

REFERENCE TITLE: uniform commercial code; secured transactions

State of Arizona  
Senate  
Fifty-first Legislature  
First Regular Session  
2013

## **SB 1039**

Introduced by  
Senators Reagan, Meza; McComish, Melvin; Representatives Alston, Brophy  
McGee, Fann, Forese

### AN ACT

AMENDING SECTIONS 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, 47-9518 AND 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 47-9102, Arizona Revised Statutes, is amended to  
3 read:

4 47-9102. Definitions and index of definitions

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

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

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

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

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

30 (a) Authenticated by a secured party;

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

34 (c) Identifying the components of the obligations in reasonable  
35 detail.

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

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

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

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

43 (b) That is created by statute in favor of a person that:

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

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

3 (c) Whose effectiveness does not depend on the person's possession of  
4 the personal property.

5 6. "As-extracted collateral" means:

6 (a) Oil, gas or other minerals that are subject to a security interest  
7 that:

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

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

11 (b) Accounts arising out of the sale at the wellhead or minehead of  
12 oil, gas or other minerals in which the debtor had an interest before  
13 extraction.

14 7. "Authenticate" means:

15 (a) To sign; or

16 ~~(b) To execute or otherwise adopt a symbol, or encrypt or similarly~~  
17 ~~process a record in whole or in part, with the present intent of the~~  
18 ~~authenticating person to identify the person and adopt or accept a record.~~

19 (b) WITH PRESENT INTENT TO ADOPT OR ACCEPT A RECORD, TO ATTACH TO OR  
20 LOGICALLY ASSOCIATE WITH THE RECORD AN ELECTRONIC SOUND, SYMBOL OR PROCESS.

21 8. "Bank" means an organization that is engaged in the business of  
22 banking. Bank includes savings banks, savings and loan associations, credit  
23 unions and trust companies.

24 9. "Cash proceeds" means proceeds that are money, checks, deposit  
25 accounts or the like.

26 10. "Certificate of title" means a certificate of title with respect to  
27 which a statute provides for the security interest in question to be  
28 indicated on the certificate as a condition or result of the security  
29 interest's obtaining priority over the rights of a lien creditor with respect  
30 to the collateral. THE TERM INCLUDES ANOTHER RECORD MAINTAINED AS AN  
31 ALTERNATIVE TO A CERTIFICATE OF TITLE BY THE GOVERNMENTAL UNIT THAT ISSUES  
32 CERTIFICATES OF TITLE IF A STATUTE PERMITS THE SECURITY INTEREST IN QUESTION  
33 TO BE INDICATED ON THE RECORD AS A CONDITION OR RESULT OF THE SECURITY  
34 INTEREST'S OBTAINING PRIORITY OVER THE RIGHTS OF A LIEN CREDITOR WITH RESPECT  
35 TO THE COLLATERAL.

36 11. "Chattel paper" means a record or records that evidence both a  
37 monetary obligation and a security interest in specific goods, a security  
38 interest in specific goods and software used in the goods, a security  
39 interest in specific goods and license of software used in the goods, a lease  
40 of specific goods or a lease of specific goods and license of software used  
41 in the goods. In this paragraph, "monetary obligation" means a monetary  
42 obligation secured by the goods or owed under a lease of the goods and  
43 includes a monetary obligation with respect to software used in the  
44 goods. Chattel paper does not include charters or other contracts involving  
45 the use or hire of a vessel or records that evidence a right to payment

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

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

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

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

10 (c) Goods that are the subject of a consignment.

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

13 (a) The claimant is an organization; or

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

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

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

18 14. "Commodity account" means an account maintained by a commodity  
19 intermediary in which a commodity contract is carried for a commodity  
20 customer.

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

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

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

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

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

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

35 (b) In the ordinary course of its business provides clearance or  
36 settlement services for a board of trade that has been designated as a  
37 contract market pursuant to federal commodities law.

38 18. "Communicate" means:

39 (a) To send a written or other tangible record;

40 (b) To transmit a record by any means agreed on by the persons sending  
41 and receiving the record; or

42 (c) In the case of transmission of a record to or by a filing office,  
43 to transmit a record by any means prescribed by filing office rule.

44 19. "Consignee" means a merchant to which goods are delivered in a  
45 consignment.

1           20. "Consignment" means a transaction, regardless of its form, in which  
2 a person delivers goods to a merchant for the purpose of sale and:

3           (a) The merchant:

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

6           (ii) Is not an auctioneer; and

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

9           (b) With respect to each delivery, the aggregate value of the goods is  
10 one thousand dollars or more at the time of delivery;

11           (c) The goods are not consumer goods immediately before delivery; and

12           (d) The transaction does not create a security interest that secures  
13 an obligation.

14           21. "Consignor" means a person that delivers goods to a consignee in a  
15 consignment.

16           22. "Consumer debtor" means a debtor in a consumer transaction.

17           23. "Consumer goods" means goods that are used or bought for use  
18 primarily for personal, family or household purposes.

19           24. "Consumer goods transaction" means a consumer transaction in which:

20           (a) An individual incurs an obligation primarily for personal, family  
21 or household purposes; and

22           (b) A security interest in consumer goods secures the obligation.

23           25. "Consumer obligor" means an obligor who is an individual and who  
24 incurred the obligation as part of a transaction entered into primarily for  
25 personal, family or household purposes.

26           26. "Consumer transaction" means a transaction in which an individual  
27 incurs an obligation primarily for personal, family or household purposes, a  
28 security interest secures the obligation and the collateral is held or  
29 acquired primarily for personal, family or household purposes. Consumer  
30 transaction includes consumer goods transactions.

31           27. "Continuation statement" means an amendment of a financing  
32 statement that:

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

35           (b) Indicates that it is a continuation statement for, or that it is  
36 filed to continue the effectiveness of, the identified financing statement.

37           28. "Debtor" means:

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

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

42           (c) A consignee.

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

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

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

5           32. "Encumbrance" means a right, other than an ownership interest, in  
6 real property. Encumbrance includes mortgages and other liens on real  
7 property.

8           33. "Equipment" means goods other than inventory, farm products or  
9 consumer goods.

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

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

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

14           (ii) Aquatic goods produced in aquacultural operations;

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

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

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

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

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

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

25          38. "Filing office rule" means a rule adopted pursuant to section  
26 47-9526.

27          39. "Financing statement" means a record or records composed of an  
28 initial financing statement and any filed record relating to the initial  
29 financing statement.

30          40. "Fixture filing" means the filing of a financing statement covering  
31 goods that are or are to become fixtures and satisfying section 47-9502,  
32 subsections A and B. Fixture filing includes the filing of a financing  
33 statement covering goods of a transmitting utility that are or are to become  
34 fixtures.

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

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

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

1           44. "Goods" means all things that are movable when a security interest  
2 attaches.

3           (a) Goods includes:

4           (i) Fixtures;

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

7           (iii) The unborn young of animals;

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

10          (v) Manufactured homes.

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

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

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

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

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

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

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

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

38          (a) Investment property;

39          (b) Letters of credit; or

40          (c) Writings that evidence a right to payment arising out of the use  
41 of a credit or charge card or information contained on or for use with the  
42 card.

43          48. "Inventory" means goods, other than farm products, that:

44          (a) Are leased by a person as lessor;

1 (b) Are held by a person for sale or lease or to be furnished under a  
2 contract of service;

3 (c) Are furnished by a person under a contract of service; or

4 (d) Consist of raw materials, work in process or materials used or  
5 consumed in a business.

