION OF OBLIGATIONS SECURED BY ANY SUBOR-
5 DINATE SECURITY INTEREST IN OR OTHER LIEN ON THE COLLATERAL
6 SUBJECT TO THE SECURITY INTEREST OR AGRICULTURAL LIEN UNDER WHICH
7 THE COLLECTION OR ENFORCEMENT IS MADE IF THE SECURED PARTY
8 RECEIVES AN AUTHENTICATED DEMAND FOR PROCEEDS BEFORE DISTRIBUTION
9 OF THE PROCEEDS IS COMPLETED.

10 (B) IF REQUESTED BY A SECURED PARTY, A HOLDER OF A SUBORDI-
11 NATE SECURITY INTEREST OR OTHER LIEN SHALL FURNISH REASONABLE
12 PROOF OF THE INTEREST OR LIEN WITHIN A REASONABLE TIME. UNLESS
13 THE HOLDER COMPLIES, THE SECURED PARTY NEED NOT COMPLY WITH THE
14 HOLDER'S DEMAND UNDER SUBDIVISION (A)(iii).

15 (C) A SECURED PARTY NEED NOT APPLY OR PAY OVER FOR APPLICA-
16 TION NONCASH PROCEEDS OF COLLECTION AND ENFORCEMENT UNDER THIS
17 SECTION UNLESS THE FAILURE TO DO SO WOULD BE COMMERCIALY
18 UNREASONABLE. A SECURED PARTY THAT APPLIES OR PAYS OVER FOR
19 APPLICATION NONCASH PROCEEDS SHALL DO SO IN A COMMERCIALY REA-
20 SONABLE MANNER.

21 (D) A SECURED PARTY SHALL ACCOUNT TO AND PAY A DEBTOR FOR
22 ANY SURPLUS, AND THE OBLIGOR IS LIABLE FOR ANY DEFICIENCY.

23 (2) IF THE UNDERLYING TRANSACTION IS A SALE OF ACCOUNTS,
24 CHATTEL PAPER, PAYMENT INTANGIBLES, OR PROMISSORY NOTES, THE
25 DEBTOR IS NOT ENTITLED TO ANY SURPLUS, AND THE OBLIGOR IS NOT
26 LIABLE FOR ANY DEFICIENCY.

1 SEC. 9609. (1) AFTER DEFAULT, A SECURED PARTY MAY DO 1 OR
2 MORE OF THE FOLLOWING:

3 (A) TAKE POSSESSION OF THE COLLATERAL.

4 (B) WITHOUT REMOVAL, RENDER EQUIPMENT UNUSABLE AND DISPOSE
5 OF COLLATERAL ON A DEBTOR'S PREMISES UNDER SECTION 9610.

6 (2) A SECURED PARTY MAY PROCEED UNDER SUBSECTION (1) EITHER
7 PURSUANT TO JUDICIAL PROCESS, OR WITHOUT JUDICIAL PROCESS IF IT
8 PROCEEDS WITHOUT BREACH OF THE PEACE.

9 (3) IF SO AGREED, AND IN ANY EVENT AFTER DEFAULT, A SECURED
10 PARTY MAY REQUIRE THE DEBTOR TO ASSEMBLE THE COLLATERAL AND MAKE
11 IT AVAILABLE TO THE SECURED PARTY AT A PLACE TO BE DESIGNATED BY
12 THE SECURED PARTY THAT IS REASONABLY CONVENIENT TO BOTH PARTIES.

13 SEC. 9610. (1) AFTER DEFAULT, A SECURED PARTY MAY SELL,
14 LEASE, LICENSE, OR OTHERWISE DISPOSE OF ANY OR ALL OF THE COLLAT-
15 ERAL IN ITS PRESENT CONDITION OR FOLLOWING ANY COMMERCIALY REA-
16 SONABLE PREPARATION OR PROCESSING.

17 (2) EVERY ASPECT OF A DISPOSITION OF COLLATERAL, INCLUDING
18 THE METHOD, MANNER, TIME, PLACE, AND OTHER TERMS, MUST BE COMMER-
19 CIALY REASONABLE. IF COMMERCIALY REASONABLE, A SECURED PARTY
20 MAY DISPOSE OF COLLATERAL BY PUBLIC OR PRIVATE PROCEEDINGS, BY 1
21 OR MORE CONTRACTS, AS A UNIT OR IN PARCELS, AND AT ANY TIME AND
22 PLACE AND ON ANY TERMS.

23 (3) A SECURED PARTY MAY PURCHASE COLLATERAL EITHER AT A
24 PUBLIC DISPOSITION, OR AT A PRIVATE DISPOSITION ONLY IF THE COL-
25 LATERAL IS OF A KIND THAT IS CUSTOMARILY SOLD ON A RECOGNIZED
26 MARKET OR THE SUBJECT OF WIDELY DISTRIBUTED STANDARD PRICE
27 QUOTATIONS.

1 (4) A CONTRACT FOR SALE, LEASE, LICENSE, OR OTHER
2 DISPOSITION INCLUDES THE WARRANTIES RELATING TO TITLE, POSSES-
3 SION, QUIET ENJOYMENT, AND THE LIKE WHICH BY OPERATION OF LAW
4 ACCOMPANY A VOLUNTARY DISPOSITION OF PROPERTY OF THE KIND SUBJECT
5 TO THE CONTRACT.

6 (5) A SECURED PARTY MAY DISCLAIM OR MODIFY WARRANTIES UNDER
7 SUBSECTION (4) EITHER IN A MANNER THAT WOULD BE EFFECTIVE TO DIS-
8 CLAIM OR MODIFY THE WARRANTIES IN A VOLUNTARY DISPOSITION OF
9 PROPERTY OF THE KIND SUBJECT TO THE CONTRACT OF DISPOSITION, OR
10 BY COMMUNICATING TO THE PURCHASER A RECORD EVIDENCING THE CON-
11 TRACT FOR DISPOSITION AND INCLUDING AN EXPRESS DISCLAIMER OR MOD-
12 IFICATION OF THE WARRANTIES.

13 (6) A RECORD IS SUFFICIENT TO DISCLAIM WARRANTIES UNDER SUB-
14 SECTION (5) IF IT INDICATES "THERE IS NO WARRANTY RELATING TO
15 TITLE, POSSESSION, QUIET ENJOYMENT, OR THE LIKE IN THIS
16 DISPOSITION" OR USES WORDS OF SIMILAR IMPORT.

17 SEC. 9611. (1) AS USED IN THIS SECTION, "NOTIFICATION DATE"
18 MEANS THE EARLIER OF THE DATE ON WHICH 1 OF THE FOLLOWING
19 OCCURS:

20 (A) A SECURED PARTY SENDS TO THE DEBTOR AND ANY SECONDARY
21 OBLIGOR AN AUTHENTICATED NOTIFICATION OF DISPOSITION.

22 (B) THE DEBTOR AND ANY SECONDARY OBLIGOR WAIVE THE RIGHT TO
23 NOTIFICATION.

24 (2) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (4), A
25 SECURED PARTY THAT DISPOSES OF COLLATERAL UNDER SECTION 9610
26 SHALL SEND TO THE PERSONS SPECIFIED IN SUBSECTION (3) A
27 REASONABLE AUTHENTICATED NOTIFICATION OF DISPOSITION.

1 (3) TO COMPLY WITH SUBSECTION (2), THE SECURED PARTY SHALL
2 SEND AN AUTHENTICATED NOTIFICATION OF DISPOSITION TO ALL OF THE
3 FOLLOWING:

4 (A) THE DEBTOR.

5 (B) ANY SECONDARY OBLIGOR.

6 (C) IF THE COLLATERAL IS OTHER THAN CONSUMER GOODS, ALL OF
7 THE FOLLOWING, AS APPLICABLE:

8 (i) ANY OTHER PERSON FROM WHICH THE SECURED PARTY HAS
9 RECEIVED, BEFORE THE NOTIFICATION DATE, AN AUTHENTICATED NOTIFI-
10 CATION OF A CLAIM OF AN INTEREST IN THE COLLATERAL.

11 (ii) ANY OTHER SECURED PARTY OR LIENHOLDER THAT, 10 DAYS
12 BEFORE THE NOTIFICATION DATE, HELD A SECURITY INTEREST IN OR
13 OTHER LIEN ON THE COLLATERAL PERFECTED BY THE FILING OF A FINANC-
14 ING STATEMENT THAT IDENTIFIED THE COLLATERAL, WAS INDEXED UNDER
15 THE DEBTOR'S NAME AS OF THAT DATE, AND WAS FILED IN THE OFFICE IN
16 WHICH TO FILE A FINANCING STATEMENT AGAINST THE DEBTOR COVERING
17 THE COLLATERAL AS OF THAT DATE.

18 (iii) ANY OTHER SECURED PARTY THAT, 10 DAYS BEFORE THE NOTI-
19 FICATION DATE, HELD A SECURITY INTEREST IN THE COLLATERAL PERFEC-
20 TED BY COMPLIANCE WITH A STATUTE, REGULATION, OR TREATY DESCRIBED
21 IN SECTION 9311(1).

22 (4) SUBSECTION (2) DOES NOT APPLY IF THE COLLATERAL IS PER-
23 ISHABLE OR THREATENS TO DECLINE SPEEDILY IN VALUE OR IS OF A TYPE
24 CUSTOMARILY SOLD ON A RECOGNIZED MARKET.

25 (5) A SECURED PARTY COMPLIES WITH THE REQUIREMENT FOR NOTI-
26 FICATION PRESCRIBED BY SUBSECTION (3)(C)(ii) IF THE SECURED PARTY
27 DOES BOTH OF THE FOLLOWING:

1 (A) NOT LATER THAN 20 DAYS OR EARLIER THAN 30 DAYS BEFORE
2 THE NOTIFICATION DATE, THE SECURED PARTY REQUESTS, IN A COMMER-
3 CIALY REASONABLE MANNER, INFORMATION CONCERNING FINANCING STATE-
4 MENTS INDEXED UNDER THE DEBTOR'S NAME IN THE OFFICE INDICATED IN
5 SUBSECTION (3)(C)(ii).

6 (B) BEFORE THE NOTIFICATION DATE, 1 OF THE FOLLOWING
7 APPLIES:

8 (i) THE SECURED PARTY DID NOT RECEIVE A RESPONSE TO THE
9 REQUEST FOR INFORMATION.

