

State of Arizona  
Senate  
Fifty-first Legislature  
Second Regular Session  
2014

**CHAPTER 103**  
**SENATE BILL 1046**

AN ACT

AMENDING SECTIONS 6-352, 35-323.01, 47-9102, 47-9105, 47-9307, 47-9311, 47-9316, 47-9317, 47-9326, 47-9406, 47-9408, 47-9502, 47-9503, 47-9507, 47-9515, 47-9516 AND 47-9518, ARIZONA REVISED STATUTES; REPEALING SECTION 47-9521, ARIZONA REVISED STATUTES; AMENDING TITLE 47, CHAPTER 9, ARTICLE 5, ARIZONA REVISED STATUTES, BY ADDING A NEW SECTION 47-9521; AMENDING SECTION 47-9607, ARIZONA REVISED STATUTES; CHANGING THE DESIGNATION OF TITLE 47, CHAPTER 9, ARTICLE 7, ARIZONA REVISED STATUTES, TO "2001 TRANSITION"; AMENDING SECTIONS 47-9701, 47-9702, 47-9703, 47-9704, 47-9705, 47-9706, 47-9707 AND 47-9709, ARIZONA REVISED STATUTES; AMENDING TITLE 47, CHAPTER 9, ARIZONA REVISED STATUTES, BY ADDING ARTICLE 8; AMENDING SECTION 48-2979, ARIZONA REVISED STATUTES; RELATING TO FINANCIAL TRANSACTIONS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

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

2 Section 1. Section 6-352, Arizona Revised Statutes, is amended to  
3 read:

4 6-352. Limitations of obligations to a bank: exceptions:  
5 definitions

6 A. A bank may lend to a single borrower an amount equal to not more  
7 than twenty per cent of its capital, plus an amount equal to an additional  
8 ten per cent of its capital if the additional amounts are fully secured by  
9 readily marketable collateral ~~which~~ THAT has a market value, as determined by  
10 reliable and continuously available price quotations, at least equal to the  
11 amount of the loan. THE CALCULATION OF THE TOTAL AMOUNT OF ALL LOANS TO A  
12 PERSON PURSUANT TO THIS SUBSECTION MUST INCLUDE ANY CREDIT EXPOSURE TO A  
13 PERSON ARISING FROM A DERIVATIVE TRANSACTION, REPURCHASE AGREEMENT, REVERSE  
14 REPURCHASE AGREEMENT, SECURITIES LENDING TRANSACTION OR SECURITIES BORROWING  
15 TRANSACTION BETWEEN THE BANK AND THE PERSON.

16 B. A bank shall notify the department the first time it makes a loan  
17 in an amount in excess of fifteen per cent of its capital. The notification  
18 to the department shall be made in writing and submitted to the department  
19 within a reasonable period of time.

20 C. Each bank shall institute adequate procedures to ensure compliance  
21 with subsection A OF THIS SECTION.

22 D. The limitations of subsection A OF THIS SECTION do not apply to:

23 1. Obligations incurred by the assignment, endorsement or guarantee of  
24 the obligation of a third person, including an agreement to purchase the  
25 third person's obligation or the collateral therefor, if the bank has  
26 evaluated the financial condition and responsibility of the third person and  
27 as a result of such evaluation accepts the obligation in reliance primarily  
28 ~~upon~~ ON the third person for payment. In such case the obligations of the  
29 third person to the bank shall be the sole applicable limitation.

30 2. Obligations, whether general obligations or payable from revenues  
31 or special assessment, of the United States or any agency or instrumentality  
32 thereof, a federal reserve bank, a state of the United States or a  
33 subdivision, instrumentality or public authority organized under the laws of  
34 such state.

35 3. Obligations to the extent they are secured by the guarantee,  
36 insurance or other like commitment of the United States, an agency or  
37 instrumentality of the United States, a federal reserve bank, a state of the  
38 United States or a subdivision, instrumentality or public authority organized  
39 under the laws of such state, whether the commitment provides for payment in  
40 cash or in obligations described in paragraph 2 of this subsection.

41 4. Obligations to the extent they are secured by any obligation  
42 described in paragraphs 2 and 3 of this subsection at the value thereof, not  
43 exceeding face value, at the time the obligation to the bank is created.

44 5. Obligations to the extent they are secured by deposits in the bank.

45 6. Obligations ~~which~~ THAT are outstanding in the regular process of  
46 bank collection or clearing transactions.

1           7. Obligations of a qualified reserve depository of the bank, unless  
2 the superintendent has by specific order excluded or limited the obligations  
3 of such depository from the exemption of this paragraph.

4           8. Any obligation created in the sale by the bank of any of its  
5 property where the bank retains title, lien or security interest in the  
6 property sold to secure the obligation.

7           9. Any obligation under the lease by the bank of any personal property  
8 acquired by the bank in collecting an obligation to it or the lease of any of  
9 its real property or banking equipment.

10          10. That portion of the obligations of a person to the bank ~~which~~  
11 ~~exceed~~ THAT EXCEEDS the aggregate funds paid and the value of property  
12 delivered by the bank in creating the obligation.

13          11. Any obligation exempt by rule of the superintendent or arising from  
14 the sale of any assets of the bank in a transaction ~~which~~ THAT has been  
15 approved by the superintendent.

16          E. If the bank participates in an obligation with another obligee, the  
17 limitations of this section shall be applicable only to the extent of the  
18 bank's participation.

19          F. If the value of collateral for a loan ~~which~~ THAT is required to be  
20 fully secured under subsection A OF THIS SECTION falls below one hundred per  
21 cent of the outstanding loan, the loan must be brought into conformance  
22 within five business days, except if judicial proceedings, regulatory actions  
23 or other extraordinary occurrences prevent the bank from taking action.

24          G. A renewal of a loan or a modification and extension of original  
25 repayment terms are not deemed to be a new loan or an extension of credit  
26 except in instances in which interest on the renewed loan or extension of  
27 credit is capitalized or additional money is advanced.

28          H. Financial instruments may be denominated in foreign currencies  
29 ~~which~~ THAT are freely convertible to United States dollars. If denominated  
30 and payable in a currency other than that of the loan or extension of credit  
31 ~~which~~ THAT it secures, the bank's procedures adopted pursuant to subsection C  
32 OF THIS SECTION shall require that the collateral be revalued at least  
33 monthly using appropriate foreign exchange rates in addition to being valued  
34 at current market value.

35          I. For the purposes of this section:

36           1. "DERIVATIVE TRANSACTION" INCLUDES A TRANSACTION THAT IS A CONTRACT,  
37 AGREEMENT, SWAP, WARRANT, NOTE OR OPTION THAT IS BASED ON, IN WHOLE OR IN  
38 PART, THE VALUE OF, ANY INTEREST IN OR ANY QUANTITATIVE MEASURE OR THE  
39 OCCURRENCE OF ANY EVENT RELATING TO ONE OR MORE COMMODITIES, SECURITIES,  
40 CURRENCIES, INTEREST OR OTHER RATES, INDICES OR OTHER ASSETS.

1 ~~1-~~ 2. "Financial instruments" includes stocks, bonds and debentures  
2 traded on a national securities exchange, over-the-counter margin stocks as  
3 defined in regulation U of the federal reserve board, commercial paper,  
4 notes, negotiable certificates of deposit, banker's acceptance and shares in  
5 money market and mutual funds of the type in which banks may perfect a  
6 security interest.

7 ~~2-~~ 3. "Readily marketable collateral" means financial instruments or  
8 bullion ~~which~~ THAT are saleable under ordinary circumstances with reasonable  
9 promptness at a fair market value determined by quotations based on actual  
10 transactions of an auction or a similarly available daily bid and asked price  
11 market.

12 Sec. 2. Section 35-323.01, Arizona Revised Statutes, is amended to  
13 read:

14 35-323.01. Investment of government monies in deposits;  
15 conditions; definition

16 A. If an investing entity invests in deposits pursuant to section  
17 9-492, subsection C, section 15-1025, subsection B, paragraph 7, section  
18 35-313, subsection A, paragraph 14, ~~or~~ section 35-323, subsection A,  
19 paragraph 2 OR SECTION 48-2979, SUBSECTION D, the investing entity in each  
20 case shall invest those monies in accordance with all of the following  
21 conditions:

22 1. The monies are initially invested through an eligible depository in  
23 this state selected by the investing entity.

24 2. The selected eligible depository arranges for the deposit of the  
25 monies in one or more federally insured banks or savings and loan  
26 associations wherever located, for the account of the investing entity.