6 49. "Investment property" means a security, whether certificated or  
7 uncertificated, security entitlement, securities account, commodity contract  
8 or commodity account.

9 50. "Jurisdiction of organization", with respect to a registered  
10 organization, means the jurisdiction under whose law the organization is  
11 organized.

12 51. "Letter-of-credit right" means a right to payment or performance  
13 under a letter of credit, whether or not the beneficiary has demanded or is  
14 at the time entitled to demand payment or performance. Letter-of-credit  
15 right does not include the right of a beneficiary to demand payment or  
16 performance under a letter of credit.

17 52. "Lien creditor" means:

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

20 (b) An assignee for benefit of creditors from the time of assignment;

21 (c) A trustee in bankruptcy from the date of the filing of the  
22 petition; or

23 (d) A receiver in equity from the time of appointment.

24 53. "Manufactured home" means a structure that is transportable in one  
25 or more sections and that, in the traveling mode, is eight body feet or more  
26 in width or forty body feet or more in length, or, when erected on site, is  
27 three hundred twenty or more square feet, and that is built on a permanent  
28 chassis and designed to be used as a dwelling with or without a permanent  
29 foundation when connected to the required utilities, and includes the  
30 plumbing, heating, air conditioning and electrical systems contained  
31 therein. Manufactured home includes any structure that meets all of the  
32 requirements of this paragraph except the size requirements and with respect  
33 to which the manufacturer voluntarily files a certification required by the  
34 United States secretary of housing and urban development and complies with  
35 the standards established under title 42 of the United States Code.

36 54. "Manufactured home transaction" means a secured transaction:

37 (a) That creates a purchase money security interest in a manufactured  
38 home, other than a manufactured home held as inventory; or

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

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

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

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

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

6           59. "Obligor" means a person that, with respect to an obligation  
7 secured by a security interest in or an agricultural lien on the collateral,  
8 owes payment or other performance of the obligation, has provided property  
9 other than the collateral to secure payment or other performance of the  
10 obligation or is otherwise accountable in whole or in part for payment or  
11 other performance of the obligation. Obligor does not include issuers or  
12 nominated persons under a letter of credit.

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

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

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

19           (a) The spouse of the individual;

20           (b) A brother, brother-in-law, sister or sister-in-law of the  
21 individual;

22           (c) An ancestor or lineal descendant of the individual or the  
23 individual's spouse; or

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

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

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

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

31           (c) An officer or director of, or a person performing similar  
32 functions with respect to, a person described in subdivision (a) of this  
33 paragraph;

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

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

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

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

43           (b) Whatever is collected on, or distributed on account of,  
44 collateral;

45           (c) Rights arising out of collateral;

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

4 (e) To the extent of the value of collateral and to the extent payable  
5 to the debtor or the secured party, insurance payable by reason of the loss  
6 or nonconformity of, defects or infringement of rights in, or damage to the  
7 collateral.

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

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

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

18 (a) A RECORD CONSISTING OF THE RECORD INITIALLY FILED WITH OR ISSUED  
19 BY A STATE OR THE UNITED STATES TO FORM OR ORGANIZE AN ORGANIZATION AND ANY  
20 RECORD FILED WITH OR ISSUED BY THE STATE OR THE UNITED STATES THAT AMENDS OR  
21 RESTATES THE INITIAL RECORD;

22 (b) AN ORGANIC RECORD OF A BUSINESS TRUST CONSISTING OF THE RECORD  
23 INITIALLY FILED WITH A STATE AND ANY RECORD FILED WITH THE STATE THAT AMENDS  
24 OR RESTATES THE INITIAL RECORD, IF A STATUTE OF THE STATE GOVERNING BUSINESS  
25 TRUSTS REQUIRES THAT THE RECORD BE FILED WITH THE STATE; OR

26 (c) A RECORD CONSISTING OF LEGISLATION ENACTED BY THE LEGISLATURE OF A  
27 STATE OR THE CONGRESS OF THE UNITED STATES THAT FORMS OR ORGANIZES AN  
28 ORGANIZATION, ANY RECORD AMENDING THE LEGISLATION, AND ANY RECORD FILED WITH  
29 OR ISSUED BY THE STATE OR THE UNITED STATES THAT AMENDS OR RESTATES THE NAME  
30 OF THE ORGANIZATION.

31 ~~67-~~ 68. "Pursuant to commitment", with respect to an advance made or  
32 other value given by a secured party, means pursuant to the secured party's  
33 obligation, whether or not a subsequent event of default or other event not  
34 within the secured party's control has relieved or may relieve the secured  
35 party from its obligation.

36 ~~68-~~ 69. "Record", except as used in "for record", "of record", "record  
37 or legal title", and "record owner", means information that is inscribed on a  
38 tangible medium or that is stored in an electronic or other medium and is  
39 retrievable in perceivable form.

40 ~~69-~~ 70. "Registered organization" means an organization FORMED OR  
41 organized solely under the law of a single state or the United States ~~and as~~  
42 ~~to which the state or the United States must maintain a public record showing~~  
43 ~~the organization to have been organized~~ BY THE FILING OF A PUBLIC ORGANIC  
44 RECORD WITH, THE ISSUANCE OF A PUBLIC ORGANIC RECORD BY, OR THE ENACTMENT OF  
45 LEGISLATION BY THE STATE OR THE UNITED STATES. THE TERM INCLUDES A BUSINESS

1 TRUST THAT IS FORMED OR ORGANIZED UNDER THE LAW OF A SINGLE STATE IF A  
2 STATUTE OF THE STATE GOVERNING BUSINESS TRUSTS REQUIRES THAT THE BUSINESS  
3 TRUST'S ORGANIC RECORD BE FILED WITH THE STATE.

4 ~~70-~~ 71. "Secondary obligor" means an obligor to the extent that:

5 (a) The obligor's obligation is secondary; or

6 (b) The obligor has a right of recourse with respect to an obligation  
7 secured by collateral against the debtor, another obligor or property of  
8 either.

9 ~~71-~~ 72. "Secured party" means:

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

13 (b) A person that holds an agricultural lien;

14 (c) A consignor;

15 (d) A person to which accounts, chattel paper, payment intangibles or  
16 promissory notes have been sold;

17 (e) A trustee, indenture trustee, agent, collateral agent or other  
18 representative in whose favor a security interest or agricultural lien is  
19 created or provided for; or

20 (f) A person that holds a security interest arising under section  
21 47-2401, 47-2505, 47-2711, 47-2A508, 47-4210 or 47-5118.

22 ~~72-~~ 73. "Security agreement" means an agreement that creates or  
23 provides for a security interest.

24 ~~73-~~ 74. "Send", in connection with a record or notification, means:

25 (a) To deposit in the mail, deliver for transmission or transmit by  
26 any other usual means of communication, with postage or cost of transmission  
27 provided for, addressed to any address reasonable under the circumstances; or

28 (b) To cause the record or notification to be received within the time  
29 that it would have been received if properly sent under subdivision (a) of  
30 this paragraph.

31 ~~74-~~ 75. "Software" means a computer program and any supporting  
32 information provided in connection with a transaction relating to the  
33 program. Software does not include a computer program that is included in  
34 the definition of goods.

