

State of Arizona
House of Representatives
Fifty-first Legislature
First Regular Session
2013

HOUSE BILL 2491

AN ACT

AMENDING SECTIONS 44-2031, 44-2032, 44-3291, 47-9102, 47-9105, 47-9307, 47-9311, 47-9316, 47-9317, 47-9326, 47-9406, 47-9408, 47-9502, 47-9503, 47-9507, 47-9515, 47-9516 AND 47-9518, ARIZONA REVISED STATUTES; REPEALING SECTION 47-9521, ARIZONA REVISED STATUTES; AMENDING TITLE 47, CHAPTER 9, ARTICLE 5, ARIZONA REVISED STATUTES, BY ADDING A NEW SECTION 47-9521; AMENDING SECTION 47-9607, ARIZONA REVISED STATUTES; CHANGING THE DESIGNATION OF TITLE 47, CHAPTER 9, ARTICLE 7, ARIZONA REVISED STATUTES, TO "2001 TRANSITION"; AMENDING SECTIONS 47-9701, 47-9702, 47-9703, 47-9704, 47-9705, 47-9706, 47-9707 AND 47-9709, ARIZONA REVISED STATUTES; AMENDING TITLE 47, CHAPTER 9, ARIZONA REVISED STATUTES, BY ADDING ARTICLE 8; RELATING TO SECURED TRANSACTIONS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 44-2031, Arizona Revised Statutes, is amended to
3 read:

4 44-2031. Jurisdiction and venue of offenses and actions:
5 joinder of spouse

6 A. The superior court in this state shall have jurisdiction over
7 violations of this chapter, the rules and orders of the commission under this
8 chapter and all actions brought to enforce any liability or duty created
9 under this chapter, except actions or proceedings brought under section
10 44-2032, paragraph 2, 3 or 4 or appeals filed under article 12 of this
11 chapter, over which the superior court in Maricopa county shall have
12 exclusive jurisdiction.

13 B. Any action authorized by this chapter may be brought in the county
14 in which the defendant is found, is an inhabitant or transacts business, or
15 in the county where the transaction took place, and in such cases, process
16 may be served in any other county in which the defendant is an inhabitant or
17 in which the defendant is found.

18 C. The commission may join the spouse in any action authorized by this
19 chapter to determine the liability of the marital community. THIS SUBSECTION
20 SHALL NOT AUTHORIZE THE COMMISSION TO JOIN ANY INDIVIDUAL WHO IS DIVORCED
21 FROM THE DEFENDANT AT THE TIME AN ACTION AUTHORIZED BY THIS CHAPTER IS FILED.

22 Sec. 2. Section 44-2032, Arizona Revised Statutes, is amended to read:

23 44-2032. Cease and desist orders; civil penalty; injunctions;
24 civil restitution; prosecutions for violations

25 If it appears to the commission, either on complaint or otherwise, that
26 any person has engaged in, is engaging in or is about to engage in any act,
27 practice or transaction that constitutes a violation of this chapter, or any
28 rule or order of the commission under this chapter, the commission may, in
29 its discretion:

30 1. Issue an order directing such person to cease and desist from
31 engaging in the act, practice or transaction, or doing any other act in
32 furtherance of the act, practice or transaction, and to take appropriate
33 affirmative action within a reasonable period of time, as prescribed by the
34 commission, to correct the conditions resulting from the act, practice or
35 transaction including, without limitation, a requirement to provide
36 restitution as prescribed by rules of the commission. If a person fails to
37 comply with an order issued under this paragraph, the superior court in
38 Maricopa county, on application by the commission shall:

39 (a) Issue an order to show cause why the person has not complied with
40 the commission's order. On a showing that the person has violated the
41 commission's order, the court may exercise its contempt powers and impose a
42 civil penalty of not more than twenty thousand dollars for each violation as
43 the court considers to be just and proper.

44 (b) Award reasonable costs, including attorney fees, to the
45 commission, unless other circumstances make an award of costs unjust. Any

1 costs, including attorney fees, collected pursuant to this paragraph shall be
2 deposited, pursuant to sections 35-146 and 35-147, in the state general fund.

3 2. Apply to the superior court in Maricopa county or any federal court
4 for an injunction restraining the person from the violation, and on a showing
5 by the commission that the person has engaged in, is engaging in or is about
6 to engage in an act, practice or transaction in violation of this chapter or
7 any rule or order of the commission, a temporary restraining order,
8 preliminary injunction or permanent injunction shall be granted without
9 bond. Process in those actions may be served on the defendant in any county
10 of this state in which the defendant transacts business or is found.

11 3. Apply to the superior court in Maricopa county or any federal court
12 for an order restoring to any person in interest any monies or property, real
13 or personal, that may have been acquired or transferred in violation of this
14 chapter.

15 4. Petition the superior court in Maricopa county or transmit any
16 evidence available concerning the act, practice or transaction to the
17 attorney general and the attorney general may petition the superior court in
18 Maricopa county for the appointment of a conservator to reorganize the
19 affairs of, or a receiver to wind up the affairs of, the violator. Process
20 in those actions may be served on the defendant in any county in this state
21 where the defendant transacts business or may be found.

22 5. Transmit any evidence available concerning the act, practice or
23 transaction to a county attorney, the attorney general or the United States
24 attorney who may, with or without the transmittal, directly institute or
25 cause to be instituted any criminal proceedings as the evidence warrants.

26 6. IF THE JOINDER AUTHORIZED BY SECTION 44-2031 OR 44-3291 IS
27 INAPPLICABLE BECAUSE THE DEFENDANT AND THE DEFENDANT'S SPOUSE ARE DIVORCED,
28 THE COMMISSION MAY APPLY TO THE SUPERIOR COURT IN MARICOPA COUNTY OR ANY
29 FEDERAL COURT FOR AN ORDER RESTORING TO ANY PERSON IN INTEREST THAT FORMER
30 SPOUSE'S PORTION OF ANY MONIES OR PROPERTY, REAL OR PERSONAL, INCLUDING
31 NONCASH PROCEEDS AS DEFINED IN SECTION 47-9102, THAT MAY HAVE BEEN ACQUIRED
32 OR TRANSFERRED BY THE DEFENDANT IN VIOLATION OF THIS CHAPTER. ANY ORDER
33 ISSUED PURSUANT TO THIS PARAGRAPH MUST BE SUPPORTED BY CLEAR AND CONVINCING
34 EVIDENCE.

35 Sec. 3. Section 44-3291, Arizona Revised Statutes, is amended to read:
36 44-3291. Jurisdiction and venue of offenses and actions;
37 joinder of spouse

38 A. The superior court has jurisdiction over violations of this
39 chapter, the rules and orders of the commission adopted or issued under this
40 chapter and all actions brought to enforce any liability or duty created
41 under this chapter, except actions or proceedings brought under section
42 44-3292, paragraph 2, 3 or 4 or appeals filed under article 8 of this
43 chapter, over which the superior court in Maricopa county has exclusive
44 jurisdiction.

1 B. Any action authorized by this chapter may be brought in the county
2 in which the defendant is found, is an inhabitant or transacts business or in
3 the county in which the transaction took place. Process may be served on any
4 defendant in any county of this state in which the defendant is an inhabitant
5 or in which the defendant is found.

6 C. The commission may join the spouse in any action authorized by this
7 chapter to determine the liability of the marital community. THIS SUBSECTION
8 SHALL NOT AUTHORIZE THE COMMISSION TO JOIN ANY INDIVIDUAL WHO IS DIVORCED
9 FROM THE DEFENDANT AT THE TIME AN ACTION AUTHORIZED BY THIS CHAPTER IS FILED.

10 Sec. 4. Section 47-9102, Arizona Revised Statutes, is amended to read:
11 47-9102. Definitions and index of definitions

12 A. In this chapter, unless the context otherwise requires:

13 1. "Accession" means goods that are physically united with other goods
14 in such a manner that the identity of the original goods is not lost.

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

32 3. "Account debtor" means a person obligated on an account, chattel
33 paper or general intangible but does not include persons obligated to pay a
34 negotiable instrument, even if the instrument constitutes part of chattel
35 paper.

36 4. "Accounting", except as used in "accounting for", means a record:

37 (a) Authenticated by a secured party;

38 (b) Indicating the aggregate unpaid secured obligations as of a date
39 not more than thirty-five days earlier or thirty-five days later than the
40 date of the record; and

41 (c) Identifying the components of the obligations in reasonable
42 detail.

43 5. "Agricultural lien" means an interest, other than a security
44 interest, in farm products:

45 (a) That secures payment or performance of an obligation for:

- 1 (i) Goods or services furnished in connection with a debtor's farming
2 operation; or
3 (ii) Rent on real property leased by a debtor in connection with its
4 farming operation;
5 (b) That is created by statute in favor of a person that:
6 (i) In the ordinary course of its business furnished goods or services
7 to a debtor in connection with a debtor's farming operation; or
8 (ii) Leased real property to a debtor in connection with the debtor's
9 farming operation; and
10 (c) Whose effectiveness does not depend on the person's possession of
11 the personal property.
- 12 6. "As-extracted collateral" means:
13 (a) Oil, gas or other minerals that are subject to a security interest
14 that:
15 (i) Is created by a debtor having an interest in the minerals before
16 extraction; and
17 (ii) Attaches to the minerals as extracted; or
18 (b) Accounts arising out of the sale at the wellhead or minehead of
19 oil, gas or other minerals in which the debtor had an interest before
20 extraction.
- 21 7. "Authenticate" means:
22 (a) To sign; or
23 ~~(b) To execute or otherwise adopt a symbol, or encrypt or similarly~~
24 ~~process a record in whole or in part, with the present intent of the~~
25 ~~authenticating person to identify the person and adopt or accept a record.~~
26 (b) WITH PRESENT INTENT TO ADOPT OR ACCEPT A RECORD, TO ATTACH TO OR
27 LOGICALLY ASSOCIATE WITH THE RECORD AN ELECTRONIC SOUND, SYMBOL OR PROCESS.
- 28 8. "Bank" means an organization that is engaged in the business of
29 banking. Bank includes savings banks, savings and loan associations, credit
30 unions and trust companies.
- 31 9. "Cash proceeds" means proceeds that are money, checks, deposit
32 accounts or the like.
- 33 10. "Certificate of title" means a certificate of title with respect to
34 which a statute provides for the security interest in question to be
35 indicated on the certificate as a condition or result of the security
36 interest's obtaining priority over the rights of a lien creditor with respect
37 to the collateral. CERTIFICATE OF TITLE INCLUDES ANOTHER RECORD MAINTAINED
38 AS AN ALTERNATIVE TO A CERTIFICATE OF TITLE BY THE GOVERNMENTAL UNIT THAT
39 ISSUES CERTIFICATES OF TITLE IF A STATUTE PERMITS THE SECURITY INTEREST IN
40 QUESTION TO BE INDICATED ON THE RECORD AS A CONDITION OR RESULT OF THE
41 SECURITY INTEREST'S OBTAINING PRIORITY OVER THE RIGHTS OF A LIEN CREDITOR
42 WITH RESPECT TO THE COLLATERAL.
- 43 11. "Chattel paper" means a record or records that evidence both a
44 monetary obligation and a security interest in specific goods, a security
45 interest in specific goods and software used in the goods, a security

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

12 12. "Collateral" means the property subject to a security interest or
13 agricultural lien. Collateral includes:

- 14 (a) Proceeds to which a security interest attaches;
- 15 (b) Accounts, chattel paper, payment intangibles and promissory notes
16 that have been sold; and
- 17 (c) Goods that are the subject of a consignment.

18 13. "Commercial tort claim" means a claim arising in tort with respect
19 to which:

- 20 (a) The claimant is an organization; or
- 21 (b) The claimant is an individual and the claim:
 - 22 (i) Arose in the course of the claimant's business or profession; and
 - 23 (ii) Does not include damages arising out of personal injury to or the
24 death of an individual.

25 14. "Commodity account" means an account maintained by a commodity
26 intermediary in which a commodity contract is carried for a commodity
27 customer.

28 15. "Commodity contract" means a commodity futures contract, an option
29 on a commodity futures contract, a commodity option or another contract if
30 the contract or option is:

- 31 (a) Traded on or subject to the rules of a board of trade that has
32 been designated as a contract market for such a contract pursuant to federal
33 commodities laws; or
- 34 (b) Traded on a foreign commodity board of trade, exchange or market,
35 and is carried on the books of a commodity intermediary for a commodity
36 customer.

37 16. "Commodity customer" means a person for which a commodity
38 intermediary carries a commodity contract on its books.

39 17. "Commodity intermediary" means a person that:

- 40 (a) Is registered as a futures commission merchant under federal
41 commodities law; or
- 42 (b) In the ordinary course of its business provides clearance or
43 settlement services for a board of trade that has been designated as a
44 contract market pursuant to federal commodities law.