10 (ii) THE SECURED PARTY RECEIVED A RESPONSE TO THE REQUEST
11 FOR INFORMATION AND SENT AN AUTHENTICATED NOTIFICATION OF DISPO-
12 SITION TO EACH SECURED PARTY OR OTHER LIENHOLDER NAMED IN THAT
13 RESPONSE WHOSE FINANCING STATEMENT COVERED THE COLLATERAL.

14 SEC. 9612. (1) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION
15 (2), WHETHER A NOTIFICATION IS SENT WITHIN A REASONABLE TIME IS A
16 QUESTION OF FACT.

17 (2) IN A TRANSACTION OTHER THAN A CONSUMER TRANSACTION, A
18 NOTIFICATION OF DISPOSITION SENT AFTER DEFAULT AND 10 DAYS OR
19 MORE BEFORE THE EARLIEST TIME OF DISPOSITION SET FORTH IN THE
20 NOTIFICATION IS SENT WITHIN A REASONABLE TIME BEFORE THE
21 DISPOSITION.

22 SEC. 9613. EXCEPT IN A CONSUMER-GOODS TRANSACTION, THE FOL-
23 LOWING RULES APPLY:

24 (A) THE CONTENTS OF A NOTIFICATION OF DISPOSITION ARE SUFFI-
25 CIENT IF THE NOTIFICATION DOES ALL OF THE FOLLOWING:

26 (i) DESCRIBES THE DEBTOR AND THE SECURED PARTY.

1 (ii) DESCRIBES THE COLLATERAL THAT IS THE SUBJECT OF THE
2 INTENDED DISPOSITION.

3 (iii) STATES THE METHOD OF INTENDED DISPOSITION.

4 (iv) STATES THAT THE DEBTOR IS ENTITLED TO AN ACCOUNTING OF
5 THE UNPAID INDEBTEDNESS AND STATES THE CHARGE, IF ANY, FOR AN
6 ACCOUNTING.

7 (v) STATES THE TIME AND PLACE OF A PUBLIC SALE OR THE TIME
8 AFTER WHICH ANY OTHER DISPOSITION IS TO BE MADE.

9 (B) WHETHER THE CONTENTS OF A NOTIFICATION THAT LACKS ANY OF
10 THE INFORMATION SPECIFIED IN SUBDIVISION (A) ARE NEVERTHELESS
11 SUFFICIENT IS A QUESTION OF FACT.

12 (C) THE CONTENTS OF A NOTIFICATION PROVIDING SUBSTANTIALLY
13 THE INFORMATION SPECIFIED IN SUBDIVISION (A) ARE SUFFICIENT, EVEN
14 IF THE NOTIFICATION INCLUDES INFORMATION NOT SPECIFIED BY THAT
15 PARAGRAPH OR MINOR ERRORS THAT ARE NOT SERIOUSLY MISLEADING.

16 (D) A PARTICULAR PHRASING OF THE NOTIFICATION IS NOT
17 REQUIRED.

18 (E) THE FOLLOWING FORM OF NOTIFICATION AND THE FORM APPEAR-
19 ING IN SECTION 9614(C), WHEN COMPLETED, EACH PROVIDES SUFFICIENT
20 INFORMATION:

21 NOTIFICATION OF DISPOSITION OF COLLATERAL

22 TO: [NAME OF DEBTOR, OBLIGOR, OR OTHER PERSON TO
23 WHICH THE NOTIFICATION IS SENT]
24 FROM: [NAME, ADDRESS, AND TELEPHONE NUMBER OF
25 SECURED PARTY]
26 NAME OF DEBTOR(S): [INCLUDE ONLY IF DEBTOR(S) ARE NOT AN
27 ADDRESSEE]
28 [FOR A PUBLIC DISPOSITION:]

1 WE WILL SELL [OR LEASE OR LICENSE, AS APPLICABLE] THE
 2 [DESCRIBE COLLATERAL] [TO THE HIGHEST QUALIFIED BIDDER] IN PUBLIC
 3 AS FOLLOWS:

4 DAY AND DATE: _____

5 TIME: _____

6 PLACE: _____

7 [FOR A PRIVATE DISPOSITION:]

8 WE WILL SELL [OR LEASE OR LICENSE, AS APPLICABLE] THE
 9 [DESCRIBE COLLATERAL] PRIVATELY SOMETIME AFTER [DAY AND DATE].

10 YOU ARE ENTITLED TO AN ACCOUNTING OF THE UNPAID INDEBTEDNESS
 11 SECURED BY THE PROPERTY THAT WE INTEND TO SELL [OR LEASE OR
 12 LICENSE, AS APPLICABLE] [FOR A CHARGE OF \$_____]. YOU
 13 MAY REQUEST AN ACCOUNTING BY CALLING US AT [TELEPHONE NUMBER].

14 [END OF FORM]

15 SEC. 9614. IN A CONSUMER-GOODS TRANSACTION, THE FOLLOWING
 16 RULES APPLY:

17 (A) A NOTIFICATION OF DISPOSITION MUST PROVIDE ALL OF THE
 18 FOLLOWING INFORMATION:

19 (i) THE INFORMATION SPECIFIED IN SECTION 9613(A).

20 (ii) A DESCRIPTION OF ANY LIABILITY FOR A DEFICIENCY OF THE
 21 PERSON TO WHICH THE NOTIFICATION IS SENT.

22 (iii) A TELEPHONE NUMBER FROM WHICH THE AMOUNT THAT MUST BE
 23 PAID TO THE SECURED PARTY TO REDEEM THE COLLATERAL UNDER SECTION
 24 9623 IS AVAILABLE.

25 (iv) A TELEPHONE NUMBER OR MAILING ADDRESS FROM WHICH ADDI-
 26 TIONAL INFORMATION CONCERNING THE DISPOSITION AND THE OBLIGATION
 27 SECURED IS AVAILABLE.

1 (B) A PARTICULAR PHRASING OF THE NOTIFICATION IS NOT
2 REQUIRED.

3 (C) THE FOLLOWING FORM OF NOTIFICATION, WHEN COMPLETED, PRO-
4 VIDES SUFFICIENT INFORMATION:

5 [NAME AND ADDRESS OF SECURED PARTY]

6 [DATE]

7 NOTICE OF OUR PLAN TO SELL PROPERTY

8 [NAME AND ADDRESS OF ANY OBLIGOR WHO IS ALSO A DEBTOR]

9 SUBJECT: [IDENTIFICATION OF TRANSACTION]

10 WE HAVE YOUR [DESCRIBE COLLATERAL], BECAUSE YOU BROKE PROM-
11 ISES IN OUR AGREEMENT.

12 [FOR A PUBLIC DISPOSITION:]

13 WE WILL SELL [DESCRIBE COLLATERAL] AT PUBLIC SALE. A SALE
14 COULD INCLUDE A LEASE OR LICENSE. THE SALE WILL BE HELD AS
15 FOLLOWS:

16 DATE: _____

17 TIME: _____

18 PLACE: _____

19 YOU MAY ATTEND THE SALE AND BRING BIDDERS IF YOU WANT.

20 [FOR A PRIVATE DISPOSITION:]

21 WE WILL SELL [DESCRIBE COLLATERAL] AT PRIVATE SALE SOMETIME
22 AFTER [DATE]. A SALE COULD INCLUDE A LEASE OR LICENSE.

23 THE MONEY THAT WE GET FROM THE SALE (AFTER PAYING OUR COSTS)
24 WILL REDUCE THE AMOUNT YOU OWE. IF WE GET LESS MONEY THAN YOU
25 OWE, YOU [WILL OR WILL NOT, AS APPLICABLE] STILL OWE US THE
26 DIFFERENCE. IF WE GET MORE MONEY THAN YOU OWE, YOU WILL GET THE
27 EXTRA MONEY, UNLESS WE MUST PAY IT TO SOMEONE ELSE.

1 YOU CAN GET THE PROPERTY BACK AT ANY TIME BEFORE WE SELL IT
2 BY PAYING US THE FULL AMOUNT YOU OWE (NOT JUST THE PAST DUE
3 PAYMENTS), INCLUDING OUR EXPENSES. TO LEARN THE EXACT AMOUNT YOU
4 MUST PAY, CALL US AT [TELEPHONE NUMBER].

5 IF YOU WANT US TO EXPLAIN TO YOU IN WRITING HOW WE HAVE FIG-
6 URED THE AMOUNT THAT YOU OWE US, YOU MAY CALL US AT [TELEPHONE
7 NUMBER] [OR WRITE US AT [SECURED PARTY'S ADDRESS]] AND REQUEST A
8 WRITTEN EXPLANATION. [WE WILL CHARGE YOU \$_____ FOR
9 THE EXPLANATION IF WE SENT YOU ANOTHER WRITTEN EXPLANATION OF THE
10 AMOUNT YOU OWE US WITHIN THE LAST 6 MONTHS.]

11 IF YOU NEED MORE INFORMATION ABOUT THE SALE, CALL US AT
12 [TELEPHONE NUMBER] [OR WRITE US AT [SECURED PARTY'S ADDRESS]].

13 WE ARE SENDING THIS NOTICE TO THE FOLLOWING OTHER PEOPLE WHO
14 HAVE AN INTEREST IN [DESCRIBE COLLATERAL] OR WHO OWE MONEY UNDER
15 YOUR AGREEMENT: [NAMES OF ALL OTHER DEBTORS AND OBLIGORS, IF
16 ANY].

17 [END OF FORM]

18 (D) A NOTIFICATION IN THE FORM OF SUBDIVISION (C) IS SUFFI-
19 CIENT, EVEN IF ADDITIONAL INFORMATION APPEARS AT THE END OF THE
20 FORM.

21 (E) A NOTIFICATION IN THE FORM OF SUBDIVISION (C) IS SUFFI-
22 CIENT, EVEN IF IT INCLUDES ERRORS IN INFORMATION NOT REQUIRED BY
23 SUBDIVISION (A), UNLESS THE ERROR IS MISLEADING WITH RESPECT TO
24 RIGHTS ARISING UNDER THIS ARTICLE.

