

HOUSE

AMENDMENT NO. _____

Offered by

of

1 AMEND Senate Bill No. 500, Page 1, In the Title, Line 3, by
2 deleting the words "no-contest clauses" and inserting in lieu
3 thereof the words "financial transactions"
4

5 Further amend said bill, Page 1, Section A, Line 3, by
6 inserting after all of said line the following:

7 "400.9-102. (a) In this article:

8 (1) "Accession" means goods that are physically united with
9 other goods in such a manner that the identity of the original
10 goods is not lost;

11 (2) "Account", except as used in "account for", means a
12 right to payment of a monetary obligation, whether or not earned
13 by performance, (i) for property that has been or is to be sold,
14 leased, licensed, assigned, or otherwise disposed of, (ii) for
15 services rendered or to be rendered, (iii) for a policy of
16 insurance issued or to be issued, (iv) for a secondary obligation
17 incurred or to be incurred, (v) for energy provided or to be
18 provided, (vi) for the use or hire of a vessel under a charter or
19 other contract, (vii) arising out of the use of a credit or
20 charge card or information contained on or for use with the card,
21 or (viii) as winnings in a lottery or other game of chance
22 operated or sponsored by a state, governmental unit of a state,
23 or person licensed or authorized to operate the game by a state
24 or governmental unit of a state. The term includes
25 health-care-insurance receivables. The term does not include (i)
26 rights to payment evidenced by chattel paper or an instrument,
27 (ii) commercial tort claims, (iii) deposit accounts, (iv)
28 investment property, (v) letter-of-credit rights or letters of

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1 credit, or (vi) rights to payment for money or funds advanced or
2 sold, other than rights arising out of the use of a credit or
3 charge card or information contained on or for use with the card;

4 (3) "Account debtor" means a person obligated on an
5 account, chattel paper, or general intangible. The term does not
6 include persons obligated to pay a negotiable instrument, even if
7 the instrument constitutes part of chattel paper;

8 (4) "Accounting", except as used in "accounting for", means
9 a record:

10 (A) Authenticated by a secured party;

11 (B) Indicating the aggregate unpaid secured obligations as
12 of a date not more than thirty-five days earlier or thirty-five
13 days later than the date of the record; and

14 (C) Identifying the components of the obligations in
15 reasonable detail;

16 (5) "Agricultural lien" means an interest, other than a
17 security interest, in farm products:

18 (A) Which secures payment or performance of an obligation
19 for:

20 (i) Goods or services furnished in connection with a
21 debtor's farming operation; or

22 (ii) Rent on real property leased by a debtor in connection
23 with its farming operation;

24 (B) Which is created by statute in favor of a person that:

25 (i) In the ordinary course of its business furnished goods
26 or services to a debtor in connection with a debtor's farming
27 operation; or

28 (ii) Leased real property to a debtor in connection with
29 the debtor's farming operation; and

30 (C) Whose effectiveness does not depend on the person's
31 possession of the personal property;

32 (6) "As-extracted collateral" means:

33 (A) Oil, gas, or other minerals that are subject to a
34 security interest that:

35 (i) Is created by a debtor having an interest in the
36 minerals before extraction; and

37 (ii) Attaches to the minerals as extracted; or

1 (B) Accounts arising out of the sale at the wellhead or
2 minehead of oil, gas, or other minerals in which the debtor had
3 an interest before extraction;

4 (7) "Authenticate" means:

5 (A) To sign; or

6 (B) With the present intent to adopt or accept a record, to
7 attach to or logically associate with the record an electronic
8 sound, symbol or process;

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

12 (9) "Cash proceeds" means proceeds that are money, checks,
13 deposit accounts, or the like;

14 (10) "Certificate of title" means a certificate of title
15 with respect to which a statute provides for the security
16 interest in question to be indicated on the certificate as a
17 condition or result of the security interest's obtaining priority
18 over the rights of a lien creditor with respect to the
19 collateral. The term includes another record maintained as an
20 alternative to a certificate of title by the governmental unit
21 that issues certificates of title if a statute permits the
22 security interest in question to be indicated on the record as a
23 condition or result of the security interest's obtaining priority
24 over the rights of a lien creditor with respect to the
25 collateral;

26 (11) "Chattel paper" means a record or records that
27 evidence both a monetary obligation and a security interest in
28 specific goods, a security interest in specific goods and
29 software used in the goods, a security interest in specific goods
30 and license of software used in the goods, a lease of specific
31 goods, or a lease of specific goods and license of software used
32 in the goods. In this paragraph, "monetary obligation" means a
33 monetary obligation secured by the goods or owed under a lease of
34 the goods and includes a monetary obligation with respect to
35 software used in the goods. The term does not include (i)
36 charters or other contracts involving the use or hire of a vessel
37 or (ii) records that evidence a right to payment arising out of

1 the use of a credit or charge card or information contained on or
2 for use with the card. If a transaction is evidenced by records
3 that include an instrument or series of instruments, the group of
4 records taken together constitutes chattel paper;

5 (12) "Collateral" means the property subject to a security
6 interest or agricultural lien. The term includes:

7 (A) Proceeds to which a security interest attaches;

8 (B) Accounts, chattel paper, payment intangibles, and
9 promissory notes that have been sold; and

10 (C) Goods that are the subject of a consignment;

11 (13) "Commercial tort claim" means a claim arising in tort
12 with respect to which:

13 (A) The claimant is an organization; or

14 (B) The claimant is an individual and the claim:

15 (i) Arose in the course of the claimant's business or
16 profession; and

17 (ii) Does not include damages arising out of personal
18 injury to or the death of an individual;

19 (14) "Commodity account" means an account maintained by a
20 commodity intermediary in which a commodity contract is carried
21 for a commodity customer;

22 (15) "Commodity contract" means a commodity futures
23 contract, an option on a commodity futures contract, a commodity
24 option, or another contract if the contract or option is:

25 (A) Traded on or subject to the rules of a board of trade
26 that has been designated as a contract market for such a contract
27 pursuant to federal commodities laws; or

28 (B) Traded on a foreign commodity board of trade, exchange,
29 or market, and is carried on the books of a commodity
30 intermediary for a commodity customer;