35 ~~75-~~ 76. "State" means a state of the United States, the District of  
36 Columbia, Puerto Rico, the United States Virgin Islands or any territory or  
37 insular possession subject to the jurisdiction of the United States.

38 ~~76-~~ 77. "Supporting obligation" means a letter-of-credit right or  
39 secondary obligation that supports the payment or performance of an account,  
40 chattel paper, a document, a general intangible, an instrument or investment  
41 property.

42 ~~77-~~ 78. "Tangible chattel paper" means chattel paper evidenced by a  
43 record or records consisting of information that is inscribed on a tangible  
44 medium.



1	27. "Note"	Section 47-3104
2	28. "Proceeds of a letter of credit"	Section 47-5114
3	29. "Prove"	Section 47-3103
4	30. "Sale"	Section 47-2106
5	31. "Securities account"	Section 47-8501
6	32. "Securities intermediary"	Section 47-8102
7	33. "Security"	Section 47-8102
8	34. "Security certificate"	Section 47-8102
9	35. "Security entitlement"	Section 47-8102
10	36. "Uncertificated security"	Section 47-8102

11 C. In addition, chapter 1 of this title contains general definitions  
12 and principles of construction and interpretation applicable throughout this  
13 chapter.

14 Sec. 2. Section 47-9105, Arizona Revised Statutes, is amended to read:  
15 47-9105. Control of electronic chattel paper

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

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

23 1. A single authoritative copy of the record or records exists that is  
24 unique, identifiable and, except as otherwise provided in paragraphs 4, 5 and  
25 6, unalterable;

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

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

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

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

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

37 Sec. 3. Section 47-9307, Arizona Revised Statutes, is amended to read:  
38 47-9307. Location of debtor; definition

39 A. In this section, "place of business" means a place where a debtor  
40 conducts its affairs.

41 B. Except as otherwise provided in this section, the following rules  
42 determine a debtor's location:

43 1. A debtor who is an individual is located at the individual's  
44 principal residence.

1           2. A debtor that is an organization and has only one place of business  
2 is located at its place of business.

3           3. A debtor that is an organization and has more than one place of  
4 business is located at its chief executive office.

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

13           D. A person that ceases to exist, have a residence, or have a place of  
14 business continues to be located in the jurisdiction specified by subsections  
15 B and C.

16           E. A registered organization that is organized under the law of a  
17 state is located in that state.

18           F. Except as otherwise provided in subsection I, a registered  
19 organization that is organized under the law of the United States and a  
20 branch or agency of a bank that is not organized under the law of the United  
21 States or a state are located:

22           1. In the state that the law of the United States designates, if the  
23 law designates a state of location;

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

28           3. In the District of Columbia, if neither paragraph 1 nor paragraph 2  
29 of this subsection applies.

30           G. A registered organization continues to be located in the  
31 jurisdiction specified by subsection E or F notwithstanding:

32           1. The suspension, revocation, forfeiture or lapse of the registered  
33 organization's status as such in its jurisdiction of organization; or

34           2. The dissolution, winding up or cancellation of the existence of the  
35 registered organization.

36           H. The United States is located in the District of Columbia.

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

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

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

1           Sec. 4. Section 47-9311, Arizona Revised Statutes, is amended to read:  
2           47-9311. Perfection of security interests in property subject  
3                                   to certain statutes, regulations and treaties

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

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

11           2. A statute of this state that provides for central filing of or that  
12 requires indication on a certificate of title of a security interest in the  
13 property, including title 28, chapter 7, article 4, and that requires  
14 indication of the security interest on a certificate of title for a vehicle  
15 required to be titled and registered under section 28-2153 and for a mobile  
16 home required to be titled under section 28-2063; or

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

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

31           C. Except as otherwise provided in subsection D of this section and  
32 section 47-9316, subsections D and E, duration and renewal of perfection of a  
33 security interest perfected by compliance with the requirements prescribed by  
34 a statute, regulation or treaty described in subsection A of this section are  
35 governed by the statute, regulation or treaty. In other respects, the  
36 security interest is subject to this chapter.

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

1           Sec. 5. Section 47-9316, Arizona Revised Statutes, is amended to read:  
2           47-9316. Continued perfection of security interest following  
3                                   change in governing law

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

7           1. The time perfection would have ceased under the law of that  
8 jurisdiction;

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

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

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

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

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

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

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

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

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

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

42           2. The expiration of four months after the goods had become so  
43 covered.

44           F. A security interest in deposit accounts, letter-of-credit rights or  
45 investment property that is perfected under the law of the bank's

1 jurisdiction, the issuer's jurisdiction, a nominated person's jurisdiction,  
2 the securities intermediary's jurisdiction or the commodity intermediary's  
3 jurisdiction, as applicable, remains perfected until the earlier of:

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

6 2. The expiration of four months after a change of the applicable  
7 jurisdiction to another jurisdiction.

8 G. If a security interest described in subsection F of this section  
9 becomes perfected under the law of the other jurisdiction before the earlier  
10 of the time or the end of the period described in that subsection, it remains  
11 perfected thereafter. If the security interest does not become perfected  
12 under the law of the other jurisdiction before the earlier of that time or  
13 the end of that period, it becomes unperfected and is deemed never to have  
14 been perfected as against a purchaser of the collateral for value.

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

18 1. A FINANCING STATEMENT FILED BEFORE THE CHANGE PURSUANT TO THE LAW  
19 OF THE JURISDICTION DESIGNATED IN SECTION 47-9301, PARAGRAPH 1 OR SECTION  
20 47-9305, SUBSECTION C IS EFFECTIVE TO PERFECT A SECURITY INTEREST IN THE  
21 COLLATERAL IF THE FINANCING STATEMENT WOULD HAVE BEEN EFFECTIVE TO PERFECT A  
22 SECURITY INTEREST IN THE COLLATERAL HAD THE DEBTOR NOT CHANGED ITS LOCATION.

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

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

37 1. THE FINANCING STATEMENT IS EFFECTIVE TO PERFECT A SECURITY INTEREST  
38 IN COLLATERAL ACQUIRED BY THE NEW DEBTOR BEFORE, AND WITHIN FOUR MONTHS  
39 AFTER, THE NEW DEBTOR BECOMES BOUND UNDER SECTION 47-9203, SUBSECTION D, IF  
40 THE FINANCING STATEMENT WOULD HAVE BEEN EFFECTIVE TO PERFECT A SECURITY  
41 INTEREST IN THE COLLATERAL HAD THE COLLATERAL BEEN ACQUIRED BY THE ORIGINAL  
42 DEBTOR.

43 2. A SECURITY INTEREST THAT IS PERFECTED BY THE FINANCING STATEMENT  
44 AND THAT BECOMES PERFECTED UNDER THE LAW OF THE OTHER JURISDICTION BEFORE THE  
45 EARLIER OF THE TIME THE FINANCING STATEMENT WOULD HAVE BECOME INEFFECTIVE

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

8 Sec. 6. Section 47-9317, Arizona Revised Statutes, is amended to read:

9 47-9317. Interests that take priority over or take free of  
10 security interest or agricultural lien

11 A. A security interest or agricultural lien is subordinate to the  
12 rights of:

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

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

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

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

20 B. Except as otherwise provided in subsection E of this section, a  
21 buyer, other than a secured party, of tangible chattel paper, tangible  
22 documents, goods, instruments or a CERTIFICATED security ~~certificate~~ takes  
23 free of a security interest or agricultural lien if the buyer gives value and  
24 receives delivery of the collateral without knowledge of the security  
25 interest or agricultural lien and before it is perfected.