27 3. The full amount of principal and any accrued interest of each such  
28 deposit is insured by the federal deposit insurance corporation.

29 4. The selected eligible depository acts as custodian for the  
30 investing entity with respect to such deposits.

31 5. On the same date that the investing entity's monies are deposited  
32 pursuant to paragraph 2 of this subsection, the selected eligible depository  
33 receives an amount of federally insured deposits from customers of other  
34 financial institutions equal to or greater than the amount of the monies  
35 initially invested by the investing entity through the selected eligible  
36 depository.

37 B. Monies invested in accordance with all of the conditions prescribed  
38 in this section are not subject to any security or collateral requirements.

39 C. For the purposes of this section, "investing entity" means this  
40 state, a political subdivision, the governing body of a municipality or the  
41 governing body of a school district.

42 Sec. 3. Section 47-9102, Arizona Revised Statutes, is amended to read:

43 47-9102. Definitions and index of definitions

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

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

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

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

22           4. "Accounting", except as used in "accounting for", means a record:  
23           (a) Authenticated by a secured party;  
24           (b) Indicating the aggregate unpaid secured obligations as of a date  
25 not more than thirty-five days earlier or thirty-five days later than the  
26 date of the record; and  
27           (c) Identifying the components of the obligations in reasonable  
28 detail.

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

31           (a) That secures payment or performance of an obligation for:  
32           (i) Goods or services furnished in connection with a debtor's farming  
33 operation; or

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

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

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

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

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

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

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

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

7           13. "Commercial tort claim" means a claim arising in tort with respect  
8 to which:

- 9           (a) The claimant is an organization; or  
10           (b) The claimant is an individual and the claim:  
11           (i) Arose in the course of the claimant's business or profession; and  
12           (ii) Does not include damages arising out of personal injury to or the  
13 death of an individual.

14           14. "Commodity account" means an account maintained by a commodity  
15 intermediary in which a commodity contract is carried for a commodity  
16 customer.

17           15. "Commodity contract" means a commodity futures contract, an option  
18 on a commodity futures contract, a commodity option or another contract if  
19 the contract or option is:

- 20           (a) Traded on or subject to the rules of a board of trade that has  
21 been designated as a contract market for such a contract pursuant to federal  
22 commodities laws; or  
23           (b) Traded on a foreign commodity board of trade, exchange or market,  
24 and is carried on the books of a commodity intermediary for a commodity  
25 customer.

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

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

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

34           18. "Communicate" means:

- 35           (a) To send a written or other tangible record;  
36           (b) To transmit a record by any means agreed on by the persons sending  
37 and receiving the record; or  
38           (c) In the case of transmission of a record to or by a filing office,  
39 to transmit a record by any means prescribed by filing office rule.

40           19. "Consignee" means a merchant to which goods are delivered in a  
41 consignment.

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

- 1 (a) The merchant:  
2 (i) Deals in goods of that kind under a name other than the name of  
3 the person making delivery;  
4 (ii) Is not an auctioneer; and  
5 (iii) Is not generally known by its creditors to be substantially  
6 engaged in selling the goods of others;  
7 (b) With respect to each delivery, the aggregate value of the goods is  
8 one thousand dollars or more at the time of delivery;  
9 (c) The goods are not consumer goods immediately before delivery; and  
10 (d) The transaction does not create a security interest that secures  
11 an obligation.
- 12 21. "Consignor" means a person that delivers goods to a consignee in a  
13 consignment.
- 14 22. "Consumer debtor" means a debtor in a consumer transaction.
- 15 23. "Consumer goods" means goods that are used or bought for use  
16 primarily for personal, family or household purposes.
- 17 24. "Consumer goods transaction" means a consumer transaction in which:  
18 (a) An individual incurs an obligation primarily for personal, family  
19 or household purposes; and  
20 (b) A security interest in consumer goods secures the obligation.
- 21 25. "Consumer obligor" means an obligor who is an individual and who  
22 incurred the obligation as part of a transaction entered into primarily for  
23 personal, family or household purposes.
- 24 26. "Consumer transaction" means a transaction in which an individual  
25 incurs an obligation primarily for personal, family or household purposes, a  
26 security interest secures the obligation and the collateral is held or  
27 acquired primarily for personal, family or household purposes. Consumer  
28 transaction includes consumer goods transactions.
- 29 27. "Continuation statement" means an amendment of a financing  
30 statement that:  
31 (a) Identifies, by its file number, the initial financing statement to  
32 which it relates; and  
33 (b) Indicates that it is a continuation statement for, or that it is  
34 filed to continue the effectiveness of, the identified financing statement.
- 35 28. "Debtor" means:  
36 (a) A person having an interest, other than a security interest or  
37 other lien, in the collateral, whether or not the person is an obligor;  
38 (b) A seller of accounts, chattel paper, payment intangibles or  
39 promissory notes; or  
40 (c) A consignee.
- 41 29. "Deposit account" means a demand, time, savings, passbook or  
42 similar account maintained with a bank. Deposit account does not include  
43 investment property or accounts evidenced by an instrument.
- 44 30. "Document" means a document of title or a receipt of the type  
45 described in section 47-7201, subsection B.

- 1           31. "Electronic chattel paper" means chattel paper evidenced by a  
2 record or records consisting of information stored in an electronic medium.
- 3           32. "Encumbrance" means a right, other than an ownership interest, in  
4 real property. Encumbrance includes mortgages and other liens on real  
5 property.
- 6           33. "Equipment" means goods other than inventory, farm products or  
7 consumer goods.
- 8           34. "Farm products" means goods, other than standing timber, with  
9 respect to which the debtor is engaged in a farming operation and that are:  
10           (a) Crops grown, growing or to be grown, including:  
11           (i) Crops produced on trees, vines and bushes; and  
12           (ii) Aquatic goods produced in aquacultural operations;  
13           (b) Livestock, born or unborn, including aquatic goods produced in  
14 aquacultural operations;  
15           (c) Supplies used or produced in a farming operation; or  
16           (d) Products of crops or livestock in their unmanufactured states.
- 17           35. "Farming operation" means raising, cultivating, propagating,  
18 fattening, grazing or any other farming, livestock or aquacultural operation.
- 19           36. "File number" means the number assigned to an initial financing  
20 statement pursuant to section 47-9519, subsection A.
- 21           37. "Filing office" means an office designated in section 47-9501 as  
22 the place to file a financing statement.
- 23           38. "Filing office rule" means a rule adopted pursuant to section  
24 47-9526.
- 25           39. "Financing statement" means a record or records composed of an  
26 initial financing statement and any filed record relating to the initial  
27 financing statement.
- 28           40. "Fixture filing" means the filing of a financing statement covering  
29 goods that are or are to become fixtures and satisfying section 47-9502,  
30 subsections A and B. Fixture filing includes the filing of a financing  
31 statement covering goods of a transmitting utility that are or are to become  
32 fixtures.
- 33           41. "Fixtures" means goods that have become so related to particular  
34 real property that an interest in them arises under real property law.
- 35           42. "General intangible" means any personal property, including things  
36 in action, other than accounts, chattel paper, commercial tort claims,  
37 deposit accounts, documents, goods, instruments, investment property,  
38 letter-of-credit rights, letters of credit, money and oil, gas or other  
39 minerals before extraction. General intangible includes payment intangibles  
40 and software.
- 41           43. "Good faith" means honesty in fact and the observance of reasonable  
42 commercial standards of fair dealing.
- 43           44. "Goods" means all things that are movable when a security interest  
44 attaches.

1 (a) Goods includes:

2 (i) Fixtures;

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

5 (iii) The unborn young of animals;

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

8 (v) Manufactured homes.

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

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

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

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

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

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

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

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

36 (a) Investment property;

37 (b) Letters of credit; or

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

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

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

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

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

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

3 49. "Investment property" means a security, whether certificated or  
4 uncertificated, security entitlement, securities account, commodity contract  
5 or commodity account.

6 50. "Jurisdiction of organization", with respect to a registered  
7 organization, means the jurisdiction under whose law the organization is  
8 organized.

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

14 52. "Lien creditor" means:

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

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

18 (c) A trustee in bankruptcy from the date of the filing of the  
19 petition; or

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

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

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

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

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

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

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

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

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

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

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

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

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

15           (a) The spouse of the individual;

16           (b) A brother, brother-in-law, sister or sister-in-law of the  
17 individual;

18           (c) An ancestor or lineal descendant of the individual or the  
19 individual's spouse; or

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

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

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

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

27           (c) An officer or director of, or a person performing similar  
28 functions with respect to, a person described in subdivision (a) of this  
29 paragraph;

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

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

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

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

39           (b) Whatever is collected on, or distributed on account of,  
40 collateral;

41           (c) Rights arising out of collateral;

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

45           (e) To the extent of the value of collateral and to the extent payable  
46 to the debtor or the secured party, insurance payable by reason of the loss

1 or nonconformity of, defects or infringement of rights in, or damage to the  
2 collateral.