45 18. "Communicate" means:

- 1 (a) To send a written or other tangible record;
2 (b) To transmit a record by any means agreed on by the persons sending
3 and receiving the record; or
4 (c) In the case of transmission of a record to or by a filing office,
5 to transmit a record by any means prescribed by filing office rule.
- 6 19. "Consignee" means a merchant to which goods are delivered in a
7 consignment.
- 8 20. "Consignment" means a transaction, regardless of its form, in which
9 a person delivers goods to a merchant for the purpose of sale and:
10 (a) The merchant:
11 (i) Deals in goods of that kind under a name other than the name of
12 the person making delivery;
13 (ii) Is not an auctioneer; and
14 (iii) Is not generally known by its creditors to be substantially
15 engaged in selling the goods of others;
16 (b) With respect to each delivery, the aggregate value of the goods is
17 one thousand dollars or more at the time of delivery;
18 (c) The goods are not consumer goods immediately before delivery; and
19 (d) The transaction does not create a security interest that secures
20 an obligation.
- 21 21. "Consignor" means a person that delivers goods to a consignee in a
22 consignment.
- 23 22. "Consumer debtor" means a debtor in a consumer transaction.
- 24 23. "Consumer goods" means goods that are used or bought for use
25 primarily for personal, family or household purposes.
- 26 24. "Consumer goods transaction" means a consumer transaction in which:
27 (a) An individual incurs an obligation primarily for personal, family
28 or household purposes; and
29 (b) A security interest in consumer goods secures the obligation.
- 30 25. "Consumer obligor" means an obligor who is an individual and who
31 incurred the obligation as part of a transaction entered into primarily for
32 personal, family or household purposes.
- 33 26. "Consumer transaction" means a transaction in which an individual
34 incurs an obligation primarily for personal, family or household purposes, a
35 security interest secures the obligation and the collateral is held or
36 acquired primarily for personal, family or household purposes. Consumer
37 transaction includes consumer goods transactions.
- 38 27. "Continuation statement" means an amendment of a financing
39 statement that:
40 (a) Identifies, by its file number, the initial financing statement to
41 which it relates; and
42 (b) Indicates that it is a continuation statement for, or that it is
43 filed to continue the effectiveness of, the identified financing statement.
- 44 28. "Debtor" means:

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

3 (b) A seller of accounts, chattel paper, payment intangibles or
4 promissory notes; or

5 (c) A consignee.

6 29. "Deposit account" means a demand, time, savings, passbook or
7 similar account maintained with a bank. Deposit account does not include
8 investment property or accounts evidenced by an instrument.

9 30. "Document" means a document of title or a receipt of the type
10 described in section 47-7201, subsection B.

11 31. "Electronic chattel paper" means chattel paper evidenced by a
12 record or records consisting of information stored in an electronic medium.

13 32. "Encumbrance" means a right, other than an ownership interest, in
14 real property. Encumbrance includes mortgages and other liens on real
15 property.

16 33. "Equipment" means goods other than inventory, farm products or
17 consumer goods.

18 34. "Farm products" means goods, other than standing timber, with
19 respect to which the debtor is engaged in a farming operation and that are:

20 (a) Crops grown, growing or to be grown, including:

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

22 (ii) Aquatic goods produced in aquacultural operations;

23 (b) Livestock, born or unborn, including aquatic goods produced in
24 aquacultural operations;

25 (c) Supplies used or produced in a farming operation; or

26 (d) Products of crops or livestock in their unmanufactured states.

27 35. "Farming operation" means raising, cultivating, propagating,
28 fattening, grazing or any other farming, livestock or aquacultural operation.

29 36. "File number" means the number assigned to an initial financing
30 statement pursuant to section 47-9519, subsection A.

31 37. "Filing office" means an office designated in section 47-9501 as
32 the place to file a financing statement.

33 38. "Filing office rule" means a rule adopted pursuant to section
34 47-9526.

35 39. "Financing statement" means a record or records composed of an
36 initial financing statement and any filed record relating to the initial
37 financing statement.

38 40. "Fixture filing" means the filing of a financing statement covering
39 goods that are or are to become fixtures and satisfying section 47-9502,
40 subsections A and B. Fixture filing includes the filing of a financing
41 statement covering goods of a transmitting utility that are or are to become
42 fixtures.

43 41. "Fixtures" means goods that have become so related to particular
44 real property that an interest in them arises under real property law.

1 42. "General intangible" means any personal property, including things
2 in action, other than accounts, chattel paper, commercial tort claims,
3 deposit accounts, documents, goods, instruments, investment property,
4 letter-of-credit rights, letters of credit, money and oil, gas or other
5 minerals before extraction. General intangible includes payment intangibles
6 and software.

7 43. "Good faith" means honesty in fact and the observance of reasonable
8 commercial standards of fair dealing.

9 44. "Goods" means all things that are movable when a security interest
10 attaches.

11 (a) Goods includes:

12 (i) Fixtures;

13 (ii) Standing timber that is to be cut and removed under a conveyance
14 or contract for sale;

15 (iii) The unborn young of animals;

16 (iv) Crops grown, growing or to be grown, even if the crops are
17 produced on trees, vines or bushes; and

18 (v) Manufactured homes.

19 (b) Goods also includes a computer program embedded in goods and any
20 supporting information provided in connection with a transaction relating to
21 the program if:

22 (i) The program is associated with the goods in such a manner that it
23 customarily is considered part of the goods; or

24 (ii) By becoming the owner of the goods, a person acquires a right to
25 use the program in connection with the goods.

26 (c) Goods does not include a computer program embedded in goods that
27 consist solely of the medium in which the program is embedded.

28 (d) Goods also does not include accounts, chattel paper, commercial
29 tort claims, deposit accounts, documents, general intangibles, instruments,
30 investment property, letter-of-credit rights, letters of credit, money, or
31 oil, gas or other minerals before extraction.

32 45. "Governmental unit" means a subdivision, agency, department,
33 county, parish, municipality or other unit of the government of the United
34 States, a state or a foreign country. Governmental unit includes an
35 organization having a separate corporate or legal existence if the
36 organization is eligible to issue or incur obligations the interest on which
37 is excluded from gross income for federal income tax purposes.

38 46. "Health-care-insurance receivable" means an interest in or claim
39 under a policy of insurance that is a right to payment of a monetary
40 obligation for health care goods or services provided.

41 47. "Instrument" means a negotiable instrument or any other writing
42 that evidences a right to the payment of a monetary obligation, is not itself
43 a security agreement or lease and is of a type that in the ordinary course of
44 business is transferred by delivery with any necessary indorsement or
45 assignment. Instrument does not include:

- 1 (a) Investment property;
2 (b) Letters of credit; or
3 (c) Writings that evidence a right to payment arising out of the use
4 of a credit or charge card or information contained on or for use with the
5 card.
- 6 48. "Inventory" means goods, other than farm products, that:
7 (a) Are leased by a person as lessor;
8 (b) Are held by a person for sale or lease or to be furnished under a
9 contract of service;
10 (c) Are furnished by a person under a contract of service; or
11 (d) Consist of raw materials, work in process or materials used or
12 consumed in a business.
- 13 49. "Investment property" means a security, whether certificated or
14 uncertificated, security entitlement, securities account, commodity contract
15 or commodity account.
- 16 50. "Jurisdiction of organization", with respect to a registered
17 organization, means the jurisdiction under whose law the organization is
18 organized.
- 19 51. "Letter-of-credit right" means a right to payment or performance
20 under a letter of credit, whether or not the beneficiary has demanded or is
21 at the time entitled to demand payment or performance. Letter-of-credit
22 right does not include the right of a beneficiary to demand payment or
23 performance under a letter of credit.
- 24 52. "Lien creditor" means:
25 (a) A creditor that has acquired a lien on the property involved by
26 attachment, levy or the like;
27 (b) An assignee for benefit of creditors from the time of assignment;
28 (c) A trustee in bankruptcy from the date of the filing of the
29 petition; or
30 (d) A receiver in equity from the time of appointment.
- 31 53. "Manufactured home" means a structure that is transportable in one
32 or more sections and that, in the traveling mode, is eight body feet or more
33 in width or forty body feet or more in length, or, when erected on site, is
34 three hundred twenty or more square feet, and that is built on a permanent
35 chassis and designed to be used as a dwelling with or without a permanent
36 foundation when connected to the required utilities, and includes the
37 plumbing, heating, air conditioning and electrical systems contained therein.
38 Manufactured home includes any structure that meets all of the requirements
39 of this paragraph except the size requirements and with respect to which the
40 manufacturer voluntarily files a certification required by the United States
41 secretary of housing and urban development and complies with the standards
42 established under title 42 of the United States Code.
- 43 54. "Manufactured home transaction" means a secured transaction:
44 (a) That creates a purchase money security interest in a manufactured
45 home, other than a manufactured home held as inventory; or

1 (b) In which a manufactured home, other than a manufactured home held
2 as inventory, is the primary collateral.

3 55. "Mortgage" means a consensual interest in real property, including
4 fixtures, that secures payment or performance of an obligation.

5 56. "New debtor" means a person that becomes bound as debtor under
6 section 47-9203, subsection D by a security agreement previously entered into
7 by another person.

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

12 58. "Noncash proceeds" means proceeds other than cash proceeds.

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

20 60. "Original debtor", except as used in section 47-9310, subsection C,
21 means a person that, as debtor, entered into a security agreement to which a
22 new debtor has become bound under section 47-9203, subsection D.

23 61. "Payment intangible" means a general intangible under which the
24 account debtor's principal obligation is a monetary obligation.

25 62. "Person related to", with respect to an individual, means:

26 (a) The spouse of the individual;

27 (b) A brother, brother-in-law, sister or sister-in-law of the
28 individual;

29 (c) An ancestor or lineal descendant of the individual or the
30 individual's spouse; or

31 (d) Any other relative, by blood or marriage, of the individual or the
32 individual's spouse who shares the same home with the individual.

33 63. "Person related to", with respect to an organization, means:

34 (a) A person directly or indirectly controlling, controlled by or
35 under common control with the organization;

36 (b) An officer or director of, or a person performing similar
37 functions with respect to, the organization;

38 (c) An officer or director of, or a person performing similar
39 functions with respect to, a person described in subdivision (a) of this
40 paragraph;

41 (d) The spouse of an individual described in subdivision (a), (b) or
42 (c) of this paragraph; or

43 (e) An individual who is related by blood or marriage to an individual
44 described in subdivision (a), (b), (c) or (d) of this paragraph and who
45 shares the same home with the individual.

1 64. "Proceeds", except as used in section 47-9609, subsection B, means
2 the following property:

3 (a) Whatever is acquired on the sale, lease, license, exchange or
4 other disposition of collateral;

5 (b) Whatever is collected on, or distributed on account of,
6 collateral;

7 (c) Rights arising out of collateral;

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

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

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

19 66. "Proposal" means a record authenticated by a secured party that
20 includes the terms on which the secured party is willing to accept collateral
21 in full or partial satisfaction of the obligation it secures pursuant to
22 sections 47-9620, 47-9621 and 47-9622.

23 67. "PUBLIC ORGANIC RECORD" MEANS A RECORD THAT IS AVAILABLE TO THE
24 PUBLIC FOR INSPECTION AND THAT IS:

25 (a) A RECORD CONSISTING OF THE RECORD INITIALLY FILED WITH OR ISSUED
26 BY A STATE OR THE UNITED STATES TO FORM OR ORGANIZE AN ORGANIZATION AND ANY
27 RECORD FILED WITH OR ISSUED BY THE STATE OR THE UNITED STATES THAT AMENDS OR
28 RESTATES THE INITIAL RECORD;

29 (b) AN ORGANIC RECORD OF A BUSINESS TRUST CONSISTING OF THE RECORD
30 INITIALLY FILED WITH A STATE AND ANY RECORD FILED WITH THE STATE THAT AMENDS
31 OR RESTATES THE INITIAL RECORD, IF A STATUTE OF THE STATE GOVERNING BUSINESS
32 TRUSTS REQUIRES THAT THE RECORD BE FILED WITH THE STATE; OR

33 (c) A RECORD CONSISTING OF LEGISLATION ENACTED BY THE LEGISLATURE OF A
34 STATE OR THE CONGRESS OF THE UNITED STATES THAT FORMS OR ORGANIZES AN
35 ORGANIZATION, ANY RECORD AMENDING THE LEGISLATION, AND ANY RECORD FILED WITH
36 OR ISSUED BY THE STATE OR THE UNITED STATES THAT AMENDS OR RESTATES THE NAME
37 OF THE ORGANIZATION.

38 ~~67.~~ 68. "Pursuant to commitment", with respect to an advance made or
39 other value given by a secured party, means pursuant to the secured party's
40 obligation, whether or not a subsequent event of default or other event not
41 within the secured party's control has relieved or may relieve the secured
42 party from its obligation.

43 ~~68.~~ 69. "Record", except as used in "for record", "of record", "record
44 or legal title", and "record owner", means information that is inscribed on a

1 tangible medium or that is stored in an electronic or other medium and is
2 retrievable in perceivable form.

3 ~~69.~~ 70. "Registered organization" means an organization FORMED OR
4 organized solely under the law of a single state or the United States ~~and as~~
5 ~~to which the state or the United States must maintain a public record showing~~
6 ~~the organization to have been organized~~ BY THE FILING OF A PUBLIC ORGANIC
7 RECORD WITH, THE ISSUANCE OF A PUBLIC ORGANIC RECORD BY, OR THE ENACTMENT OF
8 LEGISLATION BY THE STATE OR THE UNITED STATES. REGISTERED ORGANIZATION
9 INCLUDES A BUSINESS TRUST THAT IS FORMED OR ORGANIZED UNDER THE LAW OF A
10 SINGLE STATE IF A STATUTE OF THE STATE GOVERNING BUSINESS TRUSTS REQUIRES
11 THAT THE BUSINESS TRUST'S ORGANIC RECORD BE FILED WITH THE STATE.