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

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

36 E. Except as otherwise provided in sections 47-9320 and 47-9321, if a  
37 person files a financing statement with respect to a purchase money security  
38 interest before or within twenty days after the debtor receives delivery of  
39 the collateral, the security interest takes priority over the rights of a  
40 buyer, lessee or lien creditor that arise between the time the security  
41 interest attaches and the time of filing.

42 Sec. 7. Section 47-9326, Arizona Revised Statutes, is amended to read:

43 47-9326. Priority of security interests created by new debtor

44 A. Subject to subsection B of this section, a security interest that  
45 is created by a new debtor IN COLLATERAL IN WHICH THE NEW DEBTOR HAS OR

1 ACQUIRES RIGHTS and ~~that~~ is perfected SOLELY by a filed financing statement  
2 that ~~is effective solely under section 47-9508 in collateral in which a new~~  
3 ~~debtor has or acquires rights~~ WOULD BE INEFFECTIVE TO PERFECT THE SECURITY  
4 INTEREST BUT FOR THE APPLICATION OF SECTION 47-9316, SUBSECTION I, PARAGRAPH  
5 1 OR SECTION 47-9508 is subordinate to a security interest in the same  
6 collateral that is perfected other than by SUCH a filed financing statement  
7 ~~that is effective solely under section 47-9508.~~

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

15 Sec. 8. Section 47-9406, Arizona Revised Statutes, is amended to read:  
16 47-9406. Discharge of account debtor; notification of  
17 assignment; identification and proof of assignment;  
18 restrictions on assignment of accounts, chattel  
19 paper, payment intangibles and promissory notes  
20 ineffective

21 A. Subject to subsections B through H of this section, an account  
22 debtor on an account, chattel paper or a payment intangible may discharge its  
23 obligation by paying the assignor until, but not after, the account debtor  
24 receives a notification, authenticated by the assignor or the assignee, that  
25 the amount due or to become due has been assigned and that payment is to be  
26 made to the assignee. After receipt of the notification, the account debtor  
27 may discharge its obligation by paying the assignee and may not discharge the  
28 obligation by paying the assignor.

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

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

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

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

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

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

42 (c) The account debtor knows that the assignment to that assignee is  
43 limited.

44 C. Subject to subsection H of this section, if requested by the  
45 account debtor, an assignee shall seasonably furnish reasonable proof that

1 the assignment has been made. Unless the assignee complies, the account  
2 debtor may discharge its obligation by paying the assignor, even if the  
3 account debtor has received a notification under subsection A of this  
4 section.

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

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

13 2. Provides that the assignment or transfer or the creation,  
14 attachment, perfection or enforcement of the security interest may give rise  
15 to a default, breach, right of recoupment, claim, defense, termination, right  
16 of termination or remedy under the account, chattel paper, payment intangible  
17 or promissory note.

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

22 F. Except as otherwise provided in sections 47-2A303 and 47-9407 and  
23 subject to subsections H and J of this section, a rule of law, statute or  
24 regulation that prohibits, restricts or requires the consent of a government,  
25 governmental body or official, or account debtor to the assignment or  
26 transfer of, or creation of a security interest in, an account or chattel  
27 paper, is ineffective to the extent that the rule of law, statute or  
28 regulation:

29 1. Prohibits, restricts or requires the consent of the government,  
30 governmental body or official, or account debtor to the assignment or  
31 transfer of, or the creation, attachment, perfection or enforcement of a  
32 security interest in, the account or chattel paper; or

33 2. Provides that the assignment or transfer or the creation,  
34 attachment, perfection or enforcement of the security interest may give rise  
35 to a default, breach, right of recoupment, claim, defense, termination, right  
36 of termination or remedy under the account or chattel paper.

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

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

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

1 J. This section prevails over any inconsistent provisions in any  
2 statutes, rules and regulations.

3 Sec. 9. Section 47-9408, Arizona Revised Statutes, is amended to read:

4 47-9408. Restrictions on assignment of promissory notes,  
5 health-care-insurance receivables and certain  
6 general intangibles ineffective

7 A. Except as otherwise provided in subsection B **OF THIS SECTION**, a  
8 term in a promissory note or in an agreement between an account debtor and a  
9 debtor that relates to a health-care-insurance receivable or a general  
10 intangible, including a contract, permit, license or franchise, and which  
11 term prohibits, restricts or requires the consent of the person obligated on  
12 the promissory note or the account debtor to, the assignment or transfer of,  
13 or creation, attachment or perfection of a security interest in, the  
14 promissory note, health-care-insurance receivable or general intangible, is  
15 ineffective to the extent that the term:

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

18 2. Provides that the assignment or transfer or the creation,  
19 attachment or perfection of the security interest may give rise to a default,  
20 breach, right of recoupment, claim, defense, termination, right of  
21 termination or remedy under the promissory note, health-care-insurance  
22 receivable or general intangible.

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

28 C. A rule of law, statute or regulation that prohibits, restricts or  
29 requires the consent of a government, governmental body or official, person  
30 obligated on a promissory note or account debtor to the assignment or  
31 transfer of, or creation of a security interest in, a promissory note,  
32 health-care-insurance receivable or general intangible, including a contract,  
33 permit, license or franchise between an account debtor and a debtor, is  
34 ineffective to the extent that the rule of law, statute or regulation:

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

37 2. Provides that the assignment or transfer or the creation,  
38 attachment or perfection of the security interest may give rise to a default,  
39 breach, right of recoupment, claim, defense, termination, right of  
40 termination or remedy under the promissory note, health-care-insurance  
41 receivable or general intangible.

42 D. To the extent that a term in a promissory note or in an agreement  
43 between an account debtor and a debtor that relates to a  
44 health-care-insurance receivable or general intangible or a rule of law,  
45 statute or regulation described in subsection C **OF THIS SECTION** would be

1 effective under law other than this chapter but is ineffective under  
2 subsection A or C **OF THIS SECTION**, the creation, attachment or perfection of  
3 a security interest in the promissory note, health-care-insurance receivable  
4 or general intangible:

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

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

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

12 4. Does not entitle the secured party to use or assign the debtor's  
13 rights under the promissory note, health-care-insurance receivable or general  
14 intangible, including any related information or materials furnished to the  
15 debtor in the transaction giving rise to the promissory note,  
16 health-care-insurance receivable or general intangible;

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

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

23 E. This section prevails over any inconsistent provisions in title 33,  
24 chapter 7.

25 Sec. 10. Section 47-9502, Arizona Revised Statutes, is amended to  
26 read:

27 **47-9502. Contents of financing statement; record of mortgage as**  
28 **financing statement; time of filing financing**  
29 **statement**

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

32 1. Provides the name of the debtor;

33 2. Provides the name of the secured party or a representative of the  
34 secured party; and

35 3. Indicates the collateral covered by the financing statement.

36 B. Except as otherwise provided in section 47-9501, subsection B, to  
37 be sufficient, a financing statement that covers as-extracted collateral or  
38 timber to be cut, or that is filed as a fixture filing and covers goods that  
39 are or are to become fixtures, must satisfy subsection A of this section and  
40 also:

41 1. Indicate that it covers this type of collateral;

42 2. Indicate that it is to be filed in the real property records;

43 3. Provide a description of the real property to which the collateral  
44 is related; and

1 4. If the debtor does not have an interest of record in the real  
2 property, provide the name of a record owner.