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

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

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

13 (a) A RECORD CONSISTING OF THE RECORD INITIALLY FILED WITH OR ISSUED  
14 BY A STATE OR THE UNITED STATES TO FORM OR ORGANIZE AN ORGANIZATION AND ANY  
15 RECORD FILED WITH OR ISSUED BY THE STATE OR THE UNITED STATES THAT AMENDS OR  
16 RESTATES THE INITIAL RECORD;

17 (b) AN ORGANIC RECORD OF A BUSINESS TRUST CONSISTING OF THE RECORD  
18 INITIALLY FILED WITH A STATE AND ANY RECORD FILED WITH THE STATE THAT AMENDS  
19 OR RESTATES THE INITIAL RECORD, IF A STATUTE OF THE STATE GOVERNING BUSINESS  
20 TRUSTS REQUIRES THAT THE RECORD BE FILED WITH THE STATE; OR

21 (c) A RECORD CONSISTING OF LEGISLATION ENACTED BY THE LEGISLATURE OF A  
22 STATE OR THE CONGRESS OF THE UNITED STATES THAT FORMS OR ORGANIZES AN  
23 ORGANIZATION, ANY RECORD AMENDING THE LEGISLATION AND ANY RECORD FILED WITH  
24 OR ISSUED BY THE STATE OR THE UNITED STATES THAT AMENDS OR RESTATES THE NAME  
25 OF THE ORGANIZATION.

26 ~~67-~~ 68. "Pursuant to commitment", with respect to an advance made or  
27 other value given by a secured party, means pursuant to the secured party's  
28 obligation, whether or not a subsequent event of default or other event not  
29 within the secured party's control has relieved or may relieve the secured  
30 party from its obligation.

31 ~~68-~~ 69. "Record", except as used in "for record", "of record", "record  
32 or legal title", and "record owner", means information that is inscribed on a  
33 tangible medium or that is stored in an electronic or other medium and is  
34 retrievable in perceivable form.

35 ~~69-~~ 70. "Registered organization" means an organization FORMED OR  
36 organized solely under the law of a single state or the United States ~~and as~~  
37 ~~to which the state or the United States must maintain a public record showing~~  
38 ~~the organization to have been organized~~ BY THE FILING OF A PUBLIC ORGANIC  
39 RECORD WITH, THE ISSUANCE OF A PUBLIC ORGANIC RECORD BY OR THE ENACTMENT OF  
40 LEGISLATION BY THE STATE OR THE UNITED STATES. REGISTERED ORGANIZATION  
41 INCLUDES A BUSINESS TRUST THAT IS FORMED OR ORGANIZED UNDER THE LAW OF A  
42 SINGLE STATE IF A STATUTE OF THE STATE GOVERNING BUSINESS TRUSTS REQUIRES  
43 THAT THE BUSINESS TRUST'S ORGANIC RECORD BE FILED WITH THE STATE.

44 ~~70-~~ 71. "Secondary obligor" means an obligor to the extent that:

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

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

4 ~~71.~~ 72. "Secured party" means:

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

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

9 (c) A consignor;

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

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

15 (f) A person that holds a security interest arising under section  
16 47-2401, 47-2505, 47-2711, 47-2A508, 47-4210 or 47-5118.

17 ~~72.~~ 73. "Security agreement" means an agreement that creates or  
18 provides for a security interest.

19 ~~73.~~ 74. "Send", in connection with a record or notification, means:

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

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

26 ~~74.~~ 75. "Software" means a computer program and any supporting  
27 information provided in connection with a transaction relating to the  
28 program. Software does not include a computer program that is included in  
29 the definition of goods.

30 ~~75.~~ 76. "State" means a state of the United States, the District of  
31 Columbia, Puerto Rico, the United States Virgin Islands or any territory or  
32 insular possession subject to the jurisdiction of the United States.

33 ~~76.~~ 77. "Supporting obligation" means a letter-of-credit right or  
34 secondary obligation that supports the payment or performance of an account,  
35 chattel paper, a document, a general intangible, an instrument or investment  
36 property.

37 ~~77.~~ 78. "Tangible chattel paper" means chattel paper evidenced by a  
38 record or records consisting of information that is inscribed on a tangible  
39 medium.

40 ~~78.~~ 79. "Termination statement" means an amendment of a financing  
41 statement that:

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

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

- 1           ~~79.~~ 80. "Transmitting utility" means a person primarily engaged in the  
2 business of:  
3           (a) Operating a railroad, subway, street railway or trolley bus;  
4           (b) Transmitting communications electrically, electromagnetically or  
5 by light;  
6           (c) Transmitting goods by pipeline or sewer; or  
7           (d) Transmitting or producing and transmitting electricity, steam, gas  
8 or water.
- 9           B. "Control" as provided in section 47-7106 and the following  
10 definitions in other sections apply to this chapter:
- |  |                  |
|--|------------------|
| 11           1. "Applicant"  | Section 47-5102  |
| 12           2. "Beneficiary"  | Section 47-5102  |
| 13           3. "Broker"   | Section 47-8102  |
| 14           4. "Certificated security"  | Section 47-8102  |
| 15           5. "Check"  | Section 47-3104  |
| 16           6. "Clearing corporation"   | Section 47-8102  |
| 17           7. "Contract for sale"  | Section 47-2106  |
| 18           8. "Customer"   | Section 47-4104  |
| 19           9. "Entitlement holder"   | Section 47-8102  |
| 20           10. "Financial asset"   | Section 47-8102  |
| 21           11. "Holder in due course"  | Section 47-3302  |
| 22           12. "Issuer" (with respect to a letter of<br>23 credit or letter-of-credit right) | Section 47-5102  |
| 24           13. "Issuer" (with respect to a security)   | Section 47-8201  |
| 25           14. "Issuer" (with respect to documents<br>26 of title)                           | Section 47-7102  |
| 27           15. "Lease"   | Section 47-2A103 |
| 28           16. "Lease agreement"   | Section 47-2A103 |
| 29           17. "Lease contract"  | Section 47-2A103 |
| 30           18. "Leasehold interest"  | Section 47-2A103 |
| 31           19. "Lessee"  | Section 47-2A103 |
| 32           20. "Lessee in ordinary course<br>33 of business"                                 | Section 47-2A103 |
| 34           21. "Lessor"  | Section 47-2A103 |
| 35           22. "Lessor's residual interest"  | Section 47-2A103 |
| 36           23. "Letter of credit"  | Section 47-5102  |
| 37           24. "Merchant"  | Section 47-2104  |
| 38           25. "Negotiable instrument"   | Section 47-3104  |
| 39           26. "Nominated person"  | Section 47-5102  |
| 40           27. "Note"  | Section 47-3104  |
| 41           28. "Proceeds of a letter of credit"  | Section 47-5114  |
| 42           29. "Prove"   | Section 47-3103  |
| 43           30. "Sale"  | Section 47-2106  |
| 44           31. "Securities account"  | Section 47-8501  |
| 45           32. "Securities intermediary"   | Section 47-8102  |
| 46           33. "Security"  | Section 47-8102  |

- 1           34. "Security certificate"                               Section 47-8102
- 2           35. "Security entitlement"                               Section 47-8102
- 3           36. "Uncertificated security"                               Section 47-8102

4           C. In addition, chapter 1 of this title contains general definitions  
5 and principles of construction and interpretation applicable throughout this  
6 chapter.

7           Sec. 4. Section 47-9105, Arizona Revised Statutes, is amended to read:  
8           47-9105. Control of electronic chattel paper

9           A. A secured party has control of electronic chattel paper if **A SYSTEM  
10 EMPLOYED FOR EVIDENCING THE TRANSFER OF INTERESTS IN THE CHATTEL PAPER  
11 RELIABLY ESTABLISHES THE SECURED PARTY AS THE PERSON TO WHICH THE CHATTEL  
12 PAPER WAS ASSIGNED.**

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

16           1. A single authoritative copy of the record or records exists that is  
17 unique, identifiable and, except as otherwise provided in paragraphs 4, 5 and  
18 6, unalterable;

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

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

23           4. Copies or ~~revisions~~ **AMENDMENTS** that add or change an identified  
24 assignee of the authoritative copy can be made only with the ~~participation~~  
25 **CONSENT** of the secured party;

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

28           6. Any ~~revision~~ **AMENDMENT** of the authoritative copy is readily  
29 identifiable as an authorized or unauthorized revision.