12 ~~70.~~ 71. "Secondary obligor" means an obligor to the extent that:

- 13 (a) The obligor's obligation is secondary; or
14 (b) The obligor has a right of recourse with respect to an obligation
15 secured by collateral against the debtor, another obligor or property of
16 either.

17 ~~71.~~ 72. "Secured party" means:

- 18 (a) A person in whose favor a security interest is created or provided
19 for under a security agreement, whether or not any obligation to be secured
20 is outstanding;
21 (b) A person that holds an agricultural lien;
22 (c) A consignor;
23 (d) A person to which accounts, chattel paper, payment intangibles or
24 promissory notes have been sold;
25 (e) A trustee, indenture trustee, agent, collateral agent or other
26 representative in whose favor a security interest or agricultural lien is
27 created or provided for; or
28 (f) A person that holds a security interest arising under section
29 47-2401, 47-2505, 47-2711, 47-2A508, 47-4210 or 47-5118.

30 ~~72.~~ 73. "Security agreement" means an agreement that creates or
31 provides for a security interest.

32 ~~73.~~ 74. "Send", in connection with a record or notification, means:

- 33 (a) To deposit in the mail, deliver for transmission or transmit by
34 any other usual means of communication, with postage or cost of transmission
35 provided for, addressed to any address reasonable under the circumstances; or
36 (b) To cause the record or notification to be received within the time
37 that it would have been received if properly sent under subdivision (a) of
38 this paragraph.

39 ~~74.~~ 75. "Software" means a computer program and any supporting
40 information provided in connection with a transaction relating to the
41 program. Software does not include a computer program that is included in
42 the definition of goods.

43 ~~75.~~ 76. "State" means a state of the United States, the District of
44 Columbia, Puerto Rico, the United States Virgin Islands or any territory or
45 insular possession subject to the jurisdiction of the United States.

1 ~~76.~~ 77. "Supporting obligation" means a letter-of-credit right or
2 secondary obligation that supports the payment or performance of an account,
3 chattel paper, a document, a general intangible, an instrument or investment
4 property.

5 ~~77.~~ 78. "Tangible chattel paper" means chattel paper evidenced by a
6 record or records consisting of information that is inscribed on a tangible
7 medium.

8 ~~78.~~ 79. "Termination statement" means an amendment of a financing
9 statement that:

10 (a) Identifies, by its file number, the initial financing statement to
11 which it relates; and

12 (b) Indicates either that it is a termination statement or that the
13 identified financing statement is no longer effective.

14 ~~79.~~ 80. "Transmitting utility" means a person primarily engaged in the
15 business of:

16 (a) Operating a railroad, subway, street railway or trolley bus;

17 (b) Transmitting communications electrically, electromagnetically or
18 by light;

19 (c) Transmitting goods by pipeline or sewer; or

20 (d) Transmitting or producing and transmitting electricity, steam, gas
21 or water.

22 B. "Control" as provided in section 47-7106 and the following
23 definitions in other sections apply to this chapter:

- | | | |
|----|---|------------------|
| 24 | 1. "Applicant" | Section 47-5102 |
| 25 | 2. "Beneficiary" | Section 47-5102 |
| 26 | 3. "Broker" | Section 47-8102 |
| 27 | 4. "Certificated security" | Section 47-8102 |
| 28 | 5. "Check" | Section 47-3104 |
| 29 | 6. "Clearing corporation" | Section 47-8102 |
| 30 | 7. "Contract for sale" | Section 47-2106 |
| 31 | 8. "Customer" | Section 47-4104 |
| 32 | 9. "Entitlement holder" | Section 47-8102 |
| 33 | 10. "Financial asset" | Section 47-8102 |
| 34 | 11. "Holder in due course" | Section 47-3302 |
| 35 | 12. "Issuer" (with respect to a letter of
36 credit or letter-of-credit right) | Section 47-5102 |
| 37 | 13. "Issuer" (with respect to a security) | Section 47-8201 |
| 38 | 14. "Issuer" (with respect to documents
39 of title) | Section 47-7102 |
| 40 | 15. "Lease" | Section 47-2A103 |
| 41 | 16. "Lease agreement" | Section 47-2A103 |
| 42 | 17. "Lease contract" | Section 47-2A103 |
| 43 | 18. "Leasehold interest" | Section 47-2A103 |
| 44 | 19. "Lessee" | Section 47-2A103 |

1	20.	"Lessee in ordinary course of business"	Section 47-2A103
2			
3	21.	"Lessor"	Section 47-2A103
4	22.	"Lessor's residual interest"	Section 47-2A103
5	23.	"Letter of credit"	Section 47-5102
6	24.	"Merchant"	Section 47-2104
7	25.	"Negotiable instrument"	Section 47-3104
8	26.	"Nominated person"	Section 47-5102
9	27.	"Note"	Section 47-3104
10	28.	"Proceeds of a letter of credit"	Section 47-5114
11	29.	"Prove"	Section 47-3103
12	30.	"Sale"	Section 47-2106
13	31.	"Securities account"	Section 47-8501
14	32.	"Securities intermediary"	Section 47-8102
15	33.	"Security"	Section 47-8102
16	34.	"Security certificate"	Section 47-8102
17	35.	"Security entitlement"	Section 47-8102
18	36.	"Uncertificated security"	Section 47-8102

19 C. In addition, chapter 1 of this title contains general definitions
20 and principles of construction and interpretation applicable throughout this
21 chapter.

22 Sec. 5. Section 47-9105, Arizona Revised Statutes, is amended to read:
23 47-9105. Control of electronic chattel paper

24 A. A secured party has control of electronic chattel paper if A SYSTEM
25 EMPLOYED FOR EVIDENCING THE TRANSFER OF INTERESTS IN THE CHATTEL PAPER
26 RELIABLY ESTABLISHES THE SECURED PARTY AS THE PERSON TO WHICH THE CHATTEL
27 PAPER WAS ASSIGNED.

28 B. A SYSTEM SATISFIES SUBSECTION A OF THIS SECTION IF the record or
29 records comprising the chattel paper are created, stored and assigned in such
30 a manner that:

31 1. A single authoritative copy of the record or records exists that is
32 unique, identifiable and, except as otherwise provided in paragraphs 4, 5 and
33 6, unalterable;

34 2. The authoritative copy identifies the secured party as the assignee
35 of the record or records;

36 3. The authoritative copy is communicated to and maintained by the
37 secured party or its designated custodian;

38 4. Copies or ~~revisions~~ AMENDMENTS that add or change an identified
39 assignee of the authoritative copy can be made only with the ~~participation~~
40 CONSENT of the secured party;

41 5. Each copy of the authoritative copy and any copy of a copy is
42 readily identifiable as a copy that is not the authoritative copy; and

43 6. Any ~~revision~~ AMENDMENT of the authoritative copy is readily
44 identifiable as an authorized or unauthorized revision.

1 Sec. 6. Section 47-9307, Arizona Revised Statutes, is amended to read:
2 47-9307. Location of debtor; definition
3 A. In this section, "place of business" means a place where a debtor
4 conducts its affairs.
5 B. Except as otherwise provided in this section, the following rules
6 determine a debtor's location:
7 1. A debtor who is an individual is located at the individual's
8 principal residence.
9 2. A debtor that is an organization and has only one place of business
10 is located at its place of business.
11 3. A debtor that is an organization and has more than one place of
12 business is located at its chief executive office.
13 C. Subsection B applies only if a debtor's residence, place of
14 business or chief executive office, as applicable, is located in a
15 jurisdiction whose law generally requires information concerning the
16 existence of a nonpossessory security interest to be made generally available
17 in a filing, recording or registration system as a condition or result of the
18 security interest's obtaining priority over the rights of a lien creditor
19 with respect to the collateral. If subsection B does not apply, the debtor
20 is located in the District of Columbia.
21 D. A person that ceases to exist, have a residence, or have a place of
22 business continues to be located in the jurisdiction specified by subsections
23 B and C.
24 E. A registered organization that is organized under the law of a
25 state is located in that state.
26 F. Except as otherwise provided in subsection I, a registered
27 organization that is organized under the law of the United States and a
28 branch or agency of a bank that is not organized under the law of the United
29 States or a state are located:
30 1. In the state that the law of the United States designates, if the
31 law designates a state of location;
32 2. In the state that the registered organization, branch or agency
33 designates, if the law of the United States authorizes the registered
34 organization, branch or agency to designate its state of location, **INCLUDING**
35 **BY DESIGNATING ITS MAIN OFFICE, HOME OFFICE OR OTHER COMPARABLE OFFICE;** or
36 3. In the District of Columbia, if neither paragraph 1 nor paragraph 2
37 of this subsection applies.
38 G. A registered organization continues to be located in the
39 jurisdiction specified by subsection E or F notwithstanding:
40 1. The suspension, revocation, forfeiture or lapse of the registered
41 organization's status as such in its jurisdiction of organization; or
42 2. The dissolution, winding up or cancellation of the existence of the
43 registered organization.
44 H. The United States is located in the District of Columbia.

1 I. A branch or agency of a bank that is not organized under the law of
2 the United States or a state is located in the state in which the branch or
3 agency is licensed, if all branches and agencies of the bank are licensed in
4 only one state.

5 J. A foreign air carrier under the federal aviation act of 1958, as
6 amended, is located at the designated office of the agent on which service of
7 process may be made on behalf of the carrier.

8 K. This section applies only for purposes of this article.

9 Sec. 7. Section 47-9311, Arizona Revised Statutes, is amended to read:

10 47-9311. Perfection of security interests in property subject
11 to certain statutes, regulations and treaties

12 A. Except as otherwise provided in subsection D of this section, the
13 filing of a financing statement is not necessary or effective to perfect a
14 security interest in property subject to:

15 1. A statute, regulation or treaty of the United States whose
16 requirements for a security interest's obtaining priority over the rights of
17 a lien creditor with respect to the property preempt section 47-9310,
18 subsection A;

19 2. A statute of this state that provides for central filing of or that
20 requires indication on a certificate of title of a security interest in the
21 property, including title 28, chapter 7, article 4, and that requires
22 indication of the security interest on a certificate of title for a vehicle
23 required to be titled and registered under section 28-2153 and for a mobile
24 home required to be titled under section 28-2063; or

25 3. A ~~certificate of title~~ statute of another jurisdiction that
26 provides for a security interest to be indicated on ~~the~~ A certificate OF
27 TITLE as a condition or result of the security interest's obtaining priority
28 over the rights of a lien creditor with respect to the property.

29 B. Compliance with the requirements of a statute, regulation or treaty
30 described in subsection A of this section for obtaining priority over the
31 rights of a lien creditor is equivalent to the filing of a financing
32 statement under this chapter. Except as otherwise provided in subsection D
33 of this section and section 47-9313 and section 47-9316, subsections D and E
34 for goods covered by a certificate of title, a security interest in property
35 subject to a statute, regulation or treaty described in subsection A of this
36 section may be perfected only by compliance with those requirements, and a
37 security interest so perfected remains perfected notwithstanding a change in
38 the use or transfer of possession of the collateral.

39 C. Except as otherwise provided in subsection D of this section and
40 section 47-9316, subsections D and E, duration and renewal of perfection of a
41 security interest perfected by compliance with the requirements prescribed by
42 a statute, regulation or treaty described in subsection A of this section are
43 governed by the statute, regulation or treaty. In other respects, the
44 security interest is subject to this chapter.

1 D. During any period in which collateral subject to a statute
2 specified in subsection A, paragraph 2 of this section is inventory held for
3 sale or lease by a person or leased by that person as lessor and that person
4 is in the business of selling goods of that kind, this section does not apply
5 to a security interest in that collateral created by that person.

6 Sec. 8. Section 47-9316, Arizona Revised Statutes, is amended to read:
7 47-9316. Continued perfection of security interest following
8 change in governing law

9 A. A security interest perfected pursuant to the law of the
10 jurisdiction designated in section 47-9301, paragraph 1 or section 47-9305,
11 subsection C remains perfected until the earliest of:

12 1. The time perfection would have ceased under the law of that
13 jurisdiction;

14 2. The expiration of four months after a change of the debtor's
15 location to another jurisdiction; or

16 3. The expiration of one year after a transfer of collateral to a
17 person that thereby becomes a debtor and is located in another jurisdiction.

18 B. If a security interest described in subsection A of this section
19 becomes perfected under the law of the other jurisdiction before the earliest
20 time or event described in that subsection, it remains perfected
21 thereafter. If the security interest does not become perfected under the law
22 of the other jurisdiction before the earliest time or event, it becomes
23 unperfected and is deemed never to have been perfected as against a purchaser
24 of the collateral for value.

25 C. A possessory security interest in collateral, other than goods
26 covered by a certificate of title and as-extracted collateral consisting of
27 goods, remains continuously perfected if:

28 1. The collateral is located in one jurisdiction and subject to a
29 security interest perfected under the law of that jurisdiction;

30 2. Thereafter the collateral is brought into another jurisdiction; and

31 3. On entry into the other jurisdiction, the security interest is
32 perfected under the law of the other jurisdiction.