31 (16) "Commodity customer" means a person for which a
32 commodity intermediary carries a commodity contract on its books;

33 (17) "Commodity intermediary" means a person that:

34 (A) Is registered as a futures commission merchant under
35 federal commodities law; or

36 (B) In the ordinary course of its business provides
37 clearance or settlement services for a board of trade that has

1 been designated as a contract market pursuant to federal
2 commodities law;

3 (18) "Communicate" means:

4 (A) To send a written or other tangible record;

5 (B) To transmit a record by any means agreed upon by the
6 persons sending and receiving the record; or

7 (C) 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 (19) "Consignee" means a merchant to which goods are
11 delivered in a consignment;

12 (20) "Consignment" means a transaction, regardless of its
13 form, in which a person delivers goods to a merchant for the
14 purpose of sale and:

15 (A) The merchant:

16 (i) Deals in goods of that kind under a name other than the
17 name of the person making delivery;

18 (ii) Is not an auctioneer; and

19 (iii) Is not generally known by its creditors to be
20 substantially engaged in selling the goods of others;

21 (B) With respect to each delivery, the aggregate value of
22 the goods is one thousand dollars or more at the time of
23 delivery;

24 (C) The goods are not consumer goods immediately before
25 delivery; and

26 (D) The transaction does not create a security interest
27 that secures an obligation;

28 (21) "Consignor" means a person that delivers goods to a
29 consignee in a consignment;

30 (22) "Consumer debtor" means a debtor in a consumer
31 transaction;

32 (23) "Consumer goods" means goods that are used or bought
33 for use primarily for personal, family, or household purposes;

34 (24) "Consumer-goods transaction" means a consumer
35 transaction in which:

36 (A) An individual incurs an obligation primarily for
37 personal, family, or household purposes; and

1 (B) A security interest in consumer goods secures the
2 obligation;

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

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

13 (27) "Continuation statement" means an amendment of a
14 financing statement which:

15 (A) Identifies, by its file number, the initial financing
16 statement to which it relates; and

17 (B) Indicates that it is a continuation statement for, or
18 that it is filed to continue the effectiveness of, the identified
19 financing statement;

20 (28) "Debtor" means:

21 (A) A person having an interest, other than a security
22 interest or other lien, in the collateral, whether or not the
23 person is an obligor;

24 (B) A seller of accounts, chattel paper, payment
25 intangibles, or promissory notes; or

26 (C) A consignee;

27 (29) "Deposit account" means a demand, time, savings,
28 passbook, or similar account maintained with a bank. The term
29 does not include investment property or accounts evidenced by an
30 instrument;

31 (30) "Document" means a document of title or a receipt of
32 the type described in section 400.7-201(2);

33 (31) "Electronic chattel paper" means chattel paper
34 evidenced by a record or records consisting of information stored
35 in an electronic medium;

36 (32) "Encumbrance" means a right, other than an ownership
37 interest, in real property. The term includes mortgages and

1 other liens on real property;

2 (33) "Equipment" means goods other than inventory, farm
3 products, or consumer goods;

4 (34) "Farm products" means goods, other than standing
5 timber, with respect to which the debtor is engaged in a farming
6 operation and which are:

7 (A) Crops grown, growing, or to be grown, including:

8 (i) Crops produced on trees, vines, and bushes; and

9 (ii) Aquatic goods produced in aquacultural operations;

10 (B) Livestock, born or unborn, including aquatic goods
11 produced in aquacultural operations;

12 (C) Supplies used or produced in a farming operation; or

13 (D) Products of crops or livestock in their unmanufactured
14 states;

15 (35) "Farming operation" means raising, cultivating,
16 propagating, fattening, grazing, or any other farming, livestock,
17 or aquacultural operation;

18 (36) "File number" means the number assigned to an initial
19 financing statement pursuant to section 400.9-519(a);

20 (37) "Filing office" means an office designated in section
21 400.9-501 as the place to file a financing statement;

22 (38) "Filing-office rule" means a rule adopted pursuant to
23 section 400.9-526;

24 (39) "Financing statement" means a record or records
25 composed of an initial financing statement and any filed record
26 relating to the initial financing statement;

27 (40) "Fixture filing" means the filing of a financing
28 statement covering goods that are or are to become fixtures and
29 satisfying section 400.9-502(a) and (b). The term includes the
30 filing of a financing statement covering goods of a transmitting
31 utility which are or are to become fixtures;

32 (41) "Fixtures" means goods that have become so related to
33 particular real property that an interest in them arises under
34 real property law;

35 (42) "General intangible" means any personal property,
36 including things in action, other than accounts, chattel paper,
37 commercial tort claims, deposit accounts, documents, goods,

1 instruments, investment property, letter-of-credit rights,
2 letters of credit, money, and oil, gas, or other minerals before
3 extraction. The term includes payment intangibles and software;

4 (43) "Good faith" means honesty in fact;

5 (44) "Goods" means all things that are movable when a
6 security interest attaches. The term includes (i) fixtures, (ii)
7 standing timber that is to be cut and removed under a conveyance
8 or contract for sale, (iii) the unborn young of animals, (iv)
9 crops grown, growing, or to be grown, even if the crops are
10 produced on trees, vines, or bushes, and (v) manufactured homes.
11 The term also includes a computer program embedded in goods and
12 any supporting information provided in connection with a
13 transaction relating to the program if (i) the program is
14 associated with the goods in such a manner that it customarily is
15 considered part of the goods, or (ii) by becoming the owner of
16 the goods, a person acquires a right to use the program in
17 connection with the goods. The term does not include a computer
18 program embedded in goods that consist solely of the medium in
19 which the program is embedded. The term also does not include
20 accounts, chattel paper, commercial tort claims, deposit
21 accounts, documents, general intangibles, instruments, investment
22 property, letter-of-credit rights, letters of credit, money, or
23 oil, gas, or other minerals before extraction;

24 (45) "Governmental unit" means a subdivision, agency,
25 department, county, parish, municipality, or other unit of the
26 government of the United States, a state, or a foreign country.
27 The term includes an organization having a separate corporate
28 existence if the organization is eligible to issue debt on which
29 interest is exempt from income taxation under the laws of the
30 United States;