25 (F) IF A NOTIFICATION UNDER THIS SECTION IS NOT IN THE FORM
26 OF SUBDIVISION (C), LAW OTHER THAN THIS ARTICLE DETERMINES THE
27 EFFECT OF INCLUDING INFORMATION NOT REQUIRED BY SUBDIVISION (A).

1 SEC. 9615. (1) A SECURED PARTY SHALL APPLY OR PAY OVER FOR
2 APPLICATION THE CASH PROCEEDS OF DISPOSITION IN THE FOLLOWING
3 ORDER:

4 (A) TO THE REASONABLE EXPENSES OF RETAKING, HOLDING, PREPAR-
5 ING FOR DISPOSITION, PROCESSING, AND DISPOSING, AND, TO THE
6 EXTENT PROVIDED FOR BY AGREEMENT AND NOT PROHIBITED BY LAW, REA-
7 SONABLE ATTORNEY FEES AND LEGAL EXPENSES INCURRED BY THE SECURED
8 PARTY.

9 (B) TO THE SATISFACTION OF OBLIGATIONS SECURED BY THE SECUR-
10 ITY INTEREST OR AGRICULTURAL LIEN UNDER WHICH THE DISPOSITION IS
11 MADE.

12 (C) TO THE SATISFACTION OF OBLIGATIONS SECURED BY ANY SUBOR-
13 DINATE SECURITY INTEREST IN OR OTHER SUBORDINATE LIEN ON THE COL-
14 LATERAL IF BOTH OF THE FOLLOWING, IF APPLICABLE, ARE MET:

15 (i) THE SECURED PARTY RECEIVES FROM THE HOLDER OF THE SUBOR-
16 DINATE SECURITY INTEREST OR OTHER LIEN AN AUTHENTICATED DEMAND
17 FOR PROCEEDS BEFORE DISTRIBUTION OF THE PROCEEDS IS COMPLETED.

18 (ii) IN A CASE IN WHICH A CONSIGNOR HAS AN INTEREST IN THE
19 COLLATERAL, THE SUBORDINATE SECURITY INTEREST OR OTHER LIEN IS
20 SENIOR TO THE INTEREST OF THE CONSIGNOR.

21 (D) TO A SECURED PARTY THAT IS A CONSIGNOR OF THE COLLATERAL
22 IF THE SECURED PARTY RECEIVES FROM THE CONSIGNOR AN AUTHENTICATED
23 DEMAND FOR PROCEEDS BEFORE DISTRIBUTION OF THE PROCEEDS IS
24 COMPLETED.

25 (2) IF REQUESTED BY A SECURED PARTY, A HOLDER OF A SUBORDI-
26 NATE SECURITY INTEREST OR OTHER LIEN SHALL FURNISH REASONABLE
27 PROOF OF THE INTEREST OR LIEN WITHIN A REASONABLE TIME. UNLESS

1 THE HOLDER DOES SO, THE SECURED PARTY NEED NOT COMPLY WITH THE
2 HOLDER'S DEMAND UNDER SUBSECTION (1)(C).

3 (3) A SECURED PARTY NEED NOT APPLY OR PAY OVER FOR APPLICA-
4 TION NONCASH PROCEEDS OF DISPOSITION UNDER THIS SECTION UNLESS
5 THE FAILURE TO DO SO WOULD BE COMMERCIALY UNREASONABLE. A
6 SECURED PARTY THAT APPLIES OR PAYS OVER FOR APPLICATION NONCASH
7 PROCEEDS SHALL DO SO IN A COMMERCIALY REASONABLE MANNER.

8 (4) IF THE SECURITY INTEREST UNDER WHICH A DISPOSITION IS
9 MADE SECURES PAYMENT OR PERFORMANCE OF AN OBLIGATION, AFTER
10 MAKING THE PAYMENTS AND APPLICATIONS REQUIRED BY SUBSECTION (1)
11 AND PERMITTED BY SUBSECTION (3), BOTH OF THE FOLLOWING APPLY:

12 (A) UNLESS SUBSECTION (1)(D) REQUIRES THE SECURED PARTY TO
13 APPLY OR PAY OVER CASH PROCEEDS TO A CONSIGNOR, THE SECURED PARTY
14 SHALL ACCOUNT TO AND PAY A DEBTOR FOR ANY SURPLUS.

15 (B) THE OBLIGOR IS LIABLE FOR ANY DEFICIENCY.

16 (5) IF THE UNDERLYING TRANSACTION IS A SALE OF ACCOUNTS,
17 CHATTEL PAPER, PAYMENT INTANGIBLES, OR PROMISSORY NOTES, THE
18 DEBTOR IS NOT ENTITLED TO ANY SURPLUS, AND THE OBLIGOR IS NOT
19 LIABLE FOR ANY DEFICIENCY.

20 (6) THE SURPLUS OR DEFICIENCY FOLLOWING A DISPOSITION IS
21 CALCULATED BASED ON THE AMOUNT OF PROCEEDS THAT WOULD HAVE BEEN
22 REALIZED IN A DISPOSITION COMPLYING WITH THIS PART TO A TRANS-
23 Feree OTHER THAN THE SECURED PARTY, A PERSON RELATED TO THE
24 SECURED PARTY, OR A SECONDARY OBLIGOR IF BOTH OF THE FOLLOWING
25 APPLY:

26 (A) THE TRANSFeree IN THE DISPOSITION IS THE SECURED PARTY,
27 A PERSON RELATED TO THE SECURED PARTY, OR A SECONDARY OBLIGOR.

1 (B) THE AMOUNT OF PROCEEDS OF THE DISPOSITION IS
2 SIGNIFICANTLY BELOW THE RANGE OF PROCEEDS THAT A COMPLYING DISPO-
3 SITION TO A PERSON OTHER THAN THE SECURED PARTY, A PERSON RELATED
4 TO THE SECURED PARTY, OR A SECONDARY OBLIGOR WOULD HAVE BROUGHT.

5 (7) ALL OF THE FOLLOWING APPLY TO A SECURED PARTY THAT
6 RECEIVES CASH PROCEEDS OF A DISPOSITION IN GOOD FAITH AND WITHOUT
7 KNOWLEDGE THAT THE RECEIPT VIOLATES THE RIGHTS OF THE HOLDER OF A
8 SECURITY INTEREST OR OTHER LIEN THAT IS NOT SUBORDINATE TO THE
9 SECURITY INTEREST OR AGRICULTURAL LIEN UNDER WHICH THE DISPOSI-
10 TION IS MADE:

11 (A) THE SECURED PARTY TAKES THE CASH PROCEEDS FREE OF THE
12 SECURITY INTEREST OR OTHER LIEN.

13 (B) THE SECURED PARTY IS NOT OBLIGATED TO APPLY THE PROCEEDS
14 OF THE DISPOSITION TO THE SATISFACTION OF OBLIGATIONS SECURED BY
15 THE SECURITY INTEREST OR OTHER LIEN.

16 (C) THE SECURED PARTY IS NOT OBLIGATED TO ACCOUNT TO OR PAY
17 THE HOLDER OF THE SECURITY INTEREST OR OTHER LIEN FOR ANY
18 SURPLUS.

19 SEC. 9616. (1) AS USED IN THIS SECTION:

20 (A) "EXPLANATION" MEANS A WRITING THAT DOES ALL OF THE
21 FOLLOWING:

22 (i) STATES THE AMOUNT OF THE SURPLUS OR DEFICIENCY.

23 (ii) PROVIDES AN EXPLANATION IN ACCORDANCE WITH SUBSECTION
24 (3) OF HOW THE SECURED PARTY CALCULATED THE SURPLUS OR
25 DEFICIENCY.

26 (iii) STATES, IF APPLICABLE, THAT FUTURE DEBITS, CREDITS,
27 CHARGES, INCLUDING ADDITIONAL CREDIT SERVICE CHARGES OR INTEREST,

1 REBATES, AND EXPENSES MAY AFFECT THE AMOUNT OF THE SURPLUS OR
2 DEFICIENCY.

3 (iv) PROVIDES A TELEPHONE NUMBER OR MAILING ADDRESS FROM
4 WHICH ADDITIONAL INFORMATION CONCERNING THE TRANSACTION IS
5 AVAILABLE.

6 (B) "REQUEST" MEANS A RECORD THAT MEETS ALL OF THE
7 FOLLOWING:

8 (i) AUTHENTICATED BY A DEBTOR OR CONSUMER OBLIGOR.

9 (ii) REQUESTING THAT THE RECIPIENT PROVIDE AN EXPLANATION.

10 (iii) SENT AFTER DISPOSITION OF THE COLLATERAL UNDER SECTION
11 9610.

12 (2) IN A CONSUMER-GOODS TRANSACTION IN WHICH THE DEBTOR IS
13 ENTITLED TO A SURPLUS OR A CONSUMER OBLIGOR IS LIABLE FOR A DEFICI-
14 CIENCY UNDER SECTION 9615, THE SECURED PARTY SHALL DO BOTH OF THE
15 FOLLOWING:

16 (A) SEND AN EXPLANATION TO THE DEBTOR OR CONSUMER OBLIGOR,
17 AS APPLICABLE, AFTER THE DISPOSITION AND IN ACCORDANCE WITH BOTH
18 OF THE FOLLOWING:

19 (i) SENT BEFORE OR WHEN THE SECURED PARTY ACCOUNTS TO THE
20 DEBTOR AND PAYS ANY SURPLUS OR FIRST MAKES WRITTEN DEMAND ON THE
21 CONSUMER OBLIGOR AFTER THE DISPOSITION FOR PAYMENT OF THE
22 DEFICIENCY.

23 (ii) SENT WITHIN 14 DAYS AFTER RECEIPT OF A REQUEST.

24 (B) IN THE CASE OF A CONSUMER OBLIGOR WHO IS LIABLE FOR A
25 DEFICIENCY, WITHIN 14 DAYS AFTER RECEIPT OF A REQUEST, SEND TO
26 THE CONSUMER OBLIGOR A RECORD WAIVING THE SECURED PARTY'S RIGHT
27 TO A DEFICIENCY.