33 D. Except as otherwise provided in subsection E of this section, a
34 security interest in goods covered by a certificate of title that is
35 perfected by any method under the law of another jurisdiction when the goods
36 become covered by a certificate of title from this state remains perfected
37 until the security interest would have become unperfected under the law of
38 the other jurisdiction had the goods not become so covered.

39 E. A security interest described in subsection D of this section
40 becomes unperfected as against a purchaser of the goods for value and is
41 deemed never to have been perfected as against a purchaser of the goods for
42 value if the applicable requirements for perfection under section 47-9311,
43 subsection B or section 47-9313 are not satisfied before the earlier of:

1 1. The time the security interest would have become unperfected under
2 the law of the other jurisdiction had the goods not become covered by a
3 certificate of title from this state; or

4 2. The expiration of four months after the goods had become so
5 covered.

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

11 1. The time the security interest would have become unperfected under
12 the law of that jurisdiction; or

13 2. The expiration of four months after a change of the applicable
14 jurisdiction to another jurisdiction.

15 G. If a security interest described in subsection F of this section
16 becomes perfected under the law of the other jurisdiction before the earlier
17 of the time or the end of the period described in that subsection, it remains
18 perfected thereafter. If the security interest does not become perfected
19 under the law of the other jurisdiction before the earlier of that time or
20 the end of that period, it becomes unperfected and is deemed never to have
21 been perfected as against a purchaser of the collateral for value.

22 H. THE FOLLOWING RULES APPLY TO COLLATERAL TO WHICH A SECURITY
23 INTEREST ATTACHES WITHIN FOUR MONTHS AFTER THE DEBTOR CHANGES ITS LOCATION TO
24 ANOTHER JURISDICTION:

25 1. A FINANCING STATEMENT FILED BEFORE THE CHANGE PURSUANT TO THE LAW
26 OF THE JURISDICTION DESIGNATED IN SECTION 47-9301, PARAGRAPH 1 OR SECTION
27 47-9305, SUBSECTION C IS EFFECTIVE TO PERFECT A SECURITY INTEREST IN THE
28 COLLATERAL IF THE FINANCING STATEMENT WOULD HAVE BEEN EFFECTIVE TO PERFECT A
29 SECURITY INTEREST IN THE COLLATERAL HAD THE DEBTOR NOT CHANGED ITS LOCATION.

30 2. IF A SECURITY INTEREST PERFECTED BY A FINANCING STATEMENT THAT IS
31 EFFECTIVE UNDER PARAGRAPH 1 OF THIS SUBSECTION BECOMES PERFECTED UNDER THE
32 LAW OF THE OTHER JURISDICTION BEFORE THE EARLIER OF THE TIME THE FINANCING
33 STATEMENT WOULD HAVE BECOME INEFFECTIVE UNDER THE LAW OF THE JURISDICTION
34 DESIGNATED IN SECTION 47-9301, PARAGRAPH 1 OR SECTION 47-9305, SUBSECTION C
35 OR THE EXPIRATION OF THE FOUR-MONTH PERIOD, IT REMAINS PERFECTED THEREAFTER.
36 IF THE SECURITY INTEREST DOES NOT BECOME PERFECTED UNDER THE LAW OF THE OTHER
37 JURISDICTION BEFORE THE EARLIER TIME OR EVENT, IT BECOMES UNPERFECTED AND IS
38 DEEMED NEVER TO HAVE BEEN PERFECTED AS AGAINST A PURCHASER OF THE COLLATERAL
39 FOR VALUE.

40 I. IF A FINANCING STATEMENT NAMING AN ORIGINAL DEBTOR IS FILED
41 PURSUANT TO THE LAW OF THE JURISDICTION DESIGNATED IN SECTION 47-9301,
42 PARAGRAPH 1 OR SECTION 47-9305, SUBSECTION C AND THE NEW DEBTOR IS LOCATED IN
43 ANOTHER JURISDICTION, THE FOLLOWING RULES APPLY:

44 1. THE FINANCING STATEMENT IS EFFECTIVE TO PERFECT A SECURITY INTEREST
45 IN COLLATERAL ACQUIRED BY THE NEW DEBTOR BEFORE, AND WITHIN FOUR MONTHS

1 AFTER, THE NEW DEBTOR BECOMES BOUND UNDER SECTION 47-9203, SUBSECTION D, IF
2 THE FINANCING STATEMENT WOULD HAVE BEEN EFFECTIVE TO PERFECT A SECURITY
3 INTEREST IN THE COLLATERAL HAD THE COLLATERAL BEEN ACQUIRED BY THE ORIGINAL
4 DEBTOR.

5 2. A SECURITY INTEREST THAT IS PERFECTED BY THE FINANCING STATEMENT
6 AND THAT BECOMES PERFECTED UNDER THE LAW OF THE OTHER JURISDICTION BEFORE THE
7 EARLIER OF THE TIME THE FINANCING STATEMENT WOULD HAVE BECOME INEFFECTIVE
8 UNDER THE LAW OF THE JURISDICTION DESIGNATED IN SECTION 47-9301, PARAGRAPH 1
9 OR SECTION 47-9305, SUBSECTION C OR THE EXPIRATION OF THE FOUR-MONTH PERIOD
10 REMAINS PERFECTED THEREAFTER. A SECURITY INTEREST THAT IS PERFECTED BY THE
11 FINANCING STATEMENT BUT THAT DOES NOT BECOME PERFECTED UNDER THE LAW OF THE
12 OTHER JURISDICTION BEFORE THE EARLIER TIME OR EVENT BECOMES UNPERFECTED AND
13 IS DEEMED NEVER TO HAVE BEEN PERFECTED AS AGAINST A PURCHASER OF THE
14 COLLATERAL FOR VALUE.

15 Sec. 9. Section 47-9317, Arizona Revised Statutes, is amended to read:

16 47-9317. Interests that take priority over or take free of
17 security interest or agricultural lien

18 A. A security interest or agricultural lien is subordinate to the
19 rights of:

20 1. A person entitled to priority under section 47-9322; and

21 2. Except as otherwise provided in subsection E of this section, a
22 person that becomes a lien creditor before the earlier of the time:

23 (a) The security interest or agricultural lien is perfected; or

24 (b) One of the conditions specified in section 47-9203, subsection B,
25 paragraph 3 is met and a financing statement covering the collateral is
26 filed.

27 B. Except as otherwise provided in subsection E of this section, a
28 buyer, other than a secured party, of tangible chattel paper, tangible
29 documents, goods, instruments or a CERTIFICATED security certificate takes
30 free of a security interest or agricultural lien if the buyer gives value and
31 receives delivery of the collateral without knowledge of the security
32 interest or agricultural lien and before it is perfected.

33 C. Except as otherwise provided in subsection E of this section, a
34 lessee of goods takes free of a security interest or agricultural lien if the
35 lessee gives value and receives delivery of the collateral without knowledge
36 of the security interest or agricultural lien and before it is perfected.

37 D. A licensee of a general intangible or a buyer, other than a secured
38 party, of ~~accounts, electronic chattel paper, electronic documents, general~~
39 ~~intangibles or investment property~~ COLLATERAL other than TANGIBLE CHATTEL
40 PAPER, TANGIBLE DOCUMENTS, GOODS, INSTRUMENTS OR a certificated security
41 takes free of a security interest if the licensee or buyer gives value
42 without knowledge of the security interest and before it is perfected.

43 E. Except as otherwise provided in sections 47-9320 and 47-9321, if a
44 person files a financing statement with respect to a purchase money security
45 interest before or within twenty days after the debtor receives delivery of

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

4 Sec. 10. Section 47-9326, Arizona Revised Statutes, is amended to
5 read:

6 47-9326. Priority of security interests created by new debtor

7 A. Subject to subsection B of this section, a security interest that
8 is created by a new debtor **IN COLLATERAL IN WHICH THE NEW DEBTOR HAS OR**
9 **ACQUIRES RIGHTS** and ~~that~~ is perfected **SOLELY** by a filed financing statement
10 that ~~is effective solely under section 47-9508 in collateral in which a new~~
11 ~~debtor has or acquires rights~~ **WOULD BE INEFFECTIVE TO PERFECT THE SECURITY**
12 **INTEREST BUT FOR THE APPLICATION OF SECTION 47-9316, SUBSECTION I, PARAGRAPH**
13 **1 OR SECTION 47-9508** is subordinate to a security interest in the same
14 collateral that is perfected other than by **SUCH** a filed financing statement
15 ~~that is effective solely under section 47-9508.~~

16 B. The other provisions of this article determine the priority among
17 conflicting security interests in the same collateral perfected by filed
18 financing statements ~~that are effective solely under section 47-9508~~
19 **DESCRIBED IN SUBSECTION A OF THIS SECTION.** However, if the security
20 agreements to which a new debtor became bound as debtor were not entered into
21 by the same original debtor, the conflicting security interests rank
22 according to priority in time of the new debtor's having become bound.

23 Sec. 11. Section 47-9406, Arizona Revised Statutes, is amended to
24 read:

25 47-9406. Discharge of account debtor; notification of
26 assignment; identification and proof of assignment;
27 restrictions on assignment of accounts, chattel
28 paper, payment intangibles and promissory notes
29 ineffective

30 A. Subject to subsections B through H of this section, an account
31 debtor on an account, chattel paper or a payment intangible may discharge its
32 obligation by paying the assignor until, but not after, the account debtor
33 receives a notification, authenticated by the assignor or the assignee, that
34 the amount due or to become due has been assigned and that payment is to be
35 made to the assignee. After receipt of the notification, the account debtor
36 may discharge its obligation by paying the assignee and may not discharge the
37 obligation by paying the assignor.

38 B. Subject to subsection H of this section, notification is
39 ineffective under subsection A of this section:

40 1. If it does not reasonably identify the rights assigned;

41 2. To the extent that an agreement between an account debtor and a
42 seller of a payment intangible limits the account debtor's duty to pay a
43 person other than the seller and the limitation is effective under law other
44 than this chapter; or

1 3. At the option of an account debtor, if the notification notifies
2 the account debtor to make less than the full amount of any installment or
3 other periodic payment to the assignee, even if:

4 (a) Only a portion of the account, chattel paper or payment intangible
5 has been assigned to that assignee;

6 (b) A portion has been assigned to another assignee; or

7 (c) The account debtor knows that the assignment to that assignee is
8 limited.

9 C. Subject to subsection H of this section, if requested by the
10 account debtor, an assignee shall seasonably furnish reasonable proof that
11 the assignment has been made. Unless the assignee complies, the account
12 debtor may discharge its obligation by paying the assignor, even if the
13 account debtor has received a notification under subsection A of this
14 section.

15 D. Except as otherwise provided in subsection E of this section and
16 sections 47-2A303 and 47-9407, and subject to subsection H of this section, a
17 term in an agreement between an account debtor and an assignor or in a
18 promissory note is ineffective to the extent that it:

19 1. Prohibits, restricts or requires the consent of the account debtor
20 or person obligated on the promissory note to the assignment or transfer of,
21 or the creation, attachment, perfection or enforcement of a security interest
22 in, the account, chattel paper, payment intangible or promissory note; or

23 2. Provides that the assignment or transfer or the creation,
24 attachment, perfection or enforcement of the security interest may give rise
25 to a default, breach, right of recoupment, claim, defense, termination, right
26 of termination or remedy under the account, chattel paper, payment intangible
27 or promissory note.

28 E. Subsection D of this section does not apply to the sale of a
29 payment intangible or promissory note, **OTHER THAN A SALE PURSUANT TO A**
30 **DISPOSITION UNDER SECTION 47-9610 OR AN ACCEPTANCE OF COLLATERAL UNDER**
31 **SECTION 47-9620.**

32 F. Except as otherwise provided in sections 47-2A303 and 47-9407 and
33 subject to subsections H and J of this section, a rule of law, statute or
34 regulation that prohibits, restricts or requires the consent of a government,
35 governmental body or official, or account debtor to the assignment or
36 transfer of, or creation of a security interest in, an account or chattel
37 paper, is ineffective to the extent that the rule of law, statute or
38 regulation:

39 1. Prohibits, restricts or requires the consent of the government,
40 governmental body or official, or account debtor to the assignment or
41 transfer of, or the creation, attachment, perfection or enforcement of a
42 security interest in, the account or chattel paper; or

43 2. Provides that the assignment or transfer or the creation,
44 attachment, perfection or enforcement of the security interest may give rise

1 to a default, breach, right of recoupment, claim, defense, termination, right
2 of termination or remedy under the account or chattel paper.

3 G. Subject to subsection H of this section, an account debtor shall
4 not waive or vary its option under subsection B, paragraph 3 of this section.

5 H. This section is subject to law other than this chapter that
6 establishes a different rule for an account debtor who is an individual and
7 who incurred the obligation primarily for personal, family or household
8 purposes.