30           Sec. 5. Section 47-9307, Arizona Revised Statutes, is amended to read:  
31           47-9307. Location of debtor; definition

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

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

36           1. A debtor who is an individual is located at the individual's  
37 principal residence.

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

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

42           C. Subsection B applies only if a debtor's residence, place of  
43 business or chief executive office, as applicable, is located in a  
44 jurisdiction whose law generally requires information concerning the  
45 existence of a nonpossessory security interest to be made generally available  
46 in a filing, recording or registration system as a condition or result of the

1 security interest's obtaining priority over the rights of a lien creditor  
2 with respect to the collateral. If subsection B does not apply, the debtor  
3 is located in the District of Columbia.

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

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

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

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

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

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

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

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

25 2. The dissolution, winding up or cancellation of the existence of the  
26 registered organization.

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

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

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

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

36 Sec. 6. Section 47-9311, Arizona Revised Statutes, is amended to read:

37 **47-9311. Perfection of security interests in property subject**  
38 **to certain statutes, regulations and treaties**

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

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



1 If the security interest does not become perfected under the law of the other  
2 jurisdiction before the earliest time or event, it becomes unperfected and is  
3 deemed never to have been perfected as against a purchaser of the collateral  
4 for value.

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

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

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

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

13 D. Except as otherwise provided in subsection E of this section, a  
14 security interest in goods covered by a certificate of title that is  
15 perfected by any method under the law of another jurisdiction when the goods  
16 become covered by a certificate of title from this state remains perfected  
17 until the security interest would have become unperfected under the law of  
18 the other jurisdiction had the goods not become so covered.

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

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

27 2. The expiration of four months after the goods had become so  
28 covered.

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

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

36 2. The expiration of four months after a change of the applicable  
37 jurisdiction to another jurisdiction.

38 G. If a security interest described in subsection F of this section  
39 becomes perfected under the law of the other jurisdiction before the earlier  
40 of the time or the end of the period described in that subsection, it remains  
41 perfected thereafter. If the security interest does not become perfected  
42 under the law of the other jurisdiction before the earlier of that time or  
43 the end of that period, it becomes unperfected and is deemed never to have  
44 been perfected as against a purchaser of the collateral for value.

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

4 1. A FINANCING STATEMENT FILED BEFORE THE CHANGE PURSUANT TO THE LAW  
5 OF THE JURISDICTION DESIGNATED IN SECTION 47-9301, PARAGRAPH 1 OR SECTION  
6 47-9305, SUBSECTION C IS EFFECTIVE TO PERFECT A SECURITY INTEREST IN THE  
7 COLLATERAL IF THE FINANCING STATEMENT WOULD HAVE BEEN EFFECTIVE TO PERFECT A  
8 SECURITY INTEREST IN THE COLLATERAL HAD THE DEBTOR NOT CHANGED ITS LOCATION.

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

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

23 1. THE FINANCING STATEMENT IS EFFECTIVE TO PERFECT A SECURITY INTEREST  
24 IN COLLATERAL ACQUIRED BY THE NEW DEBTOR BEFORE, AND WITHIN FOUR MONTHS  
25 AFTER, THE NEW DEBTOR BECOMES BOUND UNDER SECTION 47-9203, SUBSECTION D, IF  
26 THE FINANCING STATEMENT WOULD HAVE BEEN EFFECTIVE TO PERFECT A SECURITY  
27 INTEREST IN THE COLLATERAL HAD THE COLLATERAL BEEN ACQUIRED BY THE ORIGINAL  
28 DEBTOR.

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

39 Sec. 8. Section 47-9317, Arizona Revised Statutes, is amended to read:  
40 47-9317. Interests that take priority over or take free of  
41 security interest or agricultural lien

42 A. A security interest or agricultural lien is subordinate to the  
43 rights of:

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

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

1 (a) The security interest or agricultural lien is perfected; or  
2 (b) One of the conditions specified in section 47-9203, subsection B,  
3 paragraph 3 is met and a financing statement covering the collateral is  
4 filed.

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

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

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

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

27 Sec. 9. Section 47-9326, Arizona Revised Statutes, is amended to read:  
28 47-9326. Priority of security interests created by new debtor

29 A. Subject to subsection B of this section, a security interest that  
30 is created by a new debtor IN COLLATERAL IN WHICH THE NEW DEBTOR HAS OR  
31 ACQUIRES RIGHTS and ~~that~~ is perfected SOLELY by a filed financing statement  
32 that ~~is effective solely under section 47-9508 in collateral in which a new~~  
33 ~~debtor has or acquires rights~~ WOULD BE INEFFECTIVE TO PERFECT THE SECURITY  
34 INTEREST BUT FOR THE APPLICATION OF SECTION 47-9316, SUBSECTION I, PARAGRAPH  
35 1 OR SECTION 47-9508 is subordinate to a security interest in the same  
36 collateral that is perfected other than by SUCH a filed financing statement  
37 ~~that is effective solely under section 47-9508.~~

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

45 Sec. 10. Section 47-9406, Arizona Revised Statutes, is amended to  
46 read:

1           47-9406. Discharge of account debtor; notification of  
2                                   assignment; identification and proof of assignment;  
3                                   restrictions on assignment of accounts, chattel  
4                                   paper, payment intangibles and promissory notes  
5                                   ineffective

6           A. Subject to subsections B through H of this section, an account  
7 debtor on an account, chattel paper or a payment intangible may discharge its  
8 obligation by paying the assignor until, but not after, the account debtor  
9 receives a notification, authenticated by the assignor or the assignee, that  
10 the amount due or to become due has been assigned and that payment is to be  
11 made to the assignee. After receipt of the notification, the account debtor  
12 may discharge its obligation by paying the assignee and may not discharge the  
13 obligation by paying the assignor.

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

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

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

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

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

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

27           (c) The account debtor knows that the assignment to that assignee is  
28 limited.

29           C. Subject to subsection H of this section, if requested by the  
30 account debtor, an assignee shall seasonably furnish reasonable proof that  
31 the assignment has been made. Unless the assignee complies, the account  
32 debtor may discharge its obligation by paying the assignor, even if the  
33 account debtor has received a notification under subsection A of this  
34 section.

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

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

43           2. Provides that the assignment or transfer or the creation,  
44 attachment, perfection or enforcement of the security interest may give rise  
45 to a default, breach, right of recoupment, claim, defense, termination, right

1 of termination or remedy under the account, chattel paper, payment intangible  
2 or promissory note.

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

7 F. Except as otherwise provided in sections 47-2A303 and 47-9407 and  
8 subject to subsections H and J of this section, a rule of law, statute or  
9 regulation that prohibits, restricts or requires the consent of a government,  
10 governmental body or official, or account debtor to the assignment or  
11 transfer of, or creation of a security interest in, an account or chattel  
12 paper, is ineffective to the extent that the rule of law, statute or  
13 regulation:

14 1. Prohibits, restricts or requires the consent of the government,  
15 governmental body or official, or account debtor to the assignment or  
16 transfer of, or the creation, attachment, perfection or enforcement of a  
17 security interest in, the account or chattel paper; or

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

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

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

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

30 J. This section prevails over any inconsistent provisions in any  
31 statutes, rules and regulations.

32 Sec. 11. Section 47-9408, Arizona Revised Statutes, is amended to  
33 read:

34 **47-9408. Restrictions on assignment of promissory notes,**  
35 **health-care-insurance receivables and certain**  
36 **general intangibles ineffective**

37 A. Except as otherwise provided in subsection B **OF THIS SECTION**, a  
38 term in a promissory note or in an agreement between an account debtor and a  
39 debtor that relates to a health-care-insurance receivable or a general  
40 intangible, including a contract, permit, license or franchise, and which  
41 term prohibits, restricts or requires the consent of the person obligated on  
42 the promissory note or the account debtor to, the assignment or transfer of,  
43 or creation, attachment or perfection of a security interest in, the  
44 promissory note, health-care-insurance receivable or general intangible, is  
45 ineffective to the extent that the term:

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

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

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

13           C. A rule of law, statute or regulation that prohibits, restricts or  
14 requires the consent of a government, governmental body or official, person  
15 obligated on a promissory note or account debtor to the assignment or  
16 transfer of, or creation of a security interest in, a promissory note,  
17 health-care-insurance receivable or general intangible, including a contract,  
18 permit, license or franchise between an account debtor and a debtor, is  
19 ineffective to the extent that the rule of law, statute or regulation:

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

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

27           D. To the extent that a term in a promissory note or in an agreement  
28 between an account debtor and a debtor that relates to a  
29 health-care-insurance receivable or general intangible or a rule of law,  
30 statute or regulation described in subsection C **OF THIS SECTION** would be  
31 effective under law other than this chapter but is ineffective under  
32 subsection A or C **OF THIS SECTION**, the creation, attachment or perfection of  
33 a security interest in the promissory note, health-care-insurance receivable  
34 or general intangible:

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

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

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

42           4. Does not entitle the secured party to use or assign the debtor's  
43 rights under the promissory note, health-care-insurance receivable or general  
44 intangible, including any related information or materials furnished to the  
45 debtor in the transaction giving rise to the promissory note,  
46 health-care-insurance receivable or general intangible;



1 4. The record is recorded.