1 (3) TO COMPLY WITH SUBSECTION (1)(A)(ii), A WRITING MUST
2 PROVIDE THE FOLLOWING INFORMATION IN THE FOLLOWING ORDER:

3 (A) THE AGGREGATE AMOUNT OF OBLIGATIONS SECURED BY THE
4 SECURITY INTEREST UNDER WHICH THE DISPOSITION WAS MADE, AND, IF
5 THE AMOUNT REFLECTS A REBATE OF UNEARNED INTEREST OR CREDIT SERV-
6 ICE CHARGE, AN INDICATION OF THAT FACT, CALCULATED AS OF A SPECI-
7 FIED DATE, THAT IS 1 OF THE FOLLOWING:

8 (i) IF THE SECURED PARTY TAKES OR RECEIVES POSSESSION OF THE
9 COLLATERAL AFTER DEFAULT, NOT MORE THAN 35 DAYS BEFORE THE
10 SECURED PARTY TAKES OR RECEIVES POSSESSION.

11 (ii) IF THE SECURED PARTY TAKES OR RECEIVES POSSESSION OF
12 THE COLLATERAL BEFORE DEFAULT OR DOES NOT TAKE POSSESSION OF THE
13 COLLATERAL, NOT MORE THAN 35 DAYS BEFORE THE DISPOSITION.

14 (B) THE AMOUNT OF PROCEEDS OF THE DISPOSITION.

15 (C) THE AGGREGATE AMOUNT OF THE OBLIGATIONS AFTER DEDUCTING
16 THE AMOUNT OF PROCEEDS.

17 (D) THE AMOUNT, IN THE AGGREGATE OR BY TYPE, AND TYPES OF
18 EXPENSES, INCLUDING EXPENSES OF RETAKING, HOLDING, PREPARING FOR
19 DISPOSITION, PROCESSING, AND DISPOSING OF THE COLLATERAL, AND
20 ATTORNEY FEES SECURED BY THE COLLATERAL THAT ARE KNOWN TO THE
21 SECURED PARTY AND RELATE TO THE CURRENT DISPOSITION.

22 (E) THE AMOUNT, IN THE AGGREGATE OR BY TYPE, AND TYPES OF
23 CREDITS, INCLUDING REBATES OF INTEREST OR CREDIT SERVICE CHARGES,
24 TO WHICH THE OBLIGOR IS KNOWN TO BE ENTITLED AND THAT ARE NOT
25 REFLECTED IN THE AMOUNT IN SUBDIVISION (A).

26 (F) THE AMOUNT OF THE SURPLUS OR DEFICIENCY.

1 (4) A PARTICULAR PHRASING OF THE EXPLANATION IS NOT
2 REQUIRED. AN EXPLANATION COMPLYING SUBSTANTIALLY WITH THE
3 REQUIREMENTS OF SUBSECTION (1) IS SUFFICIENT, EVEN IF IT INCLUDES
4 MINOR ERRORS THAT ARE NOT SERIOUSLY MISLEADING.

5 (5) A DEBTOR OR CONSUMER OBLIGOR IS ENTITLED WITHOUT CHARGE
6 TO 1 RESPONSE TO A REQUEST UNDER THIS SECTION DURING ANY 6-MONTH
7 PERIOD IN WHICH THE SECURED PARTY DID NOT SEND TO THE DEBTOR OR
8 CONSUMER OBLIGOR AN EXPLANATION PURSUANT TO SUBSECTION (2)(A).
9 THE SECURED PARTY MAY REQUIRE PAYMENT OF A CHARGE NOT EXCEEDING
10 \$25.00 FOR EACH ADDITIONAL RESPONSE.

11 SEC. 9617. (1) A SECURED PARTY'S DISPOSITION OF COLLATERAL
12 AFTER DEFAULT DOES ALL OF THE FOLLOWING:

13 (A) TRANSFERS TO A TRANSFEREE FOR VALUE ALL OF THE DEBTOR'S
14 RIGHTS IN THE COLLATERAL.

15 (B) DISCHARGES THE SECURITY INTEREST UNDER WHICH THE DISPO-
16 SITION IS MADE.

17 (C) DISCHARGES ANY SUBORDINATE SECURITY INTEREST OR OTHER
18 SUBORDINATE LIEN.

19 (2) A TRANSFEREE THAT ACTS IN GOOD FAITH TAKES FREE OF THE
20 RIGHTS AND INTERESTS DESCRIBED IN SUBSECTION (1), EVEN IF THE
21 SECURED PARTY FAILS TO COMPLY WITH THIS ARTICLE OR THE REQUIRE-
22 MENTS OF ANY JUDICIAL PROCEEDING.

23 (3) IF A TRANSFEREE DOES NOT TAKE FREE OF THE RIGHTS AND
24 INTERESTS DESCRIBED IN SUBSECTION (1), THE TRANSFEREE TAKES THE
25 COLLATERAL SUBJECT TO ALL OF THE FOLLOWING:

26 (A) THE DEBTOR'S RIGHTS IN THE COLLATERAL.

1 (B) THE SECURITY INTEREST OR AGRICULTURAL LIEN UNDER WHICH
2 THE DISPOSITION IS MADE.

3 (C) ANY OTHER SECURITY INTEREST OR OTHER LIEN.

4 SEC. 9618. (1) A SECONDARY OBLIGOR ACQUIRES THE RIGHTS AND
5 BECOMES OBLIGATED TO PERFORM THE DUTIES OF THE SECURED PARTY
6 AFTER ALL OF THE FOLLOWING:

7 (A) THE SECONDARY OBLIGOR RECEIVES AN ASSIGNMENT OF A
8 SECURED OBLIGATION FROM THE SECURED PARTY.

9 (B) THE SECONDARY OBLIGOR RECEIVES A TRANSFER OF COLLATERAL
10 FROM THE SECURED PARTY AND AGREES TO ACCEPT THE RIGHTS AND ASSUME
11 THE DUTIES OF THE SECURED PARTY.

12 (C) THE SECONDARY OBLIGOR IS SUBROGATED TO THE RIGHTS OF A
13 SECURED PARTY WITH RESPECT TO COLLATERAL.

14 (2) AN ASSIGNMENT, TRANSFER, OR SUBROGATION DESCRIBED IN
15 SUBSECTION (1) RESULTS IN BOTH OF THE FOLLOWING:

16 (A) IT IS NOT A DISPOSITION OF COLLATERAL UNDER SECTION
17 9610.

18 (B) IT RELIEVES THE SECURED PARTY OF FURTHER DUTIES UNDER
19 THIS ARTICLE.

20 SEC. 9619. (1) AS USED IN THIS SECTION, "TRANSFER
21 STATEMENT" MEANS A RECORD AUTHENTICATED BY A SECURED PARTY STAT-
22 ING ALL OF THE FOLLOWING:

23 (A) THAT THE DEBTOR HAS DEFAULTED IN CONNECTION WITH AN
24 OBLIGATION SECURED BY SPECIFIED COLLATERAL.

25 (B) THAT THE SECURED PARTY HAS EXERCISED ITS POSTDEFAULT
26 REMEDIES WITH RESPECT TO THE COLLATERAL.

1 (C) THAT, BY REASON OF THE EXERCISE, A TRANSFEREE HAS
2 ACQUIRED THE RIGHTS OF THE DEBTOR IN THE COLLATERAL.

3 (D) THE NAME AND MAILING ADDRESS OF THE SECURED PARTY,
4 DEBTOR, AND TRANSFEREE.

5 (2) A TRANSFER STATEMENT ENTITLES THE TRANSFEREE TO THE
6 TRANSFER OF RECORD OF ALL RIGHTS OF THE DEBTOR IN THE COLLATERAL
7 SPECIFIED IN THE STATEMENT IN ANY OFFICIAL FILING, RECORDING,
8 REGISTRATION, OR CERTIFICATE-OF-TITLE SYSTEM COVERING THE
9 COLLATERAL. IF A TRANSFER STATEMENT IS PRESENTED WITH THE APPLI-
10 CABLE FEE AND REQUEST FORM TO THE OFFICIAL OR OFFICE RESPONSIBLE
11 FOR MAINTAINING THE SYSTEM, THE OFFICIAL OR OFFICE SHALL DO ALL
12 OF THE FOLLOWING:

13 (A) ACCEPT THE TRANSFER STATEMENT.

14 (B) PROMPTLY AMEND ITS RECORDS TO REFLECT THE TRANSFER.

15 (C) IF APPLICABLE, ISSUE A NEW APPROPRIATE CERTIFICATE OF
16 TITLE IN THE NAME OF THE TRANSFEREE.

17 (3) A TRANSFER OF THE RECORD OR LEGAL TITLE TO COLLATERAL TO
18 A SECURED PARTY UNDER SUBSECTION (2) OR OTHERWISE IS NOT OF
19 ITSELF A DISPOSITION OF COLLATERAL UNDER THIS ARTICLE AND DOES
20 NOT OF ITSELF RELIEVE THE SECURED PARTY OF ITS DUTIES UNDER THIS
21 ARTICLE.

22 SEC. 9620. (1) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION
23 (7), A SECURED PARTY MAY ACCEPT COLLATERAL IN FULL OR PARTIAL
24 SATISFACTION OF THE OBLIGATION IT SECURES ONLY IF ALL OF THE FOL-
25 LOWING ARE MET:

26 (A) THE DEBTOR CONSENTS TO THE ACCEPTANCE UNDER SUBSECTION
27 (3).

1 (B) THE SECURED PARTY DOES NOT RECEIVE, WITHIN THE TIME SET
2 FORTH IN SUBSECTION (4), A NOTIFICATION OF OBJECTION TO THE PRO-
3 POSAL AUTHENTICATED BY 1 OF THE FOLLOWING:

4 (i) A PERSON TO WHICH THE SECURED PARTY WAS REQUIRED TO SEND
5 A PROPOSAL UNDER SECTION 9621.

6 (ii) ANY OTHER PERSON, OTHER THAN THE DEBTOR, HOLDING AN
7 INTEREST IN THE COLLATERAL SUBORDINATE TO THE SECURITY INTEREST
8 THAT IS THE SUBJECT OF THE PROPOSAL.

9 (C) IF THE COLLATERAL IS CONSUMER GOODS, THE COLLATERAL IS
10 NOT IN THE POSSESSION OF THE DEBTOR WHEN THE DEBTOR CONSENTS TO
11 THE ACCEPTANCE.