31 (46) "Health-care-insurance receivable" means an interest
32 in or claim under a policy of insurance which is a right to
33 payment of a monetary obligation for health-care goods or
34 services provided or to be provided;

35 (47) "Instrument" means a negotiable instrument or any
36 other writing that evidences a right to the payment of a monetary
37 obligation, is not itself a security agreement or lease, and is

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

7 (48) "Inventory" means goods, other than farm products,
8 which:

9 (A) Are leased by a person as lessor;

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

12 (C) Are furnished by a person under a contract of service;
13 or

14 (D) Consist of raw materials, work in process, or materials
15 used or consumed in a business;

16 (49) "Investment property" means a security, whether
17 certificated or uncertificated, security entitlement, securities
18 account, commodity contract, or commodity account;

19 (50) "Jurisdiction of organization", with respect to a
20 registered organization, means the jurisdiction under whose law
21 the organization is formed or organized;

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

28 (52) "Lien creditor" means:

29 (A) A creditor that has acquired a lien on the property
30 involved by attachment, levy, or the like;

31 (B) An assignee for benefit of creditors from the time of
32 assignment;

33 (C) A trustee in bankruptcy from the date of the filing of
34 the petition; or

35 (D) A receiver in equity from the time of appointment;

36 (53) "Manufactured home" means a structure, transportable
37 in one or more sections, which, in the traveling mode, is eight

1 body feet or more in width or forty body feet or more in length,
2 or, when erected on site, is three hundred twenty or more square
3 feet, and which is built on a permanent chassis and designed to
4 be used as a dwelling with or without a permanent foundation when
5 connected to the required utilities, and includes the plumbing,
6 heating, air-conditioning, and electrical systems contained
7 therein. The term includes any structure that meets all of the
8 requirements of this paragraph except the size requirements and
9 with respect to which the manufacturer voluntarily files a
10 certification required by the United States Secretary of Housing
11 and Urban Development and complies with the standards established
12 under Title 42 of the United States Code;

13 (54) "Manufactured-home transaction" means a secured
14 transaction:

15 (A) That creates a purchase-money security interest in a
16 manufactured home, other than a manufactured home held as
17 inventory; or

18 (B) In which a manufactured home, other than a manufactured
19 home held as inventory, is the primary collateral;

20 (55) "Mortgage" means a consensual interest in real
21 property, including fixtures, which secures payment or
22 performance of an obligation;

23 (56) "New debtor" means a person that becomes bound as
24 debtor under section 400.9-203(d) by a security agreement
25 previously entered into by another person;

26 (57) "New value" means (i) money, (ii) money's worth in
27 property, services, or new credit, or (iii) release by a
28 transferee of an interest in property previously transferred to
29 the transferee. The term does not include an obligation
30 substituted for another obligation;

31 (58) "Noncash proceeds" means proceeds other than cash
32 proceeds;

33 (59) "Obligor" means a person that, with respect to an
34 obligation secured by a security interest in or an agricultural
35 lien on the collateral, (i) owes payment or other performance of
36 the obligation, (ii) has provided property other than the
37 collateral to secure payment or other performance of the

1 obligation, or (iii) is otherwise accountable in whole or in part
2 for payment or other performance of the obligation. The term
3 does not include issuers or nominated persons under a letter of
4 credit;

5 (60) "Original debtor", except as used in section
6 400.9-310(c), means a person that, as debtor, entered into a
7 security agreement to which a new debtor has become bound under
8 section 400.9-203(d);

9 (61) "Payment intangible" means a general intangible under
10 which the account debtor's principal obligation is a monetary
11 obligation;

12 (62) "Person related to", with respect to an individual,
13 means:

14 (A) The spouse of the individual;

15 (B) A brother, brother-in-law, sister, or sister-in-law of
16 the individual;

17 (C) An ancestor or lineal descendant of the individual or
18 the individual's spouse; or

19 (D) Any other relative, by blood or marriage, of the
20 individual or the individual's spouse who shares the same home
21 with the individual;

22 (63) "Person related to", with respect to an organization,
23 means:

24 (A) A person directly or indirectly controlling, controlled
25 by, or under common control with the organization;

26 (B) An officer or director of, or a person performing
27 similar functions with respect to, the organization;

28 (C) An officer or director of, or a person performing
29 similar functions with respect to, a person described in
30 subparagraph (A);

31 (D) The spouse of an individual described in subparagraph
32 (A), (B), or (C); or

33 (E) An individual who is related by blood or marriage to an
34 individual described in subparagraph (A), (B), (C), or (D) and
35 shares the same home with the individual;

36 (64) "Proceeds", except as used in section 400.9-609(b),
37 means the following property:

1 (A) Whatever is acquired upon the sale, lease, license,
2 exchange, or other disposition of collateral;

3 (B) Whatever is collected on, or distributed on account of,
4 collateral;

5 (C) Rights arising out of collateral;

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

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

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

18 (66) "Proposal" means a record authenticated by a secured
19 party which includes the terms on which the secured party is
20 willing to accept collateral in full or partial satisfaction of
21 the obligation it secures pursuant to sections 400.9-620,
22 400.9-621 and 400.9-622;

23 (67) "Public organic record" means a record that is
24 available to the public for inspection and is:

25 (A) A record consisting of the record initially filed with
26 or issued by a state or the United States to form or organize an
27 organization and any record filed with or issued by the state or
28 the United States which amends or restates the initial record;

29 (B) An organic record of a business trust consisting of the
30 record initially filed with a state and any record filed with the
31 state which amends or restates the initial record, if a statute
32 of the state governing business trusts requires that the record
33 be filed with the state; or

34 (C) A record consisting of legislation enacted by the
35 legislature of a state or the Congress of the United States which
36 forms or organizes an organization, any record amending the
37 legislation, and any record filed with or issued by the state or

1 the United States which amends or restates the name of the
2 organization;

3 (68) "Pursuant to commitment", with respect to an advance
4 made or other value given by a secured party, means pursuant to
5 the secured party's obligation, whether or not a subsequent event
6 of default or other event not within the secured party's control
7 has relieved or may relieve the secured party from its
8 obligation;

9 (69) "Record", except as used in "for record", "of record",
10 "record or legal title", and "record owner", means information
11 that is inscribed on a tangible medium or which is stored in an
12 electronic or other medium and is retrievable in perceivable
13 form;