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

4 Sec. 13. Section 47-9503, Arizona Revised Statutes, is amended to  
5 read:

6 47-9503. Name of debtor and secured party: definition

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

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

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

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

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

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

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

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

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

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

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

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

45 4. SUBJECT TO SUBSECTION G OF THIS SECTION, IF THE DEBTOR IS AN  
46 INDIVIDUAL TO WHOM THIS STATE HAS ISSUED A DRIVER LICENSE THAT HAS NOT

1 EXPIRED, ONLY IF THE FINANCING STATEMENT PROVIDES THE NAME OF THE INDIVIDUAL  
2 THAT IS INDICATED ON THE DRIVER LICENSE;

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

7 ~~4-~~ 6. In other cases:

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

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

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

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

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

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

23 D. Failure to indicate the representative capacity of a secured party  
24 or representative of a secured party does not affect the sufficiency of a  
25 financing statement.

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

28 F. THE NAME OF THE DECEDENT INDICATED ON THE ORDER APPOINTING THE  
29 PERSONAL REPRESENTATIVE OF THE DECEDENT ISSUED BY THE COURT HAVING  
30 JURISDICTION OVER THE COLLATERAL IS SUFFICIENT AS THE "NAME OF THE DECEDENT"  
31 UNDER SUBSECTION A, PARAGRAPH 2 OF THIS SECTION.

32 G. IF THIS STATE HAS ISSUED TO AN INDIVIDUAL MORE THAN ONE DRIVER  
33 LICENSE OF A KIND DESCRIBED IN SUBSECTION A, PARAGRAPH 4 OF THIS SECTION, THE  
34 ONE THAT WAS ISSUED MOST RECENTLY IS THE ONE TO WHICH SUBSECTION A, PARAGRAPH  
35 4 OF THIS SECTION REFERS.

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

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

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

43 Sec. 14. Section 47-9507, Arizona Revised Statutes, is amended to  
44 read:

45 47-9507. Effect of certain events on effectiveness of financing  
46 statement

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

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

9 C. If ~~a debtor so changes its~~ THE name that a filed financing  
10 statement PROVIDES FOR A DEBTOR becomes INSUFFICIENT AS THE NAME OF THE  
11 DEBTOR UNDER SECTION 47-9503, SUBSECTION A SO THAT THE FINANCING STATEMENT  
12 BECOMES seriously misleading under section 47-9506:

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

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

22 Sec. 15. Section 47-9515, Arizona Revised Statutes, is amended to  
23 read:

24 47-9515. Duration and effectiveness of financing statement;  
25 effect of lapsed financing statement

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

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

34 C. The effectiveness of a filed financing statement lapses on the  
35 expiration of the period of its effectiveness unless before the lapse a  
36 continuation statement is filed pursuant to subsection D of this section.  
37 Upon lapse, a financing statement ceases to be effective and any security  
38 interest or agricultural lien that was perfected by the financing statement  
39 becomes unperfected, unless the security interest is perfected otherwise. If  
40 the security interest or agricultural lien becomes unperfected upon lapse, it  
41 is deemed never to have been perfected as against a purchaser of the  
42 collateral for value.

43 D. A continuation statement may be filed only within six months before  
44 the expiration of the five year period specified in subsection A of this  
45 section or the thirty year period specified in subsection B of this section,  
46 whichever is applicable.

1 E. Except as otherwise provided in section 47-9510, on timely filing  
2 of a continuation statement, the effectiveness of the initial financing  
3 statement continues for a period of five years commencing on the day on which  
4 the financing statement would have become ineffective in the absence of the  
5 filing. On the expiration of the five year period, the financing statement  
6 lapses in the same manner as provided in subsection C of this section,  
7 unless, before the lapse, another continuation statement is filed pursuant to  
8 subsection D of this section. Succeeding continuation statements may be  
9 filed in the same manner to continue the effectiveness of the initial  
10 financing statement.

11 F. If a debtor is a transmitting utility and a filed INITIAL financing  
12 statement so indicates, the financing statement is effective until a  
13 termination statement is filed.

14 G. A record of a mortgage that is effective as a financing statement  
15 filed as a fixture filing under section 47-9502, subsection C remains  
16 effective as a financing statement filed as a fixture filing until the  
17 mortgage is released or satisfied of record or its effectiveness otherwise  
18 terminates as to the real property.

19 Sec. 16. Section 47-9516, Arizona Revised Statutes, is amended to  
20 read:

21 47-9516. What constitutes filing; effectiveness of filing

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

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

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

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

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

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

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

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

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

40 (c) In the case of an initial financing statement that provides the  
41 name of a debtor identified as an individual or an amendment that provides a  
42 name of a debtor identified as an individual that was not previously provided  
43 in the financing statement to which the record relates, the record does not  
44 identify the debtor's ~~last name~~ SURNAME; or

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

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

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

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

11 (b) Indicate whether the NAME PROVIDED AS THE NAME OF THE debtor is  
12 THE NAME OF an individual or an organization; ~~OR~~

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

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

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

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

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

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

25 C. For THE purposes of subsection B of this section:

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

28 2. A record that does not indicate that it is an amendment or identify  
29 an initial financing statement to which it relates, as required by section  
30 47-9512, 47-9514 or 47-9518, is an initial financing statement.

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

36 Sec. 17. Section 47-9518, Arizona Revised Statutes, is amended to  
37 read:

38 47-9518. Claim concerning inaccurate or wrongfully filed record

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

42 B. ~~A correction~~ AN INFORMATION statement UNDER SUBSECTION A OF THIS  
43 SECTION must:

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

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

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

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

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

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

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

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

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

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

26           Sec. 18. Repeal

27           Section 47-9521, Arizona Revised Statutes, is repealed.

28           Sec. 19. Title 47, chapter 9, article 5, Arizona Revised Statutes, is  
29 amended by adding a new section 47-9521, to read:

30           47-9521. Uniform form of written financing statement and  
31 amendment

32           A. A FILING OFFICE THAT ACCEPTS WRITTEN RECORDS MAY NOT REFUSE TO  
33 ACCEPT A WRITTEN INITIAL FINANCING STATEMENT IN THE FORM AND FORMAT SET FORTH  
34 IN THE OFFICIAL TEXT OF THE 2010 AMENDMENTS TO ARTICLE 9 OF THE UNIFORM  
35 COMMERCIAL CODE PROMULGATED BY THE AMERICAN LAW INSTITUTE AND THE NATIONAL  
36 CONFERENCE OF COMMISSIONERS ON UNIFORM STATE LAWS EXCEPT FOR A REASON SET  
37 FORTH IN SECTION 47-9516, SUBSECTION B.

38           B. A FILING OFFICE THAT ACCEPTS WRITTEN RECORDS MAY NOT REFUSE TO  
39 ACCEPT A WRITTEN RECORD IN THE FORM AND FORMAT SET FORTH AS FORM UCC3 AND  
40 FORM UCC3Ad IN THE FINAL OFFICIAL TEXT OF THE 2010 AMENDMENTS TO ARTICLE 9 OF  
41 THE UNIFORM COMMERCIAL CODE PROMULGATED BY THE AMERICAN LAW INSTITUTE AND THE  
42 NATIONAL CONFERENCE OF COMMISSIONERS ON UNIFORM STATE LAWS EXCEPT FOR A  
43 REASON SET FORTH IN SECTION 47-9516, SUBSECTION B.