12 (D) SUBSECTION (5) DOES NOT REQUIRE THE SECURED PARTY TO
13 DISPOSE OF THE COLLATERAL OR THE DEBTOR WAIVES THE REQUIREMENT
14 PURSUANT TO SECTION 9624.

15 (2) A PURPORTED OR APPARENT ACCEPTANCE OF COLLATERAL UNDER
16 THIS SECTION IS INEFFECTIVE UNLESS BOTH OF THE FOLLOWING OCCUR:

17 (A) THE SECURED PARTY CONSENTS TO THE ACCEPTANCE IN AN
18 AUTHENTICATED RECORD OR SENDS A PROPOSAL TO THE DEBTOR.

19 (B) THE CONDITIONS OF SUBSECTION (1) ARE MET.

20 (3) ALL OF THE FOLLOWING APPLY FOR PURPOSES OF THIS
21 SECTION:

22 (A) A DEBTOR CONSENTS TO AN ACCEPTANCE OF COLLATERAL IN PAR-
23 TIAL SATISFACTION OF THE OBLIGATION IT SECURES ONLY IF THE DEBTOR
24 AGREES TO THE TERMS OF THE ACCEPTANCE IN A RECORD AUTHENTICATED
25 AFTER DEFAULT.

26 (B) A DEBTOR CONSENTS TO AN ACCEPTANCE OF COLLATERAL IN FULL
27 SATISFACTION OF THE OBLIGATION IT SECURES ONLY IF THE DEBTOR

1 AGREES TO THE TERMS OF THE ACCEPTANCE IN A RECORD AUTHENTICATED
2 AFTER DEFAULT OR THE SECURED PARTY MEETS ALL OF THE FOLLOWING
3 REQUIREMENTS:

4 (i) SENDS TO THE DEBTOR AFTER DEFAULT A PROPOSAL THAT IS
5 UNCONDITIONAL OR SUBJECT ONLY TO A CONDITION THAT COLLATERAL NOT
6 IN THE POSSESSION OF THE SECURED PARTY BE PRESERVED OR
7 MAINTAINED.

8 (ii) IN THE PROPOSAL, PROPOSES TO ACCEPT COLLATERAL IN FULL
9 SATISFACTION OF THE OBLIGATION IT SECURES.

10 (iii) DOES NOT RECEIVE A NOTIFICATION OF OBJECTION AUTHENTI-
11 CATED BY THE DEBTOR WITHIN 20 DAYS AFTER THE PROPOSAL IS SENT.

12 (4) TO BE EFFECTIVE UNDER SUBSECTION (1)(B), A NOTIFICATION
13 OF OBJECTION MUST BE RECEIVED BY THE SECURED PARTY WITHIN OR
14 BEFORE 1 OF THE FOLLOWING:

15 (A) IN THE CASE OF A PERSON TO WHICH THE PROPOSAL WAS SENT
16 PURSUANT TO SECTION 9621, WITHIN 20 DAYS AFTER NOTIFICATION WAS
17 SENT TO THAT PERSON.

18 (B) IN OTHER CASES, 1 OF THE FOLLOWING:

19 (i) WITHIN 20 DAYS AFTER THE LAST NOTIFICATION WAS SENT PUR-
20 SUANT TO SECTION 9621.

21 (ii) IF A NOTIFICATION WAS NOT SENT, BEFORE THE DEBTOR CON-
22 SENDS TO THE ACCEPTANCE UNDER SUBSECTION (3).

23 (5) A SECURED PARTY THAT HAS TAKEN POSSESSION OF COLLATERAL
24 SHALL DISPOSE OF THE COLLATERAL PURSUANT TO SECTION 9610 WITHIN
25 THE TIME SPECIFIED IN SUBSECTION (6) IF 1 OF THE FOLLOWING IS
26 MET:

1 (A) SIXTY PERCENT OF THE CASH PRICE HAS BEEN PAID IN THE
2 CASE OF A PURCHASE-MONEY SECURITY INTEREST IN CONSUMER GOODS.

3 (B) SIXTY PERCENT OF THE PRINCIPAL AMOUNT OF THE OBLIGATION
4 SECURED HAS BEEN PAID IN THE CASE OF A NON-PURCHASE-MONEY SECUR-
5 ITY INTEREST IN CONSUMER GOODS.

6 (6) TO COMPLY WITH SUBSECTION (5), THE SECURED PARTY SHALL
7 DISPOSE OF THE COLLATERAL WITHIN 1 OF THE FOLLOWING:

8 (A) WITHIN 90 DAYS AFTER TAKING POSSESSION.

9 (B) WITHIN ANY LONGER PERIOD TO WHICH THE DEBTOR AND ALL
10 SECONDARY OBLIGORS HAVE AGREED IN AN AGREEMENT TO THAT EFFECT
11 ENTERED INTO AND AUTHENTICATED AFTER DEFAULT.

12 (7) IN A CONSUMER TRANSACTION, A SECURED PARTY MAY NOT
13 ACCEPT COLLATERAL IN PARTIAL SATISFACTION OF THE OBLIGATION IT
14 SECURES.

15 SEC. 9621. (1) A SECURED PARTY THAT DESIRES TO ACCEPT COL-
16 LATERAL IN FULL OR PARTIAL SATISFACTION OF THE OBLIGATION IT
17 SECURES SHALL SEND ITS PROPOSAL TO ALL OF THE FOLLOWING:

18 (A) ANY PERSON FROM WHICH THE SECURED PARTY HAS RECEIVED,
19 BEFORE THE DEBTOR CONSENTED TO THE ACCEPTANCE, AN AUTHENTICATED
20 NOTIFICATION OF A CLAIM OF AN INTEREST IN THE COLLATERAL.

21 (B) ANY OTHER SECURED PARTY OR LIENHOLDER THAT, 10 DAYS
22 BEFORE THE DEBTOR CONSENTED TO THE ACCEPTANCE, HELD A SECURITY
23 INTEREST IN OR OTHER LIEN ON THE COLLATERAL PERFECTED BY THE
24 FILING OF A FINANCING STATEMENT THAT MET ALL OF THE FOLLOWING:

25 (i) IDENTIFIED THE COLLATERAL.

26 (ii) WAS INDEXED UNDER THE DEBTOR'S NAME AS OF THAT DATE.

1 (*iii*) WAS FILED IN THE OFFICE OR OFFICES IN WHICH TO FILE A
2 FINANCING STATEMENT AGAINST THE DEBTOR COVERING THE COLLATERAL AS
3 OF THAT DATE.

4 (C) ANY OTHER SECURED PARTY THAT, 10 DAYS BEFORE THE DEBTOR
5 CONSENTED TO THE ACCEPTANCE, HELD A SECURITY INTEREST IN THE COL-
6 LATERAL PERFECTED BY COMPLIANCE WITH A STATUTE, REGULATION, OR
7 TREATY DESCRIBED IN SECTION 9311(1).

8 (2) A SECURED PARTY THAT DESIRES TO ACCEPT COLLATERAL IN
9 PARTIAL SATISFACTION OF THE OBLIGATION IT SECURES SHALL SEND ITS
10 PROPOSAL TO ANY SECONDARY OBLIGOR IN ADDITION TO THE PERSONS
11 DESCRIBED IN SUBSECTION (1).

12 SEC. 9622. (1) A SECURED PARTY'S ACCEPTANCE OF COLLATERAL
13 IN FULL OR PARTIAL SATISFACTION OF THE OBLIGATION IT SECURES DOES
14 ALL OF THE FOLLOWING:

15 (A) DISCHARGES THE OBLIGATION TO THE EXTENT CONSENTED TO BY
16 THE DEBTOR.

17 (B) TRANSFERS TO THE SECURED PARTY ALL OF A DEBTOR'S RIGHTS
18 IN THE COLLATERAL.

19 (C) DISCHARGES THE SECURITY INTEREST OR AGRICULTURAL LIEN
20 THAT IS THE SUBJECT OF THE DEBTOR'S CONSENT AND ANY SUBORDINATE
21 SECURITY INTEREST OR OTHER SUBORDINATE LIEN.

22 (D) TERMINATES ANY OTHER SUBORDINATE INTEREST.

23 (2) A SUBORDINATE INTEREST IS DISCHARGED OR TERMINATED UNDER
24 SUBSECTION (1), EVEN IF THE SECURED PARTY FAILS TO COMPLY WITH
25 THIS ARTICLE.

26 SEC. 9623. (1) A DEBTOR, ANY SECONDARY OBLIGOR, OR ANY
27 OTHER SECURED PARTY OR LIENHOLDER MAY REDEEM COLLATERAL.

1 (2) TO REDEEM COLLATERAL, A PERSON SHALL TENDER BOTH OF THE
2 FOLLOWING:

3 (A) FULFILLMENT OF ALL OBLIGATIONS SECURED BY THE
4 COLLATERAL.

5 (B) THE REASONABLE EXPENSES AND ATTORNEY FEES DESCRIBED IN
6 SECTION 9615(1)(A).

7 (3) A REDEMPTION MAY OCCUR AT ANY TIME BEFORE A SECURED
8 PARTY HAS DONE 1 OF THE FOLLOWING:

9 (A) HAS COLLECTED COLLATERAL UNDER SECTION 9607.

10 (B) HAS DISPOSED OF COLLATERAL OR ENTERED INTO A CONTRACT
11 FOR ITS DISPOSITION UNDER SECTION 9610.

12 (C) HAS ACCEPTED COLLATERAL IN FULL OR PARTIAL SATISFACTION
13 OF THE OBLIGATION IT SECURES UNDER SECTION 9622.

14 SEC. 9624. (1) A DEBTOR OR SECONDARY OBLIGOR MAY WAIVE THE
15 RIGHT TO NOTIFICATION OF DISPOSITION OF COLLATERAL UNDER SECTION
16 9611 ONLY BY AN AGREEMENT TO THAT EFFECT ENTERED INTO AND AUTHEN-
17 TICATED AFTER DEFAULT.

18 (2) A DEBTOR MAY WAIVE THE RIGHT TO REQUIRE DISPOSITION OF
19 COLLATERAL UNDER SECTION 9620(5) ONLY BY AN AGREEMENT TO THAT
20 EFFECT ENTERED INTO AND AUTHENTICATED AFTER DEFAULT.