9 I. This section does not apply to an assignment of a
10 health-care-insurance receivable.

11 J. This section prevails over any inconsistent provisions in any
12 statutes, rules and regulations.

13 Sec. 12. Section 47-9408, Arizona Revised Statutes, is amended to
14 read:

15 47-9408. Restrictions on assignment of promissory notes,
16 health-care-insurance receivables and certain
17 general intangibles ineffective

18 A. Except as otherwise provided in subsection B **OF THIS SECTION**, a
19 term in a promissory note or in an agreement between an account debtor and a
20 debtor that relates to a health-care-insurance receivable or a general
21 intangible, including a contract, permit, license or franchise, and which
22 term prohibits, restricts or requires the consent of the person obligated on
23 the promissory note or the account debtor to, the assignment or transfer of,
24 or creation, attachment or perfection of a security interest in, the
25 promissory note, health-care-insurance receivable or general intangible, is
26 ineffective to the extent that the term:

27 1. Would impair the creation, attachment or perfection of a security
28 interest; or

29 2. Provides that the assignment or transfer or the creation,
30 attachment or perfection of the security interest may give rise to a default,
31 breach, right of recoupment, claim, defense, termination, right of
32 termination or remedy under the promissory note, health-care-insurance
33 receivable or general intangible.

34 B. Subsection A **OF THIS SECTION** applies to a security interest in a
35 payment intangible or promissory note only if the security interest arises
36 out of a sale of the payment intangible or promissory note, **OTHER THAN A SALE**
37 **PURSUANT TO A DISPOSITION UNDER SECTION 47-9610 OR AN ACCEPTANCE OF**
38 **COLLATERAL UNDER SECTION 47-9620.**

39 C. A rule of law, statute or regulation that prohibits, restricts or
40 requires the consent of a government, governmental body or official, person
41 obligated on a promissory note or account debtor to the assignment or
42 transfer of, or creation of a security interest in, a promissory note,
43 health-care-insurance receivable or general intangible, including a contract,
44 permit, license or franchise between an account debtor and a debtor, is
45 ineffective to the extent that the rule of law, statute or regulation:

1 1. Would impair the creation, attachment or perfection of a security
2 interest; or

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

8 D. To the extent that a term in a promissory note or in an agreement
9 between an account debtor and a debtor that relates to a
10 health-care-insurance receivable or general intangible or a rule of law,
11 statute or regulation described in subsection C **OF THIS SECTION** would be
12 effective under law other than this chapter but is ineffective under
13 subsection A or C **OF THIS SECTION**, the creation, attachment or perfection of
14 a security interest in the promissory note, health-care-insurance receivable
15 or general intangible:

16 1. Is not enforceable against the person obligated on the promissory
17 note or the account debtor;

18 2. Does not impose a duty or obligation on the person obligated on the
19 promissory note or the account debtor;

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

23 4. Does not entitle the secured party to use or assign the debtor's
24 rights under the promissory note, health-care-insurance receivable or general
25 intangible, including any related information or materials furnished to the
26 debtor in the transaction giving rise to the promissory note,
27 health-care-insurance receivable or general intangible;

28 5. Does not entitle the secured party to use, assign, possess or have
29 access to any trade secrets or confidential information of the person
30 obligated on the promissory note or the account debtor; and

31 6. Does not entitle the secured party to enforce the security interest
32 in the promissory note, health-care-insurance receivable or general
33 intangible.

34 E. This section prevails over any inconsistent provisions in title 33,
35 chapter 7.

36 Sec. 13. Section 47-9502, Arizona Revised Statutes, is amended to
37 read:

38 47-9502. Contents of financing statement; record of mortgage as
39 financing statement; time of filing financing
40 statement

41 A. Subject to subsection B of this section, a financing statement is
42 sufficient only if it:

43 1. Provides the name of the debtor;

44 2. Provides the name of the secured party or a representative of the
45 secured party; and

1 3. Indicates the collateral covered by the financing statement.
2 B. Except as otherwise provided in section 47-9501, subsection B, to
3 be sufficient, a financing statement that covers as-extracted collateral or
4 timber to be cut, or that is filed as a fixture filing and covers goods that
5 are or are to become fixtures, must satisfy subsection A of this section and
6 also:
7 1. Indicate that it covers this type of collateral;
8 2. Indicate that it is to be filed in the real property records;
9 3. Provide a description of the real property to which the collateral
10 is related; and
11 4. If the debtor does not have an interest of record in the real
12 property, provide the name of a record owner.
13 C. A record of a mortgage is effective, from the date of recording, as
14 a financing statement filed as a fixture filing or as a financing statement
15 covering as-extracted collateral or timber to be cut only if:
16 1. The record indicates the goods or accounts that it covers;
17 2. The goods are or are to become fixtures related to the real
18 property described in the record or the collateral is related to the real
19 property described in the record and is as-extracted collateral or timber to
20 be cut;
21 3. The record satisfies the requirements for a financing statement in
22 this section, ~~other than an indication~~ BUT:
23 (a) THE RECORD NEED NOT INDICATE that it is to be filed in the real
24 property records; and
25 (b) THE RECORD SUFFICIENTLY PROVIDES THE NAME OF A DEBTOR WHO IS AN
26 INDIVIDUAL IF IT PROVIDES THE INDIVIDUAL NAME OF THE DEBTOR OR THE SURNAME
27 AND FIRST PERSONAL NAME OF THE DEBTOR, EVEN IF THE DEBTOR IS AN INDIVIDUAL TO
28 WHOM SECTION 47-9503, SUBSECTION A, PARAGRAPH 4 APPLIES; AND
29 4. The record is recorded.
30 D. A financing statement may be filed before a security agreement is
31 made or a security interest otherwise attaches.
32 Sec. 14. Section 47-9503, Arizona Revised Statutes, is amended to
33 read:
34 47-9503. Name of debtor and secured party; definition
35 A. A financing statement sufficiently provides the name of the debtor:
36 1. EXCEPT AS OTHERWISE PROVIDED IN PARAGRAPH 3 OF THIS SUBSECTION, if
37 the debtor is a registered organization OR THE COLLATERAL IS HELD IN A TRUST
38 THAT IS A REGISTERED ORGANIZATION, only if the financing statement provides
39 the name ~~of the debtor indicated~~ THAT IS STATED TO BE THE REGISTERED
40 ORGANIZATION'S NAME on the public ORGANIC record ~~of~~ MOST RECENTLY FILED WITH
41 OR ISSUED OR ENACTED BY the ~~debtor's~~ REGISTERED ORGANIZATION'S jurisdiction
42 of organization that ~~shows the debtor to have been organized~~ PURPORTS TO
43 STATE, AMEND OR RESTATE THE REGISTERED ORGANIZATION'S NAME;
44 2. SUBJECT TO SUBSECTION F OF THIS SECTION, if the ~~debtor is a~~
45 ~~decendent's estate~~ COLLATERAL IS BEING ADMINISTERED BY THE PERSONAL

1 REPRESENTATIVE OF A DECEDENT, only if the financing statement provides AS THE
2 NAME OF THE DEBTOR, the name of the decedent and, IN A SEPARATE PART OF THE
3 FINANCING STATEMENT, indicates that the ~~debtor is an estate~~ COLLATERAL IS
4 BEING ADMINISTERED BY A PERSONAL REPRESENTATIVE;

5 3. If the COLLATERAL IS HELD IN A TRUST THAT IS NOT A REGISTERED
6 ORGANIZATION, ONLY IF THE FINANCING STATEMENT: ~~debtor is a trust or a~~
7 ~~trustee acting with respect to property held in trust, only if the financing~~
8 ~~statement:~~

9 ~~(a) Provides the name specified for the trust in its organic documents~~
10 ~~or, if no name is specified, provides the name of the settlor and additional~~
11 ~~information sufficient to distinguish the debtor from other trusts having one~~
12 ~~or more of the same settlors; and~~

13 ~~(b) Indicates, in the debtor's name or otherwise, that the debtor is a~~
14 ~~trust or is a trustee acting with respect to property held in trust; and~~

15 (a) PROVIDES, AS THE NAME OF THE DEBTOR:

16 (i) IF THE ORGANIC RECORD OF THE TRUST SPECIFIES A NAME FOR THE TRUST,
17 THE NAME SPECIFIED; OR

18 (ii) IF THE ORGANIC RECORD OF THE TRUST DOES NOT SPECIFY A NAME FOR
19 THE TRUST, THE NAME OF THE SETTLOR OR TESTATOR; AND

20 (b) IN A SEPARATE PART OF THE FINANCING STATEMENT:

21 (i) IF THE NAME IS PROVIDED IN ACCORDANCE WITH SUBDIVISION (a), ITEM
22 (i) OF THIS PARAGRAPH, INDICATES THAT THE COLLATERAL IS HELD IN A TRUST; OR

23 (ii) IF THE NAME IS PROVIDED IN ACCORDANCE WITH SUBDIVISION (a), ITEM
24 (ii) OF THIS PARAGRAPH, PROVIDES ADDITIONAL INFORMATION SUFFICIENT TO
25 DISTINGUISH THE TRUST FROM OTHER TRUSTS HAVING ONE OR MORE OF THE SAME
26 SETTLORS OR THE SAME TESTATOR AND INDICATES THAT THE COLLATERAL IS HELD IN A
27 TRUST, UNLESS THE ADDITIONAL INFORMATION SO INDICATES;

28 4. SUBJECT TO SUBSECTION G OF THIS SECTION, IF THE DEBTOR IS AN
29 INDIVIDUAL TO WHOM THIS STATE HAS ISSUED A DRIVER LICENSE THAT HAS NOT
30 EXPIRED, ONLY IF THE FINANCING STATEMENT PROVIDES THE NAME OF THE INDIVIDUAL
31 THAT IS INDICATED ON THE DRIVER LICENSE;

32 5. IF THE DEBTOR IS AN INDIVIDUAL TO WHOM PARAGRAPH 4 OF THIS
33 SUBSECTION DOES NOT APPLY, ONLY IF THE FINANCING STATEMENT PROVIDES THE
34 INDIVIDUAL NAME OF THE DEBTOR OR THE SURNAME AND FIRST PERSONAL NAME OF THE
35 DEBTOR; AND

36 ~~4-~~ 6. In other cases:

37 (a) If the debtor has a name, only if ~~it~~ THE FINANCING STATEMENT
38 provides the ~~individual or~~ organizational name of the debtor; and

39 (b) If the debtor does not have a name, only if it provides the names
40 of the partners, members, associates or other persons comprising the debtor,
41 IN A MANNER THAT EACH NAME PROVIDED WOULD BE SUFFICIENT IF THE PERSON NAMED
42 WERE THE DEBTOR.

43 B. A financing statement that provides the name of the debtor in
44 accordance with subsection A OF THIS SECTION is not rendered ineffective by
45 the absence of:

1 2. The financing statement is not effective to perfect a security
2 interest in collateral acquired by the debtor more than four months after the
3 ~~change~~ FILED FINANCING STATEMENT BECOMES SERIOUSLY MISLEADING, unless an
4 amendment to the financing statement that renders the financing statement not
5 seriously misleading is filed within four months after the ~~change~~ FINANCING
6 STATEMENT BECAME SERIOUSLY MISLEADING.

7 Sec. 16. Section 47-9515, Arizona Revised Statutes, is amended to
8 read:

9 47-9515. Duration and effectiveness of financing statement;
10 effect of lapsed financing statement

11 A. Except as otherwise provided in subsections B, E, F and G of this
12 section, a filed financing statement is effective for a period of five years
13 after the date of filing.

14 B. Except as otherwise provided in subsections E, F and G of this
15 section, an initial financing statement filed in connection with a
16 manufactured home transaction is effective for a period of thirty years after
17 the date of filing if it indicates that it is filed in connection with a
18 manufactured home transaction.

19 C. The effectiveness of a filed financing statement lapses on the
20 expiration of the period of its effectiveness unless before the lapse a
21 continuation statement is filed pursuant to subsection D of this section.
22 Upon lapse, a financing statement ceases to be effective and any security
23 interest or agricultural lien that was perfected by the financing statement
24 becomes unperfected, unless the security interest is perfected otherwise. If
25 the security interest or agricultural lien becomes unperfected upon lapse, it
26 is deemed never to have been perfected as against a purchaser of the
27 collateral for value.

28 D. A continuation statement may be filed only within six months before
29 the expiration of the five year period specified in subsection A of this
30 section or the thirty year period specified in subsection B of this section,
31 whichever is applicable.

32 E. Except as otherwise provided in section 47-9510, on timely filing
33 of a continuation statement, the effectiveness of the initial financing
34 statement continues for a period of five years commencing on the day on which
35 the financing statement would have become ineffective in the absence of the
36 filing. On the expiration of the five year period, the financing statement
37 lapses in the same manner as provided in subsection C of this section,
38 unless, before the lapse, another continuation statement is filed pursuant to
39 subsection D of this section. Succeeding continuation statements may be
40 filed in the same manner to continue the effectiveness of the initial
41 financing statement.

42 F. If a debtor is a transmitting utility and a filed INITIAL financing
43 statement so indicates, the financing statement is effective until a
44 termination statement is filed.

1 G. A record of a mortgage that is effective as a financing statement
2 filed as a fixture filing under section 47-9502, subsection C remains
3 effective as a financing statement filed as a fixture filing until the
4 mortgage is released or satisfied of record or its effectiveness otherwise
5 terminates as to the real property.

6 Sec. 17. Section 47-9516, Arizona Revised Statutes, is amended to
7 read:

8 47-9516. What constitutes filing; effectiveness of filing

9 A. Except as otherwise provided in subsection B of this section,
10 communication of a record to a filing office and tender of the filing fee or
11 acceptance of the record by the filing office constitutes filing.