44           Sec. 20. Section 47-9607, Arizona Revised Statutes, is amended to  
45 read:

46           47-9607. Collection and enforcement by secured party

1           A. If so agreed, and in any event after default, a secured party:  
2           1. May notify an account debtor or other person obligated on  
3 collateral to make payment or otherwise render performance to or for the  
4 benefit of the secured party;  
5           2. May take any proceeds to which the secured party is entitled under  
6 section 47-9315;  
7           3. May enforce the obligations of an account debtor or other person  
8 obligated on collateral and exercise the rights of the debtor with respect to  
9 the obligation of the account debtor or other person obligated on collateral  
10 to make payment or otherwise render performance to the debtor, and with  
11 respect to any property that secures the obligations of the account debtor or  
12 other person obligated on the collateral;  
13           4. If it holds a security interest in a deposit account perfected by  
14 control under section 47-9104, subsection A, paragraph 1, may apply the  
15 balance of the deposit account to the obligation secured by the deposit  
16 account; and  
17           5. If it holds a security interest in a deposit account perfected by  
18 control under section 47-9104, subsection A, paragraph 2 or 3, may instruct  
19 the bank to pay the balance of the deposit account to or for the benefit of  
20 the secured party.  
21           B. If necessary to enable a secured party to exercise under subsection  
22 A, paragraph 3 of this section the right of a debtor to enforce a mortgage  
23 nonjudicially, the secured party may record in the office in which a record  
24 of the mortgage is recorded:  
25           1. A copy of the security agreement that creates or provides for a  
26 security interest in the obligation secured by the mortgage; and  
27           2. The secured party's sworn affidavit in recordable form stating  
28 that:  
29           (a) A default has occurred **WITH RESPECT TO THE OBLIGATION SECURED BY**  
30 **THE MORTGAGE**; and  
31           (b) The secured party is entitled to enforce the mortgage  
32 nonjudicially.  
33           C. A secured party shall proceed in a commercially reasonable manner  
34 if the secured party:  
35           1. Undertakes to collect from or enforce an obligation of an account  
36 debtor or other person obligated on collateral; and  
37           2. Is entitled to charge back uncollected collateral or otherwise to  
38 full or limited recourse against the debtor or a secondary obligor.  
39           D. A secured party may deduct from the collections made pursuant to  
40 subsection C of this section reasonable expenses of collection and  
41 enforcement, including reasonable attorney fees and legal expenses incurred  
42 by the secured party.  
43           E. This section does not determine whether an account debtor, bank or  
44 other person obligated on collateral owes a duty to a secured party.  
45           Sec. 21. Heading change

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

3 Sec. 22. Section 47-9701, Arizona Revised Statutes, is amended to  
4 read:

5 47-9701. Effective date

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

7 Sec. 23. Section 47-9702, Arizona Revised Statutes, is amended to  
8 read:

9 47-9702. Savings clause

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

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

16 1. Transactions and liens that were not governed by ~~the former~~ chapter  
17 9 of this title AS IT EXISTED BEFORE JULY 1, 2001, were validly entered into  
18 or created before July 1, 2001 and would be subject to this chapter, AS ADDED  
19 IN 1999, if they had been entered into or created after July 1, 2001, and the  
20 rights, duties and interests flowing from those transactions and liens remain  
21 valid after July 1, 2001; and

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

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

28 Sec. 24. Section 47-9703, Arizona Revised Statutes, is amended to  
29 read:

30 47-9703. Security interest perfected before effective date

31 A. A security interest that is enforceable immediately before July 1,  
32 2001 and would have priority over the rights of a person that becomes a lien  
33 creditor at that time is a perfected security interest under this chapter, AS  
34 ADDED IN 1999, if, on July 1, 2001, the applicable requirements for  
35 enforceability and perfection under this chapter, AS ADDED IN 1999, are  
36 satisfied without further action.

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

43 1. Is a perfected security interest for one year after July 1, 2001;

44 2. Remains enforceable thereafter only if the security interest  
45 becomes enforceable under section 47-9203 before the year expires; and

1           3. Remains perfected thereafter only if the applicable requirements  
2 for perfection under this chapter, [AS ADDED IN 1999](#), are satisfied before the  
3 year expires.

4           Sec. 25. Section 47-9704, Arizona Revised Statutes, is amended to  
5 read:

6           47-9704. Security interest unperfected before effective date

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

10           1. Remains an enforceable security interest for one year after July 1,  
11 2001;

12           2. Remains enforceable thereafter if the security interest becomes  
13 enforceable under section 47-9203 on July 1, 2001 or within one year  
14 thereafter; and

15           3. Becomes perfected:

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

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

21           Sec. 26. Section 47-9705, Arizona Revised Statutes, is amended to  
22 read:

23           47-9705. Effectiveness of action taken before effective date

24           A. If action, other than the filing of a financing statement, is taken  
25 before July 1, 2001 and the action would have resulted in priority of a  
26 security interest over the rights of a person that becomes a lien creditor  
27 had the security interest become enforceable before July 1, 2001, the action  
28 is effective to perfect a security interest that attaches under this chapter,  
29 [AS ADDED IN 1999](#), within one year after July 1, 2001. An attached security  
30 interest becomes unperfected one year after July 1, 2001 unless the security  
31 interest becomes a perfected security interest under this chapter, [AS ADDED](#)  
32 [IN 1999](#), before the expiration of that period.

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

37           C. This chapter, [AS ADDED IN 1999](#), does not render ineffective an  
38 effective financing statement that before July 1, 2001 is filed and satisfies  
39 the applicable requirements for perfection under the law of the jurisdiction  
40 governing perfection as provided in former section 47-9103. However, except  
41 as otherwise provided in subsections D and E of this section and section  
42 47-9706, the financing statement ceases to be effective at the earlier of:

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

45           2. June 30, 2007.

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

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

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

21 Sec. 27. Section 47-9706, Arizona Revised Statutes, is amended to  
22 read:

23 **47-9706. When initial financing statement suffices as**  
24 **continuation statement**

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

28 1. The filing of an initial financing statement in that office would  
29 be effective to perfect a security interest under this chapter, **AS ADDED IN**  
30 **1999**;

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

33 3. The initial financing statement satisfies subsection B of this  
34 section.

35 B. The filing of an initial financing statement under subsection A of  
36 this section continues the effectiveness of the pre-effective date financing  
37 statement:

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

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

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



1 article 3 of this chapter, AS ADDED IN 1999, as the office in which to file a  
2 financing statement.

3 Sec. 29. Section 47-9709, Arizona Revised Statutes, is amended to  
4 read:

5 47-9709. Priority

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

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

18 Sec. 30. Title 47, chapter 9, Arizona Revised Statutes, is amended by  
19 adding article 8, to read:

20 ARTICLE 8. 2014 TRANSITION

21 47-9801. Savings clause

22 A. EXCEPT AS OTHERWISE PROVIDED IN THIS CHAPTER, AS AMENDED IN 2014,  
23 THIS CHAPTER, AS AMENDED IN 2014, APPLIES TO A TRANSACTION OR LIEN WITHIN ITS  
24 SCOPE, EVEN IF THE TRANSACTION OR LIEN WAS ENTERED INTO OR CREATED BEFORE THE  
25 EFFECTIVE DATE OF THIS SECTION.

26 B. THIS CHAPTER, AS AMENDED IN 2014, DOES NOT AFFECT AN ACTION, CASE,  
27 OR PROCEEDING COMMENCED BEFORE THE EFFECTIVE DATE OF THIS SECTION.

28 47-9802. Security interest perfected before effective date

29 A. A SECURITY INTEREST THAT IS A PERFECTED SECURITY INTEREST  
30 IMMEDIATELY BEFORE THE EFFECTIVE DATE OF THIS SECTION IS A PERFECTED SECURITY  
31 INTEREST UNDER THIS CHAPTER, AS AMENDED IN 2014, IF, ON THE EFFECTIVE DATE OF  
32 THIS SECTION, THE APPLICABLE REQUIREMENTS FOR ATTACHMENT AND PERFECTION UNDER  
33 THIS CHAPTER, AS AMENDED IN 2014, ARE SATISFIED WITHOUT FURTHER ACTION.

34 B. EXCEPT AS OTHERWISE PROVIDED IN SECTION 47-9804, IF, IMMEDIATELY  
35 BEFORE THE EFFECTIVE DATE OF THIS SECTION, A SECURITY INTEREST IS A PERFECTED  
36 SECURITY INTEREST, BUT THE APPLICABLE REQUIREMENTS FOR PERFECTION UNDER THIS  
37 CHAPTER, AS AMENDED IN 2014, ARE NOT SATISFIED ON THE EFFECTIVE DATE OF THIS  
38 SECTION, THE SECURITY INTEREST REMAINS PERFECTED THEREAFTER ONLY IF THE  
39 APPLICABLE REQUIREMENTS FOR PERFECTION UNDER THIS CHAPTER, AS AMENDED IN  
40 2014, ARE SATISFIED WITHIN ONE YEAR AFTER THE EFFECTIVE DATE OF THIS SECTION.