3 C. A record of a mortgage is effective, from the date of recording, as  
4 a financing statement filed as a fixture filing or as a financing statement  
5 covering as-extracted collateral or timber to be cut only if:

6 1. The record indicates the goods or accounts that it covers;

7 2. The goods are or are to become fixtures related to the real  
8 property described in the record or the collateral is related to the real  
9 property described in the record and is as-extracted collateral or timber to  
10 be cut;

11 3. The record satisfies the requirements for a financing statement in  
12 this section, ~~other than an indication~~ BUT:

13 (a) THE RECORD NEED NOT INDICATE that it is to be filed in the real  
14 property records; and

15 (b) THE RECORD SUFFICIENTLY PROVIDES THE NAME OF A DEBTOR WHO IS AN  
16 INDIVIDUAL IF IT PROVIDES THE INDIVIDUAL NAME OF THE DEBTOR OR THE SURNAME  
17 AND FIRST PERSONAL NAME OF THE DEBTOR, EVEN IF THE DEBTOR IS AN INDIVIDUAL TO  
18 WHOM SECTION 47-9503, SUBSECTION A, PARAGRAPH 4 APPLIES; AND

19 4. The record is recorded.

20 D. A financing statement may be filed before a security agreement is  
21 made or a security interest otherwise attaches.

22 Sec. 11. Section 47-9503, Arizona Revised Statutes, is amended to  
23 read:

24 47-9503. Name of debtor and secured party; definition

25 A. A financing statement sufficiently provides the name of the debtor:

26 1. EXCEPT AS OTHERWISE PROVIDED IN PARAGRAPH 3 OF THIS SUBSECTION, if  
27 the debtor is a registered organization OR THE COLLATERAL IS HELD IN A TRUST  
28 THAT IS A REGISTERED ORGANIZATION, only if the financing statement provides  
29 the name ~~of the debtor indicated~~ THAT IS STATED TO BE THE REGISTERED  
30 ORGANIZATION'S NAME on the public ORGANIC record ~~of~~ MOST RECENTLY FILED WITH  
31 OR ISSUED OR ENACTED BY the ~~debtor's~~ REGISTERED ORGANIZATION'S jurisdiction  
32 of organization that ~~shows the debtor to have been organized~~ PURPORTS TO  
33 STATE, AMEND OR RESTATE THE REGISTERED ORGANIZATION'S NAME;

34 2. SUBJECT TO SUBSECTION F OF THIS SECTION, if the ~~debtor is a~~  
35 ~~decedent's estate~~ COLLATERAL IS BEING ADMINISTERED BY THE PERSONAL  
36 REPRESENTATIVE OF A DECEDENT, only if the financing statement provides AS THE  
37 NAME OF THE DEBTOR, the name of the decedent and, IN A SEPARATE PART OF THE  
38 FINANCING STATEMENT, indicates that the ~~debtor is an estate~~ COLLATERAL IS  
39 BEING ADMINISTERED BY A PERSONAL REPRESENTATIVE;

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

44 (a) ~~Provides the name specified for the trust in its organic documents~~  
45 ~~or, if no name is specified, provides the name of the settlor and additional~~

1 ~~information sufficient to distinguish the debtor from other trusts having one~~  
2 ~~or more of the same settlors; and~~

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

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

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

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

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

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

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

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

22 5. IF THE DEBTOR IS AN INDIVIDUAL TO WHOM PARAGRAPH 4 OF THIS  
23 SUBSECTION DOES NOT APPLY, ONLY IF THE FINANCING STATEMENT PROVIDES THE  
24 INDIVIDUAL NAME OF THE DEBTOR OR THE SURNAME AND FIRST PERSONAL NAME OF THE  
25 DEBTOR; AND

26 ~~4-~~ 6. In other cases:

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

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

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

36 1. A trade name or other name of the debtor; or

37 2. Unless required under subsection A, paragraph ~~4- 6~~, subdivision (b)  
38 OF THIS SECTION, names of partners, members, associates or other persons  
39 comprising the debtor.

40 C. A financing statement that provides only the debtor's trade name  
41 does not sufficiently provide the name of the debtor.

42 D. Failure to indicate the representative capacity of a secured party  
43 or representative of a secured party does not affect the sufficiency of a  
44 financing statement.

1 E. A financing statement may provide the name of more than one debtor  
2 and the name of more than one secured party.

3 F. THE NAME OF THE DECEDENT INDICATED ON THE ORDER APPOINTING THE  
4 PERSONAL REPRESENTATIVE OF THE DECEDENT ISSUED BY THE COURT HAVING  
5 JURISDICTION OVER THE COLLATERAL IS SUFFICIENT AS THE "NAME OF THE DECEDENT"  
6 UNDER SUBSECTION A, PARAGRAPH 2 OF THIS SECTION.

7 G. IF THIS STATE HAS ISSUED TO AN INDIVIDUAL MORE THAN ONE DRIVER  
8 LICENSE OF A KIND DESCRIBED IN SUBSECTION A, PARAGRAPH 4 OF THIS SECTION, THE  
9 ONE THAT WAS ISSUED MOST RECENTLY IS THE ONE TO WHICH SUBSECTION A, PARAGRAPH  
10 4 OF THIS SECTION REFERS.

11 H. IN THIS SECTION, "NAME OF THE SETTLOR OR TESTATOR" MEANS:

12 1. IF THE SETTLOR IS A REGISTERED ORGANIZATION, THE NAME THAT IS  
13 STATED TO BE THE SETTLOR'S NAME ON THE PUBLIC ORGANIC RECORD MOST RECENTLY  
14 FILED WITH OR ISSUED OR ENACTED BY THE SETTLOR'S JURISDICTION OF ORGANIZATION  
15 THAT PURPORTS TO STATE, AMEND OR RESTATE THE SETTLOR'S NAME; OR

16 2. IN OTHER CASES, THE NAME OF THE SETTLOR OR TESTATOR INDICATED IN  
17 THE TRUST'S ORGANIC RECORD.

18 Sec. 12. Section 47-9507, Arizona Revised Statutes, is amended to  
19 read:

20 47-9507. Effect of certain events on effectiveness of financing  
21 statement

22 A. A filed financing statement remains effective with respect to  
23 collateral that is sold, exchanged, leased, licensed or otherwise disposed of  
24 and in which a security interest or agricultural lien continues, even if the  
25 secured party knows of or consents to the disposition.

26 B. Except as otherwise provided in subsection C of this section and  
27 section 47-9508, a financing statement is not rendered ineffective if, after  
28 the financing statement is filed, the information provided in the financing  
29 statement becomes seriously misleading under section 47-9506.

30 C. If ~~a debtor so changes it's~~ the name that a filed financing  
31 statement PROVIDES FOR A DEBTOR becomes INSUFFICIENT AS THE NAME OF THE  
32 DEBTOR UNDER SECTION 47-9503, SUBSECTION A SO THAT THE FINANCING STATEMENT  
33 BECOMES seriously misleading under section 47-9506:

34 1. The financing statement is effective to perfect a security interest  
35 in collateral acquired by the debtor before, or within four months after, the  
36 ~~change~~ FILED FINANCING STATEMENT BECOMES SERIOUSLY MISLEADING; and

37 2. The financing statement is not effective to perfect a security  
38 interest in collateral acquired by the debtor more than four months after the  
39 ~~change~~ FILED FINANCING STATEMENT BECOMES SERIOUSLY MISLEADING, unless an  
40 amendment to the financing statement that renders the financing statement not  
41 seriously misleading is filed within four months after the ~~change~~ FINANCING  
42 STATEMENT BECAME SERIOUSLY MISLEADING.