12 B. Filing does not occur with respect to a record that a filing office
13 refuses to accept because:

14 1. The record is not communicated by a method or medium of
15 communication authorized by the filing office;

16 2. An amount equal to or greater than the applicable filing fee is not
17 tendered;

18 3. The filing office is unable to index the record because:

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

21 (b) In the case of an amendment or ~~correction~~ INFORMATION statement,
22 the record:

23 (i) Does not identify the initial financing statement as required by
24 section 47-9512 or 47-9518, as applicable; or

25 (ii) Identifies an initial financing statement whose effectiveness has
26 lapsed under section 47-9515;

27 (c) In the case of an initial financing statement that provides the
28 name of a debtor identified as an individual or an amendment that provides a
29 name of a debtor identified as an individual that was not previously provided
30 in the financing statement to which the record relates, the record does not
31 identify the debtor's ~~last name~~ SURNAME; or

32 (d) In the case of a record filed or recorded in the filing office
33 described in section 47-9501, subsection A, paragraph 1, the record does not
34 provide a sufficient description of the real property to which it relates;

35 4. In the case of an initial financing statement or an amendment that
36 adds a secured party of record, the record does not provide a name and
37 mailing address for the secured party of record;

38 5. In the case of an initial financing statement or an amendment that
39 provides a name of a debtor that was not previously provided in the financing
40 statement to which the amendment relates, the record does not:

41 (a) Provide a mailing address for the debtor; OR

42 (b) Indicate whether the NAME PROVIDED AS THE NAME OF THE debtor is
43 THE NAME OF an individual or an organization; ~~or~~

44 ~~(c) If the financing statement indicates that the debtor is an~~
45 ~~organization, provide:~~

1 ~~(i) A type of organization for the debtor;~~
2 ~~(ii) A jurisdiction of organization for the debtor;~~
3 ~~(iii) An organizational identification number for the debtor or~~
4 ~~indicate that the debtor has none;~~
5 6. In the case of an assignment reflected in an initial financing
6 statement under section 47-9514, subsection A or an amendment filed under
7 section 47-9514, subsection B, the record does not provide a name and mailing
8 address for the assignee; or
9 7. In the case of a continuation statement, the record is not filed
10 within the six month period prescribed by section 47-9515, subsection D.
11 C. For purposes of subsection B of this section:
12 1. A record does not provide information if the filing office is
13 unable to read or decipher the information; and
14 2. A record that does not indicate that it is an amendment or identify
15 an initial financing statement to which it relates, as required by section
16 47-9512, 47-9514 or 47-9518, is an initial financing statement.
17 D. A record that is communicated to the filing office with tender of
18 the filing fee, but that the filing office refuses to accept for a reason
19 other than one set forth in subsection B of this section, is effective as a
20 filed record except as against a purchaser of the collateral that gives value
21 in reasonable reliance on the absence of the record from the files.
22 Sec. 18. Section 47-9518, Arizona Revised Statutes, is amended to
23 read:
24 47-9518. Claim concerning inaccurate or wrongfully filed record
25 A. A person may file in the filing office ~~a correction~~ AN INFORMATION
26 statement with respect to a record indexed there under the person's name if
27 the person believes that the record is inaccurate or was wrongfully filed.
28 B. ~~A correction~~ AN INFORMATION statement UNDER SUBSECTION A OF THIS
29 SECTION must:
30 1. Identify the record to which it relates by the file number assigned
31 to the initial financing statement to which the record relates;
32 2. If the correction statement relates to a record filed or recorded
33 in a filing office described in section 47-9501, subsection A, paragraph 1,
34 identify the name of the debtor provided in the initial financing statement
35 and the information specified in section 47-9502, subsection B~~—~~ ;
36 3. Indicate that it is ~~a correction~~ AN INFORMATION statement; and
37 4. Provide the basis for the person's belief that the record is
38 inaccurate and indicate the manner in which the person believes the record
39 should be amended to cure any inaccuracy or provide the basis for the
40 person's belief that the record was wrongfully filed.
41 C. A PERSON MAY FILE IN THE FILING OFFICE AN INFORMATION STATEMENT
42 WITH RESPECT TO A RECORD FILED THERE IF THE PERSON IS A SECURED PARTY OF
43 RECORD WITH RESPECT TO THE FINANCING STATEMENT TO WHICH THE RECORD RELATES
44 AND BELIEVES THAT THE PERSON THAT FILED THE RECORD WAS NOT ENTITLED TO DO SO
45 UNDER SECTION 47-9509, SUBSECTION D.

1 D. AN INFORMATION STATEMENT UNDER SUBSECTION C OF THIS SECTION MUST:
2 1. IDENTIFY THE RECORD TO WHICH IT RELATES BY THE FILE NUMBER ASSIGNED
3 TO THE INITIAL FINANCING STATEMENT TO WHICH THE RECORD RELATES;
4 2. INDICATE THAT IT IS AN INFORMATION STATEMENT; AND
5 3. PROVIDE THE BASIS FOR THE PERSON'S BELIEF THAT THE PERSON THAT
6 FILED THE RECORD WAS NOT ENTITLED TO DO SO UNDER SECTION 47-9509,
7 SUBSECTION D.
8 ~~C.~~ E. The filing of ~~a correction~~ AN INFORMATION statement does not
9 affect the effectiveness of an initial financing statement or other filed
10 record.
11 Sec. 19. Repeal
12 Section 47-9521, Arizona Revised Statutes, is repealed.
13 Sec. 20. Title 47, chapter 9, article 5, Arizona Revised Statutes, is
14 amended by adding a new section 47-9521, to read:
15 47-9521. Uniform form of written financing statement and
16 amendment
17 A. A FILING OFFICE THAT ACCEPTS WRITTEN RECORDS MAY NOT REFUSE TO
18 ACCEPT A WRITTEN INITIAL FINANCING STATEMENT IN THE FOLLOWING FORM AND FORMAT
19 EXCEPT FOR A REASON SET FORTH IN SECTION 47-9516, SUBSECTION B:



UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS

A. NAME & PHONE OF CONTACT AT FILER (optional)
B. E-MAIL CONTACT AT FILER (optional)
C. SEND ACKNOWLEDGMENT TO: (Name and Address)

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S NAME: Provide only one Debtor name (1a or 1b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the Individual Debtor's name will not fit in line 1b, leave all of item 1 blank, check here and provide the Individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

1a. ORGANIZATION'S NAME					
OR	1b. INDIVIDUAL'S SURNAME		FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
1c. MAILING ADDRESS		CITY	STATE	POSTAL CODE	COUNTRY

2. DEBTOR'S NAME: Provide only one Debtor name (2a or 2b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the Individual Debtor's name will not fit in line 2b, leave all of item 2 blank, check here and provide the Individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

2a. ORGANIZATION'S NAME					
OR	2b. INDIVIDUAL'S SURNAME		FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
2c. MAILING ADDRESS		CITY	STATE	POSTAL CODE	COUNTRY

3. SECURED PARTY'S NAME (or NAME OF ASSIGNEE of ASSIGNOR SECURED PARTY): Provide only one Secured Party name (3a or 3b)

3a. ORGANIZATION'S NAME					
OR	3b. INDIVIDUAL'S SURNAME		FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
3c. MAILING ADDRESS		CITY	STATE	POSTAL CODE	COUNTRY

4. COLLATERAL: This financing statement covers the following collateral:

5. Check only if applicable and check only one box: Collateral is held in a Trust (see UCC1Ad, item 17 and instructions) being administered by a Decedent's Personal Representative

6a. Check only if applicable and check only one box: Public-Finance Transaction Manufactured-Home Transaction A Debtor is a Transmitting Utility

6b. Check only if applicable and check only one box: Agricultural Lien Non-UCC Filing

7. ALTERNATIVE DESIGNATION (if applicable): Lessee/Lessor Consignee/Consignor Seller/Buyer Bailee/Bailor Licensee/Licensor

8. OPTIONAL FILER REFERENCE DATA:

UCC FINANCING STATEMENT ADDENDUM

FOLLOW INSTRUCTIONS

9. NAME OF FIRST DEBTOR: Same as line 1a or 1b on Financing Statement; if line 1b was left blank because Individual Debtor name did not fit, check here

	9a. ORGANIZATION'S NAME
OR	9b. INDIVIDUAL'S SURNAME
	FIRST PERSONAL NAME
	ADDITIONAL NAME(S)/INITIAL(S) SUFFIX

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

10. DEBTOR'S NAME: Provide (10a or 10b) only one additional Debtor name or Debtor name that did not fit in line 1b or 2b of the Financing Statement (Form UCC1) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name) and enter the mailing address in line 10c:

	10a. ORGANIZATION'S NAME
OR	10b. INDIVIDUAL'S SURNAME
	INDIVIDUAL'S FIRST PERSONAL NAME
	INDIVIDUAL'S ADDITIONAL NAME(S)/INITIAL(S) SUFFIX
	10c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY

11. ADDITIONAL SECURED PARTY'S NAME or ASSIGNOR SECURED PARTY'S NAME: Provide only one name (11a or 11b)

	11a. ORGANIZATION'S NAME			
OR	11b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
	11c. MAILING ADDRESS	CITY	STATE	POSTAL CODE COUNTRY

12. ADDITIONAL SPACE FOR ITEM 4 (Collateral):

<p>13. <input type="checkbox"/> This FINANCING STATEMENT is to be filed (for record) (or recorded) in the REAL ESTATE RECORDS (if applicable)</p> <p>15. Name and address of a RECORD OWNER of real estate described in item 16 (if Debtor does not have a record interest):</p>	<p>14. This FINANCING STATEMENT: <input type="checkbox"/> covers timber to be cut <input type="checkbox"/> covers as-extracted collateral <input type="checkbox"/> is filed as a fixture filing</p> <p>16. Description of real estate:</p>
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17. MISCELLANEOUS:

UCC FINANCING STATEMENT ADDITIONAL PARTY

FOLLOW INSTRUCTIONS

18. NAME OF FIRST DEBTOR: Same as line 1a or 1b on Financing Statement; if line 1b was left blank because Individual Debtor name did not fit, check here

18a. ORGANIZATION'S NAME
OR
18b. INDIVIDUAL'S SURNAME
FIRST PERSONAL NAME
ADDITIONAL NAME(S)/INITIAL(S) SUFFIX

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

19. ADDITIONAL DEBTOR'S NAME: Provide only one Debtor name (19a or 19b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name)

19a. ORGANIZATION'S NAME				
OR				
19b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX	
19c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY

20. ADDITIONAL DEBTOR'S NAME: Provide only one Debtor name (20a or 20b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name)

20a. ORGANIZATION'S NAME				
OR				
20b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX	
20c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY

21. ADDITIONAL DEBTOR'S NAME: Provide only one Debtor name (21a or 21b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name)

21a. ORGANIZATION'S NAME				
OR				
21b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX	
21c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY

22. ADDITIONAL SECURED PARTY'S NAME *or* ASSIGNOR SECURED PARTY'S NAME: Provide only one name (22a or 22b)

22a. ORGANIZATION'S NAME				
OR				
22b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX	
22c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY

23. ADDITIONAL SECURED PARTY'S NAME *or* ASSIGNOR SECURED PARTY'S NAME: Provide only one name (23a or 23b)

23a. ORGANIZATION'S NAME				
OR				
23b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX	
23c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY

24. MISCELLANEOUS:

1 B. A FILING OFFICE THAT ACCEPTS WRITTEN RECORDS MAY NOT REFUSE TO
2 ACCEPT A WRITTEN RECORD IN THE FOLLOWING FORM AND FORMAT EXCEPT FOR A REASON
3 SET FORTH IN SECTION 47-9516, SUBSECTION B:



UCC FINANCING STATEMENT AMENDMENT

FOLLOW INSTRUCTIONS

A. NAME & PHONE OF CONTACT AT FILER (optional)
B. E-MAIL CONTACT AT FILER (optional)
C. SEND ACKNOWLEDGMENT TO: (Name and Address)

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1a. INITIAL FINANCING STATEMENT FILE NUMBER

1b. This FINANCING STATEMENT AMENDMENT is to be filed (for record) (or recorded) in the REAL ESTATE RECORDS
Filer: attach Amendment Addendum (Form UCC3Ad) and provide Debtor's name in item 13

2. **TERMINATION:** Effectiveness of the Financing Statement identified above is terminated with respect to the security interest(s) of Secured Party authorizing this Termination Statement

3. **ASSIGNMENT** (full or partial): Provide name of Assignee in item 7a or 7b, and address of Assignee in item 7c and name of Assignor in item 9
For partial assignment, complete items 7 and 9 and also indicate affected collateral in item 8

4. **CONTINUATION:** Effectiveness of the Financing Statement identified above with respect to the security interest(s) of Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law

5. **PARTY INFORMATION CHANGE:**
Check one of these two boxes: Debtor or Secured Party of record
AND Check one of these three boxes to:
 CHANGE name and/or address: Complete item 6a or 6b; and item 7a or 7b and item 7c
 ADD name: Complete item 7a or 7b, and item 7c
 DELETE name: Give record name to be deleted in item 6a or 6b

8. **CURRENT RECORD INFORMATION:** Complete for Party Information Change - provide only one name (6a or 6b)