41 47-9803. Security interest unperfected before effective date

42 A SECURITY INTEREST THAT IS AN UNPERFECTED SECURITY INTEREST  
43 IMMEDIATELY BEFORE THE EFFECTIVE DATE OF THIS SECTION BECOMES A PERFECTED  
44 SECURITY INTEREST:

1           1. WITHOUT FURTHER ACTION, ON THE EFFECTIVE DATE OF THIS SECTION IF  
2 THE APPLICABLE REQUIREMENTS FOR PERFECTION UNDER THIS CHAPTER, AS AMENDED IN  
3 2014, ARE SATISFIED BEFORE OR AT THAT TIME; OR

4           2. WHEN THE APPLICABLE REQUIREMENTS FOR PERFECTION ARE SATISFIED IF  
5 THE REQUIREMENTS ARE SATISFIED AFTER THAT TIME.

6           47-9804. Effectiveness of action taken before effective date

7           A. THE FILING OF A FINANCING STATEMENT BEFORE THE EFFECTIVE DATE OF  
8 THIS SECTION IS EFFECTIVE TO PERFECT A SECURITY INTEREST TO THE EXTENT THE  
9 FILING WOULD SATISFY THE APPLICABLE REQUIREMENTS FOR PERFECTION UNDER THIS  
10 CHAPTER, AS AMENDED IN 2014.

11           B. THIS CHAPTER, AS AMENDED IN 2014, DOES NOT RENDER INEFFECTIVE AN  
12 EFFECTIVE FINANCING STATEMENT THAT, BEFORE THE EFFECTIVE DATE OF THIS  
13 SECTION, IS FILED AND SATISFIES THE APPLICABLE REQUIREMENTS FOR PERFECTION  
14 UNDER THE LAW OF THE JURISDICTION GOVERNING PERFECTION AS PROVIDED IN THIS  
15 CHAPTER, AS ADDED IN 1999. HOWEVER, EXCEPT AS OTHERWISE PROVIDED IN  
16 SUBSECTIONS C AND D OF THIS SECTION AND SECTION 47-9805, THE FINANCING  
17 STATEMENT CEASES TO BE EFFECTIVE:

18           1. IF THE FINANCING STATEMENT IS FILED IN THIS STATE, AT THE TIME THE  
19 FINANCING STATEMENT WOULD HAVE CEASED TO BE EFFECTIVE HAD THE 2014 AMENDMENTS  
20 TO THIS CHAPTER NOT TAKEN EFFECT; OR

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

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

25           (b) AUGUST 31, 2019.

26           C. THE FILING OF A CONTINUATION STATEMENT ON OR AFTER THE EFFECTIVE  
27 DATE OF THIS SECTION DOES NOT CONTINUE THE EFFECTIVENESS OF A FINANCING  
28 STATEMENT FILED BEFORE THE EFFECTIVE DATE OF THIS SECTION. HOWEVER, ON THE  
29 TIMELY FILING OF A CONTINUATION STATEMENT ON OR AFTER THE EFFECTIVE DATE OF  
30 THIS SECTION AND IN ACCORDANCE WITH THE LAW OF THE JURISDICTION GOVERNING  
31 PERFECTION AS PROVIDED IN THIS CHAPTER AS AMENDED IN 2014, THE EFFECTIVENESS  
32 OF A FINANCING STATEMENT FILED IN THE SAME OFFICE IN THAT JURISDICTION BEFORE  
33 THE EFFECTIVE DATE OF THIS SECTION CONTINUES FOR THE PERIOD PROVIDED BY THE  
34 LAW OF THAT JURISDICTION.

35           D. SUBSECTION B, PARAGRAPH 2, SUBDIVISION (b) OF THIS SECTION APPLIES  
36 TO A FINANCING STATEMENT THAT, BEFORE THE EFFECTIVE DATE OF THIS SECTION, IS  
37 FILED AGAINST A TRANSMITTING UTILITY AND SATISFIES THE APPLICABLE  
38 REQUIREMENTS FOR PERFECTION UNDER THE LAW OF THE JURISDICTION GOVERNING  
39 PERFECTION AS PROVIDED IN THIS CHAPTER AS ADDED IN 1999, ONLY TO THE EXTENT  
40 THAT THIS CHAPTER, AS AMENDED IN 2014, PROVIDES THAT THE LAW OF A  
41 JURISDICTION OTHER THAN THE JURISDICTION IN WHICH THE FINANCING STATEMENT IS  
42 FILED GOVERNS PERFECTION OF A SECURITY INTEREST IN COLLATERAL COVERED BY THE  
43 FINANCING STATEMENT.

44           E. A FINANCING STATEMENT THAT INCLUDES A FINANCING STATEMENT FILED  
45 BEFORE THE EFFECTIVE DATE OF THIS SECTION AND A CONTINUATION STATEMENT FILED  
46 AFTER ONE MONTH BEFORE THE EFFECTIVE DATE OF THIS SECTION IS EFFECTIVE ONLY

1 TO THE EXTENT THAT IT SATISFIES THE REQUIREMENTS OF ARTICLE 5 OF THIS  
2 CHAPTER, AS AMENDED IN 2014, FOR AN INITIAL FINANCING STATEMENT. A FINANCING  
3 STATEMENT THAT INDICATES THAT THE DEBTOR IS A DECEDENT'S ESTATE INDICATES  
4 THAT THE COLLATERAL IS BEING ADMINISTERED BY A PERSONAL REPRESENTATIVE WITHIN  
5 THE MEANING OF SECTION 47-9503, SUBSECTION A, PARAGRAPH 2, AS AMENDED IN  
6 2014. A FINANCING STATEMENT THAT INDICATES THAT THE DEBTOR IS A TRUST OR IS  
7 A TRUSTEE ACTING WITH RESPECT TO PROPERTY HELD IN TRUST INDICATES THAT THE  
8 COLLATERAL IS HELD IN A TRUST WITHIN THE MEANING OF SECTION 47-9503,  
9 SUBSECTION A, PARAGRAPH 3, AS AMENDED IN 2014.

10 47-9805. When initial financing statement suffices to continue  
11 effectiveness of financing statement

12 A. THE FILING OF AN INITIAL FINANCING STATEMENT IN THE OFFICE  
13 SPECIFIED IN SECTION 47-9501 CONTINUES THE EFFECTIVENESS OF A FINANCING  
14 STATEMENT FILED BEFORE THE EFFECTIVE DATE OF THIS SECTION IF:

15 1. THE FILING OF AN INITIAL FINANCING STATEMENT IN THAT OFFICE WOULD  
16 BE EFFECTIVE TO PERFECT A SECURITY INTEREST UNDER THIS CHAPTER, AS AMENDED IN  
17 2014;

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

20 3. THE INITIAL FINANCING STATEMENT SATISFIES SUBSECTION C OF THIS  
21 SECTION.

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

25 1. IF THE INITIAL FINANCING STATEMENT IS FILED BEFORE THE EFFECTIVE  
26 DATE OF THIS SECTION, FOR THE PERIOD PROVIDED IN SECTION 47-9515, AS ADDED IN  
27 1999, WITH RESPECT TO AN INITIAL FINANCING STATEMENT; AND

28 2. IF THE INITIAL FINANCING STATEMENT IS FILED AFTER THE EFFECTIVE  
29 DATE OF THIS SECTION, FOR THE PERIOD PROVIDED IN SECTION 47-9515, AS AMENDED  
30 IN 2014, WITH RESPECT TO AN INITIAL FINANCING STATEMENT.

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

33 1. SATISFY THE REQUIREMENTS OF ARTICLE 5 OF THIS CHAPTER, AS AMENDED  
34 IN 2014, FOR AN INITIAL FINANCING STATEMENT;

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

40 3. INDICATE THAT THE PRE-EFFECTIVE DATE FINANCING STATEMENT REMAINS  
41 EFFECTIVE.

42 47-9806. Amendment of pre-effective date financing statement;  
43 definition

44 A. IN THIS SECTION, "PRE-EFFECTIVE DATE FINANCING STATEMENT" MEANS A  
45 FINANCING STATEMENT FILED BEFORE THE EFFECTIVE DATE OF THIS SECTION.