14 (70) "Registered organization" means an organization formed
15 or organized solely under the law of a single state or the United
16 States by the filing of a public organic record with, the
17 issuance of a public organic record by, or the enactment of
18 legislation by the state or the United States. The term includes
19 a business trust that is formed or organized under the law of a
20 single state if a statute of the state governing business trusts
21 requires that the business trust's organic record be filed with
22 the state;

23 (71) "Secondary obligor" means an obligor to the extent
24 that:

25 (A) The obligor's obligation is secondary; or

26 (B) The obligor has a right of recourse with respect to an
27 obligation secured by collateral against the debtor, another
28 obligor, or property of either;

29 (72) "Secured party" means:

30 (A) A person in whose favor a security interest is created
31 or provided for under a security agreement, whether or not any
32 obligation to be secured is outstanding;

33 (B) A person that holds an agricultural lien;

34 (C) A consignor;

35 (D) A person to which accounts, chattel paper, payment
36 intangibles, or promissory notes have been sold;

37 (E) A trustee, indenture trustee, agent, collateral agent,

1 or other representative in whose favor a security interest or
2 agricultural lien is created or provided for; or

3 (F) A person that holds a security interest arising under
4 sections 400.2-401, 400.2-505, 400.2-711(3), 400.2A-508(5),
5 400.4-210 or 400.5-118;

6 (73) "Security agreement" means an agreement that creates
7 or provides for a security interest;

8 (74) "Send", in connection with a record or notification,
9 means:

10 (A) To deposit in the mail, deliver for transmission, or
11 transmit by any other usual means of communication, with postage
12 or cost of transmission provided for, addressed to any address
13 reasonable under the circumstances; or

14 (B) To cause the record or notification to be received
15 within the time that it would have been received if properly sent
16 under subparagraph (A);

17 (75) "Software" means a computer program and any supporting
18 information provided in connection with a transaction relating to
19 the program. The term does not include a computer program that
20 is included in the definition of goods;

21 (76) "State" means a state of the United States, the
22 District of Columbia, Puerto Rico, the United States Virgin
23 Islands, or any territory or insular possession subject to the
24 jurisdiction of the United States;

25 (77) "Supporting obligation" means a letter-of-credit right
26 or secondary obligation that supports the payment or performance
27 of an account, chattel paper, a document, a general intangible,
28 an instrument, or investment property;

29 (78) "Tangible chattel paper" means chattel paper evidenced
30 by a record or records consisting of information that is
31 inscribed on a tangible medium;

32 (79) "Termination statement" means an amendment of a
33 financing statement which:

34 (A) Identifies, by its file number, the initial financing
35 statement to which it relates; and

36 (B) Indicates either that it is a termination statement or
37 that the identified financing statement is no longer effective;

1 (80) "Transmitting utility" means a person primarily
2 engaged in the business of:

3 (A) Operating a railroad, subway, street railway, or
4 trolley bus;

5 (B) Transmitting communications electrically,
6 electromagnetically, or by light;

7 (C) Transmitting goods by pipeline or sewer; or

8 (D) Transmitting or producing and transmitting electricity,
9 steam, gas, or water.

10 (b) "Control" as provided in section 400.8-106 and the
11 following definitions in other articles apply to this article:

12 "Applicant" Section 400.5-102.

13 "Beneficiary" Section 400.5-102.

14 "Broker" Section 400.8-102.

15 "Certificated security" Section 400.8-102.

16 "Check" Section 400.3-104.

17 "Clearing corporation" Section 400.8-102.

18 "Contract for sale" Section 400.2-106.

19 "Customer" Section 400.4-104.

20 "Entitlement holder" Section 400.8-102.

21 "Financial asset" Section 400.8-102.

22 "Holder in due course" Section 400.3-302.

23 "Issuer" (with respect to a
24 letter of credit or
25 letter-of-credit right) Section 400.5-102.

26 "Issuer" (with respect
27 to a security) Section 400.8-201.

28 "Lease " Section 400.2A-103.

29 "Lease agreement" Section 400.2A-103.

30 "Lease contract" Section 400.2A-103.

31 "Leasehold interest" Section 400.2A-103.

32 "Lessee" Section 400.2A-103.

33 "Lessee in ordinary
34 course of business" Section 400.2A-103.

35 "Lessor" Section 400.2A-103.

36 "Lessor's residual interest" Section 400.2A-103.

37 "Letter of credit" Section 400.5-102.

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| 1 | "Merchant" | Section 400.2-104. |
| 2 | "Negotiable instrument" | Section 400.3-104. |
| 3 | "Nominated person" | Section 400.5-102. |
| 4 | "Note" | Section 400.3-104. |
| 5 | "Proceeds of a | |
| 6 | letter of credit" | Section 400.5-114. |
| 7 | "Prove" | Section 400.3-103. |
| 8 | "Sale" | Section 400.2-106. |
| 9 | "Securities account" | Section 400.8-501. |
| 10 | "Securities intermediary" | Section 400.8-102. |
| 11 | "Security" | Section 400.8-102. |
| 12 | "Security certificate" | Section 400.8-102. |
| 13 | "Security entitlement" | Section 400.8-102. |
| 14 | "Uncertificated security" | Section 400.8-102. |

15 (c) This section contains general definitions and
16 principles of construction and interpretation applicable
17 throughout sections 400.9-103 to [400.9-708] 400.9-809.
18 400.9-105. (a) A secured party has control of electronic
19 chattel paper if a system employed for evidencing the transfer of
20 interests in the chattel paper reliably establishes the secured
21 party as the person to which the chattel paper was assigned.
22 (b) A system satisfies subsection (a) if the record or
23 records comprising the chattel paper are created, stored, and
24 assigned in such a manner that:
25 (1) A single authoritative copy of the record or records
26 exists which is unique, identifiable and, except as otherwise
27 provided in paragraphs (4), (5), and (6), unalterable;
28 (2) The authoritative copy identifies the secured party as
29 the assignee of the record or records;
30 (3) The authoritative copy is communicated to and
31 maintained by the secured party or its designated custodian;
32 (4) Copies or [revisions] amendments that add or change an
33 identified assignee of the authoritative copy can be made only
34 with the [participation] consent of the secured party;
35 (5) Each copy of the authoritative copy and any copy of a
36 copy is readily identifiable as a copy that is not the
37 authoritative copy; and

1 (6) Any [revision] amendment of the authoritative copy is
2 readily identifiable as [an] authorized or unauthorized
3 [revision].