6a. ORGANIZATION'S NAME

OR

6b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
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7. **CHANGED OR ADDED INFORMATION:** Complete for Assignment or Party Information Change - provide only one name (7a or 7b) (use exact, full name, do not omit, modify, or abbreviate any part of the Debtor's name)

7a. ORGANIZATION'S NAME

OR

7b. INDIVIDUAL'S SURNAME	INDIVIDUAL'S FIRST PERSONAL NAME	INDIVIDUAL'S ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
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7c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
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8. **COLLATERAL CHANGE:** Also check one of these four boxes: ADD collateral DELETE collateral RESTATE covered collateral ASSIGN collateral
Indicate collateral:

9. **NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT:** Provide only one name (9a or 9b) (name of Assignor, if this is an Assignment)
If this is an Amendment authorized by a DEBTOR, check here and provide name of authorizing Debtor

9a. ORGANIZATION'S NAME

OR

9b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
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10. **OPTIONAL FILER REFERENCE DATA:**

UCC FINANCING STATEMENT AMENDMENT ADDENDUM

FOLLOW INSTRUCTIONS

11. INITIAL FINANCING STATEMENT FILE NUMBER: Same as item 1a on Amendment form

12. NAME OF PARTY AUTHORIZING THIS AMENDMENT: Same as item 9 on Amendment form

12a. ORGANIZATION'S NAME	
OR	
12b. INDIVIDUAL'S SURNAME	
FIRST PERSONAL NAME	
ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

13. Name of DEBTOR on related financing statement (Name of a current Debtor of record required for indexing purposes only in some filing offices - see instruction item 13): Provide only one Debtor name (13a or 13b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); see instructions if name does not fit

13a. ORGANIZATION'S NAME			
OR			
13b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

14. ADDITIONAL SPACE FOR ITEM 8 (Collateral):

15. This FINANCING STATEMENT AMENDMENT:
 covers timber to be cut covers as-extracted collateral is filed as a fixture filing

16. Name and address of a RECORD OWNER of real estate described in item 17 (if Debtor does not have a record interest):

17. Description of real estate:

18. MISCELLANEOUS:

UCC FINANCING STATEMENT AMENDMENT ADDITIONAL PARTY

FOLLOW INSTRUCTIONS

19. INITIAL FINANCING STATEMENT FILE NUMBER: Same as item 1a on Amendment form				
20. NAME OF PARTY AUTHORIZING THIS AMENDMENT: Same as item 9 on Amendment form				
20a. ORGANIZATION'S NAME				
OR				
20b. INDIVIDUAL'S SURNAME				
FIRST PERSONAL NAME				
ADDITIONAL NAME(S)/INITIAL(S)				SUFFIX
THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY				
21. ADDITIONAL DEBTOR'S NAME: Provide only <u>one</u> Debtor name (21a or 21b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name)				
21a. ORGANIZATION'S NAME				
OR				
21b. INDIVIDUAL'S SURNAME		FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
21c. MAILING ADDRESS		CITY	STATE	POSTAL CODE
				COUNTRY
22. ADDITIONAL DEBTOR'S NAME: Provide only <u>one</u> Debtor name (22a or 22b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name)				
22a. ORGANIZATION'S NAME				
OR				
22b. INDIVIDUAL'S SURNAME		FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
22c. MAILING ADDRESS		CITY	STATE	POSTAL CODE
				COUNTRY
23. ADDITIONAL DEBTOR'S NAME: Provide only <u>one</u> Debtor name (23a or 23b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name)				
23a. ORGANIZATION'S NAME				
OR				
23b. INDIVIDUAL'S SURNAME		FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
23c. MAILING ADDRESS		CITY	STATE	POSTAL CODE
				COUNTRY
24. <input type="checkbox"/> ADDITIONAL SECURED PARTY'S NAME or <input type="checkbox"/> ASSIGNOR SECURED PARTY'S NAME: Provide only <u>one</u> name (24a or 24b)				
24a. ORGANIZATION'S NAME				
OR				
24b. INDIVIDUAL'S SURNAME		FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
24c. MAILING ADDRESS		CITY	STATE	POSTAL CODE
				COUNTRY
25. <input type="checkbox"/> ADDITIONAL SECURED PARTY'S NAME or <input type="checkbox"/> ASSIGNOR SECURED PARTY'S NAME: Provide only <u>one</u> name (25a or 25b)				
25a. ORGANIZATION'S NAME				
OR				
25b. INDIVIDUAL'S SURNAME		FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
25c. MAILING ADDRESS		CITY	STATE	POSTAL CODE
				COUNTRY
26. MISCELLANEOUS:				

1 Sec. 21. Section 47-9607, Arizona Revised Statutes, is amended to
2 read:

3 47-9607. Collection and enforcement by secured party

4 A. If so agreed, and in any event after default, a secured party:

5 1. May notify an account debtor or other person obligated on
6 collateral to make payment or otherwise render performance to or for the
7 benefit of the secured party;

8 2. May take any proceeds to which the secured party is entitled under
9 section 47-9315;

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

16 4. If it holds a security interest in a deposit account perfected by
17 control under section 47-9104, subsection A, paragraph 1, may apply the
18 balance of the deposit account to the obligation secured by the deposit
19 account; and

20 5. If it holds a security interest in a deposit account perfected by
21 control under section 47-9104, subsection A, paragraph 2 or 3, may instruct
22 the bank to pay the balance of the deposit account to or for the benefit of
23 the secured party.

24 B. If necessary to enable a secured party to exercise under subsection
25 A, paragraph 3 of this section the right of a debtor to enforce a mortgage
26 nonjudicially, the secured party may record in the office in which a record
27 of the mortgage is recorded:

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

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

32 (a) A default has occurred **WITH RESPECT TO THE OBLIGATION SECURED BY**
33 **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 reasonable manner
37 if the secured party:

38 1. Undertakes to collect from or enforce an obligation of an account
39 debtor or other person obligated on collateral; and

40 2. Is entitled to charge back uncollected collateral or otherwise to
41 full or limited recourse against the debtor or a secondary obligor.

42 D. A secured party may deduct from the collections made pursuant to
43 subsection C of this section reasonable expenses of collection and
44 enforcement, including reasonable attorney fees and legal expenses incurred
45 by the secured party.

1 E. This section does not determine whether an account debtor, bank or
2 other person obligated on collateral owes a duty to a secured party.

3 Sec. 22. Heading change

4 The article heading of title 47, chapter 9, article 7, Arizona Revised
5 Statutes, is changed from "TRANSITION" to "2001 TRANSITION".

6 Sec. 23. Section 47-9701, Arizona Revised Statutes, is amended to
7 read:

8 47-9701. Effective date

9 This chapter, AS ADDED IN 1999, takes effect on July 1, 2001.

10 Sec. 24. Section 47-9702, Arizona Revised Statutes, is amended to
11 read:

12 47-9702. Savings clause

13 A. Except as otherwise provided in this article, this chapter, AS
14 ADDED IN 1999, applies to a transaction or lien within its scope, even if the
15 transaction or lien was entered into or created before ~~this chapter takes~~
16 ~~effect~~ JULY 1, 2001.

17 B. Except as otherwise provided in subsection C of this section and
18 sections 47-9703 through 47-9709:

19 1. Transactions and liens that were not governed by ~~the former~~
20 9 of this title AS IT EXISTED BEFORE JULY 1, 2001, were validly entered into
21 or created before July 1, 2001 and would be subject to this chapter, AS ADDED
22 IN 1999, if they had been entered into or created after July 1, 2001, and the
23 rights, duties and interests flowing from those transactions and liens remain
24 valid after July 1, 2001; and

25 2. The transactions and liens may be terminated, completed,
26 consummated and enforced as required or permitted by this chapter, AS ADDED
27 IN 1999, or by the law that otherwise would apply if this chapter had not
28 taken effect.

29 C. This chapter, AS ADDED IN 1999, does not affect an action, case or
30 proceeding commenced before July 1, 2001.

31 Sec. 25. Section 47-9703, Arizona Revised Statutes, is amended to
32 read:

33 47-9703. Security interest perfected before effective date

34 A. A security interest that is enforceable immediately before July 1,
35 2001 and would have priority over the rights of a person that becomes a lien
36 creditor at that time is a perfected security interest under this chapter, AS
37 ADDED IN 1999, if, on July 1, 2001, the applicable requirements for
38 enforceability and perfection under this chapter, AS ADDED IN 1999, are
39 satisfied without further action.

40 B. Except as otherwise provided in section 47-9705, if, immediately
41 before July 1, 2001, a security interest is enforceable and would have
42 priority over the rights of a person that becomes a lien creditor at that
43 time, but the applicable requirements for enforceability or perfection under
44 this chapter, AS ADDED IN 1999, are not satisfied on July 1, 2001, the
45 security interest:

- 1 1. Is a perfected security interest for one year after July 1, 2001;
- 2 2. Remains enforceable thereafter only if the security interest
- 3 becomes enforceable under section 47-9203 before the year expires; and
- 4 3. Remains perfected thereafter only if the applicable requirements
- 5 for perfection under this chapter, **AS ADDED IN 1999**, are satisfied before the
- 6 year expires.

7 Sec. 26. Section 47-9704, Arizona Revised Statutes, is amended to

8 read:

9 **47-9704. Security interest unperfected before effective date**

10 A security interest that is enforceable immediately before July 1, 2001

11 but that would be subordinate to the rights of a person that becomes a lien

12 creditor at that time:

- 13 1. Remains an enforceable security interest for one year after July 1,
- 14 2001;
- 15 2. Remains enforceable thereafter if the security interest becomes
- 16 enforceable under section 47-9203 on July 1, 2001 or within one year
- 17 thereafter; and
- 18 3. Becomes perfected:

19 (a) Without further action, on July 1, 2001 if the applicable

20 requirements for perfection under this chapter, **AS ADDED IN 1999**, are

21 satisfied before or at that time; or

22 (b) When the applicable requirements for perfection are satisfied if

23 the requirements are satisfied after that time.

24 Sec. 27. Section 47-9705, Arizona Revised Statutes, is amended to

25 read:

26 **47-9705. Effectiveness of action taken before effective date**

27 A. If action, other than the filing of a financing statement, is taken

28 before July 1, 2001 and the action would have resulted in priority of a

29 security interest over the rights of a person that becomes a lien creditor

30 had the security interest become enforceable before July 1, 2001, the action

31 is effective to perfect a security interest that attaches under this chapter,

32 **AS ADDED IN 1999**, within one year after July 1, 2001. An attached security

33 interest becomes unperfected one year after July 1, 2001 unless the security

34 interest becomes a perfected security interest under this chapter, **AS ADDED**

35 **IN 1999**, before the expiration of that period.

36 B. The filing of a financing statement before July 1, 2001 is

37 effective to perfect a security interest to the extent the filing would

38 satisfy the applicable requirements for perfection under this chapter, **AS**

39 **ADDED IN 1999**.

40 C. This chapter, **AS ADDED IN 1999**, does not render ineffective an

41 effective financing statement that before July 1, 2001 is filed and satisfies

42 the applicable requirements for perfection under the law of the jurisdiction

43 governing perfection as provided in former section 47-9103. However, except

44 as otherwise provided in subsections D and E of this section and section

45 47-9706, the financing statement ceases to be effective at the earlier of:

1 1. The time the financing statement would have ceased to be effective
2 under the law of the jurisdiction in which it is filed; or

3 2. June 30, 2007.

4 D. The filing of a continuation statement after July 1, 2001 does not
5 continue the effectiveness of the financing statement filed before July 1,
6 2001. However, on the timely filing of a continuation statement after July
7 1, 2001 and in accordance with the law of the jurisdiction governing
8 perfection as provided in article 3 of this chapter, **AS ADDED IN 1999**, the
9 effectiveness of a financing statement filed in the same office in that
10 jurisdiction before July 1, 2001 continues for the period provided by the law
11 of that jurisdiction.

12 E. Subsection C, paragraph 2 of this section applies to a financing
13 statement that before July 1, 2001 is filed against a transmitting utility
14 and satisfies the applicable requirements for perfection under the law of the
15 jurisdiction governing perfection as provided in former section 47-9103 only
16 to the extent that article 3 of this chapter, **AS ADDED IN 1999**, provides that
17 the law of a jurisdiction other than the jurisdiction in which the financing
18 statement is filed governs perfection of a security interest in collateral
19 covered by the financing statement.

20 F. A financing statement that includes a financing statement filed
21 before July 1, 2001 and a continuation statement filed after July 1, 2001 is
22 effective only to the extent that it satisfies the requirements of article 5
23 of this chapter, **AS ADDED IN 1999**, for an initial financing statement.

24 Sec. 28. Section 47-9706, Arizona Revised Statutes, is amended to
25 read:

26 47-9706. When initial financing statement suffices as
27 continuation statement

28 A. The filing of an initial financing statement in the office
29 specified in section 47-9501 continues the effectiveness of a financing
30 statement filed before July 1, 2001 if:

31 1. The filing of an initial financing statement in that office would
32 be effective to perfect a security interest under this chapter, **AS ADDED IN**
33 **1999**;

34 2. The pre-effective date financing statement was filed in an office
35 in another state or another office in this state; and

36 3. The initial financing statement satisfies subsection B of this
37 section.