21 (3) EXCEPT IN A CONSUMER-GOODS TRANSACTION, A DEBTOR OR SEC-
22 ONDARY OBLIGOR MAY WAIVE THE RIGHT TO REDEEM COLLATERAL UNDER
23 SECTION 9623 ONLY BY AN AGREEMENT TO THAT EFFECT ENTERED INTO AND
24 AUTHENTICATED AFTER DEFAULT.

25 SUBPART 2. NONCOMPLIANCE WITH ARTICLE

26 SEC. 9625. (1) IF IT IS ESTABLISHED THAT A SECURED PARTY IS
27 NOT PROCEEDING IN ACCORDANCE WITH THIS ARTICLE, A COURT MAY ORDER

1 OR RESTRAIN COLLECTION, ENFORCEMENT, OR DISPOSITION OF COLLATERAL
2 ON APPROPRIATE TERMS AND CONDITIONS.

3 (2) SUBJECT TO SUBSECTIONS (3), (4), AND (6), A PERSON IS
4 LIABLE FOR DAMAGES IN THE AMOUNT OF ANY LOSS CAUSED BY A FAILURE
5 TO COMPLY WITH THIS ARTICLE. LOSS CAUSED BY A FAILURE TO COMPLY
6 WITH A REQUEST UNDER SECTION 9210 MAY INCLUDE LOSS RESULTING FROM
7 THE DEBTOR'S INABILITY TO OBTAIN, OR INCREASED COSTS OF, ALTERNA-
8 TIVE FINANCING.

9 (3) EXCEPT AS OTHERWISE PROVIDED IN SECTION 9628, BOTH OF
10 THE FOLLOWING APPLY:

11 (A) A PERSON THAT, AT THE TIME OF THE FAILURE, WAS A DEBTOR,
12 WAS AN OBLIGOR, OR HELD A SECURITY INTEREST IN OR OTHER LIEN ON
13 THE COLLATERAL MAY RECOVER DAMAGES UNDER SUBSECTION (2) FOR ITS
14 LOSS.

15 (B) IF THE COLLATERAL IS CONSUMER GOODS, A PERSON THAT WAS A
16 DEBTOR OR A SECONDARY OBLIGOR AT THE TIME A SECURED PARTY FAILED
17 TO COMPLY WITH THIS PART MAY RECOVER FOR THAT FAILURE IN ANY
18 EVENT AN AMOUNT NOT LESS THAN THE CREDIT SERVICE CHARGE PLUS 10%
19 OF THE PRINCIPAL AMOUNT OF THE OBLIGATION OR THE TIME-PRICE DIF-
20 FERENTIAL PLUS 10% OF THE CASH PRICE.

21 (4) A DEBTOR WHOSE DEFICIENCY IS ELIMINATED UNDER SECTION
22 9626 MAY RECOVER DAMAGES FOR THE LOSS OF ANY SURPLUS. HOWEVER, A
23 DEBTOR OR SECONDARY OBLIGOR WHOSE DEFICIENCY IS ELIMINATED OR
24 REDUCED UNDER SECTION 9626 MAY NOT OTHERWISE RECOVER UNDER SUB-
25 SECTION (2) FOR NONCOMPLIANCE WITH THE PROVISIONS OF THIS PART
26 RELATING TO COLLECTION, ENFORCEMENT, DISPOSITION, OR ACCEPTANCE.

1 (5) IN ADDITION TO ANY DAMAGES RECOVERABLE UNDER SUBSECTION
2 (2), THE DEBTOR, CONSUMER OBLIGOR, OR PERSON NAMED AS A DEBTOR IN
3 A FILED RECORD, AS APPLICABLE, MAY RECOVER \$500.00 IN EACH CASE
4 FROM A PERSON THAT DOES 1 OR MORE OF THE FOLLOWING:

5 (A) FAILS TO COMPLY WITH SECTION 9208.

6 (B) FAILS TO COMPLY WITH SECTION 9209.

7 (C) FILES A RECORD THAT THE PERSON IS NOT ENTITLED TO FILE
8 UNDER SECTION 9509(1).

9 (D) FAILS TO CAUSE THE SECURED PARTY OF RECORD TO FILE OR
10 SEND A TERMINATION STATEMENT AS REQUIRED BY SECTION 9513(1) OR
11 (3).

12 (E) FAILS TO COMPLY WITH SECTION 9616(2)(A) AND WHOSE FAIL-
13 URE IS PART OF A PATTERN, OR CONSISTENT WITH A PRACTICE, OF
14 NONCOMPLIANCE.

15 (F) FAILS TO COMPLY WITH SECTION 9616(2)(B).

16 (6) A DEBTOR OR CONSUMER OBLIGOR MAY RECOVER DAMAGES UNDER
17 SUBSECTION (2) AND, IN ADDITION, \$500.00 IN EACH CASE FROM A
18 PERSON THAT, WITHOUT REASONABLE CAUSE, FAILS TO COMPLY WITH A
19 REQUEST UNDER SECTION 9210. A RECIPIENT OF A REQUEST UNDER SEC-
20 TION 9210 THAT NEVER CLAIMED AN INTEREST IN THE COLLATERAL OR
21 OBLIGATIONS THAT ARE THE SUBJECT OF A REQUEST UNDER THAT SECTION
22 HAS A REASONABLE EXCUSE FOR FAILURE TO COMPLY WITH THE REQUEST
23 WITHIN THE MEANING OF THIS SUBSECTION.

24 (7) IF A SECURED PARTY FAILS TO COMPLY WITH A REQUEST
25 REGARDING A LIST OF COLLATERAL OR A STATEMENT OF ACCOUNT UNDER
26 SECTION 9210, THE SECURED PARTY MAY CLAIM A SECURITY INTEREST

1 ONLY AS SHOWN IN THE STATEMENT INCLUDED IN THE REQUEST AS AGAINST
2 A PERSON THAT IS REASONABLY MISLED BY THE FAILURE.

3 SEC. 9626. (1) IN AN ACTION ARISING FROM A TRANSACTION,
4 OTHER THAN A CONSUMER TRANSACTION, IN WHICH THE AMOUNT OF A DEFICI-
5 CIENCY OR SURPLUS IS IN ISSUE, THE FOLLOWING RULES APPLY:

6 (A) A SECURED PARTY NEED NOT PROVE COMPLIANCE WITH THE PRO-
7 VISIONS OF THIS PART RELATING TO COLLECTION, ENFORCEMENT, DISPO-
8 SITION, OR ACCEPTANCE UNLESS THE DEBTOR OR A SECONDARY OBLIGOR
9 PLACES THE SECURED PARTY'S COMPLIANCE IN ISSUE.

10 (B) IF THE SECURED PARTY'S COMPLIANCE IS PLACED IN ISSUE,
11 THE SECURED PARTY HAS THE BURDEN OF ESTABLISHING THAT THE COLLEC-
12 TION, ENFORCEMENT, DISPOSITION, OR ACCEPTANCE WAS CONDUCTED IN
13 ACCORDANCE WITH THIS PART.

14 (C) EXCEPT AS OTHERWISE PROVIDED IN SECTION 9628, IF A
15 SECURED PARTY FAILS TO PROVE THAT THE COLLECTION, ENFORCEMENT,
16 DISPOSITION, OR ACCEPTANCE WAS CONDUCTED IN ACCORDANCE WITH THE
17 PROVISIONS OF THIS PART RELATING TO COLLECTION, ENFORCEMENT, DIS-
18 POSITION, OR ACCEPTANCE, THE LIABILITY OF A DEBTOR OR A SECONDARY
19 OBLIGOR FOR A DEFICIENCY IS LIMITED TO AN AMOUNT BY WHICH THE SUM
20 OF THE SECURED OBLIGATION, EXPENSES, AND ATTORNEY FEES EXCEEDS
21 THE GREATER OF 1 OF THE FOLLOWING:

22 (i) THE PROCEEDS OF THE COLLECTION, ENFORCEMENT, DISPOSI-
23 TION, OR ACCEPTANCE.

24 (ii) THE AMOUNT OF PROCEEDS THAT WOULD HAVE BEEN REALIZED
25 HAD THE NONCOMPLYING SECURED PARTY PROCEEDED IN ACCORDANCE WITH
26 THE PROVISIONS OF THIS PART RELATING TO COLLECTION, ENFORCEMENT,
27 DISPOSITION, OR ACCEPTANCE.

1 (D) FOR PURPOSES OF SUBDIVISION (C)(ii), THE AMOUNT OF
2 PROCEEDS THAT WOULD HAVE BEEN REALIZED IS EQUAL TO THE SUM OF THE
3 SECURED OBLIGATION, EXPENSES, AND ATTORNEY FEES UNLESS THE
4 SECURED PARTY PROVES THAT THE AMOUNT IS LESS THAN THAT SUM.

5 (E) IF A DEFICIENCY OR SURPLUS IS CALCULATED UNDER SECTION
6 9615(6), THE DEBTOR OR OBLIGOR HAS THE BURDEN OF ESTABLISHING
7 THAT THE AMOUNT OF PROCEEDS OF THE DISPOSITION IS SIGNIFICANTLY
8 BELOW THE RANGE OF PRICES THAT A COMPLYING DISPOSITION TO A
9 PERSON OTHER THAN THE SECURED PARTY, A PERSON RELATED TO THE
10 SECURED PARTY, OR A SECONDARY OBLIGOR WOULD HAVE BROUGHT.

11 (2) THE LIMITATION OF THE RULES IN SUBSECTION (1) TO TRANS-
12 ACTIONS OTHER THAN CONSUMER TRANSACTIONS IS INTENDED TO LEAVE TO
13 THE COURT THE DETERMINATION OF THE PROPER RULES IN CONSUMER
14 TRANSACTIONS. THE COURT MAY NOT INFER FROM THAT LIMITATION THE
15 NATURE OF THE PROPER RULE IN CONSUMER TRANSACTIONS AND MAY CON-
16 TINUE TO APPLY ESTABLISHED APPROACHES.

17 SEC. 9627. (1) THE FACT THAT A GREATER AMOUNT COULD HAVE
18 BEEN OBTAINED BY A COLLECTION, ENFORCEMENT, DISPOSITION, OR
19 ACCEPTANCE AT A DIFFERENT TIME OR IN A DIFFERENT METHOD FROM THAT
20 SELECTED BY THE SECURED PARTY IS NOT OF ITSELF SUFFICIENT TO PRE-
21 CLUDE THE SECURED PARTY FROM ESTABLISHING THAT THE COLLECTION,
22 ENFORCEMENT, DISPOSITION, OR ACCEPTANCE WAS MADE IN A COMMER-
23 CIALY REASONABLE MANNER.