4 400.9-311. (a) Except as otherwise provided in subsection
5 (d), the filing of a financing statement is not necessary or
6 effective to perfect a security interest in property subject to:

7 (1) A statute, regulation, or treaty of the United States
8 whose requirements for a security interest's obtaining priority
9 over the rights of a lien creditor with respect to the property
10 preempt section 400.9-310(a);

11 (2) Sections 301.600 to 301.661, section 700.350, and
12 section 400.2A-304; or

13 (3) A [certificate-of-title] statute of another
14 jurisdiction which provides for a security interest to be
15 indicated on [the] a certificate of title as a condition or
16 result of the security interest's obtaining priority over the
17 rights of a lien creditor with respect to the property.

18 (b) Compliance with the requirements of a statute,
19 regulation, or treaty described in subsection (a) for obtaining
20 priority over the rights of a lien creditor is equivalent to the
21 filing of a financing statement under this article. Except as
22 otherwise provided in subsection (d) and sections 400.9-313 and
23 400.9-316(d) and (e) for goods covered by a certificate of title,
24 a security interest in property subject to a statute, regulation,
25 or treaty described in subsection (a) may be perfected only by
26 compliance with those requirements, and a security interest so
27 perfected remains perfected notwithstanding a change in the use
28 or transfer of possession of the collateral.

29 (c) Except as otherwise provided in subsection (d) and
30 section 400.9-316(d) and (e), duration and renewal of perfection
31 of a security interest perfected by compliance with the
32 requirements prescribed by a statute, regulation, or treaty
33 described in subsection (a) are governed by the statute,
34 regulation, or treaty. In other respects, the security interest
35 is subject to this article.

36 (d) During any period in which collateral is inventory held
37 for sale or lease by a person or leased by that person as lessor

1 and that person is in the business of selling goods of that kind,
2 this section does not apply to a security interest in that
3 collateral created by that person.

4 400.9-317. (a) A security interest or agricultural lien is
5 subordinate to the rights of:

6 (1) A person entitled to priority under section 400.9-322;
7 and

8 (2) Except as otherwise provided in subsection (e), a
9 person that becomes a lien creditor before the earlier of the
10 time:

11 (A) The security interest or agricultural lien is
12 perfected; or

13 (B) One of the conditions specified in section
14 400.9-203(b)(3) is met and a financing statement covering the
15 collateral is filed.

16 (b) Except as otherwise provided in subsection (e), a
17 buyer, other than a secured party, of tangible chattel paper,
18 documents, goods, instruments, or a [security certificate]
19 certificated security takes free of a security interest or
20 agricultural lien if the buyer gives value and receives delivery
21 of the collateral without knowledge of the security interest or
22 agricultural lien and before it is perfected.

23 (c) Except as otherwise provided in subsection (e), a
24 lessee of goods takes free of a security interest or agricultural
25 lien if the lessee gives value and receives delivery of the
26 collateral without knowledge of the security interest or
27 agricultural lien and before it is perfected.

28 (d) A licensee of a general intangible or a buyer, other
29 than a secured party, of collateral other than tangible chattel
30 paper, tangible documents, goods, instruments, or a certificated
31 security takes free of a security interest if the licensee or
32 buyer gives value without knowledge of the security interest and
33 before it is perfected.

34 (e) Except as otherwise provided in sections 400.9-320 and
35 400.9-321, if a person files a financing statement with respect
36 to a purchase-money security interest before or within twenty
37 days after the debtor receives delivery of the collateral, the

1 security interest takes priority over the rights of a buyer,
2 lessee, or lien creditor which arise between the time the
3 security interest attaches and the time of filing.

4 400.9-326. (a) Subject to subsection (b), a security
5 interest that is created by a new debtor in collateral in which
6 the new debtor has or acquires rights and is perfected solely by
7 a filed financing statement that would be [effective] ineffective
8 to perfect the security interest but for the application of
9 section 400.9-316(i)(1) or 400.9-508 is subordinate to a security
10 interest in the same collateral which is perfected other than by
11 such a filed financing statement.

12 (b) The other provisions of this part determine the
13 priority among conflicting security interests in the same
14 collateral perfected by filed financing statements described in
15 subsection (a). However, if the security agreements to which a
16 new debtor became bound as debtor were not entered into by the
17 same original debtor, the conflicting security interests rank
18 according to priority in time of the new debtor's having become
19 bound.

20 400.9-503. (a) A financing statement sufficiently provides
21 the name of the debtor:

22 (1) Except as otherwise provided in paragraph (3), if the
23 debtor is a registered organization or the collateral is held in
24 a trust that is a registered organization, only if the financing
25 statement provides the name that is stated to be the registered
26 organization's name on the public organic record most recently
27 filed with or issued or enacted by the registered organization's
28 jurisdiction of organization which purports to state, amend, or
29 restate the registered organization's name;

30 (2) Subject to subsection (f), if the collateral is being
31 administered by the personal representative of a decedent, only
32 if the financing statement provides as the name of the debtor,
33 the name of the decedent and, in a separate part of the financing
34 statement, indicates that the collateral is being administered by
35 a personal representative;

36 (3) If the collateral is held in a trust that is not a
37 registered organization, only if the financing statement:

1 (A) Provides, as the name of the debtor:
2 (i) If the organic record of the trust specifies a name for
3 the trust, the name specified; or
4 (ii) If the organic record of the trust does not specify a
5 name for the trust, the name of the settlor or testator; and
6 (B) In a separate part of the financing statement:
7 (i) If the name is provided in accordance with subparagraph
8 (A)(i), indicates that the collateral is held in a trust; or
9 (ii) If the name is provided in accordance with
10 subparagraph (A)(ii), provides additional information sufficient
11 to distinguish the trust from other trusts having one or more of
12 the same settlors or the same testator and indicates that the
13 collateral is held in a trust, unless the additional information
14 so indicates;
15 (4) Subject to subsection (g), if the debtor is an
16 individual to whom this state has issued a driver's license or
17 nondriver's license that has not expired, only if the financing
18 statement provides the name of the individual which is indicated
19 on the driver's license or nondriver's license;
20 (5) If the debtor is an individual to whom paragraph (4)
21 does not apply, only if the financing statement provides the
22 individual name of the debtor or the surname and first personal
23 name of the debtor; and
24 (6) In other cases:
25 (A) If the debtor has a name, only if the financing
26 statement provides the organizational name of the debtor; and
27 (B) If the debtor does not have a name, only if it provides
28 the names of the partners, members, associates, or other persons
29 comprising the debtor, in a manner that each name provided would
30 be sufficient if the person named were the debtor.
31 (b) A financing statement that provides the name of the
32 debtor in accordance with subsection (a) is not rendered
33 ineffective by the absence of:
34 (1) A trade name or other name of the debtor; or
35 (2) Unless required under subsection [(a)(4)(B)] (a)(6)(B),
36 names of partners, members, associates, or other persons
37 comprising the debtor.

1 (c) A financing statement that provides only the debtor's
2 trade name does not sufficiently provide the name of the debtor.

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

6 (e) A financing statement may provide the name of more than
7 one debtor and the name of more than one secured party.

8 (f) The name of the decedent indicated on the order
9 appointing the personal representative of the decedent issued by
10 the court having jurisdiction over the collateral is sufficient
11 as the name of the decedent under subsection (a)(2).

12 (g) If this state has issued to an individual more than one
13 driver's license or nondriver's license of a kind described in
14 subsection (a)(4), the one that was issued most recently is the
15 one to which subsection (a)(4) refers.

16 (h) In this section, the name of the settlor or testator
17 means:

18 (1) If the settlor is a registered organization, the name
19 that is stated to be the settlor's name on the public organic
20 record most recently filed with or issued or enacted by the
21 settlor's jurisdiction of organization which purports to state,
22 amend, or restate the settlor's name; or

23 (2) In other cases, the name of the settlor or testator
24 indicated in the trust's organic record.

25 400.9-507. (a) A filed financing statement remains
26 effective with respect to collateral that is sold, exchanged,
27 leased, licensed, or otherwise disposed of and in which a
28 security interest or agricultural lien continues, even if the
29 secured party knows of or consents to the disposition.

30 (b) Except as otherwise provided in subsection (c) and
31 section 400.9-508, a financing statement is not rendered
32 ineffective if, after the financing statement is filed, the
33 information provided in the financing statement becomes seriously
34 misleading under section 400.9-506.

35 (c) If [a debtor so changes its] the name that a filed
36 financing statement provides for a debtor becomes insufficient as
37 the name of the debtor under section 400.9-503(a) so that the

1 financing statement becomes seriously misleading under section
2 400.9-506:

3 (1) The financing statement is effective to perfect a
4 security interest in collateral acquired by the debtor before, or
5 within four months after, the [change] filed financing statement
6 becomes seriously misleading; and

7 (2) The financing statement is not effective to perfect a
8 security interest in collateral acquired by the debtor more than
9 four months after the [change] filed financing statement becomes
10 seriously misleading, unless an amendment to the financing
11 statement which renders the financing statement not seriously
12 misleading is filed within four months after the [change]
13 financing statement became seriously misleading.

14 400.9-516. (a) Except as otherwise provided in subsection
15 (b), communication of a record to a filing office and tender of
16 the filing fee or acceptance of the record by the filing office
17 constitutes filing.

18 (b) Filing does not occur with respect to a record that a
19 filing office refuses to accept because:

20 (1) The record is not communicated by a method or medium of
21 communication authorized by the filing office;

22 (2) An amount equal to or greater than the applicable
23 filing fee is not tendered;

24 (3) The filing office is unable to index the record
25 because:

26 (A) In the case of an initial financing statement, the
27 record does not provide a name for the debtor;

28 (B) In the case of an amendment or [correction] information
29 statement, the record:

30 (i) Does not identify the initial financing statement as
31 required by section 400.9-512 or 400.9-518, as applicable; or

32 (ii) Identifies an initial financing statement whose
33 effectiveness has lapsed under section 400.9-515;

34 (C) In the case of an initial financing statement that
35 provides the name of a debtor identified as an individual or an
36 amendment that provides a name of a debtor identified as an
37 individual which was not previously provided in the financing

1 statement to which the record relates, the record does not
2 identify the debtor's [last name] surname; or

3 (D) In the case of a record filed or recorded in the filing
4 office described in section 400.9-501(a)(1), the record does not
5 provide a sufficient description of the real property to which it
6 relates;

7 (4) In the case of an initial financing statement or an
8 amendment that adds a secured party of record, the record does
9 not provide a name and mailing address for the secured party of
10 record;

11 (5) In the case of an initial financing statement or an
12 amendment that provides a name of a debtor which was not
13 previously provided in the financing statement to which the
14 amendment relates, the record does not:

15 (A) Provide a mailing address for the debtor; or

16 (B) Indicate whether the name provided as the name of the
17 debtor is the name of an individual or an organization;

18 (6) In the case of an assignment reflected in an initial
19 financing statement under section 400.9-514(a) or an amendment
20 filed under section 400.9-514(b), the record does not provide a
21 name and mailing address for the assignee; or

22 (7) In the case of a continuation statement, the record is
23 not filed within the six-month period prescribed by section
24 400.9-515(d).

25 (c) For purposes of subsection (b):

26 (1) A record does not provide information if the filing
27 office is unable to read or decipher the information; and

28 (2) A record that does not indicate that it is an amendment
29 or identify an initial financing statement to which it relates,
30 as required by section 400.9-512, 400.9-514 or 400.9-518, is an
31 initial financing statement.

32 (d) A record that is communicated to the filing office with
33 tender of the filing fee, but which the filing office refuses to
34 accept for a reason other than one set forth in subsection (b),
35 is effective as a filed record except as against a purchaser of
36 the collateral which gives value in reasonable reliance upon the
37 absence of the record from the files.