38 B. The filing of an initial financing statement under subsection A of
39 this section continues the effectiveness of the pre-effective date financing
40 statement:

41 1. If the initial financing statement is filed before July 1, 2001,
42 for the period provided in former section 47-9403 with respect to a financing
43 statement; and

1 statement filed in this state may be terminated after July 1, 2001 by filing
2 a termination statement in the office in which the pre-effective-date
3 financing statement is filed, unless an initial financing statement that
4 satisfies section 47-9706, subsection C has been filed in the office
5 specified by the law of the jurisdiction governing perfection as provided in
6 article 3 of this chapter, **AS ADDED IN 1999**, as the office in which to file a
7 financing statement.

8 Sec. 30. Section 47-9709, Arizona Revised Statutes, is amended to
9 read:

10 **47-9709. Priority**

11 A. This chapter, **AS ADDED IN 1999**, determines the priority of
12 conflicting claims to collateral. However, if the relative priorities of the
13 claims were established before July 1, 2001, ~~former~~ chapter 9 of this title
14 **AS IT EXISTED BEFORE JULY 1, 2001** determines priority.

15 B. For purposes of section 47-9322, subsection A, the priority of a
16 security interest that becomes enforceable under section 47-9203 dates from
17 July 1, 2001 if the security interest is perfected under this chapter, **AS**
18 **ADDED IN 1999**, by the filing of a financing statement before July 1, 2001
19 that would not have been effective to perfect the security interest under
20 ~~former~~ chapter 9 of this title **AS IT EXISTED BEFORE JULY 1, 2001**. This
21 subsection does not apply to conflicting security interests each of which is
22 perfected by the filing of such a financing statement.

23 Sec. 31. Title 47, chapter 9, Arizona Revised Statutes, is amended by
24 adding article 8, to read:

25 **ARTICLE 8. 2013 TRANSITION**

26 **47-9801. Effective date**

27 **THIS CHAPTER, AS AMENDED IN 2013, TAKES EFFECT ON SEPTEMBER 1, 2013.**

28 **47-9802. Savings clause**

29 **A. EXCEPT AS OTHERWISE PROVIDED IN THIS CHAPTER, AS AMENDED IN 2013,**
30 **THIS CHAPTER, AS AMENDED IN 2013, APPLIES TO A TRANSACTION OR LIEN WITHIN ITS**
31 **SCOPE, EVEN IF THE TRANSACTION OR LIEN WAS ENTERED INTO OR CREATED BEFORE**
32 **SEPTEMBER 1, 2013.**

33 **B. THIS CHAPTER, AS AMENDED IN 2013, DOES NOT AFFECT AN ACTION, CASE,**
34 **OR PROCEEDING COMMENCED BEFORE SEPTEMBER 1, 2013.**

35 **47-9803. Security interest perfected before effective date**

36 **A. A SECURITY INTEREST THAT IS A PERFECTED SECURITY INTEREST**
37 **IMMEDIATELY BEFORE SEPTEMBER 1, 2013 IS A PERFECTED SECURITY INTEREST UNDER**
38 **THIS CHAPTER, AS AMENDED IN 2013, IF, ON SEPTEMBER 1, 2013, THE APPLICABLE**
39 **REQUIREMENTS FOR ATTACHMENT AND PERFECTION UNDER THIS CHAPTER, AS AMENDED IN**
40 **2013, ARE SATISFIED WITHOUT FURTHER ACTION.**

41 **B. EXCEPT AS OTHERWISE PROVIDED IN SECTION 47-9805, IF, IMMEDIATELY**
42 **BEFORE SEPTEMBER 1, 2013, A SECURITY INTEREST IS A PERFECTED SECURITY**
43 **INTEREST, BUT THE APPLICABLE REQUIREMENTS FOR PERFECTION UNDER THIS CHAPTER,**
44 **AS AMENDED IN 2013, ARE NOT SATISFIED ON SEPTEMBER 1, 2013, THE SECURITY**
45 **INTEREST REMAINS PERFECTED THEREAFTER ONLY IF THE APPLICABLE REQUIREMENTS FOR**

1 PERFECTION UNDER THIS CHAPTER, AS AMENDED IN 2013, ARE SATISFIED WITHIN ONE
2 YEAR AFTER SEPTEMBER 1, 2013.

3 47-9804. Security interest unperfected before effective date

4 A SECURITY INTEREST THAT IS AN UNPERFECTED SECURITY INTEREST
5 IMMEDIATELY BEFORE SEPTEMBER 1, 2013 BECOMES A PERFECTED SECURITY INTEREST:

6 1. WITHOUT FURTHER ACTION, ON SEPTEMBER 1, 2013 IF THE APPLICABLE
7 REQUIREMENTS FOR PERFECTION UNDER THIS CHAPTER, AS AMENDED IN 2013, ARE
8 SATISFIED BEFORE OR AT THAT TIME; OR

9 2. WHEN THE APPLICABLE REQUIREMENTS FOR PERFECTION ARE SATISFIED IF
10 THE REQUIREMENTS ARE SATISFIED AFTER THAT TIME.

11 47-9805. Effectiveness of action taken before effective date

12 A. THE FILING OF A FINANCING STATEMENT BEFORE SEPTEMBER 1, 2013 IS
13 EFFECTIVE TO PERFECT A SECURITY INTEREST TO THE EXTENT THE FILING WOULD
14 SATISFY THE APPLICABLE REQUIREMENTS FOR PERFECTION UNDER THIS CHAPTER, AS
15 AMENDED IN 2013.

16 B. THIS CHAPTER, AS AMENDED IN 2013, DOES NOT RENDER INEFFECTIVE AN
17 EFFECTIVE FINANCING STATEMENT THAT, BEFORE SEPTEMBER 1, 2013, IS FILED AND
18 SATISFIES THE APPLICABLE REQUIREMENTS FOR PERFECTION UNDER THE LAW OF THE
19 JURISDICTION GOVERNING PERFECTION AS PROVIDED IN THIS CHAPTER, AS ADDED IN
20 1999. HOWEVER, EXCEPT AS OTHERWISE PROVIDED IN SUBSECTIONS C AND D OF THIS
21 SECTION AND SECTION 47-9806, THE FINANCING STATEMENT CEASES TO BE EFFECTIVE:

22 1. IF THE FINANCING STATEMENT IS FILED IN THIS STATE, AT THE TIME THE
23 FINANCING STATEMENT WOULD HAVE CEASED TO BE EFFECTIVE HAD THE 2013 AMENDMENTS
24 TO THIS CHAPTER NOT TAKEN EFFECT; OR

25 2. IF THE FINANCING STATEMENT IS FILED IN ANOTHER JURISDICTION, AT THE
26 EARLIER OF:

27 (a) THE TIME THE FINANCING STATEMENT WOULD HAVE CEASED TO BE EFFECTIVE
28 UNDER THE LAW OF THAT JURISDICTION; OR

29 (b) AUGUST 31, 2018.

30 C. THE FILING OF A CONTINUATION STATEMENT AFTER AUGUST 31, 2013 DOES
31 NOT CONTINUE THE EFFECTIVENESS OF A FINANCING STATEMENT FILED BEFORE
32 SEPTEMBER 1, 2013. HOWEVER, ON THE TIMELY FILING OF A CONTINUATION STATEMENT
33 AFTER AUGUST 31, 2013 AND IN ACCORDANCE WITH THE LAW OF THE JURISDICTION
34 GOVERNING PERFECTION AS PROVIDED IN THIS CHAPTER AS AMENDED IN 2013, THE
35 EFFECTIVENESS OF A FINANCING STATEMENT FILED IN THE SAME OFFICE IN THAT
36 JURISDICTION BEFORE SEPTEMBER 1, 2013 CONTINUES FOR THE PERIOD PROVIDED BY
37 THE LAW OF THAT JURISDICTION.

38 D. SUBSECTION B, PARAGRAPH 2, SUBDIVISION (b) OF THIS SECTION APPLIES
39 TO A FINANCING STATEMENT THAT, BEFORE SEPTEMBER 1, 2013, IS FILED AGAINST A
40 TRANSMITTING UTILITY AND SATISFIES THE APPLICABLE REQUIREMENTS FOR PERFECTION
41 UNDER THE LAW OF THE JURISDICTION GOVERNING PERFECTION AS PROVIDED IN THIS
42 CHAPTER AS ADDED IN 1999, ONLY TO THE EXTENT THAT THIS CHAPTER, AS AMENDED IN
43 2013, PROVIDES THAT THE LAW OF A JURISDICTION OTHER THAN THE JURISDICTION IN
44 WHICH THE FINANCING STATEMENT IS FILED GOVERNS PERFECTION OF A SECURITY
45 INTEREST IN COLLATERAL COVERED BY THE FINANCING STATEMENT.

1 E. A FINANCING STATEMENT THAT INCLUDES A FINANCING STATEMENT FILED
2 BEFORE SEPTEMBER 1, 2013 AND A CONTINUATION STATEMENT FILED AFTER AUGUST 1,
3 2013 IS EFFECTIVE ONLY TO THE EXTENT THAT IT SATISFIES THE REQUIREMENTS OF
4 ARTICLE 5 OF THIS CHAPTER, AS AMENDED IN 2013, FOR AN INITIAL FINANCING
5 STATEMENT. A FINANCING STATEMENT THAT INDICATES THAT THE DEBTOR IS A
6 DECEDENT'S ESTATE INDICATES THAT THE COLLATERAL IS BEING ADMINISTERED BY A
7 PERSONAL REPRESENTATIVE WITHIN THE MEANING OF SECTION 47-9503, SUBSECTION A,
8 PARAGRAPH 2, AS AMENDED IN 2013. A FINANCING STATEMENT THAT INDICATES THAT
9 THE DEBTOR IS A TRUST OR IS A TRUSTEE ACTING WITH RESPECT TO PROPERTY HELD IN
10 TRUST INDICATES THAT THE COLLATERAL IS HELD IN A TRUST WITHIN THE MEANING OF
11 SECTION 47-9503, SUBSECTION A, PARAGRAPH 3, AS AMENDED IN 2013.

12 47-9806. When initial financing statement suffices to continue
13 effectiveness of financing statement

14 A. THE FILING OF AN INITIAL FINANCING STATEMENT IN THE OFFICE
15 SPECIFIED IN SECTION 47-9501 CONTINUES THE EFFECTIVENESS OF A FINANCING
16 STATEMENT FILED BEFORE SEPTEMBER 1, 2013 IF:

17 1. THE FILING OF AN INITIAL FINANCING STATEMENT IN THAT OFFICE WOULD
18 BE EFFECTIVE TO PERFECT A SECURITY INTEREST UNDER THIS CHAPTER, AS AMENDED IN
19 2013;

20 2. THE PRE-EFFECTIVE DATE FINANCING STATEMENT WAS FILED IN AN OFFICE
21 IN ANOTHER STATE; AND

22 3. THE INITIAL FINANCING STATEMENT SATISFIES SUBSECTION C OF THIS
23 SECTION.

24 B. THE FILING OF AN INITIAL FINANCING STATEMENT UNDER SUBSECTION A OF
25 THIS SECTION CONTINUES THE EFFECTIVENESS OF THE PRE-EFFECTIVE DATE FINANCING
26 STATEMENT:

27 1. IF THE INITIAL FINANCING STATEMENT IS FILED BEFORE SEPTEMBER 1,
28 2013, FOR THE PERIOD PROVIDED IN SECTION 47-9515, AS ADDED IN 1999, WITH
29 RESPECT TO AN INITIAL FINANCING STATEMENT; AND

30 2. IF THE INITIAL FINANCING STATEMENT IS FILED AFTER SEPTEMBER 1,
31 2013, FOR THE PERIOD PROVIDED IN SECTION 47-9515, AS AMENDED IN 2013, WITH
32 RESPECT TO AN INITIAL FINANCING STATEMENT.

33 C. TO BE EFFECTIVE FOR PURPOSES OF SUBSECTION A OF THIS SECTION, AN
34 INITIAL FINANCING STATEMENT MUST:

35 1. SATISFY THE REQUIREMENTS OF ARTICLE 5 OF THIS CHAPTER, AS AMENDED
36 IN 2013, FOR AN INITIAL FINANCING STATEMENT;

37 2. IDENTIFY THE PRE-EFFECTIVE DATE FINANCING STATEMENT BY INDICATING
38 THE OFFICE IN WHICH THE FINANCING STATEMENT WAS FILED AND PROVIDING THE DATES
39 OF FILING AND FILE NUMBERS, IF ANY, OF THE FINANCING STATEMENT AND OF THE
40 MOST RECENT CONTINUATION STATEMENT FILED WITH RESPECT TO THE FINANCING
41 STATEMENT; AND

42 3. INDICATE THAT THE PRE-EFFECTIVE DATE FINANCING STATEMENT REMAINS
43 EFFECTIVE.

1 47-9809. Priority
2 THIS CHAPTER, AS AMENDED IN 2013, DETERMINES THE PRIORITY OF
3 CONFLICTING CLAIMS TO COLLATERAL. HOWEVER, IF THE RELATIVE PRIORITIES OF THE
4 CLAIMS WERE ESTABLISHED BEFORE SEPTEMBER 1, 2013, THIS CHAPTER, AS ADDED IN
5 1999, DETERMINES PRIORITY.
6 Sec. 32. Effective date
7 This act is effective on September 1, 2013.