24 (2) A DISPOSITION OF COLLATERAL IS MADE IN A COMMERCIALY
25 REASONABLE MANNER IF THE DISPOSITION IS MADE IN THE USUAL MANNER
26 ON ANY RECOGNIZED MARKET, AT THE PRICE CURRENT IN ANY RECOGNIZED
27 MARKET AT THE TIME OF THE DISPOSITION, OR OTHERWISE IN CONFORMITY

1 WITH REASONABLE COMMERCIAL PRACTICES AMONG DEALERS IN THE TYPE OF
2 PROPERTY THAT WAS THE SUBJECT OF THE DISPOSITION.

3 (3) A COLLECTION, ENFORCEMENT, DISPOSITION, OR ACCEPTANCE IS
4 COMMERCIALY REASONABLE IF IT HAS BEEN APPROVED IN A JUDICIAL
5 PROCEEDING, BY A BONA FIDE CREDITORS' COMMITTEE, BY A REPRESENTA-
6 TIVE OF CREDITORS, OR BY AN ASSIGNEE FOR THE BENEFIT OF
7 CREDITORS.

8 (4) APPROVAL UNDER SUBSECTION (3) NEED NOT BE OBTAINED, AND
9 LACK OF APPROVAL DOES NOT MEAN THAT THE COLLECTION, ENFORCEMENT,
10 DISPOSITION, OR ACCEPTANCE IS NOT COMMERCIALY REASONABLE.

11 SEC. 9628. (1) UNLESS A SECURED PARTY KNOWS THAT A PERSON
12 IS A DEBTOR OR OBLIGOR, KNOWS THE IDENTITY OF THE PERSON, AND
13 KNOWS HOW TO COMMUNICATE WITH THE PERSON, BOTH OF THE FOLLOWING
14 APPLY:

15 (A) THE SECURED PARTY IS NOT LIABLE TO THE PERSON, OR TO A
16 SECURED PARTY OR LIENHOLDER THAT HAS FILED A FINANCING STATEMENT
17 AGAINST THE PERSON, FOR FAILURE TO COMPLY WITH THIS ARTICLE.

18 (B) THE SECURED PARTY'S FAILURE TO COMPLY WITH THIS ARTICLE
19 DOES NOT AFFECT THE LIABILITY OF THE PERSON FOR A DEFICIENCY.

20 (2) A SECURED PARTY IS NOT LIABLE BECAUSE OF ITS STATUS AS
21 SECURED PARTY TO EITHER OF THE FOLLOWING:

22 (A) TO A PERSON THAT IS A DEBTOR OR OBLIGOR, UNLESS THE
23 SECURED PARTY KNOWS ALL OF THE FOLLOWING:

24 (i) THAT THE PERSON IS A DEBTOR OR OBLIGOR.

25 (ii) THE IDENTITY OF THE PERSON.

26 (iii) HOW TO COMMUNICATE WITH THE PERSON.

1 (B) TO A SECURED PARTY OR LIENHOLDER THAT HAS FILED A
2 FINANCING STATEMENT AGAINST A PERSON, UNLESS THE SECURED PARTY
3 KNOWS BOTH OF THE FOLLOWING:

4 (i) THAT THE PERSON IS A DEBTOR.

5 (ii) THE IDENTITY OF THE PERSON.

6 (3) A SECURED PARTY IS NOT LIABLE TO ANY PERSON, AND A
7 PERSON'S LIABILITY FOR A DEFICIENCY IS NOT AFFECTED, BECAUSE OF
8 ANY ACT OR OMISSION ARISING OUT OF THE SECURED PARTY'S REASONABLE
9 BELIEF THAT A TRANSACTION IS NOT A CONSUMER-GOODS TRANSACTION OR
10 A CONSUMER TRANSACTION OR THAT GOODS ARE NOT CONSUMER GOODS, IF
11 THE SECURED PARTY'S BELIEF IS BASED ON ITS REASONABLE RELIANCE ON
12 1 OR MORE OF THE FOLLOWING:

13 (A) A DEBTOR'S REPRESENTATION CONCERNING THE PURPOSE FOR
14 WHICH COLLATERAL WAS TO BE USED, ACQUIRED, OR HELD.

15 (B) AN OBLIGOR'S REPRESENTATION CONCERNING THE PURPOSE FOR
16 WHICH A SECURED OBLIGATION WAS INCURRED.

17 (4) A SECURED PARTY IS NOT LIABLE TO ANY PERSON UNDER SEC-
18 TION 9625(3)(B) FOR ITS FAILURE TO COMPLY WITH SECTION 9616.

19 (5) A SECURED PARTY IS NOT LIABLE UNDER SECTION 9625(3)(B)
20 MORE THAN ONCE WITH RESPECT TO ANY 1 SECURED OBLIGATION.

21 PART 7

22 TRANSITION

23 SEC. 9701. THIS AMENDATORY ACT TAKES EFFECT ON JULY 1,
24 2001.

25 SEC. 9702. (1) EXCEPT AS OTHERWISE PROVIDED IN THIS PART,
26 THIS AMENDATORY ACT APPLIES TO A TRANSACTION OR LIEN WITHIN ITS

1 SCOPE, EVEN IF THE TRANSACTION OR LIEN WAS ENTERED INTO OR
2 CREATED BEFORE THIS AMENDATORY ACT TAKES EFFECT.

3 (2) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (3) AND SEC-
4 TIONS 9703 THROUGH 9708, BOTH OF THE FOLLOWING APPLY:

5 (A) TRANSACTIONS AND LIENS THAT WERE NOT GOVERNED BY THIS
6 ARTICLE BEFORE THIS AMENDATORY ACT TAKES EFFECT, WERE VALIDLY
7 ENTERED INTO OR CREATED BEFORE THIS AMENDATORY ACT TAKES EFFECT,
8 AND WOULD BE SUBJECT TO THIS AMENDATORY ACT IF THEY HAD BEEN
9 ENTERED INTO OR CREATED AFTER THIS AMENDATORY ACT TAKES EFFECT,
10 AND THE RIGHTS, DUTIES, AND INTERESTS FLOWING FROM THOSE TRANSAC-
11 TIONS AND LIENS REMAIN VALID AFTER THIS AMENDATORY ACT TAKES
12 EFFECT.

13 (B) THE TRANSACTIONS AND LIENS MAY BE TERMINATED, COMPLETED,
14 CONSUMMATED, AND ENFORCED AS REQUIRED OR PERMITTED BY THIS AMEN-
15 DATORY ACT OR BY THE LAW THAT OTHERWISE WOULD APPLY IF THIS AMEN-
16 DATORY ACT HAD NOT TAKEN EFFECT.

17 (3) THIS AMENDATORY ACT DOES NOT AFFECT AN ACTION, CASE, OR
18 PROCEEDING COMMENCED BEFORE THIS AMENDATORY ACT TAKES EFFECT.

19 SEC. 9703. (1) A SECURITY INTEREST THAT IS ENFORCEABLE
20 IMMEDIATELY BEFORE THIS AMENDATORY ACT TAKES EFFECT AND WOULD
21 HAVE PRIORITY OVER THE RIGHTS OF A PERSON THAT BECOMES A LIEN
22 CREDITOR AT THAT TIME IS A PERFECTED SECURITY INTEREST UNDER THIS
23 AMENDATORY ACT IF, WHEN THIS AMENDATORY ACT TAKES EFFECT, THE
24 APPLICABLE REQUIREMENTS FOR ENFORCEABILITY AND PERFECTION UNDER
25 THIS AMENDATORY ACT ARE SATISFIED WITHOUT FURTHER ACTION.

26 (2) EXCEPT AS OTHERWISE PROVIDED IN SECTION 9705, IF,
27 IMMEDIATELY BEFORE THIS AMENDATORY ACT TAKES EFFECT, A SECURITY

1 INTEREST IS ENFORCEABLE AND WOULD HAVE PRIORITY OVER THE RIGHTS
2 OF A PERSON THAT BECOMES A LIEN CREDITOR AT THAT TIME, BUT THE
3 APPLICABLE REQUIREMENTS FOR ENFORCEABILITY OR PERFECTION UNDER
4 THIS AMENDATORY ACT ARE NOT SATISFIED WHEN THIS AMENDATORY ACT
5 TAKES EFFECT, ALL OF THE FOLLOWING APPLY TO THE SECURITY
6 INTEREST:

7 (A) THE SECURITY INTEREST IS A PERFECTED SECURITY INTEREST
8 FOR 1 YEAR AFTER THIS AMENDATORY ACT TAKES EFFECT.

9 (B) THE SECURITY INTEREST REMAINS ENFORCEABLE THEREAFTER
10 ONLY IF THE SECURITY INTEREST BECOMES ENFORCEABLE UNDER SECTION
11 9203 BEFORE THE YEAR EXPIRES.

12 (C) THE SECURITY INTEREST REMAINS PERFECTED THEREAFTER ONLY
13 IF THE APPLICABLE REQUIREMENTS FOR PERFECTION UNDER THIS AMENDA-
14 TORY ACT ARE SATISFIED BEFORE THE YEAR EXPIRES.

15 SEC. 9704. ALL OF THE FOLLOWING APPLY TO A SECURITY INTER-
16 EST THAT IS ENFORCEABLE IMMEDIATELY BEFORE THIS AMENDATORY ACT
17 TAKES EFFECT BUT WHICH WOULD BE SUBORDINATE TO THE RIGHTS OF A
18 PERSON THAT BECOMES A LIEN CREDITOR AT THAT TIME:

19 (A) THE SECURITY INTEREST REMAINS AN ENFORCEABLE SECURITY
20 INTEREST FOR 1 YEAR AFTER THIS AMENDATORY ACT TAKES EFFECT.

21 (B) THE SECURITY INTEREST REMAINS ENFORCEABLE THEREAFTER IF
22 THE SECURITY INTEREST BECOMES ENFORCEABLE UNDER SECTION 9203 WHEN
23 THIS AMENDATORY ACT TAKES EFFECT OR WITHIN 1 YEAR THEREAFTER.