1 400.9-607. (a) If so agreed, and in any event after
2 default, a secured party:

3 (1) May notify an account debtor or other person obligated
4 on collateral to make payment or otherwise render performance to
5 or for the benefit of the secured party;

6 (2) May take any proceeds to which the secured party is
7 entitled under section 400.9-315;

8 (3) May enforce the obligations of an account debtor or
9 other person obligated on collateral and exercise the rights of
10 the debtor with respect to the obligation of the account debtor
11 or other person obligated on collateral to make payment or
12 otherwise render performance to the debtor, and with respect to
13 any property that secures the obligations of the account debtor
14 or other person obligated on the collateral;

15 (4) If it holds a security interest in a deposit account
16 perfected by control under section 400.9-104(a)(1), may apply the
17 balance of the deposit account to the obligation secured by the
18 deposit account; and

19 (5) If it holds a security interest in a deposit account
20 perfected by control under section 400.9-104(a)(2) or (3), may
21 instruct the bank to pay the balance of the deposit account to or
22 for the benefit of the secured party.

23 (b) If necessary to enable a secured party to exercise
24 under subsection (a)(3) the right of a debtor to enforce a
25 mortgage nonjudicially, the secured party may record in the
26 office in which a record of the mortgage is recorded:

27 (1) A copy of the security agreement that creates or
28 provides for a security interest in the obligation secured by the
29 mortgage; and

30 (2) The secured party's sworn affidavit in recordable form
31 stating that:

32 (A) A default has occurred with respect to the obligation
33 secured by the mortgage; and

34 (B) The secured party is entitled to enforce the mortgage
35 nonjudicially.

36 (c) A secured party shall proceed in a commercially
37 reasonable manner if the secured party:

1 (1) Undertakes to collect from or enforce an obligation of
2 an account debtor or other person obligated on collateral; and

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

6 (d) A secured party may deduct from the collections made
7 pursuant to subsection (c) reasonable expenses of collection and
8 enforcement, including reasonable attorney's fees and legal
9 expenses incurred by the secured party.

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

13 400.9-802. (a) Except as otherwise provided in this part,
14 this act applies to a transaction or lien within its scope, even
15 if the transaction or lien was entered into or created [before
16 this act takes effect on July 1, 2013] prior to August 28, 2013.

17 (b) This act does not affect an action, case, or proceeding
18 commenced before this act takes effect.

19 400.9-805. (a) The filing of a financing statement before
20 this act takes effect is effective to perfect a security interest
21 to the extent the filing would satisfy the applicable
22 requirements for perfection under article 9 as amended by this
23 act.

24 (b) This act does not render ineffective an effective
25 financing statement that, before this act takes effect, is filed
26 and satisfies the applicable requirements for perfection under
27 the law of the jurisdiction governing perfection as provided in
28 article 9 as it existed before amendment. However, except as
29 otherwise provided in subsections (c) and (d) and section
30 400.9-806, the financing statement ceases to be effective:

31 (1) If the financing statement is filed in this state, at
32 the time the financing statement would have ceased to be
33 effective had this act not taken effect; or

34 (2) If the financing statement is filed in another
35 jurisdiction, at the earlier of:

36 (A) The time the financing statement would have ceased to
37 be effective under the law of that jurisdiction; or

1 (B) [June 30, 2018] August 27, 2018.

2 (c) The filing of a continuation statement after this act
3 takes effect does not continue the effectiveness of a financing
4 statement filed before this act takes effect. However, upon the
5 timely filing of a continuation statement after this act takes
6 effect and in accordance with the law of the jurisdiction
7 governing perfection as provided in article 9 as amended by this
8 act, the effectiveness of a financing statement filed in the same
9 office in that jurisdiction before this act takes effect
10 continues for the period provided by the law of that
11 jurisdiction.

12 (d) Subsection (b) (2) (B) applies to a financing statement
13 that, before this act takes effect, is filed against a
14 transmitting utility and satisfies the applicable requirements
15 for perfection under the law of the jurisdiction governing
16 perfection as provided in article 9 as it existed before
17 amendment, only to the extent that article 9 as amended by this
18 act provides that the law of a jurisdiction other than the
19 jurisdiction in which the financing statement is filed governs
20 perfection of a security interest in collateral covered by the
21 financing statement.

22 (e) A financing statement that includes a financing
23 statement filed before this act takes effect and a continuation
24 statement filed after this act takes effect is effective only to
25 the extent that it satisfies the requirements of Part 5 as
26 amended by this act for an initial financing statement. A
27 financing statement that indicates that the debtor is a
28 decedent's estate indicates that the collateral is being
29 administered by a personal representative within the meaning of
30 section 400.9-503(a) (2) as amended by this act. A financing
31 statement that indicates that the debtor is a trust or is a
32 trustee acting with respect to property held in trust indicates
33 that the collateral is held in a trust within the meaning of
34 section 400.9-503(a) (3) as amended by this act.

35 400.9-806. (a) The filing of an initial financing
36 statement in the office specified in section 400.9-501 continues
37 the effectiveness of a financing statement filed before this act

1 takes effect if:

2 (1) The filing of an initial financing statement in that
3 office would be effective to perfect a security interest under
4 article 9 as amended by this act;

5 (2) The pre-effective-date financing statement was filed in
6 an office in another state; and

7 (3) The initial financing statement satisfies subsection
8 (c).

9 (b) The filing of an initial financing statement under
10 subsection (a) continues the effectiveness of the
11 pre-effective-date financing statement:

12 (1) If the initial financing statement is filed before this
13 act takes effect, for the period provided in unamended section
14 400.9-515 with respect to an initial financing statement; [or]
15 and

16 (2) If the initial financing statement is filed after this
17 act takes effect, for the period provided in section 400.9-515 as
18 amended by this act with respect to an initial financing
19 statement.

20 (c) To be effective for purposes of subsection (a), an
21 initial financing statement must:

22 (1) Satisfy the requirements of section 400.9-500, et.
23 seq., as amended by this act for an initial financing statement;

24 (2) Identify the pre-effective-date financing statement by
25 indicating the office in which the financing statement was filed
26 and providing the dates of filing and file numbers, if any, of
27 the financing statement and of the most recent continuation
28 statement filed with respect to the financing statement; and

29 (3) Indicate that the pre-effective-date financing
30 statement remains effective.