1           Sec. 13. Section 47-9515, Arizona Revised Statutes, is amended to  
2 read:

3           47-9515. Duration and effectiveness of financing statement:  
4                                   effect of lapsed financing statement

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

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

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

22           D. A continuation statement may be filed only within six months before  
23 the expiration of the five year period specified in subsection A of this  
24 section or the thirty year period specified in subsection B of this section,  
25 whichever is applicable.

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

36           F. If a debtor is a transmitting utility and a filed INITIAL financing  
37 statement so indicates, the financing statement is effective until a  
38 termination statement is filed.

39           G. A record of a mortgage that is effective as a financing statement  
40 filed as a fixture filing under section 47-9502, subsection C remains  
41 effective as a financing statement filed as a fixture filing until the  
42 mortgage is released or satisfied of record or its effectiveness otherwise  
43 terminates as to the real property.

1           Sec. 14. Section 47-9516, Arizona Revised Statutes, is amended to  
2 read:

3           47-9516. What constitutes filing; effectiveness of filing

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

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

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

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

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

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

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

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

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

22           (c) In the case of an initial financing statement that provides the  
23 name of a debtor identified as an individual or an amendment that provides a  
24 name of a debtor identified as an individual that was not previously provided  
25 in the financing statement to which the record relates, the record does not  
26 identify the debtor's ~~last name~~ SURNAME; or

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

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

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

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

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

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

41           ~~(i) A type of organization for the debtor;~~

42           ~~(ii) A jurisdiction of organization for the debtor;~~

43           ~~(iii) An organizational identification number for the debtor or  
44 indicate that the debtor has none;~~

1           6. In the case of an assignment reflected in an initial financing  
2 statement under section 47-9514, subsection A or an amendment filed under  
3 section 47-9514, subsection B, the record does not provide a name and mailing  
4 address for the assignee; or

5           7. In the case of a continuation statement, the record is not filed  
6 within the six month period prescribed by section 47-9515, subsection D.

7           C. For purposes of subsection B of this section:

8           1. A record does not provide information if the filing office is  
9 unable to read or decipher the information; and

10          2. A record that does not indicate that it is an amendment or identify  
11 an initial financing statement to which it relates, as required by section  
12 47-9512, 47-9514 or 47-9518, is an initial financing statement.

13          D. A record that is communicated to the filing office with tender of  
14 the filing fee, but that the filing office refuses to accept for a reason  
15 other than one set forth in subsection B of this section, is effective as a  
16 filed record except as against a purchaser of the collateral that gives value  
17 in reasonable reliance on the absence of the record from the files.

18          Sec. 15. Section 47-9518, Arizona Revised Statutes, is amended to  
19 read:

20          47-9518. Claim concerning inaccurate or wrongfully filed record

21          A. A person may file in the filing office ~~a correction~~ AN INFORMATION  
22 statement with respect to a record indexed there under the person's name if  
23 the person believes that the record is inaccurate or was wrongfully filed.

24          B. ~~A correction~~ AN INFORMATION statement UNDER SUBSECTION A OF THIS  
25 SECTION must:

26          1. Identify the record to which it relates by the file number assigned  
27 to the initial financing statement to which the record relates;

28          2. If the correction statement relates to a record filed or recorded  
29 in a filing office described in section 47-9501, subsection A, paragraph 1,  
30 identify the name of the debtor provided in the initial financing statement  
31 and the information specified in section 47-9502, subsection B~~—~~ ;

32          3. Indicate that it is ~~a correction~~ AN INFORMATION statement; and

33          4. Provide the basis for the person's belief that the record is  
34 inaccurate and indicate the manner in which the person believes the record  
35 should be amended to cure any inaccuracy or provide the basis for the  
36 person's belief that the record was wrongfully filed.

37          C. A PERSON MAY FILE IN THE FILING OFFICE AN INFORMATION STATEMENT  
38 WITH RESPECT TO A RECORD FILED THERE IF THE PERSON IS A SECURED PARTY OF  
39 RECORD WITH RESPECT TO THE FINANCING STATEMENT TO WHICH THE RECORD RELATES  
40 AND BELIEVES THAT THE PERSON THAT FILED THE RECORD WAS NOT ENTITLED TO DO SO  
41 UNDER SECTION 47-9509, SUBSECTION D.

42          D. AN INFORMATION STATEMENT UNDER SUBSECTION C OF THIS SECTION MUST:

43          1. IDENTIFY THE RECORD TO WHICH IT RELATES BY THE FILE NUMBER ASSIGNED  
44 TO THE INITIAL FINANCING STATEMENT TO WHICH THE RECORD RELATES;

45          2. INDICATE THAT IT IS AN INFORMATION STATEMENT; AND

1           3. PROVIDE THE BASIS FOR THE PERSON'S BELIEF THAT THE PERSON THAT  
2 FILED THE RECORD WAS NOT ENTITLED TO DO SO UNDER SECTION 47-9509,  
3 SUBSECTION D.

4           ~~C.~~ E. The filing of ~~a correction~~ AN INFORMATION statement does not  
5 affect the effectiveness of an initial financing statement or other filed  
6 record.

7           Sec. 16. Section 47-9607, Arizona Revised Statutes, is amended to  
8 read:

9           47-9607. Collection and enforcement by secured party

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

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

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

16           3. May enforce the obligations of an account debtor or other person  
17 obligated on collateral and exercise the rights of the debtor with respect to  
18 the obligation of the account debtor or other person obligated on collateral  
19 to make payment or otherwise render performance to the debtor, and with  
20 respect to any property that secures the obligations of the account debtor or  
21 other person obligated on the collateral;

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

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

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

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

36           2. The secured party's sworn affidavit in recordable form stating  
37 that:

38           (a) A default has occurred WITH RESPECT TO THE OBLIGATION SECURED BY  
39 THE MORTGAGE; and

40           (b) The secured party is entitled to enforce the mortgage  
41 nonjudicially.

42          C. A secured party shall proceed in a commercially reasonable manner  
43 if the secured party:

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

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

3           D. A secured party may deduct from the collections made pursuant to  
4 subsection C of this section reasonable expenses of collection and  
5 enforcement, including reasonable attorney fees and legal expenses incurred  
6 by the secured party.

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

9           Sec. 17. Heading change

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

12           Sec. 18. Section 47-9701, Arizona Revised Statutes, is amended to  
13 read:

14           47-9701. Effective date

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

16           Sec. 19. Section 47-9702, Arizona Revised Statutes, is amended to  
17 read:

18           47-9702. Savings clause

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

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

25           1. Transactions and liens that were not governed by ~~the former~~ chapter  
26 9 of this title AS IT EXISTED BEFORE JULY 1, 2001, were validly entered into  
27 or created before July 1, 2001 and would be subject to this chapter, AS ADDED  
28 IN 1999, if they had been entered into or created after July 1, 2001, and the  
29 rights, duties and interests flowing from those transactions and liens remain  
30 valid after July 1, 2001; and

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

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

37           Sec. 20. Section 47-9703, Arizona Revised Statutes, is amended to  
38 read:

39           47-9703. Security interest perfected before effective date

40           A. A security interest that is enforceable immediately before July 1,  
41 2001 and would have priority over the rights of a person that becomes a lien  
42 creditor at that time is a perfected security interest under this chapter, AS  
43 ADDED IN 1999, if, on July 1, 2001, the applicable requirements for  
44 enforceability and perfection under this chapter, AS ADDED IN 1999, are  
45 satisfied without further action.