1 B. BEGINNING ON THE EFFECTIVE DATE OF THIS SECTION, A PERSON MAY ADD  
2 OR DELETE COLLATERAL COVERED BY, CONTINUE OR TERMINATE THE EFFECTIVENESS OF,  
3 OR OTHERWISE AMEND THE INFORMATION PROVIDED IN, A PRE-EFFECTIVE DATE  
4 FINANCING STATEMENT ONLY IN ACCORDANCE WITH THE LAW OF THE JURISDICTION  
5 GOVERNING PERFECTION AS PROVIDED IN THIS CHAPTER, AS AMENDED IN 2014.  
6 HOWEVER, THE EFFECTIVENESS OF A PRE-EFFECTIVE DATE FINANCING STATEMENT ALSO  
7 MAY BE TERMINATED IN ACCORDANCE WITH THE LAW OF THE JURISDICTION IN WHICH THE  
8 FINANCING STATEMENT IS FILED.

9 C. EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION D OF THIS SECTION, IF  
10 THE LAW OF THIS STATE GOVERNS PERFECTION OF A SECURITY INTEREST, THE  
11 INFORMATION IN A PRE-EFFECTIVE DATE FINANCING STATEMENT MAY BE AMENDED AFTER  
12 THE EFFECTIVE DATE OF THIS SECTION ONLY IF:

13 1. THE PRE-EFFECTIVE DATE FINANCING STATEMENT AND AN AMENDMENT ARE  
14 FILED IN THE OFFICE SPECIFIED IN SECTION 47-9501;

15 2. AN AMENDMENT IS FILED IN THE OFFICE SPECIFIED IN SECTION 47-9501  
16 CONCURRENTLY WITH, OR AFTER THE FILING IN THAT OFFICE OF, AN INITIAL  
17 FINANCING STATEMENT THAT SATISFIES SECTION 47-9805, SUBSECTION C; OR

18 3. AN INITIAL FINANCING STATEMENT THAT PROVIDES THE INFORMATION AS  
19 AMENDED AND SATISFIES SECTION 47-9805, SUBSECTION C IS FILED IN THE OFFICE  
20 SPECIFIED IN SECTION 47-9501.

21 D. IF THE LAW OF THIS STATE GOVERNS PERFECTION OF A SECURITY INTEREST,  
22 THE EFFECTIVENESS OF A PRE-EFFECTIVE DATE FINANCING STATEMENT MAY BE  
23 CONTINUED ONLY UNDER SECTION 47-9804, SUBSECTIONS C AND E OR SECTION 47-9805.

24 E. WHETHER OR NOT THE LAW OF THIS STATE GOVERNS PERFECTION OF A  
25 SECURITY INTEREST, THE EFFECTIVENESS OF A PRE-EFFECTIVE DATE FINANCING  
26 STATEMENT FILED IN THIS STATE MAY BE TERMINATED ON OR AFTER THE EFFECTIVE  
27 DATE OF THIS SECTION BY FILING A TERMINATION STATEMENT IN THE OFFICE IN WHICH  
28 THE PRE-EFFECTIVE DATE FINANCING STATEMENT IS FILED, UNLESS AN INITIAL  
29 FINANCING STATEMENT THAT SATISFIES SECTION 47-9805, SUBSECTION C HAS BEEN  
30 FILED IN THE OFFICE SPECIFIED BY THE LAW OF THE JURISDICTION GOVERNING  
31 PERFECTION AS PROVIDED IN THIS CHAPTER, AS AMENDED IN 2014, AS THE OFFICE IN  
32 WHICH TO FILE A FINANCING STATEMENT.

33 47-9807. Person entitled to file initial financing statement or  
34 continuation statement

35 A PERSON MAY FILE AN INITIAL FINANCING STATEMENT OR A CONTINUATION  
36 STATEMENT UNDER THIS ARTICLE IF:

37 1. THE SECURED PARTY OF RECORD AUTHORIZES THE FILING; AND

38 2. THE FILING IS NECESSARY UNDER THIS ARTICLE:

39 (a) TO CONTINUE THE EFFECTIVENESS OF A FINANCING STATEMENT FILED  
40 BEFORE THE EFFECTIVE DATE OF THIS SECTION; OR

41 (b) TO PERFECT OR CONTINUE THE PERFECTION OF A SECURITY INTEREST.

42 47-9808. Priority

43 THIS CHAPTER, AS AMENDED IN 2014, DETERMINES THE PRIORITY OF  
44 CONFLICTING CLAIMS TO COLLATERAL. HOWEVER, IF THE RELATIVE PRIORITIES OF THE  
45 CLAIMS WERE ESTABLISHED BEFORE THE EFFECTIVE DATE OF THIS SECTION, THIS  
46 CHAPTER, AS ADDED IN 1999, DETERMINES PRIORITY.

1           Sec. 31. Section 48-2979, Arizona Revised Statutes, is amended to  
2 read:

3           48-2979. Investment and reinvestment of sinking fund

4           A. The board of directors of an irrigation district may invest and  
5 reinvest all money belonging or credited to the district as a sinking  
6 fund. The investment shall be made for the best interests of the district.

7           B. The funds may be invested and reinvested under the authority of the  
8 federal farm credit act of 1933, or invested and reinvested in any of the  
9 following:

10           1. Bonds or other evidences of indebtedness of the United States of  
11 America or any of its agencies or instrumentalities when such obligations are  
12 guaranteed as to principal and interest by the United States of America or by  
13 any agency or instrumentality thereof.

14           2. Bonds or other evidences of indebtedness of this state, or of any  
15 of the counties or incorporated cities, towns,~~—~~ or duly organized school  
16 districts of this state.

17           3. Bonds, notes or evidences of indebtedness of any county,  
18 municipality,~~—~~ or municipal district utility within this state, ~~which~~ **THAT**  
19 are payable from revenues or earnings specifically pledged for the payment of  
20 the principal and interest on such obligations, and for the payment of which  
21 a lawful sinking fund or reserve fund has been established and is being  
22 maintained, but only if no default in payment of principal or interest on the  
23 obligations to be purchased has occurred within five years of the date of  
24 investment therein, or, if such obligations were issued less than five years  
25 ~~prior to~~ **BEFORE** the date of investment, no default in payment of principal or  
26 interest has occurred on the obligations to be purchased, nor on any other  
27 obligations of the issuer within five years of such investment.

28           4. Bonds, notes or evidences of indebtedness issued by any municipal  
29 improvement district in this state to finance local improvements authorized  
30 by law, if the principal and interest of such obligations are payable from  
31 assessments on real property within such local improvement district. No such  
32 investment shall be made if the face value of all such obligations, and  
33 similar obligations outstanding, exceed fifty per cent of the market value of  
34 the real property and improvements ~~upon~~ **ON** which such bonds or the  
35 assessments for the payment of principal and interest thereon are liens  
36 inferior only to the liens for general ad valorem property taxes. Such  
37 investment shall be made only if no default in payment of principal or  
38 interest on the obligations to be purchased has occurred within five years of  
39 the date of investment therein, or, if such obligations were issued less than  
40 five years ~~prior to~~ **BEFORE** the date of investment, no default in payment of  
41 principal or interest has occurred on the obligations to be purchased, nor on  
42 any other obligation of the issuer within five years of such investment.

43           5. Interest bearing saving accounts or certificates of deposit insured  
44 in banks or savings and loan associations doing business in Arizona by the  
45 federal deposit insurance corporation, or the federal savings and loan  
46 insurance corporation, but only if they are secured by the depository to the

1 same extent and in the same manner as required by the general depository law  
2 of the state. Security shall not be required for that portion of any deposit  
3 that is insured under any law of the United States.

4 C. All money earned as interest or otherwise derived by virtue of the  
5 provisions of this section shall be credited to the sinking fund.

6 D. IN ADDITION TO SUBSECTIONS A, B AND C OF THIS SECTION, THE BOARD OF  
7 DIRECTORS OF AN IRRIGATION DISTRICT MAY INVEST ALL MONEY BELONGING OR  
8 CREDITED TO THE DISTRICT IN ACCORDANCE WITH THE PROCEDURES PRESCRIBED IN  
9 SECTION 35-323.01.

10 Sec. 32. Emergency

11 This act is an emergency measure that is necessary to preserve the  
12 public peace, health or safety and is operative immediately as provided by  
13 law.

APPROVED BY THE GOVERNOR APRIL 22, 2014.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 23, 2014.