24 (C) THE SECURITY INTEREST BECOMES PERFECTED UNDER 1 OF THE
25 FOLLOWING:

1 (i) WITHOUT FURTHER ACTION, WHEN THIS AMENDATORY ACT TAKES
2 EFFECT IF THE APPLICABLE REQUIREMENTS FOR PERFECTION UNDER THIS
3 AMENDATORY ACT ARE SATISFIED BEFORE OR AT THAT TIME.

4 (ii) WHEN THE APPLICABLE REQUIREMENTS FOR PERFECTION ARE
5 SATISFIED IF THE REQUIREMENTS ARE SATISFIED AFTER THAT TIME.

6 SEC. 9705. (1) IF ACTION, OTHER THAN THE FILING OF A
7 FINANCING STATEMENT, IS TAKEN BEFORE THIS AMENDATORY ACT TAKES
8 EFFECT AND THE ACTION WOULD HAVE RESULTED IN PRIORITY OF A SECUR-
9 ITY INTEREST OVER THE RIGHTS OF A PERSON THAT BECOMES A LIEN
10 CREDITOR HAD THE SECURITY INTEREST BECOME ENFORCEABLE BEFORE THIS
11 AMENDATORY ACT TAKES EFFECT, THE ACTION IS EFFECTIVE TO PERFECT A
12 SECURITY INTEREST THAT ATTACHES UNDER THIS AMENDATORY ACT WITHIN
13 1 YEAR AFTER THIS AMENDATORY ACT TAKES EFFECT. AN ATTACHED
14 SECURITY INTEREST BECOMES UNPERFECTED 1 YEAR AFTER THIS AMENDA-
15 TORY ACT TAKES EFFECT UNLESS THE SECURITY INTEREST BECOMES A PER-
16 FECTED SECURITY INTEREST UNDER THIS AMENDATORY ACT BEFORE THE
17 EXPIRATION OF THAT PERIOD.

18 (2) THE FILING OF A FINANCING STATEMENT BEFORE THIS AMENDA-
19 TORY ACT TAKES EFFECT IS EFFECTIVE TO PERFECT A SECURITY INTEREST
20 TO THE EXTENT THE FILING WOULD SATISFY THE APPLICABLE REQUIRE-
21 MENTS FOR PERFECTION UNDER THIS AMENDATORY ACT.

22 (3) THIS AMENDATORY ACT DOES NOT RENDER INEFFECTIVE AN
23 EFFECTIVE FINANCING STATEMENT THAT, BEFORE THIS AMENDATORY ACT
24 TAKES EFFECT, IS FILED AND SATISFIES THE APPLICABLE REQUIREMENTS
25 FOR PERFECTION UNDER THE LAW OF THE JURISDICTION GOVERNING PER-
26 FECTION AS PROVIDED IN SECTION 9103 BEFORE THIS AMENDATORY ACT
27 TAKES EFFECT. HOWEVER, EXCEPT AS OTHERWISE PROVIDED IN

1 SUBSECTIONS (4) AND (5) AND SECTION 9706, THE FINANCING STATEMENT
2 CEASES TO BE EFFECTIVE AT THE EARLIER OF THE FOLLOWING:

3 (A) THE TIME THE FINANCING STATEMENT WOULD HAVE CEASED TO BE
4 EFFECTIVE UNDER THE LAW OF THE JURISDICTION IN WHICH IT IS
5 FILED.

6 (B) JUNE 30, 2006.

7 (4) THE FILING OF A CONTINUATION STATEMENT AFTER THIS AMEN-
8 DATORY ACT TAKES EFFECT DOES NOT CONTINUE THE EFFECTIVENESS OF
9 THE FINANCING STATEMENT FILED BEFORE THIS AMENDATORY ACT TAKES
10 EFFECT. HOWEVER, UPON THE TIMELY FILING OF A CONTINUATION STATE-
11 MENT AFTER THIS AMENDATORY ACT TAKES EFFECT AND IN ACCORDANCE
12 WITH THE LAW OF THE JURISDICTION GOVERNING PERFECTION AS PROVIDED
13 IN PART 3, THE EFFECTIVENESS OF A FINANCING STATEMENT FILED IN
14 THE SAME OFFICE IN THAT JURISDICTION BEFORE THIS AMENDATORY ACT
15 TAKES EFFECT CONTINUES FOR THE PERIOD PROVIDED BY THE LAW OF THAT
16 JURISDICTION.

17 (5) SUBSECTION (3)(B) APPLIES TO A FINANCING STATEMENT THAT,
18 BEFORE THIS AMENDATORY ACT TAKES EFFECT, IS FILED AGAINST A
19 TRANSMITTING UTILITY AND SATISFIES THE APPLICABLE REQUIREMENTS
20 FOR PERFECTION UNDER THE LAW OF THE JURISDICTION GOVERNING PER-
21 FECTION AS PROVIDED IN SECTION 9103 BEFORE THIS AMENDATORY ACT
22 TAKES EFFECT ONLY TO THE EXTENT THAT PART 3 PROVIDES THAT THE LAW
23 OF A JURISDICTION OTHER THAN JURISDICTION IN WHICH THE FINANCING
24 STATEMENT IS FILED GOVERNS PERFECTION OF A SECURITY INTEREST IN
25 COLLATERAL COVERED BY THE FINANCING STATEMENT.

26 (6) A FINANCING STATEMENT THAT INCLUDES A FINANCING
27 STATEMENT FILED BEFORE THIS AMENDATORY ACT TAKES EFFECT AND A

1 CONTINUATION STATEMENT FILED AFTER THIS AMENDATORY ACT TAKES
2 EFFECT IS EFFECTIVE ONLY TO THE EXTENT THAT IT SATISFIES THE
3 REQUIREMENTS OF PART 5 FOR AN INITIAL FINANCING STATEMENT.

4 SEC. 9706. (1) THE FILING OF AN INITIAL FINANCING STATEMENT
5 IN THE OFFICE SPECIFIED IN SECTION 9501 CONTINUES THE EFFECTIVE-
6 NESS OF A FINANCING STATEMENT FILED BEFORE THIS AMENDATORY ACT
7 TAKES EFFECT IF ALL OF THE FOLLOWING APPLY:

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

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

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

15 (2) THE FILING OF AN INITIAL FINANCING STATEMENT UNDER SUB-
16 SECTION (1) CONTINUES THE EFFECTIVENESS OF THE PRE-EFFECTIVE-DATE
17 FINANCING STATEMENT IF BOTH OF THE FOLLOWING APPLY:

18 (A) IF THE INITIAL FINANCING STATEMENT IS FILED BEFORE THIS
19 AMENDATORY ACT TAKES EFFECT, FOR THE PERIOD PROVIDED IN SECTION
20 9403 BEFORE THIS AMENDATORY ACT TAKES EFFECT WITH RESPECT TO A
21 FINANCING STATEMENT.

22 (B) IF THE INITIAL FINANCING STATEMENT IS FILED AFTER THIS
23 AMENDATORY ACT TAKES EFFECT, FOR THE PERIOD PROVIDED IN SECTION
24 9515 WITH RESPECT TO AN INITIAL FINANCING STATEMENT.

25 (3) TO BE EFFECTIVE FOR PURPOSES OF SUBSECTION (1), AN INI-
26 TIAL FINANCING STATEMENT MUST DO ALL OF THE FOLLOWING:

1 (A) SATISFY THE REQUIREMENTS OF PART 5 FOR AN INITIAL
2 FINANCING STATEMENT.

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

8 (C) INDICATE THAT THE PRE-EFFECTIVE-DATE FINANCING STATEMENT
9 REMAINS EFFECTIVE.

10 SEC. 9707. A PERSON MAY FILE AN INITIAL FINANCING STATEMENT
11 OR A CONTINUATION STATEMENT UNDER THIS PART IF BOTH OF THE FOL-
12 LOWING APPLY:

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

14 (B) THE FILING IS NECESSARY UNDER THIS PART TO DO 1 OF THE
15 FOLLOWING:

16 (i) TO CONTINUE THE EFFECTIVENESS OF A FINANCING STATEMENT
17 FILED BEFORE THIS AMENDATORY ACT TAKES EFFECT.

18 (ii) TO PERFECT OR CONTINUE THE PERFECTION OF A SECURITY
19 INTEREST.

20 SEC. 9708. (1) THIS AMENDATORY ACT DETERMINES THE PRIORITY
21 OF CONFLICTING CLAIMS TO COLLATERAL. HOWEVER, IF THE RELATIVE
22 PRIORITIES OF THE CLAIMS WERE ESTABLISHED BEFORE THIS AMENDATORY
23 ACT TAKES EFFECT, THIS ARTICLE AS IN EFFECT BEFORE THIS AMENDA-
24 TORY ACT TAKES EFFECT DETERMINES PRIORITY.

25 (2) FOR PURPOSES OF SECTION 9322(1), THE PRIORITY OF A
26 SECURITY INTEREST THAT BECOMES ENFORCEABLE UNDER SECTION 9203 OF
27 THIS AMENDATORY ACT DATES FROM THE TIME THIS AMENDATORY ACT TAKES

1 EFFECT IF THE SECURITY INTEREST IS PERFECTED UNDER THIS
2 AMENDATORY ACT BY THE FILING OF A FINANCING STATEMENT BEFORE THIS
3 AMENDATORY ACT TAKES EFFECT WHICH WOULD NOT HAVE BEEN EFFECTIVE
4 TO PERFECT THE SECURITY INTEREST UNDER THIS ARTICLE AS IN EFFECT
5 BEFORE THIS AMENDATORY ACT TAKES EFFECT. THIS SUBSECTION DOES
6 NOT APPLY TO CONFLICTING SECURITY INTERESTS EACH OF WHICH IS PER-
7 FECTED BY THE FILING OF A FINANCING STATEMENT DESCRIBED IN THIS
8 SUBSECTION.

9 Enacting section 1. Sections 9112, 9113, 9114, 9115, 9116,
10 9408a, and 9410 of the uniform commercial code, 1962 PA 174,
11 MCL 440.9112, 440.9113, 440.9114, 440.9115, 440.9116, 440.9408a,
12 and 440.9410, are repealed.