1 B. Except as otherwise provided in section 47-9705, if, immediately  
2 before July 1, 2001, a security interest is enforceable and would have  
3 priority over the rights of a person that becomes a lien creditor at that  
4 time, but the applicable requirements for enforceability or perfection under  
5 this chapter, [AS ADDED IN 1999](#), are not satisfied on July 1, 2001, the  
6 security interest:

- 7 1. Is a perfected security interest for one year after July 1, 2001;
- 8 2. Remains enforceable thereafter only if the security interest  
9 becomes enforceable under section 47-9203 before the year expires; and
- 10 3. Remains perfected thereafter only if the applicable requirements  
11 for perfection under this chapter, [AS ADDED IN 1999](#), are satisfied before the  
12 year expires.

13 Sec. 21. Section 47-9704, Arizona Revised Statutes, is amended to  
14 read:

15 [47-9704. Security interest unperfected before effective date](#)

16 A security interest that is enforceable immediately before July 1, 2001  
17 but that would be subordinate to the rights of a person that becomes a lien  
18 creditor at that time:

- 19 1. Remains an enforceable security interest for one year after July 1,  
20 2001;
- 21 2. Remains enforceable thereafter if the security interest becomes  
22 enforceable under section 47-9203 on July 1, 2001 or within one year  
23 thereafter; and
- 24 3. Becomes perfected:

25 (a) Without further action, on July 1, 2001 if the applicable  
26 requirements for perfection under this chapter, [AS ADDED IN 1999](#), are  
27 satisfied before or at that time; or

28 (b) When the applicable requirements for perfection are satisfied if  
29 the requirements are satisfied after that time.

30 Sec. 22. Section 47-9705, Arizona Revised Statutes, is amended to  
31 read:

32 [47-9705. Effectiveness of action taken before effective date](#)

33 A. If action, other than the filing of a financing statement, is taken  
34 before July 1, 2001 and the action would have resulted in priority of a  
35 security interest over the rights of a person that becomes a lien creditor  
36 had the security interest become enforceable before July 1, 2001, the action  
37 is effective to perfect a security interest that attaches under this chapter,  
38 [AS ADDED IN 1999](#), within one year after July 1, 2001. An attached security  
39 interest becomes unperfected one year after July 1, 2001 unless the security  
40 interest becomes a perfected security interest under this chapter, [AS ADDED  
41 IN 1999](#), before the expiration of that period.

42 B. The filing of a financing statement before July 1, 2001 is  
43 effective to perfect a security interest to the extent the filing would  
44 satisfy the applicable requirements for perfection under this chapter, [AS  
45 ADDED IN 1999](#).

1 C. This chapter, AS ADDED IN 1999, does not render ineffective an  
2 effective financing statement that before July 1, 2001 is filed and satisfies  
3 the applicable requirements for perfection under the law of the jurisdiction  
4 governing perfection as provided in former section 47-9103. However, except  
5 as otherwise provided in subsections D and E of this section and section  
6 47-9706, the financing statement ceases to be effective at the earlier of:

- 7 1. The time the financing statement would have ceased to be effective  
8 under the law of the jurisdiction in which it is filed; or
- 9 2. June 30, 2007.

10 D. The filing of a continuation statement after July 1, 2001 does not  
11 continue the effectiveness of the financing statement filed before July 1,  
12 2001. However, on the timely filing of a continuation statement after July  
13 1, 2001 and in accordance with the law of the jurisdiction governing  
14 perfection as provided in article 3 of this chapter, AS ADDED IN 1999, the  
15 effectiveness of a financing statement filed in the same office in that  
16 jurisdiction before July 1, 2001 continues for the period provided by the law  
17 of that jurisdiction.

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

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

30 Sec. 23. Section 47-9706, Arizona Revised Statutes, is amended to  
31 read:

32 47-9706. When initial financing statement suffices as  
33 continuation statement

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

- 37 1. The filing of an initial financing statement in that office would  
38 be effective to perfect a security interest under this chapter, AS ADDED IN  
39 1999;
- 40 2. The pre-effective date financing statement was filed in an office  
41 in another state or another office in this state; and
- 42 3. The initial financing statement satisfies subsection B of this  
43 section.

1 B. The filing of an initial financing statement under subsection A of  
2 this section continues the effectiveness of the pre-effective date financing  
3 statement:

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

7 2. If the initial financing statement is filed before July 1, 2001,  
8 for the period provided in section 47-9515 with respect to an initial  
9 financing statement.

10 C. To be effective for purposes of subsection A of this section, an  
11 initial financing statement must:

12 1. Satisfy the requirements of article 5 of this chapter, [AS ADDED IN](#)  
13 [1999](#), for an initial financing statement;

14 2. Identify the pre-effective date financing statement by indicating  
15 the office in which the financing statement was filed and providing the dates  
16 of filing and file numbers, if any, of the financing statement and of the  
17 most recent continuation statement filed with respect to the financing  
18 statement; and

19 3. Indicate that the pre-effective date financing statement remains  
20 effective.

21 Sec. 24. Section 47-9707, Arizona Revised Statutes, is amended to  
22 read:

23 [47-9707. Amendment of pre-effective-date financing statement;](#)  
24 [definition](#)

25 A. In this section, "pre-effective-date financing statement" means a  
26 financing statement filed before July 1, 2001.

27 B. After July 1, 2001, a person may add or delete collateral covered  
28 by, continue or terminate the effectiveness of, or otherwise amend the  
29 information provided in, a pre-effective-date financing statement only in  
30 accordance with the law of the jurisdiction governing perfection as provided  
31 in article 3 of this chapter, [AS ADDED IN 1999](#). However, the effectiveness  
32 of a pre-effective-date financing statement also may be terminated in  
33 accordance with the law of the jurisdiction in which the financing statement  
34 is filed.

35 C. Except as otherwise provided in subsection D of this section, if  
36 the law of this state governs perfection of a security interest, the  
37 information in a pre-effective-date financing statement may be amended after  
38 July 1, 2001 only if:

39 1. The pre-effective-date financing statement and an amendment are  
40 filed in the office specified in section 47-9501;

41 2. An amendment is filed in the office specified in section 47-9501  
42 concurrently with, or after the filing in that office of, an initial  
43 financing statement that satisfies section 47-9706, subsection C; or

1           3. An initial financing statement that provides the information as  
2 amended and satisfies section 47-9706, subsection C and that is filed in the  
3 office specified in section 47-9501.

4           D. If the law of this state governs perfection of a security interest,  
5 the effectiveness of a pre-effective-date financing statement may be  
6 continued only under section 47-9705, subsections D and F or section 47-9706.

7           E. Whether or not the law of this state governs perfection of a  
8 security interest, the effectiveness of a pre-effective-date financing  
9 statement filed in this state may be terminated after July 1, 2001 by filing  
10 a termination statement in the office in which the pre-effective-date  
11 financing statement is filed, unless an initial financing statement that  
12 satisfies section 47-9706, subsection C has been filed in the office  
13 specified by the law of the jurisdiction governing perfection as provided in  
14 article 3 of this chapter, **AS ADDED IN 1999**, as the office in which to file a  
15 financing statement.