31 400.2A-103. (1) In this article unless the context
32 otherwise requires:

33 (a) "Buyer in ordinary course of business" means a person
34 who in good faith and without knowledge that the sale to him or
35 her is in violation of the ownership rights or security interest
36 or leasehold interest of a third party in the goods buys in
37 ordinary course from a person in the business of selling goods of

1 that kind but does not include a pawnbroker. "Buying" may be for
2 cash or by exchange of other property or on secured or unsecured
3 credit and includes receiving goods or documents of title under a
4 preexisting contract for sale but does not include a transfer in
5 bulk or as security for or in total or partial satisfaction of a
6 money debt.

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

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

17 (d) "Conforming" goods or performance under a lease
18 contract means goods or performance that are in accordance with
19 the obligations under the lease contract.

20 (e) "Consumer lease" means a lease that a lessor regularly
21 engaged in the business of leasing or selling makes to a lessee
22 who is an individual and who takes under the lease primarily for
23 a personal, family, or household purpose, if the total payments
24 to be made under the lease contract, excluding payments for
25 option to renew or buy, do not exceed fifty thousand dollars.

26 (f) "Fault" means wrongful act, omission, breach, or
27 default.

28 (g) "Finance lease" means a lease with respect to which:

29 (i) the lessor does not select, manufacture, or supply the
30 goods;

31 (ii) the lessor acquires the goods or the right to
32 possession and use of the goods in connection with the lease; and

33 (iii) one of the following occurs:

34 (A) the lessee receives a copy of the contract by which the
35 lessor acquired the goods or the right to possession and use of
36 the goods before signing the lease contract;

37 (B) the lessee's approval of the contract by which the

1 lessor acquired the goods or the right to possession and use of
2 the goods is a condition to effectiveness of the lease contract;

3 (C) the lessor (aa) informs the lessee in writing of the
4 identity of the supplier, unless the lessee has selected the
5 supplier and directed the lessor to purchase the goods from the
6 supplier, (bb) informs the lessee in writing that the lessee may
7 have rights under the contract evidencing the lessor's purchase
8 of the goods, and (cc) advised the lessee in writing to contact
9 the supplier for a description of any such rights, or

10 (D) the lease contract discloses all warranties and other
11 rights provided to the lessee by the lessor and supplier in
12 connection with the lease contract and informs the lessee that
13 there are no warranties or other rights provided to the lessee by
14 the lessor and supplier other than those disclosed in the lease
15 contract.

16 (h) "Goods" means all things that are movable at the time
17 of identification to the lease contract, or are fixtures as
18 defined in Section 400.2A-309, but the term does not include
19 money, documents, instruments, accounts, chattel paper, general
20 intangibles, or minerals or the like, including oil and gas,
21 before extraction. The term also includes the unborn young of
22 animals.

23 (i) "Installment lease contract" means a lease contract
24 that authorizes or requires the delivery of goods in separate
25 lots to be separately accepted, even though the lease contract
26 contains a clause "each delivery is a separate lease" or its
27 equivalent.

28 (j) "Lease" means a transfer of the right to possession and
29 use of goods for a term in return for consideration, but a sale,
30 including a sale on approval or a sale or return, or retention or
31 creation of a security interest is not a lease. Unless the
32 context clearly indicates otherwise, the term includes a
33 sublease.

34 (k) "Lease agreement" means the bargain, with respect to
35 the lease, of the lessor and the lessee in fact as found in their
36 language or by implication from other circumstances including
37 course of dealing or usage of trade or course of performance as

1 provided in this Article. Unless the context clearly indicates
2 otherwise, the term includes a sublease agreement.

3 (l) "Lease contract" means the total legal obligation that
4 results from the lease agreement as affected by this Article and
5 any other applicable rules of law. Unless the context clearly
6 indicates otherwise, the term includes a sublease contract.

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

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

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

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

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

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

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

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

37 (u) "Present value" means the amount as of a date certain

1 of one or more sums payable in the future, discounted to the date
2 certain. The discount is determined by the interest rate
3 specified by the parties if the rate was not manifestly
4 unreasonable at the time the transaction was entered into;
5 otherwise, the discount is determined by a commercially
6 reasonable rate that takes into account the facts and
7 circumstances of each case at the time the transaction was
8 entered into.

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

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

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

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

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

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

| | |
|-----------------------------|---------------------------|
| 24 "Accessions". | Section 400.2A-310(1). |
| 25 "Construction mortgage". | Section 400.2A-309(1)(d). |
| 26 "Encumbrance". | Section 400.2A-309(1)(e). |
| 27 "Fixtures". | Section 400.2A-309(1)(a). |
| 28 "Fixture filing". | Section 400.2A-309(1)(b). |
| 29 "Purchase money lease". | Section 400.2A-309(1)(c). |

30 (3) The following definitions in other articles apply to
31 this article:

| | |
|-------------------------|---------------------------|
| 32 "Account". | Section 400.9-102(a)(2). |
| 33 "Between merchants". | Section 400.2-104(3). |
| 34 "Buyer". | Section 400.2-103(1)(a). |
| 35 "Chattel paper". | Section 400.9-102(a)(10). |
| 36 "Consumer goods". | Section 400.9-102(a)(22). |
| 37 "Document". | Section 400.9-102(a)(29). |

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| 1 | "Entrusting". | Section 400.2-403(3). |
| 2 | "General intangible". | Section 400.9-102(a)(41). |
| 3 | "Good faith". | Section 400.2-103(1)(b). |
| 4 | "Instrument". | Section 400.9-102(a)(46). |
| 5 | "Merchant". | Section 400.2-104(1). |
| 6 | "Mortgage". | Section 400.9-102(a)(54). |
| 7 | "Pursuant to commitment". | Section 400.9-102(a) [(67)] <u>(68)</u> . |
| 8 | "Receipt". | Section 400.2-103(1)(c). |
| 9 | "Sale". | Section 400.2-106(1). |
| 10 | "Sale on approval". | Section 400.2-326. |
| 11 | "Sale or return". | Section 400.2-326. |
| 12 | "Seller". | Section 400.2-103(1)(d). |

13 (4) In addition article 1 contains general definitions and
14 principles of construction and interpretation applicable
15 throughout this article."; and

16
17 Further amend said title, enacting clause and intersectional
18 references accordingly.