16           Sec. 25. Section 47-9709, Arizona Revised Statutes, is amended to  
17 read:

18           47-9709. Priority

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

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

31           Sec. 26. Title 47, chapter 9, Arizona Revised Statutes, is amended by  
32 adding article 8, to read:

33                                   ARTICLE 8. 2013 TRANSITION

34           47-9801. Effective date

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

36           47-9802. Savings clause

37           A. **EXCEPT AS OTHERWISE PROVIDED IN THIS CHAPTER, AS AMENDED IN 2013,**  
38 **THIS CHAPTER, AS AMENDED IN 2013, APPLIES TO A TRANSACTION OR LIEN WITHIN ITS**  
39 **SCOPE, EVEN IF THE TRANSACTION OR LIEN WAS ENTERED INTO OR CREATED BEFORE**  
40 **SEPTEMBER 1, 2013.**

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

43           47-9803. Security interest perfected before effective date

44           A. **A SECURITY INTEREST THAT IS A PERFECTED SECURITY INTEREST**  
45 **IMMEDIATELY BEFORE SEPTEMBER 1, 2013 IS A PERFECTED SECURITY INTEREST UNDER**

1 THIS CHAPTER, AS AMENDED IN 2013, IF, ON SEPTEMBER 1, 2013, THE APPLICABLE  
2 REQUIREMENTS FOR ATTACHMENT AND PERFECTION UNDER THIS CHAPTER, AS AMENDED IN  
3 2013, ARE SATISFIED WITHOUT FURTHER ACTION.

4 B. EXCEPT AS OTHERWISE PROVIDED IN SECTION 47-9805, IF, IMMEDIATELY  
5 BEFORE SEPTEMBER 1, 2013, A SECURITY INTEREST IS A PERFECTED SECURITY  
6 INTEREST, BUT THE APPLICABLE REQUIREMENTS FOR PERFECTION UNDER THIS CHAPTER,  
7 AS AMENDED IN 2013, ARE NOT SATISFIED ON SEPTEMBER 1, 2013, THE SECURITY  
8 INTEREST REMAINS PERFECTED THEREAFTER ONLY IF THE APPLICABLE REQUIREMENTS FOR  
9 PERFECTION UNDER THIS CHAPTER, AS AMENDED IN 2013, ARE SATISFIED WITHIN ONE  
10 YEAR AFTER SEPTEMBER 1, 2013.

11 47-9804. Security interest unperfected before effective date

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

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

17 2. WHEN THE APPLICABLE REQUIREMENTS FOR PERFECTION ARE SATISFIED IF  
18 THE REQUIREMENTS ARE SATISFIED AFTER THAT TIME.

19 47-9805. Effectiveness of action taken before effective date

20 A. THE FILING OF A FINANCING STATEMENT BEFORE SEPTEMBER 1, 2013 IS  
21 EFFECTIVE TO PERFECT A SECURITY INTEREST TO THE EXTENT THE FILING WOULD  
22 SATISFY THE APPLICABLE REQUIREMENTS FOR PERFECTION UNDER THIS CHAPTER, AS  
23 AMENDED IN 2013.

24 B. THIS CHAPTER, AS AMENDED IN 2013, DOES NOT RENDER INEFFECTIVE AN  
25 EFFECTIVE FINANCING STATEMENT THAT, BEFORE SEPTEMBER 1, 2013, IS FILED AND  
26 SATISFIES THE APPLICABLE REQUIREMENTS FOR PERFECTION UNDER THE LAW OF THE  
27 JURISDICTION GOVERNING PERFECTION AS PROVIDED IN THIS CHAPTER, AS ADDED IN  
28 1999. HOWEVER, EXCEPT AS OTHERWISE PROVIDED IN SUBSECTIONS C AND D OF THIS  
29 SECTION AND SECTION 47-9806, THE FINANCING STATEMENT CEASES TO BE EFFECTIVE:

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

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

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

37 (b) AUGUST 31, 2018.

38 C. THE FILING OF A CONTINUATION STATEMENT AFTER AUGUST 31, 2013 DOES  
39 NOT CONTINUE THE EFFECTIVENESS OF A FINANCING STATEMENT FILED BEFORE  
40 SEPTEMBER 1, 2013. HOWEVER, ON THE TIMELY FILING OF A CONTINUATION STATEMENT  
41 AFTER AUGUST 31, 2013 AND IN ACCORDANCE WITH THE LAW OF THE JURISDICTION  
42 GOVERNING PERFECTION AS PROVIDED IN THIS CHAPTER AS AMENDED IN 2013, THE  
43 EFFECTIVENESS OF A FINANCING STATEMENT FILED IN THE SAME OFFICE IN THAT  
44 JURISDICTION BEFORE SEPTEMBER 1, 2013 CONTINUES FOR THE PERIOD PROVIDED BY  
45 THE LAW OF THAT JURISDICTION.

1 D. SUBSECTION B, PARAGRAPH 2, SUBDIVISION (B) APPLIES TO A FINANCING  
2 STATEMENT THAT, BEFORE SEPTEMBER 1, 2013, IS FILED AGAINST A TRANSMITTING  
3 UTILITY AND SATISFIES THE APPLICABLE REQUIREMENTS FOR PERFECTION UNDER THE  
4 LAW OF THE JURISDICTION GOVERNING PERFECTION AS PROVIDED IN THIS CHAPTER AS  
5 ADDED IN 1999, ONLY TO THE EXTENT THAT THIS CHAPTER, AS AMENDED IN 2013,  
6 PROVIDES THAT THE LAW OF A JURISDICTION OTHER THAN THE JURISDICTION IN WHICH  
7 THE FINANCING STATEMENT IS FILED GOVERNS PERFECTION OF A SECURITY INTEREST IN  
8 COLLATERAL COVERED BY THE FINANCING STATEMENT.

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

20 47-9806. When initial financing statement suffices to continue  
21 effectiveness of financing statement

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

25 1. THE FILING OF AN INITIAL FINANCING STATEMENT IN THAT OFFICE WOULD  
26 BE EFFECTIVE TO PERFECT A SECURITY INTEREST UNDER THIS CHAPTER, AS AMENDED IN  
27 2013;

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

30 3. THE INITIAL FINANCING STATEMENT SATISFIES SUBSECTION C OF THIS  
31 SECTION.

32 B. THE FILING OF AN INITIAL FINANCING STATEMENT UNDER SUBSECTION A OF  
33 THIS SECTION CONTINUES THE EFFECTIVENESS OF THE PRE-EFFECTIVE DATE FINANCING  
34 STATEMENT:

35 1. IF THE INITIAL FINANCING STATEMENT IS FILED BEFORE SEPTEMBER 1,  
36 2013, FOR THE PERIOD PROVIDED IN SECTION 47-9515, AS ADDED IN 1999, WITH  
37 RESPECT TO AN INITIAL FINANCING STATEMENT; AND

38 2. IF THE INITIAL FINANCING STATEMENT IS FILED AFTER SEPTEMBER 1,  
39 2013, FOR THE PERIOD PROVIDED IN SECTION 47-9515, AS AMENDED IN 2013, WITH  
40 RESPECT TO AN INITIAL FINANCING STATEMENT.

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

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



